DEFENSE SECURITY COOPERATION AGENCY
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30 MAR 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 26-01, Performance Standards for Foreign Military Sales Case Closure

References: (a) Executive Order #14268, "Reforming Defense Sales to Improve Speed and Accountability," April 9, 2025
(b) Defense Security Cooperation Agency (DSCA) Plan to Improve the Transparency of U.S. Defense Sales to Foreign Partners by Developing Metrics for Accountability, July 15, 2025
(c) Secretary of Defense 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) DSCA Policy 25-97, "Prioritization of Case Closure Activities," January 7, 2026
(e) Security Assistance Management Manual, Section C16.3. Closure
(f) Security Assistance Management Manual, Table AP7.C4.T5. "Defense Integrated Financial System Closure Inhibitors"

This memorandum establishes Department of War (DoW) performance standards and metrics in accordance with references (a) and (b) for the closure of Foreign Military Sales (FMS) cases. The case closure phase begins when an FMS case is identified as Supply/Services

Complete (SSC), which occurs when all items are delivered, title to the items have transferred to the partner, and the Implementing Agency (IA) has verified all services on the FMS case have been rendered. The case closure process ends when all financial transactions are reconciled, compliance with case conditions are verified, and the partner receives a final statement of account. This memorandum does not change requirements for the timing of delivery of defense articles or services, in accordance with the estimated delivery schedule provided in the FMS case. This memorandum does not change the definitions of FMS phases.

Case reconciliation remains a critical process of the FMS case lifecycle. The IAs perform active case reconciliation from the time a case is implemented until the case is SSC. Upon being marked SSC, case closure reconciliation begins and continues until the case is considered final closed. Timely case reconciliation and prompt closure ensures excess funds are returned to the FMS partner in a timely manner. Case closure also supports the Department's ability to achieve an unmodified financial statement audit opinion by fiscal year (FY) 2028, in accordance with reference (c).

Effective immediately, this memorandum establishes the following case closure metrics and performance standards for FMS cases implemented on or after October 1, 2017 (FY 2018). FMS cases implemented prior to FY 2018 should be closed by September 30, 2027, in accordance with reference (d).

1. SSC (CLOSHOLD milestone) to submission of the IA case closure certificate to the Defense Finance and Accounting Service (DFAS) (indicated by the posting of the case closure milestone "CLOSE" in accordance with reference (e)). DSAMS will create the CLOSE milestone based on a case closure transaction received by the MILDEP system indicating that the case closure certificate was submitted.
    - Accelerated Case Closure Procedures (ACCP) non-training cases - 85 percent in 2 years
    - ACCP training cases - 85 percent in 3 years
    - Non-ACCP cases - 85 percent in 3 years
2. Submission of a complete IA case closure certificate to DFAS to final closure and acceptance of the 'C8' closure transaction (indicated by the posting of the FINCLOSE milestone) in accordance with reference (e). The FINCLOSE milestone is created when a transaction is received from DIFS indicating that the case is final closed.
    - 85percent in 30 days

Effective immediately, IAs must start tracking data related to the implementation and closure of FMS cases, to include identifying the reason why any case exceeds the performance metrics. While DSCA will not require a specific method for tracking data, IAs must provide data upon request. This requirement will remain in effect until all necessary capabilities are fully operational within the Defense Security Assistance Management System (DSAMS). Once system capabilities are established, IAs must enter reasons in the applicable DSAMS milestone comment field for any cases exceeding the above case closure performance standard. Comments will be entered in the CLOSE milestone comment field for Metric 1 and the FINCLOSE milestone comment field for Metric 2. Remarks in the respective milestone comment fields

should utilize reasons listed in reference (f). Other reasons not provided in reference (f) can be used, and may include but are not limited to:

- Contract delays (i.e. contract award delay, contract pending audit, etc.)
- Contracts in litigation
- Transportation delays (outside of U.S. Government control)
- Other (1-2 sentence explanation)

Within 90 days of the date of signature of this policy memorandum, if an IA assesses that it is unable to meet case closure standards, the IA shall provide a signed memorandum to the DSCA Director (submit to dsca.ncr.pie.list.rads-civ-mil@mail.mil) that identifies the reason why the IA cannot meet the established case closure standards and how the IA will resolve this, inclusive of resource requests to DSCA or internal matters that are within the Department's discretion. If the reason is a lack of resources, then IAs must submit all resource requests, which must include a signed endorsement by a Flag Officer/General Officer/Senior Executive Service member, through the Request for Additional Funding Tool (https://dod365.sharepoint-mil.us/sites/OSDDSCA-RAFT/SitePages/RAFT.aspx) (DoW Cac Holders Only).

The Office of Business Operations, Information Management and Technology Directorate shall implement DSAMS technical changes to support updated standards, assist with the establishment of reason codes in DSAMS for cases exceeding case closure standards, and enable reporting requirements for the above metrics. This will allow DSCA and IAs to track and assess delays.

Pursuant to the memorandum, the Office of Administration, Performance, Improvement, and Effectiveness Directorate (ADM/PIE), in coordination with the IAs and the FMS Continuous Process Improvement Board (CPIB), shall expedite updates to the SAMM to incorporate this policy memorandum. All revisions will be published in the SAMM as quickly as possible, to ensure policy changes are clearly reflected and operationalized. Additionally, ADM/PIE will continuously review metrics data in coordination with the IAs and the FMS CPIB.

If you have questions concerning this memorandum, please contact the Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP) at 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 the Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA) at dsca.ncr.spp.mbx.epa@mail.mil.



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Director