

agencies or instrumentalities must be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205.

(b) *Advance payment method and requirements.* (1) Recipients will be paid in advance, provided they maintain or demonstrate the willingness to maintain:

(i) Written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient, and

(ii) Financial management systems that meet the standards for fund control and accountability as established in § 435.21.

(2) Cash advances to a recipient organization will be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances must be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

(c) *Advance payment consolidation and mechanisms.* Whenever possible, advances must be consolidated to cover anticipated cash needs for all awards made by SSA to the recipient.

(1) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer.

(2) Advance payment mechanisms are subject to 31 CFR part 205.

(3) Recipients are authorized to submit requests for advances and reimbursements at least monthly when electronic fund transfers are not used.

(d) *How to request advance payment.* Requests for Treasury check advance payment must be submitted on SF-270, "Request for Advance or Reimbursement," or other forms that may be authorized by OMB. This form is not to be used when Treasury check advance payments are made to the recipient automatically through the use of a predetermined payment schedule or if precluded by special SSA instructions for electronic funds transfer.

(e) *Reimbursement method.* Reimbursement is the preferred method when the advance payment requirements in paragraph (b) of this section cannot be met. SSA may also use this method on any construction agreement, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal assistance constitutes a minor portion of the project.

(1) When the reimbursement method is used, SSA will make payment within 30 days after receipt of the billing, unless the billing is improper.

(2) Recipients will be authorized to submit a request for reimbursement at least monthly when electronic funds transfers are not used.

(f) *Working capital advance method.* If a recipient cannot meet the criteria for advance payments and SSA has determined that reimbursement is not feasible because the recipient lacks sufficient working capital, SSA may provide cash on a working capital advance basis. Under this procedure, SSA will advance cash to the recipient to cover its estimated disbursement needs for an initial period generally geared to the awardee's disbursing cycle. Thereafter, SSA will reimburse the recipient for its actual cash disbursements. The working capital advance method of payment will not be used for recipients unwilling or unable to provide timely advances to their subrecipient to meet the subrecipient's actual cash disbursements.

(g) *Requesting additional cash payments.* To the extent available, recipients must disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

(h) *Withholding of payments.* Unless otherwise required by statute, SSA will not withhold payments for proper charges made by recipients at any time during the project period unless paragraph (h)(1) or (2) of this section apply.

(1) A recipient has failed to comply with the project objectives, the terms and conditions of the award, or Federal reporting requirements.

(2) The recipient or subrecipient is delinquent in a debt to the United States as defined in OMB Circular A-129, "Managing Federal Credit Programs." Under such conditions, SSA may, upon reasonable notice, inform the recipient that payments will not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

(i) *Standards governing the use of banks and other institutions as depositories of funds advanced under awards.* (1) Except for situations described in paragraph (i)(2) of this section, SSA will not require separate depository accounts for funds provided to a recipient or 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 funds.

(2) Advances of Federal funds must be deposited and maintained in insured accounts whenever possible.

(j) *Use of women-owned and minority-owned banks.* Consistent with the national goal of expanding the opportunities for women-owned and minority-owned business enterprises, recipients will be encouraged to use women-owned and minority-owned banks (a bank that is owned at least 50 percent by women or minority group members).

(k) *Use of interest bearing accounts.* Recipients must maintain advances of Federal funds in interest bearing accounts, unless paragraph (k)(1), (2) or (3) of this section apply.

(1) The recipient receives less than \$120,000 in Federal awards per year.

(2) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances.

(3) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(l) *Remittance of interest earned.* For those entities where CMIA and its implementing regulations do not apply, interest earned on Federal advances deposited in interest bearing accounts must be remitted annually to Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to \$250 per year may be retained by the recipient for administrative expense. State universities and hospitals must comply with CMIA, as it pertains to interest. If an entity subject to CMIA uses its own funds to pay pre-award costs for discretionary awards without prior written approval from SSA, it waives its right to recover the interest under CMIA.

(m) *Forms for requesting advances and reimbursements.* Except as noted elsewhere in this part, only the following forms are authorized for the recipients in requesting advances and reimbursements. SSA will not require more than an original and two copies of these forms.

(1) *SF-270, Request for Advance or Reimbursement.* SSA has adopted the SF-270 as a standard form for all nonconstruction programs when electronic funds transfer or predetermined advance methods are not used. SSA, however, has the option of using this form for construction programs in lieu of the SF-271, "Outlay