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NASA Procedural Requirements

COMPLIANCE IS MANDATORY

NPR 9680.1B
Effective Date: August 13,
2015
Expiration Date: August
13, 2020

NASA's Grants and Cooperative Agreements Advance Payments

Responsible Office: Office of the Chief Financial Officer

Table of Contents

Preface

- P.1 Purpose
- P.2 Applicability
- P.3 Authority
- P.4 Applicable Documents and Forms
- P.5 Measurement/Verification
- P.6 Cancellation

Chapter 1 Financial Management of Advance Payments

- 1.1 Overview
- 1.2 Advance Payment Requirements
- 1.3 Advance Payment Administration
- 1.4 Advance Payment Account Closure
- 1.5 Roles and Responsibilities

Chapter 2 Suspension and Termination of Advance Payments

- 2.1 Overview
- 2.2 Agency Requirements
- 2.3 Offending Conditions and Notification
- 2.4 Roles and Responsibilities

Appendix A. Definitions

Appendix B. Acronyms

Preface

P.1 Purpose

- a. These NASA Procedural Requirements (NPR) establish requirements for the financial management of advance payments to other than commercial recipients for grants and cooperative agreements and the suspension or termination of advance payments when determined appropriate.
- b. Grants and cooperative agreements refer to agreements as defined in 31 United States Code (U.S.C.) §§6304-6305 and 2 Code of Federal Regulation (CFR) §§200.24 and 200.51. These citations delineate a grant and cooperative agreement from a procurement contract based upon the principal purpose. A grant or cooperative agreement's principal purpose is to transfer a thing of value to the state or local government or other recipient to carry out a public purpose; whereas, a procurement contract's principal purpose is to acquire (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government.
- c. For other financial-related information, refer to 2 CFR §200 Subpart D; 2 CFR §1800; and the NASA Grant and Cooperative Agreement Manual.

P.2 Applicability

- a. This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Services Support Centers. This NPR applies to the Jet Propulsion Laboratory, a Federally Funded Research and Development Center, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate grants or cooperative agreements.
- b. This NPR does not pertain to payments for grants and cooperative agreements with commercial recipients. Commercial recipients are paid in accordance with disbursing regulations and guidance, such as, Title 31 U.S.C., 31 CFR, and NPR 9631.1. Commercial firms are required to submit invoices. Payments, generally reimbursement payment method, are based on incurred costs when the commercial firm has a grant agreement or specific milestones when the commercial firm has a cooperative agreement. Refer to 14 CFR §1274.204 and 2 CFR 1800.305 for commercial grant guidance. If advance payments to a commercial recipient are warranted, NASA will use the policy established in the 48 CFR Subpart 32.4, Advance Payments for Non-Commercial Items and the 48 CFR Subpart 1832.4, Advance Payments for Non-Commercial Items, which contains NASA approval authorities for advance payments on contracts.
- c. In this NPR, all mandatory actions (i.e., requirements) are denoted by statements containing the term "shall." The terms: "may" or "can" denote discretionary privilege or permission, "should" denotes a good practice and is recommended, but not required, "will" denotes expected outcome, and "are/is" denotes descriptive material.
- d. In this NPR, all document citations are assumed to be the latest version unless otherwise noted.

P.3 Authority

- a. Chief Financial Officers Act of 1990, 31 U.S.C. §902(a)(5).

b. Procurement Contracts and Grant and Cooperative Agreements, 31 U.S.C. Chapter 63.

c. National Aeronautics and Space Act, 51 U.S.C. §20113(e).

P.4 Applicable Documents and Forms

a. 31 U.S.C. §§6304-6305.

b. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR §200. (OMB Uniform Guidance.)

c. NASA Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR §1800.

d. 14 CFR §1274.204.

e. Rules and Procedures for Efficient Federal-State Funds Transfers, 31 CFR Part 205.

f. 48 CFR Subpart 32.4, Advance Payments for Non-Commercial Items.

g. Treasury Financial Manual (TFM), Volume I, Part 4A, Chapter 2000 (I TFM 4A-2000), Overall Disbursing Rules for All Federal Agencies.

h. 48 CFR Subpart 1832.4, Advance Payments for Non-Commercial Items. NPR 9010.3, Financial Management Internal Control.

i. NASA Records Retention Schedules (NRRS) 1441.1.

j. NASA Grant and Cooperative Agreement Manual (GCAM).

P.5 Measurement/Verification

Quality assurance reviews and analysis of financial reports and data submitted through the continuous monitoring program will be used to measure compliance with this NPR. Funds control will be in place as required by NPR 9010.3.

P.6 Cancellation

NPR 9680.1A, NASA's Managements of Grants and Cooperative Agreements, dated November 10, 2011.

Chapter 1. Financial Management of Advance Payments

1.1 Overview

This chapter provides requirements for NASA's financial management of grants and cooperative agreements with regard to advance payments. As directed in OMB's uniform guidance, the default payment method will be an advance payment for recipients except where they have demonstrated an inability or unwillingness to maintain written procedures or a financial management system; or have shown to pose a risk during Agency review, and reimbursement rather than advance payment is imposed as a specific condition to the award.

1.2 Advance Payment Requirements

1.2.1 In accordance with 2 CFR §200.305 Payment, NASA uses an advance payment method of financing to aid in minimizing the time elapsing between the transfer of funds from Treasury and the disbursement by the non-Federal entity, whether the payment is made by electronic funds transfer or issuance or redemption of checks, warrants, or payment by other means. The advance payment allows the recipient to withdraw cash concurrently with disbursements. Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer and should comply with applicable guidance in 31 CFR Part 208.

a. NASA uses the advance payment method unless the awarding organization has determined that the recipient has not met the minimum criteria for advance payment. The recipient will demonstrate a willingness to maintain:

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

(2) Financial management systems that meet the standards as established in 2 CFR §200.302 Financial Management.

(3) When applicable, specific conditions as set by the awarding organization. (See 2 CFR §200.207).

1.2.2 If the recipient is unable to meet these criteria and has been determined to not have enough working capital when the reimbursement method is designated, NASA may provide cash as a working capital advance with subsequent reimbursement payments. Under this modified advance payment method, NASA would advance a cash payment to the recipient to cover estimated disbursement needs for an initial period, which is generally based on the recipient's disbursing cycle. Refer to 2 CFR §200.305 (b)(4) for additional information on the use of this method.

1.3 Advance Payment Administration

1.3.1 NASA uses a servicing provider, currently the Department of Health and Human Services/Payment Management Services (DHHS/PMS), to provide Federal funds to recipients, to include educational institutions, other public or private organizations, and state and local governments. DHHS/PMS will provide instructions to the recipients for requesting funds through the payment management system (PMS).

1.3.2 NASA pays states in accordance with 31 CFR Part 205 and I TFM 4A-2000.

1.3.3 Recipients will submit requests for funds electronically through the PMS that (a) are the minimum amount of funds needed; and (b) are scheduled so that cash drawdowns coincide with actual, immediate cash requirements.

1.3.4 Recipients will promptly refund any balances of undisbursed cash that NASA has provided to them that

are not authorized to be retained by the recipient for use in other projects. The only exceptions to the requirement for promptly refunding undisbursed cash balances are when:

- a. The funds will be disbursed by the recipient within seven calendar days.
- b. The funds are less than \$10,000 and will be disbursed within 30 calendar days.

1.3.5 If the request for funds was made erroneously, the recipient shall contact its financial institution and request that the payment be returned. The recipient is responsible for promptly remitting funds to DHHS/PMS and noting the reason, e.g., excess funds, funds not spent, or interest. Instructions for returning funds are on the DHHS/PMS Web site under funding requests, http://www.dpm.psc.gov/grant_recipient/funding_requests/returning_funds.aspx?explorer.event=true. DHHS/PMS reports any interest collected on excess Federal funds to the designated grant officer at the NASA Shared Services Center (NSSC) Finance Office or Goddard Space Flight Center Finance Office (GSFC CFO) and to the Treasury.

1.3.6 Records created in the process of financial management of Federal awards will be maintained and disposed of in accordance with NASA Records Retention Schedules (NRRS) 1441.1, as provided in National Archives and Administration Records (NARA) general record schedules requirements, <http://www.archives.gov/records-mgmt/grs.html>.

1.4 Advance Payment Account Closure.

1.4.1 Upon completion of the grant or cooperative agreement, the NSSC/GSFC CFO will reconcile the final Federal Financial Report (FFR) to DHHS/PMS and, when appropriate, initiate subaccount closure in DHHS/PMS. The reconciliation is forwarded to the NSSC/Center Closeout Department to complete the close-out process. For grant or cooperative agreement closeout, refer to the NASA GCAM.

1.4.2 If during closeout, a determination is made that the recipient has undisbursed cash that is not authorized for use in other projects, the recipient is required to promptly refund those balances. In accordance with 2 CFR §200.345, NASA will take measures to collect the undisbursed cash when a refund has not been processed within the identified timeframe.

1.5 Roles and Responsibilities

1.5.1 The Agency CFO/Deputy CFO (Finance) shall:

- a. Review, update, and approve the annual service-level agreement between NASA and the grant payment service provider.
- b. Maintain policy on NASA's grants and cooperative agreements advance payment requirements.
- c. Ensure the Continuous Monitoring Program (CMP) control activities are maintained and completed and the results are evaluated.

1.5.2 The Grant Officer shall:

- a. Comply with NASA financial management and grants and cooperative agreement policies, as well as the TFM and OMB regulations and guidance.
- b. Administer the award in accordance with 2 CFR Part 200, this NPR, and the terms set forth in the grant or cooperative agreement.

1.5.3 The NSSC/GSFC CFO shall:

- a. Comply with NASA financial management and grants and cooperative agreement policies, as well as the TFM and OMB regulations and guidance.

b. Serve as liaison between the recipient, DHHS/PMS personnel, and grant offices, as required by:

- (1) Receiving the recipient's payment packages and forwarding to DHHS/PMS for processing.
- (2) Assisting DHHS with the establishment of accounts for the new recipient.
- (3) Monitoring and reconciling drawdowns.
- (4) Preparing the quarterly FFR status report and forwarding to designated grant officers.
- (5) Reconciling the final FFR and forwarding the reconciliation to the NSSC close-out team.
- (6) Receiving and processing DHHS/PMS refunds (through Intragovernmental Payment and Collection (IPAC)) into appropriate U.S. Standard General Ledger (USSGL accounts).

1.5.4 Center CFOs shall monitor grants in accordance with the CMP.

1.5.5 Recipients shall comply with NASA and DHHS/PMS requirements for advance payment (2 CFR §200.305) and the terms set forth in the Federal award to ensure a continuation of advance payments.

Chapter 2 Suspension and Termination of Advance Payments

2.1 Overview

This chapter provides NASA's requirements for suspension or termination of a recipient's advance payment when a recipient is unwilling or unable to comply with cash management, financial systems, financial reporting requirements, or the terms and conditions of the award. (Refer to 2 CFR §200.305 Payment.) A recipient's inability to meet the requirements of the Federal award may also impact the advance payment option. When advance payments are suspended or terminated due to an inability to meet the award requirements and the Federal award is continued, NASA will pay the recipient by the reimbursement payment method.

2.2 Agency Requirements

2.2.1 When a recipient has demonstrated an unwillingness or inability to comply with cash management, financial management system, or financial reporting requirements, the grant officer, after consultation with the NSSC/GSFC CFO, may temporarily suspend advance payment to the recipient pending corrective action by the recipient. In addition to the financial requirements, if a recipient fails to comply with specific conditions of the grant or cooperative agreement, the grant officer may request the NSSC/GSFC CFO to suspend or terminate the advance payment. In limited circumstances, the severity of the violation may warrant an immediate termination of advance payment.

2.2.2 A decision to terminate advance payment is predicated upon a recipient's consistent demonstration of an unwillingness or inability to comply with cash management, financial management system, financial reporting requirements, or grant and cooperative agreement terms/conditions/objectives. The grant office may initiate termination of the advance payment after the recipient has failed to implement the agreed upon corrective action or the advance payment has been suspended a minimum of two times.

2.2.3 The grant officer notifies the recipient in writing. At a minimum, the notification will include the determination, the supporting documentation, and the effective date. Following termination of advance payment, the recipient will receive payment through the reimbursement payment method (2 CFR §200.305(b)(3)).

2.3 Offending Conditions and Notification

2.3.1 Suspension/Termination Conditions. This section describes common offending situations when a grant officer may suspend or terminate advance payments to a recipient.

a. Recipient withdraws funds in excess of current requirements. A grant officer may suspend the advance payments as an initial remedy to give the recipient time to correct the situation. If the recipient organization continues to withdraw funds in excess of current needs, the grant officer may terminate advance payments. The recipient would be placed on the reimbursement payment method to finance its operations with its own working capital.

b. Recipient fails to establish procedures that minimize the time elapsing between drawdown and

their related disbursements. The grant officer may suspend the advance payment when a recipient is unwilling or unable to establish required cash management procedures. The suspension gives the recipient time to establish the required procedures.

c. Recipient is unwilling or unable to establish a financial management system that meets the standard requirements (identified in 1.2.1), as evidenced by an inability to meet financial requirements or as identified in an audit report. The grant officer may place the recipient on the reimbursement payment method until the recipient is able to correct and validate the situation.

d. Recipient fails to submit a FFR by established due dates. When a recipient fails to submit required financial management reports on a timely basis, DHHS/PMS may suspend drawdowns until the recipient complies with reporting requirements. DHHS/PMS provides NSSC a status report on a quarterly basis. This status report indicates the status of each recipient submitting the FFR. The NSSC provides the status report to the Procurement Office for review and determination of action regarding those recipients who did not file required reports.

e. Recipient fails to comply with the non-financial terms and conditions of the grant or cooperative agreement. The grant officer may initiate suspension or termination of advance payments in this situation. In these cases, the grant officer shall consult with the NSSC/GSFC CFO.

2.3.2 Notification of Suspension, Termination, and Reinstatement. Suspension, termination, and reinstatement of advance payment may be initiated by DHHS/PMS, or the responsible grant officer, depending on the offending condition. For any offending condition, the recipient will promptly be notified in writing of the determination and the effective date and provided supporting documentation.

2.3.2.1 Following are the notification requirements for non-DHHS/PMS initiated actions:

a. The grant officer shall promptly notify the recipient, in writing:

(1) Of the determination to temporarily withhold further payments pending corrective action by the recipient or pending a decision to terminate. For suspensions imposed by DHHS/PMS for negligence in providing required FFR, the recipient will be notified by e-mail that the report is delinquent.

(2) Of the determination, the reasons for termination, and the effective date.

(3) That a previously suspended or terminated arrangement is to be reinstated, including the reasons for the reinstatement and the effective date.

2.3.2.2 The grant officer shall:

a. Coordinate the action with other affected cognizant Agency staff before implementing the action.

b. Notify DHHS/PMS, in writing, of any determination to suspend, terminate, or reinstate a recipient's advance payment.

2.4 Roles and Responsibilities

2.4.1 The Agency CFO/Deputy CFO (Finance) shall maintain policy on NASA advance payment suspension and termination requirements.

2.4.2 The NASA Grant Officer shall:

a. Request the NSSC CFO to either suspend or terminate advance payment to a recipient when a recipient has failed to comply with requirements outlined in 1.2.1, the grant or cooperative

agreement objectives, the terms and conditions of the award, or NASA reporting requirements.

b. Notify recipients when suspension or termination of advance payment may be initiated for noncompliance.

c. Notify the technical officer of suspension or termination of advance payment to a recipient.

d. Notify DHHS/PMS, in writing, of any determination to suspend, terminate, or reinstate a recipient's advance payment.

e. Take prompt action to suspend drawdowns or terminate advance payments to the recipients in accordance to this NPR.

Appendix A. Definitions

Advance Payment (2 CFR §200.3). A payment that a Federal awarding agency or pass-through entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.

Cooperative Agreement (2 CFR §200.24). A legal instrument reflecting a relationship between the United States Government and a state, a local government, or other recipient when (1) the principal purpose of the relationship is to transfer a thing of value to the state, local government, or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; and (2) substantial involvement is expected between the executive agency and the state, local government, or other recipient when carrying out the activity contemplated in the agreement. (31 U.S.C. §6305.)

Grant Agreement (2 CFR §200.51). A legal instrument reflecting a relationship between the United States Government and a state, a local government, or other recipient when (1) the principal purpose of the relationship is to transfer a thing of value to the state or local government or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; and (2) substantial involvement is not expected between the executive agency and the state, local government, or other recipient when carrying out the activity contemplated in the agreement. (31 U.S.C. §6304.)

Federal Award (2 CFR §200.38). The Federal financial assistance that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in 2 CFR §200.101 Applicability; or the cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in 2 CFR §200.101 Applicability.

Non-Federal Entity (2 CFR §200.69). A state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Nonprofit Organization (2 CFR §200.70). Any corporation, trust, association, cooperative, or other organization, not including an IHE that (a) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; (b) is not organized primarily for profit; and (c) uses net proceeds to maintain, improve, or expand the operations of the organization.

Payment Management System (PMS). A centralized grants payment and cash management system that provides awarding agencies and grant recipients tools to manage grant payment requests, drawdowns, and disbursement reporting activities. PMS may be used to pay grant recipients and to obtain their FFRs.

Reimbursement Payment Method. A payment method based on incurred costs the non-Federal entity has disbursed for a grant or cooperative agreement.

Appendix B. Acronyms

CFO	Chief Financial Office
CFR	Code of Federal Regulation
CMP	Continuous Monitoring Program
DHHS/PMS	Department of Health and Human Services/Payment Management Services
FAR	Federal Acquisition Regulation
FFR	Federal Financial Report
JPL	Jet Propulsion Laboratory, a Federally Funded Research and Development Center
NASA	National Aeronautics and Space Administration
NPR	NASA Procedural Requirements
NSSC	NASA Shared Services Center
OMB	Office of Management and Budget
PMS	Payment Management System
TFM	Treasury Financial Manual
U.S.C.	United States Code