

Department of the Navy  
Operation and Maintenance, Navy  
4A1M Administration  
FY 2005 President's Budget Submission  
Exhibit OP-5

**I. Description of Operations Financed:**

The Secretary of the Navy staff serves as the principal policy advisors and assistants in the administration of the affairs of the Department of the Navy. The Chief of Naval Operations (OPNAV) staff advises and assists the Chief of Naval Operations in the discharge of his responsibilities as the principal naval advisor and naval executive to the Secretary of the Navy on the conduct of the activities of the Department of the Navy, and as the Navy member of the Joint Chiefs of Staff. The OPNAV Support Activity performs functions of an operational nature that support the Chief of Naval Operations Staff Offices.

The Naval Audit Service conducts internal audits of Navy and Marine Corps activities, programs, systems, and functions to determine whether planned and budgeted program results are being achieved and to assess compliance with the applicable laws and directives, whether programs are managed efficiently and economically, and whether financial statements are accurate and in compliance with the Chief Financial Officers Act of 1990.

The headquarters staff of the major systems' commands manage programs and resources and provide technical direction concerning ships, aircraft, weapons systems, the related equipment and support systems, operating forces personnel, and facilities and bases. Finally, payments for financial and accounting services provided to the Navy by the Defense Finance and Accounting Service are included in this sub-activity group.

**II. Force Structure Summary:**

Force structure supported includes eighteen staff offices for the Secretary of the Navy, three Chief of Naval Operations Support activities, and the Naval Audit Service. The Naval Audit Service force structure supported includes headquarters office and two main regional offices. Also supported are civilians and associated support at the headquarters of Naval Air Systems Command, Naval Sea Systems Command, Naval Facilities Engineering Command, Space and Naval Warfare Systems Command, and the Naval Supply Systems Command.

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**III. Financial Summary (\$ in Thousands):**

**A. Sub-Activity Group Total**

		FY 2004			
	<u>FY 2003</u>	<u>Budget</u>	<u>Appropriation</u>	<u>Current</u>	<u>FY 2005</u>
	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
	709,293	698,422	681,948	665,088	773,940

**B. Reconciliation Summary**

	<b><u>Change</u></b>	<b><u>Change</u></b>
	<b><u>FY 2004/2004</u></b>	<b><u>FY 2004/2005</u></b>
Baseline Funding	698,422	665,088
Congressional Adjustments - Distributed	0	0
Congressional Adjustments - Undistributed	-10,256	0
Adjustments to Meet Congressional Intent	0	0
Congressional Adjustments - General Provisions	-6,218	0
Subtotal Appropriation Amount	681,948	0
Emergency Supplemental Carryover	0	0
FY 2004 Emergency Supplemental Appropriations Act (P.L. 108-106)	0	0
Program Changes (Current Year to Current Year)	-13,560	0
Subtotal Baseline Funding	668,388	0
Reprogrammings	-3,300	0
Price Change	0	13,900
Functional Transfers	0	0
Program Changes	0	94,952
Less: Emergency Supplemental Funding	0	0
Normalized Current Estimate	665,088	0
Current Estimate	0	773,940

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**C. Reconciliation of Increases and Decreases**

<b>1. FY 2004 President Budget Request.</b>		<b>698,422</b>
<b>2. Congressional Adjustment (Undistributed).</b>		<b>-10,256</b>
a) Unobligated Balances	-1,962	
b) Administration and Servicewide Activities	-8,294	
<b>3. Congressional Adjustment (General Provision).</b>		<b>-6,218</b>
a) Sec. 8101: Reduce IT Development Cost Growth	-914	
b) Section 8094: Management Improvements	-2,045	
c) Sec. 8126: Economic Assumptions	-3,259	
<b>4. FY 2004 Appropriated Amount.</b>		<b>681,948</b>
<b>5. Program Increases FY 2004 (Functional Transfers).</b>		<b>1,685</b>
a) Transfer of funding from BA 4, Servicewide Communications (4A6M), Planning, Engineering and Design (4B2N), and Acquisition and Program Management (4B3N) to establish the Chief Engineer's Office on the Secretariat Staff for the Assistant Secretary of the Navy for Research Development and Acquisition.	1,685	
<b>6. Program Decreases FY 2004 (Functional Transfers).</b>		<b>-489</b>
a) Transfer of the Ashore Food Service Design function to BA4, Planning, Engineering and Design (4B2N), where the program is properly executed.	-105	
b) Transfer of Operation Risk Management Instructor Training to BA3, Specialized Skill Training (3B1K) in consonance with the Navy's Revolution in Training Initiative.	-125	
c) Transfer of Integrated Undersea Surveillance System Programs from BA 4, Administration (4A1M) and Servicewide Communications (4A6M) to BA 1, Ship Depot Operations Support (1B5B), Space Systems and Surveillance (1C3C), and BA 4, Acquisition and Program Management (4B3N) for proper program execution.	-259	
<b>7. Program Decreases FY 2004 (Technical Adjustments).</b>		<b>-21,940</b>
a) Realignment of Federal Employees Compensation Act funding (disability compensation payment to the Department of Labor) and headquarters facility administrative and information technology support to Commander Naval Installations (CNI), BA1, Base Support (BSS1) for proper program execution.	-21,940	
<b>8. Program Increases FY 2004 (Emergent Requirements).</b>		<b>7,815</b>
a) Funds realigned from BA 1, Ship Operational Support and Training (1B2B) and Combat Communications (1C1C) to fund National Archives and Records Administration (NARA) costs directly billed to the Department of the Navy.	4,000	

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

b) Funds realigned from BA 1, Ship Operational Support and Training (1B2B) to finance personnel costs associated with the stand-up of the Office of Performance Management & Enterprise Support (PMES). PMES will provide Departmental oversight of the Navy's transformation efforts which are intended to coordinate and establish Departmental goals and objectives, performance measures, and monitor performance results, consistent with National and DoD strategic plans.	2,600	
c) Realignment of Civilian Personnel funds from BA4 Acquisition and Program Management (4B3N) for proper execution.	715	
d) Increase reflects additional costs associated with Mass Transit Subsidy benefits provided to employees outside the National Capitol Region.	500	
<b>9. Program Decreases FY 2004 (Emergent Requirements).</b>		<b>-631</b>
a) Reduction in Support Costs	-631	
<b>10. Baseline Funding (subtotal).</b>		<b>668,388</b>
<b>11. Reprogramming (Requiring 1415 Actions) Decreases.</b>		<b>-3,300</b>
a) Transfer of Navy share of funding required to support DoDIG Mid-Range Financial Improvement Plan efforts to provide clean and auditable financial statements.	-3,300	
<b>12. Revised FY 2004 Current Estimate.</b>		<b>665,088</b>
<b>13. Normalized Current Estimate for FY 2004.</b>		<b>665,088</b>
<b>14. FY 2005 Price Change.</b>		<b>13,900</b>
<b>15. One Time FY 2005 Costs.</b>		<b>21,400</b>
a) Funding in support of Navy costs to manage the Defense Travel System (DTS).	12,400	
b) Reflects costs of inclusion of DoN military equipment in the Capital Asset Management System (CAMS).	9,000	
<b>16. Program Growth in FY 2005.</b>		<b>112,247</b>
a) Reflects additional Navy costs to finance the Mid-Range Financial Improvement Plan intended to provide clean and auditable financial statements.	107,941	
b) Reflects realignment of funding for the Navy Center for Cost Analysis (NCAA) from Acquisition and Program Management (4B3N) to reflect proper execution.	4,306	
<b>17. One Time FY 2004 Costs.</b>		<b>-872</b>
a) One less workday in FY 2005.	-872	
<b>18. Program Decrease in FY 2005.</b>		<b>-37,823</b>
a) Reflects realignment of funding to BA4, Other Personnel Support (4A5M) for the Occupational and Safety Program to reflect proper execution.	-191	

Department of the Navy  
Operation and Maintenance, Navy  
4A1M Administration  
FY 2005 President's Budget Submission  
Exhibit OP-5

- |   |         |
|---|---------|
| b) Reflects realignment of funding for Export Licensing, Disclosure, Technology Transfer and International Cooperation Agreements Office staffing to BA 4, Acquisition and Program Management (4B3N) to reflect proper execution. | -390    |
| c) Reflects reduction in civilian personnel compensation and other support costs due to savings initiatives and operational efficiencies.   | -2,717  |
| d) Reflects savings from transformation initiatives in Naval Supply support, primarily due to reductions in civilian personnel and support costs at Naval Supply Systems Command (NAVSUP).  | -4,023  |
| e) Reduction in anticipated payments to Defense Finance and Accounting Service (DFAS) due to lower workload rates.  | -30,502 |

**19. FY 2005 Budget Request.**

**773,940**

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**IV. Performance Criteria and Evaluation Summary:**

	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>
<b><u>SECNAV Staff</u></b>			
Civilian Personnel Funding	47,769	52,808	53,835
General Support Funding	47,112	47,169	163,874
Total Funding	94,881	99,977	217,709
Civilian Personnel E/S	437	464	463
Military Personnel E/S	173	167	167
<b><u>CNO Staff</u></b>			
Civilian Personnel Funding	21,007	18,432	16,967
General Support Funding	56,701	49,987	54,595
Total Funding	77,708	68,419	71,562
Civilian Personnel W/Y	217	194	184
Military Personnel W/Y	794	700	701

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**Naval Audit Service**

	<u>FY 2003</u>			<u>FY 2004</u>			<u>FY 2005</u>		
	(\$000)	YEARS	UNITS	(\$000)	YEARS	UNITS	(\$000)	YEARS	UNITS
INSTALLATIONS & ENVIRONMENT	<u>9,091</u>	<u>89</u>	<u>77</u>	<u>9,879</u>	<u>93</u>	<u>84</u>	<u>10,217</u>	<u>93</u>	<u>84</u>
(Command Support)	2,297	22	19	2,468	24	21	2,540	24	21
(Installations & Environment)	6,794	67	58	7,411	69	63	7,677	69	63
RESEARCH, DEVELOP & ACQUISITION	<u>9,091</u>	<u>89</u>	<u>77</u>	<u>9,879</u>	<u>93</u>	<u>84</u>	<u>10,217</u>	<u>93</u>	<u>84</u>
(Intelligence)	3,017	29	25	3,188	31	27	3,280	31	27
(Research, Development & Acquisition)	6,074	60	52	6,691	62	57	6,937	62	57
MANPOWER & RESERVE AFFAIRS	<u>9,091</u>	<u>89</u>	<u>77</u>	<u>9,879</u>	<u>93</u>	<u>84</u>	<u>10,217</u>	<u>93</u>	<u>84</u>
(Manpower/Personnel)	1,885	18	15	1,954	19	17	2,011	19	17
(Forces Management)	7,206	71	62	7,925	74	67	8,206	74	67
FINANCIAL MANAGEMENT & COMPROLLER	8,956	87	75	10,017	94	86	10,357	94	86
AUDIT CONTRACT SUPPORT	2,290	0	0	0	0	0	0	0	0
TOTAL	38,519	373	338	39,654	373	338	41,008	373	338
AUDIT CONTRACT SUPPORT		17			0			0	

Work units are the number of total work years devoted to direct audit (i.e., excluding all support functions). Audit savings are incorporated into current budget controls.

INSTALLATION & ENVIRONMENTAL AUDITS: Focus on vulnerabilities in DON management of operation of facilities and installations, environmental programs, and efforts to downsize and outsource operations. These audits (a) provide DON management with information needed to improve the efficiency and effectiveness of the subject programs and (b) provide audit assistance to the Naval Criminal Investigative Service.

RESEARCH, DEVELOPMENT & ACQUISITION AUDITS: Ensure that processes and procedures used to develop, manage, and support acquisition programs are functioning as intended. These audits identify weak controls, waste, and mismanagement and recommend improvements to assure the better use of scarce resources.

MANPOWER & RESERVE AFFAIRS AUDITS: Provide DON management with independent, objective reviews of all areas affecting readiness and sustainability, including recruitment, retention, training, weapon systems conversions, strategic & tactical operations, forces management, and war reserve materials.

Department of the Navy  
Operation and Maintenance, Navy  
4A1M Administration  
FY 2005 President's Budget Submission  
Exhibit OP-5

FINANCIAL MANAGEMENT & COMPTROLLER AUDITS: Focus on reducing risks associated with financial management, record keeping, financial reporting, and budgeting. These audits identify opportunities to improve financial feeder systems, management controls, financial management & reporting, and support for budget estimates. In addition, information technology audits included in this audit category focus on safeguarding privacy, information assurance, critical infrastructure relating to financial management, and overall management of the DON information technology resource base.

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**V. Personnel Summary:**

<b>End Strength</b>	<b>FY 2003 ES</b>	<b>FY 2004 ES</b>	<b>Change FY 2004 to FY 2005</b>	<b>FY 2005 ES</b>
Direct Hire, U.S.	2,008	2,039	-40	1,999
<b>TOTAL CIVPERS</b>	<b>2,008</b>	<b>2,039</b>	<b>-40</b>	<b>1,999</b>
Enlisted (USN)	433	404	14	418
Officers (USN)	998	945	35	980
Reserve Unit Enlisted (USNR)	21	21	0	21
Reserve Unit Officers (USNR)	4	7	0	7
Full-time Active Reserve (USNR)	24	24	0	24
Full-time Active Reserve (USNR)	18	18	1	19
<b>TOTAL MILPERS</b>	<b>1,498</b>	<b>1,419</b>	<b>50</b>	<b>1,469</b>
<b>Workyears</b>	<b>FY 2003 WY</b>	<b>FY 2004 WY</b>	<b>Change FY 2004 to FY 2005</b>	<b>FY 2005 WY</b>
Direct Hire, U.S.	2,037	2,059	-70	1,989
<b>TOTAL CIVPERS</b>	<b>2,037</b>	<b>2,059</b>	<b>-70</b>	<b>1,989</b>
Enlisted (USN)	359	418	-7	411
Officers (USN)	1012	971	-9	962
Reserve Unit Enlisted (USNR)	10	21	0	21
Reserve Unit Officers (USNR)	5	5	2	7
Full-time Active Reserve (USNR)	17	24	0	24
Full-time Active Reserve (USNR)	18	18	0	18
<b>TOTAL MILPERS</b>	<b>1,421</b>	<b>1,457</b>	<b>-14</b>	<b>1,443</b>

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**VI. Summary of Price and Program Growth (OP-32):**

	<b>FY-03 Program Total</b>	<b>FY-04 Price Growth</b>	<b>FY-04 Program Growth</b>	<b>FY-04 Program Total</b>	<b>FY-05 Price Growth</b>	<b>FY-05 Program Growth</b>	<b>FY-05 Program Total</b>
4A1M							
01 Civilian Personnel Compensation							
0101 Exec Gen & Spec Schedules	205,807	6,770	188	212,765	5,242	-8,814	209,193
0103 Wage Board	234	7	-44	197	5	1	203
0106 Benefits to Former Employees	784	11	-770	25	0	0	25
0107 Civ Voluntary Separation & Incentive Pay	1,657	41	-1,673	25	0	-25	0
0110 Unemployment Compensation	69	0	-69	0	0	0	0
0111 Disability Compensation	2,154	89	-2,243	0	0	0	0
TOTAL 01 Civilian Personnel Compensation	210,705	6,918	-4,611	213,012	5,247	-8,838	209,421
03 Travel							
0308 Travel of Persons	10,080	129	-198	10,011	140	13,239	23,390
TOTAL 03 Travel	10,080	129	-198	10,011	140	13,239	23,390
04 WCF Supplies & Materials Purchases							
0412 Navy Managed Purchases	4	0	24	28	0	3	31
0415 DLA Managed Purchases	15	0	-5	10	0	0	10
0416 GSA Managed Supplies and Materials	330	4	-126	208	4	14	226
TOTAL 04 WCF Supplies & Materials Purchases	349	4	-107	246	4	17	267
06 Other WCF Purchases (Excl Transportation)							
0610 Naval Air Warfare Center	352	-8	380	724	17	12	753
0611 Naval Surface Warfare Center	0	0	1,064	1,064	12	-94	982
0614 Spawar Systems Center	2,840	51	229	3,120	44	122	3,286
0631 Naval Facilities Engineering Svc Center	448	7	-39	416	22	27	465
0633 Defense Publication & Printing Service	135	-3	31	163	5	8	176

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

0635 Naval Public Works Ctr (Other)	309	4	64	377	5	13	395
0671 Communications Services	6,358	0	-1,033	5,325	-52	-393	4,880
0673 Defense Finance and Accounting Service	243,510	34,578	-8,184	269,904	6,478	-30,502	245,880
TOTAL 06 Other WCF Purchases (Excl Transportation)	253,952	34,629	-7,488	281,093	6,531	-30,807	256,817

Department of the Navy  
 Operation and Maintenance, Navy  
 4A1M Administration  
 FY 2005 President's Budget Submission  
 Exhibit OP-5

**VI. Summary of Price and Program Growth (OP-32):**

	<b>FY-03 Program Total</b>	<b>FY-04 Price Growth</b>	<b>FY-04 Program Growth</b>	<b>FY-04 Program Total</b>	<b>FY-05 Price Growth</b>	<b>FY-05 Program Growth</b>	<b>FY-05 Program Total</b>
07 Transportation							
0771 Commercial Transportation	201	2	-75	128	1	-14	115
TOTAL 07 Transportation	201	2	-75	128	1	-14	115
09 OTHER PURCHASES							
0914 Purchased Communications (Non WCF)	6,621	5	-409	6,217	6	-33	6,190
0915 Rents	920	12	-894	38	0	90	128
0917 Postal Services (USPS)	175	2	-2	175	2	-2	175
0920 Supplies & Materials (Non WCF)	2,256	29	-116	2,169	29	53	2,251
0921 Printing and Reproduction	797	9	-29	777	10	23	810
0922 Equip Maintenance by Contract	2,021	26	-1,130	917	12	396	1,325
0923 FAC maint by contract	47	1	136	184	3	12	199
0925 Equipment Purchases	389	4	106	499	4	-46	457
0926 Other Overseas Purchases	65,870	856	-66,726	0	0	0	0
0932 Mgt & Prof Support Services	8,590	112	6,041	14,743	206	2,614	17,563
0987 Other Intragovernmental Purchases	31,975	411	4,762	37,148	337	-2,365	35,120
0989 Other Contracts	78,777	1,025	-18,649	61,153	856	121,634	183,643
0998 Other Costs	35,568	461	549	36,578	512	-1,021	36,069
TOTAL 09 OTHER PURCHASES	234,006	2,953	-76,361	160,598	1,977	121,355	283,930
Total 4A1M Administration	709,293	44,635	-88,840	665,088	13,900	94,952	773,940