

APPENDIX C

COMMANDER'S EMERGENCY RESPONSE PROGRAM (CERP) FAMILY OF FUNDS **STANDARD OPERATING PROCEDURES**

1 June 2007

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1. REFERENCES:

- a. Under Secretary of Defense (Comptroller) (USD(C)) memorandum, subject: "Commander's Emergency Response Program (CERP) Guidance," dated 27 July 2005.
- b. DOD 5500.7-R, Joint Ethics Regulation.
- c. Department of Defense Financial Management Regulation Volume 12, Chapter 27, September 2005, Commander's Emergency Response Program (CERP).
- d. Department of Defense Financial Management Regulation Volume 5 Chapter 2, "Disbursing Officer, Officers and Agents;" Chapter 3, "Keeping and Safeguarding Public Funds;" Chapter 9, "Supporting Documents to Payment Vouchers;" Chapter 11, "Disbursements;" and Chapter 33, "Accountable Officials and Certifying Officers."
- e. MNF-I FRAGO 060 [DFI Closeout Procedures], 21 June 2004.
- f. MNF-I FRAGO 05-374 [FY06 Commander's Emergency Response Program], 29 November 2005.
- g. MNF-I FRAGO 549 [Execution of IIG Funded Reconstruction Projects], 23 December 2004.
- h. MNF-I FRAGO 603 [Accountability of Funds from the Iraqi Interim Government], 11 January 2005.
- i. MNC-I, Acquisition Instructions for Ordering Officers, April 2006.
- j. Disbursing Standing Operating Procedures (SOP) #2, 8 March 2006.
- k. Under Secretary of Defense Comptroller (USD(C)) memorandum, Appendix I "Allocation and Disbursement for Iraq (DFI)," subject: "Appendices for Procedures Applicable to Vested and Seized Iraqi Property," dated 31 July 2003.

2. **PURPOSE:**

- a. In accordance with reference A, the purpose of the CERP program is to enable commanders "to respond to **urgent** humanitarian relief and reconstruction requirements within their AOR by carrying out programs that will **immediately assist** the indigenous population."
- b. The MNC-I Commander's intent is to achieve focused effects. Commands should prioritize those CERP projects that focus on providing urgent humanitarian relief while providing significant employment opportunities for the Iraqi people. Close coordination between commanders, engineers, civil affairs, effects coordinators and comptrollers is vital to ensure funds are applied consistently to achieve desired effects. Additionally, CERP funds must be properly accounted for and reported accurately to higher headquarters.
- c. CERP **may be used** to assist the Iraqi people in the following representative areas (with some examples), in accordance with ref A:
- (1) Water and sanitation – projects to repair or reconstruct water or sewer infrastructure, including water wells.
 - (2) Food production and distribution – projects to increase food production or distribution processes.
 - (3) Agriculture – projects to increase agricultural production or cooperative agricultural programs.
 - (4) Electricity – projects to repair or reconstruct electrical power or distribution infrastructure, including generators.
 - (5) Healthcare – projects to repair or reconstruct hospitals or clinics or to provide urgent healthcare services, immunizations, medicine, medical supplies, or equipment.
 - (6) Education – projects to repair or reconstruct schools, purchase school supplies or equipment.
 - (7) Telecommunications – projects to repair or reconstruct telecommunications systems or infrastructure.
 - (8) Economic, financial, and management improvements – projects to improve economic or financial security.
 - (9) Transportation – projects to repair or reconstruct transportation systems, roads, bridges, or transportation infrastructure.
 - (10) Rule of law and governance – projects to repair or reconstruct government buildings such as administration offices, court houses or prisons.
 - (11) Irrigation – projects to repair or reconstruct irrigation systems.
 - (12) Civic cleanup activities – projects that remove trash, clean-up the community, or perform beautification.
 - (13) Civic support vehicles – projects to purchase or lease vehicles to support civic and community activities.
 - (14) Repair of civic and cultural facilities – projects to repair or restore civic or cultural buildings or facilities.
 - (15) Repair of damage that results from US, coalition, or supporting military operations and is not compensable under the Foreign Claims Act.
 - (16) Condolence payments to individual civilians for death, injury, or property damage resulting from US, coalition, or supporting military operations.

- (17) Payments to individuals upon release from detention.
- (18) Protective measures, such as fencing, lights, barrier materials, berming over pipelines, guard towers, etc. to enhance the durability and survivability of a critical infrastructure site (oil pipelines, electric lines, etc.).
- (19) Other urgent humanitarian or reconstruction projects – projects to repair collateral battle damage not otherwise payable because of combat exclusions or condolence payments.

d. Commanders will ensure that CERP projects focus primarily on:

- (1) Reconstructing structures damaged after military operations to rapidly improve conditions, such as repairing homes, roads, and mosques.
- (2) Making emergency repairs on critical facilities, such as hospitals, water treatment facilities, and electrical plants.
- (3) Economic Development.
- (4) Resolving critical infrastructure shortfalls that can be rapidly fixed, such as repairing bridges, sewage systems, and telephone systems.
- (5) Reducing the risk of injury to the local populace, such as constructing security fences around community swimming pools, and installing signs at traffic control points.
- (6) Procuring critical equipment to replace lost, stolen, non-repairable items, or to establish critical community essential services, such as buying new parts for a water pump, back up generators for a hospital, or firefighting equipment for a community fire department.
- (7) Employing as many Iraqi people as possible.

e. CERP **will not be used** for the following purposes:

- (1) Direct or indirect benefit to U.S., coalition, or other supporting personnel.
- (2) Providing goods, services, or funds to national armies, national guard forces, border security forces, civil defense forces, infrastructure protection forces, highway patrol units, police, special police or intelligence or other security forces.
- (3) Except as authorized by law and separate implementing guidance, weapons buy-back programs, or other purchases of firearms or ammunition.
- (4) Entertainment.
- (5) Reward programs.
- (6) Removal of unexploded ordnance.
- (7) Duplication of services available through municipal governments.
- (8) Salaries, bonuses, or pensions of Iraqi military or civilian government personnel.
- (9) Training, equipping, or operating costs of Iraqi security forces.
- (10) Support to individuals or private businesses (exception: condolence, battle damage payments, and micro-grants).
- (11) Conducting psychological operations, information operations, or other US, coalition, or Iraqi Security Force operations.

3. PROGRAM MANAGEMENT:

- a. The CERP program has three primary components: Reconstruction, Iraqi Economic Initiative (IEI), and Death Benefits/Battle Damage. The overall program coordinator is MNC-I C8. The primary responsibilities are to ensure consistency between functional program

managers, identify timelines for program updates, coordinate data calls for the overall CERP requirements, and coordinate with the functional program managers and the Effects Coordination Center in making CERP distribution proposals.

b. Reconstruction. The Reconstruction functional program manager is the MNC-I C7. They are primarily responsible for reconstruction reporting, policy, monitoring of reconstruction projects, and overall tracking of reconstruction efforts.

c. Death Benefits/Battle Damage. The Death Benefits/Battle Damage functional program manager is the MNC-I C8.

d. Iraq Economic Initiative (IEI). The IEI functional program manager is the MNC-I C9. The goal of the IEI is to support critical MNC-I and other US government initiatives that build Iraqi confidence in the transition to a participatory, stable, and democratic Iraq. It draws extensively on the projects and programs established and funded through the MNC-I CERP. The IEI will serve to assess, design and implement programs that are characteristically fast, flexible, innovative, tangible, targeted, and focused on root social issues.

4. PROGRAM OVERVIEW:

a. The CERP Family of Funds is an effects enabler that provides Commanders with a non-lethal weapon system for high payoff projects and services. With most projects averaging less than \$100K, CERP provides a quick and effective method that provides immediate, positive impact on the Iraqi people while other larger reconstruction projects are still getting off the ground. The keys to project selection are (1) execute quickly; (2) employ many Iraqis; (3) benefit the Iraqi people; and (4) be highly visible. Detailed execution guidance is contained in Appendix 1 of this SOP (pg C7) for CERP.

b. Commanders will coordinate and determine project needs with local Iraqi government agencies, civil affairs elements, engineers, and the Provincial Reconstruction and Development Councils (PRDCs) and/or Provincial Reconstruction Teams (PRTs) to gain the greatest effect and ensure effect synchronization. Such efforts may also include complementary programs provided by the U.S. Agency for International Development (USAID) and other non-governmental agencies operating in their area of responsibility.

c. MNC-I Major Subordinate Commanders (MSC) have approval authority of up to \$500K. This authority may be delegated to Brigade and lower Commanders at the MSC Commander's discretion. The MNC-I Commander approves projects greater than \$500K for all Corp units. The MNSTC-I Commander approves projects greater than \$500K for MNSTC-I.

d. Commanders must ensure they are paying reasonable prices for services and supplies received and constructing projects to a modest, functional standard. Commanders will not deliberately over-pay for projects.

e. Commanders can quickly execute projects that do not exceed \$500K without a warranted contracting officer. U.S. appropriated and Iraqi funded CERP projects exceeding the \$500K threshold require contracts by a warranted contracting officer. Use of a warranted

contracting officer is recommended for projects under \$500K when the technical complexity or the scope of the project exceeds the abilities of the Project Purchasing Officer (PPO).

f. There are six methods of payment in theater; U.S. currency electronic funds transfer (EFT), foreign currency EFT, U.S. treasury check, Iraqi Dinar check, U.S. currency, or Iraqi Dinar currency. To encourage economic development, it is recommended that all payments of \$2,500 or less are paid in Iraqi Dinar.

g. A summary of approval authorities is contained below.

Item	Limit	Approval Authority	Can be delegated?
Project Approval	<\$500K	MSC Cdr	Yes
Project Approval	>\$500K	MNC-I Cdr / MNSTC-I Cdr	No
Contract	>\$500K	Must be awarded by Warranted Contracting Officer	No
Condolence/Battle Damage Payments	>\$2.5K<\$10K	First G.O. Commander in Chain of Command	No
Condolence/Battle Damage Payments	<\$2.5K	BDE Cdr	No
Condolence/Battle Damage Payments (for IA/IP damage)	ALL	MSC Cdr (All Separate BDEs must seek approval from MNC-I CoS)	No
Martyr Payment (IA/IP)	>\$2.5K<\$10K	First G.O. Commander in Chain of Command	No
Martyr Payment (IA/IP)	<\$2.5K	MSC Cdr	Yes
Martyr Payment (non IA/IP Civ)	ALL	MSC Cdr (All Separate BDEs must seek approval from MNC-I CoS)	No
Micro Grants	<= \$2.5K	Brigade Commander	Yes
Micro Grants	>\$2.5K<\$10K	Division Commander	No
Micro Grants	>\$10K	Corps Commander	No

5. REQUESTS FOR EXCEPTION:

a. Clarifications on this policy may be sent to the MNC-I C8 as the program coordinator or to the respective functional program managers as identified above.

b. If a request for exception to this policy is required, it will be submitted to the Secretary of the Joint Staff (SJS) who will route them for staffing and approval as necessary.

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a horizontal line that extends to the right.

JOSEPH ANDERSON
BG, U.S. Army
Chief of Staff

APPENDIX C

Appendix 1 – Responsibilities, Project Execution, and Management

1. Overview: The following outlines the responsibilities of key players and the project execution and management processes required to implement projects using CERP funds.

2. Responsibilities: Outlined below are the responsibilities for the key personnel executing the Commanders' Emergency Response Program.

a. Commander. The CERP program is a commander's program. As such, commanders at all levels have significant responsibility in ensuring the success of the program. The Commander identifies and approves CERP projects. The Commander must ensure proper management, reporting, and fiscal controls to account for funding. After project completion, the Commander will review the project results and issue a clearance memorandum for record stating: "I have reviewed and approved these projects, and they are complete and adhere to the guidelines set forth in the CERP guidance and applicable FRAGOs." Additional specific responsibilities include:

(1) Battalion Commander. Selects an individual who will manage the CERP project. Nominates Project Purchasing Officer to manage a project and a Paying Agent to make disbursements. Requests training for individuals selected as Project Purchasing Officers (through contracting) and Paying Agents (through Finance).

(2) Brigade Commander. Appoints Project Purchasing Officers (PPO) and Paying Agents (PA) in writing. The appointment order specifies the maximum amount that the PPO may manage or the PA may draw from the Finance Office. The PPO will only be issued appointment orders upon successful completion of PPO training by a warranted contracting officer. The BDE Commander must ensure that no one individual serves as both PPO and PA.

(3) Major Subordinate Command (MSC) Commander. Signs the monthly CERP Status of Funds statement prepared by the MSC Comptroller. Additionally, the MSC commander must identify a CERP Program Manager within the MSC. This program manager will be the primary POC for the MNC-I program coordinator.

b. MSC Comptroller. The MSC Comptroller certifies the availability of funds and ensures proper resource management and fiscal controls. They will clear PPO and PA accounts. They will provide a monthly Status of Funds (SOF) report. The report is due on the 3rd of each month. The SOF due on the 3rd has to be signed by the MSC Commander (can be delegated to Chief of Staff (CoS) or equivalent) to ensure Commander's involvement with the CERP program. The MSC comptroller submits this report to MNC-I C8.

c. MSC CERP Program Manager. The CERP Program Manager maintains a list of unfunded requirements. The Program Manager updates projects in the Iraqi Reconstruction Management System (IRMS) as they occur and ensures all projects are up to date and accurate by the 2nd of each month.

d. Project Purchasing Officer. The PPO is a direct representative of the Contracting Officer. The PPO's authority to procure services and supplies is granted by the Commander IAW policies and procedures outlined in training received by the appropriate contracting office. The PPO manages the individual CERP projects and maintains project files IAW this SOP. The PPO may be held pecuniary (financially) liable, and could face administrative actions or criminal prosecution for making any prohibited purchases.

e. **Paying Agent.** The PA is a direct representative of the servicing finance office's Disbursing Officer (DO) and receives and disburses cash for CERP project expenditures. PAs are trained by the servicing finance office and are pecuniary (financially) liable for any cash, negotiable instrument, and/or paid vouchers entrusted to them. PAs are not authorized to delegate responsibility for funds to anyone else, including financial institutions. Any funds shall be delivered, transported, and safeguarded consistent with DoDFMR 7000.14-R, Volume 5, Chapter 3, (reference 1.D.) and applicable Finance Command policies and procedures. If the PA fails to abide by applicable regulations and procedures, the PA can be held liable for any losses of funds and may be subject to administrative actions or criminal prosecution.

f. **U.S. Warranted Contracting Office.** The warranted contracting office conducts formal training classes for Project Purchasing Officers, provides certificates of training in writing and awards contracts for all CERP projects over \$500K.

g. **U.S. Military Finance Office.** The supporting DO, Deputy Disbursing Officer (DDO) or Disbursing Agent (DA) trains and briefs PAs in their duties and responsibilities. The PA will sign a pecuniary liability statement in the presence of the DO or DDO.

h. **Coalition MSC Paying Agent.** The Coalition MSC PA acts as a Finance Office to fund PAs within a Coalition MSC. (See Appendix 2 of this SOP).

i. **MNC-I C-8.** Receives all completed CERP project files and maintains files. Provides staff assistance visits to units based upon request to assist with project issues. MNC-I C8 monitors the funds allocation, commitments, obligations, and disbursements of all MSCs and issues funding documents in accordance with the MNC-I Commander's Guidance.

j. **MNC-I C7.** Coordinates Reconstruction Program management and status reporting; staffs exceptions to policy; coordinates and chairs the Reconstruction Program Review Board; and plans and publishes reconstruction orders.

3. Execution Process Overview: The following is a step by step overview of the CERP execution process.

a. MNC-I receives funding for the CERP program from CFLCC as these funds are provided from Army Budget Office.

b. MNC-I C8 develops recommended funds distribution plan in coordination with MNC-I C7 and MNC-I C9. This distribution plan is based on desired effects, operational priorities and ability to execute the funding. All distribution plans are approved by the MNC-I Commander.

c. MNC-I C8 distributes funding to MSCs and/or Separate Brigades in accordance with the plan.

d. Commanders, in coordination with Iraqi government officials and agencies, and key staff elements, develop projects to meet the urgent humanitarian and reconstruction needs of the Iraqi people.

e. Units scope the proposed project, developing a statement of work or a project proposal that describes what the project is and what it will do. Units provide this information to MSC CERP Project Manager.

f. Commanders approve projects consistent with their approval authority and funding availability. MSC commanders are given considerable leeway in the approval of projects as long as they meet the intent of the CERP program.

- g. MSC Comptroller certifies availability of funding for approved projects. If funding is unavailable, CERP Program Manager maintains an unfunded requirements list.
- h. MSC CERP Program Manager inputs complete project data into IRMS.
- i. Commanders appoint a PPO to manage the project and a PA to process payments for the contractors.
- j. The PPO then contracts to obtain services and supplies, subject to specific rules applicable to the project cost.
- k. The PPO manages the project to completion.
- l. The PPO directs the PA to make installment (in-progress) and final payments IAW with this SOP and Finance regulations.
- m. The PPO submits project files to the MSC CERP Program Manager and clears with the MSC Comptroller and the approving Commander.
- n. MSC CERP Program Manager updates project data in IRMS at least monthly. Project data should be accurate by the 25th of each month.
- o. MSC Comptroller prepares a monthly Status of Funds (SOF) report. The report is due on the 3rd of each month. The SOF must be signed by the MSC Commander (can be delegated his Chief of Staff or equivalent). The MSC comptroller submits this report to MNC-I C8.
- p. Each MSC is required to reconcile the project information in IRMS with the financial information in the standard financial system (STANFINS) as of the last day of the month. CoS for each Division will sign a memorandum stating that the information in IRMS and in STANFINS have been reconciled or list the discrepancies. In most cases, the obligations in the two systems will not be the same but the reason for the differences should be known. The reconciliation statement will be sent to MNC-I C8 NLT the 3rd of each month. The reconciliation statement may be combined with the SOF report.
- q. MSC Comptroller turns in completed project files to MNC-I C8 on a quarterly basis. In the event the completed project becomes lost MSC comptroller will reconstruct the file with the following minimum information/documents: project description, accounting documents, commanders' explanation/clearance letter.
- r. After every payment cleared by the PA to the DO (installment and final), the DO submits original payment vouchers to DFAS-Rome where the disbursement is recorded in STANFINS where it is maintained for future review and audit. Disbursements are not recorded in STANFINS until the PA clears with the finance office where the funds were drawn.

4. Project Management Procedures: The execution of a CERP project involves 6 steps: Project Identification, Project Approval, Project Funding, Project Execution, Project Payment, and Project Closure. Each of these steps is covered below.

a. Project Identification.

(1) Commanders, in coordination with Iraqi government officials and agencies, and key staff elements develop projects to meet the urgent humanitarian and reconstruction needs of the Iraqi people. Coordination with local officials is critical to ensure that the project meets a perceived need by the population, is appropriate for the culture, and will be maintained in the future. Coalition Forces have built numerous projects that did not meet their intended purpose

due to lack of coordination with local officials. Operations, maintenance, and staffing should be discussed before any project begins.

(2) Units scope the proposed project, developing a statement of work or a project proposal that describes what the project is and what it will do. Units provide this information to MSC CERP Project Manager to identify it as a **planned project**. Scopes of Work should be sufficiently detailed to allow the contractor to know what needs to be done. At the end of the project if there is a disagreement as to what work should have been done the Scope of Work will be used to determine who is correct. If the work is not spelled out in the Scope of Work the contractor is not obligated to do it.

(3) The project proposal or statement of work will identify the estimated cost of the project, based upon previous similar projects or other information. If the Gulf Regions Division (GRD) or another organization is going to do the contracting and/or project oversight the cost of their services should be included in the estimated project cost.

(4) For Bulk Funds the unit requesting the project will prepare either a DA Form 3953 (Purchase Request and Commitment Form), a DD Form 1149 (Requisition and Invoice/Shipping Document), or a memorandum identifying the proposed project (for bulk funded projects). The Initiating Officer will either be the individual from the unit requesting funding, the MSC CERP Program Manager, or a Brigade/Battalion staff officer. The signature for the memorandum requesting authority to initiate a bulk funded project can either be an individual from the unit requesting the project or from the MSC CERP Program Manager.

b. Project Approval.

(1) Once the project has been identified a CERP Request packet will be submitted to the appropriate approval authority.

(2) Every CERP request packet that requires MNC-I approval must contain the following:

- (a) CERP Standard Letter of Justification (LOJ)
- (b) MND Command Group endorsement
- (c) Scope of Work or Bill of Quantities
- (d) DA Form 3953, Purchase Request and Commitment form
- (e) Memorandum of Concurrence from MND, if non- Battle Space Owner.

(3) The MSC and MNC-I Commander's approval authority is addressed in the base instructions. Projects will not be split to circumvent these limits.

(4) If the actual project costs exceed the DA 3953/DD 1149 or memorandum amount, then a new request to increase the funding will be prepared. The request memorandum or new DA 3953/DD 1149 has to be approved for the additional amount prior to making disbursements that exceed the amount on the original DA 3953/DD 1149.

(5) If the actual project costs exceed the original approving Commander's authority level, the project must be approved by the higher level commander prior to making disbursements that exceed the amount on the original project approval documentation. If a project over \$500K has already been approved by the MNC-I CG, any cost increases exceeding 20% must be resubmitted and approved by the MNC-I Chief of staff.

c. Project Funding

(1) Non-bulk funded projects.

(a) Upon Commander's approval, the DA 3953/DD 1149 is submitted to the MSC Comptroller's Office.

(b) The MSC Comptroller's Office processes the DA 3953/DD 1149 by issuing a PR&C number, printing the accounting classification on the document, signing block 21 as the Certifying Officer, and committing funds. There will be no co-mingling of funds in the same project (use only one funding source - U.S. appropriated CERP, Iraqi Interim Government (IIG) funds).

(c) The following documents must be on file at the MSC Comptroller's Office prior to release of the DA 3953/DD 1149:

- DD Form 577 Signature Card for the Project Purchasing Officer.
- DD Form 577 Signature Card for the Paying Agent.
- Appointment Memorandum for the Project Purchasing Officer.
- Appointment Memorandum for the Paying Agent.

(d) The MSC Comptroller's Office will explain to the PPO the differences from normal CERP projects for those funded by Iraqi government funds (see Appendix 2 of this SOP).

(e) The issuance of a funded DA 3953/DD 1149 authorizes the PPO to contract the project.

(2) Bulk Funded Projects. The Pay Agent already has access to the funds necessary to pay those project bills authorized for payment by the PPO. (See Appendix 2 for details on special execution of CERP funds). All projects must be entered into IRMS individually including projects that are paid for with bulk funds. Condolence payments and battle damage are the only instances where multiple payments can be consolidated for reporting purposes in IRMS and in the financial system. Records of individual payments must be maintained but they can be consolidated for reporting purposes.

(3) Once the project is funded it must be entered into IRMS. The projects status will continue to be tracked in IRMS throughout the life of the project.

d. Project Execution.

(1) The PPO will maintain a project file containing all copies of all documents created during the project.

(2) The Project Purchasing Officer contracts for services and supplies within the established dollar limits and in accordance with the training received from the U.S. warranted contracting office. The PPO negotiates payment terms to include price/cost, currency, and payment schedule. The PPO limit is \$500K per project. Requirements above the \$500K limit must be contracted by a warranted contracting officer.

(3) The Project Purchasing Officer will make the best effort to identify local Iraqi firms that may be able to satisfy the project requirements.

(4) Regarding the payment schedule, the Project Purchasing Officer will never authorize advance payments. Installment or in-progress payments based upon a percent complete are

recommended payment schedules. Payments will normally be in U.S. dollars, although payments in Iraqi Dinar are authorized.

(5) The Project Purchasing Officer, when feasible, should seek multiple bids in order to encourage competition. We encourage seeking advice from the local contracting office for any projects greater than \$75K.

(6) The Project Purchasing Officer prepares a Standard Form 44 (Purchase Order-Invoice-Voucher) for each disbursement associated with the project for payments below \$500K in accordance with the payment schedule.

(7) Each SF 44 must be complete to include a detailed description of supplies and/or services received. The "Ordered By" section of the form will include the signature of the PPO and the title "Project Purchasing Officer". The Receiver of the goods or services will sign in the "Received By" block and include their position title. The Receiver of the goods or services will be an individual other than the Paying Agent or the Project Purchasing Officer.

(8) Project Purchasing Officer will prepare a DD Form 250 and have it signed by the receiver of the goods or services contracted by a warranted contracting officer. The DD Form 250 will then be submitted to the servicing contracting office. Next, Finance will prepare a Standard Form 1034 (Public Voucher for Purchases and Services Other than Personal) for vendor payment. The Receiver cannot be the Project Purchasing Officer or Paying Agent.

(9) The Project Purchasing Officer will prepare a SF 44s for each payment made. The total disbursement amount from all SF 44s/SF 1034s will not exceed the amount on the DA 3953/DD 1149 or approval memo for a bulk fund project.

(10) Obligations and disbursements should be entered into IRMS as they are made. Additionally the project status should be updated in IRMS as the project progresses. If funds are transferred to GRD for project execution, the originating unit must enter the obligation amount in IRMS prior to the Military Inter-Departmental Purchase Request (MIPR) transmittal. Originating unit provides the IRMS Unit Record Identifier to GRD.

(11) If the project costs exceed the amount on the DA 3953/DD 1149, the Project Purchasing Officer will immediately contact the approving Commander. The Commander will either suspend work on the project or approve a funds increase memorandum (prepared by the PPO or contracting office awarding the contract) for the difference. The Commander approving the funds increase must have approval authority high enough for the total cost of the project.

(12) If the project is cancelled or suspended, the Project Purchasing Officer will immediately notify the approving Commander and the MSC CERP Manager.

e. Project Payments.

(1) The Paying Agent will take the DA 3953/DD 1149 to the Finance Office, with copies of the Project Purchasing Officer/Paying Agent Signature Cards and Appointment Orders, to draw cash for payment. The Finance Office will issue a DD Form 1081 (Statement of Agent Accountability) that acts as a hand receipt for the cash. The DD Form 1081 must reference the document number recorded on the DA 3953/DD 1149.

(2) The Project Purchasing Officer will contact the Paying Agent to arrange payment with the vendor. Both the Project Purchasing Officer and the Paying Agent will go together to make payment to the vendor.

(3) The Project Purchasing Officer authorizes payment on the SF 44/SF 1034. The Paying Agent will insert the dollar value of the goods or services and sign the SF 44 immediately after the certification statement – “I certify that this account is correct and proper for payment in the amount of...”

(4) The Paying Agent disburses cash to the vendor in accordance with the training received from Finance Office. The vendor will sign the SF 44/SF 1034 and receive a copy. Both the Project Purchasing Officer and Paying Agent must be present at time of disbursement. The vendor should provide an invoice or receipt, either before or at the time of payment.

(5) Once the SF44/SF1034 is completed and all parties have signed, the SF 44/SF 1034 becomes an accountable document to the Paying Agent and it is a required document to clear the Paying Agent's DD Form 1081 from the Finance Office.

f. Project Closure.

(1) Once the project is completed the project will be closed in IRMS. The Project Status field will be changed to PHYSCOMP, the % complete field will be changed to 100, the completion date will be inserted in the Actual Completion Date field, and the disbursements will be entered. If funds were de-obligated then the obligation field should also be corrected.

(2) The Project Purchasing Officer and Paying Agent will clear with the MSC Comptroller and the Finance Office (where funds were drawn) with their completed SF 44/SF 1034, receipts and any remaining currency to clear their DD Form 1081. The DD Form 1081 must reference the document number recorded on the DA 3953/DD 1149. The Finance Office will prepare an SF 1034 voucher for the total amount of all SF Forms 44 submitted. When bulk funding is used several projects may be completed on a bulk draw prior to clearing finance.

(3) The Paying Agent will keep or obtain a copy of all SF 44/SF 1034/DD 1081 and provide a copy of all documents to the Project Purchasing Officer. The Project Purchasing Officer will clear the Paying Agent and provide a clearance memorandum to the Paying Agent upon receipt of all disbursement and agent documents.

(4) The Project Purchasing Officer will reconcile all documents used during the project. The project file will contain the following documents, as a minimum:

- (a) DA3963/DD1149.
- (b) Paying Agent appointment letter.
- (c) Project Purchasing Officer appointment letter.
- (d) DD Form 577, Signature Card for both PPO and PA.
- (e) DD Form 1081 marked ON ADVANCE.
- (f) DD Form 1081 marked ON RETURN (cleared with a \$0 balance).
- (g) Copy of Complete Contract.
- (h) All SF Forms 44 or SF Forms 1034 paid.
- (i) DD Form 250 Receiving Report (if contract used).
- (k) Invoice from vendor (if provided).
- (l) Project proposal or statement of work.

(m) Commander's clearance memorandum.

(n) MSC Comptroller clearance memorandum.

(o) For coalition units, equivalent forms in English with all the appropriate signatures and information may be substituted.

(5) The Project Purchasing Officer is encouraged to include other documents, pictures, diagrams, as appropriate. The project file will contain any legal opinions if done.

(6) The Project Purchasing Officer will then provide the Commander's clearance memorandum and the project closure report to the approving Commander for review.

(7) Commanders are required to review the project file, all disbursement vouchers, and supporting documentation. After review, the Commander will issue a clearance memorandum stating: "I have reviewed and approved the projects, and they are complete and adhere to the guidelines set forth in the current MNC-I CERP SOP and applicable FRAGOs."

(8) The Commander's clearance memorandum will be added to the project file by the Project Purchasing Officer. The Project Purchasing Officer will then submit the completed project file to the MSC Comptroller's Office for review, reconciliation, and clearance.

(9) The MSC Comptroller's Office will ensure the project file contains all documents described above. The Project Purchasing Officer is responsible for making corrections or providing memorandums explaining lost or illegible documents endorsed by the approving Commander.

(10) After receiving all required documentation in the project file, the MSC Comptroller must provide a clearance memorandum to the Project Purchasing Officer stating: "The following CERP Project is cleared, contractually sufficient, and within the scope of the appointed authority." A copy of the MSC Comptroller clearance memorandum will be placed in the project file.

(11) The MSC Comptroller's Office will provide completed project files to the MNC-I C8 on at least a quarterly basis.

(12) An MNC-I memo concerning this issue is presented start on pg C-15-1.

APPENDIX C

Appendix 2 – Special Situations.

1. **Special Situations.** There are a number of special situations encountered in the CERP program. These range from different types of CERP affiliated funding (such as Development Fund for Iraq (DFI) funding) to special uses of CERP (such as condolence and detainee payments) to special execution of CERP. These items are addressed below.

a. CERP Affiliated funding

(1). Development Fund for Iraq (DFI) and Seized CERP.

(a) DFI and Seized CERP were available to MNC-I for use in CERP projects up until 28 June 2004 and 30 September 2004, respectively. Currently, the remaining funds are managed by the JASG-C J-8 Office.

(b) MSC Commanders will continue to manage CERP projects funded with DFI and Seized CERP until they are completed, canceled, or abandoned. These projects will be reported through IRMS to MNC-I C7 and monthly through the Commander's CERP Status of Funds report.

(c) MSC Comptrollers will identify funds released due to cancellations or when costs are under the DA 3953/DD 1149 estimated amount. MSC Comptrollers will direct the Paying Agent to turn in excess funds to the JASG-C J-8 office immediately to reduce excess funds on the battlefield. MNC-I C8 will be notified on these turn-ins.

(d) MSC Commanders may not reuse, commit, or obligate DFI or Seized CERP funding for any new projects or to provide additional funding to current projects. These are funds of the Iraqi government, and any use beyond their original intended purpose is improper.

(e) MSC Commanders and Comptrollers will ensure that Paying Agents with DFI or Seized CERP funds clear with JASG-C J-8 and transfer funding to incoming Paying Agents prior to their departure from the command or theater.

b. Special Uses for CERP

(1) Condolence Payments and Battle Damage Payments

(a) References F authorizes the payment of condolence payments for death, injury, or battle damage in the amounts up to \$2,500. This means for each death, each injury, and each incident of property damage CERP funds can be used to pay the family. For example, two members of the same family are killed in a car when the car is hit by U.S. forces. The head of that household could receive a maximum of \$7,500 in CERP condolence payments - \$2,500 for each death (\$5,000) and \$2,500 for the damage to the vehicle. The Brigade commander is the approval authority for condolence payments. Exceptions to policy for extraordinary cases may be approved by the MSC CG (General Officer) for payments up to \$10,000 per incident. This authority cannot be delegated.

(b) Condolence payments can be paid to express sympathy and to provide urgently needed humanitarian relief to individual Iraqis and the Iraqi people in general. Commanders must verify that a claim is not a viable option prior to using CERP for condolence payments. Condolence payments are different from claims and are not an

admission of fault by the U.S. Government. It is crucial to remember that when a Commander uses CERP funds, it is not an acknowledgement of any moral or legal responsibility for someone's death, injury, or damaged property. Condolence payments are symbolic gestures and are not paid to compensate someone for a loss. CERP condolence payments are not Solatia payments and will not be referred as such. In addition, condolence payments are only for Coalition/US Force caused incidents.

(c) Battle damage and condolence payments for IA/IP caused damage in unusual circumstances may be approved on a case by case basis by the MSC CG. This authority cannot be delegated.

(2) Martyr Payments.

(a) Martyr payments are defined as a payment to the surviving spouse or next of kin of Iraqi Army (IA)/ Iraqi Police (IP), or in extraordinary circumstances, government civilians (i.e. PRDC employees) who were killed as a result of U.S., coalition, or supporting military operations. Martyr payments are considered a subset of the OSD authorized condolence payment, but are only payable in the event of the death of one of these authorized individuals and at the same amounts as condolence payments.

i. Commanders must bear in mind that the MOI and MOD make martyr payments to the families of IA and IP forces to provide long term assistance. It may not be prudent to make it a standing practice to make substantial condolence payments to the families of every fallen Iraqi Security Force member and full consideration must be given to the Iraqi MOD/MOI martyr payment system. Martyr payments to IA/IP families should be minimal and used to provide immediate assistance only.

ii. Martyr payments for non-Iraqi Army or Iraqi Police casualties must be approved by the MSC Commander (General Officer) only in extraordinary circumstances and on a case by case basis. This authority cannot be delegated.

(3) Detainee Release payments.

(a) IAW current MNC-I policy, detainees released from an MNC-I detention facilities will be paid \$6 dollars a day for each day they are held in the detention facility. This payment will be automatic unless there is a finding by the facility commander that payment is not appropriate in a particular case. The payments will be made to provide humanitarian relief to the family and community for time spent in detention.

(b) This policy does not authorize payments to detainees upon transfer to Theater Internment Facilities.

(c) Detainee payments are not compensation, but are expressions of sympathy for wages lost during detention to provide urgently needed humanitarian relief to individual Iraqis for their families. Detainee payments are not claims, are not an admission of fault by the government, and are not an acknowledgement of any moral or legal responsibility for a person's detention.

(d) Documentation of detainee payments will include the name of the recipient, the date that the incident occurred, city and province where incident occurred, and a detailed description of the extent of the incident. These assessments must be documented in a memorandum certified by the approver of the project.

(4) Procedures for Condolence/Battle Damage/Martyr/Detainee Payments

(a) The Commander may choose to make multiple payments against one DA 3953, in amounts up to \$50,000. The Project Purchasing Officer will obtain prior approval from the Commander.

(b) Upon Commander approval, the Paying Agent may go to the Finance Office and use the DA 3953 for a bulk draw of cash in U.S. dollars or, if available, Iraqi Dinar. If Iraqi Dinar are available in your area, payments less than \$2,500 should be paid in local currency

(c) The Paying Agent makes disbursement using a roster that provides the name of the recipient, the amount, and their signature. The Project Purchasing Officer and Paying Agent will certify each roster that it represents the actual payments made to Iraqi individuals or heads of household for condolence payments.

(d) The Project Purchasing Officer will prepare a memorandum providing a description and explanation for the condolence payments. This will include the date(s) that the incident occurred, city and province where incident occurred, and a detailed description of the extent of the incident. The Commander will sign this memorandum. The memorandum and all rosters will become part of the project file.

(e) Clearing of all bulk fund accounts will be completed according to FINCOM guidance.

(f) Any payments for battle damage cannot also be identified as claims. Claims for damage caused by combat are specifically not payable under the Foreign Claims Act.

(5) CERP MICRO GRANT PROGRAM PRACTICES AND PROCEDURES

(a) **PURPOSE:** To provide basic guidelines and specify common procedures and restrictions to be followed by MSCs in using Commander's Emergency Response Program (CERP) funds to make micro grants to support small and micro business activities.

(b) **REFERENCES:**

- i. (U) DoD FMR 7000.14-R, Volume 12, Chapter 27, September 2005
- ii. (U) MNC-I CJ8 SOP, Money as a Weapons System (MAAWS), November 2006
- iii. (U) MNC-I OPORD 06-03, dtd NOV 2006

(c) **KEY TASKS:**

- i. Develop SOP for solicitation, selection, and monitoring of business micro grants.
- ii. All micro grants will adhere to MNC-I policy.

(d) **BACKGROUND:** Throughout the AOR, there is a lack of credit available to small businesses and entrepreneurs, particularly in areas directly impacted by insurgent and

sectarian violence. This deficiency dampens economic activity, which results in limited job availability and fewer businesses that can support reconstruction and relief projects. The commander's intent is to provide local commanders in areas adversely impacted by insurgent and sectarian violence a flexible tool with which to engage entrepreneurs and increase economic activity that supports reconstruction and humanitarian relief efforts.

(e) **CONCEPT OF OPERATIONS:**

i. The purpose of this program (subject to the restrictions and implementation requirements) is to use CERP funds to provide financial assistance (in the form of in-kind contributions, cash, or both) to disadvantaged entrepreneurs engaged in small and micro business activities that can support humanitarian relief and reconstruction. For purposes of this program, a disadvantaged entrepreneur is one lacking independent wealth or otherwise unable to access sufficient business credit at commercially reasonable terms. This is a modification of prior CERP policy which prohibited direct payments to assist private businesses.

ii. Grants provided should generally be less than \$5,000 and should be made based on standardized selection criteria and processes in accordance with the guidance set forth in this SOP. Resources provided will not be repaid or returned to CF. In-kind deliveries of equipment, tools, and other material support, when practical, are preferred over cash payments. In-kind distributions help to ensure that grants will be used for intended purposes and limit the ability of AIF, criminal elements, and other corrupt individuals from acquiring grant proceeds. In certain circumstances, however, one or more cash payments to be used for working capital may be provided to a grant recipient.

iii. The goal is stimulation of economic activity that supports CF reconstruction and humanitarian assistance operations. Assistance provided is intended to allow disadvantaged individuals to grow existing businesses or re-establish disrupted enterprises which will create lasting economic activity in a community. As such, the primary target recipients are individuals operating existing businesses or those whose prior business activities have been disrupted in recent years. Support to individuals without prior business experience may be considered on a case by case basis, particularly with respect to recent college, university or professional graduates who desire to start a business. But only applicants with strong business concepts should be considered for grants in this latter category.

iv. Within the guidelines and restrictions specified in this SOP, commanders are encouraged to be creative and adapt the micro grant program to local conditions in order to achieve the best local results. The application guidance set forth below provides general criteria to be used in evaluating grant requests. Ultimately, however, the judgment of individual commanders based on local circumstances will determine the relative merit of each grant request. The objective is to make high-quality grants which will have a meaningful impact in a community, not merely to make a large numbers of grants.

v. Commanders are encouraged to use the micro grant program in conjunction with other CERP projects and other CF, US government, and GoI economic development initiatives. For example, it may be appropriate in certain circumstances to require a grant applicant to employ vocational education graduates or students as a condition for receipt of a grant. If a micro lending institution is present in a community, grants should be made to

leverage the aggregate economic benefit of such activities. For example, an engine repair shop might receive a piece of equipment under the micro grant program and a loan from a micro finance institution to use as working capital to hire one or more new employees to operate that machine.

(f) PROCEDURES:

i. MSCs will develop SOPs for grant solicitation, approval, implementation, and monitoring including a written application to be completed for each grant application. Procedures will incorporate the guidance and restrictions contained in this document.

ii. Grants will be awarded based on applications submitted by potential grantees. As the target grantees are experienced, but not large entrepreneurs, application procedures should be kept as simple as practical. Formal business plans or financial projections should generally not be required. Applications will be evaluated on the basis of the following criteria:

1) Applicant has the necessary knowledge, skills, and experience required to undertake the proposed activity including:

a. An understanding of the market for their activity, including, where will the product or service be sold, at what cost, and the level of competition. Such factors shall be assessed by the information provided by the applicant on the application or in an interview by coalition forces, if practicable.

b. That the resources available to the applicant will be realistic to the business idea being pursued.

2) How the grant would be used. Applicant should show:

a. How the assistance provided will be used.

b. That the requested resources are sufficient for the intended purpose.

3) How the applicant will manage the activity including use and maintenance of resources.

4) Need and character of the applicant:

a. Does the applicant have alternative resources?

b. Has the applicant's business been negatively impacted by military operations or extremist violence?

c. Does the applicant have character references from trusted sources in the community?

5) How the business will re-invest incomes derived from the grant back into the business.

- 6) Measurable increases in production, trade, or business activity.
- 7) Positive impact that the supported activity will have on the community.
- 8) Number of jobs created.
- 9) Willingness of the applicant to contribute resources to the enterprise including in-kind contributions and "sweat equity."

iii. Any grant to an applicant with a value of less than \$2,500 shall be prior approved by the Brigade commander or his staff designee.

iv. Any grant to an applicant with a value equal to or greater than \$2,500 but less than \$10,000 shall be prior approved by the Division Commander.

v. Any grant to an applicant with a value of \$10,000 or greater shall be prior approved by the Corps commander.

vi. Assistance provided will be in the form of in-kind distributions, cash grants, or a combination of both. In-kind grants or reimbursements for completed improvements or purchases by the grant recipient are preferable to cash payments to the extent practical. Commanders are encouraged to structure payout of grants in segments and condition later payments upon successful accomplishment of agreed goals (for example, new employees hired, renovations completed, new equipment installed, etc.).

vii. Grant making activities should be focused in areas underserved by other micro-credit and assistance programs. In areas where micro-lending programs are available, applicants may propose to combine program resources in order to leverage capabilities. However, **under no circumstances shall grants be provided to repay existing micro-loans or other business support programs.**

viii. Commanders shall maximize the use Iraqi partners to solicit applicants to the extent practical. Potential local partners include NACS, DACS, NGOs, tribal leadership, college and university officials, agricultural cooperatives, business development centers, and any other formal or informal entity supportive of CF and GoI efforts with sufficient outreach in their community. Final selection of grant recipients, however, will remain with CF and CF payment rules shall apply. Regardless of the source of the applicant and recommendations for approval, only those applications proposing viable business ideas should be approved.

ix. The application and selection process shall be made clear to all applicants. For every applicant selected to receive a grant, there may be numerous disappointed non-selected applicants. Providing the objective criteria upon which the selection was made will lessen the perception that the process was pre-determined or otherwise unfair. Commanders retain full discretion, however, to deny grants to any party not deemed an appropriate recipient, for whatever reason.

x. Customary background checks similar to those conducted on other Iraqi nationals who are recipients of US funds will be conducted on all approved applicants prior to disbursement of grant proceeds.

xi. Once a grant is distributed, the progress of the supported enterprise will be monitored, but only to the extent limited resources permit. The intent is to assess the effectiveness of the grant, not to provide mentoring or other support for the enterprise. The effectiveness of prior grants should be used as a guide in subsequent grant making activities.

(g) LEGAL CONSTRAINTS AND REQUIREMENTS:

i. While an expected collateral benefit of the micro grant program is increased employment opportunities at small businesses, the program may not be used as a general purpose job creation program.

ii. Micro grants are prohibited to enterprises which are in the following lines of business:

- 1) Entertainment.
- 2) Equipping or training the ISF.
- 3) Services duplicative of those provided by the Gol.
- 4) PSYOP or IO activities.
- 5) Weapons sales or service.

iii. Micro grants may not be used to obtain directly goods or services for U.S., coalition, or other supporting forces.

iv. The business activities supported must have a relationship to CF reconstruction or humanitarian relief efforts. Questions regarding whether a proposed grant is sufficiently related to these efforts should be directed to the commander's SJA. Example activities which have a sufficient connection to reconstruction and humanitarian relief efforts to qualify for grants include:

- 1) Construction.
- 2) Equipment and electronic repair.
- 3) Agribusiness including production, processing, and distribution.
- 4) Educational services which are not duplicative of available Gol ones.
- 5) Reconstruction material supply.
- 6) Heavy equipment.
- 7) Transportation.
- 8) Conflict resolution and mediation services.
- 9) Legal services related to furthering rule of law.
- 10) Medical services which are not duplicative of available Gol services.

v. All MSCs will maintain records and provide financial reports IAW the MNC-I Commander's Emergency Response Program (CERP) Family of Funds SOP, as stated within this document, and any subsequent supplements or amendments to that guidance.

Specifically, the approval and payment process should mirror the bulk funds processes used to pay condolence and battle damage payments. In addition, commanders must maintain documentation that record the amount and character of each grant (list of equipment provided and cost, for example) and the commander's determination that the grant met the requirements set forth in paragraph 7.d. above. A sample Memorandum of Record satisfying the requirements of this paragraph 7.e. is attached in this document.

vi. Each Brigade commander upon making grants in his AOR with an aggregate value equal to or greater than of \$250,000 shall forward copies of the records required in this document by his Division commander for review and confirmation of compliance with the intent of the micro grant program prior to making additional grants. Upon satisfactory review of such documentation, the Division commander will restore the authority of the Brigade commander to resume making grants. An identical halt and review process shall occur for each additional \$250,000 increment of grants made.

(h) FISCAL MANAGEMENT PROCEDURES REQUIREMENTS

i. All grants will adhere to MNC-I policy IAW MNC-I C8 SOP (MAAWS) governing the use of CERP.

ii. Approval authority shall be obtained according to the below matrix based upon the total amount of the grant proposed:

GRANT SIZE	APPROVAL AUTHORITY	DELEGATION
Up to \$2.5K	Brigade Cdr	Yes
\$2.5K to \$10K	Division Cdr	No
Greater than \$10K	Corps Cdr	No

2. Special Execution of CERP

a. Project Bulk Funds.

(1) MSC's are authorized to draw bulk funds for projects. Bulk funds are lump sum withdrawals from Finance made by a Paying Agent. The purpose of bulk funds is to allow prior command approved projects to be initiated more quickly and closed out sooner than if individual withdrawals were made for each project. The withdrawal of bulk funds is limited to \$50K per Battalion and \$200K per Brigade/Division level unit. The authority to draw bulk funds is at the discretion of the MSC commander and may be delegated as the MSC commander requires; but in no case may a units Pay Agents have more than the units authorized limit in bulk funds at a time.

(2) **The approval of bulk funds does not impact the project approval process. The Commander must approve all bulk funded projects prior to PPOs awarding contracts or memorandums of agreement (MOAs). Each individual project must be approved and documented in IRMS separately, regardless of whether they are bulk funded or have a separate purchase, request, and commitment document.**

(3) Clearing of all bulk fund accounts will be completed according to FINCOM guidance. See Enclosure 2, Disbursing Standard Operating Procedures (SOP) #2, 8 Mar 2006.

b. Execution by Coalition Major Subordinate Commands

(1) Because of U.S. financial regulations, the methods to fund and disburse CERP projects with Coalition MSCs will vary from the normal procedures.

(2) The Coalition MSC Commander will appoint a MSC Paying Agent to receive the cash from the U.S. Military Finance Office. The Coalition MSC Paying Agent will receive training from MNC-I C8 and the U.S. Military Finance Office on how to issue/return funds and disbursement vouchers to/from Paying Agents using DD Form 1081.

(3) MNC-I C8 will prepare a DA Form 3953 and a SF Form 1034 to fund the Coalition MSC. The Coalition MSC Paying Agent will then receive cash when the U.S. Military Finance Office disburses the SF Form 1034.

(4) The Coalition MSC Paying Agent will act as the "Finance Office" in these procedures to issue cash to Paying Agents within the Coalition MSC. The Coalition MSC Paying Agent will receive returns of remaining funds and disbursement vouchers from Paying Agents. All issues and returns will use DD Form 1081.

(5) On a monthly basis, the Coalition MSC Paying Agent will turn in copies of all DD Forms 1081 and disbursement vouchers received from Paying Agents to the Coalition MSC Comptroller.

(6) The Coalition MSC Comptroller will ensure that the Coalition MSC Paying Agent clears and transfers any remaining cash to the next appointed Coalition MSC Paying Agent prior to leaving the command or theater. The Coalition MSC Comptroller will issue a clearance memorandum to the former Coalition MSC Paying Agent.

c. Funding for non-battlespace owners. Non-battlespace owner's may require the payment of CERP for specific projects or for condolence payments. In the case of projects (either reconstruction or Iraqi Economic Initiative (IEI), requests for funding must be made through MNC-I C7 and must show coordination with the battlespace owner to ensure the project is consistent with and not redundant to other projects in that area and that they support the battlespace owners desired effects.

d. Payments in Iraqi Dinars.

(1) The use of Iraqi Dinar for vendor payments is encouraged. However, there may be times when the Iraqi vendor insists on payments in U.S. dollars. The currency and method of payment (cash vs. check or EFT) should be weighed against economic and security effects. The Project Purchasing Officer will identify prices/costs in both U.S. dollars and Iraqi Dinar with the vendor.

(2) If the local Finance Officer is unable to provide Iraqi Dinar currency, the Paying Agent may go to a local bank to purchase the required amount of Iraqi Dinar to make payment. The Paying Agent will indicate on the SF 44/SF 1034 the amount in U.S. dollars and Iraqi Dinar paid to the vendor.

(3) The cost of the currency exchange transaction is part of the cost of the CERP project. The Project Purchasing Officer will prepare a separate SF 44 to reflect the currency transaction cost. This SF 44 should be signed by a representative at the local bank where the U.S. currency was exchanged for Iraqi Dinar. It is prohibited to convert funds based on changing currency exchange rates in order to make a profit.

(4) The Project Purchasing Officer will ensure that the project cost and currency exchange transaction cost (in U.S. dollars) does not exceed the DA 3953/DD 1149 amount.

(5) Project Purchasing Officers and Paying Agents may consult with the Finance Office to determine if an Iraqi Dinar check or EFT is a possible form of payment. General thresholds for local currency is cash for payments <\$2,500 and check/EFT/U.S. dollars for payments > \$2,500.

APPENDIX C

Appendix 3 – CERP Reporting

1. Overview.

a. The overall success of CERP reporting is based on checks and balances. The two main systems that track CERP information are the Iraqi Reconstruction and Management System (IRMS) and the Army accounting systems. IRMS is the central database for reporting all projects initiated under the CERP family of funds while the accounting system tracks all commitments, obligations and disbursements against these CERP projects. Through a coordinated effort of commanders, MSC CERP Program Managers, civil affairs, engineers, effects coordinators, PPOs and the organization's comptrollers, both systems will remain up to date and accurately reflect the status of projects to ensure fidelity in reporting. MNC-I provides detailed monthly reports to higher commands that ultimately reach the office of the Secretary of Defense for review and are used for audit purposes. Leaders at all levels make decisions for future funding based on these reports. Additionally, these reports are used to provide a Reconstruction Common Operating Picture (COP).

b. Reconstruction Program Review Board (PgRB). MNC-I C7 chairs a monthly program review board via Information Work Space (IWS) for MSC's to update MNC-I regarding ongoing reconstruction initiatives. The Reconstruction PgRB is vital for non-lethal enablers – civil military operations, engineers, resource management and effects to update program status, reconstruction plans, new guidance, and quality assurance. MSCs will ensure civil affairs, engineers, effects and comptrollers participate in the Reconstruction PgRB. MSC's provide and brief a reconstruction update that integrates non-lethal enablers input for each province and strategic city.

2. MSC Comptroller Requirements.

a. MSC Comptrollers must maintain a document register for each CERP Family of Funds (CERP (FY04, FY05, FY06, FY07), DFI, and Seized).

b. While Army Division Comptrollers must maintain their own DCAS records, MNC-I C8 is responsible for maintaining DCAS for those MSC Comptrollers who receive a Military Interdepartmental Purchase Request (MIPR) or Purchase Request and Commitment Form (DA Form 3953) drawing bulk funds.

c. MSC Comptrollers must submit a monthly MSC Commander's CERP Status of Funds report to MNC-I C8 on the 3rd of every month.

(1) MSCs must provide status for each type of funding received which includes CERP (FY04, FY05, FY06, FY07) DFI, and Seized. (DFI, Seized, no longer incur obligations for these funds, only report changes)

(2) MSC Commanders will submit a signed CERP Status of Funds report to MNC-I C8 not later than the 3rd of each month. MSC Commanders will sign and forward a statement of assurance that all fiscal controls and program procedures were followed (can be delegated to Chief of Staff or equivalent).

COMMANDER'S CERP STATUS REPORT				
TYPE OF CERP FUNDING	CUMULATIVE FUNDS ALLOCATED	CUMULATIVE FUNDS COMMITTED	CUMULATIVE FUNDS OBLIGATED	CUMULATIVE FUNDS DISBURSED

(3). The following defines the information required in the monthly MSC Commander's CERP Status of Funds report:

a. Type of CERP Funding – Indicate CERP (FY04, FY05, FY06, FY07), DFI, or IIG (i.e. funds that still exist).

b. Cumulative Funds Allocated – Total funds distributed to MSC. The total funding distributed on a RDD/MIPR/DA 3953.

c. Cumulative Funds Committed – Total funds committed to pay for projects. The total of all approved and certified DA 3953/DD 1149.

d. Cumulative Funds Obligated – Funds are obligated based on the dollars awarded for contracts or paid for condolence/battle damage.

e. Cumulative Funds Disbursed – Amount of money paid to vendors or individuals for goods and/or services. The total of all SF 44/SF 1034/DD 1081s.

d. The Commander's monthly CERP Status of Funds report will also include the following statement: "I have verified that all controls and procedures were followed, and the unit is exercising appropriate fiscal oversight in accordance with MNC-I fragmentary orders and command guidance. In addition, I certify the monthly status of funds report as true and accurate."

e. MSC Comptrollers must also submit, either as a part of the above report and certification or as a separate report and certification, a monthly reconciliation of data in IRMS with data in STANFINS, or Service / Coalition equivalent. The report must certify that the data in IRMS matches the data in the financial system or identify the discrepancies.

(1) NLT the last day of the month, the MND CERP managers will retrieve IRMS obligation amounts from the MNC-I BUA report in IRMS and reconcile it to the data recorded in STANFINS or the Service / Coalition equivalent. Discrepancies must be identified and the corrections identified on the report.

(2) Ensure that the certification memo includes the amount reflected in STANFINS or the Service / Coalition equivalent, the obligated amount in IRMS, and any ongoing corrective actions.

(3) The memo must include one of the following statements:

"The CERP obligations in IRMS have been reconciled with the CERP obligations in STANFINS financial system or service / coalition equivalent system and the following discrepancies were found".

f. MSC CERP Managers are required to update all project status in IRMS as updates occur. It is imperative that the IRMS project status reflect accurate amounts committed, obligated, and disbursed for each of the MSCs projects. At a minimum, these numbers must be reconciled with the MSC CERP Status of Funds report monthly. Accurate reporting of projected and actual start and completion dates, detailed project descriptions and proper grid locations require timely input and updates as changes occur.

(1) IRMS uses benchmarks (sectors) to categorize projects into distinct and separate areas: Buildings, Health, Education, Transportation, Communications, Security and Justice, Electricity, Oil, Public Works & Water, Private Sector Development, Transition, and Peacekeeping. These benchmarks are broken into sub-sectors which define the benchmark. Benchmarks are valuable in that they provide a common reference across different funding types. All of the reconstruction efforts in Iraq are categorized by the same benchmarks to allow decision makers to compare levels of work in universal categories.