



United States
General Accounting Office
Washington, D.C. 20548

Office of the General Counsel

B-248251

June 30, 1992

Mr. Jerry Coleman
Acting Director
Defense Finance and Accounting
Service
Denver, Co. 80279-5000

Dear Mr. Coleman:

This responds to your March 31, 1992 request that we grant relief to Capt. [redacted], Accounting and Finance Officer (AFO), England Air Force Base, Louisiana and four of his subordinates for improper payments totaling \$3,736.00. You also request that we grant relief to Capt. [redacted], AFO, Barksdale Air Force Base, Louisiana, and his subordinates for improper payments totaling \$6,003.00. For the reasons given below, we grant relief as you requested.

The improper payments occurred between October 26, 1989 and August 6, 1990, when an individual purporting to be [redacted] presented requests for travel advances, along with appropriate supporting documentation at the England and Barksdale Air Force Bases. In September of 1990, officials at England Air Force Base were notified that an imposter had falsified the travel orders, an identification card and other documents, and had fraudulently obtained the travel advances. An investigation revealed that the imposter had also received travel advances based on falsified documents at Barksdale Air Force Base.

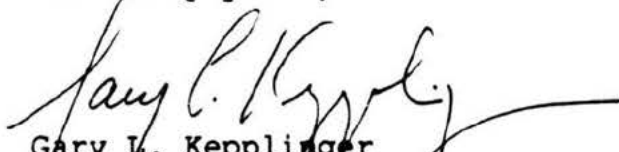
The Air Force Office of Special Investigations identified and apprehended the imposter. However, he disappeared the day before he was to be arraigned in federal court. Thus, recovery of the funds is currently impossible.

In cases such as this, both the persons who made the improper payments (the cashiers) and the persons in whose names the accounts are officially held (the AFOs) are liable as disbursing officials for the amounts of the improper payments. This Office has authority under 31 U.S.C. § 3527(c) to relieve a disbursing officer from liability for an improper payment if we determine that the payment was not the result of bad faith or a lack of reasonable care. B-229827, Jan. 14, 1988. Where subordinates of the finance officer actually disbursed the funds, as is the case here, we relieve the finance officer upon a showing that he

properly supervised his subordinates, maintained an adequate system of procedures and controls to safeguard the funds, and took steps to ensure the systems implementation and effectiveness. B-240654, February 6, 1991. The good faith and reasonable care of the cashier who made the payment can be shown by evidence that the cashier complied with these procedures, and that nothing occurred which should have made the cashier suspicious of fraud. B-229827, Jan. 14, 1988.

Your submission documents that both finance officers Capt. and Capt. had instituted adequate systems of procedures and controls to safeguard the funds in their care, see Air Force Regulations 177-103, ch. 31 (Nov. 30, 1989), and that their subordinates followed these procedures. Nothing in the record suggests that they should have been suspicious of the fraudulent nature of the transactions. Indeed, the improper payments were apparently the result of skillfully executed criminal activity that even an adequate and effectively supervised system cannot always prevent. See, e.g., B-232575, Nov. 8, 1990. Since there is no indication that the improper payments were the proximate result of bad faith or lack of reasonable care on their parts, relief is granted to the finance officers and their subordinates as requested.

Sincerely yours,



Gary L. Kepplinger
Associate General Counsel

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DIGEST

Relief is granted to finance officers who documented that they had in place at the time of the improper payments at issue adequate systems of procedures and controls to safeguard the funds in their care, and to their subordinates who followed these procedures. The improper payments resulted from criminal activity that even an adequate and effectively supervised system cannot always prevent.