



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 101
ARLINGTON, VA 22202-5408

JUN 12 2020

MEMORANDUM FOR: DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE FINANCE
AND ACCOUNTING SERVICE - INDIANAPOLIS
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION
SERVICES
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY

SUBJECT: Update to Security Assistance Management Manual (SAMM) Table C9.T4. Table of Charges, Defense Security Cooperation Agency (DSCA) Policy 20-35, [SAMM E-Change 486]

References:

- a) DSCA 19-23, Foreign Military Sales (FMS) Administrative Surcharge Rate Change Clarification
- b) DSCA 19-43, Reduction to the Foreign Military Sales (FMS) Contract Administrative Services Surcharge Rate and Rate Structure

This memorandum updates Table C9.T4. Table of Charges to reflect changes to the FMS Administrative Surcharge and Contract Administration Services (CAS) Surcharge issued by DSCA 19-23 and DSCA 19-43 respectively.

The SAMM changes identified in this memorandum are effective immediately. For questions, please contact Mr. Daniel Rea, DSCA/DBO/FPA, at 703-614-9955 or e-mail: daniel.rea2.civ@mail.mil.



J. Aaron Harding
Chief Financial Officer

Attachment(s):
As stated

Security Assistance Management Manual (SAMM), E-Change 486, Update to C9.T4. Table of Charges

1) SAMM Table C9.T4. Table of Charges (FMS Administrative Surcharge and Contract Administration Services (CAS) Surcharge) are updated as follows:

Charge	Description	How Priced	Applied by - for billing	References
FMS Administrative Surcharge	Cost of administering FMS and FMS-like programs	<p>Included as a percentage of applicable line items as a below-the-line charge on the LOA.</p> <ul style="list-style-type: none"> • 3.2% for both standard and nonstandard articles/services (for LOA lines implemented on or after June 1, 2018) • 3.5% for both standard and nonstandard articles/services (for LOA lines accepted on or after November 1, 2012 and before June 1, 2018). • 3.8% for both standard and nonstandard articles/services (for LOA lines accepted on or after August 1, 2006 and before November 1, 2012). • 2.5% for standard articles/services (for LOA lines implemented on or after June 1, 1999 and before August 1, 2006). • 5% for non-standard articles/ services (for LOA lines for non-standard items implemented before August 1, 2006). • 3% for standard articles/services (for LOA lines implemented on or after October 1, 1977 and before June 1, 1999.) 	DFAS Indianapolis	<p>AECA, sections 21(e)(1)(A) (22 U.S.C. 2761(e)(1)(A)) and 43(b) (22 U.S.C. 2792(b))</p> <p>DoD FMR, Volume 15, Chapter 7, paragraph 0706</p> <p>BPC: The cost of administering these cases is no different than FMS cases.</p>

Charge	Description	How Priced	Applied by - for billing	References
		<ul style="list-style-type: none"> For cases signed prior to October 1, 1977, the FMS Administrative Surcharge was 2%. 5% for Foreign Military Sales Order (FMSO) I cases <p>The FMS Administrative Surcharge does not apply to:</p> <ul style="list-style-type: none"> Program Management Lines (PMLs). Per the AECA Section 21(g), the FMS Administrative Surcharge may be excluded from non-dedicated training lines applicable to reciprocal pricing agreement countries (refer to Tables C10.T13. and C10.T14.). However, if excluded, the MILDEP is responsible for the cost." Small Case Management Lines (SCMLs). EDA Grant Lines <p>See Section C9.4.7.2. for information on minimum collection requirements for FMS Administrative Surcharge costs.</p>		
<p>Contract Administration Services (CAS) Surcharge</p>	<p>CAS is comprised of three basic elements:</p> <ol style="list-style-type: none"> quality assurance and inspection; contract management; and contract audit. <p>For cases implemented on or after October 1, 2002 that have contracts administered overseas, an</p>	<p>Included in value of procurement line items (Source of Supply (SoS) of "P" or "X") on the LOA. A surcharge applies to each element.</p> <p>May be waived if reciprocal agreements exist.</p> <p><u>For USACE cases:</u> Implemented on or after February 1, 2020, apply a surcharge of:</p> <ul style="list-style-type: none"> 0.10% for contract audit <p>Implemented on or after October 1, 2002, but before February 1, 2020, apply a surcharge of:</p> <ul style="list-style-type: none"> 0.20% for contract audit 	<p>DFAS Indianapolis</p>	<p>AECA, section 21(h) (22 U.S.C. 2761(h))</p> <p>DoD FMR, Volume 15, Chapter 7, paragraph 070405</p> <p>BPC: Applicable CAS charges are no different than FMS cases.</p>

Charge	Description	How Priced	Applied by - for billing	References
	<p>additional element (OCONUS CAS) applies.</p> <p>For United States Army Corps of Engineers (USACE) contracts, quality assurance and inspections and other contract administrative services costs are included in its supervision and administration costs charged to the case line, so CAS(1) and CAS(2) do not apply to USACE.</p>	<p>Implemented before October 1, 2002, apply a surcharge of:</p> <ul style="list-style-type: none"> • 0.50% for contract audit <p><u>For non-USACE cases:</u></p> <p>Implemented on or after February 1, 2020, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.45% contract administration/management • 0.45% quality assurance and inspection • 0.10% contract audits • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (<u>by permanent-party DCMA employees</u>), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented on or after December 1, 2014, but before February 1, 2020, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.50% contract administration/management • 0.50% quality assurance and inspection • 0.20% contract audits • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (<u>by permanent-party DCMA employees</u>), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented on or after October 1, 2002, but before December 1,</p>		

Charge	Description	How Priced	Applied by - for billing	References
		<p>2014, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.65% contract administration/management • 0.65% quality assurance and inspection • 0.20% contract audits • For contracts administered overseas, an additional 0.20% (OCONUS CAS) applies to the entire case. (For contracts administered overseas (<u>by permanent-party DCMA employees</u>), an additional 0.20% (OCONUS CAS) applies to the entire case.) <p>Implemented before October 1, 2002, the following surcharge(s) apply:</p> <ul style="list-style-type: none"> • 0.50% contract administration/management • 0.50% quality assurance and inspection • 0.50% contract audits 		