



DEFENSE SECURITY COOPERATION AGENCY

2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800

19 FEB 2013

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY DEFENSE
EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY
INTERNATIONAL PROGRAMS
DEPUTY UNDER SECRETARY OF THE AIR FORCE
INTERNATIONAL AFFAIRS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE FINANCE
AND ACCOUNTING SERVICE – INDIANAPOLIS OPERATIONS
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, NATIONAL GEOSPATIAL INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY

SUBJECT: Guidance Concerning Reduction of Value on Unused Foreign Military Sales (FMS)
and Building Partner Capacity (BPC) Cases, DSCA Policy 13-07 [SAMM E-Change
208]

This memorandum provides guidance on the reduction of value on unused FMS and BPC cases. For the purposes of this policy, “unused” is defined as a \$0 net sum of all financial activity, other than the pre-paid FMS Administrative Surcharge.

Unused cases should not be reduced to zero value or any other amount through the use of Amendments or Modifications (to include concurrent modifications) with the intent to return residual value or funds to the customer. In addition, all the lines on a case should not be deleted on an Amendment or Modification with the same intent. These actions usually result in the circumvention of the reduced FMS Administrative Surcharge policy outlined in section C6.8.4.2 of the Security Assistance Management Manual (SAMM).

The most cost effective manner to return residual value or funds to a customer on an unused case is through the case closure process. Effective immediately, Implementing Agencies should use the case closure process to return case value or funds on unused cases to the customer rather than through Amendment or Modification actions.

There may be case-by-case circumstances where an exception to policy will be considered such as the need to make funds available on an unused BPC case where the case closure action cannot be completed in the time necessary to make the residual funds available for another BPC case before the funds obligation period expires. Requests for an exception to policy should be provided to the DSCA (Business Operations Directorate, Financial Policy and Analysis Division).

The attachment updates Chapter 6 of the SAMM to reflect this policy change. If you have any questions concerning this guidance, please contact Brad Bittinger, DSCA DBO/FPA, brad.bittinger@dscamil, 703-602-1360.



James Worm
Acting Principal Director
Directorate of Business Operations

Attachment:
As stated

cc:
STATE/PM-RSAT
DISAM
USASAC
SATFA
TRADOC
USACE
NAVSUP WSS
NETSAFA
AFSAC
AFSAT
AFCEE
MARCOR IP
SCETC
USCG International Affairs (G-CI)
AFRICOM
CENTCOM
EUCOM
NORTHCOM
PACOM
SOUTHCOM
JFCOM
SOCOM
TRANSCOM

Guidance Concerning Reductions to Unused FMS and BPC Cases (Defense Security Cooperation Agency (DSCA) Policy 13-07, SAMM E-Change 208)

The following section is added to Chapter 6 of the Security Assistance Management Manual (SAMM):

C6.7.4 Reduction of Value on Unused FMS and BPC Cases. Unused cases should not be reduced to zero value or any other amount through the use of Amendments or Modifications (to include concurrent modifications). For this purpose, “unused” is defined as a \$0 net sum of all financial activity, other than the pre-paid FMS Administrative Surcharge. In addition, all the lines on a case should not be deleted on an Amendment or Modification with the same intent.

C6.7.4.1 Closure of Unused FMS and BPC Cases. The Implementing Agency should use the case closure process to return case value or funds on unused cases to the customer. See Section C6.8.4.2.

C6.7.4.2 Request for Exceptions. Exceptions will be considered on a case-by-case basis such as the need to make funds available on an unused BPC case where the case closure action cannot be completed in the time necessary to make the residual funds available for another BPC case before the funds obligation period expires. Requests for an exception to policy should be provided to the DSCA (Business Operations Directorate, Financial Policy and Analysis Division).