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Federal Aviation Administration - Accounting System Error

Number: B-257825

Date: 1995-03-15

Matter of: Federal Aviation Administration - Accounting System Error File: B-257825 Date: March 15, 1995

The Federal Highway Administration (FHWA), because of errors in its accounting system, did not bill the Federal Aviation Administration (FAA) for telecommunications services until after cancellation of the FAA's merged ("M") operations appropriations accounts, which should have been charged for the services. The Department of the Treasury denied the FAA request for restoration of amounts from closed "M" accounts to cover the costs of the services. GAO concurs in the Treasury denial because the error in question is not an "obvious clerical error" in reporting which may be corrected under Treasury Financial Management Bulletin No. 94-04, December 31, 1993. The error was caused by a deficiency in FHWA's accounting system, but exacerbated by FAA's accounting system's failure to identify these amounts as remaining payable to FHWA.

DECISION

The Director of Accounting, Federal Aviation Administration (FAA) asked that we review the denial by the Financial Management Service, Department of the Treasury, of FAA's request, for restoration of $3,218,178 from closed merged "M" accounts to cover the costs of reimbursable services provided FAA by the Federal Highway Administration (FHWA). For the reasons stated below, we agree with Treasury that the law does not permit restoration of these funds.

FHWA, in fiscal years 1984, 1986, and 1987, provided telecommunications services to FAA on a reimbursable basis. FAA states that FHWA, because of errors in its accounting system, did not bill FAA until May 4, 1994. The FAA operations appropriations accounts which should have been charged for these services were canceled on September 30, 1993, and are no longer available for payment. FHWA had erroneously charged the Highway Trust Fund for these services.

The National Defense Authorization Act for fiscal year 1991 prohibits the restoration of canceled "M" accounts. Pub. L. No. 101-510, 104 Stat. 1675 (1990), codified at 31 U.S.C. Sec. 1551 note. Treasury Financial Management Bulletin 94-04, dated December 31, 1993, provides that in the very limited circumstance where an obvious clerical error was made in reporting amounts to be canceled, Treasury may restore amounts to correct the reporting error. Accord, B-251287, Sept. 29, 1993. FAA argues that FHWA staff made obvious clerical errors in the form of erroneous entries of the reimbursable agreement numbers. This error, according to FAA, resulted in FHWA's failure to timely bill FAA for the services.

We agree with Treasury that this error is not the sort of "obvious clerical

error" in reporting that Treasury may correct under Bulletin 94-04. In our 1993 decision, we emphasized that Treasury's authority to correct accounts relates only to errors such as misplaced decimals, transposed digits, or transcribing errors that result in inadvertent cancellations of budget authority. B-251287, Sept. 29, 1993, 72 Comp. Gen. 343 (1993). That authority does not extend to reporting errors caused by deficiencies in an agency's accounting system. The error here was caused, initially, by a deficiency in FHWA's accounting system, but exacerbated by FAA's accounting system's failure to identify amounts as remaining payable to FHWA. Regardless, a review of outstanding obligations prior to cancellation of the accounts in question should have uncovered that FAA had not yet paid these obligations.

The Act recognizes that there will be outstanding obligations against canceled accounts remaining after the accounts are closed. The remedy provided by the Act is the use of current appropriations to pay those outstanding obligations. 31 U.S.C. Secs. 1551 note, 1553.