

TMA Procedures, Guidance, and Information (PGI)

TMA PGI 232 – Contract Financing

(May 29, 2012)

232.6 – Contract Debts

232.604 – Demand for Payment

- (1) TRICARE Acquisition Directive – None
- (2) Overview – A Demand for Payment is made when the Government determines a contractor has been overpaid or is otherwise indebted to the Government. It is the policy of DoD that debts owed to the government shall be promptly collected with follow up action if necessary. A contractor can become indebted to the Government in a number of ways, as outlined in Federal Acquisition Regulation ([FAR 32.601\(b\)](#)). [FAR 32.602](#) also states that the Contracting Officer (CO) holds primary responsibility for identifying contractor indebtedness and making a demand for payment, except those resulting from errors made by the payment office. Subsequent debt collection activities are the responsibility of the applicable Government payment office ([FAR 32.602\(b\)](#)). Once a debt is identified, the CO must issue an initial Demand for Payment letter to the contractor and track the debt until it is settled.
- (3) When issuing a Demand for Payment, the CO will follow the procedures outlined in [FAR Subpart 32.6](#), [Defense Federal Acquisition Regulation Supplement \(DFARS\) Subpart 232.6](#), [DFARS Procedures, Guidance, and Information \(PGI\) 232.6](#), and [Department of Defense Financial Management Regulation \(DoD FMR\) Volume 10 Chapter 18](#).
- (4) The references identified in paragraph (3) require inclusion of specific content in an initial Demand for Payment letter. Therefore, TRICARE Management Activity (TMA) has developed a customizable initial Demand for Payment letter template for use under these circumstances (see Attachment 1).
- (5) In some cases, the CO may need to coordinate with the appropriate Government payment office to develop the initial Demand for Payment letter, such as when the payment office makes an overpayment, or to ascertain the appropriate value for any required administrative fees.
- (6) The CO is only required to issue an initial Demand for Payment letter to an indebted contractor. Subsequent letters may be sent to the contractor when the due date specified in the initial demand letter has passed, in accordance with [DoD FMR Volume 10 Chapter 18](#), and in coordination with the TMA Office of General Counsel and the appropriate Government payment office.
- (7) The CO shall notify the TMA Office of General Counsel and the appropriate Government payment office in accordance with [DoD FMR Volume 10 Chapter 18](#), and coordinate with them to track the status of the contractor's debt.