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Office Memorandum • UNITED STATES GOVERNMENT

TO : Deputy Comptroller  
FROM : Deputy Chief, Finance Division  
SUBJECT: Recovery of Indebtedness - [REDACTED]

DATE: 22 May 1953

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1. Reference is made to your verbal inquiry relative to (a) the manner in which the overpayment to [REDACTED] was noted by this Division, and (b) the probability of a recurrence of a similar type of overpayment to other individuals. 25X1A9a

2. [REDACTED] was employed by this Agency as a contract employee on 10 September 1951 at a basic salary of \$10,000 per annum. On 12 December 1951 a memorandum was written to [REDACTED] Special Contracting Officer, Personnel Office (copy attached) giving notification to the effect that [REDACTED] would cease to perform the duties specified under the above cited contract, effective COB 6 January, and would be placed under an "Expert" contract at GS-15, \$10,800 per annum, effective 7 January. This notification was furnished the Finance Division, but a formal termination of contract was never received. 25X1A9a  
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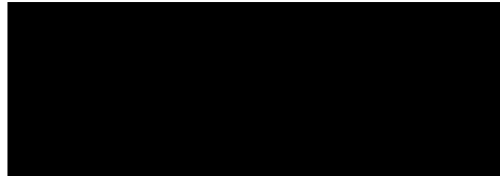
3. Upon receipt of [REDACTED]'s memorandum, the Payroll Section of the Finance Division did not terminate [REDACTED] contract, but increased his salary from \$10,000 to \$10,800 per annum. Concurrent with the issuance of the memorandum setting forth contract termination, this Agency entered into an overt personal service contract with [REDACTED] effective 7 January 1952, and he was entered on the rolls of the Fiscal Division as of that date at \$10,800 per annum. This resulted in both the Finance and Fiscal Divisions carrying Mr. [REDACTED] on their respective payrolls from 7 January 1952 through 30 June 1952 at a per annum rate of \$10,800. The initial expiration date of both contracts was 30 June 1952. 25X1A9a  
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4. The Finance Division processed a payment for [REDACTED] beyond 30 June 1952, and the payroll auditor picked up the overpayment and brought it to the attention of the supervisor. This resulted in a review of the subject's entire file and a further study of [REDACTED] memorandum of 12 December. The supervisor noted that whereas the contract termination memorandum did not clearly set forth in the body that [REDACTED] payments were to be discontinued from Unvouchered Funds, it did indicate by subject that a contract termination was to be effected and that subsequent services of [REDACTED] were to be paid at a GS grade level. This automatically alerted the supervisor to the fact that the payments to [REDACTED] from Unvouchered Funds subsequent to 7 January 1952 were in error and prompted him to check with the Fiscal Division to determine if subject had been carried on their rolls. They advised that he had been carried on their rolls since 7 January 1952. 25X1A9a  
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5. This office will have no assurance that similar overpayments will not occur until such time as contract employees are terminated from the payrolls maintained in this Division with a formal contract termination. The lack of receiving formal contract termination has improved considerably over the past few months, but it is still felt that there is an area for further improvement with regard to prompt and formal notification.



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Deputy Chief, Finance Division

Attachment: Copy of Memorandum

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