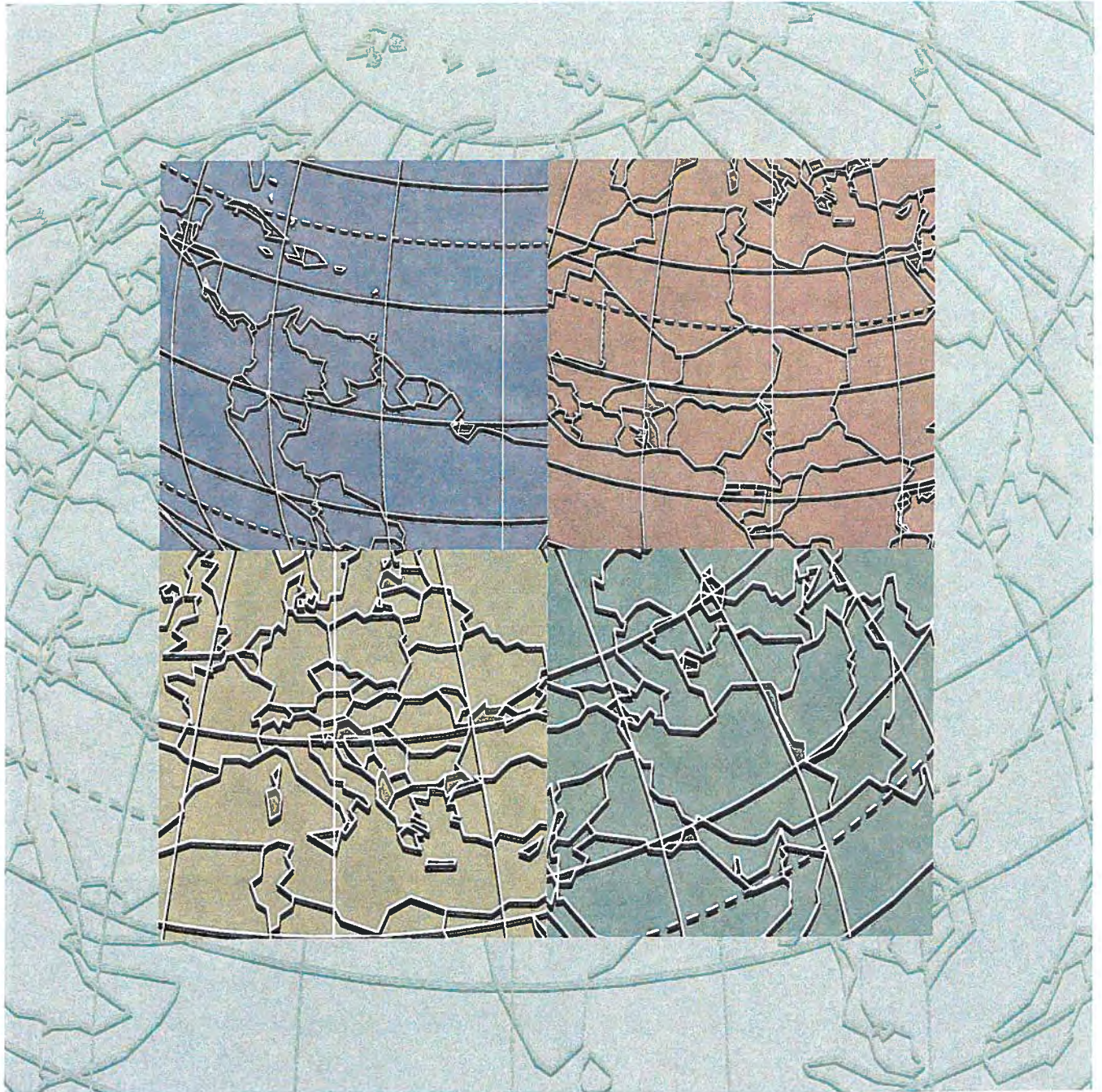


# **USAID Capital Planning and Investment Management Process**



**OFFICE OF THE CHIEF INFORMATION OFFICER**

**DECEMBER 2000**





**USAID**

**Capital Planning and Investment Management**

**Process**

Office of the Chief Information Officer  
December 2000





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## Introduction

**Capital Planning and Investment Management** is the process for planning, budgeting, acquiring and managing capital assets. Based on a broad foundation of Federal statutes, regulations and guidance (see References), Capital Planning is a *single, integrated* process that incorporates long-range planning and standard budget and procurement processes to ensure that capital assets contribute to the achievement of agency strategic goals and objectives. In concert with strategic planning, budget and procurement processes, it is the basis for identifying, prioritizing and managing a portfolio of capital assets compatible with the Agency infrastructure to achieve performance and compliance goals with the lowest life-cycle costs and risks.

At USAID, **capital assets** are all Agency investments involving information technology (IT) and information resources as defined by the Clinger-Cohen and Paperwork Reduction Acts. They include IT equipment, IT services and information or application system design, development and maintenance regardless of whether such work is performed by government employees or contractors. Except for operating materials, supplies or resale items, their costs include all direct and indirect costs for full life-cycle planning, procurement, operations, maintenance and disposal.

Although applicable to all capital assets, Capital Planning is an Agency-wide *scalable process*. Levels of participation, review, documentation and reporting are determined by and proportionate to an investment's associated risk, complexity, impact, linkage and cost (see Thresholds Appendix). It is comprised of five largely sequential, iterative processes (see Capital Planning Process Overview Diagram Appendix):

- Preparation,
- Selection,
- Control,
- Evaluation and
- Appeal.

Working in concert with Agency-wide and IT-specific Strategic Planning, Budgeting and Procurement processes, described elsewhere, they provide for full life-cycle capital investment management from the identification and justification of a mission-based need, through proposal review and reconsideration to investment approval, implementation, operation and lessons-learned from the results.

## **Roles**

See the USAID Investment Process Appendix for a graphic representation.

### ***Administrator***

The Administrator has overall responsibility for ensuring the effective implementation and execution of USAID's Capital Planning and Investment Management (CPIM) program. He ensures that investments provide benefits to the Agency and/or return on investment to the taxpayer. He ensures that the CPIM process is effectively implemented and adjudicates appeals of Assistant Administrator for Management (AA/M) decisions. He has final Agency authority over and accountability for the initiation, continuance and termination of investments, and reports Agency progress in achieving investment goals to Congress.

### ***Assistant Administrator for Management***

Under the authority of the Administrator, the AA/M is responsible for human resources management; information resources management; acquisition and assistance; management planning; budget; and other administrative management functions. As the Agency's Chief Operating Officer (COO), the AA/M ensures that the CPIM process is effectively implemented and adjudicates appeals of Change Management Team (CMT) decisions. He has authority over and accountability for the funding, staffing, acquisition, implementation, management and performance of USAID capital investments and adjudicates appeals of CMT decisions.

### ***Change Management Team***

Under the authority of the AA/M, the CMT is responsible for the ongoing direction, integration and impact of USAID CPIM. This includes approving/disapproving capital investments, monitoring and evaluating the capital investment Portfolio, providing direction for information technology (IT) and infrastructure and determining how IT can best be used to support the Agency's mission. Also responsible for adjudicating appeals of CIO decisions, the CMT consists of the AA/M (COO, chair), the Chief Information Officer (CIO) and the Chief Financial Officer (CFO).

### ***Chief Information Officer***

Under the authority of the Administrator and the AA/M, the CIO supports the development, implementation and operation of the CPIM program to ensure that the acquisition and management of investments provides Agency benefits and taxpayer returns on investment. Through the implementation and operation of the program he monitors the performance and compliance of investments and the CPIM program itself. He also has authority over and accountability for the initiation, continuance and termination of all Agency IT investments, accepts/rejects CIRB recommendations and adjudicates appeals of CIRB actions.

### ***Capital Investment Review Board***

Under the auspices of the CIO, the CIRB is responsible for maximizing the value of and managing the risks associated with capital investments. Chaired by the CIO, it includes senior managers from each of the Agency's business areas. The CIRB recommends/ remands capital investments, manages, integrates and evaluates the capital investment Portfolio, supports the development and implementation of the IT Strategic Plan, coordinates investments with the IT



Architecture, adjudicates appeals of small investments and supports the development and implementation of capital investment processes, criteria and performance measures.

### ***Offices, Missions and Bureaus***

Agency Offices, Bureaus and Missions are responsible for the identification, selection, implementation, monitoring and evaluation of capital investments for their organizations. Through their designated Executive Sponsors, Project Managers and Project Staff, they recognize programmatic needs, identify information technology requirements, consider alternatives, develop capital investment strategies, document associated analyses, proposals and plans, secure necessary resources, gain approvals, manage implementation and operation, report progress, review results and apply lessons-learned.

### ***Executive Sponsors***

Executive Sponsors are responsible for facilitating the identification, selection, implementation, monitoring and evaluation of capital investments for their organizations. Through their Project Managers and Project Staff, they recognize programmatic needs, identify information technology requirements, consider alternatives, develop capital investment strategies, document associated analyses, proposals and plans, secure necessary resources, gain approvals, manage implementation and operation, report progress, review results and apply lessons-learned.

### ***Project Managers***

Project Managers are responsible for managing the identification, selection, implementation, monitoring and evaluation of capital investments for their organizations. Through their Project Staff, they recognize programmatic needs, identify information technology requirements, consider alternatives, develop capital investment strategies, document associated analyses, proposals and plans, secure necessary resources, gain approvals, manage implementation and operation, report progress, review results and apply lessons-learned.

### ***Project Staff***

Project Staff are responsible for the identification, selection, implementation, monitoring and evaluation of capital investments for their organizations. Through their efforts, and consultation with related staff in other organizations, they recognize programmatic needs, identify information technology requirements, consider alternatives, develop capital investment strategies, document associated analyses, proposals and plans, secure necessary resources, gain approvals, manage implementation and operation, report progress, review results and apply lessons-learned.

## **Processes**

### **Preparation**

See the Preparation Process Diagram Appendix for a graphic representation.

### **Identification**

Agency organizations faced with a business problem identify and evaluate possible solutions and whether a Capital Investment (defined in the Overview) is called for. Whether an entirely new investment or a change to an existing investment, investment ideas are considered in accordance with Government-wide Capital Investment guidance (see the Raines' Rules Appendix, below). For those investments deemed appropriate, an Executive Sponsor, a senior individual to facilitate the investment through its life-cycle, and a Project Manager, to manage the investment project on a daily basis, are identified.

### **Validation**

Proposed investments are discussed with the organization's senior staff, applying Raines' Rules again to ensure validity. The feasibility and priority of each idea is considered in light of the organization's mission, goals, objectives and resources and how the investment supports the mission of the Agency.

### **Notification**

Organizations notify the CIO when considering a Capital Investment. The CIO helps them navigate the Capital Investment process and provides insights into investment thresholds, planning, budgeting, procurement, implementation, management and their relationships to information technology and infrastructure.

### **Development**

Working in concert with the CIO, IRM and other organizations, as applicable, Executive Sponsors describe and document Investment Proposals using the Proposal Form, below. Supporting exhibits and documentation are assembled and attached, as necessary.

### **Analysis**

Executive Sponsors review and document proposed investments' requirements, alternatives, feasibility, advantages and disadvantages. They also develop a cost/benefit analysis (see the Proposal Cost/Benefit Form Appendix) to document each investment's expected Return On Investment (ROI).

### **Re-Validation**

Upon completion of the analyses, Executive Sponsors discuss the proposed investment again with senior staff in their organizations. Organizations consider the proposal in light of the analyses and determine whether to pursue another alternative or proceed with the investment, either as proposed or with modifications.

## Planning

If the organization decides to proceed, Executive Sponsors develop and document Plans (see the Preparation Process Diagram Appendix for the kinds of Plans that might be appropriate) for proposed investments. Based on the investment's risk, complexity, organizational impact, strategic linkage and total life-cycle cost, the Plans address the various aspects of Capital Investments: acquisition, budget, configuration management, contingency planning, development, disposition, documentation, implementation, management, migration, operation, performance measurement, quality control, risk management, scheduling, security, staffing, testing and training. Each of the Plans can range from a full document each for major investments to as little as a sentence each for others (see the Thresholds Appendix for details).

## Submission

Executive Sponsors prepare Investment Proposals by assembling investment Analyses, Plans, Forms and supporting documents into a package. They include a cover letter from the Executive Sponsor to the CIO describing the investment and its costs, benefits, analyses and plans. An electronic and hard-copy of the Investment Proposal package is sent to the CIO.

## Feedback

Upon receipt, the CIO screens Proposals for general completeness. A copy of each Proposal is sent to IRM for an Architecture Review to determine the Proposal's compatibility with the Agency's existing information infrastructure.

Executive Sponsors/Project Managers may be asked to respond to questions as part of these screenings. Upon completion, Proposals are either forwarded to the Selection process or returned to the Executive Sponsor for reconsideration.

## **Selection**

See the Selection Process Diagram Appendix for a graphic representation.

### **Triage**

Investment Proposals forwarded to the Selection process are reviewed in detail by the CIO to confirm their "Level" based on the criteria in the Thresholds Appendix. Proposals identified as Level I require no further review and are forwarded to the Selection-Recommendation process. Otherwise, Proposals are either returned to the Executive Sponsor for reconsideration or forwarded to the Selection-Review process with a date and time for Capital Investment Review Board/Change Management Team (CIRB/CMT) review and returned to the Executive Sponsor.

In anticipation of the CIRB/CMT review, Executive Sponsors prepare Investment Proposal Presentations commensurate with their investments. Developed in concert with budget, acquisition and technical staff, each Presentation outlines the proposed investment, details the attendant costs and benefits, and summarizes the associated analyses and plans.

### **Review**

As noted in the Selection Process Diagram Appendix, Level I investments that pass the Selection Triage process require no further review. Level II and III investments, although differing in the depth of associated documentation, are reviewed by the CIRB. Level IV investments are reviewed by the CMT.

At the appointed date and time, Executive Sponsors present their Investment Proposal Presentations to the CIRB/CMT, along with any pertinent supporting materials. Issues addressed include the Proposal, associated analyses and implementation plans. Related direct-hire staff attend CIRB/CMT meetings to address specific program/technical/other issues.

### **Recommendation**

Level I investments that pass the Selection Triage process are automatically recommended to the CIO for inclusion in the Agency Capital Investment Portfolio. For all other investments the CIRB/CMT reaches a recommendation to approve, approve with modifications, disapprove or request additional information on the Investment Proposal. The recommendation may be reached in open or closed session, in the same session or at a later date.

All CIO/CIRB/CMT investment recommendations are forwarded to the Assistant Administrator for Management (AA/M) for approval, approval with modifications, disapproval or request for additional information.

### **Feedback**

Unapproved investments are returned to Executive Sponsors for reconsideration. Approved investments are added to the Agency Capital Investment Portfolio and forwarded to the Control process, with Executive Sponsors given notice to proceed.

## **Control**

See the Control Process Diagram Appendix for a graphic representation.

## **Reporting**

After an investment is approved and implementation is begun, Executive Sponsors are expected to report on the status of all of their Capital Investments on an ongoing basis.

Based on the 1) ongoing reporting frequency and 2) documentation depth identified in the Thresholds Appendix, Executive Sponsors prepare Progress Reports for each Capital Investment in their organization. Associated forms, exhibits, analyses, plans and supporting documentation are reviewed and updated as necessary and the Report packages are submitted to the CIO. Particular note is made of any instances where an investment's schedule or cost has varied from approved levels for the period by more than 10%.

In anticipation of review, Executive Sponsors prepare a Progress Report Presentation for all Level II, III and IV investments commensurate with the investment (see the Thresholds Appendix). Each Presentation describes the investment, addresses Raines' Rules, reflects current costs, benefits and schedules, and updates associated analyses and plans.

## **Review**

As noted in the Control Process Diagram Appendix, Level I investments require no further review unless schedule or costs vary from approved goals for the period by more than 10%. Level I updates or variances are forwarded directly to the CIO. Level II and III investments, although differing in the depth of associated documentation, are reviewed by the CIRB. Level IV investments are reviewed by the CMT.

Executive Sponsors present Progress Report Presentations to the CIRB/CMT, along with any pertinent supporting materials. Issues addressed include the Investment, associated analyses and implementation plans. Related direct-hire staff attend CIRB/CMT meetings to address specific program/technical/other issues. Particular note is made of any instances where an investment's schedule or cost have varied from approved levels for the period by more than 10%.

## **Recommendation**

Level I investments that do not vary from schedule and cost goals for the period by more than 10% are automatically recommended to the CIO for inclusion in the Agency Capital Investment Portfolio. For all other investments the CIO/CIRB/CMT reaches a recommendation to continue, continue with modifications, discontinue or request additional information. The recommendation may be reached in open or closed session, in the same session or at a later date.

All CIO/CIRB/CMT investment actions are forwarded to the AA/M for a decision on whether to continue, continue with modifications, discontinue or request additional information.

## **Feedback**

Discontinued (unapproved) investments are returned to Executive Sponsors for reconsideration. Continued (approved) investments remain in the Agency Capital Investment Portfolio with



**Executive Sponsors given notice to continue. Continued investments repeat the Control process in accordance with the reporting frequency identified in the Thresholds Appendix until complete, at which time they are forwarded to the Evaluation process.**

## **Evaluation**

See the Evaluation Process Diagram Appendix for a graphic representation.

### **Reporting**

After an investment is implemented and complete, Executive Sponsors are expected to evaluate its success.

Based on the 1) ongoing reporting frequency and 2) documentation depth identified in the Thresholds Appendix, Executive Sponsors prepare a Post-Implementation Review Report for each Capital Investment in their organization. Associated forms, exhibits, analyses, plans and supporting documentation are updated as necessary and the Report packages are submitted to the CIO. Particular note is made of any instances where an investment's schedule or cost have varied from approved levels for the period by more than 10%.

In anticipation of review, Executive Sponsors prepare a Post-Implementation Review Presentation for all Level II, III and IV investments commensurate with the documentation depth identified in the Thresholds Appendix. Each Presentation describes the investment, addresses Raines' Rules, reflects final costs, benefits and schedules, and updates associated analyses and plans.

### **Review**

As noted in the Evaluation Process Diagram Appendix, Level I Post-Implementation Review Reports require no further review unless schedule or costs varied from approved goals by more than 10%. Level I updates or variances are forwarded directly to the CIO. Level II and III Post-Implementation Review Reports, although differing in the depth of associated documentation, are reviewed by the CIRB. Level IV Post-Implementation Review Reports are reviewed by the CMT.

Executive Sponsors present Post-Implementation Review Report Presentations to the CIRB/CMT, along with any pertinent supporting materials. Issues addressed include the Investment, its performance, results and lessons-learned. Related direct-hire staff attend CIRB/CMT meetings to address specific program/technical/other issues. Particular note is made of any instances where investments' schedules or costs have varied from approved levels for the period by more than 10%.

### **Recommendation**

Lessons-learned from Level I investments that did not vary from schedule and cost goals by more than 10% are automatically recommended by the CIO for inclusion in the Agency Capital Investment process. For all other investments the CIO/CIRB/CMT reach a recommendation to include Lessons-learned from the investment in the Capital Investment process. The recommendation may be reached in open or closed session, in the same session or at a later date.

All CIO/CIRB/CMT Lessons-learned recommendations are forwarded to the AA/M for a decision on whether to include them in the Capital Investment process.

## Feedback

Lessons-learned that are not incorporated into the Capital Investment process remain with the Post-Implementation Review Report for future reference. Lessons-learned that are incorporated into the Capital Investment process are included as part of all future Investments, with updates disseminated to the Capital Investment community.

## **Appeal**

See the Appeal Process Diagram Appendix for a graphic representation.

### **Preparation**

Executive Sponsors may appeal Capital Investment decisions they disagree with.

Based on the documentation depth identified in the Thresholds Appendix, Executive Sponsors prepare an Appeal Request for each Capital Investment to be reconsidered. Reasons for the Appeal Request are cited, with associated forms, exhibits, analyses, plans and supporting documentation updated as necessary. Particular note is made of any circumstances that warrant special consideration. Upon receipt of the package, the CIO routes Appeal Packages to the appropriate venue for review.

In anticipation of review, Executive Sponsors prepare an Appeal Presentation commensurate with the investment. Each Presentation describes the investment, details the reasons for the Appeal Request, reflects current costs, benefits and schedules, and updates associated analyses and plans.

### **Review**

As noted in the Appeal Process Diagram Appendix, initial Appeals of Level I investment decisions are reviewed by the CIRB. Initial Appeals of Level II and III investment decisions are reviewed by the CMT. Appeals of Level IV investment decisions are reviewed by the AA/M. Appeals of Appeals, if necessary, are lodged at the next higher venue, with AA/M decisions appealed to the Administrator.

Executive Sponsors present Appeal Presentations to the CIRB/CMT/AA-M/Administrator, along with any pertinent supporting materials. Issues addressed include the Investment and the reasons for the Appeal. Related direct-hire staff attend CIRB/CMT/AA-M/Administrator meetings to address specific program/technical/other issues. Particular note is made of any circumstances that warrant special consideration.

### **Determination**

Investment Appeals result in a determination to sustain the lower venue's decision, sustain it with modifications, overturn it, overturn it with modifications or request additional information. The determination may be reached in open or closed session, in the same session or at a later date.

All Investment Appeal determinations are forwarded to the CIO for update of the Investment Portfolio and forwarding to the Executive Sponsor.

### **Feedback**

Unsuccessful Appeals (where the prior ruling was sustained) are returned to Executive Sponsors for reconsideration. Successful Appeals (where the prior ruling was overturned) are returned to Executive Sponsors for action. The Agency Capital Investment Portfolio is updated accordingly and Executive Sponsors are given notice to proceed, where appropriate.

Executive Sponsors may appeal an Appeal by resubmitting their request to the next highest venue as shown in the Appeal Process Diagram Appendix. Appeal determinations made by the AA/M are appealed to the Administrator. The Administrator's Appeal determinations can not be appealed.

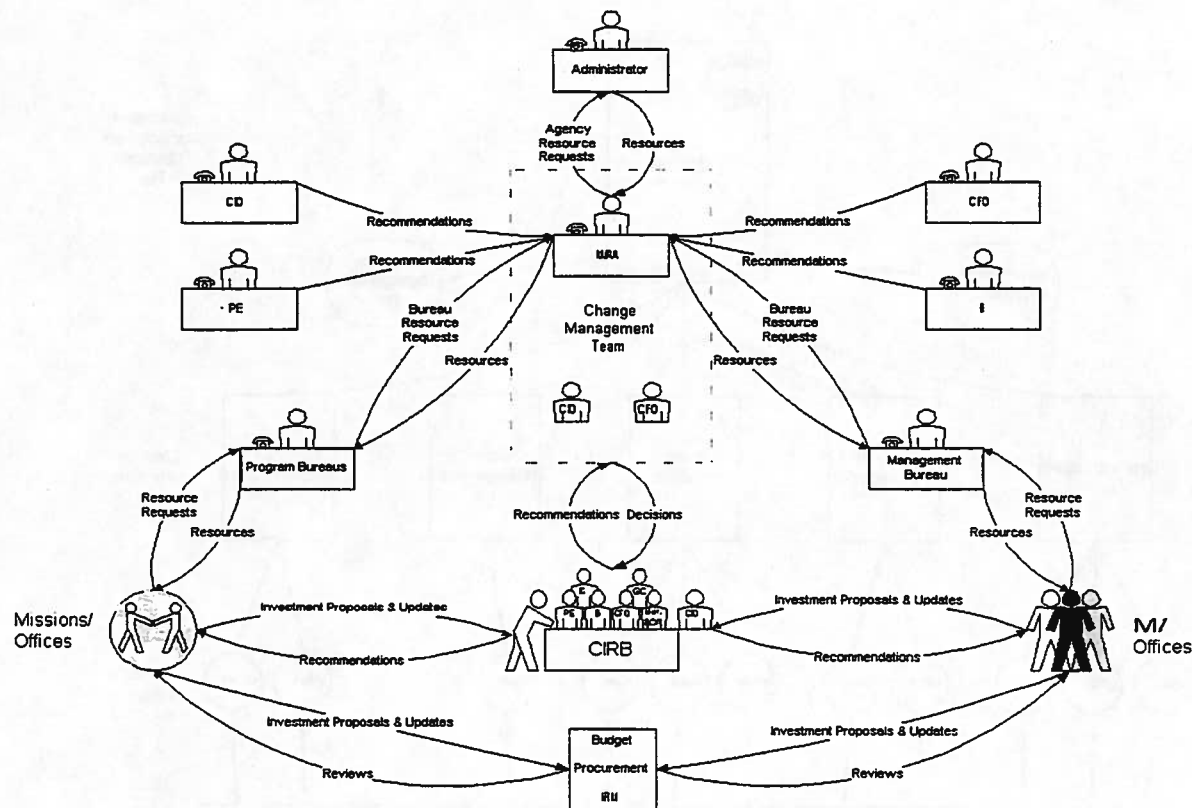


## Appendices

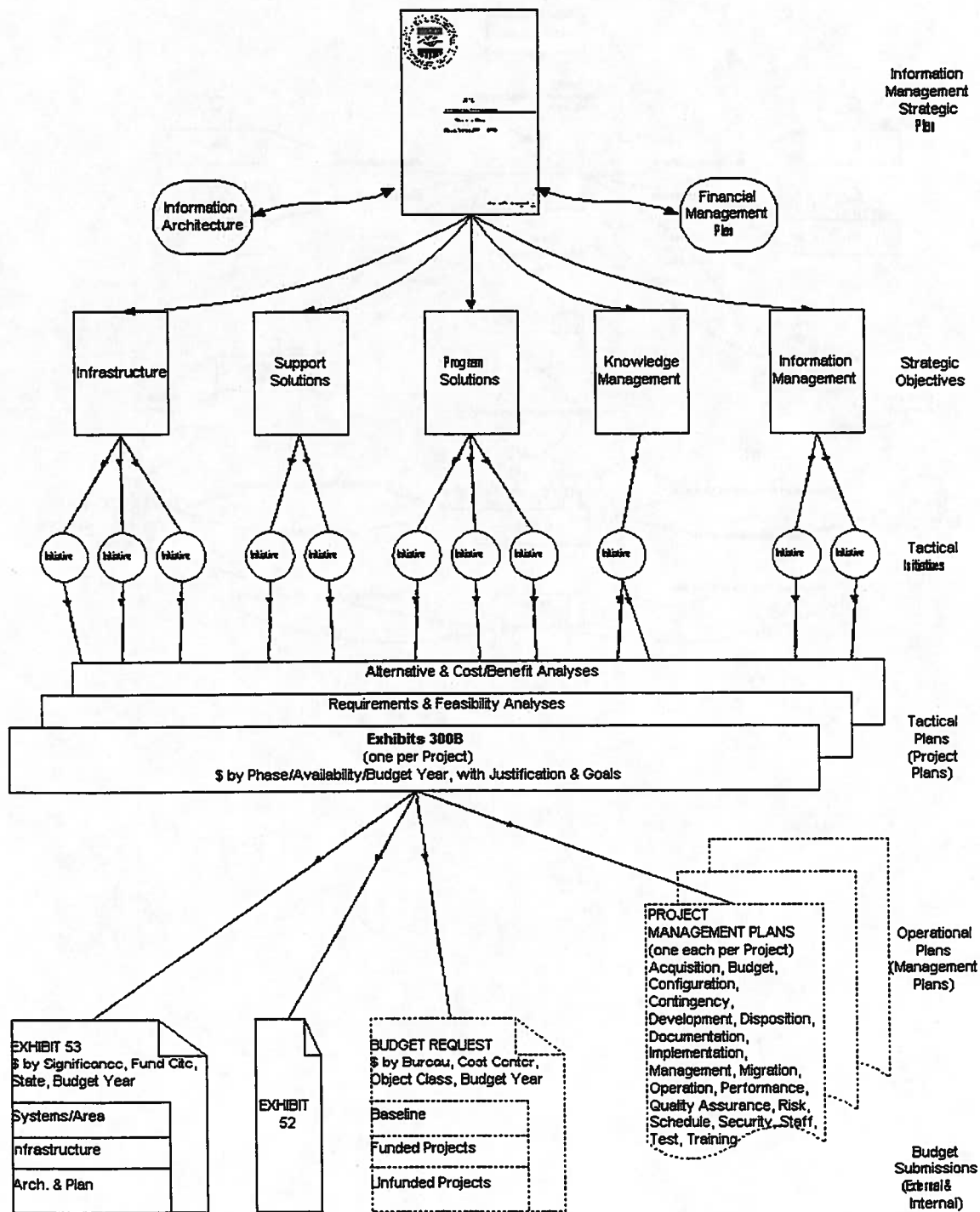
## **References**

- Budget Enforcement Act of 1990
- Chief Financial Officers Act of 1990
- Government Performance & Results Act of 1993
- Federal Acquisition Streamlining Act of 1994 (Title V)
- Paperwork Reduction Act of 1995
- Federal Financial Management Improvement Act of 1996
- Clinger-Cohen Act of 1996 (ITMRA & FARA)
- Balanced Budget Act of 1997
- Government Paperwork Elimination Act of 1998
- OMB Circular A-11, Preparation and Submission of Budget Estimates
- OMB Circular A-123, Management Accountability and Control
- OMB Circular A-127, Financial Management Systems
- OMB Circular A-130, Management of Federal Information Resources
- OMB Memorandum M-97-02 dated October 25, 1996, Funding Information Systems Investments
- OMB Memorandum M-00-07 dated February 28, 2000, Incorporating and Funding Security in Information Systems Investments
- USAID Information Management Strategic Plan Fiscal Years 2001-2005, May 31, 2000
- USAID Capital Investment Review Board Charter, December 3, 1999
- USAID Capital Planning Tool-kit, October 28, 1999

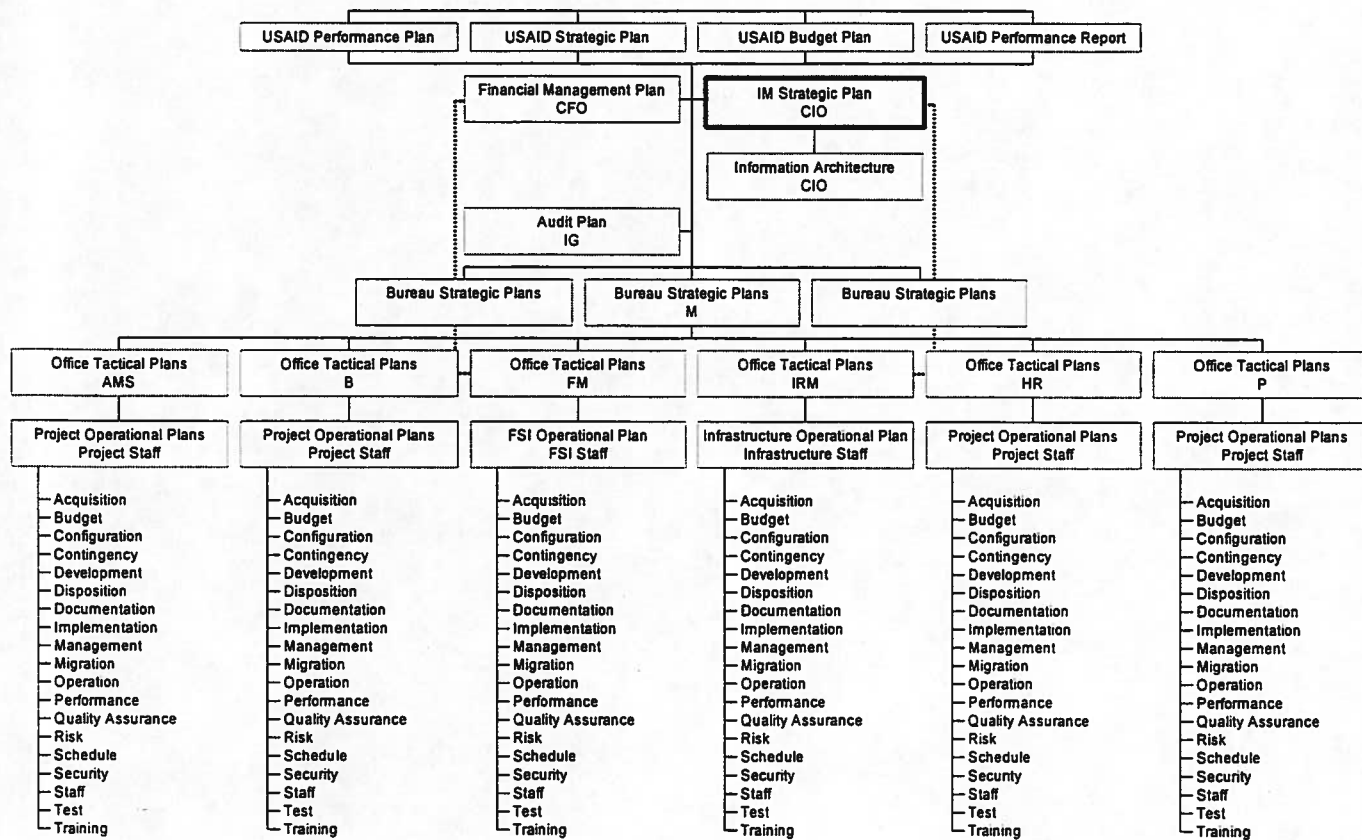
**USAID Investment Process**



# USAID Capital Planning Alignment



## Agency Alignment







# **CHARTER**

## **CAPITAL INVESTMENT REVIEW BOARD**

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**CHARTER  
CAPITAL INVESTMENT REVIEW BOARD (CIRB)**

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**Revised: 12/3/99**



- A. **Official Title:**  
Capital Investment Review Board for Information Technology (CIRB)
- B. **Specific Establishment Authority:**  
Established at the direction of the Administrator for the Agency for International Development to meet the requirements of the Clinger-Cohen Act of 1996.
- C. **Date Established:**  
April, 1997
- D. **Board's Objectives:**  
To maximize the value and manage the risks of Agency information technology (hereinafter "IT") investments\*\* to ensure best return on investment and thereby support achievement of USAID's mission.
- E. **Board's Responsibilities:**  
The Capital Investment Review Board provides Agency-wide executive oversight for planning, management, and control of Agency information resources investments. The Board ensures that IT projects are selected for funding based on the best return on investment for the organization given its particular mission. Investments will be monitored throughout their lifecycle to ensure that they are acquired or developed within planned cost and schedule objectives and that they achieve expected benefits. Members will:
1. Make decisions on the planning, management and control of Agency information resources investments in accordance with thresholds established per Article G.2 below. Recommend decisions above those thresholds to the Administrator.
  2. Set the direction for the Agency's Strategic Information Resources Management Plan, to ensure that efforts undertaken are in line with the business direction of the Agency.
  3. According to thresholds established per Article G.2, make or recommend USAID's major IT investment decisions impacting expenditure of USAID IT capital assets which are used by the Federal Government and have an estimated useful life of two years or more. Such assets include those owned by USAID or whose ownership is shared by USAID with other entities. Ensure that these IT investments deliver a substantial business benefit to the Agency and a substantial return on investment.
    - a. Prioritize projects and, in accordance with thresholds established in Article G.2, make funding decisions based upon comparisons and tradeoffs among competing project proposals. Recommend decisions on investments above those thresholds to the Administrator.
    - b. Resolve differences among Bureau/Offices and field missions regarding financial and operational IRM issues.
  4. Monitor and evaluate the performance of information technology in support of program accomplishments to determine progress toward completion and the realization of benefits. In accordance with thresholds established per Article G.2 below, decide whether each information technology program should be continued, modified, or terminated. Recommend such decisions on each information technology program above those thresholds to the Administrator.
- F. **Capital Investment Review Board (CIRB) Administration:**
1. Administrative and staff support to the CIRB will be provided by the Office of Information Resources Management, including:
    - a. Notetaking and production of minutes.
    - b. Agenda preparation and preparation of materials to support Board activities.
    - c. Technical analysis and research services as needed to support decision-making.

- d. Subject matter expertise regarding requirements of the Clinger-Cohen Act of 1996, related laws, regulations and guidance and implementation of these entities in Federal agencies.
2. Agendas for upcoming meetings will be prepared and distributed in advance. Preparatory reading materials will be distributed in advance to the extent possible. Most communications between the CIRB members and support staff will take place using the USAID email network.

**G. Procedures:**

1. The CIRB will meet monthly (or as otherwise agreed by the members) to provide oversight and management of USAID's information technology investment portfolio.
2. The CIRB will review proposed investments and the progress of previously-approved investments in consonance with guidance established by the CIO and approved by the Administrator. This guidance will:
  - (a) establish the dollar thresholds within which IT projects must be reviewed by the CIRB;
  - (b) establish the dollar thresholds above which IT projects must be reviewed by, and investment decisions must be made by, the Administrator, and;
  - (c) define the key points in the IT project life cycle where CIRB review of previously-approved investments must take place.
3. The CIRB will receive technical and functional support pertaining to Agency goals and information management requirements from Assistant Administrators, Office Directors and individual Bureaus/Offices/Staffs.

**H. Proposed Duration of Board:**

Indefinite

**I. Board Chairperson and Members:**

The Board is chaired by the CIO. Representatives reflect a balance of executive viewpoints from across the Agency to include representation from policy, management and financial areas of the Agency. The composition of membership of the CIRB may be altered by the Administrator or by the Chief Information Officer (in consultation with the Administrator) in order to meet changing needs.

Chairperson: Chief Information Officer (CIO)

Members:

- ◆ Chief Financial Officer (CFO) or representative
- ◆ Assistant Administrators (or their representatives) of regional program bureaus
- ◆ Assistant Administrator (or his/her representative) of central program bureaus
- ◆ Assistant Administrator, Bureau for Management
- ◆ Agency Procurement Executive (or representative)
- ◆ General Council (or representative)
- ◆ Director of the Office of Budget
- ◆ Director of the Office of Information Resources Management
- ◆ Director of the Office of Human Resources Management

The following members serve in an ex officio capacity; they participate in CIRB discussions and are included in CIRB activities but do not vote on issues before the Board:

- ◆ Senior Policy Advisor to the Administrator
- ◆ Deputy Chief Information Officer



J. **Authorizing Official and Charter Certification Revision Date:**

Authorizing Official: Richard C. Nygard

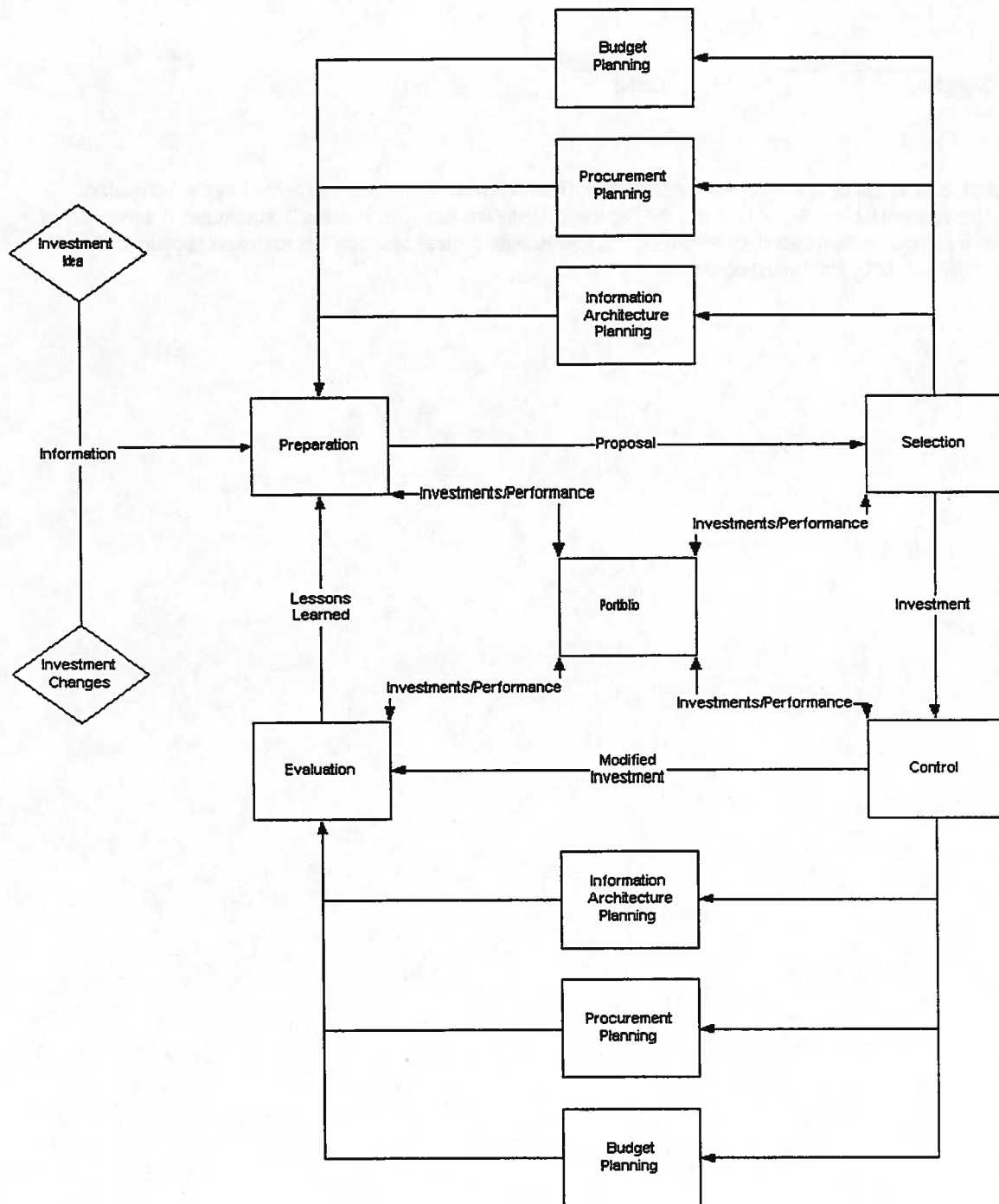
Title: Chief Information Officer

                    /Signed/                      
(Signature)

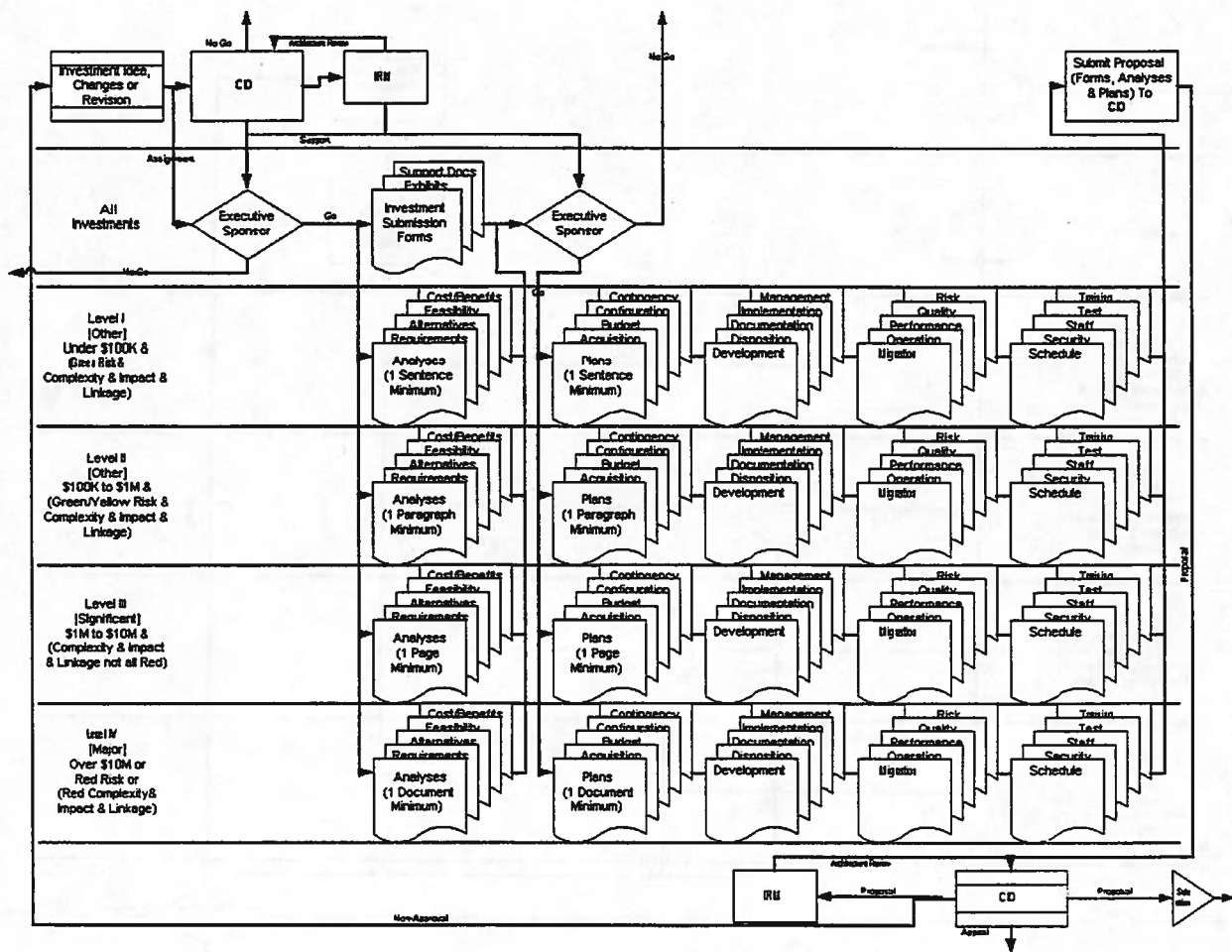
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(Date)

**\*\*IT investments encompass all Agency investments involving IT and information resources as defined by the Information Technology Management Reform Act of 1996 and the Paperwork Reduction Act. This includes IT equipment, IT services, and information or application system design, development, and maintenance regardless of whether such work is performed by government employees or by firms under contract.**

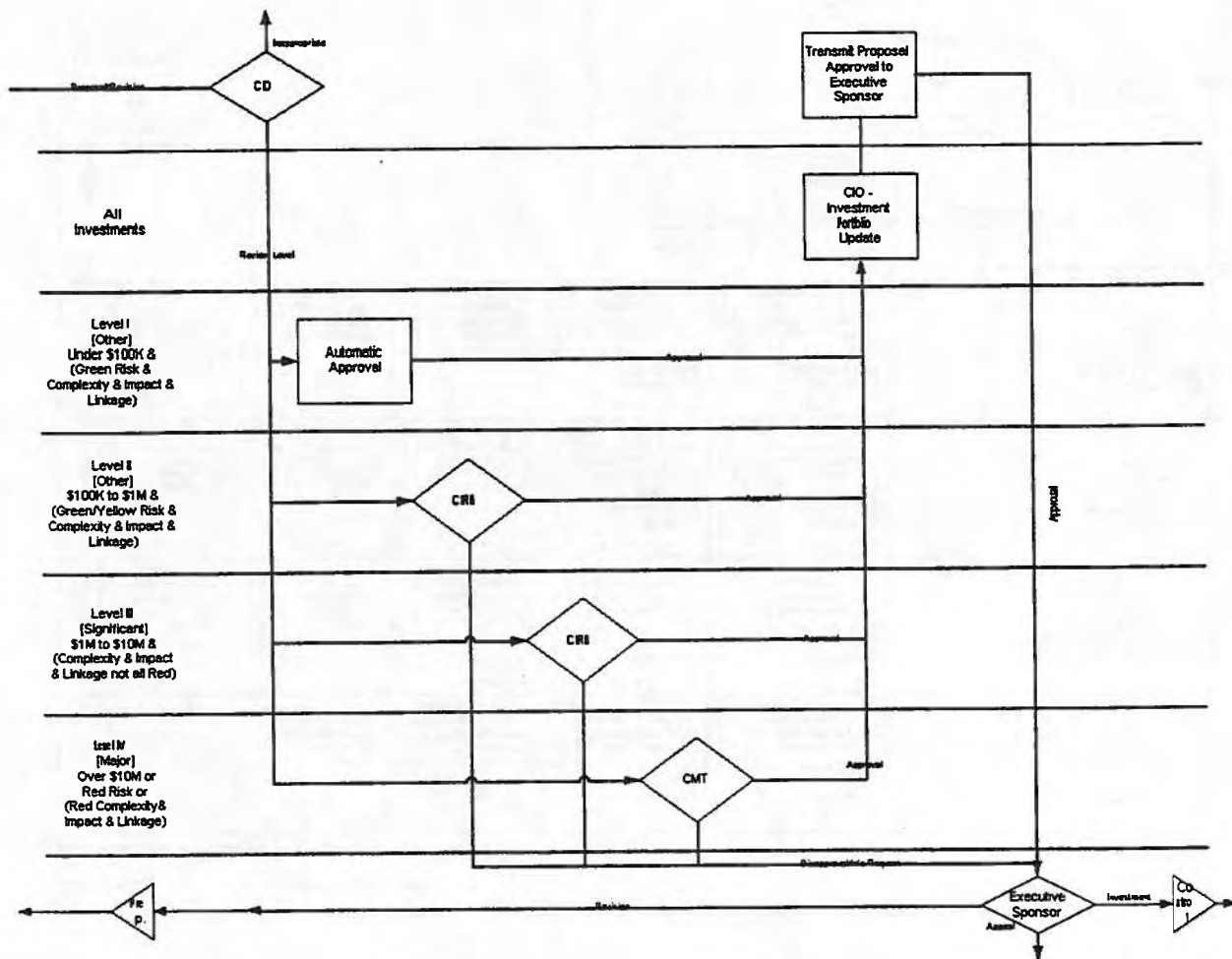
## Capital Planning Process Overview Diagram



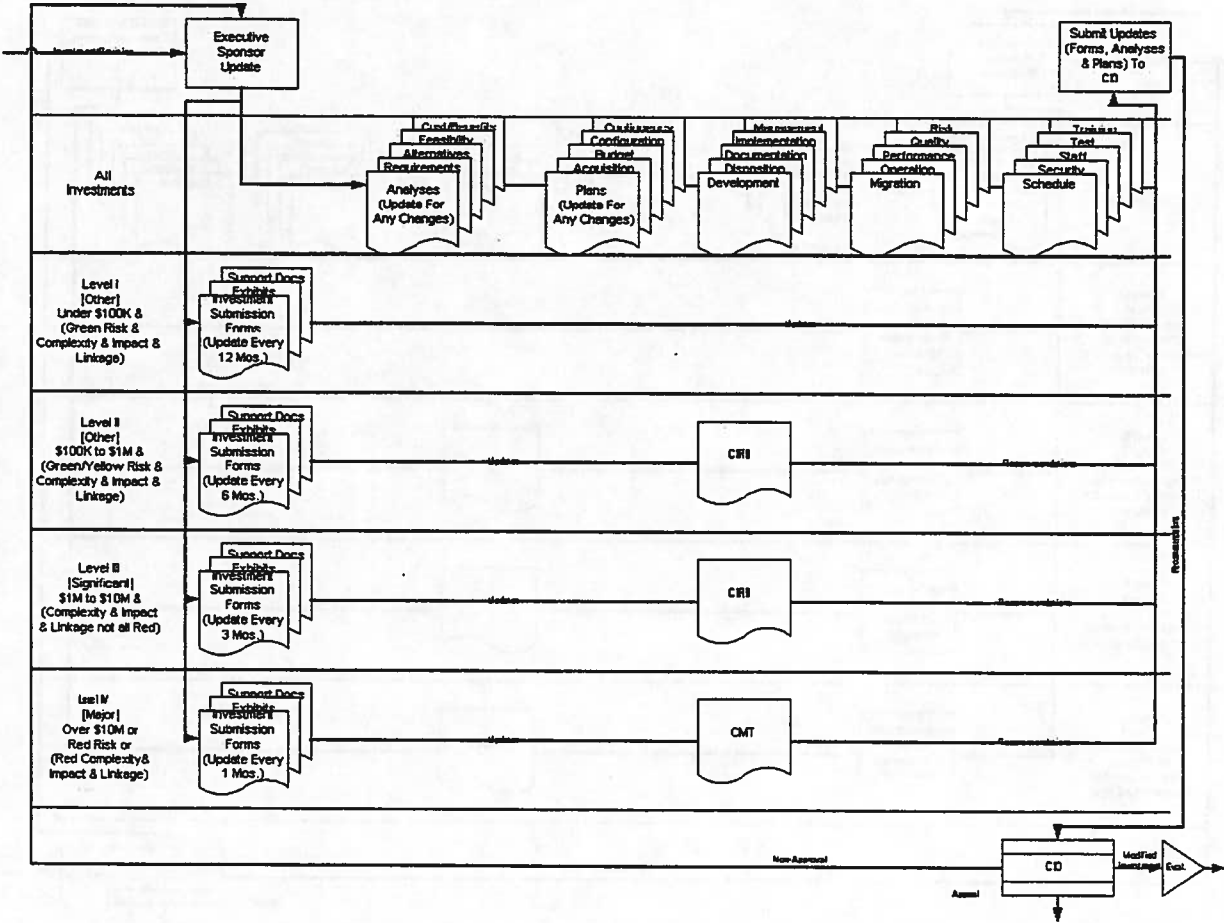
# Preparation Process Diagram



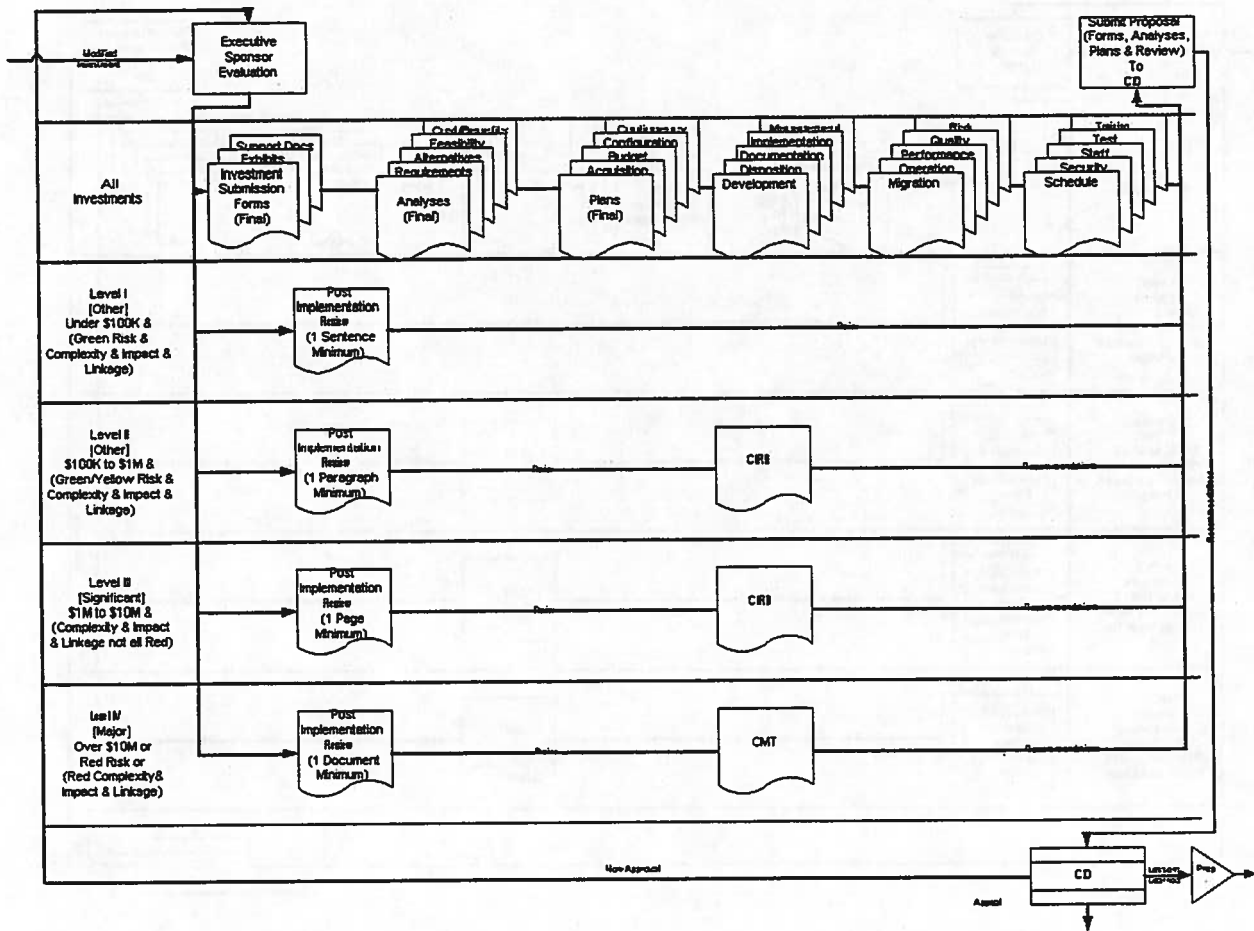
## Selection Process Diagram



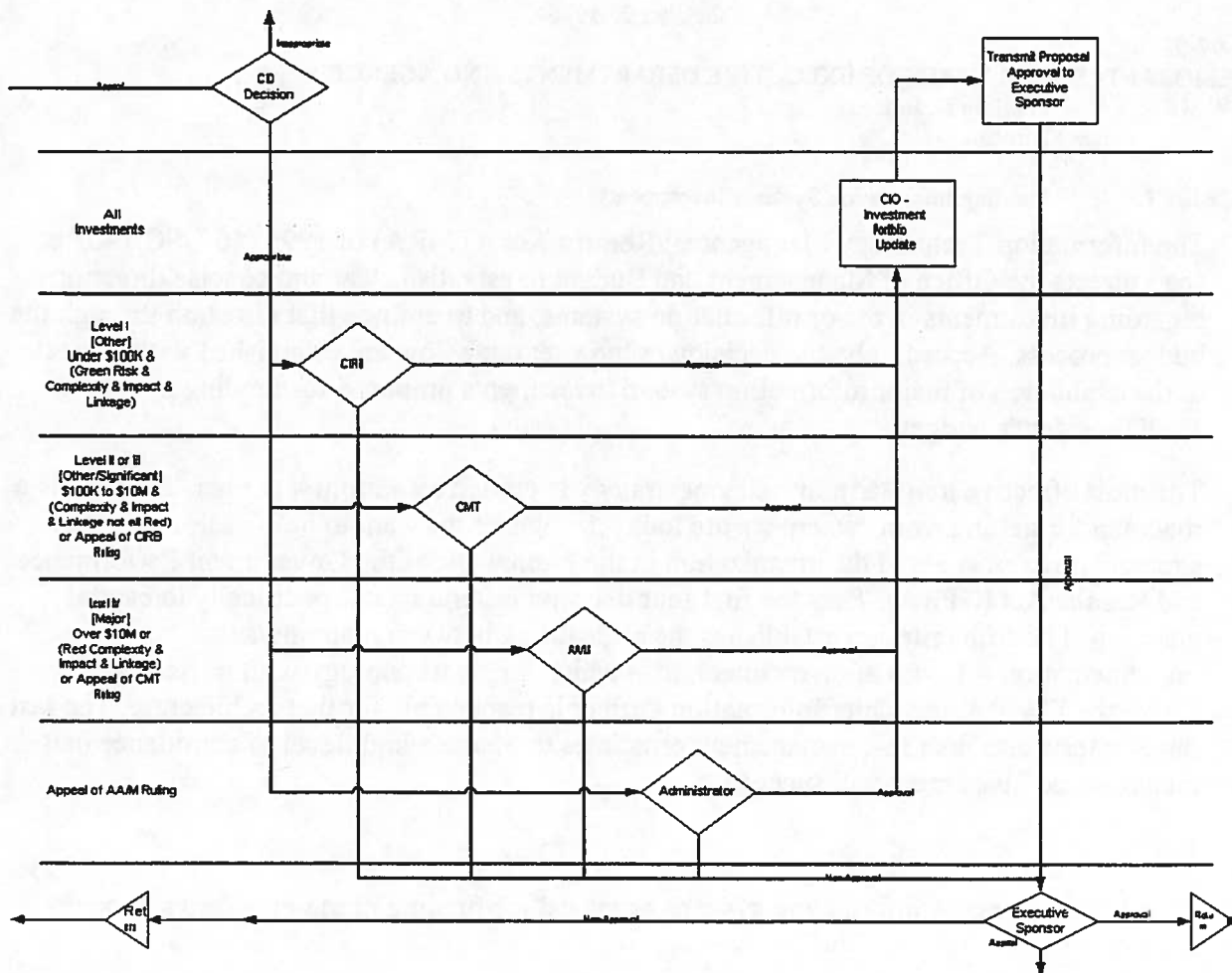
Control Process Diagram



# Evaluation Process Diagram



## Appeal Process Diagram





## **Raines' Rules**

October 25, 1996

M-97-02

### **MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES**

**FROM:** Franklin D. Raines  
Director

**SUBJECT:** Funding Information Systems Investments

The Information Technology Management Reform Act (ITMRA) of 1995 (40 USC 1401 et. seq.) directs the Office of Management and Budget to establish clear and concise direction regarding investments in major information systems, and to enforce that direction through the budget process. Accordingly, the decision criteria set out below are established with respect to the evaluation of major information system investments proposed for funding in the FY 1998 President's budget.

The most effective long-term investment strategy is guided by a multiyear plan. The plan is a roadmap for getting from "where we are today. to "where we want to be" -- achieving the strategic mission goals of the organization in the framework of the Government Performance and Results Act (GPRA). Thus the first four decision criteria relate specifically to capital planning. The fifth criterion establishes the critical link between planning and implementation -- information architecture -- which aligns technology with mission goals. Under the ITMRA, the Chief Information Officer is responsible for that architecture. The last three criteria establish risk management principles to assure a high level of confidence that the proposed investment will succeed.

### **Policy**

Investments in major information systems proposed for funding in the President's budget should:

1. support core/priority mission functions that need to be performed by the Federal government;
2. be undertaken by the requesting agency because no alternative private sector or governmental source can efficiently support the function;
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;
4. demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with GPRA measures; reduced cost; increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for 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

5. be consistent with Federal, agency, and bureau information architectures which: integrate agency work processes and information flows with technology to achieve the agency's strategic goals; reflect the agency's technology vision and year 2000 compliance plan; and specify standards that enable information exchange and resource sharing, while retaining flexibility in the choice of suppliers and in the design of local work processes;

6. reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall project; using fully tested pilots, simulations, or prototype implementations before going to production; establishing clear measures and accountability for project progress; and, securing substantial involvement and buy-in throughout the project from the program officials who will use the system;

7. 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; and,

8. employ an acquisition strategy that appropriately allocates risk between government and contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology.

As a general presumption, OMB will recommend new or continued funding only for those major system investments that satisfy these criteria. Funding for those systems will be recommended on a phased basis. (For more information on phases, see the discussion of "economically and programmatically separable" modules, in OMB Circular A11, Part 3, "Planning, Budgeting and Acquisition of Fixed Assets," July 1996.)

A "major information system" is a system that requires special management attention because of its importance to an agency mission; its high development operating, or maintenance costs; or its significant role in the administration of agency programs, finances, property, or other resources. Large infrastructure investments (e.g., major purchases of personal computers or local area network improvements) should also be evaluated against these criteria.

OMB recognizes that many agencies are in the middle of ongoing projects initiated prior to enactment of the ITMRA, and may not be able immediately to satisfy the criteria. For those systems that do not satisfy the criteria, OMB will consider requests to use FY 1997 and 1998 funds to support the redesign of work processes, the evaluation of investment alternatives, the development of information architectures, and the use and evaluation of prototypes.

#### **Action Requested**

The policies in this memorandum apply to all agencies. The 28 major agencies listed in Section 3 of Executive Order No. 13011, "Federal Information Technology," should provide, by November 12, 1996, a statement listing the major information systems investments for which new or continued funding is requested in the agency's FY 1998 budget, and an

evaluation of the extent to which each investment satisfies the decision criteria. For national security systems as defined in Section 10 of the Executive order, only the list need be provided. OMB will work with the agencies to ensure that national security systems satisfy the criteria to the extent practicable.

Because OMB considers this information essential to agencies' long-term success, OMB will use this information both in preparing the FY 1998 President's budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

## Investment Level Criteria

Factor	Descriptor	Contributing Criteria
Risk	Low (Green)	<p>Work Environment Impact [employee]: Minimum number affected.</p> <p>Managerial ability to Effect Change: 1 or 2 line supervisors required to effect change.</p> <p>BPI: Completed or optional.</p> <p>Requirements: Clearly defined.</p> <p>Cost: Clearly defined with minimal chance of overrun.</p> <p>Architecture: Meets Agency IT architecture and standards, per M/IRM/PMA.</p> <p>Schedule/Time: Predictable with low chance of overrun.</p> <p>Implementation Risk: Low probability of problems with the field implementation.</p>
	Medium (Yellow)	<p>Work Environment Impact [employee]: Significant change for &gt; 200 employees.</p> <p>Managerial Ability to Effect Change: Office Director or AA level.</p> <p>BPI: In-process or completed.</p> <p>Requirements: Moderately defined.</p> <p>Cost: Moderate degree of confidence in the cost estimate(s).</p> <p>Modularity: The investment can be or has been designed to be implemented in phased successive chunks, narrow in scope &amp; brief in duration, each chunk having a measurable net benefit independent of future chunks.</p> <p>Schedule/Time: Somewhat predictable with low chance of overrun.</p> <p>Architecture: Meets Agency IT architecture and standards per M/IRM/PMA.</p> <p>Implementation Risk: Medium probability of problems with field implementation.</p>
	High (Red)	<p>Work Environment Impact: Significant change for &gt; 50% of employees.</p> <p>Managerial Ability to Effect Change: Managers at all levels will be required to implement/support change.</p> <p>BPI: Planned.</p> <p>Requirements: Partially defined.</p> <p>Cost: Low degree of confidence in the cost estimate(s).</p> <p>Architecture: Incompatible with Agency architecture OR Compatibility with architecture cannot be determined.</p> <p>Schedule/Time: Estimated but not predictable.</p> <p>Implementation Risk: High probability of problems with field implementation.</p>
Budget	Low (Green)	<p>Acquisition Cost &lt;= \$1,000,000 or</p> <p>3 Year Life Cycle Cost &lt;= \$1,000,000</p>
	Medium (Yellow)	<p>Acquisition Cost &gt; \$1,000,000 and &lt;= \$10,000,000 or</p> <p>3 Year Life Cycle Cost &gt; \$1,000,000 and &lt;= \$10,000,000</p>
	High (Red)	<p>Acquisition Cost &gt; \$10,000,000 or</p> <p>3 Year Life Cycle Cost &gt; \$10,000,000</p>

## Linkage

### Low (Green)

Agency Objectives & Indicators: Meets > 2 performance objectives and/or > 2 performance indicators or meets an Agency strategic goal.  
Annual Performance Plan: Has a direct link to APP.

### Medium (Yellow)

Agency Objectives & Indicators: Meets 2 or less performance objectives and/or 2 or less performance indicators.  
Annual Performance Plan: Direct support to performance plan.

### High (Red)

Agency Objectives and Indicators: Only an indirect link.  
Annual Performance Plan: Only an indirect link.

## Complexity

### Low (Green)

USAID will use IT resource as-is. No customization is required.

### Medium (Yellow)

IT resource/product requires < 50 % of acquisition cost for customization.

### High (Red)

Custom design cost is > 50% of the acquisition cost of IT resource.

## Impact

### Low (Green)

Will be used by only one organizational unit in USAID.

### Medium (Yellow)

Will be used by two or more organizational units [bureaus or missions] or one work are throughout the Agency.

### High (Red)

Will be used by > 50% or more of USAID organizational units and/or by an external partner, customer, stakeholder.

## Thresholds

Investment Level	Classification Criteria	Documentation Depth	Approval/ Appeal Venue	Reporting Frequency	OMB Terminology Equivalence
I	Under \$100K & Green (Risk & Complexity & Impact & Linkage)	Sentence	Automatic/CIRB	Annually, or immediately if > 10% variance	Other
II	\$100K to \$1M & Green/Yellow (Risk & Complexity & Impact & Linkage)	Paragraph	CIRB/CMT	Semi-annually, or immediately if > 10% variance	Other
III	\$1M to \$10M & Not All Red (Risk & Complexity & Impact & Linkage)	Page	CIRB/CMT	Quarterly, or immediately if > 10% variance	Significant
IV	Over \$10M or Red Risk or Red (Complexity & Impact & Linkage)	Document	CMT/AAM	Monthly, or immediately if > 10% variance	Major

## **Proposal Form**

Note: Electronic versions of this form are available from the CIO staff.

Form: CIOSEL01.wpd (Sept. 25, 1998) **Provisional**

### **INFORMATION TECHNOLOGY INVESTMENT SELECTION FORM**

**Purpose:** To obtain comparable information for establishing the IT investment level and requirement, if any, for additional analysis. For use in evaluating USAID/W IT investments as defined by USAID CIRB 25 June 1998 in CIODEF01.wpd.

**Part 1 - General Information** IT Investment ID No. \_\_\_\_\_ *To be completed by CIO Staff.*

Date Received: \_\_\_\_\_

Portfolio Entry Date: \_\_\_\_\_

Intermediate Review Board (IRB)

Review Completion Date: \_\_\_\_\_

Investment Approval/Disapproval Date: \_\_\_\_\_

#### **Part 2 - Investment Sponsor Information**

*To be completed by the Investment Sponsor & submitted electronically.*

**2.1 Name of Investment Sponsor:** \_\_\_\_\_

**2.2 Office Symbols:** \_\_\_\_\_ **Phone Number:** \_\_\_\_\_

**2.3 Date of Submission to CIO:** \_\_\_\_\_

**2.4 Description of the Investment.** Describe the nature of the problem, the investment, its intent and scope. Expand this to fit your needs.

**2.5 Business Function Supported.** Briefly describe

**2.6 Life Cycle.** Provide the beginning and end date of the investment life cycle, beginning with expected date of submission to CIO, noted above, and ending with the projected end of the investment's useful life.

Beginning Date: \_\_\_\_\_ Ending Date: \_\_\_\_\_

Desired Date Investment is Operational: \_\_\_\_\_

**2.7 Acquisition Information.** Provide the acquisition/contract vehicle, if known. (Type, name and number.)

**2.8 Urgent Request.** Is there any reason this investment proposal should be expedited through the USAID IT Capital Investment Review Process? Yes \_\_\_\_ No \_\_\_\_

If yes, please state the reason(s).

**2.9 Strategic Linkage.** Is the investment in alignment with the strategic objectives and indicators of the Agency or the Bureau? Yes \_\_\_\_ No \_\_\_\_

If yes, explain how it relates to the Annual Performance Plan and/or the Agency's Strategic Plan.

**2.10 Raines' Rules.**

	Raines' Rules Question		
a	Does this investment support core/priority mission functions that need to be performed by the Federal Government?	Yes	If No, explain in an attachment.
b	Do alternative sector or governmental sources exist which can efficiently support the investment's intended function?	No	If Yes, explain in an attachment.
c	<p>To reduce risk, does the investment:</p> <p>(1) avoid or isolate custom designed components to minimize the potential adverse consequences of the overall project;</p> <p>(2) use fully tested simulations or prototype implementations before going to production;</p> <p>(3) establish clear measures and accountability for progress;</p> <p>(4) secure substantial involvement and buy-in throughout the project from the officials who use the system?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>If No, explain in an attachment.</p> <p>If No, explain in an attachment.</p> <p>If No, explain in an attachment.</p> <p>If No, explain in an attachment.</p>
d	Can this investment be implemented in phased, successive chunks as narrow in scope & brief in duration as practical, each of which solves a specific part of an overall problem and delivers a measurable advantage of technology?	Yes	If No, explain in an attachment.

Raines' Rules number 3. and 5. are noted below. Rules 4. and 8. are beyond the scope of the information needed at this time.



- 2.11 Requirements.** The purpose of the following questions is to help reviewers determine the degree to which the requirements and/or specifications for the proposed investment are known.

Business requirements for the proposed investment are firm and have been approved by the Unit Chief. Yes \_\_\_\_ No \_\_\_\_

If Yes, please attach a copy of the approved business requirements.

Technical specification for the proposed investment are documented. Yes \_\_\_\_ No \_\_\_\_

If Yes, please attach a copy of the specifications with approval from M/IRM, if available.

- 2.12 Business Impact.** Describe the current business environment (process, technology, people) and the impact the investment will have on this environment.

- 2.14 Business Process Review or Improvement.** Have processes been reviewed and improvement contemplated or completed?  
(Raines' Rule No. 3)

Yes \_\_\_\_ No \_\_\_\_

If, yes attach copy of review. If no, explain why review is not needed.

- 2.15 Milestones.** Outline the investment's major phases - i.e., acquisition, planning, design, development, test, implementation and expected duration. Or attach a Gantt Chart.

- 2.16 Performance Measures.** Provide performance measures for the project that can assist the reviewers in the evaluation of the project's: effect on the strategic mission of the Agency, response to the customer needs, overall efficiency and effectiveness, technical performance, cost and schedule. Ensure that cost and schedule and projected performance are consistent with Initial Investment Cost Estimate and Benefits projected in 2.18 below.

- 2.17 Architecture, Interoperability, and Security Compliance.**

Please contact Chief, M/IRM/PMA division to obtain certification of the proposed investment's compliance with USAID's information technology architecture (per Raines Rule No. 5), and Agency interoperability and security requirements.

Attach a copy of IRM's certification of compliance.

Yes \_\_\_\_ No \_\_\_\_

- 2.18 Initial Estimate of Investment Costs and Benefits.** To assist reviewers in establishing review level of the investment, please detail the cost estimate in the attached cost/benefits worksheet (CIOSEL01.wk4).

**Assumptions.** Please indicate the estimated life of the hardware & software, amount of project to be accomplished each year, amount & cost of contractor resources, amount & cost of available government resources, etc. USAID/W employee costs will be calculated at standard rates noted below for USDH and to be determined for FSNs.

**Guidelines:**

1. The IT life cycle is expected to be 5 years or less for estimating purposes.
2. **Amount of Project to be Accomplished Each Year:** Estimate the amount of the project that will be completed during each year of the project life cycle. Include a percentage of overall project expenditures to be completed during the fiscal year and a brief list of major accomplishments (major milestones) to be accomplished. The project expenditures and milestones should include estimates for completing system design, development, customization, project management, testing, data migration, installation, operation and maintenance. Ensure consistency with response to item 2.16 above. For example:

**Investment Name: Order Tracking System**

<b>FY</b>	<b>Amount of Project Expenditures to be Completed during the FY</b>	<b>Major Accomplishments</b>
<b>Current FY</b>	10%	1. Complete initial project plan 2. Complete initial user requirements
<b>Current FY+1</b>	25%	1. Award task for detailed requirements definition 2. Complete detailed requirements 3. Complete COTS evaluation
<b>Current FY+2</b>	35%	1. Award COTS contract 2. Complete COTS customization 3. Complete initial acceptance testing
<b>Current FY+3</b>	15%	1. Complete worldwide installation and user training in 50% of posts
<b>Current FY+4</b>	15%	1. Complete worldwide installation and user training in remaining posts
<b>Total</b>	100%	

3. **Amount and Cost of contractor resources:**  
Estimate Contractor labor charges by year. Include contractor costs for system design, development, customization, project management, testing, data migration, installation operation, and maintenance.

4. **Amount and cost of available government resources:**  
Estimate Government labor costs, which include USDH, FSN, and PSC costs, and include time for system design, development, customization, project management, testing, data migration, installation, operation and maintenance.

**Government Labor Costs should be calculated as follows:  
Salary and Benefits rate per OMB Schedule of USG Costs**

Time/\$000	FY 1998	FY 1999	FY 2000	FY 2001+
Annual	\$ 86.1	\$ 88.1	\$ 90.8	\$ 94.0
Month	7.2	7.3	7.6	7.8
Week	1.7	1.7	1.7	1.8
Day	\$0.4 for all.			

**Note:** Rates are for USAID/W direct hire staff only. Overseas rates will be provided on request by M/AA CIO Staff.

5. **Investment Benefits** - For each year of the project, indicate the cost savings and cost avoidance anticipated due to the investment.
6. **Other** - On a separate sheet of paper, list the benefits not described separately in the chart.
7. **Variables Used.** Notes relevant to life cycle costs.  
Briefly explain level of detail or lack thereof.

**2.19 Estimated Cost to Conduct the Investment Analysis(if known).**

**Note:** If this investment were classified as a Level 2 or Level 3 investment (considering cost, risk, complexity, Agency impact and/or Agency objectives/indicators) before it is selected for funding, an analysis of the investment for risk adjusted return on investment may be needed. (See IT CIRB ADS Chapter XXX for a description of such an investment analysis.)

If required, are funds available in the Investment sponsor's budget to do the analysis? Yes \_\_\_\_  
No \_\_\_\_

Please indicate here the estimated cost of performing such an investment analysis and the source of the analysis (i.e., by contractors who specialize in such analysis, by in-house staff, etc.), if known.

Estimated Cost to Conduct the Investment Analysis: \_\_\_\_\_

Source:

**Attachments as needed:**

1. Raines' Rules explanations
2. Business Requirements
3. Technical Specifications
4. Gantt Chart
5. Architecture certification
6. Performance Measures
7. Cost/Benefits Worksheet (CIOSEL01.wk4)

Form: CIOSEL01.wpd  
(25 Sept. 1998) u:\cio\capplan\invest\ciosel01.wpd

# Proposal Cost/Benefit Form

Note: Electronic versions of this form are available from the CIO staff.

Investment Costs & Benefits. Attachment to CIOSEL01.wpd, IT Investment Selection Form Investment No. \_\_\_\_\_  
Date: \_\_\_\_\_

## Estimated Life Cycle Cost of Investment

(\$000 WITH MAXIMUM 1 DECIMAL POINT)	F or V	Current FY	Current FY+1	Current FY+2	Current FY+3	Current FY+4	Total
<b>USAID Direct Hire Costs</b>							
Total Investment Mgt. FTEs per year							
Labor Rate/ FTE							
Total FTE Investment Mgt. Costs							
<b>Contractor Resource Costs</b>							
Total Contractor FTEs/year							
Contractor labor rate/year							
Total Contractor FTE cost/ year							
<b>Equipment Costs</b>							
Cost of Units							
Maintenance and License Costs							
Total Equipment Costs							
<b>Off-the-shelf Software Costs</b>							
Costs							
Maintenance & License Costs							
Contractor Customization Costs							
Direct Hire Labor for Customization-FTE							
Direct Hire Labor Cost (line 11 X line 23)							
Total Software Costs							

## Estimated Life Cycle Cost of Investment (Cont.)

Investment No. \_\_\_\_\_

Page 2

<b>Training Costs</b>							
USAID staff training days expressed in FTEs							
USAID labor costs for training (line 11 X line 29)							
Facilities cost							
Contractor labor costs for training							
Course Books & Supplies							
Other training costs (except travel)							
Total Training Costs							
<b>Travel Costs</b>							
Number of trips							
Number of travelers							
Transportation Costs							
Per diem Costs							
Other Costs							
Total Travel Costs							
<b>Use of Investment Costs</b>							
Estimated # of USAID users							
Average FTE/user							
USAID labor cost (line 11 x line 48 x line 49)							
Estimated # Non-USAID Users							
Average FTE/user							
Average Non-USAID Labor Rate/ FTE							
Total Non-USAID Labor Use Cost							
Total Use of Investment Cost							

## TI. Est. Investment Life Cycle Cost

### Definitions:

1. USAID Staff includes direct hires and PSCs.
2. All costs - USAID DH, contractor resource, equipment, off-the-shelf software, training and travel - must reflect costs associated with data migration & customization.
3. Individual details of each contractor labor category, equipment device type, software product, training course, and/or travel purpose must be outlined in a supporting spreadsheet using the same format as above.
4. F or V, F = fixed cost over time, V = variable

## Investment Benefits (Cost Savings & Cost Avoidance)

Investment No. \_\_\_\_\_

Page 3

(\$000 WITH MAXIMUM 1 DECIMAL POINT)	F or V	Current FY	Current FY+1	Current FY+2	Current FY+3	Current FY+4	Total
<b>USAID Direct Hire Costs/Saved</b>							
Total Investment Mgt. FTEs per year							
Labor Rate/ FTE							
Total FTE Investment Mgt. Costs Saved							
<b>Contractor Resource Costs/Saved</b>							
Total Contractor FTEs/year							
Contractor labor rate/year							
Total Contractor FTE cost/ year Saved							
<b>Eqpt. Costs/Net Salvage Value</b>							
Expected Net Sales Price							
Maintenance and License Costs Saved							
Total Equipment Costs Saved							
<b>Software Costs/Saved</b>							
Maintenance & License Costs Saved							
Contractor Phase-out Savings							
Total Software Savings							
<b>Travel Costs/Trips Foregone</b>							
Number of trips							
Number of travelers							
Transportation Costs							
Per diem Costs							
Other Costs							
Total Travel Savings							
<b>Use of Replacement Costs Saved</b>							
Estimated # of USAID users							
Average FTE/user							
USAID labor cost (line 9 x line 103 x line 104)							
Estimated # Non-USAID Users							
Average FTE/user							
Average Non-USAID Labor Rate/ FTE							
Total Non-USAID Labor Use Cost							
Total Replacement Use Costs Saved							
<b>Total Benefits</b>							

