



Defense Finance and Accounting Service

DFAS 7900.4-M

Financial Management Systems Requirements Manual
Volume 18, Foreign Military Sales (Security Assistance)

May 2011

Financial Management Center of Excellence

SUBJECT: Description of Requirement Changes

The complete listing and description of the requirements changes, deletions, and additions by chapters and systems requirements can be found below.

All changes in this volume are denoted by bold blue font.

VOLUME 18 - Foreign Military Sales (Security Assistance)		
Req ID	Change Type	Reason for Change
18.01.001	A	Added – New requirement
18.01.002	A	Added – New requirement
18.01.003	A	Added – New requirement
18.01.004	A	Added – New requirement
18.01.005	A	Added – New requirement
18.01.006	A	Added – New requirement
18.01.007	A	Added – New requirement
18.01.008	A	Added – New requirement
18.01.009	A	Added – New requirement
18.01.010	A	Added – New requirement
18.01.011	A	Added – New requirement
18.01.012	A	Added – New requirement
18.01.013	A	Added – New requirement
18.01.014	A	Added – New requirement
18.01.015	A	Added – New requirement
18.01.016	A	Added – New requirement
18.01.017	A	Added – New requirement
18.01.018	A	Added – New requirement
18.01.019	A	Added – New requirement
18.01.020	A	Added – New requirement
18.01.021	A	Added – New requirement
18.01.022	A	Added – New requirement

Chart Legend:

A - Added FFMRs

These are new requirements due to revised and updated source document

C - Changed FFMRs

These requirements were contained in previous versions, but were changed for various reasons, as described in the Requirement Changes Appendix.

D - Deleted FFMRs

These requirements were removed from this version because they were no longer required by the source document or were redundant with another FFMR

Note: If there is no code in the requirements value added or change type columns for an FFMR, it is by definition, unchanged from previous versions.



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**SUBJECT: Financial Management Systems Requirements
Volume 18, Foreign Military Sales (Security Assistance)**

1. PURPOSE

a. This Volume presents the financial management system design and implementation requirements for Department of Defense (DoD) military components' and agencies' Foreign Military Sales financial management systems. This Volume is part of the publication which reissues Defense Finance and Accounting Service (DFAS) 7900.4-G, "Federal Requirements for Financial Management Systems," commonly known as the "Blue Book," as a multivolume Manual titled DFAS 7900.4-M. The Blue Book is a comprehensive compilation of the Federal Financial Management Improvement Act (FFMIA) and DoD system requirements.

b. The Blue Book serves as a "roadmap" to Federal and DoD financial management system requirements by major financial management functional areas and their authoritative sources, and will assist managers who are responsible for financial management systems in planning, designing, enhancing, modifying, and implementing financial management systems. Managers are ultimately responsible for being knowledgeable of and complying with the various authoritative sources of financial requirements (both legislative and regulatory). The Blue Book guidance and procedures are contained in several volumes located on the DFAS Reference Library at <http://www.dfas.mil/dfasffmia/bluebook.html>. Appendix 4 of the Blue Book includes links to where authoritative sources may be accessed.

c. Adherence to these requirements will enable the DoD military components and agencies to meet Federal mandates and will help facilitate DFAS to progress toward reaching its strategic goal of providing services faster, better, and cheaper. The objective of this Volume is to promulgate the financial management systems requirements for system and program managers' use in developing Foreign Military Sales functionality.

2. APPLICABILITY:

Requirements contained within this document are applicable to accounting and finance systems operated and maintained by DoD.

3. POLICY:

a. This Volume provides a synopsis of Federal and DoD financial system requirements, mandated by policy, for Foreign Military Sales financial management systems. It is a comprehensive compilation of financial management systems requirements mandated by Public Law 104-208, “Federal Financial Management Improvement Act of 1996” September 30, 1996.

b. This Volume incorporates revisions to existing financial system requirements from the authoritative sources **via highlighting the appropriate text in bolded blue font**. See Appendix 2 of DFAS 7900.4-M for a complete listing and description of the financial system requirements changes, deletions, and additions, listed by major financial system requirements functional area.

c. Users of this Volume may forward questions, comments and suggested changes to:

Defense Finance and Accounting Service
Financial Management Center of Excellence
Attn: Integration and Requirements Branch
8899 East 56th Street
Indianapolis, IN 46249

E-mail questions, comments, and suggestions to: ffmiarequirements@dfas.mil

4. ORGANIZATIONAL RESPONSIBILITIES FOR FFMIA COMPLIANCE

a. Within DoD, various organizations operate financial management systems. In an overall scheme, many of these systems should be linked in an integrated network. However, these systems frequently “stand-alone” or “stovepipe” systems that are not logically integrated with other related systems. Critical financial data, instead of being transferred electronically between systems through well-controlled interfaces, are often transferred manually by means of journal vouchers, hardcopy spreadsheets, “data calls,” or other inefficient and error-prone methods.

b. DFAS functions as the primary Departmental entity responsible for producing a Trial Balance from the ERP general ledger and preparing the financial reports for the DoD. Much of the data used by DFAS to carry out the DoD’s accounting and financial reporting functions—such as property and inventory values—originate in non-DFAS organizations or systems. Therefore, other organizations, primarily the military services and Defense agencies, should be held responsible for the compliance of their financial management systems with all applicable Federal requirements. Appendix 5 of DFAS 7900.4-M contains Federal and DoD guidance on FFMIA compliance, evaluation, and reporting.

5. PROCEDURES:

Procedures are presented in each Volume of this Manual as appropriate.

6. RELEASABILITY:

UNLIMITED. This Volume as part of DFAS 7900.4-M is approved for public release and may be accessed at <http://www.dfas.mil/dfasffmia/bluebook.html>

7. EFFECTIVE DATE: This Volume is effective immediately.

Steve Bonta
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Center of Excellence

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FOREIGN MILITARY SALES (SECURITY ASSISTANCE) INTRODUCTION

The Department of Defense has launched a major effort to reform the current foreign military sales system and to ensure that this valuable program remains viable into the next millennium. This reform effort will focus on improving the FMS system's performance and adopting better business practices wherever possible.

The Foreign Military Sales (FMS) program is the government-to-government method for selling U.S. defense equipment, services, and training. Responsible arms sales further national security and foreign policy objectives by strengthening bilateral defense relations, supporting coalition building, and enhancing interoperability between U.S. forces and militaries of friends and allies. These sales also contribute to American prosperity by improving the U.S. balance of trade position, sustaining highly skilled jobs in the defense industrial base, and extending production lines and lowering unit costs for key weapon systems.

The Foreign Military Sales (FMS) Program is that part of Security Assistance authorized by the Arms Export Control Act (AECA) and conducted using formal contracts or agreements between the United States Government (USG) and an authorized foreign purchaser. These contracts, called Letters of Offer and Acceptance (LOAs), are signed by both the USG and the purchasing Government or international organization; and provide for the sale of defense articles and/or defense services (to include training) usually from Department of Defense (DoD) stocks or through purchase under DoD managed contracts. As with all Security Assistance, the FMS program supports United States (U.S.) foreign policy and national security.

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

DFAS 7900.4-M, Vol. 18

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.001		A	The system shall retain Foreign Military Sales (FMS) documents for a period of 10 years from the date of final case closure. Exceptions, such as records associated with ongoing litigation proceedings and country suspensions, may be issued by the Defense Security Cooperation Agency (DSCA).		DoDFMR Vol 15 Ch 6; 9/1/2009; 060101			
Foreign Military Sales (Security Assistance)	18.01.002		A	The system shall validate Electronic Funds Transfer (EFT) payments against Corporate Electronic Funds Transfer (CEFT).		DoDFMR Vol 10, Ch 1; 1/1/2010; 010201 D			
Foreign Military Sales (Security Assistance)	18.01.003		A	The system shall be able to automatically request Expenditure Authority (EA) prior to processing the disbursements against the contract authority.		DoDFMR Vol 15, Ch 3; 1/1/2010; 030302			
Foreign Military Sales (Security Assistance)	18.01.004		A	The system shall place a disbursement on hold if the country does not have enough cash or Expenditure Authority (EA) is not approved.		DoD 5105.38-M; 10/1/2003; C9.12.2			

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

DFAS 7900.4-M, Vol. 18

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.005		A	To support the billing and reimbursement process, the system shall be able to automatically bill foreign governments and international organizations (Customers) for costs related to defense articles and services that have been sold pursuant to the Arms Export Control Act (AECA) and automatically create payment schedules attached to the Letter of Offer and Acceptance (LOA).		DoDFMR, Vol 15, Ch 8; 8/1/2000; 080101.A			
Foreign Military Sales (Security Assistance)	18.01.006		A	To support the billing and reimbursement process, the system shall allow users to report Foreign Military Sales (FMS) deliveries of materiel and services, contractor progress payments, and other related costs for the purpose of obtaining reimbursement or reporting performance under an allotment of Trust Fund budget authority.		DoDFMR, Vol 15; 8/1/2000; 0801101.B			

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.007		A	To support the billing and reimbursement process, the system shall be able to automatically request reimbursement from other DoD Components for costs associated with inter-service support of Foreign Military Sales (FMS) cases.		DoDFMR, Vol 15, Ch 8; 8/1/2000; 080101.C			
Foreign Military Sales (Security Assistance)	18.01.008		A	The system shall be able to manage cash at country level to ensure sufficient funds are available to meet expenditure requirements and to determine arrearages of a country's dependable undertaking. Cumulative summary accounts reflecting budget authority, commitments, obligations, accounts payable, accounts receivable, and accrued expenditures are required in order to complete required budget execution reports on the FMS Trust Fund Account.		DoDFMR Vol 15, Ch 3; 1/1/2010; 030102.B			

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.009		A	The system shall allow user to summarize all Case Level accounts at the Trust Fund Level.		DoDFMR Vol 15, Ch 3; 1/1/2010; 030103.A.3			
Foreign Military Sales (Security Assistance)	18.01.010		A	The system shall allow the user to establish the accounting, financing, and billing procedures for transactions citing the Foreign Military Sales (FMS) Trust Fund. (e.g., 97-11 X 8242, Advances Foreign Military Sales, Funds Appropriated to the President) and in the performing appropriations when FMS orders are executed on a reimbursable basis.		DoDFMR Vol 15, Ch 1; 7/1/2009; 010101.B			
Foreign Military Sales (Security Assistance)	18.01.011		A	The system shall allow the user to charge interest on direct loans at a single fixed rate determined by the Department of the Treasury.		DoD 5105.38-M; 10/1/2003; C9.7.2.11.1			
Foreign Military Sales (Security Assistance)	18.01.012		A	The system shall allow user to prepare a quarterly MILSTRIP requisition status report for each purchaser.		DoD 5105.38-M; 10/1/2003; C 6.4.4			

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

DFAS 7900.4-M, Vol. 18

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.013		A	The system shall allow a case to be closed after supply or services completion even if there are outstanding unliquidated obligations (ULOs) on the case.		DoD 5105.38-M; 10/1/2003; C6.8.1			
Foreign Military Sales (Security Assistance)	18.01.014		A	The system shall post collections into a holding account unique to a specific country when a collection is made against a case identified as closed.		DoD 5105.38-M; 10/1/2003; C6.8.1			
Foreign Military Sales (Security Assistance)	18.01.015		A	The system shall allow user to identify all cases being modified in an "implemented" status.		DoD 5105.38-M; 10/1/2003; C6.7.2.3.5			
Foreign Military Sales (Security Assistance)	18.01.016		A	Pseudo or generic Military Articles and Services List (MASL) lines shall be used within the system to prevent classified items from being disclosed.		DoD 5105.38-M; 10/1/2003; C5.4.11.2			

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

DFAS 7900.4-M, Vol. 18

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.017		A	The system shall have the capability to support the case development (planning) process by recording the Letter of Offer and Request (LOR), whether provided through formal correspondence, requests for proposal (RFPs), or via discussions, electronic mail (e- mail), letters, or messages.		DoD 5105.38-M Concept of Operations; 10/3/2003; c5.1.1			
Foreign Military Sales (Security Assistance)	18.01.018		A	The system shall have the capability to support the Foreign Military Sales (FMS) Budget Authority (BA) Process.		DoDFMR Vol 15, Ch 1; 7/1/2009; 010201			
Foreign Military Sales (Security Assistance)	18.01.019		A	To support the budget authority process, the system shall have the capability to process a United States of America Letter of Offer and Acceptance (LOA) or its equivalent when a deviation has been authorized by the Defense Security Cooperation Agency (DSCA).		DoDFMR Vol 15, Ch 2; 8/1/2003; 020103.A			

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

DFAS 7900.4-M, Vol. 18

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.020		A	To support the budget authority process, the system shall have the capability to process a DD Form 2061, Foreign Military Sales (FMS) Planning Directive or its automated equivalent. (Note this document identifies cost elements, time phase plan of execution upon customer acceptance, and identifies the appropriations/funds that will be used to finance new procurement or realize earned reimbursements through delivery of items from inventory or provision of DoD in-house services).		DoDFMR Vol 15, Ch 6; 1/1/2002; 060201.G.2			

FOREIGN MILITARY SALES (SECURITY ASSISTANCE) REQUIREMENTS

DFAS 7900.4-M, Vol. 18

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Foreign Military Sales (Security Assistance)	18.01.021		A	To support the budget authorization process, the system shall have the capability to process the United States of America Modification to Letter of Offer and Acceptance (LOA). (Note: The modification is a notification document to alert Foreign Military Sales (FMS) customers of within-scope cost increases, cost decreases, or other minor changes to the program).		DoDFMR Vol 15, Ch 2; 1/1/2010; 020103.B			
Foreign Military Sales (Security Assistance)	18.01.022		A	The system shall have an integrated accounting and financial control system that will record all financial transactions related to an Foreign Military Sales (FMS) and/or FMS-like case from the time it is accepted until it is completed.		DoDFMR, Vol 15, Ch 1; 7/1/2009; 01.01.01. E			

ACRONYMS

AECA	Arms Export Control Act
BA	Budget Authority
CEFT	Corporate Electronic Funds Transfer
DoD	Department of Defense
DoDFMR	DoD Financial Management Regulation
DSCA	Defense Security Cooperation Agency
EA	Expenditure Authority
EFT	Electronic Funds Transfer
FFMIA	Federal Financial Management Improvement Act
FMS	Foreign Military Sales
FSIO	Financial System Integration Office
LOA	Letter of Offer and Acceptance
LOR	Letter of Offer and Request
MASL	Military Articles and Services List
MILSTRIP	Military Standard Requisitioning Issue Procedures
RFP	Requests for Proposal
ULO	Unliquidated Obligations