ACQUISITION AND TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

March 13, 2001

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD AGENCIES
DIRECTOR FOR MANPOWER AND PERSONNEL, J-1
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT, HQ USA
DIRECTOR, MANPOWER AND ORGANIZATION, HQ USAF

SUBJECT: DoD A-76 Costing Manual (Interim Guidance) and DoD A-76 Costing Software (*win.COMPARE*^{2})

This is to notify you that the Department of Defense (DoD) A-76 Costing Manual is now in effect as interim guidance pending its issuance as a formal DoD publication. In developing this Manual, we worked hand-in-hand with OMB, the DoD(IG), and the Components to determine how to resolve inconsistent practices and standardize costing within the Department. The upgrade of the DOS-based A-76 Costing Software (COMPARE) to a windows environment (which is now known as *win.COMPARE*^{2} in order to distinguish the two) has been completed. The DoD A-76 Costing Manual shall be used in conjunction with *win.COMPARE*^{2} in order to properly develop the In-house Cost Estimate (IHCE). We believe this is a major step towards improving DoD's Competitive Sourcing Program as it not only streamlines the costing process, but also ensures consistency in our competitions.

The implementation policy for use of this Manual and *win.COMPARE*^{2} follows:

(a) The DoD A-76 Costing Manual (Interim Guidance) and *win.COMPARE*^{2} for A-76 shall be used in all cost comparisons announced in FY01 and in future years.

(b) For cost comparisons announced prior to FY01,

(1) If the Government Management Plan, including the In-House Cost Estimate (IHCE), is projected to be submitted to the Independent Review Official (IRO) for independent review on or after **March 15, 2001**, DoD Components shall use both the DoD A-76 Costing Manual and *win.COMPARE*^{2} to develop their IHCE. Since a milestone is typically set for when the Independent Review occurs, Components need to evaluate each cost comparison and plan accordingly. Components may determine on a cost comparison by cost comparison basis that changing from COMPARE to *win.COMPARE*^{2} will negatively impact a specific cost comparison's milestones. In these situations, the Component's Headquarters' level may permit the continued use of

COMPARE and their current costing practices (as long as these practices are in compliance with the Revised Supplemental Handbook) for that specific cost comparison upon notification to my office.

(2) If the Government Management Plan, including the IHCE, is projected to be submitted to the IRO for independent review prior to **March 15, 2001**, DoD Components have the option to (1) implement *win.COMPARE*^{2} and the DoD A-76 Costing Manual or (2) continue to use COMPARE and their current costing practices (as long as these practices are in compliance with the Revised Supplemental Handbook to OMB Circular A-76). However, if the Government Management Plan, including the IHCE, is actually submitted to the IRO for review after **April 15, 2001**, *win.COMPARE*^{2} and the DoD A-76 Costing Manual shall be used. If a revision (e.g., wage rate change, SSA direction) to the Government Management Plan including the IHCE is required after the initial IHCE has been certified by the IRO, the same software (with the associated costing policies as stated in (1) and (2)) shall be used to revise the IHCE.

(c) In any case, DoD Components shall identify whether COMPARE or *win.COMPARE*^{2} will be used in the development of the IHCE in all solicitations and, if required, amendments to solicitations.

(d) DoD Components desiring to deviate from the DoD Costing Manual shall obtain prior approval from this office. Deviation requests with justification and supporting data shall be submitted in writing through the OSD Competitive Sourcing Office.

(e) To assist DoD Components in the complexities of A-76 costing, we have established an A-76 Costing Help Desk at http://www.compare.mevatec.com. This desk will respond to questions and maintain a list of Q&As for reference. Questions that are outside the bounds of the DoD A-76 Costing Manual will be forwarded by the help desk to Mrs. Annie L. Andrews and the Component's A-76 Program Manager for resolution.

(f) The office of responsibility for *win.COMPARE*^{2} is the OSD Competitive Sourcing and Privatization Office. Please direct any questions or concerns regarding software issues to the help desk at http://www.compare.mevatec.com.

The DoD A-76 Costing Manual is not attached due to its size and *win.COMPARE*^{2} is not attached since it is a software program; however, they can be accessed via our web site at http://www.acq.osd.mil/installation/csp/ under "What's Hot." Please direct any questions regarding this implementation policy to Mrs. Annie Andrews at (703) 602-2608.

Randall A. Yim
Deputy Under Secretary
(Installations)