

PART 32—CONTRACT FINANCING

Sec.

- 32.000 Scope of part.
- 32.001 Definitions.
- 32.002 Applicability of subparts.
- 32.003 Simplified acquisition procedures financing.
- 32.004 Contract performance in foreign countries.
- 32.005 Consideration for contract financing.
- 32.006 Reduction or suspension of contract payments upon finding of fraud.
 - 32.006-1 General.
 - 32.006-2 Definition.
 - 32.006-3 Responsibilities.
 - 32.006-4 Procedures.
 - 32.006-5 Reporting.
- 32.007 Contract financing payments.
- 32.008 Notification of overpayment.

Subpart 32.1—Non-Commercial Item Purchase Financing

- 32.100 Scope of subpart.
- 32.101 Authority.
- 32.102 Description of contract financing methods.
- 32.103 Progress payments under construction contracts.
- 32.104 Providing contract financing.
- 32.105 Uses of contract financing.
- 32.106 Order of preference.
- 32.107 Need for contract financing not a deterrent.
- 32.108 Financial consultation.
- 32.109 Termination financing.
- 32.110 Payment of subcontractors under cost-reimbursement prime contracts.
- 32.111 Contract clauses for noncommercial purchases.
- 32.112 Nonpayment of subcontractors under contracts for noncommercial items.
 - 32.112-1 Subcontractor assertions of non-payment.
 - 32.112-2 Subcontractor requests for information.
- 32.113 Customary contract financing.
- 32.114 Unusual contract financing.

Subpart 32.2—Commercial Item Purchase Financing

- 32.200 Scope of subpart.
- 32.201 Statutory authority.
- 32.202 General.
 - 32.202-1 Policy.
 - 32.202-2 Types of payments for commercial item purchases.
 - 32.202-3 Conducting market research about financing terms.
 - 32.202-4 Security for Government financing.
- 32.203 Determining contract financing terms.
- 32.204 Procedures for contracting officer-specified commercial contract financing.

- 32.205 Procedures for offeror-proposed commercial contract financing.
- 32.206 Solicitation provisions and contract clauses.
- 32.207 Administration and payment of commercial financing payments.

Subpart 32.3—Loan Guarantees for Defense Production

- 32.300 Scope of subpart.
- 32.301 Definitions.
- 32.302 Authority.
- 32.303 General.
- 32.304 Procedures.
 - 32.304-1 Application for guarantee.
 - 32.304-2 Certificate of eligibility.
 - 32.304-3 Asset formula.
 - 32.304-4 Guarantee amount and maturity.
 - 32.304-5 Assignment of claims under contracts.
 - 32.304-6 Other collateral security.
 - 32.304-7 Contract surety bonds and loan guarantees.
 - 32.304-8 Other borrowing.
- 32.305 Loan guarantees for terminated contracts.
- 32.306 Loan guarantees for subcontracts.

Subpart 32.4—Advance Payments for Non-Commercial Items

- 32.400 Scope of subpart.
- 32.401 Statutory authority.
- 32.402 General.
- 32.403 Applicability.
- 32.404 Exclusions.
- 32.405 Applying Pub. L. 85-804 to advance payments under sealed bid contracts.
- 32.406 Letters of credit.
- 32.407 Interest.
- 32.408 Application for advance payments.
- 32.409 Contracting officer action.
 - 32.409-1 Recommendation for approval.
 - 32.409-2 Recommendation for disapproval.
 - 32.409-3 Security, supervision, and covenants.
- 32.410 Findings, determination, and authorization.
- 32.411 Agreement for special account at a financial insitution.
- 32.412 Contract clause.

Subpart 32.5—Progress Payments Based on Costs

- 32.500 Scope of subpart.
- 32.501 General.
 - 32.501-1 Customary progress payment rates.
 - 32.501-2 Unusual progress payments.
 - 32.501-3 Contract price.
 - 32.501-4 [Reserved]
 - 32.501-5 Other protective terms.
- 32.502 Preaward matters.
 - 32.502-1 Use of customary progress payments.
 - 32.502-2 Contract finance office clearance.

Pt. 32

48 CFR Ch. 1 (10-1-04 Edition)

- 32.502-3 Solicitation provisions.
- 32.502-4 Contract clauses.
- 32.503 Postaward matters.
- 32.503-1 Contractor requests.
- 32.503-2 Supervision of progress payments.
- 32.503-3 Initiation of progress payments and review of accounting system.
- 32.503-4 Approval of progress payment requests.
- 32.503-5 Administration of progress payments.
- 32.503-6 Suspension or reduction of payments.
- 32.503-7 [Reserved]
- 32.503-8 Liquidation rates—ordinary method.
- 32.503-9 Liquidation rates—alternate method.
- 32.503-10 Establishing alternate liquidation rates.
- 32.503-11 Adjustments for price reduction.
- 32.503-12 Maximum unliquidated amount.
- 32.503-13 [Reserved]
- 32.503-14 Protection of Government title.
- 32.503-15 Application of Government title terms.
- 32.503-16 Risk of loss.
- 32.504 Subcontracts under prime contracts providing progress payments.

Subpart 32.6—Contract Debts

- 32.600 Scope of subpart.
- 32.601 Definition.
- 32.602 General.
- 32.603 Applicability.
- 32.604 Exclusions.
- 32.605 Responsibilities and cooperation among Government officials.
- 32.606 Debt determination and collection.
- 32.607 Tax credit.
- 32.608 Negotiation of contract debts.
- 32.609 Memorandum of pricing agreement with refund.
- 32.610 Demand for payment of contract debt.
- 32.611 Routine setoff.
- 32.612 Withholding and setoff.
- 32.613 Deferment of collection.
- 32.614 Interest.
- 32.614-1 Interest charges.
- 32.614-2 Interest credits.
- 32.615 Delays in receipt of notices or demands.
- 32.616 Compromise actions.
- 32.617 Contract clause.

Subpart 32.7—Contract Funding

- 32.700 Scope of subpart.
- 32.701 [Reserved]
- 32.702 Policy.
- 32.703 Contract funding requirements.
- 32.703-1 General.
- 32.703-2 Contracts conditioned upon availability of funds.
- 32.703-3 Contracts crossing fiscal years.

- 32.704 Limitation of cost or funds.
- 32.705 Contract clauses.
- 32.705-1 Clauses for contracting in advance of funds.
- 32.705-2 Clauses for limitation of cost or funds.

Subpart 32.8—Assignment of Claims

- 32.800 Scope of subpart.
- 32.801 Definitions.
- 32.802 Conditions.
- 32.803 Policies.
- 32.804 Extent of assignee's protection.
- 32.805 Procedure.
- 32.806 Contract clauses.

Subpart 32.9—Prompt Payment

- 32.900 Scope of subpart.
- 32.901 Applicability.
- 32.902 Definitions.
- 32.903 Responsibilities.
- 32.904 Determining payment due dates.
- 32.905 Payment documentation and process.
- 32.906 Making payments.
- 32.907 Interest penalties.
- 32.908 Contract clauses.
- 32.909 Contractor inquiries.

Subpart 32.10—Performance-Based Payments

- 32.1000 Scope of subpart.
- 32.1001 Policy.
- 32.1002 Bases for performance-based payments.
- 32.1003 Criteria for use.
- 32.1004 Procedures.
- 32.1005 Solicitation provision and contract clause.
- 32.1006 [Reserved]
- 32.1007 Administration and payment of performance-based payments.
- 32.1008 Suspension or reduction of performance-based payments.
- 32.1009 Title.
- 32.1010 Risk of loss.

Subpart 32.11—Electronic Funds Transfer

- 32.1100 Scope of subpart.
- 32.1101 Statutory requirements.
- 32.1102 Definitions.
- 32.1103 Applicability.
- 32.1104 Protection of EFT information.
- 32.1105 Assignment of claims.
- 32.1106 EFT mechanisms.
- 32.1107 Payment information.
- 32.1108 Payment by Governmentwide commercial purchase card.
- 32.1109 EFT information submitted by offerors.
- 32.1110 Solicitation provision and contract clauses.

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Federal Acquisition Regulation

32.001

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32.000 Scope of part.

This part prescribes policies and procedures for contract financing and other payment matters. This part addresses—

(a) Payment methods, including partial payments and progress payments based on percentage or stage of completion;

(b) Loan guarantees, advance payments, and progress payments based on costs;

(c) Administration of debts to the Government arising out of contracts;

(d) Contract funding, including the use of contract clauses limiting costs or funds;

(e) Assignment of claims to aid in private financing;

(f) Selected payment clauses;

(g) Financing of purchases of commercial items;

(h) Performance-based payments; and

(i) Electronic funds transfer payments.

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32.001 Definitions.

As used in this part—

Commercial interim payment means any payment that is not a commercial advance payment or a delivery payment. These payments are contract financing payments for prompt payment purposes (*i.e.*, not subject to the interest penalty provisions of the Prompt Payment Act in accordance with subpart 32.9). A commercial interim payment is given to the contractor after some work has been done, whereas a commercial advance payment is given to the contractor when no work has been done.

Contract action means an action resulting in a contract, as defined in subpart 2.1, including actions for additional supplies or services outside the existing contract scope, but not including actions that are within the scope and under the terms of the existing contract, such as contract modifications issued pursuant to the Changes clause, or funding and other administrative changes.

Contract financing payment means an authorized Government disbursement of monies to a contractor prior to acceptance of supplies or services by the Government.

(1) Contract financing payments include—

(i) Advance payments;

(ii) Performance-based payments;

(iii) Commercial advance and interim payments;

(iv) Progress payments based on cost under the clause at 52.232-16, Progress Payments;

(v) Progress payments based on a percentage or stage of completion (see 32.102(e)), except those made under the clause at 52.232-5, Payments Under Fixed-Price Construction Contracts, or the clause at 52.232-10, Payments Under Fixed-Price Architect-Engineer Contracts; and

(vi) Interim payments under a cost reimbursement contract, except for a cost reimbursement contract for services when Alternate I of the clause at 52.232-25, Prompt Payment, is used.

(2) Contract financing payments do not include—

(i) Invoice payments;

(ii) Payments for partial deliveries; or

(iii) Lease and rental payments.

Customary contract financing means that financing deemed by an agency to be available for routine use by contracting officers. Most customary contract financing arrangements should be usable by contracting officers without specific reviews or approvals by higher management.

Delivery payment means a payment for accepted supplies or services, including payments for accepted partial deliveries. Commercial financing payments are liquidated by deduction from these payments. Delivery payments are invoice payments for prompt payment purposes.

Designated billing office means the office or person (governmental or non-governmental) designated in the contract where the contractor first submits invoices and contract financing requests. The contract might designate different offices to receive invoices and contract financing requests. The designated billing office might be—

(1) The Government disbursing office;