



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
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FEB 05 2003

SFCA-CP

MEMORANDUM FOR PRINCIPAL ASSISTANTS RESPONSIBLE FOR
CONTRACTING, U.S. ARMY CONTRACTING
AGENCY (ACA)

SUBJECT: CPS Policy Update 2003-01, Vendor Payments -
INFORMATION MEMORANDUM

This memorandum is in response to the DASA (P&P) memorandum dated December 23, 2002, titled "Vendor Payments."

The DASA (P&P) issued guidance on vendor payments in response to a recent DoDIG Audit Report, "Controls Over Vendor Payments Made for the Army and Defense Agencies Using the Computerized Accounts Payable System (D-2002-056)". A chart providing the specific DoDIG recommendations and DASA (P&P) guidance to implement these DoDIG recommendations has been developed by the ACA Contract Policy and Support staff to assist the ACA Regional Centers and DOCs in making changes to vendor payment procedures to be in compliance with these DoDIG recommendations (2003-01) (Enclosure 1).

A copy of the DASA (P&P) memorandum, subject as above, is also provided (Enclosure 2).

If you have any questions regarding this matter, please contact, Anne Stevens, phone (703) 604-9292/ DSN: 761-9292 or e-mail, anne.stevens@us.army.mil.

A handwritten signature in black ink, appearing to read "Judith Blake".

Judith Blake

Director of Contract Policy and Support
Army Contracting Agency

Enclosures

DISTRIBUTION:

- U.S. Army Contracting Region, South, ATTN: SFCA-SR, 1301 Anderson Way, SW, Fort McPherson, GA 30330-1062
- U.S. Army Contracting Command, Southwest Asia, ATTN: SFCA-SA, 1881 Hardee Avenue, SW, Fort McPherson, GA 30330-1064
- U.S. Army Contracting Region, North, ATTN: SFCA-NR, 5 North Gate Road, Building 5F, Room 306, Fort Monroe, VA 23651-1048
- U.S. Army Contracting Command, Europe, ATTN: SFCA-EC, Unit 29331, APO AE 09266
- U.S. Army Contracting Command, Korea, ATTN: SFCA-KC, Unit 15237, APO AP 96205-0062
- U.S. Army Contracting Region, Pacific, ATTN: SFCA-PR, B Street, Building T-115, Fort Shafter, HI 96858-5100
- U.S. Army Contracting Region, Southern Hemisphere, ATTN: SFCA-C, Building 1313D, P.O. Box 34000, Fort Buchanan, PR 00934
- E-Commerce and Commercial Contracting Center (ITEC4), ATTN: SFCA-IT, 2461 Eisenhower Avenue, Alexandria, VA 22331-1700

VENDOR PAYMENT DoDIG REPORT #D-2002-056
DASA (P&P) GUIDANCE IMPLEMENTING DoDIG RECOMMENDATIONS

DoDIG RECOMMENDATIONS	DASA (P&P) GUIDANCE
<p>C.1.c - "Cease using Standard Form 1034 as an invoice, receiving report, and obligation document on only allow its use to support a properly certified payment as authorized by DoD Regulation 7000.14-R, volume 10."</p>	<p>a. (3) "They [contracting offices] 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 SF 1034 is used, it must contain the specific information identified in FAR 32.905(b)."</p>
<p>C.3.a - "Identify a single payment office for making payments on each delivery order."</p>	<p>a. (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."</p>
<p>C.3.b. "Issue delivery orders for moving and storage services in support of basic ordering agreements."</p>	<p style="text-align: center;">NO DASA (P&P) GUIDANCE</p>
<p>C.3.c. "Issue contracting documents that contain accurate Data Universal Numbering System numbers and Contractor Activity Government Entity codes and that require vendors to submit invoices that meet the requirements of 5 Code of Federal Regulations Part 1315 directly to payment offices unless the invoices require certification by installation personnel.</p>	<p>b. "Direct them [contracting offices] 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 by FAR 2.908."</p>
	<p>c. "Direct them [contracting offices] 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."</p>
	<p>d. "Require them [contracting offices] to be cognizant of the provisions in FAR 32.904 when specifying due dates in contracts and orders."</p>



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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)