DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CEPR-P (715)

9 January 2003

MEMORANDUM FOR ALL USACE COMMANDS (DIRECTORS/CHIEFS OF CONTRACTING)

SUBJECT: PARC Instruction Letter (PIL) 2003-03, Vendor Payments

1. Reference enclosed Memorandum dated 23 December 2002, Subject: Vendor Payments.

2. This PARC Instruction Letter 2003-03 is issued to reemphasize consideration and implementation of the guidance concerning vendor payments.

3. It is imperative that USACE ensure that the contracting community recognize the importance of their involvement in the payment process and ensure that the comprehensiveness of contracting documents that are integral to the payment process are properly executed in accordance with the guidance in referenced memorandum.

4. The POC for this action is Sylvia J. Moody, CEPR-P, 202-761-4700, e-mail: sylvia.j.moody@hq02.usace.army.mil.

FOR THE COMMANDER:

Encl

BUNNATINE H. GREENHOUSE
Principal Assistant Responsible
for Contracting

DEPARTMENT OF THE ARMY
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23 DEC 2002

SAAL-PP

MEMORANDUM FOR PRINCIPAL ASSISTANTS RESPONSIBLE FOR CONTRACTING

SUBJECT: Vendor Payments

The Office of the Inspector General, Department of Defense (DoDIG) issued an audit report entitled "Controls Over Vendor Payments Made for the Army and Defense Agencies Using the Computerized Accounts Payable System (D-2002-056)" on March 6, 2002, that evaluated the controls associated with making vendor payments using the Computerized Accounts Payable System (CAPS) and the progress being made in transitioning to the Defense Procurement Payment System. The report can be accessed through the DoDIG website at http://www.dodig.osd.mil/audit/reports/ by clicking on "Audit and Evaluation Reports," selecting "FY 2002," and going to Report "D-2002-056".

Many of the recommendations in the report were directed to the Defense Finance and Accounting Service (DFAS) and the Under Secretary of Defense (Comptroller) and dealt with the vendor payment process itself. The report also makes some recommendations which require direction to Army contracting offices to improve the use of delivery orders and the comprehensiveness of contracting documents that are integral to the payment process. In response to these recommendations, identified as Recommendations C.1.c, C.3.a., C.3.b., and C.3.c. in the report, the following is provided for your consideration and implementation.

Vendor payment systems can only function properly, when the documents supporting those payments comply with 5 Code of Federal Regulations Part 1315, and meet the requirements of Federal Acquisition Regulation (FAR) Subpart 32.9 and Defense Federal Acquisition Regulation Supplement Subpart 232.9--Prompt Payment, respectively, and DoD Regulation 7000.14-R, Volume 10 (DoD Financial Management Regulation).

To ensure that contracting offices recognize the importance of their involvement in the payment process it is imperative that you:

a. Reiterate the following to contracting offices:

(1) Through the preparation of contracting documents, they have a vital role in the payment process.

(2) The designation of more than one payment office can confuse the vendor payment process and increase the likelihood of erroneous or duplicate payments being made, and should be avoided.

(3) They have a proactive decision making role in the use of forms for payment. In those situations where certification of receipt/acceptance of supplies or services will be required to support payment, they should consider the use of the DD Form 1155 and DD Form 250. The Standard Form 1034 may be used as an invoice for payment purposes. When the SF1034 is used, it must contain the specific information identified in FAR 32.905(b).

b. Direct them to ensure that their solicitations, contracts, and orders issued under those contracts include the requisite instructions and clauses for payments and submission of requests for payment as prescribed in FAR 32.908.

c. Direct them to correctly identify all items specified in FAR 32.905(b) so that the designated payment offices can properly match invoice and receipt information and process payments to the right vendors.

d. Require them to be cognizant of the provisions in FAR 32.904 when specifying due dates in contracts and orders.

I appreciate your assistance in accomplishing the foregoing. Questions may be directed to my POC, Mr. Bill Kley at commercial (703) 604-7103, DSN 664-7103 or via email to bill.kley@saalt.army.mil.

E. Ballard
Acting Deputy Assistant Secretary of the Army
(Policy and Procurement)