



**THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000**

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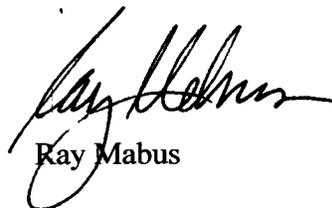
MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
CHIEF OF NAVAL OPERATIONS
COMMANDANT OF THE MARINE CORPS

SUBJECT: Department of the Navy Contractual Services Resourcing and Execution Process

The Department of the Navy's (DON) expenditures for contractual services comprise substantial portion of the available budgetary resources each fiscal year. The Department's year-to-year spending for contractual services, even when adjusted for inflation, has grown significantly since Fiscal Year 2000. In response to current budgetary and program pressures, reductions in contractual services were incorporated in the development of the Fiscal Year 2015-2019 Program Objective Memorandum (POM). Our next steps are to achieve those reductions responsibly and to establish a repeatable process that ensures the DON is planning, budgeting, and executing Contractual Services to identifiable requirements with an appropriate level of oversight.

Historically, the Department has used a structured and rigorous management approach to plan, program, budget and execute resources for the acquisition of tangible assets, especially major weapons systems and information technology systems, using the Planning, Programming, Budgeting, and Execution (PPBE) process. By this letter, I am tasking the Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)) to lead, and the Assistant Secretary of the Navy for Financial Management and Comptroller (ASN (FM&C)) to co-lead the Department in integrating Contractual Services into the PPBE process. A Top-Level Plan of Action and Milestones (POA&M) should be provided to me no later than 31 March, with targets for implementing appropriate portions of the plan for the remainder of FY14 execution, PB15, and POM16 planning.

In addition, ASN(RD&A) and ASN (FM&C) will lead the Department in identifying information technology system improvements and interfaces required to accurately and consistently report budget requests for and execution of Contractual Services, to include funding and contractor Full Time Equivalent (FTEs).


Ray Mabus