

CHAPTER 10

PAYMENT VOUCHERS - SPECIAL APPLICATIONS1001 INTRAGOVERNMENTAL PAYMENTS100101 Rules for Completion of Reimbursement and Transfer Vouchers

A. General. Request for payment for items supplied to DoD is initiated by the supplying agency.

1. If the funds to be charged and credited are accounted for and reported on by the same disbursing office, then the "billing" and "billed" offices are the same. In such cases, if the transfer is within the same appropriation, use a journal voucher; if different appropriations are involved, use a SF 1080, Voucher for Transfers Between Appropriations and/or Funds.

2. GSA Form 789, Statement, Voucher, and Schedule of Withdrawals and Credits, is an authorized payment voucher for purchases from General Services Administration (GSA).

B. Authorized Vouchers for Transfers Between Appropriations and Funds. Use SF 1080 and SF 1081, Voucher and Schedule of Withdrawals and Credits, under the following general rules:

1. Surplus articles for which payment is to be made is listed on the voucher or supporting documents at their appraised values.

2. Work and shop orders indicate the unit prices of articles or services furnished, or the actual value of personal services, materials, and other direct charges, and overhead. When vouchers cover expenses incident to the use of equipment, the following certificate is placed upon the statement of account: "I hereby certify that the amount billed herein represents cost as determined under 31 U.S.C. 1535 and 1536." In cases where the account is billed based on unit costs per hour, day, mile, etc., rather

than by itemization of supplies and services, such unit costs will include all expenses of operation and maintenance except depreciation.

3. Reimbursement for personal services performed by an employee of another Federal agency may be made provided that an agreement for reimbursement was made before the rendering of such services. Copies of such agreements are attached to the transfer voucher in support of the payment.

4. Articles issued from stock on hand or due in is listed on the vouchers or supporting documents. The unit prices of such items should be at standard, average cost, or computed on such basis as to ensure proper reimbursement to the agency.

C. Audit of Billing. The disbursing office examines the transfer voucher to verify the amounts, sees that required information is shown, and validates that required certificates are signed. Audit includes verification of accessorial charges rates when levied by non-DoD government activities for issues, sales, and transfers of material, supplies, and equipment. There also will be included verification that charges do not include recurring reimbursement issues (sales) and nonreimbursable transfers of material to another DoD Component, except for sales and transfers pursuant to the military assistance grant-aid program and foreign military sales (FMS) programs. After audit and verification for propriety, the disbursing office cites the major accounting classification and certifies the voucher for payment.

D. SF 1080 Series. Use SF 1080 original and two copies for payment. The disbursing office completes the certification of Office Billed block of the form. Receipt and acceptance of material or services is evidenced by a statement signed by the receiver in the Articles or Services block of the form or by two copies of receiving

reports, receipted invoices, or shipping documents if property is involved. Keep a copy of SF 1080 as the retained voucher. Return a copy of SF 1080 to the billing office as advice of payment and collection. Be sure to include the disbursing and collection voucher numbers. Complete and send one copy of the receiving report to the base accountable for the property. File the other copy of the receiving report with the retained copy of SF 1080.

E. SF 1081 is used as a billing voucher by some Federal agencies. Process them the same as SF 1080.

F. Payment. Issue a check for SF 1080 payments except for the following which are on a "no-check" basis:

1. When both collection and payment show the same symbol number.

2. The SF 1080 was annotated "No-Check Issue".

(NOTE: No-check issue vouchers are assigned a disbursement voucher and collection voucher number.)

G. Entries on Posting Media. Certify the SF 1080 after review and verification.

100102 Payment Based on Constructive Delivery, Actual Delivery, or Dropped From Inventory

A. General. As provided by 31 U.S.C. 1535, payment shall be made promptly by check on the written request of the agency or unit filling the order. Payment may be made in advance or on providing the goods or services ordered. The payment shall be for any part of the estimated or actual cost as determined by the agency or unit filling the order. A bill submitted, or a request for payment, is not subject to audit or certification in advance of payment. Proper adjustments of amounts paid in advance shall be made as agreed to by the heads of the agencies or units on the basis of the actual cost of goods or services provided. Constructive delivery is the delivery of material to a commercial carrier, freight forwarder, United States or international post office, or customer at point

of production, storage, or test (DoD 4000.25-7M, Military Standard Billing System (MILSBILLS)). Delivery is shown by completed hardcopy shipping documents, MILSTRIP material shipping documents, or list of deliveries in post offices. Reimbursable issues of material to DoD and other Federal agencies are billed based on constructive delivery or drop from inventory. Under constructive delivery, bills are issued when the carrier accepts the goods for transport. However, payment under constructive delivery differs from the actual delivery or drop from inventory concept. Constructive delivery bills are accepted and paid without waiting for delivery of the goods.

B. Noninterfund Billings From Agencies Within DoD.

1. General. Reimbursable sales of material are billed at the time the items are dropped from inventory following requisition edit by a supply activity, except that billings for sales of bulk petroleum, oil, lubricants, perishable subsistence, FMS, and military assistance grant-aid shipments are based on constructive delivery. Constructive delivery also includes billings for goods accepted by an authorized inspector of another military agency at a contractor's plant with direct shipment to the consignee. Such billings must be supported with DD Form 250, Material Inspection and Receiving Report, or other authorized document received from the inspector showing shipment.

2. Processing. SF 1080 is used as the billing document for noninterfund bills. The SF 1080 must be prepared promptly by the selling activity upon drop from inventory or constructive delivery. Billings must be supported by proper documentation. Screen all billings to determine whether constructive delivery principles apply to all amounts. Send the bills to the receiving office or to the requisitioning office, when specified in the requisition.

3. Payment Procedures. Payment for reimbursable sales is on a check issue basis. Upon receipt of the SF 1080 or other approved form, if proper for payment, the office billed prepares a check and forwards it to the billing office with a copy of the SF 1080. The original

SF 1080 is used to support the statement of accountability of the disbursing office. Complete the certificate of office billed before paying the bill only if:

a. For constructive delivery:

(1) Comparison with the requisition shows the items billed were ordered at prices billed.

(2) The billing is supported by a summary listing or copies of priced shipping documents which show delivery to a carrier. If the billing is supported by a summary listing of documents, the listing must show:

(a) Consignor (shipping office).

(b) Consignee (receiving office).

(c) Ordering agency, complete requisition number, and Military Interdepartmental Purchase Request or Cross Service Order number.

(d) Consignor's shipping document number.

(e) Date of shipment.

(f) Total dollar value of each shipping document (indicate P for partial, or C for completed shipment).

(g) Code for military or commercial carrier.

(3) The billing or the supporting summary listing contains the following statement which need not be signed: "Material billed herein was released to a carrier as indicated on shipping document/summary listings for delivery to the ordering agency's consignee."

b. For dropped from inventory:

(1) Comparison with the requisition shows the items billed were ordered at prices billed.

(2) The billing is supported by a summary listing or copies of priced shipping documents.

4. Responsibility of Supplying Activity. The supplying activity notifies the requisitioning activity of item substitutions and price or quantity changes as follows:

a. Forward a copy of the requisition (annotated to show changes) or other authorized supply action immediately after edit for availability.

b. Send a priced "advance copy" of the invoice as soon as possible.

c. Mail one priced "action copy" of the invoice and send one copy with the shipment at the time it is released to the carrier.

5. Responsibility of Requisitioning Activity. The requisitioning activity administratively controls funds for commitments and obligations incurred.

a. Based on information received from the supplying activity regarding changes or substitutions, the requisitioning activity informs the supplying office of any ordered items to be cancelled or adjusted in the quickest and cheapest way available. It may reject items if word is not received from the supplying office soon enough to cancel or adjust the order and the supplies received are unacceptable for any reason. Normally, variations in shipment should be accepted; however, when price or quantity changes would cause an overobligation of funds, such variations should be rejected.

b. The receiving activity records only the amounts and quantities of those items approved for payment. When making reimbursement, annotate each document supporting the billing to delete unacceptable items or reduce quantities or items rejected by the supplying activity. Adjust the billing and make reimbursement in the changed amount. Subse-

quent disposition of the rejected items is through mutual agreement between the requisitioning and supplying activities.

6. Billing Adjustments for Short, Damaged, or Defective Shipments Within DoD. The billed activity initiates action to obtain billing adjustments. Do not request billing adjustment for these causes within DoD when the loss or damage is less than \$250 per line item. Such losses are absorbed by the ordering activity. However, when the DoD shipper is responsible for the discrepancy, SF 364, Report of Discrepancy (ROD), is prepared by the receiving activity and processed. The transportation management office (TMO) or transportation office (TO), as applicable, initiates the SF 361, Transportation Discrepancy Report (TDR), when the shortage or damage is attributed to the commercial carriers. Adjustments for shipment losses of \$100 or less may be automatically granted to a foreign country if shipments involve foreign military sales.

7. Other Billing Adjustments or Allowances. The ordering activity initiates requests to the billing activity to grant adjustments or allowances not arising from shortages, damages, or defects in shipments; for example, overages, unacceptable substitutes, or erroneous material received. Approved requests are applied as an adjustment or allowance to the customer's account included in the billing document. Do not request billing adjustments when the amount involved is \$250 or less per line item.

8. Billing and Credit for Material Diversions Under MILSTRIP/MILSTAMP. Activities cancelling requisitions for which a Material Diversion Confirmation is issued are credited the amount billed, including accessorial charges. The alternate consignee for material diverted is billed for the standard price and accessorial charges. Activities cancelling requisitions for material that the Defense Logistic Agency (DLA) placed an order for direct shipment of nonstocked items are billed by SF 1080 for contract termination costs arising from cancellation of the requisition. The DLA promptly will notify the "bill to" activity cited in the cancelled requisition of impending termination costs.

9. Missile Propellants. Use an SF 1080 when billing for missile propellants on a drop-from-inventory basis. Pay these bills upon receipt using the same SF 1080 to ensure the bill number cited remains the same.

100103 Payments to Defense Business Operations Fund (DBOF)

Payment for services rendered by DBOF activities is based on the prescribed rates, tariffs, and billing procedures designated. As provided by 31 U.S.C. 1535, payment shall be made promptly by check on the written request of the agency or unit filling the order. Payment may be made in advance or on providing the goods or services ordered. The payment shall be for any part of the estimated or actual cost as determined by the agency or unit filling the order. A bill submitted, or a request for payment is not subject to audit or certification in advance of payment. Proper adjustments of amounts paid in advance shall be made as agreed to by the heads of the agencies or units on the basis of the actual cost of goods or services provided.

100104 Material and Services from General Services Administration (GSA)

A. Requisitions. The supply officer prepares MILSTRIP requisitions for sales from stock or automated direct delivery sales.

1. The ordering activity records the obligation for the material and monitors supply support services. Support the recording of the obligation with a copy of the price extended requisition or listing of items ordered.

2. The GSA advises the ordering activity of changes in prices, quantities, or substitutions immediately after requisition edit by sending advice of changes to the requisitioner. Based on this advice, the ordering activity informs the GSA of any changes desired.

3. GSA stores forward priced copies of DD Form 1348-1, DoD Single Line Item Release/Receipt Document, for stocked items with the shipment to the consignee. For stocked items ordered to be shipped directly from the supplier,

the GSA forwards a copy of the supplier's order form. For nonstores items, the GSA forwards a copy of the purchase order or a contractor's packing ticket, as appropriate. These documents show the number of packages, types of package, description of contents, package number, the gross weight, and cube. Copies of the documents are sent to the disbursing office, the consignee office, and the ordering office.

4. The ordering activity is responsible for administrative control of funds. Based on changes in prices, quantities, or substitutions of items the ordering activity:

a. Adjusts the previously recorded obligation; or, if funds of the ordering activity will be overobligated, advises the GSA depot by the most expeditious and economical means available of requisitioned items to be cancelled or adjusted.

b. Normally accepts substituted items and changes in prices and quantities as detailed in paragraph 100104-A(2). This does not apply when material that was not ordered or accepted would cause overobligation of funds. Disposition of material not accepted is arranged by mutual agreement between the ordering activity and the GSA depot. Billing adjustments are made as stated in paragraph 100104-C.

B. Noninterfund Billings (GSA).

1. The GSA provides selected supplies, equipment, services, space, communications, motor vehicle rental, and other miscellaneous items on a reimbursable basis. These supplies and services are financed from revolving, management, or working capital funds. Reimbursement from the components are obtained through periodic billings and collections which permits the GSA to operate these programs with a minimum amount of appropriated capital.

2. Bills are received from the GSA biweekly, monthly, or quarterly after the fact, or in advance on their billing forms. GSA Form 789, Statement, Voucher, and Schedule of Withdrawals and Credits, is used for billing. Certification of such bills by the GSA is not re-

quired. Except for those bills which are rendered in advance (such as rental payments), bills are sent to the components only after there is evidence of actual delivery of material or services or after receipt of evidence of shipment (constructive delivery). Documents or billing cards generally are furnished by the GSA, and they contain necessary data to permit identifying the requisition, purchase order, travel order, or other obligating documents. The GSA may, at its discretion, process requisitions of \$1 or less without billing. If such items are not billed 60 days after receipt of the material, the obligation should be cancelled.

C. Adjustments. The GSA adjusts billings when appropriate for transportation-type discrepancies attributable to the common carrier, and when the discrepancy in shipment is either caused by the shipper (GSA), or results from a lost or damaged parcel post shipment. The GSA adjusts billings that are erroneous, if the error is over the amount specified per line item in DoD 4000.25-7-M, Chapter 4, paragraph A.2.

1. For lost, damaged, or defective shipments, when the discrepancy is apparently attributable to the common carrier, the receiving activity prepares an SF 361. The GSA processes these claims within CONUS, since they are designated on the government bill of lading (GBL) to make payment of transportation charges to the common carrier.

2. When the discrepancy in shipment is either caused by the shipper (GSA) or results from a lost or damaged parcel post shipment, the receiving activity prepares an SF 364. The receiving activity sends the SF 364 to the GSA Discrepancy Reports Center.

3. Errors in GSA noninterfund billings over the amount per line item specified in DoD 4000.25-7-M, Chapter 4, other than the discrepancies in paragraphs 100104-C(1) and (2), are corrected by the GSA based on a letter from the billed office. For these errors, the billed office sends a letter to the GSA Discrepancy Reports Center, includes a full explanation of the error, and attaches a copy of the billing document which includes the error. The billed office will process interfund billing (MILSBILLS)

errors.

4. Some discrepancies and billing errors are too small to process. The gain or loss from errors and discrepancies too small to process, per paragraphs 100104-A(1),(2), and (3), are absorbed by the ordering activity.

5. The GSA processes the SF 364 (ROD) and SF 361 (TDR), replies to the receiving activity, and, when applicable, sends an adjusted bill to the billed office. They also process letters advising them of erroneous billing over the amount specified per line item in DoD 4000.25-7-M, Chapter 4, reply to the billed office, and, when applicable, send an adjusted bill to the billed office.

a. The receiving activity is responsible to follow-up with the GSA Discrepancy Reports Center when the GSA fails to reply to a TDR or ROD. When the reply to a TDR or ROD indicates a billing adjustment will not be made, the receiving activity absorbs the resulting gain or loss. When the reply indicates a billing adjustment will be made, the receiving activity provides a copy of the reply to the billed office.

b. If the billing adjustment is not received within 60 days of the date of the reply to the TDR or ROD, the billed office follows up with the GSA Discrepancy Reports Center, for non-interfund bills, by letter, with a copy of the reply to the TDR or ROD attached. If no reply is received to the follow-up letter within 60 additional days, a second follow-up letter is sent from the billed office to the GSA Discrepancy Reports Center.

c. The billed office sends follow-up letters to the GSA Discrepancy Reports Center, about billing errors over the amount specified per line item in DoD 4000.25-7-M, Chapter 4, each 60 days until the billing adjustment is received or until advised that a billing adjustment will not be made.

D. Transportation. The GSA pays transportation costs on stock items to all CONUS activities and to United States ports of embarkation for overseas shipments. These costs are included in the GSA standard stock item prices.

Transportation charges for non-stock items are paid by the consignee or, if paid by the GSA, they are billed to the consignee.

E. Payment (Noninterfund).

1. Make payment for material by check within 15 days after receipt of the GSA invoice. GSA Form 789 is the payment voucher authorized for purchases from the GSA. Pay the bills as rendered without preaudit or receipt verification, subject only to availability of funds and adjustments for obvious significant errors in dollar amount. If items are deleted from the billing, fully explain on the GSA billing forms. Establish a follow-up system to make sure that material paid for is received.

2. GSA billings for material shipped overseas contain a special surcharge for packing, packaging, and preservation of material. These costs are not included in the standard unit prices of the items but are billed separately. GSA billings for these charges cite the appropriation fund code shown in the MILSTRIP requisition. Send a copy of the GSA billing form with a check to the GSA Regional Director of Financial Management.

3. Surcharge rates are computed by applying an authorized percentage of the value of the material ordered and delivered, with both Level A and Level B pack, through the GSA regions to DoD customers overseas. These rates are subject to change each fiscal year based on annual review of actual costs by the GSA.

4. Accounting Services is responsible for GSA Motor Pool transactions incurred by the local TO. Travel section processes payments to the GSA or contractors for vehicle rentals authorized by travel orders. Use the data on the billing documented detail billing cards to identify the requisition, purchase order, travel order, or other obligating document. Compare the billing information to the obligation document, if an error is found, follow instructions in paragraph 100104-C. Make payment by check within 30 days of the billing date. The GSA forwards detail billing cards in support of the summary billing document and a GSA Form 789. The GSA supports each transaction listed

with detail billing cards for use with either mechanized systems or for manual processing.

5. The GSA bills for Federal Telecommunication Services (FTS), as authorized by 31 U.S.C. 1535 and Title 41, Federal Property Management Regulation (FPMR), Chapter 101. These bills are submitted quarterly and paid in advance, without preaudit or receipt verification, subject only to the availability of funds. Pay these bills within 15 days after receipt of the GSA invoice.

F. Billing and Credit for Material Diversions Under MILSTRIP/MILSTAMP. Credit activities cancelling requisitions for which a material diversion confirmation is issued with the amount billed, including accessorial charges. The alternate consignee for material diverted is billed for the standard price and accessorial charges. Activities cancelling requisitions for material for which the GSA placed an order for direct shipment of nonstocked items are billed by SF 1080 for contract termination costs arising from cancellation of the requisition. The GSA will promptly provide the bill to the activity cited in the cancelled requisition of impending termination costs.

100105 Payment Procedures for Transactions with the Government Printing Office (GPO), Library of Congress, and Government Corporations

A. General. When services or supplies are furnished, an invoice may be submitted to the requisitioning component. In such cases, the SF 1080 is prepared and processed for payment by the office billed. Attach the invoice to the SF 1080. Instead of transcribing the details of the transactions, list each invoice under the caption "per attached invoice" according to date, number, and other identifying data as appropriate. Extend the net amount of each invoice in the amount column. In the case of miscellaneous publications, subscriptions, films, etc., acquired from the GPO or the Library of Congress, an invoice may be accepted by the disbursing office to support payment instead of receiving report certification, subject to later adjustment if required. As a result of a Deputy Secretary of Defense decision to consolidate printing and

duplicating services in the Department, the Defense Printing Service is the single DoD focal point for GPO ordering and payment. If the bill is submitted on SF 1034, Public Voucher for Purchases and Services Other Than Personal, certify and process it for payment the same as for payment of a commercial account.

B. Payments to GPO. The GPO reimburses the contractor for commercial printing services acquired through that agency. This eliminates the requirement for the disbursing office to have a receiving report or other evidence of receipt, conformance, or performance before payment of the GPO billing.

1. The GPO sends two invoice copies to the ordering activity for certification and the remaining three to the servicing component. The ordering activity keeps one copy for their files and sends one to the disbursing office. Send the original with the payment voucher, one copy to the GPO with payment, and keep one copy in the component payment files.

2. Upon receipt of a certified invoice from the ordering activity, match it to the one in finance and accounting and make payment within 15 days. This certified invoice serves as a receiving report. Do not suspense payments to the GPO because they are not subject to the Prompt Payment Act.

3. If the certified invoice is not received within 10 days, follow up with the ordering activity listed on the invoice. If the ordering activity states that order is received and delay is in line-item price certification, make payment as soon as possible based on the invoice received in the disbursing office. Keep one copy for payment files and return one copy with the check to the GPO to ensure proper credit. Later, when the certified invoice is received from the ordering activity, attach it to the copy in the payment files as supporting documentation.

4. After payment is made, a copy of the SF 1034 or 1080 with the invoice attached may be sent to the ordering activity on a case-by-case basis.

5. In the case of discrepancies, the

GPO furnishes both the disbursing office and the ordering activity with a credit invoice to be used as an offset against the next invoice received for that ordering activity. Attach a copy of the credit invoice to the payment voucher where the offset occurs and include in the payment files.

100106 Use of Imprest Fund

A. Reimbursement of Imprest Fund Optional Form (OF) 1129, Reimbursement Voucher, and OF 1129A (Memo).

1. See FAR 13.4 for guidance and DoD FMR Volume 5, Chapter 2.

2. Payment of Fees for Cashing Treasury Checks. Imprest fund cashiers may pay fees to cash Treasury checks at locations where Government depositories or United States disbursing offices are not available. Monthly, or for each transaction, the agent:

a. Prepares and certifies a DD Form 1155, Order for Supplies or Services, or SF 1165, Receipt for Cash, showing the amount of fees paid.

b. Has the form signed by a cashier of the bank or other institution which charged the fee.

c. Submits the form as a supporting document to OF 1129, Reimbursement Voucher.

B. Audit and Completion of OF 1129.

1. The disbursing office or agent reviews the OF 1129 and supporting cashier's subvouchers for compliance:

a. The name of the individual designated as an imprest fund cashier or agent is correct.

b. No transaction is in excess of \$500, except during periods of specified contingency operations when the limitations on imprest fund transactions may be increased to \$2,500. Repetitive purchases for the same items or splitting purchases among contractors to

avoid this dollar ceiling is prohibited.

c. The supplies or services acquired are authorized for purchase within the limitations of the imprest fund:

(1) The supplies or services are available for cash payment to be made upon pickup or delivery.

(2) No detailed specifications or technical inspections are required. Subvouchers include contractors' paid invoices; sales slips; cash register tickets; DD Form 1155; SF 1165, DD Form 1351, or DD Form 1348-1. The imprest fund cashier attaches the subvouchers to the OF 1129 for submission to the disbursing office. The disbursing office retains original subvouchers with memo copy of OF 1129.

(3) If any part of the subvoucher is questionable, the disbursing office or agent returns the contractor's sales document to the imprest fund cashier. Appropriate action is taken on the unredeemed sales document.

2. Reimbursement should be made as frequently as necessary, but no less often than monthly. At the close of the FY, a reimbursement voucher covering all remaining subvouchers through September 30 shall be submitted before the closing of the allotment accounts for the month. The accountable agent or disbursing agent reimburses the imprest fund cashier no later than the business day after receipt of the OF 1129, 1129A, and the contractor's sales documents.

3. Amount of Reimbursement. Imprest fund cashiers should request replenishment checks in such denominations that will enable them to keep the balance of cash on hand at a minimum. However, requests for multiple checks under \$25 will not be honored.

100107 Transfers and Payments from Budget Clearing Accounts

A. Use SF 1081, Voucher and Schedule of Withdrawals and Credits, to transfer funds from budget clearing accounts.

B. Use SF 1049, Public Voucher for Refunds, as refund vouchers for processing refunds due remitters.

C. Excise taxes represent an example of a special deposit fund account with local accountability. Place documents supporting collection of excise taxes in suspense when the collection is made. Remove these documents from the suspense file when the disbursement is made.

1002 PARTIAL PAYMENTS AND COST REIMBURSEMENT CONTRACTS

100201 General

Unless prohibited by the contract, payment shall be made on partial deliveries accepted by the government, unless the payment amount is less than \$10.

A. Maintain a partial payment record when more than one payment is required to liquidate the obligation. When the previous partial payment voucher numbers are shown on the partial payment record, it is not necessary to keep a copy of the vouchers in the obligation file. Maintain a separate partial payment record for each purchase order, contract, or other obligation document requiring partial payments.

B. When partial payments are made on DD Form 1155 containing discount provisions, take the discount, if proper, based upon the items accepted shown on the receiving report. See paragraph 020101 for discount provisions.

C. When partial payments are made on purchase orders or delivery orders, process the original signed DD Form 1155. Additional copies must be made at this time for succeeding payments. Do not make partial payments if the DD Form 1155 prohibits them.

D. Payments covering blanket purchase agreements, call-type contracts, and blanket delivery orders are not considered partial payments, except when more than one payment is required on an individual call.

100202 Cost-Reimbursement Type Contracts

A. The Defense Contract Audit Agency (DCAA) normally reviews and approves partial payment vouchers under cost-reimbursement type contracts. Documentation is not required for payment processing; however, the payment voucher should be annotated so that it can be properly identified as a provisional payment. Checking the provisional payment block on the SF 1034 is sufficient. The administrative contracting officer approves and certifies final voucher before payment.

B. The functions performed by DCAA personnel include:

1. Verification that amounts claimed for reimbursement of overhead are computed per the provisional, billing, predetermined, or final overhead rates currently in effect.

2. Verification that interim fees claimed are computed per the formula or terms in the contract.

3. Determination that the voucher has been properly prepared and that payment for the items listed on the voucher agrees with the terms of the contract.

C. The disbursing office will ensure that invoices requiring approval are properly approved. If only one copy of the invoice/voucher is signed, then a reproduced copy is to be filed in the payment folder or the retained copy can be annotated "original" and signed and dated.

D. Before payment:

1. Verify that sufficient funds have been obligated and are available to cover the amount of the voucher.

2. Determine that the cumulative costs claimed do not exceed the estimated total cost set forth in the basic contract and modifications.

3. Verify that funds have been or are being withheld in amounts sufficient to cover

the reserves for drawings, patents, etc., specified in the contract.

4. Compare the cumulative fee claimed with the contractual limitations on interim fee payments.

5. Verify extensions and footings.

E. Special payment techniques may be required when the contract includes requirements under the FMS program for more than one country or for one or more countries and the United States. FMS expenditure authority is required for payments or adjustments in the FMS program.

100203 Progress and Advance Payments

Progress and advance payments relieve the contractor from responsibility for the total financing of contracts which extend over a long period of time or are for large amounts of money.

A. Progress payments shall be made to the contractor when requested as work progresses, but not more frequently than monthly in amounts approved by the contracting officer (FAR 52.232-16). Progress payments made under fixed price construction contracts shall be made monthly as work proceeds, or at more frequent intervals as determined by the contracting officer, on estimates of work accomplished which meets the standards of quality established under the contract, as approved by the contracting officer (FAR 52.232-5). Progress payments, when authorized, may be paid against estimated amounts recorded, based on contract change notification, provisioning order obligation document, or other similar contractual documents. The contractor is required by FAR 32.0 to prepare and submit a separate SF 1443, Contractor's Request for Progress Payment. An example of different payment rates would be when the payment involves United States rates versus foreign military sales (FMS). In this example, the liquidation rate may be 80 percent for the United States rates versus 90 percent for FMS, and two SF 1443s would have to be prepared. In addition, if more than one FMS country involved, the contractor is required to attach a supporting

schedule for the SF 1443 identifying the countries and apportionment of payment. Unless directed otherwise in the contract or by the contracting officer, the contractor must provide SF 1443, with supporting information, to the disbursing office designated in the contract instead of an invoice when requesting a progress payment.

B. Advances are payments made to contractors in anticipation of performance on the contract. This often occurs earlier than the associated costs have been accumulated and summarized in the contractor's accounting system. A clause providing for these payments must be included in contracts before payment can be made. For more details, see FAR 32.4 and DFARS 232.4.

C. Progress payments do not include amounts paid contractors for:

1. Partial delivery of items.
2. Partial payments on terminations.
3. Cost-reimbursable type contracts.
4. Construction contracts containing the payment clauses in FAR 52.2. Account for these disbursements as partial payments per paragraph 100201.

100204 Progress Payment Procedures

A. When allocating progress payments across ACRNs, follow distribution identified in the contract, if any. If none exist, take the following action:

1. If the contract contains multiple ACRNs involving only one of the Military Services, payment will be prorated against those ACRNs with sufficient ULOs to permit the progress payment. The obligation will be the basis for the proration.
2. If the contract contains funds for more than one Military Service, payment will be prorated to the Services with sufficient ULO to permit the progress payment. These amounts

will then be prorated to the ACRNs within the Services. The obligation will be the basis for these prorations.

3. If the progress payment is for FMS requirements, the portion of the amount approved for payment should be charged to each customer country. For the FMS customer to receive a correct billing statement, the long line fund citation must include the country code, implementing agency, country code designator, and the case line number. If each country code contains only one ACRN, payment will be made to the ACRN reporting the country code, implementing agency, and case line item.

4. If there is more than one ACRN for each country code, the amount to be charged to each country code will be prorated to the ACRNs identified to that country code. Proration will be based on the ratio of the ACRN obligation to the total obligation for a particular country code.

B. Care must be taken to ensure that the individual ACRNs are not over paid. The outstanding work in progress (WIP) balance for each ACRN cannot exceed the ULO for that ACRN multiplied by the liquidation rate.

C. There may be occasions when work is shifted from one contract to another for the same contractor. However, the shifting of work between contracts should be in compliance with the DoD progress payment policy of taking offsets whenever possible. If shifts occur, it should be noted that a disbursement adjustment between contracts is a bookkeeping entry and not a payment transactions. Accordingly, when work is shifted between contracts of the same contractor, a progress payment should be the net amount of the transactions involved on the contracts. Any transfers of work from one contract to another contract will be ordered by a modification to each affected contract.

100205 Progress Payment Recoupments

A. The recouped amount is determined by multiplying the gross amount of the invoice by the liquidation rate. If this amount is greater than the outstanding WIP balance, the

outstanding WIP balance becomes the amount to be recouped.

B. The recouplement should be computed by applying the recouplement first against the outstanding WIP balance of the ACRN to which the delivery is applicable. If sufficient schedule information is available, any remaining recouplement will be against the outstanding WIP balance of the ACRN representing the delivery furthest into the future within the same service as the deliverable ACRN. If sufficient liquidation is not available within the deliverable service ACRN, then liquidation from the ACRNs of other Services should occur against the delivery furthest into the future. If sufficient schedule information is not available, the remaining liquidation will be prorated against those ACRNs with an outstanding WIP balance within the Service of the deliverable first, then off other Service ACRNs if necessary. The basis for the proration will be individual WIP balance to the total contract WIP balance.

C. Recoupments will not be accomplished involving both US and FMS funds unless both are involved with the payment of the deliverable item. If there is a deliverable against an US ACRN, progress payments will be recouped as detailed in paragraph 100205-B. If there is an FMS deliverable, progress payments will be recouped against only that country involved with the FMS deliverable as detailed in paragraph 100205-B.

D. For invoices which offer discounts on contracts with unrecouped progress payment balances, see paragraph 020105 for details.

100206 Advance Payment Procedures

A. A subsidiary record should be maintained for each contract on which an advanced payment has been made.

B. Advance Payment Pool Agreements. Advance payments are sometimes used for financing the performance of more than one contract. This is accomplished under a single advance-payment agreement called an advance-payment pool agreement. Advance-payment pool agreements are often used for the financing

of cost-type contracts with nonprofit educational or research institutions for experimental, or research and developmental work, when several contracts or a series of contracts require financing by advance payments. More than one agency or department may have their funds cited on contracts which are part of the pool agreement. When more than one contract is involved in the pool agreement, one or more of the contracts is designated as the contract for which the advance payments are applied. This is normally a large dollar-value contract. The following guidance must be used for an advance-payment pool agreement:

1. Prepare a separate form for each contract in the pool agreement. Post payments, repayments, etc., applicable to each contract.

2. Prepare one form as the control record for each pool agreement. In the heading, enter the total amount authorized to be paid under the agreement. At the end of each month, summarize the posting of a separate form and post to the control record. Make sure advance payments do not exceed the amount authorized. Cross-reference the control and individual contract forms to avoid duplication when recording to the general ledger.

3. When the advance payment is recouped or repaid, charge the appropriate contracts in the pool agreement and reduce the amount recorded against the designated contract as advance payments.

4. When a contract is terminated, the disbursing office will collect any balances due for advance payments and accrued interest.

C. New Advance Payment Pool Agreements. The following procedures must be used for DoD Components operating under newly negotiated advance payment pool agreements. Those DoD Components operating under current agreements will follow the procedures in paragraphs 100206-A and B. The DoD components will be notified when a new agreement has been negotiated and the following new procedures apply:

1. The contractor request for an advance payment is approved for payment by the designated DoD Component. The approved request is forwarded to the disbursing office.

2. The contractor forwards reimbursement vouchers to the office specified in the contract responsible for reviewing and certifying cost reimbursement payments.

- a. Upon receipt of a properly certified reimbursement voucher in the disbursing office, it is reviewed for accuracy. If proper, payment is made.

- b. The payment must be made citing the appropriations identified on the contracts listed on the reimbursement voucher.

- c. Maintain a partial payment record of all contracts.

- d. Make sure that payments do not exceed the total amount authorized on the contract.

- e. Payments should be made within 5 to 10 workdays after receipt of a properly approved reimbursement voucher but not earlier than the date specified in the pool agreement. These payments are considered a form of contract financing.

3. A ledger must be maintained to make sure that payments plus the amount advanced do not exceed the unliquidated obligations of all contracts awarded under the pool agreement. This condition may result from:

- a. Failure to receive obligating documents.

- b. Nearing completion of the pool contracts.

4. Do not make the payment if it will cause the unliquidated obligations to fall below the advanced amount. If the above condition occurs, notify the designated DoD Component, and request further instructions. The Component will advise whether obligating documents are in transit or the payment must be

processed to liquidate the amount advanced. Take the following actions based on this guidance:

a. If advised that obligating documents are in transit, hold the payment voucher pending receipt of the obligating documents. After receipt of the obligating documents, make the payment to the contractor.

b. If advised that obligating documents are not in transit, process the payment to liquidate the amount advanced.

(1) Process the voucher as a dual payee amount (that is, payable to the contractor or the disbursing office).

(2) Do not mail the check to the contractor.

(3) The disbursing office deposits the check and reduces the amount recorded.

(4) Notify the contractor of the reduction.

(5) In the event of contractor default or loss of funds, immediately notify designated component to obtain processing instructions.

100207 Recoupment Vouchers for Progress and Advance Payments

A. Progress and advance payments are recouped either by voucher deductions (from amounts otherwise due the contractor) or by cash refunds. Recoupments should be accomplished so they will match the payment requirements delineated in paragraphs 100203, 100204, 100205, 100206, and 100207.

B. Deduction From Voucher. Prepare the disbursement voucher (SF 1034) for completed work for the gross amount due, as though no deduction was involved, charging the applicable account. Then deduct from the gross amount the funds being recouped, citing the progress or advance payment account number. Immediately record the recoupment on SF 1096.

Take care to indicate the contract number on both the SF 1034 and the SF 1096.

C. Cash Repayment. Cash repayments may be required by the provisions of the contract. The contracting officer or other authorized representative:

1. Prepares a DD Form 1131, Cash Collection Voucher, that identifies the repayment, accounting classification, contract number, CLIN or SLIN.

2. Forwards it to the disbursing office. If a CLIN or SLIN is not applicable, such as a lump sum deduction, the voucher should so reflect the fact and cite the applicable modification number.

1003 FAST PAYMENT

100301 General Instructions

When a purchase is made under Fast Payment procedures (FAR 13.3), payment is made based on the supplier's submission of an invoice which constitutes a representation that delivery has been made and the provision of the orders have been complied with. Payment will be made no later than 15 days after receipt of a proper fast pay invoice. Interest penalties will accrue if payment is not made within the 15-day time frame. Disbursing offices are cautioned that all invoices must be prominently marked "FAST PAY." The government will not pay the cost of parcel post insurance. Minimum standards for bill paying under Fast Pay follow:

A. A closed loop process that matches payments to material receipts and resolves nonreceipt or other discrepancies.

B. An information flow that links consignee receipt and discrepancy information to both the purchasing and bill disbursing offices to document contractor performance and provides timely feedback to contracting/bill disbursing offices.

C. A management control/audit program for post-payment examination of payments made under fast pay (statistical sampling)

is recommended).

D. A process that matches expenditures and obligations for Fast Pay transactions. The matching process should occur as the bill is processed for payment and be under general ledger control.

1004 ROYALTY AND COOPERATIVE
RESEARCH DEVELOPMENT AGREEMENT
(CRDA) INCOME

100401 Royalty and CRDA Income

As authorized by 15 U.S.C. 3710, agencies may receive, retain, and use income from licensing patents and CRDAs. Section 3714 provides spending authority for Section 3710 without requiring that an amount be provided in Appropriation Acts. However, because these are appropriated funds, normal appropriated fund regulations, limitations, and requirements apply. The funds can be use or obligated during the FY in which they are received or the succeeding FY. Any funds that have not been used or obligated by the end of the succeeding FY must be deposited into the Treasury Miscellaneous Receipt Account.