

DSCA 01-16
Foreign Military Financing (FMF) Disbursement Documentation
Policy
22 October 2001

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In reply refer to:
I-01/007235-FM

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER
ATTN: DFAS-AY/DE

SUBJECT: Foreign Military Financing (FMF) Disbursement Documentation Policy
(DSCA 01-16)

The purpose of this memorandum is to address the documentation requirements for disbursing FMF funds. This memorandum will address this issue in the context of both repayable (loan) and non-repayable (grant) FMF.

For repayable (loan) FMF, DFAS must disburse from the loan specified on the drawdown request letter (DRL) received from the loan borrower. There is no basis for debt to be incurred (and ensuing interest to be accrued) for loans not requested for disbursement. If the loan designated by the borrower has insufficient undisbursed funds to accommodate the request, DFAS must notify the borrower in writing as to this situation and recommend alternative loan (or grant) FMF funding sources that are sufficient at the time the letter is sent. Each DRL must be in writing, and signed by an official specified in the requisite designation of authority. As you know, that designation can authorize either an individual (by name) or a position/title. If DFAS is unsure as to whether the signatory is authorized, verification shall be performed.

For non-repayable (grant) FMF, DFAS shall normally process the disbursement against the grant identifier specified in the grant recipient's DRL. However, DFAS is authorized to follow FMF commitment procedures, which use a first-in, first-out (FIFO) method, in effecting FMF grant disbursements. In other words, if the grant recipient does not specify any grant identifier in its DRL, DFAS may use the oldest grant anyway. DFAS will notify the DSCA Country Finance Director (CFD) as to the use of older funds and will notify the grant recipient that a different grant was used. The DSCA CFD will continue to encourage those grant recipients that submit DRLs to identify therein the specific grant to be used. To ensure timely disbursement processing, DFAS should not in any event reject the DRL. Lastly, we reiterate the authority DFAS already has to disburse FMF grant funds if no DRL is received within 15 days of the invoice/bill due date.

For any FMF disbursement, DFAS is authorized to process DRLs if received in one of three ways: (1) an original, signed letter (FMS LOAs and Direct Commercial Contracts (DCC)); (2) a facsimile of a signed letter (LOAs only); or (3) a scanned version of a signed letter attached to an

e-mail (LOAs only). DFAS shall not reject a DRL that is transmitted via any of these methods, provided the DRL meets all other requirements as prescribed by policy and the corresponding FMF agreement (as applicable). DFAS should maintain a tracking mechanism to ensure duplicate disbursements are not processed. In all instances, an authorized official must sign the DRL. Unsigned letters may be returned to the originator. DFAS is encouraged to use electronic means to communicate with the borrower/recipient on all DRL-related issues.

We hope this information is helpful in further facilitating the efficient processing of FMF DRLs. Should you have any questions, the DSCA point of contact is Mr. David Rude, Financial Policy Team Chief, DSN 664-6569, (david.rude@osd.pentagon.mil).

//SIGNED//

Arthur R. Hotop

Deputy for Financial Management

Office of the Comptroller

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