



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

NAVSEANOTE 5400^{IN REPLY TO}
Ser 017/058
13 Apr 04

NAVSEA NOTICE 5400

From: Commander, Naval Sea Systems Command

Subj: COST ENGINEERING AND TECHNICAL AUTHORITY POLICY

- Ref: (a) NAVSEAINST 5400.97A, Engineering and Technical Authority Policy, of 03 Feb 03
(b) SECNAVINST 5400.15A Department of the Navy Research Development and Acquisition, and Associated Life Cycle Management Responsibilities, of 26 May 1995
(c) Operating Agreement between the Commander, Naval Sea Systems Command and Affiliated Program Executive Officers, of 18 April 1997
(d) NAVSEAINST 5400.95C, Waterfront Engineering and Technical Authority Policy, of 03 Feb 03
(e) NAVSEAINST 5400.61D, Systems Engineering and Technical Authority Policy, of 03 Feb 03
(f) NAVSEAINST 5400.57D, Engineering Agent Selection, Assignment, Responsibility, Tasking and Appraisal, of 03 Feb 03
(g) NAVSEANOTE 5400 Ser 05CT/001 NAVSEA Warranted Technical Authorities, of 9 January 04
(h) NAVSEAINST 5400.1E, NAVSEA Organizational Manual
(i) NAVOP 001/04, CNO Guidance for 2004
(j) NAVSEAINST C9210.4A, Changes, Repair and Maintenance to Nuclear Powered Ships (U), of 24 September 1990
(k) NAVSEAINST 7300.14B Classification of Cost Estimates for Ships, of 16 May 96
(l) NAVSEAINST 7000.4F Earned Value Management, of 31 Oct 97

Encl: (1) NAVSEA Warranted Technical Authorities - Cost Engineering Managers (CEMs) Warranted by NAVSEA 017

1. Purpose

- a. To define cost engineering as a component of reference (a) NAVSEA Engineering and Technical Authority Policy, fulfilling responsibilities of references (b) and (c).

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b. To define the responsibility, accountability, and authority of Cost Engineering Managers.

c. To establish SEA 017 as a member of the Technical Authority Board.

2. Scope and Applicability. The scope and applicability of this NAVSEANOTE are as defined in reference (a).

3. Background. References (a), (d), (e), and (f) define NAVSEA engineering and technical authority policy and support Program Managers and the Fleet in providing best value engineering and technical products. Reference (a) establishes the technical authority for Technical Warrant Holders to make authoritative technical decisions separate and independent from the programmatic authority of Program managers, provides coordination and conflict resolution processes, and establishes the Technical Authority Board. Reference (g) lists the warranted technical authorities in accordance with references (a), (d), (e), and (f).

4. Discussion

a. References (b) defines the specific responsibilities of NAVSEA including:

- overseeing core processes required to support the acquisition, in service support and disposal of platforms, including systems engineering and Comptroller processes
- operating and sustaining the most efficient infrastructure needed to acquire, field, and support weapon systems and commodities including supporting integrated platform management teams and the capability to conduct independent technical reviews
- establishing standard policies, technical specs, and processes
- supporting integrated platform management teams and
- providing requested program information to CNO/CMC for POM and budget development

b. Reference (c) states NAVSEA provides program cost estimating support to the PEOs.

c. As stated in reference (a), "This instruction does not change the responsibilities of PEOs, Direct Reporting Program Managers, PMs, Participating Managers or other Program Support Managers as delineated in the applicable DOD/SECNAV 5000 series guidance. In accordance with reference (b), Program Managers are vested with the authority, accountability, and resources necessary to manage all aspects of assigned programs from concept to disposal. This instruction does not change those responsibilities; it defines the processes required by reference (c) for partnering of the programmatic and technical authorities".

d. Per reference (h), The Director, Cost Engineering and Industrial Analysis (SEA 017) is the Command's technical authority for ship and ship related combat and weapons systems cost engineering and industrial analysis.

5. Policy. Cost Engineering is a part of NAVSEA Engineering and Technical Authority policy. Reference (a) applies with the following modifications:

a. Cost Engineering Policy. Disciplined and independent cost engineering is an essential aspect of the systems engineering process and a necessary capability in improving the efficiency and effectiveness of the Navy's platforms and operations, consistent with reference (i) CNO guidance for 2004. Technical decisions and subsequent program direction depend on a clear understanding of the cost of various technical options. Credible cost estimates based on rigorous cost estimating standards and processes must be ensured for NAVSEA to fulfill its assigned responsibilities.

b. Warranting of Technical Authorities. In accordance with references (b) and (c), COMNAVSEA is the technical authority for ships, weapons, systems and infrastructure within the scope of reference (a). COMNAVSEA Warrants SEA 017 as the technical authority for cost engineering. Jointly with COMNAVSEA, SEA 017 warrants its respective Cost Engineering Managers as Technical Warrant Holders. Where a SEA 017 Technical Warrant Holder's responsibilities include engineering work on non-reactor plant systems and equipment in nuclear propulsion plants per reference (j), SEA 08 concurrence with the Warrant shall be requested.

c. Director, Cost Engineering and Industrial Analysis. SEA 017 is a member of the Technical Authority Board and has the

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responsibilities listed in paragraph 9 of reference (a).

d. Engineering and Technical Authority Roles. Technical Warrant Holders are subject matter experts. Within the defined technical areas being warranted they are responsible for establishing technical standards, entrusted and empowered to make authoritative decisions and held accountable for the technical decisions made. In particular Cost Engineering Managers (CEMs), listed in Enclosure 1) are NAVSEA's recognized experts and are expected to:

- Oversee cost engineering processes and develop authoritative cost estimates, based on a defined set of programmatic and technical requirements
- Ensure cost engineering policies, processes, standards and tools are well defined, comply with higher tier requirements, and are properly applied
- Make authoritative, independent cost engineering decisions based on program technical and schedule performance parameters
- Ensure cost engineering processes are effectively integrated into the systems engineering process
- Be the accepted source of expert cost related information and advice
- Steward the Navy's cost engineering capabilities

6. Action. References (a), (d), (e), (f), and (g) will be updated, as appropriate, to include cost engineering and technical authority policy and technical warrant holders. References (k) and (l) will be updated to be consistent with this NAVSEANOTE. Other cost engineering policy and requirements will also be reviewed and updated, as appropriate.

7. Point of Contact. This notice is under the cognizance of Ms. Barbara Young, (SEA 017) at (202) 781-0959, DSN 326-0959, YoungBA@navsea.navy.mil.

8. Cancellation Contingency. Upon revision of references (a) and (g).


P. M. BALISLE

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FA8 FTSCCLANT
FB8 FTSCPAC
24A Air Force Commanders
24D Surface Force Commanders
24G Submarine Force Commanders

**NAVSEA Warranted Technical Authorities -
Cost Engineering Managers Warranted by SEA 017**

Warranted Area	Name	Organization
Cost Engineering Manager for Aircraft Carriers	Irv Chewning	SEA 017
Cost Engineering Manager for Surface Combatants	Abdul Mondal	SEA 017
Cost Engineering Manager for Submarines	Robert Meyer	SEA 017
Cost Engineering Manager for Amphibious, Auxiliary, and Sealift Ships	James Snyder	SEA 017
Cost Engineering Manager for Weapons and Combat Systems	Bruce Parker	SEA 017
Cost Engineering Manager for Littoral and Mine Warfare	TBD	SEA 017
Cost Engineering Manager for Industrial Planning and Analysis	Jill Boward	SEA 017
Cost Engineering Manager for Cost Engineering Policy and Processes	Hershel Young	SEA 017