



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

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MEMORANDUM FOR DISTRIBUTION

Subj: IN-HOUSE 51 PERCENT RULE FOR REIMBURSABLE ORDERS

Ref: (a) Audit Report (DODIG 97-084)
(b) DOD FMR Volume 11A

As a result of reference (a), the Department of the Navy (DON) is issuing the following guidance to re-emphasize and clarify the 51 percent rule for work performed in-house on reimbursable orders issued by DON activities under Project Order authority.

By reference (b), Chapter 2, the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) implemented a 51 percent threshold for substantial work performed in-house on project orders.

The DON encourages activities to use a Request for Contractual Procurement, (NAVCOMPT Form 2276 or 2276a) or similar document, whenever the activity filling the order will procure the product or service by contract. As such, all commands should review their guidance and business practices to ensure compliance with the 51 percent threshold rule.

Any requests for exceptions to this should be reviewed and approved by the Office of Financial Operations (FMO-1) before being forwarded to OUSD(C). This guidance will be incorporated into the next issuance of the DON Financial Management Policy Manual.

My point of contact for this issue is Ms. Janet Vernon, FMO-11, who may be reached at 202-685-6708, DSN 325-6708 or email: vernon.janet@fmo.navy.mil.


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(Financial Management and Comptroller)
Acting

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