1. Purpose of Policy

The purpose of this document is to identify the guidelines for advance payments to contract providers.

2. Policy

The Controller’s Office allows city departments to issue advance payments in order to meet contractor cash flow needs. DPH’s policy for advance payments must meet the following requirements:

1. Payment of an advance will be based on an assessment of a contractor’s financial need.
2. Advance payments must be approved by the program funding the advance.
3. Contractors providing behavioral health services are eligible to receive advance payments.
4. Advance payments are issued for services funded by general fund or MHSA. No advance payments will be issued for services funded by grants, work orders or projects.
5. The contract must contain the terms of the advance payment including the schedule for repayment.
6. Advances are fully repaid by the end of the fiscal year.
7. Any approved changes in repayment schedules will require a modification to the contract.
3. Procedures

1. The contract must contain provisions for an advance payment and identify the repayment schedule.
2. Funds must be encumbered before an advance payment is issued.
3. The amount of the advance is determined by the terms of the contract. The amount is typically 25% of general funds and MHSA funds.
4. Repayments of the advance will be deducted from invoices according to the contract terms and repayment schedule. Repayment is typically deducted from invoices for services delivered in a six-month period, October through March.
5. Contractors requesting a change in the repayment schedule must submit a request to the Deputy Financial Officer.
6. The contract must be modified to reflect any approved changes in the repayment schedule.
7. Any exceptions to the above procedures require approval by the Deputy Financial Officer or Chief Financial Officer, as necessary.

4. References

Controllers Departmental Guidelines No. 007-01, Advance Payment to Vendors Processing Guidelines.