**DFARS Case 2017-D036**

**Payment Instructions**

**PGI Text**

**PGI 204.71—UNIFORM CONTRACT LINE ITEM NUMBERING SYSTEM**

\* \* \* \* \*

**PGI 204.7108 Payment instructions.**

(a) *Scope*. This section applies to contracts and orders that are funded by multiple accounting classification **[reference number (ACRN)]** citations and—

(1) Include deliverable line items or deliverable subline items (see FAR 4.1005-1) that are funded by multiple ~~accounting classification citations;~~ **[ACRNs; or]**

~~(2) Contain cost-reimbursement or time-and-materials/labor-hour line items; or~~

(~~3~~**[2]**) Authorize financing payments.

(b) For contracts and orders covered by this subpart—

(1) The contracting officer shall insert the table at **[paragraph]** (b)(2), or a link to the table at (b)(2) (<https://www.acq.osd.mil/dpap/dars/pgi/pgi_htm/current/PGI204_71.htm#payment_instructions>) in Section G of the contract, or equivalent~~, including contracts with incrementally funded line items~~. When some, but not all, of the fixed**[-]**price line items in a contract are subject to contract financing payments, the contracting officer shall clearly identify to which line items the payment clause(s) included in Section I **[of the contract]** apply.

(2) The payment office shall allocate and record the amounts paid ~~to~~**[from]** the **[ACRNs]**~~accounting classification citations~~ in the contract using the table ~~below~~**[in this paragraph (b)(2)]** based on the type of payment request submitted (see DFARS [252.232-7006](http://www.acq.osd.mil/dpap/dars/dfars/html/current/252232.htm#252.232-7006)) and the type of effort **[identified by the Product Service Code for each deliverable line item or subline item (see FAR 4.1005-1)]**.

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| --- | --- | --- | --- | --- | --- |
| Contract/Order Payment Clause | Type of Payment Request | Supply | Service | Construction | Payment Office  Allocation Method |
| 52.212-4 (Alt I), Contract Terms and Conditions—Commercial Products and Commercial Services; 52.216-7, Allowable Cost and Payment; 52.232-7, Payments **[U]**~~u~~nder Time-and-Materials and Labor-Hour Contracts | Cost Voucher | X | X | N/A | Line item specific proration.  If there is more than one ACRN within a deliverable **[contract]** line **[item]** ~~or deliverable subline item~~, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the ~~deliverable line or deliverable subline item~~ **[line item billed.]** ~~for which payment is requested.~~ |
| 52.232-1, Payments; **[252.217-7007, Payments**  **(vessel repair and alterations)]** | Navy Shipbuilding Invoice (Fixed Price) | X | ~~N/A~~**[X]** | N/A | Line **[i]**~~I~~tem specific by fiscal year.  If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds **[first]**. In the event of a deliverable line or deliverable subline item with **[two or more]** ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year. |
| 52.232-1, Payments; 52.232-2, Payments **[U]**~~u~~nder Fixed-Price Research and Development Contracts; 52.232-3, Payments **[U]**~~u~~nder Personal Services Contracts; 52.232-4, Payments **[U]**~~u~~nder Transportation Contracts and Transportation-Related Services Contracts; and 52.232-6, Payments **[U]**~~u~~nder Communication Service Contracts **[W]**~~w~~ith Common Carriers | Invoice | X | X | N/A | Line ~~I~~**[i]**tem ~~S~~**[s]**pecific proration.  If there is more than one ACRN within a deliverable line **[item]** or deliverable subline item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the deliverable line or deliverable subline item for which payment is requested. |
| 52.232-5, Payments Under Fixed-Price Construction Contracts | Construction Payment Invoice | N/A | N/A | X | Line **[i]**~~I~~tem specific by fiscal year.  If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds **[first]**. In the event of a deliverable line or deliverable subline item with **[two or more]**~~two~~ ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year. |
| 52.232-16, Progress Payments  **[(excluding contracts with multiple lot progress payments)]** | Progress Payment**\*** | X | X | N/A | Contract-wide proration.  Funds shall be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN. Progress ~~P~~**[p]**ayments are considered contract level financing, and the “contract price” shall reflect the fixed**[-]**price portion of the contract per FAR 32.501-3. |
| **[52.232-16, Progress Payments**  **252.232-7018, Progress Payments- Multiple Lots]** | **[Progress Payment\*]** | **[X]** | **[X]** | **[N/A]** | **[Lot-wide proration (applies to lots specifically identified in the contract).**  **If there is more than one ACRN within a lot, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the lot for which payment is requested.**  **See paragraph (c) of this section for multiple lot CLIN structure.]** |
| 52.232-29, Terms for Financing of Purchases of Commercial Products and Commercial Services; 52.232-30, Installment Payments for Commercial Products and Commercial Services | Commercial Product and Commercial Service Financing\* | X | X | N/A | Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.207(b)(2) ~~and 32.1007(b)(2)~~. |
| 52.232-32, Performance-Based Payments | Performance-Based Payments\* | X | X | N/A | Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR ~~32.207(b)(2) and~~ 32.1007(b)(2). |
| 252.232-7002, Progress Payments for Foreign Military Sales Acquisitions | Progress Payment**\*** | X | X | N/A | Allocate costs among line items and countries in a manner acceptable to the Administrative Contracting Officer. |
| \*Liquidation of Financing Payments. Liquidation will be applied by the payment office against those ACRNs which are identified by the payment instructions for the delivery payment and in keeping with the liquidation provision of the applicable contract financing clause (i.e., progress payment, performance-based payment, or commercial product and commercial service financing). | | | | | |

(c) ~~Reserved~~**[****The following example illustrates a contract with multiple lots. Note that each lot is specifically identified in Section B of the Schedule in the event lot-wide proration will be used in accordance with DFARS 252.232-7018, Progress Payments-Multiple Lots. Note also that cost-reimbursement line items are not included in the request for progress payment.**

**Section B – Supplies or services and prices/costs.**

| **ITEM NO.** | **SUPPLIES/SERVICE** | **QUANTITY** | **UNIT** | **UNIT PRICE** | **AMOUNT** |
| --- | --- | --- | --- | --- | --- |
|  | **Lot 1 (FYXX)** |  |  |  |  |
| **0001** | **Lot 1 ABC Vehicle (FFP)** |  |  |  |  |
| **0001AA** | **Lot 1 ABC Vehicles, Army (Procurement)** | **19** | **EA** | **$300,000** | **$5,700,000** |
| **0001AB** | **Lot 1 ABC Vehicles, Marine Corps (Procurement)** | **11** | **EA** | **$300,000** | **$3,300,000** |
| **0002** | **Data for Item 0001** |  |  |  | **NSP** |
| **0003** | **Lot 1 Initial Spares (FFP)** |  |  |  |  |
| **0003AA** | **Lot 1 ABC Vehicle Initial Spares Army (See Exhibit C, $456,000) (Procurement)** |  |  |  |  |
| **0003AB** | **Lot 1 ABC Vehicle Initial Spares Marine Corps (See Exhibit D, $264,000) (Procurement)** |  |  |  |  |
| **0004** | **Lot 1 System Engineering and Program Management (CPFF)** | **1** | **Lot** |  | **Est. Cost:**  **$167,400**  **Fixed Fee:**  **$12,600** |
|  | **OPTION ITEMS** |  |  |  |  |
|  | **Lot 2 (FYXY)** |  |  |  |  |
| **1001** | **Lot 2 ABC Vehicles (FFP)** |  |  |  |  |
| **1001AA** | **Lot 2 ABC Vehicles, Army (Procurement)** | **25** | **EA** | **$303,000** | **$7,575,000** |
| **1001AB** | **Lot 2 ABC Vehicles, Marine Corps (Procurement)** | **15** | **EA** | **$307,500** | **$4,545,000** |
| **1002** | **Data for Item 1001** |  |  |  | **NSP** |
| **1003** | **Lot 2 Initial Spares (FFP)** |  |  |  |  |
| **1003AA** | **Lot 2 ABC Vehicle Initial Spares Army (See Exhibit E, $606,000) (Procurement)** |  |  |  |  |
| **1003AB** | **Lot 2 ABC Vehicle Initial Spares Marine Corps (See Exhibit F, $363,600) (Procurement)** |  |  |  |  |
| **1004** | **Lot 2 System Engineering and Program Management (CPFF)** | **1** | **Lot** |  | **Est. Cost:**  **$225,432**  **Fixed Fee:**  **$16,968]** |

~~(d) The numbered payment instructions ((d)(1) through (11)) are replaced by the table at paragraph (b)(2) of this section.~~

~~(12)~~ *~~Other~~*~~. If none of the payment instructions identified in paragraph (b)(2) of this section are appropriate (i.e., multiple lot progress payments), the contracting officer may insert other payment instructions, provided the other payment instructions—~~

~~(i) Provide a significantly better reflection of how funds will be expended in support of contract performance; and~~

~~(ii) Are agreed to by the payment office and the contract administration office. A copy of the agreement will be kept in the contract file.~~

\* \* \* \* \*