
FMS CASE MANAGEMENT: AN OVERSEAS PERSPECTIVE

By Larry A. Mortsof

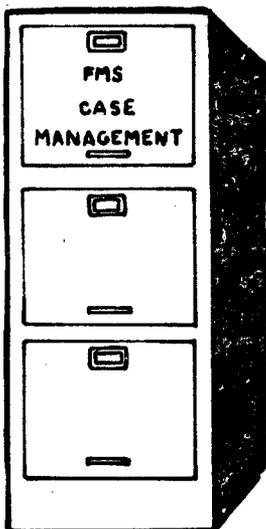
INTRODUCTION

In the Spring 1980 Newsletter issue, we announced that we were working on a 1979 PACOM Security Assistance Conference action item to develop a checklist for Security Assistance Organizations (SAOs) dealing with actions relating to case closure. Essentially, over the past few months, the DISAM study group's research approach has been to gather and review pertinent directives and other documentation relating to case management/closure; visit selected activities having a day-to-day policy or operational role in this topical area; and to query the overseas SAOs, e.g., MAAGs, Missions, ODCs, DAOs, etc., with regard to their involvement in case management. This third aspect was felt to be extremely important inasmuch as the checklist is being designed with the SAO audience primarily in mind.

In the process of developing the checklist, DISAM forwarded a survey questionnaire on FMS case management to the overseas SAO community. Since the survey responses have now been received and tabulated, we thought it would be of special interest to those SAOs who participated in the study to receive some feedback. Further, it is hoped the contents of this article, which relates to an analysis of the survey responses, will be of general professional interest to all overseas/CONUS personnel involved in security assistance management.

THE ROLE OF THE SAO: BACKGROUND

STATUTORY AND EXECUTIVE BRANCH POLICY



Any FMS case management functions performed by SAOs would have to be consistent with existing statutory requirements or limitations. The basic statutory authority for SAO functions is the Foreign Assistance Act (FAA) of 1961, as amended, which in Section 515 stipulates that the primary functions of a MAAG/Mission [having seven or more U.S. military personnel] include "logistics management, transportation, fiscal management, and contract administration of country programs." Organizations having six or fewer U.S. military personnel shall "perform accounting and

other management functions with respect to international security assistance programs."

Other Executive Branch guidance can be found in the "Congressional Presentation Document (CPD) for Security Assistance Programs for FY 1981," which contains a description of SAO duties under the heading "Overseas Military Program Management." More specific guidance can, of course, be found in DOD and Unified Command directives.

OTHER STUDIES

Several reviews and studies have been directed at trying to ascertain what the SAO's day-to-day functions are and/or should be. In April 1978, the U.S. General Accounting Office (GAO) released a report entitled "Management of Security Assistance Programs Overseas Needs to be Improved." Of special interest, the GAO noted that the 15 countries visited during their review spent about 35 percent of total staff time on the four FAA statutory functions [which would include, among other things, FMS case management duties]. A March 1978 General Research Corporation (GRC) study prepared for the Department of the Army reflected rather similar data.

An article published in the Fall 1979 issue of Armed Forces and Society, entitled "Growing Dilemmas for the Management of Arms Sales," discusses research which was partially funded by Analytical Assessments Corporation. The article addresses some of the perceptions that MAAGs have about their day-to-day FMS management functions.

All in all, there has been and will likely continue to be a lot of interest with respect to MAAG functions. For our project, we, too, have an interest in the area, albeit of a narrower scope than the aforementioned studies. Our interest is: What does an SAO do and need to know with regard to FMS case management?

DEVELOPMENT OF A QUESTIONNAIRE

Since it was not practical to visit a sufficient number of SAOs to get answers to our specific questions, we decided to use a mail questionnaire approach. The basic aim was to get responses to these questions:

-- What is the role of your MAAG/Mission in case management and should this role be more or less than it already is?

-- Do you get copies of the following documents (and, if so, how do you use them)?

- Country's initial Letter of Request.
- DD Form 1513 and amendments thereto.
- MILDEP case directives (e.g., implementation letters, project directives, etc.).
- Quarterly Requisition Report (QRR).
- MILSTRIP status cards.
- FMS billing statement and supporting documentation.
- MILDEP certifications to SAAC that a case is materiel/financial complete and should be closed.
- Final Billing Statement for a closed case.
- DSAA 1100, (now 1200) system reports.
- MILDEP/SAAC correspondence depicting problems about a case.

We also asked the SAO:

- To indicate whether it routinely corresponded with the MILDEPs or SAAC regarding the status of a case;
- To list any documents, in addition to those specified above, which were helpful in monitoring the status of a case;
- To list what it would like to see in a case management checklist; and
- To make any additional comments or observations it thought necessary.

ANALYSIS OF SAO RESPONSES

QUESTIONNAIRE COMPLETION

We handed out the questionnaire to attendees at the USSOUTHCOM MILGP Commanders' Conference in February and mailed the questionnaire to SAOs in the EUCOM and PACOM areas in early April. By the middle of June, we had received 42 responses, four of which were from countries which did not have an ongoing FMS program. Thus, the observations which follow are based on the comments of the remaining 38 countries, which admittedly do not comprise the entire overseas SAO population but nevertheless represent a significant cross-section. This respondent cross-section consists of large MAAG-type organizations, Offices of Defense Cooperation, as well as

Defense Attache Offices having security assistance responsibilities. Essentially, the responses cover a wide gamut of practices and perceptions -- a factor which was to be expected.

SAO ROLE IN CASE MANAGEMENT

Based strictly on our subjective analysis, we found that the SAOs tend to fall into three basic categories with respect to their involvement in FMS case management: those with rather "extensive" involvement; those with "moderate" involvement; and those with "minimal" involvement. The reasons for this are beyond the scope of this rather limited study effort. Speculations, some of which were alluded to by the respondents themselves, might include: the size of the FMS program and the length of time the country has participated in U.S. security assistance; the degree of administrative self-sufficiency demonstrated by host country personnel; the capabilities and attitudes of host country personnel; and the individual "management approach" of the SAO Chief and/or the Chief of the U.S. Diplomatic Mission. Applying our categorization criteria, we noted the following:

<u>Degree of Case Management Involvement</u>	<u>Number of Countries</u>	<u>Percent</u>
Extensive	22	58
Moderate	11	29
Minimal	5	13
	<u>38</u>	<u>100</u>

We shall now quote some of the comments made by the respondents in the three groups.

Extensive Involvement

-- "[We are] primarily fiscal managers by decree; we are in a position of doing 90% of the work necessary to initiate, manage, and close cases, many responsibilities normally handled by the host country."

-- "Total involvement, more so in recent times. Case closure process uncovers a lot of dirty linen."

-- "Direct role, all LOAs are processed through our DAO and status is maintained until final delivery."

-- "Involvement beginning from helping to define initial request until case closure; answering questions; tracking deliveries, etc."

-- "We process all FMS cases and serve as a middleman in case management. We monitor financial data, verify the billing statement accuracy and the accuracy of each case."

-- "We are totally involved in case management including case opening, monitoring of financial and logistics progress as well as case closures. However, delivery/financial management is by exception only. We react to problems and do not have the manning to do much more."

-- "[We are] the central point of contact.... Specific activities include: submit P&R/P&A requests to the U.S. military departments; furnish P&R/P&A to [host country] commands; furnish direct liaison...to resolve problems related to interpretation of reports, case funds transfers and financial 'bookkeeping,' and extension of expiration dates; maintain case files...."

-- "The [host country] has no supply system remotely capable of managing FMS receipt in the sense proposed by the MASM. [Consequently, we] must assume responsibilities far beyond those normally envisioned in FMS management."

-- "[We provide] a means of reconciling both language and procedural variances existing between the U.S. and [the host country]."

-- "[We] insure timely presentation; ...financial management ...; ROID advice; request case closure...; maintain a case folder..."

-- "[Our SAO] passes on all requests for LOAs, presents LOAs to [the host government], and monitors and assists in case implementation."

-- "We manage FMS cases -- as it should be."

-- "The primary role...is in the logistical pipeline; though in the last year, [this SAO] has been more instrumental in the requests for LOAs."

Moderate Involvement

-- "[Our] role in case management begins at the time the [host country] requests P&A, P&R or an LOA and ends at the time of case closure. Our primary function is one of liaison rather than active case management. Case management should be the responsibility of the country and the ILC."

-- "Army Section provides contract administration services including coordination of transportation, financial and logistics problems...[The Air Force Section] has substantial contact with [host country] personnel in the initial acquiring of information;

procuring of P&A, P&R and LOA requests; and in the LOA signature and initial payment process. Once the case is signed, however, we do little more than serve as a postal service to pass questions and answers between the implementing agency and the host country.... [the Navy Section does] very little since the [host country] Navy manages its cases locally and via the [host country] Naval Attache in Washington DC....

- "Assistance by exception."
- "Monitor only."
- "Mostly liaison service, i.e., responding to requests for assistance and initiating actions."

Minimal Involvement

- "[We have] little to do with case management other than with FMS training, where we issue the ITO."
- "Minimal."
- "None."
- "Our role is advisory only. [Host country] is FMS cash only, and manages all cases through its Washington DC based office [Embassy]."

With respect to the question -- "Should [your SAO] role be more or less than it already is?", we received the following responses:

<u>Role Should:</u>	<u>Number of Countries</u>	<u>Percent</u>
Stay the Same	19	50
Be More	1	3
Be Less	6	16
No Response	<u>12</u>	<u>31</u>
	38	100

Some of the responses received with respect to this question include:

- "Without substantial manning increases, we would not be able to increase substantially our post-implementation management role."
- "The role of [our SAO] should be decreased as [our] manning decreases."

-- "Since it has always been the USG policy to encourage self reliance, this office should not become more involved than it is."

-- "I feel our role is about right if we are kept informed."

-- "...should be less.... In the long run the attempt should be to improve the customer country skills to assume more of the workload of case management."

RECEIPT OF FMS DOCUMENTATION

The responses to our series of questions as to whether the SAO receives specific FMS documents/correspondence can be summarized as follows:

<u>Do You Receive:</u>	<u>Yes</u>	<u>Some of the time</u>	<u>No</u>	<u>No Response</u>
Country LOR	23	7	8	0
DD 1513/Amendments	36	2	0	0
Case Directives	18	11	8	1
QRR	29	2	7	0
Status Cards	23	2	13	0
Billing Documentation	33	0	5	0
Closure Certifications	12	9	17	0
Final Statement	19	6	10	3
DSAA 1100 (now 1200) Reports	18	3	16	1
Correspondence Regarding Closure Problems	9	7	22	0

We shall now selectively quote from some of the responses received.

Country LOR

-- "[Not received. Host country's] initial letters of request will originate in [host country] Embassy in Washington DC."

-- "[Receive] occasionally. Used to keep informed."

-- "[We receive] if it is prepared in-country. [We do not] receive those initial letters submitted directly to DOD or SECSTATE by the [host country] Embassy in Washington DC."

- "...used to verify planning data."
- "Filed for comparison with LOA."
- "[Keep in] file on every FMS case (for reference) especially in preparation of AIASA and point papers."
- "[We receive] normally from country Department of Defense."
- "[Receive and review to] ensure they have included the necessary support, T.O.s, etc., prior to dispatch to the MILDEP for an LOA."

DD-1513 and Amendments

- "[These] are audited, translated, and forwarded to [the host country] for appropriate action."
- "[Copies received are] used to insure [the DD-1513 is] signed before expiration date and as reference to notify DSAA, etc., of acceptance."
- "[Used to] monitor drawdown of articles remaining with quarterly requisition report."
- "Before the DD Form 1513 is signed, we use the LOA as a suspense record to monitor the signature cycle and query the [host country] if it appears the expiration date may be in jeopardy."
- "They...provide legal documentation of agreements...and are used...to track case progress."
- "Filed mostly. Back-up material to answer inquiries."
- "Used for required Congressional reports, Country Team updates."
- "The DD 1513 is the basic document for our case files."
- "[Used] to monitor follow-on actions."

Case Directives

- "Used to respond to host country queries."
- "...filed for future reference."
- "...sometimes are our first indication that a case has been signed...used to track case progress...provide visibility into

MILDEP case implementation...may highlight discrepancies between requirements and U.S. implementation."

-- "[Receive, but they are] not used because they are internal U.S. agency implementing/operating instructions."

-- "Used to notify the [host country] when a BOE case has been implemented so they may begin requisitioning."

Quarterly Requisition Report (QRR)

-- "Use it constantly to advise [host country] of ESD's on open items. Find many errors, however...A very important aid. Couldn't AF/Army standardize format?"

-- "...used to review supply and shipment status during in-process reviews."

-- "[Use] as a trouble-shooting aid and as info source to respond to queries."

-- "Send a copy to applicable host agency. Maintain our copy on file for coordination..."

-- "Used to maintain status. Info is often out of date or erroneous. This report is required but not reliable."

-- "The USASAC (DARCOM) Quarterly Requisition Report is the most useful management tool we have. Unfortunately, these documents are sometimes delayed if they come by surface."

-- "We use this report with USAF RO-43/58 to respond to logistical related questions..."

-- "This is our primary management tool. Copies passed to local MILDEPs to compare with status cards received."

MILSTRIP Status Cards

-- "All status cards should be sent to [the host country's] Embassy in Washington DC."

-- "...currently in the process of preparing a weekly FMS Status Activity Report similar to that which used to be provided by USASAC. This report will be provided to interested agencies within the [host country] military."

-- "Invaluable."

- "Forwarded to host country."
- "Almost overwhelming in quantity received. We have to manually extract data. Prefer readout rather than cards."
- "These cards come in such volume and so late that we do not use them as a management tool. The [host country] has no capability or organization to track these cards."
- "[We receive but] we don't use them."
- "These cards are routed through us to the host country but manning does not permit us to maintain files."
- "[Used to] update status of projects, advise host country of delays and other problems."
- "Provided by advisory detachments to appropriate [host country] depot."
- "Status cards are routed thru this office and reviewed prior to being passed to local MILDEPs."

FMS Billing Statement/Listings

- "...[SAO] copy is used for case monitoring as well as preparing financial projections on status of the [host country] program."
- "...forward, after review, to [host country]."
- "[Used] to determine case status and as aids in responding and/or assisting with respect to ROIDs."
- "Some individual managers (training) use delivery listing to check training progress, costs, penalties, etc. [Host country personnel] ask a lot of money questions."
- "Forward to country with explanatory cover letter. Retain copy in financial files for reference."
- "Present copy of statement to [host country] and press --diplomatically -- for payment."
- "Compare with host country records and file."
- "...payment monitoring, delivery schedule coordination with [host country]."
- "This causes more problems than any other for the usual reasons. We are pushing the idea that the delivery list must be compared to goods received from freight forwarder, whereas QRR is better used as a check on status cards."

MILDEP Closure Certifications

- "[Don't generally receive] but would be valuable."
- "Very useful and effective."
- "They can trigger a case review by recipient country to insure all materiel has been received..."
- "Allows us to close case as well."
- "Used to reinforce our records that a case is supply complete and should be closed. If we disagree, we notify the MILDEP."
- "Copy to host country logistics officer; copy in case folder."
- "[Don't receive but] copies should be furnished..."
- "Have only received one of these in past year."

Final Billing Statement

- "Copy is used as authority to transfer case to inactive/closed file."
- "...used to review case materiel and financial status with host country."
- "...[used to] coordinate with [host country] for case closure."
- "No use, just filed."
- "Used to close out case files."
- "Handled as part of the Billing Statement."

DSAA 1100 (now 1200) Reports

- "Case Listing and Request Summary are used as ready references by action officers. Other reports, such as FMS Status of Purchases and Deliveries, while received here, are not designed for use by a MAAG/Mission. Timeliness and accuracy problems reduce the use of these reports."
- "Data source for case information."

-- "Receipt is too infrequent and delayed for meaningful action."

-- "Used to answer questions..."

-- "What is the DSAA 1100 (1200) system report? Evidently this [SAO] is not receiving the product."

-- "Selected reports on FMS/MAP equipment are received and used to update our info files."

-- "DSAA 1100 (1200) reports have been requested and received, however they only contain requests for LOAs that have received case designators."

Correspondence Regarding Closure Problems

-- "[Don't receive] but would be a great aid."

-- "[Don't receive] unless it is updated action resulting from a host country initiated action through the MAAG."

-- "Used as background information to help resolve differences or problem areas between both countries."

-- "None [received] within last six months."

-- "[Not received but] MAAG's/Missions should be furnished copies for info and coordination with the host country."

-- "Most MILDEPs...are very good as to make us info addressees on interdepartmental message traffic. This pays off in the end."

Other Useful Documents Received

-- "[With respect to the U.S. Army], an annual FMS Management Review is conducted wherein logistics, transportation and financial data is reviewed with the two volume data published by USASAC, NCAD; used as the basis for determining action activity on problem areas."

-- "USASAC report, 'FMS Management Review,'...very useful."

-- "[USAF] System HO-51 R-19 Report."

-- "CPL and CPR for training cases."

-- "NAVILCO Grant Aid Termination Report."

-- "Message traffic which confirms shipment; letters from the [host country] confirming receipt of an item (useful when the MILDEP tries to give credit for an item that was actually received); DD 1348-1's on shipment.

-- "The most informative and helpful tool in monitoring case status, especially during case initiation, is through message traffic with the MILDEP. Additionally, there is numerous correspondence between the [SAO] and SAAC to resolve financial questions/problems."

Correspondence with MILDEP's/SAAC

One of our questions was:

"Do you routinely correspond with the MILDEP's or SAAC regarding the status of a case?" The SAO responses were as follows:

<u>Do You Routinely Correspond</u>	<u>Number of Countries</u>	<u>Percent</u>
Yes	18	47
No	14	37
No Response	<u>6</u>	<u>16</u>
	38	100

Selected Comments

-- "Not regularly, but have on occasion when it appears case is long overdue for closure."

-- Yes. [SAO] routinely reviews each case on a monthly basis as well as conducts quarterly in-process reviews. Actions generated are forwarded to appropriate agencies."

-- "Only on FMS training cases."

-- "No, not routinely. If a problem is brought to our attention by the [host country] or if the MILDEP's need information from the [host country], we get involved."

-- "As required."

-- "Usually to request case closure or to point out mistakes..."

- "Only if asked by the host government."
- "Very frequently."
- "MILDEP's: Extensively; SAAC: Rarely."
- "Yes, especially SAAC."
- "Only when normal channels fail and we are asked to step in."
- "Daily."
- "No. Correspondence is by message when necessary. Lack of Autovon facilities hinders our operation though we can call [the Unified Command] by HF radio and phone patch thru their Autovon."

LIKE TO SEE IN A CHECKLIST

Our final question was: "What would you like to see in a case management checklist?"

Selected Comments

-- "Simplified procedures, of course, but the program itself is very complex. If the C/L must cover all types of cases, it may be more of a nuisance than assistance. I hope you can perform a miracle and come up with a good, simple, checklist."

- "Case management checklists should be designed for each type of contract, e.g., defined order cases, blanket order cases, supply support arrangement cases, etc."

-- "Format containing following data: Date of DD 1513 and Amendment Notices, ...Date of Notice of Delivery Completed...Date of Notice of Case Closure. Finally, convenient, timely source to obtain data for checklist. Possibly a new 1200 system report to act as checklist. Would like to see a periodic report addressing why cases are not



closed (remaining actions) after all deliveries have been made."

-- "...advanced notification that an annual case is going to expire."

-- "Accuracy of math computations in DD Forms as well as Case Directive Amendments."

-- "...checklist should be very detailed and address pertinent milestones...should incorporate procedures and pitfalls... steps..."

-- "Nothing special except perhaps a listing of actions involved (i.e., LOR, changes, delivery, payments, etc.) in a consolidated format so you could see the case status at a glance."

-- "Step-by-step procedures..."

-- "Status reports from MILDEP case managers in an easily-read format."

-- "Have no need for one."

-- "One standard case management checklist will not be sufficient...recommend a checklist which takes into consideration the imposed limits on MAAG/OMC manpower, the wide disparity in host country supply capabilities..."

-- "A compact listing of all manuals relating to a particular problem."

-- "Complete list of key players to assist in determining where questions should go."

-- "A screening of available reports that collectively indicate whether a case is materiel and financially complete."

-- "On FMS cases over three years old, bi-annual status reports should be provided..."

-- "How to use data specified in [earlier questions regarding documents received] would provide an excellent checklist."

-- "Each various step in case management should be outlined and show responsible agency MILDEPs, SAAC, [SAO], customer country, etc. It would be better to have separate lists for each...the increase in sales and the decrease in [SAO] manning eliminates in depth [SAO] management and increases host country involvement. A checklist for case management needs to reflect this situation. A checklist which requires 'case management' rather than case monitoring will not be realistic or workable."

-- "Though MAP will have ceased after September 30 for most countries, those countries will have equipment to monitor the use of and ultimately dispose of that equipment. Perhaps a checklist of the MAP procedures would be a valid project."

OTHER COMMENTS

Although we received several other excellent comments and advice, one SAO comment very succinctly summed up several more lengthy comments. That comment was: "Anything to speed up case closure." We think this comment reflects the sentiment of most of the U.S. security assistance community, overseas and CONUS alike.

SUMMARY AND CLOSING NOTE

Although development of a case closure checklist is the principal aim of our research project (the initial results of which we plan to submit to CINCPAC this month), we found the aforementioned questionnaire to be enlightening on a number of points. For our part as an educational institute, the information is invaluable for updating our curriculum and in helping our faculty better relate to the environment likely to be encountered by future students going to overseas SAO assignments. Accordingly, we express our appreciation to CINCPAC -- the sponsor of this action item --and to the many SAOs who took the time to respond to our questionnaire.

We plan to discuss other facets of our case closure study in a future Newsletter issue.

THE AUTHOR

Mr. Larry A. Mortsof is the Assistant Director of Research and Consultation at DISAM. He has been with the Institute since its inception and has been the project officer for several research studies. A graduate of the Air Force Institute of Technology (AFIT) Graduate Logistics Program, he recently served in a thesis research chairmanship and advisory capacity for students at that school. His primary teaching assignments include FMS Financial Planning and Management, FMS Billing and Case Closeout, and Legislative Basis for Security Assistance.

Readers are invited to submit articles for future publication in the Perspectives in Security Assistance Management section of the Newsletter. Full credit will be given to the author of the article. Any proposed article should be accompanied by a statement to the effect that any necessary clearance action has been accomplished by the command or agency Public Affairs office. Articles relating to special security assistance policies, programs, processes, management innovations or problems, etc., are especially encouraged.