



# **MILLENNIUM CHALLENGE ACCOUNT LIBERIA**

## **FISCAL ACCOUNTABILITY PLAN**

**JUNE 2017**

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**ABBREVIATIONS**

CBL	Central Bank of Liberia
CEO	Chief Executive Officer
COA	Chart of Accounts
CPS	Common Payment System
DFA	Director, Finance and Administration
DFP	Detailed Financial Plan
FA	Fiscal Agent
GOL	Government of the Republic of Liberia
EMP	Environmental Management Plan
HAAPP	HIV AIDS Awareness Protection Plan
FAP	Fiscal Accountability Plan
IBC	Interior Business Canter
IE	Implementing Entities
MCA-L	Millennium Challenge Account - Liberia
MCC	Millennium Challenge Corporation [USA]
MCDR	Monthly Commitment and Disbursement Report
MFA	Manager, Finance and Administration
MYFP	Multi-Year Financial Plan
OIG	Office of Inspector General – MCC
PP	Procurement Plan
PRF	Payment Request Form
PAYE	Pay As You Earn
QDRP	Quarterly Disbursement Request Package
QFR	Quarterly Financial Report
RC	Recipient Country
SOP	Standard Operating Procedure
GST	Goods and Services Tax

## 1. GENERAL

### 1.1 Goals, Principles, and Development of the FAP

#### 1.1.1 Goals

The Fiscal Accountability Plan (FAP) contains the financial management policies and procedures and the procurement management framework for Millennium Challenge Account Liberia (“**MCA-L**”) as the ‘Permitted Designee’ under the Liberia Compact signed between the Government of Liberia (GOL) and the Government of the United States of America through the Millennium Challenge Corporation (“**MCC**”). This policy has been developed in accordance with the Program Implementation Agreement, the Compact, the Fiscal Agent Agreement, Procurement Agent Agreement, Program Procurement Guidelines, the Procurement Operations Manual, other Compact-related documents, and **requires approval by MCC and the MCA-L Board of Directors.**

*“Accountability” is the appropriate tracking and use of program financial resources. The foundation of accountability is a good internal control system, which adequately records, classifies, and reports all costs. MCA-L honors all its stakeholders’ trust and needs when it is accountable for these vital program resources.*

The Fiscal Accountability Plan will also include, among other things, requirements with respect to:

- a) budgeting,
- b) accounting,
- c) cash management,
- d) financial transactions (receipts and payments),
- e) opening and managing Permitted Accounts,
- f) personnel and payroll,
- g) travel and vehicle use,
- h) asset and inventory control,
- i) audits and
- j) reporting.

No financial or procurement transaction shall take place that is contrary to the requirements of, or prohibited by the Compact, the Program Implementation Agreement, Program Procurement Guidelines, Fiscal Agent Agreement, Procurement Agreement, or any other Compact related documents, including this FAP.

#### 1.1.2 Internal Controls

**Policy:** MCA-L will develop a FAP that will observe principles which will adequately monitor internal control requirements for all the program activities. This will include but will not be limited to administrative, financial and accounting controls.

*"Internal Control" is a term used to describe a procedure or series of procedures (controls) designed to regulate activities and ensure that approved objectives are achieved. The term includes the word "internal" because local management of the entity has complete responsibility for establishing the entity's control system. It comprises all the policies and procedures established by the organization's management to provide reasonable assurance that its objectives will be achieved.*

### *1.1.3 Cost Principles and Standards*

**Policy:** 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 (**Annex 5**).

The cost principles and standards require that any cost incurred must be:

- Necessary
- Reasonable
- Allocable
- Adequately documented

### *1.1.4 Generally Accepted Accounting Principles*

**Policy:** 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.

### *1.1.5 Area of Application and Responsibilities*

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.

Written authorization from MCA-L is required for making the present FAP available to third parties.

### *1.1.6 Updates to the FAP*

This FAP has been drawn up to follow MCC guidelines for Program Implementation, effective internal control systems and generally accepted accounting principles. Of relevance to the FAP are:

- Guidelines for Accountable Entities and Implementation Structures;
- Cost Principles for Accountable Entity Operations.

All the MCC guidelines are available at: [www.mcc.gov/pages/countrytools/tools/compact-implementation](http://www.mcc.gov/pages/countrytools/tools/compact-implementation)

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 with the details of the procedures for review.

The FAP shall be revised as and when necessary by MCA-L. All subsequent changes to the FAP will be made subject to the same agreement, approval and no-objection. The FAP will be reviewed by MCA-L with the assistance of the FA at a minimum every six months to determine whether it requires amendment, all or in part. Development and maintenance of the FAP is the responsibility of MCA-L.

Should the need arise to amend or add procedures between semi-annual reviews, these changes will be effected via formal notice (hereafter referred to as Administrative Circulars) approved by the CEO of MCA-L. The changes reflected in the formal notices will be incorporated into the next FAP update. All updates to the FAP, including individual administrative circulars, shall be submitted to MCC for approval.



## 1.2 Authorized Parties

### 1.2.1 MCA-L Board

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

#### Voting Members.

The Board includes consists of seven voting members nominated by the Government of Liberia (each one a “**Statutory Board Member**” and collectively the “**Statutory Board Members**”); and one voting member from each of 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:

- a) Minister of Finance and Development Planning; (Chairperson of the Board).
- b) Minister of Justice;
- c) Minister of Lands, Mines and Energy;
- d) Minister of Public Works;
- e) Head of Presidential Delivery Unit;
- f) Chairman of the Board of Directors of LEC;
- g) Representative from the private sector;
- h) Representative from civil society; and
- i) Chief Executive Officer of MCA-L (Secretary of the Board).

#### 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 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.

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.

**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; and
- d) any Periodic Report.

**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

### *1.2.2 Principles for Procurement and Financial Management Matters*

The organizational units and principal individuals authorized to act on procurement and financial management matters on behalf of MCA-L are as follows:

#### *1.2.2.1 Procurement Directorate*

- The MCA-L Procurement Director is responsible for all procurement activities and compliance with MCA-L and MCC Program Procurement Guidelines. 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 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.

#### *1.2.2.2 Procurement Agent*

MCA-L appointed Cardno, to act as the Procurement Agent (PA). The PA is responsible for ensuring that procurement functions are performed in accordance with the agreements and procedures set out in the Procurement Agent Agreement, the MCC Program Procurement Guidelines, the Procurement Operations Manual and the FAP. In summary, the PA shall:

- Assist the Procurement Director to prepare a six-monthly Procurement Plan that details the needed acquisitions for the next six months.
- Use MCC standard bidding and contract documents for the acquisition for goods, works and services.
- Procure goods, works and services for the Program.
- Establish, in coordination with MCA-L, a contract administration system to monitor supplier and contractor delivery or performance; troubleshoot problems and certify the performance of services, the completion of works and the delivery of goods.
- Ensure, in coordination with MCA-L, that there are proper systems in place
  - ✓ For testing and inspecting goods;
  - ✓ Addressing quality control for project management and supervision during the performance of works contracts;
  - ✓ For overseeing and reviewing quality of performance of contracted services; and
  - ✓ For approving deliverables.

The PA reports to the Procurement Director of MCA-L.

The principal individuals authorized to act on behalf of the PA are:

- Procurement Agent Manager
- Senior Procurement Specialist
- PA Project Director (in the absence of the Procurement Agent Manager)

1.2.2.3 Fiscal Agent

MCA-L appointed Cardno to act as a Fiscal Agent (FA). The FA is responsible for ensuring that financial management functions are executed in accordance with the MCC Guidelines, the Fiscal Agent Agreement and the FAP. In summary, the FA shall:

- Assist MCA-L in maintaining the Fiscal Accountability Plan;
- Ensure and certify that expenditures of funds are properly authorized and documented in accordance with established control procedures set forth in the Compact and other Agreements;
- Process disbursements, perform cash management and account reconciliation of the Local Account (to which the FA function has sole signature authority);
- Provide applicable certifications for MCC Disbursement Requests;
- Maintain and retain proper accounting, records in support of all MCC funded financial transactions and certain other accounting functions;
- Produce reports to MCA-L on MCC Disbursements in accordance with established procedures set forth in the MCC Agreements, the FA Agreement, and the FAP;
- Assist in the preparation of budget compilation and financial management procedures;
- With support from MCC Fiscal Accountability staff, assist the MCA-L in developing a standard DFP format, including the level of detail and the categories of expenses that will be consistent across projects and activities through the life of the Compact;
- Manage the internal FA operations; and
- Perform and document eligibility verification checks in accordance with MCC procedures to ensure that the vendor is not on the excluded parties list.

The FA reports to the MCA-L's Director Finance & Administration (DFA).

The principal individuals authorized to act on behalf of the FA are:

- Fiscal Agent Manager
- Senior Financial Management Specialist
- Senior Accounting Specialist
- FA Project Director (in the absence of the Fiscal Agent Manager)

The Fiscal Agent is the only entity with the responsibility and authority to make payments on behalf of MCA-L. This responsibility cannot be delegated or transferred.

1.2.2.4 Finance and Administration

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.

## 2. MULTI-YEAR FINANCIAL PLAN AND DETAILED FINANCIAL PLANS

### 2.1 Definitions

#### 2.1.1 *The Multi-Year Financial Plan*

MCA-L benefits from two MCC funding streams: 609(g) and Compact. 609(g) grants are intended for the period up to Entry into Force of the Compact. Each of these grants is based upon a financial plan, which shows the allocation of funding between each Project and between Activities within a Project. The plan with the Compact grant covers five years and is called the Multi Year Financial Plan (MYFP- **Annex 10**). This is presented as **Annex 2** to the Compact. The MYFP describes the funds allocated to Projects, Activities and Sub Activities.

The MYFP is reviewed every quarter within the normal disbursement cycle. With MCC approval, it may be amended by reallocation from one activity to another. Any reallocation would normally be initiated by the relevant Project Director with the agreement of the DFA and the CEO. Reallocations are presented to the Board prior to inclusion in Schedule A to the Quarterly Disbursement Request Package (QDRP).

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

- A clear and concise explanation of the need for and timing of the reallocation;
- An analysis of how the costs were calculated; the anticipated procurement activity associated with the requirement; specific critical timelines; and the priority of need identified by MCA-L management;
- An explanation of when the funds will be needed, alternative funding options considered, and an explanation of why the new requirement was not previously anticipated; and
- Confirmation by each Project Director whose budget will be reduced that the reduction will not put at risk the remaining activities of that Project or the ability to meet the Compact goals for that Project.

The original of the reallocation document shall be kept by the DFA. Once approved, corresponding changes shall be made to the MYFP and reflected in the accounting system maintained by the FA.

Reallocations of funds below the line item levels identified in the MYFP (between Sub-activities) are initiated by the relevant Project Director and approved by the DFA and the CEO.

#### 2.1.2. *The Detailed Financial Plan*

The DFP reflects the total funding that MCA-L expects to commit and the cash it expects to spend to carry out the tasks included in the project work plans. The DFP breaks down MCA-L commitments and cash requirements to the Project and Activity level as per the MYFP, and further to Sub-activity or Task level as dictated by the Work Plans. The two spread sheets (one for Commitment and another for Disbursement) of DFP are prepared month by month for the next quarter and on a rolling quarterly basis for the remaining period of the Compact (including close-out period).

The DFP is aggregated from the activity budgets prepared by the Project Directors. The Project Director must review the DFP against the six-monthly Procurement Plans and Work Plans to ensure that their detailed budgets are in harmony. Particular care must be taken to include all planned commitments and disbursements for the forthcoming quarter. No commitment nor disbursement can be made if it has not been included in the DFP for the quarter without an agreed budget virement. Once the activity budgets are aggregated into the DFP, any need to change the MYFP can be identified and requested for.

#### 2.1.3. *The Quarterly Financial Report*

The QFR is intended to provide an overview of the financial developments since the last disbursement period and to explain and justify any proposed cash or funds request (spending authority) for the next

period. The QFR lists down the requested adjustment of funding from one Project or Activity to another, projected commitments, cash reconciliation (projected Permitted Account balance) and interest summary.

The quarter shall begin on the first day of January, April, July and October for the purposes of the financial plans and the disbursement requests. The first quarter shall start on the Entry into Force date. The first disbursement request shall cover the same period as the first quarter. The QFR must be submitted for the 609(g) grants until the funds are exhausted. The final QFR must be clearly marked as “FINAL”, after which there is no further need to submit QFR for that particular funding source.

## 2.2 Budget and Budget Classification Structure

The basic structure of the budget classification shall follow the line item structure of the MYFP in **Annex 2** of the Compact. For the DFP, the budget classification structure must be expanded so that the Projects shall be broken down by Activities, each Activity shall have Sub-activities, and each Sub-activity shall have Tasks.

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

A – B – C – D
---------------

A: Project Code

B: Activity Code

C: Sub-activity Code

D: Task 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. The Chart of Accounts must be approved and formalized by the DFA in writing and made available to all parties involved. The code table remains in effect until such time as new written instructions are issued.

## 2.3 Modifying Financial Plans

### 2.3.1 Approval Thresholds

Budget adjustments shall be made in accordance with **Annex 2** of the Compact

### 2.3.2 Requesting Re-allocation of Funds

Re-allocation of funds requiring MCC approval is submitted with the Quarterly Reporting package. Reallocation at both Activity and Sub-activity must be approved by MCC. However, requests for re-allocation of funds may be submitted outside of the quarterly reporting cycle (“out-of-cycle” disbursement request) if there is an urgent need.

A re-allocation of funds is documented in Schedule A of the QFR.

### 2.3.3 Justification

Any re-allocation of funds contained in the QFR must be in compliance to the Compact and must have a clear and concise explanation of the unfunded requirement, a cost analysis, an explanation of the impact on the Project/Activity from where the funds are coming, and why the re-allocation of funds across Project/Activity lines is necessary.

A justification for the record is required for all re-allocation of funds regardless of whether or not such reallocation requires MCC approval.

**Unfunded requirement:** A detailed description of an emerging project requirement identified to receive a budget increase must include the time sensitivity of funding the requirement; why the requirement was not anticipated; what level of decision-making authority has agreed to the value of this new requirement, and all alternative funding options must be disclosed.

**Cost analysis:** A detailed description of the requirement will include a detailed analysis of how all costs associated with the requirement are calculated; the anticipated procurement activity associated with the requirement; specific critical timelines related to the new requirement; and the priority of need recognized by the MCA management.

**Impact:** A clear explanation must be secured by the Project Director of the Project/Activity where the funds are coming from, which verifies that the re-allocation of funds from the Project/Activity will not in any way jeopardize or put at risk the remaining activities of the Project/Activity in order to meet the Compact goals for that Project.

### **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.

### ***2.3.4 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) are expected to be in USD, therefore, there will be no need for any revaluation of commitments.

### 3. OPENING AND MANAGEMENT OF MCA-L BANK ACCOUNTS

#### 3.1 Common Payment System

MCC uses the Common Payments System (CPS- **Annex 11**) to effect transfer of funds from the U.S. Treasury to Beneficiaries. CPS may be used to process payments in US dollars or local currency directly to vendors for goods, works and services received, or to transfer funds to a Permitted Account used as a transit account *en route* to the Beneficiary.

#### 3.2 Local Bank Accounts (Permitted Accounts)

MCA-L opened and Permitted Accounts with the United Bank of African (UBA) to administer MCA-L program funds. The accounts are:

- Liberia Dollar denominated account (“**Local Account**”) - to manage selected local currency payments.
- USD-denominated account (“**Special Account**”) - to receive funds in USD withdrawn from MCC and pay for USD invoices and limited transfers to local currency
- USD Interest Account where interest accrued in the Local and Special Accounts will be transferred into at the beginning of every month and transferred to MCC within 10 days after the last day of each calendar quarter.

No further bank accounts in the name of MCA-L may be opened unless approved by MCC in advance. The **Bank Agreement**, between MCA-L, UBA and the FA, outlines some of the procedures and obligations surrounding Permitted Accounts.

##### 3.2.1 Funds in Transit

The Special Account and the Local Account may be used as transit accounts. A transit account is defined as an account through which funds for payment of *approved* invoices are routed to the beneficiary instead of directly from the US Treasury to the beneficiary.

This payment method will be 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.

Funds in Transit do not apply to recurrent expenditures (defined below).

##### 3.2.2 Recurrent Expenditures

Recurrent expenditures are defined as expenditures that occur regularly (often monthly or bi-weekly) and are of approximately the same amount at each occurrence. Recurrent expenditures are usually administrative in nature; examples include payroll, utilities, and insurance premiums. 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 Account for several days prior to payment. For payroll, MCA-L must 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.

##### 3.2.3 Maximum Balances in the Permitted Accounts

The sum of balances in the Local and Special Accounts shall not exceed the equivalent of USD 200,000 excluding Funds in Transit. 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.

### 3.2.4 Codification of Expenditures on CPS Payment Request Forms

- All *direct* payments (those not passing through the Permitted Account), regardless of currency, must be coded to the project/activity to which they belong.
- 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.

### 3.3 Authorized Parties on Permitted Accounts

The FA officials with signatory authority on and primary responsibility for the accounts are as follows:

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

The FA shall perform the reconciliation of bank statements with the accounting records no later than **ten calendar days** after the end of an accounting period. Discrepancies shall be followed up on a timely basis. For the purposes of this FAP, the term *timely* means that the cause of discrepancies be identified and corrective action initiated by the next monthly closing date. The term *bank statements* also include MCC's records in the Oracle accounting system at Interior Business Center (IBC).

### 3.4 Co-mingling of Funds

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

### 3.5 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:

- Paid directly through the CPS – the translation rate will be the actual exchange rate at which funds were disbursed by IBC;
- 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;
- 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.



## 4. AUTOMATED ACCOUNTING WORK PROCESSES

### 4.1 Responsibilities

MCA-L is responsible for program implementation and is the sole authority for authorizing expenditures. MCA-L is responsible for submission of all documents to the FA required in connection with payments as outlined in this FAP.

The FA is responsible for execution of accounting functions and documentation compliance. The FA shall keep the original documents that support expenditures, obligations and payments.

### 4.2 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 FA have established a single Chart of Accounts, which shall be used for the duration of the Program. The full Chart of Accounts can be found in **Annex 1** to this FAP. Any changes to the chart of accounts require mutual agreement between the DFA and FA.

MCA-L will operate a four-level account string as follows:

- Projects category code
- Activity category code
- Sub-activity category code
- Task category code.

#### 4.2.1 *Projects category code*

Enables:

1. the Management to “drill down” the origin of the project costs/consumption and
2. the Management to isolate each cost item according to nature or kind of project.

The project code groups are as follows:

- Energy
- Roads
- Monitoring and Evaluation
- Compact Administration

#### 4.2.2 *Activity category code*

Each activity should have an 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 are that it permits a very detailed analysis of the nature of operations and costs associated with each dimension.

#### 4.2.3 *Sub-activity category code*

As the fourth dimension of the MCA-L Accounting structure, the sub-activity category codes are created to give the needed details to the management. They will be linked to the main activities for easier drilling.

#### *4.2.4 Task/Contract Level category code*

As the fourth dimension of the MCA-L Accounting structure, Task category codes also known as Contract Level codes are created to give the needed details to the management. They will be linked to the main activities for easier drilling.

#### *4.2.5 Complete General Ledger coding block*

Project code – Activity code – Sub activity code – Task code

### **4.3 Automated Accounting System**

The FA shall maintain an accounting system to serve as the basis for audit and financial reports. MCC has directed the use of the standardized SAP system and MCA-L will procure and have the system installed as soon as practicable. Until implementation of SAP, the FA uses QuickBooks and other software programs to record and account for MCA-L financial activities. The FA will produce auditable statements for audits of MCA-L. Financial transactions shall be recorded on a modified cash basis. The official reporting currency shall be US Dollars (USD).

Once MCA-L has purchased and implemented the SAP accounting system, the FA will migrate the QuickBooks data to the new system.

The accounting system of the Fiscal Agent will also include a budget and commitment system. The budget used in the system is the quarterly MCC approved disbursement request. While waiting for implementation of the SAP system, all commitments and disbursements will be monitored against quarterly approved MCC disbursement request through QuickBooks and an Excel-based system. The commitments are approved contracts signed by MCA-L. Contract options are committed when the option is exercised. Recurring administrative expenses are committed when the disbursement of funds occurs. This allows providing up-to-date information on the unused, remaining budget, which is calculated by deducting commitments from the approved budget. Reports of unused, remaining budget would be regularly produced. The system will help to track and report on remaining funds.

#### **4.10 Access and Backup**

Access to the automated accounting system is available only to FA staff who are authorized users. The system is password-protected. Sharing passwords with anyone, including other permitted users is strictly prohibited.

The FA will maintain a data backup system and Disaster Recovery Plan for its accounting system. Three backups will be maintained – one on external USB drive which runs nightly, and an online Cloud backup, which synchronizes data every 15 minutes. Weekly external back-ups on a back-up tape that is stored offsite.

## 5. CASH MANAGEMENT

### 5.1 Responsibilities

#### 5.1.1 *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.

#### 5.1.2 *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.

#### 5.1.3 *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.

### 5.2 Working Capital

MCC will authorize a Working Capital allocation of \$500,000 for Compact funding. Approval of a Disbursement Request automatically creates the Working Capital allocation for a given period; no special action is necessary from the MCA-L. The Working Capital allocation is valid during the given quarterly approval period and for 30 additional days after the close of the quarter.

Working Capital may only be used for expenditures that were approved by MCC in the most recent DFP, but for which inadequate funds were budgeted or whose timing for payment is later than originally anticipated. Working Capital may not be used for expenditures for which Conditions Precedent to disbursement were not met, and the expense to be paid with the Working Capital may not be included in the DFP of the next period.

Requests to use Working Capital are to be submitted through normal CPS payment procedures.

### 5.3 Disbursement Requests

The Project Work Plans and activity budgets form the basis for the quarterly Disbursement Request (DR), a spending authority for the next fiscal quarter. A DR is prepared each quarter; quarters begin on 1 January, 1 April, 1 July, and 1 October. The DR for the next quarter is due to MCC 20 days before the end of each quarter, e.g. 10 June for the quarter starting 1 July. The DR is submitted with several documents, which together constitute the Quarterly Disbursement Request Package (QDRP). The MCC guidance for preparation of the QDRP is available at: <http://www.mcc.gov/documents/guidance/guidance-2010001039401-qdrp.pdf>

The **Financial Report Schedules** consist of **six** Excel-based worksheets further referenced as schedules:

1. DFP Commitments
2. DFP Cash
3. QFR Schedule A (Multi Year Financial Plan Adjustment Request Form)
4. QFR Schedule B (Summary of Multi Year Financial Plan Adjustments to Date)
5. QFR Schedule F (Cash Reconciliation and Interest Summary)
6. Official DR (Disbursement Request)

In addition to the above the QDRP package includes:

1. Narrative Report
2. CEO Disbursement Certificate
3. Fiscal Agent Certificate
4. Procurement Agent Certificate
5. Procurement Performance Report
6. Indicator Tracking Table
7. Conditions Precedent Report

A separate QDRP is prepared for each funding source. The MCC guidance and template for preparation of the Narrative Report, DR, DFP and QFR is available at: <http://www.mcc.gov/pages/countrytools/tools/compact-implementation>.

Once the QDRP is agreed, the DR is signed by the CEO and the FA. The QDRP is presented to the Board within seven days of such approval.

The review by MCC may result in amendments to the QDRP, before a DR is agreed. Once MCC has formally agreed, MCA-L may begin to enter into commitments and disburse the payments contemplated in the DFP. If approval of a DR is delayed beyond the start of the relevant quarter, MCC may agree to an extension of the previous quarter's spending authority to use up remaining funds. This extension cannot be for more than 30 days after the close of the quarter.

Exceptionally the need may arise for a DR outside the normal quarterly cycle; for example, if MCC only partially approves a quarterly DR or if MCA-L needs additional spending authority. The procedures for such "Out of Cycle" Disbursement Requests are set out in MCC Guidance on Out of Cycle Disbursement Requests at: <http://www.mcc.gov/documents/guidance/mcc-guidelines-outofcycledisbursementrequests.pdf>

## 6. PROCUREMENT PROCESS

### 6.1 Procurement Operations Manual

The procurement processes are described in the Procurement Operations Manual (POM). This FAP describes the necessary requirements for fiscal accountability purposes and the essential documents produced as part of the process.

### 6.2 Procurement Plan

Procurements for goods, works and services shall be outlined in the Procurement Plan prepared every six months.

#### 6.2.1 *Initiation of Procurement*

The relevant Project Director shall initiate a procurement request by filling out a Purchase Requisition that specifies the description and the quantity of the goods, works and services to be procured. The Project Director shall submit the Purchase Requisition with a cost estimate of the requested goods, works and services to the Procurement Director.

#### 6.2.2 *The Purchase Requisition / Requisition Note*

The Procurement Director shall review the Purchase Requisition to ensure it complies with the Procurement Plan. If it complies with the Procurement Plan, the Procurement Director signs the Requisition Note and submits it to the DFA for budget review and signature. Once the CEO/DCEO approves the Procurement Agent proceeds with initiating the procurement process as laid out in the POM.

#### 6.2.3 *Non-PPG-Covered Purchases (NPC)*

The DFA will be responsible for NPC procurement using MCC Procurement Guidance Note on MCA Small Value Purchases. Items and methods falling under this category are as listed below:-

Item	Method
Utilities (electricity & water).	Direct Obtainment from the service provider
Communication (Telephones & Cell Phones)	Direct Obtainment with written justification
Communication (Internet)	Direct Obtainment with written justification
Leases for MCA office space and ancillary services that may be included as part of the MCA office lease, such as yard maintenance, parking, and security	Market survey, price reasonableness & MCC compact requirements
Advertisements for Procurement Notices per the PPG.	Direct Obtainment with written justification
Legal notices required to be published under specific applicable laws.	Direct Obtainment with written justification
Subscriptions for newspapers, websites, magazines.	Direct Obtainment with written justification
Courier services.	Direct Obtainment
MCA routine vehicle operating and maintenance expenses (repairs etc)	Direct contracting with vehicle supplier or Quotations from approved dealers

Item	Method
Office supplies (soap, coffee, tissues, sugar, water, etc.).	Direct contracting with written justification or a Blanket Purchase Agreement (BPA) arising out of the analysis of quotes
Taxi and car rental.	Direct Obtainment
Registration fees for specified unique training courses, pursuant to the Compact.	Direct Obtainment with written justification
Registration fees for MCA staff to attend conferences.	Direct Obtainment with written justification
Impromptu MCA equipment maintenance & office repairs (not recurring maintenance).	Direct Obtainment with written justification
Temporary administrative support.	Direct Obtainment with written justification
Travel & Lodging	Direct contracting with service providers like airlines or travel agents within approved rates

#### 6.2.4 *The Purchasing Process*

The Purchasing processing for an NPC item as listed above shall follow the procedures and processing templates set forth in Sections 3, 4 and 5 of the MCC Guidance Note for MCA Small Value Purchases.

## 7. PAYMENT APPROVAL PROCESS

### 7.1 Payment Period and Methods of Funds Remittance

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 within the time frame (“**Payment Period**”) as follows:

- Via check wire transfer: 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
- 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
- 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.
- Via UBA Debit Card: The debit card will be loaded with a float of \$10,000 and will operate on an imprest basis. The transaction limit for card payments will be \$7,000.

The MCA-L payment processes is documented in **Annex 5** of this FAP.

### 7.2 Use of the Common Payment System for Withdrawals

The Common Payment System (CPS) is a mechanism for the movement of Compact funds for direct payment to a beneficiary for valid, approved goods or services delivered. The CPS requires all pertinent parties to a payment at MCA-L to be:

- Identified via delegations of authority outlined in this FAP which include the roles and responsibilities of each individual.
- Signatory to the CPS paperwork, which includes a signature card required by the Interior Business Center (IBC) and an affirmation and signature to the ‘Rules of Behavior’ listing provided by the US Department of the Treasury. All signature cards with original signatures must be mailed to the Fiscal Accountability Director at MCC for formal transmission to IBC through the MCC Division of Finance.
- Aware of all methods to make inquiry into payments processed.
- Knowledgeable of the CPS operations manual provided by MCC

#### 7.2.1 Common Payment System Process:

Processing payments through CPS will add **five (5) business 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 (“CPS **PRF**”) by the FA must occur within **twenty (20) calendar days** after the Payment-period Start Date.

#### 7.2.2 Payment in 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 \$300.

## **8. TAX MANAGEMENT**

### **8.1 General**

In accordance with the requirements of the Compact, MCC Funding is exempt from all taxes. This is in accordance with **Annex 2** of the Program Implementation Agreement (PIA) which was signed between the Government of the Republic of Liberia and MCC. This agreement describes different exemptions and agreed mechanisms to ensure that MCC Funding is free from the payment of any existing or future taxes.

### **8.2 Principles**

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 Government of the Republic of Liberia.

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

The government 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 for refund of the same which would be expected to be refunded within the timeline as specified above. The FA will be responsible for tracking any payment for improper taxes using MCC funding and reporting these payments accordingly.



## 9. PERSONNEL AND PAYROLL

### 9.1 Personnel Management

#### 9.1.1 *Fundamental Policy*

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

#### 9.1.2 *The Process*

The MCA staff establishment is approved by MCC and the MCA-L Board. Consultants of MCA-L shall be employed through consultancy agreements approved by MCC if it relates to the position of Key Consultants. All consultants must have a signed contract.

The consultancy agreements 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. Consultancy agreements and associated compensation are also subject to other stipulations, as contained elsewhere in this FAP.

All Consultancy actions shall be approved by the CEO. Any action regarding the employment or termination of employment of Key Consultants of MCA-L must be approved by the MCA-L Board and MCC in advance.

Any other changes to the existing approved compensation packages for senior management and key consultants shall be subject to MCC no objection.

#### 9.1.3 *Consultants Records*

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

#### 9.1.4 *Compensation*

**Total Fees.** MCA-L agrees to pay the Consultant a monthly fee, subject to deduction or withholding under applicable 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 Consultants (the “**Total Fees**”).

**Adjustments to Total Fees.** Each year, MCA-L has the discretion to consider an adjustment to the Total Fees, which may be increased upon the approval of the Board to reflect, (a) the Consultant’s performance based on merit, and/or, (b) increases in consumer prices resulting from inflation. A framework for merit increases and cost of living adjustments will be developed in a manual to be developed by MCA-L (the “**MCA-L Human Resources Manual**”) and approved by the Board. No performance bonuses will be approved by the Board nor paid out.

**Benefits.** Consultants may be eligible to participate in benefit plans according to the terms and conditions of such plans adopted by MCA-L for its Consultants generally. 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 Consultant and deducted from monthly fee payments. No other benefits will be provided to the Consultant, other than those set forth herein.

**Leave.** The Consultant shall accrue, in equal amounts during each pay period over the course of a calendar year, twenty (20) business days of leave which may be used for vacation, personal days, or other purposes. The Consultant shall also accrue, in equal amounts during each pay period over the course of a calendar year five (5) days of sick leave and five (5) days of bereavement leave. After the

Probation Period, the Consultant may use leave during the calendar year in which it is earned only, and no leave will be accumulated or carried over to any subsequent year. Unused leave has no cash value unless otherwise stated in the MCA-L Human Resources Manual.

**Hours.** Normal MCA-L business hours, are 8:30 to 5:30 hours, (with one hour midday lunch break). The Consultant's Total Salary includes additional funding in consideration of the additional hours expected of the Consultant, which shall substitute for overtime pay. No additional compensation shall be provided beyond the Total Fees.

**Absence without Approval or Reasonable Excuse.** The Consultant is obliged to furnish MCA-L with an acceptable reason for any absence from work that has not been approved in advance by the Consultant'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 without an acceptable reason will be regarded as a repudiation of this Agreement, and may lead to termination of the Consultant's contract with MCA-L.

**Performance Agreement.** The Consultant will sign a Performance Agreement with MCA-L, which includes agreed-upon performance targets. The Consultant's failure to meet agreed-upon targets in the Performance Agreement shall constitute cause, a valid reason justifying termination of this Agreement. The failure to set performance targets under this section will not constitute a breach by MCA-L of this Agreement or amount to any redress owed to Consultant.

**Right of Access.** The Consultant agrees that any legal right the Consultant has to be on MCA-L's premises is dependent upon the adequate performance of the duties allocated to the Consultant by MCA-L. It is therefore specifically agreed that, should the Consultant for any reason decide not to perform the Consultant's allocated duties, then at the request of MCA-L the Consultant 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 the Consultancy Agreement, and may lead to termination of the Consultant's contract with MCA-L.

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

## 9.2 Payroll

### 9.2.1 *Level of Effort Accounting - (Timesheets)*

#### **The concept:**

- Just as all the program consumed services and goods must be accounted for, so do the Consultancy services (fees and related costs).
- Consultancy fees are not accounted for by virtue of consultancy contract, but by evidence of one having actually worked. This will be done by completion of monthly timesheets. MCA-L must submit timesheets for the previous month to the FA on the first business day of the following month.

**The Policy:** MCA-L will use timesheets as the basis of accounting for the labor cost/ level of effort cost for every engaged consultant. (See the process details in the Payroll Accounting SOP **Annex 6.**)

### 9.2.2 *Statutory Deductions and Reconciliation:*

The DFA with the assistance of the FA will ensure that statutory deductions are managed in an appropriate and timely manner. All statutory deductions shall be transmitted/ paid at the same time as consultants' fees.

## 10. ASSET MANAGEMENT

### 10.1 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 consultants. 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. 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.

### 10.2 Fixed Assets threshold

Fixed Assets are defined as assets with **useful life of more than one year with a value of more than USD500**. All Fixed Assets are expensed at cost, but tracked on the Fixed Asset Register throughout their useful life. Assets up to USD499 and a useful life of more than one year are defined as "small value assets".

Based on the information contained in the Purchase Request and Invoice, the FA shall record the fixed asset by using an appropriate entry in the accounting system. Based on this information, the DFA will make an appropriate entry in the Fixed Asset Register. In case the fixed asset is assigned to certain consultants, a memo stating the description and the unique identification code should be signed by the consultant assuming the responsibility over an asset. The memo should be filed by the DFA.

### 10.3 Maintaining the Fixed Asset Register

The Fixed Asset Register shall be integrated into the accounting system, and shall be maintained by the MFA. Financial Information in the Fixed Asset Register shall be recorded in **USD** and shall include the following information:

- Unique identification number (which shall also be tagged to the asset itself)
- Brief description
- Date of purchase
- Cost/Value at date of purchase
- Assigned Consultant

### 10.4 Count of the Fixed Assets

Inspection and physical counting of all assets shall take place (at a minimum, annually) by at least two independent counters selected by the DFA. The DFA shall prepare and sign an internal order stating the designated authorities making the physical count and the timing.

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

A memo shall be prepared describing the results of the physical count and the reconciliation with the accounting records. 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.

### **10.5 Disposal of Fixed Assets**

MCA-L will dispose of any of its assets following a recommendation of the Asset Disposal Committee (ADC). The ADC will be comprised the following members: Deputy CEO, DFA, General Counsel, Administrative Assistant and Project Directors (to be co-opted for assets that fall under their responsibilities). The task of the ADC is to facilitate/resolve all asset disposal matters.

### **10.6 Interoffice Transfer of the Fixed Assets**

Fixed assets that are assigned to the consultants may be re-assigned to another consultant of the organization. The consultant shall prepare a memo stating the description and unique identification number of the fixed asset and shall be signed by the previous responsible consultant and the consultant who shall assume the responsibility of the asset. A signed memo shall be submitted to the DFA to record changes of the responsible person in the corresponding Fixed Asset record.

### **10.7 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.

### **10.8 Insurance of Fixed Assets**

All Fixed Assets valued at **USD500** and more shall be insured at replacement value with a reputable insurance service company. The DFA will be responsible for maintaining the MCA-L insurance portfolio.

## **11. TRAVEL AND VEHICLE USE**

### **11.1 Travel**

#### *11.1.1 Guiding Policies*

- To spell out the procedure for program business related travel expenses and program vehicle use management.
- To help MCA-L Consultants understand and apply MCA-L travel rules and regulations and to provide instructions regarding reimbursement for expenses.

The MCA-L Travel and vehicle use policy is contained in **Annex 7** of this FAP.

### **11.2 Program Vehicle Use**

#### *11.2.1 Guiding Policies*

Vehicles shall only be used in furtherance of Compact objectives and shall NOT be used for the personal benefit of any consultant or individual.

MFA will be responsible for ensuring that standard log books (to include details of daily mileage and all operating and maintenance costs) are maintained in each vehicle.

A vehicle management report shall be produced to analyze all the costs ranging from gasoline costs, repairs and maintenance etc. and overall cost of running each vehicle per month.

The MCA-L Vehicle Use policy is contained in **Annex 7, Section X** of this FAP.

## 12. PETTY CASH

### 12.1 Policy Statement

Due to the need to be able to manage small miscellaneous payments, MCA-L hereby adopts a policy to establish a petty cash fund to serve this purpose. This account will be established as separate and distinct from the Permitted Account(s). The Petty cash will be held in USD.

### 12.2 Key policy Guidance / Requirements

The MCA-L petty cash operating procedures are contained in **Annex 8** of this FAP.

#### 12.2.1 Responsibility

The petty cash float is administered by the AA. The FA will not handle petty cash at any time but will be responsible for replenishing the float after making sure that all necessary checks and controls have been complied with.

#### 12.2.2 Petty Cash Fund Ceiling

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

#### 12.2.3 Other Requirements

No individual petty cash transaction may exceed the threshold level of USD300.

- 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. Further, invoices exceeding the threshold indicated above can never be paid through petty cash.
- It is prohibited to lend funds from Petty Cash Fund.
- Vouchers should be stamped 'Paid' once paid.
- When the expenditures paid represent 80% of the total amount of the fund, it should be replenished to its ceiling amount by submission of petty cash reconciliation. This will guarantee sufficient cash to meet the typical needs for petty cash on any given day. The request should be supported with petty cash reconciliation, verified by the DFA and supported with valid documentation of receipts/invoices.

#### 12.2.4 Petty Cash Custody:

- The petty cash shall **STRICTLY** be kept in a lockable petty cash box. Access to the keys to the box will only be available to the custodian/cashier.
- The FA 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 cashier, and forwarded to the DFA.

## 13. REPORTING

### 13.1 Responsibilities

The FA shall produce monthly, quarterly, semi-annual, annual, and ad-hoc reports for the use of MCA-L and MCC. FA in consultations with the DAF will develop an internal procedure that specifies what financial or non-financial information shall be disclosed to the legislature and/or general public.

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

- Cash balance of the Permitted Bank Accounts
- A transaction report
- Exchange Rates
- Bank Statements

The **MCC Financial Services Provider** will provide the following reports to MCA-L and the FA:

- US Treasury CPS Report that details each IBC transaction payment settlement (on a monthly and weekly basis)

### 13.2 Reports

The FA shall provide the following reports:

#### 13.2.1 *Monthly Reports*

- Funds 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 regardless of Contract, project, activity or Project Manager;
- Tracking report on compliance with the requirement that payments to suppliers/providers were made within thirty (30) calendar days.

#### 13.2.2 *Quarterly Reports*

- Quarterly Financial Reports
- 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 (see Fiscal Agent Agreement)

#### 13.2.3 *Semi-Annual Reports*

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

#### 13.2.4 *Annual Reports*

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

#### 13.2.5 *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 employment), 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.

*13.2.6 Special Reports*

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



**13.3 Schedule, Destination, and Publication of Reports**

Report	Report Responsibility	Submission Date	Report Recipient	Publication
<b>Monthly Reports</b>				
Funds Accountability Statement	FA	14 calendar days after month-end	DCEO and DFA	No
Bank Reconciliation	FA	14 calendar days after month-end	DCEO and DFA	No
CPS Reconciliation	FA	14 calendar days after month-end	DCEO and DFA	No
Monthly Commitment and Disbursement Report ("MCDR")	FA	14 calendar days after month-end	DCEO, DFA and MCC	No
Vendor/Prompt Payment Report	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>				
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	FA	20 calendar days after quarter-end	DCEO and DFA	No
<b>Semi-Annual Reports</b>				
Fund Accountability Statement	FA	15 calendar days after the period end	DCEO and DFA	Yes, but after audited by auditors
<b>Annual Reports</b>				
Annual Performance Report	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.

### **13.3 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 this policy 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 9** of this FAP.

## 14. AUDIT AND REPORTING ON MISUSE OF MCA-L FUNDS OR ASSETS

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 consultants and agents of the Government and any other entity receiving amounts of MCC Funding.

### 14.1 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 Providers, 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 providers or other considerations as necessary. Audits will be conducted on a Semi-Annual Basis.

### 14.2 Procuring Auditors

MCA-L shall use a competitive process to select an appropriate auditor from a list of auditors approved by the MCC Inspector General. The Statement of Work included in all bidding and contract documents shall conform to the Statement of Work provided in the Audit Guidelines.

The first audit contract shall cover a period of up to 2 years. After this a new procurement will be conducted to obtain a new audit contract; this contract will have annual renewal options up to and including closeout period. Industry best practice for external audits indicates that the audit firm that performed the original contract should not perform subsequent audits (often referred to as “auditor rotation”). The purpose of this practice is to ensure that segregation is maintained between the parties and to imbue the process with a fresh set of eyes.

### 14.3 Types of Audit and Review

The financial audit is to ensure that the financial statements of the MCC program present fairly the financial position of the program and in accordance with generally accepted accounting standards.

The compliance audit shall be to assure that all financial management procedures and all accounting procedures are being followed by DFA, the FA, and all Project Directors/Managers implementing the MCC program. MCA-L shall conduct, or cause to be conducted, such performance reviews, data quality reviews, or program evaluations during the Compact Term in accordance with the Monitoring and Evaluation Plan or as otherwise agreed upon (in writing) by the parties.

### 14.4 Audit Reports and Findings

MCA-L shall furnish, or use its best efforts to cause to be furnished, to MCC an audit report in a form satisfactory to MCC for each audit required by Section 3.8 of the Compact, other than audits arranged for/by MCC, no later than **ninety calendar** days after the end of the period under audit, or such other time as may be agreed upon by the Parties.

Each audit report is finalized through a process which is inclusive of the OIG approval system. As the audit firm completes the MCA-L audit, a general debriefing of the audit findings is provided verbally to the MCA-L CEO, DCEO, FA and DFA in an exit interview process. This process gives the MCA-L CEO, DCEO, FA and DFA an opportunity to disagree with draft audit findings and provide further information or documentation to support their objection(s). The audit firm will then incorporate any consideration and produce a ‘draft audit report’ and have a final exit conference for the MCA-L, FA and DFA. The ‘draft audit report’ is then sent by the audit firm to the OIG for approval. At this point in time, only the MCA-L, the OIG and the audit firm are privy to the contents of the audit findings.

Only after the OIG has reviewed this report for consistency and accuracy, is the report then signed by the audit firm. The OIG will release the ‘Final Audit Report’ affixing a unique audit reference number and affirming that this report is acceptable and to be recognized as the final report.

Upon receipt of any findings by an auditor, the CEO shall prepare a written response and submit it to the MCA-L Board for approval, prior to submission to MCC. Timing of these actions shall be done to assure that the written response is provided to MCC within **thirty calendar days** of the finding.

MCA-L shall use its best efforts to ensure that Covered Providers take, where necessary, appropriate and timely corrective actions in response to audits; consider whether a Covered Provider’s audit necessitates adjustment of its own records; and, require each such Covered Provider to permit independent auditors to have access to its records and financial statements as necessary.

#### 14.5 Reporting on Misuse of MCA-L’s Funds or Assets

It shall be the policy of MCA-L to use the USAID Office of Inspector General (OIG) HOTLINE as a mechanism to report Waste, Fraud or Abuse. Consultants, contractors, consultants, and the public may report instances of waste, fraud or abuse of MCA-L-Country’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-Country’s operations, including mismanagement or violations of law, rules or regulations by consultants, contractors, or program participants.

Hotline Reporting Method	Contact Information	Confidential
Telephone	202-712-1023	YES, if requested
E-Mail	ig.hotline@usaid.gov	NO
Mail	US Agency for International Development Office of Inspector General Investigations (USAID/OIG/I), P.O.Box657, Washington, DC 20044-0657	YES, if requested

The public, whistleblowers or any other interested party can also report incidences of corruption in MCA-L projects or activities to the Liberia Anti-Corruption Commission.

The OIG provides oversight services for USAID and the Millennium Challenge Corporation (MCC). Complaints may be received directly from 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.

## 15. PUBLIC OUTREACH EVENT EXPENDITURE GUIDANCE

Below are the MCC principles on the public outreach event expenditure, which have been adopted by MCA-L. In the event that there is a discrepancy between the following language and the current MCC Cost Principles, the latter shall prevail. (see **Annex 5**).

### 15.1 Purpose

The grant funds provided under the Liberia Compact may be used to host official public outreach events, receptions, lunches, dinners, and similar events, and to otherwise extend official courtesies to the stakeholders of MCA-L. Generally, such events may include:

- Official receptions
- Official ceremonies
- Food, non-alcoholic beverages, and associated expenses for office events
- High level meetings as needed in furtherance of the Compact
- Events associated with the public in furtherance of the Compact
- Events associated with the media in furtherance of the Compact
- Any similar activity deemed necessary by the MCA-L CEO and in the best interest of MCA-L Program implementation

The use of the funds shall be monitored closely to ensure that expenditures made for official events are consistent with the policy objectives of the Liberia Compact, are within amounts clearly budgeted for these purposes in the DFP, and are not prohibited by any other law, rule or regulation.

### 15.2 Restrictions

- Grant funds shall not be used to pay for the cost of meals or refreshments for MCA-L consultants in connection with routine working meetings.
- Grant funds shall only be used for official events in which non MCA-L participants represent more than 50% of the total participants.
- Grant funds shall not be used to pay for purely social events intended primarily for the entertainment or benefit of MCA-L officials and consultants, their families, or personal guests.
- Grant Funds may not be used to purchase alcoholic beverages.

### 15.3 Responsibilities and Approval Process

The MCA-L CEO shall approve functions in advance. Requests for approval must be submitted prior to the proposed expense and include written justification describing the proposed event and the amount of funds required for stated purposes. In certain circumstances, oral authorizations by the CEO are permitted to initiate event planning but must be supplemented by a written approval request in order to incur valid expenses.

The DFA shall budget and account for resources necessary to support public outreach events. The DFA shall also ensure that each event is properly documented (see documentation guidance below). The FA shall make payments and reimbursements in accordance with the FAP upon receiving an approved and documented request for payment.

### 15.4 Documentation of Public Outreach Event Expenditure

Consistent with the FAP, as with all expenditures, records on the use of grant funds for these events shall be maintained on a function-by-function basis to provide financial documentation. The records held by the FA should indicate the purpose for which funds were used including the location of the event, the public outreach request which contains the prior approvals provided for the expense, the

method of payment used for each receipt, and the names, titles, and organizations of the persons attending it.

Procurement of public outreach expenditure will be done in accordance with the Procurement Operations Manual.

## **16. SETTLEMENT OF CLAIMS AGAINST MCA-LIBERIA**

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

**ANNEX 1: CHART OF ACCOUNTS AND CPS CODES****Millennium Challenge Account Liberia: Chart of Accounts (February 2017)—GROUP ACCOUNTS**

<b>1</b>		<b>SOURCES OF FUNDS</b>
1 1 0	Group	Funds from MCC
1 7 0	Group	Other Sources of Funds
<b>2</b>		<b>COMPACT EXPENSES</b>
2 1 0	Group	Energy Project
2 2 0	Group	Roads Project
2 3 0	Group	Monitoring and Evaluation Project
2 4 0	Group	Program Management and Administration Project
<b>3</b>		<b>FIXED ASSETS</b>
3 1 0	Group	Fixed Assets
<b>4</b>		<b>MISCELLANEOUS (Debtors / Creditors)</b>
4 1 0	Group	Account Payables
4 2 0	Group	Account Receivables / Others
4 3 0	Group	Travel Advances
4 4 0	Group	Taxes Recoverables
4 5 0	Group	Petty Cash MCA
4 6 0	Group	Exchange Gains/Losses
4 7 0	Group	Miscellaneous Debtors/Creditors
4 8 0	Group	Interest to be Transferred to the US Treasury
4 9 0	Group	Withholding Tax Payable
<b>5</b>		<b>CPS PAYMENT REQUESTS</b>
5 1 0	Group	CPS Payment Requests Transit - USD
5 2 0	Group	CPS Payment Requests Transit - LRD
<b>6</b>		<b>FUNDS BALANCE</b>
6 1 0	Group	Permitted Accounts - USD
6 2 0	Group	Permitted Accounts - LRD
<b>7</b>		<b>MEMO ACCOUNTS - MOBILISATION ADVANCES</b>
7 1 0	Group	Mobilization Advances Project (Debit)
7 2 0	Group	Mobilization Advances Activity (Credit)
<b>8</b>		<b>MEMO ACCOUNTS - RETENTION AMOUNT</b>
8 1 0	Group	Retention Project (Debit)
8 2 0	Group	Retention Activity (Credit)
<b>9</b>		<b>CONTROL ACCOUNTS COMMITMENT PROJECT</b>
9 1 0	Group	Commitments Project (Debit)
9 2 0	Group	Commitments Activity (Credit)
<b>9</b>		<b>RETAINED EARNINGS</b>
9 9 0	Group	Retained Earnings



Main Account			Sub-Account	Description	Currency	Linked to Main Account	MYFP
1	2	2	2			Transaction	
						4	
Main	Prt & Act.	Sub-Activity	Task			CPS	Budget
1	2	3	4	5	6	7	8
1							0
1	1	0	00	Group	SOURCES OF FUNDS		0
1	1	0	00	Group	Funds from MCC		0
1	1	1	00	Account	IBC/Banks in US	USD	
1	1	2	00	Account	IBC/Banks outside US/USD	USD	
1	1	3	00	Account	IBC/Banks outside US/nonUSD	USD	
1	1	4	00	Account	Received - Permitted Accounts/USD	USD	
1	1	5	00	Account	Received - Permitted Accounts/LRD	USD	
1	7	0	00	Group	Other Sources of Funds		0
1	7	1	00	Account	Received from Guarantee Funds	USD	
2					COMPACT EXPENSES		-
2	1	0	00	Group	Energy Project		-
2	1	1	00	Sub-group	Mt. Coffee Rehabilitation Activity	0086	-
2	1	1	01	Sub-group	MCHPP Base Investment Sub-activity	USD	0086
2	1	1	01	Account	MCHPP	USD	
2	1	1	01	Account	Describe contract	USD	
2	1	1	01	Account	Describe contract	USD	
2	1	1	02	Sub-group	Second Circuit to Paynesville Sub-activity	USD	0086
2	1	1	02	Account	Describe contract	USD	
2	1	1	02	Account	Describe contract	USD	
2	1	1	02	Account	Describe contract	USD	
2	1	1	03	Sub-group	Raw Water Intake Sub-activity	USD	0086
2	1	1	03	Account	Extra Work Order to OE (Design /Superv)	USD	
2	1	1	03	Account	Construction Intake (Part 1) VO	USD	
2	1	1	03	Account	Describe contract	USD	
2	1	1	03	Account	Describe contract	USD	
2	1	1	99	Sub-group	Default Sub-activity	USD	0086
2	1	1	99	Account	Default Task	USD	
2	1	2	00	Sub-group	Mt. Coffee Support Activity	0464	-
2	1	2	01	Sub-group	Community Support Sub-activity	USD	0464
2	1	2	01	Account	Reservoir Access Infrastructure (Variations)	USD	
2	1	2	01	Account	WASH	USD	
2	1	2	01	Account	Entrepreneurship & skill Development of women & youth owned SMEs	USD	
2	1	2	01	Account	Social Mobilisation Consultant (Mt Coffee Support Activity	USD	
2	1	2	02	Sub-group	Human Resources to PIU Sub-activity	USD	0464
2	1	2	02	Account	ESP Consultants to PIU	USD	
2	1	2	02	Account	Describe contract	USD	
2	1	2	02	Account	Describe contract	USD	
2	1	2	03	Sub-group	Water Pipeline Sub-Activity	USD	0464
2	1	2	03	Account	Construction Pipeline (Part 2)	USD	
2	1	2	03	Account	Supervision Pipeline (Part 2)	USD	
2	1	2	03	Account	Contingency	USD	

Main Account			Sub-Account		Description	Currency	Linked to Main Account			
							Trans-action	MYFP		
1	2	2	2						4	
Main	Pjrt & Act.	Sub-Activity	Task	Group / Account						
1	2	3	4	5	6	7	8	9		
2	1	2	04	00	Sub-group	Watershed Management Plan + Fisheries (Study) Sub-activity	USD	0464	-	
2	1	2	04	01	Account	Watershed Management Study	USD			
2	1	2	04	02	Account	Fisheries Study	USD			
2	1	2	04	03	Account	Describe contract	USD			
2	1	2	99	00	Sub-group	Default Sub-activity	USD	0464	-	
2	1	2	99	01	Account	Default Task	USD			
2	1	3	00	00	Sub-group	LEC Training Center Activity		0465	-	
2	1	3	01	00	Sub-group	Programmatic Design Sub-activity	USD	0465	-	
2	1	3	01	01	Account	Design and Supervision	USD			
2	1	3	01	02	Account	Describe contract	USD			
2	1	3	02	00	Sub-group	Facility Construction Sub-activity	USD	0465	-	
2	1	3	02	01	Account	Construction Contract	USD			
2	1	3	02	02	Account	Describe contract	USD			
2	1	3	03	00	Sub-group	Training of Staff Sub-activity	USD	0465	-	
2	1	3	03	01	Account	Training	USD			
2	1	3	03	02	Account	Describe contract	USD			
2	1	3	04	00	Sub-group	Training of Trainers Sub-activity	USD	0465	-	
2	1	3	04	01	Account	Describe contract	USD			
2	1	3	04	02	Account	Describe contract	USD			
2	1	3	05	00	Sub-group	Equipment Sub-activity	USD	0465	-	
2	1	3	05	01	Account	Equipment and Furnishings	USD			
2	1	3	05	02	Account	Describe contract	USD			
2	1	3	99	00	Sub-group	Contingency(Facility Construction)	USD	0465	-	
2	1	3	99	01	Account	Describe contract	USD			
2	1	3	99	02	Account	Describe contract	USD			
2	1	3	99	00	Sub-group	Default Sub-activity	USD	0465	-	
2	1	3	99	01	Account	Default Task	USD			
2	1	4	00	00	Sub-group	Energy Sector Reform Activity		0369	-	
2	1	4	01	00	Sub-group	Private Sector Participation in LEC Sub-activity	USD	0369	-	
2	1	4	01	01	Account	Management Services Contract (3 Years)	USD			
2	1	4	01	02	Account	Monitoring Consultancy Contract for MSC contract	USD			
2	1	4	02	00	Sub-group	EPA Support Sub-activity	USD	0369	-	
2	1	4	02	01	Account	Describe contract	USD			
2	1	4	02	02	Account	Describe contract	USD			
2	1	4	03	00	Sub-group	Electricity Regulatory Board Assistance Sub-activity	USD	0369	-	
2	1	4	03	01	Account	LERC	USD			
2	1	4	03	02	Account	Describe contract	USD			
2	1	4	03	03	Account	Describe contract	USD			
2	1	4	04	00	Sub-group	Cost of Services (Study) Sub-activity	USD	0369	-	
2	1	4	04	01	Account	Cost of Service Study	USD			
2	1	4	04	02	Account	Describe contract	USD			
2	1	4	04	03	Account	Describe contract	USD			

Main Account				Sub-Account	Description	Currency	Linked to Main Account	MYFP	
1	2	2	2	4					
1	2	3	4	5					
Main	Prtj & Act.	Sub-Activity	Task	Group / Account					
1	2	3	4	5	6	7	8	9	
2	1	4	05	00	Sub-group	WTP/Demand/Connection Analysis Sub-activity	USD	0369	-
2	1	4	05	01	Account	Willingness to Pay	USD		
2	1	4	05	02	Account	Other Studies	USD		
2	1	4	05	03	Account	Describe contract	USD		
2	1	4	06	00	Sub-group	Gender & Electricity (Study) Sub-activity	USD	0369	-
2	1	4	06	01	Account	Describe contract	USD		
2	1	4	06	02	Account	Describe contract	USD		
2	1	4	06	03	Account	Describe contract	USD		
2	1	4	06	04	Account	Describe contract	USD		
2	1	4	07	00	Sub-group	Gender & Electricity Sub-activity	USD	0369	-
2	1	4	07	01	Account	Describe contract	USD		
2	1	4	07	02	Account	Describe contract	USD		
2	1	4	07	03	Account	Describe contract	USD		
2	1	4	08	00	Sub-group	GSI-Technical Asssistance Sub-activity	USD	0369	-
2	1	4	08	01	Account	Gender Assessment of the Energy Utilities	USD		
2	1	4	08	02	Account	Describe contract	USD		
2	1	4	08	03	Account	Describe contract	USD		
2	1	4	09	00	Sub-group	GSI-Social Inclusive / Gender Planning Sub-activity	USD	0369	-
2	1	4	09	01	Account	Social Gender Planning of Energy Utilities	USD		
2	1	4	09	02	Account	Describe contract	USD		
2	1	4	10	00	Sub-group	Scaling Up Productive Uses Sub-activity	USD	0369	-
2	1	4	10	01	Account	Describe contract	USD		
2	1	4	10	02	Account	Describe contract	USD		
2	1	4	10	03	Account	Describe contract	USD		
2	1	4	99	00	Sub-group	Default Sub-activity	USD	0369	-
2	1	4	99	01	Account	Default Task	USD		
2	2	0	00	00	Group	Roads Project			-
2	2	1	00	00	Sub-group	National Roads Maintenance Activity		0261	-
2	2	1	01	00	Sub-group	FS/ESIA/RAP/Design/Supervision Sub-activity	USD	0261	-
2	2	1	01	01	Account	Feasibility Study for 2 Pilot RMC	USD		
2	2	1	01	02	Account	Describe contract	USD		
2	2	1	01	03	Account	Describe contract	USD		
2	2	1	01	04	Account	Describe contract	USD		
2	2	1	01	05	Account	Describe contract	USD		
2	2	1	01	06	Account	Describe contract	USD		
2	2	1	02	00	Sub-group	Civil Works Sub-activity	USD	0261	-
2	2	1	02	01	Account	Describe contract	USD		
2	2	1	02	02	Account	Describe contract	USD		
2	2	1	02	03	Account	Describe contract	USD		
2	2	1	03	00	Sub-group	Matching Funds for Road Maintenance Sub-activity	USD	0261	-
2	2	1	03	01	Account	Describe contract	USD		
2	2	1	03	02	Account	Describe contract	USD		
2	2	1	03	03	Account	Describe contract	USD		

Main Account				Sub-Account		Description	Currency	Linked to Main Account	
1	2	2	2					Trans-action	MYFP
								4	
Main	Pjrt & Act.	Sub-Activity	Task	Group / Account				CPS	Budget
1	2	3	4	5	6	7	8	9	
2	2	1	04	00	Sub-group	Contingency	USD	0261	-
2	2	1	04	01	Account	Describe contract	USD		
2	2	1	99	00	Sub-group	Default Sub-activity	USD	0261	-
2	2	1	99	01	Account	Default Task	USD		
2	2	2	00	00	Account	Roads Sector Reform Activity		0253	-
2	2	2	01	00	Account	Network Analysis / Data Collection Sub-activity	USD	0253	-
2	2	2	01	01	Account	Describe contract	USD		
2	2	2	01	02	Account	Describe contract	USD		
2	2	2	02	00	Sub-group	Sector Reform / Strengthening Sub-activity	USD	0253	-
2	2	2	02	01	Account	Volpe MCC-Managed (Placeholder)	USD		
2	2	2	02	02	Account	Describe contract	USD		
2	2	2	02	03	Account	Describe contract	USD		
2	2	2	03	00	Sub-group	Capacity Building Sub-activity	USD	0253	-
2	2	2	03	01	Account	Non-Volpe Assistance	USD		
2	2	2	03	02	Account	Describe contract	USD		
2	2	2	04	00	Sub-group	GSI-Social Inclusive / Gender Responsive Planning Sub-activity	USD	0253	-
2	2	2	04	01	Account	GSI Capacity-building/training	USD		
2	2	2	04	02	Account	TIP Risk Assessment	USD		
2	2	2	04	03	Account	Describe contract	USD		
2	2	2	05	00	Sub-group	Contingencies	USD	0253	-
2	2	2	05	01	Account	Describe contract	USD		
2	2	2	99	00	Sub-group	Default Sub-activity	USD	0253	-
2	2	2	99	01	Account	Default Task	USD		
2	3	0	00	00	Group	Monitoring and Evaluation Project			-
2	3	1	00	00	Sub-group	Monitoring and Evaluation Activity		0016	-
2	3	1	01	00	Sub-group	Monitoring Oversight Sub-activity	USD	0016	-
2	3	1	01	01	Account	Data Quality Reviews	USD		
2	3	1	01	02	Account	Special Studies	USD		
2	3	1	02	00	Sub-group	Capacity Building for M&E Sub-activity	USD	0016	-
2	3	1	02	01	Account	Training for MCA	USD		
2	3	1	02	02	Account	Training for Implementors and Others	USD		
2	3	1	02	03	Account	Exchanges with Other MCAs	USD		
2	3	1	02	04	Account	Describe contract	USD		
2	3	1	03	00	Sub-group	Surveys Sub-activity	USD	0016	-
2	3	1	03	01	Account	GIS Services (M&E)	USD		
2	3	1	03	02	Account	Energy and Roads Surveys	USD		
2	3	1	04	00	Sub-group	MCA Process Evaluations Sub-activity	USD	0016	-
2	3	1	04	01	Account	Midterm Review	USD		
2	3	1	04	02	Account	Input into Compact Completion Report	USD		
2	3	1	04	03	Account	Describe contract	USD		
2	3	1	99	00	Sub-group	Default Sub-activity	USD	0016	-
2	3	1	99	01	Account	Default Task	USD		

Main Account			Sub-Account	Description	Currency	Linked to Main Account	MYFP
1	2	2	2			Trans-action	
1	2	3	4			4	
Main	Pjft & Act.	Sub-Activity	Task			CPS	Budget
1	2	3	4	5	6	7	8
2	4	0	00	Group	Program Management and Administration Project		-
2	4	1	00	Sub-group	MCA-Liberia Administration Activity	0017	
2	4	1	01	Sub-group	Personnel and Consultants Costs	USD	0017
2	4	1	01	Account	CEO	USD	
2	4	1	01	Account	DCEO	USD	
2	4	1	01	Account	Director Private Sector Dev.	USD	
2	4	1	01	Account	General Counsel	USD	
2	4	1	01	Account	Director Finance & Admin	USD	
2	4	1	01	Account	Director Energy	USD	
2	4	1	01	Account	Director Procurement	USD	
2	4	1	01	Account	Director Roads	USD	
2	4	1	01	Account	Director M&E	USD	
2	4	1	01	Account	Director Communication & Outreach	USD	
2	4	1	01	Account	Director ESP	USD	
2	4	1	01	Account	Director GSI	USD	
2	4	1	01	Account	Director Mt Coffee Liaison	USD	
2	4	1	01	Account	Manager IT	USD	
2	4	1	01	Account	Manager HR	USD	
2	4	1	01	Account	Manager M&E	USD	
2	4	1	01	Account	Manager Protocol Project	USD	
2	4	1	01	Account	Manager QC Work Planning	USD	
2	4	1	01	Account	Manager Small Works	USD	
2	4	1	01	Account	Manager Energy TA	USD	
2	4	1	01	Account	Sr. Accountant	USD	
2	4	1	01	Account	IT Assistant	USD	
2	4	1	01	Account	Admin. Assistant to CEO	USD	
2	4	1	01	Account	Receptionist/Administrator	USD	
2	4	1	01	Account	Driver 1	USD	
2	4	1	01	Account	Driver 2	USD	
2	4	1	01	Account	Office Assistant	USD	
2	4	1	01	Account	Office Assistant	USD	
2	4	1	02	Sub-group	Insurance	USD	0017
2	4	1	02	Account	Medical Insurance	USD	
2	4	1	02	Account	Group Life Insurance	USD	
2	4	1	02	Account	Fixed Assets Insurance	USD	
2	4	1	02	Account	Third Party Liability Insurance	USD	
2	4	1	03	Sub-group	Communication	USD	0017
2	4	1	03	Account	Telephone	USD	
2	4	1	03	Account	Internet	USD	
2	4	1	04	Sub-group	Utilities	USD	0017
2	4	1	04	Account	Water	USD	
2	4	1	04	Account	Electricity	USD	

Main Account					Sub-Account	Description	Currency	Linked to Main Account	MYFP
1	2	2	2		4				
1	2	3	4	5					
Main	Pjrt & Act.	Sub-Activity	Task	Group / Account	CPS			Budget	
1	2	3	4	5	6	7	8	9	
2	4	1	05	00	Sub-group	Office Lease/Rentals	USD	0017	-
2	4	1	05	01	Account	F&F Building - Rent	USD		
2	4	1	05	02	Account	F&F Building - Service Agreement	USD		
2	4	1	06	00	Sub-group	Meeting Expenses (Board Members and Stakeholders)	USD	0017	-
2	4	1	06	01	Account	Board Meetings	USD		
2	4	1	06	02	Account	Stakeholder Meetings	USD		
2	4	1	07	00	Sub-group	Workshops and Trainings	USD	0017	-
2	4	1	07	01	Account	Workshops- Energy Project	USD		
2	4	1	07	02	Account	Workshops- Roads Project	USD		
2	4	1	07	03	Account	Workshops- Monitoring and Evaluation	USD		
2	4	1	07	04	Account	Workshops- Program Management and Administration	USD		
2	4	1	08	00	Sub-group	Travel Expenses	USD	0017	-
2	4	1	08	01	Account	Travel- Energy Project	USD		
2	4	1	08	02	Account	Travel- Roads Project	USD		
2	4	1	08	03	Account	Travel- Monitoring and Evaluation	USD		
2	4	1	08	04	Account	Travel- Program Management and Administration	USD		
2	4	1	09	00	Sub-group	Newspapers and Publications	USD	0017	-
2	4	1	09	01	Account	Subscription to Local Newspapers	USD		
2	4	1	10	00	Sub-group	Vehicle and Transport Expenses	USD	0017	-
2	4	1	10	01	Account	Fuel	USD		
2	4	1	10	02	Account	Vehicle Repairs & Maintenance	USD		
2	4	1	10	03	Account	Licensing	USD		
2	4	1	11	00	Sub-group	Repairs and Maintenance	USD	0017	-
2	4	1	11	01	Account	General repairs and maintenance	USD		
2	4	1	12	00	Sub-group	Office Supplies and Expenses	USD	0017	-
2	4	1	12	01	Account	Stationery & Other Consumables	USD		
2	4	1	12	02	Account	Other Office Expenses	USD		
2	4	1	13	00	Sub-group	Public Relations/Outreach Expenses	USD	0017	-
2	4	1	13	01	Account	Public Relations Events	USD		
2	4	1	13	02	Account	Promotional Materials	USD		
2	4	1	14	00	Sub-group	Consulting and Professional Fees	USD	0017	-
2	4	1	14	01	Account	Legal Fees	USD		
2	4	1	14	02	Account	Technical Evaluation Panels	USD		
2	4	1	14	03	Account	Other	USD		
2	4	1	15	00	Sub-group	Advertising	USD	0017	-
2	4	1	15	01	Account	Procurement Notices	USD		
2	4	1	15	02	Account	General Advertising	USD		
2	4	1	15	00	Sub-group	Recruitment	USD	0017	-
2	4	1	16	01	Account	Travel	USD		
2	4	1	16	02	Account	Other recruitment costs	USD		
2	4	1	17	00	Sub-group	Miscellaneous Expenses	USD	0017	-
2	4	1	17	01	Account	Janitorial Services	USD		
2	4	1	17	02	Account	Other Expenses	USD		

Main Account				Sub-Account		Description	Currency	Linked to Main Account	
1	2	2	2		Trans-action			MYFP	
1	2	3	4		4				
Main	Prtj & Act.	Sub-Activity	Task	Group / Account	CPS			Budget	
1	2	3	4	5	6	7	8	9	
2	4	1	18	00	Sub-group	Bank Charges	USD	0017	-
2	4	1	18	01	Account	Bank charges	USD		
2	4	1	19	00	Sub-group	Fixed Assets	USD	0017	-
2	4	1	19	01	Account	Office Furniture	USD		
2	4	1	19	02	Account	Computer Equipment	USD		
2	4	1	19	03	Account	Office Equipment	USD		
2	4	1	19	04	Account	Motor Vehicles	USD		
2	4	1	19	05	Account	Other Assets	USD		
2	4	1	20	00	Sub-group	Management Information Systems	USD	0017	-
2	4	1	20	01	Account	SAP	USD		
2	4	1	20	02	Account	Iron Vine	USD		
2	4	1	20	03	Account	Website	USD		
2	4	1	20	04	Account	Software and Licenses	USD		
2	4	1	99	00	Sub-group	Default Sub-activity	USD	0017	-
2	4	1	99	01	Account	Default Task	USD		
2	4	2	00	00	Account	Financial Management and Procurement Controls Activity	USD	005	-
2	4	2	01	00	Sub-group	Fiscal Agent	USD	0059	-
2	4	2	01	01	Account	Base Period	USD		
2	4	2	01	02	Account	Option Years	USD		
2	4	2	02	00	Sub-group	Procurement Agent	USD	0059	-
2	4	2	02	01	Account	Base Period	USD		
2	4	2	02	02	Account	Option Years	USD		
2	4	2	99	00	Sub-group	Default Sub-activity	USD	0059	-
2	4	2	99	01	Account	Default Task	USD		
2	4	3	00	00	Account	Audit and Compliance	USD	0031	-
2	4	3	01	00	Account	Audit	USD	0031	-
2	4	3	02	01	Account	Financial Audit Base Period	USD		
2	4	3	03	02	Account	Financial Audit Option Years	USD		
2	4	3	99	00	Sub-group	Default Sub-activity	USD	0031	-
2	4	3	99	01	Account	Default Task	USD		
3						FIXED ASSETS			
3	1	0	00	00	Group	Fixed Assets			
3	1	1	00	00	Account	FA - Office Furniture	USD		
3	1	2	00	00	Account	FA - Computer Equipment	USD		
3	1	3	00	00	Account	FA - Office Equipment	USD		
3	1	4	00	00	Account	FA - Motor Vehicles	USD		
3	1	5	00	00	Account	FA - Other Assets	USD		
3	1	6	00	00	Account	FA - Software and Licenses	USD		
4						MISCELLANEOUS (Debtors / Creditors)			
4	1	0	00	00	Group	Account Payables			
4	1	1	00	00	Account	Account Payables - USD	USD		
4	1	2	00	00	Account	Account Payables - LRD	LRD		

Main Account			Sub-Account	Description	Currency	Linked to Main Account	MYFP
1	2	2	2			Trans-action	
1	Pjt & Act.	3	4			4	
Main		Sub-Activity	Task			CPS	Budget
1	2	3	4	5	6	7	8
4	2	0	00	Group	Account Receivables / Others		
4	2	1	00	Account	Account Receivables / Others - USD	USD	
4	2	2	00	Account	Account Receivables / Others - LRD	LRD	
4	3	0	00	Group	Travel Advances		
4	3	1	00	Account	Travel Advances - USD	USD	
4	3	2	00	Account	Travel Advances - LRD	LRD	
4	4	0	00	Group	Taxes Recoverable		
4	4	1	00	Account	VAT Paid - USD	USD	
4	4	2	00	Account	VAT Paid - LRD	LRD	
4	4	8	00	Account	VAT Refund	USD	
4	5	0	00	Group	Petty Cash MCA		
4	5	1	00	Account	Petty Cash MCA - USD	USD	
4	6	0	00	Group	Exchange Gains/Losses		
4	6	1	00	Account	Exchange Gains/Losses	USD	
4	7	0	00	Group	Miscellaneous Debtors/Creditors		
4	7	1	00	Account	Miscellaneous Debtors	USD	
4	7	2	00	Account	Miscellaneous Creditors	USD	
4	8	0	00	Group	Interest to be Transferred to the US Treasury		
4	8	1	00	Account	Interest Received from Permitted Accounts	USD	
4	8	2	00	Account	Interest Transferred to US Treasury	USD	
4	8	8	00	Account	Ex. Diff - Interests Received from LRD Permitted Accounts	USD	
4	9	0	00	Group	Withholding Tax Payable		
4	9	1	00	Account	Withholding Tax Payable - USD	USD	
4	9	2	00	Account	Withholding Tax Payable - LRD	LRD	
4	9	3	00	Account	Withholding Tax Payables Exchange Rate Difference - USD	USD	
5					CPS PAYMENT REQUESTS		
5	1	0	00	Group	CPS Payment Requests Transit - USD		
5	1	1	00	Account	CPS Pmt. Requested (USD / Banks in US)	USD	
5	1	2	00	Account	CPS Pmt. Requested (USD / Banks outside US)	USD	
5	2	0	00	Group	CPS Payment Requests Transit - LRD		
5	2	1	00	Account	CPS Pmt. Requested (Non-USD / Banks outside US)	LRD	
6					FUNDS BALANCE		
6	1	0	00	Group	Permitted Accounts - USD		
6	1	1	00	Account	Permitted Account (USD)	USD	
6	1	9	00	Account	Permitted Account Interest	USD	
6	2	0	00	Group	Permitted Accounts - LRD		
6	2	1	00	Account	Permitted Account (LRD)	LRD	
6	3	0	00	Group	Ex. Diff Permitted Account - USD		
6	3	1	00	Account	Ex. Diff - Permitted Account (USD)	USD	
7					MEMO ACCOUNTS - MOBILISATION ADVANCES		
7	1	0	00	Group	Mobilization Advances Project (Debit)		
7	1	1	00	Account	A - Energy Project	USD	
7	1	2	00	Account	A - Roads Project	USD	



Main Account			Sub-Account	Description	Currency	Linked to Main Account	MYFP
1	2	2	2			Trans-action	
1	2	3	4			4	
Main	Pjt & Act.	Sub-Activity	Task			CPS	Budget
1	2	3	4	5	6	7	8
7	1	3	00	Account	A - Monitoring and Evaluation Project	USD	
7	1	4	00	Account	A - Program Management and Administration Project	USD	
7	2	0	00	Group	Mobilization Advances Activity (Credit)		
7	2	1	01	Account	A - Mt. Coffee Rehabilitation Activity	USD	
7	2	1	02	Account	A - Mt. Coffee Support Activity	USD	
7	2	1	03	Account	A - LEC Training Center Activity	USD	
7	2	1	04	Account	A - Energy Sector Reform Activity	USD	
7	2	2	01	Account	A - National Roads Maintenance Activity	USD	
7	2	2	02	Account	A - Roads Sector Reform Activity	USD	
7	2	3	01	Account	A - Monitoring and Evaluation Activity	USD	
7	2	4	01	Account	A - MCA-Liberia Administration Activity	USD	
7	2	4	02	Account	A - Financial Management and Procurement Controls Activity	USD	
7	2	4	03	Account	A - Financial Audits Activity	USD	
8					MEMO ACCOUNTS - RETENTION AMOUNT		
8	1	0	00	Group	Retention Project (Debit)		
8	1	1	00	Account	R - Energy Project	USD	
8	1	2	00	Account	R - Roads Project	USD	
8	1	3	00	Account	R - Monitoring and Evaluation Project	USD	
8	1	4	00	Account	R - Program Management and Administration Project	USD	
8	2	0	00	Group	Retention Activity (Credit)		
8	2	1	01	Account	R - Mt. Coffee Rehabilitation Activity	USD	
8	2	1	02	Account	R - Mt. Coffee Support Activity	USD	
8	2	1	03	Account	R - LEC Training Center Activity	USD	
8	2	1	04	Account	R - Energy Sector Reform Activity	USD	
8	2	2	01	Account	R - National Roads Maintenance Activity	USD	
8	2	2	02	Account	R - Roads Sector Reform Activity	USD	
8	2	3	01	Account	R - Monitoring and Evaluation Activity	USD	
8	2	4	01	Account	R - MCA-Liberia Administration Activity	USD	
8	2	4	02	Account	R - Financial Management and Procurement Controls Activity	USD	
8	2	4	03	Account	R - Financial Audits Activity	USD	
9					CONTROL ACCOUNTS COMMITMENT PROJECT		
9	1	0	00	Group	Commitments Project (Debit)		
9	1	1	00	Account	C - Energy Project	USD	
9	1	2	00	Account	C - Roads Project	USD	
9	1	3	00	Account	C - Monitoring and Evaluation Project	USD	
9	1	4	00	Account	C - Program Management and Administration Project	USD	
9	2	0	00	Group	Commitments Activity (Credit)		
9	2	1	01	Account	C - Mt. Coffee Rehabilitation Activity	USD	
9	2	1	02	Account	C - Mt. Coffee Support Activity	USD	
9	2	1	03	Account	C - LEC Training Center Activity	USD	
9	2	1	04	Account	C - Energy Sector Reform Activity	USD	
9	2	2	01	Account	C - National Roads Maintenance Activity	USD	
9	2	2	02	Account	C - Roads Sector Reform Activity	USD	
9	2	3	01	Account	C - Monitoring and Evaluation Activity	USD	

Main Account			Sub-Account		Description	Currency	Linked to Main Account	
1	2	2	2				Transaction	MYFP
Main	Pjrt & Act.	Sub-Activity	Task	Group / Account			4	
1	2	3	4	5			6	7
9	2	4	01	00	Account	C - MCA-Liberia Administration Activity	USD	
9	2	4	02	00	Account	C - Financial Management and Procurement Controls Activity	USD	
9	2	4	03	00	Account	C - Financial Audits Activity	USD	
9						RETAINED EARNINGS		
9	9	0	00	00	Group	Retained Earnings		
9	9	1	00	00	Account	Retained Earnings Account	USD	

**ANNEX 2: OPERATING APPROVAL LEVELS SOP****MCA-Liberia****Standard Operating Procedure****OPERATING APPROVAL LEVELS**

**PURPOSE:** This SOP provides a framework for consistent and appropriate authorization levels for MCA program financial transactions that obligate the MCA-L to expend funds.

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, CEO, Board

**PROCEDURE:**

Approval authorities cannot be delegated downward except when providing coverage for absenteeism, vacations, travel, etc. In these cases, the authority can only be delegated down one level and must specify that it is only a backup for absenteeism.

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.

- 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 signer should **never** sign the name of the absent individual.
- The use of signature stamps for approval is **not** allowed since it is not obvious who used the stamp to authorize a transaction.
- 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
Budgets above the sub-activity level	X		X		A	A
Budgets at the sub-activity level and below			X	A	A	
Disbursement Requests	X		X	A		X
Contracts	X	X	X	A		
Hiring and Removal of Key Personnel	X		X	A		
Invoices			X	A	X	X
Personnel Actions related to Directors and above			X	X		
Personnel Actions related to staff below Directors			A	X	X	X
Petty Cash Transactions			A	A		X
Disposal of Fixed Assets			X	X		A

AREA	MCC	Board	CEO	DCEO	PD*	DFA
Travel Advances			X	X		A
Travel Requests related to Directors and above			X	X		A
Travel Requests related to staff below Directors			A	A	X	X
Vehicle use, motor pool			A	A	X	X

X = required approval

A = Alternate Approval: Individual can approve if the MCA 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.

**ANNEX 3: SEGREGATION OF DUTIES TOOL**

	FISCAL AGENT					FINANCE & ADMIN						
Position	FAM	SFMS	SAS	P&TS	AA	DFA	MFA	AA	PD	D-ESP	DCEO	CEO
<b><u>Financial Systems, Policies, SOP,s &amp; Tools development</u></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><u>Cash flow Management, Forecasting and Requests</u></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><u>Funds utilization &amp; Payment Cycle Duties</u></b>												
<b><u>Project Director/Manager</u></b>												
a. Approval of Deliverable									X			
b. Approval of PAF									X		A	X
c. Endorsement of EMP and HAAPP Deliverable by ESA (Works Contracts)										X		
<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						
<b>Fiscal</b>												
a. Preparation of Payment Approval Form				X								
b. Checking if payee is not mentioned on the excluded parties' lists				X								

Position	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	DCEO	CEO
	FAM	SFMS	SAS	P&TS	AA	DFA	MFA	AA				
d. Capturing payment into UBA Online Banking System (EFT) or writing check				X								
e. Checks against approved budget and coding				X								
f. Checking completeness of Payment Documents		X										
g. For works invoices -Verification of Performance Guarantee, checking certificate cumulative payments to date against contract amount and checking calculation of retentions		X										
h. Verification of Account Details for EFT / PRF				X								
i. Checks Payment Request Form & supporting documents for Compliance with Cost Principles & FAP	X											
j. Approval of Payment Documents (PAF/PRF/EFT/Check)	X	X										
k. Updating 30 day tracking sheet					X							
l. Stamping invoice 'paid' and filling payment documentation					X							
<b><u>UBA Online Banking Controls</u></b>												
a. View/print, transactions, account balances and statements	X	X	X	X		X						
b. Create new vendor or amend vendor account details				X								
c. Approve new vendor or amended 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><u>CPS Payments</u></b>												
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 -New Contract: match bank account details with details in contract & invoice	X	X										

Position	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	DCEO	CEO
	FAM	SFMS	SAS	P&TS	AA	DFA	MFA	AA				
-Existing vendor : match bank account details to previous payment & invoice -Verify account changes (if any) with documentation from Procurement												
d. Approval CPS PRF and Payment Voucher for completeness	X	X										
f. Submission of CPS PRF to IBC for payment	X											
g. Clearing the CPS Transit Account & Reconciling MCA books against CPS Monthly Report			X									
h. Checking the CPS Monthly Reconciliation		X										
i. Approving the CPS Monthly Reconciliation	X											
j. Attach CPS Payment confirmation from IBC to PAF	X											
k. Responding to IBC queries	X											
<b><u>SAP Controls</u></b>												
a. Creation of new vendor codes				X								
b. Capturing Accounting/Invoice Processing Worksheet into the system			X									
c. Approval and payment of invoices to update ledger accounts		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										
i. Posting of Approved Quarterly Budget		X										
j. Posting of Budget Realignment		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											

Position	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	DCEO	CEO
	FAM	SFMS	SAS	P&TS	AA	DFA	MFA	AA				
o. Access Control	X											
p. Manual back ups	X											
q. Off Site back ups	X											
<b><u>Petty Cash Controls</u></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><u>Tax Compliance</u></b>												
a. Monthly GST analysis and tax refund follow-ups		X				X						
<b><u>Performance Guarantees</u></b>												
a. Custody of original Performance Guarantees		X										
b. Verification for authenticity		X										
c. Validation for payment purposes	X											
<b><u>Financial Bookkeeping&amp; Reporting Duties</u></b>												
a. Preparation of journals for daily entry in accounting system reconciliations				X								



Position	FISCAL AGENT					FINANCE & ADMIN			PD	D-ESP	DCEO	CEO
	FAM	SFMS	SAS	P&TS	AA	DFA	MFA	AA				
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><u>Payroll Accounting &amp; Management Duties</u></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><u>Note:</u></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 Specialist cannot be absent at the same time												

## ANNEX 4: COST PRINCIPLES AND GUIDELINES SOP

**PURPOSE:** The SOP sets to ensure knowledge, understanding and application of MCC Cost Principles when disbursing MCC grant funds

Source MCC April 1, 2014 DCO-2014-1.1

**USERS:** All staff and stakeholders of MCA-L program

### 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 Fiscal Agent or a Procurement Agent. This Policy also applies to a Government Affiliate’s use of alternative, non-MCC funding in furtherance of an MCC Grant, including Recipient Country and third-party funding, except as otherwise agreed in writing by MCC.

These cost principles are also intended for use in: (1) preparation of budget estimates by a Recipient Country, (2) negotiation of budgets between a Recipient Country and MCC, and (3) audits. A Government Affiliate should prepare its cost estimates and account for expenditures consistent with the cost principles contained in this Policy.

These cost principles do not govern costs related to cost-reimbursement contracts with commercial organizations. Such contracts are subject to *Cost Principles for Cost-Reimbursement Contracts under MCC Financed Grants* published on the MCC Website ([www.mcc.gov](http://www.mcc.gov)).

### Scope

#### Application

2.1.1. The application of these cost principles is based on the fundamental premises that:

- a. Government Affiliates are responsible for the efficient and effective administration of MCC Grant funds through the application of reasonable management practices.
- b. Government Affiliates assume responsibility for administering MCC Grant 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, will be responsible for employing business processes and procedures necessary to ensure the efficient and effective administration of the MCC Grant.

2.1.2. The cost principles of this Policy must be applied to those costs incurred by a Government Affiliate for which funding under an MCC Grant is requested, unless the MCC Grant Agreement provides otherwise.

2.1.3. 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 is not prohibited under U.S. law. The use of such alternative procedures, processes, rules, and/or regulations is subject to mutual agreement, in writing, between the Recipient Country and MCC. Absent such an agreement among the parties, the cost principles and procedures contained in this policy document will prevail.

2.1.4. 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, by incorporation by reference of this Policy or only the relevant sections hereof.
- 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 a conflict between such MCC Grant Agreement on the one hand, and this Policy on the other hand.

2.1.5. 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 cost should be based on the principles and standards set forth in Section 5.1 of this Policy.

#### **Audit of the Government Affiliate**

Pursuant to MCC's "Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities," audits of a Government Affiliate are planned and budgeted for in the MCC Grant. An auditor is selected by the Accountable Entity in accordance with the MCC Grant Agreement. The scopes of the audits are defined in the "Statement of Work for Financial Audits of Accountable Entities" and "Statement of Work for Financial Audits of Covered Providers." These documents may be posted and updated from time to time on the MCC website.

#### **Authorities**

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##### **Acts**

- a. Section 609(b)(1)(G) of the Millennium Challenge Act of 2003, as amended

##### **Federal Government Regulations, Standards, and Other Guidance**

- a. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 78 Fed. Reg. 78590 (Dec. 26, 2013) (to be codified at 2 C.F.R. Chapter 1, and Chapter II, pts. 200, 215, 220, 225, and 230).

##### **Related MCC Policies and Procedures**

- a. Program Procurement Guidelines
- b. Guidelines for Accountable Entities and Implementation Structures
- c. Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities
- d. Guidelines for Country Contributions
- e. Program Closure Guidelines

#### **Key Definitions**

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##### **609(g) Grant**

The form of MCC Grant as defined in clause 2 of the definition for MCC Grant as provided below.

### Accountable Entity

The entity designated by the Recipient Country Government and approved by MCC to carry out the Recipient Country Government responsibilities and obligations under the MCC Grant. For purposes of a 609(g) Grant, the Accountable Entity may be a team of individuals designated by the Recipient Country Government.

### Fiscal Agent

An entity, 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. These cost principles do not apply to costs incurred by fiscal agents that are not Government Affiliates.

### Government Affiliate

Any ministry, agency, state-owned, -managed, or -governed enterprise or government designated entity appointed by the Recipient Country Government to carry out certain Recipient Country Government responsibilities and obligations under the MCC Grant. For purposes of this Policy, the Accountable Entity is a Government Affiliate.

### Governing Document

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 of the MCC Grant.

### Implementing Entity

A Government Affiliate responsible for managing the implementation of an element of the program financed by an MCC Grant and for initiating corresponding payment requests. These cost principles do not apply to costs incurred by implementing entities that are not Government Affiliates.

### MCC Grant

Assistance furnished by MCC to a Recipient Country under any of:

1. a compact entered into under the authority of Section 605 of the Millennium Challenge Act of 2003, as amended (the "Act"), or
2. a grant entered into by MCC and the Recipient Country under the authority Section 609(g) of the Act, or
3. a grant issued under the authority of Section 616(a) of the Act, if the relevant grant agreement stipulates that such assistance is governed by these Cost Principles.

### MCC Grant Agreement

Any of: (a) a compact between MCC and the Recipient Country and any Supplemental Agreement; (b) an agreement between MCC and the Recipient Country for the use of 609(g) Grant; or (c) if applicable by its terms, an agreement between MCC and the Recipient Country governing the use of a grant issued under the authority of section 616(a) of the Act.

#### Procurement Agent

For purposes of this policy, means 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. These cost principles do not apply to costs incurred by procurement agents that are not Government Affiliates.

#### Program

Any project or activity that is the purpose for which funding is provided under an MCC Grant.

#### Program Guidelines

Collectively, the Audit Guidelines, the MCC Environmental Guidelines, the MCC Gender Policy, the Governance Guidelines, Guidelines for Country Contributions, the MCC Program Procurement Guidelines, the Reporting Guidelines, the MCC M&E Policy, the MCC Cost Principles for Government Affiliates Involved in Compact Implementation, the MCC Program Closure Guidelines (including any successor to any of the foregoing) and any other guidelines, policies or guidance papers relating to the administration of MCC-funded compact programs and as from time to time published on the MCC Website.

#### Recipient Country

The country receiving assistance under an MCC Grant.

#### Recipient Country Government

The government of the Recipient Country.

#### Rescoping

A change in cost or a change in scope of an MCC Grant.

#### Supplemental Agreement

An agreement or other document entered into in connection with an MCC Grant, which sets forth additional terms related to the administration and implementation of the MCC Grant. It includes, but is not limited to, the Governing Documents, each implementing entity agreement, fiscal agent agreement, procurement agent agreement, procurement agreement and fiscal accountability plan.

#### Transaction Team

Refers to any member or lead of a team to develop or implement an MCC Grant.

#### Unallowable Cost

Any cost that is not compliant or consistent with these cost principles.

## Policies

### Allowability of Costs

MCC Grant funding may be disbursed for a cost that is determined to be allowable, pursuant to the following:

- a. A cost is allowable if it (i) is necessary for MCC Grant administration, implementation, monitoring and evaluation, or oversight, (ii) meets the criteria listed in section 5.1(b) below, and (iii) is not defined as "unallowable" in this Policy. An allowable cost is usually classified as a direct cost, but may include properly documented indirect costs if the use of indirect costs is the practice of the Government Affiliate.
- b. Costs, to be allowable, must meet all of the following criteria:
  1. Be allocable (as set forth in Section 5.1.1);
  2. Be reasonable (as set forth in Section 5.1.2);
  3. Be accounted for in a manner that is consistent with accepted international accounting standards or, if approved by MCC, the generally accepted accounting standards of the Recipient Country;
  4. Be incurred within the MCC Grant period, or as may be otherwise provided in the MCC Grant Agreement;
  5. Be documented; and
  6. Not be excluded as an unallowable cost under Section 5.3.1.
- c. Any income or credits (e.g., discounts, rebates, refunds, rental income) must be applied in determining the total allowable cost under the MCC Grant.

### Allocability

To be allocable, a cost must meet one of the following criteria:

- a. Be incurred for goods, work or services directly related to an MCC Grant and in connection with the administration and implementation of the MCC Grant,
- b. Benefit the MCC Grant and be applied in reasonable proportion to the benefits received if the cost benefits both the MCC Grant and other activities of the Government Affiliate; or
- c. In rare circumstances, a cost may be necessary to the overall operation of the Government Affiliate, although a direct relationship to any particular cost element cannot be shown. In such cases, there must be evidence of at least an indirect benefit to the MCC Grant.

### Reasonableness

The reasonableness of a cost depends upon a variety of considerations and circumstances, and determining reasonableness requires the application of sound administrative and professional judgment.

In determining the reasonableness of a given cost, consideration should be given to whether:

- a. The cost is of a type or amount generally recognized as ordinary and necessary expense for the conduct of the Government Affiliate's business and the performance of the MCC Grant;
- b. There are constraints or requirements imposed by such factors as generally accepted sound business and labor practices, arm's length bargaining, governmental laws and regulations, and the terms of the MCC Grant;
- c. The cost incurred is one that prudent individuals would incur in the circumstances, considering their responsibilities to their government and the public-at-large; and
- d. The cost is consistent with the established policies, practices, and/or laws of the Recipient Country Government, not provided for or justified by the MCC Grant, which may cause a significant increase in costs.

### Accounts and Records

The Government Affiliate must maintain accounts and records adequate to demonstrate the allowability and allocability, including the nature, amount, timing, relevance, and derivation, of costs charged to the Grant. The Government Affiliate's accounting system must be accurate, and permit an appropriate and equitable 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 (609(g), CIF and compact),
- d. Able to match costs to the appropriate source of funds, and
- e. Able to provide an audit trail.

### Limitations and Understandings of the Cost Principles

Regardless of the allowability, allocability and reasonableness of costs, neither may funding be committed nor expense incurred in excess of the funding available under an MCC Grant. A Government Affiliate must ensure that its expenses do not exceed the funding obligated for its activities in furtherance of the Program.

MCC maintains the right to request a refund for any cost paid by the Government Affiliate with MCC Grant funding that does not meet the requirements of this Policy.

Questions of reasonableness must be resolved to MCC's satisfaction.

### Cost Analysis

Cost analysis is an essential decision-support tool, particularly useful in negotiating or rescoping an MCC Grant. It provides MCC with 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.

### The Estimate

In preparing the pre-award documentation for the MCC Grant, or in the case of rescoping, MCC will work with the Recipient Country to prepare a reasonable estimate of the costs that will be incurred in managing the MCC Grant, including the operating costs of the Accountable Entity, Implementing Entity(ies), Procurement Agent, and Fiscal Agent. This estimate should be systematically developed, using a number of inputs, such as, but not limited to: historical and/or statistical data analysis, published indices, prior Recipient Country experience, and any other information that will produce a reasonable estimate.

### Selected Items of Cost

This Section sets forth selected costs which are representative of the costs typically encountered by Government Affiliates. Failure to identify any cost in this section does not mean that the cost is either allowable or unallowable. Whether or not a particular cost is specifically addressed in this document the determination of its allowability, allocability and reasonableness must be based on the principles and standards set forth in Section 5.1 of this Policy.

### Allowability of Specific Costs

The following principles provide more specific guidance on certain costs. Unallowable costs are unallowable as either direct or indirect costs under an MCC Grant. All allowable costs must be directly associated with the administration and implementation of the MCC Grant.

## **a. Advertising and Public Relations and Outreach**

### **1. ADVERTISING**

Advertising costs are the costs of advertising in magazines, newspapers, radio and television, exhibits, electronic communications and other media, but do not include earned media (also known as free press) that is brokered through traditional press offices and public affairs liaison efforts (see subsection 5.1.3(a)(3) below for provisions on press costs). Advertising costs relating to the Program are allowable at a cost that is usual 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 as approved by MCC.

Examples of allowable advertising costs include, but are not limited to, advertising costs incurred for: (i) the recruitment of personnel required for the Government Affiliate to perform its obligations under the MCC Grant; (ii) the procurement of goods, works or services for performance of the MCC Grant; (iii) the disposal of surplus materials/assets acquired in the performance of the MCC Grant; or (iv) program specific requirements of the MCC Grant. The costs of advertising for any purpose not related to the MCC Grant are not allowable.

### **2. PUBLIC RELATIONS AND OUTREACH**

Public Relations and Outreach 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. It is limited to communication activities to keep the public informed on matters relating to the MCC Grant, and at least 50% of the participants in the event must be from outside the recipient country's Government and the Accountable Entity.

*Examples:*

- *The cost of communicating with the public or and press about specific activities or accomplishments which result from performance of the MCC Grant are allowable.*
- *The costs of logistical arrangements, such as rental of tents or facilities for the public outreach event are allowable.*

The costs of items for distribution at public outreach events that promote the Accountable Entity or MCC (e.g., light refreshments, pens, hats, and t-shirts marked with the Accountable Entity's logo) are allowable when they are:

- i. Of no material monetary or commercial resale value;
- ii. Directly related to communicating the purposes, successes or outcomes of the MCC Grant; and
- iii. Associated with an overall communication strategy that has been approved by MCC.

Further information on conferences and meetings associated with Public Relations and Outreach is contained in Section 5.3.1(g) on Conferences, Meetings, and Ceremonial Events.

### **3. MEDIA AND FREE PRESS**

Compensation to members of the press through any type of payment or bonus for services, extensive per-diem, honorariums, lodging, or the cost of airfare is strictly



prohibited. However, the cost 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, fuel costs 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, and reasonable funding for meals or refreshments when directly related to such events is allowable.

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 press office) where an exclusive coverage arrangement is warranted and followed-up by general press availability in the medium-term. All media and free press costs must be associated with an overall communication strategy.

#### **b. Alcoholic Beverages**

Costs of alcoholic beverages are always unallowable.

#### **c. Audits**

The costs of audits required by, and performed in accordance with, MCC Grant requirements are allowable. The costs of any other audits required or approved by MCC are allowable. For purposes of this subsection (b), "audit" includes (but is not limited to) financial audits, technical audits, program evaluations, performance audits, compliance audits, data quality reviews, and environmental audits.

#### **d. Bad Debts**

##### **1. Debts owed to the Accountable Entity:**

- Collection costs (including legal costs) incurred by the Government Affiliate to collect amounts owed to it or the Accountable Entity related to Programs funded under an MCC Grant are allowable.
- Any debt resulting from borrower default under credit programs (including on-lending facilities and guarantee facilities) funded under an MCC Grant is not governed by these Cost Principles.

##### **2. Debts owed by the Accountable Entity:**

- The allowability of the Accountable Entity's debts which arise from its normal course of business is subject to the underlying agreement or legal obligation of each debt.

#### **• Bonding**

Bonding costs arise when the Recipient Country requires assurance against financial loss to itself or others by reason of the act or default of an employee or consultant, such as fidelity bonds. Costs of bonding required pursuant to the terms of the MCC Grant Agreement, or as otherwise approved by MCC, are allowable.

- **Communications**

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

- **Compensation—Boards and Employees**

- **BOARD COMPENSATION**

Remuneration to members of the Accountable Entity's governing body (e.g., board of directors or advisory council) who are employees or officials of the Accountable Entity or Recipient Country Government is unallowable. 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). Remuneration is allowable with MCC or Recipient Country Government funds to voting members who are not employees or officials of the Accountable Entity or Recipient Country Government for actual services rendered as members of the governing body. Remuneration must be calculated on a daily basis and must not exceed the highest daily rate of salary and benefits that a Recipient Country Government minister would receive. MCC reserves the right to review the level of remuneration to be paid to non-Government members of the governing body. Please refer to "MCC Guidelines for Accountable Entities and Implementation Structures" for further guidance on remuneration of the Accountable Entity's governing body. In the event of an inconsistency between these cost principles and the MCC Guidelines for Accountable Entities and Implementation Structures, these cost principles will prevail.

- **EMPLOYEE COMPENSATION**

Employee compensation 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 or food allowances (in cash or in kind), 13th month payments (as defined in paragraph 2(vii) below), performance based awards, and retention incentives. This subsection 5.3.1(f)(2) applies to employee compensation regardless of whether such employee's compensation is funded in whole or in part under an MCC Grant.

Compensation for staff positions within the Accountable Entity must be supported by a formal salary survey or another methodology approved in writing by MCC. The Accountable Entity must request and receive a written waiver from MCC for proposed salaries that exceed the salary survey or other salary-setting methodology approved by MCC.

- Government Affiliates that are existing units or departments within the Recipient Country Government must pay employees in accordance with the compensation level paid to Recipient Country Government employees of comparable rank and function, pursuant to the established Recipient Country laws, regulations and policies. MCC Grant funding may not be used to fund staff positions that were funded through Recipient Country Government appropriations prior to the MCC Grant. MCC Grant funding may be used only to compensate the additional staff needed to complete the MCC Grant Program.
- The MCC Grant 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.

- Performance based award (“award”) payments to current, full time employees of the Accountable Entity are allowable only after the compact has entered into force (EIF). Eligible employees of the Accountable Entity must have been employed 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 are made under an established, written and MCC-approved organizational compensation policy.
- Extra compensation paid by the Recipient Country Government, or any other entity, above the salary and benefit amount established by MCC and the Government Affiliate is prohibited unless MCC agrees otherwise in writing. This means the employee is not allowed to accept extra compensation from the Recipient Country Government in any form, including without limitation, money, vehicles, household staff, laundry services, staff support, and free housing.
- Special payments made to employees, such as signing bonuses, severance payouts, retention payments, etc. are allowable only with the prior written approval of MCC.
- 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 an additional payment is made to an employee based on the employee’s average monthly salary. Unless established by law, the basis for these types of payments should be the employee’s salary, not the employee’s total compensation (as defined in subsection 5.3.1(f)(2)(i) above). These payments must be documented in the applicable Fiscal Accountability Plan, employee handbook or similar types of documents prior to payment.
- Employee compensation may include overtime as required under local law, which may result in an additional or increased payment for hourly employees. Employees that receive a salary paid from an MCC Grant must commit in writing their understanding that the 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 salaried employees. In no case will funding under an MCC Grant be available for overtime for salaried employees, absent MCC’s written approval and a writing entered into between the employee and his or her Government Affiliate employer regarding such.
- In all cases, employee salary payments must be supported by timesheets signed by the employee and his/her supervisor or another method acceptable to MCC that documents each employee’s time and attendance (e.g., sign in/sign out log sheets). Timesheets must provide an accurate recording of an employee’s time and attendance.

- **Conferences, Meetings & Ceremonial Events**

- **CONFERENCES**

- Hosting—Costs associated with conferences to facilitate implementation of the Grant that are primarily for direct Program stakeholders (such as beneficiaries, or NGOs) that are not employees of the Government Affiliate are allowable. Allowable costs include the cost of meals, transportation, facility rental, speakers’ fees (except for persons speaking in their official capacity on behalf of the Recipient Country Government or the Government Affiliate), and other items incidental to such conferences.

- An appropriate representative of the Accountable Entity management (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Project Director, etc.) must attend all Accountable Entity sponsored conferences.
- Participant Support Costs - Participant support costs are direct costs for items such as stipends, subsistence allowances or travel allowances in connection with meetings, conferences, symposia, or training projects. These costs are allowable with the prior written approval of MCC.
- The Accountable Entity must keep a record of the names and organizational affiliation of all attendees at each conference.
- Attending—Costs associated with conferences that are primarily for direct Program stakeholders (e.g., beneficiaries, NGOs) that are not employees of the Government Affiliate are allowable. Costs of attendance at professional meetings or conferences on a topic related to the Grant are also allowable. Allowable costs include the cost of meals, transportation, facility rental, speakers' fees (except for persons speaking in their official capacity on behalf of the Recipient Country Government or the Government Affiliate), and other items incidental to such conferences.
- Costs for attending conferences are allowable with the prior written approval of MCC for a reasonable number of Government Affiliate attendees.
- The conference must be directly related to the furtherance of the MCC Grant-funded program(s) and the employee's job function in the Government Affiliate. For example, a conference on sustainable farming practices should be attended by a Government Affiliate employee who is responsible for implementing sustainable farming practices through the MCC Grant.
- Participant Support Costs - Participant support costs are direct costs for items such as stipends, 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. These costs are allowable with the prior written approval of MCC.

#### ○ MEETINGS

Costs of holding official, Program-related meetings are allowable if more than 50% of the participants are non-Government Affiliate employees or officials. Reasonable breakfast, lunch, or dinner expenses to establish or maintain relationships of value for furtherance of the MCC Grant are allowable only when hosted by an authorized, senior staff member of the Accountable Entity. The number of meetings and participants should be reasonable and cost-effective and aligned with the business objective. This standard requires that records be maintained which include the names, titles and affiliations of all participants, and the specific purpose of each meeting.

#### ○ OFFICIAL AND CEREMONIAL EVENTS

The costs for official and ceremonial events are allowable when hosted by the CEO/Director General of the Accountable Entity and are meant to foster relations or promote the accomplishments of the Accountable Entity's mission to external entities. Examples of official or ceremonial events include hosting rare visits of noted personages or groundbreaking ceremonies for a new project. Costs of thematic events such as commemorating International Women's Day to highlight what a Program of the MCC Grant is doing to promote gender equality are also allowable. The costs for serving light refreshments and inviting stakeholders, beneficiaries, and donor community is allowed.

Costs of amusement, diversion, social activities and related incidental costs for an official or ceremonial event (e.g., meals, lodging, rentals, transportation and gratuities) are not allowable.

- **Contributions and Donations**

Contributions and donations to outside organizations are unallowable, unless explicitly authorized in the MCC Grant Agreements, such as Compact Closure Plans approved and authorized by MCC.

- **Dispute Resolution Proceedings**

Dispute Resolution Proceedings (DRP) are those proceedings related to bringing or defending an arbitral, judicial, administrative 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. 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, 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 5.3.1(j) below of these cost principles.

DRP costs are not allowable:

In criminal matters, if a binding judgment (including a conviction entered upon a plea) is entered against the Government Affiliate:

- for failure to comply with a law or regulation;
- for fraud or similar misconduct; or
- imposing monetary damages or penalties on the Government Affiliate.

In civil or administrative matters (including arbitration), if a binding judgment (including resolution by consent or settlement) is entered against the Government Affiliate:

- for failure to comply with a law or regulation (including when the failure triggers a cross-default clause in a commercial agreement);
- for fraud or similar misconduct; or
- imposing monetary damages or penalties on the Government Affiliate.

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 or specific written direction of an authorized official of MCC.

- **Fines and Penalties; Awards**

- Cost of fines and penalties from violations of, or failure of the Government Affiliate to comply with, applicable laws and regulations are unallowable.
- Penalties for late payments owed to contractors providing goods, works or services under the MCC Grant are allowable 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. 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, 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.
- Penalties arising from a Liquidated Damage, as specified in a contract, will be handled on a case-by-case basis with MCC. Funds awarded to the Accountable Entity as a result of a DRP (including damages and negotiated settlements) will be treated the same as MCC Grant

funds, and will be returned to MCC if MCC so directs based on an augmentation analysis to protect against a prohibited increase in the MCC Grant.

- **Indirect Costs for Implementing Entities**

- The Accountable Entity's indirect costs, also referred to as an "overhead" and/or "general and administrative" expense, are those costs that have been incurred for common or joint objectives. After direct costs have been determined and assigned directly to specific work, indirect costs are those remaining to be allocated to benefiting work. They are gathered into one or more cost pools, after which they are allocated and reallocated, as appropriate, until they are ultimately charged to specific grants or other work of the Government Affiliate, usually on a percentage basis. A cost may not be allocated as an indirect cost if that same cost has been assigned as a direct cost. Typical examples of indirect costs for many organizations may include use allowances on building 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.
- All costs of the Government Affiliate should be charged as direct costs, rather than using both direct and indirect costs. However, if the Government Affiliate has an established indirect cost rate accepted by the Recipient Country Government and approved by MCC, this indirect cost rate may be used.

- **Insurance and Indemnification**

- Insurance includes insurance which the Government Affiliate is required to provide, or which is approved, under the terms of the MCC Grant and any other insurance which the Government Affiliate maintains in connection with the general conduct of its operations. Such costs are allowable as agreed by MCC and the Government Affiliate.
- Any provisions for a reserve covering the risk of loss or damage to property belonging to the Government Affiliate or Recipient Country are not allowable unless specifically authorized in the MCC Grant Agreement and then, only to the extent that the Government Affiliate or Recipient Country is liable for such loss or damage.
- 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.

- **Interest, Loans and Bonds**

- Interest payable on borrowing and bond discounts are unallowable.
- 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.

- **Lobbying**

- 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:
  - Attempts to influence the outcomes of any election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activities;
  - Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;
  - Any attempt to influence (i) the introduction of legislation, or (ii) 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), or with any government official or employee in connection with a decision to sign or veto enrolled legislation;
- Any attempt to influence (i) the introduction of legislation, or (ii) 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;
  - 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 activities; or
  - Attempts to improperly influence, either directly or indirectly, an employee or officer of the US Government or the Recipient Country Government to give consideration to or act regarding a regulatory or contract matter.
- However, the costs of the following activities are allowable:
- Providing a technical and factual presentation of information on a topic directly related to a 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 subsection 5.3.1(n)(2)(i) for transportation, lodging or meals are unallowable unless incurred for the purpose of offering testimony at a regularly scheduled legislative hearing pursuant to a written request for such presentation.
  - Any lobbying made unallowable by subsection 5.3.1(n)(1)(iii) above to influence national, state or local legislation (i) in order to directly reduce MCC Grant costs, or (ii) to avoid material impairment of a Government Affiliate's authority to perform its responsibilities, or (iii) where such lobbying is related to policy reform in support of, related to, or required by, the purposes of the MCC Grant.

#### • **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 and process established in MCC's Program Procurement Guidelines or such other procurement rules approved by MCC and in use by the Accountable Entity.

#### • **Office Space**

The reasonable costs of leasing office space are allowable. The cost of purchasing real property for office space is unallowable.

#### • **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 the MCC Grant. Such expenditures include, but are not limited to, incorporation fees, licenses and cost of attorneys, accountants, and/or management consultants.

- **Personal Use of Assets Acquired with MCC Grant Funds**

Assets acquired with MCC Grant funds must be used only in furtherance of MCC Grant objectives and must not be used for the personal benefit (other than for incidental use) of an employee or consultant unless the Government Affiliate has an established and published procedure approved by MCC for reimbursement for personal use.

Such assets would include, but not be limited to:

- Communications devices (mobile phones, pagers, etc.)
- Computers
- Copiers, fax machines, etc.

- e. **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 grant or comply with the 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 or if specifically authorized in the MCC Grant.

- f. **Professional Services**

Costs of professional and consultant services (such as lawyers or accountants), 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 process established in MCC's Program Procurement Guidelines or such other procurement rules approved by MCC, and (2) the costs are normal, customary and reasonable (as established through the procurement process).

- g. **Publication and Printing**

Publication costs are allowable when directly related to specific projects within the Program or are associated with the communication strategy of the Accountable Entity. Publication costs include costs of composition, plate-making, press work, binding, and the final products for distribution, promotion, mailing, and general handling, as examples.

- h. **Recruitment**

The following recruiting costs are allowable: cost of "help wanted" advertising; travel costs, including food and lodging, of applicants invited to interview for employment with the Government Affiliate; and relocation costs incurred incidental to hiring new employees. If the Government Affiliate engages employment agencies to recruit staff any costs in excess of standard commercial rates for such services are unallowable.

- i. **Taxes**

Payments by the Government Affiliate for taxes on goods, works or services funded with MCC Grant funds are not allowable, consistent with MCC's Tax Policy on MCC Assistance and the MCC Grant Agreement.



**j. Technical Evaluation Panels**

A technical evaluation panel is often used to evaluate expressions of interest or proposals submitted by prospective vendors. Compensation to an employee of the Accountable Entity or Recipient Country Government for service as a member of a technical evaluation panel is not allowable. Reasonable compensation to other individuals who are not employees of the Accountable Entity or Recipient Country Government for service as a member of a technical evaluation panel is allowable.

The Accountable Entity may provide members of a technical evaluation panel a maximum of one working meal per day. A working meal is only allowable if participants are engaged in activities during the normal meal time (as stated on an agenda) and in which no other opportunity for a meal is provided. Only a nominal amount of MCC Grant funds may be used per staff/participant for working meals.

If the technical evaluation is held in an off-site location, Accountable Entity or Recipient Country Government employees may be reimbursed for their transportation and/or per diem expenses directly related to their participation as a panel member. Other individuals (non-Accountable Entity or Recipient Country Government employees), if not otherwise compensated for their services, may receive reasonable meals expenditures.

**k. Training**

The costs of training in furtherance of the MCC Grant (including implementation of Supplemental Agreements) are allowable based on the principles and standards set forth in Section 5.1 of this Policy.

The allowability of training related travel costs is addressed in Paragraph 5.3.1(aa).

**l. Travel and Transportation**

Travel costs are the expenses for transportation, lodging, subsistence and related items incurred by the governing body of the Accountable Entity or 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. Other individuals' travel costs may be allowed when specifically allowed for in a Supplemental Agreement, such as an Implementing Entity Agreement.

**0. LODGING AND PER DIEM**

- Lodging expenses are reimbursable for actual expenses incurred up to the limits set forth, at MCC's option, (i) by applicable Recipient Country Government laws or regulations, (ii) by the international per diem rates established by the United States Department of State ([www.state.gov](http://www.state.gov)), or (iii) 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)). For travel destinations outside the USA, the lodging rates are inclusive of all taxes.
- Per diem 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, (i) based on applicable Recipient Country Government laws or regulations, (ii) as posted on the United States Department of State ([www.state.gov](http://www.state.gov)), or (iii) in writing between MCC

and the Government Affiliate. Per diem 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 cover expenses 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 per diem is allowable at the rate of 75 percent of the M&IE (Meals and Incidental Expenses) rate applicable at the temporary travel destination. On the day of departure for home base, per diem is allowable at the rate of 75 percent of the M&IE rate applicable to the permanent work site.

#### **1. AIR TRAVEL**

- . Economy class airfare is the encouraged method of air travel.
- i. Business class airfare is allowable only with prior written approval from the Accountable Entity's senior management and MCC.
- ii. Economy class airfare combined with a rest stop is considered a viable, cost-effective alternative to business class airfare.
- iii. Under no circumstances can travel include both business class airfare and a rest period en route

### **Responsibilities**

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#### **Fiscal Accountability**

Fiscal Accountability is responsible for the review and interpretation of this Policy, with input from relevant Transaction Team members.

#### **Responsibility:**

The DFA and FA will ensure that all program expenditure is incurred in line with cost principles and guidelines and will be required to do time to time analysis of this and report appropriately to the management team.

## ANNEX 5: PAYMENT PROCESSING SOP

**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-Liberia Administrative Assistant (AA). Foreign consultants, vendors and contractors will be allowed to present their invoices to the project manager/coordinator specifically identified in their contract who will then pass the invoice to the AA.

### MCA FINANCE

1. After receiving the invoice, the MCA AA 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
  - Makes sure that Acceptance Document for Goods, Works, or Services is attached and authorized by the appropriate person(s).
2. Payments and Tax Specialist (P&TS):
  - Checks and reviews Invoice including its arithmetical accuracy.
  - Checks that supplier or contractor 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 prepares, codes and prints the PAF
  - Checks that PAF 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.
  - Checks that Acceptance Document for Goods, Works, or Services is attached and authorized by the appropriate person(s).
  - If the payment will be made by online transfer checks all bank details and sign the PAF.
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 match invoice with payment certificate and ensure that EMP and HAAPP requirements have been complied with
  - Checks advance and retention amounts, and see as to whether it is in compliance with the contract
  - Checks validity of Bank Guarantees
  - Checks that amounts are within the approved budget and the quarterly financial report for this period
  - Signs the PAF
4. The Fiscal Agent Manager reviews and signs the PAF along with all supporting documents.
  5. 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 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. Records the details on the PAF. If payment is through CPS, the Senior Accounting Specialist creates the CPS PRF.
  8. SAS creates and records Payment Voucher number accounting system and sign the Payment Voucher.
  9. SFMS reviews and signs payment instrument (Check or electronic transfer or PRF).
  10. Fiscal Agent Manager reviews PAF, Payment Process Checklist and Payment Voucher. Reviews all supporting documentation and if satisfied signs Payment Voucher. 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.
  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. Records Journal Voucher in accounting system in case of exchange rate/currency adjustment. Ensure completeness of documents in all respects, arrange all documents in proper order, and send it to AA.
  12. 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.

## **PAYMENT MADE WITH MCAL DEBIT CARD**

A pre-paid debit card from UBA will be used to enable MCAL 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 fairly 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. Unless there is justification for single sourcing, any procurement using the debit card has to be based on comparison of three quotations for any service or goods that will be acquired.

The debit card will be loaded with a float of \$10,000 and will operate on an imprest basis. The transaction limit for card payments will be \$7,000. Since the card is a payment instrument, the Fiscal Agent Senior Financial Management Specialist will have physical custody and control of 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 document attached when the card balance goes below \$2,000. The balance in the debit card will form part of the MCA-L's available funds. 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 expenditure 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-Liberia with the invoice providing sufficient information for MCA-Liberia 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 completion certificate. In addition, there should be verification of Performance Guarantee, checking certificate cumulative payments to date against contract amount and checking calculation of retentions.
- (c) Care must be exercised that payment is made within the period of the contract. Where a contract has a fixed end date there will be a need for a contract amendment to allow payment for a deliverable accepted after the contract end date.
- (d) 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 recipients signature on this copy to confirm receipt.

## ANNEX 6: PAYROLL ACCOUNTING AND PROCESSING SOP

**PURPOSE:** The SOP spells out the procedure for payroll processing and accounting.

**USERS:** All Consultants

### PROCEDURE:

**Timesheets:** All consultants, regardless of position, are required to complete Timesheets. Days worked must be recorded accurately. It is the responsibility of the consultant to submit their timesheets on time, even if the consultant is on vacation or traveling. Time sheet cycle shall be the first to the last business day of each month. All Timesheets appropriately authorized (signed) by the consultant's direct supervisor shall be submitted to the MCA-Liberia HR Manager no later than the last working day of each pay period. Timesheets must be submitted to the FA on the first business day of the following month and will be attached to the previous month's payroll.

The HR Manager shall ensure that timesheets submitted are properly prepared and authorized. She/he shall check if the consultant was absent from the office due to an unexcused absence.

The number of leave days shall be clearly stated in order to deduct daily salary of those days from the total monthly fees.

The Human Resources Manager shall process the monthly payroll based on the consultants' monthly rate as stipulated in their contracts with MCA-L. The payroll will be approved by the DFA and CEO.

Based on the monthly payroll amount, the FA prepares and submits a CPS Payment Request Form to IBC to withdraw the funds to cover the payroll amount. Once the funds are received in the Permitted Account, the FA will either issue checks or remit the funds to the individual consultants by electronic funds transfers and remit taxes deducted to the Liberia Revenue Authority.

Consultant fees will be paid on the 25<sup>th</sup> day of the month. If the pay day falls over a weekend or public holiday, the funds will be credited to the consultants' bank accounts on the last business day before the weekend or public holiday. For consultants who hold bank accounts with UBA, fees will be credited to their bank accounts through an electronic funds transfer on the payday. For those with accounts at other banks within Liberia, the funds transfer will be effected 3 business days before payday to allow for interbank processing of the transfers. For consultants whose bank accounts are based in the USA, one CPS Payment Request Form will be processed for all consultants and submitted to IBC 1 business day before the IBC US Bank cut-off date for the month. In the month of December, consultant fees will be paid on the 20<sup>th</sup> of the month.

The FA shall make entries in the accounting system to record the transactions indicated above.

For payroll purposes, all consultants are encouraged to open bank accounts with the UBA Bank where MCA operates the Permitted Account. It is the responsibility of each consultant to provide MCA-Liberia with the following details:

- Name of Bank, branch and branch address
- Branch code if applicable
- Account Number
- Type of Account
- SWIFT Code
- IBAN, BIC or ABA Routing Number
- For consultants paid through USA bank accounts- USA Tax ID/Social Security number and their USA address will also be required.

Fee sheets/Payslips shall be provided to consultants, setting out details of earnings and deductions for each month.

**Payroll calculation and reconciliation:**

The HR Manager shall present an approved payroll to the FA on the 15<sup>th</sup> day of each month. This will allow the FA enough time to request the funds from MCC through a CPS Payment Request Form so that the funds are credited to the Permitted Account in time for the payday.

The payment amounts are determined as follows:

- Consultant's monthly fees as stipulated in the contract including any applicable adjustments.
- The payroll requests are calculated by the HR Manager and aggregated into a **Summary Payroll Sheet** for all consultants. The documentation is then submitted to the DFA, who checks for compliance of the payroll with the monthly budget and signs it no later than the 15<sup>th</sup> of each month. The DFA will submit the payroll to the CEO for final approval. The approved payroll will then be forwarded same day to the FA.
- 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 by the DFA and CEO.

**Review and payment by FA**

Before payment is made, the approved payroll is checked by the FA against the available budget and the corresponding entries made into the system. The FA then requests the gross amount payable from MCC via a CPS Payment Request Form which must be transmitted to NBC by the 16<sup>th</sup> of the month. Once the funds have been received in the Special Account, the FA then prepares online transfers for the fees and remits taxes deducted to the Liberia Revenue Authority by the 10<sup>th</sup> day of the following month when taxes are due for submission.

**Responsibility:**

The DFA with assistance from the FA will ensure that all the payroll procedures are followed as stipulated.

## ANNEX 7: PROGRAM TRAVEL AND VEHICLE USE SOP

<b>PURPOSE:</b>	To spell out the procedure for program business related travel expenses and program vehicle use management.  To help MCA-L Consultants understand and apply MCA-L travel rules and regulations and to provide instructions regarding reimbursement for expenses.
<b>USERS:</b>	All MCA-L Consultants

### I. INTRODUCTION

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

### II. GENERAL GUIDELINES

#### A. Travel Status

- Consultants must obtain appropriate approvals prior to traveling for an assignment.
- Consultants are in travel status when they are to travel more than 35 miles from their official work location (MCA-L Headquarters, Mamba Point, Liberia) to another COMPACT related activity.
- Travel between the Consultant's home and official work station is considered commuting and will not be reimbursed.
- If a Consultant works at more than one location, the Consultant's official station is considered the Consultant's main place of business (i.e., the place where the Consultant works more time than any other work location).

#### B. Conference Considerations

On occasion, Consultants 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:

- Transportation costs saved by staying at the conference site
- Available lodging within the rate at a location nearby

#### C. Interviews for Employment

MCA-L encourages the use of internet-based tools (Skype, WebEx, etc.) for conducting interviews of applicants located outside of the Compact headquarters. 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. MCA-L FINANCE RESPONSIBILITY

MCA-L Finance Department has the following responsibilities:



**A. To ensure:**

- Consultants obtain appropriate approvals prior to traveling.
- Adequate funds are available for travel.
- The most economical method of travel is used in the best interest of the Compact by reviewing travelers' itineraries in advance.
- That expenses are within allowable rates and all required documentation attached.
- All expenses are actual, reasonable and necessary.
- Any overpayments or improper charges are recovered promptly.
- Out-of-pocket travel expenses are minimized.

**B. To establish procedures:**

- Relating to travel policies
- For reviewing and approving of Consultant's expense report in a complete and timely manner.
- For disbursement of cash advances.
- For accountability of cash advances.

**C. To maintain:**

- Legible receipts and other supporting documentation, which must be made available for audit upon request. (Original receipts or legible scanned copies are acceptable).

**D. To approve:**

- Travel Advance Requests
- Travel Expense Reports for reimbursement to the Traveler; or refund to MCA-L after the Traveler returns

#### **IV. TRAVELER RESPONSIBILITY**

- Plan ahead and ensure budgetary allocation is in place
- Know MCA-L policies and procedures for local & international travel
- Obtain necessary approvals for travel.
- Provide invitation letter to HR
- Maintain an accurate record of expenses (e.g., expense report, receipts, including boarding passes for departure / return flights, mileage, etc).
- Promptly account for any cash advance received – by submitting accurate expense reports within 7 days of the end of the travel event.
- Submit claims for reimbursement and include required receipts or documentation when submitting expense report.
- Where in exceptional cases no document exists or was lost, the traveler must provide a substitute receipt stating the reason for the lack of an original document, which must be countersigned by the traveler's supervisor.
- Return unused airline tickets.

#### **V. HUMAN RESOURCES RESPONSIBILITY**

- HR will inform the Consultant of MCA-L Foreign Travel Process if applicable.
- Provide travelers with the Travel Authorization Form (TARF)
- Assist in processing travel documents, i.e., visas, passports.
- Arrange for MCA-L vehicle to transport Consultants to/from airport

## **VI. FISCAL AGENT (FA) RESPONSIBILITY**

- Once the Travel Advance Request Form (TARF) is approved, the FA will process the travel advance for payment.
- The FA shall maintain a file of all travel advance claims and match the same travel claim forms when received.
- The FA will reconcile the accounting balance of travel advances with the outstanding travel advance claims forms.
- Authorized travel advances are to be transferred by the FA into an account designated by the traveler. A corresponding entry is to be made in the accounting system, which allows the tracking of advances paid and when they must be accounted for.
- FA will prepare and submit the staff advances age analysis status on a monthly basis and share it with the DFA.
- The DFA will share the report with the MCA-L leadership team on a monthly basis and the appropriate decisions will be made as deemed necessary.

## **VII. NON-COMPLIANCE**

The use of business advances as a mechanism to assist the fiscal requirements of the program is a courtesy to staff. It involves the use of donor funding in promise of expenditure. Advances are not to be taken lightly, nor are they to be considered funds that do not require accountability.

The following actions may be taken in the event of a staff person's inability to manage, liquidate or reconcile advances:

- No more advances to the staff person
- Recovering the advance from the Consultant's pay
- Warning letter regarding performance
- Other actions as deemed necessary by the CEO

## **VIII. TRAVEL AUTHORIZATION**

- Travel will only be approved for official MCA-Liberia business in the furtherance of Compact objectives and shall not be used for the personal benefit of the traveler.
- 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.
- All "foreign/international" travel must be approved by the CEO.
- The CEO's international travel will require proper documentation from the CEO justifying the travel mission is adequate.
- 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.
- In the absence of the CEO, the Deputy CEO may approve travel requests.
- All MCA-Liberia travelers must complete the Travel Request Authorization Form (TRAF) provided by MCA-L Human Resources (HR) and obtain the following approvals:
  - ✓ DCEO – approval from the CEO
  - ✓ Director – approval from the DCEO and CEO
  - ✓ Managers – approval from the Project Director
  - ✓ All other staff – approval from their immediate Supervisor.
- The Traveler must give a copy of the signed TRAF to HR and return the original TARF to Finance.

## IX. REIMBURSABLE EXPENSES

### A. Commuting to an Alternate Work Location

When a Consultant is assigned to work at an alternate work location which is less than 35 miles from the Consultant's home or official station, the Consultant is not considered to be in travel status, but rather is considered to be traveling in the proximity of his or her official station.

When traveling in the proximity of home or official station, a Consultant using a personal vehicle is entitled to reimbursement of transportation expenses associated with travel based on the lesser of mileage rule as outlined below:

- From home to an alternate work location.
- Between the official station and an alternate work location.
- From an alternate work location to the Consultant's home.

#### Lesser of Mileage Rule

When travel is from home to an alternate work location, or from an alternate work location to home, at a minimum, transportation expenses must be reimbursed using the lesser of

- 1) mileage between home and the alternate work location or
- 2) mileage between the official station and the alternate work location, multiplied by the approved mileage reimbursement rate.

#### Actual Mileage Rule

When travel is between two or more alternate work locations, transportation expenses 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 53.5 cents per mile, which is based on 2017 Standard Mileage Rates for Business provided by the Internal Revenue Service (IRS).*

#### Meals & Lodging

The expense of meals or lodging within the proximity of the MCA-L official station will not be reimbursed.

### B. Travel Allowances / Advances

- The traveler may request a travel advance by completing the Travel Advance Request Form (TARF) from MCA-L HR and obtaining the relevant approvals.
- The amount of the advance is limited to what can be reasonably estimated to be the traveler's expected business-related expenses.
- Separate amounts are established for lodging and meals plus incidental travel expenses (M&IE).
- The maximum lodging amount is intended to cover the cost of lodging at single occupancy, reasonable, suitable and moderately-priced facilities. Proof of expenditure must be provided i.e. (hotel accommodation receipt).
- 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).
- 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.
- When the traveler is not in overnight status e.g. has a late flight and/or it is the first & last day of travel, M&IE is calculated at 75% of the established rates. Lodging is not covered.

- The approved travel advance amount will be issued no earlier than two business days prior to the departure date for foreign travel; and one business day prior to the departure date for local travel.
- Expense report should be submitted within 7 days of the end of the travel event to account for all travel related expenses.
- The consultant should return any excess travel advance with their expense report.
- MCA-L Finance will issue receipt for refunds received, deposit the funds into the bank account, and forward the deposit slip to the FA.
- Consultants should not have any outstanding travel advance upon termination of his/her employment with MCA-L

**a) Foreign Travel - Lodging, Meals & Incidental**

- 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.
- 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>
- 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)
- Travelers are allowed lodging and meals for weekends when they are in travel status.

**b) Local Travel - Lodging, Meals & Incidental**

- MCA-Liberia has adopted the Daily Subsistence Allowance (DSA) and Meals & Incidental Expenses (M & IE) Rates used by the U.S. Government in and outside Liberia.

[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)

**Table 1 - Per Diem Rates**

Country	Location	Maximum Lodging/ Per Night	Meals & Incidentals / Per Day	Maximum Per Diem Rate	Location Code
LIBERIA	Monrovia	US\$200	US\$95	<b>\$295</b>	10398
LIBERIA	[Other]	US\$70	US\$46	<b>\$116</b>	11841
LIBERIA	Day trips to Mount Coffee & Other locations	n/a	\$20	<b>\$20</b>	** Not on USAID website

**C. Expenses Unique to Foreign Travel:**

MCA-L pays for or reimburses for the following authorized expenses for foreign travel:

- Immunizations
- Passport fees
- Visa fees
- Cost to convert currency
- Entry or exit taxes or permits

**D. Miscellaneous Expenses**

- Only actual, reasonable and necessary business-related expenses will be reimbursed, and such expenses must be properly indicated and justified on the expense report.
- Business-related expenses such as reprographics, telephone calls, internet connection fees, relevant supplies and materials will be reimbursed.
- 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 outings as well as other personal charges.
- 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.

**X. RECEIPT REQUIREMENTS**

Travelers must provide receipts with expense reports in accordance with the Table 2- Receipt Reimbursements. MCA-L Finance has the discretion to, on occasion, 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 2 - Receipt Requirements**

<b>Expense Type</b>	<b>Expense Category</b>	<b>Supporting Documentation Required</b>
Air Travel	Travel	Airline Ticket & Boarding pass
Hotel	Lodging	Receipt
Taxi or Rail	Travel	Receipt
Rental Car	Travel	Receipt
Gas	Travel	Receipt
Tolls	Travel	Receipt
Parking	Travel	Receipt
Meals	Meals	Receipt - Not Required
Telephone Calls	Incidental	Receipt - Not Required
Internet Connection Fees	Incidental	Receipt - Not Required
Tips	Incidental	Receipt - Not Required
Other qualified misc. & incidental	Incidental	Receipt - Not Required

**XI. TRANSPORTATION**

MCA-L encourages the use of the COMPACT vehicles for business related travel. Apart from utilizing MCA-L vehicle, Consultants may be required to travel via other modes of transportation (air, rental car, personal automobile, rail, taxi, or bus).

**A. Mode of Transportation**

Travelers should use the most efficient and cost-effective method of transportation available. When choosing a method of transportation, several factors should be considered: Distance being traveled, Travel time, Number of travelers, Number of locations to be visited, Type of transportation available and Common Carrier.

## 1. 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 Consultants 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.

- Travel Insurance is required for all international travel. Travel insurance will be obtained by the MCA on behalf of the traveler.
- Additional costs incurred for travel other than the most direct available route or for more than the minimum number of stops are the responsibility of the Consultant (see further detail below)
- Normally, MCA-L pays airfares in advance of travel. Costs paid for changes to itinerary by the traveler while already enroute will be reimbursed through submittal of an expense report along with receipts, copies of airline tickets or an e-tickets, including boarding passes.

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 Travel Definitions

The following air-travel related definitions apply to this section of the travel policy.

“Wheels Up/Wheels Down” means the time between the scheduled flight departure at the origin airport and the scheduled flight arrival at the final destination, inclusive of wait time between flights. This is the only valid definition for the measurement of flight time in this travel policy.

Economy Comfort Seating is an elevated class of economy class service in which the seat has slightly greater legroom, greater recline, possibly more bin space, etc., to provide the traveler with some additional comfort. This term varies by airline and the class of service is not always available.

Rest Stop is a stopover enroute to the final destination, e.g., at a city where a flight connection occurs, in which the traveler leaves the connection airport to rest or sight-see, etc., and then returns later to continue the trip. On a rest stop the cost of 1 hotel night and per diem is allowable. Rest stops are allowed only as a cost-effective alternative to business class when the travelers would have been eligible to take business class but elected not to, or were forced to (e.g., due to unavailability of business class seats).

### c. Class of Service

Per the MCC Cost Principles, economy class airfare is the encouraged method of air travel. In some case, as noted below, travelers may be *eligible* for business class, however, no traveler is ever entitled to a business class ticket. For business class tickets, special approvals are required as noted in the Approvals section below. No special approvals are needed for economy class tickets.

- MCA-L will obtain the lowest cost coach ticket available for economy class even if such ticket includes change fees/non-refundable fees, etc. Non-refundable tickets are covered by travel insurance such that any loss to MCA is considerably diminished.

- Economy class is preferred when traveling by air. For overnight flights or other flights of more than 7 hours wheels up/wheels down duration, economy class may include Economy Comfort seating or equivalent.
- For other economy class flights that do not meet the criteria above a normal economy class seat will be purchased.
- Economy class airfare combined with a rest stop is considered a viable, cost-effective alternative to business class airfare.
- A traveler may be eligible for a business class ticket if all of the following criteria are met:
  - Duration of the flight as defined by Wheels Up/Wheels Down is 19 hours or greater. Travelers must travel by the most direct and efficient routing and may not manipulate the route to increase the travel time in order to be eligible for business class.
  - Traveler will report for duty within 24 hours of arrival on both ends of the trip. This means the traveler may not leave earlier than necessary to perform the business function.
  - Traveler does not take a rest stop enroute and does not take personal leave on either end of the trip. This means that travelers may not use the business trip to add a personal vacation unless they fly in economy class. A rest stop includes a forced rest stop when, for example, a connecting flight is not available until the next morning.
  - The fare basis is not J-basis (the highest price business ticket).

If the above criteria can be met, then the traveler is eligible however the class of service must be approved by Management and MCC as noted in the next section.

#### **d. Approvals**

As per the MCC Cost Principles, business class airfare is allowable only with prior written approval from the MCA Management and MCC. Management means the CEO or, in that person's absence, the DCEO. MCC means the MCC Senior Operations Officer, Program Financial Services or, in that person's absence, the MCC PLSD, Program Financial Services. The MCC Resident Country Director must be copied on the approvals email.

The approval request should contain a sufficient justification, to include the business purpose, the route, and the wheels up/wheels down duration. The approvals for business class are to be obtained before ticketing. Ticketing means the payment for the ticket. Approvals are to be obtained for each trip; there is no general approval for all trips or any particular staff member or position. Short email communications are sufficient for the approval process.

Economy class trips are subject to ordinary management approvals as specified elsewhere in this FAP or other documents.

#### **a. Air Travel for Other than MCA Staff**

Air travel for staff other than MCA staff (e.g., outside consultants on TEP, etc.) will generally be obtained by MCA 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 persons

## **B. Rental Vehicle**

- Reimbursement for a rental vehicle is authorized only if the MCA-L vehicles are not available for the selected travel period.
- When the use of a rental vehicle is necessary and prudent, the Consultant should make the request to the Finance Department.
- Consultants are not allowed to utilize MCA-L rental vehicles for personal use.
- Any gasoline purchases and other direct costs associated with the vehicle will be reimbursed.
- In case of accidents, travelers should notify the MCA-L Director of Finance and Administration immediately to file a claim.
- 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).
- Additionally, reasonable and customary tips for allowable valet parking and taxicab fees will be reimbursed.

## **2. Personal Vehicle**

- 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.
- 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.
- 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.

## **3. Rail, taxi, or bus – Reimbursement must be substantiated with receipts.**

# **XII. MCA-L VEHICLE UTILIZATION POLICY**

## **A. The purpose of this SOP on vehicles is:**

- To ensure appropriate usage of motor vehicles towards MCA-L program to facilitate the management of motor vehicle fleet/ equipment.
- To ensure that requirements of all relevant legislation are complied with.
- To provide for the maintenance, utilization, insurance and replacement of all vehicles and equipment.

## **B. Authorized Driver**

- All MCA-L vehicles must be driven by designated MCA-L Drivers or authorized MCA-L Consultants is in possession of legal and valid driver license (copy to be kept on file with the HR Department).



**C. MCA-L Finance:**

The overall responsibility for Vehicle Management rests with the DFA who will ensure that:

- The vehicle is driven or used for MCA-L business ONLY.
- The use of the vehicle will function on a booking system, on a 'First Come First Serve Basis'.
- The vehicle is maintained and kept in good condition and meets the requirements of the current traffic regulations.
- The vehicle has a First Aid Kit and drivers get First Aid training
- Fuel Cards are kept safe and secure at all times
- When accident/ faults are reported necessary action is taken i.e. repairs, insurance claims etc.
- Drivers comply with this policy and associated procedures
- Adequate vehicle insurance is maintained current at all times.

**D. MCA-L Drivers**

The driver's responsibilities include:

- Ensuring that all administrative procedures pertaining to bookings of vehicles and authorization of trip. The driver must always carry driving license in person.
- Inspecting the vehicle before usage to ensure that it is operable and does not have any apparent defects.
- Completion of Log Book
- Retaining and submitting fuel receipts to Administration
- Full responsibility for the vehicle during period s/he uses the vehicle
- MCA-L vehicles shall be used for private purpose.
- Does not drive under the influence of alcohol or drugs.
- No passenger(s), other than MCA-L consultants, IPA related consultant or MCA-L consultants, MCC staff shall be transported in the MCA-L vehicle unless prior approval has been granted. Where necessary indemnity forms must be signed.
- 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.
- 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. Accident (s)/ Incidents**

- Driver (s) are required to report all accidents, including minor damage, scratches, etc as it occurs to the DFA. Drivers are also obliged to report all motor vehicle accidents to the nearest Police Station within the period prescribed by law.
- 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.
- 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.

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

- The DFA shall ensure that all vehicles are recorded in the Fixed Assets Register.
- 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.
- 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.

## **G. 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.

## **H. Mobile Phone; Smoking; Drinking & Drugs**

- Usage of cell phone is prohibited while driving an MCA-L vehicle.
- Smoking is prohibited while driving in an MCA-L vehicle.
- Drivers are prohibited from driving while under the influence of alcohol or drugs.

## **I. Vehicle Logs**

- Vehicle movement logs MUST be completed and updated at all the times and the responsible person should ensure that this complied with.
- Official vehicle will be required to do daily vehicle serviceable checklist and in- charge manager will ensure this is adhered to.

# **XIII. MCA-L PROCEDURE ON FOREIGN TRAVEL**

- Consultant is responsible for acquiring the “Invitation Letter” from the authorize representative in the host Country.
- Consultant will complete the Travel Request Authorization Form (TRAF) & attach the invitation letter to it.
- Consultant will ensure the TRAF is duly signed.
- Consultant will submit the approved TRAF (with attached invitation letter) to HR
- HR will issue:
  - A letter to the Ministry of Foreign Affairs (MOFA) requesting a *Service (Official) passport*.
  - A “passport application form” to the Traveler.
- HR generally receives approval back from MOFA within 2 to 3 business days.
- HR will then advise the Consultant to proceed with the process by dealing directly with the Bureau of Passport & Visas.
- The following items are required from the Consultant by the Bureau.
  - The Passport Application
  - The Consultant’s Picture
  - Consultant’s Finger print
  - Passport fees – Consultant will eventually be reimbursed by MCA-L for this fee.
- The Consultant will inform HR when the passport has been issued.
- 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

- It generally takes about 5 to 10 business days for MOFA to acquire the VISA.
- HR will inform the Consultant to pick up the passport (which will include the VISA) from the HR office.
- The Consultant will pick up the passport/visa along with all the supporting documents from HR.
- The Consultant will return the supporting document to Finance (including a copy of the passport/visa) for processing.
- Finance will book & purchase the Consultant's ticket.
- Finance will prepare the Consultant's Travel Advance (TARF); and return it to the Consultant for his/her review & signature.
- Finance will sign the TARF & acquire the CEO signature as well.
- Finance will forward the approved TARF to FA for processing.
- FA will make payment to the Consultant within two business days prior to the departure date.
- Upon return, the Consultant is required:
  - To return the Service/Official passport to HR.
  - Submit Expense Report to Finance within 7 days.
  - Return any excess travel advance with the Expense Report.

### **Responsibility**

The DFA, MFA and AA with assistance of the FA will ensure that all these procedures are followed as stipulated.

## ANNEX 8: 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. Further, invoices exceeding the threshold indicated above can never be paid through petty cash.
- It is prohibited to lend funds from Petty Cash Fund.
- Vouchers should be stamped 'Paid' once paid.
- When the expenditures paid represent 80% of the total amount of the fund, it should be replenished to its ceiling amount by submission of petty cash reconciliation. This will guarantee sufficient cash to meet the typical needs for petty cash on any given day. The request should be supported with petty cash reconciliation, verified by the DFA and supported with valid documentation of receipts/invoices.

### 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 box will be kept in a safe.
- The FA must conduct regular and unannounced spot checks for audit purposes. The results of the petty cash audit review should be documented, in the FA monthly report.
- 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 Liberia program plans.
- The documents supporting the petty cash payments must be original invoices/receipts in the name of MCA Liberia, containing the description of service or goods rendered, the date, the beneficiary name and address, signature and GST number, if invoice includes GST.

### Responsibility:

The DFA with assistance of the FA will ensure that all the petty cash procedures are followed as stipulated in this SOP

**ANNEX 9 : 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 Government of Liberia.

**USERS:** DFA, MFA, FA & PD

**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 with and each item is to be listed individually with the entire content of the box noted.

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 are required, one for inside the box, one fixed outside for identification, one for administration and one for the department of origin. The box number should also be marked on the upper left hand corner of the box.

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 financial reports.

**Examples of other records to be retained by the FA:****RECORDS AND DOCUMENTS TO BE RETAINED**

Accounting records

Audited financial statements

Fiscal year end financial reports

Bank statements and reconciliation

Contracts

**Responsibility:**

The Director of Finance & Administration / Project Directors with assistance of the FA will ensure that all the important program records are retained in compliance with the retention policy.

## ANNEX 10: MULTI YEAR FINANCIAL PLAN-MYFP

MCC Quarterly Financial Report SCHEDULE A	Country:	Liberia			
	Accountable Entity:	MCA - Liberia			
	Compact Number:	COM15LBR16001A			
	Date Submitted:	May 15, 2017			
<b>Schedule A. Multi-Year Financial Plan Adjustment Request Form</b>					
Disbursement Period:					
Amounts Expressed In US Dollars					
Out of Cycle Report: Yes [x]   No [ ]					
	Original Program Multi-Year Financial Plan in the Compact	Current Approved Multi- Year Financial Plan	Proposed Adjustments (Display all #'s as positive)		Proposed Adjusted Multi-Year Financial Plan
			Increase (+)	Decrease (-)	(2+3-4)
<b>MCA MANAGED</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Energy Sector Project</b>	<b>201,590,000</b>	<b>201,590,000</b>	<b>13,536,588</b>	<b>164,900,000</b>	<b>50,226,588</b>
Mt. Coffee Rehabilitation Activity - 0086	146,800,000	146,800,000		146,800,000	-
Mt. Coffee Support Activity - 0464	18,100,000	18,100,000		18,100,000	-
Mt. Coffee Support Activity - MCA - 0462	-	-	13,536,588		13,536,588
LEC Training Center Activity - 0465	5,500,000	5,500,000			5,500,000
Energy Sector Reform Activity - 0369	31,190,000	31,190,000			31,190,000
<b>Roads Project</b>	<b>21,070,000</b>	<b>16,070,000</b>	<b>-</b>	<b>-</b>	<b>16,070,000</b>
National Roads Maintenance Activity - 0261	15,000,000	15,000,000			15,000,000
Roads Sector Reform Activity - 0253 *	6,070,000	1,070,000			1,070,000
<b>Monitoring and Evaluation</b>	<b>5,500,000</b>	<b>5,500,000</b>	<b>-</b>	<b>-</b>	<b>5,500,000</b>
Monitoring and Evaluation - 0016	5,500,000	5,500,000			5,500,000
		-			-
<b>Program Administration and Control</b>	<b>28,566,000</b>	<b>28,566,000</b>	<b>-</b>	<b>-</b>	<b>28,566,000</b>
MCA-Liberia Administration - 0017	17,066,000	17,066,000			17,066,000
Financial Management and Procurement Controls - 0059	9,500,000	9,500,000			9,500,000
Financial Audits - 0031	2,000,000	2,000,000			2,000,000
		-			-
<b>Total</b>	<b>256,726,000</b>	<b>251,726,000</b>	<b>13,536,588</b>	<b>164,900,000</b>	<b>100,362,588</b>
<b>** LEC/PIU MANAGED</b>					
<b>Energy Sector Project</b>		<b>-</b>	<b>151,363,412</b>		<b>151,363,412</b>
Mt. Coffee Rehabilitation Activity - 0086**	-	-	146,800,000		146,800,000
Mt. Coffee Support Activity - PIU - 0464**	-	-	4,563,412		4,563,412
			<b>151,363,412</b>		<b>151,363,412</b>
<b>* MCC-MANAGED</b>					
<b>Roads Project</b>		<b>5,000,000</b>			<b>5,000,000</b>
Technical Assistance for Roads Project Activity* - 0253	-	5,000,000			5,000,000
<b>COMPACT TOTAL - Both Accountable Entities + MCC Managed</b>	<b>256,726,000</b>	<b>256,726,000</b>	<b>164,900,000</b>	<b>164,900,000</b>	<b>256,726,000</b>

## ANNEX 11: 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. Within the approved Procurement Plan for the period
  - d. Comply with the Compact and the Program Implementation Agreement
  - e. Comply with any other relevant Implementation or Supplemental Agreement
  - f. 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.
  - g. Comply with the Contract Deliverables & Payment Schedule or Purchase Order amounts
  - h. Invoices and/or receipts have been retained and filed
  - i. 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 takes it through the formal approval process, changes should be supported by verifiable documentation approved by the Project Director/Manager.
  - j. In compliance with the FAP
- Confirm payments using the MCC CPS Monthly Reports & ITS reports where applicable
- Reconcile MCA-Liberia 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 12: QUARTERLY DATA CALL ON ACCRUALS, ADVANCES AND RETENTIONS

**PURPOSE:** This SOP serves as a guidance on quarterly reporting of In-House Invoices and Advances to be submitted MCC.

Source: Guidance for MCC Accruals Request #0616 dated 22 June 2016

**USERS:** MCA Finance & Admin & Fiscal Agent

On a quarterly basis, MCA-L must submit the complete consolidated spreadsheet and the representation letter to MCC no later than eight days after the end of the quarter.

### **Guidance for MCC data call on MCA In-House Invoices, Retentions and Advances through June 30, 2016**

Dear MCA CFO / DAF:

For the period ending June 30, 2016, MCC must continue to request information related to In-House Invoices, and outstanding retention and advance balances. For this quarter, the methodology you use to produce and report this information will remain the same as for the period ending March 31, 2016.

**Some MCA financial teams provided evidence of automatically generated reports for In-House Invoices, Retentions and Advances. If your team is able to produce these reports, you must produce them for the June data call and then you can discontinue use of applicable sections of the spreadsheet (see details below).**

The remainder of this letter includes guidance on how to submit financial information related to In-House Invoices and outstanding retention and advance balances for the quarter ending June 30, 2016. If you have a specific situation which requires additional consideration, do not hesitate to communicate this to [mccaccruals-retentions-advances@mcc.gov](mailto:mccaccruals-retentions-advances@mcc.gov), [schrecongostam@mcc.gov](mailto:schrecongostam@mcc.gov), and the Fiscal Accountability Director working with your team.

#### **Preparing the Response to Data Call Request #0616**

The following paragraphs provide information on how to prepare the spreadsheet for this data call, which applies to all MCC funding sources - including compact, stand-alone 609(g), threshold, and Compact Implementation Funding (CIF).

We have prepopulated a consolidated spreadsheet with the contract information you provided as part of the March 31, 2016 (#0316) data call. We have removed any contracts which you previously identified as closed, cancelled, terminated or duplicated with another entry. The prepopulated portion of the spreadsheet will be the starting point for preparing the financial information needed as of June 30, 2016. For new compacts, MCAs will fill out the contract data from their list of active contracts. MCC will not prepopulate their spreadsheet with data pulled from the PPR.

#### **In-House Invoices**

You must review all In-House Invoices to determine if any of them are a request for payment related to work performed (in part or in total) prior to June 30, 2016.

An "In-House Invoice" is any received invoice that has not been submitted to IBC for processing by the cutoff dates of June 23, 2016 for Non-US Bank Payments or June 24, 2016 for US Bank Payments, as well as any invoice you receive between the IBC cutoff date and June 30, 2016.

IBC will not accept PRF submissions after the cutoff dates of June 24, 2016. Payment processing will resume on July 1, 2016.

Each one of these In-House Invoices must be carefully reviewed to determine if the invoice is, in part or in total, for work performed prior to June 30, 2016. If so, list the invoice on the In-House Invoice section of the spreadsheet and indicate the amount to be included in the accrual estimate which



corresponds to the amount of invoiced work completed prior to June 30, 2016. If not, and the period of performance is entirely after June 30, 2016, list the invoice on the spreadsheet and indicate that the amount to include in the accrual estimate is zero (\$0). Both columns must be filled out for each In-House invoice.

Submit this information on the “In-House Invoice” section of the spreadsheet that MCC will send to you.

**Note 1:** You must report In-House Invoices related to all contracts, including those which are valued at \$100,000 or less (which is a threshold that is no longer used). For In-House Invoices related to contracts which are not included in Block A, please add a row to Block B of the submission spreadsheet.

**Note 2:** If you are able to automatically generate reports on invoices received but not submitted to MCC as of the cut-off dates listed above, you can submit these reports and delete the In-House Invoice section of the spreadsheet. Please ensure that your system generated report includes information on the source of funding (CIF, 609(g), threshold or compact), as well as the project and activity that the invoice is associated with.

### **Retentions**

The following columns have been added to the retention section:

Accumulated Retention – This will be pre-populated from your ending balance as of March 31, 2016.

New Retentions – April – June 2016 and adjustments: This is where you would capture any new retentions or any upward adjustments to the retention balance.

Retentions Releases – April – June 2016 and adjustments: This is where you would capture any quarterly retention releases or any downward adjustments to the retention balance during the quarter.

FX Gain/Loss – This column is a calculated amount used to capture FX gains/losses to the retention balance during the quarter. You will not need to enter any data in this column.

Accumulated Retention – June 30, 2016 – This is where you would capture the accumulated retention balances for all your contracts as of June 30, 2016.

**Note 1:** This amount needs to be captured using the foreign exchange rate as of June 30, 2016.

**Note 2:** Do not include any retentions which will be paid by NANA funds already in the bank account. Because MCC has already advanced those funds to you, we do not want to double count the retention amount.

**Note 3:** If your financial system is able to generate a report of accumulate retention balances as of June 30, 2016, you must submit these reports and disregard the retentions section of the spreadsheet. Please ensure document management number, MCA name, vendor name contract number and fund type is provided in the report.

### **Advance Payment Balances**

You must submit a contract-by-contract account of advance payment balances as of June 30, 2016. MCC will provide a spreadsheet which includes fields for submission of new advances paid during the current quarter as well as submission of updated information on amounts liquidated or recovered from previously reported advances. Submit this information on the “Advances” section of the spreadsheet that MCC has sent to you. See also the step-by-step guidance on how to present advance information included in Annex 1.

**Note 1:** The intention of the data call is to collect information on all outstanding advances on works projects. Small administrative advances such as travel advances should not be included.

**Note 2:** If your financial system is able to generate a report of outstanding advance balances as of June 30, 2016 and you are submitting in this new format for the first time, MCC will review in advance of the deadline to ensure that the system generated report is consistent with the methodology used before. Remember that project/activity sub-totals, funding source (609(g), CIF, threshold or compact) and

liquidation of the advance using the original USD/local currency exchange rate will all be required elements that the new report format must support.

### **MCA Action Items**

**Action Item #1 for MCA CFOs/DAFs:** MCC will provide a consolidated spreadsheet as a starting point for your submission. Block A of the spreadsheet will be pre-populated with all contract actions based on your March 31 (#0316) data call submission. Column E, the “Contract Action Status,” will include the status provided in the Mrach data call submission. Update the status accordingly.

For example, if a contract line item was determined at March 31 to be a “Procurement in Process,” update this data field to reflect the status as of June 30, 2016 OR simply leave as is to confirm that the status has not changed.

**Step 1:** Prior to inserting In-House Invoice, retention or advance balance information, identify any contracts (including purchase orders and “sub grants” or “mini grants,” which must be treated in the same way as a formal contract) of any value which were not included in Block A of the spreadsheet and which are active as of June 30, 2016. If there are relevant In House Invoices, retention or advance balances related to these missing contracts, add these items in Block B of the spreadsheet provided. If there are missing contracts but these contracts do not have any relevant In-House Invoices, retention or advance balances as of June 30, 2016, you do NOT need to add these contracts to the spreadsheet.

Any contract additions may be required because contracts have been signed since the March 31, 2016 PPR was compiled or because the PPR may not include relevant 609(g) or CIF funded contracts. In the MCA Management Representation Letter, you will be required to assert that you have entered all relevant contracts on the spreadsheet.

**Step 2:** For each contract action in each section, fill in all relevant In-House Invoice, retention and advance balance information. If there is no relevant activity as of June 30, 2016 for a contract on the list, insert \$0 in the relevant columns on each spreadsheet (or “N/A” in columns where a dollar value is not required).

Please ensure that the columns in the spreadsheet designated as “Required” are completed.

**Action Item #2 for MCA CFOs/DAFs:** On a sample basis, MCC will request supporting documentation for specific line items in the data call submission related to advance and retention balances and In-House Invoices. These requests will be communicated to you after submission of the data call spreadsheet. As before, the deadline for responding to sample requests will be two business days from the date of the request.

For guidance on acceptable documentation, please see FAQ #6 in Annex 1.

**Action Item #3 for MCA Officials:** Submit the MCA Management Representation Letter in the format provided in Annex 2.

Complete the consolidated spreadsheet, the compilation of supporting documentation and the representation letter and submit to MCC no later than **July 8, 2016 (11:59 PM Washington, DC time)** to the following email address: [mccaccruals-retentions-advances@mcc.gov](mailto:mccaccruals-retentions-advances@mcc.gov) and [schrecongostam@mcc.gov](mailto:schrecongostam@mcc.gov)

In anticipation of large file sizes for sample requests, MCC has created the capability to upload all documents using the Secure FTP system currently used for sending PRFs to IBC (Tumbleweed). To upload a document or documents, please follow the same steps used when transmitting a PRF, but select the folder named, “MCA Data Call Submissions”. Do not upload files to the folder titled “IBC”. If necessary, email the submission documents to the following email address: [mccaccruals-retentions-advances@mcc.gov](mailto:mccaccruals-retentions-advances@mcc.gov).

MCC can also provide flexibility around the timing of sample requests in order to conform with your personnel scheduling around the holiday season. If you have any concerns that personnel will be available to respond to sample requests, please send any questions or concerns to the MCC Fiscal

Accountability Director working with your team and to the Department of Administration and Finance at: [mccaccruals-retentions-advances@mcc.gov](mailto:mccaccruals-retentions-advances@mcc.gov).

Your assistance in providing this information is greatly appreciated. Thank you for your cooperation.

Mahmoud Bah

Acting Chief Financial Officer

MCC Department of Administration and Finance

## **Annex 1: Frequently Asked Questions (FAQs) on MCC Guidance on Reporting Information on In-House Invoices, Retentions and Advances**

This FAQ document addresses specific questions related to MCC quarterly data calls. It is intended to provide detailed, supplemental guidance for particular situations encountered by some MCAs. The FAQ document also suggests approaches to take while developing your estimates. Whatever approach is used, maintaining consistency, good documentation and a cost effective approach is key.

**1. The spreadsheet includes columns titled “Invoice Number” and “Invoice Date.” Can we use alternative ways of tracking when filling out these fields?**

Yes. Internal numbering and dating conventions that are captured in an accounting system can be used as alternatives to these column headings. For example, enter your “Internal Tracking Number” in place of “Invoice Number” and “Date of Invoice Receipt” rather than “Invoice Date,” if those (or other) labels better reflect how you manage your invoices. Please be sure to remain consistent in the use of those labels for future data calls and for identifying invoices paid after quarter end that correspond to the invoices used in calculating the accrual. Finally, be sure to note in the remarks section of the spreadsheet the substitute term you are using. For example, state “*Date of Invoice Receipt*” replaces “*Invoice Date*.”

**2. MCC guidance requires information on “invoices received by MCAs for work performed in the current quarter for which no PRF has been transmitted to IBC as of June 23, 2016 for Non-US Bank Payments and June 24, 2016 US Bank Payments.” Does this refer to all received invoices or only to approved ones? What about those that have been rejected as part of the internal MCA approval process?**

This guidance refers only to invoices that have been **received** and not yet either rejected or sent to IBC for payment in the form of a PRF by the relevant cutoff dates.

**3. On the submission spreadsheet, what exchange rate should be used to represent foreign currency values in USD?**

For “In-House Invoices” use the exchange at the time of recording the transaction in the Fiscal Agent’s accounting system. For recording the liquidation of advances, use the exchange rate as of the date of the original advance. For recording retention balances, please use the current exchange rate as of the end of the quarter.

**4. If period of performance information for a given invoice is unknown at the time of submission to MCC, are there acceptable alternatives for providing an estimated period of performance?**

Yes, although it should be a rare instance that an invoice does not somehow indicate a period of performance. Invoice approval generally requires ensuring that the amount requested for payment represents work performed or services received, which implies a period of performance related to those works or services. If there is no way to determine the period of performance based on previous invoices, a Project Director’s knowledge and understanding of the contract and progress to date, other evidence in the contract files or vendor information can serve to determine an appropriate alternative time period.

**5. If a MCA provided information on an In-House Invoice in the prior period, but the invoice has yet to be paid in the current period, should the MCA include this invoice in the current period accrual?**

Yes. You will need to include this invoice in the current quarter’s spreadsheet.

**6. What types of documentation adequately support the information included in the submission spreadsheet?**

Below are illustrative examples of documentation maintained to support assertions of In-House Invoice and advance balance amounts provided in the submission spreadsheets. There may be other types of documentation which support the information provided. Whatever

documentation is used, maintaining consistency with your stated methodology and taking a cost effective approach is key.

In-House Invoices:

- a) The actual invoice which includes the receipt date stamped or otherwise clearly stated as well as the contract number, where applicable.

Certification that all invoices have been included in the spreadsheet:

- b) For all active contracts, the MCA Management Representation Letter will certify that procedures were followed to ensure that all invoices received were reported.

Unrecovered Advance Payment Balances:

- c) Invoices, payment certificates, or other documentation authorizing payments which individually or collectively provide a cumulative record of amounts originally advanced and any amounts recovered through the last billing prior to June 30, 2016.
- d) Copies of written communications between MCA staff and contractor management which establish outstanding advance payment balances as of June 30, 2016.
- e) Relevant contract sections which establish the payment terms including amounts to be advanced and the process for liquidation of those advance payments.

Evidence that Advance Payment Balances have been Recovered Completely or that No Advances were made:

- f) Invoices, payment certificates, or other documentation authorizing payments which provide a record of the recovery of any amounts originally advanced.
- g) Copies of written communications between MCA staff and contractor management which establish zero (\$0) as the amount of any advance payment balances outstanding.
- h) A summary certification from the Procurement Agent listing one or more contracts, by number, which have been reviewed to ensure that they do not contain relevant contract clauses. A recommended template of this certification has been provided in Annex 3.
- i) For any contract actions which were pre-populated from the September data call submission but are inactive as of June 30, 2016, a signed certification from the relevant procurement official can provide evidence that a contract action has yet to be signed, the procurement was cancelled or the contract has been terminated, closed or is otherwise inactive. A recommended template of this certification has been provided in Annex 3.

**Annex 2**

[MCA Letterhead]

**MCA Management Representation Letter**  
**Estimate for In-house Invoice, Retention and Advance Information as of June 30, 2016**

July 8, 2016

Mahmoud Bah  
Acting Chief Financial Officer  
Millennium Challenge Corporation  
1099 Fourteenth St, NW  
Washington, DC 20005

Dear Mr. Bah:

Per your request we are providing this letter in connection with the Millennium Challenge Corporation (MCC) interim Financial Statements for the quarter ended June 30, 2016. We understand that this Representation relates to our conformity with the MCC Guidance on In-House Invoice, Retention and Advance Payment Estimates. This Management Representation Letter relates to Data Call No. 0616 issued by MCC dated June 22, 2016 and the associated spreadsheet.

We further understand that MCC is relying upon each and every operating MCA to ensure the completeness of the financial estimates and amounts reported, and documentation supporting MCA level In-House Invoices and advance payment balances.

To the best of our knowledge we confirm that:

- 1) MCA management understands the data call request instructions and have prepared our response and associated documentation to MCC according to the data call requirements and instructions, in regard to In-House Invoices, retentions and advances.
- 2) The information provided by the MCA in the spreadsheet is complete and accurate based on the requirements of the data call. This assertion serves as documentation to support where zero \$(0) has been recorded for in-house invoices on the spreadsheet. For In-house invoices listed as zero \$(0), no further supporting documentation is needed.

[MCA CEO]

[MCA CFO]

*MCA Chief Executive Officer*

*MCA Chief Financial Officer*

### Annex 3

#### **Sample certification letter for documenting inactive contracts AND absence of advance and retention balances**

[insert date]

To Millennium Challenge Corporation:

As part of the response to a sample request for data in connection with Request #0616, I have reviewed MCA-[insert name]'s submission to MCC for advance balance information. In my role as [insert title, i.e., Procurement Director or Procurement Agent] I confirm the following contract line items are accurately reflected as being closed, terminated, final payment made, duplicated by another contract listing, or are otherwise not active as of June 30, 2016.

Example: SEN-003, SEN-011, SEN-013, etc.

I have also reviewed and confirm that the following contract line items are accurately reflected as not having contract provisions which require either the the recovery of an advance payment or retention amount as of June 30, 2016:

Example: SEN-004, SEN-006, SEN-008, etc.

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Name, Date