



COMPTROLLER

UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

SEP 3 2004

**MEMORANDUM FOR BUSINESS OPERATIONS/COMPTROLLER, DEFENSE
SECURITY COOPERATION AGENCY**

**SUBJECT: Pricing Military Personnel Reimbursements in Support of Foreign Military
Sales (FMS)**

Effective with fiscal year (FY) 2005, military personnel services reimbursement in support of a FMS case shall be priced using the Annual Department of Defense Composite Rate that includes permanent change of station expense (PCS) and shall no longer be adjusted to collect actual PCS expense, see attached example. For PCS moves that started in a previous FY, actual PCS expense shall be used for that FY and the composite rate adjusted accordingly.

This change in policy will be codified in the next update of the "Department of Defense Financial Management Regulation," Volume 15, Chapter 7, subparagraph 070203. Please ensure that this change in policy is given widest distribution to the FMS community.

My point of contact is Ms. Becky Allen. She can be contacted via email at becky.allen@osd.mil or phone at 703-697-0718.

A handwritten signature in black ink, appearing to read "R. Henke".

Robert J. Henke
Principal Deputy and Deputy
Under Secretary of Defense
(Management Reform)

Attachment:
As stated