

11—48.3(8A) Prepayment under special circumstances. Advance payment on contracts is allowable in certain instances. Reimbursement of expenses should be utilized whenever possible. The time elapsing between the receipt of the money and its disbursement should be minimized as much as is administratively feasible. In certain circumstances, the grantee may lack sufficient working capital to provide the service for which the grant was made. Contractors deemed by the department to have an employee/employer relationship with the state are not eligible for advance payments. Advance payments may be made under the following guidelines.

48.3(1) Advance payments may be made up to one month in advance of the anticipated expenditure. This is considered to be administratively feasible on a statewide basis. Requests for advance payments in excess of one month must have the prior approval from the department.

48.3(2) When it has been determined by the state agency that the grantee lacks sufficient working capital to provide the service of the grant, the grantee may be given a two-month “working capital advance” (i.e., an advance may be made for up to two months of projected expenses). After the initial two-month “working capital advance” has been made, the grantee should submit claims for the reimbursement on a monthly basis. This should allow the grantee enough start-up funds to commence the project, while also allowing the grantee to maintain a one-month advance after the initial start-up, which parallels subrule 48.3(1) above.

a. Documentation that indicates the grantee lacks sufficient working capital to commence the project must be attached to the initial claim.

b. Documentation supporting the projected costs must be attached to the initial claim.

This rule is intended to implement Iowa Code section 8A.514.

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