

The Role of the Financial Management Company at End of Mission

When the U.S. military mission in Iraq concluded, the 9th Financial Management Company shifted its focus to auditing, reconciling, and closing the financial books in preparation for the new phase of operations.

By Major Cody W. Koerwitz

During Operation Iraqi Freedom, the 9th Financial Management Company (FMCO) carried out its traditional missions: providing disbursement, commercial vendor service (CVS) support, military pay, and e-commerce support. The unit provided mission command to eight financial management detachments spread throughout Iraq.

After nearly 9 years of combat operations in Iraq, the colors of U.S. Forces–Iraq (USF–I) were cased on 15 December 2011, marking the end of the U.S. military mission in Iraq. At that time, the 9th FMCO assumed the mission to close down a disbursing station symbol number (DSSN) that had been operational since the beginning of combat operations in Iraq. A DSSN is a disbursing account authorized by and tied directly to the U.S. Treasury.

The closure of a disbursing account is not a typical mission of the FMCO. The DSSN assigned to the 9th FMCO, DSSN 5579, was the last operational disbursing account in Iraq. It had previously been used to absorb other accounts that were closed at the start of the drawdown in Iraq. DSSN 5579 was different because no other account would ever absorb it. The 9th FMCO was responsible for the complete audit and reconciliation of the account and for ensuring that every last penny was balanced and returned to the Defense Finance and Accounting Service (DFAS) and the U.S. Treasury.

Mission Analysis

Closing DSSN 5579 started with conducting a mission analysis and identifying external agencies to provide assistance, specifically from the members of the fiscal triad: resource management (U.S. Army Central [ARCENT]/USF–I G–8), financial operations (18th Financial Management Center [FMC]), and contracting.

Internally, the company conducted several mission

analysis sessions to determine the scope of the work, identify specified and implied tasks by section, and develop a tentative timeline from which to operate. Developing a timeline was important because time was an identified constraint.

Initially, the company was slated to redeploy along with the other USF–I forces departing theater as the mission closed at the end of December 2011. Understanding that the closure of the disbursing account would take time, the FMCO enlisted the assistance of the theater FMC and the ARCENT G–8 to be reassigned from USF–I to ARCENT so that it could stay an additional 90 days to close out operations.

The major tasks necessary to close down the account were divided into four categories based on the mission analysis. The four categories centered on the four main technical functions of the company: disbursing, CVS, military pay, and e-commerce.

For disbursing, the FMCO had to—

- ❑ Clear and balance the unmatched transactions report—essentially, ensuring that all debits and credits were balanced.
- ❑ Transfer local bank accounts remaining open in Iraq to the FMC.
- ❑ Close out all financial management detachment disbursing operations.
- ❑ Clear all remaining paying agents.
- ❑ Return all physical currency to the U.S. Treasury or the local bank accounts in Iraq.
- ❑ Turn in all remaining U.S. Treasury checks.
- ❑ Mail off final disbursement records to DFAS and the Federal records center.

For CVS, the FMCO had to—

- ❑ Coordinate with G–8 to ensure all open lines of accounting involving contracts owned by the 9th FMCO were closed.

- ❑ Close out all open files in the Commercial Accounts Payable System database.
- ❑ Prepare series 1099 tax statements for all payments issued to U.S. corporations.
- ❑ Complete the certification of funds for all contracts transferred to DFAS for payment.
- ❑ Ensure all open contracts were modified to reflect DFAS Rome as the paying office.
- ❑ Mail all contract files to the Federal records center. For military pay, the FMCO had to—
- ❑ Ensure the Merged Accountability Fund Report was in balance and all casual pays and advances in pays were collected.
- ❑ Ensure all Case Management System cases were closed. (The Case Management System is used to transfer military pay cases to DFAS for intervention.)
- ❑ Ensure all military pay transactions had cleared.
- ❑ Mail records to the Federal records center. For e-commerce, the FMCO had to—
- ❑ Mail all EagleCash cards back to the Federal Reserve Bank of Boston.
- ❑ Retrograde all EagleCash card equipment to either Kuwait or the Federal Reserve Bank of Boston.

Developing Benchmarks and Metrics

Having identified the major specified and implied tasks required to close the account, the FMCO then focused on establishing timelines and benchmarks for evaluating progress. Developing benchmarks and metrics to measure performance was a useful tool for managing the closure mission. However, developing metrics proved to be a continuous challenge because no doctrine exists to measure the performance of closure operations.

Through trial and error and through discovery learning, the metrics used to measure performance continuously evolved. Few of the metrics used at mission completion resembled the metrics used at the start. However, at all times they proved useful and provided a tool that the company used to brief the sustainment and financial management leaders.

The Fiscal Triad and National Providers

The fiscal triad comprises resource management, financial management operations, and contracting, which share a common focus of supporting the battlefield commander. All three members of the triad have common functionality and rely on each other to complete their missions.

Second Lieutenant Ted Wynne, a financial management officer, and Sergeant First Class Carlos Andrews, a financial management technician, review finance reports during Exercise Diamond Saber 2012. (Photo by SSG Daniel Balda)



Contracting requires the resource manager to provide funding for a contract and finance operations to pay for the contract. Resource management requires feedback from contracting and finance to balance its ledger and ensure that obligations have been disbursed. Finance requires feedback from contracting when contracts have been closed and from resource management to ensure no further obligations remain open.

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At the conclusion of Operation New Dawn, the fiscal triad supporting USF-I began to focus on mission closure. The triad created an atmosphere in which each responsible section could make use of the other members' resources to enhance its own efforts and close its books on USF-I.

Held at Camp Arifjan, Kuwait, the first fiscal triad synchronization meeting was used to provide guidance and to develop goals, benchmarks, and metrics to measure progression and performance. The meeting was hosted by the ARCENT G-8, Brigadier General Thomas Horlander. Attendees included members of the G-8 financial operations staff, the 18th FMC, the Senior Contracting Official-Iraq, and the 9th FMCO.

At each weekly session, members of the triad could refine their goals and metrics and share information and points of contact. The meetings eventually evolved to include representatives from DFAS Rome and the Army Contracting Command at Rock Island Arsenal, Illinois.

The fiscal triad synchronization meeting proved to be the 9th FMCO's most useful tool for closing the disbursing account. The ability to have unabated access to resource management and contracting proved invaluable and allowed the company to close its account ahead of schedule.

National providers, such as DFAS, the U.S. Treasury, and the U.S. Army Financial Management Command, also were stakeholders in the disbursing account. Their assistance through weekly teleconferences was critical in ensuring that issues and discrepancies were resolved and that best practices were noted.

The Scope of Work and Accomplishments

The 9th FMCO successfully closed down DSSN

5579 inside of the 90-day timeline. In closing down the account, the FMCO executed innovative transactions and learned some valuable lessons that will be of assistance in supporting the eventual Afghanistan mission reduction. The following is a summary of the scope of work and accomplishments.

Disbursing. The company retrograded more than \$49 million off the battlefield to the FMC. The money was later returned to the U.S. Treasury. It also returned more than \$10 million in Iraqi dinars back to the Bank of Baghdad. The company then executed the first-ever electronic funds transfer of Iraqi dinars using the SWIFT [Society for Worldwide Interbank Financial Telecommunication] system and returned the money to the U.S. Treasury. The company also closed down 14 disbursing sites in a 6-week period.

CVS. The 9th FMCO reconciled and audited more than 15,000 contracting files, cleared more than 2,000 lines out of the database used to manage contracts, and reconciled more than 800 unliquidated obligations. The company also completed 23 series 1099 tax forms for payments issued to U.S. corporations.

Military pay and e-commerce. Little action was required out of the military pay section at mission closure because the section led the theater in sustained performance. The section ensured the military pay accounts of the company were balanced every month. The e-commerce section assisted with the retrograde of more than 60 pieces of equipment, including kiosks and laptops.

At end of mission, the 9th FMCO successfully closed its DSSN and safely redeployed to Joint Base Lewis-McChord. The success of the company can be attributed to two factors. First, having quality Soldiers who are professional and technically competent made all the difference in the world.

Second, the role of the fiscal triad and support from the FMC were absolutely critical to ensuring the company had open access to resources and assistance when needed. The role of the fiscal triad was validated by the synergy developed among its three members. Closing down a DSSN is not only a FMCO responsibility; it is also the responsibility of the other members of the triad since all actions among the three entities are directly linked.

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The Cost of Cash

By Captain Henian J. Newsome

Bringing U.S. cash—bills and coins—into Afghanistan can be extremely expensive. The most noticeable cost is physically transporting cash. Cash is typically transported by a military aircraft, diverting it from its intended mission of transporting troops and supplies. The Government must pay for fuel to fly the aircraft and the labor to secure the money and take it from a Federal reserve bank to Germany, then to Kuwait, and finally into Afghanistan. Then the funds still have to make it to the front lines.

During its most recent deployment to Jalalabad, Afghanistan, C Detachment, 9th Financial Management Company (C/9th FMCO), was responsible for reducing the demand for bringing cash into the country by limiting the amount of cash used in the Nuristan, Nangarhar, Kunar, and Laghman provinces of Afghanistan.

The EagleCash Card

The C/9th FMCO's first step was to limit cash transactions by instead using the EagleCash card (ECC), also referred to as the stored-value card, to conduct both personal and official business. The ECC is a cash management tool designed to support U.S. military personnel deployed in combat zones.

The card's interface with automated kiosks and point-of-sale devices allows cardholders to access money. The kiosks are similar to automated teller machines, but they place the amount of money requested onto the ECC instead of dispensing cash to the servicemember. U.S. dollars that are spent electronically by servicemembers are converted into the local currency when the vendors bring their devices into the local finance office to be cashed out.

Electronic Payments

The C/9th FMCO's commercial vendor services (CVS) noncommissioned officer-in-charge was selected to convert all of the CVS contracts that were being paid in cash into electronic payments for more than 10 finance offices in Afghanistan.

To ensure that no payments were incorrect or delayed, all of the finance offices had to be kept informed and the contracting offices that were tied to vendor payment offices had to be included in the process. Incorporating the contracting offices with the finance standard operating procedures made the transition seamless and increased efficiency.

Local Resistance

Using electronic transactions was difficult for many locals. Corruption has led to a lack of trust in banking systems within the country. Many local residents would rather put money into a shoebox than into a financial institution. They take whatever wages they have earned and secure the funds the best way that they know how—without a bank. Understandably, introducing a new concept such as electronic payments was not well received.

Access to local banks was another barrier that influenced the resistance to the new e-commerce transactions. Many of the locals working on U.S. camps and bases were located in very remote locations. A lack of transportation to the more developed areas, where banking institutions could be found, made the transition nearly impossible, even for those who were interested in the change.

The idea of loaning money to a financial institution in order to gain interest on funds borrowed is not widely understood in Afghanistan, nor is the value of currency. Far too often, the local Afghans would rather have the value of their currency decrease in order to receive more physical cash during an exchange from U.S. dollars to afghani.

For instance, many Afghans preferred an exchange rate of 100 afghani to 1 U.S. dollar over an exchange rate of 10 afghani to 1 U.S. dollar. With the former, they would receive more physical cash even though that meant that the Afghan economy was worsening.

When payments are made accurately and quickly, Soldiers can continue their missions without worrying that their workers will not show up because they have not been paid. The C/9th FMCO began with a cash holding authority of \$10 million. At the end of the deployment, the amount was lowered to \$4 million and the disbursing agent held a little more than \$2 million on hand. The C/9th FMCO ensured that every outlet that would normally use cash was able to use the ECC or had a bank account for electronic funds transfers and paying agent services.

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Finance Detachment Operations During Operation New Dawn

A financial management detachment faced unusual challenges as they provided services to Soldiers in Iraq and prepared for troop withdrawal from the country.

By Captain Jeremy R. Eckel

On 18 November 2011, 21 finance Soldiers carrying tuff boxes filled with money boarded a C-130 Hercules airplane. The Soldiers' unit, A Detachment, 9th Financial Management Company (A/9th FMD), 593d Special Troops Battalion, 593d Sustainment Brigade, from Joint Base Lewis-McChord, Washington, was among the last financial management units in Iraq. The detachment successfully closed three fixed finance offices, disbursed Iraqi dinar, and turned in 10 years worth of accumulated equipment.

A/9th FMD provided finance support for 3 major forward operating bases (FOBs), 3 combat outposts, and more than 18,000 personnel while deployed to Iraq. The detachment occupied preestablished buildings on Al Asad Air Base, FOB Ramadi, and FOB Taji. Al Asad Air Base and FOB Taji contained vaults that each held up to \$4 million in currency. Because of geographical separation of the FOBs, the finance Soldiers were divided among the bases and key leaders were assigned responsibility for maintaining the two vaults containing currency.

Dinar Disbursement

One of A/9th FMD's major goals was to reduce U.S. currency and disburse Iraqi dinar. The use of U.S. dollars in Iraq can devalue the local Iraqi currency. Disbursing Iraqi dinar increases the legitimacy of the Iraqi Government and can have a positive impact on the local economy. Policies were implemented that limited the disbursement of U.S. currency, and finance Soldiers encouraged troops to make purchases using EagleCash cards (ECCs), prepaid debit cards connected to Soldiers' bank accounts.

A/9th FMD was responsible for disbursing currency to FOB foreign vendors. It issued point-of-sale devices to vendors so that they could accept ECCs as payment. The local vendors went to the finance office twice a week and received Iraqi dinar for the ECC transaction amount recorded on their point-of-sale devices. Detachment Soldiers also disbursed Iraqi dinar to U.S.

Soldiers during mobile support missions to smaller bases. A/9th FMD disbursed more than \$1.5 million worth of Iraqi currency in less than 7 months.

Equipment Turn-In

When it arrived in Iraq, A/9th FMD replaced another detachment and enjoyed the amenities of a mature deployed environment. The buildings, with an abundance of computer workstations and reliable Internet connectivity, were more than adequate for conducting deployed finance operations. Military units had occupied these buildings for up to 10 years, and redeploying Soldiers had generously left behind furniture, televisions, and other appliances. However, entire rooms also were filled with broken and unserviceable equipment ranging from machinegun mounts to 800-pound safes.

In October 2011, the detachment received orders to account for and turn in all equipment and to prepare for departure to Kuwait. The military established sites on each FOB for units to turn in equipment. In addition to executing finance support operations, A/9th FMD Soldiers inventoried, documented, and transported a significant amount of equipment to the turn-in sites on their FOBs. It was a grueling process that took careful planning and several weeks to complete.

Challenges Caused by the Drawdown

Several challenges were associated with the drawdown of military equipment, such as degraded communications and Internet connectivity. Military finance operations typically require Internet connectivity to process transactions and to maintain fiscal accountability. A/9th FMD was responsible for supporting an area of operations but did not have a higher headquarters located nearby, so the FMD commander needed to use secure emails and phone calls to communicate with his higher headquarters. FOBs across Iraq were reducing their communication capabilities, and each FOB had a different timeline for equipment turn in and base closure.

By November 2011, A/9th FMD Soldiers were operating with limited equipment and could not effectively communicate with their higher headquarters. To complete the mission, the Soldiers printed and prepared finance documents and recorded all transactions manually. The detachment relied on transportation and support from the bases where they were assigned. A/9th FMD Soldiers built relationships with their host FOB leaders and ensured that they were integrated into FOB closure planning.

Moving Soldiers, equipment, and currency during a period of mass exodus was difficult. The money was counted, documented, and locked into several tuff boxes. Certain tuff boxes were reserved for coins and weighed more than 200 pounds. To protect the money, Soldiers guarded the tuff boxes.

As each FOB closed out, the A/9th FMD elements attached to the FOB departed and headed for Kuwait. The movements from the closed FOBs to Kuwait proved challenging because FMD elements moved independently of each other. After arriving in Kuwait, all FMD elements consolidated under the detachment headquarters and pulled consolidated guard duty on the money. The 9th Finance Company's headquarters transported the detachment disbursing agents to another base in Kuwait to account for and turn in their funds.

During this time, tens of thousands of U.S. troops were funneling through Kuwait and waiting their turn to redeploy. Since it was a small unit, the detachment redeployed within a week of arriving in Kuwait and returned home on the night before Thanksgiving.

When a finance detachment deploys independently of its company headquarters, it can face many unique challenges. As a dispersed and small unit, A/9th FMD's success was contingent on receiving support from military units assigned within the area of operations. The detachment built relationships with those units and joined the drawdown planning process.

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Soldiers from A Detachment, 593d Special Troops Battalion, 10th Sustainment Brigade, maneuver an 850-pound safe into the finance office at Al Asad Airbase, Iraq. The safe was used to secure \$4 million in U.S. and Iraqi currency.

