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SUBSECTION 6-1 INTRODUCTION

6-1.1 Scope

This section of the Fleet Modernization Program (FMP) Management and Operations Manual discusses the financial management of the FMP including program formulation (Program Objectives Memorandum (POM)/Program Review (PR)), budget preparation and review, and financial execution. The policies and procedures described outline the financial structure and components of the FMP, rules governing the budgeting and execution of requirements, tools utilized, and participants and their roles. Financial management of the FMP emphasizes:

- Utilization of established policies and procedures for the budgeting and execution of requirements.
- Development of cohesive, defensible budgets reflecting program decisions made by the Chief of Naval Operations (CNO) and executed by the Deputy CNO for Resources, Warfare Requirements and Assessments (N8), Warfare Division Directors or CNO Platform Sponsors (N42, N75, N76, N77 and N78), the Director of Space and Information Warfare (N6) and the Director of Supportability, Maintenance and Modernization Division (N43).
- Management of tasking and funding to ensure proper execution as defined by CNO Resource Sponsors, timely obligation and expenditure of budgeted funds, and maintenance of “full funding” and "annualization" policies as currently defined by the Comptroller of the Navy, Financial Management of Budgets (FMB), and higher authority.

Naval Sea Systems Command (NAVSEA), Naval Air Systems Command (NAVAIR), and Space and Naval Warfare Systems Command (SPAWAR) are responsible for financial management of the FMP efforts executed from their Commands. However, because the Ship Program Managers (SPMs) are the central technical authority for all ships and ship platforms, responsible for approving all Title “K” and Title “K-P” Ship Alterations (SHIPALTs) and ensuring the SHIPALTs are installed properly aboard their platforms, coordination among the Systems Commands (SYSCOMs) is essential for proper budgeting and execution of the FMP. The Navy Data Environment-Navy Modernization (NDE-NM) Logistics Application and Fleet Modernization Program Management Information System (FMPMIS) Modules were developed to assist in accomplishing this objective.

This section of the FMP Manual provides an overview of the FMP financial management process from budget formulation to execution. Because NAVSEA is responsible for coordinating the FMP activities of both NAVSEA and the Program Executive Officers (PEOs) all references to NAVSEA or the NAVSEA SYSCOM, if not otherwise stated, will include the activities of the PEOs. In Subsection 6-2 general financial management rules and considerations will be discussed as they pertain to the FMP. Subsection 6-3 will discuss unique FMP financial management considerations and outline the five major cost components of the FMP including the matching of available financial resources to these components. In Subsection 6-4, the major tools used for FMP formulation and execution are described. Subsection 6-5 describes those steps in the Planning, Programming and Budgeting System (PPBS) appropriate to the FMP. Details of the execution process, starting with an approved FMP budget, are discussed in Subsection 6-6, while a detailed description of the principal responsibilities of the major FMP participants is discussed in Subsection 6-7.

6-1.2 References

S6 (a) DOD 7000.14-R Department of Defense (DOD) Financial Management Regulations (FMR), Subj: DOD Budget Formulation and Execution Policies and Procedures (Updated Changes through 12 February 2002)

S6 (b) OPNAVINST 4720.2, Series, Subj: Fleet Modernization Program (FMP) Policy

S6 (c) NAVSO P-1000, Series, Subj: Financial Management Policy Manual

S6 (d) NAVSEAINST 4720.11, Series, Subj: Shipboard Installation and Modification Performed by Alteration Installation Teams AIT

S6 (e) FMPMIS Program Module On-Line Users Manual

S6 (f) FMPMIS Execution Module On-Line Users Manual

S6 (g) NAVSEAINST 4720.6, Series, Subj: Preliminary and Final Cost Estimates by Industrial Activities for Ship Alterations

S6 (h) NAVSEAINST 7670.1, Series, Subj: NAVSEA Industrial Fund (NIF) Financial Management Systems and Procedures Manual

6-1.3 Background

6-1.3.1 General

The FMP was established to provide a structure for the orderly planning, programming, budgeting and installation of military, survivability and technical improvements to ships of the active, reserve and auxiliary fleets. Funding of the FMP has evolved over time due to Congressional and Department Of Defense (DOD) actions. Equipment costs have always been funded by the investment appropriations; however, installation costs have been less consistent. Prior to Fiscal Year (FY)90 all installation efforts were funded within the maintenance appropriation. From FY90-FY94 they were funded entirely within the investment appropriation Budget Line Item (BLI) and in the same FY as the procurement of the associated equipment buy. Since FY95, installation efforts may be funded with one or the other appropriation depending on installation type. Current policy includes the following considerations:

- Procurement of Headquarters Centrally Provided Material (HCPM)
- Elements of "full funding" as it applies to the acquisition and installation of equipment
- Elements of "annualization" of the budget process
- Incorporation of the following Navy appropriations:
 - Other Procurement, Navy (OPN)
 - Weapons Procurement, Navy (WPN)
 - Aircraft Procurement, Navy (APN)
 - Operation and Maintenance, Navy (O&MN)

6-1.3.2 Headquarters Centrally Provided Material (HCPM) Funding

Procurement of HCPM is budgeted and managed by the LCMs/PARMs within the SYSCOMs.

This is accomplished in coordination with the SPMs to ensure equipment procurements and their deliveries are matched to ship availability schedules. HCPM is budgeted within the Navy procurement appropriations (OPN, WPN, APN) as investment items.

6-1.3.3 Full Funding

In accordance with reference S6(a), Volume 2A, Chapter 1, DOD policy for Full Funding dictates that funds must be budgeted to cover the total estimated cost of a given procurement requirement in a fiscal year. A requirement budgeted in one fiscal year cannot depend upon a future year's funding to be completed. For the FMP, hardware costs must be fully budgeted in the fiscal year required and associated installation costs must also be fully budgeted in the fiscal year required. The required fiscal years may be different.

6-1.3.4 Annualization

With enactment of the FY1994 budget (FY1994 Appropriations Conference Report, H.R. 103-339, dated 9 November 1993), Congress directed FMP installation costs be funded on an "annualized" basis beginning in FY1994. Annualization requires that all HCPM installations be budgeted in the same procurement (OPN/APN/WPN) BLIs as their parent procurements but be budgeted in the year the installation effort is to exist. Additionally, non-equipment SHIPALT planning and installation and all design efforts for both equipment and non-equipment installations were to be budgeted in annual increments in the O&MN appropriation beginning in FY1995. Funding of design requirements for equipment installations was subsequently transferred to the OPN appropriation as discussed in subsection 6-1.3.5 below.

6-1.3.5 Design Services Allocation (DSA) Funding Transition

During the FY1996 Summer Reviews FMB determined that budgeting for DSA costs related to procurement installations within the O&MN appropriation weakened the relationship between procurement, design, and installation. Failure to fund DSA costs ultimately jeopardizes the installation of equipment. Therefore, FMB Issue 61494 (Fleet Modernization Program-Realignment) transferred DSA costs supporting procurement installations from the O&MN appropriation to the appropriate procurement appropriation beginning in FY1998. This ensured full funding of all HCPM installation requirements within the procurement appropriations (OPN/APN/WPN). All non-equipment installation DSA requirements remain funded in the O&MN appropriation.

6-1.4 Summary of Organizational FMP Financial Management Responsibilities

6-1.4.1 Overall Responsibilities

Programming, budgeting and execution procedures for the FMP are shaped by the fact that the FMP is a CNO program. NAVSEA is the lead executive agent, in coordination with the SPMs, SPAWAR and NAVAIR, for overall policy, planning, programming, and execution of the program in accordance with reference S6(b). Major organizational responsibilities and financial management authority for all participants is provided in Subsection 6-7.

6-1.4.2 CNO Responsibilities

N8 is the overall coordinator for the planning, programming, and budgeting of modernization efforts among the Warfare Sponsors (N42, N6, N75, N76, N77, and N78) and for providing

POM guidance in accordance with the Secretary of Defense (SECDEF), Secretary of Navy (SECNAV), and CNO strategies and initiatives. The Warfare Sponsors, in turn, work with the FLTCINCs, TYCOMs, and the SYSCOMs for prioritization of SHIPALTs, for development of the POM, and ultimately provide the funding resources for all equipment and installation efforts. CNO (N43) is the director of FMP policy, maintains the official depot level availability schedule in the NDE-NM Logistics Application, and is the Resource Sponsor for upgrades and maintenance of the NDE-NM Logistics Application and the FMPMIS database.

6-1.4.3 Naval Sea Systems Command (NAVSEA)

COMNAVSEA is the technical authority for all phases of technical and financial management for Title “K” and Title “K-P” SHIPALTS funded within NAVSEA/PEO accounts and for developing and approving TYCOM funded Alterations Equivalent to Repair (AERs). The SPM is responsible for installation of HCPM and non-HCPM ship alterations, including initial and detailed SHIPALT planning and cost estimating, SHIPALT design and programming, and preparation and submission of installation budget data. They perform some of these same functions for NAVAIR and SPAWAR funded installation programs or provide input as required. LCMs/PARMs are responsible for procurement of HCPM for ship installations, budgeting of the procurement requirements and, when designated as such, also price and manage AIT installations. NAVSEA is also the CNO’s executive agent for determining the impact of Title “K” and “K-P” SHIPALTS onboard ship and submarine platforms and their integration onboard these platforms across the Navy; including those funded by NAVAIR and SPAWAR. NAVSEA 04 is responsible for overall FMP policy, as approved by CNO (N43), development and dissemination of shipyard man-day rates, and development and maintenance of the modernization databases. NAVSEA 013 Comptroller responsibilities, as FMP financial Management oversight, are outlined in Subsection 6-7.5.4; NAVSEA 014 Comptroller responsibilities are outlined in Subsection 6-7.5.5.

6-1.4.4 Space and Naval Warfare Systems Command (SPAWAR) and Naval Air Systems Command (NAVAIR)

SPAWAR and NAVAIR are the technical authority for technical and financial management of Title “K” and “K-P” SHIPALTS funded within their Command accounts. The LCMs/PARMs are responsible for procurement of HCPM for ship installation and the budgeting and submission of these procurement requirements. While the LCMs/PARMs also budget for the installation of the HCPM, they do not develop all the installation costs. It is their responsibility to price and manage AIT installation efforts which includes initial and detailed SHIPALT planning as well as SHIPALT design. These tasks are passed to the NAVSEA SPMs for shipyard installations. SPAWAR and NAVAIR coordinate with the SPMs on technical issues associated with ship integration and installation as well as development and submission of their budget backup data for the FMP as required.

6-1.4.5 Fleet Commanders in Chief (FLTCINCs) and Type Commanders (TYCOMs)

FLTCINCs are responsible for defining the depot level availability schedules for all operating Navy ships. TYCOMs are responsible for coordinating with Chief of Naval Operations (OPNAV) and the SYSCOMs for prioritizing Title “K” and Title “K-P” SHIPALTs, for prioritizing and funding the installations of all Title “D” and “F” SHIPALTs and AERs, and for providing funding for follow-on SHIPALT Installation Drawing (SID) development for Title

“D” and “F” SHIPALTs. Initial SID development is typically tasked and funded by the NAVSEA SPMs to the Planning Yards (PYs). The TYCOM may fund initial SID development and task the PY with SPM concurrence.

SUBSECTION 6-2 GENERAL FINANCIAL MANAGEMENT CONSIDERATIONS

6-2.1 Scope

This subsection reviews the major financial management policies and procedures which affect administration of the FMP. While these factors relate to Navy financial management in general, the discussion will be from the perspective of the FMP. Those financial management policies and procedures will be discussed in Subsection 6-3.

6-2.2 FMP Appropriations

The FMP is currently funded by the OPN, WPN, APN, and O&MN appropriations. Details of FMP component funding by these appropriations, as well as unique FMP appropriation circumstances and rulings, are defined in Subsection 6-3 of this manual. Reference S6(a) and S6(c) describe these appropriations in detail, and are the principal financial management references for all SYSCOM accounting.

6-2.3 Legal Constraints

The controlling factors in the management of all appropriated funds, including the FMP, are 31 U.S.C. 1301(a) (formerly R.S.3678) and 31 U.S.C. 1517 (formerly R.S. 3679). These laws require adherence to two very basic principles: funds may only be obligated and/or expended for purposes for which they were specifically appropriated; and, secondly, they may not be obligated and/or expended in excess of the amounts appropriated. References S6(a) and S6(c) apply.

- To ensure adherence to the first principle (31 U.S.C. 1301 (a)), once an FMP budget has been approved by Congress and the President, efforts must be funded as budgeted within the respective appropriation, be in compliance with the unique requirements of that appropriation, must meet the expense/investment criteria, and must be issued under the most appropriate document for the job. Changes to the budget must be approved, at a minimum, by the CNO sponsor or their designated agent (i.e. LCM/PARM and/or SPM), and must remain within the context of the approved budget. Congress recognizes the need to adjust the program for fact-of-life changes or revised priorities. CNO is, therefore, permitted to revise the scope of work provided that an audit trail of all additions and deletions is maintained for subsequent review.
- To ensure adherence to the second principle (31 U.S.C. 1517), obligations and expenditures must be limited to the amount of money authorized in the budget and/or in funding documentation issued for execution. The SYSCOM Comptroller offices, using the Standard Accounting and Reporting System (STARS)/Headquarters Claimant Module (HCM) and, in the case of NAVSEA, also utilizes the FMPMIS Execution Module, review all funding documentation to ensure that obligations do not exceed approved, budgeted amounts prior to signature and release of funds outside their Commands. Where cost estimates exceed these amounts, reprogramming actions may be issued to increase obligation authority, within reprogramming thresholds, in accordance with the delegation of this authority by CNO in reference S6(b). Control of potential cost increases is discussed further in Subsection 6-2.5, Limitations of Liability.

6-2.4 Bona Fide Need Rule

This rule applies to all one-year and multiple-year appropriations, and requires that obligations

be made only to meet a legitimate need arising in the FY obligation period for which the appropriation was made. References S6(a) and S6(c) discuss this further.

6-2.5 Limitation of Liability

Navy policy states that neither the Planning Estimate shown on the official funding documentation be exceeded nor work that will eventually exceed the Planning Estimate be undertaken, without prior approval by the SYSCOMs. Planning Estimates allow the accomplishing activity to make an informed decision on whether to begin or continue work, balancing the benefits with the latest projected cost of the work and the potential for non-completion within authorized limits. In any cases, SYSCOMs will not be liable for work undertaken which results in overruns unless advised of increased anticipated cost as soon as the possibility for such increase is apparent. It is recognized that unusual circumstances beyond direct control of the performing activity may cause the costs to exceed the Planning Estimate. The unusual circumstances include, but are not limited to:

- Acts of God
- Strikes
- Incorrect design products or technical guidance received from external sources
- Non-receipt or substitution of material for that listed on official FMPMIS TP-05, or NDE-NM 4720 Report, which causes a disruption in design and/or production schedules

In such cases, the SYSCOM and/or CNO are to be advised immediately of the potential for additional expense, including an assessment of the increased cost to complete assigned tasks and alternatives, if additional funds cannot be made available.

6-2.6 FY1991 National Defense Authorization Act (Public Law 101-510)

This act (previously known as "M" account funding) significantly changes the financial management of appropriations after expiration of their period of availability for obligation. In summary, upon expiration of obligation authority of an appropriation, the appropriation will maintain its fiscal year identity for five more years during which time unobligated balances will be available for legitimate "within scope" obligation adjustments (i.e. cost overruns) as well as disbursement. "New Scope" obligations and expenditures may not be incurred. On September 30th of the fifth FY after obligation authority expiration, the expired account is closed and all unobligated and unexpended balances cancelled. Disbursement of legitimate obligations after this date must come from current appropriated FY funds which would require a reduction or cancellation of current-year program. Within the context of the FMP, there exists potential for these circumstances when Requests for Equitable Adjustments (REAs) and other FMP financial obligations incurred in shipyard availabilities are not resolved/adjudicated within the five-year period. Reference S6(a) describes this policy in more detail.

6-2.7 Prohibition of Modernization of Ships to be Inactivated (Public Law 105-56)

The FY 1998 DOD Appropriations Act (Public Law 105-56 Title VIII, Sec 8053) prohibits Navy ship modernization within five years of ship inactivation, with the exception of certain safety modifications. The prohibition may be waived only if the SECNAV of the Navy determines it is in the best national security interests of the U.S. to provide such a waiver. The decommissioning status of Navy Ships shall be evaluated as an integral part of any alteration's installation and proper procedures, as mandated by this law, must be followed before funds can be obligated or

expended on an alteration's installation in the five-year window. To meet the requirements of Public Law 105-56 and to ensure vital alterations are expeditiously installed, all activities requesting alteration installations on ships within five calendar years of decommissioning, except for certain safety alterations, must submit a waiver request as outlined in subsection 1-4 of this manual.

SUBSECTION 6-3 FMP FINANCIAL MANAGEMENT CONSIDERATIONS

6-3.1 Scope

This subsection describes the major financial management considerations that are peculiar to the financial structure and execution of the FMP.

6-3.2 Current FMP Financial Structure

- All HCPM procurement and installation requirements, including advance planning and design, are budgeted and executed within the OPN, WPN, or APN appropriations. These funds are controlled at the BLI level and have a three-year availability for new obligations. Availability of funds beyond the three years are discussed in Section 6-2.6 in accordance with reference S6(a).
- Non-equipment installation requirements, including advance planning and design, are budgeted and executed within the FMP O&MN modernization support budget. These funds are controlled at the Activity Group (AG)/Sub-activity Group (SAG) and subhead level, and have a one-year availability for new obligations. Availability of funds beyond the one-year are discussed in Section 6-2.6 in accordance with reference S6(a).

6-3.3 Major FMP Cost Components Requiring Funding

There are five separate components into which all FMP costs can be categorized. These FMP financial management components are:

- a. Procurement of HCPM to be installed in ships as part of FMP modernization efforts.
- b. Installation of Title “K” and “K-P” SHIPALTs in scheduled depot level availabilities.

These costs include but are not limited to:

- Labor and overhead;
- Procurement of incidental material at public shipyards;
- Common availability costs shared with the TYCOMs (Prorated Costs);
- Combat systems hardware and computer system testing and integration;
- In the private sector, the cost of change orders issued by Supervisors of Shipbuilding, Conversion and Repair (SUPSHIPS) to modify basic contracts for within-scope changes or for work added to an ongoing availability; and, other availability support costs as determined by the SPM.

c. Advance Planning (AP) Funding. This is the portion of the Title “K” and Title “K-P” SHIPALT installation funding that must be provided to the installation activity (and other activities) in FYs preceding the induction of the ship in the installation availability. These costs include but are not limited to:

- Prefabrication of Title “K” and “K-P” SHIPALTs;
- Issuance of plans and job orders;
- Identification of required incidental material; and,
- Procurement of incidental material

d. DSA Funding. The FMP funds SHIPALT design products and certain configuration control document changes and efforts required prior to, during, and/or after SHIPALT installations. Although each CNO Platform Sponsor may include different sub-elements/tasks within this component, the most common, major items are listed below.

- Justification/Cost Form (JCF)

- Ship Alteration Record (SAR)
 - SHIPALT Installation Drawing (SID)
 - Shipcheck
 - Liaison Action Records (LAR)
 - Ship Selected Record (SSR)
 - Configuration Overhaul Planning (COP)
 - Miscellaneous Documentation Services (MDS)
- e. Alteration Installation Team (AIT) and Program Support: Funding for AIT programs is comprised of advance planning, design and installation requirements as discussed in reference S6(d). Program Support includes all non-installation execution support of the FMP and are typically in support of ship “class” requirements (i.e. FMP databases and Cost and Feasibility Studies).

6-3.4 Matching FMP Financial Requirements in the Budget to the FMP Financial Structure

6-3.4.1 Procurement of HCPM

Requirements for HCPM procurements are a direct result of approved Title “K” and Title “K-P” SHIPALT installation plans in the FMPMIS Program Module. The LCM/PARM is responsible for estimating and budgeting procurement costs, coordinating timing of procurement buys with the SPM to match installation schedules, negotiating the award of the actual procurement, and ensuring delivery of the equipment to the shipyard. LCMs/PARMs must budget HCPM procurements in the proper BLI of the OPN, WPN, or APN appropriation and provide budget displays that show matches of HCPM procurements with specific installations.

6-3.4.2 Installation of Title “K” and “K-P” SHIPALTs in Depot Level Availabilities

The SPM is responsible for estimating the installation man-days required for all Title “K” and “K-P” SHIPALTs applicable to ship classes under that SPM’s purview. Conversely, budgeting and execution of installation requirements in availabilities is accomplished by the SPM or LCM/PARM, depending on who owns acquisition responsibilities of the SHIPALT. LCM/PARM funding, for issuance under a NAVSEA contract, is forwarded to NAVSEA for execution. All other funding within their budgets is executed from their organizations. There are two types of Title “K” and “K-P” SHIPALTs installed during Depot Level availabilities; those requiring HCPM and those that do not.

6-3.4.2.1 SHIPALTs Requiring HCPM

These installation requirements must be budgeted in the same OPN, WPN, or APN BLI as the parent HCPM procurement in accordance with annualization policy discussed in Subsection 6-1.3.4. The installation, advance planning, and design requirements are to be budgeted in the FY in which the efforts commence.

6-3.4.2.2 SHIPALTs Requiring No HCPM

These installation requirements are funded within the O&MN appropriation under NAVSEA’s “Mod Support” FMP AG/SAG and must be budgeted in accordance with annualization policy discussed in Subsection 6-1.3.4. The installation, advance planning, and design requirements are to be budgeted in the FY in which the efforts commence.

6-3.4.3 Advance Planning (AP) of Title “K” and “K-P” SHIPALTs in Depot Level Availabilities

The SPM is responsible for estimating the AP man-days required for all Title “K” and “K-P” SHIPALTs for ship classes under their cognizance. Conversely, budgeting and execution of AP is accomplished by either the SPM or LCM/PARM depending on who owns acquisition responsibilities of the SHIPALT. AP may be budgeted two years prior and/or one year prior to a SHIPALT’s installation. AP supporting the installation of HCPM must be budgeted in the same OPN/WPN/APN BLI as the parent HCPM buy and in the year the AP effort is to commence. AP supporting non-equipment installations must be budgeted in the NAVSEA O&MN FMP line and in the year the effort is to commence.

6-3.4.3.1 Advance Planning (AP) Algorithm

The AP algorithm is utilized for budget purposes in the FMPMIS Program Module. AP requirements for Title “K” and “K-P” SHIPALTs are defined in total man-days, by the SPM in the NDE-NM Logistics Application, based upon the generic requirements of the SHIPALT in the class. Once an alteration is programmed against a shipyard availability in the FMPMIS Program Module, the algorithm spreads the AP man-days at A-2 (two years prior to the availability start) and/or A-1 (one year prior to the availability start) based on an agreed upon percentage determined by the SPM and approved by the Sponsor. Funding required is then calculated based on the number of man-days times the man-day rate. The algorithm may differ between SPM programs and can be changed with Sponsor approval. The AP algorithm for AIT installations is described in Section 6-3.4.5.

6-3.4.4 Design Services Allocation (DSA)

The SPM is responsible for estimating DSA man-day requirements for all Title “K” and “K-P” SHIPALTs and first-time Title “D” and “F” SHIPALTs for ship classes under their cognizance. Conversely, budgeting and execution of DSA is accomplished by the SPM or LCM/PARM depending on who owns acquisition responsibilities of the SHIPALT. DSA may be budgeted two years prior, one year prior, and/or in the year an availability commences. DSA supporting the installation of HCPM must be budgeted in the same OPN/WPN/APN BLI as the parent HCPM buy and in the year the DSA effort is to commence. DSA supporting non-equipment installations and first time Title “D” and “F” SHIPALTs must be budgeted in the NAVSEA O&MN FMP line and in the year the effort is to commence.

6.3.4.4.1 Design Services Allocation (DSA) Algorithm

The DSA algorithm is utilized for budget purposes in the FMPMIS Program Module for both shipyard and AIT Title “K” and “K-P” SHIPALT installations. In accordance with the algorithm, the DSA requirement for a shipyard install is defined in man-days as a percentage of the total AP and installation man-days programmed to install the SHIPALT. The algorithm then spreads the DSA man-days over A-2, A-1, and A-0 (year of availability start) based upon an agreed upon percentage determined by the SPM and approved by the OPNAV Program Sponsor. Funding is calculated based upon the number of man-days times the man-day rate. DSA requirements are based upon a number of factors including the generic requirements of the class and DSA milestones described in Section 4 of this manual. The algorithm may differ between SPM programs and can be changed with OPNAV Program Sponsor approval. The DSA

algorithm for AIT installations is described in Section 6-3.4.5.

6-3.4.5 Alteration Installation Team (AIT) for Title “K” and Title “K-P” SHIPALT Programs and Program Support

- Installation costs for all elements in this FMP component requiring procurement of HCPM must follow the same rules as defined in Subsections 6-3.4.1 and 6-3.4.2.1
- Installation costs for all elements in this FMP component that do not require HCPM procurement must follow the same rules as defined in Subsection 6-3.4.2.2.
- AP is budgeted as described in reference S6(d) and defined in Subsection 6-3.4.3. No algorithm exists for generating AP for AIT installs in the prior years and must be estimated and budgeted within the annualized program lines in the budget FYs in which the effort will commence.
- DSA in this component is budgeted and funded as described in reference S6(d) and defined in Subsection 6-3.4.4. DSA funding requirement for an AIT install can be budgeted two years prior, one year prior, or in the year of install. The Program Module algorithm generates an AIT DSA dollar requirement, as a percentage of the total AIT cost, in the same fiscal year as the install. The resulting dollar value may be manually increased or decreased based on more realistic data. No algorithm exists for generating prior year DSA for AIT installs. Prior year design requirements must be budgeted within the DSA program lines in the budget FYs in which the effort will commence.
- Costs for Program Support, as described in Subsection 6-3.3, must be budgeted in the FY the effort is to commence and within the appropriate OPN BLI or FMP O&MN AG/SAG.

6-3.5 FMP Man-day Rates

Public and Private Sector shipyard man-day rates are required for the development of FMP Title “K” and “K-P” SHIPALT installation funding requirements for POM, budget submissions (Department Of Navy (DON), Office of the Secretary of Defense (OSD), Congressional), and other budget purposes. The estimated cost of a SHIPALT installation is the sum of the incidental material costs and the product of the man-day estimates times the man-day rate for the applicable installation FY, location and hull. AP and DSA are priced based on the man-day estimate times the man-day rate. NAVSEA 013 receives rates from NAVSEA 04, shipyard activities, the Fleet, and FMB, as required, and determines the final man-day rates for entry into the FMPMIS database. Since man-day rates drive the pricing and repricing of installation requirements for budgetary purposes, accuracy of the rates is critical. Factors considered when determining rates include consistency of man-day rates used by NAVSEA and the FLEET in pricing their budgets, specific direction from FMB or NAVSEA 04, approved escalation factors, and the budget submission being prepared at a point in time. Man-day rates are updated at each budget submission as necessary. Private sector rates typically remain unchanged for a year, however, public sector rates are updated at each submit based on Navy Working Capital Fund (NWCF) budget adjustments made by FMB, OSD, or Congressional action. As a result, the FMPMIS Program Module budget files do not reflect the same man-day rates. The process for establishment, approval, and entry of man-day rates follows.

6-3.5.1 Private Sector Man-day Rates

Private Sector rates are developed by the individual private sector shipyards, reviewed by the Defense Contract Audit Agency (DCAA), and forwarded to NAVSEA 04 for final approval.

Based on these individual rates, NAVSEA 04 develops the weighted average port and east/west coast weighted rates, applies escalation factors to develop outyear rates, and issues the final approved rates to the Fleet, NAVSEA 013, and other FMP customers for budget development.

6-3.5.2 Public Sector Man-day Rates

Public Sector rates are developed by the NSYs, reviewed and modified by NAVSEA 04 to include FMB directed surcharge costs, and forwarded to NAVSEA 015 (the budget submitting office for the Naval Shipyards) for incorporation into the shipyards' budgets and for issuance to the Fleet, NAVSEA 013, and other FMP customers for their budget development. NAVSEA 013 applies escalation factors to calculate outyear rates, as required. The rates are then submitted to FMB for final approval via the shipyard budgets. Public sector rates change based on FMB's review of shipyard workloading as well as decisions made by OSD and Congress relative to shipyard workloading.

6-3.5.3 FMPMIS Man-day Rate Entry

With NAVSEA 013 concurrence, man-day rates are entered into the FMPMIS Program Module by NAVSEA 04. OPNAV Platform Sponsors and SPMs use the approved rates for budget development and "gaming" efforts to price and match availability costs to budget controls.

SUBSECTION 6-4 TOOLS FOR THE BUDGETING AND FINANCIAL MANAGEMENT OF THE FMP

6-4.1 Scope

This subsection discusses the major tools available to the SYSCOMs and CNO to structure budgeting, programming and financial management of the FMP.

- Navy Modernization Databases
- NDE-NM Logistics Application
- FMPMIS Program Module
- FMPMIS Execution Module
- STARS

6-4.2 Navy Modernization Databases

There are two primary databases which support financial management of the Fleet Modernization Program FMPMIS and NDE-NM. FMPMIS was established under the direction of CNO (N43) in coordination with the FLTCINCs to support the Fleet Modernization Program and Fleet Maintenance Program in order to ensure operational readiness of the Fleet. The purpose of FMPMIS is to provide an automated, integrated information support system to enhance the decision-making capabilities of FMP and Fleet Maintenance managers. FMPMIS is a windows-based program used to plan, program, budget, and execute all aspects of the Fleet Modernization Program and for planning and programming purposes for the Fleet Maintenance Program in support of the U.S. Navy, Military Sealift Command (MSC), and U.S. Coast Guard (USCG) ships. Three modules were developed to support these efforts; Logistics, Program, and Execution. NDE-NM was developed and established as an enterprise data model to integrate and merge existing modernization, maintenance and logistics data structures into a single design. Only the data and functions originally performed in the FMPMIS Logistics Module are accomplished in the NDE-NM Logistics Application today. In order to support the budgeting and execution requirements of the FMP, information is replicated and copied between the FMPMIS database and the NDE-NM Logistics Application. FMPMIS and NDE-NM are the official automated systems supporting FMP information/decision making requirements Navy-wide. All elements of the FMP must be resident in the NDE-NM Logistics Application or FMPMIS if they are to be considered in the planning, programming and execution processes. Data exchange details between the databases and modules is discussed in Section 11 of this manual. The NDE-NM Logistics Application and the Program and Execution Modules in FMPMIS are key to FMP installation budgeting and execution.

6-4.2.1 Navy Data Environment-Navy Modernization (NDE-NM) Logistics Application

The NDE-NM Logistics Application is a PC-based system managed by NAVSEA 04 and replaces the FMPMIS Logistics Module. NDE-NM users are all FMP participants within the FMP community (includes the SYSCOMs, OPNAV, Fleet, field activities, shipyards, planning yards). The NDE-NM Logistics Application contains basic alteration data (including SHIPALT numbers, descriptions, and man-day estimates), SHIPALT prioritization decisions of the CNO Sponsors, the official depot level availability schedule, SHIPALT material requirements, and the "approved" results of the OPNAV Program Sponsor/SPM programming of SHIPALTs into specific availability packages as a result of the budget development process.

6-4.2.2 FMPMIS Program Module

The Program Module is a PC-based system managed by NAVSEA 04. Users are OPNAV Program Sponsors (N42, N75, N76, N77 and N78), SPMs, LCMs/PARMs, and SYSCOM Comptroller Offices, as applicable. Its primary purpose is for the programming and budgeting of FMP installation requirements across the Future Year Defense Plan (FYDP) in accordance with CNO priorities and funding levels. It also serves to facilitate the execution of the FMP. Files within the module allow OPNAV Program Sponsors and SPMs to manipulate SHIPALT data exchanged with the NDE-NM Logistics Application, into fully-priced, discrete SHIPALT availability packages in order to finalize their respective FMP budgets; matching the available dollars to the highest priority CNO requirements. It allows this "gaming" to proceed independently without disturbance to the other budget files or modules within the FMPMIS database. The Program Module creates the NC50 and OP5a budget exhibits necessary for each budget submission as well as a variety of useful program related reports, as described in Section 11 of this manual and reference S6(e). The Program Module is also utilized to create and approve funding realignments, or escrow changes, within the approved modernization program accounts.

6-4.2.2.1 Escrow Change (EC)

The EC is the vehicle utilized to realign funds within the approved program between SHIPALT availabilities, AIT, and Program Support lines. ECs are prepared in the Program Module by the SPMs. Prior to approval, the financial changes are checked electronically against the BLI or AG/ SAG budget controls in the Execution Module to ensure obligation authority is not exceeded. Funding provided to NAVSEA via Project Directive (PD) require ECs which are processed in the Execution Module. ECs are routinely created as a result of the following:

- Addition or deletion of SHIPALTs
- Revised man-day estimates
- Revised incidental material estimates
- Establishment of a new availability
- Change of FY of an availability (which may also change the man-day rate)
- Change in location of an availability
- Emergent requirement
- Reprioritized SHIPALTs
- Budget reductions

6-4.2.3 FMPMIS Execution Module

The Execution Module is a PC-based system managed by NAVSEA 04. Current users are the SPMs and the NAVSEA01 Comptroller. While the Logistics Application is a data repository and the Program Module is a program development and budget submission system, the Execution Module is a financial execution and tracking system. Budget data is transferred to this module from the Program Module for execution. Installation funding provided to NAVSEA for execution via PD (i.e. from NAVAIR and SPAWAR) require ECs which are processed in the Execution Module. This module is designed to provide four areas of financial execution support which are summarized below. Details of these may be gained from Section 11 of this manual and reference S6(f). These Execution Module support areas are:

- Creation and validation, on-line, of Funding Documents (FDs) and Financial Accounting Documents (FADs) forwarded electronically to the NAVSEA 01 Comptroller for approval. Once FDs and FADs are approved, they are transferred to the Navy's Automated Document Processing System (AUTODOC) for Comptroller signature and posting to STARS.
- Recording of ECs; maintains EC audit trail to track program changes.
- Obligation Phasing Plans for the O&MN appropriation may be formalized in the Execution Module for planning future cash allocations.
- Allocation of financial controls and cash to SPMs and tracking of execution progress against available cash balances.
- Creation of reports including, Execution Reports, Cash Management Reports and Accounting Reports.

6-4.2.4 Interrelationship of NDE-NM Logistics Application and FMPMIS

Select data elements within the NDE-NM Logistics Application and the FMPMIS database are shared and/or transferred in order to properly budget and execute the FMP. Where the Logistics Application provides data elements such as the SHIPALTs, man-day estimates and availability schedules, it is the Program Module that pulls these elements together and "games" the SHIPALTs into availability packages to price and budget installation requirements. After budget completion, select approved budget data is transferred from the Program Module back to the Logistics Application to ensure both systems reflect the most recent CNO approved program. Approved budget data is passed to the Execution Module, from the Program Module, to provide the financial baseline and funding realignments (i.e. escrow changes) for program execution.

6-4.3 Standard Accounting and Reporting System (STARS)

STARS is the Navy's official accounting and financial management system for all funds allocated or passed to Navy claimants. STARS provides detailed financial information for financial managers to monitor, track, and validate actual execution data (i.e. funding documents/contracts and their commitments, obligations and expenditures; funding allocations by account; funds on deferral; etc.) against approved budget line items. No funds may be released from a SYSCOM without being entered into the HCM of STARS. STARS/HCM is the SYSCOMs' module for STARS access; STARS/Field Level (FL) is a series of modules used for STARS access by various field activities. The SYSCOM Comptroller is responsible for all FMP STARS/HCM entries, for conducting validations to ensure accuracy of funding document and contract lines of accounting, and ensuring sufficiency of funds within budget controls for a given BLI and/or AG/SAG.

SUBSECTION 6-5 PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS) PROCESS

6-5.1 Scope

The PPBS process defines the Navy's mission to support National security plans and defense strategies, identifies needs to accomplish the mission, and allocates resources to meet the needs. It is the means for centralized planning and programming of requirements for budget development and execution to produce a realistic Navy-wide plan for the future. Specific milestones and major events in the PPBS process require intensive effort and the success of FMP long range management depends upon consistent attention, throughout the budget process, to the prioritization, programming and refinement of HCPM procurement and installation requirements for Title "K" and "K-P" SHIPALTs and other modernization support requirements. If a modernization effort does not appear in the POM it is unlikely that it will appear in an approved FMP budget.

6-5.2 Overview

The Integrated Warfare Architecture Reviews (IWARs)/CNO Program Analysis Memorandum (CPAM) process represents the "Planning" portion of PPBS and provides the guidance for development and preparation of the POM. The POM is CNO's outyear budget plan and represents the "Programming" portion of PPBS. Because the IWARs/CPAM process is conducted at a high level, it is not until the POM guidance is received that FMP participants become involved. Once the POM is submitted to OSD and approved, the requirements are then included as part of the official Budget. The "Budget" portion of PPBS includes formulation, presentation, review, justification and execution of DON programs and represents the fiscal plan for accomplishing those program objectives. Emphasis is placed on executability and pricing of the first two budget years extracted from the POM for a series of reviews over a sixteen-month period. This process ends in Congressional and Presidential agreement on budget enactment on 1 October.

6-5.3 Program Objectives Memorandum (POM)/Program Review (PR)

"POM" refers to both a process and a product. The POM process, for FMP participants, begins every other October (even numbered FYs) and proceeds for eight months, culminating in the Navy's submission of the SECNAV-approved POM, or Six-Year FYDP (the POM product) to OSD in May. The PR process occurs every other October, in the odd numbered FYs, and is a review of the POM submission from the previous FY.

Knowledge of the POM/PR process is necessary to ensure concentration of effort on the accuracy of the FMP at those critical points when accurate products must be expeditiously produced. Specific guidelines will be issued each cycle by the Navy Comptroller, FMB, defining the following milestones more precisely and identifying the specific efforts required of all participants to support POM development and submission.

6-5.4 Budget

When the Navy POM is submitted to OSD, the closest two FYs of the six-year POM program become the focus of the budget review process. Budget quality estimates and execution details are required. Estimates are refined, budget exhibits prepared and submitted, and the budget

review process continues for another sixteen months, culminating in enactment of the budget on 1 October. If Congress has not passed the Defense Appropriation Act by 1 October, Navy begins operating under a Continuing Resolution Authority (CRA). During a CRA funding is authorized and issued at a reduced level until the Appropriation Act is passed.

The first FY program of the two-year budget goes through the entire sixteen-month process only once, then begins execution. Just before that occurs, the second FY program of the two-year budget begins a second round of reviews, leading to commencement of execution a year later. Thus, although it is described as one, two-year budget review process, the second (odd numbered) FY receives a second full set of reviews before enactment.

The most important areas of support and participation by FMP participants after submission of the budget to FMB, are rapid, accurate and complete responses to requests from higher authority in the clarification/justification of FMP budget issues; complete preparation for, and participation in budget reviews held by FMB, OSD and Congress; and, continual update of the FMPMIS Program Module to reflect the decisions made at each step in the process. SYSCOM Comptrollers are responsible for coordination of these efforts and issuance of budget guidance each year to clarify the milestone dates and required actions.

SUBSECTION 6-6 FMP FINANCIAL EXECUTION

6-6.1 Scope

This subsection provides the details of the financial execution of the FMP, from the time an FMP budget has been approved and enacted. It describes the development of subaccounts and financial controls; documentation of the approved program; development and management of a financial obligation plan; and, details appropriate to the financial execution of each of the five principal financial components of the FMP (Subsections 6-3.3 and 6-3.4 of this manual).

6-6.2 Process Overview

The execution process begins with enactment of an approved FMP budget and several management planning steps must be taken using the best planning baseline available prior to a fully approved budget. This baseline is the last approved Congressional budget submission, or "President's Budget". Preliminary execution planning is done from this baseline which can later be modified to reflect the budget finally approved by Congress and signed by the President. The enactment of the budget should occur annually on 1 October. It is sometimes delayed, and the FMP may begin execution under a CRA. CRA grants limited funding authorization during specific periods of time until the budget is enacted.

6-6.2.1 Establishment of Accounts

Reference S6(c) establishes the requirement to manage and execute the FMP in separate P-1 accounts, also referred to as Budget Line Items (BLIs) for programs funded within the procurement (OPN/WPN/APN) appropriation and AG/SAGs for programs funded within the O&MN appropriation. Within those accounts, the FMP is then executed in subaccounts (i.e. separate equipment and install accounts) in order to protect the integrity of funds in execution. A Chart of Accounts is established to represent these accounts in STARS.

6-6.2.1.1 Chart of Accounts

At the beginning of each FY, the SYCOM Comptrollers establish Charts of Accounts in STARS/HCM for all appropriations based upon the approved budget. The purpose of a chart of accounts is to identify "sub accounts" within a Procurement BLI or O&MN AG/SAG for execution of approved funding levels. Typically these accounts are set up based upon the Resource Financial Manager (RFM) who executes the funds. Obligation authority/funding controls are assigned accordingly. Since FMP installation efforts are managed to the SPM level for installation accounts, the installation Chart of Accounts is established to include a separate subaccount for each SPM program. For NAVAIR and SPAWAR executed installation programs, one account, each, is established for equipment and installation.

6-6.2.2 Establishment of Financial Execution Controls

Budget controls are the financial limits within each account/subaccount beyond which obligations may not be incurred. They reflect the values approved and enacted in the budget. They are not to be confused with "requirements" which are values requested in the budget process, but not necessarily approved. SYSCOM Comptrollers issue FMB established controls at the BLI and AG/SAG levels, and then to lower levels, "sub" controls, for execution as required. These "sub" control assignments parallel the establishment of the Chart of Accounts as discussed in Subsection 6-6.2.1.1.

6-6.2.3 Changes to Financial Execution Controls

Once controls are established, the only way in which they may be modified is by FMB issued adjustments or Above/Below Threshold Reprogramming (ATR/BTR), as necessary. Subsection 6-6.2.6 discusses the ATR/BTR process further. The adjudication of excess or insufficient control value in any FMP account or subaccount, once identified, is the responsibility of the OPNAV Program Sponsor, SPM (on behalf of the Sponsor), or SYSCOM Comptroller depending on the circumstances. Results of approved ATR/BTR actions are entered in STARS/HCM and, for NAVSEA installation programs, are also carried out by escrow change in the FMPMIS Execution Module (see Subsection 6-4.2.2.1).

6-6.2.4 Financial Obligation Planning

6-6.2.4.1 Obligation Plan

SPMs, AIT/Program Support Managers, and LCMs/PARMs must develop obligation plans for all FMP equipment and install efforts for which they hold execution responsibility. The control values assigned must be phased by month and/or quarter (as defined annually by the respective Comptroller) to reflect the points in time when funds are required and must be obligated to support specific tasks.

6-6.2.4.2 Obligation Tracking

Obligations can be tracked to the BLI for OPN/APN/WPN funded programs, AG/SAG for O&MN funded programs, or funding document levels to ensure timely obligation of funds and adherence to the obligation plan.

6-6.2.4.3 Obligations in STARS

The SYSCOM Comptroller and/or Receiving Activity is responsible for entering all official FMP obligations in STARS/HCM. Since budget reductions are assessed due to poor obligations, it is to the benefit of the FMP participants to track the status of their obligations and expenditures in STARS/HCM.

6-6.2.5 Funds Recapture and Realignment

In order to ensure timely obligation and expenditure of funds, and to preclude deobligation and/or return of funds after funds expiration, FMB and the SYSCOM Comptrollers conduct execution status reviews six months into the fiscal year (Midyear Review) and at each DON submission. STARS/HCM is used as the basis for these reviews. Informal reviews of STARS data take place periodically by the Comptrollers for other budgetary actions. Funds identified as available for recapture are returned via amendment to the basic document or contract mod. All funds returned remain available, against the BLI or AG/SAG, for realignment or reprogramming to cover overruns or shortfalls elsewhere. Reprogramming and reprogramming threshold limitations are discussed in the following Subsection 6-6.2.6.

6-6.2.6 Funding Reprogramming and Reprogramming Thresholds

Reprogramming actions are changes in the application of financial resources during execution which deviate from how these resources were originally budgeted for, testified to, and described in justification material submitted to Congress supporting funding authorization. The SYSCOM

Comptroller is required to maintain a record of the cumulative increases and decreases to individual BLIs and AG/SAGs to ensure appropriation reprogramming thresholds are not broken. There are certain conditions under which a reprogramming action is required which requires either written Congressional approval of the four Congressional Defense Committees (The House and Senate Armed Services and House and Senate Appropriations Committees) or letter notification. In accordance with reference S6(a) (Vol 3, Ch 6 dated August 2000), these conditions are as follows:

6-6.2.6.1 Written Congressional Approval

- Increase the procurement quantities of a major end item above Congressionally authorized levels.
- Affects a special interest item of one or more Congressional committees.
- Involves use of general appropriation transfer authority (i.e. movement of funds between appropriations).
- Exceed agreed upon thresholds.
 - O&MN Appropriation
 - (a) Cumulative increase of \$15M or more in a budget activity.
 - Procurement Appropriations
 - (a) Cumulative increases of \$10M or more in a procurement line item.
 - (b) Cumulative decreases of \$10M or more, or 20 percent of the appropriated amount, whichever is greater.
- New Start Program. A program, subprogram, modification, project, or subproject not previously justified and funded by Congress through the normal budget process.
 - (a) Establishment of a new procurement line item, procurement program, procurement subprogram, and/or modification with first-year costs of \$2M or more during any program year.
 - (b) New starts within a procurement program, procurement subprogram, and/or modification with estimated total costs (all appropriations) of \$10M or more within the first three years.
- Termination of a Program.
 - (a) Elimination of a procurement program.
 - (b) Elimination of a subprogram within a procurement program which is equal to the total amount of the procurement program.
 - (c) Elimination of a subprogram of \$10M or more within a procurement program.

6-6.2.6.2 Congressional Notification Letter

- New programs or new Line Items not otherwise requiring prior Congressional approval.
- A new program, subprogram, and/or modification whose total cost is less than \$2M.
- Safety modifications whose total costs (all appropriations) are less than \$10M.
- Termination of programs falling within the below-threshold reprogramming amounts for procurement programs or subprograms costing less than \$10M as long as the procurement line is not eliminated.

6-6.2.7 Basic FMP Execution Process

Execution controls are established in STARS/HCM for equipment and installation requirements. The installation controls are also entered into the FMPMIS Execution Module for SPM

installation programs. The LCMs/PARMs and SPMs are responsible for preparing and submitting official funding documents. For NAVSEA equipment procurements, funding documents are accomplished on line through the Automated Document Processing System (AUTODOC). For NAVSEA installation efforts this is first accomplished on line through the Execution Module and then signed and completed through AUTODOC. NAVSEA AIT Program Managers, who do not have on-line access to the Execution Module, must submit hard-copy AIT installation funding requests to the appropriate SPM for processing through the Execution Module. For SPAWAR and NAVAIR this is achieved through their official Financial Management Information Systems for FMP efforts under their cognizance. Documents are reviewed, approved and signed by the designated Comptroller authority, forwarded to the receiving activity for acceptance and signature, and obligations entered into STARS/HCM by the SYSCOM or the receiving activity.

6-6.2.8 Execution Module Capabilities

For a complete description of Execution Module operation and capabilities, refer to reference S6(f). In addition to previously noted capabilities some of the other important ones follow:

- Provision for installation cash controls for AG/SAGs and SPM accounts within a BLI.
- Provision to track the status of funding documents. (The funding request process line is updated automatically on a predetermined schedule, to enhance timely request/document processing).
- Validation of fiscal and program data on funding documents as well as automatic population of certain document fields.
- Provision to record current accumulated balances established by Escrow Change as well as a record all program changes.

6-6.3 FMP Tasking for Execution

There are two ways of authorizing and funding FMP installation work. First, by execution of a contract with a private firm in accordance with applicable procurement policies. Second, by issuance of a valid financial document (Project Order, Work Request, etc.) to a Navy activity.

6-6.3.1 Tasking Under Contracts

Installation tasking under contracts can be either severable (product, completion type tasks) or non-severable (level of effort type tasks). Proposed tasking prepared by the Procurement Request (PR) originator will be provided by BLI or AG/SAG with the originating PR for negotiation and inclusion by NAVSEA 02.

6-6.3.1.1 Non-Severable Tasking

This type of tasking specifies in detail, by BLI or AG/SAG, the work to be accomplished and the product to be delivered (in the case of SHIPALT execution the product is the modernized ship). Under non-severable tasking, funds required to complete the task are obligated at the time the contract is signed and entered into STARS/HCM although they may not be expended until later.

6-6.3.1.2 Severable Tasking

These taskings are normally issued for goods or services which cannot be specified at the time of contracting. In these cases an amount (hours) of services can be estimated by BLI or AG/SAG but the specific tasks are identified during the period of performance. Severable tasks will

normally specify an expected number of man-hours, and establish a target amount or maximum level for tasking. Under the "bona fide need" concept, severable tasks will normally be issued and controlled in order to ensure that all funds are obligated (i.e. all services are completed) prior to 30 September of the FY of obligation authority expiration for the appropriation in question.

6-6.3.2 Tasking Under Funding Documents

Due to the length and complexity of tasking for FMP install work and in order to provide planning data for both accomplishing and supporting activities, the tasking and funding for FMP work will normally consist of one or more tasking and funding documents. These will detail the work to be done and provide an estimate of the cost to accomplish it, to the BLI or AG/SAG. The funding document will reference the tasking document as a statement of work and will establish an official Planning Estimate which matches the estimated cost in the tasking document. Three important considerations apply:

- Both the tasking and the funding are required before work can begin
- When the Planning Estimates in the tasking and funding documents do not agree, the estimate on the funding document takes precedence. (The SYSCOM Comptroller will adjudicate issues of this nature.)

6-6.4 Financial Execution of the Five Principal FMP Components

6-6.4.1 Procurement of HCPM

HCPM, required for installation as part of a Title "K" or "K-P" SHIPALT or ORDALT being installed on a ship, is procured with OPN, WPN or APN funding through the normal financial management process within the SYSCOMs. LCMs/PARMs are responsible for execution oversight of these hardware procurement funds, which are segregated from FMP installation funding, in the same BLI. Responsible LCMs/PARMs must time their procurement actions to ensure delivery of material to installation sites by the availability start as scheduled in FMPMIS or for AIT accomplishment. Funding authority for execution of hardware procurements is provided to the LCM/PARM. Subsection 6-3.4.1 also discusses.

6-6.4.2 Installation of Title "K" and "K-P" SHIPALTs in Scheduled Availabilities

Title "K" and "K-P" SHIPALTs installed in scheduled availabilities are accomplished by a Naval Supervising Activity (NSA) or other Installing Activity (IA) under the supervision of an NSA. The NSA is the overhauling NSY or SUPSHIP. An IA is a public or private entity, other than a shipyard, performing the installation (i.e. Alteration Installation Team from a field activity). Funds for execution of this FMP component may be used for the efforts listed in Subsection 6-3.3 of this manual. The correct appropriation and FY funding is determined by applying the rules in Subsection 6-3.4.2. These funds are budgeted by specific ship and availability at the SHIPALT level, and are controlled and issued from the BLI or AG/SAG during execution.

6-6.4.2.1 Tasking Title "K" and "K-P" SHIPALT Accomplishment

The SPM provides initial tasking to Public and Private Sector Shipyard NSAs for installation of authorized SHIPALTs through the SHIPALT Advance Planning (AP) Letter. In accordance with Section 10 of this manual, the AP Letter is issued at Start Of Availability (A)-18 and includes the list of SHIPALTs planned for installation and requests planning estimates for the cost of

accomplishing the SHIPALTs. It is the SHIPALT Authorization Letter, issued by the SPM, that provides the final authorization for accomplishment of SHIPALT installations in scheduled shipyard availabilities. In accordance with Subsection 10-2 of this manual, the Authorization letter is issued at A-12, or NLT A-6, and typically contains the list of SHIPALTs to be accomplished, funding estimates, material procurement/ requisitioning instructions and other required reporting information. The tasking provides the reference for formally establishing a Planning Estimate via the funding document issued by the SYSCOM. Tasking for AIT accomplishment of SHIPALTs is provided by funding document to the AIT activity. In accordance with DON policy, tasking will not be issued unless sufficient obligation authority exists to fully fund the requirement.

6-6.4.2.2 Shipyard Planning Estimates

In accordance with the tasking identified in the SHIPALT Authorization Letter, the NSA prepares a Preliminary Review Estimate (PRE) to provide to the SPM as discussed in reference S6(g). At a later point in time, but prior to Start Of Availability (SOA), the NSA must provide a Final Review Estimate (FRE) to the SPM. Upon receipt of the FRE, and acceptance by the SPM, SHIPALT funding values for the availability are adjusted to equal the FRE values with the differences being moved by escrow change. If a fixed price is accepted at a later date, the Planning Estimate will again be modified to reflect this fixed price (See Subsection 6-6.4.2.3).

6-6.4.2.2.1 Naval Shipyard (NSY) PREs and FREs

In NSYs the PRE forms the basis of the contract between NAVSEA and the shipyard. It indicates that the shipyard has reviewed the work to be done and offered a price at which the work can be accomplished. PREs provide time for the SPM to determine whether work and estimates are within program scope, and to resolve serious deficiencies prior to execution. FREs are furnished no later than A-120 days and provide the NSY's best estimate of cost to complete each SHIPALT, and establish the baseline upon which any adjustment to requested funding must be based. See reference S6(g) for details.

6-6.4.2.2.2 SUPSHIP PREs and FREs

Because the SUPSHIP does not actually accomplish the work, but acts as an agent for the customer, PREs and FREs for SUPSHIP administered availabilities must follow a different pattern. As discussed in reference S6(g), PREs based on SUPSHIP assessment of the total cost, including change orders, must be submitted prior to the expected award of the contract. NAVSEA will use these estimates to determine whether funds are available to cover the total expected cost of the work package. FREs represent the SUPSHIP's contract proposal to the Navy and is the basis for negotiations for contract award. The SUPSHIP FRE will identify the following information

- Pro-rated costs for each SHIPALT
- Government labor and material obligations
- SHIPALTs not included in original PRE
- Estimated cost of adding each new Title "K" and "K-P" SHIPALT by contract modification
- The required reserve for change orders for the entire overhaul period. (Reserves in excess of 10% of the award value require justification)

6-6.4.2.3 Fixed Pricing

Navy policy is for performing activities to enter into fixed pricing agreements with customers to the maximum extent possible. Basic policies and procedures for fixed pricing are contained in reference S6(a). Contracts entered into with the Private Sector shipyards accomplish this objective. However, agreements with the public sector shipyards require a different process:

- Fixed Pricing occurs via a Project Order prior to incurring either 50% of the total cost of the work or prior to reaching the 50% point of the period of performance of the scheduled availability, whichever comes first. For all other work subject to fixed pricing, the 50% completion point is the time when one-half of the funds provided have been expended or projected to be expended, based on work in progress. The public shipyards issue official correspondence to forward their Fixed Price Offer (FPO) at approximately this point in the availability. Fixed Price Project Orders are discussed further in reference S6(a), Volume 11A, Chapter 2.
- SPMs, and/or LCM/PARM (as applicable) shall be responsible for acceptance of all fixed price offers.
- Where offers exceed the planning estimates, the SPM and/or LCM/PARM must find a funding asset within their program or work with their Comptrollers to cover the shortfall. An ATR or BTR may be required in order to accomplish this.
- When work outside the tasking has already been accomplished, SYSCOMs will not be responsible for funding increased costs incurred as a result of this work.
- When funds cannot be made available to cover additional anticipated costs, reduction of the work package may be necessary.

6-6.4.3 Advance Planning (AP) Funding for Installation of Title “K” and “K-P” SHIPALTs in Scheduled Availabilities

The efforts and types of funds to be utilized are defined in Subsection 6-3.3 and Subsection 6-3.4.3 of this manual.

6-6.4.3.1 AP Tasking

Formal tasking is initiated by the SPM. AP Letters are prepared and distributed in accordance with Subsection 10-1 of this manual. When preparing the AP Letters the SPM must consider the following:

- All SHIPALTs identified are approved, programmed and budgeted in the FMPMIS Program Module.
- Alteration planning is consistent with POM/planning data and ensure availability of funds for advance planning efforts.
- Ensure all required HCPM, if applicable, will be available to support the installations.

6-6.4.3.2 NSA Provided Material Procurement

NSA Provided Material that must be procured in advance of the induction of a ship into an availability by a SUPSHIP or public shipyard may be funded from AP Funds. If the procurement is required and funded in the same fiscal year as the installation, installation funds may be used. In either case, all funding must be provided up front to cover the procurement.

6-6.4.3.3 AP Funding Documentation

AP funding is provided to Public Sector Shipyards on Work Requests. Project Orders may be

issued only if the AP is to be accomplished in the same year as the installation and is “specific, definite, and certain both as to work encompassed by the order and the terms of the order itself” as defined in reference S6(a), Volume 11A, Chapter 2. SUPSHIPs are issued PDs. The value for obligation for SUPSHIPs is accrued costs plus material commitments as of the end of the FY. The NSY obligation limit is defined in reference S6(c) as the labor cost of advance planning and the cost of material specifically required for prefabrication.

6-6.4.3.4 AP Execution

Funding requests for individual availabilities must be consistent with the approved BLI and/or AG/SAG restrictions in each of the FYs. AP is budgeted and executed at the SHIPALT/availability level.

6-6.4.4 Design Services Allocation (DSA) Funding

The principal efforts to be included in DSA funding are listed in Subsection 6-3.3 of this manual and discussed in this subsection below. The types of funds to be utilized are described in Subsection 6-3.4.4 of this manual. Milestones for all DSA tasking are contained in Section 4 of this manual.

6-6.4.4.1 DSA Funding Documentation

DSA funding is provided to Public Sector Shipyards and other Navy activities on Work Requests. SUPSHIPs or other private sector activities are issued PDs.

6-6.4.4.2 DSA Execution

Funding requests for DSA must be consistent with the approved, SYSCOM BLI and/or AG/SAG restrictions in each of the FYs. DSA is budgeted at the SHIPALT/availability level but executed at the class or ship type level.

6-6.4.4.3 Justification/Cost Form (JCF)

JCFs are described in Subsection 4-4 and Appendix A of this manual. LCMs/PARMs are typically the budget resource for JCF development as part of their mission. SPMs are responsible for budgeting, as part of DSA, any additional required funding to accommodate PY taskings for JCFs, in the event LCM/PARM resources are not available. JCFs may be tasked and/or developed by LCMs/PARMs, SPMs, Sponsors, or the Fleet. If additional funds are required, a tasking request is sent to the appropriate SPM who submits the funding request to the NAVSEA Comptroller for signature.

6-6.4.4.4 SHIPALT Record (SAR)

SARs are described in Section 4 and Appendix A of this manual. SARs cannot be tasked or developed until after a JCF has been approved and an advance SHIPALT Number assigned and entered into FPMIS. The cognizant SPM will issue letters in accordance with Section 4 of this manual, specifying anticipated SAR costs and tasking SAR preparation, normally to the Planning Yard, for review and approval. Once the Planning yard reviews and comments, the SPM does the final review, approves, and signs the SAR. SARs must be tasked no later than A-14 to ensure completion NLT A-12. PY contracts may contain a line of funding for SAR development, to be funded from SPM DSA funding. SAR development costs are budgeted and

executed by SPMs and LCMs/PARMs in their DSA budgets. For timing purposes, SARs are budgeted against the lead ship (first ship in the class/type to receive the SHIPALT installation).

6-6.4.4.5 SHIPALT Installation Drawing (SID)

SIDs are described in Section 4 and Appendix A of this manual. SID funding includes the cost of shipchecks and proofing when required. SPMs task the PYs for all SID development, final approval, and signature. Tasking must be done sufficiently early to ensure completion prior to the ship's induction into the installation availability. PY SIDs must be tasked NLT A-12 and delivered NLT A-4 with agreement from the applicable NSA. Although SID tasking is the responsibility of the SPM, SPMs may delegate tasking authority to the LCM/PARM. Budgeting and execution for SIDs is accomplished by the SPM/LCM/PARM, depending on the SHIPALT being installed. Funding documents/amendments are issued for each ship class or ship accordingly. The FMP (DSA) funds all SIDs for Title "K" and "K-P" SHIPALTs and initial SIDs for Title "D" and "F" SHIPALTs. The FLTCINCs/TYCOMs fund all follow-on SIDs for Title "D" and "F" SHIPALTs and may also fund and task the PY for initial SID development of Title "D" SHIPALTs with SPM concurrence.

6-6.4.4.6 Liaison Action Record (LAR)

LARs are described in Section 4 and Appendix A of this manual. LAR tasking, by class or type, is the responsibility of the SPM. SPMs and LCMs/PARMs budget and execute annual requirements for each Planning Yard's LAR requirements.

6-6.4.4.7 Miscellaneous Documentation Support (MDS)

MDS is described in Section 4 of this manual. MDS tasking, by class or type, is the responsibility of the SPM. SPMs and LCMs/PARMs budget and execute annual MDS requirements for each Planning Yard's MDS requirements.

6-6.4.4.8 Ship Selected Record (SSR) Update

SSRs are described in Section 4 and Appendix C of this manual. SPMs task SSR requirements at the ship/availability level, in SHIPALT Authorization Letters and Technical Instructions (TIs) per Section 4 of this manual. Funding requests must be issued early to have funds in place at the PY NLT A-12. Funding documents are issued for each class or type. SPMs and LCMs/PARMs budget and execute SSRs.

6-6.4.4.9 Configuration Overhaul Planning (COP)

COP is described in Section 8 of this manual. SPMs task COP requirements at the ship/availability level as part of SSR requirements in SHIPALT Authorization Letters and TIs per Section 4 of this manual. Funding requests must be issued early to have funds in place at the PY NLT A-12. SPMs and AIR LCMs/PARMs budget and execute COP requirements.

6-6.4.5 Alteration Installation Team (AIT) and Program Support Management

This component of the FMP is described in Subsection 6-3.3 and Subsection 6-3.4.5. As discussed therein, the correct funding to apply to this component depends upon whether or not HCPM is required.

6-6.4.5.1 AIT Funding for Installation of Title “K” and “K-P” SHIPALTs

The cognizant AIT Manager, in coordination with the SPM, is responsible for developing AIT installation costs, ensuring AIT HCPM and installation funding requirements are budgeted in the correct BLI, are in the proper appropriation (OPN, APN or WPN) and appropriation FY, and ensuring install funds are budgeted to meet HCPM deliveries for installation. The AIT Manager is typically the LCM/PARM or a designated field activity.

6-6.4.5.2 Program Support Line (PSL)

The PSL management component of the FMP is described in Subsection 6-3.3 and contains all non-installation FMP support programs including support of the modernization databases, C&F Studies, Warfighting Improvement Plan (WIP) Development and WIP Engineering (WIPE). The Program Manager of the PSLs/Programs is typically the SPM who is responsible for determining the funding requirements, properly pricing those requirements, and ensuring their inclusion in the budget.

SUBSECTION 6-7 FMP FINANCIAL MANAGEMENT RESPONSIBILITIES OF MAJOR FMP PARTICIPANTS

6-7.1 Scope

This subsection complements Section 2 and Subsection 6-1.4 of this manual by describing in detail the FMP financial management responsibilities and those other responsibilities of the major FMP participants that may have a direct impact upon FMP cost and financial management. Reference S6(b) applies.

6-7.2 Chief of Naval Operations (CNO)

6-7.2.1 Deputy CNO, Resources, Warfare Requirements, & Assessments (N8)

6-7.2.1.1 Programming Division (N80)

- Coordinate development of Navy POM/budget among OPNAV Resource Sponsors
- Balance fiscal and resource constraints during the POM process
- Submits POM to OSD

6-7.2.1.2 Assessments Division (N81)

- Conduct assessments and analysis for overall Military strategy and National Security decisions with CNO (N51)
- Develop IWARs and CPAMs in response to CNO (N51) force planning strategy and policy
- Provide POM guidance based on IWAR/CPAM process

6-7.2.1.3 Fiscal Division (N82)/ASN (FM&C) Director, Office of Budget (FMB)

- Provide Budget guidance to SYSCOMs
- Conduct DON budget reviews for development of OSD/Office of Management and Budget (OMB) and Presidents budget submissions
- Balance fiscal and resource constraints during the budget review process
- Incorporate changes into the budgets driven by Congressional, OSD, and OMB adjustments and guidance
- Approve public sector man-day rates
- Conduct Mid Year Reviews
- Allocate FMP HCPM and installation funds to the SYSCOMs

6-7.2.2 Warfare Division Directors (N42, N75, N76, N77, and N78), and Director of Space and Information Warfare (N6)

- Prepare a coordinated modernization plan and approve all modernization efforts to be performed for surface, service craft, aircraft carriers, and submarine platforms
- Coordinate development of the POM, with the SYSCOMs, in accordance with priorities established by the IWARs/CPAM process and forward to N80 for submission to OSD
- Assign prioritization of FMP ship alterations for installation based upon recommendations and in coordination with the FLTCINCs, TYCOMs, and the SYSCOMs/PEOs.
- Provide Resource Sponsorship and funding resources for FMP HCPM and SHIPALT installation, design and support efforts

- Coordinate within OPNAV the matching and programming of HCPM procurement and installation funds
- Authorize changes in SHIPALT programming and budgeting as required
- Assist with budget development and justification with the SYSCOM FMP participants
- Adjudicate issues of insufficient/excess control value in assigned accounts, when advised by the SPM, LCM/PARM, AIT or Program Support Manager, or SYSCOM Comptroller

6-7.2.3 Director, Supportability, Maintenance and Modernization Division (N43)

- Develop overall ship modernization policy for the U.S. Navy
- Maintain current the official CNO/FLTCINC depot maintenance availability schedule in the FMPMIS database
- Provide Resource Sponsorship for selected PSLs in the FMP (i.e. the modernization databases)
- Co-sponsor, with NAVSEA 04, the FMP Policy Implementation Conferences to identify customer requirements, improve FMP processes and practices, and standardize FMP Policy implementation

6-7.3 Life Cycle Manager (LCM)/Participating Manager (PARM)

- Plan, program, budget, and procure all HCPM and all HCPM related requirements
- Coordinate with SPMs and AIT/Program Support Managers to ensure matching of HCPM procurements with installations
- Develop HCPM POM requirements, ensuring ship availability with the SPMs, for submission to OPNAV Program Sponsors
- Develop and prepare all budget exhibits, except for NC50 installation exhibits, for each submission. Coordinate and consolidate SPM NC50 input with HCPM input
- Represent program requirements at budget hearings
- Lead for coordinating responses to HCPM and installation budget questions and justifications requested from OPNAV, OSD, or Comptrollers
- Provide necessary HCPM tasking correspondence to performing activities
- Develop obligation plans for HCPM requirements in response to budget and Midyear Review drills; coordinating and consolidating installation input with SPMs, as required
- Originate HCPM funding requests, in accordance with the approved obligation plans, and forward to the Comptroller organization for approval and signature
- Monitor expenditures of obligated funds, respond to SYSCOM requests for expenditure status, and assist in recovery (rollback) of unexpended funds
- Maintain FMPMIS Material Identification (MTLID) Dictionary current, allowing for lead P-1 calculation for the budget
- Keep current the Procurement Lead Time (PLT) and material cost in the Material Dictionary of the NDE-NM Logistics Application
- Monitor material delivery and maintain current in the NDE-NM Logistics Application the delivery status (Best Estimated Delivery Date (BEDD), Military Standard Requisitioning and Issue Procedures (MILSTRIPs), etc.)
- Notify the SPM whenever substitution of FMP material is being considered/accomplished

6-7.4 Alteration Installation Team (AIT) and Program Support Line (PSL) Manager

- Coordinate matching of planned HCPM procurements with planned AIT installations for budget submission
- Provide AIT installation and design cost requirements, including required ILS, for POM and budget submissions
- Respond to budgetary questions, as applicable, from higher authority
- Coordinate scheduled installations with FLTCINCs/TYCOMs
- Provide necessary tasking correspondence to performing activities
- Develop obligation plans for FMP install requirements in response to budget drills
- Originate installation funding requests, in accordance with the approved obligation plans, and forward to the appropriate SPM for processing in the FMPMIS Execution Module
- Monitor expenditures of obligated funds, respond to SYSCOM requests for expenditure status, and assist in recovery (rollback) of unexpended funds
- Review cost estimates and fixed price offers from Installing Activities

6-7.5 Naval Sea Systems Command (NAVSEA)/Program Executive Officer (PEO)**6-7.5.1 Ship Program Managers (SPM)**

- Central technical authority on FMP installation matters for all ship platforms and subplatforms
- Plan, program, and budget all Title “K” and “K-P” SHIPALT installation requirements into the FMPMIS Program Module; including required ILS
- Develop and approve TYCOM funded Title “D” and “F” SHIPALTs and AERs.
- Coordinate with LCMs/PARMs and AIT Managers for budget development, preparation and execution for shipyard and AIT installations for assigned ships
- Issue AP and SHIPALT Authorization Letters and Technical Instructions providing taskings for DSA, AP, and installation requirements
- Review and approve AP and Installation man-day estimates and Incidental Material estimates provided by the Planning Yards, based on tasking from the SPM, for Title “K” and “K-P” SHIPALTs and enter in the NDE-NM Logistics Application.
- Prepare Escrow Changes in the Program Module and the Execution Module (Execution Module for NAVAIR and SPAWAR funds)
- Develop and keep current the AP and DSA algorithms for assigned ships/classes in the FMPMIS Program Module as approved by the OPNAV sponsor. Submit requests to NAVSEA 013 for changes to algorithms
- Enter and update installation budget requirements in the FMPMIS Program Module
- Designate, in writing, individuals authorized to create and approve Escrow Changes, enter and update budget file data, or read only access in the FMPMIS Program Module
- Designate, in writing, individuals authorized to create FMP funding documents or read only access in the FMPMIS Execution Module
- Submit funding documents to NAVSEA Comptroller(s) for review, approval, and signature
- Accept or reject cost estimates (PREs and FREs) and FPOs
- Make recommendations concerning feasibility costs and identify BLI and/or AG/SAG affected prior to authorization of emergent work during execution

- Ensure the Installation Bill of Material (IBOM) indicator estimates are accurate in the NDE-NM Logistics Application
- Participate in FMP scheduling conferences to review status of modernization efforts and participate in the FMP Policy Implementation Conferences held by NAVSEA 04

6-7.5.2 NAVSEA 04 Logistics, Maintenance & Industrial Operations Directorate

- Policy and procedures for the Fleet Modernization Program as approved by CNO (N43)
- Chair FMP Policy Implementation Conferences to identify customer requirements, improve FMP processes and practices, and standardize FMP Policy implementation
- Coordinate with the shipyards to develop public and private sector FMP man-day rates. Forward rates to the Fleet, FMB, NAVSEA 013, NAVSEA 015, and other FMP Customers for budget development
- Prepare, submit, and justify budget for the NDE-NM Logistics Application and FMPMIS database

6-7.5.3 NAVSEA 01 COMPTROLLER DIRECTORATE

- Final approval authority on all Command budget and execution issues
- Provide NAVSEA Comptrollers authority to sign funding documents

6-7.5.4 NAVSEA 013 OPN/WPN/RDT&E COMPTROLLER

- Publish official guidance on all FMP OPN and WPN budget and execution actions/issues. Coordinate with NAVSEA 014 for impact to the O&MN appropriation as required
- Serve as primary point of contact with OPNAV for FMP budget policy, financial and reprogramming matters. Coordinate with NAVSEA 014 for impact to the O&MN appropriation as required
- Perform duties of financial management oversight of the FMP equipment and installation requirements within the OPN and WPN appropriations in accordance with reference S6(b)
- Establish and publish Standard Operating Procedures for FMP financial management
- Issue FMP budget controls for OPN and WPN BLIs
- Coordinate and review budget exhibits, with LCMs/PARMs and SPMs, for the FMP OPN and WPN budgets prior to submission. Ensure exhibit information is accurate and consistent. Submit official budgets to FMB
- Provide DON, OSD and Congressional OPN and WPN budget adjustments/questions to LCMs/PARMs and SPMs for response/reclama coordination. Review, approve and submit final responses
- Establish and update the Chart of Accounts in STARS for execution
- Establish FMP OPN and WPN allocations in STARS and process changes to allocation values
- Enter controls and funding allocations, by RFM, in the FMPMIS Execution Module for OPN and WPN installation accounts ensuring their alignment with STARS
- Review, approve, and sign SPM FMP equipment and installation OPN and WPN funding documents, utilizing the Command's official Financial Management Information System for the equipment funds as well as the FMPMIS Execution Module for installation funds, and issue to performing activities
- Review, approve, and process funding reprogramming actions

- Review and approve all LCM/PARM, SPM and AIT/Program Support Manager OPN and WPN obligation plans
- Monitor obligations and expenditures to ensure optimum utilization of funds and to allow reprogramming of unobligated and unexpended funds prior to appropriation expiration
- Coordinate FMB Midyear Execution Reviews
- Coordinate with NAVSEA 04 in the management of the FMPMIS Program and Execution Modules
- Serve as primary Point of Contact (POC) for duties and decisions related to the Program and Execution Modules. This includes accesses, library updates, control updates, and data file reconciliation
- Review and approve SPM requests for changes to the AP and DSA algorithms to ensure financial validity and approval by OPNAV sponsor
- Coordinate with NAVSEA 04, the Fleet, Shipyard Activities, and FMB to maintain and update the FMP man-day rates in the FMPMIS Program Module
- Participate in the FMP Policy Implementation Conferences held by NAVSEA 04

6-7.5.5 NAVSEA 014 O&MN COMPTROLLER

- Publish official guidance on all O&MN FMP budget and execution actions/issues in coordination with NAVSEA 013, as required
- Provide input to NAVSEA 013, as required, in the establishment and publication of Standard Operating Procedures for FMP financial management
- Issue budget controls for FMP OMN requirements
- Perform duties of financial management oversight of FMP installation requirements within the O&MN appropriation in accordance with reference S6(b)
- Coordinate and review budget exhibits, with the SPM, for the FMP O&MN Modernization Support budget prior to submission. Ensure exhibit information is accurate and consistent. Submit the FMP O&MN budget to FMB
- Forward DON, OSD and Congressional O&MN budget adjustments/questions to NAVSEA SPMs for response/reclama. Review, approve, and consolidate final responses and submit
- Establish and update the Chart of Accounts in STARS for execution
- Establish FMP O&MN allocations in STARS and process changes to allocation values
- Enter controls and funding allocations into STARS
- Review, approve, and sign NAVSEA FMP O&MN installation funding documents, utilizing the FMPMIS Execution Module
- Review, approve, and process funding reprogrammings requested by the SPMs to finance funding adjustments including cost increases, cost growth, emergent work, and proper alignment of controls for budget submission
- Review and approve all SPM obligation plans
- Monitor obligations and expenditures to ensure optimum utilization of funds and to allow reprogramming of unobligated and unexpended funds prior to appropriation expiration.
- Coordinate SPM input to the FMB Midyear Execution Reviews

6-7.5.6 NAVSEA 015 Navy Working Capital Fund Comptroller

- Review and approve NAVSEA 04-developed public sector FMP man-day rates and provide to FMB via the Naval Shipyard budgets

6-7.6 Space and Naval Warfare Systems Command (SPAWAR) and Naval Air Systems Command (NAVAIR)

- Perform duties as financial manager oversight of the FMP equipment and installation requirements, under their cognizance, within the OPN or APN appropriation in accordance with reference S6(b)
- Publish guidance on FMP OPN or APN budget and execution actions/issues in coordination with NAVSEA, as required
- Coordinate and review budget exhibits, with the LCMs/PARMs, prior to submission. Ensure exhibit information is accurate and consistent. Submit official budgets to FMB
- Provide DON, OSD and Congressional OPN and APN budget adjustments/questions to LCMs/PARMs for response/reclama coordination. Review, approve, and submit final responses
- Transfer (by PD) FMP OPN and APN P-1 line installation funding to NAVSEA, for efforts being funded under NAVSEA contract
- Issue FMP budget controls
- Establish all FMP STARS allocations in accordance with the Chart of Accounts, document commitments and obligations, and prepare requests for revisions to STARS as required
- Review, approve, and sign NAVSEA FMP equipment and installation funding documents, utilizing the official System Command Financial Management Information System, for issuance to performing activities
- Review/validate compensation recommended by LCM/PARMs to finance large cost increases and emergent work.
- Process reprogramming actions
- Review and approve LCM/PARM obligation plans
- Monitor obligations and expenditures to ensure optimum utilization of funds and to allow reprogramming of unobligated and unexpended funds prior to appropriation expiration
- Coordinate FMB Midyear Execution Reviews
- Participate in FMP scheduling conferences to review status of modernization efforts and participate in the FMP Policy Implementation Conferences held by NAVSEA 04

6-7.7 Naval Shipyards (NSYs) and Supervisors of Shipbuilding, Conversion and Repair (SUPSHIPs)

- Accomplish FMP install efforts tasked and funded by the SYSCOMs
- Accept, control and expend FMP install funds in accordance with SYSCOM tasking and reference S6(a)
- Monitor expenditures of obligated funds; respond to SYSCOM requests for expenditure status; and, assist in recovery of unexpended funds
- Provide PREs and FREs in accordance with reference S6(g)
- Advise SPM at the first indication that funds in any line of FMP accounting may be insufficient to accomplish tasks assigned. Provide recommended alternative plans of action
- Provide FPOs, when appropriate, in accordance with reference S6(h)

6-7.8 Planning Yards (PYs) (Designated NSYs, SUPSHIPs and Private Contractors)

- Develop AP (including NSA Provided Material) and Installation man-day estimates as tasked

by SPMs

- Execute DSA efforts in accordance with SPM tasking and DSA product/effort milestones per Section 4 of this manual
- Advise SPM at the first indication that funding may be insufficient to accomplish assigned tasking. Provide recommended plans of action

6-7.9 FLTCINCs/TYCOMs

- Participate in the depot level maintenance availability scheduling conferences and provide formal schedule changes to CNO (N43) for approval and entry into the NDE-NM Logistics Application
- Submit recommendations to OPNAV for prioritization of Title “K” and “K-P” SHIPALTs. Prioritize Title “D” and “F” SHIPALTs
- Coordinate scheduling and integration of maintenance and modernization through participation in Work Definition Conferences (WDCs) for the submarine FMP, in Work Package Integration Conferences (WPICs) for the Surface ship FMP, and in Project Review Conference (PRC) for the Carrier FMP. Also develop the SHIPALT and Repair Package (SARP) to facilitate this integration
- Coordinate with AIT Managers the scheduling of FMP installations by AIT and make platforms available in accordance with agreed upon schedules
- Fund installation of Title “D” and “F” SHIPALTs, NAVSEA SPM developed and approved AERs, and all other maintenance efforts for assigned ships.
- Provide tasking and funding to the Planning Yards for development of Title “D” and “F” "follow-on" SIDs. Provide the same for initial SID development for Title “K” and “K-P” SHIPALTs with SPM concurrence. When desired, provide SAR tasking and funding direct to PYs for Title “D” and “F” SHIPALT development
- Fund the FLTCINC share of depot level availability "pro-rated" costs
- Participate in FMP Policy Implementation Conferences held by NAVSEA 04.