



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



D

May 8, 1978

IN REPLY REFER TO: B-188881

OFFICE OF GENERAL COUNSEL

The Honorable Sam Brown
Director, ACTION

Dear Mr. Brown:

This is in response to a letter from Mr. James E. Allen, Chief, Fiscal Services Branch, Accounting Division, ACTION, concerning a shortage in the imprest fund of the Peace Corps Western Samoa Office. Relief was requested for _____, class B cashier under 31 U.S.C. § 82a-1 (1970).

The General Accounting Office is authorized, after consideration of the pertinent findings and if in concurrence with the determinations and recommendations of the head of the department or independent establishment concerned, to relieve an accountable officer if the head of the department or independent establishment makes an affirmative determination that, among other things, the loss in question did not result from the fault or negligence of the accountable officer.

Mr. Allen's letter of January 16, 1978, makes no mention of any determination or recommendation by him as the authorized designee of the agency head. However, we note that the letter was accompanied by a finding by your General Counsel that _____ was entitled to relief and that should he concur, a request for relief be forwarded to our Office. Therefore, we will consider his letter as an acceptance and adoption of the findings of your General Counsel.

_____ was serving as principal class B cashier for the Peace Corps Western Samoa Office through January 19, 1976. _____ was formally designated as principal class B cashier by letter from the U.S. Disbursing Officer on March 5, 1976. The imprest fund was certified complete and correct on February 4, 1976, but on March 3, 1976, an audit revealed a shortage of \$1,634.56 in the imprest fund. There has been no determination as to the source of the deficiency; therefore, the request for relief rests on the determination of responsibility for the maintenance of the imprest fund from February 4, 1976 until March 3, 1976. ACTION Order 2325.1, MS 731, Chapter 1, para. 3-d(2), defines the principal class B cashier position as follows:

"(a) Principal Class B Cashier. An individual who an office head, the domestic regional director

B-188881

or Peace Corps country director has recommended to the Fiscal Services Branch for the designation of principal B cashier and who has been designated by a disbursing officer, receives an advance from a disbursing officer, is accountable personally to the disbursing officer, and has the authority to advance funds from his/her imprest fund to a sub-cashier and to an alternate class B cashier." (Emphasis added.)

On December 13, 1975, _____ had been recommended to the Fiscal Services Branch to be designated class B cashier, effective January 19, 1976. However, _____ was not designated as principal class B cashier by a disbursing officer by cable until March 1, 1976, and by letter until March 5, 1976, although the designation was said to have taken effect on January 19, 1976. Although a disbursing officer may grant retroactive approval to the designation and ratify those activities otherwise properly taken before formal authorization, ratification may not be used to impose liability on the successor accountable officer for actions which occurred before the receipt of such ratification. Responsibility must remain with the official class B cashier until he is formally replaced. See our letter to you of September 22, 1977, B-188881. Turning over cashier responsibilities to _____ as a class B cashier before March 1, 1976, was in violation of ACTION Order 2325.1, MS 731, Chapter 4, para. 17(a) in that _____ was not formally authorized before that date.

The General Counsel contends, in effect, that while the practice of turning over cashier responsibilities to a cashier designate prior to receipt of official approval by Washington violates MS 731, Chapter 4, para. 17(a), it was ordered by the Country Directors and, therefore, _____ should be absolved of responsibility. However, ACTION Order 2325.1, MS 731, Chapter 4, para. 16 states that "each cashier is personally responsible for an imprest fund until a proper and acceptable accounting is made to the disbursing officer who advanced the funds, or to another cashier or person authorized to accept the funds." (Emphasis added.) MS 731, Chapter 4, para. 16(a)(2) states that "each cashier is responsible for the propriety of imprest fund transactions and adherence to regulations and directives governing the operation of imprest funds." Since _____ was not authorized to take over the imprest fund as the class B cashier until the receipt of an approval of his designation by the disbursing officer, _____ remained the class B cashier officially in charge of the imprest fund at the time of the loss.

B-188881

In the definition of a principal class B cashier in ACTION Order 2325.1, MS 731, Chapter 1, para. 3-d(2)(a), the class B cashier is given the authority to advance funds from his imprest fund to a sub-cashier. An advance is defined as cash given to a person to perform an authorized Government purpose. MS 731, Chapter 3, para. 15. An imprest fund cashier may make such an advance only for specifically authorized purposes. MS 731, Chapter 3, para. 15(a) states:

"An imprest fund cashier is authorized to make a cash advance for the following purposes:

* * * * *

"(3) To a properly designated sub-cashier: As per paragraph 3-d(2)(a), the class B cashier is authorized to advance a specified amount on an interim receipt for cash (see Appendix 2) to the sub-cashier to operate an imprest fund."

MS 731, Chapter 1, para. 3-d(2)(c) states that a sub-cashier is "an individual who is designated by an office head, the domestic regional director, or the PC country director and who receives an advance from a class B cashier."

The record discloses that while [redacted] was not officially a class B cashier until March, 1976, he was a sub-cashier as of November 1975 and that he began assuming some cashier duties as early as October, 1975, when he was given advances to use for petty cash payments from the class B cashier in accordance with orders from the country director. We note that when the imprest fund was turned over to [redacted] by [redacted] the interim receipt form (Standard Form 1165) for advances was used, the form used to advance funds from a cashier to a sub-cashier.

[redacted] received this advance on February 4, 1976, at which time, a proper accounting was taken and no shortage was found. A cash count on March 3, 1976, reflected the instant shortage. [redacted] was in possession of the funds during this interim period, and hence he would be accountable therefor, whether as cashier or sub-cashier.

Normally, a principal cashier would not advance all the funds entrusted to him to a sub-cashier. However, [redacted] was directed to transfer or advance the fund to [redacted] and a request for official approval of the designation of [redacted] as cashier was pending.

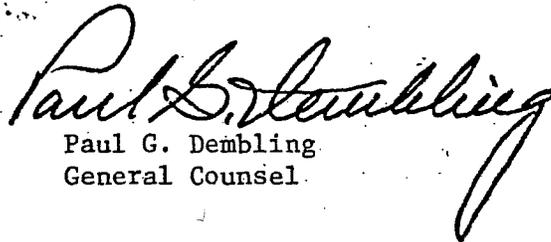
B-188881

Further, _____ was a designated sub-cashier; the imprest fund was certified complete and correct after being advanced to _____; and the subsequent loss occurred while the funds were in his possession. We therefore concur in the administrative determination that the loss occurred without fault or negligence on _____ behalf and, in fact, occurred while the funds were under the control and jurisdiction of his subordinate sub-cashier.

_____ is granted relief since he was not directly responsible for the funds at the time of the loss. As the sub-cashier in possession of the funds advanced to him at the time of the loss, _____ is responsible and liable for that loss. As previously indicated, a sub-cashier is responsible to the same degree as the principal class B cashier for funds in his possession.

We trust that you will take steps to preclude similar occurrences in the future so that the integrity of your agency's imprest fund will be maintained.

Sincerely yours,


Paul G. Dembling
General Counsel

ACCOUNTABLE OFFICERS

Physical losses, etc., of funds, vouchers, etc.
Cashiers, etc.
Relief denied

WORDS AND PHRASES

"Fault"