



DEFENSE SECURITY COOPERATION AGENCY

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WASHINGTON, D.C. 20301-2800

30 APR 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 26-32, Conditional
Closure of Case Lines with Active Contracts [SAMM E-Change 818]

References: Defense Security Cooperation Agency, [Policy Memorandum 25-97](#) "Prioritization
of Case Closure Activities," dated January 7, 2026

This memorandum clarifies and refines the criteria for closing Foreign Military Sales (FMS) case lines with active contracts. Effective immediately, Implementing Agencies (IAs) will apply this guidance to prioritize FMS case closure activities outlined in the referenced policy in accordance with the eligibility criteria included in the Security Assistance Management Manual (SAMM). This memorandum provides IAs the mechanism to expedite cases to final close and promote consistency, transparency, and efficiency in case closure processes to ensure the Department remains on track to achieve its audit objectives.

Current FMS financial management practice generally aligns FMS case closure with completion and closure of associated contracts. This practice slows FMS case closure, adds administrative burden, prolongs open case metrics, and complicates reconciliation without adding fiscal protection when risk is absent.

This policy codifies criteria in the SAMM for closing FMS case lines and associated cases that link to active contracts. To be eligible for closure, the following criteria must be met:

- The contract Accounting Classification Reference Number (ACRN) and Contract Line Item Number (CLIN)/Subline Item Number (SLIN) performance periods have ended, and the case is service supply complete.
- Case does not include any Undefined contracting action or other non-specific contracting vehicles that could result in uncertain or unanticipated final billings.
- Case involves no active or pending litigation.
- The associated case line must have an Unliquidated Obligation (ULO) value of \$0.

DSCA will work closely with IAs to support and prioritize case closure activities in accordance with these guidelines.

DSCA identified a significant number of open FMS cases that meet the new criteria. Final closure of these cases will remove them from the Security Assistance Accounts financial statement, thus, refocusing the audit population on more recently implemented cases with transactional-level and supporting documentation that is more readily available.

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. 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.

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

Attachment: SAMM E-Change 818 - Conditional Closure of Individual Foreign Military Sales Case Lines with Active Contracts

Security Assistance Management Manual E-Change 818

Conditional Closure of Individual Foreign Military Sales Case Lines on Active Contracts

1. Update SAMM Section AP7.C3.3.1.7. as follows:

From:

AP7.C3.3.1.7. A case is usually direct final closed (i.e., not interim closed) if the ULO equals zero, even if supporting contracts remain open, unless a contract associated with the case is the subject of pending litigation as set forth in [Section AP7.C3.3.1.9](#). Direct final closures should be utilized to the fullest extent possible.

To:

AP7.C3.3.1.7. A case shall be direct final closed (i.e., not interim closed) if the ULO equals zero, even if the supporting contracts remain open. If, unless a contract associated with the case meets the following criteria: ~~is the subject of pending litigation as set forth in Section AP7.C3.3.1.9.~~ Direct final closures should be utilized to the fullest extent possible.

1. **Performance Period:** The performance period of the contract ACRN, CLIN/SLIN of the associated case has ended, and the case is service supply complete.
2. **Litigation Status:** The associated contract(s) must not be tied to any litigation.
3. **Contract Type:** All contract types under [FAR 16.101](#).
4. **Contract MOCAS Status:** The contract Mechanization of Contract Administration Services (MOCAS) Contract Status Code must be listed as one of the following:
 - Section 1: "Active Contracts"
 - Section 2: "Physically Completed"
 - Section 4: "Payment Adjustments"

2. Update SAMM Section AP7.C4.4. Contract Closeout as follows:

From:

To facilitate the closure of cases, depending on the closure type, the following are the steps applicable to determining the disposition of contracts and for contract closeout. Cases can be closed if no Unliquidated Obligation (ULO) exists on Accounting

Classification Reference Numbers (ACRNs) on the contract associated to the case, even if the supporting contract remains open. These functions are performed by the Administrative Contracting Officer (ACO).

To:

To facilitate the closure of cases, depending on the closure type, the following are the steps applicable to determining the disposition of contracts and for contract closeout. ~~Cases can be closed under limited circumstances, even if the supporting contract remains open (See Section AP7.C3.3.1.7.). Cases can be closed if no Unliquidated Obligation (ULO) exists on Accounting Classification Reference Numbers (ACRNs) on the contract associated to the case the following criteria are met, even if the supporting contract remains open (See AP7.C3.3.1.7).~~ These Contracting functions are performed by the Administrative Contracting Officer (ACO).

3. Update SAMM Section C16.3.1.1.2. as follows:

From:

C16.3.1.1.2. A case shall be direct final closed (i.e., not interim closed) if the ULO equals zero, even if supporting contracts remain open, unless a contract associated with the case is the subject of pending litigation as set forth in Section C16.3.1.1.6. Direct final closures should be utilized to the fullest extent possible.

To:

C16.3.1.1.2. A case shall be direct final closed (i.e., not interim closed) if the ULO equals zero, even if the supporting contracts remain open. ~~If unless~~ a contract associated with the case ~~is the subject of pending litigation as set forth in Section C16.3.1.1.6.~~ ~~meets the following criteria,~~ direct final closures should be utilized to the fullest extent possible.

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| <ol style="list-style-type: none">1. Performance Period: The performance period of the contract ACRN, CLIN/SLIN of the associated case has ended, and the case is service supply complete.2. Litigation Status: The associated contract(s) must not be tied to any litigation (see Section C16.3.1.1.6.).3. Contract Type: All contract types under FAR 16.101.4. Contract MOCAS Status: The contract Mechanization of Contract Administration Services (MOCAS) Contract Status Code must be listed as one of the following:<ul style="list-style-type: none">○ Section 1: "Active Contracts"○ Section 2: "Physically Completed"○ Section 4: "Payment Adjustments" |
|---|

4. Update SAMM Section C16.2.15.1. as follows:

From:

C16.2.15.1. Contract status should be determined utilizing available tools/data such as entitlement records, shipping documentation (e.g., [DD Form 250](#), etc.), PCO/ACO records, and [DD Form 1594/PK9](#) contract completion statements. The Case Review and Reconciliation Matrix (Item #23) (See RCG [Figure AP7.C2.F5.](#)) addresses the requirement to obtain current data for contracts supporting cases. The type of contract determines the closure requirements. The IA is responsible for ensuring that the obligations and disbursements are accurately recorded in the IA's accounting system and the entitlement system and that the disbursements in the entitlement system match the contractor claimed paid amount at Accounting Classification Reference Number (ACRN) level, or at Contract Line Item (CLIN) level, if the contract is CLIN specific.

To:

C16.2.15.1. Contract status should be determined utilizing available tools/data such as entitlement records, shipping documentation (e.g., [DD Form 250](#), etc.), PCO/ACO records, and [DD Form 1594/PK9](#) contract completion statements. The Case Review and Reconciliation Matrix (Item #23) (See RCG [Figure AP7.C2.F5.](#)) addresses the requirement to obtain current data for contracts supporting cases. The type of contract determines the closure requirements. **Case lines may be closed even if supporting contracts remain open, provided the conditional closure criteria outlined in [Section C16.3.1.1.2.](#) are met.** The IA is responsible for ensuring that the obligations and disbursements are accurately recorded in the IA's accounting system and the entitlement system and that the disbursements in the entitlement system match the contractor claimed paid amount at Accounting Classification Reference Number (ACRN) level, or at Contract Line Item (CLIN) level, if the contract is CLIN specific.

5. Update SAMM Section C16.2.15.2. as follows:

From:

C16.2.15.2. Other Funding Documents. The IA should contact the performing activity for status once the work completion date has passed and the funding document has not been finalized. This is necessary to ensure the prompt close out of funding documents in the IA system in support of timely case closure.

To:

C16.2.15.2. Other Funding Documents. The IA should contact the performing activity for status once the work completion date has passed and the funding document has not been finalized. This is necessary to ensure the prompt close out of funding documents in the IA system in support of timely case closure. **Funding documents should also be reviewed against the conditional closure criteria outlined in [Section C16.3.1.1.2.](#) to**

determine if case lines can be closed independently of the funding document's finalization.

6. Update SAMM Section C16.2.15.3. Quick Closeout as follows:

From:

C16.2.15.3. Quick Closeout. The quick closeout procedures offer an alternative to holding contracts open until the determination of final direct costs and indirect rates. The contracting officer responsible for contract closeout has the authority, when certain conditions exist, to negotiate the settlement of direct and indirect costs for a specific contract, task order, or delivery order to be closed, in advance of the determination of final direct costs and indirect rates. When it becomes apparent that there is a delay in the settlement of final direct costs and indirect rates, it is recommended that the IA encourage the appropriate contracting officer to consider utilizing quick closeout procedures, where applicable. The authority and use parameters are identified in the [FAR 42.708](#).

To:

C16.2.15.3. Quick Closeout. The quick closeout procedures offer an alternative to holding contracts open until the determination of final direct costs and indirect rates. The contracting officer responsible for contract closeout has the authority, when certain conditions exist, to negotiate the settlement of direct and indirect costs for a specific contract, task order, or delivery order to be closed, in advance of the determination of final direct costs and indirect rates. When it becomes apparent that there is a delay in the settlement of final direct costs and indirect rates, it is recommended that the IA encourage the appropriate contracting officer to consider utilizing quick closeout procedures, where applicable. **Case lines meeting the conditional closure criteria outlined in [Section C16.3.1.1.2](#), may also be closed independently of the contract's final cost settlement.** The authority and use parameters are identified in the [FAR 42.708](#) and [DFARS 242.708](#).

7. Update SAMM Section C16.2.15.4. Discontinued Research as follows:

From:

C16.2.15.4. Discontinued Research. The [DoD FMR, Volume 3, Chapter 11](#), addresses research requirements and provisions where discontinued research may be authorized. Efforts must first be made to obtain a final document status report regardless of the document type or the year of issuance. It is recommended that final documents be requested within six months after receipt of the material or work completion date has expired to facilitate case reconciliation and closure, thus reducing the need to reopen a case at a later date after unidentified charges are later located.

To:

C16.2.15.4. Discontinued Research. The [DoD FMR, Volume 3, Chapter 11](#), addresses research requirements and provisions where discontinued research may be authorized. Efforts must first be made to obtain a final document status report regardless of the document type or the year of issuance. It is recommended that final documents be requested within six months after receipt of the material or work completion date has expired to facilitate case reconciliation and closure, thus reducing the need to reopen a case at a later date after unidentified charges are later located. **Case lines associated with discontinued research may be closed independently of the final document status report if they meet the conditional closure criteria outlined in [Section C16.3.1.1.2](#).**