



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

In reply refer to:
I-98/72261

AUG 2 1998

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE ARMY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT DoD 5105.38-M, Security Assistance Management Manual (SAMM), Changes

The attached changes are being incorporated into the automated SAMM. Internet addresses for the SAMM and other DoD guidance are: [HTTP://WWW.DSAA.OSD.MIL](http://www.dsaa.osd.mil) (DSAA home page) or [HTTP://WEB7.WHS.OSD.MIL/CORRES.HTM](http://web7.whs.osd.mil/corres.htm) (DoD issuance library). The CD ROM Defense Acquisition Deskbook (DAD) is distributed quarterly by the DAD Joint Project Office. It is anticipated these changes will be included in the next distributed hard copies of the SAMM

Any questions should be directed to Wayne Wells at (703) 604-6612, DSN 664-6612, or wayne.wells@pentagon.osd.mil.



Edward W. Ross

Director
Middle East, Asia, North Africa

Attachment
As stated

cc:
Cdt, DISAM

MEMORANDUM FOR COMMANDANT, DISAM

Subject: DoD 5105.38-M, SAMM Maintenance

The following changes should be made to the SAMM:

1. Pg 203-3, para 20301.K. Change “K. Stinger” to read “Stinger/MANPADS” at the beginning of paragraph K. Add paras 70105.L.9.c. through 70105.L.9.d.(8), taken from pg 701-13, to the end of 20301.K., including paragraph renumbering as annotated in attachment 1.
2. Pg 502-2, para 50202.B.2.b. In order to adjust guidance to reflect current practices, delete “P&A Data and”, but leave “LORs”, in the paragraph title and delete the following: “P&A data are classified where these data (1) identify a requesting foreign government and specific items of MDE (e.g., M-60 tanks) in which that government has expressed an interest, and (2) qualify for reporting under AECA Section 36(b), or (3) classification is authorized under paragraph 50202.A.1 above. Unless otherwise authorized by paragraph 50202.A.1 above, such classified data may be declassified when Congressional notification is completed or a subsequent Letter of Offer for these items is unclassified.”
3. Pg 701-13, para 70105.L.9.c. through 70105.L.9.d.(8). Delete (this is added in 1. above to 20301.K.).
4. Pg 701-13, para 70105.L. Add “10. Anthrax Vaccine The following note applies to all LOAs with anthrax vaccine: ‘The Purchaser agrees the US Government will not incur liability for adverse reactions, morbidity, mortality, or any other actual or possible consequential damages resulting from use, storage, or handling of anthrax vaccine by the Purchaser, to include acts or omissions of its officials, agents, or employees. The Purchaser further agrees to indemnify and hold harmless the US Government for any and all liability in the event liability is incurred.’”

Pg 702-4, para 70203. Delete the paragraph.

6. Pg 802-15, para 80207. Add “E. LOA - SDR Terminology SF 364 discrepancy code categories and LOA terminology do not directly correspond. For SDR processing purposes, the following phraseology cross-reference applies:

<u>SF 364 Discrepancy Category</u>	<u>Described in LOA Terms 5.4 as</u>
Condition of Material	Damage, Latent Defect
Supply Documentation	Improper Documentation
Misdirected Material	Overage, Shortage, Non-Shipment
Overage/Duplicate Shipments	Overage
[Packing Discrepancy	Not applicable for FMS unless packing services are purchased (may process SDR for damage or other loss caused by deficient packing)]
Product Quality Deficiency	Damage, Latent Defect
Shortage of Material	Shortage
Item Tech Data Markings	Improper Documentation
Wrong Item	Overage and Shortage
Other Discrepancies	Case-by-case consideration”

7. Pg 804-3, para 80403.B.2. Add “SDAF” in the first line between “MAP” and “or third country financing”.

8. Pg 1003-8, para 100308. Add “D **Flight Training Exchanges (FTE)** FAA Sec 544 authorizes the exchange of comparable flight training. Flight training exchanges must be pursuant to an international agreement and section 1401, which provides for the exchange of students on a one-for-one basis during the same US fiscal year. The JSAT regulation provides the prescribed MOA to be used for this purpose. FTE requests will be forwarded to the IA for action with a copy to the DSAA regional division.”

9. Pg 1400-13, Table 1400-5. Delete this table.

10. Pg 1401, section 1401, and associated changes. Replace with attachment 2.

Attachments

As stated

To Section 801, add the following:

80106 OFFSET PROCUREMENT USG funds may not be used to finance offsets. Also, USG agencies may not enter into or commit US firms to any offset agreement. Any Purchaser requesting offset arrangements in conjunction with FMS should be informed that the responsibility for negotiating offset arrangements and satisfying all related commitments resides with the US firm involved. Under certain circumstances, the costs to administer offsets may be recouped through FMS as follows:

A. DFARS 225.7303-2 allows US contractors to recover, under FMS contracts based on LOAs financed wholly by Purchaser cash or repayable FMF credits, offset administrative costs of any offsets which are associated with those contracts. These costs should be included, as part of the applicable line item unit cost, in P&A data and in estimated prices quoted in the LOAs (see also Section 70105.L).

B. It is the contractor's responsibility to inform the IA when estimated offset administrative costs have been included in the FMS pricing information provided. The costs should be included as early as possible, but before submittal of the LOA. Requests to include these costs after LOA acceptance will require LOA Modification.

C. It is the responsibility of the IA to specify to DSAA, in the transmittal of an LOA and of any subsequent LOA Modification or Amendment, when offset administrative costs have been included in a line item unit cost.

D. It is inappropriate to discuss with the Purchaser the nature or details of an offset arrangement; however, the fact that offset administrative costs have been included in the P&A or LOA price estimate will be confirmed, should the Purchaser inquire. The Purchaser should be directed to the US contractor for answers to all questions regarding its offset arrangement, including the cost of administering the arrangement. IA involvement in any discussion, beyond confirmation of their inclusion in price estimates, of these costs with the Purchaser requires case-by-case review and approval by DSAA.

Replace the definition for “Technical Data” in Appendix B with the following:

Technical Data – Recorded information, regardless of form or the method of recording, of a scientific or technical nature. Examples of technical data include research and engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications, and related information and computer software documentation. Computer software, financial, administrative, cost and pricing, or other information incidental to contract administration are excluded.



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

SEP 28 1998

MEMORANDUM FOR COMMANDANT, DEFENSE INSTITUTE OF
SECURITY ASSISTANCE MANAGEMENT

SUBJECT: Change of DSAA to DSCA and Replacement of SAMM Section 100

This is to request administrative changes to the SAMM, DoD 5105.38-M, as follows:

Change "Defense Security Assistance Agency" and "DSAA" to "Defense Security Cooperation Agency" and "DSCA" respectively wherever they appear.

Replace Section 100 with the following:

"Section 100 -- Manual Purpose and Maintenance

10001 GENERAL This Manual applies to OSD, its separate agencies, the MILDEPs, UCOMs and their agencies, SAOs, the Organization of the Joint Staff (OJS), and all other Defense agencies (hereinafter referred to collectively as "DoD Components") engaged in the management or implementation of security assistance. It is to assist in complying with FAA, AECA, and related statutes and directives; complying with policies, procedures, and reporting requirements; and facilitating changes to SA policies and procedures. Unless otherwise indicated, provisions are effective on the date of transmittal. Deviations from policies may not be implemented without the explicit prior approval of the Director, DSCA.

10002 MAINTENANCE The Defense Security Cooperation Agency (DSCA) is responsible for developing Manual changes. Changes will normally be made through the centralized database. Routine USG access will be via the DSCA Homepage [HTTP://WWW.DSAA.OSD.MIL](http://www.dsaa.osd.mil) or DoD Issuance Library [HTTP://WEB7.WHS.OSD.MIL/CORRES.HTM](http://web7.whs.osd.mil/corres.htm). Access is also possible through CD ROM DAD disk, see [HTTP://WWW.DESKBOOK.OSD.MIL](http://www.deskbook.osd.mil). Upon formal request through SA channels, hard copy will be provided by the Defense Institute of Security Assistance Management, 2335 Seventh Street, Wright-Patterson Air Force Base, OH 45433-7803. Subscriptions to hard copy SAMM and other DISAM publications are available for sale to the public. Call (937) 255-2994 for details.

A. Substantial changes since the previous hard copy republication are indicated by at-at ('@@') symbols at the beginning and end of the changes.

B. Requests for interpretations or changes should be submitted through SA management channels to DSCA (Attn: DSCA/MEAN-AP), Washington DC, 20301-2800; telephone (703) 604-6612/DSN 664-6612; datafax (703) 604-6541. Guidance that appears to be in conflict with other DoD issuance's or governing statutes and regulations should be reported to DSCA."

Brian McMillan, COL, USA
Acting Director
Middle East, Asia, North Africa