

DSCA 01-12
FMS Case-Related Manpower Activities and Associated Costs
23 July 2001

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In reply refer to:
I-01/005465-FM

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 OF THE AIR FORCE
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

DIRECTOR, DEFENSE LOGISTICS AGENCY

DIRECTOR, NATIONAL IMAGERY AND MAPPING
AGENCY

DIRECTOR, NATIONAL SECURITY AGENCY

DIRECTOR, DEFENSE CONTRACT MANAGEMENT
AGENCY

SUBJECT: FMS Case-Related Manpower Activities and Associated Costs (DSCA 01-12)

During the past several months, a working group involving members from DSCA and the Military Departments met to discuss the manpower activities associated with the FMS program. Particular focus was spent addressing the proper funding source relating to individual functions performed by FMS case managers. From a historical standpoint, policy guidance was vague and its application was inconsistent. GAO audits, feedback from FMS purchasers and DSCA analyses also prompted the need to clearly articulate what manpower efforts are involved and how those efforts are to be funded. The working group was developed to address those deficiencies.

Accordingly, a matrix delineating the manpower functions and the proper funding sources was developed. It details the functions and funding attributable to 39 life-cycle events, from pre-LOR to case closure. I am forwarding this matrix to you as an attachment to this memorandum. This matrix is effective immediately. Widespread dissemination to all case managers and those

responsible for developing LOA documents is necessary to ensure full implementation and compliance.

We recognize that the Performance Based Costing (PBC) effort, currently under development, may have an impact on how certain case management functions are funded once PBC is deployed. We accommodated for this contingency by noting placeholders in the matrix. However, until explicitly superseded via future memorandum, the attached matrix is official FMS policy.

I wish to thank the following people who made substantial contributions to the successful development of this matrix:

Army – Joan Buchanan, Jack Hiebert
Navy – Larry Baillie
Air Force – Sonja Patch

Thank you for your assistance in this regard. This memorandum and matrix will be posted electronically in the “Publications and Policy” section of the DSCA web site (<http://www.dsca.osd.mil>). In addition, it will be incorporated as a change to the Security Assistance Management Manual (SAMM, DoD 5105.38-M). My points of contact are: David Rude, COMPT-FM, DSN 664-6569, david.rude@osd.pentagon.mil; and Beth Baker, P3-P2, DSN 664-6612, beth.baker@osd.pentagon.mil.

SIGNED
A. R. KELTZ
ACTING DIRECTOR

Attachment:
Case-Related Manpower Activities and Associated Costs Matrix
Copy to:
OUSD (Comptroller)/DCFO/Business Policy Directorate
DFAS Denver (DFAS-AY/DE)
USASAC New Cumberland
NAVICP Philadelphia
AFSAC WPAFB

Attachment:

Case-Related Manpower Activities and Associated Costs Matrix

NOTES:

1. Most of the information included was gleaned from existing documents -- SAMM, FMR, Army documentation, Budget Call, etc. -- and refined based on meetings with the Army, Navy, Air Force and PBB/PBC coordinators at DSCA.
2. This matrix is not intended to cover all costs -- only those costs that are related to manpower. The FMR and other financial regulations include additional information regarding the use of administrative or case funds for other services and materiel.
3. It is recognized that some subjectivity will remain in this matrix no matter how much it is refined. It is probably not possible (nor desirable) to take out all of the flexibility because each program is somewhat different. Some of the more subjective terms are defined as follows:

Case-related manpower eligible for Direct Case Funding: Direct manpower (USG and contractor), to include travel, required to deliver the materiel or services (to include training) ordered by the customer. This manpower may be to provide the specific services actually requested by the purchaser, or this manpower may be needed to produce the articles or perform the services being sold. These costs are normally included on the hardware or services line.

Case-related manpower eligible for Program Management Line (PML) Funding: Non-routine management efforts (USG and contractor), to include travel, directly attributable to successful execution of the case or program (typically complex in nature). When included, PMLs must be a condition of sale (i.e., those services unilaterally determined by the USG to be necessary for successful program implementation).

Case-related manpower eligible for Administrative Surcharge Funding: Other manpower (USG and contractor) required to develop, execute and close FMS cases. These functions maybe indirect (i.e., support across multiple customers/cases) or direct (i.e., support to a specific case or program).

Routine: Something we do for all customers for all types of cases.

Non-Routine: Something required by the nature of the program or to meet customer requirements.

Complex/Major LOA: For “Complex”, refer to SAMM, Section 70201. “Major case” is defined as follows: **Defined Order:** \$25M or more total LOA value; **Blanket Order/CLSSA:** \$10M or more total LOA value; and/or 15% or more of a country’s total FMS program dollar value.

4. This matrix is constructed to capture all major activities. Any type of cost may apply to any category, although some types of costs are separately listed (e.g., ADP, training, contracts). Types of costs that may apply to any particular activity include: personnel including basic pay, benefits awards and overtime; travel; rents and communications; contracts for services, maintenance & equipment rental, and purchase of ADP and non-ADP equipment. In the review of this matrix, we seek to fully describe the activities. In later work, we can cross-walk the list of activities to various types of costs (object classes/elements of expense).

5. For purposes of this matrix, foreign customer training is defined as a “service.” Any entries concerning services being provided to a customer should be considered to include training.

6. This matrix is policy. For the longer-term, DSCA will be chairing a Surcharge Assessment Team to review and possibly revise the structure and/or computation of surcharges applicable to LOAs. The team’s results will likely impact this matrix.

7. Where noted, this matrix is subject to change pending results of the Performance Based Costing (PBC) effort. It is anticipated that PBC will enable us to utilize a business-based approach for charging direct costs to cases, as appropriate. Potential PBC impacts are noted on the matrix as placeholders only.

PBB/PBC Bucket(s) Legend:
1 – Pre LOR; 2 – Case Development; 3 – Case Execution; 4 – Case Closure; 5 – Other Security Cooperation Activities; 6 – Business Sustainment

Case-Related Manpower Activities and Associated Costs Matrix

Item No.	PBB/PBC Bucket(s)	Functions/Activities	<u>Funding Source:</u>	<u>Funding Source:</u>	<u>Funding Source:</u>
			FMS Admin	FMS Case Program Management Line	Other FMS Case Line(s)
1	1	Pre-LOR work.	X		
2	1, 2	Pre-LOA work to include: <ul style="list-style-type: none"> • Responses to routine requests for information from foreign countries. • Preparation of Price and Availability (Rough Order of Magnitude) data. • Development and preparation of Letters of Offer and Acceptance (LOAs). 	X		
3	1, 2	Pre-LOA work to include: site surveys, logistics support conferences, case planning meetings, etc. necessary to delineate customer requirements. (NOTE: Using the “Other FMS case manpower line(s)” as the funding source is the preferred method. If it is not possible to provide a case, and admin funds are available, these activities may be funded with admin funds and then reimbursed from the signed case, at the discretion of the MILDEP/IA.)			X
4	2	Incremental costs associated with development of Not-to-Exceed (NTE) LOAs. Refer to DSCA memo I-00/006952 dated 15 Jun 2000.			X
5	2	Case implementation.	X		
6	3	Costs associated with establishing initial/long	X	X	

		range goals and objectives, and case master, financial, logistical and delivery plans.	(current policy)	(proposed pending PBC results)	
7	3	Program manager or coordinator of program.		X	
8	3	For Routine LOAs: Review, approval and monitoring of execution, scope, schedule of work, cost, payment schedules and resolution of problems. Analyze case performance from cradle-to-grave.	X (current policy)	X (proposed pending PBC results)	
9	3	For Complex/Major LOAs: Review, approval and monitoring of execution, scope, schedule of work, cost, payment schedules and resolution of problems. Analyze case performance from cradle-to-grave.		X	
10	3	Prepare amendments and modifications to the case.	X		
11	3	Efforts/services required due to program acceleration, non-standard procurements, special program tracking or reporting, program reviews or non-routine integration efforts.		X	
12	3	Conduct/prepare for country-level FMS reviews. Funding sources also include per diem, salary and travel. Refer to DSCA policy memo 00-19 dated 20 Dec 2000.	X (for all USG personnel attending who are not case/program managers)	X (if a case/program manager attends solely to represent a specific case/group of cases and where PM line is normal funding source)	X (if a case/program manager attends solely to represent a specific case/group of cases and no PM line exists otherwise)
13	3	Conduct/prepare for service-level FMS reviews. Funding sources also include per diem, salary and travel. Refer to DSCA policy memo 00-19 dated 20 Dec 2000.	X (for all USG personnel attending who are not case/program managers)	X (if a case/program manager attends solely to represent a specific case/group of cases and where PM line is normal funding source)	X (if a case/program manager attends solely to represent a specific case/group of cases and no PM line exists otherwise)
14	3	Conduct/prepare for program-level FMS reviews. Funding sources also include per diem, salary and travel. Refer to DSCA policy memo 00-19 dated 20 Dec 2000.	X (for all USG personnel attending who are not MILDEP/IA country or case/program managers)	X (where PM line is normal funding source)	X (if no PM line exists otherwise)
15	3	Conduct/prepare for internal (USG-only) FMS reconciliation or otherwise periodic review. Funding sources include per diem, salary and travel. Refer to DSCA policy memo 00-19 dated 20 Dec 2000.	X		
16	3	Conduct/prepare for internal (USG-only) FMS review planning meeting. Funding sources include per diem, salary and travel. Refer to DSCA policy memo 00-19 dated 20 Dec 2000.	X (for all USG personnel attending who are not case/program managers)	X (if a case/program manager attends solely to represent a specific case/group of cases and where PM line is normal funding source)	X (if a case/program manager attends solely to represent a specific case/group of cases and no PM line exists otherwise)
17	3	Conduct/prepare for country/service/program-level FMS reviews requested by the customer which exceed the number deemed necessary by the USG. Refer to DSCA policy memo 00-19 dated 20 Dec 2000.			X
18	3	Services requested by the purchaser but not required by the MILDEP/IA as a condition of sale, such as: studies and surveys; technical assistance advisory personnel or members of Mobile Training Teams (MTTs); Technical			X

		Assistance Field Teams (TAFTs); Contractor Engineering Technical Services (CETS); program task forces; Technical Assistance Teams (TATs); Quality Assurance Teams (QATs); etc.			
19	3	Services required to produce materiel requested by the customer (i.e., engineering services, testing).			X
20	3	The following specialized services when specifically requested by the customer or when deemed required by the USG in order to successfully deliver the articles and/or services: <ul style="list-style-type: none"> • Configuration management →Customer requested →USG deems necessary • Weapon systems management →Customer requested →USG deems necessary • Systems integration →Customer requested →USG deems necessary • Integrated logistics/training management →Customer requested →USG deems necessary 		X X X X	X X X X
21	6 3	Space rental charges specifically incurred to support: <ul style="list-style-type: none"> • FMS Mission • Customer/case (i.e., warehousing) →Customer requested →USG deems necessary 	X		X X (if no PMO)
22	6 3	ADP services/equipment required to support: <ul style="list-style-type: none"> • FMS Mission • Customer/case →Customer requested →USG deems necessary 	X		X X (if no PMO)
23	6 3	Supplies and equipment to support: <ul style="list-style-type: none"> • FMS Mission • Customer/case →Customer requested →USG deems necessary 	X		X X (if no PMO)
24	6	Job-related skills training for individuals who spend 50% or more of their time performing FMS-related work. (NOTE: For individuals spending less than 50% of their time performing FMS-related work, funding source of his/her salary dictates the funding source for the training.)	X		
25	3	Training for TAFTs or MTTs and other personnel for their direct support to a case.			X
26	3	<u>For Routine LOAs:</u> Initiation and oversight/monitoring of the acquisition process.	X (current policy)	X (proposed pending PBC results)	
27	3	<u>For Complex/Major LOAs:</u> Initiation and oversight/monitoring of the acquisition process.		X	
28	3	Preparation and processing of requisitions to include providing appropriate routine status and tracking/coordination/problem-solving efforts normally performed by DoD Supply and Inventory Control Points, and International Logistics Control Office to ensure on-time deliveries.	X		
29	3	Special or expedited preparation, processing and tracking/management of requisitions at the request of the purchaser.			X

30	3	Reporting of deliveries, to include both the physical delivery of the article/service and the associated financial/billing transactions.	X		
31	3	Maintain case files.	X		
32	3	Preparation (to include printing and reproduction) of case-related routine reports (e.g., as defined in the SAMM, FMR, International Customer Users Group, etc.) to FMS customer and other Agencies.	X		
33	3	Preparation of non-routine reports as requested by the purchaser.			X
34	3	Accounting and budgeting.	X		
35	3	Reconciliation of financial and logistical management systems until the case is supply/services complete.	X	X (if PM line exists otherwise)	
36	3	Expedited reconciliation efforts requested by the customer beyond normal financial management standards. A separate line item or case would be required.			X
37	3	Processing of Supply Discrepancy Reports (SDRs).	X		
38	4	Case closure efforts for supply/service complete cases, to include standard, ACC, EACC and DSCA-directed force closures.	X		
39	4	Expedited case closure efforts requested by the customer for supply/service complete cases beyond ACC or EACC standards and when approved by DSCA. A separate case is required.			X