



DEPARTMENT OF THE NAVY  
COMMANDER  
NAVAL EDUCATION AND TRAINING COMMAND  
250 DALLAS STREET  
PENSACOLA, FLORIDA 32508-5220

NETCINST 4650.1

N4

**JAN 26 2004**

NETC INSTRUCTION 4650.1

From: Commander, Naval Education and Training Command

Subj: GOVERNMENT TRAVEL CHARGE CARD (GTCC) PROGRAM

Ref: (a) DOD 7000.14-R, FMR Volume 9 Chapter 3  
(b) ASN (FM&C) memo of 28 Feb 03 (NOTAL)  
(c) Travel and Transportation Reform Act of 1998  
(d) DOD 7000.14-R, FMR Volume 7A Chapter 43  
(e) DOD 7000.14-R, FMR Volume 8 Chapter 8  
(f) ASN (FM&C) memo of 16 Apr 02 (NOTAL)

Encl: (1) Cardholder Statement of Understanding  
(2) Travel Card Program Delinquency Actions  
(3) Monthly Reports Requirements List  
(4) Travel Card Limits and Approval Authority  
(5) Reduced Payment Plan and Salary Offset  
Procedures  
(6) Sample Salary Offset Notification Letter  
(7) DFAS Information Concerning Petition for Hearing

1. Purpose. To provide procedures, responsibilities, and Department of the Navy (DON) guidance for administration and management of the GTCC Program.

2. Scope. This instruction applies to all Naval Education and Training Command (NAVEDTRACOM) activities using the travel card.

3. Background. The travel card program was established when it was determined that a government-sponsored, contractor-issued card would reduce the administrative overhead associated with official government travel. The GTCC is intended to facilitate and standardize the use by Department of Defense (DOD) travelers of a safe, effective, and commercially available method to pay for official travel expenses, including local travel.

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#### 4. Policy

a. All DON personnel are required to use the travel card for all expenses arising from official government travel unless otherwise exempted. Although a traveler may be required to use the travel card, failure to use the card shall not be a basis for refusing to reimburse the traveler for otherwise appropriate charges. Such failure may, however, subject the traveler to appropriate administrative or disciplinary action.

b. The travel card will be used to pay for authorized expenses incurred during official government travel only. Examples of such expenses would be hotel room charges, meals, fees, and rental cars. The travel card may also be used to access automated teller machines (ATMs) to withdraw cash, thus eliminating the need for cash advances.

c. DON personnel who travel three or more times in a 12-month period are considered frequent travelers and are therefore required to use the GTCC. Infrequent travelers may use the card; however, they are not required to do so.

d. With the exception of those personnel exempted by paragraph 030302a of reference (a), all DON personnel are required to pay for costs incident to official government travel with the travel card. Reference (a) may be viewed online or downloaded from <http://www.dtic.mil/comptroller/fmr>.

e. Permanent Change of Station (PCS). The use of the travel card to pay for expenses incident to PCS is not authorized. The travel card will be deactivated upon PCS transfer per reference (b). Reimbursement to the member for PCS move expenses usually takes longer than reimbursement for TAD/TDY expenses, and PCS expenses may be substantially greater than typical expenses incurred TAD/TDY. Due to the likelihood of PCS charges coming due prior to the cardholder arriving at the new duty station and liquidating the travel claim, the potential for delinquency is higher. PCS move expenses are normally funded by PCS travel advances and advance pay per DON and command policy by the servicing Personnel Support Activity/Personnel Support Activity Detachment (PSA/PSD).

#### 5. Responsibilities

a. Office of Financial Operations (ASN(FM&C)FMO). Reference (a), paragraph 030206, assigns program management responsibilities to the Military Department Financial Management

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and Comptroller (FMO). As such, FMO establishes DON-wide policy for the DON travel card program and designates the Component Program Manager (CPM) for DON.

b. DON CPM. The DON eBusiness Operations Office was designated by FMO as the CPM for the Navy and shall perform those duties per reference (a). Information and points of contact are available at the DON eBusiness Operations Office website, <http://www.don-ebusiness.navsop.navy.mil/>.

c. Major Claimant Agency Program Coordinator (APC). The Commander, Naval Education and Training Command (NETC) APC oversees and establishes guidelines for the GTCC Program. The NETC APC also coordinates card applications, issuance and destruction of cards, reports, and administrative training. The NETC APC must review the DON eBusiness APC desk guide and follow the guidance provided therein. Additionally, the NETC APC will:

(1) Liaison with all NAVEDTRACOM APCs, the card contractor, local DON Passenger Transportation Offices (NAVPTO), and other agencies and personnel involved in the DON travel card program.

(2) Train APCs with the on-site training provided by the card contractor.

(3) Audit APCs for compliance with the requirements of this instruction.

d. Commanders and Commanding Officers. Commanders and commanding officers are responsible for managing and monitoring their travel card programs. They shall appoint in writing an APC (recommend military E-6 or above and/or civilian GS-7 or above). Designate the APC assignment as full-time duty taking into account the number of GTCC accounts. The APC shall be responsible for overall program execution and management including day-to-day operations of the travel card program. Additionally:

(1) The APC shall be part of the command's in-processing and out-processing procedures for all personnel who transfer or separate.

(2) Encourage civilian personnel to use the Split Disbursement Option (SDO) for that portion of travel claim settlements related to transportation, rental car, and lodging. Enforce SDO for military personnel. See paragraph 6f.

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(3) Ensure all cardholders attend annual training concerning proper use of the travel card.

(4) Designate the GTCC Program for Command Evaluation review at least semi-annually. The internal review should focus on suspected improper use of the card and verify that all cardholder accounts are valid and properly assigned to the command.

e. APC. The APC is responsible to the commanding officer for overall program execution and management of day-to-day operations of the travel card program. The APC shall:

(1) Be familiar with references (a) through (f) and any applicable portions of the Joint Federal Travel Regulations (JFTR).

(2) Maintain files on all cardholder activity for check-in/check-out, Statements of Understanding (SOU) (see enclosure (1)), copies of documents, etc.). Perform the actions listed in the APC Standard Operating Procedures available on the DON eBusiness Operations Office website <http://www.don-ebusiness.navy.mil>.

(3) Ensure all personnel are provided required travel card training prior to being issued a travel card. Place emphasis on proper and prohibited use of the card, the use of split disbursement, the need to pay bills on time, the imposition of late fees for late payments or returned checks, salary offset provisions, credit bureau reporting, and administrative or disciplinary actions.

(4) Review delinquent account status including actions taken, percentage of delinquent accounts by dollar value, employees in salary offset, accounts recommended for closure due to non-use, and infrequent traveler accounts which have been deactivated.

(5) Advise cardholders that salary offset procedures may be implemented against them for collection of delinquencies that are 90 or more days past due. See enclosure (2) for the time line for delinquency actions.

(6) Review card usage quarterly and deactivate or cancel cards in cases where cards have not been used or where usage is so infrequent that the cardholder could be classified as an infrequent traveler. Cancel a cardholder's travel card for documented irresponsibility.

(7) Provide a travel card program status update to the commanding officer in person at least quarterly.

(8) Provide monthly reports to NETC. Provide a status/action report on 60+ day delinquent accounts on the 10th

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of every month to the NETC APC. The Delinquency Action Process Report (DAP) will be sent to each command's APC with accounts that are 30+ days delinquent. Bank of America's (BOA's) Electronic Account Government Ledger System (EAGLS) provides reporting tools to assist the APC in identifying questionable cardholder behavior and suspected abuse. These reports must be reviewed on a routine basis per reference (b). Report schedules are detailed in enclosure (3).

f. Individual Cardholder. Cardholders must comply with all travel card program policies to include:

(1) Complete the travel card application and DOD SOU and obtain supervisor's signature as required. Notify the APC if a travel card is not received within 30 days of application.

(2) Notify command APC of any address changes. Immediately notify the APC of charge card cancellation (voluntary or involuntary).

(3) Notify the APC when transferring within DOD or separating or retiring (voluntarily or involuntarily). Cardholders are responsible for payment of any balance on their travel card account prior to separation or retirement.

(4) Immediately notify the card contractor in the case of a lost or stolen travel card, and notify the APC so that follow-up oversight can be conducted.

(5) Use the travel card ONLY in conjunction with authorized government travel expenses (e.g., lodging, rental car, airline tickets, etc.). Pay the full amount stated on the card contractor monthly billing statement upon receipt.

(6) Complete and submit travel claims within 5 days of completion of travel. Complete and submit an interim travel claim every 30 days when in a long-term travel status. Reference (a), paragraph 030901, contains details.

6. Procedures. The following are general procedures in effect for the travel card:

a. Credit Checks. The card contractor will perform credit checks on all new card applicants. If the applicant declines a credit check, or if the applicant's credit check does not meet the criteria required by the card contractor, a restricted card will be issued. Restricted cards have lower authorization limits than standard cards. See enclosure (4) for dollar limits on standard and restricted cards.

b. Travel Orders. Per reference (a), paragraph 030301B, the following statement notifying travelers of the requirements

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of the Travel and Transportation Reform Act (TTRA) (reference (c)) are to be included on all travel orders: "The Travel and Transportation Reform Act of 1998 stipulates that the government-sponsored, contractor-issued travel card shall be used by all U.S. Government personnel (civilian and military) to pay for costs incident to official business travel unless specifically exempted by authority of the Administrator of General Services or the head of the agency."

c. Cash Advances. Cardholders are authorized limited ATM advances with the travel card. ATM advance amount should be stated on the travel orders. Per DON policies, orders may not authorize ATM advances to exceed \$2,000. See enclosure (4) for ATM withdrawal limits.

d. Reduced Payment Plan (RPP). The RPP is an agreement between the individual cardholder and the current card contractor that allows an account that is 90 days delinquent to have the overdue balance payments paid in installments. Details are provided in enclosure (5).

e. Salary Offset. Salary offset procedures have been established in order for the card contractor to collect payment for accounts that are greater than 90 days delinquent per references (d) and (e). Examples of Salary Offset notification and procedures are contained in enclosure (6).

f. SDO. Split disbursement is an effective tool to reduce delinquency rates and to simplify the traveler's payment of their travel card account.

(1) Commanders, commanding officers, and officers in charge should ensure that the SDO policy is issued to all travel cardholders and APCs under their purview. The use of SDO has been mandated for all NAVEDTRACOM military personnel. Civilian cardholders are strongly encouraged to use the SDO as the preferred method of travel card account payment.

(2) DON travelers shall use the travel card to charge expenses for lodging, transportation, and rental car where the providing merchant accepts the travel card. Under SDO, all or a portion of travel claim reimbursements are paid directly by DFAS to a traveler's travel card account via electronic funds transfer (EFT). Under SDO, any charges can be sent to the traveler's charge card account, and the remainder of the expenses claimed on the travel claim reimbursement form (DD 1351-2) will be sent by DFAS via EFT to the traveler's designated financial institution. The cardholder should specify on the DD 1351-2 the SDO amount to be paid to the card contractor by DFAS. The cardholder should,

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at a minimum, total the lodging, transportation, and rental car charges as the SDO amount.

(3) Command APCs should coordinate with the servicing PSA/PSD or other appropriate travel settlement activity in order to ensure that SDO is effectively employed. The DD 1351-2, available from <http://www.dior.whs.mil/forms/DD1351-2.pdf>, is the preferred version of the travel claim reimbursement form to use to ensure that SDO is properly applied.

g. Check-In. Personnel check-in procedures are detailed below.

(1) APCs shall establish a tickler file for prospective gains.

(2) If the reporting cardholder had a travel card at their previous command, add the cardholder's account to the command travel card program using EAGLS.

(3) If the cardholder does not have a current travel card, determine if cardholder previously had a card that was cancelled for non-payment or misuse.

(a) If the account was cancelled for non-payment or misuse, add them to the command list of exempt personnel and advise the commanding officer.

(b) If they did not have a previous travel card account, establish a travel card account for the cardholder only if they are determined to be a frequent traveler as defined by reference (a). A frequent traveler is a person who is expected to travel three or more times per year.

(c) If they are not a frequent traveler or if the commanding officer determines the cardholder should be exempt from mandatory travel card participation, do not establish a travel card account.

(4) Require the cardholder to sign a new SOU and conduct refresher training with the cardholder. Retain the original of the SOU in the cardholder's file and give a copy to the cardholder.

h. Check-Out. Personnel check-out procedures are detailed below.

(1) At time of departure, obtain the name and contact information of the command to which the cardholder will transfer. Deactivate cardholder's account and initiate account transfer to the gaining command using the two-stage process in EAGLS. Cardholder must check in with APC at new command to have their card reactivated.

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(2) Notify the card contractor of the cardholder's new duty address or new home address if available so that the cardholder can continue to promptly receive travel card statements.

(3) Continue to monitor transferred accounts. If the account has not been accepted at the gaining command within 60 days, notify the command via naval message of impending transfer.

(4) Cancel the account if it has not been accepted within 90 days.

i. Card Possession. Individual travel charge cards will not be held by other than the cardholder to whom it has been issued. Commanders, commanding officers, officers in charge, APCs, or other supervisors shall not centrally store or retain individual travel cards.



F. L. SALOMON  
Chief of Staff

Distribution (CNETINST 5218.2E):

Lists I through V

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FO4 (NAVJUSTSCOL)  
FT3 (NAVPERSDEVCOM)  
FT7 (CENNAVLEADERSHIP)  
FT8 (CENNAVENGINEERING)  
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FT72 (DPTNAVSCI)  
FT74 (NROTCU)

Provisional Centers

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**CARDHOLDER STATEMENT OF UNDERSTANDING  
GOVERNMENT TRAVEL CARD PROGRAM**

I certify that I have read the attached DoD Government Travel Card policy and procedures. I understand that the Government Travel Card Program is designed to improve the management and control of government travel and thereby promote the efficiency of the Federal Service. I also understand that I am authorized to use the card only for those necessary and reasonable expenses incurred by me for official travel. I will abide by these instructions issued by the Department of Defense (DOD).

The above limitation on card usage also applies to automatic teller machine (ATM) withdrawals. The amount of cash withdrawals may not exceed \$500 (standard) or \$250 (restricted) per billing cycle. If my account is not delinquent and my travel orders authorize a larger advance, I can request an increase in the ATM limit through the Agency Program Coordinator (APC). I will, however, endeavor to charge expenses to the account wherever feasible rather than use cash withdrawals.

I understand that the issuance of this charge card to me is an extension of the employee-employer relationship and that I am being specifically directed to:

- Abide by all rules and regulations with respect to the charge card\_\_\_\_\_
- Use the charge card only for official travel\_\_\_\_\_
- Pay all charges upon receipt of the monthly billing statement from the Travel Card Contractor\_\_\_\_\_
- Notify the APC of any problems with respect to my usage of the charge card\_\_\_\_\_
- Notify the Card Contractor and the APC if my charge card is lost or stolen\_\_\_\_\_

(Card applicants must initial all the above provisions.)

I also understand that failure on my part to abide by these rules or otherwise misuse the card may result in disciplinary action being taken against me. I also acknowledge the right of the Travel Card Contractor and/or APC to revoke or suspend my travel card privileges if I fail to abide by the terms of this agreement or the agreement I have signed with the Travel Card Contractor.

\_\_\_\_\_  
(Applicant's Signature)

\_\_\_\_\_  
(Supervisor's Signature)

\_\_\_\_\_  
(Applicant's Printed Name)

\_\_\_\_\_  
(Supervisor's Printed Name)

\_\_\_\_\_  
(Series/Grade/Title)

\_\_\_\_\_  
(Series/Grade/Title)

NOTE: The Government Travel Card application cannot be processed without this form on file.

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## TRAVEL CARD PROGRAM DELINQUENCY ACTIONS

Time Line	Action
Day 0	Card contractor forwards statement to cardholder.
Day 25	Payment due at card contractor.
Day 45	Card contractor classifies cardholder as delinquent. Card contractor notifies cardholder by letter and/or phone call. Commanding officer should counsel member, may issue Page 13, and order member to submit payment and/or file travel claim, as appropriate.
Day 55	Pre-suspension letter to cardholder from card contractor.
Day 61	Suspension letter from card contractor to cardholder. Bank statement message sent, optional phone call from card contractor to cardholder.
Day 75	Late fees charged to account.
Day 90	Card contractor notifies cardholder by letter, bank statement message sent, optional phone call from card contractor to cardholder. <b>Begin due process for salary offset.</b>
Day 120	Bank statement message. Card contractor sends pre-cancellation letter to cardholder. Late fees assessed. <b>Account sent to DFAS for collection.</b>
Day 180	Bank statement message. Card contractor sends pre-charge-off letter to cardholder. Optional phone call to cardholder from card contractor. Late fees assessed.
Day 210	Charge-off. Accounts are reported to the National Credit Bureau Agency.

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## MONTHLY REPORTS REQUIREMENT LIST

The Monthly Reports Requirement List provides APCs with a listing of reports required on a monthly basis. It is recommended that the APC run the following reports at monthly or weekly intervals as defined by each report summary.

Using the BOA web system (EAGLS), APCs can generate appropriate reports to monitor cardholder activity and better manage their program. These reports identify questionable activities on travel accounts and are an effective way to identify cardholders who may not be using their travel cards appropriately. Use of the EAGLS reporting tool will help the APC deter misuse of the travel card. APCs are to review reports and follow through with issues regarding delinquent cardholder accounts.

## MONTHLY REPORTS LISTING AND SCHEDULES

Report Name	Purpose	When to Run	Follow Up Actions
Returned Check Charges Exception Report	ASN (FM&C) requires this report to be reviewed to identify cardholders who have written non-sufficient fund (NSF) checks.	Weekly along with the Transaction Report	Commands shall investigate and, if warranted, take appropriate disciplinary action against cardholders who wrote three or more NSF checks as payment on their accounts. Report all negative findings in Monthly Audit Report. Keep copies of all correspondence.
Airline Exception Report	Identifies transaction made when the passenger name on the airline ticket does not match the name on the government travel card.	Within 1 week after cycle date	Contact the cardholder and their supervisor to confirm that the transactions were of official nature. Report all negative findings in Monthly Audit Report. Keep copies of all correspondence.
Non-Travel Activity Report Weekend/Holiday Activity Report	Identifies cardholders that may be using their GTCC during non-official travel periods.	Within 1 week after cycle date	Contact the cardholder and their supervisor to confirm that the transactions were of official nature. Report all negative findings in the Monthly Audit Report. Keep copies of all correspondence.

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Report Name	Purpose	When to Run	Follow Up Actions
Pre-Suspension Report (Hierarchy Level Detail)	Displays cardholders that are 45+days delinquent.	15 days after cycle date	At <b>45 days</b> past due, notify <b>cardholder</b> , by email where possible, that account will suspend in 5 days if full payment not received by bank. Keep copies of all correspondence.
Suspension/Pre-Cancellation Report (Hierarchy Level Detail)	Displays cardholders 60+ days delinquent (includes from 60 to 120 days delinquent).	Within 1 week after cycle date	At <b>61+ days</b> account is suspended by the bank. Notify the <b>cardholder's supervisor and the next command level</b> , by email where possible, that account has been suspended due to nonpayment. Late fees may be assessed for each subsequent billing period.  For accounts <b>90 days</b> past due, notify <b>cardholder and the cardholder's chain of command</b> , by email where possible, that account will be cancelled and cardholder reported to credit bureaus at 126+ days past due. Keep copies of all correspondence.
Delinquency Report (Hierarchy Level Summary)	Displays cardholders in all delinquency life cycles (i.e., 30+, 60+, 90+, 120+ etc.).	Within 1 week after cycle date	Verify cardholders listed in the other delinquency reports. Keep copies of all correspondence.
Cancellation Report	Displays cardholders that are over 126 days past due.	Within 1 week after cycle date	<b>Note: Cancelled accounts will not be reinstated. Service members and/or agency must fund all future travel through personal funds or travel advances. Account will be reported to credit bureaus, collection actions initiated, and late fees assessed. Keep copies of all correspondence.</b>

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Report Name	Purpose	When to Run	Follow Up Actions
Transaction Activity Report	Displays current cardholder account status. Displays payment information; debits, credits, and SDO. Identifies returned checks. Identifies cardholders using excessive cash. Identifies potential misuse and abuse.	Weekly	Contact cardholder to determine validity of charges, discuss any discrepancies noted. Deactivate or close account if necessary. Notify cardholder and the cardholder's supervisor by email that account will suspend in 5 days if full payment not received by bank and late fees may be assessed for each subsequent billing period. Keep copies of all correspondence.
Monthly Audit Report	221957ZMAY02 CNET PNS FL 111414ZSEP02 CNET PNS FL Above referenced messages required all command APCs to provide a status/action report on delinquent accounts and contact cardholders to determine member's payment status. Also established reporting requirements for commands not meeting the 4% goal set by DON.	Within 1 week after cycle date	Conduct a spot check on a minimum of 25% of account activity for all accounts that had charges on a monthly basis. A statement that the spot check has been done and the findings from the spot check will be added to the DAP Report or the Monthly Delinquency Report. This includes negative findings. These reports must be fully researched and annotated. If misuse and abuse is found, command must forward details of what type of discipline was issued. This report is due on the 10th of every month. Keep copies of all correspondence.

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## TRAVEL CARD LIMITS AND APPROVAL AUTHORITY

<b>STANDARD</b>	<u>DEFAULT</u>	<u>APC</u>	<u>CPM</u>	<u>TCPMO</u>
CREDIT LINE (1)	\$5,000	> \$5,000 (2)	> \$5,000 (2)	> \$5,000 (2)
Cash	500	2,000	> 2,000	> 5,000
Retail	250	500	1,000	> 1,000
<b>RESTRICTED</b>	<u>DEFAULT</u>	<u>APC</u>	<u>CPM</u>	<u>TCPMO</u>
CREDIT LINE (1)	2,000	5000 (3)	5,000	5,000
Cash	250	250	500	500
Retail	100	100	200	250

## Notes:

(1) Credit line amounts reflect the total authorized credit line of the GTCC. The value includes: Cash (ATM) value, plus retail value, and the remaining value for travel expenses (i.e., rental car, lodging, and meals). Increasing ATM and/or retail limits does not automatically increase the total credit line on the account.

(2) With supervisor's written approval, an APC can raise credit limits to meet mission requirements when supported by competent orders. The card contractor's customer service representative may inquire if orders have been issued to raise limits above those set forth under these guidelines. Orders need not be provided to the card contractor.

(3) Credit lines on restricted cards may be raised by an APC to meet mission requirements with supervisor's written approval, not to exceed the default credit line for a standard card, i.e., \$5,000.

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**REDUCED PAYMENT PLAN (RPP) AND SALARY OFFSET PROCEDURES**

BOA administers the DOD travel card program and has experienced a high delinquency rate from both military and civilian employees of the DOD. The following is the process that will be used to collect these debts.

1. RPP Option. The RPP is an available option for cardholders at 90 days past due in lieu of salary offset. The account has not been sent to a collection agency or salary offset procedures are not yet initiated. The following are requirements of the RPP for individually billed accounts:

a. A written agreement is required. The form is available at the Government Card Services Unit Technical Help Desk (GCSUTHD) website <http://www.qcsuthd.bankofamerica.com>.

b. The following fees are required:

(1) \$45 setup fee

(2) Three late payment fees of \$29 each

(3) \$10 monthly maintenance for the duration of the plan

c. The first three payments are made as pay-by-phone, wire, mail, or on-line banking.

d. Remaining payments may be paid by allotment.

e. Account will be aged current after three payments are made.

f. A graduated payment schedule will be established with \$100 as the monthly minimum. No time limit will be established for repayment.

2. Salary Offset. If default occurs in RPP, salary offset will be automatically initiated.

a. After undisputed debts to the card contractor become 90 days delinquent, the card contractor will send one additional letter to the debtor notifying them of pending actions. This letter will notify the debtor that, unless payment is received within 30 days, salary offset will commence. This letter will contain all legal wording that satisfies the due process requirements prior to initiating salary offset. See enclosure (6) for a sample letter. Included in the letter will be wording for the delinquent cardholder to immediately notify their travel pay/liaison office (office the traveler submitted the travel voucher to) if they have not been reimbursed for the associated travel for which they filed a travel voucher. The TTRA of 1998, reference (c), mandates that "Deduction from pay owed an employee

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may occur only after reimbursement of the employee for the expense of the government travel."

b. If the APC finds upon research that the traveler has not been reimbursed for travel expenses or that the time for filing a travel claim has not passed, the card contractor shall be contacted immediately by the APC to stop the salary offset process for that portion of the delinquent debt. The card contractor will retain these due process letters in some retrievable form in order to prove due process if the debtor disputes the debt and requests a hearing. The APC shall inform the debtor's chain of command of the pending salary offset so that discussions of the debt can take place. The card contractor currently generates several delinquency reports at various points in the delinquency cycle. These reports are available to the APCs at each site and need to be effectively used to reduce the number of delinquent accounts.

c. When the debt becomes 120 days delinquent, the delinquent GTCC is systematically canceled by the card contractor, and current card contractor policy is not to reinstate it even if the debt is eventually paid. If the debt is paid prior to the 120-day point, the card is reinstated. If the debt is not disputed, paid, or arrangements made for an installment agreement (RPP) within the 30-day period following the final debt letter, the salary offset process will be initiated.

d. At this point the card contractor will forward the delinquent debts to the Salary Offset Project Office (DFAS-AHADC/CL). The undisputed 120-day old delinquent accounts on the file will contain all charges regardless if they relate to an official travel document or not. Five files per month will be forwarded from the card contractor for salary offset based on their billing cycles. The Salary Offset Project Office (DFAS-AHADC/CL) will then compare the card contractor delinquent debtor file against the Pay Locator File System (PLFS) to determine which pay system each debtor is being paid from. Debtors who reject during this process (i.e., are no longer on the payroll) will be returned to the card contractor immediately for their continued collection action or write-off. The records that match will be forwarded once a month to the appropriate pay center. For accounting and reporting purposes, the file forwarded to the pay centers by the Salary Offset Project Office (DFAS-AHADC/CL) will identify the card contractor debts by the use of a pseudo agency code, TC for pay systems requiring two digits, and TC01 for 4-digit requirements.

e. The pay centers, upon receiving the debt from the Salary Offset Project Office (DFAS-AHADC/CL), will send out a courtesy letter to the cardholder using the current DFAS address notifying the cardholder that salary offset is being initiated. If the employee responds back that they have not been given due process, the debt will be returned to the card contractor and salary offset delayed until due process is given to the debtor at the

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proper address. The pay center must also notify the Salary Offset Project Office (DFAS-AHADC/CL) so they can delete the debt from their records. If salary offset has started and it is determined the collections are in error, the card contractor will provide the refunds to the cardholder.

f. Collections on the debts will be returned from the pay system directly back to the card contractor. Files listing the collection transactions by social security number will be provided to the Salary Offset Project Office (DFAS-AHADC/CL) for each collection file so they can monitor amounts collected and remaining debt balances. The maximum offset that can be taken on these debts is 15 percent of monthly disposable income. In an effort to implement the program as rapidly as possible, current methodology available for each pay system will be used to forward the collections back to the card contractor. The goal is to standardize the process electronically as soon as the changes can be made.

g. A statement added to the military/civilian Leave and Earnings Statement (LES) notifies the debtor that the deduction from their salary is due to a BOA travel card debt, and provides the card contractor "800" number for the cardholder to contact with any questions.

h. Once the debts are forwarded to DFAS for salary offset, if any additional payments are received at the card contractor from the delinquent account holder that result in an overpayment, it is the responsibility of the card contractor to provide the refund. Debts that are referred for salary offset collection by the card contractor where offset is not available, i.e., a military or civilian cardholder has separated, will be returned to the card contractor for their collection actions.

i. The debt balances during the salary offset process will be managed by the Salary Offset Project Office (DFAS-AHADC/CL). If changes to the debt balance occur for any reason, the card contractor will immediately coordinate these differences with the Salary Offset Project Office (DFAS-AHADC/CL). Additionally, when the salary offsets taken are drawing the balance owed close to zero, the Salary Offset Project Office (DFAS-AHADC/CL) and the card contractor will coordinate account balances to ensure they agree so the offsets can be stopped at the appropriate time.

j. Any inquiries or disputes regarding the debt and the demand notices that are received prior to forwarding the debt to DFAS for collection will be handled and resolved by the card contractor. Once the debt has been referred to DFAS, if the employee notifies DFAS that due process was not received and disputes the debt, the debt will be returned to the card contractor for further action on the dispute and new due process notification. If the debtor wants to negotiate an installment agreement (RPP), the agreement must be made with the card contractor. The card contractor will immediately notify the

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Salary Offset Project Office (DFAS-AHADC/CL) so salary offset can be stopped until the inquiries, disputes, or installment agreements are finalized. If agreements regarding disputes of the validity of the debt cannot be resolved between the debtor and the card contractor, they will be forwarded to the DFAS Debt and Claims Management Directorate (DFAS-PO/DE) and resolved through the hearing process.

k. Debt hearings are one of the due process rights of the debtor. If the debtor wishes to request a hearing, documents to be submitted will be available by contacting the card contractor or pulling the required forms from a designated card contractor website. Debt hearings when requested by the debtor will be the responsibility of the DFAS Debt and Claims Management Directorate (DFAS-PO/DE). Any debtors requesting a hearing must complete the required documents (see enclosure (7)) and forward to DFAS-POCC/DE. Upon receipt DFAS-POCC/DE will immediately contact the card contractor and/or the Salary Offset Project Office (DFAS-AHADC/CL) to suspend the debt until the hearing is completed. To perform the hearing DFAS-POCC/DE will require documentation from the travel pay/liaison office and/or the card contractor. This documentation will include due process letters, copies of any cardholder disputes and resolutions, and details of delinquent credit card charges. This documentation will be forwarded to DFAS-POCC/DE within 30 days of the request. Final decisions on the hearing will be provided back to the debtor and the card contractor/Salary Offset Project Office (DFAS-AHADC/CL) for appropriate action.

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## SAMPLE SALARY OFFSET NOTIFICATION LETTER



Government Card Services  
 PO Box 53139, Dept. 1921  
 Phoenix, AZ 85072-3139  
 Acct. 4444333322221111

December 4, 2003

John Q. Customer  
 Customer Address  
 Anytown, USA 31902-1218

Balance	\$1,234.56
Amt. Past Due	\$1,234.56

Dear John:

Your Government Travel Charge Card account is over 90 days past due and is scheduled to be canceled and submitted to the Defense Finance and Accounting Service for involuntary salary offset. You have been identified as receiving pay from a Department of Defense military or civilian department, and your chain of command has been notified of your continuing delinquency.

As a result of the continued delinquency on this account and in coordination with the Department of Defense, this is a one-time demand for voluntary full payment within 30 days of the date of this letter. Send check or money order for the Amount Past Due (as shown above) to the following address: Bank of America, P.O. Box 53139, Phoenix, AZ 85072-3139, or call 1-800-863-5258 for a "check by phone" payment. If you have not received reimbursement from a properly submitted travel voucher, notify your immediate supervisor and contact your travel pay/liaison office (the office you submitted your travel voucher to) immediately.

If you are financially unable to make full payment and wish to enter into a written agreement with Bank of America to make voluntary monthly payments, immediately contact Bank of America at 1-800-863-5258 to arrange a repayment schedule. Should you default on such agreement before your undisputed balance is paid in full, the unpaid balance will be submitted for immediate involuntary offset against your federal salary without any additional due process notification.

If this debt is not paid within 30 days, or if the payment is returned for any reason, we will ask your employer to deduct payments from your federal salary to satisfy account balances that are not in dispute.

In accordance with the GSA SmartPay Master Contract, related DoD Task Order, and Cardholder Agreement, the following fees will be assessed:

- \$45 administrative fee associated with the costs for administering salary offset, delinquency, and collection, and three additional late fees will also be assessed on your account. After three consecutive payments your account will be aged to a current status (but will not be reinstated) as long as salary offset collection continues uninterrupted.

Collection of the delinquent amounts and assessed administrative fees is being accomplished under the Travel and Transportation Reform Act, Public Law 105-264, October 19, 1998, and 41 C.F.R. Parts 301-54 and 301-76. This letter constitutes the due process notification required by law. Deductions of 15 percent of your disposable pay will begin in about 45 days unless you pay the balance in full or arrange alternative settlement options with Bank of America within 30 days of the date of this letter. If you have already paid the debt or believe the debt is invalid, contact Bank of America immediately at toll free 1-800-863-5258.

Enclosure (6)

NETCINST 4650.1

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You have the right to:

- Inspect and copy records related to your debt.
- Request, in writing, a hearing concerning the amount and validity of the debt or the amount of involuntary deductions. To request a hearing, complete a petition for hearing (form available from <http://www.gcsuthd.bankofamerica.com> or by calling 1-800-472-1424) and send appropriate documents and information to: DFAS-POCC/DE, 6760 E. Irvington Place, Denver, CO 80279-7100. Debtor hearing responsibilities are contained in the Department of Defense Financial Management Regulation, Volume 5, Chapter 30, section 300408. This reference can be provided by your administrative office or can be viewed on line at <http://www.dtic.mil/comptroller/fmr>.

At Bank of America, it is our goal to provide the highest level of customer service while insuring our customers honor their debts. If you have any questions, or if we may be of assistance, call our office at the toll-free number listed above.

Sincerely,

Joe Sender  
Bank of America  
Government Card Services  
Worldwide, Toll-free: 1.800.472.1424  
TTY/TDD: 1.800.672.0779

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**DFAS INFORMATION CONCERNING  
PETITION FOR HEARING**

Under the Debt Collection Act of 1982, you have the right to request a hearing for the following reasons: to contest (1) the validity of the debt; (2) the amount of the debt; or (3) the amount of our proposed offset schedule. In order to request a hearing, you must complete and submit the enclosed Petition for Hearing with required documents indicated in the petition. The only documents to be considered at a hearing are documents that you submit with your Petition for Hearing and those submitted by the Department of Defense and Bank of America (BOA). Additional documents will be considered only if you demonstrate that they could not have been discovered by due diligence on your part prior to the required submission date. Your timely Petition for Hearing will stay debt collection proceedings including accrual of interest, penalties, and administrative charges until the hearing official issues a decision.

If you fail to appear at a scheduled oral hearing, you may further petition the Department of Defense and show good cause for failure to appear. If a hearing official determines that you had good cause for failure to appear, a hearing will be held. Otherwise, you are deemed to have forfeited your right to a hearing.

A hearing may be a paper hearing consisting of the debt documentation submitted by yourself, the Department of Defense, and the BOA. A hearing may also be an oral hearing with a representative of the Department of Defense, yourself, your representative if you elect to have one, and witnesses present. The Department of Defense will determine whether your case warrants a paper or oral hearing. Oral hearings are not required and will not be granted unless: (1) a statute authorizes or requires the Department of Defense to consider waiver of indebtedness, you may request waiver of the indebtedness, and the waiver determination depends on an issue of credibility or veracity; or (2) you request reconsideration of the indebtedness and the Department of Defense determines the indebtedness cannot be resolved by review of the documentary evidence (for example, when the validity of the debt depends on an issue of credibility or veracity).

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DEFENSE FINANCE AND ACCOUNTING SERVICE  
DENVER CENTER ATTN: DFAS-POCC/DE  
6760 E IRVINGTON PLACE  
DENVER, CO 80279-7100

NAME OF DEBTOR: «MembersName»

SSAN: «AccountNumber»

AMOUNT OF DEBT: \$«PrincipalAmount»

DATE OF NOTICE:

I request a hearing for the following reason(s) (check as applicable):

- (1) to protest the validity of the debt
- (2) to contest the amount of the debt
- (3) to contest the terms of the deduction schedule proposed by the Department of Defense

If you are requesting a hearing to contest the validity or amount of the debt, you must enclose the following with this request:

(1) A statement of the reason(s) why you believe the Department of Defense's or Bank of America's determination of the validity and/or amount of the debt is erroneous including a complete description of the facts, evidence, and a summary of testimony of any witnesses which you believe support your belief.

(2) Copies of any pertinent records you wish to have considered at the hearing if they differ from those records previously provided to you by the Department of Defense or the Bank of America.

If you are requesting a hearing to contest the terms of the deduction schedule proposed by the Department of Defense, (3) above, you must enclose the following with your request:

(1) Your proposed alternative deduction schedule, i.e., how much you can repay each month.

(2) The enclosed Department of Justice Form OBD-500B, Financial Status.

(3) Copies of any records you wish to be considered at the hearing if they differ from the records previously provided by the Department of Defense or the Bank of America.

Signature of Debtor

Date