THE ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

USMC	SPAWAR	NAVAIR	NAVSEA	ASN(RD&A)	ASN(FM&C)
5223	5223	5223	5223	5223	5223

5 Sep 2012

MEMORANDUM OF AGREEMENT
BETWEEN
PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER),
PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT AND ACQUISITION),
EXECUTIVE DIRECTOR, NAVAL SEA SYSTEMS COMMAND,
DEPUTY COMMANDER, NAVAL AIR SYSTEMS COMMAND,
DEPUTY COMMANDER, SPACE AND NAVAL WARFARE COMMAND
AND
EXECUTIVE DIRECTOR, MARINE CORPS SYSTEMS COMMAND

Subj: SHARING OF COST MODELS

Ref: (a) SECNAVINST 5223.2, "Department of the Navy Cost Analysis"
(b) ASN(RD&A) and ASN(FM&C) joint policy memo "Department of the Navy Service Cost Positions" of 7 Jan 10

1. In support of references (a) and (b), this memorandum describes the sharing of electronic cost models developed by the Systems Commands (SYSCOMs) with the Naval Center for Cost Analysis (NCCA).

a. SYSCOM cost models will be shared with NCCA when an Independent Cost Assessment (ICA) is required for the development of the Service Cost Position (SCP) to support an ACAT ID milestone decision.

(1) The SYSCOM estimate serves as the recommended SCP to the Cost Review Board (CRB) for ACAT ID programs, and the NCCA ICA for such programs is not a competing estimate.

b. The following rules of engagement apply:

(1) A cost model, until final, is in draft form. Any results taken throughout the process are considered pre-decisional until the final Program Life-Cycle Cost Estimate (PLCCE) is provided.

(2) The cost model represents a complete PLCCE for the program. It is understood that initial versions of the model may not be fully functional or complete. However, iterative, updated electronic versions will be provided to NCCA throughout the SCP process. As an end product expectation, fully functional, working cost models will be delivered to NCCA in electronic format.

(3) SYSCOMs will retain configuration control of the cost model that supports the PLCCE.

(4) In support of the development of an SCP, SYSCOMs will provide NCCA with insight into the inputs, methodology, and assumptions used in the development of the PLCCE throughout the process.

(5) NCCA and the SYSCOM will maintain open, transparent dialogue at the analyst level to ensure an in-depth understanding of the salient aspects of the cost model.

(6) NCCA will review with the SYSCOM analyst the details and results of any sensitivity analysis/excursions run by NCCA using the SYSCOM cost model that will inform NCCA's ICA. As necessary, and prior to the CRB, NCCA leadership will ensure the SYSCOM cost director is aware of any disagreements (and their causes) on the results of analyses/excursions.

(7) SYSCOMs will provide updated versions of models when significant changes have been made. The version of the model that supports the PLCCE to be submitted for consideration as the SCP will be provided to NCCA five business days prior to the scheduled date of the DON CRB. The ICA will be provided to the SYSCOM five business days after receipt of the final PLCCE from the SYSCOM.

(8) NCCA will not provide a SYSCOM cost model to any other organization without prior approval of the SYSCOM cost director. Under the circumstance where NCCA will need to provide the SYSCOM cost model to a contractor, appropriate non-disclosure agreements and controls including prohibition of data retention will be required.

(9) NCCA will not use the SYSCOM cost model to run any excursions (e.g., "what if" drills) or other related tasks at the request of any organization external to NCCA.

(10) NCCA will not provide sensitivity analysis excursion results to any external executive management without previously discussing the same with the SYSCOM cost department management.

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C. E. COOK III
Principal Deputy Asst SECNAV (Financial Management and Comptroller)