



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

JUN 12 2007

CECW-PC (L6S-PCA)

MEMORANDUM FOR MSC AND DISTRICT COMMANDERS

SUBJECT: Lean Six Sigma (L6S) Actions to Improve the Project Cooperation Agreement (PCA) Process – Non-Federal Sponsor's Self-Certification of Financial Capability

1. References.

- a. Assistant Secretary of the Army (Civil Works) memorandum to the Director of Civil Works, April 24, 2007, subject as above (enclosure 1)
- b. ER 1105-2-100, Planning Guidance Notebook
- c. ER 1165-2-131, Local Cooperation Agreements for New Start Construction Projects

2. Purpose. The purpose of this memorandum is to implement the following L6S-PCA and related actions which have been approved by the Assistant Secretary of the Army (Civil Works):

a. Sponsor Certification of Financial Capability for PCA's and Other Agreements. The requirement for a non-Federal sponsor to submit a financing plan for approval and preparation of an assessment by the District Commander is eliminated. Instead, a non-Federal Sponsor will sign the Non-Federal Sponsor's Self-Certification of Financial Capability for Agreements (enclosure 2) to self-certify its financial capability to meet its obligations under a PCA or other agreement.

b. Sponsor Certification of Financial Capability for Decision Documents. The requirement for a non-Federal sponsor to submit a preliminary financing plan during preparation of the study decision document for assessment by the District Commander to establish the implementability of the recommended plan, is eliminated. Instead, a non-Federal sponsor will sign the Non-Federal Sponsor's Self-Certification of Financial Capability For Decision Documents (enclosure 3) for such purpose.

3. Why Self-certification? The requirement for non-Federal sponsors' financing plans and District Commanders' assessments dates back to enactment of the Water Resources Development Act of 1986. At that time, there may have been concerns that that some non-Federal sponsors lacked the capabilities to meet their financial obligations under the Act's cost-sharing provisions. Based on our experiences since

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then, there is a general consensus that a non-Federal sponsor's self-certification of its financial capability is a sufficient assurance. Because detailed financial information will no longer be required to be submitted by the non-Federal sponsor nor assessed by the District, this change will facilitate the preparation of decision documents and streamline the development of agreement packages that are submitted to vertical teams for review.

4. Implementation Guidance.

a. The self-certification statement in enclosure 2 replaces the financial analysis and associated documentation requirements contained in ER 1105-2-100, ER 1165-2-131, agreement checklists, and the implementation memorandums for model agreements released by HQUSACE. In addition, the self-certification statement replaces statements of financial capability, District assessments, and any other financial analysis requirements which were required from non-Federal sponsors for any other cost-sharing agreements, including feasibility cost sharing agreements, design agreements, PCA's for the Continuing Authority Program, and memorandums of agreement for contributed funds. If a non-Federal sponsor already has submitted a financing plan or statement of financial capability for which a District Commander's assessment is required, but the District Commander has not completed his or her assessment, the District Commander may opt to request that the non-Federal sponsor sign the self-certification statement, in which case, upon receipt of the signed self-certification statement, an assessment is no longer required.

b. In completing the checklists for PCA's and other agreements, Districts must indicate that the non-Federal sponsor has self-certified its financial capability and specify the date that the non-Federal sponsor signed the self-certification statement.

c. A copy of the signed self-certification statement will be included in the agreement package that is submitted to the vertical team for review.

d. The self-certification statement in enclosure 3 replaces the preliminary financing plan and statement of financial capability required by Appendix G, ER 1105-2-100, as part of the feasibility phase of project formulation. If a non-Federal sponsor already has submitted these items, but the District Commander has not completed his or her assessment, the District Commander may opt to request that the non-Federal sponsor sign the self-certification statement, in which case, upon receipt of the signed self-certification statement, an assessment is no longer required.

e. The self-certification statement must be signed by the chief financial officer or an equivalent official of the non-Federal sponsor (likely the same person who would

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have validated the financing plan or signed the statement of financial capability) and should be dated no more than 90 days prior to the date that the agreement package or decision document is submitted to the vertical team for review.

f. To assist non-Federal sponsors in assessing their financial capabilities, the Financial Capability Guide for Non-Federal Sponsors (enclosure 4) should be provided to potential non-Federal sponsors as early in the process as practicable. Because financing methods vary among non-Federal sponsors, the guide is not intended to be an all-inclusive list of considerations. The guide also is not a prerequisite for or part of either self-certification statement and, therefore, should not be attached to the signed self-certification statement.

5. The guidance in this memorandum supersedes the current guidance in ER 1165-2-131 and Appendixes D, F, and G of ER 1105-2-100 and will be included in the next revisions to these regulations.

6. Point-of-contact. John Micik, CECW-PC, (202) 761-8643.

FOR THE COMMANDER:

Enclosures

1. ASA(CW) Memorandum
2. Self-certification for Agreements
3. Self-certification for Decision Documents
4. Financial Capability Guide

for 
DON T. RILEY
Major General, USA
Director of Civil Works



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

APR 24 2007

MEMORANDUM FOR THE DIRECTOR OF CIVIL WORKS

SUBJECT: Lean Six Sigma (L6S) Actions to Improve the Project Cooperation Agreement (PCA) Process - Non-Federal Sponsor's Self-Certification of Financial Capability

This responds to your memorandum of March 19, 2007, requesting approval to eliminate the requirements for the non-Federal sponsor to submit a financing plan for assessment by the district commander. Instead, the non-Federal sponsor would self-certify its financial capability to meet its cost sharing obligations.

This recommendation is based on experience with PCAs since enactment of the Water Resources Development Act of 1986 that has shown that initial concerns about the sponsors perhaps lacking the financial capabilities to meet their cost sharing obligations have been largely unfounded. Self-certification is a means to continue to provide sufficient assurance of the sponsor's financial capability, and save time and money in developing PCAs.

The proposal presented in your memorandum is approved for implementation. The draft Certification of Financial Capability is approved, as modified in Mr. Micik's email dated April 13, 2007, so that the Chief Financial Officer, or equivalent, is identified as the person who will certify that the non-Federal sponsor is financially capable of fulfilling its cost sharing obligations.

John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

ENCLOSURE 1

**NON-FEDERAL SPONSOR'S
SELF-CERTIFICATION OF FINANCIAL CAPABILITY
FOR AGREEMENTS**

I, _____, do hereby certify that I am the Chief Financial Officer [OR TITLE OF EQUIVALENT OFFICIAL] of the [FULL NAME OF NON-FEDERAL SPONSOR] (the "Non-Federal Sponsor"); that I am aware of the financial obligations of the Non-Federal Sponsor for the [FULL NAME OF PROJECT OR STUDY]; and that the Non-Federal Sponsor has the financial capability to satisfy the Non-Federal Sponsor's obligations under the [FULL NAME OF AGREEMENT FOR THE PROJECT OR STUDY].

IN WITNESS WHEREOF, I have made and executed this certification this _____ day of _____, _____.

BY: _____

TITLE: _____

DATE: _____

ENCLOSURE 2

**NON-FEDERAL SPONSOR'S
SELF-CERTIFICATION OF FINANCIAL CAPABILITY
FOR DECISION DOCUMENTS**

I, _____, do hereby certify that I am the Chief Financial Officer [OR TITLE OF EQUIVALENT OFFICIAL] of the [FULL NAME OF NON-FEDERAL SPONSOR] (the "Non-Federal Sponsor"); that I am aware of the financial obligations of the Non-Federal Sponsor for the [FULL NAME OF PROJECT]; and that the Non-Federal Sponsor will have the financial capability to satisfy the Non-Federal Sponsor's obligations for that project. I understand that the Government's acceptance of this self-certification shall not be construed as obligating either the Government or the Non-Federal Sponsor to implement a project.

IN WITNESS WHEREOF, I have made and executed this certification this _____ day of _____, _____.

BY: _____

TITLE: _____

DATE: _____

FINANCIAL CAPABILITY GUIDE FOR NON-FEDERAL SPONSORS

THIS IS A GENERAL GUIDE FOR USE BY A NON-FEDERAL SPONSOR TO ASSESS ITS FINANCIAL CAPABILITY TO MEET ITS OBLIGATIONS IN A TIMELY MANNER. DO NOT ATTACH THE GUIDE TO THE SELF-CERTIFICATION STATEMENT. THE ITEMS BELOW ARE NOT INTENDED TO BE AN ALL-INCLUSIVE LIST OF CONSIDERATIONS NOR DO THEY CONSTITUTE NOTICE OF U.S. GOVERNMENT STATUTES, REGULATIONS OR POLICIES FOR IMPLEMENTING SPECIFIC PROGRAMS OR PROJECTS.

- Do you have in place (or will you have in place by the date the agreement is expected to be executed) the necessary financing mechanism(s) and sources to ensure that ample funds will be available to satisfy your financial obligations for the project? For example:

Appropriations from Existing Revenues

- (1) *Have appropriations been approved and made available?*
- (2) *Will conditions specified in the State or local appropriations measure be met?*
- (3) *Are there restrictions on the purposes or uses of appropriated funds?*
- (4) *Do any appropriations expire after a specific period of time?*

State & Local Taxes and General Obligation & Revenue Bonds

- (1) *Will a referendum be required to levy taxes or sell bonds?*
- (2) *Is State approval needed to levy taxes or sell bonds?*
- (3) *Will the tax revenues or bond proceeds be used for their stated purposes?*
- (4) *Will sufficient funds be available on a timely basis to coincide with the funding schedule for the project?*

Grants and Loans

- (1) *Has an application for a grant or loan funds been approved?*
 - (2) *Will the stated conditions of the grant or loan be met?*
 - (3) *Are there restrictions on the use of funds from the grant or loan?*
 - (4) *Does the grant or loan expire after a specific period of time?*
- Do you have the financial capability to provide (or have provided on your behalf) lands, easements, rights-of-way, relocations, and, if applicable, improvements on lands, easements, or rights-of-way that are required for disposal of dredged or excavated material?
 - Do you have the financial capability to perform (or have performed on your behalf) operation, maintenance, rehabilitation, repair and replacement of the project?
 - If you intend to use funds provided by a Federal agency (other than the Department of the Army), or any non-Federal matching share therefor, to meet any of your financial obligations for the project, do you have written verification from such Federal agency that the expenditure of Federal funds for such purpose is expressly authorized by Federal law?

ENCLOSURE 4