



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 (HHS). HHS 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 HHS 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 HHS are:

1. Each new LOC grantee should provide the following information to the USAID LOC Team to initiate the process to establish a new HHS PMS account for the grantee:

Organization Name

Taxpayer Identification Number (TIN)
Address

Please also include the USAID award number and a copy of the agreement, if available.

The information should 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
UA 08.6.4A
Washington, D.C. 20523

Please take precautions to safeguard personally identifiable information (PII) (see [ADS 508, Privacy Program](#)).

2. The USAID LOC Team will initiate the registration process in the HHS PMS and notify the grantee of the PMS account number once it has been approved by HHS. USAID uses the HHS PMS account number as the USAID LOC number.

3. The grantee will be able to request access to the new PMS account and provide HHS with the banking information to be used for payments via the [PMS website](#).
4. Once the HHS 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 HHS PMS, a grantee may begin submitting requests for funds. A grantee must identify each award number and the amount being requested for each award when submitting a request. Each 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. (Effective March 2019, all new awards or funding added to existing awards is now recorded in the HHS PMS with the award number, the USAID Operating Unit (OU), and the USAID program area (PA) as part of the PMS subaccount number on the payment request screen. For funds obligated after March 1, 2019, the grantee is now able to direct its payment requests to the specific OU/PA combination when requesting funds.)
2. HHS will notify the grantee 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. Processing delays could occur if a request is submitted against an award that has been expired for more than 90 days. HHS will seek approval from USAID. USAID will seek approval from the appropriate USAID agreement officer representative.
3. If a grantee needs to return grant funds that have been withdrawn through the HHS PMS account, the preferred practice for returning funds is to send the funds back to HHS rather than directly to USAID for credit to the account. The various alternatives for returning funds to HHS are provided on the [HHS website](#).
4. There is a designated PMS account liaison at HHS to assist the grantee on matters related to accessing PMS, requesting funds, and Federal

Financial Report (FFR) reporting. Keishay Bulluck is the designated account liaison for USAID grantees and can be reached by email: Keishay.Bulluck@psc.hhs.gov or by telephone: (301) 492-4938. Please direct questions regarding funds availability for new awards or award modifications to the USAID LOC Team at loc@usaid.gov.

5. On a quarterly basis, grantees are required to report expenditures/liquidations to HHS 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 HHS PMS.
6. LOC grantees are also required to submit, outside of the HHS 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 FFR/SF-425 for each individual award should also be submitted to the USAID LOC Team at locfinalreport@usaid.gov. The FFR/SF-425 can be downloaded at: <https://www.gsa.gov/forms-library/federal-financial-report>.
7. Please visit the [HHS PMS website](#) to learn more about HHS payment and reporting processes/requirements.
8. USAID POC: James DuBois, jdubois@usaid.gov, (202) 916-4175.

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