GAO

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

Office of the General Counsel

B-248532

October 26, 1992

Jerry Coleman
Acting Director
Defense Finance and Accounting Service
Department of Defense
Denver, Colorado 80279-5000

Dear Mr. Coleman:

This responds to your request that we grant relief, under
our authority in 31 U.S.C. § 3527(c), to the following
accounting and finance officers (AFOs) for improper payments
totalling $6,029: Col.   , AFO, Bolling Air
Force Base ($2,289); Maj.   , AFO, Homestead Air
Force Base ($620); Capt.   , AFO, MacDill Air
Force Base ($1,500); 1st Lt.   , AFO, Myrtle
Beach Air Force Base ($1,000); and 1st Lt.   , AFO,
Grissom Air Force Base ($620). You also request that we
relieve from liability the subordinate officers, the
cashiers, at these five Air Force bases who made the
improper payments. For the reasons given below, we grant
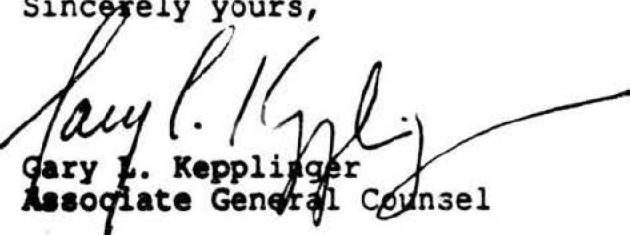relief as you requested.

The improper payments occurred between November 15, 1989 and
June 7, 1990, when   , a sergeant in the
United States Army, presented requests for travel advances
at the five Air Force bases identified above. (One of the
documents you submitted indicates that the man was an
imposter, purporting to be Sgt.   .) Sgt.   had an
identification card and travel orders purported to have been
issued by Headquarters, United States Army Recruiting, Fort
Sheridan, Illinois. The orders were for travel from various
locations to the Army's basic recruiter course at Fort
Benjamin Harrison, Indiana. Mr.   , who is now separated
from the Army, apparently used a 1985 travel order which he
altered so as to appear valid. Since Mr.   has not been
apprehended, no collection action has been taken.

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 officers for the amounts of the improper
payments. See, e.g., 62 Comp. Gen. 476, 479-80 (1983);
B-240280, May 22, 1991. 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 lack of reasonable care. B-240654, Feb. 6, 1991; 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 system's implementation and effectiveness. B-246418, Feb. 3, 1992; B-228859, Sept. 11, 1987. 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 these finance officers had instituted adequate systems of procedures and controls to safeguard the funds in their care, and that the subordinates followed these procedures. In this regard, the finance officers had instituted existing Air Force procedures with respect to travel (TDY) advances. AFR 177-103(3), para. 31-3 (Nov. 15, 1989). Furthermore, the cashiers complied with these procedures. Moreover, nothing in the record suggests that the cashiers 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-241880, Aug. 14, 1991; B-232575, Nov. 8, 1992. Accordingly, since there is no indication of bad faith or lack of reasonable care on their parts, relief is granted to the finance officers and to their subordinate officials as requested.

Sincerely yours,

Gary L. Kepplinger
Associate General Counsel

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