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APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Cashiers - Relief - Physical losses - Theft DIGEST: National Park Service cashier is relieved of liability under 31 U.S.C. Sec. 3527(a) for stolen imprest funds. Although cashier may have been negligent in improperly storing the combination to her safe, the negligence was not the proximate cause of the loss. The loss can be directly attributed to the pervasive laxity of office procedures over which the cashier had no control.

Edward L. Davis, Associate Director Budget and Administration

National Park Service

Department of the Interior:

This is in response to your letter dated September 20, 1988, requesting that Brenda C. Welch, Imprest Fund Cashier, Great Smokey Mountains National Park, Gatlinburg, Tennessee, be granted relief from liability for a loss of $905.64 in her imprest fund account. An investigation revealed that the loss apparently occurred during a burglary which took place on or about November 3, 1986. For the reasons stated below, we grant relief in the amount requested.

The record indicates that the burglary of the imprest fund of which Ms. Welch is the cashier was discovered on Monday, November 3, 1986, at the offices of the Great Smokey Mountains National Park. The investigation concluded that entry to the building was gained through the use of a key. The burglar then obtained the combination to the safe in which Ms. Welch kept the imprest fund by prying open her locked desk drawer. Ms Welch kept the combination on a piece of paper which she stored in her desk.

Using the combination, the burglar gained entry to the safe and took $905.64 in imprest funds which had been entrusted to Ms. Welch. addition to the cash, an adding machine and five pens were also stolen. The investigation has failed to lead to a recovery of any of the stolen property. Ms. Welch stated that, due to security concerns, she requested a change of the safe's combination every day of the work week prior to the weekend of the theft. Her supervisor delayed the combination change because personnel changes at the Smokemont Campground required changing the combination on that safe on November 3, and he wanted to change both combinations with one service call to the locksmith.

Accountable officers in physical custody of government funds are held to a standard of strict liability. Under this standard, an accountable officer is

automatically liable for the physical loss of funds entrusted to him or her. 54 Comp.Gen. 112, 114 (1974). However, this Office has the authority under 31 U.S.C. Sec. 3527(a)(1982) to relieve an accountable officer from liability for a physical loss if it concurs with the determination by the agency or department head that (1) the loss in question occurred while the accountable officer was discharging his or her official duties, and (2) the loss occurred without fault or negligence on the part of the accountable officer.

The Manual of Procedures and Instructions for Cashiers issued by the Financial Management Service, Department of the Treasury in July 1985 and applicable to all executive agencies, requires those agencies to establish certain guidelines for financial management. At present, the National Park Service has no handbook of regulations for imprest cashiers, although we understand that one is now being developed. The Department of the Interior does have a handbook of regulations to be followed by imprest cashiers, but its use by the National Park Service is inconsistent and we were informed that Ms. Welch was unfamiliar with those regulations. Section 4 of the Treasury Department manual, entitled "Safekeeping Facilities for Cash," states the general rule which should have been followed by Ms. Welch:

"The combination and duplicate key to the cash box should be placed in a sealed envelope, which should be signed and dated. This envelope should be placed in a safe controlled by an appropriate official, such as the administrative or security officer."

The section goes further to make it clear that "Cash may not be stored in ... yours or any other employee's desk drawer. ..."

As required by Treasury Department regulations, Ms. Welch had placed a copy of the combination to her safe in the safe controlled by the administrative officer of the Great Smokey Mountains National Park. The administrative officer stated that his safe is thirty miles away from Ms. Welch's work station with a mountain range in between. Thus, it would take almost a full day for Ms. Welch to gain access to her combination if she needed to get it from the safe controlled by the administrative officer. Since such a delay would render the imprest fund cashier useless for an entire workday, we understand that it is not unusual for Park cashiers to keep a copy of their safe combination secured at or near their work station. This practice, though not officially encouraged, was met with tacit acceptance by the administrative staff at the Park.

The investigation revealed that at least two of Ms. Welch's co workers knew where the combination was kept. Evidence also indicated that Ms. Welch's desk drawer had been broken into several times using either a key left unsecured by supervisory personnel or a crowbar-type prying tool. The most significant of these break-ins occurred during the week prior to the burglary of the safe. Concerned that the combination had been compromised during the desk break-ins, Ms. Welch requested that the safe's combination be changed.

Ms. Welch took the appropriate action in making the request and, considering the reason for the request, should have been granted the combination change immediately. The failure of the supervisory personnel to change the combination when requested must be attributed greater weight in the theft than the negligent storage of the combination by Ms. Welch. An accountable officer may be negligent and nevertheless be relieved from liability if the negligence is not the "proximate cause" of the loss or shortage. B-217876, April 29, 1986.

In addition to the hesitancy on the part of the supervisory personnel to change the combination, it also appears that the office in which Ms. Welch's safe was kept was not properly secured. Evidence of this is found in the investigation where it is stated that the burglar entered the office with a key. We have previously held that the failure of an agency to provide proper security for the safekeeping of government funds may be viewed as the proximate cause of an ensuing loss, and the accountable officer may be relieved from liability. B-202597, May 6, 1983.

Under the circumstances, it is reasonable to conclude that the pervasive laxity of office procedures over which Ms. Welch had no control was the proximate cause of the loss. Accordingly, we concur with the administrative determination and grant relief to Ms. Welch in the amount of $905.64.