Activity 41: Administering Financing Terms

- If the contract did not call for progress payments, determine whether to modify the contract to provide them. Do not modify the contract.
- Tailor the supervision of progress payments to the level necessary to protect the Government's interest. Determine whether to approve the initiation of progress payments. Do not approve the initiation of progress payments.
- Approve or reject a request for progress payments. Conduct postpayment reviews of progress payments. Ensure that the Government's title to these inventories under the Progress Payments clause is not compromised by other encumbrances. Liquidate progress payments through deductions in payments to the contractor. Identify and implement a course of action to reduce the Government's risk. Determine the need to adjust the progress payment or liquidation to reduce the contractor's risk.
- Notify the contractor of the identified need for action and provide an opportunity for discussion. Select and implement a course of action to reduce the Government's risk.
- Identify an apparent need to reduce or suspend progress payments, increase the liquidation rate, or take other action to protect the Government's interest under the Progress Payments clause.
- Transmit the required information to the approving authority. Transmit the reasons for the recommended disapproval to the approving authority. If advance payments are approved, enter into an agreement with the contractor covering special accounts and suitable covenants protecting the Government's interest. If applicable, monitor the security provided by the contractor for the government contract financing. If advance payments are approved, issue a contract modification for any change in progress payment or liquidation rates.

- Review requests submitted by contractors for Government contract financing, and ensure that the contractor's request has no defects. If the contractor's request has defects, transmit the request back to the contractor for correction.
- If the contractor's request has no defects, transmit the approved request to the designated payment office. If applicable, monitor the security provided by the contractor for the government contract financing. If applicable, follow up with the designated payment office to confirm timely contract financing payments to the contractor.
- If the contractor's request has defects, transmit the request back to the contractor for correction. If the contractor's request has no defects, follow up with the designated payment office to confirm timely contract financing payments to the contractor. If applicable, monitor the security provided by the contractor for the government contract financing. If applicable, take appropriate remedial action when the contractor fails to provide adequate security.

- Review contractor requests for performance-based finance payments. If applicable, monitor the security provided by the contractor for the government contract financing. If applicable, take appropriate remedial action when the contractor fails to provide adequate security.
- Identify the contract requirements for performance-based payments. Renegotiate the performance-based payment schedule to facilitate contractor billings for any successfully accomplished portions of a government-declared event or criterion (when appropriate). Determine whether to demand repayment of performance-based payments in the event of loss, theft, destruction, or damage to property.