



## **Instructions for MCC Compact Quarterly Financial Report Schedules Common Payment System (CPS)**

### *Introduction*

This document provides instructions for the completion of the MCC Quarterly Financial Report. This report is intended to provide an overview of the financial developments since the last disbursement period and to explain and justify any proposed cash request for the next period. It is expected that the Quarterly Financial Report will be submitted on at least a quarterly basis, but other intervals are possible and the basic procedures for the completion of these schedules are not dependent on the length of the interval since the last request. These forms must be submitted at least every quarter even if no additional cash is to be requested. Quarterly Financial Reports are due to MCC twenty (20) days prior to the end of the calendar quarter. These instructions incorporate the use of the Common Payment System (CPS).

Separate Quarterly Financial Reports are required for all MCC grants. Currently, there are three types of MCC grants:

- Compact grants,
- Compact Implementation Funding (CIF) grants and
- Compact Development 609(g) grants.

A Quarterly Financial Report for a Compact grant is required once the Compact has entered into force. If a CIF grant was made available prior to Entry into Force, the Quarterly Financial Reports for the Compact grant covers the amounts in the Financial Plan in Annex II, Exhibit A of the Compact, *less* the amounts in the Compact Implementation Funding grant.

Quarterly financial reporting for Compact Implementation Funding grants or Compact Development 609(g) grants should begin on the first calendar quarter after approval of the grant and implementation agreements. Quarterly Financial Reports must be submitted for CIF and Compact Development 609 (g) grants until the funds are exhausted. The final Quarterly Financial Report must be clearly marked as "FINAL." After which there is no further need to submit Quarterly Financial Reports.

## Quarterly Financial Report Schedules

Schedules A, B, and D primarily account for and establish the budget that will be in place during the next period. These three schedules apply to both the Financial Plan, as well as cumulative commitments and re-disbursements planned through the next period. Schedules C and E, as well as the Cash Reconciliation and Interest Summary sections, primarily account for and establish cash requirements which are driven by actual and projected re-disbursements. The Quarterly Financial Report schedules reflect the utilization of two payment processes. One payment process uses a local bank (“Permitted Account”) to receive direct grant disbursements from the US Treasury after which time a re-disbursement is subsequently executed from the Permitted Account to the end beneficiary according to Fiscal Agent instructions. The other payment process consists of a direct payment request made from the Fiscal Agent to the MCC CPS for payment remittance directly to the end beneficiary. The CPS refers to any system used by MCC to process payments in US dollars or foreign currency directly to vendors for goods, works or other services received.

The Disbursement Request is in effect notification to MCC of the total expected cash outflow that will occur under the two payment processes during the next period. To account for unexpected payments arising that would exceed the Disbursement Request figure a small Working Capital (Contingency) amount will be initiated at the start of the Compact Development 609(g), CIF or Compact to cover these payments. The working Capital amount is not an addition to the grant amount but simply a contingency ceiling to cover unplanned payments in the first thirty days of the next period that have been duly approved by the Accountable Entity and Fiscal Agent in the current period.

Also note that the terms, “current period”, “next period”, and “prior period” are widely used in these instructions and on the forms and warrant definition. “Current period” refers to the quarter in which the Accountable Entity is presently operating under during the preparation of this report, and for which a Financial Report has already been submitted and approved three months prior. “Next period” refers to the quarter which is to begin at least twenty (20) days after the submission of this report, and for which any Disbursement Request to which the Financial Report is attached is intended. “Prior Period” refers to the quarter which ended immediately before the current period in which the Accountable Entity is presently operating under.

For all Schedules, the following identifying information must be provided:

- Type of grant (Compact, CIF or Compact Development 609(g)),
- Name of the Accountable Entity,
- Compact, 609(g) or CIF number,
- Date submitted,
- Disbursement period, and

- if the report is being submitted out of the quarterly cycle.

All amounts presented should be expressed in US Dollars.

### ***Schedule A. Multi-year Financial Plan Adjustment Request Form (or CIF Financial Plan or 609(g) Financial Plan)***

**Purpose:** Schedule A of the Financial Report is used to request adjustments (reallocations) of funding from one project or activity to another in the Multi-year Financial Plan. Schedule A should be completed even if no changes in the Multi-year Financial Plan are being proposed.

The left-most column with project and activity titles does not change and no action is required.

*Column 1:* Column 1 does not change and no action is required.

*Column 2:* Column 2 reflects cumulative adjustments to the Multi-year Financial Plan last approved by MCC, and should be taken from the final column of Schedule B from the previously approved Financial Report. Column 2 contains the full Compact amount by project and activity and the grand total of this column must always match the grand total of Column 1.

*Columns 3 and 4:* Show any proposed increases in the Multi-year Financial Plan for each project and activity in Column 3 and decreases for each project and activity in Column 4. Display all amounts as positive numbers. The column totals for Columns 3 and 4 must be equal to each other, as the increases and decreases must not change the overall budget total for all activities.

*Column 5:* Column 5 shows the proposed Multi-year Financial Plan to be in place for the next period after considering the proposed increases and decreases. Column 5 is result of adding the amounts across each row in Columns 2 and 3 and then subtracting the amount in Column 4.

### ***Schedule B: Summary of Multi-year Financial Plan Adjustments to Date (or CIF Financial Plan or 609(g) Financial Plan)***

**Purpose:** Schedule B provides a historical log of all of the approved changes to the Multi-year Financial Plan by project and activity. This table *does not include proposed changes to the Multi-year Financial Plan in the current QFR submission*.

The left-most column with project and activity titles does not change and no action is required.

*Column 1:* Column 1 does not change and no action is required.

*Columns 2, 3, etc.:* In Columns 2, 3, 4, etc. record the changes that have been approved through the current period. This information comes from adding together the amounts in Schedule A, Columns 3 and 4, of the previously ap-

proved Financial Reports. Amounts from Schedule A, Column 3, are expressed as positive numbers and amounts from Schedule A, Column 4, are expressed as negative numbers. The grand total for each of the Approved Adjustments columns in Schedule B must always be zero. As necessary, add additional columns by copying Column 3 and inserting it to the right. In order to print properly, hide earlier columns and show only the most recent three periods, but the electronic version should contain the complete history of changes. Insert the applicable QFR submission date at the top of the respective adjustment column(s) to identify the QFR adjustments that were approved by MCC.

*Column 4 (or the right-most column if others have been inserted after Column 3):* Column 4 contains the cumulative effect of previously approved adjustments by adding all the adjustments for each project and activity (across Columns 2, 3, etc.) to the original Multi-year Financial Plan in Column 1. The amounts in Column 4 (Final Column) must be transferred to and the same as the amounts in Schedule A, Column 2.

### ***Schedule C: Actual Expenditure and Commitment Report (Current Period)***

**Purpose:** Schedule C is used to show how much balance remains in the Multi-year Financial Plan for each project and activity, after considering cumulative re-disbursements and commitments through the current period.

The left-most column with project and activity titles does not change and no action is required.

*Column 1a and 1b:* The prior period actual re-disbursement amounts for Column 1a and 1b should come from accounting reports as of the end of the prior period. This column does not contain cumulative actual re-disbursement amounts, but rather the amounts for the prior period *only*. Column 1a refers to those prior period payments executed from the Permitted Account. Column 1b refers to those prior period payments executed via the CPS.

*Column 2:* The cumulative actual re-disbursements at the beginning of the current period for Column 2 should come from accounting reports as of the end of the prior period. This column will contain cumulative amounts up to the beginning of the current period. This amount shall include all payment methods including the Permitted Account as well as the CPS. It will also include the amounts reported in Columns 1a and 1b.

*Column 3a and 3b:* Column 3 contains an estimated amount, assuming this report will be prepared twenty to thirty (20-30) days prior to the end of the current period. The amount should be derived from the actual re-disbursements made during the current period, plus estimated re-disbursements for the remainder of the current period. The estimated remaining payments should include predictable recurring expenses (e.g., wages, utilities, etc.) as well as forecasted contract payments obtained from project and activity managers that are likely to occur through the end of the current period. Under the Common Payment System structure, you will have two separate columns to address your re-disbursement requests. Column 3a represents those re-disbursements which will be paid into the Permitted Account for payments made locally. In providing input into this column, you should identify your local currency payment expectation and convert those payments into the US Dollar equivalent amount. Column

3b is used for the remaining re-disbursement payments which will be paid through the Common Payment System directly to the vendors. Those payment estimates should be entered into this column and expressed in US Dollars.

*Column 4:* Column 4 is the sum of Columns 2, 3a and 3b.

*Column 5:* This amount can be determined by the equation provided below.

Total Commitments at the beginning of the current period (defined as executed contracts).

Plus (+): new commitments (defined as contracts executed during the current period)

Less (-): actual payments made (liquidated) against commitments

Less (-): payments expected to be made against the commitments during the remainder of the current period

*Column 6:* Column 6 is the sum of Columns 4 and 5.

*Column 7:* The amounts in Column 7 are the current approved Multi-year Financial Plan before considering any changes proposed for the next period. These amounts come from and should match exactly the amounts in the final column in Schedule B.

*Column 8:* The amounts in Column 8 are the projected balance of the Multi-year Financial Plan as of the end of current period and are determined by the formula of Column 7 less (-) Column 6. Amounts in Column 8 should *never* be negative.

### ***Schedule D: Commitment Forecast Report (Next Period)***

**Purpose:** Schedule D is used to project commitments by project and activity to establish a commitment budget.

The left-most column with project and activity titles does not change and no action is required.

*Column 1:* The amounts in Column 1 are the current approved Multi-year Financial Plan before considering any changes proposed for the next period. These amounts come from and should match exactly the amounts in the final column of Schedule B.

*Column 2:* Column 2 shows the amount of projected cumulative commitments and re-disbursements as of the end of the current period. The amounts come from and should match exactly the amounts in Schedule C, Column 6.

*Columns 3:* This column shows expected new commitments for the next period. New commitments represent new contracts (commitments) expected to be executed during the next period as well as any recurring expenses that are incurred outside an executed contract that can be forecast through the next period.

*Column 4:* Column 4 shows the projected cumulative commitment budget at the end of next period. The amounts in Column 4 are the result of adding the amounts across each row in Columns 2 and 3. The total provides an estimated amount by project and activity of commitments and re-disbursements at the end of the next period.

*Column 5:* Column 5 contains the projected uncommitted balance of the Multi-year Financial Plan at the end of next period. The amounts in Column 5 are calculated by subtracting the amounts in Column 4 from the amounts representing the Current Approved Multi-year Financial Plan in Column 1.

### ***Schedule E: Forecasted Program Cash Requirements for Next Period***

**Purpose:** Schedule E is used to determine the forecasted cumulative re-disbursements as part of calculating the amount of the disbursement that will be required for the next period.

The left-most column with project and activity titles does not change and no action is required.

*Column 1:* The amounts in Column 1 come from Schedule C, Column 4, projected cumulative re-disbursements through the current period.

*Column 2a and 2b:* Columns 2a and 2b reflect the forecasted cash requirements for the next period. Cash requirements arise from the liquidation of commitments (payments due on issued contracts) as well as payments for recurring expenses. Column 2a refers to those cash requirements executed through the Permitted Account. Column 2b refers to the forecasted cash requirements which will be executed via the CPS.

*Column 3:* Column 3 is the sum of Columns 1, 2a and 2b.

### ***Cash Reconciliation and Interest Summary***

#### **Cash Reconciliation**

*Line 1:* This cash balance would come from accounting reports and/or the bank reports on the status of the Permitted Account as of the beginning of the current period.

*Lines 2 a–c:* Show amounts received from various sources during the current period in the appropriate line. With the exception of interest earned and received (Line 2b), the sources of cash amounts should include any MCC disbursements or other income anticipated to be received during the current period into the Permitted Account.

*Line 3:* Show the total of amounts received during the current period (sum of Lines 2 a-c).

*Line 4:* Show the sum of the Cash balance at the beginning of the period on Line 1 and the receipts on Line 3.

*Line 5a:* Show the projected Re-disbursements for the current period. This amount should only reflect that portion of the re-disbursement which will be sent to the Permitted Account. This should be portion of the total from Schedule C, Column 3a.

*Line 5b:* Indicate any repayments of interest to the U.S. Government made during the current period.

*Line 6:* Show the sum of Lines 5a and 5b.

*Line 7:* This is the projected cash balance in the Permitted Account at the end of the current period determined by the formula of Line 4 less (-) Line 6.

### **Interest Summary**

***The Interest Summary represents amounts that are actual (have been credited to the account) as of the day of report submission. No projections to the end of the current period should be included in this section. If the local bank agreement is absent the demand for interest, this section is not applicable and need not be completed.***

*Line 1:* This will come from accounting reports or bank statements.

*Line 2:* Include the interest earned and received during the current period (do not include any estimates for the current period). This amount will also be available on accounting reports and/or bank statements. Amount should be the same as the amount on Line 2b of the Cash Reconciliation section.

*Line 3:* This is the sum of Lines 1 and 2.

*Line 4:* The amount of interest returned as of the beginning of the current period should be the same as the amount shown on Line 6 of the same section in the Cash Reconciliation report of the prior disbursement period.

*Line 5:* The amount of interest returned during the current period will be available from accounting records. This may be the same as the amount calculated in Line 7 of the Cash Reconciliation report of the prior disbursement period, but in any event show here the actual amount paid during the current period (no estimates of future payments). Amount should be the same as the amount on Line 5b of the Cash Reconciliation section.

*Line 6:* This is the sum of Lines 4 and 5.

*Line 7:* This amount is determined by the formula of Line 6 less (-) Line 3. This should be a positive number. Arrangements should be made to pay this amount back to the U.S. Government during the next period.