



DEFENSE SECURITY COOPERATION AGENCY
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13 NOV 2020

MEMORANDUM FOR THE DEPUTY UNDER SECRETARY OF THE AIR FORCE
FOR INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY
FOR DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY
FOR INTERNATIONAL PROGRAMS
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SERVICE
DIRECTOR, DEFENSE REUTILIZATION AND
MARKETING SERVICE
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, NATIONAL GEOSPATIAL INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY

SUBJECT: Clarification of Zero-Dollar Value Lines on Foreign Military Sales (FMS) and Building Partner Capacity (BPC) Cases, Defense Security Cooperation Agency (DSCA) Policy Memo 20-62, SAMM E-Change 501

References: (a) Security Assistance Management Manual Exception to Policy (ETP) Standardization Process, Defense Security Cooperation Agency (DSCA) Policy 20-37

The purpose of this memorandum is to clarify policy on zero-dollar value lines in the Security Assistance Management Manual (SAMM), Chapter 6 (Foreign Military Sales Case Implementation and Execution). The Letter of Offer and Acceptance (LOA) lines are for specific, identified purposes and must include a Military Articles and Services List (MASL) and dollar amount. The Implementing Agencies (IAs) are not authorized to have case lines with zero-dollar value (or any other non-executable dollar value (i.e., \$1, \$2 etc.)) for the sole purpose of serving as a placeholder for unidentified requirements. Furthermore, lines with zero-dollar value must be deleted through the LOA amendment process. There are two exceptions to this general prohibition that DSCA will authorize without requiring the IA to submit a request for an

exception to policy (ETP); (1) the zero-dollar value line is the only line on the case and the case has been approved for a zero-dollar value closure, in this instance, the case would normally go directly to closure or (2) the line is associated with the Euro-NATO Joint Jet Pilot Training (ENJJPT) Program. Otherwise, an ETP must be requested and approved for any lines that must remain on a case at zero-dollar value due to audit or other transactional requirements.

Implementing Agency (IA) policy offices must follow the DSCA ETP process outlined in DSCA Policy 20-37 and send requests through the following email address: dsca.ncr.dsca-spp.mbx.etp@mail.mil mailbox.

Should you have any questions concerning this policy, please contact my action officer, Ms. Jeneen Caldwell, jeneen.k.caldwell.civ@mail.mil, (703) 697-8923.



J. Aaron Harding
Chief Financial Officer

cc:
USASAC
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Placeholder Lines
ESAMM Change 501, Chapter 6 Update

1) Replace SAMM Section C6.7.5. with the following:

C6.7.5. Reduction of Value on Unused FMS and BPC Cases. Amendments or Modifications (to include concurrent modifications) should not be used to reduce an unused case to zero-dollar value or any other amount. This prohibition includes deleting all lines on a case using an Amendment or Modification for the purpose of reducing an unused case. For this purpose, "unused" is defined as a \$0 net sum of all financial activity, other than the pre-paid FMS Administrative Surcharge.

C6.7.5.1. 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 SAMM Section C16.4.7.

C6.7.5.2. Placeholder Lines on LOAs. Zero-dollar value (or any other non-executable dollar value (i.e., \$1, \$2 etc.)) lines created on a case for the sole purpose of serving as a placeholder for unidentified requirements is not authorized. An exception to policy (ETP) must be requested for any lines that must remain on a case at zero-dollar value due to audit or other transactional requirements. If the zero-dollar value line is the only line on the case, the case should go to closure. When a case is closing at zero-dollar value, an ETP is required to ensure the appropriate amount of FMS Admin is collected or the case approved for Zero FMS Administrative funds collected.

C6.7.5.3. Request for Exceptions-BPC. 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 submitted through the ETP mailbox and will be provided to the DSCA (Directorate of Business Operations (DBO) Financial Policy & Analysis (FPA) Division) for decision.