

DECISION

THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548

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FILE:

DATE: SEP 17 1976

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MATTER OF: B-117604(17)

DIGEST:

Minimum Amounts for Filing Claims for
Loss and Damage

- (1) The Federal Claims Collection Act of 1966, 31 U.S.C. 951-953 (1970), places responsibility in the administrative agencies for collecting debts determined to be due the United States which arise as a result of their activities. This includes the authority to compromise, terminate or suspend collection action. 4 GAO 54.1 (Sep. 1, 1967).
- (2) Regulations implementing Federal Claims Collection Act provide that head of agency may terminate collection activity when further collection action will exceed amount recoverable. 4 C.F.R. 104.3(c) (1976).
- (3) GAO manual contains provision requiring establishment of realistic points of diminishing returns beyond which further collection efforts not justified. 4 GAO 55.3 (June 3, 1968); 49 Comp. Gen. 359 (1969).
- (4) This Office concurs in establishment of any reasonable minimum amount for filing claims involving loss and damage to Government shipments where cost studies indicate such action is warranted.

The General Services Administration (GSA) in its letter of June 30, 1976, to the Director, Claims Division, has requested that this Office initiate necessary action to authorize a \$25 minimum for the filing of all claims involving loss and damage to GSA freight shipments. The request is based on our Circular Letter of August 20, 1975 (B-117604(17)), to the Heads of Departments, Agencies, and Others Concerned: Subject: Monetary Limitation on Claims for Loss and Damage. The letter was issued because of a recommendation in the Joint Agency Transportation Study, issued March 6, 1970, that the Government establish a realistic minimum below which it is uneconomical or impractical to file formal claims against carriers for loss and damage and absorb amounts falling below the established minimum.

We stated therein that:

PUBLISHED DECISION

55 Comp. Gen.

B-117604(17)

"Departments, agencies, and others concerned are therefore authorized, but not required, to observe a minimum of \$25 in processing loss and damage claims against carriers or forwarders and in absorbing amounts falling below that minimum. This minimum shall not be applied, however, to small domestic shipments made on commercial forms and procedures under the provisions of 5 GAO 3017, as amended, since loss and damage claims on those shipments can be handled at relatively little expense."

GSA has requested that the minimum pertaining to small domestic shipments on commercial forms also should be set at \$25. In support of this request GSA has produced cost figures which indicate that its internal processing costs for this type of shipment are in excess of \$25 per claim. Further, GSA indicates that the distinction between the two types of loss and damage claims necessitates two different sets of external instructions to recipients of GSA shipments, as well as different internal operating procedures within GSA.

The Federal Claims Collection Act of 1966, 31 U.S.C. sec. 951-953 (1970), places the responsibility in the administrative agencies for collecting debts determined to be due the United States which arise as a result of their activities. This includes the authority to compromise, terminate or suspend collection action. See 4 GAO sec. 54.1 (Sep. 1, 1967). Further, regulations implementing the Federal Claims Collection Act, in particular 4 C.F.R. sec. 104.3(c) (1976), implementing 31 U.S.C. 952(a) (1970), provide that the head of an agency or his designee may terminate collection activity and consider the agency's file closed when it is likely that the cost of further collection action will exceed the amount recoverable. Therefore, the head of GSA or his designee already would have the authority to terminate or suspend collection action if such action is warranted.

The GAO manual also contains a provision requiring the establishment of realistic points of diminishing returns beyond which further collection efforts by the Agency are not justified. 4 GAO 55.3 (June 3, 1968). See 49 Comp. Gen. 359 (1969).

The minimum amount established by GSA or by any agency would be subject to review by this Office under our regular audit authority, 31 U.S.C. 41 (1970); 31 U.S.C. 67 (1970). It apparently was felt at the time the Joint Agency Transportation Study was issued in 1970, that it would be in the best interests of the Government and sound auditing policy if the minimum amount for processing loss and damage claims was not applied to small domestic shipments on commercial forms.

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B-117604(17)

We now believe, however, that the setting of an appropriate minimum on this type of shipment is the prerogative of the concerned departments and agencies. We note that in our circular letter we state that departments, agencies, and others concerned are authorized, but not required, to observe a minimum of \$25 in processing loss and damage claims on other types of shipments. This allowed agencies a choice in processing loss and damage freight claims, a choice which already was authorized by the Federal Claims Collection Act of 1966.

This Office would not object to the establishment of any reasonable minimum amount for filing claims involving loss and damage to Government freight shipments where cost studies indicate that such action is warranted.

GSA, in our opinion, has justified its establishment of a \$25 minimum for the filing of claims involving loss and damage to all types of GSA freight shipments and we concur in the recommended change in its regulations.

R. F. KELLER
Deputy Comptroller General
of the United States