DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

18 AUG 1997

In reply refer to:
I-52640/97

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE ARMY
(INTERNATIONAL AFFAIRS (SAUS-IA-DSA-A))

SUBJECT: Administrative Charge for Foreign Military Sales (FMS) Orders for Nonstandard Articles and Services

REFERENCE: DSAA Memorandum I-01678/93, 8 Apr 93, same subject

Per the referenced DSAA memorandum and the DoD Financial Management Regulation (DoD 7000.14-R, Volume 15), a 3 percent administrative charge is to be applied to nonstandard items/services on Letters of Offer and Acceptance (LOAs) that contain a program management line. Nonstandard items on LOAs which do not contain a program management line will be assessed a 5 percent administrative charge. Per telecon 14 Aug 97, your office has asked for clarification of this policy. The following information is provided:

a. There may be instances when a program management line is included on an LOA to provide support for multiple LOAs directly related to a single purchase. If a program management line supports an entire program, all nonstandard items on any LOA within the program will be charged a 3 percent administrative charge. When a program management line covers more than one LOA, each LOA should make reference to the associated case(s) in the notes or supplemental conditions. This will help ensure that everyone working the case understands why the 3 percent administrative charge was applied to any nonstandard items on these cases.

b. Any new lines added for nonstandard items will be assessed a 3 percent administrative charge as long as the program management line is still active. After the program management line has expired, any lines added for nonstandard items will be assessed a 5 percent administrative charge.

c. Administrative charges are not dependent on whether or not a case meets the thresholds for notification to Congress. This policy applies to cases of all types regardless of case value.

Lulz. B. Baker

We hope this memorandum addresses all of your concerns. If you have additional questions, please contact Beth Baker, DSAA/COMPT-FPD, (703) 604-6562, x211.

James A. McQuality
Comptroller

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