

Directive 491.3  
3/21/74

Reporting and Collecting Amounts Owed the  
Government by Employees Due to Salary Overpayments

I PURPOSE

This Instruction contains procedures for:

A Reporting to the National Finance Center (NFC) amounts owed the Government by employees due to salary overpayments, and

B Recovering salary overpayments from employees of the Agricultural Marketing Service (AMS).

NOTE: AMS Instruction 491-2, Waiver of Claims for Erroneous Payment of Pay or Allowances, sets forth conditions for consideration of waiving claims against employees for salary overpayment. AMS Instruction 494-1, Uncollectible Debts Due the Federal Government, contains information on claims collections of sums owed by employees for other than salary overpayments.

II GENERAL

A debt owed the Government by an AMS employee due to a salary overpayment may be collected by deductions from his pay. Such deductions will be made by the NFC.

III REPORTING SALARY OVERPAYMENTS

A Employees who receive an overpayment of salary are responsible for reporting the circumstance as soon as possible to their supervisors who, in turn, must immediately notify the Administrative Officer.

B Administrative Officers shall, when notified of a salary overpayment, attempt to determine the cause of the error.

- 1 If caused by an incorrect Time and Attendance (T&A) Report, instruct the timekeeper to submit a corrected T&A report (see Section IV A).
- 2 If caused by some other action, or if the cause cannot be determined, notify the Employment and Qualifications Branch, Personnel (PE) Division.

IV SUBMISSION OF CORRECTED DOCUMENTS

A T&A Reports. When the salary overpayment is less than 10 percent of the employee's normal net pay and was caused by the submission of an incorrect T&A report, the timekeeper shall send a corrected T&A report through the T&A Contact Point to the NFC.

- 1 The corrected T&A report must be prepared and submitted in the pay period immediately after the one for which the employee was overpaid. Otherwise, a corrected T&A report should not be submitted, but the PE Division must be notified to effect collection.
- 2 If a corrected T&A report is not submitted, the timekeeper should annotate corrections on the office copy of the erroneous report and inform the employee.

B Personnel Documents. When the salary overpayment was caused by the submission of incorrect personnel documents, or cannot be corrected by submitting a corrected T&A report, the PE Division shall send the appropriate correcting documents to the NFC.

V EFFECTING COLLECTION

A Tolerance Levels. Except as provided in Section IV A, no attempt will be made to collect a salary overpayment of less than:

- 1 \$5 to a current employee.
- 2 \$10 to a former employee, unless a final salary or lump-sum payment has not been disbursed.

B Minor Amounts.

1 Adjustments which do not exceed 10 percent of an employee's normal net pay may be deducted during a subsequent pay period by the NFC (see Section IV above).

2 Receipt by the employee of a pay change slip or similar form will satisfy the requirement that he be notified in writing of the collection action and the reason therefor.

C Other Amounts. When an amount more than 10 percent of an employee's normal net pay is to be collected, the PE Division shall attempt to develop a repayment agreement with the employee.

1 The amount to be deducted from the employee's salary during any specific pay period shall not exceed an amount equal to two-thirds of the basic pay, unless deduction of a larger amount is necessary to effect collection of an unpaid balance from amounts due an employee separating or retiring from the Federal Service.

2 The employee will be provided a copy of a report of the facts and the repayment agreement.

3 If the employee concurs with the agreement, a copy will be sent to the NFC for implementation.

4 If the employee does not concur with the agreement, he shall, be informed that he will be allowed two weeks from the date he receives the report and proposed agreement to submit a written protest through the Director, PE Division, to the Administrator.

a If the Administrator and the employee cannot reach an agreement, the issue will be submitted by the Financial Services (FS) Division to the Office of Management and Finance for transmittal to the Assistant Secretary for Administration.

b The Assistant Secretary can authorize the NFC to deduct amounts to liquidate the indebtedness over any period of time he deems reasonable.

c If the employee does not submit a written protest within two weeks of receiving the report and proposed agreement, the PE Division will send a copy of the proposed agreement to the NFC for implementation.

E Separated and Retired Employees. If the NFC cannot collect the full indebtedness from the final salary or lump-sum payments of separated or retired employees, the NFC will:

- 1 Solicit a cash repayment from the former employee.
- 2 Notify the Civil Service Commission to flag the employee's retirement record for possible attachment of funds.
- 3 Refer the case to the Fiscal Services Branch, FS Division.

The Fiscal Services Branch will continue collection efforts, excuse the indebtedness, or refer the case to the General Accounting Office (GAO), as appropriate.

VI CLAIMS FOR ERRONEOUS DEDUCTIONS

A The FS Division shall inform the employee of his right to make a claim through the Claims Division, GAO, or the Court of Claims, if he believes any deductions authorized to be erroneous.

B Employees may file a request for waiver of collection of salary overpayment as set forth in AMS Instruction 491-2.

Richard P. Bartlett, Jr.  
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