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B-239371, Jun 13, 1990

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B-239371, Jun 13, 1990

APPROPRIATIONS/FINANCIAL MANAGEMENT - Accountable Officers - Relief - Illegal/improper payments - Overpayments DIGEST: Relief is granted Department of the Treasury disbursing official under 31 U.S.C. Sec. 3527 for a 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:

By letter of March 23, 1990, you requested that we relieve Mr. James J. Lucas, Regional Director of the Chicago Financial Center, Financial Management Service, Department of the Treasury, under 31 U.S.C. Sec. 3527(c) (1982) from liability for an overpayment of $250.00 made out of his account. The overpayment occurred when one of Mr. Lucas' employees inadvertently allowed a duplicate of check No. 01,859,874 to be issued and released and the payee negotiated both the original and duplicate checks.

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 or reasonable care" and there is evidence that the agency has made diligent collection efforts. Comp.Gen. 476 (1983). Where, as here, a subordinate of the disbursing officer made the incorrect payment, we generally find that the disbursing officer acted with reasonable care for purposes of 31 U.S.C. Sec. 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., Nov. 9, 1989, citing 62 Comp.Gen. at 480.

Here, the record indicates that adequate check verification and replacement procedures were in place at the time of the improper payment. Copies of the procedures, contained in Part VII of Treasury's Field Operations Manual, are available to employees. Further, supervisors discuss the procedures with applicable employees before they begin their jobs and conduct periodic checks to determine whether the employees are properly implementing the procedures.

Apparently, Mr. Lucas has maintained an adequate system of procedures and controls and has made his subordinates aware of them. Therefore, we find that the overpayment was not the result of bad faith or lack of reasonable care by Mr. Lucas. Further, the record indicates that the agency has made diligent collection efforts by repeatedly contacting Mr. Kindel to reclaim the erroneous

payment. Consequently, relief is granted.