



SECRETARY OF THE ARMY  
WASHINGTON

05 NOV 2012

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Reservation of In-Sourcing Approval Authority

1. References:

a. Memorandum, Secretary of the Army, 10 February 2012, subject: Reservation of In-Sourcing Approval Authority.

b. Memorandum, Assistant Secretary of the Army (Manpower and Reserve Affairs), 4 March 2011, 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 towards total workforce management, it is important that Army in-sourcing actions support our overall, resource-informed human capital strategy.

3. I 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., and must include a comprehensive legal review.

4. In cases where in-sourcing may be appropriate, before filling unencumbered authorizations or adding new civilian authorizations, commands should consider: shifting resources from lower-priority missions; consolidating or absorbing work into different work centers; reengineering for efficiency; and using other military or civilian staffing options. We must also validate the workload proposed for in-sourcing as an enduring requirement, but the use of temporary hires may be appropriate for non-enduring workload.

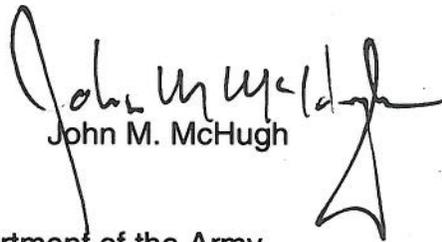
5. In determining whether a function is inherently governmental or lacking statutory authority for contract performance, commands must submit a Panel for Documentation of Contractors (PDC) package to the Deputy Assistant Secretary of the Army (Force Management, Manpower and Resources) (DASA(FMMR)). The PDC determination of inherently governmental functions will be coordinated with the Office of the General

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Counsel. When in-sourcing functions that are at risk of inherently governmental performance or otherwise lacking statutory authority for contractor performance, as validated through the PDC process, I am authorizing the use of term/temporary overhires and/or directed military overstrength/special duty military until approval is obtained for permanent civilian authorization or military authorization from myself or higher (as appropriate) as corrective action.

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 through 9 February 2013, as per reference a., unless I reissue it or extend its application, in writing. My point of contact is Ms. Gwendolyn R. DeFilippi, DASA(FMMR), at 703-695-9033.



John M. McHugh

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