



G A O

Accountability \* Integrity \* Reliability

United States General Accounting Office  
Washington, DC 20548

---

B-288014

May 17, 2002

Mr. Ronald L. Miller  
Chairperson  
Committee of Inquiry into Fiscal Irregularities  
United States Department of State  
1800 N. Kent Street, 5<sup>th</sup> Floor  
Arlington, VA 22209-2163

Dear Mr. Miller:

This letter is in response to your request that we relieve Ms. Sanja Pavlovic, Class B Cashier, in the American Embassy in Belgrade, Federal Republic of Yugoslavia, from liability resulting from advances of \$30,493.98 she made and for which she has lost accountability. For the following reasons, we grant relief.

In March 1997, Ms. Pavlovic was hired as a Class B Cashier at the American Embassy in Belgrade. A Class B Cashier who is designated to control a petty-cash or fixed-cash fund in currency, coin or Government check is personally accountable for the entire amount of the advance. Funds are defined to include cash, uncashed government checks, sales slips, invoices or other receipts for cash payment, unpaid reimbursement vouchers, or interim receipts for cash entrusted to other individuals for specific purposes. Part 4, Chapter 3000, section 3040.80, Treasury Fiscal Requirements Manual for Guidance of Departments and Agencies, October 1997.

At the time in question, March 1999, Yugoslavia's economy relied largely on cash to function. As a result, one of Ms. Pavlovic's responsibilities was to advance funds to employees who needed to make small purchases. She required the recipient of those funds to sign a receipt for the money received. Ms. Pavlovic would destroy the receipt once the employees showed her an invoice documenting that the desired purchase had been made. All the advances were entered into the automated cashier system (ACS), which was installed on a stand-alone computer. At the end of each day's closing, the cashier performed a backup routine to copy files to a disk.

According to the record, Ms. Pavlovic maintained the unreconciled receipts for these advances in a safe at the embassy. These documents remained in the locked safe until recipients of advances provided purchase invoices to Ms. Pavlovic. When the embassy was ransacked in March 1999, the safe was broken into and the documents destroyed or removed by unauthorized and unknown individuals. After the conflict,

Ms. Pavlovic was able to recreate the list of individuals to whom she made the advances from records she maintained on diskettes outside the embassy. The records were the result of daily account reconciliations she conducted that included the names and locations of each individual to whom she provided an advance. Despite her best efforts, Ms. Pavlovic was only able to successfully clear approximately 50% of the outstanding advances which occurred just before the hostilities began. The remaining advances, which amounted to \$30,493.98, had been made to individuals whom she was unable to locate after the military conflict.

Under 31 U.S.C. § 3527(a) (1988), the GAO has the statutory authority to relieve accountable officers from liability when we concur with the agency's determination that the loss of funds occurred during the discharge of official duties and was not the result of bad faith or lack of reasonable care by the officer. B-243685, July 1, 1991. Any time a physical loss of funds occurs there arises a rebuttable presumption of negligence on the part of an accountable officer. B-241820, Jan. 2, 1991.

In this instance, Department of State officials are confident that most or all of the advances were used for the purposes for which they were given, but hostilities prevented Ms. Pavlovic from actually accounting for many of them through her usual reconciliation procedures. In this case, the loss was not of cash, but of cash equivalent as defined by Treasury rules, such as an interim receipt for cash entrusted to another individual. The Department of State has made the requisite administrative determination that the loss of these cash equivalent records occurred through no fault or negligence on the part of Ms. Pavlovic. Evidence in the record shows that Ms. Pavlovic followed all reasonable requirements to maintain accountability for the advances and to clear them from her records. Ms. Pavlovic was not responsible for the destruction of the records, nor was she negligent in leaving them in the locked safe prior to the ransacking of the embassy. She took every reasonable step to clear the advances after the hostilities subsided. We agree with your administrative conclusion that the loss was not attributable to Ms. Pavlovic.

In cases where premises were burglarized and funds stolen through no fault of the cashier, we have granted relief. B-241820, Jan. 2 1991; B-244723, Oct. 29, 1991. Accordingly, we grant relief to Ms. Pavlovic in the amount of \$30,493.98. The loss may be charged to the proper appropriation in accordance with 31 U.S.C. § 3527.

Mr. Thomas Armstrong, who has been assigned to work on this case, would be happy to answer any questions and can be reached at 202-512-8257.

Sincerely yours,

Susan A. Poling  
Managing Associate General Counsel