



DEFENSE SECURITY COOPERATION AGENCY

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

10 MAY 2022

MEMORANDUM FOR 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
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE FINANCE
AND ACCOUNTING SERVICE – INDIANAPOLIS
OPERATIONS
DIRECTOR OF CYBERSECURITY DIRECTORATE AND DEPUTY
NATIONAL MANAGER FOR NATIONAL SECURITY
SYSTEMS, NATIONAL SECURITY AGENCY

SUBJECT: Clarification to Department of Defense Appropriated Building Partner Capacity (BPC) Contract Administration Service (CAS), Policy Memorandum 22-19, [SAMM E-Change 573]

References: (a) Defense Security Cooperation Agency (DSCA) Memorandum, Department of Defense Appropriated Building Partner Capacity (BPC) Accounting Interim Solution, Policy 20-47, dated September 29, 2020

This memorandum provides clarifying guidance for Contract Administration Services (CAS) requirements in support of Title 10 (T10) Building Partner Capacity (BPC) cases. In accordance with reference (a), in Fiscal Year (FY) 2021 all new T10 BPC cases must not include any indirect (i.e. below-the-line) charges. IAs will manually override all CAS costs automatically calculated in the Defense Security Assistance Management System (DSAMS). Implementing Agencies (IAs) should continue to manually override all CAS charges automatically calculated in the DSAMS to reflect \$0.00.

The estimated annual CAS budget will be direct-funded by a current T10 program appropriation, and will be distributed to CAS providers via Funding Authorization Documents, Military Interdepartmental Purchase Requests, or other funding mechanisms as applicable. CAS providers are defined as the agencies which perform contract administration, contract audit, and contract quality assurance and inspection. During FY 2022, DSCA's Office of Business Operations, Comptroller Directorate (OBO/CMP) will issue funds for CAS costs that have been verified and endorsed by the requisite DSCA Office of International Operations (IOPS) Regional Execution Directorate (REX) Program Managers, subject to availability of funds. Beginning in FY 2023, IAs and CAS providers will consolidate and submit their annual CAS budget requests, for all DSCA T10 funded programs, through the T10 BPC cost collection process due annually in September. Additional guidance will be published in the annual CMP memo, "FY 20XX DSCA T10 BPC Cost Collection Guidance", scheduled to be sent to providers in the June timeframe each year.

Budget requests submitted to DSCA OBO/CMP and the responsible DSCA IOPS/REX Program Managers must be separated by T10 programs (i.e. Section 333, Maritime Security Initiative, Ukraine Security Assistance Initiative, etc.). CAS providers should work with USCENTCOM Countering Violent Extremism to submit and determine the funds distribution mechanism for the Counter-ISIS Train and Equip (CTEF) program.

If you have any questions on this memorandum, please contact Jennifer Robey, DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)), (703) 692-1329, jennifer.e.robey.civ@mail.mil.

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HARDING.JOSEPH.AARON.

Date: 2022.05.10 16:26:15 -04'00'

J. Aaron Harding
Chief Operating Officer and Chief Financial Officer
Defense Security Cooperation Agency

Attachment:
As stated

Security Assistance Management Manual E-Change 573

Clarification to Department of Defense Appropriated Building Partner Capacity Contract Administration Service

1. Replace C15.3.1.1. (and subsections) with the following:

C15.3.1.1. Title 10 Building Partner Capacity Accounting Interim Solution. The interim solution, based on the Office of the Secretary of Defense (OSD) request to track indirect charges by the period of availability (POA) of the appropriation funding such charges will be implemented in Fiscal Year (FY) 2021. This solution directs the removal of indirect (below-the-line) charges for Title 10 (T10) BPC funds to pay for Administrative, Contract Administration Services (CAS), Transportation, and Packing Crating and Handling (PC&H) expenses associated with Building Partner Capacity (BPC) cases providing the primary assistance (i.e. defense articles, defense services, or training). T10 BPC funding will still be deposited in the Foreign Military Sales (FMS) Trust Fund for the provided defense articles/services. All transportation and PC&H will be changed to direct costs on separate program-wide support cases. The CAS surcharge will not be assessed on BPC cases implemented during or after FY 2021.

C15.3.1.1.1. FMS Administrative funds will not be provided to support the execution of T10 BPC programs. DSCA will issue a Funding Authorization Document (FAD), Military Interdepartmental Purchase Requests (MIPR), or other funding mechanism as applicable for administrative program support costs associated with the execution of DSCA's T10 BPC programs. Implementing Agencies (IAs) should work with Army Budget Office (ABO) to determine the funds distribution mechanism (e.g., MIPRs) for the Afghanistan Security Forces Fund (ASFF) and Counter-ISIS Train and Equip (CTEF) programs. DSCA's Operations and Maintenance (O&M) will not be used to support ASFF and CTEF programs.

C15.3.1.1.2. IAs will use DSCA-approved costs required for each category to include on the program-wide support case, using the established Military Articles and Services List (MASL). While direct funding will be provided for all administrative program support costs, a Manpower Travel Data Sheet (MTDS) will be required for all non-severable costs (e.g., engineering support costs) included on BPC program cases. In no circumstance shall severable services exceed the period of availability of a respective appropriation.

C15.3.1.1.2.1. [SAMM Table C9.T2](#). (Case-Related Manpower Functions and Funding Source Manpower Matrix) is not applicable to T10 BPC programs.

C15.3.1.1.2.2. IAs and CAS providers will be required to report monthly all administrative program support and CAS costs, and periodically respond to requests for information (RFIs) to DSCA and the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) in support of annual programming and budgeting processes. Administrative program support costs for DSCA programs should include all previously funded below-the-line and above-the-line administrative program support costs. IAs submissions will be reviewed and approved by the DSCA program managers and the DSCA (Office of Business Operations (OBO)). IAs must adhere to the OUSD(C) July 13,

2018 budget policy guidance to determine allowable costs for ASFF and CTEF requirements. ASFF and CTEF manpower requirements and execution should be reported to the ABO.

C15.3.1.1.3. For all new Title 10 BPC cases and lines, IAs will override all administrative, CAS, transportation and PC&H costs to reflect \$0.00 on T10 BPC cases.

C15.3.1.1.4. The new transportation and PC&H program-wide support case(s) must have a correlating line note describing the costs included for each line. BPC cases for defense articles/services providing the primary BPC assistance that will have a transportation related charge must include the "Transportation Charges Not Included" case note.

C15.3.1.1.5. CAS funding will be direct-funded by the T10 program appropriation, and will be distributed via FAD, MIPRs, or other funding mechanisms.

2. Replace C15.3.1.2. (and subsections) with the following:

C15.3.1.2. Title 10 BPC Accounting Interim Solution Authority/Program Guidance.

C15.3.1.2.1. Section 333.

C15.3.1.2.1.1. Transportation and Packing Crating and Handling. Starting October 1, 2020, all defense article cases funded with Section 333 authority funds and with an appropriate Delivery Term Code (DTC) 2, 5, 7 or 9 will use a current year transportation case. Until the process for establishing a transportation/PC&H case is finalized, requestors will send Transportation Account Code (TAC) requests to the following email address: usarmy.belvoir.usasac.list.gte-trans-appvl-fund-req@mail.mil.

1. Upon DSCA (Office of International Operations (IOPS)) direction, the Army and the Navy will each establish a current year transportation case, to include a line for PC&H services. The Air Force will request a TAC from the Army managed case to ship Air Force sourced defense articles or material on Section 333 cases, with the applicable DTC. The Army case will fund costs associated with consolidating materials at the DSCA-recognized Joint Consolidation Point (JCP) in Mechanicsburg, PA. The case will also fund the Delivery Assistance Team services as required.
2. Once the estimated shipment information is available, IAs will create a Shipping Control Number (SCN) in the Transportation Forecast schedule in Security Cooperation Information Portal (SCIP)/Security Cooperation Management Suite (SCMS). The SCN will provide details to authorize the use of the TAC. This guidance is established to ensure that there is accountability for Section 333 defense articles and to provide advance shipping notification to the Benefitting Country.

C15.3.1.2.1.2. Administrative Program Support and Contract Administration Services Costs. DSCA (IOPS) will validate the annual costs and provide the approved levels to DSCA (OBO) for funds transfer.

C15.3.1.2.2. Indo-Pacific Maritime Security Initiative.

C15.3.1.2.2.1. Transportation and Packing Crating and Handling. Due to the size and nature of the program, DSCA recommends Indo-Pacific Maritime Security Initiative (MSI) programs continue to use the prime vendor as the primary transportation mode. If it is determined that the defense articles need to be consolidated at the JCP with the DTC code 2/7, the Army or Navy-established current year transportation case will be used to fund the transportation and PC&H.

C15.3.1.2.2.2. Administrative Program Support and Contract Administration Services Costs. DSCA (IOPS) will validate the annual costs and provide the approved levels to DSCA (OBO) for funds transfer.

C15.3.1.2.3. Coalition Readiness Support Program. DSCA (IOPS) in coordination with OUSD (C) will validate the annual administrative program support and CAS costs and provide the approved levels to DSCA (OBO) for funds transfer.

C15.3.1.2.4. Afghanistan Security Forces Fund. IAs should work with ABO to determine the funds distribution mechanism for administrative program support costs (e.g., MIPRs) for the ASFF program. Combined Security Transition Command-Afghanistan (CSTC-A) will develop Memorandum of Request(s) (MORs) to support the transportation support case(s) with a line for transportation and PC&H costs and submit them to DSCA. DSCA will issue a case ID for the IA to develop the Letter of Offer and Acceptance (LOA).

C15.3.1.2.5. Counter-ISIS Train and Equip. IAs and CAS providers should work with USCENTCOM, Countering Violent Extremism, to determine the funds distribution mechanism for administrative program support and CAS costs (e.g., MIPRs) for the CTEF program. IAs will each develop one program-wide support case with a line for transportation and PC&H costs. Prior to submitting a draft MOR for the case, each IA will assess the required funding per line and submit to the program manager. The DSCA program manager will review and consolidate the overall draft MOR to USCENTCOM for concurrence. Once DSCA receives the signed MOR with funds, DSCA will task the IAs to generate the LOA. IAs will initiate and implement the LOA.

C15.3.1.2.6. Ukraine Security Assistance Initiative.

C15.3.1.2.6.1. Transportation and Packing Crating and Handling. Starting October 1, 2020, DSCA will task Army to develop and implement a single current year transportation case, including PC&H, for all defense articles on cases implemented on or after August 14, 2020 with DTC 2, 7, or 9. Estimated costs should be identified during the USAI proposal request phase and included in the Congressional Notification (CN) tranche worksheets. All IAs must work closely with Army and DSCA to ensure estimated deliveries and costs are captured accurately. DSCA may authorize other IAs to develop transportation cases in exceptional circumstances. Contact the DSCA Ukraine Country Portfolio Director (CPD) and/or Country Finance Director (CFD) for additional guidance on transportation, including obtaining TAC codes and requirements for SCNs, and/or to request authorization for an additional transportation case.

C15.3.1.2.6.2. Administrative Program Support and Contract Administration Services Costs. DSCA will validate the annual administrative program support and CAS costs requested by the IAs and CAS providers, and provide the approved levels to DSCA (OBO) for funds transfer. Estimated costs should be identified during the Ukraine Security Assistance Initiative (USAI) proposal request phase and included in the CN tranche worksheets.