



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
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IN REPLY REFER TO

NAVSEAINST 7300.19A
Ser 012/06
30 Mar 1999

NAVSEA INSTRUCTION 7300.19A

From: Commander, Naval Sea Systems Command

Subj: POST DELIVERY FUNDING

Ref: (a) OPNAVINST 4700.8H
(b) NAVCOMPT Manual 074320.3b(1)(b)
(c) NAVCOMPT Manual 075373.3

Encl: (1) Notional Major Milestones during Construction/
Conversion

1. Purpose. To update guidance concerning funding for government work performed after ship delivery and to re-issue policy on the administration of the post delivery line item for the Shipbuilding and Conversions, Navy (SCN) appropriation. This instruction cancels NAVSEAINST 7300.19 of 31 Jan 1992.

2. Background. References (a), (b), and (c) provide overall guidance on the post delivery program, trials and other events concurrent with the completion of SCN availabilities. Enclosure (1), which was obtained from reference (a), provides a notional schedule for shipbuilding programs starting with builders' trials.

3. Policy

a. Post Delivery Funding. Post delivery funding is appropriated separately from the end cost of the ship and is usually available one month prior to delivery. It covers the correction of government-responsible items which were believed to have been complete to specifications and/or operable at delivery, as well as the following Test and Trials: (R) Combat System Ship Qualification Test (CSSQT), Operational Propulsion Plant Examination (OPPE), Shipboard Electro-Magnetic Compatibility Improvement Program certification (SEMCIP), Ship Electronic System Evaluation Facility certification (SESEF), ASW Weapon Systems Accuracy Trials (WSAT), and Acoustic Trials.

These funds also cover all work (including related design and planning) and procurement of Government Furnished Material that is required for the correction of government-responsible defects or deficiencies identified as such during trials, unless the

deficiency is corrected before delivery. Post delivery funds are used for corrections authorized by the Ship Acquisition Program Manager (SHAPM) as a result of builders' trials, acceptance or underway trials, final contract trials, trial board items, and the correction of production-related defects or deficiencies which develop during the post delivery period, including contractor-responsible items corrected by the government, and repair of shock test damage. Contractor-responsible deficiencies corrected by the contractor are included in the shipbuilding contract and covered by end cost funding. If the builder corrects a government-responsible deficiency in a Post Delivery Period performed under the shipbuilding contract (or supports the Navy in the correction), post delivery funds will be used on the shipbuilding contract.

b. End Cost Funding. End cost funding is appropriated in the authorization year of the ship (although some ships receive end cost funds in other years as well) and is used for the basic construction contract. Government deficiencies or engineering changes identified before builders' trials but accomplished during the post delivery period are considered deferred work and are charged to basic ship project funds (end cost). Deferred work, which are requirements authorized prior to delivery, but not incorporated in the basic construction contract prior to delivery, is charged to ship end costs, provided work on such changes will be completed before the Obligation and Work Limiting Date (OWLD) of the ship. Deferred work is also defined as work under the basic construction contract that the Navy has authorized the contractor to finish during the Post Delivery Period. Advance planning for the correction of deficiencies (as opposed to design and planning for specific fixes) is charged to end cost as is design and planning for deferred work. Change orders that are unrelated to deficiencies are charged to end cost regardless of when they are initiated. The change orders accomplished other than under the basic construction contract will be charged to deferred work. Travel of field personnel required in support of Post Shakedown Availability (PSA) is charged to end cost unless it is required for a specific post delivery deficiency.

Exception. Trial Card Rollover: When the means of correction for a trial card deficiency on one ship of a class is unknown by the time a subsequent ship delivers, the subsequent ship will also use post delivery funds for the fix. Once the means of correction has been identified, end cost will be used for the fix on later ships.

c. Backfitting. Per paragraph a. of reference (c), SCN end cost will fund the installation of equipment planned for installation prior to ship delivery but whose actual installation

slips into the post delivery period. However, no new items may be added to the SCN funded equipment list if at the time of procurement, the item is scheduled to deliver after the delivery of the ship. Those items must be budgeted, procured, and installed with OPN, WPN, or O&M,N as appropriate. However, SCN funds should be used for procurement of materials incident to the installation of an SCN-procured item, even if the delivery of the material occurs after ship delivery.

d. Concurrent Availability. Per paragraph b. of reference (c), during the period from ship delivery to the SCN OWLD for the ship, concurrent periods of availabilities (PSA, Intermediate Availability (IMAV) and Restricted Availability (RAV)) may be scheduled to accomplish post delivery work in the most cost-effective manner. During such periods, concurrent obligations and expenditures of SCN (end cost or post delivery), Weapons Procurement, Navy (WPN), Other Procurement, Navy (OPN), and Operation and Maintenance, Navy (O&M,N) appropriations may be made, provided that a separate accounting of funds is maintained. Common support, such as docking, undocking, dry-docking, and shore utilities will be prorated consistent with the level of customer funding. The prorating will be established at the beginning of the availability, based on the planned size of customer funding, and will not normally be adjusted to reflect actual expenditures. No SCN funds may be used for services performed after the OWLD of the ship.

e. Funds Availability. Post Delivery funds are available for obligation for 24 months after appropriation, but obligation may not occur after the OWLD, which is normally established as 11 months following completion of fitting out (CFO). Post delivery projects will be programmed and budgeted in the first fiscal year for which funds are required, normally one month prior to delivery, and full obligation should take place by the end of the second fiscal year. Program managers, via SEA 012, may request exceptions to this policy. Performance by a contractor of contractor-responsible items is limited only by the terms of the contract.

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4. Action

a. Program Executive Offices (PEOs) and NAVSEA Headquarters. SHAPMs will comply with this guidance when issuing funds. Documents citing post delivery funds will declare in the work statement either "Post Delivery funds are provided for the correction of government-responsible defects/deficiencies identified during trials, (and describe the effort)" or "Post Delivery funds are

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provided for the planning/execution of (specify which one)
test/trial".

b. NAVSEA Shore Activities. Activities holding SCN funds will review ongoing work, and where funding does not comply with this instruction, submit recommendations for changes in funding citations to the cognizant SHAPM, with a copy to SEA 0122.



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Deputy Commander/Comptroller

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