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Policies and Procedures

Title: Prompt Payment

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This P&P establishes policy and procedures for the timely payment of invoices submitted by contractors providing supplies and services to the Economics agencies.

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1. Introduction

It is the policy of the Economics agencies to comply with the terms of the Prompt Payment Act, as amended, and to submit payment documentation promptly to the National Finance Center (NFC) in accordance with sound cash management practices. Agencies will take steps necessary to avoid interest penalties from late payments and to receive discounts from early payments when offered. The Budget, Finance, and Systems Automation Division maintains control by monitoring NFC interest penalties reports, identifying problem areas, and taking appropriate corrective action in conjunction with procurement and administrative support staff.

2. Duties of Receiving Offices

Receiving offices have primary responsibility for receiving and accepting supplies and services for the agency. They also must complete a receiving report acknowledging that the supplies and services conform to the requirements of a contract, or purchase order, and send it to NFC within 5 working days. The format of the receiving report to be completed depends on the type of procurement. The following table summarizes the type of procurement and the form required to acknowledge receipt.

Type of Procurement	Designated Billing Office	Form Used to Acknowledge Receipt
Contract	Program Office (COTR)	AD-838B
Purchase Orders		
Type 40 ¹ - more than \$1,000	NFC	Green Receipt Copy of the AD-838
Type 40 ¹ - \$1,000 or less	NFC	None Required-Unless an "R" appears in the "SUB" block (Block 9) of the AD-838

(a) Fixed price, fixed quantity with anticipated one-time vendor payment, or (b) estimated quantity and/or estimated price with anticipated one-time vendor payment.

Type of Procurement	Designated Billing Office	Form Used to Acknowledge Receipt
Types 41 ² - and 42 ³	NFC	Automatically Paid
Type 43 ⁴	Administrative Officer	AD 838B
Type 45 ⁵	Holder of the BPA	AD-838D

3. Duties of Designated Billing Offices

Review contractor invoices for contracts and Types 43 and 45 purchase orders for accuracy and completeness. All invoices must be dated, contain an itemized list of charges, and identify the contract or purchase order number.

☞ Any invoice determined not to be a proper invoice shall be returned to the contractor within 7 calendar days.

Date stamp each invoice or otherwise annotate each invoice with the date received.

Send all proper invoices for Types 43 and 45 purchase orders to NFC within 5 workdays of receipt.

Send all proper invoices for contracts to the EMS Procurement Section within 2 workdays of

Advance payment authorized by procurement regulations (e.g., subscriptions and tuition).

Fixed price and fixed quantity for agreed-upon cyclic payments detailed in the purchase order as to amount, cycle (e.g., monthly, quarterly), start date of first payment, and total number of payments.

(a) Fixed price, fixed quantity with anticipated recurring vendor payments (e.g., ADP equipment rental), (b) estimated price and/or estimated quantity with anticipated recurring vendor payments (e.g., copier rental with monthly charges based upon number of copies produced), and (c) estimated price and/or estimated quantity for services even though there is an anticipated one-time vendor payment (e.g., orders issued based on labor hours wherein the hourly rate is known but the number of hours to complete the project is estimated).

Blanket purchase agreements and guaranteed home sale services.

receipt. EMS Procurement Section will forward all invoices to NFC within 10 calendar days of receipt. **NASS Headquarters only:** route all invoices through the Budget and Administrative Staff prior to forwarding to EMS Procurement.

4. Determining the Payment Due Date

Payment for supplies or services received is due on the date specified in the contract. If a payment date is not specified, payment is due 30 days after the start of the payment period. To determine the start of the payment period, an invoice is considered received on the later of:

The date a proper invoice is received by the designated billing office as long as it was properly date stamped or date annotated. If the invoice is not properly date stamped or annotated when received, the contractor's invoice date is used.

The seventh calendar day after the date supplies are delivered or service performed, unless the agency accepts the supplies or services before the seventh day (in which case the acceptance date is used); or a longer acceptance period is specified in the contract to allow for inspection, testing, and acceptance.

Glossary

Blanket Purchase Agreement. A method of filling anticipated repetitive needs for supplies and services by establishing 'charge accounts' with qualified vendors.

Contract. An enforceable agreement--greater than \$25,000, but excluding cooperative agreements--between an agency and a contractor for the acquisition of supplies and/or services.

Contracting Officer's Technical Representative (COTR). A program official designated in writing by the contracting officer to assist in administering the contract.

Contractor. Any person, organization, business concern, or nonprofit entity entering into a contract with, or accepting a purchase order from, the Economics agencies. This includes state and local governments, but not Federal entities.

Designated Billing Office. The office or employee designated in a procurement document to receive invoices. This can be an Economics agency program office; an office within EMS/Administrative Services Division, Procurement, Property, and Space Branch; or NFC.

Due Date. The date payment is due as specified in the contract or 30 calendar days after the start of the payment period.

Invoice. A bill or written request for payment provided by a contractor for supplies and services rendered. A proper invoice is dated, contains an itemized list of charges, and identifies the contract or purchase order number.

Payment Period. The period available to an agency to make a timely payment of an invoice without incurring an interest penalty.

Receiving Office. The office in the Economics agencies that receives goods and services and must complete a receiving report.

Receiving Report. Written evidence of acceptance of supplies and services by an Economics agency official. When supplies and services are procured using a purchase order or delivery order, the receiving report is the green copy of form AD-838. For contracts, receipt is acknowledged on an AD-838B. For items ordered under a blanket purchase agreement, the AD-838D is used. In all cases, the receiving report must include the date the supplies and services were delivered and accepted, and the signature of the person receiving them.

☞ For purchases of \$1,000 or less procured using a type 40 Purchase Order, receiving reports are not required, unless an "R" appears in the "SUB" block (Block 9) of the AD-838.