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[Request for Relief for Army Finance Officer]

Number: B-227412

Date: 1987-07-02

B-227412, Jul 2, 1987, Office of General Counsel

APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Cashiers - Relief - Illegal/improper payments - Computation errors APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Disbursing officers - Relief - Illegal/improper payments - Computation errors DIGEST: A supervising disbursing officer is relieved of liability upon showing that he maintained an adequate system of procedures and controls for the avoidance of errors and took steps to ensure that the system was functioning effectively. A newly appointed cashier who made the improper payments was adequately trained and supervised. Therefore, the improper payments were not the result of bad faith or lack of due care on behalf of the supervisor.

Brigadier General B. W. Hall:

This responds to your request that relief be granted under 31 U.S.C. Sec. 3527(c) for two improper payments totaling $870.57 chargeable to the account of Maj. C. McPherson, Jr., Finance Officer, 2d Armored Division, Fort Hood, Texas. For the reasons stated below, we grant the requested relief.

The improper payments occurred on October 30, 1985, when Sgt. Loren R. Butler, III, a cashier at the Central Processing Center, Fort Hood, Texas, was presented with Military Pay Vouchers for Privates Clinton J. Forrister and Michael M. Flax, who were being discharged from the Army. The vouchers, the amount reflected in block number 41 which represented the soldiers' "total collections," instead of correctly paying the "amount paid" in block number 44. These two separate errors resulted in Privates Forrister and Flax being overpaid $427.17 and $443.40 respectively.

Immediately after discovering the losses, Maj. McPherson began collection efforts to recover the improper payments from the former soldiers. Maj. McPherson sent certified letters on October 31 and December 17, 1985, to both Messrs. Forrister and Flax. While individuals receipted for the letters, there has been no response to any of the letters.

Generally a disbursing officer, such as Maj. McPherson, is liable for improper payments made by his subordinates. 62 Comp.Gen. 476, 480 (1983). Under 31 U.S.C. Sec. 3527(c), this Office is authorized to relieve a disbursing officer from liability for an improper payment when the payment was not the result of bad faith or lack of reasonable care by the official.

In cases where subordinates rather than the disbursing officer actually disburse the funds, we have granted relief upon showing that the supervisor properly

supervised his subordinates by maintaining an adequate system of procedures and controls to avoid errors and took steps to ensure implementation of these controls. 62 Comp.Gen. at 480, B-221453, June 18, 1986.

According to your letter and supporting documents, Maj. McPherson had established and maintained adequate procedures and controls over the funds for which he was responsible. The only issue is whether he adequately supervised Sgt. Butler, a newly-appointed cashier. The record indicates that Sgt. Butler was able to observe other cashiers and was given on-the- job training. Second, Lt. Joyce M. Buhl, Chief of Disbursing stated that Sgt. Butler was instructed to read the Standard Operating Procedures (SOP), and there was a copy of the SOP hanging in each cashier cage. Supporting documents reflect that, if Sgt. Butler felt inadequately trained, he had the opportunity to delay the beginning of his cashiering duties. Sgt. Butler cashiered about 3 weeks prior to the improper payment without any apparent problems. Also, Sgt. Butler never expressed any doubts about the adequacy of his training to any proper authority. appears that the training received by Sgt. Butler should have provided sufficient preparation for his duties as cashier.

Therefore, the system under which Sgt. Butler had been trained was adequate. Also, the supervisor must rely upon his subordinates to work accurately. B-195106, July 12, 1979. He could not personally check amounts paid on every voucher submitted to the cashier.

Thus, the improper payment was not the result of bad faith or lack of due care on behalf of the supervisor. Accordingly, relief is granted to the disbursing officer, Maj. McPherson, pursuant to 31 U.S.C. Sec. 3527(c) (1982), as requested.

Your submission indicates that Sgt. Butler, the cashier who made the improper payment, is liable for the $870.57. If further collection attempts against Messrs. Forrister and Flax prove futile, any outstanding amount should be collected from Sgt. Butler.