



National Aeronautics and
Space Administration
Washington, DC 20546

Class Deviation Grants and Cooperative Agreements

CD 17-01
July 6, 2017

CLASS DEVIATION TO 2 CFR 1800.305—Payments

PURPOSE: To provide guidance regarding the review and approval of payments process. The streamlined process will change the method of payment for commercial firms from an accrued cost basis to the advanced payment method.

GUIDANCE: This action is necessary to allow commercial firm grantees to access funds through the Department of Health and Human Services Payment Management System (DHHS/PMS) and ensure compliance with the mandatory requirement for using Procurement for Public Sector (PPS) to issue new awards. The current payment structure for commercial firms governed under 2 CFR 1800 is burdensome to the grantee and not statutorily mandated. Allowing payment to commercial firms through the advanced payment structure (as described in 2 CFR 200.305) reduces the administrative burden to the grantee requirements without posing additional risk of improper financial management of the Federal awarded funds.

For awards with milestone payments, grantees should refer to the Federal award documents for the correct process to access funds and receive payment.

ACTION REQUIRED BY GRANT OFFICERS for awards governed by 2 CFR 1800:

- A. For new awards (issued through PPS).** The grant officer shall—
1. Award payment accounts will be established in PMS for all grants/cooperative agreements for grants covered under this deviation order;
 2. The grant officer will remove the term and conditions 1800.927 and 1800.928;
 3. The grant officer will add terms and conditions 1800.906 to all awards including those made to commercial firms;
 4. The grant officer will assure the Required Publications & Reports is updated to require the submission of the quarterly SF425; and
 5. Upon award information regarding the DHHS Payment Management System will be sent to grantees.

B. For current awards (not in PPS). The grant officer shall—

1. Identify current awards and period of performance;
2. Identify which of these grantees currently have existing accounts (usually from other agencies) within the Payments Management System;
3. Establish PMS account as needed;
4. Establish the date for transfer;
5. Communicate with stakeholders;
6. Process last invoices;
7. De-obligate remaining funds with the following information;
 - a. This is an administrative change to transfer remaining funds to a Division of Payment Management account. This removes the terms and conditions 1800.927 and 1800.928.
 - b. Total authorized amount has not been reduced due to this administrative change.
8. Re-obligate those funds to new award with the following term;
 - a. This is an administrative change to transfer the funds to the Division of Payment Management. Grantee will no longer submit invoices to access the funds to this award, but will follow the requirements for requesting payments through the DHHS Division of Payment Management.
 - b. Grant Officer will add T&C 1800.906 and the updated Required Publications & Reports; and
9. Upon award, information regarding the DHHS Payment Management System will be sent to grantees.

EFFECTIVE DATE: This deviation from 2 CFR 1800 is effective immediately and shall remain in effect until incorporated into 2 CFR 1800, or otherwise rescinded.

TERMS AND CONDITIONS: The following terms and conditions are revised:

- 1800.927 – is removed from all new awards and will be rescinded on current awards as administrative changes are affected.
- 1800.928 – is removed from all new awards and will be rescinded on current awards as administrative changes are affected.
- 1800.902 – prescription is changed to remove statement “except when the recipient is a commercial firm.”

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