



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

MAR 03 2003

In reply refer to
I-03/002362-FM

MEMORANDUM FOR DEPUTY CHIEF FINANCIAL OFFICER
OFFICE OF THE UNDER SECRETARY OF DEFENSE
(COMPTROLLER)

DEPUTY UNDER SECRETARY OF THE ARMY
(DEFENSE EXPORTS AND COOPERATION)
(DASA(DE&C)/SAAL-ZN)
DEPARTMENT OF THE ARMY

DEPUTY ASSISTANT SECRETARY OF THE NAVY
(INTERNATIONAL PROGRAMS)
DEPARTMENT OF THE NAVY

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

DEPUTY DIRECTOR FOR SECURITY ASSISTANCE,
DEFENSE FINANCE AND ACCOUNTING SERVICE -
DENVER CENTER

DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

SUBJECT: Establishment of Foreign Military Sales (FMS) Case Closure Executive
Committee (EXCOM) (DSCA 03-05)

REFERENCE: DoD Financial Management Regulation (DoDFMR), Volume 3,
Chapter 11, Section 1108

This memorandum establishes the FMS Case Closure EXCOM. Reference section from the DoDFMR delegates written discontinued research authority to the Defense Agency Comptrollers. Accordingly, the DSCA Comptroller will oversee the EXCOM process. Given the existence of FMS cases that are current candidates for review by the EXCOM, and the likelihood of future candidates that could benefit from exercising those authorities, this EXCOM is charged with resolving reconciliation and closure issues. Our successful trial period for the EXCOM, which was executed in 2002 and resulted in the resolution of chronic problems with specific FMS cases, underscored the need for this mechanism.

Attachment A provides the EXCOM charter. This document contains the EXCOM's scope, purpose, membership, authorities, operating procedures, and associated timelines for

action. **Attachment B** provides the "Request for Discontinued Research Approval and Case Closure Resolution" report that is to be used when submitting cases for EXCOM decision.

We will continue our concept initiated in the trial period of convening EXCOM meetings when the DSCA-sponsored FMS Reconciliation and Closure Conferences are held (usually on a semi-annual basis, in May and November of each year). Exceptions to this meeting schedule may be allowed by DSCA, to accommodate urgent or compelling requirements.

We appreciate your endorsement of the EXCOM, and we look forward to optimizing its effectiveness in assisting with FMS case reconciliation and closure efforts. Should your staff have any questions, my point of contact is Mr. David Rude, Financial Policy Chief and EXCOM Chair, telephone (703) 604-6569, e-mail: david.rude@dsc.mil.



TOME H. WALTERS, JR.
LIEUTENANT GENERAL, USAF
DIRECTOR

Attachments
as stated

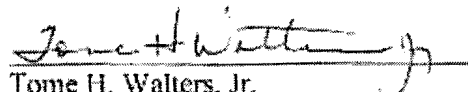
Timeline

To ensure a consistent and unbiased methodology, the following timeline applies:

Milestone	Time Frame	Event
A	T-60	DSCA issues solicitation for potential EXCOM candidates, and announces next EXCOM meeting date.
B	T-60 to T-30	Proponent IAs assemble EXCOM packages
C	T-30	Proponent IAs submit EXCOM packages via e-mail to all members
D	T-30 to T	Individual EXCOM review of submitted packages
E	T	EXCOM meets to review submitted packages
F	T+30	EXCOM decision forwarded to originators
G	TBD	Actions due by proponent IA/DFAS to resolve issues based on EXCOM decision

Implementation

This Charter is effective upon the date of signature by the DSCA Director as shown below.


 Tome H. Walters, Jr.
 Lieutenant General, USAF
 Director
 Defense Security Cooperation Agency

3 March 2003
 (Date)

Termination

This Charter may be terminated only by written authorization from the DSCA Director or a designated appointee.

Coordination

OUSD(C)/DCFO: *Received:* JoAnn Boutelle, DCFO
 ARMY: *Received:* Russell Neydl, USASAC/NC
 NAVY: *Received:* Captain E. Powell, USN, Navy IPO
 AIR FORCE: *Received:* Patrick Fox, SAF-IAPX
 DFAS: *Received:* Greg Keiling, Director, DFAS-AY/DE
 DCMA: *Received:* Captain Stansfield, DCMA

FMS CASE CLOSURE EXECUTIVE COMMITTEE (EXCOM)

CHARTER

Background

In 1987, SECDEF established the DoD Executive Foreign Military Sales (FMS) Reconciliation and Case Closure Board (CCB). The CCB was disestablished by SECDEF in 1998, citing resolution of accounting reconciliation issues and the development of enhanced closure procedures. However, strong evidence exists to support the concept that an entity is needed to effect final decisions on the status of chronically problematic cases that are completed logistically (aka “supply and services complete”). Volumes 3 and 15 of the DoD Financial Management Regulation (DoDFMR, 7000.14-R) provide policies and procedures relating to FMS case closure and discontinued research. DoDFMR, Volume 3, Chapter 11, Section 1108, Paragraph 110801 delegates written discontinued research authority to the Defense Agency Comptrollers. Given the existence of current candidates within the FMS program, and the perceived likelihood of future candidates that could benefit from exercising those authorities, a FMS Case Closure Executive Committee (EXCOM) is hereby established to resolve reconciliation and closure issues.

Scope

This Charter implements the FMS Case Closure EXCOM, and establishes its operating procedures, documentation requirements and timelines for resolving FMS case reconciliation and closure issues brought to its attention. This Charter does not in any way infringe on the policies and authorities contained in the DoDFMR, Security Assistance Management Manual (SAMM, DoD 5105.38-M) or in the forthcoming FMS Case Reconciliation and Closure Manual. This Charter is also a “living” document, and will be revised as circumstances merit.

Purpose

The purpose of the EXCOM is to provide final resolution on financial discrepancies and imbalances relating to FMS cases that are supply and services complete. As a general rule, cases are not presented to the EXCOM for consideration unless they are more than two years supply/ services complete, and other criteria as established in the requisite documentation package are satisfied (see below). Specific functions of the EXCOM follow:

- Approving Discontinued Research
- Finalizing Case Closure Values
- Finalizing Cost Components
- Resolving Force Closure Value Discrepancies

The EXCOM is a final arbiter of last resort only. Existing FMS financial policies and procedures already accommodate certain flexibilities and managerial authorities to resolve most of the financial issues that otherwise preclude timely case closure. For example, write-off authority exists to resolve problem disbursements of up to \$2,500 per transaction (and \$200 for all other discrepant transactions). Additionally, the Under Secretary of Defense (Comptroller) prescribed a timeline of 90 to 120 days (depending on whether the program office and DFAS are

co-located) for resolving problem disbursements before the offsetting obligation is posted. Consequently, a relatively small universe of FMS cases are expected to require EXCOM resolution.

It is also important to note that the EXCOM is not a substitute for sound fiduciary safeguarding and accounting of FMS case financial transactions. Every reasonable effort to reconcile FMS cases in a timely manner, to ensure closure within prescribed timeframes, is expected. While the existence of the EXCOM acknowledges that valid situations will arise that require its use, the substantive documentation requirements ensure responsibility for financial stewardship and data integrity rests with the proponent Implementing Agency (IA) and its associated personnel (e.g., case managers).

Membership

In order to promote its effectiveness and efficiency, membership of the EXCOM shall be comprised of managers responsible for overseeing responsible FMS case reconciliation and closure policies. Accordingly, the EXCOM shall be comprised of the following personnel:

DSCA	Chief, Financial Policy Team and EXCOM Chair, DSCA/COMPT-FM
OUSDC(C)	FMS Policy Proponent, ODCFO, A&FP&A
DFAS	Systems and Policy Manager, DFAS-AY/DE
DCMA	Chief, International and Federal Business Office, DCMA/IFBT
Army	Chief, Financial Case Management Branch, USASAC New Cumberland
Navy	Financial Program Manager, Navy IPO 02C(F)
Air Force	Financial Information Specialist, SAF-IAPX

The lead EXCOM representative from each organization shown above may opt to bring additional officials from that organization. Each lead representative may also designate a substitute to act on his/her behalf; the designation must be sent to the EXCOM Chair prior to the next scheduled meeting. Regardless of how many officials from each organization attends a given meeting, each organization has only one vote in the decision-making processes.

Authorities

Within the parameters of the DoDFMR, the EXCOM has and may exercise wide latitude in determining what specific transactions, processes and actions must be taken to bring specific FMS case reconciliation issues to a successful conclusion. That said, the EXCOM members are not experts in the nuances of a given situation or in the detailed nature of all supporting systems and databases. The EXCOM will rely heavily on the sound recommendations brought forth by the originators of each package.

Operating Procedures

Normally, the EXCOM will meet on a semi-annual basis, and typically in conjunction with the DSCA FMS Case Reconciliation and Closure Conference. A more detailed timeline is found in a later section of this Charter.

The EXCOM does not generate FMS cases to be presented for consideration, nor does it assemble documentation substantiating requests for EXCOM decision. All requests must

originate from the proponent IA. As appropriate, DFAS Denver may initiate packages for review but must first coordinate with the proponent IA before formal submission to the EXCOM.

The proponent IA (or DFAS, as noted above) shall prepare a “Request for Discontinued Research Approval and Case Closure Resolution” package in the format prescribed in Attachment 1. The reporting format contains instructions for the specific documentation that must accompany the request itself. Of paramount importance are the recommendations offered by the initiator, to include rationale for those recommendations (for example, cite the basis for the desired unliquidated obligation value). A request without the required supporting documentation is considered incomplete and will be returned to the originator. To the extent possible, all packages should be e-mailed to every EXCOM member. Alternatively, the packages can be mailed; contact the EXCOM members if mailing instructions are needed.

For expediency and efficiency, the proponent IA may “bundle” requests of a similar nature for multiple FMS cases/lines. While individual requests need not be sent to the EXCOM incrementally, complete supporting documentation for every case/line being submitted for EXCOM review is mandatory. Additionally, the EXCOM Chair may limit the number of packages that can be submitted for an individual EXCOM session.

During the EXCOM review, the following process shall be observed:

- The package originator must be present or send an alternate who is fully knowledgeable of the issues.
- All EXCOM members should be present for the entire meeting. At least four of the EXCOM members must be present to constitute a quorum.
- The originator will provide a brief narrative highlighting the key issues needing EXCOM resolution.
- Any EXCOM member may pose any question to obtain sufficient clarification.
- Each EXCOM member shall vote on the specific actions being recommended by the originator.
- Optimally, EXCOM members should reach consensus on each decision. Where consensus or even a majority are lacking, the EXCOM Chair may make a final ruling. However, a lack of general agreement on a given action will likely result in requesting additional information and/or time.

Once the EXCOM has met to discuss the status of a particular request, a formal decision will be sent to the originator within 30 days. That decision will contain the detailed EXCOM reply, to include step-by-step actions that are allowed in order to fully resolve the issue heretofore precluding closure of the impacted FMS case(s). Additionally, the EXCOM will publish Minutes of each meeting to fully document discussions and decisions.

Actions prescribed by the EXCOM in the formal published decisions must be accomplished by the proponent IA, DFAS and other activities as applicable in a timely manner. While the EXCOM makes the final decisions, the EXCOM members do not have the means to actually effect the requisite transactions to financially resolve the FMS case(s) involved. Accordingly, due dates for completion of actions will accompany the individual actions noted by the EXCOM. Moreover, the EXCOM will monitor the status of resulting actions.

Timeline

To ensure a consistent and unbiased methodology, the following timeline applies:

Milestone	Time Frame	Event
A	T-60	DSCA issues solicitation for potential EXCOM candidates, and announces next EXCOM meeting date.
B	T-60 to T-30	Proponent IAs assemble EXCOM packages
C	T-30	Proponent IAs submit EXCOM packages via e-mail to all members
D	T-30 to T	Individual EXCOM review of submitted packages
E	T	EXCOM meets to review submitted packages
F	T+30	EXCOM decision forwarded to originators
G	TBD	Actions due by proponent IA/DFAS to resolve issues based on EXCOM decision

Implementation

This Charter is effective upon the date of signature by the DSCA Director as shown below.

 Tome H. Walters, Jr.
 Lieutenant General, USAF
 Director
 Defense Security Cooperation Agency

 (Date)

Termination

This Charter may be terminated only by written authorization from the DSCA Director or a designated appointee.

Coordination

OUSD(C)/DCFO: **Received:** JoAnn Boutelle, DCFO
 ARMY: **Received:** Russell Neydl, USASAC/NC
 NAVY: **Received:** Captain E. Powell, USN, Navy IPO
 AIR FORCE: **Received:** Patrick Fox, SAF-IAPX
 DFAS: **Received:** Greg Keiling, Director, DFAS-AY/DE
 DCMA: **Received:** Captain Stansfield, DCMA

Reference Number: _____
(assigned by proponent IA)

REQUEST FOR DISCONTINUED RESEARCH APPROVAL AND CASE CLOSURE RESOLUTION

SECTION 1

The following supply and services complete FMS case is submitted to the FMS Case Closure Executive Committee (EXCOM) for final approval and disposition instructions.

Item	Information (entry required for all fields)
Case Identifier (Country/IA/Designator)	XX-X-XXX
Applicable Case Line(s) Involved	Line(s) involved
Supply/Services Completion Date	MM/YYYY format
Responsible Implementing Agency	Organization Name
Responsible IA Point of Contact Information	POC Name, DSN phone number, office code
Date Request Submitted to EXCOM	MM/DD/YYYY format
EACC Closure Suspense date (if applicable):	MM/YYYY format

SECTION 2

The purpose of this request is to: *(Check or Mark all that apply)*

- _____ Approve Discontinued Research
- _____ Assign Case Closure Value
- _____ Other (elaborate with remarks here)

SECTION 3

The EXCOM is to be used only in extreme situations, i.e., exhaustive research was conducted with no satisfactory conclusion and/or resolution on the case closure value is not otherwise feasible through normal channels. This certifies that the following efforts were undertaken but did not result in a successful resolution of the issue, thus requiring EXCOM intervention for this FMS case: *(Check or Mark all that apply, and annotate Tab numbers associated with supporting documentation. While Tabs are not required for all items below, providing the documentation that addresses each item strengthens the package. Omitting documentation for any item may result in EXCOM approval delay.)*

- A. _____ All research requirements as prescribed in the DOD FMR, Vol 3, Chapter 11, Section 1108 were conducted. See Tab _____ for description of research efforts performed. *This is mandatory for all discontinued research requests/* Tab Not applicable _____

B. _____ The nature of the unreconciled and/or unresolved amounts is documented in Tab _____. ***This is a mandatory item. This documents the core problem the EXCOM is being requested to address.***

1. The total discrepant amount for this case/line is: \$ _____.
Note: If multiple lines are addressed in this package, list the discrepant amount for each as a separate entry.
2. The discrepant system(s) involved with this issue is/are (list separately):

Additional Documentation Requirements

- a. Standard set of DIFS screens: Full FIC1 (pages 1-4), all involved RSNs, FIS2
- b. Cash histories from DIFS (TSO retrieval) and legacy system
- c. Number all pages in the package sequentially (handwritten is fine)
- d. Specify system and screen/report on each one provided (e.g., DIFS FIS2)
- e. For pre-1989 transactions, confirm whether the CLD upload was correct (i.e., DIFS cash history and case control from January 1989 microfiche).

C. Applicability of write-offs:

_____ 1. Unreconciled amounts pertain to problem disbursements and exceed the \$2,500 write-off thresholds as allowed in the DoDFMR, Vol 3, Chapter 11, Section 1108, Paragraph 110801 and DOD FMR, Vol 15, Chapter 2.

or

_____ 2. Unreconciled amounts pertain to non-problem disbursements and exceed the \$200 write-off threshold as allowed in the DoDFMR, Vol 15, Chapter 2.

D. _____ The DOD FMR and Security Assistance Management Manual were thoroughly researched, yet those policies were insufficient to allow for timely closure of this case. Tab ___ is a brief description of where existing policies do not solve the issue(s). ***Leave blank if no policy issues exist.***

E. _____ Documentation evidencing efforts to resolve with DCMA and DCAA are attached at Tab _____ / Not applicable (i.e., contractual issues not contributing to reconciliation problems) _____.

F. _____ NAVSEA Instruction 4200.21 "Financial Closeout of Contracts" document, when applicable to the FMS community would _____ / would not _____ resolve the issues impeding closure of this case. (Note: this item must be completed.) The reasons this alternative proposal would / would not resolve problems concerning this case are the following: (list separately here)

G. _____ Other extenuating circumstances that obstruct resolution of this case are documented at Tab _____.

SECTION 4

The proponent IA recommends the following actions/decisions to the EXCOM:

Item	Recommended Value (entry required in all fields)	Rationale for Recommended Value (required entry)
Adjusted net case/line closure value (exclude CAS, LSC, Admin, Accessorials)		
CAS value – entire case and line(s) involved		
LSC value – entire case and line(s) involved		
Admin value – entire case and line(s) involved		
Accessorials value – entire case and line(s) involved		
Total case closure value – entire case and line(s) involved		
ULO value (ACCP only) – entire case and line(s) involved		
Other values (if applicable; list separately)		

*Note: “Lines involved” refer to those lines identified in Section 1 of this report. **Separate values shall be shown for each line involved.***

The specific series of actions recommended by the proponent IA are noted below:

- 1.
- 2.
- etc.

Recommended Funding Source(s):

SECTION 5

I certify the above information to be accurate and correct, to the best of my knowledge.

Signature

Date Submitted

Name and Title of Authorizing Official (Typed)

List each Tab/Attachment separately

SECTION 6 TO BE COMPLETED BY EXCOM ONLY

Reference Number: _____
(corresponds with incoming reference number assigned by proponent IA)

In reply to reference request, the FMS Case Closure Executive Committee (EXCOM) has reviewed the documentation and has responsibility for issuing direction to resolve the outstanding issues on the affected FMS case(s). In summary, the EXCOM decision is as follows:

_____ Agree with all IA recommendations

_____ Agree with intent to resolve; but IA recommendations modified as shown below:
 (insert table depicting EXCOM differences from recommendations identified above).

_____ Returned to IA for further action for the following reason(s): identify those here.
 Specific actions authorized to resolve the issues are noted below:

- 1.
- 2.
- etc.

_____ Funding Source(s)

SECTION 7**EXCOM SIGNATURES:**

DSCA	Chief, DSCA Financial Policy Team (EXCOM Chair)
OUS(D)	FMS Policy Proponent, ODCFO, A&FP&A
DFAS	Systems and Policy Manager, DFAS-AY/DE
ARMY	Chief, Financial Case Management Branch, USASAC New Cumberland
NAVY	Financial Program Manager, Navy IPO 02C(F)
AIR FORCE	Financial Information Specialist, SAF-IAPX
DCMA	Chief, International and Federal Business Office, DCMA/IFBT

Date of EXCOM Decision:

Date of Expected Case Closure (if applicable):

Date Force Closure will Otherwise Occur (if applicable):