

**VOLUME 15, CHAPTER 2: “FINANCE”****SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated February 2012 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
020102.A.2	Defined the Foreign Military Sales (FMS) Trust Fund Administrative Account Safety Level, the Defense Security Cooperation Agency (DSCA) responsibility for the Safety Level, and its computation pursuant to DSCA Policy Memo 12-46.	Add
020201.C	Clarified exceptions for FMS Budget Authority distribution to Implementing Agencies.	Add
020204.C (Previous)	Deleted paragraph detailing automatic appropriations as the information is no longer valid per Volume 3, Chapter 2, dated August 2012.	Delete
020206	Deleted reference to Table 2-5.	Delete
Table 2-5	Deleted former Table 2-5 “Computation of the Amount to be Reserved for Future Administrative Expenses (Safety Level)” pursuant to DSCA Policy Memo 12-46. Renumbered former Table 2-6 “Pricing Elements and Their Financing Appropriations” to Table 2-5.	Delete

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## CHAPTER 2

FINANCE

## 0201 INTRODUCTION

## 020101. Objectives

The primary objective of this chapter is to provide guidance on foreign military sales (FMS) Trust Fund budget authority (BA), to include FMS Trust Fund obligational authority (OA) for implemented cases, the FMS administrative surcharge budget, and contract administration services (CAS) surcharge budget.

## \*020102. Responsibilities

A. Defense Security Cooperation Agency (DSCA)

1. DSCA must prepare annual budget requests for the FMS Trust Fund obligational and outlay authority to support the FMS Trust Fund program. DSCA reviews, approves, and distributes budgets for the FMS administrative surcharge, Security Cooperation Organizations, and the FMS CAS surcharge accounts.

2. DSCA is responsible for establishing the annual Safety Level amount to be maintained in the FMS Trust Fund Administrative Surcharge Account. The Safety Level amount will represent 18-months of operational funding based on current budget levels. DSCA will establish the Safety Level before the close of the fiscal year (FY) and forward the information to the Defense Finance and Accounting Service (DFAS). The 18-month Safety Level will be calculated by dividing the amount under the Annual State and Foreign Operations Appropriation Act by 12 to compute a monthly operating amount, and then multiplying that amount by 18. For detailed information on the calculation, refer to the DSCA Manual 5105.38-M, [Security Assistance Management Manual \(SAMM\), Chapter 9, Section C9.15](#). Any changes requiring adjustment of the Safety Level computation methodology will be forwarded to the Office of the Under Secretary for Defense (Comptroller) (OUSD(C)) for review and approval.

B. Implementing Agency (IA) and Performing Agency

1. Each implementing and performing agency that prepares data for Letters of Offer and Acceptance (LOAs) must ensure that:

a. “FMS Obligational Authority” Department of Defense (DD) Form 2060 (or the automated equivalent), is submitted to DFAS, Security Cooperation Accounting (DFAS SCA) to initiate performance of the case and support Component budget estimates; and

b. Sufficient anticipated appropriation or fund reimbursable authority is included in the Department of Defense (DoD) budget.

2. IAs are responsible for fulfilling FMS Trust Fund orders using these financing techniques:

a. Issuance and acceptance of reimbursable orders into a financing appropriation or Defense Working Capital Fund (DWCF) account,

b. Issuance of allotments of the FMS Trust Fund to performing DoD Components, or

c. Authorization to directly use the FMS Trust Fund (11 X 8242).

3. IAs must submit FMS and CAS budget requests annually.

C. Defense Finance and Accounting Service Security Cooperation Accounting (DFAS SCA). DFAS SCA must:

1. Establish BA not to exceed the cumulative value of the accepted LOA documents (Basics, Amendments, and Modifications);

2. Record BA resulting from accepted LOA documents (Basic plus Amendments and Modifications) in the FMS Trust Fund accounting system by case identifier;

3. Approve DoD Component requests for FMS Trust Fund OA in a timely manner; and

4. Obtain cash advances from FMS Trust Fund purchasers necessary to liquidate obligations resulting from the use of BA created by the FMS Trust Fund program.

## 0202 BUDGET AUTHORITY

\*020201. General

FMS Budget Authority (BA) is established with the processing of DD Form 2060 or the automated equivalent (OA Request) and “FMS Planning Directive” DD Form 2061 or the automated equivalent (Planning Directive) for accepted LOAs, Amendments, and processed Modifications.

A. BA requests must be limited to:

1. The total case value for approved LOAs, Amendments, and processed Modifications; or

2. The amount expected to be obligated in the current FY.

B. At the end of each FY, DFAS SCA reduces unused BA or OA. Following the year-end accounting closing entries, reversal entries restore BA values for the new FY.

\* C. BA for FMS case lines, with the exception of Contingency, Small Case Management Lines, and CAS distributed to the Defense Contract Audit Agency or Defense Contract Management Agency (DCMA) is distributed to IAs. BA for the below-the-line surcharges (FMS administrative surcharge, and packing, crating, handling, and transportation (PCH&T)) are not distributed to IAs.

D. The BA process is depicted in Figure 2-1, showing the relationships among the forms and formats, as well as relationships among organizations and the FMS Trust Fund purchaser at various stages of processing.

#### 020202. Source Documents

A. Letter of Offer and Acceptance. The LOA is the basic source document for an FMS case. The LOA does not in itself create BA in either the FMS Trust Fund or in a DoD appropriation or fund account; however, it is required for establishing BA. See Figure 2-2 for a sample LOA; instructions for preparing LOAs are contained in SAMM, Chapter 5, [Section C5.4](#).

B. Amendment to a Letter of Offer and Acceptance (LOA). An Amendment is designed to obtain FMS Trust Fund purchaser acceptance of a change in LOA scope when the original purpose of a case line or note changes. Amendments are used to alter the original LOA and provide the basis to change FMS Trust Fund BA, when applicable. See Figure 2-3 for a sample Amendment; instructions for preparing an Amendment are in SAMM, Chapter 6, [Section C6.7](#).

C. Modification to a Letter of Offer and Acceptance (LOA). A Modification is a notification document to alert FMS Trust Fund purchasers of within-scope cost increases, cost decreases, or other minor changes to the program. Modifications are used to alter the original LOA and provide the basis to change FMS Trust Fund BA, when applicable. See Figure 2-4 for a sample Modification; instructions for preparing a Modification are in SAMM, Chapter 6, [Section C6.7](#).

D. “FMS Planning Directive,” DD Form 2061 (Planning Directive). A Planning Directive is prepared and maintained by the installation preparing the LOA data for the IA. The form is a working paper that serves three major purposes:

1. It provides identification of the cost elements included in prices reflected on the LOA and helps assure the case is priced in accordance with DoD pricing policies in [Volume 15](#), Chapter 7;

2. It provides a time-phased plan for execution of the case upon FMS purchaser acceptance and implementation; and

3. It identifies the appropriations or funds that will be used to finance new procurement or realize earned reimbursements through delivery of items from inventory or provision of DoD in-house services.

See Figure 2-5 for a sample DD Form 2061; instructions for completing the form are contained in Table 2-1. Table 2-2 specifies the format and validation criteria for the automated REI transactions (“R” designates the series of FMS Integrated Control System format, “E” stands for execution, and the “I” indicates the transaction is an input) used to report the Planning Directive commitments, obligations, and payables.

E. “Obligational FMS Authority,” DD Form 2060 (OA Request). An OA Request is prepared based on the Planning Directive.

1. Part A is prepared at the FMS case line level and is the basis for line level control of OA. Part B identifies the appropriations or funds that have been or will be used to finance the lines reflected in Part A. For reimbursable orders, Part B is submitted to DFAS SCA, as stated in 020204.A.1 of this chapter.

2. The OA Request may be prepared for an individual case or for multiple cases.

3. The OA Request is also used to convey the FMS CAS surcharge OA (see section 0205 of this chapter).

4. See Figure 2-6 for a sample DD Form 2060; instructions for completing the form are in Table 2-3. Table 2-4 specifies the format and validation criteria for the automated R4I transactions.

#### 020203. Recognition of Budget Authority by the FMS Trust Fund

A. Establishment of FMS Trust Fund BA. To establish BA, FMS Trust Fund purchasers must return all accepted LOAs and Amendments, and processed Modifications to the IA and DFAS SCA; IAs must submit an OA Request to DFAS SCA. When DFAS SCA receives the OA Request, the FMS case level accounting records are reviewed to determine if:

1. The case is valid;
2. The FMS Trust Fund purchaser has deposited necessary cash in advance to implement the FMS case; and
3. The requested OA does not exceed the dollar values established in LOA and any applicable Amendments or Modifications.

If these three requirements are met, DFAS SCA must create FMS Trust Fund BA and approve the OA Request.

B. Trust Fund Direct Citation. The OA Request must be used to request commitment/obligation authority for direct citation of the FMS Trust Fund. The OA Request is used as a control device, and commitments/obligations must be limited to the dollar value of the approved OA Request.

020204. Recognition of FMS Reimbursable Budget Authority in DoD Appropriation or Fund Accounts

A. Trust Fund Orders for Reimbursable Orders

1. The LOA, Amendment, or Modification **does** not represent a reimbursable order to the performing DoD Components. The approved OA Request is the reimbursable order. The OA Request includes the reimbursable portion of the order that may be credited to appropriations by a DoD Component for each line within a case for a FY. The OA amount for each line within a case cannot be exceeded. Reporting violations of this administrative limitation will follow the procedures in **Volume 15**, Chapter 3 and Volume 14. The reimbursable portion of the OA Request must arrive at DFAS SCA by the 20th calendar day following the close of each accounting month. See paragraph 020302 for preparation instructions.

2. The applicable DoD appropriation or fund accounting system must maintain an audit trail between the applicable OA Request and **the** appropriation or fund accounting records. Performance within the financing appropriation or fund account will be controlled in accordance with the accounting system established for the particular appropriation or fund account. Appropriation or DWCF bills for earned reimbursements must be processed in accordance with **Volumes 11A and 11B**. Thus, the FMS accounting system tracks orders into and out of the normal appropriation or fund accounting systems.

3. The FMS accounting system is not intended to track the financial status, or obligation, while reimbursable performance is in process. The status of specific purchaser requisitions can be obtained through logistical system inquiries. Applicable logistics status reports are provided to case managers and to FMS purchasers and are not to be confused with financial status reports.

4. Those DoD Components that are not IAs, but support the FMS program in response to IA work requests, must carefully review applicable work requests to determine the financing source. If the financing source is an IA appropriation account, the request must be recorded and processed as an internal DoD order. If the recipient is a sub-allocation holder, the required allotment status report must be provided to the allotment holder and consolidated into the allotment status report to DFAS SCA, as discussed in **Volume 15**, Chapter 3.

B. Apportionment for Reimbursable Orders

1. When authority to accept reimbursable orders is subject to apportionment, obligations on a reimbursable program may not exceed the apportioned amounts



of anticipated reimbursement. Reimbursable BA may be recognized up to the apportioned amount to the extent the FMS Trust Fund purchaser has advanced necessary cash under paragraph 020203.A, or has orders charged to appropriated funds. Reimbursable orders in excess of apportionment are not available for obligation; an additional apportionment of anticipated reimbursable orders needs to be requested and received through the reapportionment process.

2. Apportionments and reapportionments for reimbursable programs must be requested by appropriation account and FY. An appropriation that is available for obligation for more than one year requires an apportionment for anticipated reimbursable orders in the first year of availability. That apportionment must be reduced to the value of orders actually received in the first year. In the subsequent years of availability, a reapportionment for anticipated reimbursable orders is required to accept the purchaser's orders that fund within-scope price increases. The reapportionment request for anticipated reimbursable orders in the final year of availability is especially critical because any unused amounts in the reapportionment are automatically available for acceptance of additional reimbursable orders necessary to fund within-scope price increases after the appropriation has lapsed.

3. Receipt of an apportionment or reapportionment for anticipated reimbursable orders does not constitute authority to incur obligations. The actual purchaser's orders must be received and recorded in appropriation accounting records before applicable BA may be used.

#### 020205. Contract Authority

A. Contract authority is the statutory authority to incur obligations with liquidation of obligations dependent on a future act, such as receipt of an appropriation. FMS orders, along with the OA Request, create contract authority. New contract authority reported in the "Report on Budget Execution and Budgetary Resources," Standard Form (SF) 133, is the value of FMS orders accepted for performance during the current FY for which BA has been approved in accordance with the requirements of paragraph 020203.A of this chapter.

B. Funds appropriated by Congress for defense purposes cannot be used to liquidate obligations resulting from the use of FMS contract authority, unless specifically allowed in appropriation acts or supplemental funding bills. See Arms Export Control Act ([AECA](#)), Section 22(b), Public Law 90-629, as amended, codified as Title 22, United States Code, [section 2751 et seq.](#) FMS purchaser cash deposits liquidate these obligations and unfunded contract authority. Below departmental-level, contract authority loses its unfunded identity and is treated in the same way as other budgetary resources available for obligation.

C. Procurements for FMS purchasers are accomplished citing the FMS Trust Fund in applicable documents. Amounts in the FMS Trust Fund are, in a technical sense, appropriated funds, even though they are not annually appropriated by Congress and are not subject to direct Congressional control. Accordingly, accounting for commitments, obligations, and accrued expenditures in the FMS Trust Fund is accomplished as a direct fund cite.

## 020206. Budget Authority for FMS Administrative Expenses

The cumulative BA available in the current FY is composed of actual collections for FMS administrative expenses (including the FMS administrative charges and logistics support charges (LSCs)), less any prior allotments of such amounts and the amount to be reserved for future administrative expenses (i.e., the safety level). In no event should the annual allotment be higher than the limitation imposed in the annual Department of State, Foreign Operations, and Related Programs Appropriations Acts, unless otherwise approved through the process required by law.

## 0203 PLANNING DIRECTIVE (DD FORM 2061) AND OBLIGATIONAL AUTHORITY REQUEST (DD FORM 2060)

## 020301. General

Planning Directives and Obligational Authority (OA) Requests are required for all new cases that have been submitted to FMS Trust Fund purchasers for acceptance and for all cases in the process of implementation. The Planning Directive and OA Request must initially be developed when the LOA data is prepared. The OA Request must be included with the LOA package. The IA must retain the Planning Directive as backup for the LOA package.

A. The Planning Directive reflects detailed pricing elements, planned financing appropriations (or direct citation), the amount of OA required for the current year, and an estimate of OA for the budget year. The initial Planning Directive may contain abbreviated financial analysis data. However, as execution begins, the Planning Directive must be expanded to encompass all required cost elements and data.

B. Activities furnishing articles or services to fulfill case requirements must provide the case manager the necessary data to accomplish his or her responsibilities. The case manager must ensure that all applicable nonrecurring research, development and production costs (see [Volume 15, Chapter 7](#)) are included in the LOA package and identified for reimbursement to the appropriate Miscellaneous Receipts Account in the OA Request.

C. Planning Directives and OA Requests must be prepared for each case and must also be prepared:

1. In support of requests for Amendments and Modifications reflecting financial impact;
2. In support of price changes of less than 10 percent of the estimated cost of articles and services (utilizing the most recently approved document) ;
3. In support of variations of more than \$100,000 between reimbursable accounts or between direct cite and reimbursable accounts discovered subsequent to case implementation;

4. In support of changes in current year OA requirements within the net case value as reflected on the most recently approved Planning Directive and OA Request; and

5. As necessary, to ensure adequate OA is available in the budget year before commencement of that year.

#### 020302. Preparation of Planning Directives and OA Requests

Procedures for completing a Planning Directive are in Table 2-1 for a DD Form 2061, and Table 2-2 for the format of the automated REI transaction. Procedures for completing an OA Request are in Table 2-3 for DD Form 2060, and Table 2-4 for the format of the automated R4I transaction. All Planning Directives and OA Requests are cumulative. Therefore, case managers must maintain an audit trail that will relate each to its predecessor.

A. To ensure control over the flow of documentation, the case manager must assign and maintain a system of control numbers. The control numbers are composed of the FMS Trust Fund purchaser country code, case designator, Julian Date, and serial number (e.g., BN-BLX-08181 08).

B. All amounts on Planning Directives and OA Requests must be in United States (U.S.) currency.

C. Before the end of each FY, unless real time OA Request procedures are in effect (on line pulling of OA versus hardcopy or batch processing), the IA must submit a consolidated OA Request to DFAS SCA requesting budget year OA. This case data will be based on information taken from the "Budget Year ( ) Funding Plan," of the Planning Directive, and is necessary to ensure that case execution is not delayed due to funding problems.

D. Case managers must scrutinize financial performance on a continuing basis to ensure the availability of sufficient OA for both the current FY and case completion.

E. Each case manager preparing the year-end OA Request must identify the OA requirements through the end of the upcoming FY. If the sum of the budget year, current year, and prior year requirements exceed the case value, then the case manager must initiate action for the processing of a case Amendment or Modification, as appropriate.

F. The various pricing elements and related appropriations and funds required to prepare Planning Directives and OA Requests are listed and explained in Table 2-5.

## 0204 COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS PLANNING DIRECTIVES AND OA REQUESTS

## 020401. General

Proper recognition and phasing of BA resulting from LOAs written to implement Cooperative Logistics Supply Support Arrangements (CLSSAs) (see [DoD Instruction 2000.20](#)) create unique challenges. Under these arrangements, the purchaser funds the acquisition and maintenance of stock to normal DoD inventories and due-ins. Once these increments are established, the purchaser is provided supply support with the same responsiveness as is provided to DoD military units within the same Force Activity Designator. The applicable LOAs have the following three distinct financial subdivisions:

A. [Foreign Military Sales Order \(FMSO\) I, Part A](#). FMSO I, Part A, represents the on-hand inventory level required in Continental United States (CONUS) to support FMS requisitions to replenish in-country stocks. Normally, the on-hand level represents 5-months of demand. The cash necessary to establish on-hand inventory accompanies the accepted LOA.

B. [Foreign Military Sales Order \(FMSO\) I, Part B](#). FMSO I, Part B, results in recognition of the contract authority necessary to award contracts for pipeline resupply to support FMS purchaser demands. The purchaser's requisition is filled from on-hand inventory acquired under FMSO I, Part A. The inventory then is replaced by a delivery of a due-in from a contractor. Purchaser payments under FMSO II provide the cash necessary to pay the contractor and establish new contract authority to award a contract for additional items, thus maintaining quantities in the pipeline. Because cash received from FMSO II is used to pay for due-ins, the purchaser is not required to deposit cash in support of FMSO I, Part B. However, billings against the FMSO I, Part B are required if FMSO II demands are below expected levels. FMSO I, Part B, normally represents 12 months of demand or the procurement lead-time, whichever is greater.

C. [Foreign Military Sales Order \(FMSO\) II](#). FMSO II is the consumption case. FMSO II does not create BA for re-procurement until applicable requisitions are received (earned reimbursements) and purchaser cash is deposited in the financing appropriation account (collected). Upon shipment and collection, additional BA is recognized to maintain the pipeline created by FMSO I, Part B.

## 020402. Preparation

The FMSO I case exists for the duration of the CLSSA and is modified only if the quantity of the end items to be supported changes or FMSO consumption patterns differ from expectations. The reimbursable BA resulting from acceptance of the FMSO I is credited to financing appropriations current at the time the contracts are awarded to increase on-hand and on-order quantities. FMSO II BA is credited to appropriations current at the time material is released from inventory in response to FMSO II requisitions.

0205 OBLIGATIONAL AUTHORITY REQUESTS FOR FMS CONTRACT ADMINISTRATION SERVICES COSTS INCURRED IN SUPPORT OF FMS CAS BUDGETS AND FUNDS REIMBURSED BY THE FMS CAS SURCHARGE ACCOUNT

020501. FMS Contract Administration Services Budget

DoD Components will develop and submit an annual FMS Contract Administration Services (CAS) Budget request to the DSCA Comptroller by August 10 of each year. These estimates must support only FMS CAS related efforts as outlined in the Federal Acquisition Regulation ([FAR](#)) and Defense FAR Supplement ([DFARS](#)). As such, these estimates cannot include FMS CAS related efforts that are not charged in whole or in part under [AECA](#), Section 21(h). See [Volume 15](#), Chapter 7, paragraphs 070104.C.2.a and 070104.C.3; and SAMM, [Chapter 9, Section C9.6](#). This includes individual reciprocal countries agreements processed by OUSD Acquisition, Technology and Logistics (OUSD/AT&L) (see [Volume 15](#), Chapter 7, paragraph 070104.C.3.d); CAS waivers for North Atlantic Treaty Organization (NATO) and NATO Cooperative Projects (see [Volume 15](#), Chapter 7, paragraph 070104.C.4); CAS waivers applicable to other special projects; and FMS CAS work excluded by specific Public Laws (see [AECA](#) and [Volume 15](#), Chapters 7 and 8).

A. The [FMS CAS Budget](#) request must specify the amount of anticipated FMS CAS work that will be performed and needs to be reimbursed for that particular FY. An OA Request must accompany the request with anticipated FMS CAS costs, to include the projected unfunded civilian retirement (UCR) costs and associated salary and retirement costs for military personnel performing full-time FMS CAS. The DoD reimbursable rates are computed annually (see [Volume 11A](#), Chapter 6) and approved and released by OUSD(C) (see [DoD Reimbursable Rates](#)).

B. The OA Request must reflect the total amount of reimbursements that are expected to be performed for that FY and list all appropriations and reflect the estimated amount for each appropriation. The sum of the amounts reflected for each appropriation must equal the requested total and the FMS CAS Budget. The UCR costs are computed on the basic pay only, excluding overtime (see [5 U.S.C. 8331](#) and Office of Management and Budget (OMB) Circular A-11, [Section 20.5](#)).

C. The DCMA CONUS FMS CAS Budget estimates must be based on a DCMA established annual command rate as explained in [Volume 15](#), Chapter 8, paragraph 080602.C.3. In addition to the budget estimates, DCMA must provide a copy of the Command Rate Report and the Quarterly Functional Workforce Analysis worksheet.

D. The DCMA Overseas FMS CAS Budget estimates must be based on actual costs for full-time employees (90-percent or more) and the DoD hourly rate for part-time employees.

1. All other costs (e.g., equipment, vehicles, or computers) associated with full-time employees are included in the estimates. Budget presentation of full-time employees must not be based upon a composite of part-time effort. Follow the Funded

Environment and Morale Leave (FEMLE) funding guidance issued by OUSD. Full-time employees, who are provided Environmental and Morale Leave (EML) travel as assistance-in-kind (AIK) by the host government, may not also travel on FMS CAS funded FEMLE in the same year. Under no circumstances may the combination of FMS CAS funded FEMLE and AIK EML exceed one trip per year. The travel on AIK tickets must not be augmented with further tickets or travel that is FMS CAS funded.

2. The estimates for the part-time employees (10 percent to 90 percent) will include only actual work performed (costs relating to salaries), UCR rate computed on salaries, and overseas temporary duty cost. FMS CAS funds will not be used to fund EML travel for part-time FMS CAS employees. FMS CAS funds will not be used to fund salaries or support for employees who spend less than 10 percent of their time on FMS CAS tasks.

3. Military positions must be reimbursed based on the guidelines in this section.

4. For more information on CAS costs, reference [Volume 15](#), Chapter 8, paragraph 080602.

#### 020502. FMS CAS OA Requests

Upon approval of the budget estimate by DSCA, the OA Request must be forwarded to DFAS SCA for approval, processing, reporting (see [Volume 15](#), Chapter 3, paragraph 030308.E) and general ledger control (see [Volume 15](#), Chapter 3, paragraph 030308.C). Before FMS CAS surcharge costs may be incurred, the DoD Component must establish a reimbursable order in the financing appropriation [that](#) will initially pay the actual cost of such services. The OA Request must list the appropriations and anticipated reimbursements to each.

A. The initial approved OA Request must [represent](#) the reimbursable order to perform FMS CAS work on FMS cases. If it is suspected that the OA Request is no longer valid, and the OA amount needs either to be increased or decreased, then an updated OA Request must be forwarded with a cover letter to the DSCA Comptroller explaining the need for the OA change. The revised OA Request must be forwarded to DFAS SCA for processing.

B. During the FY, monthly [SF 1080s](#), “Vouchers for Transfers Between Appropriations and/or Funds,” must be prepared and forwarded to DFAS SCA for payment as specified in [Volume 15](#), Chapter 8.

C. At year-end, the annual OA Request must be updated to reflect the September 30 end-of-year obligated position. New obligations are not authorized after September 30 of the closing FY. When all costs have been finalized and reimbursements have been processed by DFAS (i.e., when actual costs, disbursements and obligations all are equal), a “Final FMS OA” document must be prepared and forwarded to the DSCA Comptroller for approval and processing. CONUS FMS OA documents should be forwarded to DSCA on or before December 14 of that year. Overseas “Final FMS OA” documents must be forwarded to

DSCA when all costs have been reimbursed and all associated disbursements have been processed by DFAS. The “Final FMS OA” documents must show the actual cost incurred by each individual appropriation, including the UCR costs that are deposited in Miscellaneous Receipts Account 3041 (see [5 U.S.C. 8331 \(3\)](#) and [OMB Circular A-11](#), section 20.5) and the military pay accounts for military personnel costs associated with salary and retirement for full-time FMS CAS employees. The U.S. Treasury accounting symbols are listed in the Federal Account Symbols and Titles ([FAST Book](#)). DFAS SCA must use this “Final FMS OA” as the basis for withdrawing OA for all unobligated balances that were recorded under each appropriation for that FY. Prior to the close out of a particular FY and during the subsequent FYs, joint financial reviews will be conducted between the billing agency, DFAS, and DSCA. All adjustments or revisions will be submitted within 30 days following the completion of the review.

D. Revenues to fund FMS CAS expenses are prescribed in [Volume 15](#), Chapter 3, paragraph 030305.A. The methods for reimbursing the DoD Components for performing FMS CAS are prescribed in [Volume 15](#), Chapter 8, paragraph 080602.B.

E. DoD Components that purchase equipment, vehicles, computers, and other items using the FMS CAS Surcharge Account must establish disposal guidance to ensure compliance with [Volume 11A](#), Chapter 5, Table 5-2, item 8d, of this Regulation to ensure that all funds resulting from the sale or disposal of this equipment are returned to the FMS Trust Fund.



Figure 2-1. Generation of Budget Authority (New Cases)

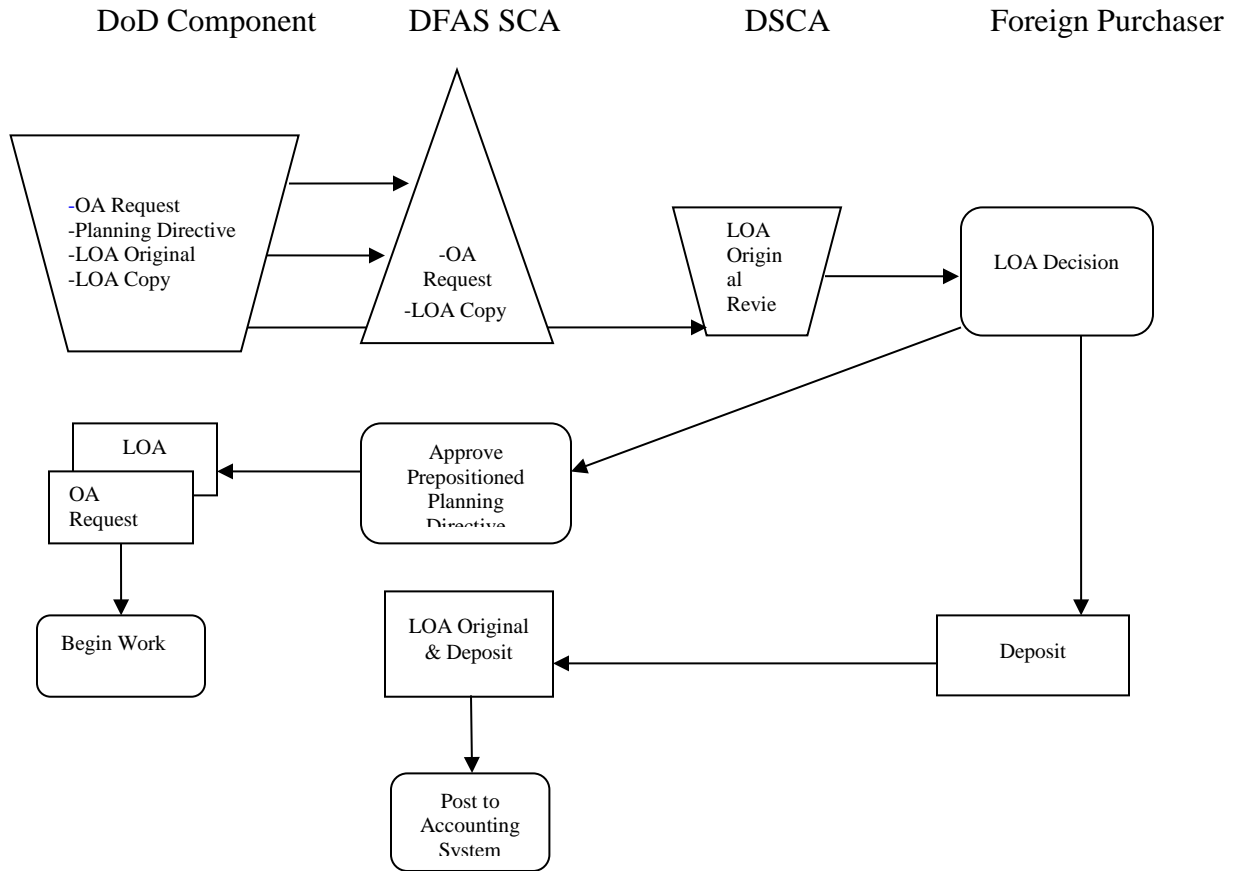




Figure 2-2. Letter of Offer and Acceptance

<b>United States of America</b> <b>Letter of Offer and Acceptance (LOA)</b> <b>BN-P-BLX</b>			
Based on BANDEF ltr 2/265 of 10 April 2010			
Pursuant to the Arms Export Control Act, the United States Government (USG) offers to sell to the Embassy of Bandaria Office of the Naval Attaché, 1234 Massachusetts Ave, NW, Washington, DC 29999, the defense articles or defense services (which may include defense design and construction services) collectively referred to as “items”, set forth herein, subject to the provisions, terms, and conditions in this LOA.			
This LOA provides for Technical Services for the Standard Missile Program.			
Estimated Cost: \$1,038,000		Initial Deposit: \$273,750	
Terms of Sale: Cash Prior to Delivery			
Dependable Undertaking			
This offer expires on 22 July 2010. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.			
This LOA consists of page 1 through page 9.			
The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:			
_____ U.S. Signature	30 May 2010 _____ Date	_____ Purchaser Signature	18 July 2010 _____ Date
A.R. Smith Director _____ Typed Name and Title		_____ Typed Name and Title	
Navy International Programs Office _____ Implementing Agency		_____ Agency	
DSCA Reviewed/Approved _____ DSCA	30 May 2010 _____ Date	<b>IMPLEMENTATION DATE:</b>	18 July 2010
Information to be provided by the Purchaser: Mark For Code ____, Freight Forwarder Code ____, Purchaser Procuring Agency Code ____, Name and Address of the Purchaser’s Paying Office: _____ _____			

Figure 2-2. Letter of Offer and Acceptance (Continued)

Items to be Supplied (costs and months for delivery are estimates):

(1) Item Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit (b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 12	M1B 020200M1SSLTA (N)(N)(R) MISSILE TECHNICAL (IV) ASSISTANCE CONTRACTOR PERSONNEL ONLY	XX	\$1,000,000	P(24) TA 4	A	4

(Note(s) 1)

**Estimated Cost Summary:**

(8)	Net Estimated Cost	\$1,000,000
(9)	Packing, Crating, and Handling	\$0
(10)	Administrative Charge	\$38,000
(11)	Transportation	\$0
(12)	Other (Specify, e.g., Supply Support Agreement)	\$0
(13)	Total Estimated Cost	\$1,038,000

**To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:**

**Estimated Payment Schedule**

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$273,750	\$273,750
15 Dec 2010	\$127,375	\$401,125
15 Mar 2011	\$127,375	\$528,500
15 Jun 2011	\$127,375	\$655,875
15 Sep 2011	\$127,375	\$783,250
15 Dec 2011	\$127,375	\$910,625
15 Mar 2012	\$127,375	\$1,038,000

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

BN-P-BLX

Figure 2-3. Amendment to Letter of Offer and Acceptance

<b>United States of America</b>			
<b>Amendment 1 to Letter of Offer and Acceptance</b>			
<b>BN-P-BLX</b>			
Based on BANDEF ltr 2/343 of 12 Aug 2010			
Mail To: Embassy of Bandaria Office of the Naval Attaché, 1234 Massachusetts Ave, NW Washington, DC 29999.			
Pursuant to the Arms Export Control Act, the United States Government (USG) offers to amend the Letter of Offer and Acceptance (LOA) identified above for the purchase of defense articles, defense services, or both. Other provisions, terms, and conditions of the original LOA remain unchanged.			
This amendment provides for extending Basic LOA Item 001 period of availability. Purchaser request extends period of performance 12 months.			
Basic LOA accepted: 18 July 2010.			
Estimated Cost: \$1,557,000		Due with Amendment Acceptance: \$385,625	
Terms of Sale:			
Cash Prior to Delivery			
Dependable Undertaking.			
This offer expires on 5 December 2010. Unless a request for extension is made by the Purchaser and granted by the USG, this offer will terminate on the expiration date.			
This amendment consists of page 1 through page 3.			
The undersigned are duly authorized representatives of their Governments and hereby respectively offer and accept this amendment:			
_____	5 Sep 2010	_____	05 Sep 2010
U.S. Signature	Date	Purchaser Signature	Date
A.R. Smith			
Director			
_____		_____	
Typed Name and Title		Typed Name and Title	
Navy International Programs Office			
Implementing Agency		Agency	
_____	05 Sep 2010	<b>IMPLEMENTATION DATE:</b>	<b>05 Sep 2010</b>
DSCA Reviewed/Approved	Date		
DSCA			

Figure 2-3. Amendment to Letter of Offer and Acceptance (Continued)

<b>This amendment consists of changes as follows:</b>							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Item Nbr	Description/Condition	Qty, Unit of Issue	Costs (a) Unit	(b) Total	SC/MOS/TA	Ofr Rel Cde	Del Trm Cde
<b>Previous</b>							
001	M1B 020200M1SSLTA	(N)(N)(R)	XX	\$1,000,000	P(24)	A	4
12	MISSILE TECHNICAL ASSISTANCE CONTRACTOR PERSONNEL ONLY	(IV)			TA 4		
	(Note(s) 1)						
<b>Revised</b>							
001	M1B 020200M1SSLTA	(N)(N)(R)	XX	\$1,500,000	P(36)	A	4
12	MISSILE TECHNICAL ASSISTANCE CONTRACTOR PERSONNEL ONLY	(IV)			TA 4		
	(Note(s) 1)						
<b>Estimated Cost Summary:</b>					<b>Previous (B)</b>	<b>Revised</b>	
(8)	Net Estimated Cost				\$1,000,000		\$1,500,00
(9)	Packing, Crating, and Handling				\$0		\$0
(10)	Administrative Charge				\$38,000		\$57,000
(11)	Transportation				\$0		\$0
(12)	Other (Specify)				\$0		\$0
(13)	Total Estimated Cost				\$1,038,000		\$1,557,000
<b>To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:</b>							
<b>Estimated Payment Schedule</b>							
	<b>Payment Date</b>			<b>Quarterly</b>			<b>Cumulative</b>
	Previous Payments Scheduled (22 July 2010)						\$273,750
	Current USG Financial Requirements						\$659,375
	Amount received from Purchaser	\$273,750					
	Due with Amendment Acceptance			\$385,625			\$659,375
	15 Mar 2011			\$179,525			\$838,900
	15 Jun 2011			\$179,525			\$1,018,425
	15 Sep 2011			\$179,525			\$1,197,950
	15 Dec 2011			\$179,525			\$1,377,475
	15 Mar 2012			\$179,525			\$1,557,000
BN-P-BLX (A1)							

Figure 2-4. Modification to Letter of Offer and Acceptance

<b>United States of America</b> <b>Modification 1 to Letter of Offer and Acceptance</b> <b>BN-P-BLX</b>			
<p>Based on cost adjustments due to experience during program execution.</p> <p>Mail To: Embassy of Bandaria Office of the Naval Attaché, 1234 Massachusetts Ave, NW Washington, DC 29999.</p> <p>Pursuant to the Arms Export Control Act, the United States Government (USG) hereby notifies the Purchaser of Modification of the Letter of Offer and Acceptance (LOA) identified above. All other terms and conditions of the LOA remain unchanged.</p> <p>This Modification provides for: Cost adjustments to Amendment Item Number 1 based on experience while executing the program. Basic LOA accepted 18 July 2010. Estimated Cost: \$1,453,200</p> <p>Terms of Sale: Cash Prior to Delivery Dependable Undertaking</p> <p>This Modification consists of page 1 through page 3.</p> <p>The undersigned are duly authorized representatives of their Governments and hereby respectively furnish and acknowledge receipt of this Modification:</p>			
U.S. Signature	18 Jan 2011 Date	Purchaser Signature	Date
A.R. Smith Director	Typed Name and Title	Typed Name and Title	
Navy International Programs Office Implementing Agency	Agency		
DSCA Review/Approved DSCA	22 Jan 2011 Date		
<b>IMPLEMENTATION DATE:</b>			<b>22 Jan 2011</b>

Figure 2-4. Modification to Letter of Offer and Acceptance (Continued)

<b>This Modification provides notification of changes as follows:</b>							
(1) Item Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit (b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde	
<u>Previous</u>							
001 12	M1B 020200M1SSLTA (N)(N)(R) MISSILE TECHNICAL ASSISTANCE CONTRACTOR PERSONNEL ONLY	(N)(N)(R) (IV)	XX  	\$1,500,000	P(36) TA 4	A	4
(Note(s) 1)							
<u>Revised</u>							
001	M1B 020200M1SSLTA (N)(N)(R) MISSILE TECHNICAL ASSISTANCE CONTRACTOR PERSONNEL ONLY	(N)(N)(R) (IV)	XX  	\$1,400,000	P(36) TA 4	A	4
(Note(s) 1)							
<b>Estimated Cost Summary:</b>				<b><u>Previous (A1)</u></b>	<b><u>Revised</u></b>		
(8)	Net Estimated Cost			\$1,500,00	\$1,400,00		
(9)	Packing, Crating, and Handling			\$0	\$0		
(10)	Administrative Charge			57,000	53,200		
(11)	Transportation			\$0	\$0		
(12)	Other (Specify)			\$0	\$0		
(13)	Total Estimated Cost			1,557,000	1,453,200		
<b>To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:</b>							
<b>Estimated Payment Schedule</b>							
<b><u>Payment Date</u></b>		<b><u>Quarterly</u></b>		<b><u>Cumulative</u></b>			
Previous Payments Scheduled (15 Dec 2010)				\$659,375			
Current USG Financial Requirements				\$659,375			
Amount received from Purchaser \$659,375							
15 Mar 2011		\$113,275		\$772,650			
15 Jun 2011		\$113,425		\$886,075			
15 Sep 2011		\$113,425		\$999,500			
15 Dec 2011		\$113,425		\$1,112,925			
15 Mar 2012		\$113,425		\$1,226,350			
15 Jun 2012		\$113,425		\$1,339,775			
15 Sep 2012		\$113,425		\$1,453,200			
BN-P-BLX (M1)							

Figure 2-5. DD Form 2061, "FMS Planning Directive"

<b>FMS PLANNING DIRECTIVE</b>													
(1) FMS Case No. _____							(5) Total Case Value _____						
(2) FMS Case Submitted to the Foreign Government _____							(6) Control Number _____						
(3) Date Offer Expires _____							(7) Date Prepared _____						
(4) Date Case Accepted by Foreign Government _____							(8) DoD Component _____						
(9).	(10).	(11).	(12).	(13).	(14).	(15).	(16).				(17).	(18).	(19).
Case Item No	Item Description	Qty	Pricing Elements	Financing Approp.	Estimated Cost	Direct Cite/ Oblig Auth Rec'd to Date ( )	Funding Required to Date ( )				Current FY ( ) Funding Plan	Remaining Program Value	Budget Year ( ) Funding Plan
							Obligations Incurred	Unobligated Commitments	Items from Stock	Total			

DD FORM 2061  
1 MAR 79

Figure 2-6. DD Form 2060, "FMS Obligational Authority"

<b>FMS OBLIGATIONAL AUTHORITY</b>									
(1) Performing Component _____									
(2) Period Covered _____									
FMS Case Commitment/Obligation Authority									
(3) FMS Planning Directive Control No.	(4) Total Case Value	(5) Amount To Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Case Authority			Authority Required This FY		(12) Remaining Program Value
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable	(11) Direct Case	
			0.00			0.00			0.00
			0.00			0.00			0.00
			0.00			0.00			0.00
(13) Balance brought fwd.									
(14) Case Tot.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(15) Admin. Expense									
(16) Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PART B: Financing Accounts									
(17) <u>Appropriation Title</u>	(18) <u>Account Symbol</u>								
						0.00			0.00
						0.00			0.00
						0.00			0.00
						0.00			0.00
(19) Balance Brought Forward									
(20) Obligational Authority			0.00	0.00	0.00	0.00	0.00	0.00	0.00
(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct case against 07-11x0242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.					(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct case basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designate (A) in column 11 but not to exceed the amounts specified by case.				
_____ Name of Accepting/Requesting Official					_____ Name of Offering/Approving Official				
(23) Approval Control No. _____									



Table 2-1. DD form 2061, “FMS Planning Directive” Completion Procedures

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
1	FMS Case Number BN-P-BLX	Continue from LOAs.
2	Date LOA Submitted to Foreign Government	Obtain from date of LOA.
3	Date Offer Expires	Obtain from Offer Expiration Date of LOA.
4	Date Case Accepted by Foreign Government.	Obtain from acceptance date of LOA.
5	Total Case Value	Must agree with total of Column 14 and “Estimated Total Costs” of LOA.
6	Control Number	Consists of country code, case designator, Julian date (YYDDD), and a two-digit sequential number. Initial DD 2061 will use sequential number 01, with each succeeding submission using 02, 03, etc. The Julian date must agree with the data entered on line 7. Use the format BN-BLX-11212 01.
7	Date Prepared	Date formally prepared. Must agree with Julian date used in control number. Use the format Jul 31, 2011.
8	DoD Component/Case Manager	Enter the DoD Component, followed by the case manager’s name, organization, and DSN phone number, e.g., Navy, J. Smith, NAVAIR, 222-7890
9	Case Item Number	This entry must match the entries on the LOA.
10	Item Description	This entry must match the item description on the LOA. Abbreviated titles should be used. When information is classified, enter “Classified – Refer to LOA.”
11	Quantity	This entry must match the entries on the LOA. Columns 9, 10, and 11 should show no further breakdown than is or will be reflected on the LOA.
12	Pricing Elements	This column will be used to provide breakdown of the cost of the article or service by pricing element using codes provided by Table 2-5.

Table 2-1. DD form 2061, “FMS Planning Directive” Completion Procedures” (Continued)

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
13	Financing Appropriation	For each pricing element, Column 12, enter the first impacted appropriation (the financing appropriation) for reimbursable actions; or enter “DC” for Direct Citation (for example, when the FMS Trust Fund will be directly cited on obligation documents). More than one appropriation may be entered for some pricing elements. Annual appropriations will reflect the applicable fiscal year (FY).
14	Estimated Cost	Enter the estimated cost (priced in accordance with Chapter 7) for each financing appropriation in Column 13. For each item number with multiple entries in Columns 13 and 14, enter “Item No. Costs” in Column 13 after the last entry and the sum (subtotal) of the estimated costs for that item in Column 14. This sum must equal the line item total cost to be reflected on proposed LOA, Amendment, or Modification. For less than 10% increases, this amount will reflect the adjusted cost of the article or service. For each item number citing a single financing appropriation, the entry in Column 14 should be the cost of the item.
15	Direct Cite/Obligational Authority received to date most recent prior FY (e.g., FY10 during FY11)	Leave blank if case was not implemented in a prior FY. Enter, by financing appropriation in Column 13, the amount of obligational authority issued through the end of the prior FY. Column 15 should be adjusted for withdrawals of unused authority at the end of the previous year.

Table 2-1. DD form 2061, “FMS Planning Directive” Completion Procedures” (Continued)

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
16	Funding Required to Date (same FY entered in Column 15)	Leave blank if case was not implemented in a prior FY. Columns 16a, 16b, and 16c provide a horizontal breakdown of amounts entered in Column 16d, Total.
16a	Obligations Incurred	
16b	Unobligated Commitments	
16c	Items from Stock	
16d	Total	Enter, by financing appropriation in Column 13, the obligational authority committed through the end of the prior FY.

On successive DD Forms 2061 in the same FY, Columns 15 and 16 are constant and reflect the status by financing appropriation as of September 30 of the prior FY. These entries, in total, must agree with the entries in Columns 7 and 8, respectively, of the annual consolidated DD Form 2060.

17	Current FY ( ) Funding Plan	Enter the current FY in the parentheses, e.g., (2011). For a new case in which obligational authority will not be required until a subsequent FY, Column 17 should reflect that subsequent year as the current FY. Enter, by financing appropriation, the current FY obligational authority requirements. On successive DD Forms 2061, these figures are cumulative.
18	Remaining Program Value	Enter, by financing appropriation, the result of Column 14 minus the “total” of Column 16 minus column 17. This entry must not be a negative amount.
19	Budget Year ( ) Funding Plan	Enter the FY following the year shown in Column 17. Enter, by financing appropriation, the budget year obligational authority requirements. Amounts shown in Column 19 must not exceed the amounts shown in Column 18.

Table 2-1. DD form 2061, "FMS Planning directive" Completion Procedures (Continued)

SUBTOTALS: If the DD Form 2061 is prepared in support of a request for an increase of less than 10%, then the following two lines will also be entered.

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
10 and 14-19	Subtotal	Enter "Subtotal" in Column 10 and the vertical sums of Columns 14 through 19. Check sums horizontally. Columns 14 = 16 + 17 + 18.
10, 14, and 18	Less than 10% increase	Enter "Less than 10% increase" in Column 10. In Columns 14 and 18, enter the amount of the cumulative net increase in the total materiel/services value.
10 and 14-19	Net Case Value	Enter "Net Case Value" in Column 10 and the vertical sums of columns 14 through 19. Column 14 should agree with the "Estimated Cost" of the LOA. Check sums horizontally. Columns 14 = 16 + 17 + 18.
10, 12-14, and 18	PC&H (if applicable)	Enter "PC&H ( __ %)," Pricing element "OS," and Financing Appropriation "TF." Columns 10, 14, and 18 should be completed with the proper rate and amount as computed in accordance with <a href="#">Volume 15</a> , Chapter 7. PC& H charges were discontinued for DWCF items effective October 1, 1990.
10, 12-14, and 18	Admin (if applicable)	Enter "ADMIN ( __ %)," Pricing element "OS," and Financing Appropriation "TF." Columns 10, 14, and 18 should be completed with the proper rate and amount as computed in accordance with <a href="#">Volume 15</a> , Chapter 7.
10, 12-14, and 18	Transportation (if applicable)	Enter "TRANS ( __ %)," and/or Parc. Post ( __ %)," as appropriate, Pricing element "OS," and Financing Appropriation "TF." Columns 10, 14, and 18 should be completed with the proper rate(s) and amount(s) as computed in accordance with <a href="#">Volume 15</a> , Chapter 7.
		Different rates may be used if partial delivery was made prior to April 13, 1978. The rate to be charged is the rate in effect at the time of delivery.

Table 2-1. DD Form 2061, "FMS Planning Directive" Completion Procedures (Continued)

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
10, 12-14, and 18	Stock issue asset use (SIAU) (if applicable) for cases implemented after Sep 30, 1979, and all DD Form 2060/2061 submissions subsequent to that date up to Nov 30, 1989.	Enter "SIAU (1%)," Pricing Element "AU," Financing Appropriation "TF." In Columns 14 and 18, enter the amount computed in accordance with <a href="#">Volume 15</a> , Chapter 7. Discontinued November 30, 1989.
10 and 14-19	Total Case Value	Enter "Total Case Value" and the vertical sum of Columns 14 through 19 for "Net Case Value" and PCH&T, Admin, Storage, and SIAU. Check sums horizontally. Columns 14 = 16 + 17 + 18. Column 14 should match the "Total Estimated Cost" line of the LOA.
10	Summary	Enter "Summary:"
10, 14-19	Reimbursable Program	As applicable, enter "Reimbursable Program" in Column 10. Sum Columns 14 through 19 for all entries with other than "DC" or "TF" in Column 13.
10, 14-19	Direct Cite Program	As applicable, enter "Direct Cite Program" in Column 10. Sum Columns 14 through 19 for all entries with "DC" in Column 13.

If the DD Form 2061 is prepared in support of a less than 10% increase, then the following two lines will also be entered:

10, 14-19	Subtotal	Enter "Subtotal" in Column 10. Sum "Reimbursable Program" and "Direct Cite Program," Columns 14 through 19.
10, 14, and 18	Less than 10% increase	Enter "Less than 10% increase" in Column 10. In Columns 14 and 18, enter the negative amount of the cumulative net increase in the total materiel/services value.

Table 2-1. DD Form 2061, "FMS Planning Directive" Completion Procedures (Continued)

<b><u>Line/ Col.</u></b>	<b><u>Description</u></b>	<b><u>Procedures</u></b>
10, 14-19	Net Case Value	Enter "Net Case Value" in column 10. Sum Reimbursable Program" and "Direct Cite Program," or, if applicable, "Subtotal" and "Less than 10% increase," Columns 14 through 19.
10, 14, and 18	PCH&T, Admin, etc.	If applicable, enter "PC&H," "PCH&T," "Admin," "Trans," and "Storage" in Column 10. Sum Columns 14 and 18 for all entries with "TF" in Column 13.
10, 14- 19	Total Case Value	Enter "Total Case Value" in Column 10. Sum "Net Case Value," "PC&H," "Trans," "PCH&T," "Admin," and "Storage" lines (as entered from previous procedure) for Columns 14 through 19. Check sums horizontally. Columns 14 = 16 + 17 + 18. Check to ensure that each column total matches the sum entered on the previous "Total Case Value" line.

Table 2-2. Format and Validation Criteria for FICS REI Transactions<sup>1</sup>

<b>Data Element Description and Element Abbreviation</b>	<b>Format/ No. of Position</b>	<b>FICS TRC</b>	<b>Edit/Validation of: Input—Military Department (MILDEP) to DFAS SCA Feedback—DFAS SCA to MILDEP</b>
Document Identifier Code (DIC)	X(3)	002	Must Be “REF”, if not reject.
Direct Status (Input)	1-3		“REF” A machine generated mirror image of the REI transaction appended by the Positive Transaction Codes (PTC) to become the REF transaction.
Direct Status (Feedback)	1-3		
Transaction Control Number (TCN) (FORMAT: YYMMDDNNNNNV)	X(13) 4-16	152	Must be numeric (0-9).
		152	YYMMDD must be equal to or less than current date.
		249	Version Number (V) must be “0” if action code is “A” (add).
		248	V must be 1-9 if action code is “C” (change) and must be 1 greater than suspense version number.
		251	If action code is “C” or “D” (delete), then TCN (excluding V) must equal suspense file. (YYMMDDNNNNNN).
Action Code	X(1) 17	003	Must be “A” or “C” or “D”, otherwise invalid. A=Add; C=Change; D=Delete.
Country Code (CC)	X(2) 18-19	037	Must be “00” or on Country Code Table Number 2. If “00”, site code must be “5” (DFAS SCA input).
Implementing Agency Code (IA)	X(1) 20	038	If site code (POS 400) equals “1” or “4”, then IA code must be “B”, “C”, “E”, “M”, “R”, “V”, or “Z” (Army). If site code equals “2”, then IA code must be “D”, “L”, “U”, or “W” (Air Force). If site code equals “3”, then IA code must be “P” or “K” (Navy). All other site codes; IA code must be on the DIFS IA Table Number 3.
Case Designator	X(3) 21-23	039	If country code equals “00”, then case designator must be “94X”, “Axx”, “Lxx”, “Mxx”, or “Txx”. “xx” must be numeric.
		041	For other country codes, must match the active case control file or match on Case Control History.

<sup>1</sup> “R” designates the series of FMS Integrated Control System format, “E” stands for execution, and the “I” indicates the transaction is an input.

TABLE 2-2. Format and Validation Criteria for FICS REI Transactions (Continued)

<b>Data Description and Element Abbreviation</b>	<b>Element and Position</b>	<b>Format/ No. of</b>	<b>FICS TRC</b>	<b>Edit/Validation of: Input—MILDEP to DFAS SCA Feedback—DFAS SCA to MILDEP</b>
Case Designator (continued)			031	If on case control, case status must equal “T” (Implemented) or “C” (Closed). If on case control history, case status must be “C”.
			379	Reject case closure type “3”, Reject case closure type “1” if country code is not on the Inactive FMS Country Table Number 43 or if the country code is on Table 43 and process code is an “N”.
			380	“Axx”, “Lxx”, “Mxx”, or “Txx” if country code equals “00”. “xx” will not be more than five FYs prior to DT-ACCT-MO field.
Amount Commitments Cumulative from Inception (CFI)	S(12) V99 24-37		156	Must be numeric (0-9).
			310	Must be positive unless country is “IR” (Iran).
Amount Obligations (OA) Cumulative from Inception (CFI)	S(12) V99 38-51		156	Must be numeric (0-9).
			311	Must be positive, unless country is “IR” (Iran).
Unpaid Government End of Period	S9 (12) V99 52-65		156	Must be numeric (0-9), may be negative.
Unpaid Non-Government End of Period	S9 (12) V99 66-79		156	Must be numeric (0-9), may be negative.
Date Accounting Month (YYMM)	S9 (12) V99 80-83		016	YYMM must be equal to current month or one prior month. DT-ACCT-MO cannot be greater than DC-GL-CLS-ACCT-YYYYMM.
Line Number	X(3) 84-86		055	If country code does not equal “00”, then must equal line number on case control.
The Positive Transaction Control Feedback contains the original REI transactions plus the following data elements for the REF transactions.				
Transaction Reply Code (TRC)	X(15) 87-101			FEEDBACK TRANSACTIONS ONLY. This 15 character element is appended to the feedback format of all interact transactions by the recipient system. This area will contain 1 to 5, 3-digit transaction reply codes to communicate back to the originator system the result of processing the transaction. (Left justified/spaces filled).



Table 2-3. DD form 2060, "Obligational Authority" Completion Procedures

<u>Line/ Column #</u>	<u>Description</u>	<u>Information Source</u>	<u>Remarks</u>
	Type of Request	See remarks	Enter the designation of the document that occasioned the submission of the DD Form 2061 and 2060, e.g., LOA, Modification, Amendment, less than 10% increase, or DD Form 2061 Revision.
1	Performing Component	See remarks	Enter "Army," "Navy," or "Air Force."
2	Period Covered	Enter the fiscal year (FY) for which obligational authority is being requested, e.g., FY2010	
	<b><u>Part A</u></b>		
3	FMS Planning Directive Control No.	Obtain from line 6 of DD Form 2061	
4	Total Case Value	Obtain from "Total Case Value" line, Column 14, of "Summary" section of DD Form 2061. Also equals line 5 on DD Form 2061.	

Table 2-3. DD Form 2060, "Obligational Authority" Completion Procedures (Continued)

<u>Line/ Column #</u>	<u>Description</u>	<u>Information Source</u>	<u>Remarks</u>
5	Amount to be Held in FMS Trust Fund	Obtain from "CAS for DCAA and DCMA PCH&T, Admin, and Storage" Column 14, in "Summary" section of DD Form 2061	PCH&T does not apply to DWCF delivery reported on or after October 1, 1990. Storage charges do not apply to the FMSO I Part A on-hand of DWCF items.
6	Net Case Value	Computation: Column 4 – Column 5 = Column 6  (DD Form 2060)	This amount represents the total that will be provided the performing DoD Component for an FMS case.
7	Received	Obtain from "Net Case Value" line, Column 15, of the "Summary" section of DD Form 2061	The entries in blocks 7, 8, and 9 are constant for a FY and must agree with the entries on the annual consolidated DD Form 2060.
8	Required	Obtain from "Net Case Value" line, Column 16 "Total," of the "Summary" section of the DD Form 2061	
9	Withdrawn	Computation: Column 7 - Column 8 = Column 9  (DD Form 2060)	Represents the amount of funds received in prior periods but not required for case performance. These amounts will be withdrawn from the performing DoD Components.

Table 2-3. DD Form 2060, "Obligational Authority" Completion Procedures (Continued)

<u>Line/ Column #</u>	<u>Description</u>	<u>Information Source</u>	<u>Remarks</u>
10 & 11	Authority Required this FY	Enter the FY from line 2	
10	Reimbursable	Obtain from "Reimbursable Program" line, Column 17, of the "Summary" section of the DD Form 2061	Represents the amount of reimbursable obligation authority required for the current FY.
11	Direct Cite	Obtain from the "Direct Cite" line, Column 17, of the DD Form 2061	Amounts in this column followed by a "(C)" represent direct citation delegation authority required for the current FY. If blank, then the request is for an allotment of funds for direct cite, with the implementing agency to be the accounting station.
12	Remaining Program Value	Computation: Column 6 - [Column 8 + Column 10 + Column 11] = Column 12. Should agree with "Net Case Value" line, Column 18, of the "Summary" section of the DD Form 2061	May be negative if type of request is for a less-than-10% increase.
13	Balance Brought Forward	N/A	
14	Case Total	N/A	
15	Admin Expense	N/A	

Table 2-3. DD Form 2060, "Obligational Authority" Completion Procedures (Continued)

<u>Line/ Column #</u>	<u>Description</u>	<u>Information Source</u>	<u>Remarks</u>
16	Total	Sum of entries by column	
<b><u>Part B</u></b>			
17	Appropriation Title	Obtain from appropriate DoD Component directives	Enter abbreviated title. Where the case is impacted by an increase of less than 10%, insert an additional line "Less-than-10% increase."
18	Account Symbol	Obtain from DD Form 2061, Column 13, "Financing Approp"	Enter the first impacted (financing) appropriation or fund for reimbursement action; or enter "DC" where the FMS Trust Fund is to be direct cited. Summarize into one line per account.
6-12		Obtain totals (by appropriation) from applicable column on DD Form 2061.	Individual data under each column where the case is impacted by an increase of less than 10%, an appropriate negative entry will be shown in Columns 6 and 12 as determined from Columns 14 and 18 of the DD Form 2061.
6	Net Case Value		
7	Received		

Table 2-3. DD Form 2060, "Obligational Authority" Completion Procedures (Continued)

<u>Line/ Column #</u>	<u>Description</u>	<u>Information Source</u>	<u>Remarks</u>
8	Required		
9	Withdrawn	Column 9 should be computed as Column 7 - Column 8	
10	Reimbursable		
11	Direct Cite		
12	Remaining Program		
19	Balance Brought Forward	N/A	
20	Obligational Authority	Enter totals (by column) for each applicable element	Totals should reflect same data as DD Form 2060 summary data reflected in Part A.
21	Signature Block Accepting/Requesting Official	To be completed by the appropriate DoD Component	
22	Signature Block Offering/Approving Official	To be completed by DFAS SCA	
23	Approval Control Number	To be completed by DFAS SCA	

Table 2-4. Format and Validation Criteria for FICS R4I Transactions<sup>2</sup>

<b>Data Description and Element Abbreviation</b>	<b>Element and Position</b>	<b>No. of Error Code</b>	<b>Edit/Validation</b>
Document Identifier Code (DIC)	X(3)	002	Must Be "R4I", if not reject.
Direct Status (Input)	1-3		"R4F" A machine generated image of the R4I transaction appended by the Positive Transaction Control (PTC) to become the R4F transaction.
Direct Status (Feedback)	1-3		
Transaction Control Number (TCN) (FORMAT: YMMDDNNNNNV)	X(13) 4-16	152	Must be numeric (0-9).
		249	YYMMDD must be equal to or less than current date.
		248	Version Number (V) must be "0" if action code is "A" (add).
		251	V must be 1-9 if action code is "C" (change) and must be 1 greater than suspense version number.
		251	If action code is "C" or "D" (delete), then TCN (excluding V) must equal suspense file. (YYMMDDNNNNNN).
Action Code	X(1) 17	003	Must be "A" or "C" or "D", otherwise invalid. A=Add; C=Change; D=Delete.
Country Code	X(2) 18-19	037	Must be "00", "80" or on Country Code Table Number 2. If "00" or "80", site code must be "5" (DFAS SCA input).
Implementing Agency Code (IA)	X(1) 20	038	If site code (POS 400) equals "1" or "4", then IA code must be "B", "C", "E", "M", "R", "V", or "Z" (Army). If site code equals "2", then IA code must be "D", "L", "U", or "W" (Air Force). If site code equals "3", then IA code must be "P" or "K" (Navy). All other site codes; IA code must be on the DIFS IA Table Number 3.

<sup>2</sup> "R" designates the series of FMS Integrated Control System format; "F" indicates the transaction as feedback and signifies DFAS SCA acknowledges receipt; "4" designates it as an OA request.

Table 2-4. Format and Validation Criteria for FICS R4I Transactions (Continued)

<b>Data Description and Element Abbreviation</b>	<b>Element and Position</b>	<b>No. of Position</b>	<b>Error Code</b>	<b>Edit/Validation</b>
Case Designator	X(3) 21-23		039	If country code equals "00", then case designator must be "94X", "Axx", "Lxx", "Mxx", or "Txx". "xx" must be numeric and represent the program year. If country code equals "80", then case designator must be "CAS".
			041	For all other country codes, must be on the active case control file or the Case Control History.
			031	If on the active case control file, case status must equal "I" (Implemented) or "C" (Closed). If on the Case Control History, status must equal "C".
			379	Reject case closure type "3", Reject case closure type "1" if country code is not on the Inactive FMS Country Table Number 43 or if the country code is on Table 43 and process code is an "N".
			380	"Axx", "Lxx", "Mxx", or "Txx" if country code equals "00". "xx" will not be more than five fiscal years (FY) prior to DT-ACCT-MO field.
			381	"Axx", "Lxx", "Mxx", or "Txx" if country code equals "00". "xx" will not be more than five FYs prior to APPROP-MULT-YR field.
			Date Of Accounting Year/Month (DT-ACCT-MO)	X(4) 24-27
OA Amount Current FY	X(14) 28-41		156	Must be numeric (0-9).
Appropriation Basic Symbol	X(4) 42-45			No Edit.
Appropriation FY	X(2) 46-47			No Edit.

Table 2-4. Format and Validation Criteria for FICS R4I Transactions (Continued)

<b>Data Description and Element Abbreviation</b>	<b>Element and Position</b>	<b>No. of Position</b>	<b>Error Code</b>	<b>Edit/Validation</b>
Appropriation Multiple FY		X(2) 48-49	289	If country code equals "00", then must be numeric and equal to the FY of date of accounting month. All other country codes can be either numeric or spaces.
Line Number		X(3) 50-52	055	If country code does not equal "00" or "80", then must equal line number on case control.
The Positive Transaction Control Feedback contains the original R4I transactions plus the following data elements for the R4F transactions.				
Transaction Reply Code (TRC)		X(15) 53-57		FEEDBACK TRANSACTIONS ONLY. This 15 character element is appended to the feedback format of all interact transactions by the recipient system. This area will contain 1 to 5, 3-digit transaction reply codes to communicate back to the originator system the result of processing the transaction. (Left justified/spaces filled).



Table 2-5. Pricing Elements and Their Financing Appropriations

Pricing Element	Description	Appropriation or Fund	Description
AT	Attrition 97 8242.8209	FMS Trust Fund	Funds collected to cover equipment damaged beyond repair by foreign students.
AU	Asset Use Charges/ Contractor Rental Payments	Miscellaneous Receipt Account 3041 (See Treasury Federal Account Symbols and Titles ( <a href="#">FAST</a> Book.)	Applied as a percentage of the direct costs being billed and is in lieu of separate computations for charges required to be applied in order to recover payments applicable taxpayer investment (sunk cost) in inventory or facilities (see <a href="#">Volume 15</a> , Chapter 7). Discontinued effective with all deliveries reported to DFAS SCA after December 1989.
CC	Contract Cost	Direct citation of FMS Trust Fund or applicable appropriation/fund symbol (see Chapter 1)	Cost of defense articles or services being supplied from procurement.
CD	Unfunded Civilian Retirement (UCR) Factor Not Funded by DoD	Miscellaneous Receipt Account 3041	Cost of unfunded civilian retirement not reimbursable to the performing account. Computed on basis of prescribed Acceleration Factors (see <a href="#">Volume 15</a> , Chapters 7 and 8; and <a href="#">DoD reimbursable rates</a> ).

Table 2-5. Pricing Elements and Their Financing Appropriations (continued)

Pricing Element	Description	Appropriation or Fund	Description
CP	Services of Civilian Personnel	Applicable appropriation/fund (Operations and Maintenance (O&M), Research, Development, Test and Evaluation (RDT&E), or Defense Working Capital Fund (DWCF))	Cost of civilian personnel services (including cost of fringe benefits reimbursed to the performing account and accelerated for leave and holidays when applicable) (see <a href="#">Volume 15, Chapter 7</a> ).
CR	Civilian Retirement Funded by DoD	Applicable appropriation/fund (O&M, RDT&E, or DWCF)	This optional code identifies the cost of civilian retirement benefits reimbursable to the performing account. Computed on basis of prescribed acceleration factors (see <a href="#">Volume 15, Chapter 7</a> ). This cost element may be included as part of CP.
CS	Contract Audit Support (for FY 1980 and prior, applies to FMS and commercial contracts; after FY 1980, applies to commercial contracts only)	O&M Appropriation of Performing Activity	Audit costs incurred in the evaluation of a contractor bid proposal or the audit of claims for incurred costs.
CX	Contract Administration Service (in FY 1981, used in lieu of CS & QS)	FMS Trust Fund (TF), centrally managed by the DFAS SCA	Cost of the contract administration tasks set forth in the <a href="#">FAR</a> , subpart 42.3 and audit.

Table 2-5. Pricing Elements and Their Financing Appropriations (continued)

Pricing Element	Description	Appropriation or Fund	Description
EG	DoD Engineering Support	O&M Appropriation of Performing Activity	Government-provided engineering services that are required to solve problems encountered during the production run, or efforts to improve the item's capabilities to meet predetermined specifications.
FS	DoD Production, Testing, and Evaluation Support	O&M, RDT&E Appropriation, or DWCF	Government production testing and evaluation costs to be recovered on a pro rata basis over benefiting production run items.
LS	Logistics Support Charge (LSC)	FMS Trust Fund centrally managed by DFAS SCA	Cost of logistics support. Applicable to specific items delivery reported on or after April 1, 1987 and deliveries made prior to October 1, 2007 against lines that qualify. Discontinued for DWCF items, on or after October 1, 1990.
MP	Services of Military Personnel	Military Personnel Appropriations	Cost of military personnel services based on standard composite pay rates (as accelerated for leave and holidays when applicable) (see <a href="#">Volume 15, Chapter 7</a> and <a href="#">DoD reimbursable rates</a> ). Includes retirement for FY 1985 and subsequent.
MR	Medicare-Eligible Retiree Health Care (MERHC)	Miscellaneous Receipt Account 3041	Currently, cost to cover Medicare-eligible retiree health care accrual. See <a href="#">DoD reimbursable rates</a> . Prior to FY 1985, was used for cost of imputed military retirement determined by applying appropriate acceleration factor to military personnel service costs.

Table 2-5. Pricing Elements and Their Financing Appropriations (continued)

Pricing Element	Description	Appropriation or Fund	Description
MX	Other Benefits (when applicable)	O&M Appropriation of Performing Activity. Effective FY 2006, Defense Health Program (97*0130)	Cost for portion of quarters, subsistence, Defense Health Program, and other personnel support costs not included in MP. Computed by applying appropriate acceleration factor to military personnel service costs (see <a href="#">Volume 15, Chapter 7</a> and <a href="#">DoD reimbursable rates</a> ). Effective FY 2006, limited to Defense Health Program.
OS	Other Support	Other appropriations, as applicable. Use pricing element "TF" for below-the-line PCH&T, Storage and Admin.	Other above-the-line costs not specifically defined. PCH&T does not apply to DWCF items delivery reported on or after October 1, 1990.
QS	DoD Quality Assurance Support (For FY 1980 and prior, applies to FMS cases and to commercial contracts; after FY 1980 applies to commercial contracts only)	O&M Appropriation of Performing Activity	Government-applied quality assurance costs to be recovered either based on individual items examined or on a pro rata basis over benefiting production run items.
RD	R&D and nonrecurring production	Miscellaneous Receipt Account 3041	Recovery of nonrecurring costs as specified by <a href="#">Volume 15, Chapter 7</a> .
RF	Royalty Fees	Miscellaneous Receipt Account 3041	Collection of royalty fees.
RS	Special RDT&E	RDT&E Appropriation	Special RDT&E effort being accomplished specifically for the FMS purchaser.

Table 2-5. Pricing Elements and Their Financing Appropriations (Continued)

<b>Pricing Element</b>	<b>Description</b>	<b>Appropriation or Fund</b>	<b>Description</b>
SA	Articles obtained from inventory for Special Defense Acquisition Fund (SDAF)	SDAF 11 X 4116	Sale of SDAF items originally obtained from DoD inventories.
SD	Articles procured from contractors for SDAF	SDAF 11 X 4116	Sale of SDAF items obtained from procurement.
SF	Articles from Stock not requiring replacement	Miscellaneous Receipt Account 3041	Sale of assets not requiring inventory replacement.
SR	Articles from stock requiring replacement	Procurement Appropriation or DWCF	Sale of materiel requiring inventory replacement because of sale.
TF	Charges applied by DFAS SCA	FMS Trust Fund centrally managed by DFAS SCA	Below-the-line cost on the LOA (e.g. packing, crating & handling (PC&H), administrative fee, transportation). PC&H does not apply to DWCF items delivery reported on or after October 1, 1990.
TR	Training related expenses for formal training	Direct Cite or appropriation account	The expenses related to the conduct of formal training.
TX	Transportation	Appropriation or FMS Trust Fund, as appropriate	Costs for transportation when Defense Transportation System (DTS) is approved and used. DFAS SCA applied transportation charges do not apply to DWCF material effective October 1, 1990, for generic code L1A, and effective October 1, 1991, for generic code L1D and L1E.

Table 2-5. Pricing Elements and Their Financing Appropriations (continued)

Pricing Element	Description	Appropriation or Fund	Description
<b>Special Pricing Element Codes for Air Force Training Cases</b>			
AR	Air Force (AF) Reserve	AF Reserve Appropriation	That portion of training reimbursement passed to AF Reserve.
DI	Reimbursable Orders to Defense Institute for Security Assistance Management (DISAM)	Direct Cite or AF Appropriation Account which accepted order	That portion of the training case passed to DISAM for execution.
DM	Depot Maintenance	DWCF	That portion of training course costs identified for depot maintenance.
IP	Information Program Funds	Direct Cite or Appropriation Account which accepted order	That portion of the training case that funds the information program.
M2	Military Personnel permanent change of station (PCS)	Military Pay Appropriation	Military personnel PCS costs incurred to accomplish FMS training case.
ML	Minor Construction	O&M Appropriation	That portion of the training case applicable to minor construction.
NG	Air National Guard	National Guard Appropriation	That portion of training reimbursement passed to National Guard.
PL	Aviation petroleum, oil and lubricants (POL)	DWCF	That portion of training course costs identified as POL.
TC	Reimbursement to a Foreign Government	Country Trust Fund	Third Country training with reimbursement from the second country.

Table 2-5. Pricing Elements and Their Financing Appropriations (continued)

<b>Pricing Element</b>	<b>Description</b>	<b>Appropriation or Fund</b>	<b>Description</b>
XA	Reimbursable Orders to Army	Direct Cite or Army Appropriation Account which accepted order	That portion of the training case passed to Army for execution.
XN	Reimbursable Orders to Navy	Direct Cite or Navy Appropriation Account which accepted order	That portion of the training case passed to Navy for execution.
XX	Reimbursable Orders to Defense Agencies	Direct Cite or Defense Agency Appropriation Account which accepted order	That portion of the training case passed to Defense Agency for execution.