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B-244972 October 22, 1991

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Limitation on physical losses by accountable officers which agencies may resolve administratively without need to submit relief request to GAO is increased to $3,000. In addition, authorization for administrative resolution up to $3,000 limit is extended to two categories of improper payment: (1) losses resulting from mechanical or clerical error in check issuance process, and (2) duplicate check losses (issuance of replacement or substitute check where payee claims nonreceipt of original check). B-214372, October 9, 1987, superseded.

Mr. Sean O'Keefe Comptroller Department of the Defense

Dear Mr. O'Keefe:

By letter dated July 22, 1991, you asked that we delegate to the Secretary of Defense or his designee authority to relieve Department of Defense (DOD or Department) disbursing officers for deficiencies in their accounts because of erroneous or improper payments in duplicate check cases. We had previously received a similar request from the Commissioner, Financial Management Service (FMS), Department of the Treasury.

The overpayments for which FMS and your office request relief authority result from mechanical or clerical errors during the check issuance process or from the issuance of a second check to a payee based on the payee's signed statement that the original check had not been received. The losses occur when a duplicate check is issued and, along with the original, negotiated by the payee or when checks are issued in incorrect amounts as a result of inadvertent clerical errors. In both cases, we routinely grant relief since fraud, bad faith, or lack of due care by the accountable disbursing officers have not been the cause of the loss. See e.q., B-235036, Oct. 17, 1989; B-236229, Oct. 31, 1989.

In your letter, you observe that a favorable response to your request would result in administrative savings to our respective offices. You further suggest that since your exercise of the relief authority would be in accordance with applicable statutory standards and the decisions of the Comptroller General, no appreciable loss of control over the disbursing process would result. You also note that we had previously provided the Secretary of the Army relief authority for duplicate check cases. B-214372, Oct. 9, 1987.

We are in general agreement with your request. Accordingly, the Secretary of Defense, or his designee, need no longer submit to our Office for relief action (1) overpayment cases resulting from mechanical and/or clerical errors during the check issuance process or (2) duplicate check cases, except in those

instances where relief would not be appropriate or where the amount involved exceeds $3,000. The Department should continue to review overpayment and duplicate check cases in accordance with the statutory standards set forth in 31 U.S.C. Sec.(s) 3527(c) or 3528(b) (recertified checks), 7 GAO-PPM, and applicable Comptroller General decisions. To the extent that the Department has doubts concerning the standards or their application to the facts of any given case, you should expeditiously refer such cases to our Office for resolution.

The exercise of the authority contained herein requires that the Department insure the independence of the organizational entity or officer reviewing the propriety of cases for relief. The Department should document and maintain the administrative records supporting the exercise of this authority in order to insure its appropriate use. Similarly, such records will provide our Office a basis upon which to periodically assess compliance with the authority contained herein. The delegation of authority to the Secretary of the Army contained in B-214372, Oct. 9, 1987 is hereby revoked. The authority contained herein is effective immediately.

Sincerely yours,

Milton J. Socolar Acting Comptroller General of the United States