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B-231503, Jun 28, 1988, Office of General Counsel

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APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Disbursing officers - Relief - Illegal/improper payments - Unilateral errors DIGEST: A supervisory disbursing official is relieved from liability under 31 U.S.C. Sec. 3527(c) for an improper payment made by a subordinate. The improper payment occurred when the subordinate paid a voucher which showed X's in the amount due block to show that the voucher was not for payment. Despite absence of evidence in the record that the disbursing official supervised his subordinate by maintaining an adequate system of procedures and controls to safeguard groverment finds and took steps to see that such a system was being effectively implemented, the improper payment appears to be the error of the subordinate and not the result of bad faith or lack of reasonable care by the supervisor.

Colonel John P. Barrow

Chief of Staff

U.S. Army Finance and Accounting Center:

This replies to your request of May 16, 1988, that we grant relief to Major E. A. Evans, Finance Corps, DSSN 5083, Finance and Accounting Officer, U.S. Army Communications-Electronics Command (CECOM), Fort Monmouth, under 31 U.S.C. Sec. 3527(c) (1982) for an improper payment of $2,028.94. We grant relief to Major Evans for the reasons stated below.

The improper payment occurred on July l, 1987, when Ms. Mary Ann Marino, a cashier in the CECOM Finance and Accounting Office incorrectly paid a "Statement of Account" (SOA) voucher. The SOA voucher represented a statement of pay due Ms. Carolyn A. Seaton, former soldier, for June 1987. The amount due on the SOA voucher had been carried forward on a second voucher which reflected Ms. Seaton's entire final pay entitlement. The words "Statement of Account" were not entered in the payee signature block as was required, but the block showing the amount to be paid was annotated with X's to show that the voucher was not for payment. Ms. Marino erroneously paid both the SOA voucher and the final-separation voucher resulting in the overpayment of $2,028.94. The los was reflected on the Statement of Accountability submitted by Major Evans for July 1987.

Major Evans promptly initiated collection efforts to recover the incorrect payment from Ms. Seaton. Ms. Seaton has been contacted telephonically and in writing by the Army's designated collection representative. However, these collection efforts have been unsuccessful.

Generally, a disbursing officer who is responsible for at account is liable for improper payments made by his subordinates. 62 Comp.Gen. 476, 480 (1983). Under 31 U.S.C. Sec. 3527(c), our Office is authorized to relieve a supervisor from liability for an improper payment when the payment was not the result of bad faith or lack of reasonable care by the official, and diligent collection action is carried out by the agency. the case of a supervisory official, our Office will grant relief upon a showing that the official properly supervised his or her subordinates. Proper supervision is shown by evidence that the supervisor maintained an adequate system of procedures and controls to avoid errors and took steps to assure implementation of these controls. 62 Comp.Gen. at 480.

Evidence concerning what the procedures were and how they were implemented at the time of the improper payment is absent from the record. The record States that Ms. Marino was employed in another office during the last 6 months of 1986 during which time new written Standard Operating Procedures (SOPs) came into effect. Since Ms. Marino was never given these SOPs when she returned to her position as cashier, they were withdrawn as evidence in the case. In addition to the lack of SOPs, information concerning the system of procedures and controls implemented by Major Evans Ms missing from the record.

Despite the lack of records, we think the loss in this case was not the result of inadequate supervision. The improper payment was apparently the result of an error that was caused by carelessness or inattention by a subordinate. Ms. Marino had approximately 12 years of experience as a cashier at CECOM and was familiar with the processing of SOA vouchers. She herself attributed the error not to inadequate supervision or training but to her failure to observe certain annotations on the voucher. This type of error would be difficult to ascribe to the failure of a supervisor to maintain an adequate system of procedures and controls. Furthermore, there is no indication in the record of inadequate supervision by Major Evans. See B-226765, July 29, 1987.

We conclude that the loss was not the result of bad faith or lack of reasonable care on the part of Major Evans. We also note that Major Evans promptly initiated collection action against Ms. Seaton to recover the improper payment. Subsequently, the matter was referred to the Collection Division within the required time period. Accordingly, we grant the requested relief to Major Evans.

Your submission shows that you regard Ms. Marino, the cashier who made the improper payment, as being negligent in the performance of her duties and therefore ultimately liable for the government's loss. We agree with this assessment. See 61 Comp.Gen. 313, 314 (1982). If further collection action against Ms. Seaton does not result in full payment of the $2,028.94, any outstanding amount should be collected from Ms. Marino.