

VOLUME 15, CHAPTER 3: “ACCOUNTING”**SUMMARY OF MAJOR CHANGES**

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

Substantive revisions are denoted by an asterisk (*) 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 **May 2018** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
ALL	Updated hyperlinks and internal references throughout.	Revision
030202.B.1	Updated the current location and office of responsibility for Standard Financial Information Structure guidance and reference material.	Revision
030202.C.3	Updated reference from Triannual Review to Dormant Account Review Quarterly for obligations and unfilled customer orders as described in Volume 3, Chapter 8, section 0816.	Revision
030202.C.4	Added responsibility for implementing agencies to maintain audit trails between source documents and entries to the accounting system.	Addition
030406	Clarified content relating to Defense Integrated Financial System as an accounting system but not a general ledger.	Revision
030406.A-C 030408.E (previous version)	Deleted procedural content and references throughout.	Deletion
030408.B.3	Clarified policy pertaining to Building Partner Capacity (BPC) Transportation Surcharge.	Addition

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
030408.F	Provided clarifying language on the requirement for Defense Security Cooperation Agency, Directorate of Business Operations to coordinate redistribution of funds between surcharge accounts with Office of the Undersecretary of Defense, Comptroller. In addition, added language to clarify that when funding levels in surcharge accounts return to acceptable funding levels, funds will be redistributed back to the original account.	Revision
030606.E	Added clarification for the closeout of BPC cases and unliquidated Transportation Account balances.	Addition
030702.C.5	Added requirement for implementing agencies to work with Defense Finance and Accounting Service, Security Cooperation Accounting on variances and out-of-balance conditions.	Addition
030702.C.6	Added reference for case closure procedures required for non-Accelerated Case Closure Procedures, including BPC program cases.	Addition

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CHAPTER 3**ACCOUNTING**

0301 GENERAL

030101. Purpose

This chapter establishes accounting requirements which:

- A. Assure proper DoD control and accountability of cases implemented in the Foreign Military Sales (FMS) Trust Fund;
- B. Provide accounting information that can be used for preparation of Chief Financial Officer (CFO) financial statements, quarterly bills to FMS purchasers, and financial status reports to DoD case managers and Defense Security Cooperation Agency (DSCA) staff;
- C. Integrate with physical delivery (logistics) reporting systems;
- D. Serve as a basis for timely identification and reporting of financial management problems; and
- E. Establish internal controls to assure compliance with the payment requirements of the Arms Export Control Act (AECA), Public Law 90-629, codified at Title 22, United States Code (U.S.C.), [Chapter 39](#).

030102. Authoritative Guidance

Authoritative guidance for this chapter is as follows:

- A. AECA, Public Law 90-629, codified as 22 U.S.C., Chapter 39;
- B. 31 U.S.C., [Chapter 15](#); and
- C. Statement of Federal Financial Accounting Standards ([SFFAS](#)) 1: Accounting for Selected Assets and Liabilities, issued by the Federal Accounting Standards Advisory Board.

0302 GENERAL ACCOUNTING GUIDANCE

030201. Accounting Characteristics

- A. Each FMS case is an accounting unit similar to a commercial job order. A case identifier is composed of the Security Cooperation (SC) customer code, implementing agency (IA) code, and a three-position case designator assigned by the IA. See the DSCA Manual 5105.38-M, "Security Assistance Management Manual" ([SAMM](#)), Table [C4.T2](#), for more

information. **Obligational** authority (OA) necessary to implement a case is released by case identifier and line item number. All requisitions for materiel or services have a case identifier and line item number. Report accrued costs and cash disbursements at this level of detail. Accumulate and report this accounting information to FMS purchasers and DoD case managers to allow proper monitoring of case execution.

B. DoD manages cash at country level to ensure sufficient funds are available to meet expenditure requirements and to determine arrearages of a country's dependable undertaking. See Volume 16, Chapter 6, for more information on arrearages. A cumulative summary cash account, including all sub-accounts of the FMS Trust Fund 11X8242, "**Advances, Foreign Military Sales, Funds Appropriated to the President,**" is needed to allow reconciliation with the U.S. Department of the Treasury (Treasury) cash records. Cumulative summary accounts showing OA, commitments, obligations, accounts payable, accounts receivable, accrued expenditures, and expenses are required to complete budget execution reports on the FMS Trust Fund account.

C. DoD case management entails obtaining the necessary OA, releasing requisitions or procurement work orders, and reporting physical delivery of required items. The first two actions require efforts directed through the accounting system. Proper management controls require the use of the same source document for reporting to both the financial and logistical systems (including delivery reporting).

030202. Responsibilities

A. **DSCA**. DSCA is responsible for **providing oversight and** monitoring usage of the FMS Trust Fund, to include periodic reviews of funding levels and unused balances.

B. **Defense Finance and Accounting Service (DFAS)**. DFAS performs the accounting, billing, disbursing, and collecting functions for the FMS Trust Fund. **DFAS** ensures entries in the accounting systems have audit trails to the source documents **and generates financial statements**. DFAS is specifically responsible for:

- * 1. Maintaining the centralized FMS case-line level accounts prescribed in this chapter, and the Bureau of the Fiscal Service (Fiscal Service), "U.S. Standard General Ledger (**USSGL**)." **The DoD Standard Chart of Accounts** are in the Standard Financial Information Structure (**SFIS**), DoD USSGL Transaction Library, and Volume 1, Chapters 4 and 7. Use information accumulated in the accounts when preparing billing statements to FMS purchasers and financial management reports to DoD case managers and DSCA staff;
2. Maintaining FMS Trust Fund budget execution records;
3. Identifying and notifying DSCA when an FMS Trust Fund arrearage occurs as required in Volume 16, Chapter 6;

4. Summarizing all case-line level accounts at the FMS Trust Fund level, reconciling the summary cash accounts to Treasury's records per Treasury guidance, and using the summary accounts as the basis for required reports on FMS Trust Fund operations;

5. Maintaining audit trails and [supporting documentation for entries made](#) to the accounting system; and

6. Preparing monthly, quarterly, and annual statements as required in Volumes 6A and 6B.

C. IAs. IAs are responsible for:

1. Fulfilling FMS Trust Fund orders using these financing techniques:

a. Issuing and accepting reimbursable orders into a financing appropriation or Defense Working Capital Fund (DWCF) account,

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

c. Authorizing direct citation of the FMS Trust Fund (11X8242);

2. Ensuring appropriation/fund budget execution records accurately reflect the status of the reimbursable FMS Trust Fund program;

* 3. Performing the [Dormant Account Review Quarterly \(DAR-Q\)](#) of obligations and [unfiled customer orders](#) as described in Volume 3, Chapter 8, section 0816; and

* 4. [Maintaining audit trails between source documents and entries to the accounting system.](#)

D. Allotment Holders for Actual FMS Administrative Expenses. A DoD Component that receives a DSCA allotment of FMS Administrative [Budget Authority \(BA\)](#) is responsible for:

1. Maintaining obligations and expenditures within the limitations of the allotment,

2. Ensuring obligating documents and accrued expenditures meet the requirements contained in this volume, and

3. Returning unobligated OA to DSCA at the end of each fiscal year (FY).

0303 MANAGEMENT CONTROLS

For management controls, Security Assistance activities will follow the guidance in DoD Instruction 5010.40, "[Managers' Internal Control Program Procedures](#)."

0304 FMS TRUST FUND ACCOUNTING REQUIREMENTS

030401. FMS Trust Fund

The FMS Trust Fund is a single account that is authorized to be credited with receipts that may be obligated and expended in accordance with the AECA. FMS Trust Fund receipts must be apportioned prior to obligation and expenditure; however, an official, designated under [31 U.S.C. § 1513](#), and as per [31 U.S.C. § 1516](#), may exempt trust funds from apportionment.

030402. FMS Standard [General Ledger \(GL\)](#)

All financial accounting data applicable to the FMS program must be recorded in accounts consistent with Volume 1, Chapter 7 and the USSGL accounts. The USSGL specifies the accounting entries for these accounts. Subsidiary ledgers are used, where necessary, to provide accounting control and management reports. The Deputy CFO, Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), must approve the use of any other GL Trust Fund accounts in writing. Objective evidence, e.g., invoices, vouchers, receipts, or statements, must support all entries in the accounting records and data reported on financial statements. Such evidence may be either hard-copy documents or computer data, but in either case, the evidence must be verifiable.

030403. Accounting for Receivables

A. [General](#)

1. Cash in advance of performance is required from FMS purchasers unless a written determination is made pursuant to legal authority. See Chapter 4 for more information on cash management. For FMS purchasers who are legally exempt from making cash advances, record accounts receivable for each FMS country program accounted for in the FMS Trust Fund in USSGL 131000, "Accounts Receivable." SFFAS 1, paragraph 41 provides that a receivable should be recognized when a federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date, or goods or services provided. If the exact amount is unknown, a reasonable estimate should be made.

2. The offered and accepted FMS case is a binding requirement and calls for an advance of funds from the FMS purchaser; thus, a non-entity account receivable is established when the due date for payment is not met. Follow up and aging of delinquent accounts receivable will be in accordance with Volume 16, Chapter 6. Accounts receivable are aged according to Volume 4, Chapter 3, Figure 3-1.

B. [Application of Interest](#). Assess interest on FMS country-level arrearages in accordance with the provisions of the affected country's active cases and Volume 16, Chapter 6.

C. Reporting. DFAS submits the Fiscal Service, Debt Management Governmentwide Reports: “Treasury Report on Receivables (TROR),” quarterly. Instructions for the TROR are in Volume 4, Chapter 3.

030404. Accounting for Inventory

The Military Departments or Defense Agencies control and report assets (equipment and related software, amounts invested in inventories, and work-in-process at contractor’s plants) on their financial statements.

030405. Accounting for the FMS Program

The AECA and provisions of the Letter of Offer and Acceptance (LOA) require that the FMS program operate at no cost to the U.S. Government. Therefore, recognize equity only for the balance retained in the attrition account; see subparagraph 030405.B.

A. Accounting for FMS Surcharges

1. Record the collection of surcharges established in accordance with AECA § 21 and 43 as unearned revenue to ensure full recovery of costs incurred in operating the FMS program.

2. Record and recognize revenue and expenses at the time disbursements are made from the applicable FMS Surcharge account.

3. Revenues to fund these expenses are from the application of money received from accrued costs, estimated actual costs, or rates charged. Maintain ledgers for each of the categories of FMS Surcharges as subsidiary to the unearned revenue control account, USSGL 231000, “Liability for Advances and Prepayments.”

4. Apply the Contract Administration Services (CAS) Surcharge to new procurements; however, it may not be applicable under certain conditions detailed in AECA § 21. The performing activities incur costs and obtain reimbursement from FMS CAS Surcharge accounts in response to billings on Standard Form (SF) 1080, Voucher for Transfers Between Appropriations and/or Funds.

B. Accounting for Attrition Surcharges. When FMS training LOAs include the use of training or operational equipment, an attrition surcharge rate **may be applied pursuant to SAMM, C9.T4**. The Attrition Surcharge Account replaces equipment damaged or destroyed because of student training. Record attrition surcharges in the attrition account; they are assets to the U.S. Government. At year end, record the balance in the attrition account as equity in the FMS Trust Fund. Refer to Chapter 7, subparagraph 072303.C. for more information on the application of the attrition surcharge.

C. Accounting for Bad Debts. Policy concerning compromise, termination, or suspension of collection actions of a country-level bad debt is in Volume 16, Chapter 6,

section 0606. Resolution of all foreign indebtedness resulting from FMS transactions will be staffed with the Department of State (DoS) by DSCA via the Under Secretary of Defense for Policy. Within 30 [calendar](#) days of a determination by the DoS that a debt is uncollectible, DSCA will direct DFAS Security Cooperation Accounting (SCA) to record the amount owed, including accrued interest, in the GL. When a country is in arrears, and the debt is confirmed to be uncollectible:

1. All available funds for the affected country will be used to satisfy outstanding liabilities according to a priority recommended by the Director of DFAS SCA and approved by the DSCA Principal Director, Directorate of Business Operations (DBO);

2. DSCA will direct applicable case managers to request cancellation of all outstanding commitments and adjustment of all outstanding obligations, to include an amount for termination cost. The residual amount of debts shown will be transferred to the GL for the affected country, to coincide with the termination of the FMS cases, based on the determination that the country's account is uncollectible. This highlights losses due to uncollectible amounts in the accounts as required by SFFAS 1, paragraph 44; and

3. Aging of amounts recorded will continue. Accrue the accumulation of interest, in accordance with the AECA and other applicable authorities, monthly on the balance in the sub-account. The amount recorded in the account will include the amount of the arrearage, termination liability costs, and accrued interest.

D. Accounting for Transactions Occurring Prior to January 1, 1989. A reconciliation problem existed within the FMS Trust Fund for transactions that occurred prior to January 1, 1989, and some reconciliations occurred as a result of management decisions. Adjustments to transactions that occurred prior to January 1, 1989, will be reviewed by the FMS central accounting site control point staff, and approved by the DSCA Comptroller, prior to posting in the Defense Integrated Financial System (DIFS) Account Codes. The control point staff at DFAS SCA and DSCA will maintain a complete audit trail of all adjustments received and processed. Documentation supporting these adjustments will be retained by the originating organization. Transactions will be approved by:

1. DFAS SCA and an appropriate representative of the applicable DoD Component involved;

2. The Director of the applicable DFAS center submitting transactions to DFAS SCA, if the amount of the transaction is in excess of \$500,000; or

3. The Director, DFAS and the Director, DSCA, if the amount of the transaction exceeds \$1,000,000.

*030406. Processing Accounting Transactions

[In order to account for the FMS Trust Fund](#), DFAS SCA uses DIFS. As the [trust-fund](#) level, [interfacing](#) accounting system, [DIFS links IA records from bills, including supporting](#)

financial documents, issued to purchasing countries for articles and/or services. See SAMM [C13.6](#) for additional information. Transactions entered into DIFS are a combination of installation-level transactions received through the FMS Integrated Control System, and vouchers recorded at DFAS SCA, resulting from billing, collection, and disbursement activities. Transactions recorded in DIFS are posted at the trust fund-, country-, and case-level. This enables DFAS SCA to prepare required accountability and fund status reports for the FMS Trust Fund. DFAS SCA relies on the accuracy and integrity of the records maintained in IA's source accounting systems. Source transactions must have all of the information required to enable DFAS SCA to prepare required accounting reports and perform financial management oversight.

030407. DFAS SCA Analysis of FMS Case Accounting Data

DFAS SCA must continuously analyze case-level accounting data to identify developing financial problems and alert IA case managers, DSCA country finance directors, and other concerned DoD officials of the necessity for corrective action. The types of analysis performed are as follows:

A. Adequacy of Cash Deposits. Compare the net unreserved cash balance to the accounts payable case-level accounts. If the accounts payable balance is greater, request an IA review of the case payment schedules;

B. Timely Payments to the DoD Components and Contractors. Balances in accounts payable must be aged to assure timely payments are made. If payments are not on time, DFAS SCA will review internal payment procedures and implement necessary corrective action; and

C. Timely Case Closure Actions. When the expenditures equal OA, DFAS SCA should request an IA review of the case's financial and logistical status to determine if the case should be closed.

030408. DFAS SCA [Surcharge Transactions](#)

A. FMS Administrative Surcharge and Logistics Support Charge (LSC)
Account

1. Accrual of Earned Surcharge. As accrued expenditures are [calculated](#), pursuant to FMS orders, the amount of FMS Administrative Surcharges applicable will be determined and credited to the FMS Administrative Surcharge account.

a. \$30,000 or less. If the computed FMS Administrative Surcharge for the FMS case is \$30,000 or less, the entire surcharge value must be included in the initial deposit (SAMM Table [C9.T14](#)). This includes the value of any small case management line for cases implemented August 1, 2006 through July 2, 2012 (SAMM paragraph C9.4.7).

b. Over \$30,000. If the computed FMS Administrative Surcharge for the FMS case is greater than \$30,000, 50 percent of the surcharge is collected upon

case implementation (SAMM Table C9.T14). Apply the remaining accruals over the life of the case and finalize at case closure.

2. Actual FMS Administrative Surcharge. [Transactions representing actual expenses](#) will be [entered](#) based on accrued expenditures reported in the DoD Status-of-Allotment reports for FMS. See paragraph 030601.C.

3. LSC. LSC is applicable to articles delivered or services performed on or after April 1, 1987 and prior to October 1, 2007. These charges are accounted for in the FMS Administrative Surcharge account as described in subparagraph 030408.A.1 and 2. For more information on LSC, see SAMM Table C9.T4.

B. Transportation Surcharge Account

1. Accrual of Earned Surcharge. When items reported by the DoD Components as physically delivered, applicable transportation surcharges are earned and credited to the Transportation Surcharge account.

2. Actual Transportation Expense. [Transactions](#) showing actual transportation cost, based on receipt of carrier bills, will be [entered against](#) the Transportation Surcharge account.

* 3. Building Partner Capacity (BPC) Transportation Surcharge. BPC funds are transferred to the FMS Trust Fund under the authority of the Economy Act. Funds transferred via Economy Act orders are subject to the same fiscal limitations that are contained within the appropriation from which the orders are funded. Therefore, BPC funds in the transportation surcharge account are required to adhere to the same fiscal limitations to which BPC funds are generally subject. See [SAMM C15.1](#) for additional information and [SAMM C15.T2 Programs and Authorities](#).

C. CAS Cost Clearing Account

1. Accrual of Earned Surcharge. When payments are made to contractors (either progress payments or bills for incurred costs), the applicable CAS surcharges are earned and credited to the CAS Cost Clearing Account.

2. Actual CAS Expenses. [Transactions](#) showing actual CAS costs [are considered](#) CAS Expenses, based on receipt of SF 1080 billings from the performing DoD Components. See Chapter 7, paragraph [071603](#).

D. Attrition Surcharge Account. Assess a one percent attrition surcharge for applicable training cases (SAMM Table C9.T4). The IAs will identify the amounts earned as they distribute collections for tuition, [credit the attrition portion](#), and report it to DFAS SCA by country, case, and line. Expenditures from this account represent orders to the DoD Components to fund the cost of replacing damaged or destroyed equipment associated with student training. DFAS SCA will maintain cumulative records of these deposits by country, case, and line item. Fund

withdrawal from the attrition account requires prior written approval from the DSCA Comptroller. The cost **in full** of replacing damaged or destroyed equipment **is reimbursed** from the attrition account.

E. Year-End Certification. Reporting entities now utilize the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) and the Fiscal Service Year-End Transaction Module to report unexpended appropriation and fund balances. The Year-End Module, in addition to GTAS, **is used** to initiate year-end cancelation and adjustment transactions previously presented on the Fiscal Service Form 2108. See Volume 6A, Chapter 4 and the Treasury Financial Manual, Volume 1, Part 2, Chapter 4200 for more information.

* F. Periodic/Year-End Analysis of Surcharge Accounts. DSCA and DFAS SCA analyze activity in the surcharge accounts. This analysis will serve as a basis for decisions by DSCA DBO to redistribute surcharge account balances between the accounts or to recommend rate changes. DSCA DBO will coordinate any decision made to redistribute balances, **to mitigate shortfalls in one or more surcharge accounts**, with DFAS SCA and OUSD(C). **If a redistribution between surcharge accounts is required**, DSCA DBO will then notify OUSD(C) of the intended redistribution action and seek concurrence. **OUSD(C) should provide a response within 30 calendar days. With OUSD(C) concurrence, DSCA DBO will authorize DFAS SCA to redistribute the funds. Once the receiving surcharge account is returned to an acceptable funding level, the transferred funds will be redistributed back to the original account once the DSCA DBO receives concurrence with OUSD(C).** When a decision is made to revise rates, the revisions will be coordinated with OUSD(C). See Chapter 7, paragraph 071202 for more information on revising rates.

0305 IA ACCOUNTING REQUIREMENTS

030501. Allotments for Direct Citation

Amounts in Column 11, “Direct Cite Authority Required This FY,” of the DoD (DD) Form 2060, FMS Obligational Authority, or automated equivalent (OA request), which are coded “(A),” represent allotments of case contract authority. Allotment holders must request expenditure authority (EA) from DFAS SCA prior to processing the disbursements against the contract authority. DFAS SCA provides incremental EA from the FMS Trust Fund based on the allottee’s need to disburse funds. Additional instructions for the DoD Status-of-Allotment report are in section 0306. Specific requirements include:

A. The DoD Component that holds an allotment of the FMS Trust Fund for direct citation on contracts must maintain detailed commitment, obligation, and expenditure records on an FMS case and line basis. That DoD Component must provide DFAS SCA a monthly DoD Status-of-Allotment report reflecting the case and line-level data. Delivery transactions in an amount equal to the current month’s net change in accrued expenditures or cash advances to contractors must support the status of expenditures. A manual DoD Status-of-Allotment format is in Figure 3-1; and

B. Submit Monthly DoD Status-of-Allotment information, and associated reports of reconciliation, to DFAS SCA by the 20th calendar day following the close of each accounting month. Use this information, with detailed supporting documentation, as the basis for the DFAS SCA entries to case-level accounting records and overall FMS Trust Fund reconciliation with Treasury.

030502. Allotments for Reimbursable Orders

For information on reimbursable orders, see Chapter 2, paragraph 020304.

030503. FY-End Reporting Requirements

A. The DoD Components are required to submit a printed and certified, final, FY consolidated OA request and DoD Status-of-Allotment information for direct cite funds to DFAS SCA. Establish submission dates in accordance with special instructions issued by DFAS. The forms submitted may be manual forms or automated equivalents.

B. The final OA request will have this certification: “I hereby certify that this report reflects FMS Obligational Authority as required by DoD 7000.14-R, Chapter 2, subparagraph 020304.A.”

C. The final DoD Status-of-Allotment report must have this signed certification: “I hereby certify that the amounts shown in this report are correct. All known transactions meeting the criteria of 31 U.S.C. § 1501(a) have been obligated and are so reported.”

0306 ACTUAL ADMINISTRATIVE EXPENSE ACCOUNTING REQUIREMENTS

030601. Reimbursement for FMS Administrative Expenses

A. Price FMS administrative expenses in accordance with Chapter 7, section 0705 and charge directly to the allotment received from DFAS SCA for actual FMS administrative expenses. DoD Status-of-Allotment reports must be submitted in the DoD standard format in Figure 3-1. If the allotment is used as the basis for issuing reimbursable orders to appropriation accounts, a schedule showing the dollar value of orders released to each appropriation must be attached to the DoD Status-of-Allotment report. FMS administrative expenses may not be incurred in excess of the allotment, nor are the DoD Components authorized to incur obligations against appropriated fund operation accounts to finance FMS administrative budgets.

B. Upon review of the budget requests submitted in response to its administrative budget call, DSCA will approve a single budget amount for each DoD Component and will issue an allotment providing funding for the approved budget. The recipient will prepare a DoD Status-of-Allotment report showing actual uses for administrative expense. Base the information on the organization designated in the DSCA budget call. Allotments for administrative expenses must be fully funded to cover obligations. Receiving DoD Components must use “no-check SF 1080” self-reimbursement procedures to reimburse appropriation accounts.

Reimbursable procedures apply when the FMS Trust Fund is not directly cited as the financing source of payrolls, contracts, or travel orders.

C. Support DoD Status-of-Allotment reports for FMS administrative expenses with subsidiary allotment status reports of the executing organizations. Annotate subsidiary reports as “Subsidiary report-(name of the organization).”

030602. Control of FMS Administrative and SC Organizations (SCO) Budget Allotment Authority

A. Report the FY identity of budget allotment authority, obligations, and disbursements for the current FY (CFY), and five preceding FYs, on the monthly DoD Status-of-Allotment reports for administrative expenses. Accounts will remain open for the liquidation and adjustment of valid obligations until the end of the canceled FY (five expired FYs and one canceling FY). See the FY example in subparagraph 030602.C.

B. All fund holders are required to maintain FY identity of obligations, disbursements, and budget allotment authority for the CFY and the five preceding FYs.

C. Provided is an example of FY identity using a CFY of 2015.

FY 2010 = expired FY	At the end of FY 2015, and after completing the end-of-year reporting and closeout cycle, cancel all unliquidated obligations (ULOs). All amounts are withdrawn effective September 30, 2015. Following this action, FY 2010 cancels on October 1, 2015.
FY 2011 = expired FY	
FY 2012 = expired FY	
FY 2013 = expired FY	
FY 2014 = expired FY	
FY 2015 = CFY	Out-of-scope increase to prior FY obligations (FY 2014 and prior) will be charged against the CFY (FY 2015). The CFY becomes an expired FY on October 1, 2015.
FY 2016 = Next FY	October 1, 2015, FY 16 begins.

030603. Control of FMS Administrative and SCO Prior FY OA

A. DSCA will not authorize increases to a prior year OA to record upward adjustments for obligations that are the result of out-of-scope changes. Such changes constitute new obligations and are funded from the current year OA. Upward adjustments, which are the result of “within-scope” changes under the terms of the contract, are usually chargeable to the appropriate FY account against which the original obligation was charged. Charge all valid upward adjustments applicable to canceled years to the CFY.

B. All fund holders will establish procedures to review and validate all ULOs for the CFY, and the preceding five FYs, on a monthly basis. If obligations are no longer valid, fund holders will ensure these amounts are deobligated and the appropriate funds returned to

DSCA for withdrawal; see paragraph 030605. Valid disbursements may be made from these expired accounts, up to the amount of the ULO balances for that year's obligation. Additional funding to cover these valid upward adjustments (within-scope price adjustments) may be requested from DSCA. This request should provide the following: original obligation amount; additional required funding authority needed; source or reason for additional obligation, including any subsidiary calculations or source; applicable supporting documentation; and point of contact.

C. Deobligation of prior year funds, and the subsequent reobligation of these same funds in the current or one of the five preceding FYs, is not authorized.

030604. Control of Unliquidated Balances

A. FMS Administrative and SCO accounts remain available for liquidating valid obligations until the end of their fifth expired year; see the example in subparagraph 030602.C. No new obligations can be started for the CFY after September 30 of that FY.

B. The monthly DoD Status-of-Allotment reports for administrative expenses, showing the DFAS departmental accounting position, will present the current allocation and account balances (obligations and disbursements) for the end of that reporting month.

C. See paragraph 030605 for the procedure used when canceling funds at the end of the fifth year following their expiration and the process used when deobligations occur in the five preceding FYs.

D. All fund holders will establish procedures to review and validate all ULOs for the CFY and the five preceding FYs.

030605. Administration and Implementation of the Monthly and End-of-Year Closeout Guidance

A. All fund holders will review and use their respective monthly DoD Status-of-Allotment reports for administrative expenses, which present the DFAS departmental accounting position for that month. Use these reports to compare with the installation accounting records. If there are disbursement differences between the departmental and installation accounting records, use the departmental accounting records reconciled with Treasury cash to establish the withdrawal amount.

B. DSCA will issue the annual end-of-year closeout guidance to all holders of FMS Administrative and SCO funds.

C. When the fifth expired year is canceled, the budget allotment authority amount will be decreased on September 30 to equal the departmental accounting disbursement amount that has been reconciled with Treasury.

D. The fund holder will ensure that all obligations and disbursements are equal prior to year-end closeout for the canceling year account (the fifth year following funds expiration)

and that no further disbursements are processed. The fund holders need to work closely with the DFAS departmental accounting offices at finalizing the amounts to be withdrawn for the canceling year (the fifth year following funds expiration).

E. All fund holders will notify DSCA in writing when BA can be decreased on the CFY and the five preceding FYs. Upon receipt of a written request from the fund holder, DSCA will issue an FMS Administrative and SCO Allocation document withdrawing the unobligated BA, citing the concurrence correspondence from the fund holder for the expired and canceling FYs. All records will be maintained with the FY BA documents.

030606. DFAS Responsibilities for Expired and Canceled Accounts

A. DFAS SCA will adjust OA/EA to agree with the DSCA allocation values for the expired and canceling FYs. All unobligated balances will be considered expired and not available for incurring new obligations. FMS Administrative and SCO accounts remain available for liquidating valid obligations until the end of their fifth expired year.

B. DFAS SCA will update the subsidiary record by loading the DIFS case-level disbursement records with the expired year balances, as identified by the allotment holders (IAs) on the year-end DoD Status-of-Allotment reports for administrative expenses.

C. DFAS SCA will maintain off-line, historical, administrative accounting records to show cumulative balances for disbursements, obligations, and allotment BA for all closed (canceled) FYs. At the end of each FY, DFAS SCA will update the canceling FY's obligated and disbursed balances for FMS and SCO Administrative Fund accounting records.

D. DFAS SCA will maintain memorandum records of the canceled obligations. Once closed, an account is no longer available for obligation. If it becomes necessary to pay an obligation, which otherwise would have been properly charged to the appropriation before it was canceled, the obligation should be charged to and paid from the applicable CFY FMS or SCO account. Post these obligations against the CFY account when disbursed. Use memorandum records (or equivalent) to record the canceled "valid" obligations offline so that they may later be recognized as valid when disbursed and recorded against the applicable FMS or SCO Administrative CFY account. For more information, see Volume 3, Chapter 10.

* E. DFAS SCA, once all BPC cases associated with the transportation account are closed, will deposit all unliquidated balances into the Miscellaneous Receipts of the Treasury. BPC Transportation accounts are subject to closure when all appropriations within the account have canceled.

0307 BUDGET EXECUTION

030701. Objectives

This section establishes the budget execution requirements that are applicable to the FMS program. Specific objectives are to ensure that:

- A. Mandatory budget execution reports that accurately reflect data recorded in accounting records are submitted to Treasury in a timely manner;
- B. Unnecessary FMS OA is withdrawn officially from all organizations participating in execution of FMS cases at the end of each FY; and
- C. FMS case records maintained by IAs are in agreement with DFAS SCA at the case-line level throughout the life of each FMS case.

030702. Responsibilities

- A. DFAS must provide accounting data on FMS Trust Fund operations to the DoD Components.
- B. DSCA must monitor the FMS program and submission of required FMS Trust Fund Budget Execution reports [in accordance with requirements outlined in Volume 6A, Chapter 2, section 0202](#).
- C. IAs and the supporting DoD Components must:
 - 1. Conduct year-end reviews of the unobligated FMS reimbursable program to ensure unnecessary BA is identified and returned to the FMS Trust Fund;
 - 2. Ensure that the FMS reimbursable program is properly reported in appropriation or DWCF budget execution reports;
 - 3. Submit financial Budget Execution reports accurately and timely in accordance with section 0308;
 - 4. Reconcile IA FMS case records to DFAS SCA case-line level accounting [transactions](#) on a periodic basis;
 - * 5. [Partner with DFAS to resolve any variances or out of balance conditions in support of monthly FMS financial reporting; and](#)
 - * 6. Prepare [Case Closure Certificates](#) signifying IA completion of all actions necessary for DFAS SCA to close the case as soon as possible after the case supply/services [are](#) complete, but no longer than 24 months after such occurrence for cases applicable to countries participating in Accelerated Case Closure Procedures (ACCP). See the SAMM, Appendix 7, “Case Reconciliation and Closure Guide ([RCG](#)),” for the Case Closure Certificate format, [SAMM Chapter 16](#), and paragraph 031002 for case closure information. [For case closure procedures required for non-ACCP, including BPC program cases, refer to paragraph 031002.](#)

0308 FMS TRUST FUND BUDGET EXECUTION REPORTS AND FINANCIAL STATEMENTS

030801. Budget Execution Reports

DFAS submits the following budget execution reports on FMS Trust Fund operations:

A. Monthly [SF 133](#), Report on Budget Execution, for 11X8242. For more information, see Volume 6A, Chapter 4, section 0404;

B. [GTAS](#). Fiscal Service discontinued use of the Fiscal Service Form 2108 and removed references to the form from current Fiscal Service guidance. Budget execution information previously provided on Fiscal Service Form 2108 is now available to Treasury through GTAS. For more information, see Volume 6A, Chapter 4; and

C. Appropriate sections of the annual CFO Financial Statements. For more information, see paragraph 030802.

030802. Financial Statements

For financial statement guidance concerning the reporting of FMS amounts, see Volume 6B, Chapters 2 and 10. The Security Assistance reporting entity also provides GTAS submissions as a Significant Entity per Volume 6A, Chapter 3, [subparagraph 030304.B](#).

0309 CASE EXECUTION

030901. FY End

At the end of each FY, review the reimbursable OA received to implement each FMS case. The total amount of reimbursable BA received is on the OA request. The review serves as the basis to withdraw any unnecessary unobligated balances. Make the withdrawal by submitting a year-end OA request. See Chapter 2, section 0203 for instructions on the preparation of OA requests.

A. [Non-Expiring Accounts](#). At the close of each FY, retain reimbursable FMS OA in a performing DoD account only to the extent that:

1. The amounts are required to cover certifiable obligations incurred by the performing account because of performance of the order;

2. The amounts have been committed within a formal commitment accounting system, for example, to cover normal administrative lead time on the next contract escalation clauses; or

3. The items have been delivered from inventory or applicable DoD services have been performed (cash earned reimbursement). Withdraw any reimbursable FMS

OA not required for these purposes from the performing accounts by September 30 each year. It is recognized that year-end reviews must be made prior to the last day of the FY. Therefore, the amount of OA retained may be somewhat greater than the goal. It is expected, however, that estimating procedures must be improved continually until unnecessary unobligated balances are eliminated.

B. Expiring and Expired Accounts. By the close of each FY, show reimbursable FMS OA in an expiring account only to the extent that the amounts are earned reimbursements or are required to cover certifiable obligations incurred against the performing account. Withdraw any reimbursable FMS OA not required to cover obligations in the expiring account by September 30 each year. During the FY, transfer amounts required in expired accounts from the Trust Fund, as necessary, to cover upward obligation adjustments needed for within-scope changes to contracts or similar transactions.

030902. Reimbursement of Appropriations and Accounts

A. Reimburse DoD appropriations and fund accounts, or Miscellaneous Receipts Account 3041, "Recoveries Under the Foreign Military Sales Program, Army, Navy, Air Force, Defense," upon delivery of items from inventory or performance of DoD services within 30 [calendar](#) days of the occurrence (i.e., date of shipment or performance) for:

1. Items sold under AECA § 21, or
2. Procurement actions made under AECA § 22, if direct cite procedures for financing applicable contracts are not used.

B. The general rule applicable to the sale of DoD services is that the financing account current at the time of performance is credited with applicable BA and subsequent cash collections. The various cost elements that may be involved in the performance of an FMS order, and the appropriations that are to be reimbursed, are in Table 3-1.

1. When items are sold from inventory, the financing account current at the time items are dropped from inventory is credited with applicable BA and subsequent cash collections.

2. When items not to be replaced (free assets) are sold from inventory, those receipts are credited to Miscellaneous Receipts or the Special Defense Acquisition Fund (SDAF). For more information on SDAF, see SAMM, [section 11.9](#).

3. When appropriation or fund accounts are used to finance FMS procurements, the account current at the time the order is accepted is credited with BA and subsequent cash collections.

030903. DD 2061, “Foreign Military Sales (FMS) Planning Directive,” or the Automated Equivalent (Planning Directive)

Update the case Planning Directive, as required, as prescribed in Chapter 2, section 0204. Update cost elements and financing accounts to ensure full recoupment of the costs prescribed in Chapter 7 and to ensure timely identification of cost increases. The Planning Directive serves as the basis for preparing all OA requests during the life of the case.

0310 FMS CASE CLOSURE REQUIREMENTS

031001. General

All proper charges and credits must be recorded against the applicable FMS case. Case closure does not stop the billing/reporting process, but results in a re-categorization of the case records from active status to inactive status to ensure accessibility for recording subsequent activity. In other words, a case never closes from a DoD accounting perspective. For further guidance on the reconciliation and closure of FMS cases, to include closure checklists, see SAMM [Chapter 16](#) and [A7.C4.3](#), and the RCG.

031002. Initiating FMS Case Closure

A. When all ordered items have been physically delivered and all ordered services performed (i.e., supply/services complete), or there is no activity on a blanket order case for 180 [calendar](#) days (and the purchaser agrees no further activity will occur), and all other conditions of the LOA are fulfilled, an FMS case is a candidate for closure. At this time, the responsible IA must determine if there are any unresolved delivery issues, outstanding Supply Discrepancy Reports (SDRs), or litigation claims. Contracting officers must review any contracts that have not been financially closed to determine if significant financial adjustments of open contracts may occur. Cases can be closed under either ACCP or non-ACCP closure procedures.

1. [ACCP](#). ACCP must be used only for those countries that explicitly elect such procedures. However, all countries that have cases financed with Military Assistance Program Merger/Foreign Military Financing (non-repayable) are mandatory participants in ACCP, unless specifically excluded by DSCA. Once selected by a country, ACCP must apply to all cases of that country and must govern any case that was opened (or closed) prior to the date of ACCP implementation, unless a specific arrangement between DSCA and the FMS purchaser is made as part of the implementation criteria. Under ACCP, case closure should be initiated within 24 months after the case is supply/services complete, to allow a country to initiate an SDR and allow the IA to reconcile the case. The applicable DoD Component must request DSCA approval to delay closure beyond 24 months.

2. [Non-ACCP](#). Under non-ACCP case closure, all logistical and financial transactions must be processed before case closure can be initiated.

B. The case manager must ensure the actions outlined in subparagraphs 031002.B.1-6 are taken.

1. The IA-delivered value must agree with the delivered value recorded in DIFS. If necessary to reconcile IA records, obtain historical transaction records from the DIFS database or equivalent online repositories.

a. ACCP. If the case is being closed under ACCP, the difference between progress payments and liquidating deliveries, and the difference between total deliveries and total disbursements in DIFS, must equal the estimated ULO value established by the IA. The IA records must be in balance with each of these values; if not, the IA must submit applicable input to bring the records into balance before issuing a Case Closure Certificate.

b. Non-ACCP. If the case is being closed under non-ACCP, progress payments must equal liquidating deliveries in DIFS. The IA records must be in balance with each of these values; if not, the IA must submit applicable input to bring the records into balance before issuing a Case Closure Certificate.

2. Rectify all problem disbursements in accordance with Volume 3, Chapter 11. A prerequisite for satisfactorily resolving problem disbursements is to validate the accuracy of the disbursed values. Use the authorities in Volume 3, Chapter 11 to facilitate efficient reconciliation and closure actions. Additionally, section 0311 addresses the applicable write-off authority for FMS problem disbursements.

3. Ensure the validity of all obligations in accordance with Volume 3, Chapter 8. Many of those provisions address FMS-specific actions in this regard.

4. Use the guidance in subparagraphs 031002.B.4.a-b for all FMS cases without remaining ULOs.

a. ACCP. If the case belongs to an ACCP country, the applicable DoD Component must submit a final Case Closure Certificate (see the RCG) to DFAS SCA within 24 months after an FMS case is supply/services complete. If the IA determines that due to reconciliation issues a case under ACCP cannot be closed within 24 months of supply/services completion, then submit the case, along with identification of the problem or cause believed to prevent case closure, to DSCA for resolution.

b. Non-ACCP. A supply/services complete case for a country not participating in ACCP will not be submitted for closure until ULOs on accounting classification reference numbers (ACRNs) citing the case are resolved. No case under non-ACCP closure procedures can be interim closed, it must be marked final.

5. Use guidance in subparagraphs 031002.B.5.a-b for FMS cases with remaining ULOs.

a. ACCP

(1) The applicable IA must submit a Case Closure Certificate to DFAS SCA within 24 months after an FMS case is supply/services complete. Cases

with a ULO of zero are final closed (there should be no more transactions of any kind on the case). Cases with a ULO greater than zero are interim closed (there could be additional disbursements on the case, but the purchaser has already paid the FMS Trust Fund enough to cover those disbursements). See paragraph 031003 and the RCG.

(2) The applicable IA must determine and report the value of any remaining ULO relevant to that case. These amounts should be equal to those recorded in the applicable DoD accounting system.

(3) The applicable IA must request DSCA approval to delay interim closure if the estimated ULO is of significant value and is likely to be deobligated rather than disbursed. DSCA will then determine whether to approve the delay.

(4) DFAS SCA must bill the applicable country using the DoD Component's remaining ULO via normal billing procedures. The ULO is part of the case closure value.

(5) DFAS SCA must record the estimated ULO value in a summary account entitled Case Closure Suspense Account (CCSA). At the same time, DFAS SCA must record applicable charges and credits, by country and case, in subsidiary accounts, which total to the CCSA.

(6) When final costs are known and reported by the IA (i.e., liquidating the ULO), DFAS SCA must record such amounts against the CCSA and subsidiary account by country and case.

(7) Upon receipt and payment of final bills, and reconciliation of the case, the IA must submit a final Case Closure Certificate.

(8) On a quarterly basis, DFAS SCA must submit a status report on the CCSA and subsidiary accounts to the DSCA DBO (Financial Policy and Analysis) and ACCP-participating FMS purchaser countries.

(9) When a country's CCSA has a negative balance of \$100,000 or more for a period of six consecutive months, DSCA may instruct DFAS SCA to bill the country for the entire balance owed. For example, if the country's suspense account has negative balances of \$100,000 on December 31, \$250,000 on March 31, and \$175,000 on June 30, DFAS SCA will bill the country \$175,000. Such billings will be made through the country's omnibus quarterly billing statement and will cite all the FMS case(s) involved. DSCA should review the country's CCSA periodically to determine if any refund is warranted.

b. Non-ACCP. For non-ACCP countries, the DoD Component must submit Case Closure Certificates to DFAS SCA only after all applicable known costs have been recorded and no ULOs exist on ACRNs citing the case.

6. At case closure, DFAS SCA must use the submitted closure certificate/transaction in place of an LOA amendment or modification unless the case meets the criteria for an LOA amendment or modification specified in SAMM, section [C6.7](#).

031003. Closure Certification

A. The Case Closure Certificate alerts DFAS SCA to initiate actions needed to close a case. The IA must send certificates electronically to DFAS SCA. If any reporting after the issuance of a Case Closure Certificate has caused variances between DIFS and the certified values, DFAS SCA must notify the IA of actions required to enable closure processing to continue. When the IA and DFAS SCA FMS case records are reconciled, DFAS SCA must reclassify the case to an inactive status and provide a final statement of account to the FMS purchaser for the final value of the case. Once a final statement has been sent for an FMS case, the case must be reclassified by the IA from active to inactive status. The IA then closes applicable case records.

B. All closed cases with post-closure activity [on or after October 1, 1992](#), not subject to ACCP, must be reopened as authorized by DSCA to report execution. The IA must cancel the original closure certificate and submit a new certificate prior to case closure. Cases for countries subject to ACCP may be reopened only as authorized by DSCA.

031004. Billings After Case Closure

A. Any cases required to be reverted to implemented status must be approved by DSCA.

B. The following requirements apply to all ACCP cases.

1. The DoD Component will submit an interface transaction to DIFS moving the case from final to interim closure status. After the status is changed, the IA will send an EA request to DFAS SCA. DFAS SCA will then move the cash from CCSA to the EA reserve account and record the disbursement against the country, case, and line.

2. When post-closure disbursements exceed \$100,000 (in either direction) because of a verified pricing adjustment, the applicable IA must submit a request to DSCA, with an information copy to DFAS SCA, that the case be reopened. Upon receipt of DSCA approval to reopen the case, both the IA and DFAS records must be reclassified to implemented status. If the case is not reopened, then the disbursement must be processed against the CCSA.

3. When all post-closure disbursements/credits have been reported and final costs determined, the DoD Component must certify the case for final status by using the Case Closure Certificate (see the RCG) and by reporting the transaction in DIFS.

C. The following requirements apply to all BPC cases and cases closed under non-ACCP.

1. All cases must be reclassified to implemented status, except for those with a transaction adjustment of \$200 or less. Such adjustments may be charged to the FMS Administrative Surcharge account. Otherwise, reestablish accounting records at the amounts recorded at the time closure certification occurred. Reclassification to implemented status must occur in both the IA and DFAS SCA records.

2. All post-closure disbursements or credits must be recorded in an undistributed account until case records are reactivated.

3. When post-closure activity results in exceeding the case value, a modification to the case is required.

4. When cases are reactivated, the IA must request additional OA, commence reporting status of funds data, request EA, process disbursement/credit transactions, and report adjusted delivery information via the delivery transaction.

5. Once the disbursement/credit and billing processes are complete, DFAS SCA must bill the FMS Trust Fund purchaser. The IA must recertify the case for closure as specified in paragraph 031003.

6. For FMS cases where funds have canceled, irrespective of funding source, DSCA will provide guidance on how to proceed and how invoices will be paid.

031005. Reopening FMS Cases

Normally, closed cases will not be reopened. If the FMS purchaser requests to reactivate a closed case, first determine if there is a case already implemented and available or if a new case should be developed. Opening a closed case (interim or final) is a last resort and requires DSCA approval. See SAMM, Chapter 16, for additional information on reopening cases.

0311 WRITE-OFF AUTHORITY

An IA that determines unresolved reconciliation issues exist for a case may write off those imbalances using write-off authority guidelines. The IA is responsible for providing all vouchers it prepares citing the FMS Administrative Surcharge account to DFAS SCA.

031101. Problem Disbursements

For problem disbursements (unmatched disbursements, negative unliquidated obligations, and in-transit disbursements) up to \$2,500 per transaction, refer to Volume 3, Chapter 11 for an explanation of the problem disbursements policies. The DSCA DBO and DFAS SCA are responsible for ensuring detailed procedures are issued to the FMS community. Problem disbursements greater than \$2,500 should be brought to the attention of DSCA, via the FMS Case Closure Executive Committee, for resolution, provided those problem disbursements have not exceeded the Volume 3, Chapter 11 processing timelines.

031102. Other FMS Financial Transactions

For all other types of FMS financial transactions, up to \$200, charge the FMS Administrative Surcharge account for the amount required to affect prompt financial reconciliation as prescribed in the DSCA annual case review requirement in the SAMM, Chapter 16. For write-off adjustments performed while readying a case for closure, DFAS SCA will provide DSCA DBO (Financial Policy and Analysis) with a quarterly summary of closure certificates received in which amounts have been charged in accordance with this paragraph. A comment must be included in the remarks/comments section of the Case Closure Certificate when these write offs are used.

0312 ANTIDEFICIENCY ACT (ADA) VIOLATIONS AND ADVERSE FINANCIAL CONDITION REPORTS

031201. ADA Violations

For purposes of the ADA, appropriated funds are not limited to those funds specifically appropriated by Congress to federal agencies from the general funds of Treasury. Funds available to agencies are considered appropriated if made available for collection and expenditure pursuant to specific statutory authority, regardless of their source. In applying the ADA, the FMS Trust Fund is considered to be and will be treated as appropriated funds. Therefore, the ADA applies to transactions involving the FMS Trust Fund.

A. Types of Potential Violations. Potential violations may occur in FMS Trust Fund transactions when:

1. Issuing OA or awarding an FMS contract without a signed LOA;
2. Obligating or expending FMS case funds for an unauthorized purpose, including purposes not provided for by law;
3. Violating apportionments or indemnity clauses; or
4. Incurring obligations on a BPC case where the financing appropriation's period of availability to incur new obligations has expired. Additional information on potential violations of the ADA is in Volume 14, Chapter 2.

B. Identifying and Reporting Potential Violations of the ADA. Detailed guidance for identifying, investigating, and reporting violations under the ADA is in Volume 14. Due to the complexities of provisions in the AECA, it is important to consult with appropriate legal counsel and comptroller officials on potential violations of the ADA for FMS.

031202. Adverse Financial Conditions

Other reportable events occur when FMS case records are out of balance, but these conditions do not necessarily meet the criteria of violations discussed in paragraph 031201. These conditions are adverse financial conditions and occur when financial reports show that: OA

exceeds case or line-item level values, commitments or obligations exceed OA at case or line-item level, total disbursements exceed obligations at case or line-item level, or EA is not requested prior to disbursement. Adverse financial conditions are reported using the same format used for ADA violations.

A. Reporting Requirements for Adverse Financial Conditions

1. DFAS SCA has the responsibility for determining reportable conditions and notifying IAs of adverse conditions involving EA. DFAS SCA must provide a monthly analysis report to the DoD Components identifying if disbursements are greater than EA at the country case level, or if EA was requested, remained unused, and was not returned at the end of the month. The DoD Components must review the listings within 15 **calendar** days of receipt and provide DFAS SCA an explanation of the discrepancy, the required corrective action, and when such action will be processed. This information will be shared with DSCA.

2. The DoD Component has the responsibility to resolve adverse conditions involving obligations or expenditures of funds in excess of approved authority at any level lower than case level.

B. Exceptions to Reporting Adverse Financial Conditions. Reports need not be submitted for within-scope cost increases in either of the following circumstances:

1. Obligation(s) in excess of the “Total Estimated Cost” shown on the LOA occurs, and a modification is prepared by the DoD Component and submitted to the purchaser through appropriate channels within 60 **calendar** days of the date of the transaction that resulted in the unfavorable financial condition; or

2. Obligation(s) or expenditure(s) in excess of approved authority occurs, the excess amount results from the posting of duplicate or erroneous obligation/expenditure transactions or the posting of obligations from inventory systems, and corrective action is taken within 60 **calendar** days of the transaction date. These conditions, however, could indicate weaknesses in internal controls and administrative action may be required to improve systems design or to prevent recurrence.

Figure 3-1. Format for the DoD Status-of-Allotment Report

DOD STATUS-OF-ALLOTMENT												
FROM:		TO:		FOR AUTHORIZATION ISSUED TO:		I certify that the amounts herein reported are in accordance with U.S.C. 200 and prescribed accounting directives.		REPORTING FISCAL OFFICER (Signature and rank)				
		ACCOUNTABLE AGENCY:		TYPE <input type="checkbox"/> ALLOTMENT <input type="checkbox"/> SUBALLOTMENT		APPROPRIATION AND SUBHEAD AUTHORIZATION NO.		FOR PERIOD ENDED				
BUDGET PROJECT NO.	AUTHORIZATIONS		GROSS COMMITMENTS		GROSS OBLIGATIONS		ACCRUED EXPENDITURES UNPAID		DISBURSEMENTS		UNCOMMITTED BALANCE	
	CHANGES THIS PERIOD	CURRENT TOTAL	CHANGES THIS PERIOD	CURRENT TOTAL	CHANGES THIS PERIOD	CURRENT TOTAL	NON-GOVT	GOVT	CHANGES THIS PERIOD	CURRENT TOTAL		(9).
(1).	AUTHORIZATIONS RECEIVED	(2).	(3).	(4).	(5).	(6).	(7).	(8).	(9).	(10).	(11).	(11).

Table 3-1. Cost Elements

Cost Element	Appropriation Reimbursed
A. Services of Military Personnel	
1. Composite standard military pay rate	Military Personnel (MILPERS)
2. Leave and holiday factor when applicable (see Chapter 7, paragraph 072001)	MILPERS
3. Personnel support costs	Operation and Maintenance (O&M), 97*0130, "Defense Health Program, Defense"
4. Retirement cost prior to October 1, 1984	Miscellaneous Receipts Account 3041
5. Retirement cost after September 30, 1984	MILPERS
6. Medicare-Eligible Retiree Health Care accrual	Miscellaneous Receipts Account 3041
B. Services of Civilian Personnel including DWCF Personnel	
1. Salary cost and wages	O&M, Research, Development, Test, Evaluation (RDT&E), and DWCF as applicable
2. Leave and holiday factor when applicable	O&M, RDT&E, and DWCF as applicable (see Chapter 7, paragraph 070202)
3. DoD-funded civilian retirement costs	O&M, RDT&E, and DWCF as applicable
4. Health and life insurance and other employee fringe benefits	O&M, RDT&E, and DWCF as applicable
5. Civilian unfunded retirement costs and post-retirement health benefits not funded by DoD appropriations	Miscellaneous Receipts Account 3041
C. Inventory Items	
1. Non-excess procurement funded items which require replacement	Financing procurement appropriations, as applicable, current at the time items are dropped from inventory
2. Non-excess procurement funded item that is not to be replaced within the obligation availability of current procurement appropriations	Miscellaneous Receipts Account 3041 or SDAF
3. DWCF items, including the cost recovery elements for operating costs	DWCF
4. Excess procurement funded principal items	Funds items in accordance with Title 10, U.S.C. § 114(c)(2) , Miscellaneous Receipts Account 3041

Table 3-1. Cost Elements (Continued)

Cost Element	Appropriation Reimbursed
D. Nonrecurring cost recoupment charges (Collected as a result of FMS)	Miscellaneous Receipts Account 3041
E. Transportation	Financing appropriation/fund current at the time transportation is supplied
F. LSC	FMS Trust Fund Administrative Account
G. DoD Royalty fee charges	Miscellaneous Receipts Account 3041
H. Charges for the use of DoD assets (includes depreciation on purchased equipment)	Miscellaneous Receipts Account 3041 Depreciation which is included in DWCF shop rates must be retained by the DWCF
I. Asset Use	Miscellaneous Receipts Account 3041
J. FMS contract costs financed by DoD appropriation or fund accounts	Financing procurement appropriation or DWCF, as applicable
K. Temporary Duty costs financed by appropriation or fund accounts	O&M and RDT&E appropriations current at the time travel is performed, or DWCF, as applicable
L. Accessorial charge	
1. Packing, crating, and handling (PC&H)	FMS Trust Fund PC&H Account
2. Transportation	FMS Trust Fund Transportation Accounts
M. FMS Administrative Surcharge	FMS Trust Fund Administrative Account
N. FMS CAS Surcharge	FMS Trust Fund CAS Account
O. CAS (This is a combination of cost elements A, B, and K)	MILPERS, O&M, DWCF, or Miscellaneous Receipts Account 3041, as applicable
P. Interest charge resulting from late payment of billings (DD 645, "Foreign Military Sales Billing Statement") for accrued expenditures	Miscellaneous Receipts Account 3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified"
Q. Mailing fee, storage, and publications	O&M or DWCF, as applicable
R. Inventory losses	Applicable procurement or DWCF, as applicable
S. Attrition	FMS Trust Fund Attrition Account

Note: DoD Components must maintain internal records of the dollar amounts applicable to each category of collections deposited into Miscellaneous Receipts Account 3041. One decimal sub-account must be used for each type of collection. For example, 3041.3 might be used to designate dollar amounts applicable to non-recurring cost recoupment.