

CNETINST 4860.1F
OS121
28 DEC 1999

CNET INSTRUCTION 4860.1F

Subj: NAVY COMMERCIAL ACTIVITIES PROGRAM

Ref: (a) OMB Circular A-76 and Revised Supplemental Handbook
(b) DoDINST 4100.15
(c) DoDINST 4100.33
(d) OPNAVINST 4860.7C

1. Purpose. To establish policy and assign responsibilities for the management of the Navy Commercial Activities (CA) Program within the Naval Education and Training Command (NAVEDTRACOM).

This instruction has been extensively revised and should be read in its entirety.

2. Cancellation. CNETINST 4860.1E

3. Background. The Navy is pursuing the reengineering of its infrastructure by implementation of Strategic Sourcing. The Navy's CA Program is a component of its Strategic Sourcing program and is one of the tools that an organization can use to obtain greater efficiency at a reduced cost. The policy of the CA Program is to rely on commercial sources to supply the products and services that the Government needs. In recognition of this policy, references (a) through (d) have directed that whenever commercial sector performance of a Government-operated commercial activity is permissible, a comparison of the costs of contracting and the cost of in-house performance by government personnel shall be performed to determine who will perform the work. Thus, the overall objective of the Navy's CA program is to enhance quality, economy, and productivity of government operation of CA through the process of competition.

4. Policy. Chief of Naval Education and Training (CNET) policy is that CNET will comply with the spirit and intent of the Navy's CA Program. CNET activities will comply with the policies and procedures contained in references (a) through (d) and this instruction.

5. Definitions and Guidance. The CA process requires the inventory and review of commercial activity functions performed within the NAVEDTRACOM under references (a) and (d). The following definitions and guidance are supplemental.

a. Commercial Activity. An activity that provides a product or service obtained (or obtainable) from a commercial source. A Navy CA is not an Inherently Governmental function. A Navy CA may be an organization or part of an organization. It must perform a type of work that is separable from other functions or activities so that it is suitable for performance by contract, per references (a) and (d).

b. Function. The appropriate or assigned duties, responsibilities, missions, or tasks of an individual, office, or organization. Functional separability will be addressed at the time functions are inventoried. In this context, separable means whether or not the function is separable or divisible from other functions in a manner that will permit performance by either a contractor or Most Efficient Organization (MEO). The process by which the function currently produces outputs or its interrelationship to work processes of other functions in the organization is not germane to the issue of separability.

c. Governmental Function. Governmental functions are defined in references (a) and (d). Care must be exercised in the determination of whether a function is governmental or a commercial activity. The determining factor is not how the tasks necessary to produce the functional output(s) are currently performed; rather, it is whether or not the function clearly meets the criteria contained in references (a) and (d), as a governmental function.

d. CA Inventory. As required by reference (a), the CA Inventory is a detailed listing of all in-house CAs performed by Government employees. Reference (d) requires a listing of all in-house and contracted CAs and their associated full-time equivalents (FTE). Reference (d) also states that Chief of Naval Operations (CNO) (N4) separately publishes and issues CA inventory policies and procedures. The CA inventory is updated at the activity level annually and those CA functions identified therein are the basis for the CA announcements.

e. Cost Comparison Study. The process whereby the estimated cost of Government performance of a CA is formally compared, under the principles and procedures of reference (a), to the cost of performance by commercial or Interservice Support Agreement (ISSA) sources.

6. Responsibilities. Responsibilities for the execution and management of the Navy CA Program within NAVEDTRACOM are assigned below:

a. CNET. Provides NAVEDTRACOM program policy, guidance, assistance, and evaluation. CNET (OS12) is the Program Control Office for the CA Program. Verifies accomplishment of field activity CA inventories; establishes Plan of Action and

Milestones (POA&M) for cost comparisons, in conjunction with activity commanding officers, and monitors POA&M accomplishment; prepares and maintains standard Performance Work Statements (PWS) of functions for which CNET has primary responsibility; collects and enters data required by reference (d) into the CA Management Information System (CAMIS).

(1) Provides technical advice, assistance, and program support through the Naval Education and Training Management Engineering Teams located in Norfolk and San Diego.

(2) Conducts Navy-wide training in the CA Program as requested by CNO (N465).

(3) Develops and maintains curriculum for CA training courses.

(4) Liaisons with CNO on quota establishment and CA training course schedule messages.

b. Commanding Officers or Directors of activities reporting directly to CNET are responsible for managing, coordinating, facilitating, and evaluating CA Program initiatives within their respective commands.

c. Commanding Officers, Officers in Charge, and Directors of NAVEDTRACOM Activities have primary responsibility for the CA Program within their activity. The commanding officer is responsible for the accuracy, preparation, and timely submission of CA inventories and, in coordination with the chain of command, deciding which functions should be subject to cost comparison. The commanding officer is also responsible for performance of required cost comparison studies and implementation of results within established time frames. At a minimum, commanding officers of NAVEDTRACOM activities engaged in the CA process are responsible for:

(1) Issuing an activity CA directive which appoints, in writing, a knowledgeable activity CA Coordinator, and a CA Steering Committee if a cost comparison study is required. Basic responsibilities of the activity CA Coordinator and CA Steering Committee are covered in subparagraphs 6d and 6e below.

(2) Securing the necessary resources to implement the study results. This requires coordination with the comptroller to ensure that funds will be available to cover the cost of a contract or the appropriate in-house operation on completion of the study. Coordination with the comptroller is also required, if applicable, to obtain new funding for civilian positions to replace military billets under MEO, ISSA, or contractor operation. If study implementation cannot be achieved with current assets, additional funding and/or Operations and Maintenance, Navy (O&MN) compensation for funded military billets should be requested via the chain of command. Requests should be specific,

including the date of expected contract award and amount of additional resources required (and/or identification of funded billets that require O&MN compensation) for fiscal year of contract award and for out years.

(3) Assigning CA tasks to specific individuals as necessary to complete CA actions required to meet approved milestones. Verifying the development and completion of their activity's PWS, Quality Assurance Surveillance Plan (QASP), Management Plan, and In-House Cost Estimate (IHCE).

(4) Requesting needed assistance from CNET (OS12).

(5) Consulting with employees, at least monthly, and considering their views in developing PWS, management study efforts, and other relevant matters, in accordance with Title 10 U.S.C. 2467. (Consultation with labor organization representatives satisfies the consultation requirement.)

(6) Approving completed CA cost comparisons and certifying that they are based on the most efficient in-house organization required to perform the work specified in the PWS in accordance with Section 502, Public Law 96-342.

(7) Beginning implementation of MEO within 30 days of decision to perform in-house and achieving MEO operation, to allow for formal Post-MEO Performance Review. Certifying, 1 year after implementation, that in-house operation is performing to levels specified in the PWS and within the IHCE.

(8) Verifying appointment of an official to review any decision under appeal. The Administrative Appeal Officer will meet criteria in reference (a) and additionally, if military, be at the same or higher rank as the official who approved the management plan.

(9) Ensuring that appropriate personnel are trained in concepts and techniques of the CA Program. Providing a sufficient number of qualified personnel to perform quality assurance.

d. Activity CA Coordinator. The coordinator will direct CA Study Team participants, and will coordinate, as needed, to ensure that studies are completed in accordance with approved POA&Ms. Specific duties will vary at different activities depending on the functions involved and the level of effort and skills available among study team members. The CA Coordinator should have wide knowledge of CA requirements. Examples of common duties include:

(1) Maintain and update CA inventories in accordance with references (a) and (d).

(2) Submit a briefing package to the commanding officer and Steering Committee within 5 working days of receiving a CNO study announcement to include as a minimum:

(a) A complete description of the function to be studied including number of military and civilian personnel, existing contracts, etc.

(b) Anticipated problems and appropriate recommendations.

(c) Developed POA&Ms for completing the study within references (a) and (d) guidelines.

(d) Recommended study team members, including proposed responsibilities and specific taskings for each.

(3) Define the data elements to be collected and work with responsible participants on specific parameters, formats, etc.

(4) Compile the information submitted by various activity components to form the Management Plan, PWS, MEO, QASP, IHCE, Transition Plan (TP), and Technical Performance Plan.

(5) Prepare CA reports for submission to CNO as required by reference (d) via the chain of command.

(6) Prepare and forward status reports for submission to CNET via the chain of command in the event activities anticipate delay(s) in achieving established major milestone dates. These reports should identify the reason(s) for the delay(s); identify offset on future milestones, state actions to be taken to resolve delay(s), and describe assistance required.

e. Commercial Activity Steering Committee. The CA Steering Committee consists of managers of the functions under study, the CA Coordinator, and managers of other key activity functions affected by the studies. Additional members normally include, but are not limited to, representatives from the Management Analysis Office, Comptroller Office, Personnel Office, Contract Office, unions, and Central Administration. In some cases, contract, civilian personnel, supply, public works support, and other categories are provided by a host command and are therefore not under the direct control of the activity commanding officer. Members are responsible for:

(1) Establishing a POA&M.

(2) Recommending approval or disapproval of major provisions of the study including development of the PWS, determination of the MEO, and completion of the cost estimate.

(3) Recommending suitable actions on issues which affect contract and in-house methods. Such issues may include work requirements; whether to provide government materials, facilities, and equipment to contractors; acceptable quality levels and QA requirements; and, contractor qualifications.

(4) Recommending new or improved processes to ensure maximum efficiency by the in-house operation.

(5) Reviewing progress and evaluating results to identify and resolve problems which may delay study completion.

(6) Assigning specific actions to the study team.

7. Communications and Reports. Communications and reports concerning the NAVEDTRACOM CA Program will be made via the chain of command. All NAVEDTRACOM activities must meet the reporting requirements in reference (d). NAVEDTRACOM activities must also submit a detailed POA&M approved by the activity commanding officer or director. The POA&M will be in the format of the 15 step A-76 study milestone chart, shown as exhibit 2 in the Executive Summary of the Strategic Sourcing Support (3SO) Guide entitled "Succeeding at Competition". The POA&M will include as a minimum:

- a. PWS/QASP target completion date
- b. Expected solicitation date
- c. Management Plan completion date
- d. Independent Review date
- e. Receipt of proposals date
- f. Tentative Decision date
- g. Contract or MEO start date

Forward the initial POA&M, via the chain of command, to CNO (N465) within 60 days of announcement. The POA&M will allow CNET and the functional commanders to monitor NAVEDTRACOM CA study progress. This information will be entered into CAMIS. This POA&M represents a commitment to the timely completion of the study. Activities shall submit a quarterly status report to verify that milestones are on schedule or that delays are being experienced. When delays to established milestones occur a detailed explanation of the factors causing the delay will accompany the report. Quarterly reports are due within 30 calendar days after the end of the calendar quarter (e.g., the report for the fourth quarter ending 31 December is due at CNET no later than 30 January).

8. Action. This instruction is effective immediately. Actions required for compliance shall be implemented within 30 days of receipt.

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