



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

JUL 26 2017

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Our Pricing Responsibilities and Warfighter Lethality

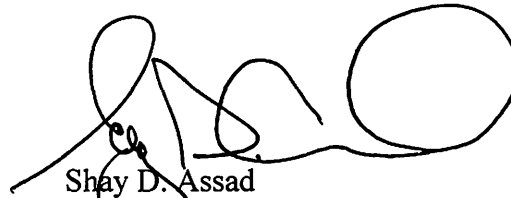
The purpose of this memo is to remind all of us of our responsibilities to the warfighter and to the taxpayers. The responsibilities are not separate in purpose or intent. The fact is that when we contract for goods and services without properly discharging our obligations to ensure that we have done the necessary due diligence that we are paying a fair and reasonable price, we do a grave disservice to the warfighters and the taxpayers. It undermines our obligation to contribute to a lethal warfighting capability.

While we look to improve our acquisition and contracting effectiveness, we must be careful to not disregard the need to be thoughtful and deliberate in our preparations for and in the conduct of contract negotiations. Speed is important, but it must be deliberative. The need to act quickly is real and it can be effective, but it should not be done to the detriment of ensuring we have acted in a responsible manner.

We need "deliberative" speed. You must work quickly, but you are not to eschew your responsibility to do the necessary work to protect the best interests of the warfighters and the taxpayers. There will be times when we must and we will pay a premium to get the goods and services our warfighters need. When we do so, we want to do it with purpose, complete awareness of the premium we paid, and why we paid a premium.

The techniques we use to price and contract for a nuclear powered aircraft carrier or a Joint Strike Fighter are very different from those we use to buy the items that sustain our weapons systems. There is a common theme, however, that must permeate all of our pricing/contracting activities: the tools and techniques used must be thoughtful and deliberate. Whether at a major buying command, a sustainment command or a field activity, your efforts effect warfighter lethality.

I have attached a memo recently issued by the Secretary of Defense reminding all of us of our obligations to the warfighters and the taxpayers. Please take the time to carefully read it and comply with its direction.



Shay D. Assad
Director, Defense Pricing

Cc:
Director, Defense Procurement and Acquisition Policy

Attachment:
As stated



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

7/21/2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
UNDER SECRETARY OF DEFENSE FOR POLICY
UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF
FINANCIAL OFFICER

SUBJECT: Our Mission and Stewardship Responsibilities

In June 2017, the Special Inspector General for Afghanistan Reconstruction released a report titled, "Afghan National Army: DoD May Have Spent Up to \$28 Million More Than Needed to Procure Camouflage Uniforms That May be Inappropriate for the Afghan Environment."

I highlight this report because it reveals two truths about our line of work: (1) our every action contributes to our larger mission of defending the country; and (2) our procurement decisions have a lasting impact on the larger defense budget. As chairs of the Afghanistan Resource Oversight Council, you have a statutory responsibility to oversee procurements funded with Afghanistan Security Forces Fund; I expect you to perform your responsibility with rigor – just as I expect leaders at all levels in the Department to exercise the utmost degree of stewardship over every penny we spend.

Buying uniforms for our Afghan partners, and doing so in a way that may have wasted tens of millions of taxpayer dollars over a ten-year period, must not be seen as inconsequential in the grand scheme of the Department's responsibilities and budget. To the contrary, these actions connect directly to our mission and budget situation. The purpose of equipping the Afghan National Army is to bolster the Afghan Government's capacity to provide for its own security, and ultimately, to help defend our country from terrorist attack.

In my view, the key finding of the SIGAR report is not just that it exposes waste, or that it captures how funds were diverted away from other mission priorities, but rather that it serves as an example of a complacent mode of thinking. The report is an indication of a frame of mind – an attitude that can affect any of us at the Pentagon or across the Department of defense – showing how those of us entrusted with supporting and equipping troops on the battlefield, if we let down our guard, can lose focus on ensuring their safety and lethality against the enemy.

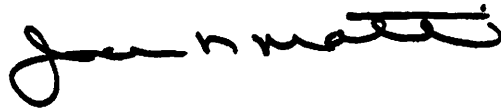
On my first day as Secretary of Defense, I wrote, "Every action we take will be designed to ensure our military is ready to fight today and in the future." It is imperative we align our actions to our larger mission and that we disaggregate priorities that increase the lethality of our forces from functions that are wasteful and unnecessary. Only by instilling budget discipline, by establishing a culture of cost awareness, and by holding ourselves accountable, can we earn the



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trust and confidence of the Congress and the American people that we are the best possible stewards of taxpayer dollars.

Cavalier or casually acquiescent decisions to spend taxpayer dollars in an ineffective and wasteful manner are not to recur. This principle applies equally from the smallest procurement to the Department's largest programs. Rather than minimize this report or excuse wasteful decisions, I expect all DoD organizations to use this error as a catalyst to bring to light wasteful practices – and take aggressive steps to end waste in our Department. I'm counting on all hands to take effective action.

A handwritten signature in black ink, appearing to read "James Mattis". The signature is written in a cursive, slightly slanted style.

cc:

Deputy Secretary of Defense
Secretaries of the Military Departments
Chairman of the Joint Chiefs of Staff
Under Secretary of Defense for Personnel and Readiness
Under Secretary of Defense for Intelligence
Commander, U.S. Central Command
Commander, U.S. Forces – Afghanistan
Director of Cost Assessment and Program Evaluation
Director, Defense Security Cooperation Agency
Director, Defense Logistics Agency