MEMORANDUM FOR DISTRIBUTION

SUBJECT: Acquisition System Management

ENCL: (1) USD (AT&L) memo of March 13, 2006

Enclosed for information is USD (AT&L)'s clarification of Department policy on acquisition management control and procedures to evaluate proposed acquisition approaches, including leasing.

Please contact Rose Bartlett at (703) 693-4013 if there are any questions regarding this memorandum.

Chief of Staff/Policy for DASN(ACQ)

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As a result of his recent review of the management of the KC-767-A Tanker
Program, the DoD Inspector General made several broader observations regarding our
overall acquisition control system and the procedures the Department employs to
evaluate proposed acquisition approaches, including leasing. This letter is intended to
clarify Department policy on both points.

The acquisition of major systems is governed by a substantial body of policy
captured in OMB circulars, the Federal Acquisition Regulation, and the DoD 5000
acquisition policies. These policies serve as a management control system intended to
ensure that needed capabilities are provided while addressing risk and satisfying all other
applicable federal government acquisition requirements. These policies also facilitate
program success by structured consideration of a broad spectrum of issues that might
endanger that success.

Many of these policies are inherently flexible to provide decision makers with the
opportunity to tailor policy to the unique circumstances of each program. However, the
opportunity to tailor and streamline must not be taken without thoughtful consideration of
the issues our policies are designed to address. Flexibility and discipline are not mutually
exclusive objectives.

We must also ensure we make the best use of the analytical tools available. DoD
acquires capability through various means; however, use of an alternative approach such
as leasing does not alter the requirement to review a program as rigorously as any other

Enclosure (1)
program of comparable size and complexity. The approach employed should be consistent with the requirement, and carefully evaluated in the context of a formal analysis of alternatives. In short, quantitative analysis must play a key role in our determination of the most cost-effective solution. I plan to review the results of these analyses at designated program decision points and strongly suggest that other decision authorities do likewise.

I believe that this flexible but disciplined approach will enhance our ability to make well-informed decisions, improve our responsiveness to the warfighter, and ensure confidence in our acquisition system.

Kenneth J. Lang