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[Request for Relief for Army Disbursing Agent]

Number: B-229274

Date: 1988-01-15

B-229274, Jan 15, 1988, Office of General Counsel

APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officer - Disbursing Officers - Relief - Illegal/Improper Payments - Fraud DIGEST: U.S. Army Finance and Accounting Officer is relieved of liability for improper payments actually certified and disbursed by subordinates because he maintained and supervised an adequate system of procedures to prevent improper payments. The improper payments in the case were the result of several employees making fraudulent travel vouchers.

General Hall:

This responds to your request of October 23, 1987 that relief be granted under 31 U.S.C. Sec. 3527(c) to Mr. E. N. Crippen, Special Disbursing Agent, DSSN 5024, Sacramento Army Depot (SAAD), Sacramento, California, for improper payments totalling $28,706.28 as a result of fraudulent travel claims which were paid out of Mr. Crippen's account. /1/ For the reasons stated below, we grant the requested relief.

The improper payments in this case resulted from payments made by the Disbursing Branch of the SAAD on fraudulent travel claims of 11 SAAD employees. The payments, which were made out of Mr. Crippen's account, occurred between January and March 1985 and were for the performance of temporary duty at Fort Ord and Los Alamitos, California by the 11 SAAD employees. The fraudulent travel vouchers were certified for payment by the chief voucher examiner of the travel section and sent to the Disbursing Branch where cashiers paid the 11 employees on the basis of the certified vouchers. A criminal investigation into the payments was prompted by a quality assurance check of the vouchers in April 1985 which revealed that some questionable expenditures had been claimed. The Criminal Investigation Division (CID) investigated the validity of amounts claimed for meals, laundry and maid tips and concluded that fraudulent claims were made in each employee's travel voucher. Seven of the 11 employees admitted to inflating the actual expenses on their travel vouchers while the remaining four denied doing so but were not able to refute the allegations of fraud.

A disbursing official who is responsible for an account is liable for payments on fraudulent vouchers made out of his account. Under 31 U.S.C. Sec. 3527(c), this Office has the authority to relieve a disbursing official from liability for an improper payment when the record shows that the payment was not the result of bad faith or lack of reasonable care. 65 Comp.Gen. 858 (1986). As a practical matter, Mr. Crippen does not personally examine the travel vouchers, which are certified for payment by the chief voucher examiner. A certifying officer delegated this responsibility is not an accountable officer according to

AR 37-107.1-7F. This regulation provides that while certifying officers are administratively liable, pecuniary liability remains with the finance and accounting officer. In cases where subordinates rather than the finance officer are actually responsible for the certification and disbursement, we have granted relief upon a showing that the finance officer properly supervised these subordinates by maintaining an adequate system of procedures and controls and took steps to ensure the system's implementation and effectiveness. B-228859, September 11, 1987.

According to your supporting documents, Mr. Crippen had established and maintained an adequate system of controls safeguard the funds for which he was responsible. Although a copy of the standard operating procedures in effect during the time period of the improper payments was not available, a copy of the current procedures was provided and Mr. Crippen attested to the fact that the procedures in effect at the time relevant to our inquiry were substantially the same. The submission also included a copy of a memorandum, dated before the improper payments occurred, from Mr. Crippen to all voucher examiners concerning awareness of suspect lodging receipts and additional procedures to follow in handling such questionable travel vouchers. Through a reasonable inspection of all the vouchers, there was nothing which would have put the examiners on notice of any possible fraud. The improper payments in this case were largely the result of criminal activity that even a carefully established and effectively supervised system cannot reasonably prevent. See B-224079, October 28, 1986. Since there is no indication that the improper payments were the proximate result of bad faith or lack of reasonable care on his part, relief is granted to Mr. Crippen.

Finally, we acknowledge with approval the prompt initiation of collection action by the finance officer against the 11 SAAD employees.

/1/ The total amount of improper payments includes amounts which were fraudulently claimed in addition to all other aspects of the entitlements covered by the voucher for those days which were tainted by such fraud and thus not properly payable. See B-219051, November 27, 1985 and 57 Comp.Gen. 664 (1978).