ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

31 MAY 2002

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND DEVELOPMENT
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Acquisition of Services

Sections 801 through 803 of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. 107-107, establishes a series of requirements impacting the acquisition of services in the Department of Defense. My office is in the process of implementing those various requirements. The attached policy guidance establishes a review structure and process for the acquisition of services in accordance with section 801(d). Other implementation actions will be issued separately.

Through this guidance and other forthcoming guidance, it is my intent to move DoD to a more strategic and integrated approach to the acquisition of services that recognizes the importance of service acquisitions to the Department and the need to treat the acquisition of services as seriously as we do the acquisition of hardware.

Within 60 days of the date of this Memorandum, each of the Military Components will propose a Services Contracts Oversight Process (SCOP) – a process and procedures for their management and oversight of acquisition of all acquisitions of services. This process will be reviewed by an OSD team, led by the Director of Acquisition Resources and Analysis, who will provide a recommendation to me and upon approval I will delegate oversight responsibility to the Component.

My point of contact for this action is Mr. Richard K. Sylvester, Office of the Director, Acquisition Initiatives. Mr. Sylvester may be reached by phone at 703-697-6399 or by e-mail at richard.sylvester@osd.mil.

E. C. Aldridge, Jr.

Attachment
As stated

Review of Department of Defense (DoD) Acquisition of Services

1.0. Purpose

1.1. The purpose of this document is to outline a review policy for the acquisition of services. This policy is intended to ensure service acquisitions provide the highest quality to support and enhance the DoD warfighting capabilities.

1.2. The intent of this policy is to ensure that acquisitions of services are based on clear, performance-based requirements, that required outcomes are identified and measurable, and that the acquisitions are properly planned and administered to achieve the intended results.

1.3. This policy implements Section 801(d) of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. 107-107.

2.0. Definitions

2.1. Service. A requirement to perform an identifiable task, or tasks, rather than to furnish an end item of supply.

2.2. Service Acquisition. The execution of one or multiple contracts or other instruments for committing or obligating funds (e.g., funds transfer, placing orders under existing contracts, etc.) to acquire services that meet a specified requirement. Acquisition begins at the point when agency needs are established and includes all functions directly related to the process of fulfilling agency needs by contract, agreements, funds transfer, etc.

2.3. Decision Authority. The individual with review and approval responsibility as designated in paragraph 5.0, below.

3.0. Applicability

3.1. The procedures stated within this policy are applicable to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, Office of the Inspector General of the Department of Defense, the Defense Agencies, DoD Field Activities, and all other organizational entities within the Department of Defense collectively known as "DoD Components."

3.2. With the issuance of this policy, all DoD acquisition of services, for whatever purpose, are subject to review under this policy, under DoDD 5000.1, or under regulations established to govern the acquisition of supplies, or science and technology projects.

3.3. A service acquisition that is part of a weapon acquisition program or automated information system being reviewed and approved under DoDD 5000.1 and/or DoDI 5000.2 shall be reviewed and approved as part of that existing weapon, or automated information system, management review.

3.4. Decision Authorities shall establish mandatory procedures for assigned service acquisitions. The Decision Authorities shall keep the issuance of any directives, instructions, policy memoranda, or regulations necessary to implement the mandatory procedures contained in this memorandum to a minimum but in no case shall the procedures exceed the requirements contained in this policy memorandum.

3.5. Consistent with statutory requirements, Decision Authorities may tailor procedures based on size and complexity of a specific service acquisition.

3.6. Service acquisitions that are being executed at the time of signature of this policy may be reviewed under this policy on a case-by-case basis as determined by the Decision Authority.

4.0. Acquisition Review and Approval Process.

4.1. Each DoD Component shall establish a review process that provides for consistent review and approval of service acquisitions.

4.2. The review process established as a result of paragraph 4.1 shall provide for the following:

4.2.1. Acquisition strategy. The creation of a documented acquisition strategy in support of each proposed service acquisition, updated when changes occur (see attachment A). The appropriate Decision Authority (see paragraph 5.0, below) will approve each acquisition strategy prior to initiating any action to commit the Government to the strategy.

4.2.2. Metrics. The establishment of metrics for cost, schedule and performance for each proposed service acquisition. The appropriate Decision Authority (see paragraph 5.0, below) will conduct execution reviews to assess progress against the metrics.

4.2.3. Data collection. The reporting of required data regarding each service acquisition, (see attachment B), in an approved data collection system.

4.3. Outcomes. The review process established in paragraph 4.2 above will result in the following outcomes:

4.3.1. All service acquisitions are acquired by business arrangements that are in the best interests of the DoD and are entered into or issued and managed in compliance with applicable statutes, regulations, directives, and other requirements, regardless of

whether the services are acquired by the DoD or by an official of the United States outside the DoD.

4.3.2. Service acquisitions are acquired through a strategic approach—from developing a picture of what the DoD is spending on services, to taking an enterprise-wide approach to procuring services, to developing new ways of doing business.

5.0. Review Responsibility

5.1. Review of the acquisition of services is the responsibility of the USD(AT&L), ASD(C3I) for information technology, the Component Acquisition Executives (CAE), Head of Contracting Activity (HCA) (for those Components without a CAE), or such designated officials in each Service/Agency as identified by the CAE or HCA (for those Components without a CAE). Each of these designated officials can be a Decision Authority, as specified below, and have the authority to exercise approval over the service acquisition.

5.2. USD(AT&L) shall review and approve:

5.2.1. Service acquisitions identified by the USD(AT&L) as special interest, regardless of total planned dollar value (e.g., a conversion from in-house to contract, an A-76 cost comparison, an acquisition with high Congressional interest, an acquisition which consolidates a large number of requirements, etc.).

5.2.2. All acquisitions of services with total planned dollar values equal to or greater than $2 billion (in FY2000 constant dollars) unless delegated to a CAE or HCA (for those Components without a CAE).

5.2.3. If a DoD Component has a process in place that meets the requirements of paragraphs 4.2, as approved by the USD(AT&L) after a review led by Director Acquisition Resources and Analysis, USD(AT&L) may delegate decision authority of all service acquisitions, except those in which the USD(AT&L) has special interest.

5.3. ASD(C3I) will review and approve proposed service acquisitions that are of special interest to the ASD(C3I) or that are submitted under the July 25, 1997 policy memorandum, "Information Technology Investment Management Insight Policy for Acquisition," or its revisions (see attachment C). Effective with the issuance of this Services Acquisition Policy, the dollar thresholds for submitting a proposed IT acquisition to the OASD(C3I), under the 1997 memo, are rescinded and changed to the dollar levels for a Major Automated Information System in DoDI 5000.2.

5.4. CAE or HCA (for those Components without a CAE), or a designated official within the Component headquarters will review and approve:

5.4.1. All service acquisitions with a total planned dollar value equal to or greater than $0.5 billion but less than $2.0 billion or those service acquisitions delegated by the USD(AT&L).

5.4.2. All service acquisitions, less than $.5B, identified by the CAE or HCA (for those Components without a CAE) as special interest, regardless of total planned dollar value.

5.5. DoD Component Designated Officials, at levels below the CAE or HCA (for those Components without a CAE), will review and approve service acquisitions with a total planned dollar value less than $0.5 billion. These designated officials will be identified as part of the approval process.

5.6. The acquisition of services may require the execution of multiple contracts or other instruments for committing or obligating funds (e.g. funds transfers; placing orders under existing contracts), therefore, the review level will be determined using the total planned dollar value (including options, contingencies, funds transfers, provisioning, etc) of the acquisition.

6.0. OSD Review Procedures

6.1. Approval. The CAE or HCA (for those Components without a CAE) will provide the acquisition strategy for approval to the USD(AT&L) or ASD (C3I) (identified in paragraph 5.0, above) upon completion of the strategy and prior to initiating any action to commit the Government to the strategy.

6.1.1. The USD(AT&L) or ASD(C3I) shall provide the CAE or HCA (for those Components without a CAE), within 10 working days of receipt, a determination whether to conduct a review of the acquisition strategy (as identified in paragraph 5.0, above). If a review is conducted, it shall be completed within 30 working days of the determination. If no determination is made within 10 working days, the acquisition may proceed.

6.1.2. For those service acquisitions that require USD(AT&L) approval, (as identified in paragraph 5.2, above) the acquisition strategy will be provided to the USD(AT&L) through the Director, Acquisition Resources and Analysis. Issues will be resolved via multi-functional teams designated by the USD(AT&L).

6.1.3. Review of the acquisition strategy will include an assessment of the information provided in response to paragraph 4.2.1., above.

6.2. Metrics. The CAE or HCA (for those Components without a CAE) will prepare metrics (cost, schedule, and performance) that measure service acquisition outcomes against requirements. The Decision Authority shall approve metrics prior to execution of any business instrument (e.g., contract, MIPR) that initiates the acquisition. The USD(AT&L) or ASD (C3I) will approve those metrics for acquisitions identified in paragraph 5.2 and 5.3, above. The USD(AT&L) or ASD(C3I) shall provide the CAE or

HCA (for those Components without a CAE), within 10 working days of receipt, a determination to conduct a review of the metrics. If a review is conducted, it shall be completed within 30 working days of the determination. If no determination is made within 10 working days, the acquisition may proceed.

6.3. Execution Reviews. Once the contract (s) or other instrument(s) have been executed, the CAE or HCA (for those Components without a CAE) shall annually report program progress toward meeting the metrics established in paragraph 6.2, above, to the USD(AT&L) or ASD(C3I) unless a more frequent reporting schedule is requested by the USD(AT&L) or ASD(C3I). Determination of metrics approval will be included as part of the acquisition strategy process

6.4. Director, Acquisition, Resources and Analysis (AR&A) will:

6.4.1. Maintain an annual list of service acquisitions over $2 billion, and of special interest to the USD(AT&L).

6.4.2. Provide a process for reviewing acquisition strategies for those service acquisitions that require the USD(AT&L) approval.

Attachment A

Acquisition Strategy Content

The acquisition strategy shall address the following:

Requirement. The outcomes to be satisfied and if such outcomes are performance-based (see FAR Subpart 37.6). The measures of success for the service acquisition. How the requirement was previously satisfied (if it is not new).

Risks. The acquisition strategy shall identify current and potential cost, schedule and performance risks, the level of stated risks, and a risk mitigation plan.

Competition. Explain how full and open competition will be provided. If other than full and open competition applies to the acquisition, provide an explanation of why, and a citation of the statutory authority that allows less than full and open competition. Plans for competition for any foreseeable follow-on acquisitions should also be addressed.

Implications. How the new acquisition will support the achievement of small business goals/targets. How the new acquisition will support any other applicable directed programs.

Business Arrangements. How the acquisition will be funded, the type of business arrangements anticipated (e.g., single contract, multiple award task order contract), the duration of each business arrangement (base period and all option periods), cost estimate for the total planned acquisition, and pricing arrangements (e.g., fixed price, cost reimbursement, time and materials, labor hour, or variations, based on guidance in FAR Part 16 and, for commercial services, in FAR Part 12). Task orders executed within a service acquisition reviewed under this policy do not require a separate review by the CAE or HCA (for those components without a CAE) (unless delegated), provided the task order is issued under the approved conditions.

Multi-year Contracts. If the acquisition strategy calls for a multi-year service contract to be entered into under the authority of 10 USC 2306c, the acquisition strategy must address the DoD Component's plans for budgeting for termination liability for multi-year. Also, OMB Circular A-11 requires that multi-year service contracts be scored as operating leases. Therefore, the acquisition strategy must address the budget scorekeeping that will result from use of the proposed contracting strategy.

Leases. The acquisition strategy will include a lease-purchase analysis if required by OMB Circular A-94, Section 13.

Attachment B

Required Data Collection

The data required to be collected includes, at a minimum, the following:

1. The services purchased.

2. The total dollar amount of the purchase.

3. The form of contracting action used to make the purchase.

4. Whether the purchase was made through:

    a. a performance-based contract, performance-based task order, or other performance-based arrangement that contains firm fixed prices for the specific tasks to be performed;
    b. any other performance-based contract, performance-based task order, or performance-based arrangement; or
    c. any contract, task order, or other arrangement that is not performance-based.

5. In the case of a purchase made through an agency other than the Department of Defense, the agency through which the purchase is made.

6. The extent of competition provided in making the purchase and whether there was more than one offer.

7. Whether the purchase was made from:

    a. a small business concern;
    b. a small business concern owned and controlled by socially and economically disadvantaged individuals; or
    c. a small business concern owned and controlled by women.

ASSISTANT SECRETARY OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, DC 20301-6000

July 25, 1997

COMMAND, CONTROL,
COMMUNICATIONS, AND
INTELLIGENCE

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Information Technology (IT) Investment Management Insight Policy for Acquisition

This policy memorandum updates and supersedes the ASD(C3I) interim policy memorandum, "Information Technology (IT) and National Security System (NSS) IT Acquisition Oversight," August 6, 1996.

The Department faces a revolutionary change in the philosophy of IT investment management. As the Secretary of Defense stated in his memorandum of June 2, 1997, (Implementation of Subdivision E of the Clinger - Cohen Act of 1996), "...the Department must embrace new ways of doing business, and understand the need to treat technology expenditures as investments." To do this, we must revise our polices, practices and procedures, and overcome cultural and organizational barriers. I envision an environment in which IT investment management is fully integrated with the IT capital planning and investment control process. When this vision is achieved, there should be no need for the kind of reporting that this policy memoranda requires.

The formulation of this policy for insight of IT acquisition is part of the evolving implementation of the IT investment process. I use the term "insight" to break the image of past centralized IT oversight and to create an environment that fosters greater teamwork, open dialog and a sense of common purpose. Under this approach, my staff will contribute to the

appropriate integrated product teams; monitor selected acquisitions; and provide the visibility I need as the Chief Information Officer (CIO), DoD to maintain cognizance of the Department's significant IT investments and ensure that they are made in accordance with IT policies. To serve these purposes, I must continue to require certain acquisition information be provided to my staff.

It is my intent to continue the incremental implementation of IT investment management policy started with the interim policy memorandum of August 6, 1996. I will consider your recommendations and, specifically, the recommendations made by the DoD Chief Information Officer Council. Therefore, as part of this insight process, I am taking the following steps to fu ther streamline our current IT acquisition policy, and institutionalize IT investment management for IT acquisitions.

Effective immediately:

- For IT acquisitions, including NSS acquisitions, that exclusively support Major Defense Acquisition Programs (MDAP) or Major Automated Information Systems (MAIS), insight will be gained through the integrated product team process and MAIS Review Council or Defense Acquisition Board documentation. No separate submissions are required. Requirements for compliance with reform legislation are stated in the Office of the Secretary of Defense memorandum, "Requirements for Compliance with Reform Legislation for Information Technology Acquisitions (Including National Security Systems)," May 1, 1997.

- For IT acquisitions that do not exclusively support MDAPs or MAISs, DoD Components shall submit either (1) a copy of the Acquisition Plan (AP) prepared in accordance with the Defense Federal Acquisition Regulation Supplement Subpart 207.1, if an AP is required; or (2) an IT Acquisition Paper as defined in the Attachment.

- DoD Components shall incorporate an IT investment baseline performance agreement into their IT acquisition procedures. The "Guide for Managing Information Technology as an Investment and Measuring Performance," issued under ASD(C3I) Memorandum dated February 14, 1997, contains a sample investment baseline agreement which may be tailored or expanded to meet specific program requirements for developing the agreement, its breach variance and its performance measures.

I have directed my staff to develop an IT Investment Management Insight Framework. This framework will document the strategies and methods for identifying, developing and institutionalizing IT investment management insight capability and procedures throughout the Department. As IT investment practices and procedures mature within the framework, they will migrate to the 5000 and/or 8000 series.

DoD Components are invited to propose, to my Deputy Assistant Secretary of Defense (C3I Acquisition), a tailoring of this policy to facilitate the Components' acquisition reform initiatives.

Please direct questions regarding this policy and the attached implementing procedures to my action officer, Mr. Ray Boyd, at (703) 681-3169, or by email to ray.boyd@osd.pentagon.mil.

Anthony M. Valletta
(Acting)

Attachment

PROCEDURES FOR INFORMATION TECHNOLOGY (IT) INVESTMENT MANAGEMENT INSIGHT OF DOD COMPONENT (IT) ACQUISITIONS

BACKGROUND

Division E of the Clinger-Cohen Act of 1996, formerly known as the Information Technology Management Reform Act of 1996, and hereinafter referred to as ITMRA, became effective August 8, 1996. ITMRA and Executive Order 13011 mandate performance and results-based management within a capital planning and investment control process. The General Services Administration's Government-wide procurement authority for information resources was abolished, and the requirement for delegation of procurement authority eliminated. The Assistant Secretary of Defense (C3I) issued an interim IT acquisition oversight policy memorandum on August 6, 1996, which this policy supersedes. These procedures implement applicable portions of the Secretary of Defense memorandum, "Implementation of Subdivision E of the Clinger-Cohen Act of 1996 (Public Law 104-106)," June 2, 1997. Documents referenced in this procedure can be found on the ASD(C3I) World Wide Web site at www.dtic.dla.mil/c3i.

A. PURPOSE

1. Updates and supersedes ASD(C3I) interim policy memorandum, "Information Technology (IT) and National Security System (NSS) IT Acquisition Oversight," August 6, 1996.

2. Eliminates the requirement for an IT Acquisition Paper (ITAP) for acquisition of IT or NSS which exclusively supports major Defense acquisition programs (MDAP) or major automated information systems (MAIS).

3. Provides insight procedures for IT acquisitions.

4. Establishes IT Investment Baseline Performance Agreements.

B. APPLICABILITY and SCOPE

1. These procedures apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense (IG, DoD), Defense Agencies, and DoD Field Activities (hereafter referred to collectively as "the DoD Components").

2. These procedures are applicable to the following IT acquisitions. **The term "IT" includes national security systems (NSS).**

a. IT acquisitions in exclusive support of MDAPs or MAISs.

b. IT acquisitions not exclusively in support of MDAPs or MAISs, with the following estimated IT cost:

- Army, Navy and Air Force: $120 million or greater total IT cost, or $30 million or greater in a single year.
- Other DoD Components, competitive: $30 million or greater total IT cost.
- Other DoD Components, other than full and open competition: $3 million or greater total IT cost.

C. DEFINITIONS

Many of the following terms are defined by statute. In those cases, the statutory citation is provided along with a paraphrased definition for ease of reference. If there are differences, the statutory definition prevails.

1. INFORMATION TECHNOLOGY (IT)(40 U.S.C. 1401(3))

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 (1) requires the use of such equipment, or (2) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product.

b. 'Information technology' includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.

c. Notwithstanding paragraphs C.1.a and C.1.b, the term 'information technology' does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract.

Note: Information Technology includes telecommunications and communications equipment and national security systems (NSS).

2. INFORMATION SYSTEM (44 U.S.C. 3502(8)). Any combination of IT and related resources that function together to produce the capabilities required to fulfill a mission need, including hardware, ancillary equipment, software, but excluding construction or other improvements to real property.

3. NATIONAL SECURITY SYSTEM (NSS)(40 U.S.C. 1452). Any information technology in support of telecommunications or information systems operated by the United States Government, the function, operation, or use of which

a. involves intelligence activities;

b. involves cryptologic activities related to national security;

c. involves command and control of military forces;

d. involves equipment that is an integral part of a weapon or weapons system; or

e. is critical to the direct fulfillment of military or intelligence missions, except that such a system is not a NSS if it is to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications).

4. INFORMATION TECHNOLOGY (IT) ACQUISITION. IT acquisition means acquiring IT, including NSS, by any method including by contract, grant, cooperative agreement, international agreement, interagency orders or any "other transactions."

5. INFORMATION TECHNOLOGY (IT) COST. The total estimated information technology (including IT supporting NSS) costs or ceilings for the acquisition base period and all option periods. The estimate shall be in then-year dollars to include the projected inflation from the base year. Use the Maximum Order Limitation (MOL) for total contract order value (not the limitation for individual orders) as the estimated IT cost for Indefinite Delivery contracts that specify a MOL. This definition includes amendments and modifications to existing acquisition instruments when the amendment or modification includes IT.

6. MAJOR AUTOMATED INFORMATION SYSTEM (MAIS) ACQUISITION PROGRAM. An AIS acquisition program that is (1) designated by ASD(C3I) as a MAIS, or (2) estimated to require program costs in

any single year in excess of $30 million in fiscal year (FY) 1996 constant dollars, total program costs in excess of $120 million in FY 1996 constant dollars, or total life-cycle costs in excess of $360 million in FY 1996 constant dollars. MAISs do not include highly sensitive classified programs (as determined by the Secretary of Defense). For the purpose of determining whether an AIS is a MAIS, the following shall be aggregated and considered a single AIS: (1) the separate AISs that constitute a multi-element program; (2) the separate AISs that make up an evolutionary or incrementally developed program; or (3) the separate AISs that make up an a multi-component AIS program.

7. MAJOR DEFENSE ACQUISITION PROGRAM (MDAP). An acquisition program that is not a highly sensitive classified program (as determined by the Secretary of Defense) and that is: (1) designated by the Under Secretary of Defense (Acquisition and Technology) (USD(A&T)) as an MDAP, or (2) estimated by the USD(A&T) to require an eventual total expenditure for research, development, test and evaluation of more than $355 million in fiscal year (FY) 1996 constant dollars or, for procurement, of more than $2.135 billion in FY 1996 constant dollars.

D. RESPONSIBILITIES

1. The Office of Deputy Assistant Secretary of Defense(C3I Acquisition)(DASD C3IA) will:

a. Notify the DoD Component by email or fax of the receipt of their IT acquisition information submitted in accordance with Section E.

b. Review IT acquisitions in exclusive support of MDAPs or MAISs, participate in the assigned Integrated Product Team (IPT) and review the documentation required by DoD 5000.2-R.

c. For all other IT acquisitions meeting the criteria described in paragraph B.2.b:

(1) Review and approve the joint OSD/Component IT Investment Insight Plan.

(2) Review the IT acquisition information and provide feedback within 15 calendar days to the DoD Component if there are questions/concerns regarding the planned IT acquisition. If no feedback is provided, the DoD Component may continue with the release of the solicitation or other request for information.

d. Delay a solicitation, request for information, or IT acquisition, if questions remain unanswered or concerns remain unresolved.

2. The Heads of DoD Components shall follow the procedures in Section E, below.

E. PROCEDURES

1. IT acquisitions in exclusive support of MDAPs or MAISs. Submit to the appropriate working level IPT the tailored documentation required by DoD Regulation 5000.2-R as directed by the MAIS Review Council (MAISRC), or for MDAPs, the Defense Acquisition Board (DAB). Requirements for compliance are stated in the Office of the Secretary of Defense (OSD) memorandum, "Requirements for Compliance with Reform Legislation for Information Technology Acquisitions (Including National Security Systems)," May 1, 1997.

2. Other IT acquisitions. Each DoD Component CIO representative is encouraged to meet with the Deputy Assistant Secretary of Defense (C3I Acquisition) (DASD(C3IA)) policy action officer to develop a joint OSD/Component IT Investment Insight Plan. The objective of the plan is to provide early insight, and thereby gain OSD buy-in into the Component's IT investment acquisitions. The joint insight plan will be based on this policy and will be tailored to facilitate the Component's acquisition reform initiatives. When the joint investment insight plan provides the kind of disciplined review of IT investments that the CIO DoD deems necessary, the criteria for review of programs at the OSD level will be modified to reflect the agreed-upon level of investment risk or special interest.

3. For Components electing not to develop a joint insight plan, or those whose plans have not yet been approved, the following procedures apply:

a. Submit a transmittal memorandum. For each IT acquisition, the Component shall submit a transmittal memorandum and enclosures to the Deputy Assistant Secretary of Defense (C3I Acquisition) for review. The transmittal memorandum may be forwarded as soon as the required information becomes available but not later than 30 calendar days prior to initiating an IT acquisition. DASD(C3IA) will complete its review and respond to the Component within 15 calendar days of receiving the transmittal if there are questions/concerns regarding the planned IT acquisition. DoD Components may not proceed during the 15 calendar day OSD review period, unless mutually agreed upon by DASD(C3IA) and the Component's CIO/Milestone Decision Authority

(MDA) or designee. There is no reporting requirement for a task order or delivery order within the scope of a DoD IT acquisition previously reviewed by DASD(C3IA).. The transmittal memorandum shall contain the following information.

(1) The name and phone number of the primary point of contact for the proposed IT acquisition;

(2) A copy of an Acquisition Plan (AP) prepared in accordance with Defense Federal Acquisition Regulation Supplement, Subpart 207.1. If the proposed IT acquisition does not require an AP, submit the ITAP described in Appendix A. If submitting an ITAP, the information required by subparagraphs (4), (5) and (6) below, will be included in the ITAP and need not appear in the transmittal memorandum.

(3) A statement confirming that a "Justification and Approval for Other Than Full and Open Competition" has received final approval, if proposing an other than full and open competition acquisition.

(4) A statement confirming that the IT acquisition conforms to the technical architecture as defined in the Technical Architecture Framework for Information Management (TAFIM) and the mandates of the Joint Technical Architecture (JTA), including a minimum of Level 5 Defense Information Infrastructure (DII) Common Operating Environment (COE) compliance as defined in the DII COE Integration and Runtime Specification. Components shall also state what DII COE level of integration compliance they intend to achieve. If the IT supports an architecturally non-compliant legacy system that is not being brought into compliance, explain this and name the legacy system.

(5) A statement confirming that an IT investment baseline/performance and breach variance agreement has been reached between the Program Manager and the Functional Sponsor, and has been approved by the CIO/MDA and coordinated with the Chief Financial Officer. The "Guide for Managing Information Technology as an Investment and Measuring Performance," issued under ASD(C3I) Memorandum, dated February 14, 1997, is recommended as a source document for developing the IT investment baseline/performance agreement.

(6) A statement identifying and assessing the risks associated with the IT acquisition (low, moderate, high). Assessment of risks should address, as appropriate, areas such as: project size and scope, project longevity, technical configurations, unusual security requirements, special project

management skills, software complexity, system integration requirements, and existing technical and management expertise.

(7) A statement that describes coordination, as necessary, of long-haul and metropolitan area telecommunications requirements with DISA, Deputy Director for Operations (D3), Attn: Customer Support and Operational Requirements (D31).

b. Submit a Substantive Action/Issue Report. Provide as-required reports using the format at Appendix B. Since insight is a continuous process, substantive actions/issues concerning these IT acquisitions are to be reported as they occur. Submit an email with an attached report or fax the report to DASD(C3IA). Listed below are examples of substantive actions/issues; but this list is not all-inclusive:

(1) Breach of IT Investment Performance Baseline
(2) Protest to GAO, Courts, Agency and disputes under the Contract Disputes Act
(3) Acquisition Award
(4) Date of agreement
(5) Significant technical change in IT scope
(6) Congressional Inquiry and reply
(7) Change in Acquisition Strategy/Plan

c. Signature. The transmittal memorandum and substantive action/issues report shall be signed (or other evidence of coordination for email) by the Component's Chief Information Officer (CIO), or designee.

d. Format. If the AP, ITAP or Substantive Action/Issues Report is submitted on a diskette or by electronic means (email), Components shall coordinate format with the Office of DASD C3IA before sending to assure software compatibility.

e. Documentation. Keep on file the documentation required by Federal and DoD policies and regulations for the IT acquisition.

EFFECTIVE DATE: July 25, 1997

Enclosures:
1. Appendix A, Information Technology IT Acquisition Paper (ITAP)
2. Appendix B, Information Technology (IT) Acquisition Substantive Actions/Issues Report Format

Appendix A

IT ACQUISITION PAPER (ITAP)

1. **Agency Information**.

a. Provide agency name, address, and location where the Information Technology (IT) will be installed or services will be performed.

b. Provide the name, position title, organizational identity, and telephone number of the program/project manager, technical manager, and contracting officer assigned to the acquisition.

2. **Program/Project title and description**.

a. Check all that apply: ___ IT Acquisition
___ IT Acquisition for NSS

b. Provide the IT acquisition title, and a brief but specific description of the primary agency programs that the IT will support, to include how they will support the component's mission/goals.

3. **Current support**. Provide a brief but specific description of the current IT supporting these programs.

4. **IT to be acquired**. Provide a brief but specific description of the IT to be acquired.

5. **Acquisition Strategy**.

a. Projected issue date (month/year) of proposed solicitation, request for information or equivalent acquisition document:

b. Estimated award/agreement date (month/year) for IT acquisition:

c. Competitive/Other than full and open:

d. IT Acquisition life (include base period and all optional periods):

e. IT Acquisition type:

f. List of using organizations or users (e.g., DoD-wide):

6. **IT Cost**. The total IT cost (for all years) should correspond to the planned life of the IT Acquisition.

Type of IT	Estimated Cost
-IT Equipment	
-IT Software	
-IT Services	
-IT Support Services	
--	
Total IT Cost	
Total Cost Other Than IT	
Total Acquisition Cost	

7. **IT Investment Baseline/Performance Agreement**. A statement confirming that an IT investment baseline/performance and breach variance agreement has been reached between the Program Manager and the Functional Sponsor, and has been approved by the CIO/Milestone Decision Authority and coordinated with the Chief Financial Officer. The Guide for Managing Information Technology as an Investment and Measuring Performance, issued under ASD(C3I) Memorandum dated February 14, 1997, is recommended as a source document for developing the IT investment baseline/performance agreement.

8. **Risk Assessment**. Identify and assess the risks associated with the IT acquisition (low, moderate, high). Assessment of risks should address, as appropriate, areas such as: project size and scope, project longevity, technical configurations, unusual security requirements, special project management skills, software complexity, system integration requirements, and existing technical and management expertise.

9. **Architectural Compliance**. A statement confirming that the IT acquisition conforms to the technical architecture as defined in the Technical Architecture Framework for Information Management (TAFIM) and the mandates of the Joint Technical Architecture (JTA), including a minimum of Level 5 Defense Information Infrastructure (DII) Common Operating Environment (COE) compliance as defined in the DII COE Integration and Runtime Specification. Components shall also state what DII COE level of integration compliance they intend to achieve. If the IT supports an architecturally non-compliant legacy system that is not being brought into compliance, explain this and name the legacy system.

Appendix B

INFORMATION TECHNOLOGY (IT) ACQUISITION SUBSTANTIVE ACTIONS/ISSUES REPORT FORMAT

REPORT DATE: Enter report date

I. **Title**: (Enter title of IT Acquisition)

II. **Substantive Actions/Issues**: (refer to Section E of the Policy Attachment) Enter a synopsis of the substantive actions/issues.

III. **IT Acquisition Information**: *

A. Contractor or Source; Award Date or Date of Agreement; IT Acquisition Duration: Enter contractor's name, or the source for acquisitions that do not involve contracts; award or agreement date; and IT acquisition maximum duration, e.g., 2 year base period and 3 1-year options.

B. Total IT Cost: Enter estimated or MOL dollar value to include all possible options and periods.

C. Estimated Usage Value: Enter the estimated value of the IT acquisition if this value is less than the IT cost ceiling such as the MOL.

IV. **Program/Project Manager's Assessment**: Enter a one or two paragraph synopsis of the assessment of the progress and success of the IT acquisition (unsatisfactory, marginal, satisfactory).

*Include contracts, grants, cooperative agreements, blanket purchase agreements, international agreements, interagency orders, or any "other transactions".