



DEPARTMENT OF THE NAVY

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

IN REPLY TO

7000/2130
Ser 01P/035
19 November 2003

MEMORANDUM FOR DISTRIBUTION

Subj: REVISED POLICIES AND PROCEDURES ON SECTION 801
AUTHORITY

Ref: (a) SEA 01/02 Joint Memorandum 2085 Ser 01P/2 and
Ser 02/550 of 14 December 1998
(b) SEA 01 Memo 7000/2085 Ser 01P1/224 of 4 December 97
(c) SEA 01 Memo 7000/2085 Ser 01P1/143 of 17 July 98

1. The purpose of this correspondence is to revise the policy for utilization of Sec. 801 authority. The revised policy discontinues the additional NAVSEA restrictions on using this procedure.
2. Section 801 of P.L. 105-85 allows the Department of Defense to enter into a contract for procurement of severable services for a period that begins in one fiscal year and ends in another, after funds expiration, as long as the contract period does not exceed 12 months. Sec. 801 authority is limited to the O&MN and R&D accounts, which are provided by Congress on an annualized basis. In general, funds should be executed as closely as possible to the annualized schedule to avoid expenditure rates that fall below the DoD/Navy established benchmarks. Lagging expenditure rates can result in funding reductions in the budget or during execution.
3. References (a), (b), and (c) are hereby superceded. The decision to use Sec. 801 authority will be made by the Program Executive Officer (PEO) or SES-level PEO Deputy/Executive Director, or by the Flag Level Deputy Commander or SES-level Executive Director working in conjunction with the Program Manager and the Contracting Officer. Organizations sending funds to Field Activities may specify the use of Sec. 801 authority on the funding document, using the same review procedures. Activity Commanding Officers may also review and authorize the use of Sec. 801. The decision must be based on DFARS 237.106. All contract actions utilizing this authority should clearly indicate its use by referencing Sec. 801 of P.L. 105-85.

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4. Questions concerning this correspondence may be directed to Albert V. Tracy, SEA 01P2, at 202-781-3593.

A handwritten signature in cursive script, appearing to read "E. R. Jablonski".

E. R. JABLONSKI
Comptroller/Deputy Commander

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