

ATTN: Deputy Chief Financial Officer, 1500 Pennsylvania Avenue, NW., Attention: Metropolitan Square, Room 6228, Washington, DC 20220. The Deputy Chief Financial Officer will forward the request to the appropriate Treasury entity for processing in accordance with this subpart C.

(d) *Incomplete certification.* A Treasury entity will return an incomplete debt certification to the creditor agency with notice that the creditor agency must comply with paragraph (b) of this section before action will be taken to collect a debt from a payment issued by a Treasury entity.

(e) *Review.* A Treasury entity is not authorized to review the merits of the creditor agency's determination with respect to the amount or validity of the debt certified by the creditor agency.

(f) *When Treasury entities will not comply with offset request.* A Treasury entity will comply with the offset request of another agency unless the Treasury entity determines that the offset would not be in the best interests of the United States, or would otherwise be contrary to law.

(g) *Multiple debts.* When two or more creditor agencies are seeking offsets from payments made to the same person, or when two or more debts are owed to a single creditor agency, the Treasury entity that has been asked to offset the payments may determine the order in which the debts will be collected or whether one or more debts should be collected by offset simultaneously.

(h) *Priority of debts owed to Treasury entity.* For purposes of this section, debts owed to a Treasury entity generally take precedence over debts owed to other agencies. The Treasury entity that has been asked to offset the payments may determine whether to pay debts owed to other agencies before paying a debt owed to a Treasury entity. The Treasury entity that has been asked to offset the payments will determine the order in which the debts will be collected based on the best interests of the United States.

§ 5.21 What does a Treasury entity do upon receipt of a request to offset the salary of a Treasury entity employee to collect a debt owed by the employee to another Federal agency?

(a) *Notice to the Treasury employee.* When a Treasury entity receives proper certification of a debt owed by one of its employees, the Treasury entity will begin deductions from the employee's pay at the next officially established pay interval. The Treasury entity will send a written notice to the employee indicating that a certified debt claim has been received from the creditor agency, the amount of the debt claimed to be owed by the creditor agency, the date deductions from salary will begin, and the amount of such deductions.

(b) *Amount of deductions from Treasury employee's salary.* The amount deducted under § 5.20(b) of this part will be the lesser of the amount of the debt certified by the creditor agency or an amount up to 15% of the debtor's disposable pay. Deductions shall continue until the Treasury entity knows that the debt is paid in full or until otherwise instructed by the creditor agency. Alternatively, the amount offset may be an amount agreed upon, in writing, by the debtor and the creditor agency. See § 5.12(g) (salary offset process).

(c) *When the debtor is no longer employed by the Treasury entity—(1) Offset of final and subsequent payments.* If a Treasury entity employee retires or resigns or if his or her employment ends before collection of the debt is complete, the Treasury entity will continue to offset, under 31 U.S.C. 3716, up to 100% of an employee's subsequent payments until the debt is paid or otherwise resolved. Such payments include a debtor's final salary payment, lump-sum leave payment, and other payments payable to the debtor by the Treasury entity. See 31 U.S.C. 3716 and 5 CFR 550.1104(1) and 550.1104(m).

(2) *Notice to the creditor agency.* If the employee is separated from the Treasury entity before the debt is paid in full, the Treasury entity will certify to the creditor agency the total amount of its collection. If the Treasury entity is aware that the employee is entitled to payments from the Civil Service Retirement and Disability Fund, Federal

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Employee Retirement System, or other similar payments, the Treasury entity will provide written notice to the agency making such payments that the debtor owes a debt (including the amount) and that the provisions of 5 CFR 550.1109 have been fully complied with. The creditor agency is responsible for submitting a certified claim to the agency responsible for making such payments before collection may begin. Generally, creditor agencies will collect such monies through the Treasury Offset Program as described in §5.9(c) of this part.

(3) *Notice to the debtor.* The Treasury entity will provide to the debtor a copy of any notices sent to the creditor agency under paragraph (c)(2) of this section.

(d) *When the debtor transfers to another Federal agency—(1) Notice to the creditor agency.* If the debtor transfers to another Federal agency before the debt is paid in full, the Treasury entity will notify the creditor agency and will certify the total amount of its collection on the debt. The Treasury entity will provide a copy of the certification to the creditor agency. The creditor agency is responsible for submitting a certified claim to the debtor's new employing agency before collection may begin.

(2) *Notice to the debtor.* The Treasury entity will provide to the debtor a copy of any notices and certifications sent to the creditor agency under paragraph (d)(1) of this section.

(e) *Request for hearing official.* A Treasury entity will provide a hearing official upon the creditor agency's request with respect to a Treasury entity employee. *See* 5 CFR 550.1107(a).

APPENDIX A TO PART 5—TREASURY DIRECTIVE 34-01—WAIVING CLAIMS AGAINST TREASURY EMPLOYEES FOR ERRONEOUS PAYMENTS

TREASURY DIRECTIVE 34-01

Date: July 12, 2000.

Sunset Review: July 12, 2004.

Subject: Waiving Claims Against Treasury Employees for Erroneous Payments.

1. Purpose

This Directive establishes the Department of the Treasury's policies and procedures for waiving claims by the Government against

an employee for erroneous payments of: (1) Pay and allowances (*e.g.*, health and life insurance) and (2) travel, transportation, and relocation expenses and allowances.

2. Background

a. 5 U.S.C. §5584 authorizes the waiver of claims by the United States in whole or in part against an employee arising out of erroneous payments of pay and allowances, travel, transportation, and relocation expenses and allowances. A waiver may be considered when collection of the claim would be against equity and good conscience and not in the best interest of the United States provided that there does not exist, in connection with the claim, an indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or any other person having an interest in obtaining a waiver of the claim.

b. The General Accounting Office Act of 1996 (Pub. L. 104-316), Title I, §103(d), enacted October 19, 1996, amended 5 U.S.C. §5584 by transferring the authority to waive claims for erroneous payments exceeding \$1,500 from the Comptroller General of the United States to the Office of Management and Budget (OMB). OMB subsequently redelegated this waiver authority to the executive agency that made the erroneous payment. The authority to waive claims not exceeding \$1,500, which was vested in the head of each agency prior to the enactment of Pub. L. 104-316, was unaffected by the Act.

c. 5 U.S.C. §5514 authorizes the head of each agency, upon a determination that an employee is indebted to the United States for debts to which the United States is entitled to be repaid at the time of the determination, to deduct up to 15%, or a greater amount if agreed to by the employee, from the employee's pay at officially established pay intervals in order to repay the debt.

3. Delegation

a. The Deputy Assistant Secretary (Administration), the heads of bureaus, the Inspector General, and the Inspector General for Tax Administration are delegated the authority to waive, in whole or in part, a claim of the United States against an employee for an erroneous payment of pay and allowances, travel, transportation, and relocation expenses and allowances, aggregating less than \$5,000 per claim, in accordance with the limitations and standards in 5 U.S.C. §5584.

b. Treasury's Deputy Chief Financial Officer is delegated the authority to waive, in whole or in part, a claim of the United States against an employee for an erroneous payment of pay and allowances, travel, transportation, and relocation expenses and allowances, aggregating \$5,000 or more per claim, in accordance with the limitations and standards in 5 U.S.C. §5584.