

AP1. APPENDIX 1DEFINITIONS

- AP1.1.1. Above-the-Line Costs. Specific line item costs for articles or services (including CAS, LSC, and royalty fees, as appropriate), or as part of a specific line on a LOA.
- AP1.1.2. Accelerated Case Closure Procedures (ACCP). The standard closure method. ACCP enables FMS SSC cases to interim close before all financial transactions are finalized. All countries that have cases financed with FMF must take part in ACCP; other countries are strongly urged to take part. Cases may have a ULO at closure. Contracts supporting the FMS case may stay open at ACCP closure.
- AP1.1.3. Acceptance. Purchaser signature on the LOA document, evidencing purchaser agreement with all terms and conditions thereon.
- AP1.1.4. Acceptance Date. The date the purchaser signs the LOA.
- AP1.1.5. Accessorial Charges. The costs of PC&H and transportation associated with the movement of defense articles provided under the FMS program; a below-the-line cost.
- AP1.1.6. Accounting Classification Reference Number (ACRN). A two-position alphanumeric field that identifies a specific line of accounting within a contract or funding document.
- AP1.1.7. Accrued Expenditures. Represents completed obligations, both paid (known as “funds disbursed”) and unpaid (known as “accounts payable”).
- AP1.1.8. Adjustment Reply Code. A code that shows the type of action being taken in reply to the purchaser SDR. Codes are sent to DIFS by the IA during FMS delivery and/or performance reporting.
- AP1.1.9. Administrative Contracting Officer (ACO). The USG official responsible for the administration of USG contracts.
- AP1.1.10. Administrative Cost. The cost associated with administering the FMS program and cases; below-the-line cost.
- AP1.1.11. Adverse Financial Condition (AFC). An out-of-balance condition on the case that shows one of the four following conditions has occurred:
- AP1.1.11.1 OA exceeds case or line item level values,
  - AP1.1.11.2 Commitments or obligations exceed OA at case or line item level,
  - AP1.1.11.3. Total disbursements exceed obligations at case or line item level, or

AP1.1.11.4. EA is not requested before disbursement.

AP1.1.12. Allotment. Authority issued to a DoD Component to incur commitments and obligations within a specified amount.

AP1.1.13. Amendment. A contracted scope change to an existing LOA that requires purchaser acceptance.

AP1.1.14. Arms Export Control Act (AECA)(reference (h)). The basic U.S. law providing the authority and general rules for the conduct of FMS and commercial sales of defense articles, defense services, and training.

AP1.1.15. Audit. The systematic examination of records and documents to find:

AP1.1.15.1. The adequacy and effectiveness of budgeting, accounting, financial, and related policies and procedures;

AP1.1.15.2. Compliance with applicable statutes, regulations, policies, and prescribed procedures;

AP1.1.15.3. The reliability, accuracy, and completeness of financial and administrative records and reports; and

AP1.1.15.4. The extent to which funds and other resources are properly protected and effectively used.

AP1.1.16. Below-the-line Costs. PC&H, administrative charges, transportation, and other costs that are displayed on lines 9-12 of the LOA.

AP1.1.17. Billing Statement. The DD Form 645A FMS Billing Statement issued by DFAS Denver that represents the official claim for payment by the USG referred to in the LOA. It also gives an accounting to the purchaser for all costs incurred on his or her behalf under each agreement. An SBA authorized by the DSCA may also serve as an official billing statement for a purchaser.

AP1.1.18. Blanket Order (BO) LOA. An agreement between a purchaser and the USG for a specific category of items or services (including training) with no definitive listing of items or quantities. The LOA specifies a dollar ceiling against which orders may be placed.

AP1.1.19. Budget Authority. Authority provided by law to incur financial obligations (in support of FMS cases) that result in outlays. Specific forms of budget authority applicable to the FMS program are:

AP1.1.19.1. Contract Authority (Direct Cite (DC)). A type of budget authority that allows obligations before cash is available to liquidate the obligations. Section 22 of the AECA (reference (h)) gives purchasers permanent indefinite contract authority for

new procurement. When the foreign country or international organization provides a dependable undertaking, the USG may enter into contracts before receiving cash.

AP1.1.19.2. Spending Authority from Offsetting Collections (Reimbursable). A type of budget authority that allows the sales of defense articles and defense services under Section 21 of the AECA (reference (h)) and the administrative functions financed with the FMS administrative surcharge and LSC that is originally paid by the performing activity and later reimbursed by the requesting activity.

AP1.1.20. Case. An LOA that has been accepted by an authorized purchaser. A contractual sales agreement between the U.S. and an eligible foreign country or international organization. One FMS LOA identifier is assigned for identification, accounting, and data processing for each Offer.

AP1.1.21. Case Closure Certificate. Formal notification to DFAS Denver that the IA has certified the case is ready for closure.

AP1.1.22. Case Closure Certificate Inventory (CCCI). A module of DIFS that receives the 'C1' closure transaction from the IAs and which provides the status of the corresponding closure request.

AP1.1.23. Case Closure Suspense Account (CCSA). Country level account maintained by DFAS Denver that summarizes disbursement activity and ULO balance for each closed case.

AP1.1.24. Case Identifier. A unique six-digit identifier assigned to an FMS case for identification, accounting, and data processing of each accepted LOA. The case identifier consists of the two-letter CC, a one letter designator for the DoD IA, and a three-letter case designator.

AP1.1.25. Case Manager (CM). An official within an IA who is responsible for all financial and logistical aspects of a case throughout its life cycle.

AP1.1.26. Change in Scope. Changes that modify the quantity, revise the period of performance, significantly adjust the dollar value of the case, or substantially expand or reduce an FMS program. Changes in scope require an LOA Amendment.

AP1.1.27. Closed Case and/or Closure. A case for which all materiel has been delivered, services have been performed, other requirements of the LOA have been satisfied, known financial transactions (including collections) have been processed (except for ACCP interim closed cases), and the purchaser shall receive a final statement of account in the next DD Form 645.

AP1.1.28. Closure Inhibitors. Codes that show conditions preventing closure.

AP1.1.29. Closure Transactions. A series of transactions submitted between the MILDEP systems and DIFS to update closure status of a case. The individual case closure transactions are:

AP1.1.29.1. 'C1.' A system-generated transaction submitted by the MILDEP system to DIFS to show the case has been certified for closure, and to signify IA completion of all actions required for DFAS Denver to close the case in DIFS.

AP1.1.29.2. 'C3.' A system-generated transaction submitted from DIFS to notify the MILDEP system that the case is closed in DIFS. The MILDEP system shall use this transaction to update closure status. The 'C3' is also sent from DIFS to the MILDEP system after DIFS processes a 'C8' closure transaction.

AP1.1.29.3. 'C4.' A system-generated transaction submitted by the MILDEP system to DIFS to cancel closure action on a case that was submitted for closure before, but not yet closed.

AP1.1.29.4. 'C5.' A system-generated transaction submitted by the MILDEP system to DIFS to begin reopening a non-ACCP case that was closed before, or to revert an ACCP case from final to interim closure status. The 'C5' is converted into a DIFS 'CF' transaction that changes the applicable case status in the Case Control Summary Master File in DIFS.

AP1.1.29.5. 'C8.' A DIFS-generated transaction that closes the case within DIFS and sends a 'C3I' transaction to the MILDEP system. All inhibitors within DIFS must be cleared before submission of the 'C8'.

AP1.1.30. Collection. Receipt in U.S. dollar currencies, checks, or other negotiable instruments from a purchaser country to pay for defense articles or services, based on accepted LOAs and USG official billing statements.

AP1.1.31. Commitment. An administrative reservation of funds based on procurement directives, orders, requisitions, authorizations to issue travel orders, or requests that authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. Commitments are intended to reserve funds for future obligations. A commitment is subject to cancellation by the approving authority if it is not already obligated.

AP1.1.31.1. Gross Commitment. The cumulative value of commitments on the case, including net commitments, net obligations, and total expenditures.

AP1.1.31.2. Net Commitment. The value of commitments that have not yet been obligated or disbursed.

AP1.1.32. Constructive Delivery Reporting. The reporting of quantities of items on a line having a unit of issue of each EA for the following Generic Codes:

AP1.1.32.1. A1 through A5 and A9B. Aircraft;

AP1.1.32.2. B1 through B4. Complete missile lines only, Missiles;

AP1.1.32.3. C. Ships;

AP1.1.32.4. D. Combat Vehicles;

AP1.1.32.5. E3. Tactical and Support Vehicles;

AP1.1.32.6. F2 through F4. Weapons;

AP1.1.32.7. G2, G4, G5 (less M and Y), and G6A. Ammunition; and

AP1.1.32.8. H4. Communications Equipment.

AP1.1.33. Contract. A mutually binding legal relationship that obligates the seller to supply products or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the USG to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications.

AP1.1.34. Contract Administrative Services (CAS) Surcharge. FMS CAS Surcharge is comprised of three basic elements: quality assurance and inspection, contract audit, and contract administration. The majority of the tasks associated with quality assurance and inspection and with contract administration are done by the DCMA and the majority of the tasks associated with contract audit are done by the DCAA. The surcharge percentage depends on the implementation date of the basic LOA, the actual CAS functions being done, and any contract administrative reciprocal agreements with a particular purchasing country.

AP1.1.35. Contract Administration. All the activities associated with the performance of a contract from pre-award to closeout.

AP1.1.36. Contracting Activity. Certain commands designated by each MILDEP. The subordinate command is that in which a principal contracting office is located. It may include the program office, related functional support offices, and contracting offices. The head of the contracting activity has certain approval and authority responsibilities.

AP1.1.37. Contracting Officer's Representative (COR). An individual designated and authorized in writing by the contracting officer to do specific technical or administrative functions.

AP1.1.38. Contract Line Item Number (CLIN). A four-position alphanumeric field associated with a specific delivery line of a contract.

AP1.1.39. Contract Reconciliation System (CRS). A fully integrated contract reconciliation tool that supports both full and limited scope reconciliations. Contract reconciliation is the identification and creation of adjustments to eliminate quantity, price, or accounting classification differences between contract line items, obligations, and disbursements. The reconciliation includes generating corrective actions sent to MOCAS.

AP1.1.40. Cooperative Logistics Supply Support Arrangement (CLSSA). A cost sharing stock replenishment program available to purchasers, whose planning data and financial resources are combined with DoD demand data and financial resources to get improved supply support for weapons systems. Under CLSSA, purchaser requirements are given equal treatment as compared to DoD requirements with the same Force Activity Designator.

AP1.1.41. Credit Case. The use of USG appropriated funds from the FMF account to finance a foreign country's FMS purchases of U.S. defense articles or services. Credit funds may be in the form of repayable loans or non-repayable grants.

AP1.1.42. Cross-Leveling. The process by which DFAS Denver transfers funds (i.e., collections), from one FMS case to another FMS case for the same purchaser. This process is usually requested by the purchaser, unless a blanket cross-leveling agreement exists.

AP1.1.43. Curves. Pre-established schedules that may be used for developing a payment schedule for a given case or line on a case.

AP1.1.44. Curve Validation Methodology. The process by which payment schedule curves and/or profiles housed in DSAMS are validated. All curves must be validated every 2 years by getting a random sampling of cases that used each curve at any point during the preceding 5 years, getting actual performance data, comparing actual performance with forecasts as shown on curves and/or profiles, finding if allowable variations are exceeded, and adjusting the curve and/or profile, as appropriate.

AP1.1.45. DD Form 645. See Billing Statement.

AP1.1.46. Defense Article. Any weapon, weapon system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or good used for making military sales; any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any article listed above, but shall not include merchant vessels, major combatant vessels (Section 7307 of Title 10 U.S.C. (reference (q)), or as defined by the Atomic Energy Act of 1954, as amended (Section 2011 of Title 42 U.S.C. (reference (r)), source material, by-product material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data. (Section 644(d) of the FAA (reference (1)) and Section 47(3) of the AECA (reference (h))

AP1.1.47. Defense Services. Includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information (as defined in section 644(e) of the FAA (reference (l))), used for making military sales, but does not include design and construction services under Section 29 of the AECA (reference (h)), as amended.

AP1.1.48. Defense Cash Accountability System (DCAS). The migration system selected by DFAS to be used as the cash accountability system for the Department of Defense. Cash accountability is the reporting of disbursements, reimbursements, deposits, and receipts to the U.S. Treasury. Expenditure data reported to Treasury includes the processing of TBOs and TFOs, as well as other transactions influencing the status of funds. DCAS is the standardized system the MILDEPs use to receive financial expenditures.

AP1.1.49. Defense Contract Audit Agency (DCAA). DCAA is responsible for issuing all contract audits for the Department of Defense, and providing accounting and financial advisory services about contracts and subcontracts to all DoD Components responsible for procurement and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts.

AP1.1.50. Defense Contract Management Agency (DCMA). DCMA is the DoD Component that works directly with Defense suppliers to help ensure that DoD, Federal, and allied government supplies and services are delivered on time, at projected cost, and meet all performance requirements.

AP1.1.51. Defense Federal Acquisition Regulation Supplement (reference (e)). The DoD supplement to reference (d). Reference (e) provides unique acquisition regulations for the Department of Defense.

AP1.1.52. Defense Finance and Accounting Service (DFAS). DFAS is responsible for DoD centralized billing, collecting, and trust fund accounting for the FMS program.

AP1.1.53. Defense Integrated Financial System (DIFS). The DFAS accounting system that supports the corporate SA accounting business area, specifically the FMS program and FMF.

AP1.1.54. Defense Security Assistance Management System (DSAMS). A system used to develop Price and Availability and develop and implement LOA, and lease documents.

AP1.1.55. Defense Security Cooperation Agency (DSCA). DSCA provides timely and effective direction, supervision, and oversight of security cooperation programs in support of U.S. national security and foreign policy objectives; and promotes stable security relationships with friends and allies through military assistance.

AP1.1.56. Defense Working Capital Fund (DWCF). A revolving fund that uses a business-like buyer and seller approach with the goal of breaking even over the long term. Stabilized rates or prices are usually established each FY. DWCF stabilized rates

or prices are adjusted for sales to purchasers to include PC&H, first destination transportation, unfunded civilian retired pay, and post-retirement health benefits costs.

AP1.1.57. Defined Order (DO) LOA. This order is characterized by separate line items having a specified period of performance which may include individually listed items or dollar value lines for which requisitions (for hardware lines) are started by the IA following LOA implementation.

AP1.1.58. Delivery, Actual. The delivery of material to the purchaser or the purchaser's designated freight forwarder at a point of production, testing, or storage at docksides, staging areas, or airports.

AP1.1.59. Delivery, Constructive (Physical). Completed delivery of materiel to a carrier for transportation to a consignee, or delivery to a U.S. post office for shipment to a consignee. Delivery is evidenced by completed shipping documents or listings of delivery at the U.S. post office.

AP1.1.60. Delivery Reporting for FMS. The process where performing activities (usually IAs) report physical deliveries to DFAS Denver via DIFS. Delivery reporting affirms that defense articles were delivered to and/or defense services were completed for the purchaser.

AP1.1.61. Delivery Source Code (DSC). This code is used to assess applicable surcharges to the purchaser. The surcharges applied for each DSC are based on funding source, stock fund and/or DWCF or appropriation, and Section 21 or 22 of the AECA (reference (h)).

AP1.1.62. Delivery Term Code (DTC). This code specifies who is responsible for transportation and how far items are transported. The percentage associated with this code is used to compute the transportation charges on the LOA.

AP1.1.63. Dependable Undertaking. Under Sections 22(a) and 29 of the AECA (reference (h)), a firm commitment by the purchaser to pay the full amount of a contract which assures the USG against any loss on the contract, and to make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, before such payments, damages, or costs are due. (See reference (c) to validate which countries qualify for dependable undertaking.)

AP1.1.64. DFAS Corporate Database (DCD). This database provides the capability to enable shared, controlled storage and retrieval of DFAS standard transactional data. Transactional data are the current active values of finance, accounting, and other DFAS standard data elements.

AP1.1.65. Direct Cite (DC). The citation of the FMS Trust Fund (97-11X8242) used as the financing source on funding documents.

AP1.1.66. Disbursements. Funds paid from the FMS Trust Fund for bills submitted from contractors and the IAs.

AP1.1.66.1 Gross Disbursements. Represent the amount of cash or checks issued, other reimbursable transactions processed, or payments made, less refunds received.

AP1.1.66.2 Net Disbursements. Represent gross disbursements less income collected and credited to the appropriated fund account, such as amounts received for goods and services provided.

AP1.1.67. DoD Financial Management Regulation (DoDFMR) (reference (b)). Provides all DoD Components with the policy, regulations, and procedures within the area of responsibility of the DoD Comptroller. Volume 15 of this regulation establishes the accounting, pricing, budgeting, and reporting policy and procedures necessary to administer the financial management requirements of references (h) and (l).

AP1.1.68. DSCA(Q)1238 Report. A report that tracks closure objectives, actual closure progress during each quarter of a given FY, and resource allocations to the closure function and inventories ACCP cases over 2 years SSC that the purchaser wants kept open.

AP1.1.69. Electronic Document Access (EDA). EDA uses the Internet to give the Department of Defense on-line access to share, store, and retrieve contracts and other documents electronically. EDA offers read-only access to official contracts, contract modifications, vouchers, GBLs, and accounting and finance documents. EDA uses one common file format that eliminates the need to maintain hard copy files, reducing the need to print, mail, file, and manage paper.

AP1.1.70. Enhanced Accelerated Case Closure (EACC). A component within ACCP, that is designed to target the closure of those cases that are more than 24 months SSC yet are still open. IAs are usually given at least 6 months to close the cases on the EACC list.

AP1.1.71. Estimated Performance Billing (E-Bills). An estimated performance delivery transaction (based on an actual shipment) processed before receiving the actual performance delivery transaction. Used to reduce shipped, not delivery reported, values.

AP1.1.72. Executive Committee for Case Closure and Reconciliation (EXCOM). This committee provides final resolution after all existing policies and/or procedures have been used on financial discrepancies and imbalances relating to FMS cases and/or lines. Specific functions of the EXCOM include approving discontinued research, finalizing case closure values and/or cost components, and resolving force closure value discrepancies.

AP1.1.73. Expenditure Authority (EA). Authority issued by DFAS Denver to a certifying officer or disbursing activity authorizing the later disbursement of an FMS country's funds.

AP1.1.74. Federal Acquisition Regulation (reference (d)). The primary regulation used by federal executive agencies for acquiring supplies and services with appropriated funds.

AP1.1.75. Financial Management Regulation. See reference (b).

AP1.1.76. Financial Management Review (FMR). A meeting sponsored by DSCA with the purchaser to reconcile financial records, review the financial status of FMS cases, ensure continued solvency of the purchaser's accounts, improve cycle times, identify cases requiring intensive financial management, and devise financing strategies for existing and prospective FMS purchases. DSCA works with the IAs, SAOs, DFAS, and the purchaser in planning and executing FMRs.

AP1.1.77. Financially Troubled Case (FTC). A condition that results when commitments, obligations, and/or expenditures exceed the OA issued.

AP1.1.78. Financing, Type of. The method by which the USG may sell defense articles and services under reference (h) (e.g., cash with acceptance, dependable undertaking, credit). The type of financing is shown by entering the proper term(s) of sale on the LOA.

AP1.1.79. FMS Reviews. Meetings (usually in a conference format) held to discuss the status of a purchaser's FMS program. A review may be either external (with the purchaser) or internal (USG only) in nature. Reviews vary in terms of scope, level of detail, and composition of attendees.

AP1.1.80. Forecasting (Projection Methodology). The basis by which estimates are derived to show future financial performance and associated funds owed to the USG. For example, contractor supplied progress payment and/or disbursement schedules, historical requisitioning activity, analysis of past performance of similar cases, lead times, delivery schedules, and periods of performance are factors for estimating future financial needs.

AP1.1.81. Force Closure. FMS cases listed on DSCA's EACC list, and as designated by DSCA, that did not close within 3 quarters of a year after being placed on the EACC list. Cases are unilaterally closed in DIFS unless they were closed in the MILDEP system before.

AP1.1.82. Foreign Assistance Act (FAA) of 1961 (reference (l)). The basic law providing the authority and the general rules for the conduct of foreign assistance grant activities and/or programs by the USG.

AP1.1.83. Foreign Military Financing (FMF). A USG program for financing the procurement of defense articles, defense services, and design and construction services through loans or grants to eligible foreign countries and international organizations.

AP1.1.84. Foreign Military Sales (FMS). That part of U.S. SA authorized by reference (h), as amended, and conducted on the basis of formal contracts or agreements between the USG and an authorized recipient government or international organization. FMS includes government-to-government sale of defense articles or defense services, from

DoD stocks or through purchase under DoD-managed contracts, regardless of the source of financing.

AP1.1.85. Foreign Military Sales Order (FMSO). These are LOAs that implement CLSSAs. Two LOAs are written: an FMSO I and an FMSO II. The FMSO I, Part A, represents the on-hand value of DoD CONUS inventories required to support purchaser requisitions. The FMSO I, Part B, provides the OA to fund the remaining portion of the order. The FMSO II is the consumption case, and all FMSO deliveries are reported against this case.

AP1.1.86. Funding Document. Any financial instrument used as the basis to incur obligations to fulfill the requirements of the FMS case. Funding documents include both contracts (DC funded), as well as reimbursable documents, such as work requests, project orders, MIPRs, etc.

AP1.1.87. Generic Code. A three-digit code identified in the MASL which represents the type of materiel or services to be supplied, according to a specific budget activity and/or project account classification.

AP1.1.88. Holding Account. An account established within the FMS Trust Fund for each country and/or international organization for recording and safeguarding funds not allocated to a specific FMS case.

AP1.1.89. Implementing Agency (IA). The U.S. MILDEP or Defense Agency responsible for administering security cooperation programs.

AP1.1.90. Interfund. A process used for billing and reimbursement of supply system (i.e., stock) sales. Under Interfund processing, the selling activity shall credit (reimburse) the appropriation or fund which owns the material or finances any associated accessorial costs, and charge (bill) the fund of the ordering activity. Generating the Interfund bill is based on constructive (physical) delivery reporting.

AP1.1.91. Internal Review. A comparison of case level financial and logistical data between the DIFS and MILDEP systems.

AP1.1.92. Inventory Control Point. The organizational element within a DoD system which is assigned responsibility for materiel management of a group of items, including such management functions as computing requirements, beginning procurement or disposal actions, managing distribution, and rebuilding direction.

AP1.1.93. Invoice. A contractor's bill or written request for payment under the contract for supplies delivered or services performed.

AP1.1.94. Lead-Time. The time interval (usually stated in months) from LOA acceptance to final delivery. Lead-time is comprised of two elements: administrative lead-time (from LOA acceptance to contract award) and procurement lead time (interval between contract award and final delivery).

AP1.1.95. Lease. An agreement for temporary transfer, with or without a rental charge, of the right of possession and use of a defense article to an FMS eligible foreign government or international organization, with the transferee agreeing to maintain, protect, repair, or restore the article.

AP1.1.96. Letter of Offer and Acceptance (LOA). The authorized document for use by the USG to offer to sell defense articles and/or defense services to a foreign country or international organization. The LOA is closely related to the “FMS case.” A purchaser’s signature represents acceptance of the offer.

AP1.1.97. LOA Implementation. Occurs when the purchaser accepts the LOA (via signature thereon) and the initial deposit is received in the purchaser’s Trust Fund or other designated account. (On an exception basis, DSCA may authorize emergency implementation of an LOA before the initial deposit receipt.) The case becomes implemented in DSAMS. On receipt of interface from DSAMS, the case is then implemented in DIFS and the IA system.

AP1.1.98. Letter of Request (LOR). A written request from eligible FMS participants to purchase defense articles and/or defense services.

AP1.1.99. Line Item Number. A code which identifies a detail line item on the LOA. This code is perpetuated on the purchaser’s bill.

AP1.1.100. Logistics Support Charge (LSC). A surcharge intended to recover the cost of logistics support involved in providing non-DWCF spares and other items required to maintain a weapon system. These support costs are associated with production control, requisition processing, inventory maintenance, administration of SDRs, and logistics management. The LSC is applied by DFAS Denver to delivery costs for those lines in FMS cases which have been identified as support lines based on the MASL included in the LOA.

AP1.1.101. Logistics. Planning for and executing those aspects of military operations which deal with:

AP1.1.101.1. Design and development, acquisition, storage, movement, distribution, maintenance, evacuation, and disposition of materials;

AP1.1.101.2. Movement, evacuation, and hospitalization of personnel;

AP1.1.101.3. Acquisition or construction, maintenance, operation, and disposition of facilities; and

AP1.1.101.4. Acquiring or supplying of services.

AP1.1.102. Major Case. Decided based on type of FMS case LOA as follows:

AP1.1.102.1. DO - \$25 million or greater;

AP1.1.102.2. BO or CLSSA - \$10 million or greater; and/or

AP1.1.102.3. Case value is 15 percent or more of a country's total FMS program in terms of dollar value.

AP1.1.103. Major Defense Equipment. Those items of significant military equipment, as identified in the International Traffic in Arms Regulation U.S. Munitions List (reference (s)), that have incurred a nonrecurring cost for RDT&E of \$50 million or a total production cost of \$200 million or more.

AP1.1.104. Mechanization of Contract Administration Services (MOCAS). The automated system jointly used by DFAS, DCMA, and other activities. MOCAS provides payment, management, financial, and delivery data to purchaser offices, funding offices, and inventory managers.

AP1.1.105. Military Articles and Services List (MASL). Identifies and categorizes defense articles and defense services for each LOA line item. There are two separate MASLs – one for materiel and one for training.

AP1.1.106. Military Standard Requisitioning and Issue Procedures (MILSTRIP). A uniform DoD procedure to govern requisition and issue of materiel within standardized priorities.

AP1.1.107. Military Standard Contract Administration Procedures Master File. A database that has acquisition files including total dollars obligated by appropriation, ACRN, and CLIN. This master file also includes modifications issued and contracts closed.

AP1.1.108. Modification, LOA. An administrative or price change to an existing LOA, without revising the scope. LOA Modification does not require acceptance by a purchaser.

AP1.1.109. Net Case Value (NCV). Total estimated cost shown on the "Net Estimated Cost" of the LOA. NCV includes CAS and LSC but does not include accessorial or administrative surcharge.

AP1.1.110. Non-ACCP. FMS countries whose programs are completely financed with national funds (cash) and have not elected to convert to ACCP. A case is eligible for closure only when SSC and all contracts relating to the FMS case are closed and case is financially complete. Closure is usually delayed by several years to complete case and/or contract audits and contract close-out.

AP1.1.111. Nonrecurring Costs. Those costs funded by an RDT&E appropriation to develop or improve a product or technology either through contract or in-house effort. Also, those one-time costs incurred in support of previous production of a specified model and those costs incurred in support of a total projected production run.

AP1.1.112. Obligational Authority (OA). The authorized amount (funding) received by the IA on a DD Form 2060 (FMS OA) (or automated equivalent) before commitments and obligations to be incurred against a given FMS case in an amount not to exceed the value specified on line 20 of the DD Form 2060. The IA records reimbursable orders against an appropriation or directly cites the FMS Trust Fund while executing the FMS case. Line 10 of the DD Form 2060 displays the amount programmed as reimbursable authority and line 11 displays the DC authority.

AP1.1.113. Obligations. Amounts or orders placed, contracts awarded, services received, and similar transactions during an accounting period that shall require payment during the same, or a future, period. The amount of obligations incurred is segregated into undelivered orders and accrued expenditures – paid or unpaid.

AP1.1.113.1. Gross Obligation. The cumulative value of obligations on the case, which includes net obligations and total expenditures.

AP1.1.113.2. Net Obligation. The value of obligations not yet disbursed.

AP1.1.114. Outside the Continental United States (OCONUS). All geographic areas outside of the territorial boundaries of CONUS.

AP1.1.115. Packing, Crating, Handling (PC&H). The labor, material, and service costs related to preparing items for shipment to purchasers.

AP1.1.116. Payment on Delivery. An FMS term of sale in which the USG issues a bill to the buyer at the time defense articles are delivered or defense services from DoD resources are rendered. This term may only be used under written authorization by the Director, DSCA, who may authorize payment up to 60 days after the date of billing. Based on a Presidential determination, payment may be extended up to 120 days after delivery.

AP1.1.117. Payment Schedule. List of dollar amounts and when they are due from the foreign purchaser. The payment schedule is part of the LOA presented to the purchaser. After acceptance of the LOA, the payment schedule generally serves as the basis for billing to the purchaser.

AP1.1.118. Payment Schedule Variance Report (PSVR). A quarterly report that identifies cases for which a potential issue may exist related to the continued accuracy of payment schedules for those cases. The PSVR is a tool for ensuring timely resolution of case payment schedule issues.

AP1.1.119. Performance-Based Payments. Payments to contractors based on successful completion of contract milestones.

AP1.1.120. Performance Reporting. The reporting of deliveries from MILDEP systems to DIFS. Also known as delivery reporting.

AP1.1.121. Performing Activity. An activity responsible for performing work or services, including the production of material and/or the procurement of goods and services from other contractors and activities.

AP1.1.122. Period of Performance. Indicates how long the requirement is planned to last or the duration of a service.

AP1.1.123. Pipeline. That portion of accepted SA program orders for defense articles and services, for which delivery, either constructive or actual, has not occurred, or services have not been rendered.

AP1.1.124. Pre-validation. The process of ensuring that sufficient valid obligations are available before disbursing funds.

AP1.1.125. Positive Transaction Control (PTC). The interface between the MILDEP systems and DIFS that is communicated via the FMS Integrated Control System. PTC is a feedback mechanism that reflects if transactions were received accurately or rejected. PTC is necessary to ease audit trails and corrective responses to erroneous conditions.

AP1.1.126. Problem Disbursement (PD). Disbursements and collections that are made by disbursing officers, reported to the Treasury Department's Financial Management Service, but, on receipt at the official accounting station, are unable to be successfully matched to the original obligation or accounts receivable amount for liquidation purposes. The three types of PDs are:

AP1.1.126.1. Unmatched Disbursement (UMD). A disbursement transaction that has been received and accepted by an accounting office, but has not been matched to the correct detail obligation. This includes transactions that have been rejected back to the paying office or central disbursement clearing organization by an accounting office.

AP1.1.126.2. Negative Unliquidated Obligation (NULO). A disbursement transaction that has been matched to the cited detail obligation, but the total disbursement(s) exceed(s) the amount of that obligation.

AP1.1.126.3. In-Transit Disbursement. A disbursement transaction that has been sent by a disbursing office to an accounting office, but has not yet been received by the accounting office.

AP1.1.127. Procuring Contracting Officer (PCO). The individual authorized to enter into contracts for supplies and services on behalf of the Government by detailed bids or negotiations and who is responsible for overall procurement under such contracts.

AP1.1.128. Progress Payments. A form of contract financing to contractors as work progresses, based on costs incurred.

AP1.1.129. Reconciliation. Conducted continually throughout the life of the case, from basic FMS case implementation until final closure. Reconciliation includes financial and logistical aspects of a case, to ensure proper accounting, accuracy of data, currency of

schedules, and timeliness and completeness of reporting. Facets of reconciliation include general case data, delivery data, expenditures, payment schedules, FMS reviews with the purchaser, and transactions to prepare a case for closure. Reconciliation is an integral part of FMS case execution.

AP1.1.130. Reimbursable Order. An order for services, supplies, material, or equipment placed by a requiring DoD Component and supplied by another DoD Component or Federal Agency.

AP1.1.131. Reprogramming. The transfer of funds between program elements or line items within an appropriation.

AP1.1.132. Research and Development. Those program costs primarily associated with research and development efforts, including the development of a new or improved capability to the point where it is ready for operational use. These costs include equipment costs funded under the RDT&E appropriation and related military construction appropriation costs. They exclude costs which appear in the military personnel, operation and maintenance, and procurement appropriations.

AP1.1.133. Responsible Contract Reconciliation Agent (RCRA). The person responsible for assigning, monitoring, approving, and certifying accurate and complete contract reconciliations.

AP1.1.134. Security Assistance (SA). Group of programs authorized by references (h) and (l), as amended, or other related statutes by which the U.S. provides defense articles, military training, and other defense related services, by grant, credit, or cash sales, in furtherance of national policies and objectives.

AP1.1.135. Security Assistance Management Manual (SAMM) (reference (c)). Guides the administration of SA and related activities in compliance with references (h) and (l) and related statutes and directives.

AP1.1.136. Security Assistance Organization (SAO). The generic term SAO encompasses all DoD elements, regardless of actual title, located in a foreign country with assigned responsibilities for administering SA management functions.

AP1.1.137. Security Cooperation Information Portal (SCIP). A web-based portal that gives consolidated information and/or data from each Military Service's legacy systems to the purchaser and DoD user in a common format. Limited input capability is provided, as well.

AP1.1.138. Shared Data Warehouse (SDW). Provides a central repository of uniform data for shared access to support the DoD network. SDW is a query-only web site and is updated daily with MOCAS transaction data.

AP1.1.139. Special Billing Arrangement (SBA). An alternative to DD Form 645 that serves as an official USG claim for payment to the purchaser. An SBA is usually computed at the country or ICS level.

AP1.1.140. Standard Contract Reconciliation Tool (SCRT). The single tool that supports the efficient reconciliation of contract data across all accounting, contracting, and entitlement computer systems within the Department of Defense.

AP1.1.141. Standby Letter of Credit. A banking instrument that, for FMS, may be used instead of T/L prepayment requirements, as authorized by DSCA.

AP1.1.142. Supply Discrepancy Reports (SDRs). Include any variation in goods received from data shown on the covering shipping documents; requisition; invoice and/or shipping document; authorized procurement delivery document or vendor's packing list; or other authorized shipping document, which is not the result of a transportation discrepancy or product quality deficiency. Supply discrepancies include variations in condition or quantity, incorrect and misdirected material, receipt of canceled requirements, improper or inadequate technical data or supply documentation, and any unsatisfactory condition due to improper packaging which causes the material to be vulnerable to loss, delay, or damage, or which imposes unnecessary expense to the USG, e.g., excessive packaging. A manual form (SF 364, "Report of Discrepancy"), or its electronic equivalent, is used to report a supply discrepancy or other type of discrepancy specifically authorized by this Manual; e.g., specific types of product quality (including quality of service) or billing discrepancies in SA shipments.

AP1.1.143. Supply and/or Services Complete (SSC). An indication that all logistical actions are completed and all conditions of the LOA are satisfied.

AP1.1.144. Surcharge. Expenses incident to issues, sales, and transfers of materiel that are not included in the standard price or contract cost of materiel. Surcharges include PC&H, transportation (second destination), administrative costs, LSC, CAS, and storage and staging costs.

AP1.1.145. Termination Liability (T/L). The amount of prepayments required by Sections 22, 23, and 29 of the AECA (reference (h)), that cover payments required by the contract for any damages and costs that may accrue from the cancellation of such contract. Funds prepaid for T/L shall convert to cover actual expenditures if the contract is not terminated before performance completion. T/L does not apply to articles and/or services procured under other authorities of references (h) or (l).

AP1.1.146. Training. Formal or informal instruction of foreign students in the U.S. or overseas by officers or employees of the U.S., contract technicians, or contractors (including instruction at civilian institutions), or by correspondence courses; technical, educational, or information publications and media of all kinds; training aid; orientation; training exercise; and military advice to foreign military units and forces. (Section 47(5) of the AECA (reference (h)))

AP1.1.147. Transportation Bill Code (TBC). A code used to bill purchasers for "below-the-line" transportation costs. The applicable code is mandatory if the actual method of transportation is different than that identified by the DTC.

AP1.1.148. Transportation Cost Look-Up Table (TCLT). A table containing estimated actual transportation costs for specifically identified items normally shipped in the Defense Transportation System when costs using standard transportation percentages are significantly different from actual charges.

AP1.1.149. Transportation Surcharge. The cost to ship material to purchasers.

AP1.1.150. Trust Fund. An account established for receipts that are held in trust for use in carrying out specific purposes and programs in accordance with an agreement or statute. A separate trust fund was established for FMS. The FMS Trust Fund is “Advances for Foreign Military Sales, Executive” (97-11X8242). Each purchaser has a separate account within the FMS Trust Fund.

AP1.1.151. Type of Assistance Code (TA). A code which may represent the SOS, the method of funding, or even the type of case.

AP1.1.152. Type of Case. The categorization of FMS cases. There are three types of cases: DO, BO, and CLSSA.

AP1.1.153. Unliquidated Obligation (ULO). The amount by which obligations exceed articles and/or services disbursements.

AP1.1.154. Web Invoicing System (WinS). Allows vendors to electronically submit their invoices through the web.

AP1.1.155. Wide Area Work Flow (WAWF). A paperless application to eliminate paper from the receipt and/or acceptance and invoice and/or payment process of the DoD contracting life cycle. WAWF gives Government contractors and authorized DoD personnel the ability to generate, capture, and process payment related documentation via interactive web-based applications. Besides supporting the paperless initiative, WAWF provides global accessibility, accuracy of documents, and secure and auditable transactions.