DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE UNDER SECRETARY

21 JUL 2004

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/IAPX
1080 Air Force Pentagon
Washington, DC 20330-1080

SUBJECT: Pre-Countersignature Meetings for New Letters of Offer and Acceptance (LOAs) for Major Sales (SAF/IAPX 004009)

Reference: DSCA memorandum I-04/005311-FPS, 28 April 2004 Pre-Countersignature Meetings for New Letters of Offer and Acceptance (LOAs) for Major Sales (DSCA Policy 04-16) (SAMM E-Change 10)

This memorandum establishes new financial and payment schedule policy requirements for all FMS Major Sales. The Defense Security Cooperation Agency (DSCA) may host a meeting with respective parties prior to countersignature of new LOAs for major sales. The purpose of the meeting is to review and ensure consistency of the proposed financial payment schedule and the proposed program/delivery plan.

New LOAs subject to this requirement include those, which meet Arms Export Control Act 36(b) thresholds, and other proposed sales that will have a significant financial impact on the Purchaser's FMS program. A guideline for these other sales are new LOAs that represents an increase of more than 15 percent to the FMS Purchaser's current active program.

To facilitate adherence to this policy, this review implements the following procedures: Upon receipt of a valid Letter of Request (LOR), meeting the requirement of Major Sale as defined above, the Country Director will contact DSCA Country Financial Director (CFD) to exchange information regarding potential customer budget constraints. Country Directors will be responsible for forwarding and presenting to the CFD in-depth plan program/delivery performance schedule, contract financing vehicle, anticipated contract payment milestones and known customer budget constraints.

AFSAC Command Country Managers (CCMs) will be responsible for forwarding and presenting to the CFD an indepth plan program/delivery performance schedule, contract financing vehicle, anticipated contract payment milestones and know customer budget constraints. AFSAC CCMs assisted by the SAPM and prime contractor work with their respective Country Director to establish a draft payment schedule. The team will develop the

Payment Schedule consistent with planned program execution and ensuring adequate funds are billed and collected in advance of program execution. At least fifteen (15) days prior to submitting the LOA for countersignature the Country Director will forward an electronic draft payment schedule to the CFD. Upon receipt of the draft payment schedule, the CFD will schedule the meeting and advise participants accordingly. Although this policy addresses major sales, we should ensure all payment schedules are developed in an effective and efficient manner.

This team effort is essential and will help us ensure we provide the customer an accurate payment schedule.

If you have any questions or need additional information, please contact Debra Wortham, SAF/IAPX, (703) 588-8913, DSN 425-8913, or e-mail debra.wortham@pentagon.af.mil.

for

TERRY L. BATES
Chief, Security Assistance Policy Division
Dep Under Secretary, Int'l Affairs

Attachment:
DSCA Memo I-04/0053110-FPS

DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

APR 2 8 2004

In reply refer to:
I-04/005311-FPS

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Pre-Countersignature Meetings for New Letters of Offer and Acceptance (LOAs) for Major Sales (DSCA 04-16) [SAMM E-Change 10]

This memorandum establishes a new financial policy requirement for the Defense Security Cooperation Agency (DSCA) to host a meeting prior to countersignature of new LOAs for "major sales," as determined on a case-by-case basis. The purpose of the meeting is to review and ensure consistency of the proposed financial payment schedule and the proposed program/delivery plan. Payment schedules need to be developed consistent with planned program execution to ensure adequate funds are billed and collected in advance of program performance. The meeting will include an Implementing Agency presentation of plans for managing these two critical components of each major sale and should address the contract financing vehicle, anticipated contract payment milestones and known customer budget constraints.

The meeting will be chaired by the DSCA Director for Business Operations/Comptroller and include representatives from other DSCA organizations, the Implementing Agency to include program and case managers, and the prime contractor, as appropriate. New LOAs that trigger Arms Export Control Act 36(b) thresholds and other proposed sales that will have a significant financial impact on the Purchaser's FMS program are subject to this requirement. A guideline for these other sales is a new LOA that represents an increase of more than 15 percent to the FMS Purchaser's current active program reflected in the Security Cooperation Information Portal.

When a Letter of Request is received for a "major sale," as identified above, the Implementing Agency and DSCA Country Financial Director (CFD) will exchange information regarding potential customer budget constraints. The Implementing Agency will notify the DSCA CFD at least 15 days prior to submitting the LOA for countersignature. The notification will include a description of actions taken by the Implementing Agency to assure pay and performance parity for the proposed LOA and identify an Implementing Agency point of contact. Upon receipt of the notification, the CFD will coordinate with the Director for Business Operations/Comptroller, who will call a pre-countersignature meeting when appropriate. The CFD will schedule the meeting and advise participant stakeholders accordingly. If DSCA determines a meeting is not required, the DSCA CFD will inform the Implementing Agency point of contact.

Although this policy addresses major sales, the Implementing Agency is still responsible for ensuring the payment schedule supports the program/delivery schedule for all LOAs. It is critical for the fiscal management and execution of each case as well as for FMS Purchaser budgeting and financial planning purposes. Guidance in this memorandum is effective immediately and will be included in the SAMM as SAMM E-Change 10 attached. Should there be any questions regarding this requirement, DSCA points of contact are Bill Kramer, DSCA-BUSOPS/COMPT/FPS, telephone 303-676-6178, e-mail William.Kramer@dfas.mil., or Patti Higgins, DSCA-BUSOPS/COMPT/FPS, telephone 703-604-6570, e-mail Patricia.Higgins@dsca.mil.

Tome Walters

TOME H. WALTERS, JR.
LIEUTENANT GENERAL, USAF
DIRECTOR

Attachment:
As Stated

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SAMM E-Change 10 – Pre-Countersignature Meetings for New Letters of Offer and Acceptance (LOAs) for Major Sales.

The following paragraph will be included in the SAMM with subsequent paragraphs being renumbered.

C5.4.13 Pre-Countersignature Meetings for New LOAs for Major Sales. DSCA, Director of Business Operations/Comptroller will convene a meeting on selected "major sales" when warranted. Attendees will include DSCA, Implementing Agency, and prime contractor representatives, as appropriate. The purpose of the meeting is to review and ensure the proposed financial payment schedule correlates to the proposed program/delivery plan. The Implementing Agency will be responsible for presenting a plan to manage the program/delivery performance schedule within the financial requirements in the payment schedule and should address the contract financing vehicle, anticipated contract payment milestones, and known customer budget constraints. "Major Sales" for the purpose of this paragraph include: sales that trigger Arms Export Control Act 36(b) thresholds or proposed sales that represent an increase of more than 15 percent to the FMS Purchaser's current active program as reflected in the Security Cooperation Information Portal. The Implementing Agency will notify the DSCA Country Financial Director (CFD) at least 15 days prior to submitting an LOA for a "major sale" for countersignature. The DSCA CFD is responsible for scheduling the meeting or informing the Implementing Agency that a meeting is not required.