



THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

December 5, 2013

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
AUDITOR GENERAL OF THE NAVY

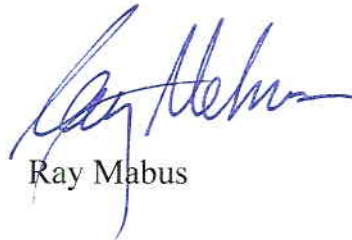
SUBJECT: Assessing and Mitigating Risk in Husbanding Goods and Services

Recent investigations by the Naval Criminal Investigative Service (NCIS) and audits by the Naval Audit Service of husbanding and port services contracts in the Pacific area of responsibility raise concerns with respect to the procedures, administration, and performance of these contracts. Therefore, I have directed the Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN (RD&A)) to conduct a review of all acquisition strategies for husbanding and similar service contracts worldwide. The review shall determine whether proper acquisition procedures were followed in the award of such contracts. By December 19, 2013, ASN (RD&A) will provide me with a report of his progress to date. ASN (RD&A) shall provide a report of final findings of fact, opinions, and recommendations to me by January 31, 2014.

Further, I have also directed the Auditor General of the Navy (AUDGEN) to audit husbanding and port services contracts to identify opportunities to improve internal controls regarding the delivery of goods and services, contract administration, and eventual payment. By December 19, 2013, the AUDGEN shall develop and present to me terms of reference and an audit plan. The final audit report shall be provided to me no later than June 2, 2014.

Throughout the course of your reviews and audits, you shall coordinate with the NCIS. At no time, shall your work interfere with any ongoing Federal law enforcement investigation.

All Department of the Navy components and personnel shall cooperate fully in the execution of this review and audit and be responsive and timely to all requests for relevant information or other support.



Ray Mabius

cc:

Commandant of the Marine Corps
Chief of Naval Operations
General Counsel of the Navy
Director, Naval Criminal Investigative Service
Commander, Naval Supply Systems Command