GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Energy and Environment

Office of the Director

Department of Energy and Environment Administrative Issuance System

Office Order: 2026 – 02 Revised

EFFECTIVE DATE:

SUBJECT: **Advance Payment Policy and Procedures for Grants**

PURPOSE: It is Department of Energy and Environment's ("DOEE" or "Department") policy to allow for advance payments under limited circumstances to widen the possible participation of entities that may provide goods and services requested in the Department's Requests for Applications (RFAs). Advance payment may be approved when it is necessary to provide a grantee with the financial ability to initiate activities requested by the Department. This policy details the procedures to approve, administer, and monitor advance payments.

SCOPE: This policy applies to DOEE grantees.

PROVISIONS:

A grantee is an entity to which DOEE awards funds through its grantmaking process. A subrecipient is a grantee that is awarded federal funds.

I. Objectives

a. Widen the pool of possible applicants by providing financial support, when necessary, to grantees to initiate the delivery of goods and services.

b. Minimize the financial risk to DOEE by establishing rules, and procedures for approving, administering, and monitoring advance payments, and by describing the responsibilities of the grantee and DOEE.

c. Ensure that advance payments to subrecipients are consistent with 2 C.F.R. § 200.305.

II. General Policy

a. An applicant responding to an RFA must identify in the application the need for advance payment and promise that, if selected, it is prepared to provide the information required in the Advance Payment Request form.

b. The advanced funds shall be spent by the grantee within the same DC Government fiscal year during which the advance is made.

c. If the grantee requests a second advance, that advance is subject to a separate and distinct review and approval process. An approval of an initial advance does not constitute approval of an additional advance.

d. The use of an advance payment shall be consistent with the Grant Award Notification (GAN) and all other terms and conditions of the grant.

e. To receive an advance payment, the grantee must provide the information required for DOEE monitoring of expenditures (see Section VII, Monitoring Requirements).

III. Non-Federally Funded Grants

a. An advance payment, in total, shall not exceed the lesser of 25 percent of the grant award or $100,000 per grant.

b. An exception to this maximum may be made if:

   i. The Director approves the exception request; and
   ii. The funded project either:
      1. Requires the purchase of expensive equipment; OR
      2. Cannot mobilize without expenditure of substantial up-front costs.

c. Only one advance payment can be made per grant each fiscal year. If the grantee requests an advance for a subsequent fiscal year, each advance shall be subject to the provisions of Section V (Approval Procedure).

IV. Federally Funded Grants

a. Advance payments must meet the requirements in 2 C.F.R. § 200.305.

b. Under 2 C.F.R. § 200.305(b)(1), a subrecipient must be paid in advance if it maintains or demonstrates the willingness to maintain (1) written procedures that minimize the time elapsing between the transfer of funds and disbursement, and (2) financial management systems that meet the standards for fund control and accountability established in 2 C.F.R. Part 200.

c. Advance payments are limited to the minimum amounts needed and must be timed with actual, immediate requirements needed for the project. The timing and amount of an advance payment must be as close as is administratively feasible to the actual

disbursements by the subrecipient for direct costs and the proportionate share of any allowable indirect costs. The subrecipient must make timely payments to contractors in accordance with the contract provisions.

d. If reimbursement, rather than an advance, is the preferred method of payment under 2 C.F.R. § 200.305(b)(3) or if the subrecipient cannot meet the criteria for advance payments in Section IV(b) of this policy and lacks sufficient working capital, DOEE may provide funding on a working capital advance basis in accordance with 2 C.F.R. § 200.305(b)(4).

e. The subrecipient must deposit and maintain advance payments in insured accounts whenever possible. The subrecipient must also follow the requirements in 2 C.F.R. § 200.305(b)(12) governing interest.

V. Approval Procedure

a. The grantee seeking an advance must submit, after the GAN issued, a completed Advance Payment Request form signed by the organization's Chair of the Board of Directors and Executive Director, or equivalent two positions. The Advance Payment Request form must require the following information:

   i. A statement of need for the requested amount;
   ii. A detailed spending plan, with timeline; and
   iii. The likelihood that the grantee would ask for additional advances and the amount of each advance.

b. The Associate Director for the program and the Grant Manager recommend in writing approval or denial of a request based on a review of this policy, the completed Advance Payment Request form, its attachments, and the following:

   i. The grantee's financial statements (submitted in response to the RFA);
   ii. The grantee's past performance on District grants and contracts;
   iii. The grantee's Certificate of Good Standing and Clean Hands Certification in the Grants Management System (GMS), through an additional verification;
   iv. The terms and conditions of DOEE's funder, if any, relating to advance payments to subrecipients;
   v. If the grantee is requesting an additional advance, the records of the grantee's expenditure of their preceding advance, documents provided under their preceding monitoring plan, and a list of documents requested and not provided or provided late; and
   vi. Other information that the reviewers deem relevant, which they identify in their recommendation.

c. If approval of an advance payment is recommended, the Grant Manager creates a monitoring plan containing the elements required by Section VII (Monitoring Requirements) and obtains the program Associate Director and the Grants Management Division (GMD) Associate Director or designee approval of the plan.

d. The Deputy Director of the awarding administration approves or disapproves in writing the advance payment recommendation and the associated monitoring plan.

e. The Grant Manager notifies the grantee of the Department's decision and, if an advance was approved, provides a copy of the monitoring plan to the grantee. If the grantee agrees in writing to the monitoring plan, the Department will implement the advance payment.

VI. Implementation Procedure

a. Upon the grantee's agreement to the plan, the Grant Manager provides written notification to the Associate Director of GMD or designee, the Senior Deputy Director, and the Agency Fiscal Officer.

b. The Grant Manager requests, in writing, that the Agency Fiscal Officer make the advance payment and provide:

   i. The fully executed Advance Payment Request form;
   ii. The Advance Payment Request form's required attachments, if any;
   iii. The agreed monitoring plan;
   iv. The terms and conditions of DOEE's funder governing advance payments to sub-grantees, if applicable;
   v. The written approval of the designated Deputy Director.

c. The Grant Manager will inform the Associate Director of GMD or designee when the advance payment has been made so that GMD may schedule the monitoring meetings described in Section VII (Monitoring Requirements).

d. If the Grant Manager determines at any time that the grantee will be unable to expend the full advance before the end of the fiscal year, the Grant Manager must consult with his/her manager and the agency monitoring committee (see Section VII, Monitoring Requirements) to determine if DOEE should require repayment of all or part of the advanced funds.

e. The Grant Manager may request supporting documentation for an advance at any time. If the Grant Manager does not receive a timely and adequate response, the Grant Manager must consult with his/her manager to determine if one or more of the following actions is warranted:

   i. The grant should be suspended;

ii. The grant should be terminated; and/or
iii. DOEE should demand repayment of the advanced funds.

f. The Grant Manager performs the action determined by his/her manager and notifies the grantee.

g. Until all grant-funded activities have been completed and approved, DOEE should withhold the final reimbursement payment equal to the amount advanced or up to 25 percent of the grant award (whichever is higher).

h. The Grant Manager must upload all documents related to the development and execution of the advance payment into the communications log of the Grants Management System (GMS). This includes the fully executed Advance Payment Request form and its attachments, the approved monitoring plan, the Deputy Director's written approval, and any additional supporting correspondence.

VII. Monitoring Requirements

a. Throughout the life of the grant, the Grant Manager must monitor the use of the advance payment to ensure that use of the advance, invoicing, and reimbursement are proper.

b. The monitoring plan shall include:

i. A schedule for grantee quarterly status/progress reports and invoices. A stricter timeline is established if grantee's risk level or the nature of the grant activities requires it;
ii. A description of the narrative and documentation of the expenditure of the advance for the grantee to provide in each report;
iii. Methods of verification that the grant activities associated with the advance payment have been completed. These could include written description, photographs, and site visits;
iv. A statement of the expected outcome(s) for the use of the funds;
v. A statement regarding the effect of failure to follow the monitoring plan; and
vi. A statement that failure to timely report on expenditure of the advance may result in suspension, termination, and/or repayment of the advance payment.

c. An agency monitoring committee, chaired by the Associate Director of the Grants Management Division or designee, and including at least one representative from DOEE's Fiscal Officer and the Senior Deputy Director, or their designees, will monitor each grant with an advance payment. The committee will meet with the Grant Manager at

least as often as the frequency of the grantee's report submittal schedule, and review the following from the grant file:

i. Advance payment request;
ii. Grantee reports;
iii. Monitoring plan;
iv. Invoices, with backup documentation;
v. Burn rate reports;
vi. Purchase order (PO) reports; and
vii. Photos or site visit reports associated with advance payment grant activities, if any.

Expiration Date

This order supersedes Office Order 2015-03, 2017-11, 2018-2, and 2026-02, and will remain in effect until superseded or rescinded in writing.

This 9th day of October 2026

Richard A. Jackson
Director