

GAO Highlights

Highlights of [GAO-19-61](#), a report to congressional committees

Why GAO Did This Study

DOD sometimes overpays service members due to errors in administrative processing of pay and allowances, and calculating pay and leave. Nearly 400 Debt Collection Offices in DOD are responsible for the recovery and collection of debts (see figure for basic elements of the debt collection process). DOD has acknowledged that collection actions related to overpayments have placed undue burden on service members and their families, such as financial hardship, garnished wages, and damaged credit scores.

House Report 115-200 accompanying the National Defense Authorization Act for Fiscal Year 2018 included a provision for GAO to study DOD's process for recoupment of service member overpayments. This report evaluates the extent to which (1) the DOD Debt Collection Regulation is clear, and (2) military services' and DFAS policies and procedures follow DOD Debt Collection Regulation. GAO reviewed DOD regulations on debt collection, interviewed DOD officials, and examined non-generalizable samples of debt notification letters sent to serving and separated service members between January 2016 and May 2018.

What GAO Recommends

GAO is making five recommendations to DOD to help ensure its debt collection regulations, policies, and procedures are clear and carried out consistently. DOD concurred with all of the recommendations.

View [GAO-19-61](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or CackleyA@gao.gov or Asif A. Khan at (202) 512-9869 or KhanA@gao.gov.

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DEPARTMENT OF DEFENSE

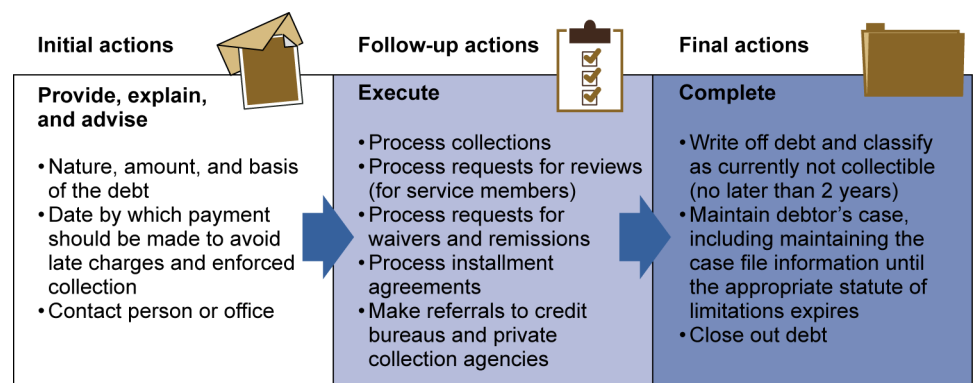
Process Improvements Needed in Recouping Overpayments to Service Members

What GAO Found

Key aspects of the Department of Defense's (DOD) Debt Collection Regulation—which includes rules for recoupment of service member overpayments—are incomplete or unclear. For example, the regulation requires that certain pieces of information be included in the letter notifying service members of DOD-related debts. However, we found that the letter's template in the Debt Collection Regulation is missing two of the required pieces of information, including that any portion of a debt remaining at the time of separation may be collected from the service member's final pay and allowances. Additionally, the regulation does not clearly state whether or when to suspend collection actions during the review process for service members formally disputing their debt. As a result, the military services (Army, Navy, Air Force, and Marine Corps) and the Defense Finance and Accounting Service (DFAS)—which carry out the regulation—do not have clear direction when administering debt collection activities, which has led to inconsistent application. Further, service members may not be fully informed of the rights and protections to which they are entitled.

GAO also found that the military services' debt collection policies and procedures do not consistently follow the DOD Debt Collection Regulation. Specifically, debt notification letters that GAO reviewed did not consistently include all 18 pieces of information required by the DOD Debt Collection Regulation. For example, letters did not explain service members' right to a written decision of a review or their right to inspect and copy records related to the debt. Further, the military services' policies and procedures often were not current, complete, or clear. As a result, some service members may not have been properly notified of their debt, their rights to dispute it, or the potential consequences of inaction, such as involuntary payroll deduction. Unless the military services and DFAS fully incorporate the DOD Debt Collection Regulation into their respective policies and procedures, service members will likely continue to receive inaccurate and incomplete information about their debts and related rights and protections.

Elements of Department of Defense (DOD) Debt Collection Process for Service Members and DOD Civilian Employees



Source: GAO analysis of DOD Financial Management Regulation and Department of the Treasury guidance. | GAO-19-61