General Guidance for Advance Payment Requests for Subrecipients

Some foreign subrecipients may not have sufficient operating capital to operate on a cost reimbursement basis. If cash flow is an issue, the department may request Harvard issue the subaward with advance payment terms. Prior to issuing the subaward, work with the relevant Central Offices to include appropriate subaward terms within the Subaward Agreement. These additional terms may include requesting interim reporting as a requirement before Harvard will release subsequent advance payments, or requiring additional supporting documentation for requested expenses. Confirm that the country does not have any banking regulations that would impede the transfer and/or return of funds. Confirm that sponsor terms allow advance payments. Ensure that the subrecipient reconciles and returns any unspent funds at the end of the project.

If the decision is to proceed with the subrecipient and the subaward is awarded, then the grant manager should be prepared to provide the information outlined below each and every time an advance payment is requested. Please check with the relevant school central offices for school specific requirements. In most cases this would be the School’s Finance Office.

- Provide the pertinent details on the award (PI, sponsor, department, fund number, etc.)
- Provide pertinent details on subaward (total amount, period, etc.), including assessed risk level available in the GMAS Organizational tab
- Information about the specific advance payment terms requested (i.e. percent that needs to be spent before each payment is awarded) so that the dollar amount of the potential financial liability can be determined

On-going subaward payment management

- All financial reports should detail all costs incurred, including cost sharing, as set forth in the budget and all cash received and should include a certification by a duly authorized representative of the Subrecipient that costs reported are for appropriate purposes and in accordance with the terms of the subaward.
- Payment amounts are estimates and should be adjusted based on Subrecipient’s cash needs as demonstrated by the financial reports, but should not exceed the total cost without an amendment to the Subaward Agreement.

Example of an advance payment terms

Payments for work conducted under this Agreement may be made on an advance basis and are contingent upon the receipt by Harvard of sufficient funds from [Prime Sponsor] pursuant to the Prime Award. To the extent such payments are made, the first such payment in the amount of US $xx,xxx will be made upon full execution of this Subaward Agreement. Remaining payments shall be made upon receipt and approval of a Payment Request Form and a financial report detailing current charges and total-to-date charges by major cost categories. The financial reports shall include a certification by a duly authorized representative of Subrecipient that costs reported are for appropriate purposes and in accordance with the terms of this Agreement, as required under 45 C.F.R. 75 § 415(a).

This guidance sets forth the additional steps for issuing a subaward when such a request is received. Please see 2 CFR 200.305 and 45 CFR 75.305.