



DEFENSE SECURITY COOPERATION AGENCY
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WASHINGTON, D.C. 20301-2800

19 DEC 2008

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Clarification of Scope Change, DSCA Policy 08-42, SAMM E-Change 124

DSCA, along with Implementing Agency representatives, concluded a Lean Six Sigma Project focused on reducing Letter of Offer and Acceptance (LOA) "Rework", meaning the number of times an LOA document must be reviewed due to returns caused by errors or other changes. Issues relating to scope change ranked in the "Top Four" root causes for LOA returns. Scope is the key factor in deciding whether a change to an LOA document should be prepared as an Amendment, a Modification, or a new LOA. Changes in the scope of the case require an Amendment or new LOA that the purchaser must accept, whereas changes due to U.S. requirements such as price increases and decreases, adjustments needed to prepare the case for closure, and other U.S. unilateral decisions are not considered a scope change and do not require purchaser acceptance. Those changes may be documented in a Modification.

To reduce the number of LOA document returned for scope issues, the Lean Six Sigma team recommended issuance of a policy memo and a change to the Security Assistance Management Manual (SAMM) that further clarify the meaning of scope, thereby facilitating the decision on what type of LOA document to prepare. The attachment updates Chapter 6 of the SAMM to reflect this information.

If you have questions concerning this guidance, please contact Ms. Kathy Robinson, DSCA-STR/POL, kathy.robinson@dsc.mil, (703) 601-4368.

A handwritten signature in cursive script, reading "Freda J. Lodge".

Freda J. Lodge
Principal Director
Strategy

Attachment:
As stated

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- 1) Delete all of paragraph C6.7. and replace with the following:

C6.7. AMENDMENTS AND MODIFICATIONS

FMS cases may be amended or modified to accommodate certain changes. Questions on the use of the LOA, Amendment, or Modification should be referred to DSCA (Strategy Directorate) by the Implementing Agency policy office. All Amendments and Modifications are prepared using the DSAMS, unless the Amendment or Modification is classified. It is important to clearly identify the purpose of the Amendment or Modification when preparing the case. It is not sufficient to state that the purpose is to increase or decrease funds or lead-times without plainly stating the reason for the increase or decrease. The case reviewer, as well as the purchaser, must know the reasons why these actions are taking place on the case. Examples include: “This Amendment increases the estimated costs of line item 002 for additional requirements as requested by the purchaser”; or “This Modification increases the estimated costs of line item 002 to cover price increases based on contractual requirements”. These are examples only; Implementing Agencies should identify the applicable reasons for the changes needed.

- 2) Delete all of paragraph C6.7.1.1. and replace with the following:

C6.7.1.1. Use of an Amendment. An Amendment is necessary when a change requires purchaser acceptance. The scope of the case is a key issue to consider in deciding whether to prepare an Amendment, Modification, or new LOA. A scope change takes place when the original purpose of a case line or note changes. This may be reflected through either an increase or decrease in dollar value, quantity, or lead-time. An LOA note revision can also be considered a scope change if it alters the original purpose of the line or case. Major increases in scope such as addition or deletion of SME, including Major Defense Equipment (MDE), normally require the preparation of a new LOA vice an Amendment. The reasons for the changes are the key determinants as to the type of LOA document that is appropriate. Table C6.T7. provides examples of changes that require an Amendment. This list is not all-inclusive.

3) Insert Table C6.T7. following paragraph C6.7.1.1.

C6.T7. Amendment Requirements

Examples of When an Amendment is Required	
1	Realigning or redistributing funds among case lines
2	Adding case lines
3	Deleting case lines (except for case closure)
4	Quantity increases or decreases to defined order lines
5	Dollar value increases or decreases to blanket order lines with the exception of price increases or decreases
6	Addition or deletion of requirements
7	Extending a lead time, period of performance, or availability of services for additional coverage-even if there is no change in dollar value
8	Change in Delivery Term Code to add/delete transportation requirement
9	Revising line item descriptions or notes to increase or decrease scope
10	Changing a MASL that has a corresponding configuration or scope change

4) Delete all of paragraph C6.7.2.1. and replace with the following:

C6.7.2.1. Use of Modifications. U.S. unilateral changes to an FMS case are made by a Modification and do not require acceptance by the purchaser. Concurrent Modifications are the exception for adding scope, as long as the change is not significant such as adding SME. See C6.7.2.3. for additional information. Table C6.T8 provides examples of changes that may be done using a Modification. This list is not all-inclusive.

5) Insert Table C6.T8. following paragraph C6.7.2.1.

C6.T8. Modification Requirements

Examples of When a Modification is Required	
1	Price increase or decrease on a defined order line
2	Increasing or decreasing line values for case closure
3	Increases due to over commitments
4	Lead time slippages caused by source of supply impacts (e.g., delays in contract award or materiel deliveries)
5	Revising source, line manager, offer release, or type of assistance codes
6	Correcting accessorial charges
7	Minor administrative changes such as typographical errors
8	Revising payment schedules
9	Revising the Terms of Sale
10	Correcting the FMS Administrative Surcharge
11	Charges for Value Added Tax and other international requirements levied on the U.S. that must be funded by the FMS case (considered a price increase)
12	To add charges for storage and other U.S. requirements already received that must be funded on the FMS case
13	Concurrent Modifications are the exception for adding limited scope

6) Renumber existing tables in Chapter 6 accordingly.