
EDUCATION AND TRAINING

Foreign Military Sales Case Closure Process

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The volume and value of foreign military sales (FMS) cases has continued to grow in the last few years. This growth will eventually lead to an increase in case closures. Although reconciliation and closure are the final steps in the case management process, they are often the most difficult and contentious due to the numerous requisitions that can be generated on a major case.

The FMS case closure process consists of two primary stages. The first stage is supply complete when the implementing agency (IA) has provided all of the material and services that were requested and has identified the cost to security assistance accounting (SAA) at the Defense Finance and Accounting Service-Indianapolis (DFAS-IN). The IA will then submit a case closure certificate to SAA. This initiates the second stage, case financially complete, where SAA completes case reconciliation to close the case. Many actions are required to complete each stage of the case closure process.

During the supply complete stage, the IA validates that all deliveries have been reported to the customer and all performance has been reported to DFAS-IN. Indianapolis includes this information on the DD 645 Quarterly Billing Statement. The IA also ensures they have received reimbursement from the FMS Trust Fund for all articles and services that were provided. If there are any outstanding Supply Discrepancy Reports (SDRs), the IA will submit these transactions to DFAS-IN. The IA will then verify their account balances for the case and submit the Case Closure Certificate to DFAS-IN.

When the case is submitted to SAA for closure, it is entered in the Case Closure Certificate Inventory (CCCI) within the Defense Integrated Financial System (DIFS). SAA then initiates a review of the case by looking for any abnormal financial conditions and verifying the administrative/ accessorial costs. The case is also reconciled to determine if the deliveries are in agreement with the obligations and disbursements. Based on these reviews, all cases input into the CCCI are assigned status codes that identify any inhibitors stopping the cases from closing. SAA works with the various IAs to resolve any status code inhibitors to close the cases. Certificates will be returned to the IA for cases that cannot be resolved.

As the cases are adjusted, the status codes will be updated within the CCCI to reflect the corrections. If a case is awaiting a final payment from the customer, it will be assigned a status code of "F". When the payment is received, the status code will be updated to an "I". This identifies the case has cleared all edits and is pending a final review by the SAA country manager. SAA has set a goal to have all "I" status cases closed within 30 days of the receipt of a hard copy certificate. If the case has any excess funding, SAA will return [it] to the customer. The final statement of account for the closed case will be sent to the customer on the DD645 Quarterly Billing Statement.

Due to the complicated nature of the reconciliation and closure process, it is beneficial to start thinking about the case closure when the Letter of Offer and Acceptance (LOA) is signed. To assist with the closure process, the Defense Security Cooperation Agency (DSCA) publishes the DOD

5105.65-M, *Foreign Military Sales Case Reconciliation and Closure Manual* (RCM), on their web site www.dsca.mil/rcm. The manual is a very useful resource when negotiating the complicated process of case closure.