



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

Office of the General Counsel

B-266001

May 1, 1996

Mr. John Nabil
Director, Denver Center
Defense Finance and Accounting Service
6760 E. Irvington Place
Denver, CO 80279

Dear Mr. Nabil:

This responds to your request that this Office grant relief from pecuniary liability under 31 U.S.C. § 3527(c) to Maj. Michael Mason, Defense Accounting Officer, Davis-Monthan Air Force Base, Arizona, for an improper payment that resulted from a fraud perpetrated on the Air Force on November 25, 1992, by someone purporting to be Darrell J. Joslyn. As explained below, we grant relief to Major Mason.

BACKGROUND

When this loss occurred, Major Mason commanded the Finance and Accounting Office of Davis-Monthan Air Force Base. He was also its disbursing officer. Among other things, Major Mason and his staff were responsible for making disbursements on all travel vouchers approved for payment by the base's Traffic Management Office (TMO). On December 15, 1992, Major Mason's staff received and paid a voucher submitted by TMO on behalf of its contractor, the Schedule Airline Ticket Office (SATO), for the cost of travel arrangements they made for someone identified as Darrell J. Joslyn.¹ According to the voucher, Joslyn was a member of the Army Reserve who was ordered to duty by the Tucson Army Reserve Center (TUCARC).

Major Mason's staff detected nothing unusual or otherwise amiss in the voucher for Joslyn and paid SATO for it. After paying it, Major Mason's staff forwarded SATO's bill to the Army Finance and Accounting Center in Indianapolis for reimbursement

¹In some parts of the Air Force record, this individual is alternatively identified as "Darryl Joslyn."

on behalf of TUCARC. In a letter dated September 16, 1993, the Indianapolis center declined to make reimbursement for Joslyn's travel arrangements because it concluded that the travel arrangements provided to Darrell Joslyn by TMO and SATO were fraudulently procured. At your request, an investigation was commissioned by the Air Force to determine how this loss occurred.

To appreciate how this loss occurred, it is important to know several things about TMO. By regulation, TMO is responsible for arranging travel for personnel and freight on behalf of Davis-Monthan Air Force Base. Air Force Instruction (AFI) No. 24-101, ¶ 1.19.12; AFI No. 24-201, ¶ 1.2. In addition, TMO regularly makes travel arrangements for other Defense Department entities in that region, including TUCARC. It forwards the vouchers for those arrangements (along with the vouchers for travel by Davis-Monthan personnel) to Major Mason's staff for payment, subject to reimbursement by the other Defense entities.² AFI No. 24-101, ¶ 3.6.1. TMO is not subject to the command or supervision of Major Mason.

The investigative report concluded that either the night before or the morning of November 25, 1992, TMO received a request from TUCARC for approval of airline tickets for Darrell Joslyn. The tickets requested by TUCARC were to transport Joslyn on a combination of flights operated by the Alaska, American, and Wings West Airlines from Yakima, Washington to Fresno, California. Joslyn's travel was to commence at 6:50 that morning. Apparently, the request indicated that, while documentation confirming Joslyn's official status and travel orders would be sent by facsimile transmission to TMO, it could not be done before the flight was due to lift off. Moreover, Joslyn would be unable to pick up the tickets at Davis-Monthan, as he was in Yakima. For this reason, the tickets would have to be issued to Alaska Airline as "prepaids" to be picked up by Joslyn at the Yakima airport that morning.³

The TMO staff told the investigator that it had made similar arrangements occasionally in the past, based on facsimile transmissions or telephone conversations with TUCARC officials. Usually TMO staff would save the facsimile or create a paper record of such conversations, as well as require receipt of the traveler's orders before arranging and approving the travel. In this case, TMO has no facsimile or other documentation of the initial request from TUCARC, and no one interviewed by the investigator recalls discussing or receiving it. Nevertheless, TMO did authorize SATO to issue the prepaid tickets to Alaska Airlines to be picked

²Cf., e.g., B-200309-O.M., Apr. 3, 1981 (agencies may enter into agreements to obtain/provide accountable officer services when consistent with the Economy Act, 31 U.S.C. § 1535, or other applicable legal authority).

³Prepaid status meant that the airline, rather than SATO, would release the tickets to the traveler as if they had already been paid for by the government.

up by Joslyn at the Yakima airport, and it did so in advance of receiving Joslyn's official travel orders. About four and one-half hours later, TMO did receive a facsimile transmission of Joslyn's orders from TUCARC. On November 29, 1992, in the normal course of business, SATO billed TMO for Joslyn's tickets. TMO passed the bill on to Major Mason's staff which, in turn, billed the Army for reimbursement of Joslyn's travel arrangements.

The Army returned the bill unpaid after it determined that Joslyn's travel orders were "fraudulent" as they were originally issued to someone else and had been illegally modified. Apparently, the poor quality of the TUCARC facsimile transmission precluded immediate detection of the physical modification of Joslyn's orders. However, using alphanumeric codes imbedded within the orders themselves, the Army determined that those orders had originally been issued to a member named Christopher Miller. The Army concluded that a photocopy of Miller's orders had been altered to show the name, social security number, and address data for Joslyn. When Miller was contacted, he recalled meeting a person named Joslyn in Yakima who identified himself as a reservist from California. Miller added that he did not otherwise know that person or how his name came to be included on a copy of Miller's travel orders.

Neither the Air Force nor the Army has any record of a member named Darrell Joslyn, nor anyone whose social security number matches the one included on the altered orders. A collection letter sent by the Air Force to Joslyn at the address shown on the altered orders was returned unopened, bearing notations that the address and addressee were unknown to the Postal Service. Air Force inquiries to Alaska Airline revealed that the tickets had indeed been used, but only after being re-issued by the airline for a different destination, at the traveler's request. There was no indication of what (if any) form of identification was presented by the traveler to the airline.

You advise that Major Mason, as the responsible military disbursing officer, is liable for the value of the tickets paid for Darrell Joslyn. You conclude, however, that Major Mason and his staff exercised due care and acted without bad faith. Based on this, you request that this Office grant Major Mason relief from pecuniary liability for this loss under 31 U.S.C. § 3527(c).

DISCUSSION

As you know, 31 U.S.C. § 3527(c) allows this Office to relieve a disbursing officer from pecuniary liability for an illegal or improper payment when we conclude that "the payment was not the result of bad faith or lack of reasonable care by the official." It also states that we may deny relief when it appears to us that the agency "did not carry out diligently collection action." We agree that the record in this case supports the conclusion that Major Mason and his staff are liable for this

loss; that they acted reasonably and without bad faith; and that the Air Force has carried out diligent collection efforts to date.

The authority and responsibilities of military accountable officers differ from those generally applicable to other accountable officers within the government. Most significantly, the laws which distinguish and separate the functions and authorities of disbursing and certifying officers in the rest of the government generally do not apply to the military. See 31 U.S.C. §§ 3325(b), 3528(d). Because of this difference, military disbursing officers generally are liable, automatically and strictly, for improper payments such as occurred here, without regard for whether the loss arose from an error in the certification or the disbursement process. E.g., B-227410, Aug. 18, 1987. Cf. B-236141.2, Feb. 23, 1990 (discussing disparate duties of non-military certifying and disbursing officers). The responsibility and status of Air Force disbursing officers, such as Major Mason, are specifically discussed in paragraph 6-13(c) of Defense Finance and Accounting Service-Denver Center Regulation (DFAS-DER) No. 177-101 (formerly Air Force Regulation No. 177-101):

"(1) . . . Air Force AFOs [Accounting and Finance Officers] (unlike Treasury DOs [disbursing officers]) are legally responsible for the:

- (a) Existence and correctness of information stated in a certification, on a voucher, or on supporting documents.
- (b) Legality of a proposed payment under the appropriation or fund involved.
- (c) Correctness of computations on a voucher or supporting documents."

The Air Force has administratively assigned "document certification functions" to individuals known as "document certification officers", who are responsible, under Air Force regulations, for the validity and accuracy of their certifications. DFAS-DER No. 177-101, ¶ 6-13(c)(2). In those same regulations, it also imposed pecuniary liability on those document certification officers. DFAS-DER No. 177-101, 6-2 ¶ 8. With regard to the payment at issue here, TMO executed the document certification, and the loss resulted from TMO's improper certification of the voucher, without having in hand authorized travel orders for Joslyn. TMO's failure in this regard did not, however, alter Major Mason's pecuniary liability as disbursing officer. Except where such is specifically provided by law, the liability of a disbursing officer may not be transferred away from that officer to another person, including a certifying officer. B-236141.2, Feb. 23, 1990.

Despite this heavy burden, the Air Force did not expect Major Mason or his staff to routinely "look behind" the facial validity of each and every TMO voucher presented for disbursement. In this regard, DFAS-DER No. 177-101, ¶ 6-13(c)(3) states:

"The AFO is not expected to repeat functions performed by subordinates and document certification officers. However, the AFO must verify that assigned functions are properly performed, that is, approving/certification signatures are present . . . and valid, all required supporting documentation is attached, no obvious arithmetical errors exist, totals on supporting documents are properly stated on disbursing documents, and the appropriation or fund cited is valid and appropriate to the transaction cited on the disbursement voucher. The AFO may request any additional evidence or action necessary to establish that a claim is just and proper for payment."⁴

Consequently, Major Mason and his staff were expected to verify that the TMO/SATO voucher for Joslyn's travel contained valid and appropriate certifications, had no obvious mathematical errors, cited TUCARC's appropriation account as the source of the payment, and was accompanied by appropriate documentation. Major Mason's staff satisfied these requirements. The voucher for Joslyn's travel bore all the appropriate certifications, there were no mathematical errors, and it cited TUCARC's account. For supporting documentation, the voucher was accompanied by a copy of what purported to be Joslyn's official travel orders.

We found nothing in the record to suggest that Major Mason and his staff should have questioned the voucher or the accompanying travel order. The loss resulted when TMO authorized payment of Joslyn's plane ticket prior to its receipt of Joslyn's travel orders; TMO missed an opportunity to mitigate the loss when it failed to detect the fraudulent physical modification of the travel orders submitted to it in Joslyn's behalf.⁵ TMO departed from its usual practices by (1) approving the

⁴Paragraph 6-33 of DFAS-DER No. 177-101 similarly states that:

"Although the AFO has the ultimate responsibility for determining propriety of fund usage, the highly technical and complex nature of many contractual documents imposes an extra burden on A&F [Accounting and Finance] personnel. In many cases they simply do not have the technical expertise to make the required determinations Therefore, AFOs must use the expertise of these personnel to supplement the expertise available within the AFO."

⁵The record indicates that, upon learning how to interpret the Army's alphanumeric (continued...)

issuance of prepaid tickets in advance of the receipt of official orders and (2) failing to hold the confirming conversations which might have alerted it to the existence of the fraudulent scheme. There was nothing in the materials submitted to Major Mason's staff that could or should have alerted them to the improprieties in TMO's handling of the tickets issued for Darrell Joslyn and nothing that Major Mason could have done to prevent this loss.

For the foregoing reasons, we grant relief to Major Mason for this loss.

Sincerely yours,

Gary L. Kepplinger
Associate General Counsel

⁵(...continued)

codes, Major Mason's staff incorporated that information into their routine review of Army ticket payment requests. Major Mason is to be commended for his action in this regard. Nevertheless, such review could not have prevented this loss from occurring: Major Mason's staff received the voucher weeks after the travel had already taken place and the government had been obligated by TMO to pay for it. Only TMO had a reasonable chance to use those codes to prevent this loss. There is no indication whether the TMO staff knew how to interpret these codes before this loss, or gained and incorporated that knowledge into their procedures in its aftermath.

B-266001

May 1, 1996

DIGEST

GAO grants relief from pecuniary liability to an Air Force Finance and Accounting Officer (FAO) for an improper payment that his staff certified in reliance upon the certification of an Air Force Travel Management Office (not under the FAO's supervision) which obligated the government to pay for "prepaid" travel arrangements without first examining and verifying travel orders that later proved to have been fraudulently altered.