

## **APD ALERT**



## **INVOICING PROCEDURES**

### **REFERENCES**

5 CFR 1315, Prompt Payment Act  
Federal Acquisition Regulation (FAR)  
FAR Part 32.9, Prompt Payment

### **PURPOSE**

The purpose of this Alert is to provide guidance and procedures on the proper handling and processing of invoices for all contracts.

### **BACKGROUND**

The Prompt Payment Act (Final Rule, 5 CFR 1315) requires agencies to pay commercial obligations within certain time periods and to pay interest penalties when payments are late. It was enacted to ensure that companies doing business with the Federal Government are paid in a timely manner. It requires the Government to make payments within 30 days (14 days for construction contracts) after receipt of a proper invoice or Government acceptance of supplies delivered or services rendered. Final payment for construction contracts are to be made within 30 days after receipt of final invoice.

### **PROCEDURES**

- a. Contents of a Properly Prepared Invoice**

Payment will be based on the receipt of a proper invoice and satisfactory contract performance. The required contents should be clearly stated in every contract per FAR 32.905(b). The following information is necessary to constitute a complete and proper invoice:

- a. Name and address of contractor
- b. Invoice date and invoice number
- c. Contract/task/purchase order number
- d. Description, quantity, unit of measure, unit price, and extended price of supplies delivered or services performed
- e. Shipping and payment terms, if applicable (e.g., shipment number and date of shipment, discount for prompt payment, etc.)
- f. Name and address of contractor official to whom payment is to be sent
- g. Name, title, phone number, and mailing address of person to be notified in the event of a defective invoice
- h. Taxpayer Identification Number (TIN)
- i. Electronic Funds Transfer (EFT) banking information
- j. For construction contracts, contractor's certification as required by the clause, Payments under Fixed-Price Construction Contracts at FAR 52.232-5(c)
- k. Any other information or documentation required by the contract (e.g., evidence of shipment, itemization of work completed, certified payrolls, etc.)

**b. Receipt of Invoices/Annotation**

All contracts must include the name of the Government employee to whom invoices are to be sent. Unless otherwise specified in the contract, invoices shall be sent in an

original and one (1) copy (or electronic invoice, if authorized). At a minimum, contractors shall send their original invoice directly to the person named in the contract as well as a copy to the contracting officer (CO).

When the original invoice is received it must be annotated (e.g., date stamped, hand written, e-mail receipt, etc.) with the date of receipt at the time of receipt. This will start the clock on the payment due date as required by the Prompt Payment Act. If the original invoice is not annotated with the date it is received by the Government, the prompt payment due date is calculated from the date of the contractor's invoice.

**c. Review and Approval of Invoices**

After the original invoice is annotated to show its date of receipt, the designated Government official responsible for approving the invoice has two (2) working days from receipt to review the document and provide their approval or disapproval. All invoice 'approvals' or 'disapprovals' must be clearly documented in writing (i.e., on the invoice or electronically via e-mail) to include the initials of the approving official and date of approval. Upon invoice approval, the invoice shall be receipted in IAS, and an Invoice Cover Sheet for IAS Payments (IAS-001) must be completed and forwarded to NFC. If someone other than the contracting officer is designated to approve the invoice, the Acquisition Branch or Location contracting office responsible for contract administration must review the invoice for sufficiency concurrently with the designated officials review. If an invoice is disapproved for any reason the contracting officer shall be immediately notified.

**NOTE:** The Government official responsible for approving the invoice shall ensure that the invoice is receipted in IAS and that an Invoice Cover Sheet for IAS Payments (IAS-001) is completed and sent to NFC for payment. When completing the receipt in IAS be sure to use the correct account code(s) to ensure proper reporting. This is especially critical when multiple sources of funding are being used and when an invoice contains line items funded with different appropriations.

**IMPROPER/DEFICIENT INVOICES**

All invoices must be in accordance with the contractual billing terms and contain the information cited in paragraph 4a above. If an invoice is not proper, or contains incorrect information, the contracting officer must be immediately notified. The CO (or designated Government official with CO approval) must return the invoice to the contractor within seven (7) days of receipt of the invoice and provide the contractor with a written explanation as to the reason(s) why it is not a proper invoice in accordance with FAR 32.905(b)(3). If the invoice is not returned within this timeframe, it will be considered accepted, and the prompt payment clock to pay the invoice will begin.

## **DETERMINING THE PAYMENT DUE DATE**

The Prompt Payment Act outlines standards that determine the payment due date and the date on which interest will begin to accrue if a payment is late. In general, the due date for making an invoice payment is the later of the following two events:

- (i) The 30th day after the designated billing office receives a proper invoice from the contractor
- (ii) The 30th day after Government acceptance of supplies delivered or services performed.

In addition, for construction contracts the payment due date is 14 days after receipt of a proper payment request and 30 days for final payment. (See FAR 32.904 for Determining Payment Due Dates).

## **CONTRACTOR INQUIRIES**

Questions regarding delinquent payments should be directed to the designated billing office or designated payment office. Disagreements in payment amount or timing shall be directed to the contracting officer for resolution. The contracting officer is responsible for resolving payment disagreements.

Questions regarding this Alert can be directed to APOB via e-mail at [APOB@ars.usda.gov](mailto:APOB@ars.usda.gov).

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