

TREASURY BOARD DIRECTIVE

- TO ALL:** MINISTERS
DEPUTY MINISTERS
EXECUTIVE FINANCIAL OFFICERS
SENIOR FINANCIAL OFFICERS
- DIRECTIVE:** 2/00
- SUBJECT:** Use of set-offs to collect overdue accounts owed to government by current or former government employees.
- AUTHORITY:** This directive is issued pursuant to Section 38 of the *Financial Administration Act*. This section of the act allows the government to deduct or “set off” from outgoing payments amounts owed to government by the payee.
- APPLICATION:** Treasury Board Financial Management Operating Policy (FMOP) authorizes the Comptroller General to retain money by way of set-off. For employees, potential sources for recovery are:
- wages;
 - payments from the Public Service Pension Fund or other trust fund; and
 - other applicable sources.
- The purpose of this directive is to reinforce government's authority to use set-off in the case of current and former employees who owe money to the government. The directive provides for equitable treatment between government and non-government employees. Set-offs are currently made against individuals who are not employees. This directive is to be administered in accordance with financial management policy and procedures approved by Treasury Board.
- POLICY:**
1. The ministry must initially follow standard collection methods. Examples are statements, telephone calls, meeting with debtors, use of collection agencies, and documented warnings of legal action (which may include set-off).
 2. Set-off action can only be considered when the ministry has exhausted standard collection methods identified above and in FMOP.

3. When the ministry makes a formal request to use set-off against a government employee, they must follow normal set-off policy and practices in place for any other debtor, as provided in FMOP.
4. By applying FMOP and the *Court Order Enforcement Act*, ministries provide current and former government employees with the following safeguards or rules afforded to other types of debtors:
 - a standard maximum deduction of 30 percent of wages, salary or other payment (e.g., pension);
 - individuals with no dependents are entitled to a minimum exemption of at least \$100, and those with one or more dependents are entitled to a minimum exemption of at least \$200;
 - other exemptions and conditions for special circumstances as outlined in the *Court Order Enforcement Act* (e.g., hardship cases, obligations under the *Family Maintenance Enforcement Act*);
 - alternative methods and timelines for payment (e.g., installments), where appropriate;
 - avenues of appeal or dispute resolution to address set-off amounts, exemptions and other factors;
 - adherence to government policy, procedures and systems (e.g., properly completed forms requesting set-off approved by an appropriate authority); and
 - legal safeguards governing employment relations (e.g., no dismissal, demotion or reprimand due to set-off action) during the identification and repayment of debts.

**EFFECTIVE
DATE:**

August 17, 1999

Lois Boone
Vice-Chair, Treasury Board