



DEFENSE FINANCE AND ACCOUNTING SERVICE
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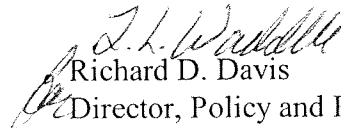
AUG 29 2006

DFAS-NP

MEMORANDUM FOR DIRECTOR FOR ACCOUNTING AND FINANCE POLICY, OUSD(C)
DIRECTOR, FINANCE, DEFENSE FINANCE AND
ACCOUNTING SERVICE

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation (DoDFMR), Volume 8, Regarding Underpayments and Indebtedness (DFAS Item P-87)

Attached is Interim Change 04-06 to Volume 8, Chapter 8 and References, of the DoDFMR. This change is based on the revised Federal Claims Collection Standards as promulgated in 31 Code of Federal Regulations (C.F.R.) Parts 900-904, which superseded 4 C.F.R. Parts 101-105. Assignment of the interim change number is your authority to initiate a procedural modification to implement this change. It is requested that the Director for Accounting and Finance Policy post this interim change to the DoDFMR Web site.


Richard D. Davis
Director, Policy and Performance
Management

Attachment:
As stated

cc:
Acting Director, Civilian Pay (Tom Caporizzo)
Service/Agency Liaisons

Special Payments

1. Revise paragraph 080102.A. as follows:

“... must have received less than 90 percent of his or her regular biweekly pay and allowances. The Payroll Office Directors are authorized to waive the 90 percent rule under extenuating circumstances such as underpayments caused by deficiencies in the payroll system. Special payments shall be made for the following reasons: . . . “

2. Revise paragraph 080102.C as follows:

“C. Requests for special payments specifically for overtime or other premium pay earned but not reported (and, therefore, not paid in the corresponding pay period) shall not be allowed. However, when special payments are authorized for other reasons, unpaid premium pay for the corresponding pay period will be included in the special payment.”

3. Revise paragraph 080102.F as follows:

“... Gross-to-net payments represent the regular biweekly pay and allowances normally due the employee (plus unpaid premium pay for the corresponding pay period, if applicable) less any required deductions and withholdings. . . “

Indebtedness

4. Revise paragraph 080201.A as follows:

“... the Federal Claims Collection Standards, 31 C.F.R. Parts 900-904 (reference (ba)), 5 C.F.R. Parts 179 and 550 . . .”

5. Revise paragraph 080201.A.1 as follows:

“... or permits withholding from pay by submitting a voluntary repayment agreement;”

6. Revise paragraph 080201.C as follows:

“C. Under 31 C.F.R. 901.3(b(4)(iii)(C)(reference (ba)), salary or administrative amounts payable . . . “

Recovery of Overpayments of Pay and Allowances**7. Revise paragraph 080303.A as follows:**

“A. Under the provisions of 5 U.S.C. 5514 (reference (b)), the civilian payroll office, or another official responsible for collection of the debt, shall issue an appropriate notification of indebtedness (including a request for voluntary lump-sum payment). This notification of indebtedness under 5 C.F.R. 550.1104(b) and (d) and 31 C.F.R. 285.7(d)(4) shall be issued as soon as possible following the discovery of the overpayment, . . . Debts not paid by the date specified in the notification of indebtedness Only one notification of indebtedness is required. The civilian payroll office, or another official responsible for collection of the debt, shall mail the notification of indebtedness to the employee’s last known home mailing address. A copy will be retained in support of due process. Care must be exercised to ensure that this notification is mailed on the same day it is dated. See Figure 8-1 for a copy of the notification of indebtedness and Figure 8-2 for a sample voluntary repayment agreement. The notification must contain the following information: . . . ”

8. Revise paragraph 080303.B as follows:

“B. If an employee agrees with repayment of the overpayment, . . . If, for any reason, the civilian payroll office does not receive payment or a signed voluntary repayment agreement, the civilian payroll office will establish an involuntary salary offset in accordance with subparagraph 080307.C.”

9. Revise paragraph 080305.A.1 as follows:

“1. All hearings are arranged and conducted in accordance with 31 C.F.R. 901.3(e) (reference (ba)) and Volume 5 of this Regulation. . .”

10. Revise paragraph 080306.A as follows:

“A. General. Authority is provided by 5 U.S.C. 5584 (reference (b)) and DoDD 1340.22 (January 8, 2005), Waiver of Debts Resulting from Erroneous Payments of Pay and Allowances, for the waiver of claims . . .”

11. Delete the following from paragraph 080306.A.1:

“Under 4 C.F.R. 91.5(reference (ba))”

12. Delete the following from paragraph 080306.A.5:

“See 4 C.F.R. 92.6 (reference (ba)).”

13. Revise paragraph 080306.B as follows:

“ . . . Attn: Defense Finance and Accounting Service - DE-PODCC, 6760 East Irvington Place, . . . ”

14. Revise paragraph 080306.C as follows:

“C. Suspension of Collection. Collection of a debt should not routinely be suspended pending waiver determination per 31 C.F.R. 903.2(c)(2) (reference (ba)). . . ”

15. Delete the following from paragraph 080306.D.3:

“pursuant to 4 C.F.R. 92.2 (reference (ba))”

16. Revise paragraph 080308.A as follows:

“ . . . prior to the due date expressed in the notification of indebtedness. Any debt or portion of a debt that remains unpaid by that date is subject to the assessment of interest and administrative expenses under 31 U.S.C. 3717 (reference (d)), 31 C.F.R. 901.9 (reference (ba)), and 5 C.F.R. 550.1104(n) . . . ”

17. Revise paragraph 080308.B as follows:

“ . . . Any debt or portion of a debt that remains unpaid by the due date specified in the notification of indebtedness is subject to interest charges. . . Interest should not be charged on interest, penalties, or administrative costs (31 C.F.R. 901.9(b)(3) (reference (ba))). ”

18. Revise paragraph 080308.C as follows:

“C. Administrative Costs. These costs relate only to delinquent debts as defined in 31 C.F.R. 900.2(b) (reference (ba)). . . A debt is delinquent if it has not been paid by the due date specified in the notification of indebtedness unless other satisfactory payment arrangements . . . ”

19. **Revise paragraph 080308.D as follows:**

“D. Penalties. A penalty of 6 percent a year shall be assessed on any debt or portion of a debt that is delinquent for more than 90 days under 31 U.S.C. 3717(c)(2) (reference (d)) and 31 C.F.R. 901.9(d) (reference (ba)). . . .”

20. **Revise paragraph 080309 as follows:**

“ . . . See 5 U.S.C. 5514(a)(1) (reference (b)), 31 C.F.R. 901.3(b)(4)(iii)(C) (reference (ba)), and”

Salary Offset Requests

21. **Revise paragraph 080601.A.4 as follows:**

“. . . except as set forth in the Federal Claims Collection Standards, 31 C.F.R. 901.3(a)(4) (reference (ba)).”

References

22. **Revise reference (ba) as follows:**

“(ba) Title 31, Code of Federal Regulations, Parts 900-904 (Federal Claims Collection Standards), Sections as follows:

- 900 Scope of standards
- 900.2 Definitions and construction
- 901 Standards for the administrative collection of claims
- 901.2 Demand for payment
- 901.3 Collection by administrative offset
- 901.9 Interest, penalties, and administrative costs
- 902 Standards for the compromise of claims
- 903 Standards for suspending or terminating collection activity
- 903.2 Suspension of collection activity
- 904 Referrals to the Department of Justice”