

UNIT 15: METHOD OF PAYMENT

September 2004

UNIT CERTIFICATION

Statement of Completion

_____ has satisfactorily completed training in the duty of this Unit under the conditions described below and in accordance with the overall standard(s) for this Unit.

| | |
|-------------------------|--|
| Duty | Determine the method of payment. |
| Conditions | Given forecast requirements, written or unwritten acquisition plan, market research, Procurement Request, and other related documents. |
| Overall Standard | Select the available method of payment and related clauses that will best minimize the Government's overhead for making contract payments while preserving opportunities for small business concerns to compete for Federal contracts. |

| |
|------------------|
| Evaluator |
| _____ Name |
| _____ Title |
| _____ Date |

UNIT 15: METHOD OF PAYMENT

September 2004

Insert documentation to support completed training.

UNIT 15: METHOD OF PAYMENT

September 2004

Policies

| <i>FAR</i> | <i>Agency Suppl.</i> | <i>Subject</i> |
|-------------|----------------------|--|
| 12.302(b) | | Tailoring FAR 52.212-4, contract terms and conditions – commercial items. |
| 13.001 | | Definitions including Governmentwide commercial purchase card and third party draft. |
| 13.003(e) | | Requirement to use Governmentwide commercial purchase cards to maximum extent practicable in simplified acquisitions. |
| 13.305 | | Imprested funds and third party drafts. |
| 13.4 | | Fast payment procedure. |
| 32.1110 | | <p>Solicitation provision and contract clauses.</p> <p>(a) The contracting officer shall insert the clause at- 52.232-33, Payment by Electronic Funds Transfer-Central Contractor Registration, in solicitations and contracts that include the clause at 52.204-7 or an agency clause that requires a contractor to be registered in the CCR database and maintain registration until final payment, unless-</p> <ul style="list-style-type: none"> (i) Payment will be made through a third party arrangement (see 13.301 and paragraph (d) of this section); or (ii) An exception listed in 32.1103(a) through (i) applies. <p>(2)(i) 52.232-34, Payment by Electronic Funds Transfer-Other than Central Contractor Registration, in solicitations and contracts that require EFT as the method for payment but do not include the clause at 52.204-7, Central Contractor Registration, or a similar agency clause that requires the contractor to be registered in the CCR database. (ii)(A) If permitted by agency procedures, the contracting officer may insert in paragraph (b)(1) of the clause, a particular time after award, such as a fixed number of days, or event such as the submission of the first request for payment. (B) If no agency procedures are prescribed, the time period inserted in paragraph (b)(1) of the clause shall be "no later than 15 days prior to submission of the first request for payment."</p> |
| 52.212-4(g) | | Invoice terms and conditions for commercial contracts. |
| 52.212-4(i) | | Payment terms and conditions for commercial contracts. |
| 52.213-1 | | Fast payment procedure. |

UNIT 15: METHOD OF PAYMENT

September 2004

| <i>FAR</i> | <i>Agency Suppl.</i> | <i>Subject</i> |
|------------|----------------------|--|
| 52.232-8 | | Discounts for prompt payment. |
| 52.232-33 | | Payment by electronic funds transfer – central contractor registration. |
| 52.232-34 | | Payment by electronic funds transfer – other than central contractor registration. |
| 52.232-35 | | Designation of office for government receipt of electronic funds transfer information. |
| 52.232-36 | | Payment by third party. |
| 52.232-37 | | Multiple payment arrangements. |
| 52.232-38 | | Submission of electronic funds transfer information with offer. |

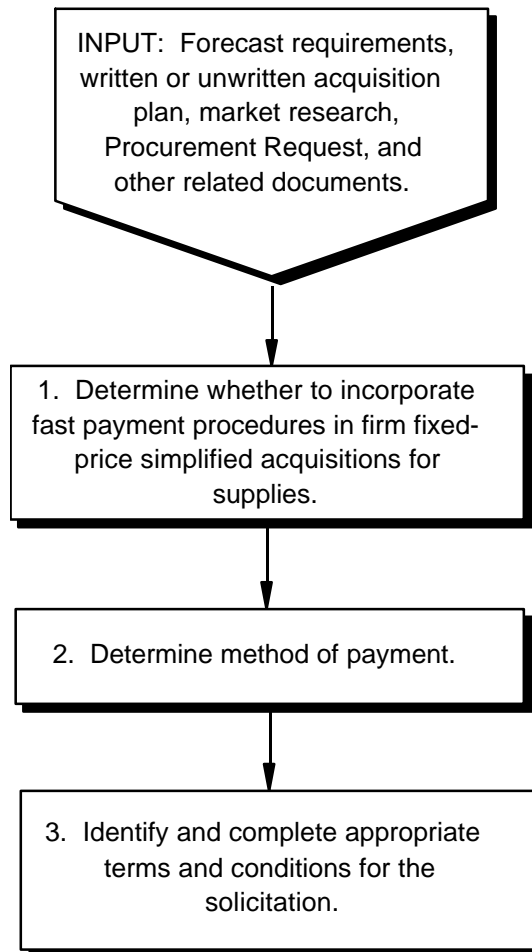
Other KSAs

1. Knowledge of the methods of payment used for business transactions.
 2. Ability to apply sound business judgment and reasoning in payment-related decisions.
 3. Ability to conscientiously examine the detailed information associated with payment-related decisions.
 4. Ability to make decisions in the Government's best interest based on available information.
 5. Ability to maintain the honesty and integrity of the acquisition process.
-

Other Policies and References (Annotate As Necessary):

UNIT 15: METHOD OF PAYMENT

September 2004



UNIT 15: METHOD OF PAYMENT

September 2004

| Tasks | Related Standards |
|--|--|
| <p>1. Determine whether to incorporate fast payment procedures in firm fixed-price simplified acquisitions for supplies.</p> | <p>Consider the following conditions for use of the fast payment procedure: (FAR 13.402)</p> <ul style="list-style-type: none"> • The individual purchasing instrument must not exceed \$25,000, except that executive agencies may permit higher dollar limitations for specified activities or items on a case-by-case basis. • Deliveries must 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. • Title to the supplies must pass to the Government upon: <ul style="list-style-type: none"> - Delivery to a post office or common carrier for mailing or shipment to destination; or - Receipt by the Government if the shipment is by means other than Postal Service or common carrier. • The supplier must agree to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to purchase requirements. • The purchasing instrument is a firm-fixed-price contract, a purchase order, or a delivery order for supplies. • A system must be in place to ensure: <ul style="list-style-type: none"> - Documentation of evidence of contractor performance under fast payment purchases; - Timely feedback to the Contracting Officer in case of contractor deficiencies; and - Identification of suppliers that have a current history of abusing the fast payment procedure. |
| <p>2. Determine method of payment.</p> | <p>Provide all contract payments through electronic funds transfer (EFT) including</p> |

UNIT 15: METHOD OF PAYMENT

September 2004

| Tasks | Related Standards |
|-------|--|
| | <p>Governmentwide purchase card unless:</p> <ul style="list-style-type: none">• The office making payment under a contract that requires payment by EFT, loses the ability to release payment by EFT.• The payment is to be received by or on behalf of the contractor outside the United States and Puerto Rico (but see FAR 32.1106(b));• A contract is paid in other than United States currency (but see FAR 32.1106(b));• Payment by EFT under a classified contract could compromise classified information or national security, or would be impractical due to security considerations;• A contract is awarded by a deployed Contracting Officer or in the conduct of emergency operations if EFT:<ul style="list-style-type: none">- Is not known to be possible; or- Payment would not support the objectives of the operation;• The agency does not expect to make more than one payment to the same recipient within a one-year period; The Government would be seriously injured unless payment is made by a method other than EFT; or• Otherwise authorized by Department of the Treasury Regulations. <p>Impress funds may be used to pay for transactions not exceeding \$500 (or other agency limit) until October 1, 2001. A waiver is required for use after that date.</p> <p>A third party draft may be used to pay for transactions not exceeding \$2,500 (or other agency limit) unless and third party drafts may be used to acquire and to pay for supplies or services.</p> |

UNIT 15: METHOD OF PAYMENT

September 2004

| Tasks | Related Standards |
|---|--|
| 3. Identify and complete appropriate terms and conditions for the solicitation. | <p>For commercial item solicitations and contracts, incorporate the Contract Terms and Conditions – Commercial Items clause at FAR 52.212-4, which includes payment requirements.</p> <p>For noncommercial item solicitations and contracts, incorporate the appropriate clauses identified in FAR 32.111.</p> <p>For all solicitations and contracts, incorporate the appropriate EFT-related clauses in FAR 32.1110.</p> |