



# Fiscal Accountability Plan

## Millennium Challenge Account – Liberia

**Version Number 3**  
**Effective August 1, 2019**

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*This Version Number 3 supersedes all prior versions of the Fiscal Accountability Plan for MCA-L including:*

- \* Version #2, effective June 1, 2017 through July 31, 2019; and*
- \* Version #1, the Interim Fiscal Accountability Plan, effective January 1, 2017*

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## 1. ABBREVIATIONS

AE	Accountable Entity
AA	Administrative Assistant
AC	Administrative Circular
ADF	Asset Disposal Form
AO	Administrative Officer
ATF	Asset Transfer Form
Board	MCA-L Board of Directors
BRP	Bid Review Panel
CAM	Contract Administration Manual
CBL	Central Bank of Liberia
CED	Compact End Date
CEO	Chief Executive Officer
COA	Chart of Accounts
CPS	Common Payment System
DCEO	Deputy Chief Executive Officer
DFA	Director, Finance and Administration
DFP	Detailed Financial Plan
DRP	Dispute Resolution Proceeding
EIF	Entered Into Force
ESMP	Environmental and Social Management Plan
FA	Fiscal Agent
FAM	Fiscal Agent Manager
FAP	Fiscal Accountability Plan
GoL	Government of Liberia
GST	Goods and Services Tax
GRPO	GST Relief Purchase Order
GRN	Goods Received Note
HSMP	Health and Safety Management Plan
IBAN	International Bank Account Number
IBC	Interior Business Center
IE	Implementing Entity
IEA	Implementing Entity Agreement
LRA	Liberia Revenue Authority
M&IE	Meals and Incidental Expenses
MCA-L	Millennium Challenge Account - Liberia
MCC	Millennium Challenge Corporation
MCDR	Monthly Commitment and Disbursement Report

MFD	Ministry of Finance and Development Planning
MFA	Manager, Finance and Administration
MYFP	Multi-Year Financial Plan
NPC	Non-PPG-Covered Purchases
OIG	Office of Inspector General
PA	Procurement Agent
PAF	Payment Authorization Form
PD	Project Director
PIA	Program Implementation Agreement
POM	Procurement Operations Manual
PP	Procurement Plan
PPG	Program Procurement Guidelines
PRF	Payment Request Form
PR	Procurement Requisition
QDRP	Quarterly Disbursement Request Package
QFR	Quarterly Financial Report
QRR	Quotation Review Report
RC	Recipient Country
RFQ	Request For Quotation
TARF	Travel Advance Request Form
TRAF	Travel Request Authorization Form
TER	Travel Expense Report
SOP	Standard Operating Procedure
UBA	United Bank for Africa

## **2. OVERVIEW OF THE FISCAL ACCOUNTABILITY PLAN**

The Fiscal Accountability Plan (FAP) describes the financial management policies and procedures and procurement management framework for grant funds received by the Government of the Republic of Liberia from the United States of America through the Millennium Challenge Corporation (MCC). These policies are developed in accordance with the Millennium Challenge Compact dated October 2, 2015, referred to as the Millennium Challenge Compact Act, the Program Implementation Agreement (PIA) dated October 2, 2015 and the Fiscal Agent Agreement dated December 23, 2016, as well as other Compact-related documents approved by MCC.

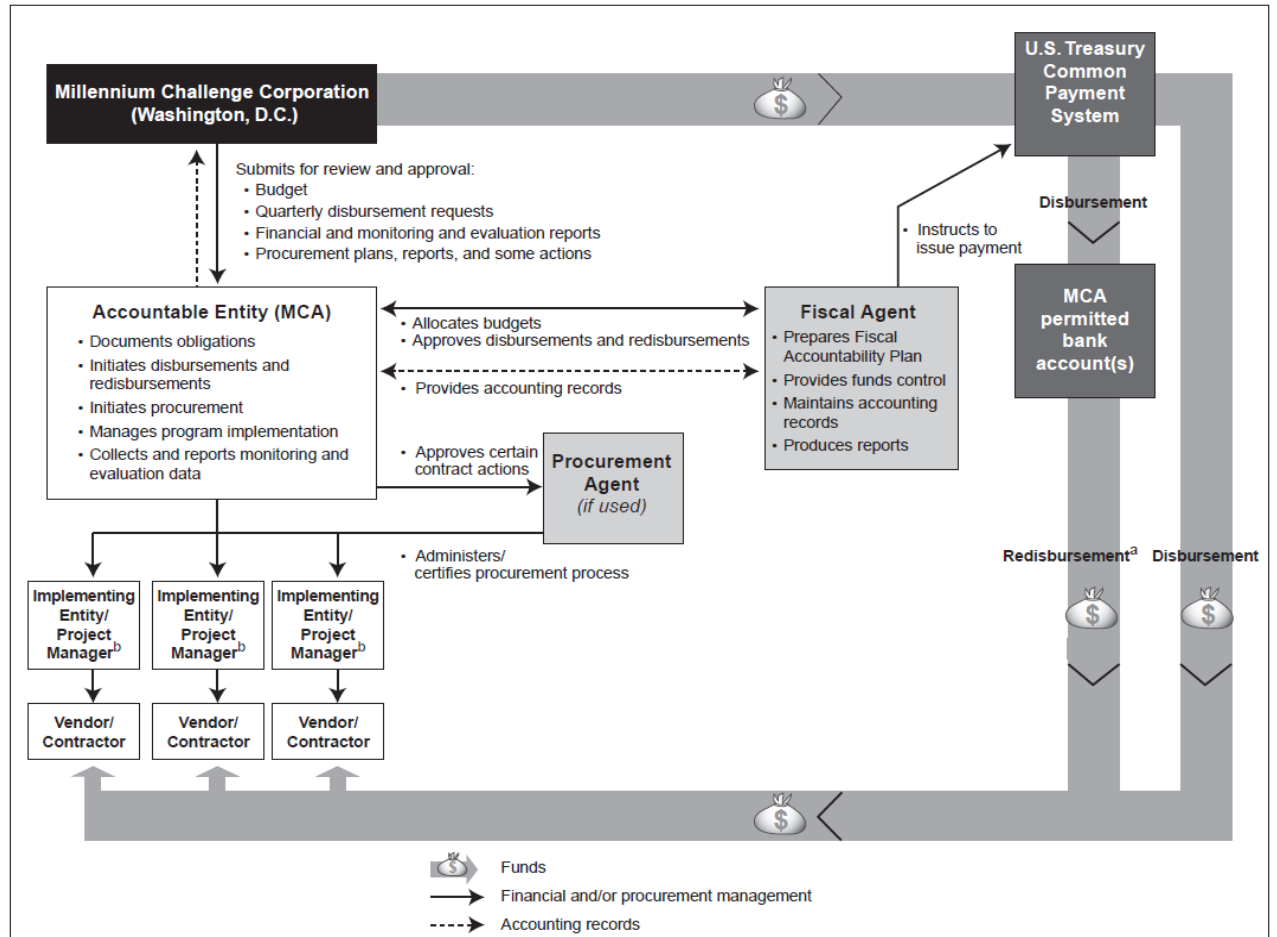
It serves as the official financial management manual for the Millennium Challenge Account – Liberia (MCA-L) to ensure transparent, appropriate, efficient use of funds and appropriate fiscal accountability. The Fiscal Agent and the Procurement Agent must follow and apply the policies and procedures described in this FAP.

The FAP also applies to all grant funds provided by the Compact for implementation of MCA-L's activities by employees, contractors, consultants and each Implementing Entity. No financial or procurement transactions shall take place that are contrary to the requirements of, or prohibited by the Compact, the PIA, the Procurement Agent Agreement, the Fiscal Agent Agreement or any other Compact-related documents, including this FAP, MCC Program Procurement Guidelines (PPG) and MCC Cost Principles for Government Affiliates.

The FAP shall be periodically revised and expanded by mutual agreement among MCA-L, the Fiscal Agent and the Procurement Agent, subject to approval by the MCA-L Board and no-objection from MCC.

## 2.1. The MCC Fiscal Accountability Framework

"Accountability" is the appropriate tracking and use of program financial resources. The foundation of accountability is a good internal control system, which adequately controls, classifies, records, and reports on the receipt and use of funds. MCA-L shall adhere to the MCC fiscal accountability framework described in the figure below.



Source: GAO analysis of MCC data

Note: Audits and MCC reviews can occur anywhere within the framework.

MCC can directly disburse compact funds through the Department of the US Treasury's systems to MCA-L contracted parties, such as vendors, suppliers, upon the MCA-L's approval. Alternatively, MCC can disburse funds to the MCA-L's permitted accounts from which MCA-L can reimburse funds to its contractors.

<http://www.gao.gov/new.items/d1052.pdf>

### 3. GUIDING PRINCIPLES OF THE FISCAL ACCOUNTABILITY PLAN (FAP)

#### 3.1. MCC Cost Principles

MCA-L will pursue its operations based on the principles and standards spelled out in the currently in-force version of the MCC Cost Principles and Guidelines found on **Annex 17** and at:

<https://www.mcc.gov/resources/doc-pdf/guidance-cost-principles-for-government-affiliates>

Costs must meet the following general criteria in order to be allowable under the MCC Grant:

- a. Be necessary and reasonable for the performance, monitoring and evaluation, or oversight of a Program funded by an MCC Grant and be allocable thereto.
- b. Conform to any limitations or exclusions set forth in MCC Cost Principles, the Program Procurement Guidelines, or any other provision or guidance required as part of the MCC Grant Agreement as to types or amount of cost items.
- c. Be accorded consistent treatment in not being charged more than once to an MCC Grant. A cost may not be assigned to an MCC Grant as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the MCC Grant as an indirect cost.
- d. Be calculated in accordance with accounting principles generally accepted by MCC and MCA-L in performance of the MCC Grant.
- e. Be incurred within the MCC Grant period, or as may be otherwise provided in the MCC Grant Agreement.
- f. Be adequately documented.
- g. Not be excluded as an unallowable cost or represent payment to an ineligible source per requirements of the Program Procurement Guidelines.

Failure to meet the criteria above may result in a determination by MCC that costs are unallowable.

#### 3.2. Internal Controls

MCA-L must implement internal controls for all program activities. Internal controls consist of the plan of organization and procedures for safeguarding assets and ensuring the reliability of financial records. An effective internal control system includes the checks and balances required for the appropriate authorization and recording of transactions and ensures that access to assets is limited to authorized personnel. This will include but not limited to administrative, financial and accounting controls.

#### 3.3. Segregation of Duties

Segregation of duties (**Annex 1**) - ensures the responsibilities for recording, authorizing and reconciling financial transactions are performed by different individuals - is a key component of internal control, and has as its primary objective, the prevention and detection of fraud and errors.

#### 3.4. Approvals

MCA-L has developed detailed matrices in **Annex 2**, listing key documents and/or tasks that must be approved by various MCA-L staff and their respective approval limits. The



matrices indicate who the Primary and Alternate authorizers/approvers are and their respective approval limits, if necessary. The MCA-L Fiscal Agent and Procurement Agent will ensure strict adherence to the approval/authority levels contained in the Approval Matrix.

### **3.5. Generally Accepted Accounting Principles**

MCA-L, in addition to its operational policies, will follow generally accepted accounting principles. This will include but is not limited to consistency, prudence, substance over form, relevance and materiality. A modified cash accounting basis will be used in the preparation of financial statements and reports. MCA-L will prepare an auditable Fund Accountability Statement ("**FAS**") on a Cash Basis recording income when received and expenses when paid.

### **3.6. Area of Application and Responsibilities**

Development and maintenance of the FAP is the responsibility of MCA-L. The FAP applies to all the activities financed by MCC and implemented by MCA-L. Every entity operating under MCA-L (the management of MCA-L, the projects, grantees, the "implementing entities", and the MCA-L's contractors) must follow and apply the FAP policies and procedures. The appraisers and auditors use this document as a basis for evaluating performance and auditing MCA-L. There should not at any time be any action contrary to the requirements or prohibitions in the Compact or other supplementary agreements thereto.

### **3.7. Updates to the Fiscal Accountability Plan**

The FAP must be reviewed semi-annually and updated, if necessary. The key entities involved in fiscal accountability are the MCA-L, the Fiscal Agent and the Procurement Agent. Changes to the FAP shall be made by mutual agreement among those key entities, subject to MCC "No Objection" and approval by the MCA-L Board of Directors (the Board).

Given that the FAP is a guide for evolving activities in the field, it is likely that the rules on implementation it contains will be subject to modification. Any issues related to the practical implementation of the FAP must be noted in writing via an Administrative Circular (**Annex 3**) with the details of the procedures for review. The Director of Finance & Administration (DFA), with assistance from the Fiscal Agent, will ensure that the FAP undergoes the periodic updates to reflect operational changes and that those affected are notified of the changes.

Proposed changes to the FAP must be in writing in an Administrative Circular; and include a description of the activity or procedure that needs to be changed, the reason for the change, and a description of the proposed new procedure and impact of the change.

The DFA, Fiscal Agent, and as appropriate, (the Procurement Director and the Procurement Agent) shall:

1. Review the proposed changes and comment on them in light of the Compact documents.
2. Submit the changes to MCC for informal review.
3. Incorporate MCC modifications and comments into the proposed revision.
4. Submit the revised FAP to MCC for formal No-Objection.
5. Submit the revised FAP to the Board for approval.

6. After receiving the CEO and the Board approval, the updated FAP becomes effective and supersedes all prior versions of the FAP for MCA-L.

### **3.8. Interim Updates to the FAP via Administrative Circulars**

Should the need arise to amend or add procedures between annual reviews, these changes will be effected via formal notice referred to as Administrative Circulars approved by the CEO after obtaining a “No Objection” from MCC. The changes reflected in the formal notices will be incorporated into the next FAP update. **Annex 3** provides the template for the Administrative Circular.

## 4. AUTHORIZED PARTIES

The principal entities authorized to act in procurement and financial management matters related to the Compact are MCA-L, the Fiscal Agent and the Procurement Agent.

### 4.1. MCA-Liberia

MCA-L is the Accountable Entity responsible for the oversight and day-to-day management of the implementation of the Compact on behalf of the Government. The Board of Directors oversees the functions of MCA-L and is responsible for evaluating and approving major decisions to be implemented by MCA-L.

The key staff of MCA-L are hired through an open and competitive recruitment process. The appointment and dismissal of each key staff shall be subject to prior approval of MCC. The Board has the "review and approval" rights with respect to changes to the structure of MCA-L including the addition or removal of positions. Changes to the structure of MCA-L shall be subject to the prior approval of MCC.

The CEO of MCA-L acts under the supervision of the Board and is responsible for the successful implementation of the Compact and management of MCA-L. In addition to the CEO, the key staff are the Deputy CEO, the General Counsel, the Director of Finance and Administration, the Procurement Director, the Director of Private Sector Participation, the Director of Roads, the Director of Monitoring and Evaluation, the Director of Environmental and Social Performance, the and the Director of Communication and Outreach. Please see **Annex 4** for the organization structure of MCA-L.

In addition to the delegations of authority set out in **Annex 2**, MCA-L shall establish written delegations of authority during the absence of the person who has the authority (i.e., to ensure coverage when key staff are travelling or on leave).

The CEO is the FINAL signatory authority for the following documents:

1. All Procurement activities after obtaining all necessary approvals and/or supporting documents
2. All Disbursement activities after obtaining all necessary approvals and/or supporting documents
3. Signing all contracts on behalf of MCA-L after obtaining all necessary approvals and/or supporting documents

**Note:** *The CEO has the sole authority to sign the contracts with suppliers/service providers; however, in his absence, the CEO may delegate authority to sign specific contracts to the DCEO.*

### 4.2. MCA-L Board

The MCA-L Board of Directors (the Board) is the highest level of authority of MCA-L. The Board is comprised of **nine voting** members and **one non-voting** member.

#### 4.2.1. Voting Members

The Board consists of **seven voting** members **nominated by the GOL** (each one a "Statutory Board Member" and collectively the "Statutory Board Members"); and **one voting** member each from the **private sector** and **civil society** (each one a "Non-Statutory Board Member" and collectively, the "Non-Statutory Board Members", and

together with the Statutory Board Members, the “*Voting Members*”). The initial composition of **Voting Members** is as follows:

1	Minister of Finance and Development Planning – <b>Chairperson of the Board</b>	Statutory Board Member
2	The Chief Executive Officer of MCA-L – <b>Secretary of the Board</b>	Statutory Board Member
3	Head of Presidential Delivery Unit	Statutory Board Member
4	Minister of Justice	Statutory Board Member
5	Minister of Mines and Energy	Statutory Board Member
6	Minister of Public Works	Statutory Board Member
7	Chairman of the Board of Directors of LEC	Statutory Board Member
8	Representative from the Private Sector – Liberia Chamber of Commerce	Non-Statutory Board Member
9	Representative from Civil Society – Association of Female Lawyers	Non-Statutory Board Member

#### 4.2.2. Non-Voting Members

- a) The MCC Representative will serve as a non-voting member of the Board.
- b) Other non-voting members may be added to the Board with the agreement of the Government of Liberia and MCC.
- c) Non-voting members will be entitled to attend and participate in all Board meetings and receive all correspondence and documentation provided to the Board.
- d) MCA-L’s Legal Advisor/General Counsel or another Key Staff appointed by the Secretary of the Board will act as the Assistant Corporate Secretary of MCA-L (the “Assistant Secretary”). Generally, the Assistant Secretary shall take minutes at all board and board committee meetings, prepare resolutions and communications, maintain corporate books and records at the offices of MCA-L and assist the Secretary in his/her overall functions.

#### 4.2.3. Executive Committee

In accordance with Section 3.4 of the Bylaws of MCA-L, the Board has formed an executive committee of its members authorized to take certain limited actions described below (the “**Executive Committee**”). *The Chief Executive Officer, Head of the Presidential Delivery Unit and Private Sector Representative comprise MCA-L’s Executive Committee.* The Board must review the actions of the Executive Committee for consistency with the Compact, the Governing Documents and overall Program implementation during regular meetings of the Board. Notice of any actions taken and copies of any documents approved by the Executive Committee will be provided to all members of the Board within seven (7) calendar days following such action or approval. If formed, the Executive Committee may review and approve the following documents, if so authorized by a resolution of the Board:

- a) Any request for Disbursement

- b) Any Implementation Plan Document other than Procurement Plans and any modification thereto
- c) Any Audit Plan and any modification thereto
- d) Any Periodic Report

In addition to the Executive Committee, the Board has authorized the MCA-L Chief Executive Officer to approve the above listed documents in the limited event that neither the Board of Directors nor the Executive Committee has convened due to an inability to get quorum at a meeting at least three (3) business days prior to an impending deadline to approve the aforementioned documents.

#### 4.2.4. Quorum

A quorum for all meetings of the Board will be five Voting Members consisting of (A) at least four Statutory Board Members and at least (B) one Non-Statutory Board Member. The Voting Members may be represented by their alternates appointed pursuant to Section 3.12(c) of the Bylaws. If the size of the Board is altered with the approval of MCC, the thresholds for quorum and voting will also be adjusted in a manner approved by MCC. If a quorum is not present at any meeting of the Board, the members of the Board present at the meeting will adjourn the meeting until a quorum is present.

The quorum for all meetings of the Executive Committee shall be the three (3) Voting Members of the Committee: (i) Head of the Presidential Delivery Unit, (ii) Private Sector Representative and (iii) the C.E.O. of MCA-L.

### 4.3. Procurement Director

The MCA-L Procurement Director is responsible for all procurement activities and compliance with MCA-L and MCC Program Procurement Guidelines (PPG). The Procurement Director is responsible for managing the flow of procurement activities under the MCA-L program and coordinating the procurement functions performed by the Procurement Agent. The Procurement Director ensures that all procurement transactions are implemented in accordance with the MCC Program Procurement Guidelines.

The MCA-L Procurement Director may delegate in writing this authority to cover a temporary absence. The designee is then the principal official responsible for MCA-L procurement activities and compliance with MCA-L and MCC Program Procurement Guidelines.

### 4.4. Procurement Agent

MCA-L appointed Cardno Emerging Markets USA, Ltd, to act as the Procurement Agent. The Procurement Agent is responsible for ensuring that procurement functions are performed in accordance with the agreements and procedures set out in the PPG, Procurement Agent Agreement, Procurement Operations Manual (POM) and the FAP. The principal individuals authorized to act on behalf of the Procurement Agent on all matters related to exercising the agency's functions are:

- a) Procurement Agent Manager
- b) Senior Procurement Specialist
- c) Procurement Specialists

Refer to **Annex 4a** for the organization structure of the Procurement Agent.

#### **4.5. The Director of Finance & Administration (DFA)**

The DFA shall serve as the principal official within MCA-L responsible for financial management and compliance with this FAP and the Agreements mentioned herein. The phases of financial management, including budgeting, accounting and reporting shall be conducted in compliance with relevant accounting standards and generally accepted accounting principles.

#### **4.6. Fiscal Agent**

MCA-L appointed Cardno Emerging Markets USA, Ltd, to act as the Fiscal Agent. The Fiscal Agent is responsible for ensuring that financial management functions are executed in accordance with the MCC Guidelines, the Fiscal Agent Agreement and the FAP. The principal individuals authorized to act on behalf of the Fiscal Agent on all matters related to exercising the agency's functions are:

- 1) Fiscal Agent Manager
- 2) Senior Financial Management Specialist
- 3) Senior Accounting Specialist
- 4) Project Director (alternate signatory)

Refer to **Annex 4b** for the organization structure of the Fiscal Agent

#### **4.7. Implementing Entities**

Under the agreements with MCC, MCA-L may enter into agreements with one or more GoL affiliates to implement activities or a component thereof as an Implementing Entity (IE). The form of each Implementing Entity Agreement (IEA) must be agreed upon with MCC by means of a "no-objection" and approved by the Board; each IEA:

- 1) Describes the roles and responsibilities of the IE and MCA-L.
- 2) Identifies the MCA-L Director to whom the IE reports.
- 3) Gives details of the budget for the IE, if any.
- 4) Describes the fixed assets to be allocated to the IE, if any, and their conditions of use.
- 5) Sets out other appropriate terms and conditions.
- 6) Until an IE has been identified and engaged, its responsibilities will be performed by the designated MCA-L Director.

## 5. PROCUREMENT AND COMMITMENTS

The basic guidelines and procedures for the procurement of goods, services and works are provided in the Program Implementation Agreement (PIA), PPG and the POM. The procurement process is described in the POM, which is maintained by the Procurement Director together with the Procurement Agent.

### 5.1. Procurement Process

Procurements for goods, works or services shall be outlined in a Procurement Plan prepared by the MCA-L every twelve months, and amended periodically based on operational need. The Procurement Director with the Procurement Agent prepares the Procurement Plan based on the inputs from the Heads of Projects. Prior to presentation of the Procurement Plan to MCC and the Board, the DFA and the Fiscal Agent shall review the Procurement Plan to ensure that funding is available for commitments in the Procurement Plan. A copy of the approved Procurement Plan shall be forwarded to the DFA so that commitments may be included in the Detailed Financial Plan (DFP). The Procurement Agent prepares a Procurement Implementation Plan for all procurements included in the approved Procurement Plan.

Even though procurement is in the Procurement Plan, the Procurement Director must receive a notification or authorization from the primary MCA-L official to start the procurement process.

- 1) For MCA-L procurements, the relevant Project Director shall respectively initiate a request by filling out a Procurement Requisition that specifies the description, the quantity and the cost estimate of the goods, works or services to be procured
- 2) The Procurement Director shall review the Requisition to ensure that it complies with the procurement plan. If it does not comply, the Procurement Director shall return the requisition to the Project Director
- 3) If it complies with the Procurement Plan, the Procurement Director signs the Requisition and submits it to the DFA who must certify that there is sufficient funding within the requested budget allocation.
  - a) If the request complies with the budget, the DFA shall sign off and authorize the request (move to step 4).
  - b) If the request exceeds the budgeted amount, the DFA does not authorize the Requisition, and notifies the initiator of the Requisition and the Procurement Director of the rejection (return to step 1).
- 4) The DFA shall submit an authorized Requisition to the Procurement Director. The Requisition is submitted to the CEO for approval. The Procurement Director submits the approved Requisition to the Procurement Agent. The PA reviews the Requisition to ensure the procurement is on the Procurement Plan. The Procurement Agent signs the Requisition at which time, the procurement process is initiated. The original of the approved Requisition shall be kept with the Procurement Agent.
- 5) The Procurement Agent shall undertake the procurement process in accordance with the PPG and the POM as well as any written instructions provided by the MCC Procurement Director. Before proposing an award recommendation, the Procurement Agent shall check the participating suppliers/providers against the

excluded parties' lists detailed in the PPG at the beginning of the evaluation process and before the contract is signed.

- 6) In accordance with the MCC Program Procurement Guidelines, a **Technical Evaluation Panel** is required to evaluate proposals or bids.
- 7) If the procurement results in an award that exceeds the financial plan, the Procurement Director shall inform the Project Director, who shall review the cost estimates for any defects; and MCA-L shall (1) redo the procurement; (2) increase the financial plan or (3) reduce the amount of the award as necessary and in accordance with relevant agreements (4) or cancel the procurement. The Procurement Director, after determining if additional approvals by MCC and the MCA Board are required, should confirm with DFA the availability of funds before the contract is signed. When a contract is prepared, The DFA should review all the financial terms and conditions before the CEO signs the contract.
- 8) Contract payment terms should be negotiated in a manner that supports the project. Specifically, mobilization payments or advance payments shall be provided only in the event that this is standard industry practice for the nature of the contract or when it serves the objective of the project. In the event that the contract envisions any form of cost reimbursement, the terms of the contract shall appropriately reference the MCC Cost Principles, as posted on the MCC website.
- 9) If a contract is executed, the Procurement Agent shall retain the original signed contract. However, a copy of the signed contract shall be provided to the Procurement Director, Project Director, the DFA the General Counsel and the Fiscal Agent.
- 10) The Procurement Agent is responsible for maintaining all procurement and contract files. The Procurement Agent shall retain the procurement records in accordance with the record keeping requirements of the Procurement Agent Agreement. All procurement and contract files shall be handed over to MCA-L at the end of the Compact.

## 5.2. Process for Defining and Procuring NPC items

The NPC list, once defined in the FAP and POM, will not require additional justification to be purchased outside the procedural requirements of the PPG. The NPC list can be modified from time to time by the MCA-L with written approval of the MCC Procurement Director.

Similar to the requirement of a Procurement Plan (PP) for PPG items, a PP for NPC (NPC-PP) items will need to be maintained. The Procurement Agent will review and provide concurrence of the NPC PP. MCC approval has to be sought before implementation. The NPC-PP will be approved by the CEO, to be audited ex-post by MCC, and subject to the following conditions:

- a) The publication for NPC-PP is not required.
- b) The SOP-PP will include the following columns at a minimum: name of the item, project of MCA-L use, methodology (direct obtainment or simplified shopping), estimated budget, responsible entity (Procurement Director or DFA).

## 5.3. Non-PPG Covered Purchases

The DFA will be responsible for NPC procurement using MCC Procurement Guidance Note on MCA Small Value Purchases.



These purchases refer to the purchase of items that are needed by MCA-L to perform their day-to-day operations, including certain commodities, operational services, and utilities, etc. For these items, usually of small value, it is not practical to use PPG. These items will be referred to as non-PPG-covered purchases (NPC). NPC list typically includes the following items.

WBS ELEMENT	ACCOUNT DESCRIPTION	BRIEF EXPLANATION
5410100	Temporary administrative and management support	A situation where the working arrangement requires immediate occupancy (not more than 3 months) based on the needs of MCA-L.
5410200	Insurance	This includes Group Life insurance, third party liabilities insurance, fixed assets insurance and medical insurance.
5410300	Communications (Telephone and Internet)	This includes cost incurred from mobile phones, land lines, internet connectivity and international calls.
5410400	Utilities	Utilities includes water and electricity.
5410500	Office Lease/Rentals	Office lease and rental includes MCA-L office lease and related service agreements
5410600	Meeting Expenses (Board Members and Stakeholders)	Provision of lunch for board meetings and fee non-governmental board members.
5410700	Registration Fees	Registration fees for approved conferences and training courses relevant to the Compact
5410700	Registration Fees	Registration fees for specified <b>unique</b> training courses, pursuant to the Compact.
5410800	Travel & Lodging	This includes all travel related expenses i.e. airfares, hotel accommodation, per diem, visas, etc.
5410900	Newspapers and Publications	Newspapers and publications includes expenses for newspapers and legal notices required to be published under specific applicable laws.
5411000	Vehicle - Rental	This includes taxi and temporary car rental.
5411000	Vehicle - Repairs and Maintenance	Routine repairs and maintenance services for all MCA-L vehicles.
5411100	Repairs & Maintenance	Impromptu MCA equipment maintenance & office repairs (not recurring maintenance).
5411200	Office Supplies	This includes stationaries and kitchen supplies for MCA-L.
5411500	Advertising	This includes advertisement of General and Special procurement notices.
5411700	Postal & Courier Services	Shipping charges incurred through the public postal service or through courier services managed by private businesses such as DHL or FedEx.
5412000	Subscription for Websites and Software Licenses	This includes subscriptions paid for websites and software licenses used by the MCA-L.

For operational efficiency purposes, the NPC list will be delegated by the Procurement Director, with the review of the Procurement Agent, to the DFA. Typically, the Procurement Agent will not be required to procure the above NPC items.

Items on the NPC list may be procured using the following two procurement methodologies: **Simplified Operational Procedures** (SOPs) or **Direct Obtainment** (similar to Direct Contracting).

### 5.3.1. Simplified Operational Procedures

These procedures are similar to the PPG's shopping procedures, but are further simplified. These procedures require obtaining price quotes against simple documents while adhering to the fundamental procurement principles of open, fair, transparent and competitive procedures, and will include eligibility checks, verification that there are no conflicts of interest, and documentation of price reasonableness of the price to be paid.

The Procurement Director or the Procurement Agent will carry out an in-brief training to all delegated persons where the procedures will be explained to them.

Any member from MCA-L Key Staff can initiate a request for NPC Purchases by completing and submitting an Admin Requisition form to the Admin Officer for processing. The Admin Requisition Form is located on MCA-L Public1 server, in the Finance Folder.

MCA-L Admin Officer will acquire signatures from the Requester, the Procurement Director, the DFA, the CEO, and concurrence from the PA, before proceeding with the procurement process.

The purchasing process shall include the following steps:

- 1) MCA-L will request Quotations against a "Request for Quote (RFQ)". The RFQ shall indicate description and quantity of the items to be purchased in an open and transparent manner (not favoring a brand or specific service provider).
- 2) Suppliers will be provided a minimum of two (2) working days to respond with a quotation, including the time to seek clarifications.
- 3) Three quotes procedures must be used and a reasonable effort should be applied to obtain value for money. A single quotation may be requested from a sole source in cases where:
  - Sufficient proof is documented by MCA-L that a previous attempt to obtain competitive quotations resulted in less than three quotations; or
  - Where quotations are not likely to be comparable (for example, airline tickets for different routing).
- 4) All Quotes will be received by the deadline (date and time).
  - The Admin Officer will confirm the bidder is eligible and verify there is no conflict of interest. All eligible quotes will be handed over to a Bid Review Panel (BRP).
  - The BRP could be an informal committee or a formal standing committee. The BRP shall consist of a minimum of two (2) members and may include the DFA or staff, or any other MCA-L staff that is relevant to the procurement.
  - The method for reviewing the quotations shall be the Compliance System, where only pass/fail criteria will be used; scoring method may be used at the discretion of MCA-L, but usually is not envisaged for SOPs.

- After the review/evaluation is completed, a Quotation Review Report (QRR), will be prepared including a section explaining why the winning price is considered the best value and is reasonable for the award.
  - The Admin Officer will prepare QRR for the DFA's review and approval. If the DFA is unavailable, then the Director of Procurement will review and approve the QRR.
- 5) After the approval, the Admin Officer will prepare a Purchase Order (PO) or eventually a contract, in favor of a fully compliant, lowest priced, responsive bidder as recommended for award in the QRR. If a contract is required instead of a PO, the Admin Officer will liaise with MCA-L Counselor to prepare the contract accordingly.
  - 6) The PO shall be signed by the DFA as a confirmation of the availability of funds.
  - 7) The PO must contain all necessary terms and conditions to ensure delivery on time and of the required quality to enable payment. It shall also indicate corrective measures in case of late delivery and/or non-compliance with the technical specifications.
  - 8) The Admin Officer shall keep a record of the entire process including an analysis of the reasonability of the prices accepted for the contract.

### **5.3.2. Direct Obtainment Methodology**

There are certain items in the NPC list where competition is not possible nor practical. Such items may be purchased through a direct contract. To differentiate these items from the PPG's sole source process, which requires sole source justification to be approved by MCC, this procurement methodology has been termed "Direct Obtainment".

This process will be allowed for impromptu office needs, which may include internal ad hoc office supplies, such as unanticipated photocopies, unforeseen medical and emergency supplies, or temporary help for the MCA-L office (not short-term consultants) such as unforeseen yard work, office repair due to an unforeseen event, etc. While a competitive process is not required for these purchases, the purchasing and contracting procedures will need to be documented for MCC's ex-post review, and will follow a threshold defined in the POM.

Any item on the NPC list may be obtained through a direct contract under this methodology for the maximum amount of USD 2,000 for a single transaction. Price reasonableness will be determined through a common sense evaluation and documented, which will be subject to an ex-post review by MCC.

Unlike the threshold mentioned above, the following NPC items have a threshold of the equivalent of USD 10,000 for a single transaction - airline tickets, hotel reservations, and vehicle maintenance.

### **5.4. Vendor Insurance and Performance Guarantees**

Providers of goods, works, or services to MCA-L must be required to obtain adequate insurance, performance guarantees and other guarantees up to the delivery of the goods or works, end of Defects Notification Period, or termination of a contract for services. Bidding documents and contracts for works may require the contractor to furnish one or more of the following documents as applicable:

- A performance guarantee

- A guarantee to cover any advance payment
- A guarantee in lieu of retention, if no retention is to be withheld
- A bid security

These should be in the name of MCA-L and with time limits as specified in the respective contracts. The General Counsel will maintain the original of all performance guarantees and share copies with the DFA, the relevant Project Director, the Procurement Director and the Fiscal Agent.

Except for the bid security which will be kept by the Procurement Agent, the Fiscal Agent will maintain a register of the other guarantees. However, the General Counsel will send a reminder to the relevant Project Director, the Procurement Director, the DFA and the Fiscal Agent at least 30 days before the expiration date of the guarantee. At the same time, the General Counsel will immediately take appropriate actions, in coordination with the relevant Project Director and the Procurement Director, for renewal of performance guarantees.

## **5.5. Tracking - Commitments, Contract Administration and Closeout**

- 1) The Procurement Agent will only record Purchase Orders (POs) or Contracts as Commitments in SAP by reference to the structure of Projects, Activities and Sub-activities.

The amount of the commitment will be accounted for in SAP recorded as follows:

- i. Purchase Orders or Contracts in USD - the value of the contract.
  - ii. Implementing Entity Agreements –actual disbursement amount.
  - iii. Payroll and related costs – actual disbursement amount.
  - iv. Travel and recurring administrative expenses – actual disbursement amount.
- 2) The Fiscal Agent records disbursements against commitments. A summary of commitments is included in monthly and quarterly reports of the Fiscal Agent.
  - 3) The Procurement Agent shall retain original contracts and amendments, with a copy retained by the relevant Project Director, Procurement Director, the General Counsel and the Fiscal Agent. All contract administration activities shall be carried out according to guidance provided in the MCA-L's Contract Administration Manual (CAM), which is maintained by the Procurement Director together with the Procurement Agent.

## **5.6. Receiving Goods and/or Services**

All goods and services ordered by MCA-L must be received by the Requester or the Requester's Designate. The Requester is responsible for verifying that the quantity ordered was received and for performing a quality control test to ensure the proper state or functioning of the goods delivered. If the goods meet the standards required by the purchase order, he or she approves the supplier delivery note. If the goods supplied do not meet the standards required or the quantities are inconsistent with the purchase order, he or she rejects the order and requests replacement before the signing of supplier delivery note.

NB: The process regarding the reception of works should comply with the Contract Administration Manual (CAM).

### **5.7. Revaluation of Non-USD Commitments**

The United States Dollar (USD) is legal tender in Liberia. As a result, all contracts and commitments (actual and planned) shall be in USD, therefore, there will be no need for any revaluation of commitments.

## **6. MULTI-YEAR FINANCIAL PLAN (MYFP)**

The budget for the Compact budget covers five years as referenced in Annex 2 of the Compact and is referred to as the Multi Year Financial Plan (MYFP), (**Annex 6**).

### **6.1. Changes to the MYFP**

The MYFP is reviewed every quarter within the normal disbursement cycle. With MCC approval, it may be amended by reallocation of funds from one activity to another.

## 7. RE-ALLOCATION

### 7.1. Approvals

Approvals of funds requiring MCC approval is submitted with the Quarterly Reporting package. However, if there is an urgent need, requests for re-allocation of funds may be submitted outside of the quarterly reporting cycle ("out-of-cycle" disbursement request).

- 1) Any reallocation would normally be initiated by the relevant Project Director with the agreement of the DFA and the CEO.
- 2) Reallocation at **Activity level** must be approved by MCC and the Board.
- 3) Reallocation between **Sub-activities** – are initiated by the relevant Projector and approved by the DFA and the CEO.
- 4) Reallocation of funds at **Sub-Activity level to allow for payment of specific amounts out of the quarterly budget** is initiated by the relevant Project Director and approved by the DFA.
- 5) Reallocations are presented to the Board for its approval prior to inclusion in Schedule A of the QFR.

### 7.2. Documentation

Each reallocation of the MYFP must be documented and justified in the narrative report regardless of the dollar amount. The written documentation sets out:

- 1) **Justification:** Requests for the reallocations of funds contained in the QFR must include a clear and concise explanation of the need for and timing of the reallocation. Written justifications must be maintained for all reallocations of funds regardless of the dollar amount or the level of approval required for the reallocation.
- 2) **Timing:** Requests for budget increases must state when the funds will be needed, the alternative funding options considered, and an explanation of why the new requirement had not been anticipated prior to the current request.
- 3) **Cost analysis:** The explanation for the requirement will include a detailed analysis of how the costs were calculated; the anticipated procurement activity associated with the requirement; specific critical timelines related to the requirement; and the priority of need identified by MCA-L
- 4) **Impact:** The Project Director whose Project/Activity's budget will be reduced must verify in writing that the reallocation of funds will not jeopardize or put at risk the remaining activities of the Project/Activity or the ability to meet the goals for that Project

The records supporting the reallocation shall be kept by the DFA. Once approved, corresponding changes shall be made to the MYFP via Schedule A and reflected in SAP.

### 7.3. Caution on the Re-allocation of Excess Funds

During the life of the Compact, funding associated with a particular program line may be determined excessive for a variety of reasons such as refined contract costs or reduction in the scope of work, and thus, this excess funding identified may be deemed available for reallocation into a different program.

Similarly, there may be cost overruns. The components of the projects and project costs are developed well before the Compact is signed and certainly well in advance of Entry into Force. From the time of project budget development to the time of actual implementation, there could be a lag of many years. In light of this, it must also be recognized that there may be tremendous changes to market conditions such as currency revaluations; service or product competition changes; shortages of materials or expertise; or compelling project requirements, such as environmental aspects, which could not be foreseen.

MCC's preference is that potentially excess funds stay in the original budget for the Project until a majority of projects are under contract – usually in year 3 or 4 – and there is limited possibility that other projects/activities will require additional funding. There should never be the creation of a new requirement designed to absorb any excess funding.

Prudence should be exercised when reallocating Program Administration, Audit, and similar lines to fund other projects/activities. It should be noted that audit costs typically rise greatly over time and thus a lower cost in the base year is not necessarily indicative of later years.

Re-allocation should be made sparingly and are to be proposed for programmatic reasons only; not for administrative convenience.



## 8. FINANCIAL MANAGEMENT

### 8.1. Responsibilities

#### 8.1.1. Fiscal Agent

The FA shall monitor the amount of funding available in each Permitted Account and the amount of funding budgeted for Project activities during the current and subsequent quarterly Disbursement Periods that ensure sufficient, but not excessive cash is available to meet MCA-L payment obligations as they fall due.

The FA provides certification to MCA-L regarding the status of funds in the Permitted Accounts monthly or ad-hoc. Budget and cash requirement projections are made in USD.

#### 8.1.2. Project Directors

Project Directors (PD) shall estimate on a rolling quarterly basis for the remaining period of the Compact both the level of commitments and the cash requirements needed to liquidate those commitments and to meet other expenses where prior commitments are not made, and submit such estimates. PDs shall consider the time required for procurement, contract execution and supplier/provider delivery in estimating when cash payments shall be required.

#### 8.1.3. Director of Finance and Administration

The DFA shall prepare a consolidated DFP and an estimate of the amount of cash needed for the next quarter. In preparing the Disbursement Request (DR), MCA-L shall consider:

- Cash estimates of the next quarter of the DFP as submitted by the PDs.
- Commitments estimates of the next quarter of the DFP.
- The amounts unspent and estimated to remain unspent at the end of the current quarter.

The calculation of required cash is made by MCA-L in the DFP – Cash, which is included as part of the DR.

### 8.2. Quarterly Financial Report (QFR)

The QFR provides an overview of the financial developments since the last disbursement period and supports the Disbursement Request (DR) for the next period. The QFR also supports proposed adjustments to the MYFP to reallocate funding from one Project or Activity to another.

The QFR consists of the following five worksheets:

- 1) Detailed Financial Plan (DFP) Commitments
- 2) Detailed Financial Plan (DFP) Cash
- 3) Schedule A (Multi Year Financial Plan Adjustment Request Form)
- 4) Schedule B (Summary of Multi Year Financial Plan Adjustments to Date)

The DFP consists of Commitment and Cash projections of Compact activities. It breaks down MCA-L commitments and cash requirements to the Sub-activity level (or beyond, as budgeted) on a **monthly** basis for the **current** and **next** quarters; and on a **quarterly** basis for the **remaining** periods of the Compact.

The DFA shall prepare the QFR on a quarterly basis and is responsible for the generation of DFP. As part of this responsibility, the DFA will coordinate the efforts of the technical units involved, the Procurement Agent, MCA L Procurement Director, the Fiscal Agent, the Project Directors, and others to develop realistic budgets and forecasts. The DFA will submit the detailed budgets to the CEO for approval. After his/her approval and submission to MCC, the CEO will then submit the detailed budgets to the Board for discharge at the following Board meeting. After Board and MCC approval or only Board approval, depending on the case, MCA-L Finance & Admin Manager will record the detailed budget in SAP.

### 8.3. Quarterly Disbursement Request Package

The package consists of the following set of core documents:

1. Signed Disbursement Request
2. Quarterly Financial Report  
(*DFP Commit, DFP Cash, Schedules A & B*)
3. Procurement Performance Report.
4. Narrative Report
5. Indicator Tracking Table1
6. Condition Precedent Report
7. CEO Disbursement Certificate
8. Fiscal Agent Certificate
9. Procurement Agent Certificate
10. Procurement Plan

The first (calendar) quarter for the Compact Disbursement Request (DR) shall start on the date of Entry into Force and end on the last day of the calendar quarter.

The package is to be submitted to MCC for approval twenty (20) days prior to the end of each quarter (on March 10, June 10, September 10 and December 10; or the following business day if the 10th falls on a weekend or holiday). Final submissions are expected to be approved by MCC before the final day of the quarter, following necessary updates by MCA-L to respond to comments issued by MCC. The entire package will be officially submitted by the DFA via MCC-MIS and by the CEO (via email) to MCC for no-objection. Should the package be rejected, it will have to be resubmitted and the **request date** on all documents will have to be changed accordingly.

However, MCA-L is required to submit the QDRP to MCC for technical review prior to formal submission at least two weeks prior to the 20-day approval date (i.e. February 26th, March 28th, August 27th, and November 26th). Technical reviews can be conducted informally through e-mail submission.

Guidance for the Quarterly Disbursement Request Package (QDRP), including examples of each document and reporting templates, is available at:

<https://www.mcc.gov/resources/doc-pdf/quarterly-mca-disbursement-request-and-reporting-package>

<https://www.mcc.gov/resources/doc/preparing-quarterly-financial-reports>

Deviations from the guidance are acceptable when either instructed by MCC or proposed by MCA-L and agreed to by MCC.

## 9. CHART OF ACCOUNTS & BUDGET STRUCTURE

### 9.1. Chart of Accounts

MCA-L shall report all its financial information strictly based on the approved single Chart of Accounts that shall always be appropriately modified to unify and meet the needs of the major stakeholders, MCA-L and MCC.

The DFA and Fiscal Agent (FA) have established a single Chart of Accounts (**Annex 7**), which shall be used for the duration of the Program. Any changes to the Chart of Accounts shall be by mutual agreement between the DFA and FA.

### 9.2. Budget Structure

The basic structure of the budget classification shall follow the line item structure of the MYFP in Annex II of the Compact. Each line structure is assigned a CPS code. For the DFP, the budget classification structure is expanded so that each Project is broken down to the Activities and Sub-activities levels (**Annex 7a**).

The budget classification and all financial transactions shall be recorded according to the budget structure as per below:

**A – B – C**

A: Project Code

B: Activity Code

C: Sub-activity Code

The actual number of digits for each code as well as the individual codes are to be defined in consultation between MCC and MCA-L and shall be amended from time to time as the program requires.

### 9.3. Coding

MCA-L will operate the following three-level account string, which is similar to the budget structure:

- Projects category code
- Activity category code
- Sub-Activity category code

#### 9.3.1. Project Code

- Energy
- Roads
- Monitoring and Evaluation
- Program Administration

#### 9.3.2. Activity Code

A project may consist of more than one activity code. The activity code groupings are used to identify the character of on-going project activities. The main benefits of the use of activity codes is that it permits a detailed analysis of the nature of operations and costs associated with each project.

### **9.3.3. Sub-activity Code**

As the third dimension of the MCA-L Accounting structure, the sub-activity category codes are created to give the needed details to management. They are be linked to the main activities for easier drilling. In SAP, expenses are posted at Sub-activity level using WBS Elements.

## 10. OPERATING SYSTEMS

### 10.1. SAP Integrated System

MCC directed the use of a customized SAP system to be used by all MCAs.

SAP is an integrated system that provides real-time up-to-date information on commitment and disbursement by projects, as well as other financial and operational information that support business analysis and decision-making.

#### 10.1.1. MCA-L is limited to the following modules within the SAP system:

- 1) Financial Accounting & Controlling (FI/CO) - General Ledger, Accounts Receivable, Accounts payable, Asset Accounting and Cost Controlling
- 2) Funds Management (FM) – Fund Accounting, Budgetary Control, Budget Execution and Commitment Accounting)
- 3) Materials Management (MM) – Material & Vendor Master Data, Requisition and Purchase Order Planning and Control and Invoice Verification.
- 4) Project System (PS) Projects true tracking and costing only (up to the WBS element

#### 10.1.2. Each module is managed by the appropriate personnel as follows:

- 1) **Financial Accounting and Controlling (FICO)** – is managed by MCA-L Fiscal Agent. The related SOD can be found on Annex 1a  
The FICO module is for recording all disbursements and any other relevant financial transactions to the General Ledger. Financial transactions shall be recorded on a modified cash basis. The official reporting currency shall be United States Dollars (USD).
- 2) **Funds Management (FM)** – is managed by MCA-L Finance and Administration
- 3) The FM module is for creating budgets, monitoring budget availability and preventing budget overruns. The related SOD can be found on Annex 1b
- Materials Management (MM)** – is managed by MCA-L Procurement
- 4) The MM module is used for handling MCA-L procurement logistics of goods and services. The related SOD can be found on Annex 1c

#### 10.1.3. The SAP system also enables automatic generation of the following reports, which are submitted to MCC monthly and quarterly such as:

- 1) Monthly Commitment and Disbursement Report (MCDR)
- 2) Detailed Financial Plan (DFP)
- 3) MYFP Allocation (Schedule A)
- 4) Procurement Plan (PP)

## **10.2. MCA-L Information Technology (IT)**

### **10.2.1. Access**

Access to all MCA-L Management Information Systems (MIS) is only available to authorized personnel of MCA-L, FA and PA. The systems are password-protected. Sharing passwords with anyone, including other permitted users is strictly prohibited.

### **10.2.2. Power source**

The MCA-L data center houses critical equipment including servers, switches and firewall. The data center is well equipped with redundant power supplies, with two 20KVA UPSs. Each equipment pulls power from the two UPSs. The configuration guarantees continued power supply even after the failure of one UPS. The two 20KVA UPSs without a connection to the power utility grid have the capability to supply power to the data center equipment and switches for 72 hours.

### **10.2.3. Server Redundancy**

The MCA-L IT Infrastructure is controlled by Active Directory servers. There are two servers performing this role for the purpose of redundancy. Whilst they share services provided to the network users, each is capable of functioning to maintain the network in the failure of the other.

### **10.2.4. Data Backup and Replication**

The MCA-L MIS Infrastructure has several levels of backup and disaster recovery mechanisms, from hardware redundancy to data synchronization/backup and power sources.

MCA-L users have centralized data repository on the file server. Each section/department has restricted storage on the file server accessible with permissions assigned to specific members of the team. The permissions are determined by the owners of the folder/files.

Each user's data is synchronized from the laptop/desktop to the file server, this ensures recovery of data after a computer is lost or if the hard drive crashed. Using a dedicated backup server and tool (ACRONIS Backup) the system does a daily backup of all data to the file server and also on tape. The tape is removed and placed in a fire-proof safe on a weekly basis. There is also daily user data synchronization to an external hard drive.

All the servers' images (including installation and configuration) are also part of the backup, this ensures easy recovery of failed servers.

## **11. INVOICE PROCESS**

### **11.1. Goods Received Note (GRN)**

PPG procurements – a GRN must be generated within SAP by the person designated as contract manager for all payments against PPG procurements (POs in SAP).

NPC procurements - a manual GRN or Service Acceptance Form must be completed by the DFA or Designate.

### **11.2. Receiving Invoices and Preliminary Review**

Vendors are instructed to deliver original invoices to MCA-L DFA or Designate. However, invoices can also be submitted directly to the project manager/coordinator of the contract who will then forward the invoice to the DFA. Notwithstanding, an invoice is not considered valid until received by the DFA or Designate. Original invoices can also be submitted electronically.

MCA-L Admin Officer will affix the MCA-L "Received" stamp, track and prepare the invoice for payment by first entering the invoice in an INVOICE RECEIVED TRACKER. The Admin Officer will obtain all relevant supporting documents and will subsequently ensure that the goods have been properly received and the works and services have been provided in accordance with the terms of the contract by completing and attaching the CHECKLIST for INVOICE PROCESSING as referenced in **Annex 8** to each invoice for the DFA approval. All approved invoices are submitted to the FA for processing.

### **11.3. Invoices Submitted to the Fiscal Agent**

- a) All invoices received by the Fiscal Agent are stamped with the Fiscal Agent's dated reception stamp and the invoice details are recorded in the 30 day tracking system. The Fiscal Agent will conduct a preliminary review of the invoice to verify the following:
  - i. Name of vendor;
  - ii. Address (and if available telephone number) of the vendor;
  - iii. In-country Tax ID number (where applicable);
  - iv. Invoice number and date of invoice;
  - v. MCA-L as the addressee of the invoice;
  - vi. Shipping address (if different from the address of MCA-L);
  - vii. Contract/Purchase Order number (where applicable);
  - viii. Description, Quantity, and Period of Performance of goods/works/services purchased and received or Acceptance Memo provided by MCA-L designated authorizing officer;
  - ix. Numerical correctness (multiplication of quantities and sum of positions) of the invoice;
  - x. Sub-total, Taxes applied (if any) and Total amount due;
  - xi. Payment instructions (if any);
  - xii. Method of payment – if via bank transfer the invoice should include name of account holder, account number (IBAN), bank name, bank branch, and SWIFT code; and
  - xiii. Consistency of account information with the contract or as revised by the individual authorized to do so in the contract.



- b) Invoices that are missing applicable elements from the list above shall be returned by the Fiscal Agent to MCA-L Administrative Officer (AO) who will follow-up with the responsible party to ensure completion, correction and re-submission.
- c) The Fiscal Agent will stamp the original invoice in order to distinguish the original from multiple copies.
- d) The Fiscal Agent will conduct an eligibility check to ensure that the payee does not appear as an excluded party on World Bank and United States Government lists. In the case of any deviations or discrepancies related to eligibility, the Fiscal Agent shall issue to the DFA and Procurement Director an exceptions report describing such deviations or discrepancies. In accordance with MCC guidelines, MCA-L elects a Periodic Eligibility Verification procedure to be carried out by the Fiscal Agent. The Fiscal Agent shall fulfill the periodic eligibility verification requirements of the PPG by checking all required persons or entities with valid contracts, which are active as of January 1 and July 1 of each calendar year. Documentation of these checks should be produced and kept on record as per the requirements of the PPG and filed no later than 15 days after the dates stated above. An eligibility check will be conducted for every new vendor, employee, contractor or consultant that is being paid for the first time.
- e) Before processing payment for any invoice received, the Fiscal Agent shall ensure:
  - i. That the invoice complies with the contract.
  - ii. That the supporting documentation provided is complete.
  - iii. Whether a payment made in satisfaction of the invoice is compliant with all relevant conditions and all approvals required in the Compact, and other relevant supplemental agreements.
  - iv. That the expense is consistent with the MCC Cost Principles for MCA-L Operations.
  - v. That there is sufficient budget to make the payment.
  - vi. That there is sufficient quarterly spending authority, approved by MCC by Project and Activity, to execute the payment.
- f) The Fiscal Agent will check if the invoice complies with the contract terms, fee schedule and deliverables.
- g) The Fiscal Agent shall also check the completeness of the provided documentation on its face, as well as its compliance with all relevant conditions and all approvals required in the Compact and other relevant supplemental agreements. Once satisfied, the invoice will be posted in SAP to produce the Payment Approval Form (PAF).
- h) Fiscal Agent hand delivers the completed PAF along with the invoice and supporting documents to the Project Director and waits for him/her to sign the PAF. If the Project Director is unavailable, the FA retains the PAF.
- i) The Fiscal Agent then delivers the PAF along with the invoice and supporting documents to the DFA for approval. The DFA reviews and signs the PAF and returns the PAF to the Fiscal Agent.
- j) The Fiscal Agent delivers the PAF to the CEO for his signature. The CEO office returns the signed PAF to the Fiscal Agent.

- k) The Fiscal Agent is responsible for ensuring that the PAF is duly signed and returned for the timely processing of payment.

#### **11.4. Final Review and Payment**

- a) Once the PAF has been approved by the relevant officials at MCA-L, the Fiscal Agent shall prepare a bank payment order or a check based on the approved documentation, or prepare a CPS Payment Request Form.
- b) After two signatures of the authorized Fiscal Agent signatories are obtained, the payment order shall be transmitted to the Bank. An electronic transfer or a check will be written as required by the vendor. PRF will be transmitted to IBC using the procedures contained in the CPS Manual. If the payment is by check, the vendor must be informed that the check is ready for collection. At hand-over, the Fiscal Agent makes a copy of the check and a copy of the photo identification (passport, driver's license, business ID, voter card, etc.) of the recipient. The recipient also signs a copy of the check, which is retained by the Fiscal Agent as evident of receipt.
- c) Any penalty imposed due to late payment is borne by whichever party-- MCA-L or the Fiscal Agent--is responsible, and is subject to the terms of the Compact, any supplemental agreements, and terms of the contracting document.

#### **11.5. Invoice Rejection**

An invoice is considered valid until it is rejected by the Fiscal Agent or the appropriate MCA-L officer.

If an invoice is rejected, the Fiscal Agent ensures that the prompt payment clock is stopped. The 30-day payment deadline stops and a new 30-day period does not begin until a valid invoice is presented. Rejection of an invoice shall be done in a fair and transparent manner, in collaboration with the Project Director. The DFA or Designate must inform the payee stating the reason for invoice rejection and if the communication is by email the relevant Project Director and the Fiscal Agent must be copied.

Examples of the basis for rejecting an invoice may include, but are not limited, to the following:

- 1) Required information for processing an invoice is missing or is incorrect (i.e. Delivery Note/Goods Received Note or evidence of acceptance notice)
- 2) Invoice amount has been miscalculated
- 3) Invoice is addressed to/from the wrong Entity
- 4) Invoice represents a duplicate payment
- 5) Goods, works, or services invoiced were not received.
- 6) Goods, works, or services invoiced do not meet the standards, specifications, or deliverables agreed upon in the contracting document.

Only after resubmission by the vendor of a valid invoice will the 30-day period begin. Under no circumstances should an invoice be "partially" accepted.

## 12. PAYMENT SYSTEMS

MCA-L uses two modes of payment:

- Through *Permitted Bank Accounts* which are held at the United Bank for Africa (UBA) in Liberia and
- Through the *Common Payment System (CPS)*, which is operated by the Internal Business Centre (IBC) in USA. The funds for CPS payments come directly from the United States Treasury.

### 12.1. MCA-L Permitted Accounts (Local Banking System)

**Section 1.3** of the Bank Agreement requires both MCC and MCA-L approval before opening a Bank Account at United Bank for Africa. Additional procedures and obligations surrounding Permitted Accounts are contained in the **Bank Agreement**, between MCA-L, UBA and the FA.

#### 12.1.1. Authorized Parties

The following Fiscal Agent officials have signatory authority and are responsible for managing all MCA-L Permitted Accounts:

- 1) Fiscal Agent Manager (Primary Signatory)
- 2) Senior Financial Management Specialist (Secondary signatory)
- 3) Senior Accounting Specialist (Alternate signatory)
- 4) Project Director (Alternate signatory)

#### 12.1.2. Bank Accounts

MCA-L currently has the following Permitted Accounts with UBA for the purpose of administering MCA-L program funds:

- 1) **Special Account:** USD-denominated account - to receive funds in USD withdrawn from MCC. This account is used to pay for all local invoices to avoid the high bank charges (currently at 1.5% of amount received) that banks in Liberia levy on all electronic transfers from outside the country.
- 2) **Local Currency Account:** LRD-denominated account - This account is dormant and has not been used so far because all MCA-L commitments for local procurements are in USD and payments are made from the Special Account
- 3) **Funds In Transit Account:** USD-denominated - where all funds in transit to third parties will be deposited. This will include funds in relation to letters of credit or similar arrangements.
- 4) **Non-Compact Account:** USD-denominated - this account will be used to receive non-Compact funds. This may include Bid Challenge Fees or any other funds not received from MCC.
- 5) **USD Interest Account:** USD-denominated - where interest accrued in the Permitted Accounts during the quarter will be deposited into and then transferred to MCC within 10 days after the last day of each calendar quarter.

### 12.1.3. Maximum Balances

The sum of the combined balances in the Special and Local Accounts shall not exceed USD300,000. This ceiling provides enough resources to cover recurrent expenditures. It is the responsibility of the FA to time the withdrawals of funds for recurrent expenditures so that there are sufficient funds in waiting without exceeding the limit.

- 1) Recurrent expenditures are defined as expenditures that occur regularly (often monthly or bi-weekly) and are of approximately the same amount at each occurrence.
- 2) Recurrent expenditures are usually administrative in nature; examples include payroll, communications, janitorial and insurance premiums.
- 3) MCC allows recurrent expenditures to be drawn from the US Treasury in anticipation of the due date of the expenditure. Such funds may reside in the Permitted Accounts for several days prior to payment.
- 4) For payroll, MCA-L may make a separate draw of funds from US Treasury for each payroll cycle; a CPS Payment Request Form will therefore need to be submitted to IBC well in advance of the payroll due date to allow enough processing time. The FA will determine the timing of the withdrawal from US Treasury after considering the historical data on processing times, IBC end-of-month cut-off dates and other factors.

The Funds in Transit Account is not subject to the maximum balance requirement as the funds held in the account will depend on the specific commitments for which the funds are withdrawn subject to the approved spending authority for the period. For example, the full amount payable on a letter of credit may be deposited into the Funds in Transit Account so that it is available to be released by the bank when all the conditions for payment as stipulated in the contract/purchase order are met. Once the commitment has been settled in full, any remaining funds will be transferred into the Special Account so that it is available to be used for other purposes in furtherance of the Compact.

The Non-Compact Funds Account and the Accrued Interest Account are also not subject to the maximum balances limit as the funds deposited in these accounts are not withdrawn from MCC.

## 12.2. Common Payment System (CPS)

The Common Payment System (CPS) refers to any system used by MCC to process payments in U.S. Dollars or to process payments in local currency directly to vendors for goods, works, and services received by MCA-L or Implementing Entities receiving goods, works and services on behalf of MCA-L.

CPS is comprised of two systems, the **International Treasury Services (ITS)** and the **Secure Payment System (SPS)**. The Secure Payment System (SPS) is used for payments to U.S. Banks and the International Treasury System (ITS) is used for payments (USD or local currency) to banks outside the US.

The CPS is designed to adhere to the approved and formal MCC process incorporated in the QFR. The QFR process details the major Compact Program's past and expected expenditures by each Project and Activity. CPS will mirror image the Compact's MYFP's Project and Activity levels with an IBC's Oracle Code assigned to each Activity.

The Fiscal Agent is responsible for aligning the Chart of Accounts, which depict these summary level programs or project budget lines with the Oracle Code assigned by IBC.

#### 12.2.1. CPS - Authorized Parties

The following Fiscal Agent officials have signatory authority for all MCA-L payments via CPS:

- 1) Fiscal Agent Manager
- 2) Senior Financial Management Specialist
- 3) Senior Accounting Specialist
- 4) Project Director

The MCC Resident Country Director, or designee, will be a third signatory only for Special Payment Request Forms using reinstatement of spending authority.

The CPS system also requires **all relevant parties** to a payment at MCA-L to be:

- 1) Signatory to the CPS paperwork which includes a signature card required by the IBC and an affirmation and signature to the 'Rules of Behavior' listing provided by the US Department of the Treasury. All signature cards are approved by the PFS Lead and sent to MCC FMD for formal transmission to IBC.
- 2) Aware of all methods available to ensure payments are made and reconciled.
- 3) Available to review confirming payment reports in MCC MIS.
- 4) Aware of all methods to make inquiry into payments processed.
- 5) Knowledgeable of the operations manual provided by MCC.

#### 12.2.2. Funds from the U.S. Treasury to MCA-L's Permitted Accounts

- 1) These funds will be unallocated until they are accounted for in the Monthly Commitment and Disbursement Report (MCDR).
- 2) These funds will be re-disbursed to vendors by check, prepaid debit card or wire transfer by the Fiscal Agent.

#### 12.2.3. CPS - Direct Payment using vendor's banking information

This is the traditional CPS payment method described in the CPS Manual. The US Treasury will make direct payments to vendors.

#### 12.2.4. Codification of Expenditures on CPS Payment Request Forms

- 1) The Fiscal Agent will submit a Payment Request Form (PRF) listing each invoice, vendor, vendor banking information, and the MCC Project Codes (Fund/Project/Activity).
- 2) All **direct** payments to vendors, regardless of currency, must be coded to the project/activity to which they belong
- 3) All transfers from the US Treasury to the Permitted Accounts will be coded NA/NA (not assigned) on the CPS PRF and reported back to MCC on the next MCDR.

#### 12.2.5. CPS Payment Timeframes

The CPS method of payment should be considered a "just in time" payment system, wherein from presentation of the form to IBC, the payment should be delivered to the beneficiary bank account within 5-7 working days on average from the time the FA transmits the payment request to IBC to the value date of the transaction. This requires

that invoice approval by the relevant Project Director/Manager, subsequent approval by MCA-L DFA and CEO, and creation of a CPS Payment Request Form by the FA must occur within twenty (20) calendar days after the Payment-period Start Date.

The payments are made after:

- 1) Completing all procedures described in the FAP to review and approve an invoice prior to formal submission for payment.
- 2) Preparing the PRF for approval using the authority delegation matrix.
- 3) Affixing all signatures to the form
- 4) Scanning and transmitting the completed PDF form to IBC using the MCC Secure FTP transmission system.

For additional CPS procedures, please see **Annex 9**.

## 13. PAYMENT METHOD

### 13.1. Payment Period

MCA-L will strictly adhere to the requirements of the Compact, and subsequent agreements, that payment on invoices are made within thirty **(30)** calendar days (referred to as the "prompt payment guidelines"). The payment period commences on the day the invoice is received by the MCA-L (the "**Payment-Period Start Date**"). If the invoice is received before it is due, the Payment-Period Start Date is shifted to the due-date. The FA is required to ensure that payments are made in a timely manner.

### 13.2. Payment Process

- 1) **Via check** - the recipient must be notified on a business day within **30** calendar days after the Payment-Period Start Date that the check is available for collection at the premises of MCA-L, as appropriate
- 2) **Via transfer from Permitted Accounts at the Local Bank** - the electronic or written instructions must reach the Local Bank at such a time that the date of transfer from the account falls within 30 calendar days after the Payment-Period Start Date
- 3) **Via Letter of Credit** - The full amount payable on the letter of credit will be deposited into the MCA-L Funds in Transit Account so that it is available to be released by the bank when all the conditions for payment as stipulated in the contract/purchase order are met. Establishment of a letter of credit and all similar arrangements is subject to MCC Approval.
- 4) **Via the Common Payment System ("CPS")** - the Payment Request Form ("**CPS PRF**") must be transmitted electronically to MCC's Financial Services Provider (IBC) within 20 calendar days after the Payment-Period Start Date.
- 5) **Via UBA Debit Card** - The debit card will be loaded with a float of USD8,000 and will operate on an imprest basis. The transaction limit for card payments will be USD5,000.
- 6) **Via Fuel Card** - Fuel purchases will be made from a Total fuel card which will have a float of USD1,000. The float will be kept on imprest basis and will be replenished using verifiable documentary evidence from the third party service provider.
- 7) **Via Petty Cash** - In exceptional cases and within the limits stipulated the payment may be made from MCA-L's petty cash, in which case the FA informs the vendor that the amount is available for collection and provides the amount against receipt by an authorized representative of the vendor. The limit for cash payments shall be USD300 – **Annex 14**

(The MCA-L payment processes is documented in **Annex 9** - Payment Processing SOP of this FAP)

### 13.3. Commingling of Funds

Funds provided by MCC must not be comingled with any other funds from any source whatsoever, except as explicitly authorized by MCC.

#### **13.4. Currency Conversion**

Currency conversions shall be tracked and managed consistent with the Compact, any Supplemental Agreements, including the Bank Agreement, or other agreements between MCC and MCA-L.

Specifically, for transactions incurred in any other currency other than the United States Dollar (USD) which are:

- 1) Paid directly through the CPS – the translation rate will be the actual exchange rate at which funds were disbursed by IBC;
- 2) For funds transferred from the Special Account to the Local Account, the amount will be booked using the rate at which UBA Bank converts the funds into the local currency;
- 3) Paid through the Local Account – the translation rate will be the weighted average exchange rate realized upon transfer from the Special Account to the Local Account, as calculated by the FA.



## **14. SPENDING AUTHORITY**

### **14.1. Expiration of Spending Authority at the End of a Period**

MCA-L's authority to submit payment requests to IBC relating to payments for expenditures included in an approved Disbursement Request shall expire on the last day of the applicable quarter covered by such Disbursement Request, except as otherwise provided below. If a new Disbursement Request is not approved by the first day of the next quarter, MCA-L will not have the authority to submit requests for payment to IBC for any expenditures relating to the approved Disbursement Request for the previous period, except as provided below. At the end of the last day of the applicable quarter, IBC must halt payments until such time as MCC approves a new Disbursement Request Package.

### **14.2. Reinstatement of Limited Spending Authority**

After the expiration of spending authority at the end of the period, MCC may authorize a temporary reinstatement of spending authority to cover specific payments in exceptional circumstances.

The total amount of the reinstated spending authority may only be as high as the unused spending authority from the prior period and is only available during the first thirty (30) days after the close of that period or until the approval date of the next DR submitted to MCC, whichever comes first.

The reinstated spending authority may be used only for expenditures that were approved by MCC in the most recent approved DFP, but for which inadequate funds were budgeted or whose timing for payment is later than originally anticipated. The reinstated spending authority may not be used for expenditures for which conditions precedent to disbursement were not met (or waived) and the expense to be paid with the reinstated spending authority may not be included in the DFP of the next period.

Requests to use reinstated spending authority are to be submitted to IBC using the following procedure:

- 1) The FA selects 'Special' as the type of Payment Request Form (PRF)
- 2) The PRF includes two FA signatories and an additional signature is required from the MCC Resident Country Director (RCD) or the applicable designee
- 3) State the reason for the request in the last column, "Reason for payment/Additional Information".

## 15. TAX MANAGEMENT

### 15.1. General

In accordance with Section 2.6 of the Compact, MCC Funding is exempt from all taxes. In addition, Annex 2 of the Program Implementation Agreement (PIA) which was signed between the Government of Liberia and MCC describes different exemptions and mechanisms to ensure that MCC Funding is free from the payment of any existing or future taxes. However, due to the time needed and the administrative rigor involved to track taxes on small amounts, taxes will not be accounted for or claimed back from the GOL on all petty cash and other expenditures below the United States Government *de minimis* threshold that is currently at USD300.

### 15.2. Tax Payments

In accordance with the Compact and other relevant supplemental agreements, the FA shall, using a friendly simplified tracker, track all tax exemptions; taxes paid and refunded, and tax reimbursements by the GOL.

The FA will analyze and track any tax paid and ensure the application for refund is submitted to the GOL's relevant ministry **NOT** later than **10 days** after every ended calendar month.

The GOL is expected to make the refund within 30 calendar days after the date of receipt of refund application from MCA-L. The FA will ensure that this requirement is tracked for compliance.

In the event that tax is paid by MCA-L which is improper or contrary to the terms of the compact, MCA-L will approach the Ministry of Finance & Development Planning for refund. The FA will be responsible for tracking any payment for improper taxes using MCC funding and reporting these payments accordingly.

As provided for in the Program Implementation Agreement, taxes will be tracked and managed through issuance of a GST Relief Purchase Order (GRPO) by MCA-L. The GRPO process was agreed upon between MCA-L and the Liberia Revenue Authority (LRA) and is contained in the LRA Domestic Taxes Business Brief 001 (2017) published by LRA on December 1, 2017

MCA-L GRPO process is documented in **Annex 10**.

## 16. PERSONNEL MANAGEMENT

### 16.1. Fundamental Policy

MCA-L developed a Human Resources Manual (MCA-L HR Manual) that was approved by MCC and the Board. The MCA-L HR Manual provides guidance on management of human resources and incorporates best practices on staff recruitment, retention, career development, training, well-being, performance management as well as responsibilities, conditions of service and entitlements for MCA-L staff.

MCA-L pursues a personnel policy that ensures an open and competitive hiring process that is non –discriminative based on race, sex, religion, tribalism or nepotism.

### 16.2. The Process

The MCA staff establishment is approved by MCC and the MCA-L Board. The MCA-L HR Manual defines “staff members of MCA-L” as individuals who have signed consultancy agreements but were engaged through a hiring process rather than procured through the PPG. All staff members must have a signed contract.

The first three months of each staff member’s contract shall be a probation period (the “Probation Period”), during which time, either MCA-L or the staff member may terminate the contract without notice.

The contract signed by staff members shall, amongst other things, identify the person hired, the date of hire, the terms of hiring including duration, fees, benefits and any other rights and responsibilities under the agreement, and shall be signed by the appropriate persons. Staff members’ agreements and associated compensation are also subject to other stipulations, as contained elsewhere in this FAP.

Any action regarding the hiring or termination of Key Staff (as defined by the Compact) must be approved by the MCA-L Board and MCC in advance.

Any other changes to the existing approved compensation packages for Key Staff shall be subject to MCC no objection.

### 16.3. Staff Members’ Records

To ensure staff members’ records are auditable and able to meet the best practice, MCA-L requires that every staff member’s file has the following records/ documentations: a copy of the position advertisement, interview invitation and papers to support interview results, appointment or offer letter, consultancy agreements, copies of educational certificates, performance evaluations and copies of leave forms.

### 16.4. Compensation and Benefits

- **Total Fees.** MCA-L agrees to pay its staff members a monthly fee, subject to deductions or withholding under applicable GOL law, commencing on the first day of the Term (as defined below) and payable in twelve monthly installments in accordance with the payroll practices of MCA-L for its staff members (the “**Total Fees**”).
- **Adjustments to Total Fees.** Each year, MCA-L has the discretion to consider an adjustment to the Total Fee which, for Key Staff, may be increased upon the approval of the Board to reflect the staff member’s performance based on merit.

For non-Key Staff, any such performance-based merit increase of their Total Fee can be effectuated by a letter from the CEO to the staff member. MCA-L may also, each year, consider the payment of a performance bonus. The framework for performance bonuses, merit increases and cost of living adjustments is contained in the MCA-L HR Manual.

- **Benefits.** Staff members may be eligible to participate in benefit plans according to the terms and conditions of such plans adopted by MCA-L for its staff members. It is anticipated that MCA-L will make available the following benefits: (a) health benefits, and (b) supplemental life insurance, in either case a portion of which may be paid by the staff member and deducted from monthly fee payments. No other benefits will be provided to staff members other than those set forth in the MCA-L HR Manual.
- **Leave.** Unless otherwise required by MCA-L's policies and procedures, each staff member shall accrue, in equal amounts during each pay period over the course of a calendar year, twenty-two (22) business days of paid time off (PTO) leave which may be used for vacation, personal days, bereavement or other purposes. Unused PTO accrued during a calendar year will be forfeited if a staff member neglects to use the unused PTO according to procedures detailed by the Human Resources Manual. Each staff member is also entitled twenty (20) business days of sick leave each calendar year. Each female staff member is entitled to maternity leave of seventy (70) business days for the birth of a child. Under special medical circumstances, the CEO may extend the maternity leave. Each male staff member is entitled to paternity leave of a total of seven (7) business days for the birth of his child, provided that the staff member takes the paternity leave within the first eight (8) weeks of the birth of the child. Upon providing proof of legal adoption, MCA-L shall grant a staff member adoption leave of a total of seven (7) business days for the legal adoption of a child. Unused leave has no cash value unless otherwise stated in the MCA-L HR Manual. The framework for the administration for MCA-L's leave policy is detailed in the MCA-L HR Manual. Unless otherwise agreed to by the CEO, the no staff member is permitted to take any PTO leave during the Probation Period.
- **Working Hours and Days.** Normal workdays shall be Monday through Friday, except for official public holidays declared by the GOL. Normal MCA-L business hours, are 8:30 to 5:30 hours, (with one hour midday lunch break).
- **Extra Pay.** Extra Pay shall be paid only to Drivers and Administrative Assistants, for approved assignments performed in excess of the normal working hours. No more than 40 hours per month of extra pay may be requested/approved. Consideration shall be given to compensate extra pay by compensatory time off (CTO) instead of pay. In cases where extra pay of more than 40 hours is accrued, the balance must be compensated through CTO. CTO time is added to annual leave and treated under the same provisions. For each hour worked in extra pay, the staff member shall receive 1.5 times the hourly rate. Staff members other than Drivers and Administrative Assistants are not eligible for extra pay.

## **16.5. Absence without Approval or Reasonable Excuse**

Each staff member is obliged to furnish MCA-L with an acceptable reason for any absence from work that has not been approved in advance by the staff member's immediate

supervisor no later than the close of business on the second business day after such absence. Any unauthorized absence of more than ten (10) consecutive days or more than twenty (20) business days over a period of six (6) months without an acceptable reason will be regarded as a repudiation of the staff member's contract, and may lead to termination of the contract with MCA-L.

#### **16.6. Performance Agreement**

MCA-L may prepare and, in that event, a staff member will sign a Performance Agreement with MCA-L, which includes agreed-upon performance targets. The staff member's failure to meet agreed-upon targets in the Performance Agreement shall constitute cause, a valid reason justifying termination of their contract with MCA-L. The failure to set performance targets in a Performance Agreement will not constitute a breach by MCA-L of the staff member's contract or amount to any redress owed to a staff member.

MCAL's HR manual includes a chapter on performance management that explains how performance will be measured.

#### **16.7. Right of Access**

Each staff member agrees that any legal right that he or she has in order to be on MCA-L's premises is dependent upon the adequate performance of the duties allocated to them by MCA-L. It is therefore specifically agreed that, should a staff member, for any reason, decide not to perform their allocated duties, then, at the request of MCA-L, the staff member will leave MCA-L's premises in an orderly manner within twenty (20) minutes after being requested to do so in writing, and any refusal or failure to do so, will be regarded as violation and breach of their contract with MCA-L, and may lead to termination of their contract with MCA-L.

#### **16.8. Indemnification**

To the extent required by applicable law, MCA-L agrees to indemnify each staff member for any workplace accident or occupational illness occurring or arising from the performance of the staff member's duties during their contract's term; provided that the staff member will not be indemnified to the extent that the staff member is compensated or reimbursed under any applicable workers' compensation system, any other insurance, or other indemnification or reimbursement arrangement with any third party.

#### **16.9. Human Resources Manual**

Additional information on Personnel Management can be found in MCAL HR Manual

## **17. PAYROLL**

### **17.1. Level of Effort Accounting**

Staff member's services (fees and related costs) must be accounted for in the same manner as all other project costs. Staff members' fees are not accounted for by virtue of a staff members' consultancy contract, but by evidence of one having actually worked. This will be done by completion of monthly timesheets.

### **17.2. Timesheets**

- 1) All staff members, regardless of position, are required to complete timesheets. Time worked must be recorded accurately on a daily basis. It is the responsibility of each staff member to submit their timesheets on time even if the staff member is on vacation or traveling. Fees will not be paid to any staff member who did not submit their timesheet.
- 2) Timesheet cycle shall begin on the first business day and end on the last business day of each calendar month.
- 3) Timesheets must be appropriately authorized (signed) by the staff member's direct supervisor (i.e. relevant Directors DCEO or CEO).
- 4) The signed timesheets shall be submitted to the HR Manager (HRM) by the close of business on the last working day of each month.
- 5) The HR Manager ensures that the timesheets submitted are properly prepared and duly authorized. By signing each individual timesheet, the HRM certifies the accuracy of the reported information and proceed to preparing the payroll, supported by the timesheet.

**The MCA-L payroll process is documented in Annex 11.**

## 18. ASSET MANAGEMENT

### 18.1. Use of MCA-L Assets Policy

Assets acquired with MCC Grant funds shall only be used in furtherance of the program objectives and shall not be made available for the personal benefit of staff members, project beneficiaries or other stakeholders. Occasional incidental personal use is allowable when this use does not result in significant additional cost. Such assets would include, but not be limited to:

- Vehicles,
- Communications devices
- Computers, Furniture
- Copier, Printers and fax machines

Use of MCA-L's computer systems, Internet access, and email must conform with all conditions specified in the MCA-L Human Resources Manual and MCA-L Information and Communications Technology Policy (**Annex 5**)

Use of private email addresses, personal electronic storage devices, computers, laptops, tablets, smartphones, or other personal software and hardware to conduct ordinary MCA-L business is prohibited unless such usage is incidental in the performance of duties and done with prior approval from the CEO.

### 18.2. Fixed Assets threshold

Fixed assets are defined as assets with useful life of more than one year with a value of more than USD300. All Fixed Assets are expensed at cost, but tracked on the Fixed Asset Register throughout their useful life. Assets up to USD299 and a useful life of more than one year are defined as "small value assets".

### 18.3. Recording of Fixed Assets

The modified cash basis of accounting means that no fixed assets are capitalized in the books of account - all purchases are expensed in the period when payment is made for their acquisition.

The FA shall record the fixed asset by using an appropriate entry in the accounting system based on the information referenced on the invoice and supporting documents.

### 18.4. Maintaining the Fixed Asset Register

The fixed asset Register shall be maintained by the MCA-L Manager, Finance and Administration (MFA).

The approval and acceptance of an asset is based on the signed goods or service acceptance note by the Requester. Upon acceptance, the Requester immediately turns the asset over along with the Goods Received Note (GRN) and invoice to the MFA.

The MFA shall record the asset in the fixed asset register based upon the information contained in the invoice and other relevant supporting documents.

The MFA shall tag the asset and return it to the requester before it is placed into use.

Financial Information in the Fixed Asset Register shall include but not limited to the following information:

1	Item No.
2	Asset Code
3	Asset Tag Number
4	Asset Class
5	Item Description
6	Insurance Category
7	Model No.
8	Serial No.
9	Physical Location
10	Department
11	Invoice Date
12	Invoice No
13	Quantity
14	Total Costs
15	Vendor / Donor
16	Condition
17	Funding Source
18	Date Last Verified
19	Remarks
20	Insured

A separate section of the Fixed Asset Register will be maintained to record all Compact funded fixed assets that are purchased for use by project beneficiaries, sub-grantees or entities that sign Implementing Entity Agreements with MCA-L.

As part of the checkout procedures for staff terminating their assignment with MCA-L, they must account for all fixed assets that were assigned to them.

### **18.5. Fixed Asset Reconciliation**

Immediately following, month-end close, a reconciliation between the General Ledger and the Fixed Asset Register shall be performed by MCA-L MFA and the FA Specialist.

### **18.6. Fixed Asset Insurance**

All Compact funded fixed assets valued at **USD300** and above; and all "small value assets" with a useful life of more than one year shall be insured at replacement value with a reputable insurance service company. Assets are categorized for insurance purpose to ensure that group of assets (e.g. chairs that cost under USD300) can be recovered from major disaster such as a fire.

### **18.7. Fixed Asset Count**

The physical count or verification shall be conducted by the MFA and another person approved by the DFA at least twice yearly. The MFA shall notify staff before making the physical count.

The results of the count shall be checked against the Fixed Asset Register.



A memo shall be prepared describing the results of the physical count. In the case of a discrepancy, the memo shall state the reasons identified during the count and the appropriate adjustments to be made.

Any adjustments to the accounting records that are necessary as a result of the count shall be approved in advance by the DFA.

### **18.8. Disposal of Fixed Assets**

When a fixed asset is damaged or becomes obsolete the employee responsible for the use of the asset shall complete the Asset Disposal Form (**Annex 12b**) that documents the need to dispose of a fixed asset. This form shall contain the unique identification number, a description of the asset, the physical condition and reasons for disposal of the asset.

If the fixed asset is stolen, a memo shall be written by the person to whom the fixed asset is assigned or the relevant staff member describing the circumstances under which the asset was stolen. The incident shall be reported to the police and the corresponding report shall be kept in file.

The Fiscal Agent shall record any disposal of fixed assets based on documentation approved by the CEO.

### **18.9. Inter-office Transfer of the Fixed Assets**

Fixed assets that are assigned to staff members may be re-assigned to another person within MCA-L. The MFA shall prepare an Asset Transfer Form (**Annex 12a**), stating the description and unique identification number of the fixed asset. The form shall be signed by both transferring and receiving staff members. The completed form shall be submitted to the MFA to record changes in the Fixed Asset Register.

### **18.10. Assets Assigned to Implementing Entities**

Depending on the terms defined in each Implementing Entity Agreement with MCA-L, an Implementing Entity may be allowed the use of certain Fixed Assets during the implementation of the compact, in such cases, MCA-L purchases these assets and may lend them to the Implementing Entity for use in carrying out their responsibilities. The processes to be followed in transfer of assets is documented in **Annex 12** – Transfer of Program Assets SOP of this FAP.

### **18.11. Transfer of Ownership of Fixed Assets**

All fixed assets are owned by MCA-L until the ownership of the fixed asset is transferred to another entity. This transfer may take place during the implementation of the Compact or upon the Compact's expiration. In order for MCA-L to transfer the ownership of a fixed asset, the procedure detailed in **Annex 12** - Transfer of Program Assets SOP of this FAP.

### **18.12. End of Compact Control of Assets**

Any fixed assets remaining at the end of the Compact Period will remain the responsibility of MCA-L. If these assets are utilized and thus under the control of an Implementing Entity, documentation must be specifically initiated to hand-over these fixed assets with specific instructions of accountability and maintenance of such assets consistent with the MCC Guideline on Compact Closure and the MCA-L Compact Closure Policy.

## **19. MCC COST PRINCIPLES - SPECIFIC CONSIDERATIONS TO CERTAIN COSTS.**

### **19.1. Considerations for Selected Items of Cost**

This section provides principles to be applied, in addition to the requirements of Section 5.1 of MCC Cost Principles, in establishing the allowability of certain items of cost typically encountered by MCA-L.

These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to the allowability, allocability and reasonableness in each case should be based on the treatment provided for similar or related items of cost and on the principles and standards set forth in Section 5.1 of MCC Cost Principles.

### **19.2. Advertising, Public Relations and Media Costs**

#### **19.2.1. Advertising Costs**

The term “advertising costs” means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, online media, electronic or computer transmittals, and the like. The only allowable advertising costs are those solely for the following purposes:

- i. The recruitment of personnel required for MCA-L for performance of the MCC Grant;
- ii. The procurement of goods, works or services for the performance of the MCC Grant;
- iii. The disposal of program assets acquired in the performance of the MCC Grant except
- iv. when Accountable Entities are reimbursed for disposal costs at a predetermined amount; or
- v. Program outreach and other specific purposes set forth in the MCC Grant Agreement.

Advertising costs relating to the Program are allowable at a cost that is both reasonable and customary for the locality, so long as the advertisements are clearly labeled as advertisements and the costs are associated with an overall communication strategy approved by MCC.

#### **19.2.2. Public Relations Costs**

The term “public relations” includes community relations and program outreach and means those activities dedicated to promoting or maintaining understanding and favorable relations with the community or public at large or any segment of the public, as well as maintaining a positive image of the Program. The only allowable public relations costs are the following:

- i. Costs specifically set forth in the MCC Grant Agreement;
- ii. Costs of communicating with the public and press about specific activities or accomplishments that result from performance of the MCC Grant (these costs are considered necessary as part of the outreach effort for the MCC Grant);
- iii. Costs of meetings, conventions, convocations, or other events related to the Program, including reasonable costs of displays, demonstrations, and exhibits

consistent with Section 5.3.9 of MCC Cost Principles related to, “Conferences, Meetings, Workshops and Official or Ceremonial Events”.

### 19.2.3. Media and the Free Press Costs

**Allowable Costs** - the costs of conducting general liaison with news media, to the extent that such activities are limited to communicating to keep the public informed on matters relating to the MCC Grant, are allowable. For example, the cost of fuel for busing a group of reporters to an MCC Grant-funded project site is allowable when reporters are otherwise unable to get to the project location. In addition, reasonable funding for meals or refreshments when directly related to such events is allowable. All media and free press costs must be associated with an overall communication strategy approved by MCC. Such general liaison must not be discriminatory, but open to all media and press personnel, except for cases (to be determined by MCA-L’s overall communication strategy approved by MCC) where an exclusive coverage arrangement is warranted and followed-up by general press availability when appropriate.

**Unallowable Costs** - related to advertising, public relations, and media include the following:

- i. Costs of facilities, such as hospitality suites, that are unnecessary for the minimum requirements of fulfilling the public outreach objective;
- ii. Costs of promotional items and memorabilia, including models, gifts, and souvenirs are allowable only with prior written approval from MCC on the basis that such promotional items are required for a programmatic purpose to further the objectives of the MCC Grant, in compliance with the MCA Branding Guidelines.
- iii. Compensation to members of the press through any type of payment or bonus for services, honoraria, or lodging is strictly prohibited;
- iv. Costs of advertising and public relations for any purpose not related to the MCC Grant.

### 19.3. Alcoholic Beverages

Costs of alcoholic beverages are unallowable.

### 19.4. Audit Services

The costs of audits required by, and performed in accordance with, MCC requirements are allowable. The costs of any other audits approved by MCC are allowable. For purposes of this subsection, “audits” include (but are not limited to) financial audits, technical audits, agreed-upon procedures engagements, limited scope reviews, program evaluations, performance audits, compliance audits, data quality reviews, and environmental audits.

### 19.5. Bad Debts and Debt Collection Costs

#### 19.5.1. Debts owed to MCA-L:

- i. Collection costs (including legal costs) incurred by an MCA-L to collect amounts owed to it related to programs funded under an MCC Grant are allowable.

- ii. Debts resulting from borrower default under credit programs (including on-lending facilities and guarantee facilities) funded under an MCC Grant are not governed by this MCC Policy.

#### **19.5.2. Debts owed by MCA-L:**

MCA-L debts that arise from its normal course of business are subject to Section 5.1 of MCC Cost Principles and the underlying agreement(s) or legal obligation(s) of each debt. Bad debts (debts which have been determined by MCA-L to be uncollectible), including losses (whether actual or estimated) arising from uncollectible accounts and other claims cannot be recorded as losses and remain the responsibility of MCA-L per the terms and conditions of the MCC Grant Agreement.

#### **19.6. Bonding Costs**

Bonding costs arise when the GoL requires assurance against financial loss to itself or others by reason of the act or default of MCA-L's staff members or consultants. They arise also in instances where MCA-L requires similar assurance, including bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds for staff members and officials. Costs of bonding required by MCA-L in the general conduct of its operations, or pursuant to the terms of the MCC Grant Agreement, are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

#### **19.7. Communications**

Costs incurred for telephone services (mobile, satellite and land lines), local and long-distance telephone calls, internet connections, telegrams, courier service, postage and the like, are allowable, if used for the purposes and objectives of the MCC Grant.

#### **19.8. Compensation of MCA-L Board of Directors**

Remuneration to members of MCA-L's governing body is:

- a) Unallowable for those members who are staff members or officials of MCA-L or GoL. However, such government members may be reimbursed for reasonable incidental expenses arising from their attendance at regular or special meetings (e.g., transportation or per diem expenses as detailed in Section 5.3.7 (b) of the MCC Cost Principles); and
- b) Allowable for those members who are not staff members or officials of MCA-L or GoL. Costs of compensation to such members are allowable to the extent that they satisfy the following specific requirements:

Total compensation for eligible members of MCA-L's governing body is reasonable for the services rendered and conforms to the bylaws and policies of MCA-L approved by MCC, or as otherwise as agreed by MCC;

Remuneration is calculated on a daily basis and does not exceed the highest daily rate of salary and benefits that a GoL employee or official of comparable rank or function would receive. Benefits for transportation or per-diem expenses must conform to the limits established by MCA-L and MCC in the applicable Fiscal Accountability Plan. MCC reserves the right to review the level of remuneration to be paid to non-Government members of the governing body. In the event of an inconsistency between MCC Cost Principles and the

MCC Guidelines for Accountable Entities and Implementation Structures, MCC Cost Principles will prevail.

## **19.9. Compensation of MCA-L Staff members**

General Terms Compensation to staff members of MCA-L is all compensation paid by the entity for employee services (including the services of temporary staff members). Compensation includes, but is not limited to, salaries, benefits (such as pensions, health coverage, disability pay, unemployment compensation and severance pay), holidays and leave, transportation, food, or other allowances (in cash or in kind), 13th month payments, performance based awards, and retention incentives. This applies to employee compensation regardless of whether such employee's compensation is funded in whole or in part under an MCC Grant.

### **A. Standards of Reasonableness**

- a) Government Affiliates that are existing units or departments within the GoL must pay staff members in accordance with the compensation levels paid to GoL staff members of comparable rank and function, pursuant to the established Liberian laws, regulations and policies. Proposed compensation for GoL staff paid for or reimbursed by MCC, when not supported by a salary survey developed or approved by MCC, must be supported by documentation proving consistency with Liberian laws, regulations and policies on both the salary scale applied and the method of setting employee compensation within the salary scale. In addition to a determination of the existing salary scale, the GoL must maintain documentation, in the form of either pay records or other comparable information attributable to the specific individual's level of experience and education, consistent with a methodology and standards approved in writing by MCC.
- b) The absence of acceptable documentation will preclude an individual's starting pay level above the minimum respective salary range used by the GoL. The MCC Grant may not be used to fund staff positions that were funded through GoL appropriations prior to the MCC Grant. The MCC Grant may be used only to compensate the additional staff needed to complete the program funded by the MCC Grant. For instances where existing staff may be assigned temporarily or detailed to new positions to complete additional work required under an MCC Grant rather than hiring a new individual, procedures must be implemented to ensure that the MCC Grant is only used in connection with compensation for MCC Grant-related activities. In addition, the MCC Grant may not be used to fund pay or benefits (including but not limited to leave, pension or severance benefits, etc.) that were accrued prior to an individual's start date performing activities related to the MCC Grant.
- c) The MCC Grant Agreement or a Supplemental Agreement could also require the establishment of a new unit or department within the GoL structure with special rights or a new Government Affiliate outside the existing government structure. In those cases, MCA-L should pay staff members at compensation levels comparable to those earned by staff members performing similar work in the labor market for which MCA-L is competing for that kind of employee. Compensation for staff positions within MCA-L in this context must be supported by a formal salary survey or another methodology approved in writing by MCC. MCA-L must request and receive a written waiver from MCC for proposed salaries that exceed the maximum

or fall below the minimum of the salary survey or other salary-setting methodology approved by MCC.

## **B. Special Considerations**

- a) Performance based award ("award") payments to current, full-time staff members of MCA-L are allowable only after a compact has entered into force (EIF) or, in the case of a Threshold Program grant, only after one year following EIF. To be eligible, staff members of MCA-L must have been employed by MCA-L for a minimum of six months at the time of the award. Awards must be based on measurable performance goals and documented supervisor appraisals of the employee's performance and may only be made under an established, written and MCC-approved organizational compensation policy or, if unique to a position and outside that approved compensation policy, are documented in a valid individual employment agreement approved by MCC.
- b) Extra compensation paid by the GoL, or any other entity, above the salary and benefit amounts established by MCC and MCA-L, is prohibited unless MCC agrees otherwise in writing. This means that a staff member is not allowed to accept outside employment. Furthermore, a staff member is prohibited from accepting extra compensation from the GoL in any form, including without limitation, money, allowances, vehicles, household staff, laundry services, staff support, and housing. This exclusion does not apply to reimbursement of valid expenses incurred and reimbursed by the GoL, for instance payment of per diem for travel costs incurred by an individual in the performance of their duties. Signing bonuses are prohibited. Special payments made to staff members, such as severance payouts, performance-based awards designed for specific positions, or retention incentive payments, are allowable only with the prior written approval of MCC.
- c) Payments mandated by local laws of the Liberian, or established as widespread local custom and practice, are allowed in the determination of compensation levels. An example of this type of payment would be a "13th month" payment where, in such country, an additional payment is traditionally made to a staff member based on the employee's average monthly salary. Unless otherwise established by law, the basis for these types of payments should be the employee's base salary, not the employee's total compensation inclusive of other benefits. The basis, timing, and method of payment for these special payments must be considered as part of total compensation in the development of the salary survey and must be documented in the applicable Fiscal Accountability Plan and in established written human resource and compensation policies of MCA-L, as applicable, prior to payment.
- d) Employee compensation may include overtime as required under local law, which may result in an additional or increased payment for hourly staff members. Staff members of MCA-L who are exempt from or not eligible for overtime compensation must commit in writing their understanding that their salary includes any remuneration that may be due for overtime or related compensation, unless otherwise established under local law that the right to overtime does not extend to exempt salaried staff members. MCC Grant funding cannot be used to pay for overtime for exempt salaried staff members, absent MCC's written approval and a written agreement entered into between the employee and MCA-L regarding such overtime.

### **C. Standards for Documentation**

Documentations of Compensation and Benefits Charges to MCC Grants for salaries and wages must be based on records that accurately reflect the work performed. In all cases, employee salary payments must be supported by an employment agreement that was effective at the time the work was completed, as well as by timesheets signed by the employee and his/her supervisor or another method acceptable to MCC that documents each employee's time and attendance. Timesheets must provide an accurate recording of a staff member's time and attendance.

## **19.10. Conferences, Meetings, Workshops, and Official or Ceremonial Events**

### **A. General**

"Conference" is a meeting or workshop with the primary purpose of disseminating programmatic information that is necessary and reasonable for successful performance of the MCC Grant. A conference does not include day to day working meetings and discussions amongst MCA-L staff in the implementation of the MCC Grant, for which no significant costs may be incurred; ii. An "official or ceremonial event" is a formal event performed or observed on a special occasion to foster relations or promote the accomplishments of MCA-L or the MCC Grant. Examples of official or ceremonial events include: hosting rare visits of noted personages; groundbreaking ceremonies for a new activity of the Program; milestones in the Program such as (but not limited to) EIF, the Compact End Date (CED), or the Compact Closure Date (CCD); and celebrating thematic events related to implementation of the Program such as International Women's Day events to highlight what a Program is doing to promote gender equality.

### **B. Allowable costs.**

Subject to the limitations and conditions set forth in paragraphs (c), (d), and (e) Section 5.3.9 of MCC Cost Principles:

- a) Allowable costs paid by MCA-L as a sponsor or host of conferences, meetings, workshops, and official or ceremonial events to facilitate implementation of the MCC Grant may include rental of facilities, conference fees, speakers' fees (for individuals not acting in their official capacity on behalf of the GoL or MCA-L), reasonable costs of meals and refreshments, travel costs, and other items incidental to such conferences unless further restricted by the terms and conditions of the MCC Grant Agreement.
- b) See also the following Sections of MCC Cost Principles: Section 5.3.12 for entertainment costs, Section 5.3.25 for participant support costs, and Section 5.3.37 for travel costs. Costs associated with conference attendance for MCA-L attendees for training purposes are addressed in Section 5.3.35 on Training and Education Costs.

### **C. Unallowable costs.**

Speakers' fees, stipends, and other allowances for persons acting in their official capacity on behalf of the GoL or MCA-L are unallowable. The sole exception is when members of the GoL or MCA-L have been authorized the reimbursement of expenses incurred for travel for a MCC Grant-related purpose under an Implementing Entity Agreement or other,



similar agreement formally approving travel expenses. Such an exception does not extend beyond travel costs and is only applicable if such travel costs are not also paid by the GoL.

**D. Special limitations and conditions.**

- a) MCA-L hosts or sponsors must exercise discretion and judgment in ensuring that conferences, meetings, workshops, and official or ceremonial event costs are appropriate, reasonable, necessary, and managed in a manner that minimizes costs charged against the MCC Grant. In addition, the following requirements must be met:
- b) The number of conferences, meetings, workshops, official or ceremonial events, and the number of participants for each should be reasonable, cost-effective, and aligned with the purposes and objectives, as well as the terms and conditions, of the MCC Grant Agreement. Likewise, the locations of conferences, meetings, workshops, official or ceremonial events must be determined on the basis of lowest total cost (including all travel and organizational costs) while still meeting the minimum mission critical requirements of the Program. While there may be instances where a location other than the lowest cost for holding an event may individually conform to a standard of reasonableness due to some mission critical requirement, MCA-L must consider the frequency of such proposed deviations across the Program to ensure prudent overall management of the MCC Grant.
- c) Costs for conferences, meetings, workshops, and official or ceremonial events are allowable only when the events are hosted or sponsored by an authorized and appropriate senior representative of MCA-L (e.g., Chief Executive Officer, Chief Operating Officer, or other senior official designated in the Fiscal Accountability Plan). Appropriate senior representatives of MCA-L or another Government Affiliate may be authorized in the Fiscal Accountability Plan to facilitate select conferences, meetings, workshops, and official or ceremonial events when necessary.
- d) Allowable costs for inviting stakeholders, beneficiaries, and the donor community are limited to those participants who are necessary for the implementation of the MCC Grant.

**E. Standards for Documentation of Conferences, Meetings, Workshops, and Official or Ceremonial Events.**

Charges to MCC Grants for costs of conferences, meetings, workshops, and official or ceremonial events must be set forth in records that accurately reflect the names, titles, contact information and affiliations of all participants at each event, as well as the specific purpose of each such event. These records must:

- a) be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- b) be incorporated into the official records and documentation of MCA-L; and
- c) comply with the established accounting policies and practices of MCA-L. Where necessary and when approved in advance by MCC, these policies may include exceptions for the documentation of participant requirements when and where impractical (e.g. – ground-breaking ceremony with wide geographic participation not necessarily determined in advance). Under no circumstances,



however, may MCA-L incur charges on behalf of an individual or direct payment of any kind to a participant without documentation of participant information.

### **19.11. Contributions and Donations**

- a) Costs of contributions and donations, including cash, property, and services from MCA-L to other entities are unallowable, unless explicitly authorized by MCC in the MCC Grant Agreement or Supplemental Agreement, such as MCA-L program closure plans approved by MCC.
- b) Services donated or volunteered to MCA-L may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services may not be charged to the MCC Grant either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the MCC's Guidelines for Country Contributions.

### **19.12. Dispute Resolution Proceedings**

A dispute resolution proceeding (DRP) is a proceeding related to bringing or defending an arbitral, judicial, administrative (including bid challenge procedures under the Program Procurement Guidelines) or other legal proceeding that results in a binding judgment. DRP costs typically include administrative and clerical fees, travel expenses to the site of proceedings, and costs of legal representation and other experts hired to assist with the proceedings. The allowability of DRP travel costs is addressed in Section 5.3.37 of MCC Cost Principles. All DRP-related airfare must be for travel in economy class. Except as provided below, DRP costs are generally allowable if the costs are reasonable, payment of the costs is not restricted by any provision of the MCC Grant Agreement, and, in the case of arbitration costs, the applicable contract includes a provision for the payment of such costs (or if the parties otherwise agree to binding and final dispute resolution proceeding). Awards, fines and penalties resulting from a DRP are subject to subsection 5.3.14 of MCC Cost Principles.

DRP costs are not allowable:

- a) In criminal matters, if a binding judgment (including a conviction entered upon a plea) is entered against MCA-L:
  - i. For failure to comply with a law or regulation;
  - ii. For fraud or similar misconduct; or
  - iii. Imposing monetary damages or penalties on MCA-L.
- b) In civil or administrative matters (including resolution by consent or settlement) is entered against MCA-L
  - i. for failure to comply with a law or regulation (including when the failure triggers a cross default clause in a commercial agreement); or
  - ii. for fraud or similar misconduct. DRP costs made unallowable by this subsection may be allowed if MCC determines that the costs were incurred as a result of a specific term or condition of the MCC Grant Agreement or specific written direction of an authorized official of MCC.

### **19.13. Entertainment Costs**

Costs of entertainment, including amusement, diversion, gratuities, gifts, and social activities and any associated costs are not allowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized by MCC in advance in writing.

### **19.14. Exchange Rates**

MCC Grants are denominated in United States Dollars. Although cost increases due to exchange rate fluctuations can be absorbed by the MCC Grant funding, the overall funding available will not be adjusted to accommodate these cost increases.

Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding under the MCC Grant and the recording of this expenditure consistent with MCA-L's Fiscal Accountability Plan. Prior approval is required only when the exchange rate fluctuations result in the need to increase the funding available under the MCC Grant, or the increased costs result in the need to significantly reduce the scope of the project.

### **19.15. Fines, Penalties, Damages and other Settlements**

- a) Costs resulting from MCA-L violations of, or failure to comply with applicable United States, or Liberian laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the MCC Grant Agreement, or with prior written approval of MCC. See also Section 5.3.11 of the MCC Cost Principles on Dispute Resolution Proceedings.
- b) Penalties for late payments owed by MCA-L to contractors providing goods, works, or services under the MCC Grant are allowable only if the contract with such contractor includes a provision for such late payment penalties. However, repeated late payments, or payments, fines or penalties resulting from gross mismanagement (as determined by MCC), are not allowable.
- c) If the fiscal agent is not a Government Affiliate, and the late payment is caused by the action (or inaction) of the fiscal agent in violation of the fiscal agent agreement or MCA-L Fiscal Accountability Plan, the late payment penalty shall be paid from the fees owed to the fiscal agent under the fiscal agent agreement and is not otherwise an allowable cost under the MCC Grant.
- d) Liquidated damages and contractual penalties will be handled on a case-by-case basis and require MCC approval to be allowable costs. If MCC were to determine, at its own discretion, that MCA-L was grossly negligent in the management of a contract, the use of MCC funding for payment of such penalties may be determined to be unallowable. Funds awarded to MCA-L as a result of a DRP (including damages and negotiated settlements) shall be refunded to MCC or used to pay for additional expenses of the Program, as directed by MCC.

### **19.16. Fundraising**

Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fundraising costs for the purposes of meeting the MCC Grant objectives are allowable with prior written approval from MCC.

### **19.17. Indirect and Direct Costs for Other Recipient Organizations under MCC-funded Grants, Contracts, Cooperative Agreements and Implementing Entity Agreements**

- i. All costs of MCA-L should be charged as direct costs, rather than a combination of direct and indirect costs. Direct costs are those costs that can be identified specifically within the MCC Grant and can be directly assigned to grant activities relatively easily with a high degree of accuracy. When properly implementing a Results-Based Financing program, indirect costs that have been determined to be necessary and reasonable to realize the objectives of the program are considered direct costs for purposes of MCC Cost Principles.
- ii. Other Recipient Organizations that receive any amount of the MCC Grant under a grant, contract or Implementing Entity Agreement with MCA-L may have indirect costs. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily allocated to the MCC-funded grant, contract or Implementing Entity Agreement. These costs are also referred to as "facilities and administrative" costs, and are those that have been incurred for common or joint objectives. Typical examples of indirect costs for many organizations may include use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general and administrative expenses, such as the salaries and expenses of executive officers, personnel administration and accounting.
- iii. Government Affiliates that receive any amount of the MCC Grant under a grant or an Implementing Entity Agreement with MCA-L must not receive funding that exceeds the total of the direct and indirect cost elements necessary to implement the relevant agreement. As such, performance bonuses or other results-based payments from which MCA-L may derive profit are unallowable. The sole exception to this principle is regarding payments that are part of Results-Based Financing that is explicitly required by the MCC Grant and thereby includes the full range of project life-cycle design, implementation and monitoring elements necessary to realize the benefits of such an approach. The payment structure for Results-Based Financing, which may vary significantly depending on the Program objectives and conditions, must be supported by due diligence and documentation that establish the total amount of Results-Based Financing payments that will exceed the direct costs incurred by MCA-L. In order for the total amount of such payments to be considered reasonable, MCC must provide prior written approval that the amount does not exceed the value of the desired outcomes of the MCC Grant.
- iv. Charging of indirect costs is appropriate only if all of the following conditions are met:
  - All standard criteria for determination of allowability are met (see Section 5.1 of MCC Cost principles);
  - The cost has not been allocated as a direct cost; and
  - MCC has approved the established indirect cost rate.

#### **19.18. Insurance and Indemnification**

- i. Costs of insurance required or approved and maintained, pursuant to the MCC Grant by MCA-L are allowable.
- ii. Costs of other insurance in connection with the general conduct of activities are allowable subject to MCC approval and to the following limitations:
  - Types and extent and cost of coverage are in accordance with MCA-L's policy and sound business practice.
  - Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, GoL property are unallowable except to the extent that MCC has specifically required or approved such costs.
- iii. Costs of premiums paid to an insurer for a guarantee to secure debt or other financing are allowable subject to MCC prior approval and to the following limitations:
  - The guarantee is purchased during the MCC Grant term (even if the guarantee extends beyond the MCC Grant term).
  - The guarantee furthers stated objectives as stated in the MCC Grant Agreement.
- iv. Actual losses that could have been covered by required insurance are unallowable, unless approved by MCC in writing. However, costs incurred because of losses within nominal deductible limits associated with the insurance coverage provided in keeping with sound management practice, as well as minor losses not covered by insurance that occur in the ordinary course of operations, are allowable.
- v. Indemnification includes securing MCA-L, its staff, and governing body members against liabilities to third persons and any other loss or damage, not compensated by insurance or otherwise. Indemnification costs are not allowable.
- vi. Contributions to a reserve by an MCA-L for certain self-insurance programs including workers' compensation, unemployment compensation, and severance pay are allowable if required by applicable law or regular practice and are subject to MCC approval. See also the section on compensation (see Section 5.3.8 of MCC Cost Principles).

#### **19.19. Interest, Bond Discounts, and On-Lending Programs**

- a) Except as provided in 5.3.18.b of MCC Cost Principles, interest payable on borrowing and bond discounts are unallowable.
- b) Financing costs (including interest) to acquire, construct, or replace capital assets that are part of a program funded by an MCC Grant are allowable, subject to the conditions of the MCC Grant.
- c) Principal and/or interest repaid to MCA-L for an MCC Grant-related on-lending program will be credited to MCC or designated for specific purposes at the end of the MCC Grant term (or such other time as may be agreed) in accordance with the arrangements agreed to in writing between MCA-L and MCC.

## **19.20. Lobbying**

### **19.20.1. Unallowable**

- a) The cost of influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost.
- b) Executive lobbying costs. Costs incurred in attempting to improperly influence either directly or indirectly, a staff member or officer of the United States Government or the GoL to give consideration or to act regarding an MCC Grant or regulatory matter are unallowable. To improperly influence means to exert any influence that induces or tends to induce a staff member or officer to give consideration or to act regarding an MCC Grant or regulatory matter on any basis other than the merits of the matter.
- c) In addition to the above, costs associated with the following activities with respect to the U.S. Government or the GoL and any political subdivisions thereof are unallowable (subject to paragraph d below):
  - i. Attempts to influence the outcomes of any election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;
  - ii. Establishing, administering, contributing to, or paying the expenses of a political party, campaign, candidate, political action committee, or other organization established for the purpose of influencing the outcomes of elections;
  - iii. Any attempt to influence
    - the introduction of legislation not related to the terms and conditions of the MCC
    - the enactment or modification of any pending legislation through communication with any member or employee of a legislature (including efforts to influence officials to engage in similar lobbying activity);
    - the enactment or modification of any pending legislation by preparing, distributing, or using publicity or propaganda, or by urging members of the general public or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or
    - any government official or employee in connection with a decision to sign or veto enrolled legislation.
- d) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

### **19.20.2. Allowable**

- a) Providing technical and factual presentations on topics directly related to the performance of the MCC Grant (through hearing testimony, statements, or letters to a legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a request for testimony or statements for the record at a regularly scheduled hearing) made

by a legislative body or subdivision, or a member or cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled legislative hearing pursuant to a written request for such presentation.

- b) Any lobbying made unallowable by the above subsection of this Policy to influence national, state or local legislation is allowable if it is in order to directly reduce the cost, or to avoid material impairment of a Government Affiliate's authority to perform the grant, contract, or other agreement, or
- c) Any lobbying related to policy reform in support of, related to, or required by, the purposes of the MCC Grant Agreement

### **19.21. Materials, Equipment and Supplies**

Costs incurred for materials, equipment and supplies necessary to carry out the MCC Grant are allowable. The reasonable cost of such items must be established in accordance with the procurement procedures established in MCC's Program Procurement Guidelines or such other procurement rules approved by MCC for use by MCA-L.

Purchased materials and supplies must be charged at their actual prices, net of applicable credits, as set according to the terms of the applicable contract. The inclusion of contract terms that incentivize outcomes (cost reduction, efficient performance, etc.) through results-based payments are allowable provided such payments are clearly disclosed as part of the procurement process, considered within the overall cost reasonableness analysis prior to award, and captured in the formal written agreement before the services are rendered. All such contracts must be procured in a manner consistent with the requirements for performance based procurement in the *MCC Program Procurement Guidelines*.

Incoming transportation charges (including costs to guarantee payment on incoming goods) are proper parts of materials and supplies costs.

### **19.22. Capital Expenditures / Maintenance and Repair Costs**

Capital expenditures for improvements to land, buildings, or equipment are allowable when consistent with the objectives of the Program and the terms and conditions of the MCC Grant Agreement. Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment, which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition during the period of the grant, are allowable.

### **19.23. Memberships, Subscriptions, and Professional Activity Costs**

- a) Costs of MCA-L's membership in business, technical, and professional organizations as well as subscriptions to business, professional, and technical periodicals are allowable.
- b) Costs of an individual's membership in these organizations or such subscriptions is unallowable unless individual representation of MCA-L is required to secure

necessary memberships or the membership of a specific individual is a requirement for fulfilling a specific MCC Grant objective.

- c) Costs of membership in any civic or community organizations are allowable with prior MCC approval only if necessary for performance and completion of the MCC Grant rather than as a representational or public outreach expense.
- d) Costs of membership in any social, dining, or entertainment clubs are unallowable.
- e) Costs of membership in organizations whose primary purpose is lobbying are unallowable.

#### **19.24. Office Space**

The reasonable costs of leasing office space necessary for implementation of the MCC Grant are allowable. The costs of leasing office space are allowable to the extent the rates are reasonable in light of such factors as: leasing costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased. Complete documentation of price reasonableness prior to entering into a lease is required.

Leasing costs under "less-than-arm's-length" rental agreement is allowable only up to an amount otherwise determined to be reasonable considering the factors above. For this purpose, a less-than-arm's length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Particular care should be taken in determining price reasonableness in any instance where the potential for a less-than-arm's-length lease scenario has been identified.

Notwithstanding the above, the lease of any property, including commercial or residential real estate, owned by any individual or entity affiliated with MCA-L, for purposes such as office workspace is unallowable unless approved by MCC. The cost of purchasing real property for MCA-L office space is unallowable.

#### **19.25. Organization Costs**

Expenditures in connection with planning or executing the organization or reorganization in the structure of MCA-L or meeting legal and regulatory requirements for MCA-L are allowable to the extent that they are necessary and appropriate to such purposes and related to an existing MCC Grant. Such expenditures may include, but are not limited to, the cost of attorneys, accountants, and management consultants.

Expenditures in connection with planning or executing the organization or reorganization in the structure of a GoL entity organized for the purposes of fulfilling responsibilities of the GoL after the end of the term of an MCC Grant are not allowable unless explicitly provided for as part of the MCC Grant.

#### **19.26. Participant Support Costs**

Participant support costs, or direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees in connection with meetings, conferences, symposia, or training projects, are allowable only with the prior written approval of MCC or as explicitly included in the MCC Grant or a supplemental agreement such as an Implementing Entity Agreement.



### **19.27. Personal Use of Goods and Services Acquired with the MCC Grant**

Goods and services acquired with the MCC Grant must be used only in the performance of the MCC Grant and must not be used for the personal benefit (other than for incidental use) of a MCA-L employee or consultant unless MCA-L has an established and published procedure approved by MCC for reimbursement of the MCC Grant for personal use.

Certain goods and services that may be subject to greater risk of misuse, including but not limited to communications devices and services, electronic equipment, and vehicles must be managed in accordance to vehicle use policies established by MCA-L to prevent misuse (**Annex 13a**).

### **19.28. Pre-Award Costs**

Pre-award costs are those incurred prior to the effective date of the MCC Grant, where such costs are necessary to implement the MCC Grant or comply with the MCC Grant provisions. Such costs are allowable only to the extent that they would have been allowable if incurred after the effective date of the MCC Grant and only with the written approval of MCC (including through the approval of a periodic disbursement request) or if specifically authorized in the MCC Grant. Program funding provided under a compact may not be used for any pre-award cost that predates EIF of the compact.

### **19.29. Professional Service Costs**

Costs of professional and consultant services, whether short-term or long-term, rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or staff members of MCA-L, are allowable if (1) such services are obtained in accordance with the procurement procedures and processes established in MCC's Program Procurement Guidelines or such other procurement rules approved by MCC; (2) such contracted services have been determined to be necessary to the fulfill the purposes of the MCC Grant; and (3) the costs are normal, customary and reasonable for the nature and scope of the services rendered in relation to the services required. The inclusion of contract terms that incentivize outcomes (such as cost reduction and efficient performance) through results-based payments are allowable provided such payments are clearly disclosed as part of the procurement process, considered within the overall analysis of cost reasonableness prior to award, and set forth in the signed contract before the services are rendered. The contract must have been procured in a manner consistent with the requirements for performance-based procurement in the *MCC Program Procurement Guidelines*. Contracts for professional services that include any element of retainer fees must be supported by evidence of bona fide services available or rendered.

### **19.30. Publication and Printing Costs**

Publication costs for electronic and print media, including distribution and promotion, are allowable when directly related to specific projects within the Program or are associated with the communications strategy of MCA-L. Publication costs, for example, include costs of composition, plate-making, press work, binding, and the final products for distribution, promotion, mailing, and general handling.



## **19.31. Recruitment and Relocation Costs**

### **A. Allowable Recruitment Expenses**

Cost of "help wanted" advertising; travel costs, including food and lodging, of applicants for interviews for prospective employment with MCA-L; and relocation costs incurred incidental to the recruitment of new staff members.

Allowable relocation costs include reasonable costs of transportation of the employee and members of the employee's immediate family (as defined in MCA-L's MCC approved operational policies), and expenses of moving personal effects to the new work location. These costs may be reimbursed by MCA-L provided that:

- i. The move is for the benefit of the MCC Grant and occurred after selection of the employee in question;
- ii. The reimbursement does not exceed the employee's actual expenses for the types of expenses noted above; and
- iii. The specific eligibility criteria, terms and limitations of allowable relocation costs considered to be reasonable are included as part of written procedures approved by MCC. At a minimum, these limitations must ensure that allowable relocation costs are not paid for moves within the immediate metropolitan area of the work location and cannot be paid for moves undertaken prior to the employee's selection as part of MCA-L.

### **B. Unallowable Recruitment Expenses**

If MCA-L engages employment agencies to recruit staff, any costs in excess of standard commercial rates for such services are unallowable.

Special fringe benefits and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness are unallowable.

### **C. Unallowable Relocation Expenses**

- a) Fees and other costs associated with acquiring a new home in excess of any explicitly allowable housing allowances included as part of overall compensation;
- b) A loss on the sale of a former home;
- c) Continuing mortgage principal and interest payments on a home being sold; and
- d) Income taxes paid by a staff member related to reimbursed relocation costs. In some cases, such taxes may be exempted or eligible for reimbursement under the governing tax provisions of the grant agreement.

Where relocation costs incurred incident to recruitment of a new employee have been funded in whole or in part with the MCC Grant, and the newly-hired employee resigns for reasons within the employee's control within 12 months after hire, MCA-L is required to have procedures in place and to secure a refund or credit of the portion of such relocation costs funded by the MCC Grant.

## **19.32. Security Costs**

Necessary and reasonable costs incurred for the protection and security of facilities, personnel, and work products are allowable provided they are consistent with MCC

prohibitions on funding of military or police. Such costs may include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants.

### **19.33. Selling and Marketing Costs**

Costs of selling and marketing any products or services of MCA-L are generally unallowable with two important exceptions. The first exception is for direct costs connected with disposition of program assets consistent with program Closeout. The second exception is for direct costs associated with a Build Operate Transfer (BOT) program in which MCA-L sells assets funded by the MCC Grant to a private operator to maintain and use for an intended benefit.

Incurring allowable costs under either exception requires prior written approval by MCC. In the case of a BOT program exception, transactions must meet stringent legal requirements before being undertaken.

Failure to comply with these requirements could result in a determination that the underlying asset costs, as well as any associated selling and marketing costs, are unallowable. Any proceeds from BOT transactions must be segregated and used only in furtherance of explicitly-agreed objectives of the MCC Grant.

### **19.34. Taxes**

Payments by MCA-L for taxes on goods, works or services funded with MCC Grant funds are not allowable, unless otherwise determined as an exception to the general rule consistent with *MCC's Tax Policy on MCC Assistance* and the MCC Grant Agreement.

### **19.35. Technical Evaluation Panels**

A technical evaluation panel (TEP) is often used to evaluate expressions of interest or proposals submitted by prospective vendors. Compensation to a staff member of MCA-L or GoL for service as a member of a TEP is not allowable. Reasonable compensation to other individuals who are not staff members of MCA-L or GoL for service as a member of a TEP is allowable.

MCA-L may provide members of a TEP a maximum of one working meal per day. A working meal is only allowable if members are engaged in evaluation activities during the normal meal time (as stated on an agenda). Only a nominal amount of the MCC Grant may be used per member for working meals.

If the technical evaluation is held in a location which requires travel outside the city of the procuring entity, all TEP members may be reimbursed for their transportation and per diem expenses directly related to their participation as a panel member. Similar to the limitations stated in Section 5.3.9 (d) of the MCC Cost Principles related to conferences, workshops and other meetings, the location of technical evaluations must be determined on the basis of lowest total cost (including all travel and organizational costs) while still meeting the minimum mission critical requirements. While there may be instances where a location other than the lowest cost for holding an evaluation may individually conform to a standard of reasonableness, MCA-L must also consider the frequency of such proposed deviations across the Program to ensure prudent overall management of the MCC Grant.

The allowability of TEP-related travel costs is addressed in Section 5.3.37 of MCC Cost Principles. All TEP-related airfare must be in economy class.

### **19.36. Training and Education Costs**

The cost of training and education provided for the development of MCA-L staff members is allowable only with the prior written approval of MCC 6 for a reasonable number of attendees who are MCA-L staff members or consultants if directly related to the purposes and objectives, and the terms and conditions, of the MCC Grant; and directly related to the employee's job function within MCA-L.

### **19.37. Transportation costs**

Costs incurred for freight, express, cartage, postage, other transportation services, and insurance, and costs to guarantee payment on goods, relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items.

### **19.38. Travel costs**

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by the governing body of MCA-L or by staff members of MCA-L who are in travel status on official business related to the MCC Grant. Such travel expenses are allowable as provided in this section.

#### **a) Lodging, Meals, and Incidental Expenses**

Lodging expenses are reimbursable for actual expenses incurred up to the limits set forth, at MCC's option, as follows: (1) by applicable GoL laws or regulations; (2) by the international per diem rates according to the U.S. Government Federal Travel Regulations promulgated by the United States Department of State ([www.state.gov](http://www.state.gov)); or (3) by written agreement between MCC and MCA-L.

Lodging expenses for travel in the continental United States will be reimbursed according to the U.S. Government Federal Travel Regulations promulgated by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). All lodging costs must be supported with payment receipts.

- i. Meals and incidental expenses (M&IE) rates cover the cost of meals and some incidental expenses for each day of travel at a fixed rate. The rates are determined, at MCC's option, as follows: (1) by applicable GoL laws or regulations; (2) by the international per diem rates according to the U.S. Government Federal Travel Regulations promulgated by the United States Department of State ([www.state.gov](http://www.state.gov)); or (3) by written agreement between MCC and MCA-L. M&IE rates for travel in the continental United States will be reimbursed according to the U.S. Government Federal Travel Regulations promulgated by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- ii. Incidental expenses include costs for laundry, cleaning, and tips for services. Incidental expenses do not include costs such as renting a conference room or making a phone call for strictly business purposes (these costs may be expensed separately to MCA-L). On the day of departure on temporary travel, the traveler is eligible for M&IE at the rate of 75 percent of the M&IE rate

applicable to the temporary travel destination. On the day of departure for home base, the traveler is eligible for M&IE at the rate of 75 percent of the M&IE rate applicable to the temporary travel destination.

## **b) Commercial Air Travel**

Airfare costs in excess of the basic least expensive unrestricted accommodations class (economy class) offered by commercial airlines are unallowable except when such accommodations would:

- i. Require circuitous routing or otherwise excessively prolong travel beyond the most direct routing to the intended destination;
- ii. Result in additional costs that would offset the transportation savings; or
- iii. Offer accommodations not reasonably adequate for the traveler's documented medical needs.

MCA-L must secure prior written approval from MCA-L's senior management and MCC if any of these exceptional circumstances exist.

The GoL, at its discretion, may utilize non-MCC funding for airfare costs in excess of the cost for the basic, least expensive, unrestricted accommodations class (economy class) offered by commercial airlines for reasons other than those listed above. In these instances, MCA-L will follow procedures included in this Fiscal Accountability Plan to determine the basis for any portion of such travel funded by the MCC Grant. Non-MCC funding utilized for airfare costs in excess of the cost for economy class cannot be considered a Country Contribution by GoL.

While MCC Cost Principles does not allow airfare costs in excess of economy class unrestricted fares, MCA-L has developed internal procedures designed to make most efficient use of grant funds using restricted and/or non-refundable fares, where practical

## **c) Rest Stops During Travel**

The purpose of a rest stop is to break up long flight schedules and allow travelers to rest prior to reporting to work or continuing their business travel. The cost of economy class airfare combined with a rest stop not to exceed 24 hours is allowable. Under no circumstances may travel include both business-class airfare and a rest stop to or from the destination. For rest stop costs to be allowable, MCA-L must have specific rest stop procedures for all travelers approved

## **d) Additional Travel Information**

To avoid ambiguity, MCA-L has outlined the application and management of travel expenses in **Annex 13 & 13c** of this Fiscal Accountability Plan. Other individuals' travel costs may be incurred when specifically allowed for in a Supplemental Agreement, such as an Implementing Entity Agreement, and when necessary for the performance of the MCC Grant.

## 20. PETTY CASH

### 20.1. General Policy

Due to the need to be able to manage small miscellaneous payments, MCA-L hereby adopts a policy to establish a petty cash float to serve this purpose. The Petty cash float will be held in USD.

Only authorized individuals may approve the use of Petty Cash (**Annex 14**), and appropriate receipts and records shall be maintained. The Petty Cash float shall be reconciled on a monthly basis. Any discrepancy in the petty cash fund must immediately be brought to the attention of the DFA.

### 20.2. Responsibility

The petty cash is administered by the MCA-L Administrative Officer (AO).

Each petty cash request must be submitted using a specific petty cash request form designed by MCA-L containing the appropriate approval signatures, which at a minimum should include the requester (Project Director) and the (MFA).

The Admin Officer is responsible for completing the petty cash form based on pre-approved request received from the DFA, which is generally done by email and serves as additional supporting document to the request.

The Admin Officer is responsible for replenishing the float.

The DFA is responsible for approving replenishing of the float after ensuring that all necessary checks and controls have been complied with.

### 20.3. Petty Cash Fund Ceiling

The Petty Cash Float for the MCA-L shall be **USD2,000** and shall be operated on an imprest basis.

### 20.4. Other Requirements

- a) No individual petty cash transaction may exceed the threshold level of USD300.
- b) The fund will be used for the payment of small items such as parking fees, office supplies and other administrative costs. The fund should never be used to circumvent normal disbursement procedures and therefore items such as salaries, rents, and travel advances should not be reimbursed through this fund.
- c) It is prohibited to lend funds from Petty Cash Fund.
- d) Vouchers should be stamped 'Paid' once funds have been disbursed.
- e) When the expenditures paid represent 80% of the total amount of the fund, it should be replenished to its ceiling. This will guarantee sufficient cash to meet the typical needs for petty cash on any given day. The replenishment request should be submitted together with a petty cash reconciliation, verified by the DFA and supported by valid documentation (receipts/invoices).

## **20.5. Petty Cash Custody**

- a) The petty cash shall STRICTLY be kept in a lockable petty cash box. Only the AO who is responsible for the petty cash float will have access to the keys for the petty cash box.
- b) The Fiscal Agent must conduct regular and unannounced spot checks for audit purposes. The results of the petty cash audit review should be documented, signed by the reviewer and the petty cash custodian, and forwarded to the DFA.

## 21. REPORTING

### 21.1. Fiscal Agent

#### 21.1.1. Monthly Commitment and Disbursement Report

The Fiscal Agent is responsible for preparation of the **Monthly Commitment and Disbursement Report (MCDR)**, which includes a **Reconciliation Report** to MCC. This report is submitted in electronic form to MCC via MCC MIS. It enables MCC to reconcile its accounts with the MCA-L's account each month for commitments and disbursements made through to the end of the month.

The preliminary MCDR is due in MCC MIS by the 6<sup>th</sup> of the month following an end of a quarter and the final MCDR is due no later than the 14<sup>th</sup> day (or next business day if this falls on a weekend or holiday) of the following month for the other months of the quarter.

#### 21.1.2. Reports Produced by the Fiscal Agent

The FA shall produce monthly, quarterly, semi-annual, annual, and ad-hoc reports for the use of MCA-L and MCC as follows:

##### 1. Monthly Reports

- Fund Accountability Statement for the completed month and cumulative-to-date;
- Reconciliation between MCA-L accounting records and the bank statement;
- Reconciliation between MCA-L accounting records and MCC accounting records;
- Project to date payments to a single vendor
- Tracking report on compliance with the requirement that payments to suppliers/providers were made within thirty (30) calendar days.

##### 2. Quarterly Reports

- Assistance with Quarterly Financial Reports and data calls
- Assistance with disbursement request preparation and submission.
- Quarterly Fund Accountability Statement for each ended quarterly period.
- Performance Report detailing the tasks performed by the FA during the quarter

##### 3. Semi-Annual Reports

- Fund Accountability Statement for the six-month period ending June 30 and December 31.

##### 4. Annual Reports

- The Annual Performance Report replaces the fourth quarter Quarterly Performance Report.

##### 5. Special Reports

- The FA shall provide as necessary other special reports as required by the Program and/or requested by MCC.

FA in consultation with the DFA will develop an internal procedure that specifies what financial or non-financial information shall be disclosed to the legislature and/or general public.

## 21.2. UBA Bank

The Bank shall provide access to the following reports to MCA-L and the FA:

1. Cash balance of the Permitted Bank Accounts
2. A transaction report
3. Exchange Rates
4. Bank Statements

## 21.3. The MCC Financial Services Provider (IBC)

IBC will provide the US Treasury CPS Report that details payments of IBC transaction (on a weekly and monthly basis) via MCC-MIS portal.

## 21.4. Termination Reports

Termination reports shall reflect compliance with all Agreements involving MCC and MCA-L at the termination of the Compact, or other prescribed termination. The reports reflect termination of all contractual relationships (including vendors and staff members'), liquidation of payment obligations, and satisfaction of all other financial liabilities including return of funds to MCC. Termination reports shall include the Program Completion Report (PCR) that shall replace the Annual Performance Report for Quarter 20 and all standard reports, and any additional reports requested by Implementing Agents, MCA-L, MCC and the Office of Inspector General of MCC.

## 21.5. Schedule, Destination, and Publication of Reports

Report	Report Responsibility	Submission Date	Report Recipient	Published
<b>Monthly Reports</b>				
Fund Accountability Statement	Fiscal Agent (FA)	14 calendar days after month-end	DCEO and DFA	No
Bank Reconciliation	Fiscal Agent (FA)	14 calendar days after month-end	DCEO and DFA	No
CPS Reconciliation	Fiscal Agent (FA)	14 calendar days after month-end	DCEO and DFA	No
Monthly Commitment and Disbursement Report ("MCDR")	Fiscal Agent (FA)	14 calendar days after month-end	DCEO, DFA and MCC	No
Vendor/Prompt Payment Report	Fiscal Agent (FA)	14 calendar days after month-end	DCEO and DFA	No
Bank Statement	Bank	5 calendar days after month-end	DCEO DFA and FA	No
US Treasury CPS Report	MCC Financial Service Provider	5 calendar days after month-end	DECO, DFA and FA	No
<b>Quarterly Reports</b>				



Report	Report Responsibility	Submission Date	Report Recipient	Published
Disbursement Requests	DFA with FA Assistance	20 calendar days before beginning of next quarter	MCA-L Board and MCC	Yes
Quarterly Financial Report	DFA with FA Assistance	20 calendar days before beginning of next quarter	MCA-L Board and MCC	Yes
Detailed Financial Plan	DFA with FA Assistance	20 calendar days before beginning of next quarter	MCA-L Board and MCC	No
MCC Quarterly Data Call for Accruals	DFA with FA Assistance	7 calendar days from the end of the quarter	MCC	No
Quarterly Fund Accountability Statement	Fiscal Agent (FA)	20 calendar days after quarter-end	DCEO and DFA	No
<b>Semi-Annual Reports</b>				
Fund Accountability Statement	Fiscal Agent (FA)	15 calendar days after the period end	DCEO and DFA	Yes, but after being audited
<b>Annual Reports</b>				
Annual Performance Report	Fiscal Agent (FA)	30 calendar days after year-end	DCEO and DFA	No

Within the prescribed number of days after each fiscal period, the financial reports for that period shall be published on MCA-L's website or otherwise made available publicly.

## 21.6. Retention of Records

The FA shall retain electronic and paper records of all financial transactions carried out by the FA on behalf of MCA-L. Records subject to MCC Cost Principles include all paper and electronic documents, and pertain to any activity of the FA conducted under the terms of the Fiscal Agent Agreement, including communication, contracts or financial transactions. The FA records shall be retained at a facility provided by MCA-L for a period of five years following the termination date of the Compact or the Fiscal Agent Agreement.

The MCA-L records retention policy is contained in **Annex 15** of this FAP.

## 22. AUDITS

### 22.1. General Information

MCA-L shall ensure that authorized representatives of MCC, the Office of Inspector General for MCC, the U.S. Government Accountability Office, or any auditor contemplated in a Compact Document, are afforded (i) the opportunity to audit or inspect activities financed with MCC Funding, the utilization of goods and services financed by MCC Funding, and books, records and other documents relating to this Compact, and (ii) access to relevant staff members and agents of the Government and any other entity receiving amounts of MCC Funding.

In addition, MCA-L shall engage an independent auditor to conduct an audit of all Covered Providers, in accordance with the MCC Audit Guidelines. A Covered Provider is an entity to which MCA-L has disbursed USD750,000 or more of MCC funding within a single fiscal year as part of one or more binding agreements that meet both of the following criteria:

- a) The agreement is other than a fixed price contract for which the value has been determined through procurement or other competitive selection process.
- b) The agreement requires the entity to manage funding directly on behalf of MCA-L.

### 22.2. Purpose of financial audits

The purpose of a financial audit of MCC grant funding shall be to provide assurance that the financial statements present fairly, in all material respects, all financial positions, results of operations, and cash flows of MCA-L or Covered Provider(s) in support of the Program. Financial audits of the funds provided by MCC must be performed in accordance with U.S. Government Auditing Standards, or in accordance with other approved standards where applicable, and should accordingly include such tests of the accounting records as deemed necessary under the circumstances.

The specific objectives of the financial audit are to:

- a) Express an opinion on whether the Fund Accountability Statement for the MCC-funded portion of the Program presents fairly, in all material respects, results of operations, revenues received, costs incurred, and assets and technical assistance directly procured by MCC for the period audited in conformity with the terms of the agreements and accounting principles generally accepted in the United States of America or of another comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis).
- b) Evaluate and obtain a sufficient understanding of the Program's internal control, assess control risk, and identify significant deficiencies or material weaknesses in the design and effectiveness of internal controls implemented by MCA-L or Covered Provider(s). This evaluation should also evaluate internal controls related to management and application of the required cost-sharing contributions.
- c) Perform tests to determine whether recipients of grant funding complied, in all material respects, with agreement terms and applicable laws and regulations required by each Program. Specifically, tests should be conducted on compliance with the: Grant Agreement; Supplemental Agreements; Fiscal

Agent Agreement; Procurement Agent Agreement; MCC Cost Principles for MCA-L Operations; MCC Program Procurement Guidelines; MCC Procurement Guidance Note on MCA Small Value Purchases; MCC Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations; etc., as well as each Fiscal Accountability Plan if required by each Grant Agreement. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred should be identified and reported as appropriate. Tests should also include the compliance requirements related to required cost-sharing contributions, if applicable.

### 22.3. Audit Plan

The DFA, with the assistance of the FA, shall prepare an Audit Plan no later than sixty (60) calendar days before the end of each period to be audited. The Audit Plan shall designate the entities (MCA-L and Covered Provider(s), if any) to be audited, as outlined in the *Millennium Challenge Corporation Guidelines for Financial Audits Contracted by Foreign Recipients* (MCC Audit Guidelines), as well as the timing of an audit.

The audit plan shall be updated from time to time to include new Covered Provider(s)s or other considerations as necessary. Audits will be conducted on a semi-annual basis for the six-month periods ending March 31 and September 30, except for any modifications to those audit periods as indicated from time to time by MCC.

### 22.4. Procuring Auditors

MCA-L shall select an appropriate auditor through a competitive procurement process consistent with the MCC Program Procurement Guidelines, available on MCC's website at [www.mcc.gov](http://www.mcc.gov). The statement of work included in all bidding and contract documents regarding the procurement of an auditor shall conform to the illustrative statement of work provided in the Audit Guidelines or to supplemental guidelines and documentation provided from time to time by MCC.

The audit contract shall provide for a **base year audit** as well as **option period audits**. The option periods will be exercised at the discretion of MCA-L with approval from MCC.

### 22.5. Audit Deliverables and Discussions

Each audit cycle shall have five deliverables, written in English:

Deliverables	Due Dates	Meetings
<ul style="list-style-type: none"> <li>A complete Planning Document</li> </ul>	<ul style="list-style-type: none"> <li>The Auditor submits planning document to MCA-L within 15 calendar days after commencement of service.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<ul style="list-style-type: none"> <li>Entrance Conference</li> </ul>	<ul style="list-style-type: none"> <li>MCC will provide No Objection to the planning documents within 21 days upon receipt.</li> </ul>	<ul style="list-style-type: none"> <li>Auditor holds an entrance conference with MCA-L following the receipt of No Objection from MCC</li> </ul>
<ul style="list-style-type: none"> <li>Exit Interview</li> </ul>	<ul style="list-style-type: none"> <li>Following completion of the fieldwork.</li> </ul>	<ul style="list-style-type: none"> <li>To discuss preliminary findings and to give MCA-L the opportunity to correct and/or clarify any misunderstandings that may have arisen during the fieldwork, and to request formal, written</li> </ul>

Deliverables	Due Dates	Meetings
		comments for inclusion into the Draft Audit Report.
<ul style="list-style-type: none"> <li>• Draft Audit Report / Exit Conference</li> </ul>	<ul style="list-style-type: none"> <li>• The Draft Audit Report is due within 60 calendar days after the commencement of services</li> </ul>	<ul style="list-style-type: none"> <li>• To discuss relevant findings within the Draft Audit Report.</li> </ul>
<ul style="list-style-type: none"> <li>• Final Audit Report</li> </ul>	<ul style="list-style-type: none"> <li>• Due within 15 calendar days after MCC No Objection of the Draft Audit Report.</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

Staged payments are based upon the MCC's approval of each deliverable.

As a matter of process, each deliverable will be submitted by the Auditors to MCA-L, and then by MCA-L to MCC for review and No Objection.

MCA-L shall furnish, or cause to be furnished, audit reports in form and substance satisfactory to MCC for each audit required by each Grant Agreement no later than ninety (90) calendar days after the later of the end of the period under audit, or the commencement of audit services, or by such other time as may be agreed upon by MCA-L and MCC.

## **22.6. Corrective Actions**

The external auditor will make necessary reviews to determine if MCA-L or any recipient of grant funding has taken adequate corrective action on prior audit report recommendations.

## 23. WHISTLE BLOWER POLICY

### 23.1. General Information

MCC requires that all beneficiaries of MCC funding observe the highest standards of ethics during the implementation of the Compact. Such beneficiaries including every entity operating under MCA-L i.e., the management of MCA-L, the projects, the Fiscal Agent, the Procurement Agent, Implementing Entities, and consultants, as well as any bidders, suppliers, contractors and subcontractors. MCC's Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations is currently available at the following URL: <http://www.mcc.gov/documents/guidance/mcc-policy-fraudandcorruption.pdf>

In order to help MCC process, in a timely and accurate manner, any reports of suspected fraud or corruption in an MCC program or project, MCC or MCA-L employees, contractors, consultants, and the public may report instances of waste, fraud, or abuse of MCA-L's funds or assets directly to MCC via <https://www.mcc.gov/pages/interceptor/reportfraud>

In addition, it is the policy of MCA-L to use the USAID Office of Inspector General (OIG) HOTLINE as a mechanism to report Waste, Fraud or Abuse. Employees, contractors, consultants, and the public may report instances of waste, fraud or abuse of MCA-L's funds or assets via telephone, email, or mail.

The purpose of the Office of Inspector General Hotline is to receive complaints of Waste, Fraud or Abuse in MCA-L's operations, including mismanagement or violations of law, rules or regulations by employees, consultants, contractors, or program participants.

HOTLINE Reporting Method	Contact Information	Confidential
Online HOTLINE	<a href="http://oig.usaid.gov/content/mcc-hotline-report-fraud-or-corruption">http://oig.usaid.gov/content/mcc-hotline-report-fraud-or-corruption</a>	YES, if requested
Telephone HOTLINE	+1 <b>202-712-1023</b> or +1-800-230-6539	YES, if requested
E-Mail HOTLINE	<a href="mailto:ig.hotline@usaid.gov">ig.hotline@usaid.gov</a>	<b>NO</b>
Mail	US Agency for International Development Office of Inspector General Investigations (USAID/OIG/I) P.O. Box 657, Washington, DC 20044-0657	YES, if requested

The OIG provides oversight services for USAID and the [Millennium Challenge Corporation](#) (MCC). Complaints may be received directly from employees, program participants, consultants, contractors, or the general public. The Inspector General Act and other pertinent laws provide the protection of persons making Hotline complaints. Individuals have the option of submitting their complaint(s) via **Internet electronic mail, telephone, or U.S. mail**. However, if you elect to submit your complaint(s) via Internet e-mail you must waive confidentiality due to the non-secure nature of Internet electronic mail systems.

*\* MCA-L shall ensure that MCC Cost Principles is included in its Fiscal Accountability Plan (FAP), posted on its website, and that signage is posted in a public area at all MCA-L office locations in addition to the offices of the Fiscal and Procurement Agents*

### 23.2. Settlement of Claims against MCA-L

Prior to accepting any financial settlement of a claim against MCA-L, MCC "No Objection" shall be obtained.

## ANNEX 1: SEGREGATION OF DUTIES

	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	D-CEO	CEO
Position	FAM	SFMS	SAS	PTS	AA	DFA	MFA	AO				
<b>1) Financial Systems, Policies, SOP,s &amp; Tools development.</b>												
a) Preliminary preparation & updates of FAP to meet current recommended best practices.	X					X						
b) Joint Reviews & updates of FAP to meet current recommended best practices.	X	X	X			X	X					
c) Official Submission to MCC for no Objection												X
<b>2) Cash flow Management, Forecasting and Requests</b>												
a) Initiates Quarterly Cash request based on the actual/ forecasted need									X			
b) Verification and approval of the cash forecast and request						X					A	X
c) Remits the approved forecast and request to MCC through the QDR											A	X
d) Analysis of weekly cash status in the permitted accounts			X									
<b>3) Funds utilization &amp; Payment Cycle Duties</b>												
<b>A. Project Director/Manager</b>												
a) Approval of Deliverable									X			
b) Approval of Payment Approval Form									X		A	X
c) Endorsement of ESMP and HSMP Deliverable by ESP (Works Contracts)										X		
<b>B. Finance</b>												
a) Date stamping of accepted invoice								X				
b) Checks against approved budget and coding						X						
c) Checks Payment Approval Form & supporting documents for Compliance with Cost Principles & FAP						X						
d) Approval of Payment Approval Form						X						

	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	D-CEO	CEO
Position	FAM	SFMS	SAS	PTS	AA	DFA	MFA	AO				
<b>C. Fiscal</b>												
a) Preparation of Payment Approval Form				X								
b) Checking if payee is not mentioned on the excluded parties' lists				X								
c) Capturing payment into UBA Online Banking System (EFT) or writing check				X								
d) Checks against approved budget and coding				X								
e) Checking completeness of Payment Documents		X										
f) For works invoices -Verification of Performance Guarantee, checking certificate cumulative payments to date against contract amount and checking calculation of retentions		X										
g) Verification of Account Details for EFT / PRF				X								
h) Checks Payment Request Form & supporting documents for Compliance with Cost Principles & FAP	X											
i) Approval of Payment Documents (PAF/PRF/EFT/Check)	X	X	A									
j) Updating 30 day tracking sheet					X							
k) Stamping invoice 'paid' and filling payment documentation					X							
<b>4) UBA Online Banking Controls</b>												
a) View/print, transactions, account balances and statements	X	X	X	X		X						
b) Create new vendor and amend vendor account details upon approval by FAM			X									
c) Approve amendments to vendor account details	X											
d) Capturing payment into Online Banking System (EFT)				X								
e) Authorize payment online (Level 1)		X	X									
f) Authorize payment online (Level 2)	X											
g) Stop payment (Dual Responsibility)	X	X	X									
<b>5) CPS Payments</b>												

	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	D-CEO	CEO
Position	FAM	SFMS	SAS	PTS	AA	DFA	MFA	AO				
a) Preparation of CPS Payment Request Form			X									
b) Capturing of CPS Payment Request Form in accounting system			X									
c) Checking of CPS PRF and Payment Voucher for correctness & verification of Payee Bank account details: <ul style="list-style-type: none"> <li>• New Contract: match bank account details with details in contract &amp; invoice</li> <li>• Existing vendor: match bank account details to previous payment &amp; invoice</li> <li>• Verify account changes (if any) with documentation from Procurement</li> </ul>	X	X										
d) Approval CPS PRF and Payment Voucher for completeness	X	X										
e) Submission of CPS PRF to IBC for payment	X											
f) Clearing the CPS Transit Account & Reconciling MCA books against CPS Monthly Report			X									
g) Checking the CPS Monthly Reconciliation	X											
h) Attach CPS Payment confirmation from IBC to PAF		X										
i) Responding to IBC queries	X											
<b>6) SAP Controls</b>												
a) Creation of new vendor			X									
b) Capturing Accounting/Invoice Processing Worksheet into the system				X								
c) Approval and payment of invoices to update ledger accounts		X	X									
d) Preparation of adjustments documentation			X									
e) Checking of adjustments documentation		X										
f) Approval of adjustments	X											
g) Posting of adjustments			X									
h) Creation of Chart of Accounts codes		X										



	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	D-CEO	CEO
Position	FAM	SFMS	SAS	PTS	AA	DFA	MFA	AO				
i) Posting of Approved Quarterly Budget							X					
j) Posting of Budget Realignments							X					
k) Closing of accounting period	X											
l) Opening and Closing of Fiscal Year	X											
m) Inputting exchange rates			X									
n) Creation and amendment of System users						X						
o) Access Control						X						
p) System backups						X						
<b>7) Petty Cash Controls</b>												
a) Custodian of Petty Cash Box / Float								X				
b) Preparation of Petty Cash Vouchers								X				
c) Approval of Petty Cash Vouchers							X					
d) Ensuring that all documents are stamped 'paid'								X				
e) Approval of Petty Cash reconciliation and Replenishment of Petty Cash							X					
f) Conducting of monthly cash counts.				X								
g) Preparation of Petty Cash Expense Accounting Voucher and raise check to replenish Float				X								
h) Checking of Petty Cash Accounting Expense Voucher & 1st Level signing of Check		X										
i) Approval of Petty Cash Accounting Expense Voucher & 2nd level of signing of Check	X											
j) Ensuring that all documents are properly filed					X							
<b>8) Tax Compliance</b>												
a) Monthly GST analysis and tax refund follow-ups		X				X						

	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	D-CEO	CEO
Position	FAM	SFMS	SAS	PTS	AA	DFA	MFA	AO				
<b>9) Performance, Advance and Retention Guarantees</b>												
a) Filling of copies of Guarantees (original kept by MCA-L General Counsel)	X											
b) Verification for authenticity	X											
c) Validation for payment purposes		X										
<b>10) Financial Bookkeeping &amp; Reporting Duties</b>												
a) Preparation of journals for daily entry in accounting system reconciliations				X								
b) Preparation & Running of FA reports			X									
c) Quality review of financial reports (including use of MCDR process diagram Annex 22)	X											
d) Correction of monthly reports as needed from time to time after review	X											
e) Approval of financial reports and sharing with DFA	X											
f) Ensuring all documentation scans are done and electronic copies stored					X							
<b>11) Payroll Accounting &amp; Management Duties</b>												
a) Signing of Staff Contracts											A	X
b) Checking payroll calculations against details on file						X						
c) Approval of Monthly Payroll											A	X
d) Statutory reporting, deductions and compliance		X										
<b>Note:</b>												
1) The Matrix above shows Principal Responsible Person; the duties may be delegated temporarily to the person one level down the hierarchy. After the 1st level delegation, no further delegation can be made.												
2) Delegation of authority in the Fiscal Agent office is governed by the Fiscal Agent Agreement. The Fiscal Agent Manager and the two Senior Specialists cannot be absent at the same time.												

	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	D-CEO	CEO
Position	FAM	SFMS	SAS	PTS	AA	DFA	MFA	AO				
KEY												
A	Alternate											
AA	Administrative Assistant											
CEO	Chief Executive Officer											
COA	Chart of Accounts											
DESP	Directors ESP											
DCEO	Deputy CEO											
DFA	Director Finance and Administration											
ESMP	Environmental and Social Management Plan											
FAM	Fiscal Agent Manager											
MFA	Manager Finance and Administration											
HSMP	Health and Safety Management Plan											
P&TS	Payments and Tax Specialist											
PD	Project Directors											
SAS	Senior Accounting Specialist											
SFMS	Senior Financial Management Specialist											

## ANNEX 1a: SEGREGATION OF DUTIES (SAP) – FI MODULE

S.No	Transaction Description	Transaction Code	CEO	COO	CFO	Finance & Budget Mgr	Accountant	Account Asst	Project Directors	Project Managers - Users	Project Officers	Administrative Assistant	Proc. Director	Proc. Officers-Users	PA - Manager	PA - Senior Proc. Expert- Users	PA - Proc. Expert	PA - Proc. Officers	FA - Manager	FA - Sr. Management Specialist	FA - Management Specialist	FA - Accounting Specialist	FA - Payment Specialist	CFO PA	ISTA Corp - Support Team
1	Asset Balances	AR01	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
2	Create Legacy Asset	AS91				X	X															X	X		
3	Change Legacy Asset	AS92				X	X															X	X		
4	Display Legacy Asset	AS93	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
5	Project Builder - Create	CJ20N			X															X				X	
6	Project Builder - Change	CJ20N			X															X				X	
7	Project Builder - Display	CJ20N		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
8	Financial Statements	F.01			X	X									X				X	X		X	X		
9	Carry Forward Receivables and Payables	F.07																				X	X		
10	Automatic clearing	F.13													X							X	X		
11	Automatic Payment run	F110														X			X	X		X	X		
12	Clear	F-44				X	X	X												X		X	X		
13	DP request	F-47				X	X	X												X		X	X		
14	Incoming Payments	F-52				X	X	X														X	X		
15	DP clearing	F-54				X	X	X														X	X		
16	Noted Items	F-57																				X	X		
17	Foreign currency valuation	FAGL_FC_VAL													X				X	X		X			
18	Bank account Revaluation	FAGL_FC_VAL													X				X	X		X			
19	Display Balances	FAGLB03	X	X	X	X	X	X				X	X		X				X	X		X	X		
20	GL Balance Carry forward	FAGLGVTR													X				X	X		X	X		
21	Display Items	FAGLL03	X	X	X	X	X	X				X	X		X				X	X		X	X		
22	GL Line Item Balances	FAGLL03			X	X	X												X	X		X	X		
23	Accounting Editing options	FB00				X	X	X							X				X			X	X		
24	Post Journal Document	FB01				X	X	X														X	X		
25	Document Change	FB02				X	X	X														X	X		
26	Document Display	FB03	X	X	X	X	X	X				X	X		X				X	X		X	X		
27	Display GL view	FB03L	X	X	X	X	X	X				X	X		X				X	X		X	X		
28	Individual Reversal	FB08				X	X	X												X		X	X		
29	GL Document Posting	FB50			X	X	X	X							X				X			X	X		
30	Vendor Invoice	FB60				X	X	X													X	X	X		
31	Vendor line item display	FBL1N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
32	Reset Cleared Items	FBRA																			X	X	X		
33	Payment Proposal	FBZ0													X				X	X		X	X		
34	Bank Create	FI01																		X	X	X	X		
35	Bank Change	FI02																		X		X			
36	Bank Display	FI03	X	X	X	X	X	X				X	X		X				X	X		X	X		
37	Vendor Master Create	FK01																	X			X	X		
38	Vendor Master Change	FK02																	X			X	X		
39	Vendor Master Display	FK03			X	X	X		X	X			X	X	X	X			X	X		X	X		
40	GL Creation	FS00																	X	X	X	X	X		
41	PO Display	ME23N		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
42	Down Payment Request for PO Vendor	ME2DP																		X		X	X		
43	MIGO Display	MIGO - Display		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
44	Enter Incoming Invoice	MIRO						X												X		X	X		
45	Cancel Invoice document	MR8M				X	X	X														X	X		
46	Release Blocked Invoice	MRBR																		X					
47	Posting period open/close	S_ALR_87003642																		X	X				
48	Vendors List	S_ALR_87012086	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
49	GL Accounts List	S_ALR_87012333			X	X	X												X	X		X	X		
50	Maintain Exchange rates	S_BCE_68000174																		X		X	X		
51	Bank Directory	S_P99_41000166																	X	X		X	X		
52	Vendor Master Create	XK01																		X		X	X		
53	Vendor Master Change	XK02																		X		X	X		
54	Vendor Master Display	XK03	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		
55	APRF Form	ZMCC_APRF																		X		X	X		
56	Contract Master Report	ZMCC_CON_RPT			X					X					X				X	X		X	X		
57	Contract Status Report	ZMCC_CON_STATUS			X					X					X				X	X		X	X		
58	FAS Dynamic	ZMCC_DFAS													X				X	X		X	X		
59	Disbursement Request Forms	ZMCC_DR													X				X	X					
60	FIDIC Contract	ZMCC_FIDIC													X				X	X		X			
61	FIDIC Contract in DFP Cash Overview	ZMCC_FIDICAR																	X	X		X	X		
62	30 day Invoice Report	ZMCC_INV_RPT			X	X	X	X				X			X				X	X		X	X		
63	MCDR Report	ZMCC_MCDR			X	X	X								X				X	X		X	X		
64	MCDR NANA Reconciliation Report	ZMCC_MCDR_NANA			X	X	X								X				X	X		X	X		
65	MCDR Reconciliation Template Report	ZMCC_MCDR_RECON			X										X				X	X		X	X		
66	PAF for Multiple Line Items	ZMCC_MPAF					X																		
67	PAF Form	ZMCC_PAF				X	X	X					X	X				X		X		X	X		
68	PAF Control Table Maintenance	ZMCC_PAF_TABLE				X	X	X											X			X	X		
69	Procurement Performance Report	ZMCC_PPR			X																				
70	PRF Form	ZMCC_PRF											X	X				X		X		X	X		
71	PRF Status	ZMCC_PRF_REC_RPT				X													X	X		X	X		
72	IBC Recon Report	ZMCC_PRF_RECON			X						X								X	X		X	X		
73	PRF Reconciliation	ZMCC_PRF_RECON				X													X	X		X	X		
74	PRF Control Table Update	ZMCC_PRF_TABLE																	X			X	X		
75	SPRF Form	ZMCC_SPRF																	X	X		X	X		
76	Trial Balance by Fund	ZMCC_TB			X	X	X								X				X	X		X	X		
77	Trial Balance by Fund	ZMCC_TB			X										X										
78	VAT Report	ZMCC_VAT	X		X	X	X	X			X				X				X	X		X	X		
79	Vendor Bank Details	ZMCC_VEN_DETAILS													X				X	X		X	X		

**ANNEX 1b: SEGREGATION OF DUTIES (SAP) - FM MODULE**

S.No	Transaction Description	Transaction Code	CEO	COO	CFO	Finance & Budget Mgr	Accountant	Account Asst	Project Directors	Project Managers - Users	Project Officers	Administrative Assistant	Proc. Director	Proc. Officers-Users	PA - Manager	PA - Senior Proc. Expert - Users	PA - Proc. Expert	PA - Proc. Officers	FA - Manager	FA - Management Specialist	FA - Accounting Specialist	FA - Payment Specialist	CEO PA	MTA CORP - Support Team
1	Create Fund	FM5I																						X
2	Change Fund	FM5U																						X
3	Display Fund	FM5S	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4	Create Fund Center	FM5A																						X
5	Change Fund Center	FM5B																						X
6	Display Fund center	FM5C	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7	Create commitment Item	FMCI			X										X				X	X				X
8	Maintaining Derivation rule	FMMEASURE																						X
9	Budget Work Bench - Budgeting	FMBB			X	X									X				X	X	X			
10	Create Fund commitment	FMZ1				X													X	X				
11	Display Fund commitment	FMZ3			X	X	X					X							X	X	X	X	X	
12	Approve Funds Commitment	FMZ4				X																		
13	Change FM Acct Asst in Funds Comm	FMZ5				X																		
14	Fund commitment Adjustment	FMZ6			X	X													X	X				
15	Create Fund reservation	FMX1			X	X									X				X	X				
16	Display Fund reservation	FMX3	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
17	Fund reservation Adjustment	FMX6			X	X													X	X				
18	Budget View by Document Type	FMB_B01	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
19	Display Annual Data of Control Obj.	FMAVCR01	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
20	Budget Overview by Year of Cash Eff.	FMRP_RW_EFFYEAR	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
21	All Postings	FMRP_RFFMEP1AX	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
22	Commitments and Funds Transfers	FMRP_RFFMEP10X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
23	Commitment/Actual Totals Records	FMRP_RFFMTO10X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
24	Commitment and Actual with Budget (BC	FMB_PL01	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
25	Earmarked Fund report	S_P99_41000147	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
26	Drilldown for Budget Entry Documents	FMEDDW	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
27	DFP Commit	ZDFPCOMMIT	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
28	DFP Cash	ZDFPCASH	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
29	QFR-A	ZQFRA	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
30	QFR-B	ZQFRB	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
31	Quarterly Commitment Report	ZMCC_QTR_DISB	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
32	Quarterly Disbursement Report	ZMCC_QTR_CMMT	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
33	Projected Commitment Line Item Rpt	ZMCC_PROJ_CLINE	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
34	Actual Commitment Line Item Report	ZMCC_ACT_CLINE	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
35	Projected Disbursement Line Item Rpt	ZMCC_PROJ_DLINE	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
36	Actual Disbursement Line Item Report	ZMCC_ACT_DLINE	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
37	Budget Totals Vs. Comm./Actual Tot.	FMB_PT01	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
38	Display commitment item	FMCI	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
39	Funded Program: Display	FMMEASURED	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
40	PBOF - Commts/Actuals Line Items	FMRP_RFFMEP2AX	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
41	Change Funds Reservation	FMX2			X	X									X				X	X				
42	Change Funds Commitment	FMZ2			X	X													X	X				
43	Quarterly Financial Reprt Form - F	ZQFRF	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
44	PO Revaluation	FM_REVALUATION_PO																	X	X	X	X		
45	Budget Analysis Report - Global Budget	ZMCC_BUDG_ANSYS													X				X	X	X	X		
46	Budget Analysis Report - Released	ZMCC_BUDG_REL													X				X	X	X	X		

**ANNEX 1c: SEGREGATION OF DUTIES (SAP) - MM MODULE**

S.No	Transaction Description	Transaction Code	CEO	COO	CFO	Finance & Budget Mgr	Accountant	Account Assit	Project Directors	Project Managers - Users	Project Officers	Administrative Assistant	Proc. Director	Proc. Officers-Users	PA - Manager	PA - Senior Proc. Expert -Users	PA - Proc. Expert	PA - Proc. Officers	FA - Manager	FA - Management Specialist	FA - Accounting Specialist	FA - Payment Specialist	CFO PA	SFA CORP - Support Team
1	Create Purchase Requisition	ME51N				X		X	X			X	X				X							
2	Change Purchase Requisition	ME52N				X		X	X			X	X				X							
3	Display Purchase Requisition	ME53N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
4	Print PRN	ZMCAL_PRN						X	X			X	X											
5	Purchase Requisitions: List Display	ME5A	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
6	Purchase Requisitions for Project	ME5J	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
7	Procurement Information	ZMCC_PP											X			X	X							
8	Procurement Plan Info Report	ZMCC_PP_RPT	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
9	Procurement Performance report	ZMCC_PPR	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
10	PIP Process	ZMCC_PIP_PROC											X	X		X	X	X						
11	PIP Report	ZMCC_PIP_RPT	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
12	Assign PIP process to PRN	ZMCC_PIP_PLAN											X	X		X	X	X						
13	Create Request For Quotation(LPO)	ME41											X	X		X	X	X						
14	Change Request For Quotation(LPO)	ME42											X	X		X	X	X						
15	Display Request For Quotation(LPO)	ME43	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
16	Maintain Quotation	ME47											X	X		X	X	X						
17	Display Quotation	ME48	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
18	Message Output: RFQs	ME9A											X	X				X						
19	Price Comparison List	ME49											X	X		X	X	X						
20	RFQs by RFQ Number	ME4N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
21	RFQs by Material Group	ME4C	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
22	RFQs by Collective Number	ME4S	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
23	RFQs by Vendor	ME4L	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
24	Create Contract - Admin	ME31K				X	X						X	X		X		X						
25	Change Contract - Admin	ME32K				X	X						X	X		X		X						
26	Display Contract - Admin	ME33K	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
27	Outline Agreements by Material Group	ME3C	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
28	Outline Agreements per Project	ME3J	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
29	Outl. Agreements by Acct. Assignment	ME3K	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
30	Outline Agreements per Vendor	ME3L	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
31	Create Purchase Order	ME21N				X	X	X	X				X	X		X	X	X						
32	Change Purchase Order	ME22N				X	X	X	X	X	X		X	X		X	X	X						
33	Display Purchase Order	ME23N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
34	Message Output: Purchase Orders	ME9F											X	X		X	X	X						
35	Purchase Orders by Tracking Number	ME2B	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
36	Purchase Orders by Material Group	ME2C	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
37	Purchase Orders for Project	ME2J	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
38	Purchase Orders by Vendor	ME2L	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
39	Purchase Orders by PO Number	ME2N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
40	Goods Movement - GR	MIGO				X	X	X	X	X														
41	Display Material Document	MB03	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
42	Output Processing for Mat. Documents	MB90		X	X	X	X		X	X			X	X	X	X	X	X	X	X	X	X	X	
43	Cancel Material Document	MBST							X	X	X		X	X		X	X	X						
44	Display PO Based Invoice	MIR4	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
45	Invoice Overview	MIR6	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
46	Enter Incoming Invoice	MIR0					X														X	X		
47	List of Vendors	MKVZ	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
48	Generate PAF	ZMCC_PAF											X	X										
49	Generate PRF	ZMCC_PRF											X	X										
50	Change Material Document	MB02							X	X	X		X	X		X	X	X					X	
51	Goods Movement	MIGO_GR				X	X	X	X	X														
52	Create Message: RFQ	MN01											X	X				X						
53	Change Message: RFQ	MN02											X	X				X						
54	Display Message: RFQ	MN03											X	X				X						
55	Create Message: PO	MN04											X	X		X	X	X						
56	Change Message: PO	MN05											X	X		X	X	X						
57	Display Message: PO	MN06											X	X		X	X	X						
58	Advance Payment Request	ME2DP											X	X		X	X	X						
59	Down payment	F-48											X	X		X	X	X						
60	Run FIDIC report for status	ZMCC_FIDIC	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
61	Review period	MMRV											X	X		X	X	X						
62	Monthly closing operation	MMPV											X	X		X	X	X						

## ANNEX 2: OPERATING APPROVAL LEVELS

### Standard Operating Procedure

#### PURPOSE:

- 1) This SOP provides a framework for consistent and appropriate authorization levels for MCA-L program financial transactions that obligate MCA-L to expend funds.
- 2) Approval authority is established for the purpose of defining the designated positions that are required to review and approve actual expenditures against the approved budget and also to ensure the availability of funds

#### USERS:

DFA, MFA, FA, PDs, DCEO, CEO, Board

#### PROCEDURE:

- 1) Approval authorities cannot be delegated downward except when providing coverage for absenteeism, vacations, travel or similar absences. In these cases, the authority can only be delegated down one level and must specify that it is only a backup for a temporary absence.
- 2) In the absence of a subordinate who is authorized to approve a transaction, an approval can always be delegated up to a supervisor without written authorization.
- 3) When authority to sign is delegated, the signer must sign his or her own name and indicate who is being signed for, e.g. "John Doe, for Jane Smith." The person signing should **never** sign with the name of the absent individual.
- 4) The use of signature stamps for approval is **not** allowed since it is not obvious who used the stamp to authorize a transaction.
- 5) Transmission of approval documents by electronic means, such as e-mail where password controls identify the sender, **will** be allowed as long as support material is not required to be attached for audit purposes.

The following matrix represent the authority levels for budgets funded by the Millennium Challenge Corporation.

AREA	MCC	Board	CEO	DCEO	PD*	DFA	MFA
Budgets above the sub-activity level	X		X		A	A	
Budgets at the sub-activity level and below				A	X	X	
Disbursement Requests	X	X	X	A		X	
Contracts	X	X	X	A			
Hiring and Removal of Key Personnel	X	X					
Invoice Approval				A	X	X	
Personnel Actions related to Directors and above	X	X	X				
Personnel Actions related to Managers and below			A	X	X	X	
Purchase Requisitions			X	A	X	X	
Petty Cash Transactions						X	A

AREA	MCC	Board	CEO	DCEO	PD*	DFA	MFA
Disposal of Fixed Assets			X	A			
Travel Advances			X	X		A	
Travel Requests related to Directors and above			X	X		A	
Travel Requests related to Managers and below			A	A	X	X	
Vehicle use, motor pool				A		X	A

X = required approval

A = Alternate Approval: Individual can approve if the MCA-L staff Required Approver (marked with X) is not available (i.e. the Alternate may not approve for MCC or the Board)

\* Project Directors may only sign for actions in areas for which they are responsible.

### Responsibility:

The DFA with assistance of FA will ensure that the approval/authority levels are strictly adhered to.

### Remarks

- 1) The Administrative Authorization Schedule is not to be confused with the Procurement Authorization Schedule. The Procurement Authorization Schedule is in addition to the Administrative Authorization Schedule.
- 2) The person filling the office designated shall verify their approval with a written signature.
- 3) All Invoices, Travel Advances and Purchase Requests that are authorized by Directors also has to be approved by the DFA.
- 4) The DFA shall maintain an updated copy of the Administrative Authorization Schedule. The DFA shall maintain a record showing the name, position, specimen signature and date of delegation for each person authorized as a delegated signatory.
- 5) The CEO, during periods of leave or periods away from post on official business, may delegate in writing, the power to serve as the authorized approver of invoices, purchase requests, local purchase orders, receiving reports and travel advances to the DCEO.



### ANNEX 3: ADMINISTRATIVE CIRCULAR



#### Millennium Challenge Account - Liberia Administrative Circular

**Date:** June 11, 2019

**Subject:** Lodging, Meals & Incidental Expenses Outside of Liberia

**Objective:** To ensure that the amount allocated for lodging, meals and incidental expenses outside Monrovia is realistic with market price.

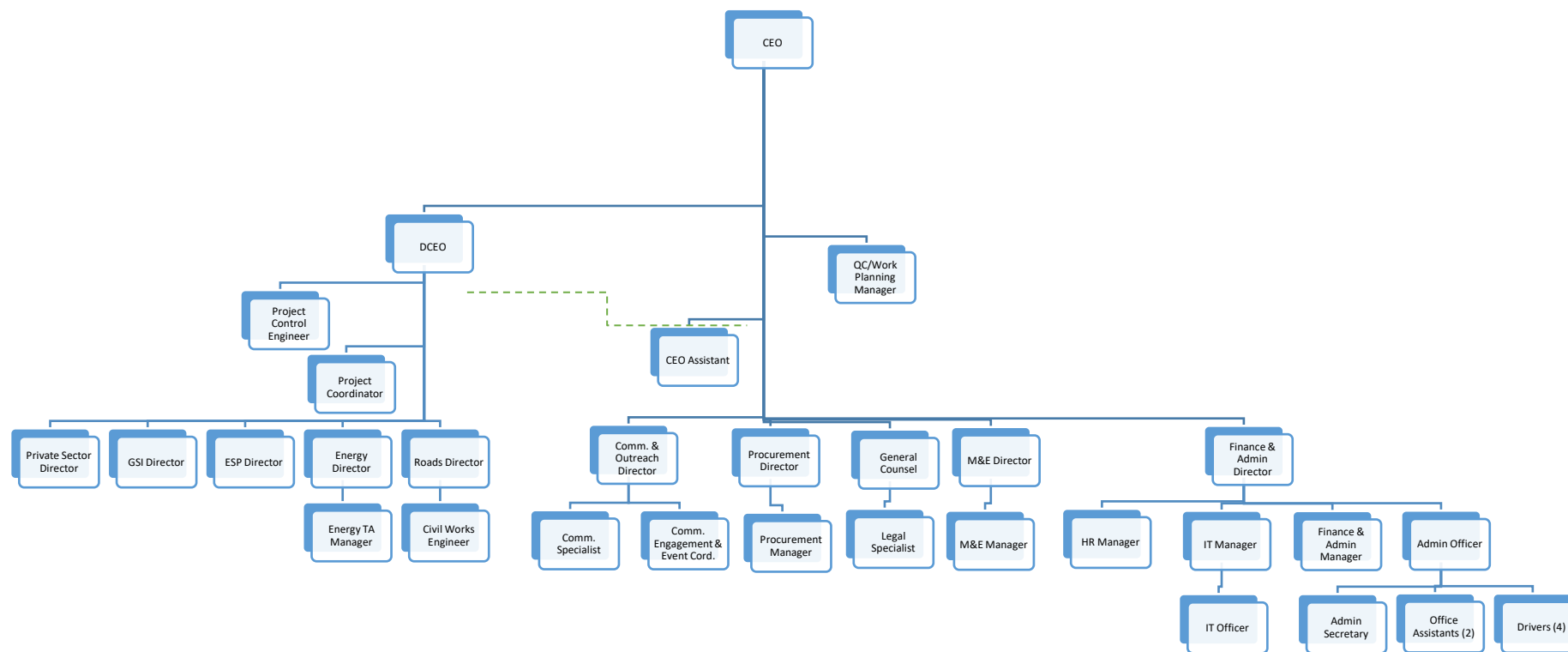
**Reference:**

**Action Requested:**

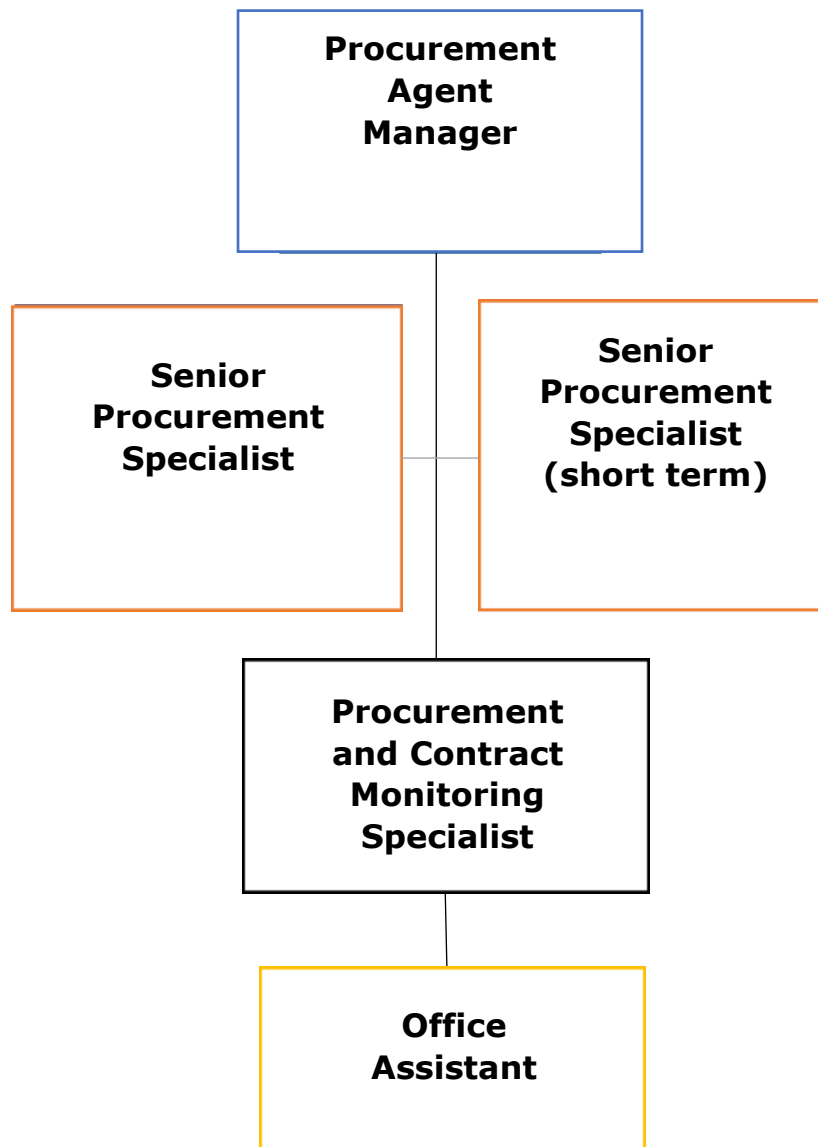
**Brief Explanation:**

Approved By:	Approved By:	Approved By:	Approved By:
Fiscal Agent Manager	MCAL, DFA	MCAL, CEO	MCC, PFS Director

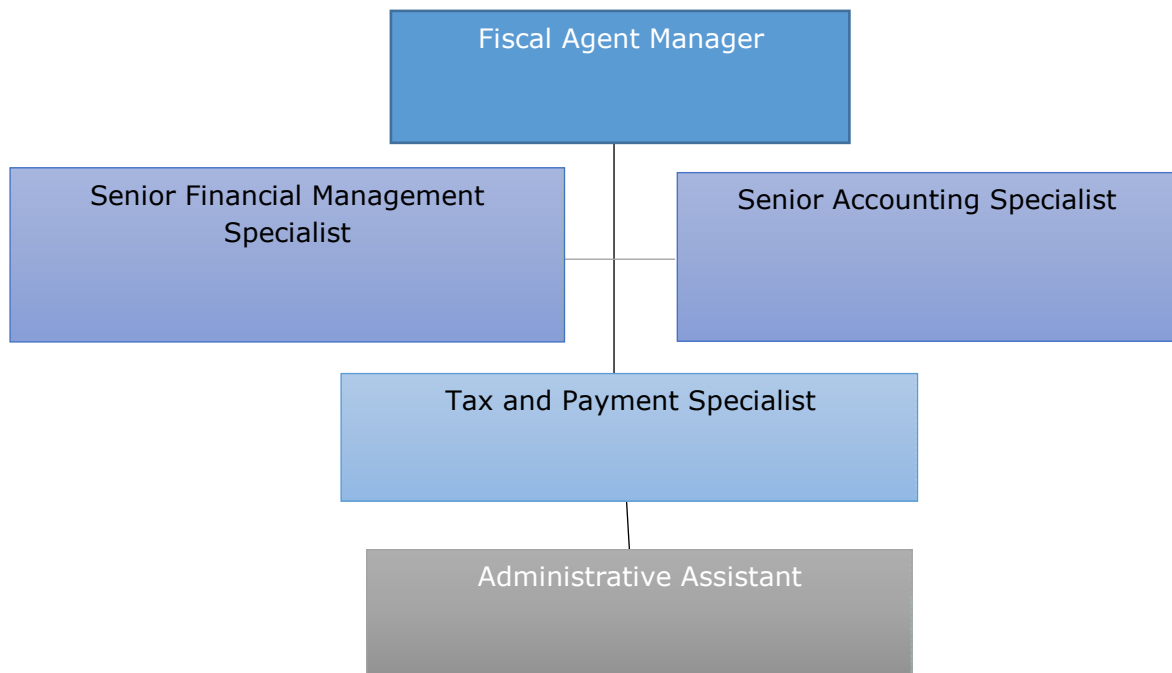
## ANNEX 4: MCA-LIBERIA ORGANIZATION STRUCTURE



**ANNEX 4a: PROCUREMENT AGENT ORGANIZATIONAL CHART**



**ANNEX 4b: FISCAL AGENT ORGANIZATIONAL CHART**



## **ANNEX 5: INFORMATION AND COMMUNICATIONS TECHNOLOGY POLICY**

### **The Purpose**

The purpose of this MCA-Liberia General Information and Communications Technology Policy ("Policy") is to define and outline the authorized and acceptable use of MCA-Liberia ICT Resources.

This Policy applies to any person given access to the MCA-Liberia's ICT Resources including, but not limited to any consultants, guests, and interns, hereafter referred to as 'Authorized users'.

This Policy should be read by all authorized users before ICT access is granted. The definition of key terms can be found in Appendix I.

### **1. Policy Statement**

- 1.1 The Intranet, Internet and electronic mail, the SAP and the general computing equipment are important business collaborative tools, that can enhance workflow, increase productivity and help Authorized users achieve institutional objectives, as such they should be used in an efficient, lawful and ethical manner.
- 1.2 Authorized users are accountable to MCA-Liberia for appropriate use of these technologies and are required to abide by the policy therein.

### **2. Scope**

- 2.1 This Policy serves as a guide to what constitutes acceptable behavior when using MCA-Liberia ICT Resources. It identifies the principles for the access to and proper use of Internet services, Intranet and all other corporate ICT platforms including but not limited to the SAP, the receipt, review and disclosure of email messages and the proper use of email services provided by MCA-Liberia.
- 2.2 This policy applies to:
  - (a) All MCA-Liberia ICT Resources, which includes facilities and devices (including Intranet, Internet and email services, communication tools- mobile phones and telephony, computers - and all other general computing equipment) that are owned, leased, or utilized by the MCA-Liberia, regardless of their location.
  - (b) All Authorized users, regardless of location, who utilize, support or manage these ICT Resources, including, but not limited to:
    - MCA-Liberia's staff members
    - Contractors and consultants
    - Students, volunteers, and interns
    - All other external bodies, including any implementing entities, that are authorized by MCA-Liberia to use the ICT Resources
    - Any other third party not mentioned above that uses the ICT Resources
- 2.3 This Policy provides guidance for Authorized users to exercise compliance in the use of the ICT Resources. This Policy may be updated as deemed necessary, in accordance with MCA-Liberia rules and regulations.

### **3. Objectives**

3.1 The objectives of this Policy are to:

- a) Address issues of compliance with MCA-Liberia information and technology standards, any MCC Policy and all applicable laws
- b) Protect authorised users by informing them of the rights and responsibilities associated with use of the ICT Resources;
- c) Prevent misuse of the ICT Resources;
- d) Protect MCA-Liberia from legal liability that may arise from misuse;
- e) Ensure optimal network bandwidth and properly functioning ICT Resources for all authorized users to perform their work-related duties;
- f) Protect ICT Resources from attacks and outages;
- g) Protect against unauthorised disclosure or loss of information;
- h) Ensure capture and retention of MCA-Liberia electronic records.

3.2 This Policy is not totally exhaustive. Where situations not covered by this policy arise, Authorized users should, in writing, contact HR and/or IT for further guidance evidence.

### **4. Usage of this document**

- 4.1 All Authorized users who utilize, support or manage MCA-Liberia owned or leased ICT Resources should be aware of this Policy, which includes their responsibilities and legal obligations.
- 4.2 As of the effective date of this Policy, before a new user is authorized to access MCA-Liberia ICT Resources, they will be required to sign a copy of this Policy indicating that they have read and understood this Policy and accepted the terms and conditions.

### **5. Compliance**

- 5.1 All Authorized users are required to comply with this Policy and are bound by law to observe all applicable laws relating to personal data, company data, public records, copyright and other forms of intellectual property and misuse of information and facilities.

### **6. Accountabilities**

- 6.1 Intranet, Internet and email access is provided for officially approved purposes only, i.e. MCA-Liberia's business and limited personal use, as defined below, unless otherwise agreed to beforehand, all MCA-Liberia related email communication must be done through MCA-Liberia assigned email address.
- 6.2 Authorized users must comply with all policies, legislation and regulations applicable to the use of the Intranet, Internet and email.
- 6.3 MCA-Liberia information should not be transmitted or made available via the Intranet, Internet or email except under MCA's approved protocols.
- 6.4 Authorized users should not use the Intranet, Internet or email in a way that could defame, harass, abuse or offend other individuals or organizations.

- 6.5 Authorized users should not create, knowingly access, download, distribute, store or display any form of offensive, defamatory, discriminatory, malicious or pornographic material, as defined in **APPENDIX I** of this policy.
- 6.6 Authorized users should not intentionally disrupt or interfere with the use of Intranet, Internet or email services.
- 6.7 Authorized users will be granted a network user account, and must not knowingly permit another person to use their network user account (credential) or enable another person to access the ICT Resources, such as the Internet, without authorization using their user account.
- 6.8 Authorized users should not attempt any unauthorized access of Intranet, Internet or email services. Unauthorized access includes, for example, the distribution of messages anonymously, use of other authorised user account as a false identity.
- 6.9 Authorized users should not damage, delete, insert or otherwise alter information carelessly or with malicious intent.
- 6.10 MCA-Liberia reserves the right to monitor and audit any or all Intranet, Internet or email activity undertaken by Authorized users using MCA-Liberia's resources. Authorized users may be called on to explain their use of the Intranet, Internet or email.
- 6.11 Email and electronic files are subject to record keeping, archiving, Freedom of Information and legal process. As such, emails and files created using MCA-Liberia ICT Resources for MCA-Liberia work should not be regarded as private, unless otherwise exempted in accordance with MCA-Liberia law and regulations.
- 6.12 Violations of this Policy may result in restriction of access to technologies, disciplinary action (including dismissal) and/or action by the relevant regulatory authorities.
- 6.13 When staff leave their desks, they must lock their laptop screens or log out to prevent any unauthorized access. Laptops must also be physically locked away overnight.

## **7. Authorised Users' Responsibilities**

- 7.1 All Authorized users are expected to take reasonable precautions to protect Intranet, Internet, ERP system and email information and systems against unauthorised access, illegal and inappropriate use, disclosure, modification, duplication and/or destruction.
- 7.2 The following guidance is provided of activities that constitute Acceptable Use of ICT Resources and those that constitute Unacceptable Use of ICT Resources.

### **Acceptable Use of the ICT Resources:**

- 7.3 The ICT Resources, which allows users to easily share information within an institution, can only be used for MCA-Liberia's purposes under the Compact.
- 7.4 Although the ICT Resources are primarily intended to achieve MCA-Liberia's Compact objectives, limited professional development and personal use may be permitted, in accordance with the guidelines described below.
- 7.5 Official Business use includes any activity that is conducted for purposes of accomplishing official work activities. Examples include, but are not limited to:
  - a) Using ICT facilities and devices for work-related activities;

- b) Using the Internet to access work-related information;
- c) Sending emails to colleagues and partners on work-related matters; and
- d) Sending emails outside of the work environment on work -related matters.

7.6 Professional Development use include, but are not limited to:

- a) Using the Internet for professional development such as approved study, research or professional forums;
- b) Limited use of computer, email and other ICT Resources to support study; and
- c) Limited support for MCA-Liberia authorised users to engage with professional associations.
- d) In general, any use of the ICT Resources for professional development should be approved in advance by the staff member's supervisor and not performed during working hours. It should not interfere with work activities or affect the productivity of other staff members.

7.7 Limited personal use means use that is infrequent and brief. It includes:

- a) Limited personal emails and internet searches that are not unauthorized, unlawful or criminal;
- b) Using a printer or photocopier to print out a few pages of personal information;
- c) Sending emails collecting for charities, school raffles and similar activities;
- d) Making financial transactions including bill paying or home banking;
- e) Accessing Internet news, articles, and social media (including Facebook and Twitter), assuming they do not require excessive bandwidth;
- f) Purchasing non work-related goods and services;
- g) Booking holiday accommodation and personal travel; and
- h) Using personal email to send non work-related messages.

7.8 Individual staff members will be held personally responsible for any use of Intranet, Internet and email services that does not comply with these principles.

**Unacceptable Use of ICT Resources**

7.12 Under no circumstance are MCA-Liberia's authorised users permitted to engage in any activity(ies) that is(are) illegal under Liberian law while utilizing MCA-Liberia's-owned ICT facilities and devices. Illegal and unauthorized activities include, but not limited to, the use of ICT resource to:

- a) Download, distribute, store or display material that could cause offence to others, for example offensive material based on gender, ethnicity or religious and political beliefs.
- b) Download information for the purpose of providing it to external organisations or the general public without authorization.
- c) Excessively use MCA-Liberia's ICT resources for personal use or non-work related activities, such as political activities, private business or personal profit ventures.
- d) Engage in any illegal or wrongful activity, store unlawful information, or otherwise use MCA-Liberia's ICT Resources in ways that violate this Policy, any other MCA-Liberia or MCC Policy, any local or international laws.
- e) Circumvent security measures on MCA-Liberia's ICT devices or networks.



- f) Vandalize ICT Resources, which is any malicious attempt to harm or destroy data or equipment of another computer user.
- 7.13 When sending and receiving messages, the following will be viewed as unauthorized use of ICT Resources:
- a) Sending or receiving materials that are copyrighted by the MCA-Liberia's or third parties without permissions.
  - b) Using impolite, abusive, or otherwise objectionable language in public or work-related communications.
  - c) Distributing defamatory, discriminatory, obscene, offensive, or harassing messages.
  - d) Distributing confidential information without authority.
  - e) Distributing messages that disclose personal or private information without authorization.
  - f) Knowingly sending messages or sharing information resources infected by malicious codes, such as viruses.
  - g) Distributing messages anonymously, using a false identity or using another person's email account.
  - h) Emailing chain letters, pyramid schemes, or other such "get rich quick" messages, or any other type of mass mailings that would congest MCA-Liberia's ICT Resources or otherwise interfere with the work of others.
  - i) Forwarding MCA-Liberia's business emails to external parties with malicious intent from a personal email account.
- 7.14 When accessing the internet, Authorized users must avoid the following unauthorized activities:
- a) Access, download, distribute, store or display offensive or pornographic graphics, images or statements or other material obtained from inappropriate Internet sites.
  - b) Download software, unless they receive appropriate authorization and comply with licensing requirements and established policies to check all such software for computer viruses.
  - c) Excessive streaming of videos (such as on Youtube) or music, downloading of large files, or otherwise excessively use shared bandwidth in such a way that hinders others' ability to conduct work activities via the internet.
  - d) Attempt to gain access to another's resources, programs, data without proper authorization.
  - e) Without authority destroy, alter, or prevent rightful access to or otherwise interfere with the integrity of Intranet, Internet or email services.
  - f) Access inappropriate Internet sites, including:
    - Gambling sites
    - Dating sites
    - Sites that are illegal
    - Sites that are pornographic or contain inappropriate adult sexual material
    - Sites that advocate hate/violence
    - Sites that offer inappropriate games or software
    - Pirated application, torrent, and peer-to-peer sites

- g) Use the Internet to create or maintain personal websites, to run private ventures, or to excessively access social media (Facebook, twitter, etc.) for personal purposes.
- 7.15 The items above should not be considered comprehensive. Other inappropriate actions not listed may also be considered irresponsible and unacceptable use of MCA-Liberia's computers, networks, communications equipment, and ICT Resources.

### **8.1 Password Policy and Security**

- 8.1 Passwords are a very important aspect of computer systems security, and are typically the first line of protection for user accounts. A poorly chosen password may result in a serious breach in network and systems security.
- 8.2 Authorized users are responsible to take steps in selecting and securing their passwords. Avoid using easily guessed password such spouse's name, children's name, place and date of birth etc. It is always a good practice to mix the characters i.e upper case, lower case, numbers and special characters such as #, @, !, ^, & [ P@\$sW0Rd321!# ]; these are more difficult to crack. The active directory assists in this line by compelling domain users to follow password complexity requirements.
- 8.3 Passwords are assigned to individuals for their own use. Password(s) should not be disclosed or shared with anyone other than authorised systems personnel who may sometimes need it for ICT support purpose.  
  
Sharing of password(s) is a breach of policy by both the person providing the password, and the person receiving the password.
- 8.4 Passwords often grant system rights and system privileges to a user. These system rights and system privileges are assigned by authorized systems personnel, and no other attempts should be made to alter or change these rights. All passwords are to be treated as sensitive and confidential MCA-Liberia information.
- 8.5 Refer to APPENDIX II: **General Password Construction Guidelines** for additional information on passwords.

### **9. Email and Security**

- 9.1 The acceptable email platform for MCA-Liberia is MS Outlook 2016 or a version that has been legally acquired by MCA-Liberia in order to strengthen conformity, while we acknowledge the platform is sitting on Google.
- 9.2 Authorized users who are assigned individual MCA-Liberia email addresses and mailboxes should use these whenever possible to communicate in their work capacities. This will promote professionalism and standardization across the various departments, and will help ensure copies of all work correspondence are archived.
- 9.3 Business-related email messages, whether sent from a MCA-Liberia-assigned email account or a personal account in the case where assigned email accounts are unavailable, must have the user's name associated with the message. Anonymous work-related messages are prohibited.
- 9.4 MCA-Liberia email messages are neither personal nor private. While the ICT Department will not routinely monitor individual email and will take reasonable precautions to protect the privacy of email, if deemed necessary, senior management

may seek and be granted access to a staff member's email, however after an official instruction by the CEO for the following reasons:

- (a) For a legitimate business purpose (e.g., the need to access information when a staff member is absent).
- (b) To diagnose and resolve technical problems involving the system.
- (c) To investigate possible misuse of email when a reasonable suspicion of abuse exists or in conjunction with an approved investigation.

9.5 Senior management may require that a standard footer be appended to the end of each outgoing mail message that includes MCA-Liberia or MCA-Liberia's branding, contact details and legal disclaimers. Senior management will inform the staff members if a footer is required; if so, authorized users should take care to ensure that the footer is included in all official email correspondence

9.6 Refer to **APPENDIX III: Additional Guidance for Email Security and Use** and **APPENDIX IV: Best Practice Procedures for Sending Business Emails**.

## 10. Network Security

10.1 Only authorized software may be installed on any ICT device. The ICT Department will render advise as to what software are authorized. Approval for all software installations should be granted by the IT Manager. Great care should be taken to avoid pirated and illegal software on MCA-Liberia's internal network and devices.

10.2 Information contained on portable devices/computers are especially vulnerable and special care with respect to security must be exercised.

10.3 All computers used by staff members that are connected to the MCA-Liberia network shall have MCA-Liberia approved antivirus. While it is the responsibility of the IT Department to ensure continuous updates of the antivirus software, staff members are urged to alert the IT Manager if updates files are not downloaded.

10.4 Staff members must use extreme caution when opening email attachments received from unknown senders, which may contain viruses, email bombs, Trojan horse code or any malicious code. Staff member must be caution with method such as phishing, which is an attempt to obtain sensitive information such as usernames, passwords, and credit card details (and money), often for malicious reasons, by disguising as a trustworthy entity in an electronic communication

**Phishing scams are attempts by scammers to trick you into giving out personal information** such as your bank account numbers, passwords and credit card numbers.

### **Some Signs You May Have Received a Phishing Email:**

- Unofficial "From" address. ...
- Urgent action required. ...
- Link to a fake web site. ...
- Check the Web address. ...
- Be leery of pop-ups. ...
- Give a fake password. ...

- Use a Web browser with antiphishing detection. ...
  - Be wary of other methods to identify a legitimate site.
- 10.5 Staff members must report any unintentional computer/device operation that are or may be potential breach of security. Staff members have the duty to self-report any of the following examples of advanced social engineering, for example opening malicious email and or attachment, clicking malicious pop-ups and web links containing viruses.

## **11. Computer Resources - A Finite Resource**

- 11.1 Authorized users are reminded that computing resources are finite and are under increasing demand. Therefore, an Authorized user's use of the ICT Resources should not interfere with or cause difficulties for other users on the network.
- 11.2 Staff members should take great care to minimize the use of the internet for non MCA-Liberia work purposes. Every attempt should be made, even while pursuing work activities, to minimize the volume of data that needs to be transferred via the internet by avoiding the transfer of films, videos, and music files, high resolution graphics, software installation images, photographs and very large datasets except where necessary. staff members are being encouraged to seek advice from the ICT Department.
- 11.3 Special needs should be brought to the attention of the ICT Department who will advise on how best to proceed.

## **12. Social Media**

- 12.1 Social media networks are a growing industry that encompasses a variety of online activities which are open to public viewing that is traceable.

It is highly recommended for staff members to apply maximum privacy settings on their social media accounts such as Facebook, Twitter, LinkedIn, and Google+. Ensure that only relevant details of personal information are displayed. By limiting the amount of personal information that is available online, the vulnerability to spear phishing attacks as well as identity theft can be reduced.

Social Media may include:

- Social networking sites (e.g. Facebook, Myspace, LinkedIn)
  - Video and photo sharing websites (e.g. Flickr, Instagram, Youtube)
  - Blogs, including corporate blogs, media outlet blogs, and personal blogs
  - Micro-blogging (e.g. Twitter)
  - Wikis and online collaborations (e.g. Wikipedia)
  - Forums, discussion boards and groups (e.g. Google groups)
  - Podcasts
  - Online multiplayer gaming platforms (e.g. World of Warcraft, Second life)
  - Instant messaging (e.g. WhatsApp, SMS, gchat, Facebook chat)
- 12.2 The rules and guidelines for use of the Internet and email also applies to the use of chat facilities and social media. Additional rules are provided below:

- (a) Staff members are personally responsible for content published and comments left on social media websites. Staff members are reminded that their views in form of texts, photos, and videos could remain in the public domain for a considerable length of time.
  - (b) Outside of the workplace, staff members have the right to privacy and freedom of speech on their personal social networks. However, contents published by staff members on such personal online sites should never be attributed to MCA-Liberia.
  - (c) Staff members should not imply or speak as a representative or on the behalf of MCA-Liberia, nor give the impression that his/her views expressed are those of MCA-Liberia's.
  - (d) Staff members should not use his/her MCA-Liberia's email address, nor logos or insignia when posting on social media for personal reasons.
  - (e) Social media should not be used for complaints relating to MCA-Liberia and/or the workplace. Staff members should take advantage existing formal processes for complaints.
  - (f) Social media should not be used to respond to any negative, false, inaccurate or accusatory comments by another person.
- 12.3 Authorized users cannot represent MCA-Liberia on social network media unless approval from senior management

### **13. Services for which a Subscription Fee is Charged**

- 13.1 There are many services available through the Internet on a user-pays basis. Where an Authorized user identifies a service that is relevant to his/her official work duties, an application to subscribe to the service should be made through the staff member's reporting line manager for advice.
- 13.2 Under no circumstances should an Authorized user(s) enter into any subscription contract or agreement on behalf of MCA-Liberia without the prior approval of the CEO or DCEO.

### **14. Confidentiality**

- 14.1 All staff members are expected comply with MCA-Liberia's Confidentiality Policy by appropriately safeguarding all confidential information, which may be paper-based or electronic. No one is permitted to disseminate confidential information without specific authorization from the CEO or DCEO.

### **15. Capturing and Accessing Public Records**

- 15.1 As defined by the Liberia Freedom of Information Act of 2010 (FOIA), Section 1.3.12, a "Public Record means a record, manual rule book, regulation or other documents produced or received by, being used or having been used by, possessed by or under the control of a public authority, whether in written form or recorded or stored in electronic form or in any other device."
- 15.2 Under FOIA, public records may be subject to external scrutiny or required to be made available upon request from the public. Email messages created, received or

stored by members of staff in the conduct of or in connection with governmental business are deemed to be public records within the meaning of FOIA.

- 15.3 Under "Chapter 2.0: Publication of Certain Information" of FOIA, public authorities are obliged to publish certain classes of documents and information as soon as they are generated. Senior management will provide further guidance for ensuring staff members are in adherence with FOIA requirements.

## **16. Privacy of email messages**

- 16.1 Documents, messages, email and correspondence created, received or stored using MCA-Liberia's ICT Resources, are at all times, the property of MCA-Liberia. Therefore, staff members are not guaranteed privacy in relation to email messages sent using MCA-Liberia's ICT Resources, whether the messages are business-related or personal. The reasons for this include the following:
- (a) Email is not secure, unless it has been encoded or encrypted.
  - (b) Email messages are hard to destroy. Email messages are backed up on a regular basis and can be recovered from these back-ups. The deletion of an email message from the email account does not remove the backed-up copy.
  - (c) Email messages are logged. These logs include email sender and recipient addresses, time of transmission and the content of the email. These logs are necessary for routine maintenance and management of the email service.
- 16.2 Although MCA-Liberia respects the right of Authorized Users to privacy, MCA-Liberia reserves the right to access Authorized User's email messages under certain circumstances as defined immediately below and in Section 18: Monitoring and Inspection.
- 16.3 MCA-Liberia may seek to gain access to an Authorized User's email messages, in the same way as for paper-based material, where this is necessary for the purpose of retrieving business information or for system maintenance.
- 16.4 In the case of system maintenance, the extent of access will not exceed the minimum essential for the performance of the maintenance function.
- 16.5 In the case of access to retrieve business information, the authority of senior management is required before access is attempted, and the extent of access is restricted to no more than is necessary to locate and retrieve the relevant information.

## **17. Copyright**

- 17.1 Copyright is a legal recognition of ownership of intellectual property, etc. Copyright laws protect most documents and software available through the Internet. Staff members should consider the copyright implications associated with copying or otherwise reproducing Internet material.
- 17.2 It is prohibited to use the Internet service or email system to copy, reproduce or transmit any document, software or other information protected by copyright laws. This includes the download of pirated movies or music files (via sites such as Pirate Bay), as well as the usage of any non-licensed software.

- 17.3 Officers should refer to the ICT Department for further information on digital copyright.

## **18. Monitoring and Inspection**

- 18.1 MCA-Liberia reserves the right to monitor any or all Internet or Intranet related activity and to monitor and inspect any or all email messages sent to or from a MCA-Liberia email address. MCA-Liberia may gain access to an Authorized User's email account in order to:
- (a) Identify inappropriate use;
  - (b) Protect system security;
  - (c) Maintain system performance;
  - (d) Protect the rights and property of the Unit;
  - (e) Determine compliance with this Policy;
- 18.2 Authorized Users shall have no expectation of privacy in respect to their personal use of Internet, email or any other ICT Resource.
- 18.3 These monitoring and inspection activities include but are not limited to the following:
- (a) Access and examination of specific types of messages e.g. large messages or messages containing executables, audio visual files, movie files, command files and/or pictures, in order to identify inappropriate use or to maintain system performance;
  - (b) Access and examination of messages in specific circumstances, such as where an individual's message volume is high, in order to identify inappropriate use or to maintain system performance;
  - (c) Access, examination and referral of email messages for the purpose of complying with investigation requests received from law enforcement;
  - (d) Access, examination and referral of email messages for good cause or to satisfy legal obligations, in compliance with legislative requirements and governmental policies. Good cause includes the need to protect system security, identify inappropriate use and protect the rights and property of the Unit;
  - (e) Introduction and use of content security software to protect MCA-Liberia's ICT Resources from such things as viruses or offensive material and breaches of confidentiality.
- 18.4 Filtering tools may be used to restrict access to certain categories or internet websites that have been deemed to be unauthorized; may have the potential to compromise the network through excessive downloads; or may be a threat to network security. The purpose of filtering is to protect Authorized Users and MCA-Liberia from accidental access to sites that may contain unauthorized material.
- 18.5 Automated tools may be used to scan and block email messages and attachments that may contain unauthorized content; viruses or other codes that might be harmful to the network; large files (such as movie files); and spam.

- 18.6 If an email or website is blocked, the intended recipient may request the ICT Department to release the information if it is deemed safe, and is related to the organization's work activities.

## 19. Consequences of Policy Violations

- 19.1 Authorized Users' use of Intranet, Internet and email services should be compliant with the principles and expectations laid out in this policy and, where applicable, any other related MCA-Liberia or Millennium Challenge Corporation related policy.
- 19.2 Violations of this policy may result in restriction of access to MCA-Liberia' ICT Resources and may lead to disciplinary action (including dismissal) and/or action by the relevant regulatory authorities.
- 19.3 Staff members who are aware of, or have observed a suspected violation of this policy, are responsible for reporting the incident to their supervisor.

## 20. Ongoing Development

- 20.1 It is intended that this policy continues to develop so that it keeps pace with MCA-Liberia's requirements and the progress of information technology. Requirements, suggestions and comments about these documents should be forwarded to senior management.

## 21. Responsibility

- 21.1 Control and Administration. Human Resources with support from IT is responsible for the control and administration of this policy document.
- 21.2 Compliance. All Authorized Users are responsible for ensuring that this ICT policy is observed.
- 21.3 Awareness. The IT Manager is responsible for ensuring that all Authorized Users are aware of this details of this ICT Policy.

## 22.Contact

For further information, please contact the IT Team:

**Lamine Kamara**, IT Manager  
Millennium Challenge Account - Liberia  
Office: +231-(0)770144444  
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## APPENDIX I: DEFINITIONS

**Authorized use:** Use of Internet, email and other ICT resources for purposes consistent with this Policy.

**Authorized User:** Persons who have been approved to access MCA-Liberia's ICT Resources.

**Chat:** Talking to other people online. There are many forms of chat including chat lines, chat groups, chat rooms, and discussion lists. Some commonly used examples are Google's gchat and Facebook chat.

**Compact:** The Millennium Challenge Compact entered into on October 2, 2015 between the Republic of Liberia, acting through the Ministry of Finance and Development Planning, and the Government of the United States of America, acting through the Millennium Challenge Corporation ("MCC").

**Confidential Information:** Information obtained or received by an Authorized user in the course of performing his or her duties or responsibilities for MCA-Liberia, or as a result of his or her relationship with MCA-Liberia, that is not made publicly available in accordance with the terms of the Compact or related documents.

**Email messages:** A computer-based message sent via the communication network to one or more recipients. An email message may be transmitted with one or more attachments i.e. files containing text, graphics, images, digitised voice, digitized video or computer programs.

**Firewall:** A method of protecting a network against security threats from other systems and networks by centralising and controlling access to the network using a combination of hardware and software controls.

**ICT:** Information and Communication Technologies

**ICT Resources:** The composite hardware, software, network resources and services required for the existence, operation and management of MCA-Liberia's ICT environment

**Integrity:** Sound, undiminished and unimpaired condition.

**Internet:** The Internet is a worldwide loose affiliation of interconnected computer systems, through which users can navigate to obtain services and share information with globally dispersed organisations and individuals.

**Intranet:** The Intranet is essentially a private Internet operating on MCA-Liberia's internal network protected from Internet users by a firewall.

**Monitoring:** The analysis of content, normally with automated software, for compliance with MCA-Liberia's policies or any applicable legislation. The officer designated to monitor the system can see the websites accessed by Authorized users their bandwidth, and turn it off or disrupt your connection if using too much.

**Personal Information:** Information or an opinion (including information or an opinion forming part of a database), whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

**Personal use:** Activity conducted for purposes other than accomplishing official business or educational and self-development purposes that are consistent with MCA-Liberia's policy. Personal use of Internet, email or other ICT Resources is a privilege not a right and may be revoked at any time. Such use must be limited and reasonable, that is:

- be infrequent and brief in its usage
- be lawful, ethical and efficient in the use and management of the facilities
- must, wherever possible, take place during non-work time (e.g. during lunch breaks)
- must only incur minimal additional cost to the Unit.
- must not impact on the authorized user's productivity
- must not be unauthorized as defined in this policy
- must not interfere with the operation of the agency, or related legislation and regulations
- must not embarrass or compromise the Unit.

**Phishing:** Phishing is a form of fraud in which an attacker masquerades as a reputable entity or person in email or other communication channels. The attacker uses phishing emails to distribute malicious links or attachments that can perform a variety of functions, including the extraction of login credentials or account information from victims.

**Pornography:** The explicit description or exhibition of sexual activity intended to stimulate erotic rather than aesthetic or emotional feelings.

**Public Records:** a record, manual rule book, regulation or other documents produced or received by, being used or having been used by, possessed by or under the control of a public authority, whether in written form or recorded or stored in electronic form or in any other device.

**Security controls:** Hardware, procedures, policies and physical safeguards that are put into place to assure the integrity and protection of information and the means of processing and accessing it.

**Social Engineering:** Is an attack vector that relies heavily on human interaction and often involves tricking people (psychological manipulation) into breaking normal security procedures.

**Spam:** The inappropriate attempt to use email, or another networked communications facility by sending the same message to numerous people who didn't ask for it.

**Staff member:** All MCA-Liberia's permanent, temporary, seconded or contracted consultants. Volunteers and interns are also classified as MCA-Liberia's staff members for the purposes of this policy.

**Streaming:** Allows users to see and hear/see an audio/video file as it is transferred. Streaming video is usually sent from pre-recorded video files, but they can also be broadcast live

**Unauthorized use** of MCA LIBERIA'S Internet, email and other ICT facilities and devices is use by any person who is not an authorized user, or any unlawful, criminal, excessive personal use or inappropriate use.

**Unlawful use** is use that violates any law in force in the Republic of Liberia.

**User authentication:** Process of validating that a user is who s/he represents her/himself to be.

**Virus and malicious code:** A piece of computer software or code introduced into another program for malicious purposes.

## APPENDIX II: GENERAL PASSWORD CONSTRUCTION GUIDELINES

Staff members will be required to use passwords for various purposes, including: user-level accounts, web accounts, email accounts, screensaver protection, voicemail password, and local router logins.

### **Strong** passwords have the following characteristics:

- Contain both upper and lower case characters (e.g., a-z, A-Z)
- Have digits and punctuation characters as well as letters e.g.,
- 0-9, !@#\$%^&\*()\_+|~-=\ {}[]:~<>?,./)
- Are at least eight alphanumeric characters long.
- Are not words in any language, slang, dialect, jargon, etc.
- Are not based on personal information, names of family, etc.
- Passwords should never be written down or stored on-line. Try to create passwords that can be easily remembered. One way to do this is create a password based on a song title, affirmation, or other phrase. For example, the phrase might be: "This May Be One Way To Remember" and the password could be: "TmB1w2R!" or "Tmb1W>r~" or some other variation.

**NOTE:** Do not use either of these examples as passwords!

### By contrast **poor, weak passwords** have the following characteristics:

- The password contains less than eight characters
- The password is a word found in a dictionary (English or foreign)
- The password is a common usage word such as:
  - Names of family members, pets, friends, co-workers, fantasy characters, etc.
  - Computer terms and names, commands, sites, companies, hardware, software.
  - The words "GEMS", "ibi", "liberia" or any derivation.
  - Birthdays and other personal information such as addresses and phone numbers.
  - Word or number patterns like aaabbb, qwerty, zyxwvuts, 123321, etc.
  - Any of the above spelled backwards.
  - Any of the above preceded or followed by a digit (e.g., secret1, 1secret)

### **APPENDIX III: ADDITIONAL GUIDANCE FOR EMAIL SECURITY AND USE**

In common with other channels for communication within MCA LIBERIA, email accounts are provided for work purposes and messages should be accurate, courteous and necessary. Messages should not be sent to a larger audience than is reasonably justifiable, particularly when they contain attachments.

**Do not leave a MCA-Liberia's computer which is logged into your email account unattended**, unless it is disabled by a password protected screen saver and do not leave your password written on a piece of paper adjacent to your MCA-Liberia's computer. Others may use it to gain access to your email and may impersonate you in sending email. Also you should not disclose the password which you use to gain access to your account to others as they may use your account to impersonate you in sending email. In either case you will be the one held responsible, until you can prove that you were not (which may be difficult).

If you receive email coming from a particular individual, but out of character with their normal style, treat it as the result of possible impersonation until you have had the chance to confirm it as genuine.

**Take great care when addressing email messages**, to avoid mis-delivery. You are well advised not to send, via email, material which you would not be happy sending in an unsealed envelope, unless you have made explicit arrangements to exchange the material via a secure email channel with the recipient. Ensure that email sent to you 'for your eyes only' is not sent to unattended shared printers and that printed copies of emails are not left lying around.

**Be very careful when sending documents as attachments** because Word and Excel files may contain information relating to earlier corrections to the document or material which previously occupied the disk space currently occupied by your file. Whilst this hidden material is generally not seen by the recipient under some circumstances it might be. Word files sent in RTF format (Save As RTF from the files dialog) greatly lessen this danger and in most cases are smaller in size. In addition, they have the advantage of being readable by ALL versions of Word and many other packages.

**Check all incoming attachments to ensure that they are genuine document files** (.DOC, .XLS, etc.) and are not executable files (.COM, .EXE, etc.) which may carry viruses, etc., before clicking on them to open them up.

**Bear in mind that legal proceedings may result** from inadvertent or negligent disclosure of medical records, confidential records or commercially sensitive information. Considerable problems, embarrassment and expense might be caused by the inadvertent disclosure of confidential information. Email may be treated as written evidence in law. Any email which forms part of a commercial negotiation or contract for goods, services or employment might be required as evidence in a court of law and should be carefully stored in a folder where it is unlikely to be deleted accidentally.

**Ensure that email is not used to defame others**, as such email might come back to haunt you. There have been cases where companies/institutions have been found liable for the email activities of their staff members and have been forced to take severe disciplinary proceedings against offenders.

#### **APPENDIX IV: BEST PRACTICE PROCEDURES FOR SENDING BUSINESS EMAILS**

All Authorized users are required to follow the best practice procedures outlined below when using email as a way of communicating and conducting official MCA-Liberia's business:

- ensure a meaningful subject line is included in all email messages;
- avoid leaving blank subject lines;
- include a file reference (where possible) in the subject line or the body of the message;
- include a detailed signature and salutation block;
- ensure that the email message is captured into an approved MCA-Liberia recordkeeping system once the exchange of emails between officers is complete;
- avoid sending "heat of the moment" emails;
- check the email message for accurate spelling, punctuation and grammar;
- avoid attaching/sending large documents to emails (particularly during business hours); and
- consider the option of linking to particular documents rather than including as attachments.

**ANNEX 6: MCA-L MULTI-YEAR FINANCIAL PLAN (MYFP)**

	Original Program Multi- Year Financial Plan in the Compact	History of Adjustments Reported					Current Approved Multi-Year Financial Plan
		May-16	Q6	Q7	Q12	Q15	
<b>Energy Project (MCAL)</b>	<b>36,690,000</b>	-	<b>13,536,588</b>	-	<b>5,138,280</b>		<b>55,364,868</b>
Mt. Coffee Support Activity - MCA - 0482			13,536,588		5,338,280	(463,996)	18,410,872
LEC Training Center Activity - 0465	5,500,000					(3,247,240)	2,252,760
Energy Sector Reform Activity - 0369	31,190,000				(200,000)	3,711,236	34,701,236
<b>Roads Project</b>	<b>21,070,000</b>	<b>(5,000,000)</b>	-	-	<b>(1,000,000)</b>		<b>15,070,000</b>
National Roads Maintenance Activity - 0261	15,000,000						15,000,000
Roads Sector Reform Activity - 0253 *	6,070,000	(5,000,000)			(1,000,000)		70,000
<b>Monitoring and Evaluation</b>	<b>5,500,000</b>	-	-	<b>(2,000,000)</b>	-		<b>3,500,000</b>
Monitoring and Evaluation - 0016	5,500,000			(2,000,000)			3,500,000
<b>Program Administration and Control</b>	<b>28,566,000</b>	-	-		<b>(3,500,000)</b>		<b>25,066,000</b>
MCA-Liberia Administration - 0017	17,066,000				(1,000,000)		16,066,000
Financial Management and Procurement Controls - 0059	9,500,000				(1,500,000)		8,000,000
Financial Audits - 0031	2,000,000				(1,000,000)		1,000,000
<b>Total MCAL Managed</b>	<b>91,826,000</b>	<b>(5,000,000)</b>	<b>13,536,588</b>	<b>(2,000,000)</b>	<b>638,280</b>		<b>99,000,868</b>
<b>Energy Project (PIU)</b>							
Mt. Coffee Rehabilitation Activity - 0086	146,800,000				(638,280)		146,161,720
Mt. Coffee Support Activity - 0464	18,100,000		(13,536,588)				4,563,412
<b>Total LEC/PIU Managed</b>	<b>164,900,000</b>	-	<b>(13,536,588)</b>	-	<b>(638,280)</b>		<b>150,725,132</b>
<b>Roads Project</b>							
Technical Assistance for Roads Project Activity* - 0253	-	<b>5,000,000</b>	-				5,000,000
<b>Monitoring &amp; Evaluation</b>							-
Process Evaluations (Road Support)	-		-	2,000,000			2,000,000
<b>Total MCC Managed</b>	-	<b>5,000,000</b>	-	<b>2,000,000</b>	-		<b>7,000,000</b>

Millennium Challenge Account- Liberia

<b>COMPACT TOTAL</b>	<b>256,726,000</b>	-	-	-	(0)	-	<b>256,726,000</b>
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**ANNEX 7: CHART OF ACCOUNTS**

1101000	IBC/Banks in US
1101010	IBC/Banks outside US/USD
1101020	IBC/Banks outside US/USD
1101030	Guarantee Funds
1103000	Compact Permitted Account LRD
1103010	Compact Special Account USD
1103020	Compact Funds in Transit Account USD
1103030	Non Compact Funds Account USD
1105000	Permitted Account Interest LRD
1105010	Permitted Account Interest USD
1105020	Interest Received from Permitted Accounts LRD
1105030	Interest Received from Special Accounts USD
1105040	Interest Transferred to US Treasury LRD
1105050	Interest Transferred to US Treasury USD
1105100	MCA-L Special Account Pmt. Requested
1106000	Petty Cash
1106010	Debit Card
1106020	GAS Card
1200000	GST Paid - LRD
1200010	GST Paid - USD
1200020	GST Claimed - LRD
1200030	GST Claimed - USD
1201000	Vendor Payables - Advances
1201010	Vendor Guarantees - Noted
1202000	Employee Advances
2101000	Vendors Liabilities/Others
2101010	WHT payable/Paid
2101020	Vendor - Retention
2102000	Employee Liability
2103000	Payroll Vendor Liabilities
2300000	Goods Received / Invoice Received
2800000	Zero balance clearing account
2900000	Retained Earnings Account
5110000	Mt. Coffee Support Activity
5120000	LEC Training Center Activity
5130000	Energy Sector Reform Activity
5210000	National Roads Maintenance Activity
5220000	Roads Sector Reform Activity
5310000	Monitoring and Evaluation
5410000	MCA-L Administration
5420000	Financial Management and Procurement Controls



5430000	Financial Audits
9000000	GST Paid
9000010	GST Claimed
9000020	WHT payable/paid
9000030	Vendor - Advances
9000040	Vendor Payable
9000050	Employee Payable
9000060	Payroll Vendor Liabilities
9000070	Vendor - Retention
9000080	MCA - Liberia Permitted Accts Pmt. Requested
9000090	Goods Received / Invoice Received
9000100	P&L Acct assignment to Bal sheet Accts-Cash Basis

**ANNEX 7a: MCA-L PROJECT STRUCTURE**

SAP WBS #	PROJECT / ACTIVITY / SUBACTIVITY	CPS Code
<b>5100000</b>	<b>Energy Project</b>	
5120000	Mt. Coffee Support Activity	0482
5120100	Community Support Sub-activity	0482
5120200	Human Resources to PIU Sub-activity	0482
5120300	Water Pipeline Sub-Activity	0482
5120400	Fisheries Studies	0482
5120500	Water Management Sub Activity	0482
5120600	Contingency Mt. Coffee Support Activity	0482
5130000	LEC Training Center Activity	0465
5130100	Programmatic Design Sub-activity	0465
5130200	Facility Construction Sub-activity	0465
5130300	Training of Staff Sub-activity	0465
5130400	Training of Trainers Sub-activity	0465
5130500	Equipment Sub-activity	0465
5130600	Contingency (Facility Construction)	0465
5140000	Energy Sector Reform Activity	0369
5140100	Private Sector Participation in LEC Sub-activity	0369
5140200	EPA Support Sub-activity	0369
5140300	Electricity Regulatory Board Assistance Sub-activity	0369
5140400	Cost of Services (Study) Sub-activity	0369
5140500	WTP/Demand/Connection Analysis Sub-activity	0369
5140600	Gender & Electricity (Study) Sub-activity	0369
5140700	Gender & Electricity Sub-activity	0369
5140800	GSI-Strengthen Customer Service	0369
5140900	GSI-Social Inclusive / Gender Planning Sub-activity	0369
5141000	GSI-Productive Uses of Energy	0369
5141100	Contingency (Energy Sector Reform Activity)	0369
<b>5120000</b>	<b>Roads Project</b>	
5210000	National Roads Maintenance Activity	0261
5210100	FS/ESIA/RAP/Design/Supervision Sub-activity	0261
5210200	Civil Works Sub-activity	0261
5210300	Matching Funds for Road Maintenance Sub-activity	0261
5210400	Contingency	0261
5220000	Roads Sector Reform Activity	0253

SAP WBS #	PROJECT / ACTIVITY / SUBACTIVITY	CPS Code
5220100	Network Analysis / Data Collection Sub-activity	0253
5220200	Sector Reform / Strengthening Sub-activity	0253
5220300	Capacity Building Sub-activity	0253
5220400	GSI-Social Inclusive / Gender Responsive Planning Sub-activity	0253
5220500	Contingencies	0253
<b>5300000</b>	<b>Monitoring and Evaluation Project</b>	
5310000	Monitoring and Evaluation Activity	0016
5310100	Monitoring Oversight Sub-activity	0016
5310200	Capacity Building for M&E Sub-activity	0016
5310300	Surveys Sub-activity	0016
5310400	MCA Process Evaluations Sub-activity	0016
5310500	Contingency - (Monitoring & Evaluation A	0016
<b>5400000</b>	<b>Program Management and Administration Project</b>	
5410000	MCA-L Administration Activity	0017
5410100	Personnel and Consultants Costs	0017
5410200	Insurance	0017
5410300	Communication	0017
5410400	Utilities	0017
5410500	Office Lease/Rentals	0017
5410600	Meeting Expenses (Board Members and Stakeholders)	0017
5410700	Workshops and Trainings	0017
5410800	Travel Expenses	0017
5410900	Newspapers and Publications	0017
5411000	Vehicle and Transport Expenses	0017
5411100	Repairs and Maintenance	0017
5411200	Office Supplies and Expenses	0017
5411300	Public Relations/Outreach Expenses	0017
5411400	Evaluations, Consulting and Professional Fees	0017
5411500	Advertising and Procurement Notices	0017
5411600	Recruitment Expenses	0017
5411700	Miscellaneous Expenses	0017
5411800	Bank Charges	0017
5411900	Fixed Assets	0017
5412000	Management Information Systems	0017
5412100	Program Administration Contingency	0017

SAP WBS #	PROJECT / ACTIVITY / SUBACTIVITY	CPS Code
5420000	Financial Management and Procurement Controls Activity	0059
5420100	Fiscal Agent	0059
5420200	Procurement Agent	0059
5430000	Audit and Compliance	0031
5430100	Audit	0031

## ANNEX 8: MCA-L INVOICE PROCESSING CHECKLIST



**Vendor's Name:** \_\_\_\_\_

Item Description	Checked or NA	Initial	Comment
1. Budget Availability			
2. Non- Procurement (NPC) Funds Commitment Number			
3. Procurement – Purchase Order Number			
4. Goods Receipt Note			
5. Original Invoice Received			
6. MCAL "Received" Stamped			
7. Received Date Referenced			
8. Accounting Code Referenced			
9. Project Director Signature			
10. Supporting Docs Attached (E.g. – Contract, Requisition, PO's, Quotations, Memos, etc.)			
11. Delivery Received Note / Service Acceptance Form			
12. Supplier Eligibility attached <a href="https://www.sam.gov/portal/SAM/#11">https://www.sam.gov/portal/SAM/ #11</a>			
13. Business Registration attached			
14. Attendees List (Meetings, Workshops, Trainings, etc.)			

## **ANNEX 9: COMMON PAYMENT SYSTEM SOP**

**PURPOSE:** The SOP spells out the procedures to be followed when making payments using the Common Payment System. This should be read together with the CPS Manual

**USERS:** FA & DFA

### **PROCEDURE:**

The FA must follow the procedures below when processing CPS Payments. The responsible positions for each task are listed in the Segregation of Duties Matrix - Annex 3.

- Prepare the CPS Payment Request Form (CPS PRF) for approval using the Segregation of Duties Matrix
- Enter payment data in CPS PRF provided by MCC
- Prepare, scan and submit CPS PRF to IBC through Tumbleweed the MCC online portal. By signing the CPS PRF the FA, certifies that a payment is:
  - a. Authentic
  - b. Within the approved budget and QFR report for the period
  - c. Comply with the Compact and the Program Implementation Agreement
  - d. Comply with any other relevant Implementation or Supplemental Agreement
  - e. Have been checked to ensure that beneficiaries of the funds are not on the Excluded Parties List of the U.S. Treasury and United Nations.
  - f. Comply with the Contract Deliverables & Payment Schedule or Purchase Order amounts
  - g. Invoices and/or receipts have been retained and filed
  - h. Have verified vendor banking details against contract and previous payments (if any). Where bank account details have changed, the FA completes the CPS PRF and the IBC account details amendment form and takes it through the formal approval process. Changes should be supported by verifiable documentation approved by the Project Director/Manager or through a contract amendment for any changes to the bank account details specified in the contract.
  - i. In compliance with the FAP
- Confirm payments using the MCC CPS Monthly Reports
- Reconcile MCA-L accounting records to the CPS Monthly Report
- Complete Payment Inquiry Form to resolve payment queries with IBC

### **Responsibility:**

The FA will ensure that procedures of the Common Payment System are followed as required by MCC.

## ANNEX 9A: PAYMENT PROCESSING

**PURPOSE:** The SOP spells out the steps to be followed in processing payments.

**USERS:** Finance and Administration  
Procurement Agent  
Fiscal Agent  
Project Managers/Directors

### PROCEDURE:

#### Receiving the invoice

Invoicing instructions to local vendors shall indicate that they are to present invoices to the MCA-L Administrative Officer (AO). Foreign consultants, vendors and contractors will be allowed to present their invoices (scanned or original) to the AO when the relevant deliverable is accepted by the project manager or coordinator. The AO will affix the "Received" stamp on the invoice so that the 30-day count should commence.

#### *MCA Finance*

1. After receiving the invoice, the MCA AO is required to date stamp the invoice with a Received date to mark the start of the "Payment Period Start Date". The invoice is then passed on to the DFA
2. DFA checks that the invoice is for an expense that was provided for in the spending authority for the quarter then approves the invoice and ensures that all supporting documents are attached before forwarding to FA for processing.

#### *Fiscal Agent*

1. FA Administrative Assistant:
  - Date stamps invoice to show the date the invoice was received by the FA.
  - Records invoice in the 30 Days Tracker
2. Payments and Tax Specialist (P&TS):
  - Checks and reviews invoice including its arithmetical accuracy.
  - Makes sure that Acceptance Document for Goods, Works, or Services is attached and authorized by the appropriate person(s).
  - Checks that the payee is not on the excluded parties/debarred lists as per the MCC Program Procurement Guidelines and prints results of eligibility verification.
  - If payee is not on Excluded Party Lists
    - Checks that invoice details are correct and complete, and the invoice, contract or grant and other relevant documents are internally consistent and amounts payable are calculated correctly and in line with the contract terms.
    - If the payment will be made by online transfer checks that the banking details are correct and if it is a contract are in agreement with the details stated in the contract.
  - Inputs invoice into SAP, prints PAF, signs and submits for required approvals
3. Senior Financial Management Specialist (SFMS):
  - Validates all Purchase Orders and Contracts

- Checks for payment compliance with the contract
  - For contracts with payment schedule/ rates, match invoice against deliverable or rate in contract
  - For works contracts- before making payment for the first Interim Certificate, verify with MCA-L ESP Director to ensure that the contractor has submitted the Health & Safety Management Plan (HSMP) as well as the Environmental & Social Management Plan (ESMP) then match invoice with payment certificate and update Payment Tracking Template
  - Checks advance and retention amounts to ensure amounts are in compliance with the contract
  - Checks validity of Bank Guarantees if any
  - Checks that amounts are within the approved budget and the quarterly financial report for the period
  - Signs the PAF
4. The Fiscal Agent Manager reviews the payment package to ensure:
- That the invoice complies with the contract.
  - That the supporting documentation provided is complete.
  - Whether a payment made in satisfaction of the invoice is compliant with all relevant conditions and all approvals required in the Compact, and other relevant supplemental agreements.
  - That the expense is consistent with the MCC Cost Principles for MCA-L Operations.
- Once satisfied, the FA Manager signs the PAF along with all supporting documents.
5. Fiscal AA sends the approved PAF to the DFA office and records date the PAF was delivered to the DFA Office in the 30 Days Tracker.
6. Project Director, DFA and CEO approves the PAF and Fiscal AA obtains the approved PAF with all supporting documents.
7. P&TS receives and checks approved PAF with all supporting documents. Checks delegation of authority if required. Creates the payment instruction if payment is by check or electronic funds transfer. If payment is through CPS, the Senior Accounting Specialist creates the CPS PRF.
8. SFMS reviews and signs payment instrument (Check, electronic transfer or PRF).
9. Fiscal Agent Manager reviews PAF, and Payment Process Checklist. Reviews all supporting documentation and if satisfied signs the PAF. Approves and signs Payment Instrument (Check, electronic transfer or PRF). If CPS payment uploads PRF into Tumbleweed and obtains Tumbleweed confirmation that is attached to payment package. Forwards package to the SAS.
10. SAS/SFMS conducts SAP payment run and records SAP Payment Voucher number on PAF.
11. SAS receives and reviews IBC payment confirmation from IBC weekly/monthly report and puts "Paid" stamp on PAF, Checklist, Payment Voucher, Invoice, supporting documents and PRF. Records IBC payment confirmation through Journal Voucher in accounting system to transfer from transit accounts to revenue accounts. Ensure completeness of documents in all respects, arrange all documents in proper order, and send it to Fiscal AA.
12. Fiscal AA receives and scans all documents into one PDF file, named by the PAF number and records the remaining details in the 30 days tracker.



## **PAYMENTS MADE WITH MCA-L PREPAID DEBIT CARD**

A prepaid debit card from UBA will be used by MCA-L to make online purchases, buy airline tickets, make hotel reservations for business travel and also buy software and other products that are either not available or not reasonably priced on the Liberian market, or that can only be delivered electronically through an Internet download.

The use of the debit card will not circumvent the normal MCA-L procurement procedures. Any procurement using the debit card has to be based on comparison of three quotations for any service or goods that will be acquired.

Since the card is a payment instrument, the Fiscal Agent Senior Financial Management Specialist will have physical custody and control of the card. The card will be kept in a locked safe and passwords for the card must be written down and kept in a separate location away from the card. Any payment that will be made using the card will go through the normal MCA-L payment approval process. Once payment has been made, an accounting entry will be passed in MCA-L's books to reduce the balance in the debit card with the amount paid and to recognize the expenditure.

The card will be replenished based on payments made by the FA with all supporting documents attached when the card balance goes below USD2,000. The balance in the debit card will form part of the MCA-L's available funds in the FAS. At the end of every month, the fiscal agent will reconcile the debit card account against MCA-L books. Any bank charges incurred will be identified and recognized during the reconciliation process. In order to monitor usage, the FA will provide the DFA with a detailed list of all expenditures paid from the card as part of the FA Monthly Report. The payments on the list will be included on the monthly vendor report.

## **GENERAL POINTS TO NOTE**

- (a) The invoice should be accompanied by a copy of the Delivery Note/Goods Received Note or evidence of acceptance notice for the goods, works or services. If the invoice is misaddressed, lacks critical information, represents a duplicate payment or lacks the GRN or acceptance notice, it should be immediately rejected. A note explaining the reason for rejection should be sent to MCA-L with the invoice providing sufficient information for MCA-L to explain to the vendor the reason for rejection. Rejected invoices should be annotated as such within the 30 day tracking worksheet to stop the prompt payment clock.
- (b) In case of works contracts under FIDIC, an invoice may not be necessary. The payment can be processed upon submission of a properly authorized works Interim Payment Certificate. In addition, there should be verification of Performance Guarantee, checking certificate cumulative payments to date against contract amount and checking calculation of retentions if a retention guarantee was not required in the works contract. The FA will maintain an Excel based payment tracking tool to ensure that payments on the works contract are within the contract amount.
- (c) If the DFA is not in agreement with a particular invoice that has been presented for payment, he/she should seek to resolve the matter with the relevant Project Director or the FA as appropriate; if not resolved to the satisfaction of the DFA he/she should write a rejection note with sufficient detail for the vendor to be informed.
- (e) if the payment is by check, the vendor must be informed that the check is ready for collection. At hand-over, the P&TS takes a copy of the check and ID of the recipient and obtains the recipient's signature on this copy to confirm receipt.

## ANNEX 10: GST RELIEF PURCHASE ORDER (GRPO)

- PURPOSE:** This SOP serves as a guidance for individuals/businesses/organizations who benefit from the use of the GRPO as a tax exemption instrument
- Source:** Liberia Revenue Authority Domestic Taxes Business Brief 001 (2017) Published December 1, 2017
- USERS:** MCA-L Finance & Admin, Fiscal Agent, Procurement Agent, LEC PIU, Implementing Entities as well as Exempt Entities and Exempt Individuals that engage in economic activities in pursuit of the Liberia Compact

### DEFINITIONS

<i>Covered Provider(s)</i>	means a recipient that expends greater than US\$500,000.00 in MCC funds in its fiscal year as part of an implementing entity agreement
<i>Exempt Entity</i>	has the meaning provided below.
<i>Exempt Individual</i>	has the meaning provided below.
<i>GRPO Holder</i>	means MCA-L or the PIU.
<i>GRPO User</i>	means an Exempt Entity or Exempt Individual other than MCA-L or PIU that is authorized to use GRPOs.
<i>Implementing Entity</i>	means an entity of the Government of Liberia that implements and carries out any project or activity under the. Compact.
<i>Implementing Entity Agreement</i>	means an agreement with MCA-L that sets forth the roles and responsibilities of an Implementing Entity
<i>MCC Funding</i>	has the meaning provided below.
<i>Provider</i>	means any non-Governmental entity or individual that receives at least US\$50,000 in the aggregate of MCC Funding (other than as salary or compensation as an employee of an entity of the Government) during the Compact Term.

### BACKGROUND

The United States of America, acting through the Millennium Challenge Corporation and the Government of the Republic of Liberia, acting through the Ministry of Finance and Development Planning, entered into a Millennium Challenge Compact (the "Compact"), which sets forth the general terms on which MCC will provide assistance of up to two hundred and fifty six million and seven hundred and twenty six thousand United States Dollars (US\$256,726,000.00) ("MCC Funding") to the Government for a program to reduce poverty through economic growth in Liberia, and a Program Implementation Agreement (the "PIA") executed on the same date, which sets forth the general framework for program implementation. The Compact and the PIA were subsequently ratified by the National Legislature of Liberia and approved by the President of Liberia, thereby giving them the force of a treaty and are thusly governed by international law. In accordance with the Compact, Millennium Challenge Account-Liberia ("MCA-L") was, by an Act of the National Legislature, created as MCA-LMCA-L responsible for managing the projects financed by MCC Funding.

Section 2.6 of the Compact directs that "all MCC Funding is free from the payment or imposition of any existing or future taxes, duties, levies, contributions or other similar charges." Annex II of the PIA explains that MCA-L, the Project Implementation Unit at the Liberia Electricity Company (the "PIU"),

and all Providers, Covered Provider(s), Implementing Entities, contractors (prime contractors and subcontractors), consultants and other entities and individuals that receive MCC Funding directly or indirectly in furtherance of the Compact are (an "Exempt Entity" in the case of a legal person or an "Exempt Individual" in the case of a natural person) eligible to benefit from the relief from taxes contemplated by Section 2.6 of the Compact.

Schedule A of Annex II of the PIA outlines the procedure the Exempt Entities and Individuals must undertake to effectuate the exemption from the goods and services tax (the "GST"). For locally purchased goods and locally sourced services, the procedure requires the use of a GRPO. The first step in the process is the Liberia Revenue Authority (the "LRA") will provide MCA-L a letter authorizing it to utilize a GRPO and to permit MCA-L to request the LRA to allow Exempt Entities and Individuals to be able to utilize GRPOs. Upon receipt of the authorization, MCA-L must then submit a comprehensive listing of all Exempt Entities and Individuals to the Commissioner General of the LRA and also submit the categories of goods and services each Exempt Entity or Exempt Individual will require to perform their tasks under the Compact. This comprehensive list will be updated from time to time as MCA-L and the PIU procure additional Exempt Entities and Individuals. LRA will then provide MCA-L and the PIU with GRPO booklets for the purchases to be made pursuant to the Compact.

GST on vehicles, entertainment, hotel accommodation, meal and personal expenses cannot be exempted at the point of sale. Such taxes must be paid at the point of sale and will be reimbursed by the Government, following receipt of the required documentation.

#### **PURCHASE ORDER.**

The LRA will initially issue MCA-L GRPO booklets with each booklet consisting of twenty-five GRPO sheets. Each booklet will be available at a cost of USD 25.00 which they can use to procure taxable goods and services without paying GST. This therefore means that with a GRPO, GST registered businesses/taxpayers can sell taxable goods and services to GRPO holders or GRPO users without charging them GST.

Each GRPO sheet/leaflet (see example below) is "like a blank check" and as such GRPO holders must ensure that they are kept safely and used correctly in accordance with set guidelines (see DTDBB/002/2016: How to use a GST Relief Purchase Order). The LRA reserves the right to refuse reissuance of new set of GRPO booklets if they are misused or lost.

Used GRPO booklets should be returned to the LRA accompanied by a GRPO Return (see below for example). If the used booklets that contain the LRA copies are not returned, new booklets will not be issued.

# **GST RELIEF PURCHASE ORDER (GRPO) GRPO 001**

GRPO Holder: (MCA-L)

GRPO Holder TIN:

GRPO User (if applicable):  
(Name of Exempt Person)

GRPO User TIN:

GST Relief Authorization No:

(GRPO Holder's Authorization Number)

Supplier: (Name of Vendor)

Supplier's TIN:

Supplier's Address:

Supplier's Invoice Number:

(Invoice number that corresponds  
to GRPO Sheet Number)

Invoice Date:

<b>GOOD/SERVICE</b> <b>(Good or service purchased ex: Office Supplies, Janitorial)</b>	<b>MEASURING UNIT</b> <b>(Unit to quantify the amount of the purchased goods/service ex: , name of good, pieces, months of service)</b>	<b>QUANTITY</b> <b>(Amount of the Good or Service Purchased)</b>	<b>PRICE</b> <b>(The amount paid for the purchased goods/service)</b>	<b>GST WAIVED</b> <b>(GST that would be applied to the price)</b>
<b>TOTAL</b>				

Authorized By: \_\_\_\_\_

Name of MCA-L's Authorized Representative

Signature: \_\_\_\_\_

(Signature of MCA-L's Authorized Representative)

Date:

**GRPO Booklet Return Form****GRPO Holder's Name:****GRPO Authorization No.:**

<b>Ref.</b>	<b>Date of GRPO</b>	<b>GRPO Number</b>	<b>Supplier's Name</b>	<b>Supplier's TIN</b>	<b>Total GST Waived (\$)</b>
001					
002					
003					
004					
005					
006					
007					
008					
009					
010					
011					
012					
013					
014					
015					
016					
017					
018					
019					
020					
021					
022					
023					
024					
025					
<b>Total GST Waived</b>					

I ..... Declare that the information given above is correct and complete.

.....  
Signature.....  
Position.....  
Date

Received by: \_\_\_\_\_, Domestic Tax Commissioner

Signature:

Date:

## ANNEX 11: PAYROLL ACCOUNTING AND PROCESSING SOP

- PURPOSE:** The SOP spells out the procedure for payroll processing and accounting.
- USERS:** **All Staff Members**
- Responsibility:** The DFA with assistance from the FA and HR Manager will ensure that all the payroll procedures are followed as stipulated

### Payroll Process

- 1) The FA prepares and submits a CPS Payment Request Form to IBC prior to cut-off date based on the gross amount reported on the previous month's payroll.
- 2) The HR Manager prepares the payroll based on actual time worked as reflected on the individual timesheets submitted by staff. The amount payable is calculated with reference to the staff member's monthly rate stipulated in their contract; number of days worked and/or approved paid time off (PTO) in a month. The payroll along with the relevant supporting documents is submitted to the DFA for review and approval; and subsequently to the CEO for approval as well.
- 3) After the DFA and CEO approve the payroll, the HRM submits the approved payroll to the Fiscal Agent no later than the first working day following the payroll month. This will allow the FA two business days to process the payroll.
- 4) The FA will either issue checks or remit the funds net of taxes to the individual staff members' bank accounts by electronic funds transfers.
- 5) Salaries will be paid on the third business day of the month except for the months of July and December. For the two months there will be two pay-cycles:
  - a. The first one for the period from the first to the fifteenth day of the month. The payment for this period will be made on the eighteenth day of the month.
  - b. The second one for the period from the sixteenth to the last day of the month. The payment for this period will be made on the third business day of the following month.
- 6) If a staff member is terminated by MCA-L or resigns, the final salary will only be paid after certification of the Exit and Clearance Form by the HRM.
- 7) If the pay day falls over a weekend or public holiday, the funds will be credited to the consultants' bank accounts on the next business day after the weekend or public holiday.
- 8) For payroll purposes, all staff are encouraged to open bank accounts with UBA where MCA-L's Permitted Account are domiciled. This is for ease of receipt of their pay through a direct online transfer as well as to avoid additional bank charges that may be levied if salaries are remitted to other banks.
- 9) All payments will be credited to the individual's account as follows:
  - i. For staff members who hold bank accounts with UBA – fees will be credited to their bank accounts through an electronic funds transfer on payday.
  - ii. For staff members requesting deposits to be made at other local banks – the funds transfer instruction will be sent to the bank when the FA has received an approved payroll supported by timesheets. However, MCAL is not responsible for the timing of the credit to the staff member's account as this is outside of the organization's control.

- iii. For staff whose bank accounts are based in the USA – one CPS Payment Request Form will be processed for all staff and submitted to IBC when the FA has received the approved payroll supported by timesheets. However, MCAL is not responsible for the timing of the credit to the staff member's account as this is outside of the organization's control.  
Staff members will receive a 1099-MISC from MCC at the end of the US tax year. Staff are required to file form 2555 (Foreign Earned Income) along with their US Tax Return.
- 10) All payroll taxes are paid to the Liberia Revenue Authority by the 10th day of the following month.
- 11) The FA shall record all payroll transactions in SAP.
- 12) Pay Slips – At the end of each pay period, the HR Manager shall provide each staff member a pay slip that depicts monthly and cumulative earnings and deductions.
- 13) For Electronic Transfers – it is the responsibility of each staff member to provide the FA with the following details:
  - i. Name of Bank, branch and branch address
  - ii. Branch code if applicable
  - iii. Account Number
  - iv. Type of Account
  - v. SWIFT Code
  - vi. IBAN, BIC or ABA Routing Number
  - vii. USA Tax ID or Social Security Number and USA Address – for consultants paid through USA banks

### **Payroll Reconciliation**

Payroll reconciliation will be done on a monthly basis to reconcile any difference between the current and previous month payroll status. Any variance should be clearly explained before the final approval of the payroll by the DFA and CEO.

## **ANNEX 12: ASSETS TRANSFER OF OWNERSHIP TO IEAs & OTHERS**

### **Application:**

This Assets Transfer Policy is applicable to the transfer of ownership of any asset, good or property (real, tangible or intangible) purchased or financed in whole or in part (directly or indirectly) by Millennium Challenge Corporation ("MCC") funding ("Program Assets") from MCA-Liberia to another entity.

### **Legal Framework:**

The policy is governed by the following documents:

- The Compact
- The Program Implementation Agreement
- The Fiscal Accountability Plan
- The applicable terms of any MCC funded agreement

### **Categories of Program Assets:**

This policy refers to two basic categories of assets:

- Consumables Assets – are goods which are used up and not returned once issued or goods which are incorporated into other goods and lose their identity. e.g. spares, utility poles, office supplies such as mouse, keyboard, toner, etc. They are tracked quantitatively as a group of the same model.
- Fixed Assets - are goods which don't get used up quickly. They are intended to be used by an organization for more than one year to render a service – i.e. motor vehicles, office equipment, fixtures and fittings, etc.

### **Asset Transfer Procedures:**

In order for MCA-Liberia to transfer ownership of Program Assets to another entity, MCA-Liberia must obtain prior written approval from MCC. MCA-Liberia is therefore required to submit to MCC a proposal to transfer Program Assets (***Program Assets Transfer Proposal – Annex 12c***),

Only upon the MCC's approval of the proposal may MCA-Liberia enter into an agreement wherein MCA-Liberia transfers ownership of Program Assets (***Grant Agreement- Annex 12d***). MCA-Liberia must obtain MCC's prior written approval of the Grant Agreement. Upon the execution of the Grant Agreement, the Program Assets shall be registered in the beneficiary entity's asset registry.

All asset transfers shall be in accordance with this policy and the approved Asset Transfer Plan.

### **Characterization of Transfers:**

Program Assets to be transferred under this policy shall be grouped into two (2) major classifications:

#### **1. Assets Transferred upon MCA-Liberia's appropriate acceptance of delivery**

The asset transfer procedure referenced above should commence upon the execution of a purchase order or contract with the purpose of the procedure being completed prior to the delivery of the assets.

As the contracting party, MCA-Liberia shall formally accept the delivery of Program Assets either at MCAL's office or the Entity's location. When necessary, MCA-Liberia may obtain technical



input from an Implementing Entity ("IE") or a third party prior to accepting the delivery of a Program Asset. After MCA-Liberia accepts the delivery of certain Program Assets, MCA-Liberia may transfer the applicable Program Assets to the entity to whom the Program Assets is intended to benefit.

This category shall include but not be limited to the following groups of assets:

- Consumable items – e.g. spares & utility poles
- Fixed Assets that do not need to be registered with third parties by MCAL – e.g. computers and office furniture.
- Specialized Fixed Assets that are unique and can only be used by the Implementing Entity for which they were procured – e.g. specialized equipment

Once a Program Asset is formally transferred, the beneficiary entity takes the responsibility for the effective, efficient, economical and transparent use of all assets to accomplish the goals of the program. MCA-Liberia will require the beneficiary entity to:

- Establish and maintain a proper register of all fixed assets received from MCA-Liberia.
- Adequately safeguard all fixed assets against theft, wastage and misuse.
- Institute preventative mechanisms and procedures to ensure that the assets are regularly serviced to maintain their service life.
- Make physical verification of all fixed assets and report to MCA-Liberia every six (6) months on the existence and operating status of all fixed assets.
- Ensure that all assets are used solely for the furtherance of Compact objectives.
- Replace Program Assets that are lost, stolen or damaged due to the beneficiary entity's negligence or misuse.

The Director of Finance and Administration, in consultation with the relevant director, shall periodically inspect the Program Assets that have been transferred to ensure that the items are being used solely in furtherance of the Compact.

## **2. Assets transferred at Compact Closure**

This category of assets will include the following

- Fixed Assets that need to be registered with third parties – e.g. motor vehicles (Registration is required with the Ministry of Transport transport)
- fixed assets that have a high risk of fraudulent personal use such as vehicles,

MCA-Liberia shall retain the rights, responsibilities and ownership of this category of assets during the Compact period. This category of assets shall be recorded in MCA-Liberia's Fixed Asset Register before being assigned to IEs. MCA-Liberia will be responsible for the insurance of these assets during the Compact period.

Assets belonging to this category shall be formally transferred in accordance with the Compact Closure Plan.

## ANNEX 12A: ASSET TRANSFER FORM – WITHIN MCA-L

*This form is to be used when assets are transferred from one staff to another.*

<b>Section 1 - Transfer of Asset FROM:</b>			<b>To be completed by <u>transferring</u> MCAL Consultant</b>		
Account Code:	Project No.	Project Description			
Name of <b>Old Custodian</b>					
Phone:					
Item description(s):					
<b>Old Location</b>					
Asset Tag Number:					
Serial Number:					
<b>Section 2: Transfer of Asset TO:</b>			<b>To be completed by <u>receiving</u> MCAL Consultant</b>		
Account Code:	Project No.	Project Description			
New Custodian:					
New Location:					
<b>Approval by Delegated Finance Staff</b>					
Name:			Date:		
Signature:					
<b>Section 3: Update to Register</b>			<b>To be completed by Designated Finance Staff</b>		
<b>Prepared by:</b>					
Name:			Date:		
<b>Instructions:</b>					
<i>Refer to Finance and Accounting Manual - Asset Acquisition, Transfer and Disposal</i>					
<b>Section 1 is to be completed by the Consultant transferring the asset</b>					
<b>Section 2 is to be completed by the Consultant Receiving the asset</b>					
<b>Section 3 is to be completed by the person updating the Fixed Asset Register</b>					



# ASSET DISPOSAL FORM

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## ANNEX 12c: PROPOSAL TO TRANSFER PROGRAM ASSETS

### Acronyms:

[Acronyms and their definitions as used in the document]

GoL	Government of Liberia
MCA-Liberia	Millennium Challenge Account Liberia
IEA	Implementing Entity Agreement

1. Name of eligible entity/proposed recipient
2. Mission of proposed recipient organization
3. List of Assets to be transferred to \_\_\_\_\_
4. Usage of Program Assets to further the objectives of the Compact
  - a. Briefly describe how the recipient institution would use the assets to impact MCA beneficiaries or similar beneficiaries
  - b. Briefly describe the organization/staff's proven track record in service delivery to beneficiaries
5. Recipient organization's capacity to maintain Program Assets
  - a. Legal incorporation and ownership of recipient organization and date of establishment
  - b. Financial viability of recipient organization
  - c. Existing resources to house, operate and maintain the assets
6. Policies in place for proper use and oversight of Program Assets
  - a. Confirm that there are policies/procedures in place
  - b. Organization/staff experience in managing program assets
  - c. Description of oversight the organization has in place
  - d. List any potential negative impacts on human health and safety or the environment and how these issues would be addressed by the recipient

Compact Project	Receipient of the Property	Description of the Property	Location of the Property	Date of Acquisition	Property Value at Acquisition	Current Condition of the Property	Current Value

## ANNEX 12d: ASSET TRANSFER AGREEMENT

### GRANT AGREEMENT

This Grant Agreement (this "**Grant Agreement**") is made this ..... day of ..... 20\_\_ by and between the Millennium Challenge Account - Liberia ("**MCA-Liberia**" or the "**Grantor**"), a legal, independent and autonomous agency of the Government of the Republic of Liberia (the "**Government**") organized under the laws of the Republic of Liberia and designated as authorized to exercise and perform the rights and obligations of the Government pursuant to the Millennium Challenge Compact executed on October 2, 2015 by the United States of America (the "**Compact**"), acting through the Millennium Challenge Corporation ("**MCC**"), and the Government of the Republic of Liberia, acting through the Ministry of Finance and Development Planning, and ..... (the "**Grantee**") (each a **Party**, and collectively, the **Parties**).

### RECITALS

**WHEREAS** the Compact sets forth the terms on which MCC will provide assistance of up to Two Hundred Fifty-Six Million Seven Hundred Twenty-Six Thousand United States Dollars (US\$256,726,000) ("**MCC Funding**") to the Government for a program to reduce poverty through economic growth in Liberia (the "**Program**"). Capitalized terms used herein, but not defined herein, have the meanings given such terms in the Compact;

**WHEREAS** the Government created MCA-Liberia to act as its designee in the supervision, management, administration and implementation of the Program; and

**WHEREAS**, MCA-Liberia intends to grant certain assets to the Grantee.

**NOW, THEREFORE**, the Parties agree as follows:

1. The Grantor hereby irrevocably grants and transfers to the Grantee the assets described in Annex A to this Grant Agreement (the "**Assets**"), which have been purchased with funding from MCC in accordance with the Compact.
2. The Grantee hereby accepts the Assets, and agrees to utilize and maintain the Assets in accordance with, and in furtherance of, the provisions of Annex B to this Grant Agreement, the Compact, and any related agreement, policy, or similar document. The Grantee further agrees that its use of the Assets will continue to be subject to the restrictions on the use of such Assets imposed by the Compact.
3. This Grant Agreement will be effective, as of the date hereof, immediately upon signature by the Parties [provided that the Grantee acknowledges and agrees that the Grantor may continue to use the Assets in its operations until....., without cost, fees or other compensation to the Grantee, and only thereafter will the Grantee take physical possession of the Assets]<sup>1</sup>.
4. Each Party agrees to take any action necessary for the transfer of the Assets as required by applicable laws and regulations.

*[Remainder of this page left intentionally blank. Signature page follows.]*

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<sup>1</sup> Will include the bracketed text if the MCA – Liberia plans to legally transfer the assets prior to the Compact End Date, but will still need use of the assets for some period of time during the 120 days, Closure Period.

**IN WITNESS WHEREOF**, the Parties have signed this Grant Agreement as of the date first written above.

**Grantor**

**For and on behalf of Millennium Challenge Account – Liberia**

By: \_\_\_\_\_

Name: Monie R. Captan

Title: Chief Executive Officer, MCA- Liberia

**Grantee**

**For and on behalf of .....**

By: \_\_\_\_\_

Name: .....

Title: .....

**ANNEX A: Assets Being Granted**

<b>Serial Number</b>	<b>Description of Asset</b>	<b>Quantity Being Granted</b>	<b>Purchase Date</b>	<b>Purchase Price (USD)</b>	<b>Current Value (USD)</b>



## **ANNEX B: Proposal/Justification for Grant of Assets**

*[Complete information below*

*OR*

*attach the completed "Proposal to Transfer Program Assets" for this grantee]*

### **1. Name and address of proposed Grantee:**

*[Please list the name and acronym]*

### **2. Mission of the proposed Grantee:**

*[Try to limit this to approximately 2 sentences]*

*[e.g.... .. The mission of the Grantee is to.....:]*

### **3. List of assets to be transferred to Grantee:**

*[Refer to the list of assets in Annex A.]*

### **4. Description of the Grantee's need for the assets and how the Grantee will use the assets to further the Compact's objectives:**

a. *[Briefly describe why the grantee needs the assets, how the grantee will use the assets and how this use relates to the beneficiaries of the Compact program]*

### **5. Grantee's organizational capacity to maintain the assets:**

a. *[Legal status, ownership and creation date of the grantee]*

b. *[Describe the financial viability of the grantee]*

c. *[Describe the current resources to receive, use and maintain assets]*

### **6. Policy in place to ensure proper use and supervision of assets:**

a. *[Describe existing policies/procedures of grantee that will govern the oversight of, including to monitor the use of, the assets]*

b. *[Describe the grantee's experience managing assets similar to those being transferred]*

c. *[Description of the method of oversight/monitoring of asset use]*

d. *[If applicable to the type of asset, list any potential negative impacts on human health, safety or the environment and how these issues would be resolved by the grantee]*

## **ANNEX 13: PROGRAM TRAVEL**

**PURPOSE:** To spell out the procedure for program business related travel expenses; to help MCA-L Staff members understand and apply MCA-L travel rules and regulations and; to provide instructions regarding reimbursement for expenses.

**USERS:** **All MCA-L Staff members**

### **I. INTRODUCTION**

- a) When an MCA-L Staff member travels on official business, only actual, necessary and reasonable business expenses will be reimbursed.
- b) All MCA-L travelers must adhere to the MCA-L Travel Policy uniformly.
- c) MCC should be notified in writing of any exception to the MCA-L Travel Policy.

### **II. GENERAL CONSIDERATIONS**

- a) Travel between the Staff member's home and official work station is considered commuting and the cost for such will not be reimbursed by MCA-L.

#### **b) Actual Mileage Rule**

When travel is between two or more alternate work locations (within Liberia) and a MCA-L vehicle is not available, transportation expenses for the approved use of personal vehicle must be reimbursed by payment for the actual mileage between such locations, multiplied by the approved mileage reimbursement rate. The current actual mileage rate is 58 cents per mile (driven for business use), which is based on 2019 Standard Mileage Rates for Business provided by the United States Internal Revenue Service (IRS).

#### **c) Conference Considerations**

On occasion, Staff members may be invited to attend and participate in conferences and events sponsored by other organizations at locations away from their official work station. Travelers must obtain prior approval from their immediate supervisor before accepting such invitations. MCA-L will consider all available options for travel, including but not limited to transportation costs saved by staying at the conference site and available lodging within the approved rate at a location nearby.

#### **d) Interviews for Employment**

MCA-L encourages the use of internet-based tools (Skype, WebEx, etc.) for conducting interviews of applicants located outside Monrovia. However, MCA-L CEO may authorize reimbursement of travel expenses for candidates to attend face to face interviews at MCA-L Headquarters for positions for which there is a shortage of qualified local candidates. Reimbursement will be allowed to candidates who reside over 50 miles from the place of interview in accordance with the rules detailed in this Travel Manual. Reimbursable expenses may include transportation, food and lodging.

### **III. TRAVEL AUTHORIZATION**

- a) All travel is initiated by completing the Travel Request Authorization Form (TRAF) available from Finance; and approved by the staff member's staff member immediate supervisor.

- b) Travel will only be approved for official MCA-L business in the furtherance of Compact objectives and shall not be used for the personal benefit of the traveler.
- c) Approvals for "local" travels must be requested at least 5 business days prior to commencing the travel. A shorter notice period may be allowed in case of emergency.
- d) Travelers are encouraged to seek authorization for foreign travel at least 30 days in advance to enable MCA-L to acquire visas, passports and obtain lower air fare costs.
- e) All "foreign/international" travel must be approved by the CEO. In the absence of the CEO, the Deputy CEO may approve travel requests.
- f) The CEO's international travel will require proper documentation from the CEO justifying the travel mission is adequate.
- g) All MCA-Liberia travelers must complete the Travel Request Authorization Form (TRAF) provided by MCA-L Finance and obtain the following approvals:

Traveler	Approval
CEO	CEO's justification
DCEO	CEO
Director	DCEO (Projects); CEO (non-Projects)
Managers	Respective Project Director
All Other Staff	Immediate Supervisor

#### IV. TRAVEL ADVANCES

- a) The traveler may request a travel advance by completing the Travel Advance Request Form (TARF) available from Finance and obtaining the relevant approvals.
- b) The amount of the advance is limited to what can be reasonably estimated to be the traveler's expected business related expenses.
- c) The advance amount requested will be rounded to the nearest dollar.
- d) Separate amounts are established for lodging, meals plus incidental travel expenses (M&IE).
- e) The maximum lodging amount is intended to cover the cost of lodging at single occupancy, reasonable, suitable and moderately-priced facilities. Proof of expenditure has to be provided i.e (hotel accommodation receipt).
- f) The M&IE portion is intended to substantially cover the cost of meals and incidental travel expenses such as tips and porters (no proof of expenditure is required).
- g) For each day the traveler is in overnight travel status, the traveler is eligible for reimbursement for lodging and meals at the rates referenced for local travel and foreign travel below.
- h) When the traveler is not in overnight status e.g. has a late flight and/or it is the first & last day of travel, MI&E is calculated at 75% of the established rates. Lodging is not covered.

#### V. TRAVEL ADVANCE LIQUIDATION

- a) The Expense Report with all supporting documents must be submitted within 7 days of the end of the travel event to account for all travel related expenses.
- b) The actual expense that will be booked in SAP as well as the advance payable/(refundable) will be rounded to the nearest USD amount. The reason for using the rounded amount is that Liberia does not use USD Cents (coins) and the bank does not accept Liberian Dollar deposits into MCAL's USD denominated bank account.

- c) Where the traveler is required to refund MCA-L, the amount must be deposited into to MCA-L's USD bank account number 53030030011273 held at the United Bank for Africa (UBA).
- d) The deposit slip must be attached to the staff member's advance liquidation (Travel Expense Report) form.
- e) Approval for the liquidation will only be granted upon full documentation of the advance together with a copy of the bank deposit slip for the excess funds.
- f) The approved expense report will then be sent to the Fiscal Agent for processing.
- g) MCA-L Finance will not accept or handle any cash for or on behalf of travelers.
- h) The following actions may be taken in the unlikely event the Staff member fails to effectively, liquidate or reconcile the advances:
  - i. The Staff member will not be availed any additional advances
  - ii. MCA-L will recover the full outstanding advance from the staff member's salary for the pay period following the expiry of the 7 days indicated above
  - iii. MCA-L will issue the Staff member a warning letter
  - iv. Other corrective actions will be considered as deemed necessary by the CEO
- i) Staff members should not have any outstanding travel advance upon termination of his/her employment with MCA-L. Any outstanding travel advance will be recovered from the staff member's final pay.

## VI. RECEIPT REQUIREMENTS

Travelers must provide receipts with expense reports in accordance with the Table 1 below. MCA-L Finance will in exceptional circumstances allow reimbursement of a business related travel expense if a receipt is misplaced or illegible, and there is no reason to question the legitimacy of the expense. Also, MCA-L may reimburse expenses for which receipts are not customarily provided.

**Table 1 - Receipt Requirements**

Expense Type	Expense Category	Supporting Documentation
Air Travel	Travel	Airline Ticket & Boarding pass
Hotel	Lodging	Receipt – Required
Taxi or Rail	Travel	Receipt – Required
Rental Car	Travel	Receipt – Required
Gas	Travel	Receipt – Required
Tolls	Travel	Receipt – Required
Parking	Travel	Receipt – Required
Meals	Meals	Paid out of M&IE. Receipt Not Required
Laundry	Incidental	Paid out of M&IE. Receipt Not Required
Cleaning	Incidental	Paid out of M&IE. Receipt Not Required
Tips for services	Incidental	Paid out of M&IE. Receipt Not Required
Other Qualified Miscellaneous	Incidental	Receipt – Required

## **VII. MISCELLANEOUS EXPENSES**

- a) Only actual, reasonable and necessary business-related expenses will be reimbursed, and such expenses must be properly indicated and justified on the expense report.
- b) MCA-L pays or reimburses for excess baggage (accompanied) costs for MCA-L property transported on behalf of the organization. MCA-L is not responsible for excess baggage for personal effects.
- c) MCA-L pays for or reimburses certain expenses that are unique to foreign travel such as immunizations, passport fees, visa fees, entry/exit taxes or permits and the cost to convert currency.
- d) Incidental expenses include costs for laundry, cleaning, and tips for services. Incidental expenses do not include costs such as renting a conference room or making a phone call for strictly business purposes (these costs if approved by MCAL, are not paid with Compact funds).
- e) Non-reimbursable expenses are non-business related expenses such as speeding fines, parking tickets, entertainment (e.g., theater tickets, in-room movies), and social activities such as sightseeing and golf outings as well as other personal charges.

## **VIII. APPROVED RATES - LODGING, MEALS & INCIDENTAL**

### **A. FOREIGN TRAVEL**

- a) Travel outside Liberia is reimbursed based on the maximum per diem allowance established by the U.S. Department of State. Rates are effective October 1 each year.
- b) Per Diem rates for continental United States ("CONUS Rates") are available on the U.S. Department of State website <https://www.gsa.gov/portal/content/104877>
- c) The foreign per diem rates are also available on the U.S. Department of State website. [https://aoprals.state.gov/web920/per\\_diem.asp](https://aoprals.state.gov/web920/per_diem.asp)
- d) Travelers are allowed lodging and meals for weekends when they are considered to be in official travel status.
- e) If there are situations where the hotel being used is on the high end of the allowable cap, and it is concluded that it is the most reasonably priced hotel in that area, exceptions will be allowed with prior MCA-L and MCC approval.

### **B. LOCAL TRAVEL**

- a) MCA-L has adopted the Daily Subsistence Allowance (DSA) and Meals & Incidental Expenses (M&IE) Rates used by the U.S. Government for Monrovia and for locations outside Liberia excluding those locations separately listed. The information is available on [https://aoprals.state.gov/web920/per\\_diem\\_action.asp?MenuHide=1&CountryCode=1196](https://aoprals.state.gov/web920/per_diem_action.asp?MenuHide=1&CountryCode=1196)
- b) A meal allowance of \$20 per day will be paid to cover the cost of meals during day trips to Mount Coffee Hydro Power Plant, White Plains Water Treatment Plant or other MCA-L project sites outside of greater Monrovia.
- c) Lodging outside Monrovia that exceeds the established rate could be used provided MCA-L prepares an analysis of local hotels in the area and submit it to MCC for approval.

## **IX. COMMERCIAL AIR TRAVEL**

### **A. GENERAL PRINCIPLES**

MCA-L will purchase air tickets for authorized travel events at the least cost by the most direct route for staff members traveling on behalf of the organization. All travel arrangements must be made through travel agencies under contract with MCA-L; or may require three price comparisons from other travel agencies.

- a) Travel Insurance is required for all international travel. Travel insurance will be obtained by MCA-L on behalf of the traveler.
- b) Additional costs incurred for travel other than the least cost and most direct available route or for additional stops are the responsibility of the staff member. The traveler will be responsible for any additional costs resulting from personal preferences on travel dates and routes. MCA-L will meet the cost of the most direct route and for the most reasonable travel dates in line with the official program for the trip.
- c) Normally, MCA-L pays airfares in advance of travel. Costs paid for changes to itinerary by the traveler while already en-route must be justified and if the expense is deemed to be business related will be reimbursed through submittal of an expense report along with receipts, copies of airline tickets or e-tickets, including boarding passes.
- d) If a trip is cancelled or changed at the direction of MCA-L or MCC, the traveler will not be responsible for any costs incurred. If a trip is cancelled or changed for the traveler's convenience, he or she may be responsible for any costs.

### **B. AIR FARE COST**

Airfare costs in excess of the basic least expensive unrestricted accommodations class (economy class) offered by commercial airlines are unallowable except when such accommodations would:

- i. Require circuitous routing or otherwise excessively prolong travel beyond the most direct routing to the intended destination;
- ii. Result in additional costs that would offset the transportation savings; or
- iii. Offer accommodations not reasonably adequate for the traveler's documented medical needs.

Should any of the above exceptions occur, prior written approval must be received from MCAL's CEO and MCC.

While this Policy does not allow airfare costs in excess of economy class unrestricted fares, MCAL is encouraged to develop internal procedures designed to make the most efficient use of grant funds using restricted and/or non-refundable fares, where practical.

### **C. REST STOPS DURING TRAVEL**

The purpose of a rest stop is to break up long flight schedules and allow travelers to rest prior to reporting to work or continuing their business travel. The cost of economy class airfare combined with a rest stop not to exceed 24 hours is allowable. Under no circumstances may travel include both business-class airfare and a rest stop to or from the destination. For rest stop costs to be allowable, MCAL must have specific rest stop procedures for all travelers approved by MCC in the Fiscal Accountability Plan or other governing document.

#### **D. AIR TRAVEL FOR OTHER THAN MCA-L STAFF**

Air travel for staff other than MCA-L staff (e.g., outside consultants on technical evaluation panels, etc.) will generally be obtained by MCA-L on their behalf. Such travelers are not eligible for business class tickets and these should not be negotiated into contracts with such persons or firms. The same rules cited above for economy class travel pertain also to these non-MCA-L persons

#### **X. THE PROCESS**

When the traveler becomes aware of a pending travel, he/she must first Familiarize him/herself with this MCA-L travel policy; confirm with the DFA whether funding is available for the period; complete the travel request authorization form (TRAF); and submit a duly signed TRAF with supporting documentations, which may include invitation letters or emails to the Finance Admin Manager (MFA) for processing. However, if the request requires the need for a foreign visa, the traveler should ensure that the visa processing timelines for the foreign country they are travelling to are taken into consideration.

The following templates are available on the Finance Server:

- i. Travel Request Authorization Form
- ii. Travel Advance Request Form
- iii. Travel Expense Report

The MFA will proceed to procure the tickets in accordance with MCA-L travel and procurement policies. Once the ticket is confirmed, the MFA will inform the traveler to prepare the Travel Advance Request.

The traveler will prepare and submit the Traveler Advance Request to the MFA, which contains the signatures of the traveler and his/her immediate supervisor.

The MFA will review the Travel Advance Request to ensure that it contains the current rates published by the US Department of State and also confirmed that all required supporting documentations are attached.

The MFA will submit the Travel Advance Request to the DFA for review and signature and to the CEO for the final approval.

The MFA will submit the duly authorized Travel Advance Request to the Fiscal Agent (FA) for processing.

The Fiscal Agent will again review the Travel Advance Request for completeness and compliance. If accepted, the FA will process the Travel Advance Request for payment and deposit the funds into an account designated by the traveler or by check issued in the name of the traveler. A corresponding entry is to be made in the accounting system, which allows for the tracking of advances paid and the timing of its liquidation.

The FA will also maintain a file of all travel advance claims and match the same travel claim forms when received and reconcile the accounting balance of travel advances with the outstanding travel advance claims forms.

## **ANNEX 13a: PROGRAM VEHICLE USE**

<b>PURPOSE:</b>	To spell out the procedure for program vehicle use management. To ensure appropriate usage of motor vehicles towards MCA-L program
<b>USERS:</b>	All MCA-L Consultants

### **I. MCA-L VEHICLE**

#### **A. Authorized Driver**

All MCA-L vehicles must be driven by designated MCA-L Drivers. The drivers should be in possession of a valid Liberia driver license while on duty. A copy of the most current driver license should be submitted to the Admin Officer and the HR Department.

#### **B. Insurance, Security and Safety**

All Consultants are required to exercise precautions to protect and secure MCA-L vehicles, property and equipment. Cars should be locked when not in use. MCA-L vehicles should not be driven at night unless on authorized program business.

#### **C. MCA-L Finance – the overall responsibility rests with the DFA who will ensure that:**

- 1) The DFA shall ensure that all vehicles are recorded in the Fixed Assets Register.
- 2) The drivers comply with this policy and associated procedures.
- 3) Adequate vehicle insurance is maintained current at all times.
- 4) The use of the vehicle will function on a booking system - "First Come First Serve Basis".
- 5) The vehicle is driven or used for MCA-L BUSINESS only.
- 6) The vehicle is maintained and kept in good condition and meets the requirements of the current traffic regulations.
- 7) The vehicle has a First Aid Kit and drivers get First Aid training.
- 8) Fuel Cards are kept safe and secure at all times.
- 9) To provide parking fees of USD10 per month per car - to each driver via an advance request
- 10) When accident/ faults are reported necessary action is taken i.e. repairs, insurance claims etc.

#### **D. MCA-L Drivers – Responsibilities**

- 1) The driver must always carry driving license in person.
- 2) The driver must inspect the vehicle before usage to ensure that it is operable and does not have any apparent defects.
- 3) The driver completes the log book for each trip.
- 4) The driver must maintain and submit parking fees receipts to the Admin Officer as supporting document to their parking advance liquidation on a monthly basis.



- 5) The driver must ensure that the vehicle (both interior/exterior) is properly cleaned at all times.
- 6) Drivers will ensure that staff vehicles coming in are parked properly between 8am-8:30am on each workday and should refrain from talking on the phone while performing this task.
- 7) The driver must take full responsibility for the vehicle including equipment, materials and personal during the period s/he uses the vehicle.
- 8) The driver must not use MCA-L vehicles for private purposes.
- 9) The driver must not drive under the influence of alcohol or drugs.
- 10) The driver shall accept no passenger(s), other than MCA-L staff, IEA staff, MCA-L consultants, MCC staff in MCA-L vehicle unless prior approval has been granted by MCAL Admin Officer.
- 11) The driver shall obey traffic rules and regulations. Should the driver contravene any traffic rule or regulation and receive a fine for such contravention; he/she shall be personally responsible for payment of such fine.
- 12) Should a summons be served on MCA-L for any infringement as a result of the above, MCA-L will pay such amount and will deduct it from the driver's salary. Alternatively, a disciplinary proceeding will be instituted against the driver/consultant.

#### **E. Accidents / Incidents**

- 1) Driver (s) are required to report all accidents, including minor damage, scratches, etc. as it occurs to the Admin Officer. Drivers are also obliged to report all motor vehicle accidents to the nearest Police Station within the period prescribed by law.
- 2) If anyone is injured during an accident, the driver is compelled to determine the nature and extent of the injury of other people and seek help. Vehicles are fully equipped with Basic First Aid Kit, drivers may administer First Aid, summon the police and if necessary the ambulance.
- 3) Drivers are further encouraged not to admit liability for collision to anyone including the Police, as this may prejudice any claim that the driver may have either against the other 3<sup>rd</sup> Party or in respect of policy insurance.
- 4) If a Driver is found negligent during the time the accident happened, or to have committed a forbidden act, s/he may be held liable to pay excess costs or total cost of the damage, depending on the seriousness of the action or charged with the negligent use of MCA-L property.

#### **F. Petrol / Fuel Cards**

No personal usage of MCA-L fuel card is allowed. The DFA should review on a monthly basis the Fuel Card statement for any anomalies.

#### **G. Mobile Phone; Smoking; Drinking & Drugs**

- 1) Usage of cell phone is prohibited while driving an MCA-L vehicle.
- 2) Excessive use of personal calls while on duty is prohibited.
- 3) Smoking is prohibited while driving in an MCA-L vehicle.
- 4) Drivers are prohibited from driving while under the influence of alcohol or drugs.

## **H. Vehicle Logs**

- 1) Vehicle movement logs MUST be completed and updated at all the times and the responsible person should ensure that this complied with.
- 2) Official vehicle will be required to do daily vehicle serviceable checklist and in- charge manager will ensure this is adhered to.
- 3) The vehicle log should be attached to the monthly fuel report

## **II. NON-MCA-L VEHICLE**

MCA-L encourages the use of the COMPACT vehicles for business related travel. However, other non-compact vehicles may be used for MCA-L business purposes when a MCA-L vehicle is not available or suitable for a specific purpose. i.e. transporting MCAL staff to the planning workshop, which is located outside Monrovia - Renting a bus would be more appropriate.

### **A. RENTAL VEHICLE**

- 1) Reimbursement for a rental vehicle is authorized only if the MCA-L vehicles are not available for the selected travel period.
- 2) When the use of a rental vehicle is necessary and prudent, the Consultant should make the request to the Admin Officer (Finance Department).
- 3) Consultants are not allowed to utilize MCA-L rental vehicles for personal use.
- 4) Any gasoline purchases and other direct costs associated with the vehicle will be reimbursed.
- 5) In case of accidents, travelers should notify the MCA-L Director of Finance and Administration immediately to file a claim.
- 6) All reasonable and necessary parking charges will also be reimbursed. Valet parking fees will only be reimbursed if it is an unavoidable expense (for example, when the hotel only offers valet parking).

### **B. PERSONAL VEHICLE**

- 1) A personal vehicle may be used for MCA-L business purposes when a MCA-L vehicle or common carrier is not available. Reimbursement for use of a personal vehicle will be based on the mileage reimbursement rates approved by MCA-L.
- 2) MCA-L discourages the use of personal vehicles for business related travel. Consultants should be aware of the extent of coverage provided by his or her automobile insurance company for travel that is business or not personal in nature. The Consultant shall be responsible for accidents, collision or damages that may occur while driving a personal vehicle for business purposes.
- 3) Charges for gasoline, oil, accessories, repairs, depreciation, anti-freeze, towing, insurance and other expenditures will not be allowed for use of a personal vehicle. These are considered operational costs and are covered in the mileage allowance.

## **III. PUBLIC TRANSPORTATION (Rail, Taxi, or Bus) – Reimbursement must be substantiated with receipts.**

## **ANNEX 13b: FOREIGN VISAS (OUTGOING)**

**PURPOSE:** To detail the procedure for acquiring foreign visas for business related travel

**USERS:** All MCA-L Consultants and related persons.

### **I. INTRODUCTION**

When it becomes apparent that a visas is required for a business related travel, the traveler must take the responsibility to liaise with the appropriate personnel as required in this document.

### **II. PROCEDURE**

#### **A. Responsibility of the Traveler**

- 1) The traveler is responsible for acquiring the "Invitation Letter" from the authorized representative in the host Country.
- 2) The traveler will complete the Travel Request Authorization Form (TRAF) and checked the relevant international box and enter the destination Country.
- 3) The traveler will attach the invitation letter to the duly signed TRAF.
- 4) The traveler will submit the approved TRAF (with attached invitation letter) to HR

#### **B. If a Service Passport is required**

- 1) HRM will issue a letter to the Ministry of Foreign Affairs (MOFA) requesting a *Service (Official) passport*.
- 2) HRM generally receives approval back from MOFA within 2 to 3 business days.
- 3) HRM will give a "passport application form" to the traveler.
- 4) HR will then advise the traveler to proceed with the process by dealing directly with the Bureau of Passport & Visas.

#### **C. Bureau of Passport - the following items are required from the traveler by the Bureau:**

- 1) The Passport application
- 2) The traveler's picture
- 3) The traveler's fingerprint
- 4) Passport fees – the traveler will eventually be reimbursed by MCA-L for this fee.
- 5) It's the responsibility of the traveler to inform HR when the passport has been issued.

#### **D. Requesting the Visa**

- 1) HR will issue a 2nd letter to the Ministry of Foreign Affairs requesting the VISA. The letter will include the following attachments:
  - Invitation Letter
  - Passport
  - Copy of the Passport
- 2) It generally takes about 5 to 10 business days for MOFA to acquire the VISA.

- 3) HR will inform the traveler to pick up the passport (***which will include the VISA***) from the HR office.
- 4) The traveler will pick up the passport/visa along with all the supporting documents from HR.
- 5) The traveler will return the supporting document to Finance (including a copy of the passport/visa) for processing.

### **III. FINANCE**

Finance will proceed to procuring the traveler's ticket in accordance with MCAL travel and procurement policies.

### **IV. RESPONSIBILITY**

The DFA, MFA HRM and FA will ensure that all these procedures are followed as stipulated.

## **ANNEX 13c - VISA ON ARRIVAL (INCOMING)**

**PURPOSE:** To detail the procedure for acquiring Visa on arrival

**USERS:** All MCA-L Staff Members and related persons.

### **I. INTRODUCTION**

When it becomes apparent that a visa on arrival is required for a business related travel, the traveler must take the responsibility to liaise with the appropriate personnel as required in this document.

### **II. PROCEDURE**

#### **A. Responsibility of the Traveler**

- 1) The traveler will inform his/her MCAL counterpart about the purpose of the trip.
- 2) Anticipate their Estimated Time of Arrival in country.
- 3) Send a copy of their passport.

**B. Responsibility of the MCAL Counterpart** -The MCAL counterpart will inform the MFA of the need of a visa on arrival in an email indicating the purpose of the trip, and the traveler's copy of passport as an attachment.

#### **C. Responsibility of MFA**

- 1) The MFA will prepare the visa on arrival application letter indicating the estimated arrival time.
- 2) The MFA submits the application letter along with the traveler's passport copy to the CEO for signature.
- 3) The MFA submits the signed application letter at the Bureau of Immigration & Naturalization (BIN) for processing. (*The approval time is 5 working days.*)
- 4) After 5 working days, the MFA will check at BIN as to whether the Visa is ready. If yes, send a driver to collect the vis. The visa will be scanned and sent to the MCA-L counterpart, or directly to the traveler via email.
- 5) The Immigration Officer sometimes request the original copy for comparison purposes, therefore, the original copy of the visa on arrival will be taken to the Airport by the driver that is assigned to pick up the traveler from the airport

### **III. RESPONSIBILITY**

The DFA, MFA will ensure that all these procedures are followed as stipulated.

## **ANNEX 14 - PETTY CASH MANAGEMENT SOP**

**PURPOSE:** The SOP spells out the procedure for establishing and management of petty cash.

**USERS:** All MCA-L staff

**PROCEDURE:**

The Petty Cash Float for the MCA-L shall be **USD2,000** and shall be operated on an imprest basis. The MCA-L Administrative Assistant will be the custodian of the petty cash float.

- No individual petty cash transaction may exceed the threshold level of USD300.
- The fund is normally used for the payment of small items such as parking fees, office supplies and other administrative costs. The fund should never be used to circumvent normal disbursement procedures and therefore items such as salaries, rents, and travel advances should not be reimbursed through this fund.
- It is prohibited to lend funds from Petty Cash Fund.
- Vouchers should be stamped 'Paid' once paid.
- Replenishment will be done when the expenditures paid represent 80% of the total amount of the fund. The float will be replenished to its ceiling amount. The request for replenishment must be supported by valid receipts and invoices or other documentation that verify the expenditure and must include a reconciliation of the float which must be checked by the MFA and approved by the DFA.

**Petty Cash Custody:**

- The petty cash shall STRICTLY be kept in a lockable strong box. Access to the keys to the strong box will only be available to the custodian/cashier designated.
- The FA must conduct regular and unannounced spot checks for audit purposes. The results of the petty cash audit review must be documented and filed.
- Each petty cash request must be submitted using a specific petty cash request form containing the appropriate approval signatures which at a minimum should include the Project Director or Manager, the requester, and the MFA. Each petty cash request must be supported with appropriate valid documentation of receipts/invoice. All petty cash requests must be consistent with approved MCA- L program plans.
- The documents supporting the petty cash payments must be original invoices/receipts in the name of MCA- L, containing the description of service or goods rendered, the date, the beneficiary name and address.

**Responsibility:**

The DFA with assistance of the FA will ensure that all the petty cash procedures are followed as stipulated in this SOP

## **ANNEX 15 – MCA-L RECORDS RETENTION SOP**

**PURPOSE:** The SOP spells out the procedure for establishing and management of record retention requirement of the program so as to be in compliance with record retention policy of MCC and the GOL.

**USERS:** **DFA, MFA, FA, PA & PDs**

### **Introduction:**

Good record retention policies are required to meet statutory regulations, MCC requirements, corporate policies and to maintain records for future reference.

### **Procedure:**

With the exception of key files that affect ongoing operations, it's not expected that the old files are maintained in the main office and a separate storage space could be arranged.

Records designated for storage are to be listed in a box and each item is to be listed in line with standard archiving protocols.

Administration will review the content of the boxes to ensure accuracy, seal the box, assign a number and transport it to the storage place. Four copies of the contents of the box are required, one for inside the box, one fixed outside for identification, one for administration and one for the department of origin.

Records in retention should be reviewed annually by the relevant departments to identify their storage status.

### **Electronic record retentions:**

FA will ensure electronic retention of all MCA-L financial reports.

### **Responsibility:**

The Director of Finance & Administration / Project Directors with assistance of the FA and PA will ensure that all the important program records are retained in compliance with the retention policy.

## ANNEX 16 - QUARTERLY DATA CALL ON GRANT ACCRUALS, ADVANCES AND RETENTIONS

<b>PURPOSE:</b>	This SOP serves as a guidance on quarterly reporting of In-House Invoices, Advances, Accruals and Retentions to be submitted MCC.
<b>Sources:</b>	<ol style="list-style-type: none"> <li>1. MCC Grant Accrual Estimation: Millennium Challenge Account (MCA) Guidance, (December, 2018)</li> <li>2. Advances and Retentions Data Call: Millennium Challenge Account (MCA) Guidance (December, 2018)</li> </ol>
<b>USERS:</b>	MCA Finance & Admin & Fiscal Agent

In order to comply with the requirements for the MCC data calls on grant accruals, advances, retentions and validations, MCA-L will follow procedures contained in the MCC Grant Accrual Estimation: Millennium Challenge Account (MCA) Guidance (December, 2018) and the MCC Advances and Retentions Data Call: Millennium Challenge Account (MCA) Guidance (December, 2018).

The procedures contained in this Annex are only for determination of grant accrual estimates.

### PROCEDURES TO PROVIDE MCC WITH QUARTERLY GRANT ACCRUAL ESTIMATES

The following procedure applies to the MCC quarterly "data call" for the estimation of MCC's accrual liability. This data call is commonly referred to as the "Grant Accrual Estimate" (GAE). The Grant Accrual Estimate is one of several data calls required by MCC on an ongoing basis.

The following table provides an overview of all the MCC data calls, their nature, and timing. The Grant Accrual Estimate is shown on the first row of the table. Monthly Validations follow the Grant Accrual Estimate.

Name of Data Call	Description	Approximate Timing	Typical Due Date	Early Start Possible?	Documentation Required
<b>Grant Accrual Estimate</b>	Estimate of work performed by the end of a quarter but not yet billed or paid by that date	Quarterly, on the 22 <sup>nd</sup> day of the last month of the quarter	8 <sup>th</sup> calendar day after quarter end	Estimate of work performed by the end of a quarter but not yet billed or paid by that date	Support file for each invoice or IPC indicating clearly the Period of performance  Statement of how the accrual estimate was completed
	#1	December 22	January 8		
	#2	March 22	April 8		
	#3	June 22	July 8		
	#4	September 22	October 8		Management Letter may be required



<b>Monthly Validation</b>	Validation of months 1-4 after the grant accrual estimate	Monthly, the second week after any month close	14 <sup>th</sup> calendar day after month end	No	Support file for each sample indicating period of performance
	#1	January	February 14		
	#2	February	March 14		
	#3	March	April 14		
	#4	April	May 14		

<b>Advances and Retentions Data Call</b>	Records the movements in advances and retentions during a quarter, and the possession of in-house invoices	Quarterly, on the 22 <sup>nd</sup> day of the last month of the quarter	8 <sup>th</sup> calendar day quarter end	Yes, with completion after close of the quarter	General Ledger or after Trial Balance for advances and retentions (system-generated report)
					Management Letter required
	#1	December 22	January 8		
	#2	March 22	April 8		
	#3	June 22	July 8		
	#4	September 22	October 8		

## 1. Timing of the Data Calls

Please note that all start and due dates in the above table are valid as of June 2019 but are subject to change. Current due dates will be announced by MCC's Financial Management Division in each email transmission of the data call request. In some cases, the due date may be adjusted to account for holidays, or to accommodate changing requirements or MCC's auditors, etc.

It is also very important to note that most data calls, especially the grant accrual estimate, can be started earlier than the notional initiation date stated in the table. MCC strongly encourages an early start as the accrual estimate may take some time to coordinate the inputs of all the actors, particularly when Heads of Projects are in the field. MCA-L is responsible to submit each data call to MCC on or before the due date.

## 2. Report Template for Grant Accrual Estimate

Near the end of each quarter and in accordance with the dates in the chart above, the MCC Financial Management Division issues an email request for the grant accrual estimate.

Depending on the period and MCC's auditors varying requirements for specific quarters the data

call requirements may vary. The information required is summarized in the data call report template developed by MCC. Please note that depending on various factors the format and content of the worksheets (template) may be different from the previous quarter.

The current data call template for the grant accrual estimate is depicted below, and contains a section (Section 1, blue color) for **in-house invoices** (IHI) and a section (Section 2, red color) for **Works in Progress** (WIP). It follows that the two sections must both be populated and then added together to arrive at the overall accrual estimate.

Grant Accrual Estimation as of June 30, 2019												
Section 1: In House Invoices - Work completed and invoiced but not yet paid as of June 30, 2019											Formula - Do Not Modify	
Contract Number	Project	Activity	Vendor Name	Invoice Number	Invoice Date	Period of Performance	Amount (USD)	VAT Amount (if applicable)	Advance Amount (if applicable)	Retentions Amount (if applicable)	Amount (Less VAT, Advances, and Retentions) [formula]	Comments
											-	
											-	
											-	
											-	
											-	
											-	
											-	
Total In House Invoices:											\$ -	
Section 2: Work completed and not invoiced as of June 30, 2019											Formula - Do Not Modify	
Contract Number	Project	Activity	Vendor Name	Invoice Number	Invoice Date	Period of Performance	Estimated Amount (USD)	VAT Amount (if applicable)	Estimated Advances (if applicable) *based on contract %	Estimated Retentions (if applicable) *based on contract %	Amount (Less VAT, Advances and Retentions) [formula]	Comments
											-	
											-	
											-	
											-	
											-	
											-	
											-	
											-	
											-	

Note the following characteristics and requirements of the template:

- Period of performance must be stated for every IHI or work completed and not yet invoiced. The period of performance stated should tie exactly to the support documentation.
- There must be a support documentation file for every line in both sections. The Contract Number should be stated on the first page and in the file name of the support documentation.
- "Invoice Number" in section 1 is a generic term – this could be the Interim Payment Certificate (IPC) for works contracts.
- MCA-L may add additional columns if this is helpful. If columns are added, they should be at the right side so as not to disturb the original format of the template.

### 3. Roles and Responsibilities of the Key Actors

The determination of WIP amounts requires development of reasonable estimates for goods, works, and services provided but not invoiced, which require inputs from and judgment by MCA-L Project Directors, technical specialists, and the Procurement Directorate and other staff responsible for purchasing goods and supplies. The determination of correctness and/or reasonableness of In-House Invoices requires inputs from certain MCA-L staff, particularly Project Directors who are the approvers of such invoices in the normal course of business and the Admin Officer who receives invoices

- Director of Finance and Administration (DFA): The DFA maintains overall responsibility for the production of the data calls. The DFA reaches out to Project Directors and the Fiscal Agent, as necessary to coordinate the development of the accrual estimate and obtain the necessary data to populate the report template. The DFA is responsible to ensure that data calls are submitted to MCC on or before the due date.
- Project Directors: Project Directors are responsible to obtain WIP estimates when asked to do so by the DFA, or/and to certify accrual estimates as reasonable. Project Directors may work with their staff such as sector Managers and specialists to obtain needed information. However, they may not delegate responsibility to those staff.
- Fiscal Agent (FA): does not have direct responsibility for the data call output but does have responsibility to assist MCA-L upon request to provide accurate details of, for example, IHI awaiting payment, or assistance with the determination of period of performance. The Fiscal Agent also assembles support documentation files that underlie the accrual estimate, and provides details of contracts and/or populates certain fields with contract data.
- Chief Executive Officer (CEO): signs the Management Letter attesting to the reasonableness of the data call report.

#### **4. Procedures for Works-in-Progress (WIP)**

The estimated accruals may include the following categories of expenses falling under "Work-in- Progress." WIP has a broad definition that includes more than work ordinarily associated with typical works contracts (that are usually for construction activities):

- a. Works. Defined as the estimated amount of work performed on a contract-by-contract basis prior to the last day of quarter, that has not been invoiced or not been paid;
- b. Goods. Defined as the value of goods in transit;
- c. Services. Defined as the estimated amount of services provided prior to the last day of the quarter for each deliverable in progress;

The determination of WIP requires development of best estimates for goods, works, and services which in turn require inputs from and judgment by MCA-L Project Directors, Procurement Directorate, and other staff.

The proper documentation supporting all estimates is maintained by MCA-L permanently. However, copies will be presented to MCC as requested.

#### **5. NA/NA Funding**

MCC does not require accrual information for NA/NA funding requests. Contract amounts to be paid with funds previously requested and received using the NA/NA classification should not be accrued if those funds have been requested and received as of the reporting quarter end. MCA-L shall provide the information related to expenses incurred by reporting quarter end but which have not been submitted to IBC for direct payment to vendors through the CPS system.

## 6. Tasks

In order to generate the accrual estimate, the parties perform the following tasks in approximately the listed order; it is possible however to perform tasks in parallel or different order in some cases. The following table indicates the customary tasks associated with the production of the accrual estimate and associated administrative matters such as the Management Representation Letter.

Step	Description of Task	Party(ies) Responsible
1	MCC provides an email communication of the data call request in the form of a spreadsheet to MCA-L DFA and others (Fiscal Agent); the request also includes guidance or instructions as applicable.	MCC
2	Fiscal Agent populates or updates contract and other information in the template. Fiscal Agent also does fact-checking on contract particulars as needed to ensure an accurate starting point.	Fiscal Agent
3	Project Directors estimate the WIP in all expense categories. For works contracts, Project Directors are required to certify that in their professional judgement the WIP estimates are reasonable for the circumstances.	DFA Project Directors
4	Project Directors review the IHI that have been received but have not been submitted to IBC by the cutoff date for the last month of the quarter. Fiscal Agent assembles a documentation package for each IHI to be later included in the final submission to MCC.	DFA Fiscal Agent Project Directors
5	Fiscal Agent summarizes all data in its purview into the corresponding spreadsheets, complete all report's form and submit it to the DFA	Fiscal Agent
6	DFA completes the consolidated spreadsheet/template. Note that this task can be ongoing and does not need wait until the end for completion.	DFA
7	When the result/output is completed, DFA presents Management Representation Letter to the CEO for signature.	CEO DFA
8	DFA makes the submission to MCC, including Management Representation Letter (if required) and support materials as necessary on or before the MCC- indicated due date	DFA
9	MCC checks the submission for completeness and reasonableness. This check may be after the due date and is not included in the timeframes.	MCC

## 7. Certification

Project Directors must certify WIP estimates. Certification means that the Project Director states in writing that in his/her professional judgement the WIP estimates have been correctly estimated and is a reasonable estimate under the given circumstances. Certification should be in writing from the Project Director to the DFA. Certification must be provided for any contract or group of contracts under management of the Project Director. An individual Excel sheet is created for each line of the WIP template. The Project Directors have to certify each individual Excel sheet. For the electronic file, those individual sheets are linked to the master WIP template.

## 8. Documentation of the Estimate

MCA-L must provide documentation to support the accrual estimate. Documentation should be substantial enough that it leaves no question as to the amount of the estimate and the period of performance. Documentation is usually presented at the contract level; for each large works contract there will usually be a monthly invoicing for which a support package needs to be assembled.

Example: for an IHI for a large works contract, documentation will likely include:

- IPC
- Contractor's Invoice
- PMC's cover letter
- Advance amortization worksheet
- Retention withholding worksheet
- Engineer's certification statements (of work's completed)

All documentation, even simple invoices, **should contain period of performance information.**

**ANNEX 17 - COST PRINCIPLES FOR GOVERNMENT AFFILIATES**

# **Cost Principles for Government Affiliates**

May 15, 2019



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The *Cost Principles for Government Affiliates* replaces the *Cost Principles for Accountable Entity Operations* which remains in effect until June 30, 2019 or as otherwise directed by MCC. The [Cost Principles for Accountable Entity Operations is archived here](#).

## 1. Purpose

This policy ("Policy") sets forth the principles that govern whether an MCC Grant may fund an expense incurred in furtherance of a Program by a Government Affiliate serving as an Accountable Entity, an Implementing Entity, a Government Fiscal Agent, or a Government Procurement Agent. This Policy also applies to a Government Affiliate's use of alternative, non-MCC funding in furtherance of an MCC Grant, including additional Recipient Country and third-party funding, except as otherwise agreed in writing by MCC. This Policy is also intended for use in: (1) preparation of budget estimates by a Recipient Country Government, for example, during Program development and design; (2) negotiation of budgets between a Recipient Country Government and MCC; (3) procurement and contract administration and (4) during the evaluation of Program expenditures through audits, reviews, and inspections. All Government Affiliates shall prepare their cost estimates and account for expenditures consistent with the cost principles contained in this Policy.

This Policy does not govern costs related to cost-reimbursement-type contracts (including those with commercial organizations or non-governmental organizations). Such contracts are subject to the Cost Principles for Cost-Reimbursement Contracts under MCC Financed Grants published on the MCC Website ([www.mcc.gov](http://www.mcc.gov)).

Government contributions of funding required under MCC Grant Agreements, if applicable, are governed by the MCC *Guidelines for Country Contributions*.

## 2. Scope

### 2.1. Application

2.1.1. The application of this Policy is based on the fundamental premises that:

- a. Government Affiliates are responsible for the efficient and effective administration of MCC Grant and Recipient Country funds through the application of sound management practices.
- b. Government Affiliates assume responsibility for administering MCC Grant and Recipient Country funds in a manner consistent with the terms and conditions of the MCC Grant Agreement.
- c. Each Government Affiliate, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to ensure proper and efficient administration of the MCC Grant and application of this Policy.
- d. The accounting practices of the Government Affiliate must be consistent with this Policy and support the accumulation of costs as required by this Policy, and must provide for adequate documentation to support costs charged to the MCC Grant.
- e. Government Affiliates may not earn or keep any profit resulting from MCC Grant

or Recipient Country financial assistance, except as authorized by the terms and conditions of the MCC Grant Agreement, including for purposes of successful implementation of a Results-Based Financing program, or as otherwise approved in writing by MCC.

2.1.2. The application of alternative procedures, processes, rules, and/or regulations of the Government Affiliate for MCC Grant-funded costs may be permissible, provided that such costs are not prohibited under the MCC Grant Agreement, U.S. law, or relevant MCC policies. The use of such alternative procedures, processes, rules, and/or regulations is subject to prior mutual agreement, in writing, between the Recipient Country Government and MCC. Absent such an agreement among the parties, the cost principles and procedures contained in this Policy will prevail.

2.1.3. Each Supplemental Agreement entered into in furtherance of an MCC Grant must contain explicit terms regarding the treatment of costs.

- a. The cost principles in this Policy may be used by specific incorporation in the Supplemental Agreement, or by reference to this Policy in whole or in part.
- b. MCC may develop additional cost principles for an MCC Grant that includes unusual cost elements. Such additional principles will be included in the appropriate Supplemental Agreement, and will govern the unusual cost elements to the same extent as if the additional cost principles were set forth in this Policy. However, those additional cost principles will only apply to the specific Supplemental Agreement.
- c. In all cases, the specific provisions of the MCC Grant Agreement will prevail in the event of any conflict between such MCC Grant Agreement, on the one hand, and this Policy, on the other hand.

2.1.4. The failure in this Policy to address a particular cost does not imply that the cost is either allowable or unallowable. Rather, the allowability of the particular cost should be based on the principles and standards set forth in Section 5.1 of this Policy.

2.1.5. The cost principles in this Policy must be used in determining the allowability of costs of goods, works and services performed or procured by a Government Affiliate under each MCC Grant Agreement. Where applicable, these principles must also be used by each Government Affiliate as a guide for setting budget estimates for contracts to be funded by the MCC Grant.

## **2.2. Audits of the Government Affiliate**

Pursuant to relevant provisions of each MCC Grant Agreement and MCC's *Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities*, audits and reviews of a Government Affiliate may be required, and the costs of such audits and reviews are allowable to the extent they follow the cost principles of this Policy.

## **3. Authorities**

### **3.1. Acts**

The Millennium Challenge Act of 2003, as amended, (the "Act").

### **3.2. Federal Government Regulations, Standards, and Other Guidance**

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R., Subtitle A, Chapter II, parts 200, 215, 220, 225, and 230).

### **3.3. Related MCC Policies and Procedures**

- a. Cost Principles for Cost-Reimbursement Contracts under MCC-Financed Grants
- b. Guidelines for Accountable Entities and Implementation Structures
- c. Guidelines for Country Contributions
- d. Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities
- e. MCA Branding Guidelines
- f. Policy on Approval of Modifications to MCC Compact Programs
- g. Policy on Funding under Section 609(g)
- h. Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations
- i. Program Closure Guidelines
- j. Program Procurement Guidelines

## **4. Key Definitions**

<i>Accountable Entity</i>	The entity designated by the Recipient Country Government and approved by MCC to carry out the Recipient Country Government responsibilities and obligations related to the MCC Grant. For purposes of a grant made under authority Section 609(g) or 616(a) of the Act, the Accountable Entity may be a team of individuals designated by the Recipient Country Government.
<i>Closeout</i>	The process by which MCC or each Accountable Entity determines that all applicable administrative actions and all required work related to the MCC Grant have been completed by the Accountable Entity, and that such actions are completed as required in the Program Closure Plan approved by MCC.
<i>Governing Document</i>	The charter, decree, agreement, bylaws, articles of incorporation, governance agreement, program implementation agreement or other documents evidencing the formation, establishment, or governance of the Accountable Entity in accordance with the terms and conditions of the MCC Grant Agreement.
<i>Government Affiliate</i>	Any ministry, agency, state-owned, -managed, or -governed enterprise or government designated entity or enterprise appointed by the Recipient Country Government to carry out certain Recipient Country Government responsibilities and obligations related to the MCC Grant. For purposes of this Policy, an Accountable Entity, an

*MCC: Cost Principles for Government Affiliates*

	Implementing Entity, a Government Fiscal Agent, and a Government Procurement Agent are all individually a Government Affiliate.
<i>Government Contributions</i>	The Recipient Country Government's financial or in-kind contributions required to co-fund or co-finance a Program per the terms of an MCC Grant Agreement.
<i>Government Fiscal Agent</i>	For purposes of this Policy, a Government Affiliate appointed by the Accountable Entity to be responsible for funds control and documentation, proper and consistent accounting, financial reporting, and disbursements. In general, this Policy does not apply to costs incurred by commercial fiscal agents under contract to the Accountable Entity that are not Government Affiliates, with the exception of an applicable clause in Section 5.3.14 (c) on the determination of responsibility for late-payment interest payments.
<i>Government Procurement Agent</i>	For purposes of this policy, a Government Affiliate appointed by the Accountable Entity to be responsible for impartially administering and/or certifying the procurement process in accordance with a defined set of procurement standards. In general, this Policy does not apply to costs incurred by commercial procurement agents under contract to the Accountable Entity that are not Government Affiliates.
<i>Implementing Entity</i>	A Government Affiliate that is not the Accountable Entity but that is responsible for managing the implementation of an element of a Program financed by an MCC Grant, and for initiating corresponding disbursements of funding that is provided by an Accountable Entity or that will be reimbursed by an Accountable Entity.
<i>MCC Grant</i>	Assistance furnished by MCC to a Recipient Country under any of the following: 1. a compact entered into under the authority of section 605 of the Act; or 2. a Compact Development Funding (as defined in the Policy on Funding under Section 609(g)) grant entered into by MCC and the Recipient Country Government under the authority of section 609(g) of the Act; or 3. a threshold program grant agreement entered into after the effective date of this Policy under the authority of section 616(a) of the Act.
<i>MCC Grant Agreement</i>	Any of the following: (a) a compact between MCC and the Recipient Country and any Supplemental Agreement; (b) an agreement between MCC and the Recipient Country Government for the use of a Compact Development Funding Grant; or (c) if applicable by its terms, an agreement between MCC and the Recipient Country Government governing the use of a grant issued under the authority of section 616(a) of the Act.
<i>Modification</i>	Any Change in Scope or Change in Cost, as defined in the MCC Policy on the Approval of Modifications to MCC

	Compact Programs.
<i>Other Recipient Organizations</i>	Entities other than Accountable Entities that receive MCC Grant funding via a grant, cooperative agreement, contract or Implementing Entity Agreement (as defined in the relevant MCC Grant Agreement) with an Accountable Entity, and that may have indirect costs.
<i>Program</i>	Any project or activity that is the purpose for which funding is provided under an MCC Grant.
<i>Program Guidelines</i>	Collectively, the MCC Audit Guidelines, Environmental Guidelines, Gender Policy, Governance Guidelines, Guidelines for Country Contributions, Program Procurement Guidelines, guidance issued on reporting to MCC, M&E Policy, Cost Principles for Government Affiliates, the Program Closure Guidelines, and any other guidelines, policies or guidance papers (including any successor to any of the foregoing) relating to the administration of MCC-funded Programs, and as from time to time other similar documents published on the MCC Website.
<i>Recipient Country</i>	The country receiving assistance under an MCC Grant Agreement.
<i>Recipient Country Government</i>	The government of the Recipient Country.
<i>Results-Based Financing</i>	An incentive instrument that links financing to pre-determined results, with payment ("results-based payment") made only upon independent verification that the agreed- upon results have actually been delivered.
<i>Supplemental Agreement</i>	Any agreement between (a) the Recipient Country Government (or any Government Affiliate, including the Accountable Entity) and MCC, or (b) MCC and/or the Recipient Country Government (or any Government Affiliate, including the Accountable Entity), on the one hand, and any other party, on the other hand, setting forth the details of any funding, implementing or other arrangements in furtherance of, and in compliance with, each MCC Grant Agreement.
<i>Unallowable Cost</i>	Any cost that is not compliant or consistent with this Policy as determined by MCC.

## 5. Policies

### 5.1. Factors Affecting the Allowability of Costs

Costs must meet the following general criteria in order to be allowable under the MCC Grant:

- a. Be necessary and reasonable, as set forth in Section 5.1.1, for the performance, monitoring and evaluation, or oversight of a Program funded by an MCC Grant and be allocable thereto under these principles, as set forth in Section 5.1.2.
- b. Conform to any limitations or exclusions set forth in this Policy, the Program Procurement Guidelines, or any other provision or guidance required as part of

the MCC Grant Agreement as to types or amount of cost items.

- c. Be accorded consistent treatment in not being charged more than once to an MCC Grant. A cost may not be assigned to an MCC Grant as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the MCC Grant as an indirect cost.
- d. Be calculated in accordance with accounting principles generally accepted by MCC and the Government Affiliate in performance of the MCC Grant.
- e. Be incurred within the MCC Grant period, or as may be otherwise provided in the MCC Grant Agreement.
- f. Be adequately documented.
- g. Not be excluded as an unallowable cost under Section 5.3, or represent payment to an ineligible source per requirements of the Program Procurement Guidelines.

Failure to meet the criteria above may result in a determination by MCC that costs are unallowable.

#### *5.1.1. Reasonable Costs*

A cost is reasonable if, by its nature and amount, it does not exceed that which would be incurred by a prudent person, considering their responsibilities to the MCC Grant Agreement and the public-at-large, under the circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration must be given to:

- a. Whether the cost is of a type or amount generally recognized as ordinary and necessary for the operation of the Government Affiliate and the proper and efficient performance of the MCC Grant;
- b. The restraints or requirements imposed by such factors as sound business practices, arm's length bargaining, applicable United States and Recipient Country laws and regulations, and the terms and conditions of the MCC Grant Agreement;
- c. Market prices for comparable goods or services that are commercially reasonable for the geographic area; and
- d. Whether the Government Affiliate significantly deviates from established practices and policies of the Recipient Country Government regarding the incurrence of costs, which may unjustifiably increase cost.

#### *5.1.2. Allocable Costs*

A cost is allocable to a particular MCC Grant if the goods, works, and services involved are chargeable or assignable to that MCC Grant in accordance with relative benefits received. To be allocable, a cost must meet one of the following criteria:

- a. Is incurred specifically for the development, implementation, or closeout of the MCC Grant Agreement;
- b. Benefits both the Program funded by the MCC Grant Agreement and other activities of the Government Affiliate, and can be distributed in proportions that

may be approximated using reasonable methods; or

- c. Is necessary for the overall operation of the Government Affiliate and is assignable in part to the MCC Grant Agreement in accordance with this Policy.

#### *5.1.3. Prior written approval (prior approval)*

The reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the Accountable Entity may seek the prior written approval of MCC in advance of the incurrence of special or unusual costs.

The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required under this Policy or by the MCC Grant Agreement.

References in this Policy to MCC's prior approval can take several forms to ensure that such understanding can be documented practically and efficiently. For instance, requests related to proposed training expenses could be requested and approved via a periodic training plan or as part the terms and conditions of an Implementing Entity Agreement. Criteria for determining whether prior approval has been secured include whether the request was specific, made in writing with evidence of a clear response from MCC, and whether the facts and circumstances of the proposed expense made in the request are consistent with this Policy and ultimately with the costs actually incurred.

Per Section 6.1 of this Policy, any requests that require interpretation of this Policy for purposes of determining allowability of costs are the responsibility of MCC's Program Financial Services Practice Group.

#### *5.1.4. Collection of unallowable costs*

Payments made for costs determined to be unallowable by MCC, either as direct or indirect costs using MCC funding, must be refunded to MCC in accordance with instructions from MCC unless MCC statute, regulation, or the terms of the MCC Grant Agreement direct otherwise.

#### *5.1.5. Accounts and Records*

The Government Affiliate must maintain accounts and records adequate to demonstrate and provide evidence of the allowability and allocability, including the nature, amount, timing, relevance, and derivation of costs charged to the MCC Grant. The Government Affiliate's accounting system must be accurate, and must permit an appropriate allocation of costs for which funding is available under an MCC Grant.

The recording, allocation and reporting of costs related to MCC Grant activities should be based on a methodology that is:

- a. Able to be applied consistently;
- b. Able to apply costs proportionally;
- c. Able to identify and segregate sources of funds (MCC Grant Agreement, Recipient Country Government contributions, and third-party funding);
- d. Able to match costs to the appropriate source of funds; and



- e. Able to be subjected to further review or audit.

#### ***5.1.6. Required Certifications***

To assure MCC that expenditures are proper and in accordance with the terms and conditions of the MCC Grant Agreement, and within the approved project and activity budgets, the periodic financial reports and requests for payment under the agreements must include a certification, signed by an authorized official or officials of the Accountable Entity, consistent with MCC's requirements. These certifications include, but are not limited to, those which are part of periodic disbursement requests, payment authorization forms, and payment request forms.

#### ***5.1.7. Limitations and Understandings of the Cost Principles***

Regardless of the allowability, allocability, and reasonableness of costs, MCC funding may not be committed or expended by a Government Affiliate in excess of the MCC funding made available under an MCC Grant. Each Government Affiliate must ensure that its expenses do not exceed the funding available for its activities in furtherance of the Program.

### ***5.2. Cost Analysis***

Cost analysis is an essential decision-support tool, particularly useful in negotiating or considering a Modification to an MCC Grant. It provides a means of evaluating the Recipient Country's estimate regarding the costs related to the Government Affiliate's function. Cost analysis provides MCC and the Government Affiliate information to ensure that proposed costs are adequate, reasonable, valid, and properly documented. The general technique of cost analysis is outlined below.

#### ***5.2.1. The Estimate***

In preparing cost estimates for the MCC Grant, or in the case of a Modification, MCC will work with the Recipient Country Government or Accountable Entity to prepare a reasonable estimate of the costs that will be incurred in managing the MCC Grant, including the operating costs of Government Affiliates that will be funded by the MCC Grant. This estimate should be systematically developed, using a number of inputs, such as, but not limited to, expert judgment and analogous estimates from previous similar projects, historical and statistical data analysis, published commercial information such as resource and cost rate information available from commercial databases, prior Recipient Country Government experience, and any other information that will produce a reasonable estimate.

#### ***5.2.2. Contingency***

Contingency is that part of a budget estimate of future costs (typically of large construction projects, IT systems, or other items as approved by MCC) associated with possible events or conditions that are still uncertain at the time of the estimate and that experience shows will likely result, in aggregate, in additional costs for the approved activity or project. Amounts for major project scope changes or extraordinary events may not be included.

It is permissible for contingency amounts other than those excluded in the paragraph above to be explicitly included in budget estimates, to the extent that they are necessary to improve the precision of those estimates.



Notwithstanding the inclusion of contingency amounts in budget estimates, Government Affiliates must not make payment or enter into contracts that cite contingency amounts as a basis for a payment.

### **5.3. Considerations for Selected Items of Cost**

This section provides principles to be applied, in addition to the requirements of Section 5.1 of this Policy, in establishing the allowability of certain items of cost typically encountered by Government Affiliates.

These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to the allowability, allocability and reasonableness in each case should be based on the treatment provided for similar or related items of cost and on the principles and standards set forth in Section 5.1 of this Policy.

#### **5.3.1. Advertising, Public Relations and Media Costs**

**a. Advertising Costs:** The term “advertising costs” means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, online media, electronic or computer transmittals, and the like. The only allowable advertising costs are those solely for the following purposes:

- i. The recruitment of personnel required for the Government Affiliate for performance of the MCC Grant;
- ii. The procurement of goods, works or services for the performance of the MCC Grant;
- iii. The disposal of program assets acquired in the performance of the MCC Grant except when Accountable Entities are reimbursed for disposal costs at a predetermined amount; or
- iv. Program outreach and other specific purposes set forth in the MCC Grant Agreement.

Advertising costs relating to the Program are allowable at a cost that is both reasonable and customary for the locality, so long as the advertisements are clearly labeled as advertisements<sup>1</sup> and the costs are associated with an overall communication strategy approved by MCC.

**b. Public Relations Costs:** The term “public relations” includes community relations and program outreach and means those activities dedicated to promoting or maintaining understanding and favorable relations with the community or public at large or any segment of the public, as well as maintaining a positive image of the Program. The only allowable public relations costs are the following:

- i. Costs specifically set forth in the MCC Grant Agreement;
- ii. Costs of communicating with the public and press about specific activities or accomplishments that result from performance of the MCC Grant (these costs are considered necessary as part of the outreach effort for the MCC Grant);
- iii. Costs of meetings, conventions, convocations, or other events related to the Program, including reasonable costs of displays,

demonstrations, and exhibits consistent with Section 5.3.9 related to, "Conferences, Meetings, Workshops and Official or Ceremonial Events".

**c. Media and the Free Press Costs:** The costs of conducting general liaison with news media, to the extent that such activities are limited to communicating to keep the public informed on matters relating to the MCC Grant, are allowable. For example, the cost of fuel for busing a group of reporters to an MCC Grant-funded project site is allowable when reporters are otherwise unable to get to the project location. In addition, reasonable funding for meals or refreshments when directly related to such events is allowable. All media and free press costs must be associated with an overall communication strategy approved by MCC. Such general liaison must not be discriminatory, but open to all media and press personnel, except for cases (to be determined by the Accountable Entity's overall communication strategy approved by MCC) where an exclusive coverage arrangement is warranted and followed-up by general press availability when appropriate.

**d. Unallowable advertising, public relations and media costs:** Unallowable costs related to advertising, public relations, and media include the following:

- i. Costs of facilities, such as hospitality suites, that are unnecessary for the minimum requirements of fulfilling the public outreach objective;
- ii. Costs of promotional items and memorabilia, including models, gifts, and souvenirs are allowable only with prior written approval from MCC on the basis that such promotional items are required for a programmatic purpose to further the objectives of the MCC Grant, in compliance with the MCA Branding Guidelines.
- iii. Compensation to members of the press through any type of payment or bonus for services, honoraria, or lodging is strictly prohibited;
- iv. Costs of advertising and public relations for any purpose not related to the MCC Grant.

### *5.3.2. Alcoholic Beverages*

Costs of alcoholic beverages are unallowable.

### *5.3.3. Audit Services*

The costs of audits required by, and performed in accordance with, MCC requirements are allowable. The costs of any other audits approved by MCC are allowable. For purposes of this subsection, "audits" include (but are not limited to) financial audits, technical audits, agreed-upon procedures engagements, limited scope reviews, program evaluations, performance audits, compliance audits, data quality reviews, and environmental audits.

### *5.3.4. Bad Debts and Debt Collection Costs*

#### **a. Debts owed to the Accountable Entity:**

- i. Collection costs (including legal costs) incurred by an Accountable Entity to collect amounts owed to it related to programs funded under an MCC Grant are allowable.
- ii. Debts resulting from borrower default under credit programs

(including on-lending facilities and guarantee facilities) funded under an MCC Grant are not governed by this Policy.

**b. Debts owed by the Accountable Entity:**

- iii. Accountable Entity debts that arise from its normal course of business are subject to Section 5.1 of this Policy and the underlying agreement(s) or legal obligation(s) of each debt.

Bad debts (debts which have been determined by a Government Affiliate to be uncollectible), including losses (whether actual or estimated) arising from uncollectible accounts and other claims cannot be recorded as losses and remain the responsibility of the Accountable Entity per the terms and conditions of the MCC Grant Agreement.

*5.3.5. Bonding Costs*

Bonding costs arise when the Recipient Country Government requires assurance against financial loss to itself or others by reason of the act or default of the Government Affiliate's employees or consultants.

They arise also in instances where the Government Affiliate requires similar assurance, including bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds for employees and officials. Costs of bonding required by the Accountable Entity in the general conduct of its operations, or pursuant to the terms of the MCC Grant Agreement, are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

*5.3.6. Communications*

Costs incurred for telephone services (mobile, satellite and land lines), local and long distance telephone calls, internet connections, telegrams, courier service, postage and the like, are allowable, if used for the purposes and objectives of the MCC Grant.

*5.3.7. Compensation of Accountable Entity Board of Directors*

Remuneration to members of the Accountable Entity's governing body is:

**a. Unallowable for those members who are employees or officials of the Accountable Entity or Recipient Country Government <sup>2</sup>** . However, such government members may be reimbursed for reasonable incidental expenses arising from their attendance at regular or special meetings (e.g., transportation or per diem expenses as detailed in Section 5.3.7 (b) below); and

**b. Allowable for those members who are not employees or officials of the Accountable Entity or Recipient Country Government.** Costs of compensation to such members are allowable to the extent that they satisfy the following specific requirements:

- i. Total compensation for eligible members of the Accountable Entity's governing body is reasonable for the services rendered and conforms to the bylaws and policies of the Accountable Entity approved by MCC, or as otherwise as agreed by MCC;
- ii. Remuneration is calculated on a daily basis and does not exceed the highest daily rate of salary and benefits that a Recipient Country

Government employee or official of comparable rank or function would receive; and

- iii. Benefits for transportation or per-diem expenses must conform to the limits established by the Accountable Entity and MCC in the applicable Fiscal Accountability Plan.

MCC reserves the right to review the level of remuneration to be paid to non-Government members of the governing body. In the event of an inconsistency between this Policy and the MCC Guidelines for Accountable Entities and Implementation Structures, this Policy will prevail.

#### *5.3.8. Compensation of Government Affiliate Employees*

**a. General Terms:** Compensation to employees of a Government Affiliate is all compensation paid by the Government Affiliate for employee services (including the services of temporary employees). Compensation includes, but is not limited to, salaries, benefits (such as pensions, health coverage, disability pay, unemployment compensation and severance pay), holidays and leave, transportation, food, or other allowances (in cash or in kind), 13th month payments (as defined in paragraph c(iv) below), performance based awards, and retention incentives. This subsection 5.3.8 applies to employee compensation regardless of whether such employee's compensation is funded in whole or in part under an MCC Grant.

#### **b. Standards of Reasonableness**

- i. Government Affiliates that are existing units or departments within the Recipient Country Government must pay employees in accordance with the compensation levels paid to Recipient Country Government employees of comparable rank and function, pursuant to the established Recipient Country laws, regulations and policies. Proposed compensation for Recipient Country Government staff paid for or reimbursed by MCC, when not supported by a salary survey developed or approved by MCC, must be supported by documentation proving consistency with Recipient Country laws, regulations and policies on both the salary scale applied and the method of setting employee compensation within the salary scale. In addition to a determination of the existing salary scale, the Recipient Country Government must maintain documentation, in the form of either pay records or other comparable information attributable to the specific individual's level of experience and education, consistent with a methodology and standards approved in writing by MCC. The absence of acceptable documentation will preclude an individual's starting pay level above the minimum respective salary range used by the Recipient Country Government. The MCC Grant may not be used to fund staff positions that were funded through Recipient Country Government appropriations prior to the MCC Grant. The MCC Grant may be used only to compensate the additional staff needed to complete the program funded by the MCC Grant. For instances where existing staff may be assigned temporarily or detailed to new positions to complete additional work required under an MCC Grant rather than hiring a new individual, procedures must be implemented

to ensure that the MCC Grant is only used in connection with compensation for MCC Grant-related activities. In addition, the MCC Grant may not be used to fund pay or benefits (including but not limited to leave, pension or severance benefits, etc.) that were accrued prior to an individual's start date performing activities related to the MCC Grant.

- ii. The MCC Grant Agreement or a Supplemental Agreement could also require the establishment of a new unit or department within the Recipient Country Government structure with special rights or a new Government Affiliate outside the existing government structure. In those cases, the Government Affiliate should pay employees at compensation levels comparable to those earned by employees performing similar work in the labor market for which the Government Affiliate is competing for that kind of employee.

Compensation for staff positions within the Government Affiliate in this context must be supported by a formal salary survey or another methodology approved in writing by MCC. The Government Affiliate must request and receive a written waiver from MCC for proposed salaries that exceed the maximum or fall below the minimum of the salary survey or other salary-setting methodology approved by MCC.

**c. Special Considerations:**

- i. Performance based award ("award") payments to current, full-time employees of the Accountable Entity are allowable only after a compact has entered into force (EIF) or, in the case of a Threshold Program grant, only after one year following EIF. To be eligible, employees of the Accountable Entity must have been employed by the Accountable Entity for a minimum of six months at the time of the award. Awards must be based on measurable performance goals and documented supervisor appraisals of the employee's performance and may only be made under an established, written and MCC-approved organizational compensation policy or, if unique to a position and outside that approved compensation policy, are documented in a valid individual employment agreement approved by MCC.
- ii. Extra compensation paid by the Recipient Country Government, or any other entity, above the salary and benefit amounts established by MCC and the Government Affiliate, is prohibited unless MCC agrees otherwise in writing. This means that an employee is not allowed to accept outside employment. Furthermore, an employee is prohibited from accepting extra compensation from the Recipient Country Government in any form, including without limitation, money, allowances, vehicles, household staff, laundry services, staff support, and housing. This exclusion does not apply to reimbursement of valid expenses incurred and reimbursed by the Recipient Country Government, for instance payment of per diem for travel costs incurred by an individual in the performance of their duties.
- iii. Signing bonuses are prohibited. Special payments made to

employees, such as severance payouts, performance-based awards designed for specific positions, or retention incentive payments, are allowable only with the prior written approval of MCC.

- iv. Payments mandated by local laws of the Recipient Country, or established as widespread local custom and practice, are allowed in the determination of compensation levels. An example of this type of payment would be a "13th month" payment where, in such country, an additional payment is traditionally made to an employee based on the employee's average monthly salary. Unless otherwise established by law, the basis for these types of payments should be the employee's base salary, not the employee's total compensation inclusive of other benefits. The basis, timing, and method of payment for these special payments must be considered as part of total compensation in the development of the salary survey and must be documented in the applicable Fiscal Accountability Plan and in established written human resource and compensation policies of the Government Affiliate, as applicable, prior to payment.
- v. Employee compensation may include overtime as required under local law, which may result in an additional or increased payment for hourly employees. Employees of a Government Affiliate who are exempt from or not eligible for overtime compensation must commit in writing their understanding that their salary includes any remuneration that may be due for overtime or related compensation, unless otherwise established under local law that the right to overtime does not extend to exempt salaried employees. MCC Grant funding cannot be used to pay for overtime for exempt salaried employees, absent MCC's written approval and a written agreement entered into between the employee and his or her Government Affiliate employer regarding such overtime.

**d. Standards for Documentation of Compensation and Benefits:** Charges to MCC Grants for salaries and wages must be based on records that accurately reflect the work performed. In all cases, employee salary payments must be supported by an employment agreement that was effective at the time the work was completed, as well as by timesheets signed by the employee and his/her supervisor or another method acceptable to MCC that documents each employee's time and attendance. Timesheets must provide an accurate recording of an employee's time and attendance.

#### *5.3.9. Conferences, Meetings, Workshops, and Official or Ceremonial Events*

**a. General:** For purposes of this Policy:

- i. A "conference" is a meeting or workshop with the primary purpose of disseminating programmatic information that is necessary and reasonable for successful performance of the MCC Grant. A conference does not include day to day working meetings and discussions amongst Government Affiliate staff in the implementation of the MCC Grant, for which no significant costs may be incurred;
- ii. An "official or ceremonial event" is a formal event performed or



observed on a special occasion to foster relations or promote the accomplishments of the Accountable Entity or the MCC Grant. Examples of official or ceremonial events include: hosting rare visits of noted personages; groundbreaking ceremonies for a new activity of the Program; milestones in the Program such as (but not limited to) EIF, the Compact End Date (CED), or the Compact Closure Date (CCD); and celebrating thematic events related to implementation of the Program such as International Women's Day events to highlight what a Program is doing to promote gender equality.

**b. Allowable costs.** Subject to the limitations and conditions set forth in paragraphs (c), (d), and (e) of this Section 5.3.9:

- i. Allowable costs paid by the Government Affiliate as a sponsor or host of conferences, meetings, workshops, and official or ceremonial events to facilitate implementation of the MCC Grant may include rental of facilities, conference fees, speakers' fees (for individuals not acting in their official capacity on behalf of the Recipient Country Government or the Government Affiliate), reasonable costs of meals and refreshments, travel costs, and other items incidental to such conferences unless further restricted by the terms and conditions of the MCC Grant Agreement.
- ii. See also Section 5.3.12 for entertainment costs, Section 5.3.25 for participant support costs, and Section 5.3.37 for travel costs. Costs associated with conference attendance for Government Affiliate attendees for training purposes are addressed in Section 5.3.35 on Training and Education Costs.

**c. Unallowable costs.** Speakers' fees, stipends, and other allowances for persons acting in their official capacity on behalf of the Recipient Country Government or the Government Affiliate are unallowable. The sole exception is when members of the Recipient Country Government or the Government Affiliate have been authorized the reimbursement of expenses incurred for travel for a MCC Grant-related purpose under an Implementing Entity Agreement or other, similar agreement formally approving travel expenses. Such an exception does not extend beyond travel costs and is only applicable if such travel costs are not also paid by the Recipient Country Government.

**d. Special limitations and conditions.** Government Affiliate hosts or sponsors must exercise discretion and judgment in ensuring that conferences, meetings, workshops, and official or ceremonial event costs are appropriate, reasonable, necessary, and managed in a manner that minimizes costs charged against the MCC Grant. In addition, the following requirements must be met:

- i. The number of conferences, meetings, workshops, official or ceremonial events, and the number of participants for each should be reasonable, cost-effective, and aligned with the purposes and objectives, as well as the terms and conditions, of the MCC Grant Agreement. Likewise, the locations of conferences, meetings, workshops, official or ceremonial events must be determined on the basis of lowest total cost (including all travel and organizational costs) while still meeting the minimum mission critical requirements of the

Program. While there may be instances where a location other than the lowest cost for holding an event may individually conform to a standard of reasonableness due to some mission critical requirement, the Government Affiliate must consider the frequency of such proposed deviations across the Program to ensure prudent overall management of the MCC Grant.

- ii. Costs for conferences, meetings, workshops, and official or ceremonial events are allowable only when the events are hosted or sponsored by an authorized and appropriate senior representative of the Accountable Entity (e.g., Chief Executive Officer, Chief Operating Officer, or other senior official designated in the Fiscal Accountability Plan). Appropriate senior representatives of the Accountable Entity or another Government Affiliate may be authorized in the Fiscal Accountability Plan to facilitate select conferences, meetings, workshops, and official or ceremonial events when necessary.
- iii. Allowable costs for inviting stakeholders, beneficiaries, and the donor community are limited to those participants who are necessary for the implementation of the MCC Grant.

**e. Standards for Documentation of Conferences, Meetings, Workshops, and Official or Ceremonial Events.** Charges to MCC Grants for costs of conferences, meetings, workshops, and official or ceremonial events must be set forth in records that accurately reflect the names, titles, contact information and affiliations of all participants at each event, as well as the specific purpose of each such event. These records must

- i. be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- ii. be incorporated into the official records and documentation of the Government Affiliate; and
- iii. comply with the established accounting policies and practices of the Government Affiliate. Where necessary and when approved in advance by MCC, these policies may include exceptions for the documentation of participant requirements when and where impractical (e.g. – ground-breaking ceremony with wide geographic participation not necessarily determined in advance). Under no circumstances, however, may the Government Affiliate incur charges on behalf of an individual or direct payment of any kind to a participant without documentation of participant information.

#### *5.3.10. Contributions and Donations*

Costs of contributions and donations, including cash, property, and services from a Government Affiliate to other entities are unallowable, unless explicitly authorized by MCC in the MCC Grant Agreement or Supplemental Agreement, such as Accountable Entity program closure plans approved by MCC.

Services donated or volunteered to a Government Affiliate may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services may not be charged to the MCC Grant either as a



direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the MCC's Guidelines for Country Contributions.

#### *5.3.11. Dispute Resolution Proceedings*

A dispute resolution proceeding (DRP) is a proceeding related to bringing or defending an arbitral, judicial, administrative (including bid challenge procedures under the Program Procurement Guidelines) or other legal proceeding that results in a binding judgment. DRP costs typically include administrative and clerical fees, travel expenses to the site of proceedings, and costs of legal representation and other experts hired to assist with the proceedings. The allowability of DRP travel costs is addressed in Section 5.3.37 of this Policy. All DRP-related airfare must be for travel in economy class.

Except as provided below, DRP costs are generally allowable if the costs are reasonable, payment of the costs is not restricted by any provision of the MCC Grant Agreement, and, in the case of arbitration costs, the applicable contract includes a provision for the payment of such costs (or if the parties otherwise agree to binding and final dispute resolution proceeding). Awards, fines and penalties resulting from a DRP are subject to subsection 5.3.14 below of this Policy.

DRP costs are not allowable:

- a. In criminal matters, if a binding judgment (including a conviction entered upon a plea) is entered against the Government Affiliate:
  - i. For failure to comply with a law or regulation;
  - ii. For fraud or similar misconduct <sup>3</sup> ; or
  - iii. Imposing monetary damages or penalties on the Government Affiliate.
- b. In civil or administrative matters (including arbitration), if a binding judgment (including resolution by consent or settlement) is entered against the Government Affiliate
  - i. for failure to comply with a law or regulation (including when the failure triggers a cross- default clause in a commercial agreement); or
  - ii. for fraud or similar misconduct <sup>4</sup> .

DRP costs made unallowable by this subsection may be allowed if MCC determines that the costs were incurred as a result of a specific term or condition of the MCC Grant Agreement or specific written direction of an authorized official of MCC.

#### *5.3.12. Entertainment Costs*

Costs of entertainment, including amusement, diversion, gratuities, gifts, and social activities and any associated costs are not allowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized by MCC in advance in writing.

### ***5.3.13. Exchange Rates***

MCC Grants are denominated in United States Dollars. Although cost increases due to exchange rate fluctuations can be absorbed by the MCC Grant funding, the overall funding available will not be adjusted to accommodate these cost increases.

Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding under the MCC Grant and the recording of this expenditure consistent with the Accountable Entity's Fiscal Accountability Plan. Prior approval is required only when the exchange rate fluctuations result in the need to increase the funding available under the MCC Grant, or the increased costs result in the need to significantly reduce the scope of the project.

### ***5.3.14. Fines, Penalties, Damages and other Settlements***

- a. Costs resulting from Government Affiliate violations of, or failure to comply with applicable United States, or Recipient Country laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the MCC Grant Agreement, or with prior written approval of MCC. See also Section 5.3.11 on Dispute Resolution Proceedings.
- b. Penalties for late payments owed by the Accountable Entity to contractors providing goods, works, or services under the MCC Grant are allowable only if the contract with such contractor includes a provision for such late payment penalties. However, repeated late payments, or payments, fines or penalties resulting from gross mismanagement (as determined by MCC), are not allowable.
- c. If the fiscal agent is not a Government Affiliate, and the late payment is caused by the action (or inaction) of the fiscal agent in violation of the fiscal agent agreement or Accountable Entity Fiscal Accountability Plan, the late payment penalty shall be paid from the fees owed to the fiscal agent under the fiscal agent agreement and is not otherwise an allowable cost under the MCC Grant.
- d. Liquidated damages and contractual penalties will be handled on a case-by-case basis and require MCC approval to be allowable costs. If MCC were to determine, at its own discretion, that a Government Affiliate was grossly negligent in the management of a contract, the use of MCC funding for payment of such penalties may be determined to be unallowable. Funds awarded to the Accountable Entity as a result of a DRP (including damages and negotiated settlements) shall be refunded to MCC or used to pay for additional expenses of the Program, as directed by MCC.

### ***5.3.15. Fundraising***

Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable.

Fundraising costs for the purposes of meeting the MCC Grant objectives are allowable with prior written approval from MCC.

### ***5.3.16. Indirect and Direct Costs for Other Recipient Organizations under MCC-funded Grants, Contracts, Cooperative Agreements and***

### *Implementing Entity Agreements*

- a. All costs of the Accountable Entity should be charged as direct costs, rather than a combination of direct and indirect costs. Direct costs are those costs that can be identified specifically within the MCC Grant and can be directly assigned to grant activities relatively easily with a high degree of accuracy. When properly implementing a Results-Based Financing program, indirect costs that have been determined to be necessary and reasonable to realize the objectives of the program are considered direct costs for purposes of this Policy.
- b. Other Recipient Organizations that receive any amount of the MCC Grant under a grant, contract or Implementing Entity Agreement with the Accountable Entity may have indirect costs. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily allocated to the MCC-funded grant, contract or Implementing Entity Agreement. These costs are also referred to as “facilities and administrative” costs, and are those that have been incurred for common or joint objectives. Typical examples of indirect costs for many organizations may include use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general and administrative expenses, such as the salaries and expenses of executive officers, personnel administration and accounting.
- c. Government Affiliates that receive any amount of the MCC Grant under a grant or an Implementing Entity Agreement with an Accountable Entity must not receive funding that exceeds the total of the direct and indirect cost elements necessary to implement the relevant agreement. As such, performance bonuses or other results-based payments from which the Government Affiliate may derive profit are unallowable. The sole exception to this principle is regarding payments that are part of Results-Based Financing that is explicitly required by the MCC Grant and thereby includes the full range of project life-cycle design, implementation and monitoring elements necessary to realize the benefits of such an approach. The payment structure for Results-Based Financing, which may vary significantly depending on the Program objectives and conditions, must be supported by due diligence and documentation that establish the total amount of Results-Based Financing payments that will exceed the direct costs incurred by the Government Affiliate. In order for the total amount of such payments to be considered reasonable, MCC must provide prior written approval that the amount does not exceed the value of the desired outcomes of the MCC Grant.
- d. Charging of indirect costs is appropriate only if all of the following conditions are met:
  - i. All standard criteria for determination of allowability are met (see Section 5.1 of this Policy);
  - ii. The cost has not been allocated as a direct cost; and
  - iii. MCC has approved the established indirect cost rate.

#### *5.3.17. Insurance and Indemnification*

- a. Costs of insurance required or approved and maintained, pursuant to the MCC Grant by a Government Affiliate are allowable.
- b. Costs of other insurance in connection with the general conduct of activities

are allowable subject to MCC approval and to the following limitations:

- i. Types and extent and cost of coverage are in accordance with the Government Affiliate's policy and sound business practice.
- ii. Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Recipient Country Government property are unallowable except to the extent that MCC has specifically required or approved such costs.
- c. Costs of premiums paid to an insurer for a guarantee to secure debt or other financing are allowable subject to MCC prior approval and to the following limitations:
  - i. The guarantee is purchased during the MCC Grant term (even if the guarantee extends beyond the MCC Grant term).
  - ii. The guarantee furthers stated objectives as stated in the MCC Grant Agreement.
- d. Actual losses that could have been covered by required insurance are unallowable, unless approved by MCC in writing. However, costs incurred because of losses within nominal deductible limits associated with the insurance coverage provided in keeping with sound management practice, as well as minor losses not covered by insurance that occur in the ordinary course of operations, are allowable.
- e. Indemnification includes securing the Government Affiliate, its staff, and governing body members against liabilities to third persons and any other loss or damage, not compensated by insurance or otherwise. Indemnification costs are not allowable.
- f. Contributions to a reserve by an Accountable Entity for certain self-insurance programs including workers' compensation, unemployment compensation, and severance pay are allowable if required by applicable law or regular practice and are subject to MCC approval. See also the section on compensation (see Section 5.3.8).

#### ***5.3.18. Interest, Bond Discounts, and On-Lending Programs***

- a. Except as provided in 5.3.18.b, interest payable on borrowing and bond discounts are unallowable.
- b. Financing costs (including interest) to acquire, construct, or replace capital assets that are part of a program funded by an MCC Grant are allowable, subject to the conditions of the MCC Grant.
- c. Principal and/or interest repaid to a Government Affiliate responsible for an MCC Grant-related on-lending program will be credited to MCC or designated for specific purposes at the end of the MCC Grant term (or such other time as may be agreed) in accordance with the arrangements agreed to in writing between the Accountable Entity and MCC.

#### ***5.3.19. Lobbying***

- a. The cost of influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost.
- b. Executive lobbying costs. Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the United States

Government or the Recipient Country Government to give consideration or to act regarding an MCC Grant or a regulatory matter are unallowable. To improperly influence means to exert any influence that induces or tends to induce an employee or officer to give consideration or to act regarding an MCC Grant or regulatory matter on any basis other than the merits of the matter.

- c. In addition to the above, costs associated with the following activities with respect to the U.S. Government or the Recipient Country Government and any political subdivisions thereof are unallowable (subject to paragraph d below):
  - i. Attempts to influence the outcomes of any election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;
  - ii. Establishing, administering, contributing to, or paying the expenses of a political party, campaign, candidate, political action committee, or other organization established for the purpose of influencing the outcomes of elections;
  - iii. Any attempt to influence
    - a. the introduction of legislation not related to the terms and conditions of the MCC Grant Agreement;
    - b. the enactment or modification of any pending legislation through communication with any member or employee of a legislature (including efforts to influence officials to engage in similar lobbying activity);
    - c. the enactment or modification of any pending legislation by preparing, distributing, or using publicity or propaganda, or by urging members of the general public or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or
    - d. any government official or employee in connection with a decision to sign or veto enrolled legislation.
  - iv. Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.
- d. However, the costs of the following activities are allowable:
  - v. Providing technical and factual presentations on topics directly related to the performance of the MCC Grant (through hearing testimony, statements, or letters to a legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a request for testimony or statements for the record at a regularly scheduled hearing) made by a legislative body or subdivision, or a member or cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless

- incurred to offer testimony at a regularly scheduled legislative hearing pursuant to a written request for such presentation.
- vi. Any lobbying made unallowable by the above subsection of this Policy to influence national, state or local legislation is allowable if it is in order to directly reduce the cost, or to avoid material impairment of a Government Affiliate's authority to perform the grant, contract, or other agreement, or
  - vii. Any lobbying related to policy reform in support of, related to, or required by, the purposes of the MCC Grant Agreement.

#### *5.3.20. Materials, Equipment and Supplies*

Costs incurred for materials, equipment and supplies necessary to carry out the MCC Grant are allowable. The reasonable cost of such items must be established in accordance with the procurement procedures established in MCC's Program Procurement Guidelines or such other procurement rules approved by MCC for use by the Government Affiliate.

Purchased materials and supplies must be charged at their actual prices, net of applicable credits, as set according to the terms of the applicable contract. The inclusion of contract terms that incentivize outcomes (cost reduction, efficient performance, etc.) through results-based payments are allowable provided such payments are clearly disclosed as part of the procurement process, considered within the overall cost reasonableness analysis prior to award, and captured in the formal written agreement before the services are rendered. All such contracts must be procured in a manner consistent with the requirements for performance based procurement in the *MCC Program Procurement Guidelines*.

Incoming transportation charges (including costs to guarantee payment on incoming goods) are proper parts of materials and supplies costs.

#### *5.3.21. Capital Expenditures / Maintenance and Repair Costs*

Capital expenditures for improvements to land, buildings, or equipment are allowable when consistent with the objectives of the Program and the terms and conditions of the MCC Grant Agreement.

Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment, which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition during the period of the grant, are allowable.

#### *5.3.22. Memberships, Subscriptions, and Professional Activity Costs*

- a. Costs of the Government Affiliate's membership in business, technical, and professional organizations as well as subscriptions to business, professional, and technical periodicals are allowable.
- b. Costs of an individual's membership in these organizations or such subscriptions is unallowable unless individual representation of the Government Affiliate is required to secure necessary memberships or the membership of a specific individual is a requirement for fulfilling a specific MCC Grant objective.
- c. Costs of membership in any civic or community organizations are allowable



- with prior MCC approval only if necessary for performance and completion of the MCC Grant rather than as a representational or public outreach expense.
- d. Costs of membership in any social, dining, or entertainment clubs are unallowable.
  - e. Costs of membership in organizations whose primary purpose is lobbying are unallowable.

#### *5.3.23. Office Space*

The reasonable costs of leasing office space necessary for implementation of the MCC Grant are allowable. The costs of leasing office space are allowable to the extent the rates are reasonable in light of such factors as: leasing costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased. Complete documentation of price reasonableness prior to entering into a lease is required.

Leasing costs under "less-than-arm's-length" rental agreement are allowable only up to an amount otherwise determined to be reasonable considering the factors above. For this purpose, a less-than-arm's-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Particular care should be taken in determining price reasonableness in any instance where the potential for a less-than-arm's-length lease scenario has been identified.

Notwithstanding the above, the lease of any property, including commercial or residential real estate, owned by any individual or entity affiliated with the Accountable Entity, for purposes such as office workspace is unallowable unless approved by MCC.

The cost of purchasing real property for Accountable Entity office space is unallowable.

#### *5.3.24. Organization Costs*

Expenditures in connection with planning or executing the organization or reorganization in the structure of a Government Affiliate or meeting legal and regulatory requirements for the Government Affiliate are allowable to the extent that they are necessary and appropriate to such purposes and related to an existing MCC Grant. Such expenditures may include, but are not limited to, the cost of attorneys, accountants, and management consultants.

Expenditures in connection with planning or executing the organization or reorganization in the structure of a Recipient Country Government entity organized for the purposes of fulfilling responsibilities of the Recipient Country Government after the end of the term of an MCC Grant are not allowable unless explicitly provided for as part of the MCC Grant.

#### *5.3.25. Participant Support Costs*

Participant support costs, or direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees in connection with meetings, conferences, symposia, or training projects, are allowable only with the prior written approval of MCC or as explicitly included in the MCC Grant or a supplemental agreement such as an Implementing Entity Agreement.

#### ***5.3.26. Personal Use of Goods and Services Acquired with the MCC Grant***

Goods and services acquired with the MCC Grant must be used only in the performance of the MCC Grant and must not be used for the personal benefit (other than for incidental use) of a Government Affiliate employee or consultant unless the Government Affiliate has an established and published procedure approved by MCC for reimbursement of the MCC Grant for personal use.

Certain goods and services that may be subject to greater risk of misuse, including but not limited to communications devices and services, electronic equipment, and vehicles must be managed in accordance to policies established by the Government Affiliate to prevent misuse.

#### ***5.3.27. Pre-Award Costs***

Pre-award costs are those incurred prior to the effective date of the MCC Grant, where such costs are necessary to implement the MCC Grant or comply with the MCC Grant provisions. Such costs are allowable only to the extent that they would have been allowable if incurred after the effective date of the MCC Grant and only with the written approval of MCC (including through the approval of a periodic disbursement request) or if specifically authorized in the MCC Grant. Program funding provided under a compact may not be used for any pre-award cost that predates EIF of the compact.

#### ***5.3.28. Professional Service Costs***

Costs of professional and consultant services, whether short-term or long-term, rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the Government Affiliate, are allowable if (1) such services are obtained in accordance with the procurement procedures and processes established in MCC's Program Procurement Guidelines or such other procurement rules approved by MCC; (2) such contracted services have been determined to be necessary to fulfill the purposes of the MCC Grant; and (3) the costs are normal, customary and reasonable for the nature and scope of the services rendered in relation to the services required.

The inclusion of contract terms that incentivize outcomes (such as cost reduction and efficient performance) through results-based payments are allowable provided such payments are clearly disclosed as part of the procurement process, considered within the overall analysis of cost reasonableness prior to award, and set forth in the signed contract before the services are rendered. The contract must have been procured in a manner consistent with the requirements for performance-based procurement in the *MCC Program Procurement Guidelines*.

Contracts for professional services that include any element of retainer fees must be supported by evidence of bona fide services available or rendered.

#### ***5.3.29. Publication and Printing Costs***

Publication costs for electronic and print media, including distribution and promotion, are allowable when directly related to specific projects within the Program or are associated with the communications strategy of the Accountable Entity. Publication costs, for example, include costs of composition, plate-making, press work, binding, and the final products for distribution, promotion, mailing, and general handling.



### 5.3.30. Recruitment and Relocation Costs

The following recruitment costs are allowable: cost of “help wanted” advertising; travel costs, including food and lodging, of applicants for interviews for prospective employment with the Accountable Entity <sup>5</sup> ; and relocation costs incurred incidental to the recruitment of new employees. If the Accountable Entity engages employment agencies to recruit staff, any costs in excess of standard commercial rates for such services are unallowable.

Special fringe benefits and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness are unallowable.

Allowable relocation costs include reasonable costs of transportation of the employee and members of the employee’s immediate family (as defined in the Accountable Entity’s MCC approved operational policies), and expenses of moving personal effects to the new work location. These costs may be reimbursed by the Accountable Entity provided that:

- a. The move is for the benefit of the MCC Grant and occurred after selection of the employee in question;
- b. The reimbursement does not exceed the employee’s actual expenses for the types of expenses noted above; and
- c. The specific eligibility criteria, terms and limitations of allowable relocation costs considered to be reasonable are included as part of written procedures approved by MCC. At a minimum, these limitations must ensure that allowable relocation costs are not paid for moves within the immediate metropolitan area of the work location and cannot be paid for moves undertaken prior to the employee’s selection as part of the Accountable Entity.

Unallowable relocation expenses include the following:

- a. Fees and other costs associated with acquiring a new home in excess of any explicitly allowable housing allowances included as part of overall compensation;
- b. A loss on the sale of a former home;
- c. Continuing mortgage principal and interest payments on a home being sold; and
- d. Income taxes paid by an employee related to reimbursed relocation costs. In some cases such taxes may be exempted or eligible for reimbursement under the governing tax provisions of the grant agreement.

Where relocation costs incurred incident to recruitment of a new employee have been funded in whole or in part with the MCC Grant, and the newly-hired employee resigns for reasons within the employee’s control within 12 months after hire, the Accountable Entity is required to have procedures in place and to secure a refund or credit of the portion of such relocation costs funded by the MCC Grant.

### 5.3.31. Security Costs

Necessary and reasonable costs incurred for the protection and security of facilities, personnel, and work products are allowable provided they are consistent with MCC prohibitions on funding of military or police. Such costs may include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants.

### 5.3.32. Selling and Marketing Costs

Costs of selling and marketing any products or services of the Government Affiliate are generally unallowable with two important exceptions. The first exception is for direct costs connected with disposition of program assets consistent with program Closeout. The second exception is for direct costs associated with a Build Operate Transfer (BOT) program in which a Government Affiliate sells assets funded by the MCC Grant to a private operator to maintain and use for an intended benefit.

Incurring allowable costs under either exception requires prior written approval by MCC. In the case of a BOT program exception, transactions must meet stringent legal requirements before being undertaken. Failure to comply with these requirements could result in a determination that the underlying asset costs, as well as any associated selling and marketing costs, are unallowable. Any proceeds from BOT transactions must be segregated and used only in furtherance of explicitly-agreed objectives of the MCC Grant.

### 5.3.33. Taxes

Payments by the Government Affiliate for taxes on goods, works or services funded with MCC Grant funds are not allowable, unless otherwise determined as an exception to the general rule consistent with *MCC's Tax Policy on MCC Assistance* and the MCC Grant Agreement.

### 5.3.34. Technical Evaluation Panels

A technical evaluation panel (TEP) is often used to evaluate expressions of interest or proposals submitted by prospective vendors. Compensation to an employee of the Government Affiliate or Recipient Country Government for service as a member of a TEP is not allowable. Reasonable compensation to other individuals who are not employees of the Government Affiliate or Recipient Country Government for service as a member of a TEP is allowable.

The Government Affiliate may provide members of a TEP a maximum of one working meal per day. A working meal is only allowable if members are engaged in evaluation activities during the normal meal time (as stated on an agenda). Only a nominal amount of the MCC Grant may be used per member for working meals.

If the technical evaluation is held in a location which requires travel outside the city of the procuring entity, all TEP members may be reimbursed for their transportation and per diem expenses directly related to their participation as a panel member. Similar to the limitations stated in Section 5.3.9 (d) related to conferences, workshops and other meetings, the location of technical evaluations must be determined on the basis of lowest total cost (including all travel and organizational costs) while still meeting the minimum mission critical requirements. While there may be instances where a location other than the lowest cost for holding an evaluation may individually conform to a standard of reasonableness, the Government Affiliate must also consider the frequency of such proposed deviations across the Program to ensure prudent overall management of the MCC Grant.

The allowability of TEP-related travel costs is addressed in Section 5.3.37 of this Policy. All TEP-related airfare must be in economy class.

**5.3.35. Training and Education Costs**

The cost of training and education provided for the development of Government Affiliate employees is allowable only with the prior written approval of MCC <sup>6</sup> for a reasonable number of attendees who are employees or consultants of a Government Affiliate if directly related to the purposes and objectives, and the terms and conditions, of the MCC Grant; and directly related to the employee's job function within the Government Affiliate.

**5.3.36. Transportation costs**

Costs incurred for freight, express, cartage, postage, other transportation services, and insurance, and costs to guarantee payment on goods, relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items.

**5.3.37. Travel costs**

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by the governing body of the Accountable Entity or by employees of any Government Affiliate who are in travel status on official business related to the MCC Grant. Such travel expenses are allowable as provided in this section. To avoid ambiguity, the Accountable Entity must outline the application and management of travel expenses in its Fiscal Accountability Plan. Other individuals' travel costs may be incurred when specifically allowed for in a Supplemental Agreement, such as an Implementing Entity Agreement, and when necessary for the performance of the MCC Grant.

**a. Lodging, Meals, and Incidental Expenses:**

- i. Lodging expenses are reimbursable for actual expenses incurred up to the limits set forth, at MCC's option, as follows: (1) by applicable Recipient Country Government laws or regulations; (2) by the international per diem rates according to the U.S. Government Federal Travel Regulations promulgated by the United States Department of State ([www.state.gov](http://www.state.gov)); or (3) by written agreement between MCC and the Government Affiliate. Lodging expenses for travel in the continental United States will be reimbursed according to the U.S. Government Federal Travel Regulations promulgated by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). All lodging costs must be supported with payment receipts.
- ii. Meals and incidental expenses (M&IE) rates cover the cost of meals and some incidental expenses for each day of travel at a fixed rate. The rates are determined, at MCC's option, as follows: (1) by applicable Recipient Country Government laws or regulations; (2) by the international per diem rates according to the U.S. Government Federal Travel Regulations promulgated by the United States Department of State ([www.state.gov](http://www.state.gov)); or (3) by written agreement between MCC and the Government Affiliate. M&IE rates for travel in the continental United States will be reimbursed according to the U.S. Government Federal Travel Regulations

promulgated by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

Incidental expenses include costs for laundry, cleaning, and tips for services. Incidental expenses do not include costs such as renting a conference room or making a phone call for strictly business purposes (these costs may be expensed separately to the Government Affiliate). On the day of departure on temporary travel, the traveler is eligible for M&IE at the rate of 75 percent of the M&IE rate applicable to the temporary travel destination. On the day of departure for home base, the traveler is eligible for M&IE at the rate of 75 percent of the M&IE rate applicable to the temporary travel destination.

**b. Commercial Air Travel:** Airfare costs in excess of the basic least expensive unrestricted accommodations class (economy class) offered by commercial airlines are unallowable except when such accommodations would:

- i. Require circuitous routing or otherwise excessively prolong travel beyond the most direct routing to the intended destination;
- ii. Result in additional costs that would offset the transportation savings; or
- iii. Offer accommodations not reasonably adequate for the traveler's documented medical needs.

The Accountable Entity must secure prior written approval from the Accountable Entity's senior management and MCC if any of these exceptional circumstances exist.

The Recipient Country Government, at its discretion, may utilize non-MCC funding for airfare costs in excess of the cost for the basic, least expensive, unrestricted accommodations class (economy class) offered by commercial airlines for reasons other than those listed above. In these instances, the Accountable Entity must follow procedures included in the Fiscal Accountability Plan to determine the basis for any portion of such travel funded by the MCC Grant. Non-MCC funding utilized for airfare costs in excess of the cost for economy class cannot be considered a Country Contribution.

While this Policy does not allow airfare costs in excess of economy class unrestricted fares, Government Affiliates are encouraged to develop internal procedures designed to make most efficient use of grant funds using restricted and/or non-refundable fares, where practical.

**c. Rest Stops During Travel:** The purpose of a rest stop is to break up long flight schedules and allow travelers to rest prior to reporting to work or continuing their business travel. The cost of economy class airfare combined with a rest stop not to exceed 24 hours is allowable. Under no circumstances may travel include both business-class airfare and a rest stop to or from the destination. For rest stop costs to be allowable, the Accountable Entity must have specific rest stop procedures for all travelers approved by MCC in the Fiscal Accountability Plan or other governing document.

## **6. Responsibilities**

### **6.1. Program Financial Services**

The MCC Program Financial Services Practice Group is responsible for the review, interpretation, and application of this Policy.

With the approval of the MCC Program Financial Services Practice Group Lead and Senior Director, MCC may periodically publish clarifications, explanatory notes, or responses to questions of interpretation in one or more annexes to this Policy.

## **7. Endnotes**

1. This requirement can be satisfied by reasonable inference if notices are placed in a manner clearly set aside for the purpose of advertising (e.g. recruitment and procurement notices).
2. Status as a government member for purposes of compensation is at the determination and discretion of MCC. Such remuneration may be allowable if using Recipient Country Government funding and if such payment is subject to appropriate controls and limitations and in compliance with the Accountable Entity Guidelines and applicable Accountable Entity's bylaws.
3. At the discretion of MCC, the term "similar misconduct" could also extend to gross mismanagement by the Government Affiliate and, per this Policy, such costs be determined to be unallowable.
4. At the discretion of MCC, the term "similar misconduct" could also extend to gross mismanagement by the Government Affiliate and, per this Policy, such costs be determined to be unallowable.
5. Recruitment costs are primarily relevant to Accountable Entity staff, but in exceptional circumstances could be included as part of an Implementing Entity Agreement or Supplemental Agreement and be applicable to Government Affiliates other than the Accountable Entity as well.
6. With MCC approval, procedures may be developed which: 1. provide prior approval of organization wide-training plans versus approving each individual training requests; or 2. delegate authority to approve training requests for which no material cost is associated with program- related training.