



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

23 FEB 2016

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

SUBJECT: Assignment of Program Code "V2" to track Fiscal Year (FY) 2016 Funds Provided for Section 1263 South China Sea Initiative (SCSI), DSCA Policy 16-05 [SAMM E-Change 295]

Effective immediately, Program Code "V2" is assigned to track FY 2016 Operation and Maintenance (O&M) funds provided to conduct or support a program or programs under Section 1263 of the FY 2016 National Defense Authorization Act (NDAA) (Public Law 114-92) "The South China Sea Initiative (SCSI)." FY 2016 O&M funds authorized for execution of SCSI are available for obligation until September 30, 2016. Legal authority for SCSI expires on September 30, 2020. Management and execution of FY 2016 (V2) programs will comply with guidance provided in the Security Assistance Management Manual (SAMM), Chapter 15.

Chapter 15 will be updated per the attachment. This change will be included in the automated version of the SAMM found on the DSCA Web Page, www.dsca.mil, as SAMM E-Change 295.

The SAMM Table C4.T2, Country and International Organization Codes and FMS Eligibility, is updated as follows:

Organization	FMS Code	Combatant Command \1	Regional Grouping \2	FMS AECA Eligible \3	Accel. Case Closure Eligible
Section 1263, South China Sea Initiative (SCSI) FY 2016	V2	PA	NR	AECA Only	No

The appropriation available for V2 Letters of Offer and Acceptance (LOAs) is recorded in the SAMM, Table C15.T2., Appropriation Authority column, and shall be cited on each V2 LOA in the Funds Expiration, Purpose, Availability, and Amount note.

The SAMM Table C15.T2, Building Partnership Capacity (BPC) Program Codes and Authorities, is updated as follows:

Program	Pgm Code	Program Authority	Purpose	Fund Source	Appn Authority	Funds Availability Ends on September 30	Funds Cancel on September 30
Section 1263	V2	P.L.114-92	Increase maritime security and maritime domain awareness for foreign countries along the South China Sea	97 6 0100	P.L. 114-113	2016	2021

Instructions for preparation of V2 LOA documents are found in the SAMM, Table C15.3. Standard notes applicable to BPC programs are found in the SAMM, Appendix 6, LOA Notes Listing. Funding associated with V2 LOAs will be fully expended and V2 cases will be reconciled and closed as soon as possible, but no later than two months before the funds cancellation date.

For questions regarding this policy, please contact Ms. Caroline Chin, DSCA/STR/SPI, at 703-697-9073 or e-mail: caroline.s.chin.civ@mail.mil. For financial issues please contact Ms. Jackie Leonard, DSCA DBO/FPA, at 703-604-6570 or e-mail: jacqueline.leonard.civ@mail.mil. Implementing agencies should ensure dissemination to supporting activities.



Robert Helfant
Principal Director
Strategy

Attachment:
As stated

cc:

USAFRICOM
USCENTCOM
USEUCOM
USNORTHCOM
USSOUTHCOM

USPACOM
USTRANSCOM
USSOCOM
STATE/PM-RSAT
USASAC
SATFA
TRADOC
NAVSUP WSS
NETSAFA
AFSAC
AFSAT
DISAM
MARCOR IP
SCETC
USCG International Affairs (G-CI)

Security Assistance Management Manual (SAMM), E-Change 295

1. Insert new section to the SAMM immediately following C15.1.4.11. to read as follows:

C15.1.4.12. Section 1263 South China Sea Initiative (SCSI). Section 1263 of the NDAA for Fiscal Year 2016 (P.L. 114-92) provides authority for the South China Sea Initiative until September 30, 2020. This section authorizes the Secretary of Defense, with the concurrence of the Secretary of State, to provide assistance (equipment, supplies, defense services, training, and small-scale military construction) to assist the national military or security forces that have maritime security missions as part of their fundamental responsibilities in the countries of Indonesia, Malaysia, the Philippines, Thailand and Vietnam. Section 1263 may also be used to pay for training for ministry, agency and headquarters level organizations of these countries. Further, this section authorizes the Secretary of Defense to pay the incremental expenses (i.e., per diem, incidental expenses, and travel costs to and from the partner nation) associated with training of organizational personnel of Brunei, Singapore, and Taiwan.

C15.1.4.12.1. Section 1263 is funded with one-year Operations & Maintenance (O&M) funds, which are only available for new obligations until September 30 of the year of appropriation. Civilian and military personnel services, to include any related travel and per diem, must cease program-related activities no later than the end of the period of funds availability (September 30 of the year of appropriation). For the procurement of articles that under normal production may not be delivered to the USG until after the funds period of availability has expired, the lead-time exception to the bona fide needs rule allows the USG to obligate the funds to procure the articles during the funds period of availability and deliver the items in the subsequent fiscal year. In addition, O&M funds authorized for non-severable services under the Section 1263 authority may be obligated during the current fiscal year even though the services being performed may cross into the next fiscal year. Non-severable contracted services, such as below the line transportation, unpacking, assembly, and basic initial operation and maintenance training necessary to operate the equipment, are typically considered to be non-severable services associated with the equipment delivery. By contrast, tactical training, field service representatives, and deployment training and services generally constitute severable services. The contracting officer at the executing activity, with the advice of counsel, will review the contract statement of work to determine if contractor services are severable or non-severable. For guidance on contractor-provided services, refer to Section C15.3.4.1., “Contractor Services”, and the relevant subparts C15.3.4.1.1. for Severable Contractor Services and C15.3.4.1.2. for Non-Severable Contractor Services.

C15.1.4.12.2. Although funds for training are considered obligated on the date the student enters the course, based on the expiring nature of Section 1263 funding and the lack of cross fiscal year authority, any USG-provided training must be obligated and accomplished within the appropriation fiscal year and may not extend beyond September 30 of the same fiscal year.

C15.1.4.12.3. Transportation services are considered non-severable when using Below-The-Line Transportation because they are assessed as an indirect charge to the line and funds are obligated when the line item is obligated (i.e., when a contract is awarded or a requisition is placed). Funds on Transportation Cases or Transportation Lines on cases, however, are severable and will expire for obligation on September 30 of the appropriation year because there is no valid obligation for the funds (i.e., the transportation provider has not accepted the funds and no manifest for transportation has been established).