

Subpart 13.4 - Fast Payment Procedure

13.401 General.

(a) The fast payment procedure allows payment under limited conditions to a contractor prior to the Government's verification that *supplies* have been received and accepted. The procedure provides for payment for *supplies* based on the contractor's submission of an *invoice* that constitutes a certification that the contractor-

(1) Has delivered the *supplies* to a post office, common carrier, or point of first receipt by the Government; and

(2) Shall replace, repair, or correct *supplies* not received at destination, damaged in transit, or not conforming to purchase agreements.

(b) The *contracting officer* shall be primarily responsible for determining the amount of debts resulting from failure of contractors to properly replace, repair, or correct *supplies* lost, damaged, or not conforming to purchase requirements (see [32.602](#) and [32.603](#)).

13.402 Conditions for use.

If the conditions in paragraphs (a) through (f) of this section are present, the fast payment procedure *may* be used, provided that use of the procedure is consistent with the other conditions of the purchase. The conditions for use of the fast payment procedure are as follows:

(a) Individual purchasing instruments do not exceed \$35,000, except that *executive agencies* may permit higher dollar limitations for specified activities or items on a case-by-case basis.

(b) Deliveries of *supplies* are to occur at locations where there is both a geographical separation and a lack of adequate communications facilities between Government receiving and disbursing activities that will make it impractical to make timely payment based on evidence of Government acceptance.

(c) Title to the *supplies* passes to the Government-

(1) Upon delivery to a post office or common carrier for mailing or *shipment* to destination; or

(2) Upon receipt by the Government if the *shipment* is by means other than Postal Service or common carrier.

(d) The supplier agrees to replace, repair, or correct *supplies* not received at destination, damaged in transit, or not conforming to purchase requirements.

(e) The purchasing instrument is a firm-fixed-price contract, a *purchase order*, or a *delivery order* for *supplies*.

(f) A system is in place to ensure-

- (1) Documentation of evidence of contractor performance under fast payment purchases;
- (2) Timely feedback to the *contracting officer* in case of contractor deficiencies; and
- (3) Identification of suppliers that have a current history of abusing the fast payment procedure (also see [subpart 9.1](#)).

13.403 Preparation and execution of orders.

Priced or unpriced contracts, *purchase orders*, or BPAs using the fast payment procedure *shall* include the following:

- (a) A requirement that the *supplies* be shipped transportation or postage prepaid.
- (b) A requirement that *invoices* be submitted directly to the finance or other office designated in the order, or in the case of unpriced *purchase orders*, to the *contracting officer* (see [13.302-2\(c\)](#)).
- (c) The following statement on the consignee's copy:

Consignee's Notification to Purchasing Activity of Nonreceipt, Damage, or Nonconformance

The consignee *shall* notify the purchasing office promptly after the specified date of delivery of *supplies* not received, damaged in transit, or not conforming to specifications of the *purchase order*. Unless extenuating circumstances exist, the notification *should* be made not later than 60 days after the specified date of delivery.

13.404 Contract clause.

The *contracting officer* *shall* insert the clause at [52.213-1](#), Fast Payment Procedure, in *solicitations* and contracts when the conditions in [13.402](#) are applicable and it is intended that the fast payment procedure be used in the contract (in the case of BPAs, the *contracting officer* *may* elect to insert the clause either in the BPA or in orders under the BPA).