



**DEPUTY CHIEF MANAGEMENT OFFICER**  
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WASHINGTON, DC 20301-9010

JUN 29 2012

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Defense Business Systems Investment Management Process Guidance

Section 901 of the Fiscal Year 2012 National Defense Authorization Act (FY 2012 NDAA), now codified at title 10, U.S.C. § 2222, includes significant changes to the requirements for investment review and certification of defense business systems before funds, whether appropriated or non-appropriated, can be obligated. Specifically, Section 901 requires the establishment of a single Investment Review Board (IRB) chaired by the Deputy Chief Management Officer (DCMO) and an investment management process, consistent with section 11312 of Title 40. It also significantly expands the scope of systems requiring certification to include any business system with a total cost in excess of \$1M over the period of the current future – years defense program, regardless of type of funding or whether any development or modernization is planned. In the prior IRB process, approximately \$1.8 billion in funding was assessed and certified each year. The expanded scope in Section 901 will result in virtually all of the \$7.4 billion in estimated FY 2013 business system funding being assessed and certified. It is also important to keep in mind that failure to comply with the certification requirements of title 10 U.S.C., § 2222 may result in a violation of title 31 U.S.C., § 1341(a)(1)(A).

The attached Defense Business Systems Investment Management Process Guidance will be used to implement this revised investment review process and supersedes the *DoD IT Defense Business Systems Investment Review Process Guidance*, dated January 2009. This guidance applies to all DoD Components and is effective for the certification of covered defense business system funding beginning in FY 2013 and out, whether appropriated or non-appropriated. The processes described in this document are effective immediately so that certifications are in place prior to the start of the 2013 fiscal year.

Recognizing the significant expansion in scope of the new legislation, this new process will use a portfolio-based approach with several key elements. Functional Strategies are being created by the appropriate business line owner (DoD Principal Staff Assistant) that provide guidance to DoD Components on the strategic vision, goals, priorities, outcomes, measures and any mandatory enterprise solutions for a given functional area (e.g., financial management, human resources, etc.). Organizational Execution Plans will then be developed by DoD Components (e.g., Military Departments, Defense Agencies, etc.) that are organized by functional area and demonstrate how the Component intends to make sound business system investments that align with the Department's functional strategies, as well as demonstrating cross functional integration and any other mission imperatives of the Component. The DCMO, who serves as both chair of the Defense Business Council/IRB and as Vice Chair of the Defense Business Systems Management Committee (DBSMC) will approve Organizational Execution Plan certifications and record the outcomes in decision memoranda on behalf of the DBSMC.

Information to support this process will be documented within the Department's authoritative sources, the DoD Information Technology Portfolio Registry (DITPR) and the



Select and Native Programming Data Input Systems for Information Technology (SNaP-IT). In addition to the work being done on Functional Strategies and Organizational Execution Plans, it is also crucial that the appropriate DITPR and SNaP-IT records be reviewed and updated by July 31 to ensure the data elements identified in the IRB guidance are accurate and complete. Defense business systems for which the required data has not been entered will be at risk of not receiving funds certification.

As we work together to implement this new IRB process over the next several months, any remaining certification requests for the obligation of funds in FY 2012 for Defense business system modernizations will continue to use the previous IRB process. We have asked the previous IRBs to continue their work for these actions and have encouraged them to conduct their reviews virtually, whenever possible. All remaining FY 2012 certification requests need to be provided to the appropriate IRB by August 14.

This new investment management process will ensure that the Department is making smart investments that align to mission priorities, eliminate legacy systems that are no longer required, enhance interoperability, and help the Department to transform to an environment where business applications are able to be rapidly deployed on a common computing infrastructure. Together, we will achieve our goal of delivering agile, effective and efficient business solutions that support and enable our warfighters. Please provide the widest distribution possible for this guidance and direct inquiries on these matters to [DCMO.IRBGuidance@osd.mil](mailto:DCMO.IRBGuidance@osd.mil).



Elizabeth A. McGrath

Attachment:  
As stated

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