

Department of the Interior Departmental Manual

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Part 376: Automated Data Processing

Chapter 4: Information Technology Investment

Originating Office: Office of Information Resources Management

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4.1 Purpose. This chapter contains Departmental policies and procedures for the investment in Information Technology (IT) resources in the Department of the Interior.

4.2 Scope. This chapter applies to all bureaus within the Department of the Interior, including all independent offices within the Office of the Secretary and all organizations under the jurisdiction of an Assistant Secretary. This chapter pertains to all IT resource investments, including application software development. The following investments have an unlimited dollar threshold under this Departmental Manual. Renewal contracts for:

- A. Hardware maintenance,
- B. COTS software maintenance,
- C. Data entry or data conversion (e.g., digitizing) services, and
- D. Facilities management contracts that do not include application software maintenance or development.

4.3 Definitions. Definitions provided in the Federal Acquisition Regulations (FAR), applicable Office of Management and Budget (OMB) Circulars and Bulletins, the Paperwork Reduction Act (PRA), and the Information Technology Management Reform Act (ITMRA) apply to this chapter. Some specific definitions are provided here for use in reading this DM.

- A. COTS Software: Commercial-off-the-shelf software (proprietary).
- B. Budget Formulation Period: That time period when the bureau's budget is being prepared, first at the bureau level and then at the Departmental level, prior to its initial submission to OMB. This is typically February through September.
- C. Departmental IT Portfolio: The list of IT investments (new and on-going) that are being monitored for schedule, cost, and performance by the Department's Chief Information Officer.

4.4 Policies.

- A. All investments in IT resources shall conform to current laws, regulations, and policies governing acquisition, including the ITMRA, FAR, PRA, OMB Circulars and Bulletins, Federal

Information Processing Standards, Federal Telecommunications Standards, Interior Property Management Regulations and Department of the Interior Acquisition Regulations.

B. Bureaus should perform the technology investment analysis, in accordance with the ITMRA, early in the life cycle of a requirement. Ideally this should be accomplished during budget formulation (this is usually well ahead of the development of the acquisition strategy).

C. Bureau Information Resources Management (IRM), program, and budget personnel shall coordinate their actions for each planned investment in IT, including in-house development of IT resources. This should be early in the life cycle (i.e., budget formulation period) and should address the items in Appendix 2. IRM and program personnel should also coordinate with contracting personnel as early as possible to develop an appropriate acquisition strategy and to initiate timely acquisition planning.

D. Bureaus are encouraged, where appropriate, to make use of modular contracting techniques for the acquisition of IT. Under modular contracting, the bureau's need for a system is satisfied in successive acquisitions of interoperable increments. Each increment complies with common or commercially accepted standards applicable to information technology so that the increments are compatible with other increments of information technology comprising the system. It should be emphasized that:

(1) Planning and review requirements apply on the basis of the entire system, whether it will be acquired in one procurement or a series of modular awards, and

(2) Incremental acquisitions must be developed in such a way that the level of competition for subsequent modules is not reduced or restricted.

E. Bureaus are encouraged to use contracts which are designated as Governmentwide Agency Contracts or Departmentwide ADP Contracts (GWAC/DWAC). These are alternatives for implementation of approved IT investments. Bureaus should follow the ordering procedures established by the host agency, which may require coordination with a Department of the Interior (DOI) Single Point of Contact. If applicable, this DOI point of contact will be the Chief, ADP Acquisition and Technical Assistance Division, PIR.

F. Bureaus are encouraged to seek, acquire, and implement commercial-off-the-shelf (COTS) solutions to IT requirements, including reengineering their processes to avoid software application development.

4.5 Responsibilities.

A. **Office of Information Resources Management (PIR).** The Director, PIR, is the Chief Information Officer (CIO) and has responsibility for:

(1) Establishing Departmental IT investment policy and procedures.

(2) Reviewing and approving/disapproving bureau IT resource investments and ensuring bureau compliance with Department and Federal Government IT investment policies for those acquisitions that exceed a bureau baseline or specific threshold (see Appendix 1 of this chapter).

(3) Determining the Departmental IT resource investment thresholds to be delegated to the bureaus.

(4) Designating the investments to be in the Department's IT portfolio.

(5) Referring appropriate IT investments for review by the Information Resources Management Review Council (IRMRC).

B. Bureaus. The head of each bureau is responsible for ensuring that bureau IT resource investments are in accordance with Federal Government and Department policies, programs, and procedures.

C. Bureau IRM Coordinator. Each IRM Coordinator is responsible for:

(1) Determining internal bureau IT policies for investments that fall within Level 1 delegated investment authority (see paragraph 4.6). Such policies shall not be developed when higher level policy is sufficient. Such policies should be formulated in such a manner as to:

(a) Be consistent with the ITMRA, FAR, OMB Circulars and Bulletins, and Departmental policies; and Information Resources

(b) Take into account the size, scope, cost, complexity, and importance of the IT; and

(c) Ensure that the process for approving investments in information technology is simplified, clear, and understandable.

(2) Providing guidance to all offices making an investment in IT resources as to appropriate justification for Level 1 acquisitions.

(3) Reviewing and recommending all Level 2-4 investment requests before referring them to the Department for approval.

(4) Determining whether planned IT investments need to be approved under this DM (see paragraph 4.2 above).

4.6 Approvals. There are four levels of approvals designated for the investment in IT resources in the Department. The dollar levels specified include all options or modules. These investments should be approved or disapproved during the budget formulation. If they cannot be done at that time, then they must be approved prior to an acquisition. In this case, provide a written explanation of why the investment was not approved during budget formulation.

A. Level 1 - Investments Not Exceeding a Baseline or Bureau Specific Threshold. Bureaus may invest in IT resources without Departmental approval. The bureau IRM Coordinator is delegated the authority to approve Level 1 investments. This authority may be redelegated in writing.

B. Level 2 - Investments Which Exceed a Baseline or Bureau Specific Threshold, But Are Less Than \$25 Million. Bureaus may invest in IT resources only with Departmental approval. All Level 2 IT resource investment requests shall be recommended for approval by the bureau IRM Coordinator.

(1) Provide a title and description of the investment, and

(2) Provide the contract or system life and the total dollar investment.

(3) Certify that documentation exists to support this investment in accordance with Appendix 2. The CIO may request submission of this documentation for selected cases.

C. Level 3 - Investments Between \$25 Million and \$100 Million. Bureaus may invest in IT resources only with Departmental approval. All Level 3 IT resource investment requests shall be recommended for approval by the bureau IRM Coordinator and the appropriate program manager.

(1) Provide a title and description of the investment, and

(2) Provide the written documentation that supports the investment in accordance with Appendix 2. Selected cases may be referred to the IRMRC.

D. Level 4 - Investments of \$100 Million or More. All ADP resource investments for which the total investment is expected to exceed \$100 million must be reviewed by the IRMRC. All Level 4 IT resource acquisition investment requests shall be submitted in writing through the requestor's Assistant Secretary; and be recommended for approval by the bureau Director or not more than one management level lower than the Director (e.g. Assistant Director), the bureau IRM Coordinator, and the appropriate program manager.

(1) Provide a title and detailed description of the investment, and

(2) Provide a discussion of funding for this investment, and

(3) Provide written documentation that supports this investment in accordance with Appendix 2.

APPENDIX 1

BUREAU INFORMATION TECHNOLOGY RESOURCE INVESTMENT THRESHOLDS

A. Bureau thresholds are based on the total dollar amount of IT resources that can be spent if all aspects of the contract or requirement are exercised. In the case of a requirement that is implemented as a series of modules, the threshold is based on the aggregate dollars for the modules.

B. During the course of an acquisition, it may become apparent that a threshold will be crossed for which investment approval has not been obtained. In such a case, a contract may not be awarded, nor purchase, delivery, or task orders issued, until the proper level of investment approval is obtained.

C. Bureaus are encouraged to submit draft copies of their investment analysis to PIR for informal review and comment prior to formal submittal.

BUREAU INFORMATION TECHNOLOGY RESOURCES INVESTMENT THRESHOLD SUMMARY

Bureau Baseline Threshold

Bureaus may invest in IT resources when the total estimated dollar value of the IT investment does not exceed \$5 million unless they have received a bureau specific threshold.

Bureau Specific Threshold

Specific changes in a bureau baseline threshold or conditions regarding the exercise of investment authority by a particular bureau or component may be authorized by the Director, PIR. Such change will be in writing and will state the scope and specific conditions of applicability. These changes will be issued as an OIRM Bulletin.

APPENDIX 2

TECHNOLOGY INVESTMENT ANALYSIS

1. Discuss why the function to be supported by the IT investment should be performed by the Government instead of the private sector. Discuss the rationale for contracting these services or providing them with Government resources.
2. Discuss the analysis of mission activities to be supported by this IT investment. Describe the revisions that need to be made to mission-related processes prior to the IT investment, or provide a statement that the applicable mission-related processes are efficient, effective, and take full advantage of the proposed IT investment.
3. Discuss how this investment supports the bureau's strategic plan.
4. Discuss the risks involved and why this investment should still be pursued.
5. Show the economic analysis that justifies this project, including evidence of the positive return on investment, or why this investment should still be pursued.
6. Specify the performance measures that will be used to evaluate the results and benefits of this IT investment on mission accomplishment throughout the life of the investment. Also, specify the milestones to be used for evaluation of performance on this investment.
7. Provide the contract or system life and the total dollar amount of the investment. Also provide milestones, with dates and dollar expenditures, for each milestone.
8. Discuss how this investment fits in with the bureau's information technology architecture.

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