

NIH Policy Manual

6332-9 - Receipt and Processing of Invoices Closeout, and Records Retention for all NIH PRISM Awards

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Transmittal Notice

1. **Explanation of Material Transmitted:** This Manual Chapter is being revised to specify invoicing and payment clauses and policies, closeout policy, and records retention policy for all NIH PRISM Awards.
2. **Filing Instructions:**

Remove: NIH Manual Chapter 6332-9, dated 06/01/1997

Insert: NIH Manual Chapter 6332-9, dated 02/17/2026

PLEASE NOTE: For information on:

- Questions regarding the content of this chapter, contact the issuing office listed above.
- NIH Policy Manual, contact the Division of Compliance Management, OMA on (301) 496-4606 or enter this URL: <https://oma.od.nih.gov/DMS/Pages/Manual-Chapters.aspx>

A. Purpose

This manual chapter updates the NIH Manual Chapter 6332-9 Receipt, Processing and Payment of Invoice and Contract Financing Requests for Research Contracts issued on June 1, 1997. This chapter specifies invoicing and payment policies and clauses, closeout policy, and records retention policy for all NIH PRISM Awards. The procedures for processing invoices for all NIH PRISM Awards are found in OALM Acquisition Guidance (OAG) titled: *Procedures for processing of invoices for all NIH PRISM Awards located on the Division of Acquisition Policy and Evaluation (DAPE) SharePoint site here:* <https://nih.sharepoint.com/sites/OD-OALM-DAPE/SitePages/OALM-Acquisition->

B. Scope

This manual chapter applies to all personnel involved in processing of invoices, closeout, and creating and maintaining records for all NIH PRISM awards. NIH PRISM awards include and are not limited to, definitive contracts, indefinite-delivery contracts, delivery/task orders, purchase orders, leases, Blanket Purchase Agreement (BPA) set-ups and BPA calls, Basic Ordering Agreements, and any future NIH Business System (NBS) PRISM award mechanisms not identified herein. Purchase card transactions, unless the purchase card is being used as a payment method against a PRISM award, grants and cooperative agreements, and Other Transaction Authority (OTAs) are not covered by this Manual Chapter. The term Payment Request(s) has been used interchangeably with Invoice(s) in this Manual Chapter.

C. Background

The Prompt Payment Act and implementing regulations require that the Government make timely payments to contractors/vendors (referred to in this document as contractor), but that such payments not be made earlier than seven (7) calendar days prior to the due date. For most contracts this due date is 30 calendar days after the billing office receives a proper invoice from the contractor or the acceptance of the supplies delivered or services performed, whichever is later. The due date for making invoice payments for meat and meat food products, perishable agricultural commodities, dairy products, and edible fats or oils, shall be in accordance with the Prompt Payment Act, as amended. When a discount for prompt payment is taken, the Government will make payment to the contractor as close as possible to, but not later than, the end of the discount period.

Late payments on invoices (excluding contract financing requests) are subject to an automatic interest penalty. Determination of interest and penalties due will be made in accordance with the provisions of the Prompt Payment Act, as amended, the Contract Disputes Act, and regulations issued by the Office of Management and Budget.

The Revolutionary FAR Overhaul (RFO) 4.308-2 specifies the time standards and procedures for closing out contract files. Contract closeout is critical to NIH's fulfillment of its acquisition and fiscal responsibilities to de-obligate all unexpended funding in accordance with the HHS Policy on Undelivered Orders (UDO) and to close awards in a timely and efficient manner which requires close coordination between the Contracting Officer (CO), Program or Contracting Officer's Representative (COR), and NIH Office of Financial Management (OFM), as well as the cognizant audit agency and the contractor. The closeout process can be simple or complex depending on the type and dollar value of an award.

RFO 4.309 requires that agencies prescribe procedures for the handling, storing, and disposing of contract files, in accordance with the National Archives and Records Administration (NARA) General Records Schedule [1.1](#), Financial Management and Reporting Records.

D. Policy

It is the NIH policy to ensure that all contracts are paid in accordance with the applicable Prompt Payment provisions, and that invoices from small businesses are identified to ensure expedited processing, unexpended contract funds are de-obligated in accordance with the Health and Human Services (HHS) Policy on Undelivered Orders, contracts are closed in a timely manner in accordance with the RFO and the HHS Contract Closeout Directive, and contract files and records are maintained consistent with the RFO, HHS, NIH and NIH and NIH Institute/Center (IC) policies.

In accordance with the RFO 32.11 all contracts shall be paid through Electronic Funds Transfer (EFT) unless an exception stated in RFO 32.1103 (a)-(i) applies. Further, in accordance with the Health and Human Acquisition Regulation (HHSAR) 352.232-71, Electronic Submission of Payment Requests, contractor invoices shall be processed electronically using the Department of Treasury's Invoice Processing Platform (IPP) or successor system, unless the Contracting Officer authorizes the use of alternate submission of invoices in writing under the HHSAR clause 352.232-71(c). If alternate payment procedures are authorized, the Contractor shall include a copy of the Contracting Officer's written authorization with each payment request.

In accordance with RFO 32.009, the NIH strives to provide accelerated payments to small business contractors and to prime contractors that subcontract with a small business concern, with a goal of providing payments within 15 days after receipt of a proper invoice and all other required documentation, if a specific payment date is not established by contract.

Further, it is the policy of the NIH to review invoices thoroughly to ensure adequate information (proper rationale and documentation) exists to support payment of contractor invoices in a timely manner. Adherence to this policy will result in payment of costs which are allowable, allocable, and reasonable; and avoid interest penalties due to late payments pursuant to the Prompt Payment Act (PPA), as implemented in RFO 32.9 – "Prompt Payment."

As stated in invoice instructions included in the contract, a contractor's failure to submit timely invoice(s) to the Government, waives the contractor's right to receive payment. In the event of the contractor's failure to submit timely invoice(s), the Government is not obligated to make such payment, and the CO shall have the authority to unilaterally de-obligate the funds in accordance with the requirements at 31 U.S.C. 1552(a) and downwardly adjust the total amount of the award by the amount of the de-obligation. The contractor shall be given an opportunity to request the excusal of a late invoice from the CO. If excused, the CO will respond in writing to confirm that the contractor's right to receive payment has not been waived.

All contracts must be closed in accordance with the standards of timeliness stated in RFO 4.308-2 and HHS Contract Closeout Guide, and all unexpended funding de-obligated in

accordance with the HHS Policy on Undelivered Orders (UDOs). The procedures contained in RFO4.308 and HHS Contract Closeout Guide shall be followed to ensure that contracts are closed within the specified timeframes. The CO may use quick closeout procedures for a cost-reimbursement contract under certain circumstance in order to reduce administrative costs and permit de-obligation of excess funds. RFO 42.708 (Quick-Closeout Procedure) and HHS Contract Closeout Guide shall be followed for quick closeout of contracts.

NIH staff must maintain the contents of contract files consistent with RFO 4.309. In addition, offices must store contract files in a centralized repository for: consistent contract file management, preservation of all contract file records when employees depart the agency, and prevention of contract records from being destroyed before contract closeout has occurred. For additional information regarding record retention, including e-mail and records, see the National Archives website at: [Records Management Regulations, Policy, and Guidance | National Archives](#). Please consult the designated NIH Records Management Officer to determine the types of records which may have historical significance, their proper treatment, and any applicable NIH-or program-specific requirements.

E. Roles and Responsibilities

1. **NIH Office of Financial Management (OFM):** The OFM provides central accounting and reporting for all NIH financial transactions. OFM is responsible for establishing financial management policies and procedures to assure NIH's core financial management systems meet existing and emerging Department of Treasury, Government Accountability Office (GAO), Office of Management and Budget (OMB), and the HHS mandates. NIH OFM serves as the Fiscal office and the designated payment office for all NIH PRISM Awards. The Division of Invoice Payment within OFM is responsible for payments to vendors and vendor maintenance. There are two operational branches under this division: the Invoice Processing Branch (IPB) and the Payments Branch (PB).

The OFM Invoice Processing Branch (IPB) serves as the liaison between the Department of Treasury, contractors, and NIH's ICs and is responsible for researching, analyzing, and resolving vendor claims of non-payment. As a result of inaccurate account or remittance information, checks, ACH tracers, and re-issue payments are also cleared and returned to the Treasury by IPB.

The OFM PB is responsible for processing, reconciling, and disbursing vendor payments as a result of awards made by all ICs. These payments include but are not limited to the US Bank purchase card, PRISM Awards, Interpersonal Agreements, Equal Employment Opportunity (EEO) Settlements, and Training Orders. If a contractor has not transitioned to the Department of Treasury's IPP, then OFM is responsible for entering payment requests in NBS that are sent via email by the contractor.

2. **NIH Business System (NBS):** NBS is the central electronic business system of the NIH including the general ledger, finance, budget, procurement, supply, travel, and property management. NIH users are provisioned as buyers, requisitioners, invoice reviewers, approvers, and global receivers in NBS.
3. **Two-Way Match Invoices:**
 - a. **Contracting Officer (CO):** The CO serves as a certifying officer with the responsibility for approving payments to contractors by verifying the accuracy and propriety of all documents and records upon which payment to the contractor is based and ensuring that the payment is legal, correct, and proper. The CO is responsible for ensuring that contract invoices are properly reviewed and analyzed, and that the Government makes payments to contractors only for goods and services received, inspected, and accepted pursuant to contractual terms and conditions. If an invoice is considered improper and warrants rejection, the CO shall ensure the processing of invoice rejection in a timely manner. [Note: Treasury's IPP does not allow for partial rejection of invoices, and invoices submitted through IPP. NBS Oracle no longer allows for partial rejection of invoices submitted to OFM (i.e., non-IPP invoices). Therefore, all invoices shall be either fully paid or cancelled in full.]. The rationale for invoice rejection/suspension shall be provided to the contractor. The CO may delegate invoice review function to the CS but is still ultimately responsible for making proper and timely invoice payments to contractors regardless of any delegations of authority.
 - b. **Contracting Officer's Representative (COR):** The COR receives written delegated authority from a CO to provide contract oversight during contract administration for responsibilities including invoice reviews. The COR is responsible for: (1) monitoring the Contractor's technical progress, including the surveillance and assessment of performance and recommending to the CO changes in requirements; (2) interpreting the statement of work and any other technical performance requirements; (3) performing technical evaluation as required; (4) performing technical inspections and acceptances required by this contract; and (5) assisting in the resolution of technical problems encountered during performance. The COR does not actually approve invoice payments to contractors but makes recommendations to the CO for invoice approvals. In addition, the COR has the responsibility for carefully reviewing the contractor's invoice and any supporting documentation, including source documentation depending on the type of contract, contract mechanism, goods and services procured from the contractor, and complexity of the contractual relationship. The COR is responsible for making a recommendation to the CO to approve or reject an invoice along with the rationale for the rejection that is provided to the contractor.
 - c. **Contracts Specialist (CS):** The CS serves as a reviewer for the invoices in NBS iSupplier. If delegated by the CO, the CS may have the authority to approve all invoices except for the final invoice.
4. **Three-Way Match Invoices:**

- a. **Requisitioner:** External (IC Receiver/Global Receiver): This user initiates orders for items that are not in the NIH inventories. This user shall enter receiving on their own requisitions.
 - b. **Global Receiver:** In rare cases, this user receives items in iProcurement on behalf of Requisitioners-External when the Requisitioner has left the IC. Global Receiving shall be used only in exceptional circumstances and not performed as a standard business practice. A Global Receiver shall only enter receiving for their IC's requisitions.
5. **Contract Closeout:** The CO is responsible for de-obligation of any UDOs in accordance with the HHS Policy on Undelivered Orders, and for overseeing the entire closeout process and ultimately must ensure that all required closeout actions have been satisfactorily completed in accordance with the closeout timeframes specified in the RFO and HHS Contract Closeout Directive.
6. **Records Retention:** The CO is responsible for ensuring that contract files are maintained and retained in accordance with the RFO and NIH Policies.

F. Contract Clauses and Invoicing Instructions

1. RFO and HHSAR Clauses:
 - a. All awards shall include the following Clauses:
 - i. [RFO 52.232-25, Prompt Payment](#) (except as provided in RFO 32.908 (c)).
 - ii. [RFO 52.232-26, Prompt Payment for Fixed-Price Architect-Engineer Contracts](#), in solicitations and contracts that contain the clause at [52.232-10, Payments Under Fixed-Price Architect-Engineer Contracts](#).
 - iii. [RFO 52.232-27, Prompt Payment for Construction Contracts](#), in all solicitations and contracts for construction (see [part 36](#))
 - iv. [HHSAR 352.232-71 Electronic Submission of Payment Requests](#) (except as provided in HHSAR 332.7002(a))
 - v. [RFO 52.232-33, Payment by Electronic Funds Transfer-System for Award Management](#) Electronic Funds Transfer Payment (except as provided in FAR 32.1103, e.g., contracts paid through use of the Government-wide commercial purchase card, contracts awarded outside the United States and Puerto Rico, contracts denominated or paid in other than United States dollars, etc.)
 - vi. [RFO 52.232-40, Providing Accelerated Payment to Small Business Subcontractors](#).
2. Appropriate Payment Clauses and NIH Invoicing Instructions based on contract type and method of payment shall be included in all NIH PRISM awards. NIH contractors shall use IPP or the successor system with limited exceptions. Award clauses may require the contractor to electronically transmit a copy of the payment request to the Contracting Officer (CO), a designated Central Point of Distribution (CPOD), Contracts Specialist and/or the Contracting Officer's Representative (COR).
3. All PRISM awards shall identify whether Two-way (2-Way) and Three-way (3-Way) match invoicing process will be used.

G. Records Retention and Disposal

All federal records pertaining to this manual chapter must be retained and disposed of under the authority of NIH Manual 1743, “Managing Federal Records,” Appendix 4, Records Management Resources. These records must be maintained in accordance with current NIH Records Management and federal guidelines.

Associated email messages, including attachments that are created and/or received on NIH information systems or transmitted over NIH networks, are evidence of the activities of the agency with informational value and are considered federal records. All federal records must be maintained in accordance with current NIH Records Management policy.

Records are considered federal government property, and, if requested for a legitimate government purpose, must be provided to the requester, employees' supervisor, NIH personnel conducting official reviews or investigations, and the Office of Inspector General (OIG) who may request access to or copies of Official records. Records must also be provided to Congressional oversight committees if requested and are also subject to Freedom of Information Act (FOIA) requests. Back-up files are subject to the same information requests as original messages and documents.

The following NIH Agency Specific Record Schedule items are relevant to Receipt and Processing of Invoices and covered under this policy;

- NIH Record Schedule System (RSS) Item number 05 – Finance and Budget
- Sub-category - 100 Financial Management and reporting Administrative Records

All relevant record schedules descriptions and instructions are located in the NIH Record Schedule System (RSS), an online repository that serves as the authoritative source for all NIH Record Schedules. The RSS incorporates the National Archives and Records Administration (NARA) General Records Schedule (GRS) 1.1: Financial Management and Reporting Records.

Each GRS schedule item has been cross walked to associate with a current NIH Records Schedule. The NIH RSS can be located at the following link: <https://records.nih.gov/home>. Please note that authenticated identity via a VPN connection is required to access the system.

H. Definitions

1. **Contract** – A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter

contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by, *et seq.*, [31 U.S.C. 6301 \[RFO Subpart 2.1.\]](#)

2. **Contracting Officer (CO)** – A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings, [RFO Subpart 2.1.](#)
3. **Contracting Officer’s Representative (COR)** – is a Federal employee designated in writing by a CO to act as the COR in monitoring and administering specified aspects of contractor performance after award of a contract or order. See [HHSAR 302.101.](#)
4. **Designated Payment Office** – is the NIH Office of Financial Management (OFM) which is responsible for payment of invoices for all NIH PRISM awards.
5. **Payment Request** – is defined as a bill, voucher, invoice, or request for contract financing payment with associated supporting documentation. The payment request must comply with the requirements identified in RFO 32.905(b), Content of invoices, and the applicable Payment clause included in a contract, see [HHSAR 332.70.](#) The term Payment Request(s) has been used interchangeably with Invoice(s) in this Manual Chapter.
6. **Three-Way Match Invoicing** – is a 3-step process to verify that the information contained in the Award, NBS iProcurement receiving, and the contractor’s invoice match, so invoice payments can be made. It is used for contracts and orders that support non-complex services or for the purchase of equipment, supplies, or simple maintenance. Three-Way Match invoicing is primarily used in the NIH Delegated Offices of Acquisition (DoA) and predominately for simplified acquisitions. The key criterion for using this process is whether NBS iProcurement receiving has been entered indicating program’s acceptance of the goods/services received to allow for OFM to issue payment. The CO is not involved in the invoice review and approval process.
7. **Two-Way Match Invoicing** – is a 2-step process to verify that the information contained in the contract award and the contractor’s invoice match, so invoice payments can be made. It is generally used for cost-type awards involving complex services or other fixed price awards that require COR’s acceptance of deliverables. The COR and CO determine allowability, allocability and reasonableness of costs to approve invoices. Two-Way Match invoicing is primarily used in the NIH Offices of Acquisitions and requires assignment of responsibilities in NBS. The key criterion for using this process is whether the invoice needs to be reviewed and approved by the CO prior to invoice payment.

I. References

1. [RFO 2.101, Definitions](#)
2. [RFO 4.308-2 Contract closeout by the office administering the contract](#)
3. [RFO 4.309, Storage, Handling, and Contract Files](#)
4. [RFO 42.507, Quick-closeout procedure](#)

5. [HHS Policy for Records Management](#)
6. [HHS Contract Closeout Directive](#) [requires access to HHS Acquisition Portal (HHSAP)]
7. [HHSAR 302.101, Definitions](#)
8. [5 CFR Part 1315, Prompt Payment](#)
9. [PFAR 32.009 Providing accelerated payments to small business contractors and to prime contractors that subcontract with a small business concern](#)
10. [RFO 32.9 Prompt Payment](#)
11. [RFO 32.11, Electronic Funds Transfer](#)
12. [HHSAR 332.70 – Electronic Submission and Processing of Payment Request](#)
13. [HHSAR 352.232-71 Electronic submission of payment requests](#)
14. [HHSAM 342.70, Contract Monitoring](#)
15. [NIH Policy Manual, Chapter 1743 *Managing Federal Records*](#)