

PGI PART 232 - Contract Financing

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PGI 232.070 Responsibilities.

(c) The Under or Assistant Secretary, or other designated official, responsible for the comptroller function within the department or agency is the focal point for financing matters at the department/agency headquarters. Departments and agencies may establish contract financing offices at operational levels.

(i) Department/agency contract financing offices are:

(A) Army: Office of the Assistant Secretary of the Army (Financial Management).

(B) Navy: Office of the Assistant Secretary of the Navy (Financial Management and Comptroller), Office of Financial Operations.

(C) Air Force: Air Force Contract Financing Office (SAF/FMPB).

(D) Defense agencies: Office of the agency comptroller.

(ii) Contract financing offices should participate in□

- (A) Developing regulations for contract financing;
- (B) Developing contract provisions for contract financing; and
- (C) Resolving specific cases that involve unusual contract financing requirements.

PGI 232.4--ADVANCE PAYMENTS FOR NON-COMMERCIAL ITEMS

PGI 232.409-1 Recommendation for approval.

To ensure uniform application of this subpart (see FAR 32.402(e)(1)), the departmental/agency contract financing office shall prepare the documents required by FAR 32.409-1(e) and (f).

PGI 232.410 Findings, determination, and authorization.

If an advance payment procedure is used without a special bank account, replace paragraph (a)(4) of the Findings, Determination, and Authorization for Advance Payments at FAR 32.410 with:

(4) The proposed advance payment clause contains appropriate provisions as security for advance payments. These provisions include a requirement that the outstanding advance payments will be liquidated from cost reimbursements as they become due the contractor. This security is considered adequate to protect the interest of the Government.

(Revised September 9, 2013)

PGI 232.5--PROGRESS PAYMENTS BASED ON COSTS

PGI 232.501-2 Unusual progress payments.

Unusual progress payment arrangements require the advance approval of the Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics) (OUSD(AT&L) DPAP). Contracting officers must submit all unusual progress payment requests to the department or agency contract financing office for approval and submission to OUSD(AT&L) DPAP.

(Revised December 22, 2016)

PGI 232.6--CONTRACT DEBTS

PGI 232.603 Debt determination.

Upon transfer of a case to the contract financing office, the contracting officer shall close the debt record by reference to the date of transfer.

PGI 232.604 Demand for payment.

(1) For contract debts resulting from other than a termination for default, the office that first determines an amount due, whether it be the contract administration office, the contracting office, the disbursing office, or the selling office/agency, shall—

- (i) Make a demand for payment; and
- (ii) Provide a copy of the demand to the payment office cited in the contract.

(2) For contract debts resulting from a termination for default, the contracting officer shall make the demand and direct the debtor to make such payment to the designated office.

PGI 232.670 Transfer of responsibility for debt collection.

Disbursing officers will transfer responsibility for debt collection to department/agency contract financing offices in accordance with comptroller regulations. Notwithstanding the transfer of the debt collection responsibility, contracting officers shall continue to provide assistance as requested by the debt collection office.

PGI 232.671 Bankruptcy reporting.

(1) For those debts covered by this subpart, the department or agency that awarded the contract shall furnish the Department of Justice any claims in bankruptcy, insolvency, or in proceedings for reorganization or arrangement. Furnish claims that—

- (i) Have been transferred to a contract financing office;
- (ii) Are on the way to a contract financing office at the inception of bankruptcy or insolvency proceedings;
- (iii) Are pending and not forwarded to a contract financing office at the inception of bankruptcy or insolvency proceedings; and
- (iv) Are the result of bankruptcy or insolvency proceedings.

(2) The contract financing office or other office designated within a department or agency will furnish proof of claims to the Department of Justice.

(3) The office of origin of a debt will provide, as soon as possible, information on a bankruptcy, insolvency, reorganization, or rearrangement to the office designated within a department/agency to receive this information.

(4) The information and proof of claim requirements in paragraphs (2) and (3) of this section do not apply to debts of less than \$600.

(Added March 31, 2014)

PGI 232.10—PERFORMANCE-BASED PAYMENTS

PGI 232.1001 Policy.

(a) *Contracting officer action.* Performance-based payments are not practical for use on all fixed price contracts and require considerable effort between the contractor and Government to identify the appropriate performance-based payment events and establish the proper completion criteria for those events. Additionally, FAR 32.1003 prohibits contracts from having both progress payments and performance-based payment financing on a contract at the same time. Additional information and instruction on performance-based payments are provided in the DoD Performance-based Payments Guide on the DPAP website in the Cost, Pricing & Finance section under the Performance Based Payments - Guide Book & Analysis Tool tab:

http://www.acq.osd.mil/dpap/cpic/cp/Performance_based_payments.html

(Revised July 5, 2013)

PGI 232.70—ELECTRONIC SUBMISSION AND PROCESSING OF PAYMENT REQUESTS AND RECEIVING REPORTS

PGI 232.7004 Contract clause instructions.

(b)(1) The clause [252.232-7006](#), Wide Area WorkFlow Payment Instructions, shall be located in the contract administration section of the contract (e.g., Section G).

(2) Complete paragraph (f)(1) of the clause by selecting a document type from the list in (i) through (xix) below. Document type selection is contingent on contract type (e.g., fixed price, cost reimbursement), nature of the work being performed or product being acquired, and the entitlement system of the DoD Component. Use the guidance for Wide Area WorkFlow (WAWF) payment instructions found at <https://wawf.eb.mil/> to determine which document types are available for each entitlement system. WAWF document types include—

- (i) Invoice (stand-alone) and Receiving Report (stand-alone);
- (ii) Fast Pay (FAR 52.213-1) Invoice (stand-alone) and Receiving Report (stand-alone);
- (iii) Invoice 2-in-1 (Services only);
- (iv) Commercial Item Financing;
- (v) Performance-Based Payment;
- (vi) Progress Payment;
- (vii) Invoice and Receiving Report (Combo) (see paragraph (3) of this section);
- (viii) Fast Pay (FAR 52.213-1) Invoice and Receiving Report (Combo) (see

paragraph (3) of this section);

- (ix) Cost Voucher (FAR 52.216-7, 52.232-7);
- (x) Cost Voucher-Shipbuilding;
- (xi) Grant Voucher;
- (xii) Navy Construction/Facilities Management Invoice;
- (xiii) Navy Shipbuilding Invoice—Fixed Price;
- (xiv) Telecom Invoice (Contractual);
- (xv) Reparables Receiving Report;
- (xvi) Energy Invoice and Energy Receiving Report (Combo) (see paragraph (3) of this section);
- (xvii) Energy Invoice (stand-alone) and Energy Receiving Report (stand-alone);
- (xviii) Construction Payment Invoice; and

(xix) Other document type, exactly as it appears in the WAWF system, as mutually agreed to by the contracting parties.

(3) A Combo document may be used with the stand-alone alternative, separated by or e.g. (vii) Invoice and Receiving Report (Combo) or (i) Invoice (stand-alone) and Receiving Report (stand-alone) ; or (viii) Fast Pay (FAR 52.213-1) Invoice and Receiving Report Combo or (ii) Fast Pay (FAR 52.213-1) Invoice (stand-alone) and Receiving Report (stand-alone).

(4) Complete paragraph (f)(2) of the clause only when document types, Invoice (stand-alone) and Receiving Report (stand-alone) and Invoice and Receiving Report (Combo) are used. Identify the applicable inspection and acceptance locations from the clause as follows:

(i) Inspection location: (select either Source, Destination, or Other).

(ii) Acceptance location: (select either Source, Destination, or Other).

(5) Complete paragraph (f)(3) of the clause before contract award. Selection of applicable DoDAACs is dependent on the document type and the entitlement system used by the DoD Component.

(i) To determine applicable DoDAACs, use the guidance for WAWF payment instructions at <https://wawf.eb.mil/>.

(ii) If a DoDAAC field is not listed in paragraph (f)(3) Routing Data Table, select Other DoDAAC(s) and list the DoDAAC field name(s) as they appear in the WAWF system and applicable DoDAAC(s).

(iii) When multiple Ship to and inspection/acceptance locations (i.e. DoDAACs) exist, enter See schedule. The corresponding schedule in the contract/order must cite all applicable DoDAACs.

(iv) Validate DoDAACs using the following resources:

(A) For inspector, acceptor and local processing office roles, use <https://wawf.eb.mil/> and click on the Active DoDAACs & Roles link in the Help section on the home page to validate active DoDAACs and user roles in WAWF.

(B) For all other DoDAACs, use <https://www.daas.dla.mil/daasing/>.

(6) Complete paragraph (f)(5) by entering e-mail addresses of other Government personnel requiring status of the payment request, if applicable.

(7) Complete paragraph (g) by entering the WAWF point of contact information, if

applicable.

PGI 232.71—LEVIES ON CONTRACT PAYMENTS

PGI 232.7101 Policy and procedures.

Background. The Internal Revenue Service (IRS) is authorized to collect overdue taxes through a continuous levy up to 100 percent of the debt on certain vendor contract payments disbursed by the Defense Finance and Accounting Service. The levy is continuous until the overdue taxes are paid in full, or other arrangements are made to satisfy the debt. Contractors are required to promptly notify the procuring contracting officer when a tax levy that may result in an inability to perform the contract is imposed, so that the contracting officer and the Director, Defense Procurement and Acquisition Policy (DPAP), can take appropriate action to mitigate any possible adverse effect on national security.

(b) *Procuring contracting officer procedures for reviewing the contractor's rationale and submitting the required documentation.*

(i) When the procuring contracting officer receives notification from the contractor that the tax levy may result in an inability to perform the contract, the procuring contracting officer shall promptly review the contractor's assessment and either agree or disagree that the levy may result in an inability to perform. The procuring contracting officer shall alert the administrative contracting officer and the cognizant contract auditor when a notice of levy has been received, and shall obtain any necessary assistance from the administrative contracting officer or contract auditor when performing this review.

(ii) If the procuring contracting officer does not agree with the contractor's assessment, the procuring contracting officer shall notify the contractor of this determination and no further action will be taken.

(iii) If the procuring contracting officer agrees with the contractor's assessment that the levy may result in an inability to perform the contract, the procuring contracting officer shall document, in writing, whether the inability to perform—

(A) Adversely affects national security; and/or

(B) Will result in significant additional costs to the Government (e.g., cost of re-procurement, loss of contract financing payments when the product produced to date is not salvageable).

(iv) If the procuring contracting officer believes that the levy will impact national security and/or result in significant additional costs to DoD, the procuring contracting officer shall, in accordance with agency procedures, promptly notify the Director, DPAP, by e-mail or facsimile. The notification to the Director, DPAP, shall include—

(A) The rationale supporting the recommendation that the levy may result in an inability to perform the contract;

(B) A description of the adverse effect on national security, if applicable; and

(C) A description and estimate of the additional costs to the Government, if applicable. Since prompt notification to the Director, DPAP, is essential, the procuring contracting officer should not delay the notification while trying to achieve more precise data.

(c) *Director, DPAP, procedures.* The Director, DPAP, will promptly evaluate the procuring contracting officer's notification package.

(i) If the Director, DPAP, disagrees with the recommendation of the procuring contracting officer, the Director, DPAP, will notify the procuring contracting officer through the same agency channels that were used for submission of the notification.

(ii) If the Director, DPAP, agrees with the recommendation of the procuring contracting officer—

(A) When there is an adverse effect on national security, the Director, DPAP, will notify the payment office, the IRS, and the procuring contracting officer that the total amount of the levy should be promptly returned to the contractor; or

(B) When there is not an adverse effect on national security but the levy will result in significant additional costs to DoD, the Director, DPAP, will promptly notify the procuring contracting officer and the IRS. The Director, DPAP, notification to the IRS will-

(1) State that the procuring contracting officer has notified the contractor and has recommended that the contractor contact the IRS to resolve the situation;

(2) Request that the IRS expedite resolution of the situation with the contractor; and

(3) Include an estimate of additional costs to DoD that will result if the contractor is unable to perform on the contract.

(d) *Procuring contracting officer procedures for notifying the contractor of the decision of the Director, DPAP.* The procuring contracting officer shall promptly notify the contractor, in writing, of the decision made by the Director, DPAP, including the actions to be taken (if any).