PGI 242.71 -VOLUNTARYREFUNDS

Parent topic: PGI Part 242 - CONTRACT ADMINISTRATION

PGI 242.7100 General.

(1) A voluntary refund may be solicited (requested by the Government) or unsolicited.

(i) Generally, request voluntary refunds only after determining that no contractual remedy is readily available to recover the amount sought.

(ii) Acceptance of unsolicited refunds does not prejudice remedies otherwise available to the Government.

(2) Before soliciting a voluntary refund or accepting an unsolicited one, the contracting officer should have legal counsel review the contract and related data to—

(i) Confirm that there are no readily available contractual remedies; and

(ii) Advise whether the proposed action would jeopardize or impair the Government's rights.

(3) Request voluntary refunds only when—

(i) The contracting officer concludes that the contractor overcharged under a contract, or inadequately compensated the Government for the use of Government-owned property, or inadequately compensated the Government in the disposition of contractor inventory; and

(ii) Retention of the amount in question by the contractor or subcontractor would be contrary to good conscience and equity.

(4) Do not solicit voluntary refunds without approval of the head of the contracting activity, or as provided in department/agency regulations.

(5) Voluntary refunds may be requested during or after contract performance.

(6) A contract modification, rather than a check, is the preferred means of effecting a solicited or unsolicited refund transacted before final payment.

(i) For modifications, adjust the price for the refund and credit the refund to the applicable appropriation cited in the contract.

(ii) For checks—

(A) Advise the contractor to—

(1) Make the check payable to the agency that awarded the contract;

(2) Forward the check to the contracting officer or, when the contract is assigned to another office for administration, to that office; and

(3) Include a letter with the check—

(i) Identifying it as a voluntary refund;

(ii) Giving the contract number involved; and

(iii) Where possible, giving the appropriation and account number to be credited; and

(B) Forward the check to the office responsible for control of funds.