DEFENSE SECURITY COOPERATION AGENCY
2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800

10 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 26-36, Clarification Changes [SAMM E-Change 820]

This memorandum updates the Security Assistance Management Manual (SAMM) with clarification changes. This memorandum does not contain contextual policy changes. The policy updates in the attachment are incorporated into the DSCA SAMM at https://samm.dsca.mil.

If you have any questions concerning this guidance or 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.

Hussam H. Bader
Acting Assistant Director
Strategy, Plans, and Policy

Attachments:

1) SAMM E-Change – 820 – SAMM Clarification Changes
2) CAC-SAMM Updates

Attachment: Security Assistance Management Manual E-Change 820

1. Update Table C4.T2C. entry for code N4:
   - Current:

     NATO Supply Agency (NSPA) and successor agencies (previously NAMSA General +NIKE)

   - Revised:

     NATO Support and Procurement Agency (NSPA) and successor agencies (previously NAMSA General +NIKE)

2. Update Section C4.3.5.1. Government-to-Government Only Criteria as follows:
   - Current:

     2. *Treaty, Agreement, or Legal Requirement Agreement, Arrangement, or Legal Requirement:* Any item required to be sold on a G2G basis due to a legislative requirement, treaty obligation, or G2G agreement with a foreign partner to which the United States is a party. Any item required to be sold on a G2G basis due to a legislative requirement, or G2G agreement or arrangement with a foreign partner to which the United States is a party or participant.

   - Revised:

     2. ~~*Treaty, Agreement, or Legal Requirement*~~ *Agreement, Arrangement, or Legal Requirement:* ~~Any item required to be sold on a G2G basis due to a legislative requirement, treaty obligation, or G2G agreement with a foreign partner to which the United States is a party.~~ Any item required to be sold on a G2G basis due to a legislative requirement, or G2G agreement or arrangement with a foreign partner to which the United States is a party or participant.

3. Update the first description bullet in Table C8.T6. End Use Monitoring Compliance Assessment Visit Timeline and Requirements, row 15 as follows:
   - Current:

     The DSCA CAV team lead submits to the Director DSCA or Assistant Director (IOPS) for final CAV report approval, providing overall assessment results of "Satisfactory", "Needs Improvement", or "Unsatisfactory" for the partner nation and the SCO Country Team.

- Revised:

  The DSCA CAV team lead submits to the Director DSCA or Assistant Director (IOPS) for final CAV report approval, providing overall assessment results of "Outstanding," "Satisfactory," "Needs Improvement," or "Unsatisfactory" for the partner nation and the SCO Country Team.

4. Update Section C14.7.1. to revise the requirement reference for the Dormant Account Review-Quarterly.

   - Current:

     C14.7.1. The Security Assistance (SA) community is required to follow the Office of the Under Secretary of Defense (Comptroller)'s (OUSD(C)'s) policy memo "Dormant Account Review-Quarterly," dated August 20, 2019, which mandated that the Dormant Account Review – Quarterly (DAR-Q) process supersede the Triannual Review process. DAR-Q is required for DoD Components executing Title 22 SA funds. This change was implemented to demonstrate the DoD's commitment to effective stewardship of financial resources through improved execution of budgetary resources, including timely reconciliation and closure of Foreign Military Sales (FMS)-related financial transactions. The DAR-Q policy serves as a quality control mechanism, holding each DoD component accountable to review dormant financial transactions and implement timely corrective action as needed. Balances are defined as dormant if they have not been liquidated and no obligations, adjustments, contract modifications, disbursements, or withdrawals occur within the 90-day dormancy period.

   - Revised:

     C14.7.1. The Security Assistance (SA) community is required to ~~follow the Office of the Under Secretary of Defense (Comptroller)'s (OUSD(C)'s) policy memo "Dormant Account Review-Quarterly," dated August 20, 2019, which mandated that the Dormant Account Review – Quarterly (DAR-Q) process supersede the Triannual Review process~~ complete the Dormant Account Review-Quarterly (DAR-Q) as outlined in the DoD FMR Volume 3, Chapter 8, Section 16.0. DAR-Q is required for DoD Components executing Title 22 SA funds. This change was implemented to demonstrate the DoD's commitment to effective stewardship of financial resources through improved execution of budgetary resources, including timely reconciliation and closure of Foreign Military Sales (FMS)-related financial transactions. The DAR-Q ~~policy~~ serves as a quality control mechanism, holding each DoD component accountable to review dormant financial transactions and implement timely corrective action as needed. Balances are defined as dormant if they have not been liquidated and no obligations, adjustments, contract modifications, disbursements, or withdrawals occur within the 90-day dormancy period.

5. Update Section C16.3.7. as follows for consistency with DSCA Policy Memorandum 21-73.

- Current:

  C16.3.7. Case Closures at Reduced or $0 Value. When a case is closed, the USG will retain funds to pay for estimated administrative costs associated with the case, even if no articles or services have been delivered ($0 delivered value). The minimum non-refundable amount will be the greater of:

  a) The value of the combined existing, non-zero value Small Case Management Line (SCML) amount and the estimated FMS administrative surcharge not to exceed $15,000 for cases accepted between August 1, 2006 and July 2, 2012.

  b) One-half of the FMS administrative surcharge estimated on the case.

  c) The standard FMS administrative surcharge percentage of the expended value.

- Revised:

  C16.3.7. Case Closures at Reduced or $0 Value. When a case is closed, the USG will retain funds to pay for estimated administrative costs associated with the case, even if no articles or services have been delivered ($0 delivered value). The minimum non-refundable amount will be the greater of:

  a) The value of the combined existing, non-zero value Small Case Management Line (SCML) amount and the estimated FMS administrative surcharge not to exceed $15,000 for cases accepted between August 1, 2006 and July 2, 2012.

  b) ~~One-half~~ 50 percent of the FMS administrative surcharge estimated on the case implemented before October 1, 2021.

  c) 35 percent of the FMS administrative surcharge estimated on the case implemented on or after October 1, 2021.

  d) The standard FMS administrative surcharge percentage of the expended value

6. Update Appendix 6 LOA Note "Excess Defense Articles (EDA) - Associated Services" to clarify usage for only EDA LOAs that include PCH&T.

Building Partner Capacity:	No
Foreign Military Sales:	Yes
Note Input Responsibility:	CWD
Date Range of Use:	All
References:	See Appendix 8 Excess Defense Articles

Note Usage Instructions for Documents:
Mandatory on Foreign Military Sales (FMS) Letters of Offer and Acceptance (LOAs), Amendments, and Modifications when ~~articles, services, and/or training (e.g.,~~ packing, crating, handling and transportation (PCH&T) ~~publications)~~ are offered in association with Excess Defense Articles (EDA) grant transfers unless the latest version of the note is on the Implemented Version.
Note Text:
"This Letter of Offer and Acceptance (LOA) provides funds for packing, crating, handling and transportation (PCH&T) of the equipment listed in [insert attachment or note number] that is being provided on a grant basis under the Foreign Assistance Act of 1961, Section 516 (22 U.S.C. 2321j), as amended. ~~The equipment listed is offered in "as is, where is" condition and may not meet serviceability standards normally prescribed by the U.S. Military for sale to security assistance purchasers. Items may be missing basic issue items and accessories; be in excess of hour/mileage standards; and may not have applicable publications/records. Acceptance of this LOA does not imply or commit the U.S. Government to accept separate requests for rehabilitative services, supply of shortages, future supportability, or training. These services will be provided only if available within the resources of the U.S. Military at the time a request is made by the purchaser and at the purchaser's expense. Any Supply Discrepancy Report Standard Form (SF) 364 Report of Discrepancy (ROD) submitted against this LOA is limited to services provided under the case and cannot be submitted against the materiel listed in [insert attachment or note number]."~~

7. Update Appendix 6 LOA note "Nonrecurring Costs - Waiver Approved" as follows:

TITLE: Nonrecurring Costs - Waiver Partially Approved

Building Partner Capacity:	No
Foreign Military Sales:	Yes
Note Input Responsibility:	CWD
Date Range of Use:	All
References:	See Section C9.6.3.
Note Usage Instructions for Documents:	
Mandatory for Foreign Military Sales (FMS) Letters of Offer and Acceptance (LOAs) when a Nonrecurring Cost (NC) charge applies but has been partially waived ~~in full or partially~~. Mandatory for Amendments and Modifications when lines are added and an NC charge applies to the new lines and has been waived; or quantities are increased on lines items an NC charge applies and has been waived. The note should identify the DSCA Correspondence and Task Management System (CATMS) Task Identification (ID), which currently begin with the Office of Undersecretary of Defense for Policy (OUSD/P) component name acronym USP, and date of all NC waivers that have been granted against the case.	

Note Text:
"Nonrecurring Costs (NC) apply to line(s) [insert numbers] of this Letter of Offer and Acceptance (LOA). The purchaser's request to waive these charges has been ~~approved or~~ partially approved by Defense Security Cooperation Agency (DSCA) memorandum ["subject" and "tracking number"], dated [insert date]. Therefore, these costs have not been included in this case."

8. Update Appendix 04 Generic Code B as follows:

Generic Code			Category/Description	Federal Supply Classification/ Item Identification	Major Item	Dollar Line	Remarks
B	1	U	Switchblade	FSA 1427	~~X~~	~~X~~	May include other FSG when in support of the Switchblade.
B	2	Q	Joint Strike Missile (JSM)		~~X~~		
B	2	X	Joint Advanced Tactical Missile (JATM)		~~X~~		

9. Update Appendix 04 Generic Code A9C as follows:

Generic Code			Category/Description	Federal Supply Classification/ Item Identification	Major Item	Dollar Line	Remarks
A			Aircraft				
	9		Aircraft Components & Spare Parts				
		C	Aircraft Components, Parts & Accessories	FSG 16XX (Except 1670), FSC 1270, 1280, 1290, 1377, 1550, 1560, 2620, 2810 (Components), 2840 (Components), 2915, 2925, 2935, 2945, 2950, 2995, 6340, 6605, 6610, 6615, 6620.	X	X	May include other FSG when supplied for aircraft.

10. Update Sections AP7.C3.11.1. and 11.2. as follows for consistency with DSCA Policy Memorandum 21-73.

- Current:

  AP7.C3.11.1. On occasion, a case may be prepared for closure when no expenditures for articles delivered or services performed were incurred. In this instance, the only accrued expenditure is the Foreign Military Sales (FMS) administrative surcharge collected in order to implement the Letter of Offer and Acceptance (LOA). The amount collected at that time is usually one-half of the total FMS administrative surcharge assessed on the basic LOA document. This is typically known as the "front-loaded" administrative cost.

  AP7.C3.11.2. The minimum non-refundable amount will be the greater of: (1) the value of the combined existing, non-zero value Small Case Management Line (SCML) amount and the estimated FMS administrative surcharge not to exceed $15,000 for cases accepted between August 1, 2006 and July 2, 2012; (2) one-half 50 percent of the FMS administrative surcharge estimated on the case; or (3) the standard FMS administrative surcharge percentage of the expended value. The DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate (OBO/FPRE)) may approve a reduction of the minimum non-refundable amount when the actual administrative cost on the case is shown to be less than one of the three values above, or if the case is cancelled for the convenience of the USG.

- Revised:

  AP7.C3.11.1. On occasion, a case may be prepared for closure when no expenditures for articles delivered or services performed were incurred. In this instance, the only accrued expenditure is the Foreign Military Sales (FMS) administrative surcharge collected in order to implement the Letter of Offer and Acceptance (LOA). The amount collected at that time is ~~usually one-half~~ 35 percent of the total FMS administrative surcharge assessed on the basic LOA document. This is typically known as the "front-loaded" administrative cost.

  AP7.C3.11.2. The minimum non-refundable amount will be the greater of: (1) the value of the combined existing, non-zero value Small Case Management Line (SCML) amount and the estimated FMS administrative surcharge not to exceed $15,000 for cases accepted between August 1, 2006 and July 2, 2012; (2) ~~one-half~~ 50 percent of the FMS administrative surcharge estimated on the case implemented before October 1, 2021 or 35 percent of the FMS administrative surcharge estimated on the case implemented on or after October 1, 2021; or (3) the standard FMS administrative surcharge percentage of the expended value. The DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate (OBO/FPRE)) may approve a reduction of the minimum non-refundable amount when the actual administrative cost on the case is shown to be less than one of the three values above, or if the case is cancelled for the convenience of the USG.

Attachment 2: CAC-SAMM Updates

NOTE: Attachment been removed from this posting.

Please see the CAC-Enabled SAMM (https://dod365.sharepoint-mil.us/sites/OSDDSCA-CUI-SAMM) for the attachment.

DoD CAC Holders: Contact DSCA Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA) at dsca.ncr.spp.mbx.epa@mail.mil with any questions regarding access to the CAC-SAMM site.