PART 1832

CONTRACT FINANCING

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**PART 1832**

**CONTRACT FINANCING**

1832.006-2 Definition.

The Director, Acquisition Integrity Program, is the Agency remedy coordination official.

1832.007 Contract financing payments.

(a)(1) Except as authorized in 1832.908, it is NASA’s policy to make contract financing payments on the 30th day after the designated billing office has received a proper request. However, the due date for making contract financing payments for a specific contract may be earlier than the 30th day, but not earlier than 7 days, after the designated billing office has received a proper request, provided that—

(i) The contractor provides consideration whose value is determined to be greater than the cost to the United States Treasury of interest on funds paid prior to the 30th day, calculated using the Current Value of Funds Rate published annually in the Federal Register (subject to quarterly revision);

(ii) The contracting officer approves the payment date change, with the concurrence of the Center Financial Management Officer; and

(iii) The contract file includes documentation regarding the value of the consideration and the analysis determining that value.

Subpart 1832.1—Non-commercial Item Purchase Financing

1832.111 Contract clauses for non-commercial purchases.

1832.111-70 NASA contract clause.

The contracting officer shall insert the clause at 1852.232-79, Payment for On-Site Preparatory Costs, in solicitations and contracts for construction on a fixed-price basis when progress payments are contemplated and pro rata payment of on-site preparatory costs to the contractor is appropriate.

Subpart 1832.2—Commercial Item Purchase Financing

1832.202-1 Policy.

(b)(6) Advance payment limitations do not apply to expendable launch vehicle (ELV) service contracts.
1832.206 Solicitation provisions and contract clauses.

(g)(2) The installment payment rate shall be that which is common in the commercial marketplace for the purchased item. If there is no commonly used rate, the contracting officer shall determine the appropriate rate. In no case shall the rate exceed that established in the clause at FAR 52.232-30.

Subpart 1832.4—Advance Payments for Non-Commercial Items

1832.402 General.

(e)(1) The Director of the Headquarters Office of Procurement Policy, Training, and Pricing Division is the approval authority for all advance payments except the following:

(A) The procurement officer is the approval authority for non-fee bearing contracts with domestic entities when the cumulative contract value is $25,000,000 or less, and for all increases to such contracts over $25,000,000 previously approved by the Headquarters Office of Procurement as long as the advance payment amount outstanding at any time is not increased.

(B) The contracting officer is the approval authority for the following actions. In these cases, a findings and determination (see FAR 32.410) is not required.

(a) Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Phase I contracts. A class deviation has been signed authorizing use of advance payments on these contracts. The contracting officer shall annotate the contract file that the deviation is on file at the NASA Headquarters Office of Procurement.

(b) Expendable launch vehicle (ELV) service contracts. 42 U.S.C. 2459c authorizes advance payments for these contracts. The contracting officer shall document the contract file with the rationale for approving the use of advance payments.

(e)(2) All advance payment authorization requests, except those authorized by 1832.402(e)(1)(B), shall be coordinated with the Center Deputy Chief Financial Officer.

1832.406 Letters of credit.

(b)(1) Each Center is considered a contracting agency for the purposes of this requirement.

1832.407 Interest.

(d)(1) Advance payments without interest are authorized.

1832.409 Contracting officer action.

Recommendation for approval.
In addition to the items listed in FAR 32.409-1, requests for Headquarters approval of advance payments (see 1832.402(e)(1)) shall include the following information:

(a) Name of the cognizant NASA Headquarters program or staff office.

(b) Name and phone number of the contracting officer or negotiator.

(c) A copy of the proposed advance payments clause.

(d) If a profit/fee is contemplated, the factors considered in determining the profit/fee (see 1815.404-470).

(e) Information justifying the adequacy of security to cover the maximum advance payment amount at any time outstanding.

1832.410 Findings, determination, and authorization.

(b) Generally, the format in FAR 32.410 should be used, tailored as follows:

(i) In format subparagraph (a)(2), use the phrase "Advance payments (in an amount not to exceed $........ at any time outstanding)" in all determinations and findings. The phrase means the maximum unliquidated dollar amount a contractor would need in advance payments at any point in time for the particular contract. The amount would not usually be the full contract value. The amount inserted should be based on an analysis of the contractor's financing needs (monthly or other appropriate period) for the specific contract involved.

(ii) In the second sentence of format subparagraph (a)(4), delete the reference to a special financial institution account if no special financial institution account is required.

(iii) Use format subparagraph (a)(6), not (a)(7) or (a)(8).

(iv) At the end of format paragraph (b), use "is in the public interest."

(v) In format paragraph (c), use the phrase "(the amount at any time outstanding)" in all determinations and findings.

1832.412 Contract clause.

(e) The contracting officer shall use Alternates IV and V when advance payments are provided on Phase I contracts of the Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) programs.

(f) See 1832.412(e).
1832.412-70 NASA contract clauses.

When the clause at FAR 52.232-12 or its Alternates II or V are used, insert the clause at 1852.232-70, NASA Modification of FAR 52.232-12.

Subpart 1832.5—Progress Payments Based on Costs

1832.501 General.

1832.501-1 Customary progress payment rates.

(a) The customary progress payment rate for all NASA contracts is 85 percent for large business, 90 percent for small business, 95 percent for small disadvantaged business, and 100 percent for Phase II contracts in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The contracting officer shall insert the applicable percentage in paragraphs (a) and (b) of the clause at FAR 52.232-16.

1832.501-2 Unusual progress payments.

The Director of the Headquarters Office of Procurement, Policy, Training, and Pricing Division is the approval authority for the use of unusual progress payments.

1832.502 Preaward matters.

1832.502-2 Contract finance office clearance.

The Senior Procurement Executive is the approval authority for the actions at FAR 32.502-2.

1832.502-4 Contract clauses.

1832.502-470 NASA contract clause.

The contracting officer may insert a clause substantially as stated at 1852.232-82, Submission of Requests for Progress Payments, in fixed-price solicitations and contracts that provide for progress payments. The recipient of the requests and number of copies may be changed as required.

1832.503 Postaward matters.

1832.503-5 Administration of progress payments.
(c)(i) If the contractor requests it and the contracting officer approving individual progress payments agrees, the administration of progress payments may be based on the overall contract agreement. Under this method, the contractor must include a supporting schedule with each request for a progress payment. The schedule should identify the costs applicable to each order.

(ii) The contracting officer may treat a group of orders as a single unit for administration of progress payments if each order in the group is subject to a uniform liquidation rate and under the jurisdiction of the same payment office.

1832.504 Subcontracts.

(c) Unusual progress payments to subcontractors shall be approved in accordance with 1832.501-2.

Subpart 1832.7—Contract Funding

1832.702 Policy.

1832.702-70 NASA policy.

(a) When determining if a contract or task order can be incrementally funded, contracting officers, in conjunction with budget, financial, and program office personnel, must consider whether (1) the procurement is severable or non-severable, (2) a bona-fide need exists, and (3) the appropriation is available for use. If incremental funding is appropriate, contracts and task orders may be incrementally funded only if all the following conditions are met:

(1) The total value of the contract or task order (including options as defined in FAR Subpart 17.2) is—

(i) $500,000 or more for R&D contracts or task order under which no supplies are deliverable; or

(ii) $1,000,000 or more for all other contracts or task orders.

(2) The period of performance exceeds one year.

(3) The funds are not available to fund the total contract or task order value fully at time of award.

(4) Initial funding of the contract or task order is $100,000 or more.

(b) Incrementally funded contracts or task orders shall be fully funded as soon as adequate funding becomes available.

(c) Except for a modification issued to fully fund a contract or task order, incremental funding modifications shall not be issued for amounts totaling less than $25,000.

(d) Except for a modification issued to close out a contract or task order, modifications deobligating funds shall not be issued for amounts totaling less than $25,000.
(e) The procurement officer, with the concurrence of the Center Chief Financial Officer, may waive any of the conditions set forth in paragraphs 1832.702-70(a) through (d). The procurement officer shall maintain a record of all such approvals during the fiscal year.

(f) When reviewing incremental funding estimates, contracting officers should ensure contractors understand that the amount in the limitation of funds clause covers potential termination liability costs.

1832.702-71 Procedures.

a. For incrementally-funded contracts, the contracting officer shall—

(1) Ensure and obtain documentation (i.e. purchase request) for the contract file demonstrating that initial funds, sufficient to begin contract performance under the incrementally funded contract, are approved, committed and available for obligation prior to the initial contract award;

(2) Ensure that the contract funding modification is signed within one business day from the date the original contract was signed and obligated in the financial system of record within the same accounting period the contract and first modification are signed; and

(3) Ensure that the initial contract award and a properly executed contract funding modification are distributed to the contractor at the same time.

1832.704 Limitation of cost or funds.

1832.704-70 Incrementally funded fixed-price contracts.

(a) Upon receipt of the contractor's notice under paragraph (c)(1) of the clause at 1852.232-77, Limitation of Funds (Fixed-Price Contract), the contracting officer shall promptly provide written notice to the contractor that the Government is—

(1) Allotting additional funds in a specified amount for continued performance;

(2) Terminating the contract; or

(3) Considering whether to allot additional funds; and

(i) The contractor is entitled to stop work in accordance with paragraph (b) of the clause at 1852.232-77, Limitation of Funds; and

(ii) Any costs expended beyond the amount specified in paragraph (a) of the clause at 1852.232-77, Limitation of Funds, are incurred at the contractor's risk.

(b) Upon determining that the contract will receive no further funds, the contracting officer shall promptly give notice of the Government's decision and terminate for the convenience of the Government.
1832.705 Contract clauses.

1832.705-2 Clauses for limitation of cost or funds.

1832.705-270 NASA clauses for limitation of cost or funds.

(a) The contracting officer shall insert the clause at 1852.232-77, Limitation of Funds (Fixed-Price Contract), in solicitations and contracts for fixed-price, incrementally-funded contracts or task orders.

(b) The contracting officer shall insert a clause substantially as stated at 1852.232-81, Contract Funding, in Section B of solicitations and contracts containing the clause at FAR 52.232-22 Limitation of Funds. Insert the amounts of funds available for payment, the items covered, and the applicable period of performance. The amount obligated for fee in paragraph (b) of the clause should always be sufficient to pay fee anticipated to be earned for the work funded by the amount in paragraph (a) of the clause.

Subpart 1832.9—Prompt Payment

1832.905 Payment documentation and process.

(a) NASA’s designated payment office is the NASA Shared Services Center (NSSC).

(b) Contracting officers or their designee shall review and approve all payment requests in NASA’s Invoicing Routing and Information System (IRIS). All provisionally-approved interim vouchers are subject to a later audit of actual costs incurred.

(c) Review of interim cost vouchers and documenting, at a minimum, shall include the following:

(1) Verification of identifying data on the voucher (contract number, contractor name, address, and date of voucher).

(2) Verification of the arithmetic calculations on the voucher.

(3) Verification that the billed costs are within the contract’s period of performance.

(4) Verification that the voucher complies with terms of the contract.

(5) Verification of billed indirect rates against approved provisional indirect rates for the billing period, or prior year’s approved indirect rates, or established indirect rates in the base contract.

(6) Verification that Other Direct Costs are proper and acceptable.

To assist with interim cost voucher review, contracting officers may use the NASA cost-type contract review checklist located in the Procurement Library.
1832.908 Contract clauses.

(c)(2) When the clause at FAR 52.232-25, Prompt Payment, is used in such contracts with the Canadian Commercial Corporation (CCC), insert "17th" in lieu of "30th" in paragraphs (a)(1)(i)(A), (a)(1)(i)(B), and (a)(1)(ii).

1832.908-70 Submission of vouchers.

Insert clause 1852.232-80, Submission of Vouchers/Invoices for Payment, in all solicitations and contracts.

[PN 18-07]

Subpart 1832.10—Performance-Based Payments

1832.1001 Policy.

(a)(i) In determining whether performance-based payments are practical in competitive negotiated acquisitions, the contracting officer should consider the procedural impacts (e.g., proposal evaluation complications, longer evaluations, elimination of the potential for award without discussions, increased proposal information requirements) and the impact on small business competitiveness.

(ii) The contracting officer must obtain approval from the Director of the Headquarters Office of Procurement Policy, Training, and Pricing Division to use performance-based payments in competitive negotiated solicitations under $50M. The request for approval must include an assessment of the practicality of using performance-based payments, as well as the proposed performance-based payments evaluation approach (see 1832.1004(e)(1)(ii)).

1832.1004 Procedures.

(a) See 1815.201(c)(6)(E) for establishing performance bases and payment terms in competitive negotiated acquisitions.

(e)(1)(ii) Use of the price adjustment evaluation technique may require obtaining and analyzing proposal information that is normally not required in NASA firm-fixed-price competitions (see 1815.403-3). When using performance-based payments in competitive negotiated acquisitions under $50 million, contracting officers should consider the use of alternative evaluation methods, e.g., qualitative evaluation under Mission Suitability or another appropriate factor.

1832.1005 Contract clauses.

(a) If the contract is for launch services, the contracting officer shall delete paragraph (f) of the clause at FAR 52.232-32 in accordance with 1832.1009.
(b)(2) Contracting officers shall not use Alternate I in competitive negotiated acquisitions under $50 million, unless approval has been obtained to use performance-based payments (see 1832.1001(a)(ii)).

1832.1009 Title.

In accordance with 42 U.S.C. 2465d, NASA shall not take title to launch vehicles under contracts for launch services unless one of the exceptions in the law applies. However, the law does not eliminate NASA's right to take title to other property acquired or produced by the contractor under a contract containing a title provision.

Subpart 1832.11—Electronic Funds Transfer

1832.1110 Solicitation provision and contract clauses.

(b) In accordance with FAR 32.1106(b), the use of a nondomestic EFT mechanism is authorized. When a nondomestic EFT mechanism is used, the contracting officer shall replace the paragraph at FAR 52.232-34(c) with a description of the EFT mechanism that will be used for the contract.

(c) The payment office shall be the designated office for receipt of contractor EFT information for all NASA contracts.