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

DD MON 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 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 26-95, Interim to Final Closure [SAMM E-Change 863]

This memorandum updates the Security Assistance Management Manual (SAMM) to incorporate a new policy on the transition of cases from interim to final closure. This policy outlines the process for Defense Finance and Accounting Service (DFAS-IN) and Implementing Agencies (IAs) to monitor and reconcile cases, manage unliquidated obligations (ULO), and return excess funds to partner nations.

This memorandum is effective immediately. The policy in the attachment is incorporated into the DSCA SAMM at https://samm.dsca.mil.

If you have 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 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 863 - Interim to Final Closure Transition

Security Assistance Management Manual E-Change 863

INTERIM TO FINAL CLOSURE TRANSITION

1. Update Section C16.3.1.1.5., and add subsections:

From:

C16.3.1.1.5. Interim to Final Closure. The IAs and DFAS-IN should continue to monitor and reconcile cases in interim closure for transition to final closure. This may result in a return of excess funds in the CCSA maintained at DFAS-IN.

To:

C16.3.1.1.5. Interim to Final Closure. The IAs and DFAS-IN should continue to monitor and reconcile cases in interim closure for transition to final closure. This may result in a return of excess funds in the ~~CCSA~~ Case Closure Suspense Account (CCSA) maintained at DFAS-IN. After all invoices are paid to satisfy unliquidated obligations (ULO), DFAS-IN is responsible for returning excess funds in the CCSA account to the Partner.

C16.3.1.1.5.1. If ULO invoices are not received within four years of Supply / Services Complete (SSC), regardless of the dollar amount, Implementing Agencies (IAs) must move the case to final closure status using the process outlined in Section AP7.C4.6. During this time invoices can be paid by reopening the case as outlined in Section AP7.C4.13.3.

C16.3.1.1.5.2. Excess funds will remain in the CCSA for an additional five years to cover delayed but valid financial claims, for a total of nine years after the original SSC date. At the nine year mark, DFAS will return remaining funds to the FMS purchaser's holding account. DFAS-IN must provide official written notification to the purchaser stating the following condition: *"If a valid contractor invoice or authorized claim associated with this closed case is submitted to the U.S. Government after the funds have been returned, you will receive a bill for immediate payment."* DFAS-IN may follow Section AP7.C4.10.2. to collect amounts due from out-of-cycle bills.

C16.3.1.1.5.3. Eligibility Criteria. An FMS case line qualifies for final closure under this section if both of the following conditions are met at the time of review:

1. The Supply/Service Complete (SSC) date for the case occurred four or more years prior to the current date.
2. The FMS line and its underlying contracts are not currently subject to active litigation, anti-deficiency act (ADA) investigations, or pending U.S. Government claims.

2. Update Section AP7.C4.12.3:

   From:

   AP7.C4.12.3. Unliquidated Obligation Reporting Process. Incoming EA requests may either increase or decrease the CCSA balance. EA requests for credits will increase a CCSA balance while EA requests for debits will have a negative effect on the CCSA balance. Any unused ULO funds remain in the CCSA for subsequent use or refund. DFAS-IN monitors the account to ensure there are sufficient funds to process additional disbursements. Once the ULO is fully liquidated/de-obligated, the case can be submitted for final closure. DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate (OBO/FPRE)) and DFAS-IN review the CCSA balances to determine if the country is eligible for a refund. Refer to Appendix 7, Chapter 5 for the CCSA statement lexicon and sample.

   To:

   AP7.C4.12.3. Unliquidated Obligation Reporting Process. Incoming EA requests may either increase or decrease the CCSA balance. EA requests for credits will increase a CCSA balance while EA requests for debits will ~~have a negative effect on~~ decrease the CCSA balance. Any unused ULO funds remain in the CCSA for subsequent use or refund. DFAS-IN monitors the account to ensure there are sufficient funds to process additional disbursements. Once the ULO meets criteria in Section C16.3.1.1.5., ~~is fully liquidated/de-obligated,~~ the case can be submitted for final closure. DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate (OBO/FPRE)) and DFAS-IN review the CCSA balances to determine if the country is eligible for a refund. Refer to Appendix 7, Chapter 5 for the CCSA statement lexicon and sample.