

CHAPTER 2. GENERAL EXAMINATION PROCEDURES

1. GENERAL. This chapter covers the basic examination procedures common to all vouchers and invoices and the control and flow of documents. Examination procedures peculiar to specific types of payments are contained in subsequent chapters.
2. STATISTICAL SAMPLING.
 - a. In accordance with Public Law 88-521, dated August 30, 1964, as amended by P.L. 93-604 approved January 2, 1975, the use of adequate and effective statistical sampling procedures is permitted in the examination of disbursement vouchers within the dollar limitation established by the Comptroller General. The current maximum dollar limit is \$750 (Comptroller General Letter B-153509, dated 11-20-80). Each Administration may set its own limit within the \$750 limitation.
 - b. Where statistical sampling is being considered, reference should be made to Chapter 5, Title 3, General Accounting Office Policy and Procedures Manual for Guidance by Federal Agencies (3 GAO 45-51), which contains the principals and standards that must be followed by all agencies using statistical sampling systems.
 - c. Under the law, a certifying officer acting in good faith and in conformity with the statistical sampling procedures shall not be held liable for any losses subsequently discovered in vouchers not audited due to their not being in the sample selected for audit. In addition, the Comptroller General is required under the law to evaluate the adequacy and effectiveness of the statistical sampling procedures as part of the Comptroller General's review of the accounting system.
3. PAYMENT DOCUMENTS.
 - a. General. Prior to payment of a liability, an original invoice, voucher or other statement of a debt payable under laws and regulations must be received and properly supported by required documents. Vendors and others furnishing materials or services should submit billings on their own invoice form except where the use of a prescribed voucher form is mandatory or the vendor elects to use a standard voucher form such as SF 44, Purchase Order-Invoice-Voucher.

- b. Assistance to Vendors and Others. The giving of aid by an employee other than in the discharge of official duties is prohibited by law. However, it is considered within official duties to furnish vendors and others at their request information as to rights, procedures, and forms to be used for presenting bills or claims. It is also appropriate to inform vendors doing business with DOT that billings have not been received from them and that, in the absence of such billings, payment of their accounts cannot be made.
- c. Invoice Requirements Under the Prompt Payment Act.
- (1) The Prompt Payment Act (P.L. 97-177) provides in section 6(3) that "an invoice shall be considered a 'proper invoice' when it contains or is accompanied by such substantiating documentation (A) as the Director of the Office of Management and Budget may require by regulation, and (B) as the Federal agency involved may require by regulation or contract."
 - (2) OMB Circular A-125 provides that the following data must be included in an invoice for it to constitute a proper invoice:
 - (a) Name of the business concern and invoice date;
 - (b) Contract number, or other authorization for delivery of property or services;
 - (c) Description, price, and quantity of property and services actually delivered or rendered;
 - (d) Shipping and payment terms;
 - (e) Name (where practical), title, phone number, and complete mailing address of responsible official to whom payment is to be sent; and
 - (f) Other substantiating documentation or information as required by the contract.
 - (3) Federal Procurement Regulations (FPR) Temporary Regulation 66, Subpart 1-29.301-4, Prompt Payment Procedures, of 10/5/82, requires that each solicitation and resultant contract shall contain a clause clearly stating the information and documentation required for an invoice to be considered "proper."

d. Acceptance of Original Invoice or Copy.

- (1) Original invoices are required to support claims by vendors and others for payment for materials or services furnished. A carbon copy of an invoice generally may not be accepted in lieu of an original invoice. A reproduction copy of an invoice may be accepted in lieu of an original invoice when it is the normal billing practice of the vendor. The reproduction copy must be marked "original." When vendors submit invoices where there is no distinction between the copies, one copy must be marked "original" and others marked "copy."
- (2) If an original invoice is lost or destroyed, an unsigned memorandum copy may be accepted for payment, provided an explanation of the circumstances surrounding the loss or destruction of the original invoice and a certification that steps have been taken to prevent duplicate payment are placed on or attached to the unsigned copy by the examiner.

e. Basic Invoices or Vouchers. The following documents are the most commonly used as invoices or vouchers:

- (1) Vendor's Invoice. A document normally used in commercial practice to bill for goods sold or services rendered. A vendor's invoice shall be used as the payment document unless a specific form is required.
- (2) SF 44, Purchase Order-Invoice-Voucher. The invoice copy may be used by vendors to bill for small purchases.
- (3) SF 1012, Travel Voucher. Used by travelers to claim reimbursement of official travel expenses.
- (4) SF 1034, Public Voucher for Purchases and Services Other Than Personal. Used by vendors who have no invoice form and do not use SF 44.
- (5) SF 1038, Advance of Funds Application and Account. Used as the basic document to support the payment of travel advances by SF 1166, Voucher and Schedule of Payments.
- (6) SF 1047, Public Voucher for Refunds. Used for processing refunds due remitters.

- (7) SF 1080, Voucher for Transfers Between Appropriations and/or Funds. Used by one Federal agency to bill another where payment is to be made by check.
- (8) SF 1081, Voucher and Schedule of Withdrawals and Credits. Used by one Federal agency to bill another where payment is made without issuance of check. General Services Administration bills agencies primarily on GSA Form 789, Voucher and Schedule of Withdrawals and Credits, in lieu of SF 1081 for materials or services not covered under SIBAC billing procedures. All SF 1081 and GSA Form 789 transactions between agencies serviced by a Treasury Disbursing Center will be accomplished without sending a document through the Treasury Disbursing Center.
- (9) SF 1097, Voucher and Schedule for Correction of Errors. Used to correct errors in charges and credits to appropriations and funds.
- (10) SF 1113, Public Voucher for Transportation Charges. Used by carriers to claim payment for transportation furnished on Government bills of lading and transportation requests.
- (11) SF 1129, Reimbursement Voucher. Used by cashiers to obtain reimbursement to cashier fund, and by employees to obtain reimbursement by check for authorized purchases or expenditures other than travel. In the latter case the "Status of Fund" block and certification will be deleted.
- (12) SF 1143, Public Voucher for Advertising. Used by publishers to bill for charges for advertising published in accordance with advertising orders.
- (13) SF 1156, Public Voucher for Fees and Mileage of Witness. Used by persons other than employees to claim witness fees and mileage for appearance at hearings.
- (14) SF 1164, Claim for Reimbursement for Expenditures on Official Business. Used by employees to claim reimbursement from cashiers for taxi fares and other expenses.
- (15) SF 1165, Receipt for Cash-Subvoucher (with stub, Interim Receipt for Cash). Used as (1) a receipt to evidence a cash payment made for purchases of supplies or services and (2) an interim receipt when cash is advanced from an imprest fund for purposes of making purchases or payments

in cash. This form may be used also as a receipt for cash payments or as a subvoucher to support claims for reimbursement vouchered on SF 1012.

(16) TFS Form 7306, Paid Billing Statement for SIBAC Transactions. Used as the paid billing document under the Simplified Intragovernmental Billing and Collection (SIBAC) system between Federal agencies.

(17) GSA Form 789, Statement, Voucher, and Schedule of Withdrawals and Credits. Used by GSA to bill for materials and services not presently covered under the SIBAC system.

f. Supporting Documents. Various documents are required to support payment of vouchers or invoices. These include documents which indicate the authorization and specifications for furnishing the service or material such as a travel order, purchase order, contract, agreement, government bill of lading, transportation request, and documents which show evidence of receipt of material or performance of service.

4. BASIC EXAMINATION REQUIREMENTS. The following examination steps are required for all vouchers or invoices. Special requirements for the various types of vouchers are contained in subsequent chapters. Determine that:

- a. Supporting documents, such as contracts, purchase orders, travel orders, justifications, contract assignments, exigency statements, and receiving reports or other authorizing or explanatory statements are attached to the voucher or invoice or are available for use in the examination process.
- b. Administrative approvals and special certifications on invoices and vouchers or supporting documents have been made by authorized officials designated by delegations or authority furnished the accounting office.
- c. The expenditure is authorized by law or regulation.
- d. The transaction complies with DOT and other governmental regulations and legal requirements.
- e. The prices, terms, quantity, quality, per diem, mode of transportation, etc., stated on the voucher or invoice are in compliance with the agreement, contract, purchase order, travel order, or other authorizing document. The invoices must show a description of each item or appropriate reference

thereto, quantity, unit or lot price and total amount. If the unit or lot price on the invoice is greater than the contract or purchase order, payment should be no more than the contract or purchase order. If the unit or lot price is less than the contract or purchase order, payment should be the amount claimed, if otherwise correct.

- f. The extensions, totals, deductions for discounts, payment exceptions, and amounts chargeable by appropriation are correct.
- g. There is adequate documentary evidence that goods and services were received and date of receipt noted, except that evidence of receipt is not required to be submitted to the accounting office (1) for payment of GSA FEDSTRIP and DOD MILSTRIP purchases; and (2) for payment under "fast payment" procedures as described in paragraph 13, this chapter.
- h. The payee is the individual or organization furnishing the goods or services for which payment is requested, except in the case of decedents or where an assignment under a contract has been received. The name and address of the payee on the invoice should agree with that shown on the agreement, contract or purchase order, etc., and on any tear-off slip.
- i. The invoice or voucher shows date it was received.
- j. The invoice indicates the points of shipment, weight and Government bill of lading number or that a freight or express receipt is attached in lieu thereof.
- k. Reference is made to the authorizing document number on the invoice or voucher.
- l. The proper appropriation and accounting information is indicated.
- m. All applicable deductions are made and credited to the proper account in the correct amount.

5. SPECIAL INVOICE PROCEDURES.

- a. Charge Accounts (see paragraph 2e, Chapter 3). Where agreements are made with vendors for charge accounts and monthly billings are submitted by the vendor, the invoice must identify by listing or reference to delivery tickets, the articles covered, unit costs, total cost, the purchase order number and delivery ticket numbers.

6-21-83

- b. Recurring Payments. Payments for services of a continuing nature such as rents, janitorial service, etc., which are performed under contract providing for a fixed payment due at regular intervals may be paid without submission of an invoice by the vendor. The accounting office may prepare a voucher showing contract number, period of payment, name of vendor and amount to support payment. The voucher should be checked to the contract for verification that the contract is currently in effect.
- c. Billings for Payment in Foreign Currency. Vouchers or invoices payable in foreign currency may be translated to readily identify the articles covered and unit costs. The examination procedure will not differ from other invoices. However, such invoices shall be scheduled separately to the Treasury Department Disbursing Center. See paragraph 13, Section 1 of Chapter 13.

6. FLOW OF DOCUMENTS.

- a. General. All basic vouchers, invoices and supporting documents shall be addressed and transmitted directly to the accounting office from the vendor or Government issuing officer or from the receiving or inspection officer in the case of receiving and inspection reports. Such documents must not be transmitted through any intermediate office. To avoid routing basic vouchers and invoices to other offices to obtain administrative approval or certifications, the accounting office should obtain these approvals or certifications on other documentation, such as copies of receiving reports and purchase orders, or by memorandum. In the absence of such documentation, a copy of the basic voucher or invoice should be promptly routed to the concerned approving official requesting administrative approval for payment. Such a request should indicate that the subject voucher or invoice must be returned promptly to the accounting office to avoid the accrual of interest penalty charges.
- b. Numbering of Vouchers and Invoices. Procedure for numbering of vouchers and invoices are set forth in paragraph 3, Section 1, Chapter 13 of this manual.
- c. Dating. Vouchers, invoices, and principal supporting documents will be date stamped upon receipt in the accounting office. If the principal supporting documents consist of a listing or a large number of documents, date stamp only the first page.

- d. Accountability Records. Accountability records for transportation requests and tax exemption certificates will be maintained by the accounting office. In some instances, the accountability records for transportation requests will be maintained by the transportation officer.

7. APPROVALS AND CERTIFICATIONS REQUIRED

- a. Authorizations or Approvals. All documents must be authorized or approved by an official delegated the authority to authorize the particular document, for example, purchase order, travel order, etc. The accounting office must be furnished with lists of persons by name and title to whom such authority has been delegated, or positions delegated when delegation is by position and is included in DOT or operating administration regulations. The accounting office should be provided original signatures of those individuals designated as authorizing or approving officials.

b. Receiving Reports and Inspection Reports.

- (1) General. Generally, receiving or inspection reports certifying that goods or services have been received or that work has been performed or specifications met are required to support payment. Exceptions must be specifically provided for. For example, the exception under "fast pay" procedures is covered in paragraph 13 of this chapter and DOTPR 12-3.652 (41 CFR 12-3.652). Receiving and inspection reports, when required, must be submitted promptly and directly to the accounting office. Receiving reports for GSA FEDSTRIP and DOT MILSTRIP shipments which do not involve shortages or damages in excess of \$25 will be retained by the consignee.

- (2) Prompt Payment Act Requirements. Paragraph 6c, OMB Circular No. A-125, prescribes receiving report requirements under the Prompt Payment Act. A receiving report must include:

- Contract or other authorization number.
- Product or service description.
- Quantities received, if applicable.
- Date(s) property or services accepted.
- Signature, printed name, title, phone number, and mailing address of the receiving official.

It is important that receipt and acceptance be executed as soon as possible. Receiving reports will be forwarded in time to be recorded by the designated payment office by the fifth business day after acceptance, unless other arrangements are made (this requirement is also contained in paragraph 5, Subpart 1-29.102(e), FPR Temporary Regulation 66). The designated payment office will stamp receiving reports and invoices with the date received in that office.

- c. Administrative Approval and Special Certifications on Vouchers or Invoices. Administrative approval is required on travel vouchers and reimbursement for expenditures on official business, but is not required on other vouchers or invoices where receiving reports and authorizations are in evidence as part of the supporting documents. Special certifications in addition to that of the certifying officer are required for long distance telephone bills (see paragraph 6, Chapter 3) and contract field printing invoices (see paragraph 5, Chapter 3). The payee's certification is required on all transportation vouchers.
- d. Acceptance of Administrative Approval. The voucher examiner shall accept an administrative approval made as a determination that a purchase was made or a trip was taken or an expense was incurred in the interest of the Government. This does not mean that an administrative approval should be relied upon for the facts involved in the transaction, computation of amounts, compliance with regulations, or the legality of the payment. However, the voucher examiner should determine that all required documents are attached to the voucher. Where administrative determination and judgement is necessary to be made under the regulations, it must be made by an authorized official and not by the voucher examiner.

8. CASH DISCOUNTS.

- a. Policy. The Government-wide financial policy on cash discounts is contained in the Treasury Fiscal Requirements Manual (1 TFRM 6-8040.30) and OMB Circular A-125. The salient points are:
 - (1) Discounted payments will be scheduled for check issuance as close as administratively possible to the last day of the discount period.

- (2) Discounts will only be taken when the discount terms applied in the formula below yield an effective annual interest rate equivalent to, or greater than the percentage rate based on the current value of funds to Treasury (1 TFRM 6-8040.30). The current value of funds to Treasury will be transmitted in TFRM bulletins prior to the first day of each calendar quarter for use during that calendar quarter.

Conversion Formula (from 1 TFRM 6-8040.30)

$$\frac{\text{Discount \%}}{100\% \text{ minus Discount \%}} \times \frac{\text{Days in Year}}{\text{Time Span Discount in Days to Period Due Date in Days}} = \text{Effective Annual Interest Rate}$$

Example for Application

Discount Terms: 1/2% (.005) in 10 days, net 30 days

$$\frac{.005}{1.00 - .005} \times \frac{360}{30-10} = .09 \text{ or } 9\%$$

In this example, the offered discount would be taken if the current value of funds to Treasury was 9% or less.

- (3) The computation of the discount period will be based on the date of receipt of an invoice which is authorized for payment, unless otherwise provided in the contract or invoice as to how the discount period is determined. The term "receipt of invoice" is defined as the later of:
- The date a proper invoice is actually received in the designated payment office, or
 - The date on which the Department accepts the property or service.
- (4) Discounts will only be taken when payments are made within the discount period. If discounts are taken after expiration of the discount period, interest penalties will be paid unless underpayment is corrected within 15 days of the expiration of the discount period (3 days for meat and meat food products, and 5 days for perishable agricultural commodities). The interest payment will be calculated on the amount of the discount taken and for the period beginning the day after the end of the specified discount period through the payment date.

- b. Other. Additional guidance on cash discounts includes:
 - (1) In the absence of contract provisions to the contrary, prompt payment discounts offered by vendors to the Government where trade-ins are involved should be computed on the basis of the net contract price -- that is, the actual cash balance due -- since such method is consistent with generally accepted accounting principles and current trade practice (60 Comp. Gen. 255).
 - (2) Discounts are computed prior to deductions for damage or transportation charges.
 - c. Discount Vouchers. Vouchers involving discounts should be listed on a separate voucher schedule from other types of payments. A rubber stamp impression large enough to be easily identified (preferably 24-point) and reading "Discount Date Expires _____" should be placed along the left-hand edge of non-OCR Voucher Schedules. On Optical Character Recognition (OCR) format voucher-schedules, the discount stamp may be placed ONLY in the Appropriation Summary block; otherwise the voucher schedule will be rejected by the scanning equipment (1 TFRM 4-2020.60).
9. PREVENTING DUPLICATE PAYMENTS. Vouchers or voucher schedules and supporting documents must be so marked as to prevent their being processed for payment a second time. Voucher examiners should be particularly alert to the possibility of duplicating payments whenever one or more of the following situations exist:
- a. Payments have been delayed for extended periods of time after due dates and duplicate copies of invoices are received from vendors as follow-up claims.
 - b. Invoices or bills may have been submitted by the vendor to more than one accounting office for payment.
 - c. Adjusted invoices are received after payments have been made.
10. ADMINISTRATIVE EXCEPTIONS OR SUSPENSIONS. If an exception is taken by the voucher examiner to an amount claimed on an invoice or voucher, explain the suspension or difference using DOT F 2750.1, Notice of Suspended or Disallowed Items and/or Notice of Federal Income

Tax Withheld from Travel and Transportation Expense, giving the reason for suspension and citation to law and regulation. The notice of exception must be signed by a supervisory voucher examiner. The original notice will be furnished the claimant and a copy filed with the original invoice or voucher.

11. ADJUSTMENT OF UNDERCLAIMS/OVERCLAIMS OF GOVERNMENT CREDITORS AND EMPLOYEES.

- a. Underclaims. When a Government creditor or an employee has submitted a claim for the proper quantity of materials, services, or entitlements at the proper unit prices or rates, and due to an error in computation or extension an underclaim of \$30 or less has occurred, the amount claimed may be increased by the voucher examiner not to exceed \$30, without amendment of the claim by the claimant (57 Comp. Gen. 298).
- b. Overclaims. Corrections involving reductions of overclaims may be made in any amount. If the operating administration's procurement directives authorize payment not to exceed \$30 for (1) errors in extension or computation in the procurement instrument, or (2) adjustments to estimated transportation costs, then payment can be made without a change to the procurement instrument.

12. ASSIGNMENT OF PAYMENTS UNDER CONTRACT.

- a. Background. This paragraph provides guidance for the examination of vouchers or invoices where assignment of payments due under DOT contracts are involved. The assignment of claims against the United States is governed by the Assignment of Claims Act of 1940, as amended (31 USC 3727 and 41 USC 15). In brief, the Act prohibits the assignment of claims except under very rigid conditions and prohibits the transfer of contracts, but permits the assignment of contract proceeds within limits. The Assignment of Claims Act has been the subject of numerous decisions of the Comptroller General and the courts. Voucher examiners interested in this subject should review the discussion contained in Chapter 11, Principals of Federal Appropriations Law, published by the General Accounting Office. The contractual and documentation requirements are contained in 41 CFR, Subpart 1-307.

b. Conditions Governing Assignment of Claims. Payments due or to become due under government contract may be assigned under the following conditions.

- (1) The contract provides for payment aggregating \$1,000 or more;
- (2) The payments are assigned to a bank, trust company, or other financing institution, including Federal lending agencies. A "financing institution" is one which deals in money, as distinguished from other commodities, as the primary function of its business activity (22 Comp. Gen. 44, 46 and 31 Comp. Gen. 90);
- (3) The contract does not forbid assignments;
- (4) Unless otherwise stated in the contract, the assignment shall cover all amounts payable under the contract and not already paid;
- (5) The assignment shall not be made to more than one party;
- (6) The assignment shall not be subject to further assignment, except that any assignment may be made to one party as agent or trustee for two or more parties participating in the financing; and
- (7) The assignee must file written notice of the assignment with the contracting officer, the surety upon the bond, if any, and the accounting officer designated in the contract.

c. Documentation.

- (1) There are no forms prescribed for use as an instrument of assignment or notice of assignment; however a suggested format is contained in 41 CFR 1-30.704.
- (2) The contracting officer is required to examine the notice of assignment and instrument of assignment for propriety and to notify the paying accounting office by memorandum of the pending assignment and subsequently of its acknowledgement or refusal and return.
- (3) The instrument of assignment and related documentation should be filed in the accounting office's contract file with the applicable contract.

- (4) The release of an assignment is required whenever there has been a further assignment or where further payments to the contractor are anticipated under the contract after the contractor-assignee's obligation to the original assignee has been satisfied.

13. FAST PAYMENT PROCEDURES.

- a. Background. "Fast payment" procedures were originally added to the Armed Services Procurement Regulations in 1965 to overcome the difficulty of obtaining receiving reports before the vendor's bill could be paid. Its use in the Department is governed by Department of Transportation Procurement Regulation (DOTPR) 12-3.652. It basically is a system whereby vendors are paid based on their invoice, without the accounting office first obtaining a receiving report.
- b. Conditions For Use. All of the following conditions must be present under the fast payment procedure:
 - (1) Each order does not exceed \$10,000;
 - (2) Title to the supplies will vest in the Government upon delivery to a post office or common carrier for shipment; or upon receipt by the Government when shipped other than by post office or common carrier;
 - (3) The vendor agrees to replace or repair supplies not received, damaged or not in conformance with the order;
 - (4) The supplies will be shipped transportation or postage prepaid, therefore no Government Bill of Lading will be used;
 - (5) Invoices must be submitted directly to the accounting office indicated in the order; and
 - (6) All fast payment orders will contain the fast payment procedure clause contained in DOTPR 12-7.104.50. This clause contains specific requirements on invoice preparation and certification.

c. Additional Examination Concerns.

- (1) It is important to note that the term "fast payment" is a procedure to overcome receiving report problems and should not be used to circumvent good cash management procedures. Payments should be made in accordance with the payment due date in the order.
- (2) Under the DOTPR, the contracting officer is primarily responsible for collecting debts resulting from failure of the contractors to perform properly.
- (3) Accounting officers must be satisfied that if their organization uses this procurement method, adequate internal controls are in place to make sure that their organization gets what they pay for.

14. ADDITIONAL REQUIREMENTS UNDER THE PROMPT PAYMENT ACT. In addition to the previously covered requirements generated by the Prompt Payment Act (Invoice requirements in paragraph 3c; receiving report requirements in paragraph 7b; and, cash discount requirements in paragraph 8), the following items found in either OMB Circular A-125 or FPR Temporary Regulation 66 are listed:

- a. The Prompt Payment Act requires the Department to pay its bills on time, to pay interest penalties when payments are made late, and to take discounts only when payments are made within the discount period (par. 2, OMB Circular A-125).
- b. Interest penalties will be paid without the need for business concerns to request them. The interest penalty will be absorbed within the appropriation used for the basic payment (par. 3, OMB Circular A-125).
- c. The penalty interest rate to be used is the interest rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 USC 611) and published semiannually in the Federal Register. The rate is referred to as the "Renegotiation Board Interest Rate" (par. 4b, OMB Circular A-125).
- d. The following payment provisions must be included in all contracts issued on or after October 1, 1982 (par. 6a, OMB Circular A-125; par. 5, subpart 1-29.2, FPR Temporary Regulation 66):
 - (1) Payment due date(s).

- (2) Separate payment dates if partial payment is provided for partial executions or deliveries.
- (3) If applicable, a statement that the special payment provisions of the Packers and Stockyard Act of 1921 or the Perishable Agriculture Commodities Act of 1930 applies.
- (4) A stated inspection period following delivery, where necessary, for Federal acceptance of property or services.
- (5) Name where practicable, title, phone number, and complete mailing address of officials of the business concern, and of the designated payment office.

NOTE - Various examples of sample payment clauses are contained in the referenced FPR.

As required by paragraph 7, OMB Circular A-125, payments will be made as close as possible to, but no later than, the thirtieth (30th) day after receipt of a proper invoice (see paragraph 3c above), except as follows:

- (1) When specific payment date is provided for in the contract.
- (2) When a time discount is taken (see paragraph 8 above).
- (3) Payments for meat or meat food products under the Packers and Stockyard Act of 1921 will be made as close as possible to, but not later than, the seventh day after the date of delivery.
- (4) Payments for perishable agriculture commodities under the Perishable Agriculture Commodities Act of 1930 will be made as close as possible to, but not later than, the tenth day after the date of delivery, unless another date is specified in the contract.

Note: To assist in assuring that payments are made as close as possible to the "30 days after receipt of invoice" date, it is suggested that the payment due date be stamped on the invoice and a "tickler" type file be established to allow for the systematic scheduling of payments on the proper due date. This should not be necessary if an effective automated payment system is being used.

- f. An interest penalty will be paid automatically when all of the following conditions take place (par. 8, OMB Circular A-125):
- (1) There is a contract or purchase order with a business concern.
 - (2) DOT acceptance of property or services has occurred and there is no disagreement over quantity, quality, or other contractual provisions.
 - (3) A proper invoice has been received, if required, or the accounting office fails to give notice that the invoice is not proper within 15 days of its receipt (3 days for meat or meat food products, and 5 days for perishable agricultural commodities).
 - (4) Payment is made more than 15 days after the due date (3 days for meat and meat food products, and 5 days for perishable agricultural commodities).
- g. Interest penalties are not required when payment is delayed because of a disagreement between a Federal agency and a business concern over the amount of the payment or other issues concerning compliance with the terms of the contract. The term "disagreement" would include vouchers forwarded by the authorized certifying officer to the Comptroller General for an advance decision as covered in paragraph 4c(4), Chapter 1 above. In addition, interest penalties are not required when payments are made solely for financing purposes, or when payments are made in advance or for a period when amounts are withheld temporarily in accordance with the contract.
- h. Interest will be computed from the day after the due date through the payment date. The amount will be separately stated on the check or the accompanying remittance advice (paragraph 9, OMB Circular A-125).
- i. Interest penalties will apply to payments made under contracts issued on or after October 1, 1982 (par. 13, OMB Circular A-125).