

Functional Series [500](#) – Management Services  
 ADS 577 – Information Technology Capital Planning and Investment Control

\*This chapter has been substantively revised in its entirety.

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## ADS 577 – Information Technology Capital Planning and Investment Control

### 577.1 OVERVIEW

Effective date: 04/01/2005

This chapter contains the USAID-specific policy directives and required procedures for planning, budgeting, and managing USAID's **information technology (IT) capital assets** (See **577.6, Definitions**). It sets the framework for selecting and managing IT, driven by the [Clinger-Cohen Act of 1996](#). The policy directives and required procedures support the achievement of Agency strategic goals and objectives through the preparation, selection, control, and evaluation of IT assets. This chapter also outlines the Agency's Capital Planning and Investment Control (CPIC) process, which ensures that IT investments integrate strategic planning, budgeting, procurement, and IT management-in support of Agency missions and business needs. It outlines roles and responsibilities for maximizing the value, and assessing and managing the risks of USAID IT investments as required by the [Clinger-Cohen Act of 1996](#), the [Government Performance and Results Act \(GPRA\)](#), and the [Federal Acquisition Streamlining Act of 1994 \(FASA\)](#).

#### 577.1.1 Scope of this Chapter

This chapter covers USAID's IT investments. USAID IT investments are IT initiatives or projects funded at Missions or USAID/W, regardless of funding source that are owned or leased by USAID and operated by USAID, or by contractors for Agency operations.

#### 577.1.2 What is not Covered by this Chapter?

The following IT activities are not covered by this chapter:

- Initiatives or projects funded at Missions or USAID/W, regardless of funding source, that include the use of contractor-owned IT by a contractor for the performance of USAID contracts (e.g., a contract for payroll services); and
- IT activities that are program-funded for use by others (such as a grantee) and are not used by USAID. (Program-funded IT activities are covered by ADS chapters 200-203.)

#### 577.1.3 How does this Chapter apply to my IT Project?

There are four categories of IT investments:

- (1) Investment Category 1: USAID/W Operating-Expense (OE)-funded IT (used for USAID operations);
- (2) Investment Category 2: USAID/W and Mission program-funded IT (not used for USAID operations, nor used within USAID offices or Missions);

- (3) Investment Category 3: USAID/W and Mission program-funded IT (used for USAID operations or within USAID offices and Missions); and
- (4) Investment Category 4: Mission OE-funded IT (for USAID operations).

See the internal mandatory reference [Table 1, Investment Category Documentation & Review Requirements](#) to determine whether ADS 577 applies to each investment, and the corresponding documentation and review requirements. When ADS 577 and the CPIC Decision Criteria do not apply to an IT initiative, project sponsors are encouraged to consider them as best practices in selecting, reviewing, and approving the initiative.

**\*577.2 PRIMARY RESPONSIBILITIES**

Effective date: 08/01/2004

This section defines CPIC-related responsibilities for the following officials and offices:

- \*a. The Administrator has ultimate authority to approve or disapprove Business Transformation Executive Committee (BTEC) recommendations for IT investments. The Administrator also reports Agency progress in achieving investment goals to the Office of Management and Budget (OMB) and the Congress.
- b. The Approver is the individual whose position has the delegated authority to approve, continue, modify, or cancel an IT investment.
- c. The **Business Transformation Executive Committee (BTEC)** provides Agency-wide leadership for initiatives and investments to transform USAID business systems and organizational performance. The BTEC's focus is primarily strategic. Although it receives project status information about USAID investments, the BTEC focuses on issues and investment decisions related most closely to achieving the Agency's mission. (For more information, see **577.3.7** and **577.3.8** regarding quarterly reviews for IT investments.)

With the support of the BTEC Capital Planning and Investment Control (CPIC) Subcommittee and Program Management Office (M/PMO), BTEC establishes and monitors the portfolio of USAID IT investments, which are designated by BTEC, throughout their lifecycle to ensure that they are acquired or developed within planned cost and schedule objectives and that they produce expected benefits. (For more information about the BTEC, including its membership, see the BTEC web site at <http://inside.usaid.gov/BTEC>.)

- d. The **BTEC Enterprise Architecture (EA) Subcommittee** facilitates and validates the construction of the EA and ensures that it reflects the Agency's current and changing states. When complete, the resulting architecture will illustrate focus areas where technology may be applied.

\* An asterisk indicates that the adjacent material is new or substantively revised.

e. The **BTEC Capital Planning and Investment Control (CPIC) Subcommittee**, chaired by the Deputy Chief Information Officer (CIO) for Policy, acts in an advisory role to BTEC and performs an executive review of all proposals, project status reports, and assessments for Level II and III investments. (See [Table 1, Investment Category Documentation and Review Requirements](#) for more information.) The Subcommittee includes representatives appointed by the BTEC from each Assistant Administrator area.

f. The **Chief Financial Officer (CFO)** has a direct role in making the final determination and approval of enhancements and upgrades to the Agency's financial management systems, in compliance with the [CFO Act of 1990](#).

\*g. **Executive Sponsors** are Agency, Program, and Mission managers who facilitate the identification of IT investments based on recognized programmatic needs and who oversee and manage one or more IT investments throughout their life cycle.

h. The **Chief Information Officer (CIO)**, or designee, monitors the performance of USAID IT investments, evaluates the performance of those investments, and advises the Administrator, the Executive Sponsor, and the BTEC to continue, modify, or cancel an IT investment. The CIO draws from the BTEC, and analytical resources managed by the Deputy CIO for Policy and Deputy CIO for Operations, to make a determination.

i. The **Deputy CIO for Policy** chairs the CPIC Subcommittee and supports the CIO, as requested, by monitoring and evaluating the performance of USAID IT investments. With the Deputy CIO for Operations, the Deputy CIO for Policy advises the CIO to continue, modify, or cancel an IT project.

j. The **Program Management Office (M/PMO)** manages projects in support of the IT investment process, maintains a portfolio of such investments for CPIC Subcommittee and BTEC reference, and monitors the performance of these investments against cost, schedule, and performance goals. The PMO also oversees program management for selected highest risk IT investments and reports on investment performance to the Deputy CIO for Policy, Deputy CIO for Operations, and BTEC.

k. The **Bureau for Policy and Program Coordination (PPC)** provides the CPIC Subcommittee with overall strategic and budgetary guidance to be applied to the CPIC process. In addition, PPC ensures that CPIC Subcommittee recommendations to the BTEC concerning IT investments are consistent with current or changing strategy and budget.

l. The **Office of Information Resources Management (M/IRM)** acts as the Agency's central IT service provider. As such, M/IRM provides advice and planning support to BTEC, Executive Sponsors, the CPIC Subcommittee, and the CIO on IT acquisition, risk assessment, policies, and standards, including security and infrastructure reliance considerations.

\* An asterisk indicates that the adjacent material is new or substantively revised.

**m.** The **Deputy CIO for Operations** manages the Office of Information Resources Management (M/IRM) and the Program Management Office. The Deputy CIO for Operations also supports the CIO, as requested, by monitoring and evaluating the performance of USAID IT investments. With the Deputy CIO for Policy, the Deputy CIO for Operations advises the CIO to continue, modify, or cancel an IT project. The Deputy CIO for Operations places specific emphasis on the impact of the Agency's technology and information security infrastructure on the investment.

**n.** The **USAID Information Systems Security Officer (ISSO)** oversees and directs the implementation of USAID's information systems security program. (For more information see **ADS 545, Information Systems Security**, section [545.2](#).)

**\*o.** The **Program Management Office, Business Enterprise Architecture Division (M/PMO/BEA)** provides technical assistance and support services to advise USAID Missions on program- and OE-funded IT initiatives for internal Mission operations.

**p.** The **Bureau for Economic Growth, Agriculture and Trade (EGAT)** advises on the development and implementation of USAID program-funded IT initiatives external to Mission and USAID/W operations.

**\*q.** The **Office of Management Policy, Performance, and Administration (M/MPPA)** supports the Management (M) Bureau, BTEC, CPIC Subcommittee, and the CIO in establishing and assessing customer service standards and performance success metrics, in addition to providing guidance and interaction supporting the Agency's E-Government strategy. The application of these metrics supports the evaluation and control phases described in this chapter.

**\*r.** The **CPIC Technical Panel** advises the CPIC Subcommittee on matters requiring a specialized knowledge of USAID's technical and regulatory environment. The Panel is selected by the Subcommittee Chair and consists of Agency experts on topics of concern to the Subcommittee, such as Enterprise Architecture, return on investment, life-cycle cost considerations, risk management, and policy requirements.

### **577.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES**

Effective date: 6/16/2003

We encourage you to read the Primary Responsibilities section (**577.2**) of this chapter for more detail.

#### **577.3.1 Submitting and Approving IT Investments**

Effective date: 6/16/2003

USAID employees must implement the policy directives and required procedures in this chapter when acquiring or managing IT investments for USAID.

\* An asterisk indicates that the adjacent material is new or substantively revised.

The policies and required procedures that apply to a specific investment vary, depending on such factors as the estimated life-cycle cost of the investment, funding source, and other factors.

**Table 1, Investment Category Documentation & Review Requirements**, an internal mandatory reference, summarizes those factors and indicates the investment level of the project. Project sponsors must use **Table 1** to determine which investment level (if any) will be assigned to their investment and to identify the documentation, required approvals, and frequency of reviews for their investment.

#### **\*577.3.1.1 Submitting Investment Documentation**

Effective date: 08/01/2004

#### **\*Role of the Executive Sponsor.**

Executive Sponsors play a significant role in the planning and management of IT investments. In accordance with the instructions below, they

- consult the CIO; the Bureau for Policy and Program Coordination, Office of Resource Allocation (PPC/RA); the CPIC Subcommittee; the Program Management Office, Business Enterprise Architecture Division (M/PMO/BEA); the BTEC; and affected organizations on investment design, planning, and implementation in developing IT investment proposals to be submitted to the CPIC Subcommittee, and in managing the investments.
- work with the Contracting Officer to select vendors or other sources of services to implement the investment.

For more information, see **Tables 1** and **2**, **577.3.5.4**, **577.3.7**, **577.3.8**, definition of investment proposal presentations, and the instructions below.

**\*USAID 300i Decision Request.** As noted in **Table 1**, the Executive Sponsor must submit the USAID 300i Decision Request for:

- Investment, Category I Level I Investments (i.e., USAID/W OE-funded IT with a life-cycle cost of \$25,000 - \$1,000,000 over three years which are not e-Government projects);
- All Investment Category III investments (i.e., those USAID/W and Mission program-funded IT investments that are used for USAID operations or within USAID offices and missions); and
- All Investment Category IV investments (i.e., Mission-funded OE IT investments).

For those investments that require submission of the USAID 300i, the Executive Sponsor must submit a memorandum to the CIO through the Deputy CIO for Policy. The **USAID 300i Decision Request** provides a format and instructions for preparing and submitting the Request. (See **Table 1** for more information.)

\* An asterisk indicates that the adjacent material is new or substantively revised.

**OMB Exhibit 300.** As noted in [Table 1](#), the Executive Sponsor must submit the OMB Exhibit 300 for USAID/W OE-funded IT Level II or Level III investments.

- A Level II investment is one with a life-cycle value of \$1 million - \$10 million over three years **AND** which is not an e-Government project.
- A Level III investment is one with a life-cycle value greater than \$10 million over three years **OR** one which is an e-Government project.

For those investments that require submission of the [OMB Exhibit 300](#), the Executive Sponsor must prepare the Exhibit in accordance with OMB instructions found in [OMB Exhibit 300](#) and submit it to the CIO as part of the annual budget cycle. The Executive Sponsor must inform the CIO or Deputy CIO for Policy of the potential investment. The CIO or designee provides specific guidance annually to Executive Sponsors as part of budget formulation instructions. (See [Table 1](#) for more information.)

**\*577.3.2 Guiding Principles and Essential Requirements of the CPIC Process**  
Effective date: 04/01/2005

**\*a. Guiding Principles**

\*USAID's CPIC process is based on guidance outlined in the [Clinger-Cohen Act](#), [GPRA](#), [FASA](#) and such guidance as [OMB Circular A-11, Preparation and Submission of Budget Estimates, Section 7](#) and [OMB Circular A-130, Management of Federal Information Resources](#). Inherent in the process are several overarching guiding principles for investments in IT. According to these principles, such investments must

- \*(1) Support core/priority mission functions that must be performed by the Federal Government;
- \*(2) Be initiated by USAID only when no alternative private sector or governmental source can efficiently meet the need;
- \*(3) Support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology (COTS);
- \*(4) Reduce risk by avoiding or isolating custom-designed components, using components that can be fully tested or prototyped prior to production, and ensuring involvement and support of users;
- \*(5) Demonstrate a projected return on the investment that is clearly equal to, or better than, alternative uses of available public resources. The return may include
  - improved mission performance in accordance with GPRA measures;
  - reduced cost;



- increased quality, speed, or flexibility; and
- increased customer and employee satisfaction.

The return should reflect such risk factors as

- the project's technical complexity,
- the Agency's management capacity,
- the likelihood of cost overruns, and
- the consequences of under- or non-performance.

Return on investment should, where appropriate, reflect actual returns observed through pilot projects and prototypes;

\*(6) Be consistent with Federal, USAID, and joint USAID/Department of State architectures, demonstrating such consistency through compliance with Agency business requirements and standards, as well as identification of milestones, as defined in the Enterprise Architecture (EA).

\*(7) Not unnecessarily duplicate IT capabilities within USAID, from other agencies, or from the private sector;

\*(8) Maximize the usefulness of information, minimize the burden on the public, and preserve the appropriate integrity, usability, availability, and confidentiality of information throughout the life cycle of the information as determined in accordance with the [Paperwork Reduction Act \(PRA\)](#) and the [Federal Records Act](#); and

\*(9) Be implemented in phased, successive chunks as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future chunks.

\*In support of these principles, where comparable processes and organizations in the public or private sectors exist, USAID shall quantitatively benchmark agency process performance against such processes in terms of cost, speed, productivity, and quality of outputs and outcomes.

(For more information, see the [Clinger-Cohen Act of 1996](#); [GAO Executive Guide, Information Technology Investment Management \(GA\)-04-394G](#); and [OMB Circular A-130, Management of Federal Information Resources](#).

## **b. Minimum Requirements for the CPIC Process**

At a minimum, the Agency's CPIC process must meet the following requirements:

\* An asterisk indicates that the adjacent material is new or substantively revised.



- (1) **Portfolio Focus**  
USAID must view its investments in relation to all current and proposed investments (i.e., from a “portfolio” view).
- (2) **Risk Management**  
USAID staff must document and plan for the reduction of project risks throughout the project life cycle when planning for or implementing IT investments. [Table 3, CPIC Decision Criteria and Score Sheet](#), includes risk factors that the Subcommittee must address when reviewing the IT investments it oversees.
- (3) **Executive Involvement**  
Through USAID’s Business Transformation Executive Committee (BTEC), USAID senior executives must advise the Administrator on the business considerations of IT investment decisions.
- \* (4) **Architecture Driven**  
\*IT investments must be aligned with the Federal Enterprise Architecture (FEA) (see <http://www.feapmo.gov/fea.asp>) and must be consistent with the joint USAID/Department of State Enterprise Architecture as soon as it is available.
- (5) **Support of the President’s Management Agenda**  
The Executive Sponsor must evaluate the IT investments that he or she sponsors in terms of their potential for supporting achievement of the President’s Management Agenda.

### **577.3.3 The BTEC CPIC Subcommittee**

Effective date: 6/16/2003

The BTEC CPIC Subcommittee develops and implements this ADS chapter, including **577.3.5, CPIC Decision Criteria**, and reviews the composition of, and changes to, the investment portfolio. The CPIC Subcommittee, or a component of it, must

- Advise the BTEC on investment selection, considering potential risk, cost, benefit, and priority in relation to other USAID investments and the Agency’s EA;
- Recommend issues of strategic importance to the BTEC for consideration;
- Ensure that approved investments comply with OMB Circular A-11, Part 7, Exhibit 300 and 53 Report requirements. For more information, see Section 300 [Capital Programming Guide](#) and [OMB Circular A-11, Part 7](#);
- Recommend BTEC approval or disapproval of submitted requests for, and continuation of, Level II and Level III investments;
- Develop and help revise ADS policy documents related to CPIC Subcommittee responsibilities in addition to this chapter; and

\* An asterisk indicates that the adjacent material is new or substantively revised.

- Develop detailed guidance and forms for implementation of CPIC activity and associated IT investment requests.

#### 577.3.4 CPIC Process: Investment Stages, Responsibilities, Actions, and Outputs

Effective date: 6/16/2003

USAID's CPIC process has been developed to ensure consideration of the Agency's business needs throughout the life cycle of an IT investment. It includes activities from the identification and justification of a need, through proposal review and consideration to investment approval, implementation, operation, and development of lessons learned. The purpose of the process is to ensure that IT investments are selected, monitored, and evaluated for effectiveness in their implementation, and for their relevance and contribution to the Agency's business needs.

Therefore, the CPIC process occurs in four stages: Preparation, Selection, Control, and Evaluation.

- **Preparation** includes the identification of one or more business problems, the identification and evaluation of possible solutions, the determination of whether one or more capital investments is called for, and the identification of an Executive Sponsor and Project Manager to facilitate and manage each capital investment through the life cycle. Business problems and solutions may be identified through the development and management of USAID's enterprise architecture, planning or performance measurement processes, or managing and planning for specific business functions.
- **Selection** includes the CIO's informal review of a proposed capital investment against Agency priorities and resource constraints and the Agency's enterprise architecture. During this stage, the CIO confirms the applicable threshold level of detail required for further consideration, provides feedback on proposal consideration to the executive sponsor, and schedules proposal evaluation by the BTEC, if appropriate. Also, during this stage, the Executive Sponsor prepares investment proposal presentations commensurate with the projected life-cycle cost and business risk related to the investment.
- **Control** includes investments that are in development, implementation, or steady state. During this stage, Executive Sponsors must report periodically to BTEC on the status of their Level III capital investments. They must include reports of risk assessments, risk mitigation strategies, and progress in mitigating risks; project costs and schedules against baseline goals; and progress in correcting problems related to achieving cost and schedule goals.

- **Evaluation.** During this stage, a completed investment is reviewed to determine its overall worth and to determine lessons learned for improving the CPIC process.

[Table 2, The CPIC Process](#), lists the responsibilities and actions that each participant in the CPIC process is required to perform at each stage in the process.

### **577.3.5 CPIC Decision Criteria**

Effective date: 8/01/2004

The purpose of this section is to identify the decision criteria developed by the CPIC Subcommittee for its use in selecting IT investments.

#### **577.3.5.1 Developing and Maintaining the CPIC Decision Criteria**

Effective date: 8/01/2004

As a component of the decision-making process, the CPIC Subcommittee aligns investment requests with the Agency's EA and BTEC priorities. The CPIC Subcommittee also reviews the composition of and changes to the IT investment portfolio for Level II and Level III investments.

The CPIC Subcommittee must develop, maintain, and use the CPIC Decision Criteria and Score Sheet in [Table 3](#) for IT investments over which it has oversight. The purpose of the CPIC Decision Criteria is to ensure that

- Reviewers apply consistent criteria in assessing proposed investments; and
- Selected investments demonstrate the use of best practices associated with successful project management, including investment value, risk, cost, etc., and address the highest priority issues of the day.

Reviewers of other investments, such as program-funded and Mission OE-funded investments and Level I investments, are encouraged to adapt and use the CPIC Decision Criteria as best practices.

The CPIC Decision Criteria are based on the structure of the documentation required in the [OMB 300 Exhibit \(OMB Circular A-11, Preparation and Submission of Budget Estimates, Part 7, Section 300, Exhibit 300, Appendix 300\)](#) in order to ensure reviews that are consistent with OMB priorities.

#### **\*577.3.5.2 Technical Advice in Scoring Business Cases**

Effective date: 08/01/2004

\*The Chair of the CPIC Subcommittee may, if he or she chooses, convene a Technical Panel to advise the CPIC Subcommittee members on matters related to questions that require a specialized knowledge of the USAID IT technical or regulatory environment. Such a panel, if convened, must evaluate investment proposals against criteria listed in

\* An asterisk indicates that the adjacent material is new or substantively revised.

[Table 3a, CPIC Technical Panel Review Criteria and Suggested Scores](#), suggest scores on those questions for the CPIC Subcommittee's consideration, and advise the CPIC Subcommittee on factors to consider in finalizing its scores.

\*Members of the Technical Panel evaluate investments against those decision criteria in which they have expertise. The Chair must identify for each Panel member those decision criteria on which his or her advice is sought. (The entire Panel is not expected to provide advice on all criteria. However, the Chair may ask some members to perform a joint review of investments against specific criteria.)

Each member or joint review group must summarize and submit his or her findings and recommendations to the Subcommittee Chair. This is done by recording the title of the investment, his or her comments on it, and the suggested score for the investment against the decision criteria on which his or her advice has been sought. (See [Summary Sheet 2, Technical Panel Summary Score Sheet](#), which is based on the results of Table 3a.) The Panel must present its findings and recommendations to the Subcommittee for members' consideration.

**\*577.3.5.3 Components of Table 3, CPIC Decision Criteria and Score Sheet**  
Effective date: 08/01/2004

The CPIC Subcommittee develops and maintains the following criteria which it uses for evaluating and recommending selection of IT investments. These criteria are at the heart of the IT investment selection process.

[Table 3, CPIC Decision Criteria and Score Sheet](#) contains the following information:

**\*a. Topic**

The topic is the area that is being assessed. The CPIC Subcommittee selected the four topic areas included in [Table 3](#) based on the CIO Council's Value Measuring Methodology (VMM) and industry best practices associated with successful IT investment project selection, implementation, and results. The four topic areas are **Value, Risk, Cost, and Policy Compliance**.

**b. Definition**

The definition clarifies the topic area in non-technical terms.

**c. Total Possible Points for the Topic**

The Total Possible Points for the Topic represents the relative value that each topic area holds in relation to the others. The CPIC Subcommittee presets these values for an extended period of time and periodically reviews them.

\* An asterisk indicates that the adjacent material is new or substantively revised.

**d. Subcategories and Questions**

Subcategories are groups of questions to assist the reviewers in determining whether the proposal has addressed the specific topic area. The questions provide a framework for assessing the investment proposal documentation (e.g., [OMB Exhibit 300](#)).

**e. Total Possible Score**

The Total Possible Score column represents the relative value that each question or group of questions (“subcategories”) holds in relation to the others for a topic. The CPIC Subcommittee presets and periodically reviews each Total Possible Score. Like the Total Possible Points, it is fixed for an extended period of time.

The sum of “Total Possible Scores” for a subcategory must equal the “Total Possible Points” for that topic.

**\*f. Initial Recommended Score**

The reviewer assigns an Initial Recommended Score. Each reviewer must assign numeric scores based on the quality of documented responses to the designated questions, including the extent to which the proposal is based on best practices and is aligned with programmatic and end-user needs. The reviewer must not assign a recommended score that is greater than the Total Possible Score listed for the category or subcategory.

**577.3.5.4 Applying Table 3, the CPIC Decision Criteria and Score Sheet**

Effective date: 08/01/2004

The following steps outline how to apply [Table 3, the CPIC Decision Criteria and Score Sheet](#):

- a.** The CPIC Subcommittee Chair must give the following documents to each member of the CPIC Subcommittee:
- (1) One copy of the documentation submitted for each investment proposal (see [Table 1](#)),
  - (2) One score sheet for each proposal (see [Table 3](#)),
  - (3) Scoring instructions found in Table 3, and
  - (4) \*[Summary Sheet 2, Technical Panel Summary Score Sheet](#), if a Technical Panel has been convened to advise the Subcommittee on scoring.

\* An asterisk indicates that the adjacent material is new or substantively revised.

**b.** Each member of the CPIC Subcommittee, including members posted in field offices who participate “virtually,” must review each proposal.

**Note:** The Subcommittee Chair may adjust the composition of the review panel at his or her discretion to meet review timeframes and priorities set by OMB.

Review panel members must not delegate their responsibilities for scoring proposals. However, they may consult with others to obtain information relevant to the scoring.

Each member must submit his or her completed score sheets (i.e., [Table 3](#)) to the Chair, CPIC Subcommittee within the timeframe established by the Subcommittee.

**c.** The Subcommittee Chair must have the reviewer scores transcribed from each reviewer’s [Table 3](#) to [Summary Sheet 1, Reviewer Scores for an Investment Proposal](#). The CPIC Subcommittee Chair must prepare a summary sheet for each investment proposal, listing each score assigned by each reviewer.

The CPIC Subcommittee Chair must note on [Summary Sheet 1](#) any significant differences between reviewer scores.

The Chair must ask those reviewers whose numerical and “Yes/No” scores differ significantly from each other to review the differences and report back with modifications if appropriate. The reviewers may request further clarification from the sponsor or drafter of the investment proposal to facilitate their final scoring.

**d.** The Chair must finalize a [Summary Sheet 1](#) for each investment proposal by averaging and recording all reviewer scores for each scoring element of the proposal. The Chair will review proposals that receive scores of “No” on decision criteria that require a “Yes/No” evaluation for further work, additional review, or consultation.

**\*e. Note:** The Chair may also have [Summary Sheet 2, Technical Panel Summary Score Sheet](#) prepared if a Technical Panel has been convened to advise the Subcommittee on scoring.

**\*f.** The Chair must then create [Summary Sheet 3](#) by recording the total average scores for each proposal, the budgeted amounts, and the projected life-cycle costs for the investments, prioritizing them in order by total average score. (See [Summary Sheet 3, USAID FYXX – Investment Ranking Summary](#).)

**\*g.** The Chair may also prepare [Summary Sheet 4](#) if time permits, to facilitate additional analysis of scores. (See [Summary Sheet 4, CPIC Subcommittee Total and Average Scores for IT Investments](#).)

\*h. The Chair must record the investments on [Summary Sheet 5](#), indicating which ones are within the Agency's projected IT capital investment budget restrictions and which are above the targeted amount. The chart must include the investment name and its CPIC total average score in addition to the budgeted amounts. (See [Summary Sheet 5, IT Investments Under CPIC Review.](#))

\*i. Based on its assessment of [Summary Sheets 2, 3, 4, and 5](#), the CPIC Subcommittee members establish a list of projects for the Chair to present to the CIO and the BTEC for consideration. The list includes a notation that projects below a line established by the Subcommittee will be recommended in priority order if the IT capital investment budget is increased.

The CPIC Subcommittee must also advise the BTEC and the CIO of any IT investment proposals that should not be considered. On behalf of the CPIC Subcommittee, the Chair must note such proposals on the list.

The CPIC Subcommittee Chair must also submit [Summary Sheets 3 and 5](#) with one copy of each proposal's [Summary Sheet 1](#) to the BTEC Chair for BTEC review and consideration.

j. When it receives the CPIC Subcommittee's recommendations, the BTEC must review the recommendations for final determination of IT investments to submit to OMB. The BTEC has the authority to realign priorities, as well as to seek clarification regarding weighting decisions from the CPIC Subcommittee or clarification from the [OMB Exhibit 300](#) drafter and Executive Sponsor.

#### **\*577.3.6 Periodic Reviews of IT Investments**

Effective Date: 04/01/2005

As indicated in [Table 1, Investment Category Documentation and Review Requirements](#), most USAID IT investments must be periodically reviewed for success in meeting cost, schedule, and performance goals. The purpose of such reviews is to enable the officials indicated on [Table 1](#) to monitor investment status and to recommend project disposition, considering cost, risk, and value to the Agency. The CPIC Subcommittee must review the progress of Level II and III investments using the process described below. Reviewers of other IT investments are encouraged to use the process as a supplemental best practice.

#### **\*577.3.7 Quarterly Reviews for Level II and III Investments**

Effective Date: 04/01/2005

As noted in [Table 1](#), the CPIC Subcommittee must review Level II and III investments at least quarterly, or immediately for an investment when it varies from the cost or schedule goals documented in [OMB Exhibit 300](#), Section I.H.4 by more than 10%.

\* An asterisk indicates that the adjacent material is new or substantively revised.



The CPIC Subcommittee must perform such reviews and advise the BTEC and the CIO whether to continue, modify or cancel the investments. The BTEC must review CPIC Subcommittee recommendations and act on them. The PMO must

- Review the status of each investment;
- Identify underperforming investments;
- Assess problems contributing to the underperformance;
- Recommend corrective actions to the Executive Sponsor and the CPIC Subcommittee to address the underperformance or recommend investment termination; and
- Track and report status of the corrective actions to the CPIC Subcommittee as outlined in **577.3.8, The Quarterly Investment Review Process for Level II and III Investments.**

The Administrator must make final action determinations on those most controversial, mission critical investments which are at risk.

#### **\*577.3.7.1 The Quarterly Investment Review Process**

The Quarterly Review Process for Level II and Level III investments is outlined in **Section 577.3.8** and in the following guidance.

##### **\*a. Guidance in Rating Investment Status**

The CPIC Subcommittee members must look for the following evidence of potential risk to project success in PMO and executive sponsor reports on investment status during the presentations on Level II and III investments:

- A particular task is significantly behind schedule or over budget;
- Requirements and work scope are substantially changing;
- A major milestone, decision, or work product was missed or will be significantly delayed;
- Changes in the requirements or scope have resulted in an initiative that does not adequately support the mission or business functions;
- A major technical problem with the selected technology may have surfaced as part of the change control process, and the resolution of the problem does not allow the project to be developed as specified; and
- The organizational environment has changed and the current IT initiative is not part of the solution for meeting the business needs.

\* An asterisk indicates that the adjacent material is new or substantively revised.

**\*b. Decisions**

The CPIC Subcommittee must consider the evidence of potential risk noted above and other factors that members believe would affect project success. The Subcommittee must then recommend one of the following decisions and actions for each investment to the Subcommittee Chair and note its conclusions in Subcommittee meeting notes:

- **Continue:** If the Subcommittee makes this recommendation and it is adopted, the initiative may continue according to the planned cost, scope, and schedule baselines presented in the most recent [OMB Exhibit 300](#) business case for the investment.
- **Modify:** If the Subcommittee makes this recommendation and it is adopted, the sponsor must make baseline changes to Section 1.C, "Performance Goals and Measures," and Section 1.H, "Project (Investment) and Funding Plan" of [OMB Exhibit 300](#) and return them to the CPIC Subcommittee for approval. The CPIC Subcommittee must approve the changes, recommend to the BTEC stoppage of the investment, or direct the sponsor to revise and resubmit the changes for further consideration.
- **Cancel:** If the Subcommittee makes this recommendation, the Subcommittee Chair must decide whether to adopt the Subcommittee's recommendation and must inform the executive sponsor of his or her decision. Based on the Chair's judgment, he or she recommends to the BTEC, on behalf of the Subcommittee, that the initiative be terminated. (See [Table 2](#) and **577.3.8, The Quarterly Investment Review Process for Level II and III Investments.**)

**\*577.3.8 The Quarterly Investment Review Process for Level II and III Investments**

Effective Date: 04/01/2005

The following steps comprise the quarterly review process for Level II and III investments.

- (1) The Executive Sponsor submits project status information to the PMO and, as appropriate, to the CIO and BTEC Chair. (See more detail, below.)
- (2) The PMO provides quarterly status reports and assessments to the CPIC Subcommittee.
- (3) CPIC Subcommittee evaluates the investment status and recommends action to the Subcommittee Chair.
- (4) The Executive Sponsor submits an updated Project Status Report to the CPIC Subcommittee Chair immediately if the investment cost or project schedule will exceed the baseline by more than 10%.

(5) The Subcommittee Chair must forward the updated Project Status Report immediately to the CPIC Subcommittee for comments and recommendations.

(6) The Subcommittee Chair provides CPIC Subcommittee recommendations to the CIO, BTEC Chair and Executive Sponsor as appropriate. (See 577.3.8.1 for more information.)

(7) BTEC reviews those recommendations that have been referred to it and submits recommendations to the Administrator, as appropriate. (See 577.3.8.1 for more information.)

(8) The Administrator submits to the CIO those decisions that he or she has been asked make.

The following table summarizes the steps. Additional details are provided in 577.3.8.1, below.

**\*Table 4. The Quarterly Investment Review Steps (Overview)**

Step No.	Lead	Action	Documentation Required	Submits To
1	Executive Sponsor	Submits	Project Status Reports	PMO/OD; and as appropriate to CIO and BTEC Chair
2	PMO	Provides	1. Summary of CPIC Project Portfolio 2. Underperforming Investments Report 3. Project Status Reports from Step 1 4. Project Issues Report	CPIC Subcommittee
3	CPIC Subcommittee	Evaluates investment status and recommends action	Subcommittee Meeting Notes, including recommendations and reports	CPIC Subcommittee Chair
4	Executive Sponsor	Submits	Updated Project Status Report if the investment cost or project schedule will exceed the baseline by more than 10%	CPIC Subcommittee Chair
5	CPIC Subcommittee Chair	Forwards	Updated Project Status Report	CPIC Subcommittee
6	CPIC Subcommittee Chair	Provides Subcommittee Recommendations		CIO, BTEC Chair and Executive Sponsor, as appropriate
7	BTEC	Reviews recommendations and submits	Decision memo	Administrator

\* An asterisk indicates that the adjacent material is new or substantively revised.

Step No.	Lead	Action	Documentation Required	Submits To
		recommendations		
8	Administrator	Submits decisions	Decision memo	CIO

**\*577.3.8.1 Quarterly Investment Review Steps (Detail)**

Effective Date: 04/01/2005

The following paragraphs provide additional detail about the steps listed above. (Each step is numbered in parentheses, e.g., (1) refers to Step 1, above.)

**(1) The Executive Sponsor submits project status information**

a. To provide updates on project status, risk factors, risk mitigation plans and status of corrective actions, in order to minimize project risk, the **Executive Sponsor** or, if delegated, the Project Manager, **must prepare and submit the following Project Status Report to M/PMO/OD** at least once per quarter:

The **Project Status Report** must contain the following information.

- **Status of Milestone Costs and Schedule** based on Section 1.H Project (Investment) and Funding Plan of the OMB Exhibit 300, showing:
  - Major milestones and planned schedule;
  - By milestone, actual schedule and progress achieved;
  - Schedule variance;
  - Planned life-cycle cost;
  - Earned value information; and
  - Cost variance. (For more information, see Mandatory References.)
- **Status of Performance.** This section must address
  - The investment's performance status to date; and
  - Scope or functionality changes identified in the investment's most recent [Exhibit 300, Section 1.C, Performance Goals & Measures](#).
- **Status of Project Risks.** This section must:
  - Address the risks identified in the investment's most recent [Exhibit 300](#) as highly probable and of serious consequence to investment success;
  - Describe mitigations undertaken to reduce the risks to date;

\* An asterisk indicates that the adjacent material is new or substantively revised.

– Be cross-referenced to data presented in the investment’s most recent [Exhibit 300, Section 1.F, Risk Inventory and Assessment](#).

- **Issues and Corrective Actions.** This section must identify:
  - For all investments, issues impacting the project’s successful completion; and
  - Actions taken to address the issues.
  - If the project has been reviewed and identified as an underperforming project by the PMO, a list of corrective actions recommended by the PMO and the status of each.

(This chapter does not include any additional descriptions or templates for the Project Status Report.)

**(2) The PMO provides quarterly status reports and assessments to the CPIC Subcommittee.**

The **M/PMO/OD** must prepare and submit the following project status documentation to CPIC Subcommittee at least once per quarter to provide independent technical assessment of project status and recommend corrective action.

- a. Report entitled **Summary of CPIC Project Portfolio** which must be prepared by M/PMO and include the following information:
  - A “stop light” display of Level II and III investments’ status. The “stop lights must summarize cost, schedule and project performance status in relation to goals listed in the most recent Exhibit 300;
  - Project issues and corrective actions.
- b. Report entitled **Underperforming Investments**. The report must be prepared by M/PMO and include the following information:
  - List of underperforming investments identified by the PMO;
  - For each investment,
    - problems contributing to the underperformance;
    - corrective actions recommended by the PMO;
    - status of the corrective actions; and
    - summary of implications to projects’ success and business objectives
- c. Reference copy of each **Project Status Report** from step (1) above; and

\* An asterisk indicates that the adjacent material is new or substantively revised.

- d. **Project Issues Report** (for each project in which the investment cost or schedule will exceed the baseline by more than 10%), identifying those factors affecting project success.

The Executive Sponsor for an underperforming project and the PMO are each responsible for reporting on status of the corrective actions. From time to time, the executive sponsor may ask the PMO to report on his or her behalf. The CPIC Subcommittee must record the PMO report in its meeting notes.

(This chapter does not include any additional descriptions or templates for the reports.)

- (3) **CPIC Subcommittee evaluates the investment status** and recommends action to the Subcommittee Chair.

The **CPIC Subcommittee** must rate project status, monitor PMO reports on the status of corrective actions, and make recommendations to Continue, Modify, or Cancel the investment to the Subcommittee Chair quarterly to provide the CPIC Subcommittee's business perspective and corrective recommendations on the investment. (See **577.3.7.1** for additional guidance.)

The Subcommittee must document the following in the **CPIC Subcommittee Meeting Notes**

- Subcommittee recommendations for each investment (to Continue, Modify or Cancel);
- Copy of the PMO reports entitled **Summary of CPIC Project Portfolio** from step (2)a. above, and **Underperforming Investments** from step (2)b. above.

- (4) The **Executive Sponsor** must submit an updated Project Status Report to the CPIC Subcommittee Chair immediately if the investment cost or project schedule will exceed the baseline by more than 10% to ensure top executive awareness of problems in order to facilitate corrections and address program impacts of cost or schedule slippages. (See (1) a, above.)

- (5) The **Subcommittee Chair** must immediately forward the updated Project Status Report to the CPIC Subcommittee for comments and recommendations.

- (6) The **Subcommittee Chair** then provides the recommendations to the CIO, BTEC Chair, and Executive Sponsor.

- (7) **The BTEC reviews those recommendations** that have been referred to it and submits recommendations to the Administrator, as appropriate.

The **BTEC, by way of the CPIC Subcommittee chair**, must submit a memo requesting a decision to the Administrator when the Subcommittee Chair adopts the

Subcommittee's recommendation to "Cancel" the investment. (See 577.3.7.1b.) The purpose of the decision memo is to provide the BTEC's perspective on risk, business value, and priority of IT investments. The CPIC Subcommittee Chair generates the decision memo.

**(8) The Administrator submits to the CIO those decisions that he or she has been asked make.**

The **Administrator** decides on the BTEC's recommendation, as appropriate, depending on urgency and criticality of the investment, then submits the decision to the CIO, responding to the decision memo submitted in step (7) above.

## **577.4 MANDATORY REFERENCES**

### **\*577.4.1 External Mandatory References**

Effective Date: 04/01/2005

- a. [Capital Programming Guide: Supplement to Part 7 of Circular No. A-11](#)
- \*b. [CFO Act of 1990 \(31 U.S.C. 902a5\)](#)
- c. [Clinger-Cohen Act of 1996](#) (CCA)
- d. [E-Government Act of 2002](#)
- e. [Federal Acquisition Streamlining Act of 1994](#) (Title V – Acquisition Management, Section 313. Performance Based Management: Acquisition Programs) (S. 1587) (P.L. 103-355) (October 13, 1994)
- \*f. [Federal Records Act \(44 U.S.C. 3101 \)](#)
- g. [Government Performance & Results Act of 1993](#) (GPRA)
- h. [OMB Circular A-130, Management of Federal Information Resources](#)
- i. [OMB Exhibit 300 \(OMB Circular A-11, Preparation and Submission of Budget Estimates, Part 7, Section 300, Exhibit 300\)](#)
- j. [OMB Exhibit 300 Preparation Template](#)
- k. [OMB Federal Enterprise Architecture \(FEA\)](#) (under development)
- l. [Paperwork Reduction Act of 1995 \(PRA\)](#)
- \*m. [OMB Memorandum M-03-22, OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002](#)

\* An asterisk indicates that the adjacent material is new or substantively revised.



**\*577.4.2 Internal Mandatory References**

Effective Date: 04/01/2005

- a. [ADS 545, Information Systems Security](#)
- b. [ADS 546, Acquisition of Operating Expense \(OE\)-Funded Federal Information Technology \(IT\) Resources](#)
- c. [ADS 548, Program-Funded Information Technology](#)
- d. [Interim Update 04-01, Updated Privacy Policy for USAID Information Technology Systems, Including Publicly Accessible Web Sites](#) [This Interim Update has been added as a mandatory reference to the chapter because it includes policies regarding privacy impact assessments for new or significantly modified IT investments. It also contains privacy-related requirements related to publicly accessible web sites.]
- \*e. [Summary Sheet 1, Reviewer Scores for an Investment Proposal](#)
- \*f. [Summary Sheet 2, Technical Panel Summary Score Sheet](#)
- \*g. [Summary Sheet 3, USAID FYXX – Investment Ranking Summary](#)
- \*h. [Summary Sheet 4, CPIC Subcommittee Total and Average Scores for IT Investments](#)
- \*i. [Summary Sheet 5, IT Investments Under CPIC Review](#)
- \*j. [Table 1, Investment Category Documentation & Review Requirements](#)
- \*k. [Table 2, The CPIC Process](#)
- \*l. [Table 3, CPIC Decision Criteria and Score Sheet](#)
- \*m. [Table 3a, CPIC Technical Panel Review Criteria and Suggested Scores](#)
- \*n. **Table 4, The Quarterly Investment Review Steps (Overview)**
- o. [USAID 300i Decision Request](#)

**577.5 ADDITIONAL HELP**

Effective Date: 04/01/2005

- a. **CIO Council web site at <http://www.cio.gov/> and [http://www.cio.gov/documents/fy\\_2005\\_Budget\\_Submissions.html](http://www.cio.gov/documents/fy_2005_Budget_Submissions.html)**

- b. **USAID Business Transformation Executive Committee (BTEC) web site.**  
[Note: This document is only available on the intranet (<http://inside.usaid.gov/BTEC>). Please contact [ads@usaid.gov](mailto:ads@usaid.gov) if you need a copy.]
- c. **[President's Management Agenda \(PMA\)](#)**
- \*d. **[GAO Executive Guide, Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity, GAO-04-394G](#)**, March 2004.

**577.6 DEFINITIONS**  
Effective Date: 04/01/2005

**\*benchmark**

A structured approach for identifying the best practices from industry and government, and comparing and adapting them to an organization's operations. Such an approach is aimed at identifying more efficient and effective processes for achieving intended results based on outstanding practices of other organizations. (See the [GAO Executive Guide, Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity, GAO-04-394G](#), March 2004, and the [Clinger-Cohen Act of 1996](#) sec. 5123(4) for more information.) (Chapter 577)

**\*capital assets**

Land, structures, equipment, intellectual property (e.g., software), and information technology (including IT service contracts) that are used by the Federal Government and have an estimated useful life of two years or more. (See [OMB Exhibit 300 \(OMB Circular A-11, Preparation and Submission of Budget Estimates, Part 7, Section 300\)](#) for more information.) (Chapter 577)

**Capital Planning and Investment Control (CPIC) process**

A decision-making process for ensuring that information technology (IT) investments integrate strategic planning, budgeting, procurement, and the management of IT in support of Agency missions and business needs. In concert with strategic planning, budget, and procurement processes, the CPIC process is the basis for identifying, prioritizing, and managing a portfolio of IT investments compatible with the Agency enterprise architecture (EA) to achieve performance and compliance goals with the lowest life-cycle costs and risks. (Chapter 577)

**Control**

The third stage in the Capital Planning Investment and Control (CPIC) process. (Chapter 577)

**E-Government**

The government's use of web-based Internet applications and other information technologies, combined with processes that implement these technologies. (Chapter 577)

\* An asterisk indicates that the adjacent material is new or substantively revised.

**E-Gov project**

A kind of IT Investment that uses web-based Internet applications and other information technologies, combined with processes that implement these technologies, to address Government-to-Citizen, Government-to-Government, and Government-to-Business relationships, internal efficiency and effectiveness, or e-authentication requirements. (Chapter 577)

**Enterprise Architecture (EA)**

A comprehensive blueprint for the Agency's business processes and IT investments. EA is a basic structure maintaining and providing analysis capacity in relation to all the Agency's functions, modes of delivering services, related information flows, and the technologies that handle them. It provides an encompassing composite of the interrelationships between Agency functions, services, and technology from which focused need areas within the organization can be derived. (Chapter 577)

**Evaluation**

The fourth stage in the Capital Planning and Investment Control (CPIC) process. (Chapter 577)

**Information Technology (IT)**

(A) The term 'information technology', with respect to an executive agency means any equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the executive agency. For purposes of the preceding sentence, equipment is used by an executive agency if the equipment is used by the executive agency directly or is used by a contractor under a contract with the executive agency which (i) requires the use of such equipment, or (ii) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product.

(B) The term 'information technology' includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.

(C) Notwithstanding subparagraphs (A) and (B), the term 'information technology' does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract. (Source: Clinger-Cohen Act) (Chapters 518, 541-548, 552, 577)

**investment proposal presentations**

Developed by the Executive Sponsor in concert with budget, acquisition, and technical staff, each presentation outlines the proposed investment; details the attendant costs, benefits, and risks; and summarizes the associated analyses and plans. The presentations provide decision-makers with information they need when considering an investment decision. (See [Table 2: The CPIC Process](#)) (Chapter 577)

### **Investment levels**

- Level I Investments are those USAID/W OE-funded IT investments with a life-cycle cost of \$25,000 - \$1,000,000 over three years which are not e-Government projects;
- A Level II investment is one with a life-cycle value of \$1 million - \$10 million over three years **AND** which is not an e-Government project.
- A Level III investment is one with a life-cycle value greater than \$10 million over three years **OR** one which is an e-Government project.

### **life-cycle cost**

The overall estimated cost for a particular program alternative over the time period corresponding to the life of the program, from concept development through termination, evaluation, and archival. Archival refers to storage and maintenance of an application when it becomes inactive. Life-cycle cost includes direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance. (Chapter 577)

### **OMB Exhibit 300**

Budget justification and reporting requirements for major acquisitions and major information technology (IT) systems or projects established by the Office of Management and Budget (OMB) in OMB Circular No. A-11, Section 300, Exhibit 300, Appendix 300. (Chapter 577)

### **portfolio management**

The process by which assets are

- Selected based on optimal mix for the Agency, including consideration of program impact, relationship to ongoing projects, synergy with other projects, displacement of other projects, and long-term budget projections; and
- Regularly reviewed for risk/return and to ensure their successful contribution to the portfolio. (Chapter 577)

### **Preparation**

The first stage in the Capital Planning and Investment Control (CPIC) process. (Chapter 577)

### **Selection**

The second stage in the Capital Planning and Investment Control (CPIC) process. This stage includes the CIO's informal review of a proposed capital investment against Agency priorities and resource constraints and the Agency's enterprise architecture. (Chapter 577)

### **steady state**

An ongoing IT project that is in operational mode. (See OMB Circular A-11, Section 300) (Chapter 577)

**USAID 300i Decision Request**

Budget justification and reporting requirements for IT acquisitions under \$1 million in value, established by USAID. (Chapter 577)

**USAID IT investments**

IT initiatives or projects funded at Missions or USAID/W, regardless of funding source that are owned or leased by USAID and operated by USAID or by contractors for Agency operations. (Chapter 577)

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