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B-238863, Jul 11, 1991, Office of General Counsel

Number: B-238863

Date: 1991-07-11

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APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Certifying officers - Relief - Illegal/improper payments - Overpayments DIGEST: Relief is granted to accountable officer where record shows that proper controls were in place at the time loss occurred, that the accountable officer took steps to ensure that controls were being followed, and that the error was the result of carelessness by subordinates.

Garry D. Foster

Finance Corps

Chief of Staff:

This responds to your letter of February 28, 1990, requesting that we grant relief to Lieutenant Colonel J.E. Hasty, Finance and Accounting Officer, Disbursing Station Symbol Number 6396, 7th Infantry Division (Light), Fort Ord, California, under 31 U.S.C. Sec. 3527(c)(1982) for an improper payment of $800.00. For the reasons stated below, relief is hereby granted.

The improper payment occurred on December 8, 1987, when a check for $899.00, instead of $99.00, was issued to Private Joshua M. Hammond. Private Hammond, who was in the process of separating from the service, had submitted his final travel voucher to Lieutenant Colonel Hasty's office for settlement. The voucher had initially been prepared incorrectly. The Chief of Fort Ord's Travel Branch had discovered the error, and wrote the correct amount due Private Hammond by placing the numerals "99.00" in the "Amount Paid" block on the voucher; the numerals were preceded by a dollar sign. The Disbursing Branch personnel who prepared the check for issuance to Private Hammond read the dollar sign as the numeral "8", however, and printed a check for $899. The check was mailed on December 8, 1987 to the now discharged Mr. Hammond who subsequently cashed it. A short time later, the Accounting Branch discovered the $800.00 overpayment when they reconciled the daily balances.

The record indicates that immediately after discovering the loss, Lieutenant Colonel Hasty began collection efforts to recover the improper payment. These efforts, however, were unsuccessful. Shortly thereafter, Lieutenant Colonel Hasty's office apparently underwent a major personnel turnover which delayed further collection action. Nonetheless, this matter was turned over to the Collection Division within ninety days.

Pursuant to 31 U.S.C. Sec. 3527(c), we may relieve a disbursing official from

liability resulting from an improper payment where there is no indication of bad faith or lack of due care on the part of the accountable officer and where diligent collection action has been taken. B-227549, July 8, 1987. We have granted relief to a supervisory disbursing official, such as Lieutenant Colonel Hasty, upon a showing that the supervisor properly supervised his subordinates by maintaining an adequate system of procedures and controls to safeguard the funds. B-230863, Sept. 23, 1988; B-226769, July 29, 1987.

There is no indication in the record of inadequate supervision. Moreover, Lieutenant Colonel Hasty's memorandum dated May 20, 1991, provides sufficient evidence to show that adequate procedures and controls were in place at the time of the loss. The erroneous payment was due solely to personnel having mistakenly read a dollar sign to be an "8". The loss, therefore, seems to be the result of a simple error that was caused by the carelessness or inattention of subordinates. This type of clerical error by subordinates will occasionally occur, unnoticed, in even a well-supervised office. B-226614, May 6, 1987. Furthermore, a disbursing official cannot be expected to design a system which reliably eliminates every clerical error that may occur. B-212336, Aug. 8, 1983. Nonetheless, additional controls and procedures have since been implemented to prevent this type of error from reoccurring.

Therefore, for the reasons stated, relief as requested is hereby granted to Lieutenant Colonel Hasty.