

APPENDIX 1:

GRANTEE NOTIFICATION GUIDANCE - ESTABLISHMENT OF SUBACCOUNTS

Overview

Effective, October 1, 2013, the Centers for Disease Control and Prevention (CDC) must set up payment subaccounts within Payment Management System (PMS) for all new grant awards in order to improve the ability of CDC grants management staff to monitor advance payments, including comparison with expenditures. For existing pooled or “G” accounts with performance periods that extend beyond FY2013, the Division of Payment Management (DPM) will establish a subaccount in the PMS for each fiscal year beginning with FY2014 funds. These subaccounts will contain a zero-dollar balance and will not be charged until funding is authorized for the specific subaccount.

This guidance provides CDC grantees with information about the definition of a subaccount and various crosscutting requirements.

Subaccount Definition

A two (2) to twenty (20) digit code in PMS’ designation of a major program within payee account. Payee accounts are subdivided into subaccounts for accounting and cash control. The subaccount name may or may not be the same as the grant award, but each award will equate to one subaccount in PMS.

Notification Requirements

HHS grants policy requires that the terms and conditions of each non-construction award specify use of an advance payment method unless:

- a statute or regulation provides otherwise;
- the grantee has not demonstrated the willingness or ability to maintain procedures that minimize the time elapsing between the transfer of funds to the grantee and the grantee’s disbursement of those funds for program purposes; or
- the grantee does not have a financial management system that can meet federal standards for fund control and accountability (45 CFR 74.21 and 92.20), whether determined through an audit under the Office of Management and Budget (OMB) Circular A-133 or by other means.

For example, Grantees will receive the following information for all new Notice of Awards issued after October 1, 2013:

SUBACCOUNT Terms and Conditions – Grants and Cooperative Agreements

Funds awarded in support of approved activities have been obligated in a newly established subaccount in the DHHS Payment Management System (PMS), herein identified as the “P Account”. A P Account is a subaccount created specifically for the purpose of tracking designated types of funding in the Payment Management System (PMS).

To drawdown funds from this P Account, you will be required to provide the subaccount title and the grant document number. For example, the subaccount title and the grant document number for this award and budget year are provided below:

Subaccount Title: CE131301RAPEPREVE14
Grant Document Number: 002211RP14

Note: All CDC funds must be separately tracked and reported. Funds may only be used in support of approved activities in the FOA and your application. Funds cannot be comingled with any other funds. Refer to the PAYMENT INFORMATION section for a detailed explanation on how to access funds in your PMS Account.

ADVANCE PAYMENT METHOD

The Automated Clearinghouse (ACH) is the primary method that PMS uses to make payments. When requesting payment through ACH, a Grantee may request payment in whatever frequency is necessary consistent with its immediate cash needs.

Under an advance payment method, grantees are required to minimize the time elapsing between the transfer of funds from the federal government and disbursement for grant purposes. Therefore, although the grantee may receive payments in advance of their disbursement, a grantee's request for an advance must be based on the amount it plans to disburse immediately for direct cost plus the proportionate share of any allowable indirect or facilities and administrative costs (45 CFR 74.22 and 92.21).

For ACH payments, PMS indicates the advance of funds should be fully disbursed by the close of business the next workday after receipt of the funds. When determining whether a grantee has excess cash on hand, "immediate" need generally is considered to be the amount in excess of three (3) business days needs (see instructions to the Federal Financial Report (FFR) at http://www.whitehouse.gov/omb/grants_forms).

REIMBURSEMENT PAYMENT METHOD

Generally, grantees will only be placed on reimbursement if they are high-risk. A high-risk designation is determined by the Chief Grants Management Officer (CGMO) and applied to an organization, rather than an individual, project, or award. A high-risk designation may be applied any time there is a concern that an applicant and/or grantee may not be able to meet performance or accountability requirements. A grantee may submit a request for reimbursement at least monthly, or more frequently.

When using the reimbursement payment method, PMS must make payment to a grantee as soon as practicable, but no later than 30 days after the agency's receipt of the grantee's request for reimbursement unless the request is improper. To allow HHS to meet this standard and for timely receipt of cash, a grantee must submit the request early enough for CDC to review it and forward it to PMS at least two (2) weeks before cash is needed; i.e., grantees should allow about four (4) weeks for receipt of payment.

CDC will not withhold payments for proper charges made by grantees at any time during the project period unless (1) the grantee has failed to comply with the project objectives, the terms and conditions of the award, reporting requirements or (2) a grantee or subgrantee is delinquent in a debt to the United States, unless otherwise required by statute [see 45 CFR 74.22 (h)].

Need Help?

Please contact your CDC Grants Management Specialist/Officer should you have additional questions.