DEFENSE SECURITY COOPERATION AGENCY
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02 NOV 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 26-105, Recognition of Accounts Payable Accruals in the Security Assistance Accounts Financial Statements [SAMM E-Change 871]

References: (a) Defense Security Cooperation Agency FY 2022 Financial Statement Audit Notice of Findings and Recommendations (NFR) SAA-2022-N0010, Accounts Payable (AP) Accrual Methodology

(b) Federal Financial Management Improvement Act (FFMIA), Section 803, Subsection (a)

(c) Statement of Federal Financial Accounting Standards (SFFAS) No. 1, Accounting for Selected Assets and Liabilities

(d) Department of War Financial Management Regulation (DoW FMR), DoW 7000.14-R, Volume 4, Chapter 9, "Accounts Payable Recognition"

This memorandum updates the Security Assistance Management Manual (SAMM) with corrective action identified in reference (a) for the Defense Security Cooperation Agency (DSCA) to develop policies and procedures to recognize, measure, record, and report accruals for Accounts Payable (AP) in the Security Assistance Accounts (SAA) financial statements in accordance with references (b) through (d). This memorandum is effective immediately. The

policy in the attachment requires the Implementing Agencies (IAs) to follow relevant accounting guidance as referenced above. The policy in the attachment is incorporated into the DSCA 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. Please reference the DSCA Policy Number and Memo Subject. For execution questions, please contact DSCA (Office of Business Operations, Comptroller Directorate, Financial Integration and Systems Division (OBO/CMP/FIS)) at dsca.ncr.dbo.mbx.accounting-operations@mail.mil. 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.

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Brian T. Watford
Acting Chief Operating Officer and Chief Financial Officer

Attachment: SAMM E-Change 871 - Defense Security Cooperation Agency Policy Memorandum 26-105, Recognition of Accounts Payable Accruals in the Security Assistance Accounts Financial Statements

Attachment: Security Assistance Management Manual E-Change 871

Defense Security Cooperation Agency Policy Memorandum 26-105, Recognition of Accounts Payable Accruals in the Security Assistance Accounts Financial Statements

1. Add the following SAMM section C14.8.7:

C14.8.7. Accounts Payable Accrual Requirement. Accounts Payable (AP) represent liabilities owed to external entities for received goods and services, progress made on contract performance, and outstanding rent. At least quarterly, SAA components must accrue all procurements in which a measurable benefit has been received, or ownership titled transferred to, but have not been documented due to a lack of a receiving report or invoice. If the necessary information is not readily available, the SAA component must use the best available information to estimate and record the accrual in the accounting system. DSCA and the IAs are to establish and document procedures to recognize and record AP accruals in accordance with SFFAS 1 and DoW FMR, Volume 4, Chapter 9.