# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>636.1</td>
<td>OVERVIEW</td>
<td>4</td>
</tr>
<tr>
<td>636.2</td>
<td>PRIMARY RESPONSIBILITIES</td>
<td>4</td>
</tr>
<tr>
<td>636.3</td>
<td>POLICY DIRECTIVES AND REQUIRED PROCEDURES</td>
<td>5</td>
</tr>
<tr>
<td>636.3.1</td>
<td>Applicability</td>
<td>5</td>
</tr>
<tr>
<td>636.3.2</td>
<td>Methods of Advancing Funds</td>
<td>7</td>
</tr>
<tr>
<td>636.3.2.1</td>
<td>Agency Issued Letter of Credit</td>
<td>7</td>
</tr>
<tr>
<td>636.3.2.2</td>
<td>Periodic Advance Payment</td>
<td>8</td>
</tr>
<tr>
<td>636.3.3</td>
<td>Amount of Advances</td>
<td>9</td>
</tr>
<tr>
<td>636.3.3.1</td>
<td>Amount Limitations</td>
<td>9</td>
</tr>
<tr>
<td>636.3.3.2</td>
<td>Excessive Advances/Periodic Review of Requirements</td>
<td>10</td>
</tr>
<tr>
<td>636.3.4</td>
<td>Banks and Depositories</td>
<td>10</td>
</tr>
<tr>
<td>636.3.5</td>
<td>Depository Interest Remittances</td>
<td>11</td>
</tr>
<tr>
<td>636.3.6</td>
<td>Advances for Contracts, Grants, and Cooperative Agreements</td>
<td>13</td>
</tr>
<tr>
<td>636.3.6.1</td>
<td>Advances to Non-Profit Organizations for Contracts, Grants, and Cooperative Agreements</td>
<td>13</td>
</tr>
<tr>
<td>636.3.6.2</td>
<td>Advances to For-Profit Organizations for Contracts, Grants, and Cooperative Agreements</td>
<td>13</td>
</tr>
<tr>
<td>636.3.7</td>
<td>Advances Under Host Country Contracts/Grants</td>
<td>14</td>
</tr>
<tr>
<td>636.3.8</td>
<td>Reimbursement (Non-Advance Method)</td>
<td>14</td>
</tr>
<tr>
<td>636.4</td>
<td>MANDATORY REFERENCES</td>
<td>15</td>
</tr>
<tr>
<td>636.4.1</td>
<td>External Mandatory References</td>
<td>15</td>
</tr>
<tr>
<td>636.4.2</td>
<td>Internal Mandatory References</td>
<td>15</td>
</tr>
<tr>
<td>636.4.3</td>
<td>Mandatory Forms</td>
<td>16</td>
</tr>
<tr>
<td>636.5</td>
<td>ADDITIONAL HELP</td>
<td>16</td>
</tr>
</tbody>
</table>
ADS 636 – Program Funded Advances

636.1 OVERVIEW
Effective Date: 01/11/2022

This chapter provides the Agency’s policy directives, required procedures, and internal guidance for advance payment of Federal funds made to program funded contracts and assistance awards which assures that organizations receiving USAID funds are provided appropriate funding for work carried out under awards with USAID. Advance payments are used as a financing tool to foster a variety of program objectives and as a framework for managing cash flow. Organizations receiving USAID funds are provided use of this funding mechanism to (1) meet the immediate cash disbursement needs to carry out the purpose of the program; and (2) minimize the time elapsing between the transfer of funds from USAID and disbursement by the contractor and recipient. This chapter applies to all awards made and administered by USAID Contracting Officers (COs) and Agreement Officers (AOs) for program funding sources.

This policy is not intended to apply to all possible situations involving advances, please contact the Bureau of Management, Office of the Chief Financial Officer Financial Policy, and Support Division (M/CFO/FPS) with any questions.

636.2 PRIMARY RESPONSIBILITIES
Effective Date: 01/11/2022

a. The Chief Financial Officer (CFO) evaluates and consults with the Bureau for Management, Office of Acquisition and Assistance (M/OAA) Director, or designee, on requests to provide advances to for-profit organizations under contracts.

b. The Deputy Chief Financial Officer for Washington Operations (DCFO/W) approves periodic advances for periods of more than 30 calendar day increments for USAID/Washington (USAID/W) and authorizes waivers of the provisions requiring use of Banks and Depositories and Depository Interest Remittance instructions for all awardees, including for-profits.

c. The Bureau for Management, Office of the Chief Financial Officer, Cash Management and Payments Division (M/CFO/CMP):

1. Ensures funds advanced for USAID/W are not in excess of immediate disbursement needs and outstanding advances are periodically reviewed (at least quarterly); and

2. Issues instructions for Letters of Credit (LOC).

d. The Mission Controller:

1. Assesses if the recipient’s financial systems meet the standards for fund control

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.
2. Ensures funds advanced are not in excess of immediate disbursement needs and outstanding advances are periodically reviewed (at least quarterly); and

3. Ensures annual audit/financial review requirements includes a review of interest/remittance status, in consultation with the cognizant CO/AO.

e. **Contract Officers/Agreement Officers:**

1. Approve and disapprove initial requests to provide LOC advances;

2. Approve and disapprove initial requests to establish periodic advance payments;

3. Approve and disapprove advances provided to contractors for the purpose of providing these funds to sub-recipients managed by the contractor;

4. For USAID/W, establish and implement internal control measures to ensure timeliness, accountability, and necessity of advances before payment.

5. Approve and disapprove advance mechanisms for the Mission or USAID/W when the projected total value of the advance will be less than $50,000 to for-profit organizations during any point of the contract period, with the concurrence of the Mission Controller or M/CFO/CMP, respectively.

f. **The Bureau for Management, Office of Acquisition and Assistance, Cost Audit and Support Division (M/OAA/CAS) determines for USAID/W that the organization’s financial systems meet fund control and accountability requirements for making advances.**

g. **The Director, Bureau for Management, Office of Acquisition and Assistance (M/OAA), or designee, approves and disapproves requests for advances projected to be $50,000 or greater, at any time during the contract period to for-profit contractors in consultation with the CFO.**

636.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

**636.3.1 Applicability**

Effective Date: 01/11/2022

Advances can be made for contracts, grants, and cooperative agreements to both non-profit and for-profit organizations. Note: For-profits are rarely given advances because they often have a robust financial infrastructure and adequate financial resources to meet an award’s performance requirements. This chapter incorporates the regulations as required by 2 CFR 200, **Uniform Administrative Requirements, Cost Principles**, and accountability for making advances at the Mission;
and Audit Requirements for Federal Awards, 2 CFR 700 USAID Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and this ADS chapter. USAID executes Federal procurement in accordance with the FAR and AIDAR. Additional instructions are in the United States Department of the Treasury’s standards to effectively manage the use of letters of credit for advances.

Policy on program funded advance payments depends, to some extent, on the type of obligating instrument used to create the advance. This ADS chapter provides the policy directives and required procedures related to advances made against the following types of USAID instruments:

- USAID-direct contracts;
- Grants and cooperative agreements covered by ADS Chapter 303, Grants and Cooperative Agreements to Non-Governmental Organizations;
- Host country contracts; and
- Government-to-Government activities covered by ADS Chapter 220, Strengthening the Capacity of Partner Governments through Government-to-Government (G2G) Assistance.

This policy does not apply to advances made for/to:

- Travelers funded under Travel Authorizations (TAs);
- Individuals;
- Public International Organizations (PIOs) (see ADS 308, Agreements with Public International Organizations);
- Short-term, small value (no more than $25,000) awards such as those used for Special Self Help (SSH) and Special Development Assistance Agreements (SDAAs); or
- Other Interagency Agreements.

The criteria to implement advances for non-profit organizations takes into consideration the time and amount of funds necessary to meet immediate disbursing needs. Under certain conditions, advances may be extended to organizations operating for profit. For instance:

a. The delivery and/or performance requires:
1. The participating contractors and/or recipients to have large amounts of working capital to perform, and

2. The contractors and/or recipients, themselves, do not possess, nor do they have access to the necessary capital, or

b. The for-profit awardee is providing advances to grantees, or

c. Special circumstances (especially with foreign awardees and awards performed in foreign countries) will make it necessary to obtain performance under a contract or to avoid restricting competition.

For the purposes of Agency fiduciary responsibility and Treasury Cash Management, advances made in dollars or dollar-sourced local currency are considered the same and treated in a similar manner. However, there may be some required minor procedural processing differences (see section 636.3.5).

636.3.2 Methods of Advancing Funds

Methods of advancing funds, in order of preference are:

a. LOC.

b. Periodic Advance Payment through Automated Clearing House (ACH) or Electronic Funds Transfer (EFT).

The method of advance funding must be specifically authorized in the award. COs must include the applicable FAR and AIDAR clauses. AOs must review 2 CFR 200.305 for U.S. organizations and the required as applicable advance payment standard provision for non-U.S. organizations and fixed amount awards. M/CFO/CMP must clear on any deviation from the clauses or provisions on Advance Payments prior to approval under the requirements of the AIDAR (ADS 303 as applicable).

Only one advance payment method at a time (LOC or Periodic Advance Payment) will be used for an award. For the LOC payment method, all awards applicable to a single awardee will be covered under one payment account at the Department of Health and Human Services (HHS) (see ADS 636sab, Letter of Credit (LOC) Account Set-Up and Payment Procedures).

When an organization does not have an acceptable financial management system, payment will be made on an incurred cost reimbursement basis (see ADS 630, Payables Management).

636.3.2.1 Agency Issued Letter of Credit

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.
The LOC is the preferred advance payment method, if eligible, as authorized in the standard clauses or provisions. This method results in the shortest period of borrowing and costs the least in added interest charges to the government. The general criteria for using LOCs are:

a. The amount of funding equals or exceeds $120,000 per year,

b. There is a continuing relationship with the organization for at least one year, and

c. The organization’s financial management system meets Federal standards for fund control and accountability.

While the award instrument authorizes the LOC, the terms and conditions of the LOC are cited within the LOC instructions issued by M/CFO/CMP and the general operating requirements imposed by the USAID LOC servicing agent. While LOCs serve as an advance mechanism (in substance), the process of recording LOCs in Phoenix encompasses recognizing LOCs as expenses temporarily and recording adjusting entries at the end of each quarter to recognize them as advances at the general ledger level. At the obligation detail level, the LOC payment remains posted as a disbursement and not an advance per the CFO approved LOC non-pooled mechanism. Contracting Officer’s Representatives/Agreement Officer’s Representatives (CORs/AORs) are required to utilize the SF-425 to monitor the reported expenses reflected on the form in comparison to actual performance and work progress. Currently, the USAID LOC servicing agent is HHS.

A LOC is not issued to:

1. Non-U.S. organizations: Those organized, located, and operated outside the United States (i.e., foreign public entities, (domestic) for-profits or foreign organizations);

2. International organizations located overseas except for United Nations organizations; or

3. For-profit organizations, except with the explicit approval of the M/OAA Director or designee, in consultation with the CFO.

636.3.2.2 Periodic Advance Payment
Effective Date: 01/11/2022

Periodic advances are used when an advance is justified, but the conditions for a LOC cannot be met. The organization’s financial management system must still meet the Federal standards for fund control and accountability, otherwise the reimbursement method is required (see ADS 630). Advance payments are based on an organization’s

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.
pre-expenditure request or using predetermined payment schedules.

636.3.3 **Amount of Advances**

**Effective Date: 02/15/1999**

The amount of an advance payment is based on analysis of an organization’s working capital requirements under a contract, grant, or cooperative agreement. The analysis considers the reimbursement cycle and, in the case of for-profit organizations, the availability of their own working capital.

636.3.3.1 **Amount Limitations**

**Effective Date: 01/11/2022**

Advance payments must be limited to the minimum amount needed for "immediate disbursing needs" and are paid as close as administratively feasible to the actual disbursements being made by the recipient organization. Specific limitations are:

a. For advances under an LOC: Immediate disbursing needs are seven days or less.

b. For periodic advance payments: Immediate disbursing needs are up to 30 calendar days (one month) from the date received until expended.

c. For Relief Programs: The full amount of a grant may be advanced at the time of issuance, if:

   1. The grant is in response to requests for contribution to relief programs.

   2. Quick response is necessary.

   3. The funds will disbursed over a short period.

Advances for more than 30 calendar days for USAID direct contracts, grants, or other procurement and assistance agreements require prior approval from the DCFO/W.

Note: USAID procedures allow for “three month rolling advances” which is an optional procedure that allows a recipient to simultaneously submit three advance requests covering 30-day sub-periods of a 90-day period for payment so the funds are received just prior to the beginning of each 30-day sub-period within the 90-day period. This allows for the maintenance of cash flow to the recipient while at the same time limiting the available cash to the recipient to immediate cash needs as required by Treasury’s cash management policy (see ADS 636saa, Managing Program Advances for Non-U.S. and Nongovernmental Recipients).

If at any time an organization receiving cash advances by LOC or by periodic advance payment has demonstrated an unwillingness or inability to establish procedures that will
minimize the time elapsing between cash advances and disbursement, USAID, unless prohibited by the statute(s) governing the program(s) in question, will terminate the LOC or advance financing and will require the recipient to finance its operations with its own working capital.

Reimbursement to organizations terminated from the LOC and advance financing must be made by the direct reimbursement method for actual cash disbursements. USAID will process these reimbursements expeditiously to minimize the time elapsing between disbursement by the recipient organization and the USAID reimbursement to the recipient organization (see ADS 630).

636.3.3.2 Excessive Advances/Periodic Review of Requirements
Effective Date: 01/11/2022

Mission Controllers and M/CFO/CMP must ensure that requests for the advance of funds are reasonable and not excessive to the recipients’ immediate disbursement needs.

Mission Controllers and M/CFO/CMP must ensure that outstanding advances are monitored on an on-going basis. At a minimum, Mission Controllers and M/CFO/CMP must conduct reviews periodically (at least quarterly) to ensure funds advanced are not in excess of immediate disbursement needs.

Funds in excess of immediate disbursement needs must be refunded to USAID (see ADS 625, Accounts Receivable and Debt Collection). The only exceptions are when the excess funds will be disbursed within seven days or when the amount is less than $10,000 and will be disbursed within 30 days.

When an advance is delinquent and the follow-up procedures do not result in refunding or liquidating the advance, USAID/W or the Mission will issue a Bill for Collection, unless otherwise specifically stipulated by applicable laws, regulations, policies, or award provisions. Actions required to address outstanding Bill for Collections must follow ADS 625.

636.3.4 Banks and Depositories
Effective Date: 01/11/2022

Advance payment of Federal funds must be deposited and maintained in insured accounts whenever possible or as otherwise provided in USAID regulations or implementing guidance governing Federal financial assistance. Additionally, USAID neither requires separate depository accounts for funds provided to a recipient nor does USAID establish any eligibility requirements for depositories for funds provided to a recipient. However, recipients must be able to account for the receipt, obligation, and expenditure of USAID funds and interest earned on the advances provided cumulatively by the U.S. Government.
Federal funds must be deposited and maintained in interest bearing accounts, unless (a), (b), (c) or (d) apply:

a. The recipient receives less than $250,000 in Federal awards per year.

b. The best reasonably available interest-bearing account is not expected to earn interest more than $500 per year on Federal cash balances.

c. The depository requires an average or minimum balance so high that it is not feasible within the expected Federal and non-Federal cash resources.

d. The requirement is specifically excluded by other legislative authority.

If no exceptions (a, b, c, d) apply, the DCFO/W may grant a waiver if the following conditions are met:

1. The amount advanced is not material,

2. It will be promptly disbursed, and/or

3. There is a cost/benefit to be derived in waiving the Banking and Depositories requirement.

Unless otherwise legislatively authorized, any interest earned on such an account prior to the actual use of the advanced funds must be remitted as described in section 636.3.5. Guidance to initiate a waiver using the Action Memo template can be found on the M/CFO website.

636.3.5 Depository Interest Remittances

Effective Date: 01/11/2022

Unless specifically authorized to retain interest, interest earned on advances from USAID is remitted to the U.S. Treasury at least annually. Likewise, any interest earned prior to the actual use of the advanced funds must be remitted as described in this section (636.3.5). Special authority to retain interest (in amounts greater than $500) must be specifically authorized in the award. Deviation from those provisions on Advance Payments set forth in the AIDAR (ADS 302 or ADS 303) or an exception to 2 CFR 200, as applicable, must receive clearance by the CO and M/CFO/CMP. For the LOC method of payment, HHS acts as USAID’s agent to collect interest earned on advances under grants and cooperative agreements and U.S. awardees must remit interest earnings directly to HHS. For the non-LOC advance method of payments, the awardees must remit interest earning to the USAID cashier that oversees their Operating Unit (OU).

One specific authority for non-remittance is Debt for Development. The exception is...
provided to enhance the continued participation of non-governmental organizations (NGOs) in economic assistance activities including, debt-for-development and debt-for-nature exchanges. Under this program, an NGO may place funds into interest bearing accounts. Therefore, any interest earned as an NGO must be used for the purpose for which the assistance was provided to the organization. All other awardees may retain interest earned up to $500 for administrative expenses.

The remittance of interest by the recipient to HHS for the LOC method of payment must be made electronically using the ACH, FEDWIRE, or by check (see below for instructions):

<table>
<thead>
<tr>
<th>ACH Returns</th>
<th>Fedwire Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Routing #:</strong> 051036706</td>
<td><strong>Routing #:</strong> 021030004</td>
</tr>
<tr>
<td><strong>Account #:</strong> 303000</td>
<td><strong>Account #:</strong> 75010501</td>
</tr>
<tr>
<td><strong>Bank Name and Location:</strong> Credit Gateway - ACH Receiver</td>
<td><strong>Bank Name and Location:</strong> Federal Reserve Bank Treas NYC/Funds Transfer Division Location: New York, NY</td>
</tr>
<tr>
<td><strong>Location:</strong> St. Paul, MN</td>
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</tbody>
</table>

**International ACH Return**

<table>
<thead>
<tr>
<th><strong>Beneficiary Account:</strong> Federal Reserve Bank of New York/ITS (FRBNY/ITS)</th>
<th><strong>Mail checks to:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bank:</strong> Citibank N.A. (New York)</td>
<td><strong>Payable to:</strong> Department of Health and Human Services</td>
</tr>
<tr>
<td><strong>Swift Code:</strong> CITIUS33</td>
<td>HHS Program Support Center</td>
</tr>
<tr>
<td><strong>Account #:</strong> 36838868</td>
<td>P.O. Box 979132</td>
</tr>
<tr>
<td><strong>Bank Address:</strong> 388 Greenwich Street, New York, NY 10013</td>
<td>St. Louis, MO 63197</td>
</tr>
<tr>
<td><strong>Payment Details (Line 70):</strong> Agency Name (abbreviated when possible) and Agency Locator Code</td>
<td><strong>Please include a brief statement explaining the nature of the return.</strong></td>
</tr>
<tr>
<td><strong>Agency POC:</strong> James Kruper, (301) 492-4998</td>
<td></td>
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For a USD payment, the payment sender must include:

**Agency Locate Code (ALC):** 75010501
**Name:** US Department of Health and Human Services, PMS Account Number and Grant Sub-account Number in the Payment Details (Line 70) section of the SWIFT message.

*If your organization initiates a wire, you are likely to incur a change from your Financial Institution.*
Additional information on returning funds/interest for the LOC method of payment can be found on the Payment Management System (PMS) website at https://pms.psc.gov/.

If the recipient erroneously sends the remittances to a USAID Mission, it must be delivered to the cashier’s office at overseas locations for immediate deposit using appropriation symbol 72-1435 (Treasury General Fund, Miscellaneous Collections, Interest Not Otherwise Classified). If the recipient erroneously sends the remittances to a USAID Washington OU, then the USAID/W-based cashier must deposit using appropriation symbol 72-1435 (Treasury General Fund, Miscellaneous Collections, Interest Not Otherwise Classified).

While not specifically responsible for tracking any interest earned or its associated remittance to HHS or USAID, M/OAA/CAS or the Mission Controller and the Mission CO/AO must ensure requirements for the recipients’ annual audit or financial review (see ADS 591) includes a determination that:

a. Interest is or is not being earned on the funds USAID advanced; and

b. If earned, the funds are being properly remitted on an annual basis.

The DCFO/W can authorize a waiver of the provisions under this section. Guidance to initiate a waiver using the Action Memo template can be found on the M/CFO website.

636.3.6 Advances for Contracts, Grants, and Cooperative Agreements
Effective Date: 02/15/1999

Advances can be made for contracts, grants, and cooperative agreements to both non-profit and for-profit organizations. However, there are some differences in treatment based on the type of award and type of organization.

636.3.6.1 Advances to Non-Profit Organizations for Contracts, Grants, and Cooperative Agreements
Effective Date: 01/11/2022

The preferred method of advancing funds for contracts, grants, or cooperative agreements for non-profit organizations is through Advance Payments (either LOC or Periodic Advance Payment). The method of advance funding must be specifically authorized in the contract, grant, or cooperative agreement (see sections 636.3.2, 636.3.3, 636.3.4, and 636.3.5).

636.3.6.2 Advances to For-Profit Organizations for Contracts, Grants, and Cooperative Agreements
Effective Date: 01/11/2022

For-profit organizations with a contract are expected to finance contract working capital.
requirements with their own resources or arrange to obtain appropriate financing through commercial channels (including the Assignment of Claims procedure).

The preferred method of advancing funds for grants or cooperative agreements with for-profit organizations is through either LOC or Periodic Advance Payment. If advance funding is being used for grants, cooperative agreements, contracts, and/or contract clauses, assistance standard provisions must specifically authorize its use (see sections 636.3.2, 636.3.3, 636.3.4, and 636.3.5).

Advances under contracts, whether in dollars or dollar-sourced local currency, will only be authorized in accordance with the Federal Acquisition Regulations (FAR) Subparts 32.2, “Commercial Item Purchase Financing,” or 32.4, “Advance Payments for Non-Commercial Items,” as applicable (see FAR Subparts 32.2 and 32.4). The reference to local currency advances in section 732.402(e)(2) of the AIDAR pertains only to local currency not derived from dollar sources (e.g., host country trust funds) (see PD 18).

When a contractor is authorized to award grants on behalf of USAID (grants under contract (GUC)), the contractor will not be expected to provide advances to the grantees with its own funds. In this case, a LOC with the contractor that specifically provides for making advances to the grantees is the preferred funding method. The contracting officer is authorized to approve this advance payment arrangement regardless of the amount, but the approval must be included in the contract.

The M/OAA Director, or designee, approves advances to for-profit organizations with a contract (e.g., GUC) where the total value of the advances outstanding at any given time during the contract period is projected to be more than $50,000. This approval is made in consultation with the CFO.

Advances with a total value of $50,000 or less outstanding at any given time during the contract period and local currency advances of any value are approved by the Contracting Officer with the concurrence of the Mission Controller or M/CFO/CMP. Approval and concurrence are made after an evaluation of a written justification from the appropriate program manager.

636.3.7 Advances Under Host Country Contracts/Grants
Effective Date: 02/15/1999

Advance payments under USAID-financed host country contracts/grants must follow the same policy as advance payments for USAID-direct contracts, grants, and cooperative agreements.

636.3.8 Reimbursement (Non-Advance Method)
Effective Date: 01/11/2022

Payment is made based on a request for reimbursement from the recipient. This method is required when financial management system requirements for advance
funding cannot be met.

When this method is used, USAID must make payment within 30 calendar days after receipt of the billing, unless it is determined that earlier payment is more economically advantageous to the government under the provisions of the Prompt Pay Act (see ADS 630). The determination is made on a case-by-case basis and documentation justifying earlier payment must be kept with the appropriate payment files for justification (see 2 CFR 200).

636.4 MANDATORY REFERENCES

636.4.1 External Mandatory References
Effective Date: 01/11/2022

a. 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (effective as of August 2021)
b. 2 CFR 700, USAID Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (effective as of August 2021)
c. 31 CFR 205 (Treasury Circular 1075), Rules and Procedures for Efficient Federal-State Funds Transfers
d. FAR 32.2, Commercial Item Purchase Financing
e. FAR 32.4, Advance Payments for Non-Commercial Items

636.4.2 Internal Mandatory References
Effective Date: 01/11/2022

a. ADS 302, USAID Direct Contracting
b. ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations
c. ADS 624, Host Country-Owned Foreign Currency
d. ADS 636maa, Advance Payment, Liquidation/Reimbursement, and Reporting for Assistance Agreements
e. USAID Acquisition Regulation (AIDAR)
f. USAID Policy Determination 18

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.
636.4.3 **Mandatory Forms**

Effective Date: 09/11/2021

a. *SF-270, Request for Advance or Reimbursement*

b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs*

c. *SF-424, Application for Federal Assistance*

d. *SF-424a, Budget Information, Non-Construction Programs*

e. *SF-424b, Assurances, Non-Construction Programs*


g. *SF-425a, Federal Financial Report Attachment*

h. *SF-1034, Public Voucher for Purchases and Services Other than Personal*

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636.5 **ADDITIONAL HELP**

Effective Date: 01/11/2022

a. *ADS 636saa, Managing Program Advances for Non-U.S. and Nongovernmental Recipients*

b. *ADS 636sab, Letter of Credit (LOC) Account Set-Up and Payment Procedures*

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636.6 **DEFINITIONS**

Effective Date: 01/11/2022

See the [ADS Glossary](#) for all ADS terms and definitions.

**Advance Payment**

Payment made by Treasury using an appropriate payment mechanism to an organization upon their request prior to or in anticipation of expenditures for USAID-funded cost for performance or delivery under a contract or other type of procurement arrangement or work under a grant or cooperative agreement; or through the use of predetermined payment schedules. Advances differ from partial, progress, interim, and mobilization payments because they are not based on actual performance or actual costs incurred. *(Chapter 636)*

**Agency-issued Letter of Credit (LOC)**

An instrument certified by an authorized official of the Office of the Chief Financial Officer (M/CFO) that authorizes the recipient to request an electronic draw down (or advance) of funds through the Bureau of Management, Office of Chief Financial Officer,
Cash Management and Payment Division (M/CFO/CMP). LOCs are not issued to non-U.S. organizations organized, located, and operated outside the U.S. unless the organization maintains an account in a U.S. bank able to accept a funds transfer from the U.S. Treasury. LOC financing is available for advance payments where the amount required for advances is at least $120,000 a year and there is a continuing relationship with the organization for at least one year. (Chapter 636)

Dollar-Sourced Local Currency
Foreign currency purchased by or converted from dollars whose source was appropriated funds. They are considered Treasury funds and are treated in the same way for Treasury Cash Management purposes. (Chapter 636)

Foreign Organization
A public or private organization located in a country other than the United States and its territories that is subject to the laws of the country in which it is located, irrespective of the citizenship of project staff or place of performance; a private non-governmental organization located in a country other than the United States that solicits and receives cash contributions from the general public; a charitable organization located in a country other than the United States that is non-profit and tax exempt under the laws of its country of domicile and operation, and is not a university, college, accredited degree-granting institution of education, private foundation, hospital, organization engaged exclusively in research or scientific activities, church, synagogue, mosque or other similar entities organized primarily for religious purposes; or an organization located in a country other than the United States not recognized as a Foreign Public Entity. (Chapter 636)

Foreign Public Entity
A foreign government or foreign governmental entity; a public international organization, which is an organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (22 U.S.C. 288-288f); an entity owned (in whole or in part) or controlled by a foreign government; or any other entity consisting wholly or partially of one or more foreign governments or foreign governmental entities. (Chapter 636)

Interim Payment
Any payment that is not an advance payment or a delivery payment. These payments are contract financing payments for prompt payment purposes (i.e., not subject to the interest penalty provisions of the Prompt Payment Act). An interim payment is given to the contractor after some work has been done, whereas an advance payment is given to the contractor when the work for which the contractor is being paid has not been done. (Chapter 636)

Mobilization Payment
Payments provided to a construction contractor or a supplier of specially constructed equipment to assist in meeting extraordinary start-up costs incurred to promptly perform

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.
under the contract (e.g., purchase of specialized equipment and shipment to the host country). The contractor is permitted to receive limited mobilization payments after expenditures are incurred for purchase of equipment, materials, etc., rather than having to wait for progress payments. (Chapter 636)

**Periodic Advance Payment**
Advance payment method made to the recipient by issuance of, but not limited to, a Treasury check (ACH or by electronic fund transfer (EFTs). This method is used when an advance is justified but the conditions for a Letter of Credit (LOC) cannot be met. (Chapter 636)

**Progress Payment**
Payment made under a fixed price contract or other procurement arrangement on the basis of actual costs incurred, an actual percentage of completion accomplished, or an actual stage of completion reached. (Chapter 636)

**Public International Organization (PIO)**
An international organization that appears on the List of Public International Organizations or has otherwise been designated in accordance with the terms of ADS Chapter 308. (Chapters 220, 308, 636)

**Recipient**
An organization that receives direct financial assistance (contract, grant, or cooperative agreement) to carry out an assistance program on behalf of USAID, in accordance with the terms and conditions of the award and all applicable laws and regulations. (Chapter 303 and 636)

**Three month rolling advance**
An optional procedure that allows a recipient to simultaneously submit three advance requests covering 30-day sub-periods of a 90-day period for payment so the funds are received just prior to the beginning the 30-day sub-period of each 90 day period. This allows for the maintenance of cash flow to the recipient while at the same time limiting the available cash to the recipient to immediate cash needs as required by Treasury’s cash management policy. (Chapter 636)