



DOT ACQUISITION POLICY LETTER

This Acquisition Policy Letter issued under the authority of the Senior Procurement Executive of the Department of Transportation.

Subject: Accelerated Invoice Payments to Small Businesses

References:

5 CFR 1315.5	Prompt Payment Act (PPA)
FAR 32.903	Prompt Payments - Responsibilities
FAR 32.906(2)	Prompt Payments - Making Payments
OMB Memo M-11-32	Accelerating Payments to Small Business for Goods and Services (September 14, 2011)

When is this Acquisition Policy Letter (APL) Effective?

This APL is effective April 1, 2012.

When Does This APL Expire?

This APL remains in effect until the resulting policy is incorporated into the Transportation Acquisition Regulation (TAR), the Transportation Acquisition Manual (TAM) and/or superseded by Federal Acquisition Regulation (FAR) guidance or otherwise cancelled.

Who is the Point of Contact?

Contact Jeffrey Thomas of the Office of the Senior Procurement Executive, (202) 366-4226 or by email at jeff.thomas@dot.gov.

Visit our website at <http://www.dot.gov/ost/m60/> for additional information on DOT Acquisition Policy Letters and other policy issues.

What is the Purpose of this APL?

The purpose of this APL is to authorize Department-wide use of accelerated payment methods to small businesses (as defined in FAR 19.001), as outlined in 5 CFR 1315.5(b), and in accordance with the direction of the Office of Management and Budget (OMB) Memo M-11-32 "Accelerating Payments to Small Businesses for Goods and Services," dated September 14, 2011. The Department of Transportation (DOT), to the full extent permitted by law, shall make payments to small business contractors as soon as practicable, with the goal of making payments within 15 days of receiving proper documentation, including an invoice for the amount due and confirmation that the goods or services have been received and accepted by the Government.

The DOT recognizes, in its implementation of this accelerated payment policy, that it may not be able to guarantee payments to small businesses within the accelerated (15 day) period.

Moreover, the establishment of this accelerated payment policy does not change the application of the PPA's late-payment interest penalty provisions. Under the PPA and OMB's implementing regulations, the late-payment interest penalty is triggered when an agency does not pay the contractor the amount due by "the required payment date." This policy and its implementation do not modify the "required payment date" and do not otherwise modify the operation of the PPA's late-payment interest penalty.

In support of this goal, DOT Operating Administrations (OA's) should ensure expeditious processing throughout the entire business process (including inspection and acceptance) to facilitate accelerated payments to small businesses, while also maintaining necessary internal controls.

What is the Background?

Generally, under FAR 32.906, the Government does not make invoice payments to vendors earlier than 7 days prior to the due dates specified in the contract. In most cases, this is 30 days from receipt of a proper invoice, although this may vary depending upon the circumstances of the individual contract. Accordingly, even if an invoice was reviewed and approved for payment in advance of 7 days before the specified due date, the invoice would be held until a minimum of 7 days prior to the due date. In many cases, this additional waiting time represents an unnecessary burden on small businesses. By authorizing the use of accelerated payments to small businesses, the Department is demonstrating its commitment to supporting small businesses by ensuring they receive payment for goods and services as quickly as possible, following required reviews and approvals of invoices.

What is the Guidance?

- 1) Effective Date - Effective April 1, 2012, DOT will commence implementation of accelerating payments to small businesses.
- 2) Existing Contracts - Using data from the Federal Procurement Data System (FPDS), the Office of the Senior Procurement Executive (M-60) will identify existing contracts, awarded prior to April 1, 2012, that were awarded to small business, as reported by the contracting officer. These contracts will be identified in Delphi as being subject to accelerated payments.
- 3) Contracts Awarded After April 1, 2012 - All contracts awarded subsequent to April 1, 2012, shall be annotated by placing "SB NET 30" in the discount field to identify the contract as being a small business and eligible for accelerated payments. Guidance on using PRISM to annotate common award documents is attached.

4) Delphi System Changes - In support of this policy, the Office of the Chief Financial Officer, in coordination with the Enterprise Service Center in Oklahoma City, have made adjustments to business processes and systems necessary to support this policy. No additional action is required.

A handwritten signature in black ink, appearing to read "W. Smith", enclosed within a large, horizontal oval shape.

Willie H. Smith,
Senior Procurement Executive
U.S. Department of Transportation

PRISM System Guidance in Support of Accelerated Payments to Small Businesses

Process for System Administrators to Support Accelerated Payments

1. Under the System Set-up select "System Configuration"
2. Under the Site Options – ensure all data fields (percent, days, terms) are left blank under "Edit Payment Term Defaults" and then check "Yes" for "Payment Terms Required". This process will result in generation of an error message if the buyer inadvertently forgets to complete the payment discount terms.

Process for buyers to ensure compliance occurs during the contract creation is as follows:

1. Under the Main menu select "Items"
2. Click on the selected "Item"
3. Select "Payment"
4. Enter payment discount term "SB Net 30" in the Payment Term data field. Specialist must designate "SB Net 30" for all line items within the contract!

System administrators, if you have any questions regarding configuring your PRISM system to support the use of the "SB Net 30" text in your discount terms within PRISM, or ensuring that the "SB Net 30" language prints on your award documents, you may contact Diane Morrison at Diane.Morrison@dot.gov or call her at (202) 366-4960.

For all award to small businesses, the "SB Net 30" text must appear in the discount terms box on all award documents transmitted to OKC so that they can identify the contract as being eligible for accelerated payments.