

B-249742.2

November 24, 1993

Mr.  
Fiscal Assistant Secretary  
Department of the Treasury  
Washington, D.C. 20220

Dear Mr. :

By letter of August 4, 1992, you asked that we relieve Mr. Director of the Cincinnati Service Center, Internal Revenue Service (IRS), of liability for an unexplained physical loss of funds in the amount of \$1,287. At our request, your office provided additional information pertaining to this matter on July 23, 1993. On the basis of the information in your two submissions, and for the reasons stated below, relief is granted.

Based on your submissions, the facts are as follows: On September 21, 1990, Ms. a receptionist at IRS's Cincinnati Service Center, was collecting tax payments at a taxpayer walk-in area. The payments included amounts owed from installment agreements, unassigned collection cases, and lien releases. Ms. suddenly became ill and had to be taken out in a wheel chair. Ms. another IRS employee, took over for Ms. and completed the collection processing. At the end of the day, she placed the remittance file, which included all of the day's revenue receipts pertaining to the tax collections, in the remittance processor's incoming mail basket. On November 8, 1990, the remittance processor reviewed the remittance file and discovered that \$38,739.74 was missing. IRS has collected \$37,452.74 of that amount, leaving an uncollectible loss of \$1,287.

As an accountable officer, Mr. is held to a high standard of care with respect to funds with which he is charged, and is automatically liable at the moment a physical loss occurs. 54 Comp. Gen. 112, 114 (1974); B-241478, Apr. 5, 1991. However, under 31 U.S.C. § 3527(a), this Office is authorized to relieve an accountable officer of liability for a physical loss of government funds if we concur in the determination of the head of the agency that: (a) the loss occurred while the accountable officer was carrying out his official duties and (b) the loss was not the result of fault or negligence on the part of the officer. B-243685, July 1, 1991.

We concur with your determination that the loss occurred while the accountable officer, Mr. , was carrying out his official duties. With respect to the second criterion, i.e., negligence, we have granted relief to a supervisory accountable officer, such as Mr. , where we agree with the agency that he properly supervised his subordinates by maintaining an adequate system of procedures and controls to safeguard the funds, and took steps to ensure the system's implementation and effectiveness. B-232575, Nov. 8, 1990. The supporting documents establish that there was an adequate system of controls with regard to the processing of tax remittances.

We note that in addition to Mr. , Ms. was an accountable officer for the funds in her control, and as such, is also liable for the loss. Any government officer who by reason of his or her employment is responsible for or has custody of government funds is an accountable officer. 59 Comp. Gen. 113, 114 (1979); B-249372, Aug. 13, 1992. Although you did not ask us to relieve her of liability, we took the issue of her liability into consideration when we reviewed your submissions. Ms. can be relieved of liability by meeting the above criteria, including a finding that the loss was not the result of her negligence, which is shown by her having followed the proper procedures. See B-249372, Aug. 13, 1992. Other than not retaining a copy of the form 795, the daily report of collection activity, Ms. followed all the procedures outlined in the Manual when she transmitted the file to the remittance processor. We do not think that her failure to retain a copy of the form 795 contributed to the loss in this case. See B-238955, Apr. 3, 1991. Therefore, we also grant relief to Ms. .

Sincerely yours,

Gary L. Kepplinger  
Associate General Counsel

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**DIGEST**

Supervisory accountable officer is relieved of liability for physical loss of funds upon a showing that he properly supervised his subordinates by maintaining an adequate system of procedures and controls to safeguard the funds, and taking steps to ensure the system's implementation and effectiveness.