

<?xml encoding="UTF-8">

# **PGI Part 232 - CONTRACT FINANCING**

PGI 232.070 Responsibilities.

PGI 232.4 -ADVANCE PAYMENTS FOR OTHER THAN COMMERCIAL ACQUISITIONS

PGI 232.409 RESERVED

PGI 232.409-1 Recommendation for approval.

PGI 232.410 Findings, determination, and authorization.

PGI 232.5 -PROGRESS PAYMENTS BASED ON COSTS

PGI 232.501 General.

PGI 232.501-2 Unusual progress payments.

PGI 232.6 -CONTRACT DEBTS

PGI 232.603 Debt determination.

PGI 232.604 Demand for payment.

PGI 232.670 Transfer of responsibility for debt collection.

PGI 232.671 Bankruptcy reporting.

PGI 232.10 -PERFORMANCE-BASED PAYMENTS

PGI 232.1001 Policy.

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

PGI 232.7004 Contract clause instructions.

PGI 232.71 -LEVIES ON CONTRACT PAYMENTS

PGI 232.7101 Policy and procedures.

**Parent topic:** PGI Defense Federal Acquisition Regulation

## **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 OTHER THAN COMMERCIAL ACQUISITIONS**

### **PGI 232.409 RESERVED**

#### **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.”

## **PGI 232.5 -PROGRESS PAYMENTS BASED ON COSTS**

### **PGI 232.501 General.**

## **PGI 232.501-2 Unusual progress payments.**

Unusual progress payment arrangements require the advance approval of the Principal Director, Defense Pricing, Contracting, and Acquisition Policy (DPCAP). Contracting officers must submit all unusual progress payment requests to the department or agency contract financing office for approval and submission to OUSD(A&S) DPCAP.

## **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.

## **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 Defense Pricing, Contracting, and Acquisition Policy (Price, Cost and Finance) website under Pricing Topics, Performance Based Payment.

See [https://www.acq.osd.mil/asda/dpc/pcf/docs/resources-training/Performance\\_Based\\_Payment\\_\(PB\)\\_Guide.pdf](https://www.acq.osd.mil/asda/dpc/pcf/docs/resources-training/Performance_Based_Payment_(PB)_Guide.pdf).

## **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)(ii)(A) of the clause, if applicable, by inserting one of the following document types appropriate to the work being performed:

(i) Invoice and Receiving Report.

(ii) Navy Shipbuilding Invoice—Fixed Price.

(iii) Reparables Receiving Report (for repair services).

(iv) Energy Invoice and Energy Receiving Report.

(3) Complete paragraph (f)(1)(ii)(B) of the clause, if applicable, by inserting one of the following document types appropriate to the work being performed:

(i) Invoice and Receiving Report.

(ii) Invoice 2-in-1 (Services only).

(iii) Construction and Facilities Management Invoice.

(iv) Navy Construction/Facilities Management Invoice.

(v) Telecom Invoice (Contractual).

(4) Do not use the Combo selection for a receiving report.

(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://piee.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://piee.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 (g) by entering the WAWF point of contact information for the contracting activity, if applicable. List parties to be notified of document submission.

## **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 Principal Director, Defense Pricing, Contracting, and Acquisition Policy (DPCAP), 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 Principal Director, DPCAP, via email at [osd.pentagon.ousd-a-s.mbx.asda-dp-c-contractpolicy@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.asda-dp-c-contractpolicy@mail.mil). The notification to the Principal Director, DPCAP, 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 Principal Director, DPCAP, is essential, the procuring contracting officer should not delay the notification while trying to achieve more precise data.

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

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

(ii) If the Principal Director, DPCAP, agrees with the recommendation of the procuring contracting

officer—

(A) When there is an adverse effect on national security, the Principal Director, DPCAP, 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 Principal Director, DPCAP, 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 Principal Director, DPCAP* . The procuring contracting officer shall promptly notify the contractor, in writing, of the decision made by the Principal Director, DPCAP, including the actions to be taken (if any).