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MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
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DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
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DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: Clarification to Standardize use of the Months of Service (MOS) Fields on a Letter of Offer and Agreement (LOA) Document, DSCA Policy 13-41

Recently, we conducted a Payment Schedule Working Group to review the payment schedule process in response to concerns expressed by the FMS Customers. The foremost issue was payment schedules front load excessive collections early in the payment schedule, tying up purchaser funds for extended periods of time, even though they are not needed to perform execution tasks. There are several potential improvements to the payment schedule process being reviewed by the team. One identified a need to better define and standardize the use of the MOS fields in Defense Security Assistance Management System (DSAMS) and the LOA. For clarification, the term *period of performance* includes the following fields in DSAMS: Availability/Lead-time, Performance Period, Estimated Delivery Date and Delivery Sets and the Months of Service ("MOS" in block 5 of the LOA). These terms are used interchangeably as they relate to payment schedule calculations and indicate when defense articles and services are to be shipped or provided to a purchaser. The following paragraphs will further explain the standardization concepts.

1. **Relationship between the MOS Field & the payment schedule.** Case preparers need to understand that the "Months of Service" or "MOS" field on the LOA indicates to the purchaser when they are projected to receive their defense articles or services. The various fields in DSAMS used to indicate this information (Performance Period/ Availability/Lead-



time/Estimated Delivery Dates/Delivery Set fields) also drive the payment schedule calculation. All of these fields, with the exception of the Delivery Set, print on the LOA document to communicate when the defense articles and services will be provided to the purchaser. It is not appropriate to use these fields to reflect other internal USG process information such as when obligation authority (OA) should be provided on a line, etc. Determining OA is an internal Implementing Agency process.

2. **Calculation Method.** The Offer Expiration Date (OED) for the basic LOA should be computed as follows: If the OED is between the 1st and 15th day of the month, then count that month as month 1; if the OED it is between the 16th and 31st day of the month, then count the next month as month 1 to ensure a complete month of support. Once the Basic LOA is implemented, all future modifications and amendments should be re-evaluated during their development using the same criteria above to update the execution parameters once the acceptance/implementation date of the Basic LOA is known. For example, when an LOA is implemented on 25 June 2012, July would be month 1 for counting purposes.
3. **Impact of a single number availability/lead-time.** When a single number is used, DSAMS calculates the payment schedule from month 1 to the quarter prior to the given leadtime/availability. For instance, if the leadtime is 24 months, DSAMS calculates payments from month 1 to 21 to ensure payments are collected a quarter prior to anticipated delivery. For procurement lines, a contract may not be awarded in month one, driving the payment schedule to collect too aggressively. Likewise, using a single number leadtime on an Amendment that is adding a new line several years after the basic case was accepted/implemented will cause the payment schedule to significantly front load collections from the beginning of the case through the 1st quarterly payment on the Amendment. Careful examination should be given to accurately reflect when defense articles and services will be provided to a purchaser and when choosing the Availability/Lead-time or Period of Performance fields. In order to more accurately reflect when defense articles and services will be provided to the purchaser, the single number leadtime (availability) field will be phased out for new lines or sub-lines being added to a case.
4. **New Defined Order Lines Must Show a Range.** When lines or sub-lines are added via an Amendment, a range must be used on all defined order lines to ensure a more accurate payment schedule calculation. During Amendment development, the range should not start any sooner than the OED on the Amendment, using the rule of thumb outlined in #1 & 2 above and end on the last date the material/services are to be provided. When it is determined that funds are needed to execute the line sooner than what the specified range showing on the LOA, the new Payment Schedule Override field located in the Line Detail Delivery Tab should be used. Information entered there will not be reflected on the LOA, but used for payment schedule calculations only.
5. **Defense Services.** For all defense services lines, the start and end date estimating when services will be performed must be entered in the new "Estimated Service Dates" field in DSAMS (to be included in the August 2013 release). The estimated dates (month/year format) of service will print on the LOA at the line/subline level in block 5. The start and end date field must match the dates used on the MTDSs. In addition, actual dates of services

are better understood than trying to equate dates to a numerical representation, especially considering the training challenges within the Security Cooperation community.

6. **Embedded Manpower.** For situations of embedded manpower, when the primary purpose of the line is to provide material, a date range, as indicated in #4 above, should be reflected for all defined order lines. Likewise, when the primary purpose is to provide a service, the Estimated Service Dates field, as indicated in #5 above, should be reflected to the extent possible.
7. **Blanket Order Lines.** For blanket order lines, Implementing Agencies may indicate an intended period of performance in the Line Detail Delivery Tab (Payment Schedule Overrides field) to be used for payment schedule calculations. Data entered in these fields will not print on the LOA and will only be used for payment schedule calculations. In providing this information, use the rule of thumb outlined in paragraph 2 above. When no information is provided, DSCA/CWD will use current standard operating procedures to calculate these lines when necessary.
8. **Payment Schedule Calculations at the Lowest Level.** It is always preferable that the lowest level be used for payment schedule calculation purposes. For example, the delivery schedule for SME and MDE lines being added or revised will be required via the Delivery Schedule fields in the Delivery Schedule Tab to reflect the anticipated deliveries. It is not the intent that an LOA document be prepared to make small adjustments in this field. Instead, adjustments should be accomplished as necessary on any future modifications/amendments. In addition, the Delivery Schedule fields in DSAMS are updated to reflect anticipated deliveries quarterly, by calendar year. The Delivery Schedule Tab also allows for flexibility when multiple items with varying delivery schedules are being provided on a given line. This information will now be provided to the purchaser on the LOA via a DSAMS attachment. These changes in paragraph 7 will be reflected in the November 2013 DSAMS release.

This policy is effective *August 12, 2013, corresponding to DSAMS Release 10.10*. My point of contact is Mr. Glenn Anderson, DSCA DBO/FPA, (703) 602-2006; email: glenn.anderson@dscamil. Please address all questions to this policy to Mr. Anderson.



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