



**DEFENSE SECURITY COOPERATION AGENCY
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21 FEB 2012

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
DEFENSE EXPORTS AND COOPERATION (DASA-DEC)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
INTERNATIONAL PROGRAMS (NAVIPO)
DEPUTY UNDER SECRETARY OF THE AIR FORCE
INTERNATIONAL AFFAIRS (SAF/IA)
DEFENSE FINANCE AND ACCOUNTING SERVICE
SECURITY COOPERATION ACCOUNTING (DFAS-SCA)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND

SUBJECT: Transportation Surcharge Accounts for Foreign Military Sales (FMS) Programs
Funded with Time Limited Appropriations (DSCA 12-10)

- References: (a) Department of Defense (DoD) Financial Management Regulation (FMR)
7000.14-R, Volume 15, "Security Assistance Policy and Procedures," January
2010, Chapter 3, Paragraph 030210.B
- (b) Defense Transportation Regulation (DTR) 45009.9-R– Part II, Appendix V-7,
"Security Assistance Program (SAP) Shipment Transportation Account Codes
(TACs)"

Over the last several years, the Defense Security Cooperation Agency (DSCA) has been working with the Military Departments and the United States Transportation Command (USTRANSCOM) on issues related to the solvency of the FMS Transportation Account. Our combined efforts have resulted in the implementation of several improvements including more frequent reviews/updates of transportation rates and a new requirement for direct case charges (above-the-line) for specific transportation/regions. Currently, all transportation which is not a direct charge is funded through a single Transportation Account. During our research, we determined that separating transportation costs by individual program (e.g., traditional FMS, 1206 programs, etc.) using separate accounts would be useful in helping to ensure transportation costs are funded with the appropriate source of funding.

Effective March 6, 2012, four new transportation accounts will be activated in the Defense Integration Financial System (DIFS). This memorandum reiterates the current procedures for the FMS Transportation Account and provides instructions for the use of the four new Transportation Accounts applicable to Pseudo programs funded with time limited appropriations (i.e., those funded with DoD appropriated funds).

Current Procedures

Reference (a) outlines the Defense Finance and Accounting Service-Indianapolis (DFAS-IN) Security Cooperation Accounting (SCA) process for posting accounting entries to Subsidiary Ledgers such as the FMS Transportation Account. The FMS Transportation Account earns

funds when items are reported by Implementing Agencies as physically delivered with applicable Transportation Bill Codes or Delivery Term Codes (DTCs). The earnings transferred into the account are based on the percentage associated with the DTC and not the actual transportation cost. Upon recognizing these earnings, the applicable below-the-line transportation costs are calculated, and the funds are then transferred from the case and collected into the FMS Transportation Account. The FMS Transportation Account is used to pay actual transportation costs associated with shipping an item based on bills submitted to DFAS-IN by carriers (e.g., USTRANSCOM). Payment is made according to the validated bill amount, regardless of what was collected into the FMS Transportation Account from the FMS or FMS-like (pseudo) cases.

The current process for the management and execution of below-the-line transportation costs is accomplished through the single FMS Transportation Account using the following line of accounting: “9711X8242 L009 8401&&@!!! CBL S843000.” DFAS-IN uses L009 as the surcharge accounting code for depositing transportation funds into this account and paying the actual bills submitted by the transportation carriers.

The table below explains the coding in the current line of accounting associated with the FMS Transportation Account.

9711X8242_L009_8401_&&@!!!_CBL_S843000

Entry	Instructions
97	Department of Defense
11X8242	Foreign Military Sales Trust Fund
—	Space
L009	DOD FMS Transportation Surcharge Account
L0	Transportation Country Code
09	Department of Defense
—	Space
8401	Allotment Serial Number
—	Space
&&	Insert two-position FMS Country Code
@	Insert one-digit Implementing Agency (IA) code
!!!	Insert three-character alpha master case designator
—	Space
CBL	Insert “CBL”
S843000	Accounting and Disbursing Station Number

New Procedures

Under the new procedures, the following five transportation accounts will be used depending on the specific program. The four new accounts apply to time limited appropriations.

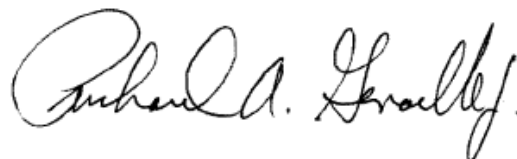
Afghanistan Pseudo Program	9711X8242 L109 8401 &&@!!! CBL S843000
Iraq Pseudo Program	9711X8242 L209 8401 &&@!!! CBL S843000
Pakistan Pseudo Program	9711X8242 L309 8401 &&@!!! CBL S843000
1206 Pseudo Program	9711X8242 L409 8401 &&@!!! CBL S843000
All Other Programs (Current FMS Transportation Account)	9711X8242 L009 8401 &&@!!! CBL S843000

The new accounts will function in the same manner as the current FMS Transportation Account. Implementing Agencies will continue their normal processes for delivery reporting. Carriers will use the above unique lines of accounting associated with each program when submitting bills. DFAS-IN will collect earned transportation from the applicable FMS and FMS-like (pseudo) cases and deposit these amounts into the appropriate Transportation Account. Actual bills will be paid from the appropriate account.

By March 6, 2012, DSCA will direct DFAS-IN SCA to transfer funds into the new accounts to ensure monies are available to pay transportation bills submitted after that date. The funds to initially resource these accounts were identified by DSCA Country Financial Directors in coordination with the Office of the Under Secretary for Defense (Comptroller).

The Department of Defense (DoD) requires carriers of material using the Defense Transportation System (DTS) to use a Transportation Account Code (TAC) as a shorthand abbreviation for a line of accounting. The TAC is a four character, alphanumeric code and its purpose is to identify the appropriate DoD Component (i.e., Army, Air Force, Navy) and appropriation (i.e., Operation and Maintenance, Foreign Military Sales) chargeable for movement of material through DTS. A list of the TACS associated with the new Transportation Accounts is attached at TAB 2. The TAC for use of the traditional FMS program remains the same. DSCA will provide necessary changes to update the DTR (Reference (b)) to include the complete list of TACs, but the attached list is available for use immediately. The Transportation Accounts and the TACs may be amended over time to accommodate changes in time-limited appropriations, including the enactment of new appropriations.

DSCA will continue to monitor and analyze the transactions impacting all the Transportation Accounts to ensure the solvency of these accounts. If you have questions or would like additional information, please contact Rita Chico, DBO/FPIO, at (703) 602-3632.



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