



Department of Veterans Affairs

Financial Policy

Volume XII

Debt Management

Chapter 11E

Appeals - COWC

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1101 Overview

This chapter establishes the Department of Veteran Affairs’ (VA) financial policies related to the appeal of decisions made by a Committee on Waivers and Compromises (COWC) with respect to debts owed to VA.

The key points covered in this chapter include:

- An appeal must be submitted in writing;
- The claimant or their representative must indicate disagreement with the COWC decision and a desire for appellate review; and
- A new one, two or three-member panel must be assigned to adjudicate the appeal.

1102 Revisions

Section	Revision	Office	Reason for Change	Effective Date
Table of Contents	Reformatted to new policy format	VBA/ORM (241)	Reorganized chapter layout	February 2021
0105 Procedures	Moved procedures to appendices	VBA/ORM (241)	Reorganized chapter layout	February 2021

1103 Definitions

Debt – Money or property owed to VA.

Notice of Disagreement/Reconsideration – A statement in writing from a debtor letting VA know they disagree with the decision made by the COWC.

Waiver – A decision that conditions exist which should result in cancellation, forgiveness, or non-recovery of a debt owed, including interest and other late payment charges assessed on such debts under the applicable statutes and implementing regulations 38 C.F.R. § 1.955, Regional office Committees on Waiver and Compromise, through 38 C.F.R. § 1.969, Revision of waiver decisions, and 38 C.F.R. § 17.105.

1104 Roles and Responsibilities

Under Secretaries, Assistant Secretaries, Chief of the Local Finance Activity, Chief Financial Officer, and Other Key Officials are responsible for ensuring compliance with the policies and procedures outlined in this chapter.

Board of Veterans' Appeals (BVA) is responsible for conducting hearings and deciding appeals.

Chief of the Local Finance Activity is responsible for ensuring compliance with the policies and appropriate procedures which provide guidance for administration of VA's debt collection activities. Any reference to Chief of the Local Financial Activity can also refer to the: Executive Director of the Debt Management Center (DMC), Director of Financial Service Center (FSC) where appropriate, as well as Chief Fiscal Officers in VA Medical Centers, Chief Finance Officers in Regional Offices, and Chief Fiscal Officers in the Consolidated Patient Account Centers (CPAC).

Committee Member is an individual who participates on the panel to review waiver requests and compromise offers. The individual will have special competence and familiarity with one or more of the debts claim areas.

Committee on Waivers and Compromises (COWC) is the decision-making panel composed of one or more members, making decisions on a request for a waiver or compromise. The Committee is under the direction of and has authority vested in the Director of the office of jurisdiction. The Committee will have independent decision-making authority.

Chairperson of the Committee is responsible for executing or certifying any documents pertaining to Committee proceedings. He/she is responsible for maintaining needed records of the transactions of the Committee and preparation of any administrative or other reports required. The Chairperson normally represents the Committee in dealing with other divisions and top management.

Reporting Member is an individual who is designated by the Chairperson to be the presiding officer over a panel.

1105 Policies

110501 General Policies

- A. Debtors have the right to appeal a waiver denial or partial denial. They can also appeal the refusal of a COWC to consider a waiver request because the request was not received within the applicable statutory time limit.
- B. A debtor has two options to appeal. The first option is to file a reconsideration request per conditions under 38 C.F.R. § 1.969(a), with the COWC or by submitting new evidence to refute or rebut the COWC's initial denial decision. The second option is to file VA Form 10812, Notice of Disagreement (NOD), directly with BVA.

COWC has exclusive authority to render a decision on the appeal of a waiver denial

for employee debts governed by 38 C.F.R. § 1.963a(a), so those decisions cannot be appealed to BVA.

- C. The Appeals Modernization Act (AMA) allows debtors with a legacy appeal (i.e., a prior appeal to the COWC) to withdraw from the legacy appeal process and enter the modernized appeals system by filing VA Form 10182 directly with BVA.
- D. In accordance with 38 C.F.R. § 1.958 only COWC waiver decisions are subject to appeal; compromise offer decisions are final and not subject to appeal.
- E. A statement of the case (SOC) shall be prepared by the organization that conducted the hearing for each appeal.
 - 1. The SOC contains a complete summary of evidence and is prepared in accordance with 38 C.F.R. § 19.29, citing pertinent laws and regulations. A narrative format is always used.
 - 2. The SOC does not contain prohibited matter, such as words and phrases contrary to the public interest or detrimental to the Veteran's health or identifying sources of information adverse to the claimant.
 - 3. The SOC reflects the conclusion reached, based on facts and evidence contained in the decision, and the reasons for the decision are clearly and properly set forth.

110502 Waiver Reconsideration Requests

- A. If a COWC denies a waiver request, a Notice of Rights will be provided to the debtor indicating the right to appeal the denial decision. The debtor may file a reconsideration request, which is a request for the COWC that made the initial decision to reconsider its decision for whatever reason the debtor feels is relevant.
- B. Upon receipt of a reconsideration request, the COWC will ensure that the one-year time limit has not passed. If the request exceeds the one-year time limit, the COWC Chairperson or DMC will notify the debtor and provide a notice of the right to appeal the timeliness issue.
- C. When the debt for which the reconsideration request is made is \$20,000 or less (exclusive of interest and administrative costs), the Chairperson will assign only one Committee member. This one Committee member will have experience in the program area where the debt is located. The single panel member's decision will stand as the decision of the Committee.
- D. When the debt for which the reconsideration request is made is more than \$20,000 (exclusive of interest and administrative costs), the Chairperson will assign two

Committee members. One of the two members will be knowledgeable in the program area where the debt arose.

- E. When a two-member panel cannot reach a unanimous decision, the Chairperson will assign a third member of the Committee to the panel or assign the case to three new members, and the majority vote will determine the Committee decision.
- F. The assignment of a different one, two, or three-member panel is applicable when the debtor files a reconsideration request with a Committee decision to deny waiver.
- G. If a reconsideration request is filed related to an employee waiver decision, the COWC will review the debt file, analyze the appeal, make a decision and forward that decision to the Regional Office Finance Officer responsible for collecting the debt.
- H. The Regional Office Finance Officer will provide the employee with a copy of the new decision and inform the debtor that the decision is final and cannot be appealed further within VA.

110503 Appeal Process for Waiver Denials

- A. COWC waiver denials may be appealed to BVA or the Federal Courts. BVA denials may be appealed to a Federal Court.
- B. Appeals filed with BVA will be adjudicated by BVA following their internal procedures. BVA has the option to either uphold, change the decision, or return the case to the Regional Office or COWC for remand. If the case is remanded by BVA, the COWC will review the case and determine whether the original decision will be reversed, modified, or upheld.
- C. If a debt has been referred for litigation and a request for waiver or an appeal of a waiver denial is received timely, the RO Finance Officer must immediately notify the appropriate D.C. or U.S. Attorney of the receipt of the request.

1106 Authorities and References

[5 U.S.C. § 5584, Claims for Overpayment of Pay and Allowances, and of Travel](#)

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

[38 U.S.C. § 7105, Filing of Appeal](#)

[38 C.F.R. § Part 19, Board of Veterans' Appeals: Appeals Regulations](#)

[38 C.F.R. § 1.955 – 1.970, Regional Office Committees on Waivers and](#)

[38 C.F.R. § 17.105, Waivers](#)

[38 C.F.R. § 19.26, Action by Agency of Original Jurisdiction on Notice of Disagreement](#)

[38 C.F.R. § 19.29, Statement of the Case](#)

[38 C.F.R. § Part 20, Board of Veterans' Appeals: Rules of Practice](#)

[38 C.F.R. § 20.200, What Constitutes an Appeal](#)

[38 C.F.R. § 20.201, Notice of Disagreement](#)

[38 C.F.R. § 20.302, Time Limit for Filing Notice of Disagreement](#)

[Transportation, and Relocation Expenses and Allowances](#)

1107 Rescissions

This chapter rescinds MP-4, Part I, Chapter 8, Section D., Processing a Request for Waiver.

1108 Questions

Questions concerning these financial policies will be directed as shown below:

VBA
All Others

VAVBAWAS/CO/241C/COWC (Outlook)
OFP Accounting Policy (Outlook)