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B-228946, Jan 15, 1988, Office of General Counsel

Number: B-228946

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APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Certifying Officers - Relief - Illegal/Improper Payments - Overpayments DIGEST: Relief is granted to supervisory financial officer where subordinate made excess payment as a result of improper use of an adding machine, but the office was properly supervised and the primary accountable officer was in no way negligent.

General Hall:

This replies to your request that relief be granted under 31 U.S.C. Sec. 3527(c) (1982) for the improper payment of $440, chargeable to the account of Maj. D. H. Metcalf, Finance Corps, Disbursing Station Symbol Number 5003, U.S. Army Training Center Engineer, Fort Leonard Wood, Missouri. For the reasons discussed below, the requested relief is granted.

The improper payment was made on July 28, 1986 by a cashier, Sergeant Audrey A. Scott, who was a subordinate of Major Metcalf. The file indicates that Sergeant Scott was presented with two vouchers totaling $2,917 payable to Sgt. Roger G. Booth upon his separation from the Army. One voucher represented the pay and allowances due Sergeant Booth in the amount of $2,689 and the second voucher was for travel pay in the amount of $228. Sergeant Scott failed to clear a previous transaction on her adding machine and added the amounts of Sergeant Booth's vouchers. The resulting total of $3,357 reflected an excess of $440. Consequently, Sergeant Scott inadvertently overpaid Sergeant Booth by $440.

At the close of business, the erroneous payment was discovered and Sergeant Booth was notified of the mistake. He acknowledged the error and agreed to return the excess payment but has not done so. While collection efforts are continuing, the Army has determined that Sergeant Scott is jointly and severally liable with Sergeant Booth for the amount of this overpayment.

The general rule is that a disbursing officer such as Major Metcalf is liable for improper payments made by his subordinates. See, e.g., B-194877, July 12, 1979. However, if the improper payment was not the result of bad faith or the lack of due care, the Comptroller General may grant the disbursing officer relief pursuant to 31 U.S.C. Sec. 3527(c) (1982). E.g., 65 Comp.Gen. 858 (1986).

In this case, there is no suggestion of bad faith on the part of Major Metcalf or Sergeant Scott. Therefore, the question is whether Major Metcalf properly supervised Sergeant Scott by maintaining an adequate system of procedures and controls to avoid errors, and took steps to see that the system was being maintained. See B-221395, March 26, 1986. such a determination, our Office

typically considers the standard operating procedures (SOP) governing disbursements, and the statements of the personnel involved. See B-222392, November 12, 1986.

In this case, Sergeant Scott testified that she received 2 days of on-the -job training from her predecessor, Sergeant Fox. Your submission indicates that Sergeant Scott had twice reported overages in her account earlier in the same month, and was promptly counseled.

In addition, your submission indicates that although no formal written SOPs were in force when the improper payment was made, written instructions for cashiers had been developed, directing cashiers to pay each voucher separately and not to total them for payment. If Sergeant Scott had followed these instructions, this would have prevented such an overpayment.

In short, we are convinced that Major Metcalf maintained and practiced procedures at the time of the loss which constituted reasonable care. Cf. B-229126, November 3, 1987. However, we note with approval the investigating officer's recommendation that Major Metcalf incorporate the above referenced written instructions into a formalized SOP.

Accordingly, we grant the requested relief. Finally, we would like to note that under some circumstances it may be misleading to characterize the accountable officer who is personally responsible for a shortage in his account because of an erroneous payment and the erroneous payee as "jointly and severally" liable. We have stated that claims collection efforts should be primarily directed at the payee who erroneously receives government funds. The accountable officer becomes liable (unless relieved by this Office) if or when those efforts fail. 65 Comp.Gen. at 862.