



Department of Homeland Security

# **Capital Planning and Investment Control Guide**

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Prepared by the Office of the Chief Information Officer

## Document Version History

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DHS Capital Planning and Investment Control Guide, December, 2005	3.0	DHS OCIO	Updated for FY 2007 Budget Cycle; updated to apply to both IT and non-IT investments; updated to comply with the Planning, Programming, Budgeting, and Execution process (PPBE; MD 1330), and the revised draft Investment Review Process (IRP; MD 1400).
DHS Capital Planning and Investment Control Guide, May, 2007	4.0	DHS OCIO	Updated for FY 2009 Budget cycle; updated to align with new and revised Management Directives and other Departmental guidance. New section on portfolio management added.

## Executive Summary

The DHS Capital Planning and Investment Control (CPIC) Guide is a companion document to the DHS Investment Review Process (IRP) Management Directive (MD) 1400. The CPIC Guide supports effective decision-making and project management of the Department of Homeland Security's (DHS) investments in capital assets. The purpose of this guide is to provide DHS managers and their staff with an overview of how DHS implements its process for making investments and to help DHS personnel better understand and meet management requirements set by the Administration, the Congress, and the Department. This guide provides the framework within which the Department will formulate, manage, and maintain its portfolio of investments as critical assets for achieving success in the DHS mission. The CPIC Guide makes two important assumptions. The first assumption is that the Department and its Components will continue to articulate the strategic and business priorities that their investments must support. The second assumption is that the Department's strategic and business priorities will drive budget and funding decisions by providing a framework for assessing the continued value of DHS investments and the relative value of new competing investment opportunities to the core mission.

The guide describes key elements of the Departmental CPIC process. The descriptions of each of the major investment management phases – Pre-Select, Select, Control, and Evaluate – delineate the roles and responsibilities of DHS personnel in the various stages of the acquisition process. The intent of this guide is to provide a uniform set of guidelines for the general management responsibilities required to complete each step in the overall process recognizing that the unique mission of each DHS Component may influence the definition and execution of these roles.

The CPIC process is comprised of four phases: Pre-Select, Select, Control and Evaluate. This guide describes each of these phases in detail. The CPIC phases support the initial conception and development of the investment, the selection of the investment from among competing investments, and the monitoring and evaluation of investments for acceptable performance and progress against objectives.

The CPIC process described in this document applies specifically to all investments as defined in MD 1400: any capital asset, service contract, steady-state operation, or development effort acquired or used for the purpose of furthering the DHS mission is considered an investment. Note that the updates to this guide, unlike previous versions, apply to non-Information Technology (non-IT) investments as well. This guide also provides information on the unique requirements related to Joint/Consolidated Investments.

It is important to note that this guide is a work in progress. As DHS's CPIC process matures, this guide will selectively incorporate best practices from sources internal and external to the Department and lessons learned from experience in executing the process.

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# 1. Introduction

## 1.1 Purpose

This document describes the Department of Homeland Security (DHS) Capital Planning and Investment Control (CPIC) process. This guide provides the framework within which the Department will formulate, manage, and maintain its portfolio of investments as critical assets for achieving success in the DHS mission. The investment management process allows DHS to improve the allocation of scarce resources in order to benefit the strategic needs of DHS and to comply with applicable laws and guidance. The updates to this version of the guide apply to both Information Technology (IT) and non-IT investments. The guide also includes additional information on the unique requirements related to Joint/Consolidated Investments.

CPIC is a structured, integrated approach to selecting and managing investments. It supports alignment of investments to the DHS mission and supports business needs while reducing risks and increasing returns throughout the investment's lifecycle. CPIC relies on well-defined and systematic processes to ensure each investment's objectives support the business and mission needs of the Department.

This guide describes the key elements of the Departmental CPIC process. Each of the CPIC investment management phases – Pre-Select, Select, Control, and Evaluate - are linked with the roles and responsibilities of DHS personnel to clarify the various stages of the acquisition process. While each DHS Component may influence the definition and execution of these roles, the intent of this guide is to provide a uniform set of guidelines for the general management responsibilities required to complete each step in the process.

The purpose of this material is to provide chief financial officers, chief information officers, acquisition/procurement personnel, finance/budget personnel, and project managers with an overview of how DHS implements its process for making investments and to help DHS personnel better understand and meet management requirements set by the Administration, the Congress, and the Department.

## 1.2 Authorities

### 1.2.1 Federal Authorities

This section documents the Federal authorities related to the CPIC Process.

- Federal Managers Financial Integrity Act of 1982
- Chief Financial Officers Act of 1990
- Government Performance and Results Act of 1993
- Federal Acquisition Streamlining Act of 1994, Title V
- Paperwork Reduction Act of 1995
- Federal Financial Management Improvement Act of 1996
- Clinger-Cohen Act of 1996 [formerly Information Technology Management Reform Act (ITMRA)], Public Law 104-106, 1996

- E-Government Act of 2002, Federal Information Security Management Act, Public Law 107-347, 2002
- Office of Management and Budget (OMB) Circular A-11, Preparing, Submitting and Executing the Budget
- OMB Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs
- OMB Circular A-123, Management's Responsibility for Internal Control
- OMB Circular A-127, Financial Management Systems
- OMB Circular A-130, Management of Federal Information Resources
- OMB Memorandum 05-23, Improving Information Technology Project Planning and Execution, August 2005

## 1.2.2 Applicable DHS Management Directives

This section documents the DHS authorities related to the CPIC Process.

- MD 0000: Organization of the Office of the Secretary of Homeland Security
- MD 0002: Operational Integration Staff
- MD 0003: Acquisition Line of Business Integration and Management
- MD 0004: Administrative Services Line of Business Integration and Management
- MD 0005: Financial Management Line of Business Integration and Management
- MD 0006: Human Capital Line of Business Integration and Management
- MD 0007.1: Information Technology Line of Business Integration and Management
- MD 0782: Acquisition Certification Requirements for Program Manager
- MD 1330: Planning, Programming, Budgeting and Execution
- MD 1400: Investment Review Process
- MD 1405: Charter of DHS Joint Requirements Council
- MD 4200.1: Information Technology Capital Planning and Investment Control Portfolio Management
- MD 4300.1: Information Technology Systems Security

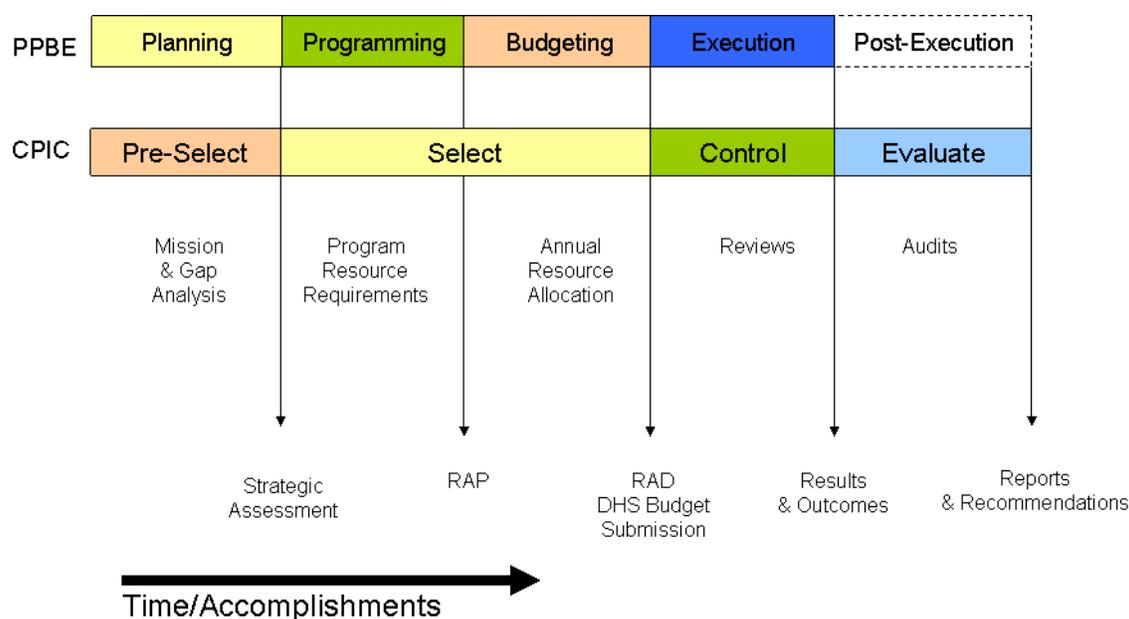
## 1.3 Overview of DHS Capital Planning Process

The processes described in this guide apply to the Select, Control, and Evaluate phases recommended by both the Government Accountability Office (GAO) and OMB in implementing a capital planning process as required by the Clinger-Cohen Act of 1996. In addition, DHS has implemented a Pre-Select phase to accommodate strategic planning. The design of the high-level CPIC process ensures that the Department addresses fundamental questions, as illustrated in Figure 1, at the appropriate phase of the process. Note that the process also addresses the specific requirements of both new projects as well as continuing projects. Continuing projects are those for which an Exhibit 300 was submitted to OMB in a previous year's budget cycle. The assessment of all projects within their respective portfolios on an annual basis ensures that the projects most likely to support the Department's strategic missions are allocated the requisite



- Planning establishes strategic priorities and capabilities required to achieve the strategy (long-term, 5-10 yrs);
- Programming applies the resources to programs that provide the capabilities required to achieve the strategic priorities (mid-term, 5 years);
- Budgeting properly costs the programs, then develops the justification for the programs and an execution plan (1 year); and,
- Execution performs and monitors the approved plan.

The PPBE process serves as the principal method for establishing resource allocations for investments that provide essential mission capability(ies). The PPBE process and schedule are the major drivers of the CPIC process. Figure 2 shows how the PPBE processes map to the CPIC process. The figure also identifies the corresponding PPBE activity (e.g., Mission & Gap Analysis) and output (e.g., Strategic Assessment) that occurs in each PPBE phase.



**Figure 2. PPBE and CPIC Relationship**

Note that throughout this guide, both the CPIC phase and corresponding PPBE phase reference the sub-process under discussion. For example, the PPBE “Planning” phase of the CPIC “Pre-Select” phase is entitled: PRE-SELECT: Planning.

### 1.3.2 Relationship to the DHS IRP

The DHS IRP, as mandated in MD 1400, is the Departmental governance process that ensures oversight, control, reporting, and review of all investments using a portfolio approach. The MD 1400 defines investments as any capital asset, service contract, steady-state operation, or development effort acquired or used for the purpose of furthering the DHS mission. The process, in conjunction with CPIC, ensures that investment spending directly supports and furthers the DHS mission(s) and provides the intended benefits and capabilities to stakeholders and customers. It also highlights poorly performing investments in a timely manner so that

government executives and program/project managers can identify and implement corrective actions. MD 1400 describes the roles and responsibilities of the IRP decision authorities, including the Investment Review Board (IRB), the Joint Requirements Council (JRC), the Enterprise Architecture Board (EAB), and the Asset and Services Management Board (ASMB), and the role of the Integrated Project Review Team (IPRT) in conducting integrated reviews in support of these authorities. The MD 1400 also describes investment types and levels, the investment lifecycle phases, the investment review process and associated documentation requirements. The following figure illustrates how the CPIC process maps to the investment lifecycle phases:

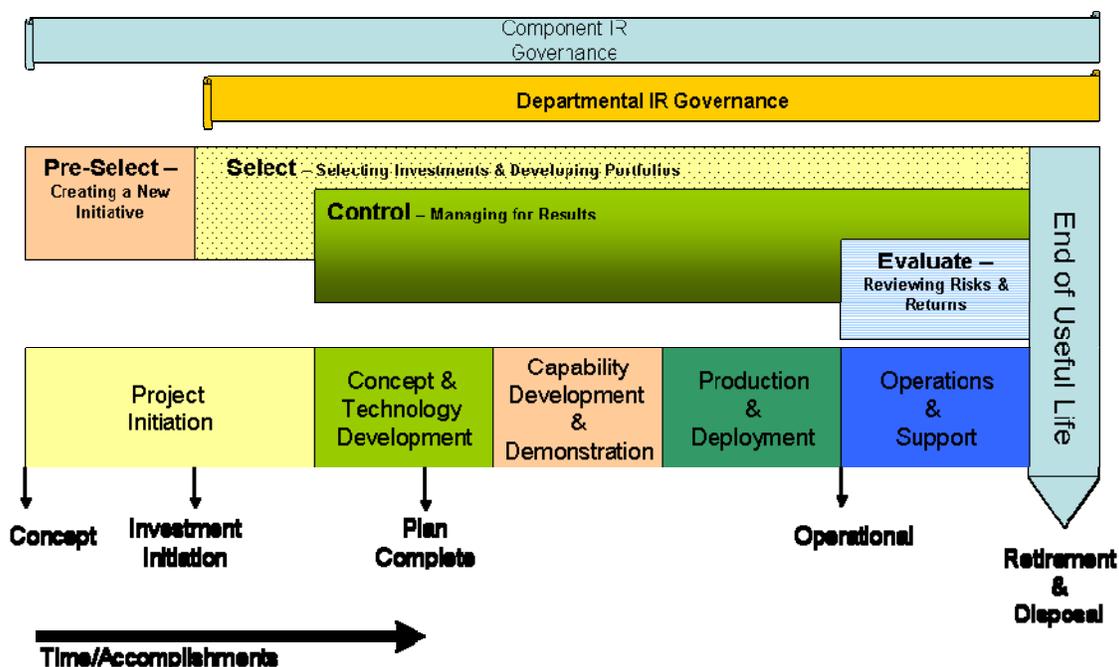


Figure 3. CPIC and IRP Relationship

The first touch point between the CPIC and IRP processes occurs during the Pre-Select phase. All programs, regardless of investment level, are required to submit an Investment Review Request (IRR) through the IPRT at least four months prior to project authorization or the initial investment milestone decision. This triggers entry to the DHS IRP. The purpose of the IRR is threefold: (1) to ask specific questions early in the IRP so that DHS can develop an initial picture of the investment, its relationship with other investments both within and outside the Department, and its part in the DHS portfolio; (2) to request an investment review for an existing investment, whether Milestone Decision or annual; and (3) to request changes in investment name, type, level, or phase as the result of a reorganization or redefinition. Based on the IRR and discussions with the project manager, the IPRT will tailor an integrated review (both approach and documentation) appropriate for the investment and schedule the investment for the appropriate DHS review board(s). The IPRT also validates the investment threshold and determines whether the project is subject to review by the EAB and/or ASMB.

Subsequent to this initial review, the project must follow the integrated review plan as recommended by the IPRT and approved by the relevant IRP decision authority(ies). Prior to each required milestone review, the project manager should submit an IRR to schedule the

review. Additionally, the project should prepare and/or update the appropriate project documentation to submit to the IPRT for review. The IPRT reviews the project and may consult with the project, if required. Upon completion of the review and analysis, the IPRT submits recommendation(s) to the IRP decision authority(ies).

The DHS review board(s) will review the project at the designated Decision Milestones, depending upon the tailored review lifecycle agreed early in the process or as modified at subsequent reviews, and will act upon the IPRT recommendation. Upon review for appropriate progress in the milestone, the DHS review board makes a decision to 1) approve, 2) approve with conditions, or 3) not approve the project.

Approved projects continue their lifecycle as planned until their next required milestone review. Projects approved conditionally must take corrective actions as specified by the IRP decision authority(ies). The project manager must prepare a Close Out Exhibit 300 (reference the Instruction Tab in IMS for details) for additional details) for projects that are not approved to continue.

The IPRT also has several roles in supporting the CPIC process, including: 1) scoring the Exhibit 300s during the Select phase, 2) reviewing programs periodically during the Control and Evaluate phases, and 3) reviewing the Post-Implementation Review (PIR) reports during the Evaluate phase.

### 1.3.3 Portfolio Management

DHS utilizes a portfolio-based approach to investment review that is still maturing, with the goal of being fully aligned with the GAO ITIM framework. The goal of portfolio management is to support strategic goals and objectives of the Department while minimizing duplication of efforts across investments, both within individual portfolios and across portfolios. Portfolio management also allows the Department to identify strategic gaps in the DHS mission areas and to identify the requisite investments needed to fill those gaps. Portfolio management seeks to manage the overall portfolio risk effectively so that the Department responds effectively to threats and vulnerabilities. Portfolio management is being institutionalized as part of the investment review, budget, and acquisition processes and DHS will continue to mature this process as additional resources become available.

DHS portfolios are developed based upon DHS goals, visions, and mission objectives as detailed and defined in policy. They are therefore, subject to change, depending on the needs of the mission. Currently, DHS investments are classified into nine (9) functional portfolios supporting DHS missions: IT investments, Cargo, Maritime, Operations Center, Preparedness, Secure Border Initiative, Screening and Business. All major investments are mapped to the functional portfolios. Additionally, all IT investments (major and non-major) have been mapped to IT portfolios (see Appendix B for a list of the current IT Portfolios). DHS also utilizes additional categories of portfolios, as appropriate, to address cross-functional reviews and other analyses. Portfolios are prioritized based upon mission need, performance, affordability and risk.

Governance of functional portfolios is achieved through the IRB, which reviews and validates portfolio placement and alignment with DHS strategic missions, and the Joint Requirements Council, which conducts portfolio reviews and makes recommendations to the IRB regarding portfolio risk. These Boards are supported by DHS PA&E and the IPRT, both of which provide portfolio analysis, review, and recommendations to these investment authorities. The DHS IRB

reviews and approves all critical portfolios but the JRC reviews the full range of portfolios across the Department.

The DHS CIO has oversight of all IT investments. Additional oversight is exercised through the EAB, which reviews for technical duplication and alignment with the DHS target architecture. The DHS CIO is augmenting existing IT budget, acquisition, and investment review processes and decision-forums with a portfolio-based view of IT investments. The goals of the IT Portfolio Management process are to:

- Establish architectural targets and transition plans for each portfolio,
- Measure the performance of each portfolio, and,
- Continuously improve the balance of investments within each portfolio to more effectively and efficiently meet Departmental goals and objectives.

The IT Portfolio Management processes group related DHS IT investments and assets into portfolios based on DHS mission areas, strategic goals, objectives, and infrastructure requirements, irrespective of organizational boundaries. Processes to manage these portfolios should ultimately improve visibility into the relationships and interfaces between investments, reduce duplicative investments in systems and platforms, and enable the Department to more effectively allocate resources to provide the greatest benefit to the enterprise. The DHS CIO designates IT Portfolio Managers that act as his agents in managing IT portfolios across the Department. IT Portfolio Managers are expected to be knowledgeable about all investments and systems in their portfolio, develop effective working relationships with the program managers for all investments and systems in their portfolio, and advise senior management on opportunities for synergy across their portfolio.

Investment health is monitored via investment Milestone Decision Reviews and other reporting mechanisms, such as the quarterly Periodic Reports and annual Operational Analyses. This information is summarized by portfolio and made available to the investment review authorities for portfolio review and decision-making.

IT Portfolios Managers will use portfolio management processes to establish architectural targets and transition plans for each portfolio, set performance goals and measure the performance of each portfolio, and continuously improve the balance of investments within each portfolio to more effectively and efficiently meet Departmental goals and objectives. Additionally, IT Portfolio Managers conduct portfolio analysis and provide recommendations to senior leadership as part of IT budget formulation, advise the IRB, review IT acquisitions, support EA analysis for investments and systems within their assigned portfolio, and, provide portfolio analysis reports to the OCIO/EBMO.

DHS plans to phase in the IT Portfolio Management processes by conducting several pilot portfolio initiatives in FY07. This will be followed by a Department-wide implementation in FY08. Responsibility for execution and oversight of this initiative has been assigned to the EBMO.

All investments have been mapped in IMS to both functional and IT portfolios to facilitate portfolio cost analyses. The portfolio feature of ProSight in the IMS is used by joint and consolidated PMOs to collect Exhibit 300 data from the Components contributing to their joint or consolidated initiatives. IMS is also used as a data source for selected portfolio analyses.

Once portfolio governance structures are established in IMS, IMS will be used as one of the data sources for the portfolio management offices. The portfolio feature of the Periodic Reporting System will be used to track quarterly portfolio performance measurements.

DHS plans on further Portfolio Management process improvements in order to fully align with the GAO ITIM framework based on continuing feedback on the existing processes and self-assessments against the GAO ITIM framework itself.

## 1.4 CPIC Applicability

This guide serves as a tool to familiarize DHS managers and their staff with the approach that the Department uses to identify, fund, and manage investments. The guide is applicable to all investments (based on the investment thresholds as defined in MD 1400). The following table illustrates the CPIC documentation<sup>2</sup> requirements for these investments:

**Table 1. CPIC Applicability to Investment Thresholds**

Investment Threshold	Investment Type	Major or Non-Major	Capital Investment Plan (CIP)	Exhibit 300 Required	Exhibit 53 Required
1	IT	Major	X	X	X
	Non-IT	Major	X	X	
2	IT	Major	X	X	X
	Non-IT	Major	X	X	
3	IT	Major	X	X	X
	Non-IT	Non-Major	X		
4	IT	Non-Major	X*		X
	Non-IT	Non-Major			

Note:

\* - All IT items over \$1M annually that are not already accounted for in Level 1 – 3 investments must have a CIP. Additionally, all IT items under \$1M annually that are not already accounted for in Level 1 – 3 investments must be identified in one aggregated CIP for each Component.

Components are responsible for establishing CPIC processes to manage their investments<sup>3</sup>. Components should align their processes with the Departmental CPIC process, ensuring that their processes are sufficient to manage all investments, including those investments that do not fall under the purview of the Departmental CPIC process.

The Department reserves the right to review all investments, if required.

The CPIC process described in this guide applies to both classified and unclassified projects.

<sup>2</sup> Reference the MD 1400 for details on investment documentation requirements. This documentation, as well as the Exhibit 300 and other compliance documentation is subject to audit by DHS and OMB.

<sup>3</sup> The Clinger-Cohen Act of levies responsibility for performing CPIC on all executive agencies. OMB Circular No. A-130 extends this requirement to all agencies (reference section 8.b.(1)).

## 1.5 Investment Thresholds

The following table documents the current investment thresholds as defined in the MD 1400 and as modified by the Future Years Homeland Security Program (FYHSP) Capital Investment Plan instructions issued in February, 2007 as part of the FY 09 – 13 RAP guidance.

**Table 2. MD 1400 Investment Levels and Thresholds**

Acquisition Level	Review/Approval	Total Acquisition Cost (including Planning)	Lifecycle Cost (IT Only)
Level 1	IRB reviews and approves/JRC reviews and recommends	>\$100M	>\$200M
Level 2	JRC reviews and approves	\$50M – \$100M	\$100M – \$200M
Level 3	Component Head approves	\$20M – \$50M*	\$50M – \$100M
Level 4**	Component Head approves	< \$20M	< \$50M

Notes:

\* Financial systems of \$500K or more annually are considered at least a Level 3 investment.

\*\* OMB requires that all IT spending, including IT Operations and Maintenance (O&M), be reflected in the agency IT Investment Portfolio (OMB Exhibit 53). Hence, all Component IT spending, including O&M, must be identified in Level 1 – 4 investments.

## 1.6 Roles and Responsibilities

The following table lists the key DHS participants in the CPIC process and briefly describes their roles.

**Table 3. CPIC Roles and Responsibilities**

Role	Definition
Components	Components are responsible for defining the Component-level IRP, including the delegation of investment review decisions, as appropriate, to governance board(s). The Components' CPIC responsibilities include approval of guidance, approval and monitoring of the Component investment portfolio, and ensuring that investments align with DHS and Component missions and goals. The Components serve as the executive investment decision body for Level 3 and 4 investments.
Component Chief Information Officer (CIO)	The Component CIO is the senior-most federal executive in the Component exercising leadership and authority over mission-unique IT policies, programs, services, solutions, and resources. The Component CIO acts to implement the policies of the DHS CIO. This includes review and approval of all IT acquisitions under \$2.5 million and providing a monthly report of those approvals to the DHS CIO.
DHS Chief Finance Officer (CFO)	The DHS CFO oversees the PPBE process, controls and manages development, justification, and defense of the Department's annual FYHSP; and oversees and reviews execution of the current-year budget.

Role	Definition
DHS CIO	The DHS CIO is the line of business chief that exercises leadership and authority over IT policy, programs and budget DHS-wide. The DHS CIO reviews all IT projects and coordinates the development and review of the DHS IT portfolio (Exhibit 53). The DHS CIO also reviews and approves any IT acquisition in excess of \$2.5 million.
DHS Investment Review Authorities	Investments are reviewed by DHS boards as specified in the MD 1400. Currently, these boards are the IRB, JRC, EAB, and ASMB. The MD 1400 also specifies the authority for review and approval invested in each board. The reviews conducted by these boards focus primarily on portfolio reviews which may look at the programmatic performance of one or all of the subject investments in addition to the performance of the portfolio as a whole.
Director, DHS Enterprise Business Management Office (EBMO)	The Director, DHS EBMO, is the delegated agent of the DHS CIO for establishing IT portfolio management processes and procedures. The EBMO is also responsible for implementing and executing the Periodic Reporting process, the IT acquisition review process, and supports the DHS IT Budget review.
Director, DHS Program Analysis and Evaluation (PA&E)	The Director, DHS PA&E Office jointly manages the CPIC process with the OCIO/EBMO. Additionally, this office serves as the Departmental executive agent and coordinator for the IRP. The PA&E Office reviews investments and prepares decision-support information and analysis for the IRB and JRC members and provides special reports, as needed, including percentages against spending in the base against investment and spending per portfolio. The PA&E Office coordinates the activities of the IPRT and adjudicates review issues.
Integrated Project Review Team (IPRT)	<p>The IPRT is a review and advisory group that supports the IRP. The team is composed of subject matter experts (SME) and representatives from the following offices: Chief Finance Office (PA&amp;E and Budget Office); Chief Information Office (EA Center of Excellence, Enterprise Business Management Office, Chief Information Security Officer); Office of the Secretary, Privacy Office; Office of the Under Secretary, Security Office; Office of the Secretary, Policy Office; Chief Procurement Office; Chief Administration Office; Office of the Chief Counsel; and Science and Technology (S&amp;T). The principal roles of the IPRT in relationship to the CPIC process are as follows:</p> <ol style="list-style-type: none"> <li>1. Develop an integrated review plan for investments during the Pre-Select phase, including validating investment threshold and IT/non-IT status.</li> <li>2. Conduct a preliminary portfolio assessment to determine if the project needs to coordinate its activities further with other investments or existing capabilities.</li> <li>3. Review and score Exhibits 300 during the Select phase.</li> <li>4. Review Acquisition Program Baselines, Periodic Reports and the results from Earned Value Management Systems and operational analyses on investments, as applicable, during the Control and Evaluate phase.</li> <li>4. Review Operational Analysis and PIR reports on investments during the Evaluate phase.</li> <li>5. Review projects at Decision Milestones and make recommendations to the ASMB, EAB, JRC, and IRB on findings and issues, both on financial implications and on technical alignment.</li> <li>6. Provide technical recommendations and subject matter expertise, as required, for the ASMB, EAB, JRC, and IRB.</li> <li>7. Provide portfolio research and recommendations on portfolio placement.</li> </ol>

Role	Definition
Integrated Project Team (IPT)	The IPT is an interdisciplinary team (e.g., Budget Analyst, Financial Analyst, Technical Manager, Security Specialist, Program Lead, and Business Functional Manager) formed by the PM to assist the PM by providing a broad scope of expertise and guidance. The IPT is responsible for self-scoring the investment's Exhibit 300; monitoring the progress of the project; reporting project status to the PM; and providing the PM with specific technical, financial, and programmatic requirements, as appropriate.
IT Portfolio Manager	Acts as the agent of the DHS CIO in managing an assigned IT Portfolio. The primary responsibilities of the IT Portfolio Manager are to: <ol style="list-style-type: none"> <li>1 Apply DHS IT Portfolio Management processes.</li> <li>2 Provide oversight of investments within the portfolio.</li> <li>3 Support budget formulation.</li> <li>4 Review portfolio acquisitions and performance.</li> <li>5 Support the development and implementation of Enterprise Architecture targets.</li> <li>6 Develop and review IT business cases.</li> </ol>
Program Owner	The program owner, within the context of FYHSP, owns one or more FYHSP programs. They are responsible for preparing Resource Allocation Plan (RAP) submissions and making resource allocation decisions for their program.
Project Manager (PM)	The DHS Components have lead authority and ownership of the investment. Programs must assign a certified project manager per MD 0782. The Components identify their requirements to the business and select the PMs who will initiate, manage, and field the project. The PM is responsible for establishing, as appropriate, the IPT; completing the documentation set; presenting the business case and status of the investment through all phases of the review and approval process; for reporting at the PIR, and for managing the performance of the project.
CPIC Administrator's Group	Forum for disseminating CPIC information to Components, including sharing of best practices across/between Components and collecting suggestions for improving the CPIC process Department-wide.
Component CPIC Administrator	Interface between DHS HQ and the Components for ensuring transmission of information on the CPIC process, submission and revision timelines, and other requirements to the appropriate parties within the Component. Provides feedback to DHS HQ on issues/concerns/improvements. Reviews Exhibit 300s for completeness before submission. Monitors the scoring of the Exhibit 300s and reports scores to the Component CIO and PMOs. Organizes the Component portfolio. Component CPIC Administrators also contribute to and vote on customizations of the Investment Management System (IMS).

## 1.7 Resources

There are several types of resources, both internal and external to DHS that may be useful to the program/project managers who are responsible for providing inputs to the CPIC process.

### 1.7.1 CPIC Points of Contact

The DHS Chief Finance Office (CFO) and CIO jointly manage the CPIC process, produce and maintain this guide and the Investment Management System (IMS).

## 1.7.2 CPIC Training, Briefings and Documents

DHS offers a CPIC training program that covers topics such as business case preparation, cost benefit analysis, Investment Management, and Earned Value Management (EVM). There is also an IMS Hands On training course. Additionally, DHS offers annual coaching sessions and briefings in support of the process. CPIC training materials, briefings, and documents, such as this guide and other related documents, are located at DHS Online at <https://dhsonline.dhs.gov> under the Management tab.

## 1.7.3 Other Related Departmental References

- DHS Investment Management Handbook, version 0.14, March, 2006
- DHS OMB Exhibit 300 Business Case Guidebook (incorporated in IMS)
- DHS Periodic Reporting Manual, April, 2007
- DHS Earned Value Management Guidance, version 1.1, February, 2007
- DHS Operational Analysis Guidance, version .07, October, 2005 (update pending)
- DHS Privacy Impact Assessment Guidance, 2006 (update pending May, 2007)
- DHS Systems Development Life Cycle (SDLC), (pending)
- DHS Enterprise Architecture Board Governance Process Guide, version 3.0, September, 2006

## 1.7.4 Other Federal Resources

- Capital Programming Guide, Supplement to OMB Circular A-11, Part 3: Planning, Budgeting, and Acquisition of Capital Assets, July, 1997
- The Information Technology Investment Management, A Framework for Assessing and Improving Process Maturity, GAO, May, 2000

## 1.8 Document Outline and Contents Description

The following table provides an outline of this guide and describes the contents of each section.

**Table 4. CPIC Guide Outline and Contents Description**

Section	Description
Section 2: Pre-Select Phase: Creating a New Initiative	Describes the purpose of the Pre-Select phase, how the Pre-Select phase is initiated, the processes that are performed, and the outputs of the process.
Section 3: Select Phase: Selecting Investments and Developing Portfolios	Describes the purpose of the Select phase, how the Select phase is initiated, the processes that are performed, and the outputs of the process.
Section 4: Control Phase: Managing for Results	Describes the purpose of the Control phase, how the Control phase is initiated, the processes that are performed, and the outputs of the process.
Section 5: Evaluate Phase: Reviewing Risks and Returns	Describes the purpose of the Evaluate phase, how the Evaluate phase is initiated, the processes that are performed, and the outputs of the process.

Section	Description
Section 6: Joint/Consolidated Projects	Defines Joint/Consolidated projects and documents the responsibilities of lead and participating Components' CPIC responsibilities.
Appendix A: DHS Notional PPBE, EA and CPIC Processes	Timeline of steps needed to take a major initiative through the PPBE, EA, and CPIC processes, following the Decision Milestone phases as defined in the IRP MD 1400.
Appendix B: DHS IT Portfolio Definitions	Provides a list of the DHS IT Portfolios and their definitions.
Appendix C: Security Requirements by Decision Milestone	Provides a checklist that serves as a guide to direct information security activities that should be performed in each phase of the IRP.
Appendix D: Privacy Requirements	Provides a checklist that serves as a guide to direct privacy activities that should be performed by project managers for investments.
Appendix E: Department's Capital Asset Plan and Business Case Scoring Template	Documents the criteria and scoring for the Exhibit 300.
Glossary	Definitions of terms relevant to the CPIC or related (PPBE, IRP) processes.
Acronym List	Definitions of acronyms used in the guide.

## 2. Creating a New Initiative (Pre-Select Phase)

### 2.1 Purpose and Overview

The Pre-Select phase provides a process for identifying a business or mission need. Additionally, it provides an opportunity for focused efforts to develop the initiative's concept by assessing the preliminary costs and benefits. This phase also establishes the proposed investment's relationship to the Department and/or agency strategic planning efforts, including its assignment to an appropriate functional and, if appropriate, IT portfolio. The Component IRB reviews and approves investments in this phase and ensures that the project has completed the appropriate level of analysis and documentation.

The CPIC Pre-Select phase aligns with the PPBE Planning phase and the Project Initiation phase of the IRP.

### 2.2 Process Initiation

The initiation of the Pre-Select phase starts: 1) when programs have a new investment concept with the potential to address a mission need, 2) as a result of inputs from a strategic assessment, or 3) based on evaluations of existing investments and operations. Programs that enter this phase should meet at least one of the threshold criteria identified in Section 1.5—Investment Thresholds.

### 2.3 Process Steps

#### 2.3.1 Pre-Select: Planning - Develop the Investment Proposal

A variety of sources, including the long-range strategic vision, a Science and Technology research result, an application value analysis, and/or Component mission or operational requirements may generate new projects in support of the DHS mission. Upon identification of a potential new proposal that aligns with DHS' strategic vision and that appears to make general mission and business sense, the Component within whose scope the proposal fits appoints a project manager to develop an investment proposal and provides the initial resources needed to define, size, and scope the investment and its intended business results. The investment proposal should be prepared in accordance with Component documentation requirements.

In accordance with MD 0782, certified<sup>4</sup> program and project managers must manage DHS's major investment programs and their projects, respectively. The PM explores the investment alternatives, costs, and benefits, and sees to the preparation of preliminary documentation to support subsequent review by the Component investment review board(s).

For major investments, the project manager must form an IPT to assist throughout the lifecycle of the project. An interdisciplinary team is crucial to the ultimate success of the project. The IPT is led by a project manager and includes functional, technical, privacy, security, financial, legal, procurement, and managerial representation, as appropriate. The project manager should

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4 Note that per MD 0782, the PM certification level is dependent on the investment threshold. A Level III certification is required for Level 1 investments, Level II certification for Level 2 investments, and Level I certification for Level 3 investments. Consult the MD for further details.

tailor the role and staffing of the IPT to the nature and maturity of the proposal. During early stages of the project, the IPT may focus on planning tasks, such as developing meaningful alternatives, recognizing reengineering opportunities, and/or structuring new approaches for risk mitigation. Security, privacy, and procurement expertise should be engaged in the IPT as early as possible in the process. Later in the project lifecycle and with appropriate staffing, the IPT may operate more effectively in an operational role to track and manage project execution.

As part of the planning process, project managers should also assess whether any OMB e-Government Initiatives<sup>5</sup> may be leveraged in support of the investment (reference <http://www.whitehouse.gov/omb/egov/>).

### 2.3.2 Pre-Select: Planning – Vet the Investment Proposal

The project manager vets the proposal with the program owner once the investment proposal is ready for discussion and review. The project manager is also encouraged to consult with the Component EA Office to review how the investment fits into the enterprise architecture. If the investment collects, uses, or maintains information, the program manager should confer with the DHS Privacy Office to review how the investment collects, uses, or stores personally identifiable information<sup>6</sup>. The project manager should update the investment proposal, as appropriate, based upon the feedback from these discussions.

If these discussions result in the identification of other existing or future projects for possible consolidation, the project manager should vet the investment proposal with those program owners and the associated portfolio manager(s). If there is consensus among the program owners to consolidate the investments, the investment is assigned to a lead Component. For more information on Joint/Consolidated Investments, reference Section 6 of this guide.

The project manager should also, in accordance with MD 1400, prepare an Investment Review Request (IRR). The IRR is submitted to the IPRT during Pre-Acquisition (before entry into the Future Years Homeland Security Program (FYHSP)). The IRR should be submitted to the IPRT at least four months prior to project authorization or the initial milestone decision. At this point, it is designed to begin a dialogue between the IPRT and the Component to guide the investment through the first stages of the review process. An IRR should be used to request all reviews, both initial and subsequent. The amount of detail contained in the form should show a progression through the budget and investment cycles. Much of the information requested in this IRR may be preliminary if the investment is in its early conceptual phase, and will increase in depth as the investment matures through its lifecycle. The IPRT will use this information to tailor an integrated review lifecycle, discuss portfolio placement, and schedule the investment for a review board. The IRR also establishes the investment name, level, investment phase, and type

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<sup>5</sup> The Office of Management and Budget (OMB) and Federal agencies have identified 24 E-Government Initiatives. Operated and supported by agencies, these Initiatives are providing high-quality and well-managed solutions for tax filing, federal rulemaking and e-training among others. The 24 are divided among four key portfolios: Government to Citizen, Government to Business, Government to Government, and Internal Efficiency and Effectiveness. E-Authentication is a separate initiative that provides secure and robust authentication services to the 24 Initiatives.

<sup>6</sup> The E-Government Act of 2002 mandates Privacy Impact Assessments for all federal agencies when there are new collections of, or new technologies applied to, personally identifiable information. Under Section 208, personally identifiable information means any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means. See Appendix D and DHS Privacy Impact Assessment Guidance (at [www.dhs.gov/privacy](http://www.dhs.gov/privacy)) for more information.

(IT or non-IT). Any subsequent changes to these items must be approved via re-submission of the IRR within business 10 days of the change.

### 2.3.3 Pre-Select: Planning – Assess Strategic Implications

The program owner should assess the investment proposal for the strategic implications it may have for supporting the Department's mission as it may have wider potential to influence the Department's Integrated Planning Guidance (IPG). For an issue to be considered strategic it will have significant impact on future operational capability that:

- Includes emerging threats, opportunities, vulnerabilities, and demands that may impact operations now to three or four years into the future.
- Has an impact on a large segment of the Component organization or cross a single Component's boundaries into one or more DHS Components.
- Requires major changes in service/Component goals and programs, policy, federal or state legislation, human and physical resources, information sharing, and interoperability.
- The consequences of not addressing the issue will result in major long-term service or cross-Component disruption, large costs and/or high risk.

The project manager supports this process by providing information as appropriate to the program owner. Depending on the size of the investment, the Component Head may make the final decision on the strategic implications of the investment proposal. If the project is determined to have strategic implications, then the Component is responsible for preparing input that illustrates how the project supports the Department's mission. The Component forwards this input to the DHS CFO for consideration, usually in September, in the formulation of the Department's IPG.

### 2.3.4 Pre-Select: Planning – Assess Readiness for Budget Proposal

The program owner, in conjunction with the project manager, should assess the readiness of the investment proposal for submission to the budget process. At this point, the investment's costs and benefits should be sufficiently developed to support the determination that 1) the project is worth doing and 2) the investment merits resources.

For projects deemed ready to proceed, the project manager should determine what additional requirements are necessary in order to proceed to Component IRB review. For instance, the Component may require review of the investment by the Component EA office. Additionally, there may be requirements for additional documentation to be prepared. Once these activities are completed, the project manager may request that the Component IRB review the investment.

The program owner determines the disposition of projects that are not ready to proceed. Immature projects may require further development or be disbanded, as appropriate.

### 2.3.5 Pre-Select: Planning – Submit Investment Proposal to Component IRP

Because of the annual nature of the PPBE process, program and project managers need to be aware of the Component schedule for decisions leading to resource allocations so that they can appropriately plan and schedule for Component-level investment reviews.

The program owner and/or project manager present the investment for review by the Component IRB in accordance with the Component-level IRP. The Component IRB reviews the investments and determines whether the project is 1) approved, 2) approved with conditions, or 3) not approved. Approved projects proceed to the Select phase.

For conditionally approved investments, the project manager must rework the investment proposal to satisfy the conditions imposed by the Component IRB. Depending on the nature of the conditions, the investment may be required to re-submit the proposal for Component IRB review and approval again. Once approved, the project may proceed to the Select phase.

The program owner determines the disposition of projects not approved to continue. The project may require further development or be disbanded, as appropriate.

## 2.4 Process Outputs

The Pre-Select phase produces the following outputs:

- Initiative Proposal (in Component-approved format)
- Investment Review Request
- Component IRB Approval of the investment
- Investment Portfolio Placement

## 3. Selecting Investments and Developing Portfolios (Select Phase)

### 3.1 Purpose and Overview

The Select phase ensures that Resource Allocation Plan (RAP)/Capital Investment Plan (CIP) submissions include the resource requirements for investments. Additionally, it ensures the assessment of new and existing investments against a uniform set of evaluation criteria and thresholds. DHS investments are placed in portfolios for review and analysis. Based on these assessments, DHS prioritizes the investments and decides which investments will be included in its portfolios.

The Select phase aligns to the PPBE Programming and Budgeting phases as follows: In the SELECT: Programming phase, processes are provided for determining whether Component IRP-approved projects will be subsequently included within the Component Resource Allocation Plans and whether additional resources are required to support the investment. The SELECT: Programming phase occurs prior to the Exhibit 300 submission.

The SELECT: Budgeting objective is to identify all new, ongoing, and operational investments in the Departmental portfolio, associate candidate investments with relevant DHS investment portfolios, and conduct an independent portfolio analysis. DHS objectively evaluates, scores, and selects investments for inclusion in the budget request for the budget year under consideration. Through this process, DHS ensures the selection of investments that best support the mission. The process targets technically and financially sound projects aligned with the President's Management Agenda (PMA) and DHS business priorities. At the end of this phase, the Department will have a scored and ranked list of Exhibits 300 for all major investments and an Exhibit 53 for all level 1 through 4 IT investments for submission to OMB.

The Select phase starts during the Program Initiation phase of the IRP and continues throughout the investment lifecycle since all existing investments undergo annual review in support of the annual programming and budgeting processes.

### 3.2 Process Initiation

The initiation of the Select phase is 1) as a result of a new investment that requires resources above those provided by the RAP or 2) as a result of the annual review of existing investments.

### 3.3 Process Steps

#### 3.3.1 Select: Programming – Prepare CIP Inputs

Upon Component IRB approval, the project manager prepares CIP inputs, which are an integral part of RAPs. CIPs are required for all current and planned capital investment projects for the next five (5) years that meet the following criteria in the Future Years Homeland Security Program (FYHSP) System database for these capital investments:

1. Any investment with an acquisition cost of \$5M or more and at least a two-year useful life;

2. Any IT investment with an annual cost of \$1 million or more in FY09;
3. Financial Management system with an annual cost of \$500,000 or more;
4. Consolidated or Contribution investment;
5. All remaining IT spending aggregated in one CIP, titled “Other IT Spending”.

The project manager inputs the data into the FYHSP system. Project managers should note that the information prepared for the CIP becomes the basis for the Summary of Spending in the Exhibit 300 when it is prepared later in the CPIC process. As such, the project manager should make any subsequent changes to funding in FYHSP for downloading to the IMS.

For additional information on preparing Contribution CIPs for Joint/Consolidated Investments, reference Section 6 of this guide.

### **3.3.2 Select: Programming – Prepare RAP Submissions in FYHSP**

The program owner, using the information provided, assesses whether the program has sufficient resources to cover the investment or whether additional resources are required. Part of the program owner’s assessment includes ensuring that the sum of all CIPs for the program does not exceed the amount available for investment and operations included in the RAP. The Program Owner then prepares the program’s RAP submissions in FYHSP. Over-guidance requests are submitted separately. For current guidelines and details, consult the annual FYHSP guidance.

As the RAP includes both existing as well as new investments, this process step represents the program level prioritization of projects by the program owner.

### **3.3.3 Select: Programming – Adjust RAP to Comply with IPG**

The Component CFO has the responsibility for reviewing the RAP submissions from the programs. Additionally, the Component CFO adjusts the RAPs, as required, to comply with the DHS IPG and RAP targets. This may result in several outcomes: 1) The investment is included within the RAP and no additional resources are required, 2) The investment is included within the RAP but additional resources are required, or 3) The investment is not included in the RAP.

This process step represents the Component-level prioritization of investments.

### **3.3.4 Select: Programming – Submit RAPs, CIPS, and IT Budget**

The Component CFO then finalizes the RAPs for all Component FYHSP programs and CIPs for Component major investments. Adjustments are applied to FYHSP and then available for review by the PA&E Office of the DHS CFO. The Component CFO and CIO should sign off via email to PA&E on the new FYHSP report listing all CIPs.

The Component is also responsible for preparing and submitting the Component IT Budget for review by DHS CFO and CIO. In addition to data submitted with the RAP, the IT Budget includes IT narratives and IMS Supplemental data. The RAP data must include both system costs and portfolio mappings. All investments (major and non-major) and systems must be mapped to all relevant DHS IT Portfolios in IMS. The total percentage allocation across the portfolios must sum to 100%. Infrastructure mappings must be further allocated to sub-domains. The RAP data must include an Investment Assessment that addresses mission alignment, risk,

investment performance, and architectural alignment. The IT Narratives include IT resource information, and information to address the following information needs:

1. Component
2. Explain any IT O&M funding that is not contained in a FYHSP CIP
3. An overview of involvement/support in DHS consolidated enterprise initiatives
4. Any budget increase or decrease for IT Infrastructure
5. Listing of all infrastructure activities (network rollouts, major upgrades, technology refresh, and all other infrastructure activities) planned or in progress
6. Any IT funding issues with a significant budget impact; include any drivers of significant IT budget change.

Note that the specific information required for the IT Narrative may change for a given fiscal year. Refer to the annual FYHSP guidance for the most up-to-date information.

### 3.3.5 Select: Budgeting – DHS CIO IT Budget Review

In compliance with the Clinger-Cohen Act (Section 5125-b) and MD 0007.1, the DHS CIO reviews and approves all Component IT budgets concurrent with the initial RAP submission. This review increases visibility of the IT budget across DHS, integrates review of IT resources with the DHS program and budget reviews, and supports IT budget decisions.

Components are required to remediate all prior year Exhibit 300 deficiencies identified through OMB scoring prior to submission of the IT budget or risk funding impacts.

In addition to the Component submitted IT Budget and associated budget data, the DHS CIO also utilizes other historical investment data in its analysis of the budget. Historical data may include Exhibit 300s, Exhibit 53s, the HLS EA, Trusted Agent FISMA, IRB/JRC/EAB/EACOE reviews, E-Gov assessments, OMB/GAO findings, High Risk list, Watch List, Periodic Reporting data, acquisition review data, etc.

The DHS CIO review is conducted and investments are scored. The assessments include the following:

- Investment assessment model scoring of investments (0 – 100) for mission alignment, risk, performance and architecture alignment
- SME assessments for Enterprise Architecture, Security, Infrastructure, and EBMO/IT Portfolio. EA, Security and Infrastructure assessments are for those subject areas; EBMO assesses individual IT portfolios and reviews for investment redundancy and possible E-Gov alignment.
- Periodic reporting assessments for cost, schedule, and performance for major investments
- Portfolio manager assessment of each IT portfolio

The output of the review is compiled in an IT Budget Executive briefing book and an IT Budget Detailed briefing book. These books contain summaries and document findings by investment, Component and IT portfolio. The DHS CIO analyzes the information for review decision and IT budget recommendations.

The DHS CIO provides final IT Budget recommendations to the DHS CFO. These result in the formulation of the RADs which the CFO transmits to the Components for use in subsequent process steps.

### **3.3.6 Select: Budgeting – Determine the Need for an Exhibit 300 or Exhibit 53 Input**

OMB Circular A-11, Part 7, describes the Exhibit 300 as, “a format for the IPT to demonstrate to agency management and OMB that it has employed the disciplines of good project management, represented a strong business case for the investment, and met other Administration priorities to define the proposed cost, schedule and performance goals for the investment if funding is approved.” The OMB Exhibit 53 describes the Department’s IT Investment Portfolio and supports Departmental and OMB review. For further information, reference OMB Circular A-11, Section 53.

The project manager determines whether an Exhibit 300 needs to be prepared or updated and/or an Exhibit 53 input needs to be prepared based on 1) whether the project is a major investment and 2) whether the project is IT or non-IT. The IPRT validates these classifications based on the IRR submission during the Pre-Select: Planning phase. Exhibits 300 and 53 documentation requirements for investments are summarized in Section 1.4 Table 1.

Major investments proceed through all of the following process steps. Non-major investments proceed to step 3.3.12 below. Non-major, non-IT investments do not require any further CPIC action and exit the formal process; they still, however, need to be included in the budget.

### **3.3.7 Select: Budgeting – Prepare or Update the Exhibit 300**

For existing investments, the project manager updates the Exhibit 300 in IMS. These updates are required on an annual basis as part of the budget process.

For new investments, an Exhibit 300 should be prepared in IMS. Refer to the Instruction Tab in IMS for guidance on preparing or updating the Exhibit 300. Supporting programmatic documentation that is used to prepare the E300 should also be uploaded to IMS. Examples of such documentation include: Acquisition plan, Acquisition Program Baseline, Alternatives Analysis, Cost Benefit Analysis, Lifecycle Cost Estimate, Operational Analysis (investments in steady state), Privacy Impact Assessment, Risk Assessment, and the Risk Management Plan. If requested, DHS will provide this documentation to OMB as supporting evidence for the program’s Exhibit 300.

Project managers should be aware that for an IT investment to receive “Green” on the Exhibit 300, the Security Section must score at least a four. Therefore, DHS recommends that the project manager have an Information System Security Officer (ISSO) assigned early in the project to participate in the IPT and to assist in the definition of security requirements. The objective is to ensure that the project design satisfies the security requirements. Part of the security scoring of the security section of the Exhibit 300 is to ensure that FISMA systems are properly mapped to investments. It is recommended that the Component CPIC Administrator coordinate with the Component ISSMs to ensure the correct mapping for each investment. OMB, as part of their scoring of Exhibits 300 will verify that the lifecycle phase of the investment correlates to the development phases of the systems mapped to the investment. For

additional information on the security requirements that projects must meet, by lifecycle phase, see Appendix C.

Similarly, the investment must receive a score of at least 4 for Privacy, which is now a separately scored section. For additional information on the privacy requirements that projects must meet, see Appendix D.

The development of Exhibits 300 and Exhibit 53 inputs for new investments should commence upon inclusion of resources for it in the program's RAP. Additionally, project managers should be aware that the financial information for the Exhibit 300 is provided from the CIP in FYHSP. Every Exhibit 300 must have an associated CIP in FYHSP.

For additional information on preparing Exhibit 300s for Consolidated and/or Joint Investments, reference Section 6 of this guide.

The Exhibits 300 are "draft" at this stage.

### 3.3.8 Select: Budgeting – Self-Score the Investment

To begin the self-scoring step of the Select phase, the project manager and the IPT review the investment documentation from the Pre-Select phase and self-score the draft Exhibit 300 in IMS (see the *Department's Capital Asset Plan and Business Case Scoring Template* in Appendix E). The use of the DHS Scoring Template at this stage enables the project manager to assess the viability of the business case and to take corrective actions to improve the score. Depending on the results of the self-scoring, the draft Exhibit 300 and self-scores should be updated in IMS.

### 3.3.9 Select: Budgeting – Score the Draft Exhibits 300

When the project manager releases the Exhibit 300 to DHS, the IPRT scores the draft Exhibit 300 in IMS. The IPRT is composed of SMEs and representatives from various offices throughout DHS and ensures that appropriate SMEs review and score the applicable sections of the Exhibits 300. The use of a standard scoring template (reference the *Department's Capital Asset Plan and Business Case Scoring Template* in Appendix E) ensures that the IPRT uses standard, consistent, and uniform criteria to score all proposed investments. DHS communicates the results of the scoring back to the Components and the project managers. Note that the scoring of the Exhibits 300 is subject to change based on OMB guidance.

Projects that receive a "Green" score exit this process step, although they are encouraged, if they received less than a "4" on any section of the draft Exhibit 300, to continue to work on improving those sections. Scores of "1" or "2" in any section are considered questionable and the deficiency must be explained and a remediation strategy identified. A "Green" score is assigned to investments whose overall OMB score is at least 31 and have received a score of at least four on the Security section. Note that the IPRT will not re-score investments with a "Green" during the subsequent re-scoring in a later process step.

Projects that score anything other than "Green" must take corrective actions to improve the business case based on the feedback they receive from the initial scoring. The project manager should update the Draft Exhibit 300 in IMS.

DHS offers assistance in the form of coaching to assist project managers in developing the Exhibits 300. Contact the CPIC Administrator for additional information on the timing and

location of these sessions. Project managers are encouraged to utilize this assistance in order to improve the Exhibit 300 prior to the final submissions.

### **3.3.10 Select: Budgeting – Submit Appeals to RAD**

Components may, as appropriate, submit appeals to the RAD. These should be submitted to the DHS CFO. Any appeals that impact the IT portion of the RAD will be forwarded to the DHS CIO for review and final IT Budget recommendations.

### **3.3.11 Select: Budgeting – Finalize the Exhibit 300 based on the RAD**

Once the DHS Secretary makes the final Program Budget Decision (PBD), the DHS CFO updates the RADs and communicates these to the Component CFOs. Component CFOs will update FYHSP to reflect the RADs. FYHSP automatically updates IMS with this information. In this way, the Exhibit 300 reflects the final budget decision. This process represents the CFO's certification of funds in the Exhibit 300 Summary of Spending.

Based on the RAD, the program owner and the project manager should assess the impact on the investment. The project manager may be required to modify the draft Exhibit 300 in IMS. The project manager then designates the Exhibit 300 as "final". The final Exhibits 300 are due at the same time as the Component's budget submission to DHS.

### **3.3.12 Select: Budgeting – Prepare Exhibit 53 Inputs for OMB Review (IT only)**

OMB requires that all IT spending, including spending for IT Operations and Maintenance (O&M), be reflected in the agency IT Investment Portfolio (OMB Exhibit 53). As such, Components should ensure that all IT spending, including O&M, is included within the appropriate corresponding investment. This applies to all investments, Level 1 through 4.

IMS automatically populates the applicable Exhibit 300 information into the Exhibit 53 for major IT investments. For all non-major IT investments, the project manager must complete a Non-major form in IMS. Project managers provide project information, including cost information in the form. This information is used to populate the Exhibit 53. The Exhibit 53 represents the Department's IT portfolio. This draft is prepared based on the CIPS and other RAP information and is provided to OMB for review of the structure and contents (but not the cost information) of the IT portfolio.

Project managers may refer to Circular A-11, Section 53, for additional guidance on preparing the Exhibit 53.

For additional information on preparing Exhibit 53s for Consolidated and/or Joint Investments, reference Section 6 of this guide.

### **3.3.13 Select: Budgeting – Update the Exhibit 53 (IT only)**

Upon receipt of the RAD, the project manager updates the information required for the Exhibit 53 in IMS, including the cost information for the project.

### 3.3.14 Select: Budgeting – Re-score the Final Exhibits 300

After the project manager updates the draft Exhibits based on the feedback from the prior IPRT scoring, the IPRT re-scores those investments that received less than “Green” in the initial scoring. This process completes the Department level prioritization of investments.

### 3.3.15 Select: Budgeting – Prepare the Submission for OMB

The CFO prepares FYHSP and the Budget for submission to OMB, including Exhibits 300 and 53. The project manager should be available, if necessary, to support the preparation of the Exhibit 300 submissions for OMB. This is the first submission of Exhibits 300 to OMB.

### 3.3.16 Select: Budgeting – Adjust Exhibit 300 based on OMB Passback

DHS communicates the OMB Passback to the Components. Depending on the Passback results, the project manager may be required to participate in an appeal. After the appeals are resolved between DHS and OMB, project managers revise the Exhibits 300 for major investments and Non-major forms in IMS, as necessary, and DHS re-submits them to OMB as part of the President’s budget submission.

OMB also puts investments with low scoring Exhibit 300s on a Watch List. OMB requires that remediation on these Exhibits 300 be completed prior to resubmission in subsequent years.

### 3.3.17 Select: Budgeting – Adjust Exhibit 53 based on OMB Passback (IT only)

DHS communicates the OMB Passback to the Components. Depending on the Passback results, the project manager may be required to adjust the project information in IMS, as reflected in their Component Exhibit 53.

### 3.3.18 Select: Budgeting: Post Exhibits 300

Once all Exhibits 300 have been finalized, DHS posts publicly releasable versions to the DHS public website.

## 3.4 Process Outputs

The Select phase produces the following outputs:

- Component RAPs and CIP submissions in FYHSP
- Final Exhibit 300 for all approved major investments
- Publicly releasable Exhibits 300
- Ranked list of final Exhibits 300
- Exhibit 53 for all IT investments
- IT Budget Executive briefing book
- IT Budget Detailed briefing book
- Close Out Exhibit 300s for any projects not approved to continue by the IRP decision authority

## 4. Managing for Results (Control Phase)

### 4.1 Purpose

The objective of the Control phase is to ensure that the project is performing within acceptable cost, schedule, and performance parameters and to ensure the continual assessment and mitigation of potential risks. Through timely oversight, quality control, and executive review, the Department manages its investments in a disciplined and consistent manner that promotes the delivery of quality products and results in investments completed within scope, on time, and within budget.

Monitoring the performance, progress, and status of investments depends on effective project management and execution activities, accompanied by timely and appropriate corrective actions. To the extent practical, projects should use automated project cost and schedule control systems to manage, maintain, and provide shared access to investment baselines, monitor changing business requirements, and track resource allocations. Ultimately, management uses progress reviews to ensure the realization of expected benefits, the effective management of risks, and the realization of strategic business needs.

The CPIC Control phase aligns with the PPBE Execution phase. The CPIC Control phase starts during the Concept and Technology Development phase of the IRP and continues until it is determined that the investment is no longer useful, at which time it is retired and then disposed of.

### 4.2 Process Initiation

Projects enter the Control phase at the point in time at which they start expending funds to acquire planned capabilities. Project managers must monitor and control the expenditure of funds to ensure that the project delivers the promised capability in accordance with the approved cost, schedule, and performance baseline.

### 4.3 Process Steps

Existing government regulations require Federal Agencies to establish a regular review process for their investments (both IT and non-IT) as part of its CPIC process. OMB Circular A-130, Management of Federal Information Resources, refers to this review process as the Control Phase of the CPIC process. Circular A-11 references the American National Standards Institute/Electronic Industries Alliance (ANSI/EIA) Standard 748-A-1998 for EVM and similar processes to monitor performance. To comply with these regulations, DHS has established a Periodic Reporting Process. The project should be using EVM (for development, modernization, or enhancement) or Operational Analysis (for steady state) to manage for risk reduction and increased performance. Refer to the *DHS Periodic Reporting Manual* for the most current information and details.

The Control phase utilizes detailed analysis and review of project performance. Project managers prepare inputs for program managers for the periodic reports; support the review process, as required; and make project adjustments as necessary, based on the results of the review. The IPRT reviews the periodic reports and other documents, consults with the project

and/or program manager, if required, and prepares recommendations. The Chief Executive Officers (CXO) and DHS IRP review boards conduct reviews of investment performance.

The Control phase continues during deployment and operation when an investment also moves to the Evaluate phase for review of actual results and outcomes and development of lessons learned.

#### 4.3.1 Control: Execution – Establish and Maintain Investment Cost, Schedule, and Performance Baselines (pre-steady state)

The Acquisition Program Baseline (APB) is the baseline for the critical cost, schedule, and performance parameters for an investment, agreed between the program and DHS. The program must develop and have an approved APB in accordance with the MD 1400. Per MD 0007.1, the DHS CIO reviews and approves any IT acquisition over \$2.5 million. OMB also requires that program managers have the program baseline independently validated by a qualified source. An Integrated Baseline Review may be substituted for an independent validation of an APB. The *DHS Periodic Reporting Manual* provides additional detail regarding the investment phases that require an APB, approval authorities, and independent APB validation. Projects must meet these cost, schedule, and performance parameters, thresholds, events, and milestones in order to accomplish the investment objectives. The project manager is responsible for establishing the project management and execution plans, procedures, and practices to support investment-monitoring activities, including the control of the baseline as established in the APB and approved by the IRP decision authority.

In compliance with OMB requirements, DHS requires the use of an Earned Value Management System for major investments in development. Although not required by OMB, DHS also requires EVM for non-IT investments between \$20M and \$50M total (acquisition cost) that are in development<sup>7</sup>. OMB and the Federal Acquisition Regulation require that the EVMS meet ANSI/EIA Standard 748-A-1998. EVM is a project performance-measurement tool that effectively integrates the project's scope of work with schedule and cost elements at the appropriate level for project and program planning and control. For the steady-state portion of investments, OMB Circular A-11 requires the use of Operational Analysis to manage the operations and maintenance effort. For more information on Operational Analysis, see Chapter 5 of this guide.

The project manager should use EVM, in conjunction with other project- and risk-management techniques to monitor the overall health of the project and take corrective action, as required, to ensure that the project adheres to the approved baseline. The project manager must submit any changes to the approved baseline for approval to the appropriate IRP decision authority.

In cases in which there is no defined product or standard against which to measure performance or in which the business case for implementing an EVMS indicates other measures are more representative, the project manager is still considered responsible for measuring the performance of the project and is expected to utilize appropriate measurements to gauge that performance.

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<sup>7</sup> Per DHS EVM Guidance, using an EVMS is at the discretion of the PM for contracts whose contract price is less than \$20M. The PM should consider the overall risk to the investment in this decision. Note that DHS may require an investment to utilize an EVMS on any particular contract if the investment is in trouble or of particularly high risk and use of an EVMS would bring additional rigor to the management of the program.

For more information on EVM, reference the *DHS Earned Value Management Guidance*. This guide provides additional details on EVM components (schedule status, forecasts, analysis, Integrated Baselines Reviews, and Earned Value Performance Reporting) and tailoring. For EVM training and other resources, contact the CPIC Administrator.

#### 4.3.2 Control: Execution – Report Investment Status to the Component-level Program Control Office

Components may impose additional requirements for project management and control. In compliance with these requirements, the project manager should provide the appropriate reports to the designated office within the Component for oversight of projects performance.

#### 4.3.3 Control: Execution – Report Investment Status to DHS

Project managers are required to submit inputs to the program manager as necessary to support the submission of periodic program performance reports to DHS in compliance with the *DHS Periodic Reporting Manual*. The Manual specifies which types of investments must submit Periodic Reports.

The project must meet cost, schedule, and performance parameters, thresholds, events, and milestones in order to accomplish the investment objectives. Periodic reporting to DHS of progress toward planned objectives is required and supplements the milestone reviews that take place under the Investment Review Process.

Periodic reports<sup>8</sup> should be prepared by the program manager and vetted through Component reviews before being submitted to DHS. Upon completion of Component review, the Periodic Reports are submitted to DHS.

Using these reports, DHS will conduct structured reviews of the project's performance in relation to the cost and schedule baseline goals. Figure 4 illustrates how DHS assesses investment performance variances.

Color	Threshold
Green	$ x  < 8\%$
Yellow	$8\% \leq  x  < 10\%$
Red	$ x  \geq 10\%$

**Figure 4. Investment Performance Variance**

Note:  $|x|$  represents the absolute value of cost, schedule, or performance variance.

<sup>8</sup> Note that the Exhibit 300 must also reflect information reported via Periodic Reporting.

Project managers should assess the need for and implement corrective actions, as appropriate, when the DHS variance threshold (+/- 8%) is exceeded. The Program Manager must report any breach of the investment's APB to CFO PA&E as soon as it is identified, and submit a Breach Remediation Plan within 30 days directly to CFO PA&E (if the investment has an approved APB). Additionally, breaches must be reported via the Periodic Report.

DHS will conduct follow up with those projects assessed as "Red" in order to determine whether there is an acceptable explanation for the performance variance. If there is not an acceptable explanation, the project will be required to submit additional documentation, such as a detailed project schedule; a spend plan; and a get-well plan that documents planned corrective actions, including actions that will be taken to correct baseline breaches. The project must clearly define any proposed baseline changes and have them approved by the appropriate IRP authority. Any re-baselining must also be reported on the next Exhibit 300 for submittal to OMB. Furthermore, the project may be subject to an out-of-cycle investment review.

Once all project data are collected and final assessments determined, DHS conducts a portfolio analysis to determine the overall health of the DHS portfolio of major investments. Results will be reported to DHS management in a standardized format to support timely and informed decisions and to enable the Department to identify problems and issues before they become serious.

DHS also uses Periodic Reporting to gather, calculate and report data to OMB. Periodic Reporting information includes information required by OMB in order to complete the quarterly IT High Risk Template. Additionally, DHS calculates EVM statistics for the Department's PMA E-Gov report and to determine Component's PMA E-Gov ratings on EVM elements.

## 4.4 Process Outputs

The Control phase produces the following outputs:

- Component-required project status reports
- Periodic Reports to DHS
- DHS Summary Report to OMB

## 5. Reviewing Risks and Returns (Evaluate Phase)

### 5.1 Purpose

The purpose of the Evaluate Phase is to 1) determine how well the investment is meeting its performance, cost, and schedule objectives and 2) determine the extent to which the CPIC process improved the outcome of the investment. As noted in GAO's *Assessing Risks and Returns: A Guide for Evaluating Federal Directorates' IT Investment Decision-Making*, "the Evaluation Phase 'closes the loop' of the IT investment management process by comparing actual data against estimates in order to assess the performance and identify areas where decision-making can be improved."

The CPIC Evaluate phase aligns with the Post-execution phase of the PPBE and the Operations and Support phase of the IRP.

### 5.2 Process Initiation

The Evaluate Phase of the Department's CPIC process begins after an investment enters steady state (is implemented; is deployed and operational). Projects not approved for continuation by the appropriate IT decision authority must also execute the Evaluate phase.

### 5.3 Process Steps

#### 5.3.1 Evaluate: Post-Execution – Conduct Post-Implementation Reviews

Project managers are required to conduct a PIR to evaluate the impact of the investment's deployment on customers, the mission and program, and technical and/or mission capabilities.

The PIR focuses on three primary areas:

- 1) **Impact to stakeholders and customers:** The impact the investment has on stakeholders and customers will typically be measured by the project manager through user surveys (formal or informal), interviews, and feedback studies;
- 2) **Ability to deliver results (quantitative and qualitative):** The investment's impact to mission and program should be carefully evaluated to determine whether it delivered the expected results. This information should be compared to the investment's original performance goals; and
- 3) **Ability to meet baseline goals:**
  - Cost – Document actual lifecycle costs to date; the cost of the PIR should be included in the project's total lifecycle cost
  - Return – Document actual lifecycle returns to date
  - Schedule – Document original baseline and actual investment schedule
  - Architectural Analysis – Assess whether the investment adhered to the Department's architectural standards or whether modifications were required to ensure investment compliance outside the original architectural baseline
  - Risk Analysis – Document the risks associated with the investment, including their impacts and probabilities, and how they were managed or mitigated.

Projects should conduct the PIR for a newly deployed investment generally after six months of operation. Projects cancelled by the IRP decision authority should conduct the PIR immediately. The review of a cancelled investment will help to define any lessons learned that can be factored into future investment decisions and activities.

Projects should report the results of the PIR to the DHS IPRT. Additionally, the projects should include the results of the PIR as part of the Operations and Support Decision Milestone review by the appropriate IRP decision authority.

### 5.3.2 Evaluate: Post-Execution – Apply Lessons Learned

Whatever the findings of the PIR, any significant lessons learned should be applied to improve the CPIC process. Identifying ways to incorporate the lessons learned to increase the probability of a successful outcome in an investment process is a fundamental goal for the Department, achieved through the project manager, IPT, Component and DHS review boards, and other participants in this phase.

The process for incorporating lessons learned includes 1) identifying lessons learned, 2) providing recommendations (based on lessons learned), 3) agreeing on the appropriate process improvements, and 4) applying the process improvements in the next iteration of the Select Phase. This process will yield specific actions designed to improve the Department's project-success rates, while non-value added steps are revised or removed.

The Lessons Learned should be reported to the DHS IPRT for use throughout DHS.

### 5.3.3 Evaluate: Post-Execution – Perform Operational Analysis

Major investments that are in the steady state or operations and maintenance phase are required to use Operational Analysis as the performance-measurement process to measure the performance and cost of those assets against the established baseline. Operational Analysis should take place in accordance with a schedule of fixed milestones or on a cyclical basis, depending upon the nature of the asset. Operational analyses are control mechanisms that measure how close the investment is to achieving the project's expected cost, schedule, and performance goals. When performance is deficient, the project manager must identify and schedule suitable corrective actions. Note that if any changes to baseline goals are required, the appropriate IRP decision authority must approve them.

Operational analysis may result in the identification of the need to acquire a new capital asset. This need should be input, as appropriate to the PRE-SELECT: Planning phase to initiate a new investment.

For additional information, refer to the *DHS Operational Analysis Guidance*.

### 5.3.4 Evaluate: Post-Execution – Submit Close Out Exhibit 300

Once non-IT investments become operational, they should submit a Close Out Exhibit 300, since Exhibit 300's are not required for these programs after this point in the lifecycle. For additional information, reference the Instruction tab in IMS.

Additionally, the project manager should complete a Close Out Exhibit 300 for any project that the IRP decision authority did not approve for continuation.

## 5.4 Process Outputs

The Control phase produces the following outputs:

- PIR Results
- Lessons Learned
- Operational Analysis reports to DHS
- Close Out Exhibit 300s for operational non-IT investments or for any projects not approved to continue

## 6. Joint/Consolidated Projects

This guide provides the following information to assist projects managers in understanding the definition of joint and consolidated investments and how these investments are processed within the CPIC. The Joint/Consolidated Investments support the integration activities mandated by MDs 0002, 0003, 0004, 0005, 0006, and 0007.1. For additional information on multi-agency investments, reference OMB Circular A-11, Part 7.

### 6.1 Definition

As a part of the IRP, investments are subject to review for potential overlap and possible consolidation. Within DHS, the Component IRB and the DHS IPRT perform these reviews. External to DHS, OMB may perform this review. Investments may be identified for possible consolidation because of these internal or external reviews. The appropriate IRP decision authority approves recommendations on consolidating investments.

DHS investments merged with investments of agencies external to the Department are “Joint Investments.” Investments merged within DHS are “Consolidated Investments.”

Reference the annual FYHSP guidance for a list of current Joint/Consolidated investments.

### 6.2 Lead Component Responsibilities

DHS may designate a lead Component for Joint and consolidated Investments. The lead Component has responsibility for the preparation of the Exhibit 300. The lead Component will manage the investment through the Component’s CPIC process, including PPBE requirements for RAP/CIP inputs. The lead Component’s IRB review of the entire investment satisfies the OMB requirement for review of these investments. The lead Component also has responsibility for preparing a Consolidated CIP, as well as a Contribution CIP, and the Exhibit 53 input.

Per the *DHS Periodic Reporting Manual*, consolidated investments are subject to DHS Periodic Reporting; these reports are prepared by the program manager by aggregating data across the CIPs to represent the entire consolidated investment.

### 6.3 Participating Component Responsibilities

Participating Components are not required to prepare an Exhibit 300, since the lead Component has this responsibility. They are, however, responsible for providing inputs to the lead Component to support the development and update of the Exhibit 300, including participating Components information on funding and milestones.

Participating Components are responsible for preparing a Contribution CIP in FYHSP. This is required to reflect the dollars spent on the Consolidated Investment by the Component. This CIP information is reflected in IMS and the Sources of Funding in the Exhibit 53 (see Section 6.5 below).

Each Component participating in Joint/Consolidated Investments must also prepare an Exhibit 53 input reflecting their contribution to the investment and indicating that funds are part of a

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multi-agency business case. DHS ensures that there is no duplication of funds in the Exhibit 53 submission to OMB.

For further information on creating CIPs for joint/consolidated investments, refer to the annual FYHSP guidance or consult with your CPIC Administrator.

## 6.4 Summary of Documentation Requirements

The following table summarizes the documentation requirements of the lead and participating Components for Joint and Consolidated investments:

**Table 5. Joint/Consolidated Investment Documentation Requirements**

Component Role	Consolidated CIP	Contribution CIP	Exhibit 300	Exhibit 53
Lead	X	X	X	X
Participating		X		X

## 6.5 Consolidated Investments and the Working Capital Fund

Frequently, but not always, the Working Capital Fund (WCF) is used as a mechanism to fund Consolidated Investments. If Components do not use the WCF, they should report their direct spending for the Consolidated Investment. The Contribution CIP that a Component submits in FYHSP for a Consolidated Investment should include 1) appropriated funding the Component is devoting to the function for its own purpose, 2) direct contributions to the centrally managed Consolidated Investment, and 3) WCF contributions to the Consolidated Investment. Funding from all three sources is shown in the Summary of Spending of the Exhibit 300 and reflected in the Exhibit 53 input.

## 6.6 Joint/Consolidated Investment IPT

The project manager should establish an IPT for Joint/Consolidated Investments to assist throughout the lifecycle of the project. These IPTs must also include representation from key stakeholders or customer communities from all agencies participating in the investment.

## Appendix A. DHS Notional Example of PPBE, EA, and CPIC Processes

### Timeline

On the pages that follow is a **notional example** of the steps Project Management Offices (PMOs) need to take to move major (Level 1, 2, or 3 for IT; Level 1 or 2 for non-IT) initiatives through the DHS PPBE, EA, and CPIC processes, following the milestone phases as defined in the Investment Review Process (IRP) Management Directive 1400. The assumption is that the initiatives are started in FY07, and require their first funding in FY10.

This example has been updated to reflect the additional process associated with the review of IT acquisitions that are greater than \$2.5M.

The example is considered **notional** because the timeframe in which specific activities occur may vary by fiscal year. *Readers are advised to consult with their CPIC Administrators and/or the annual FYHSP guidance for current information.*

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
<b>In FY07, FY10 is BY+2</b>	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5	BY+6
<b>In FY08, FY10 is BY+1</b>	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
<b>In FY09, FY10 is BY</b>	PY-1	PY	CY	BY	BY+1	BY+2	BY+3	BY+4
<b>In FY010, FY10 is CY</b>	PY-2	PY-1	PY	CY	BY	BY+1	BY+2	BY+3
<b>In FY11, FY10 is PY</b>	PY-3	PY-2	PY-1	PY	CY	BY	BY+1	BY+2

### Legend:

PPBE Phases	Milestone Phases	CPIC Phases	Component/PMO submissions to DHS (red) Joint/Consolidated/WCF specific actions (blue)
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Month	Component (See Note 2)		DHS (See Note 2)				OMB/ Congress
	PMOs	CFO/CIO/CPO IRB	IPRT/EA COE	CFO/CIO/CPO	IRB/JRC/ EAB	Secretary	
<b>January</b>	3I. PMOs finalize BY Exhibits 53 & 300 in IMS. 5F. PMOs reconcile PY funding with accounting, and update PY funding data in Exhibits 53 & 300.			2H. DHS CFO issues final BY+1 – BY+5 IPG and Resource Allocation Plan (RAP) targets. 3H. DHS CFO amends BY budget.			3J. OMB prepares BY President’s Budget. 3K. President delivers State of the Union Address to Congress.
<b>February</b>	1B. PMOs conduct preliminary cost benefit analyses. 4G. PMOs conduct Q1 CY cost/ schedule/ performance reviews and submit Periodic Reports to DHS.	2J. Components prepare BY+1 – BY+5 RAP/ Capital Investment Plan (CIP) inputs, including direct and WCF contributions to J/C initiatives. 2K. Component IRBs approve BY+1 – BY+5 RAPs/Activities/CIPs, including direct and WCF contributions to J/C initiatives. 4H. Components conduct Q1 CY Periodic Report reviews.		2I. DHS CFO reviews and DHS CFO Council approves BY WCF reprogramming and BY+1 – BY+5 WCF component allocations. 3L. DHS CFO sends BY - BY+5 FYHSP to Congress. 4I. DHS conducts Q1 Periodic Report reviews.			3M. OMB sends BY President’s Budget to Congress. 3N. Congress reviews BY President’s Budget.
<b>March</b>	2L. PMOs submit BY+1 – BY+5 Activity/ CIP/IT Budget inputs to Component CFOs. 3O. PMOs answer Congressional questions on BY IT budget request.	2M. Component CFOs submit BY+1 – BY+5 RAPs/ Activities/CIPs/IT Budget to DHS, including direct and WCF contributions to J/C initiatives.	2N. IPRT analysis of component BY+1 – BY+5 RAP/Activity/ CIP submissions. 3R. EA COE conducts impact assessment of budget resolution on BY DHS EA Transition Plan.	2O. DHS CIO reviews Component IT Budget submission. 3P. DHS answers Congressional questions on BY budget request.	2P. EAB makes recommendations on BY+1 – BY+5 RAPs/Activities/ CIPs.		3Q. Congressional committees hold hearings on BY President’s Budget.
<b>April</b>	1C. PMOs vet BY+2 – BY+6 initiative funding strategies with program sponsors. Where funding from more than one component is involved, establish resource allocation through WCF. 3T. PMOs develop BY spend plans. J/C PMOs also prepare BY spend plans for WCF.	2Q. Components prepare appeals to draft RADs and submit BY+1 EA updates. 2R. Component CFOs prepare appeals to draft BY+1 – BY+5 RADs and submit BY+1 EA updates.	2S. EA COE assesses component BY+1 EA updates.	2T. DHS CFO issues draft BY+1 – BY+5 RADs.		2U. DHS CFO reviews draft Resource Allocation Decisions (RADs) with Secretary; Secretary makes final decisions.	3S. Congress reaches a concurrent BY budget resolution.

Month	Component (See Note 2)		DHS (See Note 2)				OMB/ Congress
	PMOs	CFO/CIO/CPO IRB	IPRT/EA COE	CFO/CIO/CPO	IRB/JRC/ EAB	Secretary	
<b>May</b>	4J. PMOs conduct Q2 CY cost/schedule/ performance reviews and submit Periodic Reports to DHS.	2W. Component IRBs approve BY+1 investment portfolios. 4K. Components conduct Q2 CY Periodic Report reviews.	1D. EA COE develops input to Integrated Planning Guidance (IPG).	2V. DHS CFO issues BY+1 – BY+5 RADs and BY+1 Budget Guidance. 4L. DHS conducts Q2 Periodic Report reviews.			3U. House & Senate Authorization & Appropriations Committees deliberate on BY budget.
<b>June</b>	2X. PMOs submit component Exhibits 53 & 300 in IMS. 3W. PMOs initiate BY contract actions. 5G. PMOs conduct Post Implementation Review (PIR) and submit to DHS.	2Y. Components submit budget to DHS CFO.	2Z. IPRT reviews and scores BY+1 Exhibits 300 & provides feedback to components.	1E. DHS conducts selected analyses for BY+2 – BY+6 Integrated Planning Guidance (IPG). 2AA. DHS reviews budget material (including component WCF allocations).			3V. House & Senate vote on 13 separate BY appropriation bills.
<b>July</b>			1G. IPRT (EA COE) analyzes latest (BY+1) Exhibits 300 and performs technology assessment for BY+2 – BY+6 IPG. 2AB. IPRT analyzes BY+1 Exhibits 300. 2AC. IPRT makes recommendations on BY+1 – BY+5 Program Budget Decisions (PBDs).	1F. DHS CFO solicits IPG inputs. 2AD. DHS CFO reviews BY+1 budget issues.		2AE. DHS CFO reviews BY+1 budget issues with Secretary	3X. After Conference Committee, House & Senate vote on Conference Report for BY appropriations bills.
<b>August</b>	2AH. PMOs submit amended BY+1 Exhibits 53 & 300 in IMS. 4M. PMOs conduct Q3 CY cost/ schedule/ performance reviews and submit Periodic Reports to DHS.	1H. Component CFOs/ CIOs conduct internal strategic reviews. 2AG. Component CFOs submit amended BY+1 budgets. 2AI. Component CFOs update FYHSP for submission to OMB based on final DHS BY+1 budget decisions. 4N. Components conduct Q3 CY Periodic Report reviews.	1I. EA COE adjusts EA Transition Strategy to reflect new sequencing, consolidation, and integration implications.	4O. DHS conducts Q3 Periodic Report reviews.		2AF. DHS issues final BY+1 PBDs.	3Y. After Budget Reconciliation Conference Committee, House & Senate vote on reconciliation of BY authorization bills.
<b>September</b>		1J. Component CFOs submit BY+2 – BY+6 IPG inputs to DHS. 4P. Components execute CY end-year funding.		1K. DHS CFO assesses BY+2 – BY+6 IPG inputs and conducts Secretarial Planning. 2AJ. DHS CFO/CIO submit BY+1 budget material to OMB. CFO submits BY+1 – BY+5 FYHSP to OMB.		1L. DHS CFO reviews BY+2 – BY+6 IPG with Secretary.	3Z. President signs DHS BY appropriation and authorization.

Month	Component (See Note 2)		DHS (See Note 2)				OMB/ Congress
	PMOs	CFO/CIO/CPO IRB	IPRT/EA COE	CFO/CIO/CPO	IRB/JRC/ EAB	Secretary	
<b>Recurring Milestone Actions</b>	Manage project operations. Prepare milestone documentation.	Approve Level 3 and 4 investments, and recommend Level 1 and 2 investments to DHS boards.	Review Level 1, 2 and 3 investments and perform EA compliance review at each milestone.	CFO review Level 1, 2 and 3 milestone documentation prior to DHS Board review.	IRB approve Level 1 investments. JRC approves Level 2 investments, and recommend Level 2 investments. EAB concur in Level 3 IT investments, and recommend Level 1 and 2 IT investments to IRB/JRC.		

**Notes:**

1. This is the stakeholder version of the PPBE/EA/CPIC process chart. The numbers refer to the actions shown in the timeline version of this chart.
2. Due to space constraints, other organizational element and DHS IT governance bodies are not shown.

## Appendix B. DHS IT Portfolio Definitions

IT Portfolio	Definition
Alert/Disaster Management	Includes all activities needed to prepare for, mitigate, respond to, and repair the effects of natural or man-made disasters; including incident management, and the creation and distribution of alerts, warnings and notifications.
Asset Management	Includes all the activities related to the maintenance, and operation of office buildings, fleets, machinery, and other capital assets that are possessions of the federal government.
Authentication/Credentialing/Identity	Includes all activities that electronically identify, authenticate, and authorize access to software applications and/or facilities. Also includes systems that issue digital certificates and systems that involve PKI and user identifications.
Call Centers	Includes all activities providing assistance to customers regarding services and benefits, and with issues related to routine administration of citizen services through Electronic Government (E-Gov).
Case Management	Includes all activities that administer and manage asylum and naturalization processing, immigration, code and law enforcement investigations, activities, cases and prosecutions, and component legal office administration activities.
Continuity of Operations (COOP)	Includes all activities associated with the identification of critical systems and processes, and the planning and preparation required to ensure that these systems and processes will be available in the event of a catastrophic event.
Data Management	Includes all Information Management activities, including coordinating information collection, storage, dissemination, and destruction. This also includes managing information management policies, guidelines and standards.

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Document Management	Includes all activities and technologies for managing the document “life cycle.” This includes tracking, monitoring, and allocating resources to create, use, revise, approve, retrieve, archive and dispose of documents. The term document applies to any container of information, whether electronic or not, whether text or not, and whether business-critical or not.
Financial	Includes all activities that capture, process, and report financial information to measure and record a Component’s efficiency and effectiveness in achieving its objectives. The ability to obtain and use this information is established by policies, practices, standards, and control systems that ensure that information is captured and reported reliably and consistently.
Geospatial	Includes all activities related to capturing, storing, checking, integrating, manipulating, analyzing and displaying data about positions on the Earth’s surface. Typically, a Geographic Information System (or Spatial Information System) is used for handling maps. These might be represented as several different layers where each layer holds data about a particular kind of feature. Each feature is linked to a position on a map’s graphical image.
Grants	Includes all activities involved in managing financial assistance instruments that provide money, direct assistance and/or benefits-in-kind to a recipient. This money is used to carry out a public purpose (e.g., education, research and development). These activities include disaster and non-disaster grant management.
Human Resources	Includes all activities associated with recruiting and managing personnel.
Information Sharing/Intelligence	Includes the activities related to collecting and analyzing information to meet the national security challenges of the U.S. by processing reliable, accurate intelligence, and disseminating intelligence products to policymakers, military commanders, and other consumers.
Infrastructure	Includes all activities related to the planning, design, and maintenance of an IT infrastructure to effectively support automated needs (i.e., platforms, networks, servers,

	printers).
Portal	Portals serve as web gateways to DHS services, information and content. Includes all activities related to the planning, design, development and maintenance of websites that perform personalization, collaboration, search and content management functions. Portals, when integrated with Single Sign On, provide access to a variety of applications and aggregate disparate content sources (structured and unstructured) and services in one common view.
Procurement	Includes all activities that purchase, track and manage goods and services, including inventory management and monitoring, and operations and transaction optimization.
Screening Watchlist	Includes all the activities that support the tracking and monitoring of travelers, conveyances and cargo crossing U.S. borders, and traffic pattern analysis, database (Federal, State and Local) linking and querying, and managing status verification and tracking systems. Different investments and systems may support distinct screening and watchlist activities for people, cargo, and tangible goods.
Security/Clearance Management	Includes all activities that protect information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction. Also includes all activities that provide physical protection of an organization's personnel, assets, and facilities (including security clearance management).
Telecommunications/Radio Systems/Wireless	Includes all activities that transmit data, messages and information in any format or protocol, to and from multiple communications devices (including modems, cables, and ports) and software applications.
Trade	Includes all activities that advance worldwide economic prosperity by increasing trade through domestic and overseas markets and enhancing the free flow of goods, services, and capital.
Training	Includes all activities that support employee professional skills and needs assessments, employee skills and knowledge development and enhancement, and program development and administration.

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Research and Development	Includes all activities that gather and analyze data, disseminate the results, and support new product development, methodologies, and ideas.
Other/Unknown	Includes assets and resources that cannot be linked to a portfolio.

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# Appendix C. Security Requirements by Decision Milestones

The following checklist serves as a guide to information security activities that should be performed in each phase of the IRP. Approval to proceed to the subsequent phase depends upon the completion of the set of activities in the associated phase. The operations phase describes activities that should occur in the environment after implementation. At any time, the project can request a PIR to determine if the project is meeting appropriate security requirements.

Investment Review Stages	Security Activities
<b>Activities to prepare for Project Authorization Decision Milestone (formerly KDP 1) approval</b>	Assign ISSO to system.
	Determine likely criticality of information and overall system categorization according to FIPS 199, <i>Standards for Security Categorization of Federal Information and Information Systems</i> , <a href="http://csrc.nist.gov/publications/fips/fips199/FIPS-PUB-199-final.pdf">http://csrc.nist.gov/publications/fips/fips199/FIPS-PUB-199-final.pdf</a> , if system is for intelligence or law enforcement, and undergo critical infrastructure review. The DHS specific FIPS 199 determination spreadsheet is now available from the DHS Compliance Help Desk at 877-695-6955.
	Document <i>high-level</i> considerations related to DHS security strategy, security architecture, and security policies.
	Conduct preliminary security risk assessment report to include: <i>High-level</i> description of the basic security needs, security controls for the proposed system, and the assurance requirements; define the threat environment in which the system will operate.
	Determine if system will be part of e-Government initiative and if e-authentication regulations apply.
	Complete draft applicable budget request documentation from OMB Circular A-11. Security activities to consider for developing estimates are described in Section C of OMB Memorandum 04-25 ( <a href="http://csrc.nist.gov/sec-cert/m04-25.pdf">http://csrc.nist.gov/sec-cert/m04-25.pdf</a> )
	<b>Activities to prepare for Alternative Selection Decision Milestones (formerly KDP 2) approval</b>
Enter system information into the DHS Enterprise FISMA Reporting Tool ( <a href="https://tafisma.dhs.gov">https://tafisma.dhs.gov</a> )	
If contractors are used, determine security language to be placed into contracts.	
Identify intended system boundaries and system interconnection/ information sharing plans. A completed inventory change control form should be completed and submitted.	
Verify preliminary risk assessment assumptions have not changed or update	
Verify intended criticality of information and overall system categorization according to FIPS 199 and critical infrastructure review.	
Develop information security requirements traceability matrix via the DHS Enterprise-wide Certification and Accreditation (C&A) Tool.	
Develop preliminary Plans of Action and Milestones (POA&M) to implement necessary controls and compensating controls where controls cannot be met as part of the System Security Plan (SSP).	
Document a system security plan addressing all the elements outlined in NIST SP 800-18 to provide an overview of the security requirements of the system and describe the controls in place or planned for meeting those requirements. Delineate responsibilities and expected behavior of all individuals who access the system. Templates for system security plans are located in the DHS Enterprise-wide C&A tool located at <a href="https://canda.dhs.gov">https://canda.dhs.gov</a> .	
Develop contingency plan. Templates for contingency plans are located in the DHS Enterprise-wide C&A tool located at <a href="https://canda.dhs.gov">https://canda.dhs.gov</a> .	
Perform final formal risk assessment to determine risk level associated with system based on identified threats, vulnerabilities and examine the adequacy of planned or existing security controls for reducing or eliminating risk. Templates for risk assessments are located in the DHS Enterprise-wide C&A tool located at <a href="https://canda.dhs.gov">https://canda.dhs.gov</a> .	
Develop System Test and Evaluation (ST&E) Plan for verifying security controls.	
Ensure security is integrated into the Configuration Management Plan	
Identify necessary security metrics and plan for data collection and reporting	
Implement security controls as defined in the SSP.	
Update budget request documentation if needed.	

Investment Review Stages	Security Activities
<b>Activities to Prepare for Project Decision Milestone (formerly KDP 3) approval</b>	Implement ST&E Plan for security controls and document results within the Security Assessment Report (SAR), revisions to the Risk Assessment Report, and any related Plan of Action and Milestones (POA&Ms).
	Test contingency plan.
	Update system security plan and complete the final NIST SP 800-53 Self-Assessment within Trusted Agent FISMA ( <a href="https://tafisma.dhs.gov">https://tafisma.dhs.gov</a> ).
	Create, sign, and receive signatures for Interconnection Security Agreements to document agreements with owners of interconnected systems
	Update POA&M to outline tasks and resources that will be used to mitigate residual risks.
	Conduct procedures and prepare documentation for system certification according to required certification methodology as implemented within DHS MD 4300 (interpreting NIST SP 800-37, DITSCAP, or DCID-6/3).
	Update budget request documentation if needed.
<b>Activities to Prepare for Pre-deployment Decision Milestone (formerly KDP 4) approval</b>	Obtain certification, prepare accreditation package, and forward recommendation for accreditation to Designated Approval Authority (DAA). Submit accreditation package to the Designated Accreditation Authority (DAA) to obtain accreditation (full authority to operate)
<b>Operations and Support</b>	Collect security metrics data.
	Report FISMA required metrics to CISO compliance office ( <a href="https://tafisma.dhs.gov">https://tafisma.dhs.gov</a> ).
	Record, track, and report security incident information required by FISMA to DHS SOC.
	Continuously monitor information security posture based on risk – consult NIST Special Publication 800-53A, <i>Techniques for Verifying the Effectiveness of Security Controls</i> (initial public draft).
	Continue with required annual security reviews of the effectiveness of security controls.
	Test contingency plan annually at a minimum.
	Conduct contractor facility reviews as required.
	Update the security POA&M continuously with any new weaknesses discovered during security reviews and the associated plan to mitigate them as well as status of previous weakness closure.
	Monitor, document, test security implications and gain approval for changes according to the configuration management plan.
	Re-certify and accredit the system every 3 years or when a major change occurs.
	Update system security plan, risk assessment, and self-assessments as changes occur or at least annually.
Create security procedures for disposal plan when needed.	

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## Appendix D. Privacy Requirements

### **Statutory Authority and Definitions**

Section 208 of the E-Government Act of 2002 requires all federal government agencies to conduct Privacy Impact Assessments (PIA) for all new or substantially changed technology that collects, maintains, or disseminates personally identifiable information.

Section 222 of the Homeland Security Act requires the Chief Privacy Officer of the Department to ensure that the technology used by the Department sustains and does not erode privacy protections. The PIA is one mechanism through which the Chief Privacy Officer fulfills this statutory mandate. In addition, the Chief Privacy Officer is required to conduct PIAs for proposed rulemakings of the Department. The Chief Privacy Officer approves PIAs conducted by the Department's offices and programs.

A PIA should be completed for any system, program, technology, or rulemaking that involves personally identifiable information. Personally identifiable information is information in a system, online collection, or technology that permits the identity of an individual to be directly or indirectly inferred, including any other information which is linked or linkable to that individual regardless of whether the individual is a U.S. citizen, legal permanent resident, or a visitor to the U.S.

Examples of personally identifiable information include: name, date of birth, mailing address, telephone number, social security number, e-mail address, zip code, address, account numbers, certificate/license numbers, vehicle identifiers including license plates, uniform resource locators (URLs), internet protocol addresses, biometric identifiers (e.g., fingerprints), photographic facial images, any other unique identifying number or characteristic, and any information where it is reasonably foreseeable that the information will be linked with other information to identify an individual.

### **Privacy Documentation and Investment Phases/SDLC Stages**

OMB and the Privacy Office require programs to complete a Privacy Impact Assessment (PIA) and System of Records Notice (SORN) as part of the budget process. Generally, the PIA will be conducted prior to the SORN, but both will be issued at the same time, prior to a system using information about real individuals. Below is a summary of the privacy documentation potentially required for a program and/or its associated systems.

**Privacy Threshold Analysis:** A Privacy Threshold Analysis (PTA) must be completed by a system after Project Initiation and prior to completion of the Concept and Technology Development phase of the IRP (reference Figure 5 below). In the SDLC, this corresponds to the PTA being started during the Planning stage and prior to the end of the Requirements Definition stage. A PTA is required in order to earn a passing score on the Exhibit 300 for privacy. A completed PTA assists the program manager and Privacy Office in determining whether a Privacy Impact Assessment and/or a System of Records Notice (SORN) may be required. An investment may have several systems associated with it. A PTA should be completed for each system. If a system has already completed a PTA (through the Certification and Accreditation process, for example), it is not necessary to create another PTA.

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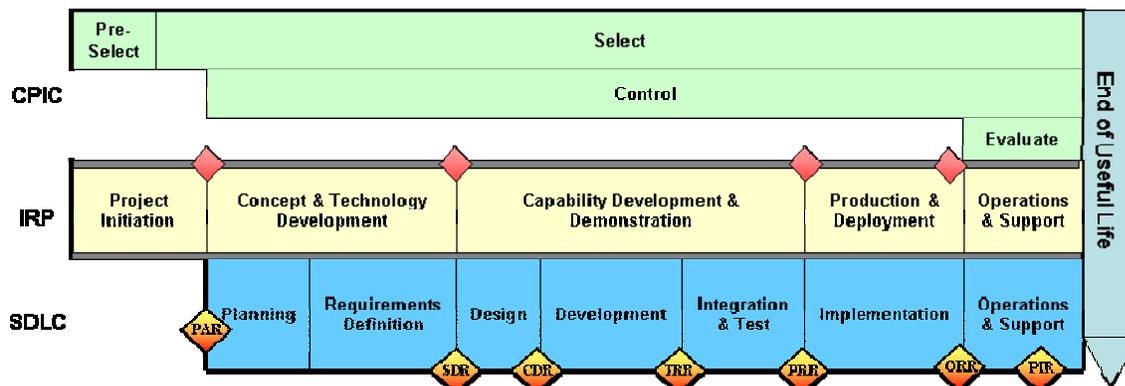


Figure 5. CPIC/IRP/SDLC Phases

**Privacy Impact Assessment:** The Privacy Impact Assessment (PIA) must be initiated and completed during the Capability and Development phase of the IRP. In the SDLC, this corresponds to the PIA being initiated at the beginning of the Design stage and completed prior to Integration and Testing. The PIA must be approved and published prior to a system going operational. As such, it is often not feasible for the documentation to be finalized and approved until an investment transitions into the final stages before going operational. The Privacy Office understands that programs and their associated systems in planning stages are not always in a position to have completed a PIA or SORN. The Privacy Office will work with the investment, CIO, CFO, and OMB to ensure that such circumstances are known to all.

**Operation and Maintenance:** Any operational system must have a PIA and SORN completed, where applicable. Further, any investment receiving funds for operation or maintenance must have a completed PIA and SORN. OMB has given significant attention to the responses of each associated system of an investment, and how the privacy responses correlate to how money is spent on a program. Program managers should contact the Privacy Office at [pia@dhs.gov](mailto:pia@dhs.gov) for the PIA template and Guidance if they do not already possess them.

**Legacy systems:** Some programs in the Department have not undergone significant changes since the passage of the E-Government Act of 2002. These systems are not required to complete PIAs until significant changes are made. However, a SORN must be in place where it is applicable. Please remember that the Department and OMB are looking more closely at any program or system claiming such exemption. It is advised for all programs and associated systems to complete PIAs and SORNs where applicable.

**Close-out systems:** If an investment is being closed out and associated systems are being decommissioned, please contact the Privacy Office to ensure that any privacy documentation is appropriately edited to reflect the phase out of the program or system.

**Consistency of responses:** Please note that PIAs and SORNs are almost always inextricably linked. Responding affirmatively on the Exhibit 300 to having a PIA and negatively to having a SORN creates an internal inconsistency that will be noted by OMB. There are instances where a PIA may be required but no SORN is required, however, such instances are rare. Conversely, if a SORN is required, a PIA is almost always required so answering affirmatively to having a SORN generally necessitates having a PIA in place as well.

The Privacy Office, U.S. Department of Homeland Security, Washington, DC 20528, phone: 703-235-0780, web: [www.dhs.gov/privacy](http://www.dhs.gov/privacy), email: [pia@dhs.gov](mailto:pia@dhs.gov).

## Appendix E. Department's Capital Asset Plan and Business Case (OMB Exhibit 300) BY 2009 Scoring Template

**Note:** The scoring criteria identified below will be changed based on OMB's guidance which is anticipated in May 2007. *Revised criteria will be distributed through the CAG and will be posted on DHS Online.*

Component	Life Cycle Phase	Project / Investment Name & ID #	Reviewer	Date Reviewed

### **Mandatory Life Cycle Positioning Confirmation**

The life cycle selected for this investment must be validated to ensure that the following conditions have been met :

- (1) The system types reported in the Security section Part I Section E, support the life cycle selection.
  - (a) A Planning or Acquisition life cycle must have an entry in the Systems in Planning table
  - (b) A Mixed life cycle selection must have BOTH an entry in the Systems in Planning and the Operational Systems table
  - (c) An Operations and Maintenance life cycle must have an entry in the Operational Systems table
  
- (2) For each of the above examples the Summary of Spending, Part I, Section B, \$ reported in the CY 2008 column must support the type life cycle at that point in time.
  - (a) A Planning or Acquisition life cycle must only show those types of funds for CY 2008
  - (b) A Mixed life cycle must show BOTH Planning/ Acquisition and Operational funds for CY 2008
  - (c) An Operational life cycle must only show Operational funding for CY 2008

***If ANY of these conditions are not in alignment the investment fails overall***

Score	Section	5 Points	4 Points	3 Points	2 Points	1 Point
	<p><b>Project Summary and Overview completion</b></p> <p>(DHS scored section – OMB does not score but considers in overall Program credibility)</p>	<p>The criteria to score 4 has been met PLUS the information provided is supported and enhanced throughout the other submission sections</p>	<ul style="list-style-type: none"> <li>The investment is correctly positioned in its choice of Life Cycle phase</li> <li>All overview questions have been answered correctly</li> <li>The Project Summary follows DHS / FYHSP guidance for content re Purpose, Gap addressed, Progress year over year and PART Program relationship</li> <li>The response to the PART questions should identify the FYHSP Program to which this investment contributes</li> </ul>	<ul style="list-style-type: none"> <li>The investment is correctly positioned in its choice of Life Cycle phase</li> <li>All overview questions have been answered correctly</li> <li>The Project Summary is adequate but only partially follows DHS guidance</li> <li>The PART Program has been identified</li> </ul>	<ul style="list-style-type: none"> <li>May not be correctly positioned</li> <li>Not all overview questions have been answered</li> <li>The Project Summary does not effectively communicate the purpose and progress of the investment</li> </ul>	<ul style="list-style-type: none"> <li>May not be positioned correctly</li> <li>Several overview questions not answered</li> <li>The Project Summary is inadequate to support the investment</li> </ul>
		<p><b>Operations and Maintenance</b></p> <p>The criteria to score 4 has been met PLUS the information provided is supported and enhanced throughout the other submission sections</p>	<p><b>Operations and Maintenance</b></p> <ul style="list-style-type: none"> <li>All overview questions have been answered correctly</li> <li>The Project Summary follows DHS / FYHSP guidance for content re Purpose, Gap addressed, Progress year over year and PART Program relationship</li> <li>The response to the PART questions should identify the FYHSP Program to which this investment contributes</li> <li>It is clear that this solution continues to be the most appropriate one.</li> <li>It is clear that there is not an alternative solution that would result in increased effectiveness and/or cost savings.</li> </ul>	<ul style="list-style-type: none"> <li>All overview questions have been answered correctly</li> <li>The Project Summary is adequate but only partially follows DHS guidance</li> <li>The PART Program has been identified</li> <li>It is clear that this solution continues to be the most appropriate one</li> </ul>	<ul style="list-style-type: none"> <li>Not all overview questions have been answered</li> <li>The Project Summary does not effectively communicate the purpose and progress of the investment</li> <li>The Project Summary does not effectively confirm the continued validity of this system</li> </ul>	<ul style="list-style-type: none"> <li>Several overview questions not answered</li> <li>The Project Summary is inadequate to support the continued validity of this investment</li> </ul>
	<p><b>Insights to be provided by this section:</b> <i>The section must answer the questions: What is the investment “buying”?, What gap in capability will it fill?, What is the current status vs. the previous budget year plan?, and, What PART remediation requirements is it providing?</i></p>					

<p><b>Supports the PMA</b> PART I, Section A, Question 13, 14</p>	<p>All of the criteria to score 4 are met PLUS the rationale in this and other sections provides <u>very</u> specific and credible alignment and contribution information</p>	<ul style="list-style-type: none"> <li>• The investment supports one or more of the list of PMA initiatives</li> <li>• The description of the contribution is specific and measurable</li> <li>• The investment contribution and outcomes identified is supported by the PART outcomes assessment</li> <li>• The Project Summary identifies the gap being filled by this investment and needed for the PMA</li> <li>• The Performance Goals are consistent with contribution to the PMA initiatives selected</li> </ul>	<ul style="list-style-type: none"> <li>• The investment supports one or more of the list of PMA initiatives but the specifics of the contribution may not be clearly defined or credible</li> <li>• The criteria from other sections of the submissions do not provide solid evidence of its contribution to the PMA initiatives selected</li> </ul>	<ul style="list-style-type: none"> <li>• The investment supports one or more PMA initiatives but little evidence is provided on how it does so</li> <li>• There is minimal alignment between the initiatives identified, their measures of success and the other sections of the submission identified as related</li> </ul>	<ul style="list-style-type: none"> <li>• The investment is listed as supporting one or more PMA initiatives but there is no evidence that this is factual</li> </ul>
<p><b>Insights to be provided by this section:</b> <i>The section must answer the questions: How does this investment specifically contribute to / support the PMA and is that alignment clearly demonstrated in various sections of the overall submission?, What business outcomes are supported, and , What changes?</i></p>					
<p><b>Program Management</b> PART I, Section A, Questions 16, 17 <i>DHS requires IT and Non IT to complete</i></p>	<p>The criteria required to score 4 has been met PLUS the response appears to be clearly aligned to all other relevant sections of the submission such as the Project Summary, PART, Performance Reporting, Alternatives Analysis / Operational Analysis for steady state.</p>	<ul style="list-style-type: none"> <li>• Questions 16, 17 and have been answered in full</li> <li>• The level of investment is compliant with the CIO council guidance (this is equivalent to compliance with MD 0782 Acquisition Certification requirements for Program Manager)</li> <li>• The project manager has been validated as qualified for this investment</li> <li>• Program Management effectiveness is evidenced by real progress being shown in other areas of the submission</li> </ul>	<ul style="list-style-type: none"> <li>• All questions have been answered</li> <li>• The level of investment is compliant with the CIO council guidance (this is equivalent to compliance with MD 0782 Acquisition Certification requirements for Program Manager)</li> <li>• The project manager has been validated for this investment</li> <li>• There are some concerns with other areas such as risk and or Cost and schedule</li> </ul>	<ul style="list-style-type: none"> <li>• All questions have been answered</li> <li>• The level of investment is compliant with the CIO council guidance (this is equivalent to compliance with MD 0782 Acquisition Certification requirements for Program Manager)</li> <li>• The project manager is under review</li> </ul>	<ul style="list-style-type: none"> <li>• Incomplete response to the majority of the criteria listed</li> <li>• The project manager does not meet the requirements or has not been assigned</li> </ul>
<p><b>Insights to be provided by this section:</b> <i>Are the project managers appropriately certified for the level of the project and is there evidence of real progress under their management?</i></p>					

<p><b>Acquisition / Contract Strategy</b> PART I, Section C</p>	<p>If all of the criteria required to score 4 are met PLUS the response appears to be clearly aligned to all other relevant sections of the submission such as the Project Summary, PART, Performance Reporting, Alternatives Analysis / Operational Analysis for steady state.</p>	<ul style="list-style-type: none"> <li>• All questions must be answered</li> <li>• All columns must be completed in Question 1 Table</li> <li>• There is an acquisition plan in place and dated</li> <li>• Answered YES to table questions on:                             <ul style="list-style-type: none"> <li>○ Competitively awarded</li> <li>○ Performance based</li> <li>○ EVM included in contract</li> <li>○ Contains required security and privacy clauses</li> <li>○ (EVMS is not required for an Operational investment)</li> </ul> </li> <li>• Answered YES to Section 508 compliance or provided valid NA response</li> <li>• The CO has been certified at the appropriate level</li> <li>• The AP approval date has been provided, if not approved, then a sound explanation has been provided</li> </ul>	<ul style="list-style-type: none"> <li>• All questions have been answered, all columns in table completed, however there are weaknesses in commitment to performance based or competitively awarded aspects</li> <li>• If EVMS not required has provided a plausible explanation in the long text response per DHS guidance</li> <li>• If Performance based is answered NO, provided an explanation in the long text response why it is not possible or applicable to the procurement</li> </ul>	<ul style="list-style-type: none"> <li>• All questions have been answered, the table is incomplete and or more than one of the other criteria has not been met</li> <li>• Performance based or competitively awarded contracts are absent and/or the explanation of EVMS not being applied is inadequate</li> </ul>	<ul style="list-style-type: none"> <li>• Incomplete response to the majority of the criteria listed</li> </ul>
<p><b>Insights to be provided by this section :</b> <i>The section must answer the questions: Do the contracts identified mitigate the risk to the federal government, have a performance based focus and accommodate Section 508 as needed.</i></p>					

	<p><b>Performance Information</b></p> <p>PART I, Section D</p> <p><i>( DHS requires that both tables must be completed for ALL capital assets)</i></p>	<p>If all of the criteria required to score 4 are met PLUS:</p> <ul style="list-style-type: none"> <li>Actual multi-year performance data is provided indicating improvements to strategic outcomes</li> <li>Performance data is consistent with performance measurement data provided in other sources, such as the PART, Congressional Justifications, and Periodic Reporting</li> </ul>	<p><b>Table 1 (Completed for all investments)</b></p> <ul style="list-style-type: none"> <li>DHS strategic goals identified for the investment align to the same DHS strategic goals as the investment's FYHSP System program</li> <li>Performance measures are stated as measures (starting with words such as: Number of ..., Percent of..., Ratio of..., Average of...)</li> <li>Performance measures are outcome based, or where appropriate, output based, and relate to the performance gaps the investment is designed to fulfill</li> <li>Actual/baseline, Planned Performance Metric (Target), and Performance Metric Results (Actual) information lists numerical values and indicates incremental improvements over time</li> <li>The reporting period covers the life cycle of the investment</li> </ul> <p><b>Table 2 (Completed for all IT investments)</b></p> <ul style="list-style-type: none"> <li>At least 1 measure for each of the 4 measurements areas in the Performance Reference Model (PRM)</li> <li>Measurement Indicators are stated as measures (starting with words such as Number of..., Percent of..., Ratio of..., Average of...)</li> <li>Baseline, Planned Improvement to the Baseline, and Actual Results information lists numerical values and indicates incremental improvements over time</li> <li>Measurement Indicators listed in Table 2 relate to performance measures listed in Table 1</li> <li>The reporting period covers the life cycle of the investment</li> </ul>	<ul style="list-style-type: none"> <li>Not all five of the scoring criteria for Table 1 have been met; and if applicable, not all five of the scoring criteria for Table 2 have been met, and/or the quality of the information provided doesn't meet the criteria</li> </ul>	<ul style="list-style-type: none"> <li>Only a few of the scoring criteria for Table 1 have been met, and if applicable, only a few of the scoring criteria for Table 2 have been met, and/or the quality of the information provided doesn't meet the criteria</li> </ul>	<ul style="list-style-type: none"> <li>Incomplete response to the majority of the criteria listed</li> </ul>
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<p><b>Performance Information</b></p> <p>PART I, Section D <i>( DHS requires that both tables must be completed for ALL capital assets)</i></p>	<p><b>Operations &amp; Maintenance</b></p> <p>All scoring criteria has been met for a score of 4 PLUS:</p> <ul style="list-style-type: none"> <li>Actual multi-year performance data indicates impacts to strategic outcomes</li> <li>Performance data demonstrate customer satisfaction with the investment's enhanced capabilities</li> <li>Actual multi-year performance data indicates improvements to the cost/efficiency of operations</li> </ul>	<p><b>Operations &amp; Maintenance</b></p> <p><b>Table 1 (Completed for all investments)</b></p> <ul style="list-style-type: none"> <li>DHS strategic goals identified for the investment align to the same DHS strategic goals as the investment's FYHSP System program</li> <li>Performance measures are stated as measures (starting with words such as Number of..., Percent of..., Ratio of..., Average of...)</li> <li>Performance measures are outcome based, or where appropriate, output based, and relate to the performance gaps the investment is designed to fulfill</li> <li>Actual/baseline, Planned Performance Metric (Target), and Performance Metric Results (Actual) information lists numerical values and indicates incremental improvements over time</li> </ul> <p><b>Table 2 (completed for all IT investments)</b></p> <ul style="list-style-type: none"> <li>IT investments list relevant measures as they relate them to the 4 measurements areas in the Performance Reference Model (PRM)</li> <li>Measurement Indicators are stated as measures (starting with words such as Number of..., Percent of..., Ratio of..., Average of...)</li> <li>Baseline, Planned Improvement to the Baseline, and Actual Results information lists numerical values and indicates incremental improvements over time</li> <li>Measurement Indicators listed in Table 2 relate to performance measures listed in Table 1</li> <li>Measurement data presented document the results of operational analyses</li> <li>Performance data confirms the viability of the current system</li> </ul>	<p><b>Operations &amp; Maintenance</b></p> <ul style="list-style-type: none"> <li>Not all four of the scoring criteria for Table 1 have been met; and if applicable, not all six of the scoring criteria for Table 2 have been met, and/or the quality of the information provided doesn't meet the criteria</li> </ul>	<p><b>Operations &amp; Maintenance</b></p> <ul style="list-style-type: none"> <li>Only a few of the scoring criteria for Table 1 have been met, and if applicable, only a few of the scoring criteria for Table 2 have been met, and/or the quality of the information provided doesn't meet the criteria</li> </ul>	<p><b>Operations &amp; Maintenance</b></p> <ul style="list-style-type: none"> <li>Incomplete response to the majority of the criteria listed</li> </ul>
<p><b>Insights to be provided by this section:</b> Is the investment making real and appropriate year over year progress towards the stated business outcomes / outputs targeted?</p>					

<p><b>Security</b> PART I, Section E <i>Note (1) IT Assets and Non IT with systems in FISMA data base</i> <i>Note(2) Only systems being funded by this investment should reported</i> <i>Note (3) Mixed life cycle requires BOTH systems in Planning and Operational systems to be reported by TAF</i></p>	<ul style="list-style-type: none"> <li>All criteria has been met PLUS there are no Security related remediation requirements identified in PART assessments, IG reports or the project has not been identified as high risk on the OMB Q4 – FY 2006 agency high risk report</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been completed</li> <li>Questions 1 and 2 have YES responses</li> <li>Table 3 for systems in Planning has been completed for all columns and dates are future</li> <li>Table 4 for operational systems has been completed for all columns and dates are in past</li> <li>C&amp;A has been completed for all operational systems (YES) response in table</li> <li>Dates have been provided for C&amp;A, Security Control testing and Contingency plan testing to confirm occurrence – <b>must be within past year</b></li> <li>Answer to question 5 is YES / YES or NO</li> <li>Answer to question 6 is NO.</li> <li>If answer to question 6 is YES ( funding is for security weaknesses) a long text detailed rationale and strategy has been credibly provided)</li> <li>Question 7 has a long text detailed description of contractor security procedures which can be verified and validated by the component ISSM</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been completed</li> <li>All criteria areas have been responded to however long text responses for questions 6 and 7 regarding the explanation of security weaknesses and/or validation of contractor security procedures / validation are considered inadequate</li> </ul>	<ul style="list-style-type: none"> <li>C&amp;A has not been completed for all systems and/or two of the criteria have not been met</li> </ul>	<ul style="list-style-type: none"> <li>Incomplete response to the majority of the criteria listed</li> </ul>
<p><b>Privacy</b> Part I, Section E</p>	<p><b>Privacy Criteria</b></p> <ul style="list-style-type: none"> <li>All criteria has been met PLUS there are no Privacy related remediation requirements identified in PART assessments, IG reports or the project has not been identified as high risk on the OMB Q4 – FY 2006 agency high risk report</li> </ul>	<ul style="list-style-type: none"> <li>All columns of the Privacy Table 8 have been completed for all systems identified in the Security table</li> <li>Column c in Table 8 is answered with options 1, 3 or 4</li> <li>Column d in Table 8 answered with option 1 = YES</li> <li>Column f in Table 8 answered with option 1, 2, 3, or 5</li> </ul>	<ul style="list-style-type: none"> <li>All columns of the Privacy table have been completed but :acceptable options have not been chosen for one of c, d or f columns</li> </ul>	<ul style="list-style-type: none"> <li>Tables are partially incomplete</li> <li>Or:</li> <li>Acceptable options have not been chosen for columns c, d, and f</li> </ul>	<p>Table is incomplete And uninformative</p>
<p><b>Insights to be provided by this section:</b> <i>Has each individual system within this investment been identified per TAF data base records and met the compliancy requirements for Security and Privacy?</i></p>					

	<p><b>Enterprise Architecture</b> PART I, Section F <i>IT Assets only to complete</i> <i>Non IT Assets receive a default score of 5 per OMB guidance</i></p>	<ul style="list-style-type: none"> <li>• The SRM table is complete and demonstrates specific leverage, reuse, and Interagency support</li> <li>• The investment has been approved by the DHS Enterprise Architecture Board</li> <li>• Investment is included in the DHS Transition Strategy of the DHS Target Architecture</li> <li>• The SRM table demonstrates alignment between the FEA and Component Service types</li> <li>• All SRM components have entrees in the TRM table</li> <li>• If the investment provides public access to a government automated information system, it does not require specific software</li> </ul>	<ul style="list-style-type: none"> <li>• The investment has been approved by the DHS Enterprise Architecture Board</li> <li>• The investment is included in the DHS Transition Strategy and the DHS Target Architecture</li> <li>• This investment demonstrates that it has considered and applied reuse, plus leveraged other system components / services</li> <li>• The SRM table demonstrates alignment between the FEA and the Component Service types</li> <li>• All SRM components have entrees in the TRM table</li> <li>• If the investment provides public access to a government automated information system, it does not require specific software</li> </ul>	<p><b>New Investments</b></p> <ul style="list-style-type: none"> <li>• Investment has been approved by the DHS Enterprise Architecture Board</li> <li>• The investment is included in the DHS Transition Strategy and DHS Target architecture</li> <li>• Investment leverages some components / applications across government but is not a component / application provider</li> <li>• Demonstrates alignment at a high level to the SRM and TRM but may not have specific products or services identified</li> </ul> <p><b>Legacy Systems ( O&amp;M)</b></p> <ul style="list-style-type: none"> <li>• Investment has been approved by the legacy agency's Enterprise Architecture Board</li> <li>• Is included in both the DHS Transition Strategy and Target Architecture</li> <li>• Investment does not leverage existing component / applications across government and is not a component / application service provider</li> <li>• Demonstrates alignment to the SRM and TRM and specific products and vendors are identified</li> </ul>	<p><b>New Investments and Legacy Systems (O&amp;M)</b></p> <ul style="list-style-type: none"> <li>• Investment has not been approved by the DHS Enterprise Architecture Board</li> <li>• Relationship between the investment and the FEA is weak, as evidenced by deficiencies in the tables</li> <li>• Is not included in both DHS Transition Strategy and DHS Target Architecture</li> </ul>	<p><b>New Investments and Legacy Systems (O&amp;M)</b></p> <ul style="list-style-type: none"> <li>• Investment has not been approved by the DHS Enterprise Architecture Board</li> <li>• Relationship between the investment and the FEA is not demonstrated</li> <li>• The business case demonstrates no understanding of the FEA</li> </ul>
<p><b>Insights to be provided by this section: <i>The section must answer the question - Is the investment included both in the EA Target Architecture and Transition Strategy and has that been used to ensure that all opportunities to leverage reuse have been considered?</i></b></p>						

**PART II: Planning, Acquisition and Mixed Life Cycle Phase Investments ONLY (All Capital Assets)**

Score	Section	5 Points	4 Points	3 Points	2 Points	1 Point
	<p><b>Alternatives Analysis</b> PART II, Section A</p>	<ul style="list-style-type: none"> <li>All criteria for a score of 4 has been met PLUS other related sections of the submission are fully aligned and supportive of the alternative selected and its ability to close the capability gap identified</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Four alternatives, including the status quo / baseline have been considered in CBA</li> <li>Current dates have been provided for the alternatives analysis</li> <li>Question 1 response is YES</li> <li>Question 2 Table is completed for the baseline and three alternatives</li> <li>Risk adjusted Life Cycle Costs and Benefits have been calculated for the selected alternative (positive NPV preferred, Benefits exceed Costs)</li> <li>Question 3 provides a credible rationale for the choice of the selected alternative by the DHS executive</li> <li>Question 4 has a long text response that clearly outlines the qualitative benefits to be achieved plus identifying the underlying assumptions with measures and areas of performance improvement</li> <li>Total costs are closely aligned with Cost and Schedule totals</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Four alternatives have been considered</li> <li>One of the key criteria listed has not been met or satisfactorily answered</li> <li>Risk adjusted Life Cycle Costs and Benefits have been calculated for the selected alternative</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Two/ three criteria have not been answered</li> </ul>	<ul style="list-style-type: none"> <li>The section is incomplete and most of the criteria have not been met or answered satisfactorily</li> </ul>
<p><b>Insights to be provided by this section: - <i>Has the selected alternative been chosen from an evaluation of four alternatives including the original baseline, does it have a positive NPV?</i></b></p>						

	<p><b>Risk Management</b> PART II, Section B</p>	<ul style="list-style-type: none"> <li>All criteria have been met to score 4 PLUS the overall submission reflects excellent management and control resulting in minimal risk</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Question 1 - Answered YES to existence of risk management plan</li> <li>The date of the risk management plan is within the past 12 months</li> <li>Answered NO to significant changes to risk management plan OR significant changes to the risk management plan have been detailed in the long text response including remedial actions for risk mitigation in all impacted areas</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Question 1 – answered YES to existence of a risk management plan</li> <li>The date of the risk management plan is within the past 12 months</li> <li>Significant changes to the risk management plan have been made but are not included in the long text response including remedial actions for risk mitigation</li> <li>Adequate strategy exists for managing risk</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>A risk management plan does not exist</li> <li>There is no documented strategy for managing risk</li> </ul>	<ul style="list-style-type: none"> <li>Questions only partially answered</li> <li>Deficiencies exist in most of responses provided</li> </ul>
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	<p><b>Cost and Performance Schedule</b> PART II, Section C</p>	<ul style="list-style-type: none"> <li>All criteria for a score of 4 have been met PLUS indications of overall sound management of project and progress as measured by accomplishment of project goals, positive PART score / report and not being identified in OMB high risk report</li> </ul>	<ul style="list-style-type: none"> <li>The information in the section has been completed appropriately</li> <li>The Table of Initial and Current Baseline has been completed such that the milestones reflect the full life cycle of the investment</li> <li>Total funding projected for Development and Operational phases closely align with the funding profile in the Summary of Spending</li> <li>Milestones in the Table of Initial and Current are in a logical format and level of granularity</li> <li>Cost and Schedule variances are within 10 % of the objectives</li> <li>Note investments with zero variances in EVM calculations are considered suspect / not credible</li> <li>EVMS is ANSI 748 compliant for those required investments based on their investment level and phase (see Periodic Reporting Manual)</li> <li>Information is consistent with data provided in Periodic Reporting</li> </ul>	<ul style="list-style-type: none"> <li>The information in the section has been completed appropriately</li> <li>The table of Initial and Current Baseline milestones reflect the full life cycle of the investment</li> <li>Total funding projected for Development and Operational phases closely align with the Summary of Spending</li> <li>Milestones in the Table of Initial and Current Baseline are provided but require better definition</li> <li>Cost and schedule variances are within 10% and / or rationally justified / mitigated</li> <li>Evidence that EVM is being used through completion of all required EVM calculations in the section</li> <li>Note investments with zero variances in EVM calculations are considered suspect / not credible</li> </ul>	<ul style="list-style-type: none"> <li>Not all of the required information is provided</li> <li>The Table of Initial and Current Baseline has been populated</li> <li>Limited evidence of EVM usage</li> </ul>	<ul style="list-style-type: none"> <li>Limited information is provided</li> <li>Deficiencies exist in most responses</li> </ul>
<p><b>Insights to be provided by this section:</b> This section must provide evidence of a sound plan / milestones and progress consistent with reaching targets in accordance with plans.</p>						

<b>PART III: For Operations and Maintenance investments ONLY ( Steady State)</b>						
		<b>Score 5</b>	<b>Score 4</b>	<b>Score 3</b>	<b>Score 2</b>	<b>Score 1</b>
<b>Risk Management</b> PART III, Section A	<ul style="list-style-type: none"> <li>All criteria has been met to score 4 PLUS the overall submission reflects excellent management and control resulting in minimal risk</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Question 1 - Answered YES to existence of risk management plan</li> <li>The date of the risk management plan is current</li> <li>Answered NO to significant changes to risk management plan OR Significant changes to the risk management plan have been detailed in the long text response including remedial actions for risk mitigation in all impacted area</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Question 1 – answered YES to existence of a risk management plan</li> <li>The date of the risk management plan is not within the past year</li> <li>Significant changes to the risk management plan have been made but are not included in the long text response including remedial actions for risk mitigation</li> <li>Adequate strategy exists for managing risk without a formal risk anagement plan</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>A risk management plan does not exist</li> <li>There is no documented strategy for managing risk</li> </ul>	<ul style="list-style-type: none"> <li>Questions only partially answered</li> <li>Deficiencies exist in most of responses provided</li> </ul>	
<b>Insights to be provided by this section:</b> Is the risk management response consistent with the results of the operational analysis?						
<b>Comments:</b>						

<p><b>Cost and Schedule Performance</b> PART III, Section B</p>	<ul style="list-style-type: none"> <li>All criteria for a score of 4 have been met PLUS indications of overall sound management of the project as measured by accomplishment of project goals, positive PART score / report and not being identified in OMB high risk report</li> </ul>	<ul style="list-style-type: none"> <li>All questions in section have been answered and the Table has been completed</li> <li>Operational analysis has been conducted and is compliant with the requirements of the OMB A – 11 Management in Use phase supplement 7</li> <li>The Results of operational analysis confirm viability of the current system</li> <li>The Operational analysis includes both Government and contractor costs</li> <li>Date of operational analysis is within 12 months</li> <li>Cost and schedule variances are within 10 % of objective</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered and the Table has been completed</li> <li>Operational Analysis is described but is not compliant with the results expected in OMB A-11, Management in Use guidance</li> </ul>	<ul style="list-style-type: none"> <li>Some questions in section have been answered and the Table has been partially completed</li> <li>Operational Analysis has not been conducted and no plan has been provided for future operational analysis</li> </ul>	<ul style="list-style-type: none"> <li>Questions only partially answered</li> <li>Deficiencies exist in most of the responses provided</li> </ul>
<p><b>Insights to be provided by this section:</b> This section should demonstrate year over year cost changes that are consistent with a an efficient operational system that can continue to have viability.</p>					
<p><b>Comments :</b></p>					
<p><b>Alternatives Analysis</b> <i>OMB has used the results of the Operational Analysis to determine the score</i>  <i>The operational system is viewed as an “alternative” that must be confirmed</i></p>	<ul style="list-style-type: none"> <li>The Operational Analysis results are fully compliant with OMB A-11, Management in Use phase, Supplement 7 guidance and all areas of this submission confirm the continued viability of this system</li> </ul>	<ul style="list-style-type: none"> <li>The Operational Analysis results are fully compliant with OMB A-11, Management in Use phase, Supplement 7 guidance.</li> <li>The risk section response is consistent with the Operational Analysis results</li> </ul>	<ul style="list-style-type: none"> <li>The operational analysis has been completed but does not provide a level of detail compliant with the OMB A-11 Management in Use phase, supplement 7</li> <li>The risk section response may not be consistent with the Operational Analysis results</li> </ul>	<ul style="list-style-type: none"> <li>Minimal operational analysis detail has been provided</li> <li>The risk section is inconsistent with the operational analysis results</li> </ul>	<ul style="list-style-type: none"> <li>No operational analysis has been conducted</li> </ul>
<p><b>Insights to be provided by this section:</b> This section uses the results of the operational analysis to confirm its continued competitive viability.</p>					

<b>PART IV : Planning for E – Gov and Lines of Business Oversight ONLY</b>						
		<b>Score 5</b>	<b>Score 4</b>	<b>Score 3</b>	<b>Score 2</b>	<b>Score 1</b>
	<b>Alternatives Analysis</b> PART IV, Section A	<ul style="list-style-type: none"> <li>All criteria for a score of 4 has been met PLUS</li> <li>Other related sections of the submission are fully aligned and supportive of the alternative selected and its ability to close the capability gap identified</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Current dates have been provided for the alternatives analysis</li> <li>Question 1 response is YES</li> <li>Question 2 Table is completed for the baseline and three alternatives</li> <li>Risk adjusted Life Cycle Costs and Benefits have been calculated for the selected alternative</li> <li>Question 3 provides a credible rationale for the choice of the selected alternative by the DHS executive</li> <li>Question 4 has a long text response that clearly outlines the qualitative benefits to be achieved plus identifying the underlying assumptions with measures and areas of performance improvement</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>One of the key criteria listed has not been met or satisfactorily answered</li> <li>Risk adjusted Life Cycle Costs and Benefits have been calculated for the selected alternative</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Two/ three criteria have not been answered</li> </ul>	<ul style="list-style-type: none"> <li>The section is incomplete and most of the criteria has not been met or answered satisfactorily</li> </ul>
<b>Insight to be provided by this section:</b> <i>Has the selected alternative been chosen from an evaluation of four alternatives including the original baseline, does it have a positive NPV?</i>						

	<p><b>Risk Management</b> PART IV Section B</p>	<ul style="list-style-type: none"> <li>All criteria has been met to score 4 PLUS the overall submission reflects excellent management and control resulting in minimal risk</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Question 1 - Answered YES to existence of risk management plan</li> <li>The date of the risk management plan is current</li> <li>Answered NO to significant changes to risk management plan OR Significant changes to the risk management plan have been detailed in the long text response including remedial actions for risk mitigation in all impacted area</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>Question 1 – answered YES to existence of a risk management plan</li> <li>The date of the risk management plan is not within the past year</li> <li>Significant changes to the risk management plan have been made but are not included in the long text response including remedial actions for risk mitigation</li> <li>Adequate strategy exists for managing risk</li> </ul>	<ul style="list-style-type: none"> <li>All questions have been answered</li> <li>A risk management plan does not exist</li> <li>There is no documented strategy for managing risk</li> </ul>	<ul style="list-style-type: none"> <li>Questions only partially answered</li> <li>Deficiencies exist in most of responses provided</li> </ul>
<p><b>Insights to be provided by this section:</b> Is a current risk management plan in place and is the response consistent with the information provided in other areas of the submission?</p>						

<p><b>Cost and Schedule Performance</b> PART IV Section C</p>	<ul style="list-style-type: none"> <li>All criteria for a score of 4 have been met PLUS indications of overall sound management of project and progress as measured by accomplishment of project goals, positive PART score / report and not being identified in OMB high risk report</li> </ul>	<ul style="list-style-type: none"> <li>The information in the section has been completed appropriately</li> <li>The Table of Initial and Current Baseline has been completed such that the milestones reflect the full life cycle of the investment</li> <li>Milestones in the Table of Initial and Current are in a logical format and level of granularity</li> <li>Cost and Schedule variances are within 10 % of the objectives</li> <li>EVMS is ANSI 748 compliant for those required investments based on their investment level and phase (see Periodic Reporting Manual)</li> <li>Information is consistent with data provided in Periodic Reporting</li> </ul>	<ul style="list-style-type: none"> <li>The information in the section has been completed appropriately</li> <li>The table of Initial and Current Baseline milestones reflect the full life cycle of the investment</li> <li>Milestones in the Table of Initial and Current Baseline are detailed enough to ensure successful project tracking</li> <li>Evidence that EVM is being used through completion of all required EVM calculations in the section</li> </ul>	<ul style="list-style-type: none"> <li>Not all of the required information is provided</li> <li>The Table of Initial and</li> <li>Current Baseline has been populated</li> <li>Limited evidence of EVM usage</li> </ul>	<ul style="list-style-type: none"> <li>Limited information is provided</li> <li>Deficiencies exist in most responses</li> </ul>
<p><b>Insights to be provided by this section:</b> This section must provide evidence of a sound plan / milestones and progress consistent with reaching targets in accordance with plans.</p>					

	<p><b>10 OMB Scored Sections - (Maximum 50)</b></p> <p>41 – 50 = Level 5: Strong documented BC (including all sections as appropriate)</p> <p>31 – 40 = Level 4: Very few weak points within the BC, but still needs strengthening</p> <p>21 – 30 = Level 3: Much work remains to solidify and quantify the BC</p> <p style="padding-left: 40px;">BC has the opportunity to either improve or degrade very quickly</p> <p>11 - 20 = Level 2: Significant gaps in the required categories of the BC</p> <p>1 – 10 = Level 1: Inadequate in every category of the required BC</p>
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- Note (1): A strong score for a section is a 4.*
- A 5 is rarely given by OMB (5 % of time) but can be given if there is excellent alignment with all other sections of the submission.*
- Note (2): Scoring should place heavy focus on the each section demonstrating results year over year and providing indications, throughout the submission, of sound management. (OMB has adopted a Control phase approach to its assessment of submissions)*
- Note (3): The OMB minimum threshold score for submission is 32 for which both Security and Privacy must score a minimum of 4.*

# Acronyms

<b>ANSI/EIA</b>	American National Standards Institute/Electronic Industries Alliance
<b>APB</b>	Acquisition Program Baseline
<b>ASMB</b>	Asset and Services Management Board
<b>BRM</b>	Business Reference Model
<b>BY</b>	Budget Year
<b>CAO</b>	Chief Administrative Officer
<b>CFO</b>	Chief Financial Officer
<b>CIO</b>	Chief Information Officer
<b>CIP</b>	Capital Investment Plan (5 Year CIP (part of the FYHSP); for J/C initiatives, this includes Component resources for: (1) Component-specific expenses in the designated functional area, (2) Component direct contributions to the centrally managed function, and (3) Component WCF contributions to the centrally managed area.)
<b>CPIC</b>	Capital Planning and Investment Control
<b>CPO</b>	Chief Procurement Officer
<b>CXO</b>	Chief Executive Offices: CAO, CFO, CIO and/or CPO
<b>CY</b>	Current Year
<b>DHS</b>	Department of Homeland Security
<b>EA</b>	Enterprise Architecture
<b>EAB</b>	Enterprise Architecture Board
<b>EA COE</b>	Enterprise Architecture Center of Excellence
<b>EVM</b>	Earned Value Management
<b>EVMS</b>	Earned Value Management System
<b>FISMA</b>	Federal Information Security Management Act (each agency submits a FISMA report to OMB annually)
<b>FY</b>	Fiscal Year (runs from October through the next September (e.g. FY05 is October, 2004 through September, 2005))
<b>FYHSP</b>	Future Years Homeland Security Program
<b>GAO</b>	General Accounting Office
<b>IMS</b>	Investment Management System
<b>IPG</b>	Integrated Planning Guidance
<b>IPRT</b>	Integrated Project Review Team
<b>IPT</b>	Integrated Project Team
<b>IRB</b>	Investment Review Board
<b>IRM</b>	Information Resources Management (each agency submits an IRM Plan to OMB annually)
<b>IRP</b>	Investment Review Process



# Glossary

<b>Acquisition</b>	<p>The conceptualization, initiation, design, development, testing, contracting, production, deployment, support, modification, and disposal of systems, supplies, or services (including construction) to satisfy agency needs.</p> <p>“Acquisition” means the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract. [Federal Acquisition Regulation]</p>
<b>Acquisition Planning</b>	<p>Preparing, developing, or acquiring the information to be used to design a project; assess the benefits, risks, and risk-adjusted life-cycle cost of alternative solutions; and establish realistic cost, schedule, and performance goals for the selected alternative, before proceeding to full acquisition of the capital project or useful segment or terminating the project. Planning must progress to the point of commitment to achieving specific goals for the completion of the acquisition. Information-gathering activities may include market research of available solutions, architectural drawings, geological studies, environmental planning, environmental and safety studies, engineering and design studies, and prototypes. Planning is a useful segment of capital investment. Depending on the nature of the project, one or more planning segments may be necessary [OMB Circular No. A-11].</p> <p>“Acquisition planning” means the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition. [Federal Acquisition Regulation]</p>
<b>Acquisition Program Baseline (APB)</b>	<p>The APB establishes the project’s performance requirements, schedule requirements, and estimate of total acquisition cost. APB parameter values shall represent the project as it is expected to be produced or deployed. In the case of an evolutionary acquisition strategy, the APB shall include parameters for the next phase and, if known, for follow-on phases. The APB will contain parameters that, if not met, will require the IRB to reevaluate the project and consider alternative project concepts or design approaches. APB parameters are typically established for each useful segment, as well as for the program as a whole, and mirror the objectives in the Future Years Homeland Security Program (FYHSP) and the Program Assessment Rating Tool (PART).</p>
<b>Baseline Goals</b>	<p>Baseline cost, schedule, and performance goals are the standard against which actual work is measured. They are the basis for the annual report to the Congress required by FASA Title V on variances of 10 percent or more from cost and schedule goals and any deviation from performance goals. OMB must approve the goals, and any changes to the goals. The baseline cost and schedule goals should be realistic projections of total cost, total time to complete the project, and interim cost and schedule goals. The interim cost and schedule goals should be based on the value of work performed or a comparable concept. The performance goals should be realistic assessments of what the acquisition is intended to accomplish, expressed in quantitative terms if possible.</p>
<b>Budgeting</b>	<p>The process of translating resource requirements into a funding profile. Budgeting is the third phase of the DHS PPBE process.</p>

<b>Capital Asset</b>	Land, structures, equipment, intellectual property (e.g., software), and IT (including IT service contracts) that are used by the federal government, have an estimated useful life of two years or more, and have an acquisition cost of \$5M or more. Capital assets do not include items acquired for resale in the ordinary course of operations or items that are acquired for physical consumption, such as operating materials and supplies. Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through lease/purchase or other capital lease (regardless of whether title has passed to the federal government); through an operating lease for an asset with an estimated useful life of two years or more; through exchange. Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under federal accounting standards. Capital assets do not include grants to State and local governments or other entities for acquiring capital assets, such as National Science Foundation grants to universities or Department of Transportation grants to AMTRAK; intangible assets, such as the knowledge resulting from research and development; or the human capital resulting from education and training.
<b>Capital Planning and Investment Control</b>	A decision-making process for ensuring that investments integrate strategic planning, architecture, security, budgeting, procurement, and the management of the investment in support of agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996; while originally focused on IT, it now applies also to non-IT investments [OMB Circular No. A-11].
<b>Component</b>	All the entities that directly report to the Office of the Secretary, which includes the Secretary, Deputy Secretary and his or her staff, Chief of Staff and his or her staff, and Counselors and their staff. See Management Directive 0010.2.
<b>Consolidated Program</b>	A Project/Program involving participation by or resources from more than one DHS Component.
<b>Control Phase</b>	Capital planning phase that requires ongoing monitoring of information technology investments against schedules, budgets, and performance measures.
<b>Decision Milestone</b>	A predetermined point within the acquisition lifecycle phases at which the investment will undergo a review prior to commencement of the next phase.
<b>Earned Value Management</b>	<p>A management methodology for integrating scope of work with schedule and cost elements for optimum investment planning and control.</p> <p>A project (investment) management tool effectively integrating the investment scope of work with schedule and cost elements for optimum investment planning and control. The qualities and operating characteristics of earned value management systems (EVMS) are described in American National Standards Institute/Electronic Industries Alliance (ANSI)/EIA) Standard -748-A-1998, Earned Value Management Systems, approved May 19, 1998. It was reaffirmed on August 28, 2002.</p>
<b>Evaluate Phase</b>	Capital planning phase that requires information technology investments to be reviewed once they are operational to determine whether the investments meet expectations.
<b>Exhibit 300 Business Case</b>	Exhibit 300 business cases are also referred to as capital asset plans. They are required by OMB Circular A-11 and provide budget justification and reporting requirements for investments. They provide agencies with the format to report on the budgeting, acquisition, and management of federal capital assets.
<b>Exhibit 53</b>	Exhibit 53s are also referred to as agency IT investment portfolios. They are required by OMB Circular A-11 and provide summary budget information for all agency major and non-major IT investments.
<b>Future Years Homeland Security Program</b>	The official DHS document summarizing DHS programs and associated resources (investments, construction, human capital, IT, and other support and operating expenses) for the budget year plus four years in support of strategic goals, objectives, and planning priorities. The Secretary of Homeland Security approves the FYHSP.

<b>Information Technology</b>	Any equipment or interconnected system(s) or subsystem(s) of equipment/software, or any national security system, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display (including geospatial technologies), switching, interchange, transmission (wired or wireless telecommunications), or reception of data, voice, video, or information by an executive agency. For purposes of this definition, equipment is used by DHS if the equipment is used by DHS directly or is used by DHS organizational partners (including other federal agencies, state and local governments and private contractors) under a contract with DHS which (a) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. The term IT includes computers; ancillary equipment (including imaging peripherals, input, output, and storage devices necessary for security and surveillance); peripheral equipment designed to be controlled by the central processing unit of a computer, software; firmware and similar procedures; services (including support services); and related resources. The term IT does not include any equipment that is acquired by a contractor incidental to a contract or any equipment that contains imbedded IT that is used as an integral part of the product, but the principal function of which is not the acquisition, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For example, heating, ventilation, and air conditioning equipment, such as thermostats or temperature control devices, and medical equipment for which IT is integral to operation, are not IT [Federal Acquisition Regulation 2.101]. The EAB will review all IT investments, including any investments categorized as non-IT on the E300 but that contain IT components.
<b>Integrated Baseline Review</b>	The IBR is a formal review, conducted by Government program managers and technical staff jointly with their contractor counterparts to verify the technical content of the contractor's baseline and the accuracy of the related resource budgets and schedules.
<b>Integrated Planning Guidance</b>	The final output of the planning phase of the PPBE, which serves as an authoritative statement directing homeland security policy, strategy and operational and resource planning. The IPG provides guidance, direction, and prioritization for both long-term resource and near-term operational planning.
<b>Integrated Product Team</b>	A multi-disciplinary team led by a project manager responsible and accountable for planning, budgeting, procurement and life-cycle management of the investment to achieve its cost, schedule and performance goals. Team skills include budgetary, financial, capital planning, procurement, user, program, architecture, earned value management, security, and other staff as appropriate. An IPT may include members from both government (including a contracting officer) and industry, after award.
<b>Investment</b>	There is no standard definition in the federal government for "investment"; it is assumed by use. For the purpose of DHS review, any capital asset, service contract, steady-state operation, or development effort acquired or used for the purpose of furthering the DHS mission is considered an investment. DHS reviews related investments as one; that is, increments of projects, projects and steady-state operations, or projects that have an interrelated mission are reviewed as a single investment. This grouping allows DHS to look at the effect of the sum of the effort and money expended toward accomplishing a particular goal or mission. Service contracts are also investments but have different criteria for review because of the nature of their delivery. DHS has categorized major investments as Levels 1 and 2 and Level 3 IT.
<b>Investment Management System</b>	The information system used by DHS to capture, record, and report on the CPIC process.
<b>Investment Review Request</b>	The format for the official request for an investment review, the IRR begins the IRP.
<b>Joint Project/Program</b>	A project or program that involves DHS Components and outside agencies, whether they are federal, state, local, or other.

<b>Lifecycle Cost</b>	The total cost to the federal government of acquiring, operating, supporting, and, if applicable, disposing of the items being acquired [FAR 7.101]; the sum of all costs over the useful life of a building, system, or product; the sum total of the direct, indirect, recurring, nonrecurring, and other related costs incurred or estimated to be incurred in the design, development, production, operation, maintenance, support, and final disposition of a major system over its anticipated useful life span and salvage (resale) value, if any [FAR 52.248-2(b)]. Where system or project planning anticipates the use of existing sites or facilities, restoration and refurbishment costs should be included [OMB Circular A-94, Appendix A].
<b>Major investment</b>	At DHS, major investments include all Level 1 and 2 investments, as well as Level 3 IT investments in accordance with the investment thresholds defined in MD 1400.
<b>Operational Analysis</b>	Operational analysis is a method of examining the ongoing performance of an operating asset investment and measuring that performance against an established set of cost, schedule, and performance goals. An operational analysis is, by nature, less structured than performance reporting methods applied to developmental projects and should trigger considerations of how the investment's objectives could be better met, how costs could be reduced, and whether the organization should continue performing a particular function. [OMB Circular A-11] Basically, operational analysis is used to examine whether an investment in Operations and Support still meets its intended objectives and yields expected benefits. See the DHS Operational Analysis Guidance for more information.
<b>Periodic Report</b>	A quarterly submission prepared by Program Managers on major investments, reviewed by Component leadership, and provided to DHS for oversight purposes. Information in the report provides a basis to evaluate the program management status of investments related to cost, schedule, and performance. The periodic report also provides information regarding the status of the Program Manager's certification, compliance with EVM requirements, and future actions and milestones planned.
<b>Periodic Reporting</b>	A DHS reporting process for major investments that establishes communication among investment Program Managers, DHS Component senior leadership, and DHS oversight entities regarding the health and status of major DHS investments. The information provided via Periodic Reporting enables DHS to provide oversight and to ensure compliance with Department and OMB requirements, along with preparing required reports related to the OMB Information Technology High Risk Template and the President's Management Agenda e-Government initiative.
<b>Planning</b>	Preparing, developing or acquiring the information used to: design the investment; assess the benefits, risks, and risk-adjusted life-cycle costs of alternative solutions; and establish realistic cost, schedule, and performance goals, for the selected alternative, before either proceeding to full acquisition of the capital project (investment) or useful segment or terminating the investment. Planning must progress to the point where the project is ready to commit to achieving specific goals for the completion of the acquisition before preceding to the acquisition phase. Information gathering activities may include market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. Planning is a useful segment of a capital project (investment). Depending on the nature of the investment, one or more planning segments may be necessary.
<b>Planning</b>	The first phase of the PPBE, which encompasses a 5-10 year extended strategic planning period (long-term) and a near to mid-term operational planning period. The product of the planning phase is the issuance of the IPG, which also reflects the Secretary's management and planning priorities.
<b>Portfolio Management</b>	The management of broad categories of investments linked by their relationship to the mission to ensure effective performance, correspondence to the DHS EA, minimization of overlapping functions, and proper funding.

<b>Post-Implementation Review</b>	Evaluation of the investment after it has been fully implemented or terminated to determine whether the targeted outcome (e.g., performance measures) of the investment has been achieved.
<b>Pre-Select Phase</b>	Capital planning phase that provides a process to assess whether information technology investments support strategic and mission needs.
<b>Program</b>	Also known as “investment program” to differentiate from the Future Years Homeland Security Program (FYHSP). Programs are directed, funded acquisitions that provide new, improved, or continuing systems or services in response to an approved need. Programs are divided into levels established to facilitate decentralized decision-making, execution, and compliance with statutory requirements [DHS Management Directive 0782] and may be composed of multiple projects and discrete useful segments. In DHS, the highest level of the Future Years Homeland Security Programs (FYHSP) entry is also referred to as a program; projects are referred to as “subprograms” or “activities”, depending upon size and relationship. For the purposes of the IRP, programs consist of both projects designed to acquire a capability and steady state efforts. The acquisition project is the focus of the IRP reviews.
<b>Program Budget Decisions</b>	The Secretary’s decision documents that affirm or change dollar amounts or personnel allowances in the budget estimate submissions.
<b>Program Manager</b>	The responsible agency customer, who, with significant discretionary authority, is uniquely empowered to make final scope-of-work, capital-investment, and performance acceptability decisions and who is responsible for accomplishing program objectives or production requirements through the acquisition of any mix of in-house, contract, or reimbursable support resources. The PM is responsible for management and oversight of the Integrated Product Team.
<b>Programming</b>	The second phase of the PPBE, which projects the five-year program plans and estimates the resources required to meet the planning priorities and objectives of the Department. In the programming phase, DHS planning decision and guidance are translated into a detailed allocation of the time-phased resource requirements, including investments, construction, human capital, IT and other support and operating expenses.
<b>Project</b>	In general, a planned undertaking with a definite beginning, distinct mission, and clear termination. A project is a basic building block related to a program that is individually planned, approved, and managed. A project is not constrained to any specific element of the budget structure (e.g., operating expense or plant and capital equipment), meaning that basic research, grants, ordinary repairs, maintenance of facilities, and operations are not considered projects. For the purposes of the IRP, all investments with a start and end date and producing a defined capability will be considered projects.
<b>Project Manager</b>	A project manager is the official assigned responsibility for accomplishing a specifically designated unit of work effort or group of closely related efforts, established to achieve stated or designated objectives, defined tasks, or other units of related effort on a schedule and in support of the program mission. The project manager is responsible for the planning, controlling, and reporting of the project, and for the management of a specific function or functions, performance of the schedule, formulation of the budget, and execution of the approved budget.
<b>Resources</b>	Personnel, equipment, buildings, operational support, training, infrastructure, as well as other inputs required to support the program. Resource requirements may subsequently translate into funding needs.
<b>Resource Allocation Decisions (RAD)</b>	The Secretary’s formal approval of Components’ RAPs. RADs set resource allocation targets for Components for the FYHSP and become the basis for the budget.

<b>Resource Allocation Plan (RAP)</b>	In the programming phase of the PPBE, the Components annually develop proposed programs consistent with the IPG. These programs, expressed in the RAP, reflect systematic allocation of resources required to achieve missions, objectives, and priorities, and potential alternative methods of accomplishing them. Resource requirements reflected in RAPs are translated into time-phased funding requirements. RAPs must account for long-term requirements and resources including human capital, construction and investments, operating and maintenance, and potential disposal or termination costs, and program performance goals.
<b>Select Phase</b>	Capital planning phase used to identify all new, ongoing, and operational investments for inclusion into the agency’s investment portfolio(s).
<b>Steady State</b>	An asset or part of an asset that has been delivered and is performing the mission. The steady state phase may also be termed “operational.”
<b>Total Acquisition Cost</b>	All costs for acquiring, by contract, interagency agreement (IA), and/or other funding instruments, supplies and/or services for a designated investment through purchase or lease, whether the supplies are already in existence or must be created, developed, demonstrated, and evaluated, and without regard to the type(s) of funds used, whether appropriated or non-appropriated. Service contracts that are part of the investment must be considered part of the total acquisition cost.

## References

- Capital Programming Guide, Supplement to OMB Circular A-11, Part 3: Planning, Budgeting, and Acquisition of Capital Assets, July, 1997
- Office of Management and Budget (OMB) Circular A-11, Preparing, Submitting and Executing the Budget
- U.S. Department of Agriculture, OCIO, Information Technology Capital Planning and Investment Control Guide for Fiscal Year 2007, April, 2005
- GAO-04-394G GAO IT Investment Management Framework