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APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Cashiers - Relief - Illegal/improper payments - Fraud APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Disbursing officers - Relief - Illegal/improper payments - Fraud DIGEST: U.S. Army Finance and Accounting Officer is relieved of liability for improper payment made by subordinate cashier where he maintained and supervised adequate system of procedures designed to prevent improper payment. Cashier is not relieved of liability for making improper payment where she did not carry out existing procedures with due care which would have detected the fraudulent nature of the payment.

Brigadier General B. W. Hall:

This responds to your request dated May 7, 1987 for relief under 31 U.S.C. Sec. 3527(c) for an improper payment in the amount of $299.00 charged to Lieutenant Colonel (Lt. Col.) J. R. Blaylock, DSSN 6447, Finance and Accounting Officer, U.S. Army Aviation System Command, St. Louis, Missouri, and a cashier, Ms. Cloteil Smith. For the reasons stated below, relief is granted to Lt. Col. Blaylock, but denied to Ms. Smith.

On December 19, 1984, an individual identifying himself as Pfc. Brian Scott Rappier arrived at the Personnel Assistance Point and claimed that his ID card had been stolen. This individual apparently had a copy of Pfc. Brain E. Rapier's leave form containing Rapier's vital statistics, including social security number (SSN), Company assignment and the like. After confirmation of his leave status by the Rapier's Company in Korea, the imposter was issued a temporary ID along with documentation reflecting that he had lost his ID card. The temporary ID reflected the name Pfc. Brian S. Rappier. On December 26, 1984, the imposter went to the Finance Office and requested a casual payment. Mr. Edward T. Fukunaza (now deceased), a finance clerk was assigned the task of preparing the casual payment voucher for Pfc. Rappier. Apparently using the SSN, Mr. Fukunaza obtained a Finance Center readout, checking to make sure all the information was proper for issuing a casual payment. Mr. Fukunaza did not notice the name dissimilarity and he used the readout information in preparing the voucher. As such, the voucher had the correct name of Pfc. Brian E. Rapier and not the imposter's name as represented on the temporary ID card.

The imposter then presented the certified voucher to Ms. Smith for payment. According to Ms. Smith's statement, she followed the Standard Operating Procedures by comparing the signature on the temporary ID with the signature on the casual payment. When making the payment Ms. Smith did not notice that the name on the voucher was different from the signature contained therein and from

the name and signature on the temporary ID.

The improper payment was discovered on April 9, 1985 when Pfc. Brian E. Rapier contacted his servicing finance office in Korea about casual payments being deducted from his pay that he never received. The criminal investigation which followed encompassed reports from the Air Force concerning a number of other fraudulent activities, apparently the work of this imposter. The investigation failed, however, to produce any suspects and collection action has not been possible to date. We are informed by the Army that should the person who perpetrated the fraud be identified, they will diligently pursue collection action at that time.

In cases such as this one, both the person who made the improper payment and the person in whose name the account is officially held are liable as disbursing officials for the amount of the improper payment. Under 31 U.S.C. Sec. 3527(c) (1982), this Office has the authority to relieve a disbursing official from liability when the improper payment was not the result of bad faith or lack of reasonable care by the official. The good faith and reasonable care of a supervisory disbursing official is shown by evidence that the supervisor maintained adequate procedures and controls to avoid errors and that the supervisor took steps to implement those controls. The good faith and reasonable care of the person who made the payment can be shown by evidence that the individual complied with established procedures and that nothing occurred which should have made that person suspicious of the fraud. B-224689, October 31, 1986.

The supporting documents establish that Lt. Col. Blaylock maintained adequate office procedures to safeguard the funds for which he was responsible. The loss occurred, however, as the direct result of an error by the cashier, Ms. Smith, in executing these procedures. The inconsistency in the name of the payee was on the face of the voucher which should have put Ms. Smith on notice of a possible fraud. And although Ms. Smith stated that she did compare the signature on the voucher with that on the ID card, she did not compare the name that was on the voucher with either of the signatures or the name on the ID card, or did not do so with reasonable care. Had she done so, this improper payment would have been prevented.

We concur that this improper payment was not the result of bad faith or the lack of reasonable care on the part of Lt. Col. Blaylock and grant relief as requested. However, we find that the improper payment was the result of the lack of reasonable care on the part of the cashier, Ms. Smith. Accordingly, relief is denied.