



NASA Financial Management Manual

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FMM 9280 MISCELLANEOUS ACCOUNTING

PART I ADVANCE FINANCING

9280-1 PURPOSE

- a. This chapter describes NASA's use of the Department of Health and Human Services' Payment Management System (DHHS/PMS) - a letter of credit system, and electronic funds transfer (EFT) methods of providing advance payments of Federal funds to state and local governments, educational institutions, and other public or private organizations, hereafter referred to as "recipient organizations".
- b. These instructions implement Department of the Treasury Circular No. 1075, as revised, and Treasury Financial Manual, Volume I, Part 6, Chapter 2000, as revised, which are intended to improve the timing of cash advances so that cash withdrawals occur only when essential to meet the actual disbursement needs of recipient organizations. These instructions also implement OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Non-Profit Organizations, the purpose of which is to achieve uniformity in recipients' financial reporting to Federal Agencies.

9280-2 GENERAL REQUIREMENTS

a. AUTHORITY FOR ADVANCE PAYMENTS

- (1) **Grants.** Advance payments to recipient organizations are an integral feature of NASA grants made pursuant to 31 USC 6304. Advance payments for grants may be made without a Determination and Findings (D&F) document.
- (2) **Contracts.** The statutory authorities for advance payments are 10 USC 2307, 42 USC 2473(c)(5), and Public Law 85-804 as implemented by Executive Order 10789. The Federal Acquisition Regulation (FAR), Subpart 32.4, establishes policy for advance payments on contracts. Subpart 32.4 of the NASA FAR Supplement (NFS) establishes NASA policy and requirements in this regard. See NFS 32.402 for approval authorities for advance payments on contracts.

- b. **SCOPE.** These procedures apply to all NASA programs requiring advance payments.
- c. **CRITERIA FOR DETERMINING ADVANCE PAYMENT METHOD.** The letter of credit method of financing shall be used by recipient organizations awarded grants or contracts with advance payment provisions as long as all of the following requirements are met.



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- (1) There is or will be a continuing relationship between the recipient and a NASA Center for at least a 12-month period and the aggregate annual amount to be advanced is \$120,000 or more.
- (2) The recipient organization has demonstrated a willingness and ability to maintain procedures that will minimize time elapsing between receipt of an advance and disbursement of funds.
- (3) The recipient's financial management system provides for:
 - (a) Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with financial reporting requirements.
 - (b) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
 - (c) Written procedures to minimize time elapsing between receipt of an advance and disbursement of funds.
 - (d) Written procedures for determining reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the contract, grant, or other agreement.
 - (e) Recipients' financial management systems shall also adhere to:
 - 1 **Grants.** Standards for financial management systems as specified in OMB Circular A-110 and the Grant and Cooperative Agreement Handbook, NPG 5800.1.
 - 2 **Contracts.** Generally accepted accounting principles and standards and standards for financial management and reporting as specified in relevant contract clauses.
- (4) Funds will be advanced by electronic funds transfer (EFT) based upon cost forecasts when the recipient meets all of the requirements except 9280-2c.(1).
- (5) The recipient organization will be required to finance its operations with its own working capital when it has demonstrated that it is unwilling or unable to meet cash management requirements that will minimize cash balances or when its financial management system does not meet the standards for fund control and accountability, and financial reporting.
- (6) The amount of the initial advance will be determined by the Grant or Contracting Officer in negotiations with officials of the recipient organization. The amount should be communicated to the Deputy Chief Financial Officer, Finance (DCFO) at the time a copy of the grant or contract is forwarded. An advance shall not be made until a copy of the authorized grant or contract has been received and funds obligated by the Financial Management Office.



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- d. **FINANCIAL REPORTING REQUIREMENTS.** All recipients shall submit a Federal Cash Transactions Report (SF 272) 15 working days following the end of each Federal fiscal quarter. Item 14, "Remarks", on the reports will show the amount of projected costs which will be incurred for the next reporting period. Each forecast will be on an accrual basis, i.e., provide an estimate of costs anticipated to be incurred by contract or grant for each of the three (3) months in the calendar quarter following the reporting period, plus the first month of the next succeeding quarter. Subsequent quarterly reports will provide similar four-month estimates. Any adjustment of the fourth month's estimate for the prior reporting period will be reflected in the first month's estimate of the current reporting period and will be accompanied by an explanation of any material (greater than 10 percent) differences.
- e. **CASH MANAGEMENT REQUIREMENTS.** Recipient organizations are required to request the minimum amount of funds needed and schedule cash advances to coincide with actual, immediate cash requirements. NASA Centers shall monitor recipients' drawdowns to ensure that minimal balances are being maintained.
- (1) Recipients are required to maintain advances of Federal funds in interest bearing accounts, unless:
- (a) they receive less than \$120,000 in Federal awards per year,
 - (b) the best reasonably available interest bearing account would not be expected to earn in excess of \$250 per year on Federal cash balances, and
 - (c) the depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

Interest earned on advances in interest bearing accounts in excess of \$250 per year shall be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to \$250 per year may be retained by the recipient for administrative expenses.

- (2) Recipients obtaining funds by letter of credit shall forward excess Federal funds erroneously drawn to the Department of Health and Human Services. The only exceptions are when the funds involved:
- (a) will be disbursed by the recipient organization within seven (7) calendar days;
or
 - (b) are less than \$10,000 and will be disbursed within 30 calendar days.

The DHHS shall report any interest collected on excess Federal funds to the NASA Center and to the Department of the Treasury.



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- f. **INSTRUCTIONS FOR RECIPIENTS.** Detailed instructions, including sample forms, for recipient organizations receiving advance payments are contained in FMM Appendix 9280-2A, Instructions To Recipient Organizations For Acquiring Advance Payments By Letter Of Credit, and FMM Appendix 9280-2B, Instructions To Recipient Organizations For Acquiring Advance Payments by Electronic Funds Transfer. Upon award of the grant or contract for advance payments, NASA Centers shall provide these instructions along with a supply of blank Federal Cash Transactions Reports (SF 272).

9280-3 LETTER OF CREDIT - DEPARTMENT OF HEALTH AND HUMAN SERVICES' PAYMENT MANAGEMENT SYSTEM (DHHS/PMS)

- a. **PAYMENT MANAGEMENT SYSTEM (PMS).** NASA uses the DHHS/PMS method of payment in administering letters of credit. Recipient requests for funds are submitted through SMARTLINK II, a PC-based on-line payment system. Cash requests are processed directly from the recipient's personal computer into PMS where, after successful negotiation of the System's edits, the transaction is written to a tape and forwarded to the Richmond Federal Reserve where it is electronically transmitted to the recipient organization's financial institution the next business day.

Detailed DHHS/PMS operating instructions are contained in the NASA Letter of Credit - Payment Management System guide, maintained by NASA Headquarters.

The Department of Health and Human Services will contact recipient organizations and provide instructions on requesting funds through the Payment Management System. If a recipient organization reports that it has not been contacted by DHHS, a determination shall be made as to whether or not the recipient should have been contacted, i.e., whether or not the DHHS has had enough time to process the recipient organization's forms (see Appendix 9280-2A, paragraph f.(1).) If the recipient's concern is valid, Unit 2 of the Recipient Financing and Cash Management Branch (DHHS), should be contacted in order to inquire about the status of the recipient's account.

- b. **PAYMENT MANAGEMENT SYSTEM COORDINATOR.** The PMS Coordinator, located in NASA Headquarters, Code BFB, is the point of contact for resolution of operational problems. The PMS Coordinator is responsible for:
- (1) Ensuring that each Center is properly charged for its recipients' drawdowns. Centers are billed by Code BFB through the On-line Payment and Collection System (OPAC) each month.
 - (2) Reconciling Centers' and Department of Health and Human Services' data.
 - (3) Distributing PMS reports.
 - (4) Assisting Centers with recipient registration.



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- (5) Acquiring and maintaining registered initials.
- (6) Coordinating activity between NASA Centers and DHHS.
- c. **CONSOLIDATION OF FUNDING TO THE SAME RECIPIENT ORGANIZATION UNDER ONE LETTER OF CREDIT.** All advance financing to the same recipient organization shall be combined into one letter of credit by the NASA Center. The letter of credit shall include all advance payment grants and contracts awarded a recipient including those that ordinarily would not qualify because they do not meet the letter of credit dollar threshold criteria.
- d. **ASSIGNING LETTER OF CREDIT NUMBERS.** Letter of credit numbers are ten-digit identifiers composed of three sections: (1) four zeros; (2) Accounting Center Number (AIN) per FMM 9121-51; and (3) four-digit sequential letter of credit number. Letter of credit numbers should not be duplicated.
- e. **LETTER OF ADVICE.** Recipients are notified of award authorization actions by a letter of advice. The letter of advice should contain, at a minimum, the following information:
 - (1) The recipient organization's name and address.
 - (2) The recipient organization's Entity Identification Number and the NASA-assigned letter of credit number.
 - (3) The amount and effective date of the initial or amended authorization.
 - (4) For initial authorizations, the recipient shall be informed that payments will be made under DHHS/PMS.
 - (5) Certification that the authorized amount will be available as of the effective date of the initial authorization or amendment.
 - (6) A detailed listing of the grants or contracts included in the authorization actions.The letter shall be signed by a cognizant authorized certifying officer.
- f. **SERVICE CHARGES.** NASA Headquarters compensates the DHHS Division of Federal Assistance Financing on a monthly basis via the Treasury's On-line Payment and Collection System (OPAC), for maintaining NASA recipients on PMS. Charges are based on the number of active NASA award authorizations.

NASA Headquarters compensates the National Institutes of Health (NIH) - Division of Computer Research and Technology on a monthly basis via OPAC, for computer time and resources used by NASA Centers.

Each NASA Center shall develop policies and procedures that ensure the most efficient use of these systems in order to minimize agency expenditures.



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9280-4 ADMINISTRATIVE REVIEWS AND REPORTS

- a. **ADMINISTRATIVE REVIEWS.** Using the inquiry capability of the PMS for letter of credit recipients and the quarterly SF 272's as submitted by all recipient organizations, Centers will monitor recipients' drawdown practices. If a recipient withdraws funds in excess of current requirements or fails to submit required reports on a timely basis, subsequent requests for funds should be suspended (see FMM 9280-9) until the situation is remedied.

If the recipient organization continues to withdraw funds in excess of current needs or fails to submit reports on a timely basis, the advance financing arrangement should be terminated (see FMM 9280-9) and the recipient organization shall be required to finance its operations with its own working capital.

- b. **FEDERAL CASH TRANSACTIONS REPORTS.** Advance payment recipients are required to submit a Federal Cash Transactions Report (SF 272) to the cognizant NASA Center on a quarterly basis (see FMM Appendix 9280-2A). NASA personnel should verify the mathematical accuracy of the reports, reconciling drawdowns during the quarter and ending undrawn authorization balances. If a recipient organization reports data on a NASA contract or grant to the incorrect Center, the Center which receives the report will advise the recipient to submit a corrected SF 272 and to report properly in the future.

9280-5 REPORTING LETTER OF CREDIT TRANSACTIONS

- a. **BILLING RECIPIENT DRAWDOWNS.** NASA Centers will be billed monthly through the On-line Payment and Collection System (OPAC) under Agency Location Code 80-00-0087 (see FMM Appendix 9210-8A) for recipients' drawdowns.
- b. **REPORTING ON THE STATEMENT OF TRANSACTIONS (SF 224).** NASA Centers with letter of credit drawdowns will report such activity on their monthly Statement of Transactions (SF 224) submission.

9280-6 GENERAL LEDGER REQUIREMENTS

- a. **GENERAL LEDGER ACCOUNTS.** To properly account for advance financing and related transactions, NASA Centers will maintain appropriate general ledger accounts. Pro forma entries illustrating the posting of advance payment transactions to the general ledger accounts are shown in FMM 9220.
- b. **SUBSIDIARY ACCOUNTS.** Subsidiary accounts will be established and maintained by NASA Centers in sufficient detail to support the general ledger control accounts.



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9280-7 CLOSING LETTERS OF CREDIT

- a. **CLOSING AWARD AUTHORIZATIONS.** A recipient's letter of credit account shall be closed if the NASA Center has no plans for awarding additional grants or contracts to the recipient organization.
- b. **CLOSING RECIPIENT ACCOUNTS.** The NASA Center shall forward a letter to the PMS Coordinator:
 - (1) As notification that the recipient's award authorization has been closed.
 - (2) Requesting closure of the recipient's account.
 - (3) Signed by the cognizant certifying officer.
- c. **REOPENING RECIPIENT ACCOUNTS.** Closed accounts shall be reopened by requesting, in writing, that the PMS Coordinator have the account reopened (the letter should be signed by a certifying officer).

This procedure is appropriate for recipient organizations that are awarded advance payment grants or contracts that meet letter of credit criteria. The NASA Center shall assign a new letter of credit number.

9280-8 FINAL REPORT

- a. **FINAL FEDERAL CASH TRANSACTIONS REPORT.** A final Federal Cash Transactions Report (SF 272) shall be submitted in duplicate at the conclusion of work under a grant or contract. The SF 272 shall pertain only to the completed grant or contract. The report shall be marked "Final" and shall include total disbursements from inception through completion.
- b. **INITIATING CLOSEOUT PROCEDURES.** Upon receipt of a final grant or contract expenditure report, the DCFO shall request that the appropriate Grant or Contracting Officer initiate closeout procedures.
- c. **OUTSTANDING ADVANCES.** NPG 5800.1 requires that recipients promptly refund any balances of unobligated cash that NASA has advanced or paid to them that are not authorized to be retained by the recipient for use in other projects. When outstanding advances exist and are to be collected from recipients on completed grants, the amounts should be reclassified as accounts receivable and the collection procedures set forth in FMM 9051.5 followed.



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9280-9 *SUSPENSION OR TERMINATION OF ADVANCE FINANCING*

- a. When a recipient organization has demonstrated an unwillingness or inability to comply with cash management, financial management system, or financial reporting requirements, the Financial Management Office may temporarily suspend payment to the recipient organization pending corrective action by the recipient or pending a decision to terminate the advance financing agreement.

A decision to terminate the advance financing agreement shall be predicated upon a recipient organization's consistent demonstration of an unwillingness or inability to comply with cash management, financial management system, or financial reporting requirements. Under normal circumstances, the recipient organization should have been suspended two times and received two suspension notices before advance payment termination proceedings are initiated. If the severity of the violation warrants, the DCFO may begin advance payment termination proceedings immediately. Upon termination of the advance financing arrangement, the recipient organization shall finance its operations with its own working capital and the NASA Center shall reimburse the recipient's cost.

The Financial Management Office shall take action to either suspend or terminate a recipient's advance financing arrangement when:

- (1) A recipient organization receiving advance payments from a NASA Center is unwilling or unable to establish a financial management system that meets the requirements of advance financing as evidenced by an audit report or failure to comply with the requirements of FMM 9280-2c(3). The DCFO may require submission of the recipients' written procedures or take other appropriate measures to validate the recipient's compliance with these system requirements.

The NASA Center may take reasonable steps to assist the recipient organization in establishing or improving their financial management system.

- (2) A recipient organization receiving advance payments from a NASA Center is unwilling or unable to report, on an accurate and timely basis, cash disbursements, cash balances, and projected costs, as required by the NASA Center (see FMM 9280-2d). Advance financing shall be temporarily suspended when two (2) successive quarterly reports are late or when more than two (2) reports are late in a fiscal year. The DCFO may reinstate the advance financing upon corrective action by the recipient. During the temporary suspension period, the NASA Center shall reimburse the recipient's cost (see paragraph a above).
- (3) A recipient organization receiving letter of credit payments from a NASA Center has demonstrated an unwillingness or inability to establish procedures that will minimize time elapsing between drawdowns and related disbursements (see FMM paragraph 9280-2e).



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b. PRELIMINARY REVIEW AND WORKING CAPITAL ADVANCE

METHOD. A review shall be made of the grant or contract and the statute under which the grant or contract was negotiated to ensure that termination of advance payments is permitted.

When the reimbursement method is not feasible, arrangements may be made whereby the operations of the recipient organizations are financed on a working capital advance basis. Under this basis, funds are advanced to the recipient organization to cover its estimated disbursement needs for a given initial period (not to exceed 30 days). Thereafter, payments will be made to the recipient for the amount of its actual cash disbursements. The amount of the initial advance should be computed to ensure that after the initial period, the payments are approximately equal to the average amount of the recipient organization's unreimbursed program payments.

c. NOTIFICATION

- (1) **Suspension.** The NASA Center shall provide reasonable notice, in writing, to the recipient organization of the determination to temporarily withhold further payments pending corrective action by the recipient or pending a decision to terminate advance financing.
- (2) **Termination.** The NASA Center shall promptly notify the recipient and the cognizant Grant or Contract officer, in writing, of the determination, the reasons for termination, and the effective date.



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9280-2A INSTRUCTIONS TO RECIPIENT ORGANIZATIONS

INSTRUCTIONS TO RECIPIENT ORGANIZATIONS FOR ACQUIRING ADVANCE PAYMENT BY LETTER OF CREDIT

a. **PURPOSE**

The purpose of these instructions is to set forth the procedures to be followed by participating recipient organizations for obtaining advance payments from NASA utilizing the Department of Health and Human Services' Payment Management System (PMS), a letter of credit system.

b. **AUTHORITY**

These instructions are established under the provisions of Treasury Department Circular 1075, Withdrawal of Cash from Treasury for Advances Under Federal Grant and Other Programs, Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, and contract provisions for advance payments.

c. **GENERAL**

The letter of credit method of financing shall be used by NASA for recipient organizations awarded grants or contracts with advance payment provisions when (a) there is or will be a continuing relationship between the recipient and a NASA Center for at least a 12-month period and the total annual amount to be advanced to the recipient on all grants is \$120,000 dollars or more; (b) the recipient organization has demonstrated a willingness to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement; and (c) the recipient organization's financial management system provides for:

- (1) Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the financial reporting requirements.
- (2) Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- (3) Written procedures to minimize the time elapsing between the transfer of funds and the disbursement of funds.
- (4) Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the contract, grant, or other agreement.



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- (5) Recipients' financial management systems shall also adhere to:
- (a) **Grants.** Standards for financial management systems as specified in OMB Circular A-110 and the Grant and Cooperative Agreement Handbook (NPG 5800.1).
 - (b) **Contracts.** Generally accepted accounting principles and standards and standards for financial management and reporting as specified in relevant contract clauses.

Reimbursement by electronic funds transfer, rather than advance payments, will be used when the recipient's financial management system does not meet the standards for fund control, accountability, and financial reporting or when the recipient is unwilling or unable to meet cash management requirements.

d. **FINANCIAL REPORTING REQUIREMENTS**

Recipients are required to submit a Federal Cash Transactions Report (SF 272 - Attachment 1), and, when applicable, a Continuation Sheet (SF 272A - Attachment 2) to the cognizant NASA Center. The original and two copies of the SF 272 report shall be submitted within 15 working days following the end of each Federal fiscal quarter, i.e., December 31, March 31, June 30, and September 30. One Federal Cash Transactions Report shall be submitted for all grants and contracts financed under a letter of credit arrangement with a NASA Center.

All recipients must include a cost forecast under Item 14, "Remarks", of the SF 272. Each forecast will provide a current estimate of costs anticipated to be incurred by grant or contract for each of the four months following the quarter being reported. If the SF 272 shows a negative figure for "Cash on hand end of period" (Item 11j), do not include this figure in the projections.

In addition, any adjustment of the fourth month's estimate for the prior reporting period will be reflected in the first month's estimate of the current reporting period and will be accompanied by an explanation of any material (greater than ten percent) differences.

The forecast submitted by letter of credit recipients will be used to monitor and evaluate drawdowns. NASA will also use these forecasts as a basis for accruing costs.

A final Federal Cash Transactions Report shall be submitted in duplicate at the conclusion of work under a grant or contract. The SF 272 shall pertain only to the completed grant or contract and shall include total disbursements from inception through completion. The report shall be marked "Final".



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e. CASH MANAGEMENT REQUIREMENTS

- (1) **REPORTING INTEREST.** Recipients are required to maintain advances of Federal funds in interest bearing accounts, unless: (1) they receive less than \$120,000 in Federal awards per year, (2) the best reasonably available interest bearing account would not be expected to earn in excess of \$250 per year on Federal cash balances, and (3) the depository would require an average or minimum balance so high that it would not be feasible within the expected Federal non-Federal cash resources. Interest earned on advances in interest bearing accounts in excess of \$250 per year shall be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to \$250 per year may be retained by the recipient for administrative expenses.

The remittance should be made payable to DHHS and should indicate the recipient organization's Entity Identification Number (EIN) and reason, i.e., "Interest earned".

- (2) **ERRONEOUS WITHDRAWAL OF EXCESS FUNDS.** The letter of credit system is designed to make funds available to a recipient organization on the first business day following receipt of a request for funds. Recipient organizations are required to (a) request the minimum amount of funds needed; and (b) schedule such requests so that cash advances coincide with actual, immediate cash requirements in accordance with Treasury Department Circular 1075.

NASA will monitor letter of credit drawdowns to ensure that the timing and amount of cash advances are as close as administratively feasible to actual disbursements. Should funds be erroneously drawn in excess of actual needs, one of two actions should be taken: (a) if the request itself was made erroneously, the recipient organization should contact its financial institution and request that the payment be returned; or (b) if the payment has already been deposited or the excess drawdown is only part of the total payment, the recipient organization should promptly remit the excess funds to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852.

The remittance should be made payable to DHHS and should indicate the recipient organization's Entity Identification Number (EIN) and reason, e.g., "Excess funds erroneously drawn".

f. LETTER OF CREDIT PROCEDURES

- (1) **INITIAL AUTHORIZATION.** A Direct Deposit Sign-up form (SF 1199A - Attachment 3) and a "SMARTLINK II"/ACH Organizational Data form (Attachment 4) must be on file before funds may be advanced. The recipient organization shall forward the forms along with the initial cash forecast (see paragraph 4) as soon as practicable, but no later than four (4) weeks prior to implementation, to the DCFO of the cognizant NASA Center. An official who is known to the NASA Center shall sign the forms.



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Upon receipt of the completed Direct Deposit Sign-up form, Organizational Data form, and cash forecast, the NASA Center will forward notification of the authorization amount and effective date, by a letter of advice, to the recipient organization.

Instructions, an account number, and a password will be forwarded to the recipient by the Department of Health and Human Services (see Procedures for Drawing Federal Funds).

(2) **REPORTING CHANGES IN RECIPIENT ORGANIZATION DATA.** A revised Direct Deposit Sign-up form (SF 1199A) shall be submitted should any of the following occur:

- (a) change or termination of the official(s) authorized to sign the forms;
- (b) change in the name or address of the recipient organization; or
- (c) change in the account or financial institution.

A "SMARTLINK II"/ACH Organizational Data form shall be submitted should any of the following occur:

- 1 change or termination of the official(s) authorized to sign the forms;
- 2 change in the contact names or telephone numbers.

(3) **AMENDMENTS.** Funding actions result in an increase or decrease in the authorized amount of the letter of credit. Amendments to the authorized amount are issued by the cognizant NASA Financial Management Office. Upon notification that a funding action has been taken, the Financial Management Office will advise the recipient organization of the amount, whether the total authorization has been increased or decreased, and the effective date of the change.

(4) **PROCEDURES FOR DRAWING FEDERAL FUNDS.** Recipient requests for funds are submitted through the PMS SMARTLINK II on-line system. Requests for funds are processed from a recipient organization's personal computer.

The equipment necessary to use PMS SMARTLINK II include a personal computer, a modem, telecommunications software and a telephone line.

Instructions on installing and using PMS SMARTLINK II, the SMARTLINK II account number, and password will be provided by the Department of Health and Human Services.



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- (5) **SUSPENSION.** Letter of credit payments will be suspended if the recipient organization has failed to comply with: (1) financial management system requirements; (2) financial reporting requirements; or (3) cash management requirements. Under suspension, the recipient's costs shall be reimbursed until the condition is remedied. Advance financing shall be suspended when two successive quarterly SF272 reports are late or when two reports are late in a fiscal year.
- (6) **TERMINATION.** A letter of credit arrangement may be terminated for any of the following reasons:
- (a) The annual aggregate financing level falls below \$120,000. If the reduction is temporary, the letter of credit arrangement may remain in force.
 - (b) The business relationship between the NASA Center and the recipient organization is completed or terminated (except when follow-on awards are expected to be authorized).
 - (c) The cognizant NASA Financial Management Office determines that progress is not satisfactory toward achievement of the cash management objective of the letter of credit method of financing.
 - (d) The recipient organization's financial management system does not meet the standards for fund control, accountability, and financial reporting (including failure to complete and submit periodic reports on a timely basis).

Advance financing will be terminated if the recipient fails to correct a condition causing suspension within a reasonable period of time. Upon termination, the recipient organization shall finance its operations with its own working capital and be reimbursed by NASA. The cognizant NASA Center will promptly notify the recipient in writing of the determination, the reasons for termination and the effective date.



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9280-2A FEDERAL CASH TRANSACTION REPORT (SF 272)



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9280-2B INSTRUCTIONS TO RECIPIENT ORGANIZATIONS

INSTRUCTIONS TO RECIPIENT ORGANIZATIONS FOR ACQUIRING ADVANCE PAYMENT BY ELECTRONIC FUNDS TRANSFER

a. **PURPOSE**

The purpose of these instructions is to set forth the procedures to be followed by participating recipient organizations for obtaining advance payments by electronic funds transfer (EFT) from NASA when the award does not qualify for a letter of credit.

b. **AUTHORITY**

These instructions are established under the provisions of Treasury Department Circular 1075, Withdrawal of Cash from Treasury for Advances Under Federal Grant and Other Programs, Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, and contract provisions for advance payments.

c. **FINANCIAL REPORTING REQUIREMENTS**

(1) **INITIAL CASH ADVANCE.** The amount of an initial cash advance by EFT will be determined by the Grant or Contracting Officer in negotiation with officials of the recipient organization. The recipient organization shall prepare a planned disbursement schedule for paying obligations incurred pursuant to satisfying the program performance requirements of the grant or contract. A cash advance will not be made until a copy of the grant agreement or contract has been received by the cognizant Financial Management Office. Subsequent cash advances will be based upon the recipient organization's projected costs as reported on the SF 272, Federal Cash Transactions Report.

(2) **FEDERAL CASH TRANSACTIONS REPORT (SF 272).** All recipients of advance payments are required to submit a Federal Cash Transactions Report (SF 272 - Attachment 1), and, when applicable, a Continuation Sheet (SF 272A - Attachment 2) to the cognizant NASA Center. The original and two copies of the SF 272 report shall be submitted within 15 business days following the end of each Federal fiscal quarter, i.e., December 31, March 31, June 30, and September 30.

All recipients must include a cost forecast under Item 14 "Remarks", of the SF 272. Each forecast will provide a current estimate of costs anticipated to be incurred by grant or contract for each of the four months following the quarter being reported. If the SF 272 shows a negative figure for "Cash on hand end of period" (Item 11j), do not include this figure in the projections..



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The forecasts submitted by recipients will be used to schedule payments. NASA will also use these forecasts as a basis for accruing costs.

A final Federal Cash Transactions Report shall be submitted in duplicate at the conclusion of work under a grant or contract. The SF 272 shall pertain only to the completed grant or contract and shall include cumulative disbursements from inception through completion. The report shall be marked "Final".

- (3) **REPORTING INTEREST.** Recipients shall maintain advances of Federal funds in interest bearing accounts unless otherwise notified. Interest amounts up to \$250 per year may be retained by the recipient organization for administrative expenses. Interest earned on advances in excess of \$250 per year deposited in such accounts shall be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852.

d. **FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS**

The recipient's financial management system shall provide for:

- (1) Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the financial reporting requirements.
- (2) Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- (3) Written procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the contract, grant, or other agreement.
- (4) Recipients' financial management systems shall also adhere to:
 - (a) Grants. Standards for financial management systems as specified in OMB Circular A-110 and the Grant and Cooperative Agreement Handbook (NPG 5800.1).
 - (b) Contracts. Generally accepted accounting principles and standards and standards for financial management and reporting as specified in relevant contract clauses.

e. **AUTOMATED CLEARING HOUSE PROCEDURES**

- (1) **INITIAL PAYMENT INFORMATION.** A Payment Information Form - ACH Vendor Payment System (TFS 3881 - Attachment 3) must be on file before funds may be advanced. The recipient organization shall forward the form as soon as practicable to the DCFO of the cognizant NASA Center.



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(2) **REPORTING CHANGES IN PAYMENT INFORMATION.** A revised Payment Information Form - ACH Vendor Payment System (TFS 3881) shall be submitted should any of the following occur:

- (a) change in the name or address of the recipient organization; or
- (b) change in the account or financial institution.

f. **SUSPENSION AND TERMINATION**

Advance payments will be suspended if the recipient organization has failed to comply with: (1) financial management system requirements; (2) financial reporting requirements; or (3) interest reporting requirements. Under suspension, the recipient's cost shall be reimbursed until the condition is remedied. Advance financing shall be suspended when two successive quarterly SF 272 reports are late or when two reports are late in a fiscal year..

A decision to terminate the advance financing agreement shall be predicated upon a recipient organization's demonstration of an unwillingness or inability to comply with financial management system, interest reporting, or financial reporting requirements. Advance financing will be terminated if the recipient fails to correct a condition causing suspension within a reasonable period of time. Upon termination, the recipient organization shall finance its operations with its own working capital and be reimbursed by NASA. The cognizant NASA Center will promptly notify the recipient in writing of the determination, the reasons for termination, and the effective date.



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PART II CARRIER ACCOUNT PROCEDURES

9280-90 PURPOSE AND SCOPE

This section provides the requirements and procedures relative to the use of interappropriation expenditure authority for the following classifications of NASA carrier accounts.

- a. **GENERAL PURPOSE CARRIER ACCOUNTS.** Used for the procurement of common-use materials and certain items of capital equipment and propellants. Can also be used for center and program support.
- b. **FUNCTIONAL CARRIER ACCOUNT.** Used for processing program support and center support transactions related to the appropriations when the function is known at the time of purchase.
- c. **COMMON-USE CARRIER ACCOUNT.** Used for the procurement of common-use services; and the processing of program support transactions when the function is not known until the distribution is recorded.

9280-91 AUTHORITY

NASA authorization for use of carrier accounts is derived from 31 USC 1534, Adjustments Between Appropriations.

9280-92 LIMITATIONS

The use of carrier accounts is limited to the following:

- a. Fiscal activity (commitments, obligations, cost or disbursements) where a distribution to a benefiter (project and/or function) is not possible at the time of the recording of a transaction, but would be possible on the basis of later information.
- b. Initial financing of carrier account activity can be provided by any valid appropriation except Construction of Facilities.

9280-93 FUNDING RESPONSIBILITIES

- a. Centers will, as part of the budgeting process, provide the Associate Administrators with sufficient justification to support the funding level required to operate carrier accounts. In evaluating the requirements for carrier account activity, the planned commitment, obligation and cost rates, as well as the expected net change due to interappropriation transfers, will be considered. The Associate Administrators are responsible for monitoring the use of the carrier accounts at the field Centers.



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- b. The responsibilities and limitations placed on NASA officials under Resources Authority Warrants (NASA Form 506) and Allotment Authorizations (NASA Form 504) by applicable laws, rules, or regulations are not altered. NOTE: Allotment authorization and resources authority will not be issued for carrier account unique project numbers. The allotment authorization of the financing appropriation is the source of funding for the carrier accounts.
- c. The Center Financial Management Office will show a program year on fund citations provided to the procuring office for items and services being purchased under a carrier account. Two-year appropriations can be used with program year 1989 and subsequent years. In the expiration year of a multi-year appropriation, special attention must be given to open commitment documents to assure that the obligations are recorded before the appropriation expires.

9280-94 IDENTIFICATION OF CARRIER ACCOUNT UNIQUE PROJECT NUMBERS

The following non-programmatic unique project numbers are established in the Agencywide Coding Structure (FMM 9100) as active carrier accounts.

<u>Carrier Account Titles</u>	<u>Unique Project Numbers</u>
GENERAL PURPOSE CARRIER ACCOUNTS	
Capital Equipment Carrier Account(for common-use equipment purchases)	993
Propellant Carrier Account	994
Operating Materials and Supplies Carrier Account (for common-use supplies and materials)	998
FUNCTIONAL CARRIER ACCOUNT	992
(see FMM 9280-97)	
COMMON-USE CARRIER ACCOUNT	997
(see FMM 9280-98)	



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9280-95 GENERAL REQUIREMENTS AND PROCEDURES

- a. Carrier accounts transactions are designed to distinguish between purchases and distributions. Distributions should be recorded with a Y in the Carrier Account type field, and purchases should have a blank.
- b. The techniques for distribution of activity from the carrier accounts must be fully documented by each Deputy Chief Financial Officer (Finance) and approved by the Director, Financial Management Division, NASA Headquarters. Once approved, changes in distribution techniques or the carrier account used may not be made without prior approval.
- c. Appendixes illustrating the flow of transactions through the carrier account process is provided in FMM Appendix 9280-95A thru 95C.

9280-96 GENERAL PURPOSE CARRIER ACCOUNTS

- a. **DESCRIPTION.** The general purpose carrier accounts are used to procure capital equipment, propellants, and Operating Materials and Supplies that cannot be identified to a benefiter at the time of procurement. The activity will be recorded against the appropriate unique project numbers 993, 994, or 998 as commitments, obligations and disbursements. Commitments, obligations, costs and disbursements will be charged to the benefiter in the same month the issues are made to the user.
- b. **FUNCTIONALIZATION.** Purchases in and distributions from (Y coded) general purpose carrier accounts purchases are not functionalized, but the benefiting project records must be functionalized in accordance with FMM 9121-52.
- c. **DISTRIBUTION.** The general purpose carrier accounts are distributed based on usage/issues of requested items.
- d. **OTHER CARRIERS.** Transfers (non-Y coded) can be made to the Functional Carrier Account (992).
- e. **AWCS LEVEL ON BENEFITER RECORDS.** The benefiting project charges should have the lowest level as shown in the Agencywide Coding Structure.

9280-97 FUNCTIONAL CARRIER ACCOUNT

- a. **DESCRIPTION.** The Functional Carrier Account is used to procure program support and center support activity that cannot be identified to a benefiter at the time of procurement, but can be identified to a function other than 40-00-00. The activity will be recorded against the unique project number 992 as commitments, obligations, costs and disbursements.
- b. **FUNCTIONALIZATION.** Purchases in and distributions from (Y coded) the Functional Carrier Account are functionalized in accordance with FMM 9121-52. Functional reporting of distributions to benefiting projects is required.



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- c. **DISTRIBUTION.** The Functional Carrier Account distributions can be made at either the commitment, obligation or cost stage of the accounting process. To the extent practical, costs should be totally distributed to benefiting projects at the end of each fiscal year. However, when standard rates are utilized, balances may remain in the carrier account. These balances should be analyzed and appropriate adjustments should be made in the subsequent fiscal year. The distributions are limited to the commitments, obligations, or costs recorded in the carrier accounts and based on an actual usage/benefit link or labor hours.

The actual usage/benefit link can use historical trends and use, square footage, facility usage, CPU's (central processing units), rental charges and other indices developed to recover the costs associated with program support activities. The actual usage/benefit link can also utilize standard, actual or composite rates, as applicable.

Labor hour (i.e., civil servant and/or contractor) distributions may also be utilized, but only after the actual usage/benefit link method has been evaluated as impracticable. Labor hour distributions can utilize either actual recorded labor hour or budgeted/historical labor hour. If budgeted/historical labor hour data is utilized, then a comparison of the actual recorded labor hour to the budgeted/historical must be done each fiscal year as of June 30, with adjustments being made, if actuals vary by +/-5%. The adjustments should be made in the current fiscal year or as part of the budget process for the subsequent fiscal year.

- d. **OTHER CARRIERS.** Transfers cannot be made to other carrier accounts or between Functional Carrier Account activities.
- e. **AWCS LEVEL ON BENEFITER RECORDS.** The benefiting project records should have the lowest level as shown in the Agencywide Coding Structure and a transaction type of 'P' (program support) or 'C' (center support). The total Ps and Cs should equal the total Ys (Carrier Account Credit).

9280-98 COMMON-USE CARRIER ACCOUNT

- a. **DESCRIPTION.** The Common-Use Carrier Account is used to procure common-use; and program support and center support activity that cannot be identified to a benefiter and a function at the time of procurement. The activity will be recorded against the unique project number 997 as commitments, obligations, costs and disbursements.
- b. **FUNCTIONALIZATION.** Purchases in and distributions from (Y coded) this carrier account are not functionalized, but the benefiting project records are functionalized in accordance with FMM 9121-52.
- c. **DISTRIBUTION.** The Common-Use Carrier Account is distributed based on the same distribution guidelines stated in FMM 9280-97C.
- d. **OTHER CARRIERS.** Transfers (non-Y coded) can be made to the Functional Carrier Account.



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- e. **AWCS LEVEL ON BENEFITER RECORDS.** The benefiting project records should have the lowest level as shown in the Agencywide Coding Structure.

9280-99 FISCAL YEAREND PROCEDURES

- a. To provide for accurate budget submissions and yearend status reporting, the distribution of all charges to benefiter for issues made and services received during a fiscal year should be made before closing the accounts at the end of each fiscal year.
- b. Special attention must be given to outstanding carrier account commitments to assure utilization before the expiration date of the appropriation which funds the carrier accounts.
- c. Yearend reporting requirements for Schedules of Estimated Distribution of Selected Accounts (SEDSA) is contained in FMM 9391-8.



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9280-95A GENERAL PURPOSE CARRIER ACCOUNT TRANSACTIONS

GENERAL PURPOSE CARRIER ACCOUNT TRANSACTIONS **UNIQUE PROJECT NUMBERS 993, 994, AND 998**

TRANSACTION DESCRIPTIONS	FUNCTIONAL CODING	CARRIER ACCT. CR.	COMMITMENT	OBLIGATION	COST	DISBURSEMENT
Purchase Request	None		250,000			
Purchase Order/Contract Awarded	None			190,000		
Vendor Paid	None					125,000
Distribution Recorded Based on Usage/Issues	None	'Y'	(112,000)	(112,000)		(112,000)
Transfer to Functional Carrier Account (992) Based on Usage/Issues	None		(23,000)	(23,000)		(23,000)
Undistributed Balances			115,000	55,000		(10,000)
Transfer to Functional Carrier Account	10, 20, or 30 on UPN 992 Record		23,000	23,000	23,000	23,000
Distribution to Center Support	10, 20, or 30		10,000	10,000	10,000	10,000
Distribution to Benefiting Projects	10, 20, 30 or 40		102,000	102,000	102,000	102,000
TOTAL DISBURSEMENTS and TRANSFERS			135,000	135,000	135,000	135,000



9280-95B FUNCTIONAL CARRIER ACCOUNT TRANSACTIONS

FUNCTIONAL CARRIER ACCOUNT TRANSACTIONS
UNIQUE PROJECT NUMBERS 992

TRANSACTION DESCRIPTIONS	FUNCTIONAL CODING	TRANS. TYPE	CARRIER ACCT. CR.	COMMITMENT	OBLIGATION	COST	DISBURSEMENT
Purchase Request	10, 20, or 30			700,000			
Purchase Order/Contract Awarded	10, 20, or 30				560,000		
Cost Incurred (Material Received or Services Rendered)	10, 20, or 30					480,000	
Vendor Paid	10, 20, or 30						410,000
Transfer from General Purpose and/or Common Use Services Carrier Accounts	10, 20, or 30			15,000	15,000	15,000	15,000
Distribution Recorded							
for Commitments	10, 20, or 30		'Y'	1) (600,000)			
for Obligations	10, 20, or 30		'Y'	2) (100,000)	(100,000)		
	10, 20, or 30		'Y'		4) (400,000)		
for Cost	10, 20, or 30		'Y'	3) (15,000)	5) (75,000)	(495,000)	6) (495,000)
Undistributed Balances				- 0 -	- 0 -	- 0 -	(70,000)
Distribution to Center Support	10, 20, or 30	'P'		125,000	90,000	70,000	70,000
Distribution to Benefiting Projects	10, 20, or 30	'C'		590,000	485,000	425,000	425,000
TOTAL DISBURSEMENTS and TRANSFERS							

- 1) Commitments distributed by themselves.
- 2) Commitments distributed in conjunction with obligations.
- 3) Commitments distributed in conjunction with obligations, costs, and disbursements.
- 4) Obligations distributed by themselves.
- 5) Obligations distributed in conjunction with costs and disbursements.
- 6) Disbursements distributed in conjunction with costs.

Note: For UPN 992, Y = P + C



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9280-95C COMMON-USE CARRIER ACCOUNT TRANSACTIONS

COMMON-USE CARRIER ACCOUNT TRANSACTIONS UNIQUE PROJECT NUMBERS 997

TRANSACTION DESCRIPTIONS	FUNCTIONAL CODING	CARRIER ACCT. CR.	COMMITMENT	OBLIGATION	COST	DISBURSEMENT
Purchase Request	None		380,000			
Purchase Order/Contract Awarded	None			320,000		
Cost Incurred (Material Received or Services Rendered)	None				295,000	
Vendor Paid	None					260,000
Distribution Recorded						
for Commitments	None	'Y'	1) (275,000)			
for Obligations	None	'Y'	2) (60,000)	(225,000)		
	None	'Y'		4) (25,000)		
for Cost	None	'Y'	3) (25,000)	5) (50,000)	(275,000)	6) (275,000)
Transfer to Functional Carrier Account (992)			(20,000)	(20,000)	(20,000)	(20,000)
Undistributed Balances			- 0 -	- 0 -	- 0 -	(35,000)
Transfer to Functional Carrier Account	10, 20, or 30 on UPN 992 Record		20,000	20,000	20,000	20,000
Distribution to Benefiting Projects	10, 20, 30 or 40		265,000	205,000	180,000	180,000
Distribution to Center Support	10, 20, or 30		95,000	95,000	95,000	95,000
TOTAL DISBURSEMENTS and TRANSFERS			380,000	320,000	295,000	295,000

- 1) Commitments distributed by themselves.
- 2) Commitments distributed in conjunction with obligations.
- 3) Commitments distributed in conjunction with obligations, costs, and disbursements.
- 4) Obligations distributed by themselves.
- 5) Obligations distributed in conjunction with costs and disbursements.
- 6) Disbursements distributed in conjunction with costs.



PART III AUTHORIZATION AND APPROPRIATION ACT PROVISIONS AND OPERATING PLAN PROCEDURES

9280-101 PURPOSE

This part of the chapter prescribes the requirements concerning the accounting, controlling, and reporting of transactions incident to the provisions contained in the annual NASA Authorization and Appropriation Acts and the procedures initiated in fiscal year 1981 for the Operating Plan.

9280-102 APPLICABILITY

This portion of the chapter is applicable to NASA Headquarters only.

9280-103 REQUIREMENTS

Each provision contained in the annual NASA Authorization and Appropriation Acts as well as in the formal Operating Plan, which is amenable to financial accounting, shall be accounted for in a manner that permits responsible NASA officials to establish and determine that financial transactions are within the amounts and for the purposes legally authorized and administratively approved.

9280-104 RECORDS

Records will be established and maintained to account properly for each administrative action affecting the provisions of the NASA Authorization and Appropriation Acts and the Operating Plan. The records of the administrative actions shall be maintained in a manner to disclose properly at all times the status of administrative operating authorities issued to date which are chargeable to amounts contained in a provision of the annual Acts and the Operating Plan. These records as a minimum shall identify: (1) actions taken which affect amounts which normally fall within Section 201 of the annual Authorization Act such as formal notification to the Congress of proposed changes in NASA program plans; (2) actions taken which affect appropriation availability (such as apportionment actions, including appropriation transfers); (3) actions taken to issue administrative authority to utilize available funds in specified amounts for the execution of specified approved projects and activities (Resources Authority and Subauthorizations); (4) releases of appropriation and apportionment availability to NASA Centers (allotment actions); and (5) any amounts held in reserve by NASA Headquarters and any other data necessary to identify completely the status of amounts in the annual Acts and the Operating Plan.



9280-105 REPORTS

- a. The monthly Status of Approved Programs (SAP) Reports will be prepared in the formats set forth in FMM Appendices 9280-105A (R&D), B (SFCDC), C (CoF), D (R&PM) and E (OIG). Data contained in these reports will be based upon the NASA Authorization and Appropriation Acts, the Annual Operating Plan, Resources Authorities/Subauthorizations (NASA Forms 506, 506R, 506A, and 506A-R), and other appropriation program documents and memoranda.
- b. The monthly Status of Appropriation/Apportionment/Allotment Reports will be prepared in the formats set forth in FMM Appendices 9280-105F (R&D), G (SFCDC), H (CoF), I (R&PM), and J (OIG). The Research and Development (FMM 9280-105F); the Space Flight, Control and Data Communications (FMM 9280-105G); Research and Program Management (FMM 9280-105I); and the Office of Inspector General (FMM 9280-105J) reports will be consolidated with the monthly SAP Reports. Data contained in these reports will be taken from the Appropriation Act, Apportionments (Standard Form 132), Allotment Authorizations (NASA Form 504), Attachments to Allotment Authorizations (NASA Form 504A and 504B), and other appropriate financial documents.
- c. The 506A and 506A-R amounts contained in the SAP reports as of March 31 will be compared to the amounts contained in the applicable General Ledger accounts. The Centers will be notified to correct any differences.

9280-106 RESPONSIBILITY

- a. The Budget Controls Office (Code BR) will be responsible for implementing the provision of FMM 9280-104 and FMM 9280-105a and b.
- b. The Financial Management Division (Code BF) will be responsible for implementing the provisions of FMM 9280-105c.



**PART IV ACCOUNTING FOR COOPERATIVE AGREEMENTS,
FUNDED BY TRUST FUND DEPOSITS, BETWEEN NASA
AND FOREIGN AGENCIES OR INTERNATIONAL
ORGANIZATIONS**

9280-121 PURPOSE

This portion of the chapter (FMM 9280-121 - FMM 9280-128) establishes the requirements for accounting and reporting on transactions under cooperative agreements between NASA and foreign entities for procurement or furnishing by NASA of materials and services which are funded by deposits to trust fund accounts. Trust fund deposits are fiscal resources held by the Federal Government for the benefit of specific individuals or classes of individuals as distinguished from the general public. In administering these resources, the Government acts as a trustee and is limited in this capacity to the actions authorized by the specific trust agreement.

9280-122 APPLICABILITY

This portion of the chapter is applicable to NASA Headquarters and field Centers to which trust funds are made available by resources authority warrants and allotment authorizations.

9280-123 AUTHORITY

- a. The act of June 26, 1934, 58 Stat. 1233, as amended (31 U.S.C. 725s).
- b. The act of July 29, 1958, 72 Stat. 432 (42 U.S.C. 2475).
- c. Treasury Department - GAO Joint Regulation No. 3, as amended.
- d. Treasury Department Announcement No. 7533, NASA No. 80-10, dated May 17, 1963.

**9280-124 ESTABLISHMENT OF AGREEMENTS FUNDED BY TRUST
FUND DEPOSITS**

- a. In the course of carrying out international cooperative projects, it may be in the interest of NASA to agree to expend funds of a cooperating foreign agency for the procurement of supplies, materials or services.
- b. Supplementary agreements or exchanges of correspondence providing for trust fund deposits will be made by the Headquarters Program and staff office(s) involved pursuant to the provisions of established cooperative project agreements in coordination with the Office of International Affairs and the Financial Management Division.
- c. Such agreements or exchanges of correspondence will include the following specific provisions in addition to any other necessary arrangements relative to the services and materials to be provided:



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- (1) Description of the items or services requested by the cooperative foreign entity that are to be provided by or through NASA.
- (2) Estimate of the cost of the items or services for the time period covered by the agreement.
- (3) Provision for an advance payment (time phased, if appropriate) to cover the cost of the items or services to be furnished, by a check in the amount of the estimated cost in U.S. dollars made payable to the National Aeronautics and Space Administration, and forwarded to the Financial Management Division, Code BF, NASA Headquarters, Washington, DC 20546.
- (4) Statement that in the event the estimated cost is insufficient to cover the final cost of the items requested, the cooperating foreign entity agrees to repay NASA for such additional costs as may be incurred.
- (5) Statement that any funds remaining will be returned to the cooperating foreign entity upon termination of the contracted operations or upon termination of the agreement after final disbursements have been made to cover outstanding obligations.

9280-125 RECEIPT, ALLOTMENT AND OBLIGATION OF FUNDS

- a. **INTRODUCTION.** The Treasury Department has established the following accounts to control trust funds received by NASA under cooperative agreements with foreign entities.

Trust Fund Receipt Account:

808979 International Cooperation, National Aeronautics and Space Administration

Trust Fund Appropriation Account:

80X8979 International Cooperation, National Aeronautics and Space Administration

For NASA Headquarters Use Only

- b. **CODING.** The required codes to be incorporated in the Agencywide Coding Structure shall be assigned in accordance with FMM 9160 by the Financial Management Division. This action shall be accomplished at the time the agreement with the cooperating foreign entity is signed by NASA.
- c. **RECEIPT.** Upon receipt of an advance for deposit to the trust fund account, the Financial Management Division will transmit the funds to the U.S. Treasury disbursing office for deposit to the trust fund appropriation account, 80X8979. The Financial Management Division will furnish the cognizant Program Office and the Budget Operations Division the data normally required by FMM 9230 including the source from which the funds were received; the amount received and whether it is an initial or supplemental advance; certificate of deposit number and date; purpose or use which will be made of the funds; and a citation of the applicable trust agreement, e.g., 80X8979.00X.



- d. **ALLOTMENT.** Based on the above information, the Program Office and the Budget Operations Division will issue and distribute appropriate resources authority warrants and allotment authorizations. These documents will indicate the trust fund account symbol and the identifying limitation applicable to the particular agreement, i.e., 80X8979.00X, the date of the trust agreement, and the purpose for which the funds are available. As with appropriated funds, obligation documents are not to be executed until the allottee is in receipt of a resources authority warrant (506A) and an allotment authorization (504) for the trust fund appropriation account, 80X8979.
- e. **COMMITMENTS AND OBLIGATIONS.** Commitments and obligations under the trust fund appropriation account 80X8979 shall be established and documented in accordance with criteria contained in FMM 9030 and FMM 9040. Commitment and obligations shall be for the purpose(s) set forth in the trust agreement and shall not exceed the amount of funds allotted therefore. Depending on the type of transaction, documentation will consist of purchase orders, contracts, or such other documentation normally used by the allottee to initiate the actions required. Complete files of paid vouchers and unliquidated trust fund obligation documents will be maintained to support entries to the Center's accounts.

Field Centers shall cite the trust fund appropriation account 80X8979,00X on all obligation documents and disbursement documents properly chargeable under the trust fund agreement. It is recognized that instances will occur, e.g., stock issues under existing NASA contracts, where it is necessary to cite one of the regular NASA appropriations and reimburse that appropriation by billing the trust fund appropriation account 80X8979.00X. Standard Form 1081 will be utilized for this purpose.

9280-126 ACCOUNTING AND REPORTING

- a. The financial management or fiscal officer at each Center is responsible for the maintenance of the detailed accounting records and supporting documents under the trust agreement.
- b. Accounting requirements for trust funds under 80X8979 will follow the same pattern as the accounting requirements under the regular NASA appropriations to the extent applicable. (See FMM 9220 for requirements relative to maintenance of the general ledger.) In addition to these requirements, periodic statements and status reports as required by the trust agreement will be furnished to the cooperating foreign entity through the cognizant Headquarters Program Office(s).
- c. Monthly reports to NASA Headquarters from NASA field Centers will involve the following financial reporting systems:
 - (1) Summary General Ledger transactions will be reported in accordance with FMM 9220.
 - (2) Mechanized reports on the financial status of each trust fund agreement will be furnished in accordance with the requirements set forth in FMM 9330. See FMM 9160 for guidance relative to coding.



9280-127 PRICING

- a. The Centers' normal method for accumulating direct costs, i.e., work order, job order, etc., will be utilized in accounting for the activities under the trust agreement(s).
- b. Overhead, administrative expenses, and other normal NASA support will be charged as authorized in the trust agreement(s). Amounts of these charges which cannot be identified to a specific appropriation will be deposited to the Treasury as miscellaneous receipts.

9280-128 REVIEW OF ACTIVITY

- a. The Center financial management or fiscal officer will review the current status of the trust fund quarterly to determine whether the purpose for which the funds were made available has been accomplished, and that costs incurred are in accordance with the provisions of the trust agreement(s).
- b. Particular attention shall be directed to assure that funds will be provided on a timely basis to cover the liabilities to be incurred by NASA in carrying out the provisions of trust agreement(s). If it is anticipated that funds will be depleted prior to completion of the project, it is important that prompt action be taken to obtain additional funds. This is essential in the event a supplemental advance has to be obtained from the cooperating foreign entity.
- c. Final settlement will be accomplished by the Headquarters Financial Management Division upon notification by the responsible Headquarters Program or staff office that termination proceedings and final payment requirements have been satisfied. Any unused balance will be withdrawn from the Center(s) and refunded to the cooperating foreign entity from which it was received in accordance with the provisions set forth in the applicable trust agreement.
- d. Standard Form 1047, Public Voucher for Refunds, or other appropriate voucher form, will be utilized to document the return of unused funds to the cooperating foreign entity. The voucher form will contain the following information:
 - (1) Name of depositor
 - (2) Amount of deposit and date received
 - (3) Amount applied (expenditure)
 - (4) Balance refunded
 - (5) Any other pertinent data, e.g., a citation to the applicable trust agreement and procurement documents will be shown.



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9280-128A PROFORMA GENERAL LEDGER ENTRIES



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9280-128B TRIAL BALANCE FOR TRUST FUND 80X8979