



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

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MEMORANDUM FOR DISTRIBUTION

SUBJECT: Office of Small Business Programs Insourcing Review Policy

The attached Director, Department of the Navy, Office of Small Business Programs (OSBP) memorandum of October 8, 2014 is forwarded for your information and action, as appropriate. It reminds the acquisition and contracting community that OSBP is required to conduct a review and provide an advisory on all decisions to convert an activity performed by a small business to an activity performed by a Federal employee under Title 15 U.S. Code Section 644 (k), as amended by the National Defense Authorization Act of 2013, Pub. L. 112-239, Section 1691. It provides the policy and process for conducting this review and the actions required by the insourcing requesting office before proceeding with potential insourcing decisions. Further details are provided within the memorandum. My point of contact is [703-614-9641](tel:703-614-9641).

A handwritten signature in cursive script that reads "John F. Couture".

John F. Couture
CAPT, SC, USN
Executive Director (Acting)
DASN (AP)



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MEMORANDUM

SUBJ: OFFICE OF SMALL BUSINESS PROGRAMS (OSBP) INSOURCING
REVIEW POLICY

Ref: (a) Title 15 United States Code Section 644
(b) OSD (RFM) Memorandum "Private sector Notification
Requirements in Support of In-sourcing Actions" dated
29 January 2013

1. The Department of the Navy (DON) Office of Small Business Programs (OSBP) is required to conduct a review and provide an advisory on all decisions to convert an activity performed by a small business concern to an activity performed by a Federal employee under Title 15 United States Code Section 644 (k), as amended by the National Defense Authorization Act for 2013, Pub. L. 112-239, Section 1691. This memorandum provides the policy and process for conducting this review and the actions required by the insourcing requesting office before proceeding with potential insourcing decisions.

2. The legislative history underpinning reference (a) provides that (OSBP) *"does not have the right to veto these activities; nevertheless their intercession may mitigate adverse impacts on small businesses by, among other things, prioritizing insourcing of contracts held by other-than-small businesses (OTSB)"*. "House Report 112-721, part 1, at 12 (2012)". The review should ensure that the basis for this course of action is supported by an appropriate business case analysis (BCA) and that the actions proposed to be taken are in the best interest of the DON, including impact to the small business mission and that alternatives affecting small business are considered prior to notification of the private sector in accordance with reference (b).

3. The following information/documentation should be submitted to OSBP prior to initiating any action which could result in insourcing:

a. Full description/rationale/benefits of the proposed in-sourcing action clearly identifying the basis of the in-sourcing IAW ref (b) with the POA&M for HR actions to bring on-board new government personnel.

b. Applicable acquisition history addressing if the proposed insourced services were ever performed previously by government personnel and subsequently outsourced as a result of an A-76 Study, or other determination. Provide all relevant information relating to the decisions made to previously Out-source.

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POLICY

c. Cost Analysis that relates to this insourcing decision.

d. Impact to the command's overall small business performance goals and identification of trade-offs if the impact of this action will result in decreasing overall small business and/or socio-economic specific performance. The impact statement must also provide an analysis of the impact on health of the affected small business industrial base.

e. Analysis of similar work being performed by OTSB, or Small Business elsewhere within the HCA or the Navy.

f. Breakdown of Prime and Subcontracting allocation of assets under the proposed contract to be insourced.

g. Confirmation that the local U.S. SBA Procurement Center Representative (PCR) has been notified of this potential action.

h. Legal opinions by the command's general counsel supporting the insourcing action.

4. OSBP will provide an advisory to the requesting command within sixty (60) business days from receipt of all required information/documentation.


SEAN F. CREAN