

policies and internal practices with regard to suspension or termination of advance payments. This change delegates responsibility for suspension and termination of advance payments to the NASA Financial Management Office in certain cases involving financial reporting. In all other cases, the Grant Officer retains responsibility for suspension and termination of advance payments. Additionally, this change amends the withholding provision. The change removes a phrase in that provision addressing withholding of future awards, as the phrase duplicates another provision and is not directly relevant to withholding of advance payments. The withholding provision is also amended to more specifically state the conditions under which NASA may withhold advance payments consistent with existing guidance and procedures contained in the Grant and Cooperative Agreement Handbook.

B. Regulatory Flexibility Act

NASA certifies that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, because the change updates and clarifies existing operational practices.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because this final rule does not impose any new recordkeeping or information collection requirements, or collection of information from offerors, contractors, or members of the public that require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in CFR Part 1260

Grant Programs—Science and Technology.

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■ Accordingly, 14 CFR Part 1260 is amended as follows:

■ 1. The authority citation for 14 CFR 1260 continues to read as follows:

Authority: 42 U.S.C. 2473(c)(1) and Pub. L. 97–258, 96 Stat. 1003 (31 U.S.C. 6301, *et seq.*)

PART 1260—GRANTS AND COOPERATIVE AGREEMENT

■ 2. Section 1260.26 is revised to read as follows:

§ 1260.26 Financial management.

Financial Management

August 2003

(a) Advance payments through a Letter of Credit will be made by the Financial Management Office of the NASA Center assigned financial cognizance of the grant, using the Department of Health and Human Services' Payment Management System (DHHS/PMS), in accordance with procedures provided to the Recipient. The Recipient shall submit a Federal Cash Transactions Report (SF 272), and, when applicable, a Continuation Sheet (SF 272A) electronically to DHHS/PMS within 15 working days following the end of each Federal Fiscal quarter (*i.e.*, December 31, March 31, June 30, and September 30). One Federal Cash Transactions Report shall be submitted for all grants financed under a letter of credit arrangement with each NASA Center.

(b) In addition, the Recipient shall submit a final SF 272 in paper form to NASA within 90 calendar days after the expiration date of the grant. The final SF 272 shall pertain only to the completed grant and shall include total disbursements from inception through completion. The report shall be marked "Final". The final SF 272 shall be submitted to the Financial Management Office, with a copy sent to the NASA Grant Officer.

(c) Unless otherwise directed by the Grant Officer, any unexpended balance of funds which remains at the end of any funding period, except the final funding period of the grant, shall be carried over to the next funding period, and may be used to defray costs of any funding period of the grant. This includes allowing the carry over of funds to the second and subsequent years of a multiple year grant. This provision also applies to subcontractors performing substantive work under the grant. For grant renewals, the estimated amount of unexpended funds shall be identified in the grant budget section of the Recipient's renewal proposal. NASA reserves the right to remove unexpended balances from grants when insufficient efforts have been made by the grantee to liquidate funding balances in a timely fashion.

[End of provision]

■ 3. Section 1260.56 is revised to read as follows:

§ 1260.56 Withholding.

Withholding

August 2003

If a Recipient fails to comply with the project objectives, the terms and conditions of this award, or reporting requirements under this or previous NASA awards, NASA may withhold advance payments under this award including its augmentations, and may also withhold advance payments under future awards to the Recipient, pending correction of the deficiency by the Recipient. Upon determination that the deficiency has been corrected, the cognizant NASA Financial Management Office shall resume advance payments and release of previously withheld amounts after coordination with the Grant Officer.

■ 4. Section 1260.75 is amended by revising paragraphs (b)(1) and (c)(2) to read as follows:

§ 1260.75 Summary of report requirements.

* * * * *

(b) * * *

(1) The Federal Cash Transactions Report (SF 272) shall be submitted by the recipient, in accordance with § 1260.26, as a condition of receiving advance payments. Instructions and answers to payment questions will be provided by the NASA Financial Management Office of the Center that has been assigned financial cognizance of the grant. (See § 1260.152.)

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(c) * * *

(2) A Final Federal Cash Transactions Report, SF 272, is required from the recipient for each grant, in accordance with §§ 1260.26 and 1260.152. The report is due within 90 calendar days after the expiration date of the grant or cooperative agreement.

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■ 5. Section 1260.76 is amended by revising paragraphs (d) and (e) and adding new paragraphs (f), (g), and (h) to read as follows:

§ 1260.76 Termination and enforcement.

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(d) Failure of the recipient to provide a required report can result in the Agency and the public being denied information about grant activities, NASA officials having less information for making decisions, grant closeout being delayed, and confidence being undermined as to whether the recipient will meet the requirements under other grants. Because NASA grants provide for advance payments, a recipient could be fully paid before final reports are