



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

SEP 19 2005

In reply refer to:  
[-05/011885-DBO

MEMORANDUM FOR DEFENSE FINANCE AND ACCOUNTING SERVICE,  
DENVER  
ATTN: DFAS-ADY/DE

BUSINESS DEPUTY FOR COUNTRY FINANCIAL  
MANAGEMENT (DSCA/CFM)

SUBJECT: Foreign Military Sales (FMS) Customer Account Refund Policy and  
Procedures (DSCA 05-27)

This memorandum defines Defense Security Cooperation Agency (DSCA) and Defense Finance Accounting Service (DFAS) organizational roles and responsibilities in support of refunds of FMS customer cash. The purpose of this memorandum is to strengthen controls over the refund process to ensure cash refunds are properly requested, reviewed, approved, and disbursed to appropriate authorities.

Specific DSCA and DFAS organizational roles and responsibilities for the refund of customer account balances follow:

The DSCA Business Deputate for Country Financial Management (DSCA/DBO/CFM) is responsible for the overall financial oversight and direction of FMS customer programs. DSCA/DBO/CFM ensures that customer programs remain solvent and that appropriate actions are taken to avoid arrearages, including reviewing and approving refunds in light of a customer's current financial status. DSCA/DBO/CFM shall:


1. Establish and maintain current procedures with individual customers for account refunds. These procedures may involve the establishment of written customer agreements.
2. Receive and review customer refund requests forwarded from DFAS Director for Security Assistance Accounting (DFAS-ADY/DE). The DFAS-ADY/DE request for approval includes a copy of the customer request document along with supplemental customer financial information as provided at Attachment 1.
3. Provide approval of the refund by returning the approval document to DFAS-ADY/DE. The goal is to respond to DFAS-ADY/DE within two business days of receipt of the refund request.

4. Notify the customer of disapproved refunds with an information copy to DFAS-ADY/DE.

DFAS-ADY/DE is responsible for collecting payments, maintaining FMS cash accounting records, and transferring and refunding excess customer cash. DFAS-ADY/DE shall:

- . Receive customer's written requests for refunds.
2. Prepare the supplemental financial information document (Attachment 1) and forward to DSCA/DBO/CFM along with a copy of the customer's request document. Direct the correspondence to the attention of the appropriate DSCA Country Financial Director.
3. Upon receipt of refund approval from the DSCA/DBO/CFM staff, validate that supplemental information has not materially changed since preparation and process the customer refund. All refunds shall be processed through the appropriate customer holding account. Notify the DSCA/DBO/CFM staff when the refund is completed.
4. Notify the DSCA/DBO/CFM staff of any approved refunds which are not completed. This might occur, for example, when a customer's level of available cash is depleted after approval of the refund, but before the disbursement voucher is processed.
5. Maintain documentation supporting each refund. Documentation will include the customer's written request, the DSCA/DBO/CFM approval, and the refund voucher.

The refund process outlined in this memorandum is effective 1 October 2005. The DSCA points of contact for this customer account refund policy are Ms. Jan Rakickas, DSCA/FPS, 303-676-6172, e-mail [jan.rakickas@dfas.mil](mailto:jan.rakickas@dfas.mil) and Mr. Bill Kramer, DSCA/FPS, 303-676-6178, e-mail [william.kramer@dfas.mil](mailto:william.kramer@dfas.mil)

  
Keith B. Webster  
Principal Director  
Business Operations

Attachment:  
As stated

**FMS CUSTOMER REFUND REQUEST**

A request has been made for a refund of FMS customer funds. The following information is provided in support of this request:

FMS Customer: \_\_\_\_\_

Holding Account from which the refund will be made: \_\_\_\_\_

Amount of refund: \_\_\_\_\_

Current balance of Holding Account \_\_\_\_\_

Current balance of Available Cash (GL 1001) \_\_\_\_\_

Customer Financial Status:

Unpaid cases pending closure \_\_\_\_\_

Months of available cash \_\_\_\_\_

Other pending financial issues:

DFAS-ADY/DE POC: \_\_\_\_\_ Tel. # \_\_\_\_\_

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DSCA/DBO/CFM POC:

Approval \_\_\_\_\_ Non-Approval \_\_\_\_\_

Name: \_\_\_\_\_ Tel. # \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Comments: