Policy for Advance Payments to Contractors

This policy is written to standardize the methodology for providing advance or pre-payments to Contractors providing services to the Human Services Agency.

Historically, the Agency has implemented an advance payment procedure in order to lessen the financial burden imposed upon Contractors inherent with contracting to government entities. The justification for this procedure acknowledges the contributions that community based non-profit organizations make in their support for the Agency’s programs in helping the poor and disenfranchised populations.

The Agency, at its sole discretion, shall make available to the Contractor upon written request an amount not to exceed two (2) months or 1/6\textsuperscript{th} of the total annualized contract award. The advanced sum shall be deducted from the Contractor’s monthly expense incurred invoices at an equal rate each month that will enable repayment by the tenth month of the fiscal year. For a twelve-month contract the rate of repayment of the advance will be 1/10\textsuperscript{th} per month from July to April. The intent is to complete the repayment of the advance in the tenth month of the contract, allowing a two-month window for reconciliation and revisions to the contract prior to year-end closeout.

The Contractor, prior to distribution of any advanced payment must fulfill the following conditions:

1. The contract must be certified by the time of Advance request.

2. All contractual compliance issues must be current, i.e., reports submitted and approved, insurance certificates in place, billings must be current, and no outstanding corrective action issues.
3. A written request with justification narrative must be submitted and approved by the Contract Manager and Contracts Director.

Requests for advance payment will be granted on a case-by-case basis and are not intended to be a regular “automatic” procedure. Contract Manager will inform Program Manager of approved advance. Approval will be a consensus of Contracts & Fiscal Staff.

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