



DEPARTMENT OF THE NAVY
OFFICE OF THE VICE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON DC 20350-2000

IN REPLY REFER TO:

5420
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MEMORANDUM FOR DISTRIBUTION

Subj: NAVAL CAPABILITIES BOARD (NCB) CHARTER

Ref: (a) Resource and Requirements Review Board (R3B) Charter

Encl: (1) Decision Making Authorities- Guiding Thresholds
(2) NCB Administrative Guidance

1. Mission. The Naval Capabilities Board (NCB) is the Navy's two star decision forum for reviewing and making decisions on Navy requirement and resource issues.

2. Scope. The NCB will exercise the decision authority as shown in enclosure (1). The NCB will assist the Resources and Requirements Review Board (R3B) in the review and approval of Navy capability requirements as outlined in reference (a). The NCB will assist in providing a controlled requirements process by ensuring all organizations and programs follow a consistent, stabilized acquisition and requirements plan that includes a very rigorous oversight of costs, cost growth, requirements growth and schedule. The NCB will review cost tradeoffs versus performance capabilities for all systems and systems of systems. The NCB will also provide a forum for best practices and lessons learned to be leveraged across all programs and the requirements process. The NCB will review emerging capabilities and current programs to validate execution against the capability being provided.

3. Membership. NCB voting members are the one or two star Flag/General Officers or Senior Executive Service equivalent civilians from the following organizations:

a. Deputy Commander Fleet Forces Command (DFFC), Chief of Naval Personnel (N1), Director, Material Readiness and Logistics (N4), Deputy Chief of Naval Operations for Warfare Requirements and Programs (N6), appropriate Joint Capabilities Area advocate, appropriate Systems Command (SYSCOM), appropriate Deputy Assistant Secretary of the Navy (DASN), (for cross systems issues, multiple SYSCOM and DASN members will participate), United States Marine Corps (USMC) Programs and Resources (P&R) will represent the USMC for aviation issues.

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b. A principal's deputy may attend a meeting on his or her behalf.

c. Ad hoc non-voting members as required will include: Director, Programming Division (N80), Director, Assessment Division (N81), Director, Net-Centric Warfare (N83), Oceanographer/Navigator of the Navy (N84), Director, Expeditionary Warfare Division (N85), Director, Surface Warfare Division (N86), Director, Submarine Warfare Division (N87), Director, Air Warfare Division (N88), Director, Special Programs Division (N89), Director, Strategic Mobility/Combat Logistics Division (N42), Director, Fleet Readiness Division (N43), Naval Sea Systems Command (NAVSEA) 08, Program Executive Officer (PEO) (as applicable), Marine Corps Combat Development Command (MCCDC), United States Coast Guard (USCG), Director, Naval Intelligence (N2), and USMC (P&R) for non-aviation issues.

d. Attendance at NCBs shall be limited to principal's plus one attendee, as necessary to provide technical advice, input or assistance. Additional personnel may with prior approval of the NCB Director.

4. Chairperson. The Director, Warfare Integration Senior Naval Representative (N8F) will chair the NCB. The Chairman retains final decision authority in cases of dissent.

5. Guiding Principles. The following shall guide the intent and discussion at the NCB:

a. The NCB will provide a forum by which the Requirements and Acquisition Communities can discuss investments required to meet various capabilities, to ensure the proper level of functionality is provided against affordability limits and to consider the costs and alternate methods of meeting those capabilities across the Naval enterprise.

b. NCB discussion shall focus on achieving resolution of issues. Dissent shall not preclude an issue from consideration. To that end, the NCB will serve as a forum where Navy leadership can debate the merits of program content in terms of cost versus capability. The NCB will evaluate and make recommendations to N8 regarding capability deletion or retention that requires additional fiscal resources or that will impact on a Key Performance Parameter from the original system/platform design.

c. The NCB will conclude with one of three actions:

(1) Decide and report.

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(2) Forward issue to the R3B for action.

(3) Return the issue to the lead organization if there is insufficient information to make a decision.

6. Business Rules

a. Unless requested by the R3B, issues shall be addressed at the highest level of review required to avoid multiple meeting steps. The NCB can, after reviewing an issue, recommend R3B review and approval.

b. NCB shall validate changes to Acquisition Category I-IV requirements that are not Key Performance Parameters or Key Capabilities Area.

c. Changes to program funding >\$100K but <\$10M in a single Fiscal Year (FY) or >\$1M but <\$50M in Future Years Defense Plan (FYDP) require approval of the NCB. Issues >\$10M but <\$50M in a single FY or >\$50M but <\$250M in FYDP shall be reviewed at the R3B.

d. Lead organization shall coordinate information sources, validate assumptions and data prior to the NCB, and address stakeholder concerns as part of the NCB presentation.

e. NCB actions and decisions shall be documented in an NCB decision memorandum as shown in enclosure (2).

f. Board members who do not agree with the NCB decision may document objections as a dissent statement to be included in the NCB decision memorandum.

g. Analysis of Alternative (AOA) guidance and Initial Capability Documents will be reviewed by the NCB to ensure affordability considerations are in place to bound requirements.

7. Assignments

a. The NCB Chairman shall:

(1) Approve NCB agenda.

(2) Sign the NCB Decision Memorandum.

(3) Authorize use of Administrative NCB procedures when appropriate.

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b. The NCB shall be supported by a Director who will:

(1) Propose an NCB agenda.

(2) Coordinate NCB meeting execution.

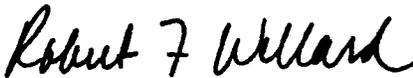
(3) Support the Chairman as necessary in executing NCB responsibilities.

(4) Work with Requirements Sponsors and DASN to develop issues for consideration by the NCB.

(5) Be a member of the AOA review panels with insight into cost and performance tradeoffs.

c. The Resource Sponsor will prepare NCB candidate Program briefings using the format provided in enclosure (2).

8. Responsibility. Deputy CNO (Warfighting and Resource Requirements) (N8) is responsible for the routine review and maintenance of this charter.


R. F. WILLARD

Distribution:

DASN

CFFC

SYSCOM

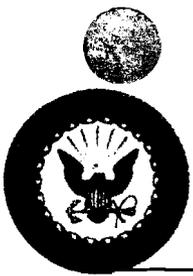
NAVSEA

OPNAV (N1, N2, N4, N42, N43, N6, N8, N8F, N80, N81, N82, N83, N84, N85, N86, N87, N88, N89)

MCCDC

USCG

USMC (P&R)



Decision Making Authorities

Guiding Thresholds

Program Reviews

- **R3B**
 - ACAT I and JROC interest
 - Non ACAT programs >\$1.5B over FYDP
 - Multi-year major MILCON initiatives that exceed \$500M across the FYDP
- **NCB**
 - Non JROC Interest ACAT II programs
 - Non ACAT \$500M - \$1.5B over the FYDP
 - Authorize the initiation of a new CBA or ICD
- **Resource Sponsor**
 - Non JROC Interest ACAT III-IV and report to NCB/R3B
- **Every 18 months**
 - A Cost/Schedule/Performance change review restarts 18 month clock

Cost / Schedule / Performance Review

- **Review required when**
 - Cost growth >3% within one year or over FYDP, or
 - Schedule change >6 months, or
 - Capability decrease below threshold or previously dictated levels
- **Reviewed at same level as Periodic**
 - May be elevated to R3B depending on severity of change
- **Nunn McCurdy breaches**
 - R3B