

Advance Payment Requests



Sponsored Projects Administration
UNIVERSITY OF GEORGIA

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Last Reviewed:	08/11/2021
Owner:	Jill Frazier Tincher
Area:	Sponsored Projects Admin
Applicability:	UGA System-Wide

POLICY AND PROCEDURE

PURPOSE:

The purpose of this policy is to ensure compliance with the standards set forth in the Federal Office of Management and Budget 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), Federal and State regulations, and sponsor-specific requirements. This policy provides guidance which will assist University of Georgia (UGA) personnel proposing, performing and managing sponsored activities. Direct costs on sponsored projects must be allowable, allocable, and reasonable.

Failure to comply with UGA policies and procedures may result in audit findings, suspension of sponsored activities, closer monitoring by the sponsor, delays in final payments, and/or other enforcement actions imposed by the sponsor. This policy applies to all Federal and non-Federal sponsored activities, including all externally funded activities.

SCOPE:

All UGA personnel must be aware of the complex and detailed rules provided under Federal/State regulations, as well as the terms and conditions of individual sponsored activities.

POLICY:

Sponsored projects will comply with all applicable Federal, State and/or sponsor-specific costing policies. Some foreign subrecipients may not have sufficient operating capital to operate on a cost reimbursement basis. If cash flow is an issue, the Principal Investigator (PI)/unit may consider UGA issuing the subaward with an advance payment and applicable advance payment terms. Advance payment agreements are cost-reimbursable agreements in nature that provide an up-front advance payment that will be reconciled with financial reports.

PIs should request cash advances in only the rarest of circumstances due to the risk and liability involved. Advance payments will be made from departmental “discretionary” type funds, such as indirect cost return or residual balance accounts. Once the advance funds are expended, the charges will then be transferred to the sponsored project using the documentation supporting the expenses (i.e., detailed categorical report). Advance payments may be made from the sponsored project only in exceptional and unusual circumstances. The decision to do so requires approval of the SPA Post Award Director.

The entity receiving an advance payment must maintain and demonstrate the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement, and financial management systems must meet the standards for fund control and accountability. Advance payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the subrecipient carrying out the purpose of the approved program or project. The timing and the amount of

advance payments must be as close as is administratively feasible to the actual disbursements for direct program or project costs and the proportionate share of any allowable indirect costs.

DEFINITIONS:

Advance payment agreements are cost-reimbursable agreements in nature that provide an up-front advance payment that will be reconciled with financial reports.

Department Administrator has responsibility for assisting PIs in discharging their monitoring responsibilities, for reviewing invoices from subrecipients, and seeking clarification on questionable expenditures, if/when necessary, and for maintaining appropriate documentation.

Principal Investigator (PI) has primary responsibility for monitoring subrecipients to ensure compliance with Federal regulations regarding both prime and subrecipient award terms and conditions.

Sponsored Projects are externally funded activities that must be separately budgeted and accounted for according to terms of the sponsoring organization, Federal/State regulations, and UGA policy. Sponsored Activities are provided through grants, contracts, and agreements with any Federal Agency, State Agency, or non-Governmental Organization that supports research, training, instruction, public service and other activities.

Sponsor-Specific Requirements include requirements stated within the sponsor rules/regulations, funding opportunity announcement, award/grant or contract/agreement and amendments.

Subrecipient is a third-party, non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

PROCEDURE:

1. PI/Unit will contact SPA and inquire about a possible advance payment request and provide (PI, sponsor, department, Project ID, subrecipient name and subrecipient country).
2. SPA will confirm the sponsor terms allow advance payments. SPA will also confirm that the country does not have any banking regulations that would impede the transfer and/or return of funds.
3. If SPA identifies an opportunity for an advance payment request, PI/unit should be prepared to provide the following information to SPA for every advance payment request:
 - a. Details on the subrecipient and subaward (subrecipient contact information, total amount, period, scope, etc.); and
 - b. Information about the specific advance payment requested (i.e., percent that needs to be spent before each payment is awarded) so the dollar amount of the potential financial liability can be determined.
4. SPA will proceed with negotiating and executing a subaward agreement with advance payment terms incorporated. These additional terms may include, but are not limited to: requesting interim reporting as a requirement before UGA will release subsequent

advance payments; or requiring additional supporting documentation for requested expenses.

5. The Principal Investigator is ultimately responsible for advances made to the subrecipient, regardless of funding source. The PI must review and approve all subrecipient advances, certified invoices, and reports attesting that he/she is in close contact with the subrecipient, the advance is necessary to the success of the project, the charges are appropriate to the project, and the expenditures are directly related to the work product.

It is advisable that the PI also remain in close communication with the subrecipient and SPA should difficulties be encountered during the course of the project. If subrecipient has cash on hand for extended periods of time, the subrecipient can be charged interest. Should the amount of funds advanced exceed the cumulative total expenditures reported on the certified reports, the PI will be responsible for working with SPA and the subcontractor to ensure all unspent funds are returned to UGA.

6. The subrecipient will be responsible for providing a detailed categorical report, certifying actual expenditures for project-related expenses. This report must be signed by the subrecipient's financial officer, countersigned by the Subrecipient PI, and submitted to UGA for review/approval of the UGA PI.
7. Once 90% of the advanced funds have been expended and reported on by the Subrecipient, an additional advance may be requested repeating all of the steps above.
8. UGA will advance a maximum of 90% of the total contracted funds. The remaining 10% balance will be reimbursed to the receiving institution upon the receipt of a certified final detailed categorical report as described above.
9. For each advance payment requested:
 - a. The Subrecipient should send the certified signed invoice attesting to the working capital needed to the UGA PI/unit.;
 - b. The UGA PI/unit will review and approve the invoice;
 - c. The UGA PI/unit inputs/uploads the justification for advance payment, approval from the SPA Post Award Director for the advance, the [Invoice and the Subaward Payment Request form](#), signed by the PI (not a designee) into UGAMart.
 - d. Payment requests are then reviewed and processed through the [UGA payment processing system](#).
10. UGA will advance funds to the subrecipient.

RESOURCES:

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

[NIH Grants Policy Statement 17.3 VA-University Affiliations](#)



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