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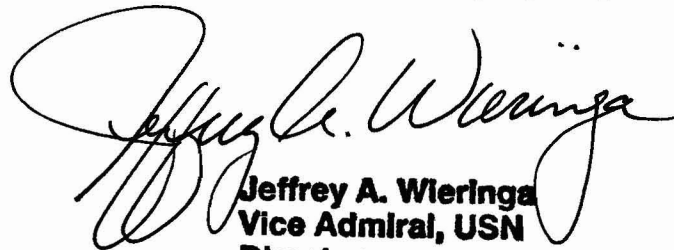
MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Financial Management of Fiscal Year 2010 Afghanistan Security Forces Fund, Iraq Security Forces Fund, 1206 Train and Equip Programs, and Pakistan Counterinsurgency Fund, DSCA Policy 10-09

Thank you for your assistance in disseminating standard operating procedures for Department of Defense Train and Equip programs to stakeholders during 2009. It is no surprise these procedures facilitated success in obligating funds with much less stress on the Department of Defense contracting system for all three Military Services relative to the year prior. Building on the hard work Services provided in developing these procedures, we refined the attached standard operating procedures for Fiscal Year (FY) 2010.

1206 Train and Equip Programs, Afghanistan Security Forces Fund, Iraq Security Forces Fund, and Pakistan Counterinsurgency Fund all operate under different management procedures throughout the fiscal year. In addition, each Military Service maintains independent contracting procedures in support of these programs. We are promulgating the attached Standard Operating Procedure to establish common procedures and guidelines for executing FY 2010 Department of Defense funded Train and Equip programs.

Managing expiring funds through the Foreign Military Sales process is a challenge. Through adequate planning and timely execution, all participants contribute to program success. The attached guidelines provide a framework for successful program processing and obligation.


**Jeffrey A. Wieringa
Vice Admiral, USN
Director**

Attachments:

- TAB 1 Standard Operating Procedures**
- TAB 2 Financial Timeline and Milestones**
- TAB 3 DFAS Emergency Procedures**

DISTRIBUTION:

Under Secretary of the Air Force (International Affairs)
Director, Strategic Plans and Policy, J-5, The Joint Staff
Commanding General, Multi-National Security Transition Command – Iraq
Deputy Assistant Secretary of the Army (Defense Exports and Controls)
Deputy Assistant Secretary of the Navy (International Programs)
Deputy Commanding General, Combined Security Transition Command –
Afghanistan
Headquarters, United States European Command (USEUCOM) (ECJ4, ECJ5)
Headquarters, United States Central Command (USCENTCOM) (CCJ5)
Headquarters, United States Northern Command (USNORTHCOM) (J5)
Headquarters, United States Pacific Command (USPACOM) (J4, J5)
Headquarters, United States Southern Command (USSOUTHCOM) (SCJ4, SCJ5)
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United States Army Security Assistance Command (USASAC)
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Air Force Security Assistance Training Squadron (AFSAT)
Naval Education and Training Security Assistance Field Activity (NETSAFA)
U.S. Department of State (Political-Military Affairs, Office of Regional Security
and Arms Transfer (PM/RSAT))
U.S. Department of State (Political-Military Affairs, Office of Plans Policy and Analysis
(PM/PPA))

**Defense Security Cooperation Agency
Standard Operating Procedure (SOP)**

**Financial Management of FY 2010 Afghanistan Security Forces Fund, Iraq
Security Forces Fund, Pakistan Counterinsurgency Fund and 1206
Train and Equip Programs**

1. Background. Managing expiring funds through the FMS process is a challenge. All participants must work together to overcome obstacles with adequate planning and timely execution. By realizing the inherent limitations of managing expiring funds in the FMS system, and following the guidelines outlined in this Standard Operating Procedure, we can continue to improve the procedures for program execution.

2. Deadlines. DSCA developed timelines establishing deadlines for the Military Services to meet in order to obligate funds prior to the close of the fiscal year. ¹

a. February 10, 2010. February 10, 2010, is the deadline to send the requirements to the Services, for new contracts, so they can begin to write the pseudo-cases. The activity which develops the requirement is responsible for submitting sufficient detail such that a person not familiar with the item can order the proper item from the supply system or purchase it through the acquisition process. Please consider complex new contract cases or high dollar value cases, as they will require the longest time of all case types to process. The risk of failure increases if the requirements for these cases are not sent to the Services by this deadline. In the event funds are withheld for program allocation later in the year, later cases should be executed using existing contract vehicles. By meeting the February 10 suspense for the majority of cases, there is less risk of failure for the remaining cases.

b. March 10, 2010. March 10, 2010, is the deadline to send to the Services requirements that can be supported by existing contracts, so the Services can write the cases. Some existing contracts will allow identification of requirements after this March 10 deadline; however, experience has shown these particular requirements should be simple and readily available. The length of time to develop a pseudo-case and then obligate funds on an existing contract vehicle will ultimately depend on the complexity of the requirement.

¹ Both Combined Security Transition Command- Afghanistan (CSTC-A) and Multi National Security Transition Command- Iraq (MNSTC-I) already have obligation plans. The timeline chart at Attachment 1 will be expanded to incorporate those plans where possible.

Because the current practice of using tranche notifications for Section 1206 cases, meeting these dates for final tranche notifications may prove impossible. As such, these remaining cases will be treated on an exceptional basis.

c. May 11, 2010. May 11, 2010, is the deadline for the Implementing Agency (IA) Case Managers to complete and submit to the DSCA Case Writing Division (CWD) all pseudo Letters of Offer and Acceptance (pseudo-LOAs), requiring contracting of items **not currently supported** by an existing contract vehicle. Initial procurement actions may require the acquisition community to take more extensive contractual actions in order to complete the contracting action, get the item on contract, and identify residual excess funding. This deadline allows DSCA, the Defense Finance and Accounting Service (DFAS), the Department of State (STATE), and the IA, adequate processing time to ensure contracting actions are provided to the Military Service contracting elements by June 30, 2010. In turn the Military Services will then have three months to establish the obligation.

d. June 10, 2010. June 10, 2010, is the deadline for the IA Case Managers to complete and submit to the DSCA CWD, all pseudo LOAs requiring the contract for items or services **currently supported** by an existing contracting vehicle. This deadline applies to Defense Working Capital Fund (DWCF) items or any off-the-shelf requisition items. This will allow DSCA, DFAS, STATE, and the Office of the Secretary of Defense (OSD) processing time to ensure contracting action delivery to the Military Service contracting elements by August 3, 2010. Once received, the Military Services will then have two months to establish the obligation- up to September 30, 2010.

3. **Residuals:** The Foreign Military Sales (FMS) process requires IAs to develop a pseudo LOA, which creates the obligation authority for the contracting community. Often the funds estimated on the LOA are greater than those actually needed to execute the contract. Excess funds on these pseudo FMS cases are referred to as residual funds. Using these residual funds can be a significant challenge because of the short time remaining. The first choice should be to use the funds within the case; second choice is to move those residual funds to another case or another country program, if 1206. IAs must identify residual funds on new contracts in accordance with the dates outlined below, starting with identifying the funds requiring to be used on a new line or case by July 9, 2010 or as soon as possible.

a. 1206. Once IA Case Managers identify residual funds from the 2010 submissions and determine they cannot be used within the current pseudo FMS case, even if the pseudo-case were to be amended, funds must be released from the current case immediately. The DSCA 1206 Program Manager will evaluate whether other pieces of the specific country program were notified to Congress

and could be increased with the residual funds. If not, the DSCA 1206 Program Manager will discuss the issue with OSD and will propose potential re-notification to Congress, if remaining time exists. Late-identified residual funds should only be used for items that are on existing contracts or requisition items from the IAs' existing systems.

b. ASFF. Once the IA Case Manager identifies residual funds that cannot be used within the current case, a case modification reducing the case value must be submitted to the DSCA CWD allowing CSTC-A to:

(1) Apply to other new cases identified by CSTC-A for the appropriate Budget Activity Groups/Sub-Budget Activity Groups (BAG/SAG) funds. CSTC-A must select this option no later than July 9, 2010.

(2) Reimburse the Government of Afghanistan for Army or Guard Forces salaries. CSTC-A must select this option no later than September 1, 2010.

(3) Donate to the United Nations Law and Order Trust Fund Afghanistan (U.N. LOTFA) program for Afghan Police salaries. CSTC-A must select this option no later than September 1, 2010.

c. ISFF. Once the IA Case Manager identifies residual funds from the May 11, 2010 submissions and determines there is no further use for them on the case, the IAs must identify them to DSCA. The IA Case Manager must also immediately initiate a case modification to return residual funds. During the modification's countersignature process, DSCA will initiate and issue the appropriate documentation to return the funds to MNSTC-I. Case modifications returning residual funds must be at DSCA CWD no later than July 20, 2010, in order to ensure funds are returned to MNSTC-I and are available for other uses prior to their expiration.

d. PCF. Once the IA Case Manager identifies residual funds that cannot be used within the current case, a case modification reducing the case value must be submitted to the DSCA CWD allowing the ODR-P to apply the funds to other cases within the applicable BAG/SAG.

4. July 6, 2010. July 6, 2010 is the deadline for cases requiring new contracts to be sent to acquisition.

5. August 3, 2010. August 3, 2010 is the deadline for cases with existing contracts to be sent to acquisition.

LOR Submissions to Services		
CATEGORY	DEADLINE	APPLICATION
LOAs requiring new contracting actions	No Later Than February 10, 2010	All T&E Programs
LOAs utilizing existing contracts such as IDIQ contracts or requiring defense articles from DoD stock	No Later Than March 10, 2010	All T&E Programs

LOA Submissions to CWD		
CATEGORY	DEADLINE	APPLICATION
LOAs requiring new contracting actions	No Later Than May 11, 2010	All T&E Programs
LOAs utilizing existing contracts such as IDIQ contracts or requiring defense articles from DoD stock	No Later Than June 10, 2010	All T&E Programs

RESIDUALS		
ACTION	DEADLINE	APPLICATION
Identify unneeded funds for new contracts	No Later Than July 9, 2010	All T&E Programs
Identify ISFF funds for return to MNSTC-I	No Later Than July 20, 2010	ISFF

Identify funds for reimbursement of Army or Guard Forces salaries or contributions to the U.N. LOTFA program	No Later Than September 1, 2010	ASFF
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5. STATE, DFAS, and IA processing requirements. The following times should be used as general guidance for DSCA, STATE, DFAS, and IA process requirements.

TOTAL PROCESSING REQUIREMENTS		
ACTION	TIME	APPLICATION
Service LOR writing requirement	90 days	All T&E Programs
CWD case writing requirement	10 days	All T&E Programs
DSCA internal staffing requirement	8 days	All T&E Programs
STATE clearance requirement	2 days	All T&E Programs
OSD moves funds to DSCA	4 days	1206
DSCA(DBO) authorizes funds	4 days	ASFF/PCF 1206
DFAS moves funds into FMS Trust Fund	4 days	ASFF/PCF 1206
DSCA accepts MIPR from MNSTC-I	2 days	ISFF
USACE transfers funds to DFAS	4 days	ISFF
DFAS posts collections	3 days	ISFF
DSAMS implements case	1 day	All T&E Programs
Service processing time	3 days	All T&E Programs

6. Total standard DSCA/STATE/DFAS, IA processing time. The following times should be used as general guidance for DSCA, STATE, DFAS, and IA total processing requirements.

TOTAL PROCESSING TIME	
APPLICATION	TIME
ASFF/PCF	122 working days
ISFF	123 working days
1206 Cases	126 working days

7. Extraordinary cases. DSCA will address extraordinary processing requirements, emergency late submissions, and late residual fund identification issues on a case-by-case basis. Attachment 2 outlines the processing steps from the time the pseudo cases arrive at the DSCA CWD through its release to the Services and subsequent delivery to the contracting community. Attachment 3 documents emergency procedures for managing late-developing end-of-year requirements.

8. Additional guidelines. The following are additional guidelines to follow when working ASFF, PCF, ISFF and 1206 pseudo case programs:

a. As soon as possible, identify residual funds and reprogram them within the existing pseudo case to another line for items already on an existing contract as a first choice to ensure prompt use of the funding.

b. Although deadlines are provided, submission of Letters of Request (LORs) and LOAs prior to the deadline are highly encouraged.

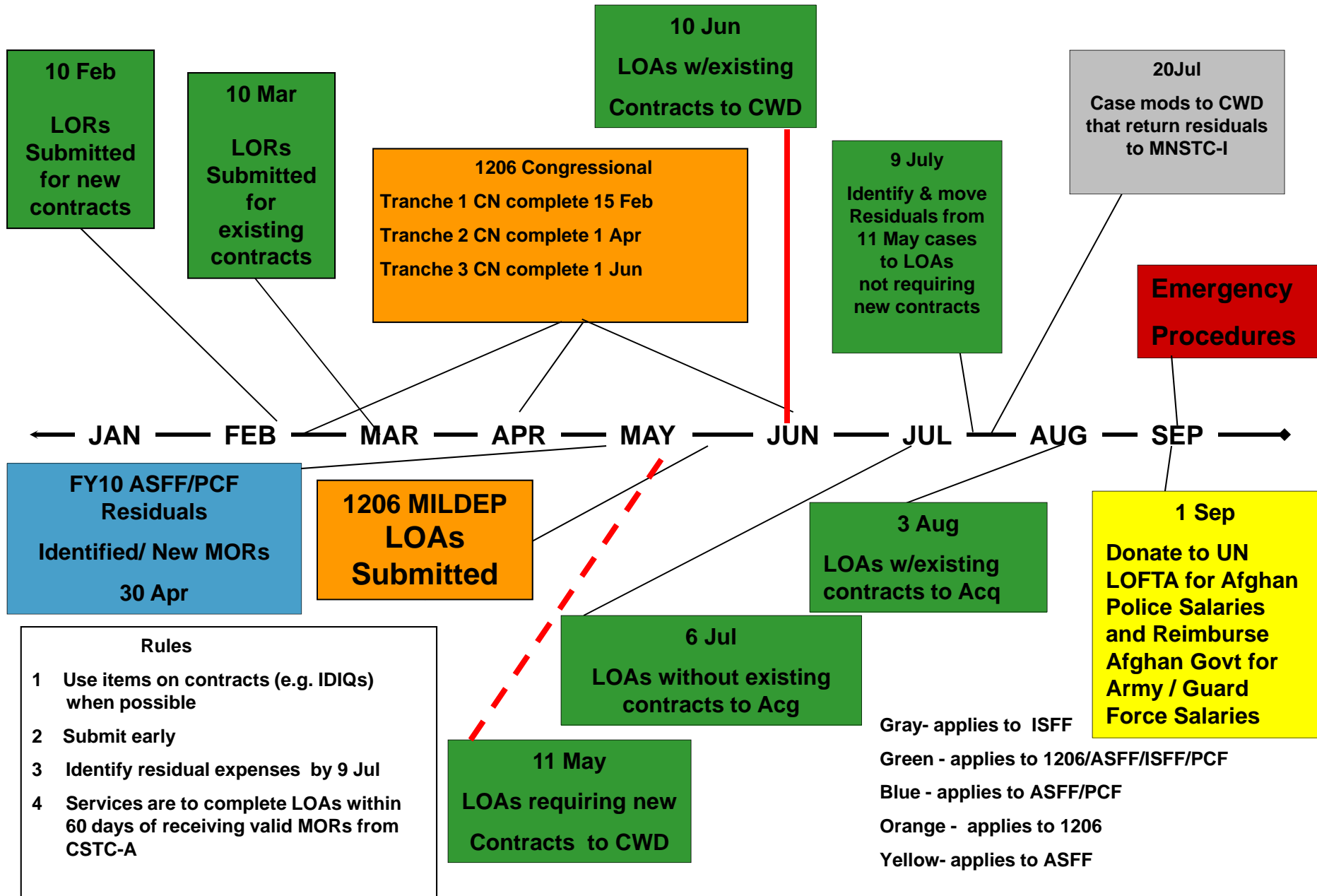
c. When at all possible, request items already on existing Service contracts. For ASFF, the first option is to buy more quantities of the item being purchased.

9. This SOP is effective immediately.

Attachments:

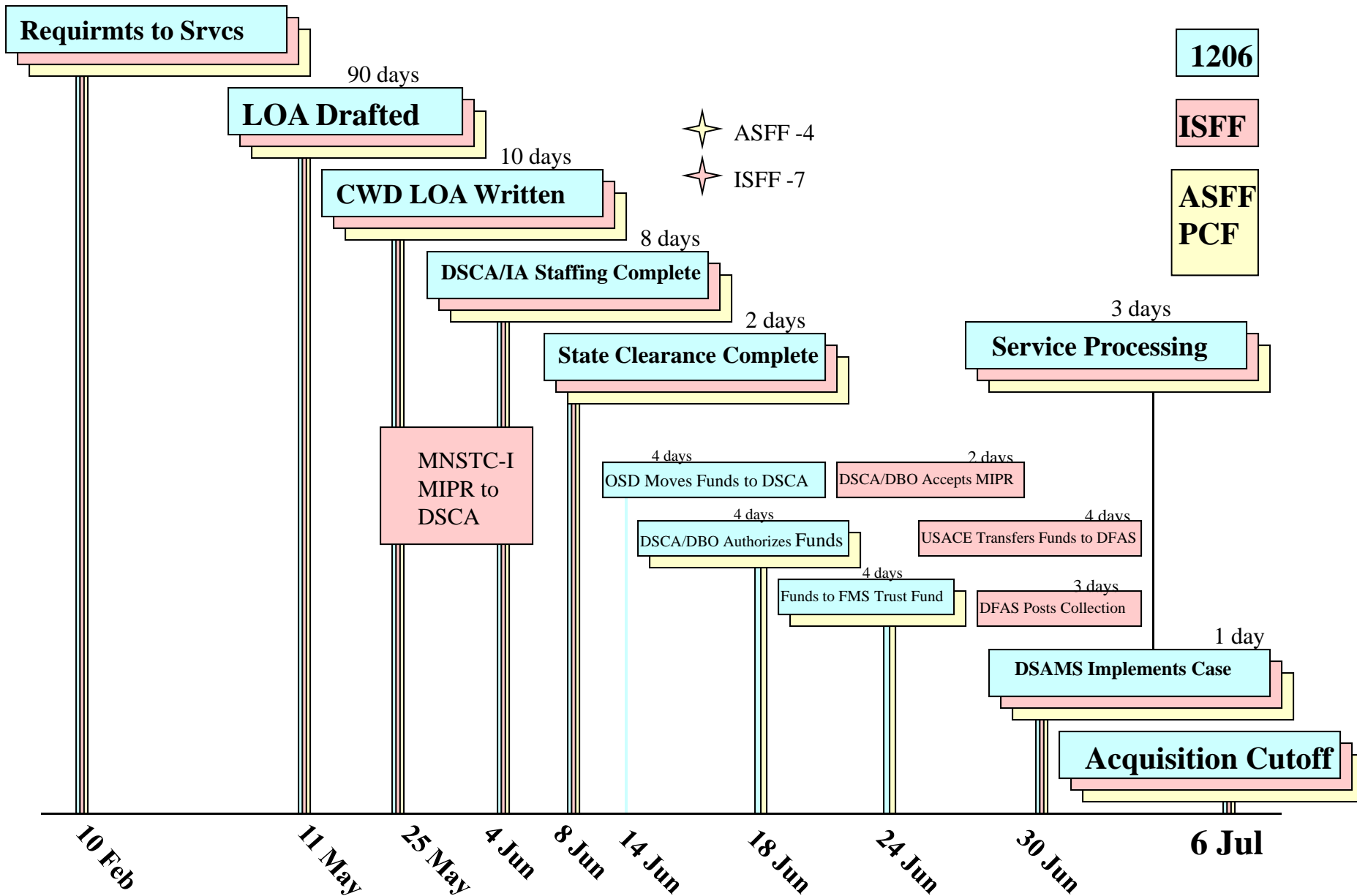
1. FY10 1206/ASFF/PCF/ISFF Timeline/Milestones Chart
2. FY10 T&E Financial Timeline
3. DFAS EOY Operating Procedures

FY10 1206/ASFF/PCF/ISFF Timeline/Milestones



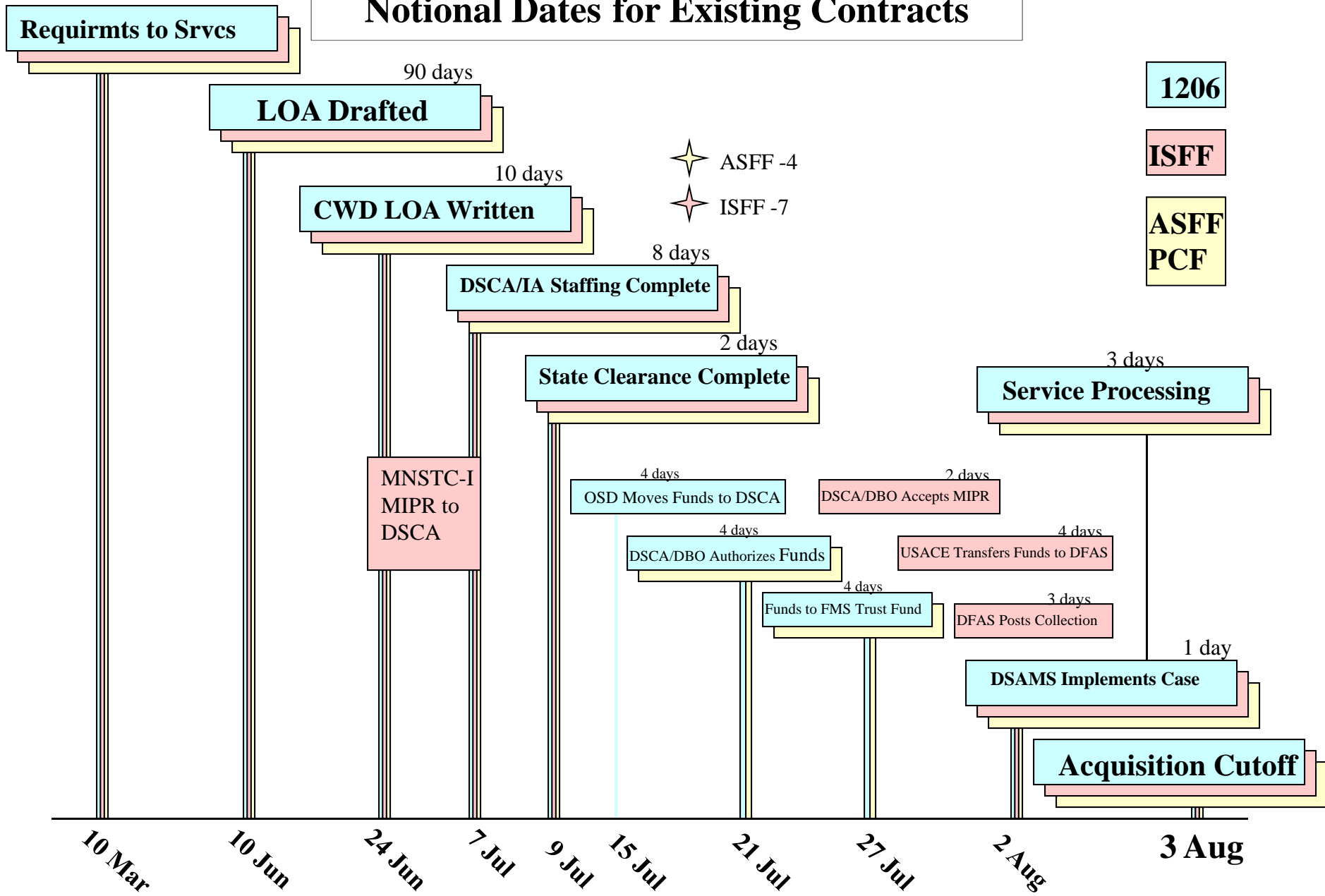
FY10 T&E Financial Timeline

Notional Dates for New Contracts



FY10 T&E Financial Timeline

Notional Dates for Existing Contracts



DFAS EMERGENCY END-OF-YEAR PROCESS PROCEDURE

PLEASE NOTE: *All year-end emergency transactions must be communicated with ALL parties prior to execution. Year-end timeframes/availability may change suddenly, so it is imperative to ensure all tasks can be completed as described below prior to beginning the process.*

Year-end procedures for 1206 & ASFF & PCF emergency case implementation

1. DSCA submits the memo or funding letter, containing the appropriation where the funds currently reside and sends this letter to DFAS SAA for action. This funding letter authorizes DFAS to move the funds from this appropriation and into the Trust Fund (97 8242) holding account as authorized by the memo.
2. DSCA will provide the FAD for funding, as well as a flat-file for obligations to the DFAS Accounts Maintenance and Control (AM&C) office supporting their general fund accounting.
3. DFAS AM&C will manually load the FAD and the obligations into WAAS.
4. Depending on the type of appropriation listed in the funding letter from DSCA, JAXBC (Country Programs Branch) will prepare a voucher and submit it to JAXBA (Corporate Accounting) for processing.
 - a. 1081 voucher: 97* or 21* appropriations with FSN of 012141
 - b. IPAC voucher: All other appropriations and/or FSNs
5. JAXBA processes the voucher and sends to JAXAA (Continuing Government Activities – Operations) for Certification. Per DFAS Legal Office the funds are considered in the Trust Fund once the voucher is certified.
6. JAXAA will notify JAXBA once the voucher is certified and JAXBA will notify JAXBC the voucher has been certified.
7. JAXBC will notify DSCA when the voucher is certified.
8. DSCA will emergency implement the case within DSAMS and notify the Implementing Agency (IA) that funds are available for obligation.
9. For Army cases only:
 - a. CISIL will pass the basic case information into Program and Budget Accounting System (PBAS). The IA will contact JAXBA EA Team to request the LOA information be manually implemented in PBAS.
 - b. JAXBA EA Team will notify the IA upon implementing the LOA in PBAS and the IA will enter the “OA Approval,” “FINIMP,” and “MILIMP” milestones in DSAMS.
10. JAXBA will send the voucher to DFAS-IN Disbursing for posting to Treasury (collection posted to Trust Fund).
11. The voucher will be posted in DIFS (collection showing in holding account) and WAAS.
12. After an over-night DIFS update loading the case, JAXBC loads basic case information and moves the case to “A” status.
13. JAXBC processes a SM transaction to move the funds from the holding account to the case for implementation. This action will catch DIFS up with the emergency implementation.

Year-end procedures for ISFF Emergency Case Implementation

NOTE: Due to year-end cut-offs all IPAC transactions must be coordinated in writing by those issuing and accepting the transactions in advance.

1. DSCA sends MIPR Acceptance (DD Form 448-2) to MNSTC-I/J8 -Gulf Region Division (GRD)
2. GRD obligates
3. USACE Finance Center disburses funds to the appropriation
4. DSCA sends billing document to USACE; info copy to DFAS
5. USACE inputs IPAC transaction
6. DFAS accepts IPAC Transaction
7. JAXBA creates 1081 to move funds from IPAC Suspense to Holding Account
8. JAXAA will notify JAXBA once the voucher is certified and JAXBA will notify JAXBC the voucher has been certified.
9. JAXBC will notify DSCA when the voucher is certified.
10. JAXBA will send the voucher to DFAS-IN Disbursing for posting to Treasury (collection posted to Trust Fund).
11. The voucher will be posted in DIFS with the collection showing in a holding account.
12. After an over-night DIFS update loading the case, JAXBC loads basic case information and moves the case to "A" status.
13. JAXBC processes a SM transaction to move the funds from the holding account to the case for implementation. This action will catch DIFS up with the emergency implementation.

**DFAS EMERGENCY END-OF-YEAR PROCESS PROCEDURE
POINTS OF CONTACT**

DFAS-IN SAA: Director: Tim Kuhl, 317-510-6565

JAXBC (Country Programs)

- Supervisor (Acting): Betty Maxey, 317-510-1721
- 1206 Funds, Frontier (S7): Colin Nowling, 317-510-7707
- ISFF, ASFF: Colin Nowling, 317-510-7707
- PCF: Emma Lawrence, 317-510-7662

JAXBA (Corporate Accounting)

- Supervisor: Robert Spriggs, 317-510-7262
- Voucher Team: Casey Dressler, 317-510-1844
- Voucher Team: Marsha White, 317-510-1198
- EA Team: Thomas Robinson, 317-510-7687
- EA Team: Lynn Henderson, 317-510-1409

JAXAA (CGA, Operations)

- Supervisor: Kelly Pickett, 317-510-3281
- Certifier: Darryl Wheeler, 317-510-1568
- Certifier: Margaret Brewer, 317-510-1763

DFAS-IN AM&C:

- Supervisor: Kelly Anderson, 317-510-8041
- Accountant: Jan Brewer, 317-510-7787

DFAS-IN DISBURSING:

- IPAC Supervisor: Beth Ziliak, 317-510-2753
- IPAC: Mark Angellotti, 317-510-8510
- IPAC: Chun Lin, 317-510-8920
- IPAC: Thomas Davis, 317-510-8828
- Voucher Processing Supervisor: Karen Flint, 317-510-5414
- Voucher Processing: Liz Duncan, 317-510-6308
- Voucher Processing: Timothy Iams, 317-510-8601

USACE:

- Deputy Director, Finance: Anne. M. Schmitt-Shoemaker, 901-874-8648
- Disbursing Officer: Kevin Heath, 901-874-8535
- Supervisory Accountant: Miranda Gibson, 901-874-8426