PHASE II: CONTRACT ADMINISTRATION

Activity 47: Collecting Contract Debts

- Promptly determine the amount of the contractor's indebtedness (if any).
- Establish a control record for each contract debt.
- Negotiate with the contractor concerning the amount of debt and repayment options.
- If mutually agreed is reached, modify the contract to incorporate the agreement.
- If mutually agreed is not reached, issue a demand for payment immediately after determining that an actual debt is due the Government and the amount. Forward a copy of the demand to the payment office.
- If specifically authorized by agency procedures, determine whether to compromise the debt or terminate or suspend further collection action.
- If the contractor requests deferment of collection, if mutual agreement is reached, issue the demand for payment with the final decision. Forward a copy of the demand and the final decision to the payment office.
- If the contractor does not appeal the final decision, refer the noncompliance with deferment agreements or demand letter to the payment office.
- If the contractor appeals the final decision, monitor contractor compliance with the agreement for repaying the debt or demand letter; identify and notify the contractor of any interest owed the Government.
- If the contractor requests deferment of collection, periodically follow up with the payment office to determine that the debt has been collected and credited to the correct appropriation(s).
- Issue a demand for payment immediately after determining that an actual debt is due the Government and the amount. Forward a copy of the demand to the payment office.
- Issue any information needed to make the request adequate for action.
- Promptly provide a notification to the payment office, and advise the payment office that the contractor's request is under consideration.
- Develop a recommendation on the request.
- Forward a copy of the contractor's request for a deferment of collection along with the written recommendation to the office designated in agency procedures for a decision.
- If specifically authorized by agency procedures, determine whether to compromise the debt or terminate or suspend further collection action.
- Refer noncompliance with deferment agreements or demand letter to the payment office.
- Proceed to Activity 48: Resolving Disputes.