



# SECURITY COOPERATION BILLING HANDBOOK

**Defense Security Cooperation University**

**Defense Finance and Accounting Service**

**Edition 14**



**Defense Security Cooperation Agency**  
**Department of Defense**

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# **SECURITY COOPERATION BILLING HANDBOOK**

Jointly Developed By

Defense Security Cooperation  
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The *Security Cooperation Billing Handbook* is intended to provide insights and references on Security Cooperation (SC) case delivery/performance transaction reporting and billing. While the U.S. Department of Defense (DoD) is always receptive to suggestions to improve SC case financial procedures, readers of this publication should observe that many such procedures are followed because of legal requirements contained in U.S. public law. As a result, DoD very often has little flexibility in the financial administration and billing of the SC case programs.

This publication does not take precedence over officially published U.S. government regulations, directives, instructions, or manuals and is intended as a textbook and guide only. Additionally, this publication goes to press in a time of dynamic changes in the Security Cooperation enterprise. Some changes may even occur while this handbook is being printed.

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# Part I—General Overview

## CHAPTER 1 The Security Cooperation Billing System for Cases

### Purpose

The *Arms Export Control Act* (AECA Sections 21 through 24) provides the legal basis for Foreign Military Sales (FMS) billing policies and procedures. These policies and procedures are further delineated in the *DoD Financial Management Regulation* (FMR—DoD 7000.14R Volume 15 [Security Cooperation Policy]); the *Security Assistance Management Manual* (SAMM - DSCA 5105.38-M Chapter 9 [Financial Policies and Procedures]); and the United States of America Foreign Military Sales (FMS) Letter of Offer and Acceptance (LOA) Standard Terms and Conditions (SAMM Chapter 5 Figure 4). The purpose of this chapter is to provide a high-level description of the Defense Finance and Accounting Service Security Cooperation Accounting (DFAS SCA) functions in the billing cycle, cash management, and reports/products provided to the SC case customers while also describing the responsibilities of the DoD Implementing Agencies (IAs) to provide the required inputs to DFAS SCA.

### The Security Cooperation Billing Cycle

DFAS SCA issues quarterly billing statements (e.g., DD Form 645 “Foreign Military Sales Billing Statement” along with additional attachments and information described later in this Handbook) to SC Case customers per the billing timeline documented in SAMM Table C9.T25 (FMS Billing Timeline), and the FMR VOL 15, Chapter 8, Section 0803 (FMS Billing Statement). That SAMM and FMR information is depicted in the following table. The information in those billing statements and attachments is consolidated from multiple data inputs, including the current implemented LOA data (e.g., case, line, payment-schedule data, etc.), performance / delivery reporting data reported to DFAS SCA by the applicable IA, collected case funds, etc. DFAS SCA bills for costs related to defense articles, services, and training that have been sold pursuant to the Arms Export Control Act (AECA). IAs report SC deliveries and performance of case material, services, training, accrued expenditures (work in process), and other related costs to DFAS SCA for the purposes of obtaining reimbursement or reporting performance under an allotment of trust fund budget authority.

<b>PERIOD ENDED ON FMS BILLING STATEMENT</b>	<b>Approximate Date DD 645 Mailed by DFAS SCA</b>	<b>PAYMENT DUE AT DFAS INDIANAPOLIS</b>	<b>FOR PERIOD COVERING</b>
December 31st	January 15th	March 15th	April–June
March 31st	April 15th	June 15th	July–September
June 30th	July 15th	September 15th	October–December
September 30th	October 15th	December 15th	January–March

## **Inputs to DFAS SCA**

To prepare an accurate bill (DD Form 645) for a given FMS case, DFAS SCA must have certain information from the IAs. When an LOA is sent to the FMS customer, a copy is also provided to DFAS SCA, and the LOA payment schedule is entered into the Defense Integrated Financial System (DIFS) information system. After the customer accepts the LOA and provides DFAS SCA with signed copies of the LOA and the applicable initial deposit, DFAS SCA updates its system and prepares for case implementation and IA delivery reports. The initial deposit accompanying most SC cases provides sufficient cash advance to cover disbursements from the time the case is accepted until the first billing payment due date.

## **Payment Schedules**

The purpose of the LOA payment schedule is to supplement and amplify LOA Financial Terms and Conditions that are documented in the Section 4 of the FMS LOA Standard Terms and Conditions (SAMM Chapter 5, Figure 4), and to provide a clear understanding between the United States government and the purchaser as to the estimated rate and timing of the payments to be made. The payment schedules for LOA documents are prepared (based on inputs by the Implementing Agencies) by the DSCA Case Writing Division (CWD) during the case-development process. Payment schedules are prepared using pricing estimates and estimated dates for when purchasers will accept the LOA, the estimated dates (e.g., when the LOA will be implemented, requisitions will be initiated, contracts will be awarded, payments will be made to contractors, deliveries will occur, personnel costs will be incurred, etc.) of acceptance and execution of the the applicable LOA. DoD LOA payment schedule policy essentially fulfills dual objectives:

1. Provide the FMS purchaser with sound budgetary information
2. Increase probability of the USG receiving required funds in advance of anticipated expenditures

Payment schedules are a consolidated formal presentation to the FMS customer of the estimates of cash requirements and potentially consist of two financial categories:

1. An initial deposit
2. Estimated quarterly billing amounts (when authorized and required).

If initial deposits are required upon acceptance of a sales agreement, the amount of the initial deposit should be sufficient to cover all costs and contingencies (e.g., contract holdback, potential termination liability, costs of materials and services planned to be provided, etc.) anticipated to be incurred until the first billing statement can be rendered and monies collected. IAs are expected to closely monitor and manage the accuracy of payment schedules on all cases to ensure that cash is available when the necessity for disbursements arises. When it is known that the current payment schedule does not accurately reflect the financial requirements for the case, the Implementing Agency should prepare a modification (if there is no “SCOPE” change on the case per SAMM, Chapter 6.7—Amendments and Modifications), or an amendment (if there is “SCOPE” change on the case) to update the payment schedule.

## **Delivery Transactions and Performance Reporting**

IAs must report the performance and execution (e.g., deliveries from DoD stock and procurement, progress payments, etc.) of the SC LOAs to DFAS SCA by use of the delivery transactions. IAs shall report accrued expenditures (work in process [WIP]) and physical deliveries to DFAS SCA within 30 days (per FMR Volume 15, Chapter 8, Section 080203) of occurrence (i.e., date of shipment or performance) through the billing and reporting procedures. Among other things, the delivery transactions typically document the MILSTRIP document number, the stock or part number, quantity, mode of shipment, delivery source code, transportation bill code, and dollar value. For many FMS case types (e.g., Cooperative Logistics Supply Support Arrangements [CLSSA], Blanket Order, etc.), there are thousands of delivery transactions, which are received by DFAS SCA on a monthly basis. The delivery data transmissions are batched upon receipt and are typically due to arrive at DFAS

SCA by the 16th calendar day of the month following the end of the month being reported. The delivery transactions provide the basis for the detailed entries, which appear in the FMS delivery listing and further prompt reimbursement/liquidation of transactions reported by the implementing agencies. DIFS processes delivery transactions/performance reporting 20 times per year. There are two performance cycles in each month without a quarterly bill, but just one performance cycle in the four months (Jan, Apr, Jul, Oct) a quarterly bill is issued.

## **Cash Accounting**

### **Foreign Military Sales Trust Fund**

The FMS country trust fund is credited with receipts earmarked by law and held in trust or in a fiduciary capacity by the United States government for use in carrying out specific purposes and programs. The FMS trust fund (accounting classification 97-11X-8242) represents the aggregation of cash received from purchaser countries, international organizations, and the USG that are credited to open SC cases and/or country/program accounts (e.g., funds that are excess to closed FMS-case financial requirements, funds held pending implementation of new cases or other agreed financial arrangements, etc.).

DFAS SCA is responsible for recording transactions that impact the FMS trust fund. FMS customer cash deposits for defense articles and services sold under Sections 21 and 22 of the AECA are normally (unless an exception is approved) made in advance of delivery, performance, or progress payments to contractors. DD Form 645, Special Billing Arrangements (SBAs), and LOA financial instructions direct that foreign purchasers forward payments (initial deposits on basic LOAs, amounts due with LOA amendments, or official billing statement payments) by: (a) wire transfers (preferred method for the foreign purchaser to forward payments) to American Bankers Association (ABA) #021030004, U.S. Treasury NYC, Agent Location Code 00003801, Beneficiary DFAS-IN/JAX Agency, payment from (country or international organization) for Letter of Offer and Acceptance (Identifier at the top of the first page of the LOA); or (b) checks made payable to the U.S. Treasury mailed to the Defense Finance and Accounting Service, ATTN: Disbursing Operations-FMS Processing; Col 135D, 8899 E 56th Street, Indianapolis, IN 46249, USA, payment from (country or international organization) for Letter of Offer and Acceptance (Identifier at the top of the first page of the LOA). Any recipient of a check from an FMS purchaser is responsible for depositing the check into a U.S. Treasury account within 1 working day of receipt. [FMR VOL 15, CH 4, Section 0408 (Deposit of Purchaser Cash into Treasury Accounts)]

Wire transfers should be sent to the Department of the Treasury Account at FRBNY, using the standard Federal Reserve Funds Transfer (FRFT) format. The Federal Reserve System (FRS) will accept wire transfers only from banks that are members of the FRS. Foreign banks must go through a U.S. correspondent bank that is a member of FRS. DFAS SCA retrieves wire transfers daily from the Treasury Financial Communications Systems and prepares collection vouchers from this data for crediting FMS purchasers. [FMR VOL 15, CH 4, Section 040801.A (Wire Transfers)]

All payments should properly identify the customer country making the payment, FMS case designator, amounts being paid on each case, and the U.S. service responsible for managing the case(s).

DSCA and DFAS SCA exercises stringent controls over the FMS trust fund to ensure proper visibility and accountability are maintained for all payments made by a customer for every FMS case. There are certain principles of trust fund management, including the following:

- One FMS customer's trust fund balance cannot be used to finance another customer's programs. The integrity of customer country and security cooperation program funds is strictly observed.
- Cash disbursements are controlled on a country/organization/program basis, although accounting for SC transactions are maintained on an SC-case basis. In other words, cash deposits of a given country/organization/program are used to pay U.S. government or contractors for costs associated with any of that country's/organization's/program's cases, but the accounting will be maintained and reported on individual cases. All cash disbursements for a purchaser shall not exceed the customer's cash deposits.

- Dollars received into the FMS trust fund are subject to United States Treasury accounting system controls from the date of receipt to the date of expenditure or refund. DFAS SCA, as the accounting agency, renders periodic reports to the United States Treasury and performs a monthly reconciliation of balances.

## **Foreign Military Sales Customer Funds**

The FMS customer is billed for United States Government requests for payments (initial deposits, quarterly billing statements, or special billing arrangements) and, if applicable, direct commercial contract progress payments. The customer may make payments in the form of United States dollars directly to DFAS SCA or, when authorized, utilize foreign military financing (FMF) funds through the U.S. government. There are presently two types of FMS financing programs authorized by the AECA, as described below:

1. **DoD Guaranteed Loans.** (Section 24, AECA). This kind of financing constituted the major portion of the FMF program prior to FY 1985. Under the guaranteed loan concept, DoD (DSCA) submitted a guarantee (against all political and credit risks of nonpayment) for principal and interest installments defaulted by the borrower to the Federal Financing Bank (FFB—an agency of the Treasury Department). The FFB was responsible for signing the loan agreement with the borrowing country and for disbursing loan funds upon receipt of drawdown requests from the borrower. The FMS customer will normally be required to make semi-annual payments of interest and (once the grace period expires) principal. Current loan repayments should be sent directly to the FFB; however, repayments of arrearages on FFB loan installments should be sent to DFAS SCA, since the FFB has already been paid by DFAS SCA under provisions of the guarantee noted above. This form of financing was terminated at the end of FY 1984.
2. **DoD Direct Credit.** (Section 23, AECA). With the exception of a few direct credits in the early 1970s, this form of financing commenced in FY 1985. The source of funding to finance this program is appropriated by Congress through annual Foreign Operations legislation. Direct Credit can be provided either in the form of grants (non-repayable) or loans (repayable). A discussion of these funding categories is provided below:
  - **FMF Grants.** FMS grant funds are availed upon apportionment of country-level funds. If a country is authorized to use FMF funds to finance direct commercial purchase, a grant agreement certifying compliance with various requirements must be implemented prior to the utilization of funds for commercial contacts. If countries cannot use FMF for direct commercial purchases, no agreement is required. In this latter instance, DFAS SCA can unilaterally disburse funds for LOAs financed with FMF in accordance with billing procedures for that country.
  - **FMF Loans.** FMF loan funds are availed upon implementation of a bilateral loan agreement, signed by the USG and the borrower. Generally, loan repayment terms are a total of 12 years (7 of which are principal); interest rates are determined by the Department of the Treasury. The FMS customer will normally be required to make semi-annual payments of interest and, once the grace period expires, principal. FMF loan repayments should be sent directly to DFAS SCA.

Once an FMF loan or grant has been established, all requests for disbursement of those funds must be submitted by the borrower to DFAS SCA for processing/approval. For commercial contract disbursements, the requests must be accompanied by relevant invoices, bills of lading, various certificates, and other documentation as prescribed in the Annexes and Attachments to the loan agreement. Regarding FMS cases, the customer also issues a disbursement request for LOA initial deposits or DD Form 645 billing requirements.

Whenever an FMS case has multiple financing, FMF funds are considered to be applied first and cash funds second. If the case is closed and excess funds exist, the excess cash funds would be considered available to the FMS customer absent arrearages or funding shortfalls on other cash cases. Excess FMF funds, however, cannot be refunded to the FMS customer. The FMF funds can be used to pay down arrearages on FMF loan installments; DFAS SCA will normally not initiate this action and must have DSCA authorization prior to doing so.

**Cross-Leveling** is an accounting technique by which DFAS SCA transfers excess funds (i.e., cash receipts) from one FMS case to another FMS case. This transfer permits the FMS purchaser to minimize payments due on a billing by fully utilizing all funds previously paid on FMS cases. For example, if DFAS SCA has collected excess funds on a case, or a case has been closed and there are excess funds, these funds may be transferred to other open cases, thereby reducing the amount due on the bill.

There are two methods through which cross-leveling of excess funds may be accomplished. In the first method, the customer conducts a cash analysis and, in a letter (usually with a payment), requests DFAS SCA make specific cash transfers among designated FMS cases. The second method authorizes DFAS SCA to automatically cross-level based on case needs.

In order for DFAS SCA to perform cross-leveling automatically on a recurring basis, a written Memorandum of Agreement (MOA) must be accomplished between DFAS SCA and the FMS customer. In order to initiate this action, the customer should advise DFAS SCA of an interest in entering into a cross-leveling arrangement and specify the name and office of the individual to sign a Memorandum of Agreement (MOA) on behalf of the FMS customer. DFAS SCA will prepare the agreement in duplicate, sign, and forward it for the customer's signature. Upon receipt of the signed agreement, DFAS SCA will begin cross-leveling on the next succeeding billing statement.

In order to provide the FMS customer with a complete record of cross-leveling transactions, the transfer of excess cash is processed to the country holding account and then withdrawn from the holding account to be applied to a case requiring payment. For example, consider the situation where FMS case ABC is in a \$10,000 overpayment surplus status but case ABD is underpaid by \$10,000. Under cross-leveling, DFAS SCA could transfer, via the Holding Account, \$10,000 from case ABC to ABD. The basic procedure is to record such transfers (as the \$10,000 amount above) as a withdrawal (i.e., debit) transaction to the cash position of the FMS case with a surplus (case ABC) and as a deposit (i.e., credit) to the Holding Account. Simultaneously, \$10,000 is recorded as a deposit to the underpaid case (ABD) and a withdrawal is recorded against the Holding Account. In other words, the \$10,000 is "washed through" the Holding Account for control and reporting purposes.

See Figure 1-1 below for a sample Cross-Leveling Memorandum of Agreement (MOA). DFAS SCA will also honor individual FMS cross-leveling in lieu of blanket authorizations based on letter or message requests from an authorized representative of the FMS customer.

**Figure 1-1: Sample Cross Leveling Memorandum of Agreement**

Memorandum of Agreement (MOA)  
Between  
The Government of \_\_\_\_\_  
and  
Defense Finance and Accounting Service  
Directorate of Security Cooperation Accounting  
(Date)

The Government of \_\_\_\_\_ requests the Defense Finance and Accounting Service to use its best efforts to lessen cash requirements related to \_\_\_\_\_ foreign military sales (FMS) cases by cross leveling monies on deposit in FMS Trust Fund Account. Cross-leveling shall include the identification of over-payments (cash surpluses) and under-payments (amounts due and payable) and the transfer of such surplus monies to liquidate current amounts due and payable.

DFAS SCA is requested to implement the following specific procedures:

1. Transfer surplus monies among FMS cases and provide a full accounting of such transfers to \_\_\_\_\_ at least quarterly.
2. Record such transfers as a withdrawal (credit) transaction to cash position of FMS cases with surplus funds and as a deposit (debit) to the cash position of the Holding Account. Simultaneously, record a deposit (debit) to the gaining case and a withdrawal (credit) to the Holding Account.
3. Transfers other than those made by DFAS SCA , or a reversal of transfers made by DFAS SCA , will be made if requested by \_\_\_\_\_.

### **DFAS SCA Reports**

The basic FMS billing document is the DD Form 645, which is prepared at the end of each calendar quarter. The DD Form 645 serves as both a billing document and a statement of account. Numerous attachments, as applicable, accompany the DD Form 645, to include the “FMS Delivery Listing,” the “FMS Financial Forecast,” the “FMS Reply Listing to Customer Requests for Adjustments,” the “Holding Account Statement,” and the “Accelerated Case Closure Suspense Account Statement.” Each of those document types are discussed in significant detail in Part II (Billing Documents) chapters 3 through 8 of this Security Cooperation Billing Handbook. Following, though, is an executive summary of each of those documents.

### **Foreign Military Sales Billing Statement (DD Form 645)**

DoD billings to Security Cooperation case customers are issued by DFAS SCA. A computer-produced DD Form 645 and/or Special Billing Arrangement (SBA)—official claim for payment by the U.S. government—is used in billing the Security Cooperation case customer. In addition, it furnishes an accounting to the Security Cooperation purchaser for all costs incurred under each LOA agreement.

Detail on the face of the billing statement segregates the cost elements in a manner parallel to the presentation of line item detail on the LOA. Physical performance of services or delivery of materiel is shown against the item number of the LOA. Administrative charges, accessorial costs, and work in process are separately listed at the case level.

Billing statements are prepared and forwarded to the FMS purchaser on a quarterly basis (i.e., for quarters ending in March, June, September, and December). The billing cycle [FMR VOL 15 Chapter 8 Section 080301 (FMS Billing Statement) and SAMM C9.T25], which is depicted in the following table.

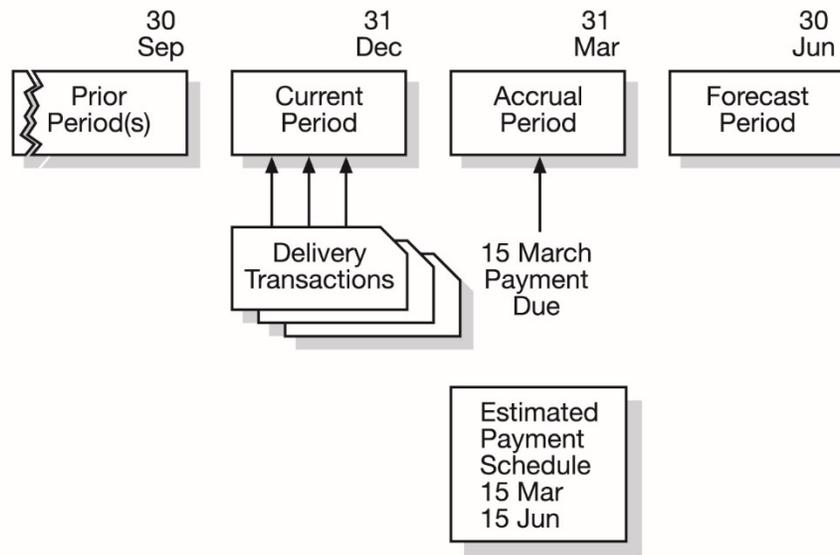
<b>PERIOD ENDED ON FMS BILLING STATEMENT</b>	<b>Approximate Date DD 645 Mailed by DFAS SCA</b>	<b>PAYMENT DUE AT DFAS INDIANAPOLIS</b>	<b>FOR PERIOD COVERING</b>
December 31st	January 15th	March 15th	April-June
March 31st	April 15th	June 15th	July-September
June 30th	July 15th	September 15th	October-December
September 30th	October 15th	December 15th	January-March

For example, the 31 December (period ending) bill reflects physical deliveries and cash collections recorded for the SC case through the December “cut-off” for entries into the DFAS SCA FMS accounting system. It also contains a forecast of estimated advance cash requirements for the work estimated to be conducted from 1 April through 30 June. This period’s bill is mailed on or about January 15, with a due date for payment of March 15. The March, June, and September statements follow the same basic time frames. The FMS Delivery Listing will only include delivery data received in DFAS SCA by the end of each quarter of the period ending.

As stated in the previous paragraph, in addition to identifying deliveries (or performance of services) made on the FMS purchaser’s behalf, the DD Form 645 also reflects the estimated forecasted costs that relate to a given FMS case. These estimated forecasted costs equate to a number of factors, including anticipated progress payments/advances, contractor holdbacks, termination liability reserve, accrued and future deliveries, pro rata share of non-recurring charges, contract administration costs, and administrative/ accessorial costs, as applicable. Previous schedule of payment amounts on requisition-type cases may be replaced by military department reporting of open requisition values on hand or anticipated.

Essentially, the DD Form 645 provides current period (i.e., the calendar quarter preceding the period ending date) delivery costs as well as cumulative delivery costs for all prior periods and work-in-process costs for the period subsequent to the period ending date. The bill normally requests funds to cover the planned deliveries for the forecast quarter (the calendar quarter subsequent to DFAS SCA payment due date). This concept is illustrated in Figure 1-2 (The “Four Periods of the DD 645” Example). Refer to Chapter 3 of this Handbook for additional details on the Foreign Military Sales Billing Statement (DD Form 645).

**Figure 1-2: The “Four Periods” of the DD 645 Example**



### **Foreign Military Sales Delivery Listing**

This is a listing of the performance reporting of articles, services, Supply Discrepancy Reports (SDRs), etc., which have been reported to DFAS SCA by the IAs. An FMS Delivery Listing will be provided if deliveries have been received in DFAS SCA during the Current Quarter Period (column 9) of the DD Form 645.

The FMS Delivery Listing provides delivery information by case and by LOA line-item number. Detailed information regarding articles/services transactions, administrative/accessorial transactions, and a summary of delivery costs for each item number’s (i.e., LOA line number) reported transaction(s) is provided. Refer to Chapter 4 of this Handbook for additional details on the Foreign Military Sales Delivery Listing Statement.

### **Foreign Military Sales Financial Forecast**

This is a listing that reflects future forecast amounts of payments due, by quarter, for the FMS case. It essentially portrays the same information as the LOA’s payment schedule. Refer to Chapter 5 of this Handbook for additional details on the Foreign Military Sales Financial Forecast.

### **Foreign Military Sales Reply Listing to Customer Requests for Adjustments**

This is a listing that reflects all transactions relating to the final disposition/action taken with respect to any customer requests for adjustments requested by Supply Discrepancy Reports (SDRs) that the FMS customer submits, and it may also contain other internal USG billing transactions, which also require an Adjustment Reply Code (ARC) and are being billed the FMS customer. Close review should be made to ascertain that the adjustment does or will satisfy a SDR requirement in the event the SDR number is not present.

In the event a customer review of the DD Form 645 and/or the supporting FMS Delivery Lists identifies the necessity for an adjustment, the FMS customer should submit a formal request for adjustment. Requests for billing and supply adjustments for materiel and service performance should be submitted to the IA. FMS customers should submit all requests for billing and supply adjustments on a Standard Form (SF) 364 per the LOA Standard Terms and Conditions, Section 5.4 [SAMM Chapter 5 Figure 4—C5.F4], clearly indicating the specific adjustment or billing action requested. The form, instructions for completion, and definitions are prescribed in *DLM 4000.25, Defense Logistics Management System (DLMS) Volume 2 (Supply Standards and Procedures)*, “Chapter 17 (Supply Discrepancy Reporting),” and the related Appendices 2 and 3. After resolution

of SDRs applicable to materiel and services, Implementing Agencies (IAs) report the action being taken to DFAS SCA. DFAS SCA will prepare a consolidated listing of the actions taken in response to the SDRs, and this listing will be mailed with the DD Form 645 to the country involved. All responses to SDRs are listed separately for each country, Service, Case, and Item Number. The Reply Listing is prepared in the same basic sequence as the billing statement and FMS Delivery Listing. All SDRs appearing on the FMS Delivery Listing are included in the Reply Listing. Refer to Chapter 6 of this Handbook for additional details on the Foreign Military Sales Reply Listing to Customer Requests for Adjustments Statement.

### **Holding Account Statement**

As a convenience to the FMS purchaser, procedures are available for the establishment of purchaser holding account(s). The holding account(s) is/are sub-account(s) of funds not identified to a specific FMS case, reserved for identified cases (but not yet deposited in those cases) and/or funds not required when a case is closed. The FMS customer may request DFAS SCA to “draw upon” their holding account for transfers to specific cases as the need arises. The holding account balances are not included in the totals of the DD Form 645. A separate statement is provided to the country showing deposits and withdrawals to the holding account and is considered an offline statement. Refer to Chapter 7 of this Handbook for additional details on the Holding Account Statement.

For those FMS customers receiving holding account statements, the combination of the DD Form 645 FMS Billing Statement(s) and holding account statement will reflect the total FMS Trust Fund activity for the accounting period for that international country/organization.

The FMS customer needs to advise DFAS SCA of its requests relative to the controls over holding account transactions. For example, DFAS SCA needs to know if the customer will allow automatic use of the funds for other open FMS cases, if the customer requests automatic refunds, or if the customer wants to request refunds on a case-by-case basis. Please note that funds temporarily held for new case implementation are not available for cross-leveling or refund. DFAS SCA will state the total reserved balance for each account. Refer to Chapter 7 of this Handbook for additional details on the Holding Account Statement.

### **Foreign Military Sales Accelerated Case Closure Suspense Account**

This is a country-level account that shows FMS cases of participating countries where all ordered goods and services have been provided (i.e., Logistically/Supply and Services Complete—SSC) and only final financial reporting is necessary. It depicts the country, IA, case, and closure date with the previous quarters unliquidated obligations (ULO) and current quarters activity. The “CUR QTR BAL” column documents the balance at the end of the reporting period. Refer to Chapter 8 of this Handbook for additional details on the Foreign Military Sales Accelerated Case Closure Suspense Account Statement.

### **Special Billing Arrangements (SBA)**

There are two official forms of FMS billing: the quarterly DD Form 645, Foreign Military Sales, Billing Statement issued by DFAS, and the DSCA issued Special Billing Arrangement (SBA) statements, referred to as Special Bill Letters (SBL). A Special Bill Letter supersedes the DD 645 Billing Statement and serves as the official claim for payment issued to the FMS purchaser. The purpose of the SBA is to improve cash management for eligible FMS partners. This is done by more accurately projecting cash requirements, including reserves for termination liability, as agreed in the LOA. The SBA does not supersede the need for accurate LOA payment schedules; however, LOA payment schedules will not be adjusted to reflect revised payments requested in the Special Bill. The payment schedule on the basic LOA is imperative for partner nation budgeting and must be as accurate as possible. FMS partners eligible for Dependable Undertaking may submit a request for an SBA to the DSCA Principal Director for Business Operations for consideration. DSCA (Directorate of Business Operations [DBO] Country Financial Management Division [CFM]) will negotiate the SBA with the FMS partner as appropriate and will coordinate all prospective agreements with DSCA (Office of the General Counsel [OGC]),

the applicable Integrated Regional Team, and DSCA (Directorate of Business Operations [DBO] Financial Policy & Analysis Division [FPA]) prior to presenting the SBA to the Principal Director for approval. SBAs must specify the frequency at which billing will occur. This can be on a monthly, quarterly, or semi-annual basis depending on the USG and FMS partner requirements defined and agreed to in the SBA. After an SBA is established, DSCA will, on the date and at the frequency specified in the SBA, provide the FMS partner an SBL requesting payment. The SBL is the official billing document that supersedes the quarterly DD 645 billing statement when an SBA is established. The amount due and payable in the SBL supersedes Column 14 (“Amount Due and Payable”) of the DD 645 Billing Statement. See SAMM Table C9.T27 for an example of the SBL calculation. [SAMM C9.10.2]

## Foreign Military Sales Case Closure

A logical follow-on event to a case that has been completely delivered and billed is case closure. FMS customers are encouraged to request status from the IA on undelivered/unbilled items prior to case closure. A Security Cooperation case is considered closed when all material has been delivered and/or all services have been performed, the IA has certified the final delivered cost, all financial transactions (including all collections) have been completed, and the customer has received a Final Statement of Account (i.e., a Final DD Form 645). DFAS SCA is the final determining organization for case closures; however, an IA may consider their records as logistically closed at the time a closure certificate is released to DFAS SCA. After processing, DFAS SCA confirms closure data to the IAs to ensure that records are logistically and financially complete. Two broad categories (both of which are discussed in greater detail in the following paragraphs) of closure exist: Accelerated Case Closure Procedures (ACCP) and non-ACCP.

## Case Closure Procedures

[SAMM C16.4]

Once a case is Supply/Services Complete (SSC), and the requisite verification steps for SSC reconciliation are complete, the case is eligible to be submitted for closure. Case closure is the final phase of the SC Case life cycle and is extremely important to the USG and purchaser. Reconciliation for closure involves extensive communication between various logistics, financial, and contract organizations (including the FMS Purchaser) to ensure associated closure transactions are completed. It is imperative that case and line reconciliation be initiated upon implementation of the LOA to make the closure process described herein timely and easier. By reconciling during case execution, case closure becomes an event instead of a process. A case is submitted for closure once it is reconciled according to procedures for the appropriate closure method.

Closed cases are identified by an asterisk on the DD Form 645 (Billing Statement) and a separate case-level DD Form 645 (Final Statement of Account) is printed for distribution to appropriate parties. Once a case appears with the closed case asterisk, it will be dropped from future DD 645 forms unless the IA or DFAS SCA has cause to reopen the case.

**Closure Types:** Accelerated Case Closure Procedures (ACCP) and non-ACCP.

ACCP applies to all countries/programs that have cases financed with Foreign Military Financing (FMF) funds, or those countries that elect to participate. For cases closed with ACCP, all commitments and obligations must be completed; however expenditures do not have to be finalized prior to closure. The non-ACCP category exists to accommodate those countries whose FMS programs are completely financed with national funds (cash) and have elected to not participate in ACCP. In addition, Building Partner Capacity (BPC) programs that use various funding where the period of funds availability expires/cancels must utilize non-ACCP. A brief synopsis of ACCP and non-ACCP criteria follows:

- **ACCP:** This type of closure allows a case to be closed after SSC, even if there are outstanding Unliquidated Obligations (ULOs) on the case. Purchaser funds are placed in a country-level Case Closure Suspense Account (CCSA) pending final resolution of the ULOs. This program is voluntary,

except for those countries that have Foreign Military Financing (FMF)-funded cases, which requires mandatory participation in ACCP for all FMS cases regardless of the funding source. Most countries/international organizations participate or are automatically (if they receive FMF) included in the ACCP process. The DSCA (Business Operations Directorate, Financial Policy, and Analysis Division) maintains the master list of countries and international organizations that participate in ACCP. That list is documented in the SAMM Table C4.T2 (Security Cooperation [SC] Customer and Regional Codes and FMS Eligibility Table), and also in the SAMM Appendix 7 (Reconciliation and Closure Guide [RCG]), Chapter 3 Table A7.C3.T1 (Master ACCP Participating Country Table [sorted by country code]). For ACCP, purchaser funds are placed in the applicable country-level case closure suspense account pending final resolution of the ULOs.

- **Non-ACCP:** Non-ACC procedures are used to accommodate those countries that have not elected to participate in the ACCP process and whose FMS programs are completely financed with national funds (vice with FMF). While ACCP case closure always has a higher priority, non-ACCP cases with no supporting contracts should be closed as quickly as possible. BPC program cases are also closed under non-ACCP procedures.
- **Reopening and Reinstating Activity on Cases:** Reopening a closed case is performed on an exception basis only. Reinstating activity applies to a case not yet closed, but which is in the financial reconciliation/closure process or, at a minimum, is not currently active from a logistical perspective. Cases may be reopened or reinstated for additional processing (e.g., disbursements or SDRs). [SAMM C16.4.16.]

## Summary

The FMS Billing System provides a mechanism of complying with the *AECA*. Through the LOA and its included Payment Schedule, the FMS customer is able to determine the required initial deposit and programmed estimated quarterly financial requirements.

DFAS SCA, through its FMS Trust Fund—accounting and related cash-accounting procedures, is able to collect and track country monies by case. The basic FMS billing document is the DD Form 645, which is prepared at the end of each calendar quarter. The DD Form 645 serves as both a billing document and a statement of account. The “FMS Delivery Listing,” the “Foreign Military Sales Forecast,” the “FMS Reply Listing to Customer Requests for Adjustment,” the “Holding Account Statement,” and the “Accelerated Case Closure Suspense Account” are all documents that can be included with the DD Form 645 when applicable.

Case closure is accomplished once all necessary logistical and financial actions have been completed on the part of both the U.S. government and the foreign purchaser.

## **CHAPTER 2**

### **DFAS SCA Customer Assistance**

#### **Purpose**

There are certain initiatives Security Cooperation customers may take that can facilitate their understanding of the financial documents received from DFAS SCA. These initiatives consist of writing or calling DFAS SCA points of contact and arranging visits. This chapter provides the information necessary to arrange for a visit to the Center, or a visit by DFAS SCA to a customer site.

#### **Visits to DFAS SCA**

##### **Policy**

FMS customers are encouraged to visit DFAS SCA when appropriate. A visit may be warranted for any number of reasons, including the following:

- To resolve problems or misunderstandings
- To discuss the realignment/redistribution of billing products sent to country addresses
- To meet with your country manager and other DFAS SCA officials for orientation purposes

Visits, of course, are most productive when DFAS SCA is afforded sufficient advance notification and time for preparation. Please attempt to furnish advance agenda items on specific problem/subject areas to DFAS SCA for research.

##### **Visit Requests**

In order for DFAS SCA to make the proper preparations for a visit, to include building/parking clearances, etc., the following information should be provided to DFAS SCA via the Foreign Visit System (FVS) 30 days in advance of the intended visit: [SAMM C3.4]

- Name, rank, and position of visitor(s). Equivalent rank should be furnished if military rank does not apply
- Desired visit dates
- Lodging and protocol requirements
- Topics to be discussed

#### **DFAS SCA Visits to Customer Site**

Based on resource availability, DFAS SCA is available to send a representative to a country's embassy/mission in Washington, D.C. In circumstances where extensive/extraordinary services or assistance are needed, it may be necessary to have the associated costs directly funded through a "services line" on an FMS case. All requests for in-country visits will be reviewed on a case-by-case basis.

#### **DFAS SCA Automated Delivery Listing Products**

The customer may also request that DFAS SCA provide additional data to support the FMS Delivery Listings. Specific data formats prepared by DFAS SCA based upon Delivery Transactions are shown in Figures 2-1 through 2-6 for the following transactions:

- Articles/Service Transaction (Figure 2-1)
- Training Transaction (Figure 2-2)
- Administrative Transaction (Figure 2-3)
- Accessorial/Additional Cost Transaction (Figure 2-4)
- Articles/ Services Transaction (Figure 2-5)
- Administrative/Accessorial Cost Transactions (Figure 2-6)

**Figure 2-1: Data Tape Format for Articles/Service Transaction**

Data Tape Format for Articles/Service Transaction <sup>1</sup>	
Transaction Position	Field Contents
1-3	Document Identifier Code <sup>2</sup>
4-6	Routing Identifier Code
7	Price Code
8-22	Stock or Part Number/SDR Response
23-24	Unit of Issue
25-29	Quantity Shipped <sup>3</sup>
30-43	Document Number
44	Suffix Code
45-50	Supplemental Address
51	Mode of Shipment
52-53	Adjustment Reply Code
54-57	Accounting Date <sup>4</sup>
58	Transportation Bill Code <sup>5</sup>
59-60	Delivery Source Code

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<sup>1</sup> The majority of data in this transaction is perpetuated from the Delivery Transaction report.

<sup>2</sup> Document identifier code will be FKA for debits, FKB for credits, and FKG for reply to customer requests for adjustments. FKG cards may contain either debit or credit values and are financial information relating to the original FKA/FKB transaction.

<sup>3</sup> A credit value is indicated by a CR or “-” after the value.

<sup>4</sup> Numeric year and month in which processed at DFAS SCADFAS SCA.

<sup>5</sup> Second position of original code.

61-64	Date Shipped
65-73	Extended Value <sup>3,4</sup>
74-80	Unit Price <sup>6</sup>
81-83	Item Number
84	Cost Identification Code
85	In-Country Service

**Figure 2-2: Data Tape Format for Training Transaction**

Data Tape Format for Training Transaction	
TransactionPosition	Field Contents
1-3	Document Identifier Code (FKA, FKB)
4-6	Routing Identifier Code
7	Price Code <sup>7</sup>
8-22	Course Number or Brief Description
23-24	Unit of Issue <sup>8</sup>
25-29	Quantity
30-43	Document Number <sup>9</sup>
44	Suffix Code or Blank
45-50	Supplemental Address <sup>10</sup>
51-53	Blank or Zero
54-57	Accounting Date
58	Normally Blank
59-60	Delivery Source Code
61-64	Course Commencement Date or Blank

<sup>6</sup> For items which exceed \$99,999.99 in unit price, the extended value and unit price fields contain dollars only.

<sup>7</sup> Normally "A."

<sup>8</sup> Normally "XX."

<sup>9</sup> Normally contains zeros in cc 33-35 and ITO date and/or number in cc 36-43.

<sup>10</sup> Normally contains zeros in cc 46-47.

65-73	Extended Value <sup>11</sup>
74-80	Unit Price <sup>12</sup>
81-83	Item Number
84	Cost Identification Code
85	In-Country Service

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<sup>11</sup> Cost involved with training.

<sup>12</sup> Normally same as extended value.

**Figure 2-3: Data Tape Format for Administrative Transaction**

Data Tape Format for Administrative Transaction	
TransactionPosition	Field Contents
1-3	Document Identifier Code <sup>13</sup>
4-6	Routing Identifier Code <sup>14</sup>
7	Blank
8-19	Contains constant “ADM COST,” left-justified
20-29	Value to which cost applies, if applicable
30	U.S. IA Code
31-32	FMS Country Code
33-44	Blank
45	FMS Country Service
46-47	Blank
48-50	FMS Case Designator
51	Blank
52-53	Adjustment Reply Code, if applicable
54-57	Accounting Date
58-60	Generic Code (L6A)
61-64	Blank
65-73	Value of Administrative Cost
74-80	Percentage rate used, if applicable
81-83	Item Number
84	Cost Identification Code
85	In-Country Service

<sup>13</sup> FKC for debits, FKD for credits.

<sup>14</sup> Code of activity for reported materiel/services to which administrative costs apply.

**Figure 2-4: Data Tape Format for Accessorial/Additional Cost Transaction**

Data Tape Format for Accessorial/Additional Cost Transaction	
Transaction Position	Field Contents
1-3	Document Identifier Code <sup>15</sup>
4-6	Routing Identifier Code <sup>16</sup>
7	Blank
8-19	Phrase identifying type of cost <sup>17</sup>
20-29	Value to which cost applies, if applicable
30	U.S. IA Code
31-32	FMS Country Code
33-44	Blank
45	FMS Country Service
46-47	Blank
48-50	FMS Case Designator
51	Blank
52-53	Adjustment Reply Code, if applicable
54-57	Accounting Date
58-60	Generic Code for type of cost as prescribed by the <i>Security Assistance Management Manual (SAMM)</i>
61-64	Blank
65-73	Value of Accessorial Cost
74-80	Percentage rate used, if applicable
81-83	Item Number
84	Cost Identification Code
85	In-Country Service

<sup>15</sup> FKE for debits, FKF for credits.

<sup>16</sup> Code of activity for reported materiel/services to which accessorial costs apply.

<sup>17</sup> E.g., "CONUS T," "OSEAS T," "P POST," "PCH," "STAGING," "MEDICAL," etc.

**Figure 2-5: Data CD Format for Articles/Service Transaction**

Data CD Format for Articles/Service Transaction <sup>18</sup>	
Transaction Position	Field Contents
1-3	Document Identifier Code
4-6	Routing Identifier Code
7	Price Code
8-22	Stock or Part Number/SDR Response
23-24	Unit of Issue
25-30	Quantity Shipped
31	Blank
32-45	Document Number
46	Suffix Code
47-52	Supplemental Address
53	Mode of Shipment
54-55	Adjustment Reply Code
56-59	Accounting Date (numeric year and month in which processed at DFAS SCADFAS SCA)
60	Transportation Bill Code (second position of original code)
61-62	Delivery Source Code
63-66	Date Shipped
67-79	Extended Value <sup>19,20</sup>
80-88	Unit Price <sup>19,20,21</sup>
89-91	Item Number
92	Cost Identification Code <sup>22</sup>
93	In-Country Service

<sup>18</sup> The majority of data in this transaction is perpetuated from the Delivery Transaction report.

<sup>19</sup> The sign positions are “o” for positive and “-“ for negative quantities.

<sup>20</sup> For items that exceed \$9,999,999.99 in the extended value field, the extended value is expressed as rounded whole dollars only (no cents).

<sup>21</sup> For items that exceed \$99,999.99 in the unit price field, the extended value and unit price fields contain dollars only.

<sup>22</sup> This field always contains an “A” (above-the-line costs, articles, and services).

**Figure 2-6: Data CD Format for Administrative and Accessorial Transactions**

Data CD Format for Administrative and Accessorial Transactions <sup>18</sup>	
Transaction Position	Field Contents
1-3	Document Identifier Code (DIC)
4-6	Routing Identifier Code of activity which reported materiel/services to which administrative/accessorial costs apply
7	Blank
8-19	Cost Description
20-31	Extended Value Total <sup>19,20,21</sup>
32	U.S. IA Code
33-34	FMS Country Code
35	Type Cost 5
36-46	Blank
47	FMS Country Service
48-49	Blank
50-52	FMS Case Designator
53	Blank
54-55	Adjustment Reply Code, if applicable
56-59	Accounting Date
60-62	Generic Code (L6A)
63-66	Blank
67-77	Value of Administrative/Accessorial Cost <sup>20,21</sup>
78-85	Percentage rate used, if applicable <sup>21</sup>
86-88	Blank
89-91	Item Number
92	Cost Identification Code
93	In-Country Service
<p>If the DIC is FKC or FKD, "ADMIN-COSTS" should appear this space. If DIC is FKE or FKF, the generic description of the accessorial charges (i.e., CONUS TRANS, PCH, P Post, etc) should appear in this space.</p>	

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## **Part II—Billing Documents**

### **CHAPTER 3 Foreign Military Sales Billing Statement (DD Form 645)**

#### **Purpose**

The purpose of this chapter is to introduce the reader to the format of, and the types of information contained in, the Foreign Military Sales (FMS) Billing Statement, DD Form 645.

#### **Introduction**

The FMS Billing Statement, DD Form 645, and attachments (which are described in detail in the subsequent chapters of this Handbook), are produced by DFAS SCA on a quarterly basis. The Defense Integrated Financial System (DIFS) billing subsystem is where those transactions are compiled and the DD Form 645 is created.

Customized print packets are generated by DFAS SCA for specific customer addressees (utilizing the Country Address/Distribution file which can be revised upon a country's formal request to DFAS by an authorized country POC). Each country's packets contain only the reports or portions of the reports in the number and sort sequence required by a specific country addressee. The select and variable sort sequence parameters used are Bill Code, IA Code, In-Country Service Code, and Report Type. The proper mailing label is also printed for each packet. All report copies printed are originals and the special form required for the DD Form 645 is formatted within the computer system.

#### **General Information Regarding DD Form 645**

##### **Function and Content**

The DD Form 645, prepared by DFAS SCA, represents the official claim for payment by the U.S. government referred to in the United States of America Letter of Offer and Acceptance (LOA). In addition, it furnishes accounting records to the FMS Purchaser for all costs incurred under each LOA. Details on the DD Form 645 segregate the cost elements in a manner parallel to the presentation of line item number detail on the LOA with physical performance of services or delivery of materiel being shown for each of the LOA's item number(s) (i.e., LOA Line number[s]). Administrative surcharges, accessorial costs, and a forecast of future performance/deliveries are also provided, but at case, as opposed to line-item number level.

## Cycle

The DD Form 645 is prepared and forwarded to the FMS Purchaser on a quarterly basis in accordance with the billing timeline documented in SAMM Table C9.T25 (FMS Billing Timeline), and the FMR VOL 15, Chapter 8, Section 0803 (FMS Billing Statement), which is depicted in the following table.

<b>PERIOD ENDED ON FMS BILLING STATEMENT</b>	<b>Approximate Date DD 645 Mailed by DFAS SCA</b>	<b>PAYMENT DUE AT DFAS INDIANAPOLIS</b>	<b>FOR PERIOD COVERING</b>
December 31st	January 15th	March 15th	April–June
March 31st	April 15th	June 15th	July–September
June 30th	July 15th	September 15th	October–December
September 30th	October 15th	December 15th	January–March

### Types of Statements

The DD Form 645 has two basic variations:

1. **Billing Statement.** The Billing Statement variation serves as a bill and statement of account for all open FMS cases and those cases which are closed during that quarterly period. Block 2, in the first instance, states, “This is a Billing Statement based on cash (financial) requirements. Payment is due by: \_\_\_\_.”
2. **Final Statement of Account.** Each FMS case reflecting a closed status on the quarterly Billing Statement will be accompanied by a Final Statement, the latter of which may be conveniently detached by the FMS Purchaser and filed in any locally maintained case files. A closed case is depicted by an asterisk (\*) at the beginning of the case designator in Column 6 of the Billing Statement and Final Statement. Block 2, in this second variation, states, “This is a Final Statement of Account.”
  - a. Once a Final Statement has been submitted for an FMS case, no subsequent adjustment of such billings (upward or downward) is authorized, except under the following instances (Note: This information appears in the “Explanatory Notes” at the bottom of a Final Statement):
    - i. Discovery of latent errors, such as obvious errors in addition or multiplication, unauthorized deviations from DoD policy, or computer errors in establishing unit prices.
    - ii. To provide charges/credits for Supply Discrepancy Reports (SDR) submitted by the purchaser in accordance with terms and conditions of the LOA.
    - iii. Discovery by the United States that it has shipped an item or rendered a service for a case but has failed to submit a bill.
    - iv. Discovery by the United States that the final price paid to a U.S. contractor for an item provided in accordance with Section 22 of the Arms Export Control Act is different from the final amount billed for that item.

## Explanation of Entries on the DD Form 645

Following is an explanation of how to interpret and understand entries on the DD Form 645 Foreign Military Sales (FMS) Billing Statement using Figure 3-1 (“DD Form 645 Billing Statement Example for BN-D-YCY LOA”) below as an example billing statement document. The form field numbers are identified in the descriptions above to assist in correlating the information with the example form.

**Figure 3-1 – DD Form 645 FMS Billing Statement Example**

FOREIGN MILITARY SALES BILLING STATEMENT				UNITED STATES OF AMERICA DEPARTMENT OF DEFENSE/AIR FORCE				
1. TO: BANDARIA ARMY		2. THIS IS A BILLING STATEMENT BASED ON CASH REQUIREMENTS. PAYMENT IS DUE BY 21 SEP 15		3. STATEMENT NUMBER: 21-06DB		4. FOR PERIOD ENDED: 21 JUN 30		5. DATE PREPARED: 21 JUL 15
CASE IDENTIFICATION AND DELIVERY STATUS				FINANCIAL STATUS				
6. CASE & ITM NBR	7. TOTAL VALUE ORDERED	8. CUMULATIVE DELIVERY COSTS END PRIOR PERIOD	9. CURRENT PERIOD DELIVERY COSTS (ATTACHMENT 1)	10. CUMULATIVE DELIVERY COSTS & WORK IN PROCESS	11. FORECASTED REQUIREMENTS (NOTE A)	12. TOTAL FINANCIAL REQUIREMENTS	13. CUMULATIVE PAYMENTS RECEIVED	14. AMOUNT DUE AND PAYABLE
YCY								
001	78,683,170.00	0.00	0.00	0.00				
	HUMDINGER MISSILES							
002	619,300.00	0.00	0.00	0.00				
	LAUNCHERS							
003	2,017,000.00	0.00	0.00	0.00				
	SPARE PARTS							
004	488,840.00	0.00	0.00	0.00				
	TRAINING MISSILES							
005	181,800.00	181,800.00	0.00	181,800.00				
	TECHNICAL DATA PKG							
006	3,017,692.00	0.00	0.00	0.00				
	CONTAINERS							
007	1,563,480.00	143,319.00	78,173.00	221,492.00				
	SUPPORT EQUIPMENT							
008	2,163,402.00	198,311.85	108,170.10	306,481.95				
	CONTRACTOR SPT							
009	2,021,000.00	185,258.33	101,050.00	286,308.33				
	PARTS/SPT EQUIP							
010	12,372.00	1,790.68	976.74	2,767.42				
	AF TECH ORDERS							
011	1,636,316.00	0.00	0.00	0.00				
	AIRLIFT, AMC							
012	1,008,500.00	92,445.83	50,425.00	142,870.83				
	R+R OTHER							
013	631,250.00	57,864.58	31,562.50	89,427.08				
	R-R MISSLES							
014	2,694,188.00	0.00	0.00	0.00				
	WARRANTY							
700	657,000.00	54,750.00	32,850.00	87,600.00				
	TECH ASSISTANCE							
701	73,338.00	61,115.00	12,223.00	73,338.00				
	SITE SURVEYS							
702	2,514,403.00	209,533.58	125,720.15	335,253.73				
	OTHER SERVICES							
989	260,000.00	59,583.33	32,500.00	92,083.33				
	TRAINING							
L6A	3,508,507.00	43,602.03	20,077.77	63,679.79				
	ADMINISTRATIVE FEE							
L00	235,182.00	21,558.35	11,759.10	33,317.45				
	ACCESSORIAL COSTS							
	WIP			23,786,978.07				
	WORK IN PROCESS							
CASE TOTAL	103,986,740.00	1,310,932.58	605,487.35	25,703,398.00	10,277,127.00	35,980,525.00	25,703,398.00	10,277,127.00

DD FORM 645 (NOV 87) PREVIOUS EDITIONS ARE OBSOLETE (Q)

<b>Entries on DD Form 645 [FMR Table 8-1 and Figure 3-1]</b>	
<b>Foreign Military Sales Billing Statement</b>	<u>Upper Left-Hand Corner</u> . Title of DD Form 645.
<b>United States Of America  Department Of Defense/Air Force</b>	<u>Upper Right-Hand Corner</u> . Identifies the U.S. Department of Defense Component acting as the Implementing Agency (IA) for the cases shown on the statement. In this example, the U.S. Air Force is the IA.
<b>1. To: Bandarian Army</b>	<u>Data Field #1</u> . Identifies the FMS Purchaser Service who is the recipient of the statement. Reflects full country/activity name followed by Military Service within country or special paying office. In this example, the example has the Bandaria Army.
<b>2. This Is A Billing Statement Based On Cash Requirements. Payment Is Due By: 21 SEP 15</b>	<u>Data Field #2</u> . Identifies the statement as a “Billing Statement based on cash requirements” or a “Final Statement of Account,” whichever is applicable. If the statement is a Billing Statement, this block also indicates the date payment is due. The due date is about 60 days after the preparation date in Block 5 but, in any event, will be the 15th day of the last month of the quarter. The format is <b>YEAR MONTH DAY</b> with the year being the first two numbers to identify the year. In the billing form example, the “21 SEP 15” indicates the next Bandria payment for this LOA is due 2021, September 15th.
<b>3. Statement Number 21-06DB</b>	<u>Data Field #3</u> . Statement number is assigned mechanically and is composed of the numeric year and month representing the period ended followed by an alphabetic management code assigned by DFAS SCA. The management code (also referred to as the “bill code”) is used to sort cases for distribution and normally identifies the paying office. The foreign customer can request and obtain billing sorted in some other manner. In this example, the statement number is “21-06DB” with “21” indicating the calendar year 2021; “06” indicating the sixth month (June); and “DB” standing for the applicable management (USAF) and/or paying office (Bandaria Army) bill code.
<b>4. For Period Ended 21 JUN 30</b>	<u>Data Field #4</u> . Contains the last calendar day of the month for which the statement is prepared. It is normally the last day of the month at the end of each calendar quarter, e.g., 2021, June 30th, in this example.
<b>5. Date Prepared 21 JUL 15</b>	<u>Data Field #5</u> . Reflects the actual date on which the statement was prepared/mailed, e.g., 2021, July 15th, in this example.

Case Identification And Delivery Status <sup>23</sup>	<u>Middle-Left Portion</u> . Descriptor for Columns 6 through 9.
<p>1. <b>Case &amp; Item Number:</b></p> <p>YCY 001 002 003 004 005 006 007 008 009 010 011 012 013 014 700 701 702 989 L6A L00 WIP Case Total</p>	<p><u>Data Field #6</u>. Consists of the following information:</p> <p>a. Identifies the FMS <i>case designator</i> (YCY in this illustration), and the item number (i.e., LOA Line numbers) identification (e.g., 001, 002) from the LOA. Immediately below and slightly to the right of each item number in Column 7, is the <i>abbreviated/short title</i> of articles/services taken from the <i>Military Articles and Services List</i> (MASL, as documented in the Defense Security Assistance Management System [DSAMS] that the LOA was developed in). As an example, in the Figure 3-1, Item Number 001 is identified as “HUMDINGER MISSILES.”</p> <p>b. Additionally, this column contains identification of “ADMINISTRATIVE FEE” (Generic Code L6A), “ACCESSORIAL COSTS”s (Generic Code L00), “WORK IN PROCESS” (WIP), which is defined in Block 10, related to the case as well as the “CASE TOTAL.”</p> <p>c. As noted earlier, an asterisk (*) preceding the case designator indicates a completed case (closed). A case which has been closed since the previous Billing Statement was issued will appear on the current Billing Statement with an asterisk. Concurrently, a Final Statement of Account is prepared mechanically for the case and presented following the billing statement. Once a case is closed, that case will not appear on a subsequent DD Form 645 unless the case is re-opened.</p>

<sup>23</sup> NOTE: In illustrating columns 6 through 14, Case Designator YCY from Figure 3-1 is used.

<b>7.Total Value Ordered: 103,986,740.00</b>		<u>Data Field #7.</u> Contains the dollar value of articles/services associated with each item number, along with the generic description from DSAMS of each item number, and the value of the entire case. These dollar values come from the current implemented version of the applicable Letter of Offer and Acceptance (LOA).
HUMDINGER MISSILES	78,683,170.00	
LAUNCHERS	619,300.00	
SPARE PARTS	2,017,000.00	
TRAINING MISSILES	488,840.00	
TECHNICAL DATA PKG	181,800.00	
CONTAINERS	3,017,692.00	
SUPPORT EQUIPMENT	1,563,480.00	
CONTRACTOR SPT	2,163,402.00	
PARTS/SPT EQUIP	2,021,000.00	
AF TECH ORDERS	12,372.00	
AIRLIFT, AMC	1,636,316.00	
R&R OTHER	1,008,500.00	
R&R MISSILES	631,250.00	
WARRANTY	2,694,188.00	
TECH ASSISTANCE	657,000.00	
SITE SURVEYS	73,338.00	
OTHER SERVICES	2,514,403.00	
TRAINING	260,000.00	
ADMINISTRATIVE FEE	3,508,507.00	
ACCESSORIAL COSTS	235,182.00	
CASE TOTAL	103,986,740.00	

<b>8. Cumulative Delivery Cost End Prior Period</b>		<u>Data Field #8.</u> Dollar value of cumulative delivery costs as of the end of the prior statement period (e.g., deliveries cumulative from the implementation of the basic version of the LOA through March 31, 2021, in this BN-D-YCY example). No value is shown in this column for progress payments applicable to undelivered items. Listing on the table on the left, only includes the line items that have had reported deliveries.
TECHNICAL DATA PKG	181,800.00	
SUPPORT EQUIPMENT	143,319.00	
CONTRACTOR SPT	198,311.85	
PARTS/SPT EQUIP	185,258.33	
AF TECH ORDERS	1,790.68	
R&R OTHER	92,445.83	
R&R MISSILES	57,864.58	
TECH ASSISTANCE	54,750.00	
SITE SURVEYS	61,115.00	
OTHER SERVICES	209,533.58	
TRAINING	59,583.33	
ADMINISTRATIVE FEE	43,602.03	
ACCESSORIAL COSTS	21,558.35	
CASE TOTAL	1,310,932.58	
<b>9. Current Period Delivery Cost (ATTACHMENT 1)</b>		<u>Data Field #9.</u> Dollar value of delivery costs reported since the end of the prior statement period (i.e., those delivery transactions received in and accepted by DFAS SCA during the current period [April through June 2021 in this example]). Values shown in this column are supported in (transaction) detail by the FMS Delivery Listing (identified in the Column 9 heading as Attachment 1). In Chapter 4, the FMS Delivery Listing documents the transactions which account for the \$78,173 amount shown for Line 007 in Column 9. No value is shown in this column for work in process applicable to items, services, and training that have not yet
SUPPORT EQUIPMENT	78,173.00	
CONTRACTOR SPT	108,170.10	
PARTS/SPT EQUIP	101,050.00	
AF TECH ORDERS	976.74	
R&R MISSILES	31,562.50	
TECH ASSISTANCE	32,850.00	
SITE SURVEYS	12,223.00	

OTHER SERVICES	125,720.15	been reported to DFAS SCA as delivered by the Implementing Agencies (IAs).
TRAINING	32,500.00	
ADMINISTRATIVE FEE	20,077.77	
ACCESSORIAL COSTS	11,759.10	
CASE TOTAL	605,487.35	
<b>Financial Status</b>		<u>Middle-Right Portion</u> . Descriptor for Columns 10 through 14.
<b>10.Cumulative Delivery Cost &amp; Work in Process</b>		<u>Data Field #10</u> . This column contains the cumulative totals of values shown in Columns 8 and 9, plus work in process applicable to undelivered items.
TECHNICAL DATA PKG	181,800.00	The value in Column 10 for <b>Work In Process (WIP)</b> represents accrued costs incurred on behalf of the FMS Purchaser that are not yet supported by physical or constructive deliveries. These costs include contractor holdbacks on work in process made to contractors, potential termination liabilities, and any other applicable authorized charges (e.g., Government Furnished Material—GFM from inventory, etc.).
SUPPORT EQUIPMENT	221,492.00	
CONTRACTOR SPT	306,481.95	
PARTS/SPT EQUIP	288,308.33	
AF TECH ORDERS	2,767.42	
R&R OTHER	142,870.83	
R&R MISSILES	89,427.08	
TECH ASSISTANCE	87,600.00	
SITE SURVEYS	73,338.00	
OTHER SERVICES	335,253.73	
TRAINING	92,083.33	
ADMINISTRATIVE FEE	63,679.79	
ACCESSORIAL COSTS	33,317.45	
WORK IN PROCESS	23,786,978.07	
CASE TOTAL	25,703,398.00	

<p><b>11. Forecasted Requirements (Note A)</b></p> <p style="text-align: right;">10,277,127.00</p>	<p><u>Data Field #11</u>. Contains the forecasted requirements for the case, i.e., the value of potential costs to be incurred during the calendar quarter following the payment due date of the current statement. This value appears on the “Case Total” line only and may be derived from one of two different sources:</p> <ol style="list-style-type: none"> <li>1. The quarterly deposit identified in the payment schedule for the case, which has a due date that coincides with the payment due date of the current statement. In this example, the \$10,277,127.00 figure comes from the payment schedule of the current implemented version (Modification 1) of the BN-D-YCY LOA.</li> <li>2. For all requisition type cases, the Defense Component may provide DFAS SCA with a “Committed Values for Requisition Cases” report. This report (when provided) would reflect the current value of on-hand, unfilled requisitions for each applicable case. That report will be submitted to DFAS SCA by automated means. These inputs will be submitted to DFAS SCA by the 15th day of the last month of each calendar quarter, reflecting the most recent status for each case. The committed value will be used as the forecasted requirements in Column 11 for the case in lieu of the quarterly deposit in the payment schedule when the committed value is less than the payment schedule quarterly deposit. Forecasted amounts may be adjusted by</li> </ol>
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	<p>DFAS SCA based on documented information.</p> <p>The Column 11 heading makes reference to “Note A,” which is one of the “EXPLANATORY NOTES” at the bottom of the certification page of the actual DD-645 Billing Statements. While it is not included in the Figure 3-1 example above, the exact wording of the “Note A” reference is as follows: “THE TERMS OF THE U.S. PUBLIC LAW, THE ARMS EXPORT CONTROL ACT, REQUIRE THE DEPARTMENT OF DEFENSE TO COLLECT PAYMENTS FROM FOREIGN PURCHASERS IN ADVANCE OF THE TIME THAT DOD INCURS COSTS ON THE PURCHASER’S BEHALF. THEREFORE, THIS BILLING STATEMENT REQUESTS PAYMENT OF MONIES THAT ARE ANTICIPATED TO BE EXPENDED BETWEEN THE TIME THIS BRANCH CHIEF: BILLING STATEMENT IS PAID AND THE FOLLOWING BILLING STATEMENT IS PAID.”</p>
<p><b>12. Total Financial Requirements</b></p> <p style="text-align: right;">35,980.525.00</p>	<p><u>Data Field #12.</u> A value appears in this column on the “Case Total” line only. It represents the cumulative total of the Column 10 (“CUMULATIVE DELIVERY COSTS &amp; WORK IN PROCESS”) and Column 11 (“FORECASTED REQUIREMENTS”) values for the case.</p>
<p><b>13. Cumulative Payments Received</b></p> <p style="text-align: right;">25,703,398.00</p>	<p><u>Data Field #13.</u> A value appears in this column on the “Case Total” line only. It represents the total amount of payments received (as of the report date documented in Block 5 (“DATE PREPARED”) by DFAS SCA in behalf of the FMS customer for each applicable case.</p>

<p><b>14. Amount Due And Payable</b></p> <p style="text-align: right;">10,277,127.00</p>	<p><u>Data Field #14.</u> A value appears in this column on the “Case Total” line only. It represents a calculation—Column 12 value minus Column 13 value—and is the additional payment due from the customer. If the calculation is less than \$1 or is a negative amount due, no amount will be shown.</p>
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### **Summary**

The DD Form 645 is prepared and distributed to the FMS Purchaser on a quarterly basis. This document has two variations: a “Billing Statement” and a “Final Statement of Account” for each closed case.

## Chapter 4

# FMS Delivery Listing

### Purpose

In this chapter, the FMS Delivery Listing (which is an attachment to the DD Form 645) is addressed. The discussion centers on how to read the Delivery Listing and how such listing relates to the DD Form 645.

### General Information

### Function and Format

An FMS Delivery Listing (see Figures 4-1 through 4-2 below for examples) is prepared in support of entries in Column 9, “Current Period Delivery Costs,” for each of the DD Form 645 documents and Item Numbers (i.e., LOA Line Numbers) that have deliveries reported by the IAs to DFAS SCA in the just completed reporting period. The document identifies items physically or constructively delivered and services performed that are received and accepted by DFAS SCA during the reporting period. It is cross-referenced to specific document numbers and allows FMS customers to validate receipt of the materiel or services. This FMS Delivery Listing also includes DFAS SCA’s computations of authorized charges applied by that organization in accordance with established pricing policy. Those performance-reporting items rejected back to an IA must be researched by them for determination of errors, correction and/or re-input in subsequent reporting. The FMS delivery list is in item number (i.e., LOA line number) sequence, and then the sorting sequence in each FMS Delivery Listing document is by Delivery Source Code (DSC) which is subtotaled by DSC, and then by Accounting Date (ACTG DATE). Transactions on the report are categorized by the “ARTICLE/SERVICES TRANSACTIONS” (i.e., the “Above-the-Line” transactions), and then the “ADMINISTRATIVE/ACCESSORIAL TRANSACTIONS” (i.e., the “Below-the-Line” transactions).

### Cycle

The FMS Delivery Listing, being an attachment to the DD Form 645, is prepared and distributed on the same quarterly basis as the DD Form 645 (Foreign Military Sales Billing Statement).

### Explanation of Entries on the Foreign Military Sales Delivery Listing

The FMS Delivery Listing essentially consists of four sections or groupings of information:

1. **Header Information** includes the identification of country, service, statement number, case, item number, dates (period ended, and date prepared), and the U.S. Department/Agency.
2. **Articles/Services Transactions** provides a listing of each “Above-the-Line” transaction reported (during the current billing reporting period) by the IA to DFAS SCA for the CASE and Item Number identified in the report’s Header information.
3. **Administrative/Accessorial Transactions** provides a consolidated listing of administrative/accessorial costs (i.e., the ‘Below-the-Line’ transactions) by generic code and the accounting date/month.
4. **Summary of Delivery Costs** documents the “ARTICLES/SERVICE COSTS” (categorized by “FKA,” “FKB,” and “NET TOTAL”), “ADMINISTRATIVE COSTS” (categorized by “FKC,” “FKD,” and “NET TOTAL”), and “ACCESSORIAL COSTS” (which includes categorization by “FKE,” “FKF,” and each individual applicable transportation segments).

**Figure 4-1: FMS Delivery Listing Example**

PCN: UH028A150	FMS DELIVERY LISTING										FOR PERIOD ENDED: 21 JUN 30		PAGE: 1				
COUNTRY: BANDARIA	STATEMENT NUMBER: 21-06DB										DATE PREPARED: 21 JUL 15						
SERVICE: ARMY	CASE: YCY ITM NBR: 007										U.S. DEPT/AGENCY: AIR FORCE						
ARTICLE/SERVICES TRANSACTIONS																	
DOC ID	PRC RIC	STOCK CD	NUMBER	UNIT ISSUE	QUAN SHIP	DOCUMENT NUMBER	DOC SFX	SUPL ADRS	M S	ARC	ACTG DATE	TBC	DSC	DATE SHIP	UNIT PRICE	EXTENDED VALUE	
FKB	FGZ	A	530601455712300	EA	30	DBNA5402925003		BA2YCY	B	BZ	2104		AB	1111	66.77	2,003.18	CR
FKA	FGZ	A	6D00120DF075683	EA	17	DBNA5403205132		BA2YCY	B		2105		AB	1139	2,222.39	37,780.83	
ITM NBR/DSC SUBTOTAL:																35,777.45	
FKA	FGZ	A	CONTRACT ADMIN	XX	1	DBN0000005127		YCY			2106		BD	1132	357.33	357.33	
ITM NBR/DSC SUBTOTAL:																357.33	
FKA	FGZ	E	1377010542912ES	EA	114	DBNA5410295130		BA2YCY	B		2107		DC	1115	343.11	39,114.54	
FKA	FGZ	E	1377010542911ES	EA	16	DBNA5411255128		BA2YCY	B		2108		DC	1132	182.73	2,923.68	
ITM NBR/DSC SUBTOTAL:															2,300.00	42,038.22	
ADMINISTRATIVE/ACCESSORIAL TRANSACTIONS																	
DOC ID	GENERIC CODE	COST DESCRIPTION	DOCUMENT NUMBER	ARC	ACTG DATE	TYPE OF COST	PERCENT FACTOR	TOTAL VALUE APPLIED	ADMIN/ACSRL COST								
FKC	L6A	ADMIN COSTS	DBN		2103	COMPUTED	3.20	39,114.54	1,251.67								
FKD	L6A	ADMIN COSTS	DBN		2104	COMPUTED	3.20	2,003.18	64.10								
FKC	L6A	ADMIN COSTS	DBN		2105	COMPUTED	3.20	37,780.63	1,208.98								
FKC	L6A	ADMIN COSTS	DBN		2106	COMPUTED	3.20	357.33	11.43								
FKC	L6A	ADMIN COSTS	DBN		2108	COMPUTED	3.20	2,923.68	93.56								
FKE	L1A	CONUS TRANS	DBN		2107	COMPUTED	2.75	39,114.54	1,075.65								
FKE	L1A	CONUS TRANS	DBN		2108	COMPUTED	2.75	2,923.68	80.40								

<p><b>The sections of the FMS Delivery List and associated data fields are discussed below</b></p> <p><b>[Reference: Figure 4-1]</b></p>	
<b>Header Information</b>	
<p><b>Country:</b> Bandaria</p> <p><b>Service:</b> Army</p>	<p><u>Top Left-Hand Portion.</u> Identifies the FMS recipient country and Service within that country that received the applicable materials, services, and training listed on the report.</p>
<p><b>FMS Delivery Listing Statement Number:</b> 21-06DB</p> <p>Case: YCY ITM NBR: 007</p>	<p><u>Top Center Portion.</u> Identifies the type of listing, the statement number, and the case and item (i.e., LOA Line) number. In this example (“21-06DB,” the report is for the 2021 June transactions reported by the U.S. Air Force to DFAS SCA for their support to the Bandaria Army for the execution of FMS Case BN-D-YCY Line Number 007 (“CASE: YCY ITM NBR: 007”).</p>
<p><b>For Period Ended:</b> 21 JUN 30</p> <p><b>Date Prepared:</b> 21 JUL 15</p> <p><b>U.S. Dept/Agency:</b> Air Force</p>	<p><u>Top Right-Hand Portion.</u> Identifies the period ended date of 2021, June 30th (“21 JUN 30”), the actual date prepared of 21, July 15th (“21 JUL 15”), and the U.S. Dept/Agency as the U.S. “Air Force.”</p>

<b>ARTICLES/SERVICES TRANSACTIONS</b>	
<b>[Reference: Figure 4-1]</b>	
<b>DOC ID</b>	<p><u>Document Identifier (DOC ID)</u>. The DOC ID identifies the type of transaction. Refer to Appendix A of this Billing Handbook for additional Delivery Listing Codes details and references. In the “Articles/Services Transactions” section, there are two possibilities:</p> <ol style="list-style-type: none"> <li>1. FKA: Materiel/Service Transaction (Debit).</li> <li>2. FKB: Materiel/Service Transaction (Credit). <ul style="list-style-type: none"> <li>○ In the event of an FKB, the abbreviation for credit (CR) follows the quantity in the QUAN SHIP column and the dollar amount in the EXTENDED VALUE column.</li> </ul> </li> </ol>
<b>RIC</b>	<p><u>Routing Identifier Code (RIC)</u>.</p> <p>Three-position (alpha/numeric) code identifies the shipping depot or activity performing services as established in MILSTRIP procedures. “FGZ,” for example, is the Depot Storage Facility at Hill Air Force Base, Utah.</p> <p>Refer to Appendix B of this Billing Handbook for additional Routing Identifier Codes (RICs) details and references.</p>
<b>PRC CD</b>	<p><u>Price Code (PRC CD)</u>. An alpha code identifies the price as being one of the following:</p> <ul style="list-style-type: none"> <li>• A = An actual price. A blank in the PRC CD field is also treated as an actual price.</li> <li>• E = An estimated price. Used to report physical deliveries at an estimated price. This transaction will eventually be reversed when an actual price (PRC CD “A”) is submitted by the implementing agency (IA).</li> <li>• N = Incremental Billings. Used to report incremental billings (such as WIP to contractors or provision of government furnished materiel (GFM) to a contractor). Code “N” may also be considered to be a Contract Administration Service (CAS) computing code under specific rules.</li> </ul> <p>Refer to Appendix C of this Billing Handbook for additional Price Code details and references.</p>
<b>Stock Number</b>	<p><u>Stock Number</u>. Shows the National or Nato Stock Number (NSN) for material that have NSNs. If there is no applicable NSN for the transaction, there will be an appropriate applicable description (e.g., “CONTRACTORSVCS” for Contractor Services, “GOVT0SRVCS000000” for Government Services, etc.)</p>

<p><b>UNIT ISSUE</b></p>	<p><b>Unit of Issue.</b> Abbreviation for unit of issue, e.g., “EA” equates to Each. Refer to Appendix M of this Handbook for additional Unit of Issue Abbreviations details and references.</p>
<p><b>QUAN SHIP</b></p>	<p><b>Quantity Shipped.</b> Self-explanatory. For FKB transactions, the quantity is followed by the abbreviation “CR” standing for Credit.</p>
<p><b>DOCUMENT NUMBER</b></p>	<p><b>Document Number.</b> Composed of 14 alpha/numeric characters identifying the transaction. Refer to Appendix D of this Handbook for additional Document Number details and references.</p> <p><b>Position 1:</b> Implementing agency code, For example, “D” equates to U.S. Air Force.</p> <p><b>Position 2-3:</b> Country or Building Partner Capacity program code (e.g., BN equates to fictitious country of Bandaria).</p> <p><b>Position 4:</b> Customer mark-for code. Comes from customer-provided information on the first page of the LOA, e.g., code “A” in the BN-D-YCY LOA example.</p> <p><b>Position 5:</b> Delivery Term Code as shown in Appendix G, of this Handbook. This is the negotiated/anticipated method of movement of the material.</p> <p><b>Position 6:</b> Type of Assistance Code as shown in Appendix K of this Handbook.</p> <p><b>Position 7-10:</b> Four numeric characters representing calendar year and Julian date. As an example, for the date “0229,” the following is true: 0 = calendar year 2020, and 229 = the 229th calendar day of 2020, or 16 August, 2020, as shown in Appendix L of this Handbook.</p> <p><b>Position 11-14:</b> Serial number of the transaction/requisition. In the illustration above, the serial numbers are 7003, 7132, 2310, 7130, and 7128.</p>

<p><b>DOC SFX</b></p>	<p><b>Document Suffix Code (DOC SFX).</b> The code shows partial action by supplier without losing the identity of the original requisition. The codes must be considered in combination with dates and quantities shipped when accounting for split transactions.</p> <table border="1" data-bbox="516 359 1344 758"> <tr> <td data-bbox="516 359 930 426">Processing Source</td> <td data-bbox="930 359 1344 426">Assigned Suffix Codes</td> </tr> <tr> <td data-bbox="516 426 930 493">Initial Source</td> <td data-bbox="930 426 1344 493">A through E</td> </tr> <tr> <td data-bbox="516 493 930 560">First Secondary Source</td> <td data-bbox="930 493 1344 560">F through H, J, and K</td> </tr> <tr> <td data-bbox="516 560 930 627">Second Secondary Source</td> <td data-bbox="930 560 1344 627">L, M, Q, T, and U</td> </tr> <tr> <td data-bbox="516 627 930 695">Third Secondary Source</td> <td data-bbox="930 627 1344 695">V through X</td> </tr> <tr> <td data-bbox="516 695 930 758">Fourth Secondary Source</td> <td data-bbox="930 695 1344 758">Z through 9</td> </tr> </table>	Processing Source	Assigned Suffix Codes	Initial Source	A through E	First Secondary Source	F through H, J, and K	Second Secondary Source	L, M, Q, T, and U	Third Secondary Source	V through X	Fourth Secondary Source	Z through 9
Processing Source	Assigned Suffix Codes												
Initial Source	A through E												
First Secondary Source	F through H, J, and K												
Second Secondary Source	L, M, Q, T, and U												
Third Secondary Source	V through X												
Fourth Secondary Source	Z through 9												
<p><b>SUPL ADRS</b></p>	<p><b>Supplementary Address (SUPL ADRS)</b> provides additional transportation information and identifies the case designator of the FMS LOA. In the supplementary address “BA2YCY,” for example, the following information is contained in each position:</p> <p>Position 1: In-country Service Code (e.g., “B” = Bandaria Army)</p> <p>Position 2: Offer/release code from column (6), LOA (e.g., “A” in this illustration), which advises that “Freight and parcel post shipments will be released automatically by the shipping activity without advance notice (Notice of Availability). Refer to Appendix K of this handbook for additional Offer Release Code details and references.</p> <p>Position 3: Freight Forwarder Code from the LOA (e.g., “2” in these examples). The code comes from customer-provided information on the first page of the LOA (e.g., code “2” in the BN-D-YCY LOA example). Freight Forwarder codes and additional information is documented in the DLA Military Assistance Program Address Directory (MAPAD). Refer to the DSCU MILSTRIP for FMS Handbook Chapter 5 for training on how to interpret and use the MAPAD.</p> <p>Position 4-6: Case designator (e.g., “YCY” in this example).</p>												
<p><b>MS</b></p>	<p><b>Mode of Shipment (MS)</b> codes are listed in Appendix O of this Handbook. Code “B,” for example, indicates transportation was accomplished by “ Motor, less truckload.”</p>												

<b>ARC</b>	<p><b>Adjustment Reply Code (ARC)</b> may be used to explain material cost or quantity adjustment, either as the result of a SDR or some other billing adjustment input to DFAS SCA by the shipper. A list of ARCs is contained in Appendix P of this Handbook.</p> <p>Code “BZ” in this example indicates that “ Exhibit analysis completed— credit adjustment will be processed.” Some MILSTRIP adjustments may also be coded that do not directly relate to a SDR; therefore, further comparison to the stock-number field is recommended to determine the validity.</p>
<b>ACTG DATE</b>	<p><b>Accounting Date (ACTG DATE)</b> indicates calendar year (e.g., “21” = 2021) and month (e.g., 04 = April) that a transaction is processed by DFAS SCA.</p>
<b>TBC</b>	<p><b>Transportation Bill Code (TBC)</b> is an alpha character used by DFAS SCA to recognize the necessity to charge for the transportation of materiel.</p> <p>TBCs are listed in Appendix H of this Handbook.</p>
<b>DSC</b>	<p><b>Delivery Source Code (DSC)</b> is comprised of two alpha characters. Codes in this field provide an audit trail between delivery transactions and Security Cooperation pricing policies. Code is also used by DFAS SCA to recognize the necessity to charge for packing, crating, and handling (PC&amp;H), transportation, and contract administration on procurement contract disbursements.</p> <p>DSCs are listed in Appendix Q of this Handbook. Code “AB,” for example, relates to a Defense Working Capital Funds (DWCF) non-excess (including technical data packages and publications) from inventory other than matured FMSO items.</p>
<b>DATE SHIP</b>	<p><b>Date Shipped (DATE SHIP)</b> are four numeric characters with the first being the last digit of the calendar year (e.g., “1” = 2021) followed by the three-position Julian Date (e.g., 111 = 21 April) that indicates the date that the material listed was shipped.</p>
<b>UNIT PRICE and EXTENDED VALUE</b>	<p><b>Unit Price.</b> Derived in DFAS SCA by dividing quantity shipped into extended value reported by IA. An asterisk (*) in this Column means that the extended value is “not divisible” (in whole dollars and cents by quantity shipped).</p> <p><b>Extended Value.</b> Quantity times Unit Price.</p>

<b>Administrative/Accessorial Transactions</b> [Reference: Figure 4-1]	
<b>DOC ID</b>	<p><b>Document Identifier (DOC ID).</b> The document identifier indicates whether the transaction is a debit or credit of an administrative or accessorial cost. Refer to Appendix A of this Handbook for additional Delivery Listing Codes details and references.</p> <p>FKC—Administrative Costs (Debit). FKD—Administrative Cost Adjustments (Credit). FKE—Accessorial Costs (Debit). FKF—Accessorial Cost Adjustments (Credit).</p>
<b>Generic Code</b>	<p><b>Generic Code.</b> Identifies the cost category. Refer to Appendix G (Generic Code—Authorized Charges Table) for additional details and references on the potential Generic Codes that can be listed.</p>
<b>COST DESCRIPTION</b>	<p><b>Cost Description</b> provides a generic short title of cost. See discussion immediately preceding this block.</p>
<b>Document Number</b>	<p><b>Document Number</b> is comprised of three positions which indicate one of the following:</p> <p><b>Position 1:</b> U.S. Implementing Agency (e.g., “D” = U.S. Air Force). <b>Position 2-3:</b> Country code of recipient (e.g., BN).</p>
<b>Adjustment Reply Code (ARC)</b>	<p><b>Adjustment Reply Code (ARC)</b> has the same meaning as in “Articles/Services Transactions” discussion. Normally, no entries are shown here because this is a summation of many entries in the “ARTICLES/SERVICES TRANSACTIONS” portion of the Delivery Listing. See Appendix P of this Handbook for listing of ARCs.</p>
<b>Actg Date</b>	<p><b>Accounting Date (SDR DATE)</b> has the same meaning as in “Articles/Services Transactions” discussion. Note that all administrative/accessorial costs are summarized in terms of document identifier, generic code(s) relevant to that document identifier, and accounting date/month.</p>
<b>Type Of Cost</b>	<p><b>Type of Cost.</b> Can be of two types:</p> <ol style="list-style-type: none"> <li>1. <b>Computed</b>—Meaning that the routine percentage charge is used. The type of computation is denoted by the word “COMPUTED.”</li> <li>2. <b>Actual</b>—Meaning that actual, in lieu of percentage derived, charges are applicable. This type of computation is denoted by the word “ACTUAL.”</li> </ol>
<b>Percent Factor</b>	<p><b>Percent Factor</b> is the percentage applied for “Computed” charges</p>

<b>Total Value Applied</b>	<b>Total Value Applied</b> is the base number used for the applicable document ID for the determination of the <b>Admin/ACSRL Cost</b> that appears in the next column
<b>Admin/ACSRL Cost</b>	<b>Admin/ACSRL Cost</b> is the amount that is either computed (based on the listed <b>Percent Factor and the Total Value Applied</b> ), or the actual based on the <b>Total Value Applied</b>

**Figure 4-2: FMS Delivery Listing Summary Of Delivery Costs Example**

PCN: UH028A150		<b>FMS DELIVERY LISTING</b>		PAGE: 2
COUNTRY: BANDARIA		FOR PERIOD: 21 JUN 30		
SERVICE: ARMY		DATE PREPARED: 21 JUL 15		
SUMMARY OF DELIVERY COSTS		STATEMENT NUMBER: 21-06DB		
		CASE: YCY ITM NBR: 007	U.S. DEPT/AGENCY: AIR FORCE	
			TOTAL COSTS	
FKA ARTICLES/SERVICE COSTS				80,176.18
FKB ARTICLES/SERVICE COSTS				2,003.18 CR
NET TOTAL OF ARTICLES/SERVICES COSTS				78,173.00
		ACTUAL COSTS	COMPUTED COSTS	
FKC ADMINISTRATIVE COSTS		0.00	2,565.64	2,565.64
FKD ADMINISTRATIVE COSTS		0.00	64.10 CR	64.10 CR
NET TOTAL OF ADMINISTRATIVE COSTS		0.00	2,501.54	2,501.54
FKE ACCESSORIAL COSTS				
L1A CONUS TRANS		0.00	1156.05	1,156.05
NET TOTAL OF ACCESSORIAL COSTS				1,156.05
TOTAL DELIVERY COSTS				81,830.59

<b>Summary Of Delivery Costs</b>	
<b>[Reference: Figure 4-2]</b>	
<p><b>SUMMARY OF DELIVERY COSTS:</b></p> <ul style="list-style-type: none"> <li>• <b>NET TOTAL OF ARTICLES/SERVICES COSTS</b></li> <li>• <b>NET TOTAL OF ADMINISTRATIVE COSTS</b></li> <li>• <b>NET TOTAL OF ACCESSORIAL COSTS</b></li> <li>• <b>TOTAL DELIVERY COSTS</b></li> </ul>	<p>In this portion of the Delivery Listing, the aggregated costs for each of the categories listed in the box on the left are identified (irrespective of accounting date/month), to their document identifier (e.g., FKA, FKB, FKC, FKD, FKE) and the Net Total for each category is shown.</p> <p>Accessorial costs are further displayed by generic code (e.g., L1A, etc.).</p> <p>“Total Delivery Costs” equal to the net totals of articles/services costs,</p>

	administrative costs, and accessorial costs.
<b>Cost Information Summary.</b>	<p><b>Cost Information Summary</b> displays the costs in terms of “ACTUAL COST,” “COMPUTED COSTS,” and “TOTAL COSTS.”</p> <p>Note that the “Net Total of Articles/Services Costs” (\$78,173.00 in this example) equates to the amount for that FMS case/item number in Column 9 of the DD Form 645 for this LOA Line item (007).</p> <p>The “Net Total of Administrative Costs” (\$2,501.54 in this example) represents the LOA line 007’s portion the Case’s L6A ADMINISTRATIVE FEE figure (i.e., \$20,077.77 in Column 9 (“Current Period Delivery Costs”) of the DD Form 645 (See Figure 3-1 of this Handbook).</p>

## Summary

The Delivery Listing is a very significant attachment to the DD Form 645 Billing Statement. An FMS delivery listing is prepared in support of entries to “Current Period Delivery Costs,” on the DD 645 for the specific LOA Item Number (i.e., Line Number) identified in the report’s header information. The delivery listing is an itemized listing of all items physically delivered and services performed during the reporting period along with all their associated authorized charges that were calculated by DFAS SCA. It is cross-referenced to specific document numbers and allows FMS purchasers to validate receipt of the materiel or services. An FMS Delivery Listing is prepared based on IA FMS Integrated Control System (FICS) delivery transactions that have an “E” (estimated), “A” (actual), or “N” (incremental billing) price code.

# CHAPTER 5

## Foreign Military Sales Financial Forecast

### Purpose

The purpose of this chapter is to provide information on how to read and understand the Foreign Military Sales (FMS) Financial Forecast, which is an optional attachment to the DD Form 645.

### General Information Function and Format

An FMS Financial Forecast can be prepared to show the anticipated forecast amounts, which will eventually be posted to Column 11 (Forecasted Requirements) of the DD Form 645. The amounts contained in the FMS Financial Forecast are extracted from the most recent amended/modified Payment Schedule. Also refer to the Payment Schedule for further clarity and understanding.

### Cycle

This report can be produced quarterly, along with the DD Form 645.

Figure 5-1: FMS Financial Forecast Example

PCN: UH028A220		U.S. DEPT/AGENCY: AIR FORCE		FMS FINANCIAL FORECAST				DATE PREPARED 21 JUL 15		PAGE: 1	
COUNTRY: BANDARIA		STATEMENT NR: 21-06NB				FOR PERIOD ENDED: 21 JUN 30					
SERVICE: ARMY											
CASE	FORECAST BY QUARTER	1ST	2ND	3RD	4TH	5TH	6TH	7TH			
		8TH	9TH	10TH	11TH	12TH	13TH	14TH			
		15TH	16TH	17TH	18TH	19TH					
AAP		0	0	0	0	0	0	0			
		0	0	0	0	0	0	0			
		0	0	0	0	0	0				
CAZ		0	0	0	0	0	0	0			
		0	0	0	0	0	0	0			
		0	0	0	0	0	0				
GCS		6152	26792	34973	39636	38089	29229	16663			
		7482	0	0	0	0	0	0			
		0	0	0	0	0					
QAI		940656	664663	372919	105787	105503	93624	72410			
		47236	26871	10183	0	0	0	0			
		0	0	0	0	0					
YCY		884752	9744221	8703669	7670354	7393063	6629681	5837726			
		4858255	4372906	3835066	3080340	2474591	1758204	1153040			
		373058	0	0	0	0					
TOTAL STATEMENT		1831560	10435676	9111561	7815777	7536655	6752534	5926799			
		4912973	4399777	3845249	3080340	2474591	1758204	1153040			
		373058	0	0	0	0					

### Explanation Of Entries On The FMS Financial Forecast

The first quarterly forecast entry equates to the DD Form 645, Block 2 (Payment Due Date), plus 90 days. If the DD Form 645, Block 2, date is 21 SEP 15 (September 15, 2021), then the first quarterly forecast entry on the

FMS Financial Forecast will equate to the 21 DEC 15 (December 15, 2021) amount from the payment schedule. The second quarterly forecast entry in this example will be 22 MAR 15 (March 15, 2022), and so on.

<b>Header Information</b>	
<b>U.S. DEPT/Agency:</b> <b>Country:</b> <b>Service:</b>	<u>Upper Left-Hand Portion.</u> Self-explanatory.
<b>FMS Financial Forecast</b> <b>Statement NR:</b>	<u>Upper Center Portion.</u> Statement number is assigned mechanically and is composed of the numeric year and month representing the period ended followed by an alphabetic management code assigned by DFAS SCA. The management code (also referred to as the “bill code”) is used to sort cases for distribution, and normally identifies the paying office. The foreign customer can request and obtain billing sorted in some other manner. For example, if the statement number is “21-06,” the “21” indicates the calendar year 2021; “06” indicates the sixth month (June). There will be statements for each combination of the U.S. Dept/Agency and country service(s) that have FMS cases.
<b>For Period Ended:</b> <b>DATE PREPARED:</b>	<u>Upper Right-Hand Portion.</u> Self-explanatory.  The Header Information, illustrated above, follows essentially the same pattern as the FMS Delivery Listing and no further discussion is needed.
<b>Case:</b>	Identifies the FMS Case(s) on the report
<b>FORECAST BY QUARTER</b>	There is space on this report for 19 future quarterly forecasts—normally enough for most cases.
<b>TOTAL STATEMENT</b>	Provides the total amount of all the cases on the report for each of the 19 quarters and lists the total for each quarter separately.

### Summary

The FMS Financial Forecast is a rather straightforward report. It reflects anticipated, future payments, starting with a payment due date 90 days beyond the date reflected in Block 2 of the DD Form 645.

## **Chapter 6**

# **FMS Reply Listing To Customer Request For Adjustments**

### **Function and Format**

The Reply Listing is a consolidated listing of the actions/dispositions taken in response to Supply Discrepancy Reports (SDRs) Standard Form 364 that are submitted by the purchaser. SDR dispositions are commonly referred to as “FKG transactions” inasmuch as the Document Identifier on the Reply Listing is FKG. Refer to Appendix A (Delivery Listing Codes) for additional details on the Delivery Listing Codes such as FKG.

Each FKG transaction contains many of the same data elements as the FKA/FKB transaction shown on the FMS Delivery Listing. The FKG is a management/non-financial transaction generated from an original FKA/FKB transaction. The Reply Listing is prepared in the same basic sequence as the Billing Statement and the FMS Delivery Listing. If the FMS Purchaser uses mechanized procedures, the FKG data (upon request) may be mailed with the Reply Listing.

### **Cycle**

The Reply Listing is prepared quarterly in the same cycle as the DD Form 645 FMS Billing Statement.

**Figure 6-1: FMS Reply Listing to Purchaser Request for Adjustments Example**

PCN: UH028A220 FMS REPLY LISTING TO CUSTOMER REQUESTS FOR ADJUSTMENTS										PAGE: 1		DATE PREPARED: 21 JUL 15			
COUNTRY: BANDARIA					STATEMENT NUMBER: 21-07NB					U.S. DEPT/AGENCY: AIR FORCE					
DOC ID	RIC	PRC CD	SDR SERIAL NUMBER	UNIT ISSUE	QUAN SHIP	DOCUMENT NUMBER	DOC SFX	SUPL ADRS	M S	ARC	ACT DATE	TBC	DSC	UNIT PRICE	EXTENDED VALUE
FKG	SMS	A	RDO145117000200	EA	1	DBND5V00200039		DA5KCX	5	BB	2105		AB	855.1	855.1

<b>Explanation of Entries on the Reply Listing</b>	
[Reference: Figure 6-1]	
<b>Header Information</b>	The header information as shown in the Figure 6-1 example is essentially the same types of information that is documented (and previously explained in Chapter 4 of this Handbook) as the FMS Delivery Listing, and no additional explanation is provided.
<b>Country:</b> Bandaria <b>Service:</b> Air Force	<u>Upper Left-Hand Portion.</u> Self-explanatory.
<b>Statement Number:</b> 21-07NB	Statement number that documents the year and month that the statement was prepared. In this example, the statement number (21-07NB) indicates that the report was prepared in the seventh month (July) of the year 2021. The “NB” indicates the applicable management and/or paying office bill code.
<b>Date Prepared:</b> 21 JUL 15 <b>U.S. Dept/Agency:</b> Air Force	<u>Upper Right-Hand Portion.</u> Report prepared 2021 July 15 for a U.S. Air Force-managed FMS case.
<b>CASE</b>	<b>Case.</b> Identifies the FMS case designator that the Customer Requests for Adjustments were submitted on. In this example, there is only one entry for CASE KCX.
<b>ITM NBR</b>	<b>ITM NBR.</b> Identifies the FMS LOA line number (for the case previously identified) that the Customer Requests for Adjustments were submitted on. In this example, the single entry is for Item Number 001 (i.e., LOA Line Number 001) for FMS Case BN-D-KCX.

<b>DOC ID</b> <b>RIC</b> <b>PRC</b>	<b>DOC ID, RIC, and PRC.</b> Refers to the Document ID, Routing Identification Code (RIC), and Price Code (PRC) that were previously discussed in Chapter 4 of this Handbook. The meanings and definitions for each of those codes are listed in the Appendices A (Document ID), B (Routing Identifier Code), and C (Price Code), respectively.
<b>SDR SERIAL NUMBER</b>	<b>SDR Serial Number.</b> It documents and refers to the specific Supply Discrepancy Report (SDR) that the customer submitted that is referred to on that line entry.
<b>UNIT ISSUE</b> <b>QUAN SHIP</b> <b>DOCUMENT NUMBER</b> <b>DOC SFX</b> <b>SUPL ADRS</b> <b>MS</b> <b>ARC</b> <b>ACTG DATE</b> <b>TBC</b> <b>DSC</b> <b>UNIT PRICE</b> <b>EXTENDED VALUE</b>	Refers to the terms that were previously discussed in Chapter 4 of this Handbook.  See the applicable Appendices (M, D, O, P, H, and Q) including Appendix P for a listing and additional details and references for <b>Adjust Reply Codes (ARCs)</b> .

### Summary

The FMS Reply Listing to Customer Requests for Adjustments (commonly referred to as the Reply Listing) is a consolidated listing of the actions taken in response to the FMS customer's request(s). SDR debit/credit transactions will appear both on the FMS Delivery Listing (as an FKA/FKB transaction) and the Reply Listing (as an FKG information transaction).

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# Chapter 7

## Holding Account Statement

### Purpose

The purpose of this chapter is to provide information on how to read and understand the Holding Account Statement(s).

### General Information Function

Cash payments are often received, for an individual FMS case, which are determined to be in excess of the final value of that particular case at time of closure. Also, there are instances where purchaser funds are received prior to receipt of an accepted LOA or other identifying documentation. Since these funds must be promptly deposited/recorded to the U.S. Treasury account for control purposes, they are deposited to the country's Holding Account pending identification. Unreserved funds in this account may be retained, applied to other FMS cases, or refunded at the purchaser's written request, provided there are no collection delinquencies for other FMS cases.

### Cycle

Transactions that effect a purchaser's holding account(s) will be recorded on a Holding Account Statement(s) and forwarded with the DD Form 645, during the period in which the charge/credit occurred.

### Explanation Of Entries On The Holding Account Statement

Referring to Figure 7-1 (Bandaria Holding Account Example) below, the following comments are applicable:

- If no transactions are processed during a given quarter, a Holding Account Statement is prepared stating, "NO ACTIVITY DURING BILLING CYCLE."
- There is at least one Holding Accounts for the country, and some countries have multiple holding accounts (e.g., one for each of their military departments plus one country-level account, etc.). An account designator (which is different than the designator system used for LOAs) is assigned by DFAS SCA for each holding account. This **three-position Holding Account designator** is structured as follows:
  - The first position (numeric) describes the type of funds in the Holding account. See the table on the next page of this Handbook for reference on the holding account type of funds designations.
  - The second position (alpha) identifies the applicable U.S. Implementing Agency (IA). In some instances, DFAS SCA may code the second position "Q" (or some other alpha) to either reduce the number of accounts (e.g., to consolidate that category of holding account funds at the country level), or to satisfy some other customer country request. For a complete understanding of the coding of a specific Holding account, the customer should contact DFAS SCA country manager.
  - The third position (alpha) identifies the applicable purchaser's in-country service (e.g., "B for the Bandaria Army), or can be a "Q" if the account is managed by that country's government vice a country service.
- Holding Account transactions are recorded by date, detail, and amount of deposit/withdrawal. A Holding Account Statement is required on a calendar quarter basis

- The account(s) account for the opening and closing balances, and all applicable transactions (both credit and debit) that occurred during the documented quarter.
- Funds reserved for specific purposes/cases are not available for redistribution by the FMS customer.

Numeric	Type of Funds in the Holding Account
0	Federal Reserve Bank (FRB) interest-bearing account
1	Regular FMS payments by purchaser
2	Military Assistance Program (MAP) funds (MAP is non-refundable to FMS Customer)
3	Third-country recoupments
4	Buybacks
5	Credit FMS funds (non-refundable to FMS Customer)
6	Worldwide Redistribution Services (WWRS)
7	ULO (Participating Countries) refundable to customer
8	Supply Discrepancy Report (SDR) Transportation Reimbursement
9	Commercial Bank Account (CBA)

**Example:** Holding Account “BN-D-1DD,” illustrated in Figure 7-1, indicates regular FMS payments by Purchaser (numeric “1”), applicable to U.S. Air Force managed FMS Cases (Alpha “D”), and the purchaser’s (e.g., Bandaria) Air Force (Alpha “D”) is the country’s manager (i.e., controls) the funds in that holding account.

### Figure 7-1: Bandaria Holding Account Example

BN - BANDARIA  
 BN-D-1DD HOLDING ACCOUNT STATEMENT  
 FOR QUARTER ENDING JUN 30, 2021  
 CASH ACCOUNT FOR SALES TO: BANDARIA AIR FORCE

DATE	DETAIL	CASE	DEPOSITS	WITHDRAWALS	BALANCE
03/31/21	BALANCE BROUGHT FORWARD				\$404,874.54
04/12/21	Transfer funds from case per A190288	D-KBB	\$26.00		\$404,900.54
05/08/21	Transfer excess funds from case per case closure	D-RSJ	\$ 141,794.47		\$546,695.01
05/14/21	Receipt of unidentified funds on CB40099	ZZZ	\$ 5,500,814.00		\$6,047,509.01
05/16/21	Transfer funds to implement case per basic LOA	D-QAO		\$ 2,089,222.00	\$3,958,287.01
06/05/21	Transfer funds to case per email dated 06/03/21	D-TSH		\$ 487,235.00	\$3,471,052.01
06/23/21	Transfer funds to case per email dated 06/19/21	D-LCX		\$ 1,985,387.00	\$1,485,665.01
06/27/21	Transfer funds to case per email dated 06/25/21	D-GCW		\$ 598,584.00	\$887,081.01
	<b>DFAS NOTES</b>				
	Current uncommitted balance is \$887,081.01				
	Funds are National Funds and can be used towards a DD645 payment, initial deposit, or amount due with acceptance for an amendment. Bandaria will need to provide DFAS written directions on how they want to proceed with the balance.				
06/30/21	ENDING BALANCE				\$887,081.01

### Summary

The Holding Account Statement(s) is/are prepared and provided (for each account) on a quarterly basis. The Holding Account concept provides a simplified method for accounting for funds awaiting further disposition instructions. Each country can have multiple Holding Accounts.

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# Chapter 8

## Accelerated Case Closure Suspense Account Statement

### General Information

The Accelerated Case Closure Suspense Account statement depicts closed Foreign Military Sales (FMS) cases of participating countries as designed in SAMM C4 Table 2, and also in SAMM Appendix 7 (Reconciliation and Closure Guide) Table A7.C3.T1 (Master ACCP Participating Country Table (Sorted by Country Code)). Participation is mandatory for countries and organizations receiving Foreign Military Financing (FMF), and optional for other countries. These “Interim Closed (IC)” cases documented in this report have had all required ordered goods and services delivered and/or provided (i.e. “SSC”—Logistically complete), and only final financial reporting is necessary (i.e., logistically complete but NOT financially complete) to final close the case(s).

See the Figure 8-1 below for an example of an Accelerated Case Closure Suspense Account Statement. Note also the text at the bottom of that statement example that, for the current quarter, positive amounts represent reserve for future disbursements; negative amounts represent underestimated Unliquidated Obligation (ULO) for this case.

The country’s report will be accompanied by an official letter from the Defense Finance and Accounting Service. The letter will state the following:

Accelerated Case Closure (ACC) was developed to expedite Foreign Military Sales (FMS) case closure. Many cases on which all material has been delivered are held in open status for many years for potential contract liability, which cannot be determined until the final audit is completed and the final costs are negotiated. This potential liability is identified as Unliquidated Obligations (ULOs) and represents the estimated value of final contract cost less payments made on your behalf. Many of these contracts remain open for many years until deliveries on all contract lines are made and the final costs determined.

Under ACC procedures, a case could be closed with a ULO value. Normally, once cases have been supply complete for at least 2 years, the case is billed for the ULO and the case is closed. The value of the ULO is accounted for separately in a customer’s ACC Suspense Account to cover actual costs received on closed cases. The quarterly statement is enclosed to provide ACC Suspense Account balance information.

The statement’s columnar headings contain the following information:

- a. CLSR TYPE—2 = Interim Closure, 3 = Final Closure
- b. CC—Country Code
- c. IA—Implementing Agency
- d. CASE—Three-digit FMS Case Identifier
- e. STATUS Change—An asterisk (\*) in this column indicates the CLSR TYPE status changed or that the case was either interim or final closed during the quarter.
- f. DT-CLSR—Date Closure. The Julian date on which the case was closed. DT-FNLZ—Date Finalized. The Julian date on which the case was final closed. Only one date shows in this report column; if the CLSR TYPE = 2, DT CLSR is the interim closure date. If the CLSR TYPE = 3, DT FNLZ applies and is when the case was moved to final closure status.
- g. ORIG ULO VALUE—Original ULO Value. Original ULO value assigned when the case was closed.
- h. CUR QTR Activity—Current Quarter Activity. Amount of the adjustment to the ULO value for that case during the current quarter.

- i. CUR QTR BAL—Current Quarter Balance. Indicates the ending ULO balance for the current quarter. This balance is the original ULO value (Column A) minus previous quarter’s activity (Column B) minus current quarter activity (Column C)
- j. ICS—In-country Service.
- k. SUBTOTAL BY TYPE. Subtotals the case activity corresponding to each CLSR TYPE. This a separate section for CLSR TYPE “2” cases and one for the “3” cases.
- l. SUBTOTAL by ICS—Subtotal by In-Country Service. Subtotals the case activity for each in-country service.
- m. Totals by CC—Totals for the entire country.

Please provide a copy of the ACC Suspense Account statement to any other offices that need the statement. If the statement should be sent to a different address, rather than your address, please send the appropriate address to the following:

DFAS-IN Security Cooperation Accounting  
ATTN: JAX/IN  
8899 E. 56th Street  
Indianapolis, IN 46249-6300  
USA

If you have any questions regarding the enclosed ACC Suspense Account statement, please contact the DFAS SCA POC at the listed phone number.

### Figure 8-1: Accelerated Case Closure Suspense Account Example

DEFENSE FINANCE & ACCOUNTING SERVICE - INDY CENTER  
 DEPUTY FOR SECURITY ASSISTANCE (DFAS-IN/JAX)  
 ACCELERATED CASE CLOSURE SUSPENSE ACCOUNT  
 FOR QUARTER ENDING JUNE 2021

DATE: 21/07/06

CLSR TYPE	CC	IA	CASE	STATUS	DT-CLSR CHG	DT-FNLZ	ORIG COL A	ULO VALUE	SUM PREV ACTIVIT COL B	CUR QTR ACTIVITY COL C	CUR QTR BAL COL A-B-C
CC - BN											
ICS - B											
2	BN	B	UWY			05171		\$23,970.18	\$0.00	\$0.00	\$23,970.18
SUBTOTAL BY TYPE								\$23,970.18	\$0.00	\$0.00	\$23,970.18
** TOTAL RECORDS IN THE CATEGORY (ICS - B) = 1											
ICS - D											
2	BN	D	GAA			09154		\$3,164.00	\$0.00	\$0.00	\$3,164.00
2	BN	P	GVD			17159		\$8,993.27	\$0.00	\$2,150.00	\$6,843.27
2	BN	P	MAU			17300		\$374.98	\$0.00	\$80.00	\$294.98
SUBTOTAL BY TYPE								\$12,532.25	\$0.00	\$2,150.00	\$10,302.25
** TOTAL RECORDS IN THE CATEGORY (ICS - D) = 3											
ICS - P											
2	BN	P	GVL			18073		\$741.90	\$76.00	\$76.00	\$589.90
SUBTOTAL BY TYPE								\$741.90	\$76.00	\$76.00	\$589.90
SUBTOTAL BY ICS								\$37,244.33	\$76.00	\$2,226.00	\$34,862.33

\*\* TOTAL RECORDS IN THE CATEGORY (ICS - P) = 1

\*\* TOTAL RECORDS IN THE CATEGORY (CC - BN) = 5

NOTE: ASTERISK (\*) IN STATUS CHANGE COLUMN MEANS THE CASE CLOSED THIS QUARTER OR CHANGED CLOSURE TYPE.  
 NOTE: FOR THE CURRENT QUARTER, POSITIVE AMOUNTS REPRESENT RESERVE FOR FUTURE DISBURSEMENTS;  
 NEGATIVE AMOUNTS REPRESENT UNDERESTIMATED ULO FOR THIS CASE.  
 RETRIEVAL: ULOQTRLY

## Appendices

### Appendix A: Document Identifier (DOC ID) Codes General Description

Codes are assigned by DFAS SCA to identify the Delivery Listing transactions and whether the transaction is a debit or credit. Following is a listing of the “Delivery Listing” and “Delivery Cost Total” codes that can be used, along with additional explanations of how they are used and how to interpret their meaning:

Code	Title	Debit or Credit
FKA	Articles/Service Transactions	Debit
FKB	Articles/Service Transactions Adjustment	Credit
FKC	Administrative Costs	Debit
FKD	Administrative Cost Adjustment	Credit
FKE	Accessorial Costs	Debit
FKF	Accessorial Cost Adjustments	Credit
FKG	Reply to Purchaser Request for Adjustments	Debit or Credit

#### Delivery Listing Codes

FKA—Articles/Services Cost	Total of detail FKA (Debit) transactions
FKB—Articles/Services Cost	Total of detail FKB (Credit) adjustment transactions
Net Total of Articles/Services Cost	All FKA and FKB transactions equal the net total of articles/services cost
FKC—Administrative Costs	Total of detail FKC Administrative Costs and total of detail FKD Administrative Cost Adjustment
	(a) If DFAS SCA computes the cost, the value against which the percentage factor is applied, the percentage factor used, and the applied charge (under ADMIN/ACSRL COST) are shown. The charge is shown as a debit (FKC) or credit (FKD) amount
	(b) If actual costs have been applied, the words “ACTUAL CHARGE” are shown as Type of Cost. FKC transactions are applied against FKA transactions. FKD (credit Administrative Cost Adjustments) transactions are applied against FKB transactions
Net Total of Administrative Costs	All FKC and FKD transactions equal the net administrative costs

## Delivery Cost Total Codes

### Notes: (FMS Delivery Listing)

1. FKE Accessorial Costs and FKF Accessorial Cost Adjustments:
  - a. FKE transactions are applied against FKA transactions; FKF transactions are applied against FKB transactions.
  - b. Each “below-the-line” cost applied is identified by a generic code and a description of cost below the FKE/FKF headings. Generic codes and descriptions are in FMR VOL 15 CH8 Table 8-5
  - c. All FKE transactions (debit) and FKF transactions (credit) equal the net total accessorial costs.
  - d. The sum of net totals for article/service costs, FMS administrative surcharge, and accessorial costs equals total delivered costs.

## Appendix B: Routing Identifier Codes (RIC)

The Routing Identifier Code (RIC) identifies the item manager, the supply depot or vendor from which the materiel is issued, or the ILCO. In FEDLog, PubLog or WebFLIS, the RIC is reflected as the Source of Supply (SOS). All sources of supply have RICs, but not all RICs are sources of supply. Supply transactions may contain more than one RIC to identify the implementing agency, the item manager, or the depot from which the materiel is released. The following in this Appendix B are only a sample of available RICs extracted from DLM 4000.25-1, *Military Standard Requisitioning and Issue Procedures (MILSTRIP)*. If a RIC appears in the supply requisition that is not identified here, you may also look it up online at the following DLA website:

<https://www.transactionservices.dla.mil/DAASINQ/>.

<b>RIC (RP 4-6)</b>	<b>Explanation</b>
AKZ	U.S. Army Tank, Automotive and Armaments Command (TACOM-W), Warren, Michigan.
AQ5	DLA Distribution Depot, San Joaquin, California (DDJC)
AN5	DLA Distribution Depot, Susquehanna, Pennsylvania (DDSP)
AXF	U.S. Army Security Assistance Training Field Activity (SATFA), Fort Monroe, Virginia.
A12	U.S. Army Soldier Systems Command, Natick, Massachusetts.
BAM	U.S. Army Simulation, Training & Instrumentation (PEO-STRI), Orlando, Florida.
BY7	U.S. Army Security Assistance Command (USASAC), New Cumberland, Pennsylvania.
B14, BKZ	U.S. Army Joint Munitions Command (JMC), Rock Island, Arsenal, Illinois.
B16	U.S. Army Communications-Electronics Command (CECOM), Aberdeen Proving Ground, Maryland.
B17	U.S. Army Aviation and Missile Command (AMCOM), Redstone Arsenal, Alabama (Aviation Equipment).
B56	National Security Agency (NSA) COMSEC Logistics, Tobyhanna, Pennsylvania.
B64	U.S. Army Aviation and Missile Command (AMCOM), Redstone Arsenal, Alabama (Missile Equipment).
B69	U.S. Army Medical Materiel Agency (USAMMA), Fort Detrick, Maryland.

<b>RIC (RP 4-6)</b>	<b>Explanation</b>
CAT, M31	Caterpillar Inc. Defense and Federal Products Division, Moosville, Illinois.
CLC	Thales-Raytheon Systems Co., El Segundo, California.
F01	Lockheed-Martin Aeronautical Systems, Marietta, Georgia.
F06	Lockheed-Martin Aeronautical Systems, Keesler AFB, Mississippi.
F13	Pratt & Whitney Corp. West Palm Beach, Florida.
F16	Rolls-Royce Corp. Indianapolis, Indiana.
F28	The Boeing Company, Fort Walton Beach, Florida.
F50	The Boeing Company C-130 Avionics Modification Program, St. Louis, Missouri.
F78	Northrop-Grumman, San Diego, California.
F85	ITT Industries, Patrick AFB, Florida.
DN6	Aviation Maintenance and Recoverability Group (AMARG), Tucson, Arizona.
DPO	Used by U.S. Army when USASAC transfers funds to another agency via a Military Interdepartmental Purchase Request (MIPR).
FGZ, FG5	Ogden Air Logistics Complex, Hill AFB, Ogden, Utah.
FHZ	Oklahoma Air Logistics Complex, Tinker AFB, Oklahoma City, Oklahoma.
FJ0	U.S. Air Force Security Assistance Training Squadron (AFSAT), Randolph AFB, Texas.
FLZ	Warner Robins Air Logistics Complex, Robins AFB, Georgia.
FNH	U.S. Air Force Security Assistance and Cooperation Directorate (AFSAC), Wright- Patterson AFB, Ohio.
FPD	Cryptologic Systems Group (CPSG), San Antonio, Texas.
FWW	World Wide Warehouse Redistribution Services (WWRS), Wright-Patterson AFB, Ohio.

<b>RIC (RP 4-6)</b>	<b>Explanation</b>
FXC	Air Force Parts and Repair Ordering System (PROS IV).
GSA	General Services Administration (GSA), Washington, D.C.
HB1	Missile Defense Agency (MDA), Washington, D.C..
HGD	Honeywell Federal Manufacturing & Technologies, Kansas City, Missouri
HM8	DLA Distribution Mapping Activity, Richmond, Virginia.
JCD	Local Purchase.
L05, M05	BAE Systems Marine, LTD. Barrow-in-Furness, Cumbria, UK.
LA9, MA9	Oshkosh Truck Corp. Oshkosh, Wisconsin.
LB4	Navistar International Corp. Springfield, Ohio.
LC5	General Dynamics Amphibious Systems, Woodbridge, Virginia.
LC6, M00	Raytheon Company, McKinney, Texas.
LC7, M20	United Defense Ground Systems, York, Pennsylvania.
LC9, MA8	AM General, Mishawaka, Indiana.
LD6	Harris Corp. GCSD, Palm Bay, Florida.
MBB	Materiel Division, Marine Corps Logistics Base, Barstow, California.
MPB	ILS Directorate, Marine Corps Logistics Base, Albany, Georgia.
N21	Naval Air Systems Command (NAVAIR), Washington, D.C..
N23, N24	Naval Sea Systems Command (NAVSEA), Washington, D.C..
N32	Naval Supply System Command-Weapon System Support- Philadelphia (NAVSUP-WSS-P).

<b>RIC (RP 4-6)</b>	<b>Explanation</b>
N35	Naval Supply System Command-Weapon System Support-Mechanicsburg (NAVSUP-WSS-M).
N36	Naval Education & Training Security Assistance Field Activity (NETSAFA), Pensacola, Florida.
N47	Navy Fleet Material Support Office, Mechanicsburg, Pennsylvania.
N65	Naval Supply System Command-Weapon System Support, International Programs Directorate (NAVSUP-WSS-N52), Philadelphia, Pennsylvania.
N77	Space and Naval Warfare Systems Command (SPAWAR), San Diego, California.
NCB	Naval Ordnance Center, Mechanicsburg, Pennsylvania.
NFZ	Naval Publications and Forms Center (NPFC), Philadelphia, Pennsylvania.
NRP	Naval Supply System Command-Weapon System Support, (NAVSUP-WSS), Philadelphia, Pennsylvania.
P64	Crane Division Naval Surface Warfare Center, Code 1121, Crane, Indiana.
S9G	DLA Aviation, Richmond, Virginia.
S9C, S9E	DLA Land and Maritime, Columbus, Ohio.
S9F	DLA Energy, Ft. Belvoir, Virginia.
S9M, S9P, S9T, S9I,	DLA Troop Support, Philadelphia, Pennsylvania.
S9D	DLA Disposition Services, Battle Creek, Michigan
S6J	Defense Contract Management Agency (DCMA), Fort Belvoir, Virginia.
S9L	DLA Logistics Information Service, Battle Creek, Michigan.
SCJ	DLA Distribution Depot, Pearl Harbor, Hawaii (DDPH)
SDA	DLA Distribution Depot, Albany, Georgia (DDAG)

<b>RIC (RP 4-6)</b>	<b>Explanation</b>
SDA	DLA Distribution Depot, Albany, Georgia (DDAG)
SDB	DLA Distribution Depot, Anniston, Alabama (DDAA)
SDC	DLA Distribution Depot, Tobyhanna, Pennsylvania (DDTP)
SDD	DLA Distribution Depot, Warner Robins, Georgia (DDWG)
SDF	DLA Distribution Depot, Norfolk, Virginia (DDNV)
SDH	DLA Distribution Depot, Cherry Point, North Carolina (DDCN)
SDM	DLA Distribution Depot, Jacksonville, Florida (DDJF)
SDN	DLA Distribution Depot, Red River, Texas (DDRT)
SDS	DLA Distribution Depot, Corpus Christi, Texas (DDCT)
SDT	DLA Distribution Depot, Hill Air Force Base, Utah (DDHU)
SDU	DLA Distribution Depot, Oklahoma City, Oklahoma (DDOO)
SDX	DLA Distribution Depot, San Diego, California (DDDC)
SEB	DLA Distribution Depot, Puget Sound, Washington (DDPW)
SG2	DLA Distribution Depot, Barstow, California (DDBC)
SGA	DLA Transaction Services, Wright-Patterson AFB, Ohio.
SMS	DLA Enterprise Business Systems (EBS).
SRR	DLA Distribution Depot, Richmond, Virginia (DDRV)
XFS	DFAS-IN SCA uses both XFS and XFX as RICs for adjustment inputs done by DFAS.
XFX	DFAS-IN SCA uses both XFS and XFX as RICs for adjustment inputs done by DFAS.
ZIC	U.S. Coast Guard Supply Center, Curtis Bay, Baltimore, Maryland.

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## Appendix C: Price Code (Prc Cd)

The Price Code field contains a one-position alpha code that identifies the report as a charge to Work In Progress (WIP), a physical delivery, or the performance of requested DoD services. Three Price Codes are authorized:

### Code Meaning

1. **Code “A”** is used to report physical delivery of items or performance of DoD services at actual costs. If correcting a previously reported actual cost, use Price Code “A” with a credit value to reverse the previously submitted actual cost report; then enter a separate actual cost report with the corrected information.
2. **Code “E”** is used to report physical delivery of items at an estimated price. The use of an “E” price code in reporting the deliveries of major end items is allowed if an actual price code is not available within 30 days of date of shipment. Furthermore, “E” price code usage is required in reporting the deliveries of major end items if an actual price is not available within 90 days of date of shipment. Use of the estimated price code is encouraged to expedite physical delivery reporting.
  - a. When updating estimated information, use “E” with a credit value to reverse a previously submitted estimated “E” report, and then enter a separate “E” report with the updated estimated information.
  - b. The reversal of “E” prices and replacement with “A” prices should be done as soon as the actual prices are known.
3. **Code “N”** is used to report incremental billings (such as Work in Progress (WIP) to contractors or provision of government furnished materiel (GFM) to a contractor). Code “N” may also be considered to be a Contract Administration Service (CAS) computing code under the following rules:
  - a. Contractor progress payments must be reported with DSC “DE” or “DK” only using price code “N” if CAS is applicable. The reimbursement code must be a code other than “N” when CAS is not applicable. This rule applies to all services.
  - b. All IAs and applicable DFAS activities will report physical deliveries with any “delivery” DSC, an “N” reimbursement code, and price code of “E” (estimated) or “A” (actual).
  - c. When contracts require no progress payment reports, such as might be the case on small contracts, use a DSC “DA” through “DD,” “BB” or “ED,” and if CAS is to be computed, use an “N” price code. The “N” price code will not be reflected in the delivery listing.
  - d. An “N” price code reported in any transaction with an “N” reimbursement code will reject.

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## Appendix D: MILSTRIP Document Number (SC)

An additional reference and instructional tool is the DSCU “MILSTRIP AND MAPAD HANDBOOK FOR SECURITY COOPERATION,” Chapter 2 (“Preparing Requisitions, Modifications, and Follow-Ups”), which can be accessed and downloaded at the DSCU website via either the “Resources...Publications” links at that website, or directly at the following URL: <https://www.dscu.mil/pages/resources/publications.aspx?id=0>

**PURPOSE:** To provide a document record under which order, performance, and billing can be traced (by means of a standard 14-digit number). The document number should be traceable from the country’s requirement to the billing transaction on the Delivery Listing attached to the DD Form 645.

Position	Description of Data	Number of Digits	MILSTRIP RP (Record Position)
1	Implementing Agency (IA) Code	1	30
2 and 3	Applicable Security Cooperation (SC) customer code (i.e., Country Code for FMS and Program Code for BPC) as prescribed in the SAMM C4.T2 and C15.T2	2	31–32
4	Mark-For Code	1	33
5	Delivery Term Code (DTC)	1	34
6	Type of Assistance Code (TA)	1	35
7–10	Requisition Date (Julian Date—YDDD)	4	36–39
11–14	Serial Number of Requisition	4	40–43

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## Appendix E: Implementing Agency (IA) Codes

[SAMM C5.T2 (IA's Authorized to Receive LORs)

[<https://samm.dsca.mil/table/table-c5t2>]

<b>Implementing Agency (IA) Code</b>	<b>Implementing Agency (IA)</b>
B	U.S. ARMY (USA)
P	U.S. DEPARTMENT OF THE NAVY (USN/USMC/USCG)
D	U.S. AIR FORCE (USAF)
F	DEFENSE CONTRACT MANAGEMENT AGENCY (DCMA)
C	DEFENSE INFORMATION SYSTEMS AGENCY (DISA)
R	DEFENSE LOGISTICS AGENCY (DLA)
Q	DEFENSE SECURITY COOPERATION AGENCY (DSCA)
Z	DEFENSE THREAT REDUCTION AGENCY (DTRA)
I	MISSILE DEFENSE AGENCY (MDA)
U	NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY (NGA)
M	NATIONAL SECURITY AGENCY (NSA)

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## Appendix F: Delivery Term Codes (DTCs)

[SAMM C9 Table T4a (DTCs and Percentage), <https://samm.dsca.mil/table/table-c9t4a>

[C5.F5 (LOA Information), <https://samm.dsca.mil/figure/figure-c5f5>]

[DSAMS Reference Pricing DTC Transportation Rates]

[DIFS Table 23 (Generic Surcharge) and Table 29 (DTC Component)]

DTC GENERIC CODE(S)	PERCENTAGE (DWCF/Non DWCF)	DESCRIPTION
0	0%	Zero (0) is assigned to all non-FMS Security Cooperation Program (SCP) procedure non shipment transactions (e.g., services) to fill the DTC position.
2  L1A	0.00%/2.75%  (Note #1)	<b>CONUS Inland Transportation:</b> DoD/USG delivers to a CONUS inland point (or to an overseas inland point when a shipment's origin and destination are within the same geographic area). Recipient country is responsible for unloading at named point and subsequent arrangements and costs.
4	0.00%/0.00%  (Note #1)	<b>Supply Operations:</b> Delivery at origin. Material is made available to the FMS purchaser country at the point of origin (i.e., a depot's or vendor's loading dock). The FMS purchaser is responsible for taking title as well as custody (and all subsequent transportation responsibility) at that point.
5  L1A	0.00%/2.75%  (Note #1)	<b>CONUS Inland Transportation:</b> Delivery to a CONUS-located freight forwarder, FMS purchaser country facility, or commercial port. DoD is responsible for transportation to the POE. The FMS purchaser is responsible for unloading the material from the inland carrier's equipment at the port of debarkation (POD), delivery alongside the vessel/aircraft, and all subsequent onward movement.
8  L1A L2B	2.50%/5.25%  (Note #1)	<b>CONUS POE Onboard:</b> DoD delivery on board an FMS purchaser country controlled ship or aircraft at a DoD-controlled POE. DoD is responsible for transportation from the point of origin to an FMS purchaser country controlled ship or aircraft at a DoD-controlled POE, including unloading material from the inland carrier, port handling, and storage aboard FMS purchaser country controlled ship or aircraft. The FMS purchaser country is responsible for all subsequent movement.
9	7.25%/10.00% (Notes #1 and 2)	<b>Overseas POD Alongside:</b> DoD delivery to the overseas air or ocean POD closest to the purchaser's country. This POD

L1A L2B L1B L2C	9.00%/11.75% (Notes #1 and 3)	may or may not be in the purchaser's country. The shipment can originate from a U.S. or overseas source and may be made either by using DoD assets or DoD contracted commercial carriers. The purchaser is responsible for all handling and onward movement of the material from the POD.
7  L1A L2B L1B L2C L1F	10.25%/13.00% (Notes #1 and 2)  12.00%/14.75% (Notes #2 and 3)	<b>Overseas Inland Point (IP):</b> DoD delivery through DTS to a delivery address designated by the FMS purchaser. The shipment can originate from a U.S. or overseas source and may be made either by using DoD assets or DoD contracted commercial carriers. The shipment will be delivered to a specified location in the FMS purchaser country. Upon arrival at the specified location in country, the FMS purchaser may be responsible for the reception and staging of the shipment and is responsible for onward movement.
A	Notes #4 and #5	<b>Overseas POE—Overseas POD Onboard:</b> DoD is responsible for transportation from designated overseas POE to a CONUS destination and subsequent return to a designated overseas POD. The FMS purchaser is responsible for overseas inland transportation of materiel to or from the overseas POE or POD and overseas port handling.
B	Notes #4 and #5	<b>Overseas POE—CONUS POE Onboard:</b> DoD is responsible for transportation from a designated overseas POE to a CONUS destination, return to a CONUS POE and CONUS port handling. The FMS purchaser country is responsible for overseas inland transportation to the overseas POE, overseas port loading, and all return transportation from the CONUS POE to ultimate destination.
C	Notes #4 and #5	<b>CONUS POD—CONUS POE Onboard:</b> DoD is responsible for CONUS port unloading from the FMS purchaser arranged carrier, transportation to and from a designated CONUS destination, and CONUS port loading of FMS purchaser arranged carrier. The FMS purchaser is responsible for movement of materiel to and from the CONUS POD or POE.
E	Notes #4 and #5	<b>Supply Operations:</b> The FMS purchaser is responsible for all transportation from overseas point of origin to CONUS destination and return to an overseas destination. Delivery is to a CONUS-located freight forwarder, FMS purchaser country facility or commercial port.
F	Notes #4 and #5	<b>From Overseas IP to Overseas IP:</b> DoD is responsible for transportation from an overseas inland location to an overseas POE, overseas port handling, transportation to a CONUS POD, CONUS port handling, inland transportation to a

		designated CONUS destination, and return to an overseas destination.
<b>G</b>	Notes #4 and #5	<b>From Overseas POE to Overseas POD Alongside:</b> DoD is responsible for overseas port handling through an overseas POE, transportation to a CONUS POD, CONUS port handling, inland transportation to a CONUS destination, return to an overseas POD and overseas port handling. The FMS purchaser country is responsible for overseas inland transportation to and from the overseas POE or POD.
<b>H</b>	Notes #4 and #5	<b>Classified to CONUS POE:</b> The FMS purchaser country is responsible for all transportation from overseas point of origin to the CONUS repair facility. DoD/USG is responsible for transportation from CONUS repair facility to CONUS POE. The FMS purchaser country is responsible for CONUS POE port handling and all further movement to overseas destination.
<b>J</b>	Notes #4 and #5	<b>Classified Crypto to Overseas IP:</b> The FMS purchaser country is responsible for all transportation from overseas point of origin to CONUS repair facility. DoD/USG is responsible for all transportation from CONUS repair facility to the overseas inland destination.

**NOTES:**

1. Percentage to the right of the slash ("/") is applicable for "Other than DWCF" (Defense Working Capital Fund - DWCF) materiel
2. Rate Area #1: To Europe, Hawaii, Latin America (Central America and Caribbean Basin), and Mediterranean port
3. Rate Area #2: To Newfoundland, Labrador, Thule, Iceland, South America (East and West Coasts), Far East, African ports (other than Mediterranean), and Near East
4. The DTC codes used in connection with Return and Repair Codes (i.e., "Alpha" DTCs) are defined in the SAMM C5.F5 (Letter of Offer and Acceptance [LOA] information). The applicable Alpha DTCs percentages are not listed in the FMR or SAMM (except for a description of those DTCs in the SAMM C5.F5), but they are programmed and documented in the Defense Security Assistance Management System (DSAMS) and the Defense Integrated Financial System (DIFS).
5. The FMR VOL 15, Chapter 8, Section 080901.3b. (PERFORMANCE AND DELIVERY REPORTING...Reports..."Below the Line" Transportation Charges) states, "Report the return of repaired materiel using TBC "L." The Transportation Bill Codes (TBCs) are listed and defined in the FMR VOL 15, Chapter 8, Table 8-3. TBC "L" indicates that "substitutes for any other standard codes whenever actual transportation costs will be reported in accordance with Chapter 7."

## Appendix G: Generic Codes Table

[DIFS Table 23 (Generic Surcharge) and Table 29 (DTC Component)]

[DSCA Policy Memo 18-37 (Decrease to Delivery Term Codes Percentage Rates for “Below-the-Line”  
Transportation on Foreign Military Sales and Building Partnership Capacity cases)]

Generic Code (Notes Generic 1,2,4, and 5)	Generic Long Title	Generic Short Title	Percent
L1A	INLAND TRANSPORT CONUS	CONUS TRANS	2.75
L1B	OCEAN TRANSPORTATION	OCEAN TRANS	3.75/5.50 (Note #3)
L1C	AIR TRANSPORTATION	AIR TRANS	4.00/6.00 (Note #3)
L1D	PARCEL POST	PARCEL POST	3.75
L1E	COMMERCIAL PKG CARRIERS	COMM PKG	3.75
L1F	INLAND TRANSPORT OVERSEAS	OS INLAND	3.00
L1O	TRANSPORTATION COSTS	TRANS COSTS	N/A (Note 7)
L2A	PACKING, CRATING, & HANDLE (PC&H)	PC&H	3.5% of unit cost up to \$50,000 per unit cost and then 1.0% for the remaining unit cost that exceeds \$50,000
L2B	CONUS PORT HANDLING	CONUS PORT	2.50
L2C	OVERSEAS PORT HANDLING	OS PORT	1.00
L4A	STORAGE (FMSO II ONLY)	STORAGE	1.50 Actual Cost
L4B	STORAGE (ALL OTHER STORAGE)	STORAGE	Actual Cost
L4O	STAGING	STAGING	3.00

<b>Generic Code</b> (Notes Generic 1,2,4, and 5)	<b>Generic Long Title</b>	<b>Generic Short Title</b>	<b>Percent</b>
L6A	ADMINISTRATIVE COSTS	ADMIN COSTS	3.2 (current rate)
N7E	MEDICAL	MEDICAL	0.00
N7F	QUARTERS	QUARTERS	Actual Cost
R9D	TDP ROYALTY FEE	TDP ROYALTY	0.00
R9H	ASSET USE CHARGE	ASSET USE	1.00 (on inventory issues)
U10	NORMAL INVENTORY LOSS	INV LOSS	Actual Cost

### NOTES:

1. The above authorized charges appear in the FMS Delivery Listing.
2. Generic Code LOO, which appears on the face of the DD Form 645 (in column 6), represents the summation (or roll-up) of the above L1\_, L2\_, and L4\_ authorized charges for a given FMS Case. Generic Code L6A appears on both the face of the DD Form 645 and the FMS Delivery Listing.
3. The first percentage relates to Delivery Rate Area 1 and the second percent to Delivery Rate Area 2. Each FMS country is designated as either Delivery Rate Area 1 or 2; considering such factors as the distance/accessibility from the U.S. for shipment purposes. The applicable information is programmed into the DSAMS and DIFS computer system for each Security Cooperation country.
  - a. Rate Area 1 includes Europe, Hawaii, Latin America (Central America and Caribbean Basin), and Mediterranean ports
  - b. Rate Area 2 includes Newfoundland, Labrador, Thule, Iceland, South America (East and West Coasts), Far East, African ports (other than Mediterranean), and Near East
4. Standard PC&H rates of 3.5%/1.0% applies unless RIC begins with "G," then rate provided by GSA applies.
5. DWCF Pricing Policy changed the computation of generic code L1A for CONUS transportation and generic code L2A for Packaging Crating and Handling (PC&H). The following logic is now in place: Effective October 1, 1990, if Delivery Source Code equals AA, AB, AC, AD, AH, AJ, AK, CA, EF, or EG and the ship date is greater than or equal to October 1, 1990, bypass generic code L1A and generic code L2A.
6. Effective October 1, 1991, if Delivery Source Code equals AA, AB, AC, AD, AH, AJ, AK, CA, EF, or EG and the ship date is greater than or equal to October 1, 1991, bypass generic code L1D and generic code L1E.

7. Transportation Cost Look-Up Table as documented in SAMM Appendix 2, and programmed in the DSAMS and DIFS information systems.

## Appendix H: Transportation Bill Codes (TBC)

[FMR Table 8-3 (Transportation Bill Codes)]

This field is one alpha character. Transportation Bill Codes (TBCs) are used to bill FMS purchasers for below-the-line transportation costs, if the actual method of transportation is different than that identified by the DTC. A below-the-line charge is applied based on the DTC within the delivery transaction. However, if the delivery transaction includes an optional TBC, the TBC will supersede the DTC in determining the transportation to be assessed. Also, if the delivery transaction contains a DTC of “8” or “9,” the transportation cost look-up table rate will be used if the item is included within the transportation cost look-up table. Normally, the return of repaired materiel was reported through the use of TBC “L.” Applicable codes follow:

TBC	Description
A	Materiel moved by parcel post to an inland CONUS/Canada (except Newfoundland and Labrador) destination or freight forwarder, or to an overseas destination through the APO or international mail. The FMS purchaser makes all subsequent arrangements.
B	Materiel moved by commercial package carrier to an inland CONUS/Canada (except Newfoundland and Labrador) destination or freight forwarder when all subsequent arrangements are made by the FMS purchaser. However, see TBC “Z.”
C	Materiel moved by GBL, AMC channel airlift, Air Force organizational airlift, MSC sealift, and combinations thereof, to an overseas POD in rate area one or two, including overseas carrier discharge. The FMS purchaser makes all subsequent arrangements.
D	Any form of materiel for which the FMS purchaser is totally responsible, such as materiel moved by a collect commercial bill of lading to an inland CONUS destination, free alongside ship (FAS), an overseas carrier at a CONUS POE, freight forwarder, a CONUS POE, or an inland overseas destination. Also used if transportation costs are not applicable.
E	Materiel moved by GBL, AMC channel airlift, Air Force organizational airlift, MSC sealift, and combinations thereof, to an inland CONUS destination, FAS an overseas carrier at a CONUS POE, a freight forwarder, or a CONUS POE when all subsequent arrangements are made by the FMS purchaser.
F	Materiel moved by GBL, AMC channel airlift, Air Force organizational airlift, MSC sealift, and combinations thereof, to an overseas POD in rate area one or two, when overseas carrier discharge and all subsequent arrangements are made by the FMS purchaser.
G	Materiel moved by GBL, AMC channel airlift, Air Force organizational airlift, MSC sealift, D.C.S, MOM, Weapons System Pouch Service, and combinations thereof, to the ultimate FMS consignee at an overseas inland destination in rate area one or two.

TBC	Description
H	Materiel moved by GBL, AMC channel airlift, USAF organizational airlift, MSC sealift, and combinations thereof, to a CONUS POE when all arrangements subsequent to loading the vessel are made by the FMS purchaser.
J	Materiel moved by AMC channel airlift to an overseas aerial port of debarkation (APOD) in rate area one or two when the use of inland CONUS transportation is not required in effecting delivery to the CONUS POE. The FMS purchaser makes all arrangements subsequent to carrier discharge.
K	Materiel moved by AMC SAAM within CONUS to an overseas APOD or inland FMS consignee base within an overseas area or between overseas areas. The FMS purchaser makes any arrangements subsequent to carrier discharge.
L	Substitute for any other standard codes whenever actual transportation costs will be reported in accordance with Volume 15, Chapter 7.
M	Materiel moved by FMS country-owned aircraft from a U.S./DoD staging area.
N	Materiel moved by GBL or other CONUS inland mode to a CONUS staging or aggregation area, staging or aggregation of the materiel; and onward movement of the materiel to a freight forwarder by a collect commercial bill of lading or country-owned or provided aircraft or by AMC or by commercial SAAM.
P	Materiel moved by GBL or other CONUS inland mode to a CONUS staging or aggregation area, staging or aggregation of the materiel; onward movement of materiel by GBL or other prepaid (reimbursable) CONUS transportation to an aerial or water POE, FAS an overseas carrier at a CONUS POE, or arrangements are made by the FMS purchaser.
Q	Materiel moved by GBL or other CONUS inland mode to a CONUS staging or aggregation area, staging or aggregation of the materiel; out movement of the materiel from the staging area by GBL, or other prepaid (reimbursable) CONUS transportation to an aerial or water POE; port handling of the materiel, and onward movement by GBL, AMC channel airlift, Air Force organizational aircraft, MSC sealift, and combinations thereof, to an overseas POD in rate area one or two, when overseas carrier discharge and all subsequent arrangements are made by the FMS purchaser.
R	Materiel moved by GBL or other CONUS inland mode to a CONUS staging or aggregation area, staging or aggregation of the materiel; out movement of the materiel from the staging area by GBL or other prepaid (reimbursable) CONUS transportation to an aerial or water POE; port handling of the materiel, and onward movement by GBL, AMC channel airlift, Air Force organizational aircraft, MSC sealift, and combinations thereof, to an overseas POD in rate area one or two; overseas port handling of the materiel; and onward overseas inland movement to the ultimate FMS consignee at an overseas, inland destination rate area one or two.

<b>TBC</b>	<b>Description</b>
S	Materiel moved by GBL or other CONUS inland mode to a CONUS staging or aggregation area, staging or aggregation of the materiel; out movement of the material from the staging area by GBL or other prepaid (reimbursable) CONUS transportation to an aerial or water POE; and loading of the materiel aboard a country-owned or provided aircraft or vessel when all arrangements subsequent to loading the aircraft or vessel are made by the FMS purchaser.
U	Materiel moved by parcel post or commercial package carrier to CONUS POD when all arrangements subsequent to loading the vessel are made by the FMS purchaser. (Mode of shipment determines whether parcel post or commercial package carrier is used.)
V	Materiel moved by parcel post or commercial package carrier to an overseas POD in rate areas one or two, including overseas carrier discharge, when arrangements subsequent to loading the vessel are made by the FMS purchaser. (The mode of shipment determines whether parcel post or a commercial package carrier is used.)
W	Materiel movement charged according to rates listed in the transportation cost look-up table (see section 0805).
X	Materiel moved by parcel post or commercial package carrier to an overseas POD in rate areas one or two, when the FMS purchaser makes overseas carrier discharge and subsequent arrangements. (The mode of shipment determines whether parcel post or commercial package carrier is used.)
Y	Materiel moved by parcel post or commercial package carrier to the ultimate FMS consignee at an overseas inland destination in rate areas one or two. (The mode of shipment determines whether parcel post or commercial package carrier is used.)
Z	Materiel moved within the CONUS by commercial carrier with a published maximum rate of \$25 (e.g., as published by United Parcel Service).

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## Appendix I: Transportation based on Transportation Bill Codes (TBCs) for Inventory Items Shipped by DWCF

[FMR VOL 15, Chapter 8, Table 8-1)]

[DSCA Policy Memo 18-37 (Decrease to Delivery Term Codes Percentage Rates for “Below-the-Line” Transportation on Foreign Military Sales and Building Partnership Capacity Cases)]

Transportation Bill Code	Transportation Generic Code	Percentage of Item Priced by Generic Code	Total Percentage
A	L1D (Parcel Post)	0.0 <sup>24,25</sup>	0.0
B	L1E (Commercial Package Carriers)	0.0 <sup>24,25</sup>	0.0
C	L1A (CONUS)	0.0 <sup>25</sup>	7.25, 9.0/7.5, 9.50 <sup>26</sup>
	L2B (Port Handling)	2.5	
	L1B (Ocean) / L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.0, 6.00 <sup>28</sup>	
	L2C (Overseas Port Handling)	1.0	
D	N/A	0.0	0.0
E	L1A (CONUS)	0.0 <sup>25</sup>	0.0
	L1A (CONUS)	0.0 <sup>25</sup>	

<sup>24</sup> The costs of L1D (Parcel Post), L1E (Commercial Package Carriers), and L40 (Staging) are included in the DWCF item price. If the item is shipped to a staging location, the rate must be charged.

<sup>25</sup> The L1A (Inland CONUS) transportation charge of 2.75 percent does not apply to DWCF shipments with shipping dates after September 30, 1990. L1A is computed once on DWCF items shipped to a CONUS staging or aggregation area and then on to the CONUS water or aerial port. The first CONUS movement is included in the DWCF item price. The second movement TBCs (P, Q, R, or S) are charged at the normal rate.

<sup>26</sup> Wherever “L1B/L1C” appears, if the Port of Embarkation (POE) code is “A” L1C is computed; otherwise L1B is computed.

<sup>27</sup> L1B is computed at 3.75 percent for rate area one, or 5.50 percent for rate area two.

<sup>28</sup> L1C is computed at 4.0 percent for rate area one, or 6.0 percent for rate area two.

<b>Transportation Bill Code</b>	<b>Transportation Generic Code</b>	<b>Percentage of Item Priced by Generic Code</b>	<b>Total Percentage</b>
F	L2B (Port Handling)	2.5	6.25, 8.00/ 6.50, 8.50 <sup>26</sup>
	L1B (Ocean) / L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.00, 6.00 <sup>26</sup>	
G	L1A (CONUS)	0.0 <sup>25</sup>	10.25,12.0/ 10.5, 12.5 <sup>26</sup>
	L2B (Port Handling)	2.5	
	L1B (Ocean) / L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.0, 6.0 <sup>28</sup>	
	L2C (Overseas Port Handling)	1.0	
	L1F (Inland Transport Overseas)	3.0	
H	L1A (CONUS)	0.0 <sup>2</sup>	2.5
	L2B (Port Handling)	2.5	
J	L2B (Port Handling)	2.5	7.5/9.5
	L1C (Air Transportation)	4.0/6.0 <sup>28</sup>	
	L2C (Overseas Port Handling)	1.0	
K	L1C (Air Transportation)	N/A	Actual amount billed by USAF Air Mobility Command (AMC)
L	As Applicable	N/A	Actual amount computed by shipper
M	L40 (Staging)	3.0 <sup>24</sup>	3.0
	L1A (CONUS)	0.0 <sup>25</sup>	3.0

<b>Transportation Bill Code</b>	<b>Transportation Generic Code</b>	<b>Percentage of Item Priced by Generic Code</b>	<b>Total Percentage</b>
N	L40 (Staging)+	3.0 <sup>24</sup>	
P	L1A (CONUS)	0.0 <sup>25</sup>	5.75
	L40 (Staging)	3.0 <sup>24</sup>	
	L1A (CONUS)	2.75 <sup>25</sup>	
Q	L1A (CONUS)	0.0 <sup>25</sup>	12.00, 13.75/12.25, 14.25 <sup>26</sup>
	L40 (Staging)	3.0 <sup>24</sup>	
	L1A (CONUS)	2.75 <sup>25</sup>	
	L2B (Port Handling)	2.5	
	L1B (Ocean) / L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.0, 6.0 <sup>28</sup>	
R	L1A (CONUS)	0.0 <sup>25</sup>	16.00, 17.75/16.25, 18.25 <sup>26</sup>
	L40 (Staging)	3.0 <sup>24</sup>	
	L1A (CONUS)	2.75 <sup>25</sup>	
	L2B (Port Handling)	2.5	
	L1B (Ocean) / L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.0, 6.0 <sup>28</sup>	
	L2C (Overseas Port Handling)	1.0	
	L1F (Inland Transport Overseas)	3.0	
S	L1A (CONUS)	0.0 <sup>25</sup>	8.25
	L40 (Staging)	3.0 <sup>24</sup>	
	L1A (CONUS)	2.75 <sup>25</sup>	
	L2B (CONUS Port Handling)	2.5	

<b>Transportation Bill Code</b>	<b>Transportation Generic Code</b>	<b>Percentage of Item Priced by Generic Code</b>	<b>Total Percentage</b>
U	L1D (Parcel Post)	0.0 <sup>24,25</sup>	2.5
	L2B (CONUS Port Handling)	2.5	
V	L1D (Parcel Post)	0.0 <sup>24,25</sup>	7.25, 9.00/7.5, 9.5 <sup>26</sup>
	L2B (CONUS Port Handling)	2.5	
	L1B (Ocean)/L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.0, 6.0 <sup>28</sup>	
	L2C (Overseas Port Handling)	1.0	
W	L1O (Transportation Costs)	N/A	Transportation Cost Look-Up Table
X	L1D (Parcel Post)	0.0 <sup>24,25</sup>	6.25, 8.00/6.5, 8.5 <sup>26</sup>
	L2B (CONUS Port Handling)	2.5	
	L1B (Ocean)/L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.0, 6.0 <sup>28</sup>	
Y	L1D (Parcel Post)	0.0 <sup>24,25</sup>	10.25, 12.00/10.5, 12.5 <sup>26</sup>
	L2B (CONUS Port Handling)	2.5	
	L1B (Ocean)/L1C (Air) <sup>26</sup>	3.75, 5.50 <sup>27</sup> /4.0, 6.0 <sup>28</sup>	
	L2C (Overseas Port Handling)	1.0	
	L1F (Inland Transport Overseas)	3.0	

## Appendix J: Transportation Charges based on TBCs for Inventory Items NOT Shipped by DWCF

[DSCA Policy Memo 18-37 (Decrease to Delivery Term Codes Percentage Rates for “Below-the-Line” Transportation on Foreign Military Sales and Building Partnership Capacity Cases)]

Transportation Bill Code	Transportation Generic Code	Percentage of Item Priced by Generic Code	Total Percentage
A	L1D (Parcel Post)	3.75 <sup>27</sup>	3.75
B	L1E (Commercial Package Carriers)	3.75 <sup>29</sup>	3.75
C	L1A (CONUS)	2.75	10.00, 11.75/10.25, 12.25 <sup>30</sup>
	L2B (Port Handling)	2.5	
	L1B (Ocean)/L1C (Air) <sup>28</sup>	3.75, 5.50 <sup>29</sup> / 6.0 <sup>30</sup> 4.0,	
	L2C (Overseas Port Handling)	1.0	
D	N/A	0.0	0.0
E	L1A (CONUS)	2.75	2.75
F	L1A (CONUS)	2.75	9.00, 10.75/9.25, 11.25 <sup>30</sup>
	L2B (Port Handling)	2.5	
	L1B (Ocean) / L1C (Air) <sup>30</sup>	3.75, 5.50 <sup>31</sup> / 6.0 <sup>32</sup> 4.0,	

<sup>27</sup> Amounts collected for L1D (Parcel Post), L1E (Commercial Package Carriers), and L40 (Staging) shall be reimbursed to the shipping depot shown in the delivery transaction. SF Form 1080 billings for actual costs are not required.

<sup>28</sup> Wherever “L1B/L1C” appears, if the Port of Embarkation (POE) code is “A” L1C is computed; otherwise L1B is computed.

<sup>29</sup> L1B is computed at 3.75 percent for rate area one or 5.50 percent for rate area two.

<sup>30</sup> L1C is computed at 4.0 percent for rate area one or 6.0 percent for rate area two.

<sup>33</sup> L1A is computed twice on non-DWCF items shipped to a CONUS staging or aggregation area, and then on to the CONUS water or aerial port for TBCs P, Q, R, and S

<b>Transportation Bill Code</b>	<b>Transportation Generic Code</b>	<b>Percentage of Item Priced by Generic Code</b>	<b>Total Percentage</b>
G	L1A (CONUS)	2.75	13.0, 14.75/13.25, 15.25 <sup>30</sup>
	L2B Port Handling	2.5	
	L1B (Ocean)/L1C (Air) <sup>30</sup>	3.75, 5.50 <sup>31</sup> / 6.0 <sup>32</sup>	
	L2C (Overseas Port Handling)	1.0	
	L1F (Inland Overseas Transport)	3.0	
H	L1A (CONUS)	2.75	5.25
	L2B (Port Handling)	2.5	
J	L2B (Port Handling)	2.5	7.5/9.5
	L1C (Air Transportation)	4.0/6.0 <sup>32</sup>	
	L2C (Overseas Port Handling)	1.0	
K	L1C (Air Transportation)	N/A	Actual amount billed by USAF Air Mobility Command (AMC)
L	As Applicable	N/A	Actual amount computed by shipper
M	L40 (Staging)	3.0 <sup>29</sup>	3.0
N	L1A (CONUS)	2.75	5.75
	L40 (Staging)	3.0 <sup>29</sup>	
P	L1A (CONUS)	2.75	8.50
	L40 (Staging)	3.0 <sup>29</sup>	
	L1A (CONUS)	2.75 <sup>33</sup>	
	L1A (CONUS)	2.75	14.75, 16.50/15.0, 17.0 <sup>30</sup>

Transportation Bill Code	Transportation Generic Code	Percentage of Item Priced by Generic Code	Total Percentage
Q	L40 (Staging)	3.0 <sup>29</sup>	
	L1A (CONUS)	2.75 <sup>33</sup>	
	L2B (CONUS Port Handling)	2.5	
	L1B (Ocean)/L1C (Air) <sup>30</sup>	3.75, 5.50 <sup>31</sup> / 6.0 <sup>32</sup> 4.0,	
R	L1A (CONUS)	2.75	18.75, 20.50/19.0, 21.0 <sup>30</sup>
	L40 (Staging)	3.0 <sup>29</sup>	
	L1A (CONUS)	2.75 <sup>33</sup>	
	L2B (Port Handling)	2.5	
	L1B (Ocean)/L1C (Air) <sup>30</sup>	3.75, 5.50 <sup>31</sup> / 6.0 <sup>32</sup> 4.0,	
	L2C (Overseas Port Handling)	1.0	
	L1F (Inland Overseas Transport)	3.0	
S	L1A (CONUS)	2.75	11.0
	L40 (Staging)	3.0 <sup>29</sup>	
	L1A (CONUS)	2.75 <sup>33</sup>	
	L2B (CONUS Port Handling)	2.5	
U	L1D (Parcel Post)	3.75	6.25
	L2B (CONUS Port Handling)	2.5	
	L1D (Parcel Post)	3.75 <sup>29</sup>	11.00, 12.75/11.25, 13.25 <sup>30</sup>

<b>Transportation Bill Code</b>	<b>Transportation Generic Code</b>	<b>Percentage of Item Priced by Generic Code</b>	<b>Total Percentage</b>
V	L2B (Port Handling)	2.5	
	L1B (Ocean)/L1C (Air) <sup>30</sup>	3.75, 5.50 <sup>31</sup> / 6.0 <sup>32</sup>	
	L2C (Overseas Port Handling)	1.0	
W	L1O (Transportation Costs)	N/A	Transportation Cost Look-Up Table
X	L1D (Parcel Post)	3.75 <sup>29</sup>	10.00, 11.75/10.25, 12.25 <sup>30</sup>
	L2B (CONUS Port Handling)	2.5	
	L1B (Ocean) / L1C (Air) <sup>30</sup>	3.75, 5.50 <sup>31</sup> /4.0, 6.0 <sup>32</sup>	
Y	L1D (Parcel Post)	3.75 <sup>29</sup>	14.0, 15.75/14.25, 16.25 <sup>30</sup>
	L2B (CONUS Port Handling)	2.5	
	L1B (Ocean) / L1C (Air) <sup>30</sup>	3.75, 5.50 <sup>31</sup> / 6.0 <sup>32</sup>	
	L2C (Overseas Port Handling)	1.0	
	L1F (Inland Overseas Transport)	3.0	
Z	L1A (CONUS)	2.75	(Charge may not exceed \$25.00)

## Appendix K: Types of Assistance (T/A) Codes

[SAMM Chapter 5, Figure C5.F5 (LOA Information)]

[DLM 4000.25-1-M]

T/A CODES	MEANING
3	Source Code S, R, or E; Cash Sale from Stock with Payment in Advance, based on Arms Export Control Act (AECA) Section 21(b). (Sale of DoD inventory or services. Cash to be deposited by FMS purchaser in advance of delivery or performance).
4	Source Code X; Source Undetermined with Payment in Advance, AECA Sections 21(b), 22(a), 29. (Source of supply not determined. Cash to be deposited by FMS purchaser in advance of delivery or performance.)
5	Source Code P; Cash Sale from Procurement with Payment in Advance, AECA Section 22(a). (Cash sale from procurement. Cash to be deposited by FMS purchaser in advance to meet contract payment requirements.)
6	Source Code S, R, or E, Payment on Delivery; AECA Section 21(d). (Sale of DoD inventory or services. Cash to be deposited by FMS purchaser upon delivery. Requires a written statutory determination by the Director, DSCA. Reimbursement to the DoD Components is made after FMS purchaser payment received.)
7	Source Code P, Dependable Undertaking with 120 days Payment after Delivery; AECA Section 22(b). (Cash sale from procurement. Payment from FMS purchaser is due 120 days after delivery. Payments to contractors are financed by special emergency appropriation.)
8	Source Code S, R, or E, Stock Sales with 120 days Payment after Delivery; AECA Section 21(d). (Sale of DoD inventory or services. Payment from FMS purchaser is due 120 days after delivery. Payments to the DoD Components are financed by special emergency appropriation.)
A	FAA Excess Defense Articles - non-reimbursable, provided under the authority of Section 516 of the Foreign Assistance Act (FAA) of 1961, as amended.
M	MAP Merger/USG Grant; FAA Section 503(a)(3). (FMS funded by Military Assistance Program.)
N	FMS Credit (Nonrepayable); AECA Sections 23 or 24. (Source of supply not determined; FMS non-repayable credit, AECA sections 23 and 24.)

<b>T/A CODES</b>	<b>MEANING</b>
U	Source Code P; Cooperative Logistics Supply Support Arrangement (CLSSA) Foreign Military Sales Order (FMSO) I. (FMSO I Purchase of equity in
1	SDAF (Special Defense Acquisition Fund) Source Code F

## Appendix L: Julian Date Calendar

[For Regular Years]

(use in 2017-2019, 2021-2023, 2025-2027, etc.)

[<https://landweb.modaps.eosdis.nasa.gov/browse/calendar.html>]

DAY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	DAY
1	001	032	060	091	121	152	182	213	244	274	305	335	1
2	002	033	061	092	122	153	183	214	245	275	306	336	2
3	003	034	062	093	123	154	184	215	246	276	307	337	3
4	004	035	063	094	124	155	185	216	247	277	308	338	4
5	005	036	064	095	125	156	186	217	248	278	309	339	5
6	006	037	065	096	126	157	187	218	249	279	310	340	6
7	007	038	066	097	127	158	188	219	250	280	311	341	7
8	008	039	067	098	128	159	189	220	251	281	312	342	8
9	009	040	068	099	129	160	190	221	252	282	313	343	9
10	010	041	069	100	130	161	191	222	253	283	314	344	10
11	011	042	070	101	131	162	192	223	254	284	315	345	11
12	012	043	071	102	132	163	193	224	255	285	316	346	12
13	013	044	072	103	133	164	194	225	256	286	317	347	13
14	014	045	073	104	134	165	195	226	257	287	318	348	14
15	015	046	074	105	135	166	196	227	258	288	319	349	15
16	016	047	075	106	136	167	197	228	259	289	320	350	16
17	017	048	076	107	137	168	198	229	260	290	321	351	17
18	018	049	077	108	138	169	199	230	261	291	322	352	18
19	019	050	078	109	139	170	200	231	262	292	323	353	19
20	020	051	079	110	140	171	201	232	263	293	324	354	20
21	021	052	080	111	141	172	202	233	264	294	325	355	21
22	022	053	081	112	142	173	203	234	265	295	326	356	22
23	023	054	082	113	143	174	204	235	266	296	327	357	23
24	024	055	083	114	144	175	205	236	267	297	328	358	24
25	025	056	084	115	145	176	206	237	268	298	329	359	25
26	026	057	085	116	146	177	207	238	269	299	330	360	26
27	027	058	086	117	147	178	208	239	270	300	331	361	27
28	028	059	087	118	148	179	209	240	271	301	332	362	28
29	029		088	119	149	180	210	241	272	302	333	363	29
30	030		089	120	150	181	211	242	273	303	334	364	30
31	031		090		151		212	243		304		365	31

Julian Date Calendar

[For Leap Years Only]

(use in 2020, 2024, 2028, 2032, etc.)

[<https://landweb.modaps.eosdis.nasa.gov/browse/calendar.html>]

<b>DAY</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>DAY</b>
<b>1</b>	001	032	061	092	122	153	183	214	245	275	306	336	<b>1</b>
<b>2</b>	002	033	062	093	123	154	184	215	246	276	307	337	<b>2</b>
<b>3</b>	003	034	063	094	124	155	185	216	247	277	308	338	<b>3</b>
<b>4</b>	004	035	064	095	125	156	186	217	248	278	309	339	<b>4</b>
<b>5</b>	005	036	065	096	126	157	187	218	249	279	310	340	<b>5</b>
<b>6</b>	006	037	066	097	127	158	188	219	250	280	311	341	<b>6</b>
<b>7</b>	007	038	067	098	128	159	189	220	251	281	312	342	<b>7</b>
<b>8</b>	008	039	068	099	129	160	190	221	252	282	313	343	<b>8</b>
<b>9</b>	009	040	069	100	130	161	191	222	253	283	314	344	<b>9</b>
<b>10</b>	010	041	070	101	131	162	192	223	254	284	315	345	<b>10</b>
<b>11</b>	011	042	071	102	132	163	193	224	255	285	316	346	<b>11</b>
<b>12</b>	012	043	072	103	133	164	194	225	256	286	317	347	<b>12</b>
<b>13</b>	013	044	073	104	134	165	195	226	257	287	318	348	<b>13</b>
<b>14</b>	014	045	074	105	135	166	196	227	258	288	319	349	<b>14</b>
<b>15</b>	015	046	075	106	136	167	197	228	259	289	320	350	<b>15</b>
<b>16</b>	016	047	076	107	137	168	198	229	260	290	321	351	<b>16</b>
<b>17</b>	017	048	077	108	138	169	199	230	261	291	322	352	<b>17</b>
<b>18</b>	018	049	078	109	139	170	200	231	262	292	323	353	<b>18</b>
<b>19</b>	019	050	079	110	140	171	201	232	263	293	324	354	<b>19</b>
<b>20</b>	020	051	080	111	141	172	202	233	264	294	325	355	<b>20</b>
<b>21</b>	021	052	081	112	142	173	203	234	265	295	326	356	<b>21</b>
<b>22</b>	022	053	082	113	143	174	204	235	266	296	327	357	<b>22</b>
<b>23</b>	023	054	083	114	144	175	205	236	267	297	328	358	<b>23</b>
<b>24</b>	024	055	084	115	145	176	206	237	268	298	329	359	<b>24</b>
<b>25</b>	025	056	085	116	146	177	207	238	269	299	330	360	<b>25</b>
<b>26</b>	026	057	086	117	147	178	208	239	270	300	331	361	<b>26</b>
<b>27</b>	027	058	087	118	148	179	209	240	271	301	332	362	<b>27</b>
<b>28</b>	028	059	088	119	149	180	210	241	272	302	333	363	<b>28</b>
<b>29</b>	029	060	089	120	150	181	211	242	273	303	334	364	<b>29</b>
<b>30</b>	030		090	121	151	182	212	243	274	304	335	365	<b>30</b>
<b>31</b>	031		091		152		213	244		305		366	<b>31</b>

## Appendix M: Unit of Issue Codes

[DoD 4100.39-M, Vol 10, (Federal Logistics Information System (FLIS) Procedures Manual)]

This field contains a two-alpha code. Applicable Unit of Issue (Unit of Measure) abbreviations are listed in FMR Table 8-14 and are also included below:

Code	Description	Code	Description	Code	Description
AM	Ampule	FT	Foot	PR	Pair
AT	Assortment	FV	Five	PT	Pint
AY	Assembly	FY	Fifty	PZ	Packet
BA	Ball	GL	Gallon	QT	Quart
BD	Bundle	GP	Group	RA	Ration
BE	Bale	GR	Gross	RL	Reel
BF	Board Foot	HD	Hundred	RM	Ream
BG	Bag	HK	Hank	RO	Roll
BK	Book	IN	Inch	SD	Skid
BL	Barrel	JR	Jar	SE	Set
BO	Bolt	KG	Kilogram	SF	Square Foot
BR	Bar	KP	Kilowatt Hour (KWH)	SH	Sheet
BT	Bottle	KT	Kit	SK	Skein
BX	Box	KW	Kilowatt	SL	Spool
CA	Cartridge	L5	Liters at 15C Degrees	SO	Shot
CB	Carboy	LB	Pound	SP	Strip

<b>Code</b>	<b>Description</b>	<b>Code</b>	<b>Description</b>	<b>Code</b>	<b>Description</b>
CD	Cubic Yard	LG	Length	SV	Service
CE	Cone	LI	Liter	SX	Stick
CF	Cubic Foot	LT	Lot	SY	Square Yard
CL	Coil	MC	Thousand Cubic Feet	TD	Twenty-Four
CM	Centimeter	ME	Meal	TE	Ten
CN	Can	MR	Meter	TF	Twenty-Five
CO	Container	MW	Megawatt-Hour (MWH)	TN	Ton
CY	Cylinder	MX	Thousand	TO	Troy Ounce
CZ	Cubic Meter	OT	Outfit	TS	Thirty-Six
DH	Dekatherm (DTH)	OZ	Ounce	TU	Tube
DR	Drum	PD	Pad	VI	Vial
DZ	Dozen	PG	Package	YD	Yard
EA	Each	PM	Plate		

## Appendix N: Offer/Release Codes

[SAMM Chapter 5, Figure C5.F5 (LOA Information)]

Based upon agreement between the DoD component and the FMS purchaser, offer/release codes are used for each line involving defense articles, as follows. The Offer/Release Code appears in Field # “(6)” of the Letter of Offer and Acceptance line items, and record position #46 of the DD Form 1348 (MILSTRIP) requisition, which is part of the Supplementary Address.

Offer Release Code	Definition
A	Freight and parcel post shipments will be released automatically by the shipping activity without advance notice of availability.
Y	Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Advanced notice is required, before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.
X	<p>The IA and country representative have agreed that the following will occur:</p> <ul style="list-style-type: none"> <li>• IA will sponsor the shipment to a country address. Under this agreement, the Freight Forwarder Code must also contain “X” and a Customer-within-country (CC) Code must be entered in the Mark For Code on the front page of the LOA. The MAPAD must contain the CC Code and addresses for each type of shipment (parcel post or freight).</li> <li>• Shipments will be made to an assembly point or staging area as indicated by clear instructions on exception requisitions. Under this agreement, the Freight Forwarder Code must contain “W.” A Mark For Code may be entered in the Mark-For Code space on the front page of the LOA, and the MAPAD must contain the Mark-For Code if the Mark-For Address is to be used on the shipment to the assembly point or staging area.</li> </ul>

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## Appendix O: Mode of Shipment (MOS) Codes

This field is a one alpha or numeric code showing the mode of shipment provided for in the LOA. This position is left blank when reporting actual accessorial costs. The codes are also listed below:

MOS Code	Initial Method of Movement by Shipper
A	Motor, truckload
B	Motor, less truckload
C	Van (unpacked, or uncrated personal or government property)
D	Drive-away, truck-away, tow-away
E	Bus
F	Air Mobility Command (Channel and Special Assignment Airlift Mission)
G	Surface, parcel post
H	Air, parcel post
I	Government truck for shipments outside local delivery area
J	Air, small package carrier
K	Rail, carload includes trailer or container-on-flatcar (excluding SEA VAN)
L	Rail, less than carload includes trailer or container-on-flatcar (including SEA VAN)
M	Surface, Freight Forwarder
O	Organic military air (includes aircraft of foreign governments)
P	Through government bill of lading (TGBL)
Q	Commercial air freight; includes regular and expedited service (provided by major airlines), also includes charters and air taxis
R	European Distribution System (EDS)/or Pacific Distribution System (PDS)

<b>MOS Code</b>	<b>Initial Method of Movement by Shipper</b>
S	Scheduled Truck Service (applies to contract carriage, guaranteed traffic routings, or scheduled service)
T	Air freight forwarder
U	Quick Response Transportation System (QUICKTRANS)
V	SEA—VAN Service
W	Water, river, lake, or coastal (commercial)
X	Bearer walk through (FMS purchaser pickup of materials)
Y	Military intra-theater airlift services
Z	Military Sealift Command (MSC) (controlled/contract/arranged space)
2	Government watercraft, barge/lighter
3	Roll-on or roll-off (RORO) service
4	Defense Courier Service (DCS)
5	Surface, small package carrier
6	Military ordinary mail (MOM)
7	Express mail
8	Pipeline
9	Local delivery by government or commercial truck including deliveries between air or water terminals and adjacent activities.

## Appendix P: Adjustment Reply Codes (ARC)

Adjustment Reply Codes cover most replies to FMS purchaser requests for billing or adjustments. When a situation arises not covered by these codes, a reply by letter is appropriate. Submit requests for codes to cover additional transactions to DFAS SCA at DFAS-JAX/IN, 8899 E. 56th St., Indianapolis, IN 46249.

### Adjustment Reply Codes (ARC): Denial

Code	Description
AA	Duplicate billing and/or shipment resulted from receipt of duplicate requisition and duplicate supply action
AB	Bill reflected correct unit or extended price of materiel shipped
AE	Supplier adjusted to unit pack since requisition did not prohibit this action, or shipment made in accordance with instructions in requisitions
AF	Authorized substitute in latest supply manual. Requisitions did not prohibit substitutions
AG	Claims less than \$200, loss or gain, are to be absorbed by FMS purchaser
AI	Local records indicate prior reversal of duplicate credit or charge in bill number cited
AJ	Credit was granted as a result of prior request and processing in billing
AK	Shipment made via commercial bill of lading; USG not responsible for damaged shipments
AL	Copies of shipping document evidencing proof of shipment/acceptance are attached
AM	Exhibit analysis completed—SDR denied
AN	Claim less than \$25, loss or gain, to be absorbed by FMS purchaser
AO	Request cannot be granted because discrepancy report was not received within allowable timeframe
AP	Request cannot be granted because item was procured specifically for FMS purchaser. Section 6 of the LOA, “Warranties,” applies (see SAMM, Figure C5.F4, LOA Information)

**Adjustment Reply Codes (ARC): Reason Request Granted and Instructions for Disposition of Any Materiel Shipped in Error**

<b>Code</b>	<b>Description</b>
BA	Materiel subject to local disposal
BB	Materiel to be returned to activity designated in the shipping depot field for subsequent credit
BC	Hold unacceptable shipment quantity pending disposition instructions to be submitted via separate communication
BD	Materiel to be returned to a Defense Reutilization and Marketing Office for disposal
BE	Materiel to be sent to nearest U.S. turn-in point for redistribution
BF	Materiel to be returned to contractor facility
BR	Materiel to be returned to USG facility for repair or replacement
BV	Materiel to be returned to contractor facility for repair or replacement
BX	Materiel to be returned for evaluation as an exhibit
BY	Exhibit analysis completed—asset repaired or replaced
BZ	Exhibit analysis completed—credit adjustment will be processed
CA	Requested debit adjustment will be made and bill issued
CB	Requested credit adjustment will be made and amended bill issued
CF	Request granted for financial adjustment not directly related to materiel shipments (e.g., repair costs)
CW	Credit adjustment granted on accessorial charges—only FKF transactions
CX	Credit adjustment granted on administrative charges—only FKD transactions
CY	Debit adjustment granted on administrative charges—only FKC transactions
CZ	Debit adjustment granted on accessorial charges—only FKE transactions

**Adjustment Reply Codes (ARC): Advisory Codes That Do Not Require Billing or Supply Action**

Code	Description
DA	Request previously processed and credit granted
DB	Request previously processed and credit not granted
DD	Billing previously rendered
DG	Duplicate billing will be furnished
DI	Letter of explanation follows
DJ	No record of previous request. Resubmit
DK	Copies of shipping documents evidencing proof of shipment and acceptance are attached
DM	Reply delayed 30 days. Matter is being investigated
DX	Request for SDR cancellation approved

**Adjustment Reply Codes (ARC) Codes: To Request Additional Data from Country**

Code	Description
EB	Document number incomplete. Resubmit
EC	Bill number incomplete/missing. Resubmit
EF	Records do not indicate duplicate shipment and/or billing on bill number cited. If duplication occurred on another bill, resubmit citing both bill numbers
EI	Claim should be supported by appropriate documentation. Resubmit
EJ	Claim should be supported by confirmation of cancellation. Resubmit

**Adjustment Reply Codes (ARC): USG reimbursement to Foreign Countries to Recover Transportation Costs those Countries Incurred to Return Items to USG**

Code	Description
FA	Transportation reimbursement from freight forwarder to FMS purchaser final destination on shipment of discrepant materiel (5 percent of discrepant materiel billed value)
FB	Transportation reimbursement from CONUS POE via DTS to final destination on shipment of discrepant materiel (reversal of accessorial costs)
FC	Transportation reimbursement from FMS purchaser final destination to turn-in point for discrepant returns (3 percent of discrepant materiel billed value)
FD	Transportation reimbursement for local disposal of discrepant materiel (5 percent of discrepant materiel billed value for inland transportation and disposal costs)
FE	Transportation reimbursement for return of discrepant item or items to be repaired (5 percent of discrepant materiel billed value)
FF	PC&H reimbursement for discrepant materiel returns (3.75 percent of discrepant materiel billed value)
FG	Transportation reimbursement from freight forwarder to FMS purchaser final destination on shipment of discrepant materiel (5 percent of discrepant materiel billed value); and PC&H reimbursement for discrepant materiel returns (3.75 percent of discrepant materiel billed value)
FH	Transportation reimbursement from CONUS POE via DTS to final destination on shipment of discrepant materiel (reversal of accessorial costs), and PC&H reimbursement for discrepant materiel returns (3.75 percent of discrepant materiel billed value)
FI	Transportation reimbursement from freight forwarder to FMS purchaser final destination on shipment of discrepant materiel (5 percent of discrepant materiel billed value); transportation reimbursement from FMS purchaser final destination to turn-in point for discrepant returns (3 percent of discrepant materiel billed value); and PC&H reimbursement for discrepant materiel returns (3.75 percent of discrepant materiel billed value)
FJ	Transportation reimbursement from CONUS POE via DTS to final destination on shipment of discrepant materiel (reversal of accessorial costs); transportation reimbursement from FMS purchaser final destination to turn-in point for discrepant returns (3 percent of discrepant materiel billed value); and PC&H reimbursement for discrepant materiel returns (3.75 percent of discrepant materiel billed value)
FK	Transportation reimbursement for return of discrepant item or items to be repaired or replaced (5 percent of discrepant materiel billed value); and PC&H reimbursement for discrepant materiel returns (3.75 percent of discrepant materiel billed value)
FL	Actual Transportation reimbursement (actual charge)

<b>Code</b>	<b>Description</b>
FM	Reversal of transportation reimbursement transaction previously processed (percentage dependent on transaction being reversed)

**Appendix Q: Delivery Source Codes (DSC) and Accessorial Computation Matrix**

[DSCA Policy Memo 18-37 (Decrease to Delivery Term Codes Percentage Rates for “Below-the-Line”

This field is a two-alpha code. Codes in the field provide an audit trail between performance and the pricing requirements. The code is used by DFAS SCA to recognize USG earnings for work done for the FMS Purchaser; therefore, it is imperative that the correct codes be used. An incorrect code could result in the FMS purchaser being over or under-charged.

The full list of all the current authorized (per the FMR) Delivery Source Codes (DSC), along with their associated charges in the “Accessorial Computation Matrix,” are listed on the following pages for your reference.

**Delivery Source Code: Sale of Articles Under AECA Section 21**

DSC	Description
AA	DWCF, non-excess items, including technical data package (TDP) and publications, from inventory for a matured FMSO.
AB	DWCF, non-excess items, including TDP and publications, from inventory for other than a matured FMSO.
AC	DWCF non-excess items diverted from procurement initiated to maintain stock inventory for a matured FMSO.
AD	DWCF non-excess items diverted from procurement initiated to maintain stock inventory for other than a matured FMSO.
AE	Procurement-funded item, including TDP and publications from inventory, which requires replacement.
AG	Procurement-funded item, including TDPs and publications from inventory, which does not require replacement.
AH	Excess DWCF for a matured FMSO.
AJ	Excess DWCF for other than a matured FMSO.
AK	Excess Procurement-Funded Item from Inventory (applicable PC&H computed on original acquisition cost of item and included in price of item).
AL	Use of this code eliminated beginning FY 2001. Items (other than DWCF item) sold from inventory that are not subject to normal PC&H charge. This code must only be used when the case has a transportation line, a PC&H line, or a pricing exception granted by OUSD(C).

**Delivery Source Code: Performance of DoD Services Under AECA Section 21 or 22**

DSC	Description
BA	DoD-provided training course.
BB	Contractor-provided training course.
BC	Repair or replace FMS purchaser equipment. IAs must include actual PC&H and transportation for materiel consumed in overhaul in reported cost.
BD	Other DoD services. Does not include “above-the-line” transportation or “above-the-line” packing, crating, handling and transportation (PCH&T) associated with repair or modification of consumer owned equipment that is included in repair cost report using code “BC.”
BE	Storage charge (for other than FMSO cases).
BF	Depreciation associated with leases.
BG	LOA sales of articles and services in connection with lease, prior to, during, or after lease period (includes transportation PC&H refurbishment).
BH	Actual PC&H charge. This report must accompany delivery transactions for items sold from inventory with DSC “AK” and “AL.”
BK	DWCF activity services.
BT	“Above-the-line” transportation to FMS purchasers that is included in the case. This code includes “high-flight” or special airlift. It does not include the “above-the-line” transportation cost that is included in the selling price of an item or service.

**Delivery Service Codes: Unique FMSO Charges**

DSC	Description
CA	FMSO I materiel used to support a system obsolete to DoD use (buy out of unique repair parts to support obsolete end items).
CB	Annual inventory maintenance and storage cost. Charge annually on current FMSO II cases. The FMSO I case manager must input the FMS detail delivery transaction. There is no annual charge for cooperative logistics supply support arrangements (CLSSAs) on DWCF items since the DWCF standard (stabilized) price recoups all costs.
CC	Normal inventory loss on procurement appropriation–funded secondary items (physical inventory gain or loss, expiring shelf life, and damage of stored parts). Charge assessed annually on current FMSO II cases. The FMSO I case manager must input the delivery transactions. There is no annual charge for CLSSAs on DWCF items since the DWCF standard (stabilized) price recoups all costs.
CD	Cash advances for on-hand portion of FMSO I cases.

## Delivery Source Codes: Procurement for FMS Purchasers Under AECA Section 22

DSC	Description
DA	Contractor services (other than training).
DB	DWCF item, TDP, or publications from contractor.
DC	Procurement appropriation–funded secondary item from contractor.
DD	Procurement-funded principal or major item from contractor.
DE <sup>1</sup>	Progress payment to contractor.
DF <sup>1</sup>	DoD services in support of procurement. This code was previously applied to actual CAS hours prior to establishment of the charge. It now applies to other than CAS services.
DG <sup>1</sup>	Nonrecurring Cost (NC) Recoupment Charges (Research and Development and Production). Identifies amount of NC financed by the FMS purchaser and may be used in calculating the Special NC.
DJ <sup>1</sup>	GFM shipped from inventory.
DK <sup>1</sup>	GFM shipped from another contractor.
DL <sup>1</sup>	PCH&T applicable to procurement appropriation funded GFM.
DX	Contractor efforts in overseas locations that are supported by FMS management lines rather than through normal CAS effort.

### NOTES:

1. DSCs DE through DL represent WIP transactions. The breakdown of these charges assures audit trail visibility for pricing purposes. DFAS SCA must treat them as progress payments and report them as such to the FMS purchaser. These charges must be liquidated by one of the contract delivery codes “DA” through “DD” in combination with reimbursement code “N.”

**Delivery Source Code: Miscellaneous Charges**

<b>DSC</b>	<b>Description</b>
EE	Royalty charge—USG TDP.
EF	Other Federal agency shipment from stock.
EG	Other Federal agency shipment from contractor.
EH	North Atlantic Treaty Organization Petroleum, Oil, and Lubricants.
EJ	Redistributable Military Assistance Program property.
EK	Collection of special nonrecurring production charge or license fee for a third country.
EL	Prepositioning costs.
EM	Interest on arrearage computed in accordance with Volume 15, Chapter 5. This code is restricted to use by DFAS SCA.
EN	NC recoupment charge for sales from procurement or inventory.

**Delivery Source Code: Special Defense Acquisition Fund**

<b>DSC</b>	<b>Description</b>
SA	SDAF sales of items originally purchased from DWCF inventories.
SB	SDAF sales of items originally purchased from DoD inventories other than DWCF.
SD	SDAF sales of items procured from contractors for the fund.

### Delivery Source Codes (DSC) Surcharge Matrix

DSC	Contract Administration <sup>31</sup>	PC&H <sup>32</sup>	Admin <sup>33</sup>	Transportation <sup>34,3536</sup> Parcel Post
AA	N	N	Y	A
AB	N	N	Y	A
AC	N	N	Y	A
AD	N	N	Y	A
AE	N	Y	Y	B
AG	N	Y	Y	B
AH	N	N	Y	A
AJ	N	N	Y	A
AK	N	N	Y	B
AL	N	N	Y	B
BA	N	N	Y	N
BB	Y	N	Y	N
BC	N	N <sup>37</sup>	Y	N <sup>39</sup>
BD	N	N	Y	N
BE	N	N	Y	N

<sup>31</sup> DFAS SCA will compute CAS if price code is “N” and reimbursement code is other than “N” unless statutory waiver of contract administration has been made. See paragraphs 080502.D and 080502.P.

<sup>32</sup> PC&H does not apply to DWCF items with ship dates after September 30, 1990.

<sup>33</sup> Administrative costs will be computed unless administrative costs have been waived pursuant to statute.

<sup>34</sup> The Inland CONUS transportation charge of 2.75 percent does not apply to DWCF shipments with shipping dates after September 30, 1990. Computation for generic codes L1D and L1E for DWCF items was discontinued on items with shipping dates after September 30, 1991.

<sup>35</sup> In this column, “A” refers to items furnished from DWCF. “B” refers to inventory items that are not shipped from DWCF. Transportation for inventory items furnished from DWCF to freight forwarders or Canada (except Newfoundland and Labrador) is included in the price. Shipments beyond that point are computed according to Table 8-27. Costs for items that are not furnished from DWCFs are also computed according to Volume 15, Chapter 7, and Table 8-28.

<sup>36</sup> Transportation costs are computed using the TBC of the transaction. However, if this position is blank, transportation costs are computed using the DTC. If a DTC is not on the DTC Table, reject the transaction.

<sup>37</sup> Included in actual or estimated actual repair cost.

<b>DSC</b>	<b>Contract Administration<sup>31</sup></b>	<b>PC&amp;H<sup>32</sup></b>	<b>Admin<sup>33</sup></b>	<b>Transportation<sup>34,3536</sup> Parcel Post</b>
BF	N	N	N	N
BG	N	N	Y	N
BH	N	N	Y	N
BK	N	N	Y	N
BT	N	N	Y	N
CA	N	N	N	N
CB	N	N	Y	N
CC	N	N	Y	N
CD	N	N	N	N
DA	N	N	Y	N
DB	N	N	Y	A
DC	N	N	Y	B
DD	N	N	Y	N
DE	Y	N	Y	N
DF	N	N	Y	N
DG	N	N	Y	N
DJ	N	N	Y	N
DK	Y	N	Y	N
DL	N	N	Y	N
DX	N	N	Y	N
EE	N	N	Y	N

<b>DSC</b>	<b>Contract Administration<sup>31</sup></b>	<b>PC&amp;H<sup>32</sup></b>	<b>Admin<sup>33</sup></b>	<b>Transportation<sup>34,3536</sup> Parcel Post</b>
EF	N	Y <sup>38</sup>	Y	B <sup>39</sup>
EG	N	N	Y	B <sup>41</sup>
EH	N	N	Y	N
EJ	N	Y	Y	Y
EK	N	N	Y	N
EL	N	N	N	N
EM	N	N	N	N
EN	N	N	Y	N
SA	N	N	Y	A
SB	N	Y	Y	B
SD	N	Y	Y	B
SE	N	N	Y	B

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<sup>38</sup> Computed standard PC&H except if RIC begins with “G.” RIC that begins with “G” will not have PC&H computed.

<sup>39</sup> For DSC “EF” and “EG” when transportation is by GSA (RIC begins with “G”) and the TBC is not blank or where the TBC is blank and the DTC is other than “4,” the CONUS transportation add-on (generic codes L1A, L1D, and L1E) is not computed. GSA includes CONUS transportation in the price of the item.

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## Appendix R: Abbreviations And Acronyms

### A

ACCP	Accelerated Case Closure Procedures
ACRL	Accessorial Cost
ADM	Administrative Surcharge
AECA	Arms Export Control Act
ARC	Adjustment Reply Code

### B

BPC	Building Partner Capacity
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### C

CAS	Contract Administrative Services
CCSA	Case Closure Suspense Account
CI	Case Identifier
CLSSA	Cooperative Logistics Supply Support Arrangement
CONUS	Continental United States
CWD	Case Writing Division (DSCA)
CY	Calendar Year/Current Year

### D

DCN	Document Control Number/Design Change Notice
DD Form 645	Department of Defense FMS Quarterly Billing Statement
DFAS	Defense Finance and Accounting Service
DFAS SCA	Defense Finance and Accounting Service Security Cooperation Accounting
DIFS	Defense Integrated Financial System
DoD	Department of Defense
DSAMS	Defense Security Assistance Management System
DSC	Delivery Source Code

DSCA Defense Security Cooperation Agency  
DTC Delivery Term Code  
DWCF Defense Working Capital Fund (see WCF)

**F**

FICS FMS Integrated Control System/Financial Integrated Control System  
FMF Foreign Military Financing (Program)  
FMFP Foreign Military Financing Program  
FMS Foreign Military Sales  
FMSEA Foreign Military Sales Act of 1968 (now AECA)  
FMSCR Foreign Military Sales Credit (also FMFP)  
FMSO I Foreign Military Sales Order No. I (stock level case)  
FMSO II Foreign Military Sales Order No. II (requisition case)

**H**

HNS Host Nation Support

**I**

IA Implementing Agency  
IPC Indirect Pricing Components (DSAMS)

**L**

LOA Letter of Offer and Acceptance (DoD)/Lines of Activity/Line of Accounting  
LOAD Letter of Offer and Acceptance Data

**M**

MASL Military Articles and Services List(s)  
MILSBILLS Military Standard Billing System  
MILSTRIP Military Standard Requisitioning and Issue Procedures  
MILSVC Military Service  
MOA Memorandum of Agreement

MOD Ministry of Defense (international equivalent of U.S. DoD)

MOU Memorandum of Understanding

**N**

NSN National Stock Number/NATO Stock Number

**P**

PC&H Packaging, Crating, and Handling

PCH&T Packaging, Crating, Handling, and Transportation

PN Part Number/Partner Nation

POD Port of Debarkation

POE Port of Embarkation/Port of Entry

**R**

R&R Repair and Return/Repair and Replace

ROR Repair of Repairable or Reparables

RSN Record Serial Number

**S**

SAAM Special Assignment Airlift Mission

SAMM Security Assistance Management Manual (DSCA Manual 5105.38-M)

SBLC Stand By Letter of Credit

SC Security Cooperation

SCO Security Cooperation Office/Officer

SDAF Special Defense Acquisition Fund

SDR Supply Discrepancy Report, SF 364

SF 364 Standard Form 364, Report of Discrepancy [SDR (ROD)]

SSC Supply and Services Complete

**T**

TA Type of Assistance (or Finance)

TAC	Type of Address Code/Type of Assistance Code
TBC	Transportation Bill Code
TRANSCOM	U.S. Transportation Command

**U**

ULO	Unliquidated Obligation
USA	U.S. Army
USAF	U.S. Air Force
USC	U.S. Code (as in law)
USCG	U.S. Coast Guard
USD (C)	Under Secretary of Defense (Comptroller)
USG	U.S. Government
USMC	U.S. Marine Corps
USN	U.S. Navy

**W**

WIP	Work in Process
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## Appendix S: Glossary Of Selected Terms

### A

**Above-the-line-cost.** Costs and the related material/services that are summarized on the LOA filed #8 (Net Estimated Cost), which are primarily the responsibility of the cognizant implementing agency during execution of an FMS and /or BPC case.

**Accessorial cost.** The cost of packing, crating, and handling (PC&H), and transportation which are incidental to issues, sales, and transfers of materiel and are not included in the standard price or contract cost of materiel. An exception to this is working capital fund (WCF) items.

**Accrued costs.** The financial value of delivered articles and services and incurred costs reported to DFAS-IN via Delivery Transactions. Incurred costs represent disbursements for which no physical deliveries have yet occurred. Examples include progress payments to contractors, GFM/GFE provided to contractors, and nonrecurring costs.

**Act.** The term for legislation once it has passed both houses of Congress and has been signed (enacted) by the president or passed over his veto, thus becoming law.

**Actual cost.** A cost sustained in fact, on the basis of costs incurred, as distinguished from forecasted or estimated costs.

**Adjustment reply code (ARC).** A code that identifies the type of action being taken in reply to the FMS customer supply discrepancy report (SDR [ROD]). ARCs are transmitted to DFAS-IN by an FMS case Implementing Agency in FMS Delivery/Performance Reports.

**Administrative cost.** The value of costs associated with the administration of the FMS program. The prescribed administrative percentage cost for a case appears in the LOA. This percentage is applied against the case. Expenses charged directly to the FMS case (as prescribed by the LOA) are not included.

**Amendment.** An amendment of an FMS case constitutes a scope change to an existing LOA.

**Apportionment.** A determination made by the Office of Management and Budget that limits the amount of obligations or expenditures which may be incurred during a specified time period. An apportionment may limit all obligations to be incurred during the specified period, or it may limit obligations to be incurred for a specific activity, function, project, or a combination thereof.

**Appropriation.** A part of an Appropriation Act providing a specified amount of funds to be used for designated purposes. Each appropriation has a finite period of time for incurring obligations.

**Appropriations act.** Legislation initiated by the House and Senate Appropriations Committees that provides authority for Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation act is the most common means of providing budget authority. There are thirteen regular appropriation acts for each fiscal year.

**Arms Export Control Act (AECA).** The basic U.S. law providing the authority and general rules for the conduct of foreign military sales and commercial sales of defense articles, defense services, and training. The AECA came into existence with the passage of the Foreign Military Sales Act (FMSA) of 1968. An amendment in the International Security Assistance and Arms Export Control Act of 1976 changed the name of FMSA to the AECA. Published as 22 USC Sec. 2751 et seq.

**Audit.** The systematic examination of records and documents to determine the following:

- a. The adequacy and effectiveness of budgeting, accounting, financial, and related policies and procedures
- b. Compliance with applicable statutes, regulations, policies, and prescribed procedures

- c. The reliability, accuracy, and completeness of financial and administrative records and reports
- d. The extent to which funds and other resources are properly protected and effectively used

**Auditor [procurement].** A term used to represent the cognizant audit office designated by the Defense Contract Audit Agency (DCAA) or military service audit activities for conducting audit reviews of the contractor's accounting system policies and procedures for compliance with the criteria.

**Authorization act.** Basic, substantive, legislation that establishes or continues the legal operation of a federal program or agency, either indefinitely or for a specific period of time or which sanctions a particular type of obligation or expenditure.

## B

**Bandaria.** The imaginary country used by DSCU when making an example security assistance situation. This country is not located in any real region of the world nor is it modeled after any real country. For security assistance purposes, Bandaria's country code is BN.

**Below-the-line-costs.** Costs identified on the LOA fields #9 (Packing, Crating, and Handling), #10 (Administrative Charge), #11 (Transportation), and #12 (Other). Normally, DFAS SCA and DSCA retains the obligational authority necessary to execute those applicable costs.

**Bill.** A legislative proposal originating in either the House or Senate, which, if passed in identical form by both houses and signed by the president, becomes an enacted law. Bills are designated by "HR" in the House of Representatives or "S" in the Senate, according to the house in which they originate, plus a number assigned in the order in which they are introduced during the two-year period of a Congressional term. Appropriations bills always originate in the House.

**Bill (or billing) code.** This is a DFAS SCA country assigned code that divides FMS customer country billings into management levels lower than a U.S. Implementing Agency or in-country service. This code often correlates to an FMS customer paying office. It appears in Block 3 of the DD Form 645. Basic alpha codes are derived from the LOA. The FMS customer should ensure that the proper bill code is indicated upon acceptance of an LOA.

**Billing statement.** The DD Form 645 Billing Statement represents the official claim for payment by the U.S. government referred to in Letters of Offer and Acceptance. It also furnishes an accounting to the FMS purchaser for all costs incurred on his behalf under each agreement.

**Blanket order case.** An agreement between a foreign customer and the U.S. government for a specific category of items or services (including training) with no definitive listing of items or quantities. The case specifies a dollar ceiling against which orders may be placed.

**Budget authority.** The authority Congress gives to government agencies, permitting them to enter into obligations that will result in immediate or future outlays (expenditures). Such budget authority does not include the authority to ensure the repayment of loans held by another person or government.

**Budget year.** The fiscal year following the current fiscal year, and for which the new budget estimate is prepared.

## C

**Case.** An FMS contractual sales agreement between the U.S. and an eligible foreign country or international organization documented by a DD Form 1513 or an LOA. An FMS case identifier is assigned for the purpose of identification, accounting, and data processing for each offer.

**Case description.** A short title specifically prepared for each FMS case by the implementing agency.

**Case designator.** A unique designator assigned by the implementing agency to each FMS case. The designator originates with the offer of a sale, identifies the case through all subsequent transactions, and is generally a three-letter designation, comprising the last element of the Case Identifier.

**Case identifier.** A unique six-digit identifier assigned to an FMS case for the purpose of identification, accounting, and data processing of each LOA. The case identifier consists of the two-letter country code, a one-letter designator for the implementing agency, and a three-letter case designator.

**Case modification.** Modification of a case documented by an LOA modification, which constitutes an administrative or price change to an existing LOA, without revising the scope of the case.

**Closed case.** An FMS case for which all materiel has been delivered, all services have been performed, all financial transactions, including all collections, have been completed, and the customer has received a final statement of account.

**Collections.** Receipts in U.S. dollars, checks, or other negotiable instruments from a purchasing country to pay for defense articles, services, or military training based on accepted FMS cases.

**Completed case.** An FMS case for which all deliveries and collections have been completed, but for which a final accounting statement (DD Form 645) has not been furnished to the purchaser.

**Constructive delivery [FMS].** Completion of delivery of materiel to a carrier for transportation to a consignee, or delivery to a U.S. post office for shipment to a consignee. Delivery is evidenced by completed shipping documents or listings of delivery at the U.S. post office. The delivery of materiel to the customer or the customer's designated freight forwarder at a point of production, testing, or storage at dockside, at staging areas, or at airports constitutes actual delivery. Also referred to as physical delivery.

**Continental United States (CONUS).** United States territory, including the adjacent territorial waters, located within the North American Continent between Canada and Mexico. Does not include Hawaii or Alaska.

**Contract.** An agreement between two or more persons who are legally capable of making a binding agreement, which involves a promise (or set of promises); a consideration (i.e., something of value promised or given); a reasonable amount of understanding between the persons as to what the agreement means; and a legal means for resolving any breach of the agreement.

**Contract administration.** All the activities associated with the performance of a contract, from pre-award to closeout.

**Contract administration services.** All those actions accomplished in or near a contractor's plant for the benefit of the U.S. government that are necessary to the performance of a contract or in support of the buying offices, system/project managers, and other organizations, including quality assurance, engineering support, production surveillance, pre-award surveys, mobilization planning, contract administration, property administration, industrial security, and safety.

**Contract administration services (CAS) charge.** A surcharge applied to all FMS and BPC purchases from procurement to cover the cost of contract administration, quality assurance and inspection, and contract audit. The surcharge percentage depends upon any contract administrative reciprocal agreements with a particular purchasing country.

**Contract termination.** Cessation or cancellation, in whole or in part, of work under a prime contract, or a subcontract there under, for the convenience of, or at the option of, the government, or a foreign purchaser (FMS), or due to failure of the contractor to perform in accordance with the terms of the contract.

**Contracting officer (CO).** A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the CO acting within the limits of their authority as delegated by the CO.

**Cooperative logistics supply support arrangements (CLSSA).** Military logistics support arrangements designed to provide responsive and continuous supply support at the depot level for U.S.-made military materiel possessed by foreign countries and international organizations. The CLSSA is normally the most effective means

for providing common repair parts and secondary item support for equipment of U.S. origin that is in allied and friendly country inventories.

**Country Liaison Officer (CLO).** An officer or non-commissioned officer (NCO) of a foreign military establishment selected by his or her government and attached to a MILDEP or DoD agency for the primary purpose of helping administer IMS from his or her home country. For administrative purposes, the CLO is considered in a student status. In State Department terms, the CLO is the Community Liaison Officer, similar to an MWR officer in the military.

**Credit case (FMS).** The use of U.S. government–appropriated funds from the FMFP account to finance a foreign country’s FMS purchases of U.S. defense articles or services. Credit funds may be in the form of repayable loans or non-repayable grants.

**Credit guarantee.** A guarantee to any individual corporation, partnership, or other judicial entity doing business in the United States (excluding USG agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to eligible countries and international organizations.

**Current fiscal year.** The fiscal year in progress but not yet completed (e.g., between and including 01 October and 30 September for the United States).

**Current year.** The fiscal year in progress. See also budget year.

## D

**Defense article.** As defined in section 644(d), FAA and section 47(3), AECA, includes any weapon, weapons system, munitions, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance or making military sales; any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any articles listed above but shall not include merchant vessels, or as defined by the Atomic Energy Act of 1954, as amended (42 U.S. Code 2011), source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons, or articles involving Restricted Data.

**Defense Logistics Agency.** A DoD inventory management agency responsible for approximately 95 percent of consumable items and approximately 85 percent of all spare parts in the DoD supply system.

**Defense Security Cooperation Agency (DSCA).** The agency that performs administrative management, program planning, and operations functions for U.S. military assistance programs at the DoD level under the policy direction of the Assistant Secretary of Defense (International Security Affairs).

**Defense service.** As defined in section 644(f), FAA and section 47(4), AECA, the term “defense service” includes any service, test, inspection, repair, training, publication, technical, or other assistance or defense information used for the purpose of furnishing military assistance or FMS but does not include military education and training activities or design and construction services under section 29, AECA.

**Defense stock.** The term “defense stock” includes defense articles on-hand, which are available for prompt delivery. It also includes defense articles under contract and on order that would be available for delivery within a reasonable time from the date of order by an eligible foreign government or international organization without increasing outstanding contracts or entering into new contracts.

**Defense Transportation System (DTS).** The collection of transportation activities and carriers belonging to or under contract to the DoD. The DTS includes commercial and organic aircraft and ships, and commercial small package services under contract to the DoD as well as the operation of U.S. military air and ocean terminals in and outside of the U.S.

**Delivery.** Includes constructive or actual delivery of defense articles; also includes the performance of defense services for the customer or requisitioner as well as accessorial services when they are normally recorded in the billing and collection cycle immediately following performance.

**Delivery forecasts.** Periodic estimates of contract production deliveries used as a measure of the effectiveness of production and supply availability scheduling and as a guide to corrective actions to resolve procurement or production bottlenecks. These forecasts provide estimates of deliveries under obligation against procurement from appropriated or other funds.

**Delivery Term Code (DTC).** A single-character code that represents how far the USG is responsible for arranging transportation of defense articles going to an international customer.

**Depot level maintenance.** Maintenance performed on material requiring a major overhaul or a complete rebuilding of parts, assemblies, subassemblies, and end items, including the manufacture, modification, testing, and reclamation of parts as required. Provides more extensive shop facilities and equipment and personnel of higher technical skill than are normally available at the lower levels of maintenance (i.e., organizational and intermediate level maintenance).

**Direct cost.** Any cost that is specifically identified with a particular final-cost objective. Such costs are not necessarily limited to items that are incorporated into the end product as labor or material.

**Disbursements [gross and net].** In budgetary usage, gross disbursements represent the amount of checks issued, cash, or other payments made, less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriate fund account, such as amounts received for goods and services provided. See also outlays.

**DoD components.** These include all of the following: the Office of the Secretary of Defense (OSD); the military departments; the Joint Chiefs of Staff (JCS or Joint Staff); the combatant commands; the Office of the Inspector General, Department of Defense (DoDIG); the Defense agencies, to include the Missile Defense Agency (MDA); and DoD field activities.

## E

**End item (EI).** A final combination of end products, component parts, and/or materials, which is ready for its intended use (e.g., aircraft, ship, tank, mobile machine shop).

**Estimated actual charges.** A systematic and documented estimate of actual costs. The procedure is used in the absence of an established cost accounting system and the procedure is sometimes referred to as a cost-finding technique.

**Excess defense articles (EDA).** Defense articles owned by the United States government that are neither procured in anticipation of military assistance or sales requirements nor procured pursuant to a military assistance or sales order. EDA are items (except construction equipment) that are in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations.

**Execution.** The operation of carrying out a program as contained in the approved budget. Often referred to as budget execution.

**Expenditures.** The actual spending of money as distinguished from the appropriation of funds. Expenditures are made by the executive branch; appropriations are made only by Congress. The two rarely are identical in any fiscal year. In addition to some current budget authority, expenditures may represent prior budget authority made available one, two, or more years earlier. See also disbursements.

## F

**Federal budget.** The federal government's budget for a particular fiscal year transmitted in January (first Monday after 3 January) to the Congress by the president in accordance with the Budget and Accounting Act of

1921. Includes funding requests for all agencies and activities of the executive, legislative, and judicial branches. Also termed president's budget.

**Fences.** Explicit limitations (ceilings and floors) established by Congress on the use of funds provided in an appropriations act. See also earmarks.

**Fiscal year (FY).** Accounting period beginning 01 October and ending 30 September of the following year for the United States. The fiscal year is designated by the calendar year in which it ends (e.g., Fiscal Year 1995 begins on 01 October 1994 and ends 30 September 1995).

**Fixed costs.** Costs that do not vary with the volume of business, such as property taxes, insurance, depreciation, security, and minimum water and utility fees.

**Fixed price type contract.** A type of contract that generally provides for a firm price or, under appropriate circumstances, may provide for an adjustable price for the supplies or services being procured. Fixed price contracts are of several types, and are so designed as to facilitate proper pricing under varying circumstances.

**Foreign Assistance Act (FAA) of 1961.** The basic law providing the authority and the general rules for the conduct of foreign assistance grant activities/programs by the USG. Published as 22 USC Sec. 2151 et seq.

**Foreign exchange.** Foreign exchange refers to a system whereby the national currency of one country may be exchanged for the currency of another country, thereby facilitating trade between countries.

**Foreign military sales (FMS).** That portion of U.S. security assistance authorized by the AECA, and conducted on the basis of formal contracts or agreements between the United States government and an authorized recipient government or international organization. FMS includes government-to-government sales of defense articles or defense services, from DoD stocks or through new procurements under DoD-managed contracts, regardless of the source of financing.

**Foreign military sales (FMS) case.** A United States of America Letter of Offer and Acceptance (LOA) or a "United States Department of Defense Offer and Acceptance," which has been accepted by a foreign country.

**Financial Management Regulation (FMR) [DoD 7000.14-R, volume 15, Security Assistance Policy and Procedures].** A manual published by the Defense Finance and Accounting Service under the authority of DoDI 7000.14. It establishes basic financial procedures for security assistance activities involving management, fiscal matters, accounting, pricing, budgeting for reimbursements to DoD appropriations accounts and revolving funds, auditing, international balance of payments, and matters affecting the DoD budget.

**Foreign Military Sales Order (FMSO).** A term used to describe DD Forms 1513 or LOAs that implement Cooperative Logistics Supply Support Arrangements. Two DD Forms 1513/LOAs are written: a FMSO I and a FMSO II.

**Foreign Military Sales Order I (FMSO I).** Provides for the pipeline capitalization of a cooperative logistics support arrangement, which consists of stocks on hand and replenishment of stocks on order in which the participating country buys equity in the U.S. supply system for the support of a specific weapons system. Even though stocks are not moved to a foreign country, delivery (equity) does in effect take place when the country pays for the case.

**Foreign Military Sales Order II (FMSO II).** Provides for the replenishment of withdrawals of consumption-type items (repair parts, primarily) from the DoD supply system to include charges for accessorial costs and a systems service charge.

## G

**Government furnished equipment (GFE).** Items in the possession of, or acquired by, the USG and delivered to or otherwise made available to a contractor.

**Government furnished material (GFM).** U.S. government property that may be incorporated into, or attached to an end item to be delivered under a contract or consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, small tools, and supplies.

**Grant.** A form of assistance involving a gift of funds, equipment, and/or services, which is furnished by the U.S. government to selected recipient nations on a free, non-repayable basis.

**Grant aid (GA).** Military assistance rendered under the authority of the FAA for which the United States receives no dollar reimbursement. Such assistance currently consists of the international military education and training program (IMET), and pre-1990 MAP funding.

## H

**Holding account.** An account established for each FMS country/international organization for the purpose of recording and safeguarding unidentified and certain earmarked funds for future use.

## I

**Implementation date [FMS].** The date when supply action on an FMS case is initiated or directed by an implementing agency.

**Implementing agency (IA).** The military department or defense agency responsible for the execution of military assistance programs. With respect to FMS, the military department or defense agency assigned responsibility by the Defense Security Cooperation Agency to prepare an LOA and to implement an FMS case. The implementing agency is responsible for the overall management of the actions that will result in delivery of the materials or services set forth in the Letter of Offer and Acceptance that was accepted by a foreign country or international organization.

**Indirect cost.** Costs incurred for common or joint objectives that are not as readily subject to treatment as direct costs. See also direct costs.

**Initial deposit [FMS].** Money transferred to the credit of the Treasurer of the United States or other authorized officer at the time of acceptance of an LOA as full or partial payment for defense articles, services, or training contracted for by an eligible foreign country.

**Interfund billing system (IBS).** Under IBS, a selling activity will credit the appropriation or fund that owns the materiel and/or finances the accessorial charges at the time of billing the ordering activity and will charge the appropriations/funds of the ordering activity. IBS normally encompasses all supply system sales and purchases of materiel, including perishable substances, bulk petroleum, oil, lubricants, and aviation fuel. Reimbursable sales will be billed at the time items are dropped from inventory except that billings for sales under FMS and MAP will be based on constructive delivery [DoDI 7420.12].

## J

**Joint resolution.** A legislative resolution, designated H J Res (House) or S J Res (Senate), which requires the approval of both houses and the signature of the president, just as a bill does, and which has the force of law if approved. There is no practical difference between a bill and a joint resolution. A joint resolution generally is used to deal with a limited matter such as a single appropriation. Congressional rejection of a proposed arms transfer, lease, third-country transfer, or a proposed international cooperative project takes the form of a joint resolution of disapproval.

## L

**Letter of offer and acceptance (LOA).** U.S. Department of Defense letter by which the U.S. government offers to sell to a foreign government or international organization U.S. defense articles and defense services pursuant to the Arms Export Control Act, as amended. The LOA lists the items and/or services, estimated costs, and the terms and conditions of sale; it also provides for the signature of an appropriate foreign government official to indicate acceptance.

**Letter of request (LOR).** The term used to identify a request from an eligible FMS participant country for the purchase of U.S. defense articles and services. The request may be in message or letter format.

**Life cycle cost.** The total costs to the government of acquisition and ownership of a system over its useful life. It includes the costs of development, acquisition, support, and, where applicable, disposal.

**Line item number.** A three-digit alpha/numeric code that identifies a detail line item on the LOA. This code is perpetuated on the customer's bill.

**Loan.** An agreement for the temporary transfer of the right of possession and use of a defense article or articles not acquired with military assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferring U.S. military department being reimbursed from MAP funds, subject to and under authority of section 503, FAA. Also, applies to loans to a NATO or major non-NATO ally of materials, supplies, or equipment for the purpose of carrying out a program of cooperative research, development, testing, or evaluation subject to and under the authority of section 65, AECA.

**Logistics.** The science of planning and carrying out the movement and maintenance of forces. In its most comprehensive sense, involves those aspects of military operations which deal with the following:

- a. Design and development, acquisition storage, movement, distribution, maintenance, evacuation, and disposition of materials
- b. Movement, evacuation, and hospitalization of personnel
- c. Acquisition or construction, maintenance, operation, and disposition of facilities
- d. Acquisition or furnishing of services

**Long-lead items/long-lead time materials.** Those components of a system or piece of equipment for which the times to design and fabricate are the longest, and therefore, to which an early commitment of funds may be desirable in order to meet the earliest possible date of system completion.

## M

**Maintenance.** The upkeep of property, necessitated by wear and tear, which neither adds to the permanent value of the property nor appreciably prolongs its intended life, but keeps it in efficient operating condition. The term "preventive maintenance" involves deterring something from going wrong; the term "corrective maintenance" involves restoring something to its proper condition.

**Major line item.** A program line for which the requirement is expressed quantitatively as well as in dollars. These lines are identified in the military articles and services list(s) (MASL) by a unit of issue (XX) other than dollars.

**Memorandum of agreement (MOA) or memorandum of understanding (MOU).** A written agreement between governments or a government and international organization signed by authorized representatives and signifying an intent to be legally bound.

**Military articles and services list (MASL).** A catalogue of materiel, services, and training used in the planning and programming of Military Assistance Program (MAP), International Military Education and Training (IMET), and Foreign Military Sales (FMS). Separate MASLs are maintained for IMET and FMS training that provides data on course identification, course availability, price, and duration of training.

**Military Department (MILDEP).** One of the departments within the Department of Defense created by the National Security Act of 1947, as amended. The Military Departments are the Department of the Air Force, the Department of the Army, and the Department of the Navy.

**Military Service (MILSVC).** A branch of the Armed Forces of the United States, established by act of Congress, in which persons are appointed, enlisted, or inducted for military service, and which operates and is administered within a military or executive department. The Military Services are the United States Army, the United States Navy, the United States Air Force, the United States Marine Corps, and the United States Coast Guard.

**Military standard requisitioning and issue procedures (MILSTRIP).** A uniform procedure established by the Department of Defense to govern the requisition and issue of materiel within standardized priorities.

**Modification.** Modification of a case constitutes an administrative or price change to an existing LOA, without revising the scope of the case.

## N

**National stock number.** A thirteen-digit stock number consisting of a four-digit federal supply classification and a nine-digit national item identification number.

**Nonrecurring costs (NRC or NC).** Those costs funded by an RDT&E appropriation to develop or improve a product or technology either through contract or in-house effort. Also, those one-time costs incurred in support of previous production of a specified model and those costs incurred in support of a total projected production run.

**Nonrepayable credits/loans.** Grant funds appropriated by Congress for use in the Foreign Military Financing Program to selected countries for their use in financing FMS acquisitions of defense articles, defense services, and training under the authority of section 23, AECA. Additionally, certain countries may be authorized these grant funds to finance direct commercial sales.

**Nonstandard article.** For FMS purposes, a nonstandard article is one that the DoD does not manage, either because an applicable end item has been retired or because it was never purchased for DoD components.

**Nonstandard service.** For FMS purposes, a nonstandard service is a service that the DoD does not routinely provide for itself or for purchase.

**Notice of Availability (NOA).** A written notification that material requiring special handling is ready to be shipped. The NOA is sent by the shipper to the purchaser or freight forwarder for oversized, hazardous, explosive, classified, or perishable material and requires a response from the recipient with delivery instructions.

## O

**Obligation.** A duty to make a future payment of money. The duty is incurred as soon as an order is placed, or a contract is awarded for the delivery of goods and the performance of services. An obligation legally encumbers a specified sum of money that will require an outlay or expenditure in the future.

**Obligational authority (OA, as used in FMS).** A document or authority passed from DFAS-IN to an implementing DoD component that allows obligations to be incurred against a given FMS case in an amount not to exceed the value specified in the obligational authority.

**Operation & maintenance (O&M) costs.** Costs associated with equipment, supplies, and services required to train, operate, and maintain forces in a recipient country, including the cost of spare parts other than concurrent spares and initial stockages, ammunition and missiles used in training or replacements for such items expended in training or operations, rebuild and overhaul costs (excluding modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overall program management and administration.

**Outlays.** Actual expenditures. Checks issued, interest occurred on the public debt, or other payments. Total budget outlays consist of the sum of the outlays from appropriations and other funds in the budget, less receipts (i.e., refunds and reimbursements).

**Outside CONUS.** All geographic areas not within the territorial boundaries of the continental United States. OCONUS includes Hawaii and Alaska.

## P

**Packing, crating, handling, & transportation (PCH&T).** The resources, processes, procedures, design considerations, and methods to ensure that all system, equipment, and support items are preserved, packaged, handled, and transported properly, including environmental considerations, equipment preservation requirements for short- and long-term storage, and transportability. One of the principal elements of integrated logistics support (ILS).

**Payment on delivery [FMS].** An FMS term of sale in which the U.S. government issues a bill to the FMS purchaser at the time of delivery of defense articles or the rendering of defense services from DoD resources. This term may only be used pursuant to a written statutory determination by the Director, DSCA, who may find it in the national interest to authorize such payment. Based on presidential action, this term may also be modified to read "Payment 120 Days After Delivery."

**Payment schedule.** List of dollar amounts and when they are due from the foreign customer. The payment schedule supplements the Letter of Offer and Acceptance (LOA) presented to the customer. After acceptance of the LOA, the payment schedule generally serves as the basis for billing to the customer. Changes in the estimated costs of an FMS case may require changes in the accompanying payment schedule.

**Performing activity.** An activity responsible for performing work or service, including the production of material and/or the procurement of goods and services from other contractors and activities.

**Port of Debarkation (POD).** A military or commercial air or ocean port at which materiel is offloaded. Also referred to as the Port of Discharge.

**Port of Embarkation (POE).** A military or commercial air or ocean port at which a carrier begins the journey to deliver materiel to the consignee. This is also referred to as the Port of Exit.

**Procurement lead time.** The interval, in months, between the initiation of procurement action and receipt into the supply system of the production model (excluding prototypes) purchased as the result of such actions; procurement lead time is composed of two elements, production lead time, and administrative lead time.

**Production lead time.** The time interval between the placement of a contract and receipt into the supply system of materiel purchased.

**Progress payments.** Those payments made to contractors or DoD industrial fund activities as work progresses under a contract; payments are made on the basis of cost incurred or percentage of work completed, or of a particular stage of completion accomplished prior to actual delivery and acceptance of contract items.

## Q

**Quality assurance (QA).** A planned and systematic pattern of all actions necessary to provide confidence that adequate technical requirements are established, that products and services conform to established technical requirements, and that satisfactory performance is achieved.

## R

**Reimbursable expenditure.** An expenditure made for another agency, fund, appropriation, or private individual, firm, or corporation, which will subsequently be recovered.

**Reimbursements.** Amounts received by an activity for the cost of material, work, or services furnished to others, for credit to an appropriation or their fund account.

**Repair and replace [FMS].** Programs by which eligible customers return repairable carcasses to the U.S. and receive a serviceable item without awaiting the normal repair cycle time frame.

**Repair and return.** Programs by which eligible foreign countries return unserviceable repairable items for entry into the U.S. military department repair cycle. Upon completion of repairs, the same item is returned to the country and the actual cost of the repair is billed to the country.

**Reparable item.** An item that can be reconditioned or economically repaired for reuse when it becomes unserviceable

**Replenishment spare parts.** Items and equipment, both repairable and consumable, purchased as spares by inventory control points and which are required to replenish stocks for use in the maintenance, overhaul, and repair of equipment, such as ships, tanks, guns, aircraft, engines, etc.

**Reprogramming.** The transfer of funds between program elements or line items within an appropriation.

**Research and development.** Those program costs primarily associated with research and development efforts, including the development of a new or improved capability to the point where it is ready for operational use.

**Revolving fund.** A fund established to finance a cycle of operations to which reimbursements and collections are returned for reuse in a manner that will maintain the principal of the fund (e.g., working capital funds and industrial funds).

## S

**Security assistance (SA).** A group of programs authorized by the Foreign Assistance Act (FAA) of 1961, as amended, and the Arms Export Control Act (AECA) of 1976, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense-related services by grant, loan, cash sale, or lease, in furtherance of national policies and objectives [Joint Pub 1-02, as amended through 14 April 2006]. Table C1.T1, SAMM, provides a listing of twelve major security assistance programs—seven of which are administered by DoD, and five are administered by DOS. The seven programs managed by DoD are included in the DoD-defined security cooperation program.

**Security Assistance Management Manual (SAMM) [DSCA 5105.38M].** A manual published by the Defense Security Cooperation Agency. It sets forth the responsibilities, policies, and procedures governing the administration of security assistance within the Department of Defense (available online: <https://samm.dsca.mil/>).

**Security cooperation.** Activities undertaken by the DoD to encourage and enable international partners to work with the U.S. to achieve strategic objectives. It includes all DoD interactions with foreign defense and security establishments, including all DoD-administered security assistance programs that build defense and security relationships and promote specific U.S. security interests and all international armaments cooperation activities and security assistance activities that develop allied and friendly military capabilities for self-defense and multinational operations and provide U.S. forces with peacetime and contingency access to host nations.

**Security cooperation organization (SCO).** Those DoD organizations permanently located in a foreign country and assigned responsibilities for carrying out of security cooperation management functions under section 515 of the Foreign Assistance Act and under Joint Publication 1-02, regardless of the actual name given to such DoD Component. The generic term SCO replaces the former term, security assistance office (SAO).

**Services.** Includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information furnished as military assistance under the FAA, or furnished through FMS under the AECA.

**Special Assignment Airlift Mission (SAAM).** A dedicated U.S. military aircraft, chartered to deliver sensitive, classified or explosive defense articles to a specific customer location when no commercial delivery capability exists.

**Staging cost.** The cost incurred by the Department of Defense in consolidation of materiel before shipment to an FMS customer. Includes costs incident to storage and control of inventory, consolidation of incoming articles into a single shipment, and a break in CONUS transportation.

**Supply Discrepancy Report (SDR).** A process for international customers to file a complaint with the DoD for product loss, quality deficiencies, damage, and various other problems associated with the delivery of material under the FMS program.

## T

**Technical data package (TDP).** Normally includes technical design and manufacturing information sufficient to enable the construction or manufacture of a defense item component modification or to enable the performance of certain maintenance or production processes. It may include blueprints, drawings, plans, or instructions that can be used or adapted for use in the design, production, manufacture, or maintenance of defense items or technology.

**Technical manual.** A publication containing instructions designed to meet the needs of personnel responsible for (or being trained in) the operation, maintenance, service, overhaul, installation, and inspection of specific items of equipment and materiel.

**Training/training support.** Formal or informal instruction of IMSs in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational or information publications and media of all kinds, training aids, orientations, training exercises, and military advice to foreign military units and forces. [Sec. 47(5), AECA]

**Travel and living allowance (TLA).** Those costs associated with transportation, excess baggage, and living allowances (per diem) of IMSs which are authorized for payment under the IMET Program.

**Trust fund.** A fund credited with receipts which are earmarked by law and held in trust, or in a fiduciary capacity, by the government for use in carrying out specific purposes and programs in accordance with an agreement.

**Type of assistance code.** A code used to reflect the type of assistance (if any) and/or the planned source of supply for items/services identified on the Letter of Offer and Acceptance. Also known as a type of finance code.

## U

**United States Code (U.S.C.).** A consolidation and codification of the general and permanent laws of the United States arranged according to subject matter under fifty title headings. The U.S.C. sets out the current status of the laws, as amended. It presents the laws in a concise and usable form without requiring recourse to the many volumes of the Statutes at Large containing the individual amendments.

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