

MCC OPERATIONAL CAPABILITY DEMONSTRATIONS

FUNDS MANAGEMENT (FM) SCENARIOS

- **Scenario FM01: Budget Appropriation**

Requirement: Demonstrate how the IFMS will record the appropriation and fund categories in the General Ledger.

Background: MCC has only one appropriation. MCC's programs and activities are funded through no-year appropriations. Such funds are available for obligation without fiscal year limitation and remain available until expended. The Department of Treasury automatically issues warrants to MCC upon enactment of annual appropriations bills. Because of the no-year status of MCC appropriations, unobligated administrative, audit, and due diligence funds (apportioned annually) are not returned to the Treasury; however, unobligated balances as of September 30 for these three categories of funds are transferred to the compact fund category at the beginning of the subsequent fiscal year for future use.

Detailed Scenario Information: The Annual Appropriations Bill is signed by the President and approved by Congress. MCC was provided total appropriations of almost \$1.8 billion in FY 2007. Treasury issues a warrant specifying the Treasury Account Symbol and amount of \$1.8 billion to MCC. The SF-132 Apportionment and Reapportionment schedule is received MCC's Office of the Chief Financial Officer (OCFO) that details elements such as the appropriation amount, agency name, fiscal year(s) of appropriation, transfers, Treasury Account Symbol, reimbursable amounts, and apportionment amounts by quarter. The MCC Accountant records the one year direct appropriation and notifies the Budget Officer when finished.

- **Scenario FM02: Apportionment**

Requirement: Demonstrate how the IFMS will record the apportionments in the General Ledger.

Background: MCC requests apportionment of its appropriated funds from OMB using OMB's government-wide standard Apportionment and Reapportionment Schedule form (SF-132). Prior to submission to OMB, MCC's Budget Office works with MCC's Office of the General Counsel (OGC) and Department of Congressional and Public Affairs (CPA) to process Congressional Notifications for each new Compact and Threshold program. The SF-132 form is prepared and submitted to OMB for each of its budget accounts by August 21st of each year or within 10 calendar days of approval of the appropriation. MCC submits re-apportionment requests to OMB for program funds throughout the year as new Compacts, 609(g), or Threshold program agreements are signed, or as otherwise needed. The form must be completed and signed by OMB before MCC may obligate or disburse any appropriated funds. After OMB's approval, the MCC Accountant processes the apportionment and an accounting event will be posted to the General Ledger.

Category A of MCC's SF-132 includes MCC's apportionment for administrative expenses. These funds are apportioned on a quarterly basis, up to MCC's appropriation act limit. The Senior Budget Officer submits SF-132s to OMB on a quarterly basis for administrative funds apportionments.

Category B of MCC's SF-132 includes MCC's apportionments for the following:

- **Compact Programs:** funds obligated by MCC to cover compacts between MCC and partner countries. The total amount of assistance provided to all lower middle income Compact countries may not exceed 25 percent of the total amount of assistance provided to all countries in a particular fiscal year, under section 605 of the Millennium Challenge Act of 2003.
- **609(g) Programs:** section 609(g) of the Millennium Challenge Act authorizes MCC to provide assistance to eligible countries for the purpose of facilitating the development and implementation of a Compact between the MCC and a partner country.
- **Due Diligence Programs:** funds apportioned by OMB and used by MCC to cover costs to assess Compact proposals, as well as costs incurred by MCC in providing oversight and monitoring of Compacts being developed and implemented by eligible countries.
- **Threshold Programs:** funds used by MCC to assist countries in meeting selection criteria for MCA eligibility. (Such countries are considered "on the threshold" of qualifying for eligibility for an MCC compact.) up to 10 percent of the total amount appropriated in a given fiscal year may be made available to provide assistance to certain candidate countries under the Threshold Program.
- **USAID's OIG:** Funds appropriated by Congress and apportioned by OMB for audits of MCC operations and programs. The USAID OIG is responsible for MCC audits. This apportionment has a Congressional limit of up to \$5,000,000 established in MCC's annual appropriation.

Category C of MCC's Apportionment schedule reflects unapportioned balances from current and prior year appropriations.

Detailed Scenario Information

Category A Total Apportionment amount of \$105 Million for FY 2008: During the budget formulation process, MCC's Budget Office requests apportionments for administrative expenses of its appropriated funds from OMB by submitting an Apportionment request on the SF-132 to OMB for \$26,250,000 for each quarter. OMB approves MCC's apportionment request. After receiving the \$26,250,000 per quarter on the SF-132 schedule, MCC's Budget Officer records the apportionment. After the OCFO processes the apportionment, an accounting event will be posted to the General Ledger.

Category B Total Apportionment amount of \$2.895 Billion for FY 2008: MCC's Senior Budget Officer submits all requests for Category B apportionments, identifying amounts for:

1. Total Amount for Compact programs of \$2,620 million
2. Total Amount for Due Diligence and 609(g) of \$80 million
3. Total Amount for Threshold Programs of \$190 million
4. Total Amount for USAID's OIG of \$4.5 million

After the OCFO processes the apportionment, an accounting event will be posted to the General Ledger.

Category C Total Apportionment amount of \$2.3 Billion for FY 2008: This represents MCC's unobligated balances from current and prior year appropriations.

- **Scenario FM03: Committing and Obligating MCC Funds**

Requirement: Demonstrate how the IFMS will record the commitment and obligation in the General Ledger for the scenarios detailed below.

Background: MCC only records commitments against appropriated and apportioned funds; the Division of Finance ensures the availability of funds in MCC's apportionment accounts prior to recording commitments in the financial system. Commitments and obligations of MCC funds include amounts for (1) rent, leaseholds and improvements; (2) contracted services; (3) grants to, and cooperative agreements with, nongovernmental organizations or international public organizations; (4) information technology; (5) travel; (6) other administrative expenses; (7) Compacts; (8) 609(g) activities; (9) Due Diligence activities; and (5) the Office of Inspector General (OIG) activities.

Detailed Scenario Information

1. **Administrative/Due Diligence Funds:** MCC's Administrative Services Facilities manager issues a requesting action memo to purchase office supplies in the amount of \$2,000. The requesting action memo is reviewed and approved by the Managing Director (MD), Administrative Services and sends it and the related procurement package to the ACFO and the Department of Contracts and Grants Management for review and approval. Upon approval, the procurement package is recorded as an obligation in the financial system.
2. **Compact Funds:** Demonstrate how the IFMS will record a commitment for the total amount of a Compact between MCC and the country of Latvia for \$1,000,000 after the Compact is "signed". Demonstrate how the IFMS will record an obligation for the total amount of a Compact between MCC and the country of Latvia after the Compact "enters-into-force". Compact signing is a commitment of funds, while Compact entry-into-force constitutes a valid obligation.
3. **609(g) Funds:** Demonstrate how the IFMS will record a commitment and obligation for the total amount of 609(g) funds of \$9,800,000 for the country of Tanzania.

4. **Threshold Funds:** These funds are separate from Compact/609(g) funds and are frequently allocated and or transferred to USAID, which currently functions as the primary implementer and administrator of the Threshold program. This allocation includes a transfer of the percentage of funds to USAID to cover administrative costs. MCC utilizes the Government Wide Accounting (GWA) system for processing Non-expenditure Transfer Authorizations through Treasury to USAID. Demonstrate how the IFMS will record a commitment and obligation for the allocation of \$9,000,000 in program and \$1,000,000 in administrative funds to USAID as the administrator of the Threshold program.
5. **Audit Activities:** USAID's OIG serves as MCC's OIG. The OIG prepares an estimated budget for the fiscal year, which is reviewed and approved by the MCC Board of Director's Audit Committee, verified by the ACFO and submitted to OMB for apportionment. Once approved, MCC records the total amount in the core financial system as an obligation, which is then liquidated upon reimbursement of quarterly invoiced amounts from USAID via IPAC. Demonstrate how the IFMS will record a commitment and obligation for the \$2,800,000 audit funds for FY 2007.

- **Scenario FM04: Rollover**

Requirement: Demonstrate how the proposed Integrated Financial Management System (IFMS) financial system will automatically roll-over any unobligated MCC administrative funds to MCC's program funds budget at the end of each fiscal year.

Detailed Scenario Information

Demonstrate how the IFMS will record the automatic “roll-over” of MCC’s unobligated balances at year-end as well record the “roll-over” funds as open fund balances to the fiscal year 2008. Demonstrate how the IFMS will record the payment of a \$250,000 invoice received subsequent to the Rollover that involved goods or services received in the previous FY 2007 period.

Below is a table detailing the total unobligated balances at year end, as recorded in MCC’s Performance and Accountability Reports for the years 2004 through 2007.

Unobligated Balance Available	Amount
FY 2007	\$ 1,516,900,216
FY 2006	\$ 877,383,424
FY 2005	\$ 683,006,839
FY 2004	\$ 986,171,577

- **Scenario FM05: Funds Flow Down**

Requirement: Demonstrate how the proposed IFMS facilitates the funds flow down for Category A, B, and C apportionments for a representative sample of MCC's appropriations as well as the Administrative Budget allotments for FY 2008.

Background: MCC's annual budget formulation and planning process involves the formulation of the budget at the department level. The Senior Budget Officer consults with senior MCC staff on the issuance of all approved funding plans and allotments for review and approval. MCC also ensures concurrence by CPA and OGC personnel on all reprogramming, restructuring, and appropriation transfers. MCC reprograms, restructures, and transfers funds; processes requests for rescissions and deferrals, as necessary, for MCCs appropriation. MCC prepares and issues allotments that are within authorized appropriation, apportionment, reimbursement, and other limits.

Detailed Scenario Information

The Office and Management Budget (OMB) and MCC have determined the following apportionments for FY 2008. Demonstrate the funds flow down for the following apportionments:

Program	FY 2008
Category A	
• <i>Administrative Expenses</i>	\$ 105,000,000
• <i>Inspector General</i>	\$ 4,500,000
Category B	
• <i>Compacts</i>	\$ 2,620,000,000
• <i>Threshold</i>	\$ 190,000,000
• <i>Due diligence/609(G)</i>	\$ <u>80,000,000</u>
Total Appropriation/Request	\$ 3,000,000,000

In addition, Category C in the amount of \$ 1,516,900,216, which represents the total amount of unobligated funds available at the end of FY 2007 that are rolled over into FY 2008.

The Administrative Budget allotments for FY 2008 are broken down as follows:

Allotment Category	FY 2008
Salaries & Benefits	\$ 46,000,000
Contracted Services	8,750,000
Rent & Leasehold Improvements	5,750,000
Information Technology	11,500,000
Overseas Operations	17,400,000
Travel	15,600,000
Totals	\$ 105,000,000

- **Scenario FM06: Continuing Resolution**

Requirement: Demonstrate how the proposed IFMS will record on-going, as well as prospective programs during multiple extensions of a CR when the House and Senate “Marks” differ for an on-going program, but both Houses mark the program for less than prior year FY 2007 actual funding.

Background: A Continuing Resolution (CR) continues funding for a program if the fiscal year ends without a new appropriation in place. A CR provides temporary funding at current levels or less. In the event of a continuing resolution, OMB issues a bulletin to all executive branch agencies, including MCC, providing an automatic apportionment of funds pursuant to instructions in the bulletin.

Detailed Scenario Information

Part 1: For existing MCC Programs funded in prior years. Assume the following:

The FY 2007 annual MCC appropriations bill is not signed by the President and Congress. Therefore, Congress approves a continuing resolution for the next forty days in the total amount of \$328,767,000 ($40/365 * 3,000,000,000$ last year’s (FY2007) budget amount) to MCC. An MCC Accountant records the continuing resolution amount and notifies a MCC Budget Officer when finished.

Part 2: (For proposed MCC Programs not funded in prior years. Assume the following:

MCC has requested \$12.5 million in Threshold funds for a new Threshold agreement between MCC and the Country of Peru in the FY 2008 President’s Budget request. MCC receives appropriations from the Foreign Operations, Export Financing and Related Programs Appropriations Acts enacted by Congress on an annual basis. During the Congressional negotiations to pass a final MCC Appropriations Act, the Committee on International Relations and the Committee on Appropriations of the House of Representatives; and the Committee on Foreign Relations and the Committee on Appropriations of the Senate differ on the proposed FY 2008 funding for Peru’s Threshold program. The “House Mark” proposed FY 2008 funding for Peru’s Threshold program at \$10 million; a reduction from the President’s Budget of \$2.5 million. The “Senate Mark” proposed FY 2008 funding for Peru’s Threshold program was \$8 million; a reduction of \$4.5 million from the amount in the President’s Budget Request for FY 2008. Ultimately, the two versions are reconciled in conference, and Peru’s Threshold program was funded at \$10 Million for FY 2008.

- **Scenario FM07: Funds Control**

Requirement: Demonstrate/Discuss what controls are inherent (and/or “hard-coded”) in the proposed IFMS to prevent a Revised Statute Violation at the Appropriation level. Demonstrate/Discuss the flexibility provided by the IFMS to any MCC Budget Officer or Department Head to establish controls at the appropriation, apportionment, program, project, or activity level to prevent commitment, obligation, and expenditure of funds in excess of those

authorized at a particular level. Lastly, demonstrate/discuss how the IFMS will facilitate applying the controls at any designated budget- level.

Background: MCC Officials perform the following duties relating to Budget Execution and Funds Control: (1) Perform administrative control of funds during the budget execution process; (2) Perform administrative control of funds designed to restrict obligations and expenditures (disbursements) to the amount available in MCC's appropriations or OMB apportionments;(3) Identify persons responsible for any obligation or expenditure exceeding amounts available in MCC's appropriation, OMB apportionment or reapportionment, other statutory limitations, internal allotment or allowance, and any other administrative subdivision of funds; and (4) Address violations of the Anti-Deficiency Act, as well as violations of other administrative subdivision of funds that are not statutory violations.

If an alleged Anti-Deficiency Act violation is reported, the DCFO reviews the violation report and determines if one has occurred prior to submitting it to the MCC CFO for concurrence. If the CFO concurs, the violation is then reported to the President and Congress by the MCC CEO after clearance by MCC's OGC and CPA.

The following is an organizational chart depicting assumed funding levels from the Program level to the task level.

Detailed Scenario Information

Total Budget¹	FY 2008
Selected Country:	
Mali	\$ 461,000,000
Selected Program:	
Compact- 5 Year	
Selected Projects:	
Bamako-Sénou Airport Improvement Project	\$ 89,631,177
Industrial Park Project	\$ 94,266,519
Alatona Irrigation Project	\$ 234,608,468
Selected Activities:	
Airside Infrastructure	\$ 30,000,000
Landside Infrastructure	\$ 29,877,059
Institutional Strengthening	\$ 29,754,118

¹ The figures provided above are provided solely for the purposes of this demonstration and may, or may not; bear any relationship to the actual budget amount for this, or any other fiscal year.

Selected Tasks:

Construct a new passenger terminal and airport roads	\$ 6,000,000
Improve water supply, solid waste disposal and power generation systems	\$ 6,000,000
Reinforce and expand the runway	\$ 6,000,000
Replace a portion of the navigational equipment	\$ 6,000,000
Upgrade the security system	\$ 6,000,000
Strengthen institutions involved in airport operation and maintenance	

- **Scenario FM08: Reconciling Funds Balance with the Treasury (FBWT)**

Requirement: Demonstrate how the IFMS will facilitate, efficiently in an automatic manner, reconciling differences between MCC and Treasury records for any fund balance at a given point in time. Discuss and explain how the proposed IFMS will reconcile (any specified) Fund Balance with the Treasury (FBWT). Lastly, discuss and explain how the proposed IFMS will record and report 6655 transactions, and reconcile them with the General Ledger.

Background: MCC Officials are required to reconcile Fund Balance with Treasury (FBWT) accounts with comparable balances contained in the Department of Treasury's Financial Management Service (FMS) records. This reconciliation is essential to enhancing internal controls, improving the integrity of various U.S. Government financial reports and providing a more accurate measurement of budget results.

The FBWT account is an asset account that consists of all funds on deposit with Treasury, excluding seized cash deposited, and reported on the Statement of Transactions, Statement of Accountability and the Year-end Closing Statement. MCC and other Federal agencies use the FBWT account to record appropriation, receipt, transfer and disbursement activity. MCC and all Federal program agencies (FPAs) reconcile their Fund Balance With Treasury (FBWT) account balances using the following Treasury reports:

- FMS 6653: Undisbursed Appropriation Account Ledger
- FMS 6654: Undisbursed Appropriation Account Trial Balance
- FMS 6655: Receipt Account Ledger/Trial Balance

In prior FYs, MCC accessed these Treasury reports through the *Government On-Line Accounting Link System* (GOALS II/IAS) application on the 7th business day of each month. Effective June 30, 2006, FMS discontinued the use of the FMS 6653 and FMS 6654 in the GOALS II/IAS application and replaced these reports with the Government-Wide Accounting (GWA) Account Statement application. Account Statement application presents appropriation warrants and intra-governmental non-expenditure transfers, payments, and deposits that affect MCC's fund balance. Transactions received by FMS during working hours will be available on the appropriate Account Statement requested during the next business day. The GWA Account Statement lists expenditure accounts that have had activity during the course of the monthly report period, including transactions reported by MCC on its SF-224, and transactions reported by other agencies that affect MCC's fund balance by appropriation symbol. MCC continues to access the FMS 6655: Receipt Account Ledger data via GOALS II/IAS. MCC records FBWT activity in the U.S. Standard General Ledger (SGL) Account 1010 and any related subaccounts.

Detailed Scenario Information

A MCC Accountant reconciles the FBWT and clears reconciliation differences and errors between Treasury and MCC's General Ledger balance.

The MCC GL has the following balances in the 1010 accounts:

1010-00 Fund Balance With Treasury

1010-04 Collections- Travel Advances

1010-22 SF-224 Disbursements- NFC Payroll

MCC April 2008				
Sum of Balances	Account No.			
Appropriation:	1010	1010.4	1010.22	TOTAL:
FY 2008	(9,897,200.00)	(125.00)	50,000.00	(9,847,325.00)

The MCC Accountant logs into Treasury's GOALS II system and enters the GL balances into the on-line SF-224 report and documents the amounts for later reconciliation. The MCC Accountant downloads the Treasury cash balances for MCC from the Treasury Government Wide Accounting (GWA) system. The balance indicated by Treasury and the balance on MCC's GL are compared and reconciled. Differences in the account balances are researched to identify the specific transactions that make the cash balance differences.

The FBWT reconciliations will be performed for MCC's Agency Location Code (ALC) 95-77-0000, which represents a disbursement, and/or collections center, customer, and Treasury Account Symbol (TAS) - 95X2750 - General Funds. For ALC 95-77-0000 and TAS 95X2750 General Fund, there is a difference of \$5,000. The MCC Accountant had created a Journal Voucher (JV) earlier to offset the \$5,000 balance to the General Fund- 3220.077 General Fund Proprietary Receipts Not Otherwise Classified All Other.

- **Scenario FM09: Management Alerts**

Requirement: Demonstrate/Discuss how the proposed IFMS alerts MCC Officials to Appropriation, Apportionments, Funds, and Programs where the commitment, obligation, and/or expenditure rates cannot be sustained at present levels through fiscal year end.

Background: MCC's Senior Budget Officer or his/her designee performs the following Budget Execution procedures:

1. Processes MCC requests for apportionments and reapportionments
2. Submits apportionment and reapportionment requests (SF-132) to OMB
3. Reviews quarterly Statement of Budgetary Resources (SF-133) for accuracy prior to its transmittal of SF-133s to OMB
4. Provides periodic reports to departments on variance between expenditures and budget allotments and allowances
5. Provides analyses of resource allocations to DCFO and CFO

6. Provides timely notification to responsible MCC officials when an allotment or allowance is likely to be exceeded
7. Reviews and clears all Congressional Notifications from MCC's Department of CPA to confirm availability of budgetary resources.

MCC's Senior Budget Officer regularly reviews and prepares budget status reports that reflect up-to-date MCC obligation and expenditure amounts. The Senior Budget Officer analyzes variances between the budgeted allotments and allowances, and commitments, obligations and expenditures and distributes copies of applicable reports to MCC's Vice Presidents, Managing Directors, or designees.

MCC's accounting system also enables the preparation of financial and budgetary reports that display cumulative obligations and the remaining unobligated balance and cumulative obligations by budget activity and object class codes.

Detailed Scenario Information

The Compact Program with the Country of Benin has \$194,000,000 of funds apportioned for fiscal year FY 2008. At this level of funding, the program can support a sustained monthly obligation rate of \$16,166,666 or \$48,500,000 per fiscal quarter. Assume the IFMS reported the following financial facts.

Fiscal QTR Ending	Commitments by fiscal QTR	Obligations by fiscal QTR	Expenditures by fiscal QTR
12/31/07	\$60M	\$56M	\$51M
3/31/08	\$65M	\$59M	\$53M
6/30/08	\$60M	\$62M	\$61M

GENERAL ACCOUNTING (GA) SCENARIOS

- **Scenario GA01: Direct Accounting Adjustments**

Requirement: Demonstrate how the proposed IFMS allows direct accounting adjustments to be made. Demonstrate the proposed IFMS controls over the process.

Detailed Scenario Information

Scenario A: After running a trial balance report, the MCC Accountant notices that there is \$9,000 debit balance in SGL account 4700 Commitments. The normal balance of SGL account 4700 Commitments is credit. After researching the transaction that caused this abnormal

balance, the MCC Accountant determines that a general journal entry needs to be created to reverse out the erroneous posting. As part of the general journal entry the following data needs to be captured: Date, Description, Accounting Classification Code Structure, Amount, Debit Account number, Credit Account Number, and Fiscal Year.

Scenario B: The DCFO ensures that the asset management system calculates depreciation and amortization expense over the MCC standard useful lives for general PPE. Depreciation or amortization charges are calculated (using the straight-line method) and recorded at the end of each quarter of the fiscal year for each capital acquisition received, accepted and placed into use by that date. The MCC Accountant records depreciation expenses in MCC's financial system. During the quarterly review and reconciliation of asset balances in the asset management system with the asset balances in the general ledger system, the MCC Accountant noticed a difference of \$22,917 in depreciation expense in the asset management system when compared to the corresponding asset balance in the general ledger system. The difference was due to the asset management system incorrectly calculating depreciation expense on a computer system costing \$275,000, with a useful life of 3 years that was purchased in March 2008, but placed into service on June 2008.

- **Scenario GA02: Contractor Debarment and Suspension List**

Requirement: Demonstrate how the proposed IFMS uses contractor debarment and suspension list to prevent new obligations for those contractors affected.

Detailed Scenario Information

Ace Computer Service, Inc. did business with MCC in FY 2007. Ace Computer Service, Inc. was placed on MCC's contractor debarment and suspension list from FY 2008 until November 2, 2009 for serious violations of contract terms, and failure to pay damages associated with contract breach. Ace Computer Service, Inc. is one of 125 contractors on MCC's contractor debarment and suspension list.

On December 2, 2007, the MCC Country Director for Cape Verde prepares a Purchase Request and Commitment (PR&C) document obligating FY 2008 funds in the amount of \$50,000 to purchase selected items from Ace Computer Service, Inc, and forwards the Purchase Request to his supporting MCC contracting officer. The Country Director for Cape Verde is not finance or contracting specialist and is unaware that Ace Computer Service, Inc. defaulted on a contract with MCC and has been placed on the contractor debarment and suspension list.

Demonstrate how the internal controls in the proposed IFMS will ensure that the \$50,000 commitment that The Cape Verde Country Director initiated on December 2, 2007 cannot turn into an contractual obligation (contract with) Ace Computer Service, Inc any time before the Debarment period ends (November 2, 2009).

- **Scenario GA03: Modifying a Service Contract**

Requirement: Demonstrate how the proposed IFMS facilitates modifying a service contract by adding additional obligation authority, and adding additional services (contract line items).

Detailed Scenario Information

Scenario 1: A MCC Accountant determines that a previously issued requisition for a new computer server contains an amount that will not cover the server's actual costs. The requisition amount needs to be increased by \$20,000. The amended requesting action memo amount noting the \$20,000 increase is forwarded to the designated program office official for approval. Since a contract has entered into the financial system using the modified requisition number appended with a .1 on the end of the document number.

The Contracting Officer signs the procurement documents (i.e. contracts, purchase orders, task orders and other documents), thereby authorizing obligation of MCC funds. The Contracting Officer ensures procurement documents include payment and other terms (such as specifying when payment is due, the conditions under which payments are made and discount terms, if any). This includes electronic funds transfer (EFT) clauses or provisions in contract awards, as appropriate.

The amount of the requisition is the difference between the previous amount and revised amount (\$20,000). The requisition package is then emailed to the contract specialist team for processing. The contract specialist reviews the package for correctness, completeness, checks the requisition in the financial system, and sends requisitions that have passed the review forward to the Sr. Procurement Officer for modification. Requisitions that do not pass the review are sent back to the program office with the reason for rejection.

Scenario 2: Assume the facts and information above, except that instead of the a contract amount increase related to the purchase of a computer server, the action memo is requesting an additional contract increase of \$100,000 to purchase new computer hardware for the IT department.

- **Scenario GA04: Transactions From Feeder Systems**

Requirement: Discuss how the proposed IFMS will map MCC specific program/project dollars with the performance data in the MIDAS performance database.

Background: MCC utilizes the **MCC Integrated Data Analysis System (MIDAS) interface for the collection of** data contained in Quarterly Financial Reports (QFRs) from each compact country's fiscal agent.

Detailed Scenario Information

The examples below are hypothetical and do not reflect actual data or relationships.

1. The following Project funds for the Compact country of Benin will be mapped to multiple project objective and outcome statements in MIDAS.
 - a. Benin's Land Project = \$36 million would tie to 3 outcome statements Strengthen
 - i. Property Rights and Investments
 - ii. Reduced time and cost to obtain a title
 - iii. Reduced number of land disputes
2. The following Activity funds for the Compact country of Benin will be mapped to multiple output statements in MIDAS.
 - a. Benin's Land Project = \$36 million
 - i. Policy Activity = \$1.3 million
 1. \$300,000 tied to drafting legislation
 2. \$500,000 tied to 14 stakeholder events held
 3. \$500,000 tied to X number of community leaders trained and demonstrate a comprehension of the new law.
 - ii. Registration Activity = \$10 million
 1. \$4 million tied to the preparation, issuance and recording of land titles
 2. \$5 million tied to the creation of cadastral mapping (includes surveying)
 3. \$1 million tied to community outreach
 - iii. Other Activities = Remaining funds.”

- **Scenario GA05: Inter-Department Order**

Requirement: Demonstrate how the proposed IFMS will process an Inter-Departmental order for goods or and services by MCC from another Federal Agency, including the use of Threshold Program fund for purchases of goods and services.

Background: MCC has delegated USAID to administer its Threshold Program. USAID records the status of Threshold program funds (obligations, disbursements, receivables, and other data) in GWA, which is consolidated into OMB's MAX system. USAID also provides quarterly trial balance reports to MCC. MCC does not record USAID's Threshold program transactions in its financial system as USAID does so in the GWA system.

In addition, MCC, through an Inter-Agency Agreement (IAA) with the Department of State, funds MCC's overseas operations. The Department of State provides MCC with SF – 1221, *Statement of Transactions and Overseas Operations* listing transaction amounts processed against foreign currency accounts, which are accounts established by the Department of the Treasury for reporting of transactions related to foreign currencies acquired without expenditure of U.S. dollars. As part of the SF - 1221, the Department of State also provides a detailed listing of transactions (processed vouchers and collection documents) called *Voucher Audit Detail Reports (VADR's) or SF - 1167, Voucher and Schedule of Payments*. As part of the Fund Balance

with Treasury reconciliation policies and procedures, MCC performs a reconciliation of data in its financial system to the SF - 1221 and SF - 1167 reports from the Department of State and the balance reported in the GWA system.

Detailed Scenario Information

Scenario 1: In October of 2008, MCC provides a Threshold program allocation to USAID of \$2,000,000 associated with the Threshold Program for the county of São Tomé and Príncipe. This allocation is treated as a Treasury NET Authorization by completing and submitting a SF - 1151 to Treasury, and recording an allocation under the appropriate USSGL accounts. USAID obligates the funds in accordance with the memorandum of agreement, after MCC's Board of Directors authorizes Threshold program assistance for a given country. At the end of the first quarter 2008, USAID reports the order and payment of goods and services on behalf of São Tomé and Príncipe's Threshold Program in the amount of \$192,000 broken down as follows:

- Personal Service Contractors \$150,000
- Office Equipment \$ 2,000
- Computer Equipment \$ 25,000
- Training \$ 15,000

Scenario 2: MCC, through an Inter-Agency Agreement (IAA) with the Department of State, funds MCC's overseas operations relating to MCC's Compact Program with the Kingdom of Morocco. The Department of State provides MCC with SF - 1221, *Statement of Transactions and Overseas Operations* listing transaction amounts totaling \$55,000 processed against foreign currency accounts. The SF - 1221, is accompanied by a SF - 1167, detailing a listing of transactions as follows:

- Agricultural Services \$15,000
- Small Business Development Training \$15,000
- Fishery and Artisan Craft Start-Up Costs \$25,000

- **Scenario GA06: Personal Services Contractors (PSC) employees)**

Requirement: Demonstrate how the IFMS will record the payroll transactions for PSCs as described in the scenario below.

Background: A Personal Service Contractor (PSC) is an established employer-employee relationship between MCC and contractor employees involving close and continual supervision of contractor employees by Government employees rather than general oversight of contractor operations. MCC hires PSCs to satisfy its consulting needs. The PSCs are contracted through MCC's CGM Division.

Federal health, retirement and life insurance benefits for PSCs are not provided. However, Deputy Resident Country Directors (DRCD) who are PSCs may be eligible for reimbursement of

life insurance, health insurance, and retirement contributions when proper receipts are submitted. All three benefits are capped at an amount determined by MCC.

MCC withholds U.S. Federal or State Income taxes and Social Security or Medicare tax from payroll payments from those PSCs with social security numbers. For those PSCs that do not have withholdings from gross pay, an IRS Form 1099 will be issued to the PSC no later than January 31 of the subsequent year for all gross pay exceeding \$600 in the preceding calendar year.

PSCs without a social security number (e.g., a foreign national performing work in a MCA country) follow a different process because the MCC payroll system will not have the ability to issue payment without a social security number.

Detailed Scenario Information

The following persons below are considered PSCs hired by MCC to perform various MCC functions.

1. Jim McNicholas is the Deputy Resident Country Director for the Republic of Georgia. In his PSC agreement with MCC, his status is listed as a full-time Foreign National Deputy Resident Country Director. Mr. McNicholas does not have a Social Security number, therefore, he cannot be paid through the MCC payroll system.
2. Martín Ochoa is the MCA Fiscal Agent for the country of Honduras. In his PSC agreement with MCC, his status is listed as a short-term part-time PSC. Mr. Ochoa has a social security number and therefore can be paid via MCC payroll system.

- **Scenario GA07 : Advances**

Requirement: Demonstrate/Discuss how the proposed IFMS will record advances in its general ledger and subsidiary systems based on the scenarios below.

Background: MCC provides advances to Millennium Challenge Account (MCA) countries for the implementation of Compact and 609(g) Agreements. On a monthly basis, MCC disburses Compact and 609(g) agreement funds to a permitted account in an MCA country, and records such amounts as an advance in the MCC's financial system. MCC liquidates the advance amount in the financial system, based on the Quarterly Financial Reports (QFRs) that are prepared by the MCA country.

MCC also advances funds to other federal government agencies through IAAs. MCC's Division of Finance records all advance payments as an asset, then liquidates the asset and records an expense upon receiving notice of performance or billings, as required by an IAA. MCC uses the Treasury's IPAC system to process interagency transactions to include advances. The U.S. Government Seller (seller) withdraws funds (advances) from MCC via the IPAC system for costs that will be incurred in the near future when providing goods and services to MCC. MCC's Division of Finance monitors the IPAC transactions and records the advances in the financial system. Advance payments are also liquidated against an obligation in MCC's financial system.

Detailed Scenario Information

Scenario 1: On June 17, 2008 MCC's Board of Directors approved a \$480.9 million Millennium Challenge poverty reduction grant with Burkina Faso. This five-year agreement will help the landlocked West African nation reduce poverty and stimulate economic growth through strategic investments to improve agricultural productivity, land use rights and land management, farm-to-market roads, and girls' primary education. The Accountable Entity and Fiscal Agent for the country of Burkina Faso prepared a QFR and Disbursement Request for \$200,000, and provided them to the MCC Transaction Team Leadership by email on August 24, 2008. The Transaction Team Leadership coordinated review and clearance of the QFR and Disbursement Request by the required Transaction Team members and the ACFO. The relevant Transaction Team members and ACFO reviewed the QFR and Disbursement Request to ensure accuracy of:

- The information provided in the schedules
- The projected amount and funds requested for the next quarter
- The amount of accrued expenses for the current quarter
- The cash on hand and interest summary schedule

MCC disburses funds monthly, in accordance with the Disbursement Request, directly to the permitted MCA account established in the country of Burkina Faso and records an advance in its financial system.

Scenario 2: MCC has an IAA with the U.S. Department of Justice (DOJ) to provide legal clearance services in relating to Compact development with MCC Compact-eligible countries. The IIA with DOJ began on October 1, 2007 and will last until September 30, 2008. On October 1, 2008, MCC processed a \$450,000 advance to DOJ through the IPAC system. The DOJ withdrew funds (advances) from MCC via the IPAC system for costs that will it will incur in the following month on MCC's behalf. MCC's Division of Finance recorded the advance in the financial system.

- **Scenario GA08: Representation Funds**

Requirement: Demonstrate how the IFMS will record Entertainment and Representation Funds expenditures in the financial system.

Background: MCC's policy is to approve the use of Entertainment and Representation Funds (E&RF) in support of MCC's mission as long as the proposed use of these funds is in accordance with the Millennium Challenge Act and MCC's annual appropriation. MCC may use its E&RF for expenses of a protocol nature, including those that foster relations or promote the accomplishment of MCC's mission with individuals and entities outside of MCC. Examples of events that qualify as allowable entertainment expenses include, but are not limited to:

- An event for a visiting senior foreign government official hosted by the CEO
- An event hosted by the CEO in honor of a visiting foreign official
- A meeting between an MCC Vice President, Managing Director and a senior visiting foreign official

- Events associated with a Compact or Threshold program signing
- An event in honor of host government officials hosted by the CEO at a U.S. embassy
- An event hosted by MCC's Resident Country Director at his/her residence
- The cost of printing invitations to events.

Entertainment expenses also may include purchasing gifts of nominal value that are presented to a foreign official by the CEO or designee to commemorate the foreign official's visit to the United States.

All E&RF expenditures must be pre-approved, using MCC's Representation or Entertainment Approval and Reimbursement form, at least two days prior to the event or expenditure. All approvals must be made by an authorized delegated MCC Official, including the CEO, Chief of Staff, a Vice President, Managing Director, Resident Country Director, or the senior employee who is the head of an MCC delegation traveling overseas.

MCC pays for each representation and entertainment event *only* via one of the following three methods: (1) Direct reimbursement to the MCC employee who incurs the expense of the event; (2) Direct payment (to vendor(s)) by the Contracts and Grants Management Division (CGMD); and (3) Payment through MCC funds allotted to the U.S. embassy for the country in which the approved event is held. The pre-approval section of the Representation or Entertainment Approval and Reimbursement form must clearly indicate how the proposed expense(s) will be paid.

Detailed Scenario Information

MCC plans to sponsor a reception on September 17, 2008, to welcome a visiting delegation from the country of Armenia, to include Mr. Ara Hovsepyan, Mr. Alex Russin, and Mr. Myron Hirniak; all of whom are the Resident Country Officials that oversee the \$235.65 million Compact agreement between MCC and the Government of the country of Armenia. This event will be hosted by MCC's CEO, Ambassador John J. Danilovich, and Deputy CEO, Rodney Bent at MCC's headquarters, located at 875 Fifteenth Street NW, Washington, DC 20005-2221. Ambassador Danilovich's Administrative Assistant prepares the necessary Representation or Entertainment Approval and Reimbursement form and obtains the appropriate authorizations prior to the event. The Administrative Assistant uses his/her personal credit card to purchase items for the reception, totaling \$1,200.00. After the event, the Administrative Assistant completed Section 2 - Approval of Employer Reimbursement of the Representation or Entertainment Approval and Reimbursement form and re-submitted it to the DCFO management approval and reimbursement.

- **Scenario GA09: Payroll External File Feeds and Payroll Accruals**

Requirement: Using the Detailed Scenario Information below, demonstrate/discuss how the proposed IFMS will accept file feeds from other agencies as described below with data that summarizes financial transactions in support of MCC. In addition, demonstrate how the proposed IFMS will account for MCC payroll accruals in the general ledger and subsidiary systems.

Background: MCC processes its payroll transactions through the Federal Personnel and Payroll System (FPPS), operated by the Department of Interior's (DOI) National Business Center (NBC). For Personal Service Contractors (PSC), MCC currently relies on the National Finance Center (NFC) to disburse payments to PSCs electronically to PSC bank accounts or via mail. MCC utilizes the Federal Personnel and Payroll System (FPPS) to manage and process MCC's FTE payroll. MCC records payroll data to the NFC web-based payroll System for Time and Attendance Reporting (STAR). It also reconciles monthly disbursements to employee time sheets.

MCC currently does not obligate funds for payroll in its general ledgers, but records payroll accruals on a monthly basis at the end of the month. On the first day of the following month, the accrual is reversed.

Detailed Scenario Information

Below is information related to payroll accrual figures from the period November 25, 2007 through November 30, 2007. The previous payroll period ended November 24, 2007.

Relevant Assumptions:

- Computation of the payroll is done in the payroll application which computes - total hours work, leave earned, leave taken, taxes due (Local, State and Federal), allotments to be sent (loans, alimony payments), government share of Old Age Survivors and Disability Insurance, Federal Life and Health Insurance, Government Pension contributions, Thrift Savings plan, Military Service credit collections, etc.
- Remittances are made to state and local taxing authorities for which income taxes were withheld.
- Deductions for the Civil Service Retirement System and the Federal Employee Retirement System (CSRS and FERS), life insurance and accidental death and dismemberment insurance and health benefits, including any additional MCC related contributions, to OPM.
- Federal income tax deductions, along with MCC and employee FICA and Medicare contributions, to the IRS. Payments are made through the FEDTAX II system.
- TSP deductions for employee contributions and loan repayments and employer contributions to the Federal Retirement Thrift Investment Board.
- MCC employees in Permanent Change of Station (PCS) status are eligible for relocation allowances in accordance with State Department guidelines. Some of these allowances, including post differentials, post allowance and danger pay, are based on an employee's salary level and the official duty post location. The payroll system processes these allowances as part of the bi-weekly payroll.
- MCC funds accrued annual leave balances to ensure appropriated funds are available to meet its costs. As FASAB standards do not preclude funding this liability, it is MCC's policy to obligate funds for this purpose at the end of each quarter.

Payroll accrual figures for the following MCC departments for the period November 25 through November 30, 2007.

Departments	OCEO	OGC	DAF	DCD	DCI	DCPA	DPIR
Number of Employees	5	5	80	60	40	10	25
Gross Pay	\$25,000.00	\$20,000.00	\$250,000.00	\$180,000.00	\$120,000.00	\$30,000.00	\$75,000.00
FICA	\$1,807.30	\$1,445.84	\$18,073.00	\$13,012.56	\$8,675.04	\$2,168.76	\$5,421.90
Medicare	\$422.68	\$338.14	\$4,226.75	\$3,043.27	\$2,028.84	\$507.21	\$1,500.00
CSRS	\$218.63	\$174.90	\$2,186.25	\$1,574.09	\$1,049.41	\$300.00	\$655.88
FERS	\$218.63	\$174.90	\$2,500.00	\$1,800.00	\$1,200.00	\$300.00	\$712.35
FEHB	\$6,348.91	\$5,075.97	\$62,500.00	\$45,000.00	\$30,000.00	\$7,500.00	\$18,866.33
FEGLI	\$634.89	\$507.60	\$7,500.00	\$5,400.00	\$3,600.00	\$900.00	\$2,111.63
TSP	\$1,457.50	\$1,166.00	\$15,000.00	\$10,800.00	\$7,200.00	\$1,800.00	\$4,449.00
State Income Tax	\$1,067.18	\$853.90	\$10,000.00	\$7,200.00	\$4,800.00	\$1,200.00	\$3,080.73
Federal Income Tax	\$4,268.72	\$3,415.61	\$42,696.64	\$30,810.97	\$20,546.49	\$5,100.00	\$12,820.62
*Net Pay	\$8,555.58	\$6,847.14	\$85,317.36	\$61,359.11	\$40,900.23	\$10,224.03	\$25,381.56
Employer Contribution							
FICA	\$1,807.30	\$1,445.84	\$18,073.00	\$13,012.56	\$8,675.04	\$2,168.76	\$5,421.90
Medicare	\$422.68	\$338.14	\$4,226.75	\$3,043.27	\$2,028.84	\$507.21	\$1,500.00
FEHB	\$15,872.28	\$12,689.94	\$158,604.51	\$113,327.92	\$75,478.91	\$18,900.00	\$47,435.94
Match TSP	\$1,457.50	\$1,166.00	\$15,000.00	\$10,800.00	\$7,200.00	\$1,800.00	\$4,449.00
FERS	\$218.63	\$174.90	\$2,186.25	\$1,574.09	\$1,049.41	\$300.00	\$655.88
Totals	\$19,778.38	\$15,814.82	\$198,090.50	\$141,757.84	\$94,432.19	\$23,675.97	\$59,462.72

- **Scenario GA10: PCS Real Estate Transactions**

Requirement: Demonstrate how the proposed IFMS will record/account for real estate transactions authorized in conjunction with a permanent change of station for a MCC full-time General Schedule Civilian Employee.

Background: Designated housing is provided to employees assigned to an overseas post. MCC provides designated housing at the overseas post, and pays for rent, heat, light fuel, gas, electricity, water, guard service, and basic telephone service. MCC pays leases through the allotments sent to post via the Department of State via the SF 1221 form.

Detailed Scenario Information

Jon Anderson has been a Manager in MCC's Department of Compact Implementation's Private Sector Development and Procurement office for three years. On February 5, 2008, he was offered a promotion from GS-14 to GS-15 and a transfer to the country of Mali to serve as MCC's Resident Country Director (RCD). He signed his employment agreement on March 3,

2008, and his first day as Mali's RCD was on May 11, 2008. Mali is a country that already has a permanent post established for the United States through the US State Department.

As a transferring employee, Raymond was authorized by his superiors to claim the full relocation entitlement package including the real estate transaction reimbursements. The relocation travel office discussed the entitlements and estimates with Reggie and obligated the authorization on March 10, 2008. MCC would pay for the entire relocation. Raymond rents a small home in Alexandria, VA. He estimated that it would cost \$5,000 to early terminate his lease. The costs for a house-hunting trip, shipping his household goods, en route travel to Mali and miscellaneous costs of \$80,000 are also estimated as part of the original obligation. MCC's annual FY 2008 allotment to the State Departments US Embassy in Mali was determined to be \$200,000.

Scenario GA11: Cost Accounting

Requirement: Demonstrate/Discuss how the proposed IFMS solution will facilitate Project-Based Costing for the following project scenarios.

Background: MCC expects to attain the reporting ability to accurately determine the total cost of: (1) negotiating a signed Compact agreement; (2) managing a Compact to completion; (3) total cost of MCC employees and Personal Services contract employees allocated to each Compact, Threshold, 609 (g) funds programs by project and by country, and (4) Portion of each Compact, Threshold, or 609 (g) grant that was expended in support of each project.

MCC requirements for a cost management module include a means to capture labor distribution and apply it to recipient countries, as well as to threshold and compact projects within each recipient country. The goal of a cost management module is to capture the costs of MCC operations. The most important aspect of these operations is the development and management of threshold programs and compacts.

Detailed Scenario Information (This does not reflect actual expenditures, but rather portrays a typical scenario that the vendor can be expected to support)

Scenario 1: Below is a summary of project costs funded by a Compact agreement that MCC has with the country of Ghana in FY 2008:

Ghana-The \$547 million agreement with Ghana will reduce poverty through private sector-led agribusiness development leading to increased incomes for farmers. Specifically, MCC's investments are designed to increase the production and productivity of high-value cash and food staple crops in some of Ghana's poorest regions and to enhance the competitiveness of Ghana's agricultural products in regional and international markets. Ghana's compact consists of three major components:

- **Agriculture-** The agriculture project is designed to enhance the profitability of commercial agriculture among small farmers.
- **Transportation-** The transportation project is designed to reduce transportation costs for rural farmers taking crops to market.

- **Rural Development-** The rural development project is designed to expand the availability of basic community services such as access to education, water and sanitation, and electricity in rural areas.

For the table below assume the following:

Total FY 2008 Salaries and Benefits	\$ 46,000,000
Total FY 2008 Personal Service Contract Costs	\$ 8,750,000
Total FY 2008 Personnel Costs	\$ 54,750,000

Total % of Salaries Costs for Ghana Compact	\$ 5,111,111
Total % of PSC Costs for Ghana Compact	\$ 972,222
Total Personnel Cost Allocated to Ghana Compact	\$ 6,083,333

Table: MCC Costs of Managing the Ghana Compact in FY2008

Allocable Cost Pools for MCC Personnel Expenditures	Allocation % of Salary FY2008	Project Amounts			Totals
		Project 1000 Agriculture	Project 2000 Transportation	Project 3000 Rural Development	
Department of Administration and Finance	10.00%	\$202,778	\$202,778	\$202,778	\$608,333
Department of Compact Development	55.00%	\$1,115,278	\$1,115,278	\$1,115,278	\$3,345,833
Department of Compact Implementation	10.00%	\$202,778	\$202,778	\$202,778	\$608,333
Department of Congressional and Public Affairs	5.00%	\$101,389	\$101,389	\$101,389	\$304,167
Department of Policy and International Relations	5.00%	\$101,389	\$101,389	\$101,389	\$304,167
Office of the Chief Executive Officer	5.00%	\$101,389	\$101,389	\$101,389	\$304,167
Office of the General Counsel	10.00%	\$202,778	\$202,778	\$202,778	\$608,333
Total MCC Personnel Costs	100%	\$2,027,778	\$2,027,778	\$2,027,778	\$6,083,333

Table: Ghana Compact Expenditures by Project in Country (Excludes MCC Personnel costs shown above)

Allocable Cost Pools for Compact Expenditures made from the Compact Grant	Budget Year of Obligation	Amount of Obligation	Fiscal Year of Expenditure	Total Amount of Expenditure— Compact Inception to date at September 30, 2008	Fiscal Year of Outlay
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Agriculture	FY 2007	\$241 million	FY 2008	\$5 million	FY 2009
Transportation	FY 2007	\$143 million	FY 2007	\$3 million	FY 2008
Rural Development	FY 2007	\$ 101 million	FY 2007	\$1 million	FY 2007
Program Management	FY 2007	\$ 15 million	FY 2008	\$2 million	FY 2009
Program Monitoring	FY 2007	\$47 million	FY 2008	\$4.5 million	FY 2008
Total Money Obligated for the Ghana Compact		<i>\$547 million</i>		<i>\$15.5 million</i>	

Scenario 2: Below is a summary of project costs funded by a Threshold grant that MCC has with the country of Indonesia in FY 2008.

The \$55 million agreement with Indonesia will help to reduce corruption in the judiciary, providing support for the Anti-Corruption Commission, enhancing the performance of the Financial Transaction Reports and Analysis Center, and developing pilot e-procurement systems in five provinces. The program is also helping Indonesia build a robust and sustainable immunization system in difficult to reach areas.

For the table below assume the following:

Total % of Salaries Costs for Indonesia Threshold Program	\$ 4,181,818
Total % of PSC Costs for Indonesia Threshold Program	\$ 795,455
Total Personnel Cost Allocated to Indonesia Threshold Program	\$ 4,977,273

Table: MCC Costs of Managing the Threshold Program for Indonesia in FY2008

Allocable Costs Pools	Allocation % of Salary FY2008	Project 1000 Anti-Corruption	Project 2000 E-Procurement	Project 3000 Immunizations	Totals
Department of Administration and Finance	10.00%	\$165,909	\$165,909	\$165,909	\$497,727
Department of Compact Development	55.00%	\$912,500	\$912,500	\$912,500	\$2,737,500
Department of Compact Implementation	10.00%	\$165,909	\$165,909	\$165,909	\$497,727
Department of Congressional and Public Affairs	5.00%	\$82,95	\$82,955	\$82,955	\$248,8634
Department of Policy and International Relations	5.00%	\$82,955	\$82,955	\$82,955	\$248,864
Office of the Chief Executive Officer	5.00%	\$82,955	\$82,955	\$82,955	\$248,864
Office of the General Counsel	10.00%	\$165,909	\$165,909	\$165,909	\$497,727
Total MCC Personnel Costs	100.00%	\$1,659,091	\$1,659,091	\$1,659,091	\$4,977,273

Table: Indonesia Threshold Expenditures by Project in Country (Excludes MCC Personnel costs shown above)

Allocable Cost Pools for Threshold Expenditures	Budget Year of Obligation	Amount of Obligation	Fiscal Year of Expenditure	Total Amount of Expenditure— Threshold Inception to date at September 30, 2008	Fiscal Year of Outlay
Anti-Corruption	FY 2007	\$10 million	FY 2008	\$5 million	FY 2009
E-Procurement	FY 2007	\$12 million	FY 2007	\$4 million	FY 2008
Immunization	FY 2007	\$22 million	FY 2007	\$10 million	FY 2007
Program Management	FY 2007	\$3 million	FY 2008	\$2 million	FY 2009
Program Monitoring	FY 2007	\$8 million	FY 2008	\$4 million	FY 2008
Total Money Obligated for the Indonesia Threshold Program		<i>\$55 million</i>		<i>\$25 million</i>	

- **Scenario GA12: Standard Accounting Classification Structure**

Requirement: Demonstrate how the proposed IFMS will support both the US. Treasury's Government Wide Accounting (GWA) Common Government-wide Accounting Classification (CGAC) structure and MCC's standard accounting classification structure elements (cost accounting and project codes) to meet Treasury's and MCC's reporting needs. In addition, Demonstrate the proposed IFMS financial reporting capabilities using CGAC's structure and MCC's standard accounting classification structure.

Detailed Scenario Information

The GWA Common Government-wide Accounting Classification (CGAC) Structure includes the following elements:

- Treasury Account Symbol
- Budget fiscal year
- Internal fund code
- Organization
- Program
- Project
- Activity
- Cost center
- Object class
- Revenue source

- Budget function
- Budget sub-function code

MCC's Standard Accounting Classification Structure includes the following elements:

- Budget Fiscal Year- Year in which funds were appropriated
- Fiscal Year- For accounting purposes, the Year in which funds were obligated
- Fund Code
- Program Year
- Department
- Project
- Country
- Activity
- OECD- Organization for Economic Co-operation and Development
- BOC- OMB's Budget Object Class
- USSGL- Standard General Leger

- **Scenario GA13: CCR and DUNS**

Requirement: Demonstrate how the proposed IFMS supports current CCR and DUNS information for each customer as appropriate.

Detailed Scenario Information

Customers	Customers
Booz Allen Hamilton 8283 Greensboro Drive Mclean, VA 22102-3838 Ph: 703-984-2723 Fx: 703-984-3251	Ecology and Environment, Inc. 1700 North Moore Street, Suite 1610 Arlington, VA 22209 Ph: 703-522-6065
The Louis Berger Group, Inc. 100 Halsted Street East Orange, NJ 07018 Ph: 973-678-1960 Fx: 973-672-4284	Metcalf & Eddy 701 Edgewater Drive Wakefield, MA 01880 Ph: 781-224-6062 Fx: 781-245-0823
Millennium Science & Engineering, Inc. 14150 Newbrook Drive, Suite 120 Chantilly, VA 20151 Ph: 703-961-0710 Fx: 703-961-0711	MWH Americas, Inc. 1155 21 Street, NW, Suite 210 Washington, DC 20036 Ph: 202-223-1344 Fx: 202-223-0778
Parsons Brinckerhoff Quade & Douglas 465 Spring Park Place Herndon, VA 20170	Wilbur Smith Associates, Inc. 3060 Williams Drive, Suite 300 Fairfax, VA 22031

Ph: 703-742-5837 Fx: 703-742-5799	Ph: 703-208-2166 Fx: 703-280-1631
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Central Contractor Registration (CCR)

Federal Acquisition Register (FAR) 4.1102 (October 1, 2003), states that: “*Prospective contractors shall be registered in the CCR database prior to award of a contract or agreement.*” Federal Acquisition Circular (FAC) 2001-16 amends the FAR policy to require contractor registration in the CCR database effective October 1, 2003. According to the Defense Federal Acquisition Regulations Supplement (DFARS) policy, DFARS 204.7302, prospective registrants must be registered in CCR prior to the award of a contract—basic agreement, basic ordering agreement, or blanket purchase agreement. FAR clause 52.232-33 requires registration for payment.

Data Universal Numbering System (DUNS)

You must have a Data Universal Numbering System (DUNS) Number in order to begin the registration process in CCR. The DUNS Number is a unique nine-character identification number provided by the commercial company Dun and Bradstreet (D&B). Call D&B at 1-866-705-5711 or access their website at <http://fedgov.dnb.com/webform> if you do not have a DUNS Number. The process to request a DUNS Number via phone takes about 10 minutes and is free of charge. Internet requests are fulfilled within 24 hours. Once a DUNS Number has been issued, it will be available for use in CCR within 24 hours.

- **Scenario GA14: Travel**

Requirement: Demonstrate how the proposed IFMS records travel expenditures that over-lap fiscal years.

Background: MCC’s travel policies and procedures apply to employees traveling within the continental United States (CONUS), internationally, and individuals based at a Permanent Change of Station (PCS) traveling locally or internationally. MCC has an on-site travel management contractor (TMC) to serve as MCC’s travel agent under the direct supervision of the Office of the Managing Director of Administrative Services in MCC’s Department of Finance and Administration. The TMC provides airline, hotel, and other travel reservation support services for all MCC travelers.

MCC’s travel management system, E-Travel, is not integrated with the financial system and is unable to provide routine and controlled processing updates of how E-Travel data (authorizations, amendments, and vouchers) financially impacts the general ledger. The Division of Finance is responsible for ensuring that MCC staff manually enter data and update MCC’s financial transactions and balances within five (5) days of receiving an approved voucher. MCC requires an employee to complete an individual MCC Travel Approval Form (TAF), and then complete a travel authorization (TA) in the E-Travel system. The TMC issues tickets in accordance with the terms of the TA (only after the obligation has been recorded). On a monthly basis, the TMC’s head office submits an invoice to MCC and the Travel Office.

MCC travelers must include estimated travel expenses on both the TAF and the TA. Estimated amounts include costs for airline tickets, lodging, meals and incidental expenses (M&IE), car rental, taxis, telephone calls, internet access, and other miscellaneous expenses. MCC's Travel Coordinator reviews the estimated costs in the E-Travel system to determine compliance with federal regulations and MCC's Travel Policies and Procedures. MCC travelers enter the appropriate accounting code in the E-Travel TA prior to submission for approval. The Travel Coordinator is responsible for providing a list of proper accounting codes that include the funding year, fund, program, department and country accounting code to the Division of Finance. If a traveler is traveling to more than one country, he or she is required to split funds accordingly.

A traveler must file a travel voucher claiming legitimate and authorized expenses within five (5) business days of completing a trip, or within 30 calendar days during an extended trip. All MCC travelers use the E-Travel system for processing and reimbursement of travel vouchers. The Travel Coordinator approves the voucher within five (5) business days of the traveler submitting an accurately completed voucher the Travel Coordinator approves the voucher. The approval signifies that the claimed items are authorized and approved for payment to the traveler. A travel voucher for which reimbursement exceeds the cost estimate in the travel authorization by more than \$100 will not be approved by the Travel Coordinator. The traveler is required to either (1) complete an amendment in E-Travel; or (2) provide a memo from their Managing Director with an explanation and approval of the additional expenses.

Detailed Scenario Information

On September 15, 2007, the Deputy Vice President of Europe, Asia, & Latin America, Frances Reid, received authorization to travel to Nicaragua for a series of meeting with MCC's RCD of Nicaragua and staff regarding it Compact Program. The trip dates are from September 25, 2007 through September 30, 2007. Ms. Reid submitted the proper TAF and TA form in the E-Travel system along with estimated of total travel costs of \$5,000. Upon arriving in Managua, Ms. Reid incurred additional transportation expenses of \$125.00 (paid in local currency of Córdoba), for various business-related travel in the country.

Upon further review of Compact program activities in and around Managua, it was determined (an approved) that Ms. Reid needed to extend her trip in Nicaragua an additional 5 days, in order to meet with vendors responsible for expanding the Pan American highway. This \$12 million transportation project will rehabilitate 18 kilometers of road to connect thousands of farmers to markets across Central America. The 5 additional days of travel expenditures totaled \$2,500. Ms. Reid return to Washington, DC on October 5, 2007 and submitted the proper travel voucher information into the E-travel system for processing and payment.

ACCOUNTS PAYABLE (AP) SCENARIOS

- **Scenario AP01: Receipt of Goods and Services**

Requirement: Demonstrate how the proposed IFMS handles the receipt of goods and services (where the amount billed is the greater than the amount obligated) related to current as well as expired funds.

Background: MCC COTRs coordinate with the Division of Contracts and Grants Management, Division of Finance to properly account for invoice payments and interagency transfers. The processes include:

Administrative Approval of Invoices

To approve invoices, MCC COTRs examine and approve processed invoices received from NBC and return approved invoices to NBC. NBC schedules payments, enters approved invoices into the core financial system, certifies vouchers for payment, and releases invoices to Treasury to disburse payment.

Inter-Agency Payables

Interagency fund transfers are processed using the Intergovernmental Payment and Collection (IPAC) system. MCC fund transfers, to and from agencies, are recorded as payments and collections, respectively.

The MCC RCD coordinates with the International Cooperative Administrative Support Services (ICASS) Service Center and the MCC OOA to create preliminary ICASS invoices for submittal to the ACFO and the recording of the amount as an obligation in MCC's financial system. Upon receipt of the final invoice and actual costs, MCC disburses the funds via IPAC.

Capital Security Cost Sharing (CSCS) Program Procedures

When applicable, the OOA coordinates with the appropriate Embassy and Overseas Building Operations to obtain an accurate estimate of Embassy expenses. The OOA provides the estimate to MCC for the recording of an obligation, which is then liquidated on receipt of the invoice after ACFO verification of funds availability.

Some recipient countries receive moneys through the International Treasury System (ITS). The ITS transfers moneys to the recipient countries' permitted accounts (MCAs) when requested by the recipient countries' MCC representatives. MCC's accounting personnel will rely on vendor invoices, batched from the recipient countries, for verification. Prompt Payment Act requirements will be shorter for the IFMS and its accounting personnel when paying through the ITS. The initial time period required for payment will start within the recipient country and end when the accountable entities have disbursed the payments to the vendors and other recipients.

Detailed Scenario Information

An invoice for \$1,300 for computer services provided by EDS purchased under a contract is received by the MCC Accountant. The MCC Accountant verifies that services were received and submits a signed invoice with management approval to pay it to EDS.

After reviewing the invoice for completeness, the MCC Accountant checks in the financial system to verify sufficient funds exist for the obligation. In this case, the obligation is only for \$1,000. Since insufficient funds exist for paying the invoice, The MCC Accountant notifies the MCC Budget office of insufficient obligations to pay the invoice. Depending on the cause of insufficient obligation, the Budget official will make a determination to either obligate additional funds or reject the invoice due to overage of the contract amount.

In this scenario, the vendor invoiced for an amount greater than the contract's remaining funds. The Budget official will reject the invoice and return it to the vendor for correction.

- **Scenario AP02: Late Payment**

Requirement: Demonstrate how the proposed IFMS will record the receipt of services where the bill is paid more than 125 days from the date the invoice was received by MCC. Assume that the receiving report was promptly processed into the accounting system, before the government received the invoice. Also, assume the vendor is paid through the ITS, where the initial time period required for payment will start within the recipient country (Lesotho) and end when MCC has disbursed the payments to the vendors (John Deere).

Assume that interest accrues beginning on the first calendar day after submission of a proper invoice, and ending on the date on which payment, including late fees, is made by MCC. Late payment fees are calculated by using the prevailing Prompt Payment Act interest rate.

Detailed Scenario Information

A \$100,000 contract for a Backhoe is awarded on July 21, 2007 by MCC Procurement office supporting the Lesotho Compact program. The contract (# MCC-CO-05-937471) (FOB Destination) was awarded to a John Deere Tractor and Farm Supplies dealership located in Maseru, the capital city of Lesotho. The Lesotho RCD acting as the property officer received the Backhoe on September 1, 2007, and the receiving report was processed and sent to MCC Finance office for processing in the accounting system on September 2, 2007. The invoice in the amount of \$100,000 was received and date-stamped on September 12, 2007 by MCC accounting.

The unprocessed invoice was placed on the desk of an employee on family leave. When the employee returns and prepares the invoice for payment on January 16, 2008, the system calculates interest due of \$ 1,632.97 for 124 (18 days for Sept. 2007+90 days for Oct. 2007 – Dec. 2007 + 16 days for Jan. 2008) in accordance with the Prompt Pay Act. The employee then forwards the invoice to the DCFO officer, who is on TDY until February 3, 2008. The invoice is certified and paid on February 6, 2008. On February 21, 2008, the Lesotho RCD receives a letter from John Deere Company requesting payment of the additional interest, due through February 6, 20068 in the amount of \$277.08 (21 days from January 17, 2008 – February 6, 2008 * .00475 daily interest rate), along with a late penalty of \$85.00, pursuant to the Prompt Pay Act Rules.

- **Scenario AP03: Consolidation of Purchase Requests**

Requirement: Demonstrate the ability of the proposed IFMS to consolidate Purchase Request and Commitment (PR&C) documents for services for customers from different funds. Demonstrate the transaction from the original purchase order through payment of the invoice.

Detailed Scenario Information

On March 11, 2008, the Director and Associate Director of MCC's Security Department, both requested new laptops to replace their existing desktops. In accordance with MCC policy, after

the request is approved by a Senior Official in the Division of Administration and Finance, the request for laptops is sent to MCC's Procurement department, where it is reviewed and approved.

On March 13, 2008, the Managing Director of Human Resources requests two laptops for new hires (a program assistant and a human resources specialist). In accordance with MCC policy, after the request is approved by a Senior Official in the Division of Administration and Finance, the request for laptops is sent to MCC's Procurement department, where it is reviewed and approved.

On March 14, 2008, a Managing Director in the Compact Development department determines that there is a need to upgrade four old laptops being used by program development analysts in that office. A request for four new laptops is forwarded to the MCC's Procurement department, in accordance with MCC policy.

The Senior Procurement specialist in charge of IT procurement for MCC determined the three aforementioned orders can be combined to reduce administrative costs and to allow for better negotiation. The company providing the computers, Dell, is on the General Services Administration (GSA) schedule and provides a 2% discount for payment within 10 days of receipt of the invoice. A local purchase transaction (purchase order # OCGM-HQS-06-311321) for eight computers totals \$12,000 (\$1,500 each computer). With the prompt payment discount, this amount comes to \$11,760 (\$240 discount). The laptops are ordered March 1, 2008 and received on March 14, 2008. The receiving report is processed in the accounting system on the same day. The invoice accompanies the laptops to MCC Payment is made on March 22, 2008 at the discount price.

- **Scenario AP04: Lease Agreement**

Requirement: Using the information on the two leases below, demonstrate how the IFMS will record payment for the first six months on a new operating lease where the Lease is signed in July 2008 but the right to occupy the premises according to the lease begins on October 1, 2008. Demonstrate how the IFMS will allow for the automation of recurring lease payments, except for first and last months (with prior review and approval by a payment certifying official).

Background: MCC may make payments for recurring services, which are performed under agency-vendor agreements for payments of definite amounts at fixed periodic intervals, without the submission of a vendor invoice (for example, rent payment). The Contract and Grants Managing Director (CGMD) prepares contracts for recurring services. Payments for recurring service are made in accordance with Prompt Payment Act regulations.

MCC also provides allotments to pertinent Embassies to incur expenses on MCC's behalf. These allotments cover a variety of expenses to include leases. MCC Accounting sets up the recurring payments, to include amount and frequency of payments in its core financial system. When the payment is due, the MCC certifying officer approves the disbursement. MCC establishes administrative controls for ensuring recurrent payments are: against unexpired contracts or agreements; for correct amounts; for services actually performed, and are not duplications.

Detailed Scenario Information

MCC has the following lease agreements.

Lease 1: Bowen Building LP, c/o Kaempher Management Services – 10 year lease, Monthly payment - \$450,000.

Lease 2: TREA 1401 H, LLC – 8 year lease – Monthly payment - \$18,850.

- **Scenario AP05: Leasehold Improvements**

Requirement: Demonstrate how the proposed IFMS will account for leasehold improvements at multiple locations and phases.

Background: MCC’s Department of Administration and Finance oversees all PP&E management activities for MCC and ensures that such activities comply with applicable laws and regulations. MCC defines leasehold improvements as cost at or above \$50,000, and a useful life of 5 years or more. MCC treats build-out costs as a leasehold improvement depreciable asset. Included in these costs are:

- Architectural and interior design
- Construction costs to create suitable offices and working space;
- Purchases of systems furniture;
- Purchases of desk chairs and other miscellaneous office items.

MCC records all costs associated with build-out (leasehold improvements) in its financial system as one depreciable asset.

Detailed Scenario Information

MCC has approximately \$9,265,724.01 in leasehold improvements capitalized in its asset management system. A description of the leasehold improvements is as follows:

Asset	Asset Amount
Bowen Building Phase I Build-Out	\$ 4,888,061.10
Bowen Building Phase II Build-Out	\$ 2,600,097.68
401 H Street Office Build-Out	\$ 1,777,565.23
TOTALS	\$ 9,265,724.01

The MCC Leasehold Improvements have multiple acquisition dates and amounts as detailed

below.

Acquisition Date	Bowen Phase II Build-Out	401 H Street Build-Out
9/25/2006	\$ 262,612.85	
10/4/2006	\$ 942,861.17	
11/21/2006	\$ 646,200.43	
12/14/2006	\$ 307,084.05	
2/20/2007	\$ 105,084.40	
3/20/2007	\$ 317,617.30	
5/17/2007	\$ 18,637.48	
2/28/2007		\$ 1,038,437.83
9/12/2007		\$ 83,738.00
11/20/2007		\$ 655,389.40
TOTALS	\$ 2,600,097.68	\$ 1,777,565.23

- **Scenario AP06: Vendor Indebtedness**

Requirement: Demonstrate how the proposed IFMS will record the payment of an invoice for goods and/or services where the vendor is indebted to the United States for an amount that exceeds the payment due to the vendor for the goods or services received by MCC.

Discuss solution(s) for displaying Treasury offset (both check and EFT) against vendor payments using a Treasury offset entry table. Note: All modern Accounting Systems that are FSIO Compliant require an obligation to be present before any payment can be made.

Detailed Scenario Information

In order to retain and utilize data from the Compact Eligible Country survey that was conducted during FY 2007, a \$45,677 contract to assemble the survey is awarded to HGS Data Management. HGS was awarded the contract (contract # MCC-HGS-05-009982) on October 6, 2007 by the MCC OCG. HGS Data Management completed its work assembling the Compact Eligible Country survey on December 8, 2007. MCC's OCG submitted a receiving report electronically to MCC Accounting department on December 8, 2007.

HGS Data Management submitted a \$45,677 invoice (invoice # 311447) to MCC that was received and processed by MCC accounts payable group on December 14, 2007. At the time the HGS Data Management invoice (invoice # 311447) is processed, MCC's records indicate that HGS Data Management is indebted to the United States Government (for other federal agencies indebtedness issues unrelated to the MCC contract) in the amount of \$58,334. MCC Accounting applied the entire debt to the invoice, leaving a remaining balance of \$12,657 that is owed to the Federal Government by HGS.

- **Scenario AP07: Payment to Foreign Vendor**

Requirement: Demonstrate how the IFMS solution will record a payment to a Foreign Vendor (in the vendor's local currency) for goods and services delivered to the RCD for an activity in Mali.

Background: MCC utilizes a Common Payment System (CPS) to disburse Compact, Compact Implementation, and 609(g) Funds directly to vendors from the U.S. Treasury. CPS refers to the system(s) used by MCC to process payments in U.S. dollars or foreign currency directly to vendors to pay for goods and services received. There are currently two systems that comprise CPS. The *International Treasury Services (ITS)* system is used for disbursement of funds to non-US banks. ITS is the U.S. Treasury's web-based interface that enables Federal agencies to issue foreign currency payments via direct deposit, wire transfer, or draft (in limited instances and varies by country) to non-US banks in over 150 countries. Additionally, ITS enables agencies to issue international US dollar wire transfer payments without a corresponding US financial institution. There are no fees associated with the use of ITS, and foreign currency exchange losses are absorbed by Treasury. The *Secure Payment System (SPS)* is a dual purpose system: 1) it is used to disburse funds to banks located within the United States and 2) it supports the ITS payment process by serving as a way to certify payments created in the ITS.

The CPS payment process is initiated by the submission and receipt of vendor invoices. All MCA invoices are approved in accordance with applicable MCC policies and procedures outlined in the Fiscal Accountability Plan (FAP). Once an invoice has been approved, the MCA Fiscal Agent (or designee) will prepare MCA Payment Request Form(s) for submission to MCC for payment.

Two types of payments are processed through CPS: 1) Non-US bank payments (using ITS as the payment mechanism); and 2) US bank payments (using SPS as the payment mechanism). To initiate a payment in CPS, the Fiscal Agent prepares and submits two different MCA specific payment request forms: 1) MCA Non-US Bank Payment Request Form (for ITS payments); and 2) MCA US Bank Payment Information Form (for SPS payments). The forms contain all of the information necessary for the FSP to process the US and Non-US payments. The forms require approval by the MCA Director of Administration and Finance and the Fiscal Agent for the payments to be processed.

Detailed Scenario Information

The RCD of Mali hires Ecology and Environment, Inc. (E&E), located in Bamako, Mali to conduct engineering inspections of several construction projects in various areas of Mali. The Contract, for 416,000 Central African Francs (CFA), is signed on November 15, 2007 (contract # MCC-MAL-06-003154). E&E's first bill for 32,313 CFAs arrives at MCC's RCD's offices on December 18, 2007, and offers a 2% discount for payment within 10 days.

The Mali RCD's administrative assistant orders a new office chair from Turner Supplies located in Bamako, Mali. The chair is a leather executive office chair selling for 1602 CFAs. The

purchase order (Purchase Order # MCC-MAL-06-003259) for the chair is signed on December 12, 2007, and posted to the Web-based accounting system the same day. Turner Supplies delivers the chair to the RCD's offices on December 16, 2007 and presents its invoice the same day—the invoice is due within 30 days. The receiving reports were processed into MCC's accounting system on December 19, 2007.

- **Scenario AP08: Common Payment Systems**

Requirement: Using Scenario AP07 detailed information above, demonstrate/discuss how the proposed IFMS will accept file feeds from other agencies as described below with data that summarizes financial transactions in support of MCC.

ACCOUNTS RECEIVABLE (AR) SCENARIOS

- **Scenario AR01: Transfer of Receivable for Offset**

Requirements: Demonstrate how the IFMS will record the transfer of an eligible account receivable to the U.S. Treasury for offset.

Detailed Scenario Information

On April 29, 2008, the account in the amount of \$12,657.00 from scenario AP06 is still outstanding. The 120-day late notice is therefore prepared and includes a warning to HGS that the account, if it remains unpaid at 180 days, would be referred to the United States Treasury Financial Management Service, for collection activities in accordance with 31 CFR 285.12. The new invoice includes a \$63.82 administrative fee² and interest of \$52.74³, for a total of \$12,773.56.

On May 29, 2008, the debt still uncollected, the 150-day late notice contains the same aforementioned warning. The invoice includes an administrative fee of \$63.87, and interest of \$53.22, for a total of \$12,890.65. On June 29, 2008, when the invoice had remained unpaid for 180 days,) MCC formally notifies HGS that the account has been referred to the United States Treasury Financial Management Service for disposition. The final MCC balance includes an administrative fee of \$78.58 and interest of \$13.17, for a total account balance of \$12,925.66. This balance is referred to the Treasury Financial Management Service by MCC's Accounting department on June 30, 2008 and the supporting MCC accounting records are updated to reflect the transfer.

² Administrative fee charge is equal to 6% annualized of the outstanding debt in accordance with the Debt Collection Act of 1982 as revised.

³ Interest charge is based on the U. S. Treasury's Current Value of Funds Rate (CVFR) of 5% annualized of the outstanding debt.

PROPERTY PLANT AND EQUIPMENT SCENARIOS

- **Scenario PP01: Account for Property and Materials Scenario**

Requirements: Demonstrate how the proposed IFMS will account for PPE acquired by MCC. Demonstrate how the proposed IFMS will interface with the State Department's NEPA system for overseas assets.

Background: MCC defines and accounts for PP&E based on the SSFAS Number 6, *Accounting for Property, Plant and Equipment* definitions. MCC has established additional asset thresholds as they are relevant to the organization's needs and activities. MCC defines Expensed and Inventoried Assets, and Capital Assets as follows.

Expensed and Inventoried Assets

MCC's established threshold for expensed PP&E that shall be inventoried and tracked generally:

- Have an estimated useful life of two (2) or more years
- Have a replacement value of at least \$150
- Are not intended for sale in the ordinary course of business
- Are intended to be used, or available for use, by MCC

Capital Assets

MCC capitalizes the following PP&E assets:

- Software with a unit cost at or above \$200,000 and a useful life of 5 years or more.
- Information technology (IT) infrastructure with a unit cost at or above \$200,000 and a useful life of 3 years or more
- Other general PP&E (office furniture and fixtures and leasehold improvements) with a unit cost at or above \$50,000, and a useful life of 5 years or more.

MCC's Senior Accountant utilizes a manual spreadsheet system to accurately account for the value of capital assets. MCC's IT Assets Management Officer records the procurement of IT assets, and controls IT assets through an offline spreadsheet and through the physical control of IT assets. Although the MCC is responsible for the accurately accounting for assets purchased for use abroad, the process is managed in the Compact country by Department of State (State) employees, systems, and processes. The State Department reports on the status of these assets through the *Non-expendable Asset Management System* (NEPA). MCC's OOA relies on NEPA reports to properly account for overseas assets. For the procurement and management of IT assets used overseas, the RCD and Deputy RCD coordinate with the MCC IT Asset Management Officer.

Detailed Scenario Information

On October 15, 2007, MCC purchased a set of 50 Alcatel Digital Phones for use at its two locations in Washington, DC. Each phone has a unit price of \$300.00, and has a useful life of 4 years. Upon receipt of purchase, each phone was bar-coded with a MCC asset tag number and recorded in MCC's asset management system as inventoried assets.

On January 12, 2008, MCC's IT department purchased a back-up server for its disaster recovery site in Martinsburg, WV. The back-up server had an acquisition cost of \$800,000 and an estimated useful life of 5 years. After final inspection and set-up, the back-up server was placed into service on January 22, 2008.

On July 13, 2008, the MCC Senior Accountant reviewed the Asset Acquisition Report from the NEPA system as of June 30, 2008, noting that 15 laptop computers were purchased for use by MCC employees in the MCA Compact Country of El Salvador. The laptops were acquired on May 18, 2008, with a unit price of \$1,500 and a useful life of 3 years.

- **Scenario PP02: Equipment Salvage/Disposal**

Requirement: Demonstrate/Discuss how the proposed IFMS will account for the disposal of MCC assets that have a residual/salvage value recorded in its asset management system and MCC financial system.

Background: No property can be removed from the approved Property Management Inventory System without the proper approvals and documentation. For Equipment Disposal, MCC uses the **Report of Excess Personal Property Form (SF-120)**. The SF-120 is primary form used to report personal property that is no longer needed and/or useable for its intended purpose. GSA requires that non-expendable Government property that MCC plans to dispose of, regardless of cost, condition, be reported on a SF-120 for disposition. The AAMO will forward the SF120 documentation, report, and a photograph (if available) of the property to GSA.

The Administrative Asset Management Officer (AAMO) AAMO will initially consider Abandonment or Destruction of PP&E after reporting the property to GSA when the property is determined to be scrap and/or salvage. In addition, the property must meet one or more of the following conditions:

- The value of the property is so little, or the cost of continued care and handling is so high, that its retention for resale, even as scrap, is clearly not economical.
- Abandonment or destruction is necessary for health, safety, or security reasons.
- The item had an initial acquisition cost of less than \$500.00, and the expense and difficulty of retaining it for sale would clearly not warrant retention.

The AAMO will carry out abandonment or destruction of Federal property only after GSA has determined the property to be of no value. GSA also gives authorization if property has been sold and the buyer has failed to remove it from MCC as stipulated

Detailed Scenario Information

The following MCC equipment has been identified as "excess personal property" and will need to be reported to GSA for appropriate action.

1. Five laptop computers with a combined salvage value of \$100.00 as recorded in MCC's Property Management Inventory System.

2. One executive office desk with a salvage value of \$150.00 as recorded in MCC's Property Management Inventory System.

FINANCIAL AND REGULATORY REPORTING (RP) SCENARIOS

- **Scenario RP01: Monthly Trial Balance**

Requirement: Demonstrate how the proposed IFMS will generate a Monthly Trial Balance.

Detailed Scenario Information

Using the Reports Generator Application provided by the IFMS and the combined details for all relevant scenarios, generate two different Monthly Trial Balance reports for MCC for the periods ending September 30th, 2007 and September 30, 2008.

- **Scenario RP02: Quarterly Reports**

Requirement: Demonstrate how the proposed IFMS will generate Quarterly Financial Statements in the OMB prescribed format. Demonstrate how the proposed IFMS will generate quarterly regulatory reports to meet the requirements of OMB Circular A-136 and the MCC Act of 2003.

Background

- a. OMB Circular A-136 requires MCC to submit interim unaudited financial statements on a quarterly basis. These interim financial statements must be submitted to OMB twenty-one days after the end of each of the first three quarters of the fiscal year. Each quarter, MCC also prepares the financial data and provides it to the Congressional and Public Affairs (CPA) Department for its inclusion into quarterly and annual reports.
- b. The MCC Act of 2003 also requires MCC to provide on a quarterly basis the following information:
 1. The name of each entity to which assistance is provided.
 2. The amount of assistance provided to the entity.
 3. A description of the program or project, including whether the program or project was solicited or unsolicited, and a detailed description of the objectives and measures for results of the program or project.
 4. The name of each United States Government agency to which such funds are transferred or allocated.
 5. The amount of funds transferred or allocated to such agency.
 6. A description of the program or project to be carried out by such agency with such funds.

Detailed Scenario Information

Using the Reports Generator Application provided by the IFMS and the combined details for all foregoing scenarios demonstrate the production of a standard set of MCC quarterly financial and

regulatory reports for the period ended December 31, 2007 (First Quarter, FY 2008) as required by OMB and the MCC Act of 2003.

- **Scenario RP03: Budget Reports**

Requirement: Demonstrate how the proposed IFMS will systematically generate the Status of Funds Reports (SF- 133) as required by OMB and the U.S. Department of Treasury.

Background: MCC is required to report its status of budgetary resources at the end of each fiscal quarter to the Department of Treasury via SF-133 (*Report on Budget Execution and Budgetary Resources, Standard Form 133(SF-133)*) in Treasury's Federal Agencies' Centralized Trial-balance System II (FACTS II). The SF-133 is the standard form used by federal agencies to report to OMB on the status of obligations, expenditures and un-liquidated obligations. The SF-133 report shows the extent to which MCC's budget resources are available for obligation, whether obligated amounts have changed since the last reporting, and the status of outlays on obligations. MCC's Senior Budget Officer, DCFO and Assistant CFO review and approve the SF-133 before sending it to Treasury.

Detailed Scenario Information

Using the Reports Generator Application provided by the IFMS and the combined details for all relevant scenarios demonstrate the production of a Status of Funds (SF -133) reports, based on closing balances at September 30, 2008 as required by OMB and the MCC Act.

- **Scenario RP04: FACTS I and FACTS II Reports**

Requirement: Demonstrate how the proposed IFMS will generate FACTS I and FACTS II reports.

Detailed Scenario Information

Using the Reports Generator Application provided by the IFMS and the details provided in the foregoing Scenarios, demonstrate the production of FACTS I and FACTS II reports, based on closing balances at September 30, 2008 as required by OMB and the MCC Act.

- **Scenario RP05: Year-end Financial Statements**

Requirement: Demonstrate how the proposed IFMS will generate annual financial statement reports, based on closing balances at September 30, 2008 as required by OMB and the MCC Act.

Background: Section 613 of the MCC Act states that no later than March 31 of every year, MCC must issue an annual report on assistance provided as Compacts under Section 605 in the prior fiscal year. The report shall include the following:

- The amount of obligations and expenditures for assistance provided to each eligible country during the prior fiscal year.
- For each eligible country, an assessment of: (1) the progress made toward achieving yearly objectives set out in the Compact entered into by the country; (2) The extent

- to which assistance provided under section 605 has been effective in helping the country to achieve such objectives; (3) A description of the coordination of assistance provided under section 605 with other United States foreign assistance and related trade policies; (4) A description of the coordination of assistance provided under section 605 along with assistance provided by other donor countries.
- Additionally, other information the President considers relevant with respect to assistance provided under section 605 will also be included in the report.

In addition, MCC is required to prepare annual financial statements and subject such statements to an independent audit in accordance with OMB Circular A-136, *Financial Reporting Requirements*, and other applicable federal accounting standards and guidance.

Detailed Scenario Information

Using the Reports Generator Application provided by the IFMS and the details provided in all of the foregoing Scenarios, demonstrate the production of annual financial statement reports, based on closing balances at September 30, 2008 as required by OMB and the MCC Act.

- **Scenario RP06: A-123 Requirements**

Requirement: Demonstrate/Discuss and explain how the proposed IFMS will help MCC ensure compliance with OMB Circular A-123, *Managements Responsibility for Internal Controls*. Also, discuss the proposed IFMS vendor's current experience with applying OMB Circular A-123 control requirements in a Shared Service Providers (SSPs) environment.

Background: A-123, as revised, addresses a number of areas (provided below) that Federal Financial Managers must address:

- Identify inefficiencies, redundancies and manual vs. automated processes
- Integrate controls into each financial and business process, procedure and system to enable financial management transformation
- Integrate and automate key performance indicators
- Prioritize improvement opportunities within: controls, architecture and key financial processes
- Automation of key control activities to drive accurate and consistent financial reporting
- Provide external auditor with updated documentation
- Risk based prioritization of remediation efforts

- **Scenario RP07: Ad-Hoc Reports**

Requirement: Demonstrate/Discuss the proposed IFMS' abilities to provide query and reporting capabilities for both standard reports, system reports and ad-hoc reports. . . Specifically, demonstrate/discuss the proposed IFMS' abilities to allow users to extract data from the IFMS database in order to generate various financial, programmatic and budgetary reports, based on their reporting needs on a real-time basis.

Detailed Scenario Information

Below is a listing of some of the MCC reports required from the proposed IFMS.

Budget

- Budget Funds Available Analysis
- Status of Budgetary Resources Reports
- Schedule of Obligated and Unobligated Balances Reports

Program

- Status of Budgetary Resources by Country Reports
- Schedule of Obligated and Unobligated Balances by Country Reports
- Schedule of Expenditures/Fund Outlays by Country and by Budget Fiscal Year

MCC Department

- Schedule of Expenditures/Fund Outlays by Department and by Budget Fiscal Year
- General Ledger Account Analysis by Department and by Budget Fiscal Year

SECURITY (SE) SCENARIOS

- **Scenario SE01: Application Internal Security**

Requirement: Discuss how the proposed IFMS will comply with the Computer Security Act of 1987, Federal Information Security Management Act (FISMA), and the National Institute of Standards and Technology (NIST) Special Publications, *Common Criteria v 2.2*. Also, discuss the proposed IFMS security applications and routines, edit and access checks proposed by addressing the following questions:

- Does the application handle user authentication appropriately?
- Does the application enforce strict password policies (not default or 2-3 character passwords, many packaged applications allow configuration of password settings)?
- Does the application enforce change of password at regular frequency?
- Can the application participate in Single Sign-On?
- Does the application support role-based security (allowing only authorized users to perform certain functions)?
- Does the application support information-level security (allowing only authorized users to view and update classified information)?
- Does the application have appropriate security logging and auditing mechanisms? For example, does the application log attempts of unauthorized access, notifications to the system administrators of such events, detection of attacks on the system, etc.?
- For web based front-ends, does the application have appropriate encryption of cookies, hidden form fields, URLs, passwords, etc.?
- Does the application encrypt sensitive corporate information in the data repositories?

FEDERAL PROCUREMENT (FP) SCENARIOS

• Scenario FP01: Federal Procurement Integration

Requirements:

- 1) Demonstrate/Discuss how the IFMS system will process and record data relating to MCC procurement transaction data that is required to be entered into the Federal Procurement Data System (FPDS).
- 2) Demonstrate how the Procurement Component of IFMS solution will support Electronic workflow for routing procurement documents for approval/ disapproval, both within MCC, and externally to offerors and contractors.
 - a. Demonstrate routing (internally within MCC) of:
 - Approvals;
 - Requisitions;
 - Award Documentation;
 - Contracts; and,
 - Modifications.
 - b. Demonstrate routing of contract artifacts to vendors/contractors.
- 3) During the demonstration:
 - a. Demonstrate how the requisition will be assembled.
 - b. Demonstrate how the solicitation will be assembled
 - c. Demonstrate how the close-out will be accomplished.
 - d. Demonstrate how the supporting documentation is linked to the action. (MCC desires to have the documents actually attached to the action, as opposed to internet links to the supporting documents).
- 4) During the demonstration. The vendor should be prepared to demonstrate that the procurement component of IFMS will actually interface to, and post documents to FedBizOpps.gov.

Background:

The **Federal Procurement Data System-Next Generation “FPDS-NG”** is a web-based procurement tracking system for federal agencies. FPDS-NG is maintained by Global Computer Enterprises, Inc. (GCE), under contract with the General Services Administration (GSA).

FedBizOpps.gov is the single government point-of-entry (GPE) for Federal government procurement opportunities over \$25,000. Government buyers are able to publicize their business opportunities by posting information directly to FedBizOpps via the Internet.

Public Key Infrastructure (PKI) is a framework for message protection and authentication that uses asymmetric encryption that generates a set of complimentary keys: one for encrypting data

and the other for decrypting it. This eliminates the need to share the secret key and also removes the risk of someone intercepting it.

Electronic Signature is the electronic equivalent of a handwritten signature. Electronic signature software binds a signature, or other mark, to a specific document. Electronic signature software can detect the alteration of an electronically signed file any time in the future.

Detailed Scenario Information

The IT MD approves a request for the addition of a **Service and Maintenance Agreement Database Module** that tracks information contained in MCC's various IT service and maintenance agreements for MCC's IT equipment. The IT module is estimated to cost \$175,000. The purchase requesting action memo and the corresponding procurement package is sent to the Assistant Chief Financial Officer (ACFO) and the Department of Contracts and Grants Management for review and approval. After approval the procurement package is sent to MCC's Senior Budget officer for approval and funds available certification. After funds available certification, the procurement package is sent to MCC Contracts and Procurement office. The CO prepares a FedBizOpps solicitation for the IT Module in accordance with applicable FAR clauses that will be posted on July 20, 2008.

After the solicitation was posted on FebBizOpps, the IT department and the CO determined that the solicitation needed to be amended to include more contract award evaluation time for the vendors to conduct demonstrations of the proposed **IT Service and Maintenance Agreement Database Module**. The addition of this amendment to the solicitation extended the proposal deadline from August 31, 2008 to September 30, 2008.

At the end of the revised solicitation period, the CO determines that XYZ Corporation is to be selected for contract award. The CO forwards the justification for the source selection to Senior Officials in MCC's CFO, IT and Contracts and Grants departments for approval. After their approval, the CO forwards the contract to XYZ for the appropriate XYZ official's signature via PKI Electronic Signature. After receipt of the signed contract, the CO then signs the contract officially awarding and obligating MCC funds. The obligation is entered into MCC's financial system and the contract award information is entered into the FPDS.

On October 25, 2008, mid-way into the development and installation of the new IT Service and Maintenance Agreement Database Module, the IT department determines the contract needed to be modified to include the addition of asset tracking functional capabilities within the new Service and Maintenance Agreement Database Module. The IT MD approves and issues a new action memo requesting a contract modification increase of \$30,000 for the asset tracking application within the new IT Service and Maintenance Agreement Database Module. The CO prepares a contract modification and forwards it to Senior Officials in MCC's CFO, IT and Contracts and Grants departments for approval. After their approval, the CO sends the contract modification to XYZ for the appropriate XYZ official's signature via PKI Electronic Signature. After receipt of the signed contract modification, the CO then signs the modification officially awarding and obligating MCC funds. The obligation is entered into MCC's financial system and the contract modification information is entered into the FPDS. XYP Corporation proceeds with

the implementation of the asset tracking modification to the new system, which is completed on December 15, 2008. Invoices were sent to MCC on a monthly basis based on the vendor's progression with the installation of the new system. After the CO and the IT department completed the Contractor Performance Evaluations, the final invoice was paid on February 13, 2009 and the contract was closed out in MCC's procurement and financial systems on February 14, 2009.