



## DEFENSE SECURITY COOPERATION AGENCY

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

07 JAN 2026

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 25-97, Prioritization of  
Case Closure Activities for Letters of Offer and Acceptance Implemented in Fiscal  
Years 2017 and Prior

- References: (a) [Executive Order 14268](#), "Reforming Defense Sales to Improve Speed and Accountability," April 9, 2025  
(b) National Defense Authorization Act for Fiscal Year 2024, [Public Law No. 118-31](#), 137 Stat. 133 (2023)  
(c) Secretary of War Memorandum for Senior Pentagon Leadership Commanders of the Combatant Commands Defense Agency and DoD Field Activity Directors, "Achieving a 2028 Unmodified Financial Statement Audit Opinion," June 16, 2025  
(d) Department of Defense Financial Management Regulation, [Volume 1, Chapter 9, Section 2](#)  
(e) Defense Security Cooperation Agency, Security Assistance Management Manual, [Chapter 6, Section C6.7.3, Modifications](#)

This memorandum establishes Foreign Military Sales (FMS) case closure objectives in accordance with references (a), (b), and (c), and supersedes all previous case closure objectives. Effective immediately, Implementing Agencies (IAs) will apply this guidance to prioritize FMS

case closure activities from the date of this memorandum through the end of fiscal year (FY) 2027. The Defense Security Cooperation Agency (DSCA) will issue revised case closure objectives and targets for FY 2028 and beyond in subsequent guidance.

As outlined in reference (a), the United States Government seeks to improve accountability and transparency in the FMS system in support of our partnerships and foreign policy objectives. This objective is supported by reference (b) and further complemented by reference (c), which directs the requirement for the Department of War to achieve an unmodified audit opinion on financial statements by 2028. To ensure the Department remains on track to achieve its audit objectives, IAs must prioritize and execute the closure of FMS cases implemented in FY 2017 and prior, with the objective of final closure of these cases no later than September 30, 2027.

After analyzing the population of open FMS cases comprising the Security Assistance Accounts (SAA) beginning balances, DSCA determined that cases implemented in FY 2017 and prior were implemented in systems that lack the transactional-level detail or substantiating documentation required to support audit sampling and record retention requirements, consistent with reference (d). Final closure of these FMS cases removes them from the SAA financial statement, ensuring the audit population is comprised of more recently implemented cases for which transactional-level and supporting documentation is more likely to be available.

For FMS cases in this population with pending deliveries, the IAs will develop new FMS cases in coordination with the partner, and then utilize concurrent modifications outlined in reference (e) to facilitate continued execution of such cases that are still in execution status. The IAs will cite this policy memorandum and the prior case designator in the Defense Security Assistance Management System case remarks for these new cases. For FMS cases in this population with pending deliveries, a blanket exception to policy is hereby granted to implement the new cases without an initial deposit and without a Letter of Request. The new cases should not introduce a change in scope. All other provisions governing LOA modifications, as contained in reference (e), remain in effect.

LOAs implemented in FY 2017 and prior may be eligible for an exemption from this policy memorandum. To qualify for such an exemption, IAs must demonstrate that accounting information is fully reconciled among the General Ledger, FMS case logistics systems, and other relevant business feeder systems (e.g. contracting, disbursing, etc.), and that supporting documentation related to case implementation and case execution is available. This documentation provides evidence that transactions were properly authorized and recorded with the correct amount, date, and accounting period, consistent with reference (d). An exemption request template is included in Attachment A, which must be signed by a Flag/General Officer or member of the Senior Executive Service and should be sent to DSCA at [dsca.ncr.dbo.mbx.case-closure-requests@mail.mil](mailto:dsca.ncr.dbo.mbx.case-closure-requests@mail.mil).

In the coming months, DSCA will define clear and aggressive key performance indicators to guide IAs to accelerate closure of these FMS cases. DSCA will also codify new and amended policy as needed in the Security Assistance Management Manual (SAMM), in coordination with the IAs, to support and prioritize case closure activities. Alternative solutions will be explored for extenuating circumstances (e.g. cases in litigation, CLSSA, etc.) and further

instruction will be provided in subsequent guidance. However, the end-state remains to identify and develop solutions to close cases. DSCA is actively soliciting recommendations for addressing case closure challenges in fulfillment of this objective. Please submit suggestions to [dsca.ncr.dbo.mbx.case-closure-requests@mail.mil](mailto:dsca.ncr.dbo.mbx.case-closure-requests@mail.mil).

Finally, to ensure effective communication and coordination on this effort, each IA is requested to designate a point of contact with whom the DSCA Case Closure Team can engage. Points of contact should be sent to [dsca.ncr.dbo.mbx.case-closure-requests@mail.mil](mailto:dsca.ncr.dbo.mbx.case-closure-requests@mail.mil).

If you have any questions concerning 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 memorandum subject. For general questions about the SAMM, please contact DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at [dsca.ncr.spp.mbx.epa@mail.mil](mailto:dsca.ncr.spp.mbx.epa@mail.mil).

A handwritten signature in black ink, appearing to read 'M. Miller', with a long horizontal stroke extending to the right.

Michael F. Miller  
Director

Attachment A – Case Closure Exemption Letter



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### MEMORANDUM FOR DEFENSE SECURITY COOPERATION AGENCY

SUBJECT: Case Closure Exemption Letter

Reference: (a) [Defense Security Cooperation Agency Policy Memorandum 25-97](#), Prioritization of Case Closure Activities for Letters of Offer and Acceptance Implemented in Fiscal Years 2017 and Prior

In accordance with the criteria outlined in reference (a), [Implementing Agency] requests an exemption from the Foreign Military Sales (FMS) Case Closure Initiative for the attached list of cases implemented in fiscal years 2017 and prior. [Implementing Agency] attests that accounting information is fully reconciled among the General Ledger, FMS case logistics systems, and other relevant business feeder systems (e.g. contracting, disbursing, etc.), and that supporting documentation related to case implementation and case execution is on file and readily available for review for the identified Letters of Offer and Acceptance.

[Name]  
[Position]

Attachment A – List of Foreign Military Sales Cases