

Millennium Challenge Corporation

# Guidance on Out-of-Cycle Disbursement Requests

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MILLENNIUM  
CHALLENGE CORPORATION  

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UNITED STATES OF AMERICA

# Guidance on Out-of-Cycle Disbursement Requests

MCC is providing the following guidance in order to streamline the documentation required for disbursement requests that are submitted in the course of a quarterly disbursement period to supplement or amend an existing approved disbursement request (an “out-of-cycle disbursement request”). This guidance supplements, and should be read together with, MCC’s existing guidance on the submission of the quarterly disbursement request package posted on MCC’s website.

1. Potential scenarios under which MCAs must submit an out-of-cycle disbursement request are:
  - \* Additional funds are needed for expenditures approved by MCC at the Activity level in the most recent Detailed Financial Plan (DFP), but for which inadequate funds were authorized and cannot be satisfied with the existing balance of Working Capital.
  - \* A condition precedent is satisfied over the course of the quarter, allowing authorization of additional funds that were not previously requested or for which spending authority was not approved.
  - \* In all cases where an adjustment to the Multi-Year Financial Plan (MYFP) is required in order to execute a proposed commitment or payment. As noted in this guidance, Working Capital may be used to satisfy some requirements which exceed the authorized amount for an Activity in the current quarter without completing an out-of-cycle disbursement request. This does not apply if the proposed payment would exceed the total MYFP amount currently approved by MCC.

MCC may waive the requirement for an out-of-cycle disbursement request if the MCA and MCC have specifically agreed in writing to make other arrangements satisfactory to MCC.

2. An out-of-cycle disbursement request is not submitted when the Activity level budget shortfall can be met by one of the following mechanisms:
  - \* *Commitments are within the Multi-Year Financial Plan:* MCAs are not required to submit an out-of-cycle disbursement request in order to make a commitment which is in excess of the amount forecast for a given Activity on Schedule D of the currently approved Quarterly Financial Report (QFR), provided that the commitment amount does not exceed the overall amount for that Activity in the currently approved Multi-Year Financial Plan (as given in QFR Schedule A). In order to proceed with contract signature in these cases, MCAs should include documentation in the Combined Evaluation Report of the subject commitment procurement package which shows evidence of budgetary coordination. At a minimum the documentation must include a statement signed by the MCA Chief Financial Officer or Director of Administration and Finance, which certifies that there is sufficient funding within the MCA Entity’s Multi-Year Financial Plan, and commits to reflecting the increased cumulative commitment amount in the subsequent Disbursement Request package.

- \* *Working Capital:* A fixed Working Capital allocation of \$500,000 or other agreed amount (for Compact funds<sup>1</sup>) is valid during the current quarter, or for up to 30 additional days after the close of the subject quarter pending approval of the subsequent period's disbursement request. Working Capital may be used only for expenditures that were approved by MCC in the most recent Detailed Financial Plan, but for which inadequate funds were budgeted or whose timing for payment is later than originally anticipated. Working Capital may not be used for expenditures for which Conditions Precedent to disbursement were not met. Working Capital may also not be used for items which have been included in the next period's approved Detailed Financial Plan. Instructions and further details can be found in the CPS manual.
- \* *Special Payments:* After the expiration of spending authority at the end of a given quarter, MCC may authorize a temporary reinstatement of spending authority to cover specific expenditures that meet Working Capital requirements but which exceed the Working Capital allocation. The total amount of the reinstated spending authority may only be as high as the unused spending authority from the prior period for a given Activity, and is only available during the first 30 days after the close of that period or until the date of the next Disbursement Request submitted to MCC, whichever is earlier. Instructions and further details can be found in the CPS manual.

MCA's shall submit the following documentation for an out-of-cycle disbursement request:

- ★ *Disbursement Request*, with the requested revised Total Compact Disbursement Request for the period, and wherein the required signatures will comprise the necessary certifications of compliance with the compact documents, including the fiscal agent's certification of the accuracy of information presented. The request should be clearly marked "out-of-cycle" and include the revised submission date.
- ★ *Quarterly Financial Report*, updated from the most recent approved submission to include the adjusted amounts for each affected Activity on Schedule E, and Schedules A and D where applicable. This submission should not include updated prior period actuals or updated projections of current period commitments or expenditures, as normally requested on Schedule C. In addition, no updates to the cash reconciliation or interest summary are required. If the additional requested expenditures were to exceed amounts budgeted for a given Activity in the currently approved Multi-Year Financial Plan, proposed adjustments would need to be included on Schedule A.
- ★ *CP Report*, required only if the Activity or Activities covered by the out-of-cycle disbursement request require the satisfaction, waiver or deferral of conditions that were not already covered in the current CP report; and
- ★ *Narrative Report*, briefly describing the requested change(s), including information on the amount previously approved for a given Activity, the amount spent to date within the current period against that ap-

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<sup>1</sup> Allocation for 609(g) and CIF funding is \$100,000 unless otherwise agreed.

proved amount, and the additional amount required for approval in order to meet the revised requirements.

This should be as specific as possible, including the actual contracts and payment timing involved.

MCA's do not need to submit the other documentation required as part of the Quarterly Disbursement Request Package, namely the Detailed Financial Plan, Procurement Performance Report, Indicator Tracking Table, and compliance certificates. This should be determined on a case-by-case basis in consultation with MCC and taking into consideration MCC's Guidelines on Accountable Entities, any relevant governance agreement and the MCA's organizational documents.