



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

Office of the General Counsel

B-238802

December 31, 1990

Colonel Garry D. Foster
Finance Corps Chief of Staff
U.S. Army Finance and Accounting Center
Indianapolis, Indiana 46249-0001

Attn: General Law Division
Subject: Rudisill, L. P. (4368)

Dear Colonel Foster:

This responds to your request of February 26, 1990, that we relieve Mr. [redacted], Special Disbursing Agent, Disbursing Station Symbol Number (DSSN) 5061, Headquarters, U.S. Army Garrison Fort Ritchie, Maryland for an improper payment of \$598.00. For the reasons stated below, your request for relief is granted.

On October 5, 1988, one of Mr. [redacted]'s subordinates prepared a voucher for Mr. [redacted] for payment against contract number DAEA08-88-M-0104 in the amount of \$583.80 and a voucher for Ms. [redacted] against contract number DAEA08-88-M-0176 in the amount of \$598.00. The clerk then combined the two vouchers for payment into one check for \$1,181.80 payable to the Letterkenny Federal Credit Union where both Mr. [redacted] and Ms. [redacted] maintained accounts.^{1/}

However, only Mr. [redacted] account number was listed on the check. A listing identifying all the names, account numbers, or amounts to be credited should have been enclosed. When the check was prepared for mailing, the review and assembly of vouchers and checks, in accordance with standard operating procedures, failed to detect the discrepancy between the check amount with one name and account number and the supporting vouchers with two different names and account numbers. A subsequent inquiry failed to disclose who was responsible for the mistake. Each task was apparently

^{1/} "Multiple payments to the same payee on the same day should be consolidated and paid by one check whenever practicable." Paragraph 7i of the Army Finance and Accounting Office Standard Operating Procedures for "Processing Vouchers for Check Payments" (September 1987).

performed on a rotation basis and no log was maintained to identify which clerk did what tasks on a given day.

The improper payment occurred on October 6, 1988, when U.S. Treasury check number 00453675 in the amount of \$1,181.80 was issued to the Letterkenny Federal Credit Union and the entire amount of the payment erroneously credited to the account of Mr. [REDACTED].

On October 17, 1988 the credit union inquired as to why the check for Ms. [REDACTED] had not been received. On October 18, a recertified check was issued to the credit union for Ms. [REDACTED] in the amount of \$598.00. On November 17, 1988 notice was received from the Department of the Treasury that both the original check and the recertified check had been processed for payment.

Under 31 U.S.C. § 3527(c) (1988), this Office may relieve a disbursing official from liability for a deficiency in an account resulting from an improper payment where there is no indication of bad faith or lack of due care on the part of the accountable officer and where diligent collection action is taken. More particularly, we have granted relief where a subordinate actually disburses funds, rather than the supervisory disbursing officer, upon a showing that the accountable officer properly supervised his subordinates by maintaining an adequate system of procedures and controls to safeguard the funds. B-234197, Mar. 15, 1989.

There is no evidence here of any bad faith or lack of due care on the part of Mr. [REDACTED]. Mr. [REDACTED]'s subordinates had apparently reviewed standard operating procedures upon assignment to the disbursing office. Had these procedures been followed by his subordinates, the improper payment would probably have been prevented. However, we recognize that even with the most rigorously maintained procedures clerical errors such as apparently happened here will occasionally occur. B-233870, May 30, 1989. The record indicates that additional controls and procedures have been implemented to prevent this type of error from reoccurring.

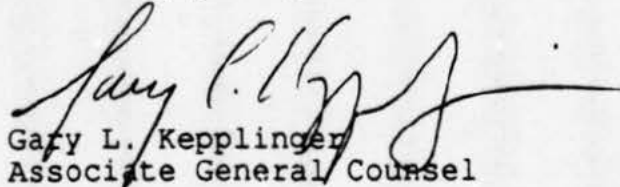
In addition, diligent collection efforts have been made.^{2/} Immediately after Mr. [REDACTED]'s office became aware of the improper payment, several attempts at collection were made to contact Mr. [REDACTED] by letter or telephone, albeit unsuccessfully. The matter was then submitted to the Army's

^{2/} Mr. [REDACTED] services under the contract ended September 30, 1988 and were not renewed for fiscal year 1989. Offsetting the overpayment against moneys due Mr. [REDACTED] under the contract was thus no longer possible.

Finance and Accounting Center for further collection action within the three-month deadline we have set once such a loss has been discovered. Id.

For the above reasons, relief is granted to Mr. [REDACTED].

Sincerely yours,



Gary L. Kepplinger
Associate General Counsel