



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

MEMORANDUM FOR DISTRIBUTION

DEC 28 2009

SUBJECT: Sponsor Owned Material (SOM) / Government Owned Material (GOM) and
Project Stock Management

Reference: SECNAVINST 4440.33

Program Executive Officer (PEO) and Program Manager (PM) responsibilities for Sponsor Owned Material (SOM) and Government Owned Material (GOM) are contained in the reference. Some PEOs/PMs have programs with SOM/GOM that is warehoused by the Navy. SOM/GOM process discipline is critical. Meeting the requirements of the reference will ensure support for all programs, enable Navy to utilize SOM/GOM to meet Fleet material requirements and realize cost savings through the disposal or reutilization of items that no longer require warehousing. This includes the semi-annual (November/May) verification by PEOs that SOM managed by PMs under their cognizance is properly assigned as "Material Held for Use," "Material Excess, Unserviceable and Obsolete" (E, U&O), or "Material Held for Future Use." There is also an annual requirement for PMs to report all SOM retained past the 24-month benchmark without an issue for use or those associated with requirements not viewed or validated annually. PM material categories E, U, and O that are identified must then be disposed of within 180 days in the following order of precedence:

- Application to other specific program requirements shortfalls
- Offer to supply system/transfer to redistribution site as free issue material to fill Fleet requirements
- Offer to Foreign Military Sales programs
- Transfer to the local Defense Reutilization and Marketing Office

In August 2008, the CNO announced that the Navy was transferring a significant portion of its warehousing, storage and tactical distribution functions to the Defense Logistics Agency (DLA) resulting from implementation of the POM-10 savings goal objective. Navy warehoused SOM/GOM will migrate to DLA warehousing management beginning in January 2010 under the Navy Warehouse Transfer (NWT) initiative. Programs will continue to maintain ownership, control and access to this material after the NWT. DLA may recover SOM/GOM warehousing costs based on transactional costs and/or warehouse storage costs, which the PEOs/PMs will ultimately bear. In light of this possibility, it is an opportune time to proactively purge SOM/GOM material that is not required in accordance with the reference.

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Material exceptions to SOM/GOM procedures are delineated in paragraph 2.g. of the reference.

The DoD Inspector General issued two reports in 2007, identifying SOM/GOM management as an area for improved management. To objectively assess SOM/GOM process discipline, I will request the Naval Audit Service conduct an analysis of select PEOs and PMs between June and August 2010 to determine compliance with the reference.

Questions can be directed to CAPT Jerry Reid, Director of Logistics at (703) 693-2937 or jerome.reid@navy.mil.



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