



DEFENSE SECURITY COOPERATION AGENCY

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27 April 2023

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 DSCA Policy Memorandum 23-17, Contract Administration Services Fee for Air Force Installation Contracting Center Foreign Military Sales Contracts [SAMM E-Change 626]

References: (a) Memorandum of Agreement Between the U.S. Air Force Security Assistance and Cooperation Directorate and the U.S. Air Force Installation Contracting Agency F4FHES-19-0001 dated, 22 March 2019

Based on a review of reference (a), DSCA determined Contract Administration Services (CAS) elements, including quality assurance and inspection, and contract administration management, should not be applied to U.S. Air Force Security Assistance and Cooperation (AFSAC)-managed case lines with the Air Force Installation Contracting Center (AFICC) design and construction contracts. AFICC performs quality assurance and inspection, and contract administration management, on their contracts with AFSAC. These services are directly charged to the associated Foreign Military Sales (FMS) case line. This memorandum is effective immediately, and all new AFSAC-managed FMS cases shall not include surcharges related to quality assurance and inspection, and contract administration management, on lines with design and construction contracts assigned to AFICC. The design and construction line note in the Letter of Offer and Acceptance (LOA) must identify that the design and construction contract is assigned to AFICC. AFSAC will manually override pricing from “AP” to “NA” for quality assurance and inspection, and contract administration management, CAS elements in DSAMS

for the design and construction contract is assigned to AFICC. The policy in the attachment is incorporated into the DSCA Security Assistance Management Manual (SAMM) at <https://samm.dscamil>.

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

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Date: 2023.04.28 09:05:13 -04'00'

J. Aaron Harding
Chief Operating Officer and Chief Financial Officer

Attachment:
As stated

Security Assistance Management Manual E-Change #626

**CONTRACT ADMINISTRATION FEE FOR AIR FORCE INSTALLATION
CONTRACTING CENTER FOREIGN MILITARY SALES CONTRACTS**

1. Update SAMM Table C9.T4 to clarify CAS elements as 1, 2, and 3, and add language regarding AFICC design and construction to the CAS Surcharge section.

CHARGE	DESCRIPTION	HOW PRICED	APPLIED BY - FOR BILLING	REFERENCES
<p>Contract Administration Services (CAS) Surcharge</p>	<p>CAS is comprised of three basic elements:</p> <ol style="list-style-type: none"> 1. quality assurance and inspection; 2. contract administration management; and 3. contract audit. <p>For cases implemented on or after October 1, 2002, that have contracts administered overseas, an additional element (OCONUS CAS) applies.</p> <p>For United States Army Corps of Engineers (USACE) contracts, quality assurance and inspections and other contract administrative services costs are included in its supervision and administration costs charged to the case line, so CAS(1) and CAS(2) do not apply to USACE.</p>	<p>Included in value of procurement line items (Source of Supply (SoS) of "P" or "X") on the LOA. A surcharge applies to each element.</p> <p>May be waived if reciprocal agreements exist.</p> <p><u>For USACE cases:</u></p> <p>Implemented on or after February 1, 2020, apply a surcharge of:</p> <ul style="list-style-type: none"> • 0.10% for contract audit <p>Implemented on or after October 1, 2002, but before February 1, 2020, apply a surcharge of:</p> <ul style="list-style-type: none"> • 0.20% for contract audit <p>Implemented before October 1, 2002, apply a surcharge of:</p> <ul style="list-style-type: none"> • 0.50% for contract audit <p><u>For PROS II Program Lines:</u></p> <p>Implemented on or after April 18, 2005, do not apply any CAS components</p> <p>Implemented on or after October 1, 2002, but before April 18, 2005, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.50% quality assurance and inspection 	<p>DFAS Indianapolis</p>	<p>AECA, section 21(h) (22 U.S.C. 2761(h)) and DoD FMR, Volume 15, Chapter 7 (Jan 2021), paragraph 071603</p> <p>BPC: Applicable CAS charges are no different than FMS cases. However, effective 14 Aug 2020, BPC Title 10-funded cases will not be assessed the CAS Surcharge.</p>

CHARGE	DESCRIPTION	HOW PRICED	APPLIED BY - FOR BILLING	REFERENCES
	<p>For Parts and Repair Ordering System II (PROS) Program, full administration of PROS II is provided through a contracted program office and no additional services for contract administration, quality assurance or contract audit are provided, so CAS(1), CAS(2), and CAS(3) do not apply for PROS II Program.</p> <p>For U.S. Air Force Security Assistance and Cooperation (AFSAC)-managed case lines with design and construction contracts that are assigned to the Air Force Installation Contracting Center (AFICC), quality assurance and inspection and contract administration management costs are included in the contract and charged to the case line, so CAS(1) and CAS(2) do not apply to AFSAC-managed case lines with design and construction contracts that are assigned to AFICC. AFSAC will manually override CAS(1) and CAS (2)</p>	<ul style="list-style-type: none"> • 0.50% contract administration management • 0.50% contract audits <p><u>For AFSAC-managed case lines with design and construction contracts assigned to AFICC:</u></p> <p>Implemented on or after April 28, 2023:</p> <ul style="list-style-type: none"> • 0.10% for contract audit • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (by permanent-party DCMA employees), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented on or after February 1, 2020, but before April 28, 2023 the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.45% quality assurance and inspection • 0.45% contract administration management • 0.10% contract audit • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (by permanent-party DCMA employees), an additional 0.20% (OCONUS CAS) applies to the entire case.) 		

CHARGE	DESCRIPTION	HOW PRICED	APPLIED BY - FOR BILLING	REFERENCES
	elements in DSAMS to reflect NA.	<p>Implemented on or after December 1, 2014, but before February 1, 2020, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.50% quality assurance and inspection • 0.50% contract administration management • 0.20% contract audit • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (by permanent-party DCMA employees), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented on or after October 1, 2002, but before December 1, 2014, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.65% quality assurance and inspection • 0.65% contract administration management • 0.20% contract audit • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (by permanent-party DCMA employees), an additional 0.20% (OCONUS CAS) applies to the entire case.) 		

CHARGE	DESCRIPTION	HOW PRICED	APPLIED BY - FOR BILLING	REFERENCES
		<p>Implemented before October 1, 2002, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.50% quality assurance and inspection • 0.50% contract administration management • 0.50% contract audit <p><u>For non-USACE cases, non-AFSAC-AFICC lines, and non-PROS II lines:</u></p> <p>Implemented on or after February 1, 2020, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.45% quality assurance • 0.45% contract administration management • 0.10% contract audits • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (by permanent-party DCMA employees), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented on or after December 1, 2014, but before February 1, 2020, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.50% quality assurance and inspection • 0.50% contract administration management • 0.20% contract audits 		

CHARGE	DESCRIPTION	HOW PRICED	APPLIED BY - FOR BILLING	REFERENCES
		<ul style="list-style-type: none"> • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (by permanent-party DCMA employees), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented on or after October 1, 2002, but before December 1, 2014, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.65% quality assurance and inspection • 0.65% contract administration management • 0.20% contract audits • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (by permanent-party DCMA employees), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented before October 1, 2002, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.50% quality assurance and inspection • 0.50% contract administration management • 0.50% contract audits 		

2. Add Appendix 6 Note:

Contract Administration Services (CAS) Surcharge - AFICC.

Note Usage
FMS: Yes BPC: No Mandatory for all new AFSAC-managed Foreign Military Sales (FMS) cases containing case lines with Air Force Installation Contracting Center (AFICC) design and construction contracts.
References
N/A
Note Input Responsibility
CWD
Note Text
Line(s) [insert applicable line numbers] are design and construction lines assigned to the Air Force Installation Contracting Center (AFICC) who performs quality assurance and inspection, and contract management, on their contracts with the U.S Air Force Security Assistance and Cooperation Directorate (AFSAC), and these services are directly charged to the line funding the contract. Therefore, Contract Administration Services (CAS) elements quality assurance and inspection, and contract administration management, are not applied to the line(s). CAS element contract audit is applied at [insert applicable rate] %. OR CAS element contract audit is waived based on agreement dated [insert date of agreement]. [[Use only if approved country waiver exists. If approved country waiver for contract audit does not exist, delete this portion of the note]]