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United States General Accounting Office  
Washington, DC 20548

Office of  
General Counsel

In Reply  
Refer to: B-201109

*[Request for Relief From Liability]*

MAR 25 1981

The Honorable John F. Lehman  
The Secretary of the Navy

Dear Mr. Secretary:

This is in response to a letter from J. A. Doyle, Assistant Secretary of the Navy (Manpower, Reserve Affairs and Logistics), requesting relief of accountable Postal Clerk Third Class Thomas J. Baldoni, U.S. Navy, for the loss of Government funds in the amount of \$2,901.23. Mr. Doyle determined, pursuant to 31 U.S.C. § 82a-1 (1976), that the loss occurred while the accountable Postal Clerk was acting in the line of duty and without fault or negligence on his part.

Before July 1, 1971, our Office was involved in the process of granting relief from liability of accountable officers for the loss of postal funds, along with the Postmaster General. However, effective July 1, 1971, Public Law No. 91-375, the Postal Reorganization Act, creating the Postal Service, authorizes the Postal Service to relieve postmasters and employees of liability for losses and to compromise, release, or discharge other claims on such terms as it deemed just and expedient. 39 U.S.C. § 2601(b). Thus, the Postal Reorganization Act removed our Office from the process of granting relief from liability of accountable officers for the physical loss of Postal Service funds. Moreover, section 2601(a)(3) of title 39, United States Code, expressly permits the Postal Service to credit the account of a military enlisted person performing postal duties for losses of Postal Service funds.

The lost funds in this case were apparently not Government funds within the meaning of 31 U.S.C. § 82a-1 (1976). The Postal Service is authorized to make arrangements with the Department of Defense to perform postal services through personnel designated by them at bases or stations of the Armed Forces, 39 U.S.C. § 406 (1976). Based on our reading of Postal Service Publication 38, February 1980, entitled, "Postal Agreement with the Department of Defense," the Postal Service has agreed to provide services to the Department including postage stamps, stamped paper, blank money



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order forms and money order funds. In return, the Department has agreed that in all just and expedient cases, the military departments may request the Postal Service to take action under 39 U.S.C. § 2601(a)(3) to relieve a military postal clerk of liability for physical loss of Postal Service funds, papers, postage or other stamped stock or accountable paper. On its face, the agreement with the Postal Service appears to place those funds entrusted to or collected by the Navy for its postal finance services within the Postal Service Fund, and to require that this request for relief be addressed to the Postal Service.

Sincerely yours,

Harry R. Van Cleave

Harry R. Van Cleave  
Acting General Counsel