

UNITED STATES MARINE CORPS
MARINE CORPS CIVIL-MILITARY OPERATIONS SCHOOL
WEAPONS TRAINING BATTALION
TRAINING COMMAND
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STUDENT OUTLINE

FINANCIAL, CONTRACT, AND PROJECT MANAGEMENT

0531-CAS-104

CIVIL AFFAIRS NON-COMMISSIONED OFFICER COURSE

M02AAPD

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LEARNING OBJECTIVES

a. TERMINAL LEARNING OBJECTIVES

(1) Given a mission, constructed Needs Analysis, and Commander's intent, develop a project, to deliver the effect described by the Commander's intent. (CACT-EXEC-2001)

(2) Given a mission, a project, a scope of work, and Commander's intent, administer a project, to deliver the effect described by the Commander's intent. (CACT-EXEC-2002)

b. ENABLING LEARNING OBJECTIVES

(1) Without the aid of a reference, identify the sources of funding, in accordance with the MCRP 3-33.1G, Appendix B. (CACT-EXEC-2002a)

(2) Without the aid of a reference, identify contracting roles, in accordance with the MCRP 3-33.1A. Appendix G. (CACT-EXEC-2002c)

(3) Without the aid of a reference, identify financial management terminology, in accordance with the MCRP 3-33.1G. Appendix B. (CACT-EXEC-2002b)

(4) Without the aid of a reference, identify the phases of the project model, in accordance with the MCRP 3-17.7F, Chapter 1. (CACT-EXEC-2001c)

(5) Without the aid of a reference, define the basic functions of project management, in accordance with the MCRP 3-17.7F, Chapter 1. (CACT-EXEC-2001b)

(6) Without the aid of a reference, identify project closeout procedures, in accordance with the MCRP 3-33.1A. Appendix G. (CACT-EXEC-2001e)

(7) Given a scenario, develop a project nomination package, in accordance with the PE checklist. (CACT-EXEC-2001a)

(8) Given a scenario and role players with scripts, coordinate with project stakeholders, in accordance with the PE checklist. (CACT-EXEC-2001d)

1. **WHY FINANCIAL, CONTRACT, AND PROJECT MANAGEMENT?** Money represents influence and power, and its use should be considered an action on par with attack, defend, seize or destroy. The money allows CA Marines to conduct projects in support of the CMO objectives. CA Marines require skills and knowledge in the use of money and projects to create effects within the supported Commander's operational environment. Financial, Contract and Project management are all important knowledge areas that CA Marines must understand. However, the CA Marines must not be relegated solely to any particular management function (i.e. financial, contract, or project management functions). Most CMO does not require funding (i.e., KLE, Civil Reconnaissance, Assessments, Support to Civil Authorities, etc.). Funding projects enables the CA Marine to leverage support for the MAGTF. For CA Marines engaged in stability operations, money becomes more than just currency - it is an asset that can influence the indigenous population at all levels (village, district and provincial).

With this in mind, your use of money and projects should focus on several key areas:

- a. Legitimize the HN government and MAGTF in the eyes of the population
- b. Build capacity of HN, including local government
- c. Stimulate the local economy
- d. Improve the basic quality of life for the local population
- e. Shape the operational environment by creating conditions favorable to the MAGTF
- f. Repair battle damage

2. **SOURCES OF FUNDING**

a. **Laws governing use of funds.** U.S. law, codified into U.S. Code (USC), provides the authority for the DoD to administer and execute security cooperation (SC) activities and security assistance activities. USC is divided into subject areas known as "titles." The two titles that apply most directly to Security Cooperation are:

(1) Title 10 USC ("Armed Forces"). Department of Defense (DoD) Delineates programs that authorize the DoD to administer and execute specified SC programs and activities.

(2) Title 22 USC ("Foreign Relations and Intercourse"). Department of State (DoS) Delineates programs that authorize the DoS to administer / execute, and the DoD to execute specified security assistance programs and activities. Title 22 primarily contains two laws, the Foreign Assistance Act (FAA) and the Arms Export Control Act as amended.

b. **Military Funds**. Not all the funding sources listed below will be applicable to CA Marines most of the time. However it is still important for the CA Marine to be aware of what funding sources can or could potentially be used to support CA activities.

(1) Military Construction (MILCON). An appropriation used for construction, alteration, development, conversion or extension of any kind carried out with respect to a military installation. While there are certain types of MILCON funds that could be used for SC, their use will be very limited. For specific uses, consult the command resource manager and command SJA.

(2) Operations and Maintenance (O&M). Generally fund expenses such as civilian salaries, travel, minor construction projects, operating military forces, training and education, depot maintenance, stock funds and base operations support. Different types of O&M programs are identified in various sections of Title 10, United States Code (USC) that provide the authority to commanders to conduct humanitarian operations.

(a) Overseas Humanitarian, Disaster, and Civic Aid (OHDACA). Congress appropriated additional funds and enacted a series of statutes that collectively became known as Overseas Humanitarian, Disaster and Civic Aid (OHDACA) funds. There are a number of statutory conditions that must be met, to include the following.

1. The assistance must promote the national security interests of the U.S. and beneficiary country.

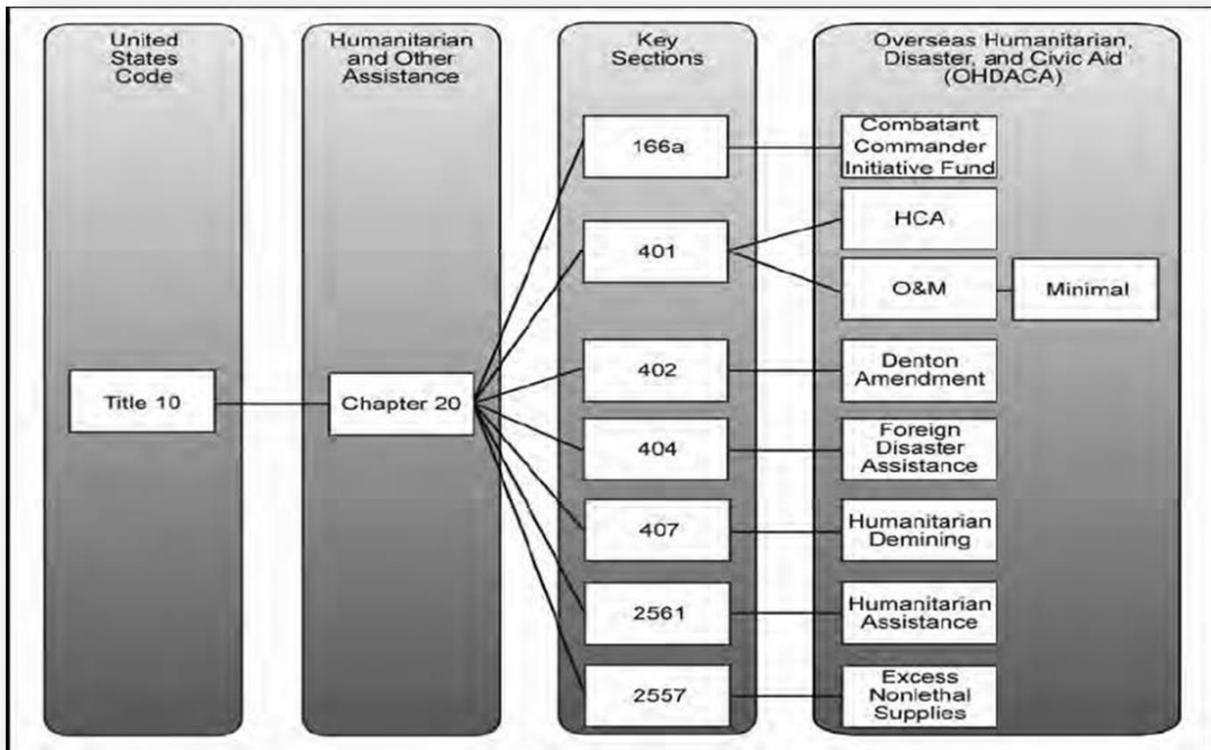
2. The Secretary of State must approve all assistance.

3. The assistance shall complement, but may not duplicate, other U.S. assistance to the beneficiary nation.

4. The assistance must serve the basic economic and social needs of the beneficiary nation.

5. The assistance must not be provided to any individual, group, or organization engaged in military or paramilitary activity.

Key Sections of Title 10, chapter 20 are represented in the figure below:



Section 166a-Combatant Commander Initiative Fund, used for urgent and unanticipated humanitarian relief, particularly in a foreign country where the armed forces are engaged in a contingency operation

Section 401-Humanitarian and Civic Assistance; provides basic humanitarian support military forces must provide the labor and use O & M funds for HCA activities that are associated with military operations

Section 402-Dent Amendment, provides Space Available Transportation Program to transport HA supplies

Section 404-Foreign Disaster Assistance; The President may direct the Secretary of Defense to provide disaster assistance outside the US to respond to manmade or natural disasters

Section 407-Humanitarian Demining Assistance; provides humanitarian demining assistance to countries to help relieve the suffering from the adverse effects of uncleared mines.

Section 2561-Funded Transportation Program; provides transportation for basic humanitarian items via surface modes (20 foot shipping containers)

Section 2557-Excess non-lethal supplies; provides equipment such as clothing, tents, cots, and medical equipment for humanitarian operations

c. **Special Appropriations.** In some cases, Congress authorizes and appropriates funds for humanitarian relief and related activities for a specific operation. An example is the Commander's Emergency Response Program (CERP). CERP was developed to enable commanders to respond to urgent humanitarian relief and reconstruction requirements within their area of operations (AO). Rules governing the use of such funds are based on Congressional restrictions in the legislation and are tailored to the needs of the particular operation.

3. **FINANCIAL MANAGEMENT.** CA Marines need to have a basic understanding of several financial terms and concepts.

a. **Types of funds**

(1) **Appropriated Funds.** Appropriated funds are monies paid out of the United States Treasury pursuant to statutory authority granted by Congress to the DoD to incur obligations and make payments.

(2) **Non-appropriated Funds.** These funds are not generally appropriated by Congress, but generated by DoD military and civilian personnel and their dependents. They are used to supplement funds separate from those appropriated by the Congress to provide a comprehensive, morale-building welfare, religious, educational, and recreational program (e.g. MWR funds).

b. **Contracting Roles**

(1) Commanders (CO). Commanders have the authority to execute appropriated funds. Commanders are directly involved in the oversight of the process. This level of involvement ensures compliance with established financial management policies and procedures to prevent fraud, waste and mismanagement of authorized funds. The total amount of funds available for execution by a commander and the maximum value of a single transaction normally depend on the level of command. A commander's authority includes the ability to appoint subordinates to positions of responsibility specifically to manage and execute funds.

(2) Financial Management Officer. The Financial Management Officer is responsible for the commitment, obligation and reconciliation of unit funds. This officer would normally provide staff oversight of the unit's Marines designated as Field Ordering Officers (FOO) and Pay Agents (PA).

(3) Contracting Officer (KO). The KO is a U.S. military officer or civilian employee who has a valid appointment as a contracting officer under the provisions of the Federal Acquisition Regulation. The individual has the authority to enter into and administer contracts and determinations as well as findings about such contracts. As a general rule, only contracting officers (KOs) have the authority to legally bind the government and enter into, administer or terminate contracts.

(4) Contracting Officer Representative (COR). The COR is a representative appointed in writing by a contracting officer to act as his/her authorized representative to monitor and enforce a contract as written. Under no circumstances may a contracting officer representative change the terms or conditions of a contract (FM 1-06). In a CA unit, typically a CA Team Leader or a CA Team Chief is a COR additionally a COR may also be called a Project Manager (PM) or a Project Purchasing Officer (PPO).

(5) Disbursing Officer (DO). The DO is responsible for disbursing and collecting funds on behalf of one or more DoD Components as well as obtaining, maintaining, and providing sufficient supporting documentation for such transactions. (FMR Vol 3, Chapter 11)

(6) Pay Agent (PA). A Pay Agent serves as a direct representative of the disbursing officer. PAs are appointed to perform specific disbursement duties (project payments and battle damage) and are trained by a comptroller. The limitations of an agent's authority are detailed in the appointment orders that assign the duty. The PA must ensure funds are delivered, transported and safeguarded in accordance with theater policy (FM 1-06). The Pay Agent cannot perform the duties of a FOO. In a CA unit, typically a Sergeant or Corporal can be a pay agent.

Note: Should your unit consider training Marines as Pay Agents, online course material can be found through the Defense Acquisition University (DAU) and the U.S. Army (DKO). However the specific requirements to certify pay agents are directed by the Disbursing Office your unit falls under (it is not standardized across the Marine Corps). MCCMOS recommends your unit contact and get guidance from the disbursing office before specifying training for your unit.

(7) Field Ordering Officer (FOO). The Field Ordering Officer is an individual appointed by the chief of the contracting office to purchase goods or services paid from a specific, limited fund. Neither property book officers nor Finance Officer's Representatives (ex. PA) may be field ordering officers. CA Units are normally supporting elements and the organic organization or unit should support any FOO requirements.

c. **Financial Management Terminology**

(1) Unauthorized Commitment. Unauthorized Commitment is an agreement that is not binding solely because the government representative who made it lacked the authority to enter into the agreement on behalf of the government.

(2) Commitment. Commitment is the act of certifying and recording, by an authorized official, a programmed expenditure of funds for the costs associated with the purchase or reimbursement of products and services. An authorized commitment certifies funds are available and provides the purchasing authority with the accounting data necessary to obligate the government for payment.

(3) Obligation. Obligations are the acts legally binding the U.S. government (USG) to make payments. Funds may be obligated only for the purposes for which they were

appropriated and only to satisfy the bona fide needs of the fiscal year for which the appropriations are valid for obligation.

(4) Disbursement. Disbursement is the payment of funds to satisfy a legal obligation of the USG.

(5) Reconcilability. Reconcilability is the process of accounting for the expenditure of funds by means of documenting the commitment, obligation, receipt, and disbursement for supplied goods and services.

(6) Ratification. Ratification is the retroactive adoption of an unauthorized act. By ratifying the act, the government becomes financially liable. Ratification is not automatic. The following circumstances must have existed at the time of the unauthorized commitment in order for the KO to ratify it:

(a) The government was provided and has accepted supplies or services, or the government has otherwise obtained a benefit resulting from performance.

(b) The ratifying official has the authority to enter into a contractual commitment.

(c) The resulting contract would otherwise have been proper if made by an appropriate KO.

(d) The KO reviewing the unauthorized commitment determines the price to be fair and reasonable.

(e) The KO recommends payment, and legal counsel concurs in the recommendation.

(f) Funds are available and were available at the time of the unauthorized commitment.

(g) The ratification is in accordance with any other limitations prescribed under agency procedures.

d. **Key Considerations for Security Cooperation (SC) Funds**. There are six key points to understand when researching, programming and applying security cooperation and security assistance authorities, programs and funds.

(1) Use the funds properly. Use security cooperation and security assistance funds only for the purpose for which

they were appropriated. Many programs have "strings" attached to their execution. An example is the U.S. cannot train partner nation security forces using TCA/Military-to-Military (M2M) Program funds.

(2) Use all available SC tools to develop the plan. Do not be limited to familiar SC tools. Some programs are used more frequently by ground component commanders, while other programs are rarely fully executed. This affords the creative SC planner additional options for resourcing solutions.

(3) Plan and coordinate early. The lead time for approval and allocation of funds for many programs can be very lengthy. SC activities must be approved by the geographic combatant command (GCC) (or possibly DoD) and coordinated with the security cooperation organization / partner nation. Security assistance activities must be coordinated with and initiated by the SCO, who must in turn coordinate with the partner nation.

(4) Justify the plan. Strongly link the plan to the GCC's theater campaign plan objective and end states. The strong tie-in of the justification improves the chances of the proposal being approved and funding allocated.

(5) Use SMEs and publications to assist. The GCC, DoD and DoS have SMEs, publications and Web sites related to SC and security assistance authorities and programs.

(6) Do not execute until the request is approved and funding is allocated. Executing prior to approval is a violation of federal law.

e. **Standard Forms.** Documenting the commitment, obligation, disbursement and reconciliation of funds at the unit level requires maintaining a number of financial documents that provide an audit trail detailing the execution of funds. Basic documentation that CA Marines should be familiar with include:

(1) Department of Defense Form (DD Form) 448 (Military Interdepartmental Purchase Request), also called MIPR, which financial management officials use to transfer funds between military agencies. A properly executed MIPR allocates funds by specific accounting classifications. The MIPR is the receiving agency's authority to commit and obligate funds against requirements specified in the document.

(2) DA Form 3953 (Purchase Request and Commitment), which is used primarily by financial management officials to track the commitment and obligation of funds.

(3) Standard Form (SF) 44 (U.S. Government Purchase Order Invoice Voucher), which FOOs use for ordering and verifying receipt of goods and services by the government. It is completed by the PA to verify the receipt of payment by the vendor.

(4) SF 1034 (Public Voucher for Purchases and Services Other Than Personal), which is used to authorize payment of a vendor invoice.

(5) DD Form 1081 (Statement of Agent Officer's Account), which the PA and the disbursing officer of a finance office use to reconcile the funds entrusted to the PA for disbursement.

(6) DD Form 250 (Materiel Inspection and Receiving Report), which a responsible authority, such as a contracting office representative (COR), project officer or project manager uses to document the receipt of goods, contract deliverables or services. Completion of the DD 250 is normally necessary to authorize payment to a vendor.

4. **PROJECT MANAGEMENT**. CA Marines are routinely tasked with managing humanitarian, Military Civic Action (MCA) and reconstruction projects. Thus Project management is vital to completing a quality project constructed on time and within budget. For the CA Marines tasked with a project, good project management requires an investment of time and interest to ensure it is done correctly.

No management system provides all the answers or totally eliminates risk, but by using the planning and management tools presented a CA Marine will gain confidence in directing, managing resources and reducing risk.

The functions of the project manager are universal, although they may differ in details from one level to another. The managerial functions are: planning, scheduling, and monitoring/controlling. Each of these functions is aimed toward accomplishing the objective of the unit. To implement these functions, the CA Marines must understand the objectives, plans and policies of superiors.

a. **Project Model**. This project model is based on the six phase model of military construction projects. For the CA

Marine, the duration and amount of effort for each phase depends upon mission variables such as the scope and complexity of the project, the time available for planning and executing and the operational environment. Large or complex projects should not be managed by a CA Marine without the help of a SME. A brief description of each project phase is provided below:

(1) Project Phase 0 - Initial Project Planning. This phase begins when a sponsoring entity originates, sponsors and funds a project.

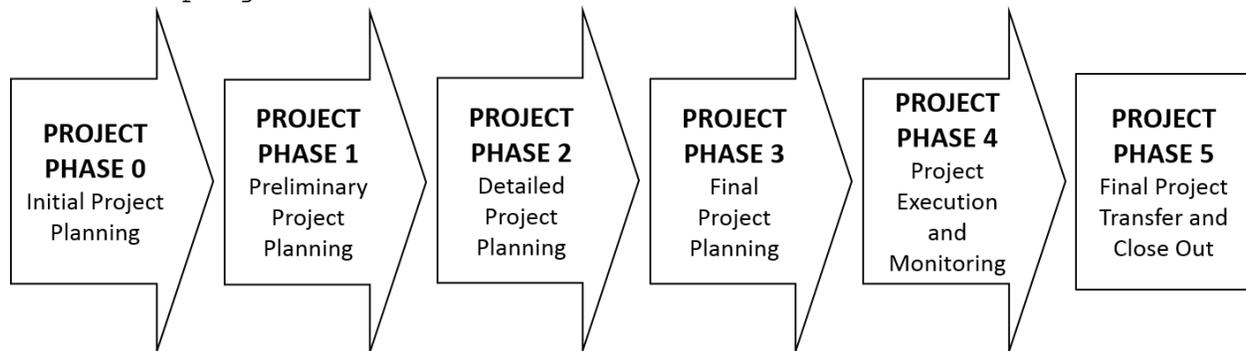
(2) Project Phase 1 - Preliminary Project Planning. Preliminary project planning gives the unit commander a quick overview of the project. It serves as a guide to the detailed planning that follows and includes task assignment of primary personnel as well as acquisition of plans and specifications.

(3) Project Phase 2 - Detailed Project Planning. This phase provides a schedule for the entire project and develops an accurate estimate of the tools, equipment, materials and personnel required for each construction activity.

(4) Project Phase 3 - Final Project Planning. This phase includes project confirmation briefings and confirmation of initial material requirements availability.

(5) Project Phase 4 - Project Execution and Monitoring. This phase includes directing, monitoring and taking corrective actions. This phase ends upon project completion or turnover.

(6) Project Phase 5 - Final Project Transfer and Closeout. This phase includes clearance of the jobsite, provision of as-built records and operation and maintenance manuals, and the construction agent's receipt of final acceptance of the project. This phase ends with completion of after action reports and redeployment of the construction agent from the project site.



b. **Basic Functions of Project Management.** CA Marines acting as Project Managers manage tasks in a theater of operations. How well the CA Marine accomplishes a task depends in large part on an ability to plan, schedule and monitor / control resources within a constrained environment, described as follows:

(1) The planning function includes organizing and staffing. In this function, the project manager breaks down the project into workable subtasks, known as activities, and determines the order in which to perform them. The product of this step is a logic diagram, or network, which is an initial graphic representation of a plan's tasks and order of accomplishment.

(2) The scheduling function adds a time element to the logic network as the manager first determines individual activity durations and then calculates the entire project's duration. The product of this step is a Work Breakdown Structure diagram, typically presented as a project schedule or Gantt chart.

(3) The monitoring and controlling function requires the manager to direct the project, measure the progress of the project, compare the actual progress against the initial schedule and take corrective action if the actual progress deviates significantly from the schedule.

c. **Project Planning.** For the CA Marine tasked with a project, the Planning Phase is critical to the project's success. While the CA Marine is not expected to create architectural diagrams, blueprints, detailed work breakdown structures (WBS) or logic diagrams, they are expected to be aware of these processes and make sure the contractor has the appropriate documentation (EX: drawings, blueprints, schedule, etc.) to meet the specifications and timeline laid out in the statement of work.

(1) Typical Project Planning Activities include:

- (a) Identify the Need
- (b) Identify the Resources
- (c) Conduct deliberate assessment
- (d) Conduct KLE

- (e) Begin Project Nomination Package
- (f) OHASIS (optional)
- (g) Project Scope
- (h) Statement of Work
- (i) Cost Estimate
- (j) Request for Proposal (RFP)
- (k) Initial Evaluation and Selection
- (l) Final Project Nomination Package
- (m) Submission for Approval

(2) Typical Project Nomination Package. The documents listed below are not all inclusive, but give the CA Marine an example of content based on best practices. Each Combatant Commander and their subordinate commanders have unique documentation requirements for their project nomination packages. CA Marines should identify the requirements before submitting packages to prevent delays in approval.

- (a) Statement of Work
- (b) Letter of Justification
- (c) Request for funds
- (d) Selected contractor bids or Sole Source justification. Normally a minimum of three bids are required for the selection process. CA Marines may make recommendations but probably will not be part of the bid selection process.
- (e) Turnover Memorandum of Agreement (or Understanding) MOA/MOU
- (f) Storyboard
- (g) Legal Review
- (h) HN Request

d. **Project Execution and Monitoring.** For the CA Marine tasked with managing a project, the Execution and Monitoring Phase is critical to its success. While the CA Marine is not expected to be at the project site directing the work or workers, he or she is expected to make routine visits to determine if the schedule is being met and that the work is being done to the specifications laid out in the statement of work. If there are discrepancies in the work, they need to be documented and brought to the contractors' attention immediately for resolution. The following are some elements of project execution:

- (1) Scope Negotiation/Addendums/Amendments
- (2) Performance Inspections
- (3) Payments
- (4) Preparations for Opening or Reopening ceremonies

e. **Project Transfer and Closeout Procedures.** The following describes typical actions taken as part of the transfer and closeout phase for projects.

(1) Final Inspection. All projects should have a final inspection with the following representatives:

- (a) Project Manager
- (b) Pay Agent
- (c) Contractor
- (d) Host Nation civil authority (if required)

(2) Final Payment. If the project meets the specifications stated in the scope of work (SOW), then the final payment can be made to the contractor. If any conditions do not meet standards, the final payment cannot be made until the correction of any deficiencies has occurred.

(3) HN Turnover/Opening Ceremony. Ideally projects are accepted by and transitioned to HN authorities. CA Marines should coordinate with HN key leaders to plan and execute an opening or reopening ceremony if applicable. If a project is not completed before a relief-in-place occurs, it should be transitioned to follow-on forces. Turnovers to other units are lengthy in process and require a detailed reconciliation of

accounts and projects. This process often results in some form of ratification between units in order to accept responsibility.

(4) Project Management File. The project management file would traditionally consist of the following documents:

- (a) Contractor Status Reports
- (b) Receiving Reports
- (c) Construction Drawings
- (d) Financial Management Documents
- (e) Transfer documents
- (f) Other documents as required

f. **Project Management Definitions**

(1) Contractor Bid. A contractor's offer (price) for doing something.

(2) Cost Estimate. Process of developing an approximation of the monies needed to complete all project activities.

(3) Critical Path. The sequence of activities that represents the longest path through a project, which determines the shortest possible time the project can be completed.

(4) Letter of Justification. A letter submitted for the purpose of defending or explaining the requirement for a project.

(5) Memorandum of Agreement (or Understanding). A MOA or MOU is written and approved by an officer of the United States (DoD, DoS or authorized official) by which a product or service is transferred from the U.S. Government to another Nation. This letter usually provides a guarantee from the receiving nation to the U.S. that the product or service will be maintained or utilized in the agreed upon manner.

(6) OHASIS. The Overseas Humanitarian Assistance Shared Information System is used by the Defense Security Cooperation Agency, CCMD and implementing personnel to manage worldwide humanitarian efforts.

(7) Project Nomination Package. A group of documents (meeting the requirements of the approving authority) submitted to gain approval for an individual or group of projects.

(8) Project Scope. The work performed to deliver a product, service or result with the specified features and functions.

(9) Request for Proposal (RFP). A type of procurement document used to request proposals from prospective sellers of products or services.

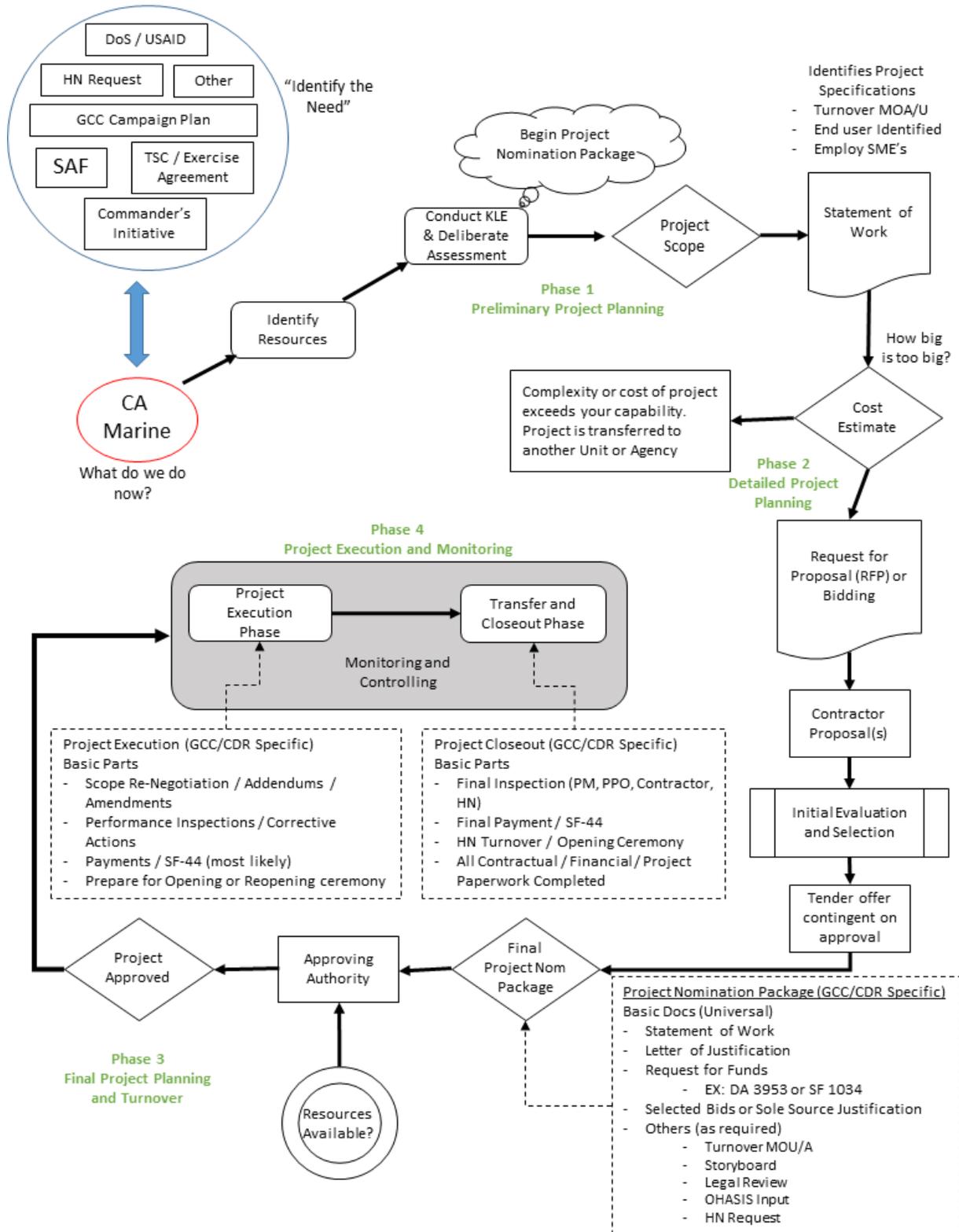
(10) Request for Quotation (RFQ). A type of procurement document used to request price quotations from prospective sellers of common or standard products or services. Sometimes used in place of a RFP.

(11) Statement of Work. A narrative description of products, services or results to be delivered by the project.

(12) Sole Source Justification. A letter written to justify a single source for a product or service because of the unique requirements and/or capabilities of that contractor.

(13) Work Breakdown Structure. A hierarchical decomposition of the total scope of work to be carried out by the project team to accomplish the project objectives and create required deliverables.

5. REPRESENTATIVE PROJECT LIFECYCLE



REFERENCES :

Joint Publication 3-39, Foreign Humanitarian Assistance
MCRP 3-33.1A Civil Affairs Tactics, Techniques and Procedures
MCRP 3-33.1C Multi-Service Techniques for Civil Affairs Support
to Foreign Humanitarian Assistance
MCRP 3-33.1G Integrated Monetary Shaping Operations
MCRP 3-17.7F Construction Project Management
FM 1-06 Financial Management Operations
FMR, VOL 3, Chapter 11 Financial Management Regulations
USC Title 10 United States Code
USC Title 22 United States Code

