

**GRANT OFFICER'S MEMORANDUM NO. 02-26**

FOR: ALL VETERANS' EMPLOYMENT AND TRAINING SERVICE GRANT  
RECIPIENTS  
ALL VETERANS' EMPLOYMENT AND TRAINING SERVICE STAFF

FROM: KIA MASON  
Grant Officer

SUBJECT: Payment Management System Mandatory Payment Request Justification

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**I. PURPOSE**

This memo provides guidance to the U.S. Department of Labor (DOL), Veterans' Employment and Training Service's (VETS) grant recipients (recipients) with information regarding the Payment Management System's (PMS) mandatory payment request justification, VETS' review and approval of payment request justifications, and examples of acceptable request justifications.

**II. OVERVIEW**

DOL uses the U.S. Department of Health and Human Services' (HHS) PMS to disburse funds to its recipients. A recipient submits a payment request to PMS, which is approved or rejected by PMS staff based on the recipient's payment drawdown history, authorized award amount, and remaining award balances.

As of March 17, 2025, all recipients are now required to include a justification with each payment request submitted to PMS. HHS has created a new mandatory field on the PMS payment request screen that directs recipients to provide a brief justification for each payment request submitted for approval. This new field is part of the implementation of section 3 of Executive Order (E.O.) 14222, [\*Implementing the President's "Department of Government Efficiency" Cost Efficiency Initiative\*](#), which requires that each agency "record every payment issued by the agency," along with "a brief, written justification for each payment submitted by the agency employee who approved the payment." The recipient justification provided in PMS will help inform VETS' own justification and approval or denial of the payment.

In support of E.O. 14222, the Department of Government Efficiency also launched an initiative called Defend the Spend (DTS) that requires each agency to provide written justification and approval for each recipient payment request. The DTS system is used by VETS staff to review and take action on payment justifications provided by recipients in PMS.

### III. RESCISSIONS

None

### IV. PMS MANDATORY PAYMENT REQUEST JUSTIFICATION AND VETS REVIEW AND APPROVAL

#### A. PMS Mandatory Payment Justification

On March 17, 2025, HHS introduced a mandatory field in the PMS payment request screen, where the recipient must justify the purpose of their payment request.

##### *Recipient Payment Justification Requirements*

The payment request justification must be detailed enough to allow the VETS Grant Officer's Technical Representative (GOTR), or other delegated VETS staff, to make an approval decision (as discussed further in section B. below). The recipient payment request justification must include:

- The VETS grant program<sup>1</sup> for which the payment is being requested;
- A list of budget item(s) or expense category(ies) along with an amount for each that adds up to the total payment request; and
- A date range associated with the costs included in the payment request.

Please view the following *example* payment request justification for \$25,805.55 that meets the above requirements:

These funds are for expenditures under the [*grant program name*], for the period December 15 to 31, 2025, for salaries (\$18,790.30), associated fringe benefits (\$5,400.55), program related supplies (\$54.00), and indirect costs (\$1,560.70) as outlined in the grant award.

The amount provided in each cost category must add up to the total amount requested. Please note the payment request justification field is limited to 1,000 characters.

The DTS system, discussed in more detail below, is used by VETS staff to review and take appropriate action on payment justifications provided by the recipient in PMS. The DTS system sends automated notifications to the recipient. Recipients should save DTS in their email contacts to ensure important notifications are not identified as spam. Recipients should work with their GOTR if issues arise.

##### *Payment Request Justifications Must Not Contain Personally Identifiable Information (PII)*

Recipients must refrain from including PII or other sensitive information in their PMS payment request justifications. VETS staff will ensure that no PII or protected information is included in payment approvals.

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<sup>1</sup> At the time of issuing this guidance, VETS programs include the Jobs for Veterans State Grants, Homeless Veterans' Reintegration Program, and Stand Downs.

As described in the terms and conditions of the award, additional information regarding PII and other sensitive information can be found in Training and Employment Guidance Letter No. 39-11, [Guidance on the Handling and Protection of Personally Identifiable Information \(PII\)](#). The DTS system allows VETS staff to remove any PII from the payment request justification. Both the payment request justification provided by the recipient as well as the approval comment provided by VETS staff are posted at [www.doge.gov/payments](http://www.doge.gov/payments).

#### *Payment Requests Covering Multiple PMS Subaccounts*

If a payment request covers multiple PMS subaccounts<sup>2</sup>, a justification is required for each of the PMS subaccounts. If a justification is needed or is insufficient for one subaccount, the entire payment request will be placed on hold until adequate justification is received for the subaccount in question. Therefore, recipients are strongly encouraged to submit separate payment requests and justifications for each individual PMS subaccount to avoid payment delays.

If a recipient leaves the required payment request justification field blank, PMS will not allow the request to move forward, and the following error message will display: **Error, Payment Justification is required**. Once the payment request justification is entered and submitted, the payment request justification is then transferred to the DTS system for VETS staff review.

#### *Funding Adjustments/Refunds*

When a grant recipient is required to make a funding adjustment or return funds in the PMS, the recipient's justification must sufficiently describe the nature and reason for the adjustment/refund. The following are **examples** that may be used for the justification:

The \$68,543 being returned to the U.S. Department of Labor is due to (sample explanations included below):

- Disallowed costs from June 23, 2025, to July 15, 2025, due to audit/monitoring findings.
- The final negotiated indirect cost rate coming in lower than the provisional rate and all the budgeted funds were previously drawn down.
- Excessive cash on hand funds being returned.
- Adjustment to expenditures following first-in, first-out requirement.

If an issue does not fit one of the examples listed above, contact your GOTR to discuss.

### **B. VETS Review and Approval – Defend the Spend (DTS)**

The DTS system captures the recipient's payment request justification submitted in PMS and allows VETS staff to review the recipient's payment request to: (1) approve the request and

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<sup>2</sup> A subaccount is a result of multiple awards for a recipient. They can be represented in PMS as an award with the award number trailer, such as HV3, HV4, or HV5. Each account is active under the primary award number.

provide the agency's written justification for approval, (2) request additional clarification from the recipient, or (3) reject the request.

The DTS system pulls payment requests from PMS every 60 seconds. VETS staff must act on payment requests **within three business days** of receipt.

#### *Payment Request Justification Clarification*

When clarification is required on a payment request justification, a DTS system generated email notification will be sent to the recipient with specifics on what clarification and updates are needed.

The payment request will be in a "hold" status until the recipient updates their justification with the required clarifications and the request is accepted by VETS. To minimize delays, recipients should address requests for clarification as soon as possible and ensure that all the elements in the clarification request are addressed in the updated payment request justification.

#### *Payment Release*

Once the VETS staff member approves a request, the DTS system releases the payment. Typically, DTS has a daily 4 p.m. EST cut-off. Requests approved after the daily cut-off will be released on the next business day.

#### *Payment Request Rejections*

VETS staff must reject payment requests in certain circumstances, such as when a recipient submits a duplicate payment request, has clear excessive cash on hand<sup>3</sup>, fails to utilize funds on a first-in, first-out basis (refer to the grant terms and conditions for details), or requests funds for unallowable costs. When a payment request is rejected, the DTS system will send an automatic email notification to the recipient with the reason for rejection. There are no further actions required on a rejected payment request. Recipients should not respond or submit clarification. Instead, they may submit a new payment request that resolves the issues that led to the initial rejection.

## **V. ACTIONS REQUIRED**

All VETS' grant recipients must:

- provide payment justifications for each payment request submitted in PMS; and

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<sup>3</sup> Recipients should ensure the payment request justification is clear and does not lead to excessive cash on hand. When submitting a drawdown request in PMS, the recipient must certify the funds will be disbursed within three business days or immediately return the funds to HHS. Prior to rejecting a payment request that may result in cash on hand, VETS staff will consider factors, as applicable, such as the amount of time VETS staff have to review and approve the payment request, as well as the amount of time for the requested funds to be deposited and made available to the recipient for drawdown. Note: For quarterly financial reporting, if the drawdown results in more than three days cash on hand, the recipient is required to provide an explanation on Line 12, Remarks section of the Federal Financial Report explaining why the drawdown was made prematurely or other reason for excess cash.

- include the required information described in section IV.A. for each payment request submitted in PMS.

## **VI. INQUIRIES**

Grant recipients should direct questions regarding this memorandum to their assigned GOTR.

For technical assistance with the PMS, please contact the PMS Help Desk at: [PMSSupport@psc.hhs.gov](mailto:PMSSupport@psc.hhs.gov) and copy your assigned GOTR.

## **VII. EXPIRATION DATE**

This memorandum will be reviewed for relevance before April 2029. It shall remain in effect until rescinded or superseded.

## **VIII. ATTACHMENTS**

Attachment 1: Frequently Asked Questions