



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

SEP 26 2008

In reply refer to:
USP013527-08

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Revised Guidance for Multi-Service Letters of Offer and Acceptance (LOAs) (DSCA 08-26) [SAMM E-Change 115]

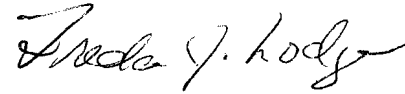
REFERENCE: Guidance for Multi-Service Letters of Offer and Acceptance (LOAs) (DSCA 04-26) [SAMM E-Change 15], June 24, 2004

This memorandum revises the guidance contained in the reference due to concerns expressed regarding the need for manual financial and logistical processing of Multi-Service LOAs. When the referenced memorandum was prepared, the availability of a tri-Service case execution system was imminent. Having a single case execution system used by all three Services would facilitate the transactions required to successfully prepare and execute a Multi-Service LOA. While this capability is still a goal, to date we do not have a single system that all Implementing Agencies may use. This has resulted in the need for resource-intensive manual processing of requirements to implement this policy.

To relieve this problem given the resources currently available, if a purchaser's Letter of Request (LOR) identifies defense articles and/or services managed by more than one Implementing Agency, consideration may be given to either a Multi-Service LOA or individual LOAs for each Implementing Agency. The decision of which option to choose should be based on all factors, including efficiencies of case development, execution, and closure; lower cost (dollars and time) to the customer; and the purchaser's preference. Attachment 1 updates SAMM Chapter 5, paragraph C5.4.6.1. Attachments 2 and 3 provide guidance for Multi-Service LOAs and individual LOAs for single consolidated programs, respectively. All Implementing Agencies involved, regardless of whether the decision is a Multi-Service LOA or multiple LOAs, shall work together to ensure the use of a Total Package Approach as defined in SAMM Chapter 4, paragraph C4.5.3.

The guidance in this memorandum is effective 30 days from the date of signature.

For questions or additional information regarding this matter, please contact Ms. Kathy Robinson, DSCA Strategy/Policy, (703) 601-4368, e-mail: kathy.robinson@dca.mil.



Freda J. Lodge
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Attachments:
As Stated

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ATTACHMENT 1

SAMM E-CHANGE 115 – REVISED PARAGRAPH C5.4.6.1.

C5.4.6.1. Preparing Activity. Certain organizations are authorized to prepare FMS cases. See Table C5.T2. for a list of these activities. These organizations, known as Implementing Agencies, are responsible for preparing and processing LOAs in accordance with this Manual. When an LOR received by an Implementing Agency includes a requirement for an item managed by another Implementing Agency, the LOR shall be coordinated with all organizations involved. Because the LOR was submitted as a single program, the Implementing Agency should consider a Multi-Service LOA, particularly when the purchaser advises the USG that it requires multiple weapon systems on a single case for its own budgetary and/or other internally-based reasons. However, if the manual financial and logistical processing required to prepare and execute a Multi-Service LOA exceeds the efficiencies that would be derived, the LOR requirements may be split into multiple LOA documents that are separated by Implementing Agency and major weapon system but are managed in coordination with one another. The Implementing Agencies shall operate under mutually agreed terms (using a “Leader-Follower” set of LOAs) to ensure a Total Package Approach. All efforts must be made to minimize costs to the FMS purchaser. For the multiple LOA document option, the Implementing Agencies involved must plan events in which all parties may participate together, such as a single Program Management Review (PMR) rather than each Implementing Agency conducting its own PMR. Regardless of the method used, Implementing Agencies must operate within a framework that clearly defines the roles and responsibilities of each participant. If multiple LOAs separated by Implementing Agency and major weapon system are used to respond to an LOR submitted for a single program, the Implementing Agency that received the LOR must advise the purchaser that the response will be multiple LOA documents instead of a Multi-Service LOA. Implementing Agencies are encouraged to consolidate requirements as much as possible. Multiple LORs from the same purchaser may be answered by a single LOA. Questions relating to this subject should be referred to DSCA (Strategy Directorate).

ATTACHMENT 2

Guidelines for Multi-Service Letters of Offer and Acceptance (LOAs)

The following guidance is for use in managing Multi-Service LOAs:

a. When an LOR received by an Implementing Agency includes a requirement for an item managed by another Implementing Agency, the LOR shall be coordinated with that Implementing Agency. In circumstances where a purchaser's request involves two or more Implementing Agencies, the Implementing Agency that owns and has procurement responsibility for the major weapon system on the LOR will be the Implementing Agency. If the LOR involves more than one major weapon system, the Implementing Agency that has procurement responsibility for the weapon system platform (e.g. aircraft, ship, or combat vehicle) will be the Implementing Agency. Any questions regarding designation of the Implementing Agency for a Multi-Service LOA will be raised to DSCA (Operations and Strategy Directorates) for resolution.

b. The Implementing Agency will assign a Case Manager. The supporting Implementing Agency providing materiel or services under a case line will assign a Line Manager to that line. The Case Manager is responsible for arranging a pre-case meeting or strategy session with the Line Managers – this can be accomplished by video teleconference (VTC) or conference call. This meeting(s) will establish operating procedures and guidelines for the preparation, management, and execution of the case. The following major areas must be considered:

(1) Management: The Implementing Agency will serve as the primary voice for the USG in fulfilling the purchaser's requirements, but will be required to keep all supporting Implementing Agencies informed (and vice-versa) of any changes or new developments. During the pre-case meeting, the role of each Implementing Agency is discussed and agreed upon. The Case Manager and Line Managers must provide regular financial and logistics reports to each other for all items under their cognizance. The formats, schedules, and points of contact for these reports will be established at the pre-case meeting. The Implementing Agency is responsible for timely and accurate submission of financial and delivery data to DFAS-Indianapolis. The workload involved in performing these services should be considered in light of the Security Assistance Management Manual (SAMM) Chapter 5, Table C5.T6.

(2) Communication (USG and Foreign Purchaser): Communication and information exchange are key to the success of a Multi-Service LOA. All Implementing Agencies involved in the case are responsible for ensuring proper coordination and communication of case-related material or issues throughout the pre-LOR, development, implementation, execution, and closure phases of the FMS case. The need for case reconciliation throughout execution is paramount. The Implementing Agency is responsible for ensuring this occurs. Guidelines for communication with the FMS purchaser will be established at the pre-case meeting. The Implementing Agency having technical and procurement authority for the defense articles/services shall provide the

technical and programmatic briefings to the purchaser. Pricing and delivery information provided to the Case Manager may be altered only through prior coordination with the Line Manager(s). Under no circumstances will pricing or technical information be released to the foreign purchaser without prior consultation with and concurrence from the Implementing Agency that has cognizance over the item. Each Implementing Agency will remain responsible for proper reviews and approvals before authorizing release of that information. The Implementing Agency must allow adequate processing time for this additional coordination.

(3) Access to Information: Both the Implementing Agency and the supporting Implementing Agencies need visibility and reporting capability in logistics tracking systems for their items. The Implementing Agencies must work to find solutions to allow each other access to the required information from each other's logistics systems for these cases. This may include allowing the Line Manager in the supporting Implementing Agency to access the Implementing Agency's logistics tracking system for a particular case. If this is not possible, the managers from each Implementing Agency should be ready to assist the other Implementing Agencies by providing the required information/reports to allow successful development, implementation, execution, and closure of the case.

(4) Documentation: Implementing Agencies must agree on the format and schedule for exchanging documentation and information. Normally, the Implementing Agency will accept documentation in the supporting Implementing Agencies' format. If there are any reporting requirements over and above, or formats different from those the reporting Implementing Agency requires on its own cases, then the additional reports must be identified and budgeted for as direct costs in the LOA.

(5) Program Management Services Lines: Program management services lines shall be used in accordance with Chapter 5, Table C5.T6., of the SAMM. The Implementing Agency should accept the supporting Implementing Agencies' program management services requirements (as long as the lines have been properly reviewed and approved through that Implementing Agency's review process). All program management services requirements are subject to DSCA review and proper documentation must be provided with the FMS case. Any questions regarding program management services lines that cannot be resolved by the Implementing Agency should be raised to DSCA (Operations and Strategy Directorates) for resolution.

(6) Financial Transactions: A Military Interdepartmental Purchase Request (MIPR) will be used to issue a fund cite from the Implementing Agency to the supporting Implementing Agencies assigned line management responsibility. The established MIPR and MIPR acceptance processes must be utilized. The Case Manager must coordinate and communicate with the Line Managers to ensure a fund cite is issued in the most efficient and effective manner. Communication among managers is required to ensure the funds are tracked appropriately and all parties are aware of the plans and financial policies associated with the fund cite issued (e.g., time obligation requirements, etc.). Communication between managers is the most efficient way to ensure that the movement

of funds between lines on Multi-Service cases is accomplished to avoid missed deadlines, changes in pricing, etc. The Implementing Agency will not change MIPRs, estimated line item costs or schedules, or other LOA line item data without the express consent of the Line Manager. The Case Manager is responsible for the annual case review requirement and Payment Schedule Variance Report (PSVR) monitoring.

(7) Supply Discrepancy Reports (SDRs): The Implementing Agency is responsible for receipt and tracking of SDRs filed against the LOA. If the Implementing Agency does not manage the defense article or service for which the SDR has been submitted, that Implementing Agency will forward the SDR to the responsible supporting Implementing Agency for further action.

(8) Case Closure: Line Managers are part of the case closure process. Each Line Manager is responsible for reconciling and preparing his/her case line for closure. The Implementing Agency will coordinate the overall effort and submit the requisite closure documents to DFAS-Indianapolis.

c. Each Implementing Agency will take potential Multi-Service LOAs into consideration when developing forecasts of future sales and when using workload indicators for the allocation of resources as a part of the budget and programming process.

d. The following guidance is for use in preparing Multi-Service LOAs in Defense Security Assistance Management System (DSAMS):

(1) Case Remarks: The Case Remarks function in DSAMS shall be used to document the Case and Line Managers.

(2) Multiple LORs: At this time, DSAMS does not have the capability to associate multiple LORs with a single LOA. Therefore, the most significant LOR shall be associated with the LOA in DSAMS. Additional LORs can be identified in the LOA Description Field or a Case Unique note.

(3) LOA Notes: Only LOA notes that reside on the owning Implementing Agency database are available. LOA notes required by a Line Manager from another Implementing Agency can be added as Case Unique or Line Item notes.

(4) Pricing: Each Implementing Agency has its own set of Primary Category Codes (PCCs) and default Indirect Pricing Components (IPCs). Since the data will interface to only one execution system, then the contributing Implementing Agency will need to know how to price according to the rules of the Implementing Agency.

(5) Lines/Sublines: Use only lines for other Implementing Agencies' items. Do not use sublines for multiple Implementing Agencies' items on a single line.

(6) Payment Schedules: Line Financial Forecast should be used to the maximum extent possible.

(7) Interfaces: DSAMS will interface only with the Implementing Agency execution system that owns the case (e.g., Centralized Integrated System for International Logistics (CISIL) will not receive any line data if the document is managed in Management Information System for International Logistics (MISIL)). The Implementing Agency execution systems have prescribed requirements for interfaces and Case Status changes. FMS Cases must have this data to interface.

ATTACHMENT 3

Guidelines for Leader-Follower Process for Management of Multiple Letters of Offer and Acceptance (LOAs)

The following guidance is provided for use in managing multiple LOAs using a Leader-Follower process:

a. When an LOR received by an Implementing Agency includes a requirement for a defense article or service managed by another Implementing Agency, the LOR shall be coordinated with the Implementing Agency that has cognizance over that item. In circumstances where a purchaser's request involves two or more Implementing Agencies, the Implementing Agency that has procurement responsibility for the primary platform (e.g. aircraft, ship, or combat vehicle) under discussion will manage the Leader case. Follower cases generally support Leader cases and are managed in coordination with Leader cases. Any questions regarding designation of the Leader or Follower Implementing Agency for a case should be raised to DSCA (Operations and Strategy Directorates) for resolution.

b. The Implementing Agencies for both the Leader and Follower cases will assign Case Managers for the cases under their cognizance. The Leader Case Manager is responsible for arranging a pre-LOA meeting and/or strategy/coordination session(s) with the Follower Case Manager(s). This effort can be accomplished via video teleconference (VTC), conference call, or in person. This meeting(s) will establish operating procedures and guidelines for the preparation, management, and execution of the program. The following major areas must be considered:

(1) Management: The Leader Case Manager will serve as the primary voice for the USG in fulfilling the purchaser's requirements, but will be required to keep all involved Implementing Agencies informed of any changes or new developments (and vice-versa). During the pre-case meeting(s), the role of each Leader and Follower Case Manager will be discussed and agreed upon. The pre-case meetings should also address exactly what is to be priced on each case. The Leader and Follower Case Managers must provide regular financial and logistics reports to each other for items under their cognizance. The formats, schedules, and points of contact for these reports will be established at the pre-case meeting. Each Implementing Agency is responsible for timely and accurate submission of its own financial and delivery data to DFAS-Indianapolis. The workload involved in performing these services should be considered in light of Security Assistance Management Manual (SAMM) Chapter 5, Table C5.T6.

(2) Communication (USG and Foreign Purchaser): Communication and information exchange are key to the success of any program, and are particularly vital within the context of a Leader-Follower arrangement. All Implementing Agencies involved in a program are responsible for ensuring proper coordination and communication of case-related material or issues throughout the pre-LOR,

development, implementation, execution, and closure phases of the various FMS cases. The need for continual financial and supply reconciliation throughout the life of each case is paramount. Each Implementing Agency is responsible for ensuring that this occurs. Guidelines for communication with the FMS purchaser will be established at the pre-case meeting(s). Each Implementing Agency having technical and procurement authority for a case shall provide technical and programmatic briefings relative to the items under its cognizance to the purchaser. Pricing and delivery information provided to the Leader Case Manager may be altered only after prior coordination with the Follower Case Manager(s). Under no circumstances will pricing or technical information be released to the foreign purchaser without prior consultation and without concurrence from the Implementing Agency that has cognizance over an item. Each Implementing Agency will remain responsible for proper reviews and approvals before authorizing release of the information.

(3) Access to Information: Both the Leader and Follower Case Managers need visibility and the capability to report in logistics and financial tracking systems. The Implementing Agencies must work to find solutions to allow each other access to the required information from their particular logistics systems for these cases. This may include allowing a Case Manager from one Implementing Agency to access another Implementing Agency's logistics and financial tracking system for a particular case. If this is not possible, each case manager, regardless of Implementing Agency or Leader-Follower status, should be ready to assist the other Implementing Agencies involved in the program by providing timely information and/or reports to allow successful development, implementation, execution, and closure of the case and/or program.

(4) Documentation: Implementing Agencies must agree on format and schedule for the exchange of documentation and information. Normally, the Leader Case Manager will accept documentation in the Follower Case Managers' format. If there are any reporting requirements over and above, or formats different from, those the reporting Implementing Agency requires on its own cases, then the additional reports must be identified and budgeted for as direct costs in the LOA.

(5) Financial Transactions: There may be instances that require one Implementing Agency to fund another Implementing Agency in support of the overall program (e.g. integration or testing). A Military Interdepartmental Purchase Request (MIPR) will be used to issue a fund cite from one Implementing Agency to another. The established MIPR issuance and acceptance process must be utilized. The Case Managers and their financial representative should coordinate and communicate among themselves to ensure a fund cite is issued and reconciled in the most efficient and effective manner. Communication between both Leader and Follower Case Managers is required to ensure the funds are tracked appropriately and all parties are aware of the plans and financial policies associated with the fund cite issued (e.g. time obligation requirements, etc.). Communication between managers is the most efficient way to ensure that the

transfer of funds between Implementing Agencies on Leader-Follower Programs is accomplished to avoid impacting cost, schedule, or performance. No Implementing Agency will change MIPRs issued by another Implementing Agency, estimated costs or schedules, or other data without the express consent of the other Implementing Agency's Case Manager. Each Case Manager is responsible for annual case review requirements and Payment Schedule Variance Report (PSVR) monitoring on the cases he or she manages. All attempts should be made to segregate costs accordingly in the planning stages of Leader/Follower cases to avoid the complexities and issues involved where several different Implementing Agency accounting systems are utilized.

(6) Supply Discrepancy Reports (SDRs): Each Implementing Agency is responsible for the receipt and tracking of SDRs filed against LOAs under its cognizance. If an Implementing Agency receives an SDR for which it is not responsible, that Implementing Agency will provide the SDR to the responsible Implementing Agency for further action.

(7) Case Closure: Individual Case Managers (Leader and Follower) are part of the case closure process. Each Case Manager is responsible for reconciling and preparing his/her case(s) for closure and submitting the requisite closure documents to DFAS-Indianapolis.

c. The following guidance is for use in preparing Leader-Follower LOAs in the Defense Security Assistance Management System (DSAMS):

(1) Case Remarks: The Case Remarks function in DSAMS shall be used to document all the Case Managers for cases associated with a Leader-Follower Program.

(2) LOA Notes: Only LOA notes that reside on a given Implementing Agency's database are available for use by that Agency. Leader-Follower FMS cases will require case unique note(s) stating that they have been coordinated between the Implementing Agencies.

(3) Pricing: Each Implementing Agency has its own set of Primary Category Codes (PCCs) and default Indirect Pricing Components (IPCs) and will price according to the rules of that Agency.

(4) Lines/Sublines: The use of sublines should be avoided on Leader-Follower cases, to preclude any unnecessary levels of complexity in program and financial management.

(5) Payment Schedules: Line Financial Forecast should be used to the maximum extent possible.

(6) Interfaces: DSAMS will interface only with the Implementing Agency execution system that owns the case (e.g., CISIL will not receive any line data if the document is managed in MISIL). The Implementing Agency execution systems have prescribed requirements for interfaces and Case Status changes. FMS Cases must have this data to interface.

Note: DSAMS is scheduled to deploy a new capability in January 2009 that will associate cases across the Implementing Agency databases using the Related Cases tab of the Case Detail screen. Implementing Agencies will use this capability, once it becomes available, when preparing multiple LOAs under the Leader-Follower process. The Implementing Agency has the responsibility for loading DSAMS with both the Leader and the Follower case information.