
INTELLIGENCE COMMUNITY DIRECTIVE

NUMBER 105



ACQUISITION

(EFFECTIVE: 15 AUGUST 2006)

A. AUTHORITY: The National Security Act of 1947, as amended, and other applicable provisions of law.

B. PURPOSE: This Intelligence Community (IC) Directive (ICD) establishes the overarching policy of the Director of National Intelligence (DNI) relevant to the DNI's acquisition authorities and related procurement authorities. This directive also establishes the management framework for executing Milestone Decision Authority (MDA).

C. APPLICABILITY: This ICD applies to the IC, as defined by the National Security Act of 1947, as amended, and other departments or agencies that may be designated by the President, or designated jointly by the DNI and the head of the department or agency concerned, as an element of the IC. Specifically, this policy applies to all IC acquisitions funded in whole within the National Intelligence Program (NIP). To the extent formally agreed to by the relevant parties, this directive shall also apply to acquisitions funded jointly in the NIP and another funding program. The annex defines key terms used in this directive.

D. POLICY

1. Acquisition Process: The acquisition process model identified in the IC Policy Guidance for Acquisitions 105.1 (ICPG 105.1) shall be used for all NIP-funded major system acquisitions. Such acquisitions shall be undertaken using a balanced and proactive risk management approach to create innovative and responsive systems for use by the IC. Proactive risk management is the

acceptance of appropriate risk to allow the necessary innovation and technology insertion in an acquisition, while ensuring, through positive means, that the uncertainties of the acquisition are managed within a tolerable range to enable the cost, schedule, and performance constraints to be met. The IC acquisition process shall ensure that a set of validated and approved requirements is implemented through development, integration, and testing within an established schedule and budget. System acquisitions in the IC shall use a disciplined process of responsible management that retains the necessary agility to respond to the urgencies of time and opportunity, while being mindful of the public trust and the need for fiscal responsibility. Achieving agility will require constant vigilance during the acquisition process to ensure it is streamlined, yet prudent, and capable of responding to quick reaction capability needs.

2. Delegation: The DNI has delegated to the Deputy Director of National Intelligence for Management (DDNI/M) all acquisition authorities and responsibilities of the DNI with respect to major system acquisitions, including the DNI's authority to serve as the MDA. DDNI/M may delegate any of these authorities, including the authority to further re-delegate, to agency heads, department heads, the Associate DNI and Chief Information Officer (ADNI/CIO), or others as he may determine. The Assistant Deputy Director of National Intelligence (ADDNI) for Acquisition, who also serves as the Senior Acquisition Executive (SAE), is the principal person supporting the DDNI/M in executing acquisition authority, including the DDNI/M's authority to delegate MDA.

3. Procurement Executive: The Office of Federal Procurement Policy Act requires the head of each executive agency to designate a Senior Procurement Executive (SPE). Executive Order 12931 outlines the Federal Procurement Reform roles and responsibilities of the heads of executive agencies and the supporting role of the SPE. The Office of the DNI (ODNI) Procurement Executive (PE) is the SPE for the ODNI, reports to the ADDNI/SAE, and is the principal person supporting the DNI, DDNI/M, and the ADDNI/SAE in executing their procurement authorities. In support of the DNI's major system acquisition authorities and the DNI's responsibility to monitor the implementation and execution of the NIP budget, the ODNI PE is responsible for monitoring the IC procurement system and for developing and implementing policies to facilitate the effective monitoring of the IC procurement system. The ODNI PE will chair an IC Procurement Executive Council to identify common IC contracting and procurement issues. Such issues are meant to include, but are not limited to, exploring innovative and flexible procurement practices that assist the IC to accomplish its mission as quickly and efficiently as possible and exploring best government and industry procurement practices, while ensuring that appropriate counterintelligence and security considerations are addressed. The SPE, or equivalent officer, for each IC element that executes NIP-funded procurements shall be a member of the Council. In support of the DNI's authority and responsibility to monitor the implementation and execution of the NIP, elements of the IC shall provide the ODNI PE with all information requested by the ODNI PE concerning NIP-funded procurements.

4. Milestone Decision Authority: The DNI exercises MDA for the acquisition of "major systems" funded in whole by the NIP, except that with respect to NIP-funded acquisitions executed within the Department of Defense (DoD), the DNI serves as MDA jointly with the

Secretary of Defense (SecDef) or his designee. The DNI will determine whether the total cost of the combination of elements that function together to produce the capabilities required to fulfill a mission need reach the "major system" threshold. The ADDNI/SAE, in consultation with the ADNI/CIO, for information technology (IT)-related acquisitions, shall conduct a periodic review to determine those acquisitions for which the ODNI will exercise MDA (hereafter referred to as the DNI MDA), either alone or jointly with the SecDef or his designee. The DNI MDA may delegate MDA for major system acquisitions to IC elements based on the following considerations:

- Adherence to DNI and IC element acquisition policies and implementing instructions
- Program investment magnitude
- Cross-community issues
- Multi-intelligence considerations
- IC element demonstrated performance in managing acquisitions
- Transparency of the management activity and decision process at that IC element to DNI oversight, to include ODNI accessibility to needed data
- Existence of an individual in the IC element with overall authority and responsibility for NIP-funded acquisition activity within that element who is appropriately empowered to fully execute the responsibilities of the position, including the supervision of personnel executing the acquisitions
- Other special interest considerations applicable to a particular acquisition or IC element

Delegations of MDA for NIP-funded major system acquisitions shall be made in writing by the DNI MDA on an acquisition-by-acquisition basis or other basis as determined by the DNI MDA, and may be changed or withdrawn at the discretion of the DNI MDA, except that with respect to NIP-funded acquisitions executed within DoD, the DNI MDA shall act jointly with the SecDef or his designee for all delegations, and for all changes or withdrawals of delegations.

5. Program Management Plans (PMPs): As required by the National Security Act, and to assist the DNI in the execution of his responsibility and authority to monitor the implementation and execution of the NIP, all NIP-funded major system acquisitions shall have a PMP that includes cost, schedule, and performance goals, as well as program milestone criteria. For DoD programs, this process will include consultation with the SecDef. IC elements are responsible for PMP development and maintenance and must keep each PMP current. Other required data and reporting requirements will be contained in ICPG 105.1. The ADDNI/SAE, in consultation with the ADNI/CIO for IT-related acquisitions, will periodically review the PMP for each major system acquisition, review and assess the progress made toward the achievement of the goals and milestones established in each PMP, and submit a report to Congress on the results of these reviews and assessments as required by the National Security Act.

6. User Requirements: NIP-funded major system acquisitions shall be driven by formally established user requirements. Each IC element, or the heads of their respective departments, shall establish processes to develop and manage these requirements. Requirements for NIP-funded major system acquisitions shall be submitted to the Mission Requirements Board (MRB) in accordance with MRB instructions and shall be provided in accordance with the acquisition

process model specified in ICPG 105.1. Requirements may also be submitted to additional requirements processes for NIP-funded acquisitions executed within a department.

7. Architectural Compliance, Interoperability, and Data Sharing: All major system acquisitions that include the procurement of enterprise architecture-related IT items that are wholly or partially NIP-funded shall adhere to the applicable ADNI/CIO IC enterprise architecture, standards, protocols, and interfaces, and shall support the DNI's IC data and information sharing initiatives and shall be so certified. The ADNI/CIO, or the IC element or department CIO when MDA has been delegated to the element or department, shall certify this compliance, as well as compliance with any other similarly applicable statutory provisions (such as the Clinger-Cohen Act) to the MDA, as specified in ICPG 105.1.

8. Independent Cost Assessments/Estimates: In accordance with Title 50, US Code, Section 415a-1, the DNI will prepare an independent cost estimate (ICE) of the full-life cycle cost of the development, integration, and operation of each major system to be acquired by the IC, in consultation with the head of each concerned element of the IC. The DNI Cost Analysis Improvement Group, or its agent, shall prepare an ICE for all NIP-funded major system acquisitions unless the DNI or his designee and the SecDef or his designee jointly designate an alternate entity to prepare an ICE for an IC major system acquisition by an IC element within DoD.

9. Acquisition Oversight: The ODNI, led by the ADDNI/SAE, will conduct oversight of NIP-funded acquisitions (jointly with the Office of the SecDef (OSD) for acquisitions executed within DoD) to ensure effective execution of such acquisitions. The primary oversight function will be to review and assess acquisition execution against MDA-approved baselines for cost, schedule, and performance through periodic program reviews. If an acquisition is not executing against its established baseline, a more detailed review may be conducted by ODNI, or jointly with OSD for acquisitions executed within DoD. The result of this review may be revocation or re-assignment of MDA, or other action to correct performance for the acquisition in question.

10. Professional Acquisition Workforce: Each IC element that executes NIP-funded acquisitions shall develop and maintain a fully proficient acquisition workforce to conduct such acquisitions. The ADDNI/SAE, in coordination with the ADDNI and Chief Human Capital Officer and after consultation with the heads of other agencies or elements of the IC and the heads of their respective departments, shall establish education, training, and experience standards for acquisition personnel in the IC. These standards shall not be inconsistent with the standards set forth in the Defense Acquisition Workforce Improvement Act (Title 10 US Code, Chapter 87) or with personnel policies and education and training requirements otherwise applicable to members of the uniformed services.

11. Multiple IC Element Acquisitions: Many major system acquisitions are executed through the efforts of multiple IC elements to achieve an end-to-end capability required by the Community. To achieve this end-to-end capability, certain multiple element acquisitions identified by the DNI MDA (or identified jointly by the DNI MDA and the SecDef, or his designee, for NIP-funded acquisitions executed within DoD) shall have a documented agreement

for the management structure of the integrated team executing across the IC elements. This agreement shall be coordinated with the ADDNI/SAE, signed by all the IC elements involved, and provided to the ADDNI/SAE prior to beginning the development (normally Milestone B) of the first acquisition in the end-to-end chain.


12. ICPG for Acquisitions: The ADDNI/SAE will develop ICPG 105.1 supporting this directive. ICPG 105.1 will establish a flexible, streamlined, and responsive acquisition model encompassing best practices and facilitating the requisite agility needed by the acquisition management system to ensure timely delivery of needed capabilities. The guidance will establish a National Intelligence Acquisition Board chaired by the DNI MDA and will detail the board membership, procedures, and decision mechanics. IC elements executing NIP-funded major system acquisitions shall develop written acquisition procedures for such acquisitions conforming to this directive and ICPG 105.1 and shall execute NIP-funded major system acquisitions under their control according to those written acquisition procedures; except that for NIP-funded major system acquisitions executed within DoD, the acquisition procedures developed by the IC element shall conform to the jointly signed memorandum of agreement as discussed in paragraph D.13.

13. Joint Programs: To the extent formally agreed to by the DNI and the heads of departments and agencies with organizations in the IC, intelligence-related acquisitions funded jointly by the NIP and non-NIP budgets, or wholly funded by the NIP but executed within DoD, shall be managed through a joint process and joint decision forum that is adapted from that established under ICPG 105.1 and documented in a jointly signed memorandum of agreement. The ODNI will strive to observe the principle of equal representation in all acquisition decision forums for joint programs.

E. EFFECTIVE DATE: This ICD is effective on the date of signature.



 Director of National Intelligence



 Date

ANNEX A - DEFINITION OF TERMS

National Intelligence Program (NIP)-Funded Acquisition: A NIP-funded activity involving development of new items by one or more contractors to create a required mission system capability within the Intelligence Community (IC). This definition is consistent with the use of the term within the acquisition development community. The broader definition of "acquisition" occurring in the Federal Acquisition Regulations will be addressed in the IC Policy Guidance for Contracting and Procurement 105.2.

IC Element: An organization that is formally part of the IC as defined in IC Directive 1, *Policy Directive for Intelligence Community Leadership*.

Major System: The term "major system" is defined by the National Security Act through reference to 41 US Code 403(9); that definition shall be applied to all uses of the term in this document.

Milestone Decision Authority: The authority to approve the transition of a system development from one phase of the acquisition process to the next phase.

NIP-Funded: For the purposes of this directive, "NIP-Funded" means acquisitions funded in whole within the NIP, unless specifically stated otherwise.