



DEFENSE SECURITY COOPERATION AGENCY

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WASHINGTON, D.C. 20301-2800

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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, 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 23-70, Updates to
Security Assistance Management Manual Glossary [SAMM E-Change 664]

Effective immediately, this memorandum updates a tranche of terms and definitions in the DSCA Security Assistance Management Manual (SAMM) glossary for effective understanding of security cooperation language throughout the community. The policy in the attachment is incorporated into the SAMM at <https://samm.dscamilitary.com>.

If you have questions concerning this guidance, please contact Janeifer Smith, DSCA (Office of Business Operations, Information Management and Technology (OBO/IMT)) at 703-868-3775, janeifer.c.smith.ctr@mail.mil. If you have general questions on the SAMM, please contact Diane Vidal, DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at 703-697-9345, diane.k.vidal.civ@mail.mil.

A handwritten signature in black ink, appearing to read "DF", is positioned above the name David Ferrari.

David Ferrari
Assistant Director
Strategy, Plans, and Policy

Attachment: SAMM E-Change 664 - Glossary Updates

Attachment: Security Assistance Management Manual E-Change 664

SAMM Glossary Updates

1. Update the following terms and definitions in the SAMM glossary:

TERM	DEFINITION	LINK
FROM: Congressional Budget Justification for Foreign Operations	FROM: The document presented annually by the Executive Branch to Congress describing the proposed annual Military Assistance, Foreign Military Sales programs, and related security assistance programs along with other foreign assistance programs for the next fiscal year (i.e., the budget year) for which Congressional authorizations and appropriations are requested. In the past, referred to as the Congressional Presentation Document (CPD).	FROM: N/A
TO: Congressional Budget Justification for State, Foreign Operations, and Related Programs	TO: The document presented annually by the Executive Branch to Congress describing the proposed annual Military Assistance, and related security assistance programs along with other foreign assistance programs for the next fiscal year (i.e., the budget year) for which Congressional authorizations and appropriations are requested. In the past, referred to as the Congressional Presentation Document.	TO: Department of State Plans, Performance, and Budget
Direct Cite [Foreign Military Sales]	FROM: Citation of the FMS Trust Fund [Account 97-11X8242] as the financing source on documents leaving the DOD system, as well as contracts with commercial firms, the General Services Administration, the Department of Transportation, etc. The term "direct cite" is not valid if any DoD organization establishes a reimbursable order to a DoD appropriation account, stock fund, or industrial fund.	FROM: N/A
	TO: A financing action by a DoD organization (ordering entity) to procure products and services from another entity. When direct cite is used, the procuring entity sends the procurement source documents to the customer for the customer to perform all accounting functions. In the case of the Foreign Military Sales (FMS) program, it specifically refers to documents that result in a disbursement to other than a DoD organization (a contractor, other Federal Agency, or employee).	TO: DoD Financial Management Regulation Glossary

TERM	DEFINITION	LINK
FROM: Disbursements [Gross and Net]	FROM: In budgetary usage, gross disbursements represent the amount of checks issued, cash, or other payments made, less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriate fund account, such as amounts received for goods and services provided. See also outlays.	FROM: N/A
TO: Disbursements	TO: Amounts paid by Federal Agencies, by cash or cash equivalent, during the fiscal year to liquidate government obligations. “Disbursement” is often used interchangeably with the term “outlay.” In budgetary usage, gross disbursements represent the amount of checks issued and cash or other payments made, less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided. For purposes of matching a disbursement to its proper obligation, the term disbursement refers to the amount charged to a separate line of accounting.	TO: DoD Financial Management Regulation Glossary
Earmark [Appropriations]	FROM: Minimum mandatory funding levels for countries/programs established by Congress in annual foreign assistance authorization and appropriations bills. Earmarks provide Congress a means for establishing its priorities in the allocation of U.S. foreign assistance resources. Since fiscal year 1987, Congress annually earmarked over 90 percent of the FMFP appropriations for a limited number of countries. Such high levels of earmarking restrict the flexibility and discretion of an Administration in funding assistance requirements for the many countries that do not benefit from such congressional earmarking.	FROM: N/A
	TO: Funds provided by the Congress for projects, programs, or grants where the purported congressional direction (whether in statutory text, report language, or other communication) circumvents otherwise applicable merit-based or competitive allocation processes, or specifies the location or recipient, or otherwise curtails the ability of the executive branch to manage its statutory and constitutional responsibilities pertaining to the funds allocation process.	TO: Executive Order 13457, dated January 29, 2008

TERM	DEFINITION	LINK
Expenditure Authority (EA) [Foreign Military Sales]	FROM: A document or authority from Defense Finance and Accounting Service-Indianapolis to an Foreign Military Sales (FMS) case implementing DoD component that allows expenditures against obligations previously recorded against an FMS case. The disbursing activity must ensure that cash is available prior to processing the disbursement.	FROM: N/A
	TO: Authority issued by Defense Finance and Accounting Service Security Cooperation Accounting to a certifying officer or a disbursing activity authorizing the subsequent disbursement of a Foreign Military Sales country’s funds when such funds are available.	TO: DoD Financial Management Regulation, Volume 15
Foreign Assistance Act (FAA) of 1961	FROM: The law providing the authority and the general rules for the conduct of USG foreign assistance grant activities/programs.	FROM: 22 U.S.C. 2151 et seq.
	TO: An Act to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.	TO: Public Law 87-195
FROM: International Logistics Control Organization	FROM: An organization within each of the military departments that is dedicated to managing logistics support programs and logistics transactions in support of foreign military sales and security cooperation programs.	FROM: N/A
TO: International Logistics Control Office (ILCO)	TO: The central U.S. Military Service control point in continental United States (CONUS) that monitors requisitions and related transactions for Foreign Military Sales (FMS) and Military Sales and Grant Aid.	TO: Defense Logistics Manual 4000.25, Volume 1
FROM: International Armaments Cooperation Programs (IACP)	FROM: Programs that promote rationalization, standardization and interoperability (RSI) and comprise one or more specific cooperative projects whose arrangements are defined in a written agreement between DoD and one or more countries.	FROM: N/A
TO: International Armaments Cooperation (IAC)	TO: Pursuant to 22 USC 2767, authorizes and facilitates the identification, advancement, and implementation of DoD’s: <ul style="list-style-type: none"> • Cooperative research, development, testing, and evaluation of defense technologies, systems, or equipment; • Joint production, sustainment and follow-on development of defense articles; and 	TO: OUSD Acquisition and Sustainment, International Cooperation

TERM	DEFINITION	LINK
	<ul style="list-style-type: none"> Procurement of foreign technology, equipment, systems or logistics support solutions that uniquely meet U.S. needs. 	
Locally Employed Staff (LES)	<p>FROM: See Foreign Service National</p> <p>TO: Individuals who work at a staff position at Foreign Service post (Embassy/Consulate/Mission) abroad. The overwhelming majority are citizens of the country the post is located in, but some are American citizens living in the country and family members of Foreign Service Officers and other full time USG employees who are assigned to a post. They provide local expertise, language skills, continuity and contacts within the host country. They are indispensable full-fledged members of our American missions abroad.</p>	<p>FROM: N/A</p> <p>TO: Department of State Diplomatic Dictionary</p>
FROM: Market Survey	FROM: (Blank)	FROM: N/A
TO: Market Research	<p>TO: A process for gathering data on product characteristics, suppliers' capabilities, and the business practices that surround them. Includes the analysis of that data to inform acquisition decisions. There are two types of market research: strategic market research and tactical market research.</p>	TO: Defense Acquisition University Glossary
FROM: Memorandum of Agreement (MOA) or Memorandum of Understanding (MOU)	<p>FROM: A written agreement between governments or a government and international organization signed by authorized representatives and signifying an intent to be legally bound.</p>	FROM: N/A
TO: Memorandum of Agreement (MOA)	<p>TO: An agreement between sovereign states or international organizations that is legally binding under international law.</p>	TO: N/A
TO: Memorandum of Understanding (MOU)	<p>TO: An arrangement between sovereign states or their executive agencies, or international organizations, that is not legally binding under international law.</p>	TO: N/A
Military Assistance Program Address Directory (MAPAD)	<p>FROM: The MAPAD provides clear text addresses of country representatives, freight forwarders, and customers-within-country required for releasing Foreign Military Sales and Military Assistance Program shipments processed in accordance with Military Standard Requisitioning and Issuing Procedures (MILSTRIP), and addresses required for the forwarding of related documentation.</p>	FROM: N/A

TERM	DEFINITION	LINK
	TO: A directory that contains the addresses of country representatives, freight forwarders, and customers-within-country required for releasing Foreign Military Sales and Military Assistance Program Grant Aid shipments, and addresses required for forwarding of related documentation.	TO: Defense Logistics Manual 4000.25, Volume 6
Outlay	FROM: Actual expenditures. Checks issued, interest occurred on the public debt, or other payments. Total budget outlays consist of the sum of the outlays from appropriations and other funds in the budget, less receipts (i.e., refunds and reimbursements).	FROM: N/A
	TO: A payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending.	TO: Office of Management and Budget Circular No. A-11
Progress Payments	FROM: Those payments made to contractors or DoD industrial fund activities as work progresses under a contract; payments are made on the basis of cost incurred or percentage of work completed, or of a particular stage of completion accomplished prior to actual delivery and acceptance of contract items.	FROM: N/A
	TO: Payments made to a prime contractor during the life of a fixed-price type contract on the basis of a percentage of incurred total costs or total direct labor and material costs.	TO: Defense Acquisition University Glossary
FROM: Third Country/Party Transfers	FROM: The transfer from its current owner to a foreign government or any private entity of U.S. defense articles, services, training, or information originally acquired from the United States by a foreign government. As a condition of any U.S. Government authorized sale, lease or grant, the divesting party must agree to obtain the written consent of the Department of State prior to any temporary or permanent retransfer of, or access to, U.S.-provided defense articles, data, services, and training to a third party, defined as anyone not an officer, employee, or agent (defined as freight forwarder only) of the divesting government or of the USG. The term is also used to refer to the requirement to seek prior Department of State	FROM: N/A

TERM	DEFINITION	LINK
	approval for modifications, changes in end-use, and disposal	
TO: Third Party Transfer (TPT)	TO: The USG requires recipients of U.S.-origin defense articles, services, training, or technical data to obtain written consent from the Department of State prior to transfer, disposal, or change of end-use of its U.S.-origin articles, services, training, or data. Such approval is required for all transfer, change of end-use or destination not previously authorized in the original acquisition. Included are defense articles and technical data obtained through the USG Foreign Military Sales (FMS) Program or Grants (i.e. Military Assistance Program or Excess Defense Article).	TO: Department of State Third Party Transfer

2. Add the following terms and definitions to the SAMM glossary:

TERM	DEFINITION	LINK
Deobligation	An agency's cancellation or downward adjustment of previously incurred obligations. Deobligated funds may be reobligated within the period of availability of the appropriation. For example, annual appropriated funds may be reobligated in the fiscal year in which the funds were appropriated, while multiyear or no-year appropriated funds may be reobligated in the same or subsequent fiscal years.	Government Accountability Office, Federal Budget Glossary
Expense	The outflow or other depletion of assets or incurrence of liabilities (or a combination of both) during some period as a result of providing goods, rendering services, or carrying out other activities related to an entity's programs and missions, the benefits from which do not extend beyond the present operating period. In financial accounting and reporting, the costs that apply to an entity's operations for the current accounting period are recognized as expenses of that period.	DoD Financial Management Regulation Glossary
Foreign Military Sales (FMS) Billing Statement	DoD (DD) Form 645, FMS Billing Statement (or automated equivalent), and special billing arrangement statements issued by DSCA represent an official claim for payment by the USG. The DD645 is prepared on a quarterly basis as of December, March, June, and September.	DoD Financial Management Regulation, Volume 15
Foreign Military Sales (FMS) Trust Fund	A single account that is authorized to be credited with receipts that may be obligated and expended in accordance with the Arms Export Control Act (AECA). Foreign Military Sales (FMS) Trust Fund receipts must be apportioned prior to obligation and expenditure; however, an official, designated under	DoD Financial Management Regulation, Volume 15

TERM	DEFINITION	LINK
	<p>31 U.S.C. 1513 (as per 31 U.S.C. 1516), may exempt trust funds from apportionment. The FMS Trust Fund is managed as a single cash entity, regardless of the source of the deposits. All FMS Trust Fund deposits are accounted for at purchaser and FMS case level by source of financing. Examples of funds include Foreign Military Financing (FMF) (FMS Credit and FMS Credit (nonrepayable)) and the Military Assistance Program (MAP) Merger. Examples of other types of funds are a purchaser's national funds, which include third-party funds, and other DoD appropriated funds.</p>	
Interfund Bill	<p>A bill processed under the interfund billing system. These bills are not only "bills" but notices to the billed office that its funds have been disbursed and the bill "paid."</p>	<p>Defense Logistics Manual 4000.25, Volume 1</p>
Initial Deposit	<p>Funds that are required to cover outlays and/or deliveries that are anticipated to occur before the receipt of the first quarterly payment. These funds must accompany the accepted Letter of Offer and Acceptance.</p>	<p>DoD Financial Management Regulation, Volume 15</p>
Line of Accounting	<p>A structured set of data elements used to identify and track financial information related to specific appropriations, programs, activities, and funding sources within the DoD's financial management systems.</p>	<p>N/A</p>
Material	<p>Property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end-item. Material does not include equipment, special tooling, special test equipment or real property.</p>	<p>Federal Acquisition Regulation 45.101</p>
Materiel	<p>All items necessary to equip, operate, maintain, and support military activities without distinction as to its application for administrative or combat purposes.</p>	<p>Joint Publication 4-0, Joint Logistics</p>
Military Interdepartmental Purchase Request (MIPR)	<p>An order issued by one military service to another to procure services, supplies, or equipment for the requiring service. The MIPR (DD Form 448) may be accepted on a direct citation or reimbursable basis. It is an Economy Act (31 U.S.C. 1535) order subject to downward adjustment when the obligated appropriation is no longer valid for obligation.</p>	<p>DoD Financial Management Regulation Glossary</p>
President's Budget	<p>The document sent to Congress by the President in January or February of each year, as required by law (31 U.S.C. 1105), requesting new budget authority for federal programs and estimating federal revenues and outlays for the upcoming fiscal year and 4</p>	<p>Government Accountability Office, Federal Budget Glossary</p>

TERM	DEFINITION	LINK
	subsequent outyears. Although the title of the document is Budget of the USG, it represents proposals for congressional consideration.	
Prevalidation	A procedure that requires a proposed payment be identified/matched to its applicable proper supporting obligation that has been recorded in the official accounting system and that the line(s) of accounting cited on the payment match the data recorded in the accounting system.	DoD Financial Management Regulation Glossary
Problem Disbursements (PD)	A transaction reported to the Treasury Department's Bureau of Fiscal Services, but upon receipt at the official accounting station cannot be successfully matched to the original obligation or accounts receivable amount for liquidation purposes. Problem Disbursements include unmatched disbursements (UMDs), negative unliquidated obligations (NULOs), and in-transit disbursements made by disbursing officers. For purposes of this guide, Problem Disbursements are classified into two categories – UMDs (to include in-transits) and NULOs.	N/A
Routing Identifier Code (RIC)	Routing Identifier Codes are assigned by services/agencies for processing inter-service/agency and intra-service/agency logistics transactions. The codes serve multiple purposes in that they are source of supply codes, intersystem routing codes, intrasystem routing codes and consignor (shipper) codes.	Defense Logistics Agency
Standard Financial Information Structure (SFIS)	A comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DoD enterprise. SFIS standardizes financial reporting across DoD and allows revenues and expenses to be reported by programs that align with major goals, rather than basing reporting primarily on appropriation categories. It also enables decision-makers to efficiently compare programs and their associated activities and costs across the department and provides a basis for common valuation of DoD programs, assets, and liabilities.	Under Secretary of Defense (Comptroller)
Statement of Work (SOW)	That portion of a contract that establishes and defines all nonspecification requirements for contractor's efforts either directly or with the use of specific cited documents.	Defense Acquisition University Glossary
Training Military Articles and	The master list of formal training available to the international community. It contains course descriptions, prerequisites, duration (in weeks),	N/A

TERM	DEFINITION	LINK
Services Listing (T-MASL)	location, cost, international notes, special medical and health coverage information (e.g. medical paperwork required for Fast Track countries), dependent authorization, English language prerequisites and a training analysis code signifying the type of training.	
Unliquidated Obligation (ULO)	The amount of obligations that have not been liquidated by payments (disbursements).	DoD Financial Management Regulation Glossary
Unmatched Disbursements (UMD)	When a disbursement is recorded in the accounting system but not matched to an obligation, the disbursement results in an unmatched disbursement.	DoD Financial Management Regulation, Volume 3

3. Remove the following terms and definitions from the SAMM glossary as they are not utilized in the SAMM:

TERM	DEFINITION	LINK
Foreign Service National (FSN)	Now referred to as Locally Employed Staff (LES) by the Department of State. A local hire U.S. embassy employee, usually of the same nationality as the host country, but sometimes a third country national (TCN). The FSN fills a billet with a formal position description and is paid according to a local compensation plan developed by the embassy. FSNs are hired and employed by either State Department directly or any other embassy agency (e.g., SCO) with a validated need and billet. Typical jobs for FSNs within a SCO include budget analyst, SA training manager, administrative assistant, and vehicle driver.	N/A
Internal Defense	The full range of measures taken by a government to free and protect its society from subversion, lawlessness, and insurgency.	N/A
Internal Security	The state of law and order prevailing within a nation.	N/A
Weapon System Life Cycle Cost	A period divided into phases, ranging from the first consideration of the need for a weapon system through the development and in-service stages down to system phase out and disposal.	N/A

4. Remove the following terms and definitions from the [Reconciliation and Closure Guide definitions](#) with the intent to utilize the SAMM glossary as the SAMM source for terms and definitions:

TERM	DEFINITION
Billing Statement	The DD Form 645 FMS Billing Statement issued by DFAS Indianapolis represents the official claim for payment by the USG referred to in the LOA. It also furnishes an accounting to the Purchaser for all costs incurred on its behalf under each agreement. A

TERM	DEFINITION
	special billing arrangement authorized by DSCA may also serve as an official billing statement for a purchaser.
Interfund	A process used for billing and reimbursement of supply system (i.e., stock) sales. Under interfund processing, the selling activity will credit (reimburse) the appropriation or fund which owns the material or finances any associated accessorial costs, and charge (bill) the fund of the ordering activity. The generation of the interfund bill is based on constructive (physical) delivery reporting.
Military Articles and Services Listing (MASL)	Identifies and categorizes defense articles and defense services for each LOA line item. There are two separate MASLs one for materiel and one for training.
Prevalidation	The process of ensuring that sufficient valid obligations are available prior to disbursement of funds.
Problem Disbursements	<p>Disbursements and collections made by disbursing officers, reported to the Treasury Department's Financial Management Service, but upon receipt at the official accounting station cannot be successfully matched to the original obligation or accounts receivable amount for liquidation purposes. The three types of problem disbursements are defined as follows:</p> <ol style="list-style-type: none"> 1. Unmatched Disbursement (UMD). A disbursement transaction that has been received and accepted by an accounting office, but has not been matched to the correct detail obligation. This includes transactions that have been rejected back to the paying office or central disbursement clearing organization by an accounting office. 2. Negative Unliquidated Obligation (NULO). A disbursement transaction that has been matched to the cited detail obligation, but the total disbursement(s) exceeds the amount of that obligation. 3. In Transit Disbursement. A disbursement transaction that has been transmitted by a disbursing office to an accounting office, but has not yet been received by the accounting office.