



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

Acquisition Procedures  
Update (APU) No. 12-06  
September 19, 2012

MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS

FROM: Thomas A. Sharpe, Jr., Senior Procurement Executive

SUBJECT: Class Deviation from the Federal Acquisition Regulation (FAR), Prompt Payment to Small Business Subcontractors

**Purpose:** Implement OMB Policy Memorandum M-12-16, Providing Prompt Payment to Small Business Subcontractors, dated August 16, 2012.

**Effective Date:** Upon issuance.

**Expiration Date:** July 10, 2013

**Background:** This deviation implements the temporary one-year policy provided by OMB Policy Memorandum M-12-16 "Providing Prompt Payment to Small Business Subcontractors" dated July 11, 2012, which is designed to accelerate payment from federal prime contractors to their small business subcontractors. To assist in expediting contractor payments to small business subcontractors, Treasury will provide accelerated payments to all prime contractors after receipt of a proper invoice and all proper documentation while also maintaining necessary Treasury internal controls.

**Required Bureau Action:** Effective immediately, contracting officers shall use the attached clause to require prime contractors to pay small business subcontractors on an accelerated timetable to the maximum extent practicable. Accordingly, contracting officers shall insert the clause at 52.232-99 (DEVIATION)(AUG 2012) in all new solicitations and resultant contracts awarded after October 1, 2012 and, to the extent feasible, modify existing solicitations to insert the clause at 52.232-99 (DEVIATION)(AUG 2012). Contracting officers may amend existing contracts to insert this clause in accordance with FAR 1.108(d).

**Additional Information:** Questions about this APU may be directed to Fernando Tonolette at [fernando.tonolette@treasury.gov](mailto:fernando.tonolette@treasury.gov), telephone (202) 622-6416.

The contracting officer shall insert the following clause in all solicitations and resultant contracts.

**Providing Accelerated Payment to Small Business Subcontractors**

**(DEVIATION) (AUG 2012)**

This clause implements the temporary policy provided by OMB Policy Memorandum M-12-16, Providing Prompt Payment to Small Business Subcontractors, dated July 11, 2012.

(a) Upon receipt of accelerated payments from the Government, the contractor is required to make accelerated payments to small business subcontractors to the maximum extent practicable after receipt of a proper invoice and all proper documentation from the small business subcontractor.

(b) Include the substance of this clause, including this paragraph (b), in all subcontracts with small business concerns.

(c) The acceleration of payments under this clause does not provide any new rights under the Prompt Payment Act.