

64-10
FAR 32
S. Hall
14 March 2000

31 January 2000

MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFMC/PK
4375 Chidlaw Road, Room S208
Wright-Patterson AFB OH 45433-5006

SUBJECT: Mandatory Electronic Funds Transfer and Central Contractor Registration

1. FAR 32.11 implements Public Law 104-134 requiring all contractor payments, with limited exceptions, are made via Electronic Funds Transfer (EFT) effective 1 Jan 99. Central to the law's implementation for AFMC is proper use of EFT clauses in solicitations and contracts, and ensuring our contractors are registered in the Central Contractor Registration (CCR) database prior to contract award. Please ensure our PCOs fully comply with EFT/CCR requirements.
2. Your activity should ensure all new awards comply with the requirements of the attached SAF/AQC memo. Additionally, all of our existing contractors for all open contracts should be registered in the CCR database to facilitate their payment via EFT. Contractors may register and find additional information at the CCR registration site, <http://www.ccr2000.com>.
3. We've identified those AFMC contracts currently in the MOCAS database where the contractor is not actively registered in CCR. The list is posted on the HQ AFMC/PK webpage at, <http://www.afmc-pub.wpafb.af.mil/HQ-AFMC/PK/pkp/pkpc/payment.htm>. Please review this webpage and ensure the contractors for your contracts are registered in CCR.
4. Your operational contracting sites should use the CCR tool available from the Air Force Contracting Information Systems (AFCIS) System Program Office website, <http://afcis.ssg.gunter.af.mil/>, to ensure the BCAS vendor databases accurately reflect contractor CCR data.
5. My action officer for this effort is Capt Rob Widmann, HQ AFMC/PKPC, E-mail robert.widmann@wpafb.af.mil, DSN 986-0445.

/s/

DARRYL A. SCOTT
Brigadier General (Sel), USAF
Director of Contracting

Attachment:

SAF/AQC Memo, 20 Jan 00 (.pdf file), w/Atch OSD(C) Memo, 30 Dec 99 (.pdf file)

2000-3-C



DEPARTMENT OF THE AIR FORCE

WASHINGTON, DC 20330-1060

The Office of the Assistant Secretary

20 JAN 2000

MEMORANDUM FOR ALMAJCOM/FOA/DRU

FROM: SAF/AQC
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Electronics Funds Transfer

Confirming SAF/AQC e-mail dated 21 Dec 99, the Department of Defense Comptroller has issued a memo (attached) that identifies problems in implementing Central Contractor Registration (CCR) and Electronic Funds Transfer (EFT), and lists a number of actions that the Defense Finance and Accounting Service (DFAS) will take if they can not execute payments via EFT. The problems stem from contractors not being registered in CCR; contracts not containing the appropriate EFT and CCR clauses; contractor invoices not containing the necessary information to enable payment by EFT; and vendor files in our contract writing systems not matching CCR data.

Some of the major actions that DFAS will implement beginning February 1, *if the Contractor is not registered in the CCR*, are: (1) returning any contract that does not contain appropriate EFT clauses to the contracting office (i.e., no payments will be made to vendors until the contract/purchase order contains these clauses); (2) charging the DOD component a processing fee for each contract or purchase order (above the micro-purchase threshold) that is returned as a result of not containing the appropriate EFT clauses; and (3) charging the DOD component an additional processing fee for invoices that are paid by other means than EFT, because the contract did not contain the appropriate EFT clause.

Therefore, in order to minimize future payment problems, we strongly urge each of you to take immediate action to ensure that:

- Your contracting activities are complying with the requirement at DFARS 204.7302 to award *only* to vendors registered in CCR;
- The clauses at FAR 52.232-33, "Payment by Electronic Funds Transfer--Central Contractor Registration," FAR 52.232-34, "Payment by Electronic Funds Transfer--Other than Central Contractor Registration," FAR 52.212-4, "Contract Terms and Conditions--Commercial Items," or DFARS 252.204-7004, "Required Central Contractor Registration," as appropriate, be included in all solicitations, contracts and purchase orders in accordance with FAR 32.1110, FAR 12.301, or DFARS 204.7304; and

- All existing Indefinite Delivery Indefinite Quantity contracts, Basic Agreements, Blanket Purchase Agreements and Basic Ordering Agreements that do not currently include the required clauses are modified to add them.

Finally, all activities will validate local vendor databases on a monthly basis using CCR utility tools, if available, to ensure all contractors are registered and the vendor file data matches character by character with the CCR database. If they are not registered in the database, steps should be immediately taken to contact the vendor, make them aware of the requirement, and, if necessary, assist them in registering.

In response to our December message, several of you gave us information on why these problems may exist. We will determine whether any clarifications to FAR or automation policy are needed.

Point of contact for this action is Mr. Paul A. Schill, SAF/AQCP, (703) 588-7053, or DSN 425-7053.



TIMOTHY A. BEYLAND
Acting Deputy Assistant
Secretary (Contracting)
Assistant Secretary (Acquisition)

Attachment

USD(C) memo, 30 Dec 99

cc: SAF/FM (Mr. Hale)
SAF/SB (Mr. DeLuca)



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

DEC 30 1999



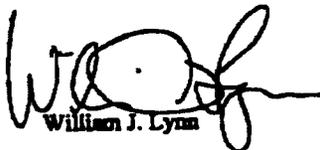
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Mandatory Electronic Funds Transfer and Central Contractor Registration

"The Debt Collection Improvement Act of 1996" (Public Law 104-134) requires that payments to contractors/vendors be made via Electronic Funds Transfer (EFT) effective January 1, 1999. To implement this statutory requirement, the Department of Defense (DoD) developed appropriate contract clauses requiring payment by EFT and mandating registration in the Central Contractor Registration (CCR) database. At the same time, a notification program for contractors/vendors was put into place to help better ensure that current, as well as potential future, contractors/vendors, were aware of these requirements.

In addition to being required by statute, the use of EFT as a payment vehicle is one of the keys to improving finance and accounting services and reducing related costs within the Department. While we have made substantial progress in implementing EFT payments, additional effort is required to fully achieve the Department's goals. Therefore, I have instructed the Defense Finance and Accounting Service to return contracts and invoices that are not in compliance with current requirements, along with a request for corrective actions, effective February 1, 2000 as well as to take other specific actions. Those actions are addressed in the attachment to this memorandum.

The use of EFT payments to contractors/vendors, and the registration of contractors/vendors in the CCR should not continue to be delayed. It is incumbent on all of us to expeditiously implement these requirements. Your assistance and cooperation in this matter is greatly appreciated.


William J. Lynn

Attachment

**ACTIONS THAT DFAS HAS BEEN DIRECTED TO TAKE
EFFECTIVE FEBRUARY 1, 2000
FOR CONTRACTS/INVOICES THAT DO NOT COMPLY WITH
ELECTRONIC FUNDS TRANSFER (EFT) AND/OR
CENTRAL CONTRACTOR REGISTRATION REQUIREMENTS**

1. Effective February 1, 2000, when contracts that are not exempted do not contain the required clause providing for payment to be made by EFT, and the contractor/vendor is not registered in the Department's Central Contractor Registration database, the Defense Finance and Accounting Services is directed to take the following actions:

-Return, the contract to the contracting office. The contracting office will be: (1) advised that the contract does not comply with EFT and CCR requirements, (2) requested to amend the contract to include the appropriate EFT clause or require the contractor to register in the CCR, and (3) asked to expedite this action so as to minimize any potential for a delay in payment. A copy of such notification will be sent to the contractor/vendor involved.

-Charge, the DoD Component involved, an additional amount for each contract that is returned as a result of not containing appropriate EFT clause for contractors not registered in the CCR. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

-If a particular contracting office repeatedly fails to include such clauses, notify the senior acquisition and the senior financial management manager in the applicable Component involved of the contracting office's repeated failure to comply with EFT and CCR requirements.

-Pay interest amounts, as applicable, on any payments delayed beyond 30 days as a result of returning a contract for modification to comply with EFT and CCR requirements. Such interest payments will be charged to the applicable DoD Component involved.

2. Effective February 1, 2000, when invoices that are not exempted do not contain appropriate information providing for payment to be made by EFT, and the contractor/vendor is not registered in the Department's Central Contractor Registration database, the Defense Finance and Accounting Services is directed to take the following actions:

-Notify the contractor/vendor of applicable EFT and CCR requirements and request voluntary compliance. Send a copy of the request to the applicable contracting office.

-Charge the DoD Component involved an additional amount for each such notification to a contractor/vendor. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

-If a particular contractor/vendor refuses to comply or initiates or threatens litigation, the DFAS shall pay the contractor/vendor and notify the applicable acquisition manager of the vendor's

unwillingness to comply with EFT and CCR requirements and request that appropriate clauses be inserted in all existing and future contracts with that contractor/vendor.

--Charge the DoD Component involved an additional amount for each payment made by means other than EFT, if the applicable contract does not contain appropriate clauses providing for payment by EFT and the contractor does not comply voluntarily. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--Charge the DoD Component involved an additional amount for each payment where the contractor/vendor is not registered in the CCR in accordance with DoD policies if the applicable contract does not require such registration and the contractor does not comply voluntarily. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--Pay interest amounts, as applicable, on any payments delayed beyond 30 days as a result of requesting a contractor/vendor to comply with EFT or CCR requirements. Such interest payments will be charged to the applicable DoD Component involved.