

CHAPTER 1

GENERAL OVERVIEW

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CHAPTER 1**GENERAL OVERVIEW**0101 GENERAL

This volume establishes cash management policies and procedures for the National Aeronautics and Space Administration (NASA). The provisions of this chapter are designed to supplement existing regulations bearing on the subjects covered herein and are intended to complement Office of Management and Budget (OMB), Government Accountability Office (GAO), Treasury and other regulations as cited in the Authorities and Reference section.

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0102 AUTHORITY AND REFERENCES

The content of this volume is developed consistent with the following authorities and references. More detail citations are included in the chapters of this volume for ease of reference.

010201. Laws.

A. The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576).

<http://www.oirn.nih.gov/itmra/cfoact.html>

B. The Debt Collection Improvement Act of 1996, (Debt Collection Improvement Act of 1996 is Public Law 104-134, Section 31001, 110 Stat. 1321-358).

<http://www.fms.treas.gov/debt/regulations.html>

C. 31 USC Money and Finance. (See citations in each chapter).

<http://www4.law.cornell.edu/uscode/html/uscode31/>

D. 44 USC 3504. Authority and Functions of the Director. This reference includes goals for implementation of the Government Paperwork Elimination Act.

http://straylight.law.cornell.edu/uscode/html/uscode44/usc_sec_44_00003504----000-.html

010202. Executive Agency Regulations and Directives

A. 4 CFR 101 – 105 Federal Claims and Collection Standards (Government Accountability Office – Department of Justice).

http://www.access.gpo.gov/nara/cfr/waisidx_00/4cfrv1_00.html#101

B. Prompt Payment, 5 CFR Part 1315.

http://www.access.gpo.gov/nara/cfr/waisidx_04/5cfr1315_04.html

C. 31 CFR Money and Finance: Treasury. Subtitle B Regulations Relating to Money and Finance, Chapter II Fiscal Service, Department of the Treasury.

<http://straylight.law.cornell.edu/cfr/cfr.php?title=31>

D. Federal Acquisition Regulation: Electronic Funds Transfer Regulation, 48 CFR Parts 13, 15, and 32. (FAR EFT Final Rule).

<http://www.fms.treas.gov/eft/regulations/fareft.txt>

E. Government Losses in Shipping, 40 CFR Chapter 15.

http://www.access.gpo.gov/uscode/title40/chapter15_.html

G. Grants and Cooperative Agreements with State and Local Governments, OMB Circular A-102.

<http://www.whitehouse.gov/omb/circulars/index-ffm.html>

H. Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, OMB Circular A-110.

<http://www.whitehouse.gov/omb/circulars/index-ffm.html>

I. Management Accountability and Control, OMB Circular A-123.

<http://www.whitehouse.gov/omb/circulars/index-ffm.html>

J. Policies and Standards for Financial Management Systems, OMB Circular A-127.

<http://www.whitehouse.gov/omb/circulars/index-ffm.html>

K. Managing Federal Credit Programs, OMB Circular A-129.

<http://www.whitehouse.gov/omb/circulars/index-ffm.html>

L. OMB Circular A-129, Section IV and V of Appendix A.

<http://www.whitehouse.gov/omb/circulars/index-ffm.html>

010203. Treasury Publications and Guidance.

A. Treasury Financial Manual, Volume I Federal Agencies.

<http://www.fms.treas.gov/tfm/vol1/index.html>

B. Cash Management Made Easy Guidebook.

<http://fms.treas.gov/eft/regulations/cashmanagementmadeeasy.html>

C. Cross Servicing Implementation Guide Revised May 2005, Treasury Management Services, Debt Management Services, Cross Servings Division.

<http://www.fms.treas.gov/debt/crosserv.html>

010204. GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7 Fiscal Guidance, Chapter 8 Settlement of Accounts and Relief of Accountable Officers. Though this Manual is no longer being updated the procedures in Title 7 still pertain.

<http://www.gao.gov/decisions/ppm7.pdf>

0103 ROLES AND RESPONSIBILITIES

010301. NASA Agency Deputy Chief Financial Officer (Agency DCFO) shall:

A. Coordinate and monitor the policies, processes and systems used to process, record and report NASA's cash activities for collection, deposit, and disbursement.

B. Review and if appropriate approve requests for waivers to specific provisions of these requirements.

C. Establish and monitor policy on foreign cash transactions of the Centers.

D Evaluate and approve requests for international agreements requiring cash payments.

E Provide guidance as to the detail to be included on reports to GAO on improper payments and requests for relief of improper payments.

F Designate a person responsible to handle the reporting to GAO on improper payments and requests for relief for improper payments.

010302. The Quality Assurance Office Shall.

A Assure internal reviews of payments performance and systems accuracy have been conducted as required by the Chief Financial Officers (CFO) Act requirements.

010303. Center Chief Financial Officer shall:

A Be responsible for incorporating the policies in this volume into their billing and collection, accounting, and disbursing activities. To ensure effective cash management, the job elements of Center personnel responsible for receipts and disbursements should include cash management as a critical performance measurement.

B Be responsible for monitoring the efficiency, effectiveness, and economy of the Center's cash management practices.

C Be responsible to conduct annual reviews in accordance with Volume 15 Chapter 10 Cash Management Reviews that will:

1. Determine if the Center is collecting and disbursing funds by Electronic Funds Transfer (EFT) to the maximum extent possible.

2. Determine if the Center is billing, collecting, and depositing in a timely manner.

3. Determine if the Center is making disbursements according to 5 CFR 1315, Prompt Payment.

http://www.access.gpo.gov/nara/cfr/waisidx_04/5cfr1315_04.html

4. Determine if opportunities exist to implement new mechanisms or processes or to upgrade existing mechanisms or processes.

5. Ensure adequate internal controls are in place.

D Make documentation available to the Agency DCFO summarizing reviews of Center cash management practices. Required reports will be retained and made available for examination through the Quality Assurance process.

E. Submit requests for waivers to specific provisions of these requirements to the Agency DCFO for consideration. Such requests should identify; the specific requirement, state the reason for the request, the period of time to be covered by the waiver, and any documentation in support of the request.

F. Abide by other such regulations that may be in place for which the requirements in this volume are subordinate. The provisions of this chapter are designed to supplement existing regulations bearing on the subjects covered herein and do not relieve Center CFOs from compliance with OMB, GAO, Treasury and other regulations.

G. Be responsible for ensuring that payments are processed timely, accurately and properly documented. As such they shall:

1. Keep disbursement and accounting records accurate and in balance from contract execution through closeout, and monitor the causes of late payments and interest penalties incurred and take follow up action to ensure timely payments as needed.

2. Assure cash management and payment performance are efficient and accurate.

3. Employ controls that limit access to data that are electronically transmitted, including appropriate separation of duties. Such controls shall provide reasonable assurance that deliberate or inadvertent manipulation, modification, or loss of data during transmission is detected.

H. Ensure compliance with 5 CFR 1315, the Codification of the Prompt Payment Act by adopting internal procedures that include provisions for monitoring the causes of late payments and any interest penalties incurred, taking necessary corrective action, and handling inquiries.

I Review for compliance with NASA Financial Management Requirement (FMR), Volume 9 Internal Management Controls.

J. Conduct internal reviews of payments performance and systems accuracy, consistent with the Chief Financial Officers (CFO) Act requirements. Internal reviews if done by another party that are consistent with this requirement may be relied upon if otherwise appropriate.

K. Process Center disbursements through EFT to the maximum extent possible.

L. Forward request for foreign international agreements to the Agency DCFO for approval.

M. Assist their Center in making arrangement with the State Department for use of Kansas City Regional Financial Center (KFC), for foreign payments, as it is the Treasury's designated center for this purpose.

N. Be responsible for providing Certifying Officers with assistance needed to be satisfied a payment is proper. This may include demonstration, documentation, or providing audit reports and evaluations that validate that systems, controls, and other methods used to process transactions and verify payments can be relied upon.

O. Be responsible for establishing with the Treasury Financial Management Services (FMS) the necessary accounts and providing the information at the transaction level to allow Treasury to maintain accounts for NASA.

0104 DEFINITIONS

010401. Accelerated Payment. A payment made prior to the due date.

010402. Acceptance. An acknowledgment by an authorized Government official that goods received and services rendered conform to the contract requirements. Acceptance also applies to partial deliveries.

010403. Accountable Officer. A U.S. Government official or employee who, on behalf of the United States, receives and maintains public funds, certifies vouchers, or maintains or draws checks upon accounts of the United States, including those in depository banks designated by the Secretary of the Treasury. Accountable Officers are individuals who either certify payments (certifying officers) or have physical custody of government funds.

010404. Administrative offset (as defined in 31 U.S.C. 3701(a)(1)), means withholding funds payable by the United States (including funds payable by the United States on behalf of a State government) to, or held by the United States for, a person to satisfy a claim. The payee may be a natural person or persons, profit or non-profit corporation, partnership, association, trust, estate, consortium, or other entity which is capable of owing a debt to the United States Government except that agencies of the United States, or of any State or local government shall be excluded.

010405. Applicable interest rate. The interest rate established by the Secretary of the Treasury for interest payments under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) which is in effect on the day after the due date, except where the interest penalty is prescribed by other governmental authority (e.g., utility tariffs). The rate established under the Contract Disputes Act is referred to as the "Renegotiation Board Interest Rate," the "Contract Disputes Act Interest Rate," and the "Prompt Payment Act Interest Rate," and is published semiannually by the Fiscal Service, Department of Treasury, in the Federal Register on or about January 1 and July 1.

010406. Approving Official. An individual who reviews cardholder statement(s), is responsible for authorizing cardholder purchases (for official use only), and ensures that statement is reconciled and submitted to the designated billing office in a timely manner. This term also refers to an official who provides government acceptance of specific goods or services needed for invoice payment.

010407. Banking Information. Information necessary to facilitate an EFT payment, including the vendor's bank account number, and the vendor financial institution's routing number.

010408. Cardholder. The individual Government employee to whom a Government purchase card is issued. The card bears the employee's name and can be used only by that employee for official purchases, in compliance with the agency's policies and procedures and General Services Administration's (GSA) Government Commercial Credit Card Services contract.

010409. Cardholder Statement. A statement, listing all transactions during the billing period sent to each cardholder.

010410. Cash Flow. Each category of (1) incoming funds, including specific program sources, travel reimbursements, and collection of overpayments and (2) disbursements, including payroll, vendors, and travel.

010411. Cash Management. Practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle cash balances.

010412. Cash Management Review. A comprehensive and ongoing study of an agency's cash-flows and corresponding cash management processes or mechanisms, conducted to identify opportunities for improvement in an agency's cash management practices.

010413. Certifying Officer. An employee of NASA to whom Treasury has granted the authority to approve vouchers on NASA's behalf for payment.

010414. Check Custodians. NASA employees that have authority granted by Treasury to handle Treasury checks and check stock.

010415. Collection Agent. A NASA employee designated by Center CFOs to collect all monies due Centers pursuant to properly prepared billing documentation and for the expeditious and proper disposition of all monies received.

010416. Collection Mechanism. A tool or system by which monies are transferred or credited to a Federal Government agency from an outside source or from another Federal Government agency.

010417. Cutoff Time. A time pre-designated by a financial institution beyond which transactions presented or actions requested will be deferred to the next banking day's business.

010418. Day. A calendar day including weekend and holiday, unless otherwise indicated.

010419. Debtor. Any person, organization, or entity, other than another Federal agency that owes an amount of money to NASA.

010420. Delegation of Authority. Authority established with Treasury to request Treasury to appoint officials for disbursing functions. A written delegation issued by responsible agency personnel that establishes authorized cardholder(s), specifying spending and usage limitations unique to that cardholder.

010421. Delinquent debt. Debt not paid by the date specified in the initial written notification (e.g., 14 CFR Chapter 5 Sec. 1261.407) or applicable contractual agreement, (including a post-delinquency payment agreement) unless other payment arrangements have been made.

010422. Delivery Ticket. A vendor document supplied at the time of delivery which indicates the items delivered. A delivery ticket may serve as a proper invoice if based on contractual agreement.

010423. Deposit. Money presented for credit to the U.S. Treasury. Such transfers can be made by agencies or directly by the remitter. All such transfers are affected through a Federal Reserve Bank (FRB) or other financial institution. Deposit (Same Day) is a deposit made before the cutoff time on the day on which the funds were received by the agency. For example, if an agency receives funds for deposit at 10 a.m. on Monday and transmits the deposit to the bank by 2 p.m. on Monday (the depository's cutoff time) then same-day-deposit requirements are met.

010424. Depository. A bank or other financial institution designated by FMS to receive monies for credit to the U.S. Treasury. This term refers to the FRB's and general depositories, where deposits are made for credit to the account of Treasury.

010425. Designated Agents. Individuals whom Treasury has approved to receive and deliver checks drawn on NASA funds.

010426. Designated Authority. Authority established with Treasury which will allow a person to perform the Certification of Vouchers and Payments, process disbursing data into the Treasury Electronic Certification System (ECS), or act as a Security Administrator for ECS.

010427. Designating Official. A NASA employee to whom Treasury has granted authority to designate other NASA employees to perform disbursing related functions.

010428. Disbursement Mechanism. Any tool or system by which Federal monies are transferred to an outside recipient or to another Federal agency.

010429. Discount. An invoice payment reduction offered by the vendor for early payment.

010430. Discount date. The date by which a specified invoice payment reduction, or a discount, can be taken.

010431. Due date. The date on which Federal payment should be made.

010432. Duplicate check losses. When a payee reports non-receipt of an original check, the government issues another, and both are negotiated.

010433. ECS Data Entry Operator. An employee of NASA to whom Treasury has granted the authority to enter data on behalf of NASA into the Treasury Electronic Certification System.

010434. ECS Security Administrator. An employee of NASA to whom Treasury has granted the authority to perform security functions for the Treasury Electronic Certification System.

010435. Electronic Commerce. The integration of electronic-based systems to support common business processes. For example, the purchase card contractor will provide invoices electronically to Federal agency designated billing offices and accept payments electronically from Federal Government payment centers, and will provide electronic access to account data and reports. Electronic Commerce means the end to end electronic exchange of business information using electronic data interchange, electronic mail, electronic bulletin boards, electronic funds transfer (EFT), and similar technologies.

010436. Electronic Data Interchange. The computer to computer exchange of routine business information in a standard format. The standard formats are developed and maintained by the Accredited Standards Committee of the American National Standards Institute.

010437. Electronic Funds Transfer (EFT). Any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer, or magnetic tape, for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes, but is not limited to, Automated Clearing House and Fedwire transfers, Credit or Debit Card, or FMS' Intra-Governmental Payment and Collection (IPAC) system.

010438. Emergency Payment. A payment made under an emergency defined as a hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mud slide, snowstorm, drought, fire, explosion, or other catastrophe which requires Federal emergency assistance to supplement State and local efforts to save lives and property, and ensure public health and safety; and the release or threatened release of hazardous substances.

010439. Encryption Officers. NASA employees approved by Treasury to ensure the security of payment data process through the FMS Wide Area Network, or use other telecommunication facilities to transmit payment request files to Treasury Regional Financial Centers.

010440. Fast Payment. A payment procedure under the Federal Acquisition Regulation at Part 13.4 which allows payment under limited conditions to a vendor prior to the Government's verification that supplies have been received and accepted.

010441. Financial Official. An employee of the Grantee organization to whom Treasury has granted authority to approve (certify) ASAP Payment Requestor Bank Information has been delegated.

010442. Fiscal Irregularity. An irregularity involving a physical loss of funds or an improper payment.

010443. Foreign Currency. Money of a country other than the United States.

010444. Foreign Exchange. The system by which one currency is exchanged for another. This enables international transactions to take place.

010445. General Depositories. Designated commercial banks which have been specifically authorized by Treasury to maintain a demand account in the name of Treasury entitled "Treasury's General Account" for the purpose of accepting deposits for credit in such account.

010446. Government Purchase Card. Internationally accepted credit card available to all Federal agencies under a single General Services Administration contract for the purpose of making small purchases of up to \$25,000, with a minimum of paperwork. These credit card services are available under a contract awarded by GSA for Government-wide use.

010447. Improper payment. A disbursement of funds that is found by an appropriate federal authority to be illegal, improper or incorrect. Improper payments result from fraud, forgery, alteration of vouchers, improper certifications, and human and/or mechanical error.

010448. Interim payment. Any payment that is not a commercial advance payment or a delivery payment. A commercial interim payment is given to the contractor after some work has been done, whereas a commercial advance payment is given to the contractor when no work has been done. Interim payments are usually for cost reimbursement contracts and are not subject to interest penalty provisions of the Prompt Payment Act.

010449. Payment Date. The date on which a check for payment is dated or the date of an EFT payment (settlement date). Payments by EFT mechanism will be made so as to be received by the contractor's financial institution by the established due date.

010450. Physical loss. A shortage of public funds in an account resulting from such things as (1) theft (burglary, robbery, embezzlement, etc.), (2) loss in shipment, and (3) destruction by fire, accident or natural disaster. An unexplained shortage (a shortage with no apparent reason or explanation) is also treated as a physical loss.

100451. Prevailing Rate of Exchange. The most favorable rate legally available to the US Government for the acquisition of foreign exchange for US Government official disbursement and accommodation exchange transactions.

010452. Rebate. A monetary incentive offered to the Government by Government-wide commercial purchase card issuers to pay purchase card invoices early.

010453. Receiving Office. The entity which physically receives the goods or services, and may be separate from the accepting entity.

010454. Receiving Report. Written or electronic evidence of receipt of goods or services by a Government official.

010455. Recurring Payments. Payments for services of a recurring nature, such as rents, building maintenance, transportation services, parking, leases, and maintenance for equipment, pagers and cellular phones, etc., which are performed under agency vendor agreements providing for payments of definite amounts at fixed periodic intervals.

010456. Referral for litigation. Referral through the NASA Headquarters or Center legal counsel to the Department of Justice (Main Justice or the United States Attorney, as appropriate) for legal proceedings.

010457. SAP stands for "Systems, Applications and Products". It refers to the centralized agency wide accounting system NASA uses as a part of the Integrated Financial Management Program (IFMP).

010458. Secure Payment System (SPS). FMS provides the SPS as a mechanism by which government agencies can create payment schedules in a secure

fashion, and with a strictly enforced separation of duties using web based technology. This system will allow personnel at NASA locations to submit schedules to FMS over a browser/web interface.

010459. Settlement Date. For payments, the date the receiving financial institution's Federal Reserve account is credited and Treasury's account is debited. For collections, the date the Federal Reserve account of the remitter's financial institution is debited and the Treasury's account is credited.

010460. Small Purchase. An acquisition of supplies, non-personal services or construction in the amount of \$25,000 or less.

010461. Tokens. Cryptographic keys or passwords for proving identity, For example tokens are assigned to NASA employees to grant access to the Treasury Electronic Certification System for disbursing cash.

010462. Taxpayer Identifying Number (TIN). The nine digit Employer Identifying Number or Social Security Number as defined in Section 6109 of the Internal Revenue Code of 1986 (26 U.S.C. 6109).

010463. Translate. The act of determining U.S. dollar equivalents of foreign currency amounts. Designated by the Treasury.

CHAPTER 2

ELECTRONIC FUNDS TRANSFER

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CHAPTER 2**ELECTRONIC FUNDS TRANSFER**0201 OVERVIEW020101. General.

The Federal Government is actively engaged in utilizing electronic technologies for management of cash to meet goals of cost savings, paper elimination, and other efficiencies. These efforts have resulted in a number of electronic mechanisms to collect, deposit, or disburse cash, referred to collectively as Electronic Funds Transfer (EFT). Key EFT legislation is identified and described below:

- The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576) provided a foundation for comprehensive reform of Federal financial management, including Federal agencies' responsibility to use timely, reliable, and comprehensive financial information and systems. To that end, the Treasury's Financial Management Service (FMS) is tasked to promote the use of EFT for all agencies to improve their cash management practices whenever cost effective, practicable, and consistent with statutory authority.
- The Debt Collection Improvement Act of 1996 (Public Law 104-134, Section 31001, 110 Stat. 1321-358) encourages electronic collection mechanisms and requires Federal agencies to disburse payments via electronic funds transfer, with few exceptions.

020102. AUTHORITY AND REFERENCES.A. Laws.

1. The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576).

<http://www.woirm.nih.gov/itmra/cfoact.html>

2. The Debt Collection Improvement Act of 1996, (Debt Collection Improvement Act of 1996 is Public Law 104-134, Section 31001, 110 Stat. 1321-358).

<http://www.fms.treas.gov/debt/regulations.html>

3. 44 USC 3504, Authority of the Director. This reference includes goals for implementation of the Government Paperwork Elimination Act.

http://straylight.law.cornell.edu/uscode/html/uscode44/usc_sec_44_00003504----000-.html

B. Executive Agency Regulations and Directives.

1. Prompt Payment, 5 CFR Part 1315.
http://www.access.gpo.gov/nara/cfr/waisidx_04/5cfr1315_04.html
 2. Depositories and Financial Agents of the Federal Government. 31 CFR Part 202.
http://www.access.gpo.gov/nara/cfr/waisidx_04/31cfrv2_04.html#201
 3. Management of Federal Agency Receipts, Disbursements, and Operation of the Cash Management Improvements Fund, 31 CFR Part 206.
http://www.access.gpo.gov/nara/cfr/waisidx_04/31cfrv2_04.html#201
 4. Management of Federal Agency Disbursements, 31 CFR Part 208. http://www.access.gpo.gov/nara/cfr/waisidx_04/31cfrv2_04.html#201
 5. Federal Government Participation in the Automated Clearing House, 31 CFR Part 210.
http://www.access.gpo.gov/nara/cfr/waisidx_04/31cfrv2_04.html#201
 6. Federal Acquisition Regulation: Electronic Funds Transfer Regulation, 48 CFR Parts 13, 15, 32, and 52. (FAR EFT Final Rule).
<http://www.fms.treas.gov/eft/regulations/fareft.txt>
 7. Grants and Cooperative Agreements with State and Local Governments, OMB Circular A-102.
<http://www.whitehouse.gov/omb/circulars/index-ffm.html>
 8. Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, OMB Circular A-110.
<http://www.whitehouse.gov/omb/circulars/index-ffm.html>
 9. Management Accountability and Control, OMB Circular A-123.
<http://www.whitehouse.gov/omb/circulars/index-ffm.html>
 10. Policies and Standards for Financial Management Systems, OMB Circular A-127.
<http://www.whitehouse.gov/omb/circulars/index-ffm.html>
 11. Managing Federal Credit Programs, OMB Circular A-129.
<http://www.whitehouse.gov/omb/circulars/index-ffm.html>
- A. Treasury Publications and Guidance.

1. Treasury Financial Manual, Volume I Federal Agencies, 4-3000. Third Party Draft Procedures for Imprest Fund Disbursing Activities, Depositories and Financial Agents of the Federal Government.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
2. Treasury Financial Manual, Volume I Federal Agencies, 5-2000. Checks and Cash Received in Collections.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
3. Treasury Financial Manual, Volume I Federal Agencies 5-4000, Making Deposits. <http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
4. Treasury Financial Manual, Volume I Federal Agencies 5-4500, Deposits to Treasury Through the Fedwire Deposit System.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
5. Treasury Financial Manual, Volume I Federal Agencies 5-4600, Treasury Automated Lockbox Network.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
6. Treasury Financial Manual, Volume I Federal Agencies 5-4700, Plastic Card Collection Network.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
7. Treasury Financial Manual, Volume I 5-6000, Disposition of Foreign Currency and Checks Drawn of Foreign Banks.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
8. Treasury Financial Manual, Volume I TFM 6-4000, currently named, Interagency Payment and Collection (IPAC) system.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
9. Treasury Financial Manual, Volume I TFM 6-8000, Cash Management. <http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>
10. Cash Management Made Easy Guidebook.
<http://fms.treas.gov/eft/regulations/cashmanagementmadeeasy.html>

0202 FEDERAL ELECTRONIC BANKING

020201. General. Electronic Funds Transfer (ETF) refers to the electronic transmission of collections, deposits, and disbursements transactions with related data and the electronic tools used for transmitting and reporting on these transactions. NASA works with the Treasury FMS to establish depositories and Financial Agents (FAs) to act on NASA's behalf to handle cash transactions electronically through the banking system. Depositories transmit these transactions to Federal Reserve Banks with the data needed for accounting, resulting in a balance held in the Federal Reserve Bank of New York

(FRBNY) in a Treasury account for NASA and appropriate entries to the bank accounts of the other entities involved. NASA Officials are required to coordinate with and follow regulations created by the Treasury FMS to establish depositories and FAs to act on NASA's behalf, and utilize the electronic tools.

020202. Tools for Federal Banking and FMS Reporting. Center CFOs are responsible for establishing the necessary accounts with FMS and providing the information at the transaction level to allow Treasury to maintain accounts for NASA. The two main tools for transmission and management of cash within the banking system and FMS tools for reporting data back to NASA are CASH-LINK II and Government On-Line Accounting Link System (GOALS) II. (See NASA FMR Volume 8 "External Reporting", 0306)

A. CASH-LINK II is an electronic cash concentration and information system used to manage the collection of U.S. Government funds throughout the world and provide deposit information to Federal agencies. The CASH-LINK II system joins Federal agencies, commercial banks, the Federal Reserve Banks, and the Treasury Department's fund manager systems together through an electronic network. This system receives deposit information, initiates fund transfers, and concentrates daily deposits made through multiple collection mechanisms into the Treasury's account at the Federal Reserve Bank. The web-based CASH-LINK II requires detail coding for deposits and collections so that NASA data may be separately identified and distinguished from other accounts. NASA can view its data via the Internet and receive reports on its financial activity through CASH-LINK II.

B. Government On-Line Accounting Link System II (GOALS II), is an electronic tool for communication of financial data between FMS and NASA. It allows NASA to report and view their financial information provided to Treasury on-line. It consists of the following:

1. Statement of Transactions (FMS-224) is an application of GOALS II which provides NASA organizations the capability to submit their monthly statement of transactions to the FMS.

2. The Government On-Line Accounting Link Information Access System II (GOALS II/IAS) consists of the following of applications accessible via the Internet.

a. Federal Agencies Centralized Trial-Balance System (FACTS I) which provides Trail-Balance information to NASA.

b. RFC-Agency link, an application of the GOALS II/IAS which provides NASA access to its daily disbursement activity processed through all Regional Finance Centers.

c. The Statement of Differences (SOD) application allows NASA to identify differences between what has been processed through the

collection systems, disbursing systems, and the Intra-governmental Payment and Collection system (IPAC) and what the Federal Program Agencies FPAs have classified on their monthly statements of transactions.

d. The Undisbursed and Receipt Account Reports (UND) application provides NASA access to account balance and monthly transaction data.

e. Warrants application provides NASA access to appropriation warrant activity processed by FMS.

3. The IPAC System provides a standardized interagency fund transfer mechanism for NASA. IPAC facilitates the intra-governmental transfer of funds, with descriptive data from one agency to another.

C. CASH TRACK is a system that processes cash position management data from the Federal Reserve Banks, Internal Revenue Service, Bureau of the Public Debt, CASHLINK II, and other miscellaneous sources. Though NASA will not be utilizing or necessarily involved with CASH TRACK, it is briefly described here to avoid confusion with CASHLINK.

0203 COLLECTION MECHANISMS

The Secretary of the U.S. Treasury has delegated the authority to FMS to approve and select designated depositories to support government wide collection services and FAs to act for federal agencies (31 CFR Part 202, Depositories and FAs of the Federal Government). Center CFOs shall coordinate with FMS to establish depositories and FAs for collections through financial institutions (FIs) near their location as appropriate. NASA collects funds for a number of reasons, such as goods and services rendered, privileges granted, and overpayments made. Collections are primarily from three groups: contractors, the public, and employees. Those who submit payments are known as “remitters.” NASA is required by FMS to make collections electronically whenever possible.

020301. Automated Clearing House (ACH). The ACH system is a processing and delivery tool that provides for the distribution and settlement of electronic financial transactions. The remitter’s account at their Financial Institution (FI) is debited and NASA’s account at Treasury is credited, electronically, rather than through the physical movement of checks or cash. ACH comes in two varieties Remittance Express and Electronic Lockbox:

A. Remittance Express (REX). REX is a FMS sponsored program which allows NASA to receive ACH credits (payments) electronically for collections due from private sector entities. Credits are transmitted directly into NASA’s Treasury General Account from the private sector FI for payments to NASA. NASA Centers shall enroll in REX through FMS by:

1. Entering into a Memorandum of Understanding (MOU) with FMS and the Receiving Depository Financial Institution (RDFI).

2. Completing and signing the ACH Account Set-Up Form with FMS, authorizing the establishment of the ACH account. The form is then sent to CASH-LINK operations for entry into the CASH-LINK REX table.

3. Advising the remitter of the amount due the Government, either by invoice, bill, letter, or other means. The agency also supplies the remitter with the appropriate information to include in the transaction.

4. The remitter provides the instruction to its FI on the correct ACH format to use.

5. The FRB receives the transaction and credits the Treasury's account.

6. Transaction information is submitted to the Treasury and the agency via CASH-LINK/CASHLINK II. The transaction information includes both detailed payment information and summary deposit ticket (SF 215) information. The agency can download the information to update its accounts receivable.

B. System Processing. Agency policy requires entries for collections be received and transferred electronically into the NASA wide system if possible and practical. Otherwise they shall be entered manually.

C. Electronic Lock Box. The lockbox mechanism provides a method for accelerating the deposit of payments mailed to Federal agencies, referred to as General Lockbox Network. A lockbox is a post office box established by a FI for receipt of payments to an agency. An electronic lockbox accommodates both paper remittances and electronic transactions.

1. FAs in the General Lockbox Network are designated by FMS to maintain accounts for Federal agencies for the purpose of collecting and transferring funds to the Treasury's account at the Federal Reserve Bank of New York (FRBNY). The lockbox services are provided by a RDFI. NASA must enter into a Memorandum of Understanding (MOU) with FMS and the RDFI to utilize the lockbox service.

2. Utilization of lockbox services involves the following additional actions by NASA. These actions vary with different types of lockbox services.

a. NASA advises the remitter of the amount due the Government and provides the remitter with the appropriate information to include in the transaction.

b. The remitter provides the detailed payment instructions to its FI to authorize the ACH credit transaction to the designated FA in FMS' network.

c. The designated FA collects and deposits the funds for credit to the Treasury's account at the FRBNY

d. The designated FA forwards the deposit data to the Treasury and the agency via CASH-LINK/CASHLINK II.

3. Preauthorized Debits (PAD). Through the lockbox NASA may work with remitters and the FA such that the remitter can authorize the debit of its account in its FI to make payment. PAD provides for the following:

a. For recurring collections, a schedule of automatic payments may be established by the NASA, the remitter, and the FA.

b. To pay NASA bills remitters may make customer initiated entries (CIEs) by contacting the FA to arrange for electronic collections from their FIs.

c. Centers with collections at a material level should use the FMS Kansas Financial Center (KFC) PAD's service unless it is not cost effective to do so. Serving as an Official Depository for PAD payments, FMS KFC provides four levels of lockbox services. With all four levels of service, NASA can review its daily activity via CASH-LINK/CASHLINK II.

(1). Mainframe. NASA maintains the database of remitters (basic service) on its mainframe system. The business day prior to settlement, the agency transmits the collection file to FMS KFC. On the settlement date, FMS KFC reports account totals to the agency via CASH-LINK/CASHLINK II.

(2). Personal Computer. NASA maintains the database of remitters using an off-the-shelf software package that is supplied by KFC. The software is used to generate and transmit a collection file to KFC, as well as provide detail collection reports to the agency. On the settlement date, FMS KFC reports account totals to the agency via CASH-LINK/CASHLINK II.

(3). KFC maintenance of PAD database. KFC maintains all aspects of the agency's remitter database. The agency provides FMS KFC with the collection information. FMS KFC generates the collection file and provides the agency with detailed collection reports. On the settlement date, KFC reports account totals to the agency via CASH-LINK/CASHLINK II.

(4). Customized service. KFC creates a customized PAD service to meet the agency's needs.

020302. Pay.gov. Pay.gov is a government wide transaction portal (mechanism that allows input through the Internet) managed and secured by FMS. Pay.gov offers a suite of electronic financial services to assist NASA by permitting receipt of payments and other information from remitters on-line and effecting deposit of funds through electronic banking to the NASA's CA\$HLINK II account in Treasury. Pay.gov has four functional objectives:

A. Collections. Pay.gov permits NASA to allow remitters to pay using various electronic collection methods, including:

1. On-line processing of Credit Card payments, after acceptance of credit cards is established through the Plastic Card Network (see below) and settlement by a commercial bank.
2. Direct Debit via Automated Clearing House (ACH).
3. Digital cash, a system that allows a remitter to pay for goods or services by transmitting through pay.gov resulting in collection from the remitter's FI.
4. Authorized off-line collections through paper checks, ACH credit authorizations, and Fedwire. In these incidences FMS matches the reporting information from off-line collections with an on-line form or bill.

B. Forms acceptance and direct billing. Pay.gov offers the service of converting an agency's forms into electronic documents that may be submitted by the public to Pay.gov. Pay.gov also offers the service of electronically presenting the bills an agency sends to end-users. NASA and remitters can view saved, completed, or pending forms and bills. The billing service allows agencies to send out notifications of payment required and that information is available on-line for remitter to view and make payment.

C. Access control. Pay.gov includes establishing access control and other necessary Internet security.

D. Reporting. Pay.gov provides agencies with a unified reporting mechanism by which agencies and remitters are able to obtain detailed information about forms, bills, and collections processed by Pay.gov. These can be tailored to NASA's needs.

020303. Plastic Card Network. The Plastic Card Network (PCN) is a government wide network that allows NASA to accept VISA, MasterCard, American Express, Diners Club, and Discover/Novus credit cards, and some debit cards for collecting debts. Before credit cards can be accepted by NASA either over-the-counter, by mail, by phone, or over the Internet, NASA must establish the authority through FMS. FMS designates the FAs to process plastic card collections and the network provides for electronic banking. FMS also has established the Internet Credit Card Collections (ICCC) program which allows NASA to accept plastic cards over the Internet as a method of collection for foreign payments.

020304. Paper Check Conversion. NASA must coordinate with FMS to establish paper check conversion. The Paper Check Conversion (PCC) system converts paper checks into electronic funds transfer (EFT) debit transactions against the remitter's account and credits NASA's account. NASA officials shall adhere to the guidelines established by FMS. The system requires the following:

A. Checks received at the point of sale (POS) are imaged, stamped "Void - Processed Electronically," and handed back to the check-writer. Checks mailed in or dropped off are imaged and should be destroyed by NASA within 14 days. The PCC system automatically dates and time-stamps the item and assigns a unique transaction identifier number.

B. Once the check is scanned, NASA officials record financial information associated with the check in a Point-of-Sale software application which is part of the Paper Check Conversions (PCC) System, stamps the check "VOID"; and returns the check to the software. NASA officials are responsible for configuring the Point-of-Sale software application for NASA transactions.

C. All of the check images and associated data are maintained on the hard drive of the NASA computer as well as on a mirror image backup drive until daily balancing is completed and the batch is closed. Next the images and data are transmitted through the Point-of-Sale software application via a secure connection to the Central Image and Research Archive (CIRA) for transmission to Federal Reserve Bank (FRB) of Cleveland.

D. The FRB of Cleveland then uses the information to electronically debit the check-writer's account via the ACH. The FRB credits the agency's account in CASH-LINK II and e-mails a confirmed deposit ticket (SF 215) to the designated NASA official. The FRB also updates the Master Verification Database (MVD), a negative database (a technical term for a database with records of individuals with unpaid returned checks), with check-writer information. For those agencies using PCC at the POS, the information is passed to the agency's Local Verification Database (LVD) when each batch is closed. The LVD is then used to determine check-writer status and implement an agency's bad-check policy if applicable. If the FRB can't collect the funds upon initial presentment, it may try to collect them through re-presentment up to two additional times on dates designated by the agency. If the FRB can't collect the funds, it debits the agency's account in CASH-LINK and e-mails a debit voucher (SF 5515) to the designated agency official.

E. In the Central Image and Research Archive (CIRA), NASA may configure up to four fields for its use. NASA may search and view any check image and any associated data captured in the configurable fields through the CIRA. The data is accessed via an Internet search and can be made using any one of the configurable fields, check-writer's account or routing numbers, unique transaction ID, Agency Location Code (ALC), Cashier ID, Amount of Check, or Check Capture Date. This information is maintained for seven years or longer if required by statute or court order.

020305. Fedwire When a collection is more than \$100,000 NASA may instruct remitters to use Fedwire. The Fedwire Deposit System (FDS) managed by FMS is an information link for wire transfer collections to the Treasury's General Account at the Federal Reserve Bank of New York (FRBNY). The FRBNY receives the Fedwire message, credits the Treasury's account, charges the remitter's FI, and transmits the information to the agency and the Treasury via CASH-LINK/CA\$HLINK II.

0204 DISBURSEMENT MECHANISMS

5 CFR 1315, codification of the Prompt Payment Act reflects the requirements of the Debt Collection Improvement Act of 1996, which requires that most NASA payments be made by electronic funds transfer, using one of the mechanisms in this section.

020401. Direct Deposit. Direct Deposit is an electronic payment alternative that uses the Automated Clearing House (ACH) system. Payments can be made to individuals or businesses and include Federal employee salary, vendor, travel advances and reimbursements, recurring benefits, and other miscellaneous expenses.

A. NASA must enroll payment recipients for Direct Deposit by obtaining their bank account information and personal identification information. SF 1199A and Form FMS 2231 "FastStart Deposit" are often used for employees and other individuals to gather this information. SF 3881 is used for corporate information. The information may be obtained by telephone. The recipient's FI completes and signs the form or is notified of the transaction.

B. NASA sends a payment file formatted according to FMS specifications to one of FMS Regional Financial Centers with all payment information so payments can be deposited directly into the recipients account.

C. FMS prepares a Direct Deposit payment file and forwards the file to the Federal Reserve Bank for processing in the ACH system.

D. Payments are posted to the recipients' accounts, and the funds are available at the start of business on the payment date.

E. The Treasury account at the Federal Reserve Bank is debited the same day.

020402. Vendor Express. Vendor Express, (also referred to as Financial Electronic Data Interchange (FEDI), or Corporate ACH) is a direct deposit program implemented by FMS. This program electronically transfers monies and remittance information through the Automated Clearing House (ACH) network to commercial payees of Federal agencies. FMS expanded the program with electronic data interchange (EDI) capabilities which permits additional transaction information to be included with the disbursement. Features of Vendor Express and Electronic Funds Transfer with Electronic Data Interchange (EFT/EDI) are described below.

A. There are two National Automated Clearing House Association (NACHA) corporate payment formats. NACHA is the trade association that sets automated payment standards that govern the ACH system for FIs nationwide. The two associations are described below:

1. CCD+ (Cash Concentration or Disbursement Plus Addendum) is a FEDI format with one 80-character addendum record. CCD+ is used for single invoice payments.

2. Corporate Trade Exchange CTX is available for multiple invoice payments to one recipient. With multiple 80-character addenda records, it allows NASA to maintain the transaction detail of consolidate multiple invoices due on the same day to a vendor into one payment, rather than making an individual payment for each invoice.

B. It is NASA's Centers responsibility to enroll a vendor in vendor express using following process:

1. NASA asks vendors fill out an SF 3881 to be enrolled in Vendor Express.

2. Vendors return the completed form to NASA.

3. NASA processes the form through FMS.

3. NASA orders goods or services from a vendor.

4. The vendor provides goods or services to NASA and submits a bill or invoice requesting payment.

5. NASA certifies payment to the vendor by submitting a payment request with payment information (on an addendum record) to the NASA's servicing Regional Financial Center (RFC).

6. The RFC processes the payment request and transmits the payment and the addendum information to the Federal Reserve Bank (FRB) for processing in the ACH system.

7. The FRB passes the payment and addenda record(s) to the vendor's FI.

8. The vendor's FI credits the payment to the vendor's account on the payment due date, notifies the vendor of the transaction, and provides the addendum information to the vendor as previously agreed. The Treasury's account at the FRB is debited the same day.

9. The vendor posts its accounts receivable records from the payment and addendum information received from its FI.

10. NASA and NASA Vendors use the FMS-developed Payment Advice Internet Delivery (PAID) system to verify remittance information through the Internet.

020403. Central Contractor Registry (CCR). CCR is a Department of Defense (DOD) data base which includes all of the banking and other information necessary to make accurate and timely payments to vendors. The system enables one-time entry and maintenance by the vendors, validates the Data Universal Numbering System (DUNS) number and Commercial and Government Entity (CAGE) code, and then provides the data to DOD and other Federal vendor databases. When CCR is available to NASA through the Department of Defense and configured in SAP, NASA shall use CCR rather than require vendors already registered to use Vendor Express.

020404. International Payments

A. International Direct Deposit. The FMS offers an International Direct Deposit (IDD) program that establishes an electronic funds transfer (EFT) service for foreign-resident payment recipients. The IDD program enables NASA payments to go directly to the recipients' accounts at FIs through a link between the Federal Reserve Bank of New York (FRBNY) and electronic payment systems in foreign countries (e.g., Bankers Automated Clearing Services (BACS), in the United Kingdom, or the countries' central banks). If a center makes long-term recurring foreign payments to recipients, it shall consider the use of IDD, otherwise Society for Worldwide Interbank Financial Telecommunications (SWIFT) (see B below) shall be used. The following are the actions to be considered in using IDD:

1. FMS provides IDD service through one or more of its Regional Financial Centers (RFCs). Detailed processing instructions are available from the NASA's servicing RFC.

2. Enrollment is generally handled directly between NASA and its recipients. The FRBNY or Federal Benefits Units (FBUs) of U.S. embassies or consulates may provide assistance. FMS is not involved in the enrollment process.

3. NASA updates its payee records with the enrollment data and uses the updated payee records when preparing certified payment requests.

4. Once the certified payment file is generated (in U.S. dollars) it is transmitted to FMS for subsequent transmission to FRBNY.

5. The FRBNY performs the foreign currency exchange calculation, transmits the payment to the foreign FI, updates and returns the file to FMS, and handles post-payment tasks if any.

6. Centers shall make necessary arrangements with the Department of State for International payments made by direct deposit.

B. Society for Worldwide Interbank Financial Telecommunications (SWIFT). Working through the Department of State, SWIFT is used to provide payment information and instructions to and from overseas banks. FMS' Kansas City Financial Center (KFC) provides international payment services in local currencies for U.S.-based (domestic) Federal agencies. These payments are designed to meet the needs of Federal agencies that do not have regular (recurrent) business overseas or who are not normally serviced by the Department of State. The payments to benefit recipients and vendors can be made via check or EFT. Contact the KFC Customer Assistance Staff. Wiring funds through SWIFT is well suited for periodic international payments.

C. Currently, the NASA's policy is to work through the State Department to process international payments. Centers will make arrangements through the IPAC process to send funds to the Department of State which will make the actual payment using IDD or SWIFT.

020405. Electronic Transfer Account. The Electronic Transfer Account (ETASM) is an account designed by Treasury to ensure individuals who want to receive Federal payments electronically have access to an account at a reasonable cost and with the same consumer protections available to other account holders at the same FI. NASA encourages the use of this account for individuals who do not have another appropriate banking option.

020406. Prime Pay. Prime Pay is an Automated Clearing House (ACH) payment that permits a NASA vendor to simultaneously initiate electronic payment and transmit the voucher to NASA.

A. NASA and the vendor must agree in the related contract document to payment terms including use of Prime Pay.

B. NASA certifies to the FMS the vendor's ability to participate in the Prime Pay option. This program is only available through and managed by FMS Kansas City Financial Center.

C. The vendor submits an invoice to the agency.

D. The vendor, through its FI, initiates the ACH debit transaction along with pertinent payment information (e.g., invoice, contract, etc.).

E. FMS sorts and delivers the payment information to NASA. The Kansas City Financial Center reports the data to the agency via GOALS II (020502 C).

F. NASA updates its accounts payable systems and reconciles ACH charges to original invoices from the vendor or other supporting documentation.

020407. Fedwire. As with collections, Fedwire may be used for NASA disbursements of \$100,000 or more. It is designed to be a low volume system and makes payments on the same day received often within an hour. To use Fedwire:

A. NASA uses the Electronic Certification System (ECS) to submit a file of Same-Day Payment Requests (SDPR) to either the Philadelphia or San Francisco RFC.

B. After authentication at the RFC, the SDPR is forwarded to the Bank Communication System (BCS) application for conversion to Fedwire format and on-line host-to-host delivery to the Federal Reserve Bank of New York for subsequent delivery to the payee's FI.

020408. Government Credit Card - (Travel, Purchase, and Fleet Cards). The General Services Administration (GSA) established the GSA SmartPay Program to provide Government credit cards to use for travel, purchase, and fuel and maintenance of agency-owned or leased vehicles, airplanes, boats, and equipment. GSA awarded contracts to FIs to issue VISA or MasterCard credit cards to Federal employees. The credit cards are used by authorized employees to make purchases and pay for travel expenses. The card bears the employee's name and can only be used by this individual. NASA has internal procedures for this program.

020409. U.S. Debit Card. The U.S. Debit card process is composed of an on-line debit system that requires the use of a personal identification number (PIN), and an off-line debit system that uses the cardholder's signature as authorization. The card can be pre-funded for a specific amount or the value can be set as they are issued. It is NASA's policy not to use debit cards.

020410. Stored Value Cards. Stored Value Cards (SVCs) are smart cards, with an electronic value stored on the cards embedded computer chip. The SVC works like a credit card using the computer chip rather than a magnetic strip. It is NASA's policy not to use SVCs.

020411. Grant Payment Systems. There are two government-wide Grant Payment Systems: (1) Automated Standard Application for Payments (ASAP), a FMS system, and (2) Payment Management System (PMS), a Health and Human Services (HHS) system. Centers will use the HHS System as documented in NASA FMR Volume 14 Grants Management. An electronic interface has been built between NASA's Core Financial Systems and NASA's HHS/PMS process. Once the recipient account is established, the HHS data is interfaced electronically to update disbursements and cost at the line item level.

CHAPTER 3

ACCOUNTABLE OFFICIAL FOR DISBURSEMENTS

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CHAPTER 3ACCOUNTABLE OFFICIAL FOR DISBURSEMENTS0301 OVERVIEW

030101. General. The disbursing function of NASA is performed by the Department of Treasury (Treasury), Financial Management Service (FMS). Though FMS employees serve as the only Disbursing Officers for NASA, in order to appropriately manage this function FMS requires the appointment of “accountable officials” within NASA. The appointment process clearly documents delegation of authority from the NASA Administrator through the Deputy and Center Chief Financial Officers resulting in the designation of individuals in Center disbursing offices to execute the payments through FMS.

To reduce the administrative burden on agencies, streamline the delegation and designation process, and enhance the integrity of the signature system underlying the disbursement process, FMS has developed an automated system, known as the Digital Signature Storage and Verification (DSSV) system, to manage all delegations and designations of authority for disbursement related functions. This chapter covers the appointment of NASA accountable officials accomplished by delegating (transfer of authority) and designating (appointing) individuals by filling out FMS Forms 2958 for delegations and Forms 210 for designations as required by Treasury FMS.

030201. Authority and References.A. Laws.

1. Disbursing Authority in the Executive Branch, 31 USC

3321.

http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter33_subchapterii_.html

2. Vouchers, 31 USC 3325.

http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter33_subchapterii_.html

B. Treasury Publications and Guidance.

1. Treasury Financial Manual, Volume I Federal Agencies, 4-1100. Delegations and Designations of Authority for Disbursing Functions.

<http://www.fms.treas.gov/tfm/vol1/v1p4c110.pdf>

2. Treasury Financial Manual, Volume I Federal Agencies, 4-2000. Payment Issue Disbursing Procedures.

<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

0302 DELEGATIONS FOR CFO FUNCTIONS

030201. General. All disbursing authority for NASA comes from the Administrator who delegates authority to the CFO's designated representative, the Agency DCFO, to establish the disbursing function in NASA. The Agency DCFO re-delegates authority to Center CFOs to designate officials at the Centers to perform Certifying Officer functions through Treasury. This section covers the requirements for both NASA delegations.

030202. Delegation. A delegation is a term that is used for establishing authority to appoint individuals. A valid FMS Form 2958 for NASA must be on file with the FMS for each individual exercising delegation authority. NASA shall assure the Form 2958 is completed as described below:

A. Filled out promptly, accurately and completely.

B. Signatures. All signatures are to be in black, non-erasable ink. All signatures should be within the signature block(s) provided. All signatures must be the official signature of the individual, 'nicknames' should not be used. Original signatures are required. All four signature blocks of the individual to whom authority is being delegated or who is being designated require original signatures.

C. Copy 3 will be retained and copies 1 and 2 forwarded to the FMS, who will verify the delegation, sign and return copy 2 to the Delegator. The receipt of copy 2 signifies FMS' acceptance. On receipt of copy 2, the Delegator will verify the contents of copy 2 against the retained copy 3 to ensure that no alterations occurred.

D. Form instructions are located on the back of the form.

030203. Renewal and termination.

A. Authorities for delegations must be renewed based on the expiration date as estimated by FMS, after two years. The effective date of a delegation is that date from which FMS calculates the period until it expires. It will be the latter of the effective date requested on the form, or the date accepted by FMS.

B. Action to Renew. FMS will notify the NASA official who has delegation authority of pending expiration, by mailing a 'Letter of Notification of Pre-Expiration' to the address listed in Section VI of the 2958 Form that documented the delegation. Prompt actions shall be taken to renew the authority by submitting a new FMS Form 2958 with the Re-Delegation block checked.

C. A "Letter of Renewal" may not be used to renew delegations, as it is for designations renewed according to FMR Volume 15 Cash Management 030303 B Action to Renew sub-paragraph 2a below.

D. Delegations not renewed by their expiration date will become void as of that date and no further delegations will be accepted from the individual without submission and approval of a new delegation.

E. Notifications of expired delegations will be made by FMS via a ‘Letter of Notification of Expiration’, mailed to the delegating official, at the address provided in Section VI of the original delegation or designation form.

F. Once a delegation or designation expires, a new delegation must be submitted to reinstate that individual using a Form 2958.

G. When an individual, for whom a delegation is on file with FMS, departs or otherwise becomes ineligible to act (including reassignment, retirement, departure, death, etc.), the responsible delegating official shall forward the appropriate FMS Form 2958 revoking the delegation of the departing/ineligible designee to FMS. Revocations will be effective on the date received, and processed, by FMS.

030204. Reorganization. If organization names or titles change, authority must be re-delegated to all affected positions. Although delegations will not expire until the required renewal date (two years), NASA shall assure the re-delegation is processed as soon as the changes are official by;

A. Completing a FMS Form 2958.

B. Initiating a re-delegation by executing the appropriate Form from the 2958 for each official, checking the Re-delegation block, and noting in the “Name” block in Section II the word “reorganization”.

030205. Head of the Agency. The NASA administrator is the only person who self delegates. All authority to expend NASA funds, and to certify the disbursement of such funds through a Treasury Disbursing Officer, initially resides with the NASA Administrator. In addition to the instructions in FMR Volume 030201 General (delegations) through 030202 Delegation this authority involves:

A. Self-delegation completing FMS Form 2958.

1. Check all authority blocks in Section I; this establishes the authorities of the Head of the Agency.

2. Check the appropriate block for type of action (delegation or re-delegation).

3. Complete Section II, with information on the individual designated as Head of Agency.

4. NASA Administrator shall manually sign all signature sample blocks in Section III, and the Delegator block in Section IV.

5. Follow the guidance in FMR Volume 15 Cash Management 030302 Delegation for original delegations and 030203 Renewal and Termination for re-delegations.

B. Head of Agency delegations are valid for a period of two (2) years from effective date, unless revoked earlier.

C. Revocation. When a Head of Agency leaves that capacity for whatever reason his authority for disbursement must be revoked. The following should be observed:

1. Forward a FMS Form 2958 revoking the Head of Agency delegation of the departing/ineligible designee to FMS signed by the succeeding Head of Agency or the departing Head of Agency.

2. Revocations will be effective on the latter of the effective date requested by the agency or the date received and processed by FMS.

3. Neither revocation nor expiration has an effect on the delegations and/or designations that were made.

030206. Other Officials Delegated Authority. This covers the delegations from the Administrator to the Agency DCFO and re-delegation from the Agency DCFO to the Center CFOs to designate accountable officers to perform specific disbursing functions through FMS.

A. Form 2958 is used for delegations and re-delegations. The instructions in FMR Volume 15 Cash Management 030201 Delegation through 030204 Reorganization above for filling out the FMS Form 2958 apply.

B. For each authority delegated, it must be specified whether the authority MAY or MAY NOT be re-delegated by checking the box or boxes on the form.

C. The Form 2958 shall be used to delegate authority so that accountable officials (for a list see FMR Volume 15 Cash Management 030302 Designation subparagraph A below) can be designated to perform specific disbursing functions through FMS.

D. Delegations of designation authority are valid for a period of two (2) years from the effective date, unless revoked earlier.

E. To designate an accountable official there must be a valid delegation, up to date, FMS Form 2958 on file with FMS for the designating official.

C. Revocation. When the delegating or designating official will no longer be in that capacity for whatever reason their authority must be revoked. The following should be observed:

1. The responsible delegating official will forward an FMS Form 2958 revoking the authority.

2. Revocations will be effective on the latter of the effective date requested or the date received and processed by FMS.

3. Neither revocation nor expiration has an effect on other delegations and/or designations that were made.

030207. FMS Form 2958 Processing

A. The FMS Form 2958 will be completed and signed (in the four signature blocks provide for Section III – SIGNATURE SAMPLES OF DESIGNEE) by the designated Center CFO and submitted to the Agency DCFO.

B. As appropriate the Agency DCFO will approve and sign the 2958 (in the signature block in Section IV-DELEGATORS SIGNITURE).

C. Agency DCFO will transmit the 2958 Forms to the Department of the Treasury, Chief Disbursing Officer.

D. Copies of the FMS Form 2958 will be distributed to the Regional Disbursing Offices by the Chief Disbursing Officer.

0303 DESIGNATION PROCESS

030301. General. The authority to perform specific functions to accomplish disbursements through the Treasury is designated by a Center CFO by filling out Forms from the FMS Form 210 series. This section documents the procedures that are common to the completion and use of all Forms numbered as 210.

030302. Designation. Delegation transferred the authority to appoint. Designation establishes the authority to act. The designated official's identity, functionality, and signature is captured by FMS to certify and approve vouchers or perform other disbursing functions for data transmission and security or check custody. A valid FMS 210 Series Form (appended by letters for the particular official or duty) is to designate these accountable officials. This section also covers additional procedures to access the Secure Payment System (SPS) in paragraph F below. The Agency DCFO and Center CFOs shall assure the forms are completed and procedures followed as below.

A. All forms shall be filled out promptly, accurately and completely using the following FMS Form for each individual performing each function:

1. Certifying Officer (FMS Form 210 see FMR Volume 15 Cash Management 030401 Designation of Certifying Officers below). This form is also used to designate COs for SPS.

2. Check Custodians (FMS Form 210C see FMR Volume 15 Cash Management 030405 Designated of Check Custodian for Blank Treasury Check Stock below).

3. Designation Agent to Receive and Deliver Checks (FMS Form 210D see FMR Volume 15 Cash Management 030404 Designated Agent to Receive and Deliver Checks (DA) below)

4. ECS Data Entry Operator (FMS Form 210DEO see FMR Volume 15 Cash Management 030403 Data Entry Operators (DEOs) below). This form is also used to designate DEOs for SPS.

5. Encryption Officer (FMS Form 210E see FMR Volume 15 Cash Management 030406 Designated of Encryption Officers for Treasury Telecommunications Systems below).

6. ECS Security Administrator (FMS Form 210S see FMR Volume 15 Cash Management 030402 ECS Security Administrators below).

B. Signatures. All signatures are to be in black non-erasable ink. All signatures should be within the signature block(s) provided. All signatures must be the official signature of the individual, 'nicknames' should not be used. Original signatures are required. All four signature blocks of the individual to whom authority is being delegated or who is being designated require original signatures.

C. In all cases, the NASA's Agency Location Codes (ALCs), required to be listed on the form, and must correspond correctly to that established by NASA with FMS.

D. Copy 3 will be retained and copies 1 and 2 forwarded to the FMS who will verify the delegation/designation, sign and return copy 2 to the Designator. The receipt of copy 2 signifies FMS' acceptance. On receipt of copy 2, the Designator will verify the contents of copy 2 against the retained copy 3 to ensure that no alterations occurred.

E. Form instructions are located on the back of the form (except for FMS Forms 210RC, 210RD, and 210RS).

F. Secure Payment System (SPS). Treasury has established this system to transmit schedules via the internet in lieu of ECS.

1. For Centers solely using the Treasury SPS only Data Enter Operators and Certifying Officers need be designated for electronic transmissions.

2. Every SPS user at NASA must

a. be a designated official;

b. have a Public Key Infrastructure (PKI) certificate and a smart card or token in order to access the system. PKI will also be used to sign certifications electronically.

(1). Smart Cards or tokens are obtained through the designation process.

(2). The servicing FMS RFC shall be contacted to provide instructions and policies for PKI enrollment.

(3). In order to obtain or renew suspended PKI certificates, in addition to contacting the servicing FMS RFC, users must appear in person at a PKI Registration Authority (RA) or a Fiscal Trusted Registration Agent (FTRA) designed by Agency and Center CFOs for NASA.

3. Every PC that will be used to access SPS will require a card reader or token. To obtain these contact the servicing FMS RFC.

030303. Renewal and termination. Designations are renewed as follows.

A. Authorities must be renewed based on the expiration date as estimated by FMS. The effective date of designation is that date from which FMS calculates the period until it expires. It will be the latter of the effective date requested on the form, or the date accepted by FMS.

B. Action to Renew. FMS will notify the NASA official who was serving as Designator of the pending expiration of the designation, by mailing a 'Letter of Notification of Pre-Expiration' to the address listed in Section VI of the 210 Series Form that documented the designation. Designators will take prompt action to renew the authority by one of the following:

1. Renewals with Changes: re-submitting the appropriate FMS 210 Series Form with Re-Designation block checked.

2. Renewals without Changes:

a. Letter of Notification of Pre-Expiration Received. Designations of authority that are about to expire, and for which there are no changes in the details of the designation, may be renewed by having an authorized Designating

Official complete the “For Renewal Only” portion of the ‘Letter of Notification of Pre-Expiration’, and returning it to FMS, at the address specified in the letter.

b. Preparation of an “Agency Initiated Letter of Renewal” for NASA Officials for designations of authority that are about to expire, and for which there are no changes in the details of the designation may be done of in lieu preparing a new 210 Form. The “Agency Initiated Letter of Renewal”:

1. Must be signed by the Center CFO with a valid FMS Form 2958 on file with FMS for that type of designation.
2. Must be on NASA letterhead.
3. Must provide the name, type of designation, authorized ALCs, agency/bureau/division identification for the individual, and requested renewal date.
4. May be used to renew multiple designations, at the same time.

C. Designations not renewed by their expiration date will become void as of that date and no further disbursing actions (designations, certifications, etc.) performed by that individual will be accepted by Treasury.

D. NASA will be notified of expired designations via a ‘Letter of Notification of Expiration’, mailed to the designating official, at the address provided in Section VI of the original designation form.

E. Once a designation expires, a new designation must be submitted to reinstate that individual.

F. When an individual, for whom a designation is on file with FMS, departs or otherwise becomes ineligible to act (including reassignment, retirement, departure, death, etc.), the responsible designating official shall forward the appropriate FMS 210 Series Form revoking the designation of the departing/ineligible designee to FMS. Revocations will be effective on the date received, and processed, by FMS.

030304. Reorganization. When organization names or titles change, authority must be re-designated to all affected positions.

A. Center CFOs shall assure the re-designation is accomplished for by filling out a new FMS Forms for each effected position as listed in 030302 A above.

C. Initiation of re-designations shall be done at a level above the areas affected by the organizational or title changes, by executing the appropriate Form from the 210 Series Form for each Certifying Officer, checking the Re-designation block, and noting in the “Name” block in Section II the word “REORGANIZATION”.

0304 DESIGNATION OF NASA OFFICIALS

030401. Designation of Certifying Officers. A designation is an appointment of a person to perform a specific disbursing function through FMS. Certifying Officers are designated by NASA Center CFOS to approve disbursement of NASA funds. FMS Form 210 is used to designate Certifying Officers.

A. Use FMS Form 210 to designate agency certifying officer(s) (CO). Sections I, II, III, IV, VI and VII must be completed. Check-off blocks are provided to indicate the purpose of the FMS 210 and the certification functions that are authorized. One or more of the certification functions must be checked, as appropriate. The Certification functions are:

1. Manual SF 1166 Voucher and Schedule of Payments.
2. FEDWIRE Payments
3. Other
4. Electronic Certification has three types.
 - a. Master Certifying Officer (MCO).
 - b. Transmission Certifying Officer (TCO)
 - c. Certifying Officer

B. If Electronic Certification is checked:

1. At least one of MCO, TCO, or Certifying Officer must be checked.
2. FMS Form 210ECS must be prepared and submitted
3. The Certifying Officer shall;
 - a. be issued an ECS User ID, token (smartcard) and personal identification number (PIN) as necessary for use with the ECS or SPS. PKI Certificate is required for SPS (see FMR Volume 15 Cash Management, 030302 F Secure Payment System (SPS));
 - b. forward receipts for token and PIN to FMS, using FMS Form 210RC. The ECS User ID will not be activated until the receipt is received and validated.

C. A single agency location may have only one (1) Master Certifying Officer at any one time.

D. If the Certifying Officer designation is to provide FedSelect Authorized Issuing Officer (AIO) authority, check the 'Other' block and type in "FedSelectAIO".

E. If the Certifying Officer designation is to provide agency ASAP authority, check the 'Other' block and enter "ASAP".

F. Designations for Certifying Officers are valid for a period of two (2) years from the effective date, unless revoked earlier.

G. Revocation. When a Certifying Officer will no longer be in that capacity for whatever reason his authority for disbursement must be revoked. The following should be observed:

1. The responsible designating official will forward an FMS Form 210 revoking the authority.

2. Revocations will be effective on the latter of the effective date requested by the agency or the date received and processed by FMS.

H. Responsibility of Certifying Officers.

1. The Certifying Officer (CO) has the responsibility to sign that payments are proper and legal. Whether done electronically or on paper, their signature, date signed, their telephone number, and printed name is put on the voucher (SF 1166 or SF 1166 ECS).

2. Transmission Certifying Officer (TCO) has all functional capabilities of a CO, plus, has the capability to process token messages from the ECS Central Key Management System in conjunction with a Master Security Administrator (MSA) or a Token Security Administrator (TSA). A TCO has the capability to install, certify, and transmit voucher schedules.

3. The Master Certifying Officer (MCO) has all functional capabilities of a TCO, plus, the capability to create TCOs. An MCO must be appointed for each ECS system location; appointment of TCOs and COs is optional, but recommended. The MCO is the primary CO for each NASA ECS location.

I. Liability of Certifying Officers is covered in Volume 15 Chapter 9 "Irregularities".

J. NASA Officials shall assure Certifying Officials are informed of their responsibility and liability before taking Certification action.

030402. ECS Security Administrators. ECS Security Administrators are individuals to whom authority has been delegated to act as Security Administrator for the NASA electronic interface to the Treasury Electronic Certification System (ECS). In addition to the instruction above (FMR Volume 15 Cash Management 030301 General (designation) through 030304 Reorganization) in this part for the 210 Form Series the following shall be done:

A. Several Security Administrators may be necessary for each location that will use the ECS.

B. Use FMS Form 210S to designate Electronic Certification System Security Administrators (SA). A separate form is required for each Administrator. Sections I, II, III, IV, VI and VII must be completed.

C. FMS Form 210ECS must also be prepared and submitted for each Security Administrator being designated. Check off blocks are provided to indicate the purpose of the FMS 210S and the Security Administrator type that is authorized. One and only one Security Administrator type block must be checked for either:

1. Master Security Administrator
2. Transmission Security Administrator
3. Security Administrator

D. Security Administrator shall

1. Be issued an ECS User ID, token (smartcard) and personal identification number (PIN) for use with the ECS.

2. Forward receipts for token and PIN to FMS, using FMS Form 210RS. The ECS User ID WILL NOT be activated until the receipt is received and validated.

E. A single agency location may have only one (1) Master Security Administrator at any one time.

F. Electronic Certification System Security Administrator designations are valid for a period of two (2) years from the effective date, unless revoked earlier.

G. Revocation. When the ECS Security Administrator will no longer be in that capacity for whatever reason his authority for disbursement must be revoked. The following should be observed:

1. The responsible designating official will forward an FMS Form 210S revoking the authority.

2. Revocations will be effective on the latter of the effective date requested by the agency or the date received and processed by FMS.

F. Responsibility of Security Administrators.

1. Security Administrators (SA) are responsible for system installation, system daily start-up and shut-down, table maintenance, problem resolution, over all security monitoring, and training of other SAs, COs, and Data Entry Operators. SAs have the capability to in stall, initialize, start-up, maintain, and shut-down the ECS computer and create Data Entry Operator (DEO) IDs in the ECS. In addition to the instruction above (030601 through 030604) in this part for the 210 Form Series the following shall be done:

2. Transmission Security Administrator (TSA) has all functional capabilities of an SA, plus, has the capability to process token messages from the ECS Central Key Management System, in conjunction with a Master Certifying Officer (MCO) or Transmission Certifying Officer (TCO).

3. Master Security Administrator (MSA) has all functional capabilities of an SA and the TSA. The MSA also has the capability to create Transmission Security Administrators (TSAs), and is responsible for maintaining blank token inventory. The MSA is the only individual who can perform INITIAL setup of an ECS PC.

4. An MSA must be appointed for each ECS system location, appointment of TSAs and SAs is optional, but recommended. The MSA will be the primary SA for an agency ECS location.

5. NASA Officials shall assure Security Administrators are informed of their responsibility before acting in that capacity.

030403. Data Entry Operators (DEOs). DEOs are individuals to whom authority to create and modify ECS payment requests, and transmit certified payment requests to Treasury Regional Financial Centers, has been delegated. They do not have authority to certify payments. Only COs have this authority. In addition to the instruction above (FMR Volume 15 Cash Management 030301 General (designation) through 030304 Reorganization) in this part for the 210 Form Series the following shall be done:

A. Use FMS Form 210DEO to designate ECS or SPS Data Entry Operator(s). on the back of the form. Sections I, II, III, IV, VI and VII must be completed by NASA.

B. FMS Form 210ECS must also be prepared and submitted for each Data Entry Operator being designated.

C. DEOs shall;

1. be issued tokens (smartcards) and PINs as necessary for ECS or SPS use, in addition to ECS User IDs, A PKI Certificate is require for SPS (see FMR Volume 14 Cash Management, 030302 F_Secure Payment System (SPS));

2. Forward receipts for ECS User IDs (and token and PIN, where applicable) to FMS using FMS Form 210RD. ECS User IDs WILL NOT be activated until receipts are received.

D. ECS Data Entry Operator designations are valid for a period of two (2) years from the effective date, unless revoked earlier.

E. An individual MAY NOT be designated as both an ECS Data Entry Operator and ECS Certifying Officer, for the same Agency Location(s).

F. Revocation. When the ECS DEO will no longer be in that capacity for whatever reason his authority for disbursement must be revoked. The following should be observed:

1. The responsible designating official will forward an FMS Form 210DEO revoking the authority.

2. Revocations will be effective on the latter of the effective date requested by the agency or the date received and processed by FMS.

G. Responsibility of Data Entry Operators (DEO).

a. Payment data entry and editing voucher-schedules.

b. Up loading into the ECS computer voucher-schedules created on other computer systems.

c. At the option of the NASA, DEOs may be authorized to initiate and monitor transmission of certified voucher-schedules from the ECS computer to Treasury RFCs.

d. NASA Officials shall assure DEOs are informed of their responsibility before acting in that capacity.

030404. Designated Agent to Receive and Deliver Checks (DA). DAs are individuals to whom authority is delegated to receive and deliver checks drawn on NASA funds. In addition to the instruction above (FMR Volume 15 Cash Management 030301 General (designation) through 030304 Reorganization) in this part for the 210 Form Series the following shall be done:

A. Use FMS Form 210D to designate Designated Agent(s) to receive and deliver checks. Sections I, II, III, IV, VI and VII must be Completed.

B. Arrangements for delivery/pickup of checks for DA delivery must be made with the Regional Financial Center (RFC), that will produce them, prior to submission of FMS Form 210D.

C. Designated Agent designations are valid for a period of two (2) years from the effective date, unless revoked earlier.

D. Standard Form 1195 may be used to designate DAs by Position title using procedures similar to those for 210D. In this case FMS will enter the name of the incumbent of the position. Designated Agent designations by Position Title are valid until revoked.

E. Revocation. When the DA will no longer be in that capacity for whatever reason his authority for disbursement must be revoked. The following should be observed:

1. The responsible designating official will forward an FMS Form 210D revoking the authority or if a DA designated by Position title a SF 1195 is used.

2. Revocations will be effective on the latter of the effective date requested by the agency or the date received and processed by FMS.

F. NASA Officials shall assure DAs are informed of their responsibility before acting in that capacity.

030405. Designation of Check Custodian for Blank Treasury Check Stock. The Check Custodian is a function of the FedSelect check system. FedSelect is a system which allows participating agencies to produce check type draft payments locally, using an FMS computing system and associated on-line agency computer equipment with blank check stock furnished through Treasury. Check Custodians are individuals to whom authority to order, receive and hold blank Treasury check stock has been delegated. Request for FedSelect use will be justified based on need and processed for Agency DCFO approval through Center CFOs. In addition to the instruction above (FMR Volume 15 Cash Management 030301 General (designation) through 030304 Reorganization) in this part for the 210 Form Series the following shall be done:

A. Use FMS Form 210C to designate Check Custodian(s) to receive and deliver checks. Sections I, II, III, IV, VI and VII must be Completed.

B. Arrangements for delivery/pickup of checks for DA delivery must be made with the Regional Financial Center (RFC), that will produce them, prior to submission of FMS Form 210D. All requests for check stock must be documented on FMS Form 210RX, which must bear the same Check Custodian name, ALC, and shipping address as shown on the FMS 210C designating the Check Custodian.

C. Check Custodian designations are valid for a period of two (2) years from the effective date, unless revoked earlier.

D. Revocation. When the Check Custodian will no longer be in that capacity for whatever reason his authority for disbursement must be revoked. The following should be observed:

1. The responsible designating official will forward an FMS Form 210C revoking the authority.

2. Revocations will be effective on the latter of the effective date requested by the agency or the date received and processed by FMS.

E. NASA Officials shall assure Check Custodians are informed of their responsibility before acting in that capacity.

030406. Designation of Encryption Officers for Treasury Telecommunications Systems. The use of encryption devices entail the generation, distribution, loading, and protection of encryption keys (secret data strings used to encrypt data) is necessary for the electronic processing of payment data through Treasury. Agencies intending to connect to the FMS Wide Area Network, or use other telecommunication facilities to transmit payment request files to Treasury Regional Financial Centers, must designate Encryption Officers to FMS. In addition to the instruction above (FMR Volume 15 Cash Management 030301 General (designation) through 030304 Reorganization) in this part for the 210 Form Series the following shall be done:

A. Use FMS Form 210E to designate Encryption Officer(s). Sections I, II, III, IV, VI and VII must be Completed.

B. Encryption Officer designations are valid for a period of two (2) years from the effective date, unless revoked earlier.

C. NASA Officials shall assure Encryption Officers are informed of their responsibility before acting in that capacity.

0305 GRANT PAYMENTS

The Automated Standard Application for Payment (ASAP) is a system sponsored by FMS for agency use to receive payments electronically from grantees. FMS requires grantees to fill out similar FMS forms 2958 and 210 for delegations and designations to those discussed in this chapter for NASA. Nonetheless, it is NASA's policy to use the Department of Health and Human Services' Payment Management System (DHHS/PMS); a letter of credit system of providing advance payments of Federal funds to educational institutions; other public or private organizations, referred to as "recipient organizations;" and state and local governments. NASA FMR Volume 14 Grants

Management sets forth general principles, standards, policies, and procedures for NASA's use.

CHAPTER 4

BILLING AND COLLECTIONS

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CHAPTER 4

BILLINGS AND COLLECTIONS0401 OVERVIEW

040101. General. This chapter sets out policies and procedures for the billing and collections of amounts due to NASA from others. Whenever possible NASA should use electronic billing and collection mechanisms documented in Volume 15 Chapter 2 “Electronic Funds Transfer”.

040102. Authority and References.A. Laws.

1. The Debt Collection Improvement Act of 1996, (Debt Collection Improvement Act of 1996 is Public Law 104-134, Section 31001, 110 Stat. 1321-358).

<http://www.fms.treas.gov/debt/regulations.html>

2. 31 USC Chapter 37 Claims Subpart II Claims of the United States Government.

http://www4.law.cornell.edu/uscode/html/uscode31/usc_sup_01_31_08_III_10_37.html

B. Executive Agency Regulations and Directives.

1. 31 CFR Part 285 Disbursing Official Offset.

<http://www.fms.treas.gov/debt/regulations.html>

2. 31 CFR 900-904 - Federal Claims Collection Standards.

<http://www.fms.treas.gov/debt/regulations.html>

3. OMB Circular A-129, Section IV and V of Appendix A.

<http://www.whitehouse.gov/omb/circulars/index-ffm.html>

C. Treasury Publications and Guidance.

1. Treasury Financial Manual, Volume I Federal Agencies, Parts 4-6. <http://www.fms.treas.gov/tfm/vol1/index.html>

2. Cross Servicing Implementation Guide Revised May 2005, Treasury Management Services, Debt Management Services, Cross Servings Division.

<http://www.fms.treas.gov/debt/crosserv.html>

0402 APPOINTMENT OF COLLECTION OFFICER

Collection agents are NASA employees who are appointed by Center CFOs to manage the collection process at the center. Collection agents are to receive detail notification of billings for collection and assure the procedures in this chapter are followed.

040201. Center CFOs will select and appoint NASA employees to serve as collection agents. Appropriate written notification to each selected employee will be prepared to document the designation and outline the responsibilities of the position. A copy of the notification will be retained by the Center CFO.

040202. Responsibilities of Collection Agent.

A. The collection of all monies due the Center pursuant to properly prepared billing documentation in accordance with this chapter.

B. The prompt and proper disposition of all monies received in accordance with FMR Volume 15 Cash Management Chapter 5 for Deposits.

C. Safeguarding against physical loss of funds by performing the responsibilities outlined in FMR Volume 15 Cash Management, 090205 for Accountable Officials.

D. Other duties assigned including those by the Center CFO in the appointment letter. See FMR Volume 15 Cash Management 040201 above.

E. To provide appropriate internal control, collection agents will not be responsible for maintaining accounting records which serve as the basis for billing. Nonetheless, collection agents shall be fully apprised of and be able to report on the status of all collections for which they are responsible.

F. Assuring processing of collections and updating is handled accurately and timely in NASA's accounting system (SAP). This includes performing or overseeing the reconciliation of SAP reports on collections and billings.

G. Collection agents serve as NASA's representatives for compromise of debt. Collection agents shall maintain reports on the need for compromise of debt and the status of debt compromise. Collection agents' reports and recommendations for compromise or debt write off are made available to the Center CFO by Center DCFO. Any debt compromise or write off must be approval by Center CFOs.

0403 POLICIES AND PROCEDURES FOR BILLINGS

040301. Invoices to individuals and organizations outside the U.S. Government will adhere to the following:

A. An invoice, for either an actual or estimated amount, will be prepared and mailed within 5 business days after the day that goods have been shipped or released, services have been rendered, or payment is otherwise due. Centers may prepare and mail an invoice later than the 5-day timeframe if it is cost effective to do so.

B. The invoice will include a payment due date that will not be more than 30 days from the date of the invoice, unless otherwise provided by law.

C. If the value of the goods or services cannot be specifically determined, a bill equal to at least 75 percent of the estimated value will be prepared and mailed within 5 business days. Identify the estimated invoice as being a partial invoice and note that a final invoice will be completed when the value is determined. Prepare and mail a final invoice within 30 days of the submission of an estimated partial invoice.

D. Other Information to be included on bills.

1. Payment should be made to NASA, not a NASA official.

2. In accordance with TFM instructions, the bill should be imprinted or stamped with a notification such as:

"The payment due date is 30 days from the date of this bill. Pursuant to 31 USC3717, additional charges will be assessed on payments received after the due date, including:

1. Interest at _____%, from the date the debt is owed;

2. Administrative charges; and

3. Penalties, not to exceed 6 percent per year on any portion of the debt delinquent for more than 90 days, accrued from the date the debt became delinquent."

E. Centers shall use SAP to prepare the invoice and bill for non-federal organizations to be printed for mailing. SAP has a link to Treasury to obtain the current rate and calculate interest.

040302. Reimbursable Work. Billing requirements for Reimbursable work will be included in NASA FMR Volume 16, Reimbursable Work. In addition to these requirements, invoices and bills to federal agencies are prepared in SAP and

electronically interfaced to IPAC for subsequent electronic transmission through Treasury and to the other agency. Centers shall record in SAP the estimated statistical costs and depreciation charge that is to be billed for the month; including any Headquarters G&A and Contract Administration that is IPAC'd to Headquarters on the same day. These actions update the costs recorded against the reimbursable Work Breakdown Structures (WBS) in Project Systems. When possible, invoices shall be processed through the SAP IPAC interface for collection otherwise they will be manually updated in SAP.

040303. Other Billing Requirements and Guidelines.

A. General Requirements.

1. A consolidated monthly bill to each debtor is encouraged in order to lessen the volume of paper and accounting work involved.

2. A uniform numbering system should be maintained for all bills tendered; a filing system should be established to separately identify uncollected bills and collected bills.

3. A bill register should be maintained for all bills issued. The bill register should include the date of the bill, the bill number, the name of the debtor, the amount of the bill and a description. SAP provides for automated mechanisms to do this.

B. Consideration for particular kinds of debt.

1. Bills will not be issued when collections are to be made by payroll deductions for bonds, taxes, etc.

2. The collection of jury duty fees can normally be accomplished without formal billing. Employees serving on jury duty should be informed to refund jury duty fees received, if applicable, upon return to work. The pay records of employees serving on jury duty shall be annotated so that proper follow-up actions can be taken to ensure the refund is received.

3. Each Center's financial management office will establish a system of review to ensure that travel advances are recovered. This is a function performed in the travel office and covered by NASA FMR Volume 12 Travel.

040304. Billing Mechanics. The following procedures will be used to bill customers and other debtors for supplies delivered and services rendered, etc.:

A. The Intra-Governmental Payment and Collection (IPAC) System is an automated system used to electronically bill and collect for services rendered and

supplies delivered. The IPAC system, which is a component of the Government On-Line Accounting Link System (GOALS), establishes a standardized interagency billing and adjustment procedure via a telecommunication network. The IPAC system is used for billing and collecting from other government agencies by authorized personnel in the financial management offices of each NASA Center. The IPAC system is restricted to government agencies that utilize Treasury financial centers for billing and paying purposes. Billings may be entered through the last day of each month. Paying agencies have 90 days to enter adjustments to bills. The IPAC system is also used by NASA Centers for internal billings and adjustments to accounts. Detailed instructions for the IPAC system are contained in 1 TFM 6-4000.

B. Electronic Fund Transfer. To the maximum extent possible Centers shall use the electronic mechanisms available through Treasury Financial Management Services (FMR Volume 15 Cash Management, Chapter 2 Electronic Funds Transfer, 0206, Collection Mechanisms).

C. Collection activity in NASA is recorded in SAP. It is NASA's policy to use the automation capabilities of SAP to the maximum extent possible. Centers shall waive these processes only when absolutely necessary due to system malfunction. Centers shall notify the Competency Center promptly of malfunctions. The following is a list of the activities that Centers shall perform through SAP:

1. Though the receipt of collections is not automated in SAP it must be promptly updated in SAP and subsequently reconciled. SAP is fully equipped with on-line and printable reports for this purpose.

2. Billing. Invoice preparation and the mandatory letters of notification (see 040501) are automated in SAP. They shall be printed from SAP and mailed promptly to the debtor by the due dates.

a. SAP contains analytical capability to assist in determining delinquent debts including; aging of accounts receivable, tracking of delinquent accounts, with printed and on-line report capability.

b. Interest penalties, other penalties, and administrative cost shall be calculated for input into SAP.

3. SAP shall be used to support the identification and compromise of delinquent debts by:

a. recording all financial data related to the debts.

b. updating the allowance for bad debt account.

c. tracking the status of request for write-offs and other compromises.

d. Generating for printing and dispatch the IRS Form "Cancellation of Debt".

4. IPAC.

a. Invoices for IPAC shall be created in SAP and electronically submitted through the SAP IPAC Interface.

b. Collections received though IPAC will be verified against the collections recorded in SAP.

c. Reconciliation of the IPAC error list with the SAP customer transaction report shall be completed in a timely manner.

D. Manual Billing.

1. Optional Form 1114, Bill for Collection, is used to bill debtors other than Government agencies. Letters and other supportive documents, when necessary, should be used to transmit and explain the billing.

2. Standard Form 1080, Voucher for Transfer Between Appropriations and/or Funds, is used to bill other Government agencies when either the billing or the paying agency is not serviced by a Treasury financial center.

3. Standard Form 1081, Voucher and Schedule of Withdrawals and Credits, is used to bill other Government agencies when both the billing and the paying agency are serviced by a Treasury financial center.

4. Manual billing shall be posted in SAP before mailing.

0404 POLICIES AND PROCEDURES FOR COLLECTION

Centers shall take aggressive action, on a timely basis with effective follow up, to collect all claims of the United States for monies or property arising out of NASA activities, and to cooperate with the other Federal agencies in debt collection activities. Though Centers may receive assistance from Treasury and often it is mandatory that debts be referred to Treasury, ordinarily at a minimum Centers will be preparing the initial demand letter. Centers should be prepared to assist Treasury by providing detailed information and background on the debtor and likelihood of collection including steps that can be taken to enforce collection. In the same way Centers shall assist the Department of Justice (DOJ) if a claim is referred for litigation. Details for NASA collections are codified in 14 CFR 1261.4.

040401 Demand for Payment. Appropriate written demands shall be made promptly upon a debtor of the United States in terms which inform the debtor of the consequences of failure to cooperate. Centers shall follow the procedures established in 12 CFR 1261.407 in making demands for payment

A. Written payment demands shall be included with the billings whenever possible (see Volume 15 Cash Management, 0403 POLICIES AND PROCEDURES FOR BILLINGS).

B. NASA collection agents should respond promptly to communications from the debtor, within 30 days whenever feasible, and should advise debtors who dispute the debt to furnish available evidence to support their contentions.

C. Centers shall use SAP to create the demand letter and print it for mailing whenever possible.

040402 Assessment and Waiver of interest, penalties, and administrative costs.

A. NASA collection agents shall assess and waive interest, penalties, and administrative in accordance 14 CFR 1261.412.

B. Centers shall use SAP to record interest, administrative charges and penalties to be billed to non-federal customers. SAP has an on-line interface to Treasury to assist in the calculation of interest. Penalties and administrative cost vary on a case-by-case basis. Payment and must be determined and then input into SAP.

C. Approval of Waivers of Interest, Administrative Charges, and Penalty. Ordinarily these are small amounts for which Center CFOs may approve or set up a criteria for approval within the Center. Should amounts exceed \$5,000 they shall be referred through the Center CFO to the Agency DCFO for approval.

040404 Settlement of Debt and Enforcement of Collection. NASA collection agents should, if practical and if there are no mitigating circumstances to the contrary, attempt to collect the full amount owed plus interest and penalty in one lump sum payment. NASA may at any time after due notice, such as provided above by demand letters to the debtor, pursue debt collection enforcement to settle and collect debt. NASA may seek the assistance of Treasury and/or refer debt to Treasury in most cases. Collection agents should be informed of the debt enforcement options available below and be prepared to act or assist the Treasury or the DOJ accordingly:

A. Thirty days before taking more aggressive actions to collect the debt NASA must inform the debtor in writing of the nature of the action it will take. This correspondence must indicate the nature of the action that is being taken, the

debtor's right and procedures to be used to seek a hearing or compromise, the steps NASA will take to implement the action, the date or timing of implementation of the action, and any other information known. This notification may be a part of the demand letters in 040401 above.

B. Oral or Written Notice and Hearings. Before implementing the actions in this section, Centers should affirm proper written notice was given to the debtor as required above. Moreover, Centers must coordinate with OGC to determine if NASA is required to afford a debtor a hearing or review within the agency and to assure all rights of the debtor and legal requirements are honored. In those cases where an oral hearing is not required, the agency shall nevertheless accord the debtor a "paper hearing," that is, the agency will make its determination on the request for waiver or reconsideration based upon a review of the written record. (4 CFR 102)

C. Use of a Consumer Reporting Agency. NASA has authority to turn over information about the debtor to a Consumer Reporting Agency. The terms and conditions for this are in 14 CFR 1261.408,

D. Use of Collection Agency. NASA has authority to turn over collection of debt to a collection agency. The terms and conditions for this are in 14 CFR 1261.409.

E. Suspension or revocation of license or eligibility; liquidation of collateral. In seeking the collection of statutory penalties, forfeitures, or debts provided for as an enforcement aid or for compelling compliance, NASA will give serious consideration to the suspension or revocation of licenses or other privileges for any inexcusable, prolonged, or repeated failure of a debtor to pay such a claim. 14 CFR 1261.410

F. Collection by administrative offset. NASA Centers will coordinate with Treasury to determine whether collection by administrative offset is feasible and legal. The determination must be made on a case-by-case basis, in the exercise of sound discretion. Centers should consider not only whether administrative offset can be accomplished, both practically and legally, but also whether offset is best suited to further and protect all of the Government's interests. In appropriate circumstances, agencies may give due consideration to the debtor's financial condition, and are not required to use offset in every instance in which there is an available source of funds. Agencies may also consider whether offset would tend to substantially interfere with or defeat the purposes of the program authorizing the payments against which offset is contemplated. Administrative offset includes offset against a payment to be made to a debtor, offset against a judgment obtained by a debtor against the United States, and monies which are due and payable to a debtor from the Civil Service Retirement and Disability Fund. (4 CFR 102.3) (31 USC 3716). NASA collection agents shall notify Treasury of delinquent debts for the purpose of administrative offset in accordance with 31 U.S.C. 3716(c)(6).

G. Garnishment. Notwithstanding any provision of state law, the head of an executive, judicial, or legislative agency that administers a program that gives rise to a delinquent nontax debt owed to the United States by an individual may in accordance with 31 USC 3720 D garnish the disposable pay of the individual to collect the amount owed, if the individual is not currently making required repayment in accordance with any agreement between the agency head and the individual. NASA officials shall coordinate with OGC to determine the legality of garnishment. NASA officials shall obtain a wage garnishment order through Treasury. The Department of Interior (DOI) Denver is the payroll processing office for NASA. Court orders and other documents effecting garnishment must be processed through DOI Denver.

H. Installment Payments. Whenever feasible, and except as otherwise provided by law, debts owed to NASA together with interest penalties, and administrative costs as required, should be collected in full in one lump sum. This is true whether the debt is being collected by administrative offset or by another method, including voluntary payment. However, if the debtor is financially unable to pay the indebtedness in one lump sum, payment may be accepted in regular installments. The NASA Collection Officer should obtain financial statements from debtors who represent that they are unable to pay in one lump sum and independently verify such representations whenever possible. (31 CFR 901.8.a) If NASA agrees to accept payment in regular installments, the NASA Collection Officer will obtain a legally enforceable written agreement from the debtor which specifies all of the terms of the arrangement and which contains a provision accelerating the debt in the event the debtor defaults. The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. If possible, the installment payments should be sufficient in size and frequency to liquidate the Government's claim in not more than 3 years and should be no less than \$50 per month.

If the debtor owes more than one debt and designates how a voluntary installment payment is to be applied as among those debts, that designation must be followed. If the debtor does not designate the application of the payment, agencies should apply payments to the various debts in accordance with the best interests of the United States, as determined by the facts and circumstances of the particular case, paying special attention to applicable statutes of limitations. 14 CFR 1261.411

I. Compromise of Debt. With consideration to the following, NASA collection agents may consider compromise payment by suffering the debtor not to pay the entire amount, by waiving payment, or by discontinuing or terminating collection activities:

1. Compromise may be considered if NASA can not collect the full amount because of:

- a. The debtor's inability to pay within a reasonable time,
- b. the refusal of the debtor to pay the claim in full, and
- c. the Government's inability to enforce collection in full within a reasonable time.

2. Personal Interviews. In the event of compromise, Collection agents shall undertake personal interviews with its debtors whenever feasible, having regard for the amounts involved and the proximity of agency representatives to such debtors to effect compromise.

3. Amount of Debt. NASA may compromise debt of \$20,000 or less. (14 CFR 1261.414.a) Collection agents shall recommend approval of compromises to the Center CFOs. Center CFOs shall deny the request or recommend concurrence of the Agency DCFO. When the claim (exclusive of interest, penalties, and administrative costs) exceeds \$20,000, NASA must get DOJ's approval for the compromise. The debt shall not be subdivided to stay within the \$20,000 limit. Request and approval of compromise shall be tracked in SAP.

4. Other factors to consider are the precedent collecting or failure to collect would have on other cases, and the cost of collection.

J. Upon receipt of full payment of a claim, or the amount in compromise of a claim, the designated NASA official will prepare and execute, on behalf of the United States, an appropriate release, which shall include the provision that it shall be void if procured by fraud, misrepresentation, the presentation of a false claim, or mutual mistake of fact.

K. At the request of the Agency DCFO, the Office of the Inspector General will, where practicable, conduct such investigations as may assist in the collection, compromise, or referral of claims of the United States, including investigations to determine the location and financial resources of the debtors. Any claim which, in the opinion of the Designated NASA official may indicate fraud, presentation of a false claim, or misrepresentation, on the part of the debtor or any other party having an interest in the claim, shall be referred to the Inspector General (IG), NASA Headquarters, or to the nearest office of the NASA IG. After conducting an investigation the IG will notify the official as to the findings and disposition of the claim. Claims with evidence of such wrong doing will be referred to the DOJ in accordance with the provisions of 4 CFR 101.3; if it were found that there is no indication of such wrong doing the IG will return the claim to the official from whom it was received. 14 CFR 1261.404

040405. Referrals to Treasury. NASA should consider using the collection assistance available from Treasury and must utilize it in some cases.

A. The Financial Management Service, Debt Management Services, Cross Servicing Division is organized to provide agency services such as the following:

1. Agency liaison.
2. General information/collection guidance.
3. Financial analysis/case reconciliation.
4. Supplying reports on debt collection.
5. Negotiate letters of agreement with debtors.
6. Referral of debts to the DOJ.

B. Mandatory Referrals. The Debt Collection Improvement Act of 1996 (DCIA) requires federal agencies to transfer any non-tax debt that is over 180 days delinquent to the Department of the Treasury for debt collection action; this is known as "Cross-Servicing." The time period may be extended by Treasury Debt Management Service (DMS) approval of a written request by the OCFO. A creditor agency may refer any debt that is less than 180 days delinquent to FMS or, with the consent of FMS, to a Treasury-designated debt collection center for debt collection services. There are five specific instances and a sixth subject to approval where debts are excluded from transfer. They are:

1. Debts that are in litigation or foreclosure.
2. Debts that will be disposed of under an asset sales program within 1 year after becoming eligible for sale, or later than 1 year if consistent with an asset sales program and a schedule established by the agency and approved by the Director of the OMB.
3. Debts that have been referred to a private collection contractor for collection for a period of time determined by Treasury.
4. Debts that have been referred to a Debt Collection Center with the consent of Treasury and for a period of time determined by Treasury.
5. Debts that will be collected under internal offset if such offset is sufficient to collect the debt within 3 years after the debt is first delinquent.

6. In addition, a specific class of debt may be excluded by the Secretary of the Treasury at the request of the head of an executive, legislative or judicial agency.

C. As part of these services Treasury establishes requirements agencies must work within including: information requirements about the debt and debtor, areas where the agency must assist in collecting the debt and related collection processing, and fees for the service.

D. Loss of Checks Prior to Deposit. When a check submitted to a Center to cover an indebtedness (Accounts Receivable) is lost, destroyed or mutilated, the NASA Center to whom the check was drawn will immediately request the drawer to stop payment on the original check and to submit or replace the check without the execution of an agreement of indemnity (see 1 TFM 5-5030). If a replacement check cannot be obtained without giving an agreement of indemnity, the Center will transmit the case promptly to the following address:

Department of the Treasury
Bureau of the Public Debt
Division of Financial Management
P.O. Box 1328 Parkersburg, WV 26106-1328
(Telephone 304-480-8200)

040406. Referrals of Claims DOJ or GAO. Claims on which aggressive collection action has been taken and which cannot be compromised, or on which collection action cannot be suspended or it is otherwise known will require litigation will be referred to the Department of Justice (DOJ) for litigation either directly by NASA or by the Treasury. If the claim arises from audit exceptions taken by General Accountability Office (GAO) to payments made by NASA it must be referred to the GAO for review prior to DOJ. (14 CFR 1261.417.b) NASA shall follow the procedures in 14 CFR 1261.416 and 14 CFR 1261.417 in referring these debts to DOJ or GAO. Below is a summary of the actions covered by these sections that Centers shall consider for referral:.

A. Cases of fraud may be sent to DOJ anytime.

B. When NASA holds a debtor's firm written offer of compromise which is substantial in amount and is uncertain as to whether the offer should be accepted, it may refer the offer, the supporting data, and particulars concerning the claim to the to the GAO or DOJ. The GAO or the DOJ may act upon such an offer or return it to the agency with instructions or advice.

C. When the merits of the claim, the amount owed on the claim, or the propriety of acceptance of a proposed compromise, suspension, or termination are in doubt, refer to GAO.

D. When the claim, exclusive of interest, penalties, and administrative costs, exceeds \$20,000, the authority to accept compromise, suspend or terminate collection activity rests solely with the DOJ.

E. NASA is not to refer claims of less than \$600, exclusive of interest, penalties, and administrative costs, for litigation unless the exceptions in 14 CFR 1261.417 apply

F. Guidelines for NASA transmitting to DOJ directly are:

1. Promptly refer delinquent accounts to DOJ as soon as there is evidence that the debt is collectible and that full or partial recovery of the debt will be best achieved through litigation

2. Send claims to DOJ when all efforts and administrative processes are completed and the debt remains delinquent and legally enforceable

3. Set up a system to ensure that each Claims Collection Litigation Report (CCLR) prepared by the Center includes the information required by 14 CFR 1261.417 (e).

4. In consultation with the DOJ, establish a system to account for cases referred to and returned from Justice. The TIN will be the common identifier for each debt in referring cases to Justice. Justice will use the TIN number for case tracking and reconciliation. Periodic follow-ups should be made with Justice to ascertain the status of litigation

040407. Collection Mechanism. All funds are to be collected by electronic funds transfer (EFT) when cost effective, practicable, and consistent with current statutory authority. (FMR Volume 15, Chapter 2, Section 0206).

A. An agreement between NASA and the Department of the Treasury allows each Center to use the Remittance Express (REX) Program to receive payments. Through REX, private sector vendors can make electronic payments via the Automated Clearing House (ACH) network to be credited to the appropriate account established for each Center. The status of deposit information will be available via the CASH-LINK deposit reporting system the day following the deposit. Financial Management Service (FMS) publications, Automated Collections Made Easy, and ACH Marketing Strategies for Federal Agency Collections, provide detailed information on all available collection mechanisms. Centers are encouraged to recommend the use of Pay.gov to effect ACH payments.

B. Fedwire Deposit System (FDS). Is an electronic funds transfer system between Treasury and the Federal Reserve Bank of New York (FRBNY). This system provides NASA the capacity for:

1. Automated receipt and processing of fund transfers.
2. Computer-assisted generation of fund transfers between Treasury, FRB's and other banks utilizing the Federal Reserve Communications System (FRCS). Vendors or customers whose banks maintain an account at an FRB may wire the funds to Treasury's account at FRBNY for credit to the agency's account with same day availability. Treasury also transfers funds through the FRCS to banks that maintain an account at an FRB. The funds are transmitted via Fedwire from the remitter's financial institution (FI) to the agency's Agency Location Code (ALC) at FRBNY. FRBNY immediately transmits detailed information pertaining to the deposit via FDS to the Treasury designated bank that then formats the remittance information provided by the payee, making it available to agencies on the FMS's Data Message Retrieval System. When a wire transfer is made to a NASA ALC, Treasury will transmit a message to NASA Headquarters and also prepare and mail an SF 215, Deposit Ticket to the applicable Center or other NASA location.

C. The Intra-Governmental Payment and Collection (IPAC) System is used by NASA Centers to effect collections from other government agencies. NASA Centers also use the IPAC system to collect intra-NASA transactions.

040408. Accounting for Collections. NASA debts are processed through Treasury and will be sent to NASA on a bi-weekly basis via IPAC to the appropriate Agency Location Code. Upon receipt of reports from Treasury, collections should be accounted for in the following manner:

A. Principal should be credited to the appropriate general ledger account receivable account (11x0).

B. Interest should be credited to 801435, General Fund Proprietary Interest, Not Otherwise Classified.

C. Penalty charges should be credited to 801099, Fines, Penalties and Forfeitures, Not Otherwise Classified.

040409. Write-off and Closeout of Debt.

A. Write-off. Accounts shall be written off when one or more of the following apply:

1. The debtor cannot be located; or no assets that can be liquidated to pay the debt can be found; or the Federal statute of limitations has expired

for litigation (six years) and administrative offset (10 years) and the statutes of the State in which the debtor resides preclude further collection

2. The debt cannot be substantiated because of a lack of evidence or witnesses to validate a claim (such debt cannot be referred to IRS as taxable income)

3. The debt is considered to be legally without merit upon a determination that the debt was never owed and was erroneously classified as a debt

4. Any substantial amount of the debt cannot be collected because:

a. A judgment has been obtained and the application of all collection techniques failed to produce full collection.

b. A collection agency has been unable to collect the debt and has returned it with sufficient documentation to demonstrate the debt is uncollectible.

c. The borrower has been declared bankrupt and no further prospects for worthwhile recovery is available.

5. Estimated collection costs exceed the estimated recoverable amount.

6. The Center has been advised by FMS that all reasonable efforts to enforce collection have been exhausted and the balance of the debt should be written off.

B. Written-off accounts shall be closed, and the debtors' account ledgers removed from active files. Despite write-off, it may be appropriate to maintain subsidiary records of individual accounts so that debts may be collected by offset against future benefit claims. Collection action on closed-out accounts should only be reinstated if evidence subsequently obtained indicates that a debtor has the ability to repay a substantial portion of the debt (25 percent or more) and the statute of limitations has not yet expired. Debt referred to the DOJ cannot be written off while the claim is being litigated.

C. Closeout. Accounts written off shall be recorded with debtor identifying information in an IRS referral log, accumulated for the calendar year, and forwarded to the IRS on IRS Form 1099-C, "Cancellation of Debt." The IRS will recognize written off amounts as taxable income for debtors classified as individuals, partnerships, and sole proprietorships; The reporting requirements are as follows

1. A debt must be reported after all collection efforts have been exhausted; there is no obligation to wait to report a debt until the statute of limitation has expired
2. Amounts greater than \$600 must be reported; amounts less than \$600 may be reported
3. In addition to the principal amount owed, administrative costs and interest must be reported.
4. Amounts discharged in a Title 11 bankruptcy case are not to be reported; the bankruptcy must be documented in the files
5. In cases other than Title 11 bankruptcy, a Center must not report amounts discharged to the extent that the debtor is insolvent (i.e., liabilities exceed assets). For example, if a debtor owes \$100 and his liabilities exceed his assets by \$25 (i.e., negative net worth of \$25) before the debt is discharged, \$75 must be reported upon the discharge. The files must document that a debtor is insolvent through an assets/liabilities analysis certified by the debtor as correct under penalties of perjury
6. If the debt is compromised because (1) the debtor is unable to pay the debt within a reasonable period of time or refuses to pay the debt in full and the Government is unable to enforce collection in full within a reasonable time or (2) the cost of collecting the claim does not justify the enforced collection of the full amount, then the amount discharged in the compromise is reportable; If the debt is compromised because there is real doubt as to the Government's ability to prove its case in court for the full amount claimed, then the amount discharged in the compromise should not be reported
7. The debtor shall be provided a copy of Form 1099-C or a written statement of the impending 1099-C report by January 31 of the year following the determination that no further collection action will be taken on the debt. The 1099-C shall be sent to the IRS by February 28 of that same year; and
8. As this reporting requirement is not a statutory one, a Center should not report on Form 1099-C if the reporting of such information is prohibited by a Federal law. For debts being cross-serviced by Treasury, Centers should indicate on the FMS Agency Profile Form that Treasury should send Form 1099-C's to the IRS for debts written off. Shortly after calendar year-end, Treasury will send each Center a list of debts returned as uncollectible. Centers will send Treasury confirmation of debts written off so Form 1099-C's can be sent. Centers may reinstitute collection action on closed-out accounts if there is subsequent evidence that a debtor has new ability to pay.
9. Accounting for Write-offs.

a. Write-Off or uncollectible Receivables and Closeout Procedures. Accounts will be written off by crediting the appropriate general ledger accounts receivable account (11X0) and reversing the amount established in the allowances for losses on accounts receivable (11X9). At the end of each fiscal year, the balance in account 6310 will be closed to account 3740, Cumulative Results of Operations, accounts shall be closed, and the debtor's account ledgers removed from active files.

b. Write-Off of Uncollectible Advances. When outstanding advances are determined to be uncollectible, account 14X0, Advances will be credited, with an equal amount charged against account 6310, Uncollectible Receivables. Also, in the general ledger appropriation accounts, the same amount will be treated as a disbursement, by charging account 3230-3240-3250 as applicable and crediting account 3260.

CHAPTER 5

DEPOSITS

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CHAPTER 5**DEPOSITS**0501 OVERVIEW050101. General.

This chapter sets out policies and procedures for the deposit of money in the custody of NASA. The Electronic Mechanisms discussed in Volume 15, Chapter 2 “Electronic Funds Transfer” should be used for deposits whenever possible.

050102. Authority and References.A. Laws.

1. Depositing, Keeping, and Paying Money, 31 USC 33.

http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter33_.html

B. Executive Agency Regulations and Directives.

1. Depositories and Financial Agents of the Federal Government. 31 CFR Part 202.

http://www.access.gpo.gov/nara/cfr/waisidx_04/31cfrv2_04.html#201

2. Government Losses in Shipping, 40 CFR Chapter 15.

http://www.access.gpo.gov/uscode/title40/chapter15_.html

C. Treasury Publications and Guidance.

1. Treasury Financial Manual, Volume I Federal Agencies, Parts 5-6. <http://www.fms.treas.gov/tfm/vol1/index.html>

0502 POLICIES AND PROCEDURES FOR DEPOSITS050201. Where deposits are made.

A. General. The Secretary of Treasury sets rules and regulations for NASA’s handling of deposits. In most cases, commercial banking institutions are approved by Treasury as general depositories to accept the Center’s deposits and transfer them through to FRBs, ultimately to the FRB of New York. In some cases FRBs may be used to handle the deposits directly from the NASA. The funds are held in Treasury accounts identified for NASA; and at the FRB in New York in NASA agency account(s)

established by Treasury. Collectively, the general depositories and the FRBs are called depositories. As such, making a deposit in a depository is considered to be making a deposit in Treasury.

B. Financial institutions (FIs) eligible to be designated as general depositories may include; credit unions, banks, savings banks, savings and loan, building and loan, and homestead associations if they meet the criteria established by the Treasury.

C. Centers shall deposit funds at the nearest commercial bank, as designated and authorized by FMS. Agencies should hand-deliver the deposits to the designated commercial bank, or hire a courier or armored car service to make scheduled deliveries. Deposits should not be mailed to a general depository unless an exception is granted by FMS. Such an exception is granted if the deposit is only treasury checks. Agencies must request permission from the FMS to change their deposit location. Other branches of a designated depository may not handle Government deposits.

D. If FMS determines that it is not cost effective for an agency to use a commercial bank, or that a commercial bank is not available, FMS will authorize the agency to make deposits at the nearest FRB. If an FRB is used, the following restrictions and conditions apply:

1. FRBs will not accept walk-in deposits. Agencies must deliver deposits to the FRB either by a courier, an armored car service, or by mail if specifically authorized in writing by FMS. Such an authorization is granted for mailing in deposits if it is only treasury checks.

2. After FMS has designated the FRB, the agency must contact that FRB for a CASH-LINK Identification Number (CIN) and any other preliminary instructions. The FRB uses the CIN, derived from the agency location code (ALC), to identify agency transactions.

3. Deposits made at FRBs must not contain cash. Depositors should convert cash to a money order and deposit the money order along with the checks. Centers shall bear the cost of the money order consistent with procedures for occurring miscellaneous expenses.

E. Establishing or Changing General Depositories. Centers who wish to establish or change general depositories should submit a request through the Center CFO to get Agency DCFO approval and process the change through FMS. This request should include the following information:

1. Name and location of the agency's current depository.
2. Time and manner in which the agency makes deposits with the current depository.

3. Name and location of the proposed depository.
4. Name and phone number of a contact person at the proposed depository.
5. Time and manner in which the agency will make deposits with the proposed depository.
6. Total dollar amount deposited monthly.
7. Total number of checks (including Treasury checks) deposited monthly.
8. Dollar amounts and number of Treasury checks deposited monthly.
9. Amount of cash deposited monthly.
10. A brief justification statement.
11. A statement outlining why a minority bank cannot be used, if the proposed depository is not a minority bank. Omitting this information may result in FMS returning the request to the agency. In order to increase minority bank deposit balances, the agency should use minority banks whenever possible if administrative and transportation costs are not appreciably increased. For a list of approved minority banks, see the FMS website at www.fms.treas.gov/mbdp.

After the appropriate arrangements have been made, FMS will notify the requesting administrative agency or department.

F. Lockbox Depositors. With the approval of Agency DCFO and FMS, NASA Center CFOs may enter into agreements with commercial depositories to perform Lockbox services. This permits them to act as agents of the NASA for deposit activities including: (1 TFM 5-3000)

1. Mail collection and sorting.
2. Mail extraction.
3. Remittance processing including data capture and check encoding and endorsing.
4. Deposit proofing and balancing.
5. Deposit credit including internal credit and debit ticket preparation (SF 215 and SF 5515 preparation).
6. Redeposited items.

7. Account adjustments.
8. Data transmission/delivery.
9. CASH-LINK deposit reporting.
10. Bank management reporting.
11. Funds transfer to Treasury.

050202. Timeliness of Deposits. Centers shall deposit money without delay in the Treasury. Money is required to be deposited not later than the third day after the custodian receives it unless due to following procedures in this section for collections less than \$5,000 (see paragraph 5. B. below). The Center receiving a deposit shall issue duplicate receipts for the deposited funds. The original receipt is for the Treasury and the duplicate is for NASA.

A. Due to cash forecasting procedures Treasury requires advance notification before large deposits (deposits in excess of \$50 million) are made. Anticipated deposits totaling \$50 million or more must be reported in advance of the transaction settlement date to FMS. A minimum of two days notice is required for these deposits. Anticipated deposits of \$500 million require five days advanced notice. When specific deposit information has not been finalized, NASA Financial Management Offices must inform FMS daily (by 9:30 a.m. eastern time) of approximate amount(s) and approximate deposit date(s). The following information is required to be reported to FMS.

1. Name and address of the agency, department, bureau, or administration.
2. Name and telephone number of contact.
3. Agency location code (ALC).
4. Account title and account symbol number.
5. Description of the transaction.
6. Transaction settlement date.
7. Amount of the deposit.
8. Deposit mechanism (wire transfer or check).

9. Name and location of the depository.
- B. Other deposit practices the designated Centers shall adhere to are:
 1. Deposit receipts totaling \$5,000 or more on the same day received prior to depository cutoff time.
 2. Deposits will be made as late as possible prior to the specified cutoff time to maximize daily deposit amounts.
 3. Money received too late in the day to meet the deposit cutoff time must be deposited the following business day.
 4. Adequate internal controls in place to ensure the security of all undeposited funds.
 5. Collections totaling less than \$5,000 may be accumulated and deposited when the total reaches \$5,000. However, deposits will be made by Thursday of each week, regardless of the amount accumulated.
 6. Generally, limit deposits to one per day per deposit site. However, when beneficial to the Government multiple daily deposits may be made.
 7. The mailing of deposits (versus hand-carrying) to FRBs or commercial banks may be done only when specifically authorized in writing by FMS. In these cases, the deposit timeframe requirements apply to the timely mailing of deposits.
 8. When a deposit consists only of Treasury checks, NASA collection agents are authorized to mail those checks to the nearest FRB or commercial bank. Treasury checks totaling \$5,000 or more shall be mailed to the nearest FRB or commercial bank on the day received. The Treasury FMS has granted NASA a waiver from the requirement to deposit Treasury checks totaling \$5,000 or more to FRB's. NASA can make deposits to the Treasury General Account through a more conveniently located commercial bank. NASA can still use FRB's, but are not required to do so. A separate SF 215, Deposit Ticket, will be prepared and submitted to the FRB or commercial bank for processing;
 9. Intra-Governmental Payment and Collection System (IPAC) or other mechanism for which the agency has FMS approval, such as, the SF 1081 Voucher and Schedule of Withdrawals and Credits, will be used for the transfer of funds between agencies.

050203. Records of Deposits. Centers shall use SF 215, Deposit Ticket and SF 5515, Debit Voucher in effecting Deposits to depositories.

A. Record of Checks Deposited. Centers shall keep copies the Deposit Ticket and Debit Voucher along with records of deposited checks including:

1. Cross-reference of each check to the applicable SF 215 or other Deposit Ticket.

2. Include sufficient detail to process a stop payment and obtain a duplicate check if necessary. More specifically, the record for each check deposited should show:

- a. The amount.
- b. The name of the drawer.
- c. The name of the person from whom received (if other than the drawer).
- d. The bank on which drawn.
- e. The date drawn.
- f. The check number (if cashier's check or similar item).
- g. The checking account symbol and serial number (if drawn on Treasury).
- h. The serial number (if postal money order).

B. Retention of Check Copies. Centers shall make copies of check deposits before dispatch to allow for replacement if the shipment or any part thereof is lost or destroyed in transit. NASA may microfilm, photocopy, or digitally image checks, whichever is most effective based on the volume of items processed. Copies of the actual checks may be sent to a financial institution for collection, in place of the original checks. NASA must indemnify the financial institution by written promise to hold them faultless if both the original check and the copy are "paid" and to repay the financial institution should the NASA receive credit, for what is essentially the same item, twice.

C. The Government Losses in Shipment Act, as amended (40 U.S.C. Supp. III, 721-726), covers the shipment of deposits prepared and made per the Act's prescribed regulations. Therefore, the Centers need not insure such remittances.

D. SAP has an on-line reporting and reconciliation capability to verify deposits against cash-link listings, lockbox postings/payment program postings and IPAC error reports. Centers shall use this capability.

050204. Deposit Mechanics.

A. General. A Treasury General Account (TGA) is a bank account in a commercial depository or other financial institution where initial deposits are made by agencies. The TGA depository enters, verifies, and reports deposit information into the CASH-Link system via personal computer, mainframe, or touch-tone telephone. The CASH-Link system initiates the funds transfer, debiting the TGA depositories and crediting the agency's account at the FRB of New York (FRBNY). The FRB will credit Treasury's General Account on the date of deposit, if the items are received before the 2 p.m. local cutoff time. Local Federal Reserve offices have 1-day deferred availability on unsorted/unencoded Government agency deposits. They apply the same published availability to sorted/encoded deposits that the FRBs extend to commercial banks. The local Federal Reserve office gives immediate exception processing to large checks of \$100,000,000 or higher. Agencies should call the Banking Operations Branch in the FMS before submitting any check of \$100,000,000 or more in a deposit. In some cases NASA may deposit checks directly in a FRB. The main variance in deposit requirements for commercial depositories and FRBs, is commercial depositories require the Agency Location Code (ALC) and FRBS require the CASH-LINK Identification Number (CIN)

B. Requirements for the Deposit Ticket. Collected funds requiring payment are received in the form of cash or paper check. Centers shall organize deposits according to this chapter and input the necessary information (below) into SAP for electronic generation of the SF 215, Deposit ticket.

1. A preprinted deposit number will be generated from SAP for printing the electronic SF 215.

2. For the date presented or mailed to bank show the depository's business day at the time of deposit unless delivered after the depository's cutoff time then show the next business day's date. For example, if the depository has a 2 p.m. cutoff for today's business and the deposit is delivered after 2 p.m., then use the next business day's date. Block Two of SF 215 is used for this information.

3. NASA's Agency Location Code (ALC) for Deposits with General Depositories. No more than one ALC may be included on each deposit ticket. Block Three of SF 215 is used for this information.

4. For Deposits with FRBs and Branches include NASA's CASH-LINK Identification Number (CIN). No more than one CIN may be included on each deposit ticket. Block three of SF 215 is used for this information.

5. Deposit Amount.

6. The name and address of NASA Center or other organization making the deposit, the appropriation symbol, fund, or receipt account to be credited.

7. In addition to the data on the SF-215 the following rules must also be observed:

a. Commercial Checks and Treasury checks can not be combined on one deposit slip, and cash can not be deposited.

b. Organize deposits into no more than 400 items per bundle, that is, no more than 400 individual checks per SF-215.

c. Centers must include an adding machine tape or similar listing of items in a deposit bundle.

8. When the Center receives the deposit confirmation, the date of that confirmation must be added to NASA's Memorandum Copy Letter.

C. Endorsement of Checks. Checks should be endorsed with the following information:

1. The agency location code (ALC) of either the agency or the Regional Financial Center (RFC), as appropriate.

2. The words "For credit to the U.S. Treasury."

3. The date of endorsement.

4. FRB deposited checks need not include the information in number one above but should include: The agency name and the CASH-LINK Identification Number (CIN).

D. Should Centers detect counterfeit currency the secret service should be notified immediately.

E. Treasury may establish, upon request of the FRB concerned, special sorting requirements (on an individual agency or location basis) for deposits including more than 1,000 items on a daily basis. (See the Contacts page.) The depositors must perform existing special sorting arrangements as applicable.

F. To the extent possible NASA will use the electronic options available through the FMS (FMR Volume 15, Electronic Funds Transfer).

CHAPTER 6

Prompt Payment

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CHAPTER 6**Prompt Payment**0601 OVERVIEW

060101. General. The Prompt Payment Regulation (5 CFR 1315) requires that Centers pay vendors in a timely manner and invokes an interest penalty for late payments. Working together with the Treasury Electronic Funds Transfer (EFT) rule (at 31 CFR 208) which requires most payments be made electronically and the FAR EFT rule (at 48 CFR Parts 13, 15, 32 and 52) which addresses the use of EFT for federal contract payments and also provides for the collection of banking information from vendors, it promotes an efficient way of disbursing cash. For NASA it is applicable to payments for all vendors and utilities, with the following exceptions:

A. Contract Financing Payments. Contract Financing Payments means an authorized disbursement of monies prior to acceptance of goods or services, including advance payments, progress payments based on cost, progress payments (other than under construction contracts) based on a percentage or stage of completion, performance-based payments and interim payments on cost type contracts (See FMR Volume 15 Cash Management 060206 Payment Due Date subparagraph C and 060702 Payment subparagraph H for treatment of interim payments). Contract financing payments do not include invoice payments, payments for partial deliveries, or lease and rental payments.

B. Payments related to emergencies (as defined in the Disaster Relief Act of 1974, Public Law 93-288, as amended (42 U.S.C. 5121 *et seq.*)); military contingency operations (as defined in 10 U.S.C. 101 (a)(13)); and the release or threatened release of hazardous substances (as defined in 4 U.S.C. 9606, Section 106).

060102. Authority and References.

A. Laws.

1. The Debt Collection Improvement Act of 1996, (Debt Collection Improvement Act of 1996 is Public Law 104-134, Section 31001, 110 Stat. 1321-358).

<http://www.fms.treas.gov/debt/regulations.html>

B. Executive Agency Regulations and Directives.

1. Prompt Payment, 5 CFR Part 1315.

http://www.access.gpo.gov/nara/cfr/waisidx_04/5cfr1315_04.html

2. Management of Federal Agency Disbursements, 31 CFR Part 208. http://www.access.gpo.gov/nara/cfr/waisidx_04/31cfr2_04.html#201

3. Federal Acquisition Regulation: Electronic Funds Transfer Regulation, 48 CFR Parts 13, 15, 32, and 52. (FAR EFT Final Rule).

<http://www.fms.treas.gov/eft/regulations/fareft.txt>

4. FAR 19.001 (48 CFR 19.001))

<http://www.fms.treas.gov/eft/regulations/fareft.txt>

C. Treasury Publications and Guidance.

1. Treasury Financial Manual, Volume I Federal Agencies 5-4600, Treasury Automated Lockbox Network.

<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

2. Treasury Financial Manual, Volume I TFM 6-8000, Cash Management. <http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

0602 PROMPT PAYMENT STANDARDS

Invoices, bills, statements, or any other documents (hereinafter referred to as "invoices") authorized for payment by a Center, including progress and final payments, will be paid when due in accordance with the Prompt Payment Act and 5 CFR 1315. Systems will be designed to include adequate internal controls to facilitate timely payment of invoices, take appropriate discounts, preclude duplicate payments and pay interest penalties automatically when due.

060201. Required Documentation. Centers will maintain paper or electronic documentation as required in FMR Volume 13 Contract Management, Chapter 2 Contract Payment Section 0205 Documentation Requirements for Contracts and Other Payments.

060202. Receipt of invoice. For the purpose of determining a payment due date and the date on which interest will begin to accrue if a payment is late, an invoice shall be deemed to be received:

A. On the later of:

1. For invoices that are mailed, the date a proper invoice is actually received by the designated agency office if the NASA annotates the invoice with the date of receipt at the time of receipt. For invoices electronically submitted, the date a readable transmission is received by the designated agency office, or the next business day of received after normal working hours; or

2. The seventh day after the date on which the property is actually delivered or performance of the services is actually completed; unless:

a. NASA has actually accepted the property or services before the seventh day in which case the acceptance date shall substitute for the seventh day after the delivery date; or.

b. A longer acceptance period is specified in the contract, in which case the date of actual acceptance or the date on which such a longer acceptance period ends shall substitute for the seventh day after the delivery date;

B. On the date placed on the invoice by the contractor, when NASA fails to annotate the invoice with the date of receipt of the invoice at the time of receipt (such invoice must be a proper invoice); or

C. On the date of delivery, when the contract specifies that the delivery ticket may serve as an invoice.

060203. Review of invoice. In addition to the requirements of Volume 13, 020503 and 0206 NASA officials shall use the following in reviewing invoices:

A. Each invoice will be reviewed by the designated agency office as soon as practicable after receipt to determine whether the invoice is a proper invoice as defined in 5 CFR 1315.9(b).

B. When an invoice is determined to be improper:

1. NASA shall return the invoice to the vendor as soon as practicable after receipt, but no later than seven days after receipt.

2. With the returned invoice the vendor will be notified of all defects that prevent payment and all specific reasons why the invoice is not proper and why it is being returned. This notification shall include a request for a corrected invoice, to be clearly marked as such.

3. Any media which produces tangible recordings of information in lieu of “written” or “original” paper document equivalents should be used to expedite the payment process, rather than delaying the process by requiring “original” paper documents. NASA shall implement adequate safeguards and controls to ensure the integrity of the data and to prevent duplicate processing.

060204. Receipt of goods and services. NASA will ensure that receipt is properly recorded at the time of delivery of goods or completion of services.

060205. Acceptance. Acceptance shall be executed as promptly as possible. Commercial items and services should not be subject to extended acceptance periods. Acceptance reports will be forwarded to the designated agency office by the fifth working day after acceptance. Unless other arrangements are made, acceptance reports

will be stamped or otherwise annotated with the receipt date in the designated agency office.

060206. Payment Due Date.

A. The period available to NASA to make a timely payment of an invoice without incurring an interest penalty shall begin on the date of receipt of a proper invoice except where no invoice is required.

B. Determining the payment due date. Unless otherwise specified, the payment is due either:

1. The date(s) specified in the contract.
2. In accordance with discount terms when discounts are offered and taken.
3. In accordance with Accelerated Payment Methods. (see FMR, Volume 15, Cash Management, Section 0603 Accelerated Payments)., or
4. 30 days after the start of the payment period as specified in paragraph A of this section, if not specified in the contract, if discounts are not taken, and if accelerated payment methods are not used.

C. Interim payments on cost-reimbursement contracts for services. The payment due date for interim payments under cost-reimbursement service contracts shall be 30 days after the date of receipt of a proper invoice

060207. Notification of an improper invoice. When NASA fails to make notification of an improper invoice within seven days according the number of days allowed for payment of the corrected proper invoice will be reduced by the number of days between the seventh day and the day notification was transmitted to the vendor. Calculation of interest penalties, if any, will be based on an adjusted due date reflecting the reduced number of days allowable for payment.

060208. Payment date. Payment will be considered to be made on the settlement date for an electronic funds transfer (EFT) payment or the date of the check for a check payment. Payments falling due on a weekend or federal holiday may be made on the following business day without incurring late payment interest penalties.

060209. Late payment. When payments are made after the due date, interest will be paid automatically in accordance with the procedures provided in FMR Volume 15 Cash Management, Section 0607 Late Interest Penalties.

060210. Timely payment. NASA shall make payments no more than seven days prior to the payment due date, but as close to the due date as possible, unless the agency head or designee has determined on a case-by-case basis for specific payments,

that earlier payment is necessary. The Deputy Chief Financial Officer for Finance (DCFO(F)) must use this authority cautiously, weighing the benefits of making the payment early against the good stewardship inherent in effective cash management practices. Written determinations to approve early payments shall be retained in the payment file.

060211. Payments for partial deliveries. NASA shall pay for partial delivery of supplies or partial performance of services after acceptance, unless specifically prohibited by the contract. Payment is contingent upon submission of a proper invoice if required by the contract.

060212. In accordance with 41 CFR 101-41.401(e), for purposes of determining whether interest penalties under the Prompt Payment Act are due in the case of U.S. Government Bills of Lading (GBL's), the date on which payment is due is 30 days after receipt of a proper carrier bill or claim by the designated billing office, i.e., the office or employee designated on the GBL. Centers will ensure that receipt and acceptance are executed as promptly as possible. Receiving reports will contain the information specified in 5 CFR 1315.9(c) and will be forwarded in time to be received by the Financial Management Office by the 5th working day after acceptance. Financial Management Offices will stamp receiving reports and invoices with the date received

0603 ACCELERATED PAYMENTS

The use of accelerated payment has no bearing on the determination of the payment due date. Vendors shall be entitled to interest penalties if invoice payments are made after the payment due date.

060301. A single invoice under \$2,500. Payments may be made as soon as the contract, proper invoice, and receipt and acceptance documents are matched except where statutory authority prescribes otherwise and except where otherwise contractually stipulated (e.g. government wide commercial purchase card.)

060302. Small Business (as defined in FAR Part 19.001 (48 CFR 19.001)). NASA may pay a small business as quickly as possible, when all proper documentation, including acceptance, is received in the payment office and before the payment due date.

060303. Emergency payments. Payments related to emergencies and disasters (as defined in the Robert T. Stafford Disaster Relief Act and Emergency Assistance, Pub. L. 93-288, as amended (42 U.S.C. 5121 et seq.); payments related to the release or threatened release of hazardous substances (as defined in the Comprehensive Environmental Response Compensation and Liability Act of 1980, Pub. L. 96-510, 42 U.S.C. 9606); and payments made under a military contingency (as defined in 10 U.S.C. 101(a)(13)) may be made as soon as the contract, proper invoice, receipt and acceptance documents or any other agreement are matched.

0604 Payment without evidence that supplies have been received (Fast Payment).

NASA activities will not certify payments without receipt and acceptance of goods or services unless specifically provided by contractual agreement executed pursuant to law. Therefore, requirements for the use of the FAST PAY provisions of the Prompt Payment Act are rarely needed or met and their use is to be discouraged.

060401. In limited situations, payment may be made without evidence that supplies have been received. Instead, a contractor certification that supplies have been shipped may be used as the basis for authorizing payment. Payment may be made within 15 days after the date of receipt of the invoice. This payment procedure may be employed only when all of the following conditions are present:

A. Individual orders do not exceed \$25,000 (except where agency heads permits a higher amount on a case-by-case basis);

B. Deliveries of supplies are to occur where there is both a geographical separation and a lack of adequate communications facilities between Government receiving and disbursing activities making it impracticable to make timely payments based on evidence of Federal acceptance;

C. Title to supplies will vest in the Government upon delivery to a post office or common carrier for mailing or shipment to destination or upon receipt by the Government if the shipment is by means other than the Postal Service or a common carrier; and

D. The contractor agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to purchase requirements.

E. The purchasing instrument is a firm-fixed-price contract, a purchase order, or a delivery order for supplies.

F. A system is in place to ensure:

1. Documentation of evidence of contractor performance under fast payment purchases;

2. Timely feedback to the contracting officer in case of contractor deficiencies; and

3. Identification of suppliers that have a current history of abusing the fast payment procedure.

060402. NASA shall promptly inspect and accept supplies acquired under these procedures and shall ensure that receiving reports and payment documents are

matched and steps are taken to correct discrepancies and ensure goods paid for are received

060403. NASA must include the contract clause at 48 CFR 52.213-1 as provided in the Federal Acquisition Regulations (FAR) at 48 CFR part 13, subpart 13.4 “Fast Payment Procedure,” in each contract requiring the use of fast payment procedures.

0605 DISCOUNTS

NASA shall follow these procedures in taking discounts and determining the payment due dates when discounts are taken:

060501. Economically justified discounts. If NASA is offered a discount by a vendor, whether stipulated in the contract or offered on an invoice, NASA may take a discount if economically justified but only after acceptance has occurred. Treasury Financial Management Services has an online calculator to determine if discounts should be taken at <http://www.fms.treas.gov/prompt/discount.html#cheap>. NASA is encouraged to include discount terms in a contract to provide adequate time to take the discount if it is determined to be economically justified.

060502. Discounts taken after the discount date. If NASA takes a discount after the deadline, NASA shall pay an interest penalty on any amount remaining unpaid.

060503. Payment Date. When a discount is taken, payment will be made as close as possible to, but no later than, the discount date.

060504. Start Date. The period for taking the discount is calculated from the date placed on the proper invoice by the vendor. If there is no invoice date on the invoice by the vendor, the discount period will begin on the date a proper invoice is actually received and date stamped or otherwise annotated by the designated agency office.

0606 REBATES

060601 NASA Shall take rebates if economically beneficial considering government-wide commercial purchase card payment dates based on an analysis of the total costs and total benefits to the Federal government as a whole, unless specified otherwise in the contract.

060602. Treasury Financial Services has a rebate sheet which automatically calculates the net savings and determines whether the NASA should pay early or on the Prompt Payment due date. Instructions and an example are provided in the spreadsheet at <http://www.fms.treas.gov/prompt/rebate.html>.

0607 LATE INTEREST PENALTIES

060701. Application and calculation. NASA will use the following procedures in calculating interest due on late payments:

A. Interest will be calculated from the day after the payment due date through the payment date at the interest rate in effect on the day after the payment due date;

B. Adjustments will be made for errors in calculating interest.

C. For up to one year, interest penalties remaining unpaid at the end of any 30 day period will be added to the principal and subsequent interest penalties will accrue on that amount until paid.

D. When an interest penalty is owed and not paid, interest will accrue on the unpaid amount until paid, except as described in E below.

E. Interest penalties will not continue to accrue:

1. After the filing of a claim for such penalties under the Contract Disputes Act of 1978 (41 U.S.C. 601 *et seq.*)

2. For more than one year.

F. When NASA takes a discount after the discount date, interest will be paid on the amount of the discount taken. Interest will be calculated for the period beginning the day after the specified discount date through the date of payment of the discount erroneously taken.

G. If the banking information supplied by the vendor is incorrect, interest under this regulation will not accrue until seven days after such correct information is received (provided that the vendor has been given notice of the incorrect banking information within seven days after the agency is notified that the information is incorrect);

H. Interest calculations are to be based on a 360 day year;

I. Interest may be calculated by using the [Simple Daily Interest Calculator](#) or [Monthly Compounding Interest Calculator](#) provided by Treasury Financial Management services at, <http://www.fms.treas.gov/prompt/ppinterest.html>.

060702. Payment. NASA will meet the following requirements in paying interest penalties:

A. Interest may be paid only after acceptance has occurred, or when title passes to the government in a fast payment contract when title passing to the government constitutes acceptance for purposes of when interest may be paid.

B. Late payment interest penalties shall be paid without regard to whether the vendor has requested payment of such penalty, and shall be accompanied by a notice stating the amount of the interest penalty, the number of days late and the rate used;

C. The invoice number or other agreed upon transaction reference number assigned by the vendor should be included in the notice to assist the vendor in reconciling the payment. Inclusion of the contract number in the notice to the vendor is optional;

D. The temporary unavailability of funds does not relieve an activity of the obligation to pay interest penalties or the additional penalties required under FMR Volume 15 Cash Management, Section 0608 Additional Penalties.

E. NASA shall pay any late payment interest penalties (including any additional penalties required in FMR Volume 15, Cash Management, 0608 Additional Penalties) from the funds available for the administration of the program for which the penalty was incurred. Such penalties shall be charged to the project, service pool or sub pool, or Center G&A whose funds are cited on the invoice upon which the penalty was incurred. In the case of multiple accounting line items, the item with the larger portion of the payment should be charged the whole amount of the late payment interest and any associated penalties. The Prompt Payment Act does not authorize the appropriation of additional amounts to pay penalties.

F. Interest penalty payments are to be reported to the Internal Revenue Service on IRS Form 1099-INT when payments to any one person, partnership or trust total \$600 or more.

G. Final payments on cost-type contracts are subject to interest penalties; they are not contract financing payments.

H. Interim Payments under cost-reimbursement service contracts are treated as invoice payments. Interest penalties will be paid for interim payments under cost-reimbursement service contracts awarded on or after December 15, 2000 that are paid more than 30 days after a proper invoice has been received from the vendor.

I. Contractors approved by the Defense Contract Audit Agency (DCAA) to have adequate billing system internal controls are authorized to submit interim vouchers (contract financing requests) directly to NASA paying offices. DCAA provisionally approves these interim vouchers submitted by participating contractors for payment, but does so on a blanket basis because the contractors meet the DCAA criteria for authorization. Such authorization does not extend to the first and final

voucher. The NASA Agency Office of Procurement periodically provides a master list to Centers of all participating NASA contractors. In cases in which the contract requires the contractor to send invoices to DCAA, the DCAA office or representative specified in the contract would be the " designated agency office..." for purposes of 5 CFR 1315.4 (b) (1) (i). As provided in FAR 32.906 (a), the due date for making contract financing payments is the 30th day after the designated billing office has received a proper request.

060703. Penalties not due. Interest penalties are not required:

A. When payment is delayed because of a dispute between a Federal agency and a vendor over the amount of the payment or other issues concerning compliance with the terms of a contract. Claims concerning disputes, and any interest that may be payable with respect to the period, while the dispute is being settled, will be resolved in accordance with the provisions in the Contract Disputes Act of 1978, (41 U.S.C. 601 *et seq.*), except for interest payments required under 31 U.S.C. 3902(h)(2).

B. When payments are made solely for financing purposes or in advance, except for interest payment required under 31 U.S.C. 3902(h)(2).

C. For a period when amounts are withheld temporarily in accordance with the contract.

D. When an EFT payment is not credited to the vendor's account by the payment due date because of the failure of the Federal Reserve or the vendor's bank to do so.

E. When the interest penalty is less than \$1.00.

0608 ADDITIONAL PENALTIES

060801. Vendor Entitlements. A vendor shall be entitled to an additional penalty payment when the vendor is owed a late payment interest penalty by an NASA of \$1.00 or more, if the Vendor:

A. Receives a payment issued after the due date and NASA failed to include the late payment interest.

B. Is not paid the interest penalty payment within 10 days after the actual payment date.

C. Makes a written request that NASA pay such an additional penalty. Such a request must be postmarked, received by facsimile, or by electronic mail, by the 40th day after payment was made. If there is no postmark or if it is illegible, the request will be valid if it is received and annotated with the date of receipt by NASA by the 40th day. The written request includes the following:

1. Specific assertion that late payment interest is due for a specific invoice, and request payment of all overdue late payment interest penalty and such additional penalty as may be required and;

2. A copy of the invoice on which late payment interest was due but not paid and a statement that the principal has been received, and the date of receipt of the principal.

060802. Maximum penalty. The additional penalty shall be equal to one hundred (100) percent of the original late payment interest penalty but must not exceed \$5,000.

060803. Minimum penalty. Regardless of the amount of the late payment interest penalty, the additional penalty paid shall not be less than \$25. No additional penalty is owed, however, if the amount of the interest penalty is less than \$1.00.

060804. Penalty basis. The penalty is based on individual invoices. Where payments are consolidated for disbursing purposes, the penalty determinations shall be made separately for each invoice therein.

060805. Utility payments. The additional penalty does not apply to the payment of utility bills where late payment penalties for these bills are determined through the tariff rate-setting process.

0609 GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD

Standards for payments to government-wide commercial purchase card issuers follow:

060901. Payment date. All individual purchase card invoices under \$2,500 may be paid at any time, but not later than 30 days after the receipt of a proper invoice. Matching documents are not required before payment. The payment due date and payment criteria for invoices in the amount of \$2,500 or more shall be determined in accordance with FMR Volume 15 Cash Management 0606 Rebates. I TFM 4-4525.10 permits payment of the bill in full prior to verification that goods or services were received.

060902. Disputed line items. Disputed line items do not render the entire invoice an improper invoice for compliance with 5 CFR 1315, Prompt Payment. Any undisputed items must be paid in accordance with paragraph 060901.

0610 PAYMENTS UNDER CONSTRUCTION CONTRACTS

061001. Payments standards. NASA shall follow these standards when making progress payments under construction contract:

A. NASA may approve a request for progress payment if the application meets the requirements specified in 061002 Required Documentation for Construction Payments, below.

B. The certification by the prime vendor as defined in 061002 Required Documentation for Construction Payments (F) below is not to be construed as final acceptance of the subcontractor's performance

C. NASA shall return any such payment request which is defective to the vendor within seven days after receipt, with a statement identifying the defect(s);

D. In the event the vendor's progress payment request contains an error and the vendor is paid more than entitled to under the terms of the contract, the vendor is obligated to pay interest to NASA on unearned amounts in its possession. The same holds true if NASA should mistakenly pay the vendor more than was authorized by the contract at the time of the payment. A vendor is obligated to pay interest to NASA on unearned amounts in its possession from:

1. The eighth day after receipt of funds from NASA until the date the vendor notifies NASA that the performance deficiency has been corrected, or the date the vendor reduces the amount of any subsequent payment request by an amount equal to the unearned amount in its possession when the vendor discovers that all or a portion of a payment received from NASA constitutes a payment for the vendor's performance that fails to conform to the specifications, terms, and conditions of its contract with the agency, under 31 U.S.C. 3905(a).

http://assembler.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00003905----000-.html

2. The eighth day after the receipt of funds from NASA until the date the performance deficiency of a subcontractor is corrected, or the date the vendor reduces the amount of any subsequent payment request by an amount equal to the unearned amount in its possession, when the vendor discovers that all or a portion of a payment received from the agency would constitute a payment for the subcontractor's performance that fails to conform to the subcontract agreement and may be withheld, under 31 U.S.C. 3905(e);

E. Interest payment on unearned amounts due to the government under 31 U.S.C. 3905(a)(2) or 3905(e)(6), shall:

1. Be computed on the basis of the average bond equivalent rates of 91-day Treasury bills auctioned at the most recent auction of such bills prior to the date the vendor received the unearned amount.

2. Be deducted from the next available payment to the vendor.

3. Be deposited in the Miscellaneous Receipts Account and then revert to Treasury.

061002. Required Documentation.

A. Substantiation of the amount(s) requested shall include:

1. An itemization of the amounts requested related to the various elements of work specified in the contract;

2. A listing of the amount included for work performed by each subcontractor under the contract;

3. A listing of the total amount for each subcontract under the contract;

4. A listing of the amounts previously paid to each subcontractor under the contract; and

5. Additional supporting data and detail in a form required by the contracting officer.

B. Certification by the prime vendor is required, to the best of the vendor's knowledge and belief that;

1. The amounts requested are only for performance in accordance with the specifications, terms, and conditions of the contract.

2. Payments to subcontractors and suppliers have been made from previous payments received under the contract, and timely payments will be made from the proceeds of the payment covered by the certification, in accordance with their subcontract agreements and the requirements of 31 U.S.C. Subtitle III, Chapter 39.

3. The application does not include any amounts which the prime vendor intends to withhold or retain from a subcontractor or supplier, in accordance with the terms and conditions of their subcontract.

061003. Interest penalties. NASA may pay interest on:

A. A progress payment request (including a monthly percentage-of completion progress payment or milestone payments for completed phases, increments, or segments of any project) that is approved as payable by NASA and remains unpaid for:

1. A period of more than 14 days after receipt of the payment request by the designated agency office; or

2. A longer period specified in the solicitation and/or contract if required, to afford the Government a practicable opportunity to adequately inspect the work and to determine the adequacy of the vendor's performance under the contract.

B. Any amounts NASA has retained pursuant to a prime contract clause providing for retaining a percentage of progress payments otherwise due to a vendor and that are approved for release to the vendor, if such amounts are not paid by the date specified in the contract, or, in the absence of such a specified date, by the 30th day after final acceptance;

C. Final payments, based on completion and acceptance of all work (including any retained amounts), and payments for partial performances that have been accepted by NASA, if such payments are made after the later of:

1. The 30th day after the date on which the designated agency office receives a proper invoice; or

2. The 30th day after agency acceptance of the completed work or services. Acceptance shall be deemed to have occurred on the effective date of contract settlement (agreement between the government and contractor to release all claims) on a final invoice where the payment amount is subject to contract settlement actions.

D. For the purpose of computing interest penalties, acceptance shall be deemed to have occurred on the seventh day after work or services have been completed in accordance with the terms of the contract.

0611 GRANT RECIPIENTS

Recipients of Federal assistance may pay interest penalties if so specified in their contracts with contractors. However, obligations to pay such interest penalties will not be obligations of the United States. Federal funds may not be used for this purpose, nor may interest penalties be used to meet matching requirements of federally assisted programs.

CHAPTER 7

DISBURSEMENT

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CHAPTER 7**DISBURSEMENTS**0701 OVERVIEW

This chapter provides an overview of the requirements for scheduling of disbursements for domestic transactions, Imprest Funds, and Government Purchase Cards disbursements. Disbursements in NASA are to be done according to the Prompt Payment Act (Volume 7 “Cost” chapter 6). The rules for invoices including requirements for a proper invoice and invoice processing including pre-audit of vouchers are located in NASA FMR Volume 13 Contract Payment (Volume 13 “Contract Financial Management”, 020503 Invoices, and 0206 Invoice Processing.

070101. General. NASA has no employees that are Disbursing Officers. The Treasury FMS assigns a Disbursing Officer to assist NASA with this function. All disbursements in NASA shall be scheduled and processed according to procedures and regulations established by FMS. An SF 1166 “Voucher and Schedule of Payments” is used to certify to Treasury by NASA that requested payments are legal and proper. One or more payments and related payment data are scheduled for processing on an individual SF 1166. All information necessary to make payments including information needed for electronic fund transfer tools to make electronic payments is sent or transmitted to Treasury via the SF 1166 or accompanied documentation, including bulk transmission on a magnetic tape. Whenever, possible the SF 1166 is to be submitted to FMS via the Treasury Electronic Certification System (ECS) or the web-based Secure Payment System (SPS). See NASA FMR Volume 15 Chapter 2, Electronic Funds Transfer Section 0207 for information about electronic payments.

070102. Authority and References.

A. Laws.

1. Payment requirements cited in 31 USC 3321, 3322, 3325, 3328, 3329, 3331, 3511, 3512, 3513.
http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter33_subchapterii_.html

B. Treasury Publications and Guidance.

1. Treasury Financial Manual, Volume I Federal Agencies, 4-2000. Payment Issue Disbursing Procedures.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

2. Treasury Financial Manual, Volume I Federal Agencies, 4-3000. Third Party Draft Procedures for Imprest Fund Disbursing Activities, Depositories and Financial Agents of the Federal Government.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

3. Treasury Financial Manual, Volume I Federal Agencies 4-4500, Government Purchase Cards.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

4. Treasury Financial Manual, Volume I Federal Agencies, 4-6500, Magnetic Tape Check Issue and Reporting Level 8.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

0702 SCHEDULING PAYMENTS

070201. Payment and limits. NASA is discouraged from processing payments less than \$1.00. The maximum amount for which an individual payment can be issued is dependent on the type of payment instrument.

B. The Automated Clearing House (ACH) electronic payments process is to be used for individual payments of up to \$99,999,999.99. These payments must be certified electronically, via the ECS or SPS.

C. Fedwire. The Fedwire payment process is used for payments certified via the ECS or paper SF 1166 when either of the following conditions exists:

1. The payments are greater than \$99,999,999.99.
2. An emergency situation requires a payment must be made by next day.

D. NASA shall use the Treasury ECS or SPS to submit the payment schedule whenever possible.

1. The Treasury ECS and SPS are automated systems for voucher preparation, certification, transmission, and verification.

2.. The ECS uses a computer to generate voucher-schedules (SF 1166 ECS), electronically certify the vouchers, and transmit them via a dial-up telephone connection to a main frame host computer at the servicing RFC. The SPS uses web-based technology for this purpose.

3. Both ECS and SPS permit an electronic certification process for the Certifying Officer use to vouch for his authorization of the voucher, verification of the source from which it originates, and ensures the authenticity of the transmitted data.

4. ECS and SPS also have security systems to detect any deliberate or inadvertent manipulation, modification, or loss of data between the time the

voucher is certified at NASA and the time it is verified at the servicing RFC host computer.

5. NASA shall coordinate with Treasury FMS and the Servicing RFC for the setup of computer arrangements for ECS and SPS including the establishment of Security Administrators, Certifying Officers, Data Entry Officers, and related SMART Cards, PINs, and User IDs Public Key Infrastructure (PKI) certificates needed access to electronic processing. (See NASA FMR Volume 15, Chapter 3).

E. NASA Officials are discouraged to ask for emergency payments as Treasury provides excellent turnaround times using ordinary procedures. The Agency DCFO must approve any action to use Treasury emergency procedures including the use of facsimile equipment to transmit voucher-schedules to the Philadelphia and San Francisco Financial Centers for payment by the Fedwire system.

F. FMS will keep NASA apprised of rejection of individual(s) or total rejection of Voucher and Schedule of Payments (SF 1166 or SF 1166 ECS) payments.

G. Paper Treasury Check Payments. Paper checks can be used only in limited situations. NASA requests for paper checks must be for approved exceptions. Inquires about exceptions should be made to OCFO. Requests for exceptions should be processed through the Center CFOs for approval by the Agency DCFO.

1. Paper Checks with Automated Processing. When the certification is submitted via the ECS or SPS individual paper checks are limited to \$9,999,999.99. Individual payments are limited to \$99,999,999.99 but may be broken into multiple payment increments that do not exceed \$9,999,999.99 each.

2. Paper Checks with Manual Processing. When voucher-schedule and certification is submitted on a paper SF 1166 one paper check may be made up to the individual payment limit of \$99,999,999.99.

3. Pick Up of Checks at a Treasury RFC.

a. Treasury does not permit the delivery of voucher-schedules for payment in person or waiting at the disbursing center for the payment or payments to be prepared on a “walk-through” basis.

b. NASA may authorize government employees or commercial couriers as messengers to pick up checks at Treasury RFC upon approval of the Disbursing Officer.

H. All payment requests must be submitted through the Treasury ECS or SPS, on an original, certified paper SF 1166, Voucher and Schedule of Payments, or on other approved voucher-schedule forms.

I. Treasury RFCs will not accept payment requests received over the telephone or voucher-schedules for payments transmitted over facsimile equipment except under emergency conditions, with special permission of the processing RFC's director. When submission of a payment schedule is authorized via facsimile, the RFC will complete processing of the payments based on the facsimile schedule. However, the payments resulting from such a schedule will not be released until receipt of the original copy of the schedule. In case of emergencies such as failure of ECS or SPS Center's must contact the servicing RFC to make arrangements for payments.

J. For special delivery procedures, such as delivery via express service (FedEx, etc.), FMS will not pay shipping charges, other than normal U.S. Postal Service charges. NASA must make prior arrangement with the processing RFC and provide the RFC with pre-paid, pre-addressed, shipping labels or pre-addressed labels that contain shipping charge data that will result in the shipping charges being paid by the submitting agency.

070202. Certification and Submission of Vouchers to FMS.

A. Certification, Change, or Cancellation

1. All vouchers submitted to the FMS for payment must be signed (certified) by a duly designated Certifying Officer (CO). Both ECS and SPS have provisions for electronic certification of vouchers. See FMR Volume 15, Cash Management, Chapter Three, Accountable Officials for Disbursements, for procedures to establish these officials.

2. Changes to the scheduling of a voucher previously submitted to FMS (different processing or payment date), or cancellations of a voucher previously submitted to FMS (prior to processing and release of payments) will:

a. Only be accepted from a NASA properly authorized Certifying Officer (CO) or Designating Official (DO).

b. May be received via telephone, facsimile, or written memorandum. If via telephone or facsimile, a written memorandum, addressed to the Director of the FMS Regional Financial Center (RFC) to which the voucher was submitted, and signed by an authorized individual must be submitted to the RFC immediately.

070203. All disbursements vouchers shall be supported with sufficient information on them or on documents attached to them, to enable the audit of the transactions and prevent duplicate payments.

070204. NASA shall increase the number of payment items per voucher-schedule and consolidate payments to a vendor to the extent possible and practical without effecting prompt payment considerations.

070205. Vouchers. Permissible Vouchers for NASA are.

A. SF 1166 ECS - Electronic Voucher and Schedule of Payments which is a computer generated voucher and schedule of payments with three methods available for creation:

1. In NASA's ECS computer, via key board entry.
2. In an NASA PC or other computer using the off-line ECS software, via key board entry, downloaded for transmission, then uploaded to the agency's ECS computer, by an authorized ECS Data Entry Operator.
3. In another agency computer system (to FMS specification), down - loaded to for transmission, then uploaded to NASA's ECS computer.
4. NASA shall use the SF 1166 ECS when every possible and is encouraged to use the most current technology supported by FMS and NASA.
5. The SF 1166 ECS may be used to schedule payments in place of transmitting individual basic vouchers and supporting documents to Treasury RFCs. The SF 1166 ECS may be used to certify and transmit voucher and schedule of payments to a Treasury RFC, that includes payment data and certification, or may be used to certify and transmit a voucher that provides certification for payment data delivered to the RFC separately (via bulk electronic transmission or magnetic tape).
6. The use of SF 1166 ECS voucher-schedules does not preclude the preparation of basic vouchers. Each basic voucher will be listed on a voucher-schedule with all in formation required for payment issuance purposes. Basic vouchers covered by the voucher-schedule will be retained by NASA, unless otherwise authorized herein.

B. SF 1166 - Voucher and Schedule of Payments and SF 1167 - Voucher and Schedule of Payments (Continuation Sheet) are paper forms.

1. They may be used to schedule payments in place of transmitting individual basic vouchers and supporting documents to Treasury RFCs, when the Treasury ECS is not available, or its use is not appropriate. Their use is only to:

- a. provide certification of payment data submitted via magnetic tape, when the ECS is not available (See Treasury Financial Manual, Volume I 4-6500, Magnetic Tape Check Issue and Reporting Level 8. <http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>)

b. provide certification of payment data submitted via bulk electronic transmission of payment data, when the ECS is not available (due to failure or other emergency conditions).

c. submit payment request and certification for small quantities of check payments that will be prepared manually (normally check payments over \$9,999,999.99 and emergency check payments when the ECS is not available due to failure).

d. submit payment requests and certification for same day payments to be made via the Fedwire system, when the ECS is not available.

e. submit payment requests for payments to be made in foreign currency.

f. The use of voucher-schedules does not preclude the preparation of basic vouchers. Each basic voucher will be listed on a voucher-schedule with all information required for check issuance purposes. Basic vouchers covered by the voucher-schedule will be retained by departments and agencies, unless otherwise authorized herein. Departments and agencies that submit basic vouchers to disbursing offices may also use voucher-schedules, on notification of this intent, to the Regional Director of the servicing Treasury RFC.

g. NASA shall only use SF 1166 and SF 1167 forms requisitioned from GSA Stores Depot, Federal Supply Service.

C. Information on Vouchers.

1. Accounting Classification Codes.

a. In all cases, the account symbol or other appropriate reference which clearly identifies the appropriation or fund affected must be shown in the accounting classification space on all basic vouchers. When the voucher is split between two or more appropriations the account symbol or other appropriate reference must identify the amounts applicable to each.

b. Where consolidated working fund subsidiary accounts are used, the subsidiary account classification will also be indicated.

c. NASA will record additional accounting classifications in the space provided on the voucher as necessary.

2. Payee Information.

a. for individuals include first name, middle initials, if any, and surname. Omit punctuation marks except for the use of commas to set off the names of more than two payees.

b. Joint Accounts. Where two or more individuals are jointly entitled to receive the payment, NASA shall come to agreement with the individuals to make payments to one payee or account or make separate payments to each. When arrangements have not been made to pay to one account or individual, the voucher should include all as payees. The word “and” should appear before the name of the last payee. Where the account is not joint but several use the word “or” before the name of the last payee.

c. Corporations. Include the corporation name. Name changes are subject to Federal Acquisition Regulations (FAR) for Novations and Change-of-Name agreements (see FAR Part 42-12) and must be approved by NASA procurement offices before the new name can be used.

d. Unincorporated Associations. Use the official name.

e. Partnerships. Use the firm’s name.

f. For: Trust Estates, Decedents’ Estates, Trustees, Executors, and Administrators, and Guardians of Minors and Incompetents, see Treasury Financial Manual, Volume I TFM 4-2000. Payment Issue Disbursing Procedures, 2035.2.

<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

g. Doubtful Cases. Any doubts as to form should be referred to the NASA DCFO.

3. Contract References. Place the contract number and the date in the spaces provided. If the agreement is unnumbered and attached to the voucher, this should be so indicated. For general supply contractors whose contracts are itemized in the Federal Schedule of Supplies and the item numbers covering the articles purchased are given on the face of the voucher, the contract number and date need not be shown.

4. Unit Prices of Gasoline or Other Petroleum Products For purchases of gasoline or other petroleum products under contracts that provide that the unit prices are to be based on tank, wagon, barge, or service station prices on the date and at the point of delivery shown the unit prices paid on the invoices or vouchers.

D. Certification and Approval of Vouchers.

1. Approving Officer.

a. All original basic vouchers (invoices or bills), including those covered by voucher-schedules (SF 1166 ECS/SF 1166), must be signed by the proper administrative approving officer of the agency concerned, who is cognizant of the facts stated on the voucher.

b. Approving officers will sign each basic voucher “Approved for \$__” over their official title.

2. Certifying Officers.

a. All voucher-schedules (SF 1166) or SF 1166 ECS will be certified by an “Authorized Certifying Officer,” or “Authorized ECS Certifying Officer”, respectively, who will be held responsible for the correctness of the facts stated on the voucher or its supporting documents, and to the effect that payment is proper from the appropriations shown on the basic voucher or voucher-schedule.

b. Certifying Officers will sign basic vouchers or voucher-schedules (SF 1166) “Authorized Certifying Officer” with their name typed or printed below the signature on the voucher or voucher-schedule, and the date of the certification will be shown in the certification. For paper voucher-schedules, Certifying Officers are requested to provide a telephone number, noted under their typed or printed name, to be used to contact the Certifying Officer in the event the receiving RFC has questions related to the schedule-voucher.

c. ECS Certifying Officers will certify SF 1166 ECS voucher-schedules by selecting the “Certify Schedule” function while logged onto the ECS computer, reviewing the voucher-schedule and then responding with a “Y” answer to the question “Do You Want to Electronically Affix Your Signature to the Schedule (Y/N)” at the end of the review. The ECS computer will calculate and affix an electronic signature (message authentication code or MAC) to the certified schedule, using the encrypted key and ID of the Certifying Officer logged on to the system and the Security Administrator that was last logged on to the system.

E. ECS and SPS Payments.

1. Use SF 1166 ECS to schedule payments and follow procedures set up by FMS

2. Types of payments to be certified through ECS and SPS:

a. Vendor and miscellaneous schedules containing detailed payment data and certification for payment via Treasury check. Checks issued for these types of payment will normally be dated the next business date after receipt of schedule.

b. Vendor Express, salary, and travel schedules containing detailed payment data and certification for payment via the Automated Clearing House (ACH) electronic payment process of the Federal Reserve System. ACH payments issued for these types of payments will normally be settled on the business date following receipt of the schedule.

c. Same Day Payment Request schedules containing detailed payment data and certification, for payment via the Federal Reserve System's Fedwire funds transfer system. Funds are normally transferred on the date of schedule receipt.

d. Electronic transmission of data to Treasury consists of two files with a different transmission process for each;

1. Detailed payment data files, are created in SAP, and

2. Summary schedule files with certification and payment totals for the detailed payments, are summarized through SAP processing from the detail file. Summary schedules are submitted electronically through a secure microcomputer to Treasury using the ECS system. Detail payment files are submitted from SAP electronically to their Center's servicing FMS RFC for processing. The FMS RFC serves as an Originating Depository Financial Institution (RDFI) in the ACH system.. Payment data files may contain check and/or ACH payment types, and may be for any payment type processed by FMS (such as benefit, vendor, salary, tax re fund, etc.). Checks generated as a result of this type of schedule will be issued dated on the payment date specified by the agency in the summary schedule. ACH payments will be issued for settlement on the payment date specified by the agency in the Summary schedule.

3. Centers shall use SAP to create the detailed payment data files and summary schedule files (see d above). Centers shall ensure:

a. All invoices received including Vendor, Interagency Payment and Intra-Governmental Payment and Collection (IPAC) system, and Health and Human Services (HHS) Travel are loaded accurately into SAP and forward to right section

b. SAP is updated with all the vendor data and banking data including all ACH codes and other related codes as needed for any other electronic system that will be used in the process; such as Vendor Express or the Central Contractor Registry (CCR). SAP formats the file according to FMS' specifications and makes a summary file for certification.

<http://www.fms.treas.gov/eft/regulations/achpostagepayments.html>

c. Centers shall utilize the SAP interface to Treasury to post treasury confirmations in SAP and assure it is working properly.

4. FMS does not maintain a 'warehousing' capability for payment requests. It is the responsibility of NASA to ensure that payment requests are submitted in a timely manner to allow for payment processing and release

F. Payments using paper SF 1166.

1. NASA uses the electronic SF 1166 and processes it to Treasury through ECS or SPS. Paper SF 1166 is not used.

2. If there are emergencies where ECS or SPS is not working Treasury FMS should be contacted for procedures to rather than attempting to use a paper SF 1166.

G. Basic Vouchers and Original Invoices or Bills. Original invoices and bills are the source documents for the issue data on SF 1166 or comparable forms. Centers may use a system of basic vouchers to handle these.

1. Each basic voucher, invoice or bill must be listed in SAP with all information required for check issuance purposes and necessary to trace SAP activity back to the source documents.

2. NASA shall retain basic vouchers, invoices and bills.

3. NASA shall cross-reference each basic voucher, invoice or bill to the voucher-schedule by agency identification numbers in a manner that enables positive association of one with the other.

4. Basic Vouchers and invoices and bills should be segregated into the following classifications for processing on separate voucher-schedules:

a. Payroll vouchers.

b. Travel vouchers or NASA may include in all other category if the average number less than six a day.

c. Vouchers payable in foreign currency.

d. "No-Check" vouchers requiring no action by the Regional Financial Center.

e. Fedwire payment vouchers.

f. Vendor payment vouchers.

g. All others.

5. Center CFOs shall ensure use of specific instructions to preserve the relationship between basic vouchers, invoices, and bills in SAP with sufficient detail for maintaining an audit trail through SAP processing.

H. SF 1166 EDP is a computer generated facsimile of the SF 1166 generated via agency computer programs used with magnetic tape submission of payment

data only if ECS or SPS is not available. Requests to submit check-issue data on magnetic tape and/or SF 1166-EDP should be directed to the FMS Chief Disbursing Officer. If there are emergencies where ECS or SPS is not working Treasury FMS should be contacted for procedures rather than attempting to use SF 1166 EDF.

I. Furnishing of Enclosures or Inserts With Treasury Checks. For inserts and enclosures to go with checks NASA must get pre-approval of:

Administrative Services Branch
Regional Operations
Financial Management Service
Department of the Treasury
Liberty Center, Room 358
401 14th Street, SW.
Washington, DC 20227
Telephone: (202)874-6932

070206. NASA shall report large disbursements in advance of request for disbursement to servicing Treasury RFC.

A. A large disbursement includes single transactions, multiple transactions of a common nature, and repetitive transactions totaling \$50 million or more.

B. Large disbursements must be reported in advance of the transaction settlement date. A minimum of two business days notice is required for disbursements totaling \$50 million or more. If the disbursement will be over \$500 million a minimum of five business days is required. The following data is required to be reported:

- deposit.
1. Name and address of the NASA location making the deposit.
 2. Name and telephone number of contact.
 3. NASA agency location code (ALC).
 4. NASA account title and account symbol number.
 5. Description of transaction.
 6. Transaction settlement date.
 7. Amount of the disbursement.
 8. Payment mechanism (wire transfer or check).
 9. Check number for check payments.

10. Payee name and address.

C. When specific disbursement information has not been finalized for large disbursements in time to meet the requirement in paragraph 070606 B above, inform FMS daily (by 9:30 a.m. eastern time) of approximate amount(s) and approximate disbursement date(s).

070206. SAP AND IPAC PAYMENTS

A. Centers shall download IPAC payments to other agencies and review them to ensure they are accurate and timely.

B. Centers shall use the SAP interface to IPAC that is triggered when an IPAC payment run is released to the extent possible.

C. Centers shall ensure the updates interfaced to SAP are accurate. For instructions on IPAC use see; <http://www.fms.treas.gov/goals/ipac/index.html>

070207. SAP AND HHS PAYMENTS

It is NASA's policy to use the Department of Health and Human Services' (DHHS) Payment Management System (PMS) for grant payments via letter of credit drawn down (see NASA FMR Volume 14, Grant Financial Management). Centers shall:

A. Keep SAP data reconciled with HHS data.

B. Use the automated interface from HHS to SAP to update disbursements and cost data for the initial establishment of a grantee and after establishment use the interface for Federal Cash Transactions Report SF272 data to automatically update and adjust cost and disbursements at the line item level.

070208. Centers shall keep Vendor information updated in SAP and abide by SAP process rules.

0703. PURCHASE CARDS

NASA should use purchase cards obtained through the GSA SmartPay program for small purchases (up to \$25,000) or such other program approved for the agency through the procurement office.

070301. Procedures. Centers shall implement procedures for the use of credit cards that are consistent with the following:

A. Designate an office (usually the procurement office) to manage the program.

- B. Provide training for card holders and approving officials.
- C. Maintain an updated list of a current cardholders and approving officials.
- D. Conduct an annual oversight review of the program.
- E. Issue a delegation of authority to each purchase cardholder.
- F. Establish approved uses and limitations on the types of purchases and the dollar amounts.
- G. Establish procedures for timely submission of cardholder statements to the agency designated state processing office.
- H. Establish procedures for maintaining security of the purchase cards.
- I. Establish procedures for handling disputes and returned, refused, damaged, or unacceptable items and partial deliveries.
- J. Establish card renewal procedures including safeguarding of credit cards.

070302. Payment of Purchase Card Bills.

- A. Payments to the purchase card vendor are subject to the provisions of the Prompt Payment Act (Volume 15, Chapter 6) and in accordance with the terms of the Government commercial purchase card services contract.
- B. The cardholder and approving official will review the cardholder statement of account received at the end of each monthly billing cycle and follow contract procedures for identifying discrepancies.
- C. The cardholder statement must be submitted to the designated payment office within a time frame that allows them to process and pay the consolidated invoice within the Prompt Payment Act deadline.
- D. NASA shall abide by the contract contains provisions for reconciliation of discrepancies after payment of the invoices, including notifying the contractor in writing within the 60 day period prescribed in the contract and VISA regulations of any discrepancy precluding partial or full payment.
- E. The NASA payment office should make adjustments to the consolidated invoice, based on the cardholder statements received.
- F. The designated billing office will pay the consolidated invoice in a timely manner even if all cardholder statements are not received
- G. NASA billing offices should use "Vendor Express" as the preferred method for paying the consolidated invoice for purchase card services.

H. SAP Automated Card Credit Process. Centers shall use the electronic process made available through SAP or the P-Card system to handle NASA credit cards payments and reconciliation of statements and transactions.

1. Cardholders shall assure orders are recorded on-line and that the SAP on-line order log is kept in agreement with the PRs and there is a PR in SAP for all orders.

2. An on-line transaction file from the bank with details for each card holder is received by NASA from the bank serving as the credit card company. The file shall be routed as follows:

a. Received and picked electronically up by the Competency Center.

b. Imported by the Center for each of its credit card holder.

c. Transmitted by the Center to the card holder.

3. Credit card holders shall use the SAP on-line capability that allows the transactions to be reconciled on-line against the card holder's order log.

I. Reconciliation of Purchase Cards. Center CFOs shall adopt policies for reconciliation of purchase card transactions that ensure the following:

1. The purchase card holder shall:

a. Receive the bank transaction file on a monthly basis.

b. Verify:
(1). the transaction file is received monthly with the monthly transactions.

(2). the monthly transactions were made by them.

(3). The prices of purchases are what they agreed to.

(4). fund certification is obtained for the purchase.

(5). receipt of items charged for.

c. dispute any discrepancy discovered in b above by:

(1). calling the vendor for an explanation of the difference in cost or to identify the charge or other problem.

(2). instructing the vendor to process a credit for charges that are too high or for an item not received.

d. call the credit card company to process a temporary credit if a discrepancy can not be resolved or for any problem with the statement itself such as charges not coming through.

e. make sure the credit appears with the next monthly transactions.

f. continue to call either the vendor or the credit card company until the credit is obtained.

h. submit explanations to the approving official when asked or as a regular part of the review process.

i. designate an alternate to reconcile monthly transactions in their absence.

j. retain documentation of purchases and receiving reports with the monthly transaction report.

2. Approving officials of purchase card holders shall.

a. review purchases for appropriateness of business purpose, receipt of goods, and possible irregularities. Follow up by asking the card holder for explanations and evidence for any item that appears to be incorrect.

b. periodically ask for justification of the business purpose of purchases and evidence that verifies the receipt of goods.

b. assure purchase card holders are informed they shall be prepared to justify purchases and produce evidence of receipt of goods when request.

c. require credit card holders to provide explanations of transactions.

d. designate an alternate to approve monthly payments in their absence.

0704. IMPREST AND THIRD PARTY DRAFTS

Imprest funds have been eliminated for Federal use unless a specific waiver is granted. NASA will not use third party drafts.

CHAPTER 8

FOREIGN CASH TRANSACTIONS

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CHATER 8**FOREIGN CASH TRANSACTIONS**0801 OVERVIEW

080101. This volume reflects NASA policy on the use of U.S. Government funds in international programs. Included are bilateral program transactions with foreign countries and international organizations involving procurement, research, co-development, co-production, or other transactions which require: (1) the outlay of U.S. dollars or U.S. owned foreign currencies, or (2) the exchange of U.S. dollars and U.S. owned foreign currencies. The Office of the Chief Financial Officer should be contacted at the earliest possible time concerning any potential or pending negotiations, which will involve matters referred to in this section.

080102. Authority and References.

A. Treasury Publications and Guidance.

1. Treasury Financial Manual, Volume I TFM 2-3200. Foreign Currency Accounting and Reporting.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

2. Treasury Financial Manual, Volume I Federal Agencies, 4-2000. Payment Issue Disbursing Procedures.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

3. Treasury Financial Manual, Volume I 4-9000, Foreign Exchange.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

4. Treasury Financial Manual, Volume I 5-6000, Disposition of Foreign Currency and Checks Drawn of Foreign Banks..
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

5. Treasury Financial Manual, Volume I TFM 6-8000, Cash Management.
<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

0802 DISBURSEMENTS

080201. It is NASA's policy is to work through the State Department to process international payments. Centers will make arrangements through the Intra-Governmental Payment and Collection (IPAC) System to send funds to the Department of State (DOS) who will make the actual payment using IDD or SWIFT.

080202. Centers shall coordinate with the DOS to assure provisions are made for NASA to supply the necessary financial information needed for international payments. Below are factors to be prepared to assist DOS with:

A. Segregation by payment type as wire payments are not combined with check payments.

B. NASA Centers shall make cash transfers to DOS in United States Currency and coordination as needed by DOS on matters related to currency translation.

C. Wire payments use the Society for Worldwide Interbank Financial Telecommunications (SWIFT) system which is DOS' method of payment (see FMR Volume 15, Cash Management, 020404, International Payments B (SWIFT)). Include on the SF 1166 for SWIFT payments:

1. SWIFT Code.
2. Payee Name
3. Bank identifier number.
4. Bank name
5. Bank account number
6. Currency type.
7. Amount.
8. Invoice information.
9. Annotation it is for a wire payment.

D. For check payments include on the SF 1166:

1. Payee name.
2. Payee address.
3. Currency type.
4. Amount.
5. Invoice information.

E. Centers shall ensure IPAC payments to DOS abide by NASA and Treasury procedures for IPAC. (See FMR Volume 15 Cash Management, Chapter 7 Disbursements).

0803 FOREIGN EXCHANGE RECEIVED BY NASA

NASA generally does not receive foreign exchange (amounts paid in foreign currency). If foreign currency is received, NASA should coordinate with KFC to make prompt deposits.

0804 NEGOTIATING FINANCIAL ARRANGEMENTS

080401 Except for arrangements entered into for the sole purpose of implementing U.S. international monetary policy, Center CFOs will observe the following policies to ensure that:

A. U.S. dollars will be retained in the account of the U.S. Treasury until actually required for immediate disbursement to minimize interest cost on the public debt.

B. interest on U.S. Government funds will not be used to subsidize program activities.

080402. The policies are:

A. Center CFOs will not permit the withdrawal of funds from the account of the U.S. Treasury for transfer to any recipient country or organization, prior to the need for the funds as determined by the actual immediate funding requirements of the recipient to carry out the project. Monthly payments are the norm.

B. NASA's share of funding required to support a program will not be derived from interest earned on U.S. contributions. Any interest earned will be promptly deposited to receipt account "801435, General Fund Proprietary Interest, Not Otherwise Classified".

C. Requests from a foreign country or international organization for the temporary deposit and safekeeping of dollars in trust in an account of the U.S. Treasury will be decided by Treasury on an individual basis, based on the reasons therefore, the specific financial arrangements proposed, and the relevant political and financial considerations.

CHAPTER 9

IMPROPER PAYMENTS AND LOSS OF FUNDS

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CHAPTER 9**IMPROPER PAYMENTS AND LOSS OF FUNDS**0901 OVERVIEW

090102. Certifying Officers (COs), Disbursing Officers, and Government Officials that handle disbursements and collections have important responsibilities. Within NASA there are no Disbursing Officers and generally public funds are not held by government officials as cash. Nonetheless, from time to time NASA employees may have to handle government funds, particularly in the case of collections. Therefore, this chapter covers fiscal irregularities in NASA which are either improper payments made by COs or the physical loss of funds.

090102. Authority and References.A. Laws.

1. 31 USC 3521. Audits by agencies.
http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter35_subchapteriii_.html
2. 31 USC 3526. Settlement of accounts.
http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter35_subchapteriii_.html
3. 31 USC 3527. General authority to relieve accountable officials and agents from liability.
http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter35_subchapteriii_.html
4. 31 USC 3528. Responsibilities and relief from liability of certifying officials
http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter35_subchapteriii_.html
5. 31 USC 3530. Adjusting accounts.
http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter35_subchapteriii_.html
6. 31 USC 3532. Notification of account deficiencies
http://www.access.gpo.gov/uscode/title31/subtitleiii_chapter35_subchapteriii_.html
Executive Orders and Regulations.

B. GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7 Fiscal Guidance, Chapter 8 Settlement of Accounts and Relief of Accountable Officers.

<http://www.gao.gov/decisions/ppm7.pdf>

0902. ACCOUNTABILITY/LIABILITY FOR IRREGULARITIES

090201. The COs certification of a voucher is an assertion of the appropriateness of each payment on the voucher entailing a level of accountability for:

A. The existence and correctness of the computations and facts stated in a voucher and its supporting records.

B. The legality of the proposed payment under the appropriation or fund involved (officials designated as COs for payments are not responsible for assuring the availability of funds).

C. Any illegal, improper or incorrect payment resulting from any false, inaccurate or misleading certificate made, as well as for any payment prohibited by law or which was not a legal obligation under the appropriation or fund involved. Certifying officers shall be held accountable for and required to make good to the United States the amount of such payments as prescribed in Treasury Financial Manual (TFM), Volume 1, Part 4, Chapter 1100.

D. Compliance with internal controls established to safeguard and protect the interest of the Government.

090202. The certification of a voucher is to be performed according to the judgment of the CO based upon the facts establishing the legality and propriety of the claim. COs shall not be arbitrary, capricious, preferential or dilatory when considering vouchers presented for certification.

090203. Coercion or administrative pressure will not be used to obtain a certification. This does not prohibit discussing with the COs any facts or circumstances bearing on invoices with a view toward expediting settlement.

090204. If improper payments can not be recouped by collection, stop payment, or other means, unless relieved of liability the CO is held personally liable for repayment for amounts on vouchers he/she approves with his/her certification where there is:

A. An illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certification made by the officer.

B. A payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved.

090205. NASA Accountable Officials include those physically handling government funds. Unless relieved of liability they are held personally liable for physical loss of funds. Their responsibilities form a basis for safeguarding the loss of funds and include:

- A. Keeping receipts and records for:
 - 1. Collections received.
 - 2. Collections not deposited.
 - 3. Collections in transit to be deposited.
 - 4. Confirmations of deposits made.
- B. Adequate fiscal control including:
 - 1. Locking funds in a safe.
 - 2. Not permitting unauthorized access to funds.
- C. Observing internal control procedures.

0903 PRECAUTIONS TO AVOID IRREGULARITIES

090301. NASA COs shall make reasonable use of the following to prevent improper payments.

A. Advance Decision on Certification. Concerning vouchers which may prove to be illegal or otherwise improper for any question of law, COs have a right to an advance ruling. To prevent unnecessary submissions to the responsible government agency, COs will, prior to requesting a decision, assure that the assistance within NASA has been fully utilized for resolving these questions.

1. Any questions of law involving payments of \$100.00 or less, which cannot be resolved locally to the satisfaction of the CO, may be referred to the Agency DCFO, NASA Headquarters, for review and advice. COs may rely on written advice from the Agency DCFO, as to propriety of the payment. Such payments will be considered conclusive by the agency in settlement of the accounts of the COs.

2. Referrals to the Headquarters Agency DCFO, should be in the form of a letter and whenever possible be accompanied by a copy of the uncertified invoice or claim, and other pertinent supporting documents. The letter, constituting an administrative report, should contain the following:

- a. A statement of the facts out of which the claim arose.
- b. A statement of the doubt or other reason for forwarding the claim.

c. A recommendation as to the disposition believed to be proper.

3. Upon reaching a decision, the Agency DCFO will provide a written response to the CO, who shall enclose a copy of the advice with the original invoice.

4. If a payment is for more than \$100.00 and the Center Chief Counsel is unable to resolve the propriety of the payment, the question may be referred to the Agency DCFO for resolution

090302. Reasonable Reliance for COs. Often due to a large number of transaction, automated systems, cross servicing arrangements, and prompt payment considerations it is not practical for COs to perform a personal examination of each the transactions for which they are responsible. Nonetheless, NASA COs must be reasonably assured they can rely on systems, controls, personnel, and other methods used to process transactions and verify payments. In regard to reasonable reliance issues, NASA COs shall consider the following in performing their duties.

A. Indicators for reasonable reliance are present, including:

1. Well-defined organizational structure and flow of work, with appropriate separation of responsibilities and clearly written policies and procedures governing the examination, approval, and certification of disbursement vouchers.

2. Effective application of available technology and concepts to achieve efficient and effective voucher processing.

3. Review of the voucher processing procedures and controls in sufficient scope, depth, and frequency that key processing procedures and controls are working and reliable.

B. When performing duties as a CO, the title "Authorized Certifying Officer" shall be used. The date of certification and the CO's name will be typed, stamped or printed below the space for the signature on vouchers, schedule of payments, and on official correspondence (1 TFM 4-2040).

<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204> In automated systems, evidence that payments are accurate and legal must relate to the system rather than to individual transactions. COs should be provided with information showing that the system is functioning properly and can be relied on to produce payments that are accurate and legal. Reviews should be made at least annually by the CO, with interim checks of major system changes. Electronic certification is legal, as long as it has adequate safeguards. The electronic symbol or user signature must be unique to the CO, capable of being verified, and under the sole control or custody of the CO. The Department of the Treasury's Financial Management Service offers the Electronic Certification System (ECS) and the Secure Payment System (SPS) when used in accordance with all

applicable requirements satisfies the statutory requirements for voucher certification and payment.

C. Should the CO believe factor(s) exist that prevent certification of the vouchers including systems, controls, personnel, and methods that can not be reasonably relied upon, the CO shall point out the weaknesses to the appropriate NASA officials and use alternative procedures and/or controls that can be reasonably relied upon. NASA officials are responsible to provide conditions whereby a COs can perform his duties with reasonable reliance.

090303. The best protection for those in physical custody of funds to avoid loss of funds is the exercise of due diligence in performing their responsibilities in FMR Volume 15 Cash Management, 090205 for NASA Accountable Officials handling cash.

0904 RESOLVING AND REPORTING IRREGULARITIES

090401. Potential Incorrect Payment by a CO. When notified by the Office of Inspector General (OIG) or other audit organization that a question has been raised regarding a potential incorrect payment, Centers will obtain supporting data, documents, and information necessary to determine the propriety of charges to or payments from public funds. Prompt attention will be given by the OIG to resolve the area in question and make a final determination if the payment in question was made incorrectly. If the final determination concludes that an incorrect payment was not made, no further action will be required. If the final determination results in an exception to the payment, the following action will be required.

A. The exception is forwarded to the CO and the location where the records are kept (if different than the CO's location), unless otherwise requested by an appropriate NASA official. If the responsible CO is no longer available, the current CO will receive the exception.

B. The CO can reply to the exception and submit any related correspondence, along with the original invoice to the OIG or the requesting audit activity that:

1. Provides evidence of repayment by the payee or CO, or
2. Request a reconsideration of the exception.
3. With the evidence of payment, the OIG or the auditing activity will enter the date that the exception was removed on the invoice and supporting documentation and return the documents to the CO.
4. Under the reconsideration request, the OIG or auditing activity will expeditiously furnish an explanation that clearly explains why or why not the exception has been reversed.

5. When an incorrect payment is found, an account receivable should be established and action should be taken to collect the erroneous payment.

090402. A physical loss of funds will be reported to the OIG through the OCFO.

090403. Internal Report on Irregularities. The Center CFOs will make an internal agency report on irregularities including documentation on resolution and attempts to resolve to the Agency DCFO. The report shall be made as follows:

A. Reports must be prepared on:

1. Shortages due to physical loss of public funds.
2. Illegal, improper or incorrect payments, including disbursements resulting from fraud, forgery, alterations of vouchers and other improper practices.
3. Improper accounting for receipts.
4. Any other irregularity which involves accountability to the United States. Irregularities, as defined above, include all items adversely affecting the accounts of accountable officers, including disclosures by agency examinations of disbursement and collection transactions and subsequent internal review.

B. The internal report should include:

1. Type of irregularity.
2. Date.
3. Amount
4. Names and positions of the CO(s) and others involved.
5. Reference to pertinent supporting documents.
6. Description of how the improper payment occurred and how it affected the CO's or other official's account.
7. Description of the procedural deficiencies, if known, that caused the irregularity and the corrective action taken or to be taken.
8. Information on any recoupment already made or being considered.

C. Documentation for resolution of irregularities must be filed with the report and includes:

1. Whether the questioned items were proper.
2. Whether recovery was made from recipient or CO.
3. If waived (granted relief);
 - a. Amount waived.
 - b. Statute allowing the waiver.
 - c. Credit granted to COs account was authorized by law.
4. Any administrative determinations required by the applicable relief statute, when relief is granted by NASA.
5. Other authorized administrative actions to resolve the irregularity.
6. Any determinations denying relief.

090404. Reporting Repayments to CO Accounts.

A. All correspondence received by COs regarding repayments of amounts determined as a result of an audit to have been incorrectly paid, will be reported back to the appropriate OIG or audit organization.

B. Single Repayment. If the indebtedness is liquidated promptly by a single repayment, the repayment should be reported to the responsible audit organization on a copy of the invoice or by letter, email, or data fax.

C. Installment Repayments. When repayments are to be made in installments, the specific arrangements with the debtor will be reported to the audit organization. The OCFO will report installment repayments to the responsible audit organization on a copy of the invoice or by letter, email or data fax, as of June 30 and December 31, within 15 days of those dates. Other dates for reporting repayments are permissible if agreed to by the responsible audit organization.

090405. Timely Resolution of Irregularity. If resolved within 2 years after the date the accounts are made available to GAO for audit, reporting it to GAO is not necessary.

090406. Reports on Irregularities to GAO. If not resolved within 2 years after the date the accounts are made available to GAO for audit, a copy of the internal

report shall be submitted to GAO by the OCFO or its designee to the OIG who submits to GAO. Reports to GAO are not needed if:

- A. The improper payment is \$100 or less.
- B. The improper payment is a result of the following check losses:
 - 1. Duplicate check losses under \$3,000.
 - 2. Losses resulting for mechanical or clerical error during the check issuance process under \$3,000.
- C. When the unrecovered portion of the loss is subject to routine ongoing collection mechanisms agreed to by the debtor.

0905 RELIEF FROM PERSONAL LIABILITY

090501. A CO may not escape the liability for losses resulting from an erroneous certification due to the inability to personally ascertain that the invoices were correctly stated or to rely upon the statements and computations of subordinates or others. A CO relying on actions of another employee is held responsible for losses resulting from an erroneous certification unless it is shown that the true facts could not have been known in the reasonable exercise of care and diligence (20 Comp. Gen. 182 and 22 Comp. Gen. 578).

<http://www.gpoaccess.gov/gaodecisions/>

090502. COs will not be held liable for payments made pursuant to “claims settlement certificates” issued in the name of the Comptroller General.

090503. COs will not be held liable for payments made in accordance with settlement decisions issued by the NASA Officials.

090504. COs will not be held responsible for any overpayments on transportation requests or on Government bills of lading due to use of improper rates, classification, or on commercial documentation used by ocean carriers, or failure to deduct the correct amount under land-grant laws or equalization, or other agreements, (31 USC 3528(c)). Verification of rates or classifications pursuant to tariffs or equalization and other agreements is unnecessary.

090505. If the NASA Center CFO determines relief from liability for either a CO, who allegedly approved an improper payment, an accountable officer, due to physical loss of funds the following may be done.

- A. The NASA Center CFO may grant relief of liability for improper payments less than \$3,000 provided that:

1. Upon discovery of an incorrect payment the CO took every practical effort to recover the payment, and advised the Center CFO of the occurrence of the loss.

2. The Center CFO:

- a. has examined the facts.
- b. made a concerted effort to find affix responsibility.
- c. assured steps have been taken to recover the amount.

3. If a determination is made that the responsibility for the incorrect payment should not be placed on any employee or employees, including the CO, the Center CFO should seek relief from liability for the CO from Agency DCFO.

B. For irregularities of \$3,000 or higher, the NASA Center CFO shall submit a request for relief to the Agency DCFO which then will be forwarded to the OIG who will handle the reporting to GAO.

1. The request will be submitted at the end of the two year period or sooner.

2. The request will include:

a. A copy of the NASA internal improper payment report.

b. Description of collection actions taken.

c. Identification of an appropriation or fund to be charged if an account adjustment is deemed necessary.

d. Information showing that there was a reasonable basis for relying on the procedures and controls in an automated system if the relief requested is based on a contention that the loss resulted from such reliance.

e. Any administrative determinations required by the applicable relief statute; and

f. Written statement by the CO or a notation by NASA that the CO chooses not to submit a separate statement.

g. If adjustment of accounts is deemed necessary by NASA the request should indicate which appropriation or fund is to be charged, name and symbol.

090506. The Settlement Process.

A. The controller, GAO will grant relief or issue an exception to the request for relief from liability for irregularities. An exception will require repayment be made by the CO or the accountable official the repayment reported to GAO.

B. Standards for relief for COs are:

1. The certification was based on official records and the CO did not know, and by reasonable diligence and inquiry could not have discovered, the correct information.

2. Or the obligation was incurred in good faith, the payment was not specifically prohibited by statute, and the government received value for the payment.

C. Standards of relief for physical loss of funds are.

1. The loss occurred while the officer was performing official duties or that the loss resulted from an act or omission by one of the officer's subordinates;

2. The loss was not the result of fault or negligence on the part of the accountable officer and;

3. The loss was not the result of an improper payment.

CHAPTER 10

CASH MANAGEMENT REVIEWS

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CHATER 10**CASH MANAGEMENT REVIEWS**1001 OVERVIEW

100101. This chapter sets out the criteria to be used for Cash Management Reviews. In order to assure that cash is handled according to the policies included in this Volume the Office of Headquarters Chief Financial Officer (CFO) requires Center CFOs to conduct annual Cash Management Reviews. Such reviews shall be conducted to encompass all areas of the cash management function, at a level that will support a decision by the reviewer as to whether or not the function is being administered in accordance with the policies and procedures set forth in relevant laws and regulations and the Financial Management Requirement (FMR). These reviews are intended not only to provide assurance of compliance, but also to provide Center management with information to facilitate improvements in cash management operations. Center reviewer(s) shall be independent of the activity under review. The Center CFOs shall supply an evaluation of the reviews to the Headquarters Office of CFO and keep a copy of review.

100102. Authority and References.

1. Treasury Financial Manual, Volume I TFM 6-8000, Cash Management. <http://www.fms.treas.gov/tfm/voll/index.html#Part%204>

1002 GENERAL

100201. General. Annual reviews shall be conducted which encompass all areas of the cash management function, at a level that will support a decision by the reviewer as to whether or not the function is being administered in accordance with the policies and procedures set forth in relevant laws and regulations and the FMR. These reviews are intended not only to provide assurance of compliance, but also to provide Center management with information to facilitate improvements in cash management operations. Center reviewer(s) shall be independent of the activity under review.

100202. Samples, reviews, and verifications to be conducted are described below. Other areas of cash management activity may be reviewed as appropriate to ensure compliance, seek process improvements, or provide other management information. Reviewers shall:

A. Conduct interviews with cognizant personnel to ensure that policies and procedures are readily accessible. Ascertain that adequate training has been provided to ensure that a level of competency exists to properly administer the function.

B. Examine Center internal control policies and actual practices in the various cash management functions to confirm that controls are effective and processes are efficient. This examination shall include, at a minimum, assessments as to whether:

1. Duties are appropriately segregated, including obligating funds and processing and certifying payments.

2. The level of employees' access to computer systems is appropriate in relation to their assigned duties.

3. Periodic reconciliations of cash receipt logs to deposits are performed to minimize the risk of cash receipts being misdirected or misappropriated and whether the reconciliations are performed by someone without access to the receipts at any point in the process.

4. Check receipts are restrictively endorsed as soon as they are received.

C. Sample bills rendered at various times during the period covered by the review to ensure the requirements of Volume 15, Chapter 4 Billings and Collections were met. See the Billings Worksheet to be completed in accordance with instructions.

D. Sample delinquent accounts receivable at various times during the period covered by the review to determine whether policies and procedures required by Volume 15, Chapter 4 Billings and Collections, are met. See the Delinquent Receivables Worksheet to be completed in accordance with instructions. Determine whether the Center is referring delinquent debts to the Department of the Treasury on a timely basis, in accordance with the requirements of Volume 15, Chapter 5 Deposits.

E. Sample bank deposits made at various times during the period covered by the review to ascertain whether deposits meet the requirements of Volume 15, Chapter 5 Deposits. See Bank Deposits Worksheet to be completed in accordance with instructions.

F. Statistically sample invoice payments using the following parameters to determine if invoices were paid in a timely manner. Include in your report if the extent and dollar amount the sample indicates that invoices were paid on time and the extent and dollar amount the sample indicates of interest payments made due to late payment.

Population: Center's invoices for the six months preceding the review:

Confidence Level: 95 percent

Expected Error Rate: 5 percent

Precision: +/-4.9 percent

- G. Review a sample of contract financing payments.
- H. Assess the Center's compliance with the electronic funds transfer provisions of the Debt Collection Improvement Act of 1996.
- J. Center CFOs shall review the Office of Quality Assurance's internal control reviews and shall:
 - 1. Provide comments supported by reason and evidence as to agreement or disagreement of the finding to the Agency Deputy CFO;
 - 2. List actions and estimated effective date of any corrections or improvements in the report to the Agency Deputy CFO and:
 - 3. Report to the Agency Deputy CFO when corrections or improvements are implemented.