



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

Office of the General Counsel

B-227662

August 5, 1987

Brigadier General B. W. Hall
Deputy Commander for Operations
U.S. Army Finance and
Accounting Center
Indianapolis, Indiana 46249

Dear General Hall:

This is in response to your request for relief for an improper payment of \$54.73 chargeable to the account of Lieutenant Colonel (Lt. Col.) D.J. Beyer, Finance Corps, Symbol Number 6333, Finance and Accounting Officer, 266th Theater Finance Center, APU New York, 09007 and paid by the cashier, Theresia Schuler-Payne. The improper payment occurred when a Treasury check made payable to Timothy C. Byrd, was cashed with a fraudulent endorsement at Tomkins Barracks, 4242 Finance and Accounting Center, Europe. The check represents the pay of Mr. Byrd who asserts he did not endorse the check and has filed a claim for reimbursement. For the reasons stated below, relief is granted to both Lt. Col. Beyer and Ms. Schuler-Payne.

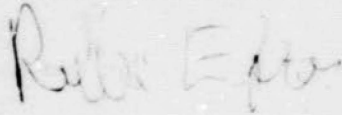
The cashier, Ms. Schuler-Payne, and Lt. Col. Beyer are personally liable for deficiencies in their accounts resulting from illegal, improper, or incorrect payments. 62 Comp. Gen. 476, 480 (1983). However, pursuant to 31 U.S.C. Sec. 3527(c) (1982) this Office has authority to relieve liability arising from improper payments where the record indicates the officer acted with reasonable care and in good faith, making diligent efforts to correct the mistake. 62 Comp. Gen. 91 (1982). In a case where a subordinate actually disbursed the funds, relief has been granted to the supervisor upon showing that he adequately supervised his subordinates by maintaining a system of procedures and controls designed to safeguard the funds. B-219124, July 15, 1985.

The record indicates that Ms. Schuler-Payne followed all the prescribed procedures in validating the endorsement, and further that Lt. Col. Beyer sustained an adequate system of controls to safeguard the funds. The Army provided us with a statement of Standard Operating Procedures for check cashing and a statement by Ms. Schuler-Payne indicating she followed these procedures.

As to Ms. Schuler-Payne, who actually cashed the check, where a cashier appears to have complied with existing directives, and nothing in the record indicates she did not act with due care, this Office may grant relief. Ms. Schuler-Payne indicated that she checked the identification against the name, face, SSN, signature appearing on the check. This has led the Army to conclude that she was not negligent. Under these circumstances, therefore, where nothing indicated that Ms. Schuler-Payne should have been aware of the fraudulent nature of the endorsement, no bad faith or negligence is indicated.

Collection action has not been possible in this case as the identity of the payee is still unknown. Accordingly, we grant relief to Lt. Col. Beyer and cashier Ms. Schuler-Payne from liability for the improper payment of \$54.73

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Rolle H. Efros".

(Mrs.) Rollee H. Efros
Associate General Counsel