



THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

20 March 2020

From: Assistant Secretary of the Navy, Research, Development, and Acquisition (ASN RD&D)
To: Navy Syscom Commanders and Program Executive Officers

SUBJECT: (INTENT AND DIRECTION) WITHHOLDS AND RETENTIONS DURING
COVID-19

Given the National Security Declaration by the President, it is imperative we keep the Nation's, and the Navy's, defense industrial base from going into extremis during the current COVID-19 crisis. A key element of this is to ensure companies, and in particular the underlying suppliers, remain solvent and available to support the Navy.

The ship, air, weapon, ground, network/IT and associated repair industry, as part of the Defense Industrial Base, are elements of the Nation's Critical Infrastructure as defined by DHS. We need them operating now and as we come out of this crisis.

My intent is that we remove barriers to maximize efficient execution of our existing contracts and award of our pending/future contracts. This includes immediate engagement on all activities to positively impact cash flow. As such, I request your teams to:

- Immediately reduce retentions/withholds on existing efforts to an absolute minimum.
- Pay our all settled REAs immediately, submit requests for obligation of expired funds where required in support of this immediately and resolve all remaining REAs as quickly as possible, including preparing provisional payments where appropriate with reservation of right of recoup any overpayment upon final settlement. I encourage you to set up dedicated teams to do this at max pace
- Ensure retentions/withholds are at minimum allowable level for any new work placed under contract in 2020.
- Ensure all government personnel required to process inspection, acceptance, invoicing and payments and resolve these type business issues are declared mission essential
- Adjust inspection criteria where needed to enable work execution at a faster rate and/or ensure work performed can be completed provided adequacy of work is ensured
- Where possible, accelerate negotiations and award for future work including the use of UCAs as necessary, including contract changes in the pipeline or existing contracts
- Where UCAs are necessary, maximize obligations and allowable expenditures against those UCAs. Consult with DASN (P) on additional authorities up to and including obligations up to 100%.

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We are operating in a National Emergency and so we need to move out accordingly. This is not business as usual situation. As the Navy's acquisition and sustainment leaders, I expect you to be bold in implementing these measures.

James F. Gearty



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