ADS Chapter 577

Information Technology Capital Planning and Investment Control

Revision Date: 11/26/2008
Responsible Office: M/OCIO
File Name: 577_112608

Functional Series 500 – Management Services
ADS 577 – Information Technology Capital Planning and Investment Control

This chapter has been revised in its entirety

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ADS 577 – The Automated Directives System (ADS)

577.1 OVERVIEW
Effective Date: 11/26/2008

This chapter contains the policy directives and required procedures for capital planning and investment control of information technology (IT) assets within the Agency. It sets the framework for selecting and managing IT investments, 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. USAID IT investments are IT initiatives or projects funded by USAID.

This chapter also outlines the Agency's Capital Planning and Investment Control (CPIC) process, which ensures that IT investments integrate with 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)**. **OMB Circular A-11** and **OMB Circular A-130**, Agency standards, and industry best practices also provide direction for USAID's CPIC process.

577.2 PRIMARY RESPONSIBILITIES
Effective Date: 11/26/2008

a. The Administrator has ultimate authority to approve or reject 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 Business Transformation Executive Committee (BTEC)

(1) Recommends to the Administrator USAID IT investments that will transform USAID business systems and improve organizational performance.

(2) 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 to achieving the Agency's mission.

(3) Establishes and monitors the portfolio of USAID IT investments, with the support of the Information Technology Steering Subcommittee (ITSS).

c. The BTEC Information Technology Steering Subcommittee (ITSS), co-chaired by the Chief Information Officer (CIO) and a BTEC member who is not a representative of the Bureau for Management (M), acts in an advisory role to the BTEC and performs executive reviews of all proposals, project status reports, and assessments for Level III and IV investments.

d. **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** and **Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS)** as outlined in **ADS 629, Accounting for USAID-Owned Property and Internal Use Software**. ADS 629 outlines rules related to capitalization versus expense.

e. **The Office of Management Policy, Budget and Performance (M/MPBP)** supports the Management (M) Bureau, the BTEC, the ITSS, and the CIO in establishing and assessing customer service standards and performance metrics. As a member of ITSS, MPBP will also assist in the review of the budgets for information technology systems.

f. **The Office of the Chief Information Officer (OCIO)** acts as the Agency's central IT service provider. The OCIO provides advice and planning support to the BTEC, Executive Sponsors, the ITSS, and the CIO on IT acquisition, risk assessment, policies, and standards.

g. **The Chief Information Officer (CIO)**, or designee, monitors and evaluates the performance of USAID IT investments and advises the Administrator, the Executive Sponsor, and the BTEC to continue, modify, or cancel an IT investment.

h. **Executive Sponsors** are Agency, Program, and Mission managers who identify IT investments based on recognized program needs. Executive Sponsors are responsible for overseeing and managing one or more IT investments throughout their life cycle.

i. **The Change Control Board (CCB)** is comprised of project-level management and functional expert decision makers who identify, evaluate, and prioritize technical and functional change requests to the project's baseline requirements, budget, and schedule. The CCB meets weekly to monitor and control the project baseline and to help implement a solution that meets stakeholder requirements and expectations. The CCB is also responsible for appropriately escalating decisions to the ITSS or BTEC, depending on the nature of requested changes.

577.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 11/26/2008

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

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 and funding source. **Table 1, Investment Funding Category Documentation and Review Requirements** summarizes these 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 in order to identify the required documentation, approvals, and frequency of reviews.

577.3.1 USAID IT Investment Categories

Effective Date: 11/26/2008

The four categories of USAID IT investments are

(1) Investment Funding Category 1: USAID/Washington (USAID/W) Operating-Expense (OE), Capital Investment Fund and Cost Recovery-funded IT used for USAID operations;

(2) Investment Funding Category 2: USAID/W and Mission program-funded IT used for USAID operations or within USAID Missions and offices;

(3) Investment Funding Category 3: Mission OE-funded IT used for USAID operations;

(4) Investment Funding Category 4: USAID/W and Mission program-funded IT not used for USAID operations nor within USAID Missions and offices. This category includes initiatives or IT activities that are program-funded for use by others such as a grantee and are not used by USAID.

See **Table 1, Investment Funding Category Documentation and Review Requirements** to determine the application of ADS 577.

577.3.2 Guiding Principles for the Selection, Control, and Evaluation of IT Investments

Effective Date: 11/26/2008

Several overarching principles for investments in IT guide the CPIC process. According to these principles, IT investments must

a. Support core/priority mission functions performed by the Federal Government;

b. Be initiated by USAID only when no alternative private sector or governmental source can efficiently meet the need. (IT investments must not unnecessarily duplicate capabilities in USAID, other agencies, or the private sector.) (See **577.3** for specific requirements.)

c. Support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf (COTS) technology;

d. Reduce risk by avoiding or isolating custom-designed components, using components that can be fully tested or prototyped prior to production, and ensuring the involvement and support of users;

e. Be implemented in phased, successive segments as narrow in scope and as brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable benefit independent of future segments;

f. Demonstrate a projected return on investment (ROI) that is clearly equal to, or better than, alternative uses of available public resources;

The ROI may include

- Improved mission performance in accordance with GPRA measures,
- Reduced cost,
- Increased quality, speed, or flexibility, and
- Increased customer and employee satisfaction.

The ROI 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.

g. Be consistent with Federal, USAID, and joint USAID/Department of State enterprise architectures (EAs), demonstrating consistency through compliance with Agency business requirements and standards as defined in the EA**;**

h. Maximize the usefulness of information, minimize the burden on the public, and preserve the appropriate integrity, usability, availability, and confidentiality of information throughout the project life cycle in accordance with the **Paperwork Reduction Act (PRA)** and the **Federal Records Act**;

i. Maintain investment documentation, including cost estimates and validations;

j. Follow Agency IT policies and standards for project development;

k. Implement an Earned Value Management System (EVMS) for major investments consistent with the policy directives set forth in USAID's **EVM Framework, System Description Document (SDD)** and the **ANSI/EIA-748 criteria**.

577.3.3 Requirements for the CPIC Process

Effective Date: 11/26/2008

The Agency's CPIC process must meet the following requirements:

(1) **Portfolio Focus:** USAID must view its IT investments in relation to all current and proposed investments and within the context of Agency-wide budget, financial, and program management decisions.

(2) **Risk Management:** USAID staff must document and plan for the reduction of risk throughout the project life cycle when planning for or implementing IT investments.

(3) **Return on Investment:** USAID must include minimum criteria for evaluating investments expressed quantitatively based on projected net present value, risk-adjusted return on investment, and specific quantitative and qualitative criteria for comparing and prioritizing alternatives.

(4) **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.

(5) **Architecture Driven:** IT investments must be aligned with the Federal Enterprise Architecture (FEA) and must be consistent with the joint USAID/Department of State EA.

577.3.3.1 Subcommittee Role in CPIC Process

Effective Date: 11/26/2008

USAID's CPIC process follows Federal Government best practices for ensuring consideration of the Agency's business needs throughout the life cycle of an IT investment. 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**.**

As detailed in the ITSS Charter, the Subcommittee must

1) Advise the BTEC on investment selection, taking into account potential risk, cost, benefit, and priority in relation to other USAID investments and the Agency's EA;

2) Recommend issues of strategic importance to the BTEC.

3) Ensure that approved investments comply with **OMB Circular A-11**;

4) Recommend to the BTEC approval or rejection of submitted requests for, and continuation of, Level III and Level IV investments;

5) Develop and revise ADS policy documents related to ITSS responsibilities not outlined in this chapter; and

6) Develop detailed guidance and forms for implementation of CPIC activities and associated IT investment requests.

577.3.3.2 Executive Sponsor Role in the CPIC Process
Effective Date: 11/26/2008

The role of the Executive Sponsor in the CPIC process includes the following:

1) Appointing a project manager who has overall responsibility for design and implementation of an investment;

2) Reporting on and submitting all appropriate investment documentation; and

3) Validating an investment's Earned Value performance measurement baseline (PMB). The Executive Sponsor acts as a lead participant in the project's Integrated Baseline Review (IBR) and is also responsible for approving any technical, functional, or earned value baseline change requests.

Executive Sponsors must certify that all IT procurements do not duplicate existing or planned USAID, E-Gov, or Smartbuy functionality. If a planned investment does duplicate existing functionality, special approval must be received from the CIO before funds may be obligated.

577.3.4 Stages of the CPIC Process
Effective Date: 11/26/2008

The CPIC process occurs in four stages: Pre-selection**,** Selection***,*** Control*,* and Evaluation. See **Table 2, The CPIC Process**.

(1) **Pre-selection** includes the identification of one or more business problems, the identification and evaluation of possible solutions, the recommendation of one or more capital investments, and the selection of an Executive Sponsor and project manager to facilitate and manage each capital investment through the life cycle. During this initial stage, a Project Identification Document (PID) is prepared and presented to the M/CIO.

(2) **Selection** includes the CIO's informal review of a proposed capital investment in the context of Agency priorities and resource constraints and the Agency's EA. During this stage, the CIO confirms the applicable level of detail required for further consideration, provides the results on the proposal to the Executive Sponsor, and schedules proposal evaluation and prioritization by the ITSS and BTEC, where appropriate.

(3) **Control** includes investments that are in development, implementation, or steady state. During the control stage, Executive Sponsors must report periodically on the status of IT investment projects in accordance with the requirements in **Table 1, Investment Funding Category Documentation and**

Review Requirements.

(4) Evaluation. During this stage, a completed investment is reviewed to determine its overall success and any lessons learned for improving the CPIC process.

577.3.4.1 Submitting Investment Documentation
Effective Date: 11/26/2008

This section describes the Pre-Selection Phase of the CPIC process. Based on the requirements explained in **Table 1**, the Executive Sponsor must submit a Project Identification Document business case to the CIO through the Director of Budget and Capital Investment Planning (MCIO/BCIP). The PID has a specified format and instructions, available from the BCIP. The Executive Sponsor must be available to the CIO and the ITSS/BTEC for discussion of the submitted proposal upon request.

For those investments that require submission of **OMB Exhibit 300**, the Executive Sponsor must prepare the Exhibit in accordance with Office of Management and Budget (OMB) instructions found in the most recent **OMB A-11 Circular** and submit it to the CIO as part of the annual budget cycle. The CIO or designee provides specific annual guidance to Executive Sponsors as part of budget formulation instructions.

577.3.4.2 ITSS Decision Criteria
Effective Date: 11/26/2008

This section describes the Selection Phase of the CPIC process**.** The ITSS must develop, maintain, and use the ITSS Decision Criteria in **Table 3, ITSS Decision Criteria** to annually score and rank the IT investments for which it has oversight. The purpose of the ITSS Decision Criteria is to ensure that reviewers apply consistent criteria in assessing proposed investments and that selected investments demonstrate the use of the guiding principles outlined in this chapter.

The ITSS Decision Criteria are based on the structure and content of the documentation required in **OMB Circular A-11** in order to ensure reviews that are consistent with OMB priorities.

a. Components of Table 3, ITSS Decision Criteria

The ITSS develops and maintains the following criteria for evaluating and recommending selection of IT investments. These criteria are essential to the IT investment selection process.

Table 3, ITSS Decision Criteria contains the following information:

- **Category**: Three categories are used to evaluate a proposed project. They are **Value**, **Risk**, and **Cost**;

- **Definition**: The definition clarifies each category in non-technical terms;
- **Category Weight**: The Category Weight represents the value that each category holds in relation to the others;
- **Subcategory, Definition, and Scoring Criteria Questions**: Subcategories are groups of questions that assist the reviewers in determining whether the proposal has sufficiently addressed each category;
- **Initial Recommended Score:** Each reviewer must assign numeric scores based on the quality of documented responses to subcategory questions, including the extent to which the proposal is based on best practices and is aligned with program and end-user needs.

b. Applying Table 3, the ITSS Decision Criteria

The following steps outline how to apply **Table 3, ITSS Decision Criteria** **:**

- **Designation of the Review Panel:** The ITSS Chair must convene a review panel to compile preliminary scores for each Level III and IV investment. The Subcommittee Chair may adjust the composition of the review panel at his or her discretion to meet review time frames and priorities set by OMB. Each member of the Review Panel must be given
  - One copy of the Project Identification Document submitted for each investment proposal, as required by **Table 1, Investment Funding Category Documentation and Review Requirements**;
  - One score sheet produced to the specifications required by **Table 3, ITSS Decision Criteria**; and,
  - Scoring instructions found in **Table 3**.
- **Initial Scoring by the Review Panel:** Each member of the Review Panel must review each investment proposal and assign a score based on the criteria described in **Table 3**. After initial scoring is complete, Review Panel members must discuss their individual scores and note any significant differences.
- **Presentation of Initial Scores to the ITSS:** After scoring is complete, the Review Panel must present its scores and comments to the full ITSS. Review Panel members must be able to justify their individual scores and provide explanations for any significant differences among them.
- **Presentation of Recommendations to the BTEC:** Based upon assignment of a final score and ranking to each investment, the ITSS must establish a list of projects for the Chair to present to the CIO and the BTEC for consideration. The ITSS recommended list must also include any IT investment proposals that

should not be considered.

- **BTEC Recommendation:** When the BTEC receives the ITSS recommendations, it must review them before submitting a final recommendation of IT investments to the Administrator. The BTEC has the authority to change the ranking of investments and to seek clarification or supporting documentation from the ITSS, the designated project manager, or the Executive Sponsor.

577.3.4.3 Periodic Reviews of IT Investments

Effective Date: 11/26/2008

This section describes the Control Phase of the CPIC process. As indicated in **Table 1, Investment Funding 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 in **Table 1** to monitor investment status and to recommend project disposition, taking into account cost, risk, and value to the Agency. The ITSS must review the progress of Level III and IV investments using the process described below. Reviewers of other IT investments are encouraged to use this process as a supplemental best practice.

577.3.5 Earned Value Management

Effective Date: 11/26/2008

Earned Value Management (EVM) is a project management tool used to monitor progress of an investment in development. This tool is required by OMB for certain investments and is a best practice for all investments. It is a critical component of the investment management process.

a. EVM and Performance Measurement

As specified by the **Clinger-Cohen Act of 1996**, **OMB Circular A-11**, and **OMB Memorandum M-05-23**, major information technology (IT) investments must use management processes that employ project controls and utilize objective performance-based measurements.

Earned Value Management (EVM) is a project control methodology that integrates cost, schedule, and scope to provide objective and reliable performance measurement. The metrics provided by utilizing EVM help to delineate a project's actual progress as opposed to its planned value. In addition, the management processes that are enforced when implementing EVM require rigorous planning and disciplined review against a project's baseline performance goals. Finally, EVM continuously measures the fundamental trends of past performance, thus enabling forecasting of future performance estimates.

USAID must implement EVM to monitor costs, schedule, and performance goals on its portfolio of major IT investments acquired in the Development/Modernization/Enhancement (DME) stage of the IT lifecycle. USAID's EVM implementation must be based upon **American National Standards Institute/ Electronic Industries Association (ANSI/EIA) Standard 748** and must be applied consistently within the **USAID EVM Framework**.

b. EVM General Guidance and Primary Requirements

The sections below outline the general guidance and primary requirements of the EVM methodology implemented on USAID's portfolio of IT investments. Detailed descriptions of EVM specific concepts, processes and procedures, roles and responsibilities, tools, system surveillance and compliance, and Integrated Baseline Reviews (IBR) are found in the **USAID System Description Document.**

Steady-State projects such as those performing their normal, ongoing operations are not required to implement EVM, however project managers are expected to perform monthly Operational Analysis and report project status for those investments deemed necessary by OMB, the OCIO, or ITSS.

c. Implementation of EVM at USAID

USAID's implementation of EVM is based on the project management principles codified in the ANSI/EIA Standard 748 which establishes 32 criteria that define an effective integrated cost, schedule, and performance management system.
EVM is most effective and cost efficient when it is customized to match the needs of the project. The level of EVM rigor should be directly proportional to the investment's characteristics; the larger the project size and the higher the priority, risk, and complexity, the greater the rigor of the EVM requirements implemented. The **USAID EVM Framework** provides the guidance for efficiently implementing EVM processes on USAID's portfolio of IT investments. The EVM Framework describes USAID's methodology used for classifying the level of EVM rigor required for each IT investment and defines the relevant Standard ANSI/EIA 748 EVM criterion requirements to be met.

The **EVM Framework** uses a three-tiered approach that identifies the level of EVM rigor required for each investment.

- **Tier I** investments have relatively small DME-stage costs, are of low priority to the Agency, and are generally low risk, low complexity (routine), or short in duration. Implementing EVM on such investments is not required since the benefits of rigorous management discipline may not justify the cost of implementation. Therefore, Tier I investments have no requirement for adherence to ANSI/EIA Standard 748 criteria.

- **Tier II** investments have moderate DME-stage costs, are of medium priority to the Agency, or are moderately risky, moderately complex, and moderately long in duration. Tier II requires adherence to the most critical ANSI/EIA Standard 748 criteria for implementing basic project controls and reporting EVM metrics.

- **Tier III** investments have either large DME-stage costs, are of critical priority to the Agency, or have high risk, high complexity, a significant number of external dependencies, or are long in duration. Tier III investments qualify for the highest level of EVM rigor and thus are required to comply with all of the 32 Standard **ANSI/EIA 748 criteria**.

Thresholds and methodology specific to each tier's qualifications and a complete mapping of the ANSI/EAI Standard 748 criteria requirements for each tier are described in the USAID **EVM Framework** document. Please note that the tiers described above are different from the investment Levels described in **Table 1**, which are determined on the basis of cost and in accordance with OMB requirements.

d. Integrated Baseline Review

Establishing a performance measurement baseline (PMB) that is acceptable to both the Federal Government and the contractor helps to identify and manage risks and significantly enhances the probability of an investment's success. Projects with EVM requirements (Tier II and Tier III) must perform an Integrated Baseline Review (IBR) to ensure the project scope is realistic and adheres to the cost and schedule. The full benefits of EVM are realized when an IBR has been completed and the PMB has been validated by the project's Executive Sponsor, Government (direct hire) project manager, Government (direct hire) functional and technical experts, other key Government (direct hire) project stakeholders, and the contractors or parties responsible for performing the work or delivering the product.

All projects with EVM requirements (Tier II and III) are required to perform an IBR within 60 business days of contract award to finalize agreement on the PMB and to ensure all project-related expectations and risks are identified and understood. In addition, an IBR must be conducted when there are major changes to the PMB that require formal re-baseline or major reprogramming, as defined in the **EVM System Description Document.**

e. Baseline Change Control and Formal Reprogramming

Investments with EVM requirements (Tier II and III) are required to document all changes to the PMB within the project's standard change control process. Change requests must be approved by the project's appropriate IT Governance Process and escalation procedures. Major re-baselining or formal reprogramming, which is required for over-target baselines in excess of 10% cost growth, must seek review and approval by the project's Change Control Board (CCB) and the ITSS. In addition, such major change requests may require approval from the BTEC, the USAID Administrator, or OMB. Specific details regarding baseline change request procedures can be found in the **USAID EVM System Description Document (SDD).**

f. EVMS Surveillance and Compliance Reviews

All projects with EVM requirements (Tier II and III) are required to perform periodic independent evaluations with EVM processes to determine compliance with its assigned level of rigor (as defined in the USAID EVM Framework). Projects shall assess, validate, and certify that the EVM processes used meet the requirements established by the USAID EVM Framework and are in compliance with appropriate guidelines set forth by the ANSI/EIA 748 Standard.

USAID's OCIO must monitor projects to ensure the continued and correct use of EVM processes. EVM System evaluations (compliance reviews or surveillance) must be conducted annually under the discretion of the OCIO on projects with EVM requirements (Tier II and Tier III).

g. Inclusion of Government Costs

Government labor and other direct costs incurred in support of the investment's activities or efforts must be tracked during the DME investment stage of the project life cycle and must be included in the PMB for all projects with EVM requirements (Tier II and III).

h. Use of Contract Clauses for EVM Requirements

All Federal agencies are directed to establish particular provisions and contract clauses in accordance with **OMB's Memorandum M-05-23** for Improving Information Technology (IT) Project Planning and Execution, dated August 4, 2005. Thus, all solicitations and contracts that require EVM (Tier II and III) must include **FAR clause 52.234-4, Earned Value Management System**.

i. EVM Reporting

USAID is required to provide EVM data and project status to OMB quarterly on its reporting portfolio of Tier III IT investments. This report must indicate cumulative planned value, cumulative earned value, cumulative actual cost, cost variance and schedule variance for individual projects and also at the portfolio level (or combined average).

USAID's OCIO is responsible for tracking EVM data on a monthly basis for the DME stage of each Tier II and Tier III IT investment. USAID senior management and the OCIO use EVM reports to make monthly management decisions concerning the project. Additionally, if further information or clarification is required concerning variance analysis or a corrective action plan execution, senior management may require additional information from project management.

Project management must review EVM performance data on a monthly basis to analyze variances and track corrective actions. The Contract Performance Report (Format 1) is the primary EVM report that is required to be produced by each project and provided to the OCIO. At a minimum, project management is responsible for tracking EVM metrics such as cost and schedule variance. If projects exceed the cost or schedule variance threshold of +/- 10% of project baseline budget, project management is required to submit a corrective action plan at the control account level which must be approved by senior management and the OCIO.

577.3.6 Quarterly Reviews Process for Level III and IV Investments

Effective Date: 11/26/2008

a. ITSS Subcommittee Review. As noted in **Table 1, Investment Funding Category Documentation and Review Requirements**, the ITSS Subcommittee must review Level III and IV investments at least quarterly or on an exception basis when cost and/or schedule performance varies 10% from stated goals. The ITSS must advise the BTEC quarterly and the CIO whether to continue, modify, or cancel the investment. Monthly Earned Value reports to the ITSS, as described above, support this quarterly review process. The Administrator must make final action determinations on those most controversial, mission-critical investments that are at risk.

b. Guidance in Rating Investment Status. During quarterly reviews of Level III and IV investments, the ITSS must look for the following evidence of potential risk to project success in CIO and Executive Sponsor reports:

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

c. Decisions and Actions on Investment Status. The ITSS must consider the evidence of potential risk noted above and other factors that members believe will affect project success. The Subcommittee must then recommend one of the following decisions and actions 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 business case for the investment.

- **Modify:** If the Subcommittee makes this recommendation and it is adopted, the Executive Sponsor must make baseline changes in accordance with the guidance in Section 577.3 in this chapter and return them to the ITSS for approval. The ITSS 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. Once baseline changes are approved, the appropriate business case for the investment, as required by **Table 1, Investment Funding Category Documentation and Review Requirements**, must be updated in accordance with a timeline established by the ITSS at the time of approval.

- **Cancel:** If the Subcommittee makes this recommendation, the Subcommittee Chair must decide whether to adopt the recommendation and must inform the initiative's Executive Sponsor of his or her decision. If the Chair agrees with the Subcommittee's recommendation, the Chair recommends to the BTEC, on behalf of the Subcommittee, that the initiative be terminated. If appropriate, the BTEC submits recommendations to the Administrator for a final decision on the initiative.

577.4 MANDATORY REFERENCES
Effective Date: 11/26/2008

577.4.1 External Mandatory References
Effective Date: 11/26/2008

a. **American National Standards Institute/Electronic Industries Association (ANSI/EIA) Standard 748**

b. **Capital Programming Guide: Supplement to Part 7 of Circular No. A-11**

c. **CFO Act of 1990 (31 U.S.C. 902a5)**

d. **Clinger-Cohen Act of 1996 (CCA)**

e. **FAR Clause 52.234-4, Earned Value Management System**

f. **Federal Acquisition Streamlining Act of 1994 (S. 1587) (P.L.103-355) (October 13, 1994)**

g. **Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS)**

h. **Federal Records Act (44 U.S.C. 3101)**

i. **Government Performance & Results Act of 1993 (GPRA)**
j. **OMB Circular A-11, Preparation and Submission of Budget Estimates**

k. **OMB Circular A-130, Management of Federal Information Resources**

l. **OMB Federal Enterprise Architecture (FEA)**

m. **OMB Memorandum M-05-23**

n. **Paperwork Reduction Act of 1995 (PRA)**

577.4.2 Internal Mandatory References
Effective Date: 11/26/2008

a. **ADS 548, Program-Funded Information Technology**

b. **ADS 629, Accounting for USAID-Owned Property and Internal Use Software**

c. **Table 1, Investment Funding Category Documentation and Review Requirements**

d. **Table 2, The CPIC Process**

e. **Table 3, ITSS Decision Criteria**

f. **USAID EVM Framework**

g. **USAID EVM System Description Document (SDD)**

577.5 ADDITIONAL HELP
Effective Date: 11/26/2008

a. **CIO Council Web site at http://www.cio.gov/ and 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 USSAID intranet at http://inside.usaid.gov/BTEC. Please contact 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 Imprhttp://www.gao.gov/new.items/d04394g.pdfoving Process Maturity, GAO-04-394G, March 2004.**

577.6 DEFINITIONS

Effective Date: 11/26/2008

The terms and definitions listed below have been incorporated into the ADS Glossary. See the **ADS Glossary** for all ADS terms and definitions.

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)

Earned Value Management
Earned Value Management (EVM) is a set of disciplined management processes which seek to integrate a project's technical scope, schedule, and budget. The primary goal of EVM is to provide transparency and reduce risk in project execution. (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)

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

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)

EVM Procedure Guide
A detailed procedure guide for implementing EVM for projects and reporting EVM metrics. The guide includes specifics on participants and their roles in EVM processes and the steps required for conducting an Integrated Baseline Review (IBR), approving change requests, major re-baselining, or formal reprogramming). (Chapter 577)

EVM Framework
The USAID EVM Framework defines which investments must implement EVM at USAID. Additionally, the EVM Framework specifies which ANSI-748 criteria are applicable, based on a given investment's characteristics. (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)

information technology property
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. It includes, but is not limited to "computers, ancillary equipment, software, firmware, and similar procedures, services (including support services) and related resources." (Chapter **629**)

internal use software
Software that is purchased from commercial vendors "off-the-shelf," internally developed, or contractor-developed solely to meet USAID's internal or operational needs. (Chapter **629**)

Integrated Baseline Review
An Integrated Baseline Review (IBR) is the technical review of an investment's budget, schedule, and scope. It provides an opportunity for both the government and contractor to validate the investment performance measurement baseline and identify project risks.

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. (Chapter 577)

Investment levels
Funding category 1 IT investments (funded by USAID/W OE, CIF or Cost Recovery used for Agency Operations) are divided into four levels based on their cost and other factors. More details on investment levels can be found in **Table 1, Investment Funding Category Documentation and Review Requirements**.

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)

Major Investment
A system or acquisition requiring special management attention because of its importance to the mission or function of the Agency, a component of the Agency or another organization; is for financial management and obligates more than $500,000 annually; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; is funded through other than direct appropriations; or is defined as major by the Agency's capital planning and investment control process. OMB may work with the Agency to declare other investments as major investments. Systems not considered "major" are "non-major."

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)

Performance Measurement Baseline
An Earned Value performance measurement baseline (PMB) is a project's technical scope integrated with budget and scheduled milestone dates. It is the project's plan for accomplishing or delivering a specific set of requirements within a specified amount of funding and time. Tracking actual costs spent and status/progress against a project's PMB is how a project's performance is measured in an Earned Value Management System. (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)

Project Identification Document (PID)
The Project Identification Document is a narrative business case that must be completed by all Level II, III, and IV investments. The PID business cases are used by the ITSS to score and rank investments. The questions on the PID follow many of the same themes as Exhibit 300. However, because they are written earlier in the CPIC cycle and often include investments that are in the planning stage, the PID is often high level and dominated by narrative content. (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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