

FloridaWorks Standard Operating Procedure (SOP)

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SOP Number:	Subject: Contractor Payment
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PURPOSE

To establish guidelines to the methods of payment that will be available to organizations providing services under contract to the Alachua/Bradford Regional Workforce Board d/b/a FloridaWorks, ("Board").

DEFINITION

Contractors – as used in this policy, the term contractor will include service providers, sub recipients and/or subcontractors.

OBJECTIVES

Pursuant to OMB Circular A-110, as a recipient of Federal funds, the Board is responsible for establishing policies and procedures that minimize the time elapsing between the transfer of funds from the Board and the actual expenditure of those funds by the contractor. While recognizing that the payment methodology may contribute to satisfying the requirement to verify contractors' appropriate uses of funds, the Board also maintains an interest in ensuring that its' methods for providing compensation to contractors in neither unnecessarily burdensome, nor a factor on limiting opportunities for organizations to participate in Board funded programs.

POLICY

Contractors may be paid in advance, provided they maintain or demonstrate a willingness to maintain:

- (1). Written procedures that minimize the time elapsing between the transfer of funds and their disbursement by the contractors; and
- (2). Financial management systems that meet the following standards for funds control and accountability:
 - a) The ability to provide accurate, current and complete disclosure to the financial results of each federally sponsored project or program.
 - b) Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain as appropriate information pertaining to Federal awards, authorizations, obligations, un-obligated balances, assets, outlays, income and interest.
 - c) Procedures that demonstrate effective control over and accountability for all funds, property and other assets. Contractors shall adequately safeguard all such assets and assure that they are used solely for authorized purposes.

- d) A financial system that compares outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data.
- e) Written procedures for determining the reasonableness, allocation ability and allow ability of cost in accordance with the provisions of the applicable Federal cost principal and/or the terms and conditions of the award.
- f) Accounting records including cost accounting records that are supported by source documentation.

Cash advance to a contractor in the manner shall be timed to be in accordance with the actual, immediate cash requirements of the contractor in carrying out the purpose of the approved programs or project. The actual timing and amount of cash advances shall be as closed as administratively feasible to the actual disbursements by the contractor for direct program or project costs and the proportionate share of any allowable indirect costs.

In those instances where a contractor cannot meet the forgoing requirements for advance payment and the Board has determined that reimbursement is not feasible because the contractor lacks sufficient working capital, the Board may provide cash on a working capital advance basis. Under this procedure, the Board may advance cash to the contractor to cover its estimated disbursement needs for an initial period of up to four months. **(Note: the estimate of the contractors needs shall be based upon their projected disbursement cycle).** Thereafter, the Board shall reimburse the recipient for its actual cash disbursements. The working capital advance method of payment shall not be used for contractors unwilling or unable to provide timely advances to their subcontractor's actual cash disbursements.

Payment mechanisms that may be used for any of the foregoing methods included but are not limited to checks or electronic funds transfer.

To the extent available, contractors shall disburse funds available from repayments to and interest earning on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments from the Board.

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