



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

Knorr
PL 1
14844

September 8, 1980

B-199915

[Claim for Service Charges]

The Honorable S. I. Hayakawa
United States Senate

Dear Senator Hayakawa:

We refer to your letter of July 23, 1980, with which you enclosed correspondence between your constituent, Knorr Pool Systems, Inc. (Knorr), and the Defense Logistics Agency (DLA), Defense Contract Administration Services Region, Los Angeles, concerning DLA's late payment pursuant to contract No. NOO244-79-C-1378 and Knorr's claim for \$906.60 in service charges based on the 6-month delay in payment.

The record indicates that Knorr was awarded the contract on September 26, 1979. Knorr's invoice (No. 000336) dated November 7, 1979, which Knorr advises was mailed to DLA on the same date and to the address specified on the "Award/Contract" form, discloses that shipment and delivery were accomplished between October 31 and November 6. Furthermore, on March 5, 1980, after not receiving payment, Knorr sent additional copies of its invoice to DLA at a different address which was specified by a DLA employee. On the bottom of that invoice, Knorr advised DLA that it would "waive [its] normal 1.5 percent monthly service charge for overdue invoices and grant a 0.25 percent discount if [the invoice was] paid within 10 days." On May 5, 1980, Knorr submitted an invoice (No. 000426) for service charges in the amount of \$906.60.

By letter dated May 8, 1980, DLA advised Knorr that payment would be made sometime during the week of May 12. With respect to Knorr's claim for service charges, DLA stated:

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"Notwithstanding that the contract was erroneous with regard to the invoice mailing address, the payment office cannot assume timely payment responsibility for invoices not received. Additionally, the contract provisions do not provide for the payment of service charges. Your invoice number 000426 in the amount of 906.60 for alleged delayed payment cannot be honored."

In response, Knorr questions DLA's statement of nonreceipt. Knorr advises that neither of the mailings, noted above, was returned to Knorr.

In general, the Government can be bound to pay a service charge for late payment only if provision for such charge was included in the contract or notice of the charge was included in the terms of a delivery receipt accepted by the Government. See Denton Welding Supply Company, B-183047, February 27, 1975, 75-1 CPD 119, copy enclosed.

In the instant situation, the record before us does not include the entire contract or delivery receipt. Accordingly, we are unable to determine whether Knorr is entitled to payment of the service charge. However, if Knorr is able to establish entitlement to payment as indicated above, it may submit a claim to DLA.

We trust that this responds to your request.

Sincerely yours,

Harry K. Jan Ciena

For the Comptroller General
of the United States

Enclosure