



SECRETARY OF THE ARMY
WASHINGTON

MEMORANDUM FOR SEE DISTRIBUTION

10 FEB 2012

SUBJECT: Reservation of In-Sourcing Approval Authority

1. References:

- a. Memorandum, SA, 1 Feb 11, subject: Reservation of In-sourcing Approval Authority.
- b. Memorandum, ASA(MRA), 4 Mar 11, subject: Army In-sourcing Approval Procedures.

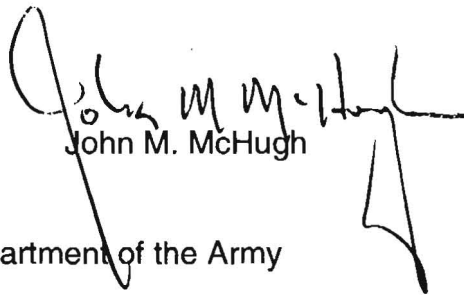
2. In an era of significantly constrained resources, the Army must take a holistic approach to achieving an appropriate balance in the total workforce (Military, Civilian and contract) required to carry out Departmental functions and activities. To this end, the Army must approach the in-sourcing of functions currently performed by contract in a well-reasoned, analytically-based and systemic manner, consistent with law and prevailing Presidential and Department of Defense guidance, and mindful of the will of Congress as set forth in the National Defense Authorization Acts for Fiscal Years 2008 and 2012. As we move toward total workforce management, it is important that Army in-sourcing actions support the Army's overall human capital strategy and that the Army's overall human capital strategy is resource-informed.

3. I am extending reference a, and will continue to reserve the authority to approve any proposal to in-source contracted functions to government performance by Soldiers or Civilian employees, wherever such proposal may be generated across the Army. Any in-sourcing proposal presented for my consideration must be fully documented in accordance with reference b, to include a comprehensive legal review.

4. Any in-sourcing action approved prior to February 1, 2011, that had at least one unencumbered position as of February 1, 2011, and which has not been previously submitted for my approval in accordance with reference a, will be submitted to me for action within 90 days. In addition, within 90 days, a package must be submitted to in-source currently contracted functions determined to be inherently governmental or unauthorized personal services (as identified in the Panel for Documentation of Contractors process). A failure to submit the requisite packages to me within the set period will render remaining contracted functions subject to divestiture. Funding for remaining contracted functions may be withdrawn by Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)) with enforcement by the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)).

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5. Within 45 days, the Assistant Secretary of the Army (Manpower and Reserve Affairs) will lead an effort, in coordination with ASA(FM&C), ASA(ALT), and the Deputy Chiefs of Staff, G-1, G-3/5/7 and G-8, to develop and present for my approval a process to evaluate and prioritize the merits of in-sourcing actions in the broader context of total force management that is consistent with applicable law, regulation and policy.
6. To ensure prioritization of resources from a total force perspective, funds authorized for the purchase of contract services to meet a requirement that is anticipated to continue for five years or more shall be reviewed and considered as a potential way to provide compensation for Army civilian employees to meet the same requirement.
7. This directive is effective immediately and will remain in effect for no longer than one year, unless I reissue it or extend its application, in writing. My point of contact is Mr. Jay D. Aronowitz, Deputy Assistant Secretary of the Army (Force Management, Manpower and Resources) at 703-695-9033.



John M. McHugh

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