



## DEFENSE SECURITY COOPERATION AGENCY

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WASHINGTON, D.C. 20301-2800

12 October 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 Policy Memorandum 23-45, Contract  
Administration Services Waiver for the Slovak Republic [SAMM E-Change 645]

Section 21(h) of the Arms Export Control Act, as amended (22 U.S.C. 2761(h)), provides that the President may waive charges for Government Quality Assurance (GQA) services under Foreign Military Sales (FMS) cases if the foreign partner provides GQA services to the United States without charge on a reciprocal basis in accordance with an agreement. The Department of Defense of the United States of America and the Slovak Republic concluded such an agreement. Effectively immediately, the Contract Administration Services (CAS) Quality Assurance and Inspection (QA&I) charges on all basic cases implemented for the Slovak Republic on or after December 8, 2015 are to be waived. CAS QA&I surcharges assessed on active cases on or after December 8, 2015 will be corrected via a Letter of Offer and Acceptance (LOA) modification. For any cases in closed status with an implementation date on or after December 8, 2015, the CAS QA&I surcharges will be reimbursed into the appropriate holding account. The policy in the attachment is incorporated into the DSCA SAMM at <https://samm.dsca.mil>.

The Defense Finance and Accounting Service will appropriately code all Slovak Republic FMS cases implemented on or after December 8, 2015 to exclude the calculation of the QA&I surcharge and ensure reimbursement of CAS overpayment on closed cases are moved from the CAS account and deposited into either the partner's holding account or appropriate Foreign Military Financing (FMF) holding account, based on the terms of sale listed in the original case, in accordance with the Memorandum of Record (MOR) received from DSCA. In

addition, implementing agencies will take appropriate action to ensure all new FMS cases implemented on or after December 8, 2015 are priced to reflect the waiver of the QA&I surcharge.

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](mailto:jennifer.e.robey.civ@mail.mil).

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J. Aaron Harding  
Chief Operating Office and Chief Financial Officer

Defense Security Cooperation Agency

Attachment:

1. SAMM E-Change 645
2. Implementation Guidance

**Attachment 1: Security Assistance Management Manual E-Change 645**

**Contract Administration Services Wavier for The Slovak Republic**

1. Update SAMM Table C9.T5., Approved Reciprocal Country Agreement Listing, to include:

<b>COUNTRY/SECURITY ASSISTANCE COUNTRY CODE</b>	<b>EFFECTIVE DATE</b>	<b>COST WAIVED</b>
<del>Slovakia</del> Slovak Republic (LO)	December 8, 2015	Quality Assurance and Inspection

## Attachment 2: Implementation Guidance

Scope: The Quality Assurance and Inspection Contract Administration Services (CAS) surcharge is waived for The Slovak Republic, effective December 8, 2015.

1. **Letters of Offer and Acceptance (LOAs) in “Implemented” status prior to December 8, 2015.** CAS is applied based on the implementation date of the basic LOA. Therefore, all LOAs implemented prior to December 8, 2015 will continue to be assessed the rates applied to the basic LOA for the life of the case.
2. **LOAs in “Development” status on or after the date of this policy.** The implementing agencies (IAs) will need to update the pricing effective date in the Defense Security Assistance Management System (DSAMS) for each line coded with source codes either “X” or “P” prior to advancing a basic or amendment LOA to "Write" status. In the line price estimation window, update the effective date to a date on/after the date of this policy and recalculate the line. This will change the CAS Quality Assurance and Inspection (QA&I) indirect pricing component (IPC) to reflect AP at zero percent.
3. **LOAs in “Write,” “Review,” or “Proposed” status on or after the date of this policy.** Documents under the control of the DSCA (Office of International Operations, Global Execution Directorate, Case Writing and Development Division (IOPS/GEX/CWD)) in "W," "R," or “P” status on or after the date of this policy will be returned to the IA for repricing if the IA has not made the pricing change during development.
4. **LOAs in “Offered,” “Accepted,” or “Implemented” status on or after December 8, 2015.** The IA should initiate a modification in DSAMS within 180 days after implementation of [DSCA Policy Memo 23-45](#) to adjust existing lines. The modification may either: include a downward adjustment to the case to correct the CAS QA&I rate to zero percent and decrease to the Total Case Value/Total Estimated Costs or include a downward adjustment to the case to correct the CAS QA&I rate to zero percent while maintaining the Total Case Value/Total Estimated Costs by realigning funds within the LOA to absorb the CAS rate delta.

DSCA (Office of Business Operations, Information Management and Technology Directorate (OBO/IMT)) Mechanicsburg will identify all basic LOAs requiring the CAS Quality Assurance and Inspection (QA&I) component waiver by posting a DSAMS case remark and future correction required milestone via batch process as indicated below. A modification must be completed to remove CAS QA&I from the identified case.

DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)) DSAMS case remark “CAS Rate Adjustment.” “In accordance with [DSCA Policy Memo 23-45](#), this case has a status of “O” or “A” as of December 8, 2015, or has an implementation date on or after December 8, 2015, the effective date for the CAS Quality Assurance and Inspection (QA&I) component waiver, and requires the waived CAS rate. This waiver/reimbursement must be accomplished for all applicable lines on the next

document processed.” The organizational activity of the case remark will be identified as “DSCADBOFPS” with the DSCA (OBO/FPRE/FP) Division Chief as the author.

DSAMS Milestone “FUTCORREQR.” “In accordance with [DSCA Policy Memo 23-45](#), this case has a status of “O” or “A” as of December 8, 2015, or has an implementation date on or after December 8, 2015, the effective date for the CAS Quality Assurance and Inspection (QA&I) component waiver, and requires the waived CAS rate. This must be accomplished for all applicable lines on the next document processed.” The organizational activity of the case remark will be identified as “DSCADBOFPS” with the DSCA (OBO/FPRE/FP) Division Chief as the author. The future correction required reason code will reflect “R51F” to categorize the CAS update.

5. **LOAs in “Closed” status as of the date of this policy.** All cases currently in closed status will remain closed. DSCA (OBO/FPRE) Country Finance Director (CFD) and Comptroller (CMP) will provide the Defense Finance and Accounting Service (DFAS) a Memorandum of Record requesting the amount of CAS overpayment be moved from the CAS account and deposited into either the partner’s holding account or appropriate Foreign Military Financing (FMF) holding account based on the terms of sale listed in the original case.
6. **Defense Finance and Accounting Service (DFAS) CAS rate update in Defense Integrated Financial System (DIFS).** The Defense Finance and Accounting Service (DFAS) will load the CAS Quality Assurance and Inspection waiver into the DIFS for each new (basic) case received on or after the date of this policy.