

Subchapter 3032.6 Contract Debts

3032.602 Responsibilities.

Contracting officers shall administer the collection of contract debts and applicable interest in accordance with DHS MD Number 1180.1, Collections and Deposits Processing as implemented by Component procedures, if any. If Component procedures do not exist, contracting officers shall consult with their finance office concerning debt collection. The contracting officer has primary responsibility for identifying and demanding payment of contract debts except those resulting from errors made by the payment office.

3032.604 Demand for payment.

(a) If the contracting officer has any indication that a contractor owes money to the Government under a contract, the contracting officer shall immediately determine if an actual debt is due and the amount. If a debt is due, the contracting officer shall promptly issue a demand for payment letter to the contractor in accordance with the standards and requirements of FAR 32.604, Demand for Payment. The demand for payment should be modeled after the template provided in HSAM Appendix AB, Demand for Payment Letter. Making an immediate demand for payment is intended to increase the timeliness of repayment of the debt and to begin accumulating interest if the contract provides that interest begins to accrue as of the date of a demand for payment.

(b) If a final decision under FAR 33.211, contracting officer's decision, results in a contractor owing any amount to the government, the final decision notice to the contractor shall include a demand for payment per FAR 32.604 and HSAM Appendix AB. If the contractor appeals the final decision to the Board of Contract Appeals, the contracting officer must notify the component's payment office that an appeal has been filed.

3032.607 Installment payments and deferment of collection.

(a) The contracting officer is not authorized to approve or deny either a request for installment payments or a deferment of payment of a contractor's debt under a contract. If a contractor submits a request for installment payments or deferment of payment, the contracting officer shall:

(1) Analyze the request and determine the recommended course of action per FAR 32.607; and

(2) Submit the request and the recommendation (together with all other data required by FAR 32.607) to the component Chief Financial Officer (CFO) for a decision of whether the request should be approved.

3032.608-1 Interest charges.

(a) The contracting officer shall consult with the Component's finance office concerning contractor's debts that may be exempt from interest charges. If the contract under which a debt is created does not include a clause requiring the contractor to pay interest on an unpaid debt, DHS procedures authorized by 31. U.S.C. 3717 require collection of interest, penalties and fees on an unpaid debt (see Chapter 3 of the DHS CFO Financial Policy Manual). DHS contracts that include a requirement for a contractor to pay a specific rate of interest on an unpaid debt (such as by the clause at FAR 52.232-17, Interest) are exempt from the DHS CFO Financial Policy Manual policies on payment of interest, penalties and fees for that debt. Demand for payment templates at HSAM Appendix AB are available to be applied to either situation.

(b) The component's payment office may consult with the contracting officer about the proper interest charges to apply to any contract debt unpaid after 30 days from the issuance of a demand. Such interest charges and credits shall comply with FAR 32.608.

3032.610 Compromising debts.

Contracting officers are not authorized to compromise debts.