



## DEFENSE SECURITY COOPERATION AGENCY

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

JANUARY 17, 2024

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE  
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, SECURITY COOPERATION ACCOUNTING  
DIRECTORATE, 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 23-55, Contract Administration Services Case Notes for the Parts and Repair Ordering System and the U.S. Army Corps of Engineers [SAMM E-Change 651]

This memorandum establishes case notes for Foreign Military Sales (FMS) and Building Partner Capacity Letters of Offer and Acceptance to ensure cases that include lines for 1) Parts and Repair Ordering System (PROS) or 2) design and construction services executed by the U.S. Army Corps of Engineers (USACE) do not include the Contract Administration Services (CAS) surcharge as outlined in the CAS Surcharge section of the Defense Security Cooperation Agency 5105.38-M, Security Assistance Management Manual (SAMM), Chapter 9, Table 4, Table of Charges. These case notes clarify the specific lines on a case where CAS does not apply since the case may include other lines not related to the PROS procurement or USACE supervision and administration costs to which the CAS surcharge does apply.

This memorandum updates SAMM C9.T4. Table of Charges to clarify that the CAS surcharge rates are excluded from all USACE-executed design and construction lines to include FMS cases executed by Implementing Agencies other than USACE. It also updates C9.T4. references from PROS II to PROS as the policy is applicable to all versions of PROS.

This memorandum is effective immediately. The policy in the attachment is incorporated into the DSCA SAMM at <https://samm.dcsa.mil>.

If you have questions concerning this memorandum, please contact Mr. Lucas J. Rose, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP), (202) 853-5693, lucas.j.rose1.civ@mail.mil or Ms. Jenn Robey, DSCA(OBO/FPRE/FP), (571) 236-0314, jennifer.e.robey.civ@mail.mil.

HARDING.JOSEPH  
.AARON.



Digitally signed by  
HARDING.JOSEPH.AARON.  
Date: 2024.01.17 11:03:00 -05'00'

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

Attachment:  
SAMM E-Change 651

## Security Assistance Management Manual E-Change 651

### CAS Case Notes for PROS and USACE

1. Add Appendix 6 Notes:

#### Contract Administration Services (CAS) Surcharge - PROS

<b>Note Usage</b>
FMS: Yes BPC: Yes Mandatory for FMS LOAs containing PROS procurement lines. Mandatory for Amendments and Modifications when any line(s) that contain PROS procurement even if the CAS is not affected by the changes being made.
<b>References</b>
See <a href="#">Table C9.T4</a> . – CAS Surcharge
<b>Note Input Responsibility</b>
CWD
<b>Note Text</b>
Line(s) [insert applicable line numbers] are Parts and Repair Ordering System (PROS) procurement lines. The full administration of PROS is provided through a contracted program office and no additional services for contract administration, quality assurance, or contract audit are provided. Therefore, Contract Administration Services (CAS) elements quality assurance and inspection, contract administration management, and contract audit are not applicable to the line(s).

#### Contract Administration Services (CAS) Surcharge - USACE

<b>Note Usage</b>
FMS: Yes BPC: Yes Mandatory for FMS LOAs containing USACE design and construction lines. Mandatory for Amendments and Modifications when any line(s) that contain USACE design and construction lines even if the CAS is not affected by the changes being made.
<b>References</b>
See <a href="#">Table C9.T4</a> . – CAS Surcharge
<b>Note Input Responsibility</b>
CWD

**Note Text**

Line(s) [insert applicable line numbers] are U.S. Army Corps of Engineers (USACE) lines on a design and construction contract(s). USACE performs quality assurance and contract administration management within their supervision and administrative rate which is charged directly 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]]

2. Update SAMM Table C9.T4. – Table of Charges to:

Charge	Description	How Priced	Applied By – For Billing	References
Contract Administration Services (CAS) Surcharge	For Parts and Repair Ordering System-H (PROS) Program, full administration of PROS H 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-H Program.	<p><u>For PROS H 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"> <li>• 0.50% quality assurance and inspection</li> <li>• 0.50% contract administration management</li> <li>• 0.50% contract audits</li> </ul> <p><u>If additional CAS services are required from DCMA or DCAA, the IA must work with the PROS program office to fund the costs of the services on a case-by-case basis.</u></p>	DFAS Indianapolis	<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>
Contract Administration Services (CAS) Surcharge	For United States Army Corps of Engineers (USACE) contracts, quality assurance and inspections and other contract administrative	<p><u>For USACE Design and Construction Lines cases:</u></p> <p>Implemented on or after February 1, 2020, apply a surcharge of:</p>	DFAS Indianapolis	<p>AECA, section 21(h) (22 U.S.C. 2761(h)) and DoD FMR, Volume 15, Chapter 7 (Jan 2021), paragraph 071603</p>

Charge	Description	How Priced	Applied By – For Billing	References
	<p>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>	<ul style="list-style-type: none"> <li>• 0.10% for contract audit</li> </ul> <p>Implemented on or after October 1, 2002, but before February 1, 2020, apply a surcharge of:</p> <ul style="list-style-type: none"> <li>• 0.20% for contract audit</li> </ul> <p>Implemented before October 1, 2002, apply a surcharge of:</p> <ul style="list-style-type: none"> <li>• 0.50% for contract audit</li> </ul> <p><u>If additional CAS services are required from DCMA or DCAA, the IA must work with the USACE program office to fund the costs of the services on a case-by-case basis.</u></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>