PART 32 – CONTRACT FINANCING

32.006 Reduction or suspension of contract payments upon finding of fraud.

32.006-3 Responsibilities.

32.006-4 Procedures.

32.006-5 Reporting.

SUBPART 32.1 – NON–COMMERCIAL ITEM PURCHASE FINANCING

32.114 Unusual contract financing.

SUBPART 32.4 – ADVANCE PAYMENTS FOR NON–COMMERCIAL ITEMS

32.402 General.

32.409 Contracting officer action.

SUBPART 32.5 – PROGRESS PAYMENTS BASED ON COSTS

32.501 General.

32.501-2 Unusual progress payments.

SUBPART 32.9 – PROMPT PAYMENT

32.904 Determining payment due dates.

32.905 Payment documentation and process.

32.908 Contract clauses.

32.908-94 Transporter proof of delivery (TPD).

32.006 Reduction or suspension of contract payments upon finding of fraud.

32.006-3 Responsibilities.

(b) Instances of suspected fraud shall be promptly forwarded to Office of Counsel.

32.006-4 Procedures.

(a) The DLA Remedy Coordination Official is the lead Associate General Counsel for Business

Integrity.

32.006-5 Reporting.

The DLA Remedy Coordination Official prepares the annual report that is submitted by the DLA Director to the Under Secretary of Defense for Acquisition and Sustainment (USD (A&S)) through the Director of Defense Pricing and Contracting (DPC).

SUBPART 32.1 – NON–COMMERCIAL ITEM PURCHASE FINANCING

(Revised March 29, 2016 through PROCLTR 16-06)

32.114 Unusual contract financing.

The contracting officer shall submit the proposed alternate financing arrangement to the DLA Acquisition Contract and Pricing Compliance Division for DLA Acquisition Director approval and submission to DPC.

SUBPART 32.4 – ADVANCE PAYMENTS FOR NON–COMMERCIAL ITEMS

(Revised August 30, 2022 through PROCLTR 2022-15)

32.402 General.

(e)(1) The approval authority is the DLA Acquisition Director.

(2) For DLA managed items the DLA Acquisition Director shall coordinate with the DLA Comptroller before advance payment authorization.

(3) DLRs shall coordinate with the respective financing and requirement offices and systems at the Military Services sites.

32.409 Contracting officer action.

Contracting officers shall transmit their recommendation for approval or disapproval to the DLA Acquisition Contract and Pricing Compliance Division for submission to the approval authority.

SUBPART 32.5 – PROGRESS PAYMENTS BASED ON COSTS

(Revised March 29, 2016 through PROCLTR 16-06)

32.501 General.

32.501-2 Unusual progress payments.

(a) All unusual progress payments provisions along with supporting information, shall be **s**ubmitted to the DLA Acquisition Contract and Pricing Compliance Division to obtain DLA Acquisition Director and DLA Finance coordination prior to submission to DPC for approval.

SUBPART 32.9 – PROMPT PAYMENT

(Revised January 15, 2021 through PROCLTR 2021-03)

32.904 Determining payment due dates.

(b)(1)(S-90) DLA is placing renewed emphasis on contract funding controls as a result of reduced cash reserves and audit readiness. Contracting officers shall not specify contract payment terms providing for payment earlier than the 30-day period specified in FAR 52.232-25, Prompt Payment, or the prompt payment regulations referenced in FAR 52.212-4, Contract Terms and Conditions – Commercial Items, as applicable; unless the contracting officer negotiates adequate consideration in exchange for more favorable contract payment terms.

(S-91) Consideration may include, but is not limited to, the following:

(A) Reduced pricing or discounts;

(B) Expedited delivery schedule;

(C) Warranty guarantees;

(D) Additional testing of a critical part; or

(E) Prioritization.

32.905 Payment documentation and process.

(a) General.

(S-90)(1) Transporter proof of delivery (TPD).

(i) TPD is a commercial document generated by the contractor and/or the transporter of supplies and signed by the Government customer at time of delivery. TPD, in combination with adequate contractor documentation cross-referencing the TPD to the specific supplies provided, demonstrates customer receipt. Coupled with acceptance, this documentation allows the Government to initiate the payment process. The TPD process enables contractors to take advantage of existing wide area work flow (WAWF) functionality to execute the submission of proof of delivery documentation.

(ii) PD is not a substitute for any other requested receipt and acceptance documentation, such as the material receipt acknowledgement (MRA) or the WAWF receiving report (RR), but is a supplement to such documentation.

(b) Content of invoices.

(S-90)(1) Transporter proof of delivery (TPD).

(i) DLA may accept supplies based on submission by the contractor of satisfactory documentation to demonstrate customer receipt of supplies under a specific contract or order in accordance with 32.905(a)(S-90)(1).

(ii) If the customer has submitted a supply discrepancy report (SDR) or MRA discrepancy indicator, payment shall not be made until the discrepancy is resolved.

(c) Authorization to pay.

(S-90)(1) Transporter proof of delivery (TPD).

(i) Application. Contracting officers at DLA Aviation, DLA Land and Maritime, and DLA Troop Support shall insert procurement note H15, Transporter Proof of Delivery (TPD), in solicitations and awards for supplies when all of the following conditions apply:

(A) Contract deliveries will be made directly to DLA customers;

(B) Award will be made on a fixed-price basis;

(C) Inspection or acceptance at source is not required;

(D) Use of fast payment procedures is not authorized;

(E) Shipments to overseas destinations or to containerization consolidation points are not required; and

(F) Acquisition is not being conducted under the subsistence total order and receipt electronic system (STORES), Defense Medical Logistics Standard Support (DMLSS), Industrial Prime Vendor (IPV), or Integrated Logistics Partner (ILP) programs.

(ii) Transporter proof of delivery procedural guidance.

(A) Contract terms are as follows:

(1) Designate “inspection” and “acceptance” as “other;” and

(2) Designate the “Acceptor at Other” Department of Defense activity address code (DoDAAC) as follows:

(i) If “issue by” DoDAAC is SPM1 or SPE1, use SP1001.

(ii) If “issue by” DoDAAC is SPM2 or SPE2, use SP2001.

(iii) If “issue by” DoDAAC is SPM3 or SPE3, use SP3001.

(iv) If “issue by” DoDAAC is SPM4A1 or SPE4A1, use SP4001.

(v) If “issue by” DoDAAC is SPM5 or SPE5, use SP5001.

(vi) If “issue by” DoDAAC is SPM7L1 or SPE7L1, use SP7001.

(vii) If “issue by” DoDAAC is SPM7M1 or SPE7M1, use SP7001.

(viii) If “issue by” DoDAAC is SPM8 or SPE8, use SP8001.

(B) Financial customer liaison (FCL) and supply chain responsibilities are as follows:

(1) The FCL will initiate a request to the contractor for proof of delivery as appropriate in accordance with procure to pay (P2P) process cycle memorandum (PCM) 11, blocked invoice. When a contractor resubmits the wide area work flow (WAWF) receiving report (RR) with TPD documentation attached, the FCL will review the documentation to determine if sufficient information is provided to adequately demonstrate customer receipt. If not, the FCL will respond to the contractor and identify the additional information that must be submitted. If the documentation is satisfactory, and no discrepancy notification has been submitted by the customer, the FCL will accept the supplies in WAWF. This will generate a transaction resulting in the posting of a goods receipt in the enterprise business system (EBS), which will allow the payment process to begin.

(2) The customer is still required to submit the material receipt acknowledgement (MRA), and supply chains shall continue to ensure that follow up action is taken by appropriate personnel to obtain the MRA from the customer when it is not provided.

32.908 Contract clauses.

32.908-94 Transporter proof of delivery (TPD).

Insert procurement note H15, Transporter Proof of Delivery, in solicitations and awards for supplies when applicable in accordance with 32.905(c)(S-90)(1)(i) and when either the clause at 52.232-25, Prompt Payment, or the clause at 52.212-4, Contract Terms and Conditions – Commercial Items, is used.

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H15 Transporter proof of delivery (TPD) (JAN 2021)

(a) Definition. As used in this procurement note, transporter proof of delivery (TPD) means a commercial document that is generated by the Contractor and/or the Contractor’s transporter of supplies and that is signed by the Government customer in order to document delivery of supplies under this contract/order. Examples of TPD are United Parcel Service (UPS) or Federal Express

(FEDEX) delivery tracking reports. TPD documentation must include a customer signature, or visibility of the name of the customer who signed.

(b) When this procurement note is included in the contract or order, the Government may use TPD, in combination with adequate Contractor documentation cross-referencing the TPD to the specific supplies provided, as a basis for accepting the supplies. TPD with adequate supporting documentation satisfies the receipt report requirement and, coupled with acceptance, allows the Government to initiate the payment process, if all other applicable payment conditions are satisfied.

(c) To facilitate the payment process, the Government will initiate a request for the Contractor to provide TPD when the customer has not provided receipt acknowledgement to the buying activity. If TPD is requested and the Contractor agrees to provide it, the documentation must include the customer signature, or visibility of the name of the customer who signed, and as much of the following information as possible:

(1) Contract number or order number;

(2) Contract line item number (CLIN);

(3) Unit price;

(4) Quantity of items;

(5) Extended price;

(6) National stock number (NSN);

(7) Delivery date;

(8) Recipient organization's name and address;

(9) Receiving activity Department of Defense activity address code (DoDAAC);

(10) Requisition document number (and suffix, when applicable);

(11) Shipment number;

(12) Invoice number; and

(13) Location where the carrier made delivery (activity name, building number, city, state).

(d) Process for submitting TPD documentation.

(1) Enter wide area workflow (WAWF) using the ``history folder,'' enter the appropriate contract data, and recall the receiving report (RR);

(2) Click on “attachment.” Browse and upload the TPD and any additional Contractor documentation required to provide the information identified in paragraph (c) of this procurement note. (Attachments created in any Microsoft Office product or in PDF format are acceptable.); and

(3) Click on “submit.”

(e) Responsibility for supplies.

(1) Title to the supplies passes to the Government after delivery to the point of first receipt by the Government and subsequent acceptance.

(2) Notwithstanding any other provision of the contract, order, or blanket purchase agreement, the Contractor shall:

(i) Assume all responsibility and risk of loss for supplies not received at destination, damaged in transit, or not conforming to purchase requirements; and

(ii) Replace, repair, or correct those supplies promptly at the Contractor's expense, if instructed to do so by the Contracting Officer within 180 days from the date title to the supplies vests in the Government.

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