



DEFENSE SECURITY COOPERATION AGENCY

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JUL 25 2011

MEMORANDUM FOR THE DEPUTY UNDER SECRETARY OF THE AIR FORCE  
FOR INTERNATIONAL AFFAIRS  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
FOR DEFENSE EXPORTS AND COOPERATION  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
FOR INTERNATIONAL PROGRAMS  
DIRECTOR, DEFENSE CONTRACT MANAGEMENT  
AGENCY  
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE  
FINANCE AND ACCOUNTING SERVICE -  
INDIANAPOLIS OPERATIONS  
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY  
DIRECTOR, DEFENSE LOGISTICS AGENCY  
DIRECTOR, DEFENSE LOGISTICS INFORMATION  
SERVICE  
DIRECTOR, DEFENSE REUTILIZATION AND  
MARKETING SERVICE  
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY  
DIRECTOR, NATIONAL GEOSPATIAL INTELLIGENCE  
AGENCY  
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,  
NATIONAL SECURITY AGENCY  
DIRECTOR, MISSILE DEFENSE AGENCY

SUBJECT: Closure of Foreign Military Sales (FMS) Cases with Reduced or Zero FMS  
Administrative Surcharge Collections (DSCA Policy Memo 11-41)

This memorandum clarifies requirements for requesting permission to close Foreign Military Sales (FMS) and FMS-like cases with reduced FMS Administrative Surcharge collections (e.g., less than would be calculated against the revised value of the case or with zero (\$0) FMS Administrative Surcharge collections). Specifically, it clarifies the amount of FMS Administrative Surcharge to assess/collect in certain circumstances. Please refer to the following references for existing guidance:

- a) DSCA Security Assistance Management Manual (SAMM) (DoD 5105.38-M)
  - C6.8.4.2. Case Closures at Reduced or \$0 Value
  - C6.9.1. Purchaser-Requested Case Cancelations
  - C6.9.2. USG-Requested Case Cancelations



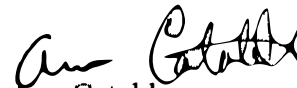
b) DSCA Reconciliation and Closure Manual (RCM) (DoD 5105.65-M)

➤ C3.11. Zero Dollar Value Closure Requests

When requesting that a case be closed with a reduced or zero FMS Administrative Surcharge value, or requesting that a case be canceled (purchaser or USG request), the Implementing Agency should submit a request to DSCA/DBO-FPIO for review/approval of the surcharge collection amount. The information to be provided is at ATCH 1.

Please note that the minimum, non-refundable amount of FMS Administrative Surcharge to be applied will generally be as follows: a) The value when combining the Small Case Management Line (SCML) plus the FMS Administrative Surcharge value, **OR** b) One-half of the FMS Administrative Surcharge estimated on the case, **OR** c) The standard FMS Administrative Surcharge percentage of the expended value, whichever is greater. Also note that if an SCML was not included on the basic case and the case was accepted on or after August 1, 2006, an SCML must be added if the case value is reduced such that an SCML is needed to reach \$15,000 in surcharge collections. If an Implementing Agency requests that a case be closed at zero dollar value and determines that the appropriate FMS Administrative Surcharge to be applied is the amount already collected (generally, the front-loaded amount of fifty percent), there is no DSCA/DBO-FPIO approval required. The case may be sent directly to DFAS for closure. In all other instances, the requests should be provided to DSCA/DBO-FPIO for action. Upon decision, DSCA/DBO-FPIO will enter a case remark in DSAMS and provided a response to the Implementing Agency with a copy to DFAS.

Should you require further information, please contact, Michele Kennedy, DSCA/DBO-FPIO, michele.kennedy@dscamail.mil, 703-604-6578.

  
Ann Cataldo  
Principal Director  
Business Operations

Atch  
As stated

cc:

STATE/PM-RSAT

DISAM

USASAC

SATFA

TRADOC

USACE

NAVICP

NETSAFA

AFSAC

AFSAT

AFCEE

JFCOM

SOCOM

EUCOM

CENTCOM

NORTHCOM

PACOM

AFRICOM

SOUTHCOM

TRANSCOM

MEMORANDUM FOR DSCA/DBO-FPIO

FROM:

SUBJECT: FMS Case [*Closure at Zero Value, Closure at Reduced Value, Cancellation*] – Case XX-X-XXX

1. Request subject case to be [*closed at zero case value, closed at reduced value, canceled*]. The following information is provided as backup for the requested amount of FMS administrative surcharge to be applied:

Date of Case Acceptance:

Total LOA Value: \$

Obligated Amount, if Applicable: \$

Minimum Amount of FMS Administrative Surcharge charged per policy: \$

MILDEP recommended FMS Administrative Surcharge to be collected, and rationale: \$ \_\_\_\_\_

OR

Justification for \$0 FMS Administrative Surcharge:

Terms of Sale:

Case Description:

2. Request your review of this case for closure and the amount of FMS administrative surcharge funds to apply.

3. Please send your reply to \_\_\_\_\_. If you have any questions, please contact [*name, e-mail, phone*]. Your prompt attention will be most appreciated.

[Signature]

**DBO/FPIO Action:**

FMS Administrative Surcharge Amount \$\_\_\_\_\_

Approve

Disapprove

Case remark in DSAMS

**Remarks:**