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Pamphlet 12-1

Security Assistance and International
Logistics

Security Assistance Procedures and Operations

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SUMMARY

DA PAM 12-1

Security Assistance Procedures and Operations

This new Department of the Army pamphlet, dated 31 March 2016--

- o Provides specific guidance on the implementation of security assistance/security cooperation policies outlined in AR 12-1 (throughout).
- o Addresses the operational processes and procedures used by the Army Security Assistance Enterprise in the management of foreign military sales cases to include, pre-case analysis and assistance, case initiation and administration, case implementation and execution, and case closeout (throughout).
- o Covers all aspects of security assistance/security cooperation, to include, materiel and logistics support, training support (both continental United States and outside continental United States), publication and technical data management and support, and support from the U.S. Army Corps of Engineers (throughout).


Security Assistance and International Logistics

Security Assistance Procedures and Operations

By Order of the Secretary of the Army:

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General, United States Army
Chief of Staff

Official:



GERALD B. O'KEEFE
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History. This is a new Department of the Army pamphlet.

Summary. This pamphlet provides detailed guidance concerning the procedures and operations required to execute the Army's security assistance programs. It is to be used in conjunction with the governing AR 12-1.

Applicability. This pamphlet applies to the Active Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve, unless otherwise stated. It also applies to Army civilians and contract employees (world-wide) who are involved in the Army's security assistance programs.

Proponent and exception authority. The proponent of this pamphlet is the Assistant Secretary of the Army (Acquisition, Logistics and Technology). The proponent has the authority to approve exceptions to this pamphlet that are consistent with controlling law and regulations. The proponent may delegate this approval authority, in writing, to a division chief within the proponent agency or its direct reporting unit or field operating agency, in the grade of colonel or the civilian equivalent. Activities may request a waiver to this pamphlet by providing justification that includes a full analysis of the expected benefits and must include formal review by the activity's senior legal officer. All waiver requests will be endorsed by the commander or senior leader of the

requesting activity and forwarded through their higher headquarters to the policy proponent. Refer to AR 25-30 for specific guidance.

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the U.S. Army Security Assistance Command (AM-SAC-OPP), 4402 Martin Road, Redstone Arsenal, AL 35898.

Distribution. This pamphlet is available in electronic media only and is intended for command levels C, D and E for the Active Army, Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve.

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Glossary

Chapter 1 Introduction

1-1. Purpose

This pamphlet provides detailed instructions and procedures for implementing the policies contained in AR 12-1. It addresses the Army Security Assistance (SA) program to include initiation, administration, implementation, and execution of Foreign Military Sales (FMS) cases, as well as other assigned Security Cooperation (SC) programs. This pamphlet will address all aspects of program initiation, administration, implementation, and execution and become the sole document covering the process and procedures for providing Army materiel and training to authorized governments and international organizations under the auspices of the security assistance program. This includes materiel and training provided by other branches of Service or original equipment manufacturers (OEMs) through the Army.

1-2. References

See appendix A.

1-3. Explanation of Abbreviations and Terms

See the glossary.

1-4. Authority

AR 12-1 implements the policy for this publication. The procedures in this pamphlet will address all aspects of program initiation, administration, implementation, and execution and become the sole document covering the process and procedures for providing Army materiel and training to authorized governments and international organizations under the auspices of the security assistance program. This includes materiel and training provided by other branches of Service or Original Equipment Manufacturers (OEMs) through the Army.

1-5. Army Security Assistance Enterprise Environment

a. The Army Security Assistance Enterprise (ASAE) consists of all Army, DOD agencies, and Inter-agency elements that collaborate and assist in the planning, developing, and executing of Army SC Programs. Their primary responsibilities are described in AR 12-1, chapter 2.

b. The ASAE utilizes full collaboration and communication among all elements that are engaged in and directly responsible for the various programs. The ASAE delivers fully integrated Acquisition, Logistics & Technology capabilities, to include training, medical, construction and engineering services to our international partners. This enterprise works to effectively develop, execute, and manage SA programs that benefit the USG's national security, Geographic Combatant Command (GCC) objectives, and U.S. Army Security Cooperation goals. It also supports coalition partners, allied nations, and nations friendly to the United States. The ASAE objectives assist in reducing the requirements delivery cycle time; enhance data transparency and asset visibility; build the capability and interoperability of international partners for coalition requirements with or without U.S. participation; reduce unit costs of military systems; assist in maintaining the industrial base; and strengthen communications across the Army SA spectrum.

c. The ASAE is guided by a framework of law and higher level policy and regulations. ASAE members collaborate and communicate regularly in their normal cross functional channels to ensure compliance within that framework and to maximize efficiencies, whenever and wherever possible. The ASAE operates and utilizes SC unique programs and processes that tie into existing DOD systems.

(1) DASA (DE&C) leads the ASAE oversight, resource management and SC policy and strategy promulgation.

(2) The ASAE utilizes the DOD acquisition process to purchase and sustain FMS materiel, systems, products and services. For the ASAE, the Army Contracting Command is the primary acquisition proponent that procures SC materiel and services as an adjunct to their contracting support to the warfighter.

(3) Likewise, the ASAE ships a multitude of end items and spare parts to its foreign customers as a normal course of business. The ASAE leverages the Defense Transportation System (DTS) or uses commercial sources to transport the FMS materiel. FMS materiel is closely tracked within the ASAE and is handled in a manner consistent with the treatment of other DOD items in the DTS.

d. Within the ASAE, the Army has three major implementing agencies (IAs). These IAs are authorized to receive and respond to letters of request (LORs):

(1) United States Army Security Assistance Command (USASAC), within the U.S. Army Materiel Command (AMC) for approved SA programs, equipment, services, and OCONUS training.

(2) The Security Assistance Training Field Activity (SATFA) U.S. Army Training and Doctrine Command (TRADOC) for approved continental United States (CONUS) SA training.

(3) The U.S. Army Corps of Engineers (USACE) for approved SA programs for construction, construction design

services, civil works/water resource management, engineering research and development, geospatial services, and other engineering services.

Chapter 2

Pre-Letter of Request Process

2-1. Introduction and Purpose

The purpose of this chapter is to provide uniform definition and guidance for Army security assistance Pre-LOR activities and processes.

a. Pre-LOR activities are those necessary to assist the customer in defining requirements in sufficient detail to produce a complete LOR. Pre-LOR activities include obtaining information required to assist our international partners in selecting those defense articles, training, and services that will build partner capacity while also supporting U.S. acquisition and international security objectives. These Pre-LOR activities include meetings, briefings, equipment demonstrations, and when necessary, efforts required to respond to requests for proposal (RFP) and participate in international competitions.

b. An overall 8 percent limit (as a percentage of total FMS administrative surcharge funds allocated to the IA in the same fiscal year) to IA FMS administrative surcharge funds may be expended on Pre-LOR activities. From this perspective, it is especially important to develop comprehensive and effective Pre-LOR procedures.

2-2. Pre-letter of request process information

Pre-LOR activities are executed under the general policy guidance of DASA (DE&C). The following paragraphs address specific processes for Pre-LOR efforts for materiel, training and engineering SA functions. For additional information on the Pre-LOR process see the SAMM, chapter 9, General Financial Policies and appropriate sections of AR 12-1.

2-3. U.S. Army Security Assistance Command specific pre-letter of request process

a. The Pre-LOR process (fig 2-1) allows FMS customers to obtain general and technical information prior to submitting a formal Letter of Request. The goal of the Pre-LOR process is to assist the international customer in making an informed decision regarding the possible submission of an LOR and to assist the customer in developing an actionable LOR. During the Pre-LOR process the ASAE helps customers more clearly define requirements and match needs to ASAE materiel, training, and services. The initial releasability of materiel, technology, and information to any particular country or international organization is first considered during the Pre-LOR process.

b. Pre-LOR work includes, but is not limited to—

- (1) Identifying defense requirements.
- (2) Developing rough order of magnitude (ROM) cost, upon request.
- (3) Providing system and platform information, in coordination with the applicable PM/PEO.
- (4) Determining feasibility of equipment demonstrations.
- (5) Partnering with industry on potential FMS programs.
- (6) Responding to RFP regarding international competitions.
- (7) Determining whether site surveys are beneficial or required.
- (8) Determining TPA requirements.
- (9) Hosting case planning meetings if required.
- (10) Determining any training requirements in coordination with the applicable Security Assistance Management Directorate (SAMD), SATFA and Security Assistance Training Management Organization (SATMO) to include CONUS and OCONUS (to be conducted by either contractor or military agencies).

c. The data typically provided in response to a request for information (RFI) assists the FMS customer in requirements determination prior to submitting a formal LOR.

d. USASAC Country Program Management (CPM) will have overall managerial responsibility for the AMC Pre-LOR process and will collaborate with the appropriate SAMDs or major subordinate command (MSC), PEO/PM, and other ASAE agencies, as required, to thoroughly and promptly reply to Pre-LOR requests. More complex Pre-LOR actions (for example, in-country demonstrations) require close collaboration between USASAC and the applicable SAMDs or PEO/PMs to ensure adequate funding and manpower are available to satisfy the request.

e. E-collaboration is one work flow process tool to capture and track Pre-LOR Requests. Pre-LOR Taskings Reports in e-collaboration are used to monitor Pre-LOR actions and performance, to include status of open actions, on time performance of completed actions, and average response/cycle time. E-collaboration is also used to validate Pre-LOR workload for AMC organizations. Pre-LOR activities are also tracked via the LOR Workload Data Collection Worksheets.

f. Pre-LOR Response Process:

(1) Upon receipt and review of a Pre-LOR request, the USASAC CPM reviews and enters the request into e-collaboration. If necessary, the CPM coordinates with the in-country representative to gather more data or to clarify any points. Further, if the CPM determines the request requires a formal LOR, the country SCO (or designated country representative) is notified and asked to obtain country concurrence to process the requirement as an official LOR. The CPM coordinates with the appropriate SAMD, PEO/PMs, SATFA, SATMO and other ASAE organizations, as required, to ensure that comprehensive and accurate information is provided to the customer.

(2) Upon receipt of the country's RFI or a letter of request (LOR) from the USASAC CPM, the appropriate SAMD analyzes and coordinates with the PEO/PM on any possible releasability issues.

(3) For non-PEO/PM managed articles or services, the SAMD acts as the technical integrator researching releasability, equipment capabilities, performance specifications, and basic cost data. Information is compiled into a standard RFI package and returned to the USASAC CPM through the e-collaboration system. The SAMD coordinates, as required, with internal LCMC case preparing activity elements, other LCMCs, and commercial contractors, in order to provide a complete response package under the TPA concept.

(4) If the country's request includes a request for a CONUS visit to obtain additional technical information, the SAMD coordinates with USASAC, the supporting PEO/PM and the appropriate country representatives or SCO on the agenda, meeting location, topics and briefers, as well as ensuring the appropriate visit requests have been submitted. Visits to the Army activities by foreign representatives will be handled in accordance with AR 380-10.

(5) The SAMD chairs the technical meeting and records action items. In an effort to help the country further define requirements, the SAMD, in coordination with the USASAC CPM and the PEO/PM, coordinates and participates in site surveys and case planning or initiation meetings, as needed.

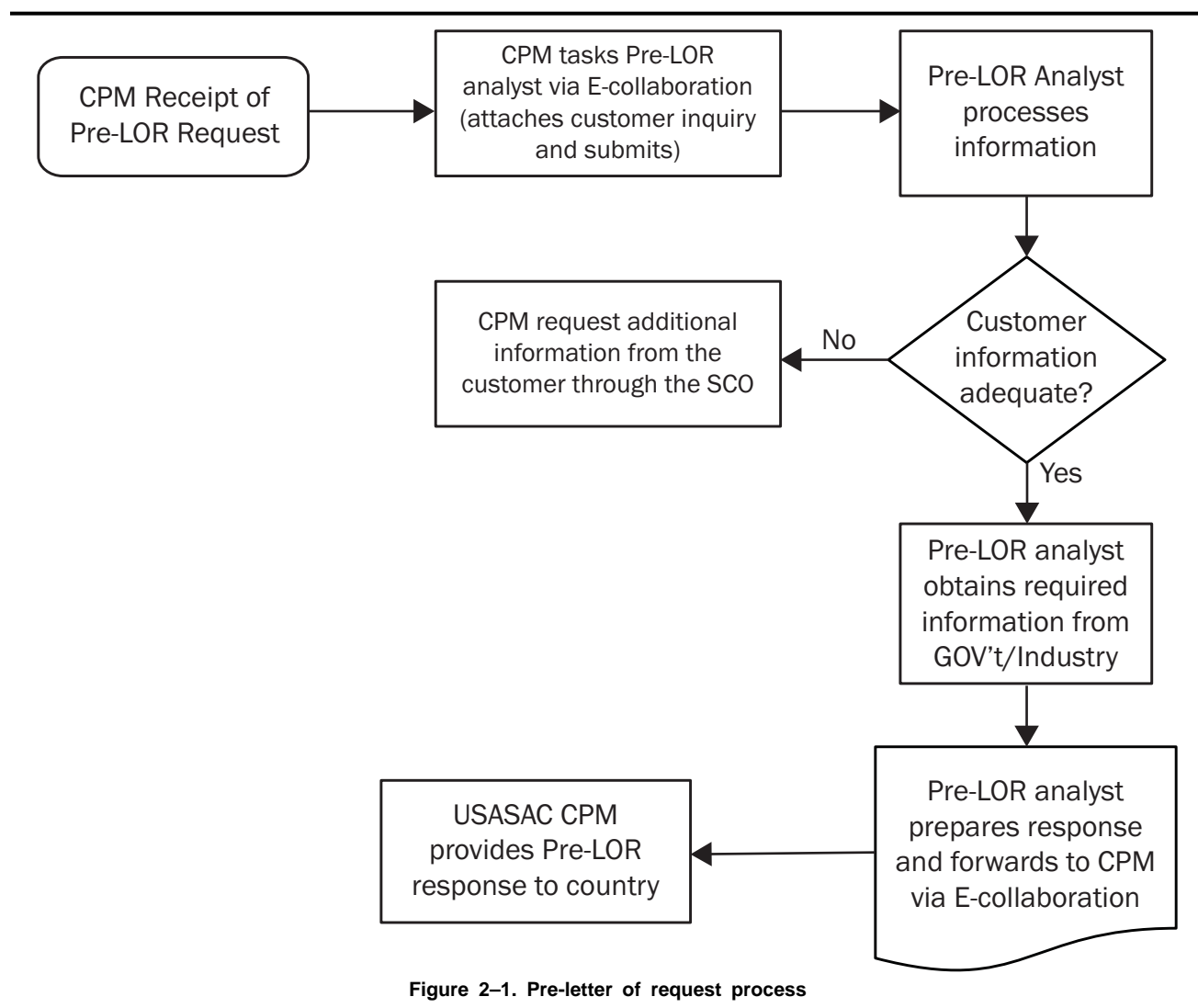


Figure 2-1. Pre-letter of request process

(6) The CPM tasks the appropriate supporting SAMD for Pre-LOR work via e-collaboration. All requests are entered in and worked through e-collaboration to provide workflow process and control, workload counts, visibility, and a historical record of all actions.

g. If any other ASAE agencies receive a Pre-LOR request for materiel directly from a country, it is forwarded to the USASAC CPM for action. The USASAC Pre-LOR analyst consolidates the necessary information and then provides a response through the CPM to the FMS country, if required.

h. Pre-LOR Cover Memorandum. Along with the response package, the USASAC CPM prepares a memorandum summarizing the information being provided to the FMS customer. The cover memorandum includes the following caveat: “The information provided herein is provided for information purposes only and in no way implies a commitment on behalf of the U.S. Government to release or sell the equipment or service to the Government (or international organization) of Bandaria. Further, the information is not adequate for budgetary purposes. If the Government (or international organization) of Bandaria is interested in requesting Price and Availability Data or pursuing a potential purchase, an official Letter of Request must be submitted.”

2-4. Security assistance training field activity specific pre-letter of request process

a. SATFA training Pre-LOR process (fig 2-2) allows FMS customers to obtain training information prior to submitting a formal LOR. Upon receipt and review of a Pre-LOR inquiry, the SATFA CPM researches and identifies training that supports the acquisition, delivery, fielding or sustainment of equipment. In some instances, the SATFA CPM will initialize a planning case to accurately capture and forecast training costs.

b. The SATFA CPM provides a response to the FMS customer, along with the following caveat: “The information provided herein is provided for information purposes only and in no way implies a commitment on behalf of the U.S. Government to release or sell the equipment or service to the Government (or international organization) of Bandaria. Further, the information is not adequate for budgetary purposes. If the Government (or international organization) of Bandaria is interested in requesting Price and Availability Data or pursuing a potential purchase, an official Letter of Request must be submitted.”

c. If the LOR is for OCONUS training teams, the SATFA CPM will redirect the LOR back to the SCO. The SCO will then send an OCONUS team request to the USASAC CPM per chapter 5, of this document.

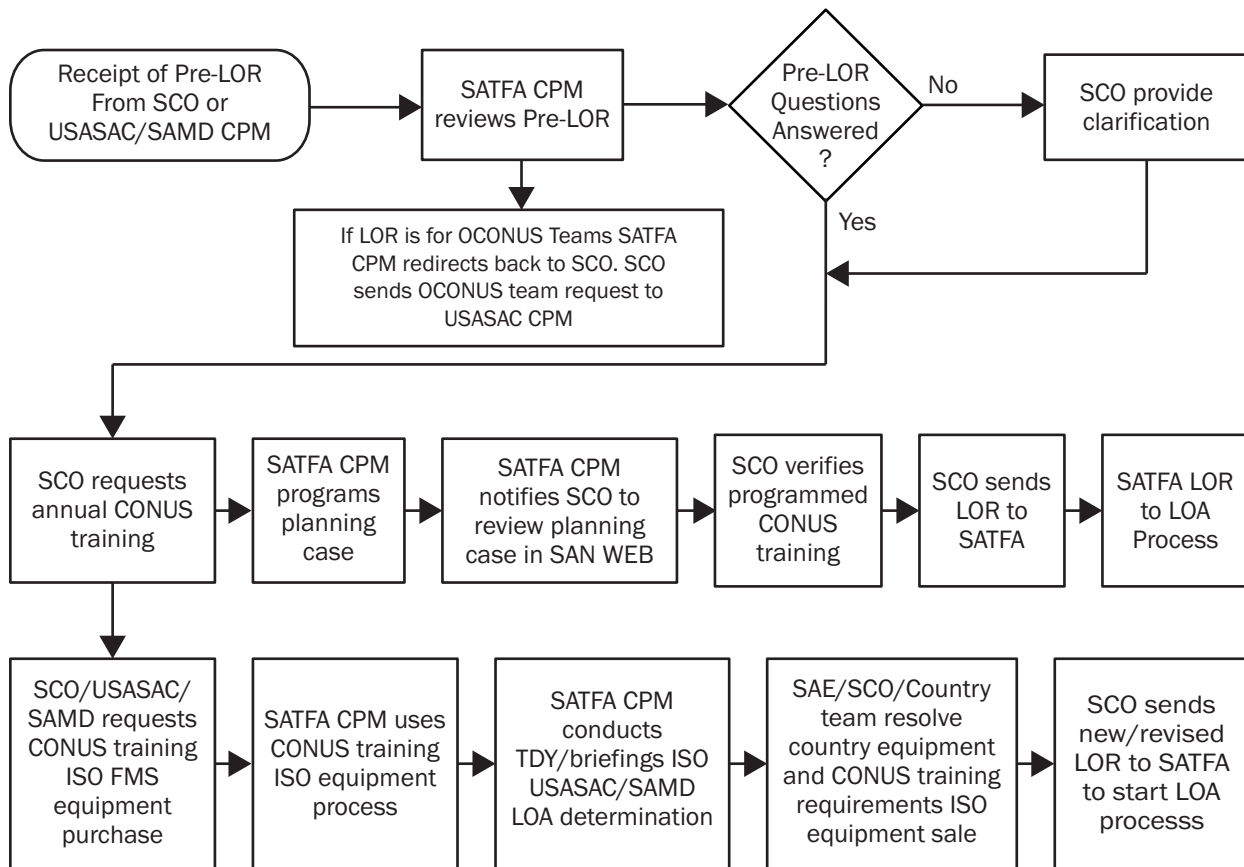


Figure 2-2. Security assistance training field activity specific pre-letter of request process

2-5. U.S. Army Corps of Engineers specific pre-letter of request process

a. USACE provides Pre-LOR assistance for all construction and engineering services. The Pre-LOR process allows customers to obtain information prior to submitting a formal Letter of Request. The goal of Pre-LOR is to promote combined approaches, access and cooperation with allied and friendly military forces. This is the stage where the USACE helps customers define requirements and match their needs to USACE capabilities.

b. All Pre-LOR requests received within USACE are provided to Headquarters (HQ) USACE within 5 days. HQ USACE, the responsible USACE MSC, and the responsible District work together on the plan for each Pre-LOR request. HQ USACE provides annual Pre-LOR process and procedure guidance through Operation Orders or Policy Documents to allow for changes in policy, organization, and workload.

2-6. Program executive officer/program manager—specific pre-letter of request process

The program executive officer (PEO)/PM, in coordination with the supported SAMD, partners with industry on potential FMS programs; identifies and aligns international requirements with U.S. requirements; performs Pre-LOR acquisition planning; responds to requests for proposals for international competitions; coordinates/conducts site surveys and case planning meetings; hosts logistics conferences; supports country visits; reviews and provides input to export license requests; develops total package approach requirements and hybrid solutions; provides equipment demonstrations; and presents system and platform information to potential FMS customers. In addition, the PEO/PM provides technical information and makes recommendations on release of material, technology and information. The PEO/PM identifies alternative strategies for providing the capability as and if needed.

2-7. Direct commercial sales preference

a. Customer countries may prefer to purchase commercially rather than using FMS procedures. When a company receives a request for proposal from a country which prefers DCS, the company may request that DSCA (Strategy Directorate) issue a DCS preference for that particular sale. The company's request must include a copy of the customer's solicitation for a price quotation. Approved DCS preferences should be held within SCOs and at the item manager level to allow proper screening of LORs. The process outlined in this section is a best efforts commitment by DOD. Failure on the part of the DOD Component to comply with these procedures will not invalidate any resultant FMS transaction. Before approving DCS preference for a specific transaction, the following are considered.

(1) Article or Service Exclusions. Items provided on blanket order (BO) lines and those required in conjunction with a system sale do not normally qualify for DCS preference.

(2) Specific Sale Exclusions. Articles or services that may otherwise qualify for DCS preference may be required to be sold through FMS procedures to certain countries and for sales financed through the with Military Assistance Program (MAP) and, in most cases, with Foreign Military Financing (FMF) funds. The Director, DSCA, may also recommend to the Department of State (DOS) that it mandate FMS for a specific sale.

(3) Price and availability (P&A) or letter of offer and acceptance (LOA) requests. DCS preferences are valid for 1 year. If during this time period, the IA receives a request from the customer for the same item, it should notify the customer of the DCS preference, using the text found in SAMM, chapter 4, figure C4.F1. The SAMM may be found at <http://www.samm.dscamil>.

b. The Army does not engage in FMS-commercial comparison studies, unless the Director, DSCA, grants an exception. Customers should avoid concurrent FMS and commercial requests; however, the customer's national policy or specific circumstances may require that both FMS and commercial data be obtained. If the customer requests FMS data after soliciting bids from contractors, the customer must provide information to the USASAC CPM showing that commercial acquisition efforts have ceased prior to USASAC providing FMS pricing data.

2-8. Hybrid sales

a. A hybrid program combines elements of FMS and DCS. A variety of weapons systems could be sold through DCS, however, technologies integrated into the platform and FMS support services, such as training, support equipment, components, and munitions may require a portion of the program to be FMS. Alternatively, a hybrid sale may include a defense article being procured via FMS with components or support services purchased through DCS.

b. All requests for FMS cases in support of hybrid sales are coordinated by the USASAC CPM through the DASA D&EC. This coordination is required upon receipt of the LOR and prior to responding to the country with a P&A or an LOA.

2-9. False impressions

a. U.S. policy is to avoid creating false impressions of USG readiness to make available classified and unclassified military materiel, technology, or information. Much military hardware is unclassified. However, its operation and maintenance or related training may involve sensitive or classified information. Some classified information (for example, sensitive compartmented information or communications security (COMSEC) information) may require

approval outside of DOD and the National Disclosure Policy Committee (NDPC). Accordingly, proposals to foreign governments or international organizations that result from either United States or combined (United States and proposed recipient) initial planning, and that will lead to the eventual disclosure of classified military information, must be authorized in advance by designated disclosure officials in the departments and agencies originating the information or by the NDPC. This includes the release of unclassified P&A data. Furthermore, it must be explicitly stated and acknowledged that no U.S. commitment to furnish such classified information or materiel is intended or implied until disclosure has been approved. Contact the DASA (DEC) to determine/verify releasability.

b. Problems may occur when foreign customers expect to obtain certain articles and services from the USG but conditions prevent these sales. National Disclosure Policy specifically requires avoidance of creating false impressions. USG personnel must consider releasability, disclosure, sanctions, and all required coordination before indicating to a potential customer that a sale from the USG is possible.

Chapter 3 Security Assistance Requests

3-1. Introduction and purpose

a. The Pre-LOR process, as described in chapter 2, is based upon a customer request for information that may result in the submission of an LOR to develop an LOA. The receipt of an LOR requesting development of an LOA is the starting point for the case development process.

b. This chapter provides uniform guidance for receipt of an LOR and the steps that are required to ensure that the LOR is actionable and valid for purposes of developing and offering an LOA, amendment, modification, or P&A data.

3-2. Letter of request

a. The FMS case development process typically begins when an eligible foreign country or international organization officially submits an LOR. The LOR can take numerous forms and may be submitted directly by the foreign customer or through the in-country SCO. The LOR may be for a P&A, a Lease, or for an LOA.

b. The LOR can be submitted through formal correspondence, requests for proposal (RFPs), discussions, electronic mail (e-mail) letters, or messages. If the request is received during a meeting or conference, the minutes should document the request and be signed by an appropriate purchaser representative.

c. The requests can also be made verbally in face-to-face discussions, as could occur when senior Army SA leaders visit a country; however, those types of verbal requests must be documented in a memorandum for record (MFR) followed by written confirmation of the requirement from the customer.

d. LORs for Army-managed material, services, construction, and CONUS institutional training are to be submitted to the appropriate LOR office or address as follows:

Table 3-1

Letter of request addresses

Action address for LORs other than those for CONUS Institutional Training and Construction	Commander, U.S. Army Security Assistance Command (USASAC) Attention: USASAC LOR-Inbox 4402 Martin Rd. Redstone Arsenal AL 35898-5000
Messages for LORs other than those for CONUS Institutional Training and Construction	CDRUSASAC REDSTONE ARS AL//AMSAC-OPS//
E-Mail Address for LORs other than those for CONUS Institutional Training and Construction	usarmy.redstone.usasac.mbx.lor-inbox@mail.mil
Action Address for LORs for CONUS Institutional Training	Security Assistance Training Field Activity (SATFA) HQ TRADOC SATFA 950 Jefferson Ave Fort Eustis VA 23604-5724
Messages for LORs for CONUS Training	DIR SATFA FT EUSTIS//VA//
E-Mail Address for LORs for CONUS Training	Contact individual SATFA Country Program Managers for e-mail address.
Action Address for LORs for Construction	U.S. Army Corps of Engineers HQUSACE 441 G Street NW ATTN: CEMP-M Washington DC 20314-1000
Messages for LORs for Construction	CDRUSACE WASHINGTON DC\CEMP-M\
E-Mail Address for LORs and LOAs for Construction	USACE-LOA@usace.army.mil

Table 3-1
Letter of request addresses—Continued

Information Address for all LORs	Department of the Army Deputy Assistant Secretary of the Army for Defense Exports and Cooperation ATTN: SAAL-NI 2530 Crystal Drive Arlington, VA 22202
Message Information Address for all LORs	DA WASHINGTON DC//SAAL-NP//

e. LORs are loaded to the Defense Security Assistance Management System (DSAMS) within 5 days of receipt and are placed in incomplete status until deemed actionable. All LORs, except those for Afghanistan, Pakistan, BO, Cooperative Logistics Supply Support Arrangement (CLSSA) and publications cases, are sent by the CPM to the appropriate case preparing activity, SAMDs or MSC for a technical review prior to formal tasking.

f. For complete, actionable LORs, the CPM tasks the case preparing activity action through e-collaboration or other IA correspondence tool. To help ensure that no delays are encountered it is good practice for the CPM to also email the LOR to the SAMD International Program Manager (IPM).

g. For incomplete LORs, the CPM coordinates with the SAMDs, the applicable LCMCs, and the SCO or authorized country representative to clarify requirements for an actionable LOR. The LOR remains in an incomplete status and is not tasked in e-collaboration until receipt of additional information which makes the LOR actionable.

h. Placing development of an LOA or P&A on “hold” does not stop/pause the case development timeline. This results in invalid/inaccurate case development metrics. Therefore, if a customer request for LOA or P&A must be put on-hold pending additional customer direction or a change in customer requirements, the e-collaboration task should be cancelled and reinitiated upon receipt of complete LOR data. Prior to task cancellation, existing DSAMS data should be copied/saved for future use.

3-3. Total package approach

a. TPA is offered to customers as stated in AR 12-1, chapter 3, and SAMM, chapter 4. TPA ensures that FMS customers are afforded the opportunity to acquire the full complement of materiel, training, and services necessary to field, maintain, and utilize major items of equipment efficiently and effectively. To a large degree, TPA depends on receiving a comprehensive LOR. In addition to the weapon system itself, an LOA that follows the TPA concept will address areas such as training, technical assistance, publications, initial support, and follow-on support. As part of the TPA, IAs should ensure that LOAs for equipment include at least 1 year’s supply of spare parts. See the SAMM, chapter 5, for more information. These packages are referred to as concurrent spare parts (CSPs) or initial spare parts (ISP). LOAs should include CSP or ISP for all support and ancillary equipment listed on the LOA, as well as for major weapon systems. IAs normally require that a significant portion of CSP and ISP be in country before they will release major end items for delivery. CSP and ISP are often identified by category and total value rather than itemized on the LOA. If contractor support is included on the LOA, planning for contingency situations, such as security and lift support, must be considered.

b. Customers are advised by the responsible IA that an inadequate support package could eventually result in reduced performance, lower operational readiness rates and, potentially, an increased safety risk to partner nation personnel. This information is relayed to the customer in the transmittal memo offering the LOA or an LOA note. The Army preference is not to provide FMS materiel that is inadequately supported regardless of the rationale, whether the customer sites, for example, financial limitations or a desire to accelerate delivery. When customers reject the TPA, documentation is included in the CPM’s case folder and the support risk is stated in the cover memo that accompanies the offer of the case, amendment or modification.

c. The appropriate SAMD, in coordination with supporting PEO/PM, is responsible for developing the TPA along with associated cost, performance, and schedule considerations.

d. TPA does not mean one LOA. Multiple LOAs may be used to support each other to provide a total package for the total program. Construction/Engineering Services and Training should always be considered when reviewing a program for TPA. All LORs are answered in accordance with the legal provisions under which the FMS program operates and should include the following:

- (1) 1) The type of action or information desired, such as a LOA, amendment or modification, or P&A data.
- (2) The name and address of the originator and an identifiable reference number. If the request is received verbally, a memorandum for record (MFR) documents the conversation and outlines the required information.
- (3) A clear description of the articles and services needed, including National Stock Numbers (NSNs), Department of Defense Ammunition Codes (DODACs), and part numbers, if provided, help prevent any misunderstanding and can facilitate timely, accurate responses.
- (4) Country-unique support and training requirements. If travel and living allowances are to be included on the case, proper waiver request must be submitted by the SCO to DSCA for approval. A case should not be initialized in DSAMS before approval is granted.
- (5) The source of funding identified.

(6) Quantities, projected delivery schedule, deployment scenario, maintenance strategy, facility requirements, and any unique country support requirements will also be identified, where possible.

e. The SAMD manager ensures that the DA Form 5904-R (Total Package Approach Checklist) is completed in order to validate the requirements as listed above.

3-4. Letter of request processes

a. USACE. All LOR requests received within USACE are provided to HQ USACE within 5 days. HQ USACE, the responsible USACE MSC, and the responsible district work together on the plan for each LOR request. HQ USACE provides annual LOR process and procedure guidance through Operation Orders or Policy Documents to allow for changes in policy, organization, and workload. The LOR receipt to LOA implementation process is shown in the figure 3-1.

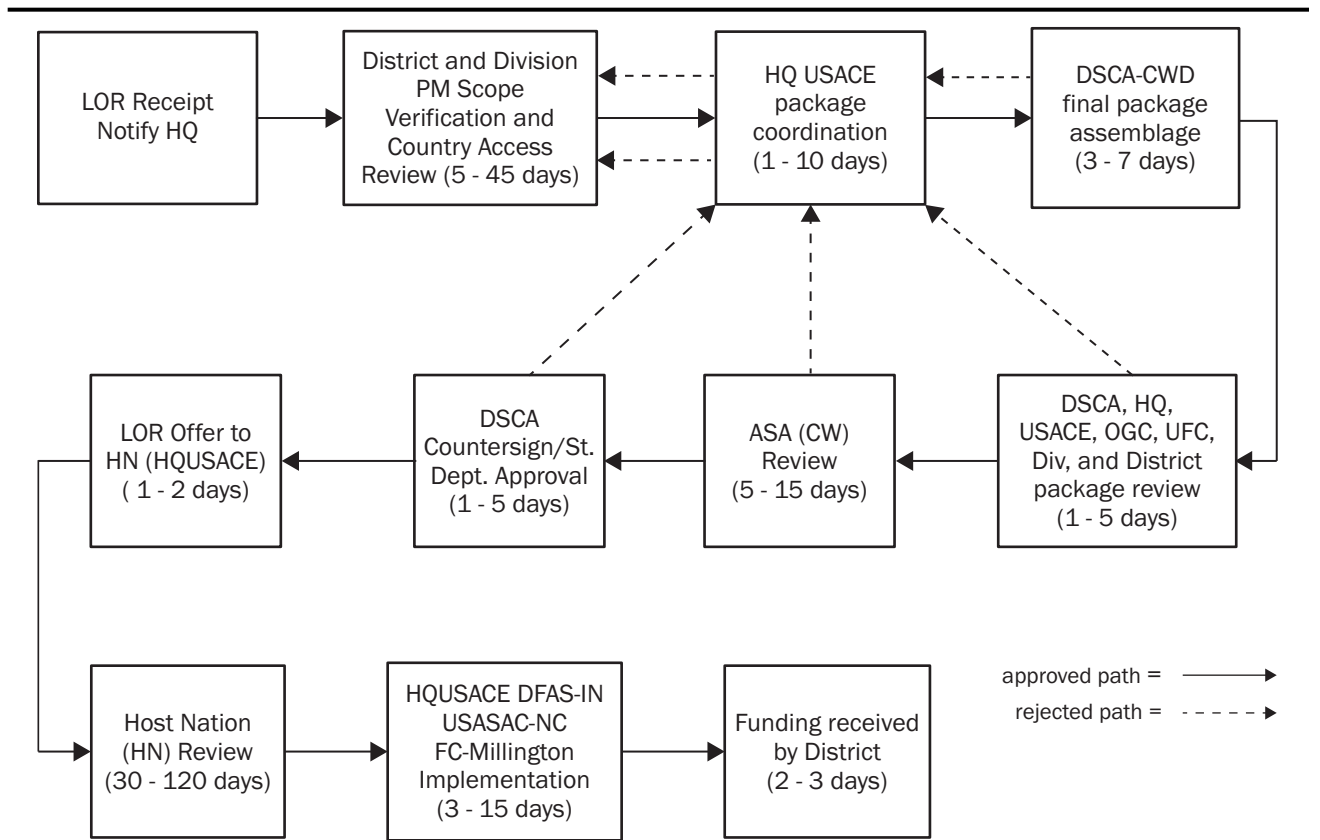


Figure 3-1. (U.S. Army Corps Engineers) Letter of Request Receipt to Letter of Offer and Acceptance Implementation Process

b. SATFA. Within 5-working days of LOR receipt, the SATFA CPM loads the customer request in DSAMS. For LORs that are incomplete, the CPM notifies the Country Team/SCO and loads status code “I” for incomplete. The SATFA LOR to LOA FMS Case Process Timeline is shown in figure 3-2.

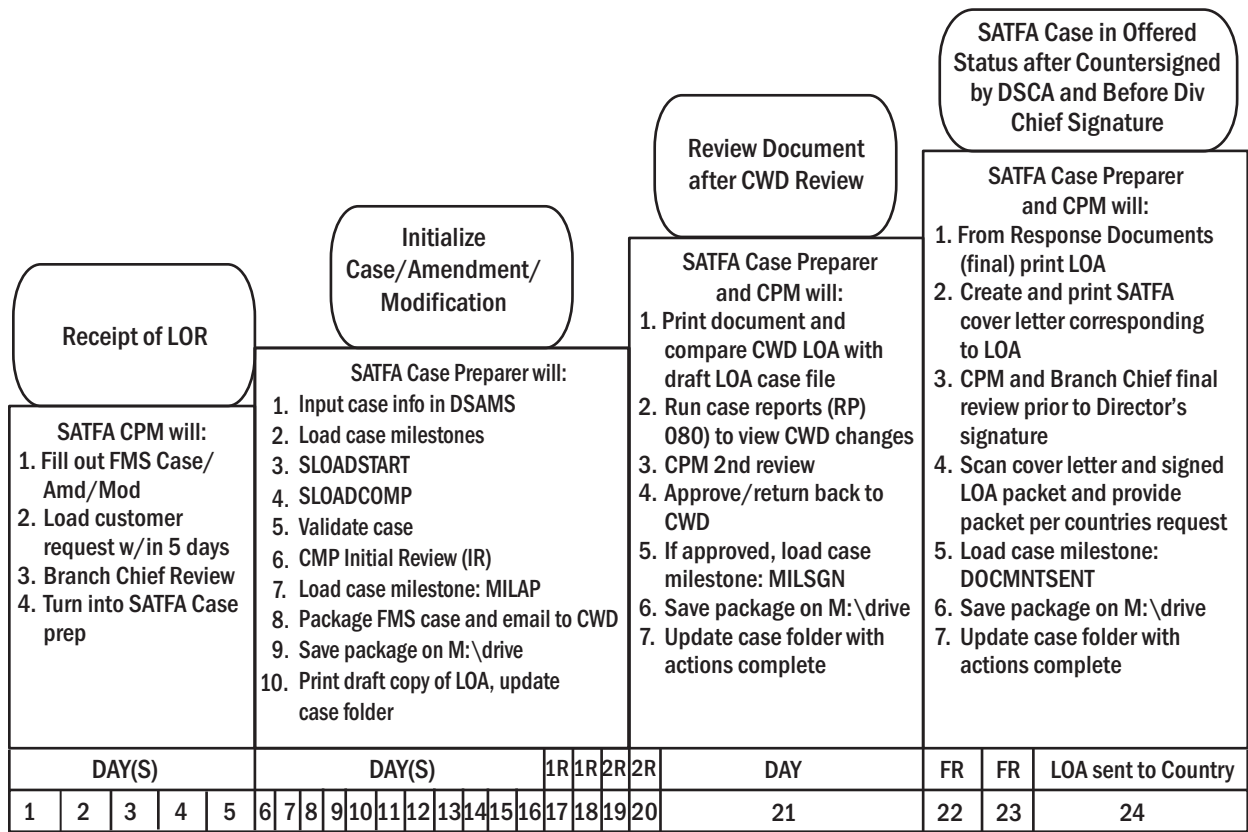


Figure 3–2. (Security Assistance Training Field Activity) Letter of Request Receipt to Letter of Offer and Acceptance Foreign Military Sales Case Process Timeline

c. USASAC. All LORs are loaded within 5 days of receipt in the USASAC LOR inbox. The LOR is loaded in DSAMS with the LOR status code “I” for incomplete. The customer request number generated by this action is provided to the CPM.

(1) The CPM uses the customer request number to initialize the case in DSAMS and forward to the appropriate case developing activity for a technical review. If applicable, the SAMD will coordinate with the appropriate PEO/PM. The LOR remains in incomplete status during this process.

(2) If an LOR lacks any required information, the appropriate case preparing activity notifies the CPM, who requests the SCO, country or international organization provide the additional information. No further action is taken until the missing information is received. The LOR remains in an incomplete status while awaiting receipt of the required data. If the SCO, country or international organization cannot provide additional information, the CPM may recommend, if necessary, a requirements survey team to assist with requirements definition.

(3) The DOD policy for LORs can be located in the SAMM, chapter 5.

(4) The CPM reviews the LOR for administrative sufficiency and clarity (see fig 3–3). The CPM then relays the LOR via e-collaboration to the USASAC transcriber who loads the LOR information into DSAMS. DSAMS then generates a customer request identification number. The transcriber relays this information to the CPM via e-collaboration. This process covers LORs for basic LOAs, amendments, modifications and P&A, but does not cover requests for restatements or revisions to original LORs since a new customer request identification will not be required.

(5) All LORs for basic LOAs and amendments, with the exception of requests for BO, CLSSA and Publications LORs, are tasked within 5 days to the applicable case preparing activity for a technical review via e-collaboration. The case preparing activity staffs the technical review with the PEO/PM, if necessary, to determine if the LOR is technically and logistically supportable. LORs for P&A and case modifications requesting only a minor change in scope do not require a technical review. The technical review should be completed in accordance with current published timeframes.

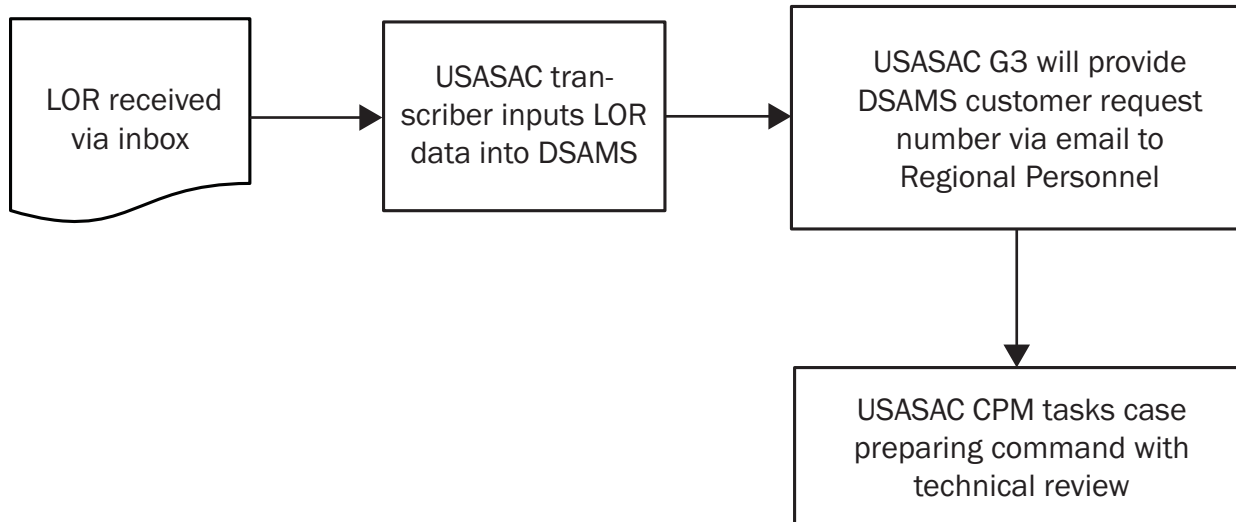


Figure 3–3. (U.S. Army Security Assistance Command) Letter of Request Initial Processing

(6) Upon technical review completion, the case preparing activity provides a response back to the CPM via e-collaboration. If the LOR is technically sufficient as determined by the CPM in coordination with the case preparing activity, the LOR reflects the status code “C” (for complete) in DSAMS and the CPM initializes the FMS case and tasks the applicable case preparing activity for LOA data preparation. The technical review response will include identification of requirements for waivers, releases, classified information and equipment transfers, potential for Congressional Notification and LCMC development and execution concerns. If the case preparing activity advises that the LOR is incomplete and additional information is required, the CPM queries the customer or SCO for the required information. The customer has 45 days to respond to the request for additional information. The LOR remains in “Incomplete” status until sufficient information to allow the LOR to become actionable is received. The LOR is cancelled if the customer fails to respond within the allotted time. The CPM advises the customer to submit a new LOR when the information becomes available to process an actionable LOR.

(7) Upon receipt of the customer request for information, the CPM reviews the LOR and determines if the resultant FMS sale:

- (a) Requires Congressional Notification (CN) in accordance with the criteria found in SAMM, chapter 5.
- (b) is a Major Weapon System Sale.
- (c) is a first time fielding of equipment to a customer country and, coordinates with the FDO, if there are release considerations.
- (d) if Travel and/or Living Allowances are being requested by country to be included on the case, ensure SCO team has submitted the proper waiver requests to DSCA for approval. Approval must be obtained prior to case being initialized in DSAMS.

(8) The CPM consults with the applicable SAMD technical personnel to identify the supporting players in the case and program development for a sale of a major weapon system.

(9) SAMD, if appropriate, schedules a case initiation meeting (CIM) within 10 days of LOR receipt, inviting all involved players to participate. Most CIMs, at a minimum, involve representatives from the SAMD and the appropriate PEO/PM. The Central Case Manager (CCM) at USASAC addresses any identified case execution issues. If required, other ASAE agencies (such as SATFA, SATMO and PEO simulation, training, and instrumentation (STRI)), the customer, and, under certain circumstances, potential contractors, also participate. The SAMD conducts the CIM using the most economical means possible, to include video-conferencing.

(10) In the event the CIM results in questions for the customer (or SCO) to answer before case development can proceed, the IPM at SAMD submits any questions to the CPM for submittal to the customer (or SCO). The LOR remains in “Incomplete” status until the customer (or SCO) fully responds to all questions.

(11) If the CIM results in a clear path forward, the CPM updates the LOR in DSAMS to reflect “Complete” status and tasks the applicable case preparing activity, which, in turn, will task the applicable SA organizations to prepare the LOA data for input into DSAMS.

(12) In addition to the LOR technical review and CIM, all CPMs will review LORs to determine if technical security and foreign disclosure issues apply as addressed in chapter 5.

d. Publications shipped parcel post overseas by the Military Postal Service through APO or FPO channels are prepared with DTC 7.

e. The supplying command furnishes an Standard Form (SF) 1080 (Voucher for Transfers Between Appropriations and/or Funds). For billing and reporting purposes, it is supported by one copy of the request (DA Form 17 (Requisition for Publications and Blank Forms) or listing), showing the supply action taken and unit and total cost. It is sent to the U.S. Army Security Assistance Command - New Cumberland, ATTN: AMSAC-RMF-NSP, 54 M Avenue, Suite 1, New Cumberland, PA 17070-5096.

3-5. Denial of requests

a. See AR 12-1, chapter 3, for additional information.

b. Any proposed denial to a customer request, except those deemed incomplete and irresolvable within the allocated 45 days, will be coordinated with DASA (DE&C). The coordination will include complete justification, along with the relevant background information.

c. These provisions do not apply to negative responses to technical inquiries related to existing implemented LOAs, unless the request involves a major modification of an existing system or an increase in overall capability that requires an amendment to the basic LOA.

3-6. Congressional notification requirements

a. See appropriate sections in AR 12-1 and SAMM for additional information.

Reporting Threshold

NATO countries, Japan, Australia, New Zealand, Israel, and Republic of Korea

- \$100M total case value
- \$25M Major Defense Equipment
- \$300M design and construction services

All other countries

- \$50M total case value
- \$14M Major Defense Equipment
- \$200M design and construction services

Congressional Review Period

NATO, NATO countries, Japan, Australia, New Zealand, Israel, and Republic of Korea

- 15 days statutory (formal) notification

All other countries

- 30 days statutory notification, preceded by 20 days advance (informal) notification

Figure 3-4. Foreign Military Sales Notification to Congress

b. The lead time to be shown in column 5 of the LOA is 6 months, if shipped from stock. If the publications are in stock, they will be shipped directly to the address specified. If not in stock, they will be backordered.

(1) The AECA requires CN for proposed LOAs which meet specific criteria. The notification criteria and requirements are in the appropriate section of SAMM, chapter 5, and reproduced in figure 3-4. The total dollar value of a FMS purchase is determined by adding the total materiel, services and training value for major defense equipment (MDE) lines and accessorial costs associated with those lines, even if spread among several FMS cases.

(2) For those FMS sales identified by the case preparing activity as requiring CN, the applicable SAMD coordinates with the PEO/PM, as necessary to create the CN data, to include pricing information. The applicable SAMD forwards the required CN data to the USASAC CPM within 5 days of the tasker date. Required CN data is provided to DASA (DE&C) within 10 days of receipt of the actionable LOR. The data required can be found at the appropriate section of SAMM, chapter 5. The Congressional Notification (36b) process is depicted in figure 3-5.

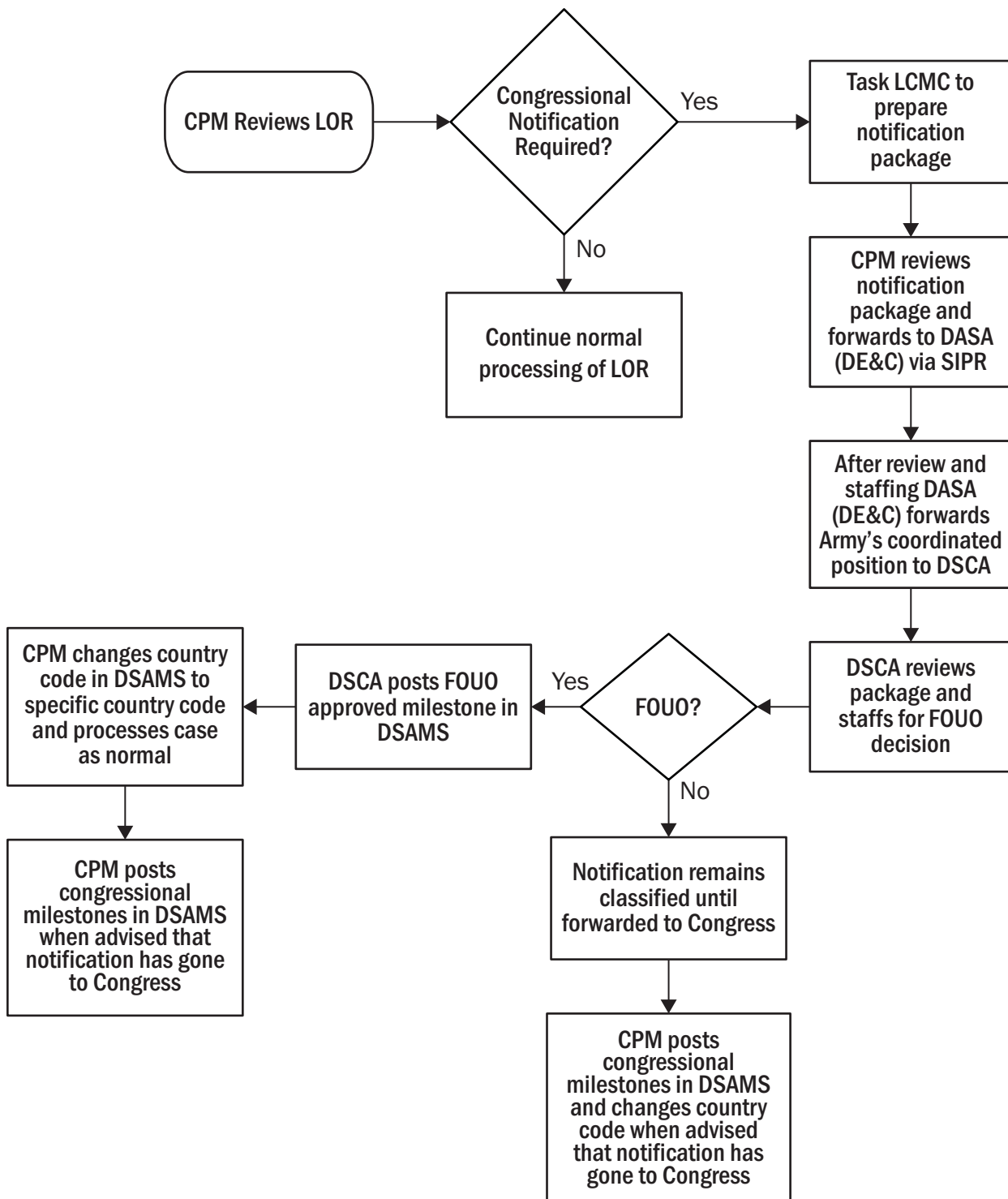


Figure 3-5. Congressional Notification Process

c. Military justification.

(1) The military justification describes why the prospective customer needs the defense articles or services requested and how the defense articles will be used and the resulting effect on the customer's military capability.

(2) The sources for the military justification are obtained through the Country Team Assessment (CTA) or endorsement from the relevant geographic combatant commander GCC.

(3) The appropriate section of SAMM, chapter 5, outlines the requirements for the military justification for proposed sales. The justification statement provides the main points of interest to senior DOD leaders, interagency officials, members of Congress and their staffs, the news media, and the public. Each aspect of the military justification listed should be considered, but need not be included, if there is no relevant information. The content and length of the military justification depends on several factors, to include the purchasing country and the sensitivity of the defense articles or services proposed for sale.

(4) If USG personnel and contractor representatives are required to support the requested materiel and services, the number of personnel and length of time in-country involved is provided within the justification.

d. Sensitivity of technology.

(1) AECA, section 36(b)(1) of 22 USC 2776 requires that CNs for MDE contain a Sensitivity of Technology statement. This statement may be classified if necessary. It must identify the extent of the sensitive technology and classified information involved, and a justification for the sale in view of the technology sensitivity. The sensitivity of technology statement will contain, at a minimum, the data specified in SAMM, chapter 5. Sensitivity of technology statements for items not managed by the preparing command is obtained by the case preparing activity from the responsible SAMD or agency.

(2) When provisions of the AECA, section 36(b)(5), 36(b)(5)c and 36(b)(1) apply, the CPM sends notification information through DASA (DE&C) who validates the data provided, coordinates with applicable Army Staff (ARSTAF) equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to DSCA.

e. Offsets. If an offset agreement is proposed in connection with the sale, the USASAC CPM in coordination with the applicable SAMD ensures that the CN indicates this. An offset certificate, which is treated as confidential information, is also included. Section 36(g) of 22 USC 2776 requires this information be treated as "CONFIDENTIAL" in accordance with 50 USC 2411(c) 12(c). This information is exempt from disclosure under 5 USC 552 and will not be published or disclosed without a determination that withholding is contrary to the national interest.

f. Classification guidance. Classification guidance for CNs is provided within SAMM, chapter 5. LOAs classified only because they qualify for CN are automatically declassified when DSCA advises that the statutory notification has been transmitted to Congress. LOAs classified for other reasons are declassified according to the declassification instructions on the LOA.

3-7. Submission channels

a. The Department of State has statutory responsibility for reviewing all SA requests. Each FMS request is categorized as either significant military equipment (SME), as identified in the International Traffic in Arms Regulation (ITAR), or as a non-SME sales case. The submission channels process is shown in figure 3-6.

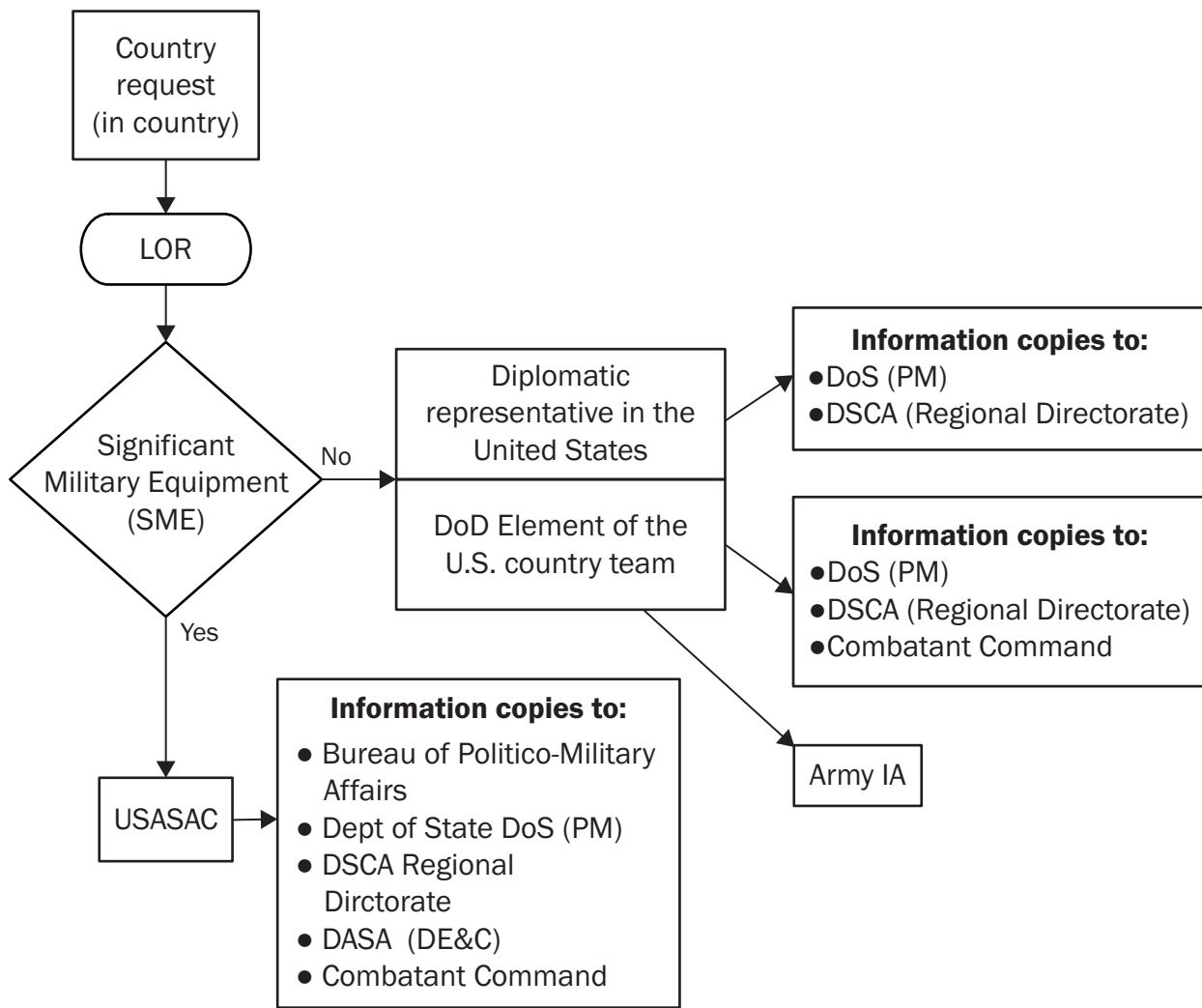


Figure 3–6. Letter Of Request Submission Channels

b. Requests for SME that originate in-country are sent by the U.S. Embassy to the responsible USASAC CPM with information copies to the Bureau of Politico Military Affairs, DOS (PM), DSCA, DASA (DE&C), and the GCC. Requests that originate with country diplomatic representatives located in CONUS locations are addressed in the same manner with information copies to DOS (PM) and DSCA.

c. Requests for all other FMS that originate in country are sent through the diplomatic representative in the United States or by the SCO directly to the Army IA with information copies to DOS, DSCA (Regional Directorate), and the GCC. Requests originated by diplomatic representatives in the United States are sent directly to the Army IA with information copies to the SCO, DOS and DSCA.

d. Army IAs (USASAC, USACE or TRADOC) provide DOS and DSCA copies of all requests, if not already accomplished during the original country or SCO request.

e. DSCA and DOS typically initiate coordination within 5 days of receiving an LOR information copy to determine if it will be approved or disapproved or if additional data is required to make that decision. For disapproved requests, DSCA formally advises Army IAs to stop processing the customer's request, provides rationale for the decision and issues guidance concerning further actions. Unless such notification is received, all requests are processed for final DSCA coordination and countersignature. If the Army IA recommends a negative response to the country's request, DSCA will be notified by DASA (DE&C) in accordance with the SAMM, chapter 5.

3-8. Models and simulations

a. Policy on the release of all Army M&S to foreign governments and agencies is in AR 5-11. Joint M&S is managed and released by the Joint Staff, Joint Coalition Warfare, J-7.

b. A foreign government or international organization interested in purchasing Army/Joint M&S or data through FMS may submit a request for P&A or an LOA to the United States to USASAC, per AR 5-11, paragraph 8-8.

c. The USASAC CPM obtains a recommendation concerning the release of the requested M&S and/or data from the M&S proponent. The CPM submits the request through DASA (DE&C), Directorate for Security Cooperation Integration & Exports (SAAL-NI) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to Deputy Chief of Staff, G-8, Center for Army Analysis, Army Modeling and Simulation Office for approval. If approved, the CPM is advised by SAAL-NI that the P&A data or LOA can be developed and provided to the foreign customer. Joint M&S requests are staffed and reviewed by Joint Coalition Warfare, Deputy J-7, for approval to release.

3-9. Technical data

a. Procedures on the release of technical data packages (TDPs), related LOA provisions, and data sheet formats are provided in SAMM, chapter 3, AR 12-1, and chapter 5, of this document. A TDP for production requires a PEO/PM position.

b. USASAC submits TDPs for study and production purposes through DASA (DE&C) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to DSCA for a decision. The LOA package includes the applicable data sheet(s), the PM recommendation for release to include the benefit to the USG and/or U.S. industry, and a copy of the customer's request.

c. Notes on the type of TDP and/or revisioning services are included in the LOA. All TDP/revisioning service lines on the LOA will state: "This revisioning service is for (enter operation/maintenance and study/production)."

d. The PEO/PM coordinates all TDP requests and configuration(s) releasable to a customer based on the Export Policy.

e. Depot Maintenance Work Requirements (DMWRs) are sold either as defined-line items in an LOA or requisitioned against a BO LOA. The PEO/PM develops information regarding:

- (1) End item or system involved.
- (2) Determination if the end item or system has been released to the customer.
- (3) Whether the DMWR contains U.S. manufacturing capability, production know-how, or advancement in technology.

f. The SAMD forwards the PEO/PM's official position on release of DMWRs to the USASAC CPM. All requests for DMWRs containing a U.S. manufacturing capability, production know-how, or advancement in technology are forwarded to DASA (DE&C) for approval. If the customer—

- (1) Has the item already in its inventory.
- (2) DMWR does not contain U.S. manufacturing capability, production know-how, or advancement in technology.
- (3) PEO/PM recommends release, the item is included in the case.

g. LOAs offering DMWRs and maintenance work orders will include the Army Standard Note for these documents.

h. For information on royalty fees involving TDPs and payments see chapter 11, of this document.

3-10. Letter of request translation services

The customer country is responsible for translating documents. SCOs may provide informal translations for government-to-government purposes only. The translated document should be clearly marked "informal and unofficial translation English text governs." The appropriate translation notes will be included on LOAs offering publications or documents.

Chapter 4

Processing Letters of Offer and Acceptance, Amendments, Modifications and Leases

Section I

Letter of offer and acceptance

4-1. Introduction and purpose

The purpose of this chapter is to supplement guidance contained in SAMM, chapter 5 and AR 12-1 for development of P&A data, LOA, modification, amendment, or a lease in response to an LOR. Section I of this chapter reviews case

identifiers, LOA initiator codes and response preparation timeframes. Section II contains information on preparation of P&A data; Section III provides information on case assignment by USASAC and USACE.

4-2. Letters of request

LOA development begins when an LOR is received for articles or services (reference chapter 3, of this document and LOR to LOA process in figure 4-1 below).

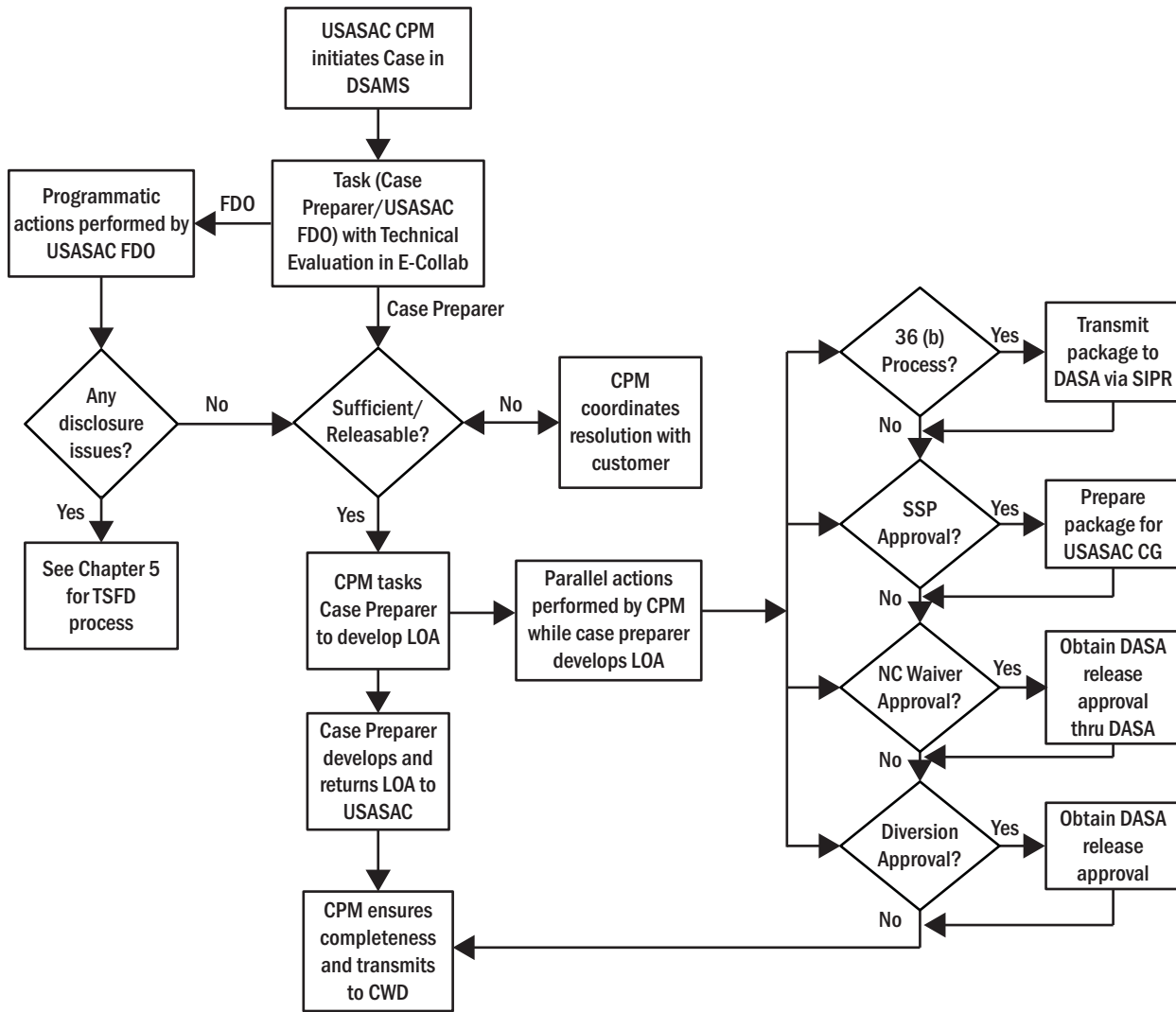


Figure 4-1. Letter of request to letter of offer and acceptance process

4-3. Assignment of identifiers

a. LOAs, leases and P&A requests are assigned FMS case identifiers that consist of the country code or pseudo country code, as determined by DSCA, the IA code, and a tri-alpha sequence identifier. Separate, unique FMS case identifiers are assigned to each request by country or international organization as shown in the following example:

- (1) XX-B-UAA, UAB through UAZ.
- (2) XX-B-UBA through UBZ.

b. Block assignments are:

- (1) AAA-AZZ USASAC (DSCA for special funding).
- (2) BAA-BZZ USASAC (BO).
- (3) CAA-CZZ USASAC (CLSSA).

- (4) DAA–DZZ (SATMO OCONUS training).
- (5) EAA–EZZ USASAC.
- (6) FAA–FZZ USASAC.
- (7) GAA–GZZ USASAC (Army Secure Electronic Procurement Office).
- (8) HAA–HZZ USACE (U.S. Army Corps of Engineers).
- (9) IAA–IFZ USASAC (EDA).
- (10) IGA–IZZ (USASAC).
- (11) TBD by DSCA / USASAC (SDAF).
- (12) KAA–KZZ USASAC (CLSSA).
- (13) LAA–LZZ USASAC (leases).
- (14) MAA–MZZ USAMMA (medical).
- (15) NAA–NZZ USASAC (co-production).
- (16) OAA–OZZ (SATFA CONUS institutional training).
- (17) PAA–PZZ USASAC (P&A requests).
- (18) QAA–QZZ USASAC.
- (19) RAA–RCZ USASAC.
- (20) RDA–RYZ USASAC.
- (21) RZA–RZZ USASAC (contingency war reserve stocks for allies).
- (22) SAA–SZZ USASAC.
- (23) TAA–TZZ USASAC (DA publications).
- (24) UAA–ZZZ USASAC.

4–4. Letter of offer and acceptance initiator codes

LOA initiator codes listed in table 4–1 below are entered on each line on the LOA, amendment, and modification directly under the number.

Table 4–1 Letter of offer and acceptance initiator codes	
Command/Agency	Code
U.S. Army Aviation and Missile Command Aviation Missiles	H L
U.S. Army Communications-Electronics Command (CECOM)	G
USACE	2
JM&L	M
PEO/PM–STRI	J
U.S. Army Tank-Automotive and Armaments Command (TACOM) Ground Support Armaments/Chem-bio/Soldier support systems	K A
TRADOC	6
U.S. Army Medical Material Agency (USAMMA)	C
USASAC (CLSSA, Regions, SATMO)	U

4–5. Preparation timeframes

a. USASAC process:

(1) The CPM has oversight responsibility for total SA program management and all associated actions through case closure. This includes ensuring that all case milestones are managed during case development and execution. Moreover, the USASAC CPM serves as the primary point of contact (POC) between the customer and the U.S. Army for those materiel and services procured by the ASAE materiel enterprise.

(2) The timeline for preparation of LOAs and Amendments varies with the complexity of the sale. Processing time for LOAs and Amendments is measured from the time the LOR is received by USASAC until the time it is offered to the customer and the document sent (DOCSSENT) milestone has been entered into DSAMS by the CPM. Processing time for Modifications will be measured from receipt of the LOR until the Modification is implemented.

(3) Upon creation of a case document, the IA must enter a Case Category Code and assign an anticipated offer date (AOD) Group Code in DSAMS. Once entered in DSAMS, the Case Category Code and AOD Group Code cannot be deleted but can be revised by the CPM. DSAMS will automatically assign an AOD derived from the AOD Group Code to every case document when the CPM enters an LOR receipt date and associates the LOR to a case document. The AOD establishes the date when the customer can expect the offered case to be forwarded for acceptance. The DSAMS-generated default AOD is designated according to the following case groupings:

(a) Group A—BO LOAs, training and publication LOAs, CLSSAs, and associated Amendments and Modifications.
(b) Group B—Defined Order LOAs without identified case development extenuating factors (CDEF), and associated Amendments and Modifications.

(c) Group C—Defined Order LOAs and associated Amendments with identified CDEF. Associated Modifications to this group will be placed in Group B.

(d) Group D—All Pseudo LOAs and associated Amendments and Modifications.

(4) Case preparation should be completed in accordance with current published timeframes.

(5) When determined by the CPM with the supporting SAMD, it may be necessary to process Emergency LOAs. Emergency preparation may be required during times of national exigencies within the requesting country or when there is a need to rapidly fulfill an exceptional commitment. In addition, shorter suspense dates may also be assigned to support contingency operations or for those countries or organizations paying for above standard level of support (such as 1206 or Afghan Security Forces Fund/pseudo cases).

b. Any tasking that does not allow for the required preparation time will include a justification for expedited processing. It may be necessary to include above standard level of support charges on the FMS case or amendment to pay for the expedited processing. The case preparing activity coordinates that necessity with the CPM for a decision to include the above standard level of service (ASLS) charge.

c. USACE process: All LOAs are coordinated for USACE through HQ USACE. The responsible district, in coordination with their USACE MSC, provides the LOA line item note/s, manpower data sheet, HQ LOA information sheet to HQ USACE within 45 days. HQ USACE and the MSC are notified by the district within 15 days of receipt, if they feel that the request warrants more time in order to provide the proper LOA information due to lack of information or complexity of scope. HQ USACE provides annual LOA process and procedure guidance through Operation Orders or Policy Documents to allow for changes in policy, organization, and workload.

d. SATFA process:

(1) The CPM has overall responsibility for total SA program management and all associated actions through case closure. This includes ensuring that all case milestones are managed during case development and execution. Moreover, the SATFA CPM serves as the primary point of contact between the customer and the U.S. Army for all CONUS Institutional, CONUS Contractor and Select OCONUS Institutional training procured by the ASAE materiel enterprise.

(2) The timeline for preparation of LOAs and amendments are fixed and do not vary based with the complexity of the sale. The LOA processing time is measured from the time the LOR is received by SATFA until the document has been offered to the customer and the DOCSSENT milestone has been entered into DSAMS by the CPM. An AOD is determined and assigned by the CPM in coordination with based on the case grouping identified directly below. The AOD establishes the date when the customer can expect the offered case to be forwarded for acceptance.

(3) The following case preparation timeframes are a baseline for the processing of LOA data (LOAD) by AOD Group for basic cases, amendments and modifications. The start time will commence from the LOR receipt date and associates the LOR to a case document.

(a) AOD Group A (BO, training amendments and modifications cases)—A limit of 45 days.

(b) AOD Group B (defined order LOAs)—A limit of 100 days.

(c) AOD Group C (purchaser unique LOAs)—A limit of 150 days.

(d) AOD Group D (building partner capacity (BPC) LOAs)—A limit of 60 days.

(e) Training cases prepared by SATFA—A limit of 85 days, except for countries with an approved DSCA waiver.

(f) Price and Availability—A limit of 45 days.

(4) When determined by the CPM with the supporting justification, it may be necessary to process Emergency LOAs. Emergency preparation may be required during times of national exigencies within the requesting country or when there is a need to rapidly fulfill an exceptional commitment. In addition, shorter suspense dates may also be assigned to support contingency operations for those countries.

4-6. Price and availability data processes

a. USASAC P&A process:

(1) The USASAC CPM assigns identifier "P" to each P&A request and tasks it in DSAMS to the appropriate case preparing activity for action. The case preparing activity coordinates with other appropriate supporting ASAE agencies to obtain P&A data for materiel and services.

(2) Requests for P&A data are sent through LOR submission channels. P&A data is developed as ROM cost estimates. Cost and availability estimates are used only for preliminary review in evaluating the possible purchase of a

defense article or service. P&A data is not used in preparing an LOA; however, it is sufficiently accurate for customer planning and funding purposes. P&A data must be verified for releasability prior to sending to the customer.

(3) P&A estimates are not commitments by the U.S. Government and, as such, all provided P&A data will include the following statement: "The P&A data provided are not valid for purposes of preparing a Letter of Offer and Acceptance (LOA) and may not be adequate for budgetary purposes. This data is for planning/ review purposes only, to assist in your Government's determination whether or not to request an LOA. If [insert the appropriate foreign country] is interested in pursuing this potential purchase, it must request an LOA."

(4) The CPM has 45 days to provide P&A data to the requesting country. The case preparing activity has 38 days to furnish the response to the CPM. A shorter suspense may be assigned, if the customer requires the data sooner, and ASLS processing is not required.

(5) The CPM, in coordination with the supporting case preparing activity, determines if the P&A request is standard level of service (SLS) or ASLS. SAMM, chapter 9, paragraph C9.4.2 and table C9.T2 is the basis to make this determination.

(6) The case preparing activity provides cost estimates and price, availability, and serviceability information for SA cases and inputs the required information into DSAMS. The case preparing activity identifies whether there are agents' fees or commissions contained in the pricing data.

(7) P&A data is classified only in rare circumstances. Classified P&A data cannot be entered into DSAMS since that is an unclassified system. P&A data, regardless of estimated dollar value or proposed program content, are classified only when:

(a) Directed by the DOS, the Secretary of Defense or designees to include Director, DSCA.

(b) The customer requests classification and it is approved by the organizations listed above.

1. The CPM coordinates with DSCA before transmitting P&A data containing agents' fees or commissions to the customer.

2. When appropriate, DASA (DE&C) coordinates with ARSTAF for release of P&A data for MDE and SME before it can be provided to the requesting country.

3. Any concerns for the release of P&A information must be coordinated with DASA (DE&C).

b. *USACE P&A Process:* All P&A data requests received within USACE will be provided to HQ USACE within 5 days. The responsible district, in coordination with their USACE MSC, shall provide the P&A data to the requesting country within 45 days. HQ USACE and the MSC shall be notified by the district within 15 days of receipt if the request warrants more time in order to provide a proper ROM estimate due to lack of information or complexity of scope. HQ USACE will provide annual P&A process and procedure guidance through operation order or policy document to allow for changes in policy, organization, and workload.

c. *SATFA P&A process:* All P&A data requests received by SATFA will be entered into Defense Security Assistance Management System-Training Module (DSAMS-TM) within 10 days. In order to support Army's out-year quota planning process, all potential training requirements must be entered into DSAMS-TM.

4-7. U.S. Army Security Assistance Command case assignment

a. The CPM tasks the appropriate SAMD responsible for the major end item. The responsible SAMD, in turn, tasks other SAMDs or MSC for required ancillary equipment, services and materiel, as applicable. Each SAMD is responsible for ensuring complete/accurate LOAD is provided in a timely manner.

b. When ancillary equipment, services, or training cannot be furnished in a timeframe compatible with the major item schedule, the responsible activity for the ancillary items or services advises the IA of the projected delivery schedule.

c. The SAMDs manage FMS program milestones and scheduling dates pertaining to their supported products and services. The responsible SAMD resolves any problems with the associated PEO/PM and provides updated information to the USASAC CPM or CCM, depending upon whether the program is still in planning (CPM) or execution (CCM). If diversions are required, the CPM consolidates inputs provided by the case preparing activity and other appropriate organizations and forwards to DASA (DE&C) for processing within ARSTAF and DSCA, as required.

d. USASAC develops BO LOAs CLSSAs, DA publications, and secondary items managed by Defense Logistic Agency (DLA), General Services Administration (GSA), the SATMO for OCONUS training requirements, and materiel or service cases that are not managed by other Army activities.

e. When a CPM receives a requirements list from a customer that includes 25 or more secondary items, the list is forwarded to the CCM for supply source identification and annotation. When the list contains DLA, GSA and various LCMC secondary items and an LOA is warranted, USASAC prepares the LOA.

f. If ten (10) or more secondary items are a single SAMD management responsibility or the LOR includes major items or services, the list is annotated to show the responsible SAMD(s) and returned to the CPM. When these requirements are exceeded, the CPM assigns a separate LOA to the specified preparing activity, which is tasked in DSAMS. In turn, the specified preparing activity is responsible for sub-tasking lines to other applicable supply sources. When USASAC prepares an LOA containing SAMD-managed items, the latest LOA data is requested from the relevant SAMD.

g. For medical items that have a "C" in the first position of the Army Materiel Category Structure Code, the case preparing activity is usually the USAMMA. If the items are included in an LOR for numerous DLA or GSA items and the USAMMA items number less than ten (10), they may be included in a USASAC LOA.

h. Sources of supply for DLA items will normally be "S". The following types of DLA items should be offered on BO LOAs whenever possible, since they are more cost effective than when ordered on defined-line LOAs:

- (1) Clothing and textiles
- (2) Medical
- (3) Subsistence
- (4) Bulk petroleum, oil and lubricants
- (5) DLA-supplied repair parts

4-8. Security Assistance Management Directorate case preparation actions

a. This section refers to case preparation actions undertaken by SAMDs. The applicable SAMD case preparing activity, after task assignment by the CPM, analyzes the request, coordinates with PEO/PMs as required, and establishes applicable TPA requirements. Then, SAMD submits the final response back to the USASAC CPM via e-collaboration or other electronic tool. The final response includes advising the CPM of known releases and waiver requirements.

b. If CN (36b) data is required, the case developer coordinates with the supporting PEO/PM, as applicable, consolidates the information, and prepares a final response to USASAC. If there are releases or waiver requirements, the SAMD provides the LCMC official position.

c. The case developer requests and consolidates pricing data from the contractor, PEO/PM and other internal and external elements and organizations as required. The case preparing activity tasks other organizations, including supporting SAMDs in DSAMS for respective pricing data. Under the TPA, support consists of USG services, publications, training, and contractor-furnished materiel and services (to include TLA).

d. The case developer monitors other supporting SAMD data and enters applicable line item description, case unique and nonstandard notes into DSAMS for PEO/PM-managed articles/services.

e. For non-PEO/PM-managed articles and services, the SAMD acts as the technical integrator and coordinates with commercial contractors for LOA data.

f. Contractor cost proposals and delivery schedules are reviewed by the SAMD in coordination with with the appropriate PEO/PMs to ensure compliance with the customer's request.

g. All LOAD is coordinated with resource management for accuracy.

h. If the LOR includes a request for sole source, the case developer routes this request through appropriate internal elements for a command position and provides that package to the USASAC CPM for further coordination. Applicable sole source information is included in the LOA, amendment or modification upon approval of the request by USASAC Commanding General (CG).

i. The case developer consolidates and coordinates manpower requirements and prepares the LOA Manpower Travel and Data Sheets in DSAMS.

j. For amendments and modifications, all case lines are financially reviewed to ensure sufficient funding or to determine if revisions are required.

k. The responsible SAMD maintains a continuing dialogue with SATFA (for CONUS training) and SATMO (for OCONUS team training) to ensure that training requirements are considered together with materiel requirements. Activities that prepare end-item LOAs communicate TPA requirements directly to SATFA and SATMO. Of particular interest are quantities, projected delivery dates, configurations, whether TLA is to be included and if proper waiver requests have been approved by DSCA. See figure 4-2 for system/training requirement process.

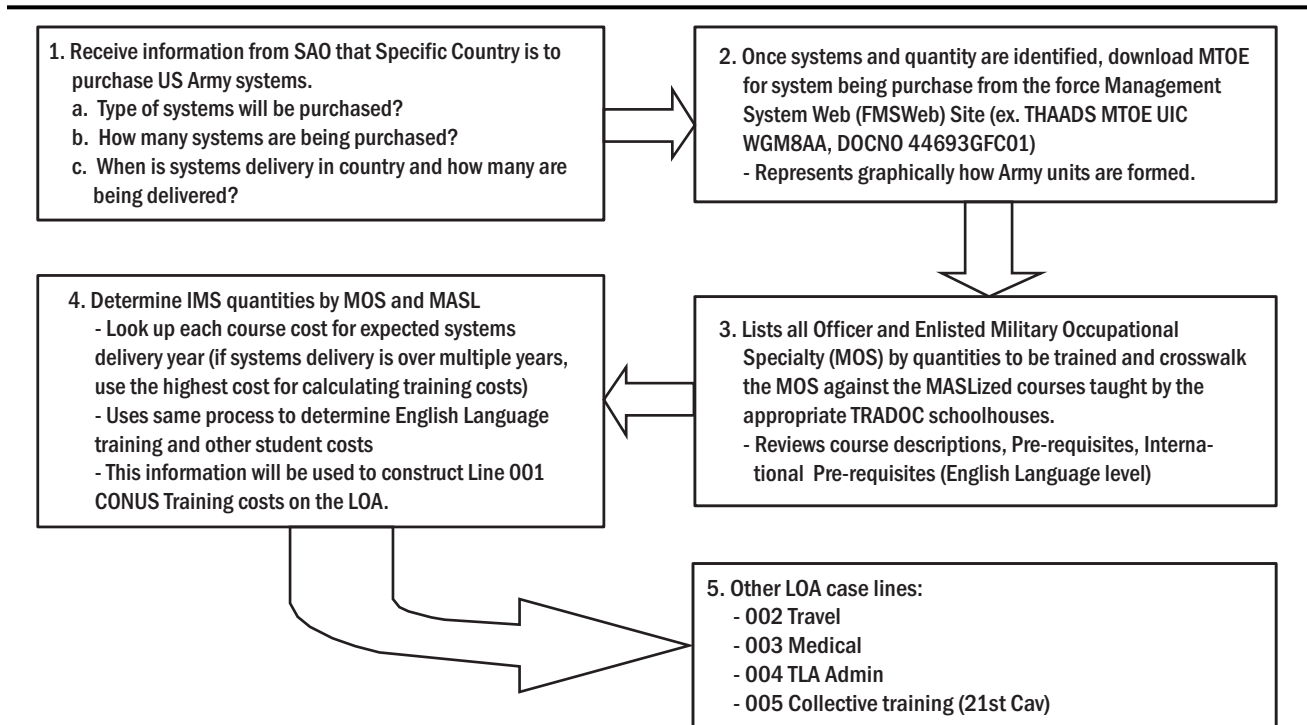


Figure 4–2. Continental United States training in support of equipment case/program letter of offer and acceptance cost estimate process

l. The SAMD:

- (1) Coordinates procurement actions on the LCMC items during the program execution phase to ensure on-time delivery within estimated prices reflected in the LOAs.
- (2) Undertakes management responsibility for timely supplying activity performance.

4–9. Program executive officer/program manager case actions

a. The PEO/PM participates in quality assurance team QATs, system fielding and equipment training teams; develops, reviews, sanitizes and validates technical manuals and data; develops nonstandard or country unique technical requirements; participates in FMS program management reviews; manages configuration; provides engineering and testing evaluation, provides technical assistance; prepares or assists in preparation of contractual documents; develops procurement work directives; prepares and process independent government estimates; monitors and manages equipment life cycle performance; coordinates with industry; performs research and development; establishes, monitors and manages acquisition cost, supportability and performance schedule; sustainment; conducts system testing and other actions as requested by the SAMD.

b. The PEO/PM request P&A Data from applicable contractors for their weapon systems, prepares P&A Sheets (PAS), and provides these to SAMD for their input into DSAMS.

c. The PEO/PM, during case development, coordinates with multiple agencies for procurement, disclosure, policy, certification or other unique program requirements to include whether TLA is to be included and if proper waiver requests have been approved by DSCA.

4–10. Negotiating teams

FMS negotiating teams, when needed in support of a large, complex or urgent FMS request, ensure responsiveness to customer requirements. Team composition and functions are based on the following principles:

a. The team lead is selected from the USASAC regional operations (RO) or the SAMD for materiel cases, from USACE for construction cases, or from SATFA for related training cases. If significant policy issues are expected to be raised, a member of the ARSTAF leads the team. For materiel cases, if the team leader is not from USASAC, a representative from USASAC attends, if required.

b. Team members are assigned from legal, procurement, contracting, technical, financial, training, PEO/PM as manager of the complex equipment, and other FMS functions, as required.

c. Commercial contractor representatives are included only when the Team Lead Director considers that presence as beneficial, when the customer has directed sole source procurement, or when a specific contractor is the only source of the item being offered. Contractor representatives should be available to provide answers to technical questions to which the government representatives are unable to respond. Contractor representatives may be excused from portions of the negotiations when their presence poses a potential conflict of interest.

d. Negotiating teams prepare a draft LOA, based on the customer’s desires and inputs, if agreed upon by the team lead, SCO and country representative.

e. In instances where negotiating teams initially fail to achieve their goals, DASA (DE&C) may initiate supplemental meetings with responsible parties to help ensure required results and milestones are met.

Section II

Letter of Offer and Acceptance

4–11. Preparation

a. Instructions for preparing the LOA are given in SAMM, chapter 5.

b. The LOA is used for the sale of defense articles and services, including training and design and construction services. It identifies items offered and, when signed, countersigned, and released to the customer by an authorized USG official, becomes an official tender by the USG.

c. A complete acceptance by the customer comprises three elements: a signature by an authorized representative, funding, and, when materiel is being provided, shipping instructions.

d. The defense articles and services offered will be itemized on the LOA. All major items will include one of the training codes explained in table 4–2 below. This two digit alpha code will be entered in LOA column 5.

Table 4–2 Training codes	
Code	Terms of Use
NC - No Commitment to provide U.S. Training	Use only in rare instances (for example, nonstandard equipment for which U.S. Army training may not be available or when training is offered by direct commercial sale). This code should not be used as a “catch all” when training requirements have not been properly addressed by the customer. If the LOR does not specify whether training is required, the request should be suspended based on receipt of an incomplete tasker.
NR - Training Not Required	Use when training is not required to support the purchase (for example, customer has already bought this item and received prior training). This code is not appropriate when the customer has bought the item in the past and received training if a newly organized unit is receiving the item and may have a training requirement.
SC - Separate LOA	U.S. training concurrently being addressed in a separate LOA. The materiel LOA and vice versa in a note.
SP - Special Training	Contractor or U.S. training designed specifically for the customer (used when there is a separate training line on the materiel LOA).
AP - Annual BO Training	Use on SATFA BO training LOAs Program

e. Standard Terms and Conditions found in SAMM, chapter 5, are an official part of each LOA.

f. LOAs will include “Line Item Description Notes” per the SAMM, chapter 5. DSAMS attachments contain additional terms and conditions that are applicable to certain LOAs, such as a memorandum of understanding (MOU) or statement of work (SOW) (see paragraph 4–30).

g. Manpower Travel and Data Sheet (MTDS): It is required that manpower in support of specific FMS case lines be documented on MTDSs. The requirement may be either on applicable services lines or included directly in the price of materiel for activities that are not part of the Standard Level of Service. See SAMM, chapter 9, which outlines ASLS elements. When processing an amendment to increase or decrease the scope, a MTDS is completed and provided along with the amendment LOAD. For modifications, this applies only to lines being revised due to price increases. A MTDS is not required for services that are provided as part of a U.S. Government (USG)-sponsored group since they are managed on a “membership basis.” Examples of membership in USG-sponsored groups include Technical Coordination Group (TCG), International Engine Management Program, Fair Share Sustainment Program, and Apache Coordination Technical Services Improvement Program. Included are services provided as a membership in the USG-sponsored groups; services provided by the Defense Business Operations Fund or Working Capital Fund (WCF), as

long as the services are part of the final materiel total cost and cannot be separated from the unit price, that is organic costs; lines involving BO CONUS training, OCONUS Security Assistance Teams or schoolhouse-provided training where manpower costs are embedded within the course or tuition rates; contractor logistics support; Repair and Return programs and refurbishment or overhaul programs.

4-12. Supplementary data

Depending on the materiel and services involved, additional information is provided to customers in the form of FMS case notes.

4-13. Transportation instructions

a. The responsible case preparing activity ensures that the planned method of transportation outlined in the LOA is executable once the LOA is implemented and materiel is ready for movement to the customer. The SAMD, CCM, or District focuses on the type of materiel being transported, method of shipment identified and customer's location to ensure the transportation concept is feasible. Case preparing activities utilize the Delivery Term Code (DTC) Matrix to assist with determining the proper method of transportation.

b. The USG and the customer must clearly understand where and how purchased materiel will be shipped. It is strongly encouraged that all foreign customers have a freight forwarder to move as much of their FMS materiel as practical. In the case where DTS must be used, DOD arranges delivery, on a reimbursable basis, to a point determined by the DTC stated in the LOA.

c. Detailed transportation procedures and instructions are provided in chapter 8, of this document.

4-14. Delivery schedule

a. The months of service entry of the LOA provides the estimated lead-time in number of months from the date of LOA implementation (SAMM, chapter 5) to the date the materiel is available for delivery or to the date when services are provided. Dates are measured from the implementation of the basic LOA. Exceptions are as follows:

(1) For major end items, a schedule of estimated in-country or CONUS equipment deliveries will be provided in the line item description note.

(2) For items with fixed delivery dates (that is, items that will not be delivered before a specific date or items with a customer imposed delivery date), the availability date will be included in the line item description note.

(3) For services with performance periods, the lead-time reflected will be from service beginning to the service completion. The lead-time will also include the time period between case implementation and the service start. Therefore, a service scheduled to start 3 months after the case is implemented and continue for a period of 12 months will reflect a lead-time of 3-15 months on the LOA.

(4) For training cases and lines, the lead time is not applicable and is not loaded in DSAMS. Cases using expiring funds will have lead time loaded, upon request by DSCA.

b. When a customer provides a required delivery date (RDD), the CPM will inform the case preparing activity in the LOA tasker. If the item cannot be delivered by the customer's RDD, the supporting SAMD shall inform USASAC CPM immediately. The CPM will consult with the customer and SCO for guidance and then advise the case preparing activity what action should be taken. If the RDD can be met by ASLS, then the case preparing activity will provide that information to the CPM for discussion with the customer. If the customer wishes to pursue ASLS, see the SAMM, chapter 9 and USASAC Policy Memorandum 10-21 for guidance. This will help ensure the ASAE is properly reimbursed for the ASLS.

c. The availability dates listed in LOAs are good-faith estimates and represent a commitment by the USG once the LOA is implemented. If the delivery date cannot be met, the preparing activity notifies the CPM and requests tasking of a modification to the LOA to change the availability date. Every effort is made to deliver the materiel in accordance with the LOA estimates and, if that is unlikely to occur, the responsible case or line item manager should inform the CPM and others involved in the case. The following should be referred promptly to USASAC with complete details:

(1) Proposed LOAs that involve the delivery of major equipment that is in short or critical supply.

(2) Deliveries required in less than normal procurement lead time.

(3) Deliveries that conflict with U.S. priorities.

(4) Delay in deliveries from that shown on implemented LOAs or amendments.

4-15. Quality of data

a. USASAC will provide resources to update and maintain an online system, the "Desk Side Reference (DSR)", in which each SAMD will have responsibility to update and maintain the most current processes and procedures within FMS core business processes. This effort is based on a racetrack structure as follows:

(1) Introduction/administration module

(2) Pre-LOR

(3) Case Development

(4) Case Execution

- (5) Case Closure
- (6) Business Sustainment
- (7) Other Security Cooperation

b. The integrated use of DSR resources improves process performance and resource utilization, enabling leadership and workforce to make better-informed decisions by managing centralized business-critical information.

4-16. Logistical information

LOAs provide specific information concerning logistical arrangements and support, to include contractor logistic support, if applicable. LOAs reflect the broad-spectrum configuration of equipment being sold, but furnish detailed equipment specifications only if required. Variations from standard USG configurations are noted, together with associated risks as a result of the variance. In addition, LOAs address the following:

a. CSPs stock levels will normally be computed at least every 12 months to meet consumption until CLSSA stocks become available. The country and SAMD coordinate to determine a proper CSP level and the desired operating level of repair parts inventory to be maintained.

b. Basic issue items (BIIs) and special tools peculiar to a requested end item (including sets, kits and outfits (SKO)) are offered as part of the TPA on the LOA for the major end items desired.

c. The cost of support equipment and CSPs are shown on TPA LOAs as a percentage of the cost of the end item when data are not available to define the line. When these "dollar lines" are defined, a modification to the LOA is issued to adjust the price estimates.

d. The Follow-on Support Requirements Notes are included in LOAs for standard equipment requiring follow-on support.

4-17. Condition of materiel

a. It is DOD policy that defense articles offered and sold to foreign governments and international organizations reflect favorably upon the United States. Therefore, defense articles offered and sold are normally new, unused or have been restored to their original condition to the maximum extent possible. The CPM advises the customer when materiel is not new, unused or restored and the customer must agree to the condition of the materiel. At a minimum, items sold under FMS meet the serviceability standards prescribed for issue to U.S. armed forces, except for class V materiel (ammunition) offered for FMS. If the country desires only new equipment, the requirement is explicitly stated on the LOA.

b. The case preparing activity ensures that the LOA fully describes the condition of the items being offered. If an item is other than condition code A, the condition code must be included in the item description or line item description note and the limitations in condition are stated in the item description or a note. If the country desires to purchase "as is/where is" materiel without refurbishment, the LOA specifies that items are to be provided in existing condition, without any repairs, restoration, or reconditioning that might be required. The appropriate notes concerning the offer of "as is/where is" materiel will be included within the LOA.

c. If, for any reason, the condition code of the item deviates from the condition given on the LOA or the dates of manufacture change for ammunition or missiles, the CPM notifies the customer as soon as possible and prior to shipment. The SAMD provides the USASAC CPM with the age and condition code of the discrepant materiel. The CPM then asks the customer whether the materiel is acceptable, along with whatever options, if any, are available, and informs the SAMD of the customer's reply. Customer approval is also obtained if the country requests earlier delivery of materiel or where a diversion is granted that affects the condition of the materiel or the dates of manufacture for ammunition or missiles.

d. Major items or systems that are offered "as is/where is" also include an offer to provide a joint visual inspection (JVI). The following procedures apply:

(1) A BO LOA, a separate line on the LOA offering the materiel, or an amendment to an existing LOA is used for the JVI requirement. The estimated costs include all USG and contractor costs for conducting a visual inspection with country representatives.

(2) In order to minimize cost, U.S. representation is kept to a minimum. Participation by a USASAC rep is considered in unusual circumstances, such as sensitive customers or known problem equipment.

(3) The Inspection Team Note is included in LOAs offering inspection teams. The appropriate Joint Visual Inspection notes apply.

(4) Any change in quantities resulting from the visual inspection is included on an amendment or modification to the LOA offering the materiel.

(5) The following paragraph is included in the LOA transmittal memorandum, when an inspection team is offered: "The enclosed LOA offers (item description and line number) in "as is/where is" condition. A joint inspection of this materiel, located at (location) is also offered in line number (as appropriate). If the offer of a joint inspection is declined by the Government of (country), the official accepting the LOA must also sign the enclosed agreement to indicate that the potential consequences of declining the joint inspection are understood. Appropriate pen-and-ink

changes should be made to the LOA to indicate that acceptance does not include the line item for a joint inspection." The format for declining a joint inspection is provided in figure 4–3 below.

e. If the customer does not have the "as is/where is" item or system in its inventory and requests USG support during delivery, the following applies:

(1) If the customer is having the "as is/where is" materiel refurbished to condition code "A", a quality assurance team (QAT) is offered. Appropriate notes apply.

(2) If the customer does not refurbish the materiel to condition code "A" and the customer requests U.S. Army assistance in the delivery, a USG technical assistance line is offered.

f. Ammunition offered to FMS customers will be new or as close to new as possible. For items offered from stock, the item description or line item description note indicates the age or age range of the asset and that items shipped will be last in, first out.

g. LOA preparation considers and, when deemed necessary, includes any calibration requirements and Test, Measurement and Diagnostic Equipment (TMDE) associated with or used in support of systems or equipment offered through the U.S. Army Product Director Test, Measurement and Diagnostic Equipment (PD, TMDE) FMS Support Office. Equipment used for maintenance, repair, calibration, and related support services, if required, are offered as part of or concurrent with the major item LOA. If TMDE and calibration services managed by the PD, TMDE are included in the LOA, coordination of requirements are accomplished with PD, TMDE.

Waiver of Joint Inspection of "As Is" Materiel

This waiver establishes that the Government of [*Name of Country*] does not desire a joint visual inspection of materiel offered as line item [*line item number*], FMS Letter of Offer and Acceptance (LOA) [*LOA designator*]. As a duly authorized representative of this government, I understand that by declining the offer of inspection, my Government will not be provided with any additional information on the condition of the equipment offered over and above the information provided in the Letter of Offer and Acceptance. I also understand and accept the special conditions that apply to purchase of "as is" materiel as stated in the Letter of Offer and Acceptance, and that the U.S. Government does not guarantee serviceability and will not provide repair, restoration, or rehabilitation services in conjunction with this LOA. Further, the provisions of Note 15 are clearly understood, and that in accepting this offer, my Government waives the right to submit claims based on the condition of the materiel against the U.S. Government through the Department of Defense discrepancy reporting system.

John Doe
Minister of Defense

Figure 4–3. Format for waiver of joint inspection offer

4–18. Small procurements

a. When a request for P&A data indicates that requested items cannot be supplied from stock or immediately obtained by procurement because of limited quantities involved, an appropriate response to the customer will be prepared, based on the following considerations:

(1) If a contractor or other source is willing to provide the quantities requested, provide P&A data obtained from the contractor or other source.

(2) If USG procurement is planned, provide the estimated costs and procurement lead times.

b. Furnish a response of this type whenever an item cannot be:

(1) Supplied from stock during the 210–day period in which P&A data is normally valid.

(2) Purchased from existing contracts or options within the 210–day period.

(3) Included in any new contract during the 210-day period because of the small quantity involved.

c. The foreign country or international organization may decline further action or request purchase based on options included in the response.

4-19. Radioactive items

All LOAs offering items containing radioactive material include an appropriate note. The case preparing activity identifies items that contain radioactive material and coordinates with the appropriate LCMC safety office prior to additional staffing and before including the radioactive item on the LOA. Quantities of radioactive material exceeding IAEA Category I or Category II limits, to include aggregate quantities (DA PAM 385-24), require additional security controls which need to be identified early in the process.

4-20. Identification of equipment supportable under requisition letter of offer and acceptances

All CLSSA and BO LOAs identify the end item(s), weapon system(s), or category of article(s) or service(s) supportable under the LOA. The scope of that particular LOA is limited to the described items and/or service categories.

4-21. Description of services to be provided

The USG makes every attempt to ensure that the customer clearly understands the extent and limitations of the USG obligations under an LOA. This may require a detailed SOW for major undertakings, but the information below typically suffices for routine LOAs and is included in a line item description note:

- a. Description of the service to be performed, together with its purpose.
- b. Statement of where and how the service will be performed.
- c. Statement of the expected result when the service is completed and any USG reservations or qualifications regarding a successful outcome.

4-22. Requisitions for spare and repair parts and other logistical support

a. The LOA contains enough information, either by note or by reference to DOD instructions available to the customers, to enable customers to prepare and route requisitions correctly. The LOA clearly states whether requisitions for spare parts and other logistical support will be prepared by USG or by the customer.

b. The LOA also contains adequate disposition instructions for items owned by the customer being returned to CONUS for maintenance and repair. (See chapter 9, for additional data.)

4-23. Local purchases

Because the U.S. assumes a stewardship responsibility over all funds placed in the FMS system, local purchases made by foreign governments and charged to LOAs are subject to U.S. law, including retransfer and other restrictions of the AECA. All local purchases are monitored and authorized by USG representatives thereby ensuring specified materiel and services, as allowed by the LOA local purchase line item, are not exceeded. In addition, the following policies apply:

a. Local purchases must support the applicable FMS program. Items such as office equipment, training aids, and inexpensive supplies or items needed to support system or equipment fielding are considered suitable for local purchase.

b. All items purchased must be for use by the armed forces or other duly authorized agencies of the foreign government and not for the personal benefit of any military or civilian official that is unrelated to military performance.

c. Details pertaining to the local purchase such as the approval authority, method to be used for transferring funds, and the organization responsible for monitoring of the funds will be included in a note on the LOA.

4-24. Absence of specific information

a. Sometimes LOAs are prepared before specific details are known. In such cases, notes to LOAs will cover the general information and provide an estimated date when specific data can be provided.

b. The LOA should include enough information for subsequent channels of communication between the customer and the Army agency assigned management responsibility for the LOA.

4-25. Security assurances

In accordance with SAMM, chapter 3, if a purchasing country proposes to take possession of classified defense articles purchased under the FMS program within the United States, it must obtain an export authorization. A standard note is mandatory for all LOAs, amendments and modifications when that is to occur.

4-26. Military articles and services list

a. The MASL is a catalog of descriptive codes and text used to identify materiel and services available to be transferred to foreign governments and international organizations. The codes and text are used in a myriad of systems to identify what is being transferred and to track logistics and financial transactions. The MASL selected item

description number is an important element in the FMS 1200 Delivery Subsystem. This subsystem provides data on deliveries by fiscal year and quarter.

b. The MASL is arranged in budget activity sequence. All records in the materiel MASL are based on the Federal Supply Classification System. Two types of lines for use in programming are in the materiel MASL:

c. Major items. Specific individual items shown in the MASL with a unit of issue other than "XX".

d. Dollar value lines. Groupings of related items that represent a high density of specific individual items or spare parts with low unit prices. These lines normally have a unit of issue "XX".

e. LCMCs and responsible agencies will ensure that correct and current data are in the MASL and that all items are included. DSCA will reject all input data that are not correct. Any changes to the MASL will be sent to Army IAs by the MASL managing activity POC on the appropriate worksheet, as required by DSCA. Army IAs will then submit the requests to DSCA.

f. Training-military articles and service list (T-MASLs) are only used in the training module of DSAMS and are created and managed for the Army by SATFA. They are used to identify course data (that is, title, description, prerequisites, rank, pricing, and so forth). They are associated to training pipelines in the standardized training list (STL). For more detailed information on training programs see chapter 10.

4-27. Authority to sign letter of offer and acceptances

a. The Commander, AMC, has authorized the Commander, USASAC, to approve the sale of defense articles and services with power to further delegate this authority to the following:

- (1) Deputy, USASAC.
- (2) Chief of Staff, USASAC.
- (3) RO/Intensive Management Office (IMO) Director, USASAC.
- (4) RO/IMO Deputy Director, USASAC.
- (5) RO Division Chiefs, USASAC (in the absence of the Deputy Director and Director of Regional Operations).
- (6) RO Division Chiefs, Central Case Management Divisions, USASAC (in the absence of the Deputy Director and Director of the Regional Operations, USASAC).
- (7) Director, Washington Field Office of the Program Manager, Saudi Arabia National Guard Modernization Program.
- (8) In certain circumstances, the Commander, USASAC may delegate this authority to another individual for a specific time period.

b. The Commander, HQ TRADOC, has authorized the Director, SATFA, to approve the sale of training-related defense articles and services with power to further delegate this authority to the following:

- (1) Operations Division Chief, SATFA.
- (2) Branch Chiefs, Ops Div, SATFA, in the absence of Operations Division Chief.
- (3) In certain circumstances, the Director, SATFA may delegate this authority to another individual for a specific time period.

c. The Commander, HQ USACE is authorized to approve the sale of construction-related defense articles and services with power to further delegate this authority to the following:

- (1) Chief, Interagency and International Services.
- (2) Chief, Security Assistance.
- (3) Deputy Chief, Security Assistance.
- (4) In certain circumstances, the Commander, HQ USACE may delegate this authority to another individual for a specific time period.

4-28. Offer expiration date

a. The LOA and amendments to the LOA include the date on which the LOA or amendment expires and is no longer valid.

b. This date is determined by the factors below:

- (1) Duration of validity of contractor quotes.
- (2) Review period normally required by a given nation.
- (3) Date by which the case manager requires Obligational Authority (OA).
- (4) Time sensitivity of any information included in the LOA.
- (5) For training cases, training start dates are used to determine when OA is required.

4-29. Offer expiration date extensions for letter of offer and acceptances and amendments

Requests by the customer to extend the offer expiration date (OED) are honored only after a review by the CPM with the respective SAMD. The CPM ensures all pricing data are still valid for the extended period. All concerned parties are advised of any consequences or potential risks associated with the extension.

4-30. Memoranda of understanding and statements of work

a. A major FMS undertaking may require a MOU or a detailed SOW before being addressed by the USG. These documents are referenced on the LOA and included as a DSAMS case attachment.

b. For OCONUS training and technical assistance, the LOA should specify, to the extent known, the following:

- (1) Number of personnel who will perform the task.
- (2) Planned date of arrival in country.
- (3) In-country destination and home station.
- (4) Extent of in-country travel to perform the mission.
- (5) Planned duration of stay in country and planned departure date.
- (6) Training aids and shipping costs.
- (7) Itemized expenses for each of the following categories for officers, enlisted personnel, DA civilians, and contractors:

- (a)* CONUS travel.
- (b)* OCONUS travel.
- (c)* Station per diem.
- (d)* Travel per diem.
- (e)* In-country expenses.
- (f)* Excess baggage.
- (g)* Other expenses, such as car rental.
- (h)* Mileage for a privately owned automobile.

c. The case preparing activity forwards an information copy of any SOW that relates to a CONUS contractor training line on an FMS LOA to SATFA or SATMO as applicable for validation of student administration issues.

4-31. U.S. Army Security Assistance Command submission procedures

a. The following actions are completed prior to submission of LOAs to USASAC:

- (1) The case developer validates the LOA and ensures all errors are corrected prior to submitting it to USASAC.
- (2) Before submitting the basic and support LOAs to USASAC, the case preparing activity ensures that all materiel, technical assistance, training, and other required support have been offered and that delivery timeframes are compatible.
- (3) The case preparing activity staffs in accordance with their Command procedures.

b. The CPM reviews the LOA for accuracy, completeness, and consistency with FMS policy, as well as being responsive to the customer's LOR, prior to forwarding the case documentation to the Case Writing Division (CWD). CPM concerns are addressed and worked with the case preparing activity as quickly as possible to preclude any delays in delivering the LOA to the customer.

c. No LOA, amendment, or modification is sent to a customer without a DSCA countersignature.

4-32. U.S. Army Corps of Engineers submission procedures

a. All USACE LOAs are coordinated by HQ USACE to ensure proper timelines and policy guidance is followed. HQ USACE assigns the LOA to the proper USACE MSC for proper coordination and execution. HQ USACE provides annual submission process and procedure guidance through Operation Orders or Policy Documents to allow for changes in policy, organization, and workload.

b. USACE submits the LOA to DSCA for coordination and countersignature in accordance with assigned AOD.

4-33. Security Assistance Training Field Activity submission procedures

a. The following actions are completed prior to submission of LOAs to DSCA/CWD.

- (1) The CPM reviews the LOA for accuracy, completeness, and consistency with FMS policy, as well as being responsive to the customer's LOR, prior to forwarding the case documentation to SATFA case preparer.
- (2) Before submitting the LOAs to DSCA/CWD, the case preparer ensures that technical assistance, training, and other required support have been offered and all timeframes are synchronized with an associated material case, if applicable.

b. No LOA, amendment, or modification is sent to a customer without a DSCA countersignature.

4-34. Pen and ink changes

Pen and ink (P&I) changes are only authorized as stated in SAMM, chapter 5. The CPM coordinates any P&I changes with the case preparing activity and, when required, DSCA. The authorization for the change is provided to the customer with a copy to the case preparing activity, Army IA, Defense Finance and Accounting Services (DFAS) and DSCA. DSAMS is updated with any changes. All LOAs, amendments, and modifications with P&I changes are entered

by the CPM into DSAMS before acceptance. P&I changes are kept to a minimum and are typically used to change payment schedules, OEDs, and notes.

4-35. Restatements

a. When major changes are required after a document has been countersigned and offered to the customer, restatements may be used under the following conditions:

- (1) The LOA or Amendment is in offered status.
- (2) The customer has not yet signed the case.
- (3) The OED has not yet expired.
- (4) All changes are consistent and in accordance with FMS policies and procedures.

b. Prior to restating the document, the CPM notifies the country in writing to advise that the original offer is no longer valid.

c. Restated documents incorporate the required changes while maintaining the existing LOA designator and must be coordinated and countersigned using the same procedures as the original case.

d. The preamble clearly states the case is being restated and supersedes the previously offered version. A copy of the previous version of the LOA accompanies the coordination request.

e. AOD for Restatements. DSAMS automatically revises the original customer request status of an LOA document from LOR Complete to LOR Restate, once the CPM selects the restatement tool in DSAMS. The CPM revises the customer request status in DSAMS from LOR Restate to LOR Complete once it is determined there is sufficient information to begin restatement of the LOA. DSAMS will not allow the CPM to approve (military approval, MILAP) the restated LOA document without the customer request status being marked LOR complete. Once the customer request is marked complete, DSAMS automatically assigns a new AOD to the restatement, based upon the case grouping selected. The IA may revise the DSAMS-generated AOD for the restated document.

f. In the event the customer signs the original offer after case restatement, it is considered an invalid acceptance because the original offer either expired or was withdrawn. This action is considered a counteroffer and a new offer should be made to the Customer by extending and then restating the LOA or the case should be cancelled and a new LOA (new offer) prepared.

Section III

Amendment to Letter of Offer and Acceptance (all Implementing Agencies)

4-36. Purpose and use

a. The case scope is a key issue to consider in deciding whether to prepare an amendment, modification or new LOA. Normally, major changes in scope of an existing LOA require a new LOA to be prepared vice an amendment. A major change in scope includes addition or deletion of SME, including MDE, or a substantial expansion to the program after it has matured. An amendment is necessary when a change requires customer acceptance. Examples of changes that require an amendment include increases or decreases to BO cases or lines, changes in quantity, and addition or deletion of secondary equipment. Categories of minor changes in scope are shown in SAMM, chapter 5.

b. An amendment is processed like an LOA with regard to DSAMS, staffing, dating and signature. (See SAMM, chapter 5, guidance for classified cases.)

c. Amendments to LOAs reported to Congress include the identifying DSCA transmittal number used in the original statutory notification.

d. Countersignature is required for an amendment.

4-37. Amendments financial coordination

Each LOA line financial performance is analyzed and balanced to the LOA value, retaining sufficient funds for future commitments, even if the line is not changed by the amendment. If either rebilling or an adjustment to OA is required, it is accomplished expeditiously prior to submission of the amendment. All amendments are coordinated internally within the case preparing activity in the same manner as a basic LOA. The transmittal letter remarks in DSAMS will include a statement advising that this was done.

Section SECTION IV

Modification to Letter of Offer and Acceptance (all Implementing Agencies) and Lease Agreements

4-38. Purpose and use

a. U.S. unilateral changes to an FMS case are made by a modification and do not require acceptance by the customer. Concurrent modifications are the exception for adding scope. When preparing a concurrent mod, the CPM should ensure the change is not so significant, such as adding SME, that it needs to be included on an amendment.

b. A modification may be used for minor changes to a LOA. Examples include, but are not limited to, source of supply changes, availability changes, changes in delivery schedule, minor adjustments to prepare the case for closure,

changes in item descriptions, as long as there is no configuration change, changes in NSNs because of replacement items caused by an engineering change proposal, for deleting items that are no longer available or obsolete, when prices for lines increase or decrease to reflect actual cost incurred, and for quantity adjustments for items already shipped. The reason(s) for preparing the modification must be clearly stated.

c. Modifications are processed like an LOA with regard to DSAMS, staffing, dating and countersignature. (See SAMM, chapter 5 for guidance for classified cases.)

d. Modifications to LOAs reported to Congress include the identifying DSCA transmittal number used in the original statutory notification.

4-39. Modifications and Financial Coordination

Each LOA line financial performance shall be analyzed and balanced to the LOA value, retaining sufficient funds for future commitments even if the line is not changed by the modification. If either rebilling or an adjustment to OA is required, it should be accomplished expeditiously prior to submission of the modification. The transmittal letter remarks in DSAMS will include a statement advising that this was done.

4-40. Lease agreements

a. Lease guidance, procedures and formats for processing are contained in:

- (1) SAMM, chapter 11.
- (2) AR 12-1, chapter 6.
- (3) USASAC Portal.

b. Upon DSCA and DASA (DE&C) lease request approval, the USASAC CPM will assign a tri-alpha designator to each lease that begins with the letter "L." All unclassified leases are prepared in DSAMS in the format shown in SAMM, chapter 11. This format may not be altered unless special circumstances require an exception approved by DSCA. Leases may be modified through the use of provisions when appropriate and approved by DSCA.

c. Classified leases are prepared outside of DSAMS using the format shown in SAMM, chapter 11. The lease designator is included on each lease page, including schedules, appendices and accompanying documents.

d. A lease may require initiation of a support LOA to recoup USG costs incident to the lease as stated in SAMM, chapter 11. The support LOA must reference the lease designator and the lease will reference the support LOA.

e. There is no regulatory preparation timeframe for leases. The suspense for preparation and submission will be based on urgency of the requirement and direction by higher headquarters.

f. Complete lease preparation and submission instructions for use by the CPM and the supporting SAMD are provided in the USASAC Portal.

g. The USASAC CPM takes the following actions upon receiving the lease:

- (1) Obtains the concurrence of the USASAC Legal Office.
- (2) Ensures that all leased items have been screened for missile technology regime (MTCR).
- (3) Initializes the lease in DSAMS and provides data required to task to the supporting SAMD for preparation.
- (4) Ensures that a CN Certification has been prepared for leases with a duration of 12 months or more. This certification becomes a component of the lease package forwarded to DASA (DE&C) for processing. Unlike 36(b) Congressional Notification this certification is not classified. The lease offer is countersigned by DASA (DE&C) and not USASAC. Once the lease and supporting LOA are both countersigned the CPM prepares a forwarding memo or letter to the customer with both the lease package and supporting LOA in one package.
- (5) Enters status in DSAMS (when tasked) for leases due to expire or that have expired in accordance with directions on the USASAC Portal.

h. The lease developer:

- (1) Prepares the lease as set out in DSAMS unless otherwise directed (for example, classified).
- (2) Prepares the CN Certification for all leases 12 months or longer in duration. Format may be found on the USASAC Portal.
- (3) Updates DSAMS to reflect the date the materiel is delivered to the recipient country or international organization.
- (4) Maintains a record of all leased items including tools, ground support equipment and other materiel to be recovered at the end of the lease, while the PEO/PM monitors the use and condition of the defense articles during the period of the lease.
- (5) Enters the appropriate rental payment schedule for the lease and ensuring all related costs are recovered under FMS procedures.
- (6) Updates the lease in DSAMS to indicate material return date upon return of equipment by lessee. Ensures proper

disposition of the defense article(s) upon lease expiration or termination and, if required, article restoration to its original condition in accordance with the terms of the lease.

Chapter 5 Army Security Assistance Enterprise Technology Security and Foreign Disclosure Processes

Section I Army security assistance processes

5–1. Introduction and purpose

a. The National Defense Strategy emphasizes that security cooperation is vital for our security. Foreign disclosure is a key component for achievement of our National Strategy. AR 380–10, Foreign Disclosure and Contacts with Foreign Representatives, establishes procedures for the Army foreign disclosure process.

b. The purpose of this chapter is to provide uniform TSFD procedures for the review of LORs and the execution or revision of LOAs in accordance with AR 12–1. This chapter is divided into four section I identifies roles and responsibilities for personnel involved in the TSFD process; II provides a checklist and guidance for conducting a TSFD review of LORs; III provides the processes and regulatory guidance required to accomplish the TSFD processes resulting from the LOR review; and IV provides guidance on program restrictions.

c. All the activities described in this chapter will take place in accordance with the appropriate policy guidance. Export policy will be developed in order to maintain a range of objectives consistent with overall policy guidance. This will include identifying applicable considerations for decision-making regarding the release of technology and hardware in consideration of Army equities. The benefits of interoperability with our strategic allies and sales to countries that are likely to be coalition partners are recognized. Export policies will be developed by DASA (DE&C) in collaboration with appropriate stakeholders.

5–2. Roles and procedures (U.S. Army Security Assistance Command)

a. DASA (DE&C) provides oversight of and policy guidance for the Army’s Technology Security and Foreign Disclosure (TSFD) processes.

b. The USASAC Foreign Disclosure Officer (FDO) is responsible for advising the CG USASAC, assisting the USASAC staff, coordinating with other FDOs supporting the ASAE and communicating with TSFD stakeholders at DASA (DE&C) and DSCA on TSFD matters. The FDO will, among other duties: maintain a TSFD local policy library; assist regional staff with the identification of TSFD requirements; maintain vertical and horizontal FDO channels of communication; serve as the USASAC point of contact for the Foreign Visit System governing contact with foreign representatives; and facilitate the completion of required actions for disclosure of:

- (1) CMI.
- (2) Controlled unclassified information.

(a) The CPM is responsible for initiation of a TSFD review for LORs that request a complete weapon system/platform; or that require integration of major items to a weapon system/platform; or that require ammunition, rockets, or missiles. The CPM is also responsible for ensuring that any TSFD tasks identified during the review are completed.

(b) The TSFD review is required in addition to the LOR technical review identified in chapters 3 and 4, of this pamphlet. The CPM is responsible for coordination with the FDO to accomplish the required TSFD tasks identified during the review.

(c) The system/platform PEO/PM will provide information required for completion of the TSFD review process when solicited through FDO channels.

5–3. Identification of technology security and foreign disclosure requirements

a. To ensure that TSFD requirements are identified early in the LOA development process, the CPM uses the locally-developed TSFD checklist for each new LOR, as applicable.

b. The TSFD process begins with the CPM routing the customer LOR and TSFD checklist to the USASAC FDO for action; the USASAC FDO then passes the checklist and LOR to the PEO/PM FDO (as the PEO/PM resides at FDO level) for action, as appropriate; and, in all instances, the USASAC FDO and PEO/PM FDO verify each action on the checklist before the response goes back to the CPM.

c. The process for use of the TSFD checklist is explained below and is also illustrated in figure 5–1:

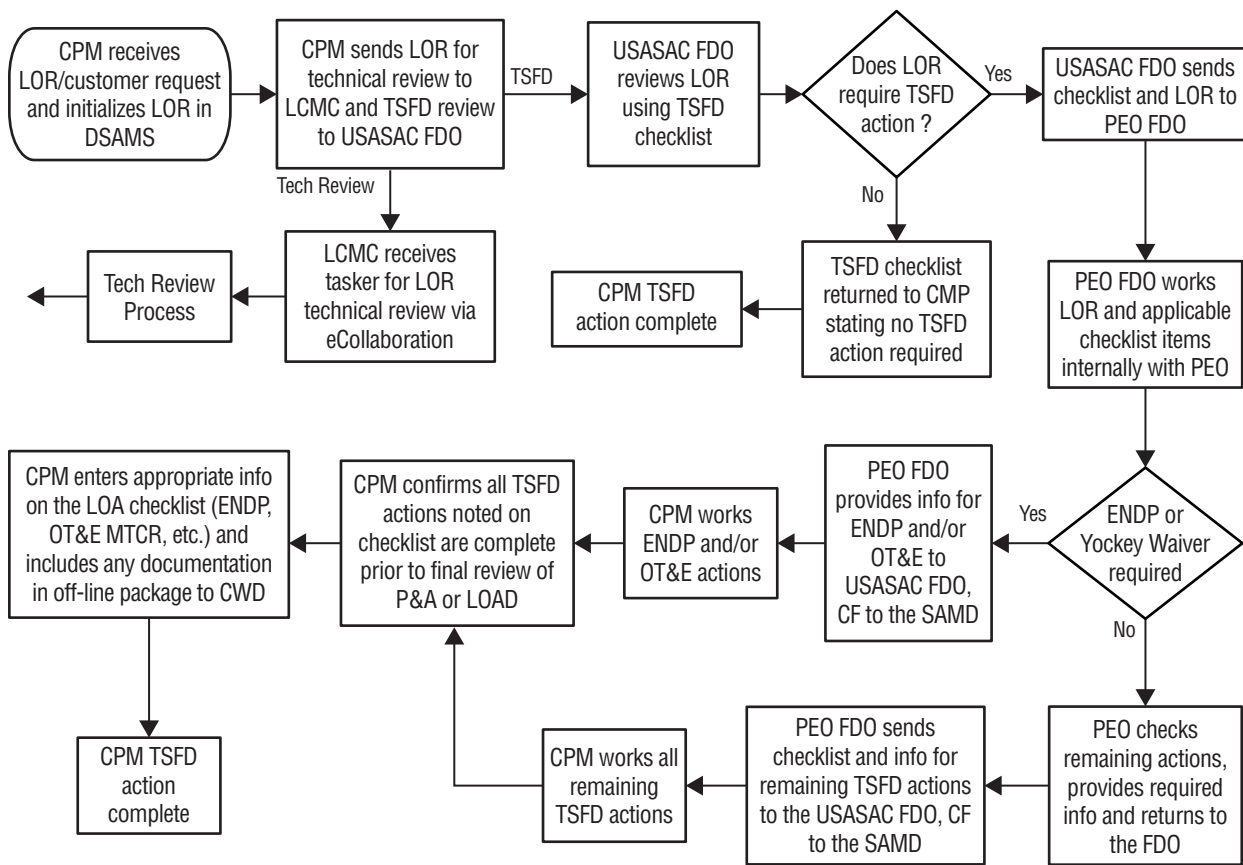


Figure 5–1. Technology security and foreign disclosure process

- (1) Upon receipt of the LOR, the CPM routes the TSFD checklist and a copy of the LOR via electronic means to the USASAC FDO.
- (2) The FDO has not more than 5–working days to review the LOR and assess the need for action, based on the elements of the TSFD checklist. For all non-complex cases (for example, AOD B), the FDO should ensure the TSFD review is completed within 3–working days.
- (3) In all cases where the LOR requests aviation, air and missile defense, radars, or netted communications/sensor capabilities, the USASAC FDO solicits input on the TSFD checklist from the applicable PEO/PM FDO via electronic means.
- (4) The PEO/PM FDO, working in collaboration with PEO/PM personnel, has not more than 5–working days to review the LOR and respond to the USASAC FDO regarding any required TSFD actions.
- (5) If no apparent TSFD requirement exists, the USASAC FDO annotates the checklist and returns the checklist via electronic means to the CPM.
- (6) If TSFD requirements exist, the USASAC FDO notes the applicable areas requiring action and returns the checklist via electronic means to the CPM. Classified requirements (for example, the need for an Exception to National Disclosure Policy (ENDP)) should be communicated via secure means.
- (7) The USASAC FDO provides information or assistance to the CPM, as necessary, for completion of required TSFD processes.
- (8) The PEO/PM FDO works with the PEO/PM staff, as needed, to complete any required TSFD actions or to resolve any issues raised by the USASAC FDO.
- (9) The PEO/PM FDO notifies the USASAC FDO immediately of any TSFD issues that they are unable to resolve.
- (10) The USASAC FDO elevates the issue through appropriate channels for further review and resolution, and notifies the CPM of the final outcome.
- (11) The CPM maintains the TSFD checklist to ensure all noted actions are complete or that there is appropriate status at the time the LOA is submitted to DSCA CWD.

Section II

Technical resource arbitration panel checklist actions

5-4. Introduction

This describes actions required for each item on the TSFD checklist. In all cases, the process is based upon the CPM routing the LOR and TSFD checklist to the USASAC FDO for action and the USASAC FDO involving the PEO/PM FDO as necessary for completion of the checklist. The supporting SAMD and other involved ASAE agencies for the end item will be copy furnished on TFSD actions completed by the CPM.

5-5. Requests for exception to the national disclosure policy

a. Army requests for an Exception to the National Disclosure Policy (ENDP) are based on the process set forth in AR 380-10. An ENDP is required when a country requirement for a specific system, item, or component exceeds the delegated disclosure levels reflected in the National Disclosure Policy-1 (Access to the National Disclosure Policy (NDP-1) is restricted). Implementation of NDP-1 is outlined in Department of Defense Directorate (DODD) 5230.11.

b. Process:

(1) The USASAC CPM forwards the LOR to the FDO for review to determine whether the request exceeds the delegated disclosure level.

(2) If the request exceeds the delegated disclosure level based on the FDO review, the CPM notifies DASA (DE&C) and prepares a request for an ENDP.

(3) A complete system description is required to complete the ENDP and is obtained through the USASAC FDO, who requests the system description from the PEO/PM FDO or downloads it from the DASA (DE&C)-maintained Tech Transfer Decision Support System (T2DS2) database.

(4) A Country Team Assessment (CTA) is required to complete the ENDP request. If not included with the LOR, the CPM requests this from the SCO representative for the requesting country or international organizations or, if appropriate, works with the applicable Geographic Combatant Command (GCC) representatives.

(5) The CPM reviews the TSFD checklist from the stakeholders (FDO, PEO/PM, and SAMD (for nonstandard systems) to ensure that all other TSFD issues have been resolved and that all required information has been obtained.

(6) A Political-Military (POL-MIL) assessment, also referred to as the Country Technology Release Assessment (CTRA), is required to complete the ENDP submission and can be obtained from the USASAC FDO. If the CTRA is not available, the DASA (DE&C), (SAAL-NI) requests Deputy Chief of Staff, G-3/5/7 (DCS, G-3/5/7) to provide a standardized POL-MIL assessment.

(7) Once reviewed and approved by the FDO, the CPM transmits the ENDP package to DASA (DE&C) via Secure Internet Protocol Router Network (SIPRNET).

(8) DASA (DE&C) requests the POL-MIL assessment from the DCS, G-3/5/7 (if required) and then staffs the completed package with other HQDA stakeholders. Upon completed staffing, the DASA (DE&C) submits to the Deputy Chief of Staff, G-2 (DCS, G-2) for sponsorship to the NDPC. After the NDPC members have voted, the NDPC secretary issues a Record of Action (RA) and places it into the National Disclosure Policy System database. The DCS, G-2 forwards a copy of the RA and the original request to the DASA (DE&C) and enters the RA into the SENTRY disclosure decision support system.

(9) When the USASAC FDO receives the RA, the FDO informs the CPM and the servicing FDO for the materiel developer so that when implemented, the FMS case can be executed in accordance with approved disclosure guidance.

(10) The ENDP process flow is illustrated in figure 5-2.

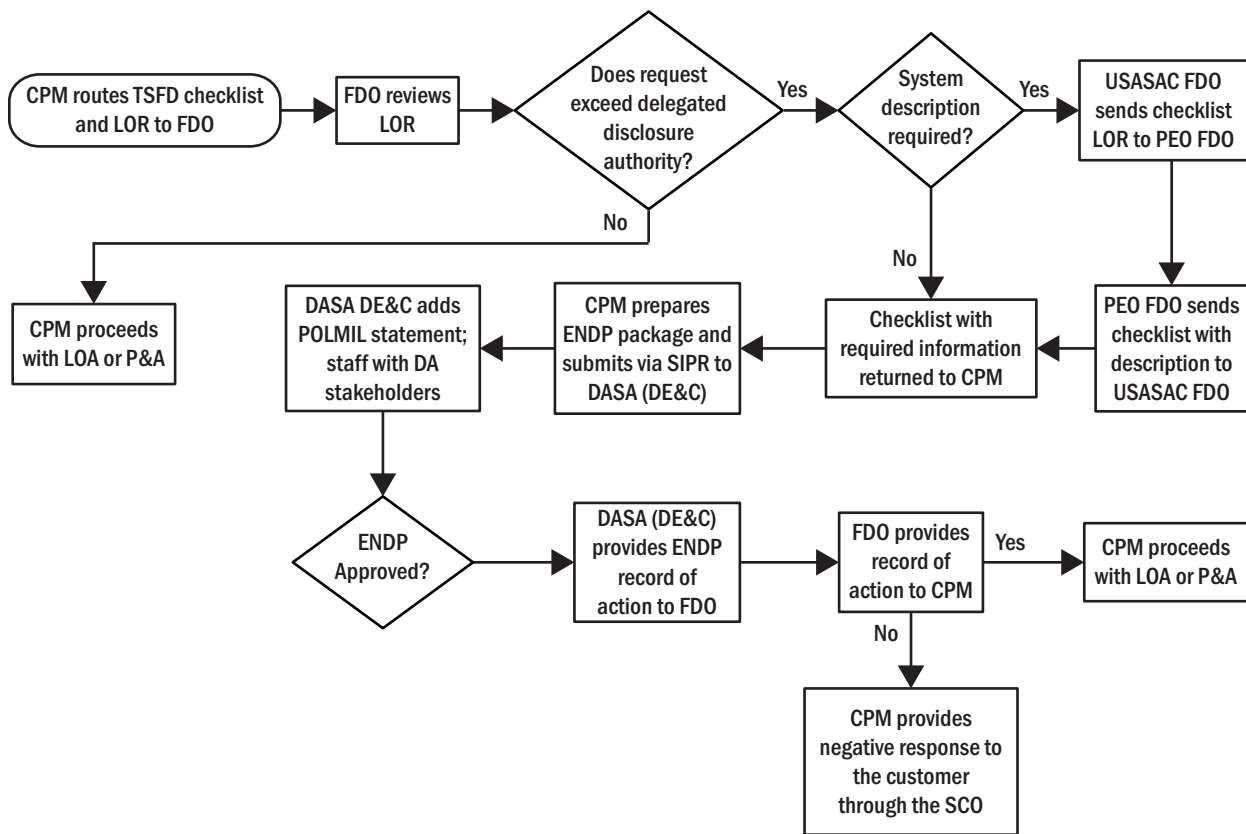


Figure 5–2. Exception to the national disclosure policy

5–6. Request for waiving operational test and evaluation for major defense equipment (Yockey Waiver)

a. All developmental weapons systems or major modifications to weapons systems funded with Other Procurement Army (OPA) funds that have not completed operational test and evaluation (OT&E) (not yet approved for full rate production) require the concurrence of the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) prior to offer to a foreign customer. The USD (AT&L) concurrence is referred to as a Yockey Waiver.

b. Additional guidance can be found in:

- (1) SAMM, chapter 5.
- (2) AR 12–1, chapter 3.

c. USD (AT&L) concurrence is obtained before providing P&A data, offering an LOA or preparation of an MOU for co-production.

d. Process.

- (1) The USASAC FDO forwards the LOR and TSFD checklist to the appropriate PEO/PM/FDO.
- (2) The PEO/PM FDO confirms program status with PEO/PM.
- (3) The PEO/PM FDO immediately advises the USASAC FDO if the requested item has not completed OT&E. The USASAC FDO conveys this information to the CPM.
- (4) Upon notification by the USASAC FDO, the CPM prepares a memorandum through DASA (DE&C) to request USD (AT&L) concurrence (a Yockey Waiver).
- (5) DASA (DE&C) validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army’s coordinated position to DSCA, who in turn, will forward it to the USD (AT&L) for a decision.
- (6) USD (AT&L) responds to DSCA with a courtesy copy to DASA (DE&C). A copy of the USD (AT&L) concurrence is provided by DASA (DE&C) to the CPM.
- (7) Upon receipt of a concurrence from USD (AT&L), the standard note entitled OT&E (Yockey Waiver), is included in all P&A data, LOAs, or MOUs for co-production.

(8) In cases of a negative response from USD (ATL), the customer will be notified in accordance with procedures in the SAMM, chapter 5.

(9) The OT&E process flow is provided at figure 5–3.

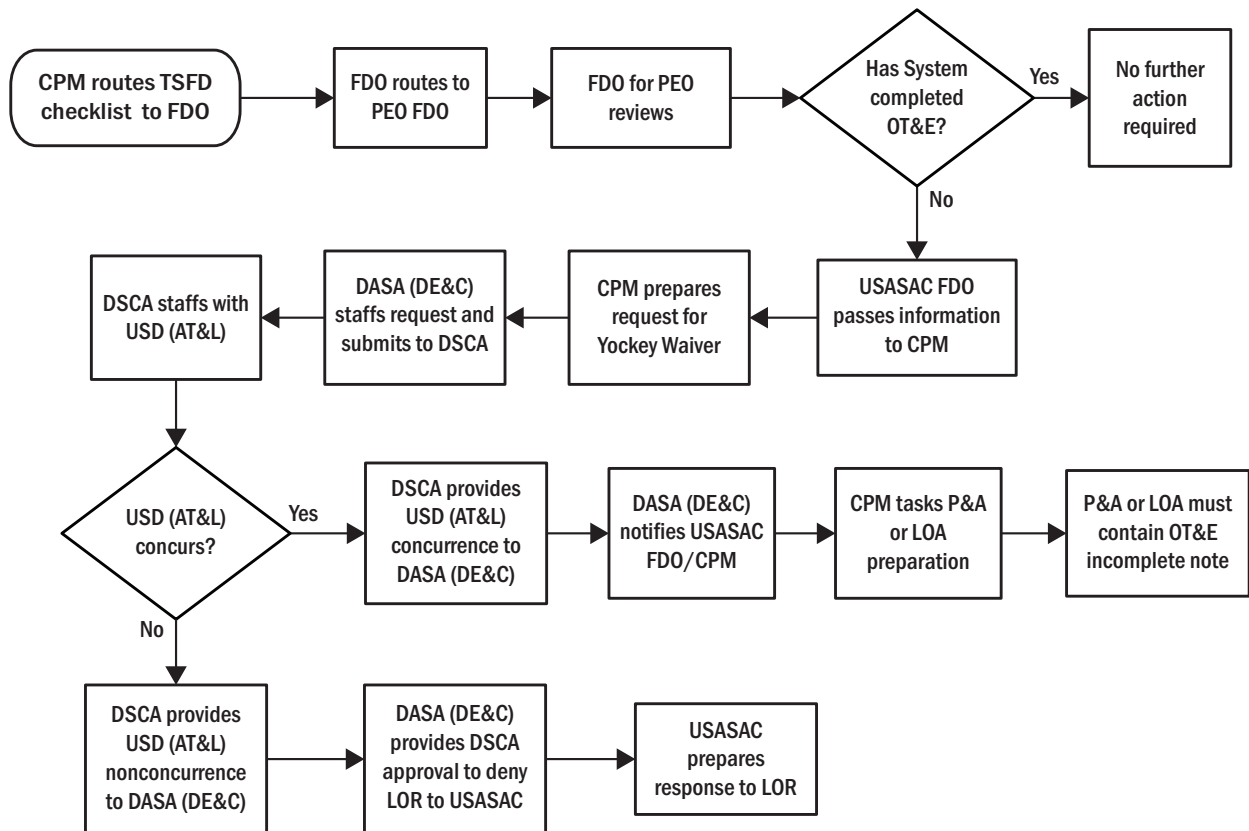


Figure 5–3. Operational test and evaluation for major defense equipment (Yockey Waiver)

5–7. Missile technology control regime

a. The MTCR is an informal and voluntary association of 34 countries. The purpose of the MTCR is to limit the proliferation of unmanned delivery systems capable of delivering weapons of mass destruction. The MTCR members coordinate national export licensing efforts. The Department of State is the USG’s focal point for coordinating requests for U.S. domestic systems which breach certain thresholds. The MTCR review focuses on missiles, complete systems (to include ballistic missiles, space launch vehicles, and sounding rockets), unmanned aerial vehicles (to include cruise missiles, drones, unmanned aerial vehicles and remotely piloted vehicles), and related technology for those systems capable of carrying a minimum payload of 500 kilograms to a range of at least 300 km, as well as systems intended for the delivery of weapons of mass destruction (WMD).

b. Additional guidance can be found in:

- (1) SAMM, chapter 3.
- (2) DASA (DE&C) MTCR guidance and standard internal operating procedures are available from the USASAC FDO and/or DASA (DE&C) MTCR POC. NOTE: This is a MUST READ for all MTCR reviewers.
- (3) MTCR website: <http://www.mtcr.info/english/index.html>.

c. Roles and Responsibilities:

(1) *MTCR Reviewers*. In order to ensure a standard, quality, technical review, MTCR reviews must be accomplished by personnel familiar with the technology and materials used in the program and who have completed an MTCR course or are recognized as experts by their commands in Ballistic Missile Proliferation and design of missiles and unmanned air vehicles. These personnel will be responsible for reviewing all LOAs (new material and amendments) and newly developed or modified systems to identify possible or actual MTCR-controlled items. Current names and

contact information of MTCR reviewers are to be forwarded to the USASAC FDO, copy DASA (DE&C) MTCR POC for inclusion in a roster that is maintained by USASAC.

(2) *The USASAC CPM/FDO.* The CPM/FDO coordinates the MTCR review with the appropriate SAMD/PEO/PM. Upon completion of the review and receipt of SAMD/PEO/PM Memorandum, the CPM/FDO reviews the memorandum to ensure it is complete (format, addresses, content, accurate). Once complete, the MTCR Memorandum (Request identifying MTCR-controlled item(s)) is forwarded to the DASA (DE&C) Country Desk and the MTCR POC.

(3) *SAMD/PEO/PM Responsibilities.* The system SAMD/PEO/PM perform an MTCR technical review as early as practical (for example, during system development) as part of the standard procedure for determining export controls. If a system/program MTCR technical review has not been conducted or changes are being considered for export, then a SAMD/PEO/PM review must be made as early in the LOA development process as practical; preferably during the P&A stage. The review will identify potential MTCR Category I and Category II controlled items, materials, software, production and manufacturing equipment envisioned to be part of the associated program. The SAMD/PEO/PM generated MTCR Memorandum is reviewed by the SAMD (format, addresses, content, and accuracy) and, once complete, is forwarded to the USASAC CPM/FDO.

d. Process.

(1) Upon receipt of the LOR and TSFD checklist, the USASAC CPM/FDO routes to the appropriate SAMD/PEO/PM for assessment.

(2) The SAMD/PEO/PM confirms that an MTCR review was completed by a certified MTCR reviewer and that any MTCR items identified during the review are reported. a) If an MTCR review has not been conducted, the LOR and TSFD checklist serves as justification for completing the MTCR review. b) Any MTCR-controlled items identified will be reported in memorandum format. The PEO/PM provides the MTCR Memorandum to the SAMD who forwards it to the USASAC CPM/FDO. c) If MTCR-controlled items are not identified during the review, the SAMD/PEO/PM annotates this information on the checklist.

(3) The USASAC CPM/FDO submits the draft memorandum reporting MTCR-controlled items to the DASA (DE&C) Country Desk and MTCR POC.

(4) DASA (DE&C) MTCR POC reviews the MTCR memorandum and coordinates within HQDA for policy consideration and technical review, as required. The DASA (DE&C) MTCR POC and USASAC FDO coordinate and, when the MTCR memorandum is deemed complete, the FDO initials, dates and returns it to DASA (DE&C). DASA (DE&C) then initials, dates and forwards the MTCR Request to DSCA for coordination with the DOS Missile Technology Export Controls (MTEC).

(5) DSCA coordinates the MTCR evaluation with DOS MTEC and, once a release decision is made, notifies the DASA (DE&C) MTCR POC of that decision.

(6) DASA (DE&C) MTCR POC advises all Army reviewers having association with the request of that decision.

(7) The Army's MTCR process flow is illustrated at figure 5-4 below.

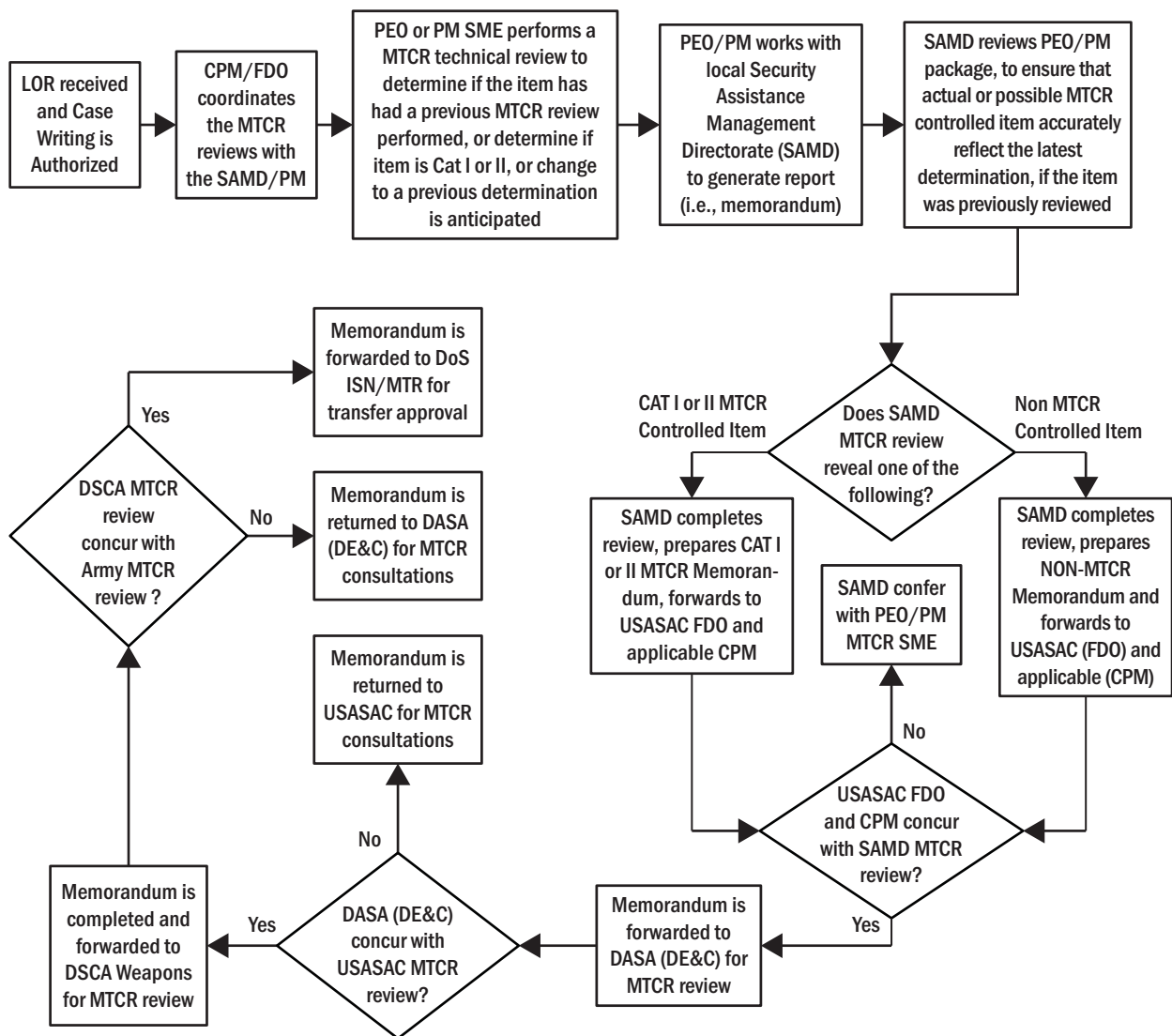


Figure 5-4. Missile technology control regime

5-8. Anti-tamper

a. DOD policy states that no foreign access, export license, or foreign co-development or sale is approved until critical technologies have been identified, anti-tamper (AT) evaluations have been performed, and AT plans, based on evaluation results, have been approved. The objective of AT is to deter the reverse engineering and exploitation of USG leading-edge military technologies in order to—

- (1) Delay technology compromise.
- (2) Impede the unauthorized alteration of a system capability.
- (3) Prevent the development of countermeasures to U.S. systems.

b. Additional guidance can be found in:

- (1) DODI 5200.39, Critical Program Information (CPI) Protection within the DOD.
- (2) DOD AT Guidelines, Version 2.0, April 2010.
- (3) DOD AT Web site: <https://at.dod.mil>.
- (4) SAMM, chapter 3.

c. Process:

- (1) The USASAC FDO sends the LOR and TSFD checklist to the supporting PEO/PM FDO for action.

(2) The PEO/PM advises if the system contains CPI. If it does, then a determination must be made as to whether that CPI requires an AT solution or waiver.

(3) If the PEO/PM confirms that no AT requirement exists, the CPM documents that on the CWD LOA checklist by checking “Yes” next to the CPI Information block and enters a remark to CWD that no AT requirement exists.

(4) If an AT requirement exists, the PEO/PM advises whether an anti-tamper executive agent (ATEA)-approved AT plan is in place. The CPM documents on the CWD LOA checklist by checking “Yes” next to the CPI information block indicating a CPI review was conducted and an AT plan is in place.

(5) If an AT requirement exists and no ATEA-approved AT plan is in place, the PEO/PM takes action to ensure that an AT plan is developed and submitted to the ATEA in accordance with with references contained in paragraph 5–7b.

(6) Receipt of the LOR and TSFD checklist serves as notification to the PEO/PM that an ATEA-approved AT plan must be developed, if none currently exists.

(7) Upon receipt of ATEA approval, the PEO/PM is responsible for coordination of the plan with the Army AT Field Agent. The U.S. Army Material Research, Development and Engineering Command (AMRDEC) is the applicable AT Field Agent for all Army systems.

(8) The USASAC FDO confirms that all required actions are complete and notifies the CPM.

(9) Once notified that the AT plan has been approved, the CPM documents on the CWD LOA checklist by checking “Yes” next to the CPI information block.

(10) The AT process flow is illustrated at figure 5–5 below.

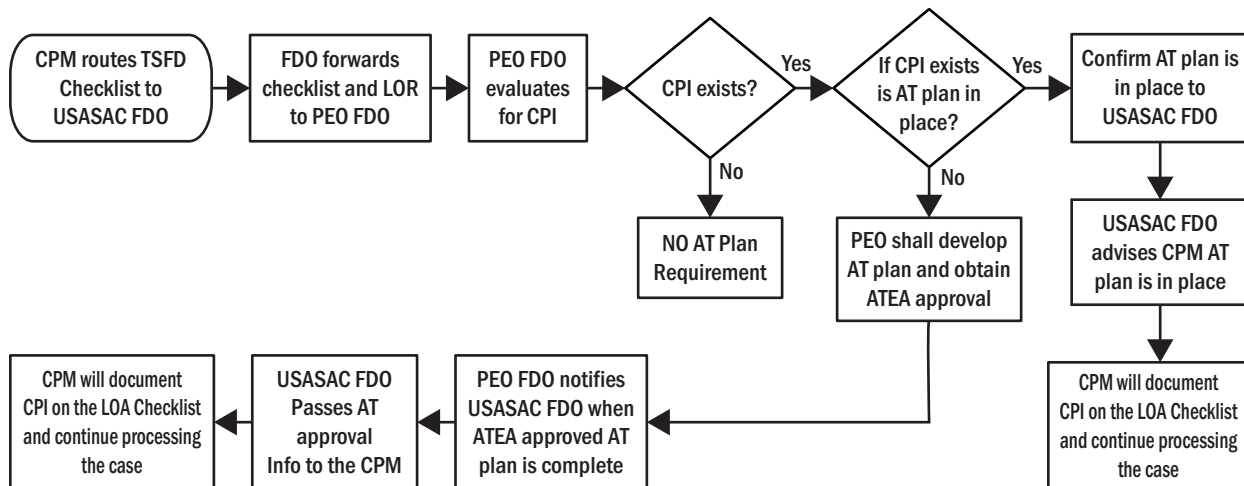


Figure 5–5. Anti-tamper process flow

5–9. Night vision devices

a. The process cited below is based on DSCA Policy Memorandum 14–22, 30 September 2014 and the DSCA Supplemental Handbook, “DOD Transfer of Night Vision Devices (NVDs) Handbook.” Additional guidance can be found in:

(1) SAMM, chapter 4.

(2) Memorandum, Defense Technology Security Administration, 21 April 2014, subject: Night Vision Export Policy Implementation Guidance (NVEPIG) (Confidential).

(3) DOD Policy for International Transfer and Export Control of Night Vision Equipment, Components, Services, Technical Data, Related Technology, 12 June, 2009.

b. Every LOR for the transfer of NVDs and image intensifier (I2) tubes requires either an exception to DOD NVD Policy (exception to the policy (ETP)) or an NVD LOR Advisory (LOR–A). The Defense Technology Security Administration (DTSA) has final approval for the ETP or LOR–A.

c. The NVEPIG provides baseline performance parameter guidelines for man-portable NVDs that may be presumptively approved.

d. An NVD ETP is required when the performance parameters exceed the DOD (NVEPIG) Guidance or the capability has not been previously released to both country and an end-user within the country. The process for an ETP is:

(1) The CPM coordinates the LOR with the USASAC FDO using the TSFD checklist to determine if the requested capability is in accordance with established Army policy.

(2) The CPM requests supporting documents to include: a Country Team Assessment (CTA) (format provided in SAMM, chapter 5) a combatant command (COCOM) endorsement and a CECOM position memo. Upon receipt of these documents, the CPM prepares the memorandum for the ETP. The CPM submits the waiver request package through DASA (DE&C) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to DSCA for further staffing/approval.

(3) DSCA submits the ETP package to DTSA for review and decision. If approved, the CPM notes the NVD requirement on the LOA checklist and provides a copy of the ETP authorization to transfer memo in the off-line supporting documents package.

e. An NVD LOR-A may be submitted instead of the ETP when the requested performance parameters are equal to or lower than the DOD Guidance and the capability has been previously released to country and end-user. The process for an LOR-A is:

(1) The CPM coordinates the LOR with the USASAC FDO using the TSFD checklist to determine if the requested capability is in accordance with established Army policy.

(2) Unless requested by DSCA, a CTA is not required for an LOR-A. However, the CPM must obtain an endorsement from the respective Security Cooperation Organization (SCO) along with the CECOM position memo. The CPM will submit the request for LOR-A through DASA (DE&C) to DSCA.

(3) DSCA submits the LOR-A package to DTSA. If there is no response from DTSA within 10-working days, the transfer is assumed to be approved. DSCA notifies DASA (DE&C) via memorandum referencing the Army memo requesting the LOR-A.

(4) The CPM notes the NVD requirement on the LOA checklist and provides a copy of the LOR-A approval in the off-line supporting documents package.

f. In accordance with SAMM, chapter 8, NVDs are subject to enhanced end use monitoring.

g. In accordance with the SAMM, appendix 6, CWD is responsible for inclusion of the required note for NVD Physical Security and Accountability.

h. Process flow for the NVD ETP and LOR-A is shown in figure 5-6 below.

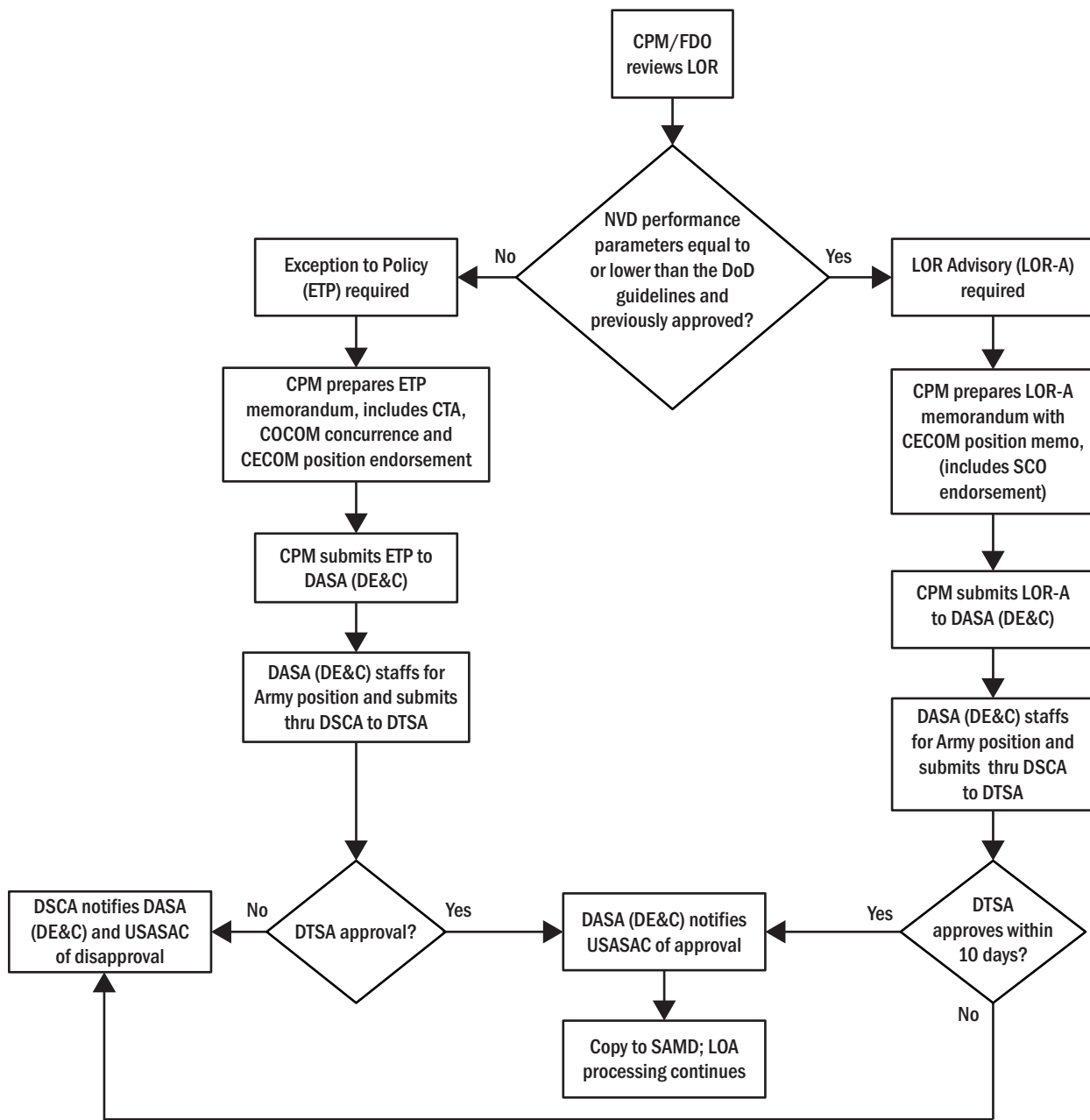


Figure 5-6. Night vision devices

5-10. Communications security equipment

a. COMSEC applies to measures and controls taken to deny unauthorized persons information derived from telecommunications and to ensure the authenticity of such telecommunications. COMSEC includes, but is not limited to, crypto security, transmissions security, emissions security, and physical security of COMSEC materials. All requests for release of U.S. COMSEC products or associated COMSEC information must—

- (1) Be consistent with USG foreign policy and military/economic objectives.
- (2) Have no unacceptable impact on USG signals intelligence activities.
- (3) Not adversely impact the overall information security (INFOSEC) posture of the USG.

b. Additional guidance can be found in:

- (1) CJCSI 6510.06B.

(2) SAMM, chapter 4, for COMSEC Equipment and SAMM, chapter 3, for information on technology transfer and INFOSEC case processing.

c. The following describes the process when COMSEC equipment is expressly requested in the LOR:

(1) The CPM reviews the LOR using the latest National Security Agency (NSA) list of Type 1 COMSEC equipment.

(2) If requested equipment is on the Type 1 COMSEC List, the CPM initiates a memorandum to NSA.

(3) NSA reviews the requirement and submits a memorandum to USASAC verifying the NSA release position within 30–45 days.

(4) Upon receipt of NSA memorandum verifying release, the CPM provides a copy to the supporting SAMD.

(5) The COMSEC requirement is noted on the CWD LOA checklist and a copy of the NSA response is provided in the off-line supporting documentation.

d. The following describes the process if COMSEC is identified during the LOR technical review (equipment not specifically identified in the customer LOR). The CPM follows steps in paragraphs 5–10c(1)–(5) as soon as the requirement has been identified.

e. All negative responses must come to DASA (DE&C). The CPM does not notify the customer.

f. COMSEC process flow is illustrated at figure 5–7 below.

Note. “RT number” refers to “radio transmitter model number”

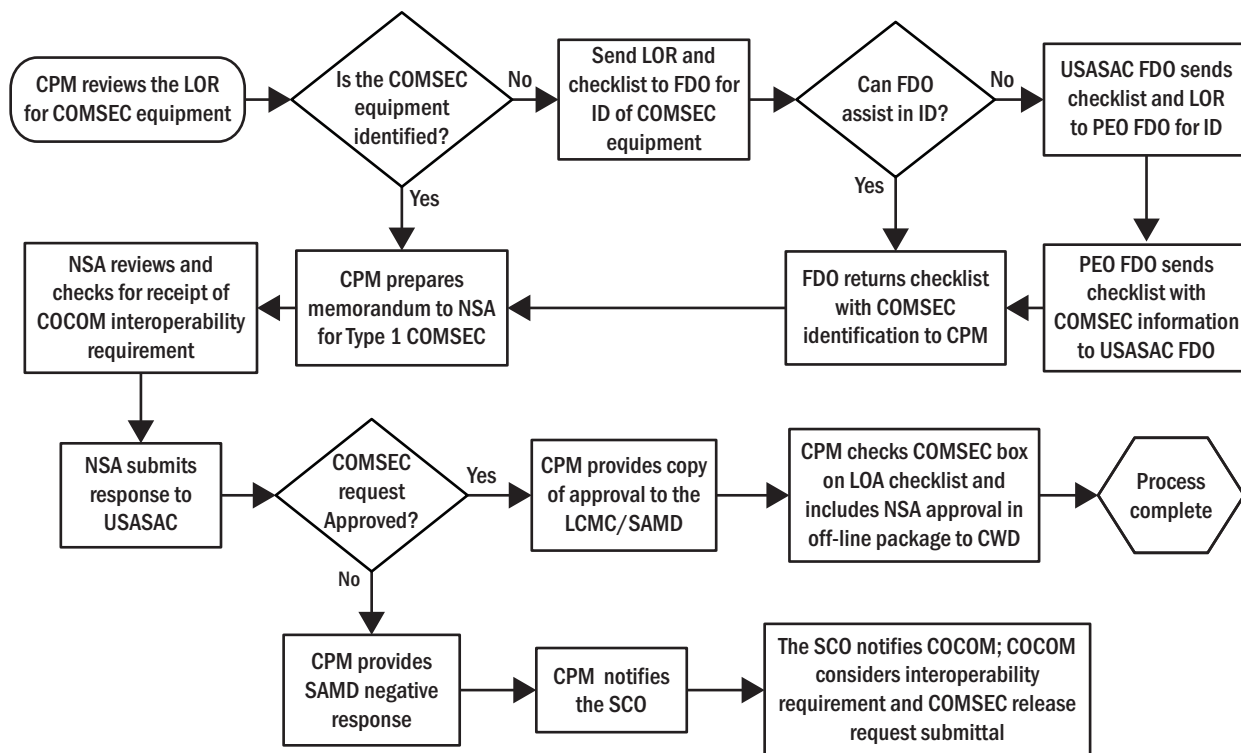


Figure 5–7. Communications security equipment

5–11. Global positioning systems

a. There are two levels of GPS service: the Standard Positioning Service (SPS) and the Precise Position Service (PPS). The SPS is based on a commercially-available GPS signal. The PPS is based on an encrypted military signal. The PPS GPS is divided into two components, which are the PPS user equipment (UE) that is capable of processing the encrypted signal and a COMSEC component (including cryptographic keys and ancillary equipment) necessary for operation of the UE in PPS mode. The process outlined below is for PPS user equipment.

b. Additional guidance can be found in:

(1) The DOD GPS Security Policy, which is available from the USASAC FDO.

(2) CJCSI 6510.06B governs release of PPS COMSEC, such as keying devices. (Follow paragraph 5–8 above for COMSEC required in support of PPS GPS.)

c. Process:

(1) If an LOR expressly requests PPS Selective Availability Anti-Spoofing Module GPS equipment, the CPM obtains information from the FDO for completion of the memorandum.

(2) The CPM determines whether a country is on the list of eligible foreign governments to receive GPS/PPS. This can be verified by coordination with the USASAC FDO or DASA (DE&C).

(3) If the country is eligible, the CPM contacts the NAVSTAR Global Positioning Systems Directorate, Space and Missile Systems Center, Air Force Space Command, Los Angeles AFB, CA, as well as, NSA and the COCOM to determine the required process for approval. If the country is not on the list the CPM needs to contact the COCOM to initiate action for the release in principle (RIP)/release in specific (RIS). Once completed, proceed to step 4.

(4) The GPS Joint Projects Office (JPO) responds within 45 days with a memorandum providing their release position.

(5) If a COMSEC requirement exists in support of the requested GPS, a separate COMSEC release must be processed, as shown in paragraph 5–10.

(6) The GPS requirement is noted in the CWD LOA checklist and a copy of the GPS JPO approval is included in the off-line package to CWD.

(7) CWD is responsible for inserting the applicable GPS/PPS Hardware Note.

(8) Non-approval by the GPS JPO requires initiation of a staffing action to DASA (DE&C) by the CPM.

Note.

Any sale of 1st Gen GPS/PPS security modules (for example, GEM IV) requires DOD Chief Information Officer (CIO) waiver unless approved for sale on the Feb 09 Assistant Secretary of Defense–Network and Information Integration Approval Letter. In addition, sales of “Enhanced” Anti-Jam GPS controlled radiated pattern antenna (CRPA) or CRPA-like to Group 3 GPS countries require DOD CIO waiver prior to sale.

d. GPS process flow is illustrated at figure 5–8 below.

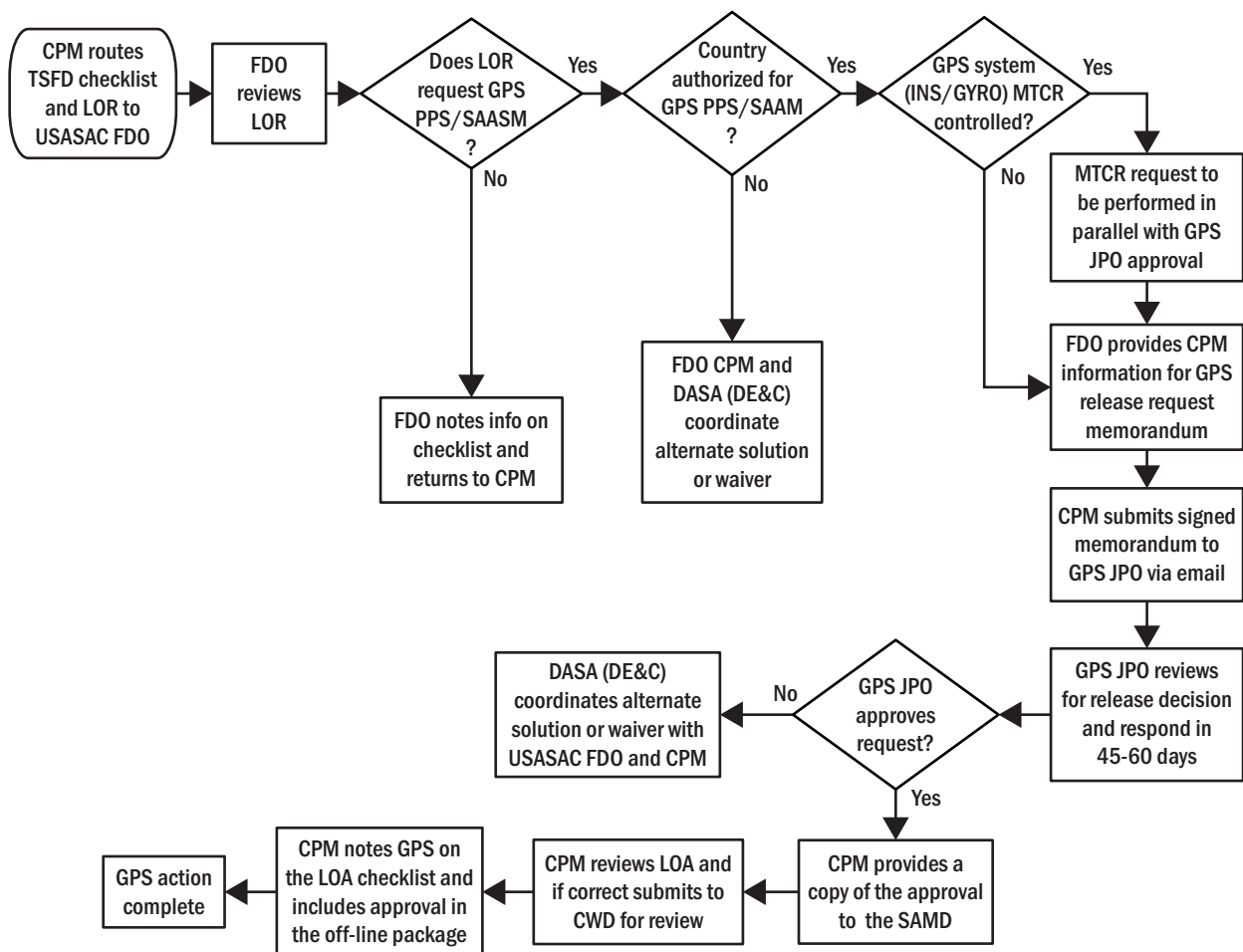


Figure 5–8. Global positioning systems

5–12. Software source code

a. Requests for software source code release will be in accordance with "Department of Defense Guidelines for International Transfers of Software Documentation (including Source Code)", 7 April 1997. Subject document is on file and available from the USASAC FDO.

b. Release of software source code generally receives favorable consideration when ALL of the following are met. The country—

- (1) Has purchased or committed to purchase the associated end item in appropriate quantities relative to the recipient's inventory.
- (2) Agrees to establish an appropriate level of indigenous software support for the end-item.
- (3) Agrees to use the provided software documentation only for the operation and support of the associated end item.
- (4) Acknowledges that system performance or warranties (when applicable) may be invalidated if changes are made to the software.
- (5) Risk of compromising critical DOD military capabilities, vulnerabilities, or intelligence data will not exceed the risk associated with end item transfer, or any additional risk is offset by the benefit to the U.S. from the transfer of the software documentation.

c. Process:

- (1) Upon receipt of the LOR and TSFD checklist, the USASAC FDO reviews LOR and determines whether the request complies with the DOD Software Source Code policy.
- (2) If in compliance, the USASAC FDO submits the LOR and checklist to the applicable PEO/PM FDO for release

recommendation. If not in compliance, the USASAC FDO will confer with DASA (DE&C) prior to directing the CPM to provide a negative reply.

(3) The CPM then forwards the request and PEO/PM recommendation to DASA (DE&C) for coordination and decision.

d. DASA (DE&C) provides a copy of the release decision memo to the CPM with informational copies provided to the PEO/PM and USASAC FDO.

e. Software source code process is illustrated at figure 5–9 below.

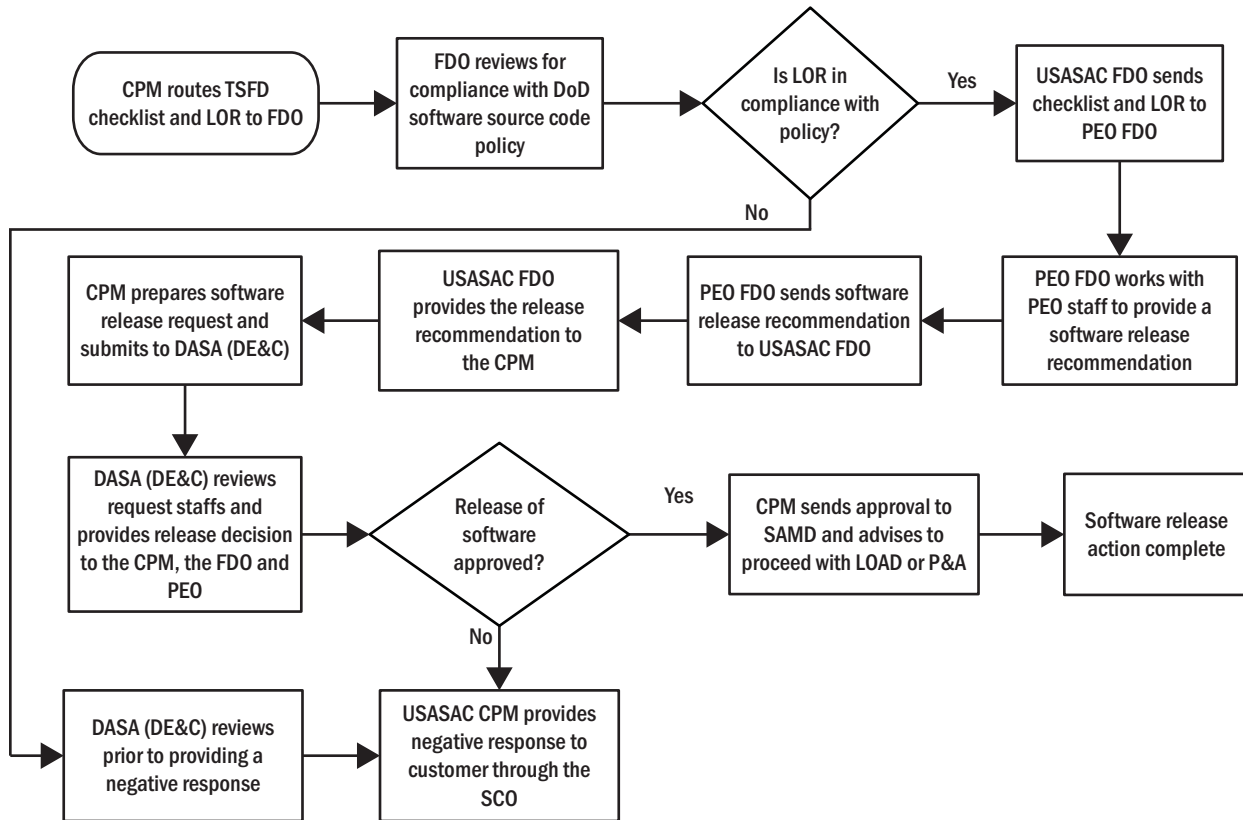


Figure 5–9. Software source code

5–13. Software maintenance facility/software integration laboratory

a. Requests for a software maintenance facility (SMF) generally pertain to the maintenance of avionics software associated with Army aviation programs. Such requests require authority to establish a software integration laboratory (SIL).

b. Any LOR specifically requesting establishment of a SMF or SIL shall be submitted to the platform PEO/PM for comment and recommendation.

c. Process:

(1) The USASAC FDO routes the TSFD checklist and LOR to the PEO/PM FDO.

(2) The PEO/PM FDO works with the PEO/PM staff to develop a recommended solution. The PEO/PM forwards the recommended solution set to the DASA (DE&C) for approval.

(3) DASA (DE&C) reviews and staffs the request applying criteria in paragraph 6–12 above and platform export policy guidance (where applicable) before providing a decision memorandum to the PEO/PM with information copies provided to the USASAC FDO.

(4) The USASAC FDO advises the CPM of approval or provides verbiage to notify the customer of disapproval.

(5) The SMF/SIL process flow is illustrated at figure 5–10, below.

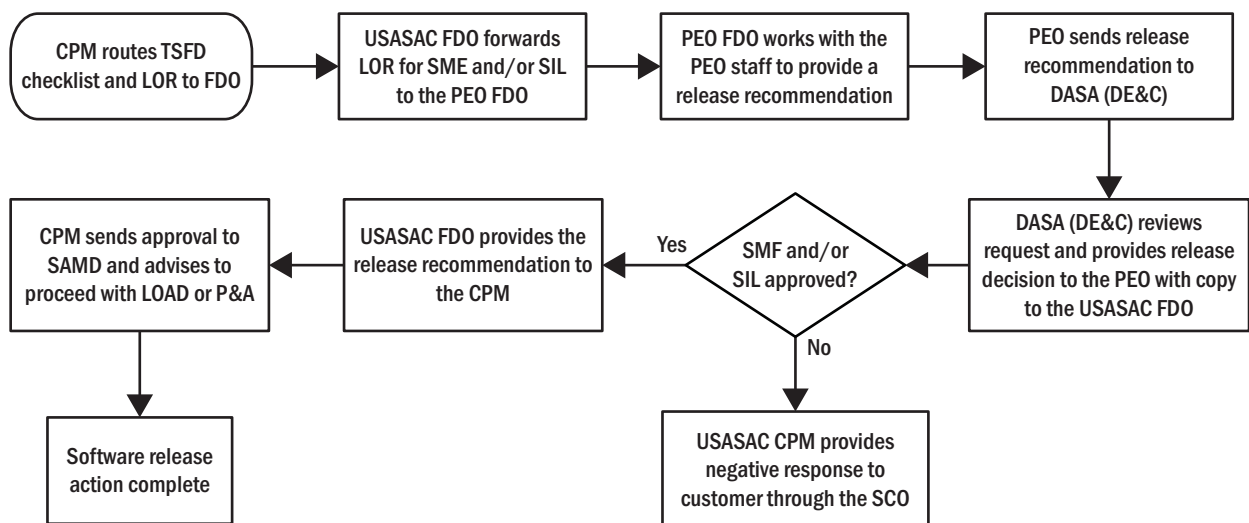


Figure 5–10. Software maintenance facility/software integration laboratory

5–14. Classified publications

- a. Classified publications require release as referenced in AR 12–1, chapter 10.
- b. If the classified publication is platform or system related, the USASAC FDO sends the TSFD checklist and the LOR to the PEO/PM FDO for action. The PEO/PM works any release issue associated with the publication. The PEO/PM FDO confirms release and provides any supporting documentation to the USASAC FDO on the following:
 - (1) Country has a “need to know”;
 - (2) The information is within their level of release;
 - (3) If not within their level of release an ENDP is required.
- c. If it is within the approved release level of NDP–1, the CPM tasks the SAMD for release through the responsible PEO/PM. A copy of the release determination is provided to the CPM for inclusion in the case file.
- d. The classified publication process is illustrated at figure 5–11, below.

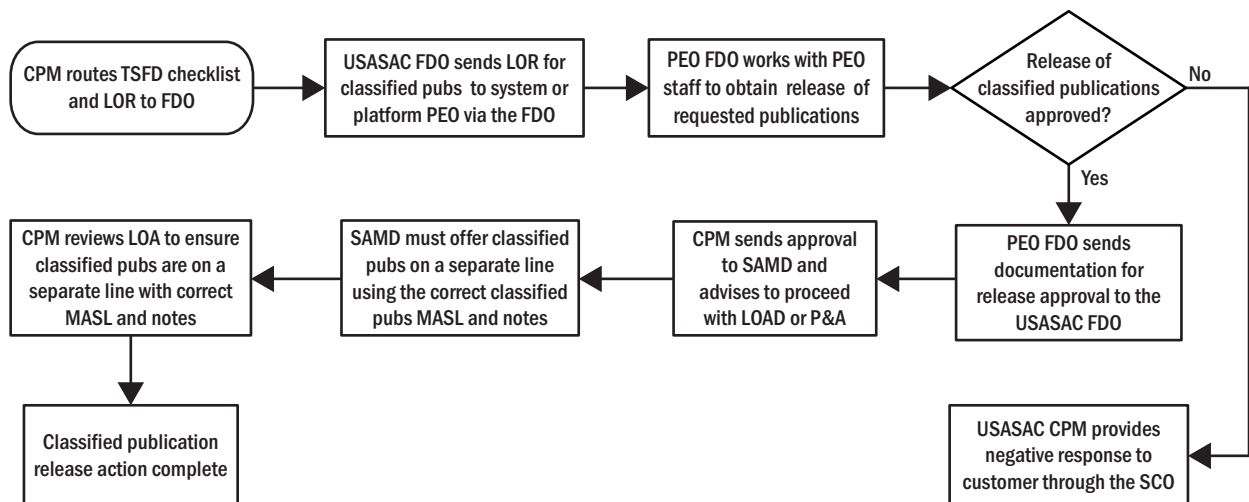


Figure 5–11. Classified publications

5-15. Training teams (platform related)

a. SATMO handles all LORs and call-up messages that include a requirement for an OCONUS Mobile Training Team (MTT) or permanent change of station (PCS) team such as a technical assistance field team (TAFT). If classified military information will be disclosed in training or training materials, SATMO ensures that the course material complies with all disclosure conditions in accordance with AR 380-10.

b. SATMO contacts proponent or original classification authority for release determination.

c. The SATMO training team process is illustrated in figure 5-12 below.

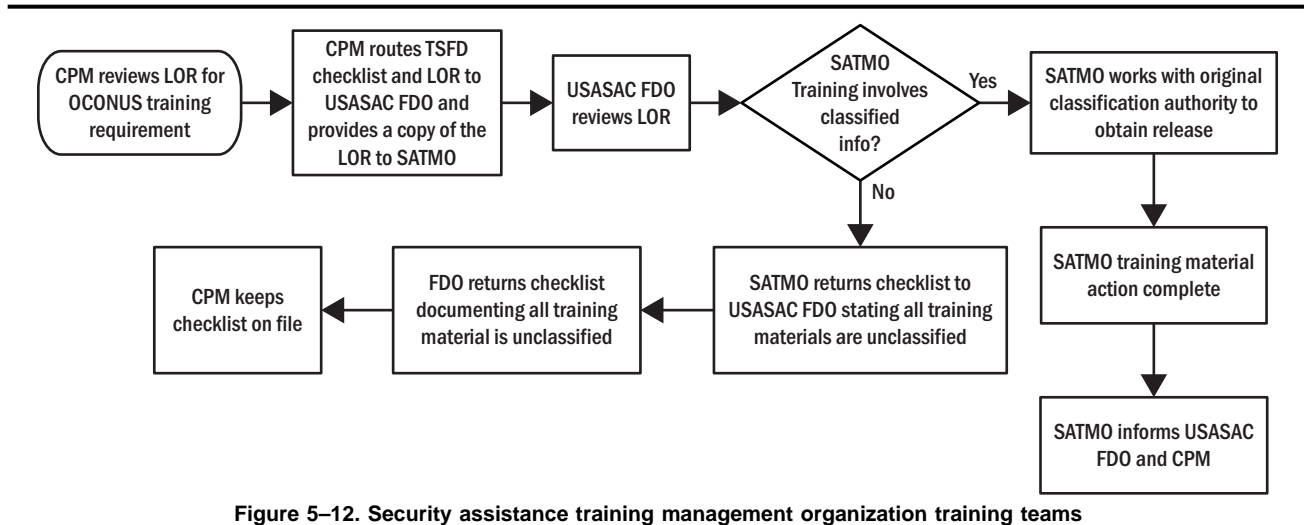


Figure 5-12. Security assistance training management organization training teams

5-16. Training/courses

When a country requests training for the initial time, foreign disclosure must be processed for all Army courses. SATFA Quota Management Branch will work with the TRADOC FDO for institutional training, which will coordinate with the proponent for a disclosure decision. For more information see figure 13-1, Foreign Disclosure Rating chart.

5-17. Transportation plans

a. A transportation plan is required for all LORs containing materiel that is Classified (CONFIDENTIAL and SECRET), Sensitive (including Controlled Cryptographic Items), or Arms, Ammunition, & Explosives (Security Risk Categories (SRC) I - IV in accordance with SAMM, chapter 7).

b. Additional guidance can be found in:

- (1) SAMM, chapter 7.
- (2) Chapter 7, of this pamphlet.

5-18. Security assistance foreign liaison officers

a. LORs requesting establishment of a Liaison Office (LNO) require development and 'approval of a Delegation of Disclosure Authority Letter (DDL) by the DCS, G-2.

b. Additional guidance can be found in AR 380-10.

c. Process:

- (1) The responsible FDO develops the DDL based on the LOR and in accordance with AR 380-10.
- (2) The FDO then solicits approval of DDL from DCS, G-2.
- (3) SAMD includes the standard note "Foreign Liaison Officer Letter of Offer and Acceptance (LOA) Conditions and Limitations" on LOAs and amendments.

d. Process flow for LNO DDLs is illustrated at figure 5-13, below.

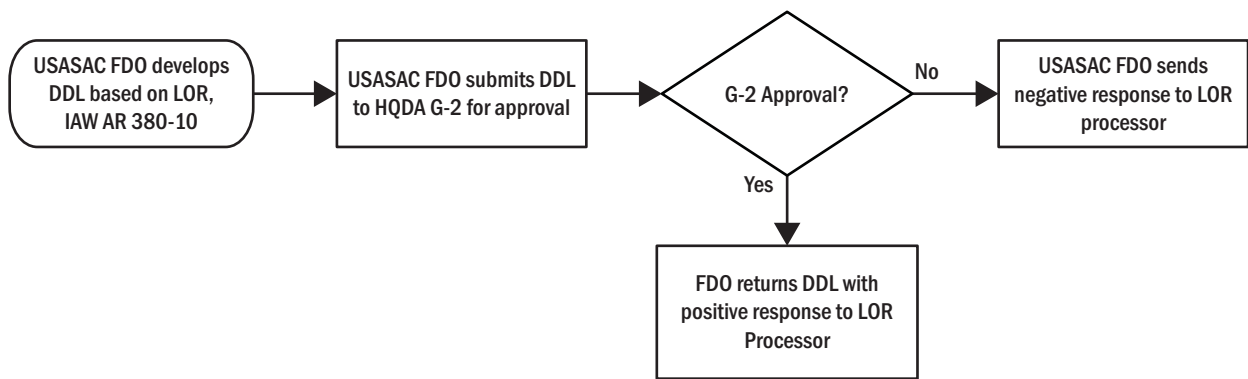


Figure 5–13. Delegation of disclosure authority letter for liaison officers

5–19. Command, control, communications, computers, intelligence, surveillance and reconnaissance

- a. Command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) encompasses systems, procedures, and techniques used to collect and disseminate information.
- b. Additional guidance can be found in SAMM, chapter 3.
- c. All LORs for C4ISR must be submitted by the CPM through DASA–DEC to DSCA before the LOR can be processed.
- d. A Country Team Assessment (CTA) is required in accordance with SAMM, chapter 5.
- e. If DSCA approves the LOR, the CPM begins LOA development.
- f. C4ISR process flow is illustrated at figure 5–14 below.

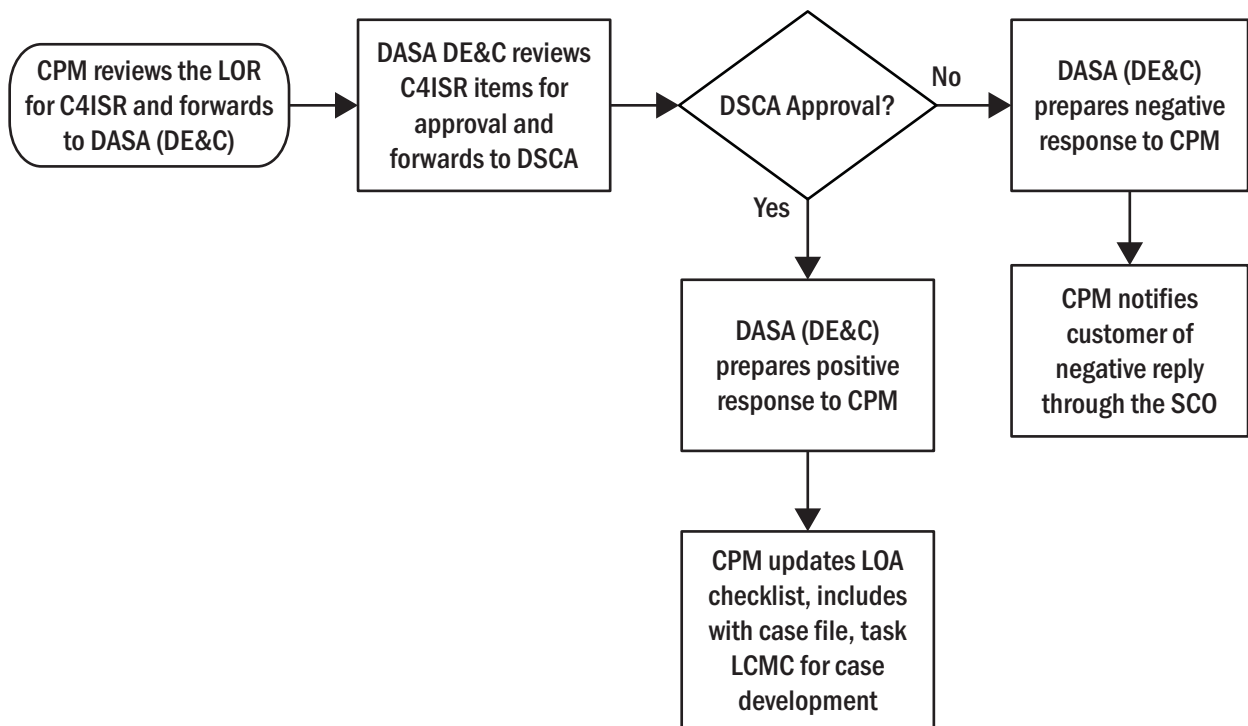


Figure 5–14. Command, control, communications, computers, intelligence, surveillance and reconnaissance

5-20. Low-observable/counter-low-observable

a. The LO/counter-low-observable (CLO) process may be required for any LOR requesting Aviation, Air and Missile Defense and radar sensors.

b. Additional information can be found in DODI S-5230.28, LO/CLO programs.

c. Process:

(1) The CPM routes the TSFD Checklist and LOR to USASAC FDO.

(2) For equipment meeting the requirement, the FDO routes to the applicable PEO/PM FDO for identification of LO/CLO requirements.

(3) Any LO/CLO requirement identified must be resolved by the applicable PEO/PM.

(4) The PEO/PM provides a statement to the USASAC FDO indicating Tri-Service Committee or LO/CLO Executive Committee approval of guidance will be incorporated into the platform configuration to be offered.

(5) DASA (DE&C) retains the supporting documentation.

(6) The USASAC FDO may view this documentation in the T2DS2.

(7) The USASAC FDO advises the CPM when the LO/CLO process has been completed.

d. The LO/CLO process is illustrated at figure 5-15, below.

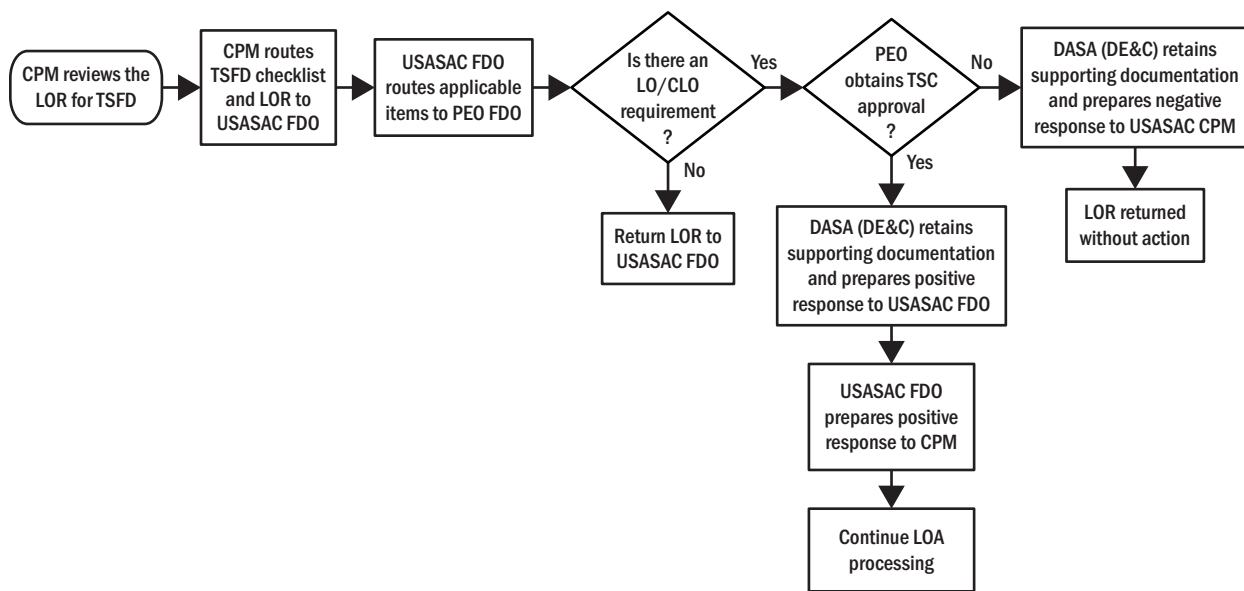


Figure 5-15. Low-observable/counter-low-observable

5-21. Waveforms and data links

a. The waveform sponsor determines whether a review or an update is required for a new waveform, waveform modification or data links.

b. Additional guidance can be found in DODI 4630.09, Wireless Communications Waveform Development and Management.

c. Process:

(1) Upon receipt of the TSFD Checklist and LOR, the USASAC FDO submits the package to the PEO/PM FDO.

(2) The PEO/PM addresses whether waveform or data link request is within currently prescribed waveform parameters contained in DODI 4630.09.

(3) The PEO/PM is responsible for resolution with DOD CIO if requested waveform is outside the scope of reference.

(4) The PEO/PM annotates the TSFD checklist indicating a waiver is not required.

(5) If required, obtains a waiver from the Office of the Secretary of Defense (OSD) and provides copy of waiver to the PEO/PM FDO.

(6) In either instance, the PEO/PM FDO provides response through the USASAC FDO.

(7) The USASAC FDO confirms completion of the waveform and data link process to the CPM via the TSFD checklist.

d. The waveform and data link process is illustrated at figure 5–16, below.

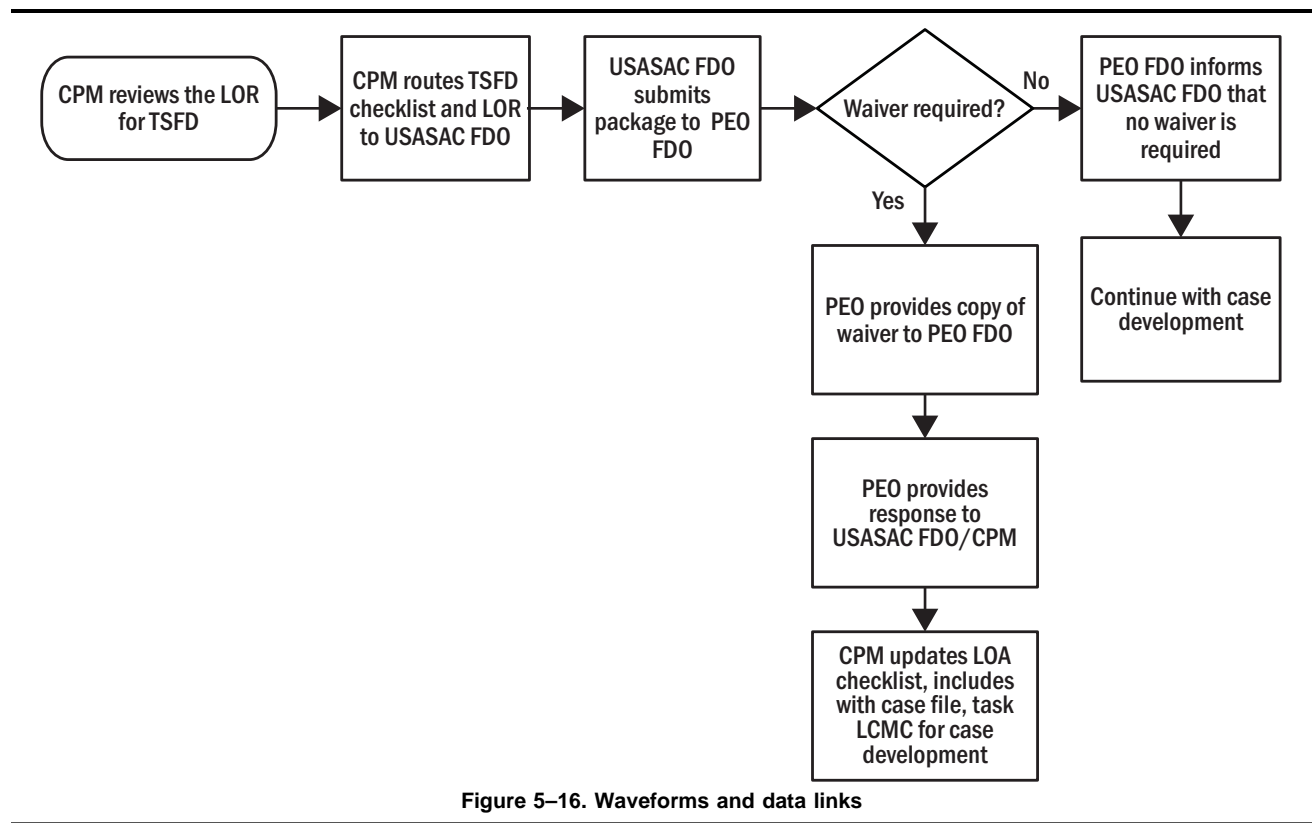


Figure 5–16. Waveforms and data links

5–22. Geospatial-intelligence

a. GEOINT is the intelligence derived from the exploitation of imagery and geospatial information to describe, assess and visually depict physical features and geographically reference activities on the Earth.

b. Additional information can be found in:

(1) National System for Geospatial-Intelligence (NSG) Directive FM 1100, “Roles and Responsibilities of the DOD Geospatial-Intelligence (GEOINT) Manager and the Intelligence Community (IC) Functional Manager (FM) for GEOINT,” September 12, 2011.

(2) DSCA Policy Memorandum 06–43, “Advance Coordination for Defense Articles and Services Requiring Data from the National Geospatial-Intelligence Agency,” 5 October 2006.

c. Numerous Army products require the use of GEOINT products and/or services for operational capability, such as the AN/TYQ–77 Aviation Mission Planning System (AMPS). In order to ensure that the GEOINT needs of an Army product are included in an LOA, a GEOINT assessment must be conducted. This is especially important as foreign customers are often unaware of the need to request GEOINT products and/or services. Further, as per DSCA Policy Memo 06–43, all LORs for defense articles and/or services requiring GEOINT must be coordinated with NGA to determine if, and by what means, the GEOINT requirements may be supported. This coordination must take place prior to responding to an LOR or preparing an LOA in order to ensure that GEOINT-sharing is considered and resolved as part of the releasability process.

d. Process:

(1) The CPM routes the TSFD checklist and LOR to the USASAC FDO. The USASAC FDO routes the request for GEOINT products and services to the NGA and the respective PEO/PM FDO.

(2) The platform PEO/PM coordinates with the NGA to determine whether releasability has been obtained for the GEOINT products and services (for example, USG-produced digital maps).

(3) If the GEOINT products and services are not releasable, the PEO/PM advises the USASAC FDO whether a commercial map(s) will meet the customer requirement. The USASAC FDO then informs the CPM.

e. The GEOINT process is illustrated at figure 5–17, below.

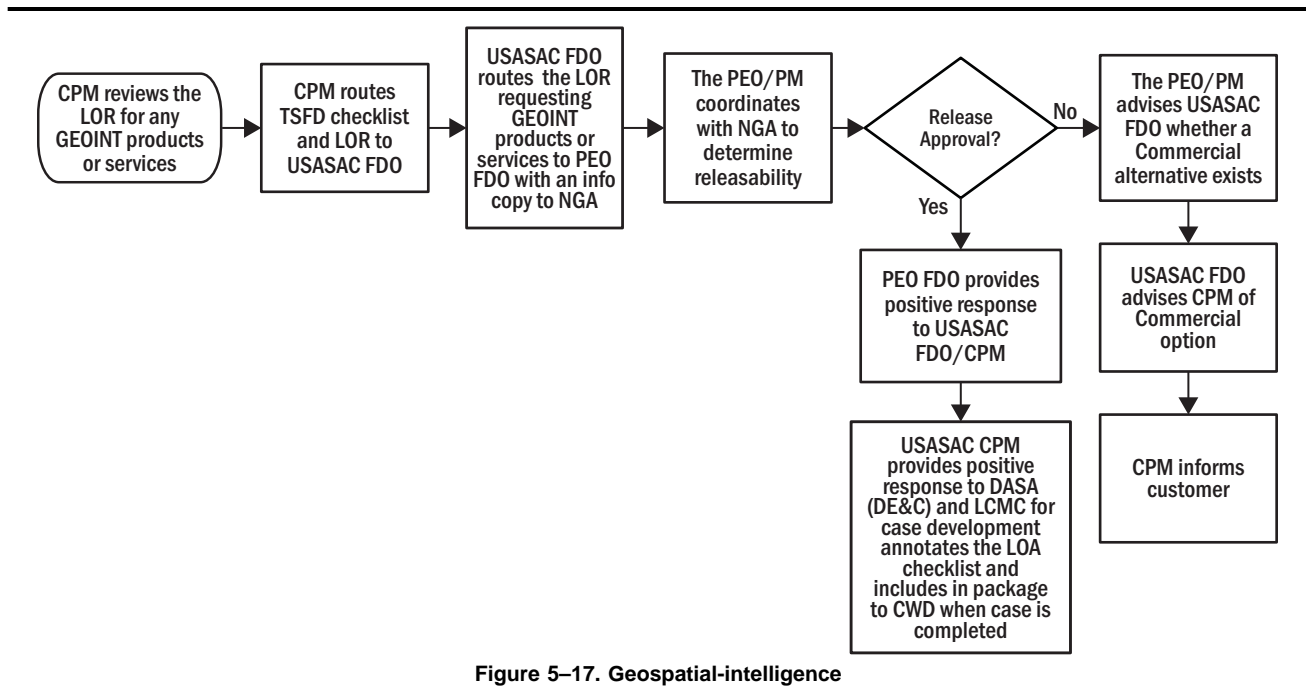


Figure 5–17. Geospatial-intelligence

5–23. Electronic warfare

a. EW Systems (for example, radar warning receivers, interferometers, and jammers, AN/APR–39, AN/APR–48), are designed to deny or counteract the enemy’s use of electromagnetic (EM) emitters, for example, radar, communications, guidance, detection, and control devices. The sale of an EW capability involves the transfer of the EW system hardware, firmware, and software. The software typically includes a mission data file (MDF) or library, which contains information and data related to EM emitters.

b. The Electronic Warfare Integrated Reprogramming Database (EWIRDB) is the primary DOD source for technical parametric performance data on EM emitters and is used to program and reprogram the MDF to correctly identify emitters by their EM characteristics. The FMS EWIRDB is used to create the MDF or library for EW systems.

c. There are two types of FMS EWIRDB: Direct and Indirect. A Direct FMS EWIRDB is delivered directly to the FMS customer and provides data required for an In-Country Reprogramming (ICR) capability for the EW system. An Indirect FMS EWIRDB is delivered to the U.S. reprogramming facility that will develop the MDF for the requesting country’s EW system. Both Direct and Indirect EWIRDBs go through the same release processes described below prior to the FMS sale.

d. Prior to offering an LOA that includes an EW system that requires EWIRDB, the Army reviews all EW system components (AN/APR–39 Radar Warning Receiver, AN/APR–48 Radar Frequency Interferometer) to verify the system and system MDF has been approved for release and certified in writing by the appropriate DOD authorities (that is, NSA, National Air and Space Intelligence Center (NASIC), Defense Intelligence Agency (DIA), and applicable program offices). All systems of U.S.-origin that are being considered for export require NSA Data Protection Certification prior to handling classified data.

e. An Anti-Tamper (AT) review by the DOD ATEA is required as noted in SAMM, chapter 3. If an EW system is not certified in writing prior to sale, the FMS customer is advised and the Army ensures a plan is in place to obtain data protection certification from the NSA prior to delivery. Delivery cannot take place without this certification waiver.

(1) If the LOR specifically identifies the AN/APR–39 Radar Warning Receiver or AN/APR–48 Radar Frequency Interferometer or requests EW capabilities, DSCA sends an LOR advisory to NSA and the other military departments (MILDEPs). This provides notification of a pending review and starts the EW community evaluation process.

(2) As a double-check, the CPM immediately notifies the USASAC FDO when an LOR requests EW capabilities or the specifically cited equipment from paragraph 5–23e (1) above.

(3) The DASA (DE&C) coordinates with the PEO/PM to determine the specific systems and components to be proposed for transfer and inform DSCA. DASA (DE&C) works with the aircraft survivability PM and NSA to determine systems/component certification status for the handling of classified data. It is imperative that this process be initiated as quickly as possible due to the complexity of the process and the length of time it takes to obtain decisions.

(4) DASA (DE&C) ensures that any required disclosure requests are either submitted on a stand-alone basis or are incorporated into other requests for ENDP (see paragraph 5–4 of this pamphlet.)

(5) DASA (DE&C) works with the PEO/PM and manufacturer or vendor to develop the technical documentation required for evaluation of the EW systems data protection. DASA (DE&C) also evaluates the EW requirement to determine if RIP has been granted for a particular system. If not, DASA (DE&C) submits a request for RIP to DIA, NSA, and Signal Intelligence Committee (SIGCOM) for approval and authorization.

(6) DASA (DE&C) provides authorization documents to the PEO/PM and USASAC FDO to guide case development work and incorporation of appropriate notes in the case.

(7) Upon LOA signature, PM aircraft survivability equipment/CECOM (Army Reprogramming Analysis Team) works with the customer, as needed, to identify data base requirements and submits draft request for RIS to DASA (DE&C). This information, along with the identified recipient customer, platform, type of database (Direct/Indirect) and EW system, will be used to develop a request for a RIS.

(8) The RIS is submitted to the DOD Disclosure Authorities (NSA, DIA, and SIGCOM) by DASA (DE&C) for approval. If approved, the RIS authorizes the EWIRDB executive agent, the NASIC, to begin development of an FMS EWIRDB for a particular country, platform, and EW system, as specified by the FMS LOA.

(9) DASA (DE&C) provides authorization documents to the PEO/PM and the USASAC FDO to guide case execution.

(10) All LOAs that offer EW systems and/or data base support must clearly identify, in the LOA notes, the nomenclature of the EW system components, the type of data base support being provided and the platforms associated with the EW system and/or data base support. The LOA notes must clearly state if an EW system is not certified prior to the LOA being offered.

f. The EW process is illustrated at figure 5–18. below.

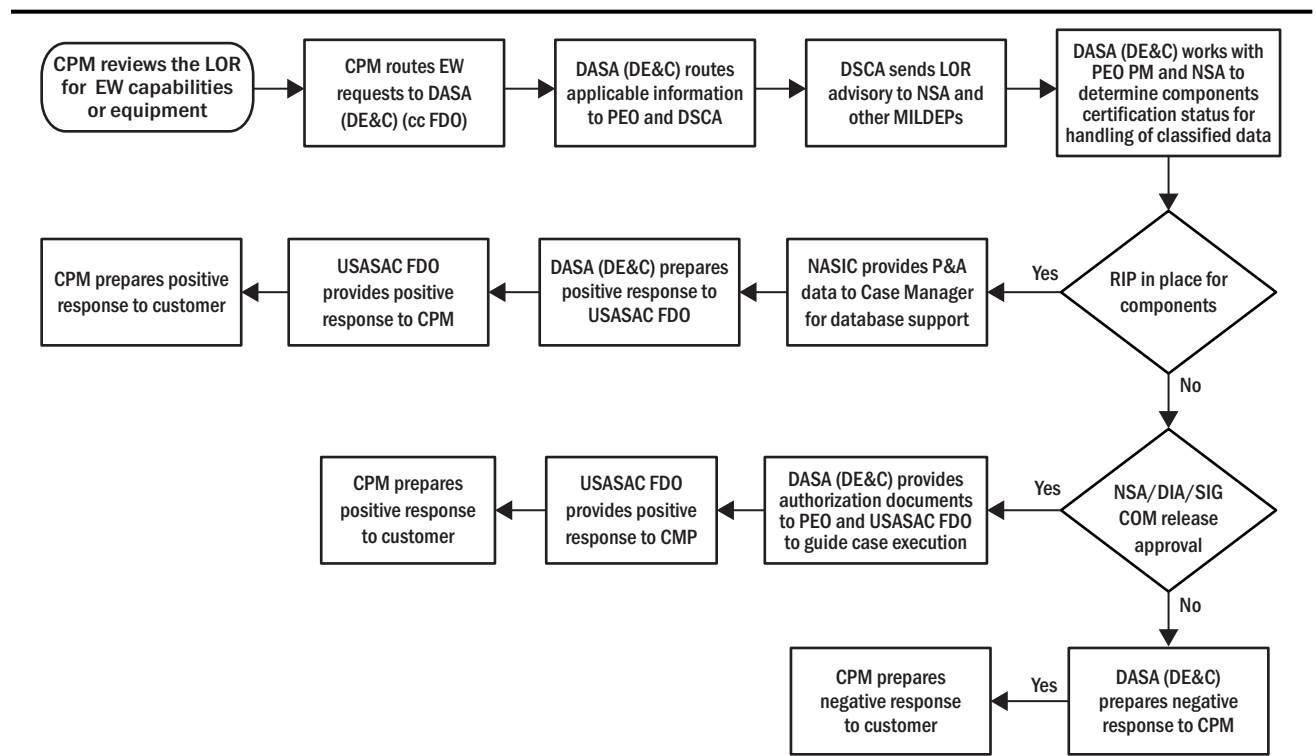


Figure 5–18. Electronic warfare

5–24. In-country reprogramming

- a.* Any LOR specifically requesting ICR capability is submitted to DASA (DE&C) for required action.
- b.* The applicable SAMD is included on all correspondence pertaining to actions taken.
- c.* DASA (DE&C) decision memorandum on ICR is provided to the CPM with an informational copy provided to the PEO/PM.

5–25. Identification friend or foe systems

- a.* The platform PEO/PM is responsible for coordination with the IFF PEO/PM to ensure the requested IFF system is in compliance with regulatory guidance.
- b.* Additional information can be found in:
 - (1) CJCSI 6510.06B, Communications Releases to Foreign Nations.
 - (2) SAMM, chapter 3, IFF systems.
- c.* Process:
 - (1) The USASAC FDO routes the TSFD checklist and LOR to the platform PEO/PM FDO.
 - (2) The PEO/PM FDO confirms with the PEO/PM that the IFF system to be provided for that platform is in compliance with regulatory guidance. If issues arise, it is the responsibility of the platform PEO/PM to resolve with the IFF PEO/PM.

Note. Some IFF systems contain embedded GPS receivers, requiring separate GPS release review.

- (3) The PEO/PM FDO confirms IFF compliance action is complete on the TSFD checklist and submits to the USASAC FDO.
- (4) USASAC FDO forwards completed checklist to the CPM. No further action is required for the IFF.

5–26. Multifunctional information distribution system

- a.* MIDS is the terminal that provides Link 16 capability. MIDS was developed by a consortium of five nations, including the United States. Release of MIDS is governed by the MIDS Steering Committee and CJCSI 6510.06B.
- b.* DSCA Policy Memorandum 12–07, 1 June 2012, provides additional information on MIDS and the MIDS process.
- c.* Link 16 capability may include access to classified military information and is subject to below actions:
 - (1) A foreign disclosure review and approval per the NDP–1.
 - (2) NSA COMSEC RIS must be in place before step 3 can occur.
 - (3) Approval from the MIDS Steering Committee for sale or release of information to a third party (that is, non-consortium member).
- d.* All release actions outlined in paragraph *c* above must be completed before LOAD or P&A can be provided.
- e.* MIDS approval can take 6–12 months due to review processes and the need for a unanimous vote by consortium members in order for approval to be granted.
- f.* MIDS terminals are MDE, are tracked as enhanced end user monitoring (EEUM) items and must be sold under the appropriate MASL for MIDS. CWD includes the EEUM note on all MIDS LOAs/amendments.
- g.* The MIDS process is illustrated in figure 5–19, below.

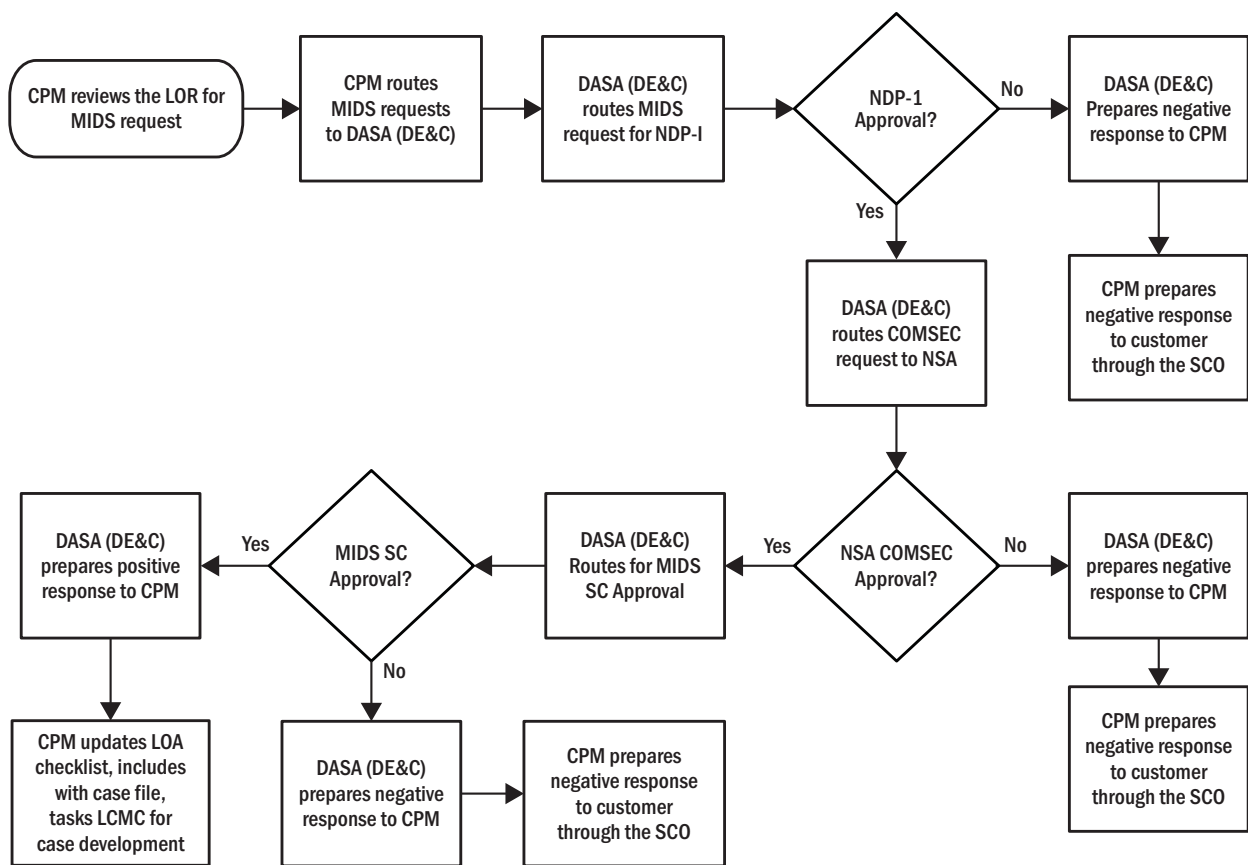


Figure 5–19. Multifunctional information distribution system

5–27. Joint Munitions Effectiveness Manual

a. All foreign governments submit their official JMEM request through one of the following applicable USG organizations: SCO or USDAO, USASAC or U.S. Embassy.

b. The official JMEM request, whether submitted directly from the foreign government or submitted through appropriate U.S. channels, includes:

- (1) Foreign government military service point of contact, mail and email addresses, phone and facsimile numbers.
 - (2) U.S. military sponsor for foreign government point of contact, mail and email addresses, phone and facsimile numbers, and recommendation/justification for proposed release.
 - (3) JMEM product title, and quantity being requested (if known).
 - (4) Foreign government justification, description of need, and requirements for JMEM products.
 - (5) USG validated list of U.S. weapon systems/ammo currently in inventory relative to all JMEM products being requested.
 - (6) How U.S. weapon was obtained (for example, FMS purchase or DCS).
 - (a) FMS case identifiers and dates (if FMS purchased).
 - (b) Contractor, date purchased and export license number (if available and was purchased via DCS).
- c. Billing for JMEM products is accomplished through a valid FMS case number. All information provided is used for the purpose of determining the releasability of the requested information.
- d. The Joint Technical Coordinating Group for Munitions Effectiveness Joint Technical Coordinating Group for Munitions Effectiveness Program Office is the point of contact for additional information regarding the request.
- e. The JMEM process is illustrated in figure 5–20, below.

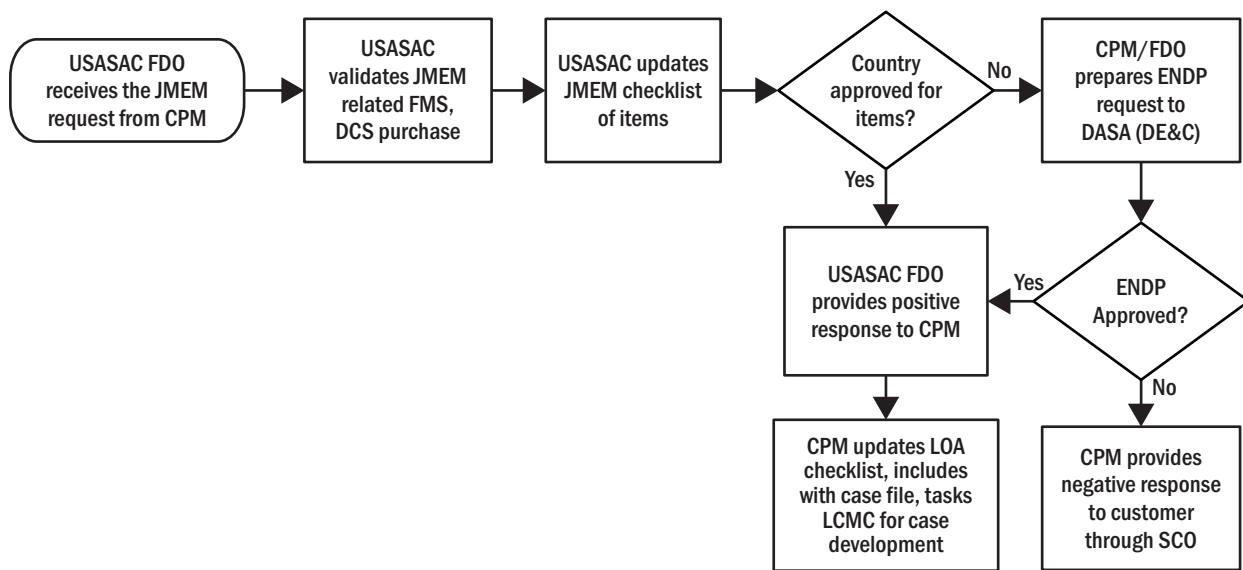


Figure 5–20. Joint Munitions Effectiveness Manual

5–28. Release of Technical Data

a. The ITAR (Parts 120–130, Title 22, Code of Federal Regulations (22 CFR 120–130) defines technical data as information, other than software that is required for the design, development production, manufacture, assembly, operation, repair, testing maintenance, and modification of defense articles. The below documents provides guidance on the release of TDP or any component thereof.

b. Additional guidance is contained in:

- (1) SAMM, chapter 3.
- (2) AR 12–1, chapter 10, Transfer of Technical Data Packages.
- (3) Chapter 5, of this pamphlet.

c. All LORs requesting release of technical data require coordination through:

- (1) The system or platform PEO/PM.
- (2) DASA (DE&C).
- (3) DCS.
- (4) DSCA.

d. Process:

- (1) The CPM routes the LOR and TSFD checklist to the USASAC FDO.
- (2) The USASAC FDO routes to the PEO/PM FDO for PEO/PM review and preparation of release position.
- (3) The PEO/PM FDO provides the release position to the USASAC FDO, who in turn provides the release position to the CPM.

(4) The CPM submits a cover letter to DASA (DE&C) for coordination on the Army position. The PEO/PM release position, customer LOR, and applicable data sheet from SAMM, chapter 3, will be provided as enclosures.

(5) DASA (DE&C) coordinates and staffs the Army release position.

(6) Once approved, DASA (DE&C) provides a copy of the approval memorandum to the CPM with information copy to the supporting SAMD.

(7) The SAMD enters the applicable technical data case note, based on intended usage. More information may be found in the SAMM, Appendix 6.

Table 5-1 Technical Data Package Notes	
	Note Title
(a)	Technical Data Packages (TDPs) for Operations and Maintenance (O&M)
(b)	Technical Data Packages (TDPs) for Production of Articles for Indigenous Use
(c)	Technical Data Packages (TDPs) for Production with Authorized Third Country Sale
(d)	Technical Data Packages (TDPs) for Study Purposes
(e)	Technical Data Packages (TDPs) Revisioning Services

- (8) The CPM ensures the applicable note is in the P&A or LOAD.
- (9) Before submitting the LOAD to CWD, the CPM documents the inclusion of technical data in the LOA checklist, under the section titled Case Items.
- e. The technical data process is illustrated in figure 5-21 below.

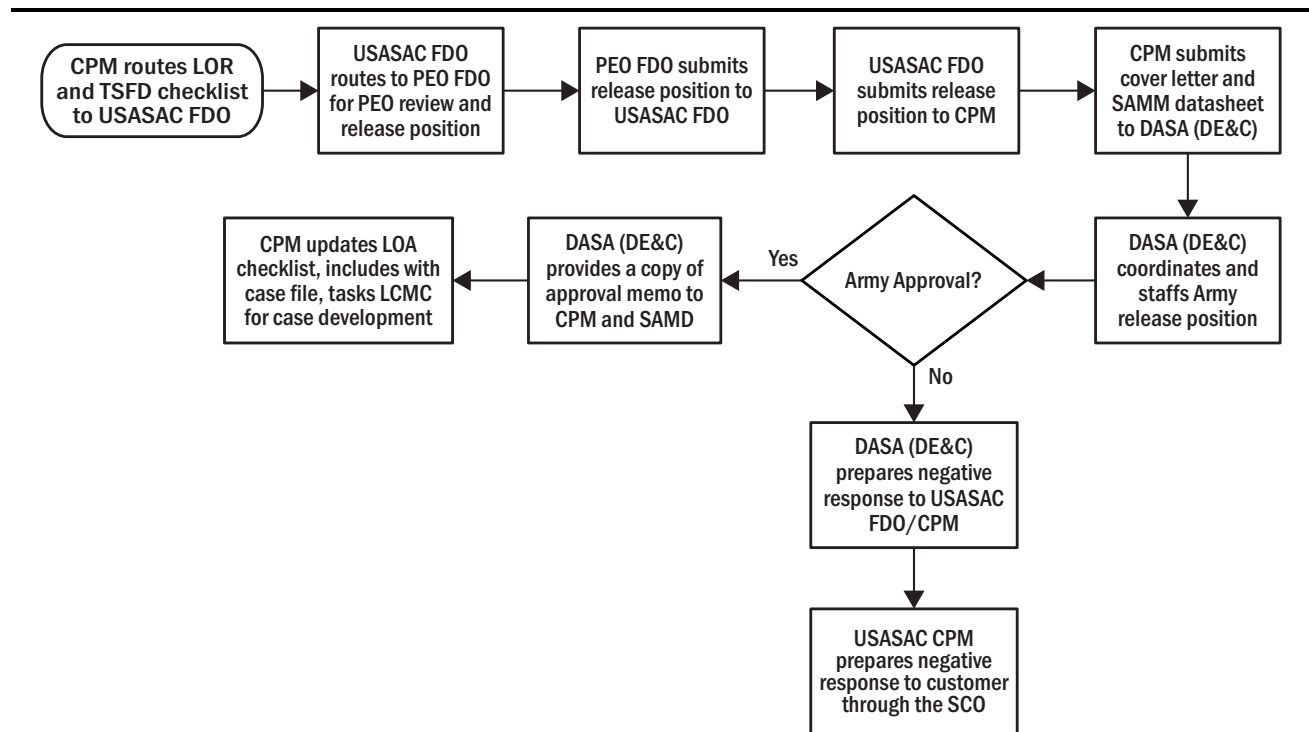


Figure 5-21. Release of Technical Data

Section III Program restrictions/prohibitions

5-29. Controlled substances

a. The export of FMS items that include narcotic drugs or other controlled substances is subject to the provisions of the Controlled Substances Import and Export Act and the procedures described in 21 CFR 1312. Riot control agents and napalm, including napalm thickener, dispensers, and fuses shall not be provided through FMS.

b. The following requirements apply:

- (1) USAMMA informs FMS customers that they must submit appropriate import documentation along with requisitions for narcotic drugs and other controlled substances.
- (2) Upon receipt of requisitions and accompanying import documents, USAMMA provides copies of the import documents to the U.S. Drug Enforcement Administration (DEA) and requests issue of necessary export permits.

(3) Upon receipt of DEA export permits, USAMMA provides Defense Personnel Support Center (DPSC) with the export permit numbers, expiration dates, and port(s) of exportation.

5–30. Anthrax vaccine and other medical countermeasures

a. Customer requests to procure medical countermeasures such as drugs, vaccines, other medical interventions against biological and chemical agents, and associated equipment, require approval of the Office of the Assistant Secretary of Defense for Global Strategic Affairs/Counter Weapons of Mass Destruction. Requests for these items must be staffed in accordance with the SAMM, chapter 4. The CPM will provide the request package to DASA (DE&C) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to DSCA for further staffing/approval.

b. LOAs for anthrax vaccine include a mandatory note that is input by DSCA CWD (see SAMM, Appendix 6, LOA Notes).

Chapter 6 Foreign Military Sales Acquisition

Section I Materiel requirements

6–1. Purpose

a. This chapter provides guidance on the methods for acquiring the material and services to be delivered to the foreign customer and the actions that are taken for each.

b. Part I provides guidance for processing diversion decisions to meet urgent customer requirements. Part II provides information on the normal method for providing material or services through allocations from stock or delivery from on-going production contracts. Part III provides the process for customer directed source procurement. Part IV provides the process for procurement of nonstandard items that are technically complex or non-complex; procurement of other than U.S. manufactured weapons system, and warranties.

6–2. Diversions and withdrawals

a. A customer's RDD and justification/urgency statement will determine if diversion consideration from Army procurement or withdrawal from Army stock is appropriate. The SAMD, in coordination with the item manager (or PEO/PM, if applicable) informs the USASAC CPM at the earliest possible date when a supply situation warrants diversion consideration. In accordance with AR 12–1, chapter 5, the Army evaluates if a sale of a defense item from Army stock or procurement will degrade the U.S. Army readiness posture. This evaluation begins with the Item Manager or the Army Program Manager, while the final decision rests with HQDA.

b. Prior to development of a diversion request, the CPM will discuss the flexibility of the RDD with the customer and validate a minimum quantity required for early delivery. Several sourcing options may be available to fill the customer's requirement which include:

- (1) Procurement.
- (2) Withdrawal from Army (or other MILDEP) stocks.
- (3) Diversion from Army (or other MILDEP) procurement.
- (4) Diversion from another FMS customer.

c. Decisions to support a diversion or withdrawal request from the Army are determined by HQDA after a cumulative SAMD/USASAC/DASA (DE&C) staffing effort is accomplished. The options and impact on the U.S. Army are carefully evaluated and include consideration of a total package approach. If the ARSTAF determines that a withdrawal or diversion will have a negative effect on Army readiness, then DASA (DE&C) will consider a diversion from other FMS customers and staff the request to DSCA for a decision.

d. Case development should continue simultaneously with the staffing of the diversion package with SAMD/USASAC/DASA (DE&C)/DSCA/ARSTAF. If case development proceeds to the point of completing the case back to USASAC and a decision on diversion has not been completed, the SAMD should request the CPM place a temporary Hold in DSAMS, pending the diversion decision. See figure 6–1 below for schematic of the diversion process.

e. Responsibilities.

(1) Upon receipt and evaluation of a DSAMS tasking, the SAMD consults with the item manager (or the PEO/PM if the item falls outside an item manager's portfolio) to determine if the RDD can be met. If it cannot be met, the SAMD contacts the USASAC CPM.

(2) The CPM verifies the RDD with the customer and the minimum quantity required early. The CPM also solicits a justification/operational urgency statement from the customer and provides it to the SAMD.

(3) The SAMD consults with the item manager or the PEO/PM (if applicable), to develop a position. For instances in which an item is not assigned to an item manager's portfolio, the PEO/PM will be consulted.

(4) The SAMD prepares and submits a diversion decision consideration package to the CPM which includes the following: the LOR, a SAMD position memorandum, a PEO/PM position memorandum (if applicable), and the diversion decision consideration form(s).

(5) The CPM analyzes the information and develops a memorandum for DASA (DE&C) outlining the request, the RDD, the justification for diversion, the potential options available, and any other pertinent information to assist with a diversion decision, such as an operational urgency letter from the customer. The CPM forwards the memorandum to the DASA (DE&C) country desk officer, along with the information supplied by the customer and the SAMD.

(6) DASA (DE&C) reviews the diversion decision consideration package, analyzes available options and any unique or country specific considerations to determine the most viable option. DASA (DE&C) develops and staffs a recommendation for HQDA coordination and final decision. The staffing package includes the LOR and any other appropriate customer correspondence, the SAMD position memorandum, the PEO/PM position memorandum (if applicable), and the diversion decision consideration form(s).

(7) If ARSTAF approves a diversion from procurement or withdrawal from U.S. Army stock, a signed DA Form 5 (Army Staffing Form) or memorandum will be provided by HQDA to DASA (DE&C). DASA (DE&C) will provide USASAC a memorandum to relay the decision and any specific instructions, to include payback directions. If the diversion is denied, the same process will follow to inform DASA (DE&C) and USASAC.

(8) In the event there is a potential to divert from another FMS customer, DASA (DE&C) will develop a separate diversion consideration staffing package for DSCA decision. Upon receipt of a DSCA decision, DASA (DE&C) will inform the USASAC CPM by memorandum.

(9) Throughout the process, the CPM will keep both the SAMD and the customer notified of progress and decisions, and inform the customer if the RDD cannot be met. If it is determined that the RDD cannot be met the CPM will, after consultation with the customer, decide whether the request will be revised or cancelled.

f. Payback. The replacement of U.S. Army stocked items, items diverted from procurement, or items diverted from other FMS customers will be from the requesting FMS customer's funding through an LOA. Payback instructions will be identified in the DASA (DE&C) memorandum to USASAC who will distribute them to the SAMD. The SAMD shall provide an estimated shipment date of payback items to USASAC-NC for tracking of the payback in Centralized Information System for International Logistics (CISIL) and the SCIP.

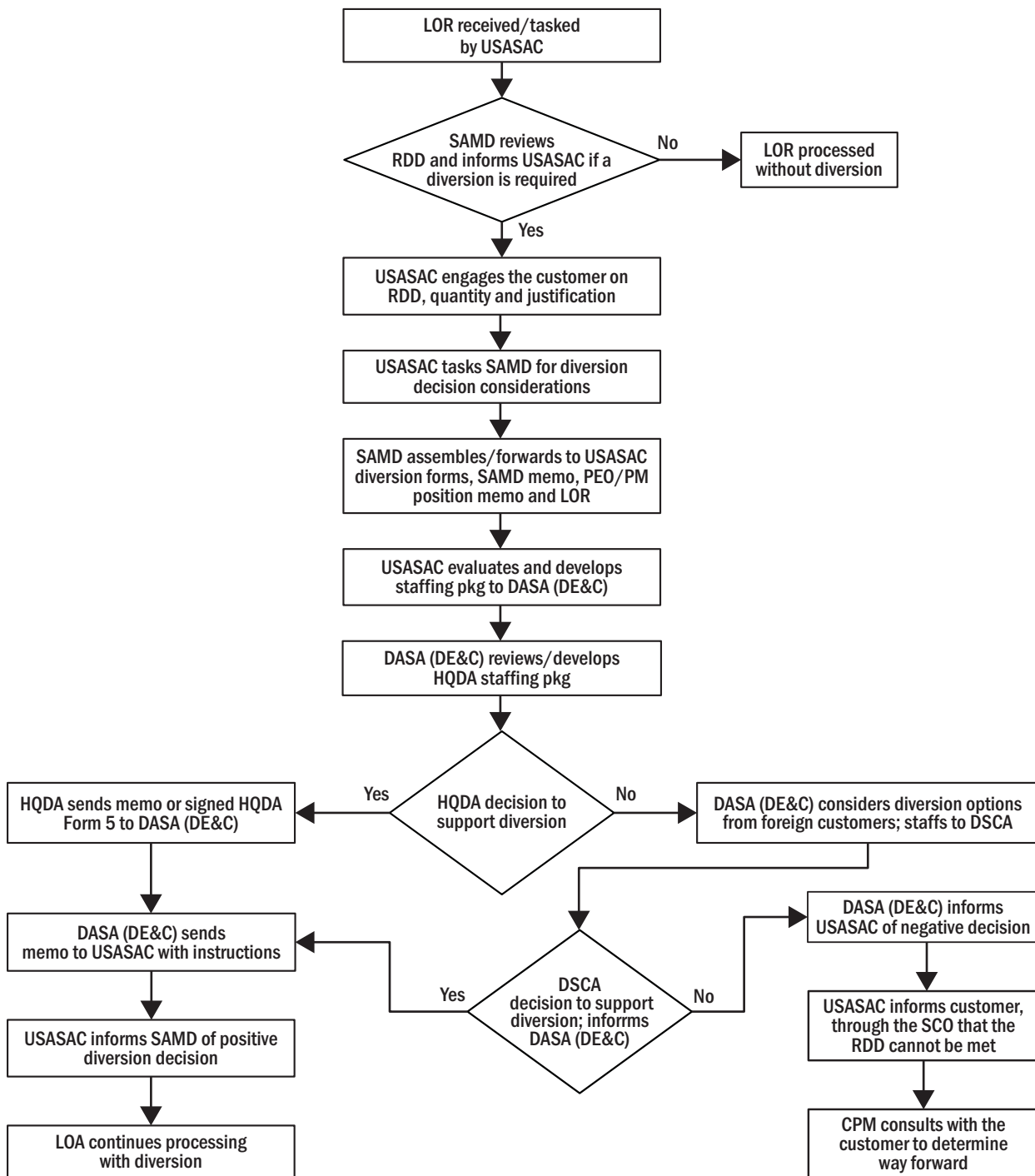


Figure 6-1. Diversion process

6-3. Diversion decision

a. The supporting SAMDs will recommend methods that meet customer needs and have the least impact on Army readiness. The supporting SAMDs also provide any additional information that should be considered. The SAMD coordinates with USASAC for any exceptions.

b. DASA (DE&C) uses the information from the SAMDs to develop or analyze options when end item delivery affects SA programs or the readiness posture of U.S. armed forces. Taken into consideration are on-hand assets, requirements, production and overhaul schedules, operational impact, and recommendations from the SAMD/PEO/PM.

c. The resultant information is classified, based on the classification of the data entered. The effect of accumulated unclassified data is considered.

Section II

Acquisitions in Support of Army Security Assistance

6-4. Normal allocation process and reserving material

Guidance for reserving and supplying material requirements under normal conditions from existing Army stocks or existing production contracts is contained in AR 12-1, chapter 5.

6-5. Program executive officer/program manager in support of foreign military sales procurement

The PEO/PM performs the following tasks in support of FMS procurement:

a. Conducts programmatic and engineering evaluations based on technology improvement, production status, identification of material obsolescence and program technical risks.

b. Evaluates requirements for the Government Furnished Equipment (GFE). If required, provides data to support Army diversion or requests for authorization to utilize Excess Defense Articles (EDA).

c. Assesses overall program cost estimates, schedules, and personnel resource allocation by development of production plan, budgets for life-cycle sustainment support, and supports milestone decision process.

d. Analyzes contractual requirements for production and engineering services. Defines the content of the solicitation and recommends the type of contract(s) for the specific acquisition.

e. Develops, disseminates, and coordinates contract requirements packages (CRPs) to include SOW, contract data requirements lists and Data Summary Lists, Independent Government Estimates.

f. Conducts Functional Requirements Authentication Board as required for all CRPs.

g. Serves as liaison assisting the contracting officer in negotiations and provides back-up documentation to support post award memorandum.

h. Provides input and assures accuracy of the competition advocate shopping list for all acquisition data for review and use by the Acquisition Center and Competition Management Office.

6-6. Sole source materiel procurement

a. When forwarding a sole source materiel request to USASAC, the SCO should provide comments on the request, a recommendation for approval or disapproval, and a brief supporting rationale. The customer's request for sole source materiel procurement is no longer required to include a justification based upon their objective needs (see AR 12-1, chapter 5).

b. The Commander or the Deputy, in the Commander's absence, has been delegated authority by the Commander, AMC, to approve sole source materiel procurements. The USASAC CPM completes the locally-developed sole source procurement checklist and coordinates with the supporting SAMD. Organizations within the ASAE that have the functional responsibility for compiling and analyzing information on contractors review the proposed sole source materiel procurement request to ascertain whether the request is reasonable under the circumstances. The primary focus is on reviewing the past performance and historical indicators of the proposed contractor's capability to perform in a timely and cost effective manner. It is essential that a coordinated SAMD position be established on the sole source materiel procurement request during this approval process phase.

c. The SAMD-coordinated position on a sole source materiel procurement is requested prior to or concurrently with the task to prepare the LOA. There are times when the sole source request is not included in the LOR, but the CPM is aware that sole source will be requested. In these situations, the CPM does not delay tasking the SAMD to begin preparing the LOA pending the receipt and approval of the sole source materiel procurement. The task is sent within the normal, allowable timeframe. In the task, the SAMD is informed of the upcoming sole source designation and starts LOA preparation accordingly. With the CPM's prior knowledge and approval, a LOA containing a sole source designation is prepared and forwarded to USASAC prior to actual sole source materiel procurement approval. After

sole source procurement approval, the CPM enters the required information in the sole source note prior to sending the LOA to DSCA.

(1) In situations in which any of the coordinating activities, for any reason, recommends disapproval of a sole source materiel procurement request, or otherwise questions the reasonableness of the request, that rationale is clearly stated to the USASAC CPM. Negative responses will be processed in accordance with SAMM, chapter 5.

(2) USACE approves sole-source procurements for construction services.

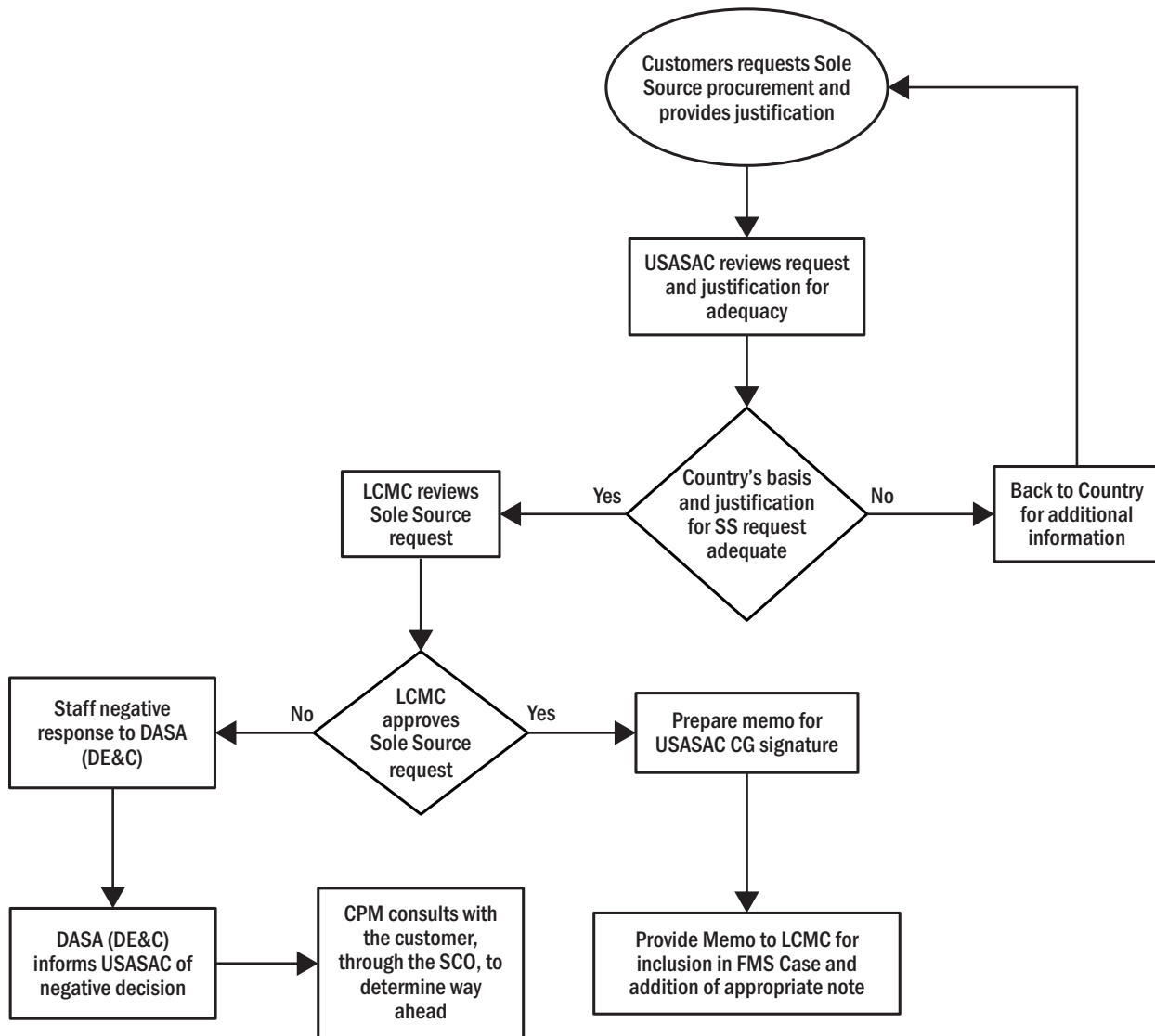


Figure 6-2. Sole source materiel procurement

6-7. Nonstandard procurement

a. AR 12-1, chapter 5, states the Army policy on nonstandard procurement.

b. The SAMD in coordination with the PEO/PM and other ASAE elements, as required, procures nonstandard items (NSI) as part of a defined line LOA. USASAC prepares BO LOAs for technically non-complex NSI and repair parts. These BO materiel LOAs contain a standard and nonstandard line and appropriate notes.

6-8. Foreign weapon systems

AR 12-1, chapter 5, provides guidance on the procurement of non-U.S. manufactured weapons systems.

6–9. Warranties

AR 12–1, chapter 5, provides the policy on warranties for FMS customers. If a performance warranty is offered in an LOA as a defense service, a DSCA standard note will be used on the LOA to explain terms and conditions or any steps necessary to maintain or exercise rights under the warranty.

Chapter 7 International Logistics Support—Army Security Assistance

Section I General

7–1. Introduction

All FMS cases offering major end items are prepared using a Total Package Approach (TPA). In accordance with DOD and Army policy and guidance, when a customer submits a LOR for equipment, the TPA is utilized to ensure that the customer obtains all the necessary support items, services and training required to operate, maintain and sustain a major end item or system. The customer should include a completed TPA checklist when submitting an LOR for one of the weapon systems included on this website.

7–2. Concurrent spare parts

a. CSPs consist of the spare and repair parts that provide the customer the ability to keep the equipment and system operational, while establishing the capability to provide follow-on support for the equipment/system.

b. Policy relating to CSPs is contained in USASAC Policy Memorandum 03–05, subject: Policy for CSPs support to U.S. Army FMS customer.

c. For Presidential determinations, the CPM tasks for the CSP listing from the responsible supporting SAMD to develop a first iteration CSP listing, and, if time allows (no more than 30 days), to develop a refined CSP listing. The supporting PEO/PM provides CSP list recommendations to SAMD for LOA development and maintains the logistics historical data to build CSP requirements. End item and support data are furnished to USASAC by the responsible SAMD at the time the LOA is sent or the date required under the Presidential Determination.

d. For all other LOAs, the CSP checklist is included when the LOA is submitted to the customer. The customer-completed checklist provides the information needed to develop a support package that is cost effective and tailored to the customer's specific requirements. If a definitization conference is held after case implementation, the conference decisions are used to develop the initial CSP. The effort required by supporting SAMDs or MSCs and PEO/PMs to prepare for a definitization conference is extensive. Numerous studies and analyses are conducted, based on customer maintenance or sustainment scenarios, to identify the most efficient and cost effective spares package. The SAMDs or MSCs and PEO/PMs typically participate in the definitization conference with CCM support, as required.

(1) The CSP list is normally developed for a 2–year time period, unless the customer has requested something different.

(2) Critical high-dollar components, such as engines and transmissions, should not be included on a CSP list, but offered on a separate case line. Exceptions to this high dollar limit may be made for those high dollar items which have been shown through demand or usage data to be likely to fail within the first year.

(3) The LOA includes the appropriate notes explaining when the customer submits the CSP checklist and when they receive a tailored CSP listing for review.

(4) A case-funded technical assistance line may be included on the LOA with a line item description note identifying in detail the aspects that make this effort ASLS, depending upon the complexity of the program or the support required

e. When the customer signs the LOA, the designated country representative completes and submits the CSP checklist. The completed checklist serves as the basis for the development of the CSP list, based on the customer desired level of support. It also provides the SAMD with pertinent information about the customer's maintenance and supply structure and strategy, which assists in tailoring of the CSP listing to meet each customer's requirements. In the CSP checklist response, the customer identifies support items that are not available locally that should be procured. Since spare parts are essentially components of higher assemblies and/or major end items (MEIs) or major defense equipment (MDE), it may be feasible to initiate concurrent procurement for major items and spare parts. This supports economic build of materiel procurement by equipment manufacturers that are passed on to the foreign customer. In these cases, defined spares lists should be included as an attachment to the LOA and are not subject to change unless the spares and MEIs/MDE are repriced. After review of the LOA, if the customer desires additional spares, the LOA may be amended. This type of procurement action more closely aligns spare part production with MEI/MDE production and supports delivery of spares with applicable MEI/MDE. It is not conducive to spare part line item pricing. If this process is utilized, the line item note must clearly explain.

f. Whether or not they have the completed CSP checklist, the SAMD will begin development of the CSP list either pre or concurrent with LOA development.

(1) Within 30–calendar days of case implementation, the SAMD submits the tailored final CSP list to the USASAC CCM, with notification to the USASAC CPM.

(2) The CSP listings is provided using DIC X1R–X2R by DSN data transmission. [Until the Logistics Management Program (LMP) contains all provisioning data, the LCMC SAMD utilizes the special CISIL “MASS CSP INPUT” screen process. It is noted that this process is not meant to supplant the automated LMP process—formerly Commodity Command Standard System and the Provisioning Master Record (PMR) data file transmissions.]

(3) If the FMS case requires an amendment to adjust CSP costs, the SAMD informs USASAC CPM. USASAC either directs the SAMD to reduce the support package to remain within the funding available on the case or notifies the customer that either deletions to the CSP list are required or an amendment to increase case funding is needed.

(4) Within 60–calendar days after case implementation, USASAC CCM furnishes the CSP listing to the customer for review with a 60–day suspense date, unless the customer has indicated on the CSP checklist or in other communications that they do not wish to review the CSP list.

(5) If the list is forwarded to customer for review and the customer does not advise USASAC CCM within the 60–day review period that the list is acceptable or requires changes, the CCM initiates a follow-up to customer requesting a response.

(6) USASAC will not initiate CSP requisitions without a customer CSP list review or waiver of the required review, unless specified in the LOA note.

g. At least 90 days prior to the end item shipment, the USASAC CCM advises the supporting SAMD of the CSP percent of fill, asks the SAMD to review the unshipped CSP items, and advises the USASAC CPM of any potential negative impact to the customer due to not having those CSP support items in country upon end item delivery. The USASAC CCM notifies the customer of the SAMD’s findings and increases the priority level of critical requisitions or takes any other actions available to mitigate negative impacts. If 100 percent of the critical spares have not been delivered to country, USASAC and the supporting SAMD, in consultation with the customer and SCO, will decide whether or not to ship the end item. If there are any storage costs involved when delaying the end item shipment, the customer is advised and given the option to request immediate end item shipment with the knowledge that 100 percent of the essential spares have not been supplied and associated risk of not having those spares.

h. USASAC and the supported SAMD make every effort to discuss CSP shipments, percent of fill, and potential negative impacts at meetings with the customer, such as country management reviews (CMRs) and program management reviews (PMRs).

i. For nonstandard end items, the CSP is most likely developed by the SAMD in coordination with the PEO/PM (as applicable) or directly with the weapon system manufacturer. The timelines established for standard CSP list development may not apply.

7–3. Types of support cases

Follow-on support should be requested using the types of cases described in AR 12–1, chapter 6.

a. *Blanket Order*. These LOAs are used to provide categories of items or services with no specified items or quantities. The scope of a BO case is limited to a range of items and services up to the requested case-dollar value. A time period for support is normally not included on BO cases unless requested by the customer. FMS customers are encouraged to use BO LOAs whenever appropriate. BO LOAs, however, are not to be used as substitutes for CLSSAs. Requisitions for material are submitted by the customer through supply channels. The SAMM, chapter 5, identifies types of non-SME items provided on BO cases and paragraph C5.4.3.2.2 identifies items not provided on BO cases.

b. *Defined Order*. The defined-order LOA specifies the quantities of items, services or training to be supplied. It is used to provide the materiel and services listed in SAMM, chapter 5 and AR 12–1, chapter 6.

c. *Cooperative Logistics Supply Support Arrangements*. These LOAs provide for pre-stocking and storing of DOD-stocked non-SME items that are required by foreign countries on a recurring basis. AR 12–1, chapter 6, provides more detail. For additional guidance, refer to chapter 8, of this pamphlet.

d. *Maintenance Support Arrangements (MSAs)*. The MSA authorizes the customer to return unserviceable assets to a U.S. maintenance or contractor facility for repair and return to country. The MSA is also used to apply modifications or upgrades to FMS customer-owned equipment at U.S. facilities. The MSA can be either a defined line item on an LOA or a BO LOA. Assets are normally standard items that are common to both the U.S. and customer inventories and were obtained through Army SA. AR 12–1, chapter 6, provides the purpose and concept of MSA.

7–4. Supportability and support termination

a. AR 12–1, chapter 6, furnishes information on supportability, system support buyout (SSBO), and materiel notices and surveys.

b. A SSBO is the total requirement for repair parts, components, assemblies, special tools, test equipment, publications, and supplies needed for continued support of major end items or weapon systems scheduled for termination during the period the customer expects to maintain them in its inventory.

c. SAMDs submit DA Forms 4372-R (Security Assistance Supportability Statement) and 4372-1-R (Supplemental Data Sheet - Security Assistance Supportability Statement) to USASAC 2 years prior to the termination of end item support.

d. Affected customers and the SCOs are notified via memorandum or e-mail 2 years before the weapon system is scheduled to be withdrawn from U.S. inventory.

e. DLA and GSA support items, if applicable, will use the standard price for FMS deliveries, plus the applicable inflation rate as determined by Office of the Under Secretary of Defense (Comptroller). The LOA will include a note that all customer requisitions supplied under a SSBO will be consolidated and released on the date specified.

f. SSBO requisitions for secondary items and repair parts contain requisition serial numbers in card columns 40-43 in the F001 and F799 series and card column 44 specifies "N," for nonrecurring. Requisitions also contain a project code, if applicable, in card columns 57-59, and advice code "2L," for abnormal demands, in card columns 65-66. One-time requisitions for items from diminishing manufacturing sources contain requisition serial numbers F001 through F799 in card columns 40-43 and project code DMS in card columns 57-59.

g. SSBO requisitions for secondary items are billed in accordance with pricing policies for non-excess materiel. Efforts to classify materiel as excess are not initiated until all SSBO deliveries are completed and all other existing requirements have been satisfied by the U.S. Army. Exceptions are considered on a case-by-case basis.

h. When a major modification to an existing system is planned, the applicable SAMD establishes a reasonable timeframe for the modification or conversion to be applied. This eliminates additional work and parts and a consequent increase in the cost of parts.

i. A final buy of a specific repair part, component, or assembly normally results from a manufacturer closing a production line. Although the weapon system remains supportable, manufacturing resources for specific support items will diminish over time. Under these circumstances, the customer normally has a limited period in which to participate in the final procurement. SAMD will make every effort to work with USASAC to notify FMS customers of any system changes or modifications that the PEO/PM is fielding that will result in items or parts no longer being supported by U.S. Army.

7-5. Quality assurance team in support of foreign military sales

a. The policy for when a QAT is offered is provided in AR 12-1, chapter 6.

b. QAT is a service offered under the Army's TPA concept to ensure customer satisfaction and the delivery of 100 percent fully operational materiel. A QAT consists of technical personnel provided on a TDY basis to perform specialized inspection, servicing, and inventory of FMS and Military Assistance Program (MAP) equipment at the recipient country's port of debarkation. QATs are comprised of individuals who are technically proficient with the specific equipment and also have an extensive knowledge of the FMS program. The team members monitor on-loading operations in CONUS, as necessary; observe off-loading in the purchasing country; provide advice and assistance in de-processing and reassembly operations; assist with pre-operational tests and checks; and act to resolve problems. The team's specialists assess the physical and operational aspects of the materiel to demonstrate that it conforms to the terms of the FMS case. The team chief concludes this service by executing a Statement of Mutual Understanding with the purchaser, indicating agreements reached as to condition and completeness. If necessary, the team chief will determine further actions required to resolve problems verified at the deprocessing locations.

c. Generally, the SAMDs are assigned responsibility while AMRDEC retains accountability for QAT execution. AMRDEC will serve as the primary voice for the USG in fulfilling the purchaser's QAR requirements (that is AMRDEC provides the official recommendation(s) to the customer), but will be required to keep all Army team members informed of any recommended actions/services and completeness.

d. QAT requirements are developed using the following procedures:

(1) The CPM includes QAT support in LOA tasking documents for items classified as MDE, equipment introduced to a customer for the first time, high-dollar value shipments or shipments specifically designated as being of high military or political importance.

(2) The case preparing activity coordinates team requirements and composition with the CPM, CCM, and others responsible for supply of equipment on the LOA. QATs generally include only one SAMD-assigned representative. Where additional QAT representation is considered necessary due to quantity or complexity of the item, the SAMD should provide written justification to the CPM and CCM. The CPM and CCM will jointly develop the final QAT composition in coordination with the SAMD.

(3) In cases involving the sale of materiel that is reconditioned, repaired, non-standard end items, or otherwise altered to meet the requirements of the FMS sale, the SAMD requests participation of qualified personnel from the governmental or commercial entity directly involved. The representatives generally serve in place of additional LCMC commodity representatives limiting participation to essential personnel. The PEO/PM participates in QATs, as necessary, to ensure hardware delivered pursuant to the LOA is not damaged or absent and to provide technical assistance. When necessary, the PEO/PM coordinates actions with the acquisition community for resolution of identified problems.

e. The LOA Line Item Description Note, associated to the QAT line, includes the following statement: "Services of a QAT are offered as line item {A} and are described in detail in note {B}. The QAT services are beneficial and will

assist the customer's personnel in verifying operability and correction of any problems encountered, as well as, helpful familiarization guidance to assure satisfaction of the end item systems provided. The U.S. Government firmly recommends that the QAT services be accepted to ascertain that all aspects of the agreement between the U.S. Government and {C} are fully understood and that satisfaction with the delivery is achieved. Acceptance of the QAT will preclude unnecessary misunderstandings concerning unresolved problems. Appropriate corrective actions will be initiated on-site or within a reasonable time frame. It is important that the customer clearly understands the ramifications of declining QAT services (that is, the U.S. Government will not monitor CONUS out-loading to assess transportation damage; the U.S. Government will not perform on-site pre-operational checks nor demonstrate operability; the U.S. Government representatives will not be available to assist the customer in unforeseen problems or discrepancies; there may be lengthy delays in processing valid customer complaints, resulting in possible detriments to materiel operational readiness)."

f. If the receiving country declines a QAT and USASAC agrees to sell the materiel without a QAT, the LOA is amended to delete the QAT line. The resultant amendment is accompanied by a QAT waiver that must be signed by the official who accepts the amendment. A sample waiver format is provided in figure 7-1, below. The transmittal letter drafted by the USASAC CPM calls attention to the waiver and to a note titled, QAT DECLINATION, which must be included in the amendment. A copy of the signed waiver is maintained in the CPM's official LOA file.

The Government of [Country] hereby declines the offer of an in-country Quality Assurance Team (QAT) to accompany the shipment of [materiel], [LOA identifier]. As a duly authorized representative of this government, I understand that by declining the QAT, my government will not receive services normally rendered by a QAT. Specifically, the U.S. Government will not perform on-site, pre-operational checks or demonstrate operability; U.S. Government representatives will not be available to take corrective actions regarding possible discrepancies. I understand that all claims made against the U.S. Government regarding materiel supplied on this LOA must be submitted in adherence with Paragraph 5.4 of Letter of Offer and Acceptance Standard Terms and Conditions.

[Signature]

[Title]

Figure 7-1. Quality assurance team waiver

Section II Shipping

7-6. Shipment and transfer of title

a. FMS shipment policy and procedures relating to point of delivery and transfer of title are described in SAMM, chapter 7, and AR 12-1, chapter 6. Title transfer guidance pertaining to MAP/Grant Aid is given in SAMM, chapter 7.

b. When working on any LOA containing a consolidated or staged shipment, the CPM at USASAC ensures that coordination is accomplished among the CCMs at USASAC, the case preparing activity, and DLA or other designated consolidation point. This is done prior to preparation of the LOA. The CCM obtains a unique identifying code for the consolidation project and initiates action to update the Military Assistance Program Address Directory (MAPAD). It is imperative that sufficient time is allocated to ensure the address of the consolidation point is established and inserted in the MAPAD prior to release of requisitions.

c. Defined line LOAs with CSPs will include standard note A14.2, stating that major end items, secondary items, and CSPs will be forwarded as consolidated or staged shipments. Consolidation or staging will be managed by the responsible SAMD in coordination with the CCM.

d. Costs for consolidation or staging materiel in CONUS facilities are added to DOD transportation costs. The actual costs of consolidation or staging will be a case line charge using the Generic Code L9B. The MASLs are —

- (1) 0192D0DSTAGNG for DOD Activity.
- (2) 0193C0NSTAGNG for Contractor Facility.

Note. 'S25A', Shipment Consolidation, is mandatory for cases that include or add consolidated shipment.

Note

7-7. Packing, crating, and handling, and marking

a. U.S. Government or contract shipping facilities pack and mark FMS materiel per military standard Military Standard (MIL-STD) -2073-1D. For materiel packed to not less than military level of pack A/B, Standard note P12.2 (for standard materiel) and P12.A (for nonstandard materiel) will be included on the affected materiel cases.

b. Marking identifies the contents, along with the shipper and consignee. FMS shipments are marked and labeled with a military shipping label in accordance with MIL-STD-2073-1D. As a minimum, these publications require the data shown below on an FMS shipment.

Table 7-1 Foreign military sales shipment marking	
FMS Shipment Marking Requirements	
1	FMS case identifier
2	Transportation Control Number (TCN)
3	Transportation Priority
4	Project Code, if applicable
5	Consignor's Name and Ship From Address, Phone Number
6	Consignee's Ship To Address, Phone Number
7	Ultimate consignee/Mark For Address (MAPAD address code and clear text address, if applicable)
8	Military Shipping Labels for each piece of equipment. All boxes containing multiple items (whether related or unrelated) will be marked as "multipacks".

c. The following is applicable when special markings are requested:

(1) Special markings, even when properly coordinated and approved by HQAMC, are normally only possible at a central location, such as a central consolidation point at a depot or by a freight forwarder.

(2) If a contractor, acting as a customer's agent, affixes special markings to FMS containers and the vendor information causes a packaging supply discrepancy report (SDR), the U.S. Government disclaims any responsibility for that type of discrepancy. The customer looks to his agent for relief, not the U.S. Government. In this situation, USASAC advises the customer not to submit SDRs on such discrepancies.

d. See paragraph 9-4 of this pamphlet for special markings to be used on containers for FMS materiel being returned to a repair facility.

e. The PEO/PM, if possible, ensures the proper packing, crating, and handling (PC&H) and "mark for" instructions are included in any contract.

7-8. Shipment cost

All costs incurred in moving FMS purchases from point of origin to customer country destination are paid by the customer. Transportation costs depend on what Delivery Term Code (DTC) is assigned to materiel in the LOA and the source of the materiel (for example, Defense Working Capital Fund (DWCF) vs. non-DWCF materiel). If a customer does not pay inland, ocean and air carriers directly for transportation, (normally, in the form of commercial bill of lading (CBL) generated by shipping activities), transportation is performed as a reimbursable service by the USG. How much a customer pays for transportation services is based on certain conditions applicable to the type materiel involved and its value. Determination of when the USG provides transportation and the amount to be collected is outlined below:

a. Only shipments larger than small parcel size of non-DWCF materiel moving under DTC 4 is shipped collect (or third party billed) to a customer CONUS-located freight forwarder or other customer-operated CONUS facility. Small parcel shipments are treated as DTC 5 (prepaid inland shipment to freight forwarder or customer facility) following a pre-pay and add procedure. All DTCs except 4 include inland CONUS transportation (or for overseas-sourced materiel, inland overseas transportation.) Pre-pay and add is used for DWCF only.

b. USG-performed inland CONUS transportation is furnished either by issuing Government Bill of Ladings (GBLs)

to inland carriers, issuing approved DOD CBL to inland carriers or by using prepaid small parcel carriers. This bill is a contract document between the USG and the carrier and provides a means to pay the carrier for the service performed. The funds used to pay the inland carriers are obtained from either a DWCF or the FMS trust fund transportation cost clearing account. A customer pays into a DWCF when it pays the purchase price of an item. The customer pays into the FMS transportation cost clearing account with every non-DTC 4 LOA line funding non-DWCF materiel. For DOD FMS shipments, CBLs (payable by U.S. Bank TPPS) are used when the DTC is one of the following: 2, 4 (Defense Working Capital Fund (DWCF) materiel only), 5, 7, 8, 9, A, B, C, D, F, G, H, and J. For the CONUS portion of the shipment, shippers must ensure that they cite the DWCF for shipments of DWCF material and the FMS transportation fund for non-DWCF shipments.

c. Rates charged to a customer in an LOA for USG-furnished transportation are normally based on rules established in DOD 7000.14-R, Volume 15. Standard Percentage Rates are now located in SAMM, chapter 9. SAMM Standard percentages apply to most shipments. Look-up Table rates are used only for items in the Look-up Table, which includes mostly items with extremely high dollar values. Estimated actual transportation costs are used when known. Rates are used for items that normally incur higher than average transportation costs in their movement. This includes arms, ammunition and explosives (AA&E). Cases that involve consistent commercial airlift of materiel also have below-the-line transportation charges determined by using estimated actual computations. A customer or a materiel manager requests that estimated actual rates be charged if conditions dictate that this would produce a more reasonable transportation cost than the other two methods. All of these collection means are below-the-line on an LOA. The funds collected go to DFAS for inclusion in the FMS Trust Fund Transportation Cost Clearing Account. DFAS issues payments for transportation, based on bills received from DOD transportation agencies (for example, Air Mobility Command channel airlift), to DOD Finance and Accounting Offices for transportation procured with GBLs and LCMCs for transportation furnished by small parcel carriers. Regardless of expenditures made for the actual transportation provided, a customer will receive neither an additional bill nor a refund as the cost is fixed at the time the LOA is signed. Transportation sold as an "above-the-line" service is shown on the LOA as estimated actual costs and billed as actual costs. Special Assignment Airlift Missions (SAAMs) and LCMC-arranged vessel costs are billed by the hour from the time the aircraft leaves its home station until it returns to its home station. If a SAAM is not routed back to its home station on the return leg, charges are incurred only up to the point the mission was changed (See appropriate section in SAMM, chapter 7).

7-9. Insurance

Title of FMS shipments transfer to the customer at the point of origin. DOD is not responsible for any loss or damage that occurs in transit, if transportation is handled by commercial means. If a customer does not want to self-insure a shipment, the customer obtains commercial insurance. The FMS freight forwarder arranges commercial insurance as part of its contract with the FMS customer.

7-10. Offer release code and notice of availability

a. A notice of availability (NOA) using a DD Form 1348-5 (Notice of Availability/Shipment) is sent to the appropriate MAPAD address to notify a customer and FMS freight forwarder that an item is ready for shipment.

b. Storage or staging charges begin to accrue when an NOA response (or failure to respond) requires the items to be held for more than 30 days. Any storage costs are charged to the FMS case.

c. Offer release codes (ORCs) are included in the LOAs in Block 6 and identify how materiel is released and whether NOAs are required. A description of ORCs is found in the LOA information section of SAMM, chapter 7.

7-11. General and security waivers

A general waiver allows up to 50 percent of cargo to be carried on vessels flagged in the waiver-recipient country. General waiver applications are considered if the recipient country does not discriminate against U.S. flag vessels. The waiver application is submitted to DSCA. A security waiver is requested for shipments where a state of emergency exists or to avoid unsafe conditions. Applications provide specific requirements and show how the waiver meets the requirements. The waiver request is sent to DSCA with a copy to Maritime Administration. Additional information on this topic may be found in SAMM, chapter 7.

7-12. Defense Transportation System

DTS is the portion of the worldwide transportation infrastructure that supports Department of Defense transportation requirements. The SAMM, chapter 7, governs the use of DOD military transportation systems. Also see AR 12-1, paragraph 6-14. The following guidelines apply:

a. Requirements for SAAM flights and SAMD-arranged vessels are shown as a separate line item on the LOA. SAAM and SAMD-arranged vessels are considered premium transportation and are funded at the actual cost of the transportation provided. The line is then adjusted when billings are received for the transportation performed. When SAMDs use a SAAM or SAMD-arranged vessel or other special transportation to move materiel, the appropriate transportation bill codes are used to advise DFAS that special transportation is being used. The SAAM flight or SAMD-arranged vessel line item is recorded in CISIL to identify the materiel line manager. LCMC transportation

offices have SAAM/SAMD- arranged vessel responsibility. When materiel is being supplied by more than one LCMC, the SAMD designated as lead by USASAC arranges the transportation. Other services, including use of Air Mobility Command Channel airlift, are provided for in the standard transportation rates prescribed in DOD 7000.14-R, Volume 15.

b. Unless DSCA provides specific guidance to the contrary, USASAC tasks the SAMDs to prepare all LOAs that deliver by DOD military transportation to use the most economical transportation mode available. The following guidance applies to computing LOA transportation charges:

(1) All BO LOA lines valued at under \$10,000 are calculated using the DTC SAMP, chapter 5. Transportation charges are computed based on the rates discussed in chapter 7 and DOD 7000.14-R, volume 15, paragraph 070503. It is also included in SAMP, chapter 9. Defined order lines will be assessed the appropriate DTC percentage for the first \$10,000 in unit cost and 25 percent of the DTC percentage for the portion of the unit cost that exceeds \$10,000.

(2) SAMDs use the Transportation Cost Look-up Table in the SAMP, Appendix 2 to the maximum possible extent. Qualifying items are added to the Look-up Table as required. SAMDs identify additional items that should be added. SAMDs submit additional data using the formats at Tables 805-1 and 805-2, DOD 7000.14-R, Volume 15, to USASAC for review and approval by DSCA. SAMDs also provide recommended rates for the subsequent fiscal year to USASAC G-8 (by 30 June annually) for consideration by DSCA.

(3) Standard note T14.C is included in defined line LOAs when transportation charges are based on estimated actual computations. This note specifically identifies line item costs for each transportation element, such as CONUS inland movement, port loading, and ocean transportation.

(4) DFAS retains copies of the LOA note for billing purposes. The delivery transaction submitted to report physical delivery should contain an "L." DFAS will bill the transportation amount identified in the LOA note for affected items.

(5) For changes in transportation costs, SAMDs advise USASAC when an amendment or modification is required.

(6) Nothing in this chapter alters the standing policy of ensuring that DOD military transportation services are fully reimbursed for services rendered. The transportation operating agencies bill DFAS for transportation services performed using standing procedures and established rates.

7-13. Transportation of materiel procured from foreign sources (offshore procurement)

In accordance with SAMP, chapter 7, the Procurement Agency will notify the Implementing Agency (IA) of any materiel procured offshore and the IA notifies the customer of articles to be supplied from offshore sources within 3 weeks after source identification. The customer may, for logistics reasons, request that the procurement be made from a CONUS source. The IA will notify the Procurement Agency of the customer's decision. If procurement is from an offshore vendor, the Department of Defense (DOD) Contract Administrator must send a Notice of Availability (NOA) to either the Offshore NOA address identified for the customer in the applicable Military Assistance Program Address Directory (MAPAD) or, if none is listed, to the appropriate NOA address listed for the applicable MAPAD. Based on the NOA, the customer or its Foreign Military Sales (FMS) freight forwarder may direct movement of the materiel to an offshore facility in the same region as the materiel's origin or to the FMS freight forwarder's facility in CONUS. The customer is responsible for the cost of movement to the CONUS FMS freight forwarder and for all export and/or import licenses and Customs clearance requirements imposed by the materiel's country of origin and the United States Government (USG). Regardless of what procedure is followed, title passes to the customer at the shipment's point of origin. The DOD CONUS contractor who was awarded the original FMS contract is responsible if they purchase the items offshore at an OCONUS subcontractor's facility since this will change the original plans for transportation and DOD contract that was awarded. The primary DOD contractor then becomes responsible to move the freight from the subcontractor's facility to the ultimate destination at no cost to the USG or the FMS customer.

7-14. Pre-shipment inspection

This is a special inspection performed to ensure that all items are serviceable. It is required for items with inspection criteria that are different from or exceed those that apply to government-furnished materiel. When required, charges are included in the unit price of the item and no separate breakout or note should be included on the LOA.

7-15. Transportation of arms, ammunition and explosives and sensitive materiel

AA&E and sensitive materiel include items, such as small arms weapons, various types of ammunition, explosives, and special items, such as night vision devices and controlled cryptographic items (CCIs). AA&E and sensitive items are not shipped to a customer's FMS freight forwarder (unless DSCA provides a waiver) or to a customer's facility in the U.S. They also require Transportation Plans. See SAMP, chapter 7, for additional information. Customers are notified of any AA&E and sensitive material that will be shipped to country well in advance to ensure that the customer can make arrangements to receive the materiel.

7-16. Transportation plan

a. A transportation plan is required for each LOA containing classified and sensitive materiel, including CCI, or AA&E (SRC I - IV).

b. The transportation plan is jointly developed by the responsible case preparing activity, along with the CPM, and

in coordination with the customer. Regardless of where title transfer occurs, the transportation plan is reviewed and approved by the FDO supporting the case preparing activity. The transportation plan is presented and accepted in writing by the customer prior to the movement of materiel. See DODM 5200.01, Volume 3 and DOD 5100.76–M and SAMM, chapter 7.

c. The SAMD is responsible for developing the transportation plan, in coordination with the contractor, customer, and other SAMDs, as applicable. In practice, the Transportation Plan is typically developed after case implementation when classified items have been identified and after the country designates a Freight Forwarder. When completed, the responsible SAMD provides to USASAC for further staffing.

d. A transportation plan must be included for all classified, CCIs, Arms, Ammunition, & Explosives and Sensitive items. These items may not be shipped to a purchaser's Foreign Military Sales (FMS) freight forwarder or to a purchaser's facility in the United States (for example, embassy, buying agency, and so forth) without an approved transportation plan.

e. If classified Repair and Return items are involved, the transportation plan must address all aspects concerning the return of items, including functions to be performed by the sending and receiving entities and notification requirements.

f. SAMM, chapter 7, includes an example of a transportation plan.

7–17. Materiel requiring special transportation and handling procedures

a. Three categories of materiel require special safeguards when they are exported to customers under the FMS program. Customers and DOD comply with all procedures required to protect materiel in these categories. All of these materiel categories require special control while in transit to customer countries. Some of it may not be directly handled by customer countries or their freight forwarders while it is in CONUS (or OCONUS Theater of origin). This category includes sensitive items (at all times) and classified materiel (under certain conditions). The remainder are received and handled by the customer or its freight forwarder(s), if certain conditions are met. The categories are—

(1) *Sensitive materiel*. In accordance with DOD 5100.76–M, chapter 7, sensitive materiel is conventional AA&E and related items identified by DOD as falling into certain SRC because they have physical properties which make them dangerous to the public.

(2) *Classified materiel*. In accordance with DOD 5200.1–M, chapter 8, classified materiel and publications are those which have assigned levels of information security, such as SECRET and CONFIDENTIAL.

(3) *Controlled substances*. These are narcotic drugs and other substances that are subject to provisions of the Controlled Substances Import and Export Act and other Federal Laws and Regulations.

b. Sensitive materiel is regulated by DOD 5100.76–M, which applies to handling and storage, as well as transportation. Sensitive items are regulated due to their immediate usefulness by criminals and terrorists, not because they might also be identified as hazardous material according to U.S. and international regulations. Hazardous material is not necessarily Sensitive Materiel. Also, not every AA&E item is identified as sensitive, even if it includes small amounts of explosives or is weapons-related; however, if any level of sensitivity is assigned to an item, it must be handled in accordance with DOD 5100.76–M and must not be shipped to or held by a freight forwarder. A DTC of at least 8 must be assigned to shipments of sensitive materiel, that is, it must be under DOD control through a DOD-controlled POE and loaded into a customer country-controlled ship or aircraft at that POE. The four levels of sensitivity or SRCs are identified in DOD 5100.76–M publication.

c. Identifying sensitive materiel. Not all arms or ammunition-related items or explosive materiel are sensitive, according to the above description. To identify materiel for control purposes, DOD inventory managers have assigned each item under their control a controlled inventory item code (CIIC) or DOD-assigned special control item code (SCIC). CIICs are found in DOD catalogs available from the Defense Logistics Services Center or in Fed Log.

d. DOD 5100.76–M, Physical Security of Sensitive Conventional AA&E, appendix 1, lists types of items determined to be sensitive, based on their relative utility, attractiveness and availability to criminal elements. When offered on a LOA, sensitive items are referenced to DSAMS note S6.A1, Security Requirements (Materiel), with publication DOD 5100.76–M specified in second “fill-in” within the note.

(1) To determine if a specific Department of Defense Activity Address Code or NSN is sensitive, there are two category fields to query in either Fed Log or the DOD National Level Ammunition Capability. Those fields are the CIIC, and the SCIC. If the CIIC code is 1 through 6, or 8, the item is considered sensitive. If the CIIC is not 1 through 6, or 8, confirm the SCIC."

(2) The column titled “Sensitive AA&E” within the SCIC table below indicates which SCIC are considered sensitive.

Table 7-2 Special control item code					
SCIC	Regulated	Principal	Sensitive AA&E	Explosive Hazardous	Radioactive
0					
1	X				
2		X			
3			X		
4	X	X			
5	X		X		
6		X	X		
7				X	
8					X
A	X				X
B	X	X			X
C		X		X	
D	X	X		X	
E			X	X	
F			X		X
G			X	X	X
H	X		X		X
K	X	X	X		X
M		X	X	X	
P	X	X	X	X	
R	X		X	X	
S		X	X		X
T		X			X
U		X	X	X	X
V	X			X	
W	X	X		X	X
X	X		X	X	X
Z	X	X	X		

e. Hazardous non-sensitive materiel. This material is processed and exported according to applicable U.S. and United Nations (UN) hazardous material laws, standards and regulations. If not moved within the DTS, notices of availability (NOAs) are sent to freight forwarders or country representatives to ensure correct materiel processing.

f. Exemption for Canada and Germany. Sensitive items are shipped DTC 4 via CBL or DTC 5 (prepaid transportation) from CONUS locations directly to military activities in Canada. Germany's military facility at Dulles International Airport in Sterling, Virginia, is also specially cleared by DOD to receive and export small amounts of sensitive items. Transportation to locations in Canada are shipped by Surface Deployment and Distribution Command (SDDC)-approved carriers and processed in accordance with SDDC inland CONUS procedures. Releases to the German Military facility follow offer/release code Z Notice of Availability (NOA) procedures.

g. Waivers. Any deviation from the above sensitive materiel procedures requires a waiver from DSCA with the

concurrence of Office of the Under Secretary of Defense (Intelligence). The waiver, if approved, must be written in the applicable LOA. The waiver only applies to the materiel moved under that LOA. Also, except for Germany and Canada, waivers are only obtained to export Category I under DTC 8 procedures in lieu of DTC 9 procedures. The waiver request guarantees that the customer country's procedures are at least as good as DTS overseas lift procedures. Waivers to less than DTC 8 are not authorized for Sensitive AA&E.

h. Classified items. This category includes materiel and publications which have been assigned information security levels of SECRET or CONFIDENTIAL. Unlike sensitive materiel, classified items do not have to move to customer countries through the DTS or under DTC 8 procedures. However, if a Customer Country, after being cleared to receive classified material, proposes to take possession in CONUS, customer country representatives (not commercial agents, that is, freight forwarders) submit a Transportation Plan for approval by DA Security Specialists. Current DA policy identifies materiel management Security Specialists as the reviewing/approving/disapproving officials for Army-sponsored FMS sales of classified items. The Transportation Plan identifies the classified items being exported under an LOA and provides detailed information regarding how it will move from CONUS to its final destination in the customer country. A copy of the approved Transportation Plan is kept on file with all official copies of the LOA. Transportation Plans are not required from customer country representatives for DTS-routed classified materiel because DTS (for example, DTC 9 or 7) has its own internal security procedures. If a customer country's freight forwarder or other CONUS-located facility has been cleared by the Defense Security Service (DSS) to receive and handle classified material, DTC 4 or 5 procedures are followed. If no cleared facility is available, a minimum of DTC 8 procedures is followed. If materiel is both classified and sensitive, it requires processing as both sensitive and classified (that is, a minimum of DTC 8 should be assigned to materiel movement). If neither DTC 4, 5, nor 8 procedures are available or approved, the DTS must be used. Regardless of the authorized DTC, special procedures still apply. Detailed procedures are found in SAMM, chapter 5; DOD 4000.25-8-M, chapters 1 and 2 MAPAD; and DOD 5200.1-R. General procedures follow:

(1) Before a freight forwarder receives classified material, the address of the cleared facility is entered in the MAPAD (DOD 4000.25-8-M) or as a type address code (TAC) A or B address (for items classified as SECRET) or as a TAC C or D address (for items classified as CONFIDENTIAL).

(2) NOAs for classified materiel are sent to the country representative indicated in the MAPAD for the customer country, not to the country's freight forwarder, even if the freight forwarder is the cleared facility. Before a shipping activity can release the classified shipment, it receives an NOA response directly from the country representative.

(3) An NOA response for classified materiel designates, in writing, the individual receiving the materiel at the cleared facility indicated in the MAPAD. The NOA provides the individual's name and level of security clearance. It assures the shipping activity that the individual assumes full responsibility for the materiel. This individual is required to sign a receipt for the shipment upon arrival at the facility.

(4) For classified materiel (not unclassified sensitive materiel) sold under a U.S. Army-sponsored FMS case, the foreign customer submits a transportation plan (one plan must be submitted for each LOA) to DA security officials for review and approval prior to LOA signature. At a minimum, this plan specifies storage facilities, delivery and transfer points, carriers, couriers or escorts and methods of handling that will be used to move classified material from its point of origin to its final destination (and return, if applicable). The LOA is not signed by the USG until DA security officials approve the plan. A transportation plan is required for all shipments of classified material, regardless of the point at which a customer country takes possession of the materiel. If materiel is both classified and sensitive, it requires processing as both sensitive and classified (that is, a minimum of DTC 8 is assigned to movement of the materiel.)

i. Controlled substances. The export of FMS items or materiel that include narcotic drugs or other controlled substances are subject to the provisions of the Controlled Substances Import and Export Act, 21 United States Code (USC) section 951, and procedures described in 21 CFR 1312. To conform to these laws and regulations, the following procedures are followed:

(1) If an FMS requisition for medical materiel involves controlled substances, the USAMMA advises the customer to submit with its requisition an official import document for entry of the substance into the country.

(2) Upon receipt of the requisition and the accompanying import document, USAMMA forwards the import document to the DEA and requests an export document from DEA for the shipment.

(3) Upon receipt of the DEA export permit, USAMMA provides the Defense Personnel Support Center (DPSC) with the export permit number, its expiration date and the port or ports of exit through which the materiel can be moved.

(4) DPSC furnishes the data required for export/import of the controlled substance to the shipper to accompany the shipment, either through a freight forwarder or via the DTS. No shipment of a controlled substance moves without a copy of the export permit and other attached documentation.

7-18. Transportation discrepancy reports

a. When a discrepancy occurs, SCO representatives submit a transportation discrepancy report (TDR) for DTS-routed FMS and grant aid deliveries. The customer cannot submit a TDR. TDR procedures are found in DOD 4500.

9–R, part II, chapter 210. A TDR formally documents lost shipments and establishes an official record for future claims against a carrier for loss or damage.

b. Procedures for resolving TDRs are provided in DOD 5105.38–M, paragraph C7.17.

(1) The TDR is used by DOD to document discrepancies involving the delivery of cargo by motor, air, water, rail and small package commercial carriers.

(2) The TDR is used to report all shipping discrepancies to include pilferage, theft, damage, vandalism, improper packaging, documentation and non-conformance with hazardous material shipping requirements.

(3) The TDR applies only to those shipments made through the Defense Transportation System, Delivery Term Codes 7, 9, G and J.

7–19. U.S. Army Corps of Engineers transportation

The majority of supplies for USACE cases are shipped by the contractor who has responsibility for the shipment under a USACE contract. Shipments that are not the responsibility of a USACE contractor will follow the procedures in the USACE Operation Order.

Chapter 8 Cooperative Logistics Supply Support Arrangement

8–1. Introduction and purpose

a. The purpose of this chapter is to define the process and procedures required to establish Foreign Military Sales Order (FMSO) I and FMSO II cases required to establish and execute CLSSA.

b. A CLSSA is an agreement between the U.S. Government and a foreign government or international organization to provide supply support through the U.S. logistics system. A CLSSA involves a financial investment in the supply system, for which the customer is able to obtain DOD stocked non-SME material that is required on a recurring basis for a defined end item during a defined timeframe.

8–2. General

CLSSAs provide for pre-stockage and storage of DOD-stocked non-SME items that are needed and used by the FMS customer on a recurring basis. CLSSA programs consist of two separate cases: a FMSO I case and a FMSO II case. CLSSA LOAs reflect support for end items with no definitive listing of items or quantities. Scope is limited by the LOA description of end items to be supported and dollar values of the FMSO I and II cases. FMSO I and II dollar values are based on the cost of forecasted requirements for the anticipated period of support.

a. The CLSSA program requires the customer's investment into the U.S. inventory by creating a FMSO I. FMSO I cases provide for a customer investment composed of a fixed percentage, as determined by DSCA in coordination with the Army, of the total estimated dollar value of programmed requirements. The initial investment is based on a defined list of items (also known as the equity list or initial support list) for system(s) identified by the customer. Items that are not included on this list are not part of the CLSSA program and should not be ordered on the CLSSA case, unless the list is modified to include those items, or the military department provides prior approval for the item to be purchased in the CLSSA program.

b. The CLSSA program supports customer orders for centrally stocked or centrally managed spare and repair parts of the defense systems common to the forces of a customer and U.S. forces. Sales of equipment being phased out of the active inventory normally are conditional upon explicit understanding with the customer that such support shall be limited and may be terminated. Customers are authorized to order defense articles under the CLSSA program that the DOD does not centrally stock or centrally manage. The CLSSA program provides extended access into DOD stock.

c. Programmed CLSSA demands are computed by demand-related methods and shall be included in the demand database of the computational system in forecasting CLSSA requirements. For centrally stocked or centrally managed items whose requirements computation relates failures, repairs, and condemnations to past and future activity programs include the CLSSA customers' program information in the computational system's database or other appropriate data sources. New CLSSA programs (which may include density increases) are based on U.S. military department estimates and/or adjustments made by the customer to meet actual demands or trends.

d. Budget authority for CLSSAs is executed in accordance with DOD Financial Management Regulation (FMR) 7000.14–R, Volume 15, chapter 2. Records for reimbursement are maintained in accordance with Volume 11B, Annex 1. Charges associated with CLSSAs are assessed in accordance with instructions contained in Volume 15 and Volume 11B of the DOD FMR. Financial records are maintained to determine the financial status for supplies under the CLSSAs. Status is recorded with DFAS.

e. The level of support provided under CLSSAs to customers is the same as that provided to U.S. forces within assigned Force Activity Designators (FADs). The goal of the DOD is to provide uniform support for all military forces participating in the DOD supply system. When a customer orders an item prior to the end of that item's augmentation period, the order may not be satisfied from U.S. serviceable on-hand stocks, if the inventory level is at a point that the

item may be required to fill U.S. forces requirements. Instead, such orders are processed as a non-programmed order against the CLSSA case.

8-3. Procedures

a. CLSSA item eligibility is based on the acquisition advice codes which identify an item as centrally managed or centrally stocked. Those categories of items not eligible under CLSSA are typically processed using the FMSO II as non-programmed requirements and therefore not used when determining future requirements.

b. Noncompliance with CLSSA procedures by a customer may result in degradation of support under a CLSSA. Accordingly, customers are encouraged to establish the necessary resources and infrastructure to support their CLSSA program.

c. Under normal circumstances, either party may terminate a CLSSA by giving a minimum of 6 months written notice. Additional information on terminating CLSSA programs is provided in paragraph 8-6.

d. Negotiations involving the sale of U.S. defense articles will include full consideration of the customer's operational use of such defense articles and include provisions for effective concurrent and follow-on logistics support. Effectiveness of follow-on spare and repair parts support can be increased through the use of CLSSA for many weapon system programs.

e. DOD business practices, including those issued by DSCA, are used unless modifying these practices will significantly increase logistical readiness. Modifications must be approved by DSCA, in advance. Modifications may not be made if increased operating costs or adverse impact on support of U.S. forces will result. To be consistent with procedures by U.S. forces, customers submit orders based on negotiated parameters.

f. DOD 4000.25-1-M and Part II of DOD 4500.9-R are used to prioritize and systemize the issue and movement of CLSSA materiel.

g. Item records of supply transactions are maintained by inventory control points (ICPs) or other military department activities to allow the current status of the transactions to be available for determining equity negotiation and termination requirements. Records enable the determination of the share of excess items applicable to weapons systems being supported for which the customer may be held responsible. Demand records are reviewed before excess materiel is transferred to property disposal activities or sold at reduced prices.

8-4. Forecast

Forecasts of requirements and stock control of WCF centrally stocked, or centrally managed items, are based upon the following planning considerations.

a. Increases to the FMSO I and FMSO II case values may be necessary when the customers require a higher level of supply effectiveness, equity lists change, longer procurement lead-times are required, or a significant increase in materiel requirements occur due to the customers demand patterns. In these instances, the FMSO I investment are synchronized with the FMSO II projected materiel requirements of the item(s) or system(s) being supported.

b. All non-programmed CLSSA orders are excluded from the demand base of the respective computational systems. If the issuance of an item to meet these FMS demands results in the inventory being at or below the reorder point, the requisitions are placed on backorder. The requisitions are filled when on-hand serviceable stocks are above the reorder point or filled through procurement.

c. If the customer's actual orders are below the estimated programmed demand, excess stock may result. This excess stock is the responsibility of and chargeable to the customer. CLSSA drawdown of excess stocks is reviewed annually or when any established funding thresholds are met. Customer liability exists to the extent that stock levels exceed U.S. current and future demand levels. The Army shall exercise either a cash or materiel settlement upon executing a CLSSA drawdown.

8-5. Negotiation and implementation

a. CLSSAs are negotiated and implemented by USASAC using FMS LOAs. CLSSA terms, conditions and procedures applicable to each FMSO I or FMSO II case are attached to the LOA document or incorporated by reference.

b. When a FMSO I case is accepted and implemented, the Army establishes a financial equity for the country in the military department's WCF for centrally stocked or centrally managed items in the U.S. logistics system. The Army uses this equity investment for procurement to provide appropriate augmentation of DOD stocks of centrally stocked or centrally managed items, in preparation for customer orders. These items sustain customer stocks supporting the defense systems identified in the FMSO I.

c. CLSSAs are system-specific and items for those systems are typically ordered from the appropriate military department. In those rare instances where a small number of items are managed by a different military department and the preparing military department does not have an inventory interest, those items are processed as non-programmed CLSSA orders. The financial equity required for DLA stocks shall be collected, maintained, and managed by the respective military departments.

d. A procurement lead-time period elapses between the time the FMSO I is implemented and DOD stock augmentation is completed. A FMSO I case is established prior to the FMSO II case. FMSO II orders from the customer are processed as a programmed CLSSA order until DOD stock augmentation for that item is complete.

8-6. Termination

a. CLSSA cases provide support from the U.S. logistics system. Under unusual and compelling circumstances when the United States interest so requires, the DOD reserves the right to cancel or suspend all or part of any CLSSA-related LOA at any time prior to the delivery of the defense articles or performance of service connected with such arrangement.

b. Upon issuing or receiving notice of a request to terminate CLSSA support, the FMSO I case is renegotiated to adjust the dollar level of investment to the most recent dollar level of demand. After all termination issues are resolved, the Army prepares and forwards a termination register to the customer. The register lists by line item the customer's pro rata share of all quantities above the level of the military department requirements that are applicable to the weapons system being supported. The customer is given the opportunity to purchase these stocks during the period between notification of termination and the termination date by submitting an order coded to show non-recurring demand. On the termination date, the customer is held liable for all remaining materiel that may not be absorbed by the military departments. The customer is charged for any remaining quantities and has the option of liquidating by withdrawing the items or by requesting the Army dispose of them on the customer's behalf. For materiel that may be absorbed, the Army refunds the materiel value. The customer is provided with the proceeds of any disposal action less the administrative cost of the disposal. No refund is made on the administrative charge.

8-7. Roles and procedures

a. Customer.

(1) Indicates weapon systems to be supported. This will include NSN, item description and quantity. In the event that an NSN has not been assigned to a weapon system, description and quantity are sufficient.

(2) Provides necessary LOR's so that a program can be offered and modified through its life.

b. SAMD.

(1) Provides initial support lists (ISL) to USASAC when requested. These may be in a format acceptable to the USASAC and the issuing SAMD. Every effort must be made by the SAMD to provide the ISL through an automated process which allows for the systematic updating of the USASAC database so as to prevent the need for manual loading of the data and the inherent potential for mistakes associated with a manual process.

(2) Provides renegotiation lists when requested in a format acceptable to the USASAC and the issuing SAMD.

(3) Assists USASAC in CLSSA development and drawdown as required.

(4) Maintains a central point of contact for all CLSSA actions.

c. USASAC CPM.

(1) Receives all LOR's from the customer.

(2) Coordinates with USASAC for case designators.

(3) Processes all LOR's under current procedures; additional concurrence from the USASAC will be sought for all CLSSA LOR's.

(4) Processes all CLSSA cases through DSAMS using current procedures.

(5) Loads the appropriate validating Logistics Modernization Program files.

(6) Coordinates with the USASAC involving CLSSA discussions.

d. USASAC-G4.

(1) Maintains and supports all CLSSA policies and procedures.

(2) Conducts renegotiations and initial offerings with the customer according to current business practices.

(3) Attends and conducts CLSSA briefings and meetings, as deemed appropriate in coordination with the CPM.

(4) Monitors active CLSSA programs according to current business rules.

(5) Interfaces with the SAMD to resolve CLSSA questions related to potential and active programs. This also includes CLSSA drawdown program termination.

Chapter 9

Maintenance Support Arrangements/Repair and Return

9-1. Purpose and Introduction

a. The purpose of this chapter is to provide instructions for execution of MSA/repair and return (R&R) cases and identify the responsibilities of the customer, USASAC, the SAMD and the maintenance facility during execution.

b. A MSA/R&R case is a contractual agreement between the U.S. Army and the defense establishment or armed

forces of a foreign government that provides U.S. maintenance support. This support may provide all maintenance requirements or merely augment the customer's internal maintenance capabilities.

9-2. General

- a. The purpose and concept of maintenance support arrangements (MSAs) are given in AR 12-1, chapter 6.
- b. Items that are included in an MSA/R&R are normally standard items that are common to both the U.S. and customer inventories and were obtained through the SA program.
- c. Inclusion of other items is negotiated on an item-by-item basis, using the following considerations:
 - (1) Similarity between the U.S. Army materiel and customer materiel.
 - (2) Interchangeability of parts.
 - (3) Tools, test equipment, and special facilities required.
- d. The concept is explained during negotiations for the initial sale, as required by the TPA concept detailed in chapter 3, of this document. MSA/R&R LOAs should be requested as soon as possible after the initial sale so that the U.S. Army can properly plan for resources to perform the work.
- e. HQ, AMC approval is required before establishing or restoring any maintenance facilities that will be used solely to accommodate SA requirements. Any such arrangements will specify costs chargeable to the customer.

9-3. Procedures

- a. USASAC.
 - (1) The USASAC CCM processes a pseudo requisition to issue funding to the appropriate LCMC/SAMD upon implementation of an LOA for a MSA/R&R.
 - (2) The CCM reviews the customer advanced notification request which identifies the item in need of repair to ensure that the information is complete.

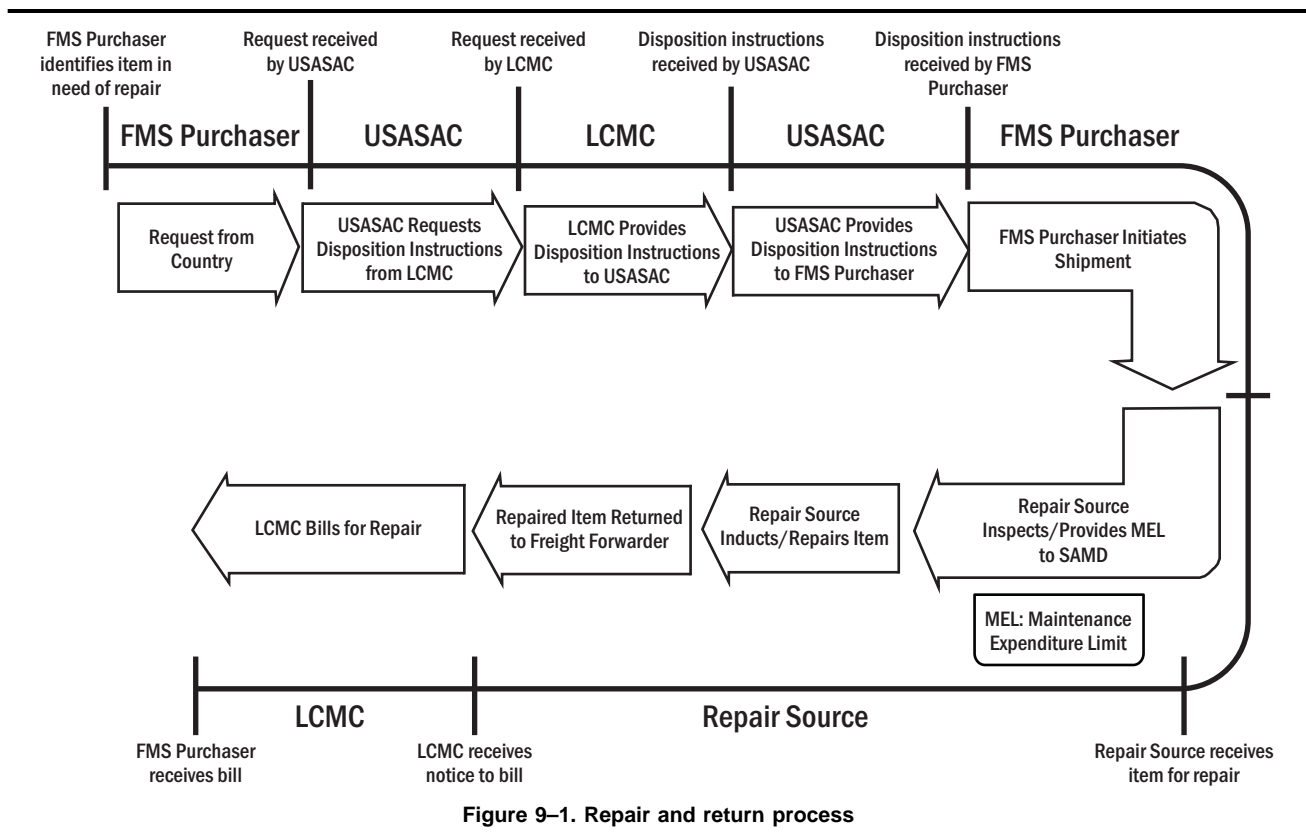


Figure 9-1. Repair and return process

(3) The CCM then requests disposition instructions from the supporting SAMD to enable the proper return of the item for repair.

(4) The CCM also provides the disposition instructions to the FMS customer for return of the item.

(5) The CCM ensures that the FMS customer ships the item needing repair to the repair facility in accordance with the disposition instructions.

(6) The CCM will direct the repair facility, upon receipt of the item in need of repair, to perform an inspection of the item to determine its condition.

(a) If the item is beyond economical repair, the repair facility informs the SAMD, who in turn notifies the CCM. The CCM then advises the FMS customer of the item's condition and requests Disposition Instructions. The item can either be returned to the FMS customer or disposed of by the repair facility at the FMS customer's request.

(b) If the item is determined to be repairable, the repair facility determines the cost of repair. If the cost is below the maintenance expenditure limit (MEL), the item is scheduled for repair. If the repair cost exceeds the MEL, the repair facility will advise the SAMD and request FMS customer approval before proceeding with the repair.

(7) Upon completion of repair by the repair facility the item is scheduled for shipment back to the FMS customer.

(8) The repair facility identifies the cost of repair to the SAMD who then initiates billing action against the appropriate LOA.

b. SAMDs.

(1) Review the country's requirements as stated in the LOR and prepare the LOA or case line in DSAMS. Upon implementation of the applicable FMS case, the SAMD case manager will ensure OA is sufficient and identifies the repair facility that will perform the work. If the repair is performed by a U.S. depot, the appropriate funding information is provided to that depot. If the repair is performed by a U.S. contractor, a sales order is initiated and submitted to the contracting agency for award of contract. The SAMD case manager provides the location of the selected repair facility to the country through the USASAC CCM and disposition instructions to ship the item needing repair. The country is responsible for all applicable PC&H and transportation. The SAMD case manager coordinates between the customer, USASAC CCM and the repair facility and monitors status of the country's asset from receipt at the repair facility through completion of the repair work and issuance of the NOA to the freight forwarder. If the cost of repair exceeds the MEL or if a configuration change or upgrade is required because of obsolescence or asset modernization, a request for MEL waiver or authorization for configuration change is requested from country through the USASAC CCM. When an asset is deemed beyond economical repair (BER), the SAMD case manager communicates this information to USASAC CCM and requests disposition instructions from the country. When any asset is returned to country, the repair facility is responsible for the PC&H and the country is responsible for the transportation.

(2) The SAMD case manager will provide clearly written disposition instructions to include estimated cost and completion date to USASAC CCM and will also identify the location for return of the item.

(3) The SAMD/PEO/PM communicates and coordinates with the U.S. repair facility in order to provide responses to inquiries or request information. Upon completion of the repairs, the facility provides DD Form 1348-5 to the country and/or their freight forwarder and ships the asset in accordance with instructions provided. Shipment status is provided to the supported SAMD.

9-4. General requirements

a. LOAs fully identify the repair or other services to be performed and the level of work required. Each LOA is prepared to clearly identify each weapon system and responsible SAMD by line. Costs are based on past experience and updated with current and projected cost factors from the Maintenance Data Management System.

b. The customer provides advance notice of returns. Assets are returned on DD Form 1348-1A (Issue Release/ Receipt Document) with the letter "R" in card column 40. The document is incorporated in the data forwarded to the depot. The SAMD and USASAC will establish a suspense file in anticipation of receiving the unserviceable materiel.

c. Three copies of DD Form 1348-1A, together with DA Form 2407, Maintenance Request, and a maintenance history accompany the unserviceable equipment to the depot designated in the LOA. Standard note M4 explains this procedure and is included in all MSA LOAs.

d. MSAs for non-sensitive, unclassified materiel specify DTC "E". Movement from the point of origin to CONUS and return is arranged by the customer through the freight forwarder on a GBL or prepaid bill of lading. MSAs for overseas maintenance facilities normally specify DTC "E". DTC "G" is specified for countries that are authorized to ship materiel by the DTS.

e. If the freight forwarder selected by the customer is listed in the Military Assistance Program Address Directory (MAPAD) as cleared to process classified material, MSAs for classified items may specify DTC "E". If the freight forwarder is not cleared to process classified material, DTC "C" or "G" is used. DODM 5200.01-V1, February 24, 2012 requires that FMS classified material for a foreign customer be delivered to a USG representative who arranges

for transfer to the foreign government. If the MAPAD does not contain a U.S. "Mark For" address, SAMDs request the USASAC CPM obtain delivery instructions from the in-country SCO.

f. Special markings are placed on the exterior of customer-owned containers used to return repair/return materiel to depots. Special markings ensure that FMS materiel can be quickly identified at the depot, even if documentation, which is required to be affixed to shipping containers, is lost or damaged. Every container used to return MSA materiel to a repair facility displays at least one orange FMS repair sticker on all exterior surfaces of the container. The number of stickers used per surface is commensurate with the size of the container. Each sticker is annotated with the following markings: FMS PROPERTY OF (Country). These markings comply with MIL-STD-129. Depot personnel will not affix these special markings to shipping containers. LOAs for repair/return include standard note A10.A1.

g. The depot normally does not repair assets if the repair cost estimate exceeds the MEL without requesting and receiving a waiver from the customer. The MEL is normally 65 percent of the acquisition price, but may be changed through coordination between the SAMD, the USASAC CCM team and the customer.

h. In the event that an item in the repair process is lost or considered to be improperly repaired, the customer uses the SDR process to report these conditions and seeks restitution. Discrepancies found in customer assets repaired in U.S. depots will be treated as sales from DOD stock. Discrepancies found in customer-owned assets repaired in commercial facilities are treated as sales from procurement.

i. In the event that a depot level reparable asset is deemed non-reparable by the repair facility, disposition instructions (DI) from the customer are required. Accordingly, repair facilities or SAMDs will advise USASAC to notify the customer of the need for DI by traceable means, such as the U.S. Postal Service or a commercial carrier. Once requested, nothing further is done to repair an item until DI are received. Depots and SAMDs coordinate on initiating the request for DI, depending on local agreement between the depots and the SAMDs. Contract repair facilities coordinate these requests with the SAMD. Standard note D8 on MSA LOAs addresses disposition of non-reparable assets. Contract facilities will forward terminated fees to the SAMD Business Management Office.

Chapter 10 Army Security Assistance Enterprise Training Management

10-1. Purpose and introduction

a. The purpose of this chapter is to provide an overview of the major types of SA training programs, the differences of each, and identify the responsibilities of the organizations which execute these training programs.

b. Information on CONUS institutional and non-institutional training provided by SATFA (TRADOC) is contained in paragraphs 10-3 and 10-4, respectively. OCONUS training provided by SATMO (USASAC) is divided into 4 categories, and is further explained in paragraph 10-6. English Language Training (ELT) programs provided by the Defense Language Institute English Language Center (DLIELC) are discussed in paragraph 10-8. CONUS contractor-provided training, managed by USASAC in coordination with SATFA, is contained in paragraph 10-9. Unique training provided by the SAMDs or the PEO/PMs is discussed in paragraph 10-10.

10-2. Security assistance training programs

SA training programs are separated into the following categories; CONUS, OCONUS, and Others (contractor, English Language Training, facilities and engineering services training). Policy, responsibility, authority, and objectives of the training programs are delineated in AR 12-1, chapter 4.

10-3. Continental United States institutional training

TRADOC/SATFA brokers Army CONUS-based training within established Army training requirements to include resourcing for Geographic Combatant Command (GCC)/Country training programs. This includes Professional Military Education (PME) and technical training authorized and approved for funding under SA (Title 22) and select Security Cooperation (Title 10) programs.

a. The CONUS Institutional SA Training process typically begins with a representative from DOD, COCOM or SCO providing their training requirements to SATFA, who is responsible for brokering the country's requirements against available seats. SATFA manages various Security Assistance and related programs (for example, FMS and International Military Education and Training (IMET)) somewhat differently because of the type of funding involved.

b. Country and the SCO are responsible for identifying and forecasting long-term training requirements. SATFA submits and justifies these requirements during the structure manning decision review via the Army Program for Individual Training. For near-term training or year of execution training, SATFA plans, schedules, coordinates, confirms and requests additional seats through the Army Training Requirements and Resources System (ATRRS) and the Training Resource Arbitration Panel (TRAP) process. TRAPs support increases and decreases in training requirements during the year of execution.

c. SATFA, in coordination with the training institutions, creates the T-MASL, which includes prerequisites, tuition

pricing and disclosure approval by country for available courses. SATFA ensures all training institutions are reimbursed for all services rendered. A forfeiture fee is charged for cancelling or rescheduling training in accordance with the annual U.S. Army Forfeiture Charge Policy message.

d. SCOs process an International Military Student (IMS) for training to include vetting, validation of medical coverage, a pre-departure briefing and issuance of an Invitational Travel Order (ITO). Once the IMS arrives in CONUS International Military Student Offices (IMSO) are located at most training sites to oversee life support and academic progress until the IMS departs for home country. SATFA Major Functions include:

- (1) Represent TRADOC in ASAE mission matters.
- (2) Provide Security Assistance Training (SAT) policy and program execution functional advice to TRADOC G-3/5/7 and other TRADOC agencies.
- (3) Coordinate Army Security Assistance Training Program (SATP) requirements with the GCCs, DSCA, Army service component commands (ASCCs), HQDA, other military departments, U.S Government security cooperation organizations, foreign embassies and attachés, and Army-managed CONUS institutional training activities, to include TRADOC centers and schools.
- (4) Centrally managed SATP fiscal requirements, to include FMS case and grant programs funds accounting and reimbursements to training providers for training/PME executed.

10-4. Continental United States non-institutional training

a. Countries sometimes have unique requirements for CONUS Security Assistance training or support missions, including:

- (1) Partner Nation military unit(s) conducting training within CONUS using Foreign Military Sales (FMS) funds reimburse Army operational and institutional support expenses.
- (2) FMS-funded foreign military personnel participating in collective training with U.S. Army unit(s).
- (3) Foreign military students attending FMS-funded training (other than new equipment training) at a commercial facility.
- (4) Basing of Partner Nation forces in CONUS to capitalize on U.S. Army training areas and facilities not available in the Partner Nation.

b. DASA (DE&C) is the entry point for non-institutional CONUS training/support requests, which are prepared and approved following the same procedures as those for OCONUS teams. Depending on the request, DASA (DE&C) may:

- (1) Task USASAC to execute and provide appropriate support for the mission.
- (2) Request the Training and Doctrine Command/Security Assistance Field Training Field Activity (TRACOM/SATFA) provide support. This support may include coordination with TRADOC installations for non-institutional training requests involving TRADOC facilities and/or instructors and/or International Military Student Office (IMSO) assistance.
- (3) Request DCS, G-3/5/7 operations task the appropriate major command(s) to provide required personnel, facilities or other support, as needed.

10-5. Programming, modifying, or executing security assistance continental United States training requirements

- a.* The SATFA CPM is the SCOs initial point of entry regarding all training requirements requests.
- b.* CPMs ensure FMS cases are developed and implemented in accordance with regulatory guidelines. CPMs also ensure training programs, to include sustainment training, support system sales and associated delivery schedules.
- c.* CPMs ensure U.S. grant programs (for example, IMET, International Narcotics and Law Enforcement, 1004, Senior Professional Military Education (SEPME), Reciprocal) are developed and implemented in accordance with regulatory guidelines.
- d.* OCONUS team (for example, TAFTs, MTTs) training requirements are forwarded to the USASAC CPM and managed by SATMO.

10-6. Outside the continental United States training managed by Security Assistance Training Management Organization

- a.* The following technical assistance and training services are available.
 - (1) PCS team:
 - (a)* Extended Training Service Specialists (ETSS).
 - (b)* Technical Assistance Field Teams (TAFTs).
 - (2) Field training services, including contractor field services.
 - (3) Mobile training teams (MTTs)
 - (4) Surveys.
- b.* When an LOA for a system that is new to a customer is prepared, the ASAE considers including appropriate training teams for a TPA. Training teams provide in-country technical assistance to the armed forces of a foreign

government on specific equipment, technology, procedures, weapons, and supporting systems. They provide services that CONUS training programs or commercial training contracts cannot satisfy.

10-7. Security assistance training team orientation course

Personnel deployed OCONUS under the SA program as part of a SA team are required to attend the Security Assistance Training Team Orientation Course (SATTOC) at Fort Bragg, NC. SATTOC provides personnel with the psychological preparation to operate effectively in a foreign country and cultural environment, as well as a threat assessment and counter-terrorist orientation. This requirement can be waived by the SATMO Commander at the request of the SCO.

10-8. English language training programs

a. The U.S. Air Force is the executive agent for the Defense Language Institute English Language Center (DLIELC), which is responsible for executing all SATP ELT programs both CONUS and in-country. As such, DLIELC requires countries to have approved ELT programs. These programs are in direct support of overall formal training courses. This includes hardware (that is, lab systems, a/v equipment, maintenance kits), software (that is, training materials) and resident training. The SCO, in coordination with country military agencies, develops the ELT Program with goal of supporting overall training program and submits the plan to DLIELC for approval. Detailed guidance is provided in DLIELC's annual English Language Training Support for Security Cooperation Organizations Handbook.

(1) The majority of English language labs are purchased using IMET funds. For approved ELT programs, labs are usually requested during the annual Security Cooperation Education and Training Working Group. Once a record is programmed, confirmed and funded in DSAMS by SATFA, CECOM SAMD is responsible for building, shipping and installing the labs.

(2) If FMS case funds are being used to purchase a lab system, an LOR will be sent to the USASAC CPM, who will task CECOM SAMD to prepare the LOA and execute delivery of equipment.

b. All ELT software, regardless of type of funding, is managed through the Air Force Security Assistance Training country program managers.

c. The SCO submits a request for resident ELT to the SATFA CPM, who will program and confirm it on the associated STL. The request for ELT will include T-MASL, course title and duration in weeks.

(1) IMET and other U.S. grant funded ELT must take place at DLIELC and must have follow-on training previously programmed.

(2) For ELT funding in an FMS case, the LOA preparer determines if unusual or extraordinary conditions exist that warrant an exception for ELT to be conducted by other than DLIELC. In these circumstances, a request must be submitted to DSCA prior to the LOA or LOA amendment being sent to DSCA for countersignature. The following information will be provided:

(a) Written DLIELC position on the proposed ELT exception.

(b) Explanation of the unusual or extraordinary conditions that would warrant training outside of DLIELC.

(c) Complete information on the ELT to be conducted to include location, description of training facilities, number of students, training objectives, duration of the overall ELT program, T-MASL (if applicable) and estimated cost. Follow-on training must also be programmed.

(d) A statement that DLIELC will coordinate and approve the ELT curriculum, teaching materials, instructor qualification standards, will monitor the ELT to ensure that DLIELC technical standards are being met, and will perform a DLIELC certification every 6 months.

(e) A statement that the LOA will contain an appropriate line for DLIELC to monitor and provide quality control of the proposed ELT.

(3) If a DSCA waiver is granted, the waiver will strictly apply to the scope of the proposed ELT program justified in the exception request. No change to the LOA will be made to increase the student load or extend the duration of the ELT program without submitting a revised request.

(4) The cover memorandum forwarding the LOA to the customer will include the following remark: "Separate LOAs with the U.S. Air Force are required for software, tapes, manuals and related items, and for English language instructors."

10-9. Contractor provided training

a. When USASAC receives an LOR indicating a requirement for CONUS contractor training, the USASAC CPM notifies the SATFA CPM that contractor conducted training is requested. SATFA initiates appropriate administrative coordination with the SCO, to include the number of students. If the case is paying for all travel and living allowance (TLA) expenses, the method and cost of transportation is provided to the SATFA CPM. The SATFA CPM is responsible for creating a case line in DSAMS and loading the line price estimate, as well as adding any associated reference notes.

b. SATFA authorizes the issuance of the Invitational Travel Orders (ITO) in DSAMS-TM. The SCO is responsible

for the preparation, explanation, and issuance of an SC-TMS generated ITO for each student. All IMS, including those training at contractor facilities within CONUS under the auspices of the SATP, are required to have ITOs.

c. When the contractor facility is within 50 miles of an established International Military Student Office (IMSO) at an Army school, administrative assistance/guidance may be provided to the contractor. If outside of 50 miles, there is no expectation of IMSO assistance to the contractor.

d. Detailed procedures and responsibilities are available in the USASAC Contractor Provided Training Policy (USASAC 03-02), dated 7 March 2003.

e. When USASAC receives an LOR indicating a requirement for OCONUS contractor training, the LOR is coordinated with SATMO.

f. For training not provided by DOD (SATMO or SATFA), the PEO/PM determines the source of instruction. The SAMD, in coordination with the PEO/PM, plans, coordinates, acquires and oversees contractor training procured on behalf of customer countries. For CONUS training, SAMD informs SATFA of the contractor training to be provided to ensure ITO requirements are covered, if required, and coordination with a nearby IMSO, if available.

g. ASAE organizations are required to annually report detailed information about all Security Assistance and BPC training provided to foreign military personnel, including foreign Ministry of Defense civilians. This also includes training provided by a contractor in a USG or contractor facility, as well as, all training provided by MTTs. The DSAMS-TM is used for the required reporting.

h. SATFA and/or Defense Security Assistance Development Center can assist in training DSAMS users unfamiliar with DSAMS-TM functionality with creating training pipelines and maintaining associated data.

10-10. Unique training equipment and services—Security Assistance Management Directorate and program executive officer/program manager

a. For unique training for equipment and services not provided by the Army SA training agencies (that is, SATMO or SATFA), the responsible SAMD, working with the PEO/PM, will determine source of instruction to be included in the LOA.

b. SAMD informs SATFA to ensure ITO requirements are covered, if required. The SAMD, working with the PEO/PM, identifies unique training requirements, develops the program of instruction, and determines software and hardware configurations of the training equipment.

c. The PEO/PM is responsible for procurement of training devices, spares and the development of training manuals. The PEO/PM is responsible for identifying training requirements that are not provided by SATFA. The PEO/PM obtains pricing from the contractor and ensures that contracts are awarded in a timely manner to ensure training can be provided to the foreign country prior to delivery of the major equipment. The PEO/PM supports the contractor to ensure adequate training is provided to the foreign students.

10-11. Facilities and Engineering services training

USACE provides training for facilities and engineering services within LOAs as requested by the customer. Facilities training and engineering services will be written on the USACE LOA or USACE line, as appropriate. The cases will follow the same procedure as described in paragraph 3-4.

10-12. Permanent change of station clearance with U.S. Chief of Mission

a. There is a need for early review of requirements in LOAs for the assignment of additional PCS personnel in-country (see chapter 4). The SCO informs the Chiefs of U.S. Diplomatic Missions (COMs) when an LOR involves or is likely to involve the PCS assignment of personnel in-country. If the LOR originates in-country, the SCO will inform the COMs before the LOR is submitted and confirm in writing that the coordination has been made.

b. For requests originating from duly authorized country representatives in the United States, USASAC and SATMO (materiel/service LOAs) advise the SCO immediately when a PCS team will be required to support the request. If a PCS team will be required, the LOA line developer (SATMO) advises the USASAC CPM of the number of personnel who will perform the task, planned dates of arrival and departure, in-country destination and "home station," and extent of in-country travel required. The USASAC CPM then notifies the SCO with an information copies to DASA (DE&C), the DSCA Regional Directorate, the COCOM, SECSTATE (RM and PM/RSAT), and the U.S. Embassy. SATMO then sends a message advising the SCO of this data to the USASAC CPM who then informs the customer. The SCO notifies SATMO/USASAC of the country's acceptance or rejection of the PCS team.

Chapter 11 Financial Management

Section I General information

11–1. Foreign military sales financial management

Foreign Military Sales (FMS) funding encompasses the resources for SA programs, appropriation 8242. FMS financial management includes the management of multiple types of FMS funding, to include FMS Administrative Funds, FMS Case Funds and FMF administrative funds.

11–2. Roles and procedures

a. The DASA (DE&C) office is responsible for oversight of all FMS and FMF funds and the management of FMS and FMF administrative funding, and the submission of the Security Assistance Program and Budget Review (SAPBR).

b. USASAC is the Army's office responsible for the management, accountability and disbursement of all FMS case funding for USASAC-managed cases. USASAC is responsible for management of OA for SAMD-managed cases. SAMDs are responsible for management, accountability, and disbursement of FMS funding for SAMD-managed cases.

c. The Army FMS organizations participating in FMS functions have the responsibility to:

(1) Conduct a yearly SAPBR process within their individual organizations and provide their prioritized FMS/FMF administration requirements to DASA (DE&C) and Assistant Secretary of the Army (Financial Management and Comptroller) (ASA (FM&C)).

(2) Participate in case development activities to include providing data for the Manpower, Travel and Data Sheets (MTDS) as well as developing the P&A of equipment, services, support or training on a case for items within their responsibility.

d. USASAC provides funding to USACE from a trust fund. USACE manages accountability and disbursement of all funding after being provided from the trust fund. USACE contractually and financially closes all cases, after which any remaining funds are returned to the trust fund.

11–3. Financial policy

a. The use of Foreign Military Sales funding is governed by the SAMM, chapter 9 and DOD 7000.14–R, DOD FMR, Volume 15. These documents provide specific guidance as to which type of FMS funding must be used for specific functions. Funds are not interchangeable and must be used as specified

b. FMS Administrative funds are a result of a surcharge assessed on each FMS case. The funds, collected and placed in the FMS Trust Fund provide funding for those efforts considered standard level of service. FMS administration funding is obtained through a SAPBR (POM and Budget process) conducted on an annual basis. FMS administration funds are administered from the DASA (DE&C) office.

c. FMS Case funds are those funds identified on a line in a case and are specifically identified for a designated item, level of support, training or assistance. Case funds are administered by USASAC and obtained based on the work performed for that specific case.

d. FMF administration funds are those funds provided to support manpower and travel associated with FMF type purchases. FMF funding is managed by the DASA (DE&C) office.

e. Army Activities manage the FMS program at no cost to the U.S. Government with certain exceptions identified in the AECA (see AR 12–1, chapter 9).

Section II Recovery of foreign military sales costs

11–4. Single selling price

DOD policy provides for a single unit estimated price to FMS customers on P&A or LOA documents. It is imperative to educate the customer that single unit prices may be impacted by quantities, obsolescence, production line gaps, program budgets, time to LOA implementation, and many other variables. Army activities are not authorized to provide FMS pricing data to FMS customers other than as prescribed by DOD regulatory guidance.

11–5. Foreign military sales pricing

a. FMS charges include, but are not limited to, FMS Administrative; Acceleration Rates; Contract Administration Services Surcharge; Nonrecurring Cost; PC&H; Prepositioning; Royalty; Staging; Storage (FMSO); Storage (Other); Transportation. Additional pricing information is cited in AR 12–1, chapter 9, SAMM chapter 9, and Financial Management Regulation, DOD 7000.14–R, Volume 15.

b. The PEO/PM evaluates and provides SAMD the pricing on LOAs, modifications or amendments to determine if

the pricing is accurate before it is entered into DSAMS. USASAC has the opportunity to review pricing once received from SAMD via DSAMS.

- c. Requests for exceptions to the pricing policies are sent to USASAC.
- d. No charges based on percentages, except for DSCA approved surcharges, will be charged to recover FMS cost.
- e. The Director, DSCA, has the authority to waive certain charges, provide pricing exceptions and approve charges based on a percentage rate.

11-6. Nonrecurring costs

a. Information on nonrecurring costs (NCs) can be found in AR 12-1, chapter 9.

b. FMS Administrative Funds will not be used to fund personnel costs associated with NC requirements.

(1) *Calculation of NC Recoupment Charges.* The PEO/PM is responsible for calculating a NC recoupment charge for MDE items releasable through FMS (nonrecurring RDT&E and nonrecurring production cost pools divided by production quantities). The recommended NC recoupment computations are supported with a MDE calculation worksheet and submitted to USASAC G-8. USASAC G-8 reviews the MDE calculation worksheet and submits the worksheet to DASA (DE&C), Directorate for Foreign Military Sales Policy & Resources (SAAL-NP) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to DSCA for approval. After approval of the NC charge, DSCA adds the MDE item and approved charge to the DSCA Major Defense Equipment List (MDEL) and the DSAMS NC Tables. USASAC notifies the LCMCs of DSCA approvals of NC recoupment charges and maintains an AMC MDEL.

(2) *Biennial Review of Approved MDE NC Charges.* The Army's biennial review occurs from May through December on odd-numbered years that is, 2015, 2017, 2019. It is the responsibility of the PM to review each established recoupment charge to determine if there has been a significant change of factors or assumptions used to compute the currently approved NC recoupment charge. Responses are consolidated by USASAC G8 and provided to DASA (DE&C), Directorate for Foreign Military Sales Policy & Resources (SAAL-NP) which reviews the data provided, resolves any questions or concerns, and forwards Army's biennial review figures to DSCA for further staffing/approval.

(3) *LOA Development.* A summary of charges for recoupment of NC are provided with LOAs that contain MDE items. A summary of NC charges is also required when a MDE item is added in an amendment on their assigned case lines. A statement of whether or not the LOA, amendment or modification contains NCs will be included in the transmittal memorandum to USASAC. USASAC G-8 verifies all nonrecurring cost recoupment charges before the LOA is sent to DSCA. In addition, all LOAs, amendments on their assigned case lines, modifications that contain MDE items include the appropriate NC notes. SAMM, Appendix 6, provides the specific language for NC notes.

(4) *NC Recoupment Charge Waivers.* The FMS customer initiates the request for waiver of NC recoupment charges. The request for waivers with justification is submitted to the USG prior to the acceptance of the LOA. Requests for NC waivers are submitted by USASAC through DASA (DE&C) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to DSCA for approval.

(5) *NC Collections.* AMC activities report NC collections on a quarterly basis. The DSCA 1112 Report is the standard document for tracking and reporting NC collections to USASAC G-8. It is imperative that the LCMCs 1112 Report POCs coordinate with their LOA developers to obtain data for LOAs that contain MDE items. It is also important that the 1112 POCs coordinate with USASAC to obtain NC collection data. The LCMCs 1112 Report POCs forward the 1112 Report to USASAC G-8 through electronic mail no later than (NLT) 30 days following the close of each fiscal year.

Nonrecurring Cost Recoupment Charges Summary

LOA Identifier: [Letter of Offer and Acceptance Designator]

NC charges included: Yes [check if applicable] No [check if applicable]

If No:

Reason charges are not included (check applicable block)

1. Not applicable to any line item [check if applicable]
2. Charges waived (or reduced) by DSCA [check if applicable]
(Identify source of waiver notification)

If yes, NC charges by line/sub-line item:

Line/Nomenclature	Pro Rata Charge	Quantity	Total
<u>[Line & Nomenclature]</u>	<u>[Per-Unit Charge]</u>	<u>[Item Quantity]</u>	<u>[Total NC Charges]</u>
TOTAL			<u>[Total of all NC lines]</u>

Figure 11–1. Nonrecurring cost recoupment charges summary

11–7. Termination liability

- a. Information on termination liability can be found in AR 12–1, chapter 9.
- b. Termination liability worksheets are either prepared in DSAMS or manually. Three copies of the worksheet are required. Any modifications or amendments that contain a revised payment schedule also include a revised worksheet.
- c. The termination liability worksheet provides a plan for collecting the funds needed to cover U.S. Government liability in case the sales agreement is terminated before completion. Worksheets are required for LOAs with a total value of \$25 million or more that have source of supply "P" or "X" lines, regardless of the value of the lines, for example, a line with a value of \$100.00 and the LOA value is \$25 million. The following LOAs are exempt:
 - (1) Cooperative logistics (FMSO I and II).
 - (2) BO spare parts requisitions.
 - (3) Other equipment or services, including training, to be provided from DOD inventories (source of supply "S").
 - (4) FMS LOAs for which payment of termination liability has been waived.
 - (5) LOAs having cash with acceptance payment terms.

11–8. Offsets

- a. See AR 12–1, chapter 9, for data on offsets. Additional information on offsets is in SAMM, chapter 6.
- b. All LOAs will contain an offset standard note. See SAMM, appendix 6, for the exact note and wording usage.
- c. The cover memorandum to USASAC forwarding the LOA or any modification or amendment to that LOA will indicate when a contractor has included offset costs to implement its offset agreement as part of a line item unit cost.
- d. The PEO/PM evaluates offset costs to determine if they are allocable and reasonable. The Army Contracting Command contracting officer (KO) evaluates offset cost to determine if they are allocable and reasonable. The KO also needs to have a copy of the letter between the contractor and the country reflecting the offset agreement before contract award.

11–9. Cancellation of foreign military sales cases

a. AR 12–1, chapter 9, and SAMM, chapter 6, provides information on cancellation of FMS cases. If the item(s) requested to be cancelled had been placed on contract and a termination cost was incurred as a result of the cancellation, this cost will be shown above the line on the modification on a line-by-line basis. Any out-of-pocket costs incurred in implementing or canceling an LOA will also be shown above the line. The reason should clearly cite the rationale for applying any charges.

b. All modifications with cancellation charges will be forwarded by USASAC to DASA (DE&C), Directorate for Foreign Military Sales Policy & Resources (SAAL–NP) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army’s coordinated position to the DSCA Comptroller for approval. The comptroller may approve waivers or reductions of the cancellation charges, if circumstances dictate. Such waivers or reductions will be fully documented and retained in the LOA file.

c. When the U.S. Government cancels an LOA, an administrative cancellation charge will be applied only when approved by DSCA.

d. The PEO/PM determines termination costs from contract cancellations and creates cancellation of funding documents.

11–10. Program/product management/technical assistance

a. Purpose. A technical assistance (TA) line is included on an LOA when intensive system or program management efforts must be undertaken to successfully deliver items ordered by the customer. Program management services must be a condition of sale, require a level of effort beyond that performed on routine LOAs, and must not duplicate administrative case management functions. Those case management functions outlined in SAMM, chapter 2, are considered routine FMS management functions and should serve as a baseline to determine if a TA line is appropriate.

b. Justification. Inclusion of a TA line must be fully justified and clearly demonstrate why these costs cannot be absorbed within the administrative surcharge. Justification must be based on the guidelines in SAMM, chapter 9. Inclusion of a TA line is not to be based solely on the size, value, or duration of the program provided by that LOA. The case preparing activity must coordinate with all pertinent line managers, the CPM and CCM. Justification is required by developing the Case Manpower Travel and Data Sheet, Case Development Manpower Worksheet and Annual Budget Plan identifying all manpower expenses on the LOA, to include manpower included in hardware lines.

c. Preparation of LOAs/Amendments/Modifications.

(1) TA lines are entered on the LOA under the appropriate Generic Code applicable to the IA. This includes MIE 0205000TAUSGP. PEO/PM STRI uses M1S 0201000TRDVTA. There are several other technical assistance codes listed under M1S.

(2) An administrative surcharge (currently 3.5 percent) is assessed against a TA line in appropriate circumstances as in a contract administrative surcharge.

(3) The total combined cost for both materiel and services and program management is entered in block 8, net estimated cost.

(4) A line item description or line item description note is included to explain the services being provided or excluded.

d. Financial oversight.

(1) The LOA preparer submits the following documentation with the LOA:

(a) A LOA Manpower and Travel Data Sheet.

(b) A Case Development Manpower Worksheet.

(c) An Annual Budget Plan.

(2) The initial Annual Budget Plan that is sufficient to execute all manpower requirements for the remainder of the first fiscal year, is submitted. The CPM furnishes a copy to the CCM. Thereafter, an annual budget/obligation plan is provided in coordination with the submission of the administrative budget.

(3) Work performed by each individual on a TA line is documented. Estimated salary costs are identified by position number, employee identification number, or other traceable means. This data is retained to provide an audit trail if the LOA is audited.

(4) A Salary Computation Schedule (SCS) MS excel spreadsheet is available to estimate salaries. The current SCS with updated rates is available from the USASAC Resource Management Division.

e. Review process. The justification will be complete as to the number of work-years requested, travel, related materiel and support, and associated costs. The justification and the budget/obligation plan are reviewed by USASAC (G–8) and the appropriate Regional Operations Directorate before being approved by the regional operations.

f. Execution.

(1) After the LOA is implemented, the CCM develops an annual funding plan based on the LOA developer’s approved obligation plan.

(2) The CCM extracts separate unfunded pseudo-requisitions via CISIL to each SAMD, PM or activity responsible

for supplying materiel and services on the manpower lines. The pseudo-requisition provides each servicing activity their annual program (Program Budget Accounting System (PBAS) "Requisition Value"), according to the annual obligation plan to execute the program during the remainder of the first fiscal year.

(3) USASAC Financial Operations pulls direct cite OA at country/case/line level from PBAS for legacy cases in the Standard Operations and Maintenance Army Research and Development System (SOMARDS). USASAC Financial Operations then posts "funds available" to the appropriate LCMC's or IA's official accounting records, thereby making funds available for obligation (TA Line execution).

(4) The SOMARDS is currently used as the official accounting system for legacy cases that were in proposed status prior to 1 October 12. General Fund Enterprise Business System (GFEBs) is the official accounting system for Foreign Military Sales Case and Administrative funds effective 1 October 12.

(5) As materiel/services are provided and disbursements made, USASAC Financial Operations-RSA submits delivery reports to USASAC-NC according to published DOD procedures (that is, within 30 days of performance). The description "service" or "contractual service" is perpetuated in the NSN field of the delivery report.

(6) The billing activity inserts the appropriate pricing element description in the NSN field of the delivery report.

g. The manpower lines budget/execution/management processes continue until the case/cases are closed or until the manpower lines are no longer required.

h. Costs of other services are charged directly to an LOA as separate line items. This includes: training; surveys; technical or other assistance requested by the customer; design and construction; engineering support; research, development, test and evaluation; unique production requirements; and transportation. If applicable, these services are entered under the appropriate MASL line. A line item description note is included in the LOA to specify and describe the services being offered. When direct service charges are required on training LOAs prepared by SATFA, a line item description note is used.

i. Technical or other assistance not requested by the customer are only included as an exception. The service being offered is described fully in the line item description note on the LOA. Justification and cost breakout are provided in the cover memorandum to USASAC.

11-11. Travel costs

a. Requests for fund cites or transfers of funds against specific LOAs furnish the following information:

- (1) POC and phone number of the activity comptroller.
- (2) Name, organization, and telephone number of the traveler(s).
- (3) Purpose of travel and justification.
- (4) Destination.
- (5) Funding limitation.
- (6) Applicable LOA and line.

b. Required information provided to the SAMDs. The actual transfer of funds or fund cites will be as mutually agreed by the comptrollers.

c. Travel costs incurred by SCO personnel in support of a single FMS program can be charged to the appropriate LOA or Technical Assistance line with the following limitations:

- (1) Either the CPM or SAMD must request SCO assistance, or the USASAC Regional Director in coordination with the SAMD Director or Deputy Director must approve the invitation to travel.
- (2) The travel must be in support of a single LOA or program.

d. The CPM in coordination with the SAMD IPM will oversee or coordinate the issuance of a fund cite for authorized SCO travel in the following manner:

(1) USASAC LOAs. At the request of the CPM, USASAC G-8 will provide a fund cite to the SCO, with a copy to the appropriate regional directorate.

(2) Non-USASAC LOAs. The CPM and SAMD IPM work together on both the SCO travel approval and the requirement for a fund cite. After approval, as outlined in subparagraph 11-11c above, the SAMD case preparing activity furnishes the fund cite to the SCO and provides a copy to the appropriate regional directorate.

(3) SATFA LOAs. The CPM will coordinate with SCO and travelers to ensure travel is approved by the SCO. The CPM will ensure LOA funded travel is confirmed in DSAMS. Fund cites, and or cross org LOAs will be issued as appropriate.

e. See SAMM, chapter 4, and the DOD Joint Travel Regulations (JTRs) for guidance on commercial air travel to a foreign country.

11-12. Royalty fees and payments

a. For co-production programs or LOAs offering production technical data packages, NCs and royalty fees will not be recouped.

b. For FMS and commercial sales made pursuant to government-to-government MOUs, the rules established in

those agreements apply regarding NC recoupments. The NC recoupment share for each of the participating countries for both FMS and commercial sales is collected.

c. OA and expenditure authority for royalty payments due to third countries are pulled by the DFAS responsible for line management of the LOA. Requisitions are not issued for royalty fee lines.

d. When royalties are to be paid to the USG from a producing country for payment to a third country, the Army initiates a bill to obtain the royalty. Since this does not constitute a royalty payment, DFAS cannot make payment directly. In such cases, the SAMD should request USASAC to issue a requisition to produce a bill and assign a pseudo-number for the royalty fee LOA line. This action generates the bill that will be presented to DFAS, which, in turn, pulls and forwards funds to the Army. The Army then makes the royalty payment.

e. Royalty payments in GFEBS.

(1) Only new cases that are not in Offered Status until after 1 Jul 2012 are managed in GFEBS. All legacy cases prior to 1 Jul 2012 are managed in SOMARDS and PBAS. Royalty fees and payments after 1 Jul 12 are made using a Work Breakdown Structure (WBS) in GFEBS, based on the DSAMS RP069 report Indirect Pricing Component (IPC). The financial manager (New Cumberland or Redstone POC) pulls the DSAMS RP069 report and reviews the primary category code (PCC) and IPC. Using the DSAMS RP069 report, (PCC & IPCs above the line costs) the responsible financial manager builds the level 3 WBS using the transaction code CJ20N (Project Builder). The financial manager must have the Project Structure Controller and Project Maintainer Roles. The New Cumberland and Redstone Financial managers working the case identify their Financial and Technical POCs on the level 3 WBS element.

(2) The financial manager builds the level 4 WBS at the pricing element structure (PCC/IPC from DSAMS RP069 report) using CJ20N transaction code and the Project Structure Controller role and creates the funded program master data for "B" Document plus the pricing elements (above the line costs). Financial manager will need the executing fund center technical and financial POC identified on level 4 WBS.

(3) Once the level 4 WBS is released, the financial operation POC notifies the responsible funds center's financial and technical POC (pre-determined) by email or telephone that funds are available to execute in GFEBS on a case. There is a specific WBS attached to the project based on the royalty fee. The funds for the royalty fees can now have a sales order or purchase requisition charged against it. In summary, royalty fees are captured on the pricing document, transferred to the DSAM RP069 report and then captured in a project WBS and charged in GFEBS.

Section III

Payment provisions

11-13. General

The terms of sale on the LOA indicate when payment is due and whether it is to be financed in cash or by FMF. Type of assistance codes and corresponding terms of sale to be used on LOAs, amendments, and modifications are shown in SAMM, chapter 9.

11-14. Terms of sale

a. The customer includes the desired terms of financing in each LOR. The CPM advises the case preparing activity in the tasker, if the terms of sale are specified. If a combination of repayable and non-repayable credit is used, the terms of sale will state "FMS Credit."

b. Terms of sale for amendments or modifications that increase the LOA value should be the same as for the original LOA, unless the customer has requested other terms or DSCA has directed a change.

11-15. Type of assistance codes

A type of assistance code is cited in block 5 for each line item. A listing of type of assistance codes is provided in SAMM, chapter 5. All LOAs wholly financed with FMF (non-repayable) must specify type of assistance code TAN.

11-16. Dependable undertaking

In accordance with AECA sections 22(a) and 29, eligible customers are authorized to use Dependable Undertaking as a term of sale. Eligibility is based on the country's Interagency-Country Risk Assessment System (ICRAS) rating. For countries and international organizations without an ICRAS rating, DSCA will determine eligibility using the DSCA Dependable Undertaking Assessment Tool.

11-17. Foreign military sales direct credit and guaranteed loans

a. For data on authority and approval, see AR 12-1, chapter 9.

b. Line items involving FMF are coded "TAZ" for repayable financing, or "TAN" for non-repayable financing.

Section IV

Payment schedules and foreign military sales administrative funds

11–18. Payment schedule

Unless the initial deposit constitutes the total value of the LOA, each LOA financed under dependable undertaking, cash prior to delivery, FMS credit, Military Assistance Program (MAP), or any combination thereof will include a payment schedule.

11–19. Initial deposit

Information relating to the payment and computation of initial deposits is provided in SAMM, chapter 9.

Section V

Foreign military sales case funds in general fund enterprise business system

11–20. Foreign military sales case funds flow

All legacy cases with case status in PBAS–OC prior to 1 Oct 2012 will remain in PBAS–OC and SOMARDS or STANFINS for execution. All new basic cases that were in proposed status in DSAMS on 1 July 2012 have been managed since then in GFEBs, as have new cases since that date.

a. When the case status of offered is sent from DSAMS to CISIL, a LN interface transaction is created to load the line Master Data excluding Financial data in GFEBs. When DSAMS sends the Implemented Status to CISIL, another LN Transaction is created and is sent to GFEBs to include the Financial Data. When GFEBs receives the Implemented LN Transaction, the Project Definition for level 1 and level 2 are created and establishes the line level ceiling. Project Definition for level 1 and 2 is excluded for TRADOC/SATFA (RIC CKT).

b. The Financial Operations POC runs the daily budget report in GFEBs via transaction code FMEDDW. The Financial Case Management Branch at USASAC–NC leads this function, runs the daily budget report and provides it to the Redstone Funds and Support Branch at USASAC–RSA. This report identifies the FMS Implemented Cases for which the CISIL "LN" interface has established the case/line ceiling.

c. The financial manager (NC or RSA POC) pulls the DSAMS RP069 report and reviews the PCC and indirect pricing components (IPC). Using the DSAMS RP069 report, PCC, IPC, (above the line costs) the responsible financial manager will build the level 3 WBS using the transaction code CJ20N (Project Builder). The financial manager must have the Project Structure Controller and Project Maintainer Roles. The NC and RSA Financial managers working the case need to identify their own Financial and Technical POCs on the level 3 WBS element.

d. After the case is implemented, the CCM inputs the requisition. The CISIL RQ Interface transfers the funding and establishes the B–Document funding. All RQ Interface rejects listed on the Control D Report DCGK are worked by USASAC–NC personnel. For all non-USASAC cases, USASAC–RSA assigns the Fund Center for the B-document numbers. The CISIL VVV code 7X001 for Fund Center Rejects are cleared by USASAC–RSA for the non-USASAC requisitions.

e. The financial manager runs transaction code FMEDDW to identify FMS cases for which the CISIL RQ interface has established "B" Document Funding. The financial manager utilizes the Funds Management Maintainer and Financial Reviewer roles to accomplish this step. Established POCs for each SAMD and fund center issued funds must be pre-determined. All applicable technical and financial POCs are listed in GFEBs.

f. The financial manager builds the level 4 WBS at the pricing element structure (PCC/IPC from DSAMS RP069 report) using CJ20N transaction code and the Project Structure Controller role and creates the funded program master data for "B" Document plus the pricing elements (above the line costs). Financial manager need to work with the executing fund center technical and financial POC identified on level 4 WBS.

g. The financial manager uses the FMBB transaction code and the Funds Management Maintainer role to fund the level 4 WBS. This redistributes funding from "B" documents to "B" document plus the pricing elements (above the line costs).

h. The financial manager uses the CJ20N transaction code and the Project Funds Approver Role to release the funded level 4 WBS to the executing fund center for financial execution.

i. Once the level 4 WBS is released, the financial operation POC notifies the responsible funds center's financial and technical POC (pre-determined) by email or telephone that funds are available to execute in GFEBs on a case.

j. The financial manager uses CJ40 and the project financial controller role to build a cost plan for each FMS case level 4 WBS Element estimating its cost based on the RP069 report. Cost plan shows the estimated cost by pricing element.

k. Recognizing that the pricing sheet and DSAMS RP069 are estimates, claimants can reprogram up to 15 percent of the original DSAMS RP069 report value for a WBS element in that line. If more than 15 percent of the original DSAMS RP069 report value for a WBS needs to be reprogrammed, please contact the Financial and Technical POC listed in the level 3 WBS structure.

l. Paragraphs 11–20c, *f*, *g*, *h*, *i*, *j*, and *k* do not apply to TRADOC/SATFA.

(1) The Project Definition for TRADOC is not established by the implemented LN transaction from CISIL. TRADOC's Project Definitions and WBSs are established via an interface between DSAMS-TM and GFEBS. WBSs established at the country level.

(2) Funding is loaded in GFEBS at the B-doc/Funded Program level for TRADOC. After the CISIL RQ interface passes the B-Doc and established the FMBB transaction, TRADOC funds load is complete.

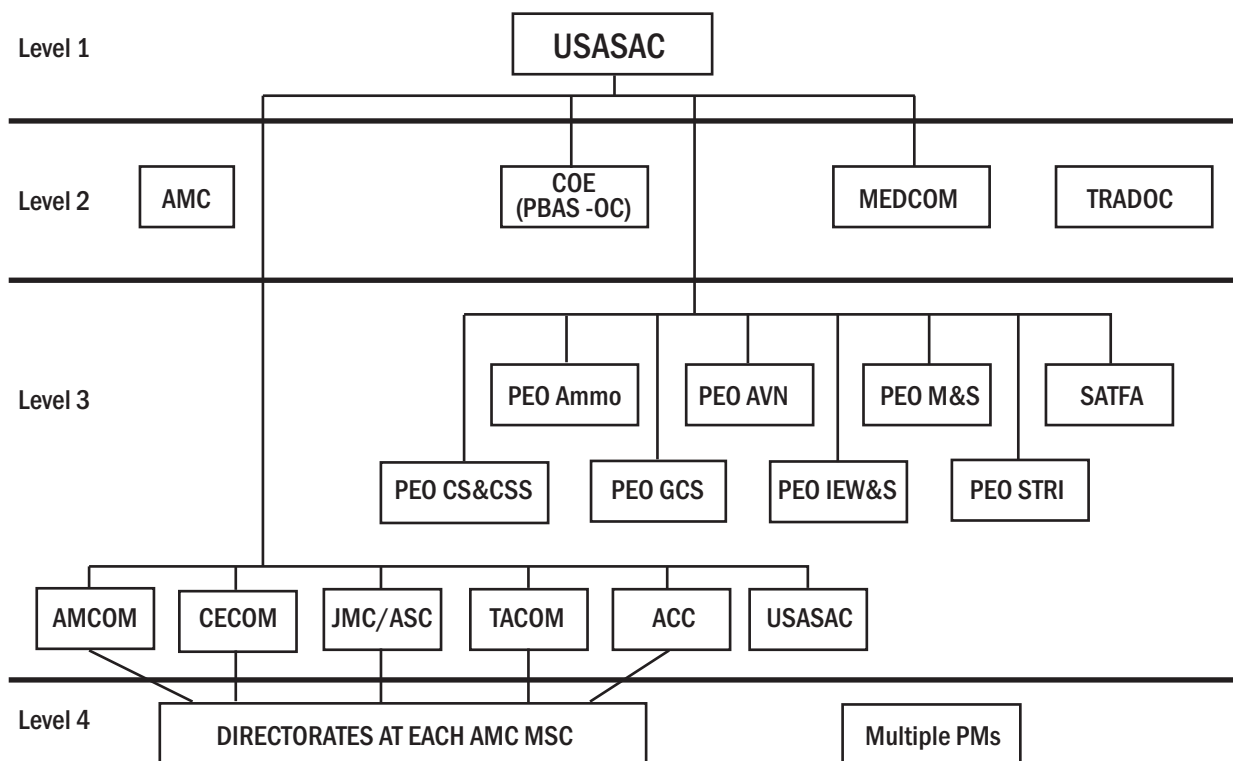


Figure 11-2. Foreign military sales case funds flow

11-21. Introduction

Foreign Military Sales (FMS) funding encompasses the resources for SA programs, appropriation 8242. FMS/FMF administration funds are obtained through a yearly Security Assistance Program and Budget Review (SAPBR) process, which combines the Program Objective Memorandum (POM) and Budget Call reviews. The Deputy Assistant Secretary of the Army for Defense Exports and Cooperation (DASA (DE&C)) is responsible for the Army's overall SAPBR submission to the Defense Security Cooperation Agency (DSCA), but each FMS organization requiring FMS/FMF administration funds must submit their requirements through their headquarters, to DASA (DE&C) and Assistant Secretary of the Army (Financial Management and Comptroller).

11-22. Program objective memorandum/budget consolidation

a. DSCA has responsibility for overall management of FMS/FMF administration funding. Each year DSCA provides specific guidance for the SAPBR. The 5-year plan includes the close out of the prior FY, the current execution year, the following budget year and 2 years of the POM.

b. DSCA has established a standard process for data submission. In addition to the Budget and Programming Submission Management and Reporting Tool (BSmart), the following information and enclosures are required for submission of SAPBR data. All enclosures should reflect the data submitted in BSmart. DASA (DE&C) approves work years, DSCA approves funding.

(1) Justification and Impact Statement for Unfunded Requirements (UFR) - Initiatives and Disconnects are used to request additional funding. Provide explanation/justification for all requests for additional funding by Program Element (PE) and Element of Resource (EOR). All civilian pay and benefits, legal and non-discretionary requirements (including rent and utilities) are "must funds" within your Annual Funding Program (AFP) and should not be submitted as a

UFR. The DSCA Comptroller's Office conducts the quarterly status of funds brief to the DSCA Director which also serves as an opportunity to address any UFRs during execution year. Claimants are required to prioritize UFRs.

(2) New sales do not necessarily require additional resources. A more comprehensive review may be necessary to assess the capacity of the existing workforce, analyze workload measures and trends, and reallocate resources when necessary between sub-claimant organizations.

(3) Some areas of improvement are provided to support the submission of UFRs.

(a) Justification should be written for the intended audience.

(b) What changed from the previous fiscal years? What is not getting done?

(c) Be careful of the use of civilian lapse funding. If claimants hire a new position, action should be taken to fund the out years within approved budget levels.

(4) An initiative is a new investment to support anticipated workload in a given PE or set of PEs, in a given FY or over the programming years, designed to achieve improvements in efficiency, effectiveness, or responsiveness (for example, increased work years to accelerate case closure). Initiatives may include, but are not limited to, new strategic goals and/or objectives, new Congressional mandates, or the implementation of new policy. Reductions, savings, or efficiencies-also referred to as offsets-should be indicated as an Initiative via a negative delta, which can be used to fund other agency requirements.

(5) Disconnects designate a claimant's UFR to support an existing requirement, that may include but is not limited to, changes to existing strategic priorities in response to an existing Congressional mandate, or the full implementation of existing policy. Disconnects should represent work years currently onboard or work years required to execute signed agreements. Disconnects need to identify funding allocation by FY and PE and if it will be a continuing requirement to be captured in the next SAPBR submission.

(6) Products/Programs Supported - Claimants provide workload, projections, and cost justification that support their SAPBR submission.

(a) *Part I.* List the number of currently open active cases; cases no longer performing (but still open); cases Closed/Planned for Closure; Cases with Manpower on Services Lines; Cases with Program Management Lines; New Cases Expected; New, Major System Sales; and System with Diminished Sales, or No longer in Inventory. The starting place for line 3 (cases Closed/Planned for Closure) is the 1238 report submitted to the DSCA Directorate of Business Operations, Financial Policy and Analysis Division Office annually. This information must be submitted at the claimant and sub-claimant level.

(b) *Part II.* List Major End Item or Service; Major Activities Performed or Support provided (after LOA signature); Country; Number of Open Cases for each Country and Total Number of Work years for each fiscal year. The numbers of active cases reported on Part II are to match Part I, line 1 (Open Active Cases). This enclosure only needs to be filled out if you have Case Execution within BSmart and only with specific data within Case Execution. That data is civilian labor and benefits including EOR 25.3 matrix support and EOR 25.1 contractor data and the associated work years. The work year totals would not match BSmart if unfunded work years are included. This information must be submitted at the claimant and sub-claimant level.

(7) Period of Performance (PoP) for Case Execution (Sand Charts) - Reflects how long each claimant runs their cases and can assist claimants in identifying out-year work year realignment. The PoP enclosure does not correlate to funding. The purpose of the enclosure is to give claimants another view of incoming and outgoing workload. This enclosure is to be filled out on specific interest programs to be determined by DSCA. (Enclosure does not apply to FY15-17 SAPBR).

(8) Workforce Development - Claimants need to determine "other than Defense Institute of Security Assistance Management (DISAM) training" training required for employees by capturing work years and total funding required. PE 20 funding should not be allotted for those individuals not having met the requirements of their positions as outlined in the Security Cooperation Workforce Database. Claimants submit Workforce Development (PE 20) requirements to DASA (DE&C) for validation. Contractor training is not included in this item. Your submission must balance to the funding level reported for PE-20 in the BSmart application.

(9) Information technology (IT) (PE 26) - Claimants' IT requirements to include software, equipment, communications, contracts, and maintenance in support of SA missions (PE 26) requirements must be submitted to the United States Army Security Assistance Command (USASAC) for review and validation prior to submission to DASA (DE&C). Your submission must balance to the funding level reported for PE-26 in the BSmart application.

(10) Agency-Hosted Conferences - Claimants are required to submit costs related to agency-hosted annual recurring conferences and conference-related expenditures. At a minimum, each claimant should conduct comprehensive line-by-line reviews of planned travel/conference-related expenditures, to include location and number of travelers, and determine if these levels were/are appropriate, cost-efficient, and sustainable in fiscally-constrained budget environments. There are significant challenges with obtaining approval for FMS-administration funded conferences due to restrictions placed on the domestic side.

(11) Civilian Work-Year Rates - Given the challenges with pricing civilian pay, DSCA introduced a new template for the FY15-17 SAPBR process. Based on the work-year rates for the prior year, the enclosure will automatically

price out work-year costs in accordance with the approved inflation rates for the out years. Claimants have the ability to override work-year rate in the out years as necessary, but will be required to provide justification.

(a) Conversions from civilians to contractors should not add permanent increases to out-year contractor support staff. At the point a claimant decides to restore previous civilian levels, contractor support staff must decrease to make funding available. Claimants should not submit UFRs to restore previously reduced civilian levels. These UFRs will be heavily scrutinized in the review process.

(b) Increases to civilian pay costs above the approved inflation rates are likely to result in funding reductions or used to offset unfunded requirements. Justification must be provided for all claimants/sub-claimants where rates exceed the approved pay inflation rates. (10) Zero Balance Transfer (ZBT) - Each claimant has the ability to reallocate/transfer funding from one PE/EOR to another or among multiple PEs, within a given FY, where resources are needed or to realign priorities. A ZBT may also be used to align resources across object class (OC), sub-command(s), or manpower within a PE. Explanations must be provided for all ZBT movements by PE and EOR that equal or exceed \$10K (except fenced accounts, which require explanation at all times) of target baseline and approval must be obtained from DASA (DE&C) and DSCA. All redistribution must sum to zero at the claimant level. Pay on-board people first via ZBT if necessary.

(12) Enterprise Planner (EP)/TOOL update - The EP application located at [https://sc-ppbe.dscamill/ "https://sc-ppbe.dscamill/BSMART"](https://sc-ppbe.dscamill/https://sc-ppbe.dscamill/BSMART) Budget and Programming Submission Management and Reporting Tool is the primary database used for analyzing and tracking program, budget, and execution data. It is also the DSCA tool used for the submission and justification of resource requirements and is the database of record for FMS/FMF funding and manpower information. Thus, accuracy and integrity of data within the application is a critical step in completing this submission. DSCA will utilize several measures such as reviewing and analyzing number of active and closed cases, estimated vs. actual execution, manpower levels, and average work year cost. Claimants have the responsibility of inputting their data/input into the EP. DASA (DE&C) has the overall responsibility of approving and validating the total Army submission (see specific SAPBR guidance memo for closing date).

(13) Core Functions and PEs - Revision to the reporting of costs across PEs.

(a) Core Function: Pre-Letter of Request (LOR) DSCA maintains PE 1, 3, and 4. PE 4 is used by Joint Strike Fighter (JSF) to support the execution of their program. Remaining PEs will continue not to be used. PE 1 will be the primary PE for most claimants.

(b) Core Function: Case Development PE 10 will be the only PE used. Case Development costs will roll up to and be viewed at the core function level.

(c) Core Function: Case Execution PE 13, 14, 15, and PE16 will no longer be required. Case Execution costs will roll up to and be viewed at the core function level. The PE rows will remain displayed in BSmart; claimants will determine which PE to use for recording purposes.

(d) Core Function: Case Closure PE 19 will continue to be used but this will technically be a view at the Core Function level only. DSCA is working to revise the definition of case closure. Currently, case closure starts at the 6th month following delivery. The revised language will remove the 6 month requirement. Case Closure should start after deliveries have been completed. Claimants should expect update to case closure in the FY15–17 SAPBR guidance. Claimants are not allowed to reprogram funding from case closure budgets without prior DSCA approval

(e) Core Function: Business Sustaining DSCA is in the process of more accurately defining the PEs listed under Business Sustaining. PE 20, to include all subsets (for example, 20.01, 20.04), and PE 26 will continue to be used to record and program costs.

(f) Core Function: Other Security Cooperation Missions PEs 27, 28 and 31 will remain in BSmart; but PE 32 should no longer be used. A. Timeline of events for the consolidated SAPBR Process (time frames are estimated for illustrative purposes and could change depending on various factors):

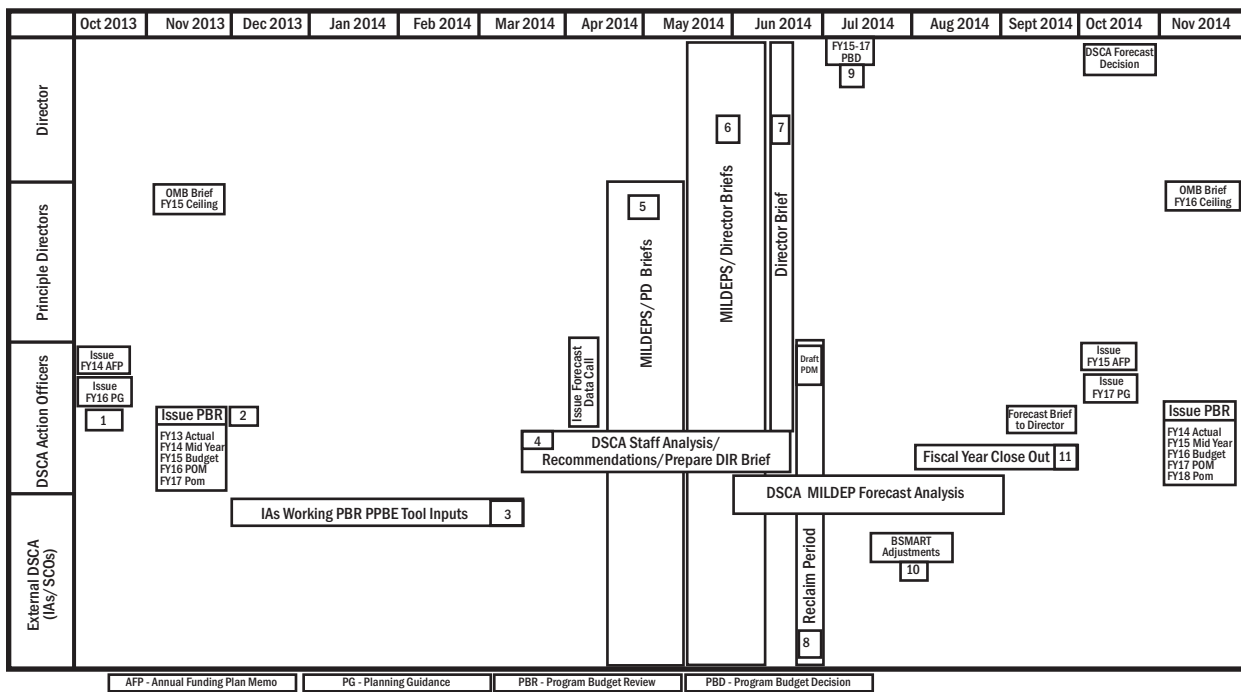


Figure 11-3. Security assistance program and budget review schedule

c. Planning, Programming, Budgeting & Execution (PPBE) Process Flow estimated timeframes are provided below. The exact dates may fluctuate:

(1) *October*: Issue Current FY AFP memo. At the start of the fiscal year, DSCA issues the current FY AFP memo to Implementing Agencies (IA) which provides fiscal guidance for the Army’s FMS and FMF administration budgets during continuing resolution (CR) periods. This memo also provides the Army total AFP for the current fiscal year as well as the allotment schedule.

(2) *October*: Issue FY Program Guidance (PG). DSCA issues PG in October. This marks the start of the SAPBR (formerly POM/Budget) Process. This is informational guidance in preparation for the SAPBR.

(3) *November*: Office of Management and Budget (OMB) Brief FY Ceiling. DSCA briefs OMB in November on the current budget year ceiling.

(4) *December–March*: IAs Working Program Budget Review (PBR)/PPBE Tool Input. From December thru March, Military Department (MILDEP) IAs are adjusting the EP and annotating requirements. All submissions and EP inputs are due at DSCA by the designated date in March timeframe.

d. *November*: Issue PBR. DSCA issues SAPBR (formerly POM/Budget) guidance to the IAs. DASA (DE&C) works with the Army Budget Office (ABO) to supplement this with specific Army guidance and send it out to the claimants along with the required enclosures. The SAPBR is the first opportunity to highlight execution issues following receipt of the AFP.

(1) *April*: MILDEPS/Principal Director (PD) Briefs. DASA (DE&C) briefs the PDs of DSCA on SAPBR (formerly POM/Budget) submission.

(2) *April–June*: DASA (DE&C) to Director DSCA Briefing: DASA (DE&C) provides the Army’s final SAPBR (formerly POM/Budget) briefing to the Director, DSCA.

(3) *June*: Draft Program Decision Memorandum (PDM). After review by DSCA, a draft PDM is issued with an approved target and funding levels for each claimant within the Army.

(4) *June*: Reclama Period. If the Army does not concur with DSCA PDM, an opportunity to submit a reclama is provided, prior to the PDM being finalized.

(5) *July*: PBR Decisions. Final decision of SAPBR (formerly POM/Budget) funding is provided.

(6) *July–September*: Fiscal Year Closeout.

11–23. Specific Army budget guidance

Each organization requiring FMS administration funding must provide their requirements through their headquarters organization. All communication from the DASA (DE&C) office will be through the Headquarters organizations.

a. For AMC organizations, USASAC is the responsible organization for reviewing and approving requirements prior to submission to DASA (DE&C). A separate submission for all sub-commands will be provided with a consolidated AMC submission by USASAC to DASA (DE&C). USASAC will receive SAPBR guidance from DASA (DE&C) and may include AMC-specific guidance prior to dissemination to other AMC organizations. USASAC is responsible for validating and prioritizing all AMC requirements, to include UFRs, prior to submission to DASA (DE&C). USASAC is responsible for reviewing and signing all Memorandums of Agreement (MOA) with each of the AMC organizations.

b. Each PEO/PM is responsible for reviewing, and approving requirements for all Program Manager (PM) organizations within the PEO/PM, prior to submitting those requirements to DASA (DE&C). A separate submission will be provided for each PM, with a consolidated submission for the PEO/PM. Each PEO/PM will receive SAPBR guidance from DASA (DE&C) and may include specific guidance required by that PEO/PM prior to dissemination to the PM offices. The PEO/PM is also responsible for prioritizing and validating all PM requirements, to include UFRs, prior to submission to DASA (DE&C).

c. Each organization is responsible for obtaining the Army and Command-specific guidance for SAPBR submissions. Each organization is responsible for estimating the FMS administration funds required to execute its mission. If funding is not adequate to support current workload, a UFR justifying the need for additional funding, and the impact if the funds are not provided must be developed. The completed requirements packet is provided to either USASAC (for AMC organizations) or the PEO/PM (for PM offices) for review, validation and consolidation prior to submitting to DASA (DE&C). The U.S. Army Training and Doctrine Command (TRADOC), USACE, U.S. Army Pacific (USARPAC) and U.S. Army Medical Command provide their SAPBR submissions directly to DASA (DE&C) in accordance with the Army guidance.

11–24. Obligation plan responsibilities

a. Each Army and Army-supported organization (Claimant) that requests and receives FMS administration funding is required to submit an obligation plan to ABO and DASA (DE&C) by the suspense dates provided in the annual funding guidance.

b. All claimants are required to submit an obligation plan in spreadsheet format that depicts the anticipated obligations by month and EOR, as well as the authorized work-year. The obligation plan provides visibility of the amount of funding allocation required through a specific period of the FY. Obligation plans will be updated after each quarter to reflect the actual execution through the time period being reviewed. The plan is also updated if the AFP increases or decreases. Obligation plans must reflect the plan to obligate, Tradeshow (PE3), Workforce Development (PE20), and IT Refresh (PE26) funds. Once the Obligation Plan is submitted, no revisions will be accepted unless there is an increase in your AFP or you are directed to do so by DASA (DE&C). (Guidance might change per pending DSCA decision).

11–25. Distribution of foreign military sales administration funds

a. ASA (FM&C) distributes funding to the claimants through a quarterly distribution plan as approved by DASA (DE&C). If a deviation from the allotted amount is needed, it must be identified in writing and submitted during the annual SAPBR along with the initial Obligation Plan. If an additional allotment is required based on an approved UFR, the additional funding will be provided as soon as it is available. After UFR approval, the obligation plan must be updated to reflect the change. Funds will be released based on the obligation plan schedule.

b. Distribution of funds to AMC organizations will be from USASAC via the General Fund Enterprise Business System (GFEBS). PM offices will receive their funds via GFEBS from their PEO/PM offices.

11–26. Foreign military sales administration funds (8242) in general fund enterprise business system

ASA (FM&C) distributes FMS administration funds to all approved Army organizations using Country Code “00” and the constant GFEBS Functional Area “ADM001B.” The PEO/PM Funds Flow Bypass rule is instituted directing ASA (FM&C) distribution of FMS administration Funds straight to the PEO/PMs bypassing their higher headquarters. USASAC will distribute FMS administration funds on behalf of AMC to the AMC Material Support Commands.

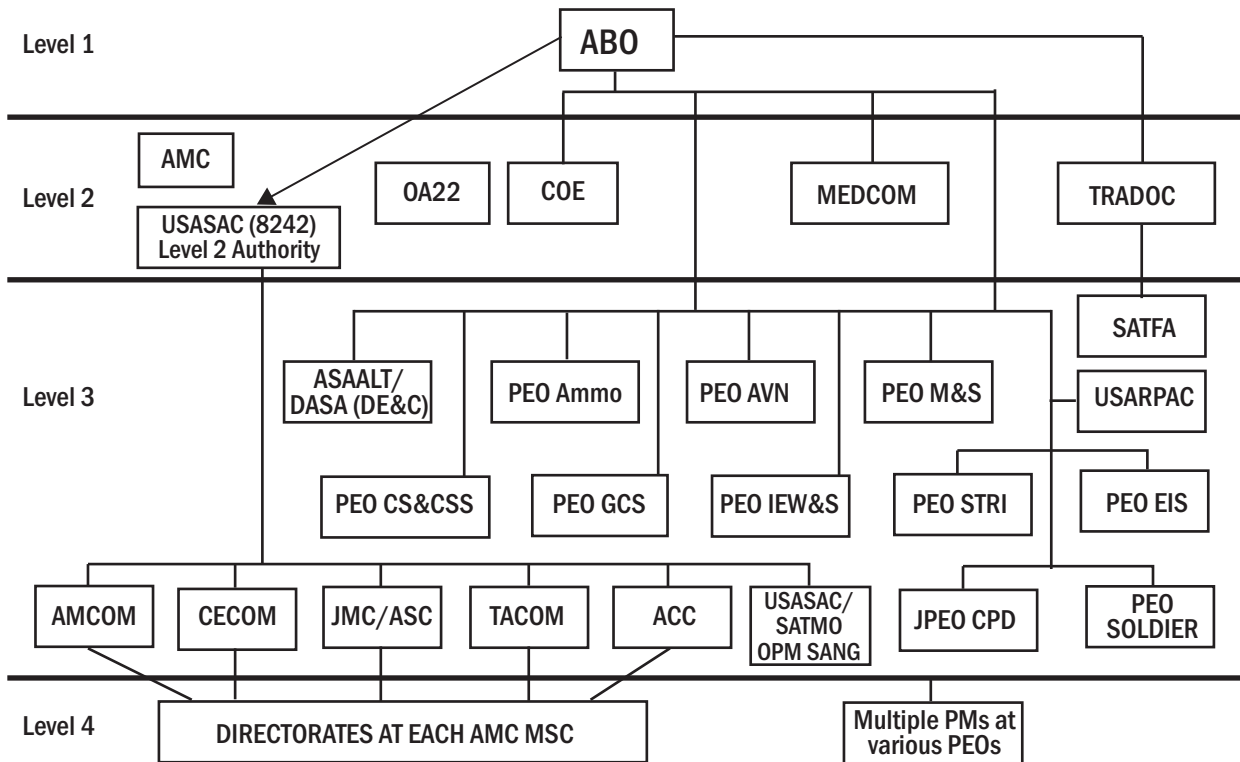


Figure 11-4. Foreign military sales administration funds (8242) in general fund enterprise business system

11-27. Reprogramming

a. DASA (DE&C) is the approval authority for the reprogramming of FMS-A labor/benefits, PE 3 (Tradeshows), PE 20 (Workforce Development) and PE 26 (IT Refresh) funding, in any amount between PEs. For all other PEs, any reprogramming amount of \$10K or more requires DASA (DE&C) approval. This is a pre-approval requirement and should be identified as early as possible in written form (email is acceptable). An updated obligation plan is required as well after approval from DASA (DE&C).

b. All other reprogramming actions (less than \$10K), such as travel, supply, equipment or any other non-labor/benefits require immediate notification to DASA (DE&C) in the form of an updated obligation plan.

c. Non-compliance with these requirements may result in an equal amount of funding being withdrawn from your FMS administration funding allocation.

d. Reprogramming of this funding will only take place by written request through USASAC for AMC organizations and through the PEO/PM for all PM offices.

11-28. Contract funds obligation

a. Claimants will aim to obligate funds for all contracts by mid-August of each fiscal year. Earlier obligation is encouraged, but not required.

b. Increases to contracts must be identified and approved by DASA (DE&C).

c. All contractor support should be separate and distinct from payroll funding so there is a clear understanding of government civilian manpower and contractor manpower and should be reported separately.

11-29. Tradeshows

a. DASA (DE&C) is the only organization in the Army FMS community that receives funding to support tradeshows in Program Element 3 (PE 3). This program element funds travel requirements for civilians and military officials for participation in air & tradeshows. Travel requests must be coordinated and approved, in advance, through DASA (DE&C).

b. FMS administration funds other than PE 3 funds can be used for travel in support of tradeshows, but must be included on the quarterly travel submission and must clearly identify that they are for the Air and Trade Show. If an

invitation is extended to a claimant to attend or support a tradeshow by DASA (DE&C), then DASA (DE&C) will provide funding to that individual.

11–30. Conferences

All SA conferences must be approved by DASA (DE&C) 2 months prior to the event.

11–31. Travel

All travel dollars will be held by DASA (DE&C) pending approval of travel. Funding for approved travel will be released quarterly. The suspense is 30 days PRIOR to the start of a FY quarter to DASA (DE&C) (USASAC for their sub-claimants). That 30–day window allows DASA (DE&C)/USASAC to coordinate with all agencies as needed. Accordingly, funding for travel will not be issued before the end of the period; which, begins after the receipt of the properly completed requests. This also means that if no requests are submitted, no funds for travel will be released. Unforeseen travel requirements may be submitted out of cycle upon identification of the travel need.

11–32. Pre-letter of request

a. Pre-LOR activities include obtaining information required to assist our international partners in selecting those defense articles, training, and services which will build partner capacity while also supporting U.S. acquisition and international security objective. These activities include meetings, briefings, equipment demonstrations, and, when necessary, efforts required to respond to RFP and participate in international competitions.

b. The Army's Pre-LOR funding expenditure is limited to an overall 8 percent of the total Army FMS administration funds. Any amount over 8 percent requires a written request by DASA (DE&C) to DSCA.

c. All Pre-LOR expenditures will be captured and tracked in the e-collaboration system against the specific effort and country for which they were spent. The total cost will then be added to any resulting or existing case in an attempt to recoup FMS administration funds.

d. Reminder: FMS funds are not to be used for travel to support “marketing” or “solicitation” of interest. These types of functions are to be funded with appropriated funding. Travel deemed to be in this category will be denied by DASA (DE&C) and funds will be withheld.

11–33. Quarterly review

Quarterly Reviews will be held on an exception basis only. Reasons for a review include execution well below the level expected, a request from the claimant, an issue that needs to be discussed or there appears to be a funding process that is causing an issue. Otherwise, quarterly reviews will not be scheduled.

11–34. Mid-year review

The mid-year review process analyzes execution at the fiscal mid-year point, provides DASA (DE&C) approval/guidance on funding issues, and develops funding strategies for fiscal year end. Mid-year reviews will be conducted on an exception basis only.

a. A Claimant's labor obligation at mid-year should be no less than 50 percent of their labor AFP. Information in mid-year review can include AFP, allocations, EOR, PE, UFR, and work years.

b. Under the new SAPBR process, DASA (DE&C) will no longer issue a separate data call for midyear review UFRs. UFRs submitted after the SAPBR process will be approved by exception only. UFRs submitted to DASA (DE&C) will be funded with funds pulled from claimants based on non-obligation at mid-year. UFRs not funded with Army midyear dollars go to DSCA for consideration.

11–35. Fiscal year-end process

July starts the fiscal year end closeout process. ABO develops fiscal year end guidance for claimants to follow. Claimants must identify excess funds, UFRs, reprogramming actions, contractual issues and other issues NLT last work day of August.

a. Claimants must review their FMS administration Status of Funds (SoF) to ensure that all funds are 100 percent obligated prior to year end. This is a basic financial management responsibility that must be accomplished with the funds each claimant is provided. Excess/unobligated funds must be identified by the last work day of August. All unobligated FMS administration funds (other than CIV Pay) accounting for more than 15 percent of the original AFP for the particular PE will be consolidated at DASA (DE&C) unless a compelling obligation strategy for the final month of the fiscal year is provided and approved by DASA (DE&C). Repeat offenders of this practice will be notified by DASA (DE&C) and have their future year 4th quarter funding withheld until solid proof of a need is provided.

b. Specific guidance for the current and prior fiscal years will be provided by DSCA and the Assistant Secretary of the Army, Financial Management and Comptroller (ASA, FM&C) as well as the DASA (DE&C). Each Army and Army supported Defense organization in receipt of FMS administration funding will be required to report to the ABO representative and DASA (DE&C) by the required suspense dates provided in the annual guidance. This will include weekly flash reports during September. The final flash report should reflect all funds 100 percent obligated and be

submitted with the GFEBs SoF report reflecting same. All claimants not fully obligated shall ensure that appropriate staffing is maintained to enable that last minute transactions can be implemented.

c. Excess funds must be returned to ABO 5–business days prior to year end. All remaining/unobligated funds should be recorded on a Miscellaneous Obligation Document (MOD) and should be replaced with an actual obligating document within 30 days. This will ensure 100 percent obligation at year end.

11–36. General fund enterprise business system reports

GFEBs implementation provides a variety of reports for the claimants' use as well as ABO and DASA (DE&C) use. GFEBs SoF report is the primary report to provide fund status data as required by Defense Finance and Accounting Service (DFAS) in accordance with DFAS–Indianapolis (IN) Regulation 37–1, chapter 28. The reporting requirements apply to all Army-funded activities reporting to DFAS–IN, and include all funds managed by the U.S. Army. The SoF report is used to report annual program, funds available, commitments outstanding, obligations, recoveries, expenses, undelivered orders, accounts payable, advances, disbursements, and management information at the Army Management Structure (AMS) level prescribed in DFAS–IN Manual 37–100. Claimants are required to submit the monthly SoF report along with their monthly execution report to ABO with a copy to DASA (DE&C).

11–37. Monthly execution report

Claimants are to submit a monthly execution report NLT the 10th working day after the end of the month. Claimants will explain monthly (cumulative) execution deviations of 10 percent higher or lower than obligation plan. The monthly execution report will reflect actual obligations based on GFEBs monthly SoF reports or official DFAS 1518 reports.

11–38. Defense Finance and Accounting Service 712–714 Report (1518)

DFAS provides an electronic copy of the DFAS 1518 report to DASA (DE&C), which reflects claimant's (not in GFEBs) monthly cumulative (direct) obligation of FMS administration funds. The 1518 report is made up of two reports: the 712 report which depicts claimant's obligations by OC and the 714 report which depicts claimant's obligations by EOR. Analysts must perform monthly resource analysis reviews by comparing obligations in the DFAS 1518 report with monthly obligations reported by claimants. Claimants must provide explanations when obligations by EORs deviate 10 percent higher or lower than the obligation plan. Ensure funding targets are consistent with allocations received.

11–39. Deputy Assistant Secretary of the Army for Defense Exports and Cooperation manpower report

DSCA requires the Military Departments to submit an annual manpower report for on-board full-time United States Government (USG) personnel (Civilians & Military Officers) as of the end of the fiscal year in accordance with section 25(a)(6) of the Arms Export Control Act (22 USC 2765). DSCA issues manpower guidance around mid-December with a suspense of early January. Upon receipt of manpower data call, DASA (DE&C) will prepare and issue guidance to claimants, consolidate claimants' input and prepare a response with explanation of manpower changes. DASA (DE&C) sends a cover memo along with spreadsheet for on-board USG personnel and appropriate justification for manpower changes.

11–40. Labor tracking

Operations & Maintenance, Army (OMA) labor funds being reimbursed by FMS funds must be tracked in GFEBs by using the Functional Area designator 442011JDFM for FMS administration Labor and 442002JDFM for FMS Case Labor. At present, a Research, Development, Test & Evaluation (RDT&E) funding Functional Area designator is being developed by ASA (FM&C). This policy also applies to all organizations that utilize FMS administration or FMS Case funds to pay for labor, to include matrix organizations that provide manpower in support of FMS cases.

11–41. Activity code dictionary

a. The activity code dictionary is mandatory for use with the Automated Time, Attendance, and Production System. Each employee's time must include the associated activity code(s) pertinent to the functions performed. Activity codes, and an explanation of the codes, can be found within the activity code dictionary located electronically on the USASAC Portal.

b. Changes/additions to the activity code dictionary should be submitted to DASA (DE&C) through your headquarters as required. A new activity code dictionary will be produced prior to the beginning of the fiscal year.

Chapter 12 Special Programs and International Activities

12-1. Introduction and purpose

a. The purpose of this chapter is to provide information on a variety of special programs authorized under the FAA, which are outlined in the next paragraph.

b. Emergency drawdown of materiel allows the USG to respond to crisis situations throughout the world as discussed in paragraph 12-2. The process for foreign manufacture of U.S. defense equipment known as co-production is discussed in paragraphs 12-3 and 12-4. The sale of excess defense equipment to foreign customers is discussed in paragraph 12-5. International air and trade shows are discussed in paragraph 12-6. The Special Defense Acquisition Fund (SDAF) which purchases equipment in advance of FMS requirements is outlined in paragraph 12-7

12-2. Drawdowns

a. The FAA authorizes the President to direct transfer of on-hand DOD stock defense articles and services (as well as articles and services from the inventory and resources of any agency of the USG) and military education and training to foreign countries and international organizations in response to unforeseen military emergencies, humanitarian catastrophes, peacekeeping needs, or counter-narcotics requirements (see AR 12-1, chapter 11).

b. In emergency drawdowns, the DOD, DOS and the National Security Council coordinate the USG response. Potential contributing agencies (DOD, Department of Treasury, and Department of Justice) and the military services furnish valuation and availability (V&A) data to the DOS indicating the estimated value of the articles and services proposed for the drawdown. The V&A data and the scope of support form the basis for the Presidential Determination.

12-3. Foreign manufacture of U.S. Defense Equipment (co-production)

a. AR 12-1, chapter 11, gives information regarding Army policy, background, objectives, authority to negotiate MOAs or MOUs, and management of co-production programs. The SAMM, chapter 4, provides DOD guidance and referenced policies.

b. Approval and staffing requirements. DASA (DE&C) (supported by USASAC) is the lead agency within the ASAE for co-production, obtaining authority to negotiate from the Director, DSCA, before releasing an MOU and prior to entering into negotiations with the FMS customer. USASAC submits requests for authorization to negotiate MOUs and MOU Amendments related to co-production through DASA (DE&C) who validates the data provided, coordinates with applicable ARSTAF equities to develop an overall position, resolves any questions/concerns raised during staffing, and forwards Army's coordinated position to DSCA. Prior to submitting to DSCA, DASA (DE&C) reviews and ensures all requests to establish co-production agreements are in compliance with technology transfer policies and regulations and verifies the requirements of DODD 5530.3 have been fulfilled.

c. USASAC resolves any questions related to exceptions to NDP and responds to requests for co-production after approval by DSCA and DASA (DE&C). Once approved, USASAC tasks the responsible PEO/PM through the appropriate case preparing activity to develop the MOU or MOU amendment and corresponding support documents. The support documents include the DDL, Technical Assessment/Control Plan (TA/CP), Fiscal Memorandum, Program Security Instruction, Implementing Arrangement, and Industrial Base Factor Analysis. The PEO/PM develops the MOU or MOU amendment and support documents in accordance with requirements of SAMM and AR 12-1. Upon completion, the PEO/PM forwards all documents through the appropriate case preparing activity to USASAC.

d. USASAC reviews the package from the case preparing activity for accuracy and completeness and initiates legal review of MOU or MOU amendment and associated support documents with U.S. Army Materiel Command, Command Counsel (AMCCC). Upon successful completion of legal review, AMCCC publishes a legal memorandum on the co-production request. USASAC then submits the MOU or MOU amendment with support documents (that is, DDL, TA/CP, fiscal memorandum, Industrial Base Factor Analysis, and legal memorandum) to DASA(D&EC) who reviews the MOU/MOU amendment for compliance with technology transfer policies and regulations prior to forwarding them to DSCA for further staffing/approval.

e. Upon approval, DSCA signs the MOU or MOU amendment and then forwards the approved document through DASA (DE&C) who reviews and records the approval, back to USASAC. USASAC formally offers the MOU or MOU amendment to the international customer for negotiation. The international customer signs the MOU or MOU amendment and returns two original signed documents back to USASAC. If negotiations are pursued, DASA (DE&C), in coordination with DSCA, determines who represents the Army in negotiations, either as lead negotiator or as team members. One of the team members is an attorney. Receipt of a concluded MOU or MOU amendment authorizes co-production and the corresponding FMS cases that execute and support the program.

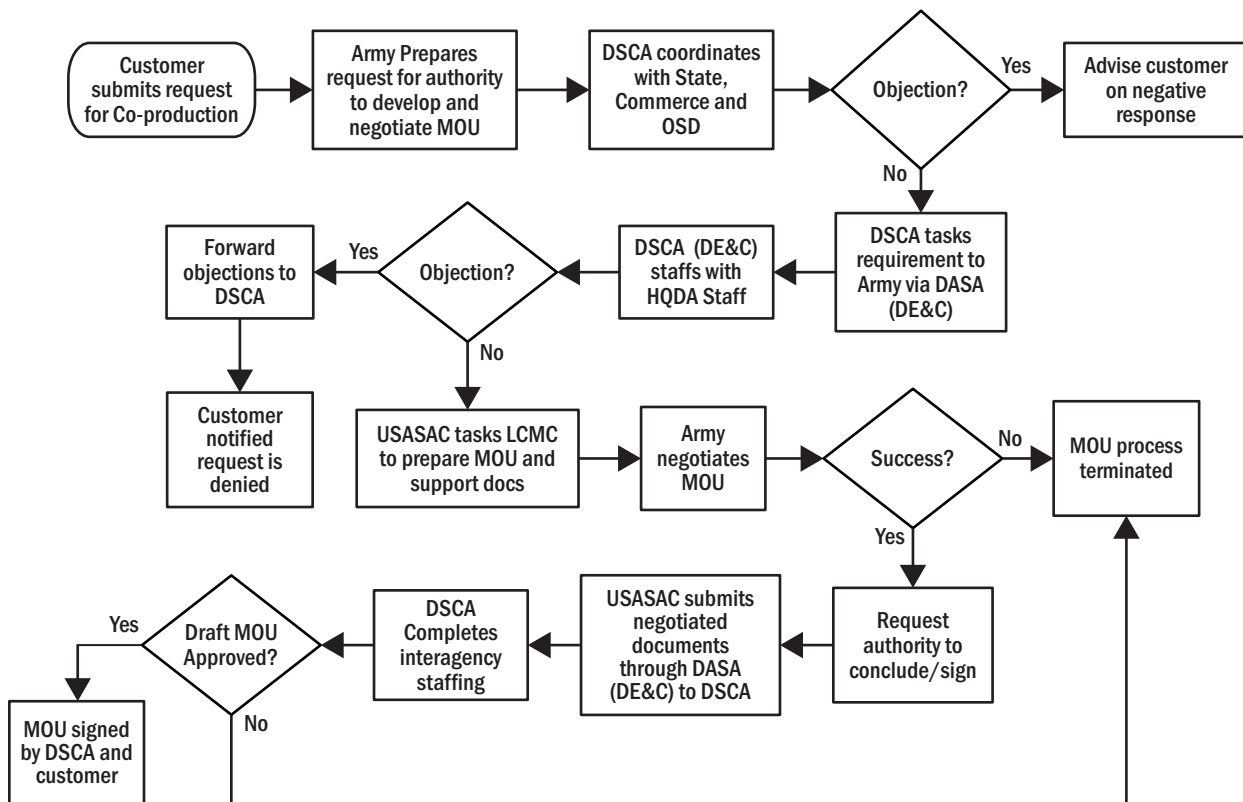


Figure 12–1. Co-production process

12–4. Licensed production

See AR 12–1, chapter 11, for data on the licensing arrangements for co-production programs.

12–5. Excess defense articles process

- a. General. See AR 12–1, chapter 11, for information on EDA.
- b. Excess defense articles excludes construction equipment, including tractors, scrapers, loaders, graders, bulldozers, dump trucks, generators, and compressors) (Section 644(g), FAA).
- c. EDA planning and forecasting requirements.
 - (1) DASA (DE&C) provides DSCA the weapon systems and materiel identified as excess, based on Deputy Chief of Staff, G–8 (DCS, G–8) recommendations. DSCA authorizes the release of surveys to international customers as directed by the interagency. The DCS, G–8 directs the AMC LCMCs to retain excess items to be surveyed before items are reported to the Defense Reutilization and Marketing Office (AR 710–1, paragraph 3–24).
 - (2) DSCA coordinates message with State and Commerce Departments prior to approval of the survey and directs USASAC to send it to potential customers with information copy to GCCs and Joint Chiefs of Staff.
 - (3) USASAC in coordination with the case preparing activity prepares draft EDA surveys for items in excess of DOD requirements. The responsible case preparing activities provide the type and model, NSN, DOD Ammunition Code/DOD Identification Code (DODAC/DODIC), quantity, supply condition code, supportability date, and locations of the available assets.

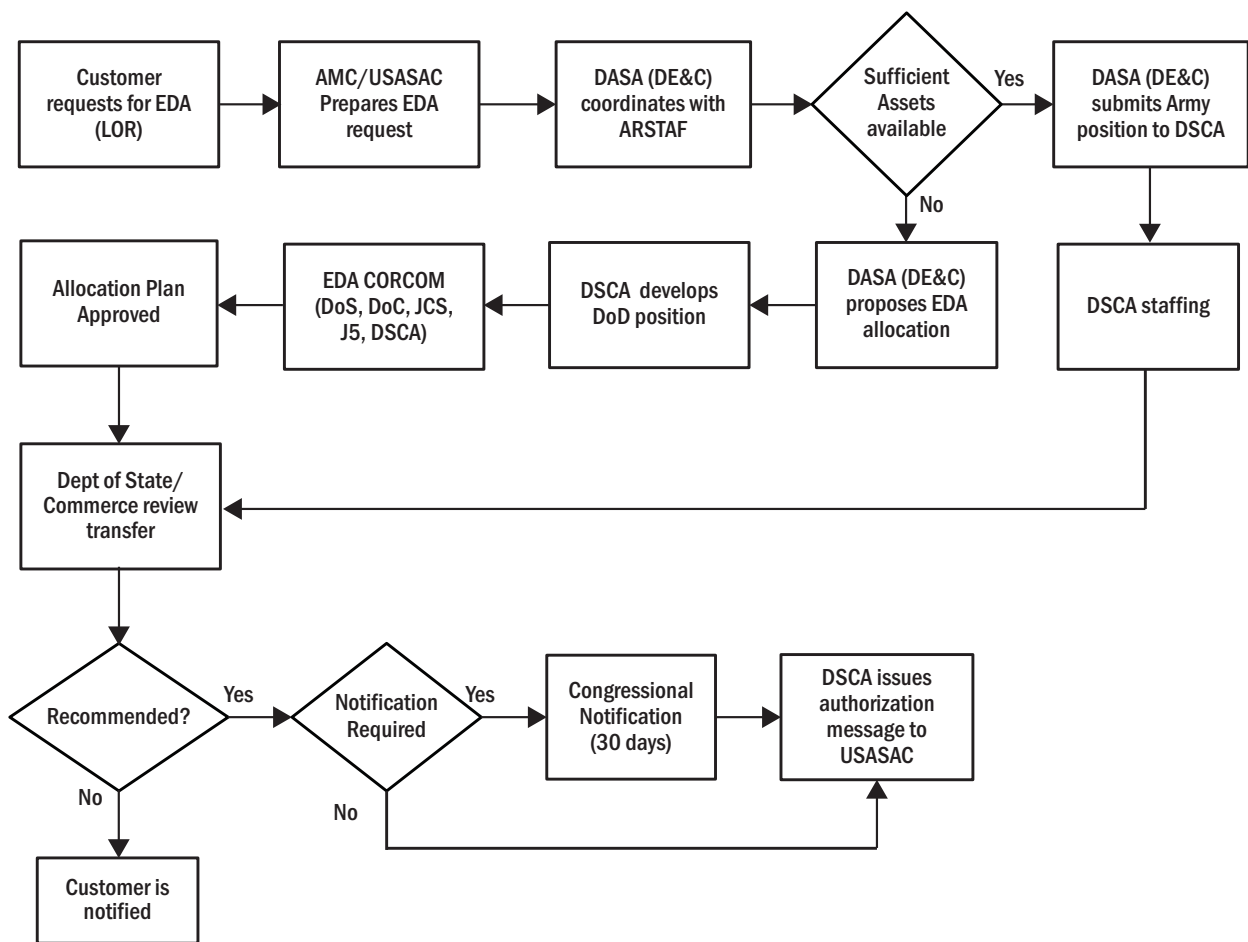


Figure 12–2. Excess defense articles process

(4) USASAC incorporates within the draft survey the following:

(a) Inform the customer that they have a 45 day suspense after survey is sent to express their interest which should be followed by an LOR. As such, the follow-on LOR should include the quantities required, justification for the transfer, and any required support. The survey does not constitute a commitment to provide training, spares, logistical support, or publications. The survey does not constitute a formal offer or any guarantee that the customer will be eligible to receive the equipment.

(b) Advise the customer that any Joint Visual Inspection (JVI) is to be scheduled after CN approval has occurred.

(c) It is the country's responsibility to obtain clearances and coordinate on the JVI dates and times prior to arrival at the inspection site(s).

d. Processing CN requirements.

(1) After receipt of customer requirements, USASAC validates availability with the appropriate case preparing activities. If items are available, USASAC provides recommended allocations, a distribution plan, and CN data to DASA (DE&C). Congressional data is submitted in accordance with SAMM, chapter 11.

(2) DASA (DE&C) reviews the package for accuracy and completeness. At a minimum, the EDA package must include a USASAC memo with MTCR comment, cost/data sheet, justification and a signed LOR. If the package is complete it is forwarded to ARSTAF for concurrence and final validation that the items are excess to Army requirements and available for the proposed EDA transfer. For major end items (Class VII), the entry point is the DCS, G–8. For ammunition, the entry point is Deputy Chief of Staff, G–4 (DCS, G–4). If the package is incomplete it is returned to USASAC for corrective action. Once ARSTAF concurrence and validation is received, DASA (DE&C) prepares a memo to DSCA that provides the Army position/ recommendation. DASA (DE&C) enters each EDA action into a tracking system and continues to monitor the interagency coordination by DSCA and Congressional Notification actions to completion. Upon receipt, the DSCA authorization message, is forwarded to USASAC for case execution.

- (3) DSCA convenes the EDA Coordinating Committee, as required.
- e.* Approval of allocations.
- (1) DSCA issues an EDA allocation approval message and assigns a RCN to all grant transfer materiel when approval is granted to make the official offer.
- (2) USASAC provides the CPMs the approved allocations, locations, supply condition codes, RCNs, and any requirements to expedite the sale or transfer of the materiel.
- (3) The CPMs use the approved allocation date as date of a complete LOR for the customer's response to the survey. The CPMs assign an "I" LOA identifier, task the appropriate LCMC to prepare the LOA within 30 days, and advise if section 516 of the FAA is applicable.
- f.* When preparing an LOA for grant EDA materiel, FAA, section 516, applies. When preparing a LOA for the sale of EDA AECA, section 21, applies. LOAs include the following, as applicable (see SAMM, chapter 11, for information on grant EDA or at a reduced price on LOAs). LOA preparation when the grant or sale of EDA materiel is the primary item includes the following three (3) steps:
- (1) Case nickname will be "EDA Grant" or "EDA Sale."
- (2) Terms of Sale: If the EDA transfer is a grant item, the term of sale reflects "EDA Grant." If there are non-EDA grant items on the LOA, the LOA includes a dollar breakout for each term of sale used.
- (3) Case Description:
- (a) For an EDA grant transfer, the case description includes the statement "is for the EDA grant transfer of [quantity] or [material nomenclature] under section 516 of the Foreign Assistance Act of 1961 as amended.
- (b) For an EDA sale, the case description includes the statement, "is for the EDA sale of [quantity] of [material nomenclature] under section 21 of the Arms Export Control Act, as amended.
- (4) The materiel lines for EDA reflect a source of supply code "E" for "Excess" and show a lead-time of 3 months.
- (5) Type of Assistance Code:
- (a) For an EDA grant transfer: "A—FAA Excess Defense Articles—non-reimbursable.
- (b) For an EDA sale: "3—Cash Sale from Stock-payment in advance" or appropriate code for corresponding terms of sale.
- (6) If the EDA transfer is a grant, unit and total price should reflect \$0 (zero) value. EDA sales follow the normal LOA writing rules for inclusion of unit and total price.
- (7) Line item description note: Each line for an EDA grant or sale item reflects a line item description note that includes the equipment being transferred, item nomenclature, quantity, original acquisition value, and current estimated value at the time of transfer, location, condition code and RCN. If the EDA transfer is a grant, case preparing activity includes the phrase "Grant Value is \$0" to correspond with the \$0 value in the line.
- (8) Include any support equipment or associated spares (which are usually not EDA) and refurbishment costs, if required and requested by the customer in the LOR.
- (9) Include training, if required and requested by the customer in the LOR.
- (10) Include notes as applicable.
- g.* When publications are offered for EDA materiel, the responsible case preparing activity coordinates with the U.S. Army Publications and Printing Command to determine availability.
- h.* If an LOA includes a line to overhaul or refurbish the end item to condition code A, a QAT may be offered. A QAT is not offered for EDA that will not be refurbished to condition code A on an LOA. If the supply condition of the equipment is anything other than supply condition code A and the customer requests the U.S. assist in the delivery, a USG technical assistance line is offered. The line item description note explains the purpose of the team.
- i.* The CPM in coordination with CCM provides accurate, complete in-the-clear "SHIP TO" and "MARK FOR" addresses, if available, in order to prevent delays in shipping the materiel.
- j.* The LOAs are amended or modified to match the final quantities agreed to during the JVI.
- k.* Storage charges are applicable to customer-owned articles on cases in which DOD is ready to deliver applicable EDA, but has been requested by the customer to delay delivery, as well as on cases in which DOD cannot deliver due to legal or policy restrictions (see DOD 7000.14-R, Volume 15, paragraph 070801).
- l.* As a rule, all DWCF prices reflect the full cost of the item. However, discount pricing is permitted if prior approval has been granted from the Director for Revolving Fund of the Under Secretary of Defense (Comptroller). If discount pricing is recommended, the PEO/PM provides detailed justification to USASAC for use in requesting approval. If discount pricing is approved for an Army Working Capital Fund (AWCF) item, then a line is included on the LOA for transportation and PC&H that was included in the original price of the AWCF item.
- m.* If the DLA performs supply depot operation or second destination transportation services for EDA, the DLA depot is reimbursed from service lines on the LOA for PC&H and transportation.
- n.* All materiel requisitions for EDA requirements, whether issued against an LOA or a RCN, are processed as exception type (A05) requisitions with the NSN/DODAC/DODIC, nomenclature, location, and supply condition code reflected as exception data. The requisitions also contain the appropriate project code and advice code (ENY for sale and ENB for transfer and an advice code of "2J" in both cases.)

o. The customer or agent signs a DD Form 1348 (DOD Single Line Requisition System Document (Manual)) for the materiel or shipping documents for title transfer of items being transferred. Title to EDA items transfers at the point of origin except for items located in Germany. EDA items in Germany transfer title at the nearest point of debarkation outside of Germany.

p. The following procedures apply to EDA aircraft:

(1) The LOA covers aircraft transfer, shipment and transportation preparation. Refurbishment or reclamation and support materiel and services are also included on this LOA.

(2) Once aircraft have been moved to the storage facility and DSCA allocation approval has been made, the JVI is conducted.

(3) Aircraft title is transferred when aircraft are moved from the storage location to country (reclamation candidates) or from the storage location to the refurbishment site, as appropriate. A note is included on the LOA to explain aircraft title transfer.

(4) The foreign customer is not charged for transportation when the aircraft are located at a storage site. JVI costs and storage costs after JVI are charged to the customer.

12-6. International air and trade shows

DASA (DE&C), in coordination with DSCA and the ASAE, produces an annual plan that outlines the goals and objectives of our Air and Trade Show Program. DASA (DE&C) further:

a. Determines which Air and Trade Shows best support the goals and objectives.

b. Develops a campaign plan for each event.

c. Notifies appropriate ASAE elements of the plan and anticipated support required for each show.

d. Coordinates the plan/schedule with DSCA and identifies FMS administration Funds required to support the annual plan.

12-7. Special defense acquisition fund

a. USASAC assigns FMS SDAF LOA identifiers. The implementing agency code is B.

b. SDAF LOAs may include both SDAF and non-SDAF materiel. However, sublines, attachments, and CSP lines do not mix SDAF and non-SDAF materiel. SDAF items are shown on separate line(s), and each reflects source code F.

c. If any SDRs are received on an SDAF item, the SDAF is considered responsible for the SDR costs. When that occurs, the SDR, along with a legal opinion in coordination with with AMCCC, is submitted to DSCA for concurrence.

d. SDAF LOA closure requires additional reviews beyond the normal case closure reviews. DFAS is the financial manager for any FMS LOA lines on Army-implemented LOAs that sell SDAF assets. Closure responsibilities are accomplished as agreed between DFAS and USASAC for each SDAF LOA line. Once an LOA line is balanced, DFAS informs DSCA that the line is ready for closure and requests approval. Final closure of an LOA line is not accomplished until DSCA approves the amount of SDAF reimbursement.

12-8. Special organization or country considerations

Special considerations for specified organizations or countries are addressed below:

a. North Atlantic Treaty Organization Maintenance and Supply Agency (NAMSA).

(1) Per section 21(e)(3) of the AECA, charges for FMS administrative services may, upon request, be waived for NAMSA sales that support a weapon system partnership committee (WSPC) agreement or a North Atlantic Treaty Organization (NATO)/Supreme Headquarters, Allied Powers, Europe (NATO/SHAPE) project. Any administrative charges for which waivers are approved under this program are reimbursed to the FMS administrative account from Program 10 funds controlled by the U.S. Mission to NATO. Such agreement is provided prior to waiver of the administrative charges.

(2) Definitions. *a)* WSPC agreement. An agreement between two or more member countries of NAMSA that is entered into pursuant to the terms of the charter of that organization and that provides for the common logistical support of a specific weapon system that is common to the participating countries.

(3) Procedures.

(a) LORs are normally prepared by NAMSA and forwarded directly to USASAC.

(b) Upon LOR receipt by USASAC, the CPM ensures that it includes a waiver request and that the waiver supports projects cited. The CPM also advises the case preparing activity that the LOA will not include administrative charges.

(c) DSCA CWD includes the applicable Administrative Surcharge Waiver—NAMSA note on LOAs.

(d) The amount of the administrative surcharges waived are identified in the Case Remarks section of DSAMS.

(e) The transmittal memorandum to DSCA list the U.S. Representative Number which is cited on the LOR.

(4) Responsibilities. DSCA, NAMSA, the U.S. Mission to NATO, and DFAS responsibilities are listed in SAMM, chapter 9.

b. NATO/SHAPE project. Any project undertaken with common funds supported by allocated credits from NATO organizations or by host nations with NATO infrastructure funds.

c. Canada.

(1) Shipping Activities, either supply depots or commercial vendors, filling DOD contracts under the FMS Program complete and distribute copies of Department of Commerce Form 7525 (Shipper's Export Declaration), for all items supplied, that is, for each shipment unit released. Forms and instructions must be prepared in accordance with current U.S. Commerce Department regulations. Department of Commerce forms must be printed on special paper. For assistance in completing the Shippers Export Declaration Form shipping activities may reference website: <http://www.census.gov/foreign-trade/schedules/b/2011/correctwayforb.pdf>. This requirement is because Canada, unlike most other customer countries, does not use commercial agents (freight forwarders) to export FMS purchases from the United States.

(2) Questions regarding release of U.S. Army-sponsored FMS shipment to Canada are addressed to the CCM for Canada.

(3) Questions for Canada representatives in CONUS are directed to the current country representative found in the Canada listing in the FMS section of the MAPAD. This includes Notices of Availability (NOAs), when required.

(4) All shipments to Canada, including sensitive AA&E or classified material, are shipped to in-country destinations in Canada under either Delivery Term Code (DTC) 4 or 5 procedures. CONUS shipping activities refer to special instructions in the MAPAD listing for Canada to determine the need for NOAs prior to release of materiel (for example, shipments of ammunition or shipments weighing more than 20,000 pounds). DTC 5 generally applies only to DWCF materiel, which includes inland CONUS/Canada transportation in materiel prices. DTC 4 shipments are normally transported under collect commercial bill of lading. DTC 5 shipments are moved under DOD-approved prepaid transportation procedures (for example, GBLs).

(5) For shipments weighing more than 20,000 pounds, the supplying agency obtains routing instructions from Supply and Services Canada, Washington Region. Shipments less than 20,000 pounds are routed by the most direct, economical means to the designated address. This does not apply to repair parts provided by a CLSSA.

d. Germany.

(1) The LOA preparer will develop a modification, upon request by the USASAC CPM, for LOAs being processed for closure with excess funds of \$100,000 or more and LOAs closed at zero dollar value.

(2) DFAS and USASAC will coordinate to verify the excess funds amount before tasking the LOA preparer to submit the modification.

e. Israel.

(1) All payment schedules on major, defined order LOAs are prepared using reliable projections of disbursements to USG accounts instead of pre-established automated or manual models. These payment schedules are reviewed and adjusted per DOD 7000.14-R, Volume 15, chapter 4, paragraph 040201.

(2) Defined line LOAs remain open to add additional requirements for up to 5 years after implementation. The LOA does not have to be closed after 5 years, but no new requirements or quantity increases may be added after that time period.

(3) BO LOAs remain open to accept requisitions for up to 2 years after implementation. If requisitions are received after the 2-year period, the requisition is suspended. Israel is notified that the time limitation expired on the LOA.

(4) R&R cases have a performance period of 3 years from case implementation. No new reparable may be received after that time.

(5) Customizable Note S1A Time Period for Submission of Requirements (Israel) will be used on all Israel LOAs with the correct option.

(6) Any exception to the ordering periods are obtained from the Government of Israel, Ministry of Defense New York Mission.

(7) Authority to identify and request CONUS training requirements is granted solely to the Embassy of Israel in Washington D.C. and they will coordinate directly with SATFA. The CONUS training responsibility of the SCO in Israel is processing administrative actions, such as ITOs and administrative information for IMS. The Government of Israel Ministry of Defense in New York City, NY processes all LORs and LOAs, to include CONUS training.

f. Japan.

(1) LOAs involving U.S. contractor services, U.S. military personnel, or in-country civilians include notes for Personnel Protection and Related Cost and Support and Costs. Applicable notes are added by DSCA.

(2) The payment schedule is prepared by DSCA as follows:

(a) When the payment schedule requested by Japan and the payment schedule estimated by the U.S. Government are the same, only one payment schedule is entered in DSAMS. The initial deposit is the amount requested by Japan.

(b) When different payment schedules are proposed, both are entered in DSAMS. The schedule computed by the United States prints on the LOA under "estimated payment schedule"; the schedule requested by Japan prints on the LOA under "planned payment schedule". The planned payment schedule is followed unless trust fund balances are inadequate to cover realized contract costs, at which time the normal estimated payment schedule takes effect.

g. Republic of Korea.

(1) LOAs for the Republic of Korea are initially prepared with Terms of Sale Cash with Acceptance or Dependable Undertaking.

(2) If DSCA authorizes FMF, the case preparing activity is notified and will process a modification with new terms of sale and payment schedule, if required.

h. Saudi Arabia.

(1) The Director of the Foreign Procurement Department (FPD) has directed that only LOA amendments are used to effect cost increases over 10 percent, transfer of funds between cases, transfer of funds between case lines, and the creation of new lines. These amendments are approved by the Ministry of Defense and Aviation, FPD. An amendment is not processed without prior approval of the FPD.

(2) Modifications are reviewed and approved by DSCA prior to submission to country. Modifications to LOAs are held to a minimum and are only used for (unanticipated) price increases without a corresponding scope increase and for delivery schedule changes. Saudi Arabia cases are no longer adjusted downward to reflect refunds.

(3) Reports and minutes of program management reviews are not used as customer's references on LOAs and amendments to Saudi Arabian Royal Saudi Land Forces (RSLF) programs.

(4) LOAs for a TAFT or for permanent change of station (PCS) assignments to Saudi Arabia may contain assistance-in-kind standard note. This provides environmental and morale leave (EML) under an assistance-in-kind program, which allows one EML trip per year for individuals sponsored in Kingdom. The cost of this travel is not included on the LOA.

(5) All LOAs for the RSLF offering a mobile training team (MTT), a technical assistance team (TAT), or a TAFT contain a security standard note.

(6) LOAs for personnel support, where the personnel are considered attached to or added to the United States Military Training Mission in Saudi Arabia, will contain Personnel Conduct Standard note P7.D.

(7) LOAs that offer technical assistance, TAFTs, TATs, and MTTs use the MASL and description for each selected MASL below. Line item descriptions may be further defined as long as the descriptions begin with the standard MASL phrases identified. When required, specific details are provided by a line item description note on the LOA.

Table 12-1 Military articles and services lists	
MASL Description	MASL
Technical Assistance Lines	Other Technical Assistance M1E 0205000TAUSGP (N) USG Personnel (Not Tech Assistance Teams) or M1E 0205000THERTA (N) Contractor Personnel only
Team Lines	R9B 071100000TAFT (TAFT, Contractor Personnel Only)
	R9G 0797000TAFTOTH Other Technical Assistance Field Teams - Personnel (U.S. MIL, DOD, CIV Overseas Natls) & Other Support, Providing In-Country Tech Assistance (TAFT)
	M1E 020400000THTAT Technical Assistance Team (TAT USG personnel)
	N00 000000FMSTRNG Mobile Training Team (MTT)
	N0000000SATMOTNG SATMO OCONUS and contractor
	R9G 079700M1SS1IE Missile Tech Assistance Field Team, U.S. Military Personnel, Team Providing In-Country Technical Assistance (TAFT)
	R9G 079700A1RCRFT Aircraft Tech Assistance Field Team, U.S. Military Personnel, Team Providing In-Country Technical Assistance (TAFT)
Other Services	R9Z 079Z000THSERV Other Services

(8) Other services are utilized when the technical assistance pseudos do not apply to the services requested. The line nomenclature and line item description note is expanded to describe the line in detail. Long term OCONUS technical assistance is offered under the applicable technical assistance pseudo shown above. Contractor efforts require a SOW, which may or may not be submitted concurrently with the LOA. The pseudo 000000FMSTRNG is used when contractor or U.S. Government training is offered.

h. Taiwan.

(1) U.S. recognition of the People's Republic of China does not change longstanding commitments to commercial, cultural, and other unofficial relationships with Taiwan. SA programs are administered as prescribed in this paragraph.

(2) The American Institute in Taiwan (AIT) is the authorized agent of the USG in matters pertaining to military sales and is authorized to sign contracts on its behalf. Taiwan's counterpart organization to AIT is called the Taipei Economic Cultural Representative Office in the United States (TECRO). TECRO has its U.S. headquarters in Washington, D.C. The TECRO in Washington, D.C. serves as the Country Representative for Taiwan, as is indicated in the Taiwan listing in the MAPAD. As the Designated Country Representative, the TECRO in Washington is responsible for receiving and responding to Notices of Availability (NOAs) for classified shipments being released from DOD shipping activities. TECRO offices in other U.S. cities will be named "Taipei Economic and Cultural Office in (the name of the city, such as New York)."

(3) LOAs, amendments, and modifications involving Taiwan use unique formats.

(4) Taiwan LOAs are prepared using the following procedures:

(a) Upon completion of review and coordination, the unsigned and undated LOAs are sent through the DSCA Director of Operations to the DSCA (Business Operations Directorate).

(b) Each LOA, amendment, or modification are electronically forwarded to AIT by USASAC or SATFA (in case of CONUS training LOA actions) with endorsement by DSCA. The DSCA Comptroller electronically returns actions to USASAC or SATFA.

(c) The AIT signs for the U.S. Government; the TECRO will accept for Taiwan.

(5) Direct communication with the AIT, Taipei, may be approved by USASAC on a case-by-case basis or by SATFA for CONUS training cases. Direct communication with in-country elements of the Taiwan Army is not authorized.

(6) Only U.S. or Taiwan commercial vessels or aircraft are used for shipments to Taiwan. The use of military vessels or aircraft of either country is not authorized. Shipments of sensitive AA&E originating in the United States is moved by DOD-arranged or controlled transportation to a DOD-controlled port of embarkation (POE) in the CONUS and loaded by DOD port personnel into a Taiwan ship or aircraft at the POE (DTC 8 procedures). Onward movement to Taiwan is accomplished by Taiwan commercial vessels provided by TECRO. This procedure is also followed for classified material, if Taiwan opts not to use a cleared freight forwarder MAPAD TAC A or addresses.

(7) FMS LOAs and line items involving BO requisitioning authority, such as spare and repair parts, technical equipment, minor equipment modifications, technical assistance, training and training aids, reparables, and publications, are committed at 100 percent of original LOA value before orders are accepted on succeeding LOAs. Because exceptions may result in price increases and lengthy periods of performance, basic LOAs are amended, as necessary.

Chapter 13 Publications

13-1. Army-wide publications

a. Customer requests for U.S. Army publications are filled as fully and quickly as possible, in accordance with existing procedures, administrative capabilities, and applicable release policy.

b. Requests for DA publications stocked and issued by the DA are submitted as prescribed in DA PAM 25-33, *Users Guide for Army Publications*. DA publications include the publications and blank forms listed in DA PAM 25-30, *Consolidated Index of Army Publications and Blank Forms*.

c. Because of the volume and variety of requests submitted by customers, it is recommended that customers use a BO LOA ("T" case designator) for these publications.

d. The TRADOC has designated SATFA as the lead organization to receive and coordinate with TRADOC, G-2 Foreign Discloser Office (FDO) for TRADOC Courseware Training Support Package, subcomponents (lesson plans, program of instructions, course management materials, and so forth) or stand-alone training product courseware requests from FMS customers. TRADOC courseware is purchased in accordance with LOA standard terms and conditions. Purchase of TRADOC courseware does not include annual revision and/or updating. The request process is as follows:

(1) SCO will

(a) Establish a listing of required courseware.

(b) Email courseware listing to SATFA CPM.

- (2) SATFA Operations Division will—
- (a) Validate training customer request/ATRRS Course Title/Number.
 - (b) Program training courseware and shipping MASL.
 - (c) Forward training courseware listing to TRADOC, G-2 .
 - (d) Monitor suspense timeline, report lapse to TRADOC, G-2.
- (3) The TRADOC, G-2 FDO will request the training courseware in accordance with the foreign disclosure process outlined in AR 380-10
- (4) Proponent and supporting FDO will—
- (a) Review request and determine which materials are applicable, review that material for disclosure, and reclama those items not under their purview.
 - (b) Conduct a disclosure review of the requested courseware.
 - (c) Provide the SATFA CPM the disclosure determination by the proposed suspense or request an extension that will include a completion date with plan of action (fig 13-1).
 - (d) Provide the SATFA Financial Management Division (FMD) required data to determine courseware item cost.
- (5) The SATFA FMD provides assistance to the proponent RM to determine item cost.

Foreign Disclosure Rating	Suspense (days)
FD1. This course is releasable to students from all requesting foreign countries without restrictions.	30
FD2. Releasable to military students from foreign countries on a case-by-case basis. Foreign countries desiring to purchase courseware must meet one or more of the following criteria: (1) Own (a specific/version piece of equipment); (2) Have a signed Letter of Intent (LOI); (3) Have waiver from HQDA; (4) Have USG release for training;	60
FD3. This course is <i>NOT</i> releasable to students from foreign countries. TSP will not be released	7
FD4. Some component(s) of this course is(are) <i>NOT</i> releasable to students from foreign countries. See each Training/TATS Course TSP subcomponent/Product for applicable FD restriction statement.	60
FD5. Product is releasable to students from all requesting foreign countries without restrictions.	30
FD6. Product is releasable to students from foreign countries on a case-by-case basis.	60
FD7. Product is <i>NOT</i> releasable to students from foreign countries. POI will not be released	7

Figure 13-1. Security assistance training field activity foreign disclosure rating/suspense

13-2. Other publications

a. USASAC provides publications not stocked by DA and not reflected in the DA PAM 25-30 to include DMWRs against a BO case ("B" case designator), when requested by eligible foreign countries.

b. Countries communicate requirements directly to the cognizant CCM, including all the information required to prepare a DA Form 17. The following applies if a country prepares the DA Form 17:

(1) Requisitions for unclassified publications are submitted on DA Form 17 (in triplicate) directly to the Commander, U.S. Army Security Assistance Command, ATTN: (cognizant CCM office symbol), 54 M Avenue, Suite 1, New Cumberland, PA 17070-5096.

(2) DA Form 17 references the FMS case (XX-B-XXX), provides appropriate marking instructions, and identifies a valid title or control number.

c. On receiving the non-DA Pamphlet requirement or the DA Form 17, USASAC sends a request to the applicable supply source for price, availability, and releasability information. When the supply source has provided this information, USASAC CCM will—

(1) Assign requisition numbers, if the supply source is an AMC LCMC for each publication requested, and send the request by DA Form 17, Requisition for Publications and Blank Forms, to the LCMC Materiel Management Center (MMC). The MMC obtains OA, ships the publications, and bills directly through USASAC to DFAS. Delivered publications are then reflected on the FMS delivery listing by assigned requisition number. The MMC informs USASAC CCM of the shipment status by requisition number.

(2) Assign unfunded requisition numbers, if the supply source is other than an AMC LCMC for each publication requested, and send the request by DA Form 17 to USASAC. USASAC obtains and reserves OA and issues a Military Interdepartmental Purchase Request and DA Form 17 to the supply source. The letter of transmittal to the supply source requests a copy of the DA Form 17 and the charges. USASAC then submits billing to DFAS.

13-3. Types of publications

a. The following publications are requisitioned under an AMC publication LOA (BO case, "B" case designator):

(1) AMC regulations, circulars, and pamphlets.

(2) U.S. Army service school publications.

(3) Technical information and publications that relate to the purchase, maintenance, and production of nonmedical materiel. Requests for information on the purchase, maintenance, and production of medical equipment are sent to USAMMA.

(4) DMWRs.

(5) DA publications listed in DA PAM 25-30. The "B" BO case includes a separate line citing generic code J8A.

b. The following publications are excluded from AMC publications LOAs:

(1) TDP.

(2) Technical publications and information related to medical materiel.

(3) Military and federal standardization documents. These documents are obtained from the Standardization Document Order Desk, Building 4D, 700 Robbins Avenue, Philadelphia, PA 19111-5094.

(4) Professional magazines. These publications are purchased directly from the publishers.

(5) Publications for sale by The National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

(6) Publications for sale by the Superintendent of Documents, U.S. Government Printing Office, 732 North Capitol Street NW, Washington, DC 20401-0001.

(7) Training aids and training films.

c. The following publications are requisitioned under a USACE LOA, if approved for release:

(1) USACE regulations, circulars, and pamphlets.

(2) U.S. Army engineering school publications.

13-4. Shipment

a. FMS LOAs for AMC and DA publications are normally prepared with offer release code A and DTC 5. Small parcel shipments requisitioned DTC 5 move prepaid.

b. Unclassified publications are shipped to any designated point in CONUS, including a named freight forwarder. The customer provides the address in block 6 of DA Form 17.

c. Classified publications authorized for release are shipped only to an address approved by DCS, G-2.

d. Publications shipped parcel post overseas by the Military Postal Service through APO or FPO channels are prepared with DTC 7.

e. The supplying command furnishes an SF 1080. For billing and reporting purposes, it is supported by one copy of

the request (DA Form 17 or listing), showing the supply action taken and unit and total cost. It is sent to the U.S. Army Security Assistance Command - New Cumberland, ATTN: AMSAC-RMF-NSP, 54 M Avenue, Suite 1, New Cumberland, PA 17070-5096.

13-5. Pricing

All Army and DOD publications proponents, upon request, provide prices to USASAC CCM for publications to be sold to FMS, International Military Education and Training Program, and NATO customers. These are priced as specified by DOD 7000.14-R, Volume 15.

13-6. Publications line for major end items

a. Under the TPA concept, a defined line for DA publications are included on FMS LOAs prepared for major items. This line includes two copies of each applicable publication, including changes. Any DA publication listed appears in DA PAM 25-30. A listing of the publications being provided is furnished to the customer with the LOA as a DSAMS case attachment. USASAC uses the listing to issue requisitions.

b. The lead time to be shown in column 5 of the LOA is 6 months, if shipped from stock. If the publications are in stock, they will be shipped directly to the address specified. If not in stock, they will be backordered.

c. Operators' manuals are issued with each end item with the cost included in the item price. In addition, two (2) copies of each publication will be offered. The dollar value of the publications line is a roll-up of all publications offered. A listing of each publication is included as a DSAMS attachment.

d. Separate lines and attachments are used if unclassified, classified, and restricted publications are offered. The applicable security classifications are indicated after each document that is listed.

e. When classified or restricted publications are included, a recommendation on release is provided in the DSAMS case remarks. When a LOA containing classified or restricted publications is implemented, USASAC prepares and submits requisitions to the U.S. Army Publications and Printing Command.

Chapter 14 Letter of offer and acceptance implementation

14-1. Procedures

a. The LOA, with accompanying documents, is considered accepted when signed by authorized representatives of the U.S. Government and the FMS customer.

b. The FMS customer submits the signed LOA to the DFAS (with the Initial Deposit, if required) and a signed copy of the LOA to the responsible CPM.

c. The status of the LOA is updated to "Accepted" in the Defense Integrated Financial System (DIFS) by DFAS and in DSAMS by the responsible CPM.

d. The implementation process is controlled and managed by USASAC for Army materiel LOAs. DSAMS records the required prerequisite milestones for implementation. USASAC ensures that no execution actions are initiated by any DOD Supply Activity until all government to government agreements and financial requirements have been completed and properly recorded. DSAMS is the official system for implementation.

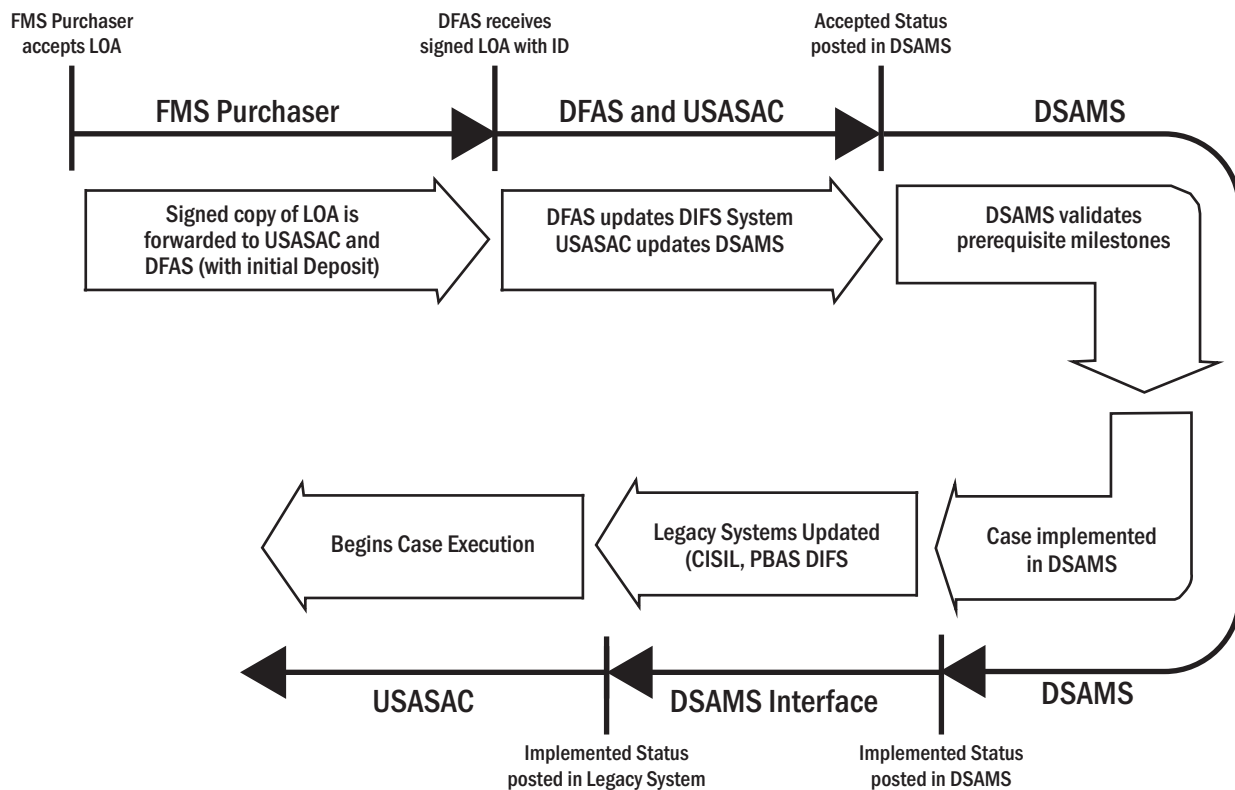


Figure 14-1. Materiel letter of offer and acceptance implementation

e. Upon confirmation that all security assistance and financial management systems are properly updated and synchronized, the LOA is implemented in DSAMS.

f. Implemented status is processed to Army legacy systems through a DSAMS Interface. USASAC or MSC CCMs begin execution by processing requisitions and issuing funding to the responsible supply activities.

14-2. Requisitions

a. Once the LOA has been implemented, Army IAs begin processing the necessary actions for case execution. This includes preparing any necessary requisitions currently in Military Standard Requisitioning and Issue Procedures (MILSTRIP) format. DOD 4000.25-1-M details MILSTRIP procedures for FMS transactions using the standard system.

b. Requisitions for BO and CLSSA FMSO II cases are generally submitted by the FMS customer. All requisitions for BO and CLSSA FMSO II cases initiated by the FMS customer are sent to USASAC or the appropriate MSC.

14-3. Uniform Materiel Movement and Issue Priority System

The Uniform Materiel Movement and Issue Priority System (UMMIPS) establishes requisition processing and materiel movement standards, and applies to all FMS requisitions. The UMMIPS priority designator is based on the assigned force activity designator and urgency of need designator. Any deviations must be approved by HQDA. For additional information, see AR 725-50, paragraphs 2-1 through 2-6.

14-4. Project codes

For assignment of DA project codes see AR 725-50.

14-5. Program executive officer/program manager responsibilities upon letter of offer and acceptance implementation

With the aid of execution data supplied by USASAC, SATMO and SATFA, the PEO/PM will monitor the provision of goods and services. The PEO/PM informs the customer only on technical matters through the SCO or the customer's U.S. liaison office PEO/PM, while ensuring the CPM and appropriate case-preparing activities are copy-furnished on all issues. The information will flow through the USASAC CPM to the SCO or the customer's U.S. liaison office. All

other non-technical matters to include coordination with DASA (DE&C), DSCA, or the customer's embassy is done by USASAC. The PEO/PM participates with the purchasing country in PMRs, if any are required, to evaluate the sale progress. The PEO/PM coordinates, as part of the SAMD product team, to establish a continuing dialogue with SATFA (for CONUS training) and SATMO (for OCONUS team training) to ensure training requirements are considered together with materiel requirements.

a. Coordinate, conduct and/or participate in a variety of meetings, both CONUS and OCONUS, to provide technical expertise or programmatic status of the FMS program. Meetings such as cyclical Program Management Reviews (PMR), security assistance reviews, CMRs, and Contractor program specific technical reviews (Critical Design Review, System Requirements Review, and so forth) Provisioning Conferences, Threat Coordination Meetings, or other meetings requested by the customer. See chapter 17, for additional information.

b. Prepare and provide technical system presentations (unclassified and classified), responses to customer inquiries and action item tasks.

c. Perform security and disclosure review to ensure regulatory compliance in addition to avoidance of false impressions, adherence to security classification guides and NDP of all technical exports.

d. Monitor contractual performance from award until final delivery of requirements within prescribed budget and schedule parameters. Develop recommendations for contract actions resulting from contractor letters, mission changes, and funding perturbations.

e. Serve as or coordinate for the Contracting Officer's Representative and provide technical direction to the prime contractor as required. Establish and maintain a risk management program and program performance metrics.

f. Develop and manage integrated master schedule that incorporates prime contractor(s) deliverables and/or GFE hardware, engineering services activities, and specified tasks conducted at multiple locations to facilitate comprehensive oversight of the production program.

g. Conduct program management reviews internally and with the contractor(s) to exchange information and mitigate potential program risks in a timely manner.

h. Analyze design changes; validate design compliance and performance of weapons system. Manage modeling and simulation efforts to support product development, testing, and fielding. Evaluate impacts associated with proposed changes to the release configuration baseline consistent with program disclosure authority.

i. Manage hardware and software configuration management/data management program requirements throughout the system life cycle. This includes product configuration identification, unique identifier designators (UID) initiatives, and configuration status accounting.

j. Process engineering change proposals, request for deviations, and request for waivers against contractual baselines.

k. Administer and implement reliability activities, quality and information assurance.

l. Plan, coordinate, conduct, direct, control, and report on all system and subsystem test and evaluation activities. This includes establishment of data and test requirements, management of test documentation requirements, procedures, schedules, test range support, targets, costs and resources for technical and operational testing.

m. Provide oversight to all software development efforts relative to lifecycle management. This includes development, safety management, conduct of independent verification and validation (IV & V) functions and fielding/sustainment.

n. Maintain system-level software architecture capabilities. Ensure that all internal and external interoperability requirements are captured for current product lines and strategic excursions.

o. Plan and coordinate efforts to establish and maintain the TDP baseline for the design, production, and fielding management of the materiel.

p. Plan, manage and/or deliver total logistical support for all assigned commodity product lines as required.

q. Development and execution of material fielding and support plans utilizing total package fielding procedures to ensure system hardware fielding is fully implemented and includes pre- and post-deployment support, technical assistance and incorporation of required supplementary or delta training.

r. Develop, manage and perform technical maintenance engineering functions encompassing all logistics disciplines to sustain the deployed fleet throughout the system life cycle. Effort includes disciplines of supply, maintenance, publications, provisioning, packaging, handling, transportation and storage. Additionally, support will incorporate new equipment training (NET) identifying resource requirements; coordinating with parallel logistics divisions for support as required, coordinate depot repair capability, provide item managers technical expertise on parts related issues, conduct analyses of data collected during the production and deployment phase for equipment improvement or corrective actions as required.

s. Assist with coordinating delivery of the product or service. Transportation oversight and coordination with OEM, interim consolidation locations, depot and other USG agencies.

t. Participate, as required, in QAT inspections to ensure hardware delivered pursuant to the LOA is not damaged or absent.

u. Conduct and provide management oversight of USG and Contractor training of standard and customer unique

non-standard hardware. Responsible for procurement of associated training spares, development of the program of instruction and additional SOW associated with and dependent on the customer's requirements.

v. Implement and manage Stockpile Reliability Program or Shelf Life Extension Program activities if requested by the customer. Responsible for the conduct of obsolescence studies, stockpile reliability and sample data collection programs.

w. Performs the financial management responsibilities for all funding provided to the PEO/PM based on associated case lines.

14-6. Security Assistance Management Directorate case implementation

Upon implementation of a LOA, amendment or modification, the responsible SAMD ensures availability of Obligation Authority. Through coordination with the USASAC CCM, the SAMD IPM processes nonstandard requisitions for responsible weapons systems and commodities. The SAMD IPM coordinates with the supporting PEO/PM, internal LCMC elements, and other Command elements on requisitions and availability of funds for execution of requirements.

14-7. Security Assistance Management Directorate case/program execution

a. The SAMD monitors both PEO/PM-managed and non-PEO/PM managed articles and services on implemented FMS cases. Non-PEO/PM-managed articles and services include, but are not limited to, legacy systems no longer in use by the U.S. Army, but still requested by FMS customers and supported with commercial contracts.

b. The SAMD monitors acquisition performance from cradle-to-grave, including scope, schedule of work, cost, payment schedule, problem resolution, and financial services. The responsible SAMD hosts and conducts PMRs and IPRs; participates in other country meetings; coordinates on and formulates agendas, meeting locations, topics and briefers. The SAMD prepares and briefs the customer; and is responsible for accurate recording, tracking, and ensuring completion of action items.

c. The SAMD monitors delivery schedules to ensure they are accurate and timely; coordinates on and resolves problems related to deliveries, services, and special program requirements; and analyzes actual/planned logistical, financial, operational, supply, procurement, transportation, maintenance, and training performance to ensure timely case execution.

d. If a Foreign Liaison Officer (FLO) is a part of the FMS program, the SAMD ensures that communication and support are performed in accordance with DOD and Army regulations, as well as the weapons system DDL.

e. The SAMD in conjunction with PEO/PM or as applicable, conducts meetings and provides official responses to FLO inquiries. Additional support includes, but is not limited to, pre-fielding logistics support, that is, developing fielding plans, identifying publications for support of materiel being delivered, and preparing and updating CSPs and Maintenance Support Items (MSI) listings.

f. The SAMD executes the case from implementation through successful delivery of all articles and services offered on the FMS case. This includes but is not limited to actions such as: conducting meetings and reviews, monitoring contractor performance, and monitoring the financial aspects of the FMS case on a daily basis.

14-8. Security assistance training field activity case implementation and execution

Upon implementation of a LOA, amendment or modification, the responsible CPM coordinates with SATFA Financial Management Division to ensure availability of Obligation Authority. The CPM ensures LOAs are executed in accordance with regulatory guidelines. CPMs ensure successful execution of training programs, to include fund availability, sustainment training, support system sales, and associated delivery schedules.

14-9. Tools sets, kits, and outfits

a. FMS orders for SKO are grouped as determined by the supporting SAMD/PEO/PM, based on the method of acquisition.

b. Supply sources review the status of items that are required for SKO at least 90 days before the delivery commitment date. If shipment is delayed due to a shortage of tools or parts that are available commercially, local purchases are considered, if it would prevent a delay in shipping. Tools or parts that are purchased locally are priced at the replacement cost, and SAMD pulls OA for the procurement.

c. If a potential shipping delay is caused by part shortages that have no adverse impact on the technical or operational capabilities of the end item and the required parts are not bought through local purchase, the supply source requests a waiver to ship as incomplete. The SAMD submits the waiver request to USASAC. The waiver request will:

- (1) Identify shortages by NSN, price, and availability.
- (2) Advise if the shortages can be canceled without termination liability charges. Charges are provided, where applicable.
- (3) Provide the revised end item cost.

d. USASAC CCM informs the customer that the end items are available for shipping with noncritical parts shortage, furnishes the reduced end items cost, provides price and availability data for the shortage items, and offers the following options:

(1) Accept the end items with shortages to be made up as parts become available. If this option is selected, CCM advises the CPM to initiate an amendment for the establishment of an additional line for shortage items and reduce the line for the end items by the like amount. The lead SAMD reduces funds down to the new line value to fund the new line and, the supply source ships the end items, less shortages, and bills at the reduced amount. USASAC CCM requisitions the shortages from the normal sources of supply.

(2) Accept the end items and cancel the requirements for shortage items. If this option is selected, USASAC CCM tasks the supply source to ship the end items, less shortages, and adjusts the billing to reduce the price by the value of the shortage items and adds any applicable termination liability charges.

(3) Hold until the end item can be shipped complete.

e. Requirements for medical equipment sets are reviewed by USAMMA to identify and determine set component availability. When completed, requirements are passed to the supply source for component parts assembly. The supply source reviews the sets when at least 90 percent of the components are assembled and notifies USAMMA. Component shortages with no adverse impact on the set technical or operational capabilities preclude shipment on schedule and the components are not bought through local purchase, USAMMA requests a waiver for incomplete shipment from USASAC CCM in accordance with procedures prescribed above.

14-10. Issue of stocks below the reorder point

a. Inventory managers issue stocks below the reorder point to fill FMS requisitions, as long as such issues do not adversely affect support of U.S. Armed Forces and items are needed to meet FMS delivery dates. FMS requisitions for materiel on backorder, including those for shortage items, are reviewed after the procurement lead time has expired.

b. If the review indicates that there is no adverse effect on support of the U.S. Armed Forces, the inventory manager authorizes issue from stock below the reorder point down to the safety level without further approval. No request for diversion is required. If the inventory manager decides against releasing the stocks, SAMD IPM submits a written appeal in the form of diversion decision considerations, which will be sent to the applicable USASAC CPM. An information copy will be sent to USASAC CCM. USASAC CPM then forwards the request to issue from stock below the reorder point to DASA(DE&C).

14-11. Shortages of basic issue items

a. BIIs are normally shipped with the end item and are listed in the applicable technical manual. Claims for shortages of BII will be addressed to USASAC. Information provided should include, as appropriate, the country, LOA identifier, document numbers, NSNs and nomenclatures of missing items, quantities short, dollar value, and any supporting documentation.

b. SDR procedures do not apply to reporting shortages of BIIs.

c. If the shortage is determined to be valid, the USASAC CCM will prepare free issue exception requisitions to fill the shortages, using signal code D or M, as appropriate. No additional transportation charges are assessed, since applicable charges were computed and billed with the major item. USASAC CCM coordinates the supply action with the preparing SAMD and keeps the customer informed.

14-12. Supply discrepancy reports

a. SDRs are used to report deficiencies or discrepancies in shipping, packaging, services, billings, and product quality relating to Security Assistance shipments. Damaged or improperly packaged shipments include shipments that are received in a damaged condition because of improper preservation, packing, marking, unitization, handling, transportation, or storage. Unserviceable items are defective, repairable, or incomplete items shipped in a condition unfit for immediate use.

b. The customer submits SF 364 [Report of Discrepancy (ROD)] to USASAC for overage, shortage, damage, duplicate billing, item deficiency, improper identification, improper documentation, or non-shipment of defense articles and non-performance of defense services. SDR claims must be received prior to 1 year after delivery or less than 1 year after passage of title of the defense articles, whichever comes first, or received less than 1 year after the end of the scheduled period of performance for defense services. The minimum value of an SDR is \$200.

c. Procedures for resolving SDRs are provided in DOD 5105.38-M, paragraph C7.17.

(1) The following discrepancies are reportable through the SDR process:

(a) Shortage or total non-receipt of materiel.

(b) Incorrect item/unacceptable substitute.

(c) Overage/duplicate shipment.

(d) Quality deficient/defective items.

(e) Expired shelf life.

(f) Billing discrepancies.

(g) Misdirected materiel.

(2) For those SDRs that request credit for missing or defective items, the SDR and any necessary replacement

requisitions are processed separately. The customer re-requisitions the item under a current LOA as soon as it is determined that items are missing or defective. The SDR is processed in accordance with current procedures and, if determined to be valid, DFAS is advised to credit the appropriate FMS accounts. The customer pays the existing price at the time the item is dropped from inventory, regardless whether it was initially released at a lower price.

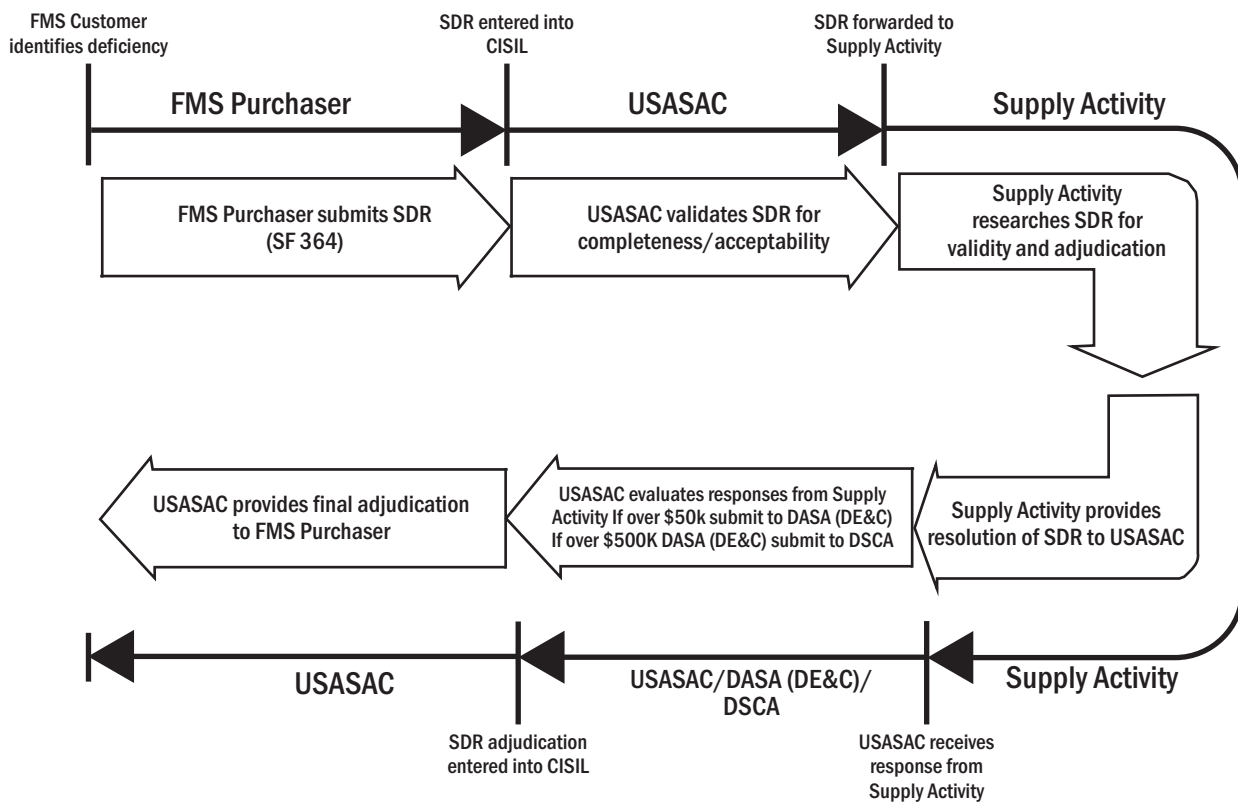


Figure 14–2. Supply discrepancy report process

d. Claims for non-shipment or non-receipt of an entire lot are submitted within 1 year after shipment or billing, whichever is later. SDRs for all other claims are submitted within 1 year of the date of title transfer. The term "entire lot" is defined as the total quantity on a shipment unit which is assigned and transported under a unique Transportation Control Number (TCN). Under Military Standard Transportation and Movement Procedures, a TCN is assigned to control and manage each shipment unit throughout the transportation pipeline. The TCN is unique for each shipment. "Entire shipment (lot)" therefore equates to the total shipment, to include incremental shipments, and is reflected as the total quantity on the LOA. Paragraph 5–4 of the LOA Standard Terms and Conditions states this limitation.

e. FMS customers are limited to 180 days from the date of U.S. Government approval to have discrepant materiel back in the custody of the United States. (See paragraph 5.4, LOA Standard Terms and Conditions.)

f. SDRs recommending use of FMS funds in excess of \$50,000 or that involve an issue likely to be raised to DSCA must have a memorandum signed by the USASAC CG and submitted to DASA (DE&C), ATTN: SAAL–NI. In addition to explaining the desired course of action and the reason that the USG is liable, the SDR package must contain, at a minimum:

- (1) A copy of the SF 364 and any supporting documents.
- (2) A copy of the LOA and any relevant modifications or amendments.
- (3) Chronology of events and key actions.
- (4) Legal opinion.
- (5) Options considered, for example; repair, modification, and so forth, costs associated with the different options or an explanation of why an option is not viable.
- (6) Actions taken or recommended to avoid a recurrence, for example; additional training, changes in procedures,

and so forth NOTE: For non-AMC SDRs (USACE, TRADOC), items (3)–(6) will be provided to USASAC by the appropriate implementing organization.

g. Upon receipt, DASA (DE&C) will review the package for required elements and staff it to DSCA. SDRs under \$500,000 may be approved within DASA (DE&C), however those over \$500,000 must be approved by DSCA. DASA (DE&C) will maintain a file on SDRs and, in the case of repeated occurrences, determine what actions are needed to prevent future SDRs. Actions may include system-wide changes in policy or the withholding of a portion of an organizations FMS administrative budget to cover the costs of the SDRs.

h. When delivery of an item, for which a SDR has been submitted, is delayed more than 90 days due to shipment assemblage or consolidation, the date of shipment from the assemblage or consolidation location is used as the start point in determining the 1 year period of SDR eligibility. Other guidance having an impact on SDR processing, including passage of title, is not changed. LOAs that contain assemblage or consolidation shipments include standard note C14.A.

i. To expedite claims processing, registered or certified return receipts are required on all U.S. parcel post shipments and signed equivalent receipts are required on commercial shipments. Shipments are insured, if appropriate. Receipts are then used as proof of delivery for SDR processing. The correct Transportation Bill Code (TBC) is cited on the delivery transaction to ensure recoupment of costs incurred by the USG. TBC “A” applies to U.S. parcel post shipments whereas TBC “B” applies to commercial shipments. DFAS bills the customer based on the code used and reimburses the Army command submitting the bill. If an LOA has a substantial amount of these costs, the LOA should be modified to include the charges.

j. As a rule, the Military Postal Service is not used for FMS shipments. Exceptions are authorized for classified shipments, when the customer does not have approved facilities to receive classified items in the U.S. or shipments that specify delivery through the in-country SCO. When a shipment is to be made by domestic parcel post or commercial carrier, the transportation officer consults the tariffs that apply to package carriers. The desired service meets the following criteria:

- (1) Provide required service for the least cost.
- (2) Provide an audit trail or proof of entry into the transportation network.
- (3) Provide speed of service comparable to that of other package carriers.

k. The responsible SAMD investigates and provides recommended resolutions to SDRs, if they are the supplying activity.

l. SDRs are not used for training. TRADOC has an established process for quality assurance, quality control, and evaluation of all institutional training and instruction. TRADOC regulation 350–70 Part III and TRADOC PAM 350–70–4 detail the systems approach to training and training evaluations used across TRADOC installations. This process is centralized at the TRADOC within the Quality Assurance Directorate and includes both an internal and external evaluations and feedback mechanism. As a component of the internal evaluation process, IMS attending CONUS institutional training are required to submit written critiques upon completion of select blocks of instruction, training phases, training modules and a comprehensive final end of course critique. This method provides the IMS with a direct access to TRADOC comprehensive feedback process based on what the students experience. These surveys are built by the AUTOGEN manager and the surveys are housed and archived at U.S. Army Research Institute for the Behavioral and Social Sciences.

m. Members of the ASAE, to include international customers, are encouraged to check the status of SDRs on the DSCA website known as the Security Cooperation Information Portal (SCIP).

14–13. Suspensions and cancellations

If an FMS customer requests cancellation of an LOA or Amendment after implementation, but before delivery of any or all articles and services, an administrative fee may be charged. When the national interest of the U.S. requires, the USG reserves the right to cancel or suspend all or part of a LOA at any time prior to the delivery of articles or performance of services. The PEO/PM in coordination with and the SAMD, are responsible for determining termination costs from contract cancellations and canceling of funding documents. If the DOS determines that it is necessary to suspend SA to a particular country, guidance for execution is issued to DSCA. DSCA provides appropriate instructions to the USASAC CPM. Under direction from DSCA, all deliveries of defense articles are stopped immediately. Deliveries will not resume until the DOS issues notification through DSCA that the suspension is lifted.

a. See AR 12–1, chapter 3 and SAMM, chapter 6, for additional information on cancellations. DSCA directs case cancellation and appropriate contract actions, to include termination. DSCA provides guidance to USASAC on the disposition of items and funding after a case-by-case review.

b. SAMM, chapter 6, provides guidance on suspensions. Suspension of delivery is not, in itself, a cancellation or contract termination. When suspension or cancellation is directed, DSCA provides specific guidance, to include disposition of items and funding.

c. When a suspension or cancellation is lifted, USASAC advises all supporting SAMDs, agencies, and activities to resume supply actions.

d. Credits are not issued for items returned to stock, unless otherwise directed by USASAC.

e. The Joint Munitions and Lethality Command (JM&L) establishes procedures for returning ammunition items to stock.

f. The following procedures are used in returning materiel, other than ammunition items, to stock:

(1) To the extent practical, limited shelf life items are returned to stock immediately after receipt of a suspension notice.

(2) Containers that include both limited shelf life and other items are unpacked and all items returned to stock if the value of the limited shelf life items is \$100 or more.

(3) Serial numbered items returned to stock are stored separately and posted to identify the serial numbers and customer.

(4) If notification has been received that a suspended shipment will be shipped within 90 days of the date of suspension, but shipping instructions are not received by the end of that period, the materiel is returned to stock.

(5) The CPM, in coordination with the SAMD IPM, mutually determine if the request meets SLS or ASLS. See SAMM, chapter 9, to make this determination. USASAC Policy Memorandum 10–21 provides guidance. Storage facilities accumulate unpacking and storage costs associated with the suspension and charge them back to the appropriate LOA in the same way stock selection and packing costs are charged. Costs are prorated if materiel for two or more suspended LOAs for the same country are held by the same storage facility.

Chapter 15

Foreign Military Sales Case Closeout Program

15–1. Objectives

The objectives of the Army FMS case closeout program are to:

a. Establish a case closeout policy to manage and direct case closeout actions.

b. Provide for an accurate final accounting of each LOA.

c. Measure the overall responsiveness of case closeout actions.

d. Close LOAs as soon as all deliveries have been made and services completed, warranties expire, final billings are complete, or when the LOA meets the criteria for early closure under the DSCA accelerated case closure procedures (ACCP), Enhanced Accelerated Case Closure or when the DSCA chaired Executive Committee authorizes closure because of extraordinary conditions.

15–2. Closeout functions by organization

a. USACE:

(1) All LOAs are coordinated for closure through HQ USACE. The responsible district, with coordination with their USACE MSC, provides contract closure documentation for all contracts funded by the LOA, release of claims documentation for each contract, and closure certificate within 15 days of closing the final contract of the LOA to HQ USACE.

(2) HQ USACE provides annual closure process and procedure guidance through an operation order or policy document. This is to allow for changes in policy, organization, and workload.

b. Other Army IAs:

(1) Oversee the execution of the case closeout process activities.

(2) Monitor and maintain the Case Closeout Process Execution System (CCOPES) data base.

(3) Inform performing agencies of closure issues and priorities

(4) Conduct case closure conferences.

(5) Submit the Army's quarterly DSCA(Q)1238 FMS Case Closure Status Report and any additional case closure reports as required.

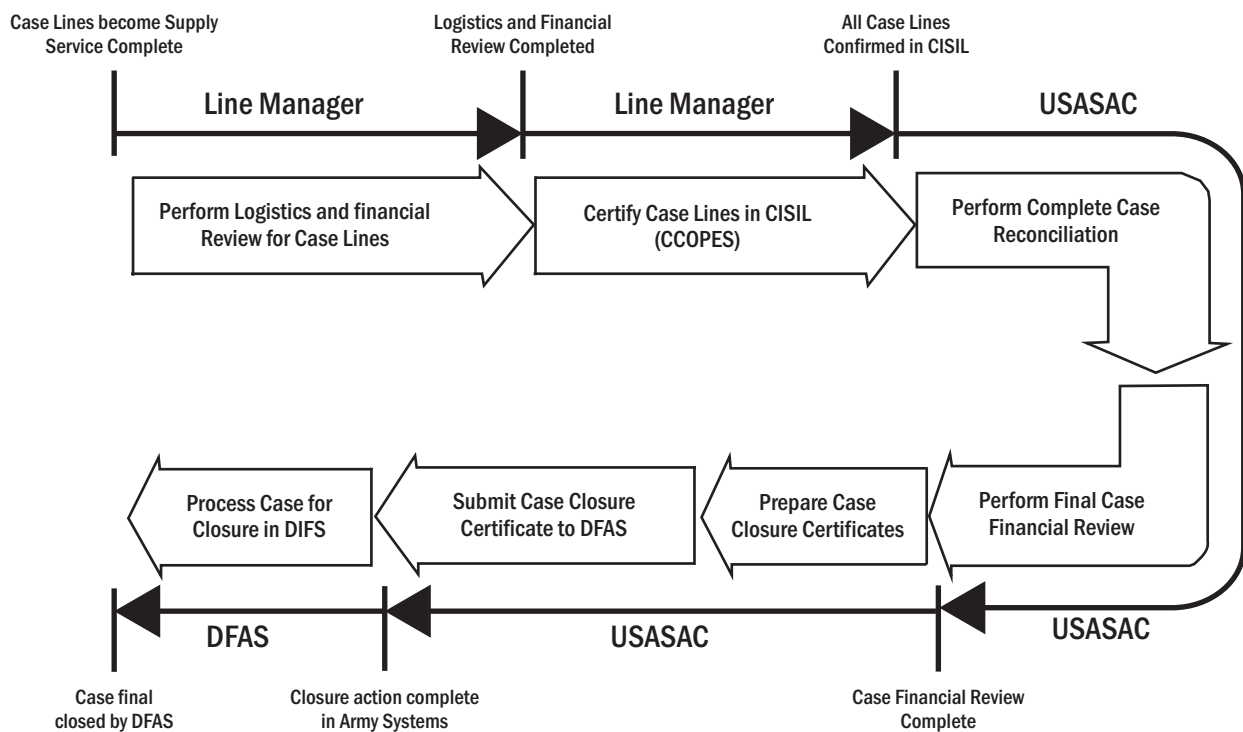


Figure 15-1. Case closure

- (6) Forward interim case closure certificates to DFAS and monitor cases for eventual interim to final closure.
 - (7) Forward final case closure certificates to DFAS when all lines are certified as logistically and financially complete by USASAC CCM.
 - (8) Send requests to DSCA for approval to reopen or reactivate previously closed ACCP and non-ACCP cases.
- c. Army IAs financial managers will—
- (1) Conduct case audits to ensure that all items and services are delivered, performed and billed.
 - (2) Reconcile case values recorded in each database and resolve SDRs.
 - (3) Perform annual case reviews and reconciliations in accordance with regulatory guidance.
 - (4) Coordinate closure actions with the proper activities and organizations.
 - (5) Issue the case closure certificate and initiate closure transactions.
 - (6) Final close interim-closed cases.
 - (7) Coordinate efforts with DFAS to facilitate the closure process.
 - (8) Resolve issues that prevent case closure.
 - (9) Validate, liquidate and adjust the unliquidated obligation (ULO) value.
- d. Supporting SAMD, PEO/PM, agencies and activities:
- (1) Participate in the case closure process.
 - (2) Review assigned LOAs or lines to ensure that applicable costs are reported to DFAS, known discrepancies are resolved, and appropriations are reimbursed. Closure reviews shall include coordination with all functional areas including, but not limited to, supply, acquisition, resource management, transportation and quality assurance.
 - (3) Provide line closure certificates through the CCOPEs process.
 - (4) Request amendments or modifications for all LOAs that will not be logistically complete by the established commitment date.
 - (5) The supporting SAMD in coordination with the PEO/PM monitors and reports expenditures of FMS related contractor activities in order to balance to the LOA line. As a result of reconciliation efforts, de-obligations are done as needed. The SAMD ensures that LOA is considered “delivery and services” complete including resolution of outstanding SDR and coordinate with other agencies to de-commit Sales Order and reduce OA, if required. The SAMD in coordination with the PEO/PM prices all LOA lines and sub-lines to actual obligations. The supporting PEO/PM

reconciles and closes contracts when possible. The PEO/PM, in conjunction with the appropriate SAMD, coordinates all case closure activity .

(6) The SAMD IPM ensures financial reconciliation of case lines. In preparation for case closure, financial systems (PBAS, DIFS, CISIL, and SOMARDS) are reconciled and the IPM initiates action to de-commit Sales Orders/reduce OA and obligations, as necessary, and reconcile Military Interdepartmental Purchase Requests. Excess funds, if applicable, are identified to the country through USASAC.

15-3. Management

a. The CCOPEES database maintained by USASAC is accessible to all performing activities. When a line is determined to be supply and service complete, it is automatically added to the CCOPEES file. LOA lines are certified individually by performing activities. LOAs are closed when all lines have been certified.

b. The responsible activity reviews lines on the CCOPEES file and enters inhibitor codes, as applicable and as explained in the CCOPEES training manual. These codes either signify closure of a line or explain why a line cannot be closed.

c. USASAC case closeout monitor is responsible for system maintenance and system integrity. The closeout program is an on-going process within case management.

d. The CCOPEES prioritizes LOAs depending upon the supply and service completion status.

e. When all lines on an LOA have been certified, an automatic case closure certificate is produced to notify the case closure personnel for the applicable country that the case has been certified by the performing activities. A review of the case is required by case closure personnel, CCM and USASAC Financial Support Office to prepare the case closure certificate. These certificates are electronically forwarded to DFAS.

15-4. Procedures

a. Lines are automatically added to CCOPEES when they are supply and service complete (SSC).

b. Line managers perform the logistic review, financial reconciliation and line certification.

c. When all case lines are certified, USASAC reconciles the case for closure, completes a financial review of the case and prepares the case closure certificate.

d. USASAC submits the case closure certificate to DFAS.

e. DFAS processes the case for closure in DIFS.

f. The ACCP requires closure within 2 years of becoming SSC. The ACCP allows interim closure of an FMS case with an open contract and valid ULO. A final delivered value is determined based on an estimate of final costs, which will result in the establishment of ULO to cover these costs and a final bill to the customer with these costs included. The value of the ULO is credited to a single equity account and any post-closure financial activity is processed against that account. The customer receives a statement of activity in this account as part of its quarterly billing.

g. Non-ACCP requires final closure of the FMS case within 3 years of becoming SSC. This requires all contracts in connection with the FMS case be logistically and financially completed and included in the final delivered value reported on the case closure certificate. A final bill to the customer is established.

h. Reopening FMS final closed cases.

(1) As stated in the RCM C4.15.1, reopening cases to resume logistical activity is discouraged. Establishing a new case or amending an existing case is preferred. Closed cases are reopened on an exception basis only.

(2) ACCP cases can only be reopened if a pricing error by the contractor or the U.S. Government is \$100,000 or greater and then only with DSCA's approval. USASAC submits C5 transaction to move the case to CTR2 status in CISIL, PBAS and DIFS, ensures the case is moved to armaments cooperation (AC) status in PBAS, then requests DFAS manually move the case to implemented status in DIFS.

(3) If valid billing is received on a case in final (CTR3) closure status, USASAC moves the case back in all data bases, via a C5 transaction, to interim (CTR2) closure status in order to process the billing. After billing posts in all databases, USASAC processes the case for interim and then for final closure.

15-5. Zero value closure

a. Cases cancelled after implementation but, before case execution, must go through closure process. Prior to processing a case at Zero Dollar for closure, USASAC manually adds all case lines to CCOPEES.

b. DSCA approval is needed when the customer has requested the administration charges be waived or reduced. USASAC is responsible for requesting DSCA approval. Procedures for this are detailed below. Additional information is available in the DSCA Policy and Guidelines for Zero Dollar Case Closure.

c. DSCA approves reductions to these administration charges when:

(1) It can be clearly shown that the administration costs on the case are less than the administration charged.

(2) The case is cancelled at the convenience of the USG.

d. When an FMS Case has been reduced to Zero Dollars, the USG retains funds to pay for estimated administration cost associated with the case even if no materiel or services have been delivered. The minimum, non-refundable amount will be the greater of: the value of the combined small case management line (SCML) and the FMS

administrative surcharge, one-half of the FMS administrative surcharge estimated on the case, or the standard FMS administrative percentage of the expended value.

e. USASAC processes the case for closure using normal procedures.

f. The DSCA (Business Operations Directorate) 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. If an SCML was not included on the basic case and the case was accepted after 31 July 2006 and before 3 July 2012, an SCML must be added when a case is canceled if the value of the case is reduced to the point that an SCML would have been required. This ensures that at least \$15,000 in FMS administrative surcharge fees are collected.

g. If the CPM is requesting that a case be closed at \$0 value, they must contact the DSCA (Business Operations Directorate) for approval. Requests should include the following information:

- (1) Case identifier.
- (2) Date of case acceptance.
- (3) Value of the case.
- (4) Delivered amount.
- (5) Minimum amount of surcharge required per policy.
- (6) Recommended surcharge to be collected.
- (7) Detailed justification for the amount.
- (8) Any other information deemed necessary.

h. The SCML requirement DOES NOT apply to 1206 cases or cases where the customer is using FMF monies to wholly fund the case and received between \$1 and \$400,000 in FMF funds in the previous Fiscal Year. The minimum charge that would have been included in the SCML will be covered by FMF Administrative monies instead and will not be included on the FMS case. Any exceptions to this policy require the approval of the Director, DSCA.

Chapter 16

Logistical Support and Materiel Notices

16-1. General

This chapter prescribes procedures to ensure responsive logistical support of major items and materiel furnished through the FMS program.

16-2. Logistical support

a. Logistical support, as discussed in this chapter, relates to the TPA concept described in chapter 3, which provides for complete support of U.S. major items and materiel that are newly introduced into a customer country.

(1) Logistical support involves providing common and peculiar spare and repair parts, components, special tools, test equipment, supplies, publications, and other materiel as follow-on support during the period the customer expects to maintain the system or equipment in its inventory. Ammunition requirements, where appropriate, are also included.

(2) Additional elements include maintenance, transportation, material-handling equipment, technical assistance, training, maintenance floats, warhead support, technical documents, and storage when such services are being provided by the U.S. Government as a result of established agreements.

b. Projected supportability is documented on DA Form 4372-R (Security Assistance Supportability Statement) and DA Form 4372-1-R (Supplemental Data Sheet - Security Assistance Supportability Statement).

c. To ensure that sufficient support is provided, the following objectives are met:

(1) Prepare detailed plans to provide logistical support for equipment obtained by each customer country and international organization. This applies to all items in active inventories.

(2) Provide supportability data to help the customer plan for continued support, as well as phased replacement of major items and materiel.

(3) Identify those items in the U.S. Army logistics system for which support will be discontinued and initiate termination notices as early as possible.

(4) Review DA Forms 4372-R and 4372-1-R as part of the TPA process prior to LOA approval.

d. USASAC-approved logistical support is established to provide the most effective support to FMS customers.

e. Support of items that are common to the U.S. Army and the customer will normally be provided through the U.S. Army logistics system. The level and scope of support will be the same as that provided to the U.S. Army, unless the customer makes other arrangements.

f. An item that is not logistically supportable will not normally be offered, unless approved by HQDA. In such cases, the LOA will clearly state that the customer will be responsible for the support of the item and that no U.S. support may be expected.

g. Certain logistical support data is maintained by USASAC for each major item and system authorized for sale to the customer.

h. The U.S. Army normally does not provide logistical support under the following circumstances:

(1) When a customer has previously obtained an SSBO.

(2) When a customer has been offered an SSBO and has not accepted the offer.

(3) When a customer has purchased equipment with the clear understanding that it will not be supported by the United States.

(4) When a customer has become ineligible for support from the United States.

(5) When it is no longer in the best interests of the United States. This includes instances where continued support of an item has become too costly or imposes difficulties on the U.S. Army logistics system, and the U.S. is satisfied that adequate support can be obtained from other sources.

(6) When a system requiring support has not been obtained from the United States. However, support consideration is given in cases where the customer obtained U.S. equipment through approved third-party sales. The customer informs USASAC of such acquisitions. Support is considered on a case-by-case basis.

(7) When support has been contracted from industry, unless the equipment configuration is identical to that of the U.S. Army.

i. Materiel systems that are held only by one customer are advised to obtain logistical support from U.S. industry, when possible.

j. The U.S. continues to provide logistical support for nuclear surety and safety requirements. HQDA determines the level and method of support on a system-by-system basis.

16-3. Functions

a. USASAC CPMs:

(1) Receive information copies of SCO reports regarding logistical support problems. These reports are forwarded to USASAC CCMs for action.

(2) Receive directives from DASA (DE&C) and direct supply support activities relating to logistical support problems. Provide logistical support information to USASAC CCMs.

(3) Receive recommendations from USASAC and coordinate with higher headquarters, as appropriate, to enable final resolutions.

(4) Ensure regulatory compliance.

(5) Ensure that plans are developed to provide logistical support to countries and international organizations.

b. USASAC CCMs:

(1) Review DA Forms 4372-R and 4372-1-R.

(2) Direct and manage the preparation, review, and issue of logistical support data. Ensure that adequate support data are issued promptly per established policies and procedures.

(3) Review LOAs for the sale of products and services to ensure that they reflect the most current logistical support data. If the reviews reveal conflicts in data, coordinate with the responsible SAMD developing the LOA to determine correct data.

(4) Recommend planned termination of support for products and services, including support provided through CLSSAs. Using information provided by materiel managers, USASAC identifies materiel to be phased out and provides a list of support items available through SSBO procedures to the country. Upon receipt of the list, the country may place final orders for spare parts in sufficient types and quantities to support the equipment for their intended period of use.

(5) Propose a one-time system buyout of individual components and repair parts when the customer is given less than 24 months termination notice. BO or CLSSA LOAs are used. This allows the buyer to take advantage of one-time buys for individual items for which there are diminishing manufacturing sources and permits final procurement on short notice.

(6) Establish and maintain contact with the supporting SAMD, agency, or activity to determine short-range and long-range plans for continued production of major items, components, and repair parts.

(7) In coordination with the applicable SAMD, evaluate potential support problems reported by U.S. representatives in foreign countries.

(8) Establish controls to identify and reject demands for items that are no longer logistically supported by the United States.

(9) Review LOAs to ensure that termination data are compatible with data reflected on the current DA Form 4372-R.

c. The SCOs:

(1) Review DA Form 4372-R and coordinate, as appropriate, with country representatives.

(2) Refer support problems to the USASAC CCM. Details and justification for any recommendations must be included. Also provide information copies to the affected GCC and USASAC CPM.

- (3) Assist country participation in SSBOs planned by the U.S. Army, if required.
- (4) Determine country plans for replacement of major items and systems in its inventory. Information requirements include data on the expected use of peculiar repair parts and the estimated life expectancy of major end items or systems.

d. The materiel managers or SAMDs:

(1) Prepare DA Form 4372-R and DA Form 4372-1-R, in accordance with instructions provided in paragraphs 16-5 and 16-6 of this document and forward them to USASAC. Coordinate preparation with other supporting SAMDs, agencies, and activities, as required.

(2) Review support provided for each materiel system at least annually. Prepare and submit revised DA Forms 4372-R and 4372-1-R to USASAC CCMs when reviews show any change in materiel status since the previous submission.

(3) Maintain liaison with industry to keep abreast of production plans and enable early identification of items that should be included in SSBOs due to planned production phase-out.

(4) Coordinate with PEO/PM on the status of project-managed items and systems, as required.

(5) Ensure that all LOAs include the period of support indicated on DA Form 4372-R.

(6) Include a listing of all applicable common and peculiar parts that reflect a SSBO position on the DA Form 4372-R.

e. The PEO/PM:

(1) Are responsible for integrated product support planning, development, programming and execution for the FMS customer. The PEO/PM manages and develops a viable sustainment package in order to ensure that the integrity of the system support package is maintained as related to proven sustainment concepts.

(2) Manage and develop supply and maintenance concepts in support of FMS customers in order to integrate customer support into the Army's existing logistics infrastructure.

(3) Assist FMS customers in resolving problems relating to the use, care and support of materiel systems, support equipment, and test equipment.

(4) Review and analyze data from logistics databases, and other reports from the customer, in order to identify systemic problems affecting materiel systems.

(5) Perform assessments and determine adequacy of support concepts.

(6) Assist FMS customers in the identification and resolution of materiel systems sustainment issues that are beyond the capability of the using customer to resolve.

(7) Assist FMS customers in the identification and resolution of transportation requirements generation, planning and implementation.

(8) Coordinate ongoing and future FMS customer requirements to be included in sustainment contracts.

(9) Maintain an integrated program focusing on logistics coverage for all FMS cases.

(10) Conduct logistics support planning, programming and development.

(11) Assist with the successful sustainment of FMS customer hardware upon post case award.

(12) Ensure compliance with user sustainment expectations to the extent possible.

(13) Maintain all logistics plans and products to include the Life Cycle Sustainment Plan (LCSP) in support of FMS customer needs.

(14) Define processes and activities related to the evolution of FMS customer sustainment concepts.

16-4. Procedures

a. To issue or replace a U.S. materiel system used by a customer country, the responsible SAMD prepares DA Form 4372-R, as specified in paragraph 16-5 of this document and DA Form 4372-1-R, as noted in paragraph 16-6 of this document. Both forms are forwarded to USASAC CCM; however, DA Form 4372-1-R is also retained and used for internal Army purposes.

b. The SAMD reviews, in coordination with PEO/PM, support for each materiel system at least annually. Each review includes the following considerations:

(1) Worldwide quantities of the end item or system, by country.

(2) Projected availability of ammunition.

(3) Status of the item or replacement item in the current and projected U.S. Army inventory. Support may continue if sources of repair parts, components, and assemblies remain available and depot stocks are sufficient to provide continued support. SAMDs will submit case-by-case evaluations to USASAC for approval.

(4) Commonality of repair parts and components with items currently in the U.S. Army inventory.

(5) Planned or programmed life of materiel systems in the country inventory.

(6) Age of the item or materiel system, by country.

(7) Replacement plans.

(8) Potential sources of support, other than the U.S. Army logistics system.

(9) Cost of the support program.

(10) Modernization or modification into a configuration that is feasible and economically supportable.

c. Results of the annual review determine whether to change or continue support. Based on guidance provided by the PEO/PM, the SAMD submits any changes or recommendations to terminate support to USASAC.

d. Current or potential customers may be advised to obtain logistical support from U.S. industry for those major items and materiel systems acquired from commercial sources that are not included in USG inventories, avoiding the creating of false expectations where the support is in fact not available from U.S. Army sources. Normally, logistical support of commercial items are arranged between a country and the commercial source. If the U.S. Army agrees to provide nonstandard commercial items through its logistics channels, the following options are considered:

(1) Program or purchase, as CSPs, a sufficient range and quantity of repair parts and components to support the major end item for its expected service life.

(2) Program or purchase acceptable quantities of CSPs, as determined by the customer, with the understanding that it will arrange future follow-on support with commercial sources.

e. Under either option, U.S. Army support ends upon delivery of the agreed-upon level of contractor furnished spare parts.

f. Publications are initially offered as a line on LOAs prepared for major end items. The customer is advised to establish a "T" LOA or establish a publication line on a BO case to ensure continuous updating.

g. WSMs (or other SAMD representatives) will review support data to determine if other LCMC-managed items are included in the system. Any such items are identified in the remarks block of DA Form 4372-R and submitted to USASAC for review; an information copy is provided to appropriate SAMDs. SAMDs that manage major components will submit support data, as required.

h. DA Form 4372-R indicates that support will be furnished during the stated period, if the customer maintains the system configuration according to U.S. standards. Components and end items to be replaced or modified are noted in the remarks block, along with the projected date for ending support.

i. As a general rule, customers are encouraged to incorporate changes or replacements planned by the U.S. Army. If the customers elect an SSBO instead, the U.S. Army logistical support for components that are bought out will end.

16-5. Guidance for preparing DA Form 4372-R

Scope and content of the information provided are subject to the following guidelines:

a. Provide sufficient data, including options, as part of the statement of support. This assists customer in planning for support or replacement of an item.

b. Avoid using non-availability of a component or assembly as the sole factor in a decision to end support. If parts are available for repair and maintenance and other components of the major end item can be supported for more than 2 years, logistical support should be continued.

c. Show the period of time for which major end items can continue to be supported. Indicate if any replacement components or repair parts will not be available during the support period. Describe plans to replace components and major assemblies. Include an offer permitting eligible customers to elect an SSBO of components and repair parts that may continue to be provided through the Army logistics system. Provide details, such as the timetable and funding requirement for the SSBO, on DA Form 4372-1-R.

d. For materiel systems used solely by foreign customers:

(1) Consider transferring logistical support to commercial sources. In making this determination, consider factors such as operational requirements, nuclear surety, worldwide quantities, future availability of support items, and available commercial sources.

(2) State that the U.S. Army will provide support for a specified period. Allow at least 24 months for the customer to request an SSBO or to arrange follow-on support from commercial sources.

e. At a minimum, include NSNs, nomenclatures, units of issue, end article application data, and estimated unit prices in SSBO listings.

16-6. Submission procedures

a. SAMDs will submit original DA Forms 4372-R and 4372-1-R to USASAC CCM when—

(1) A materiel system is authorized for sale or issue to a foreign government for the first time.

(2) A replacement for a materiel system, currently in use by a foreign government, is authorized for sale or issue.

b. Revised supportability statements are sent to USASAC at least annually.

16-7. Materiel notices and surveys

a. Materiel notices and surveys (messages or memorandums) inform customers of events which impact their ability to acquire or support an item through FMS. Data gathered from notices and surveys provide both the foreign customer and SCO with management information needed for advance planning. Notices and surveys are considered when:

(1) There is an indication that the DOD capability to support future foreign logistical requirements is limited.

- (2) U.S. production for the item is scheduled to end in the near future.
 - (3) The U.S. makes periodic buys of items known to have foreign demand.
 - (4) A minimum procurement quantity is required for items known to have foreign demand.
 - (5) There is a need to exercise contract add-on options.
 - (6) There is an indication that items will become available from a change in force structure.
- b.* Notices and surveys are sent only to those customers that have previously indicated an interest in acquiring an item, weapon system, or comparable foreign or commercial product. Indications of interest include prior purchases, prior requests for P&A data, an LOA for which data have already been released or approved for release, or purchase of weapon systems that use the item.
- c.* The customer addressed in the notice or survey is eligible to purchase the item or weapon system under National Disclosure Policy.
- d.* Based on data provided by the PMs, the SAMD forwards the proposed notice or survey message, including the USASAC CPM as an addressee. The USASAC forwards the notice or survey to customers who have the item in their inventory. The message includes rationale for issuing the notice or survey, and—
- (1) Provides information on future DOD capabilities to meet customer requirements.
 - (2) Identifies actions the customer takes in order to purchase the item.
 - (3) Provides P&A data. It is highlighted in the message that the P&A data included in the notice or survey does not constitute a commitment or an offer to sell on the part of the United States.
 - (4) Identifies the final date for receipt of an LOR and the final date for acceptance of an LOA.

Chapter 17 Reviews

17–1. Introduction and purpose

a. Customer satisfaction is one of the critical goals of the ASAE. Frequent and open communications detailing the status of customer programs builds our partner relationships and ensures customer satisfaction, as well as mitigating unrealistic expectations and tempering any dissatisfaction with our performance. FMS reviews are an important venue to maintaining high-levels of customer satisfaction. These FMS reviews, when deemed necessary, are scheduled periodically to convey accurate, timely and thorough status on FMS programs. Each review adds value and has defined objectives and desirable outcomes to the customer. The scope of a review can vary greatly. Depending on a number of factors, such as complexity and customer interest, the focus of a review ranges from one or more selected FMS LOAs to an assessment of a component of a country's defense program, such as its aviation fleet, to a thorough evaluation of its total country program. While an overarching policy as to the conduct of the review is needed, the uniqueness of each of our allies or partners requires some flexibility to ensure optimal program management and enhanced customer satisfaction. FMS reviews therefore provide a tremendous opportunity to enhance the relationship between the U.S. and allied or partner nations. A professional, responsive, thorough and cooperatively-managed review instills confidence within our customers that their programs are being executed with maximum effectiveness and efficiency. The success of each conference is directly related to the dedication shown in preparing for the review, identifying salient issues prior to and at a review and promptly resolving specific program issues after the review.

b. In accordance with SAMM guidance, the general parameters within which FMS reviews are to be conducted follow:

- (1) Determine that each review has defined objectives and desirable outcomes before the review is scheduled.
- (2) Reduce the number of reviews to the minimum necessary, combining, where practical, and using technologies to mitigate costs.
- (3) Limit the number of USG attendees at FMS reviews to the minimum necessary, while ensuring the reviews themselves are conducted in an effective and efficient manner, and in consideration of customer desires.
- (4) Ensure that each USG attendee at FMS reviews has a distinct and active role, is fully prepared, is knowledgeable and is empowered to make decisions.
- (5) Subscribe to the FMS review funding guidelines, which can be found within SAMM, chapter 9.
- (6) Standardize preparation and follow-on requirements.

17–2. Review types

Five broad types of reviews apply to FMS: Policy-level, Country-level, Service-level, Program-level and Internal. SAMM, chapter 6, provides a Review Matrix.

a. Policy level reviews are held ad-hoc and are usually based on determination by senior policy-level officials. An example of this type of review would be a bilateral working group between the U.S. and another country. OSD/ Assistant Secretary of Defense (International Security Affairs), Assistant Secretary of Defense (International Security Policy) or the Assistant Secretary of Defense for Special Operations/Low Intensity Conflicts are typically the USG

chair for these meetings with State Department, Joint Staff and DSCA attending, and MILDEPs and IAs attending, if requested.

b. Country-level reviews are held annually and may be driven by customer funding and budgeting timelines. DSCA is the USG chair with SCOs attending. MILDEPs and IAs normally attend, but only if required. Examples of these reviews would be a financial management review or security assistance management review for a particular country.

c. Service-level reviews are chaired by the IA and, within the materiel community, if applicable, co-chaired by the lead SAMD. SCOs, DSCA and others attend, if required or requested. The SCOs' travel is normally administration funded; however, if there is a need to attend a major system review, the SCO can request case funding for their travel. An example of a service-level review would be the U.S. Army Review for Banderia.

d. Program-level reviews are chaired by SAMDs. USASAC, SCOs, DSCA, MILDEPS, and contractors attend, as required or requested. An example of a program-level review would be a Banderia Apache Program Management Review (PMR).

e. Internal reviews are held ad-hoc and encompass three sub-divisions: external review planning meetings, internal reconciliation reviews and internal process reviews.

17-3. Funding of reviews

a. The funding source for a review depends on the type of review and who and what level attends. The manpower funding matrix is found in SAMM, chapter 9, which provides guidelines regarding attendance and the type of funding. It is the responsibility of the chair/co-chair to review the submitted data and verify that sufficient case funding and supporting attendees are identified to support the proposed program review. For additional information, see figure 17-1.

b. The funding source for a review is determined by the type of review and the USG representation in attendance. A manpower funding matrix is provided in SAMM, chapter 9, which clearly identifies the funding source, that is, FMS administrative or FMS Case for the conduct and preparation for all FMS reviews. SAMM , chapter 6, identifies the expected timing and frequency of FMS reviews.

c. If the USG requests reviews that exceed the normal frequency, the source of funding normally would not change. However, if the FMS customer requests reviews exceeding the normal frequency, the additional reviews should be funded by an FMS case. The review value is an important consideration when determining whether to conduct any given FMS review. The value assessment should be made not only in consideration of potential USG manpower constraints and available funding resources, but also the desires of the FMS customer. Technologies, such as video-conference (VTC), should be explored whenever feasible. Consideration should be given and offered to the FMS customer to reasonably consolidate or reduce the frequency of proposed reviews. The FMS customer must agree to any proposal that consolidates, reduces or deletes proposed reviews.

Organization	SARs		CMRs		PMRs	
	ATTENDANCE	FUNDING	ATTENDANCE	FUNDING	ATTENDANCE	FUNDING
DASA-(DE&C)*	As Required	Admin	As Required	Admin	As Required	Admin
USASAC						
CPM	Yes	Admin	Yes	Admin	Yes	Admin/ case
CCM	Yes	Admin	Yes	Admin	Yes	Admin/ case
SATMO	As Required	Admin/ case	As Required	Admin/ case	As Required	Admin/ case
LCMC						
SAMDs IPM	As Required	Admin/ case	As Required	Admin/ case	Yes	Admin/ case
Supporting SAMDs	As Required	Admin/ case	As Required	Admin/ case	As Required	Admin/ case
Other LCMC Rep	As Required	Admin/ case	As Required	Admin/ case	As Required	Admin/ case
PEO						
PMs	No		No		As Required	Admin/ case
SATFA	As Required	Admin/ case	As Required	Admin/ case	As Required	Admin/ case
GCC						
SCO	Yes	Case	Yes	Case	Yes	Case

Figure 17-1. Foreign military sales review funding matrix

17-4. Attendee role

a. Each attendee has a distinct and active role in the FMS review and attendance is validated by the USG chair of the meeting. Every effort is made to minimize the number of attendees while ensuring full coverage of agenda items. Attendees represent their organization, not just the specific office or activity to whom that attendee reports.

b. In some instances, the attendee may have to follow-up with the appropriate organizational component within their organization for issues not known in advance or outside the attendee's level of expertise. It is the attendee's responsibility to ensure follow-up with their appropriate organizational element as quickly as possible, preferably while the review is being conducted. Each attendee is responsible for their professional conduct, appropriate dress, and sensitivity to country cultures. Attendees should possess a friendly attitude and focus on the issues raised and respond positively to questions asked while remaining respectful and courteous.

17-5. Foreign military sales review reporting

a. The establishment of standard reporting formats for each FMS review type is an important tool for eliminating inconsistencies and redundancies. A customer's internal policy or even legislation may require periodic update on the status of country accounts, issues, cases and programs.

b. Reviews can also promote timely resolution of issues and closure of actions, as well as providing an opportunity for educating the customer on the FMS process and apprising the customer on updated policies, laws and current events. Review attendees should use standardized definitions and reporting formats to the maximum extent possible to avoid confusion and frustration that often results from presenting different formats at the same review.

c. Whenever possible, senior-level reviews and pre-briefs are encouraged within USG agencies to ensure accurate, understandable and professional briefings are provided to the customer.

17-6. General preparation and follow-on requirements

a. Formulation. The first step in planning for a review is to clearly identify the objectives and deliverables. An internal FMS review planning meeting is conducted to establish planning milestones and to establish a data "cut off" date.

b. Planning. The lead USG review component is responsible for ensuring clear communication, whether formal or informal, to announce the review. A preliminary agenda is proposed which determines the USG attendees and establishes the customer audience. Once the review date and location are established, specific customer input is needed to formulate the final agenda topics. Review date, location, and final agenda are distributed to all attendees in advance. Consideration of cost is included in the selection of venue.

c. Preparation. In the preparation phase, the development and dissemination of briefing and information papers or reporting formats is completed. Administrative arrangements, such as security and country clearances, force protection briefings, hotels, flight and other transportation reservations, protocol issues, and audio/visual requirements are coordinated with the proper host and, if hosted by the FMS customer, sufficient time given for staffing and release approval. All travel clearances, as outlined in the Foreign Clearance Guide, are initiated sufficiently in advance to ensure approval before the planned review. Likewise, required passports and visas are obtained far enough in advance to support travel to the venue.

d. Minutes. The USG chair is responsible for ensuring the timely and accurate preparation of all associated review minutes. The USG chair obtains input and assistance from all participating U.S. and customer representatives, who are responsible to provide the necessary information to complete minutes in a timely manner to support an effective review. Copies of the final minutes are sent to all USG attendees and foreign representatives within 30 days after signature. The action items clearly identify who has the action, describe what action is required, identify a suspense date for completion and have a reference number assigned for tracking purposes. The lead USG agency monitors action throughout the post-review time period to ensure prompt, accurate resolution in accordance with the action item suspense.

e. The official record of the review is accepted and signed by the senior officials of both the USG and the customer in attendance. The meeting minutes do not have precedence over laws and policies or accepted LOAs and do not constitute international agreements. Surveys are required for all country through program-level FMS reviews. The survey assesses customer satisfaction with the review, as well as providing a means to relay lessons learned and to improve future review forums.

17-7. Classified security assistance information

During program reviews, the classification, sharing and safe keeping of sensitive FMS data is of utmost importance to avoid violations of security guidelines. This encompasses not only classified LOAs and programs, but also information relative to any classified information shared. This includes group or one-on-one discussions, whether in closed confines, video transmittal or telephonically, or hard copy documentation.

Chapter 18

Foreign Military Sales Case Management

18-1. Army Case Management System

The Army's case management system is established to provide a method of completing LOAs on schedule, within the LOA value, and to close the FMS cases as planned. Successful performance is based on accomplishment of these objectives. LOA life-cycle management begins with LOR receipt, includes case development and execution, and concludes with final LOA closure. It includes all preparation, operations and support, and closing actions.

18-2. Assignment of case managers

a. The USASAC assigns roles and responsibilities as follows:

(1) CPMs are responsible for overall management of SC programs conducted in their assigned countries or programs for larger, more complex countries that require multiple CPMs.

(2) CCMs are responsible for case execution of assigned countries, in coordination with the applicable SAMD IPM, beginning with case implementation and ending with case closure.

b. Technical and logistical support is provided by SAMDs, PEO/PMs, field activities, ASCCs, and other Army organizations, as required.

c. For CONUS training cases, SATFA assigns CPMs, who are responsible for management of SA training programs. These CPMs coordinate all CONUS institutional training requirements with USASAC and the responsible SAMDs, when training supports equipment sales.

d. USACE case management. LOAs are managed from HQ USACE. HQ USACE, the responsible USACE MSC, and the responsible District work together on the LOA information and coordination. HQ USACE provides annual LOA management process and procedure guidance through Operation Orders or Policy Documents to allow for changes in policy, organization, and workload.

18-3. Functions

a. For materiel cases, the USASAC CPM functions as the principle Army manager for all SA programs related to the assigned country. Functions include coordination with foreign countries, higher and lateral headquarters, and other agencies. Specific duties involve determining requirements and tasking the appropriate case preparing activity (to develop P&A data or LOAs, to include Amendments and Modifications. The CPM acts as a customer advocate, oversees program execution, conducts country reviews and surveys and reviews the LOA documents for completeness and accuracy. The CPM is responsible for initializing and loading case detail into DSAMS and reports LOA actions in

the appropriate SA database. This position is the primary point of contact with CWD and performs quality control for all case documents.

b. The CCM, in coordination with the SAMD IPM, is responsible for overall case execution from date of implementation through closure while the PM is responsible for program execution. The CCM is responsible for ensuring the LOA is executed on schedule, within LOA value, and for closing the LOA as planned. At a minimum, the CCM develops a case master plan, financial analysis, and LOA progress/status, and will schedule and coordinate periodic LOA reviews during case execution. SAMM, chapter 2, provides a list of case manager responsibilities. Functions include integrating actions assigned to SAMDs, agencies, and activities supporting each LOA. They also track and document all significant activities encountered during execution and closure to ensure the LOAs are completed on schedule, within established program resources/timelines, and closed as planned. The CCM uses country reviews, visits, records, and reports to initiate and check on management actions.

c. The case preparing activity, in coordination with the PEO/PM, develops and enters P&A and LOA data into DSAMS, coordinates and integrates supporting actions to ensure that the LOA is prepared in a manner that responds to customer needs and TPA requirements. The SAMD and PEO/PM ensure that materiel is acquired and released as required, that other necessary actions are completed on schedule and within program parameters, and that LOA actions are entered into the appropriate SA database. Upon logistically completing each LOA, the case preparing activity initiates certification action for assigned case lines.

d. For CONUS training cases, the SATFA CPMs are responsible for overall management of SA programs conducted in their assigned countries or programs. CPMs coordinate all CONUS institutional and contractor training and selected OCONUS institutional delivered training requirements with USASAC and the responsible SAMDs, when training supports equipment sales. Functions include coordination with foreign countries, higher, and other agencies. Specific CPM duties involve analyzing requirements and completion of the LOA worksheet for the SATFA Case Writer to include amendments and modifications. The Case Writer is responsible for initializing and loading case details into DSAMS and reports LOA actions in the appropriate SA database. The Case Writer is the primary point of contact with CWD and performs quality control for all case documents. The CPM acts as a customer advocate, oversees program execution, conducts country reviews and surveys, reviews the LOA documents for completeness and accuracy, is accountable for completing the LOA on schedule, within LOR value and for initiating case closure process as planned.

18-4. Case master plan

The case master plan is developed to separate the case into management components, indicate significant activities requiring coordination, and establishes an implementation schedule. The plan identifies information as stated in SAMM, chapter 2. The case manager tailors the master plan to fit the complexity of the case. The SAMD maintains their portion of the master plan by directly updating the CISIL database. The CCM completes the case master plan with input from the CPM, the SAMD, and SATFA, as required. The SAMD and PEO/PM strive to meet acquisition and delivery milestones. The CCM makes periodic comparisons of actual versus programmed deliveries and associated costs, updates supply deliveries and financial schedules, and monitors flow of funds from the case to the supporting activities. The case master plan is updated, as required, during the life of the LOA.

18-5. Foreign military sales acquisition management

a. The SAMD and PEO/PM develop the acquisition requirements package and provide it to the procuring activity. The procuring activity solicits the requirement and awards the contract. The procuring activity reports contract milestones to the SAMD and PEO/PM. The PEO/PM tracks actual performance versus contract milestones and provides to SAMD. The SAMD tracks actual performance versus contract milestones and reports to the CCM through CISIL. The CCM measures progress against case milestones. USASAC reports case status, including supporting materiel and services to the FMS customer.

b. The responsible executing USACE District develops the acquisition strategy and requirements package for the contract/s under the USACE LOA or USACE line for USACE to solicit and award. The executing USACE District will coordinate their acquisition strategies with their MSC.

18-6. Records management

a. FMS LOA files are maintained as specified in DOD 7000.14-R, chapter 6, to ensure that required documentation is readily available and retrievable.

b. All documentation supporting a disbursement is retained indefinitely.

Chapter 19 Reports

19-1. Excess defense articles offered under foreign military sales (RCS: DSCA (Q) 1118)

a. The International Security Assistance Act of 1979 (House Report No. 96-70) requires quarterly reporting of all

accepted and outstanding LOAs to transfer EDA through FMS procedures to foreign governments or international organizations. The report is used to monitor EDA transfers to preclude the DOD from exceeding the annual \$425 million ceiling. EDA transfers in accordance with section 36(b) and section 516 are not included in the ceiling. The report includes spare parts supplied from defense stocks at inventory price, if they are specifically identified as EDA in the LOA and exclude grants or sales of MAP redistributable and MAP-owned materiel property, ships, scrap, and demilitarized EDA.

b. The report specifies: IA, customer, LOA identifier, acquisition cost to the USG, and sales value. SAMDs provide data to USASAC by the last day of the last month of the quarter. USASAC consolidates the report and forwards it to DASA (DE&C) (SAAL-NP) who reviews the report and resolves any differences in quantities/items with USASAC prior to submitting it to DSCA (Business Operations Directorate) by the 15th of the following month.

19-2. Security assistance surveys (RCS: DSCA (Q) 1137)

a. The AECA, section 26(b), and SAMM, appendix 5, require a report of all SA surveys authorized during the preceding quarter, as part of the section 36(a) quarterly report. The term "security assistance survey" means any survey or study conducted in a foreign country by USG personnel for the purpose of assessing the needs of that country or international organization for SA. This includes defense requirement surveys, general surveys or studies, and engineering assessment surveys. The surveys are financed either by the USG or by the country through an LOA.

b. The report includes the country visited, dates of visit, number of USG personnel conducting the visits and the purpose of the visit. It will be sent to the responsible IA no later than 15 days after the end of each quarter. The responsible IA consolidates the report and forwards it to DASA (DE&C) (SAAL-NP) for review prior to submission to DSCA (Programs Directorate) NLT 30 days after the end of the quarter. This report is normally consolidated at DASA (DE&C) with EDA cases offered (see para 20-1) and co-production agreements completed (see para 20-3) during the preceding quarter. Responsible IA is notified if there is nothing to report.

19-3. Quarterly report of security assistance co-production agreements

a. Public Law 104-201, section 1045, requires submission of a quarterly report to Congress regarding co-production and licensed production. The report reflects all concluded government-to-government agreements regarding foreign production of defense articles of U.S. origin and all other concluded agreements involving co-production or licensed production outside of CONUS of defense articles of U.S. origin. This includes LOAs, such as those that include TDPs transferred for production purposes, MOAs and MOUs.

b. The report includes four primary categories of information:

- (1) Identity of the foreign countries, international organizations, or foreign firms involved.
- (2) Description and estimated value of the articles authorized to be produced, as well as an estimate of the quantity of the articles authorized to be produced.
- (3) Authorized third party transfers and a description of any restrictions on such transfers of the foreign-manufactured articles.
- (4) If the agreement does not provide for U.S. access to and verification of quantities and disposition of articles produced overseas, a description of alternative measures and controls incorporated in the co-production or licensing program to ensure compliance with production quantity and third party restrictions in the agreement.

c. A list of inactive co-production programs is included with the input for each report, along with an explanation of why each program is inactive rather than closed. An estimated closure date (termination by mutual consent) for each program is provided. As programs are closed, they are deleted from the list.

d. Information required is provided in SAMM, chapter 11 (Quarterly Report of Inactive Security Assistance Co-production Agreements).

e. The USASAC sends the report to DASA (DE&C) (SAAL-NP) for review subsequent to being sent to DSCA (Programs Directorate). This report is normally consolidated at DASA (DE&C) with reports of EDA cases offered and surveys completed during the preceding quarter. The report is sent no later than 30 days after the end of each quarter. A negative response is required.

19-4. Quarterly report of unexpired leases for Department of Defense equipment

a. The AECA, chapter 6, allows the lease of defense articles for a period NTE 5 years to eligible foreign countries or international organizations. SAMM, chapter 11, requires status updates of each lease in DSAMS and subsequent reporting that updates have been completed to DSCA NLT 30 days after the end of each quarter.

b. The status of each lease is input by USASAC and a report of updates made to DASA (DE&C) (SAAL-NP) on a quarterly basis. DASA (DE&C) reviews the report for accuracy and resolves any issues prior to electronically notifying DSCA that Army leases have been updated. DSCA then generates a report for each IA in DSAMS. The report (generated by DSCA from information contained in DSAMS) reflects current status for all leases under Army management which have expired during the current quarter or previously expired leases which require actions for closure.

19-5. Annual Military Assistance Report

FAA, section 655(b), and SAMM, appendix 5, are sources for the requirement for DSCA to submit the Annual Military Assistance Report. Data is generated by USASAC and submitted to DASA (DE&C) for review and resolution of any concerns prior to being sent to DSCA. The deadline for submittal of the report to DSCA is 30 November of each year. DSCA provides Congress a report by IA which reflects aggregate dollar value and quantity of defense articles (including EDA), defense services, and IMET authorized or furnished to each foreign country and international organization.

19-6. Recoupment of nonrecurring costs on sales of U.S. Government products and technology

a. Section 21(e) of the AECA provides that the selling price of equipment provided to an FMS customer must include appropriate charges for any NC of research, development and production of major defense equipment. Exceptions to the requirement for NC and waiver of NC charges are noted in DOD 7000.14-R, volume 15, chapter 7 and in DOD 5105-38.M, section 9.4.5.

b. Process. Applicable IA reports NC collections for all sales not meeting exception or having approved waivers of the NC charges. IA compiles the quarterly NC report from financial databases and reports to DSCA.

19-7. Foreign military sales case closure status report

a. The case closure status report tracks case closure objectives and actual closure progress during a given fiscal year in accordance with SAMM, chapter 6.

b. Process. USASAC provides reports for all IAs to DSCA, based on data from CISIL and from DIFS data provided by DFAS IN. The report encompasses case closure data by quarter ending on the last day of the quarter. The reporting data prepared by USASAC consists of:

- (1) Actual case closure progress during the quarter.
- (2) Resource allocations for the closure function.
- (3) Accelerated case closure cases that have been supply or services complete for 2 years or more that the customer wants to remain open.

19-8. Wassenaar Arrangement on export controls for conventional arms and dual-use goods and technologies

a. The Wassenaar Arrangement (WA) was established in 1996 to contribute to regional and international security and stability by promoting transparency regarding transfers of conventional arms and dual-use goods and technologies, thus preventing destabilizing accumulations. This semi-annual report as required by the SAMM, Appendix 5, Table AP5.T4, identifies all SA deliveries for reportable items under the WA, covering shipments occurring January - June and July - December of the specific calendar year.

b. DSCA provides initial information as outlined below and a template for report preparation by all MILDEPs. The WA report, largely composed of Army exports, includes specific armaments broken down into eight categories.

- (1) Reportable items include:
 - (a) Category I - Battle Tanks.
 - (b) Category II - Armored Combat Vehicles.
 - (c) Category III - Large Caliber Artillery Systems.
 - (d) Category IV - Military and Combat Aircraft/Unmanned Aerial Vehicles.
 - (e) Category V - Military and Attack Helicopters.
 - (f) Category VI - Warships.
 - (g) Category VII - Missiles and Missile Launching Systems.
 - (h) Category VIII - Small Arms and Light Weapons.
- (2) The WA report excludes exports to all WA participating states, which are listed. As of 2013, there were 41 member nations, including the United States.
- (3) The prior calendar year report.
- (4) The template for the current report submission.
- (5) For the July-December report cycle, the template also includes a column for report of UN Transparency in Armaments (UNTIA), as outlined in paragraph 19-9 below.

c. DASA (DE&C) forwards the DSCA tasking to USASAC New Cumberland, PA, which provides an initial data collection on reportable item deliveries through its Army databases (presently including CISIL and Wide Area Work Flow, WAWF) and confirms with the item managers that title transfer occurred during the specified timeframe. The information is categorized by synchronized nomenclature, destination country, quantity shipped, case identifier, Model Number, MILDEP, and NSN to specify item. DASA (DE&C) checks with DCS, G-3/5/7, Combatting WMD and Proliferation Policy Division with questions on reportability of Army items in the WA treaty. The Conventional Arms Control Information Data Manager in Defense Threat Reduction Agency (DTRA) convenes a WA data review with MILDEPs and DSCA to reconcile variations in arms export reporting. There is frequent exchange of data information

among Army contributors before the final WA report is forwarded to DSCA, on to DTRA, OSD, and eventually to State Department for sharing with WA headquarters in Vienna, Austria.

19–9. United nations transparency in armaments

a. The UNTIA is a politically binding U.N. resolution (U.N. resolution 46/36L, 9 Dec 1991) that aims to improve international transparency relating to arms transfers and holdings, to build mutual confidence, and to promote timely international consultations on potentially destabilizing regional arms build-ups. The U.S. fully supports UNTIA and submits all requested information to the register annually, as required by the SAMM, Appendix 5, Table AP5.T4.

b. The UNTIA arms transfer register is reported in April each year for deliveries that took place during the previous calendar year. This report includes exports to all SA countries.

c. The UNTIA-reportable items are divided into seven categories, excluding Category VIII, Small Arms and Light Weapons (included in the WA report):

- (1) Category I - Battle Tanks.
- (2) Category II - Armored Combat Vehicles.
- (3) Category III - Large Caliber Artillery Systems.
- (4) Category IV - Military and Combat Aircraft.
- (5) Category V - Military and Attack Helicopters.
- (6) Category VI - Warships.
- (7) Category VII - Missiles and Missile Launching Systems.

d. Process. As with the WA report outlined in paragraph 19–8 above, DASA (DE&C) forwards the DSCA tasking to USASAC New Cumberland, PA. That command provides an initial data collection of reportable item deliveries through the Army databases (including CISIL and WAWF), adding input to an additional column in the template provided for the WA report. Two important differences between the WA and UNTIA reports are:

(1) UNTIA includes reportable item exports to all SA countries, including WA members.

(2) There is no Category VIII, Small Arms and Light Weapons, which are entirely Army exports. Again, there is frequent communication among DASA (DE&C), USASAC New Cumberland and DCS, G–3/5/7, Combatting WMD and Poliferation Policy Division to confirm reportable items, and USASAC contacts item managers for additional information. The completed WA report for July - December is combined with the UNTIA report for the entire previous calendar year and sent forward to DSCA, then DTRA, OSD and eventually the State Department for compliance with both report requirements.

19–10. Organization for security and cooperation in Europe document on small arms and light weapons

a. This document came out of an agreement by the Organization for Security and Cooperation in Europe (OSCE) Forum for Security Cooperation in 2000 which sets out common criteria for export control of small arms and light weapons, weapons marking, management of stockpiles and reduction of surpluses. The OSCE small arms and light weapons (SALW) report is an annual exchange of information identifying small arms and light weapons exported to and imported from the OSCE, which as of 2013 consisted of 57 participating states in Europe, Central Asia and North America. The report includes two main categories: I. Small Arms, and II. Light Weapons, each of which is divided into several sub-categories. The report, exclusively prepared by the Army, is prepared in May, covering deliveries during the previous calendar year.

b. Process. The tasker from DSCA contains data from the prior year report, a list of the participating states, and a listing by MASL of all reportable SALW items, as well as a template for the current year report. As with the WA and UNTIA reports outlined in paragraphs 19–8 and 19–9 above, DASA (DE&C) forwards the material from DSCA to USASAC New Cumberland, PA for initial data collection from Army databases. After some communication among Army entities, the final report is provided to DSCA for forwarding to DTRA, OSD and State Department.

19–11. Javits Report (DOD 5105–38.M, appendix 5, table AP5.T1)

a. The AECA, section 25(a)(1), requires an annual report of all sales of major weapons or weapons related equipment for \$7M or more, or of any other weapons or weapons related equipment for \$25M or more, which are considered eligible for approval during the current calendar year. This report is also used as an indication of which sales are most likely to result in issuance of an LOA during such year.

b. The report originates with information developed by the GCCs for sales most likely to occur for countries in their region. The report is classified “SECRET” and is provided via SIPRNET through DSCA to DASA (DE&C) to IA for update and validation of information.

c. DASA (DE&C) forwards draft report via SIPRNET to USASAC. The draft report is internally distributed for review and validation of information. Any potential sales not listed in the draft report are added during this process, to include type of equipment, quantity and estimated total cost of the sale. The information is consolidated and returned via SIPRNET to DASA (DE&C) for review prior to submission to DSCA.

Appendix A References

Section I

Required Publications

Unless otherwise indicated, DOD publications are available on the OSD Website <http://www.dtic.mil/whs/directives/corres/publ.html>. Army publications are available on web site <http://www.apd.army.mil>. DSCA publications are available on Website <http://www.dsca.mil/publications>.

AR 12-1

Security Assistance, Training, and Export Policy (Cited in para 1-1.)

AR 380-10

Foreign Disclosure and Contacts with Foreign Representatives (Cited in para 2-3f(4).)

AR 5-11

Management of Army Modeling and Simulation (Cited in para 3-8a.)

AR 710-1

Centralized Inventory Management of the Army Supply System (Cited in para 12-5c(1).)

AR 725-50

Requisition, receipt, and Issue System (Cited in para 14-3.)

ADRP 1-02

Army Doctrine Reference Publication (Cited in para 1-3b.)

ASD-NII Approval Letter, Feb 09

Assistant Secretary of Defense-Network and Information Integration Approval Letter, Feb 09 (Cited in para 5-11c.)

CJCSI 6510.06B

Policy and Procedures for Communications Security Releases to Foreign Nations (Cited in para 5-10b(1).)

DA PAM 25-30

Consolidated Index of Army Publications and Blank Forms (Cited in para 13-1b.)

DA PAM 25-33

Users Guide for Army Publications and Forms (Cited in para 13-1b.)

DA PAM 385-24

The Army Radiation Safety Program (Cited in para 4-19.)

DFAS-IN Regulation 37-1

Finance and Accounting Policy Implementation (Cited in para 11-36.)

DFAS-IN Manual 37-100

Financial Management - The Army Management Structure (Cited in para 11-36.)

DOD 4000.25-1-M

Military Standard and Requisitioning and Issue Procedures (MILSTRIP) (Cited in para 8-3f.)

DOD 4000.25-8-M

Military Assistance Program Address Directory (MAPAD) (Cited in para 7-17h.)

DOD 4500.9-R

Defense Traffic Management Regulation (Cited in para 7-18.)

DOD 5100.76-M

Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives (Cited in para 7-16b.)

DOD 5105-38.M

Security Assistance Management Manual (SAMM) (Cited in para 1-3b.) (Available at <http://www.samm.dsca.mil>.)

DOD 5200.1-M

DOD Information Security Program: Overview, Classification and Declassification (Cited in para 7-17a(2).)

DOD 7000.14-R

DOD Financial Management Regulations (FMRs) (Cited in para 7-8c.)

DODD 5230.11

National Disclosure Policy-1 (Cited in para 5-5a.)

DOD Anti-Tamper (AT) Guidelines

Version 2.0, April 2010 (Cited in para 5-8b(2).)

DOD Guidelines for International Transfers of Software Documentation

(including Source Code), 7 April 1997 (Cited in para 5-12a.)

DOD Joint Publication 1-02

DOD Dictionary of Military and Associated Terms (Cited in para 1-3b.)

DOD Joint Travel Regulations

JTR (Cited in para 11-11e.) (Available at <http://www.defensetravel.dod.mil/site/travelreg.cfm>.)

DODI 5200.39

Critical Program Information (CPI) Protection within the DOD (Cited in para 5-8b(1).)

DODI S-5230.28

Low Observable (LO) and Counter Low Observable (CLO) Programs (Cited in para 5-20b.)

DODI 4630.09

Wireless Communication Waveform Development and Management (Cited in para 5-21b.)

DODM 5200.01

Information Security Program (Cited in para 7-16b.)

DOD Policy for International Transfer and Export Control of Night Vision

Equipment, Components, Services, Technical Data, Related Technology, 12 June, 2009 (Cited in para 5-9a(3).)

DSCA Policy Memorandum 06-43

Advance Coordination for Defense Articles and Services Requiring Data from the National Geospatial-Intelligence Agency, 5 October 2006 (Cited in para 5-22b(2).)

DSCA Policy Memorandum 12-07

Information on Multifunctional Information Distribution Systems (MIDS), 1 June 2012 (Cited in para 5-26b.)

DSCA Policy Memorandum 14-22

Revised Procedures for Night Vision Devices, 30 September 2014 (Cited in para 5-9a.)

DSCA Supplemental Handbook:

DOD Transfer of Night Vision Devices (NVDs) Handbook, October 2014 (Cited in para 5-9a.)

Defense Technology Security Administration (DTSA) Memorandum, 21 April 2014

Night Vision Export Policy Implementation Guidance (NVEPIG) (Confidential) (Cited in para 5-9a(2).)

50 USC 2401

Export Administration Act of 1979, 12c (Cited in para 3-6e.)

Foreign Assistance Act (FAA) of 1961

as amended by the Arms Export Control Act (AECA) of 1976 (Cited in para 1-1.)

MIL-STD-129

Military standard marking for shipment and storage (Cited in para 9-4f.)

MIL-STD-2073-1D

Standard Practice for Military Packaging (Cited in para 7-7a.)

NSGD FM 1100

National System for Geospatial-Intelligence (NSG) Directive FM 1100, Roles and Responsibilities of the DOD Geospatial Intelligence (GEOINT) Manager and the Intelligence Community (IC) Functional Manager (FM) for GEOINT, September 12, 2011 (Cited in para 5-22b(1).)

Public Law 104-201, section 1045

Public Law: National Defense Authorization Act (Cited in para 19-3a.)

TRADOC Regulation 350-70

Army Learning Policy and Systems (Cited in para 14-12k.)

TRADOC PAM 350-70-4

Army Systems Approach to Training: Evaluation (Cited in para 14-12k.)

USASAC 03-02

USASAC Contractor Provided Training Policy, dated 7 March 2003 (Cited in para 10-9d.)

USASAC 10-21

USASAC Above Standard Level of Service Policy (USASAC 10-21), dated 14 June 2010 (Cited in para 4-14b.)

21 CFR 1312

Importation and Exportation of Controlled Substances (Cited in para 5-29a.)

22 CFR 120-130

International Traffic in Arms Regulations (Cited in para 1-3c.)

10 USC 1206

DOD authority to Train and Equip Foreign Military Forces (Cited in para 1-3c.)

21 USC 951

Controlled Substances Import and Export Act (Cited in para 7-17i.)

Section II**Related Publications**

A related publication is a source of additional information. The user does not have to read it to understand this pamphlet.

AR 1-75

Administrative and Logistical Support of Overseas Security Assistance Organizations (SAOs)

AR 11-1

Command Logistics Review Program (CLRP)

AR 70-1

Army Acquisition Policy

AR 70-57

Military-Civilian Technology Transfer

AR 380-40

Policy for Safeguarding and Controlling Communications Security (COMSEC) Materiel

AR 700-142

Type Classification, Materiel Release, Fielding, and Transfer

DOD 4000.25-2-M

Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)

DOD 4500.54-G

DOD Foreign Clearance Guide (FCG)

DODD 5000.01

The Defense Acquisition System

DODD 5105.65

Defense Security Cooperation Agency (DSCA)

DODD 5230.20

Visits and Assignments of Foreign Nationals

DODD 5530.3

International Agreements

DODI 2015.4

Defense Research, Development, Test and Evaluation (RDT&E) Information Exchange Program (IEP)

DODI 2030.08

Implementation of Trade Security Controls (TSCs) for Transfers of DOD U.S. Munitions List (USML) and Commercial Control List (CCL) Personal Property to Parties Outside DOD Control

DODI 2040.02

International Transfers of Technology, Articles and Services

DODI 5000.02

Operation of the Defense Acquisition System

DFARS 245.4

Title to Government Property (Available at <http://farsite.hill.af.mil/vfdfara.html>.)

FAR 52.245-9

Use and Charges (Government Property) (Available at <http://www.acquisition.gov/far/html>.)

ITAR Part 120

Purpose and Definitions (Available at http://www.pmddtc.state.gov/regulations_laws/itar_consolidated.html.)

ITAR Part 121

The United States Munitions List (Available at http://www.pmddtc.state.gov/regulations_laws/itar_consolidated.html.)

ITAR Part 123

Licenses for the Export of Defense Articles (Available at http://www.pmddtc.state.gov/regulations_laws/itar_consolidated.html.)

ITAR Part 124

Agreements, Off-Shore Procurement and Other Defense Services (Available at http://www.pmddtc.state.gov/regulations_laws/itar_consolidated.html.)

ITAR Part 125

Licenses for the Export of Technical Data and Classified Defence Articles (Available at http://www.pmddtc.state.gov/regulations_laws/itar_consolidated.html.)

ITAR Part 126

General Policies and Provisions (Available at http://www.pmddtc.state.gov/regulations_laws/itar_consolidated.html.)

10 USC 2390

Prohibition on the Sale of Certain Defense Articles From the Stocks of the Department of Defense (Available at <http://www.gpoaccess.gov/uscode/browse.html>.)

10 USC 2540

Establishment of Loan Guarantee Program; a) Transferability; b) Limitations; c) Fees Charged and Collected; and d) Definitions (Available at <http://www.gpoaccess.gov/uscode/browse.html>.)

10 USC 2667

Leases: Non-Excess Property of Defense Agencies (Available at <http://www.gpoaccess.gov/uscode/browse.html>.)

Section III**Prescribed Forms**

This contains no entries.

Section IV**Referenced Forms**

Unless otherwise indicated, DA forms are available on the APD Website (www.apd.army.mil) and DD forms are available on the OSD Website (<http://dtic.mil/whs/directives/infomgt/forms/>). SF are available on GSA Website (<http://www.gsa.gov/portal/forms/type/SF>).

DA Form 5

Army Staffing Form, edition MAR 2014

DA Form 17

Requisition for Publications and Blank Forms

DA Form 2028

Recommended Changes to Publications and Blank Forms

DA Form 2407

Maintenance Request

DA Form 4372-R

Security Assistance Supportability Statement

DA Form 4372-1-R

Supplemental Data Sheet - Security Assistance Supportability Statement

DA Form 5904-R

Total Package Approach Checklist

Department of Commerce Form 7525

Shipper's Export Declaration

DD Form 645A

Foreign Military Sales Billing Statement

DD Form 1348

DOD Single Line Item Requisition System Document (Manual)

DD Form 1348-1A

Issue Release/Receipt Document

DD Form 1348-5

Notice of Availability/Shipment

DD Form 2285

Invitational Travel Order (ITO) for International Military Student (IMS)

SF 364

Report of Discrepancy (ROD)

SF 1080

Voucher for Transfers Between Appropriations and/or Funds

Glossary

Section I Abbreviations

AA&E

arms, ammunition and explosives

ABO

Army Budget Office

AC

armaments cooperation

ACCP

accelerated case closure procedures

AECA

Arms Export Control Act

AFP

Annual Funding Program

AIT

American Institute in Taiwan

AMC

U.S. Army Materiel Command

AMCCC

U.S. Army Materiel Command, Command Counsel

AMRDEC

U.S. Army Materiel Research, Development and Engineering Command

AOD

anticipated offer date

ARSTAF

Army Staff

ASA (FM&C)

Assistant Secretary of the Army (Financial Management and Comptroller)

ASAE

Army Security Assistance Enterprise

ASLS

above standard level of service

AT

anti-tamper

ATEA

Anti-Tamper Executive Agent

ATRRS

Army Training Requirements and Resources System

AWCF

Army Working Capital Fund

BII

basic issue item

BO

blanket order

BPC

building partner capacity

C4ISR

command, control, communications, computers, intelligence, surveillance, reconnaissance

CBL

commercial bill of lading

CCI

controlled cryptographic item

CCM

central case manager

CCOPES

Case Closeout Process Execution System

CDEF

case development extenuating factors

CECOM

U.S. Army Communication and Electronics Command

CFR

code of federal regulations

CISIL

Centralized Information System for International Logistics

CIM

case initiation meeting

CLSSA

Cooperative Logistics Supply Support Arrangement

CG

commanding general

CIIC

controlled item inventory code

CIO

Chief Information Officer

CLO

counter-low-observable

CMI

classified military information

CMR

country management review

CN
Congressional Notification

COCOM
combatant comand

COMSEC
communications security

CONUS
continental United States

CPI
critical program information

CPM
Country Program Manager

CR
continuing resolution

CRPA
controlled radiated pattern antenna

CSP
concurrent spare parts

CTA
country team assessment

CWD
Case Writing Division

DA
Department of the Army

DA Pam
Department of the Army pamphlet

DASA (DE&C)
Deputy Assistant Secretary of the Army for Defense Exports and Cooperation

DCS
direct commercial sales

DCS, G-2
Deputy Chief of Staff, G-2

DCS, G-3/5/7
Deputy Chief of Staff, G-3/5/7

DCS, G-4
Deputy Chief of Staff, G-4

DCS, G-8
Deputy Chief of Staff, G-8

DDL
Delegation of Disclosure Authority Letter

DEA

Drug Enforcement Administration

DI

disposition instructions

DIA

Defense Intelligence Agency

DFAS

Defense Finance and Accounting Service

DFAS-IN

Defense Finance and Accounting Service - Indianapolis

DIFS

Defense Integrated Financial System

DISAM

Defense Institute of Security Assistance Management

DLA

Defense Logistics Agency

DLIELC

Defense Language Institute English Language Center

DMWR

depot maintenance work requirement

DOCSENT

document sent

DOD

Department of Defense

DODAC

Department of Defense Ammunition Code

DODD

Department of Defense Directive

DODIC

Department of Defense Identification Code

DOS

Department of State

DPEP

Defense Personnel Exchange Program

DPSC

defense personnel support center

DSAMS

Defense Security Assistance Management System

DSAMS-TM

Defense Security Assistance Management System - Training Module

DSCA

Defense Security Cooperation Agency

DSR

desk-side reference

DTC

delivery term code

DTRA

Defense Threat Reduction Agency

DTS

Defense Transportation System

DTSA

Defense Technology Security Administration

DWCF

defense working capital fund

EDA

excess defense article

EEUM

enhanced end user monitoring

ELT

English language training

EM

Electromagnetic

EML

environmental and morale leave

ENDP

Exception to National Disclosure Policy

EOB

element of resource

EP

enterprise planner

ESEP

Engineer and Scientist Exchange Program

ETP

exception to policy

ETSS

extended training service specialist

EW

electronic warfare

EWIRDB

electronic warfare integrated reprogramming database

FAA

Foreign Assistance Act

FAD

force activity designator

FAR

Federal Acquisition Regulation

FDO

foreign disclosure officer

FLO

foreign liaison officer

FM

functional manager

FMD

Financial Management Division

FMF

Foreign Military Financing

FMR

financial management regulation

FMS

foreign military sales

FMSO

foreign military sales order

FPD

foreign procurement department

FY

fiscal year

GBL

government bill of lading

GCC

Geographic Combatant Command

GEOINT

geospacial-intelligence

GFE

government furnished equipment

GFEB

general fund enterprise business system

GPS

global positioning system

GSA

General Services Administration

HQ

headquarters

HQDA

Headquarters, Department of the Army

IA

implementing agency

IC

intelligence community

ICR

in-country reprogramming

ICRAS

integrated country risk assessment system

ICW

in coordination with

IFF

identification friend or foe

IM

information management

IMET

international military education and training

IMO

Intensive Management Office

IMS

international military student

IMSO

international military student office

INFOSEC

information security

IPC

indirect pricing code

IPM

International Program Manager

ISL

initial spare parts

ISP

initial spare parts

IT

information technology

ITAR

International Traffic in Arms Regulation

ITO

invitational travel order

IV&V

independent verification and validation

JMEM

joint munitions effectiveness manual

JM&L

Joint Munitions and Lethality Command

JVI

joint visual inspection

JPO

joint projects office

JSF

joint strike fighter

JTCG/ME

joint technical coordinating group for munitions effectiveness

KO

contracting officer

LCMC

Life Cycle Management Command

LMP

Logistics Modernization Program

LO

low-observable

LOA

letter of offer and acceptance

LOAD

letter of offer and acceptance data

LOR

letter of request

LOR-A

letter of request - advisory

M&S

models and simulations

MAP

Military Assistance Program

MAPAD

military assistance program address directory

MASL

Military Articles and Services List

MDE
major defense equipment

MDF
mission datafile

MDEL
major defense equipment list

MEI
major end items

MEL
maintenance expenditure limit

MFR
memorandum for record

MIDS
multifunctional information distribution system

MILAP
military approval

MILDEP
military department

MIL-STD
Military Standard

MILSTRIP
Military Standard Requisitioning and Issue Procedures

MCM
Materiel Management Center

MOA
memorandum of agreement

MOU
memorandum of understanding

MSA
maintenance support arrangement

MSC
major subordinate command

MTEC
missile technology export controls

MTCR
missile technology control regime

MTDS
manpower and travel data sheet

MTT
mobile training team

NAMSA

North Atlantic Treaty Organization Maintenance and Supply Agency

NASIC

national air and space intelligence center

NATO

North Atlantic Treaty Organization

NC

nonrecurring cost

NDP

National Disclosure Policy

NDPC

National Disclosure Policy Committee

NET

new equipment training

NLT

no later than

NOA

notice of availability

NSA

National Security Agency

NSI

nonstandard item

NSG

national system for geospatial-intelligence

NSN

national stock number

NVD

night vision device

NVEPIG

night vision export policy implementation guide

OA

obligation authority

OC

object class

OCONUS

outside the continental United States

OED

offer expiration date

OEM

original equipment manufacturer

OMA

Operations and Maintenance, Army

OMB

Office of Management and Budget

ORC

offer release code

OSCE

Organization for Security and Cooperation in Europe

OSD

Office of the Secretary of Defense

P&A

price and availability

P&I

pen and ink

PBAS

Program Budget Accounting System

PBR

Program Budget Review

PC&H

packing, crating and handling

PCC

primary category code

PCS

permanent change of station

PD

product director

PD

principle director

PDM

program decision memorandum

PE

program element

PEO

program executive officer

PG

program guidance

PM

program manager

PME

professional military education

PMR

program management review

PMR

provisioning master record

POC

point of contact

POE

point of embarkation

POL-MIL

political-military

POM

program objective memorandum

PPBE

planning, programming, budgeting, and execution

PPS

precise positioning service

QAT

quality assurance team

R&R

repair and return

RA

record of action

RDD

required delivery date

RDT&E

research, development, test, and evaluation

RFI

request for information

RFP

request for proposal

RIP

release in principle

RIS

release in specific

RO

regional operations

ROM

rough order of magnitude

RSLF

Royal Saudi Land Forces

RT

radio transmitter

SA

security assistance

SA

Secretary of the Army

SAAM

special assignment airlift mission

SALW

small arms and light weapons

SAMM

Security Assistance Management Manual

SAMD

Security Assistance Management Directorate

SAPBR

Security Assistance Program and Budget Review

SAT

security assistance team

SATFA

Security Assistance Training Field Activity

SATMO

Security Assistance Training Management Organization

SATP

Security Assistance Training Program

SATTOC

Security Assistance Training Team Orientation Course

SC

security cooperation

SCIC

special control item code

SCIP

Security Cooperation Information Portal

SCML

small case management line

SCO

security cooperation organization

SCS

salary computation schedule

SDAF

Special Defense Acquisition Fund

SDDC

surface deployment and distribution command

SDR

supply discrepancy report

SHAPE

Supreme Headquarters, Allied Powers, Europe

SIGCOM

Signal Intelligence Committee

SIL

software integration laboratory

SIPRNET

Secure Internet Protocol Router Network

SKO

sets, kits and outfits

SLS

standard level of service

SME

significant military equipment

SMF

software maintenance facility

SOF

status of funds

SOMARDS

Standard Operations and Maintenance Army Research and Development System

SOW

statement of work

SPS

standard positioning service

SRC

security risk categories

SSBO

system support buy out

SSC

supply service complete

STL

standardized training list

STRI

simulation, training and instrumentation

T&E

test and evaluation

T2DS2

Tech Transfer Decision Support System

T–MASL

training–military articles and services list

TA

technical assistance

TA/CP

technical assessment/control plan

TAC

type address code

TACOM

U.S. Army Tank-Automotive and Armaments Command

TAFT

technical assistance field team

TAT

technical assistance team

TBC

transportation bill code

TCG

technical coordinating group

TCN

transportation control number

TDP

technical data package

TECRO

Taipei Economic Cultural Representative Office in the United States

TDR

transportation discrepancy report

TLA

travel and living allowance

T–MASL

Training Military Articles and Services List

TMDE

test, measurement and diagnostic equipment

TPA

total package approach

TRADOC

U.S. Army Training and Doctrine Command

TRAP

training resource arbitration panel

TSFD

technical security and foreign disclosure

UE

user equipment

UFR

unfunded requirement

UID

unique identifier designators

ULO

unliquidated obligation

UMMIPS

Uniform Materiel Movement and Issue Priority System

UN

united nations

UNTIA

United Nations Transparency in Armaments

USACE

U.S. Army Corps of Engineers

USAMMA

U.S. Army Medical Materiel Agency

USARPAC

U.S. Army Pacific Command

USASAC

U.S. Army Security Assistance Command

USC

United States Code

USD (AT&L)

Under Secretary of Defense for Acquisition, Technology and Logistics

USD(P)

Under Secretary of Defense for Policy

USG

U.S. Government

USML

U.S. Munitions List

V&A

valuation and availability

VTC

video-teleconference

WA

Wassenaar Arrangement

WAWF

wide area workflow

WBS

work breakdown structure

WCF

Working Capital Fund

WMD

weapons of mass destruction

WSPC

Weapon System Partnership Committee

ZBT

zero balance transfer

Section II**Terms****Above-the-line-cost**

Charges included within the materiel and/or services line may be referred to as "above-the-line" charges. This term is a holdover from the rescinded Letter of Offer and Acceptance (LOA) form where a line divided the direct charges from the accessorial (surcharge) charges.

Above standard level of service

Identifies when specific work must be case-funded and cannot be funded using FMS administrative surcharge monies.

Acceptance

The act of an authorized representative of the government by which the government assumes for itself, or as agent of another, ownership of existing and identified supplies tendered, or approves specific services rendered, as partial or complete performance of the contract on the part of the contractor.

Acceptance date

The date that appears on the acceptance portion of the LOA and indicates the calendar date on which a foreign buyer agrees to accept the items and conditions contained in the FMS offer portion.

Accessorial cost

The costs of PC&H, and transportation which are incidental to issues, sales, and transfers of materiel and are not included in the standard price or contract cost of materiel. An exception to this is working capital fund (WCF) items.

Accrued costs

The financial value of delivered articles and services and incurred costs reported to DFAS-IN via Delivery Transactions. Incurred costs represent disbursements for which no physical deliveries have yet occurred. Examples are: progress payments to contractors, GFM/GFE provided to contractors, and NCs.

Administrative contracting officer

The U.S. Government contracting officer who is assigned the responsibility for the administration of U.S. Government contracts.

Administrative cost

The value of costs associated with the administration of the FMS Program. The prescribed administrative percentage cost for a case appears in the LOA. This percentage is applied against the case. Expenses charged directly to the FMS case (as prescribed by the LOA) are not included. May be commonly referred to by the generic code "L6A" for administrative costs.

Administrative lead-time

The time interval between the initiation of procurement action and the awarding of a contract or the placing of an order.

Allocation

An authorization by a designated official of a DOD component making funds available within a prescribed amount to an operating agency for the purpose of making funding allotments (that is, the first subdivision of an apportionment of funds).

Amendment

An amendment of an FMS case constitutes a scope change to an existing LOA and requires customer acceptance.

Anti-Deficiency Act

This statute prohibits government agencies and employees from authorizing or incurring obligations or expenditures in excess of amounts appropriated and apportioned by the OMB or in excess of amounts permitted by agency regulations, and establishes procedures. The statute also specifies responsibility reporting of violations to the President and Congress, through the OMB.

Appropriation

A part of an Appropriation Act providing a specified amount of funds to be used for designated purposes. Each appropriation has a finite period of time for incurring obligations.

Appropriations act

Legislation initiated by the House and Senate Appropriations Committees, that provides authority for Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation act is the most common means of providing budget authority. There are thirteen regular appropriation acts for each fiscal year.

Army Contracting Command

A major subordinate command of the Army Materiel Command, provides responsive, innovative and efficient procurement solutions to enable the Army's global warfighting dominance.

Arms Export Control Act

The basic U.S. law providing the authority and general rules for the conduct of foreign military sales and commercial sales of defense articles, defense services, and training. The AECA came into existence with the passage of the Foreign Military Sales Act of 1968. An amendment in the International Security Assistance and Arms Export Control Act of 1976 changed the name of FMSA to the AECA.

Army Security Assistance Enterprise

These agencies serve a multitude of roles and execute critical responsibilities, which are most often performed in a collaborative environment requiring frequent extensive communication; however, just as important, it is imperative that clear distinctions between the supported and supporting elements are made in highlighting those roles and responsibilities.

Arms transfers

The sale, lease, loan, or other transfer of defense articles and defense services such as arms, ammunition, and implements of war, including components thereof, and the training, manufacturing licenses, technical assistance, and technical data related thereto, provided by the USG under the authority of the Foreign Assistance Act (FAA) of 1961, as amended, or the Arms Export Control Act (AECA), as amended, or other statutory authority, or directly by commercial firms to foreign countries, foreign private firms, or to international organizations. See also conventional arms transfers.

Assistant Secretary of the Army for Acquisition, Logistics and Technology

Serves, when delegated, as the Army Acquisition Executive, the Senior Procurement Executive, the Science Advisor to the Secretary of the Army, and as the senior research and development official for the Department of the Army. Assistant Secretary of the Army for Acquisition, Logistics and Technology is also responsible for all Department of the Army matters related to Logistics.

Aviation and Missile Life Cycle Management Command

The Army Aviation and Missile Command supports Joint Warfighters and Allies, assuring aviation and missile readiness with seamless transition to combat operations; supports Program Executive Officers and Project Managers to enable the development, acquisition and fielding of superior aviation and missile systems; and assures the integration of aviation and missile technology in partnership with Program Executives Officers (Aviation / Missiles & Space) and Project Managers. As a Life Cycle Management Command, U.S. Army Aviation and Missile Command is dedicated to providing integrated engineering, logistics and contracting support.

Back order

The quantity of an item requisitioned by ordering activities that is not immediately available for issue but is recorded as a stock commitment for future issue.

Base year

A reference period that determines a fixed price level for comparison in economic escalation calculations and cost estimates. The price level index for the base year is 1.000.

Below-the-line-costs

Accessorials and/or surcharges that are not included within a line item value may be referred to as "below-the-line" charges (for example, transportation surcharge and PC&H). This term is a holdover from the rescinded LOA form where a line divided the direct charges from the accessorial (surcharge) charges.

Benefitting country

A partner nation that receives defense articles and/or services through the implementation of a Building Partner Capacity (BPC) case.

Bill (or billing) code

This is a DFAS-IN country assigned code that divides FMS customer country billings into management levels lower than a U.S. Implementing Agency or in-country service. This code often correlates to an FMS customer paying office. It appears in Block 3 of the DD Form 645A (Foreign Military Sales Billing Statement). Basic alpha codes are derived from the LOA. The FMS customer should ensure that the proper bill code is indicated upon acceptance of an LOA

Billing statement

The DD Form 645 Billing Statement represents the official claim for payment by the U.S. Government referred to in Letters of Offer and Acceptance. It also furnishes an accounting to the FMS purchaser for all costs incurred on his behalf under each agreement.

Blanket order case

An agreement between a foreign customer and the U.S. Government for a specific category of items or services (including training) with no definitive listing of items or quantities. The case specifies a dollar ceiling against which orders may be placed.

Budget authority

The authority Congress gives to government agencies which permit them to enter into obligations that will result in immediate or future outlays (expenditures). Such budget authority does not include the authority to insure the repayment of loans held by another person or government.

Budget year

The fiscal year following the current fiscal year, and for which the new budget estimate is prepared.

Building partner capacity programs

Security cooperation and security assistance activities that are funded with USG appropriations and administered as cases within the FMS infrastructure. These programs provide defense articles and/or services to other USG departments and agencies under the authority of the Economy Act or other transfer authorities for the purpose of building the capacity of partner nation security forces and enhancing their capability to conduct counter-terrorism, counter-drug, and counter-insurgency operations, or to support U.S. military and stability operations, multilateral peace operations, and other programs.

Canceled case

An FMS case which was not accepted or funded within prescribed time limitations, or was accepted and subsequently canceled by the requesting country or the U.S. Government. In the latter case, the U.S. Government or purchaser electing to cancel all (or part) of a case prior to the delivery of defense articles or the performance of services shall be responsible for all (or associated) termination costs.

Carrier

A military or commercial ship, aircraft, barge, train or truck, or a commercial transport company that moves material from one location to another.

Case description

A short title specifically prepared for each FMS case by the implementing agency.

Case designator/identifier

A unique six-digit identifier assigned to an FMS case for the purpose of identification, accounting, and data processing of each LOA. The case identifier consists of the two-letter country code, a one-letter designator for the implementing agency, and a three-letter case designator.

Cash case

An FMS case for which the source of funding is directly provided by the purchaser, that is, not through a credit or grant agreement with the U.S. Government.

Cash prior to delivery

A term of sale in which the U.S. Government collects cash in advance of the delivery of defense articles and/or the performance of defense services from DOD resources throughout the life of the case.

Cash with acceptance

A term of sale in which U.S. dollar currency, check, or other negotiable instrument is submitted by the customer concurrent with acceptance of an FMS sales offer for the full amount shown as the estimated total cost on the LOA.

Closed case

An FMS case for which all materiel has been delivered, all services have been performed, all financial transactions, including all collections, have been completed, and the customer has received a final statement of account.

Co-development

A joint development project between the U.S. Government and foreign government to satisfy a common requirement.

Commitment

Any communication between a responsible U.S. official and a representative of any country or international organization that could reasonably be interpreted as being a promise that the U.S. will provide a foreign government or international organizations with either funds (including long term credit assignments), goods, services, or information.

Commitment [financial]

A firm administrative reservation of funds based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The act of entering into a commitment is usually the first step in the process of spending available funds. The effect of entering into a commitment and the recording of that commitment on the records of the allotment is to reserve funds for future obligations. A commitment is subject to cancellation by the approving authority if it is not already obligated. Commitments are not required under Operations and Maintenance appropriations.

Completed case

An FMS case for which all deliveries and collections have been completed but for which a final accounting statement (DD Form 645) has not been furnished to the purchaser.

Consignee

The person or organization to whom a shipment is to be delivered, whether by land, sea or air.

Continental United States

United States territory, including the adjacent territorial waters, located within the North American Continent between Canada and Mexico. Does not include Hawaii or Alaska.

Continuing resolution

Appropriations legislation enacted by Congress to provide temporary budget authority for Federal agencies to keep them in operation when their regular appropriations bill has not been enacted by the start of the fiscal year.

Continuing resolution authority

The authority to obligate funds against the FMFP, IMET, ESF, or other related security assistance appropriation for the new fiscal year under a CR granted by Congress in a Joint Resolution making temporary appropriations prior to

passage of the regular appropriations act, or in lieu of such an act. Normally a continuing resolution authority is for a designated period less than a fiscal year and does not usually allow funding for the start of any new programs.

Contract

An agreement between two or more persons who are legally capable of making a binding agreement, which involves: a promise (or set of promises); a consideration (that is, something of value promised or given); a reasonable amount of understanding between the persons as to what the agreement means; and a legal means for resolving any breach of the agreement.

Contract administration services

All those actions accomplished in or near a contractor's plant for the benefit of the U.S. Government which are necessary to the performance of a contract or in support of the buying offices, system/project managers, and other organizations, including quality assurance, engineering support, production surveillance, pre-award surveys, mobilization planning, contract administration, property administration, industrial security, and safety.

Contract administration services charge

A surcharge applied to all FMS purchases from procurement to cover the cost of contract administration, quality assurance and inspection, and contract audit. The surcharge percentage depends upon any contract administrative reciprocal agreements with a particular purchasing country.

Contract award

This occurs when a contracting officer has signed and distributed a contract to a contractor.

Contract termination

Cessation or cancellation, in whole or in part, of work under a prime contract, or a subcontract thereunder, for the convenience of, or at the option of, the government, or a foreign purchaser (FMS), or due to failure of the contractor to perform in accordance with the terms of the contract.

Contracting activity

The subordinate command is that in which a principal contracting office is located. It may include the program office, related functional support offices, and contracting offices. DFARS 202.1 lists the contracting activities. The Head of the contracting activity has certain approval and authority responsibilities.

Contracting officer

A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the KO acting within the limits of their authority as delegated by the KO. A KO whose primary responsibility is to enter into contracts is called a procuring contracting officer. One whose primary responsibility is to administer contracts is called an administrative contracting officer. One whose primary responsibility is to terminate contracts and/or settle terminated contracts is called a "termination contracting officer." A single contracting officer may be responsible for duties in any or all of these areas.

Contractor furnished

Standard items of hardware, electrical equipment, and other standard production or commercial items furnished by a prime contractor as part of a larger assembly.

Cooperative logistics

The logistics support provided a foreign government/agency through its participation in a U.S. DOD logistics system, with reimbursement paid to the USG for the support provided.

Cooperative logistics supply support arrangements

Military logistics support arrangements designed to provide responsive and continuous supply support at the depot level for U.S.-made military materiel possessed by foreign countries and international organizations. The CLSSA is normally the most effective means for providing common repair parts and secondary item support for equipment of U.S. origin that is in allied and friendly country inventories.

Cooperative research and development

A method by which governments cooperate to make better use of their collective Research and Development resources, to include technical data exchanges and co-development of new weapons systems.

Co-production

A program implemented by a government-to-government or commercial licensing arrangement that enables a foreign

government or firm to acquire the "know-how" to manufacture or assemble, repair, maintain and operate, in whole or in part, a defense item.

Country team

Senior members of U.S. Government agencies assigned to a U.S. diplomatic mission overseas, and subject to the direction and supervision of the Chief, U.S. Mission (Ambassador).

Credit case

The use of U.S. Government appropriated funds from the FMF Program account to finance a foreign country's FMS purchases of U.S. defense articles or services. Credit funds may be in the form of repayable loans or non-repayable grants.

Critical program information

Elements or components of an Research, Development, and Acquisition program that, if compromised, could cause significant degradation in mission effectiveness; shorten the expected combat-effective life of the system; reduce technological advantage; significantly alter program direction; or enable an adversary to defeat, counter, copy, or reverse engineer the technology or capability.

Cross-servicing

That function performed by one military service in support of another military service for which reimbursement is required from the service receiving support.

Current fiscal year

The fiscal year in progress but not yet completed; for example between and including 1 October and 30 September.

Current-year dollars

Dollar values of a given year that include the effects of inflation or escalation for that year, or which reflect the price levels expected to prevail during the year at issue. Also referred to as escalated dollars or then-year dollars.

Defense article—commercial sales

Any item designated on the U.S. Munitions List (USML), section 121.1 of the International Traffic in Arms Regulation (ITAR), or technical data recorded or stored in any physical form, models, mockups or other items that reveal technical data directly relating to items designated on the USML. It does not include basic marketing information on function or purpose or general system descriptions.

Defense article—military sales

As defined, FAA, section 644 (22 U.S.C. 2403) and AECA, section 47(3) (22 U.S.C. 2794), includes any weapon, weapons system, munitions, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance or making military sales; any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any articles listed above, but shall not include merchant vessels, or as defined by the Atomic Energy Act of 1954, as amended (42 USC 2011), source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data.

Defense Contract Management Agency

An agency under the direction of the Under Secretary of Defense for Acquisition, Technology and Logistics [USD (AT&L)], which provides unified contract administration services to DOD components and NASA, for all contracts except those specifically exempted.

Defense Institute of Security Assistance Management

The centralized DOD school for the consolidated professional education of personnel involved in security assistance management. DISAM is located at Wright-Patterson Air Force Base, Ohio, and provides an array of resident and nonresident instruction for both USG and foreign government military and civilian personnel, as well as, for defense contractor and industry personnel.

Defense Security Cooperation Agency

The agency that performs administrative management, program planning, and operations functions for U.S. military assistance programs at the DOD level under the policy direction of the Under Secretary of Defense (Policy) (USD(P)).

Defense service—commercial sales

The furnishing of assistance (including training) to foreign persons, whether in the United States or abroad in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles; the furnishing to foreign persons of any technical data controlled under the International Traffic in Arms Regulation (ITAR) whether in the United States or abroad; or military training of foreign units and forces, regular and irregular, including formal or informal instruction of foreign persons in the United States or abroad or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice.

Defense service—military sales

As defined FAA, section 644 (22 U.S.C. 2403) and AECA, section 47(3) (22 U.S.C. 2794), defense service includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purpose of furnishing military assistance or FMS, but does not include military education and training activities or design and construction services under section 29, AECA.

Defense stock

The term defense stock includes defense articles on hand which are available for prompt delivery. It also includes defense articles under contract and on order that would be available for delivery within a reasonable time from the date of order by an eligible foreign government or international organization without increasing outstanding contracts or entering into new contracts. Any orders received from an eligible foreign government or international organization which cannot be filled in this manner fall within the provisions of section 22, AECA, which requires such orders to be filled under new procurement contracts.

Defense Transportation System

The collection of transportation activities and carriers belonging to or under contract to the DOD. The DTS includes commercial and organic aircraft and ships, and commercial small package services under contract to the DOD, as well as the operation of U.S. military air and ocean terminals in and outside of the United States.

Defined order case

These are FMS cases characterized by orders for specific defense articles and services that are separately identified line items on the LOA.

Definitization

The process of tailoring a standard DOD system to the international partner's operational requirements, by making adjustments to the item configuration, the type and quantity of spare parts, and the logistics support package. Definitization is an extension of the DOD's provisioning process.

Delivery

Includes constructive or actual delivery of defense articles; also, includes the performance of defense services for the customer or requisitioner, as well as, accessorial services when they are normally recorded in the billing and collection cycle immediately following performance.

Delivery forecasts

Periodic estimates of contract production deliveries used as a measure of the effectiveness of production and supply availability scheduling and as a guide to corrective actions to resolve procurement or production bottlenecks. These forecasts provide estimates of deliveries under obligation against procurement from appropriated or other funds.

Delivery term code

A single character code that represents how far the USG is responsible for arranging transportation of defense articles going to an international customer.

Dependable undertaking [foreign military sales]

An excepted term and condition within the FMS case (or LOA). A firm commitment by a foreign government or international organization to pay the full amount of a contract for new production or for the performance of defense services which will assure the U.S. against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such a contract, provided that in the judgment of the DOD there is sufficient likelihood that the foreign government or international organization will have the economic resources to fulfill the commitment.

Depot level maintenance

Maintenance performed on material requiring a major overhaul or a complete rebuilding of parts, assemblies, subassemblies, and end items, including the manufacture of parts, modification, testing, and reclamation as required. Provides more extensive shop facilities and equipment and personnel of higher technical skill than are normally available at the lower levels of maintenance, that is, organizational and intermediate level maintenance.

Deputy Assistant Secretary of the Army for Defense Exports and Cooperation

The Army's lead for security assistance, international AC, and export policy. The DASA (DE&C) also serves as the Army's representative to a number of bilateral and multilateral international fora. It's mission includes managing, leading and directing policy, resources, and strategy for the conduct of the Army's global security cooperation programs with direct tasking authority over the Army's designated Executive Agents for the execution of their delegated security cooperation responsibilities.

Direct cite

Citation of the FMS Trust Fund [Account 97-11X8242] as the financing source on documents leaving the DOD system, as well as contracts with commercial firms, the General Services Administration, the Department of Transportation, and so forth. The term "direct cite" is not valid if any DOD organization establishes a reimbursable order to a DOD appropriation account, stock fund, or industrial fund.

Direct commercial sale

A sale of defense articles or defense services made under a Department of State issued license by U.S. industry directly to a foreign buyer, and which is not administered by DOD through FMS procedures.

Department of Defense components

OSD; the military departments; the Joint Chiefs of Staff; the combatant commands; the Office of the Inspector General, Department of Defense; the Defense agencies; and DOD field activities.

Electronic collaboration

E-Collab is a web based Security Enterprise system.

End item

A final combination of end products, component parts, and/or materials that is ready for its intended use, for example, aircraft, ship, tank, mobile machine shop.

English comprehension level examination

A test of the overall proficiency of foreign military students in English language listening and reading. A minimum entry level score for each DOD course of instruction is set by the Army on the basis of course level difficulty and hazard factors.

Estimated actual charges

A systematic and documented estimate of actual costs. The procedure is used in the absence of an established cost accounting system.

EX-number

A classification of explosive hazard assigned by the U.S. Department of Transportation to commercial and military explosives, which determines how the explosive material may be stored and transported to comply with international safety regulations

Excess defense articles

Defense articles owned by the United States government which are neither procured in anticipation of military assistance or sales requirements, nor procured pursuant to a military assistance or sales order. EDA are items (except construction equipment) that are in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations.

Executive agreement

An international agreement, reached by the President with foreign heads of state, which does not require Senatorial approval. Such agreements are concluded under the President's constitutional powers as Commander-in-Chief and his general authority in foreign relations, or under powers delegated to him by Congress. Executive agreements may be nullified by Congressional action and are not binding on future presidents without their consent.

Expenditure authority (as used in foreign military sales)

A document or authority from DFAS-IN to an FMS case implementing DOD component that allows expenditures against obligations previously recorded against an FMS case. The disbursing activity must ensure that cash is available prior to processing the disbursement.

Expenditures

The actual spending of money as distinguished from the appropriation of funds. Expenditures are made by the Executive Branch; appropriations are made only by Congress. The two rarely are identical in any fiscal year. In addition to some current budget authority, expenditures may represent prior budget authority made available 1, 2, or more years earlier.

Extended training service specialist

ETSS are DOD military and civilian personnel technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. ETSS are attached to an overseas SCO rather than assigned, and they are carried on the Joint Table of Distribution, but are not provided as an augmentation to the SCO staff. ETSS may be provided for overseas assignments for periods of up to but not exceeding 1 year, unless specifically approved by DSCA.

Federal Acquisition Regulation

The FAR is the primary regulation for use by federal executive agencies for the acquisition of supplies and services with appropriated funds. The document, published in 1984, consolidated the major procurement regulations of various departments and agencies. The intent of the FAR is to standardize the content, decrease the volume of documents, and to achieve consistency throughout government. The principal agencies involved in putting together the FAR were DOD, the General Services Administration, and the National Aeronautics and Space Administration (the three largest buyers). The FAR is broader than just contracting and applies to all goods and services. It directs the defense program manager in many ways, including contract award procedures, acquisition planning, warranties, and establishing guidelines for competition. Besides the FAR, each agency has its supplement to describe its own particular way of doing business. The DOD supplement is called Defense FAR Supplement.

Federal logistics data

Federal Logistics Data on compact disc—read only memory. Provides important logistics catalog data on items used by the USG.

Financial Management Regulation

[DOD 7000.14-R, Volume 15, Security Assistance Policy and Procedures]. A manual published by the Defense Finance and Accounting Service under the authority of DODI 7000.14. It establishes basic financial procedures for security assistance activities involving management, fiscal matters, accounting, pricing, budgeting for reimbursements to DOD appropriations accounts and revolving funds, auditing, international balance of payments, and matters affecting the DOD budget.

Fiscal year

Accounting period beginning 1 October and ending 30 September of the following year. The fiscal year is designated by the calendar year in which it ends. Fiscal Year 2015 begins on 1 October 2014 and ends 30 September 2015.

Force activity designator

An assignment of a Roman numeral designator between I and V to international partner countries, and to U.S. defense organizations, which determines the supply priorities that the requisitioner can use to order materiel from the DOD supply system.

Foreign Assistance Act of 1961

The law providing the authority and the general rules for the conduct of USG foreign assistance grant activities/programs.

Foreign disclosure officer

Officer responsible for activities that will result in contacts with, or the disclosure of sensitive information potentially including classified military information (CMI) to foreign governments and international organizations, their representatives, and other foreign persons and entities.

Foreign military sales

That portion of U.S. security assistance authorized by the AECA, and conducted on the basis of formal contracts or

agreements between the United States Government and an authorized recipient government or international organization. FMS includes government-to-government sales of defense articles or defense services, from DOD stocks or through new procurements under DOD-managed contracts, regardless of the source of financing.

Foreign military sales case

A U.S. Letter of Offer and Acceptance (LOA), and any subsequent Amendments or Modifications, that has been accepted by a foreign country.

Foreign Military Sales Forecast Report

A companion document to the Javits Report, this report provides a 2-year projection by fiscal year (vice 1 calendar year for Javits) but only addresses potential FMS sales.

Foreign military sales order

A term used to describe LOAs that implement CLSSA two LOAs are written: a FMSO I and a FMSO II.

Foreign military sales order I

Provides for the pipeline capitalization of a cooperative logistics support arrangement, which consists of stocks on hand and replenishment of stocks on order in which the participating country buys equity in the U.S. supply system for the support of a specific weapons system. Even though stocks are not moved to a foreign country, delivery (equity) does in effect take place when the country pays for the case.

Foreign military sales order II

Provides for the replenishment of withdrawals of consumption-type items (repair parts, primarily) from the DOD supply system to include charges for accessorial costs and a systems service charge.

Freight forwarder

A commercial import/export company registered with the Directorate of Defense Trade Controls and under contract to the FMS customer which arranges transportation of materiel from a point specified in the LOA to the final destination.

Generic code

A three-digit code identified in the Military Articles and Services List (MASL) and in Appendix 4 of the SAMM, which represents the type of materiel or services to be furnished according to a specific budget activity/project account classification.

General Fund Enterprise Business System

The Army's web-enabled financial, asset and accounting management system that standardizes, streamlines and shares critical data across the Active Army, the Army National Guard and the Army Reserve. General Fund Enterprise Business System uses systems applications and products in data processing software, a Commercial Off-the-Shelf Enterprise Resource Planning solution.

Government Accountability Office

An agency of the legislative branch, responsible solely to the Congress, which functions to audit all negotiated government contracts and investigate all matters relating to the receipt, disbursement, and application of public funds. The Government Accounting Office determines whether public funds are expended in accordance with appropriations, and recommends to Congress various policies and procedures to be enacted into law to provide oversight and governance of government spending. Formerly, the General Accounting Office.

Government furnished equipment

Items in the possession of, or acquired by the USG, and delivered to or otherwise made available to a contractor. GCC Geographical Combatant Commander (CINC, pre-2001)

Government furnished material

U.S. Government property which may be incorporated into, or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, small tools, and supplies.

Grant

A form of assistance involving a gift of funds, equipment, and/or services which is furnished by the U.S. Government to selected recipient nations on a free, nonrepayable basis.

Holding account

An account established for each FMS country/international organization for the purpose of recording and safeguarding unidentified and certain earmarked funds for future use

Implementation date [foreign military sales]

The date when supply action on an FMS case is initiated or directed by an implementing agency.

Implementing agency

The military department or defense agency responsible for the execution of military assistance programs. With respect to FMS, the military department or defense agency assigned responsibility by the Defense Security Cooperation Agency to prepare an LOA and to implement an FMS case. The implementing agency is responsible for the overall management of the actions that will result in delivery of the materials or services set forth in the LOA that was accepted by a foreign country or international organization.

Indirect cost

Costs which are incurred for common or joint objectives, and which are not as readily subject to treatment as direct costs.

Initial provisioning

The process of determining the range and quantity of items (that is, spares and repair parts, special tools, test equipment, and support equipment) required to support and maintain an item for an initial period of service. Its phases include the identification of items of supply, the establishment of data for catalog, technical manual, and allowance list preparation, and the preparation of instructions to assure delivery of necessary support items with related end articles.

Initial spares

Spare parts procured for the logistics support of a system during its initial period of operation.

International cooperative administrative support services

The purpose of ICASS is to provide, on a reimbursable basis, needed administrative services to USG offices located overseas. The administrative support services are provided by ICASS personnel of the DOS stationed at overseas U.S. embassies, consulates, and so forth. Normally, such personnel perform a variety of services including: personnel, budget and fiscal, general services, communications, security and guard, and management services. The specific services required are the basis of an agreement between DOS and the requesting agency. Charges are based on the amount of services received, with each agency, including DOS, paying its share. The ICAAS system provides an equitable method of sharing the costs of providing "common type" administrative support to the SCO and other agencies at the post.

International logistics

The planning, negotiating, and implementation of supporting logistics arrangements between nations, their forces and agencies. It includes furnishing logistics support (major end items, materiel, and/or services) to, or receiving logistics support from, one or more friendly foreign governments, international organizations, or military forces, with or without reimbursement. It also includes planning and actions related to the intermeshing of a significant element, activity, or component of the military logistics systems or procedures of the United States with those of one or more foreign governments, international organizations, or military forces on a temporary or permanent basis. International logistics involves planning and actions related to the utilization of United States logistics, policies, systems, and/or procedures to meet requirements of one or more foreign governments, international organizations, or forces.

International Military Education And Training Program

That component of the U.S. security assistance program which provides training to selected foreign military and defense associated civilian personnel on a grant basis. Training is provided at U.S. military facilities and with U.S. Armed Forces in the United States and overseas, and through the use of Mobile Training Teams. Training also may be provided by contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses. The IMET Program is authorized by the FAA.

International Traffic in Arms Regulation

A regulation prepared by the Directorate of Defense Trade Control, Bureau of Political-Military Affairs, Department of State, providing licensing and regulatory provisions for the import and export of defense articles, technical data, and services. The ITAR also includes the U.S. Munitions List and is published in the Federal Register as 22 CFR 120–130.

Interoperability

The ability of systems, units, or forces to provide services to and accept services from other systems, units or forces, and to use the services so exchanged to enable them to operate effectively together. Also, the condition achieved

among communications-electronic systems or items of communications-electronics equipment when information or services can be exchanged directly and satisfactorily between them and/or their users.

Invitational travel order

A written authorization (DD Form 2285 (Invitational Travel order (ITO) for International Military Students (IMS)) for international military students to travel to, from, and between U.S. activities for the purpose of training under an approved and funded IMET or FMS program.

Item identification number

A seven-character identifier assigned to each line of training in the MASL. The first character is a letter that identifies the MILDEP offering the training ("B" for Army). The following six characters are numbers that identify the specific item of training. The identification number is used in all FMS and IMET training programs and implementation documents.

Item manager

An individual within the organization of an inventory control point or other such organization assigned management responsibility for one or more specific items of materiel.

Javits Report

The President's estimate to the Congress of potential or proposed arms transfers during a given calendar year. It is required by AECA, section 25(a)(1) (22 USC 2765(a)(1)).

Joint Munitions and Lethality Command

JM&L provides the conventional ammunition life-cycle functions of logistics sustainment, readiness and acquisition support for all U.S. military services, other government agencies, and allied nations. As a Life Cycle Management Command, JM&L is dedicated to providing all types of conventional ammunition from bunker-buster bombs to rifle rounds.

Lease (security assistance)

An agreement for the temporary transfer of the right of possession and use of a non-excess defense article or articles to a foreign government or international organization, with the lessee agreeing to reimburse the USG in U.S. dollars for all costs incurred in leasing such articles, and to maintain, protect, repair, or restore the article(s), subject to and under the authority of section 61, AECA (22 USC 2796).

Letter of offer and acceptance

U.S. DOD letter by which the U.S. Government offers to sell to a foreign government or international organization U.S. defense articles and defense services pursuant to the Arms Export Control Act. The LOA lists the items and/or services, estimated costs, and the terms and conditions of sale. It also provides for the signature of an appropriate foreign government official to indicate acceptance.

Letter of offer and acceptance data

LOAD is developed to provide the purchaser the best available estimate of costs and delivery schedules, milestones requirements and payment schedule estimates.

Letter of request

The term used to identify a request from an eligible FMS participant country for the purchase of U.S. defense articles and services. The request may be in message or letter format.

Life Cycle Management Command

The LCMC initiative is designed to help achieve the Army's overarching goal of transforming into a more lethal and agile force that requires a significantly smaller logistics footprint to sustain itself. Focus initiatives to integrate sustainment concerns with the development and acquisition of materiel.

Line item number

A three-digit alpha/numeric code that identifies a detail line item on the LOA. This code is perpetuated on the customer's bill.

Living allowance

An authorized allowance paid to an international military student while in training under the IMET program.

Long-lead items/long-lead time materials

Those components of a system or piece of equipment for which the times to design and fabricate are the longest, and therefore, to which an early commitment of funds may be desirable in order to meet the earliest possible date of system completion.

Major defense equipment

Any item of Significant Military Equipment (SME) on the U.S. Munitions List having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million. Also defined in section 47 (6), AECA.

Major Non-North Atlantic Treaty Organization allies

Designated as Argentina, Australia, Bahrain, Egypt, Israel, Japan, Jordan, Kuwait, Morocco, New Zealand, Pakistan, Philippines, Republic of Korea, Taiwan, and Thailand [section 517, FAA].

Man hour/month/year

The effort equal to that of one person during 1 hour/month/year.

Memorandum of agreement or memorandum of understanding

A written agreement between governments or a government and international organization signed by authorized representatives and signifying an intent to be legally bound.

Military approval

Approval of a military department for a LOA. Takes place when an LOA Draft Package is returned to IPO for IA Approval. MILAP is shown in detail at <http://www.dsca.osd.mil/samm/ESAMM/C05/C5.F6.htm>.

Military articles and services list

A catalogue of materiel, services, and training used in the planning and programming of International Military Education and Training (IMET), and Foreign Military Sales (FMS). Separate MASLs are maintained for IMET and FMS training that provides data on course identification, course availability, price, and duration of training.

Military standard

A document that establishes uniform engineering and technical requirements for military-unique or substantially modified commercial processes, procedures, practices, and methods. There are five types of defense standards: interface standards, design criteria standards, manufacturing process standards, standard practices, and test method standards. MIL-STD-962 covers the content and format for defense standards.

Military Assistance Program Address Directory

The MAPAD provides clear text addresses of country representatives, freight forwarders, and customers-within-country required for releasing FMS and MAP shipments processed in accordance with MILSTRIP, and addresses required for the forwarding of related documentation.

Military department

One of the departments within the Department of Defense as created by the National Security Act of 1947, as amended. The Military Departments are: the Department of the Air Force, the Department of the Army, and the Department of the Navy.

Military standard requisitioning and issue procedures

A uniform procedure established by DOD to govern the requisition and issue of materiel within standardized priorities.

Mobile education team

A team of U.S. DOD personnel on temporary duty in a foreign country for the purpose of educating foreign personnel in resource management. Such teams are normally funded from Expanded IMET Program funds.

Mobile training team

A team of U.S. DOD personnel on temporary duty in a foreign country for the purpose of training foreign personnel in the operation, maintenance, or other support of weapon systems and support equipment, as well as training for general military operations. MTTs may be funded from either FMS or IMET Programs.

Modification

Modification of a case constitutes an administrative or price change to an existing LOA without revising the scope of the case.

National Geospatial-Intelligence Agency

NGA provides collection, analysis, and distribution of geospatial intelligence in support of national security

National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations (U)

NDP-1 Promulgates national policy and procedures in the form of specific disclosure criteria and limitations, definitions of terms, release arrangements, and other guidance required by U.S. departments and agencies having occasion to release classified U.S. military information to foreign governments and international organizations. In addition, it establishes and provides for the management of an interagency mechanism, and includes procedures that are required for the effective implementation of that policy.

National security agency

NSA is responsible for the collection and analysis of foreign communications and foreign signals intelligence. They also protect USG communications and information systems.

National stock number

A thirteen-digit stock number consisting of a four-digit federal supply classification and a nine-digit national item identification number.

Net case value

Total amount of the cost reflected on line 8 of the LOA.

Nonrecurring costs

Those costs funded by an RDT&E appropriation to develop or improve a product or technology either through contract or in-house effort. Also, those one-time costs incurred in support of previous production of a specified model and those costs incurred in support of a total projected production run.

Nonrepayable credits/loans

Grant funds appropriated by Congress for use in the Foreign Military Financing Program under Title III of the annual Foreign Operations Appropriations Act. Formerly termed "forgiven credits/loans," these grant funds are allocated to selected countries for their use in financing FMS acquisitions of defense articles, defense services, and training under the authority of section 23, AECA. Additionally, certain countries may be authorized these grant funds to finance direct commercial sales.

Nonstandard article

A nonstandard article is one that the DOD does not manage, either because an applicable end item has been retired or because it was never purchased for DOD components.

Nonstandard service

For FMS purposes, a nonstandard service is a service that the DOD does not routinely provide for itself or for purchase.

Notice of availability

A written notification that material requiring special handling is ready to be shipped. The NOA is sent by the shipper to the purchaser or freight forwarder for oversized, hazardous, explosive, classified or perishable material, and requires a response from the recipient with delivery instructions.

Obligation

A duty to make a future payment of money. The duty is incurred as soon as an order is placed, or a contract is awarded for the delivery of goods and the performance of services. It is not necessary that goods actually be delivered, or services actually performed, before the obligation is created; neither is it necessary that a bill, or invoice be received first. The placement of an order is sufficient. An obligation legally encumbers a specified sum of money which will require an outlay or expenditure in the future.

Obligational authority (as used in foreign military sales)

A document or authority passed from DFAS-IN to an implementing DOD component which allows obligations to be incurred against a given FMS case in an amount not to exceed the value specified in the obligational authority.

Offer date

The date which appears on the offer portion of an LOA and which indicates the date on which an FMS offer is made to a foreign buyer.

Office of the Program Manager, Saudi Arabian National Guard Modernization Program

A Security Assistance Organization of the United States Army with the primary mission of managing the modernization effort of the Saudi Arabian National Guard. The United States provides technical and contract supervisory support to Saudi Arabian National Guard through functions such as organization, training, equipment, procurement, construction, maintenance, supply, administration, and medical programs.

Office of the Secretary of Defense

The principal staff element of the Secretary of Defense in the exercise of policy development, planning, resource management, fiscal, and program evaluation responsibilities

Offset Agreement

An agreement, arrangement, or understanding between a U.S. supplier of defense articles or services and a foreign country under which the supplier agrees to purchase or acquire, to promote the purchase or acquisition by other U.S. persons, of goods or services produced, manufactured, grown, or extracted, in whole or in part, in that foreign country in consideration for the purchase by the country of defense articles or services from the supplier [Sec. 39A(d)(1), AECA].

Operation and maintenance costs

Costs associated with equipment, supplies, and services required to train, operate, and maintain forces in a recipient country, including the cost of spare parts other than concurrent spares and initial stockages, ammunition and missiles used in training or replacements for such items expended in training or operations, rebuild and overhaul costs (excluding modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overall program management and administration.

Oral proficiency interview

English language test that rates English language speaking ability for international military students. Certain courses require an OPI test be taken and a specific OPI score to be met before an IMS can attend the course.

Outside continental United States

All geographic areas not within the territorial boundaries of the continental United States. OCONUS includes Hawaii and Alaska.

Packing, crating, handling, and transportation

The resources, processes, procedures, design considerations, and methods to ensure that all system, equipment, and support items are preserved, packaged, handled, and transported properly, including: environmental considerations, equipment preservation requirements for short-and-long-term storage, and transportability. One of the principal elements of integrated logistics support.

Payment on delivery [foreign military sales]

An FMS term of sale in which the U.S. Government issues a bill to the FMS purchaser at the time of delivery of defense articles or the rendering of defense services from DOD resources. This term may only be used pursuant to a written statutory determination by the Director, DSCA, who may find it in the national interest to authorize such payment. Based on presidential action, this term may also be modified to read "Payment 120 Days After Delivery."

Pen and ink

Pen and ink changes to an LOA. All pen and ink changes adjusting the Administrative Surcharge rate must be coordinated by DSCA.

Program executive office for simulation, training, and instrumentation

Acquisition and Contracting Center of Excellence for Training, Testing, and Simulation Solutions. Acquire and sustain training, testing, and simulation solutions in support of the Army.

Program management review

A management level review held by a Systems Program Office or Systems Program Manager for the purpose of determining the status of an assigned system. PMRs are designed as tools to identify problems, if any, and to develop appropriate follow-up actions as required.

Progress payments

Those payments made to contractors or DOD industrial fund activities as work progresses under a contract; payments are made on the basis of cost incurred or percentage of work completed, or of a particular stage of completion accomplished prior to actual delivery and acceptance of contract items.

Quality assurance

A planned and systematic pattern of all actions necessary to provide confidence that adequate technical requirements are established, that products and services conform to established technical requirements, and that satisfactory performance is achieved.

Reorder point

The point at which time a stock replenishment requisition is submitted to maintain the predetermined stockage objective.

Repair and replace (foreign military sales)

Programs by which eligible CLSSA customers return reparable carcasses to the United States and receive a serviceable item without awaiting the normal repair cycle time frame. The concept is that the replacement involves an exchange of CLSSA customer-owned stocks in the customer's hands and the CLSSA customer-owned stocks in the U.S. Government inventory in the United States. Countries are initially charged the estimated repair cost, with adjustment to the actual repair cost upon completion of repair of the carcass.

Repair and return

Programs by which eligible foreign countries return unserviceable reparable items for entry into the U.S. military department repair cycle. Upon completion of repairs, the same item is returned to the country and the actual cost of the repair is billed to the country.

Reparable item

An item that can be reconditioned or economically repaired for reuse when it becomes unserviceable.

Request for proposal

A solicitation used in negotiated acquisitions to communicate government requirements to prospective contractors and to solicit a proposal.

Security assistance

A group of programs authorized by the Foreign Assistance Act (FAA) of 1961, as amended, and the Arms Export Control Act (AECA) of 1976, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense related services, by grant, loan, cash sale, or lease, in furtherance of national policies and objectives.

Security Assistance Management Directorate

The SAMD is responsible for providing engineering, logistics, and test and evaluation support for U.S. Foreign Military Sales (FMS). SAMDs work together with elements of the ASAE to develop, acquire, integrate, field and sustain defense systems.

Security Assistance Training Management Organization

The United States Army Security Assistance Training Management Organization is a U.S. Army Security Assistance Command element specifically organized to deploy Army Security Assistance Training Teams OCONUS to support overseas SCO (Security Cooperation training objectives).

Security assistance management review

A management review led by a security assistance organization, for the purpose of determining the status of one or more specific programs. Such reviews may include the entire range of a purchaser's security assistance program.

Security cooperation

Activities undertaken by the DOD to encourage and enable international partners to work with the United States to

achieve strategic objectives. It includes all DOD interactions with foreign defense and security establishments, including all DOD-administered security assistance programs, that: build defense and security relationships that promote specific U.S. security interests, including all international AC activities and security assistance activities; develop allied and friendly military capabilities for self-defense and multinational operations; and provide U.S. forces with peacetime and contingency access to host nations.

Security cooperation information portal

A DOD managed web-based system that provides access to FMS and security cooperation case-related data extracts as well as numerous other capabilities.

Security cooperation organization

Those DOD organizations permanently located in a foreign country and assigned responsibilities for carrying out of security cooperation management functions under section 515 of the Foreign Assistance Act and under Joint Publication 1-02, regardless of the actual name given to such DOD Component. SCOs include military assistance advisory groups, military missions and groups, offices of defense and military cooperation, liaison groups, and Defense Attaché personnel designated to perform security cooperation functions. The term "SCO" does not include units, formations, or other ad hoc organizations that conduct security cooperation activities such as mobile training teams, mobile education teams, or operational units conducting security cooperation activities.

Sensitive materiel

Volatile and dangerous explosives which require special handling and transportation arrangements. The term sensitive also applies to highly desirable selected technologies which are not explosive, but which require special security procedures for transportation.

Shipper

The commercial or military manufacturer, vendor, supply depot, or repair facility that ships material in support of security cooperation programs on behalf of the DOD.

Significant military equipment

Defense articles for which special export controls are warranted because of the capacity of such articles for substantial military utility or capability. These items are identified on the U.S. Munitions List in the International Traffic in Arms Regulations (ITAR) by an asterisk preceding the item category listing.

Site survey

A team of U.S. personnel who assess the FMS customer's logistics capabilities and shortfalls to determine the optimum type and quantity of logistics support to be included in the Total Package Approach.

Sole source acquisition

A contract for the purchase of supplies or services that is entered into by an agency after soliciting and negotiating with only one source.

Solicitation

The formal document used in negotiating acquisitions to communicate government requirements to prospective contractors and to solicit proposals.

Spares/spare parts

An individual part, subassembly, or assembly supplied for the maintenance or repair of systems or equipment.

Special assignment airlift mission

A dedicated U.S. military aircraft, chartered to deliver sensitive, classified or explosive defense articles to a specific customer location when no commercial delivery capability exists.

Special defense acquisition fund

Authorized in 1981 under section 51 of the Arms Export Control Act (AECA) (22 U.S.C. 2795), the SDAF is a revolving fund that finances the acquisition of defense articles and services in anticipation of their future sale to foreign governments and international organizations.

Staging cost

The cost incurred by DOD to consolidate materiel before shipment to an FMS customer. Includes costs incident to

storage and control of inventory, consolidation of incoming articles into a single shipment, and a break in CONUS transportation.

Standard level of service

Case-related activities covered by the FMS Administrative Surcharge.

Standardized training list

List of all the Security Cooperation training courses that a country has requested from DOD and the status of the courses.

Supply discrepancy report

A process for international customers to file a complaint with the DOD for product loss, quality deficiencies, damage, and various other problems associated with the delivery of material under the FMS program.

Sustainability

The ability to maintain the necessary level and duration of combat activity to achieve national objectives. Sustainability is a function of providing and maintaining those levels of force, materiel, and consumables necessary to support a military effort.

Technical assistance team

A team of U.S. DOD personnel deployed to a foreign country on TDY status to place into operation, operate, maintain, and repair equipment provided under the FMS or MAP programs.

Technical data

Recorded information of a specific or technical nature, regardless of form or characteristic. Technical data may include but not limited to: research and engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, computer software documentation.

Technical manual

A publication containing instructions designed to meet the needs of personnel responsible for (or be trained in) the operation, maintenance, service, overhaul, installation, and inspection of specific items of equipment and materiel.

Third country/party transfers

The retransfer of U.S. defense articles, services, and training to a country (a third country) from a country that originally acquired such items from the United States. As a condition of the original sale or transfer, the recipient government must obtain the consent of the Department of State for any proposed third country/party transfers involve items valued at \$50 million or more, or \$14 million or more of MDE. The transfer must be reported to Congress and are subject to a joint resolution of disapproval. Finally, as a condition of such transfers, the country acquiring the items must agree to obtain the consent of the DOS in the event of a future sale to yet another country.

Total package approach

A means of ensuring that FMS customers are aware of and are given the opportunity to plan for and obtain needed support items, training, and services from the U.S. Government contractors, or from within the foreign country's resources which are required to introduce and operationally sustain major items of equipment or systems.

Transportation Discrepancy Report

A TDR documents discrepancies which occur in-transit, lost shipments and establishes an official record for future claims against a carrier for loss or damage.

Transportation plan

A document that details the transportation and security arrangements for moving classified or sensitive material, and identifies individuals responsible for providing security at various points during transportation.

Travel and living allowance

Those costs associated with transportation, excess baggage, and living allowances (per diem) for International Military Students (IMS) under Security Cooperation Programs.

Trust fund

A fund credited with receipts which are earmarked by law and held in trust, or in a fiduciary capacity, by the government for use in carrying out specific purposes and programs in accordance with an agreement.

Type of assistance code

A code used to reflect the type of assistance and/or the planned source of supply for items/services identified on the LOA.

U.S. Army Communications-Electronics Command

CECOM provides C4ISR capabilities. A subordinate of the AMC, this command provides life-cycle support of the communications-electronics systems and equipment. CECOM conducts training missions; provides field support for equipment and systems modifications and upgrades; and provides logistical support.

U.S. Army Material Command

The primary provider of materiel to the United States Army. The Command's mission includes the research & development of weapons systems as well as maintenance and parts distribution. AMC develops and delivers global readiness solutions to sustain Unified Land Operations, anytime, anywhere.

U.S. Army Medical Material Agency

USAMMA's mission is to provide medical materiel life-cycle management and logistics solutions to the Army medical units across the full spectrum of health care missions worldwide.

U.S. Army Security Assistance Command

Implements Army security assistance programs, including Foreign Military Sales (FMS) of defense articles and services to eligible foreign governments. USASAC is responsible for life cycle management of FMS cases, from pre-letter of request, development, execution and closure.

U.S. Army Tank-Automotive and Armaments Command

The TACOM, is dedicated to providing soldiers with lethality, mobility, and survivability for soldiers, other U.S. Armed Services, and our allies. As a Life Cycle Management Command, TACOM develops, acquires, fields, and sustains soldier and ground systems through the integration of effective and timely acquisition, logistics, and cutting-edge technology.

U.S. Army Training and Doctrine Command

TRADOC's mission is to oversee the training of Army forces, the development of operational doctrine, and the development and procurement of new weapons systems.

U.S. Munitions List

The U.S. Munitions List is an enumeration of defense articles and defense services and is published in the Department of State's International Traffic in Arms Regulations (ITAR).

United States Government

Includes non-DOD agencies and activities.

Worldwide Warehouse Redistribution Service

A tri-service program that redistributes excess spare parts and support equipment acquired by foreign military sales customers.

Section III**Special Abbreviations and Terms**

This contains no entries.

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