

VA Financial Policies and Procedures  
Benefit Debts

CHAPTER 6

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## **0601 OVERVIEW**

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures relating to the collection of benefit debts owed to VA as a result of participating in VA-administered benefit programs (e.g., home loan debts, medical care debts, Homeless Providers Grant/Per Diem). Title 38 U.S.C. 5314 and various decisions by the U.S. Court of Appeals for Veterans Claims give claimants the right to dispute the existence and/or amount of a VA benefit debt and to request a waiver of the debt at the same time. The term “benefits,” as used in this chapter, excludes any benefit associated with being a Federal employee (e.g., Federal health benefits, overpayment of pay and allowance).

**060101 AUTHORITY FOR BENEFIT DEBT.** In accordance with 38 U.S.C. 5314, the Secretary is authorized to deduct the amount of indebtedness from any future payments made to a claimant who has been determined to be indebted to the United States by virtue of such person's participation in a benefits program administered by VA, unless the Secretary waives such recovery. Title 38 C.F.R. 1.911 governs the collection of debts associated with debts owed by reason of participation in a benefit program administered by VA.

**060102 ACTIONS FOR BENEFIT DEBT.** VA will provide claimants who owe money to VA from participating in VA benefit programs with notification of the amount of indebtedness due, their due process rights, and remedies relating to the existence of the indebtedness. VA may compromise, waive, suspend, offset, refer or terminate a benefit debt, if VA is not able to recover the debt from either lump sum or installment payments.

## **0602 POLICIES**

**060201 AUTHORITY FOR BENEFIT DEBT.**

A. VA will notify debtors of their rights to informally dispute the existence or amount of the benefit indebtedness, submit a request for waiver of the debt collection, request a hearing on the waiver request and appeal VA's decision underlying the debt.

B. VA will provide a debtor who, within 30 days of the date of the initial Notice of Indebtedness (NOI), disputes the debt, either separately or in conjunction with his/her right to request a waiver, an initial administrative determination of the correctness of the debt before any deductions to recover the debt can be made from future benefit payments.

C. VA will assess interest and/or administrative costs on any amount owed to the United States for an indebtedness resulting from a person's participation in a benefits program administered by VA in accordance with 38 U.S.C. 5315 and 38 C.F.R. 1.915.<sup>1</sup>

**060202 ACTIONS FOR BENEFIT DEBT.**

A. VA will promptly issue a written Notice of Indebtedness (NOI) demanding payment of debts when it has confirmed such debts exist and advise the debtor of his/her rights and remedies, along with the consequences of failure to cooperate with collection efforts.

B. VA will undertake similar actions in the debt collection process when lump-sum or installment payments do not liquidate the debts in their entirety. Such actions include compromise, waiver, suspension, referral, enforced collection and, if necessary, termination of benefit debts.

**0603 AUTHORITY AND REFERENCES**

[060301 31 U.S.C. 3711a, Collection and Compromise](#)

[060302 31 U.S.C. 3716, Administrative Offset](#)

[060303 38 U.S.C. 53, Special Provisions Relating to Benefits](#)

[060304 38 U.S.C. 5302, Waiver of Recovery of Claims by the United States](#)

[060305 38 U.S.C. 5314, Indebtedness Offsets](#)

[060306 38 U.S.C. 5315, Interest and Administrative Cost Charges on Delinquent Payments of Certain Amounts due the United States](#)

[060307 38 C.F.R. 1.900-1.907, Standards for Collection, Compromise, Suspension or Termination of Collection Effort and Referral of Civil Claims for Money or Property](#)

[060308 38 C.F.R. 1.910-1.929, Standards for Collection of Claims](#)

[060309 38 C.F.R. 1.930-1.936, Standards for Compromise of Claims](#)

[060310 38 C.F.R. 1.940-1.944, Standards for Suspending or Terminating Collection Action](#)

[060311 38 C.F.R. 1.950-1.970, Referrals to GAO, Department of Justice or IRS](#)

[060312 38 C.F.R. 1.980-1.995, Current Salary Offset Provisions](#)

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<sup>1</sup> In a July 1992 decision, VA's then Deputy Secretary decided that VA would not charge interest on compensation and pension debts. This decision continues to be VA policy and is reported annually in VA's notes to its Consolidated Financial Statements.

[060313 38 C.F.R. 19—Board of Veterans' Appeals: Appeals Regulations](#)

[060314 38 C.F.R. 20—Board of Veterans' Appeals: Rules of Practice](#)

## **0604 ROLES AND RESPONSIBILITIES**

060401 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Specific responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

060402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Finance Officers, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

060403 The Committee on Waivers and Compromises (COWC) is a decision-making body which is composed of one to three members, depending upon the size of the debt and whether a two-member panel is able to reach a unanimous decision on a request for a waiver. The COWC is under the direction of and authority vested in, the Director of a regional office. For more information on the regional office COWC, refer to 38 C.F.R. 1.955.

060404 The Debt Management Center (DMC) located in St Paul, MN, is responsible for collecting debts resulting from an individual's participation in VA's education, pension or disability compensation programs within the DMC's jurisdiction. The DMC consults with Veterans and their families in the management and liquidation of their benefit debts.

060405 VA's regional offices are responsible for collecting debts under their stations' jurisdiction (e.g., Chapter 32, Reinstatement Entitlement Program for Survivors).

060406 The Regional Counsel (RC)<sup>2</sup> and designated staff attorneys are authorized, in any matter within the jurisdiction of the VA General Counsel, delegated or otherwise assigned, to conduct investigations, examine witnesses, take affidavits, administer oaths and affirmations and certify copies of public or private documents. The RC is authorized to and will, under the guidance of the General Counsel, provide legal services, advice and assistance to VA installations within the region assigned. In any area of regulatory, assigned or delegated responsibility, the RC may delegate to staff members or other VA attorneys authority to perform, to the extent specified, any legal

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<sup>2</sup> Refer to 38 C.F.R. 14.501, "*Functions and Responsibilities of Regional Counsels*," for additional information related to the RC.

function under the professional direction of the RC. The RC may modify, suspend or rescind any delegated authority.

060407 The Board of Veterans' Appeals (BVA)<sup>3</sup> reviews benefits claim determinations made by local VA offices and issues decisions on appeals of those determinations. As part of this process, BVA reviews waiver determinations made by the COWC on benefit debts, as well as waiver determinations made by any VHA Chief of the Finance Activity concerning medical or pharmacy co-payment debts. BVA members include Veterans Law Judges who are attorneys experienced in Veteran laws and in reviewing benefit claims. They are the only ones who may issue BVA decisions. For more information on BVA, refer to 38 U.S.C. 7101-7104.

## **0605 PROCEDURES**

### **060501 AUTHORITY FOR BENEFIT DEBT.**

A. VA will inform the debtor of his/her legal rights to dispute the existence or amount of the debt or request a waiver of the debt. In this regard, the debtor may request a hearing not only when seeking an initial waiver of the debt, but also when appealing a determination to deny the waiver request.

1. VA will review the accuracy of the debt as expeditiously as possible, if the debtor disputes the debt.
2. VA will advise the debtor of the results of the review decision. If the decision is adverse to the debtor, VA will provide the debtor with the opportunity for a hearing, as authorized in accordance with 38 C.F.R. 1.966(a) or to appeal the review decision (38 C.F.R. Parts 19 and 20).
3. VA will conduct a hearing for the debtor if the debtor files a written waiver request and requests a hearing on the waiver. A waiver request must be filed "within 180 days from the date of the NOI by VA to the payee or within such longer period as VA determines is reasonable in a case in which the payee demonstrates to the satisfaction of VA that such notification was not actually received by such payee within a reasonable period after such date" (38 U.S.C. 5302). If waiver is granted, in whole or in part, the debtor has a right to a refund of amounts already collected up to the amount waived.
4. VA will provide the debtor an opportunity for a hearing before BVA on his/her appeal of the benefit debt decision in accordance with 38 C.F.R. Parts 19 and 20.

B. VA will provide an administrative determination of how it derived the benefit debt both in terms of existence and amount. VA will complete the following actions to address the debtor's dispute or waiver request:

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<sup>3</sup> Refer to Chapter 71 of title 38 U.S.C., "*Board of Veterans' Appeals*," for additional information on the BVA.

1. When a debtor disputes a debt and requests waiver at the same time, a verification audit/analysis of the debt will be immediately prepared, sent to the debtor and a copy placed in the claims folder/loan docket. A copy should also be attached to the waiver request delivered to the COWC.

a. The DMC will verify the existence and amount of benefit debts maintained in the Centralized Accounts Receivable System (CARS) except for loan guaranty debts.<sup>4</sup> If the DMC does not have sufficient data to prepare an audit, the appropriate VBA regional Office of Finance Activity will be asked to prepare an audit on debts it maintains in CARS.

2. Offset of benefits will not commence if the debtor disputes the debt in writing within 30 days from the date of the first demand for repayment. However, once an audit request validates the debt is correct and the audit results have been mailed to the debtor, offset of benefits will not be delayed or deferred unless the debtor also requested a waiver within 30 days of the NOI, in which case offset of benefits will be deferred until the COWC has reached an initial decision to deny the waiver request.

3. Offset of benefits will not be delayed or deferred if correspondence disputing a debt is received more than 30 days after the date of the first demand for repayment, but the debtor will immediately be furnished an audit of the account.

If the audit indicates a debt does not exist or the amount is incorrect, the receivable will be canceled or adjusted accordingly and the claimant will be advised.

C. VA will calculate administrative costs on any amount owed to the United States for any indebtedness resulting from a person's participation in a benefits program administered by VA.

1. VA will calculate interest on all indebtedness to the United States arising out of participation in a VA benefit program under the authority of Title 38 U.S.C.<sup>5</sup>

2. VA will calculate the administrative costs of collection on benefit debts where repayment has become delinquent. Refer to Appendix B in Volume XII, Chapter 1A, *Interest, Administrative Costs & Penalty Charges*, for the computation formula for computing administrative costs.

3. VA will first apply any outstanding administrative cost charges from any amount received to satisfy a debt and then will apply any balance to the principal, unless a different rule is prescribed by statute, contract or other regulation.

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<sup>4</sup> The Loan Guaranty Division is responsible for verifying the existence and amount of loan guaranty debts.

<sup>5</sup> In a July 1992 decision, VA's then Deputy Secretary decided that VA would not charge interest on compensation and pension debts. This decision continues to be VA policy and is reported annually in VA's notes to its Consolidated Financial Statements.

4. VA will waive administrative costs only when the principal of the debt on which they are assessed is waived by a COWC.
5. The Chief of the Finance Activity at the station responsible for the collection of the debt will determine whether to withhold collection of administrative costs, exclusive of collection of the principal of the debt when the collection of costs is determined not to be in the Government's best interest. Such a determination is not within the jurisdiction of a COWC.
6. When a debt is paid in installments, the payments will be applied in accordance with 38 C.F.R. 1.915(e). That is, payments will be applied first to administrative costs, then to the principal.

For more information on administrative costs, refer to Chapter 1A, *Interest, Administrative Costs & Penalty Charges*, of this volume of VA's financial policies and procedures.

#### 060502 ACTIONS FOR BENEFIT DEBT.

A. VA will provide written NOI to the debtor relating to a benefit debt owed as a result of participating in a VA benefit program. The notification is deemed sufficient when sent by ordinary mail, directed to the debtor's last known address and not returned as undeliverable by postal authorities. The NOI includes the following information:

1. The exact amount of the debt.
2. The specific reasons for the debt, in simple and concise language.
3. The right to dispute the debt, request a waiver, including a brief explanation of the concept of and requirements for waiver, or appeal the decision underlying the debt.
4. Collection may be made by offset from current or future VA benefit payments. In addition, the debtor will be advised of any policies with respect to the use of credit bureaus, debt collection centers and collection agencies; any other remedies to enforce payment of the debt, including administrative wage garnishment, Federal salary offset, tax refund offset and litigation; and the requirement that any debt delinquent for more than 180 days be transferred to Treasury for administrative offset or collection.
5. Administrative costs may be assessed, as appropriate.
6. The debtor will have the opportunity to inspect and copy records.
7. The debtor will have the opportunity to enter into a repayment agreement.

B. When either a lump sum payment or installment payments do not liquidate the benefit debt in its entirety, VA will undertake actions such as compromise, waiver,

suspension, referral, enforced collection or, if necessary, termination and write off. Additional information on these other actions is described in chapters corresponding to these types of actions used when benefit debts are not being recovered.

1. *Lump sum or installments.* VA will attempt to use the lump sum payment method as the principal collection approach. Installment payments, as agreed to with the debtor, are the next avenue VA will attempt to use to recover the debt. If repayments become delinquent, VA will assess the debtor with administrative costs.
2. *Compromises.* The Chief of the Finance Activity, except for home loan debts under 38 U.S.C. Chapter 37, has the authority to reject any compromise offer on all benefit debts up to \$1,000, exclusive of administrative costs and other charges, regardless of the percentage of the offer, or to accept a compromise offer of over 50 percent of the indebtedness. The Chief may also recommend that the COWC accept a compromise offer of less than 50 percent of the indebtedness.
3. *Waivers.* The Chief of the Finance Activity will refer a request for waiver to the COWC when the debtor or his/her representative requests a waiver or when circumstances warrant such referral. The COWC may waive benefit debts arising as a result of participation in a benefit program administered by VA in accordance with 38 U.S.C. 5302.
  - a. The COWC will review the waiver request from the debtor and, if the request has been made within 30 days from the date of notification, VA will not commence any offset until the COWC has made an initial decision on waiver.
    - (1) If the waiver request is approved, VA will advise the debtor that no collection action will be taken on the debt.
    - (2) If the waiver request is rejected, VA will advise the debtor of the decision on both the validity of the debt and the waiver issues, and the debtor will be informed of his/her right to appeal.
      - (a) If a debtor files a Notice of Disagreement (NOD), the case should be immediately referred to the COWC of jurisdiction for review and possible development of a Statement of the Case (SOC). The SOC will address the reasons for not waiving the debt, provide a summary of the evidence pertinent to the issue(s) with which disagreement has been expressed, cite pertinent laws and regulations and how they affect the decision, and address the decision on each issue and the reasons for such decision.
  - b. If the debtor's waiver request is not received within the 30 day period, but within the timeframe for waiver consideration (180 days for benefit debts), VA will consider the waiver request and inform the debtor that collection action will continue, including any offset from VA benefit payments, until such time as the waiver request has been

approved by VA. An offset will continue until a waiver request is subsequently approved on appeal. If the request continues to be denied, collection will continue.

- (1) If the waiver request is approved, VA will refund any money previously collected.
- (2) If the waiver request is not fully approved, VA will advise the debtor of the BVA decision on both the validity of the debt and the waiver issues and will inform the debtor of his/her right to appeal.
- (3) If the waiver request is rejected, VA will continue to withhold money from the debtor.

c. VA will advise debtors in writing of the acceptance or rejection of their waiver requests with an explanation of the possible effects of a waiver acceptance on future amounts available for any benefit entitlement (e.g., education benefits).

d. VA will not waive any recovery of any payment or the collection of any indebtedness if VA suspects there exists in connection with the claim for such waiver an indication of fraud, misrepresentation or bad faith on the part of the person or persons having an interest in obtaining a waiver of such recovery or the collection of such indebtedness.

e. For additional information on waivers, refer to Chapter 1B, *Waiver of Debts*, in this volume of VA's financial policies and procedures.

4. *Suspensions*. VA, specifically the DMC, will suspend collection action of a benefit debt under its jurisdiction, if appropriate, upon receipt of a notice from the regional office's Chief of the Finance Activity that a waiver request was referred to the COWC.

a. The exercise of any rights in 060501A will not result in the suspension of any collection action, except in the case of collection by offset (38 C.F.R. 1.912a.)

b. For additional information on suspensions, refer to Chapter 1H, *Suspension of Collection Action*, in this volume of VA's financial policies and procedures.

5. *Offsets*. VA may collect benefit debts by offset against future payments made to the debtor under any law administered by VA (38 U.S.C. 5314). The offset from a benefit payment will commence promptly after notification to the debtor except in certain circumstances identified in 38 C.F.R. 1.912a(c) and (d).

a. The notification letter will advise the debtor of any policies with respect to the use of credit bureaus, debt collection centers and collection agencies; any other remedies to enforce payment of the debt, including administrative wage garnishment, Federal salary offset, tax refund offset and litigation; and the requirement that any debt delinquent for more than 180 days be transferred to Treasury for administrative offset or collection.

For more information on specific offset functions, refer to Appendix A, Offset Scenarios, and for additional information on benefit offsets, refer to Chapter 1, *VA Debt Collection Standards*.

6. *Referrals to Treasury*. VA must refer benefit debts that have been delinquent for 180 days or more for collection action to the Treasury Offset Program (TOP) and Treasury Cross Servicing for collection by administrative offset from any eligible Federal payment due to debtors.

a. VA will notify a debtor by first class mail at least 60 days in advance of referring the account to TOP. The notification allows the debtor another opportunity to pay the debt or contest the validity of the debt if he or she has not already done so.

b. For additional information on referrals to Treasury, refer to Chapter 1E, *Treasury Offset Program and Treasury Cross Servicing*, in this volume of VA's financial policies and procedures.

7. *Enforced Collections*. VA has the authority to directly refer qualified debts, arising under its compensation, pension, education assistance, educational loan, mortgage loan and medical care programs, to the Department of Justice (DOJ) for enforced collection through litigation.

a. Debts in dispute are not to be referred for enforced collection to private collection contractors or to the Treasury for administrative offset or cross-servicing until the dispute and any waiver request and appeal are settled. If a case is disputed or a waiver is requested timely, but after a litigation referral has been made, VBA must request that the RC provide guidance on how the dispute should be handled. Contracts with private collection contractors and agreements with the Treasury will dictate how such cases are handled when a dispute or waiver is received after referral.

b. For additional information on enforced collection and the delegation of authorities and responsibilities of VA organizations, refer to Chapter 1G, *Referrals for Enforced Collection (Litigation)*, in this volume of VA's financial policies and procedures.

8. *Terminations*. Collection action relating to a benefit debt may be terminated on a claim when it becomes clear VA cannot collect from the debtor and the debt does not meet the criteria for referral to TOP. VA may terminate collection action on debts if the debtor is not receiving VA benefits that can be offset and other conditions exist, such as the debtor having refused to pay.

a. For additional information on terminations and the delegation of authorities and responsibilities of VA organizations, refer to Chapter 1I, *Termination of Collection Action & Debt Close Out*, in this volume of VA's financial policies and procedures.

## **0606 DEFINITIONS**

060601 Administrative Costs. A fixed amount owed by the debtor for each full or partial 30-day period the debt is delinquent.

060602 Benefit Debts. Debts of employees arising out of participation in a VA benefits program (e.g., compensation, education, pension) under authority of title 38 of the U.S. Code, as opposed to personal benefits associated with actual employment (e.g., health and life insurance benefits), home loan debts, medical care debts and Homeless Providers Grant/Per Diem Program).

060603 Claimants. Refers to Veterans or beneficiaries of the Veterans who owe benefit-related debts to VA. The term also includes a Veteran who is a current VA employee.

060604 Compromise. An offer and acceptance of a partial payment in settlement and full satisfaction of the offeror's indebtedness, as it exists at the time the offer is made. It is a final settlement, binding on the parties to the compromise, unless procured by fraud, misrepresentation of a material fact or mutual mistake of fact.

060605 Debts. A claim for money made by or owed to the Government, arising out of activities of VA and including overpayments.

060606 Delinquent. A debt is "delinquent" if it has not been paid by the date specified in VA's initial written demand for payment or applicable agreement or instrument (including a post-delinquency payment agreement), unless other satisfactory payment arrangements have been made.

060607 Dispute. Right of a debtor to contest the legitimacy of a debt, both as to its existence and its amount.

060608 Due Process. Notice and process provided by VA to Veterans, beneficiaries and employees regarding VA's debt collection process.

060609 Enforced Collections (Litigation). The referral of a delinquent debt to the Regional Counsel or the Department of Justice for collection through litigation.

060610 Notice of Disagreement (NOD). Correspondence from a Veteran or beneficiary or the representative of a Veteran or beneficiary indicating a disagreement with a decision to deny waiver or grant a partial waiver and a desire to contest the result.

060611 Notice of Indebtedness (NOI). Written communication with the debtor explaining the details of the debt along with the debtor's due process rights, including their right to request a hearing and waiver of the debt. This notice advises the debtor of the timing of repayment and repayment options for paying off the debt, possible course

of action to be taken by VA, and the potential effect of added interest and other late payment charges to the debt.

060612 Offset. The collection of a debt, in part or in full, from monies a debtor is currently receiving or may receive in the future from the Government.

060613 Salary Offset. Mechanism used to collect a debt under 5 U.S.C. 5514 by deduction(s) at one or more officially established pay intervals from the current pay account of any employee.

060614 Statement of the Case (SOC). Written document provided by the COWC to the debtor containing a summary of the evidence pertinent to the debtor's request for waiver, citation to pertinent laws and regulations and a discussion of how such laws and regulations affect the COWC's decision, and a decision on the waiver request and a summary of the reasons for the decision. This document is provided after the COWC receives the debtor's "Notice of Disagreement" and undertakes such development or review action as it deems.

060615 Suspension of Collection Action. Temporary delay of collection actions on a debt owed to VA.

060616 Termination of Collection Action. Refers to a decision made to cease active collection action on a debt, in accordance with criteria set out in the Federal Claims Collection Standards, because such action is not economically worthwhile or is otherwise inappropriate.

060617 Treasury Cross Servicing. Cross-servicing is a referral program consisting of collection tools that include Treasury demand letters, telephone calls to debtors and the use of one or more of the private collection agencies (PCAs) on the Governmentwide contract which function concurrently with the offset.

060618 Treasury Offset Program (TOP). A centralized offset program, administered by Treasury's Financial Management Service (FMS) Debt Management Services (DMS), to collect delinquent debts owed to Federal agencies and States in accordance with 26 U.S.C. 6402(d), collection of debts owed to Federal agencies, and 31 U.S.C. 3720A, reduction of tax refund by amount of the debts and other applicable laws.

060619 Waiver. A decision that conditions exist under the applicable statutes and implementing regulations (38 U.S.C. 5302, 5 U.S.C. 5584, 38 C.F.R. 1.962–1.964, 1.969 and 38 C.F.R. 17.105), which prohibit recovery by VA of the amount paid or overpaid, including interest and other late payment charges.

## **0607 RESCISSIONS**

060701 VA Handbook 4800.2, Dispute Procedures for Benefit Debts (VBA and VHA)

**0608 QUESTIONS**

Questions concerning these financial policies and procedures should be directed as shown below:

VHA	VHA Accounting Policy (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
All Others	OFP Accounting Policy (Outlook)

APPENDIX A

OFFSET SCENARIOS

<i>If...</i>	<i>Then...</i>
The debtor, within 30 days of the date of the notification, disputes, in writing, the existence or amount of the debt in accordance with 38 C.F.R. 1.911(c)(1),	VA will not commence a benefit offset until the dispute is reviewed, as provided in §1.911(c)(1) and unless the resolution is adverse to the debtor.
The debtor requests a waiver of collection in writing within 30 days of the date of notification,	VA will not commence a benefit offset until an initial decision has been made on the waiver request.
Note: VA may commence the benefit offset prior to a decision on the waiver request if collection of the debt would be jeopardized by deferral of the offset. In such case, notification pursuant to 38 C.F.R.1.911(d) will be made at the time offset begins or as soon thereafter as possible.	
A current VA employee has a benefit debt,	VA will advise the employee in writing of the existence and amount of the debt and inform him or her of available rights and remedies.
Note: The notification will indicate the employee has 30 days to pay the debt in full or arrange a satisfactory repayment plan within this time limit or the appropriate payroll activity will be notified to offset current salary. When collecting a benefit debt by periodic offset from VA salary or benefit payments, the amount withheld should be sufficient (subject to statutory limits) to liquidate the debt within the period that such pay or benefit payment is expected to continue.	
A current Veteran-employee has already voluntarily entered into a repayment agreement with VA and payments under such agreement are current (i.e., the debtor has made timely payments every month for the prior 12-month period),	The offset will not be made from final salary, lump-sum leave payment, CSRS or FERS.
The individual eventually reneges on the repayment agreement,	VA will institute its normal collection actions, commencing with a Notice of Indebtedness (NOI), explaining the nature and amount of the debt and the due process rights available.

<i>If...</i>	<i>Then...</i>
<p>Note: As soon as a Veteran begins employment at a field station, the regional office will examine records to determine if a benefit debt exists for this new employee.</p>	
<p>A debt does exist,</p>	<p>The regional office will examine VA's master records pertaining to the Veteran.</p>
<p>The debt is deemed valid and collectible after due process has been completed,</p>	<p>VA will involuntarily offset the debt if a satisfactory repayment plan has not been arranged.</p>
<p>The new employee has a debt under CARS jurisdiction,</p>	<p>The field station should notify the DMC.</p>
<p>A Veteran-employee leaves employment with VA,</p>	<p>The Chief of the Finance Activity in the field station will verify the existence of any benefit indebtedness at that time.</p>
<p>A benefit debt balance remains at the time a Veteran-employee terminates, resigns, retires or is separated from employment and VA has been involuntarily offsetting current salary or benefit payments,</p>	<p>The final salary and/or lump-sum leave payment will be withheld to apply to the debt.</p>
<p>A balance still remains after the withholding of final salary and lump-sum payment,</p>	<p>The balance will normally be recovered through the Treasury Offset Program (TOP), if possible.</p>
<p>Note: Prior to offset of a final salary payment, lump-sum payment, CSRS or FERS payment, VA must ensure the employee has been afforded certain due process rights. These due process rights, however, have already been given to employees who are indebted as a result of their participation in a VA benefit program as part of the standard collection process (38 C.F.R. 1.911). Therefore, such due process need not be duplicated for planned offsets of final salary and/or lump-sum leave payment, if applicable.</p>	
<p>A Veteran-employee has already voluntarily entered into a repayment agreement with VA and payments under such agreement are current (i.e., the debtor has made timely payments every month for the prior 12-month period),</p>	<p>Offset will not be made from final salary, lump sum payment, CSRS or FERS</p>