

DECISION

**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

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FILE: B-118678

DATE: MAR 2 1976

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MATTER OF: Refunds of less than \$1 by Geological Survey

- DIGEST:
1. Procedure whereby Geological Survey would mail cash refunds of less than \$1 to map purchasers when use of alternative method of refund is impractical is not in violation of law.
 2. Where cash refund procedure is not in violation of law, this Office would not object to implementation of procedure for 6-month trial period for evaluation of possible problems and will not object to use of appropriate agency appropriation for making additional refund where initial refund is not received.

This decision to the Secretary of the Interior is in response to an inquiry by Posey B. Howell, Chief, Branch of General Services, Administrative Division, Geological Survey, United States Department of the Interior, concerning cash refunds.

The Publication Division of the Geological Survey processes mail orders for topographic, geologic, and orthophoto maps at three centers in Arlington, Virginia; Denver, Colorado; and Fairbanks, Alaska. Orders are filled after receiving advance payments from customers. We have been advised that it is the general policy to require advance payments since there are a number and variety of individual customers served and the cost of operating a complex billing and collection system for small sales is prohibitive. The Geological Survey states that a large volume of orders are received by centers from individual customers, often on a one-time basis. These customers include school children, college students, Boy Scouts, farmers, etc. The Geological Survey has also stated that:

"As to be expected, small refunds to advance payment customers are generated when some maps are found out of stock or the customer errs on price. Understandably, because of cost and other factors, the U. S. Treasury does not wish to issue checks for less than \$1.00. But to refuse refunds to the public of less than \$1.00 as a matter of policy would, in our judgment, reflect unfavorably, especially where small, individual orders are involved.

"The map distribution centers issue credit memoranda for all refunds with the option to apply them against future orders or to return them for cash refund. Unfortunately, the credit memoranda are too often returned for cash redemption, many of which are less than \$1.00. Those under \$1.00 are redeemed in U. S. postage stamps. The stamps have not usually been accepted graciously by the public. Moreover, this policy has created complications at the map distribution centers. Lately, we have received pressure from customers to accept the stamps in payment for maps purchased. Inventories of postage stamps must be maintained. The centers can make no other use of the stamps other than for refunds because official mail is processed by either franked envelopes or metered postage. Customers find the stamps an awkward form of reimbursement because they are not negotiable and can be used for only mailing purposes.

"We are considering another policy for paying refunds of less than \$1.00. An envelope-sized coin card could be designed for insertion of any combination of change under \$1.00. Such cards are not uncommon in the private sector. Veterans groups, solicitors for charitable donations, and breakfast food promoters are typical examples. The cards are designed to effectively disguise the presence of coins being transmitted. Through use of an imprest fund located at each of the three map distribution centers, coins could be mailed for petty refunds under \$1.00. This refund method would be convenient, efficient, and economical. In addition, it would improve our service to the small purchase customer.

"With an adequately designed coin card, we believe the risk of loss in mailing is minimal. The plan would eliminate the need for postage stamps inventories and the controversy of our accepting stamps in payment. More importantly, the plan will provide improved service to the public."

The opinion of this Office has been requested concerning the legality of mailing coins in the manner described for the purposes of making refunds to customers in amounts under \$1.

Representatives of the Geological Survey informally advised us that presently checks for advance payments are deposited in the deposit fund account 14X6780, "Sales of Public Maps; Miscellaneous Receipts." Refunds for over \$1 are made by checks drawn on the deposit fund account.

Refunds for under \$1 are made by stamps purchased with funds advanced from the fund. Balances in the fund are periodically deposited and covered into the general fund of the Treasury as miscellaneous receipts. However, for the reasons stated above, the Geological Survey proposes to alter this procedure as follows:

An expendable imprest fund would be advanced by the Treasury for purposes of mailing cash refunds for amounts under \$1 upon order of the appropriate official of the Geological Survey. As orders of customers are received they will be numbered and filled. The Geological Survey then will reconcile the amount paid in advance with the amount owed by the customer, and if an overpayment has occurred, it will notify the imprest fund cashier that a refund on a particular order is due in an amount certain. Such notification will contain all necessary information to identify the order as well as the payment and be signed by an appropriate official in the customer order filling service. As the imprest fund is depleted, the cashier will submit a voucher for reimbursement to the fund in the amount paid out in refunds. The voucher will itemize and identify each order upon which a refund is paid. Upon certification, the voucher would be paid by check drawn upon the deposit fund account.

With specific regard to the procedures for handling advance payments which may contain overpayments, it has been stated that:

"Any refundments authorized should be made by the disbursing clerk's official check and shown under the special deposit account, and such of the receipts in said special deposit account as have ceased to be liable to refundment should then be forthwith covered into the Treasury to the credit of the proper account.

"The Government is entitled to a full account of the receipts as they come into the hands of the disbursing clerk. This is not furnished where deposits are made to the personal credit of the disbursing clerk, and he should follow the procedure as above outlined. (See also in this connection pars. 1, 5, and 7 of Treasurer's Circular No. 5, Jan. 9, 1913.)" (Emphasis supplied.) 19 Comp. Dec. 442, 444 (1913). See also, 20 Comp. Dec. 479 (1914) and B-158331, June 21, 1968.

We note that while the 1913 decision indicates that refunds are to be made by checks, nothing in this or any decision by this Office requires that such refunds be made only by check. Furthermore, we are unaware of any law either prohibiting the mailing of coins to customers or prohibiting the making of cash refunds to customers purchasing goods or services from

the Government. If such did exist then, absent specific statutory authorization, Government cashiers who receive customer payments in cash for over-the-counter sales of goods or services would not be authorized to make change when the amount tendered in payment exceeded the amount owed.

Certainly where checks are a practical method of refunding overpayments they are preferred since the procedure for issuing checks helps to insure against double payments to customers while the cancelled check serves as a receipt. However, this Office has recognized that payment by check is not always practical, and consequently has not objected to procedures whereby refunds below a certain amount are not made voluntarily, but only upon request. B-62221, December 23, 1946. However, where refund by check is impractical, the preference to make refunds by check should not in and of itself prevent the use of alternative methods.

Thus where customers do a recurring business with Geological Survey, issuing credits towards future purchases is an acceptable method both from the standpoint of financial accountability and responsibility as well as from the standpoint of satisfaction to the customer. However, where single-transaction customers are involved to whom even a very small refund may be important, and the withholding of voluntary refunds is administratively determined to be unsatisfactory, then use of the proposed method would appear to be acceptable in the instant case. While there is no practical means for obtaining a receipt for cash refunds under a dollar made by mail and, thus, there exists the possibility for double payments, it appears that such a problem may be relatively minor in view of the small sums involved. Also, the Department feels that the use of an adequately designed "coin card" will minimize the risk of loss from theft.

We would point out however, that where a cash refund payment is made by mail but the person entitled thereto alleges nonreceipt of such refund and files a claim therefor, the special deposit fund account may not be used to make the second refund in view of the restrictions set forth in 18 Comp. Dec. 980 and A-96991, February 27, 1940. If it is administratively determined as a matter of policy to make refunds of amounts less than a dollar, and from an economic standpoint cash refunds of such amounts would be substantially less costly to the Government, the pertinent agency appropriation may be used to make the second refund (where nonreceipt of the first refund is alleged) on the basis that the second refund is an expense necessarily incurred in operating a cash refund program. We strongly recommend however, that the instant cash refund proposal be implemented for trial period of 6 months with a view to determining whether the continuation of such a program is in the interest of the Government from a cost standpoint.

R. F. KELLER

Deputy Comptroller General
of the United States