DEFENSE LOGISTICS AGENCY
DEFENSE LOGISTICS SUPPORT COMMAND
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FORT BELVOIR, VIRGINIA 22060-6221

JUN 17 1998

IN REPLY REFER TO DLSC-P
PROCLTR 98-11

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Electronic Funds Transfer (EFT)

The attached memorandum from the Director, Defense Procurement, amended Parts 232 and 252 of the Defense Federal Acquisition Regulation Supplement (DFARS), to provide policy and procedures for the use of the EFT method of contract payment when the payment office uses the Central Contractor Registration (CCR) database as its source of EFT information.

This PROCLTR is effective immediately, and expires upon publication of the DFARS coverage in a future Defense Acquisition Circular, but in any event, not later than 1 year from its issue date. Point of contact is Mr. John Farrar, DLSC-PPB, (703) 767-1471 or DSN 427-1471, E-Mail address: john_farrar@hq.dla.mil.

GWILYM H. JENKINS
Captain, SC, USN
Acting Executive Director
(Procurement Management)

Attachment

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ACQUISITION AND TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

May 20, 1998

DP(DAR)

In reply refer to
DFARS Case: 98-D012
D. L. 98-009

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT, ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Electronic Funds Transfer (EFT)

We have amended Parts 232 and 252 of the Defense Federal Acquisition Regulation Supplement (DFARS) to provide policy and procedures for the use of the electronic funds transfer method of contract payment when the payment office uses the Central Contract Registration (CCR) database as its source of EFT information.

Effective June 1, 1998, DoD contractors are required to register in a Central Contractor Registration (CCR) database. The contractor payment information required by the clauses at FAR 52.232-33 and 52.232-34 duplicates information required for registration in the CCR database. This interim rule prescribes a DFARS clause for use in lieu of the FAR clauses, to eliminate requirements for duplicate submissions of information by DoD contractors.

This interim rule is effective June 1, 1998, and will be published in a future Defense Acquisition Circular.

Eleanor Spector

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir

ELECTRONIC FUNDS TRANSFER
DFARS CASE 98-D012
INTERIM RULE

The baseline is the DFARS through Departmental Letter 98-008. Added language is in **[bold and brackets]**.

PART 232—Contract Financing

[SUBPART 232.11—ELECTRONIC FUNDS TRANSFER

232.1101 Policy.

(a) If the payment office is not capable of making payment by electronic funds transfer (EFT), the payment office is relieved of the requirement to pay by EFT if DoD complies with 31 CFR 208.3, which requires written notice and submittal of an implementation plan to the Department of the Treasury, Financial Management Service.

232.1103 Contract clauses.

If the solicitation or contract includes the clause at 252.204-7004, Required Central Contractor Registration, and payment under the contract will be made by electronic funds transfer, use the clause at 252.232-7009, Payment by Electronic Funds Transfer (CCR), instead of the clause at FAR 52.232-33, Mandatory Information for Electronic Funds Transfer Payment, or the clause at FAR 52.232-34, Optional Information for Electronic Funds Transfer Payment.]

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PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

SUBPART 252.2—TEXTS OF PROVISIONS AND CLAUSES

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[252.232-7009 Payment by Electronic Funds Transfer (CCR).

As prescribed in 232.1103, use the following clause:

PAYMENT BY ELECTRONIC FUNDS TRANSFER (CCR) (Jun 1998)

(a) *Method of payment.* (1) All payments by the Government under this contract shall be made by electronic funds transfer (EFT), except as provided in paragraph (a)(2) or (b) of this clause. As used in this clause, the term "EFT" refers to the

funds transfer and may also include the payment information transfer.

(2) In the event the Government is unable to release one or more payments by EFT, the Contractor agrees to either (i) accept payment by check or some other mutually agreeable method of payment, or (ii) request the Government to extend the payment due date until such time as the Government can make payment by EFT (but see paragraph (e) of this clause).

(b) *Alternative contractor certification.* If the Contractor certifies in writing, as part of its registration with the Central Contractor Registration (CCR) database that it does not have an account with a financial institution and does not have an authorized payment agent, payment shall be made by check to the remittance address contained in the CCR database. All contractor certifications will expire on January 1, 1999.

(c) *Contractor's EFT information.* Except as provided in paragraph (b) of this clause, the Government shall make payment to the Contractor using the EFT information contained in the CCR database. In the event that the EFT information changes, the Contractor shall be responsible for providing the updated information to the CCR database.

(d) *Mechanisms for EFT payment.* The Government may make payment by EFT through either an Automated Clearing House subject to the banking laws of the United States or the Federal Reserve Wire Transfer System.

(e) *Suspension of payment.* If the Contractor's EFT information in the CCR database is incorrect and the Contractor has not certified under paragraph (b) of this clause, the Government need not make payment to the Contractor under this contract until correct EFT information or certification is entered into the CCR database; and any invoice or contract financing request shall be deemed not to be a proper invoice for the purpose of prompt payment under this contract. The prompt payment terms of the contract regarding notice of an improper invoice and delays in accrual of interest penalties apply.

(f) *Contractor EFT arrangements.* If the Contractor has identified multiple payment receiving points (i.e., more than one remittance address or EFT information set) in the CCR database, and the Contractor has not notified the Government of the payment receiving point applicable to this contract, the Government shall make payment to the first payment receiving point (EFT information set or remittance address as applicable) listed in the CCR database.

(g) *Liability for uncompleted or erroneous transfers.*

(1) If an uncompleted or erroneous transfer occurs because the Government failed to use the Contractor's EFT

information in the correct manner, the Government remains responsible for—

(i) Making a correct payment;

(ii) Paying any prompt payment penalty due; and

(iii) Recovering any erroneously directed funds.

(2) If an uncompleted or erroneous transfer occurs because the Contractor's EFT information was incorrect, or was revised within 30 days of Government release of the EFT payment transaction instruction to the Federal Reserve System, and—

(i) If the funds are no longer under the control of the payment office, the Government is deemed to have made payment and the Contractor is responsible for recovery of any erroneously directed funds; or

(ii) If the funds remain under the control of the payment office, the Government shall not make payment, and the provisions of paragraph (e) of this clause shall apply.

(h) *EFT and prompt payment.* A payment shall be deemed to have been made in a timely manner in accordance with the prompt payment terms of this contract if, in the EFT payment transaction instruction released to the Federal Reserve System, the date specified for settlement of the payment is on or before the prompt payment due date, provided the specified payment date is a valid date under the rules of the Federal Reserve System.

(i) *EFT and assignment of claims.* If the Contractor assigns the proceeds of this contract as provided for in the assignment of claims terms of this contract, the Contractor shall require as a condition of any such assignment, that the assignee register in the CCR database and be paid by EFT in accordance with the terms of this clause. In all respects, the requirements of this clause shall apply to the assignee as if it were the Contractor. EFT information that shows the ultimate recipient of the transfer to be other than the Contractor, in the absence of a proper assignment of claims acceptable to the Government, is incorrect EFT information within the meaning of paragraph (e) of this clause.

(j) *Liability for change of EFT information by financial agent.* The Government is not liable for errors resulting from changes to EFT information made by the Contractor's financial agent.

(k) *Payment information.* The payment or disbursing office shall forward to the Contractor available payment information that is suitable for transmission as of the date of release of the EFT instruction to the Federal Reserve System. The Government may request the Contractor to designate a desired format and method(s) for delivery of payment information from a list of formats and methods the payment office is capable of executing. However, the Government does not guarantee that any

particular format or method of delivery is available at any particular payment office and retains the latitude to use the format and delivery method most convenient to the Government. If the Contractor has certified in accordance with paragraph (b) of this clause or if the Government otherwise makes payment by check in accordance with paragraph (a) of this clause, the Government shall mail the payment information to the remittance address contained in the CCR database.

(End of clause)]