



DEPUTY SECRETARY OF DEFENSE
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JAN 11 2021

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Disestablishment of the Chief Management Officer of the DoD and Realignment of Functions and Responsibilities

Section 901 of the William M. “Mac” Thornberry National Defense Authorization Act (NDAA) for FY 2021 (H.R. 6395) abolished the position of Chief Management Officer (CMO) of the DoD effective January 1, 2021.

Consistent with this change, I am directing several actions to reorganize elements of the Office of the Secretary of Defense. This presents a unique opportunity to build on and improve long-standing DoD management responsibilities and processes. The Department will realign CMO functions and responsibilities consistent with these three principles:

- (1) Building on the gains we have made with the financial statement audit and development of Advanced Analytics for Executives tool, expand the role of the Under Secretary of Defense (Comptroller) (USD(C)) to improve accountability and performance in DoD business operations.
- (2) Strengthen and expand the capacity for the Director of Cost Assessment and Program Evaluation (DCAPE) to conduct strategic-level planning, programming, and analytic processes in order to provide a broader range of independent analyses for the Secretary and Deputy Secretary of Defense mission-level and programmatic decision-making.
- (3) A key element of the Digital Modernization program is driving data management across DoD in support of the National Defense Strategy. Consistent with section 903(b)(2) of the FY 2020 NDAA we will consolidate the Chief Data Officer organization and functions with the DoD Chief Information Officer (CIO). This will allow acceleration of enterprise-wide data management in support of warfighting and business operations.

The following changes are effective immediately:

- (1) *Linking performance and budget.* The USD(C)/Chief Financial Officer (CFO) is designated as the agency Performance Improvement Officer pursuant to 31 USC § 1124. The USD(C)/CFO will establish an organization and capability responsible for business process performance and improvement; GPRA Modernization Act of 2010 requirements; data analytics and ADVANA; working capital fund policy and



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oversight; and, in coordination with the CIO, business Information Technology systems requirements.

- (2) *Defense-Wide (DW) Program Objective Memorandum (POM) and Budget Estimate Submission (BES)*. DW fiscal guidance shall be issued at the portfolio level (e.g., research and engineering, intelligence and surveillance, and compensation) for DW agencies. The USD(C) will ensure that business oriented Defense Agencies and DoD Field Activities (DAFA) (e.g., Defense Logistics Agency and Defense Finance and Accounting Service) provide the necessary business performance detail in the submission. The DCAPE will ensure that mission-oriented and capital-intensive DAFAs (e.g., Missile Defense Agency and National Security Agency) provide the necessary mission effectiveness detail in the submission.
- (4) *Expanded capacity to conduct independent analyses*. The DCAPE will expand the capacity to conduct independent analyses in force development and design, readiness, and (retrospective) program evaluation. In coordination with the USD for Policy (USD(P)), the DCAPE will ensure this expanded analytic capacity will be used to further develop the planning phase of the Planning, Programming, Budgeting, and Execution System (PPBES) and support the USD(P)'s development of the Defense Planning Guidance. In coordination with the USD(P) and the Chairman of the Joint Chiefs of Staff, the DCAPE will develop guidance governing the force development and design process.
- (5) *Defense Business Council (DBC)*. The Reform Management Group (RMG) is disbanded. Ongoing actions of the RMG are continued and will be transferred to the DBC. In accordance with 10 USC § 2222 the co-chairs of the DBC will be the CIO and USD(C). The Financial Improvement and Audit Remediation (FIAR) board is designated as a subcommittee of the DBC and will be chaired by the USD(C). Any unresolved matters of the DBC or FIAR board will be brought to the Deputy's Management Action Group for resolution.
- (6) *Consolidation of POM/BES Data Systems*. The USD(C), working with the DCAPE, shall establish a single program and budget data system that supports Program Review, Budget Review, and budget submission.

The DCAPE, supported by Washington Headquarters Services, will establish a working group to accomplish the following by January 15, 2021:

- (1) Develop a plan for each duty and responsibility that were previously assigned to the Office of the CMO to be reassigned to an official of the Department pursuant to the implementation requirements of section 901(b) of the FY 2021 NDAA. The plan will address the personnel, functions, and assets (including contact resources) of the Office of the CMO, as appropriate and in alignment with my direction above.
- (2) Identify DoD issuances and other guidance, including charters, that must be changed to implement this direction.

