



DEFENSE SECURITY COOPERATION AGENCY

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WASHINGTON, D.C. 20301-2800

11 October 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: Defense Security Cooperation Agency Policy Memorandum 22-41, Delayed Case
Implementation [SAMM E-Change 581]

This policy memorandum establishes guidance on delayed case implementation, clarifies the emergency implementation process, and updates policy on the process for collecting the initial deposit from Foreign Military Sales (FMS) customers.

Delayed case implementation occurs when the required initial deposit does not accompany the accepted FMS case. Each Letter of Offer and Acceptance (LOA) or Amendment includes an initial deposit to cover the outlays and/or deliveries anticipated until the first quarterly payment is received. Amendments use the term “Due with Amendment Acceptance” vice initial deposit. For cases in which the FMS purchaser accepts the LOA or Amendment, but does not pay the initial deposit by the Offer Expiration Date, the initial deposit should be submitted promptly. Failure to do so will delay implementation of the LOA or Amendment. Delayed implementation may increase the cost of the LOA or Amendment and risk availability of defense articles and services.

In accordance with SAMM C9.11.7., if DFAS Indianapolis receives a signed LOA or Amendment without the required initial deposit, within 10 business days of receiving the

associated signed LOA or Amendment it will notify the Security Cooperation Organization (SCO), the FMS purchaser's paying office, and the relevant U.S. Implementing Agency (IA) that the initial deposit has not been received. This notification will state that implementation of the LOA or Amendment is held pending receipt of the initial deposit or approval of initial deposit deferment.

The policy in the attachment is incorporated into the DSCA Security Assistance Management Manual (SAMM) at <https://samm.dsca.mil>.

If you have questions on this memorandum, please contact Jennifer Robey, Financial Policy & Regional Execution Directorate, Financial Policy Division: (571) 236-0341, jennifer.e.robey.civ@mail.mil.

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Date: 2022.10.12 10:02:17 -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 581 Delayed Case Implementation

1. Update SAMM Section C6.1.2. to:

C6.1.2. Emergency Case Implementation. On an exception basis, the DSCA (Office of Business Operations (OBO) Country Finance Director (CFD)), with approval from the Division Chief, may process an emergency implementation of an FMS case. The emergency implementation action is taken only when the FMS purchaser has accepted the LOA or Amendment and immediate case execution is required. In the event emergency implementation action is desired by the applicable IA, a written request from the FMS purchaser or applicable IA should be sent by e-mail to the DSCA CFD. The request should specify the case for which emergency implementation is requested, and the extenuating circumstances that explain its urgency; e.g., meeting a contract award deadline after which prices would increase. The DSCA CFD may confirm with the FMS purchaser as to when they expect to remit the initial deposit. The CFD notifies the IA and the Defense Finance and Accounting Service (DFAS) financial manager of the DSCA OBO decision. If approved, DSCA posts an emergency implementation authorization milestone in DSAMS, DFAS posts a financial implementation milestone in DSAMS, and the IA processes the OA in DSAMS and the MILDEP systems.

2. Add SAMM Section C6.1.3.:

C6.1.3. Delayed Case Implementation. Delayed case implementation occurs when a case does not implement prior to the Offer Expiration Date (OED). One reason a case may not implement prior to OED is due to a FMS purchaser accepting the LOA or Amendment but not submitting the initial deposit by the OED. The FMS purchaser should submit the initial deposit promptly. Failure to do so will delay implementation of the LOA or Amendment. Delayed implementation could increase the cost of the LOA or Amendment, and risk adjustments to delivery and the period of performance. The IA, in coordination with DFAS Indianapolis and DSCA (Office of Business Operations (OBO)), reserves the right to cancel the LOA or Amendment if case implementation is delayed.

C6.1.3.1. The FMS purchaser signs and accepts the LOA or Amendment, and the IA posts the acceptance milestone in DSAMS. If the initial deposit is not received by DFAS Indianapolis, they will notify the Security Cooperation Organization (SCO), the FMS purchaser's paying office, and the IA that the initial deposit has not been received. The IA inquires as to when the purchaser expects to remit the initial deposit until the deposit is received. Upon receipt of the initial deposit, DFAS will post the financial implementation milestone in DSAMS. Once the case has financial implementation, the IA processes the OA in DSAMS and the MILDEP systems.

3. Update SAMM Section C6.7.1.6.1. to:

C6.7.1.6.1. OED Changes to Amendments. The greater the period of time between offer and acceptance, the greater the likelihood of decreased accuracy of availability and pricing data.

Requests by the FMS purchaser to extend the OED may be honored after a review by the IA. The IA must ensure all pricing data is still valid, and the services and materiel continue to be available for the extended period. The IA will advise the FMS purchaser of any consequences associated with the extension. The USG reserves the right to cancel the case.

4. Update SAMM Section C9.11.7 to:

C9.11.7. Initial Deposit Follow-Up. If DFAS Indianapolis receives a signed LOA or Amendment without the required initial deposit, they shall follow-up within 10 working days per the procedures that follow.

C9.11.7.1. Follow-Up Process. DFAS Indianapolis notifies the Security Cooperation Office (SCO), the FMS purchaser's paying office, and the IA that the initial deposit has not been received. This notification states that implementation of the LOA or Amendment is held pending receipt of the initial deposit or approval of initial deposit deferment. If the initial deposit is not received by the Offer Expiration Date (OED), the following consequences may occur:

1. Pricing changes
2. Delivery date changes
3. Materials and services may become unavailable

If a case remains in accepted status after the OED has passed and does not implement, the USG reserves the right to cancel the case.