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MEMORANDUM FOR DISTRIBUTION

From: Director, Navy International Programs Office

Subj: GUIDANCE ON THE CONDUCT OF FOREIGN MILITARY SALES (FMS) CASE RECONCILIATION REVIEWS

Ref: (a) Navy IPO ltr 4920 Ser 02D/2U004315 of 17 Apr 92
(b) Navy IPO ltr 4920 Ser 02C/2U004323 of 29 Apr 92
(c) Navy IPO ltr 4920 Ser 02C/4U000654 of 22 Feb 94

Encl: (1) Navy IPO msg 05 13352 Dec 97, REPRESENTATION AT CRRs AND FMRs

1. Purpose. This memorandum reissues policy guidance for the planning and execution of Foreign Military Sales (FMS) Case Reconciliation Reviews (CRRs), formerly promulgated in references (a) through (c), which are hereby cancelled.
2. Scope. This guidance applies to all Department of Navy (DON) activities participating in the support and execution of FMS cases.
3. Background. Management Reviews have been used to manage FMS cases since the inception of the program. Initially called Implementation Reviews or Case Management Reviews, references (a) and (b) changed the names to Case Reconciliation Review (CRR) to more accurately reflect the primary focus on record reconciliation.
4. Discussion. Experience gained over the past few years enables us to further improve the CRR process. Improvements include: qualifying agenda items, eliminating items covered elsewhere, firm timelines to allow thorough preparation, tailoring to specific needs and assuring clarity and unity of purpose. The Naval Inventory Control Point (NAVICP) is designated the executive agent to conduct CRRs on Navy IPO's behalf. International customers are offered the opportunity to specify the cases they desire to review, as well as the opportunity to review all of their cases within the above scope.
5. policy. The DON policies for planning and conduct of CRRs are:
 - a. The scope of the CRR is limited to reconciliation of supply and financial records for FMS cases managed in both the Management Information System for International Logistics (MISIL) and the Standard Accounting and Reporting System (STARS) and related supply and financial management issues,

b. The FMS customer determines the cases to be reviewed, either specified cases or all of the customer's cases within the above scope.

c. Other issues proposed by the customer, such as program management matters, will be referred to Navy IPO for resolution in advance of the CRR.

d. **CRRs** held in Philadelphia, PA and overseas are co-chaired by NAVICP and the customer.

e. The Navy IPO Country Program Manager (CPM), as the Director's representative and primary customer advocate, is the primary U.S. participant. The CPM ensures that standard practices and processes are adhered to during the review, formulates and provides the customer with the official Navy position on disputed issues and approves the provision of data to the customer from a source other than MISIL or STARS.

f. Navy case management offices (SYSCOM, NAVORDCEN, other) with action item interest must also be represented, unless coordinated and excused by the Navy IPO CPM.

g. A preliminary in-house USGAJSN meeting (**pre-CRR**) of all expected CRR participants will be conducted to prepare the meeting and develop a clear USG/USN position on agenda items/issues to be discussed. If mutually agreed by participants, on a case by case basis, this requirement may be conducted by electronic means or waived entirely if deemed unnecessary by the Navy IPO CPM.

h. The **annual** schedule of **CRRs** is centrally coordinated by Navy IPO with customer countries, U.S. Navy and other applicable DOD organizational elements. Navy IPO (02L) will issue and update the schedule, as outlined in paragraph 6, below.

i. Costs incurred for **CRRs** held at NAVICP are funded under the FMS Administrative funds. In-country FMS reviews (non-program specific), where the effort is beneficial to the FMS customer and the U.S. Government, may be funded with FMS Admin. with the following constraints: the number of U.S. representatives attending will be held to the minimum acceptable; the review should occur no more frequently than every 15 to 18 months, and FMS Admin. funds are available within the approved budget for this effort. FMS Admin. funds may not be used for overseas travel to an in-country review in support of a specific case or program, and/or when the salary of an attendee is paid from a case/program management line, and the review includes a specific case or program.

6. Scheduling.

a. NAVICP will provide Navy IPO a proposed schedule for the next calendar year by 30 June, each year.

b. Navy IPO 02L will convene a planning meeting in July to discuss:

(1) Progress on the **CRRs** conducted during the first half of the calendar year.

(2) The agreed number of **CRRs** to be scheduled the following year.

(3) Potential alternatives to participation, such as video teleconferences or conference telephone calls, where this makes sense.

(4) Proposed changes to forms/formats used; the lead will be assigned to the one most familiar with the data, e.g. **NAVSEA/SPAWAR** for **STARS**, **NAVICP/NAVAIR** for **MISIL**, etc.

(5) Alternatives to the current frequency of **CRRs**. For example, the level of interest of the customer, the degree of success of a particular **CRR**, or other reasons may indicate that a **CRR** could be held less frequently (every 18 months instead of annually or every 36 months instead of biennial). Record reconciliation and data exchanges, without a formal **CRR**, may be an alternative worth considering.

c. Navy IPO will issue the new **CRR** schedule by 15 August, each year.

7. CRR Preparation Timeline.

a. Sixteen weeks prior to each review: **NAVICP** will send an invitation letter to the customer, with a copy to participants. The letter will request that the customer identify the “scope” option chosen (all or specified cases to be reviewed), particular areas of interest (delivery delays, price increases, case amendments/modifications, Supply Discrepancy Reports (**SDRs**), etc.), customer review expectations and a brief description of international attendees and their positions.

b. Twelve weeks prior to each review (or sooner): International customer will provide the proposed agenda. If agenda items are not provided, **NAVICP** will confer with Navy IPO CPM to determine the agenda.

c. Ten weeks prior to each review: **NAVICP** will provide **CRR** participants with cases or issues selected and request updates.

d. Six weeks prior to each review: **CRR** participants will provide updated **FMS** case financial and supply information to **NAVICP**.

e. Four weeks prior to each review: **NAVICP** will conduct a pre-**CRR** meeting. This is the final opportunity for case managers to provide **NAVICP** with updated case information. Case manager attendance is required unless waived by the Navy IPO CPM. Briefings to be given at the **CRR** will be approved at this meeting. An electronic meeting may be conducted or the meeting may be waived in its entirety by the Navy IPO CPM.

8. Conduct of the CRR.

a. Attendees include international customer representatives, Navy IPO CPM, SYSCOMs, DFAS, NAVORDCEN and other activities (DLA, MARCORP, CINCLANT, and CINCPAC), as required.

b. MISIL and STARS source data should be updated prior to the CRR and are the only systems data provided to the customer. In order to avoid conflicting data input, locally prepared records should not be used and should not be provided to the customer at the CRR.

c. Case managers are responsible to ensure that copies of the Letter of Offer and Acceptance (LOA), Amendments and Modifications are available for referral.

d. NAVICP and the head of the foreign customer delegation will co-chair the meeting.

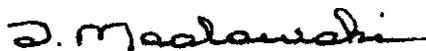
e. The command having responsibility for the case or issue discussed will lead the discussion.

f. Action items will be assigned and documented in the meeting minutes, prepared by NAVICP, and signed by the foreign customer senior representative, NAVICP and each command representative attending to whom an action item has been assigned.

g. NAVICP will prepare written minutes and forward to Navy IPO, copy to **all** attendees, within ten days after completion of the CRR.

h. Although a tentative date for the next CRR should be discussed prior to adjournment, the customer should be advised that Navy IPO will promulgate the formal schedule. The customer and U.S. participants should discuss the benefits and costs of combining CRRs with the DSCA conducted Financial Management Reviews (FMRs).

9. Follow-up. Ninety days after the publication of the CRR minutes, NAVICP will report on the status of outstanding action items. This will be repeated at ninety-day intervals until all actions have been completed.



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Director

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