



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

APR 02 2008

In reply refer to:  
USP003577-08

MEMORANDUM FOR SEE DISTRIBUTION LIST

SUBJECT: Pricing Policy Clarification – Amendments and Modifications  
(DSCA 08-10)

Recently, we have received several questions regarding the pricing of Amendments and Modifications to Letter of Offer and Acceptance (LOA) documents --- specifically, the level of pricing detail that should be researched and/or the pricing updates that should be accomplished as these documents are being processed. The following (current policy) is provided for clarification and consistent application:

a. If the line item is being revised on this Amendment or Modification for any reason (price change, coding change, etc.):

(1) The pricing should be updated for these lines to include correct nonrecurring cost (NC) charges, Contract Administration Services (CAS), Logistics Support Charge (LSC), etc. For LSC, the line should be reviewed by the Implementing Agency to determine what deliveries have already been made with shipment dates prior to 1 Oct 07. The LSC should be recalculated against only those deliveries and the pricing adjusted accordingly.

(2) The Defense Security Assistance Management System (DSAMS) pricing coding should be updated for these lines to ensure proper apply/waive codes are used for each element of price even if the price/value is otherwise correct.

b. If the line item is not being revised on this Amendment or Modification:

(1) If the price/value that is calculated in the system and included in the value of the case is incorrect, the incorrectly-priced line item must be added to this Amendment or Modification and the pricing fixed. For example, if NC or CAS should have been applied and was not, the line must be corrected now that it is known there is a pricing mistake.

(2) If the price/value that is calculated in the system and included in the value of the case is correct, but not entered appropriately in DSAMS, the line does not have to be included on this Amendment or Modification.

(a) For example, if the NC Indirect Pricing Component (IPC) was not applied and resulted in a \$0 value when it should have reflected the cost was waived, the line does not need to be included on this particular Amendment or Modification to correct that internal coding problem. The same is true if the pricing was done prior to mandatory use of DSAMS pricing and includes a lump sum value rather than breaking-out individual costs. As long as the charges were applied (in this last instance included in the larger value), the line does not need to be included on this particular Amendment or Modification to document the pricing calculation/break-out. A note will be entered into DSAMS case remarks stating that these types of problems must be corrected on the next document that will impact this line. If there is no other Amendment or Modification that impacts this line prior to closure, the coding must be fixed before the case can be closed. Amendments or Modifications will not be rejected for the sole reason that proper coding was not included in DSAMS. [Note: The same does not apply to new cases --- in order to avoid this problem in the future on Amendments and Modifications, new cases must include the proper coding from their inception.]

(b) For LSC, the Implementing Agency should consider including updates to the LSC values on lines at any time an Amendment or Modification is being processed. It is not mandatory that these lines be included in the Amendment or Modification if the LSC is the only pricing that needs to be adjusted. If FMS purchasers are looking for funds on the case that could be reallocated to other lines or if it is known that the FMS purchaser wants the LSC reduced, the Implementing Agency must consider this as it prepares its documents. The LSC could also be a factor if the case is being increased to add requirements where that increased value might be met by a reduction in the LSC on existing line items. This is an Implementing Agency determination and the Amendment or Modification will not be returned for the sole reason that LSC was not adjusted on lines that were not included on the document.

Thank you for your continued support to ensure accurate pricing and thorough reviews of these documents. If you have any questions or need additional information regarding issues discussed in this memorandum, please contact Beth Baker, DSCA/DBO-FPA, (703) 601-3839 or e-mail [beth.baker@dscamil](mailto:beth.baker@dscamil).



Ann Cataldo  
Principal Director  
Business Operations

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