



DEFENSE SECURITY COOPERATION AGENCY

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

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
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AGENCY
DIRECTOR FOR CYBERSECURITY DIRECTORATE AND
DEPUTY NATIONAL MANAGER FOR NATIONAL SECURITY
SYSTEMS, NATIONAL SECURITY AGENCY

SUBJECT: DSCA Policy Memorandum 23-09, Update of Chapter 14 Security Assistance Forecasting, Planning, Programming, Budgeting, Execution, and Audit [SAMM E-Change 515]

References: (a) DSCA Policy Memorandum 22-60, Standard Financial Information Structure Use of Object Classification for Reimbursable Agreements, August 15, 2022

(b) DSCA Policy Memorandum 21-07, Requirement of the Standard Financial Information Structure (SFIS) Implementation, May 25, 2021

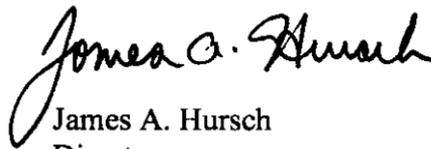
(c) DSCA Policy Memorandum 20-83, Dormant Account Review-Quarterly, January 27, 2021

Effective immediately, this memorandum updates the Security Assistance Management Manual (SAMM) Chapter 14 Security Assistance Forecasting, Planning, Programming, Budgeting, Execution, and Audit, as attached. Chapter 14 provides guidelines for the Planning, Programming, Budgeting, and Execution (PPBE) and audit of Title 22 Foreign Military Sales (FMS) Administrative funds, Foreign Military Financing (FMF) Administrative funds, and Contract Administrative Surcharge (CAS) funds. The annual allocation process includes forecasting two-year demand through the FMS Forecast process. This memorandum supersedes Reference (a), attachment one of Reference (b), and attachment one of Reference (c). The policy in the attachment is incorporated into the SAMM at <https://samm.dscamil>.

Primary updates to Chapter 14 include:

- Replacing the Planning, Programming, and Budgeting process with the Security Assistance Program Budget Review (SAPBR) process to align resources annually to meet mission needs;
- Clarifying and updating the FMS Forecast and Javits Report process; and
- Adding financial statement audit roles, responsibilities, and processes.

If you have any questions concerning this update, please contact Diane Vidal, Defense Security Cooperation Agency, Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA) at diane.k.vidal.civ@mail.mil or (703) 697-9345.



James A. Hursch
Director

Attachment:
As stated

Security Assistance Management Manual E-Change 515

Update of Chapter 14 Security Assistance Forecasting, Planning, Programming, Budgeting, Execution, and Audit

1. **Chapter 14** is replaced in its entirety. See SAMM [Chapter 14](#) for revised content.

2. **C2.1.3.4.** is revised as follows:

C2.1.3.4. FMF/IMET Budget Requests. For partner nations receiving U.S. military grant aid, the SCO will submit annual FMF/IMET budget requests. The preparation and submission of these requests is a coordinated effort between SCO and CCMD Staff. ~~See Chapter 14 for FMF/IMET budget process, tools, guidance, and timeline for budget submissions.~~

3. **C2.1.3.5.** is revised as follows:

C2.1.3.5. Javits and FMS Forecasting. SCOs provide input into two related FMS sales forecasts: 1) the Javits Report led by Department of State, and 2) the FMS Forecast Report led by DSCA. See SAMM [Chapter 14](#) for more information on these reports.

4. Remove sections C2.1.3.5.1. through C2.1.3.5.5. to remove duplication of language in Chapter 14

~~**C2.1.3.5.1. Javits Report.** The Arms Export Control Act (AECA), section 25 (22 U.S.C. §2765), requires the President to submit an annual report to Congress identifying potential sales of defense-related goods and services to foreign governments. Javits is a calendar year (CY) report consisting of anticipated FMS, direct commercial sales, and Excess Defense Articles (EDA) transfers. The Javits report has a dollar threshold, with reporting required for sales and licensed commercial exports of \$7M or more for Major Defense Equipment (MDE) and \$25M or more for support or services. SCOs list all possible sales meeting the dollar thresholds, even if the probability is not considered high.~~

~~**C2.1.3.5.2. Sales Forecast Report.** Each year, DSCA (Directorate for Security Assistance (DSA)) prepares an estimate of the total amount of sales expected to be made to foreign nations from the United States. The Director, DSCA, approves the Sales Forecast. These estimates are published in the annual Congressional Budget Justification for Foreign Operations (CBJFO) for the upcoming fiscal year and the next fiscal year, and they include all highly probable (which DSCA defines as 90 percent likelihood) sales of weapon systems or weapons-related defense equipment, services, or training. See Section C14.1. for more information on Sales Forecast.~~

~~**C2.1.3.5.3.** The FMS forecasting report is a fiscal year (FY) report consisting of projected FMS sales for the next two FYs, with no dollar thresholds. DSCA uses the information to anticipate potential changes to budget and manpower allocations. SCOs list sales considered highly probable.~~

~~C2.1.3.5.4. Consistency with other planning documents. SCOs must ensure Javits/FMS Forecasts, the CCMD TCP and Country Plan, and SCO grant aid budget requests (where applicable) are in consonance.~~

~~C2.1.3.5.5. Additional information on Javits and FMS Forecasting reports is in Section C14.1. See Table C14.T1. for submission timelines.~~

5. C9.15.3.1. is revised as follows:

- **C9.15.3.1.** An annual assessment will be conducted during the first quarter of current Fiscal Year. The requirement for this review is defined in the [DoD FMR, Volume 15, Chapter 3, Sec 030408.G](#). For this review, DSCA uses the following information:

- DFAS end of year report for the FMS Trust Fund Administrative Surcharge account balance. (Report Name: FMS Cost Charge Account. See “TOTAL ADMIN” column Ending Balance Sep 30, 20XX”)
- DFAS end of year report for total undelivered articles and services. (Report Name: Quarterly Undelivered Report (July-Sept 20XX date). Document provides a list of all open cases; date case was implemented, total order value and total delivered and undelivered value of each case.
- Forecast FMS sales for current and future year. (Data developed by DSCA (~~Office of International Operations, Weapons Directorate (IOPS/WPN) Strategy, Plans, and Policy Directorate (SPP) Planning and Program Design (PPD)~~), as prescribed in Security Assistance Management Manual. See SAMM Chapter 14.~~14~~.)
- Anticipated Budget and POM requirements (projected future expenses). Budget amount provided by DSCA (Directorate of Business Operations (DBO) Comptroller (CMP)) and POM amounts from DSCA (Strategy, Plans, and Policy Directorate (SPP) Planning and Program Design (PPD)).
- Input above data into DSCA Forecast Model to assess the projected balance of the FMS Trust Fund Administrative Surcharge Account.

6. C10.5.1.2.2. is revised as follows:

- **C10.5.1.2.2.** The CETPP covers the budget year and planning year (budget year + 1), and consolidates partner nation’s training needs from a joint United States-partner nation perspective. The plan considers all funding sources (e.g., Host Nation Funds, Foreign Military Financing (FMF), International Military Education and Training (IMET), International Narcotics Control and Law Enforcement (INCLE), DoD Train and Equip Programs, the Combating Terrorism Fellowship Program (CTFP), and all potential training sources (e.g., indigenous, third country, commercial, and other DoD and non-DoD U.S. Government-provided training). The CETPP is an important part of the SCO input to the military assistance budget process (e.g., FMF and IMET budget requests). ~~See Chapter 14 for more information on budget requests.~~