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B-239094, Jun 13, 1990

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B-239094, Jun 13, 1990

APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Disbursing officers - Relief - Illegal/improper payments - Overpayments DIGEST: Relief is granted Department of the Treasury disbursing official under 31 U.S.C. Sec. 3527 for duplicate check overpayment. The overpayment was not the result of bad faith or lack of reasonable care, an adequate system of procedures and controls was maintained, and diligent collection actions were taken.

Mr. Murphy:

On March 23, 1990 you asked that we relieve Gordon P. Hickam, Regional Director of the Chicago Financial Center, Financial Management Service, Department of the Treasury, under 31 U.S.C. Sec. 3527(c) (1988) from liability for a $571.00 overpayment made out of his account to Roy E. Schmaltz. The overpayment resulted from a printing malfunction that resulted in two checks being generated. The operator failed to void the original check. Both the original and replacement checks were issued and subsequently negotiated by the payee.

Under 31 U.S.C. Sec. 3527(c) we may relieve a disbursing officer from liability for an illegal, improper or incorrect payment when the payment "was not the result of bad faith or lack of reasonable care" and there is evidence that the agency has made diligent collection efforts. Comp.Gen. 476 (1983). Where, as here, the incorrect payments were made by the disbursing officer's subordinates, we generally will find that the disbursing officer acted with reasonable care for purposes of 31 U.S.C. 3527(c) upon a showing that the officer properly supervised his employees. "Proper supervision is demonstrated by evidence that the supervisor maintained an adequate system of procedures and controls, and that appropriate steps were taken to ensure the system's implementation and effectiveness." B-237082 et al., May 8, 1990, citing 62 Comp.Gen. at 480. This evidence must be sufficient for us to determine independently whether adequate procedures were in place, see B-235037, Sept. 18, 1989.

In your submission you included a copy of applicable operating procedures in effect at the time the overpayment occurred. You also stated in your submission that "there were instructions available and known and that supervisors made periodic checks." Because Mr. Hickam appears to have maintained an adequate system of procedures and controls which his subordinates were aware of, we find that the overpayment was not the result of bad faith or lack of reasonable care by Mr. Hickam. The agency also made diligent collection efforts by repeatedly attempting to contact the payee and reclaim the erroneous payments. Consequently, relief is granted.