

B

GLOSSARY OF SELECTED TERMS

A

Above-the-line-cost (obsolete terminology). Costs and the related material/services that are the responsibility of the cognizant implementing agency during execution and closure of an FMS case. Specifically, line 21 of the DD Form 1513 (estimated costs) or line 8 of the LOA (Net Estimated Cost) sometimes referred to as the “Net Estimated Case Value.”

Acceptance. The act of an authorized representative of the government by which the government assumes for itself, or as agent of another, ownership of existing and identified supplies tendered, or approves specific services rendered, as partial or complete performance of the contract on the part of the contractor. See also letter of offer and acceptance.

Acceptance date. The date which appears on the acceptance portion of the LOA and indicates the calendar date on which a foreign buyer agrees to accept the items and conditions contained in the FMS offer portion.

Accepted case. An FMS letter of offer and acceptance for definitized requirements that has been signed by the designated representative of the eligible recipient before the expiration date and has been received by DFAS-DE with any required initial deposit.

Accessorial cost. The cost of packing, crating, and handling (PC&H), and transportation which are incidental to issues, sales, and transfers of materiel and are not included in the standard price or contract cost of materiel. An exception to this is working capital fund (WCF) items.

Accrued costs. The financial value of delivered articles and services and incurred costs reported to DFAS-DE via Delivery Transactions. Incurred costs represent disbursements for which no physical deliveries have yet occurred. Examples are: progress payments to contractors, GFM/GFE provided to contractors, and nonrecurring costs.

Acquisition process. The structured basis for managing a Department of Defense acquisition program. Starts with identification of a mission need for a system, and involves five phases, each of which is preceded by a decision or milestone, as the system proceeds through research development, test and evaluation, and production. The phases are: 1) concept exploration, 2) demonstration and validation, 3) development, 4) production and deployment, and 5) operations support.

Act. The term for legislation once it has passed both houses of Congress and has been signed (enacted) by the president or passed over his veto, thus becoming law.

Action officer (AO). The person responsible for taking action on a project, for coordination of all staff activities, and for assembling an action package for decision by higher authority.

Actual cost. A cost sustained in fact, on the basis of costs incurred, as distinguished from forecasted or estimated costs.

Actual cost of work performed. The costs actually incurred and recorded in accomplishing the work performed within a given time period.

Actual dollars. Expenditures as recorded in prior time periods.

Adjustment reply code (ARC). A code which identifies the type of action being taken in reply to the FMS customer supply discrepancy report [SDR (ROD)]. ARCs are transmitted to DFAS-DE by an FMS case Implementing Agency in FMS Delivery/Performance Reports.

Administrative contracting officer. (ACO) The U.S. government contracting officer who is assigned the responsibility for the administration of U.S. government contracts.

Administrative agency. The military department charged with the responsibility for the provision of logistical and administrative support to a DoD element either in the U.S. or in a foreign country or international organization.

Administrative cost. The value of costs associated with the administration of the FMS Program. The prescribed administrative percentage cost for a case appears in the LOA. This percentage is applied against the case. Expenses charged directly to the FMS case (as prescribed by the LOA) are not included. May be commonly referred to by the generic code "L6A" for administrative costs.

Administrative lead-time. The time interval between the initiation of procurement action and the letting of a contract or the placing of an order.

Agency. Any department, office, commission, authority, administration, board, government owned corporation, or other independent establishment of any branch of the Government of the United States.

Aircraft replenishing. The refilling of aircraft with consumables such as fuel, oil, and compressed gases to predetermined levels, pressures, quantities, or weights. Rearming is excluded.

Allocable cost. A cost is allocable to a USG contract if it:

- a. Is incurred specifically for the contract;
- b. Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- c. Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Allocation. An authorization by a designated official of a DoD component making funds available within a prescribed amount to an operating agency for the purpose of making funding allotments (i.e., the first subdivision of an apportionment of funds).

Allotment. An authorization granted within and pursuant to an allocation for the purpose of incurring commitments, obligations, and expenditures in the accomplishment of an approved budget. Therefore, an allotment is a subdivision of an appropriation which provides the funding authority for an official to accomplish a specific function or mission.

Allotment. [FMS] Authority issued to a DoD component to incur commitments and obligations within a specified amount. In the FMS program there are two types of allotments:

- a. Allotment for actual administrative expenses - All of the actual cost incurred by DoD components in administering the FMS program are funded by this allotment. The allotment is issued on a quarterly basis and may not be exceeded.
- b. Allotment for program implementation - An allotment of FMS case contract authority for use on a direct cite basis, citing the allotment holder's accounting station. This type of allotment is made when DFAS-DE determines it does not have the accounting capability to support detailed accounting requirements below the FMS case level, i.e., commitments, obligations and disbursements resulting from contract award to implement individual FMS case line items. The amount released on each FMS case is a specific limitation and the monthly status-of-allotment report must show the status of each case.

Anticipated reimbursements. A term which refers to the dollar value of reimbursable orders that have been included in a DoD component's budget. Applicable amounts are not available for obligation until an actual customer order has been received.

Anti-Deficiency Act. The salient features of this statute include:

- a. Prohibits government agencies and employees against authorizing or incurring obligations or expenditures in excess of amounts appropriated and apportioned by the OMB or in excess of amounts permitted by agency regulations;
- b. Establishment of procedures for determining the responsibility for violations and for reporting violations to the president, through OMB and to the Congress [31 U.S.C. 1341-1351].

Apportionment. A determination made by the Office of Management and Budget which limits the amount of obligations or expenditures which may be incurred during a specified time period. An apportionment may limit all obligations to be incurred during the specified period or it may limit obligations to be incurred for a specific activity, function, project, or a combination thereof.

Appropriation. A part of an Appropriation Act providing a specified amount of funds to be used for designated purposes. Each appropriation has a finite period of time for incurring obligations.

Appropriations act. Legislation initiated by the House and Senate Appropriations Committees, that provides authority for Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation act is the most common means of providing budget authority. There are thirteen regular appropriation acts for each fiscal year.

Armaments. Weapons with a lethal capability (i.e., missiles, ammunition, etc.).

Armed Services Board of Contract Appeals. A board established to act as the authorized representative of the SECDEF or department Secretaries, in deciding appeals under the provisions of the disputes clause contained in USG contracts.

Arms Export Control Act (AECA). The basic U.S. law providing the authority and general rules for the conduct of foreign military sales and commercial sales of defense articles, defense services, and training. The AECA came into existence with the passage of the Foreign Military Sales Act (FMSA) of 1968. An amendment in the International Security Assistance and Arms Export Control Act of 1976 changed the name of FMSA to the AECA. Published as 22 U.S.C. Sec. 2751 et seq.

Arms transfers. Involves the sale, lease, loan, or other transfer of defense articles and defense services such as arms, ammunition, and implements of war, including components thereof, and the training, manufacturing licenses, technical assistance, and technical data related thereto, provided by the USG under the authority of the Foreign Assistance Act (FAA) of 1961, as amended, or the Arms Export Control Act (AECA), as amended, or other statutory authority, or directly by commercial firms to foreign countries, foreign private firms, or to international organizations. See also conventional arms transfers.

Attrition. The loss of a resource due to natural causes in the normal course of events such as a turnover of employees or spoilage and obsolescence of material.

Attrition [international military training]. The total destruction of a DoD capital asset (e.g., a training aircraft) when a foreign student was in physical control of the asset or as a direct result of negligence, simple or gross.

Audit. The systematic examination of records and documents to determine:

- a. The adequacy and effectiveness of budgeting, accounting, financial, and related policies and procedures
- b. Compliance with applicable statutes, regulations, policies, and prescribed procedures

- c. The reliability, accuracy, and completeness of financial and administrative records and reports
- d. The extent to which funds and other resources are properly protected and effectively used

Auditor [procurement]. A term used to represent the cognizant audit office designated by the Defense Contract Audit Agency (DCAA) or military service audit activities for conducting audit reviews of the contractor's accounting system policies and procedures for compliance with the criteria.

Authorization accounting activity. A U.S. Navy activity tasked with maintaining the official financial records for a unit's appropriation.

Authorization act. Basic, substantive legislation that establishes or continues the legal operation of a federal program or agency, either indefinitely or for a specific period of time, or which sanctions a particular type of obligation or expenditure. An authorization normally is a prerequisite for a subsequent appropriation but does not itself provide budget authority. Under the rules of both houses, the appropriation for a program or agency may not be considered until its authorization has been considered; however, failure to pass an authorization bill will not prevent enactment of an appropriations act. An authorization also may limit the amount of budget authority to be provided or may authorize the appropriation of "such sums as may be necessary." Authorizing legislation enacted by Congress that sets up or continues the operation of a Federal program or agency indefinitely or for a specific period of time. It may place a cap on the amount of budget authority that can be appropriated for a program or may authorize the appropriation of "such sums as necessary."

Automatic data processing equipment (ADPE)

- a. A machine, or a group of inter-connected machines, consisting of input, storage, computing, control, and output services, which uses electronic circuitry in the main computing element to perform arithmetic and/or logical operations automatically by means of internally stored or externally controlled programmed instructions
- b. The data processing equipment which directly supports or services the central computer operations

B

Back order. (BO) The quantity of an item requisitioned by ordering activities that is not immediately available for issue but is recorded as a stock commitment for future issue.

Bandaria. The imaginary country used by DISAM when making an example security assistance situation. This country is not located in any real region of the world nor is it modeled after any real country. For security assistance purposes, Bandaria's country code is BN.

Base year. (BY) A reference period which determines a fixed price level for comparison in economic escalation calculations and cost estimates. The price level index for the base year is 1.000.

Below-the-line-costs (obsolete terminology). Costs identified on the DD Form 1513 on lines 22 through 25. Applicable costs are added to line 21, estimated costs, to arrive at line 26, estimated total costs. Normally, DFAS-DE retains the obligational authority necessary to execute applicable costs.

Best and final offer (BAFO). Upon completion of discussions during a conventional source selection, the contracting office shall issue to all offerors still within the competitive range a request for best and final offers. Following evaluation of the BAFOs, the Source Selection Authority shall select that source whose BAFO is most advantageous to the government.

Bill. A legislative proposal originating in either the House or Senate which, if passed in identical form by both houses and signed by the president, becomes an enacted law. Bills are designated by "HR" in the House of Representatives or "S" in the Senate, according to the house in which they originate,

plus a number assigned in the order in which they are introduced during the two-year period of a Congressional term. Appropriations bills always originate in the House.

Bill (or billing) code. This is a DFAS-DE country assigned code which divides FMS customer country billings into management levels lower than a U.S. Implementing Agency or in-country service. This code often correlates to an FMS customer paying office. It appears in Block 3 of the DD Form 645. Basic alpha codes are derived from the LOA. The FMS customer should ensure that the proper bill code is indicated upon acceptance of an LOA.

Billing statement. The DD Form 645 Billing Statement represents the official claim for payment by the U.S. government referred to in Letters of Offer and Acceptance. It also furnishes an accounting to the FMS purchaser for all costs incurred on his behalf under each agreement.

Blanket order case. An agreement between a foreign customer and the U.S. government for a specific category of items or services (including training) with no definitive listing of items or quantities. The case specifies a dollar ceiling against which orders may be placed.

Budget authority. The authority Congress gives to government agencies, permitting them to enter into obligations that will result in immediate or future outlays (expenditures). Such budget authority does not include the authority to insure the repayment of loans held by another person or government.

Budget year. The fiscal year following the current fiscal year, and for which the new budget estimate is prepared.

Buy-American Act [41 U.S.C. 10]. This law provides that U.S. government agencies must generally give procurement preference to the purchase of domestic end products. This preference is accorded during the price evaluation process by applying a punitive evaluation factor to most foreign products. The FAR and DFARS authorize off-shore procurements of such items as sand, gravel, cement, and cement products for DoD use overseas.

C

Canceled case. An FMS case which was not accepted or funded within prescribed time limitations, or was accepted and subsequently canceled by the requesting country or the U.S. government. In the latter case, the U.S. government or purchaser electing to cancel all (or part) of a case prior to the delivery of defense articles or the performance of services shall be responsible for all (or associated) termination costs.

Case. An FMS contractual sales agreement between the U.S. and an eligible foreign country or international organization documented by a DD Form 1513 or an LOA. An FMS case identifier is assigned for the purpose of identification, accounting, and data processing for each offer.

Case amendment. An amendment of an FMS case documented by an LOA amendment which constitutes a contracted scope change to an existing LOA.

Case description. A short title specifically prepared for each FMS case by the implementing agency.

Case designator. An unique designator assigned by the implementing agency to each FMS case. The designator originates with the offer of a sale, identifies the case through all subsequent transactions, and is generally a three-letter designation, comprising the last element of the Case Identifier.

Case identifier. A unique six digit identifier assigned to an FMS case for the purpose of identification, accounting, and data processing of each LOA. The case identifier consists of the two-letter country code, a one letter designator for the implementing agency, and a three-letter case designator.

Case modification. Modification of a case documented by an LOA modification which constitutes an administrative or price change to an existing LOA, without revising the scope of the case.

Cash case [FMS]. An FMS case for which the source of funding is directly provided by the purchaser, i.e., not through a credit or grant agreement with the U.S. government.

Cash prior to delivery [FMS]. A term of sale in which the U.S. government collects cash in advance of the delivery of defense articles and/or the performance of defense services from DoD resources.

Cash sales [FMS]. See cash case.

Cash with acceptance [FMS]. A term of sale in which U.S. dollar currency, check, or other negotiable instrument is submitted by the customer concurrent with acceptance of an FMS sales offer for the full amount shown as the estimated total cost on the LOA.

Closed case. An FMS case for which all materiel has been delivered, all services have been performed, all financial transactions, including all collections, have been completed, and the customer has received a final statement of account.

Co-development. A joint development project between the U.S. government and foreign government to satisfy a common requirement.

Collections [FMS financial]. Receipts in U.S. dollars, checks, or other negotiable instruments from a purchasing country to pay for defense articles, services, or military training based on accepted FMS cases.

Combating Terrorism Fellowship Program (CTFP). Formerly known as Counterterrorism Fellowship Program, and also currently know as the Regional Defense Combating Terrorism Fellowship Program. It is a DoD security cooperation tool that provides education and training to international security personnel as part of the U.S. global effort to combat terrorism. CTFP is authorized by Section 2249C of U.S.C. Title 10, Section 2249C which allows DoD to use up to \$20 million per year to pay any costs associated with the attendance of foreign government personnel, including civilians, at selected DoD schools, conferences, centers, and other training programs.

Commerce Business Daily. A publication of the Department of Commerce in which the U.S. government publicizes a potential procurement contract to notify interested contractors and vendors.

Commercial sale. A sale of defense articles or defense services made under a Department of State issued license by U.S. industry directly to a foreign buyer, and which is not administered by DoD through FMS procedures. Also referred to as a direct commercial sale.

Commercial-type items. Any items, including those expended or consumed in use which, in addition to military use, are used and traded in normal civilian enterprise and which are, or can be, imported/exported through normal international trade channels.

Commitment. Any communication between a responsible U.S. official and a representative foreign official (including officials of any international organization or supra-national authority) which reasonably could be interpreted as being a promise that the U.S. will provide a foreign government (including international organizations or supra-national authorities) with either funds (including long term credit assignments), goods, services, or information.

Commitment [financial]. A firm administrative reservation of funds based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The act of entering into a commitment is usually the first step in the process of spending available funds. The effect of entering into a commitment and the recording of that commitment on the records of the allotment is to reserve funds for future obligations. A commitment is subject to cancellation by the approving authority if it is not already obligated. Commitments are not required under O&M appropriations.

Commodity group. A grouping or range of items which possess similar characteristics, have similar applications, or are susceptible to similar supply management methods.

Commonality. A quality that applies to materiel or systems possessing like and interchangeable characteristics enabling each to be used or operated and maintained by personnel trained on the other without additional specialized training, or having interchangeable repair parts or components, and applying to consumable items interchangeably equivalent without adjustment.

Compatibility. The characteristics or ability of two or more operational items/systems to coexist and function as elements of a larger operational system or operational environment without mutual interference. Applies also to multi-service or multi-national use.

Competitive proposals. A method for awarding a U.S. government contract on a basis other than low bid, whereby the best and final offer may be obtained after discussions are concluded.

Completed case. An FMS case for which all deliveries and collections have been completed, but for which a final accounting statement (DD Form 645) has not been furnished to the purchaser.

Concurrent resolution. A concurrent resolution, designated H. Con Res (House) or S. Con Res (Senate), must be adopted by both houses, but it is not sent to the president for his signature and therefore does not have the force of law. A concurrent resolution, for example, is used as the vehicle for expressing the sense of Congress on various foreign policy and domestic issues, and it serves as the vehicle for coordinated decisions on the federal budget under the Congressional Budget and Impoundment Control Act of 1974.

Concurrent resolution on the budget. A resolution passed by both Houses of Congress but not requiring the signature of the president, setting forth, reaffirming, or revising specified congressional budget totals for the federal government for a fiscal year.

Concurrent spare parts (CSP). These are spare parts programmed as an initial stockage related to the acquisition of a major item or system. CSPs are normally shipped in advance of the release of the major item or system.

Conference committee. A meeting between representatives of the House and the Senate to reconcile differences when each chamber passes dissimilar version of the same bill. Members of the conference committee are appointed formally by the Speaker of the House and the presiding officer of the Senate from the membership of the respective standing committees having cognizance over the subject legislation.

Congressional amendment. A proposal by a member of Congress to alter the language, provisions, or stipulations in a bill or in another amendment. An Amendment usually is printed, debated, and voted upon in the same manner as a bill.

Congressional Budget Justification for Foreign Operations. The document presented annually by the Executive Branch to Congress describing the proposed annual Military Assistance, Foreign Military Sales programs, and related security assistance programs along with other foreign assistance programs for the next fiscal year (i.e., the budget year) for which Congressional authorizations and appropriations are requested. The document is jointly produced by DoD (DSCA) and DoS (PM) and serves as a supporting document and justification for the president's annual budget request for foreign assistance. In the past, referred to as the Congressional Presentation Document (CPD).

Congressional committee. A division of the House or Senate that prepares legislation for action by the parent chamber or makes investigations as directed by the parent chamber. Most standing committees are divided into subcommittees, which study specific types of legislation, hold hearings, and report bills, with or without amendments, to a full committee. Only a full committee can report legislation to the House or Senate.

Constant year dollars. A method of relating dollar values for various years by removing the annual effects of inflation and showing all dollars at the value they would have had in a selected base year. See also current year dollars.

Constructive delivery [FMS]. Completion of 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. The delivery of materiel to the customer or the customer's designated freight forwarder at a point of production, testing, or storage at dockside, at staging areas, or at airports constitutes actual delivery. Also referred to as physical delivery.

Consumption rate. The average quantity of an item consumed or expended during a given time interval, expressed in quantities by the most appropriate unit of measurement.

Continental United States (CONUS). United States territory, including the adjacent territorial waters, located within the North American Continent between Canada and Mexico. Does not include Hawaii or Alaska.

Continuing resolution (CR). Appropriations legislation enacted by Congress to provide temporary budget authority for Federal agencies to keep them in operation when their regular appropriations bill has not been enacted by the start of the fiscal year.

Continuing resolution authority (CRA). The authority to obligate funds against the FMFP, IMET, ESF, or other related security assistance appropriation for the new fiscal year under a CR granted by Congress in a Joint Resolution making temporary appropriations prior to passage of the regular appropriations act, or in lieu of such an act. Normally, however, the CRA is for a designated period less than a fiscal year, and such a CRA does not usually allow funding for the start of any new programs.

Contract. An agreement between two or more persons who are legally capable of making a binding agreement, which involves: a promise (or set of promises); a consideration (i.e., something of value promised or given); a reasonable amount of understanding between the persons as to what the agreement means; and a legal means for resolving any breach of the agreement.

Contract administration. All the activities associated with the performance of a contract, from pre-award to closeout.

Contract Administration Office (CAO). Offices assigned to perform contract administration responsibilities at contractor facilities. It is a general term which formerly included AFPROs, ARPROs, NAVPROs, and DCS field offices. In 1990, all such offices were redesignated as Defense Plant Representative Offices (DPROs) under the consolidated authority of the Defense Contract Management Command, a component of the Defense Logistics Agency.

Contract administration services. All those actions accomplished in or near a contractor's plant for the benefit of the U.S. government which are necessary to the performance of a contract or in support of the buying offices, system/project managers, and other organizations, including quality assurance, engineering support, production surveillance, pre-award surveys, mobilization planning, contract administration, property administration, industrial security, and safety.

Contract administration surcharge [FMS]. A surcharge applied to all FMS purchases from procurement to cover the cost of contract administration, quality assurance and inspection, and contract audit. The surcharge percentage depends upon any contract administrative reciprocal agreements with a particular purchasing country.

Contract authority. Budget authority contained in an authorization bill that permits an agency of the federal government to enter into contracts or other obligations for future payments from funds not yet appropriated by Congress. The assumption is that the necessary funds will be made available for payment in a subsequent appropriations act.

Contract/budget authority [FMS]. Authority provided by law to enter into obligations in support of FMS cases without all of the cash necessary to liquidate the obligations. There are two basic types of budget authority resulting from the operation of the FMS program:

Contract/budget authority in the trust fund. This authority represents that portion of an FMS case which will be implemented in a current fiscal year. That portion of an FMS case that may not be implemented in a current fiscal year but is scheduled for a future year(s) is an uncommitted acceptance. Uncommitted acceptances are not budget authority but are reported in schedules attached to the DD Form 1176, "Report on Budget Execution."

Contract/budget authority in DoD appropriation/fund account. In the direct program portion of the budget, this authority results from the appropriation process. For the reimbursable portion of the budget, the authority results from the receipt of customer orders. In the case of the FMS program, the customer order (and hence budget authority) results from receipt by the implementing agency of a reimbursable order issued by the DFAS-DE for all or a portion of an FMS case.

Contract award. This occurs when a contracting officer has signed and distributed a contract to a contractor.

Contract categories. These are two general categories of contracts, which are sometimes called families: cost-reimbursement contracts (where the government pays the cost, subject to limitations), and fixed-price (where the government pays a price, subject to a maximum ceiling amount if a sharing incentive is used).

Contract, cost-plus-award-fee (CPAF). A cost-reimbursement type contract which provides for the payment of all or part of an award fee based on the subjective evaluation by the government of the contractor's performance. The amount of the award is unilaterally determined by the government and is not subject to the disputes clause in the contract.

Contract, cost-plus-fixed-fee (CPFF). A cost-reimbursement type contract which provides for the payment of a fixed fee to a contractor. Once negotiated, the fixed fee does not vary with actual cost, but may be adjusted as a result of any subsequent changes in the scope of work or services to be performed under the contract.

Contract, cost-plus-incentive-fee (CPIF). A cost-reimbursement type contract with a provision for a fee which is adjusted by a formula in accordance with the relationship which total allowable costs bear to target costs. The provision for an increase or decrease in the fee, depending upon allowable costs of contract performance, is designated as an incentive to the contractor to increase the efficiency of performance.

Contract field services (CFS). These are services performed for the USG by commercial or industrial companies. These services provide instruction and training on the installation, operation, and maintenance of DoD weapons, equipment, and systems.

Contract requirements. In addition to specified performance requirements, contract requirements include those defined in the statement of work; specifications, standards, and related documents; the contract data requirements list; management systems; and contract terms and conditions.

Contract termination. Cessation or cancellation, in whole or in part, of work under a prime contract, or a subcontract there under, for the convenience of, or at the option of, the government, or a foreign purchaser (FMS), or due to failure of the contractor to perform in accordance with the terms of the contract.

Contracting activity. Each service designates certain commands as contracting activities. 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. DoD FAR Supplement 2.1 lists the contracting activities. The Head of the contracting activity has certain approval and authority responsibilities.

Contracting officer (CO). A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized

representatives of the CO acting within the limits of their authority as delegated by the CO. A CO whose primary responsibility is to enter into contracts is called a procuring contracting officer. One whose primary responsibility is to administer contracts is called an administrative contracting officer. One whose primary responsibility is to terminate contracts and/or settle terminated contracts is called a termination contracting officer. A single contracting officer may be responsible for duties in any or all of these areas.

Contractor acquired property. Property procured or otherwise provided by the contractor for the performance of a contract, title to which is vested in the government.

Contractor furnished equipment. Standard items of hardware, electrical equipment, and other standard production or commercial items furnished by a prime contractor as part of a larger assembly.

Contractor-owned, contractor-operated facility (COCO). A manufacturing facility owned and operated by a private contractor performing a service, under contract, for the USG.

Conventional arms transfers (CAT). The transfer of non-nuclear weapons, aircraft, equipment, and military services from supplier states to recipient states. The USG views arms transfers as a useful foreign policy instrument to strengthen collective defense arrangements, maintain regional military balances, secure U.S. bases, and compensate for the withdrawal of troops. U.S. arms may be transferred by grants, leases, loans, direct commercial sales, or government-to-government cash sales under FMS.

Cooperative logistics. The logistics support provided a foreign government/agency through its participation in a United States Department of Defense logistics system, with reimbursement paid to the USG for the support provided. [Joint Pub 1-02]

Cooperative logistics sales. Sales pursuant to arrangements wherein continuing support is provided a foreign government through its participation in a U.S. Department of Defense logistics system with reimbursement to the USG for the support performed.

Cooperative logistics supply support arrangements (CLSSA). Military logistics support arrangements designed to provide responsive and continuous supply support at the depot level for U.S.-made military materiel possessed by foreign countries and international organizations. The CLSSA is normally the most effective means for providing common repair parts and secondary item support for equipment of U.S. origin which is in allied and friendly country inventories.

Cooperative logistics support arrangement. Procedural arrangements (cooperative logistics arrangements) and implementing procedures (supplementary procedures) which together support, define, or implement cooperative logistics understandings between the United States and a friendly foreign government.

Cooperative research and development. A method by which governments cooperate to make better use of their collective Research and Development resources, to include technical data exchanges and co-development of new weapons systems.

Coproduction. A program implemented by a government-to-government or commercial licensing arrangement which enables a foreign government or firm to acquire the “know-how” to manufacture or assemble, repair, maintain and operate, in whole or in part, a defense item.

Cost estimate. A judgment or opinion regarding the anticipated cost of an object, commodity, or service. A cost estimate is the result of an estimating procedure which specifies the expected dollar cost required to perform a stipulated task or to acquire an item. A cost estimate may constitute a single value or a range of values.

Cost contract. A contract which provides for payment to the contractor of allowable costs, to the extent prescribed in the contract, incurred in performance of the contract.

Cost sharing contract. A cost reimbursement type contract under which the contractor receives no fee and is reimbursed only for an agreed portion of the allowable costs prescribed in the contract.

Country Liaison Officer (CLO). An officer or non-commissioned officer (NCO) of a foreign military establishment selected by his or her government and attached to a MILDEP or DoD agency for the primary purpose of helping administer IMS from his or her home country. For administrative purposes, the CLO is considered in a student status. In State Department terms, the CLO is the Community Liaison Officer, similar to an MWR officer in the military.

Country team. Senior members of U.S. government agencies assigned to a U.S. diplomatic mission overseas, and subject to the direction and supervision of the Chief, U.S. Mission (Ambassador). Normally, such members meet regularly (i.e., weekly) to coordinate USG political, economic, and military activities and policies in the host country.

Credit. Transactions approved on a case-by-case basis by the Departments of State, Treasury, and Defense, which allow repayment of military export sales for periods beyond 120 days after delivery of materiel or performance of service. [Sections 23 and 24, AECA]

Credit arrangement, An arrangement with a foreign government that the USG will advance a stipulated amount of credit to be used for the financing of a Foreign Military Sale or a direct commercial sale to that government.

Credit case (FMS). The use of U.S. government appropriated funds from the FMFP 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.

Credit guaranty. A guaranty to any individual corporation, partnership or other judicial entity doing business in the United States (excluding USG agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to eligible countries and international organizations.

Critical materiel. Materiel that has been classified as being essential to the U.S. economy. There are approximately 40 minerals in this category. The U.S. is more than 50 percent dependent on foreign sources for over half of these. Also, more generally, an essential item which is in short supply or expected to be in short supply for an extended period.

Cross-servicing. That function performed by one military service in support of another military service for which reimbursement is required from the service receiving support.

Current fiscal year. The fiscal year in progress but not yet completed; e.g. between and including 1 October and 30 September.

Current year. The fiscal year in progress. See also budget year.

Current-year dollars. Dollar values of a given year that include the effects of inflation or escalation for that year, or which reflect the price levels expected to prevail during the year at issue. Also referred to as escalated dollars or then-year dollars.

D

Debtor nation. A nation with a balance of payments deficit.

Defense article. As defined in Section 644(d), FAA and Section 47(3), AECA, includes any weapon, weapons system, munitions, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance or 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 articles listed above, but shall not include merchant vessels, or as defined by the Atomic Energy Act of 1954, as amended (42 U.S. Code 2011), source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data.

Defense attaché office (DAO). A DoD organization assigned to a U.S. diplomatic mission overseas for the purposes of overt gathering of military information, representing the U.S. Department of Defense in the conduct of military liaison activities, and performing as a component of the U.S. country team. Several DAO's have been designated by the president as being responsible for security assistance functions in a host country.

Defense Automatic Addressing System (DAAS). The DAAS functions as an automated system for routing logistics data traffic and provides document processing and data information services.

Defense Contract Management Agency (DCMA). An agency under the direction of the Under Secretary of Defense for Acquisition, Technology and Logistics [USD(AT&L)], which provides unified contract administration services to DoD components and NASA, for all contracts except those specifically exempted.

Defense Finance and Accounting Service Center-DE (Denver) [Center-IN (Indianapolis)]. The Defense Finance and Accounting Service-Center Denver Deputate for security assistance is transitioning from DFAS-DE (Denver, Colorado) to DEFAS-IN (Indianapolis, Indiana) at the time of this publication. Some functions listed under DFAS-IN may still be retained at DFAS-DE for an interim period.

Defense industrial cooperation. U.S. activities performed in conjunction with selected foreign countries, which are intended to stimulate the development of foreign defense industrial capabilities, particularly in emerging technologies, for the mutual benefit of all participants.

Defense information. As defined in Section 644(e), FAA, the term defense information includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data as defined by the Atomic Energy Act of 1954, as amended, or data removed from the Restricted Data category under Section 142(d) of that Act.

Defense Institute of Security Assistance Management (DISAM). The centralized DoD school for the consolidated professional education of personnel involved in security assistance management. DISAM is located at Wright-Patterson Air Force Base, Ohio, and provides an array of resident and nonresident instruction for both USG and foreign government military and civilian personnel as well as for defense contractor and industry personnel.

Defense Security Cooperation Agency (DSCA). The agency that performs administrative management, program planning, and operations functions for U.S. military assistance programs at the DoD level under the policy direction of the Assistant Secretary of Defense (International Security Affairs).

Defense service. As defined in Section 644(f), FAA and Section 47(4), AECA, the term defense service includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purpose of furnishing military assistance or FMS, but does not include military education and training activities or design and construction services under Section 29, AECA.

Defense stock. The term defense stock includes defense articles on hand which are available for prompt delivery. It also includes defense articles under contract and on order which would be available for delivery within a reasonable time from the date of order by an eligible foreign government or international organization without increasing outstanding contracts or entering into new contracts.

Any orders received from an eligible foreign government or international organization which cannot be filled in this manner fall within the provisions of Section 22, AECA, which requires such orders to be filled under new procurement contracts.

Deferral of budget authority. An action by the executive branch that delays the obligation of budget authority. Pursuant to the Congressional Budget and Impoundment Control Act of 1974, the president must provide advanced notice to the Congress of any proposed deferrals. A deferral may not extend beyond the end of the fiscal year in which the notification took place. Congress may overturn a deferral by passing disapproval legislation.

Defined order case. These are FMS cases characterized by orders for specific defense articles and services which are separately identified line items on the LOA.

Delivered case. See completed case.

Delivery. Includes constructive or actual delivery of defense articles; also, includes the performance of defense services for the customer or requisitioner, as well as accessorial services, when they are normally recorded in the billing and collection cycle immediately following performance.

Delivery forecasts. Periodic estimates of contract production deliveries used as a measure of the effectiveness of production and supply availability scheduling and as a guide to corrective actions to resolve procurement or production bottlenecks. These forecasts provide estimates of deliveries under obligation against procurement from appropriated or other funds.

Dependable undertaking [FMS]. An excepted term and condition within the FMS case (or LOA). A firm commitment by a foreign government or international organization to pay the full amount of a contract for new production or for the performance of defense services which will assure the U.S. against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such a contract, provided that in the judgment of the DoD there is sufficient likelihood that the foreign government or international organization will have the economic resources to fulfill the commitment.

Depot level maintenance. Maintenance performed on material requiring a major overhaul or a complete rebuilding of parts, assemblies, subassemblies, and end items, including the manufacture of parts, modification, testing, and reclamation as required. Provides more extensive shop facilities and equipment and personnel of higher technical skill than are normally available at the lower levels of maintenance, i.e., organizational and intermediate level maintenance.

Designated country representative. A person or persons duly authorized by a foreign government to act on behalf of that government to negotiate, commit, sign contractual agreements, and/or accept delivery of materiel.

Direct cite. Citation of the FMS Trust Fund [Account 97-11X8242] as the financing source on documents leaving the DoD system, as well as contracts with commercial firms, the General Services Administration, the Department of Transportation, etc. The term “direct cite” is not valid if any DoD organization establishes a reimbursable order to a DoD appropriation account, stock fund, or industrial fund.

Direct commercial sale. See commercial sale.

Direct cost. Any cost that is specifically identified with a particular final cost objective. Such costs are not necessarily limited to items that are incorporated into the end product as labor or material.

Direct entry training. A military service training course that is entered directly by an international military student without first attending English language training at DLIELC.

Direct offset. A general type of industrial or commercial compensation practice required of a contractor by a purchasing government as a condition for the purchase of defense articles/services. The form of compensation, which generally offsets a specific percentage of the cost of the purchase, is directly

associated with the items purchased, such as the production of components in the purchasing country for installation in the purchased end-item.

Disbursements [gross and net]. In budgetary usage, gross disbursements represent the amount of checks issued, cash, or other payments made, less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriate fund account, such as amounts received for goods and services provided. See also outlays.

Disclosure authorization. An authorization by an appropriate U.S. military department authority which is required prior to the disclosure of classified information to foreign nationals who are cleared by their governments to have access to classified information.

Disposable MAP property. MAP property determined to be no longer needed by the recipient country for the purpose initially furnished and for which no further MAP requirement exists, and MAP property which does not meet the criteria for utilization screening and is classified as disposable property by the in-country Security Assistance Organization (SAO) when initially reported by the foreign country.

Distributed costs. Costs which have been identified or allocated to an FMS case.

Department of Defense acquisition system. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system encompasses establishing and enforcing policies and practices that govern acquisitions, to include documenting mission needs and establishing performance goals and baselines; determining and prioritizing resource requirements for acquisition programs; planning and executing acquisition programs; directing and controlling the acquisition review process; developing and assessing logistics and implications; contracting; monitoring the execution status of approved programs; and reporting to Congress.

DoD Activity Address Directory System (DODAADS). The DODAADS provides data elements, identification codes, and clear text addresses of organizational activities needed for materiel requisitioning, marking, shipping document preparation, billing and similar applications.

DoD components. These include all of the following: the Office of the Secretary of Defense (OSD); the military departments; the Joint Chiefs of Staff (JCS or Joint Staff); the combatant commands; the Office of the Inspector General, Department of Defense (DoDIG); the Defense agencies, to include the Missile Defense Agency (MDA); and DoD field activities.

DoD direct credit [FMS]. A long-term credit for an FMS purchase which is directly financed from an appropriation or account available for that purpose. Authority is Section 23, AECA, or pertinent earlier legislation.

DoD field studies program. The DoD program that affords an opportunity for the International Military Student (IMS) to become familiar with the United States, the social, cultural, and political institutions of the U.S., and its people and their ways of life. The informational program (IP) further increases the IMSs' awareness of the U.S. commitment to basic principles of internationally recognized human rights. Formerly the DoD informational program.

Down payment. See Initial Deposit.

Dual production. This involves the joint production of a weapons system in the United States and in another country/countries. The term can refer not only to independent production lines for the entire weapon system, but also to interdependent production whereby the participants produce parts or components of the system which they furnish to each other for final system assembly.

Dual source. A term for describing two separate contractors who produce the same components or end items for the same program.

E

Earmarking of stocks. The arrangement whereby nations agree, normally in peacetime, to identify a proportion of selected items of their war reserve stocks to be called for by specified NATO commanders under emergency conditions.

earmarks [appropriations] Minimum mandatory funding levels for countries/programs established by Congress in annual foreign assistance authorization and appropriations bills. Earmarks provide Congress a means for establishing its priorities in the allocation of U.S. foreign assistance resources. Since fiscal year 1987, Congress annually earmarked over 90 percent of the FMFP appropriations for a limited number of countries. Such high levels of earmarking restrict the flexibility and discretion of an Administration in funding assistance requirements for the many countries which do not benefit from such congressional earmarking.

Economic lot size. That number of units of material or a manufactured item that can be purchased or produced within the lowest unit-cost range. Its determination involves reconciling the decreasing trend in unit preparation cost and the increasing trend in unit costs of storage, interest, insurance, depreciation, and other costs incident to ownership, as the size of the lot is increased.

Economic order quantity (EOQ). The most economical quantity of parts to order at one time to support a defined production rate, considering the applicable procurement and inventory costs.

Economic production rate. The most economically feasible rate at which an end item can be manufactured.

Economic support fund (ESF). A USG security assistance program through which economic assistance is provided on a grant basis, to selected foreign governments significantly political or military interests for the U.S. The funds may be used to finance imports of commodities, capital, or technical assistance in accordance with the terms of a bilateral agreement; counterpart funds thereby generated may be used as budgetary support. These funds enable a recipient to devote more of its own resources to defense and security purposes than it otherwise could do without serious economic or political consequences. (Formerly termed “Security Supporting Assistance.”)

Economies of scale. Reductions in the unit cost of output resulting from the production of additional units. Such economies stems from:

- a. An increased specialization of labor as the volume of output increases
- b. Decreased unit costs of materials
- c. Better utilization of management
- d. The acquisition of more efficient equipment
- e. A greater use of byproducts

Eligible recipient [security assistance]. Any friendly foreign country or international organization determined by the president to be eligible to purchase or receive (on a grant basis) U.S. defense articles and defense services, unless otherwise ineligible due to statutory restrictions.

End item (EI). A final combination of end products, component parts, and/or materials which is ready for its intended use, e.g., aircraft, ship, tank, mobile machine shop.

Engineering change proposal (ECP). A proposal to a responsible authority recommending that a change to an original item of equipment be considered, and the design or engineering change be incorporated into the article to modify, add to, delete, or supersede original parts.

English comprehension level (ECL) examination. A test of the overall proficiency of foreign military students in English language listening and reading. A minimum entry level for each DoD course of instruction is set by the military departments (MILDEPs) on the basis of course level difficulty and hazard factors.

Environmental and morale leave. A type of leave granted to DoD personnel stationed in remote locations.

Equipment. A major subdivision of a weapon system or subsystem that performs a function impacting the operational capability and readiness of the weapon system/subsystem. It is grouped into two general categories, mission equipment and support equipment. Equipment does not denote bit-part pieces, components, or elements that comprise an equipment entity.

Escalated dollars. See current year dollars.

Escalation. An increase in costs due to inflation. A price index may be used to determine escalation by converting past to present prices or by converting present to future prices.

Estimated actual charges. A systematic and documented estimate of actual costs. The procedure is used in the absence of an established cost accounting system and the procedure is sometimes referred to as a cost finding technique.

Excess defense articles (EDA). Defense articles owned by the United States government which are neither procured in anticipation of military assistance or sales requirements, nor procured pursuant to a military assistance or sales order. EDA are items (except construction equipment) which are in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations.

Exclusive license. A license covering a patent(s), technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a U.S. firm to a foreign firm or government to produce, co-produce or sell a defense article or service within a given sales territory without competition from any other licenses or from the licensor. A non-exclusive license is a license as described above, except that competition may be permitted with other licensees and/or the licensor.

Execution. The operation of carrying out a program as contained in the approved budget. Often referred to as budget execution.

Executive agreement. An international agreement, reached by the president with foreign heads of state, that does not require Senatorial approval. Such agreements are concluded under the president's constitutional powers as Commander-in-Chief and his general authority in foreign relations, or under powers delegated to him by Congress. Executive agreements may be nullified by Congressional action and are not binding on future presidents without their consent.

Executive Order. A rule or regulation, issued by the president, a governor, or some other administrative authority, that has the effect of law. Executive orders are used to implement and give administrative effect to provisions of the Constitution, to treaties, and to statutes. They may be used to create or modify the organization or procedures of administrative agencies or may have general applicability as law. Under the Administrative Procedure Act (APA) of 1946, all executive orders must be published in the Federal Register.

Expanded IMET (E-IMET). Training funded under the IMET program to the following four objectives: proper management of defense resources, improving military justice systems in accordance with internationally recognized human rights, understanding the principle of civilian control of the military, and contributing to the cooperation between police and military forces for counternarcotics law enforcement [Sec.541, FAA]. Only courses found in the Expanded IMET Handbook qualify for consideration in the Expanded IMET portion of a country's training program.

Expendable supplies and material. Supplies which are consumed in use, such as ammunition, paint, fuel, cleaning and preserving materials, surgical dressings, drugs, medicines, etc., or which lose their identity, such as spare parts, etc. Sometimes referred to as consumable supplies and material.

Expenditure authority (EA, as used in FMS). A document or authority from DFAS-DE to an FMS case implementing DoD component which allows expenditures against obligations previously recorded against an FMS case. The disbursing activity must ensure that cash is available prior to processing the disbursement.

Expenditures. The actual spending of money as distinguished from the appropriation of funds. Expenditures are made by the executive branch; appropriations are made only by Congress. The two rarely are identical in any fiscal year. In addition to some current budget authority, expenditures may represent prior budget authority made available one, two, or more years earlier. See also disbursements.

Extended offer [FMS]. An FMS offer for which a reply from the buyer has not been received within the time limit specified on the letter of offer and acceptance (LOA) but which remains in effect pending clarification of its status.

Extended training service specialists (ETSS). ETSS are DoD military and civilian personnel technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. ETSS are attached to an overseas SAO rather than assigned, and they are carried on the Joint Table of Distribution (JTD), but are not provided as an augmentation to the SAO staff. ETSS may be provided for overseas assignments for periods of up to but not exceeding one year, unless specifically approved by DSCA.

F

Familiarization training. Practical experience and job-related training for specific systems, subsystems, functional areas, or other operations that require hands-on experience, to include maintenance training conducted at the depot level. This training does not provide for skill-level upgrading, which is provided under OJT when special procedures are required.

Feasibility study. A feasibility study is carried out by industry or government agencies, or a combination of both, with the object of providing a technical appraisal of the feasibility of developing and producing some type of equipment with the performance required. The study identifies areas of technical risk, recommends characteristics of the system(s), and identifies the optimum balance between performance, cost, and development time. The study also indicates areas where considerable advances on the existing state of knowledge are likely to prove necessary for successful development. It further indicates the means by which the recommended solution will be achieved, suggests a program for project definition, development, and production, and provides a preliminary estimate of the costs for these stages.

Federal Acquisition Regulation (FAR). The FAR is the primary regulation for use by federal executive agencies for the acquisition of supplies and services with appropriated funds. The document, published in 1984, consolidated the major procurement regulations of various departments and agencies. The intent of the FAR is to standardize the content, decrease the volume of documents, and to achieve consistency throughout government. The principal agencies involved in putting together the FAR were DoD, the General Services Administration, and the National Aeronautics and Space Administration, the three largest buyers. The FAR is broader than just contracting and applies to all goods and services. It directs the defense program manager in many ways, including contract award procedures, acquisition planning, warranties, and establishing guidelines for competition. Besides the FAR, each agency has

its supplement to describe its own particular way of doing business. The DoD supplement is called Defense FAR Supplement (DFARS).

Federal budget. The federal government's budget for a particular fiscal year transmitted in January (first Monday after January 3rd) to the Congress by the president in accordance with the Budget and Accounting Act of 1921. Includes funding requests for all agencies and activities of the executive, legislative, and judicial branches. Also termed president's budget.

Federal Financing Bank (FFB) financed sale. The sale of defense items or services financed by credit supplied by the Federal Financing Bank, an agency of the Department of the Treasury. The sale may be made by DoD or by U.S. industry directly to the foreign buyer. Such U.S. industry direct sales are subject to DoS approval.

Federal Logistics Data (FED LOG). Federal Logistics Data on compact disc - read only memory (CD-ROM). Provides important logistics catalog data on items used by the USG.

Fences. Explicit limitations (ceilings and floors) established by Congress on the use of funds provided in an appropriations act. See also earmarks.

Field training services (FTS). A generic term that refers to either engineering and technical services, contract field services, or both.

Financing appropriation. The appropriation account originally increased as a result of the performing DoD Component's acceptance of a reimbursable order from the DFAS-DE. This activity is reflected as "FMS reimbursables."

Financing, type of [FMS]. The method by which the U.S. government is authorized to sell defense articles and services under the AECA (e.g., cash with acceptance, dependable undertaking, credit etc.). The type of financing is reflected through an entry of the proper term(s) of sale on the LOA.

Fiscal year. Accounting period beginning 1 October and ending 30 September of the following year. The fiscal year is designated by the calendar year in which it ends. Fiscal Year 1995 begins on 1 October 1994 and ends 30 September 1995.

Five-year defense program (FYDP). The official program summarizing the Secretary of Defense approved plans and programs for the Department of Defense.

Fixed costs. Costs that do not vary with the volume of business, such as property taxes, insurance, depreciation, security, and minimum water and utility fees.

Fixed price incentive contract (FPI). A fixed price type of contract with provision for the adjustment of profit and price by a formula based on the relationship that final negotiated total cost bears to negotiated target cost, as adjusted by approved changes.

Fixed price type contract. A type of contract that generally provides for a firm price or, under appropriate circumstances, may provide for an adjustable price for the supplies or services being procured. Fixed price contracts are of several types, and are so designed as to facilitate proper pricing under varying circumstances.

Fixed price with economic price adjustment contract (FP-EPA). A fixed price type of contract with provision for adjustment of the price paid by the government if certain contingencies occur.

Flyaway costs. The costs related to the production of a usable end item of military hardware. Flyaway cost include the cost of procuring the basic unit (airframe, hull, chassis, etc.), a percentage of basic unit for changes allowance, propulsion equipment, electronics, armament, and other installed government-furnished equipment, and nonrecurring production costs. Flyaway cost equates to rollaway and sail-away costs.

Follow-on training. Sequential training following an initial course of training.

Foreign affairs administrative support (FAAS). The purpose of the Foreign Affairs Administrative Support (FAAS) system is to provide, on a reimbursable basis, needed administrative services to U.S. government offices located overseas. The administrative support services are provided by FAAS personnel of the Department of State stationed at overseas U.S. embassies, consulates, etc. Normally, such personnel perform a variety of services including: personnel, budget and fiscal, general services, communications, security and guard, and management services. The specific services required are the basis of an agreement between State and the requesting agency. Charges are based on the amount of services received, with each agency, including State, paying its share. The FAAS system provides an equitable method of sharing the costs of providing “common type” administrative support to the SAO and other agencies at the post.

Foreign Assistance Act (FAA) of 1961. The basic law providing the authority and the general rules for the conduct of foreign assistance grant activities/programs by the USG. Published as 22 U.S.C. Sec. 2151 et seq.

Foreign exchange. Foreign exchange refers to a system whereby the national currency of one country may be exchanged for the currency of another country, thereby facilitating trade between countries. The international foreign exchange system also permits a country to settle monetary claims it has on other countries. The price, or exchange ratio, for national currencies is determined by the forces of supply and demand in the international money market or by an arbitrary fixing of the rate of exchange through a national system of exchange.

Foreign internal defense (FID). Participation by civilian and military agencies of one government in any of the programs conducted by another government to free and protect its society from subversion, lawlessness, and insurgency.

Foreign liaison officer (FLO). An official representative, either military or civilian, of a foreign government or international organization stationed in the United States normally for the purpose of managing or monitoring security assistance programs.

Foreign military sales (FMS). That portion of U.S. security assistance authorized by the AECA, and conducted on the basis of formal contracts or agreements between the United States Government and an authorized recipient government or international organization. FMS includes government-to-government sales of defense articles or defense services, from DoD stocks or through new procurements under DoD-managed contracts, regardless of the source of financing.

Foreign military sales (FMS) case. A United States of America Letter of Offer and Acceptance (LOA) or a “United States Department of Defense Offer and Acceptance,” which has been accepted by a foreign country.

Foreign service national (FSN). A local hire U.S. embassy employee, usually of the same nationality as the host country, but sometimes a third country national (TCN). The FSN fills a billet with a formal position description and is paid according to a local compensation plan developed by the embassy. FSNs are hired and employed by either State Department directly or any other embassy agency (e.g., SAO) with a validated need and billet. Typical jobs for FSNs within a SAO include budget analyst, SA training manager, administrative assistant, and vehicle driver.

Financial Management Regulation (FMR) [DOD 7000.14-R, Volume 15, Security Assistance Policy and Procedures]. A manual published by the Defense Finance and Accounting Service under the authority of DoDI 7000.14. It establishes basic financial procedures for security assistance activities involving management, fiscal matters, accounting, pricing, budgeting for reimbursements to DoD appropriations accounts and revolving funds, auditing, international balance of payments, and matters affecting the DoD budget.

Foreign Military Sales Order (FMSO). A term used to describe DD Forms 1513 or LOAs which implement Cooperative Logistics Supply Support Arrangements. Two DD Forms 1513/LOAs are written: a FMSO I and a FMSO II.

Foreign Military Sales Order No. I (FMSO No. I). Provides for the pipeline capitalization of a cooperative logistics support arrangement, which consists of stocks on hand and replenishment of stocks on order in which the participating country buys equity in the U.S. supply system for the support of a specific weapons system. Even though stocks are not moved to a foreign country, delivery (equity) does in effect take place when the country pays for the case.

Foreign Military Sales Order No. II (FMSO No. II). Provides for the replenishment of withdrawals of consumption-type items (repair parts, primarily) from the DoD supply system to include charges for accessorial costs and a systems service charge.

Foreign Military Sales Planning Directive (DD Form 2061). A working paper that provides an identification of the cost elements included in the prices on a DD Form 1513/LOA; provides a time-phased plan for the execution of a DD Form 1513/LOA; and, identifies procurement/ reimbursement appropriations/ funds.

Formal training [military]. Training (including special training) in an officially designated course. It is conducted or administered according to an approved program of instruction. This training generally leads to a specific skill in a certain military occupational specialty.

Full and open competition. A term associated with procurement contracting whereby all responsible sources are eligible to compete for a contract. This is a standard procedure for competition in contracting, and it is required in DoD procurements under the provisions of the Competition in Contracting Act (1984).

Full value for DoD stocks and services. A selling price computed in accordance with DoD 5105.38M, Security Assistance Management Manual (SAMM), Chapter 7.

G

General provisions. The mandatory (by law or regulation) clauses for all DoD contracts for the type of procurement involved sometimes called boiler plate. The clauses devised for a particular procurement are called the Special Provisions.

Generic code (GC). A three-digit code identified in the Military Articles and Services List (MASL) and in Appendix D of the SAMM which represents the type of materiel or services to be furnished according to a specific budget activity/project account classification.

Government Accountability Office (GAO). An agency of the legislative branch, responsible solely to the Congress, which functions to audit all negotiated government contracts and investigate all matters relating to the receipt, disbursement, and application of public funds. The GAO determines whether public funds are expended in accordance with appropriations, and recommends to Congress various policies and procedures to be enacted into law to provide oversight and governance of government spending. Formerly, the General Accounting Office.

Government furnished equipment (GFE). Items in the possession of, or acquired by the USG, and delivered to or otherwise made available to a contractor.

Government furnished material (GFM). U.S. government property which may be incorporated into, or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, small tools, and supplies.

Government furnished property (GFP). Property in the possession of, or acquired directly by the USG, and subsequently delivered to or otherwise made available to the contractor.

Government-owned, contractor-operated (GOCO) facility. A manufacturing plant that is owned by the government and operated under contract by a non-government, private firm.

Government-owned, government-operated (GOGO) facility. A manufacturing plant that is both owned and operated by the government.

Grant. A form of assistance involving a gift of funds, equipment, and/or services which is furnished by the U.S. government to selected recipient nations on a free, nonrepayable basis.

Grant aid (GA). Military assistance rendered under the authority of the FAA for which the United States receives no dollar reimbursement. Such assistance currently consists of the international military education and training program (IMET), and pre- 1990 MAP funding.

Gross domestic product (GDP). Measures the total final outputs of goods and services produced by a country's economy within a country's territory by residents and nonresidents, regardless of its allocation between domestic and foreign claims.

Gross national product (GNP). Measures the total domestic and foreign output claimed by residents of a country. It comprises gross domestic product plus incomes accruing to residents from abroad, less the income earned in the domestic economy accruing to persons abroad.

H

Harmonization. The process and/or results of adjusting differences or inconsistencies to bring significant features into agreement.

H J Res or S J Res. See Joint Resolution.

Holding account. An account established for each FMS country/international organization for the purpose of recording and safeguarding unidentified and certain earmarked funds for future use.

Host nation support. Civil and military assistance provided by host nations to allied forces and organizations in peace, transition to war, and wartime.

Human rights. As defined in Section 116(a), FAA, the term "internationally recognized human rights" includes: freedom from torture or other cruel, inhuman, or degrading treatment or punishment; prolonged detention without charges; disappearances due to abduction or clandestine detention and other flagrant denial of the rights to life, liberty, and the security of the person. Other internationally recognized human rights, as examined by the U.S. Department of State in the annual Country Reports on Human Rights Practices for 199X, include: the right of self government; the right to be free of governmental violations of the integrity of the person; the right to enjoy civil liberties, such as freedom of expression, assembly, religion, and movement, without discrimination based on race, ancestry, or sex; and the right to change one's government by peaceful means. Sec. 502B(2), FAA, prohibits the provision of security assistance to "any county the government of which engages in a consistent pattern of gross violations of internationally recognized human rights."

I

Implementation date [FMS]. The date when supply action on an FMS case is initiated or directed by an implementing agency.

Implementing agency (IA). The military department or defense agency responsible for the execution of military assistance programs. With respect to FMS, the military department or defense agency assigned responsibility by the Defense Security Cooperation Agency to prepare an LOA and to implement an FMS case. The implementing agency is responsible for the overall management of the actions which will result in delivery of the materials or services set forth in the Letter of Offer and Acceptance which was accepted by a foreign country or international organization.

Impoundment. Any executive action to withhold or delay spending appropriated funds as intended by the Congress. There are two kinds of impoundments: deferrals and rescissions.

Incentive payment. Direct monetary compensation made by a U.S. supplier of defense articles or services or by any employee, agent, or subcontractor thereof to any U.S. person to induce or persuade that U.S. person to purchase or acquire goods or services produced, manufactured, grown, or extracted, in whole or part, in the foreign country which is purchasing those defense articles or services from the U.S. suppliers [Sec. 39A(d)(2), AECA].

Incentive type contract. A contract that may be of either a fixed price or cost reimbursement nature, with a special provision for adjustment of the fixed price or fee. It provides for a tentative target price and a maximum price or maximum fee, with price or fee adjustment after completion of the contract for the purpose of establishing a final price or fee based on the contractor's actual costs plus a sliding scale of profit or fee that varies inversely with the cost but which in no event shall permit the final price or fee to exceed the maximum price or fee stated in the contract.

In-country training. Training offered within the geographic boundaries of a recipient purchaser country, and conducted by members of DoD, other USG organizations, or contractors.

Indirect cost. Costs which are incurred for common or joint objectives, and which are not as readily subject to treatment as direct costs. See also direct costs.

Indirect offset. A general type of industrial or commercial compensation practice required of a contractor by a purchasing government as a condition for the purchase of defense articles/services. The form of compensation, which generally offsets a specific percentage of the cost of the purchase, is unrelated to the items purchased, and may include contractor purchases of commodities and manufactured goods produced in the purchasing country.

Industrial base. The capability of U.S. industry to respond to the needs of and produce end items for the DoD. Also, that part of the total privately-owned and government-owned industrial production and maintenance capacity located in Canada expected to be available during emergencies to manufacture and repair items required by the U.S. military services.

Industrial mobilization. The transformation of industry from its peacetime activity to the fulfillment of the military program necessary to support national military objectives. It includes the mobilization of materials, labor, capital, productive facilities, and contributory items and services essential to military programs.

Industrial modernization incentive programs. Provides government incentives to a contractor to motivate investment of his own funds in improvements which result in reducing acquisition cost.

Information system. A combination of personnel efforts, forms, instructions, procedures, data, communication facilities, and equipment that provide an organized and interconnected means for displaying information in support of specific functions.

Initial deposit [FMS]. Money transferred to the credit of the Treasurer of the United States or other authorized officer at the time of acceptance of an LOA as full or partial payment for defense articles, services, or training contracted for by an eligible foreign country.

Initial operational capability (IOC). The first attainment of the capability to employ effectively a weapon, item of equipment, or system of approved specific characteristics, and which is manned or

operated by an adequately trained, equipped, and supported military unit or force. Usually a target year or period of a year established early-on which drives the development and production schedule. Normally, the IOC objective is based on the threat.

Initial provisioning. The process of determining the range and quantity of items (i.e., spares and repair parts, special tools, test equipment, and support equipment) required to support and maintain an item for an initial period of service. Its phases include the identification of items of supply, the establishment of data for catalog, technical manual, and allowance list preparation, and the preparation of instructions to assure delivery of necessary support items with related end articles.

Initial spares. Spare parts procured for the logistics support of a system during its initial period of operation.

Integrated logistics support (ILS). A composite of all the support considerations necessary to assure the effective and economical support of a system throughout its programmed life cycle. It is an integral part of all other aspects of system acquisition and operation. ILS is characterized by harmony and coherence among all the logistics elements. The principal elements of ILS include:

- a. Maintenance planning
- b. Supply support
- c. Technical data
- d. Facilities
- e. Manpower and personnel
- f. Training and training support
- g. Support equipment
- h. Computer resources support
- i. Packaging, handling, storage, and transportation
- j. Design interface.

Integrated materiel management. The exercise of total DoD management responsibility for a federal supply group and class, commodity, or item by a single agency. Includes requirements, funding, budgeting, storage, issuing, cataloging, standardizing, and procurement.

Interchangeability. A condition that exists when two or more items possess such functional and physical characteristics as to be equivalent in performance, fit, and durability, and are capable of being exchanged one for the other without alteration of the items themselves or of adjoining items, except for adjustment.

Interfund billing system (IBS). Under IBS, a selling activity will credit the appropriation or fund which owns the materiel and/or finances the accessorial charges at the time of billing the ordering activity, and will charge the appropriations/funds of the ordering activity. IBS normally encompasses all supply system sales and purchases of materiel, including perishable substances, bulk petroleum, oil, lubricants, and aviation fuel. Reimbursable sales will be billed at the time items are dropped from inventory except that billings for sales under FMS and MAP will be based on constructive delivery. [DoDI 7420.12]

Internal defense. The full range of measures taken by a government to free and protect its society from subversion, lawlessness, and insurgency.

Internal security. The state of law and order prevailing within a nation.

International armaments cooperation programs (IACP). Programs that promote rationalization, standardization and interoperability (RSI) and comprise one or more specific cooperative projects

whose arrangements are defined in a written agreement between DoD and one or more countries, and which are conducted in the following areas:

- a. Research, development, testing, and evaluation (RDT&E) as well as joint production and procurement;
- b. Data, information, and personnel exchange activities conducted under approved DoD programs
- c. Testing and evaluation of conventional defense equipment, munitions, and technologies. Also known as defense cooperation in armaments (DCA) or international cooperative programs (ICP).

International logistics. The planning, negotiating, and implementation of supporting logistics arrangements between nations, their forces and agencies. It includes furnishing logistics support (major end items, materiel, and/or services) to, or receiving logistics support from, one or more friendly foreign governments, international organizations, or military forces, with or without reimbursement. It also includes planning and actions related to the intermeshing of a significant element, activity, or component of the military logistics systems or procedures of the United States with those of one or more foreign governments, international organizations, or military forces on a temporary or permanent basis. International logistics involves planning and actions related to the utilization of United States logistics, policies, systems, and/or procedures to meet requirements of one or more foreign governments, international organizations, or forces.

International logistics support. The provision of military logistics support by one participating nation to one or more participating nations, whether with or without reimbursement.

International military education and training (IMET) program. That component of the U.S. security assistance program which provides training to selected foreign military and defense associated civilian personnel on a grant basis. Training is provided at U.S. military facilities and with U.S. Armed Forces in the U.S. and overseas, and through the use of Mobile Training Teams. Training also may be provided by contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses. The IMET Program is authorized by the FAA.

International military student (IMS). A national of a foreign government, with military or civilian status of that government, who is receiving education or training or is touring USG activities under the sponsorship of the security assistance training program (SATP).

International military student office/manager (IMSO/IMSM). A U.S. military office that is designated to coordinate and monitor the local SA training program and provide required administrative support for international military students in training at that activity. Also responsible for the conduct of the DoD Informational Program.

International narcotics and law enforcement affairs (INL). Counter drug bureau/programs managed by DoS, but can have materiel, services, and training support provided and managed by DoD using SA assets and procedures.

International Traffic in Arms Regulation (ITAR). A document prepared by the Directorate of Defense Trade Control (DDTC), Bureau of Political-Military Affairs, Department of State, providing licensing and regulatory provisions for the import and export of defense articles, technical data, and services. The ITAR also includes the U.S. Munitions List. Published in the Federal Register as 22 CFR 120-130.

Internationally recognized human rights. See human rights.

Interoperability. The ability of systems, units, or forces to provide services to and accept services from other systems, units or forces, and to use the services so exchanged to enable them to operate effectively together. Also, the condition achieved among communications-electronic systems or items

of communications-electronics equipment when information or services can be exchanged directly and satisfactorily between them and/or their users.

Inventory control. That phase of military logistics which includes managing, cataloging, requirements determinations, procurement, distribution, overhaul, and disposal of materiel.

Inventory control point (ICP). The organizational element within a DoD system which is assigned responsibility for materiel management of a group of items including such management functions as the computation of requirements, the initiation of procurement or disposal actions, distribution management, and rebuild direction.

Investment cost. The cost of equipment, supplies and services that improve the capability of a force, including initial unit equipment, war reserves of equipment and ammunition, concurrent spare parts, and initial spare parts stockage levels. Also includes replacement costs for obsolescent and attrited equipment, rebuild and modernization costs for newly provided equipment, projects programmed as dollar value lines to facilitate administration, and training costs associated with the introduction of new equipment or an improved capability.

Invitational travel order (ITO). A written authorization (DD Form 2285) for international military students to travel to, from, and between U.S. activities for the purpose of training under an approved and funded IMET or FMS program.

Item identification number. A seven-character identifier assigned to each line of training in the MASL. The first character is a letter which identifies the MILDEP offering the training (B Army, P-Navy, D-Air Force). The following six characters are numbers that identify the specific item of training. The identification number is used in all FMS and IMET training programs and implementation documents.

Item manager (IM). An individual within the organization of an inventory control point or other such organization assigned management responsibility for one or more specific items of materiel.

J

Joint Logistics Commanders (JLC). Senior logistics military officers of the Army, Navy, and Air Force:

- a. Commander, U.S. Army Materiel Command
- b. Deputy Chief of Naval Operations (Logistics)
- c. Commander, Air Force Materiel Command

Joint resolution. A legislative resolution, designated H J Res (House) or S J Res (Senate) which requires the approval of both houses and the signature of the president, just as a bill does, and which has the force of law if approved. There is no practical difference between a bill and a joint resolution. A joint resolution generally is used to deal with a limited matter such as a single appropriation. Congressional rejection of a proposed arms transfer, lease, third country transfer, or a proposed international cooperative project takes the form of a joint resolution of disapproval.

Joint Security Assistance Training (JSAT) Regulation. The joint military service regulation that prescribes policies, responsibilities, procedures, and administration for the education and training of international military students as authorized by SA legislation. It deals specifically with training under the IMET and FMS programs and contains instructions on the DoD Informational Program. This regulation applies to active and reserve components of the Army, Navy, Air Force, Marine Corps, Air National Guard, and Coast Guard, and DoD agencies.

L

Language training detachment (LTD). A group of personnel from the Defense Language Institute, English Language Center (DLIELC), Lackland Air Force Base, Texas, performing duty in a foreign country or in CONUS on a military installation away from DLIELC. They serve as consultants or instructors in English as a foreign language.

Lease (security assistance). An agreement for the temporary transfer of the right of possession and use of a non-excess defense article or articles to a foreign government or international organization, with the lessee agreeing to reimburse the USG in U.S. dollars for all costs incurred in leasing such articles, and to maintain, protect, repair, or restore the article(s), subject to and under the authority of Section 61, AECA (Title 22 U.S.C 2796).

Leader-follower concept A government contractual relationship for the delivery of an end item through a prime or subcontract relationship or to provide assistance to another company.

- a. Prime contract awarded to established source (leader) who is obligated to subcontract to and assist another source (follower).
- b. A contract is awarded to a leader requiring him to assist the follower who has a prime contract for production.
- c. Prime contract awarded to the follower for production; follower is obligated to subcontractor with a designated leader for assistance. In this case, the leader may be producing the end item under another contract.

Letter of offer and acceptance (LOA). U.S. Department of Defense letter by which the U.S. government offers to sell to a foreign government or international organization U.S. defense articles and defense services pursuant to the Arms Export Control Act, as amended. The LOA lists the items and/or services, estimated costs, and the terms and conditions of sale; it also provides for the signature of an appropriate foreign government official to indicate acceptance.

Letter of request (LOR). The term used to identify a request from an eligible FMS participant country for the purchase of U.S. defense articles and services. The request may be in message or letter format.

Liabilities. Amounts of money owed to others for goods and services received, or for assets acquired. Liabilities include accrued amounts earned but not yet due for payment, and progress payments due to contractors.

Licensed production. Licensed production involves agreements made by U.S. commercial firms with international organizations, foreign governments, or foreign commercial firms to produce weapon systems. USG involvement is limited to the approval by DSCA of any applicable FMS case and approval of applicable type of export license. Such agreements generally establish quantitative limits on production, and prohibit third country transfers of the manufactured items.

Life cycle. The total phases through which an item/system passes from the time it is initially developed until disposal.

Life cycle cost. The total costs to the government of acquisition and ownership of a system over its useful life. It includes the costs of development, acquisition, support, and, where applicable, disposal.

Limited rights. Involves the rights to use, duplicate, or disclose technical data (TD) in whole or in part, by or for the government, with the express written permission of the party furnishing the TD to be

- a. Released or disclosed outside the government;
- b. Used by the government for manufacture (or if software documentation, for preparing the same or similar software)
- c. Used by a party other than the government except under certain restricted circumstances.

Line item number. A three digit alpha/numeric code which identifies a detail line item on the LOA. This code is perpetuated on the customer's bill.

Living allowance. An authorized allowance paid to an international military student while in training under the IMET program.

Loan. An agreement for the temporary transfer of the right of possession and use of a defense article or articles not acquired with military assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferring U.S. military department being reimbursed from MAP funds, subject to and under authority of Section 503, FAA. Also, applies to loans to a NATO or major non-NATO ally of materials, supplies, or equipment for the purpose of carrying out a program of cooperative research, development, testing, or evaluation subject to and under the authority of Section 65, AECA. Also involves the transfer of funds from one economic entity to another (e.g., government-to-government, individual-to-individual, or bank-to-individual) which must be repaid with interest over a prescribed period of time. "Hard" loans refer to those given at "market" rates of interest, whereas "soft" loans are given at "concessionary" or low rates of interest.

Logistics interoperability. A form of interoperability in which the commodities to be exchanged are assembled, components, spares or repair parts. Logistic interoperability will often be achieved by making such assemblies, components, spares, or repair parts interchangeable, but can sometimes be a capability less than interchangeability when a degradation of performance of some limitations are operationally acceptable.

Logistics. The science of planning and carrying out the movement and maintenance of forces. In its most comprehensive sense, involves those aspects of military operations which deal with:

- a. Design and development, acquisition storage, movement, distribution, maintenance, evacuation, and disposition of materials
- b. Movement, evacuation, and hospitalization of personnel
- c. Acquisition or construction, maintenance, operation, and disposition of facilities
- d. Acquisition or furnishing of services

Logistics support charge (LSC). A charge based on the AECA requirement for full cost recovery. This charge is intended to recover the cost of logistics support involved in providing the spares and other items required to maintain a weapon system. These support costs are associated with production control, requisition processing, inventory maintenance, administration of Supply Discrepancy Reports (SDRs), and logistics management. The LSC is applied by the DFAS-DE to delivery costs for those lines in FMS cases which have been identified as support lines based on the generic code included in the LOA.

Long-lead items/long-lead time materials, Those components of a system or piece of equipment for which the times to design and fabricate are the longest, and therefore, to which an early commitment of funds may be desirable in order to meet the earliest possible date of system completion. Might be ordered during full scale development (FSD) to arrive in time for production start. For FMS, such

components may be ordered by a foreign purchaser through a letter of intent (either prior to or after issue of the LOA) to expedite availability for incorporation into a major end item.

M

Maintainability. The ability of an item to be retained in or restored to specified conditions when maintenance is performed by personnel having specified skill levels, using prescribed procedures and resources, at each prescribed level of maintenance and repair.

Maintenance. The upkeep of property, necessitated by wear and tear, which neither adds to the permanent value of the property nor appreciably prolongs its intended life, but keeps it in efficient operating condition. Normally includes “repair” but in Defense, in the case of real property, is distinguished from repair through being limited to the recurrent, day-to-day periodic, or scheduled work required to preserve or restore a real-property facility to such condition that it may be effectively utilized for its designated purpose. The term “preventive maintenance” involves deterring something from going wrong; the term “corrective maintenance” involves restoring something to its proper condition.

Maintenance concept/plan. A description of maintenance considerations and constraints for system/equipment under development. A preliminary maintenance concept is developed and submitted by the operating command as part of the preliminary system operational concept for each alternative solution candidate; the implementing and supporting commands provide inputs to the concept/plan.

Major defense equipment (MDE). Any item of significant military equipment on the United States Munitions List having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million. Also defined in Section 47 (6), AECA.

Major line item. A program line for which the requirement is expressed quantitatively as well as in dollars. These lines are identified in the military articles and services list(s) (MASL) by a unit of issue (XX) other than dollars.

Major item material excess (MIMEX) offers. Involves major items of MAP equipment declared excess by the original recipient and which are offered to eligible MAP materiel recipients for application against funded current year and prior year undelivered MAP program balances.

Major non-NATO allies. Designated as Argentina, Australia, Bahrain, Egypt, Israel, Japan, Jordan, Kuwait, Morocco, New Zealand, Pakistan, Philippines, Republic of Korea, Taiwan, and Thailand [Sec. 517, FAA].

Management information system. An orderly and disciplined accounting and reporting methodology, usually mechanized, which provides for the accurate recording of data, and the timely extrapolation and transmission of management information used in the decision-making processes.

Man hour/month/year. The effort equal to that of one person during one hour/month/year.

Market survey. An attempt to ascertain whether other qualified sources exist which may be capable of satisfying a U.S. government requirement. This testing of the marketplace may range from written or telephone contacts with knowledgeable federal and non-federal experts regarding similar or duplicate requirements, and the results of any market test recently undertaken, an announcement in pertinent publications (e.g., technical/scientific journals, or the Commerce Business Daily), or solicitation for information or planning purposes.

Materiel management. Direction and control of those aspects of logistics which deal with materiel, including the functions of identification, cataloging, standardization, requirements determination, procurement, inspection, quality control, packaging, storage, distribution, disposal, maintenance,

mobilization planning, industrial readiness planning, and item management classification; encompasses materiel control, inventory control, inventory management, and supply management.

Memorandum of agreement (MOA) or memorandum of understanding (MOU). A written agreement between governments or a government and international organization signed by authorized representatives and signifying an intent to be legally bound.

Military articles and services list (MASL). A catalogue of materiel, services, and training used in the planning and programming of Military Assistance Program (MAP), International Military Education and Training (IMET), and Foreign Military Sales (FMS). Separate MASLs are maintained for IMET and FMS training which provide data on course identification, course availability, price, and duration of training.

Military Assistance Advisory Group (MAAG). A joint service group based overseas which primarily administers United States military assistance planning and programming in a host country. The term MAAG encompasses Joint U.S. Military Advisory Groups, Military Missions, Military Assistance Groups, U.S. Military Groups, and U.S. Military Representatives exercising responsibility within a U.S. Diplomatic Mission for security assistance and other related DoD matters. Defense Attachés are included only when specifically designated as having security assistance functions. See also security assistance organization.

Military assistance program (MAP). That portion of the United States security assistance program authorized by the Foreign Assistance Act of 1961, as amended, which provides defense articles and services to recipients on a nonreimbursable (grant) basis. Funding for MAP was consolidated under the Foreign Military Financing (FMF) Program beginning in fiscal year 1990.

Military Assistance Program Address Directory (MAPAD). The MAPAD provides clear text addresses of country representatives, freight forwarders, and customers-within-country required for releasing FMS and MAP shipments processed in accordance with military standard requisitioning and issuing procedures (MILSTRIP), and addresses required for the forwarding of related documentation.

Military assistance service funded (MASF). All defense articles and defense services transferred to foreign countries under the authority contained in a Department of Defense Appropriations Act rather than through a Foreign Assistance Appropriations Act.

Military civic action. The use of preponderantly indigenous military forces on projects useful to the local population at all levels in such fields as education, training, public works, agriculture, transportation, communications, health sanitation, and others contributing to economic and social development, which would also serve to improve the standing of the military forces with the population. (U.S. forces may at times advise or engage in military civic action in overseas areas.)

Military export sales. All sales of defense articles and defense services made from U.S. sources to foreign governments, foreign private firms, and international organizations, whether made by DoD or by U.S. industry directly to a foreign buyer. Such sales fall into two major categories: Foreign Military Sales and Commercial Sales.

Military standard billing system (MILSBILLS). This system provides data elements, codes, standard mechanized procedures, and formats for use by DoD components for billing, collecting and related accounting for sales from system stocks, including direct deliveries. The mechanized procedures apply to MAP and FMS as outlined in DoDI 7420.12 (regarding Interfund Billing System).

Military standard contract administration procedures (MILSCAP). Provides uniform procedures, rules, formats, time standards and standard data elements and codes for the interchange of contract-related information between and among DoD components and contractors.

Military standard requisitioning and issue procedures (MILSTRIP). A uniform procedure established by the Department of Defense to govern the requisition and issue of materiel within standardized priorities.

Military standard transaction reporting and accounting procedures (MILSTRAP). Prescribes uniform procedures, data elements, codes, documents, and time standards for the flow of inventory accounting information pertaining to receipt, issue, and adjustment actions, between inventory control points, stock control/activities, storage sites, and posts or bases.

Military standard transportation and movement procedures (MILSTAMP). Uniform and standard transportation data, documentation, and control procedures applicable to all cargo movements in the DoD transportation system.

Military supply and transportation evaluation procedures (MILSTEP). Provides a standard method for the preparation and collection of basic data necessary to measure supply system performance and transportation effectiveness.

Mission analysis. A process to determine the operational capabilities of military forces that are required to carry out assigned missions, roles, and tasks in the face of the existing and/or postulated threat, with an acceptable degree of risk. Having ascertained the quality and quantity of the military forces required, a comparative assessment is made between those available and those required in order to identify the qualitative and quantitative deficiencies that may be related to the element of risk involved.

Mission area. A mission area is a grouping of military activities by mission-related functions.

Mission need. A statement based on a mission analysis identifying in broad outline a quantitative or qualitative operational deficiency that cannot be solved satisfactorily with existing or planned forces and/or equipment.

Mission Strategic Plan (MSP). The annual submission by a U.S. mission abroad to the Department of State which defines U.S. interests, goals, and objectives for the host nation. The MSP is submitted by an ambassador with input from all members of the embassy country team, including the security assistance office, and serves, when approved, as the U.S. mission's roadmap for implementing the Department of State and USAID Strategic Plan. The MSP is the key planning document for the entire U.S. government concerning relations and engagement with any given host nation.

Mobile education team (MET). A team of U.S. DoD personnel on temporary duty in a foreign country for the purpose of educating foreign personnel in resource management. Such teams are normally funded from Expanded IMET Program funds.

Mobile training team (MTT). A team of U.S. DoD personnel on temporary duty in a foreign country for the purpose of training foreign personnel in the operation, maintenance, or other support of weapon systems and support equipment, as well as training for general military operations. MTTs may be funded from either FMS or IMET Programs.

Mobilization base. The total of all resources available, or which can be made available, to meet foreseeable wartime needs.

Munitions list. The U.S. Munitions List is an enumeration of defense articles and defense services and is published in the Department of State's International Traffic in Arms Regulations.

N

National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations (U) [Short Title: National Disclosure Policy (NDP-1)] .Promulgates national policy and procedures in the form of specific disclosure criteria and limitations, definitions of terms, release arrangements, and other guidance required by U.S. departments and agencies having occasion to release classified U.S. military information to foreign governments and international organizations. In addition it establishes and provides for the management of an interagency mechanism, and includes procedures that are required for the effective implementation of that policy.

National stock number. A 13-digit stock number consisting of a 4-digit federal supply classification and a 9-digit national item identification number.

Net case value. Total amount of the cost reflected on line 21 of the DD Form 1513 or line 8 of the LOA.

Nonexpendable supplies and materiel. Supplies which are not consumed in use and retain their original identity, such as weapons, machines, tools, and equipment.

Nonrecurring costs (NRC or NC). 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.

Nonrecurring demands. A one-time requisition from a customer which is not used to compute demand-based requirements.

Nonrepayable credits/loans. Grant funds appropriated by Congress for use in the Foreign Military Financing Program under Title III of the annual Foreign Operations Appropriations Act. Formerly termed “forgiven credits/loans,” these grant funds are allocated to selected countries for their use in financing FMS acquisitions of defense articles, defense services, and training under the authority of Section 23, AECA. Additionally, certain countries may be authorized these grant funds to finance direct commercial sales.

Nonstandard article. For FMS purposes, a nonstandard article is one that the DoD does not manage, either because an applicable end item has been retired or because it was never purchased for DoD components.

Nonstandard item. An item of supply determined by standardization action as not authorized for procurement.

Nonstandard service. For FMS purposes a nonstandard service is a service that the DoD does not routinely provide for itself or for purchase.

0

Obligation. A duty to make a future payment of money. The duty is incurred as soon as an order is placed, or a contract is awarded for the delivery of goods and the performance of services. It is not necessary that goods actually be delivered, or services actually performed, before the obligation is created; neither is it necessary that a bill, or invoice be received first. The placement of an order is sufficient. An obligation legally encumbers a specified sum of money which will require an outlay or expenditure in the future.

Obligational authority (OA, as used in FMS). A document or authority passed from DFAS-DE via a DD Form 2060 (or automated equivalent) to an implementing DoD component which allows obligations to be incurred against a given FMS case in an amount not to exceed the value specified in

the obligational authority. The total authority received through use of the DD Form 2060 (or automated equivalent) includes column 11 authority to incur commitments and obligations directly against a country's trust fund, and column 10 reimbursable orders.

Obligations. Amounts of orders placed, contracts awarded, services received, and similar transactions during a given period requiring the future payment of money. Such amounts include adjustments for differences between obligations previously recorded and accrued expenditures of actual payments.

Observer training (OBT). Special training conducted to permit international military students to observe U.S. military techniques and procedures.

Offer date. The date which appears on the offer portion of an LOA and which indicates the date on which an FMS offer is made to a foreign buyer.

Offset agreement. An agreement, arrangement, or understanding between a U.S. supplier of defense articles or services and a foreign country under which the supplier agrees to purchase or acquire, to promote the purchase or acquisition by other U.S. persons, of goods or services produced, manufactured, grown, or extracted, in whole or in part, in that foreign country in consideration for the purchase by the country of defense articles or services from the supplier [Sec. 39A(d)(1), AECA]. See also direct offset and indirect offset.

Omnibus billing statement of account. A statement of additional charges or credits to cases that have been recategorized from active to inactive status.

On-the-job training (OJT). A training program whereby international military students (IMSS) acquire knowledge and skills through the actual performance of duties under competent supervision in accordance with an approved, planned program.

Open sales case. An FMS case which is designated as open as long as any portion of the transaction is incomplete, i.e., delivery of materiel, performance of services, financial transactions, or rendering of the final statement of accounts.

Open sales offer. An FMS offer made to a foreign purchaser which is pending acceptance.

Operation & maintenance (O&M) costs. Costs associated with equipment, supplies, and services required to train, operate, and maintain forces in a recipient country, including the cost of spare parts other than concurrent spares and initial stockages, ammunition and missiles used in training or replacements for such items expended in training or operations, rebuild and overhaul costs (excluding modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overall program management and administration.

Ordering activity. An activity which originates a requisition or order for procurement, production, or performance of work or service by another activity.

Ordnance. Explosives, chemicals, pyrotechnic and similar stores, e.g., bombs, guns, ammunition, flares, smoke, and napalm.

Orientation tour (OT). A tour arranged for key foreign personnel that may be funded under FMS or IMET to acquaint them with U.S. organizations, equipment, facilities, or methods of operation at various locations.

Outlays. Actual expenditures. Checks issued, interest occurred on the public debt, or other payments. Total budget outlays consist of the sum of the outlays from appropriations and other funds in the budget, less receipts (i.e., refunds and reimbursements).

Outside CONUS. All geographic areas not within the territorial boundaries of the continental United States. OCONUS includes Hawaii and Alaska.

Overhead costs. See indirect costs.

Overseas training. Training provided foreign nationals at training installations outside the U.S.

Oversight. Review activity by Congressional committees of DoD programs to determine:

- a. Program status
- b. If the law is being followed
- c. The basis for possible future legislation.

P

Packing, handling, storage, & transportation (PHS&T). The resources, processes, procedures, design considerations, and methods to ensure that all system, equipment, and support items are preserved, packaged, handled, and transported properly, including: environmental considerations, equipment preservation requirements for short-and-long-term storage, and transportability. One of the principal elements of integrated logistics support (ILS).

Paramilitary forces. Forces or groups which are distinct from the regular armed forces of any country, but resemble them in organization, equipment, training, or mission.

Payment on delivery [FMS]. An FMS term of sale in which the U.S. government issues a bill to the FMS purchaser at the time of delivery of defense articles or the rendering of defense services from DoD resources. This term may only be used pursuant to a written statutory determination by the Director, DSCA, who may find it in the national interest to authorize such payment. Based on presidential action, this term may also be modified to read “Payment 120 Days After Delivery.”

Payment schedule. List of dollar amounts and when they are due from the foreign customer. The payment schedule supplements the Letter of Offer and Acceptance (LOA) presented to the customer. After acceptance of the LOA, the payment schedule generally serves as the basis for billing to the customer. Changes in the estimated costs of an FMS case may require changes in the accompanying payment schedule.

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

Pipeline. That portion of:

- a. Approved and funded MAP articles and services
- b. Accepted FMS orders for defense articles and services, for which delivery, either constructive or actual, has not occurred, or services have not been rendered

Planning, programming, and budgeting system (PPBS). An integrated system for the establishment, maintenance, and revision of the Five-Year Defense Plan (FYDP) and the DoD budget.

Plant representatives office (PRO). See contract administration office.

President’s budget. See federal budget.

Price and availability (P&A) data. Prepared by the MILDEPs, DSAA, and other DoD components in response to a foreign government’s request for preliminary data for the possible purchase of a defense article or service. P&A data are not considered valid for the preparation of an LOA. Furnishing of this data does not constitute a commitment for the USG to offer for sale the articles and services for which the data are provided.

Process-oriented contract administration services (PROCAS). A business philosophy instituted by the Defense Contract Management Command to move contract processes from the traditional position of detection and correction of contract administration problems, to prevention and improvement of the same. Consists of eight steps: government planning; teaming agreement between government and contractor; team planning, process selection; understanding the process; selection of proper metrics to measure the health of the process; measure, analyze and manage contract administrative processes; and adjust the oversight management by decreasing oversight of processes under control.

Procurement. Act of buying goods and services for the government.

Procuring activity. See contracting activity.

Procurement lead time. The interval in months between the initiation of procurement action and receipt into the supply system of the production model (excluding prototypes) purchased as the result of such actions; procurement lead time is composed of two elements, production lead time, and administrative lead time.

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.

Production lead time. The time interval between the placement of a contract and receipt into the supply system of materiel purchased.

Professional military education (PME). Career training designed to provide or enhance leadership and the recipient force's capabilities to conduct military planning, programming, management, budgeting, and force development to the level of sophistication appropriate to that force.

Program management review (PMR). A management level review held by a Systems Program Office or Systems Program Manager for the purpose of determining the status of an assigned system. PMRs are designed as tools to identify problems, if any, and to develop appropriate follow-up actions as required.

Progress payments. Those payments made to contractors or DoD industrial fund activities as work progresses under a contract; payments are made on the basis of cost incurred or percentage of work completed, or of a particular stage of completion accomplished prior to actual delivery and acceptance of contract items.

Provisioning. See initial provisioning.

Public Law 480 Funds. Foreign currencies derived from the sale of surplus agricultural commodities under Title I, P.L. 480, Agricultural Trade and Development Act of 1954, as amended. Section 104(c) authorizes these foreign currencies to be used for procuring equipment, materials, facilities, and services for the common defense, including internal security.

Q

Quality assurance (QA). A planned and systematic pattern of all actions necessary to provide confidence that adequate technical requirements are established, that products and services conform to established technical requirements, and that satisfactory performance is achieved.

R

Ratification. The formal action of the president in giving effect to a treaty that has been approved by the Senate. The president or his representative meets with representatives of the other signatory parties and exchanges ratifications with them. The treaty then is officially proclaimed and becomes legally enforceable.

Rationalization. Any action that increases the effectiveness of allied forces through more efficient or effective use of defense resources committed to the alliance. Rationalization includes consolidation, reassignment of national priorities to higher alliance needs, standardization, specialization, mutual support or improved interoperability, and greater cooperation. Rationalization applies to both weapons/materiel resources and non-weapons military matters.

Rationalization, standardization and interoperability (RSI). Any action that increases the effectiveness of NATO Forces through more efficient or effective use of defense resources committed to the Alliance.

Readiness. A state of preparedness of

- a. Forces
- b. Weapon system or systems to meet a mission or to be employed in warfare. Based on adequate and trained personnel, materiel condition, supplies/reserves of support systems and ammunition, numbers of units available, etc.

Reapportionment. A revision of an annual apportionment of funds either upwards or downwards, accomplished within the fiscal year for which the original apportionment applied.

Reappropriation. The congressional carrying over of funds unused in one year to the following year. For example, ESF or IMET funds which at the end of the fiscal year are not reserved or obligated, are customarily made available by the Congress for use in the subsequent fiscal year.

Reciprocal defense procurement. Procurement actions which are implemented under memoranda of understanding/memoranda of agreement (MOU/MOA) between the U.S. and various participating nations whereby the participants agree to effect complementary acquisitions of defense articles from each other's country.

Recoverable item. An item which normally is not consumed in use and is subject to return for repair or disposal. See also reparable item.

Recoupments. Adjustments or cancellations of outstanding MAP orders in prior year program accounts which generate additional funds for the current year operations.

Redistributable MAP property. All MAP personal property which has been declared by the recipient government to the United States as being no longer needed for the purposes for which it was originally furnished.

Regional Defense Combating Terrorism Fellowship Program. See Combating Terrorism Fellowship Program.

Reimbursable expenditure. An expenditure made for another agency, fund, appropriation, or for a private individual, firm or corporation, which subsequently will be recovered.

Reimbursable order. An approved DD Form 2060 with a dollar value in column 10. Applicable amounts must be reflected in reimbursement reports as an FMS Trust Fund reimbursable activity.

Reimbursements. Amounts received by an activity for the cost of material, work, or services furnished to others, for credit to an appropriation or their fund account.

Reliability. A fundamental characteristic of an item of material expressed as the probability that it will perform its intended function for a specified period of time under stated conditions.

Reorder point. The point at which time a stock replenishment requisition is submitted to maintain the predetermined stock age objective.

Repair and replace [FMS]. Programs by which eligible Cooperative Logistics Supply Support Arrangement (CLSSA) customers return repairable carcasses to the U.S. and receive a serviceable item without awaiting the normal repair cycle time frame. The concept is that the replacement involves an exchange of CLSSA customer-owned stocks in the customer's hands and the CLSSA customer-owned stocks in the U.S. government inventory in the U.S. Countries are initially charged the estimated repair cost, with adjustment to the actual repair cost upon completion of repair of the carcass.

Repair and return. Programs by which eligible foreign countries return unserviceable repairable items for entry into the U.S. military department repair cycle. Upon completion of repairs, the same item is returned to the country and the actual cost of the repair is billed to the country.

Reparable item. An item that can be reconditioned or economically repaired for reuse when it becomes unserviceable

Replenishment. The purchase of items following the initial purchase, whether bought for the initial support of additional end items, stock replenishment, or other purposes.

Replenishment spare parts. Items and equipment, both repairable and consumable, purchased as spares by inventory control points and which are required to replenish stocks for use in the maintenance, overhaul, and repair of equipment, such as ships, tanks, guns, aircraft, engines, etc.

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

Request for sealed bid. The formal document used in sealed bidding acquisitions to communicate government requirements to prospective contractors and to solicit bids.

Request for quotation (RFQ). A solicitation used in negotiated acquisitions to communicate government requirements to prospective contractors and to solicit a quotation. A response to an RFQ is not an offer; it is informational in character.

Rescission of budget authority. The permanent cancellation of budget authority prior to the time when the authority officially terminates. The rescission process begins when the president proposes a Rescission to the Congress for fiscal or policy reasons. Unlike the deferral of budget authority-which occurs unless Congress acts to disapprove the deferral-rescission of budget authority occurs only if both Houses of Congress approve, by simple majority, the rescission within 45 days of continuous session.

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 cost 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.

Research objective. A result to be obtained by a research activity, stated in operational and scientific or technological terms.

Research requirement. A research rationale to justify the decision to start the relevant research activity.

Resolution. A "simple" Congressional resolution, designated H. Res (House) or S. Res (Senate), deals with matters entirely within the prerogatives of one house or the other. It requires neither passage by the other chamber nor approval by the president, and it does not have the force of law. Most such resolutions deal with the rules or procedures of one house. They also are used to express the sentiments of a single house, such as condolence to the family of a deceased member, or to comment on foreign

policy or executive business. A simple resolution is the vehicle for a “rule” from the House Rules Committee. See also Concurrent Resolution and Joint Resolution.

Revolving fund. A fund established to finance a cycle of operations to which reimbursements and collections are returned for reuse in a manner that will maintain the principal of the fund; e.g., working capital funds and industrial funds.

Rollaway costs. See flyaway costs.

S

Safety level. The quantity of materiel, in addition to the operating level of supply required to be on hand to permit continuous operations.

Sail-away costs. See flyaway costs.

Sealed bidding. Replaces “formal advertising” in the contracting process in title only; the process remains the same.

Secondary appropriation. An appropriation account increased as a result of reimbursable orders from an implementing agency which cites one of the implementing agency’s appropriations accounts. Activity in a secondary appropriation is not categorized as an FMS reimbursable.

Second source. Execution of established acquisition strategy to qualify two producers for the part or system. Sometimes called dual sourcing.

Security assistance (SA). A group of programs authorized by the Foreign Assistance Act (FAA) of 1961, as amended, and the Arms Export Control Act (AECA) of 1976, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense related services, by grant, loan, cash sale, or lease, in furtherance of national policies and objectives [Joint Pub 1-02, as amended through 14 April 2006]. Table C1.T1, SAMM, provides a listing of twelve major security assistance programs, of which seven are administered by DoD and five are administered by DoS. The seven programs managed by DoD are included in the DoD-defined security cooperation program.

Security Assistance Management Manual (SAMM) [DOD 5105.38M]. A manual published by the Defense Security Cooperation Agency under authority of DoD Directive 5105.38. It sets forth the responsibilities, policies, and procedures governing the administration of security assistance within the Department of Defense [Available at <http://www.dsca.mil/samm/>].

Security assistance management review (SAMR). A management review led by a security assistance organization, for the purpose of determining the status of one or more specific programs. Such reviews may include the entire range of a purchaser’s security assistance program.

Security assistance network (SAN). An internet based network developed for the SA community to provide typical wide area network functionality for world wide SA users. The SAN Web system provides: access to the world wide web, identification of web sites of interest to the SA community, an E-mail system (primarily for overseas users), a library function for the storage and conveyance of large data files, a bulletin board function for viewing SA documents, and the hosting of SA training and budgetary data. The SAN is managed by DISAM and is hosted by the Institute for Defense Analyses (IDA) in Alexandria, Virginia. It uses Netscape Navigator as a browser.

Security assistance organization/ (SAO). The generic term for all Department of Defense elements located in a foreign country with assigned responsibilities for carrying out security assistance management functions. It includes military assistance advisory groups, military missions and groups, offices of defense and military cooperation, liaison groups, and defense attaché personnel designated

to perform security assistance functions. [Joint Pub 1-02, as amended through 14 April 2006]. The abbreviation SAO is also loosely used to mean security assistance office or officer.

Security cooperation. All DoD interactions with foreign defense establishments to build defense relationships that promote specific U.S. security interests, develop allied and friendly military capabilities for self-defense and multinational operations, and provide U.S. forces with peacetime and contingency access to a host nation. [Joint Pub 1-02, as amended through 14 April 2006]. This also includes the seven FAA/AECA-authorized security assistance programs administered by DoD.

Security supporting assistance See Economic Support Fund.

Sequestration. Refers to the issuance of a presidential order canceling budgetary spending in order to reduce the deficit by the required amount for that year.

Service contract. A contract which calls directly for a contractor's time and effort rather than for a concrete end product.

Services. Includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information furnished as military assistance under the FAA, or furnished through FMS under the AECA.

Significant military equipment (SME). Defense articles for which special export controls are warranted because of the capacity of such articles for substantial military utility or capability. These items are identified on the United States Munitions List in the International Traffic in Arms Regulations (ITAR) by an asterisk preceding the item category listing.

Shipping designator. A code word assigned to a particular overseas base, port, or area, for specific use as an address for shipments to the overseas location concerned. The code word is usually four letters and may be followed by a number to indicate a particular addressee.

Sole source acquisition. A contract for the purchase of supplies or services that is entered into or proposed to be entered into by an agency after soliciting and negotiating with only one source.

Solicitation. The formal document used in negotiating acquisitions to communicate government requirements to prospective contractors and to solicit proposals.

Source selection. The process wherein the requirements, facts, recommendations, and government policy relevant to an award decision in a competitive procurement of a system/project are examined and the decision made.

Spares/spare parts. An individual part, subassembly, or assembly supplied for the maintenance or repair of systems or equipment.

Special provisions. See general provisions.

Specialized English training (SET). Instruction conducted at DLIELC for international military students (IMSS) who have attained the required ECL to develop vocabulary skills for entry into both hazardous and highly technical courses.

Staging cost. The cost incurred by the Department of Defense in consolidation of materiel before shipment to an FMS customer. Includes costs incident to storage and control of inventory, consolidation of incoming articles into a single shipment, and a break in CONUS transportation.

Standardization. The process by which DoD achieves the closest practicable cooperation among the military services and defense agencies for the most efficient use of research, development, and production resources, and agrees to adopt on the broadest possible basis the use of:

- a. Common or compatible operational, administrative, and logistic procedures
- b. Common or compatible technical procedures and criteri

- c. Common, compatible, or interchangeable supplies, components, weapons, or equipment
- d. Common or compatible tactical doctrine with corresponding organizational compatibility. As applied to NATO and to non-NATO countries, standardization involves the process of developing concepts, doctrines, procedures and designs to achieve and maintain the most effective levels of compatibility, interoperability, interchangeability and commonality in the fields of operations, administration, and materiel.

Standardization agreement [NATO]. The record of an agreement among several or all of the members nations of NATO to adopt like or similar military equipment, ammunition, supplies and stores; and operational, logistics, and administrative procedures. National acceptance of a NATO allied publication issued by the Military Agency for Standardization may be recorded as a Standardization agreement.

Standardized training list (STL). A data table used in SA training programs that actually represents the IMET, FMS, and other training that has been requested and approved for that country. The term STL comes from the title of a manual report that used to be provided to the SAO by the MILDEP training agencies. The STL data for a given country is now downloaded from the SA Network and used in TMS to manage the country's training program.

Supplemental appropriations. An act appropriating funds in addition to those provided for in the annual appropriations acts. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities (including new programs authorized after the date of the original appropriations act) in cases where the need for funds is too urgent to be postponed until enactment of the next regular appropriations bill.

Supplemental appropriations bill. Legislation appropriating funds after the regular annual appropriations bill for a federal department or agency has been enacted. A supplemental appropriations bill provides additional budget authority beyond original estimates for programs or activities, including new programs authorized after the enactment of the regular appropriations act. Such bills are often passed in response to emergency or otherwise urgent requirements which are too important to be postponed until passage of the next regular appropriations bill.

Survivability. The degree to which a system is able to avoid or withstand a man-made hostile environment without suffering an abortive impairment of its ability to accomplish its designated mission.

Supply operation costs. Those costs which are related to the procurement and issue of material and excess articles delivered to FMS recipients but which are not included in the standard prices of the material. These costs include packing, crating, handling, and transportation expenses incurred in the issue and transfer of material; and logistics management expenses (exclusive of military pay and allowances in the instance of wholly grant-funded transactions) incurred by activities in the areas of procurement operations, supply management, requisition control, and processing, and related services.

Sustainability. The ability to maintain the necessary level and duration of combat activity to achieve national objectives. Sustainability is a function of providing and maintaining those levels of force, materiel, and consumables necessary to support a military effort.

Systems acquisition process. The sequence of acquisition activities starting from an agency's reconciliation of its mission needs with its capabilities, priorities, and resources, and extending through the introduction of a system into operational use or the otherwise successful achievement of program objectives.

System program office. The office of the program manager and the single point of contact with industry, government agencies, and other activities participating in the system acquisition process.

T

Teaming/teaming arrangements. An agreement of two or more firms to form a partnership or joint venture to act as a potential prime contractor; or an agreement by a potential prime contractor to act as a subcontractor under a specified acquisition program; or an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licensor, or leader company relationship.

Technical assistance field team (TAFT). A team of U.S. DoD personnel deployed on PCS status, normally for one year or longer, to a foreign country to provide technical assistance and training to foreign military personnel in the operation, maintenance, and employment of specific equipment, technology, weapons, supporting systems, or in other special skills related to military functions.

Technical assistance team (TAT). A team of U.S. DoD personnel deployed to a foreign country on TDY status (i.e., up to 179 days) to place into operation, operate, maintain, and repair equipment provided under the FMS or MAP programs.

Technical data (TD). Recorded information, regardless of form or characteristic, of a scientific or technical nature. Examples of technical data packages include research and engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications, and related information and computer software documentation.

Technical data package (TDP). Normally includes technical design and manufacturing information sufficient to enable the construction or manufacture of a defense item component modification, or to enable the performance of certain maintenance or production processes. It may include blueprints, drawings, plans, or instructions that can be used or adapted for use in the design, production, manufacture, or maintenance of defense items or technology.

Technical manual. A publication containing instructions designed to meet the needs of personnel responsible for (or being trained in) the operation, maintenance, service, overhaul, installation, and inspection of specific items of equipment and materiel.

Test control officer (TCO). U.S. military or civilian personnel designated to administer, supervise, and control ECL testing and test materials. Must be a U.S. citizen, not a foreign national “local hire” civilian, or foreign military officer or non-commissioned officer.

Theater Security Cooperation Strategy (TSCS). The document of a geographic combatant commander which plans, prioritizes, and proposes allocation of DoD resources across the full spectrum of military engagement within an area of operations. Normally, the TSCS is augmented by individual plans for each country, routinely termed country campaign plans. The TSCS responds to the Office of Secretary of Defense-level Security Cooperation Guidance and, when approved, serves as the roadmap for the execution of security cooperation activities by the combatant command staff, the component commands, and the assigned security assistance offices.

The Management of Security Assistance. The basic textbook employed by the Defense Institute of Security Assistance Management (DISAM) for instruction covering the full range of security assistance activities. The text is revised annually and commonly referred to as the “Green Book” as it is bound in a green cover.

Then-year dollars. See current-year dollars.

Third country/party transfers. The transfer of U.S. defense articles, services, and training to a country (a third country) from a country which originally acquired such items from the United States. As a condition of the original sale or transfer, the recipient government must obtain the consent of the President of the United States for any proposed third country/party transfer. Also, when such proposed

transfers involve items valued at \$50 million or more, or \$14 million or more of MDE, they must be reported to Congress and are subject to a joint resolution of disapproval. Finally, as a condition of such transfers, the country acquiring the items must agree to obtain the consent of the president in the event of a future sale to yet another country.

Third world. Refers to those countries with under-developed but growing economies, often with colonial pasts, and low per capita incomes (less than \$5000/yr). Third world is often used interchangeably with or as a synonym for “LDC’s” (less developed countries), “the South,” “the Group of 77,” “developing countries,” or “underdeveloped countries.” Generally includes approximately 127 countries comprising Latin America, the Middle East, Africa, and Asia.

Total obligational authority (TOA). TOA is the total amount of funds available for programming in a given year, regardless of the year the funds are appropriated, obligated, or expended. TOA includes new obligational authority, unprogrammed, or reprogrammed obligational authority from prior years, reimbursements not used for replacements of inventory in kind, advanced funding for programs to be financed in the future, and unobligated balances transferred from other appropriations.

Total package approach (TPA). A means of ensuring that FMS customers are aware of and are given the opportunity to plan for and obtain needed support items, training, and services from the U.S. government contractors, or from within the foreign country’s resources which are required to introduce and operationally sustain major items of equipment or systems.

Training management system (TMS). A MS Access computer program developed by DISAM for use in the SAO to manage the SA training program. TMS uses STL and MASL data downloaded from the SA Network to produce IMET and FMS management reports, invitational travel orders, and other training management documents. Versions of TMS are also available for use by international military student offices at training activities and at the annual training program management review.

Training/training support. Formal or informal instruction of IMSs in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational or information publications and media of all kinds, training aids, orientations, training exercises, and military advice to foreign military units and forces. [Sec. 47(5), AECA]

Training program management review (TPMR). An annual unified command conference conducted for the purpose of establishing the SA training program for each country. Attendees are the SAO training manager and representatives from DSCA, the MILDEP, training agencies, and other key SA training management personnel. Actual IMET and FMS training programs are submitted, reviewed and determinations made as to training availability. This working conference was identified by the GAO as one of the most valuable planning tools used in the SA community.

Tranche. A portion of an appropriation to be allocated to a foreign country. At times, Congress will direct that security assistance funds for a particular country or program be allocated in two or more portions (i.e., tranches), and will generally specify the timing of such allocations as well as the conditions which must be met before the sequential tranches may be allocated.

Travel and living allowance (TLA). Those costs associated with transportation, excess baggage, and living allowances (per diem) of IMSs which are authorized for payment under the IMET Program.

Treaty. A formal agreement entered into between two or more countries. The treaty process includes negotiation, signing, ratification, exchange of ratifications, publishing and proclamation, and treaty execution. Treaties having only two signatory states are called bilateral, whereas those with more than two parties are multilateral. Treaties may expire at the end of a specified time period, when certain conditions have been met, or by mutual agreement. Renunciation of a treaty by one of its parties may occur when a state of war exists or when conditions have been substantially altered (rebus sic statibus). In the United States, all treaties are negotiated under the direction of the president, with the

Senate Foreign Relations Committee participating under the constitutional provision that treaties be made “by and with the advice and consent of the Senate. A treaty must be approved by a two-thirds vote of the Senators present and voting, followed by presidential ratification if the Senate’s version is acceptable. Unlike joint resolutions, treaties do not die at the end of a Congressional term, but remain “live” proposals until acted upon by the Senate or withdrawn by the president. See also Executive Agreement.

Trust fund (FMS). A fund credited with receipts which are earmarked by law and held in trust, or in a fiduciary capacity, by the government for use in carrying out specific purposes and programs in accordance with an agreement.

Two-way street. A procurement philosophy encouraging the U.S. to buy arms from NATO countries in addition to selling arms to such countries.

Type of address code. One of several codes used in the MAPAD to identify a plain language address to which to ship a specific category of documents or material.

Type of assistance code. A code used to reflect the type of assistance (if any) and/or the planned source of supply for items/services identified on the Letter of Offer and Acceptance. Also known as a type of finance code.

U

Unaccepted case. An FMS letter of offer which was not accepted or funded within the prescribed time shown on the LOA.

Undistributed cost. A cost or disbursement to a budget authority which has not been allocated to a specific case.

Unified command (UCOM). A command with a broad continuing mission under a single commander and composed of significant assigned components of two or more U.S. services, and which is established and so designated by the president, through the secretary of defense with the advice and assistance of the Joint Chiefs of Staff, or, when so authorized by the Joint Chiefs of Staff, by a commander of an existing unified command established by the president. Now referred to as combatant commands.

United States Code (U.S.C.). A consolidation and codification of the general and permanent laws of the United States arranged according to subject matter under 50 title headings. The U.S.C. sets out the current status of the laws, as amended. It presents the laws in a concise and usable form without requiring recourse to the many volumes of the Statutes at Large containing the individual amendments.

Unlimited rights. Rights to use, duplicate, release, or disclose technical data or computer software in whole or in part in any manner and for any purpose, and to have or permit others to do so.

V

Value.

- a. With respect to an excess defense article, the actual value of the article plus the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying the article, except that for purposes of Section 632(d), FAA, such actual value shall not be taken into account:

1. For major items for which the pricing guidance contained in DoD Instruction 2140.1 may be used to determine the value of EDA;
 2. For secondary items, the inventory standard stock price is to be used.
- b. With respect to a non-excess defense article delivered from inventory to foreign countries or international organizations under the FAA, value consists of, the acquisition cost to the United States Government of the article, adjusted as appropriate for condition and market value.
 - c. With respect to a non-excess defense article delivered from new procurement to foreign countries or international organizations under this Act, value consists of the contract or production costs of such article, and;
 - d. With respect to a defense service, value consists of the cost to the United States Government of such service.
 - e. For purposes of the AECA, value means, in the case of an excess defense article, not less than the greater of:
 - f. The gross cost incurred by the USG in repairing, rehabilitating, or modifying such articles, plus the scrap value; or
 - g. The market value, if ascertainable.

Veto. Disapproval by the president of a bill or joint resolution (other than one proposing an amendment to the Constitution). When Congress is in session, the president must veto a bill within ten days (excluding Sundays) of receiving it; otherwise, the bill becomes law without the president's signature. When the president vetoes a bill, it must be returned to the house of origin with a message stating the president's objections.

W

War reserve stocks for allies. A DoD program whereby the services procure or retain in their inventories those minimum stockpiles of materiel such as munitions, equipment, and combat essential consumables to ensure support for selected allied forces in time of war, until future in-country production and external resupply can meet the estimated combat consumption.

Weapon system life cycle cost. A period divided into phases, ranging from the first consideration of the need for a weapon system through the development and in-service stages down to system phase-out and disposal.

Widget. An imaginary end item or repair part used by DISAM as an example to illustrate a point in the classroom. It is not real nor is it modeled to represent anything real.

X, Y, AND Z

[NONE AT THIS TIME]

