



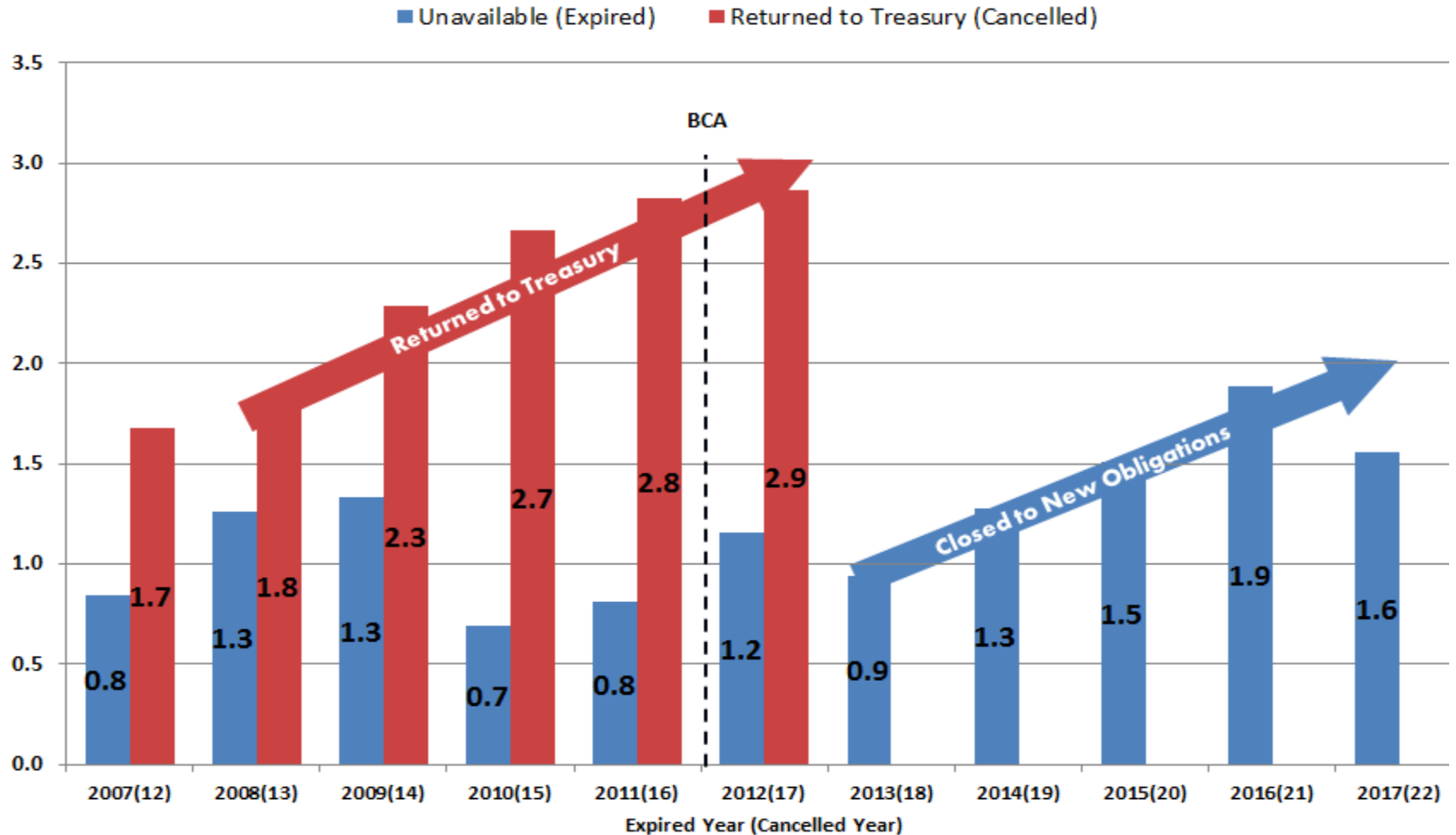
Assistant Secretary of the Navy  
(Financial Management & Comptroller)

# Process to Improve Expenditure Efficiency (PIEE)

8 March 2018

# What is PIEE?

## Expired to Cancelled Growth (\$B)



*What are the root causes?*

# *Appropriation Execution Lifecycle*

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## Active Period

- O&M/MILPERS – One year
- R&D – Two years
- Procurement – Three years
- Construction\* - Five+ years

## Expired Period

- Five years from the end of the Active Period
- Deobligations
- Upward adjustments of obligations (within scope)
- Liquidations of obligations

## Cancellation

- Funds no longer available for expenditure
- Unliquidated obligations are deobligated
- Unobligated balances returned to Treasury
- Cancelled account liabilities must be liquidated using active funds

*\*SCN is typically extended to 10 years*

# *Impediments to Efficient Spending*

- ADA (31 U.S.C § 1517) risk aversion
- Late enactment of funds
- Delayed contract closeout process
- MHA reductions (now in the past)
- Lack of effective execution oversight
  - Accounting systems
  - Personnel
- Conservative cost estimates
- Obligation-focused culture and incentives

*“Which of these ‘impediments’ can we control?”*

# *Findings*

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- From performance data, Department of the Navy returns funds to Treasury at an unacceptable rate
- Overall percentage of expiring / cancelling funds is relatively small, but the actual dollar value was nearly \$3 billion returned to Treasury in FY17
- DON obligation rate 99.3% over the last 10 years
- Unobligated balances continue to increase during expired period as funds are deobligated and left unliquidated prior to the appropriations closing

*“Hidden in plain sight”*

# *Way Forward*

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- **Implementation of 22 PIEE Initiatives including improved cost estimates & authorities from Congress**
  - **BTR**
  - **80/20 relief**
- **PIEE Analytics Tool (PAT) will allow visibility to reprogram funding while it is still available**
- **BSO-specific Corrective Action Implementation**
- **Monthly Metrics leading to Midyear Review**

# *Takeaways*

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- DON Culture Change: expenditures, not obligations
  - “It’s not your money”
- Implementation of PIEE will lead to:
  - Increased Readiness & Lethality
  - Increased Buying Power
  - Increased Auditability
  - Improved Quality of Life for the Warfighter
  - Ability to take full advantage of increased budget authority in 2018 and 2019

*“Don’t squander the trust and treasure of our nation”*

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**Questions?**