

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION  
9000-0073, ADVANCE PAYMENTS**

1. **Administrative requirements.** Advance payments may be authorized under Federal contracts and subcontracts. Advance payments are the least preferred method of contract financing and require special determinations by the agency head or designee. Specific financial information about the contractor is required before such payments can be authorized (see FAR 32.4 and 52.232-12).
2. **Uses of information.** The information is used to determine if advance payments should be provided to the contractor.
3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically.
4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.
5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.
6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Collection of information on a basis other than solicitation-by-solicitation is not practical.
7. **Special circumstances for collection.** Collection is consistent with guidelines in 5 CFR 1320.6.
8. **Efforts to consult with persons outside the agency.** A notice was published in the *Federal Register* at 77 FR 43083, on July 23, 2012. One respondent submitted public comments on the extension of the previously approved information collection. The analysis of the public comments is summarized as follows:

**Comment:** The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because of the burden it puts on the entity submitting the information and the agency collecting the information.

**Response:** In accordance with the Paperwork Reduction Act (PRA), agencies can request OMB approval of an existing information collection. The PRA requires that agencies use the Federal Register notice and comment process, to extend OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to documentation necessary to support requests for advance payments. Specific financial information about the contractor is required before such payments can be authorized (see FAR 32.4 and 52.232-12). The information serves as the basis for advance payments. Absent this information the suitability of the contractor to receive advance payments could not be ascertained, and would prevent the Government from making such payments.

**Comment:** The respondent commented that the agency did not accurately estimate the public burden challenging that the agency's methodology for calculating it is insufficient and inadequate and does not reflect the total burden. For this reason, the respondent provided that the agency should reassess the estimated total burden hours and revise the estimate upwards to be more accurate, as was done in FAR Case 2007-006. The same respondent also provided that the burden of compliance with the information collection requirement greatly exceeds the agency's estimate and outweighs any potential utility of the extension.

**Response:** Serious consideration is given, during the open comment period, to all comments received and adjustments are made to the paperwork burden estimate based on reasonable considerations provided by the public. This is evidenced, as the respondent notes, in FAR Case 2007-006 where an adjustment was made from the total preparation hours from three to 60. This change was made considering particularly the hours that would be required for review within the company, prior to release to the Government.

The burden is prepared taking into consideration the necessary criteria in OMB guidance for estimating the paperwork burden put on the entity submitting the information. For example, consideration is given to an entity reviewing instructions; using technology to collect, process, and disclose information; adjusting existing practices to comply with requirements; searching data sources; completing and reviewing the response;

and transmitting or disclosing information. The estimated burden hours for a collection are based on an average between the hours that a simple disclosure by a very small business might require and the much higher numbers that might be required for a very complex disclosure by a major corporation. Also, the estimated burden hours should only include projected hours for those actions which a company would not undertake in the normal course of business. Careful consideration went into assessing the estimated burden hours for this collection, and it is determined that an upward adjustment is not required at this time. However, at any point, members of the public may submit comments for further consideration, and are encouraged to provide data to support their request for an adjustment.

**9. Explanation of any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or guarantees.** Not applicable.

**10. Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

**11. Additional justification for questions of a sensitive nature.** No sensitive questions are involved.

**12 & 13. Estimated total annual public hours and cost burden.** Time required to read and prepare information is estimated at 1 hour per completion.

Estimated respondents/yr.....	500
Responses annually.....	<u>x 1</u>
Total annual responses.....	500
Estimated hrs/response.....	<u>x 1</u>
Estimated total burden/hrs.....	500
Estimated cost to public (\$41 + 75% OH).....	\$35,875

**14. Estimated cost to the Government.** Time required for Governmentwide review is estimated at 2 hours per response.

Annual Reporting Burden and Cost

Reviewing time/hr.....	2
Responses/yr.....	x <u>500</u>
Review time/yr.....	1,000
Average wages/hr.....	x <u>\$36</u>

Average wages/yr.....	\$36,000
Benefits and overhead.....	+ 100%
Total Government cost.....	\$72,000

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** This submission requests an extension of OMB approval of an information collection requirement in the Federal Acquisition Regulation (FAR). The information collection requirement in the FAR remains unchanged. The estimated costs to the public and Government are adjusted based on an update to the wage rates for the respective personnel preparing or reviewing the information.

16. **Outline plans for published results of information collections.** Results will not be tabulated or published.

17. **Approval not to display expiration date.** Not applicable.

18. **Explanation of exception to certification statement.** Not applicable.

**B. Collections of Information Employing Statistical Methods.** Statistical methods are not used in this information collection.