



## DEFENSE SECURITY COOPERATION AGENCY

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WASHINGTON, D.C. 20301-2800

17 APRIL 2025

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 25-02, Treaties and  
International Agreements in Security Assistance Account Financial Statements  
[SAMM E-Change 741]

REFERENCES: (a) Defense Security Cooperation Agency FY 2023 Financial Statement Audit  
Notice of Finding and Recommendations (NFR) SAA-2023-N0016  
(b) [Treasury Financial Manual, Volume 1, Part 2, Chapter 4700](#), Federal Entity  
Reporting Requirements for the Financial Report of the United States  
Government, 4735.60 - Treaties and Other International Agreements  
(c) [DoD Instruction 5530.03](#), International Agreements, Section 2:  
Responsibilities, Section 2.5 Relevant DoD Component Heads, December  
04, 2019  
(d) The Federal Managers Financial Integrity Act of 1982 ([31 U.S. Code 3512](#)),  
2022 Edition  
(e) The Government Accountability Office's Standards for Internal Control in  
the Federal Government, [Principle 10, Design Control Activities](#), September  
2014  
(f) The Government Accountability Office's Standards for Internal Control in  
the Federal Government, [Principle 12, Implement Internal Control  
Activities](#), September 2014  
(g) Office of Management and Budget Circular Number [A-123](#), Management's  
Responsibility for Enterprise Risk Managements and Internal Control,

Section III, Establishing and Operating an Effective System of Internal Controls, July 15, 2016

This memorandum adds guidance to the SAMM in response to audit findings identified in reference (a). The audit finding recommended DSCA design and implement internal control activities to identify and report treaties and other international agreements in the Security Assistance Account (SAA) financial statements in accordance with references (b), (c), (d), (e), (f) and (g). This memorandum is effective immediately. The policy in the attachment is incorporated into the DSCA Security Assistance Management Manual (SAMM) at <https://samm.dsca.mil>.

If you have policy questions on this memorandum, please contact DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)) at [dsca.ncr.obo.list.fpre-fp@mail.mil](mailto:dsca.ncr.obo.list.fpre-fp@mail.mil). Please reference the DSCA Policy Number and Memo Subject. For execution questions, please contact DSCA (Office of Business Operations, Comptroller Directorate, Financial Reporting and Oversight Division (OBO/CMP/FRO)) at [dsca.ncr.dbo.mbx.accounting-operations@mail.mil](mailto:dsca.ncr.dbo.mbx.accounting-operations@mail.mil). For questions relating to the SAMM, please contact DSCA Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA), [dsca.ncr.spp.mbx.epa@mail.mil](mailto:dsca.ncr.spp.mbx.epa@mail.mil).

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

Attachment:  
SAMM E-Change 741

## Security Assistance Management Manual E-Change 741

### TREATIES AND OTHER INTERNATIONAL AGREEMENTS IN SECURITY ASSISTANCE ACCOUNT FINANCIAL STATEMENTS

1. Update SAMM section C11.2.5.4.:

**From:**

**C11.2.5.4. International Agreements and Treaties in Force.** The USG uses international agreements and arrangements with partners, which are required to execute BPC programs. These agreements can be binding as the USG and partners determine the need, or nonbinding if there is not time to complete the binding agreement. See [Section C11.3.3.1](#), for a definition of BPC program funding. Once the agreements and arrangements are in place, the Requesting Authorities (RAs) may plan BPC programs for execution in accordance with these applicable bilateral and multilateral international agreements and arrangements. The appropriate USG entity initiates specific agreements and arrangements with each partner. See [Table C11.T1](#), for a listing of the more common agreements. The Security Cooperation Organization (SCO) will maintain copies of these documents, as applicable, and be familiar with their contents. See [Chapter 2](#) for SCO responsibilities. SCOs should share copies with the Combatant Command (CCMD), USG planners, and partner Ministry of Defense (MoD) counterparts, as necessary, to ensure all contributors are cognizant of the contents. SCOs also forward a copy of any international agreement to DSCA (Front Office, Office of the General Counsel (FO/OGC)) for its Agreements Repository. The SCO obtains a copy of the partner's Section 505 Agreement (as amended by any diplomatic notes) from the Political/Military Officer within the U.S. Embassy. Some SC authorities, like [10 U.S.C. 333](#) and the Indo-Pacific Maritime Security Initiative (MSI) ([P.L. 117-81 \(FY22 NDAA\)](#)) require compliance with Section 505 as a legal matter. As a matter of policy, the DoD requires 505 agreements for all BPC train and equip programs.

**To:**

**C11.2.5.4. International Agreements and Treaties in Force.** The USG ~~uses~~ relies on a variety of international agreements and arrangements with partners ~~which are required~~ to execute BPC programs. These ~~instruments may be concluded as legally binding agreements or nonbinding arrangements depending on the subject matter and partner involved. agreements can be binding as the USG and partners determine the need, or nonbinding if there is not time to complete the binding agreement.~~ See [Section C11.3.3.1](#), for a definition of BPC program funding. ~~BPC programs must be executed in accordance with these multilateral international agreements and arrangements, as applicable. Once the agreements and arrangements are in place, the Requesting Authorities (RAs) may plan BPC programs for execution in accordance with these applicable bilateral and multilateral international agreements and arrangements. The appropriate USG entity initiates specific agreements and arrangements with each partner.~~ See [Table C11.T1](#), for a listing of the more common

agreements **that are used to execute security cooperation programs**. The Security Cooperation Organization (SCO) will maintain copies of these documents, as applicable, and be familiar with their contents. See [Chapter 2](#) for SCO responsibilities. SCOs should share copies with the Combatant Command (CCMD), USG planners, and partner Ministry of Defense (MoD) counterparts, as necessary, to ensure all contributors are cognizant of the contents. SCOs also forward a copy of any **new** international agreement **relevant to security cooperation/assistance** to DSCA (Front Office, Office of the General Counsel (FO/OGC)) for its Agreements Repository. For example, the SCO obtains a copy of **the partners' partner's** Section 505 Agreement (as amended by any diplomatic notes) from the Political/Military Officer within the U.S. Embassy. Some SC authorities, like [10 U.S.C. 333](#) and the Indo-Pacific Maritime Security Initiative (MSI) ([P.L. 117-81 \(FY22 NDAA\)](#)) require compliance with Section 505 as a legal matter. As a matter of policy, the DoD requires 505 agreements for all BPC train and equip programs. **For Security Assistance Accounts, see [Section C14.8.4. Treaties and Other International Agreements in Financial Statements](#).**

2. Add SAMM Section C14.8.4. - C14.8.4.1.:

**C14.8.4. Treaties and Other International Agreements in Financial Statements.** DSCA (Office of Business Operations, Comptroller Directorate, Financial Reporting and Oversight Division (OBO/CMP/FRO)), in coordination with the Implementing Agencies (IAs), will perform a documented assessment of Security Assistance Account (SAA) programs and activities to identify the types and sources of contingent and/or related liabilities that may exist. The assessment should include reviewing treaties and international agreements that are relevant to the U.S. foreign military sales or Building Partnership Capacity programs as determined by DSCA. See Section [C11.2.5.4. International Agreements and Treaties in Force](#).

**C14.8.4.1.** Twice a year, DSCA CMP/FRO will coordinate with DSCA (Front Office, Office of the General Counsel (FO/OGC)) to assess the security cooperation portfolio of international agreements and identify any agreements affecting or involving SAA programs. Should any international agreements be identified that materially affect the SAA, DSCA (OBO/CMP/FRO) will ensure that the liability is recognized in the SAA financial statements.