

**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; in fact, the contractor must establish a special bank account for depository purposes (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 60-day notice was published in the *Federal Register* at 80 FR 70217 on November 13, 2015. No comments were received. A 30-day notice was published in the *Federal Register* at 81 FR 5122 on February 1, 2016.
9. **Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.** 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 6 hour per completion.

Estimated respondents/yr.....	500
Responses annually.....	<u>x 1</u>
Total annual responses.....	500
Estimated hrs/response.....	<u>x 6</u>
Estimated total burden/hrs.....	3,000
Estimated cost to public (\$340.18 per hour).....	\$170,089

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.....	<u>x \$56.70</u>
Average wages/yr.....	\$56,700
 Total Government cost.....	 \$226,800

The average hourly wage is based on OMB Circular A-76 guidance for quantifying the cost of efforts: (1) the complexity level was deemed to be at the GS-12/5 level, so the fiscal year 2015 hourly rate of \$41.60 was applied to the estimated hours; (2) a 36.25% fringe/overhead burden of \$15.10 was added to the hourly rate.

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 (ICR) in the FAR. The ICR remains unchanged, as does the estimated number of contractors receiving Advance Payments. However, the time required to compile, review and report the necessary data was re-estimated at 6 hours per entity. Pursuant to FAR 32.4, specific requirements for Advance Payments include cash-flow forecasting, reporting on efforts to obtain unguaranteed private financing or a V-loan in certain cases, and other information about the contractor’s financial condition and need, the contractor’s ability to perform, and financial safeguards to protect the Government’s interest. This will entail about six times more effort than assumed by the previous estimate. The Government review time of two hours per submission remains constant.

Finally, the estimated costs to the public and Government were adjusted based on an update to the wage rates for the respective personnel preparing or reviewing the information (see item 14).

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.