
The History of Security Assistance Accounting

There is a saying that states, “To know where you are going, you must understand where you came from.” In the spirit of this wisdom, we wanted to share a brief history of Security Assistance Accounting with you.

On September 1, 1976, the Department of Defense (DOD) began a move to consolidate the foreign military sales (FMS) billing responsibilities. This newly established organization, the Joint Financial Management Office (JFMO), was collocated at the Air Force Accounting and Finance Center (AFAFC) in Denver, Colorado. Prior to this move, each of the military services was responsible for billing the foreign countries for contracted services and equipment.

This consolidation was a success; therefore, the DOD choose to expand the responsibility of the JFMO and to rename it as the Security Assistance Accounting Center under Department of Defense Directive 5132.11, January 24, 1978. This newly expanded organization was an element of the Defense Security Assistance Agency (now the Defense Security Cooperation Agency).

The expanded responsibilities included:

- Serving as a central point of contact for all FMS related financial inquiries from U.S. Government agencies, DOD components, commercial vendors, and foreign government representatives — this included providing assistance and guidance to these customers on the financial execution of the FMS program:
- Providing DOD-wide FMS forecasting, delivery reporting, trust fund management, foreign country case management, billing, collecting, and DOD component appropriation reimbursement
- Maintaining a centralized, automated FMS financial data system
- Centralizing other Security Assistance programs to include International Military Education and Training (IMET), Foreign Military Financing (FMF), and Special Defense Acquisition Funding

The Defense Integrated Financial System (DIFS) was created and phased into use between 1978 and 1980. It brought about a consolidated and standardized financial management process.

In July 1988, the Security Assistance Accounting Center was separated from the Defense Security Assistance Agency (now the Defense Security Cooperation Agency). Management of it was handed over to the Air Force Accounting and Finance Center. The name of the organization was changed to the Directorate of Security Assistance.

In January 1991, AFAFC, including the Directorate of Security Assistance and its fourteen satellite offices across the United States, was capitalized into the newly formulated Defense Finance and Accounting Service (DFAS). The Directorate of Security Assistance went through yet another name change. They became known as Security Assistance Accounting (SAA).

In the 1995 to 1996 time frame, a Defense Management Review Decision was issued consolidating five of the Security Assistance satellite locations into Security Assistance Accounting at DFAS Denver. These locations were:

- Arlington, Virginia
- Hampton, Virginia

-
- Indianapolis, Indiana
 - New Cumberland, Pennsylvania
 - San Antonio, Texas

On March 31, 2000, the DFAS Security Assistance Accounting function was announced to Congress for an Office of Management and Budget (OMB) A-76 study. An A-76 study is conducted when a government function is being considered for its potential to be contracted out to a commercial entity.

Several teams were convened to review SAA and its satellite offices in:

- Dayton, Ohio
- Limestone, Maine
- Omaha, Nebraska
- San Antonio, Texas
- San Bernadino, California
- St. Louis, Missouri

The teams also identified functions performed, work flows, redundancies, inefficient processes, and unnecessary hand-offs. Finally, SAA issued the results of their study. The A-76 cost comparison study, more commonly referred to as the Performance Work Statement (PWS), was the contract proposal the government issued stating the work they would perform and the cost for performing that work.

The competing commercial contractor also submitted their bid. The contracts and bids were compared, and the contract was awarded to the government employees for a period of five years. The period of the contract was from February 2005 to February 2010. (Security Assistance Accounting is currently in the review process once again, preparing for the termination of the contract period.)

Once the bid was awarded to DFAS, Security Assistance Accounting moved into their new organization as stated in the contract proposal, reducing the staff and streamlining the process.

Because contractors are not allowed to perform certain government tasks, Security Assistance Accounting was split into two divisions. The Most Efficient Organization (MEO) was established to perform the operational functions of Security Assistance Accounting. A separate division, the Continuing Government Activity, was established to perform MEO oversight, certification of government fund disbursement, and budgetary oversight.

In 2005, the DOD announced that the following offices would close as part of the BRAC plan:

- DFAS Denver, Colorado
- Dayton, Ohio
- St. Louis, Missouri
- Omaha, Nebraska

The workload would transfer to enduring sites at DFAS Indianapolis, Indiana; Columbus, Ohio; and Limestone, Maine. The process of moving was begun in January 2007 and completed in January 2008. Only twenty percent of the employees at the closing sites chose to move with the work. To

fill-in the difference, SAA at the enduring sites sent teams of people to the closing sites to learn the numerous tasks and to help move the work.

In less than a year of the completion of the BRAC move, Security Assistance Accounting began addressing the issue of the contract period ending. SAA management established a Business Process Review team to evaluate the future organization. The team's review is scheduled to be complete by mid August 2009. At that time, a recommendation for the future organization will be submitted to management for a decision.