



DEPARTMENT OF WAR
FINANCIAL MANAGEMENT REGULATION
VOLUME 10: "CONTRACT PAYMENT POLICY"
UNDER SECRETARY OF WAR
(COMPTROLLER)

September 2026

Table of Contents

1.0	GENERAL	7
1.1	Purpose.....	7
1.2	Authoritative Guidance.....	7
1.3	Definitions.....	7
1.4	Procedures.....	7
2.0	FINANCIAL CONTROL OF VENDOR AND CONTRACT PAYMENTS	7
2.1	GENERAL	7
2.2	INTERNAL CONTROLS	7
2.3	PREVALIDATION	9
3.0	DISCOUNT OFFERS AND REBATES/REFUNDS.....	10
3.1	POLICY	10
4.0	CONTRACTUAL CLAIMS.....	13
4.1	INTERNAL CONTROLS	13
4.2	RETENTION	13
4.3	ASSIGNMENT OF CLAIMS.....	13
4.4	CONTRACT DISPUTES	15
5.0	MISCELLANEOUS ADVANCE PAYMENTS	15
5.1	GENERAL	15
5.2	STATUTORY ADVANCE PAYMENTS.....	16
5.3	INTRA-GOVERNMENTAL ADVANCE PAYMENTS.....	17
5.4	OTHER ADVANCE PAYMENTS	18
6.0	FEDERAL, STATE, LOCAL, AND FOREIGN TAXES.....	20
6.1	GENERAL	20
6.2	RESPONSIBILITIES	20
6.3	FEDERAL EXCISE TAX (FET).....	22
6.4	STATE AND LOCAL TAXES	23
6.5	CUSTOMS DUTIES	23
6.6	MISCELLANEOUS	23

September 2026

Table of Contents (Continued)

6.7	FEDERAL TAX REPORTING	24
6.8	TAX ON CERTAIN FOREIGN PROCUREMENT PAYMENTS.....	26
7.0	PROMPT PAYMENT ACT	28
7.1	PROMPT PAYMENT ACT POLICY	28
8.0	COMMERCIAL PAYMENT VOUCHERS AND SUPPORTING DOCUMENTATION	33
8.1	POLICIES AND REQUIREMENTS	33
8.2	SUPPORTING DOCUMENTS REQUIRED TO PROCESS PAYMENTS	33
8.3	DOCUMENT RETENTION	37
8.4	FOREIGN LANGUAGE DOCUMENTS	37
8.5	PROCESSING ALTERED DOCUMENTS	38
8.6	EMERGENCIES AND CONTINGENCY OPERATIONS	38
9.0	PAYMENT VOUCHERS – SPECIAL APPLICATIONS	39
9.1	INTRA-GOVERNMENTAL PAYMENTS	39
9.2	PARTIAL PAYMENTS	43
9.3	CONTRACT FINANCING PAYMENTS	43
9.4	COST-REIMBURSEMENT-TYPE CONTRACTS.....	45
9.5	FAST PAYMENT	45
10.0	PAYMENT AS REIMBURSEMENT FOR PERSONAL EXPENDITURES.....	47
10.1	PERSONAL EXPENDITURES	47
11.0	MISCELLANEOUS PAYMENTS.....	52
11.1	GENERAL.....	52
11.2	FEES, CLAIMS, AND AWARDS	53
11.3	PURCHASES OF SPECIAL ITEMS AND SERVICES	56
11.4	PROFESSIONAL LIABILITY INSURANCE (PLI).....	66
11.5	GOVERNMENT CHARGE CARDS CENTRALLY BILLED ACCOUNTS (CBAS)	66
11.6	PAYMENTS UNDER REAL PROPERTY LEASES.....	67

September 2026

Table of Contents (Continued)

11.7	PAYMENTS UNDER INDIVIDUAL SET-ASIDE CONTRACTS	69
11.8	PAYMENTS OF FEES FOR GUEST SPEAKERS, LECTURERS, AND PANELISTS	69
11.9	INTRA-GOVERNMENTAL TRANSACTIONS	69
12.0	COMMERCIAL TRANSPORTATION PAYMENTS	70
12.1	POLICY	70
12.2	RESPONSIBILITIES	71
12.3	PAYMENT, AUDITS, AND COLLECTIONS.....	72
12.4	TRANSPORTATION PAYMENT DOCUMENTATION	73
12.5	TRANSPORTATION DELIVERY TERMS	74
12.6	NON-TEMPORARY STORAGE (NTS) AND LOCAL DRAYAGE OF HOUSEHOLD GOODS (HHG)	76
12.7	MISCELLANEOUS TRANSPORTATION PAYMENTS.....	76
12.8	CLAIMS BY TRANSPORTATION SERVICE PROVIDER (TSP).....	76
12.9	DOW THIRD PARTY PAYMENT SYSTEM (TPPS).....	77
13.0	PAYMENT FOR POSTAL SERVICES AND SMALL PACKAGE DELIVERY COSTS	78
13.1	PAYMENTS	78
13.2	INSTALLATION OFFICIAL MAIL MANAGERS (OMM)	78
13.3	CENTRALIZED TRUST AND DEBIT ACCOUNTS	78
13.4	MISCELLANEOUS PAYMENTS.....	80
13.5	SMALL PACKAGE DELIVERY COSTS.....	81
14.0	PAYMENT PROVISIONS FOR GRANTS AND OTHER INSTRUMENTS OF ASSISTANCE	81
14.1	SUBMISSION AND PAYMENT RESPONSIBILITY	81
14.2	INTERNAL CONTROLS	82
14.3	PAYMENT REQUEST	82
14.4	DEBT COLLECTION FOR GRANTS AND COOPERATIVE AGREEMENTS..	83

September 2026

Table of Contents (Continued)

15.0	CONTRACT RECONCILIATION	84
15.1	RESPONSIBILITIES	84
15.2	CONTRACT RECONCILIATION	85
15.3	STREAMLINED CONTRACT CLOSEOUT	87
16.0	JUNIOR RESERVE OFFICER TRAINING CORPS (JROTC) INSTRUCTOR PAY	87
16.1	REIMBURSEMENT RESPONSIBILITIES	87
16.2	REIMBURSEMENT REQUIREMENTS AND PROCESS	87
16.3	JROTC UNIT ESTABLISHMENT AT SCHOOLS	88
16.4	JIRO	88
16.5	SEPARATIONS, TRANSFERS, DECERTIFICATIONS, AND DISESTABLISHMENTS	89
16.6	FINANCIAL MANAGEMENT	89
16.7	IDENTIFICATION AND COLLECTION OF JROTC-RELATED DEBTS	90
17.0	PAYMENT RECOVERY AUDITS	90
17.1	GENERAL	90
17.2	DOW RECOVERY AUDIT AND ACTIVITIES PROGRAM	91
17.3	REQUIRED REPORTING	92
17.4	SCOPE OF DOW RECOVERY AUDIT ACTIVITIES	92
17.5	ROLE AND RESPONSIBILITIES OF THE DOW COMPTROLLER’S OFFICE	93
17.6	ROLE AND AUTHORITY OF THE OFFICE OF THE IG	93
17.7	SOURCES TO PERFORM RECOVERY AUDITS	94
17.8	RECOVERY AUDIT SERVICES PERFORMED BY CONTRACTORS	94
17.9	RECOVERY AUDIT COLLECTION ACTIVITY	95
17.10	DISPOSITION OF AMOUNTS RECOVERED	95
18.0	PURCHASE CARD PAYMENTS	96
18.1	GENERAL	96
18.2	PURCHASE CARD POLICY	96
18.3	INTERNAL CONTROLS	98

September 2026

Table of Contents (Continued)

18.4	RESPONSIBILITIES	99
18.5	STATEMENT RECONCILIATION AND CERTIFICATION	104
18.6	CONVENIENCE CHECKS	109

September 2026

VOLUME 10

CONTRACT PAYMENT POLICY

1.0 GENERAL

1.1 Purpose

Volume 10 establishes the financial management policy for the entitlement, computation, certification, and disbursement of payments to vendors, contractors, and other payees under Department of War contracts and related instruments. It states the binding policy only; procedures, implementation guidance, definitions, and data tables reside in the companion documents identified below.

1.2 Authoritative Guidance

Please refer to the authoritative guidance document on the FMR webpage.

1.3 Definitions

Please refer to the Glossary of terms document on the FMR webpage.

1.4 Procedures

Please refer to the Volume 10 Supplemental document listed throughout this volume.

2.0 FINANCIAL CONTROL OF VENDOR AND CONTRACT PAYMENTS

2.1 GENERAL

2.1.1. DoW officials must ensure DoW organizations maintain control of payments to vendors and contractors. Internal control and limitation requirements ensure payments are based on the terms and conditions in accepted purchase orders, contracts, and unilateral and bilateral modifications.

2.2 INTERNAL CONTROLS

2.2.1. Per the Federal Managers' Financial Integrity Act (FMFIA), the DoW Component Head must establish controls that reasonably ensure obligations and costs comply with applicable law; that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and that revenues and expenditures are properly recorded to permit reliable financial reporting and accountability over assets.

September 2026

2.2.2. Financial managers **must develop** detailed policies, procedures, and practices for contract and vendor pay entitlement operations and **ensure** they **remain** a continuous, integral part of ongoing operations, **consistent with** the **Government Accounting Office (GAO) Standards for Internal Control in the Federal Government** and Office of Management and Budget (OMB) Circular A-123, Appendix D.

2.2.3. DoW **must** make **timely and accurate** payments and collections **per** applicable laws and regulations, **including requirements to identify, report,** and **reduce** improper payments. Financial managers **responsible** for internal controls must:

2.2.3.1. Create, document, and maintain an organizational structure and business processes that appropriately segregate assigned duties, emphasize adherence to policies and procedures, and **use** sound internal accounting and system access controls.

2.2.3.2. Implement finance and accounting systems that comply with the federal financial management systems requirements, maintain accurate and complete accounting and entitlement records from contract execution through closeout, and monitor the causes of late payments and interest penalties. **Subject any effort** to develop or modify a critical financial management system to the compliance process.

2.2.3.3. Establish systematic controls that provide adequate audit trails to **trace** financial events from source documents to general ledger account balances through successive levels of summarization and financial **reports and statements**. Ensure all transactional data is **accurately coded** and errors are researched and corrected.

2.2.3.4. **Use** electronic processes and digital signatures, as prescribed by OMB Circular A-130, Appendix II, whenever possible and in the best interest of the Government.

2.2.3.5. **Use** systems that ensure the authenticity of electronically transmitted data, including the electronic signature. **These** controls must provide reasonable assurance that deliberate or inadvertent manipulation, modification, or loss of data during transmission is detected.

2.2.3.6. Ensure prevalidation and payment documentation to vendors and contractors is retained **per** Volume 1 and readily available to support future **audits**. **Retain** original payment documentation and associated supporting documentation **per Section 8.0**. The documentation must be of sufficient quality to **let** an independent third party understand and verify the basis of the prevalidation and the payments. Electronic record storage requires adequate controls to ensure digital images accurately **represent** the corresponding paper documentation and **to detect** changes to an original digital image. The **certifying officer must retain** documentation, both paper and electronic.

September 2026

2.2.3.7. Implement finance and accounting data structures that comply with the Standard Financial Information Structure (SFIS) and the Standard Line of Accounting (SLOA).

2.2.4. Managers **responsible** for determining entitlements, authorizing, or executing payments and collections must:

2.2.4.1. Periodically (minimum annually) validate cash management and payment performance quality and effectiveness.

2.2.4.2. Periodically (minimum annually) test **the** effectiveness of internal controls, document **the** results, and take necessary corrective actions.

2.3 PREVALIDATION

2.3.1. General Prevalidation

2.3.1.1. **Before** payment, the undisbursed balance of each applicable obligation must be sufficient to cover the planned disbursement **and** all previously scheduled disbursements.

2.3.1.2. Prevalidation must **validate** the line of accounting **on** the planned disbursement **against that** on the obligating document before the financing or invoice payment is made.

2.3.2. The following **prevalidation** thresholds **apply to** Non-Mechanization of Contract Administration Services (non-MOCAS) and MOCAS payments.

2.3.2.1. All non-MOCAS payments must be prevalidated.

2.3.2.2. The following prevalidation thresholds must be used for MOCAS payments:

2.3.2.2.1. All dollar value payments on contracts awarded after fiscal year (FY) 2004 must be prevalidated.

2.3.2.2.2. For contracts issued during FY 2004 and prior, payments greater than \$5,000 must be prevalidated.

September 2026

3.0 DISCOUNT OFFERS AND REBATES/REFUNDS

3.1 POLICY

3.1.1. Discounts

3.1.1.1. [Per 5](#) Code of Federal Regulations (CFR) 1315.7(a), [when a vendor offers a DoW Component a discount](#), whether stipulated in the contract or offered against an invoice, [the Component must take the discount if economically justified, but only after acceptance of the goods or services. Federal Acquisition Regulation \(FAR\) 32.111\(b\) requires FAR 52.232-8, "Discounts for Prompt Payment," in all fixed-price supply and service contracts. The contractor may extend the discount period or increase the discount percentage beyond a previous offer. The offer may be written or, for specific invoices, oral. For an oral offer, the entitlement office must attach to the invoice a conversation record showing the name, position, and telephone number of the person offering the discount, the discount terms, and the date of the offer. The entitlement office may require written confirmation of the oral offer.](#)

3.1.1.2. Entitlement offices must schedule discounted payments as close to, but not later than, the last day of the discount period. [Per 5 CFR 1315.4\(h\)](#), payment is considered made on the date printed on the check or on the electronic funds transfer settlement date. If the payment office cannot apply the discount, [it must make payment per the payment due date guidelines in 5 CFR 1315.4\(g\).](#)

3.1.1.3. [Components](#) must take cash discounts when the discount terms applied in the conversion formula [yield an effective annual discount rate equal to or greater than the Current Value of Funds Rate \(CVFR\), calculated with the Fiscal Service Discount Calculator. DoW Component payment systems must build in processes that take cash discounts as a matter of routine, without special handling.](#)

3.1.1.4. When the discount terms in the contract and the invoice differ, [DoW Components must take the most cost-effective discount.](#)

3.1.1.5. Compute discounts on the approved gross amount of the invoice, except as follows.

3.1.1.5.1. Deduct [separately listed](#) taxes or freight charges.

3.1.1.5.2. Deduct taxes that are not proper charges under international or [status-of-forces](#) agreements.

3.1.1.5.3. Compute the discount on the actual cash balance due when there is a trade-in.

September 2026

3.1.1.5.4. When the entitlement system **can** trace and pay individual line items on an invoice, the invoice may be split into multiple payments. Each line item must meet the receipt and acceptance requirements to take the discount offered against the invoice.

3.1.1.5.5. **When** a contract or purchase order **modification changes** or **adds** discount terms, take the discount on any **later** payment made by the new or revised discount date.

3.1.1.6. Discounts may be taken on amounts legally withheld and later released if related amounts were paid **per** the discount terms. The discount period for the released payment **begins** when the entitlement office receives **notice** of the release.

3.1.1.7. The following requirements **apply** when liquidated damages apply and a contract for supplies, services, research and development, or construction includes FAR 52.211 - 11, FAR 52.211-12, or **DFARS** 252.217-7009.

3.1.1.7.1. When liquidated damages apply and the contract or invoice **offers** a discount for early payment, compute the discount on the gross contract price without regard to the **liquidated-damages** amount.

3.1.1.7.2. When liquidated damages apply to a **modified** price and the contract **offers** a discount for early payment, compute the discount on the modified price without regard to the liquidated damages.

3.1.1.8. After a progress payment **is** made, the government is entitled to a discount on any part of delivery payments applied in liquidation of progress payments.

3.1.1.8.1. When the discount terms **are** met, take the discount against the gross amount of the invoice. If the discount date is not met, take the discount **only** against the **liquidation** amount.

3.1.1.8.2. If the contractor has had the use of these progress payments, the payment office is entitled to take a prompt payment discount on them **when** they are recouped.

3.1.1.8.3. If the discount is offered for the first time on an invoice and the contract **has no** discount clause, do not take the discount on the progress payment liquidation portion of the invoice.

3.1.1.9. **A** contractor may offer a voluntary discount after contract **completion**, including final payment. Voluntary discounts are discretionary with the contractor and do not reduce the amount obligated against the paying appropriation. Do not treat discounts received after contract completion as rebates; **deposit them** in the Miscellaneous Receipts Account of the Treasury.

September 2026

3.1.1.10. When contracts have Free on Board Origin terms, payments made **before** delivery of supplies to the carrier or to the destination are entitled to the discount offered on the contract.

3.1.1.11. Components **must track** the amount of discounts lost, or not taken, as part of their overall payment operations. Entitlement or disbursement **systems** must be **able** to identify and periodically report discounts lost to management for assessment and appropriate corrective **action**.

3.1.1.12. Components must **retain** documentation supporting discount transactions **per** Volume 1 and **keep it** readily available to support **audits**. The documentation must **let** an independent third party understand and verify the basis of the entitlement and the determination of a discount.

3.1.2. Rebates/Refunds

3.1.2.1. Components must **maintain** internal controls and procedures to maximize sales/productivity refunds and to identify and collect corrective rebates. Components must **retain** documentation supporting rebate/refund transactions **per** Volume 1 and **keep it** readily available to support **audits**. The documentation must **let** an independent third party understand and verify the basis of the rebates/refunds.

3.1.2.2. **Pay** GPC billing statements as soon as administratively possible when the rebate offered **exceeds** the cost of funds defined in 5 CFR 1315.8. The Defense Finance and Accounting Service must determine and make available, as needed, GPC payment data **comparing** the Current Value of Funds to the rebate discount points for the payment cycle day. Components and the payment office **must use this data for** a **cost-benefit** analysis of the cost of early payment (the interest the **DoW** would earn at the CVFR for each day payment is not made), **comparing** the basis points offered by the card issuer **against** the corresponding basis points of the **Treasury** CVFR. **DoW** Components must forward approved GPC billing statements to the payment office **in** time to process the payment, receive a rebate for early payment, and avoid interest penalties per 5 CFR 1315.8.

3.1.2.3. The charge card issuer **must** calculate the rebate and return **it** to the **DoW** customer designated in the contract. **DoW** Component entities **that receive** and use rebates/refunds must employ internal controls and procedures to ensure rebates are received when due **under** their GPC contract and are calculated properly.

3.1.2.4. **Per** 10 U.S.C. 4754, **DoW** rebates attributable to **GPC** use may be credited to operation and maintenance and/or research, development, test, and evaluation accounts **that** are current when the rebates are received. For example, a rebate received in the new fiscal year against

September 2026

a bill paid in September of the [prior](#) fiscal year may be credited to the account(s) current after October 1 of the new fiscal year. This includes the operational portion of a nonappropriated or working capital fund account.

4.0 CONTRACTUAL CLAIMS

4.1 INTERNAL CONTROLS

Internal controls must [prevent](#) duplicative or erroneous payments (for regulatory compliance, refer to [Section 2.0](#)). Managers [responsible](#) for determining entitlements, authorizing or executing payments, and performing collections must perform periodic (minimum annual) risk assessments [per](#) the GAO's Standards for Internal Control in the Federal Government and OMB Circular No. A-123, to ensure sufficient management [controls keep DoW](#) funds spent appropriately and [per](#) all applicable laws and regulations. Refer to Volume 4, for additional guidance [on](#) improper payments and related risk assessments.

4.2 RETENTION

The [certifying officer must retain](#) payment documentation, both paper and electronic. Electronic record storage requires adequate controls to ensure digital images accurately [represent](#) the corresponding paper documentation and [to detect](#) changes to an original digital image. Refer to Volume 1, Figure 9-1 for [DoW](#) financial records retention policy. Title 44, U.S.C. § 2909 prescribes the authority to retain records longer than specified in the U.S. National Archives and Records Administration, General Records Schedules.

4.3 ASSIGNMENT OF CLAIMS

4.3.1. Conditions

4.3.1.1. If an agency pays a party other than the assignee when a properly filed and approved assignment of claims is on record, [the Government](#) may [incur](#) liability to the assignee.

4.3.1.1.1. When such an error occurs, the agency remains liable to the assignee for the amount of the payment, subject to potential defenses.

4.3.1.1.2. The agency must initiate collection against the payee for any erroneous payment.

September 2026

4.3.2. Actions Required for Assignment of Claims

4.3.2.1. If the Administrative Contracting Officer (ACO) determines the assignment is valid, the disbursing officer of the designated payment office must acknowledge the notice of assignment and take the following actions:

4.3.2.1.1. Authorize payment to assignees only after receiving the following assignment documents:

4.3.2.1.1.1. A copy of the notice of assignment acknowledged by the contracting officer.

4.3.2.1.1.2. A copy of the signed notice and a true copy of the instrument of assignment from the assignee.

4.3.2.1.1.3. A copy of the notice acknowledged from the surety or sureties, if any, or a copy received from the surety or sureties via the assignee.

4.3.2.2. Components and agencies must maintain procedures ensuring the appropriate payment office receives a copy of the instrument of assignment and the signed notice of assignment.

4.3.3. Letter Contracts

4.3.3.1. If a letter contract is assigned, definitization of the contract does not void that assignment.

4.3.3.2. Contracting officers and the disbursing officer of the designated payment offices must accept receipt for, and honor the assignment of, the proceeds of a definitive contract superseding a letter contract.

4.3.4. Assignment of claims under open-end, call-type, or indefinite-delivery-type contracts is authorized, provided orders of \$1,000 or more are placed before the assignment, or the basic contract imposes a minimum obligation of \$1,000 or more. When the designated payment office cannot determine whether an assignment of claims applies to an individual call or order under an indefinite-delivery-type contract, the office must withhold payments until the ACO determines the status and validity of the assignment. Refer to FAR 16.1 for information on contract types.

September 2026

4.3.5. Release

4.3.5.1. The designated payment office **must make** remaining payments to the contractor **only after** it receives the following release documents:

4.3.5.1.1. A true copy of the instrument of release of assignment.

4.3.5.1.2. The original and two copies of the release notice.

4.3.6. If a contractor attempts to change the **payee** identity by changing Electronic Funds Transfer (EFT) or other information in **the** System for Award Management (SAM) without complying with the rules governing novation agreements and assignment of claims, the payment information will be incorrect within the meaning of the "Suspension of Payment" paragraph of the **contract's** EFT clause (FAR 4.1102(d)). Assignees must **register** separately in SAM to ensure the financial institution identified in the assignment meets the **EFT** requirement.

4.4 CONTRACT DISPUTES

4.4.1. The Bureau of the Fiscal Service (Bureau) administers and certifies payments from the Judgment Fund for the settlement and final judgment in a CDA case (Treasury Financial Manual (TFM), Volume 1, Part 6, Chapter 3100; 28 U.S.C. § 2517; and 31 U.S.C. § 1304). Reimbursement of the Judgment Fund is payable from funds current at the time the award is made by the activity accountable for the contract obligation, **per** 41 U.S.C. § 7108(c).

4.4.2. Questionable and Fraudulent Claims

4.4.2.1. Fraudulent and questionable claims **must** not be paid. For additional information, refer to Volume 5.

5.0 MISCELLANEOUS ADVANCE PAYMENTS

5.1 GENERAL

5.1.1. **Title 31 U.S.C. § 3324 prohibits** advance payments. **Exceptions are authorized only** by specific appropriation acts or other laws, or **as** granted by the President **under** 31 U.S.C. § 3324.

5.1.1.1. **An** electronic request for **advance** payment must contain all elements of a proper invoice (5 CFR § 1315.9(b)(1)). Electronic **submission is preferred**.

5.1.1.2. All claimants subject to the U.S. Internal Revenue Service code must provide a Taxpayer Identification Number (TIN) **per** 31 U.S.C. § 3325(d).

September 2026

5.1.1.3. Advance payment requests must be submitted to the designated payment office [per DoW](#) and [Component](#) submission policies, using a vendor invoice, Standard Form (SF) 1034, Public Voucher for Purchases and Services Other Than Personal, or an electronic equivalent.

5.1.1.4. A designated approving official and a properly appointed certifying officer [must approve all advance payments before](#) disbursement, [confirming](#) the [voucher](#) information agrees with all supporting documentation. [The](#) certifying officer also certifies that the vouchers are correct and proper for payment from the appropriations or other funds cited, and [that](#) the proposed payments are legal, proper, and correct (Volume 5).

5.1.1.5. A copy of all supporting documentation must accompany each advance payment request to [ensure auditability and validate entitlement systems'](#) [payment](#) records. Certifying officers [must retain](#) all payment documentation (Volume 5).

5.1.1.6. A prevalidation process must [match](#) the proposed advance payment to the obligation of funds recorded in the accounting records [before](#) disbursement (Volume 3).

5.1.1.7. [Agencies and organizations](#) requesting and approving miscellaneous advance payments must ensure the advance does not exceed the value of the [items or services](#) being procured.

5.1.1.8. Components must [establish](#) controls for [liquidating](#) advance payments and assign responsibility for follow-up action. [Before liquidation](#), internal controls must [confirm](#) validation and documentation [show](#) the items or services were received and met the organization's requirements. [Components must resolve](#) discrepancies [promptly](#) upon identification, [which](#) may include [establishing](#) and [collecting](#) debts from members, employees, or commercial, Federal, or state entities (see Volume 16 for [debt](#) collection).

5.2 STATUTORY ADVANCE PAYMENTS

5.2.1. Amounts may be paid in advance to licensed or regulated childcare providers for services to be rendered during an agreed period (40 U.S.C. § 590(g)(4) and 10 U.S.C. §§ 1791- 1800). Authorized advance payments for childcare in an approved program, in areas where [DoW-provided](#) childcare is not available, must include a copy of a signed contract between the family and the provider outlining the fees [supporting](#) the payment (DoD Instruction 6060.02).

5.2.2. Advance payment is authorized for subscriptions or other charges for newspapers, magazines, periodicals, microfilm libraries, and other publications for official use (31 U.S.C. § 3324(d)(2)). The total [subscription](#) cost is a valid charge to the appropriation for the

September 2026

fiscal year (FY) current [when](#) the subscription is ordered. [A subscription](#) may extend beyond the current FY, [but the authorized payment must](#) not cover more than a 1-year (12-month) subscription from the same FY appropriation.

5.2.3. Tuition may be paid in advance. 5 U.S.C. § 4109 provides general authority for advance tuition payments for civilian and military personnel, and 10 U.S.C. § 2396(a)(3) authorizes [them](#) for military personnel of friendly foreign countries. Advance tuition payments are payable when an educational institution requires payment at enrollment.

5.2.3.1. The SF 182, Authorization, Agreement and Certification of Training, must identify the training facility by name and address, the amount payable to the facility for the [tuition](#) advance, and the amount payable to the trainee for books and library and laboratory [fees](#). The SF 182 must be submitted to the entitlement office to support the advance payment and be signed by an approving official and certifying officer [before payment](#).

5.2.3.2. Controls must be in place to liquidate the advance payment [\(subparagraph 1.2.10\)](#). [For tuition advances](#), controls must include obtaining documentation that the student successfully completed the training paid in advance. [If](#) the student owes the [DoW](#), the Component must collect any outstanding amount due and forward a DoD (DD) 1131, Cash Collection Voucher, to the designated disbursing office to complete liquidation.

5.2.4. Title 10 U.S.C. § 2396 authorizes advances of Federal monies for compliance with foreign laws, rent in foreign countries, tuition, public utility services, pay and allowances, and supplies and services of Armed Forces of friendly countries.

5.3 INTRA-GOVERNMENTAL ADVANCE PAYMENTS

5.3.1. Overview

5.3.1.1. Agencies may make intra-governmental payments in advance of performance [only](#) in the areas identified in this section. Unless specifically authorized by law, legislative action, or Presidential authorization, [the DoW Component must not advance](#) funds to [non-DoW](#) Federal entities or pay advance billings without receipt of goods or services. Where a specific appropriation or law [authorizes DoW](#) to advance funds, [that](#) appropriation or law must be cited on the obligating [and](#) interagency agreement documents and orders (Volume 11A).

5.3.1.2. Components must establish follow-up actions and controls to ensure receipt and acceptance [of the items or services before liquidating](#) the advance payment, as prescribed by [the](#) Treasury Interagency Agreement Guide and subparagraph 1.2.10. [Intra-governmental advance payments are made through the Intragovernmental Payment and Collection](#)

September 2026

(IPAC) system or G-Invoicing; Fiscal Service requires federal entities to use G-Invoicing under 31 U.S.C. 3512(b) and 31 U.S.C. 3513.

5.3.2. With approval from the General Services Administration (GSA), one Federal agency may lease from another a portion of its leased office space (Federal Management Regulation, Subchapter C, section 102-73.60). The parties may agree to a lease payment in advance, or on another agreed basis, for the proportionate cost of the space, utilities, and services furnished (40 U.S.C. § 585).

5.3.3. Title 44 U.S.C. § 310 authorizes advance payments for printing, binding, or supplies ordered from the U.S. Government Publishing Office (GPO). The requesting agency must process these advance payments using IPAC to establish GPO deposit accounts.

5.3.4. Title 40 U.S.C. § 581(g) authorizes GSA to bill tenants for building rent in advance. The charge is a fixed rate per square foot of assigned space based on building operation and maintenance costs, and need not itemize separate cost factors for utilities, rent, or elevator service.

5.3.5. DoW authorizes annual advance payments to the U.S. Postal Service (USPS) for post office box rental (B-57828, 25 Comp. Gen. 834 (June 5, 1946)). Fees are for a six-month period and are payable for two periods at a time, not to exceed two consecutive six-month periods. Federal agencies whose payment period coincides with the Federal FY may pay box fees during the first quarter. USPS refunds a portion of the rental when the box is surrendered before the end of the rental period. Per 41 CFR 102-192.50, the following methods are available for advance payments for box rentals:

5.3.5.1. Payments to service providers other than USPS must use Fiscal Service payment methods, such as automated clearing house electronic funds transfer or another Fiscal Service approved means.

5.4 OTHER ADVANCE PAYMENTS

5.4.1. Attendance at Meetings and Conferences

5.4.1.1. Components may authorize payment of registration fees before attendance at meetings of technical, scientific, professional, or similar organizations.

5.4.1.2. DoW civilian employees and uniformed service members may attend and participate in conferences, meetings, and recognized professional organizations to maintain and improve professional competency at Government expense, subject to availability of funds, specific management approvals, and work responsibilities. Documentation supporting the approval must accompany the advance payment request (SF 182 or electronic equivalent), and a management official must approve the request before submission to the certifying officer.

September 2026

5.4.1.3. If the payment is non-refundable and the individual fails to attend for reasons beyond their control, do not collect the registration fees from the individual. If the failure to attend is for a reason the DoW Component deems inexcusable, the individual must repay the amount advanced. If the individual does not voluntarily settle the indebtedness, the Component must act to collect the outstanding advance from money due the employee or member (salary offset policy is in Volume 16).

5.4.2. Advance payments to state and local governments for goods and services are authorized. Under FAR 32.409-3(e), the contracting officer may omit the requirement to deposit the advances in a special account if the approving official determines that other adequate security protects the Government's interest.

5.4.3. When submitting a petition for immigrant status for a person whose services are required, the fee must accompany the petition and is payable in advance to the U.S. Department of State (22 CFR 22.1-22.7). 22 CFR 22.3 prescribes remittances in the United States and 22 CFR 22.5 prescribes remittances to Foreign Service posts.

5.4.4. When approved, membership dues or fees in professional societies or associations acquired for the benefit of the DoW Component are payable in advance. Appropriated funds expended for membership must acquire services that benefit the Component, not an individual. The head of the agency or designee must determine the membership requirement, and the individual employee must provide verification of membership to validate the advance payment.

5.4.5. Components may authorize an advance payment for a license to use a patent or to purchase a copyright. The subject matter of the purchase must be within the authorization of the current FY appropriation (10 U.S.C. § 3793). FAR 27 and DFARS 227 prescribe the related patent, data, and copyright policies and contract clauses.

5.4.6. Payment of a utility service account activation fee or connection charge is allowable (FAR 41.1, FAR 41.2, and FAR 52.241-9). The U.S. Government pays connection charges, whether refundable or non-refundable, to the utility supplier for the required connecting facilities, which the supplier installs, owns, operates, and maintains. Refundable connection charges are an advance payment, and the Government recovers them through a specified monthly refund or a credit on the utility service billings.

5.4.7. Foreign Country-Related Requirements

5.4.7.1. Where a foreign country requires personnel to obtain motor vehicle driver permits to perform official duties, the permit fees may require an advance payment, and a tour of duty in a foreign country justifies the expenditure.

September 2026

6.0 FEDERAL, STATE, LOCAL, AND FOREIGN TAXES

6.1 GENERAL

6.1.1. Authoritative Guidance

6.1.1.1. IRS-published regulations take precedence over DoW policy for resolving tax-related issues. Components **must** consult their designated legal counsel on legal questions or apparent conflicts between this section and IRS regulations.

6.2 RESPONSIBILITIES

6.2.1. Defense Logistics Agency-Energy (DLA-Energy) DLA-Energy

6.2.1.1. DLA-Energy **must make** any application for tax refunds applicable to DLA-Energy programs. If DLA-Energy supports a Federal civilian agency, that civilian agency **must collect the** data needed to apply for tax refunds.

6.2.2. DoW Components **must** take maximum advantage of exemptions from excise taxes.

6.2.3. Contractors, Vendors, and Individual Payees

6.2.3.1. Per FAR 29.304, a DoW Component may require contractors, vendors, and individual payees requesting payment to take certain action on payment, nonpayment, refund, protest, or other treatment of state and local specified taxes. The Component acts in consultation with the contracting officer, varying the action by tax consequences, nature of the purchases, and applicable contract clauses. An entitlement or disbursing office **must elevate** any concern about a contractor tax-related payment request or refund to the contracting officer for resolution.

6.2.3.2. Per 31 U.S.C. § 7701(c) and FAR 4.902, and subject to the Internal Revenue Code, all payees doing business with the DoW **must** furnish their Taxpayer Identification Number (TIN) as defined by 26 U.S.C. § 6109 (an SSN, Individual TIN, or Employer Identification Number). A payment office **must not authorize payment** without a TIN or SSN on record for the required payee, except as described in paragraph 6.5.

6.2.3.3. If a contractor or other payee believes a tax form (IRS Form 1099-MISC, 1099-INT, 1099-NEC, or 1099-C) **was improperly issued** or incorrect, the payee **must** provide written evidence to the appropriate tax office to obtain a correction.

6.2.4. The Fleet Card issuer (third-party payor) **must work** with DLA-Energy and DFAS to maximize excise tax reclamations; rules and procedures vary by state, and states generally

September 2026

require reclamations after payment is made. Refer to the GSA SmartPay website for additional Fleet Card tax information.

6.2.5. For entitlement systems managed by DFAS, and ERP-managed systems that have coordinated with DFAS (except [the](#) Defense Health Agency and U.S. Army Corps of Engineers, where responsibility [is](#) otherwise assigned), DFAS [must perform the duties listed in this paragraph](#).

6.2.5.1. [DFAS must compute](#) all appropriate tax withholdings, [make](#) deposits to the U.S. Department of the Treasury, and [file](#) the appropriate tax documents with the IRS.

6.2.5.2. [DFAS must pay](#) excise taxes as appropriate.

6.2.5.3. [DFAS must reclaim](#) Federal and state excise [tax related](#) to fuel purchases, based on data [from](#) DLA-Energy or Fleet Card issuers. DFAS [reclamation](#) responsibilities include filing for the National Guard.

6.2.5.4. [DFAS must record](#) any taxes recovered in the applicable accounting systems.

6.2.5.5. [DFAS must review](#) payment information to determine [whether](#) a payment is reportable under current IRS guidelines.

6.2.5.6. When DFAS serves as the disbursing office for entitlement or ERP systems it does not own, DFAS [must perform the duties listed in this paragraph](#).

6.2.5.6.1. [DFAS must issue](#) annual [instructions](#) on [the](#) requirements for submitting necessary tax reports to DFAS for distribution to recipients.

6.2.5.6.2. [DFAS must coordinate](#) the issuance of hardcopy or electronic tax statements [within](#) the IRS-mandated timelines.

6.2.6. [The](#) Office of the Staff Judge Advocate or General Counsel [must provide](#) available payment data [for](#) all settlements of personnel cases. The document forwarded to the paying office must identify [each](#) settlement payment [type \(for example,](#) compensatory damages, attorney fees, back pay, or interest) and the dollar amount [for](#) each type; [the paying office uses](#) this information to determine proper tax reporting. These offices must also provide the information required to report payments to attorneys under 26 U.S.C. § 6045(f), separate from the claims settlement payment.

6.2.7. Third-party payors [must prepare](#) and [file](#) IRS Form 1099-K, Payment Card and Third-Party Network Transactions, for certain payments they made, even if the items procured

September 2026

were delivered to DoW. DoW is not responsible for filing an IRS Form 1099-MISC when third-party payors make the covered payments.

6.2.8. Convenience Check Account Holder

6.2.8.1. The convenience check account holder **must perform** tax reporting **on** the convenience checks they issue and **obtain** a signed IRS Form W-9, Request for Taxpayer Identification Number and Certification. Refer to **the** IRS instructions for Form 1099-MISC and 1099-NEC for detail **on** payment types that are not reportable to DFAS. As checks are written, the account holder must capture the following check recipient data.

6.2.8.2. For certain DoW agencies, DFAS **must report** to the IRS **the** miscellaneous and non-employee income paid to **vendors and contractors**. DFAS coordinates with the GSA SmartPay contract designated bank and the account holder to obtain **the** information **needed** to issue tax forms and report to the IRS. **Section 18 contains** additional policy **on** the use of convenience checks.

6.2.8.3. The convenience check account holder **must perform** all backup withholding actions required **upon** receipt of an IRS CP2100 notice (see **the** IRS website, Backup Withholding "B" program). See paragraph 6.5 for additional information **on** backup withholding.

6.3 FEDERAL EXCISE TAX (FET)

6.3.1. Except for **IRC** exemptions set out in FAR 29, the Government must pay FET on fuel purchases. If a contract does not specify that the contract price excludes FET, assume the price includes the tax and pay only the contract price. If the contract price specifically excludes the tax, FET for fuel purchases must be billed on the invoice as a separately identified item, **distinct** from the contracted fuel price.

6.3.2. **Refund** requests must be filed on IRS Form 8849, Schedule 1, Nontaxable Use of Fuels.

6.3.3. Quarterly FET Return

6.3.3.1. Unless the IRS District Director otherwise notifies the accounting office responsible for reporting DLA-Energy activity, that office must prepare and submit quarterly FET returns. DLA-Energy must submit a monthly report to DFAS **of** sales to taxable customers. **File the** return **on** IRS Form 720, Quarterly Federal Excise Tax Return, for the first calendar quarter when the tax liability is incurred and each subsequent calendar quarter until a final return is filed. **Mark** final returns "FINAL"; **they apply** only when no FET is owed **or** reportable in future quarters. See IRS Pub 510 for additional guidance.

September 2026

6.3.3.2. The accounting office **must prepare** IRS Form 720 **per the** IRS Instructions for Form 720.

6.3.4. Collections for FET

6.3.4.1. **FET** collections are made to deposit fund accounts. Transfer **collected** excise taxes **per** the most current **IRS** instructions. **Transfers are** generally required semi-monthly and must be made electronically to the Treasury.

6.3.4.2. Report the amounts of FET collected and deposited for the sale of aviation fuel other than for the exclusive use of the **DoW**.

6.4 STATE AND LOCAL TAXES

6.4.1. State and Local Taxes

6.4.1.1. Unless the contract **states otherwise**, state and local taxes are **presumed** included in the contract price. When a valid **fixed-unit-price** contract **has no clause to adjust** prices **if state taxes are imposed** on the contractor, there is no authority **to pay** taxes above the **stipulated** unit price.

6.5 CUSTOMS DUTIES

6.5.1. U.S. Customs Duties on Foreign Purchases

6.5.1.1. If **an** importation is not duty-free, **charge** the duty to the same **appropriation and fiscal** year used to fund the purchase, even **when** the importation and purchase **fall** in different fiscal years (expired funding is available for such adjustments **per** Volume 3). Customs and Border Protection's classification of imports **generates** the amount due. Prepare payment vouchers **showing** the payment amount, annotated with the source and calculated duty, with remittance addressed to the Collector or Deputy Collector at the port of entry. **Before** payment, the entitlement office must obtain the ACO's approval to ensure the customs duties **are** not already covered in the **contract** price **and that** exemption certifications have **not** been issued **for** the items.

6.6 MISCELLANEOUS

6.6.1. If **a local government levies** an environmental assessment **that** is a fee, the payment is authorized. If the assessment appears to be a tax **of questionable** legality, the payment is not authorized. Consult the Component's legal counsel to determine whether **to pay**.

September 2026

6.6.2. Backup Withholding

6.6.2.1. In most instances, [under](#) 31 U.S.C. 3325, [DoW](#) may not make a payment without a valid TIN. If payment is appropriate without a TIN and a signed IRS Form W-9, and no exception to backup withholding applies, backup withholding must occur. Backup withholding requirements are enforced payment-by-payment, regardless of payment size. When an individual or entity has not provided a TIN and a signed IRS Form W-9, the backup withholding requirements in 26 U.S.C. 3406 apply.

6.6.2.2. [DoW](#) activities must perform backup withholding on reportable payments when the [IRS informs the paying office that the payee provided an incorrect TIN and reportable payments total \\$600 or more during the calendar year, when an information return was required concerning the payee for the preceding calendar year, or when backup withholding was required from the payee for the preceding year.](#)

6.7 FEDERAL TAX REPORTING

6.7.1. Taxable Payments

6.7.1.1. At the end of each calendar year, payment or entitlement offices must report certain payments to the IRS. 26 U.S.C. 6041, 26 U.S.C. 6041A, 26 U.S.C. 6045(f), FAR 4.904, and current IRS [instructions](#) establish the reporting requirements. Payment or entitlement offices must provide payees with an IRS Form 1099 by the [IRS-specified](#) date.

6.7.1.2. Various payments to military members and civilian employees are subject to IRS reporting on Form W-2 ([for example](#), military award payments), [and](#) some require tax withholding reported on Form W-2. The appropriate system must make these payments [so](#) accurate withholdings [are](#) applied and reported on the annual Form W-2 by the [IRS-specified](#) date. Payment through a vendor pay office is [authorized](#) only if the [proper](#) withholdings are computed, included, and presented for payment. At [year-end](#), payment or entitlement offices must report these payments [on](#) Form W-2 [per](#) current Social Security [Administration and IRS](#) guidelines.

6.7.2. Tax Reporting

6.7.2.1. Each [DoW](#) Component must prepare an IRS Form 1099 on its contract or vendor payments for applicable services that total \$600 or more, or royalties of \$10 or more, in a calendar year to a single person or business entity, unless an exception applies. For DFAS-serviced Components, DFAS [prepares](#), [prints](#), and [distributes](#) the Form 1099 to the [payee](#) and [forwards](#) the same information to the IRS. If [a](#) Form 1099 [needs](#) correction, the paying office that maintains the underlying payment record provides the information to [make it](#); if the [payee](#) believes the form

September 2026

was improperly issued or incorrect, the **payee** must provide the written evidence needed for correction.

6.7.2.2. **Consolidate** payment data **across the** various payment systems for the same contractor to determine **whether** an entity was paid more than \$600 **in** reportable payments.

6.7.3. IRS Form 1099 Information Reporting

6.7.3.1. When paying a complainant back pay **on a claim that** originated with a **DoW** activity whose civilians DFAS pays, forward the claim to a civilian pay office for payment and issuance of an IRS Form W-2. **DoW** activities must forward all claims representing back pay to their supporting payroll office.

6.7.3.2. The office forwarding personnel claims (**see Section 11**) for payment, such as taxable settlement awards, **must provide the information required for tax reporting** with the settlement documents. All settlement payments are presumed taxable unless the settlement agreement **indicates otherwise** or they meet **a specific nontaxable category**.

6.7.3.3. The total amount paid to an attorney for legal services, other than contractual legal services, must be reported on an IRS Form 1099 as required by 26 U.S.C. 6045(f). "Attorney" includes a law firm or other provider of legal services, such as a corporation. This requirement applies regardless of whether **the** legal services are provided to the Government and **whether** the attorney is the sole payee. **For** payment by check, payment is made to the attorney or law firm if **it** is named the sole, joint, or alternate payee. **When** a single payment **requires two Forms 1099**, issue **one** to the complainant and **one** to the attorney. The office forwarding the claim must provide information including payee name(s), payee TIN, amount paid, payee address(es), and **settling-activity** identification.

6.7.4. Filing Information Returns With the IRS

6.7.4.1. Activities preparing information returns must **be able** to reconstruct the data or records used to prepare the IRS Form 1099. **Retain** the data or records for at least three calendar years, plus the current calendar year, after filing the information return (see IRS General Instructions for Certain Information Returns). These records substantiate the **reported** amounts by showing all relevant payments, **including** payments from multiple contracts. The retention period for IRS Form 1099-C or backup withholding data is four calendar years after filing the information return. The issuing location must **keep** a copy of information returns or be able to recreate the tax document.

September 2026

6.8 TAX ON CERTAIN FOREIGN PROCUREMENT PAYMENTS

6.8.1. Per 26 U.S.C. § 5000C and implementing regulations such as FAR 29.402-3, a 2% tax applies to certain foreign procurement payments unless an exemption in paragraph 6.8.2 applies. Inclusion of FAR 52.229-12 in the contract identifies the tax, effective for contracts issued after June 5, 2020 (date of the FAR final rule), and requires paying agents to withhold up to 2% of applicable payments.

6.8.2. Exemptions

6.8.2.1. If the vendor claims a full exemption in its offer, the vendor need not submit an IRS Form W-14 with each invoice, and the paying agent will not withhold the 2% excise tax. Per FAR clause 52.229-12, if circumstances change during contract performance and the full exemption no longer applies, the vendor must notify the contracting officer and begin submitting an IRS Form W-14 with each invoice.

6.8.2.2. If the vendor claims only a partial exemption, or no exemption, with its offer, FAR clause 52.229-12 requires the vendor to submit an IRS Form W-14 with each invoice, indicating the amount or percentage of the invoice that is exempt from the tax. The excise tax withholding is applied at the payment level, not at the contract level. The vendor must revise each IRS Form W-14 submission to reflect the exemption (if any) that applies to that invoice.

6.8.2.3. If the vendor has claimed only a partial exemption, or no exemption, in its offer and does not submit an IRS Form W-14 with an invoice, the default withholding percentage is 2% for that payment request.

6.8.3. Withholding Requirements

6.8.3.1. Unless the vendor has claimed a full exemption in its bid/offer, paying agents must withhold the tax from invoices per the IRS Form W-14 accompanying each invoice. Withholding is typically 2% of the invoice amount unless the vendor has claimed a partial exemption on the W-14 (for example, only a portion of the goods were manufactured, or services provided, in a country that has an international procurement agreement or tax treaty with the United States).

6.8.3.2. If the vendor has not claimed a full exemption in its offer and does not provide an IRS Form W-14 with an invoice, the default withholding is 2% of the invoice amount.

6.8.4. Responsibilities

6.8.4.1. The contracting officer must tell the paying agent whether the contractual payments are subject to the 2% Foreign Excise Tax by including the appropriate FAR provisions

September 2026

and clauses (52.229-11 and 52.229-12), and must identify in the contract whether the vendor claimed a full exemption in the original offer/proposal.

6.8.4.2. The paying agent must withhold the 2% Foreign Excise Tax per the IRS Form W-14 that the vendor/payee submits with each payment request, file the reports to report tax withholdings to the IRS, and submit the withheld funds to the IRS.

6.8.4.3. The acquiring agency and paying agent must make every effort to identify, withhold, and report applicable tax withholdings to the IRS. Per IRS guidance, if the acquiring agency fails to withhold the tax, the foreign contracting party must file a U.S. income tax return and pay the tax due. The acquiring agency or the paying agent is not liable for any tax not withheld (see the U.S. Government Reporting section on the IRS webpage).

6.8.5. Refunds for Over-withholdings

6.8.5.1. The paying agent may not refund over-withholdings claimed by a vendor. Per 26 CFR 1.5000C-2(e), if the foreign contracting party (payee) discovers that amounts withheld on prior payments exceeded the amount required to satisfy its tax liability under section 5000C, it may request the acquiring agency to decrease withholding on future payments for which withholding is required under section 5000C. The request must be in writing, signed under penalties of perjury, state the amount by which the foreign contracting party requests to increase or decrease future amounts withheld under section 5000C, and explain the reason for the request.

6.8.6. Payments on Classified Contracts

6.8.6.1. Payments against classified contracts are subject to withholding of the 2% Excise Tax. The acquiring agency or paying agent must determine whether reporting such tax/withholdings will compromise national security. If so, the reporting may be scaled back or eliminated.

6.8.7. The paying agent/office must file the following reports and submit withheld taxes to the IRS.

6.8.7.1. Paying agents must submit/deposit withheld funds to the IRS via the Electronic Federal Tax Payment System within the timeframes required by 26 CFR 1.5000C-3(b).

6.8.8. The paying agent withholding applicable taxes must retain all documentation supporting the contract payments and all tax-related information supporting the withholdings, per Volume 1. This includes any documentation supporting the determination of whether to withhold, how much to withhold, and what was actually withheld, such as contracts, invoices, receiving reports, payment/Electronic Funds Transfer information, and the vendor's IRS Forms W-14, 1042, 1042-S, and W-9.

September 2026

7.0 PROMPT PAYMENT ACT

7.1 PROMPT PAYMENT ACT POLICY

7.1.1. Payment terms ordinarily imposed by contract, or [by](#) the PPA and its implementing regulations, may be replaced by payment terms imposed by another governmental authority. [In](#) this [section](#), days [are](#) calendar days unless stated [otherwise](#). The PPA applies to the following, unless the [payment meets an exemption](#):

7.1.1.1. Procurement Contracts. All payments for contracts for the procurement of goods or services;

7.1.1.2. Vendor Payments. All vendor payments and payments to persons, organizations, or business concerns engaged in a profession, trade, or business and any not-for-profit entity operating as a vendor; and

7.1.1.3. Utility Payments. All utility payments, including telephone service, are subject to the PPA. Where state, local, or foreign authorities impose generally applicable late payment rates for utility payments, those rates must take precedence, and PPA interest rates will not apply.

7.1.2. Before making an invoice [or](#) interest payment, [DoW](#) Components must ensure appropriate payment documentation is established and matched: the contract, receipt/acceptance report, and a proper invoice, unless not required by the contract. Subparagraphs [7.1.2.1](#) and [7.1.2.2](#) identify when an invoice [or](#) receipt/acceptance report may not be required. DFARS 232.70 prescribes [DoW](#) policies for submitting and processing payment requests and receiving reports [electronically](#), specifies exceptions, prescribes Wide Area Workflow as the accepted electronic form, and permits the TRICARE Encounter Data System as the electronic format for receiving reports for health care services. [Retain](#) payment documentation [per](#) Volume 1, readily available to support future [audits](#). [Retain](#) original payment documentation and associated supporting documentation [per](#) [Section 8.0](#).

7.1.2.1. The contract is an enforceable agreement between the agency and the contractor or vendor that [supports](#) payment of invoices and interest penalties. Contracts must contain the data elements required under 5 CFR 1315.9(a) as part of the payment documentation. If errors in a contractual document affect payment processing, the entitlement office must notify the contracting office to request corrective action. The payment office must not change contract terms; terms may be changed [only by](#) formal [contract](#) modification.

7.1.2.2. [DoW](#) payments must be based on receipt of a proper invoice, unless an invoice is not required by the contract (e.g., monthly rental payments), and [on](#) satisfactory contract

September 2026

performance. FAR 32.905(b) details the information required for a proper invoice. Per FAR 32.905(b)(2), an interim payment request under a cost-reimbursement service contract is a proper invoice if it includes all information required by the contract. The office designated by the purchase order, agreement, or contract to first receive and review invoices (the designated activity) must immediately annotate the receipt date and review invoices within 7 days after receipt. If an invoice is improper, the designated activity must return it to the vendor or contractor.

7.1.2.2.1. When the designated activity returns an invoice as improper, it must explain why and clearly mark the request to the vendor or contractor for a corrected invoice. Notification must be within 7 days of invoice receipt (5 days for perishable agricultural commodities, dairy products, and edible fats or oils and food products prepared from them; 3 days for meat, meat food, fish, and seafood products). If a DoW Component fails to notify within these timeframes, the days allowed to pay the corrected proper invoice are reduced by the days delayed beyond the allowable return-notification requirement. For example, a 30-day invoice returned as improper on the 11th day after receipt, minus 7 days allowed, equals a 4-day delay, reducing the corrected invoice payment due date by 4 days; the corrected invoice is payable in 26 days from receipt before interest accrues. Per FAR 32.906(b)(4), if a designated activity erroneously rejects a proper invoice, the original invoice receipt date is used to compute the payment due date and any interest penalties due.

7.1.2.3. Receipt of goods does not ordinarily provide a basis for payment. Payment must be based on acceptance of the goods or services, authenticated by the government official's signature. Acceptance must occur as a condition of payment except in the following instances.

7.1.2.3.1. For contracts incorporating the Fast Payment Procedure clause at FAR 52.213-1, payment offices may use the contractor's invoice submission as certification of delivery of supplies and as the basis for authorizing payment. Pay these invoices within 15 days after invoice receipt. Components must have policies and controls to follow up after payment to ensure receipt of acceptance documentation for the payment and contract files. Acquisition requirements governing the fast payment procedure are in FAR 13.4 and DFARS 213.4. Refer to paragraph 7.0 of section 9 for additional fast payment procedure financial management policy.

7.1.2.4. The agency receiving official must forward the receiving report, or other government documentation, to the designated payment office by the 5th working day after government acceptance or approval, unless other arrangements have been made.

7.1.2.5. Government acceptance is commonly deemed to occur constructively on the 7th day after the contractor delivers supplies or performs services per the contract, unless there is a disagreement over quantity, quality, or contractor compliance with a contractual requirement. A contract may specify a longer acceptance period; the date of actual acceptance or the date the acceptance period ends then substitutes for the 7th day after delivery (refer to DFARS 232.904).

September 2026

The date the designated acceptance period ends is the constructive acceptance date. Constructive acceptance is used to calculate PPA interest and applies to both destination and source acceptance contract terms. [Forward](#) government proof of acceptance to the designated payment office.

7.1.2.5.1. If actual acceptance occurs within the constructive acceptance period, any interest penalty must be based on the actual date of acceptance.

7.1.2.5.2. If actual acceptance occurs after the constructive acceptance period, any interest penalty must be based on the constructive acceptance date.

7.1.2.5.3. The constructive acceptance requirement does not compel [DoW](#) Components to accept supplies or services or make payment [before](#) fulfilling their designated responsibilities and internal control activities.

7.1.2.6. If payments cannot be made due to non-receipt of receiving reports, copies of contracts, contract modifications, or other required documentation, the entitlement office [must](#) follow up with the contracting or receiving office to ensure these documents are forwarded timely. [Make](#) these follow-up requests in time to prevent loss of economically justified discounts [where](#) possible and [to](#) avoid unnecessary [late-payment](#) interest penalties.

7.1.2.7. When authorized, the head of the contracting activity of an operational area, in consultation with the cognizant comptroller supporting [the](#) contracting activity, [must determine](#) whether a contract and related payment [are](#) subject to the requirements of FAR 32.9 and include the applicable payment clause in the contract.

7.1.3. The billing office designated in the contract to receive the invoice [must record the receipt date on the invoice immediately upon receipt of the contractor's invoice or payment request](#). [The](#) annotation must be clearly identifiable to the designated activity processing the payment. The receipt date [determines](#) the payment due date, the date by which an improper invoice must be returned, and the date interest [begins](#) to accrue if payment is late. If the designated activity fails to annotate the receipt date, the invoice receipt date is the date [the contractor](#) placed on the invoice. For electronically transmitted [invoices](#), the invoice received date is the date [the designated activity receives](#) a readable transmission, or the next business day if received after normal working hours. For invoices made electronically available in feeder systems such as the Government purchase card bank system or the transportation Third Party Payment System, the invoice receipt date is the date the invoice is made available to [DoW](#), [not](#) when invoices are transmitted to the entitlement office ([Section 18.0](#)).

7.1.4. For payments subject to FAR 32.9, the payment due date is the date [by](#) which payment must be made to avoid paying PPA interest.

September 2026

7.1.4.1. If the payment due date is not specified in the contract, the date by which a proper invoice must be paid is the later of:

7.1.4.1.1. Thirty days after the date the designated activity receives the proper invoice; or

7.1.4.1.2. Thirty days after government acceptance of supplies delivered or services performed, or the applicable date of constructive acceptance, whichever is earlier.

7.1.4.2. A contract modification may be required to determine the payment due date (e.g., an award fee). If a payment cannot be entitled without a contract modification, the payment clock starts with the effective date of the modification.

7.1.5. The PPA requires timely payment and proper cash management of government resources. DoW must make payments no more than 7 days before the payment due date, but as close to the due date as possible, unless the Secretary of Defense or designee determines, on a case-by-case basis for specific payments, that earlier payment is necessary (FAR 32.906). Use this authority cautiously, weighing early payment benefits against the good stewardship inherent in effective cash management (5 CFR 1315.4(j)).

7.1.5.1. Per 10 U.S.C. 3801(b)(1) and NDAA FY 2021 Section 815, for a prime contractor that is a small business concern, DoW must, to the fullest extent permitted by law, establish an accelerated payment date with a goal of 15 days after receipt of a proper invoice for the amount due.

7.1.5.2. Per 10 U.S.C. 3801(b)(2) and NDAA FY 2022 Section 814, for a prime contractor that subcontracts with a small business concern, DoW must, to the fullest extent permitted by law, establish an accelerated payment date with a goal of 15 days after receipt of a proper invoice for the amount due if the prime contractor agrees to pay the subcontractor on the accelerated schedule, to the maximum extent practicable, without further consideration from or fees charged to the subcontractor.

7.1.5.3. Payment is considered made on the date printed on the check or on the Electronic Funds Transfer (EFT) settlement date. To avoid late-payment interest fees, the EFT settlement date (the date funds are credited to the vendor's financial institution) must be no later than the calculated due date.

7.1.5.4. Checks must be mailed or transmitted on the same day the check is dated.

7.1.5.5. Payments due (including discount periods) on Saturday, Sunday, or legal holidays may be paid on Monday or the next working day without interest; this does not change the official payment due date.

September 2026

7.1.6. If a [vendor or contractor](#) offers a [DoW](#) Component a discount, whether in the contract or on an invoice, the Component should take the discount if economically justified, but only after acceptance has occurred.

7.1.6.1. When a discount is taken, payment [must](#) be made as close as possible to, but no later than, the discount date.

7.1.7. When [DoW](#) Components fail to make payment by the payment due date, interest accrues from the day after the payment due date through the payment date.

7.1.8. [DoW must](#) pay [late-payment](#) interest penalties from either the funds available for [administering](#) the program for which the penalty was incurred (refer to 5 CFR 1315.10(b)(5)) or the funds financing the operation of the Military Department or Defense Agency [associated](#) with the invoice or contract payment (refer to 31 U.S.C. 3902). [Charge](#) all interest payments to the fiscal year(s) in which they accrue. If interest [accrues](#) at the end of the fiscal year but [is](#) not paid until the next fiscal year, [cite](#) the prior year's funds. If interest [accrues](#) at the end of the fiscal year and additional interest [accrues](#) in the new fiscal year, [fund](#) the total penalty citing each fiscal year's funds where the interest accrued, [so](#) the interest fund cite represents the bona fide need of the year the obligation arises. If the appropriation otherwise charged is cancelled, [charge](#) the appropriation current on the date of payment [per](#) 31 U.S.C. [1553\(b\)\(1\)](#).

7.1.8.1. Entitlement offices [must](#) maintain detailed records [supporting](#) their determinations and [must](#) make these records available [on](#) request of any activity determined to have caused a late payment.

7.1.8.2. A contractor may waive interest entitlement by returning the interest paid by separate check or by returning the government check and requesting payment only in the amount invoiced. [Besides](#) returning interest penalties already received, a contractor may waive [the](#) right to PPA interest by express written statement or by acts and conduct [indicating](#) intent to waive. [Written](#) requests must be submitted to the applicable payment office established in the contract, be specific to each [invoice or payment](#), and be for interest already [earned or accrued](#). A contractor may not request waiver of interest not yet accrued or a blanket waiver for a group of [contracts or invoices](#). [Retain interest-waiver](#) request documentation with payment supporting documentation.

7.1.8.3. Interest retained or waived is collected as a refund to the appropriation originally cited for the payment of interest. [Credit](#) all refunds of interest or penalties from contractors to the same line of accounting classification (including fiscal year) charged [when](#) interest was paid. If the appropriation is cancelled or closed, [apply](#) refunds to Miscellaneous Receipts of the U.S. Department of the Treasury.

September 2026

7.1.8.4. The Foreign Military Sales (FMS) Trust Fund **must** fund **late-payment** interest penalties **for** procurements financed by **an** FMS contract. Refer to Volume 15, **section 7.0** for additional information **on** FMS pricing.

8.0 COMMERCIAL PAYMENT VOUCHERS AND SUPPORTING DOCUMENTATION

8.1 POLICIES AND REQUIREMENTS

8.1.1. Title 31 U.S.C. 3325 authorizes a DO to disburse money only when provided a voucher certified by a properly appointed certifying officer.

8.1.2. Title 31 U.S.C. 7701(c) requires all payees subject to the U.S. Internal Revenue Code **who do** business with **DoW** to furnish their TIN (which may be **an** SSN for individuals). **DoW must** not **authorize payment** without a TIN or SSN on record for required payees.

8.1.3. Payment Office Identification

8.1.3.1. MOCAS **handles** the most complex contracting and payment situations (financing payments, withholds, foreign currencies, and complex contract types and structures). Components **must use their** Enterprise Resource Planning (ERP) systems as the payment office except where **a** contract's complexity requires **an** alternative such as MOCAS. See the joint Deputy Under Secretary of Defense for Acquisition and Sustainment and Deputy Under Secretary of Defense (Comptroller) policy memorandum for more information.

8.2 SUPPORTING DOCUMENTS REQUIRED TO PROCESS PAYMENTS

When entitling and certifying a payment, **DoW** Components must **establish and retain** appropriate payment documentation to support payment of invoices and interest penalties. This documentation normally includes the contract/purchase order, receipt/acceptance report, and a proper invoice. Refer to 5 CFR 1315.9 for required documentation. Subparagraph **8.2.3** defines the exceptions in which receiving reports are not required **before** payment.

8.2.1. If contractor/vendor invoices cannot be **entitled and certified** due to non-receipt of receiving reports, copies of contracts, contract modifications, or other required documentation, the entitlement office must follow up with the contracting or receiving office to ensure these documents are forwarded timely. The entitlement office, contracting office, and receiving activity must **act** timely to prevent loss of economically justified discounts and avoid unnecessary **late-payment** interest penalties.

September 2026

8.2.2. Contract

8.2.2.1. A contract is a **mutually binding** legal relationship obligating the seller to furnish supplies or services (including construction) and the buyer to pay for them (**FAR 2.101**). Contracts must contain the information prescribed by 5 CFR 1315.9(a) to support payment of contractor/vendor invoices. If the entitlement office discovers an error in a contractual document, **it** must notify the contracting office to request corrective action. The entitlement office may not change contract terms; terms may be changed **only** through a formal **contract** modification. FAR 4.5 requires use of electronic commerce in Federal acquisition whenever practicable or cost effective.

8.2.3. Receiving Report

8.2.3.1. Acceptance must occur as a condition of payment in all cases except contract financing payments, interim payments on cost-reimbursement contracts for the acquisition of services, and use of the fast payment procedure as defined in Section 9.0. These **payment-processing** requirements do not negate the documentation requirements established in Volume 4, **section 9.0**.

8.2.3.2. If payment cannot be made due to non-receipt of a receiving report, the entitlement office must follow up with the contracting officer **or** receiving office to ensure the documentation is forwarded timely.

8.2.3.3. When a shipment is short of the quantity ordered, the entitlement office **must** pay, **per** the PPA (5 CFR 1315), the **invoice** amount **supporting** the quantity received and accepted, unless prohibited by the contract.

8.2.3.4. When the receiving report or invoice indicates the shipment is final but undelivered items **remain under** the contract terms, the entitlement office **must** pay, **per** the PPA (5 CFR 1315) and the variation authorized in the contract, the **invoice** amount **supporting** the quantity received and accepted. The entitlement office must also collaborate with the contracting officer, as needed, to advise and assist in resolving the differences.

8.2.4. Invoice

8.2.4.1. When using contracting officer **approved or designated** electronic techniques **to submit** invoices and electronically certified vouchers, **the payment office need** not transfer paper documentation for examination if the same supporting data are readily available and accessible in electronic media or through an electronic process.

8.2.4.2. The certifying officer must ensure the transmitted data relied upon **to entitle** and **certify** a payment **contain** the PPA information required by 5 CFR 1315.9 and

September 2026

FAR 32.905(b). Per Section 2.0, paragraph 2.0, the office must establish processes, controls, and routine testing to ensure the completeness, accuracy, authorization, and validity of electronic data received through system interfaces or transmission.

8.2.4.3. Contractors or vendors permitted to invoice non-electronically may submit invoices on any form that includes all required items of a proper invoice, unless their contract prescribes a specific invoicing form.

8.2.4.4. DoW payments must be based on satisfactory contract performance and receipt of a proper invoice, unless the contract does not require an invoice (for example, monthly rental payments). 5 CFR 1315.9(b)(1) and FAR 32.905(b) identify the items that must be included on a proper invoice.

8.2.4.5. If an invoice is improper or does not meet the contract requirements of FAR 32.905(b), the designated activity must return the invoice to the contractor or vendor and provide all details on the invoice deficiencies.

8.2.4.5.1. An invoice must be returned as improper if the entitlement office has not been provided a valid TIN for any designated payee subject to the U.S. Internal Revenue Code. If the TIN is not in the SAM, Corporate Electronic Funds Transfer, or supporting documentation (including the invoice or contract), the contracting officer must provide the contractor's TIN to the payment office (FAR 4.203(e)(2)).

8.2.4.5.2. An electronically transmitted payment request is treated the same as a paper payment request and must contain identical data elements (FAR 32.905(b)). Returned electronically transmitted payment requests must be returned in the same manner received, or in a manner practical for the entitlement system, accompanied by an electronic message stating the reason for return.

8.2.4.6. Non-electronic forms may be used as an invoice only if approved by the contracting officer and included in the contract. Such forms include the DD 250, SF 44, Delivery Ticket (refer to Section 7) and SF 1449.

8.2.4.7. Payments for services of a continuing nature (for example, rents or janitorial services) performed under agency-vendor contracts that provide for definite amounts at fixed periodic intervals may be made without contractor-submitted invoices or bills if the contract allows.

8.2.4.7.1. The contract must specify the payment due date. The voucher the payment office prepares to support these payments must show, at a minimum, the contract number, the period covered, the vendor name, the payment amount, and the account or

September 2026

appropriation to be charged. The payment voucher must be certified the same as all other payment vouchers.

8.2.4.7.2. Per TFM Volume 1, Part 4A, Chapter 2000, Section 2060, the office must establish and periodically test internal controls to ensure recurrent payments are on unexpired contracts or agreements, for correct amounts, for services actually received or leased space actually under contract, and not duplications of previous payments for the same goods or services.

8.2.4.8. If an original invoice is lost or destroyed, a duplicate must be obtained from the original submitter to support the voucher and marked as a duplicate. A full explanation of the loss or destruction and a statement that steps have been taken to prevent duplicate payments must be placed on or attached to the duplicate invoice. If the invoice information is already in the entitlement system, payment may be made from that information before a duplicate is obtained. When a duplicate cannot later be obtained, an annotation must document that payment was made based on existing records, that a hardcopy duplicate could not be obtained, and that the original was lost or destroyed. The specific existing records relied upon must be identified and documented, and management review and approval of the payment must occur and be documented before the disbursement. Refer to TFM Volume 1, Part 4A, Chapter 2000, Section 2050.10.

8.2.4.9. The Defense Contract Audit Agency (DCAA) is the authorized representative of the ACO for approving interim contract payment vouchers for provisional payment, including interim vouchers for non-commercial and commercial Time and Material (T&M) and Labor Hour (LH) contracts, subject to final audit. Per DFARS 242.803, DCAA uses sampling to select interim vouchers for review before sending them to the payment office. Interim vouchers not selected for pre-payment review are provisionally approved and sent directly to the payment office. All provisionally approved interim vouchers are subject to later audit of actual costs incurred. DCAA does not provisionally approve the contractor's final voucher; the contracting officer must approve final vouchers. Refer to DoDD 5105.36 for DCAA's roles and responsibilities. The following invoices and vouchers require ACO approval before payment: completion vouchers under cost-plus, fixed-fee, or other cost-reimbursement type contracts; vouchers and invoices for termination costs under supplemental agreements, unless the termination modification specifies the costs to be paid; completion vouchers under T&M and LH contracts; invoices for progress and performance-based payments under fixed-price type contracts; vouchers and invoices where the contract requires ACO approval before payment; invoices for the release of "withhold" amounts previously instituted by the ACO; and any payment request where a DO requires an ACO signature.

September 2026

8.3 DOCUMENT RETENTION

8.3.1. Original payment documentation and associated documents must be retained as government records in a format readily accessible to the entitlement office. Refer to Volume 1, [section 9.0](#), Figure 9-1, for specific policy and timeframes [on](#) record retention. Electronic record storage requires adequate controls to ensure digital images accurately represent the corresponding paper documentation and prevent changes to an original digital image (FAR 4.805(a)). The [certifying officer must retain](#) both paper and electronic [documentation](#).

8.4 FOREIGN LANGUAGE DOCUMENTS

8.4.1. Documents Prepared in a Foreign Language

8.4.1.1. Invoices and supporting documents prepared in a foreign language must be translated before payment to ensure their contents satisfy the contractual [document's requirements](#). Refer to DFARS 225.1103 for additional policy [on](#) contracts that may involve [foreign-language](#) documentation.

8.4.1.2. The documents must be translated in enough [detail-contract](#) number, item identification, unit of measure, price, and [extension-to](#) enable someone unfamiliar with the language to determine that receipts [of](#) material or services satisfy the contract terms.

8.4.2. If several invoices [share](#) a similar format and wording, a single translation is adequate, provided [the](#) like invoices support the same payment voucher and [the required certification shows that all data not translated on other identified documents are the same as that translated, all non-common data on all invoices are identified and translated in enough detail to allow an audit by persons not familiar with the language, and a separate translation is attached for each group of different invoices](#).

8.4.3. The translation [may](#) be entered over or under the corresponding foreign wording or in any available space on the document; if space is not available, the English translation may be copied on a separate sheet. The translator completes and signs the following [certification](#) on each translated document found satisfactory for payment: "I certify that I am familiar with the _____ language, and that I have made a true and correct translation of the _____." (Printed Name, Signature, Date, and Contact Information). This certification, which pertains only to the translation, may be inscribed on a separate sheet and attached if space is not available on the foreign language document. A duly appointed (via a DD 577) certifying officer must ensure payment requirements are satisfied based [on](#) the translation.

September 2026

8.5 PROCESSING ALTERED DOCUMENTS

8.5.1. Prohibited Pen and Ink Changes

8.5.1.1. Pen and ink changes are prohibited on all contractual documentation. FAR 43.301(a) prescribes the SF 30 for changes to contractual documentation.

8.5.1.2. Entitlement office personnel are prohibited from making pen and ink changes to the following information on requests for payment, receiving reports, and invoices: payee identification (including name, address, banking information, Commercial and Government Entity code, and TIN); order numbers (including contract, modification, call, task, and delivery order numbers); monetary amounts (any dollar value on any of the documents); Line of Accounting (LOA) data (all information pertaining to the LOA on any of the documents); names of officials and officers (including the certifying officer, approving official, contracting officer, and other related information as typed or printed on the documents); and dates (any dates impacting PPA interest or discounts).

8.5.2. Allowable Pen and Ink Changes

8.5.2.1. Entitlement offices may make pen and ink changes for administrative-type errors not described in subparagraph 8.5.1 on requests for payment, receiving reports, and invoice documents.

8.5.2.2. Entitlement office personnel may accept pen and ink changes on supporting documentation attached to an externally certified payment request that an appointed certifying officer certified and submitted. When submitting a certified payment voucher with manually altered supporting documents such as requests for payment and invoices, a properly certified SF 1034 identifying the correct total amount and fund citations must be provided to the entitlement office.

8.6 EMERGENCIES AND CONTINGENCY OPERATIONS

8.6.1. In addition to a contract, receiving report, and invoice, certifying officers supporting emergencies and contingency operations must ensure the entitlement package contains the specific information needed for valid certification and payment when the payment is exempt from the PPA. Payments subject to the PPA fall within the requirements of Section 7.0. For payments in support of an emergency or contingency operation not subject to the PPA, Appendix 1, Matrix for Payments in Support of Emergencies and Contingency Operations, identifies the critical data elements necessary for a proper certification.

8.6.2. Where information identified in Appendix 1 is not present on all documents (contract, receiving report, and invoice), the certifying officer may certify the payment if they can

September 2026

make a reasonable linkage among the documents. In certain circumstances explained in Appendix 1, the certifying officer may certify a payment missing a critical data element identified in the Appendix 1 matrix; however, they must justify in writing why they certified the payment.

8.6.3. All accounting offices that support emergencies or contingency operations must ensure that accounting and document-retention requirements are in place within 30 days of declaration of the operation. Adherence to these requirements is critical to DoW financial stewardship and control of funds.

9.0 PAYMENT VOUCHERS – SPECIAL APPLICATIONS

9.1 INTRA-GOVERNMENTAL PAYMENTS

9.1.1. Billing Processes

9.1.1.1. Intra-governmental transactions (IGT) between or within DoW Components for the purchase of goods must be processed through the interfund billing system when initiated and supported by both trading partners' supply and accounting systems. In the interfund billing system, the supplier reimburses itself at billing from appropriations the customer designates, sends an automated billing to the billed office, and reports to the U.S. Department of the Treasury a reimbursement of the supplier's funds with an offsetting charge to the customer's funds. Only the billing office or the Central Accounts Office may adjust or reverse reimbursements reported to Treasury on behalf of the billing office. Refer to DLM 4000.25, Volume 4 for interfund billing system procedures.

9.1.1.2. Unless specifically authorized by law, legislative action, or Presidential authorization, a DoW Component must not advance funds to non-DoW federal entities or pay advance billings without receipt of goods or services. The constructive delivery and drop from inventory methods in paragraph 2.4 are exceptions to this prohibition. Refer to Volume 11A, section 3.0 for advances to non-DoW entities via Economy Act Orders.

9.1.2. Completion

9.1.2.1. Work and shop orders must indicate the unit prices of articles or services furnished, or the actual value of personal services, materials, or other direct charges and overhead. When vouchers cover use of equipment, the itemized statement must carry the certification: "I hereby certify that the amount billed herein represents cost as determined under 31 U.S.C. § 1535 and 31 U.S.C. § 1536." When the account is billed on unit costs (for example, per hour, day, or mile) rather than itemization, those unit costs must include all expenses of operation and maintenance except depreciation. The purchase agreement between the entities determines the billing method.

September 2026

9.1.2.2. An employee's services performed for another federal department or agency may be reimbursed to the providing agency **only** if a reimbursement agreement was made before the services were rendered. Copies of the agreement must be attached to the transfer voucher (SF 1080, 1081, or 1034) to support the payment.

9.1.2.3. The entitlement office must examine intra-governmental payment vouchers and supporting documentation to verify amounts and confirm required information and certifications are present (such as the equipment-use certification in subparagraph 9.1.2.1). The entitlement office must also verify accessorial charge rates when non-DoW Government activities levy them for issues, sales, and transfers of material, supplies, and equipment.

9.1.2.4. This verification must ensure charges do not include recurring reimbursement issues (sales) or non-reimbursable transfers of material to other DoW Components, except for sales and transfers under the military assistance grant aid program and Foreign Military Sales (FMS) programs. After the propriety review, the entitlement office must cite the accounting classification and verify the voucher is ready for payment.

9.1.2.5. Evidence of receipt and acceptance is required to support all intra-governmental and interfund transactions. DoW financial reporting entities must develop and implement internal controls to ensure receipt and acceptance is properly accomplished and documented for all IGT. Refer to Section 2 for internal control requirements and to Volume 4, section 9.0 for receipt and acceptance requirements.

9.1.3. Constructive Delivery or Drop From Inventory

9.1.3.1. Delivery is evidenced by completed shipping documents, material shipment status of shipping documents, or a list of deliveries to a post office. Constructive delivery also applies to billings for goods accepted by an authorized inspector of another DoW Component providing direct shipment to the consignee. Such billings must be supported with a DoD (DD) Form 250, Material Inspection and Receiving Report, or other authorized documents from the inspector showing shipment. Under constructive delivery, bills are issued when the carrier accepts the goods for transport.

9.1.3.2. Constructive delivery bills are accepted and paid without waiting for delivery of the goods to the final destination. Components must perform follow-up procedures to confirm the goods were received and accepted and must obtain the documentation supporting receipt and acceptance for later audit.

9.1.3.3. Drop from inventory is the reduction of the quantitative inventory balance. Billing for shipments from stock must be at the standard price in effect when the stock is dropped

September 2026

from inventory. Refer to Volume 11B, [section 15.0](#), [paragraph 2.0](#) for [inventory item](#) pricing policy.

9.1.3.4. Following a supply activity requisition, reimbursable sales of material are billable after the material has been transferred using the drop from inventory method. Billing [is based](#) on drop from inventory or performance of services. Sales of bulk petroleum, oil, lubricants, and perishable subsistence, [and](#) FMS and military assistance grant aid shipments, are exceptions to this billing policy. Refer to DLM 4000.25, Volume 4, Chapter 2 for billing guidelines.

9.1.3.5. The supplying activity initiates a request for payment for items supplied to the [DoW](#). Billings must, at a minimum, be supported by the document order number, description of the article or services, delivery or other performance date, quantity, and price. The document order number [is](#) normally the requisition document number, and the description [is](#) normally the National Stock Number. The supplying activity [must notify](#) the requisitioning activity of item substitutions and price or quantity changes. Refer to DLM 4000.25, Volume 4, Chapter 2 for billing procedures.

9.1.3.6. The requisitioning activity [must record](#) the amounts and quantities of items approved for payment at receipt and acceptance of the delivered [items or services](#). The requisitioning activity [must adjust](#) the billing for unacceptable items or items unfilled by the supplying activity and [reimburse only](#) the adjusted amount. The requisitioning and supplying activities determine [the](#) disposition of unfilled items [by](#) mutual agreement.

9.1.3.7. If the requisitioning activity cancels requisitions, [it](#) is credited the amount billed, including accessorial charges. Accessorial costs [are](#) expenses incident to issues, sales, and transfers of materiel (packing, crating, and handling; transportation; and port loading and unloading; see Volume 11A, [section 1.0](#), subparagraph 2.4.10). The alternate consignee for material diverted is billed the standard price and accessorial charges. If the Defense Logistics Agency (DLA) [orders](#) direct shipment of non-stocked items and the requisitioning activity cancels the order, the requisitioning activity is billed via the SF 1080 for contract termination costs from [the](#) cancellation. Refer to [DLM 4000.25, Volume 4, section 2.0 for MILSTRIP cancelation procedures](#).

9.1.4. Payment for services rendered by DWCF activities is based on the prescribed rates, tariffs, and billing procedures. DWCF payments [follow](#) the same policy as [the](#) constructive delivery and drop from inventory payments ([see paragraph 9.1.3](#)).

9.1.5. GSA

9.1.5.1. Ordering activities receive bills from GSA biweekly, monthly, or quarterly, after the fact, or in advance ([for example](#), rental payments), [as](#) determined in the

September 2026

purchase agreement. Except for bills rendered in advance, GSA sends bills to Components only after evidence of actual delivery of material or services or receipt of evidence of shipment (constructive delivery). Components must perform follow-up procedures to confirm the goods were received and accepted and must obtain the documentation supporting receipt and acceptance for later audit. GSA may process requisitions of \$1 or less without billing.

9.1.5.2. Payment for material is made through the IPAC system within 15 days after receipt of the GSA invoice. Bills are paid as rendered without pre-audit or receipt verification, subject only to availability of funds and adjustment for obvious significant errors in dollar amount. A follow-up process must be established to confirm the material paid for was received and accepted. Documentation supporting receipt and acceptance must be retained as billing support for future audit, per Volume 1, section 9.0 and the National Archives and Records Administration General Records Schedules.

9.1.5.3. Travel Pay sections process payments to GSA or contractors for vehicle rentals authorized by travel orders. The billing information must be compared to the obligation document; if an error is found, follow the applicable correction procedures. Payment is due within 30 days of the billing date (see subparagraph 9.1.2.5 for receipt and acceptance requirements).

9.1.5.4. GSA bills for federal telecommunication services are submitted monthly and paid in advance using the IPAC system, without pre-audit or receipt verification and subject only to availability of funds (see 10 U.S.C. § 2396 and 40 U.S.C. § 581(g)). These bills should be paid within 15 days after receipt of the GSA invoice. Components must perform follow-up procedures to confirm the services were received and must obtain the supporting documentation (receipt verification) for later audit.

9.1.5.5. Activities seeking credit from canceled requisitions for a material diversion must confirm the amount billed, including accessorial charges. The alternate consignee for material diverted is billed the standard price and accessorial charges. Activities canceling requisitions for material for which GSA ordered direct shipment of non-stocked items are billed by SF 1080 for contract termination costs from the cancellation. GSA promptly provides the bill to the activity cited in the canceled requisition.

9.1.6. Payments

9.1.6.1. DLA Document Services is the single DoW focal point for GPO ordering and management of document services per DoD Instruction 5330.03. An invoice is submitted to the requisitioning activity when printing services or supplies are furnished. The billed office prepares and processes the SF 1080 for payment and must attach an invoice to the SF 1080.

September 2026

9.2 PARTIAL PAYMENTS

9.2.1. The entitlement office **must maintain** a separate partial payment record for each purchase order, contract, **delivery order**, or other obligation document requiring partial payments.

9.2.2. Payments made against blanket purchase agreements, call-type contracts, and blanket delivery orders, as defined by FAR Part 16, are not partial payments, except when more than one payment is required on an individual call or order.

9.3 CONTRACT FINANCING PAYMENTS

9.3.1. Progress Payments

9.3.1.1. Each contractor request for progress payment must be prepared and submitted through the WAWF module of PIEE as a separate progress payment **document or SF 1443**, Contractor's Request for Progress Payment, **per** DFARS 252.232-7003, with noted limited exceptions. The FAR and DFARS links provided **cover progress payment** computation, liquidation, reduction, suspension, and limitations.

9.3.1.2. When allocating progress payments across ACRNs, **the payment office must establish** controls to ensure disbursements do not exceed obligations at the ACRN level. To incorporate these controls, **the office ordinarily charges** progress payments, performance-based payments, and commercial item financing to an ACRN so the outstanding financing payment balance for each ACRN does not exceed **that ACRN's** Unliquidated Obligation (ULO) multiplied by the contractual liquidation rate. For ACRNs that fund both fixed-price and cost-type line items, the **contract-financing** allocation methodology applies only to the fixed-price portions (**per** FAR 32.501-3).

9.3.1.2.1. If the **contract's** ACRN allocation instructions, based on the DFARS PGI payment instructions, **deviate** from the allocation process in **9.3.1.2**, allocations in entitlement and accounting systems may reflect payment instructions that direct liquidation of contract finance payments from ACRNs with a shorter remaining period of availability for expenditure. This may facilitate liquidation of obligations **under** 31 U.S.C. §1553 **before** closure of the appropriation account by operation of 31 U.S.C. § 1552. If payment instructions direct liquidation of ACRN balances **above** the ULO balance multiplied by the contractual liquidation rate, **the payment office must establish** controls to ensure **mixed-type-funding** ACRNs (fixed and cost) are not over liquidated and the overall contract ceiling of 80% of contract price (FAR clause 52.232-16) is not exceeded.

9.3.1.2.2. If the contracting officer determines an alternate ACRN allocation methodology **will** be used to liquidate payments for a specific contract, as described in

September 2026

5.2.4.2.1, the contracting officer must incorporate the DFARS PGI payment instruction of "Other" (prescribed by DFARS PGI 204.7108(d)(12)) and negotiate a written agreement to that methodology with the payment office before it may be used. The contract file and the payment office files must retain a copy of the written agreement, or the contractual modification identifying the specific payment instruction, for audit support.

9.3.1.3. Shifting work between contracts of the same contractor must comply with DoW progress payment policy of taking offsets whenever possible. A disbursement adjustment between contracts is a bookkeeping entry, not a payment transaction. When work is shifted between contracts of the same contractor, the progress payment is the net amount of the transactions involved on the contracts. A modification to each affected contract orders any transfer of work from one contract to another.

9.3.1.4. Recoupments are not accomplished involving both U.S. and FMS funds unless both fund the payment of the deliverable item. For a deliverable payment against U.S.-funded ACRNs, progress payments are recouped only against the U.S. ACRNs. For a deliverable payment against FMS-funded ACRNs, progress payments are recouped only against the countries involved with the FMS deliverable.

9.3.2. Advance

9.3.2.1. Subsidiary records of individual advances must be maintained to support the amount recorded in the general ledger account. The subsidiary record must include the amount and date advanced, the applicable contract number, and the disposition of the advance. At least quarterly, the subsidiary record must be reconciled with the general ledger balance; see Volume 4, section 3.0.

9.3.2.2. The contractor request for an advance payment must be submitted to, approved, and certified for payment by the office(s) specified in the contract. The advance payment must cite a specific appropriation associated with the advance payment pool agreement. The approved request is forwarded to the payment or entitlement office cited in the contract for payment.

9.3.2.3. On receipt of a properly approved advance payment voucher, the entitlement office must review it for accuracy. If proper, the office entitles the voucher and forwards it to the disbursing office to be paid.

9.3.2.3.1. The payment must cite the appropriations identified on the contracts listed on the reimbursement voucher.

September 2026

9.3.2.3.2. The entitlement office must maintain a record of all contract financing payments it makes.

9.3.2.3.3. Total payments must not exceed the total amount authorized on the contract.

9.3.2.3.4. Payments must be made within 5 to 10 workdays after receipt of a properly approved reimbursement voucher, but not earlier than the date specified in the pool agreement. These payments are a form of contract financing and are not subject to Prompt Payment Act (PPA) interest.

9.3.2.4. The payment office must establish controls (e.g., manual or electronic ledgers) to ensure cumulative payments, plus the amount advanced, do not exceed the ULO of all contracts awarded under the pooling agreement.

9.3.2.5. Do not make a non-advance contract payment when it would cause the ULO to fall below the advanced amount. If this condition occurs, notify the designated DoW Component and request further instructions. The Component will advise whether obligating documents are in transit or whether the payment must be processed to liquidate the amount advanced.

9.4 COST-REIMBURSEMENT-TYPE CONTRACTS

9.4.1. The Defense Contract Audit Agency (DCAA) has sole authority to verify claimed costs and provisionally approve interim payment requests under cost-reimbursement, non-commercial and commercial time-and-materials, and labor-hour type contracts. This authority may include, on request, cost verification and provisional approval for state and local government-submitted claims under 2 CFR 200. Per DFARS 242.803, DCAA uses sampling methodologies to select interim vouchers for review before sending them to the payment office. Interim vouchers not selected for pre-payment review are considered provisionally approved and are sent directly to the payment office. All provisionally approved interim vouchers are subject to later audit of actual costs incurred. A Contracting Officer's Representative (COR) may not be delegated authority to approve these payments. The COR may review contractor billings but is expected to coordinate with DCAA when any cost verification is necessary to support surveillance responsibilities. The ACO approves the final payment request on the contract.

9.5 FAST PAYMENT

9.5.1. Payment must be made no later than 15 days after receipt of a proper fast pay invoice. If the payment office does not meet the 15-day requirement, PPA interest accrues under

September 2026

the procedures applicable to invoices to which the fast payment procedure clause does not apply. See [section 7.0](#) for additional PPA policy and requirements.

9.5.2. The entitlement office, together with the contracting officer, must ensure the following conditions are in place when using the fast payment procedures.

9.5.2.1. A closed loop process [must exist](#) that matches payments to material receipts and resolves non-receipt or other discrepancies. This [must](#) consist of a management [control or audit](#) program by the entitlement office for the post-payment examination of payments made under fast pay.

9.5.2.1.1. Authorized personnel with direct knowledge of the receipt must document receipt of goods and services. This documentation, whether hardcopy or systemic, must be made available within the timeframe prescribed by a post-payment examiner when requested during audits. The audit must confirm receipt and acceptance and include matching with payment documents.

9.5.2.1.2. The first attempt to obtain missing receiving reports [must](#) be initiated no later than 45 days after payment. If the receiving report is not received within 45 days of the initial follow-up, the entitlement office [must](#) contact the contracting officer to verify receipt and acceptance, or issue a contract deficiency report to the contracting officer for non-compliance with contract terms so the entitlement office and the contracting officer can start collection actions.

9.5.2.2. Auditable evidence of receipt and acceptance of the [goods or services must exist](#) and [be](#) accessible. Audit evidence of receipt must [show](#) the date the items were delivered or the services were rendered, the printed authorizing official's name, and [the](#) authorizing signature or electronic/digital approval. Audit evidence of acceptance is the authorization that the receipt of [goods or services](#) matches the criteria identified on the originating order and acknowledges the [items or services](#) are of acceptable [condition and quality](#).

9.5.2.3. An information flow [must exist](#) that links consignee (the post office, common carrier, or point of first receipt by the Government) receipt and discrepancy information to both the purchasing and bill entitlement offices.

9.5.2.4. A prevalidation process [must exist](#) that matches expenditures and obligations for fast pay transactions (see [section 2.0](#) for additional information on prevalidation requirements).

September 2026

10.0 PAYMENT AS REIMBURSEMENT FOR PERSONAL EXPENDITURES

10.1 PERSONAL EXPENDITURES

10.1.1. Military and civilian personnel **must** follow **the** standard personnel reimbursement procedures established by their Component or activity and **must** avoid using personal funds to pay Federal Government obligations. Personnel **must** be reimbursed **only** if the underlying expense was authorized, or an urgent and unforeseen public necessity **existed**, and the claim is legally payable. Personnel **must** not use this policy to avoid standard Component or activity **reimbursement procedures** or to circumvent other laws or regulations.

10.1.1.1. Electronic **submission** is **preferred** when requesting reimbursement for personal expenditures. The electronic claim must contain all elements of Optional Form (OF) 1164, "Claim for Reimbursement for Expenditures on Official Business," unless the Component's system captures the same data elements through other functionality that **links** directly to the claim and supports both internal and external audit requirements.

10.1.1.2. **When submission is not** electronic, OF 1164 is the authorized form **for** requesting reimbursement for personal expenditures **under** this **section**.

10.1.1.3. Claimants subject to the U.S. Internal Revenue Service code **must** provide a Tax Identification Number (TIN) **for all payments per** 31 U.S.C. § 7701, 31 U.S.C. § 3325(d), and Federal Acquisition Regulation subpart 4.9. For personnel, the TIN may be the claimant's SSN (26 U.S.C. § 6109(d)); an alternative identification number **must** be used whenever possible **per** DoDI 1000.30. **Per** DoDI 5400.11, "DoW Privacy and Civil Liberties Programs," Components must safeguard the privacy of all individuals and the confidentiality of all personally identifiable information (PII) and **must protect** any PII in a system of records used to conduct official business.

10.1.1.4. All claims for reimbursement must be submitted **per DoW** and **Component** submission policies and procedures (electronic or manual) **and** signed by the claimant, **the** appropriate approving official, and a properly appointed certifying officer **before payment**.

10.1.1.5. All claims for reimbursement require supporting documentation **as** proof of receipt, approval by a designated approving official, and certification by a properly appointed certifying officer **before** disbursement. **Supporting documentation includes receipts, tickets, and invoices**. Volume 1, **section 9.0**, Figure 9-1 prescribes the retention period for financial records **supporting** these payments; refer to 44 U.S.C. § 2909 for **authority** to retain records longer than disposal schedules **specify**.

10.1.2. Claim for Reimbursement for Expenditure on Official Business

September 2026

10.1.2.1. Military and civilian personnel claiming reimbursement for **personal-fund expenditures made** without pre-approval must show an urgent and unforeseen public necessity **existed**. The claimant must prepare **the** claim and place on or attach to **it** the **statement**: "I certify this claim is true and correct. There was an unforeseen and urgent reason to spend my funds, and I have not received credit or payments." The claimant must sign and date the claim, **and a** designated Component or activity **official** must approve **it before** forwarding to the certifying officer.

10.1.2.2. **Claims by** non-Government personnel **must carry** signatures **of** the claimant, an approving official, and a properly appointed certifying officer. A certified copy of the document requesting the person to perform services, or documentation showing personally paid items, must support the claim.

10.1.2.3. Documents supporting certified vouchers must show the goods or services were received and essential. Mission-related expenses incurred while in travel status are not payable on a travel voucher **or through** the Defense Travel System. The JTR, **sections 2.0, 3.0, and 5.0**, prescribes items allowable for reimbursement in travel status for military members and **DoW** civilian personnel.

10.1.3. Reimbursement is authorized to Civil Air Patrol **members** for supplies, including fuel, lubricants, and other items required for vehicle and aircraft operations, through Air Force appropriations when **the Patrol acts** as an auxiliary of the Air Force. Reimbursement is also authorized to place equipment **in** serviceable condition or to improve and maintain equipment (including aircraft, motor vehicles, computers, and communications equipment) owned or leased by the Civil Air Patrol. Refer to 10 U.S.C. § 9494.

10.1.4. Conference Attendance

10.1.4.1. **DoW requires specific approval to authorize and reimburse expenses for attending meetings of** technical, scientific, professional, or similar **private-membership non-Federal** societies or organizations (JTR, **Section 4**, sections 0302 and 0321). Documentation supporting that approval must accompany the claim for reimbursement.

10.1.5. An employee required to serve as a notary public in connection with official duties is entitled to repayment of expenses incurred **to obtain** a notarial commission, as authorized by 5 U.S.C. § 5945. Reimbursable expenses include seals, embossing devices, recording and filing fees, and surety bonds required for notaries by state **law**. **DoW** Components **must not reimburse** claims for notarial **professional-association dues** or other non-essential services. The claim must include a statement that the notary commission is required **to perform** official duties as designated in Component or activity procedures, **and a management official must approve** the claimant's

September 2026

statement **before** submission to the certifying officer. There is no statutory authority **to pay** these expenses to military members.

10.1.6. Reimbursement of expenses to obtain professional credentials may be authorized for application fees, examinations, and certifications. The authority for reimbursement of professional accreditation fees is prescribed by 5 U.S.C. § 5757.

10.1.7. Personnel Held Captive

10.1.7.1. U.S. military personnel held captive who barter personal valuables during escape and evasion may file a claim for reimbursement. The claim must list the value of each article and show its age and condition at the time of barter. The appropriate commander or management official must approve the claim **before** submission to the certifying officer.

10.1.7.2. Civilian personnel held captive who barter personal valuables during escape or **evasion** should consult their Component's legal counsel **when preparing** the claim. The designated Component official **must approve the claim before** submission to the certifying officer.

10.1.8. In limited circumstances, the cost of room and board is reimbursable to sponsors of dependent children who require room and board away from their domicile (not within commuting distance), as prescribed by 20 U.S.C. § 926(b). See DoD Directive 1342.20, DoD Education Activity (DoDEA), for eligibility requirements for **educating** dependent children in overseas areas or at **non-DoW** schools, **including its definition of** dependent. A receipt **for** the **sponsor's** actual payment of room and board **must** support the claimed amount. A signed statement is **also** required from the school superintendent or principal that **the** room and board charges are reasonable for the area and **that no** less expensive alternative **was available to provide** adequate education at a school within the same comparable distance.

10.1.9. When **DoW-operated** schools are unavailable overseas, the DoDEA **coordinates placing** students in local public or private schools or in boarding schools. In limited circumstances, reimbursement for the education travel of student family members is authorized by 5 U.S.C. § 5924(4). **A travel receipt must support** the claim for reimbursement.

10.1.10. Title 10, U.S.C. § 1094a prescribes continuing medical education requirements. Individuals enrolled in approved medical correspondence courses may be reimbursed for course costs **before** course completion. Refer to 5 U.S.C. § 4109 and **section 5.0** for additional guidance. The claimant must **timely** provide satisfactory proof of course completion **to the certifying officer** through appropriate Component channels to avoid debt collection for perceived non-completion.

10.1.11. Appropriated funds **may be used** for official representation purposes as prescribed in DoDI 7250.13. The Heads of **DoW** Components may authorize authorized individuals, or their

September 2026

designees, to expend Official Representation Funds only for official purposes. Receipts for personal expenditures must support the claim for reimbursement, and officials designated per DoDI 7250.13 must approve it before forwarding to the certifying officer for certification. See also the DoD Guidebook for Miscellaneous Payments (type payment codes OREV, ORGV, OREE, and ORGE) for additional policy.

10.1.12. Fees paid by award nominees, award recipients, and their supervisors and managers attending ceremonies may be reimbursed when the expenditures fall within the scope of the Government Employees Incentive Awards Act (5 U.S.C. §§ 4501-4506 and 10 U.S.C. § 1124). Fees may cover items such as meals, refreshments, plaques, and awards. DoW must not authorize advance payments. Individuals must request reimbursement on travel vouchers; if travel orders are not issued, the claimant must submit a claim with applicable receipts, approved by the designated management official, to the certifying officer.

10.1.13. Expenses for military attaché officers to maintain a suitable official residence are authorized, reimbursable, and may vary by location. The claimant must submit form DD281, "Voucher for Emergency or Extraordinary Expense Expenditures," to request and receive reimbursement. The Head of the DoW Component must approve claims before submission to the certifying officer. Title 10 U.S.C. § 127 prescribes policy for emergency and extraordinary expenses.

10.1.14. The JTR, Section 3, section 0206 prescribes allowable reimbursements for commonly incurred expenses for public or special conveyances used for transportation in and around duty stations. The claim for reimbursement must be supported by receipts and approved by the Component's designated approving official before submission to the certifying officer.

10.1.15. Military members assigned to a recruiting organization, or assigned recruiting duties as a primary or additional duty, are authorized reimbursement for actual and necessary expenses paid from personal funds. The JTR, Section 3, paragraph 020605 prescribes policy for reimbursement of actual and necessary costs. The claim must be supported by receipts and approved by the Component's designated approving official before submission to the certifying officer.

10.1.16. When local moves of military personnel's household goods are authorized per the JTR, Chapter 5, and made at personal expense, the claimant must submit a claim for reimbursement to the designated entitlement office. The claimant must support the claim with copies of the order directing the move, the authorization to move household goods at personal expense, and the paid receipt. The claimant must be reimbursed for documented receipts and expenses claimed per the JTR.

September 2026

10.1.17. Expenses Incident to Death of Personnel

10.1.17.1. Specific Component regulations authorize and prescribe the services and expenses for the care of deceased personnel. Title 10 U.S.C. § 1482 authorizes payment for services, supplies, transportation, and other expenses incurred by the next of kin **and establishes limitations on the amount of reimbursement**. The claimant must submit a claim for reimbursement supported by receipts for personal expenditures, **and** the Component's designated approving official **must approve the claim before** submission to the certifying officer. The payment of expenses incident to the recovery, care, and disposition of **a decedent's** remains **is** covered by 10 U.S.C. § 1481.

10.1.17.2. A contract with a local mortuary **may** cover primary expenses for active duty military. **The Government pays** primary expenses covered by the Prompt Payment Act (5 CFR 1315) directly to the mortuary.

10.1.17.3. Secondary expenses may be assigned to a mortuary or **reimbursed** to the next of kin for expenses incurred. Secondary expense payments, whether assigned or not, **must** be expedited.

10.1.18. Reimbursement

10.1.18.1. TRICARE limits beneficiaries' private-sector out-of-pocket costs to plan-specific copays, cost shares, and deductibles based on beneficiary category and selected plan. Health providers generally bill any excess cost directly to TRICARE, and the Managed Care Support Contractor pays it. Beneficiaries **whose** out-of-pocket payments for private-sector care **exceed** their plan limits may submit a claim for reimbursement. The claim must include paid, itemized invoices from the service provider and signatures of the claimant, approving official, and certifying officer. Visit www.tricare.mil to download the proper claim form, which includes full **completion** instructions.

10.1.18.2. Title 5, CFR, Subpart 339.203 prescribes policy for **authorizing** physical examinations to determine an employee's fitness for duty when such requirements are essential for **performing** the duties, clearly documented in the position description, and directed by the commanding officer or supervisor. Examinations may be procured through an approved agency purchasing method, or the employee **may arrange and directly pay** for the examination. Procured examinations are processed **like** other contractor invoices, or the employee may submit a claim for reimbursement. The employee must submit **the** claim to the appropriate official for approval **before** submission to the certifying officer. The claim must contain a chargeable line of accounting and the amount payable, supported by a paid statement from the physician or other evidence of payment. The activity requiring the examination must charge the reimbursement to **its** operating funds.

September 2026

10.1.19. Title 5, U.S.C. § 4109 authorizes [reimbursement](#) for necessary expenses such as tuition and matriculation fees, library and laboratory services, and other services or facilities directly related to training. The claim for reimbursement must include receipts for each payment of \$25 or more, details of the expenditures such as services received and dates rendered, signatures of the claimant and approving official, and [certification](#) by a properly appointed certifying officer [before](#) payment.

10.1.20. DCSA agents are authorized reimbursement for investigative costs such as parking fees, police and court record checks, transcripts, photographs, or miscellaneous investigative fees. DCSA Headquarters must provide the servicing entitlement office the accounting classification citation for the reimbursement. The [claim must cite](#) the appropriate legal, statutory, or other authority [authorizing](#) the reimbursement. The claimant must submit a claim supported by receipts and approval signatures from designated DCSA management officials.

11.0 MISCELLANEOUS PAYMENTS

11.1 GENERAL

11.1.1. Purpose

11.1.1.1. A copy of all supporting documentation must accompany each payment request. Components must ensure the documentation is sufficient [for](#) an independent third party, such as an outside auditor, to understand and verify the basis of the entitlement, [including](#) the authority for the reimbursement as a liability of the [DoW](#), [and](#) its value, timing, and funding source. The supporting documentation must clearly identify the parties approving and certifying the payment.

11.1.1.2. A designated approving official is appointed by the commanding officer, director, or designee, with oversight responsibility to ensure all payments or requests for reimbursement are necessary and for official Government purposes only. Components may also assign fiduciary responsibility to approving officials [per](#) Volume 5, [section 5.0](#). Approving officials [must provide](#) information and data to certifying officers or disbursing officials in support of the payment, attesting to [their](#) accuracy. Approving officials [must](#) review all claims and verify [that](#) the request for payment or reimbursement of miscellaneous expenses was received [per](#) Component procedures.

11.1.1.3. All payment requests require supporting documentation for proof of receipt, approved by a designated approving official and certified by a properly appointed certifying officer [before](#) disbursement. Refer to Volume 5, [section 5.0](#) for policy [on appointing](#) certifying officers via DD Form 577, Appointment/Termination Record - Authorized Signature, [and distributing](#) the form to the appropriate disbursing office. Certifying officers [must make](#)

September 2026

supporting documentation available for review by authorized personnel, as stated in Volume 5, [section 5.0](#).

11.1.1.4. Components must ensure all miscellaneous claims are paid from funds current and available to the accountable activity [when](#) the claim accrues, unless specifically authorized otherwise. All requests for payment or reimbursement of miscellaneous expenses must contain a valid line of accounting with funds obligated [per](#) Volume 3, [section 8.0](#). Processing the request through a [DoW](#) payment system may require [configuring](#) unique standard document numbers.

11.1.1.5. [Wage-related](#) miscellaneous payments [for](#) awards and judgments must be submitted and paid through the civilian payroll office to ensure proper withholding of mandatory deductions. Refer to Volume 8, [section 4.0](#) for mandatory payroll deductions.

11.2 FEES, CLAIMS, AND AWARDS

11.2.1. Attorney Fees Awarded

11.2.1.1. Attorney fees and other costs assessed in FOIA litigation are payable from operating funds of the Military Department, Defense Agency, Field Activity, or Combatant Command responsible for administering the initial FOIA determinations or contested record searches that are the subject of the litigation. The funding organization [is](#) not necessarily the organization named as a defendant. Components must make payments from funds current at the time of awarding attorney fees.

11.2.2. Attorney Fees Awarded under the Equal Access to Justice Act ([EAJA](#))

11.2.2.1. Attorney fees and other expenses awarded to claimants under [the](#) EAJA are payable from funds available to the [DoW](#) activity at the time of the award. [EAJA](#) attorney fees are limited to \$125 per hour (5 U.S.C. § 504), unless the adjudicating officer (deciding official), or the court in civil actions, determines [the law allows](#) a higher rate. Other expenses include those for expert witnesses and any study, analysis, engineering report, test, or project necessary [to prepare](#) the party's case. The amount payable is the amount approved by the adjudicating officer, or the court in civil actions, based on documentation from the adjudicating officer or the court.

11.2.3. Fiscal Service [payments](#) to the contractor will not include attorney fees payable in connection with an action filed by a contractor under the Contract Disputes Act of 1978 (41 U.S.C. §§ 7101-7109). Attorney fees awarded in these cases are payable from funds current at the time [of](#) award and available to the activity accountable for the contract obligation (28 U.S.C. § 2412(d)(4)).

September 2026

11.2.4. Awards Made

11.2.4.1. Payment of the costs must occur within 30 days of their determination and acceptance by the contracting office. A copy of the decision, along with a statement of costs incurred **and** approved by the contracting officer, must support the certification of payment.

11.2.5. Counsel Fees and Other Expenses in Foreign Courts

11.2.5.1. When appropriate, contracts or letters of commission and understanding obligate the U.S. Government for payment of counsel fees, court costs, bail, and other expenses for obtaining copies of records, printing and filing fees, interpreter fees, witness fees, and other necessary and reasonable expenses. Payment of fines or civil damages is not authorized (32 CFR 845.5). Payment for bail is authorized when stated in an authorizing letter or message issued by the responsible officer citing 10 U.S.C. § 1037 as the authority. Members must sign an agreement to refund the U.S. Government the **bail** amount **before** posting bail (32 CFR 845.10). **If** the defendant forfeits bail, the individual **must** reimburse the **DoW** in cash or by payroll deduction via DD Form 139, Pay Adjustment Authorization.

11.2.6. Payment to Contractor When Contracting Officer Approves Claim under the Contract Disputes Act of 1978

11.2.6.1. If funds for the claim are available and the contractor does not appeal the contracting officer's decision, the responsible entitlement office **must settle the claim** from funds cited on the contract (41 U.S.C. § 7108 and 31 U.S.C. § 1304).

11.2.6.1.1. After final agreement with the contractor, the contracting officer must modify the contract **using** an SF 30, Amendment of Solicitation/Modification of Contract, to obligate the funds and document support for the payment, **and must execute** the modification **before** entitlement of the contractor's invoice.

11.2.6.2. If funds to pay the claim are not available, the contracting officer may refer the claim to the Armed Services Board of Contract Appeals (ASBCA) and request ASBCA **approval of** a settlement from the Judgment Fund. **The Component must reimburse** the Judgment Fund upon receipt of a bill from the Fiscal Service, from current and available funds or by obtaining additional funds (41 U.S.C. § 7108), as stated in section 2.11. Policy for payment of amounts under the Contract Disputes Act by the ASBCA or the Court of Federal Claims is in section 2.10.

11.2.7. Payments to Reimburse the Fiscal Service for Payments in Settlement of Contractor Claims Upon certification by the Fiscal Service (TFM, Volume 1, part 6, chapter 3100), the amounts of contractor claims settled under the Contract Disputes Act of 1978 may be paid to

September 2026

the contractor by the Fiscal Service from the Judgment Fund. Amounts paid to contractors are reimbursable to the Fiscal Service from the appropriation available for the purpose of the contract or by obtaining additional funds for [that](#) purpose. If funds are not available in the proper account to cover invoices received from the Fiscal Service, the Component must request additional funds through appropriate channels. Amounts reimbursed to the Fiscal Service are not charged to the original fiscal year appropriation that funded the contract, unless the original appropriation was still current at the time of the judgment (Volume 3, [section 8.0](#)).

11.2.8. Interest Awarded Contractor

11.2.8.1. If claims involve antecedent liability, interest payments are chargeable to the appropriations current at the time the basic contract was executed (Volume 3, [section 8.0](#)), or by obtaining additional appropriations for reimbursement (41 U.S.C. § 7108).

11.2.8.2. This section [excludes](#) interest penalty claims related to the Prompt Payment Act (PPA) cited in 5 CFR part 1315. [Per](#) 31 U.S.C. § 3902, PPA interest must be paid from funds available for [administering](#) the program for which [the](#) interest was incurred, or from funds financing the operation of the Military Department or defense agency [associated](#) with the invoice or contract payment. All interest payments [must](#) be charged to the fiscal years in which they accrue. [If appropriations are cancelled, any interest payment must be charged to](#) the current fiscal year (31 U.S.C. § 1553(b)(1)).

11.2.9. Return

11.2.9.1. Rewards. Receipt of any authorized communication, oral or written, from a military or federal law enforcement officer or agency requesting active cooperation in [apprehending](#) or [delivering](#) to military control an absentee or deserter wanted by the Military Services [constitutes](#) the basis for a reward. A reward [must](#) not exceed the amount cited in 10 U.S.C. § 956 for apprehending absentees, deserters, or parole and mandatory supervised release violators.

11.2.9.2. Condition for Payment. A reward is payable [only after](#) notification [is](#) issued for the return to military control of the absentee, deserter, or escaped military prisoner. [Notification consists of](#) receipt of [a](#) DD Form 553, Deserter/Absentee Wanted by the Armed Forces, oral or written communication from military or federal law enforcement officials, or [entry of](#) the individual's name in the National Crime Information Center.

11.2.10. Cash Awards to Military Members

11.2.10.1. The award [is](#) payable against current funds available to the activity primarily benefiting, or the several funds or appropriations of the various activities benefiting

September 2026

(10 U.S.C. § 1124(e)). Refer to paragraph 11.1.1.5 for requirements on submission, payment, and mandatory payroll deductions. The claim must be submitted on an SF 1034, or electronic equivalent, and must provide the military member's Home of Record for state tax reporting. The only exception to withholding taxes on cash awards is payment to an enlisted member serving in a combat zone. See the Combat Zone Tax Exclusions in Publication #3 (2020), Armed Forces Tax Guide.

11.2.11. Under 10 U.S.C. § 2252, certain rewards are authorized and paid as follows:

11.2.11.1. A Military Department must not pay a reward of more than \$500 in any case. Rewards are payable from current funds available for the Component concerned. The payment voucher must be supported by a copy of the reward offer and a statement by the commanding officer or designated representative that all conditions for payment of the reward and accountability for the property have been met.

11.3 PURCHASES OF SPECIAL ITEMS AND SERVICES

11.3.1. Advertising

11.3.1.1. Per 44 U.S.C. § 3702 and FAR 5.502, contracting officers must obtain written authorization from the DoW Component head, or from a person with written delegation of authority from the head of a DoW Component, before advertising in newspapers, trade journals, and similar publications (5 U.S.C. § 302(b)). This delegation cannot be re-delegated. Newspaper advertisements are not payable unless the claim includes the advertising bill and a copy of the written authority. Requirements for payment and retention of documents follow.

11.3.1.2. The requirement for written advertising authority from the head of a DoW Component, or from a person with written delegation of authority, does not apply to radio advertising (FAR 5.502(b)) unless required by Component policy. The other restrictive advertising provisions in 44 U.S.C. § 3702 do not relate to radio advertising. No statutory restrictions exist on using appropriated funds for radio advertising to promote objectives. Claimants must submit payment claims on an SF 1034, or other approved Component form, with a copy of the invoice and an affidavit of publication furnished by the advertising agency (FAR 5.503(d)).

11.3.2. Arbitrator services under negotiated grievance procedures of management and labor union agreements are authorized. These services are normally acquired by issuing a DD Form 1155, Order for Supplies or Services, which specifies payment terms and conditions and requires coordination between the civilian personnel office and the contracting support office. Funds must be reserved and obligated before executing the ordering or contracting action. On completion of services, the civilian personnel office, or a designated official, must certify receipt;

September 2026

this certification **is** the receiving report required for payment. Payment **is** made using this certification, the arbitrators' billing statement, and the terms in the completed DD Form 1155. These payments are governed by the PPA (5 CFR part 1315), unless the DD Form 1155 contains a specific payment due date.

11.3.3. **Using** appropriated funds to buy or lease passenger motor vehicles must be specifically authorized by an annual appropriation act or other law (see 31 U.S.C. § 1343). The purchase cost limitation in 31 U.S.C. § 1343 **excludes** articles used with a car but not permanently attached to it or not an integral part **of it (for example**, tire chains, fire extinguishers, safety flares, removable seat covers, transportation of the vehicle, and taxes). Motor vehicles should be **acquired** from the most cost-effective source: purchase or commercial lease through the General Services Administration (GSA), or any other method less costly to the Government as validated by a **cost comparison** (DoD Manual 4500.36).

11.3.4. Appropriated funds may be used **to** purchase blood supplies from donors (24 U.S.C. § 30) or through civilian contracts (DoDI 6480.04) **per** the policies of the respective Military Services for persons entitled to medical treatment at Government expense.

11.3.5. The Component's designated personnel must prepare and certify payment of civilian uniform allowances on an SF 1034 or electronic equivalent. DoDI 1400.25, Volume 591, prescribes the amount payable per year and other uniform allowance policies. The **payment** voucher may include more than one employee. The payment must be charged to the same appropriation and subsidiary accounting data normally charged for the salary of the personnel concerned. See the Guidebook for additional information and policy.

11.3.6. Confinement of Prisoners in Civil Detention

11.3.6.1. Prisoners may be confined in civilian facilities used by the U.S. Marshals Service when **DoW** confinement facilities are not available or do not provide for the separation of male and female prisoners **per** DoDI 1325.07. Transferring commanders must determine **whether** a military confinement facility, including **military or security** police detention cells, is not reasonably available. If a facility used or approved by the U.S. Marshals Service is not reasonably available, a military prisoner may be transferred to a facility accredited by the American Correctional Association or by the State for confinement.

11.3.6.2. The Provost Marshal's Office, which transfers prisoners, must provide the entitlement office a certified voucher and supporting documents **itemizing** the confinement **expenses** (10 U.S.C. § 956). After entitlement, the disbursing office **remits** payment to the civil confinement facility. **All military prisoners must be provided** supplies necessary for personal hygiene and maintenance of good health. The Military Services may also provide supplies for a prisoner's comfort, **set** monetary or quantity limitations on any supplies, and **set** other limitations

September 2026

as Service corrections headquarters **deems appropriate**. Supplies issued to persons in a non-pay status **are** paid from appropriated funds. Health and comfort supplies provided to persons in a pay status **are** charged against their pay accounts or paid from their personal funds.

11.3.7. Fees required by local laws for certified copies or photocopies of public records, or documents required by a court or board, may be paid to the performing officials or legal entities. Current operation and maintenance funds may be used to purchase death certificates for deceased retired personnel. The claimant must sign a statement attesting **that** all resources to find beneficiaries **were exhausted** and none were found.

11.3.8. Discrimination Complaints

11.3.8.1. In **discrimination complaint** cases, attorney fees may be awarded **under** a no-fault settlement agreement, an informal adjustment, the decision of the Service director of Equal Employment Office (EEO), the Equal Employment Opportunity Commission (EEOC), the Merit Systems Protection Board, an arbitrator, a Federal court, or other appropriate authority. After **legal counsel reviews** and **approves** the award letter, the EEO manager of the legal office must initiate or authorize the **reimbursement** claim. The Component's **reimbursement** request must be a joint payment to the complainant and **the** complainant's representative, supported by an award letter and approval. The claim must cite current operating funds. Policy **on** allowable and reasonable attorney fees is in 29 CFR part 1614.

11.3.8.2. The EEOC assigns an EEO Administrative Judge to hold hearings on formal **discrimination** complaints and otherwise process individual and class complaints for the EEOC. **The activity** where the alleged discrimination took place must **fund expenses associated with these complaints**, using operating funds current **when** the services **are requested**. The EEOC **bills** the activity for authorized and required expenses (29 CFR part 1614). The **activity's** chief EEO manager, or assigned designee, must review and approve the EEOC billing.

11.3.8.3. The chief office of counsel typically arranges court reporter **services** by submitting a request to the **DoW** Component contracting office. The activity where the alleged discrimination took place **must pay court reporter costs**, using funds current **when** services are requested. The **activity's** chief EEO manager, or assigned designee, must review and approve **payment** requests.

11.3.8.4. Interest payments related to discrimination cases, when permitted by statute, **must** be charged to funds current at the time of the award. The Treasury establishes the rate, **which** is not the **rate used to compute** interest under **the** PPA.

September 2026

11.3.9. Emergency Notification Service (9-1-1)

11.3.9.1. If the telephone company **imposes a 9-1-1 fee** for its own service, duly permitted by the tariff to which all utility customers are subject, the charge is proper and payable by the **DoW**; the **DoW has no** immunity from such fees. If a state or local government **imposes** the charge and merely **uses** the telephone company as its agent, the charge **is** a tax from which the **DoW** is exempt.

11.3.9.2. If a military installation receives an invoice for a 9-1-1 charge imposed by a state or local government, the tax is not payable. If fees were improperly paid, refer to the collection policy in Volume 16, **section 5.0** to recover them.

11.3.9.3. If it is unclear whether such charges are taxes or service charges, the designated entitlement office, or responsible certifying officer, must contact the base communications officer or higher authority. This clarification must be included **in** the entitlement and certification documentation **supporting** the payment request.

11.3.9.4. Telephone service to on-base residents is a private contract between the resident and the local telephone company. Residents **charged** for 9-1-1 services may not claim exemption based on immunity. If a resident of base housing lives in an area where **the base provides** all fire, police, and other emergency services, the charge may be for services the resident does not receive, and a challenge may be possible. Regardless of the basis **for challenging** a 9-1-1 charge, it remains a private matter between the subscriber and the telephone company and is not a **DoW** reimbursable expense.

11.3.10. Hospital accreditation fees associated with the requirements in DoD Manual 6025.13, Enclosure 3 for medical facilities accredited by the Joint Commission on Healthcare Organization may be reimbursable. A deposit required for an initial customer may be reimbursable. Accreditation and certification on-site fees, invoiced 1 to 5 days **after** the survey event **completes, are** reimbursable for those requiring accreditation. Accreditation annual fees may also be payable, subject to the programs, services, volumes, and sites where service is provided.

11.3.11. If the loss was not caused by any fault or negligence of the Service member, reimbursement is authorized to compensate military personnel for clothing items destroyed, damaged, lost, abandoned, captured, or otherwise rendered unusable incident to military training or service (DoDI 1338.18). Personnel must submit an approved Service-specific Personal Clothing Claim form, or electronic equivalent. The Service member's activity billing office must prepare an SF 1034 or electronic equivalent for payment to the member.

September 2026

11.3.12. Medical Services Provided by Civilian Non-Federal Sources

11.3.12.1. The military medical treatment facility (MTF) can refer members to civilian health care providers for diagnostic services, treatment, or both. On receipt of the civilian health care provider's itemized invoice, the claimant must submit a reimbursement request to their designated Component. The Component must prepare an SF 1034, or electronic equivalent, within 30 days from the later of receipt of an invoice or the date of acceptance of the care. The same standards apply to an approved claim for services rendered in connection with care of a deceased member.

11.3.12.2. Dependents and retired personnel are authorized certain medical care and diagnostic services under 10 U.S.C. §§ 1071-1085. When an MTF managing the care of dependent and retired personnel must refer them to civilian facilities for care beyond the MTF's capability, payment for related supplemental care is authorized. The claimant must submit the health care provider's itemized invoice to their designated billing Component. The Component must prepare an SF 1034, or electronic equivalent, within 30 days from the later of receipt of an invoice or the date of acceptance of the care.

11.3.13. The DoW must not pay for any service required to be provided by the local government when that service is financed from revenues raised by state or local taxation from which the Federal Government is exempt. Common examples are police and fire protection (10 U.S.C. § 2465(a)). Refer to 10 U.S.C. § 2465(b) for exceptions of authorized payments.

11.3.14. Per DFARS subpart 241.1 and DFARS subpart 241.2, the DoW may pay on the same basis as private users of services, based on the quantity of direct services received (for example, water and sewage). Generally, the DoW will not pay for municipal services unless private citizens and businesses also pay a charge for the same services.

11.3.15. Appropriated funds available for making or procuring supplies may be used to acquire copyrights, patents, and applications for patents; licenses under them; design, process, and technical data and computer software; and releases for past infringement or unauthorized use of technical data or computer software, if the acquisition relates to supplies or processes produced or used by or for, or useful to, the DoW (10 U.S.C. § 3793).

11.3.16. Absent express Presidential exemption, DoW facilities must abide by state or local laws for abatement and control of pollution. Facilities may incur costs complying with these laws to obtain permits and pay the associated natural-resource management fees. Submit an SF 1034, or electronic equivalent, to pay these expenses. The payment request must include supporting documentation identifying the permit application fee and other related fees, approved by the base civil engineer or assigned designee.

September 2026

11.3.17. Reciprocal Mutual Aid Agreements for Fire Protection

11.3.17.1. If the claims affect current funding for fire protection, FEMA will contact the installation [during](#) its claim processing and adjudication procedures. The [DoW](#) installation must provide [the](#) information requested, in coordination with the civil engineer, fire protection unit, and staff judge advocate, [and](#) must provide the complete name and address of the disbursing office, including the Disbursing Station Symbol Number, and an appropriation fund cite for fire protection funding so the Treasury can bill for reimbursement for approved claims paid.

11.3.17.2. All sums received as reimbursements for [fire-protection](#) costs incurred by any [DoW](#) activity [must](#) be credited to the appropriation or fund from which the [fire-protection](#) expenses were paid. If [that appropriation's](#) period of availability for obligation has expired, credit the fund or appropriation currently available for the same purpose (42 U.S.C. § 1856d(b)).

11.3.18. Representation and Contingencies Fund Use

11.3.18.1. This paragraph applies to disbursements against funds separately appropriated in the contingencies program, [including](#) representation, special expenses, and contingencies. Each fiscal year, Congress appropriates contingencies program [funds](#) under the statutory authority in 10 U.S.C. § 127 for use by the head of each [DoW](#) Component. Funding documents provide authority to obligate and expend contingency funds as approved, or as adjusted later during the fiscal year.

11.3.18.2. The head of a [DoW](#) Component must authorize the expenditure of Official Representation Funds by commanders for official entertainment or other official purposes, [per](#) 10 U.S.C. § 127 and DoDI 7250.13.

11.3.18.3. The Appropriation Act [language](#) for contingencies usually reads: "For emergencies and extraordinary expenses, to be expended on the approval of the Secretary of the cognizant Military Service, and payments may be made on their certificate of necessity for confidential military purposes." The following policies apply, depending on the type of payment involved.

11.3.19. Where water supply systems [serving DoW](#) organizations do not meet the standards in 40 CFR part 141, subpart C, special drinking water may be purchased with appropriated funds only when necessary from the Government's standpoint. The [reimbursement](#) claim requires a statement attesting the drinking water is non-potable, [plus](#) a public announcement or a copy of the water testing results. Examples [include public water unsafe for human consumption, an emergency failure of the installation's water source, a temporary facility with no](#)

September 2026

drinking water available within a reasonable distance, or no water fit for drinking available without cost or at a lower cost to the Government.

11.3.20. Support of Armed Forces Personnel in Confinement

11.3.20.1. Purchase of health and comfort items for personnel confined on-base is authorized for all military prisoners, subject to DoDI 1325.07. Reimbursement must be claimed using an SF 1034 or electronic equivalent. Supplies issued to persons in a non-pay status are paid from appropriated funds. Health and comfort supplies provided to persons in a pay status are charged against their pay accounts or paid from their personal funds.

11.3.20.2. The Military Confinement Facility commander must provide suitable clothing, on a temporary loan basis, to a prisoner confined without essential clothing. Permanent issue items, except distinctive prisoner clothing, are subject to personal funds withdrawal if the prisoner is in a pay status. All necessary clothing for a prisoner confined in a non-pay status is provided at Government expense.

11.3.21. Telephone and Television Service

11.3.21.1. Appropriated funds normally must not be used to pay for telephone service to private residences, except as identified in 31 U.S.C. § 1348 and DoDI 1100.21. Long distance calls from private residences for official business may be paid from appropriated funds when supported by properly certified vouchers.

11.3.21.2. Charges for official telephone and metered services for a period beginning in one fiscal year and ending in another may be paid from the appropriation current at the end of the service period (31 U.S.C. § 1308). This rule also applies to leased wire and teletypewriter services.

11.3.21.3. Telephone services provided for Service clubs, motion picture service, military Exchange store activities, and officers' and non-commissioned officers' messes within the United States are subject to federal communications taxes (26 U.S.C. § 4251 and 26 U.S.C. § 4252).

11.3.21.4. The telephone service contract may provide for payment at legally established rates. Under such contracts, rate increases approved by rate-setting authorities may be paid. Increased rates billed before approval by rate-setting authorities may be payable, but are subject to adjustment if the increase is not approved.

11.3.21.5. The office designated to receive telephone company bills must coordinate preparation and certification of the SF 1034, or an electronic equivalent, for payment.

September 2026

Local Component procedures must confirm the number and active [status](#) of the phone [lines or numbers](#) billed and ensure the related costs reflect charges for official or other authorized use.

11.3.21.6. [Forward](#) the SF 1034 to the designated payment office with the telephone company's summary billing statement, which includes totals for the monthly plan and long distance charges. The [responsible office must retain the](#) detailed listings and schedules supporting the bill [and](#) must not [attach them](#) to the payment voucher unless local procedures [require](#). Components must follow established local ethical conduct and related personnel policies and procedures [when](#) addressing reimbursement of costs [for](#) unauthorized use. [Handle](#) any funds collected [per](#) the Component's appropriation and fund deposit rules and regulations.

11.3.21.7. Government communication systems and equipment are only for official use and authorized purposes. [Non-official](#) use of Navy communication systems and equipment is at the commanding officer's discretion, [provided](#) the Navy [incurs no](#) additional cost [and](#) mission readiness [is not degraded](#) (OPNAVINST 2060.8B). The communications officer must collect unauthorized or unofficial charges on a DD Form 1131, Cash Collection Voucher, from personnel using the ship's communication service in an unauthorized manner [and](#) must immediately turn over the amounts collected to the disbursing office. When the telephone company bills the ship, the designated payment office [must pay the telephone company](#) using an SF 1034 to substantiate the payment.

11.3.21.8. [Tenant-paid charges](#) for [necessary](#) telephone wiring maintenance in base housing may be reimbursable [per](#) 31 U.S.C. § 1348. Internal wiring repair [charges](#) in family housing [are](#) reimbursable from maintenance funds; charges for unaccompanied personnel housing [are reimbursable](#) from current base funds.

11.3.21.9. Appropriated funds [may pay](#) reconnection expenses [when](#) a move [results from](#) Government action [beyond](#) the [member's](#) control and is directed at Government expense. Exclude expenses incurred during [a](#) permanent change of station (PCS) that may be reimbursable under the PCS orders or other related regulations.

11.3.21.9.1. Payment is authorized, as directed by the base commander, [for](#) mandatory assignment to [Government-owned housing facilities](#), involuntary relocation to [Government or non-Government facilities](#) because of base renovation or condemnation proceedings, or termination of assigned quarters because of death of qualifying dependents.

11.3.21.9.2. Members are not authorized reimbursement for moves involving [voluntary termination of assigned quarters](#), termination due to demotion to an [ineligible grade or adverse conduct](#) by a member, termination due to family separation (no hardship involved), or the member's voluntary movement from off-base to on-base quarters.

September 2026

11.3.21.10. Reimbursement of the member's claim or a direct payment to the contractor is chargeable against the appropriation covered by the service.

11.3.21.10.1. A Service member may submit the same documentation through the billeting officer or base civil engineer to the entitlement office for a direct payment to the contractor. These payments are not subject to the PPA. The payment voucher must contain the statement, "Payment is being made for the following individual(s) for reconnection services on the following dates." Activity controls and procedures must ensure **no** duplicate reimbursement is **later** paid to the Service member.

11.3.21.11. Support the reimbursement or direct payment to the contractor with the following:

11.3.21.11.1. The **member's** letter requesting reimbursement for reconnection charges already paid, or a direct payment to the contractor for charges not yet paid. The member must certify the **invoiced** amount includes only charges incurred restoring telephone or television services previously provided at **the** old location and **includes no** charges for new services or equipment.

11.3.21.11.2. A copy of the telephone or television company invoice, certified by the chief of services or base civil engineer, showing only reconnection charges. All other charges are the **member's** responsibility and must be paid separately.

11.3.22. Tuition and Training

11.3.22.1. Tuition and training reimbursements to employees are miscellaneous payments. 5 U.S.C. § 4109 **authorizes reimbursing** employees for necessary training expenses (**for example**, tuition and matriculation fees; library and laboratory services; purchase or rental of books, materials, and supplies; and other services or facilities directly related to employee training). Refer to DoDI 1322.25 for additional tuition and training guidance.

11.3.22.2. Tuition assistance for military personnel must be paid directly to the academic institution **per that institution's** contract terms. **Reimbursing** the member for other related expenses requires a properly certified SF 182, Authorization, Agreement and Certification of Training, or other Component-approved form. Component procedures must ensure specified annual and **per-course-hour** reimbursements do not exceed allowable limits and **must** prevent **duplicate** payments.

11.3.22.3. Direct reimbursements to employees for necessary training expenses, such as books and supplies, **require a miscellaneous payment request**. Employees **must submit these** requests **on** an SF 182 or other **Component-approved** form. Refer to DoDI 1400.25, Volume

September 2026

410 for additional policies and procedures on training, education, and professional development activities for civilian employees.

11.3.22.3.1. The training must be a regularly scheduled, off-the-shelf course, training conference, or instructional service available to the public and priced the same for everyone in the same category (price per student, course, program, service, or training space). To minimize employee reimbursements, the preference is to pay the training provider directly.

11.3.22.3.2. Payments prohibited as tuition or other training expenses include overtime, holiday, and night differential pay, and membership fees, per DoDI 1400.25, Volume 410 and 5 U.S.C. § 4109.

11.3.22.4. Advance payment of tuition and other expenses is authorized (5 U.S.C. § 4109 and 31 U.S.C. § 3324) when the training facility renders, or refuses to render, a billing. The SF 182 must identify the training facility by name and address, the amount payable to the facility for the tuition advance, and the amount payable to the trainee for purchase of books, library, and laboratory services. Submit the SF 182 to the entitlement office to support paying the advance as a miscellaneous payment.

11.3.23. Tuition Refunds

11.3.23.1. When the DoD Education Activity (DoDEA) determines refunds are payable to sponsors of tuition-paying students at DoW-operated schools, refunds are normally a prorated tuition amount when enrollment terminates before the end of the grading period (DoDEA Administrative Instruction 7200.01). A refund of advance tuition payment is authorized only based on a full grading period. A grading period is any of the four periods established by the school and covered by student report cards.

11.3.23.2. The school administrator must ensure deposit funds are available and prepare an SF 1034 that includes the student's name, enrollment termination date, and the amount authorized for refund.

11.3.23.3. The entitlement office must pay the voucher only after reviewing it for propriety and confirming related funds are available in deposit fund accounts.

11.3.24. Contract quarters are reimbursable to the contractor for personnel traveling on official orders in connection with FMS. The Security Assistance Management Manual (DoD 5105.38M, Section 9), Volume 15, section 8.0, and other appropriate DoW Component regulations prescribe the applicable travel policy. The claimant must prepare an Optional Form (OF) 1164, Claim for Reimbursement for Expenditures on Official Business, an SF 1034, or other

September 2026

Component-approved form or electronic equivalent, and submit it with a copy of the official orders for reimbursement.

11.4 PROFESSIONAL LIABILITY INSURANCE (PLI)

11.4.1. Certain civilian employees (law enforcement officer, supervisor, management official, or temporary fire line manager) may be eligible for PLI reimbursement up to one-half of the insurance premium costs incurred annually, not to exceed \$150 per year (see 5 U.S.C., chapter 59, subchapter IV and DoDI 1400.25, Volume 885).

11.4.2. An employee must submit the insurance policy and proof of payment to the servicing Human Resource Office/Civilian Personnel Office (HRO/CPO), plus a completed OF 1164, SF 1034, or other Component-approved form or electronic equivalent, certified by the HRO/CPO approving official, and an invoice from the insurance carrier. The invoice must include the issuing company's name, the policy number, and proof of payment. If it is not evident to the paying office that the carrier's invoice or the policy itself is a qualified professional liability policy, the paying office must return the invoice to the employee and request evidence that the policy's sole purpose is liability insurance. The reimbursement is not reportable as taxable income and not subject to IRS Form W-2, Wage and Tax Statement, reporting.

11.5 GOVERNMENT CHARGE CARDS CENTRALLY BILLED ACCOUNTS (CBAS)

11.5.1. This section provides financial management policy for CBA billings ("invoices" in this policy). GSA's Government-wide SmartPay3 contract and applicable DoW-tailored task orders authorize CBA programs for DoW. The Government Travel Charge Card program has two types of travel cards: the Individual Billed Account (IBA) and the CBA. Section 18 contains the financial management policy for IBAs. CBA transportation accounts are issued to DoW activities and are restricted to purchasing air, rail, and bus tickets only for travelers not eligible for an IBA. Unit mission requirements determine CBA credit limits. There are two types of CBAs:

11.5.1.1. A unit travel card may be issued to an individual or unit for group travel only when cost-effective and in the mission's interest. Unit cards accommodate groups such as new recruits, prisoners, and foreign nationals participating in an official DoW-sponsored program or activity.

11.5.2. CBA contractors must furnish a monthly invoice or statement of account showing charges made during the billing cycle. The invoice must contain the elements specified in section 8.0. The date the Billing Office receives the invoice starts the PPA clock.

11.5.3. Officials must work together to ensure accuracy, propriety, and legality over centrally billed accounts and related payments. Volume 5, section 5.0 provides the roles and

September 2026

responsibilities of accountable officials for CBA programs. The certifying officer [must ensure](#) only certified payment packages are forwarded for payment.

11.5.4. Accountable officials must [maintain](#) documentation at all levels to support the integrity of Government CBA programs and [to](#) facilitate reconciliation and payment of CBA transactions. Accountable officials must establish clear audit trails for CBA transactions by maintaining documentation [supporting](#) each purchase, such as travel orders/authorizations; requisitions, including [cross-references](#) to any related Blanket Purchase Agreements; telephone and mail order logs; receipt records; and credit slips (DoDI 5154.31, Volume 4). Certifying officers must review payment packages to ensure the information agrees with all supporting documentation before certification and submission to the entitlement office for payment. Volume 5, [section 15.0](#) prescribes certifying officers' [responsibility](#) to make records and supporting documents accessible to authorized users.

11.5.5. Government CBA owners must dispute, or report as fraud, questionable transactions with the issuing bank [per](#) the timetable and provisions [of](#) the issuing bank [contract](#) and local procedures. Approving officials must notify the entitlement office by annotating the invoice or invoice package to show reductions for disputed charges, and must maintain records [tracking](#) disputed transactions to full resolution.

11.5.6. Designated entitlement office personnel rely on the certifying officer to ensure the validity, legality, and accuracy of certified invoice packages. The designated entitlement office must ensure all certified invoice payment packages undergo prevalidation to [confirm funding](#) availability, [and](#) must ensure a DD Form 577 is on file to verify all manually and electronically certified payment packages.

11.5.7. Approving officials in billing offices submitting CBA Billing Statements must ensure proper audit trails exist and documentation is available to support all charges and CBA payments. The [certifying officer must retain](#) documentation, both paper and electronic records. Refer to Volume 1, [section 9.0](#), Figure 9-1 for statutory retention requirements.

11.6 PAYMENTS UNDER REAL PROPERTY LEASES

11.6.1. Leases are subject to the statutory and regulatory provisions applicable to [DoW](#) contracts [and to lease-specific](#) statutory provisions. A lease is a contract [conveying](#) the use of land or buildings for a specified time at a specified rate of compensation. Leases describe the premises, period, purpose, [rent](#) amount, [payment](#) method, special or operational services included (such as heat, light, water, and janitorial services), and any restoration provisions. If the lessor fails to provide the services the lease [calls for](#), the lessee ([DoW](#)) may pay the cost and deduct the amount from the lease rental payments.

September 2026

11.6.2. Rent

11.6.2.1. Recurring rental charges **are paid** without individual **vendor** invoices. At the end of each rental period, the using activity or designated payment office must prepare an SF 1034 or an electronic equivalent. The claim must identify the lease, confirm the **property's** use or availability during the rental period, include all relevant **supporting** documentation, and be processed **per** the lease **provisions**. Refer to the Guidebook for **SF 1034** preparation instructions. **Intra-Governmental** lease or rental payment transactions must be processed using the Intra-Governmental Payment and Collection (IPAC) System or the G-Invoicing process, as prescribed by the TFM, Volume 1, Part 2, Chapter 4700, Appendix 5, Section 3, and Appendix 8.

11.6.2.2. At the end of each calendar year, report yearly rental payments of \$600 or more to the IRS. Do not report payments to real estate agents. See the DFAS Tax Office website and **section 6.0** for additional information and policy **on** 1099 reporting.

11.6.3. Party Entitled to Rental Payment

11.6.3.1. If **DoW** occupies land under a lease, the rental payment cannot be avoided because of any defect in the **lessor's** title at the time of entering into **the** lease agreement.

11.6.3.2. If **DoW** occupies land owned by several tenants-in-common under an agreement with one of them, and without objection by the others, **that** tenant-in-common is entitled to receive the rent.

11.6.3.3. If property leased to **DoW** sells on one day and the deed of conveyance is executed on another day, the grantee is entitled to receive the rental only from and after the date the deed **is executed**.

11.6.3.4. **Rent** liability does not become payable day-by-day; it becomes due in total on the dates set forth in the lease. The payment **is not prorated among** several owners who owned the premises for **portions** of the rental period. When leased property **is sold, the seller must furnish** a copy of the deed of sale for association with the lease contract. If the lessee **is properly notified**, payment is made to the titleholder on the due date.

11.6.4. Payment for leased land is not payable in advance. Payment for leases in foreign countries for periods of time is **directed** by **the** laws and ministerial regulations of **those** countries or local customs (10 U.S.C. § 2396).

11.6.5. **DoW** lease agreements must be clearly written regarding provisions for laying conduit and wires, making alterations, performing repairs, or making other improvements. Unless the lease clearly provides for such improvements at **DoW** expense, payment of any **associated** cost is not authorized.

September 2026

11.6.6. Although taxes are not payable by DoW as the owner of real property, such taxes are properly payable as part of the rent when specifically included in the lease terms.

11.6.7. The lease terms determine the basis of payment. Leases with the standard U.S. Army Corps of Engineers termination clause require payment for the day after the termination notice is mailed plus 29 days. Analyze leases with other termination provisions individually, in consultation with local legal counsel, to determine the rent due upon termination.

11.7 PAYMENTS UNDER INDIVIDUAL SET-ASIDE CONTRACTS

Reimbursements to medical health service providers serving under ISAs may be subject to Federal tax and the Federal Insurance Contributions Act, depending on the contract terms. If required, DoW must report ISA payments at year end to the IRS on a Form W-2 per Social Security Administration/IRS guidelines (IRS Publication 15, Circular E). The DoW Tax Reporting Office must perform the W-2 reporting. Refer to Volume 8, section 9.0 for disbursements to taxing authorities.

11.8 PAYMENTS OF FEES FOR GUEST SPEAKERS, LECTURERS, AND PANELISTS

Payment of expenses associated with honoraria (guest speaker fees) is allowable for individuals who are not Government personnel. Honoraria are ex gratia payments to a speaker who has discretion over the content of the speech, presentation, or panel discussion on the general topic. Honoraria limitations do not restrict payment for presenting materials under a training contract involving a program of instruction. Per the Deputy Secretary of Defense, honoraria greater than \$2,000 must be approved by the next higher organizational echelon. Approvals must follow the Component's established procedures.

11.9 INTRA-GOVERNMENTAL TRANSACTIONS

The TFM, Volume 1, Part 2, Chapter 4700, Appendices 5 and 8 prescribes policy for agencies to process intra-Governmental expenditure transactions through the IPAC system or the G-Invoicing process. IPAC is an electronic, internet-based collections and payment system. Refer to Volume 5 for additional policy on IPAC and G-Invoicing.

11.9.1. Border Clearance Inspectors Overtime Expenses

11.9.1.1. If border clearance inspectors must work overtime, or on Sundays and holidays, at a DoW installation, the installation must pay the overtime expenses incurred, including travel and subsistence, per 19 CFR 24.16 and 19 CFR 24.17. Border clearance officials regularly assigned to DoW installations receive no payment for travel and subsistence. When additional inspectors supplement the regularly assigned inspection staff, the DoW installation pays their overtime, travel, and subsistence.

September 2026

11.9.1.2. If a DoW aircraft lands at a site other than a DoW installation, the aircraft's home station must pay the charges. When a DoW aircraft lands at another DoW installation, the installation providing the landing clearance services must accept the border clearance and inspection expenses. Financial managers must ensure funds are reserved to pay these claimed expenses. The DoW official designated to make the arrangements must maintain accurate records, submit overtime requests, certify receipt and acceptance of services, and forward billings for payment. Invoices from one agency may be consolidated and paid using a single IPAC or G-Invoicing transaction.

11.9.2. GSA

11.9.2.1. Except for normal wear and tear, DoW is pecuniarily liable for loss of or damage to GSA motor pool vehicles caused by negligence, misconduct, abuse, or inattention of military or DoW civilian personnel.

11.9.2.2. When damage occurs to a GSA vehicle, the vehicle operator must notify the GSA fleet management center, the operator's supervisor, and the state, county, or municipal authorities as required by law (41 CFR 101-39.401). GSA charges DoW for all costs resulting from damage, including vandalism, theft, and parking lot damage, case-by-case after reviewing the documentation required by 41 CFR 101-39.406. Upon receipt of GSA's damage assessment, use the IPAC system, G-Invoicing, or an SF 1080, Voucher for Transfers Between Appropriations and/or Funds, to pay GSA. The DoW Component to which the vehicle was assigned must provide the fund cite. The SF 1080 must identify the damaged vehicle and include the vehicle registry number, date of damage, register number of the SF 91, Motor Vehicle Accident (Crash) Report, and, when applicable, an SF 94, Statement of Witness.

12.0 COMMERCIAL TRANSPORTATION PAYMENTS

12.1 POLICY

12.1.1. Valid Line of Accounting (LOA). Every transportation shipment, when initiated, must have a valid LOA, including the Standard Document Number, or an associated Transportation Account Code (TAC) representing a valid LOA, before processing shipment requests, automating obligation recording, and certifying and paying invoices.

12.1.1.1. The Transportation Officer (TO) or Traffic Management Officer (TMO) must not provide transportation services without first obtaining proper supporting documentation, which at a minimum must include an authorization to use, and a citation of, a valid and funded LOA provided by a designated Fund Manager (FM) or financial management official.

September 2026

12.1.1.2. If funding data supporting the shipment request fails validation when processed, the TO/TMO **must** suspend further processing until the shipping customer provides written (electronic or hardcopy) verification **that** the LOA is valid.

12.1.2. Funded Line of Accounting (LOA) and Associated Transportation Account Code (TAC). Shipping customers requesting transportation services **must** provide the TO/TMO the FM's written or electronic verification of a funded LOA (funding document), or the associated TAC, before the Government **contracts** with a carrier. The FM verification may be annotated on the Movement Request Order, usually a DD Form 1348-1A, Issue Release/Receipt Document, or DD 1149C, Requisition and Invoice/Shipping Document.

12.1.3. Anti-Deficiency Act (ADA). Any transportation shipment request processed without an authorized, valid, and funded LOA **that obligates** the Federal Government could **violate** the ADA under 31 U.S.C. § 1341. See Volume 14, **sections 2.0** and **3.0** for additional information **on** appropriations and **ADA** violations.

12.1.4. Internal Controls. Internal controls must be in place to **prevent** duplicative or erroneous payments **and to ensure DoW** funds are spent appropriately and **per** all applicable laws and regulations. Refer to **section 2.0** for additional policy **on** internal controls.

12.2 RESPONSIBILITIES

12.2.1. DFAS. DFAS maintains the **software and database** support for the Transportation Global Edit Table (TGET).

12.2.1.1. Each Component **must update** the TGET and **ensure** it contains valid LOAs and TACs.

12.2.2. Shipping Customers. Shipping customers can be individuals (Service members or civilian employees), units, or organizations within the Military Services, Defense Agencies, and other Government (**non-DoW**) agencies (federal, state, or local) requesting shipment of freight or personal property. The shipping customer **must** obtain and present to the TO/TMO, in written or electronic form, a valid and funded LOA from a designated FM.

12.2.3. Transportation Officer (TO) and Traffic Management Officer (TMO). TOs and TMOs are designated to process approved shipment requests for transportation or storage of military goods and other items entitled to be transported or stored at Government expense, and related accessorial or special services. The TO/TMO responsibilities include:

12.2.3.1. **Suspending, and not accepting for shipment**, any shipment request that is incomplete or not fully supported by the proper funding authorization; and

September 2026

12.2.4. Fund Manager (FM). FMs are legally responsible for managing the appropriate use of funds and **must** assist and **advise** the TO/TMO on all **financial-related** matters. The FM **must maintain and issue authorizations to use LOAs; coordinate and administer changes and modifications to LOAs and ensure updated data is uploaded to the TGET when necessary; provide a properly formatted LOA and associated TAC for input into the shipper system; resolve edit exceptions with the appropriate finance and accounting office; work with the TO/TMO and certifying officer to correct fund citation edit exceptions; provide the shipping customer documentation supporting funds availability and record the commitment/obligation appropriately; monitor execution of transportation costs and make adjustments as needed; and coordinate with the contracting officer and TO/TMO on transactions not yet certified for payment.**

12.2.5. Certifying Officer

12.2.5.1. Ensuring the use of and certifying a SF 1113, Public Voucher for Transportation Charges, and ensuring the form includes the correct amount and fund cites when processing requests for **payment**, invoices, and other transportation documents;

12.2.5.2. Returning, and not certifying, vouchers **that** are inaccurate, inadequate, improper, incorrect, impermissible by law, or **that** contain invalid or inadequate funding information; and

12.2.6. Payment Office. Each payment office **must**:

12.2.6.1. **Ensuring** that a valid electronic record of the transportation obligation is posted in the accounting system **before** disbursing funds;

12.2.7. Contracting Officer

12.2.7.1. **Including** in the solicitation and contract all applicable services, provisions, clauses, and instructions concerning first destination transportation charges and electronic invoicing. The solicitation and contract must also identify a separate LOA for prepaid freight.

12.3 PAYMENT, AUDITS, AND COLLECTIONS

12.3.1. Request for Payment. The payment office **must** process a request for payment **per** the applicable commercial rates, fares, or charges for transportation by any common carrier of any property for the United States, or on its behalf, as approved by the TO/TMO, or designee, and certified by the certifying officer. The payment office designated in the contract **must make transportation payments**.

September 2026

12.3.2. Prepayment Audit Title 31 U.S.C. § 3726

12.3.2.1. The DoW must forward all relevant electronic transportation billing documents to the GSA Transportation Audits Division as soon as possible after the end of the month; the TPPS contractor accomplishes this and provides all available shipping and payment data supporting DoW transportation payments (FAR 47.103-1 and 41 CFR 102-118.80).

12.3.2.2. The payment office must ensure, during its prepayment audit of a hardcopy (non-TPPS) TSP bill, that the TSP completed the SF 1113 fully, including the taxpayer identification number and standard carrier alpha code. An SF 1113 must accompany all hardcopy (non-TPPS) billings (41 CFR 102-118.100).

12.3.3. Prompt Payment Act (PPA). Transportation payments are subject to the PPA. PPA regulations require agencies to pay transportation bills within a set time period and pay interest penalties on late payments; the Secretary of the Treasury sets the interest rate under the PPA.

12.3.3.1. Unless the contract specifies differently, transportation charges must be paid within 30 days after the original completed BOL reaches the designated billing office and the carrier certification is completed on the document.

12.3.3.2. If an invoice or accompanying documentation is incomplete or incorrect, the agency must give the TSP written notice of an apparent error, defect, or impropriety within 7 days of receiving the bill. See FAR 32.905.

12.3.4. The Director of the GSA Transportation Audits Division may audit and settle all transportation-related accounts (31 U.S.C. 3726). When instructed by GSA, the payment office must offset, as appropriate, any overcharge amounts due the United States from an unpaid carrier's bill. GSA may audit but may adjudicate and settle only when there is a dispute between the contractor and a government party to the contract.

12.3.4.1. The payment office must inform GSA if it does not have, and is not likely to have, a subsequent voucher to collect an overcharge.

12.4 TRANSPORTATION PAYMENT DOCUMENTATION

12.4.1. DoW may receive payment requests for transportation and related services in various forms, such as paper or electronic BOLs or periodic billing statements. Transportation offices must use commercial payment practices and electronic processing to the maximum extent possible per DoW policy in DTR 4500.9-R.

September 2026

12.5 TRANSPORTATION DELIVERY TERMS

12.5.1. Delivery Terms Delivery

12.5.1.1. If the shipping contract includes both FOB origin and FOB destination delivery terms, the payment office **must** process each payment **per** the assigned contract terms for the goods shipped. **See** FAR 47.304-1(b) when the contracting officer includes both options to obtain the most advantageous delivery point.

12.5.2. Prepaid Freight Contractor

12.5.2.1. Contractors **must** support prepaid transportation freight charges with a copy of the carrier's receipted freight bill or evidence of receipt from the carrier. Evidence of payment is a receipted freight bill or BOL stamped or marked "To Be Prepaid" showing the charges receipted by the carrier. If this is not present, the BOL must bear a notation of the contractor's check number, the date paid, and proof of shipment.

12.5.2.1.1. If a receipted freight bill is not available, the contractor **may instead** support the **freight-charge reimbursement** claim **with** a copy of the transportation company's pickup record or of the contractor's internal business document showing the contractor turned the material over to a particular shipper. The contractor must support either **document** with a copy of the transportation company's invoice and a statement that the charges have been paid.

12.5.2.2. The payment office **must not adjust** the amount of freight charges if deliveries are made to places other than the FOB point.

12.5.2.3. The payment office **must not adjust** freight charges when a contractor contends that it paid transportation expenses the Government was obligated to pay.

12.5.2.4. The payment office **must not** deduct for potential excessive freight charges paid by the Government. **The payment office must submit** such adjustments to the respective legal counsel for referral to GSA for direct settlement as claims.

12.5.3. Reimbursable Prepaid Freight Reimbursement

12.5.3.1. The contractor must list this expense as a separate item on the invoice.

12.5.3.2. Contractor prepaid freight is not authorized within overseas areas. A contractor may be reimbursed for prepaid freight within the United States to a stateside port of embarkation for further shipping by Government means to the overseas area.

September 2026

12.5.4. Excessive freight charges are freight costs a contractor **incurs** that exceed costs from the FOB point specified in the contract, and they are not reimbursable. The contracting officer **must determine** whether to pay excessive freight charges and provide that determination to the payment office before the payment office **may make any approved payment adjustments**.

12.5.4.1. If a contractor prepays freight for a shipment contrary to the current contract terms, **the payment office may pay the** shipment charges after **receiving a** contract modification authorizing the prepaid shipment. The payment may not exceed the cost **the Government** would have incurred. The **contractor must attach** the prepaid freight receipt to the request for payment.

12.5.5. Funding Determination Guidelines

12.5.5.1. Transportation charges for material shipped from one U.S. Government installation to another are not part of the contract expense **to buy** the material.

12.5.5.2. Transportation charges incurred **to transport** exchange or commissary supplies are charged to the applicable exchange fund or to the Defense Commissary Agency.

12.5.5.3. If freight is damaged in shipment, **transportation funds must not be used to pay for replacement or repair of the damaged goods**, regardless of which entity is responsible.

12.5.6. The Government generally retains the risk of loss **or** damage to its property that is not the legal liability of the commercial carriers **and** generally does not buy insurance for its property in the possession of commercial carriers (FAR 47.102). Where loss or damage risk **resides** with the carrier **under a contract, the payment office may deduct** from amounts due the carrier **as follows**, per 10 U.S.C. 2636(a)(1) and (2):

12.5.6.1. If deducted due to loss of, or damage to, material in transit for a military department, the **payment office must credit the** amount to the proper appropriation, account, or fund from which the same or similar material may be replaced; or

12.5.6.2. If deducted as an administrative offset for an overpayment previously made to the carrier under any **DoW** contract for transportation services, or as liquidated damages due under any such contract, the **payment office must credit the** amount to the appropriation or account from which payments for the transportation services were made.

12.5.7. **Non-DoW** agencies that wish to use **DoW** transportation services must provide funds with the appropriate LOAs to the sponsoring **DoW** Component before services **are** provided. The sponsoring Component may set up a reimbursable account where the third-party billing system can continue to pay the TSP and **may** establish a **Service/DoW** LOA/TAC for the paying office to process. See Volumes 11A and 11B for additional reimbursable policy.

September 2026

12.6 NON-TEMPORARY STORAGE (NTS) AND LOCAL DRAYAGE OF HOUSEHOLD GOODS (HHG)

12.6.1. An authorized DoW official must determine whether local drayage and storage of HHG is authorized when it provides the best value to the Government. TO/TMO responsibilities include obtaining these transportation services to meet operational needs.

12.6.1.1. All invoices for NTS services must be processed electronically through a TPPS using the policy in paragraph 12.9.

12.7 MISCELLANEOUS TRANSPORTATION PAYMENTS

12.7.1. DoW recruits, including Department of Homeland Security Coast Guard recruits, use meal checks while in transit from the Military Entrance Processing Stations (MEPS) to the Service training centers. Only an appointed MEPS Transportation Assistant (TA), or designated alternate, may issue meal checks, and only to DoW recruits traveling under JTR provisions.

12.7.1.1. Meal checks must not be used to buy alcoholic beverages, when travel is by commercial aircraft and passage rates include meal service, when an advance allowance of per diem has been received, when any portion of travel is OCONUS, or for payment of a gratuity.

12.7.2. Meal Tickets Meal

12.7.2.1. Meal tickets must not be used to buy alcoholic beverages, when travel is by commercial aircraft and passage rates include meal service, when an advance allowance of per diem is received, for travel of civilian employees, for travel of military dependents except when a dependent is authorized per diem to escort a deceased military sponsor, or for payment of a gratuity.

12.7.2.2. These payments are due 30 days after they reach the designated billing office. Late payments are subject to interest under the Prompt Payment Act (31 U.S.C. §§ 3901-3907).

12.8 CLAIMS BY TRANSPORTATION SERVICE PROVIDER (TSP)

12.8.1. If a TSP sends a claim to a payment office, the payment office must make every reasonable and legal effort to resolve the dispute directly with the TSP.

12.8.1.1. If the original payment office cannot resolve the claim, it must forward the claim to the GSA Transportation Audits Division.

September 2026

12.9 DOW THIRD PARTY PAYMENT SYSTEM (TPPS)

12.9.1. All DoW Components using the TPPS service must implement local internal controls to prevent, detect, and report unauthorized transactions, as outlined in section 2.0, paragraph 2.2. Managers must ensure adequate separation of duties and limit system access to only those individuals necessary to accomplish assigned tasks. The annual-reconciliation policy in subparagraph 12.9.2.3 reinforces the DTR, Part II, Chapter 212, and Part V, Appendix A, which identifies the reviews and controls needed for timely, accurate processing of transportation bills. DoW Components and transportation offices must work closely with the DFAS to perform root cause analysis and develop automated tools and business process solutions to improve the reconciliation process, including use of Advanced Analytics where feasible. The infrastructure should also include performance metrics for Component accountability.

12.9.2. Certification, Reconciliation and Payment Processing,

12.9.2.1. The certifying officer must review and certify the monthly invoices, ensure each invoice contains valid and adequate funding information and is accurate, correct, and permissible by law, and identify any transactions that do not belong to their TPPS account. The certifying officer must apply the certification criteria in subparagraph 12.2.5, the DTR 4500.9-R, Part II, Chapter 212, and Volume 5, section 5.0.

12.9.2.2. The certifying officer, with the payment office, must reconcile the account activity section of each TPPS monthly summary invoice promptly to identify carrying-balance discrepancies, resolve past-due amounts, and verify that all fees and adjustments on each invoice are correct. Components must reconcile and pay all transportation accounts in full annually, by the end of the first quarter following the end of the FY; for example, charges incurred during FY 2021 must be reconciled and paid in full by the end of the first quarter of FY 2022. The certifying officer must communicate any reconciliation issues to the payment office promptly.

12.9.2.3. The certifying officer must return, and must not certify, any invoice that does not contain valid and adequate funding information or that is not accurate, correct, or permissible by law.

12.9.2.4. In addition to assisting the certifying officers when necessary, the payment office must ensure that the TPPS monthly invoice is paid on time. Late payments are subject to the applicable PPA interest penalty (31 U.S.C. §§ 3901-3907). All interest penalties paid appear in the next month's fees and adjustment section of the monthly summary invoice and must be reconciled with the total and interest payments previously made.

September 2026

13.0 PAYMENT FOR POSTAL SERVICES AND SMALL PACKAGE DELIVERY COSTS

13.1 PAYMENTS

13.1.1. Methods of Payment for Postage

13.1.1.1. Payments to service providers other than the USPS must use Treasury payment methods, such as automated clearing house (ACH), electronic funds transfer (EFT), or another Treasury-approved means of paying the vendor.

13.1.2. Metered or permit-mail payments must use EFT transactions to commercial banks the USPS designates as its financial agents. Postage payments must not be held in postal vendor accounts unless the DoW Component has statutory authority or prior written Treasury approval.

13.2 INSTALLATION OFFICIAL MAIL MANAGERS (OMM)

13.2.1. OMM appointment must be in writing. OMM appointments are reserved for commissioned, warrant, and noncommissioned officers (Enlisted-6 or higher), or DoW civilians (General Schedule-9 or higher); this requirement may be waived when the activity has no personnel in the grades specified. The OMM function is inherently Governmental and must not be contracted out.

13.2.2. Each installation has an OMM who must plan and coordinate outgoing postal and delivery purchases. The OMM must work closely with facility personnel to minimize postage requirements and with managers to ensure the person who decides to send any significant volume of mail also controls the postage funds. The OMM is responsible for interpreting and carrying out the Private Express Statutes (USPS Publication 542) within the organization; the acquisition, use, or disposition of supplies and property; budgeting for and expending appropriated funds for postage and fees; overseeing the monthly reconciliation of trust and debit accounts; and reporting requirements.

13.3 CENTRALIZED TRUST AND DEBIT ACCOUNTS

13.3.1. CAPS

13.3.1.1. The GSA Smart Pay credit card may be used for all transactions for which the USPS accepts the card. When there is a choice, use the CAPS or CMRS trust account instead of a GSA Smart Pay card.

13.3.1.2. Advance deposit trust accounts at local post offices may be used when one of the preceding methods is not available. Advance deposit trust accounts are not authorized at military post offices.

September 2026

13.3.2. CAPS [account](#) use is a local decision; CAPS accounts are not available at overseas military post offices. CAPS accounts [may](#) include customer meter, business reply mail (BRM), and permit imprint advance deposits. A payment into a centralized trust or debit account is an advance deposit payment to the post office. The OMM must monitor and reconcile [each](#) centralized trust or debit account to ensure receipt of services paid in advance. [An OMM who](#) establishes centralized trust or debit accounts [must maintain](#) a record of all transactions in each account and is responsible for each account balance.

13.3.3. Centralized Trust and Debit Account Payment Process

13.3.3.1. The OMM must request funds to set up or replenish each centralized trust or debit account by submitting a SF 1034, Public Voucher for Purchases and Services Other Than Personal. The OMM must ensure funds are available and approved by the designated approving official and a properly appointed certifying officer.

13.3.3.2. The OMM charges postal services against a trust or debit account as required. [The USPS issues a receipt for](#) each charge to a centralized trust or debit account. The OMM verifies services received on the postal receipt and reduces the advance [by](#) the amount shown on the receipts. The OMM must identify receipts to each trust or debit account.

13.3.3.3. One SF 1034 can establish or replenish more than one trust or debit account. The SF 1034 must identify the amount to be deposited into each centralized trust or debit account. Once the designated finance and accounting office makes a deposit into an account, the OMM has limited authority from the USPS to transfer funds between trust or debit accounts. If a transfer between accounts is necessary, the OMM must coordinate the transaction with the designated finance and accounting office and the USPS. The designated finance and accounting office must [record the transfer using](#) an Optional Form 1017-G, Journal Voucher, or equivalent.

13.3.3.4. The OMM must reconcile the trust accounts monthly with the USPS transactional documentation. The designated finance and accounting office confirms the balance in each centralized trust or debit account monthly with the OMM. The OMM must provide documentation [supporting](#) any unexplained difference and report those findings to the Comptroller of the designated finance and accounting office. The OMM and the designated finance and accounting office [must jointly review any unresolved discrepancy](#). [Service-specific](#) or locally developed, automated or manual worksheets must be used to assist reconciliation [and track](#) postal expenditures. All Official Mail and Distribution Centers must maintain this information. The OMM must submit a written letter to the USPS to correct account errors.

13.3.3.5. Advance payments for any centralized trust or debit account are limited to the [current quarter's](#) postal requirements. The designated finance and accounting office and the OMM must review balances [against](#) the postal requirements monthly. When required, the OMM

September 2026

must adjust balances by allowing the trust or debit account to decrease with use, or by submitting a request (SF 1034) to [the](#) designated finance and accounting office to deposit more funds [for](#) quarterly postal requirements.

13.3.3.6. [When](#) the USPS refunds cash for unused services in a trust or debit account, the OMM must [submit](#) a written request to the USPS to process the refund to the appropriate [DoW](#) Component account via IPAC or EFT. If the USPS cannot send the refund via IPAC or EFT, the OMM must request reimbursement by check from the USPS using a Postal Service (PS) Form 3533, Application for Refund of Fees, Products and Withdrawal of Customer Accounts. [Each PS 3533](#) is uniquely barcoded and no longer available online; the OMM must contact the local Post Office to secure a PS 3533 for each refund transaction. The OMM [must](#) submit the USPS refund check to the designated disbursing office with a [DD](#) Form 1131, Cash Collection Voucher, for deposit as a collection.

13.4 MISCELLANEOUS PAYMENTS

13.4.1. The Defense Logistics Agency (DLA) Document Services [is](#) the [DoW](#) single manager for printing services (DoDI 5330.03). All [DoW](#) Components must procure official business envelopes and other document services from DLA at the DLA Document Services link.

13.4.2. All [DoW](#) activities must use only prepaid postage. [When](#) the environment will not support the electronic processes, [an](#) OMM that purchases postage stamps for official use from the local post office may use a Government purchase card. Responsible commanders or their designated representatives, postal officers, and Military Post Office supervisors [must audit all working postal accounts advanced by the USPS at least monthly](#).

13.4.3. Postage Due Costs

13.4.3.1. Under normal circumstances, [DoW mail rooms do not accept](#) postage due mail; [they return it](#) to the sender at the sender's expense.

13.4.3.2. [As](#) an exceptional circumstance, [DoW](#) Components engaged in a hostile environment or operating under arduous conditions [may](#) send official matter through the USPS when postage is not available. The addressee [must](#) not refuse postage due penalty mail from military units engaged in hostile operations and [must](#) pay the cost of postage.

13.4.4. Costs for address correction in CAPS [are](#) an ancillary service and must be paid by EFT. Supporting documentation must accompany each payment request.

13.4.5. Payment for express mail is made with stamps, metered postage, or through an express mail corporate account, [which](#) is similar to a trust account officially authorized by the OMM. Payments into an express mail account are advances to the USPS, controlled similarly to

September 2026

trust account payments; refer to section 13.3. The OMM submits PS Form 5639, USPSA Application and Payment Authorization Form, to establish the account. The USPS provides the OMM a [monthly](#) statement. The OMM must reconcile this account with the USPS at least [monthly](#). The designated finance and accounting office confirms the [account](#) balance with the OMM monthly.

13.5 SMALL PACKAGE DELIVERY COSTS

13.5.1. The approved method for billing and payment of commercial small package express shipments is the authorized electronic processes [DoW uses](#) for transportation. [When](#) the environment will not support the electronic processes, or business reasons preclude [their](#) use, a waiver may be requested from the Office of the Secretary of Defense (Transportation Policy) [per](#) the Defense Transportation Regulation, Chapter 212, section C.3. Waiver requests must contain detailed justification why electronic means cannot be used and a proposed date when the electronic requirement will be met.

14.0 PAYMENT PROVISIONS FOR GRANTS AND OTHER INSTRUMENTS OF ASSISTANCE

14.1 SUBMISSION AND PAYMENT RESPONSIBILITY

14.1.1. Administering Office

14.1.1.1. The award recipient [must](#) certify and forward payment requests for the performance period to the administering grants office or required payment request system. The responsibilities of the administering grants office [for](#) payment requests are specified in 32 CFR 22.810. When the [DoW](#) awarding office is not using a grant payment system as described in [paragraph 2.1](#), payment requests [must](#) be submitted and authorized [per](#) section 22.810, and the administering grants office must review and certify that the payment request or electronic equivalent is legal, proper, and correct (Volume 5, [section 5.0](#)). The administering grants office [must](#) also [ensure](#) the [payment](#) request complies with the award terms and [that](#) the recipient will not have excess cash on hand, based on expenditure patterns.

14.1.2. The award must designate the specific payment office that will make payment (typically the Defense Finance and Accounting Service (DFAS)). The payment office must verify the propriety, adequacy, and completeness of any required documentation [substantiating](#) amounts to be paid by the [DoW](#), [and](#) must retain all hardcopy award documentation, or have access to electronic award documentation, supporting the payment file.

September 2026

14.2 INTERNAL CONTROLS

14.2.1. The agency head must establish controls that ensure obligations and costs comply with applicable laws. Safeguards must be in place to ensure DoW grants comply with the awarded purpose, are adequate to pay the request, and are expended within the constraints reflected in the grant. The Single Audit process, and an agency's procedures for resolving related audit findings, are controls that help assure these objectives, consistent with OMB Circular A-123 and the Single Audit Act (31 U.S.C. 7501-7507) and the post-award responsibilities in 32 CFR Part 22, subpart H.

14.2.2. Each DoW agency that provides Federal awards must review recipient audits to determine whether audit findings require corrective actions and must perform follow-up procedures to ensure those corrective actions are implemented (2 CFR Part 200, Subpart F, 200.513(c)(3) and 200.514(e)).

14.2.2.1. DoW must rely on and use single audits, which independent auditors conduct in the oversight of Federal awards provided to states, local governments, Indian tribes, institutions of higher education, and non-profit organizations. DoW may request additional audits of such awards when required by regulation or as needed to ensure effective use of the awards, and must plan and implement any additional audit effort to avoid duplication and separately fund it.

14.3 PAYMENT REQUEST

14.3.1. Payment Request Forms Except

14.3.1.1. A DoW Component must obtain approval for any variation from OMB-approved forms or formats, including the use of additional or electronic data elements, or modification of the associated instructions for recipient entities submitting the information. For non-construction programs with states, local governments, institutions of higher education, and other non-profit organizations, recipients may request advance payments or reimbursements on SF 270, Request for Advance or Reimbursement, or electronic equivalent, or other prescribed forms or formats as necessary (32 CFR 34.12(d)).

14.3.1.2. For construction programs, each Federal awarding agency must use the SF 271, Outlay Report and Request for Reimbursement for Construction Programs, as the standard form, or electronic equivalent (41 CFR 105-72.302(m)(2)). DoW may use the SF 270 in lieu of the SF 271 when the DoW-awarding agency determines it provides adequate information to meet Federal needs.

14.3.2. For payments to commercial recipients, the grants office may authorize recipients to use SF 270 or SF 271, or prescribe other forms or formats as necessary (32 CFR 34.12(d)).

September 2026

14.3.3. When the administrative grants office **must authorize payment requests per** 32 CFR 22.810, **it must** review each payment request to ensure the request complies with award terms, available funds are adequate to pay the request, and the recipient will not have excess cash on hand based on expenditure patterns. To ensure timely payments, the administrative grants office must certify and forward the request to the designated payment office at least 3 working days before the end of the following periods:

14.3.3.1. No more than 7 calendar days after **the administering office receives** the recipient's request **when** electronic commerce is used (**for example**, Electronic Data Interchange to request the payment and EFT to make the payment).

14.3.3.2. No more than 30 calendar days after **the administering office receives** the recipient's request when it is not possible to use electronic commerce.

14.3.3.3. No more than 7 calendar days after each date specified by the award when payments are authorized in advance on a predetermined payment schedule, provided the designated payment office **received the payment schedule** at least 30 calendar days **before** the scheduled payment **date**.

14.4 DEBT COLLECTION FOR GRANTS AND COOPERATIVE AGREEMENTS

14.4.1. Funds paid to the recipient in excess of the amount to which **it** is entitled **constitute** a debt to the **DoW**. Grants officers **must perform** post-award administration of grants and cooperative agreements **per** the DoDGARs. Primary responsibility for collecting debt resulting from a grant or cooperative agreement rests initially with the grants office (see 32 CFR 22.820). **DoW** awarding offices **must** use the Debt Collection Office (DCO) of the designated payment office as the primary debt collection option. If DFAS is not the designated payment office, **DoW** awarding offices may **use** the Debt Management Office of DFAS for further debt collection and administrative offset opportunities, after first **using** the DCO. Refer to Volume 16, **sections 1.0, 2.0, and 5.0** for additional detailed policy.

14.4.1.1. If the recipient has neither paid the amount due nor provided notice of intent to file an appeal within 30 days of the grants officer's decision, the grants officer **must** send a demand letter to the recipient, with a copy to the DCO (see Volume 16, **section 2.0** for general policy requirements of debt letter notifications).

14.4.1.2. The DCO of the designated payment office **must conduct** any further debt collection activity, including **issuing** any additional demand letters (32 CFR 22.820). The DCO **must** follow collection policy in Volume 16, **section 5.0** unless the DoDGARs, or the applicable grant or cooperative agreement, explicitly prescribes a different procedure.

September 2026

14.4.1.3. Grants offices **must** obtain each grant recipient's TIN via the SAM **to collect** and **report** delinquent debts.

14.4.2. **Collecting** delinquent debts owed by the recipient may require administrative offsets **per OMB Circular A-129**. When taking an administrative offset, the DCO **must** follow the due process in 31 CFR 901.2, Demand for Payment, and 31 CFR 901.3, Collection by Administrative Offset (also see Volume 16, **sections 2.0** and **5.0** for additional policy concerning offsets). Administrative offset is not required in every instance in which **a** source of funds **may be available**. Either the payment office or the accounting office **must** make a **case-by-case** determination, with the grants officer responsible for the award against which the offset will be applied. **Per** 32 CFR 22.820(e), the following **are** examples when an offset **must** not be taken:

14.4.2.1. **Debt** recovery by an administrative offset **must** not **occur** when the grants officer determines that the offset will substantially interfere with, or defeat the purpose of, the program for which the offset is contemplated.

14.4.2.2. Generally, grants and cooperative agreements paid in advance are not subject to offset. If in the best interest of the Government, the payment office may request **that** the issuing grants officer convert the agreement to a reimbursable method of payment **to** enable an administrative offset.

15.0 CONTRACT RECONCILIATION

15.1 RESPONSIBILITIES

15.1.1. Responsible Contract Reconciliation **Agents** (RCRAs) manage daily contract reconciliation **operations** and **must complete** contract reconciliations. The RCRA **must review** the reconciliation request, **determine** the appropriate level of effort, **set** the priority, **coordinate** assistance, **accept** or **reject** reconciliation results, **approve** adjustments, and **ensure** refunds or demands for payment are initiated. The User Manual for the Standard Contract Reconciliation Tool (SCRT) **contains instructions on the RCRA's role**.

15.1.2. **The** Director, Defense Finance and Accounting Service (DFAS), is the principal **DoW** executive for finance and accounting requirements and procedures **per** DoD Directive 5118.05, **and must**:

15.1.2.1. Assist **in** providing **the** specific instructions and computer-based tools **needed** to identify, analyze, reconcile, track, and correct differences **among** written contracts, entitlement, disbursement, and related accounting systems. The instructions **must** include criteria for determining the nature and scope of required analyses.

September 2026

15.1.2.2. Provide entitlement and accounting system information to individuals participating in [settlement negotiations](#).

15.1.2.3. Train and maintain a core group of individuals who meet the qualification requirements to perform [the](#) responsibilities prescribed by the SCRT manual, [including](#) RCRA, reconcilers, and assistants.

15.1.2.4. Designate qualified DFAS personnel to be trained as part of the core group, and assign RCRA personnel to oversee and perform contract reconciliations.

15.1.2.5. Ensure that the Systems Support Office-DFAS Columbus [supports](#) the RCRA and [maintains](#) the SCRT, a [DoW-wide](#) database listing RCRA, core group members, and contracts being reconciled. SCRT users receive [help-desk](#) support at disa.global.servicedesk.mbx.application-ticket-request@mail.mil.

15.1.3. [Heads of DoW Components that use](#) ERP systems [must](#) provide data [to](#) support and [coordinate](#) contract reconciliation functions performed under [DFAS](#) direction.

15.1.4. All RCRA reconciliation partners (procurement contracting officers (PCOs), administrative contracting officers (ACOs), resource managers, and program managers) [must](#) perform their respective or combined duties as [follows](#):

15.1.4.1. [Participate](#) in contract reviews and reconciliations, and assist in [identifying](#) and [resolving](#) differences [among](#) written contracts and entitlement, disbursement, and accounting systems.

15.1.4.2. [Compare](#) the contract [ACRNs](#) with data in the entitlement and accounting systems. When discrepancies occur, [notify](#) the appropriate entitlement and accounting office of any significant differences, and [that office must provide](#) the required supporting documentation.

15.1.4.3. [Respond](#) in a timely manner to reasonable requests for action, information, [or](#) documentation on a contract or modification.

15.1.4.4. [Designate](#) personnel [from the DoW Components](#) to be trained as part of the core group [that oversees](#) and [performs](#) contract reconciliations.

15.2 CONTRACT RECONCILIATION

15.2.1. Normally, at [contract](#) end, total payments to the contractor should match total funds obligated on the contract. When [unexplained](#) remaining or excess fund balances exist, reconciliation may be required to compare all source documents with the entitlement and accounting systems. MOCAS contracts [must](#) be forwarded to DFAS Columbus [for reconciliation](#).

September 2026

The designated entitlement office [that administers](#) payments [must perform Non-MOCAS contract reconciliations](#). See the SCRT manual for reconciliation request guidance.

15.2.2. When a discrepancy between contract payments and accounting records is identified, the appropriate RCRA or designated entitlement office [must perform a preliminary contract review](#) to determine [the needed](#) corrective action. [Qualified personnel must review and approve](#) recommended adjustments before distribution to the appropriate locations for processing. Approved adjustments must be posted in a timely manner. [The SCRT must identify](#) reconciled records by registration, [and](#) any [later](#) adjustment of reconciled records [must](#) be based on a reconciliation registration [per](#) paragraph 3.5. All contract reconciliation [actions must](#) support the timely completion of funds review, deobligation of excess funds, and contract closeout [under](#) FAR 4.804. The related requirements for researching and correcting NULOs, UMDs, disbursements in suspense accounts, and disbursements in-transit are in Volume 3, [section 11.0](#).

15.2.3. [DoW](#) Components [must](#) prioritize the analyses of discrepant conditions in view of applicable time limitations and other circumstances. [High-priority](#) conditions include those [involving](#) congressional or senior [DoW](#) management interest, potential ADA violations, prevalidation problems, insufficient funds for payment, suspected or identified overpayments, [the highest-dollar-value](#) transactions, and [cancelling or closing-year](#) appropriations.

15.2.4. Each contract nominated for reconciliation must be registered in the SCRT database of contracts being reconciled. Resources, procedural guidance, forms, and other reconciliation tools for the registration process [are available](#) from DFAS Columbus Accounts Payable - MOCAS, Reconciliation Division at dfas.dscc.jai.mbx.recon-maillog@mail.mil. For more on reconciliation tools, [see paragraph 15.2.6](#).

15.2.5. The individual assigned to perform contract reconciliation, whether a Government employee or contractor, [must](#) compare databases; research differences among systems to determine whether errors exist, where they exist, the extent of [those](#) errors, [and](#) the required corrective actions; [identify root causes; and recommend the adjustments needed to correct differences among contract, entitlement, and accounting records](#). The reconciler should make every effort to complete contract reconciliations within 90 days after initiation.

15.2.6. Documents accumulated during a contract reconciliation must be retained, made available for, and subject to internal review and audit.

15.2.6.1. The [DoW](#) Component responsible for [reviewing](#) and [accepting](#) recommended adjustments must retain adequate documentation to support any adjustment processed. Each completed adjustment file [must](#) include the preparer's identity, approval, and confirmation [that](#) the adjustment [was posted](#).

September 2026

15.2.7. All stakeholders must incorporate internal controls into their operations to maintain complete, consistent, and accurate data for contract files and related entitlement and accounting records throughout the life of the contract, as discussed in section 2.0.

15.3 STREAMLINED CONTRACT CLOSEOUT

15.3.1. Agencies and DoW Components must partner closely to identify potential contracts for closeout under the NDAA authority and must maintain a documented record of all contracts closed under that authority. The Deputy Chief Financial Officer policy memorandum, "National Defense Authorization Act Contract Closeout Authority (FPM 19-06)," dated May 14, 2019, contains procedural implementation guidance and is available on the Office of the Deputy Chief Financial Officer/Financial Management Policy and Reporting website under Dual Purpose Policy Memos & Other Information (Common Access Card-enabled).

15.3.2. After a contract is closed out by a negotiated settlement modification, the payment or accounting offices concerned must adjust and close any open finance and accounting records related to the contract.

16.0 JUNIOR RESERVE OFFICER TRAINING CORPS (JROTC) INSTRUCTOR PAY

16.1 REIMBURSEMENT RESPONSIBILITIES

16.1.1. The host school pays JROTC instructors, and the sponsoring Military Service reimburses the school 50 percent of the MIP. JSIPS sets the MIP the Military Services use to reimburse the host school.

16.1.2. The Secretary of the Military Department concerned (or designee) may pay additional instructor funds to a school when funds are available and the Military Department determines, following periodic reviews, that the school is in an educationally and economically deprived area and that such action is in the national interest.

16.2 REIMBURSEMENT REQUIREMENTS AND PROCESS

16.2.1. The JIRO authorizes reimbursement to schools only for instructors certified as qualified by the cognizant Military Service, for whom the Military Service has authorized funding, and who fill positions authorized by the Military Service.

16.2.2. School Reimbursement Process

16.2.2.1. The reimbursement to the school generally equals 50 percent of an instructor's MIP. The Secretary of the Military Department concerned may pay the school more than 50 percent of the amount the school paid the member if the needs criteria in paragraph 16.1.2

September 2026

are met, as prescribed in 10 U.S.C. § 2031(d)(2). The JIRO must ensure documentation supporting these reimbursements is retained [per](#) Volume 1, [section 9.0](#), is readily available to support future [audits](#), and [is](#) of sufficient quality [for](#) an independent third party, such as an outside auditor, to understand and verify the basis of the reimbursement.

16.2.2.2. Schools must provide banking information [through](#) the System for Award Management when new to the JROTC program or when previously provided banking information [changes](#).

16.3 JROTC UNIT ESTABLISHMENT AT SCHOOLS

16.3.1. An authenticated copy of the countersigned contract between a school and the Military Service must be provided to the JIRO to verify and [document](#) that schools requesting payment are active JROTC program [participants](#).

16.3.2. Authorized officials occupying the positions stated in the contract between a school and the Military Service [must supply](#) the current address of the school employing each instructor.

16.4 JIRO

16.4.1. The school is the employing organization and pays the full amount due the JROTC instructor, not less than the MIP. Each JROTC instructor negotiates his or her own contract with the school. The Military Service JIRO [authorizes](#) reimbursement to the school for up to 12 months per academic year, only [while](#) the instructor is under a valid contract and receiving a salary [at](#) or [above](#) the MIP. Reimbursement generally [equals](#) 50 percent of an instructor's MIP ([see](#) subparagraph [16.2.2.1](#)).

16.4.2. Each school must forward a copy of the DD 2767 [to the JIRO](#) within 30 days of the instructor's employment. Reimbursements for that instructor [are withheld](#) until the JIRO [receives the form](#).

16.4.2.1. Each school must submit a DD 2767 annually for JROTC instructors continuing employment at the school in the upcoming academic year.

16.4.2.2. The form must be received [before](#) the end date of an instructor's current contract to ensure uninterrupted reimbursement.

16.4.2.3. Schools are reimbursed only when a current form [is](#) on file at the JIRO.

September 2026

16.5 SEPARATIONS, TRANSFERS, DECERTIFICATIONS, AND DISESTABLISHMENTS

16.5.1. Each employing school must forward a DD 2767, or termination letter, containing the applicable date to the JIRO immediately upon the separation or death of an instructor. An instructor [separates](#) when [he or she](#) resigns [the](#) position at a specific school. If [the JIRO does not receive timely](#) notification, [the JIRO must adjust](#) future reimbursement to the school to reflect the actual period the instructor performed JROTC instructor [duties](#) and to collect any [over-reimbursement](#).

16.5.2. An instructor [transfers by resigning](#) the position at one school and [accepting](#) a position at another. Transfers must be processed as a separation from one school and a new hire at another. Both the losing and gaining schools must forward [a DD 2767](#) to the JIRO. The instructor must immediately forward an updated DD 2754 to the JIRO. Locality pay [is](#) adjusted [per](#) the JSIPS locality table for the new school. The pay scale for [relocations and transfers is](#) based solely on grade and highest academic degree held. Relocation assistance allowance may be available for JROTC instructors who relocate to fill hard-to-fill locations [per](#) 10 U.S.C. § [2031\(e\)\(1\)](#).

16.5.3. A Military Service may, for cause, decertify a JROTC instructor for employment eligibility. The IMD must immediately notify the JIRO of [decertified](#) instructors currently under contract with a school. [The JIRO must adjust](#) future reimbursement to the school to reflect the actual period the instructor performed JROTC instructor [duties](#) and collect any [over-reimbursement](#).

16.5.4. A JROTC unit [is](#) normally [disestablished when the Military Service determines](#) the unit will not meet [its](#) standards or cannot maintain the statutory minimum student enrollment. Disestablishment voids the contract between the Military Service and the school [and terminates](#) instructor pay reimbursements; the JIRO must authorize final reimbursement to, or initiate collection action from, the school.

16.6 FINANCIAL MANAGEMENT

16.6.1. Each Military Service [holds](#) and [manages](#) its JROTC funds. The JIRO concerned must authorize and assign the funds to the proper line of accounting and verify [the accuracy of](#) each JROTC instructor's pay computation and associated reimbursement amount for each school [before](#) disbursement by the designated paying office. The JIRO also monitors budget execution throughout the [instructor's](#) assignment.

16.6.2. Based on [JIRO](#) authorization and verification of fund availability, military pay operations certifying officers [must certify](#) payment and submit [the certification](#) to the designated

September 2026

paying office for all school disbursements. Certifying officers must be appointed [per](#) Volume 5, [section 5.0](#). Reimbursement to DoDDS must be made via a separate IPAC transfer [citing](#) the applicable appropriation provided for DoDDS.

16.6.3. Reimbursement to the school must be made only after the JIRO concerned has verified the payroll data, authorized fund availability, [and](#) received concurrence from the appropriate accounting office, and after military pay operations has provided certification. The DFAS designated paying office [disburses](#) funds for school reimbursements based [on](#) an SF 1034, Public Voucher for Purchases and Services Other Than Personal, for each Military [Service payment](#) to the school districts. Funds must be sent via EFT to the [school's](#) financial institution, [except](#) reimbursements to DoDDS schools, which are transferred via the IPAC system.

16.7 IDENTIFICATION AND COLLECTION OF JROTC-RELATED DEBTS

16.7.1. The JIRO [must identify debts](#). A debt accrues when a school or school district is over-reimbursed for an instructor's [pay, such as when an instructor transfers to another school, separates from the instructor program, or dies, or when a contract ending date is changed to shorten the contract period](#).

16.7.2. Debt Collection Process

16.7.2.1. A debt is [collected](#) by a fully documented adjustment to the [school's](#) reimbursement for the next calendar month, with one exception: when a debt is owed by a school that no longer has JROTC instructors and is not due further reimbursements, collection action [must follow](#) Volume 16, [section 5.0](#).

16.7.2.2. [When](#) a school [has no](#) future reimbursement to [adjust or offset](#), the JIRO must initiate collection action [directly](#) from the school [through](#) a demand letter. See Volume 16, [section 5.0](#) for policy requirements and guidance. Amounts collected must be forwarded to the JIRO as the debt collection office.

16.7.2.3. After the JIRO [completes](#) all related actions specified in Volume 16, [section 5.0](#), uncollected debts 90 days delinquent must be referred to the DFAS Debt Management Office, which [refers](#) debts delinquent over 120 days to the Bureau of the Fiscal Service for further collection action, as prescribed in 31 U.S.C. § 3716(c)(6)(A).

17.0 PAYMENT RECOVERY AUDITS

17.1 GENERAL

17.1.1. All programs or activities, as defined by OMB Circular A-123, Appendix C, with annual payments [exceeding](#) \$1 million must implement and [use](#) a cost-effective recovery audit and

September 2026

activities program to recover improper payments. Recovery audit requirements apply to all [payment](#) types except intra-governmental transactions.

17.2 DOW RECOVERY AUDIT AND ACTIVITIES PROGRAM

17.2.1. Applicability

17.2.1.1. If a Component concludes that implementing this review for a program or activity is not cost-effective, it must submit a quantitative justification to [OUSD\(C\)/ODCFO/FMPR](#) for approval.

17.2.1.2. When determining the cost-effectiveness of recovery audit contingency contracts, any DFAS resources used to assist the recovery audit contractor must be [considered, including](#) the cost of providing government records, researching claims, and recovering amounts due the government. See OMB Circular A-123, Appendix C, for [cost-effectiveness](#) criteria [for](#) a recovery audit and activities program.

17.2.1.3. Recovery audits [must](#) be implemented to ensure the greatest financial benefit to the Component. In most cases, [combining](#) payment recovery activities, predominantly internal controls, [yields](#) the most cost-effective results. Recovery audit and activities, coupled with the financial management roles and responsibilities for all [PIIA-established](#) programs, [ensures](#) timely overpayment corrective actions and streamlined recoupment.

17.2.1.4. Components [must](#) report the results of their recovery audit and activities program [per](#) section [17.3](#) and OMB Circular A-136, Financial Reporting Requirements.

17.2.2. Annual Plan Submission

17.2.2.1. Components [expending](#) \$1 million or more annually for each program and activity must [reassess](#) their annual recovery audit plan to determine its validity and provide any updates or improvements [no](#) later than August 31 of each year, for use during the upcoming fiscal year (FY), to: OUSD(C)/ODCFO/FMPR, 1100 Defense Pentagon, Suite 3D150, Washington, DC 20301-1100.

17.2.2.2. At a minimum, this plan must include [a cost-effectiveness analysis; the estimated total dollar amount of payments by program or activity for the current FY; any collection/recovery audits and/or risk mitigation activities the Component plans to use beyond its current DoW recovery audit and activities program; the dollar amount of payments the Component plans to review using these additional activities or audits; what entity will perform the recovery audits \(internal, external, or contractor resources\); the proposed methodology; and the period of review.](#)

September 2026

17.2.2.3. If the Component head determines that recovery audit activities [are](#) not cost-effective for certain categories of disbursements ([see](#) paragraph 17.4.2), [this plan must include](#) the quantitative justification.

17.2.3. Annual recovery targets must be set [for each established recovery audit and activities program](#). DoW [must](#) establish annual targets for each Department-established PIIA program (Civilian Pay, Military Pay for each Branch, Commercial Pay, Travel Pay, Retired and Annuitant). Targets [must](#) be based on the rate of recovery (improper contract overpayments recovered divided by improper contract overpayments identified) and set to show an increase in recoveries over time. Each Component [must](#) provide [its](#) annual recovery targets to OUSD(C)/ODCFO/FMPR for review and approval ([see](#) paragraph 17.2.2). OUSD(C)/ODCFO/FMPR [then submits](#) targets to OMB for review as part of the annual approval of Agency Financial Reports (AFR) and Performance and Accountability Reports (PAR), with the OMB Annual PIIA Tables and Data call submission.

17.3 REQUIRED REPORTING

17.3.1. Components must report annually on their recovery audit and activities programs. Components must consult with DFAS Enterprise Audit Support & Compliance to ensure proper coverage of improper payments and payment recovery actions and to prevent duplicate reporting. Components must inform OUSD(C)/ODCFO/FMPR [of any](#) suspension or limitation in Component [monitoring or oversight](#) activities. To meet the AFR reporting schedule, [this](#) reporting is due no later than the dates established in the annual Consolidated DoW Recovery Audit and Activities Program Plan.

17.3.2. OMB Circular A-136 Required Reporting

17.3.2.1. DoW [must](#) report [per](#) the annual update to OMB Circular A-136, Financial Reporting Requirements. The AFR or PAR [must address actions taken on auditor recovery recommendations and fraud reduction reporting; instances of potential fraud discovered through recovery audit activities must be reported per Volume 5, section 6.0.](#)

17.4 SCOPE OF DOW RECOVERY AUDIT ACTIVITIES

17.4.1. All programs and activities [expending](#) \$1 million or more annually, including grant, benefit, loan, and contract programs, must be considered for recovery audits. All classes of contracts and contract payments, [and](#) all other [payment](#) types (excluding intra-governmental transactions), must be considered for recovery audit activities. Components that disburse payments must review payment categories, identify those [with](#) higher potential for recoverable payment errors [to](#) ensure the greatest financial benefit to the government, [and](#) determine the overall cost-effectiveness of recovery audits.

September 2026

17.4.2. Agencies may exclude payments from certain programs from recovery audit activities if the agency determines recovery audits are not cost-effective for identifying and recovering overpayments, or if other mechanisms to identify and recover overpayments are already in place. If an agency **excludes** a class of payments or contracts from payment recovery activities or audits, **its** annual plan and annual report **must include the justification** (see **paragraphs 17.3 and 17.4**).

17.4.3. **Beyond** identifying and documenting specific overpayments resulting from payment errors, any entity performing recovery audits must analyze **why** the payment errors occurred and, where appropriate, recommend cost-effective controls to prevent such overpayments. These results must be presented to management **regularly**. The **Component should consider the** analysis and related recommendations as part of its management improvement program. The Component **must** provide such information to DFAS, the DoDIG, and, where applicable, the Inspector General (IG) of the Military Service.

17.5 ROLE AND RESPONSIBILITIES OF THE DOW COMPTROLLER'S OFFICE

17.5.1. To facilitate compliance with OMB Circular A-123, Appendix C, the ODCFO assigned reporting responsibility for this function to the OUSD(C), FMPR Directorate. This function is part of OUSD(C) oversight responsibility for **DoW's** annual recovery audit reporting in the AFR.

17.5.2. The Comptroller's FMPR Directorate **must serve as the Executive Agent (EA)** for the DoW Payment Integrity program; provide oversight to the DoW Components to ensure compliance with the PIIA and/or OMB Circular A-123, Appendix C, requirements; review the Components' annual recovery audit plan submissions for completeness; review the annual submission of recovery audit reports to ensure the reporting requirements are met; prepare and submit Department-wide recovery audit results and mandatory reports as described in OMB guidance, and any related information, for submission to OMB, publication in the AFR, and other required reporting; and prepare the Department-wide recovery audit and activities plan reassessment, based on pertinent overpayment recovery methods or improvements identified by the Components during the FY, for submission to the DoDIG.

17.6 ROLE AND AUTHORITY OF THE OFFICE OF THE IG

17.6.1. Nothing in this policy **may** be construed to impair the authority of an IG under the Inspector General Act of 1978, as amended, or any other law. However, because the recovery audit program required by this policy is an integral part of Components' internal control over payments, and therefore a management function, independence considerations normally preclude the IG and other Component external auditors from carrying **it** out.

September 2026

17.7 SOURCES TO PERFORM RECOVERY AUDITS

Recovery audits may be performed by [Component](#) employees, by any other Component, department, or agency of the U.S. Government acting on behalf of the Component, by private-sector contractors performing recovery audit services under contracts awarded by the Component, or [by](#) any combination of these options.

17.8 RECOVERY AUDIT SERVICES PERFORMED BY CONTRACTORS

17.8.1. When Components [determine](#) that using external post-payment recovery audit contractors ([a](#) recovery audit contingency contract) is the most cost-effective plan, they must update their recovery audit plan with the detailed cost-effectiveness breakdown, including the contract [terms](#), and submit [it](#) to OUSD(C) FMPR for approval [before](#) executing the contract. These private-sector firms may, with the consent of the employing Component, communicate with the Component's contractors [to verify](#) potential payment errors they have identified. To avoid confusion with established accounts [receivable and debt](#) management processes, Components must coordinate with the DFAS, Enterprise Solutions and Standards, Accounts Receivable Office (JJA) at 8899 East 56th Street, Indianapolis, IN 46249 to determine whether direct communication with the Component's contractors is authorized.

17.8.2. [Component](#) contracts [for private-sector](#) recovery audit services are limited to contingency contracts that pay the contractor a negotiated percentage of the total amount collected by the United States for valid claims of overpayment. However, certain [recovered](#) payments may not be available to pay recovery audit costs (for instance, amounts recovered [from](#) interim improper payments under ongoing contracts if still needed to make subsequent payments under the contract, or amounts recovered from closed accounts). Components may allow contracted recovery auditors to establish a presence on, or visit, the property, premises, or offices of any subject of recovery audits.

17.8.3. The recovery audit contractor may, with the consent of the contracting Component, notify entities (including individuals) of potential overpayments made to those entities, respond to questions concerning potential overpayments, and take other administrative actions [on](#) overpayment claims made, or to be made, by the Component.

17.8.4. [Beyond](#) provisions [describing](#) the scope of recovery audits (and any other provisions required by law, regulation, or Component policy), any contract with a private-sector firm for recovery audit services [must](#) include provisions that prohibit the recovery audit contractor from [having the authority to make a final determination on whether any overpayment occurred or whether to compromise, settle, or terminate an overpayment claim; requiring production of any additional records or information from the Component's contractors; using or sharing sensitive financial information not officially released for use by the general public, except for an authorized](#)

September 2026

purpose of fulfilling the recovery audit contract; and disclosing any information that identifies an individual, or could reasonably be used to identify an individual, for any purpose other than as authorized for fulfilling its responsibilities under the payment recapture audit contract.

17.8.5. Components **must** require the recovery audit contractor to safeguard the confidentiality of sensitive financial information that has not been released for use by the general public and any information that could be used to identify a person.

17.8.6. At a minimum, each contract for recovery audit services **must** require the contractor to, **at least quarterly, provide reports to the DoW disbursing Component on the root cause conditions causing identified overpayments and recommendations to mitigate such conditions; notify the DoW disbursing Component of any identified overpayments pertaining to any Component beyond the scope of the contracts; and report potential instances of fraud immediately to the DoW disbursing Component for which it is performing the contract.**

17.9 RECOVERY AUDIT COLLECTION ACTIVITY

Actual collection activity must be carried out by federal employees, or nonfederal entities expending federal awards, as appropriate. However, Components or nonfederal entities may use another private-sector entity, such as a private collection agency, to perform this function if permitted by **the** applicable laws and regulations governing collection of amounts owed to the Federal Government.

17.10 DISPOSITION OF AMOUNTS RECOVERED

17.10.1. Contingency fee contracts **must** preclude any payment to the contractor performing recovery audit services until the **Component actually collects the** recoveries.

17.10.2. All funds collected, and all direct expenses incurred, as part of the recovery audit and activities program **must** be accounted for specifically. The identity of all funds recovered must be maintained to facilitate crediting recovered funds to the correct appropriations, to identify applicable time limitations **on** the appropriated funds recovered, and to allow required reporting **per** OMB Circular A-136.

17.10.3. Overpayments identified by a recovery auditor, but subsequently determined not to be collectable or not to be improper, **are** not considered "collected" for **the** disposition purposes outlined in this section.

September 2026

18.0 PURCHASE CARD PAYMENTS

18.1 GENERAL

18.1.1. Authoritative Guidance *

18.1.1.1. The Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)) and the DoW Component Program Managers (CPM) oversee the purchase card program, including policy formulation and procedural guidance. The Defense Contract Management Agency participates in operational oversight of the purchase card program DoW Components administer.

18.2 PURCHASE CARD POLICY

18.2.1. Overview

18.2.1.1. A purchase card charge authorizes the card-issuing bank to pay the merchant or contractor consistent with the GSA master contract and this Regulation. An authorized purchase satisfies a bona fide need at a fair and reasonable price and meets all legal and regulatory requirements. Individuals responsible for purchase card violations (abuse, delinquency, internal fraud, or misuse) are subject to administrative and disciplinary actions per DoW GPC Policy and Component personnel policies and procedures.

18.2.1.2. Purchase card open market transactions are limited to the applicable micro-purchase thresholds prescribed by FAR 2.101, 10 U.S.C. § 3573, and DFARS PGI 213.201(g). See DoW GPC Policy for current DoW micro-purchase thresholds. Any increase to a cardholder's delegated authority requires issuance and acceptance of a new Government Purchase Card Delegation of Procurement Authority Letter.

18.2.2. Per 10 U.S.C. § 4754(b)(14)-(15), the purchase card program is subject to periodic audits by the DoW Inspector General and the Military Services' audit agencies to determine compliance with agency policy.

18.2.3. Purchase Card Accountable Officials

18.2.3.1. Within DoW, purchase card accountable officials are military members or civilian employees appointed in writing as cardholders, approving/billing officials, and certifying officers. Such appointments, made per Volume 5, section 5.0 (10 U.S.C. § 2773a and 31 U.S.C. § 3528), establish pecuniary liability under the law governing accountable officials, other than those potentially liable under 10 U.S.C. § 4754(c). Accountable officials must provide information, data, or services to certifying or disbursing officers in support of the payment process and must attest to the accuracy of information and data supporting payment to the card-issuing

September 2026

bank. DoW purchase card program accountable officials must be appointed within the Joint Appointment Module (JAM) of the Procurement Integrated Enterprise Environment (PIEE). JAM-issued certifying officer appointments satisfy the DD Form 577, Appointment/Termination Record-Authorized Signature, appointment and distribution requirements of Volume 5, [section 5.0](#). If an Electronic Data Interchange-enabled invoice is rejected and converted to a manual payment, the JAM-rendered DD Form 577 [validates](#) the certifying officer's appointment.

18.2.3.2. Foreign national employees cannot serve as purchase card certifying officers or accountable officials unless they are direct hire employees of the United States Government. [Before](#) making such appointments, commanders must consider the potential consequences when Status of Forces Agreements or other treaties do not subject direct hire local nationals to the same pecuniary liability or disciplinary actions as other DoW employees. If such appointments are necessary, commanders must consider other management controls to compensate for the lack of pecuniary liability. Refer to Volume 5, [section 1.0](#) for policy [on](#) accountable officials and foreign national personnel.

18.2.4. [Per](#) 31 U.S.C. § 3325, the head of an executive agency may delegate the authority to assign personnel to perform purchase card invoicing, reviewing, approving, and certifying responsibilities at the accountable official level. When authority is delegated, DoW Components [must](#):

18.2.4.1. Designate each billing office, approving/billing official, [and](#) certifying officer within the Component's activities to receive the official purchase card billing statements; and

18.2.4.2. Delegate the authority to certify official purchase card billing statements [per](#) Volume 5, [sections 1.0](#) and [5.0](#).

18.2.5. Purchase Card Refunds and Credits

18.2.5.1. The terms "rebate" and "refund" are used interchangeably throughout the CFR, OMB guidance, existing legislation, and this [section](#). Purchase card billing statement payments must occur as soon as administratively possible when the refund offered [exceeds](#) the cost of funds as defined in 5 C.F.R. § 1315.8. DoW [takes](#) advantage of refund offers only when economically justified and advantageous to DoW, [and follows](#) the guidelines for taking discounts and refunds/rebates in 5 C.F.R. § 1315.8, FAR 32.906(e), and OMB Circular A-123, Appendix B, [Section 7](#). Billing statements [are](#) paid for the amount certified. See [section 3.0](#) for additional [refund/rebate](#) policy.

18.2.5.2. Refunds attributable to purchase card [use](#) may be credited to operation and maintenance and research, development, test and evaluation accounts of DoW [that](#) are current

September 2026

when the refunds are received (see [the](#) statutory note "Crediting of Refunds" within 10 U.S.C. § 4754). [Per](#) OMB Circular A-123, Appendix B, [Section 7](#), rebates/refunds can be used for any legitimate purchase by the appropriation or account to which they were returned, or as otherwise authorized by statute. Transaction credits - funds sent back to [DoW](#) from the contracted bank from returned items, billing errors, overpayments, duplicate payments, or erroneous payments - must be credited to the original appropriation from which they were disbursed. See the Guidebook, Chapter 9, [for DoW GPC refund validation requirements](#).

18.2.6. If an account number is compromised, or a card [is](#) lost or stolen, the cardholder must notify the approving/billing official, certifying officer, agency/organization program coordinator (A/OPC), and the card-issuing bank to close the account immediately.

18.3 INTERNAL CONTROLS

18.3.1. All [DoW](#) Component purchase card program policies, implementing procedures, and enterprise risk management programs must [include](#) internal controls to prevent, detect, and report improper purchase card transactions. Refer to [DoW GPC Policy](#) and OMB Circular A-123, Appendix B, section 2.4.1 and Attachment 6, for terminology and definitions of improper or incorrect purchase card transactions.

18.3.2. Managers at all levels [must](#) maintain effective internal controls within the purchase card program and ensure adequate separation of duties of participants under their control. The management accountability and internal control requirements prescribed by [DoW GPC Policy](#), [and](#) those in [sections 1.0](#) and [8.0](#), apply to the operation of a [DoW](#) Component purchase card program.

18.3.3. Cardholder, approving/billing official, certifying officer, A/OPC, and Resource Manager (RM)/Financial Manager (FM) access to government and [the](#) card-issuing bank's purchase card data and processing systems [must](#) be limited to that necessary to accomplish required tasks while maintaining proper separation of duties. Refer to [DoW GPC Policy](#) for specific requirements when such personnel transfer to other duties or depart from the organization.

18.3.4. Commanders and supervisors at all levels must ensure compliance with this [section](#) and [DoW GPC Policy](#). Military and civilian personnel who violate this [section](#) or [DoW GPC Policy](#) are subject to administrative and disciplinary action. When an official directs a cardholder to purchase items or services [later](#) determined to be violations, [that](#) official may be subject to personal financial liability and disciplinary action [per](#) OMB Circular A-123, Appendix B, [Section 3](#), sections 2.5 and 2.10. See [DoW GPC Policy](#) for [disciplinary action](#) policies and requirements within the Government Charge Card Program.

September 2026

18.3.5. **Per** 10 U.S.C. § 4754(b)(7), this Regulation, records management policies, and DoW GPC Policy, documentation **must** be maintained at all levels to support purchase card program **integrity** and facilitate reconciliation and payment of purchase card transactions.

18.3.5.1. Cardholders **must** establish clear audit trails for purchase card transactions by maintaining a purchase log **with an** entry **containing** all fields required in DoW GPC Policy for each purchase requirement, and **by** maintaining transaction supporting documentation in the card-issuing bank's Electronic Access System. This **makes** cardholder billing statements, purchase log entries, and supporting documentation available to the approving/billing official and certifying officer, fulfills electronic GPC disbursing office record retention requirements, and supports auditability.

18.3.5.2. **On termination** of a cardholder **or** approving/billing official **account**, management must ensure safeguards are in place to meet retention requirements.

18.3.5.3. **Per** the Guidebook, PIEE/JAM is the mandatory enterprise tool for issuing and retaining GPC program appointments.

18.3.5.4. **The** minimum supporting documentation **for** the DoW GPC program is **account billing statements, cardholder purchase log, request to purchase or request for payment, verification of availability of funds as defined by the DoW Component's policy, proof of acceptance, vendor invoice, receipts, or order confirmations, approval documentation, cross references to any related contract, delivery or task order, or purchase order, and supporting documentation for any credit received (e.g., items returned).**

18.4 RESPONSIBILITIES

18.4.1. Reconciliation and account certification **of** Statements of Account received from the card-issuing bank **is** a coordinated responsibility **among** the cardholder, approving/billing official, and certifying officer. Every individual involved in the purchase card process must report suspected purchase card non-compliances, improper transactions, or violations through the proper chain of command and **per** component policies (refer to DoW GPC Policy for definitions of these transactions). They must also complete required initial and refresher training **per** DoW GPC Policy, Component policy, and Volume 5, **section 5.0**, and comply with the additional responsibilities for contingency operations and contracting events in the Guidebook, Appendix A.

18.4.1.1. Commanders and supervisors at all levels have the authority and responsibility to ensure military and civilian personnel under their supervision use purchase cards only as authorized. **They must address** purchase card non-compliances, improper transactions, and violations.

September 2026

18.4.2. The Heads of DoW Components (or their designees) may delegate their authority in writing to appoint cardholders, approving/billing officials, A/OPCs, component program managers (CPMs), and certifying officers (see Volume 5, section 5.0 for additional policy on appointments). Heads of DoW Components must also manage commanders, directors, or other designated officials and their delegated authority for performing their duties and responsibilities per DoW GPC Policy.

18.4.3. The CPM serves as the Service's or Agency's functional representative with the Program Management Office and must develop and maintain hierarchies, ensure subordinate CPMs and A/OPCs perform their functions and roles, and interface with DoW-level program offices on card-issuing bank performance issues per DoW GPC Policy.

18.4.4. A/OPCs serve as the Agency's functional representatives and, as identified in DoW GPC Policy, are appointed with responsibility for the management, administration, day-to-day operation, and integrity of the purchase card program. The A/OPC works jointly with the RM/FM to set and maintain cardholder spending limits based on estimated purchase requirements for the period or a budgetary limit. The A/OPC may also assist the RM/FM in providing guidance to the cardholder on any legal or regulatory restrictions on the funds provided.

18.4.5. Commanding Officer or Director

18.4.5.1. The military officer in command or the civilian director in charge of an activity has overall responsibility for implementing this section's purchase card financial management policies. They have disciplinary authority over cardholders and approving/billing/certifying officials and must investigate all allegations of purchase card violations. They must establish activity procedures permitting rapid investigation and resolution of purchase card violations, convene or order an investigation per Volume 5, section 6.0, and take all appropriate actions resulting from each investigation.

18.4.5.2. When the Head of the DoW Component has delegated authority, the commanding officer or director must appoint accountable officials per Volume 5, section 5.0.

18.4.6. The review official is an individual the commanding officer or director may appoint to perform pre- and/or post-payment reviews and other duties per Volume 5, section 5.0. The A/OPC may not be appointed as the review official.

18.4.7. The certifying officer is responsible for the accuracy of payments, including designation of the proper appropriation(s) or other funds, certified to the disbursing office and disbursing officer. The certifying officer is liable for any illegal, improper, or erroneous payment processed by DoW resulting from an inaccurate or misleading certification. The certifying officer's appointment must meet the minimum qualifications and eligibility requirements in

September 2026

Volume 5, [section 5.0](#). The certifying officer and approving/billing official duties may be performed by the same appointed person, as discussed in Volume 5, [section 2.0](#). See Figures 23 - 1 and 23-2 for the monthly review checklist and certification statements. Purchase card certifying officers' responsibilities, identified in Volume 5, [section 5.0](#) and DoW GPC Policy, include but are not limited to:

18.4.7.1. [Ensure](#) transactions meet the legal requirements for authorized purchase card purchases.

18.4.7.2. [Ensure](#) adequate documentation is available for individual transactions and cardholders have reconciled all transactions with purchase log entries.

18.4.7.3. [Ensure](#) the facts presented in documents for payment are complete and accurate, [including](#) designation of the proper appropriation(s) or other funds.

18.4.7.4. [Verify](#) the accuracy of computation of a voucher before certification.

18.4.7.5. [Ensure](#) internal controls exist to prevent submission of duplicate invoices for the same transaction.

18.4.7.6. [Ensure](#) all items and services have been received and procedures are in place to [dispute, within the designated dispute timeline](#), transactions for items or services not received by the next billing cycle.

18.4.7.7. [Ensure](#) the cardholder is familiar with the [servicing bank's](#) dispute process and [implement](#) dispute procedures when warranted. Refer to [subparagraph 18.5.3.4 on](#) disputed transactions.

18.4.7.8. [Ensure](#) the cardholder billing statement and all original supporting documentation (receipts, logs, invoices, delivery orders, and approvals) is retained to comply with record retention [requirements](#). This retention must capture and leverage [the](#) origination of electronic data in automated systems so it may be shared across DoW platforms.

18.4.8. The approving/billing official is the individual, appointed by the commanding officer, director, or designee, with oversight responsibility for cardholders to ensure all purchase card transactions are necessary and for official government purposes only.

18.4.8.1. Approving/billing officials [must provide](#) information and data to certifying or disbursing officers in support of the payment process [and must attest](#) to the accuracy of information and data provided to a purchase card certifying officer in support of a payment to the card-issuing bank. [They](#) are accountable and may be held pecuniarily liable for erroneous payments [resulting](#) from inaccurate information and data, including designation of the proper

September 2026

appropriation(s) or other funds, provided to a purchase card certifying officer, if the erroneous payment results from negligence in performing assigned duties.

18.4.8.2. The approving/billing official must review each cardholder's billing statement monthly to verify the cardholder was authorized to purchase the items, the government received the items, and all accountable property (including pilferable items as defined by the DoW Component) has been properly recorded on government property accountability records per component property accountability policy and DoDI 5000.64, "Accountability and Management of DoW Equipment and Other Accountable Property." The capitalization threshold and accountability requirements for property, plant, and equipment purchased are in Volume 4, sections 24.0-28.0. Each approving/billing official must have a reasonable span of control over cardholders per DoW GPC Policy. The approving/billing official's responsibilities in DoW GPC Policy include but are not limited to:

18.4.8.2.1. Coordinate purchase card limits and MCC exclusions with the RM/FM and A/OPC for cardholders under their purview.

18.4.8.2.2. Ensure each cardholder fulfills the responsibilities identified in DoW GPC Policy.

18.4.8.2.3. Review and reconcile the cardholder's billing statements and approve the statement when the cardholder cannot perform this function. The approving/billing official and certifying officer may use the purchase card checklist (Figure 18-1 in the Procedures Supplement) to document due diligence in billing statement reviews.

18.4.8.2.4. Verify all transactions are legal, proper, and mission essential per the FAR, DFARS, and DoW policies and regulations.

18.4.8.2.5. Ensure monthly Statement of Account accuracy and forward it with all original supporting documentation (receipts, logs, invoices, delivery orders, and approvals) to the certifying officer.

18.4.8.2.6. Resolve any questionable purchases with the cardholder.

18.4.8.2.7. Notify the A/OPC of any personnel changes that may require cardholder or managing account closure.

18.4.8.2.8. Notify the A/OPC and certifying officer (if not the approving/billing official) of any planned approving/billing official reassignment to other duties or departure from the installation or activity.

September 2026

18.4.8.2.9. **Notify** the A/OPC and certifying officer (if not the approving/billing official) of any **lost or stolen** cards, in addition to the cardholder notifying the card-issuing bank.

18.4.8.2.10. **Complete** service and agency-specific training.

18.4.9. Authorized Cardholder

18.4.9.1. A cardholder **must** ensure funds are available **before** making the purchase.

18.4.9.2. A cardholder **must** review the monthly cardholder Statement of Account as described in paragraph 5.2.

18.4.9.3. A cardholder **who** uses the card to make unauthorized transactions may be liable for any illegal, improper, or erroneous payment resulting from those transactions and **may** be subject to pecuniary liability (including reimbursing the Government for unauthorized or erroneous purchases through salary offset) or appropriate adverse personnel actions.

18.4.9.4. **If** an erroneous charge is not disputed timely, the cardholder may also be held accountable.

18.4.10. The convenience check account holder is a military member or civilian employee appointed as prescribed in **DoW** GPC Policy. In addition to the authorized cardholder **responsibilities** in subparagraph 18.4.9, the account holder **must order, receive, store, safeguard, inventory, reconcile, and dispose** of check stock. Convenience check account financial management policy is in **paragraph 18.6**. The account holder **must complete** tax reporting for the convenience checks they issue and **obtain** a signed IRS Form W-9, Request for Taxpayer Identification Number and Certification, so that an IRS Form 1099-MISC, Miscellaneous Information, can be issued to the convenience check payee. Reporting requirements are in **subparagraph 18.6.2**. The account holder **must** not perform the functions of approving/billing officials or certifying officers on the managing account for which they are a check writer. The commanding officer, director, or designee with oversight responsibility **must** cancel the convenience check privileges of cardholders who improperly use convenience checks.

18.4.11. The RM/FM is the individual designated by a component to record formal commitments and obligations **in** the accounting system. The RM/FM **must** establish commitments in advance in amounts no less than the periodic purchase limits authorized for commercial purchase cards or at the individual requirement level. **The RM/FM, with the assigned A/OPC, establishes** advance reservations of funds or commitments, **which** must be considered when setting office, managing account, **or** cardholder purchase limits. Policy for recording obligations for the

September 2026

transactions in this [section](#) is in Volume 3, [section 8.0](#). RM/FM responsibilities for the purchase card program, referenced in DoW GPC Policy, include [coordinating funding and spending limits with approving/billing officials and A/OPCs, including advice on legal or regulatory constraints on the use of funds; providing approving/billing officials and cardholders official notification of funding; assigning default and alternate lines of accounting \(LOAs\) and ensuring they are entered into the card-issuing bank's system for electronic invoicing, receipt, and processing; providing reallocation authority to cardholders and approving/billing officials when necessary; receiving and correcting invoice rejects with the certifying officer's assistance; assisting with resolving delinquent accounts and providing payment information when requested; and coordinating with responsible officials to ensure unrecorded purchases are recorded in the period they occur and the miscellaneous obligation is reversed timely as referenced in Volume 3, section 8.0.](#)

18.4.12. Entitlement Office

18.4.12.1. [The entitlement office must verify](#) the amount certified for payment on the invoice matches the amount certified [on](#) the certified disbursement voucher.

18.4.12.2. [The entitlement office must validate that](#) sufficient funds have been obligated in the accounting records.

18.4.12.3. [The entitlement office must notify](#) the certifying officer and RM/FM within one business day of invoices rejected, including a detailed reason for the rejection. Upon resubmission of the rejected transactions, processing [must](#) include the Standard Document [Number or contract](#) number of the original transaction.

18.4.13. The disbursing office verifies the certifying officer's DD Form 577 [is](#) completed in the PIEE/JAM and disburses payments to the card-issuing bank. The disbursing office [must](#) not replicate the reconciliation process before making payment on certified purchase card billing statements. The disbursing office makes an advice of payment available to the bank. See Volume 5, [section 9.0](#) for additional disbursing policy.

18.5 STATEMENT RECONCILIATION AND CERTIFICATION

18.5.1. The cardholder [must](#) ensure receipt and acceptance and [properly document](#) all purchases. Independent acceptance by an individual other than the cardholder is required for accountable property purchases and self-generated purchases (purchases lacking a documented request to purchase from someone other than the cardholder). Accountable property, as identified in DoDI 5000.64, includes sensitive, classified, and pilferable [property-type](#) items. Refer to the Guidebook for additional circumstances that may require independent acceptance and the use of the Wide Area Workflow module within the PIEE when the purchase card is used as a [payment](#) method against a contract.

September 2026

18.5.1.1. Local procedures may specify additional circumstances (for example, based on cost) requiring evidence of acceptance by an individual other than the cardholder. The approving/billing official **must** verify acceptance documentation **exists and** may also physically verify acceptance. Recording, tracking, and management of pilferable, sensitive, high-valued, or otherwise accountable property obtained with the purchase card **must be per** component property accountability policy and DoDI 5000.64.

18.5.2. Cardholder Review

18.5.2.1. Each cardholder must reconcile **the** Statement of Account, ensure a purchase log entry **exists** for each **transaction or purchase**, and retain supporting documentation as specified in **DoW** GPC Policy to ensure accurate and timely payments. Cardholders **must** review their statements to identify discrepancies and, as appropriate, attempt to resolve the issues with the merchant or, **per** bank procedures, dispute the transactions or report the external fraud (see subparagraph 18.5.3.4).

18.5.2.1.1. Under the billing discrepancy provisions of the GSA master contract, the cardholder must report fraud to the card-issuing bank, the A/OPC, the commanding officer or director, and the local procurement fraud investigative authority for investigation and adjudication. The cardholder must also comply with the bank's fraud reporting procedures.

18.5.2.1.2. Known or suspected fraudulent transactions not authorized by the cardholder must not be approved for payment. If the **bank does not remove the** fraudulent transaction by the end of the billing cycle, the invoice **must** be manually processed, excluding the transactions in question, and then certified for payment. If the transaction has already been paid, the bank **issues** a transaction credit on the next billing statement **per** the SmartPay contract. Cardholders must identify **in the system** the reason transactions are deemed fraudulent and the date **they** were reported to the bank. The cardholder **must** attempt to **review and reconcile** all transactions during the billing cycle **in** which they occur so that fraudulent transactions are never included in the corresponding cardholder Statement of Account.

18.5.2.2. If the cardholder cannot resolve the discrepancy by obtaining a credit from the merchant, the cardholder **must** officially dispute the transaction with the card-issuing bank **per** subparagraph 18.5.3.4.

18.5.2.3. The cardholder **must** sign and date the Statement of Account (preferably electronically) and forward it, with the necessary supporting documentation, to the approving/billing official for action. Figure 18-2 in the **Procedures Supplement** contains the language for the cardholder's certification statement.

September 2026

18.5.2.4. If the cardholder cannot review the Statement of Account upon receipt, the cardholder must make the Statement of Account and supporting documentation available to the approving/billing official or certifying officer for timely review.

18.5.3. The approving/billing official must review each transaction made by cardholders under their managing account to ensure all supporting documentation is available and correct. The approving/billing official must ensure cardholder reviews were completed properly; ensure billing discrepancies were resolved with the merchant, disputed, or reported as fraud as necessary; ensure acceptance and documentation of all accountable property; verify all transactions were necessary government purchases; and perform any other functions required by DoW GPC Policy and other component policies and procedures.

18.5.3.1. Under billing discrepancy provisions of the GSA master contract, known or suspected fraudulent transactions not authorized by the cardholder must not be certified for payment and must be reported to the card-issuing bank, A/OPC, commanding officer or director, and the local fraud investigative authority for investigation and adjudication. Refer to subparagraph 18.5.2.1.2 for additional guidance on the review and handling of fraudulent transactions. If the cardholder has not done so, the approving/billing official should ensure fraudulent transactions are disputed per applicable card-issuing bank procedures and reported as fraudulent per the card-issuing bank and component fraud reporting procedures.

18.5.3.2. The Government is contractually obligated to pay the card-issuing bank for all purchase card transactions made by an authorized cardholder other than those successfully disputed or resulting from external fraud. This includes transactions made by an authorized cardholder in violation of purchase card policies (for example, unauthorized or incorrect as defined by OMB Circular A-123, Appendix B, section 2.4.1). Report these purchase card violations to the A/OPC, appropriate authorities, and management officials for investigation and corrective action per component policies and procedures.

18.5.3.3. For transactions determined to be purchase card violations, the approving/billing official must authorize payment for any items that cannot be returned and pursue corrective action by reporting the matter to the A/OPC and management officials per Component policies and procedures.

18.5.3.4. For questionable transactions, the approving/billing official must determine as rapidly as possible whether there is potential fraud or the transaction is otherwise disputable. Lack of supporting documentation alone must not trigger a finding of fraud or impropriety unless the identity of the item or service, or other facts, would lead a reasonable person to believe the transaction was fraudulent or unauthorized. If the transaction is determined not to be external fraud or otherwise disputable, it must be approved for payment. The approving/billing official must continue to follow up to obtain documentation sufficient to show the transaction is

September 2026

no longer questionable. The follow-up should involve the cardholder, appropriate management, and bank officials, as necessary.

18.5.3.5. When the approving/billing official is appointed collaterally as the certifying officer, [the official must](#) also complete the requirements in [subparagraph 18.5.4.1](#).

18.5.4. The certified billing statement is the official invoice for payment purposes.

18.5.4.1. The certifying officer [must](#) review and certify the billing statement (preferably electronic) and forward it to the designated entitlement [or](#) disbursing office for timely payment processing. [Figure 18-2 in the Procedures Supplement](#) contains the language for the certifying officer's certification statement. See Volume 5, [section 5.0](#) for additional policy [on](#) certification requirements.

18.5.4.2. The certifying officer must not certify a known or suspected fraudulent transaction not authorized by the cardholder. The certifier must not certify payments [for](#) transactions generated by an unauthorized user, such as a merchant entering the wrong card number, [or transactions occurring](#) after the card or card number [is reported](#) lost or stolen. The certifying officer [must](#) follow agency procedures for addressing all fraudulent or abusive transactions or other purchase card misuse.

18.5.4.3. [Under](#) 31 U.S.C. § 3528, a certifying officer certifying a voucher (purchase card billing statement) is responsible for the information, computation, and legality of a proposed payment under the appropriation or fund. A certifying officer [must](#) ensure all transactions are legal, proper, correct, and satisfy a bona fide need [per](#) government policies, rules, and regulations. [Because](#) payments are [made](#) to the financial institution, the certifying officer [must](#) [certify](#) the legality and accuracy of the information [on](#) the amount owed the financial institution.

18.5.5. [Per DoW](#) GPC Policy, the [DoW may](#) certify invoices for payment of micro-purchases [before verifying](#) that all items billed have been received and accepted. As part of the monthly Statement of Account [reconciliation](#), [the cardholder must](#) annotate instances of non-receipt [of](#) recently ordered goods or services on each statement. Each approving/billing official [must](#) establish a system and related procedures to flag and track all transactions certified for payment without verification of receipt and acceptance. These procedures [must](#) ensure [receipt and acceptance of](#) all transactions reconciled and approved for payment [are](#) verified no later than 45 days after the invoice date. If there is no documented evidence verifying receipt and acceptance after the 45-day period, the cardholder must protect the Government's rights by disputing the transaction. The cardholder [must notify](#) the bank of any item in dispute and [has](#) 90 calendar days from the date the transaction was [processed or posted](#) to the account. The cardholder must file a formal dispute.

September 2026

18.5.6. The designated entitlement office **must** pay purchase card invoices (preferably electronic) upon receipt of the certified billing statement. **The entitlement office** must **observe** the prompt payment clock, which starts when the invoice is made available to the **DoW** on the card-issuing bank's website, **not** when invoices are transmitted to the entitlement office. The entitlement office **must** ensure only the amount certified for payment by the certifying officer is processed for payment.

18.5.7. A transaction dispute may occur **when** the Government questions the validity of a transaction on the cardholder Statement of Account. Transactions should be disputed only after all attempts have been made to resolve the issue directly with the merchant. Reasons to dispute a transaction include: the cardholder did not authorize the transaction, the amount is incorrect, the quality or service is unacceptable, the information is erroneous or **duplicates** an existing transaction, **or** the material was returned or service was cancelled and **the merchant did not issue** a credit within 30 days. The cardholder must dispute the transaction as soon as possible **per** the timetable and provisions in the tailored task orders with the card-issuing bank, the **DoW** GPC Policy, and local procedures.

18.5.7.1. For items **billed** but not received, the cardholder **must** contact the merchant to validate shipment. For non-shipment, items **must** be officially disputed only if the merchant fails to credit the account in the next billing cycle or the items are not ultimately received.

18.5.7.2. Approving/billing officials **must** monitor **discrepancies between** cardholder items billed and **items received and accepted** to ensure any remaining discrepancies are disputed.

18.5.7.3. Fraudulent transactions include **those** made on lost or stolen cards **or** compromised card numbers, or initiated by unauthorized third parties. **They** do not follow the dispute process **and** must be reported as fraudulent **per** the card-issuing bank fraud reporting procedures, **DoW** GPC Policy, and Component **procedures**.

18.5.8. To reduce transaction processing fees, **DoW** activities **must** summarize accounting data, where systems capabilities are available to **prevent** duplication of LOAs, before submitting certified billing statements and accounting data to the designated entitlement office. Specifically, **DoW** activities **must** "roll up" disbursing data by LOA to eliminate duplicate LOAs on one certified billing statement.

18.5.8.1. Approving/billing officials and certifying officers **must** ensure complete summarization of billing statements with no duplicate LOAs **before certifying** and **submitting** the billing statements for payment. The level of appropriation data summarization **must** be consistent with the advance reservation of funds and the data for entry into the accounts payable, disbursing, and accounting systems to maintain positive funds control, match each planned disbursement with

September 2026

a recorded obligation (as described in [section 2.0](#) and Volume 3, [section 8.0](#)), and prevent unmatched disbursements.

18.6 CONVENIENCE CHECKS

18.6.1. [Convenience check](#) use must be minimized and designated as a purchase instrument of last resort. [Checks must](#) be used [only](#) if the merchant offering the goods or services does not accept or [cannot](#) process the purchase card, no other merchant can reasonably be located, and [paying](#) for the items [by](#) the traditional procurement method [is not practical](#).

18.6.1.1. A discrete account must be set up to issue convenience checks. Convenience checks and normal purchase card accounts may be issued under a single managing account but must not be commingled. Transactions reported during the billing cycle for the convenience check and purchase card accounts appear on the cardholder's Statement of Account.

18.6.1.2. Each component [must](#) issue instructions [on convenience check](#) use. Individuals delegated as convenience check account holders [must](#) be appointed in writing. At a minimum, the appointment letter [must](#) state the [check writer's](#) specific duties, any limitations on the scope of authority (including dollar limitations), and an acknowledgement of the check writer's duties and responsibilities. Convenience checks [must](#) not be used for employee reimbursements, cash advances, cash awards, travel-related transportation payments, meals, or [payroll or salary](#) payments. [Refer to DoW GPC Policy](#) for additional convenience check requirements and restrictions on use.

18.6.2. IRS Form 1099 Requirements

18.6.2.1. The Defense Finance and Accounting Service (DFAS) has [tax-form](#) issuance and IRS reporting responsibilities for the [DoW](#) convenience check program.

18.6.2.2. DFAS obtains the universe of [DoW](#) convenience check payment data from the GSA contracted bank responsible for convenience check accounts [and](#) provides [it](#) to the applicable A/OPC, Account Manager, and Convenience Check Account Holder [to determine](#) the tax reporting requirements and [complete](#) specifically identified data not available to, or captured by, the contracted bank. The Convenience Check Account Holder [must ensure](#) the data [is completed and returned](#) to DFAS.

18.6.2.3. A/OPCs, Account Managers, and Convenience Check Account Holders that do not return the requested information to DFAS are responsible for their own [tax-form](#) issuance and IRS tax reporting.

18.6.3. Requests to establish [a convenience check](#) account must be justified in writing and [per](#) the provisions in [DoW GPC Policy](#). A specific individual must be designated as the account

September 2026

holder responsible for that account via the proper application forms and delegation of authority letters. Those forms **must** be submitted through the DoW activity's existing purchase card hierarchical structure.

18.6.4. The authorized threshold for convenience checks is one half of the applicable **micro-purchase** threshold (41 U.S.C. § 1902, statutory notes). See DoW GPC Policy and FAR 2.101 for alternative thresholds **for** declared contingencies or emergency-type operations within or outside the United States. To maintain effective internal controls, approving/billing officials, payment review officials, and certifying officers **must** not perform the functions of convenience check custodian or cashier. Additional conditions on **convenience check** use are as follows:

18.6.4.1. Convenience checks **must** be issued for the exact payment amount. Purchases, payments, or other amounts **must not be split** among more than one check to keep amounts below the applicable micro-purchase threshold or other assigned limits.

18.6.4.2. Convenience checks **must** be used for official government purposes only.

18.6.4.3. Convenience checks **must** not be issued as an "exchange-for-cash" vehicle to establish cash funds.

18.6.4.4. If convenience checks are mailed to payees, local internal controls must be in place to avoid duplicate payments to them.

18.6.4.5. The issuing activity **bears** all administrative costs of convenience checks. Fees **for convenience check** use are specified in the GSA contract. At DoW Component election, the costs of **purchasing** convenience checks may be expressed as a (a) percentage, (b) number of basis points, or (c) fixed fee.

18.6.4.6. Convenience checks are negotiable instruments and must be treated like cash for security purposes. Local policies and procedures must **safeguard against** physical loss, theft, or potential forgery. Checks **must** be accounted for by recording transactions as they occur in the check register **or** purchase log to maintain control of number sequence.

18.6.5. The convenience check account holder **must** reconcile the Statement of Account **against the holder's supporting documentation** as part of the monthly billing cycle, **per** the standard **purchase card** payment practices in section 5.0.

18.6.5.1. Convenience check accounts and transactions must be reviewed **per** the Guidebook, **which** requires review and approval of each convenience check case (transaction) generated by the bank's data mining review tool; the tool **identifies** all convenience check transactions for review. Reviews **must** ensure each transaction was authorized, properly funded and approved, appropriate for Government use, does not exceed allowable limits, includes

September 2026

supporting documentation, and [meets](#) any other requirement of Component policies. Suspected violations [must](#) be reported to the appropriate management and investigative authorities [per](#) established policies (see [DoW GPC Policy](#) for terminology and definitions of the specific categories of unauthorized or inappropriate transactions).

18.6.5.2. The dispute process is not available for convenience checks. Any concerns over a purchase made with a check [must](#) be resolved directly with the merchant. The account holder is solely responsible for securing restitution [or](#) credit on disputed purchases.

18.6.6. The military officer in command or the civilian director in charge of an activity responsible for implementing the purchase card financial management policies of this [section](#) must ensure each convenience check account is reviewed annually by an individual other than the convenience check account holder. [The](#) review must validate compliance with [DoW](#) and component policies and procedures for [physical security of checks; timely and accurate completion of IRS Form 1099 tax reporting requirements by DFAS mandated deadlines; completion and effectiveness of data mining case reviews of convenience check transactions, including review of transaction supporting documentation; and minimization of convenience check use.](#)