



USAID
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Letter of Credit (LOC) Account Set-Up and Payment Procedures

An Additional Help for ADS Chapter 636

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The Letter of Credit (LOC) is an advance payment method that authorizes grant recipients to request an electronic drawdown/advance of funds approved by USAID's agreement officers via award documents. USAID has outsourced its LOC award drawdown/advances and reporting services to the U.S. Department of Health and Human Services (DHHS). DHHS operates the Payment Management System (PMS) which is a centralized grants payment and cash management system. The PMS is a Web-based system and serves as the fiscal intermediary between the awarding agencies and the grantees. Each grantee has a separate DHHS PMS account for drawing funds and reporting disbursements. All awards applicable to a single grantee under the LOC payment method will be covered under one PMS account.

The procedures to establish a PMS Account at DHHS are:

1. The USAID LOC Team will need the following information from the new LOC grantee in order to initiate the process to establish a new DHHS PMS account for the grantee:

Organization Name
Executive Title (of primary contact)
Taxpayer Identification Number (TIN)
Address

Please also include the USAID award number and a copy of the award if it is available.

The information can be submitted via email to loc@usaid.gov and jdubois@usaid.gov or via mail to the following address:

ATTN: James DuBois
U.S. Agency for International Development
M/CFO/CMP - LOC Unit
1300 Pennsylvania Ave., NW
SA-44, Room 430-J
Washington, DC 20523-7700

Please take precautions to safeguard personally identifiable information (PII).

2. The USAID LOC Team will initiate the registration process in the DHHS PMS and notify the grantee of the PMS account number once it has been approved by DHHS. USAID uses the DHHS PMS account number as the USAID LOC number.
3. The grantee will be able to request access to the new PMS account and provide DHHS with the banking information to be used for the payments via the PMS Web site which is <https://pms.psc.gov/>.

4. Once the DHHS PMS account has been established and the award has been obligated in USAID's internal systems by USAID procurement staff, the obligated funding will be posted to the PMS account and will be available to drawdown for immediate disbursement needs. The authorized user may view the PMS online inquiry reports to see if funds are available for drawdown.

Grantees' Letter of Credit Drawdown/Advance Payment Procedures:

1. Once funds are available in the DHHS PMS, a grantee can begin submitting requests for funds. A grantee must identify each award number and how much is being requested for each award when submitting a request. A request should not exceed the grantee's immediate disbursement needs (up to seven days). There is no limit on the frequency of the requests provided that the funds will be expended within seven business days.
2. The grantee's primary contact person will be notified by DHHS if there are questions concerning a request for funds. If approved, the amount requested is deposited into the grantee's bank account. The review process and deposit of the funds is generally complete within 24 hours of receipt of the request. USAID receives reports and data files of these payment transactions which are then run through an interface to record the payments in USAID's accounting system.
3. There is a designated PMS account liaison at DHHS to assist the grantee on matters related to accessing PMS, requesting funds, and Federal Financial Reporting (FFR). Victor Evans is the designated account liaison for USAID grantees. He can be reached by email at: victor.evans@psc.hhs.gov, telephone: (301) 492-4988 or fax: (301) 492-5096. Questions regarding funds availability for new awards or award modifications should be directed to the USAID LOC Team at loc@usaid.gov.
4. On a quarterly basis, grantees are required to report expenditures/liquidations to DHHS electronically on the FFR-Federal Cash Transaction Report (FCTR). This is a consolidated report of all LOC awards issued to an organization under the single PMS account. Delinquent reporting will result in delayed approval of future requests for funds. USAID grantees are not required to complete the FFR-Financial Status Report (FSR) in the DHHS PMS.
5. The grantees are required to submit, outside of the DHHS PMS, a separate quarterly Federal Financial Report (FFR/SF-425) for each award to the appropriate USAID agreement officer/agreement officer representative (AO/AOR) as specified in the award documents. A copy of the final Federal Financial Report (FFR/SF-425) for each individual award should also be submitted to the USAID LOC Team at locfinalreport@usaid.gov. The Federal Financial Report (FFR/SF-425) can be downloaded at the following link:

<https://www.usaid.gov/sites/default/files/documents/1868/SF-425%20%28Federal%20Financial%20Report%29%20%28Replaces%20SF-269%29.pdf>.

6. Please visit the DHHS PMS Web site to learn more about DHHS payment and reporting processes/requirements: <https://pms.psc.gov/>. USAID POC: James DuBois, jdubois@usaid.gov, (202) 567-5141, Fax No. (202) 567-5264.

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