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DIGEST

Mr. David L. Gagermeier, Assistant General Counsel Defense Finance and Accounting Service Indianapolis Center:

This responds to your letter dated November 14, 1991, requesting reconsideration of decision B-241019, August 19, 1991. In that decision, we declined to relieve Lieutenant Colonel (LTC) T. F. Sharp under 31 U.S.C. Sec. 3527(c) of his liability for a $3,080 improper payment made out of his account. There was not enough evidence in the original record to indicate whether LTC Sharp maintained and enforced an adequate system of procedures and controls to avoid the type of error which resulted in the improper payment. You have now furnished us with supplemental information that indicates LTC Sharp maintained and implemented such a system and we grant LTC Sharp the requested relief.

Discussion

As discussed in more detail in B-241019, Aug. 19, 1991, the improper payment resulted from issuing two payments to ETEK (Electronics in Medicine, Inc.) for one month's maintenance services for April 1989 under contract DAKF 19-88-C-0104. On May 2, an unknown clerk prepared a voucher for invoice 1024 to pay ETEK $3080. Also on May 2, ETEK submitted to the accounts payable section invoice 1024-A, designated a "revised invoice," for April 1989 services. Around May 17, Ms. Maria Rhodes, voucher examiner, prepared a voucher to pay ETEK for invoice 1024-A. Both invoices were paid on May 25.

As we stated in our prior decision, our Office may relieve a disbursing officer from his personal liability under 31 U.S.C. Sec. 3527(c) for deficiencies caused by an improper payment made by his subordinates upon a determination that the improper payment was not the result of bad faith or lack of reasonable care by the official and that diligent collection efforts were made. Here, where a subordinate of the official actually disbursed the funds, we have granted relief upon a showing that the finance officer properly supervised his subordinates. As we indicated, proper supervision is demonstrated by evidence that the supervisor maintained an adequate system of procedures and controls to avoid errors and took steps to ensure the implementation and effectiveness of the system. 62 Comp.Gen. 476, 480 (1983).

Your request for reconsideration indicates that the Accounts Payable Standard Operating Procedure (SOP) in effect at the time the duplicate payment was made provides for a contract folder review to determine whether an invoice should be

paid. The Army states that inherent in this process is a comparison of the invoice being processed with copies of previous payments in the contract folder for possible duplicate payment. Ms. Maria Rhodes, the voucher examiner who processed the duplicate payment voucher, had the contract folder for review at the time the payment was processed but failed to notice that the invoice (1024-A) was marked "revised invoice." She also failed to notice that invoice 1024 dated March 1, 1989 and received on March 27, 1989 was for the same billing period as invoice 1024-A dated April 1 and received May 2. The procedures for processing recurring payments without a receiving report, except for the first and last payments, were implemented by the accounts payable section in January 1989 and the duplicate payment was made in May 1989. The Army states that although the accounts payable SOP does not directly discuss what to do when a bills register card (BRC) is missing from a contract folder, it does cover all other areas of processing an invoice for payment to include random sample audits of computed vouchers by the lead clerk and supervisor. The official BRC is on the automated Commercial Accounts Processing System (CAPS). Although the CAPS system does not allow an individual to make a previously numbered partial payment a second time, it does allow an individual to make payments as long as there is money obligated against the contract and is not identified as a previous numbered payment. The manual BRC is maintained as a working aid to assist in detecting potential duplicate payments and to maintain annotations of any problems or inquiries encountered on the contract. the manual BRC is not in the contract folder when a payment is processed, a search is made for the card and if not located a temporary card is processed to annotate the payment being made and is later transferred to the original card when located.

Here Ms. Rhodes overlooked the fact that the invoice being processed (1024-A) was marked "revised invoice" and was for the same billing period as invoice 1024. Ms. Rhodes also had available the record of payment on the CAPS system but failed to notice the previous payment. The Army states that correction of detected errors are used to train employees for preventing future occurrence. In this case, the agency informed Ms. Rhodes, and all other employees in the section, of the duplicate payment at the time it was discovered. The Army states that employees are constantly trained on new procedures as they are implemented and are periodically reminded in training sessions of error trends and correct processing procedures to help prevent recurrences.

The record submitted by the Army on reconsideration persuades us that human error, and not a lack of an adequate system of procedures and controls, caused the duplicate payment in this case. We therefore find that the improper payment was not the result of bad faith or lack of reasonable care by LTC Sharp.

We also find that Army has taken diligent collection effort. ETEK defaulted on its contract and efforts to locate the contractor, including three letters requesting repayment of the erroneous payment, have been unsuccessful. We grant LTC sharp relief for the $3,080 improper payment made out of his account.