



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health  
Bethesda, Maryland 20892  
www.nih.gov

OCT 27 2006

**TO:** Acquisition Management Committee

**FROM:** Head of the Contracting Activity and  
Director, Office of Acquisition Management and Policy, OA

**SUBJECT:** Advance Payments on FY 2007 Phase I and Phase II Small Business Innovation  
Research (SBIR) Contracts

It is the NIH policy to provide advance payments on SBIR contracts without the requirement for a special account at a financial institution. The memorandum, which provides a class deviation from the special account requirements of FAR 32.409-3 for the duration of the SBIR Program, was previously distributed. Copies of the Determination and Findings (D&Fs) authorizing advance payments on FY 2007 SBIR contracts are attached.

Please note that for the Phase I SBIR D&F, advance payments may be made for up to three months of estimated expenditures on a case-by-case basis, under the following prescribed circumstances:

- The Contracting Officer must obtain a Financial Capability Review from the Special Reviews Branch, DFAS, OAMP. The Special Reviews Branch will provide the Contracting Officer with input as to whether they concur with the proposed advance payment schedule.
- The Director, Office of Acquisitions, based on the advice provided by the Special Reviews Branch, will make the final determination as to the suitability of the proposed advance payment schedule. The determination must be documented in the contract file, with a copy provided to the Special Reviews Branch, DFAS.
- DFAS may conduct a review of these SBIR Phase I awardees to determine if there are any financial concerns with the payment schedule during performance.

Please refer any questions to Mr. John DeCenzo at (301) 496-6014.



Diane J. Frasier

Attachments

cc:  
Ms. Jo Anne Goodnight, OER  
Mr. John Slovikosky, OFM