

15-1. Contract Payments

- a. Given the continuing evolution of electronic payment capabilities, the Army must periodically perform reviews of existing payment practices to optimize effectiveness. These reviews should consider factors such as ease of use, opportunities to generate revenue from payment processes ("refunds"), price discounts for faster vendor payment, transaction fees, transaction data, and internal controls.
- b. The GPC may be used as a payment method on contracts. See FAR 32.1108. The Contracting Officer will make the determination and choose to use the GPC as the payment method for CHs to make contract payments on formal contract vehicles up to the limit of the Contracting Officer's warrant when the GPC payment method is proven to be more advantageous to the Government. Contracting officers are required to ensure contractor invoices are accurate. Benefits to increasing GPC contract payments include greatly increased refunds per effort expended, exemption from GPC data mining, and faster receipt of payments. On average, vendors are paid within 3 to 4 days with a GPC. Additional benefits may include decreased paperwork and costs, improved reconciliation, reduced labor-intensive processes, and reduced fraud and charge-back risk. Warranted contracting officers do not require a separate authority letter to use the GPC. Contracting Officers normally appoint CHs residing in the contracting office as GPC contract payment CHs. The Contracting Officer or an A/OPC with the appropriate delegating authority may appoint GPC contract payment CHs outside the contracting office providing the Contracting Officer or A/OPC with the appropriate delegating authority provides adequate training and oversight.
- c. The contract must be properly entered in the financial management system with the correct LOA, and the LOA must be entered into the servicing bank's EAS to ensure the financial management system posts the payment against the appropriate contract line item number. All modifications impacting payment and/or funding (including options exercised) must be re-coordinated with the RM, CH, and BO to ensure the financial management system and the bank's EAS are properly updated. Failure to do so will result in the servicing bank not being paid which may result in a possible account delinquency. The CH will maintain supporting documentation in the bank's EAS for each contract payment made using the GPC.
- d. At a minimum, procedures will be in place to ensure proper separation of duties to safeguard Government resources and to avoid the posting of double obligations associated with the use of the GPC to make payment on existing contract vehicles. Contracts where the GPC is used as the method of payment are required to be fully funded. No progress (finance) payments are authorized.
- e. **FPDS-NG.** Contracting Officers are responsible for ensuring the FPDS reporting is completed.
- f. FAR policy requires the consent of contractors when contemplating the use of GPC as the payment method. Consent is typically obtained by including FAR clause 52.232-36 in the solicitation and, if the contractor does not object, the contract. Existing contracts may be modified to include the clause, with the consent of the contractor. The vendor, not the Army, pays the bank an interchange fee of approximately 3% of the transaction amount.
- g. **Contract Payment Processes.** The servicing bank has two different methods for contract payments: a payment card process and a Payment Plus process. See 15-4 and Figure 15-1 for a description of the payment card process. See 15-5 and Figure 15-2 for a description of the Payment Plus process.

Parent topic: Chapter 15 - Contract Payments