

## **32.503-3 Initiation of progress payments and review of accounting system.**

(a) For contractors that the administrative *contracting officer* (ACO) has found by previous experience or recent audit review (within the last 12 months) to be-

(1) Reliable, competent, and capable of satisfactory performance;

(2) Possessed of an adequate accounting system and controls; and

(3) In sound financial condition, progress payments in amounts requested by the contractor *should* be approved as a matter of course.

(b) For all other contractors, the ACO *shall* not approve progress payments before determining (1) that (i) the contractor will be capable of liquidating any progress payments or (ii) the Government is otherwise protected against loss by additional protective provisions, and (2) that the contractor's accounting system and controls are adequate for proper administration of progress payments. The services of the *responsible audit agency* or office *should* be used to the greatest extent practicable. However, if the auditor so advises, a complete audit *may* not be necessary.

**Parent topic:** [32.503 Postaward matters.](#)