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
Washington, DC 20330-1080

SUBJECT: Guidance for Multi-Service Letters of Offer and Acceptance (LOAs) (SAF/IAPX 04015)

This policy memorandum issues guidance for Multi-Service Letters of Offer and Acceptance. When a Letter of Request (LOR) is received by a Military Department and the purchaser has requested to procure products, services or training procured and/or managed by another Military Department (MILDEP), it shall be coordinated with that MILDEP. A working group shall be formed to ensure a cross-service partnership is formed. The Military Department with the major platform will be the lead, however the MILDEP will not provide technical briefings, information or opinion pertaining to another MILDEP's product, services or training.

The working group will develop a matrix to identify the lead MILDEP, Case Manager and Line Manager(s). The Case Manager is responsible for arranging a pre-case meeting and/or strategy session with the Line Manager(s) at such time operating procedures and guidelines for the preparation, management, and execution of the case will be established – this may be accomplished by video teleconference (VTC) or conference call. Details will be agreed upon and overall program management, communication among MILDEPs access to each other's information, distribution of funds, and case closure shall be shared. The Implementing Agency is responsible for timely and accurate submission of financial and delivery data to DFAS-Denver.

Case Managers shall not alter any pricing information, incorporate any changes nor initiate any changes to the LOA or discuss with the purchaser without the concurrence of the partnering MILDEP. Technical and Programmatic briefings requested by the customer or initiated by the MILDEPs shall be provided by both MILDEPs. Pricing or technical information will not be released to the foreign purchaser without prior consultation with the concurrence from the MILDEP that has cognizance over the item.

Program Management disagreements not resolved at program office level will be elevated to respective headquarters.

The policy outlined in this memo is effective immediately. Questions regarding this letter or the attachments may be referred to Debra Wortham, (dsn 588-8913), or e-mail: Debra.Wortham@pentagon.af.mil.

C. LEWIS WITT
Acting Chief, Security Assistance Policy Division
Dep Under Secretary, Int'l Affairs

Attachment:
1. DSCA memo 04-26

DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

JUN 24 2004

In reply refer to:
I-04-007805-P2

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance for Multi-Service Letters of Offer and Acceptance (LOAs) (DSCA 04-26) [SAMM E-Change 15]

When foreign purchasers wish to procure items through the Foreign Military Sales (FMS) process, an LOA officially documents the purchase agreement. This LOA usually contains several different line items designating the different articles/services to be purchased and is written by the U.S. Military Department or Defense Agency responsible for managing the articles and/or services. This arrangement is straightforward when all of the items fall under the management responsibility of a single U.S. Military Department or Defense Agency. It can become complicated when a customer wishes to purchase some items managed by one Service and other items managed by another and wants a single, Multi-Service LOA that covers the entire program.

The Case Execution Management Information System (CEMIS) requirements include the need to manage these types of cases within CEMIS. DSCA met with the U.S. Military Departments to discuss Multi-Service LOAs and all agreed that guidelines for handling these LOAs should be developed for use until CEMIS is developed and deployed. Attachment 1 incorporates this policy into the Security Assistance Management Manual (SAMM) as SAMM E-Change 15. Attachment 2 is the new guidelines for your use in developing and working with Multi-Service LOAs and implementing the new SAMM policy. DSCA recognizes that each Multi-Service LOA is unique and some deviation from these guidelines may be required.

The guidance in this memorandum is effective immediately. For questions or additional information regarding this matter, please contact Mr. Steve Harris, DSCA/P3-Policy and Plans Division, (703) 604-6611, e-mail: steve.harris@dsca.mil.

Richard J. Millies
Acting Director

Attachments:
1) SAMM E-Change 15 – Revised Paragraph C5.4.6.1.
2) Guidelines for Multi-Service Letters of Offer and Acceptance (LOAs)

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ATTACHMENT 1

SAMM E-CHANGE 15 – REVISED PARAGRAPH C5.4.6.1.

C5.4.6.1 Preparing Activity. Certain organizations are authorized to prepare FMS cases. See Table C5.T2. for a list of these activities. These organizations, known as Implementing Agencies, are responsible for preparing and processing LOAs in accordance with this Manual. When an LOR received by an Implementing Agency includes a requirement for an item managed by another MILDEP/Defense Agency, the LOR shall be coordinated with that MILDEP/Defense Agency. Because the LOR was submitted as a single program, the response is generally a Multi-Service LOA particularly when the purchaser advises the USG that it requires multiple weapon systems on a single case for its own budgetary and/or other internally based reasons. If multiple LOAs, separated by Implementing Agency and major weapon system, are used to respond to this type of LOR, DSCA (Regional and Policy, Plans, and Programs Directorates) approval is required. The Implementing Agency must provide DSCA with justification/rationale for the use of multiple LOAs. When the Implementing Agency for the Multi-Service LOA cannot be readily identified, cases are referred to DSCA (Regional and Policy, Plans, and Programs Directorates). Implementing Agencies are encouraged to consolidate requirements as much as possible - multiple LORs from the same purchaser may be answered by a single LOA. The purchaser's preference and the ability of each Implementing Agency to manage funds and track logistics data are deciding factors.

ATTACHMENT 2

Guidelines for Multi-Service Letters of Offer and Acceptance (LOAs)

The following guidance is for use in managing Multi-Service LOAs for all items:

a. When an LOR received by a MILDEP/Agency includes a requirement for an item managed by another MILDEP/Agency, the LOR shall be coordinated with that MILDEP/Agency. In circumstances where a purchaser's request involves two or more MILDEPs/Agencies, the MILDEP/Agency that owns and has procurement responsibility for the major weapon system on the LOR will be the Implementing Agency. If the LOR involves more than one major weapon system, the MILDEP/Agency that has procurement responsibility for the weapon system platform (e.g. aircraft, ship, or combat vehicle) will be the Implementing Agency. Any questions regarding designation of the Implementing Agency for a case will be raised to DSCA (Regional and Policy, Plans, and Programs Directorates) for resolution.

b. The Implementing Agency will assign a Case Manager. The MILDEP/Agency providing materiel or services under a case line will assign a Line Manager to that line. The Case Manager is responsible for arranging a pre-case meeting or strategy session with the Line Managers – this can be accomplished by video teleconference (VTC) or conference call. This meeting(s) will establish operating procedures and guidelines for the preparation, management, and execution of the case. The following major areas must be considered:

(1) Management: The Implementing Agency will serve as the primary voice for the USG in fulfilling the purchaser's requirements, but will be required to keep all involved MILDEPs/Agencies informed (and vice-versa) of any changes or new developments. During the pre-case meeting, the role of each MILDEP/Agency is discussed and agreed upon. The Case Manager and Line Managers must provide regular financial and logistics reports to each other for all items under their cognizance. The formats, schedules, and points of contact for these reports will be established at the pre-case meeting. The Implementing Agency is responsible for timely and accurate submission of financial and delivery data to DFAS-Denver.

(2) Communication (USG and Foreign Purchaser): Communication and information exchange is key to the success of a Multi-Service LOA. All MILDEPs/Agencies involved in the case are responsible for ensuring proper coordination and communication of case-related material or issues throughout the pre-LOR, development, implementation, execution, and closure phases of the FMS case. The need for case reconciliation throughout execution is paramount. The Implementing Agency is responsible for ensuring this occurs. Guidelines for communication with the FMS purchaser will be established at the pre-case meeting. The MILDEP/Agency having technical and procurement authority for the defense articles/services shall provide the technical and programmatic briefings to the purchaser. Pricing and delivery information provided to the Case Manager may only be altered through prior coordination with the Line Manager(s). Under no circumstances will pricing or technical information be released to the foreign purchaser without prior consultation with and concurrence from the MILDEP/Agency that has cognizance over the item. Each MILDEP/Agency will remain

responsible for proper reviews and approvals before authorizing release of that information. The Implementing Agency must allow adequate processing time for this additional coordination.

(3) Access to Information: Both the Implementing Agency and the other MILDEPs/Agencies need visibility and reporting capability in logistics tracking systems for their items. The MILDEPs/Agencies must work to find solutions to allow each other access to the required information from each other's logistics systems for these particular cases. This may include allowing the Line Manager in one MILDEP/Agency to access the Implementing Agency's logistics tracking system for a particular case. If this is not possible, the managers from each MILDEP/Agency should be ready to assist the other MILDEPs/Agencies by providing the required information/reports to allow successful development, implementation, execution, and closure of the case.

(4) Documentation: MILDEPs/Agencies must agree on the format and schedule for exchanging documentation and information. Normally, the Implementing Agency will accept documentation in the other MILDEPs/Agencies' format. If there are any reporting requirements over and above or formats different from those the reporting MILDEP/Agency requires on its own cases, then the additional reports must be identified and budgeted for as direct costs in the LOA. This is normally done in the Program Management Line (PML), if one already exists.

(5) Program Management Lines (PMLs): PMLs shall be used in accordance with Chapter 5 of the Security Assistance Management Manual (SAMM), with costs allocated in accordance with Table C5.T6. The Implementing Agency should accept the other MILDEPs/Agencies program management requirements (as long as the line has been properly reviewed and approved through that MILDEP/Agency review process) and consolidate the requirements into a single PML for the FMS case. However, all program management requirements are subject to DSCA review and proper documentation must be provided with the FMS case. Any questions regarding PMLs that cannot be resolved by the Implementing Agency should be raised to DSCA (Regional and Policy, Plans, and Programs Directorates) for resolution.

(6) Financial Transactions: A Military Interdepartmental Purchase Request (MIPR) will be used to issue a fund cite from the Implementing Agency to the other MILDEPs/Agencies assigned line management responsibility. The established MIPR and MIPR acceptance processes must be utilized. The Case Manager must coordinate and communicate with the Line Managers to ensure a fund cite is issued in the most efficient and effective manner. Communication among managers is required to ensure the funds are tracked appropriately and all parties are aware of the plans and financial policies associated with the fund cite issued (e.g., time obligation requirements, etc.). Communication between managers is the most efficient way to ensure that the movement of funds between lines on Multi-Service cases is accomplished to avoid missed deadlines, changes in pricing, etc. The Implementing Agency will process Amendments/Modifications to LOAs without priority based on MILDEP/Agency or dollar amount. The Implementing Agency will not change MIPRs, estimated line item costs or schedules, or other LOA line item data without the express consent of the Line Manager. The Case Manager is responsible for the annual case review requirement and Payment Schedule Variance Report (PSVR) monitoring.

(7) Supply Discrepancy Reports (SDRs): The Implementing Agency is responsible for receipt and tracking of SDRs filed against the LOA. If the Implementing Agency is not the responsible MILDEP/Agency for the SDR, the Implementing Agency will provide the SDR to the responsible MILDEP/Agency using existing Inter-Service SDR procedures.

(8) Case Closure: Line Managers are part of the case closure process. Each Line Manager is responsible for reconciling and preparing his/her case line for closure. The Implementing Agency will coordinate the overall effort and submit the requisite closure documents to DFAS-Denver.

c. Each MILDEP/Agency will take potential Multi-Service cases into consideration when developing forecasts of future sales and when using workload indicators for the allocation of resources as a part of the budget and programming process.

d. The following guidance is for use in preparing Multi-Service LOAs in Defense Security Assistance Management System (DSAMS):

(1) Case Remarks: The Case Remarks function in DSAMS shall be used to document the Case and Line Managers.

(2) Multiple LORs: DSAMS does not have the capability to associate multiple LORs with a single LOA. Therefore, the most significant LOR shall be associated with the LOA in DSAMS. Additional LORs can be identified in the LOA Description Field or a Case Unique note.

(3) LOA Notes: Only LOA notes that reside on the owning Implementing Agency database are available. LOA notes required by a Line Manager from another MILDEP/Agency can be added as Case Unique or Line Item notes.

(4) Pricing: Each Implementing Agency has their own set of Primary Category Codes (PCCs) and default Indirect Pricing Components (IPCs). Since the data will interface to only one legacy system, then the contributing MILDEP/Agency will need to know how to price according to the rules of the Implementing Agency.

(5) Lines/Sublines: Only use lines for other MILDEP/Agency items. Do not use sublines for multiple MILDEPs/Agencies items on a single line – Recommend avoiding the use of sublines.

(6) Payment Schedules: MILDEPS/Agencies should use Line Financial Forecast to the maximum extent possible.

(7) Interfaces: DSAMS will only interface with the Implementing Agency legacy system that owns the case (e.g., CISIL will not receive any line data if the document is managed in MISIL). The Implementing Agency legacy systems have prescribed requirements for interfaces and Case Status changes – FMS Cases must have this data to interface.