

MANUAL: Personnel
Chapter Series CC--Commissioned Corps Personnel Manual
Part 2--Commissioned Corps Personnel Administration

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Public Health Service

Chapter CC22-Pay and Allowance Administration
Subchapter CC22.9--Deductions and Collections From Pay
Personnel INSTRUCTION 1--Collection of Commissioned Officer Indebtedness Upon Separation

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Section A. Purpose and Scope

This INSTRUCTION sets forth procedures and responsibilities for the collection of Public Health Service (PHS) commissioned officer indebtedness to the Government, incurred as a result of failure to complete a period of obligatory service, upon separation.

Section B. Policy and Delegations of Authority

Title 42 U.S.C. 218a(b) and Title 37 U.S.C. 311 and 313 provide statutory authority for the recovery of expenditures for training, continuation pay and variable incentive pay, respectively, when an officer violates an agreement to serve on active duty for a specified period of time. This authority has been delegated by the Assistant Secretary for Administration and Management (predecessor to the Assistant Secretary for Personnel Administration) to the Assistant Secretary for Health in a memorandum dated September 27, 1973. Redelegations of this authority to PHS officials are stated in Part 3 of this Manual.

Section C. Procedures

1. The Commissioned Personnel Operations Division (CPOD), Office of Personnel Management (OPM), Office of Management (OM), PHS, determines and documents

indebtedness in the separation personnel order and informs the appropriate PHS agency designee (collections officer), PHS agency financial management officer, DHEW Division of Central Payroll, and the officer concerned of such indebtedness by distributing copies of the personnel order (PO). The officer is also provided a fact sheet on indebtedness which explains the withholding of final pay and the collection process.

2. CPOD/OPM/OM/PHS enters the officer's name on the collections control list for the PHS agency concerned.
3. DHEW Division of Central Payroll, upon receipt of PO, will determine the amount of final pay, applies the final pay against indebtedness (in whole or in part, as appropriate), notifies the officer (by pay slip) and notifies the appropriate PHS agency designee and PHS financial management officer by memorandum with a copy of CPOD/OPM/OM/PHS.
4. The PHS agency financial management officer will establish an accounts receivable for the officer and maintain records in accordance with Appendix A.
5. The PHS agency collections officer, upon receipt of data from DHEW Division of Central Payroll as to the amount of final pay applied to an officer's indebtedness, notifies the indebted person of net amount of indebtedness due and requests payment. If no payment is received, a total of three requests for payment must be made, the last of which must be by registered mail with a return receipt required. Questions raised by the former officer with respect to the legality of the indebtedness, the correctness of the amount of indebtedness, the amount of final pay applied to the indebtedness, etc., will be answered by CPOD/OPM/OM/PHS, DHEW Division of Central Payroll, or the PHS agency collections officer, as appropriate, but copies of all replies will be sent to the PHS agency collections officer.
6. The PHS agency financial management officer notifies CPOD/OPM/OM/PHS, on a monthly basis, of the status of collection actions, in accordance with Appendix A.
7. CPOD/OPM/OM/PHS will post completion of collection action, upon receipt of data from paragraph 6 above.
8. The PHS agency collections officer, upon (1) notice from the former officer, or his/her lawyer, of refusal to pay, or (2) failure by the former officer to make satisfactory arrangements for payment of indebtedness after three attempts, notifies CPOD/OPM/OM/PHS, in summary form, of efforts made to collect the debt (i.e., letters, telephone calls, personal interviews) and results of the collection efforts. Copies of all correspondence, memorandums for the record, etc., will be forwarded to CPOD/OPM/OM/PHS, along with the recommendation that the claim should be processed for enforced collection under the Federal Claims Collection Act, as specified in Part 4 of the General Administration Manual.
9. CPOD/OPM/OM/PHS then performs the following actions:

- a. Logs receipt of case returned by the PHS Agency Collections Officer;
 - b. Prepares case for legal action by obtaining all necessary supporting documents (signed agreements, personnel orders, records of disbursements from accounting points, etc.);
 - c. Transmits supporting documents and records of collection efforts to PHS Claims Officer under covering memorandum, summarizing the case and citing the statutory authority giving rise to the indebtedness; and
 - d. Logs out the case to the PHS Claims Officer.
10. The PHS Claims Officer will then review the case for legality and completeness and transmit it to the DHEW Office of General Counsel (OGC).
 11. DHEW OGC will review the case for legality and completeness and transmit it to the General Accounting Office (GAO).
 12. GAO will effect collection or will transmit the case to the Department of Justice for any further action which is indicated.

APPENDIX A

ACCOUNTING PROCEDURES FOR INDEBTEDNESS OF
SEPARATED PHS COMMISSIONED OFFICER PERSONNEL

Establishing Indebtedness in Accounting Records

Upon receipt of a notification from the Commissioned Personnel Operations Division, Office of Personnel Management, Office of Management, PHS, an accounts receivable account will be established for the amount of the indebtedness by the appropriate PHS agency financial management officer in the accounting records of the agency where the PHS commissioned officer was assigned prior to separation. The accounts receivable records will be maintained by individual officers and will be reviewed and analyzed periodically, at least once a month.

Processing Collections

Cash (currency, coin, or check) received as a payment on the indebtedness will be deposited in accordance with the deposit procedures outlined in the Treasury Fiscal Requirements Manual and the applicable agency accounting and fiscal procedures. Remitters of checks should be instructed to inscribe checks to the order of the specific agency organization maintaining the account to be credited.

Appropriation or Fund to be Credited

Collections received as payment of indebtedness should be credited to the applicable appropriation or fund account. A review and analysis should be made on a case by case basis to determine if the funds can be credited to an agency's appropriation. If, after thorough review, it is determined that the funds cannot be credited to an agency's appropriation, then the funds should be credited to miscellaneous receipts.

Status Reports

PHS agency financial management officers will provide the Commissioned Personnel Operations Division, Office of Personnel Management, Office of Management, PHS, a monthly summary status report on the accounts receivable records established for indebtedness cases. The report should reflect the amount of the original indebtedness and all payment(s) or adjustment actions and indicate the current amount still due the agency.