

ITEM II--PROMPT PAYMENT TO CONTRACTORS

It is the policy of the Department of Defense to pay its bills promptly. Contractors plan their budgets and financial programs on the assumption that their invoices will be honored in accordance with their contract terms. It is important that contractors render bills correctly and that DoD personnel assure the prompt payment of all amounts properly due.

ASPR Appendix E, particularly Part 2, sets forth basic policies and procedures with which contracting officers and others involved in the payment process should be thoroughly familiar. Paragraphs E-201, E-202, and E-204 provide for expeditious processing of all proper payments in order to avoid undue financial burdens being placed on contractors. In this connection, the following matters are emphasized:

1. Accelerate all proper payments earned by contractors, including progress payments (see E-201), invoices, and vouchers. Utilize vigorously all proper means available for ascertainment and payment of amounts payable to contractors as rapidly as possible (see E-202). Particular attention should be given to prompt action on physically completed contracts where amounts are being withheld pending final settlements. Likewise, contracting officers should give favorable consideration to reasonable requests for billing more frequently than monthly.
2. Respond promptly to requests for contract financing provisions (see E-202). This includes not only consideration of such matters as progress payments, but also careful consideration of the provisions governing normal payments.
3. Take timely and effective action to complete negotiation and execution of contractual documents which are prerequisite to payment of amounts earned by contractors (see E-202 and E-202.1, especially the examples in (i) - (iv) in E-202).
4. Make every reasonable effort to assist small business concerns in the resolution of their problems relative to the financing of contract performance (see E-204).

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ITEM III--MATERIAL INSPECTION AND RECEIVING REPORTS

This Item will expire 1 April 1968.

The mandatory date of 2 January 1968 for use of the new DD Forms 250 and procedures in Appendix I remains firm with the following qualifications:

- a. If the contractor has a complicated, mechanized DD Form 250 procedure and can demonstrate to the contracting officer that such procedures cannot be adapted to the new forms and procedures by 2 January 1968 despite bona fide efforts to that end, the contracting officer can grant a deviation for that particular contractor.
- b. Such deviation shall be in writing, shall not extend past 1 April 1968, and shall set forth specifically those portions of the new procedure to which the deviation applies.