

CHAPTER 3. RESPONSIBILITIES

3-1 HUD component organizations and the actions for which they are responsible are described below.

A. The Procuring Office is responsible for:

1. Including on contracts as appropriate:

- a. Payment due date(s)
- b. Partial payment due dates for partial executions of deliveries of accepted goods or services. This includes partial payments authorized for periodic deliveries of accepted goods or services under supply and service contracts.
- c. A waiver of the Prompt Payment Act exclusions if required.
- d. For construction contracts, partial payment in lieu of progress payments for delivery and acceptance of completed phases, increments, or segments of the project.
- e. A stated acceptance period following delivery beginning with the date of delivery and ending on a precisely determinable date on which the property or services are to be accepted or rejected. Alternatively, constructive acceptance terms may be used in the contract when the conditions are applicable.
- f. Complete mailing address (and the name, title, and telephone number of the responsible official, if applicable) of the Government's designated billing office and of the contractor's office to which payments are to be sent.
- g. The requirement that all invoices submitted to HUD under the contract must not, in total, exceed the amounts obligated under the contract or purchase order and must include:
 - (1). Name and official address of the contractor.

3-1

11/89

1900.29

- (2) Invoice date.
- (3) Contract or purchase order number or other authorization for delivery of goods or services.

- (4) Description, price, service dates, and quantity of goods, and/or services actually delivered or rendered.
- (5) Shipping and payment terms (including prompt payment and/or services actually delivered or rendered.)
- (6) Other substantiating documentation or information as required by the contract.
- (7) Complete mailing address to which payment(s) are to be sent.
- (8) Name, title, and telephone number of a responsible official who may be contacted regarding the invoice or the deliverables should there be a problem.

(An invoice lacking one or more of the requirements listed above will be returned for replacement or correction and the clock for payment due date will not start until a corrected or replacement invoice is received.)

2. In Headquarters (OPC), resolving invoice discrepancies, as follows:
 - a. Reviewing any questioned invoice forwarded by the designated approving office and determining whether the invoice should be:
 - (1) Paid as submitted;
 - (2) Modified and paid; or
 - (3) Returned unpaid to the contractor.
 - b. Once this determination has been made, annotating the invoice with the appropriate instructions and returning it to the accounting office for action.

11/89

3-2

1900.29

- c. Advising the designated approving office of the determination which was made.

B. The Receiving Office is responsible for:

1. Ensuring that all of the information required by this handbook is shown on the receiving report, particularly the receipt date of the goods or services. Receiving reports (as defined on page 1-4) must provide the following information:

- a. The contract, purchase order or other authorization number.
 - b. Description of the product or service.
 - c. Quantities received if applicable .
 - d. Date(s) property or service delivered and accepted.
 - e. Signature, printed name and title, and telephone number of the receiving official.
2. Indicating receipt of the deliverables by signing and dating the receiving report. Delivery to a receiving facility does not constitute HUD acceptance in cases where the requesting office must approve or inspect the deliverables.
 3. Forwarding the signed receiving reports to the designated approving office or designated billing office. Receiving reports should be sent to the accounting office with the invoice if the receiving office is also the designated approving office.

(NOTE: In Headquarters the Form HUD-27045 is used in lieu of receiving reports.)

C. The Accounting Office is responsible for:

1. Date-stamping the invoice with the date received in the accounting office.
2. Examining the invoice to determine, to the extent possible, whether it meets the criteria for a proper invoice, as set forth in subparagraph 3-1 A.1.g.
3. Determining whether approval of the invoice is required.

3-3

11/89

1900.29

4. If the invoice appears to be a proper invoice and sufficient obligated funds are or will be available to pay the full amount of the invoice:
 - a. If approval is required, forwarding the invoice to the designated approving office in accordance with the timeframe specified in Appendices 1, 2, 3, or 4. (NOTE: If a prompt payment discount is available, the invoice should be identified for expedited handling (stamped "EXPEDITE" in red).)
 - b. If approval is not required or after an approved invoice is returned by the designated approving

office, determining the due date and scheduling the invoice for payment no earlier than 7 days before the due date and no later than the due date.

5. If the invoice is determined by either the accounting office or the designated approving office to be improper, return the invoice with a written explanation to the contractor within 7 days of the receipt of invoice date, or as soon thereafter as practicable. (NOTE: If the invoice is returned to the contractor within the initial 7-day period, the accounting office will have a full 30 days to pay without interest penalty a corrected or replacement invoice subsequently submitted by the contractor.)
6. Returning the invoice to the contractor with written notification if the procuring office determines, in resolving discrepancies, that the invoice is not payable.
7. Ensuring that discounts are taken where appropriate, and expediting payments that are late.
8. Calculating and paying any interest penalty due without being requested to do so by the contractor.
9. Retaining document files and preparing reports as indicated in this handbook.

D. The Billing Office (if different from the accounting office) is responsible for:

1. Date-stamping the invoice with the date received in the billing office.

11/89

3-4

1900.29

2. Examining the invoice to determine, to the extent possible, whether it meets the criteria for a proper invoice, as set forth in subparagraph 3-1 A.1.g.

E. The Designated Approving Office is responsible for:

1. Verifying the vendor/contractor name and address, purchase order or contract number, and invoice date on an invoice forwarded by the accounting office.
2. Examining the invoice to determine whether it should be approved for payment. In order to be payable, an invoice must meet all of the following conditions:
 - a. The invoice must be a proper invoice (i.e., it must meet all of the criteria specified in subparagraph 3-1 A.1.g.

- b. All of the goods and services being billed must have been received and accepted by the Government. (NOTE: In Headquarters, the designated approving office may not approve partial payment of the invoice; this authority is reserved for the procuring office.)
 - c. The description of the goods or services delivered or rendered, quantity, price, service dates, shipping and payment terms, and other substantiating documentation or information required by the contract or purchase order must be complete and accurate.
 - d. The invoice must be arithmetically accurate and the total amount of the invoice must be correct.
 - e. None of the goods and/or services billed on the invoice may have been previously invoiced and paid.
 - f. The invoice must comply with all other terms of the contract or purchase order, if any.
3. If the invoice fails to meet all of the criteria for a proper invoice, as set forth in subparagraph 3-1 A.1.g, annotating the invoice with an explanation and returning it to the accounting office in accordance with the timeframe specified in Appendices 1, 2, 3, or 4.

3-5

11/89

1900.29

- 4. If the invoice fails to meet the other criteria necessary for it to be approved for payment, as set forth in subparagraph 3-1, E.2. b-e:
 - a. Notifying the contractor of the discrepancy. (NOTE: Notification to the contractor should be made no later than the 7th day after the receipt of invoice date, or as soon thereafter as possible. Notification to the contractor stops the 30-day payment clock. The clock will be resumed when the discrepancy is resolved.)
 - b. Annotating the invoice or Form HUD-27045 with an explanation of the discrepancy to the contractor.
 - c. Advising the accounting office of the discrepancy.
 - d. Forwarding the invoice to the appropriate office with responsibility for resolving discrepancies, in accordance with the timeframe specified in Appendices 1, 2, 3, or 4.
- 5. If the invoice is approved for payment:
 - a. Annotating the invoice or Form HUD-27045 to show the

approval date and the signature of the approving official.

- b. Attaching the receiving report annotated with the date of receipt and acceptance of the goods or services being invoiced.
 - c. Returning the invoice to the accounting office for payment within the timeframe specified in Appendices 1, 2, 3, or 4.
6. In the case of Field Office employees who certify invoices for payment prior to submission to the accounting office:
- a. Notifying the contractor of an improper invoice or other discrepancy within 7 calendar days of receipt of the invoice, or as soon as possible thereafter as practicable.
 - b. Transmitting the invoice to the accounting office within 48 hours of its receipt from the designated billing office.

11/89

3-6

1900.29

- c. Maintaining records (logs) of the receipt and transmission of the invoices or vouchers to the accounting office.
7. If the due date is less than 10 calendar days from the current date, identifying for expedited handling (stamp "EXPEDITE" in red) invoices or other payment documents which are sent to the accounting office for payment.
- (For more detailed instructions, see Appendices 1, 2, 3, or 4.)
- F. The Office of the Inspector General (OIG) is responsible for periodically reviewing invoice processing by responsible HUD organizations to evaluate HUD's compliance with this handbook.
- G. Administrative Considerations
1. Invoices received by the designated billing office will be stamped or otherwise annotated with the date received in that office. The date of the invoice shall be used as the invoice receipt date if the invoice is not annotated with the actual invoice receipt date. Notice of apparent error, defect, or impropriety in an invoice will be given to the contractor within 7 calendar days of receipt of an invoice. Where appropriate, contracts should provide for payment of multiple invoices for multiple deliveries during the same contract performance period with one

payment.

Contractors should send Headquarters invoices to the address cited in Appendix 1 (except for FHA invoices which should be sent to the address cited in Appendix 3). All Field Office invoices should be sent to the address cited in Appendix 2. All "FHA" invoices should be sent to the appropriate Field Office or other designated billing office as stated in Appendix 3, and GNMA invoices sent to the address cited in Appendix 4. After receipt of invoices by these offices, the invoice(s) will be sent to the proper office for further processing.

2. The accounting offices will be responsible for assuring timely payments and the payment of interest penalties where required.
3. HUD is required to establish effective internal controls over the payment process in conformity with OMB Circular A-123, "Internal Controls."

3-7

11/89

1900.29

4. OFA and OPC shall provide a regular schedule of training as follows: Annual retraining; training for new staff; and interim training, as necessary, based on monitoring and input for clients.
5. The timeliness standards are measured in calendar days unless otherwise specified.
6. HUD contractors who act as paying agents on behalf of the Department must follow the policies of this handbook regarding prompt payment and interest penalties. HUD component organizations that manage such contracts must ensure these contracts are modified to conform to the requirements of this handbook.
7. Supervisors of employees who cause interest penalties to be incurred shall ensure that proper guidance and supervision is provided to avoid future interest penalties being caused.
8. HUD component organizations responsible for processing receiving reports, bills of lading, inspection reports, invoices or other documents incidental to the purchase, delivery and payment for goods and services, shall establish appropriate controls and procedures to ensure compliance with the requirements of this handbook.
- ** 9. Inquiries regarding this handbook may be directed to the Policy Development and Compliance Enforcement Division, 451 Seventh Street, SW, Washington, DC 20410, Telephone Number (202) 708-0831.

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