VOLUME 10, CHAPTER 19: “PAYMENT PROVISIONS FOR GRANTS AND OTHER INSTRUMENTS OF ASSISTANCE”

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by bold, italic, blue and underlined font.

The previous version dated March 2010 is archived.

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<td>190103</td>
<td>Added policy for Central Contractor Registration.</td>
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<td>1905</td>
<td>Added a section for reporting requirements.</td>
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<td>190601</td>
<td>Added clarity for recording and reporting receivables.</td>
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<td>Clarified language for debt collection responsibilities between grants office and the payment office.</td>
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CHAPTER 19
PAYMENT PROVISIONS FOR GRANTS AND OTHER INSTRUMENTS OF ASSISTANCE

*1901 OVERVIEW

This chapter provides the necessary guidance to ensure that payments are made and recorded properly for expenditures of funds under Department of Defense (DoD) grants, cooperative agreements, and other instruments of assistance not covered in other chapters or volumes. Guidance also is included for cash management, reporting and debt collections associated with those instruments. The DoD Directive 3210.6-R “Department of Defense Grant and Agreement Regulations” (DoDGAR) Part 22, Subpart B, 22.205 describes statutory criteria that distinguish grants and cooperative agreements from procurement contracts. These criteria are codified at Title 31 United States Code (USC), Chapter 63. The Office of Management and Budget (OMB) Circular A-102 establishes consistency and uniformity among Federal agencies in the management of grants and cooperative agreements.

190101 Administering Office

The office that issues the grant or other type of instrument of assistance distributes a copy of the award to the office designated to administer the grant or cooperative agreement. Modifications made by the awarding or administering office also will be promptly distributed to the Defense Finance and Accounting Service (DFAS) office designated to make the payments to the recipient.

190102 Designated Payment Office

The award designates the specific payment office which will make payment. The payment office verifies propriety, adequacy, and completeness of documentation to substantiate amounts to be paid by the DoD. The payment office’s copy supports the payment and is attached to the retained copy in the payment file or document. Close working relations between all involved offices are necessary for timely and accurate handling of financial transactions in issuing and paying the assistance instruments.

190103 Electronic Payment Process

Electronic Commerce (EC) is the preferred method to process payment requests and related actions. The EC guidance contained in Volume 10, Chapter 17 also is applicable to payment actions in this chapter. Payment by Electronic Funds Transfers (EFT) is a requirement of Title 31 Code of Federal Regulations (CFR), Part 208.3. 2 CFR Part 25.200 requires the recipient to maintain current information about itself in the Central Contractor Registration (CCR).
1902 POLICY

190201 Regulatory Guidance

The DoDGAR provides the regulatory framework for the overall management of functions related to grants and cooperative agreements. The DoDGAR is codified at 32 CFR Part 21-37.

190202 Accounting Guidance

Volume 12, Chapter 5 contains the accounting guidance to be followed by DoD Components for grants and cooperative agreements.

190203 Disbursing Guidance

Volume 5 contains additional disbursing guidance.

190204 Cash Management

The *Cash Management Improvement Act (CMIA)*, implemented by 31 CFR Part 205, sets rules, including interest liabilities and procedures for the transfer of funds between Federal agencies and the states for financing Federal Assistance Programs.

1903 QUALITY AND INTERNAL CONTROLS

190301 Internal Controls-Grant Awards

Quality and Internal Controls are necessary to ensure grant funds are being used for the purpose awarded and expended within the constraints reflected in the grant.

190302 Single Audit Act

*OMB Circular A-123 Appendix A, “Management’s Responsibility for Internal Control”* states that statutory requirements should also be considered as part of an agency’s internal control framework which include the Single Audit Act (31 USC 7501-07). The Single Audit Act requires financial statement audits of non-Federal entities that receive or administer grant awards of Federal monies. The financial statement audits include testing the effectiveness of internal controls, and determining whether the award monies have been spent in compliance with laws and regulations. Each Federal agency that provides Federal awards will review the audits of the recipients to determine whether corrective actions are implemented with respect to audit findings. For additional information, see the Single Audit Act information prescribed in *OMB Circular A-133* and *DoD Directive 7600.10, “Audits of States, Local Governments and Non-Profit Organizations.”
1904 PAYMENT REQUEST

190401 Advance or Reimbursement Requests

For non-construction program agreements with states, local governments, universities, and other non-profits, DoD 3210.6-R requires requests for advance payments or reimbursements to be made on Standard Form (SF) 270, Request for Advance or Reimbursement. Other forms may be used if authorized by OMB. For construction programs, each Federal awarding agency will use the SF 271, Outlay Report and Request for Reimbursement for Construction Program, as the standard form; however, a Federal awarding agency may substitute the SF-270 when the Federal awarding agency determines that it provides adequate information to meet Federal needs.

190402 Commercial Recipients

For payments to commercial recipients, DoD Components may authorize recipients to use SF 270 or SF 271, or prescribe other forms as necessary.

190403 Types of Payments Information

See Volume 12, Chapter 5 for information concerning payment types.

190404 Voucher Submission

The entitlement office will certify and submit the voucher for payment as soon as practicable in accordance with the following guidelines:

A. No more than 7 days after receipt of the recipient’s request at the administering office whenever electronic commerce is used, e.g., Electronic Data Interchange (EDI) to request the payment and EFT to make the payment;

B. No more than 30 days after receipt of the recipient’s request at the administering office when it is not possible to use electronic commerce; and

C. No more than 7 days after each date specified when payments are authorized in advance based on a predetermined payment schedule provided the payment schedule was received in the payment office at least 30 days in advance.

*1905 REPORTING REQUIREMENTS

190501 Reporting Forms

The SF 425, Federal Financial Report, and SF 425a, Federal Financial Report Attachment, will be used for financial reporting for grants and cooperative agreements prescribed by OMB.
190502 Sub-Awards Reporting

Reporting for the recipient’s sub-award and executive compensation requirements are prescribed by 2 CFR Part 170.200(b). Grant offices awarding terms and conditions should include instructions for recipients’ submissions.

*1906 DEBT COLLECTION FOR GRANTS AND COOPERATIVE AGREEMENTS

190601 Collection Procedures

Any funds paid to a recipient in excess of the amount to which the recipient is entitled constitutes a debt to the DoD. The Accounts Receivable Office (ARO) is the office responsible for recording and reporting receivables and can also be the office responsible for debt collection. In most, but not all, cases the ARO is located at a DFAS site.

A. Primary responsibility for collecting the debt rests initially with the grant office, and then with the payment office.

B. When the grants office has exhausted all its available avenues to collect the debt, but it remains unresolved, the grants office will forward all related demand information to the appropriate payment office. The payment office will follow collection procedures in Chapter 18, unless the DoDGAR, or the applicable grant or cooperative agreement, explicitly prescribes a different procedure.

C. Grants offices will obtain each grant recipient’s Taxpayer Identification Number (TIN) and notify the recipient that the TIN is being obtained for the purpose of collecting and reporting on any delinquent amounts that may arise out of the recipient’s relationship with the Federal Government.

D. Upon receipt of the debt package from the grants officer, the Debt Management Office (DMO) will pursue collection of the debt.

190602 Offset Procedures

In accordance with the provisions of OMB Circular A-129, “Policies for Federal Credit Programs and Non-Tax Receivables,” an administrative offset may be used to collect delinquent debts owed by a recipient. If an administrative offset is taken, then the payment office will follow the due process as provided in 31 CFR 901.2, “Demand for Payment,” and 31 CFR 901.3, “Collection by Administrative Offset,” where the statute and regulations are applicable. Use of an administrative offset is not required in every instance in which there is an available source of funds. Either the payment office or the accounting office will make the determination on a case-by-case basis in conjunction with the grants officer responsible for the award against which the offset will be applied. The following are examples of when an offset will not be taken:
A. Recovery of debt by an administrative offset will not be taken when the grants officer determines that the offset will substantially interfere with, or defeat the purpose of, the program for which the offset is contemplated.

B. Grants and cooperative agreements paid in advance generally are not subject to offset. If deemed to be in the best interest of the government, then the payment office may request the issuing grant officer to convert the agreement to a reimbursable method of payment which would enable the use of an administrative offset.

190603 Collection Office

The office responsible for collecting the debt will apply interest, penalty, and administrative costs to delinquent debts according to guidance contained in Volume 4, Chapter 3, Annex 1. See Volume 5, Chapter 28 for additional information.

190604 Uncollectable Debts

Any debt that is determined uncollectible will be written off in accordance with Volume 4, Chapter 3 and Volume 5, Chapter 28.