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NASA Procedural Requirements

COMPLIANCE IS MANDATORY

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Subject: NASA's Management of Grants and Cooperative Agreements

Responsible Office: Office of the Chief Financial Officer

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Chapter 1. NASA's Financial Management of Grants and Cooperative Agreements

1.1 Overview

1.1.1 The purpose of this chapter is to set forth requirements for NASA's financial management of grants and cooperative agreements with regard to advance payments using the letter of credit method as prescribed by OMB and the Department of the Treasury (Treasury). Other grant management and financial information is addressed in the Grant and Cooperative Agreement Handbook, 14 C.F.R. Pt. 1260.

1.2 Agency Requirements

1.2.1 NASA shall use payment methods that minimize the time elapsing between the transfer of funds from Treasury and the redemption of checks, warrants, or payment by other means. Specifically, this NPR applies to the Agency's advance payments through a letter of credit to recipients. The letter of credit method of financing is an advance funding method to provide payments of Federal funds to educational institutions, other public or private organizations, and state and local governments. The letter of credit method of financing enables the recipient organization to withdraw cash concurrently with disbursements.

1.2.2 The letter of credit method of financing shall be used by NASA for recipient organizations awarded grants or cooperative agreements with advance payment provisions when the recipient organizations have demonstrated a willingness to maintain:

(a) Written procedures that will minimize the time elapsing between the drawdown of funds and their disbursement.

(b) Financial management systems that meet the standards for fund control and accountability as established in 2 C.F.R. § 215.21. Appendix B contains a list of requirements for recipients' financial management systems.

1.2.3 The letter of credit method of financing is not applicable to commercial firms. Commercial firms are required to submit invoices, and payments shall be based on incurred costs if the commercial firm has a grant agreement or specific milestones if the commercial firm has a cooperative agreement, refer to 14 C.F.R. § 1260.4(b)(5) and 14 C.F.R. § 1274.904.

1.2.4 NASA shall use the Department of Health and Human Services Payment Management System (DHHS/PMS) to provide Federal funds to recipient organizations, which include educational institutions, other public or private organizations, and state and local governments. DHHS/PMS is a centralized grants payment and cash management system. The system's main purpose is to serve as the fiscal intermediary between awarding agencies and the recipients of grants and cooperative agreements with particular emphasis on: expediting the flow of cash between the Federal Government and recipients, transmitting recipients' disbursement data back to the awarding agencies, and managing cash flows to recipient organizations.

1.2.5 All letters of credit to the same recipient organization shall be combined into one letter of credit by the NASA

Shared Services Center (NSSC)/Center Finance Office. The letter of credit will include all advance payments for grants, cooperative agreements, and contracts awarded to a recipient.

1.2.6 All records created in the process of financial management of grants and cooperative agreements shall be maintained and disposed of in accordance with NPR 1441.1, NASA Records Retention Schedules.

1.3 Roles and Responsibilities

1.3.1 The Agency Chief Financial Officer (CFO)/Deputy CFO (Finance) shall maintain policy on NASA's letter of credit requirements.

1.3.2 The Contracting/Grant Officers shall:

a. Comply with Federal laws when deciding the appropriate award instrument (i.e. grant, cooperative agreement, or contract). A grant or cooperative agreement is used only when the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute. Title 31 U.S.C. §§ 6303 - 6305 governs the use of grants, cooperative agreements, and contracts.

b. Comply with NASA financial management and procurement policies, as well as the Federal Acquisition Regulation (FAR), TFM, and OMB regulations and guidance.

1.3.3 Recipient organizations shall comply with NASA and DHHS/PMS requirements for letter of credit financing of grants and cooperative agreements with NASA.

1.3.4 The NSSC or Center CFOs, when applicable, shall:

a. Comply with NASA financial management and procurement policies, as well as the FAR, TFM, and OMB regulations and guidance.

b. Ensure recipient organizations comply with DHHS/PMS requirements.

c. Serve as liaison between recipient organizations, DHHS/PMS personnel, and procurement, as required.

d. Assist DHHS with the establishment of accounts for new recipient organizations.

e. Receive recipient organizations' payment packages and forward to DHHS for processing.

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