

**U.S. DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250**

<b>DEPARTMENTAL REGULATION</b>		NUMBER: 2270-001
SUBJECT: Irregularities Affecting the Accounts Of Accountable Officers	DATE: October 27, 2003	
	OPI: Office of the Chief Financial Officer	

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1 PURPOSE

This regulation sets policy and procedures for handling irregularities affecting the accounts of accountable officers.

2 REFERENCES/AUTHORITIES

31 U.S.C. § 3527

31 C.F.R. parts 900-904

7 C.F.R. § 2.28

General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Chapter 7-8 (hereinafter referred to as "7 GAO"), available at [www.gao.gov](http://www.gao.gov), "GAO Legal Products."

DR2200-4, Fiscal Liability for Improper Acts.

DR2570-2, Waiver of Employee Claims From Erroneous Payments of Pay and Allowances.

### 3 SPECIAL INSTRUCTIONS/CANCELLATIONS

This regulation supersedes DR 2270-001, "Irregularities Affecting the Accounts of Accountable Officers" dated November 10, 1994.

### 4 DELEGATION

In Title 7 of the GAO Manual, Chapter 8, the Comptroller General delegated to agencies the authority to resolve certain requests for relief. The Chief Financial Officer, under the supervision of the Secretary, is delegated authority to establish Departmental financial management policy (7 CFR § 2.28(a)(5)). The Chief Financial Officer further delegates to Departmental Agency Heads and their specific designees the authority to:

a resolve cases involving:

- (1) physical losses of funds under \$3,000 (7 GAO 8.9.C and 8.10. ). The \$3,000 limitation applies to single incidents, or the total of similar incidents, which occur about the same time, and involve the same accountable officer;
- (2) certain check losses under \$3,000 (7 GAO 8.11.C). This includes duplicate check losses, and losses resulting from mechanical or clerical errors during the check issuance process; and
- (3) improper payments of \$100 or less (7 GAO 8.11).

b formally request relief from personal liability from the GAO.

### 5 DEFINITIONS

- a Accountable Officer - An authorized disbursing officer, certifying officer, collecting officer, or any Government officer or employee who is responsible for or has custody of public funds.
- b Agency - An organizational unit of the Department, other than a staff office, which reports to an Under or Assistant Secretary, or to an agency or staff office to which the applicable authority has been delegated.
- c Certifying Officer - A Government officer or employee whose signature attests to the authenticity of vouchers (including voucher schedules or invoices used as vouchers) for payment. A certifying officer has no public funds in his or her physical custody.

- d Disbursing Officer - An officer or employee of a Federal department, agency or other individual designated to disburse moneys and render accounts in accordance with laws and regulations governing the disbursement of public funds.
- e GAO - General Accounting Office.
- f Irregularities - For the purposes of the laws governing the accountability and relief of accountable officers, fiscal irregularities fall into two categories: physical loss/deficiency and improper payment.
  - (1) Physical loss/deficiency - A shortage of public funds (7 GAO 8.2) in an account, including imprest or similar funds, resulting from such things as: (1) theft (burglary, robbery, embezzlement, etc.); (2) loss in shipment; and (3) destruction by fire, accident, or natural disaster. An unexplained shortage (i.e., a shortage of funds with no apparent reason or explanation) is also treated as a physical loss.
  - (2) Improper payment (also referred to as erroneous) - A disbursement of public funds (7 GAO 8.2) by a disbursing officer or subordinate that is found by an appropriate authority, including the Comptroller General, to be illegal, improper, or incorrect. Improper payments result from fraud, forgery, alteration of vouchers, improper certifications, and other improper practices. Improper payments can also be caused by human and/or mechanical error during the payment process.
- g Personal Liability or Personally Liable - Financial liability of disbursing, certifying, and accountable officials for fiscal irregularities and theft caused by themselves and others.
- h Public Funds - Includes appropriated funds, receipts or collections, and funds held in trust by a Federal agency.
- i Relief from Liability - An Administrative decision by an authorized official absolving an accountable official, or certifying and disbursing officer of personal liability for an irregularity.

## 6 POLICY

Accountable officers are personally liable to the Government for any losses the Government may incur because of the officer's actions or failure to act, unless and until relief is granted or the loss is made up.

## 7 HANDLING IRREGULARITIES

- a All irregularities in the accounts of accountable officers must be investigated immediately by the Agency Head or designee.
- b If it is determined that an irregularity has occurred, see 7 GAO 8.9 for Standards for Relief of Physical Loss/Deficiency and 7 GAO 8.11 for Standards for Relief of Improper Payments.
  - (1) If relief from liability is appropriate and the Agency Head is authorized to grant relief, the Agency Head or designee may grant relief.
  - (2) If relief is appropriate and the Agency Head is not authorized to grant relief, the Agency Head shall formally request relief from the GAO (7 GAO 8.9 and 8.11).

## 8 REPORTING

- a Agencies must prepare a report on each irregularity affecting the accounts of accountable officers whose accounts are required by law to be settled by GAO.
  - (1) The reports are to be retained by the agency as part of the account records and copies sent to GAO when required by subsection 7 GAO 8.4C. A copy of each report should be provided to the accountable officer.
- b Each agency shall submit a fiscal year annual report to the Office of the Chief Financial Officer (OCFO) no later than December 31, on all irregularities, and stating whether relief was granted in cases:
  - (1) where physical losses are less than \$3,000, certain check losses under \$3,000 and improper payments less than \$100, or

- (2) where a portion of a loss, although unrecovered, is subject to routine, ongoing recovery action by way of offsets or installment payments.

An example of the required annual reporting to the OCFO is provided at APPENDIX A.

- c This report will be used by OCFO to determine compliance with GAO requirements and to maintain the central control record required by GAO. From time-to-time, GAO may identify particular circumstances in which the prompt reporting of irregularities in other specified situations is needed. At such time, the agency involved will be notified in writing.

## 9 INQUIRIES

Inquiries should be directed to the Office of the Chief Financial Officer, Credit, Travel and Accounting Division at (202) 720-8992.

## APPENDIX A

Below is an example format of the annual report to the Office of the Chief Financial Officer.

Agencies shall provide a cover memo that outlines: (1) conformance with DR 2270-00X, (2) collection efforts, (3) the details on fiscal irregularities of the agency, and (4) a statement on the agency's internal control polices and procedures. Also, provide a table that summarizes the actions taken, number of actions, and dollar value. For example,

<b>Nature of Action</b>	<b>Number of Actions</b>	<b>Dollar Value</b>
Granted		
Denied		
Pending		
Total		

Additionally, provide the details on the agency's fiscal irregularities using the example below.

FY 20XX Report on Irregularities Involving Accountable Officers, Agency:

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<b>Accountable Officer</b>	<b>Type of Activity*</b>	<b>Date of Loss</b>	<b>Amount</b>	<b>Status of Recovery Action<sup>1</sup></b>	<b>Relief<sup>1</sup> Granted</b>
John Doe	Collection Officer	6/27/02	\$252.97	Complete	No
Pamela Doe	Collection Officer	7/15/02	\$1,002.51	(1)	No
Jason Doe	Collection Officer	10/24/01	\$135.00	Complete	Yes (2)

\* Type of activity is defined as collection activity, disbursing, or other.

(1) This case is being reviewed by the District Attorney. No administrative action has been taken.

(2) Loss resulted from a burglary at the bell station.

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<sup>1</sup>A full explanation of the loss is necessary as reflected by the footnotes in the example.