

September 27, 2001

MEMORANDUM FOR ALL CONTRACTING OFFICERS AND NEGOTIATORS

TO: Distribution List FAC

FROM: M/OP, Mark S. Ward, Director

Subject: Distribution of Award Documents Payable by Letter of Credit (LOC)

Contract Information Bulletin 01-18

Assistance awards that authorize advance payments (drawdowns) by LOC are serviced through the Payment Management System of the Department of Health & Human Services (DHHS/PMS). M/FM/CMP receives the award documents, verifies the LOC number, reviews the accounting/fiscal data and other information, inputs data in the PMS and issues LOC authorization documents to the LOC organizations. Amendments to the award documents trigger similar actions to update the PMS database and amend LOC authorizations. Award documents and/or modifications executed by USAID grant officers that are NOT received in M/FM/CMP-LOC Unit obviously cannot be updated in the PMS or in LOC authorizations. As such, funds would not be available in PMS and therefore, payments of advances could not be made by DHHS to the affected organizations.

Reconciliation initiatives of LOC records/authorizations by M/FM/CMP and the organizations are on going. This initiative has identified a problem that is common to all LOC organizations: a number of awards/modifications were/are missing from their LOC accounts. Also, in a recent audit by IG, one of the issues was the incomplete inventory of LOC awards and modifications in the organizations' letters of credit, which translates to erroneous funding balances and the inability to

access funding for the affected programs. We also received complaints about delays in payment from the organizations.

To solve or minimize the above problem, Agreement Officers should review their distribution procedures to ensure that every negotiated LOC award and modification reaches M/FM/CMP. A number of Missions are transmitting scanned copies of documents by e-mail, some by fax and others by pouch. Transmission by e-mail or by fax is preferable because it is quick and documents are received directly by the appropriate persons in the LOC office. Program Description and Standard Provisions need not be transmitted. The important parts of the documents for LOC purposes are the signed basic agreement, Accounting and Appropriation Data and Attachment I - Schedule. Fax these documents to: Attn: LOC Unit - Nestor Macasa, M/FM/CMP, fax no. 202-216-3234; or e-mail scanned copies to the e-mail box set up for LOC activity at FM.CMP Letter of Credit Activity.

Additional concerns to note:

- 1) There are Task Orders, contracts and grant documents that contain unclear payment provisions/information. In some awards the "22 CFR 226" procedure is being referenced without specifying the selected method of payment. (22 CFR 226 is general and refers to all methods of payment, not just LOC.) If LOC is the method of payment, the correct payment office that should be shown in the contract is USAID/W, M/FM/CMP/GIB-LOC Unit, not DHHS nor the controller's office.
- 2) The LOC awards should show the "Financial Reporting" language in CIB 00-10, dated Dec. 5, 2000. (It appears that not all Agreement Officers are aware of this CIB.)
- 3) When an award document has multiple Budget Plan Codes (BPC), ensure that the amounts specified by all BPCs add up to the total amount obligated in the document.
- 4) When the award document has been signed by the Agreement Officer, ensure that the amount obligated/sub-obligated shown in the document has been recorded in Phoenix for Washington or MACS for the field.

If you have questions about this CIB, you can contact Bella Maipid-Smith, M/FM/GIB, at 712-4159, or Allen Eisenberg, M/OP/P, at 712-1467.