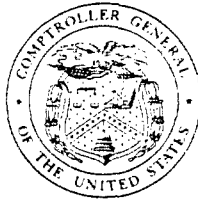


DECISION



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

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FILE: B-194308

DATE: April 13, 1979

MATTER OF: Defense Logistics Agency--Request
for Advance Decision

AGC 00398

[Legality of Refunding & Prompt Payment Discount]
DIGEST:

Defense Logistics Agency should refund 20 day prompt payment discount taken where contract provided that time will be computed from the date "correct" voucher is received in the office specified by the Government, and payment was made more than 20 days after voucher was received at contract auditing office specified in contract, despite fact that contract also specified a separate disbursing office. Voucher is correct when submitted if it can be paid without being returned to contractor for correction or without statement of disallowance involving payment in reduced amount.

The Defense Contract Administration Services Region, St. Louis (DCASR), Defense Logistics Agency (DLA), requests an advance decision as to the legality of refunding a \$15,746.00 prompt payment discount previously taken on payments to Control Data Corporation (CDC) under contract No. N00019-76-C-0697. *CNG 60395*

The contract calls for a 1.5 percent prompt payment discount for payments made within 20 days of submission of an invoice, and incorporates by reference Defense Acquisition Regulation (DAR) § 7-103.14 (1976 ed.). The regulation provides that the discount period will be computed " * * * from the date the correct invoice or voucher is received in the office specified by the Government * * *."

The contract also contains two provisions captioned "SUBMISSION OF INVOICES." The first requires that invoices shall be submitted to the cognizant paying office, and specifies DCASR as that office. The second

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states that invoices and any required supporting statements or certificates shall be submitted directly to the Branch Manager, Defense Contract Audit Agency, Minneapolis Branch (DCAA), for review and transmittal to the cognizant paying office.

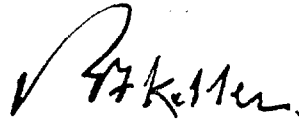
CDC submitted a voucher for \$1,049,748 to DCAA on August 31, 1978. DCAA approved the voucher for payment and forwarded it to DCASR, where it was received on September 13, 1978. DCASR deducted the \$15,746 prompt payment discount and made payment on October 3, 1978 (which is within 20 days of DCASR's receipt of the voucher and beyond 20 days of receipt at DCAA).

DLA believes that the 20 day discount period commenced on September 13, 1978, the date the approved voucher was received by DCASR, not the date the voucher was submitted to DCAA as claimed by CDC. DLA bases its assertion on its belief that the contractor cannot submit the voucher under a cost reimbursement contract directly to DCASR since DCAA must first approve such vouchers for payment under DAR § 3-809 (c)(1)(i) and that the voucher is not "correct" until that approval is received. Hence, the agency claims that while both offices are specified in the contract for the receipt of vouchers, under cost reimbursement contracts, DCAA is only an "interim step in the transmittal process" so that a contractor cannot submit a "correct" voucher to DCAA. In effect, DLA would make DCAA the contractor's agent for the purpose of submitting a "correct" voucher to DCASR for payment. We disagree.

Contrary to DLA's assertions, an invoice or voucher is correct at the time it is submitted if it can be paid without being returned to the contractor for correction or without a statement of disallowances involving payment in a reduced amount. See Ira Gelber Food Services, Inc. B-185846, May 11, 1977, 77-1 CPD 334. Since CDC's voucher was paid without being returned and without a statement of disallowances, it follows that it was a correct voucher when it was submitted to DCAA. Therefore, inasmuch as the contractor submitted a correct invoice to the office specified by the Government on August 31, 1978, the 20 day prompt payment

discount began running on that date. DAR 7-103.14, supra. Since payment was not made within the discount period, DLA should refund the prompt payment discount of \$15,746.00 erroneously taken in this case.

We believe the confusion exhibited by this case can be avoided in the future by precise contract language specifying the intent of the agency. Thus we recommend that if it is the agency's desire that the prompt payment discount period commence upon receipt of the invoice or voucher at the disbursing office rather than DCAA, a provision be included in future contracts expressing that intent.



Deputy Comptroller General
of the United States