

**TITLE: CIB 98-28 Revisions to AIDAR Payment Provisions - Section 732.402 under Subpart 732.4 Advance Payments and Clause 752.7003 "Documentation for Payment"**

MEMORANDUM FOR ALL CONTRACTING OFFICERS AND NEGOTIATORS

TO: DISTRIBUTION LIST FAC

FROM: M/OP, Marcus L. Stevenson, PROCUREMENT EXECUTIVE

SUBJECT: Revisions to AIDAR Payment Provisions - Section 732.402 under Subpart 732.4 Advance Payments and clause 752.7003 "Documentation for Payment".

**CONTRACT INFORMATION BULLETIN 98 - 28**

This Contract Information Bulletin supersedes AIDAR 732.402 and the Documentation for Payment clause at 752.7003. The AIDAR is being revised to implement these changes (AIDAR Notice 98-3, not yet issued). Contracting Officers shall begin using these revisions immediately.

**I. AIDAR Subpart 732.4 Advance Payments, Section 732.402:**

The revised language for AIDAR 732.402 contains the circumstances and authority under which the Contracting Officer may authorize advances to for-profit organizations who are implementing Grants Under Contracts (GUC) activities under their contracts. This authority applies only to approving advances and does not obviate the approval requirements in CIB 94-23 "Grants Under USAID Contracts" or subsequent implementation of this CIB in ADS Chapter 302. The revised section is in Attachment A.

**II. AIDAR Clause 752.7003 Documentation for Payment:**

The Documentation for Payment clause has been revised to reflect reengineering changes that have occurred over the past few years, such as NMS, terminology, use of CLINs, etc. The changes to the clause are in the clause prescription and paragraph (a), but the entire clause is provided in Attachment B for your convenience.

**NOTE: Billing for subcontract costs under contracts for other than small businesses -**

Contracting officers and negotiators are reminded that the FAR clause that applies to payments under cost plus fixed-fee contracts is at 52.216-7, "Allowable Cost and Payment". This clause is very clear regarding when different types of costs may be reimbursed [see FAR 52.216-7(b)]; for other than small businesses, the circumstances under which costs that have not been actually paid may be reimbursed are limited, basically, to in-house costs. Therefore, any language added to a contract that allows other than a small business contractor to be reimbursed for purchases or subcontract costs that will be paid in the "ordinary course of business", or otherwise changes the terms of this FAR clause, requires a deviation. The same is true of FAR 52.232-7 "Payments Under Time-and-Materials and Labor-Hour Contracts (Feb. 1997)", the appropriate payment clause for USAID IQCs contracts. Contracting Officers should be aware that M/OP/P envisions few situations that would justify such a deviation particularly in view of the revision to the AIDAR's ; coverage of advance payments for GUCs), and anticipates that M/OP/P comments, as required by AIDAR 701.470, are not likely to be favorable towards such deviations.

In addition to the requirement for a deviation, a prime contractor receiving a payment for a subcontract cost not yet paid by the prime to the sub may constitute an advance payment and be subject to the statutory requirements of FAR 32.4 and AIDAR 732.4.

Any questions regarding this CIB should be addressed to Diane Howard at 202-712-0206 or internet at "dhoward@usaid.gov".

**ATTACHMENT A - REVISED AIDAR SECTION 732.403 732.403 General**

(a) - (d) [Reserved]

(e) (1) (i) Except as provided in (e)(1)(ii) of this section, all U.S. Dollar advances to for-profit organizations require the approval of the Procurement Executive; all such approvals are subject to prior consultation with the AID/W Controller.

(ii) Approval of the Procurement Executive is not required if advance payments are limited exclusively to monies advanced for immediate (within seven days) disbursement to grantees, as provided for in a contract. Prior consultation with the AID/W or Mission Controller is required for including such provision for advances in a contract.

(2) All local currency advances to for-profit organizations require the approval of the Head of the Contracting Activity, after consultation with the Mission Controller.

**ATTACHMENT B - REVISED AIDAR CLAUSE 752.7003 DOCUMENTATION FOR PAYMENT**

752.7003 Documentation for Payment.

The following clause is required in all USAID direct contracts, excluding fixed price contracts:

**DOCUMENTATION FOR PAYMENT (NOVEMBER 1998)**

(a) Claims for reimbursement or payment under this contract must be submitted to the Paying Office indicated in the schedule of this contract. The cognizant technical officer (CTO) is the authorized representative of the Government to approve vouchers under this contract. The Contractor must submit either paper or fax versions of the SF-1034 - Public Voucher for Purchases and Services Other Than Personal. Each voucher shall be identified by the appropriate USAID contract number, in the amount of dollar expenditures made during the period covered.

(1) The SF 1034 provides space to report by line item for products or services provided. The form provides for the information to be reported with the following elements:

**TOTAL EXPENDITURES**

Document Number: XXX-X-XX-XXXX-XX

Line Item #	Description	Amt. Vouchered To Date	Amt. Vouchered This Period
001	Product/Service Desc. for Line Item 001	\$XXXX.XX	\$ XXXX.XX
002	Product/Service Desc. for Line Item 002	\$XXXX.XX	\$ XXXX.XX
Total		\$XXXX.XX	\$ XXXX.XX

(2) The fiscal report shall include the following certification signed by an authorized representative of the Contractor:

The undersigned hereby certifies to the best of my knowledge and belief that (i) the fiscal report and any attachments have been prepared from the books and records of the Contractor in accordance with the terms of this contract and are correct; (ii) the sum claimed under this contract is proper and due, and all the costs of contract performance except as herewith reported in writing) have been paid, or to the extent allowed under the applicable payment clause, will be paid currently by the Contractor when due in the ordinary course of business; (iii) the work reflected by these costs has been performed, and the quantities and

amounts involved are consistent with the requirements of this Contract; (iv) all required Contracting Officer approvals have been obtained; and (v) appropriate refund to USAID will be made promptly upon request in the event of disallowance of costs not reimbursable under the terms of this contract.

BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
DATE: \_\_\_\_\_

(b) Local currency payment. The Contractor is fully responsible for the proper expenditure and control of local currency, if any, provided under this contract. Local currency will be provided to the Contractor in accordance with written instruction provided by the Mission Director. The written instructions will also include accounting, vouchering, and reporting procedures. A copy of the instructions shall be provided to the Contractor's Chief of Party and to the Contracting Officer. The costs of bonding personnel responsible for local currency are reimbursable under this contract.

(c) Upon compliance by the Contractor with all the provisions of this contract, acceptance by the Government of the work and final report, and a satisfactory accounting by the Contractor of all Government-owned property for which the Contractor had custodial responsibility, the Government shall promptly pay to the Contractor any moneys (dollars or local currency) due under the completion voucher. The Government will make suitable reduction for any disallowance or indebtedness by the Contractor by applying the proceeds of the voucher first to such deductions and next to any unliquidated balance of advance remaining under this contract.

(d) The Contractor agrees that all approvals of the Mission Director and the Contracting Officer which are required by the provisions of this contract shall be preserved and made available as part of the Contractor's records which are required to be presented and made available by the clause of this contract entitled "Audit and Records - Negotiation".

(End of clause)