

SPAWARINST 5430.32A  
SPAWAR 054-1  
16 Oct 01

SPAWAR INSTRUCTION 5430.32A

From: Commander, Space and Naval Warfare Systems Command

Subj: FOREIGN MILITARY SALES (FMS)/SECURITY ASSISTANCE (SA) PROGRAMS

Ref: (a) DoD 5105.38-M  
(b) DoD 7000.14-R  
(c) SECNAVINST 4900.48  
(d) SPAWARINST 4920.2  
(e) DEPSECDEF Memo of 13 Dec. 99

Encl: (1) List of Acronyms  
(2) Space and Naval Warfare Systems Command (SPAWAR) FMS Process  
(3) SPAWAR FMS Administrative Funding Budget Process

1. Purpose. To update policy and procedures and to assign responsibilities inherent to efficient and effective Foreign Military Sales (FMS)/Security Assistance (SA) Program Management within the Space and Naval Warfare Systems Command (SPAWAR).

2. Cancellation. SPAWARINST 5430.32.

3. Background

a. Security Assistance (SA) plays a prominent role in U.S. foreign and defense policy. The SA program essentially complements the overall U. S. Defense strategy. Reference (a) states that the Foreign Assistance Act (FAA) of 1961, and the Arms Export Control Act (AECA) of 1976, as amended, establishes the framework for the SA policy of the Government of the United States. For purposes of this instruction, Security Assistance is defined as a composite of programs authorized by the FAA of 1961, as amended, and the AECA, as amended, by which the United States provides defense articles (including ships), military training, and other defense-related services by cash sale, grant, or credit in furtherance of national policies and objectives. Reference (b) provides procedures to ensure uniformity in DoD pricing and recoupment methods.

b. Enclosure (1) provides a list of acronyms associated with FMS/SA Management. Enclosure (2) is the top level FMS process at SPAWAR. Detailed functional responsibilities associated with the FMS program are contained in reference (a). Funding to execute the FMS process is provided from FMS case or administrative funding. Administrative funding is

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earmarked for those requirement definition, case execution, case closure, and organizational support activities not case funded. SPAWAR receives administrative funding from Navy International Programs Office (NIPO) via the budget process depicted in enclosure (3). The FMS program at SPAWAR also includes the transfer of C4I on excess U.S. Navy (USN) ships to Foreign Governments and is governed by reference (c).

#### 4. Policy

a. Functions in support of the FMS/SA program will continue to be integrated to the maximum extent possible with normal SPAWAR organization functional assignments. Material procurement is to be consolidated with USN procurements when reasonable, however, Security Assistance (including FMS) requirements will not be delayed for consolidation with USN requirements if the urgency of the case demands otherwise. To a practical extent procurement for foreign military sales requirements will receive the same benefits and protection as applies to U. S. procurement.

b. FMS applies to that portion of SA for which the recipient reimburses the U.S. Government for defense articles delivered and services rendered, including cash sales from stocks (inventories, services, training) by the DoD.

c. The development, execution, and reporting process associated with the SPAWAR FMS administrative funding budget shall be according to and as illustrated in enclosure (3).

#### 5. Responsibilities

a. Case Administering Office (CAO). The CAO serves as the overall FMS command point of contact with Navy IPO, Defense Security Cooperation Agency (DSCA), OPNAV and other FMS external contacts. SPAWAR Code 054-1 is the execution agent for the CAO functions. Specific duties and responsibilities of the CAO are assigned to personnel directed by the FMS Operations manager. The CAO performs the following:

(1) The CAO ensures that a quality control review process is performed for all Price and Availability (P&A)/ Letter of Offer and Acceptance (LOA) data prepared by SPAWAR case managers.

(2) Maintains essential (non-case specific) FMS records and performance metrics for the command.

(3) Ensures appropriate case and financial management training is available to all SPAWAR personnel supporting the FMS/SA program. The CAO will have the responsibility to track the training of the identified FMS Case Managers (CMs).

(4) Acts as the review and release authority for P&A and LOA data developed by SPAWAR CMs in response to NAVY IPO Defense Security Assistance Management System (DSAMS) requirements.

(5) Distributes DSAMS requirements to the appropriate case manager(s) to all requests for P&A/LOA data and all subsequent SPAWAR implemented cases.

(6) Advises the Commander/Deputy Commander and management staff of FMS/SA policy and actions, including Department of the Navy (DON) Technology Transfer and FMS/SA Review Board Issues.

(7) Coordinates SPAWAR representation in meetings and conferences related to FMS/SA Issues.

(8) Acts as the DSAMS control point and System Administrator. Receives all official FMS tasking from NAVY IPO via DSAMS. The CAO distributes FMS cases to the appropriate CM.

(9) Serves as the Command Export License processing point of contact. Requests and coordinates technical review of same with appropriate Program Offices.

(10) Supports the Command, Control, Communications and Computers, Intelligence (C4I) aspects of FMS Ship Transfer Program, under SPAWAR cognizance.

(11) Represents SPAWAR at the Ship Transfer Strategic Council meetings.

b. FMS Case Manager (CM). The SPAWAR FMS CMs are responsible for individual planning, procurement, and life cycle support required in the execution of SPAWAR FMS cases. The CM's are guided in the performance of their duties by references (a) and (b), relevant DSCA, NIPO, SPAWAR instructions, and interpretive considerations of the Defense Institute of Security Assistance Management (DISAM) Management of Security Assistance Training Manual in order to provide uniformity in the preparation of P&A/LOAs, case implementation, and case closure.

(1) The CM is the focal point for FMS case management activity. The CM is responsible for overall FMS case management for SPAWAR. Direct communications with participating organizations is essential for day-to-day management; however, the CM's final authority is limited to the chain of command, which means the CM must use the established lines of communication and authority. A charter for CM is available in reference (a), Table 704-1.

(2) The CM is responsible for all SPAWAR management aspects of the LOA and resultant FMS cases. Some, but not all, of the responsibilities include:

(a) Establish initial and long-range goals and objectives for FMS case execution.

(b) Prepare a master plan, including a plan for closing the case when it is Material and Services/Supply Complete (MSC).

(c) Develop a financial and logistics management plan.

(d) Approve plans of execution, scope, and schedule of work.

(e) Review and verify funding/program requirements.

(f) Integrate the program and logistics financial plan.

(g) Initiate requirements.

(h) Validate the costs are accurate and billed.

(i) Respond to requirements of counterparts' managers, functional activities and other supporting agencies in the resolution of interface or operating problems.

(j) Initiate, when necessary, working agreements with supporting activities as appropriate.

(k) Analyze the status of performance under the LOA.

(l) Maintain a chronological history (significant events and decisions).

(m) Obtain data and system FMS disclosure recommendation from the applicable Program Manager for data/systems under SPAWAR primary responsibility. Obtain disclosure approval for that data/system/portions of systems that are not under SPAWAR's primary responsibility. (For example, obtain NSA approval (either directly or through NIPO) for C4I systems that require the use of external or embedded COMSEC to properly perform their operational tasks.) Inform IPO of status of outstanding coordination issues not resolved prior to submission of DSAMS response (P&A/LOAs).

(n) Ensure case records are retained in an identifiable location in accordance with reference (b). Supporting documentation will include those for recording obligations, proof of deliver/shipment, contractor/vendor invoices, and disbursements.

(3) As applicable, a standardized list of Data Elements for the CM's use may be found in reference (a), Table 704-2.

(4) The following are the minimum courses required for SPAWAR FMS CMs:

(a) CONUS Course (SAM-C).

- (b) Case Financial Management (SAM-CF).
- (c) Case Management (SAM-CM).
- (d) Case Reconciliation & Closure (SAM-CR).
- (e) Training in International Programs Security (OSD-Course)

In addition to the requirements outlined above, it is recommended that all CMs be DAWIA Level III certified. Upon the delineation of the DOD FMS Certification Program (currently being developed by DISAM and NIPO) all CMs will be trained IAW the standards within a reasonable time frame. It is also recommended that the CMs have DSAMS basic and advanced training, and any DSAMS upgrade training.

c. SPAWAR Program Managers (PMWs). Provide Command, Control, Communication and Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) products and services, in support of the FMS CM.

(1) Provide the CM direct technical and managerial support as necessitated by the appropriate LOA. Plans, selects, negotiates, awards, administers, and closes contracts for all goods and services within their purview in support of specific FMS cases through coordination with the contracting officer.

(2) Participate in advance acquisition planning and determination of overall contract strategy and tactics in support of FMS programs as requested by the CM office and with coordination with the contracting officer.

(3) Ensure that FMS case requirements are identified in contracts for domestic/USN procurements through coordinated actions with the appropriate CM office(s) and the contracting officer.

(4) Ensure that the appropriate CM office(s) are informed of any technical or contractual problems with an FMS procurement action, especially contract award delays, cost increases/decreases, and delivery changes/slippage in coordination with the contracting officer.

(5) Support SPAWAR CAO in the execution of the C4I aspects of the Ship Transfer Program.

(6) Provide technical representation when necessary to assist SPAWAR CMs at FMS case and program reviews.

(7) Ensure materials and services are contracted to meet delivery dates specified in the LOA coordinated efforts with the contracting officer.

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(8) Provide financial reporting to the CM office(s) for any FMS funding under their purview in coordination with Code 01.

(9) Provides review and recommendations regarding export license requests to NIPO via the SPAWAR CAO.

(10) Provides foreign sales and disclosure recommendation prior to submission of DSAMS response on P&As and LOAs.

d. SPAWAR 01 Security Assistance Financial Management (SAFM). Policy and Law dictate that the Navy is reimbursed for all costs incurred in support of FMS activities. Reference (d) requires that all SPAWAR personnel, who perform FMS/SA functions, submit consolidated man-hour reports each pay period. This applies both to military and to civilian personnel, providing full-time or part-time support. These FMS personnel must maintain separate time sheets for SA program work and submit them biweekly to SPAWAR 01. Military personnel report only the time dedicated exclusively to support of FMS cases. These requirements apply to all efforts chargeable to specific FMS cases, FMS administrative, or Military Assistance Program (MAP) funds. SPAWAR Code 01 shall:

(1) Develop and establish financial (Budgeting/accounting) plans, policies, systems, methods, and procedures for the SPAWAR FMS/Administrative Funds IAW enclosure (3).

(2) Review FMS funding documents for 31 U.S.C. Code 1517 compliance and perform accounting control functions for such documents.

(3) Distribute information concerning accounting regulations affecting FMS financial management.

(4) Serve as command representative on special projects and study groups concerned with FMS financial management. Work in conjunction with other SPAWAR FMS representatives on special projects and study groups impacting FMS financial actions.

(5) Prepare FMS billings for reimbursement of O&MN. Prepares the final FMS Administrative (Admin) Budget, Program Objective Memorandum requirements, and recommendations for allocation of the FMS resource ceiling for SPAWAR headquarters and field activities.

(6) Maintain the Security Assistance Manpower Accounting Systems.

(7) Execute the financial responsibilities in accordance with reference (b).

e. SPAWAR 02. Provides contracting officers in support of the SPAWAR FMS CMs and other FMS activities by performing the following:

(1) Plans, selects, negotiates, awards, administers, and closes contracts for all goods and services within the purview of SPAWAR

(2) Participates in advance acquisition planning and determination of overall contracts strategy and tactics.

(3) Ensures compliance with Federal Acquisition Regulations, policy and procedures.

(4) Ensures that procurement actions involving FMS case requirements are identified by FMS unique accounting data and that section B, Supplies or Services and Prices/Costs, of all contracts include the FMS case and FMS requisition number of each Contract Line Item number (CLIN) and Accounting Classification Reference Number (ACRN) to ensure accountability. Coordinates with the appropriate CMs. As directed by reference (e), insert one CLIN per one ACRN for each FMS requirement on a contract.

(5) Ensures that the appropriate CM is informed of any technical or contractual problems with an FMS procurement action, especially contract award delays, cost increases/decreases, and delivery changes/slippages.

(6) Provides contract representation when necessary to assist SPAWAR CM at FMS case reviews. Notified the CM in resolving FMS contractual administrative and funding problems.

(7) Ensure materials and services are contracted to meet delivery dates specified in the LOA and that contracts to fulfill FMS requirements are on the same basis as contracts to fulfill U.S. contracts, to the extent that it is practical.

f. SPAWAR 08. In support of the command FMS/SA Program, provides technical support for DSAMS operating system and manages the command foreign disclosure and foreign visits program.

(1) Reviews potential FMS/SA cases for adherence to National, DOD, and Navy foreign disclosure policy prior to command recommendation/response to IPO concerning foreign release. Reviews program office recommendation of release for all DSAMS packages, including P&As & LOAs. Executes command foreign disclosure authority as specified in Navy policy directives.

(2) Advises CMs and other command personnel on releasibility issues of potential and actual FMS cases.

(3) Processes all official foreign visit requests involving information under SPAWAR primary responsibility, and all official foreign visit requests to the command, its contractors, and subordinate commands and their contractors. Approves/denies foreign visits that fall within approval authority. Provides command recommendations on approval decision on foreign visits that fall outside disclosure authority.

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(4) Reviews PMW recommendations for approval/denial of export license requests to Navy IPO via SPAWAR CAO that involve access to either classified information or classified systems that are under SPAWAR primary responsibility.

g. SPAWAR 00C. Reviews terms and conditions of applicable SA documents to ensure compliance with applicable statutes, policies and regulations. Provides additional legal assistance/advice as required.

h. SPAWAR System Centers (SSC). When funded, provides C4ISR products and services, in support of the FMS CM.

(1) Provides the CM direct technical and managerial support as necessitated by the appropriate LOA. Plans, selects, negotiates, awards, administers, and closes contracts for all goods and services within their purview in support of specific FMS cases.

(2) Participates in advance acquisition planning and determination of overall contract strategy and tactics in support of FMS programs as requested by the CM office.

(3) Ensures that FMS case requirements are identified in contracts for domestic/USN procurements through coordinated actions with the appropriate CM office(s).

(4) Ensures that the appropriate CM office(s) are informed of any technical or contractual problems with an FMS procurement action, especially contract award delays, cost increases/decreases, and delivery changes/slippage.

(5) Ensures compliance with Federal Acquisition Regulations, policy and procedures.

(6) Ensures that procurement actions involving FMS case requirements are identified by FMS unique accounting data and that section B, Supplies or Services and Prices/Costs, of all contracts include the FMS case and FMS requisition number of each Contract Line Item number (CLIN) and ACRN to ensure accountability. Coordinates with the appropriate CMs. As directed by reference (e), insert one CLIN per one ACRN for each FMS requirement on a contract.

(7) Ensure materials and services are contracted to meet delivery dates specified in the LOA and that contracts to fulfill FMS requirements are on the same basis as contracts to fulfill U.S. contracts, to the extent that it is practical.

(8) Supports SPAWAR CAO in the execution of the C4I aspects of the Ship Transfer Program.

(9) Provides technical representation when necessary to assist SPAWAR CMs at FMS case and program reviews.

(10) Ensures materials and services are contracted to meet delivery dates specified in the LOA.

(11) Provides financial reporting to the CM office(s) for any FMS funding under their purview.

6. Procedures. Procedures are provided in references (a) and (b), and as cited herein.

7. Action. All addressees shall take appropriate action to assure compliance with policy contained herein.

/s/  
K. D. SLAGHT

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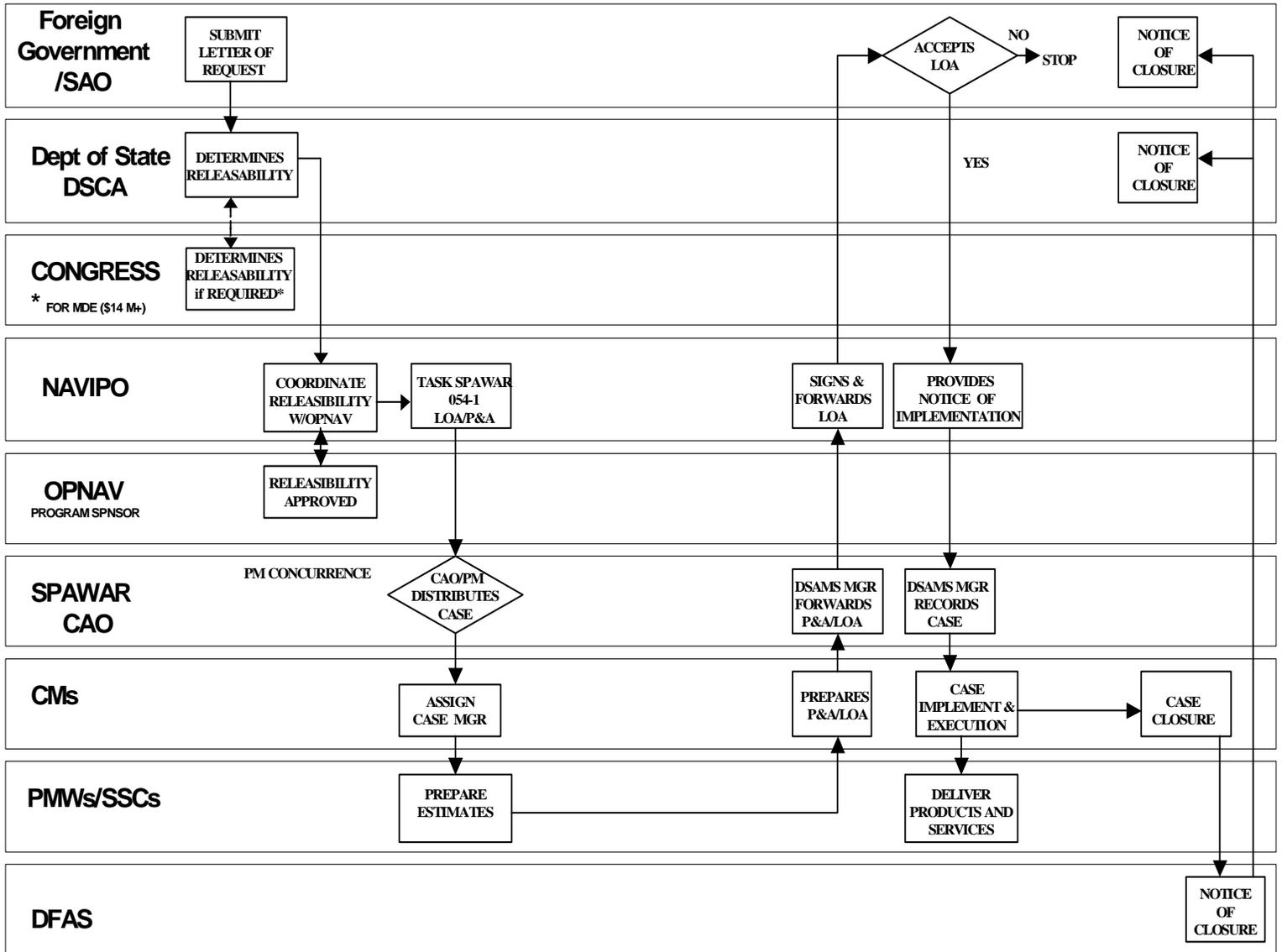
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## LIST OF ACRONYMS

ACRN	Accounting Classification Reference Number
AECA	Arms Export Control Act, as amended
C4ISR	Command, Control, Communication and Computers, Intelligence, Surveillance, and Reconnaissance
CAO	Case Administering Office
CLIN	Contract Line Item Number
CM	Case Manager
COMSEC	Communications - Security
CONUS	Continental United States
DAWIA	Defense Acquisition Work Force Improvement Act
DISAM	Defense Institute for Security Assistance Management
DoD	Department of Defense
DSCA	Defense Security Cooperation Agency
DSAMS	Defense Security Assistance Management System
DSAP	Defense Security Assistance Program
FAA	Foreign Assistance Act of 1961
FMR	Financial Management Review
FMS	Foreign Military Sales
IAW	In Accordance With
LOA	Letter of Offer and Acceptance (DD Form 1533)
MAP	Military Assistance Programs
MSC	Material & Services Complete
NIPO	Navy International Programs Office
NSA	National Security Agency
OM&N	Operations, Maintenance Navy
OPNAV	Office of the Chief of Naval Operations
OSD	Office Secretary of Defense
P&A	Price and Availability
PMW	Program Manager, SPAWAR
SA	Security Assistance
SAFM	Security Assistance Financial Manager
SAMM	Security Assistance Management Manual (DoD 5105.38-M)
SSC	SPAWAR System Center
USC	United States Code
USN	United States Navy

# SPAWAR FMS PROCESS



# SPAWAR FMS ADMINISTRATIVE FUNDING BUDGET PROCESS

