



# 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 3. Administering Letters of Credit**

#### **3.1 Overview**

3.1.1 The purpose of this chapter is to define the administration of Letters of Credit by National Aeronautics and Space Administration (NASA) in terms of policy authorities and references, responsibilities, and requirements.

#### **3.2 Agency Requirements**

3.2.1 NASA policy is to use the Department of Health and Human Services' Payment Management System (DHHS/PMS) method of payment in administering letters of credit. This method ensures timely payments to the recipients. Recipient requests for funds are submitted through the PMS system from the recipient's personal computer into PMS. After successful negotiation of the system's edits, the transaction is written to tape and forwarded to the Richmond Federal Reserve. The Federal Reserve makes the electronic payment to the organization's financial institution the next business day.

3.2.2 Under NASA policy, the DHHS provides instructions to the recipients for requesting funds through the PMS.

#### **3.3 Roles and Responsibilities**

3.3.1 Agency Chief Financial Officer (CFO)/ Deputy CFO shall ensure that NASA and recipients meet NASA/DHHS/PMS Letters of Credit requirements.

3.3.2 Recipients Organizations shall comply with NASA/DHHS/PMS requirements when utilizing Letters of Credit for grants and agreements with NASA.

3.3.3 Center CFOs and the NASA Shared Services Center (NSSC) shall:

- a. Consolidate funding for the same recipient organizations.
- b. Assign Letter of Credit Numbers.
- c. Notify Recipients of award authorizations.
- d. Determine NASA compensation to DHHS for processing service charges.
- e. Process Monthly billings and transactions.
- f. Handle General Ledger accounting for advances, letter of credit financing, and related transactions.
- g. Prepare closing Letters of Credit in accordance with DHHS procedures.
- h. Reopen Recipients accounts as required by DHHS.
- i. Prepare Final reports and close outs.

j. Review Responsibilities and Requirements for Handling Letters of Credit, Appendix B of NASA Financial Management Requirements of this Volume 14, which provides additional details on roles and responsibilities.

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