

CHAPTER 9

CONTRACT PAYMENT AND COLLECTION NOTIFICATION

A. GENERAL

This chapter prescribes procedures for preparation of detail payment/collection data (pertaining to funds cited on contracts) and their transmission from the CAO to an accounting point specified by the Service/Agency. All dollar figures in MILSCAP are U.S. dollars.

B. **CONTRACT** PAYMENT NOTICE FORMATS

1. The CPN is the means by which the disbursing element of the CAO reports contract payment and collection data to the designated accounting point of the Service/Agency listed in section J., below. As payments/collections are made on public vouchers, a separate CPN will be generated for each contract and accounting classification cited on the voucher.

2. The information to be included in the CPN, e.g., contract identity, accounting classification, voucher number, amount paid, makes it necessary to divide the data into segments with a separate record format for each segment. Each CPN will consist of two or more 80 position records depending on the amount of data required to fully report the transaction. A batch sequence code, A through Z (except I and O) will be assigned to each CPN record for batch control purposes. The record formats which can comprise a CPN are:

- a. Accounting Classification Header Record.
- b. Disbursement/Collection Record.
- c. Deduction Record.
- d. Variance Record.
- e. Line Item Report Record.

3. The records which constitute a CPN can be associated by a match of the following control elements in each set:

- a. PIIN.
- b. Call/Order Number.
- c. ACRN .
- d. Voucher Number.
- e. Batch Sequence Code.

C. ACCOUNTING CLASSIFICATION **HEADER** RECORD

This record format, DI code PV1, prepared as shown at appendix C17, will contain the accounting classification applicable to the payment and as cited in the contract. This record may also be used in a collection transaction (see section H., below) . It is a mandatory record in every CPN .

D. DISBURSEMENT/COLLECTION RECORD

This record format, DI code PV2, prepared as shown at appendix C18, reports the gross and net amounts applicable to a payment and is a mandatory record in the CPN. This record may also be used in a collection or recoupment transaction (see section H., below) . The Contract Payment Type code distinguishes between an advance payment, a progress payment, a non-CLIN payment, or a delivery payment. Two or more Disbursement/Collection Records will be furnished when payment made for CLINS and non-CLINS is disbursed on the same voucher.

E. DEDUCTION RECORD

This record format, DI code PV3, prepared as shown at appendix C19, will include each allowance applied against the gross amount to arrive at the net amount paid or identify amounts previously deducted. This record will be included as part of the CPN when the net amount paid is different from the gross amount because of discounts taken, trade-in allowance, etc. (all minus amounts) or refunds (plus amounts) of previous deductions from gross amounts now being paid. Each deduction or refund will be

will be identified by a type of contract deduction code. If applicable, the deduction will cite the exhibit or contract line/subline. As many as three different types of deductions and/or refunds may be reported in one deduction record; however, each deduction must relate to the exhibit or contract line/subline in that record. As many deduction records as needed will be prepared. Recoupment of advance and progress payments will be in a separate PV2 record in accordance with section H., below. A PV3 record may be prepared as part of a collection set of CPN records when reversing a previous disbursement.

F. **VARIANCE** RECORD

This record format, DI code PV4, prepared as shown at appendix C20, will include each variance between the gross amount (contained in the Disbursement/Collection Record) and the comparable contract amount. This record will be included as part of the CPN only when such gross and contract amounts differ because of quantity variances (overrun and underrun) ; unit price variances; added charges for transportation, packing, and handling; reusable containers; state and local taxes; royalty payments; and minimum guaranteed payments. Price and quantity variances will be reported at contract line item level and may be combined in one variance record. Transportation, packing and handling, reusable containers, state and local taxes, royalty payments, and minimum guaranteed payments will be reported on a separate record and will not be at line item level. Additional variance records will be used to report the variance types of payments as necessary.

G. LINE ITEM REPORT RECORD

1. This record format, DI code PV5, prepared as shown at appendix C21, will be used to report the gross amount for each exhibit or contract line/subline and contractor shipment number to which the CPN applies. Citation of the six digit line item number permits correlation of the payment to obligation and allotment accounting records maintained by the Army, Navy, Air Force, and DLA.

2. The contractor shipment number will be as shown on the DD Form 250, or the DD Form 1155 (when used in lieu of DD Form 250), and is provided to enable correlation of the payment notice document with the related delivery. The line item report record format will not be provided on cost type payments or on initial advance and progress payments. The line item report record format will, however, be furnished

as subsequent deliveries are made and previous advance and progress payments are recouped.

H. COLLECTION TRANSACTIONS

1. Collections occasioned by recoupments of advance/progress payments, refunds, correction of payment errors involving the appropriation, etc. , require notification to the designated Service/Agency accounting points.

2. A recoupment or the collection of the overpayment of an advance or progress payment, whether deducted from the disbursement voucher or processed as a separate voucher, will be depicted in a PV2 record as a collection transaction.

3. Versions (four) of the CPN record formats (the Accounting Classifications Header, the Disbursement/Collection Record, the Variance Record and the Line Item Report) will normally be used for this purpose and prepared in accordance with procedures contained in sections C., D., F., and G. A PV3 record may be received as part of a collection transaction when reversing a previous disbursement. In some instances, it will not be possible to identify collections to the line item level, e.g., voluntary refunds or lack of capability. In these instances, the line item report record will not be provided by the CAO.

I. **TEXT** HEADER RECORD

1. This record format, DI code PVA, prepared as shown at appendix C22, will accompany each daily batch of CPNs. The Text Header Record will always be the first record in each batch. Each batch of CPNS will contain a batch serial number to be assigned consecutively by the CAO beginning at the number 001 on the 1st of October each year for each different accounting point to which CPNS are sent. Each batch will also contain an alpha batch sequence code to be assigned consecutively beginning with alpha A continuing through Z (**except** I and O) . Repeat the alphabet after alpha Z has been used.

2. The Text Header Record contains a count of records in the batch (including the header record), a batch serial number, a batch sequence code, and control totals of disbursements/collections. It permits the recipient to:

a. Balance-control the number of records in the batch to the count in the text header.

b. Balance-control the sum of the individual CPN records in the batch to the totals in the text header. For this balancing, collected and disbursed amounts are defined as follows:

(1) Collected Amount - the sum of the PV2 Net Paid/ Collected Amount with a Contract Fund Reporting Transaction code C, plus the PV3 deducted amounts with a Plus/Minus code M.

(2) Disbursed Amount - the sum of the PV2 Gross Amount with a Contract Fund Reporting Transaction code D, plus the PV3 deducted amounts with a Plus/Minus code P.

c. Produce a "flash" report of the daily financial actions since, normally, only one batch of new CPNS will be transmitted each day to each accounting point.

d. Ascertain if all batches of CPNS have been received by checking for an unbroken sequence of batch serial numbers.

e. Relate CPNS to the proper Text Header Record (by use of the batch sequence code) .

f. Notify each CPN recipient of the last transmission for the month.

3. A Text Header Record will be prepared for transmission of duplicate or missing CPNS from a previously transmitted batch. The header record will contain the batch serial number of the original batch. The Batch Sequence code will not necessarily be the same code as contained in the original batch. They will not be combined with other CPNS in current daily batches.

4. For the Text Header Records being prepared for the last transmission of CPNS for the month, a code F will be entered in position 80 to indicate that this is the final report. For those accounting stations which are not receiving CPNS on the last transmission, but have been transmitted CPNS during the accounting month, a dummy end of month (EOM) Text Header Record will be prepared and transmitted concurrently with the last day's batch which shows the last Batch Serial Number transmitted to a particular CPN recipient and a code F in position 80, with positions 46-79 left blank.

J. RECIPIENTS OF PAYMENT NOTICES

1. CPNS shall be sent to the following addresses based on the department identity codes, in the appropriation being expended:

<u>Appropriation Department Identity</u>	<u>Transmit To</u>
Code 21, and any code 97 bearing limitation/subhead 0100 or 1301	Accounting station shown in contract or abstract.
Code 17 , and any code 97 bearing limitation/subhead 0400 or 0500 or 1304	The Navy Regional Finance Center (NRFEC) serving the area in which the CAO is located.
Any code 97 bearing limitation/subhead in the 5100 series (DLA)	Accounting station shown in contract or abstract.

2. Transmission of payment data by the CAO to activities other than those shown above is not sanctioned. It is the responsibility of the designated accounting point to supply such data to those activities having a valid requirement.