

MILPAY Debt Collection Debt Management SOP



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Process Name: MILPAY Debt Collection/Debt Management**Document ID: End to End**

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PURPOSE:

The purpose of this SOP is to provide a common process for Customer Commands, Debtors, and Personnel Support Detachment (TSC) MILPAY Offices/DDOs to follow to support Debt Collection/Debt Management roles and responsibilities.

Requirements for the following SOP Roles are identified in this SOP:

- Debt and Claims Management Office (DCMO) or DFAS: The DCMO offers debt management and collection assistance for delinquent debts owed to DoD by individual debtors who are former DoD employees that are no longer paid by DoD. If a Component's DCO cannot collect a debt through offset because the debtor is no longer being paid by DoD, and the debtor has not agreed to pay the debt, then the DCO should obtain debt collection services from the DCMO. The DCMO also makes determinations on hearing requests and applications requesting the waiver of individual indebtedness.
- Debt Collection Office (DCO): DCO refers to the office or individuals at the DoD Component level that are primarily responsible for debt establishment and collection for the Component. After establishing a debt, the DCO is also responsible for due process procedures. DCOs that manage the debt collection for the Component are typically located in the following areas: AROs, military and civilian payroll offices (located both within and outside of the Defense Finance and Accounting Service (DFAS), Debt Management Office (DMO), DCMO, contracting offices, disbursing offices, or the Foreign Debt Management Office.
- Disbursing Officer (DO): The individual responsible for the payment of public funds to entities to whom the Government is indebted; the collection and deposit of monies; the safeguarding of public funds; and the documenting, recording, and the reporting of these transactions.
- Deputy Disbursing Officer (DDO): A person appointed to act in the name of and for that DO to perform any and all acts relating to the receipt, disbursement, custody, and accounting for public funds. The appointing DO may restrict the acts a deputy is authorized to perform. DDOs must be U.S. citizens.
- Disbursing Office: An activity or the organizational unit of an activity whose principal function consists of the disbursement, collection and reporting of public funds. Disbursing offices within DoD formerly were referred to as Finance and Accounting Offices, Accounting and Finance Offices, and Finance Offices.
- MILPAY Clerk/MILPAY Lead: A Disbursing Agent (DA) of a Disbursing Officer, not appointed as a DDO, who performs MILPAY functions in a permanently-located disbursing office (MILPAY Office) that is often geographically separated from the disbursing office.

- Travel Clerk (also Examiner): The individual primarily responsible for the overall processing of travel payments. When logged into IATS in the Examiner View mode, a user may log incoming claims, process advances and settlements, post accrued per diem payments, and process collections. In addition, Examiners may have the capability to create traveler accounts and create travel order records. These functions, however, are dependent upon the privileges that have been established for the user by the System Administrator.
- Travel Supervisor (also System Administrator): The individual responsible for the overall operation of IATS and controlling the work flow throughout the system. System Administrators are responsible for the set-up and configuration of IATS for the particular travel office. In addition, System Administrators perform the following additional functions:
 - o Performing system maintenance
 - o Establishing user accounts
 - o Assigning/re-assigning blocks and claims
 - o Deleting completed blocks
 - o Deleting unneeded traveler or travel order details
 - o Debt management
 - o Importing and updating system rates files
 - o Processing interfaces between accounting, disbursing, and personnel systems
 - o Generating management reports
 - o Running utility programs

- Debtor: Active, reserve, retired, and former military members; current, retired, and former DoD civilian employees; non-appropriated fund instrumentality (NAFI) employees; and any other individual indebted to DoD who is subject to offset.
- Command Pay and Personnel Administrator (CPPA): Serves as the primary customer service link between command members and the supporting TSC or Regional Support Center (RSC). Duties and responsibilities are defined in MPM 1000-021. The term CPPA identifies personnel assigned the Navy Enlisted Classification (NEC) code of 791F, but for the purposes of this SOP may include Dept/Div Admin representatives (e.g., large afloat commands) who liaise directly with the ship's Personnel Office/TSC.
- Note: Recent and future NSIPS programming releases will continue to expand CPPA roles and capabilities within NSIPS. Until such time as the new CPPA NEC code (791F) is fully implemented, individual TSCs and FSCs may assign TSC Clerk duties and responsibilities, as identified in this SOP and consistent with expanded NSIPS capabilities, to supported command CPPAs in order to facilitate the timely and accurate processing of Service Member pay and personnel transactions. As such, CPPAs may accomplish TSC Clerk assigned steps within this SOP consistent with expanded NSIPS roles and capabilities and servicing TSC/RSC authorization.

- Important Document Retention Action: IAW Department of the Navy Memo dated 30 June 2020 "Revised Record Retention Requirements to Support Department of the Navy Financial Statement Audits" financial record retention requirements are now ten years.
- In addition to SOP steps that identify specific documentation requirements, refer to Navy MILPAY Key Supporting Documents (KSD) Matrix, if required, to determine Key Supporting Documentation necessary to support the transaction. Current KSD matrix is maintained by FIAR at following website: <https://www.mynavyhr.navy.mil/About-MyNavy-HR/Commands/Navy-Personnel-Command/Organization/BUPERS/FIAR/MILPAY/>.
- Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built-in management design control activities to ensure that all transactions are properly completed and accurately recorded.
- Debt Collection procedures have been consolidated in a single DoD FMR Volume. Refer to Department of Defense Financial Management Regulation (DoD FMR) Volume 16, Chapters 1-4 for information concerning debt collection authority and debtor rights.
- MILPAY Offices should not process DD139s/DD2481s requesting involuntary pay offset unless creditor organization prepared forms contain the following statement: "Member has been provided due process" or a signed consent agreement is attached to the DD139/DD2481.
- MILPAY Offices are not required to provide due process procedures prior to collecting overpayments of pay and allowances using routine intra-agency pay adjustments. To collect by routine adjustment, the overpayment must have occurred within the four pay periods preceding the adjustment or amount to \$500 or less. Routine adjustments may be necessary due to overpayment attributable to clerical errors, administrative errors, delays in processing pay documents, corrected or late time and attendance data, under deduction of premiums, or incorrect personnel actions.
- MILPAY Offices/DDOs must promptly and aggressively initiate collection action on all established debts owed to the DoD and must complete follow-up actions to ensure successful repayment to the DoD. MILPAY must issue the initial Debt Notification Letter to the debtor within 5 working days following confirmation of a valid debt.

- MILPAY must issue the initial Debt Notification Letter to the debtor within 5 working days following confirmation of:
(1) the existence and validity of the debt; (2) the basis of indebtedness; and (3) the amount of the debt.
- Refer to DoD FMR Vol 16 Chapter 2 Paragraph 020505 and Figure 2-2 for required elements of a Debt Notification Letter. The Debt Notification Letter should also include the following:
 - o Collection of your Debt
 - o Requesting a Hearing
 - o Requesting a Waiver
 - o Sample Voluntary Repayment Agreement for Indebtedness
- Except for routine, administrative pay adjustments and travel advance liquidation, the written notification must be sent to the member at least 30 days prior to the date the pay checkage is to occur. A further exception to the advance notification rule should be made in those instances in which adherence to the rule would jeopardize the government's chances of collecting the debt in full during the member's period of obligated service. In such instances, written notification must be effected as soon as possible.
- Authority to Initiate Collection Before Due Process is Granted: In certain limited circumstances, a DCO may use accelerated procedures to collect a debt by salary or administrative offset prior to, or while providing, notice and an opportunity for review to the debtor. Initiation of the collection before due process is authorized if failure to take the offset would substantially prejudice the DoD's ability to collect a debt, or if the time before payment must be made does not reasonably permit completion of the procedures. When prior notice and an opportunity for review is not provided prior to collection, then such notice and opportunity for review must be given to the debtor as soon as practicable. Any amount recovered by offset, which is found not to be owed by the debtor, must be promptly refunded.
- MILPAY Office must exercise care to ensure the debt notification letter is dated the same day the letter is mailed to the last known address for the debtor or hand-delivered to the debtor.

- Per Navy DJMS Procedures Training Guide Part 7 Deductions and Collections Chapter 7 Indebtedness Section A General, a minimum of 30 calendar days is the response time in all cases except for unliquidated travel advances in which the standard response time is 15 calendar days.
- If Debtor fails to make remittance or exercise rights within 30 days from the date of the Debt Notification Letter (15 days for Travel debt), the debt will be deducted from the next available payroll check.
- A debtor waives his or her right to a review/reconsideration if the debtor fails to file a petition within 30 calendar days from the mailing date of the debt notification (15 calendar days for Travel debt), or by the date indicated in the debt notification or notice rejecting an unacceptable voluntary repayment agreement.
- Processing involuntary collections should be a last resort. MILPAY should attempt to contact CPPA/Service Member/Employee before involuntary collection action is initiated, but in some situations, e.g., separated, fleet reserve, and retired Service Members, contact may prove difficult.
- DDO should refer delinquent, individual, out-of-service debts (even those less than \$225) to DCMO no later than 60 days after the payment due date when the DCO has not been able to collect a debt or establish a repayment schedule with the debtor.
- All personnel are required to comply with all PII/CIU policy guidance per required annual GMT. For further information, refer to the DON CIO website: <https://www.doncio.navy.mil/>

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#	System	Description
1.	NSIPS/ESR	<ul style="list-style-type: none"> · Navy Standard Integrated Personnel System (NSIPS) enables authorized personnel to submit pay and personnel transactions for officer and enlisted, Active and Reserve. · The NSIPS Electronic Service Record (ESR) provides a display of an individual's pay and personnel information. · Login to NSIPS and ESR at https://www.nsips.cloud.navy.mil/my.policy using CAC and CAC-enabled computer. · When asked to verify your PKI, choose the DoD CA-XX authentication certificate, not the email certificate.
2.	DJMS MMPA	<ul style="list-style-type: none"> · The Defense Joint Military Pay System (DJMS) Master Military Pay Account (MMPA) is a data base file that contains current and historical data pertaining to a Service Member's pay. All leave and pay activity for Active Duty Service Members is recorded in this file. The individual accounts contain current entitlements, deductions (including allotments), payments, leave balances, collections, status information, and 11 months history. MMPA enables authorized users to monitor and verify the status of requested pay and personnel actions submitted by the TSC for processing. · MMPA Read Only View enables authorized users to verify the status of requested pay and personnel actions submitted to the TSC for processing. · Login to MMPA via the Multi-Host Internet Access Portal (MIAP) at https://miap.csd.disa.mil/portal.html using CAC and CAC-enabled computer.
3.	WINIATS	<ul style="list-style-type: none"> · Windows Integrated Automated Travel System (WINIATS) is a screen oriented, menu driven financial computation system. It was initially designed as a simple management system for processing travel claims. · WINIATS is an automated travel computation system used by Travel Office personnel to compute travel entitlements for both Military and Civilian Travelers. · WINIATS interfaces with DFAS systems, such as the Automatic Disbursing System (ADS), to automate payment from the field to the central site. · WINIATS computes a variety of travel claims such as temporary duty travel (TDY), permanent change of station (PCS), local travel, and do it yourself travel (DITY). The WINIATS production environment is operating at all DFAS sites. In addition, multiple U.S. Army, U.S. Navy, U.S. Air Force, U.S. Marine Corps, and U.S. Army Corps of Engineers sites use WINIATS worldwide.
4.	DMR/DMO	<ul style="list-style-type: none"> · Defense MilPay Office (DMO)/ DFAS MilPay Repository (DMR) is a Windows-based relational pay application that interfaces with the Defense Joint Military Pay System (DJMS) to create, audit and submit military pay transactions, and receive feedback from DJMS. It supports the Active and Reserve Components of the Army, Navy, and Air Force at DFAS Central Sites and military installations worldwide. The software suite is organized into Input, Reports, Inquiry, Navy Financial Reporting, Security and System Administration modules. DMR also provides master pay account inquiry capability, reports and query features, transaction results, pay products, management information, customer service tools, an audit trail, expanded edits and pre-filled screens for error rate reduction, and a comprehensive on-line user's manual to support maintenance of military pay accounts and processing of pay transactions.
5.	DWOWS	<ul style="list-style-type: none"> · Defense Workload Operations Web System (DWOWS) is a web-based tracking system used by military pay operations (MILPAYOPS) to track workload for Navy active duty and reserve Service Members.
6.	eCRM	<ul style="list-style-type: none"> · The eCRM Console enables designated command personnel to communicate safely and efficiently with the supporting TSC or TPD via the Internet. Customer commands submit, track, and receive feedback on pay, personnel, and travel related transactions. · The eCRM Console uses secure network protocol to protect Service Members' Personally Identifiable Information (PII) when transferring personnel documents used to update corporate systems. · Login to eCRM at https://navynpc.my.salesforce.mil/ using CAC and CAC-enabled computer.
7.	EDA	<ul style="list-style-type: none"> · The Electronic Document Access (EDA) program is one of the Defense Logistics Agency (DLA) Sourcing Environment programs. EDA supports the goals of the DLA to simplify and standardize the methods that DoD uses to interact with commercial and government suppliers in the acquisition of catalog, stock, as well as made-to-order and engineer-to-order goods and services initiatives to increase the application of Electronic Business/Electronic Commerce (EB/EC) across the Department of Defense (DoD). The EDA is a web-based system that provides secure online access, storage, and retrieval of Contracts, Contract modifications, Government Bills of Lading (GBLs), Government Transportation Requests, Signature Cards, SF44 Purchase Orders, DFAS Transactions for Others (E110), Contract Officer/Grant Officer Warrants, Military Interdepartmental Purchase Requests (MIPRs), Vouchers, and Contract Deficiency Reports to authorized users throughout the DoD. EDA provides for the online creation of Contract Deficiency Reports (CDRs) and the CDR Workflow. · EDA offers two concurrent operating sites (Ogden, UT and Columbus, OH). Standard operating procedure mirrors data between sites (usually within 10 minutes). · EDA FAQ'S. The Web Link to EDA's FAQ's is: https://eda2.ogden.disa.mil/users_guide/index.html · EDA Web Link to Log-on is: HTTPS://EDA2.OGDEN.DISA.MIL/

Online Resources:



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#	Website Sponsor	Title and Link
1.	Defense Travel Management Office	Defense Travel Management Website <ul style="list-style-type: none">• Travel Tools• Training Resources• Travel Regulations and Allowances• Travel Programs• Travel Assistance <p>http://www.defensetravel.dod.mil/</p>
2.	Defense Finance and Accounting Service - DFAS	DFAS SmartVoucher – A more legible, accurate, and complete DD 1351-2 PCS Travel Voucher <p>http://www.dfas.mil/smartvoucher.html</p>
3.	MyNavy HR	CPPA Resources <p>https://www.mynavyhr.navy.mil/Support-Services/MyNavy-Career-Center/Pers-Pay-Support/CPPA-Resources/</p>
4.	MyNavy HR	NSIPS <p>https://www.nsips.cloud.navy.mil/my.policy</p>

Command Aids and User Guides Available Online:

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#	Sponsor	Document Title and Link
1.	DJMS MMPA Guide	Defense Joint Military Pay System (DJMS) Master Military Pay Account (MMPA) Guide https://www.milsuite.mil/book/groups/navy-djms-procedures-training-guide
2.	Navy DJMS Procedures Training Guide (PTG)	Part 7 Deductions and Collections Chapter 7 Indebtedness <ul style="list-style-type: none"> · Section A: General Procedures · Section B: Indebtedness Arising from Travel and Transportation · Section C: Accountable Members Indebted Due to Loss of Government Funds · Section D: Members Indebted to Other Government Agencies, Offices and Departments Outside the Department of Defense and Coast Guard · Section E: Garnishment of Wages for Child Support or Alimony Obligations · Section F: Other Involuntary Checkages · Section G: Voluntary Collections · Section H: Remission of Enlisted Member's Indebtedness and/or Waiver of Erroneous Payments of Pay and Allowances Made to or on Behalf of a Member · Section I: Bankruptcy and Wage Earners' Plan · Section J: Involuntary Collection for Commercial Garnishments https://www.milsuite.mil/book/groups/navy-djms-procedures-training-guide
3.	Navy DJMS Procedures Training Guide (PTG)	Appendix L: Remission of Indebtedness or Waiver of Debts to the Government https://www.milsuite.mil/book/groups/navy-djms-procedures-training-guide
4.	DJMS Navy Procedures Training Guide (PTG): Part 9 Chapter 10	Submitting Documentation via DWOWS https://www.milsuite.mil/book/groups/navy-djms-procedures-training-guide
5.	Defense Finance and Accounting Service (DFAS-IN)	IATS User Guide (Current Edition)

All personnel are required to comply with all PII/CUI policy guidance per required annual GMT. For further information, refer to the DON CIO website:

<https://www.doncio.navy.mil/> Systems:

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Help Desks:

#	Contact Source	Contact Details
1.	Defense Travel Management Office	<ul style="list-style-type: none">· Travel Assistance Center (TAC)· The TAC is available to all DoD Travelers 24 hours a day, seven days a week· The TAC can be contacted by calling 1-888-Help1Go (888-435-7146) or by submitting a help desk ticket through the Tickets section of Travel Explorer (TraX) www.defensetravel.dod.mil/Passport· If you are calling from overseas, you can now directly dial the TAC at 1-888-Help1Go from any DSN line
2.	DFAS - Indianapolis	<ul style="list-style-type: none">· CITRIX/WINIATS Help Desk information: Toll Free: 1-800-622-6724 DSN: 553-2252 Comm: 619-553-2252 to talk to a helpdesk representative, or e-mail to: SSC PAC Data Center Service Desk@navy.mil
3.	eCRM	https://navynpc.my.salesforce.mil/ ecrmetp@us.navy.mil

Forms:A yellow button with a black arrow pointing left and the word "BACK" in black text.

#	Form #	Title
1.	DD 139	Pay Adjustment Authorization http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd0139.pdf
2.	DD 577	Appointment/Termination Record - Authorized Signature http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd0577.pdf
3.	DD 1131	Cash Collection Voucher http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd1131.pdf
4.	DD 1351-2	Travel Voucher or Subvoucher http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd1351-2.pdf
5.	DD 1351-2C	Travel Voucher or Subvoucher (Continuation Sheet) http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd13512c.pdf
6.	DD 2481	Request for Recovery of Debt Due the United States by Salary Offset http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd2481.pdf
7.	DD 2659	Voucher Control Log http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd2659.pdf
8.	DD 2789	Waiver/Remission of Indebtedness Application http://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd2789.pdf

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#	Doc ID	Title
1	JTR	Joint Travel Regulations, Uniformed Service Members and Civilian Employees https://www.defensetravel.dod.mil/Docs/perdiem/JTR.pdf
2	DoD FMR, Vol 5 Chapter 2	DoD (Department of Defense) Financial Management Regulation (FMR) 7000.14-R Vol 5: Disbursing Policy; Chapter 2 Disbursing Offices, Officers, and Agents http://comptroller.defense.gov/FMR/vol5_chapters.aspx
3	DoD FMR, Vol 5 Chapter 5	DoD (Department of Defense) Financial Management Regulation (FMR) 7000.14-R Vol 5: Disbursing Policy; Chapter 5 Certifying Officers, Departmental Accountable Officials, and Review Officials http://comptroller.defense.gov/FMR/vol5_chapters.aspx
4	DoD FMR, Vol 5 Chapter 6	DoD (Department of Defense) Financial Management Regulation (FMR) 7000.14-R Vol 5: Disbursing Policy; Chapter 6: Physical Losses of Funds, Erroneous Payments, and Overages http://comptroller.defense.gov/FMR/vol5_chapters.aspx
5	DoD FMR, Vol. 5 Chapter 8	DoD (Department of Defense) Financial Management Regulation (FMR) 7000.14-R Vol 5: Disbursing Policy; Chapter 8 - Collections http://comptroller.defense.gov/FMR/vol5_chapters.aspx
6	DoD FMR, Vol. 9	DoD (Department of Defense) Financial Management Regulation (FMR) 7000.14-R Vol 9: Travel Policy http://comptroller.defense.gov/FMR/vol9_chapters.aspx
7	DoD FMR, Vol. 16	DoD (Department of Defense) Financial Management Regulation (FMR) 7000.14-R Volume 16: Department of Defense Debt Management http://comptroller.defense.gov/Portals/45/documents/fmr/Volume_16.pdf
8	Department of the Navy Memo dated 30 June 2020	Revised Record Retention Requirements to Support Department of the Navy Financial Statement Audits https://www.mynavyhr.navy.mil/About-MyNavy-HR/Commands/Navy-Personnel-Command/Organization/BUPERS/FIAR/

References:



#	Doc ID	Title
9	NPPSCINST 5220.2 (Series)	Standard Management Reports Navy Pay and Personnel Support Center - Instructions - All Documents (sharepoint-mil.us)
10	NPPSCINST 7220.7 (Series)	Separation of Duties Affecting Military Pay Navy Pay and Personnel Support Center - Instructions - All Documents (sharepoint-mil.us)
11	NPPSCINST 7250.1 (Series)	Retention of Disbursing Office Records Navy Pay and Personnel Support Center - Instructions - All Documents (sharepoint-mil.us)
12	NAVADMIN 66/16	Navy Audit Document Retention Guidance https://www.mynavyhr.navy.mil/References/Messages/
13	MPA 12/13	Required Supporting Documentation on Defense Workload Operations Web System (DWOWS) Pay Claim Cases https://www.mynavyhr.navy.mil/Support-Services/MyNavy-Career-Center/Pers-Pay-Support/CPPA-Resources/PPIBS-MPAS/
14	MPA 49/15	New Automated Disbursing System (ADS) Access Request Procedures and Recertification Requirements for Personnel Assigned to Pay Command UICs https://www.mynavyhr.navy.mil/Support-Services/MyNavy-Career-Center/Pers-Pay-Support/CPPA-Resources/PPIBS-MPAS/
15	MPA 07/16	Mass Transactions Submission Via Defense Workload Operations Web System (DWOWS) https://www.mynavyhr.navy.mil/Support-Services/MyNavy-Career-Center/Pers-Pay-Support/CPPA-Resources/PPIBS-MPAS/
16	MPA 05/23	Update to Requirement to Submit Calculations with all Central Site Pay Entitlement Changes https://www.mynavyhr.navy.mil/Support-Services/MyNavy-Career-Center/Pers-Pay-Support/CPPA-Resources/PPIBS-MPAS/
17	PPIB 15-22	Issue 152201: Processing Travel and/or Vendor Payments https://www.mynavyhr.navy.mil/Support-Services/MyNavy-Career-Center/Pers-Pay-Support/CPPA-Resources/PPIBS-MPAS/

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DEBTOR	3	Review Debt Notification Letter/Debt Collection Package and Determine Options	<p>Review Debt Notification Letter/Debt Collection Package and Determine Options</p> <p>In accordance with DoD FMR Volume 4 Chapter 3 debtors are entitled to due process, consisting of a notice and an opportunity to review and dispute the indebtedness, prior to the initiation of debt collection unless otherwise required by statute.</p> <p>Due process is the notice of indebtedness or opportunity provided the debtor to dispute the indebtedness. The Fifth Amendment of the U.S. Constitution provides that no person shall “be deprived of life, liberty or property without due process of law...” The minimum “due process” required is generally established by the statutes that authorize the use of a specified debt collection tool or by implementing regulations. In the context of federal debt collection, the constitutional right of “due process” requires the debtor be provided with notice of, and the opportunity to dispute, a debt or intended debt collection action.</p> <p>The opportunity to dispute the debt or the adverse collection action to be taken includes, at a minimum, an opportunity for the debtor to challenge</p> <ol style="list-style-type: none"> (1) the existence of all or part of the debt, and/or (2) whether the statutory or regulatory prerequisites have been met for using the collection action identified in the Debt Notification Letter. <p>Note: If Debtor fails to make remittance or exercise rights within 30 days from the date of the Debt Notification Letter (15 days for Travel debt), the debt will be deducted from the next available payroll check. For any questions regarding the overpayment, please contact your servicing TSC MILPAY Office, as applicable.</p>
	3.1	Receive Debt Notification Letter/Debt Collection Package	<p>CPPA/Debtor receives Debt Notification Letter/Debt Collection Package</p> <p>Effective 19 August 2022 only Commands (excluding surface ships, DESRON and PHIBRON staffs) with an approved Exception to Policy (ETP) will be authorized to utilize Transaction Online Processing System (TOPS) for temporary submission of pay, personnel, and transportation transactions. TOPS transactions submitted without an approved ETP will be marked as “completed” without action and CPPAs will be directed to submit the transaction via enterprise Customer Relations Management (eCRM) or alternatively, request an ETP for temporary use of TOPS. Heretofore, the primary means for submitting pay, personnel, and transportation transactions is via Salesforce/ eCRM. Refer to Ops Alert 006/22 for procedures to request an ETP and use TOPS with an approved ETP. All of the NPPSC e-mail Ops Alerts are archived at:</p> <p>https://flankspeed.sharepoint-mil.us.mcas.gov.us/sites/MyNavyHR_MNCC/NPPSC/NPPSC%20OPS%20ALERTS/Forms/AllItems.aspx</p> <p>Service Member/Employee receives Debt Notification Letter/Debt Collection Package via:</p> <ul style="list-style-type: none"> · eCRM case to CPPA · Hand-delivered · Mailed to last known address of debtor

DEBTOR START

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
<p>DEBTOR</p>	<p>3.2</p>	<p>Review Debt Notification Letter/Debt Collection Package</p>	<p>CPPA/Debtor reviews Debt Notification Letter/Debt Collection Package Debtor determines whether to dispute debt or make remittance. Upon notification, the debtor may voluntarily repay the debt in full in one lump-sum or by installment payment arrangement (voluntary repayment agreement) with the DCO. Refer to DoD FMR Volume 16 Chapter 2, section 0207 regarding voluntary repayment by a debtor.</p> <p>Alternatively, a debtor may choose to exercise his or her opportunity for review of the debt by filing a petition for hearing. The DCO should stay debt collection efforts pending the outcome of the hearing. When appropriate, the debtor may also request a waiver of the debt; however, debt collection is generally not suspended during the waiver review process (refer to DoD FMR Volume 16 Chapter 4 for additional information).</p> <p>If Debtor fails to make remittance or exercise rights within 30 days from the date of this letter, the debt will be deducted from the next available payroll check.</p> <p>For any questions regarding the overpayment, please contact your servicing MILPAY Office, as applicable.</p>
	<p>3.6</p>	<p>Does Debtor dispute debt or contest the repayment schedule?</p>	<p>Does Debtor dispute debt or contest the repayment schedule?</p> <p>Granting a debtor the opportunity for a hearing (reconsideration/review of debt) is a due process requirement. Debtors must be afforded the opportunity to dispute a debt prior to the initiation of involuntary offset to collect indebtedness due the United States (U.S.) Government, except for those circumstances that meet the criteria for Routine Pay Adjustments</p> <p>Debtors may petition for a hearing (review/reconsideration) to contest either the validity or amount of the debt or the involuntary offset schedule. Generally, all issues requiring a hearing (review/reconsideration) will be consolidated, and only one hearing per debtor is granted.</p> <p>If Yes, go to 3.7 (Submit Request for Review/Reconsideration) If No, go to 3.17 (Waiver or Remission)</p>

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DEBTOR	3.7	Submit a Request for Review/Reconsideration	<p>Debtor submits a request for review/reconsideration (petition)</p> <p>Requesting a Review/Reconsideration. A debtor who questions the validity or amount of a debt may request a review and validation of the debt by the DCO. A debtor may also contest the involuntary repayment schedule. The debtor must submit a written request for a review that identifies and explains, with reasonable specificity, the facts and evidence the debtor believes supports his or her position. The request for review must be received no later than 30 calendar days from the mailing date of the debt notification (15 calendar days for Travel debt), or by the date indicated in the debt notification. There is no standardized format for a request for review; however, the request should contain debtor identifying information, the reason for requesting a review, supporting documentary evidence, and a dated signature. A debtor waives his or her right to a review if the debtor fails to submit a request in a timely manner. The DCO may accept a late request if the debtor can show that the delay was due to circumstances beyond the debtor's control.</p> <p>Review Procedures. The request for review must be submitted to the DCO from which the debtor received his or her debt notification and must be mailed or faxed to the address in the notification.</p> <p>Content of Petition. A petition must identify and explain, with reasonable specificity, the facts and evidence the debtor believes supports his or her position. There is no standardized format for a petition; however, the petition must contain the following information:</p> <ol style="list-style-type: none"> 1. Identifying information. The petition must include information such as a name, telephone number, e-mail address, mailing address, and social security number of the debtor. 2. Reason for Filing the Petition/Basis of the Dispute. A petition should include a written summary of the facts and the date and manner in which the debtor became aware of the overpayment. The debtor must indicate the basis for disputing the debt. If contesting an involuntary repayment schedule, then the petition should include a statement explaining the debtor's financial status. 3. Documentary Evidence. A petition should include all documentary evidence the debtor wants the hearing official to review, including Leave and Earnings Statements (LES) and written testimony from any witnesses. If the debtor is contesting an involuntary repayment schedule, then the debtor should submit an alternate schedule and statement and/or records explaining his or her financial status. 4. Signature and Date. A petition must be signed and dated by the debtor. <p>Untimely Petition. A debtor waives his or her right to a review/reconsideration if the debtor fails to file a petition within 30 calendar days from the mailing date of the debt notification (15 calendar days for Travel debt), or by the date indicated in the debt notification or notice rejecting an unacceptable voluntary repayment agreement. An untimely petition will result in denial of the hearing request. The DCO must notify the debtor in writing of the denial. If the debtor files a petition after the time expires, the DCO may accept a late petition if the debtor can show that the delay was due to circumstances beyond the debtor's control. A DCO should consult with its Office of General Counsel (OGC) regarding the acceptance of late petitions.</p>
	3.11	Complete, correct and resubmit petition	<p>Debtor completes, corrects and resubmits petition</p> <p>Go to 3.7</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DEBTOR	3.16	Was all of the debt considered invalid	Was all of the debt considered invalid? If Yes, go to Stop If No, go to 3.17
	3.17	Does Debtor request waiver or remission of validated debt	Does Debtor request waiver or remission of validated debt? If Yes, go to 3.18 If No, go to 3.23
	3.18	Process request for waiver or remission of debt	DDO/Debtor process request for waiver or remission of debt General Policy. Any significant unexplained increase in pay and allowances, or failure to appropriately decrease pay and allowances, which would cause reasonable members to inquire concerning the correctness of their pay and allowances, ordinarily precludes favorable action under remission/cancellation of indebtedness or waiver of erroneous payment when the recipient has failed to bring the error to the attention of responsible officials. Even when members have notified an appropriate official of an error and corrective action is not taken, they cannot, in good conscience, apply the money to their own use without reasonably expecting the overpayment to be recovered. Commanding Officer Responsibilities: The member's Commanding Officer (CO) is responsible for the completeness of the application and supporting documentation. The CO must complete Section I, Blocks 20, 21, and 22 of the DD Form 2789 . If the member (active duty only) requests consideration based on financial hardship, the CO must specifically address the hardship in Block 20 (or additional endorsement, if necessary). Disbursing Officer will complete Section II of the form to include an itemized debt computation showing by entitlement, what was paid and what should have been paid.
	3.19	Does Debtor request waiver or remission?	Does Debtor request waiver or remission? If Waiver, go to 3.20 If Remission, go to 3.21 Waiver of Erroneous Payment: Who May Apply: Any present or former member of the United States Navy and recipients of pay and/or allowances on behalf of members or former members. Remission/Cancellation of Indebtedness: Who May Apply: A member on active duty or the member's Commanding Officer in coordination with the Disbursing Officer may apply for remission of the member's indebtedness to the United States. The debt may not be remitted or canceled after the member is discharged, retired, or released from active duty. The debt can only be waived.

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
Debtor	3.20	Submit request for waiver of debt	<p>Debtor submits request for waiver of debt</p> <p>When and How to Apply: Applications must be received in the adjudication office before the expiration of three years from the date the erroneous payment was discovered. The application must include a complete explanation of the erroneous payment and how it occurred as well as any documentation associated with the debt. As with the remission, a DD form 2789, Waiver/Remission of Indebtedness Application, must be submitted to the Commanding Officer for endorsement and then to the Disbursing Office for completion of Section II.</p> <p>The application is then forwarded to DFAS Indianapolis.</p> <p>What Can be Considered: Any erroneous payment of pay and/or allowances, travel, transportation, and relocation expenses and allowances, made to or on behalf of a member. See DoD FMR Volume 16 Chapter 4 for additional detailed information</p> <p>Refer also to DoD FMR Volume 16 Chapter 4 Section 040409 for specific details regarding Waiver of Survivor Benefit Plan (SBP) Overpayments</p>
	3.20.1	Complete DD Form 2789 and submit to DDO	<p>Debtor completes DD Form 2789 and submits to DDO</p> <p>All requests for waiver of indebtedness for DoD civilians (current and separated or former employees) and military members (active, reserve, retired and National Guard) must be submitted on the Department of Defense (DD) Form 2789, Waiver/Remission of Indebtedness Application.</p> <p>The debtor must complete and sign the DD 2789 and submit the application to the applicable office listed on the DD 2789, depending on whether the debtor is a current or former employee or military member. The debtor's application must include all supporting documentation which includes, but is not limited to:</p> <ol style="list-style-type: none"> 1. Copies of all supporting documentation referred to on the DD 2789; 2. Copies of LESs covering the 3 pay periods prior to the overpayment through the 3 pay periods after the overpayment ended. If LESs are not available, then the individual or DCO must include a statement explaining why LESs are not available; 3. Copies of Standard Form (SF)-50s, Notifications of Personnel Action, for the debt period (including corrections). If unavailable, then the individual must include a statement from the personnel office indicating why the notifications are not available; and 4. Any statement from the individual or another person in support of the waiver application. Signed statements must be attested to be true and correct to the best of the individual's knowledge and belief.
	3.20.7	Has Debt been waived	<p>Has Debt been waived?</p> <p>If Yes, go to 3.22</p> <p>If No, Go to 3.20.8</p>
	3.20.8	Does debtor desire to submit appeal?	<p>Does debtor desire to submit appeal?</p> <p>If Yes, go to 3.20.9</p> <p>If No, Go to 3.20.11</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DEBTOR	3.20.9	Submit Appeal of Waiver Denial	<p>Debtor submits Appeal of Waiver Denial</p> <p>Submit Appeal of Waiver Denial</p> <p>In accordance with DoDI 1340.23, a debtor may appeal the denial of a waiver application. The appeal must be submitted to the DCMO, or the designated waiver authority that made the determination on the waiver application. The debtor must submit a request for appeal within 30 calendar days of receipt of the written denial of the waiver application. The DCMO may extend this period for up to an additional 30 calendar days if the debtor can show good cause. No appeal will be accepted after this time has expired. The DCMO must review the appeal and forward it to DOHA. DOHA will review the debtor's appeal, and affirm, modify, or reverse the initial determination made by the DCMO.</p>
	3.20.10	Did DOHA affirm or reverse the DCMO denial of debt waiver?	<p>Did DOHA affirm or reverse the DCMO denial of debt waiver?</p> <p>If Affirm, go to 3.20.11</p> <p>If Reverse, go to 3.22</p>
	3.20.11	Is debtor eligible and does debtor request remission of denied waiver of debt?	<p>Is debtor eligible and does debtor request remission of denied waiver of debt?</p> <p>Per DoD FMR Volume 16 Chapter 4 Subparagraph 040504. Indebtedness Which May Be Remitted: Debts to the United States. Generally, any indebtedness may be considered for remission/cancellation. Debts for erroneous payments may be processed for remission/cancellation if a request for waiver has been denied.</p> <p>If Yes, go to 3.21</p> <p>If No, go to 3.23</p>
	3.21	Submit Request for remission of debt	<p>Debtor submits request for remission of debt</p> <p>Remission of Indebtedness Due From Military Members:</p> <ul style="list-style-type: none"> · Remission is not available to DoD civilian employees. · Submission of Request for Remission from Navy military members (enlisted and officer) must be submitted on the Department of Defense (DD) Form 2789, Waiver/Remission of Indebtedness Application. · DFAS no longer processes remission requests for any Service. Remission request must be forwarded to OPNAV N130 for adjudication. · Remission/cancellation of indebtedness is not applicable for Reserve Component personnel performing inactive duty training or active duty for training. Refer to DoD FMR Volume 16 Chapter 4 for exceptions. · Generally, any indebtedness may be considered for remission/ cancellation. Debts for erroneous payments may be processed for remission/cancellation if a request for waiver has been denied. Debts arising from an erroneous payment of basic pay due to non-collection of court-martial forfeitures may not be remitted or cancelled. · The debt must be a debt over which the Military Department concerned has jurisdiction. For example, the Secretary of one Military Department may not remit a member's indebtedness because of liability for damage to property of another Military Service. <p>When and How to Apply: In sufficient time to allow a determination prior to the member's honorable discharge, submit a completed DD form 2789, Waiver/Remission of Indebtedness Application. The application must include a complete explanation of the debt and how it occurred as well all documentation associated with the debt. The application shall be submitted through the member's Commanding Officer and Disbursing Officer. Disbursing Officer will complete Section II of the form to include an itemized debt computation showing by entitlement, what was paid and what should have been paid.</p> <p>What Can be Considered: Any erroneous payment of pay and/or allowances, travel, transportation, and relocation expenses and allowances, made to or on behalf of a member. See DoD FMR Volume 16 Chapter 4 for additional detailed information</p>

DEBTOR CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DEBTOR	3.21.1	Complete DD Form 2789 and submit to DDO	<p>Debtor completes DD Form 2789 and submits to DDO</p> <p>Criteria: Consideration will be given to the following criteria when determination is made whether to waive the claim of the Government:</p> <ul style="list-style-type: none"> · Whether payment was received in good faith; or whether member acted in good faith to protect the best interests of the government. · Whether it would be a hardship to repay the debt within a reasonable period of time. If member states that it could create a financial hardship, the member should seek the assistance of the Command's Financial Specialist and must complete a Financial Planning Worksheet. The Financial Planning Worksheet, copies of bills and other statements to support the claim must be submitted with the DD Form 2789. Financial hardship will not be considered unless the member provides proper documentation to substantiate his/her financial status. · The member's value to the service. · Possible deterioration of morale. · Whether collection would be an injustice
	3.23	Determine method of repayment of indebtedness to the U.S. Government	<p>Debtor determines Method of Repayment of Indebtedness to the U.S. Government</p> <p>Method of Payment: Debts may be paid in the form of cash, check, money order, wire transfer, or electronic funds transfer (EFT). Funds must be collected into the appropriation from which they were disbursed, or in the case of a refund, into the appropriation from which the excess payment was made, unless otherwise specified by law.</p> <p>Installment Payments: The preferred methods of liquidating debts are by cash remittances and one-time pay checkages. Recognizing that lump-sum payments are not always possible and may cause severe financial hardship, the disbursing officer is normally authorized to enter into an agreement with the debtor whereby the indebtedness would be liquidated by installment payments, if authorized. Installment payments, when authorized, must be consistent with the debtor's ability to pay. While repayment should not constitute a hardship, some degree of sacrifice on the debtor's part should be expected.</p>
	3.24	Notify DDO of Debt Repayment option selection	<p>CPPA/Debtor notifies DDO of debt repayment option selection</p> <p>The following options are acceptable for liquidating excess Travel Advance</p> <ol style="list-style-type: none"> a. Cash repayment in a lump sum; b. One-Time collection from your pay <p>The following options are acceptable for liquidating other indebtedness:</p> <ol style="list-style-type: none"> a. Cash repayment in a lump sum; b. One-Time collection from your pay; c. Cash deposit with remainder to be paid by installment, or d. Installment liquidation of the entire amount

STOP

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	1	Conduct Debt Management Oversight/Identify Debt owed to DoD/US Treasury	<p>Conduct Debt Management Oversight/Identify Debt owed to the DoD/US Treasury</p> <p>The purpose of this SOP is to provide procedures that Debt Collection Offices (DCOs) must use in the collection of public debts owed to the Department of Defense (DoD). These debts include amounts outstanding from civilian employees, Service Members, retired personnel, and other individuals. As such, the procedures in this SOP apply to administrative actions associated with the collection of debts owed to and collected by the DoD.</p> <p>DoD Components involved in the collection and management of debts owed to DoD must adhere to the basic standards for internal controls prescribed in DoD Instruction 5010.40, "Managers' Internal Control Program (MICP) Procedures." DoD Components will establish and maintain internal controls to ensure that debts owed to DoD are recorded, reported, managed, and aggressively collected.</p> <p>Each DoD Component must establish and maintain a debt management program to identify, recover, and collect debts owed by individuals to the United States. DoD Components must clearly designate the DCOs responsible for the recovery and collection of debts within the DoD Component. The recovery of debts must be undertaken promptly, using a strategy that is determined to result in the maximum recovery of debt. DoD Components must ensure debtors are afforded due process, in the form of proper debt notification and the right to review, in accordance with DoD FMR Volume 16 and applicable regulations and guidance issued by the Department of the Treasury. DoD Components must establish guidance that clearly assigns responsibilities for processing, monitoring, reporting, and closing out delinquent debts.</p> <p>The instructions in this SOP do not apply to the collection of child support or alimony or to commercial, non-DoD debts owed by civilian employees and Service Members through garnishment or involuntary allotment. Refer to Volume 7A, Chapters 41 and 43; Volume 7B, Chapter 27; and Volume 8, Chapter 8 for guidance pertaining to garnishments and involuntary allotments.</p> <p>Note: For the purposes of this SOP Debt Collection Offices (DCOs) are synonymous with MILPAY Offices</p>
	1.1	Monitor reports/comply with processes to identify Debt owed to DoD/US Treasury	<p>Travel Clerk/Travel Supervisor/MILPAY Clerk/DDO monitor daily/monthly reports and comply with established processes to identify Debt owed to the DoD/US Treasury</p> <p>The indebtedness may be computer generated or input directly by either DFAS-CL or field site for indebtedness outside of Immediate Access Storage (IAS), or to post a period of non-entitlement for pay and allowances. MILPAY must notify the civilian employees, Service Members, retired personnel, and other individuals of the indebtedness.</p> <p>Debt may be identified by any of the following report notifications/processes:</p> <ul style="list-style-type: none"> · Review of DMO/DMR Daily Feedback Management Report · Review of DMO/DMR Monthly (Suspended) Debt Management Report · Receipt of DD 139 from an outside organization (external to NPPSC PAYPERS) · Identification of Travel Overpayment (from Travel SOPs) · Identification of Debt while processing Separation Pay (debt identified as part of Separation Worksheet submission) – any process that results in a Strength Loss (from Separation, Fleet Reserve/Retirement, or Reserve Component Demobilization SOPs)
	1.2	Was Debt Notification received by outside organization?	<p>Was Debt Notification received by outside organization?</p> <p>Did MILPAY receive a DD 139 from an outside organization (external to NPPSC PAYPERS)</p> <p>If Yes, go to 1.3</p> <p>If No, go to 1.7</p>

MILPAY CLERK CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	1.3	Review DD 139/DD 2481 and additional documentation received from Outside Activity	<p>MILPAY Clerk reviews DD 139/DD 2481 and additional documentation received from Outside Activity</p> <p>Procedures for Requesting Administrative Offset Within the DoD</p> <p>(1) Requests by a DCO from one DoD Component for administrative offset against a Service Member or civilian employee of another DoD Component are initiated by sending a DoD (DD) Form 139, Pay Adjustment Authorization; DD 2481, Request for Recovery of Debt Due the United States by Salary Offset; other prescribed authorized form; or an automated transaction to the debtor's payroll processing activity.</p> <p>(2) The request must include a certification from the DCO that the debtor owes the debt and that the requesting DCO has fully complied with regulatory requirements (including all due process requirements) concerning administrative offset.</p> <p>(3) The request must include a mailing address, e-mail address, and phone number for the point of contact at the DCO who will respond to questions or disputes from the debtor.</p> <p>(4) When a debtor consents to administrative offset in writing or signs a statement acknowledging receipt of due process procedures, the requesting DCO must include the debtor's consent with the request for offset, along with the certification and all supporting documentation. Administrative offset cannot be accomplished until the DCO has provided all of the supporting documentation for the debt.</p> <p>NEXCOM Procedures: When a member is indebted to a service exchange, the service exchange may forward the determination to DFAS. DFAS will honor the request based on written certification from the Exchange Command that it complied with due process requirements found in Chapter 2. If the member has not paid the debt within 60 days from the date of the debt notification letter, then the Exchange Command may submit a DD Form 139, Pay Adjustment Authorization, to DFAS. DFAS will collect the amount owed to the Exchange Command in accordance with the priority of pay deductions and collections in Volume 7A, Chapter 52.</p>
	1.4	Has outside agency conducted due process and/or is documentation sufficient?	<p>Has outside agency conducted due process and/or is documentation sufficient?</p> <p>If Yes, go to 1.6 (Process Debt Collection)</p> <p>If No, go to 1.5 (Return request to outside agency to perform "Due Process" notification and/or correct/complete documentation)</p> <p>MILPAY should not process DD 139s requesting involuntary pay offset unless creditor organization prepared forms contain the following statement: "Member has been provided due process" or a signed consent agreement is attached to the DD 139.</p>

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MILPAY CLERK CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	1.5	Return DD 139/DD 2481 to outside agency to perform “due process” notification or correct/complete documentation	MILPAY Clerk returns DD 139/DD 2481 to outside agency to perform “due process” notification or correct/complete documentation Go to 1.1
	1.6	Process Debt Collection for debt referred by Outside Activity	MILPAY Clerk processes Debt Collection for debt referred by Outside Activity When a debtor has previously been provided with due process with respect to a debt, there is no need to duplicate due process requirements before initiating administrative offset with regard to the same debt. MILPAY Offices will implement salary or administrative offset procedures as funds or monies become due and payable to a debtor. Go to Step 4 Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Transaction on the Master Military Pay Account (MMPA) .
	1.7	Does debt meet the criteria for a routine pay adjustment?	Does debt meet the criteria for a routine pay adjustment? If Yes, go to 1.8 If No, go to 2 “Due Process Notification” Routine Adjustments. In order to be considered a routine adjustment, a debt must meet all of the following criteria: 1. it must result from an MMPA overpayment; 2. the MMPA overpayment must be the result of clerical or administrative errors, or of delays in document processing; and 3. the overpayment must have occurred within the four pay periods preceding the adjustment or amount to \$50 or less MILPAY Offices are not required to provide due process procedures prior to collecting overpayments of pay and allowances using routine intra-agency pay adjustments. To collect by routine adjustment, the overpayment must have occurred within the four pay periods preceding the adjustment or amount to \$50 or less. Routine adjustments may be necessary due to overpayment attributable to clerical errors, administrative errors, delays in processing pay documents, corrected or late time and attendance data, under deduction of premiums, or incorrect personnel actions.

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	1.8	Collect debt owed to DoD that meets criteria of routine pay adjustment	<p>MILPAY Clerk collects debt owed to DoD that meets criteria of routine pay adjustment</p> <p>Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built-in management design control activities to ensure that all transactions are properly completed and accurately recorded.</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Transaction on the Master Military Pay Account (MMPA).</p> <p>A. Indebtedness Categories on the Master Military Pay Account (MMPA).</p> <ul style="list-style-type: none"> · DF - Fines and Forfeitures: Although fines and forfeitures are not considered debts, a DF entry is systematically generated to reflect the fine or forfeiture. · DG - Government Property Lost or Damaged: A DG debt transaction is submitted by MILPAY when a member is held pecuniary liable for government property which is lost, damaged, or destroyed. · DQ - Overpayment of Pay and Allowances: A DQ debt entry will be systematically generated when an entitlement is stopped or changed retroactively. A DQ debt transaction will be submitted by MILPAY to post a period of non-entitlement for pay and allowances (e.g., checkage for Career Sea Pay). · DS - Miscellaneous: A DS transaction will be submitted for any other debts that do not fall into any other categories. The entry in the "INDBT-TYPE" field indicates the type of debt. · DV - Repay Advance Pays: A DV entry is systematically generated to reflect the repay schedule of an advance pay entry. · DW - Casual and Partial Payment: A DW debt entry is systematically generated when a partial or casual payment exceeds net pay. When pay is available, the DW will automatically collect what is available until the debt is satisfied. <p>B. Debt Action Indicators:</p> <ul style="list-style-type: none"> · 01 - Start: Used to post the initial entry for a DG, DQ or DS debt. · 02 - Stop: Used to stop a DG or DS debt. · 04 - Change: Used to change the repayment amount for DG, DQ, DS or DV debt entries. · 05 - Correct: Used to correct the original amount of an indebtedness. NOTE: A system generated debt cannot be corrected. · 06 - Cancel: Used when determination has been made that the debt is erroneous and posted in error. NOTE: A system generated debt cannot be canceled. · 18 - Suspend: Used when a member files a waiver or remission application. · 20 - Resume: Used when waiver/remission is denied or to restart collection action of a suspended debt. · 21 - Remit: Used when waiver/remission is partially or fully approved. (DFAS-CL use only.) <p>Requirements for Routine Pay Adjustments</p> <p>A. DCOs are not required to provide due process procedures prior to collecting overpayments of pay and allowances from Federal employees and Service Members through routine intra-agency pay adjustments that have occurred within the four pay periods preceding the adjustment, or for any adjustments that amount to \$50 or less. Routine pay adjustments may be used to correct clerical errors, administrative errors, or delays in processing pay documents. The debtor must be provided with a written notice of the nature and the amount of the adjustment, as well as a point of contact for questions regarding the adjustment, by the payday for the pay period in which the adjustment is processed, or as soon thereafter as practical.</p> <p>B. Routine pay adjustments include, but are not limited to, correcting overpayments due to corrected or late time and attendance data or late or incorrect personnel actions.</p> <p>C. The amount deducted for the routine adjustment may not exceed 15 percent of disposable pay, unless the debtor has consented in writing to a higher amount. When the debtor is a Service Member, the servicing military pay office will generate a "no pay due" management notice when a debt creates a "no pay due" situation.</p> <p>D. If a DoD debtor's payroll account is moved from one payroll office to another payroll office within the DoD, then the new payroll office has the authority to collect an overpayment made by the former payroll office using routine adjustment procedures.</p>

MILPAY CLERK CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	1.9	Provide notification of routine Pay Adjustment	<p>MILPAY Clerk provides notification of routine Pay Adjustment</p> <p>The DCO must provide the debtor with written notice of the nature and amount of the adjustment as well as a point of contact for questions regarding the adjustment. The information should be provided by the payday for the pay period in which the adjustment is processed, or as soon thereafter as practical. An appropriate notice on the LES meets the requirements for notification.</p> <p>Go to Stop</p>
	2	Conduct Due Process Notification and Initiate Collection Action	<p>Conduct Due Process Notification and Initiate Collection Action</p> <p>After establishing/identifying a debt, the DCO is responsible for initial debt collection and due process procedures, including the issuance of debt notification letters that comply with all the requirements for debt collection.</p> <p>MILPAY Offices/DDOs must promptly and aggressively initiate collection action on all established debts owed to the DoD and must complete follow-up actions to ensure successful repayment to the DoD. MILPAY must issue the initial Debt Notification Letter to the debtor within 5 working days following confirmation of a valid debt.</p> <p>The DCO is also responsible to ensure that appropriate accounting actions are completed. DCOs must ensure that all debts referred are valid and legally enforceable. DCOs must work to reverse accounting entries for debts subsequently determined not to be valid or legally enforceable.</p> <p>Except for routine, administrative pay adjustments and travel advance liquidation, the written notification must be sent to the member at least 30 days prior to the date the pay checkage is to occur. A further exception to the advance notification rule should be made in those instances in which adherence to the rule would jeopardize the government's chances of collecting the debt in full during the member's period of obligated service. In such instances, written notification must be effected as soon as possible.</p> <p>In the context of Federal debt collection, the constitutional right of "due process" requires an agency to provide debtors with written notice of the debt and an opportunity to dispute the debt. Due process is required prior to an involuntary salary offset or administrative offset. Except under certain limited circumstances, routine pay adjustments or failure to take the offset would substantially prejudice the DoD's ability to collect a debt – e.g., debt identified upon Separation, debtors must receive due process prior to the initiation of debt collection. Written debt notifications must adhere to the requirements of DoD FMR Vol 16 Chapter 2 Section 0205. The procedures for disputing a debt are set out in Chapter 4.</p> <p>Refer to DoD FMR Vol 16 Chapter 2, as required.</p>
	2.1	Can debt, other than routine pay adjustment, be collected prior to/in conjunction with "due process" notification?	<p>Can debt, other than routine pay adjustment, be collected prior to/in conjunction with "due process" notification?</p> <p>Authority to Initiate Collection Before Due Process is Granted:</p> <p>In certain limited circumstances, a DCO may use accelerated procedures to collect a debt by salary or administrative offset prior to, or while providing, notice and an opportunity for review to the debtor. Initiation of the collection before due process is authorized if failure to take the offset would substantially prejudice the DoD's ability to collect a debt, or if the time before payment must be made does not reasonably permit completion of the procedures. When prior notice and an opportunity for review is not provided prior to collection, then such notice and opportunity for review must be given to the debtor as soon as practicable. Any amount recovered by offset, which is found not to be owed by the debtor, must be promptly refunded.</p> <p>If Yes, go to 2.2 (Collect Debt) If No, go to 2.3</p>

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	2.2	Process Debt Collection in advance of/in conjunction with "due process" notification	<p>MILPAY Clerk processes Debt Collection in advance of/in conjunction with "due process" notification</p> <p>Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built-in management design control activities to ensure that all transactions are properly completed and accurately recorded. Refer to Step 4, as required.</p> <p>Note: If a Service Member's Date of Separation (DOS) is imminent and an E5 (separation) transaction has not been received, collection action is to begin immediately.</p> <p>Refer also to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Transaction on the Master Military Pay Account (MMPA).</p> <p>A. Indebtedness Categories on the Master Military Pay Account (MMPA).</p> <ul style="list-style-type: none"> · DF - Fines and Forfeitures: Although fines and forfeitures are not considered debts, a DF entry is systematically generated to reflect the fine or forfeiture. · DG - Government Property Lost or Damaged: A DG debt transaction is submitted by MILPAY when a member is held pecuniary liable for government property which is lost, damaged, or destroyed. · DQ - Overpayment of Pay and Allowances: A DQ debt entry will be systematically generated when an entitlement is stopped or changed retroactively. A DQ debt transaction will be submitted by MILPAY to post a period of non-entitlement for pay and allowances (e.g., checkage for Career Sea Pay). · DS - Miscellaneous: A DS transaction will be submitted for any other debts that do not fall into any other categories. The entry in the "INDBT-TYPE" field indicates the type of debt. · DV - Repay Advance Pays: A DV entry is systematically generated to reflect the repay schedule of an advance pay entry. · DW - Casual and Partial Payment: A DW debt entry is systematically generated when a partial or casual payment exceeds net pay. When pay is available, the DW will automatically collect what is available until the debt is satisfied. <p>B. Debt Action Indicators:</p> <ul style="list-style-type: none"> · 01 - Start: Used to post the initial entry for a DG, DQ or DS debt. · 02 - Stop: Used to stop a DG or DS debt. · 04 - Change: Used to change the repayment amount for DG, DQ, DS or DV debt entries. · 05 - Correct: Used to correct the original amount of an indebtedness. NOTE: A system generated debt cannot be corrected. · 06 - Cancel: Used when determination has been made that the debt is erroneous and posted in error. NOTE: A system generated debt cannot be canceled. · 18 - Suspend: Used when a member files a waiver or remission application. · 20 - Resume: Used when waiver/remission is denied or to restart collection action of a suspended debt. · 21 - Remit: Used when waiver/remission is partially or fully approved. (DFAS-CL use only.)
	2.5	Review Debt Documentation/Debt Collection Package	<p>MILPAY Clerk/DDO reviews Debt Documentation/Debt Collection Package</p> <p>MILPAY Clerk/DDO reviews debt collection package to verify that debt collection is warranted based upon the processed claim and the supporting documentation.</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	2.6	Confirm Validity of Debt	<p>MILPAY Clerks confirms Validity of Debt</p> <p>MILPAY Clerk reviews facts of the case, debt documentation and/or Debt Collection Package prepared by external organization (external to MILPAY office, e.g., Travel Office, NEXCOM, Defense Joint Personal Property Office, etc.)</p> <p>The DCO is also responsible to ensure that appropriate accounting actions are completed. DCOs must ensure that all debts referred are valid and legally enforceable. DCOs must work to reverse accounting entries for debts subsequently determined not to be valid or legally enforceable.</p>
	2.7	Prepare Debt Notification Letter and assemble Debt Collection Package	<p>MILPAY Clerk prepares Debt Notification Letter and assembles Debt Collection Package, if applicable</p> <p>MILPAY must issue the initial Debt Notification Letter to the debtor within 5 working days following confirmation of:</p> <ol style="list-style-type: none"> (1) the existence and validity of the debt; (2) the basis of indebtedness; and (3) the amount of the debt. <p>Refer to DoD FMR Vol 16 Chapter 2 Paragraph 020505 and Figure 2-2 for required elements of a Debt Notification Letter.</p> <p>The Debt Notification Letter should also include the following:</p> <ul style="list-style-type: none"> Collection of your Debt Requesting a Hearing Requesting a Waiver Sample Voluntary Repayment Agreement for Indebtedness <p>Per Navy DJMS Procedures Training Guide Part 7 Deductions and Collections Chapter 7 Indebtedness Section A General a minimum of 30 calendar days is the response time in all cases except for unliquidated travel advances in which the standard response time is 15 calendar days.</p> <p>Salary Offset Procedures. Where applicable, state the DCO's intention to collect the debt by means of payroll deductions (salary offset) if payment is not received within 30 days. Identify the amount, frequency, proposed beginning date, and the duration of deductions by salary offset.</p> <p>Collection When Member is at Fault. When the military pay office determines that an overpayment of pay or allowances is the fault of the member, the office must still ensure due process procedures set out in DoD FMR Volume 16 Chapter 2 are followed prior to collecting the debt. The military pay office may recover the debt in monthly installments of up to two-thirds of the member's disposable monthly pay. The member may consent to deduction of the debt at a greater percentage.</p> <p>Collection When Member is Not at Fault. When the military pay office determines that an overpayment of pay or allowances is not the fault of the member, it is authorized to recover the debt in monthly installments. The office must still ensure due process procedures set out in Chapter 2 are followed prior to collecting the debt.</p> <ol style="list-style-type: none"> a. If overpayment was made to a member on or before October 28, 2009, the military pay office will recover the overpayment in monthly installments not to exceed 20 percent of the member's disposable pay for each month. The military pay office may deduct a greater percentage with the member's consent. b. If overpayment was made to a member on or after October 29, 2009, the military pay office will recover the overpayment in monthly installments not to exceed 15 percent of the member's disposable pay for each month. The military pay office may deduct a greater percentage with the member's consent. <p>Important Notes:</p> <ul style="list-style-type: none"> · MILPAY Office must exercise care to ensure the debt notification letter is dated the same day the letter is mailed to the last known address for the debtor or hand-delivered to the debtor. · MILPAY is required to retain a copy of the debt notification letter as part of the debtor's file. · When warranted by the facts of a particular case, MILPAY is not prohibited from issuing a written demand for payment to the debtor prior to issuing the due process debt notification letter; however, salary and administrative offset may only begin after due process has been completed, except under certain limited circumstances, routine pay adjustments or failure to take the offset would substantially prejudice the DoD's ability to collect a debt – e.g., debt identified upon Separation.
	2.8	Submit Debt Collection Package/Debt Notification Letter for review and approval	MILPAY Clerk submits Debt Collection Package/Debt Notification Letter for review and approval

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
	2.13	Forward/Deliver Debt Notification Letter/Package to Debtor	<p>MILPAY Clerk forwards/delivers Debt Notification Letter/Package to debtor.</p> <p>Effective 19 August 2022 only Commands (excluding surface ships, DESRON and PHIBRON staffs) with an approved Exception to Policy (ETP) will be authorized to utilize Transaction Online Processing System (TOPS) for temporary submission of pay, personnel, and transportation transactions. TOPS transactions submitted without an approved ETP will be marked as "completed" without action and CPPAs will be directed to submit the transaction via enterprise Customer Relations Management (eCRM) or alternatively, request an ETP for temporary use of TOPS. Heretofore, the primary means for submitting pay, personnel, and transportation transactions is via Salesforce/eCRM. Refer to Ops Alert 006/22 for procedures to request an ETP and use TOPS with an approved ETP. All of the NPPSC e-mail Ops Alerts are archived at: https://flankspeed.sharepoint-mil.us.mcas-gov.us/sites/MyNavyHR_MNCC/NPPSC/NPPSC%20OPS%20ALERTS/Forms/AllItems.aspx</p> <p>MILPAY Clerk submits Debt Notification letter to debtor by most expeditious means</p> <ul style="list-style-type: none"> · eCRM case to CPPA · Hand-delivered · Mailed to last known address of debtor <p>MILPAY must exercise care to ensure the debt notification letter is dated the same day the letter is delivered to the CPPA via eCRM, mailed to the last known address for the debtor or hand-delivered to the debtor. The DCO is required to retain a copy of the debt notification letter as part of the debtor's file.</p>
MILPAY CLERK	2.17	Initiate Collection Action in order to automate documentation of the debt	<p>MILPAY Clerk/DDO initiate Collection Action (Suspended) in order to automate documentation of the debt</p> <p>Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built-in management design control activities to ensure that all transactions are properly completed and accurately recorded.</p> <p>Automating Debt Collection and Reporting Systems</p> <p>DoD Components must use automated debt collection and reporting systems to the extent that it is feasible and cost effective for recording, processing, and controlling debts. The DCFO created the DDMG, signed August 31, 2012, which defines the end-state of debt management through the incorporation of Services' and Agencies' ERP systems. These systems should be utilized to the fullest extent possible in compliance with the DDMG.</p> <p>Automate documentation of the debt (suspended) in accordance with procedures in the Navy DJMS PTG.</p> <p>Refer also to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Transaction on the Master Military Pay Account (MMPA).</p> <p>A. Indebtedness Categories on the Master Military Pay Account (MMPA).</p> <ul style="list-style-type: none"> · DF - Fines and Forfeitures: Although fines and forfeitures are not considered debts, a DF entry is systematically generated to reflect the fine or forfeiture. · DG - Government Property Lost or Damaged: A DG debt transaction is submitted by MILPAY when a member is held pecuniary liable for government property which is lost, damaged, or destroyed. · DQ - Overpayment of Pay and Allowances: A DQ debt entry will be systematically generated when an entitlement is stopped or changed retroactively. A DQ debt transaction will be submitted by MILPAY to post a period of non-entitlement for pay and allowances (e.g., checkage for Career Sea Pay). · DS - Miscellaneous: A DS transaction will be submitted for any other debts that do not fall into any other categories. The entry in the "INDBT-TYPE" field indicates the type of debt. · DV - Repay Advance Pays: A DV entry is systematically generated to reflect the repay schedule of an advance pay entry. · DW - Casual and Partial Payment: A DW debt entry is systematically generated when a partial or casual payment exceeds net pay. When pay is available, the DW will automatically collect what is available until the debt is satisfied. <p>B. Debt Action Indicators:</p> <ul style="list-style-type: none"> · 01 - Start: Used to post the initial entry for a DG, DQ or DS debt. · 02 - Stop: Used to stop a DG or DS debt. · 04 - Change: Used to change the repayment amount for DG, DQ, DS or DV debt entries. · 05 - Correct: Used to correct the original amount of an indebtedness. NOTE: A system generated debt cannot be corrected. · 06 - Cancel: Used when determination has been made that the debt is erroneous and posted in error. NOTE: A system generated debt cannot be canceled. · 18 - Suspend: Used when a member files a waiver or remission application. · 20 - Resume: Used when waiver/remission is denied or to restart collection action of a suspended debt. · 21 - Remit: Used when waiver/remission is partially or fully approved. (DFAS-CL use only.)

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY Clerk	3.3	Does Debtor make written request for records pertaining to the debt?	<p>Does Debtor make written request for records pertaining to the debt?</p> <p>Requesting Records: A debtor may make a written request to the DCO for records related to the debt. A request for records must be made prior to the deadline for submitting a request for review.</p> <p>Within 45 days after the date the records are distributed to the debtor, the debtor must submit a written request for review to the DCO or the debtor will waive his or her right to review.</p>
	3.4	Distribute records related to the debt to the debtor	<p>MILPAY Clerk distributes records related to the debt to the debtor</p> <p>Request for records: MILPAY will provide the member with copies of relevant documentation pertaining to the debt. If MILPAY does not have possession of the specific records, a request will be made to the appropriate source. Unless the member indicates that the missing record is critical to a possible question concerning the validity of the debt, collection action will commence while the record is being located.</p> <p>After examination of all records pertaining to the debt. If the Debtor believes the debt has already been paid, then the debtor will compile documentation to substantiate that the debt was previously paid, and submit documentation to the DDO.</p> <p>If Debtor otherwise considers the debt to be invalid, then debtor will provide basis for the objection to the debt and any documentary evidence to support the objection and inform the Deputy Disbursing Officer, either orally or in writing, explaining justification.</p>
	3.8	Suspend Debt Collection processing	<p>MILPAY Clerk/DDO suspend Debt Collection Processing, if required</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Suspension Transaction on the Master Military Pay Account (MMPA).</p> <p>To request a review/reconsideration, the debtor must submit, in a timely manner, a petition which meets the requirements of DoD FMR Volume 16 Subparagraph 040202.B. The timely filing of a petition will stay the beginning of collection procedures until the results of the review have been rendered.</p>

MILPAY CLERK CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	3.9	Is petition sufficient?	<p>Is petition sufficient?</p> <p>If Yes, go to 3.12 If No, go to 3.10</p> <p>Action by DCO on Hearing Petitions: Hearing Petition is Insufficient. The DCO is responsible for reviewing the hearing petition for sufficiency based on the requirements of DoD FMR Volume 16 Chapter 4 subparagraph 040202.B. DCO must retain and identify as insufficient any hearing petitions that do not contain the required information.</p>
	3.10	Notify Debtor of insufficient petition	<p>MILPAY Clerk notifies Debtor of insufficient petition</p> <p>DCO must notify the debtor in writing that his or her hearing petition was insufficient, and request that the debtor submit additional information within 30 days from the date of the written notice of insufficiency. The DCO must advise the debtor that if he or she fails to submit additional information within 30 days of the written notice of insufficiency, the hearing request will be denied.</p>
	3.12	Perform a review/reconsideration of the debt	<p>MILPAY Clerk/DDO perform a review/reconsideration of the debt</p> <p>Upon receipt of the request for review/reconsideration, the DCO will consider the information, and any documentary evidence contained in the debtor's request and will perform a review and validation of the debt. The DCO must issue the written review results to the debtor.</p> <p>Note: Technically reconsideration is an informal examination of internal debt records by the DCO to validate the debt without appointment of a hearing official and is the first step in the hearing process. It is not the formal hearing. The DCO must issue the written reconsideration results to the debtor. Once the debtor receives the results, he or she must notify the DCO of his or her intent to continue with a formal hearing within 30 days from the date of the reconsideration, or by the date indicated in the reconsideration letter. If the debtor proceeds with a formal hearing, a hearing will be held by a hearing official who will make a written determination regarding the validity or amount of the debt, or on the proposed involuntary repayment schedule.</p>

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	3.13	Prepare written results of debt review/reconsideration and forward to debtor.	<p>MILPAY Clerk/DDO prepare written results of debt review/reconsideration and forward to debtor.</p> <p>Reconsideration. Reconsideration is the first step in the hearing process. The DCO must perform the reconsideration once the debtor submits a timely and sufficient hearing petition. Reconsideration is the informal reexamination of the debtor's pay records by the DCO to validate the amount of the debt and to satisfy any doubt the debtor may have regarding the amount or validity of the debt. The DCO must determine if the debt is valid and issue the written results of the reconsideration to the debtor.</p> <p>Refer to DoD FMR Volume 16 Chapter 4 Figure 4-1 for a sample reconsideration letter that can be issued to the debtor.</p> <p>Time Limit for Performing Reconsideration. The DCO should issue written results of the reconsideration to the debtor within 15 days of receipt of the hearing petition. If the DCO needs additional time to investigate the debt, the DCO should advise the debtor of the delay in writing and include an estimate of when he or she can expect a final determination.</p> <p>Written Review Results. Written results should be provided within 60 calendar days and contain the following information:</p> <ol style="list-style-type: none"> 1. A brief statement of the DCO's determination regarding the validity or amount of the debt or the involuntary repayment schedule. 2. A request that the debtor pay the debt in full within 15 calendar days following the date of the letter, authorize a voluntary one-time offset to repay the debt, or agree to pay the debt in regular installments pursuant to a voluntary repayment agreement; 3. A statement that the offset will begin with the pay period in which the deadline expires, unless the debtor informs the DCO of his or her decision regarding the above options; 4. The amount of the offset; and 5. A reminder of the debtor's right to request a waiver or remission of the debt. <p>Note: If the DCO determines a portion or all of the debt is invalid, or the involuntary repayment schedule should be revised, the DCO will adjust the debt amount or repayment schedule accordingly and will inform the debtor in the review results.</p>
	3.14	Did review/ reconsideration invalidate all or part or part of the debt or change the repayment schedule?	<p>Did review/reconsideration invalidate all or part or part of the debt or change the repayment schedule?</p> <p>If Yes, go to 3.15 If No, go 3.17</p> <p>If the review/reconsideration invalidates all or part of the debt, then the review/reconsideration letter must inform the debtor of the finding</p>

MILPAY CLERK CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	3.15	Process change/ correction/cancellation of Debt and/or repayment schedule in NSIPS, as applicable	<p>MILPAY Clerk/DDO process change/correction/cancellation of Debt and/or repayment schedule in NSIPS, as applicable</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Change, Correction, or Cancellation transaction on the Master Military Pay Account (MMPA).</p> <p>When Review/Reconsideration Invalidates the Debt. If the DCO determines all or part of the debt is invalid, then the reconsideration letter must inform the debtor of the finding, and the DCO must take action to change, correct or dismiss the debt, as applicable.</p> <p>Note: MILPAY Clerk may also be required to change, correct, or cancel the suspense in additional system (e.g., WINIATS for Travel Debt)</p>
	3.16	Was all of the debt considered invalid	<p>Was all of the debt considered invalid?</p> <p>If Yes, go to Stop</p> <p>If No, go to 3.17</p>
	3.20.4	Suspend collection activity pending waiver determination, only if considered appropriate	<p>MILPAY Clerk/DDO suspend collection activity pending waiver determination, only if considered appropriate</p> <p>Suspension of Debt Collection Pending Waiver Determination:</p> <p>Collection of a debt should not routinely be suspended pending waiver determination. The DCO will determine, in each case, whether suspension of collection or a delay in implementing collection action, would be appropriate based on the following criteria:</p> <ul style="list-style-type: none"> · Waiver will likely be granted · Erroneous payment can be recovered if waiver is not granted, or · Collection of the debt would cause undue financial hardship

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	3.22	Process cancellation of Debt and/or repayment schedule in NSIPS, as applicable	<p>MILPAY Clerk/DDO processes cancellation of Debt and/or repayment schedule in NSIPS, as applicable</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Cancellation transaction on the Master Military Pay Account (MMPA).</p> <p>Coordinate with DFAS to process remission/waiver of debt in MMPA.</p> <p>21 - Remit: Used when waiver/remission is partially or fully approved. (DFAS-CL use only.)</p> <p>Go to Stop</p>
	3.25	Has Debtor submitted a proposed installment agreement?	<p>Has Debtor submitted a proposed installment agreement?</p> <p>Refer to Debt Notification Letter Encl. 4 - Sample Voluntary Repayment Agreement for Indebtedness</p> <p>A debtor may negotiate the terms of an installment repayment schedule if the schedule proposed by the agency would subject the employee to an extreme financial hardship. An extreme financial hardship means the proposed repayment schedule would prevent the debtor from meeting the costs necessary for essential subsistence expenses of the debtor, the debtor's spouse, and dependents. Essential subsistence expenses include costs incurred for food, housing, necessary public utilities, clothing, transportation, and medical care. Upon the agency's request, the debtor must submit financial statements in support of a proposed installment payment plan. The agency may enter into installment agreements only when there is sufficient evidence the debtor will be able to abide by the terms of the agreement, including the repayment schedule.</p> <p>If Yes, go to 3.26 If No, go to 4</p>
	3.26	Review Debtor Installment Agreement	<p>MILPAY Clerk/DDO review Debtor Installment Agreement</p> <p>Refer to DoD FMR Volume 16 Chapter 2 Section 0208 Considering and Processing Installment Agreements</p> <p>The DCO/DMO/DCMO must review the proposed installment agreement submitted by the debtor using the criteria set out in paragraph 020801 and must notify the debtor as to whether the proposed agreement is acceptable.</p> <p>General. If the Component determines that the debtor is financially unable to pay a debt in a lump-sum, then the DoD may accept voluntary repayment from the debtor in regular installments, rather than proceeding with collection by an involuntary salary or administrative offset. Installment agreements must be in writing as specified in DoD FMR Volume 16 Chapter 2 Paragraph 020802. DCOs must include a copy of a voluntary repayment agreement in the debt notification issued to the debtor.</p> <p>Amount of Installment Payment for Individual Debt. The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. Installment payments should be at least \$50 per month unless a debtor can prove financial hardship. The installment payments should be sufficient in size and frequency to liquidate the debt in 3 years or less; however, a greater amount of time may be appropriate based on the size of the debt and the debtor's ability to repay. An installment payment plan is typically only appropriate if the total debt amount is at least 5 percent of the individual's annual disposable pay. Unless voluntarily agreed to by the debtor, the amount of the installment payments from an individual's current pay or salary must not exceed the offset percentages established in DoD FMR Volume 16 Chapter 2 Subparagraph 020902.C.</p> <p>The DCO must obtain signed, legally enforceable, written installment agreements (such as a Voluntary Repayment Agreement or Promissory Note) from the debtor. Such agreements must specify the terms agreed upon by the parties, including terms governing the assessment of IPA charges. The agreement must contain a provision for accelerating the debt, which requires that the remaining debt balance be due and payable immediately upon the debtor's default on the agreement. The agreement must state that the DCO will require the debtor to submit financial statements annually, as necessary, whenever the repayment period exceeds 3 years.</p>

MILPAY CLERK CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	3.27	Is Installment Agreement acceptable?	<p>Is Installment Agreement acceptable?</p> <p>If Yes, go to 4</p> <p>Receipt of an Acceptable Agreement. After receiving a signed agreement, the DCO will begin collecting the debt pursuant to the agreement. If requested by the debtor, and agreed to by the agency, the remittance may be deferred for up to 2 pay periods with the agreement adjusted to reflect that deferral.</p> <p>If No, go to 3.28</p>
	3.28	Notify Debtor of unacceptable Installment Agreement proposal	<p>MILPAY Clerk/DDO notify Debtor of unacceptable Installment Agreement proposal</p> <p>If the DCO determines a proposed repayment agreement submitted by an individual debtor is unacceptable, then the DCO must notify the individual debtor in writing. The debtor will then have 30 days from the date of the written notice to request a special review by the DCO or file a petition for a hearing under DoD FMR Volume 16 Chapter 4, Paragraph 040202.</p>
	3.29	Resolve Installment Agreement with Debtor	<p>MILPAY Clerk/DDO resolve Installment Agreement dispute with Debtor</p>

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	4	Process Collections and Clear Suspense	<p>Process Collections and Clear Suspense</p> <p>The following are the most common recovery tools or methods of collection used to collect debts owed to the DoD:</p> <p>A. Voluntary Repayment or Voluntary Offset</p> <ul style="list-style-type: none"> Cash Repayment Payroll Deductions (Salary Offset) <ul style="list-style-type: none"> One Time/Lump Sum Deduction (Salary Offset) Installment Deductions (Salary Offset) <p>B. Involuntary Repayment by Salary Offset.</p> <p>C. Administrative Offset.</p> <ul style="list-style-type: none"> · Refer to DoD FMR Volume 16 Chapter 3 Section 0302 Collection of Debt from Current, Separating, Transferring and Retired DoD Civilian Employees · Refer to DoD FMR Volume 16 Chapter 3 Section 0303 Collection of Debt from Active and Reserve Members · Refer to DoD FMR Volume 16 Chapter 3 Section 0304 Collection of Debt from Military Retirees and SBP Annuitants · Refer to DoD FMR Volume 16 Chapter 3 Section 0305 Collection of Debt from Former Employees, Former Members and Other Non-DoD Related Debtors <p>Due Process Procedures: Before initiating any collection action the Debtor will be given at least 30 days written notice of the indebtedness. These procedures do not apply when the Debtor has previously consented to the collection of the debt.</p> <p>If Debtor fails to make remittance or exercise rights, usually within 30 days from the date of the Debt Notification Letter, the debt will be deducted from the next available payroll check.</p> <p>The DCO must document all debt collection activities, including how the debt was established, due process procedures, installment payment plan agreements, any collection activity and/or the basis for debt compromise, suspension, or termination of collection action. The DCO must also document bankruptcy activity if applicable. Documentation should be retained in individual debtor files and provided to the office responsible for recording and reporting of the related accounts receivable.</p>
	4.4.1	Prepare a DD 1131 to support the collection	<p>MILPAY Clerk will prepare a DD 1131 to support the collection. The DD 1131 will be prepared as prescribed in DoDFMR, Vol. 5, par. 100404. Credit will be to the appropriation data to which the debtor's pay is charged. MILPAY will distribute the DD 1131 as follows:</p> <ul style="list-style-type: none"> · MILPAY Returns: Original and two copies · MILPAY Retained File: Copy · Member: Signed copy acknowledging receipt of cash

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	4.4.2	Update DD 2659 to reflect cash payment of Debt to US Treasury	<p>MILPAY Clerk updates DD 2659 to reflect cash payment of Debt to US Treasury</p> <p>After cash, checks and money orders are processed by the disbursing office. The disbursing office updates a DD Form 2659, and assigns a Collection Voucher (CV) number to the payment.</p>
	4.4.3	Prepare and submit reports to update debt in MMPA	<p>MILPAY Clerk/DDO prepare and submit reports to update debt in MMPA</p> <p>Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built in management design control activities to ensure that all transactions are properly completed and accurately recorded.</p> <p>MILPAY will prepare and submit a C203-REPORT COLLECTIONS APPLIED TO MEMBER'S INDEBTEDNESS transaction to post the cash collection on the MMPA. MILPAY will also submit a C903-REPORT COLLECTION VOUCHER TOTAL transaction for voucher balancing.</p> <p>Note 1: Note: MILPAY Clerk may also be required to update the suspense in additional system (e.g., WINIATS for Travel Debt)</p> <p>Note 2: For Cash Collection for Partial Amount with Remainder by One-Time Pay Checkage MILPAY will also process DQ04-CHANGE OVERPAYMENT PAY AND ALLOWANCES transaction to adjust the repay amount of the DQ entry.</p>
	4.4.4	Compile documentation and update/archive Retain File	<p>MILPAY Clerk compiles documentation and updates/archives Retain File.</p> <p>Important Document Retention Action: IAW Department of the Navy Memo dated 30 June 2020 "Revised Record Retention Requirements to Support Department of the Navy Financial Statement Audits" financial record retention requirements are now ten years.</p> <p>Important Update: Transaction Service Centers (TSCs) are no longer required to archive KSDs in DON TRACKER RM. Retain documents shall be archived in Enterprise Customer Relations Management (eCRM) System and NP2, as an interim solution, until approval of a MyNavy HR solution for permanent archiving of KSDs is determined. In short for Retain File KSDs, eCRM is an approved document storage (archive) application for cases submitted within that application and DON TRACKER RM for cases submitted via TOPS.</p>

MILPAY CLERK CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY CLERK	4.5	Determine Salary Offset	<p>MILPAY Clerk determines Salary Offset</p> <p>Authorized salary offsets per DoD FMR Volume 16:</p> <p>Disposable Pay. Disposable pay is the current pay that remains after any legally required deductions from earnings are withheld.</p> <p>All involuntary salary offset is limited to a maximum of 15 percent of the debtor's disposable pay unless the debtor gives written consent to deductions at a greater percentage. Involuntary salary offset will normally be established at this maximum rate. If salary offset mistakenly exceeds 15 percent of disposable pay when the debtor has not consented to deductions at a greater percentage, the DCO will refund the difference to the debtor upon the debtor's request.</p> <p>Collection When Member is at Fault. When the military pay office determines that an overpayment of pay or allowances is the fault of the member, the office must still ensure due process procedures set out in DoD FMR Volume 16 Chapter 2 are followed prior to collecting the debt. The military pay office may recover the debt in monthly installments of up to two-thirds of the member's disposable monthly pay. The member may consent to deduction of the debt at a greater percentage.</p> <p>Collection When Member is Not at Fault. When the military pay office determines that an overpayment of pay or allowances is not the fault of the member, it is authorized to recover the debt in monthly installments. The office must still ensure due process procedures set out in Chapter 2 are followed prior to collecting the debt.</p> <p>a. If overpayment was made to a member on or before October 28, 2009, the military pay office will recover the overpayment in monthly installments not to exceed 20 percent of the member's disposable pay for each month. The military pay office may deduct a greater percentage with the member's consent.</p> <p>b. If overpayment was made to a member on or after October 29, 2009, the military pay office will recover the overpayment in monthly installments not to exceed 15 percent of the member's disposable pay for each month. The military pay office may deduct a greater percentage with the member's consent.</p>
	4.7	Update Suspense in additional system, if required	<p>MILPAY Clerk updates Suspense in additional system, if required</p> <p>Since there is no interface between payroll systems and WINIATS to post CV#s systemically, users must manually post a CV# in order to clear these items from the suspense file. pers</p>
	4.8	Compile documentation and update/archive Retain File	<p>MILPAY Clerk compiles documentation and updates/archives Retain File.</p> <p>Important Document Retention Action: IAW Department of the Navy Memo dated 30 June 2020 "Revised Record Retention Requirements to Support Department of the Navy Financial Statement Audits" financial record retention requirements are now ten years.</p> <p>Important Update: Transaction Service Centers (TSCs) are no longer required to archive KSDs in DON TRACKER RM. Retain documents shall be archived in Enterprise Customer Relations Management (eCRM) System and NP2, as an interim solution, until approval of a MyNavy HR solution for permanent archiving of KSDs is determined. In short for Retain File KSDs, eCRM is an approved document storage (archive) application for cases submitted within that application and DON TRACKER RM for cases submitted via TOPS.</p>

STOP

MILPAY LEAD START

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
MILPAY Lead	2.9	Review Debt Collection Package/Debt Notification Letter	MILPAY Lead/DDO reviews Debt Collection Package/Debt Notification Letter
	2.10	Is Debt Collection Package/Debt Notification Letter complete and accurate	Is Debt Collection Package/Debt Notification Letter complete and accurate? If Yes, go to 2.12 (Sign Debt Notification Letter) If No, go to 2.11 (Return to MILPAY Clerk for correction)
	2.11	Return Debt Collection Package/Debt Notification Letter to MILPAY Clerk	MILPAY Lead/DDO returns Debt Collection Package/Debt Notification Letter to MILPAY Clerk to correct/complete documentation Go to 2.5
	2.12	Sign Debt Notification Letter	MILPAY Lead/DDO signs Debt Notification Letter DCOs must issue the initial debt notification letter to the debtor within 5 working days following confirmation of: (1) the existence and validity of the debt; (2) the basis of indebtedness; and (3) the amount of the debt. When warranted by the facts of a particular case, a DCO is not prohibited from issuing a written demand for payment to the debtor prior to issuing the due process debt notification letter; however, salary and administrative offset may only begin after due process has been completed. Only one due process debt notification is required to be issued to the debtor. DCOs may issue additional demand for payment letters at 30-day intervals after the date of the initial debt notification letter when deemed appropriate by the DCO. Note for Travel Overpayment: If the DDO thinks the Traveler may have been authorized an entitlement, but the appropriate documentation is missing from the settlement claim/package, then the Debt Notification Letter still needs to be signed and forwarded to the command/CPPA with note requesting additional documentation to support supplemental settlement claim processing.

STOP

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
Travel Clerk	1.1	Monitor reports/comply with processes to identify Debt owed to DoD/US Treasury	<p>Travel Clerk/Travel Supervisor/MILPAY Clerk/DDO monitor daily/monthly reports and comply with established processes to identify Debt owed to the DoD/US Treasury</p> <p>The indebtedness may be computer generated or input directly by either DFAS-CL or field site for indebtedness outside of Immediate Access Storage (IAS), or to post a period of non-entitlement for pay and allowances. MILPAY must notify the civilian employees, Service Members, retired personnel, and other individuals of the indebtedness.</p> <p>Debt may be identified by any of the following report notifications/processes:</p> <ul style="list-style-type: none"> · Review of DMO/DMR Daily Feedback Management Report · Review of DMO/DMR Monthly (Suspended) Debt Management Report · Receipt of DD 139 from an outside organization (external to NPPSC PAYPERS) · Identification of Travel Overpayment (from Travel SOPs) · Identification of Debt while processing Separation Pay (debt identified as part of Separation Worksheet submission) – any process that results in a Strength Loss (from Separation, Fleet Reserve/Retirement, or Reserve Component Demobilization SOPs)
	2.3	Is debt the result of Travel Overpayment?	<p>Is debt the result of Travel Overpayment?</p> <p>If debt is result of Travel Overpayment, then servicing Travel Office will prepare debt collection package and forward to servicing MILPAY Office.</p> <p>If Yes, go to 2.4 If No, go to 2.5</p>
	2.4	Assemble, review, and forward Debt Collection Package to MILPAY	<p>Travel Clerk assembles and Travel Supervisor reviews and forwards Debt Collection Package to MILPAY.</p> <p>After the ADS transaction file(s), previous day Block/Batch number has been downloaded to WINIATS, the Travel Clerk/Travel Supervisor assembles the Debt Collection package.</p> <p>The Debt Collection Package will include:</p> <ul style="list-style-type: none"> · WINIATS Collection Letter (for MILPAY/DDO review and signature) · Collection Voucher to include the <ul style="list-style-type: none"> ○ Travel Voucher/Subvoucher Summary ○ Travel Orders and modifications ○ Travel Claim

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
TRAVEL CLERK	2.4.1	Print Vouchers with Collection Letters	<p>Travel Clerk prints Vouchers with Collection Letters</p> <p>After an advance or settlement request is processed, IATS will produce an approved computer facsimile of the DD Form 1351 and 1351-2. The IATS generated forms are referred to as the Advance Voucher Summary and the Travel Voucher Summary.</p> <p>Note: Requests may be printed by an IATS user in any of the View modes.</p> <p>Complete the following steps to "print" a request:</p> <ol style="list-style-type: none"> 1. At the Examiner, Auditor, or Disbursing View screen, select a block. 2. At the Request Selection screen, click on the request you wish to print and then click the Print Requests button. A pop-up will appear listing several printing options. 3. At the pop-up, click on the desired option and the Print screen will appear. <p>Select the Print Vouchers with Collection Letters option:</p> <ul style="list-style-type: none"> · Print Vouchers without Collection Letters · Print Audits with Collection Letters · Print Audits without Collection Letters <ol style="list-style-type: none"> 4. Verify that the PC is configured for the correct printer or make any necessary changes. 5. Select the number of copies you wish to print and click the Print button. <p>Tip: The vouchers may also be printed to a file by activating the Print to File option on the Print screen. After activating this option, you will have to specify what directory to save the file in, the file name, and the file type. The file should be saved as a Text file.</p>
	2.4.2	Print Travel Orders and any modifications associated with Travel Claim	Travel Clerk prints Travel Orders and any modifications associated with Travel Claim
	2.4.3	Submit Debt Collection Package	Travel Clerk submits Debt Collection Package to Travel Supervisor

TRAVEL SUPERVISOR START

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
TRAVEL SUPERVISOR	1.1	Monitor reports/comply with processes to identify Debt owed to DoD/US Treasury	<p>Travel Clerk/Travel Supervisor/MILPAY Clerk/DDO monitor daily/monthly reports and comply with established processes to identify Debt owed to the DoD/US Treasury</p> <p>The indebtedness may be computer generated or input directly by either DFAS-CL or field site for indebtedness outside of Immediate Access Storage (IAS), or to post a period of non-entitlement for pay and allowances. MILPAY must notify the civilian employees, Service Members, retired personnel, and other individuals of the indebtedness.</p> <p>Debt may be identified by any of the following report notifications/processes:</p> <ul style="list-style-type: none"> • Review of DMO/DMR Daily Feedback Management Report • Review of DMO/DMR Monthly (Suspended) Debt Management Report • Receipt of DD 139 from an outside organization (external to NPPSC PAYPERS) • Identification of Travel Overpayment (from Travel SOPs) • Identification of Debt while processing Separation Pay (debt identified as part of Separation Worksheet submission) – any process that results in a Strength Loss (from Separation, Fleet Reserve/Retirement, or Reserve Component Demobilization SOPs)
	2.3	Is debt the result of Travel Overpayment?	<p>Is debt the result of Travel Overpayment?</p> <p>If debt is result of Travel Overpayment, then servicing Travel Office will prepare debt collection package and forward to servicing MILPAY Office.</p> <p>If Yes, go to 2.4 If No, go to 2.5</p>
	2.4	Assemble, review, and forward Debt Collection Package to MILPAY	<p>Travel Clerk assembles and Travel Supervisor reviews and forwards Debt Collection Package to MILPAY.</p> <p>After the ADS transaction file(s), previous day Block/Batch number has been downloaded to WINIATS, the Travel Clerk/Travel Supervisor assembles the Debt Collection package.</p> <p>The Debt Collection Package will include:</p> <ul style="list-style-type: none"> • WINIATS Collection Letter (for MILPAY/DDO review and signature) • Collection Voucher to include the <ul style="list-style-type: none"> ○ Travel Voucher/Subvoucher Summary ○ Travel Orders and modifications ○ Travel Claim
	2.4.4	Review Debt Collection Package	Travel Supervisor reviews Debt Collection package
	2.4.5	Forward Debt Collection Package to responsible MILPAY Office/DDO	<p>Travel Supervisor forwards Debt Collection Package to responsible MILPAY Office/DDO</p> <p>The Debt Collection Package will include:</p> <ul style="list-style-type: none"> • Collection Letter (for MILPAY/DDO review and signature) • Collection Voucher to include the following items: <ul style="list-style-type: none"> ○ Travel Voucher/Subvoucher Summary ○ Travel Orders and modifications ○ Travel Claim

STOP

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
CPPA	3	Review Debt Notification Letter/Debt Collection Package and Determine Options	<p>Review Debt Notification Letter/Debt Collection Package and Determine Options</p> <p>In accordance with DoD FMR Volume 4 Chapter 3 debtors are entitled to due process, consisting of a notice and an opportunity to review and dispute the indebtedness, prior to the initiation of debt collection unless otherwise required by statute.</p> <p>Due process is the notice of indebtedness or opportunity provided the debtor to dispute the indebtedness. The Fifth Amendment of the U.S. Constitution provides that no person shall “be deprived of life, liberty or property without due process of law...” The minimum “due process” required is generally established by the statutes that authorize the use of a specified debt collection tool or by implementing regulations. In the context of federal debt collection, the constitutional right of “due ‘process” requires the debtor be provided with notice of, and the opportunity to dispute, a debt or intended debt collection action.</p> <p>The opportunity to dispute the debt or the adverse collection action to be taken includes, at a minimum, an opportunity for the debtor to challenge</p> <p>(1) the existence of all or part of the debt, and/or</p> <p>(2) whether the statutory or regulatory prerequisites have been met for using the collection action identified in the Debt Notification Letter.</p> <p>Note: If Debtor fails to make remittance or exercise rights within 30 days from the date of the Debt Notification Letter (15 days for Travel debt), the debt will be deducted from the next available payroll check. For any questions regarding the overpayment, please contact your servicing TSC MILPAY Office, as applicable.</p>
	3.1	Receive Debt Notification Letter/Debt Collection Package	<p>CPPA/Debtor receives Debt Notification Letter/Debt Collection Package</p> <p>Effective 19 August 2022 only Commands (excluding surface ships, DESRON and PHIBRON staffs) with an approved Exception to Policy (ETP) will be authorized to utilize Transaction Online Processing System (TOPS) for temporary submission of pay, personnel, and transportation transactions. TOPS transactions submitted without an approved ETP will be marked as “completed” without action and CPPAs will be directed to submit the transaction via enterprise Customer Relations Management (eCRM) or alternatively, request an ETP for temporary use of TOPS. Heretofore, the primary means for submitting pay, personnel, and transportation transactions is via Salesforce/ eCRM. Refer to Ops Alert 006/22 for procedures to request an ETP and use TOPS with an approved ETP. All of the NPPSC e-mail Ops Alerts are archived at:</p> <p>https://flankspeed.sharepoint-mil.us.mcas.gov/sites/MyNavyHR_MNCC/NPPSC/NPPSC%20OPS%20ALERTS/Forms/AllItems.aspx</p> <p>Service Member/Employee receives Debt Notification Letter/Debt Collection Package via:</p> <ul style="list-style-type: none"> • eCRM case to CPPA • Hand-delivered • Mailed to last known address of debtor

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
CPPA	3.2	Review Debt Notification Letter/Debt Collection Package	<p>CPPA/Debtor reviews Debt Notification Letter/Debt Collection Package</p> <p>Debtor determines whether to dispute debt or make remittance.</p> <p>Upon notification, the debtor may voluntarily repay the debt in full in one lump-sum or by installment payment arrangement (voluntary repayment agreement) with the DCO. Refer to DoD FMR Volume 16 Chapter 2, section 0207 regarding voluntary repayment by a debtor.</p> <p>Alternatively, a debtor may choose to exercise his or her opportunity for review of the debt by filing a petition for hearing. The DCO should stay debt collection efforts pending the outcome of the hearing. When appropriate, the debtor may also request a waiver of the debt; however, debt collection is generally not suspended during the waiver review process (refer to DoD FMR Volume 16 Chapter 4 for additional information).</p> <p>If Debtor fails to make remittance or exercise rights within 30 days from the date of this letter, the debt will be deducted from the next available payroll check.</p> <p>For any questions regarding the overpayment, please contact your servicing MILPAY Office, as applicable.</p>
	3.24	Notify DDO of Debt Repayment option selection	<p>CPPA/Debtor notifies DDO of debt repayment option selection</p> <p>The following options are acceptable for liquidating excess Travel Advance</p> <ol style="list-style-type: none"> a. Cash repayment in a lump sum; b. One-Time collection from your pay <p>The following options are acceptable for liquidating other indebtedness:</p> <ol style="list-style-type: none"> a. Cash repayment in a lump sum; b. One-Time collection from your pay; c. Cash deposit with remainder to be paid by installment, or d. Installment liquidation of the entire amount

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	1	Conduct Debt Management Oversight/Identify Debt owed to DoD/US Treasury	<p>Conduct Debt Management Oversight/Identify Debt owed to the DoD/US Treasury</p> <p>The purpose of this SOP is to provide procedures that Debt Collection Offices (DCOs) must use in the collection of public debts owed to the Department of Defense (DoD). These debts include amounts outstanding from civilian employees, Service Members, retired personnel, and other individuals. As such, the procedures in this SOP apply to administrative actions associated with the collection of debts owed to and collected by the DoD.</p> <p>DoD Components involved in the collection and management of debts owed to DoD must adhere to the basic standards for internal controls prescribed in DoD Instruction 5010.40, "Managers' Internal Control Program (MICP) Procedures." DoD Components will establish and maintain internal controls to ensure that debts owed to DoD are recorded, reported, managed, and aggressively collected.</p> <p>Each DoD Component must establish and maintain a debt management program to identify, recover, and collect debts owed by individuals to the United States. DoD Components must clearly designate the DCOs responsible for the recovery and collection of debts within the DoD Component. The recovery of debts must be undertaken promptly, using a strategy that is determined to result in the maximum recovery of debt. DoD Components must ensure debtors are afforded due process, in the form of proper debt notification and the right to review, in accordance with DoD FMR Volume 16 and applicable regulations and guidance issued by the Department of the Treasury. DoD Components must establish guidance that clearly assigns responsibilities for processing, monitoring, reporting, and closing out delinquent debts.</p> <p>The instructions in this SOP do not apply to the collection of child support or alimony or to commercial, non-DoD debts owed by civilian employees and Service Members through garnishment or involuntary allotment. Refer to Volume 7A, Chapters 41 and 43; Volume 7B, Chapter 27; and Volume 8, Chapter 8 for guidance pertaining to garnishments and involuntary allotments.</p> <p>Note: For the purposes of this SOP Debt Collection Offices (DCOs) are synonymous with MILPAY Offices</p>
	1.1	Monitor reports/comply with processes to identify Debt owed to DoD/US Treasury	<p>Travel Clerk/Travel Supervisor/MILPAY Clerk/DDO monitor daily/monthly reports and comply with established processes to identify Debt owed to the DoD/US Treasury</p> <p>The indebtedness may be computer generated or input directly by either DFAS-CL or field site for indebtedness outside of Immediate Access Storage (IAS), or to post a period of non-entitlement for pay and allowances. MILPAY must notify the civilian employees, Service Members, retired personnel, and other individuals of the indebtedness.</p> <p>Debt may be identified by any of the following report notifications/processes:</p> <ul style="list-style-type: none"> • Review of DMO/DMR Daily Feedback Management Report • Review of DMO/DMR Monthly (Suspended) Debt Management Report • Receipt of DD 139 from an outside organization (external to NPPSC PAYPERS) • Identification of Travel Overpayment (from Travel SOPs) • Identification of Debt while processing Separation Pay (debt identified as part of Separation Worksheet submission) – any process that results in a Strength Loss (from Separation, Fleet Reserve/Retirement, or Reserve Component Demobilization SOPs)

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	2	Conduct Due Process Notification and Initiate Collection Action	<p>Conduct Due Process Notification and Initiate Collection Action</p> <p>After establishing/identifying a debt, the DCO is responsible for initial debt collection and due process procedures, including the issuance of debt notification letters that comply with all the requirements for debt collection.</p> <p>MILPAY Offices/DDOs must promptly and aggressively initiate collection action on all established debts owed to the DoD and must complete follow-up actions to ensure successful repayment to the DoD. MILPAY must issue the initial Debt Notification Letter to the debtor within 5 working days following confirmation of a valid debt.</p> <p>The DCO is also responsible to ensure that appropriate accounting actions are completed. DCOs must ensure that all debts referred are valid and legally enforceable. DCOs must work to reverse accounting entries for debts subsequently determined not to be valid or legally enforceable.</p> <p>Except for routine, administrative pay adjustments and travel advance liquidation, the written notification must be sent to the member at least 30 days prior to the date the pay checkage is to occur. A further exception to the advance notification rule should be made in those instances in which adherence to the rule would jeopardize the government's chances of collecting the debt in full during the member's period of obligated service. In such instances, written notification must be effected as soon as possible.</p> <p>In the context of Federal debt collection, the constitutional right of "due process" requires an agency to provide debtors with written notice of the debt and an opportunity to dispute the debt. Due process is required prior to an involuntary salary offset or administrative offset. Except under certain limited circumstances, routine pay adjustments or failure to take the offset would substantially prejudice the DoD's ability to collect a debt – e.g., debt identified upon Separation, debtors must receive due process prior to the initiation of debt collection. Written debt notifications must adhere to the requirements of DoD FMR Vol 16 Chapter 2 Section 0205. The procedures for disputing a debt are set out in Chapter 4.</p> <p>Refer to DoD FMR Vol 16 Chapter 2, as required.</p>
	2.1	Can debt, other than routine pay adjustment, be collected prior to/in conjunction with "due process" notification?	<p>Can debt, other than routine pay adjustment, be collected prior to/in conjunction with "due process" notification?</p> <p>Authority to Initiate Collection Before Due Process is Granted:</p> <p>In certain limited circumstances, a DCO may use accelerated procedures to collect a debt by salary or administrative offset prior to, or while providing, notice and an opportunity for review to the debtor. Initiation of the collection before due process is authorized if failure to take the offset would substantially prejudice the DoD's ability to collect a debt, or if the time before payment must be made does not reasonably permit completion of the procedures. When prior notice and an opportunity for review is not provided prior to collection, then such notice and opportunity for review must be given to the debtor as soon as practicable. Any amount recovered by offset, which is found not to be owed by the debtor, must be promptly refunded.</p> <p>If Yes, go to 2.2 (Collect Debt) If No, go to 2.3</p>

DDO CONTINUED

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	2.5	Review Debt Documentation/Debt Collection Package	MILPAY Clerk/DDO reviews Debt Documentation/Debt Collection Package MILPAY Clerk/DDO reviews debt collection package to verify that debt collection is warranted based upon the processed claim and the supporting documentation.
	2.9	Review Debt Collection Package/Debt Notification Letter	MILPAY Lead/DDO reviews Debt Collection Package/Debt Notification Letter
	2.10	Is Debt Collection Package/Debt Notification Letter complete and accurate	Is Debt Collection Package/Debt Notification Letter complete and accurate? If Yes, go to 2.12 (Sign Debt Notification Letter) If No, go to 2.11 (Return to MILPAY Clerk for correction)
	2.11	Return Debt Collection Package/Debt Notification Letter to MILPAY Clerk	MILPAY Lead/DDO returns Debt Collection Package/Debt Notification Letter to MILPAY Clerk to correct/complete documentation Go to 2.5

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	2.12	Sign Debt Notification Letter	<p>MILPAY Lead/DDO signs Debt Notification Letter</p> <p>DCOs must issue the initial debt notification letter to the debtor within 5 working days following confirmation of:</p> <ol style="list-style-type: none"> (1) the existence and validity of the debt; (2) the basis of indebtedness; and (3) the amount of the debt. <p>When warranted by the facts of a particular case, a DCO is not prohibited from issuing a written demand for payment to the debtor prior to issuing the due process debt notification letter; however, salary and administrative offset may only begin after due process has been completed.</p> <p>Only one due process debt notification is required to be issued to the debtor. DCOs may issue additional demand for payment letters at 30-day intervals after the date of the initial debt notification letter when deemed appropriate by the DCO.</p> <p>Note for Travel Overpayment: If the DDO thinks the Traveler may have been authorized an entitlement, but the appropriate documentation is missing from the settlement claim/package, then the Debt Notification Letter still needs to be signed and forwarded to the command/CPA with note requesting additional documentation to support supplemental settlement claim processing.</p>
	2.14	Is Debt an Out of Service Debt	<p>Is Debt an Out of Service Debt</p> <p>If No, go to 2.17 (Automate Documentation of the Debt)</p> <p>If Yes, go to 2.15 (Refer Debt to DFAS for Collection Action)</p>
	2.15	Refer Debt to DFAS for collection action	<p>DDO refers debt to DFAS for collection action</p> <p>Defense Finance and Accounting Service (DFAS) Debt and Claims Management Office (DCMO): The DFAS DCMO offers debt management and collection assistance for delinquent debts owed to DoD by individual debtors who are no longer paid by DoD (i.e., out-of-service employees and Service Members). If a Component's DCO cannot collect a debt through offset because the debtor is no longer being paid by DoD, and the debtor has not agreed to pay the debt, then the DCO should obtain debt collection services from the DCMO. The DCMO also makes determinations on hearing requests and applications requesting the waiver of individual indebtedness.</p> <p>Refer to DoD FMR Vol 16 Chapter 3 Section 0305 Collection of Debt from Former Employees, Former Members and Other Non-DoD Related Debtors</p> <p>This section of the DoD FMR Volume 16 pertains to the collection of debts owed by individuals who are no longer employed by DoD or no longer on active duty. This section also covers individuals who were neither DoD employees nor active duty members, but who are indebted to DoD. This category of debt is referred to as "out-of-service." If a Component's DCO cannot collect a debt through salary offset because the debtor is not being paid by DoD, and the debtor has not agreed to pay the debt in a lump-sum, then the DCO should obtain debt collection services from the Debt Collection Management Office, DCMO (DFAS). DCMO (DFAS) operates and maintains the Defense Debt Management System (DDMS) to provide centralized, cost-effective, automated debt servicing and collection assistance to DCOs on delinquent debts owed to DoD by individuals who are no longer paid by DoD.</p> <p>If the debtor is not currently employed by the DoD and owes a debt to the DoD, the DCO must forward the debt to the DCMO (DFAS) for collection using administrative offset procedures. If the debtor is a separated service member, and the debt is not subject to salary offset, the DCO must forward the debt to the DCMO (DFAS) for collection using administrative offset procedures.</p>

DDO CONTINUED

BACK

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	2.16	Complete requirements for referral of debt to DFAS for administrative offset	DDO completes requirements for referral of debt to DFAS for administrative offset
	2.16.1	Initiate debt collection and ensure due process requirements are met	<p>DDO initiates debt collection and ensures due process requirements (notification and opportunity for review) are met.</p> <p>This step should have already been completed in Step 2.13.</p> <p>Due Process Requirements Prior to Administrative Offset:</p> <p>The DCO must complete all due process requirements under DoD FMR Volume 16 Chapter 2 Sections 0204 and 0205 prior to sending the debt to DCMO (DFAS) for collection by administrative offset. If the debtor has requested a hearing, the DCO must follow procedures contained in Chapter 4, paragraph 020202 prior to transferring the debt to DCMO for collection.</p> <p>Research and verify the military or civilian status of debtors to ensure that only individual out-of-service debts are referred to DCMO, or ensure other debts transferred are in accordance with established procedures.</p>
	2.16.2	Refer delinquent, individual, out-of-service debts (even those less than \$225) to DCMO	<p>DDO refers delinquent, individual, out-of-service debts (even those less than \$225) to DCMO</p> <p>MILPAY Office must exercise care to ensure the debt notification letter is dated the same day the letter is mailed to the last known address for the debtor or hand-delivered to the debtor.</p> <p>If an individual has multiple debts all under \$225, then the DCO may consolidate the debts and refer them to DCMO as one debt package.</p> <p>Note: Components that have implemented the processes and procedure defined in the Delinquent Debt Management Guidance (DDMG) should refer eligible and legally enforceable, delinquent, individual out-of-service debt over \$25 to Treasury's Bureau of Fiscal Services Debt Management Service for further collection action where applicable.</p> <p>Refer to DoD FMR Volume 4, Chapter 3 for guidance on clearing individual out-of-service debts that are below the referral threshold.</p>

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ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	2.16.2.1	Prepare transmittal letter to refer eligible debts to DCMO and to ensure that the debts are received by DCMO.	<p>DDO prepares transmittal letter to refer eligible debts to DCMO and to ensure that the debts are received by DCMO.</p> <p>Prepare the transmittal letter in duplicate and send it to DCMO, DFAS-IN, Department 3300 (ATTN: Case Management), 8899 E. 56th Street, Indianapolis, IN 46249-3300, or via email to dfas.indianapolis-in.jaa.mbx.oosdebt-debtmgmt-baselevel@mail.mil.</p> <p>Send new debts with transmittal letters as often as required, but at least weekly. Identify on the transmittal letter all attached debt case files by name, Social Security number, and amount. Include the name, email address, and telephone number for the DCO point of contact and the name and location of the office accountable for the debt. Attach a copy of all documentation and background material in the debt case files. The required documentation includes:</p> <ol style="list-style-type: none"> 1. A copy of the original bill, invoice, and/or debt notification letter. In order for the DCMO to accept the debt, the debt notification letter must comply with the requirements under Chapter 2; 2. The original debt principal amount with complete accounting classification and fiscal year to credit with any collections. Include a copy of the original disbursement voucher when the debt is the result of a previous payment; 3. The date the debt became known; 4. The date the debt was due; 5. The date the debt became delinquent (usually 30 days from the date of the debt notification letter); 6. The amount of accrued IPA; 7. Copies of any follow-up correspondence between the debtor and the DCO; 8. Amounts and dates of any prior collections and the accounting classification credited. Include a copy of the collection voucher when the collection was not processed through salary offset; 9. The debtor's branch of service or agency where formerly employed; 10. The debtor's, sponsor's, or beneficiary's Social Security number; 11. Military status and date of separation for members or employees whose period of service or employment ended with indebtedness; 12. Copy of DD 139 for military pay debts; 13. Copy of DD 2481 for civilian employee debts; and 14. Any other relevant documentation or information regarding the debt.

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	2.16.2.2	Include Debt Certification Statement in transmittal package	<p>DDO includes Debt Certification Statement in transmittal package</p> <p>Include in each transmittal package a certifying statement that the amounts of the debts being referred are correct and that the debts are delinquent, valid, legally enforceable, and confirm that the DCO provided the debtor with all due process requirements. DCOs referring debts electronically must also submit a debt certification statement.</p> <p>Refer to DoD FMR Vol 16 Chapter 3 Figure 3-2 Sample Debt Certification Statement.</p>
	2.16.2.3	Send transmittal letter/documentation to DCMO, DFAS-IN	DDO sends transmittal letter/documentation to DCMO, DFAS-IN, Department 3300 (ATTN: Case Management), 8899 E. 56th Street, Indianapolis, IN 46249-3300, or via email to dfas.indianapolis-in.jaa.mbx.oosdebt-debtmgmt-baselevel@mail.mil .
	2.16.2.4	Coordinate with DCMO, DFAS-IN to ensure that it removes accountability for the referred debts from MILPAY records	DDO coordinates with DFAS IN to ensure that it removes accountability for the referred debts from MILPAY records in accordance with the guidance in DoD FMR Volume 4, Chapter 3 upon receipt of the duplicate copy of the transmittal letter.
	2.16.2.5	Mail any payments received from a debtor to the DCMO	<p>DDO mails any payments received from a debtor, after the debt was referred to DCMO, to the DCMO, DFAS-IN, Department 3300 (ATTN: Case Management), 8899 E. 56th Street, Indianapolis, IN 46249-3300.</p> <p>Include the debtor's name and Social Security number so the DCMO can credit the proper account.</p> <p>Go to Stop</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	2.17	Initiate Collection Action in order to automate documentation of the debt	<p>MILPAY Clerk/DDO initiate Collection Action (Suspended) in order to automate documentation of the debt</p> <p>Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built-in management design control activities to ensure that all transactions are properly completed and accurately recorded.</p> <p>Automating Debt Collection and Reporting Systems</p> <p>DoD Components must use automated debt collection and reporting systems to the extent that it is feasible and cost effective for recording, processing, and controlling debts. The DCFO created the DDMG, signed August 31, 2012, which defines the end-state of debt management through the incorporation of Services' and Agencies' ERP systems. These systems should be utilized to the fullest extent possible in compliance with the DDMG.</p> <p>Automate documentation of the debt (suspended) in accordance with procedures in the Navy DJMS PTG.</p> <p>Refer also to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Transaction on the Master Military Pay Account (MMPA).</p> <p>A. Indebtedness Categories on the Master Military Pay Account (MMPA).</p> <ul style="list-style-type: none"> • DF - Fines and Forfeitures: Although fines and forfeitures are not considered debts, a DF entry is systematically generated to reflect the fine or forfeiture. • DG - Government Property Lost or Damaged: A DG debt transaction is submitted by MILPAY when a member is held pecuniary liable for government property which is lost, damaged, or destroyed. • DQ - Overpayment of Pay and Allowances: A DQ debt entry will be systematically generated when an entitlement is stopped or changed retroactively. A DQ debt transaction will be submitted by MILPAY to post a period of non-entitlement for pay and allowances (e.g., checkage for Career Sea Pay). • DS - Miscellaneous: A DS transaction will be submitted for any other debts that do not fall into any other categories. The entry in the "INDBT-TYPE" field indicates the type of debt. • DV - Repay Advance Pays: A DV entry is systematically generated to reflect the repay schedule of an advance pay entry. • DW - Casual and Partial Payment: A DW debt entry is systematically generated when a partial or casual payment exceeds net pay. When pay is available, the DW will automatically collect what is available until the debt is satisfied. <p>B. Debt Action Indicators:</p> <ul style="list-style-type: none"> • 01 - Start: Used to post the initial entry for a DG, DQ or DS debt. • 02 - Stop: Used to stop a DG or DS debt. • 04 - Change: Used to change the repayment amount for DG, DQ, DS or DV debt entries. • 05 - Correct: Used to correct the original amount of an indebtedness. NOTE: A system generated debt cannot be corrected. • 06 - Cancel: Used when determination has been made that the debt is erroneous and posted in error. NOTE: A system generated debt cannot be canceled. • 18 - Suspend: Used when a member files a waiver or remission application. • 20 - Resume: Used when waiver/remission is denied or to restart collection action of a suspended debt. • 21 - Remit: Used when waiver/remission is partially or fully approved. (DFAS-CL use only.)

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
	3	Review Debt Notification Letter/Debt Collection Package and Determine Options	<p>Review Debt Notification Letter/Debt Collection Package and Determine Options</p> <p>In accordance with DoD FMR Volume 4 Chapter 3 debtors are entitled to due process, consisting of a notice and an opportunity to review and dispute the indebtedness, prior to the initiation of debt collection unless otherwise required by statute.</p> <p>Due process is the notice of indebtedness or opportunity provided the debtor to dispute the indebtedness. The Fifth Amendment of the U.S. Constitution provides that no person shall “be deprived of life, liberty or property without due process of law...” The minimum “due process” required is generally established by the statutes that authorize the use of a specified debt collection tool or by implementing regulations. In the context of federal debt collection, the constitutional right of “due process” requires the debtor be provided with notice of, and the opportunity to dispute, a debt or intended debt collection action.</p> <p>The opportunity to dispute the debt or the adverse collection action to be taken includes, at a minimum, an opportunity for the debtor to challenge</p> <ol style="list-style-type: none"> (1) the existence of all or part of the debt, and/or (2) whether the statutory or regulatory prerequisites have been met for using the collection action identified in the Debt Notification Letter. <p>Note: If Debtor fails to make remittance or exercise rights within 30 days from the date of the Debt Notification Letter (15 days for Travel debt), the debt will be deducted from the next available payroll check. For any questions regarding the overpayment, please contact your servicing TSC MILPAY Office, as applicable.</p>
DDO	3.5	Did Debtor make remittance or exercise rights within 30 days?	<p>Did Debtor make remittance or exercise rights within 30 days from the date of Debt Notification Letter?</p> <p>Note 1: If Debtor fails to make remittance or exercise rights usually within 30 days from the date of the Debt Notification Letter (15 days for Travel debt), the debt will be deducted from the next available payroll check.</p> <p>Note 2: If the debtor first makes a written request for records related to the debt, then the debtor must file a hearing petition within 45 days after the date the records are distributed (by mail, electronically, or in person) to the debtor.</p> <p>If Yes, go to 3.6 If No, go to 4 (Processing Involuntary Collection)</p> <p>Processing involuntary collections should be a last resort. MILPAY Clerk should attempt to contact CPPA/Service Member/Employee before involuntary collection action is initiated, but in some situations, e.g., separated, fleet reserve, and retired Service Members, contact may prove difficult.</p>
	3.8	Suspend Debt Collection processing	<p>MILPAY Clerk/DDO suspend Debt Collection Processing, if required</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Suspension Transaction on the Master Military Pay Account (MMPA).</p> <p>To request a review/reconsideration, the debtor must submit, in a timely manner, a petition which meets the requirements of DoD FMR Volume 16 Subparagraph 040202.B. The timely filing of a petition will stay the beginning of collection procedures until the results of the review have been rendered.</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
	3.9	Is petition sufficient?	<p>Is petition sufficient?</p> <p>If Yes, go to 3.12 If No, go to 3.10</p> <p>Action by DCO on Hearing Petitions: Hearing Petition is Insufficient. The DCO is responsible for reviewing the hearing petition for sufficiency based on the requirements of DoD FMR Volume 16 Chapter 4 subparagraph 040202.B. DCO must retain and identify as insufficient any hearing petitions that do not contain the required information.</p>
	3.12	Perform a review/reconsideration of the debt	<p>MILPAY Clerk/DDO perform a review/reconsideration of the debt</p> <p>Upon receipt of the request for review/reconsideration, the DCO will consider the information, and any documentary evidence contained in the debtor's request and will perform a review and validation of the debt. The DCO must issue the written review results to the debtor.</p> <p>Note: Technically reconsideration is an informal examination of internal debt records by the DCO to validate the debt without appointment of a hearing official and is the first step in the hearing process. It is not the formal hearing. The DCO must issue the written reconsideration results to the debtor. Once the debtor receives the results, he or she must notify the DCO of his or her intent to continue with a formal hearing within 30 days from the date of the reconsideration, or by the date indicated in the reconsideration letter. If the debtor proceeds with a formal hearing, a hearing will be held by a hearing official who will make a written determination regarding the validity or amount of the debt, or on the proposed involuntary repayment schedule.</p>
DDO	3.13	Prepare written results of debt review/reconsideration and forward to debtor.	<p>MILPAY Clerk/DDO prepare written results of debt review/reconsideration and forward to debtor.</p> <p>Reconsideration. Reconsideration is the first step in the hearing process. The DCO must perform the reconsideration once the debtor submits a timely and sufficient hearing petition. Reconsideration is the informal reexamination of the debtor's pay records by the DCO to validate the amount of the debt and to satisfy any doubt the debtor may have regarding the amount or validity of the debt. The DCO must determine if the debt is valid and issue the written results of the reconsideration to the debtor.</p> <p>Refer to DoD FMR Volume 16 Chapter 4 Figure 4-1 for a sample reconsideration letter that can be issued to the debtor.</p> <p>Time Limit for Performing Reconsideration. The DCO should issue written results of the reconsideration to the debtor within 15 days of receipt of the hearing petition. If the DCO needs additional time to investigate the debt, the DCO should advise the debtor of the delay in writing and include an estimate of when he or she can expect a final determination.</p> <p>Written Review Results. Written results should be provided within 60 calendar days and contain the following information:</p> <ol style="list-style-type: none"> 1. A brief statement of the DCO's determination regarding the validity or amount of the debt or the involuntary repayment schedule. 2. A request that the debtor pay the debt in full within 15 calendar days following the date of the letter, authorize a voluntary one-time offset to repay the debt, or agree to pay the debt in regular installments pursuant to a voluntary repayment agreement; 3. A statement that the offset will begin with the pay period in which the deadline expires, unless the debtor informs the DCO of his or her decision regarding the above options; 4. The amount of the offset; and 5. A reminder of the debtor's right to request a waiver or remission of the debt. <p>Note: If the DCO determines a portion or all of the debt is invalid, or the involuntary repayment schedule should be revised, the DCO will adjust the debt amount or repayment schedule accordingly and will inform the debtor in the review results.</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	3.14	Did review/ reconsideration invalidate all or part or part of the debt or change the repayment schedule?	<p>Did review/reconsideration invalidate all or part or part of the debt or change the repayment schedule?</p> <p>If Yes, go to 3.15 If No, go 3.17</p> <p>If the review/reconsideration invalidates all or part of the debt, then the review/reconsideration letter must inform the debtor of the finding</p>
	3.15	Process change/ correction/cancellation of Debt and/or repayment schedule in NSIPS, as applicable	<p>MILPAY Clerk/DDO process change/correction/cancellation of Debt and/or repayment schedule in NSIPS, as applicable</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Change, Correction, or Cancellation transaction on the Master Military Pay Account (MMPA).</p> <p>When Review/Reconsideration Invalidates the Debt. If the DCO determines all or part of the debt is invalid, then the reconsideration letter must inform the debtor of the finding, and the DCO must take action to change, correct or dismiss the debt, as applicable.</p> <p>Note: MILPAY Clerk may also be required to change, correct, or cancel the suspense in additional system (e.g., WINIATS for Travel Debt)</p>
	3.16	Was all of the debt considered invalid	<p>Was all of the debt considered invalid?</p> <p>If Yes, go to Stop If No, go to 3.17</p>
	3.18	Process request for waiver or remission of debt	<p>DDO/Debtor process request for waiver or remission of debt</p> <p>General Policy. Any significant unexplained increase in pay and allowances, or failure to appropriately decrease pay and allowances, which would cause reasonable members to inquire concerning the correctness of their pay and allowances, ordinarily precludes favorable action under remission/cancellation of indebtedness or waiver of erroneous payment when the recipient has failed to bring the error to the attention of responsible officials. Even when members have notified an appropriate official of an error and corrective action is not taken, they cannot, in good conscience, apply the money to their own use without reasonably expecting the overpayment to be recovered.</p> <p>Commanding Officer Responsibilities: The member's Commanding Officer (CO) is responsible for the completeness of the application and supporting documentation.</p> <p>The CO must complete Section I, Blocks 20, 21, and 22 of the DD Form 2789. If the member (active duty only) requests consideration based on financial hardship, the CO must specifically address the hardship in Block 20 (or additional endorsement, if necessary).</p> <p>Disbursing Officer will complete Section II of the form to include an itemized debt computation showing by entitlement, what was paid and what should have been paid.</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	3.20.2	Endorse Debtor's request for waiver	<p>DDO endorses Debtor's request for waiver</p> <p>The DCO should supplement the debtor's waiver application with additional information in the form of a written report containing a chronological summary of the facts and relevant records. The DCO must forward to the DCMO a debt computation that shows, by pay period, the amount the debtor was paid, the amount the debtor should have been paid, and the total amount of the overpayment. The amount of the debt should match the amount in the pay system, as well as the amount in the debt notification sent to the debtor.</p>
	3.20.3	Forward waiver request to DFAS Indianapolis	<p>DDO forwards waiver request to DFAS Indianapolis</p> <p>The application is then forwarded to DFAS Indianapolis for adjudication.</p>
	3.20.4	Suspend collection activity pending waiver determination, only if considered appropriate	<p>MILPAY Clerk/DDO suspend collection activity pending waiver determination, only if considered appropriate</p> <p>Suspension of Debt Collection Pending Waiver Determination:</p> <p>Collection of a debt should not routinely be suspended pending waiver determination. The DCO will determine, in each case, whether suspension of collection or a delay in implementing collection action, would be appropriate based on the following criteria:</p> <ul style="list-style-type: none"> • Waiver will likely be granted • Erroneous payment can be recovered if waiver is not granted, or • Collection of the debt would cause undue financial hardship

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	3.20.5	Inform Debtor of determination	<p>DDO informs Debtor of determination</p> <p>After the DCMO (or designated waiver authority) makes a determination on the waiver application or forwards the waiver to DOHA, the DCMO must notify the debtor and the applicable DCO in writing of its action. If the DCMO denied the request for waiver, then the notification to the debtor must state the basis for that decision. The notification must include guidance regarding the debtor's right to submit an appeal. A debtor may appeal the denial of all or part of his or her waiver application to DOHA.</p>
	3.20.6	Take final action upon notification of waiver determination	<p>DDO takes final action upon notification of waiver determination</p> <p>Final Action of Debt Collection Office (DCO) After Waiver Determination:</p> <ul style="list-style-type: none"> • Upon receipt of notification that the request for waiver was denied, the DCO must immediately initiate collection action if collection action was suspended. • If the request for waiver is approved, then the DCO must refund to the debtor any amount collected prior to the waiver being approved. The waiver application is considered an application for refund for any amount of the debt that was collected prior to the waiver approval. No refund will be paid when the debtor cannot reasonably be located within 2 years after the effective date of the waiver. The refund must be paid from a current applicable appropriation.
	3.20.7	Has Debt been waived	<p>Has Debt been waived?</p> <p>If Yes, go to 3.22 If No, Go to 3.20.8</p>
	3.20.10	Did DOHA affirm or reverse the DCMO denial of debt waiver?	<p>Did DOHA affirm or reverse the DCMO denial of debt waiver?</p> <p>If Affirm, go to 3.20.11 If Reverse, go to 3.22</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	3.21.2	Endorse Debtor's application for remission	<p>DDO endorses Debtor's application for remission</p> <p>Disbursing Officer will complete Section II of the form to include an itemized debt computation showing by entitlement, what was paid and what should have been paid.</p>
	3.21.3	Forward remission request to OPNAV N130	<p>DDO forwards remission request to OPNAV N130</p> <p>All remission requests under section 6161, Title 10 U. S. Code, can be submitted to OPNAV N130C3 via email to NXAG_N130C@navy.mil.</p>
	3.21.4	Inform Debtor of determination	<p>DDO informs Debtor of determination</p> <p>OPNAV N130 makes a determination on the remission application and notifies the applicable DCO of its action.</p>
	3.21.5	Take final action upon notification of remission determination	<p>DDO takes final action upon notification of remission determination</p> <p>Final Action of Debt Collection Office (DCO) After Remission of Debt Determination:</p> <ul style="list-style-type: none"> • Upon receipt of notification that the request for remissions was denied, the DCO must immediately initiate collection action if collection action was suspended. • If the request for remission is approved, then the DCO must refund to the debtor any amount collected prior to the waiver being approved. The waiver application is considered an application for refund for any amount of the debt that was collected prior to the waiver approval. No refund will be paid when the debtor cannot reasonably be located within 2 years after the effective date of the waiver. The refund must be paid from a current applicable appropriation.
	3.21.6	Has Debt been remitted?	<p>Has Debt been remitted?</p> <p>If Yes, go to 3.22</p> <p>If No, go to 3.23</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
	3.22	Process cancellation of Debt and/or repayment schedule in NSIPS, as applicable	<p>MILPAY Clerk/DDO processes cancellation of Debt and/or repayment schedule in NSIPS, as applicable</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Cancellation transaction on the Master Military Pay Account (MMPA).</p> <p>Coordinate with DFAS to process remission/waiver of debt in MMPA.</p> <p>21 - Remit: Used when waiver/remission is partially or fully approved. (DFAS-CL use only.)</p> <p>Go to Stop</p>
DDO	3.25	Has Debtor submitted a proposed installment agreement?	<p>Has Debtor submitted a proposed installment agreement?</p> <p>Refer to Debt Notification Letter Encl. 4 - Sample Voluntary Repayment Agreement for Indebtedness</p> <p>A debtor may negotiate the terms of an installment repayment schedule if the schedule proposed by the agency would subject the employee to an extreme financial hardship. An extreme financial hardship means the proposed repayment schedule would prevent the debtor from meeting the costs necessary for essential subsistence expenses of the debtor, the debtor's spouse, and dependents. Essential subsistence expenses include costs incurred for food, housing, necessary public utilities, clothing, transportation, and medical care. Upon the agency's request, the debtor must submit financial statements in support of a proposed installment payment plan. The agency may enter into installment agreements only when there is sufficient evidence the debtor will be able to abide by the terms of the agreement, including the repayment schedule.</p> <p>If Yes, go to 3.26</p> <p>If No, go to 4</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	3.26	Review Debtor Installment Agreement	<p>MILPAY Clerk/DDO review Debtor Installment Agreement</p> <p>Refer to DoD FMR Volume 16 Chapter 2 Section 0208 Considering and Processing Installment Agreements</p> <p>The DCO/DMO/DCMO must review the proposed installment agreement submitted by the debtor using the criteria set out in paragraph 020801 and must notify the debtor as to whether the proposed agreement is acceptable.</p> <p>General. If the Component determines that the debtor is financially unable to pay a debt in a lump-sum, then the DoD may accept voluntary repayment from the debtor in regular installments, rather than proceeding with collection by an involuntary salary or administrative offset. Installment agreements must be in writing as specified in DoD FMR Volume 16 Chapter 2 Paragraph 020802. DCOs must include a copy of a voluntary repayment agreement in the debt notification issued to the debtor.</p> <p>Amount of Installment Payment for Individual Debt. The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. Installment payments should be at least \$50 per month unless a debtor can prove financial hardship. The installment payments should be sufficient in size and frequency to liquidate the debt in 3 years or less; however, a greater amount of time may be appropriate based on the size of the debt and the debtor's ability to repay. An installment payment plan is typically only appropriate if the total debt amount is at least 5 percent of the individual's annual disposable pay. Unless voluntarily agreed to by the debtor, the amount of the installment payments from an individual's current pay or salary must not exceed the offset percentages established in DoD FMR Volume 16 Chapter 2 Subparagraph 020902.C.</p> <p>The DCO must obtain signed, legally enforceable, written installment agreements (such as a Voluntary Repayment Agreement or Promissory Note) from the debtor. Such agreements must specify the terms agreed upon by the parties, including terms governing the assessment of IPA charges. The agreement must contain a provision for accelerating the debt, which requires that the remaining debt balance be due and payable immediately upon the debtor's default on the agreement. The agreement must state that the DCO will require the debtor to submit financial statements annually, as necessary, whenever the repayment period exceeds 3 years.</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	3.27	Is Installment Agreement acceptable?	<p>Is Installment Agreement acceptable?</p> <p>If Yes, go to 4</p> <p>Receipt of an Acceptable Agreement. After receiving a signed agreement, the DCO will begin collecting the debt pursuant to the agreement. If requested by the debtor, and agreed to by the agency, the remittance may be deferred for up to 2 pay periods with the agreement adjusted to reflect that deferral.</p> <p>If No, go to 3.28</p>
	3.28	Notify Debtor of unacceptable Installment Agreement proposal	<p>MILPAY Clerk/DDO notify Debtor of unacceptable Installment Agreement proposal</p> <p>If the DCO determines a proposed repayment agreement submitted by an individual debtor is unacceptable, then the DCO must notify the individual debtor in writing. The debtor will then have 30 days from the date of the written notice to request a special review by the DCO or file a petition for a hearing under DoD FMR Volume 16 Chapter 4, Paragraph 040202.</p>
	3.29	Resolve Installment Agreement with Debtor	MILPAY Clerk/DDO resolve Installment Agreement dispute with Debtor

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	4	Process Collections and Clear Suspense	<p>Process Collections and Clear Suspense</p> <p>The following are the most common recovery tools or methods of collection used to collect debts owed to the DoD:</p> <p>A. Voluntary Repayment or Voluntary Offset</p> <ul style="list-style-type: none"> Cash Repayment Payroll Deductions (Salary Offset) <ul style="list-style-type: none"> One Time/Lump Sum Deduction (Salary Offset) Installment Deductions (Salary Offset) <p>B. Involuntary Repayment by Salary Offset.</p> <p>C. Administrative Offset.</p> <ul style="list-style-type: none"> · Refer to DoD FMR Volume 16 Chapter 3 Section 0302 Collection of Debt from Current, Separating, Transferring and Retired DoD Civilian Employees · Refer to DoD FMR Volume 16 Chapter 3 Section 0303 Collection of Debt from Active and Reserve Members · Refer to DoD FMR Volume 16 Chapter 3 Section 0304 Collection of Debt from Military Retirees and SBP Annuitants · Refer to DoD FMR Volume 16 Chapter 3 Section 0305 Collection of Debt from Former Employees, Former Members and Other Non-DoD Related Debtors <p>Due Process Procedures: Before initiating any collection action the Debtor will be given at least 30 days written notice of the indebtedness. These procedures do not apply when the Debtor has previously consented to the collection of the debt.</p> <p>If Debtor fails to make remittance or exercise rights, usually within 30 days from the date of the Debt Notification Letter, the debt will be deducted from the next available payroll check.</p> <p>The DCO must document all debt collection activities, including how the debt was established, due process procedures, installment payment plan agreements, any collection activity and/or the basis for debt compromise, suspension, or termination of collection action. The DCO must also document bankruptcy activity if applicable. Documentation should be retained in individual debtor files and provided to the office responsible for recording and reporting of the related accounts receivable.</p>
	4.1	Does Indebtedness need to be referred to DFAS for Administrative Offset?	<p>Does Indebtedness need to be referred to DFAS for Administrative Offset?</p> <p>If Yes, go to 4.2</p> <p>If No, go to 4.3</p>
	4.2	Refer debt to DFAS for Administrative Offset	<p>DDO refers debt to DFAS for Administrative Offset.</p> <p>Follow procedures previously outlined in Step 2.16 to refer debt to DFAS for administrative offset.</p> <p>Go to 2.16</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	4.3	Determine Method of Remittance	<p>DDO determines Method of Remittance</p> <p>Voluntary or Involuntary</p> <p>DCOs may initiate salary offset to collect indebtedness by installment deductions under 5 U.S.C. § 5514 for debtors who are receiving pay from the DoD. This statute authorizes the involuntary collection of indebtedness of Service Members, DoD civilian employees, and Non-appropriated Fund Instrumentality (NAFI) employees from their current pay or salary accounts. Use 5 U.S.C. § 5514 as the authority for salary offset when offset is not authorized or required by other more specific statutes.</p> <p>Lump Sum or Installment</p> <p>Lump-sum repayment in full is the preferred method of collection. DCOs must encourage debtors to repay their debts through lump-sum payments by EFT (for military personnel and contractors), personal check, money order, or via Pay.Gov. Lump-sum collections by offset from current pay or salary cannot exceed the percentages specified in DoD FMR Volume 16 Chapter 2 Subparagraph 020902.C or any other applicable regulation, unless voluntarily agreed to by the debtor.</p> <p>Installment by Payroll (Salary Offset) or Cash Repayment. Individuals may make installment payments through payroll deductions or by submitting cash repayments on a monthly basis or each pay period. Cash repayment includes payments by EFT, personal check, money order, or another negotiable instrument. Any amount remaining unpaid at the time of separation or retirement will be collected from final lump-sum payments of any nature, such as final salary, lump-sum leave, and/or bonuses.</p> <p>Voluntary Cash Collection or Voluntary/Involuntary Payroll Deduction</p> <p>If Check/Cash Collection, go to 4.4 If Payroll Deduction, go to 4.5</p>
	4.4	Process cash collection	<p>DDO processes voluntary cash collection in accordance with approved Debtor Installment Agreement and Navy DJMS PTG procedures.</p> <p>DDO receives Debtor's check and deposits via OTCNET (DFFRS).</p> <ol style="list-style-type: none"> 1. Cash Collection of the Entire Amount. 2. Cash Collection for Partial Amount with Remainder by Installment. 3. Cash Collection for Partial Amount with Remainder by One-Time Pay Checkage.

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	4.4.3	Prepare and submit reports to update debt in MMPA	<p>MILPAY Clerk/DDO prepare and submit reports to update debt in MMPA</p> <p>Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built-in management design control activities to ensure that all transactions are properly completed and accurately recorded.</p> <p>MILPAY will prepare and submit a C203-REPORT COLLECTIONS APPLIED TO MEMBER'S INDEBTEDNESS transaction to post the cash collection on the MMPA. MILPAY will also submit a C903-REPORT COLLECTION VOUCHER TOTAL transaction for voucher balancing.</p> <p>Note 1: Note: MILPAY Clerk may also be required to update the suspense in additional system (e.g., WINIATS for Travel Debt)</p> <p>Note 2: For Cash Collection for Partial Amount with Remainder by One-Time Pay Checkage MILPAY will also process DQ04-CHANGE OVERPAYMENT PAY AND ALLOWANCES transaction to adjust the repay amount of the DQ entry.</p>
	4.4.5	Has Debt been repaid?	<p>Has Debt been repaid?</p> <p>If Yes, go to Stop If No, go to 4.4.6</p>
	4.4.6	Will Remainder of debt be collected through Pay Checkage?	<p>Will Remainder of debt be collected through Pay Checkage?</p> <p>If Yes, go to 4.5</p> <p>If No, go to 4.4.1 (Process subsequent Check/Cash Collection Installment)</p>

ROLE	STEP #	FLOW TEXT	ADDITIONAL TEXT
DDO	4.6	Process payroll deduction in NSIPS/DMO	<p>DDO (MILPAY Clerk/Lead) processes payroll deduction in NSIPS/DMO in accordance with authorized salary offsets and Navy DJMS PTG procedures.</p> <p>Important Internal Control Action: MMPA verification steps within this SOP reflect important internal control actions that cannot be over-emphasized. This applies to the entire transaction process from its initiation and authorization through the final verification of the proper processing of the transaction in summary records. These particular SOP process steps are built-in management design control activities to ensure that all transactions are properly completed and accurately recorded.</p> <p>Refer to Navy Procedures Training Guide: Part 7 Deductions and Collections Chapter 7: Indebtedness to process applicable Debt Collection Transaction on the Master Military Pay Account (MMPA).</p> <p>A. Indebtedness Categories on the Master Military Pay Account (MMPA).</p> <ul style="list-style-type: none"> • DF - Fines and Forfeitures: Although fines and forfeitures are not considered debts, a DF entry is systematically generated to reflect the fine or forfeiture. • DG - Government Property Lost or Damaged: A DG debt transaction is submitted by MILPAY when a member is held pecuniary liable for government property which is lost, damaged, or destroyed. • DQ - Overpayment of Pay and Allowances: A DQ debt entry will be systematically generated when an entitlement is stopped or changed retroactively. A DQ debt transaction will be submitted by MILPAY to post a period of non-entitlement for pay and allowances (e.g., checkage for Career Sea Pay). • DS - Miscellaneous: A DS transaction will be submitted for any other debts that do not fall into any other categories. The entry in the "INDBT-TYPE" field indicates the type of debt. • DV - Repay Advance Pays: A DV entry is systematically generated to reflect the repay schedule of an advance pay entry. • DW - Casual and Partial Payment: A DW debt entry is systematically generated when a partial or casual payment exceeds net pay. When pay is available, the DW will automatically collect what is available until the debt is satisfied. <p>B. Debt Action Indicators:</p> <ul style="list-style-type: none"> • 01 - Start: Used to post the initial entry for a DG, DQ or DS debt. • 02 - Stop: Used to stop a DG or DS debt. • 04 - Change: Used to change the repayment amount for DG, DQ, DS or DV debt entries. • 05 - Correct: Used to correct the original amount of an indebtedness. NOTE: A system generated debt cannot be corrected. • 06 - Cancel: Used when determination has been made that the debt is erroneous and posted in error. NOTE: A system generated debt cannot be canceled. • 18 - Suspend: Used when a member files a waiver or remission application. • 20 - Resume: Used when waiver/remission is denied or to restart collection action of a suspended debt. • 21 - Remit: Used when waiver/remission is partially or fully approved. (DFAS-CL use only.)