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**SF-425 Federal Financial Report
Letter of Credit (LOC) Account Set-Up
and Payment Procedures
Additional Help for ADS Chapter 303 and 636**

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

The Letter of Credit (LOC) is a 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 PMS/LOC account for drawing funds and reporting disbursements. All awards applicable to a grantee will be covered under one PMS/LOC account. In the case of a public international organization (PIO) with multiple offices operating in different locations, a central office should be responsible to make drawdowns and submit consolidated financial reports through the PMS.

The procedures to establish your PMS Account at DHHS are:

1. The LOC grantee completes and submits the "**SF-1199A - Direct Deposit Sign-Up Form**" and "**Division of Payment Management Payment Management System Access Form**" 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, D.C. 20523-7700

For Hand Delivery by Local Courier:

301 4th Street, SW
Washington, DC 20024

The "**SF-1199A**" can be downloaded from the web page: <http://www.fedforms.gov>. The "**Division of Payment Management Payment Management System Access Form**" can be downloaded from the web page: http://www.dpm.psc.gov/grant_recipient/guides_forms/ffr_user_form.aspx. The forms should be submitted by U.S. Mail or Courier Delivery. **Faxed or scanned e-mail copies of the document will not be accepted to set-up your PMS account. Only documents with original signatures by the Grantee and Banking Institution will be accepted to establish your LOC account.**

Please also provide the USAID award number if it is available.

Instructions for completing the SF-1199A:

- Section 1, Block B - may be left blank or completed with the name of the organization and not of a person.
 - Section 1, Block C - should be completed with the organization's EIN or Federal Tax ID. All U.S. based organizations should have an EIN or Federal Tax ID, however if the organization does not have the proper ID then a brief explanation should be provided.
 - Section 1, blocks D & E – self explanatory (investment bank account will not qualify)
- NOTE: overwrite or erasure of the entry is not acceptable.
- Section 1, block F – select "other" and enter "USAID"

- Section 1, block G – leave blank.
- Section 2 - for Government Agency Name enter USAID and the above address.
- Section 3 - of the form has to be completed and signed by the bank representative.
- Routing Number and Depositor Account Title are required.
- The Bank/account should be in the U.S.

SPECIAL NOTE: The “SF-1199A” should be signed by your organization’s representative authorized to request funds (drawdown) from DHHS/PMS. The document requires original signatures of your organization and the bank’s representatives.

2. Once the LOC Unit receive and reviews the above original forms for completeness, they are then forwarded to DHHS to establishing your PMS Account.
3. DHHS verifies the information on the SF-1199A and if correct, registers the organization into their Payment Management System. Once a grantee is entered into the system an Account Number, Payee ID Number (PIN), and Entity ID number (EIN) is generated for each grantee. The PMS generated account number is e-mailed by DHHS to M/CFO/CMP as a confirmation that the account has been established. M/CFO/CMP in turn provides the grantee with the above information.
4. DHHS forwards the Access Codes to your organization’s authorized person (whose signature appears on the SF-1199A) and the instructions on how to access the PMS/SmartLink via the internet.
5. Once the DHHS PMS account has been established and the award has been obligated in USAID’s accounting system by USAID procurement staff the obligated funding will be posted to the PMS/LOC account and will be available to drawdown for immediate disbursement needs The authorized user may view the PMS on-line inquiry report 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, grantees can request funds (drawdown/advance) electronically from DHHS through the internet. Each request should not exceed the grantee’s immediate disbursement needs (up to 3 days). There is no limit on the frequency of the requests provided that the funds will be expended within three business days.
2. The grantee’s primary contact person will be contacted by DHHS if there are questions concerning the drawdown request. If approved the drawdown is deposited to the grantee’s U.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 of these payment transactions which are then interfaced into USAID’s accounting system.
3. There is a designated account representative in the Division of Payment Management, Cross-Servicing Payment Branch of DHHS to assist the grantee on matters related to access to the DHHS PMS, fund requests/payments and Federal Financial Report (FFR) reporting. Janet Morgan is the designated account representative for USAID accounts. **Kathleen Vardon** is the designated account representative for USAID accounts. She can be reached by e-mail: Kathleen.Vardon@psc.hhs.gov, telephone: 301-492-5011 or fax: 301-492-5035. NOTE: Questions on funds availability should be directed to the USAID LOC Team.
4. On a quarterly basis grantees are required to report expenditures/liquidations to DHHS electronically on the Federal Financial Report (FFR/SF-425), lines 10a – 10c and the FFR Attachment (SF-425A). This is a consolidated report of all LOC awards issued to an

organization under the same PMS account. Delinquent reporting will result in delayed approval of future requests for funds.

5. The grantees are also required to submit a separate quarterly Federal Financial Report (FFR/SF-425), Lines 10d – 10o, for each award to the USAID technical/program office specified in the award documents. A copy of the “**Final**” Federal Financial Report (FFR/SF-425) report for each individual award is to be submitted to the USAID LOC Team at locfinalreport@usaid.gov. The Federal Financial Report (FFR/SF-425) is available in PDF or Excel format at the OMB website: http://www.whitehouse.gov/omb/grants_forms/.
6. Please visit the DHHS/Division of Payment Management (DPM) website to learn more about DHHS payment and reporting processes/requirements. <http://www.dpm.psc.gov/>
7. Contact Person: James DuBois, jdubois@usaid.gov, 202.567.5141, Fax No. 202.567.5264

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