



Department of Homeland Security

**Acquisition Instruction/Guidebook
102-01-001**

INTERIM

Version 1.9

November 7, 2008

Table of Contents

I. INTRODUCTION	1
A. Purpose	1
B. Authorities	2
II. POLICY AND PROCEDURES.....	3
A. Overview	3
B. Additional Guidance	3
C. Application	3
D. Types of Acquisition	3
E. Acquisition Thresholds and Decision Authorities	4
F. Acquisition Life Cycle Framework	7
G. Acquisition Life Cycle Decisions/Phases.....	7
H. Links Between the Acquisition Review Process and Other Departmental Decision Support Processes.....	33
I. Prototyping and Piloting.....	35
J. Document Requirements.....	36
K. Research and Development Acquisitions (TBD).....	36
L. Acquisition Review Process and Acquisition Review Boards	36
M. System Engineering Life Cycle.....	41
N. Acquisition Periodic Reporting.....	41
O. Selective Acquisitions	42
P. Breach Policy.....	42
III. ROLES AND RESPONSIBILITIES.....	43
A. Deputy Secretary	43
B. Under Secretary for Management	43
C. Deputy Under Secretary for Management.....	44
D. Component Heads.....	44
E. Line of Business Chiefs	44
IV. GLOSSARY.....	49

LIST OF TABLES

Table 1: Acquisition Thresholds and Decision Authorities	6
Table 2: ADE Documentation Requirements	38
Table 3: CPIC E-300 to Acquisition Product Mapping	37

**Editors Note: Tables will be renumbered and made consistent between Directive and Instruction/Guidebook.*

LIST OF FIGURES

Figure 1: The DHS Acquisition Life Cycle	8
Figure 2: Relationships Between the CPIC, Acquisition Life Cycle Process And SELC Phases	11
Figure 3: Acquisition Life Cycle Framework.....	12
Figure 4: Notional Flow – ADE-0 to ADE-1	15
Figure 5: Processes Between ADE-1 and ADE-2B.....	21
Figure 6: Process Flow Between ADE-2A and ADE-2B	29
Figure 7: Process Flow From ADE-2B to ADE-3	31
Figure 8: DHS Integrated Business Processes (IBP) Key Decision Support Systems and Links	34
Figure 9: Notional Example of a New Start Program	35
Figure 10: Acquisition Review Process.....	39
Figure 11: Program Structure Chart.....	40

APPENDICES

Appendix A: Strategic Sourcing Concept of Operations	
Appendix B: Systems Engineering Life Cycle Management	
Appendix C: Preliminary Mission Need Statement	
Appendix D: Capability Development Plan	
Appendix E: Acquisition Plan: <i>Refer to the DHS Acquisition Planning Guide, located on DHS Online:</i> https://dhsonline.dhs.gov	
Appendix F: Concept of Operations	
Appendix G: Analysis of Alternatives	
Appendix H: Operational Requirements Document	
Appendix I: Life Cycle Cost Estimate: <i>GAO COST ASSESSMENT GUIDE Best Practices for Estimating and Managing Program Costs located online:</i> http://www.gao.gov/new.items/d071134sp.pdf	
Appendix J: Supportability and Sustainment	
Appendix K: Acquisition Program Baseline	
Appendix L: Test and Evaluation Master Plan	
Appendix M: Earned Value Management: <i>Refer to HSAM Chapter 2034.201 for Earned Value Policy and procedures located on DHS Online: https://dhsonline.dhs.gov</i>	
Appendix N: Acronyms	

I. INTRODUCTION

A. Purpose

Directive 102-01 and Instruction/Guidebook 102-01-001 issue consolidated **Department of Homeland Security** (DHS) acquisition management policy. Along with its corresponding MD 252-07, *Acquisition Line of Business Integration and Management*, it overhauls the DHS acquisition management system, and supersedes all versions of DHS MD 1400, *Investment Review Process*. In the event of conflicts with any other related DHS acquisition policies or guidance, this Directive and Instruction/Guidebook take precedence.

This policy:

- Defines and stratifies acquisition programs for enhanced support and oversight.
- Creates a single point of accountability in the Acquisition Decision Authority.
- Establishes a single, but tailorable life cycle framework for all acquisitions.
- Creates common acquisition standards and practices across all Components and Headquarters Offices.
- Delegates acquisition decision authority to Components wherever feasible.
- Discusses resources needed for a fully functional departmental acquisition system.

This Instruction/Guidebook provides procedural implementation guidance for Directive 102-01, *Acquisition Management*. Where the Directive identifies what is required to manage acquisitions, the Instruction/Guidebook explains how to accomplish those requirements. Combined, the Directive and Instruction/Guidebook provide the framework for consistent and efficient departmental management, support, review, and approval of the types of DHS acquisition, to include capital assets (IT and non-IT, programs and projects), enterprise services, strategic sourcing, and **Inter-Agency Agreements** (IAAs).

1. The Directive and the Instruction/Guidebook provide this framework via an improved **Acquisition Life Cycle Framework** (ALF), **Acquisition Review Process** (ARP), and **Acquisition Review Board** (ARB).
 - a. The ALF provides a template for planning and executing acquisitions. It incorporates proven acquisition practices for program management, systems engineering, contracting, sustainability / support, test, and evaluation. It also provides links to the Department's requirements and resourcing processes.
 - b. The ARP culminates in an ARB and provides a consistent method, using a limited set of key acquisition documents, to evaluate an acquisition's progress and status at critical points in the acquisition life cycle. The ARP links with other departmental decision processes, including **Requirements and Planning, Programming, Budgeting, and Execution** (PPBE). The ARB focuses on defined issues, at an **Acquisition Decision Event** (ADE). The completed ARB

then provides clear guidance to the Component or **Headquarters** (HQ) contingent that owns the acquisition via an **Acquisition Decision Memorandum** (ADM).

2. Compliance with this Directive's policy and Instruction/Guidebook will provide:
 - a. Cost effective investment of finite public resources.
 - b. Consistent acquisition execution (using proven practices) across the Department.
 - c. Support to **Program/Project Managers** (PMs) in their efforts to determine and represent the proper combination of resources (i.e., funding, staffing, etc.), requirements (that are stable, measurable, and achievable), and schedule to be successful (at an acceptable risk level) in the execution of their acquisitions.
3. This policy and the associated Instruction/Guidebook will provide DHS acquisition personnel, Component and HQ stakeholders, and Component and HQ leadership, direction and guidance on:
 - a. How DHS acquisition management is defined and executed.
 - b. Who must comply with and use the acquisition management processes, and how these processes apply to each of the commonly-used types of acquisitions.
 - c. How an ARB functions, including:
 - o When an ARB review is required.
 - o What governance, roles, information requirements, and products are associated with the ARB review.
 - o How to prepare for an ARB review.

B. Authorities

The relevant authorities applicable to this Instruction/Guidebook include, but are not limited to:

1. Public Law 107-296, Homeland Security Act of 2002, as amended.
2. Public Law 104-106, Clinger-Cohen Act of 1996, as amended.
3. Public Law 108-136, Title XIV, Services Acquisition Reform Act (SARA) of 2003, as amended.
4. DHS Directive 252-07: Acquisition Line of Business Integration and Management (DRAFT) dated DD MM 2008.
5. DHS Management Directive 0782: Acquisition Certification Requirements for Program Manager, dated 26 May 2004.
6. DHS Management Directive 0784: Acquisition Oversight Program, dated 19 December 2005.

II. POLICY AND PROCEDURES

A. Overview

The acquisition management process of the DHS is the means by which the Department and its subordinate entities execute along the acquisition life cycle:

1. Identify a capability **Need** of the Department, including its Components.
2. **Analyze and Select** the means to provide that capability.
3. **Obtain** the capability via the appropriate types of acquisitions.
4. **Produce, Deploy, and Support** the capability through its useful life until disposal.

This Instruction/Guidebook describes the processes and procedures that define and support the planning, execution, and governance of Department acquisitions.

B. Additional Guidance

Together, the Directive and Instruction/Guidebook define the information exchanges and touchpoints between the Department's acquisition processes and those of the Components. However, the Components retain the authority to set internal-to-the-Component acquisition processes and procedures, as long as these processes and procedures are consistent with the spirit and intent of those in the Directive and Instruction/Guidebook.

C. Application

This policy applies to any new or existing (classified or non-classified) acquisition programs in existence at the time of publication, regardless of their stage in the legacy life cycle. Existing acquisitions will be migrated to the process contained in this revised management directive and accompanying Instruction/Guidebook, not later than their next ADE or as instructed by their **Acquisition Decision Authority (ADA)**.

D. Types Of Acquisition

The Directive and Instruction/Guidebook apply to the following types of acquisitions:

1. *Capital Assets*, as defined in OMB Circular A-11, are typically recognizable things that the Government takes possession of, such as systems, vehicles, or structures.
2. *Enterprise/Component-Level Service Contracts* provide mission capability and meet the Level 1 criteria in Table 1: Acquisition Thresholds and Decision Authorities. These service contracts are subject to up-front strategic alignment against capability needs, using tailored analysis/selection processes described in this Directive and Instruction/Guidebook, even if they are not derived from a specific capital investment. Additionally, acquisitions of services supporting a capital investment program after that program achieves full operational capability are subject to this Directive and Instruction/Guidebook, if those services were not subject to previous milestone reviews.

Note: Except as listed above, this policy does not apply to services that support an acquisition program office managed in accordance with this Instruction/Guidebook and reviewed and approved as part of that program (e.g. contract support services contracts, or systems engineering/technical authority contracts).

3. *Inter-Agency Agreements (IAA)*. The **Office of Federal Procurement Policy (OFPP)** defines guidance for the management and content of IAAs. DHS and Components are expected to follow current OFPP guidance regarding IAAs.
4. *Strategic Sourcing*. The DHS **Strategic Sourcing Program (SSP)** provides DHS stakeholders economic and performance benefits through collaboration, application of sound analytics, and enterprise planning for the acquisition initiatives. Within the DHS governance framework, the SSP Program Office collaborates with stakeholders to develop, deploy, and maintain sourcing strategies that enhance mission performance and optimize commodity management. (See Appendix A: Strategic Sourcing Concept of Operations.)

E. Acquisition Thresholds And Decision Authorities

DHS classifies acquisitions into three levels that determine the extent and scope of the required project and program management, the level of reporting requirements, and the ADA (normally an SES-level executive):

- **Level 1:** Programs at or above \$1B in life cycle costs, normally overseen by the **Deputy Secretary (DepSec)** or the **Under Secretary for Management (USM)**.
- **Level 2:** Programs between \$300M and \$1B in life cycle costs, normally overseen by USM or the **Deputy Under Secretary for Management (DUSM)** and potentially delegable to **Component Acquisition Executives (CAE)**.
- **Level 3:** Programs of less than \$300M in life cycle costs, overseen by the Component Head.

(Note: All costs are in Constant Year 2009 dollars.)

At ADE-1, if the Component provides a rationale that the proposed program is designated a notional Level 3 and APMD concurs, the Component will then notify APMD that it will perform a **Life Cycle Cost Estimate (LCCE)** (in Constant Year 2009 dollars) and inform APMD of the results to confirm or modify the notional designation prior to ADE-2A. Initiation occurs at ADA-2A, where level designation is verified and adjusted as necessary. It is important to note that these thresholds are based on **Life Cycle Cost (LCC)**, not just procurement cost. Sustainment costs typically represent 60 to 70 percent of an acquisition's LCC and, accordingly, the DHS acquisition system places great emphasis on supportability and sustainment. An acquisition may be raised to a higher level for any of the following reasons, at the discretion of the ARB (considering any recommendations from the **Joint Requirements Council [JRC]** and/or

Program Review Board [PRB]):

- It has importance to DHS' strategic and performance plans disproportionate to its size, or has high executive visibility.
- It impacts more than one DHS Component.
- It has significant program or policy implications.
- It has been designated as Special Interest.
- Other reasons as determined by the **Under Secretary for Management (USM)**.

Table 1: Acquisition Thresholds and Decision Authorities, defines acquisition levels and ADAs for a given capital asset program based on estimated program cost thresholds. Level 2 acquisitions may be delegated to Components through formal letters of delegation from the ADA, however, delegated acquisitions are still required to provide the acquisition documentation in Table 2: ADE Documentation Requirement, to the Department, to follow DHS periodic reporting and **Capital Planning and Investment Control (CPIC)** procedures, and align with the Department's **Enterprise Architecture (EA)**. Level 3 IT acquisitions between \$50M and \$300M LCC are required to follow the periodic reporting process. Level 3 IT programs (>\$50M LCC) are required to follow Department CPIC procedures. Specific documents or document types may be delegated to Components for approval at the discretion of the ADA. These delegations will be identified and documented through the **Acquisition Review Process (ARP)**.

Programs may be comprised of smaller projects/services which are implemented through various types of acquisitions. The levels of individual acquisition types (e.g. projects, services contracts) are dependent on their associated overall acquisition.

- If an acquisition (program) contains multiple types of acquisition (e.g. projects, services contracts) that must be tightly integrated to produce the capability the program is designed to provide, then the types of acquisition are defined at the same level as the overall acquisition. For example, a capital asset program with a total LCC of \$240 million is defined as a Level 1 acquisition. If its associated types of acquisition must be tightly integrated, they are also defined as Level 1 regardless of their type or cost.
- In cases where the program-projects relationship is loosely integrated or not integrated at all (e.g., a program with projects that provide "stand alone" products), some or all of the types may be defined at lower levels.

Enterprise services contracts are another type of acquisition, and are divided into two levels. Enterprise services acquisitions, with an annual expenditure level of greater than or equal to \$100M are Level 1 acquisitions. Enterprise services acquisitions with an annual expenditure level below \$100M are Level 2 acquisitions.

Capital Asset Threshold/Decision Table				
Acquisition DecisionEvent (ADE) ⁽ⁱ⁾	1	2A	2B	3
DHS Board	ARB/JRC ⁽ⁱⁱⁱ⁾	ARB	ARB	ARB
MAJOR	Acquisition Decision Authority (ADA) ⁽ⁱⁱ⁾			
Level 1 >= \$1 B LCC	S2	USM	USM	USM/DUSM
MAJOR				
Level 2: \$300M - \$1 B LCC	S2	USM	USM	USM/DUSM
Component Board NON-MAJOR		CB	CB	CB
Level 3 ^(v) : (Component) <\$300M LCC	Component Head ^(iv)	Component ADA-Equivalent	Component ADA-Equivalent	Component ADA-Equivalent

Notes:

I. ADE 0 Decisions conducted by the Components

II. Delegations at the discretion of the indicated position

III. For ADE 1, the JRC will approve the Mission Need Statement, the ARB will approve the Capability Development Plan

IV. Level 3 programs determined initially by component, but must be verified at ADE -2A

V. Level 3 programs from \$50M to \$300M LCC follow DHS EAB procedures and submit E-300s to DHS

JRC: Joint Requirements Council

USM: Under Secretary for Management

CPO: Chief Procurement Officer

ARB: Acquisition Review Board

CB: Component Board equivalent to DHS ARB

DUSM: Deputy Under Secretary

S2: Deputy Secretary of DHS

for Management

APMD: DHS Acquisition Program Management Division

LCC: Life Cycle Cost (in constant FY09 \$)

Table 1 – Acquisition Thresholds and Decision Authorities

Level 1 enterprise services acquisitions will normally follow one of the two paths laid out below:

- If the enterprise services are acquired as part of a larger program (i.e., as one of the types of acquisition selected to provide part of the total program’s capability), the enterprise services type will be reviewed at an ADE-2B. The ADA for this type of ADE-2B is USM.

Note: The associated ADE-1 and ADE-2A decisions will have already been conducted as part of approval of the larger program.

- For stand-alone enterprise service acquisitions (i.e., services that are not part of a larger acquisition program), an ADE-1 or -2A will not be required. The proposed

services procurement will be checked against the following criteria during procurement / solicitation planning, and reviewed against those criteria at an ADE-2B (chaired by the USM or the CPO) prior to issuing the solicitation:

- Alignment with DHS strategic objectives including the EA for **Information Technology** (IT) services.
- A common understanding between the Department and Component of the service objectives, as articulated in the **Service Level Agreement** (SLA).
- A determination that the proposed services acquisition is not duplicative of other services/acquisitions in the Department.

Level 2 enterprise services will be approved at the Component level. The Components policies and processes for this function must conform to the intent of this Directive.

F. Acquisition Life Cycle Framework

Directive 102-01 and its associated Instruction/Guidebook provide a flexible **Acquisition Life Cycle Framework** (ALF) for translating mission needs and gaps into cost-effective, operational capabilities via stable and well managed types of acquisition. The framework is designed to ensure that the PM has the tools, resources, and flexibility to execute the acquisition; deliver a product that meets the user's requirements; and complies with applicable statutes, regulations, and policies. The overall framework is shown in Figure 1: The DHS Acquisition Life Cycle, for capital assets (IT and non-IT) and services.

The ALF includes interlinks with the Department's strategic requirements process as well as the PPBE and supporting acquisition processes, such as systems engineering. The processes for the capital investment and enterprise services types of acquisition are included in this initial issue of the Directive and Instruction/Guidebook. The complete processes for the other types of acquisition (e.g., IAAs) are under development and will be provided as changes to the Directive and Instruction / Guidebook in the near future.

G. Acquisition Life Cycle Decisions/Phases

The DHS acquisition life cycle process is structured to operate within a series of acquisition phases – **Need, Analyze/Select, Obtain** and **Produce/Deploy/Support** – each leading to an ADE. The following sections discuss each of these phases and the requirements necessary to proceed from one phase to the next. Figure 2: Relationships Between the CPIC, Acquisition Life Cycle Process and SELC Phases, shows the relationship of the acquisition life cycle process phases to the **Capital Planning and Investment Control** (CPIC) phases and the **System Engineering Life Cycle** (SELC) phases.

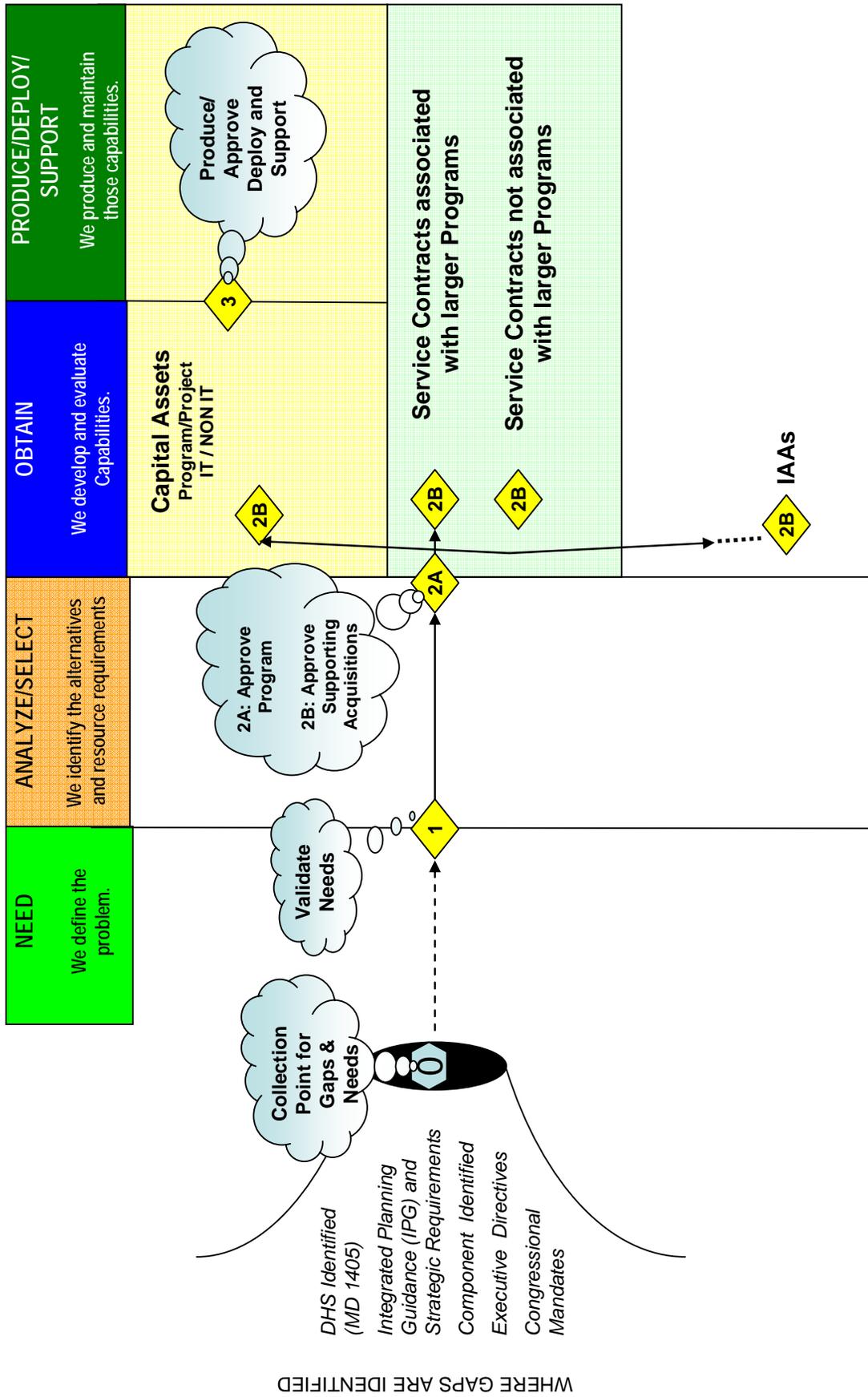


Figure 1 – The DHS Acquisition Life Cycle

The ARP has two types of reviews: 1) ADEs used by the ADA to assess program / project maturity and risk at known points in the acquisition life cycle, and 2) the reviews defined in the SELC Guide and used by the PM and development authority to assess technical progress at pre-defined points along the SELC (see Appendix B: Systems Engineering Life Cycle Management). SELC reviews are used to inform the ADE reviews according to the relationship shown in Figure 2: Relationships Between the CPIC, Acquisition Life Cycle Process and SELC Phases.

The SELC provides a framework for development using proven systems engineering principles, and should be tailored to fit the unique circumstances of the program/project. SELC reviews are used to inform Component / departmental oversight structure (e.g. ADE reviews) on the technical progress towards successful capability development. Tailoring agreements are first documented in the **Capability Development Plan (CDP)** approved at ADE-1 (plus 90 days), and are updated at ADE-2 and ADA-3. The SELC also contains a discussion of the DHS EA, a management practice for aligning resources to improve Department performance and help agencies better execute their core missions throughout the acquisition life cycle. DHS follows the structure of the Federal Enterprise Architecture required by OMB. In general, the EA applies most directly to IT programs and projects. Throughout the ALF and ARP there are numerous points at which the DHS EA and the practices of architecting should be applied and architectural products developed, reviewed, and approved. Only the highest level touchpoints to the EA are described in this Instruction/Guidebook. Full details are found in the EA Governance Process Guide posted on DHS Online.

The DHS acquisition life cycle process is structured to operate within a series of acquisition phases, each leading to an ADE. Figure 3: Acquisition Life Cycle Framework, depicts a notional path through the life cycle as a guideline for tailoring the DHS acquisition life cycle based on specific program conditions. The notional flow shows each phase divided into blocks. In general, the results of one block forms the input for the next block. Key acquisition documents are shown in developmental relationship to each other (i.e. prerequisite documents for later documents are shown as “feeders” for those documents in each block). Depending on an assessment of the maturity of the Component’s processes and the nature of the program, the USM may delegate document approval.

This phased systematic approach to acquisition is a proven government and industry method for reducing acquisition risk and achieving more effective and efficient results from invested resources. The ultimate utility for the PM and the operational end-users is better constructed acquisitions, and better, more informed acquisition decisions. These, in turn, lead to predictable and effective delivery of DHS capabilities. The emphasis should not be on “checking off documents.” Rather, these documents should be the end result of performing quality analyses and gaining the knowledge necessary to support effective decision making.

As each phase of the ALF is described, its specific processes, activity flows, and products (documents/results), are discussed. To gain a broad sense of the whole

process, refer to Figure 3: Acquisition Life Cycle Framework. Read each of the phase descriptions to understand its parts, and then return to this end-to-end depiction of the entire ALF to review how the parts fit together.

1. **Acquisition Decision Event 0 (ADE-0) Description**

The DHS uses a number of sources to identify capability needs (deficiencies/gaps) for Components as well as the Department. The three main sources are: the DHS strategic requirements planning process, external direction from Congress or OMB, and Component leadership representing user requests (user-identified needs). The DHS EA can assist in identifying gaps and shortfalls in capabilities and resources. The purpose of the ADE-0 at the Component level is to collect and review the requests and identify candidates for further advancement.

a. ADE-0 Decision:

Once a gap or deficiency (a need) is identified, preparation for ADE-0 may be initiated. ADE-0 is not a formal milestone but a key decision point at which a sponsoring organization (Department or Component) decides to explore a capability need or gap and notifies the DHS HQ by submitting a **Preliminary Mission Need Statement (P-MNS)**. This process applies to needs regardless of the original source (HQ, Component, Executive or Legislative branch).

Review P-MNS by Department: Once the Department or Component selects initiatives for further advancement and develops a P-MNS, the Component approves the P-MNS and submits it to the JRC through **Under Secretary for Policy** and to APMD. It may also be submitted with a **Resource Allocation Plan (RAP)** request for **Future Years Homeland Security Program (FYHSP)** funds for a new program. Concurrently, the Component may continue to define the problem by expanding the P-MNS to a full MNS for approval by the JRC and/or at ADE-1.

- (1) The Department checks the P-MNS against related mission needs/gaps articulated by the Department and other Components. JRC and APMD, with advice from other **Line of Business (LOBs)** chiefs and stakeholders, will review the P-MNS and notify its submitter of any efforts within DHS that duplicate the need documented in the P-MNS, or of any existing DHS capability partially or completely meeting the P-MNS need, or other needs that might be combined into the P-MNS. Potential outcomes of this review could be:
 - *The need is unique and not being pursued within DHS.* The Component will proceed with efforts to take the need to an ADE-1.
 - *The need is valid but duplicates a P-MNS submitted by another DHS activity or is inconsistent with a JRC-approved **Capabilities, Objectives, Resources and Evaluations (CORE)** framework.* APMD, with members (or delegates) of the JRC, will work with all the parties having the same or related needs to determine the most efficient way to explore the gaps (e.g., appoint a Lead Activity to explore the gap collaboratively with all stakeholders).

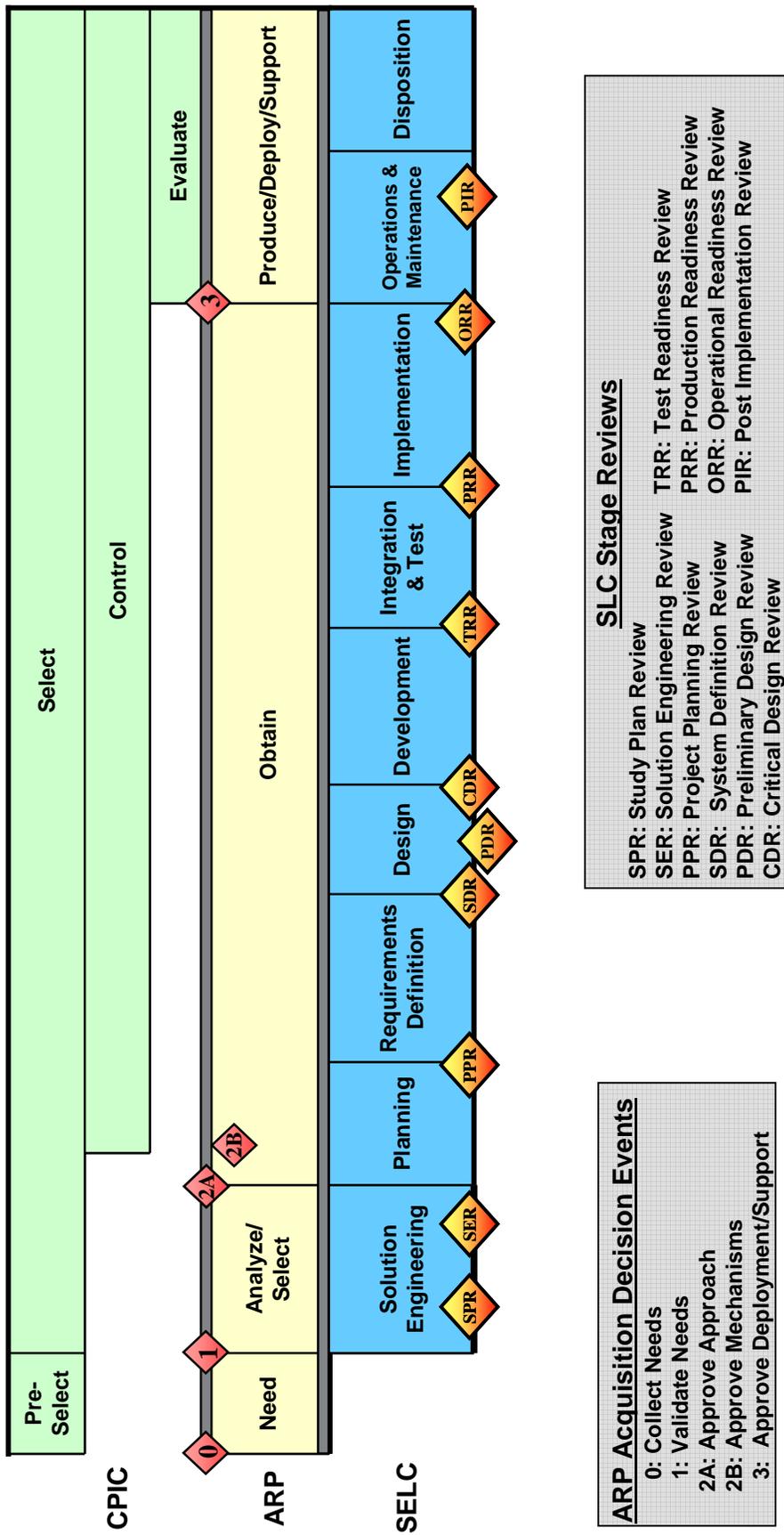


Figure 2 – Relationships between CPIC, Acquisition Life Cycle Process and SELC Phases

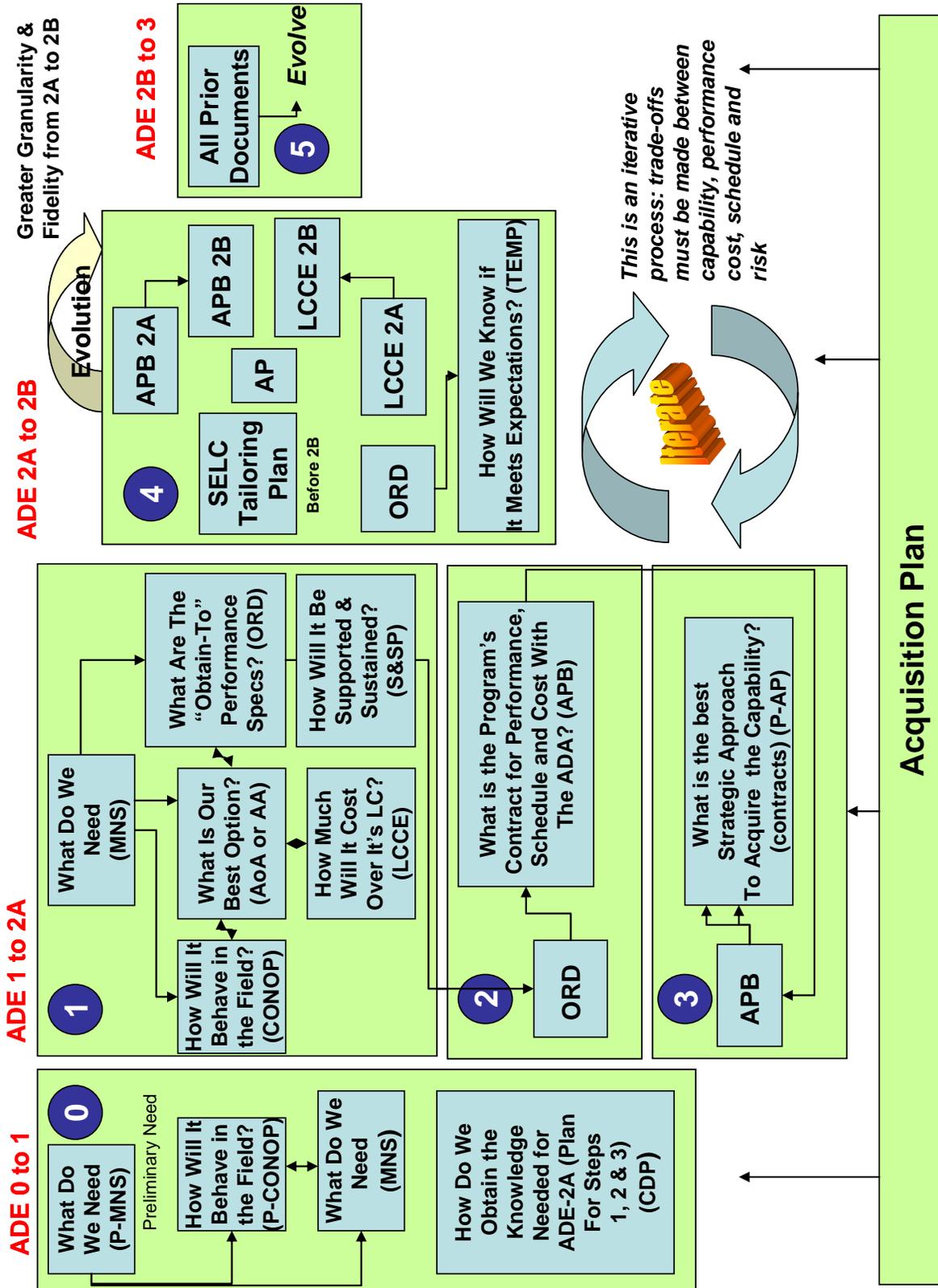


Figure 3 – Acquisition Life Cycle Framework

- *The need is in the process of being fulfilled by a DHS program or other initiative.* Again, APMD and the JRC will work with the submitting Component to be sure they can leverage the in-process program to fulfill their needs as the capability is acquired.
 - *The need is already fulfilled by existing capabilities.* APMD and the JRC will work with the submitting Component to help them leverage the existing capability.
- b. Products:
- P-MNS: The initial statement that an actual or perceived need exists in DHS and/or Component capabilities, which may be defined in terms of **Doctrine, Organizations, Training, Materiel, Leadership, Personnel, and Facilities, plus Regulations/ Grants/Standards** (DOTMLPF+R/G/S). The key to a successful P-MNS is a clear and accurate statement of the capability gap or need that prevents DHS from fully executing its missions and tasks. If the Component desires, it may proceed directly to develop a MNS without developing a P-MNS first.
- c. Process:
- Draft the P-MNS using the same format as for a MNS (Appendix C: Preliminary Mission Need Statement), only completing those sections for which knowledge is available, and submit it to APMD/JRC for review. The P-MNS is reviewed by the Director, APMD and representatives of the JRC. The JRC representatives will use top-level DHS requirements mapping to ensure that each P-MNS is aligned with DHS objectives and does not duplicate other initiatives within DHS.

2. Need Phase Description – “Define the Problem”

The primary effort during this phase is led by the requirement organization, in coordination with the acquisition office and the users, to expand the P-MNS into a full MNS which will be approved by the Component prior to ADE-1 (see Appendix C: Preliminary Mission Need Statement). The MNS will be approved no later than ADE-1. The Department will utilize the CORE factor product structure to define needs statements. Components will use internal processes to develop MNS. In conjunction with development of the MNS, a CDP will be prepared to describe the activities and program resources (including but not limited to: funds, schedule, number / qualifications of staff, technology and facilities) for the Analyze/Select phase (see Appendix D: Capability Development Plan), and an **Acquisition Plan** (AP) for any required support efforts during this phase. At the discretion of the ADA, the CDP approval may lag behind ADE-1 up to 90 days to allow for a PM and staff to be identified for developing the CDP. This condition will be documented in the ADM for ADE-1.

- a. Decisions at the end of the Need Phase (ADE-1):
- (1) Does the MNS clearly address capability needs, alignment to DHS goals and direction, justify proceeding to the Analyze/Select phase, and demonstrate

relationships to other programs/systems?

(2) Does the CDP describe how critical knowledge will be obtained to support the next acquisition decision, ADE-2A?

b. Products:

(1) A MNS which synthesizes (at a high level) specific functional capabilities required to accomplish the Department's mission and objectives, along with deficiencies and gaps in these capabilities. Guidance for preparing the MNS is provided in Appendix C: Preliminary Mission Need Statement. The submitter for the MNS should be the Component Head. The MNS will be coordinated and validated with stakeholders by APMD and reviewed by members or their delegates from JRC. It is submitted as part of the ADE-1 documentation. In addition to a P-MNS/MNS, a Component may choose to develop a CONOPS as described in section 4.a.b.(1) in conjunction with the MNS.

(2) A CDP which guides and bounds the activities and resources between ADE-1 and ADE-2A. Guidance for preparing the CDP is provided in Appendix D: Capability Development Plan.

(3) AP for any acquisitions needed to accomplish the activities in the Analyze/Select phase. At this point, the AP should contain the overall strategic elements of the acquisition as well as business objectives. Programs are to contact APMD for tailoring guidance of the specific sections and AP content based on the unique conditions of each acquisition. Guidance for AP is provided in Appendix E: Acquisition Plan.

c. Processes:

Figure 4: Notional Flow – ADE-0 to ADE-1, shows the notional flow from ADE-0 to ADE-1. Steps (1)-(3) provide a notional path to develop a MNS, and can be applied to develop a P-MNS as well. To identify what users need to perform their missions and tasks, users assisted by sponsor organizations can tailor the following notional activities:

(1) Identify User-Required Mission Capabilities

- Engage end users and operators fully in the process.
- Identify the threat or situation to which DHS must respond, or the supporting business function affected (e.g., financial management).
- Identify a typical scenario of threats (if applicable), workflows, organizations, people, tasks, and environment to frame the threat, situation, or business function.
- Utilize the HLS EA.
- Identify the capabilities required by DHS (and its partners) to meet the threat and the situation, or perform the business function – this is independent of whether or not DHS possesses the capability or a part of it. The latter will be determined in Section III below.

- Quantify the desired capability objectives and related performance measures of the DHS response: (e.g., how fast; how effective; how efficient).
- Align the capabilities to DHS goals and objectives.
- Prioritize the capabilities, so that limited resources can be allocated where they are needed most, using various ranking tools and methods and the EA as appropriate.

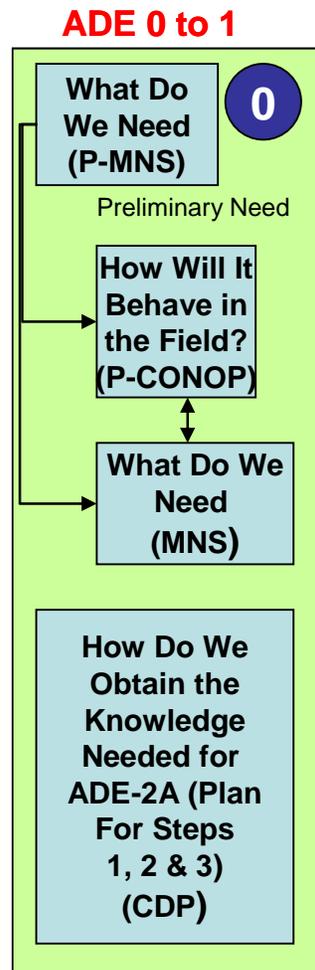


Figure 4 – Notional Flow – ADE-0 to ADE-1

(2) Identify Gaps in Needed Capabilities

- Engage end users and operators fully in the process.
- Assess existing or planned/programmed capabilities, whether in DHS or available from partners, to determine whether they could be utilized or leveraged.
- Utilize the HLS EA to the fullest extent to identify capability gaps.

- Identify capability gaps that remain after all avenues to fill them have been eliminated.
- Address gaps across the DOTMLPF+R/G/S factor structure – holistic solutions to HLS problems involve all these factors. However, some MNS may be limited to materiel solutions only if the non-materiel aspects are developed outside this process.
- Prioritize the gaps so limited resources can be allocated to the most important deficiencies.
- State gaps in functional/operational terms. Do not state gaps as solutions. For example, do not state that “*DHS lacks an airborne surveillance platform to spot illegal border crossings,*” but that “*DHS needs improved capability for early detection of illegal border crossings.*” A subsequent phase determines solutions.

(3) Capture the Results in the MNS (or initially in a P-MNS)

The results of the prior activities provide the analytical input for preparing a MNS. This document should provide the basis on which leaders can base an investment decision with an initial authorization to proceed with an acquisition project.

- Clearly address specific capability needs and their alignment to DHS goals and direction.
- Show that existing systems and planned systems (internal or external to DHS) have been considered for use or leverage to fill the gap.
- Articulate a compelling “value proposition” for filling the identified gaps. In general, two types of benefits may be gained: greater mission effectiveness and/or greater efficiencies.
- Indicate the impact of not filling the gaps on DHS missions and goals.
- Appendix C: Mission Need Statement, provides detailed guidance for preparing a MNS (and the parts that constitute a P-MNS).

(4) Review MNS by Department

Essentially, this serves the same purpose as the review of the P-MNS, but at the more detailed and complete level of the MNS. The same essential questions are asked and any opportunities for synergy and non-duplication are seized. Of course, if these questions have already been resolved through the P-MNS, the approval of the MNS is accelerated.

(5) Prepare a CDP

During the Need phase, a CDP is developed that defines how critical knowledge required to inform ADE-2 decisions will be obtained, and defines the objectives, activities, schedule, and resources for the next (Analyze / Select) phase. The steps above and the resulting MNS or P-MNS inform the CDP. The CDP is a management agreement between HQ and the authority responsible for conducting the Analyze/Select phase, and is signed by that authority and submitted with the MNS to the ADA at ADE-1. It should describe any pilots/prototypes that will be developed during the next phase, along with

potential (notional) ideas or concepts for solving the gaps identified during the Need phase and which should be considered in the **Analysis of Alternatives** (AoA) or in an **Alternatives Analysis** (AA). (See Appendix D: Capability Development Plan.)

The CDP provides a solid basis for discussion prior to the ADE-1 on whether to conduct a full AoA or a more limited AA. If the P-MNS/MNS indicates a cross-Component need/gap or potential cross-Component solution(s), or if the potential program is highly complex and involves major **Research and Development** (R&D) efforts, an AoA will usually be required. Cross-Component AoA's will be headed by an Independent¹ Study Director. An AA tends to focus on a relatively bounded materiel solution with less required R&D and is conducted and approved by the Component.

The CDP may be signed at the ADE-1. If the ADE-1 sets a significantly different philosophy, or the final CDP requires more time to complete, it can be approved post-ADE-1 in a "paper approval" as specified by the ADM.

3. **ADE-1 Description – "Validate the Need"**

The purpose of ADE-1 is to ensure alignment of needs to strategic DHS direction along with adequate planning and resourcing for upcoming phases. This is accomplished through a review of the documents listed in Table 2: ADE Documentation Requirement, by the ART prior to the decision event. As part of ADE-1, the review will ensure that resource needs, activities, and schedules are addressed for the next acquisition phase by approving the CDP.

a. ADE 1 Decision:

At this point the ADA approves (if not previously approved) the MNS and CDP (including the initial ground rules for the AoA – or AA if the solution trade space is more focused – to begin the Analyze/Select phase after verifying that appropriate resources (e.g. staffing and funding) have been allocated to execute the CDP). This decision also results in the designation of a qualified² PM and is the point of program initiation. The decision on whether to conduct an AoA or an AA is also made at ADE-1.

Questions to be answered at the ADE-1 decision point:

- Does the MNS clearly address capability needs and alignment to DHS goals, direction, and EA?
- Does the MNS demonstrate relationship to other DHS programs/systems?
- Is the program justified to proceed to the Analyze/Select phase?
- Does the MNS provide a compelling value proposition for filling a valid gap?
- Does the CDP describe how critical knowledge will be obtained to support the next acquisition decision?

¹ Independent as defined to be separate from the acquiring organization

² Qualified as defined by MD 0782 "Certification Requirements for Program Manager." The level of PM is determined by the ADA for the Analyze/Select phase, and is evaluated again at ADE-2.

- o Are the CDP and its tributary efforts (e.g. the AoA or AA) resourced to accomplish the plans?
- b. Interface to PPBE Process: This link is described in Section II, item H: Links Between the Acquisition Review Process and Other Departmental Decision Support Processes, below.
- c. Interface to Strategic Requirements Planning Process: This link is described in Section II, item H: Links Between the Acquisition Review Process and Other Departmental Decision Support Processes, below.

4. Analyze/Select Phase Description – “Identify the Alternatives, Operational Requirements, and Resource Requirements”

The Analyze/Select phase identifies and explores alternative ways to fill validated user mission capability gaps in the MNS with mission effective, suitable, and affordable solutions drawn from across the DOTMLPF+ R/G/S factor model, and allows decision makers to select the optimum solution(s) to effectively deliver required capability to users. The phase informs the decisions at ADE-2.

- a. Decisions at the end of the Analyze/Select Phase (ADE 2A):
At ADE-2A the ADA selects the overall “best” capability alternative (mix of solutions) that provides the required performance at acceptable cost, schedule, and risk. This alternative will then proceed into development through various types of acquisition (e.g. capital asset acquisitions or enterprise services contracts) while effects on non-materiel factors (e.g. changes in doctrine or training) created by the materiel solution are provided to the appropriate departmental/Component organizations by the ADA.
- b. Products used in the process:
 - (1) **Concept of Operations (CONOPS)**
This document describes *from a user’s perspective* the current way of operating to execute the assigned mission and contrasts this to future methods of operating, under future threats and conditions, using potential capability solutions. It documents deficiencies with the current CONOPS, and how different solutions could meet future challenges and correct current shortfalls. It defines capabilities in greater detail than the MNS and supports development of the AoA/AA and ORD. The final version of the CONOPS uses the preferred solution(s). Appendix F: Concept of Operations, contains guidance on CONOPS.
 - (2) **Analysis of Alternatives (AoA) / Alternatives Analysis (AA)**
The AoA is an *analytical* comparison (from a high-level cost and performance perspective) of selected solution alternatives for fulfilling the specific capability gaps/needs. The AoA explores these alternatives with the goal of identifying the most promising approach to achieve user-required capabilities within practical performance, cost, schedule, and risk boundaries. Within this

decision space, it trades-off these variables to achieve a balanced solution. An AoA helps ensure unbiased exploration of a broad range of feasible alternatives (such as those identified in the CDP considered at ADE-1), and that the analyses cover the DOTMLPF +R/G/S spectrum. An AA may be used for simpler, Component-unique materiel solutions. Appendix G: Analysis of Alternatives, contains guidance on AoA. An AA can be used when the preferred solution is already narrowed down to a specific materiel solution. An AA does examine more detailed performance characteristics of various alternative ways to implement the materiel solution, and may be affected by cost and schedule constraints and trade-offs.

(3) **Operational Requirements Document (ORD)**

The ORD captures the business or operational user **Key Performance Parameters (KPPs)**. ORDs are overarching documents that describe the mission, objectives, and capabilities in operationally relevant terms. Appendix H: Operational Requirements Document, contains guidance on ORD.

(4) **Life Cycle Cost Estimate (LCCE)**

The LCCE estimates the total cost of a project from initiation through disposal, to include support and sustainment after fielding of the capability for the selected alternative. Appendix I: Life Cycle Cost Estimate, contains guidance on LCCE.

(5) **Integrated Logistics Support Plan (ILSP)**

The ILSP defines the strategy for ensuring the supportability and sustainability (e.g., maintenance, logistics, training, reliability improvements, etc.) of a future capability. It should provide critical insight into the approach, schedule, and funding requirements for integrating supportability requirements into the systems engineering process to ensure supportability of the design and for developing/obtaining sustainment products. The ILSP is a preliminary document at ADE-2 used to support the ADE-2A decision at this point it is a high-level strategy for providing supportability and sustainment that will be updated through the course of the acquisition cycle with increasing detail and fidelity as the program progresses. The ILSP provides the basis for assumptions and planning for life cycle costs reflected in the **Acquisition Program Baseline (APB)** and LCCE, and is integrated with SELC requirements. Appendix J: Supportability and Sustainment, contains guidance on ILSP.

(6) **Acquisition Program Baseline (APB)**

The APB establishes the baseline cost, schedule, and performance parameters for the program and related projects. The APB at ADE-2A contains the overall acquisition cost, schedule and performance values, and may contain sections for supporting projects and services if that information exists. Usually, information about the supporting projects/services are added between ADEs-2A and -2B. In practical terms, the APB is the “contract” between the

Government developer, the Component Head or **Component Acquisition Executive** (CAE), and HQ on what will be delivered, how it will perform, when it will be delivered, and what it will cost – and contains the intermediate markers to measure progress. Appendix K: Acquisition Program Baseline, contains guidance on the APB.

(7) **Acquisition Plan (AP)**

The AP is a living document that spans the life of the acquisition; as such, it is progressively elaborated over time. It also provides a top-level strategy for future sustainment and support and a recommendation for the overall acquisition approach and types of acquisition (e.g., asset acquisitions, services acquisitions, IAAs). The recommendation should describe why the solution is in the best interest of the Government and why it is most likely to succeed in delivering capabilities to users. Programs should contact APMD for tailoring guidance of the specific sections and AP content based on the unique conditions of each acquisition. Guidance on the AP is provided in Appendix E: Acquisition Plan.

c. **Processes:**

Figure 5: Processes between ADE-1 and ADE-2B, depicts the key activities in this phase in three blocks labeled with blue circled numbers to group like activities. The various activities in this phase are closely coupled and should ideally be conducted concurrently and interactively by collaborative teams. For example, CONOPS evolution and AoA execution should be conducted in parallel, informing each other (the CONOPS informs the AoA from a user perspective; the AoA informs the CONOPS from a provider/developer perspective). Together, the AoA and CONOPS processes inform the ORD. Then, the ORD parameters feed into the APB, LCCE, AP, and ILSP.

In practice, this phase resembles a spiral process that iteratively explores options against a set of criteria and constraints. The option space is narrowed and refined until a “best” (or sufficient) solution is reached. Like the other phases, it should be tailored to the needs of each program and the processes of each Component. For example, a Component may develop the CONOPS earlier (with the MNS), and may begin this phase with a preliminary ORD to set performance requirements.

Ideally, this requires a parallel set of activities to assess: the technical performance of solutions; their effectiveness in meeting MNS requirements; their life cycle cost, schedule and risk; and trade-offs to reach the best possible combinations of factors (satisfactory from a user view to accomplish the mission and viable from a provider perspective).

ADE 1 to 2A

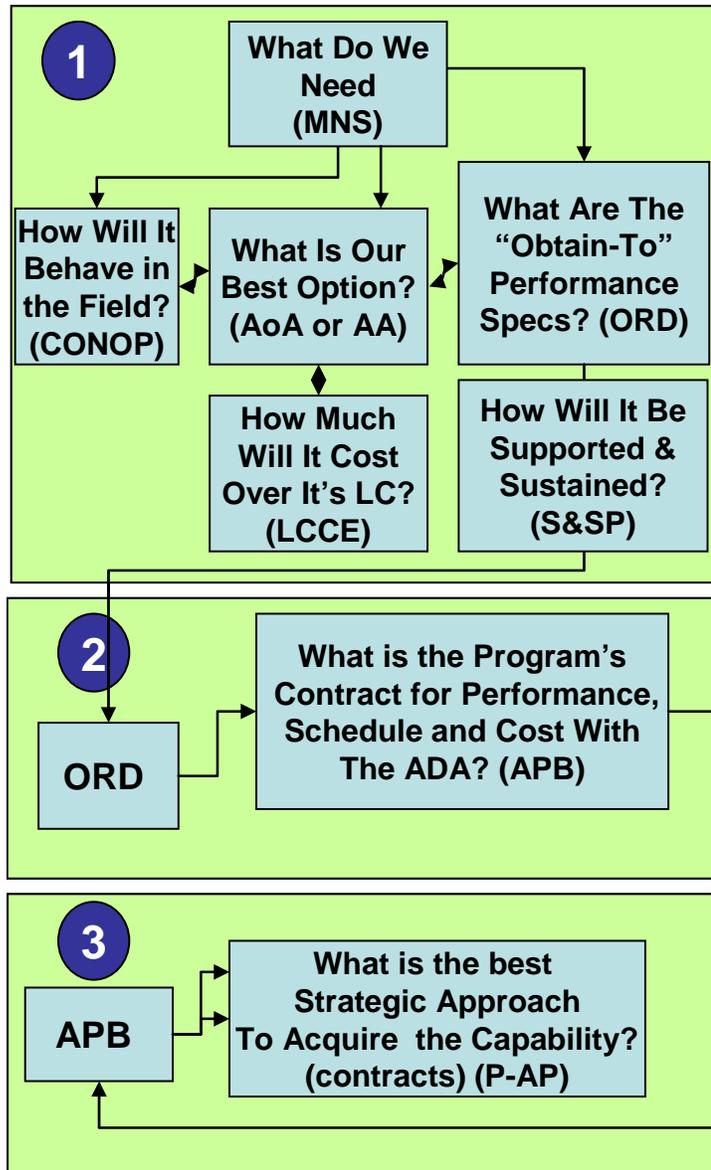


Figure 5 – Processes Between ADE-1 and ADE-2B

The decision maker should be presented with a minimal set of optimized and balanced alternatives that provide given levels of performance for a given life cycle cost/schedule/risk. The ultimate objective is to provide sufficient knowledge for senior leadership to make informed ADE-2A decisions committing DHS to fund and effectively acquire user capabilities.

Figures 5, 6 and 7 provide a notional path through the initial acquisition phases. They are meant for illustration, and are expected to be tailored to best match the user needs and capabilities of the acquiring activity. To facilitate necessary interchange of information between disciplines and products, better synchronize

activities, and expedite this phase, the following activities are described as occurring (to the maximum extent possible) in parallel versus sequentially.

(1) Develop a CONOPS

- Develop the CONOPS in parallel and interactively with the AoA/AA and ORD (see Figure 5: Processes Between ADE-1 and ADE-2B, block 1, alternatively the CONOPs may be developed with the MNS). As these analyses begin to mature, their results can be fed into an initial ORD, and subsequently into a final ORD (after the requirements are optimized through the AoA/AA process). The users/ operators should lead the CONOPs effort with support from the PM and **Subject Matter Experts** (SMEs) as required.
- Begin with a baseline CONOPS that describes the user's current operating methods to meet assigned missions and tasks in the operational environment. If appropriate, develop **Measures of Effectiveness** (MOEs) for the tasks. MOEs can help define ORD performance measures.
- Describe the deficiencies and gaps in the "as-is" operations referring back to the MNS.
- Use previous studies, along with benchmarks and lessons-learned from actual operations, to identify potential new ideas and concepts across the DOTMLPF+R/G/S to respond to future threats and conditions and eliminate current deficiencies. These should be fed into the AoA/AA for technical and cost analysis.
- As alternatives for change are identified and analyzed in the AoA/AA, they are put in a "to-be" CONOPS context of expected threats, missions, scenarios, goals, tasks, and environments to show how they might work from a user perspective. For example, the **Measures of Performance** (MOPs – system characteristics) for a solution can be compared to the MOEs to inform the users and the AoA/AA team of the "mission utility" of the alternative.
- Develop more detailed capability needs from scenarios.
- See paragraph (6) below for a tailored alternative path in which a preliminary ORD begins at the same time as the CONOPS or just after to help guide the AoA/AA. Appendix F: Concept of Operations, contains guidance and templates for the CONOPS.

(2) Develop an AoA/AA Study Plan

A **Study Plan** will set assumptions, scope/bounds, and constraints and may require that certain alternatives be examined to "open up" the trade space. It identifies and defines the organization of the study, including:

- The selection of an objective study team director or co-chairs.
- The participating organizations and their roles and responsibilities.
- The review and approval process for the AoA/AA, including an AoA/AA report and brief to seniors.
- A schedule and required resources, including the need for SMEs.

- How the AoA/AA team will interface with the CONOPS team and the ORD effort.

(3) Conduct an AoA/AA Study Plan Review (SPR)

After ADE-1 and a minimum of 15 days prior to initiation of the actual analysis, the AoA **Study Plan Review** (SPR) is conducted as per the SELC below. The review will include representation from DHS acquisition (APMD) as well as requirements (JRC).

- Fully engage users/operators in the AoA/AA team. The operators provide accurate insight into their quantifiable needs for the development team, as well as help to assess proposed solutions. The development team provides feedback to operators regarding the extent to which desired operational parameters can be met within constraints such as budgets, supportability, and technology.
- Establish criteria for the selection of alternatives based on requirements and realistic bounds on life cycle cost, schedule, and risk.
- Initially identify and analyze high level capability concepts derived from the Study Plan, CONOPS, or other sources to eliminate less desirable alternatives and narrow the field to more desirable options.
- Estimate the costs of each alternative only to the depth needed to decide whether to pursue it. Too much detail at this stage can limit the ability to explore a wide range of options and lengthen the AoA/AA process. Also, the options at this point are not refined enough to permit highly accurate and granular costing. The objective is to give decision makers best possible estimates that differentiate alternatives (i.e., provide relative costs and value).
- Make trade-offs among performance, life cycle cost, schedule, and risk. For example, a small reduction in performance that does not impair the mission might result in a large reduction in cost. Conversely, a small increase in cost might realize a major gain in performance. Schedule and risk should also be traded-off.
- Present the results of the AoA/AA to decision makers in a report and/or briefing that provides performance versus top-level cost schedule and risk of the most effective and feasible options so they can fully understand the trade-space and select a preferred solution.

(4) Analyze Solution Alternatives

An AoA/AA is an analytical comparison of selected solution alternatives for fulfilling the specific capability gaps/needs in the MNS. The AoA/AA explores these alternatives with the goal of identifying the most promising approach to achieve required capabilities within practical cost, schedule, and risk limits. An AoA/AA helps define feasible, suitable, and affordable KPPs and LCCEs that inform the ORD. Conversely, the ORD captures key performance and technical parameters for the potential program and, as these are refined the AoA/AA, alternatives should be modified to reflect the new parametric values.

Rough Order-of-Magnitude (ROM) cost estimates should be developed for all alternatives considered in the AoA/AA analysis, so the options can be compared for performance versus cost. LCCE methods – see (5) below – may be used to develop these cost estimates. Also, basic cost and benefit estimates for alternatives may be needed for CPIC submissions. Appendix G: Analysis of Alternatives, contains guidance and templates for the AoA/AA.

(5) Develop an LCCE

The LCCE is developed for the preferred solution from the AoA/AA (although it may begin at a preliminary level before the final selection of the preferred solution). The preferred solution LCCE will be more accurate and granular than those developed for the AoA/AA. Appendix I: Life Cycle Cost Estimate, contains guidance on the LCCE.

(6) Conduct Preliminary SELC Analyses

The lead Component or HQ activity for the Need phase will conduct a **Solutions Engineering Review** (SER). The SER scope will cover all systems engineering performed prior to ADE-2A. Details of the SER process are contained in Appendix B: Systems Engineering Life Cycle Management.

(7) Develop an ORD

Operational requirements are high-level requirements that describe the mission, objectives, and capabilities in operationally relevant terms. Operational requirements documented in the ORD should be traceable to the MNS.

- Use the parameters in the final AoA/AA and CONOPS analyses to populate the ORD. They should reflect the parameters of the preferred alternative.
- Develop **Critical Operational Issues** (COIs) that describe what the capability must be able to do in its operational environment to meet the mission need.
- Develop KPPs that must be satisfied by the capability. The minimal acceptable level for each KPP (threshold) and the maximum desired level (objective) should be provided.
- Selected members of the JRC (or their designees) will review the ORD prior to ADE-2A. The ADA (with JRC concurrence) will endorse the document.
- An alternative path in this process would be to begin work on a high level ORD (or Preliminary ORD) at the same time as the CONOPS, using the KPPs in the ORD to vector the selection and evaluation of alternatives in the AoA/AA. Once the preferred alternative is selected, the KPPs in the ORD can be finalized.

(8) Develop a Preliminary ILSP

The Preliminary ILSP is prepared before ADE-2A to develop initial planning assumptions and parameters for how the acquisition will be sustained and

supported (e.g., maintenance, logistics, training, reliability improvements, etc.) through its life cycle. It will be updated through the course of the acquisition cycle with increasing detail and fidelity as the program progresses. It can be developed in parallel with the AoA/AA, and may provide KPPs for the ORD. It provides input into the LCCE to make estimates of sustainment and supportability more accurate. The ILSP will be used as the basis for **Independent Supportability and Sustainment Assessments** (ISSA) conducted prior to ADE-2A, and each subsequent ADE. Guidance on the ILSP, ISSA criteria and procedures, and certification requirements (under development) is provided in Appendix G: Analysis of Alternatives.

(9) Develop an Initial APB

In general, PMs with **System of Systems** (SoS) or bundled projects will develop an initial APB prior to ADE-2A. The ORD provides the KPP and other performance parameters for the APB. The LCCE and AoA/AA can provide preliminary cost estimates for the entire program, as well as **Initial Operating Capability** (IOC) and **Full Operating Capability** (FOC) schedule milestones. Appendix K: Acquisition Program Baseline, provides guidance for an APB.

(10) Provide an Acquisition Plan (AP)

The **Acquisition Plan** (AP) is a living document used throughout the acquisition life cycle. At ADE-2-A it contains the overarching acquisition strategy across operational, acquisition, procurement, and resource functions as defined in the DHS Acquisition Plan Guide. It is used to inform and integrate activities across the acquisition, including acquisition planning and integrated support planning. The AP should:

- Provide a clear statement of the desired acquisition outcomes, a comprehensive description of the business environment, and the organic capabilities of the acquiring organization, including its capability for sustaining and maintaining the acquisition.
- Develop a broad assessment of the potential supplier base for desired goods and services, including suppliers' required support, business situation, and business objectives.
- Articulate the appropriate type of acquisition alternatives and assess the benefits, risks, and potential risks of each. Development of the AP is initiated following ADE-1 and is updated to support ADE-2A and 2B.
- The final AP is developed after ADE 2-A when the PM formulates his/her program into projects, and decides on the best types of acquisition and quantities for each.

5. **ADE 2A Description – “Approve the Program”**

The purpose of ADE-2A is to verify that the potential acquisition has:

- Sufficiently well-defined operational requirements.
- A preferred (balanced, effective and achievable) solution set.
- A complete life cycle cost for that solution set.
- Complete acquisition and support plans (including resources) that will allow the developing agency to enter into agreements with industry and other partnering Government organizations.

a. ADE-2A Decisions:

Here the ADA approves the acquisition to proceed into the Obtain phase. Materiel elements of the approved solution are approved by the ADA through an ADM. Non-Materiel elements of the approved solution that involve DOTMLPF+R/G/S factors are the responsibility of the JRC. It is critical that both non-materiel and materiel elements of a total capability are realized and synchronized in delivery to the users. The requirements side of HQ is ultimately responsible for ensuring that both aspects are synchronized. Other ADA-approved documents resulting from this decision include the first iteration of the APB.

Questions to be answered at this decision point:

- Are operational requirements (as described in the ORD) valid, complete, testable, and measurable?
 - For evolutionary acquisition programs, are the capability requirements laid out by increment or block?
 - Is the APB adequate? Is the scope of the acquisition clearly bounded? Are the KPPs in the ORD represented in the APB? Are the costs taken from the LCCE?
 - Is the AoA/AA adequate? Does it recommend and justify the best option?
 - Do the other required analyses (including the AP, the LCCE, the ILSP, and the SELC products) adequately cover the full scope of effort to deliver capabilities?
 - Is the effort resourced properly to accomplish the acquisition at a reasonable risk levels?
 - Are the major risks identified and adequately managed?
- b. Interface to PPBE Process: This link is described in Section H: Links Between the Acquisition Review Process and Other Departmental Decision Support Processes.
- c. Interface to Strategic Requirements Planning Process: This link is described in Section H: Links Between the Acquisition Review Process and Other Departmental Decision Support Processes.

6. **Obtain Phase Description (From ADE-2A to ADE-2B)**

The Obtain phase develops, tests, and evaluates the preferred alternative selected to obtain the capability and prepares it for the Production/Deploy/Support phase. This phase also includes preliminary production efforts and the further evolution of the APB to include refined logistics and funding parameters based on the evolving ILSP and LCCE. Based on the successful demonstration of the capability through testing and evaluation (for capital investments, in accordance with the TEMP), an assessment of the supportability and sustainment capabilities, and the preparation of all required documentation, the program may proceed to ADE-3. This phase may contain limited or **Low Rate Initial Production (LRIP)** to support operational testing and to allow continuous production.

- a. Products which have been previously developed are updated and expanded during this phase.

- (1) Acquisition Plan (AP)

The AP developed at ADE-2A is expanded to include the tactical specifics for each project or service. Programs are to contact APMD for tailoring guidance of the specific sections and AP content based on the unique conditions of each acquisition. Acquisition Plan guidance is contained in Appendix E.

- (2) Acquisition Program Baseline (APB)

The APB formally documents the program/project critical cost, schedule, and performance parameters, expressed in measurable, quantitative terms, which must be met in order to accomplish the program's goals. By tracking and measuring actual program performance against this formal baseline, management is alerted to potential problems, such as cost growth or requirements creep, and may take early corrective action.

- (3) Integrated Logistics Support Plan (ILSP)

The ILSP provides the guidance necessary for PMs to adequately plan for supportability and sustainment as they acquire the capabilities required to support DHS missions, as well as meet the requirements of the DHS **Acquisition Review Process (ARP)**. Planning, alone, is not sufficient. PMs must implement those plans and continually assess their efforts to ensure their planning effectively provides the desired system sustainment in the most efficient manner. This document also provides guidance on conducting assessments and verifying that an acquisition is ready from a logistics standpoint for an **Acquisition Decision Event (ADE)** as it progresses through its ARP.

- (4) Life Cycle Cost Estimate (LCCE)

The LCCE provides a consistent methodology, based on best practices, to be used across the Federal government for developing and managing its program cost estimates. For the purposes of this guide, a cost estimate is the

summation of individual cost elements, using established methods and valid data to estimate the future costs of a program/project, based on what is known today. The management of a cost estimate involves continually updating the estimate with actual data as they become available, revising the estimate to reflect changes, and analyzing differences between estimated and actual costs.

(5) Systems Engineering Life Cycle (SELC) Tailoring Plan

This plan tailors the phases, products and reviews in the SELC to meet the specific needs of each program and project. See Appendix B: Systems Engineering Life Cycle Management.

(6) Test Evaluation Master Plan (TEMP)

The final ORD provides the COIs, KPPs, and derived technical parameters for developing a TEMP. Appendix L: Test and Evaluation Master Plan, contains guidance on the TEMP.

b. Processes:

Figure 6: Process Flow Between ADE-2A and ADE-2B, depicts the process flow for this phase. Between ADE-2A and ADE-2B, the PM formulates the acquisition into types of acquisition, (e.g. capital investment projects, services procurements), and prepares the appropriate documentation for these types of acquisition in preparation for the ADE-2B decision.

- Concurrently the PM develops an SELC tailoring plan that identifies the SELC reviews and SELC documentation required for the Obtain phase. Development of this plan involves a dialog between the PM, APMD, the CIO for IT, and other stakeholders in SELC activities.
- To verify technical and operational performance of capital asset programs, the PM develops a **Test and Evaluation Master Plan (TEMP)**. A preliminary version may be prepared prior to ADE-2A.
- In the case of service types of acquisition, the Obtain phase develops the **Service Level Agreements (SLAs)** in contracts and with other service providers needed to achieve the performance in the APB.
- In the case of a capital asset, the APB is modified to include cost, schedule, and performance metrics and values for each project:
 - The APB sets expectations for the program and associated projects from ADE-2B through the balance of the acquisition, including the Produce, Deploy and Support phase.
 - The APB will contain subsections for each project used to meet the capability needs, and the parameters used to define each type of acquisition will be tailored to best manage the specific type of acquisition used. Additional guidance is provided in Appendix K: Acquisition Program Baseline.

ADE 2A to 2B

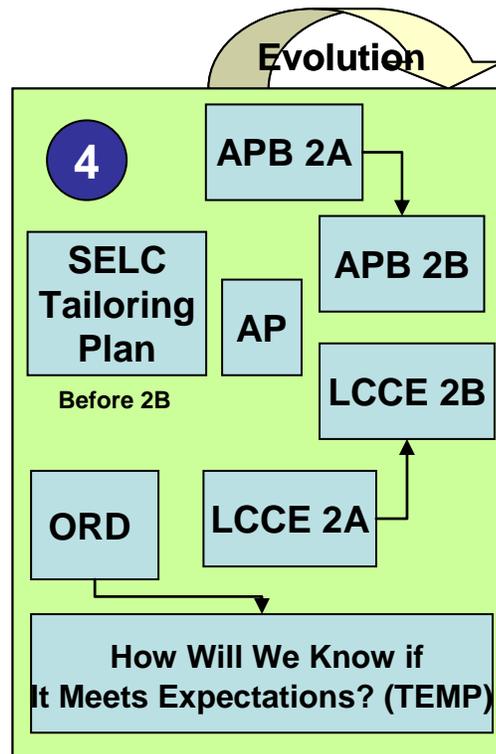


Figure 6 – Process Flow Between ADE-2A and ADE-2B

To identify what is needed to perform missions and tasks, the acquiring activity (assisted by sponsor organizations) can tailor the following notional activities:

- (1) The AP initially defines the program's project/services structure, procurement approaches, and evolves with the details of each acquisition.
- (2) The ADE-2B APB is evolved by including sections for each project (see Appendix K: Acquisition Program Baseline).
- (3) The ILSP is updated to reflect additional detail and accuracy of proposed types of acquisition used by the acquisition.
- (4) The ADE-2B LCCE reflects the additional detail and accuracy made possible by estimating costs at lower work breakdown structure (WBS) levels for each project/discrete useful segment.
- (5) The AP is developed per guidance provided by the DHS **Office of the Chief Procurement Officer** (OCPO). (Appendix E)

7. ADE-2B Description – “Approve the Supporting Acquisitions”

This approval can be a formal or virtual decision authorizing execution of selected types of acquisition. Either must be documented by a written ADM.

a. ADE-2B Decision.

This decision approves the expansion of the APB to include subsections laying out the cost, schedule, and performance parameters for each project/discrete useable segment used, along with any changes to the AP adopted at ADE-2A. It ensures there are sufficient resources (staffing and funding) and an appropriate schedule to execute the program through the Obtain phase with acceptable risk. Program **Initial Operating Capability (IOC)/Full Operating Capability (FOC)** dates will be established at ADE-2B (in the APB schedule), and may involve multiple 2B or ADE-3 reviews depending on the projects and/or types of acquisition under the overall program. For example, a useable segment/project of a program may require an ADE-3 prior to production and/or IOC or FOC deployment.

ADE-2A and -2B may be conducted as one decision event if proposed by the PM and appropriate for the given program. There will be one ADE-2A for each program, but there may be multiple ADE-2B events corresponding to the acquisition strategy of the program (e.g., an ADE-2B decision event for each increment of the acquisition, or for each type of acquisition used). If the Obtain Phase to follow contains limited or **Low Rate Initial Production (LRIP)** to support operational testing and to allow continuous production, an additional decision event will be identified at an ADE-2B decision to support low rate production. Operational use of LRIP items prior to ADE-3 will depend on successful operational testing and the availability of adequate support for these items. Note: For stand-alone enterprise services acquisitions (i.e., services that are not part of a larger acquisition program), an ADE-1 or -2A will not be required.

The proposed services procurement will be checked against the following criteria during procurement / solicitation planning, and reviewed against those criteria at an ADE-2B (chaired by the USM or CPO) prior to issuing the solicitation:

- Alignment with DHS strategic objectives including the EA for IT services.
- There is a common understanding between the Department and Component of the service objectives, as articulated in the SLA.
- A determination that the proposed acquisition is not duplicative of other services/acquisitions in the Department.

8. Obtain Phase Description (From ADE-2B to ADE-3)

The Obtain phase designs, develops, and tests the capability materiel solution, or otherwise obtains it through services acquisitions, IAAs, or other types of acquisition. All acquisition documentation continues to evolve throughout this phase to reflect trade space decisions and fact-of-life changes in requirements and available resources. The Obtain phase is where the majority of the SELC reviews are conducted, the ILSP is finalized, a third ISSA is conducted (see Appendix J:

Supportability and Sustainment), and LCCE is updated in preparation for a Produce/Deploy/Support decision at ADE-3.

a. Products used in the process:

(1) APB

The general contents of an APB are described on pages 19 and 20 of this document. During this phase, the APB parameters of performance, cost, and schedule are updated and any breaches corrected.

(2) ILSP (Final)

The general contents of an ILSP are described on page 19 of this document. During this phase, the ILSP is expanded and finalized.

(3) Operational Testing and Evaluation Reports (as applicable)

Operational tests are conducted during this phase in accordance with the TEMP and test plans. The results of the operational test are used to evaluate the degree to which the capability or system meets its requirements and can operate in the real world.

(4) SELC Review Results

The SELC provides for a series of reviews during this period, such as the **Preliminary Design Review** (PDR). It describes the purpose and exit of these reviews, who must sign them, and how the results of the review are reported.

b. Processes.

Figure 7: Process Flow from ADE-2B to ADE-3, depicts the flow for the Obtain phase.

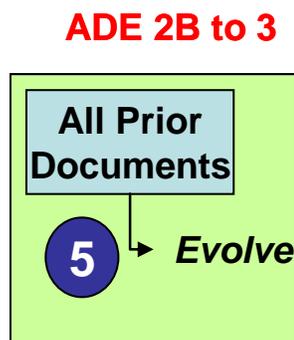


Figure 7 – Process Flow from ADE-2B to ADE-3

- (1) SELC Reviews (Refer to Appendix B: Systems Engineering Life Cycle Management)
 - a. Project Planning Review (PPR)
 - b. System Definition Review (SDR)
 - c. Preliminary Design Review (PDR)
 - d. Critical Design Review (CDR)
 - e. Test Readiness Review (TRR)
 - f. Production Readiness Review (PRR)
 - g. Operational Readiness Review (ORR)

9. ADE-3 Description: “Approve Production/Deployment and Support”

Based on successful testing reports, production readiness, sustainment reviews, and verification of sufficient production and operational resources (staffing and funding), the ADA may authorize initiation of the Produce/Deploy/Support phase of the acquisition via ADE-3, and documents the decision in an ADM.

- For hardware intensive systems, this is a Full Rate Production decision.
- For IT, this decision grants the authority to deploy the capability to the enterprise.

If the capability/system is not ready for deployment, the ADA will determine the actions required to make it ready and issue these in an ADM. Questions to be answered at the ADE-3 decision point:

- Has the product been tested in a relevant environment?
- Have the requirements been met, are the shortfalls addressed, and is the system operationally effective and suitable?
- Are the intended users trained and ready to accept the capability?
- Are the production processes mature?
- Are transition plans (if required) adequate?
- Is the capability/system supportable? Is sustainment and support planning adequate (as certified by the CAE or equivalent)? Are resources available to support the planning?
- Is the acquisition resourced to accomplish the APB and other implementation plans?

10. Produce/Deploy/Support Phase – “Field, Sustain, and Maintain the Capabilities”

The PM oversees the production efforts and coordinates the transition activities required to fully deploy the capability. The ADE-3 ADM will contain specific direction for the activities in this phase. Life cycle support (see Appendix J: Supportability and Sustainment) is provided in accordance with the ILSP, AP, and ADE-3 APB, which is updated prior to ADE-3 to include detailed life cycle support parameters.

H. Links Between the Acquisition Review Process and Other Departmental Decision Support Processes

There are three decision support systems in DHS that together decide what capabilities DHS needs to perform its' assigned missions and how they are resourced and acquired: 1) **Strategic Requirements Planning Process (SRPP)**, 2) Planning Programming Budgeting and Execution (PPBE); and 3) Acquisition. Figure 8: DHS **Integrated Business Process (IBP)** Key Decision Support Systems and Links, depicts this triad of decision support systems and their links. These systems must work together smoothly to effectively deliver needed capabilities to end users and operators.

Directive 102-01 for Acquisition Management and this accompanying Instruction/ Guidebook 102-01-001 are part of the DHS effort to align these three systems.

The key to effectively using the IBP is for the initiative, program or project managers to work with the leads for the SRPP, PPBE, and acquisition systems to create a plan that suits the specific situation, needs, and priorities of the program, project, or initiative. (See Figure 9: Notional Example of a New Start Program.) The Use Case depicted in Figure 9 shows how a new start acquisition might obtain a "wedge" of funding in the FYHSP using the P-MNS as the justification for funding to the PRB. If, during subsequent ADE-1 decisions, additional information on LCCEs were known, this information would be made available to the PRB and PA&E, and if timing allowed, the PRB might adjust the FYHSP accordingly.

It needs to be reiterated that this is a notional Use Case. Components/programs are encouraged to consult APMD on where and how to enter the decision process as specific cases arise.

In addition to the interlinks described above, the ARP produces information used by the **Capital Planning and Investment Control (CPIC)** process. The primary product of the CPIC process is the OMB Circular A-11 defined Exhibit 300 (E-300). E-300's are constructed and reviewed on an annual basis, whereas the acquisition management process is event-based (i.e., events occur based on maturity and readiness, rather than by schedule).

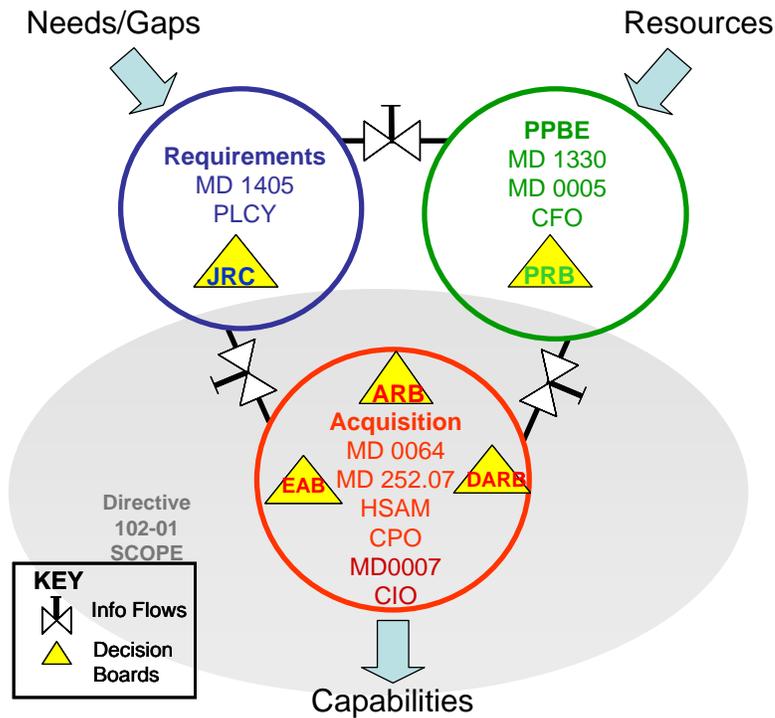


Figure 8: DHS Integrated Business Process (IBP) Key Decision Support Systems and Links

To ensure maximum accuracy for each program’s CPIC information, the acquisition documents produced per this instruction will be used as the source documents for creation and annual updates of each program’s E-300. Table 3: CPIC E-300 to Acquisition Product Mapping, identifies the acquisition source document for each section of the E-300.

Note: The CPIC pre-select phase is comparable to the acquisition “Need” phase; as a result, the information contained in the E-300s initiated during this phase is limited so as not to over-prescribe a solution before the Analyze/Select phase is executed. By ADE-2A, the Exhibit 300 should be comprehensive and aligned to the approved acquisition products of the Analyze/Select phase.

Notional Use Case Example: New Start

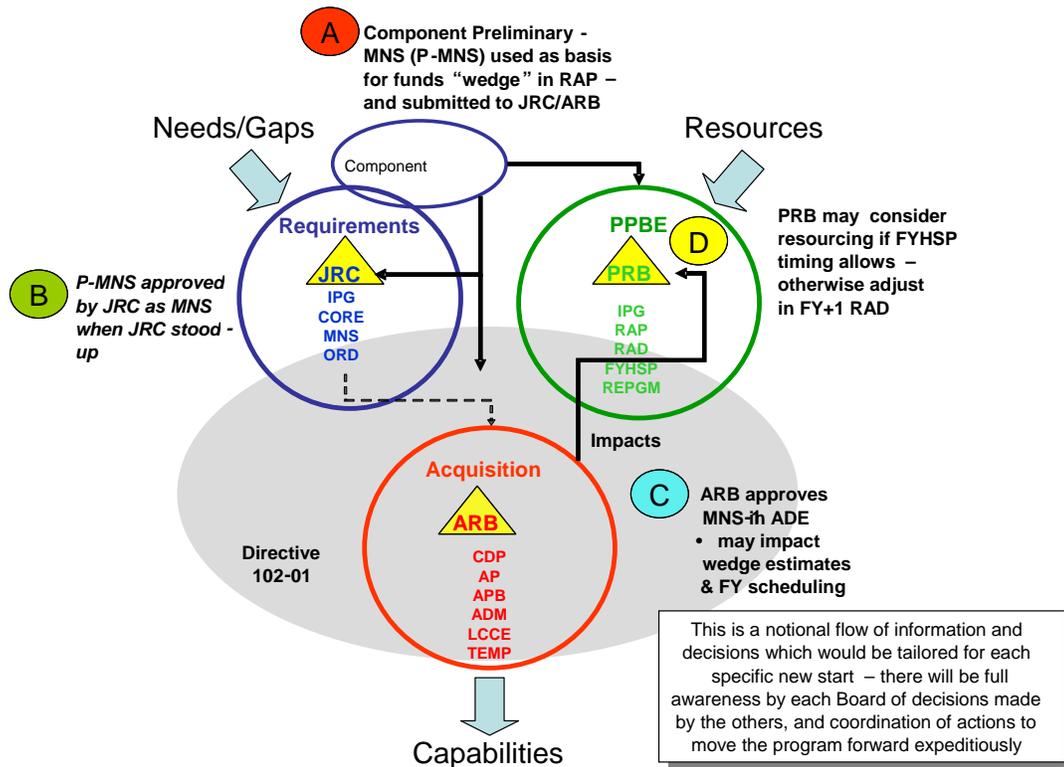


Figure 9: Notional Example of a New Start Program

I. Prototyping and Piloting

Acquirers are encouraged to utilize prototyping and piloting to reduce development and deployment risk; however special management and governance procedures are required. A prototype is defined as: A working model (physical, electronic, digital, analytical, etc) deployed in a testing environment, of a product built to validate requirements, define the problem, or search for alternative solutions. A pilot is defined as a process-related system staged in the operational environment prior to system implementation for the purpose of evaluating operational concepts. Pilots are to be identified as separate projects within programs. The scope of piloting and prototyping is contained initially in the CDP as well as the APB. Prototypes and pilots must be part of an existing program or project with approved funding and requirements. Pilots must be certified and accredited prior to use in the operational environment to include privacy considerations. Additional conditions of piloting/prototyping will be determined by the ADA as part of the ADE process based on the program's specific conditions (e.g., scope, urgency, risk).

The TEMP and other test plans must identify the operational test criteria for the pilot as they relate to overall end-items or systems, and the test reports and evaluations should show how the pilot tests validate end-item and system requirements.

J. Document Requirements

To adequately understand the need, plan, risk, and alignment to Department goals, DHS requires the documentation listed in Table 2: ADE Documentation Requirements, at each ADE. Tailoring of acquisition documents is desired and required for technical (SELC) documents. Regardless of program, acquisition and technical documents are to be made available to DHS. Questions regarding document requirements or content should be directed to the DHS Acquisition Program Management Division.

K. Research and Development Acquisitions [TBD]

L. Acquisition Review Process (ARP) and Acquisition Review Boards (ARB)

The ARP is the formal means for the program/project to receive authorization to proceed from phase to phase through the acquisition life cycle. The process allows PMs to summarize progress relative to the criteria of the acquisition life cycle and provides the ARB as a forum to assess progress and bring essential issues to the ADA. The ARB also performs a staffing function to recommend, along with the PM, decisions and courses of action for the ADA who exercises final authority for the ARB. Figure 10: Acquisition Review Process, represents the end-to-end acquisition review process. The nominal timeline for the end-to-end acquisition review process is expected to be 60 days, from the time the first entrance conference is held to the point at which the draft ADM is submitted to **Executive Correspondence Tracking** (ECT). Note that this timeline will vary with the size, complexity, and readiness of programs/projects.

OMB E300 Section		Acquisition Decision Event			
Section	Title	ADE 1 "Validate the Need"	ADE 2A "Approve the Acquisition"	ADE 2B "Approve the Mechanism"	ADE 3 "Approve Production Deployment and Support"
Part 1 Summary Information and Justification					
1.A	Overview (All Capital Assets)	MNS	MNS/CONOPS	MNS/CONOPS	MNS/CONOPS
1.B	Summary of Spending (All Capital Assets)	FYHSP (Wedge Values)	LCCE	LCCE	LCCE
1.C	Acquisition/Contract Strategy (All Capital Assets)	[AP] Limited to Analyze/Select efforts		AP	AP
1.D	Performance Information (All Capital Assets)	MNS	APB	APB	APB/S&SP
1.E	Security and Privacy (IT Capital Assets only)	CDP (plan only)	AP	SELC Products	SELC Products
1.F	Enterprise Architecture (IT Capital Assets only)	[MNS] Performance/Business Arch only	SELC Products	SELC Products	SELC Products
Part 2 Summary Information and Justification					
2.A	Alternatives Analysis (All Capital Assets)		AOA	AOA	
2.B	Risk Management (All Capital Assets)		AP/SELC	AP/SELC	
2.C	Cost and Schedule Performance (All Capital Assets)		APB	APB	
Part 3 For "Operation and Maintenance" Investments Only					
3.A	Risk Management (All Capital Assets)				S&SP
3.B	Cost and Schedule Performance (All Capital Assets)				APB/SLAs
Part IV: Planning for "Multi-Agency Collaboration" Only					
4.A	Multi-Agency Collaboration Oversight (All Capital Assets)	If Required*	If Required*	If Required*	If Required*
4.B	Risk Management (All Capital Assets)	If Required*	If Required*	If Required*	If Required*
4.C	Cost and Schedule Performance (All Capital Assets)	If Required*	If Required*	If Required*	If Required*

* Part IV should only be completed for investments identified as an E-Gov initiative, an Line of Business (LOB) Initiative, or a Multi-Agency Collaboration Effort

Table 3: CPIC E-300 to Acquisition Product Mapping

ACQUISITION DOCUMENTATION

Pre Acquisition	For ADE 1 "Validate the Need" Capital Asset and Services	For ADE 2A "Approve the Acquisition" Capital Asset and Services	For ADE 2B "Approve the Acq Types"		For ADE 3 "Approve Production, Deployment and Support" Capital Asset Only
			Capital Asset	Services	
ADA APPROVED	Mission Need Statement (MNS) ^{*4}	Acquisition Program Baseline (APB)	APB	APB	APB
	Capability Development Plan (CDP)	Integrated Logistics Support Plan (ILSP)	ILSP	ILSP	ILSP
	Acquisition Plan ^{*1}	Acquisition Plan ^{*1}	Test Evaluation Master Plan (TEMP) ^{*3}		
COMPONENT APPROVED	Preliminary Mission Need Statement (P-MNS)	Operational Requirements Document (ORD)	SELC/SE Tailoring Plan ^{*2}	Acquisition Plan ^{*1}	Service Level Agreement
		Concept of Operations (CONOPS)		Acquisition Plan ^{*1}	LCCE ^{*5}
		Analysis of Alternatives (AoA) or Alternatives Analysis (AA)			Acquisition Plan ^{*1}
		LCCE ^{*5}			

^{*1} AP Guide Sections: See Instruction for details

^{*2} SE/SELC Tailoring Plan approved by the DHS CIO for IT; DHS APMD for non-IT

^{*3} the Operational Test portion of the TEMP is approved by the DHS Director Operational Test and Evaluation

^{*4} MNS are always approved at DHS

^{*5} LCCEs are reviewed by the Cost Analysis Division

* HSAM 3007.103(h)(1)(i).requires that, for United States Secret Service (USSS) and the Federal Law Enforcement Training Center (FLETC), the component HCAs shall submit the AP for OCPO review for all acquisitions with a total value exceeding \$5 million. For all other Components, the Component HCAs shall submit the AP for OCPO review for all acquisitions with a total value exceeding \$50 million.

Table 2 — ADE Documentation Requirements

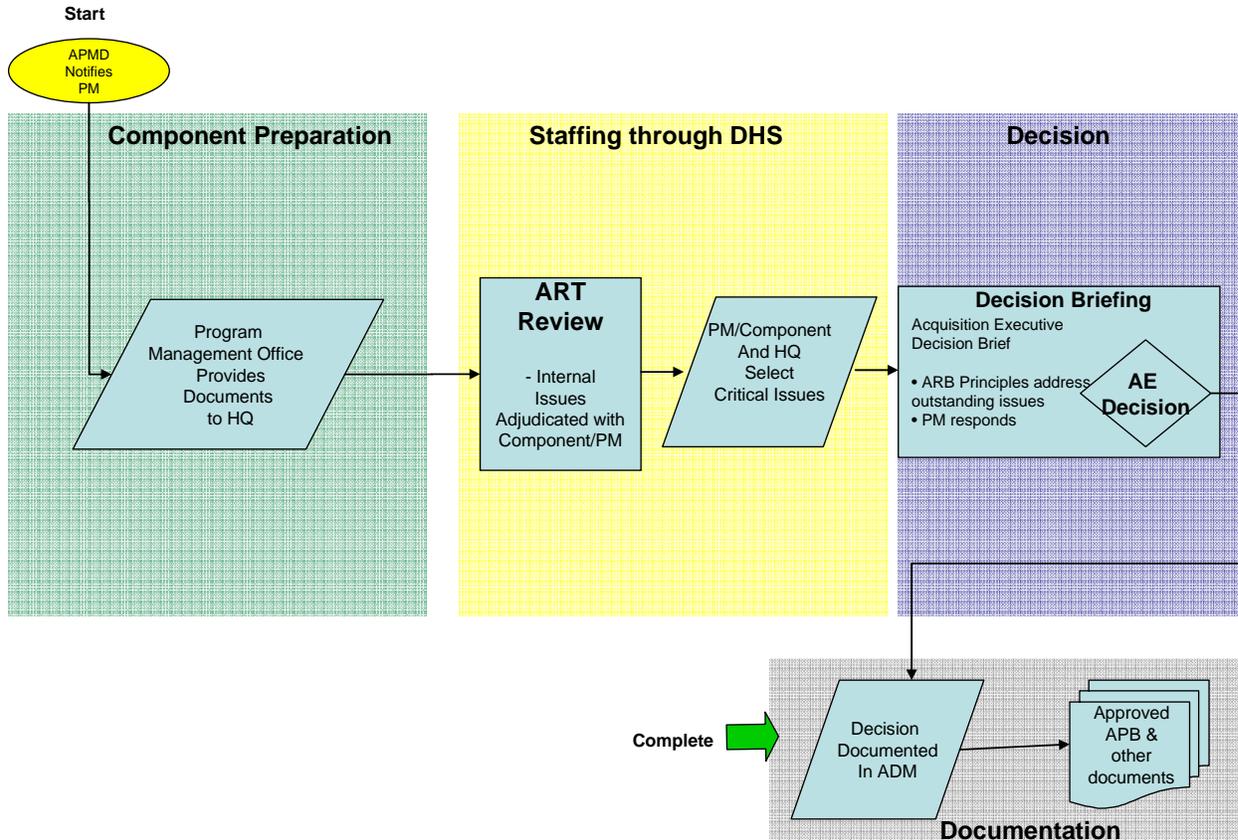


Figure 10 – Acquisition Review Process

ARP steps include:

- APMD initiates the ARP by contacting PM when a scheduled ARB is approaching (notionally, 45 days in advance of the ARB date). Notification will be based on dates contained in APBs and in the periodic reporting system. On an exception basis, Components may request acquisition reviews by contacting APMD.

Note: Components are expected to have successfully completed an EAB and/or DARB (as applicable) prior to the ARB.

- An entrance conference is conducted with APMD, the Component, and the PM to discuss required decision and supporting documents, identify key issues, and determine detailed timelines and event schedules. The primary document discussed at this conference is the **Program Structure** chart. A Program Structure chart identifies the projects/discrete useable segments within a program. The chart summarizes the program and provides the point where each project is in the ALF. The chart provides the ADA and ART a top level summary of the overall program. The project breakdown must correspond to the APB. The chart (example is provided as Figure 11: Program Structure Chart) is a key artifact in the initial ARB planning and a key slide in an ARB briefing.

PROGRAM: XXX
 COMPONENT: YYY
 ARB Need Date: Mid December 2008

Project Name	Description	Cost (\$K)	FOC Quantity	Acquisition Type	Acquisition Vehicle	Period of Performance	Acquisition Life Cycle				Status	
							NEED	ANALYZE SELECT	OBTAIN	PRODUCE DEPLOY SUPPORT		
Execute Process	AAAAAAAAA	\$350	N/A	Service	BPA	10/06 - 09/10						
Data Warehouse	BBBBBBBB	\$150	1	Material	Eagle, FP	10/06 - 09/10						
Software	CCCCCCC	\$200	1	Material	Eagle, CP	07/08 - 06/09						June 16 2008 ARB
Mobile Operations Vehicle	DDDDDDDD	\$600	6	Material	New Contract, FP	01/09 - 10/09						This ARB
Processing Center	EEEEEEEE	\$300	3	Facility	IAA - GSA	02/09 - 08/10						This ARB
Expand Services	FFFFFFFFF	\$150	N/A	Service	GWAC	3/09 - 09/14						This ARB
Expand Data Warehouse	GGGGGGG	\$100	1	Material	Existing Contract, FP	07/08 - 09/09						
Create Enterprise Standards	HHHHHHH	\$0	N/A	Other	PMO	N/A						This ARB
		\$1,850										

Figure 11: — Program Structure Chart

- Upon receipt of the supporting documents (according to the tailoring agreement), APMD performs initial review for adequacy and completeness, and then provides package to the ART.
 - Shortfalls in submitted documents will be identified to the Component for corrections.
 - APMD will compile ART comments and conduct HQ adjudication sessions as necessary to resolve any conflicting internal DHS findings.
 - Consolidated DHS comments will be provided to the PM and Component oversight for resolution.
 - The PM is responsible for adjudicating comments with APMD and (if necessary) members of the DHS ART.
 - If comments are unable to be resolved in the allotted time (as agreed by the PM and APMD), then the issue(s) are forwarded to the affected ART principal to determine if it should be included in the ADE issues paper.
- APMD coordinates ARB scheduling.
- The PM is responsible for preparing the ADE decision briefing. APMD will provide the format.
- The PM, APMD, and ARB members may identify issues for the ADE briefing book. APMD will draft the briefing book and submit for comment.
- APMD provides the briefing book four working days before the meeting.
- ARB meeting is conducted.
- APMD drafts ADM with PM input, and submits to ADA for signature.
- ADM is signed by the ADA (with ARB-assigned action items and due dates).
 - Decision process is complete when ADM is signed.
 - ADM actions/due dates are entered into departmental periodic reporting system and are tracked by the DHS Under Secretary of Management as part of the USM Management Council.

M. System Engineering Life Cycle (SELC)

The SELC provides a framework for development using proven systems engineering principles, processes, documentation, and reviews. The SELC must be tailored to fit the unique circumstances of the program/project early in the life of the program. SELC reviews are used to inform Component/departmental oversight structure (e.g. ADE reviews) on the progress toward successful capability development (see Appendix B: Systems Engineering Life Cycle Management).

N. Acquisition Periodic Reporting

Level 1, 2, and 3 programs will participate in the DHS acquisition periodic reporting process. The periodic reporting process is intended to be tailored at the discretion of the PM and agreed to by the ADA. Complete guidance for periodic reporting is contained in the **Next Generation Periodic Reporting System** (nPRS) Manual located in the Management section of DHS Online. At a minimum, PMs report periodically on the status of the APB to the APMD via nPRS.

O. Selective Acquisitions

Programs requiring special handling (e.g., programs with classified information) will follow the acquisition review process delineated in Directive 102-01 unless Operational Security or other program protection concerns require a deviation from the normal processes. In the event a deviation is required for a program or group of programs, a modified review process will be outlined and submitted to Director, APMD for concurrence. APMD will coordinate the acquisition management process with the **Office of Selective Acquisitions (OSA)** to ensure proper security management. All security shall be handled in accordance with the governing security policies and procedures.

The following restrictions apply to the acquisition review process for all OSA programs:

- Each LOB Chief should designate one senior staff member, with the appropriate level clearance, to serve on the ART for all OSA programs.
- All data bases, master lists of Department acquisitions, and other listings (including the Program Structure Chart of the DHS Acquisition Instruction/Guidebook) will include generic place holders for OSA programs. The same data bases, lists, and charts will be completed for OSA programs, maintained separately on a separate system, and reviewed only by appropriately cleared personnel.

P. Breach Policy

Breaches occur when a program or project fails to meet any cost, schedule, or performance threshold in the **Acquisition Program Baseline (APB)**. Programs are required to notify DHS of a potential breach within 30 days when any schedule or performance APB measure is expected to violate its threshold, or when cumulative program cost increases are greater than or equal to 8 percent of the approved cost baseline.

The DHS notification is provided through the Component chain of command to the ADA and Director, APMD. Notification is to contain an assessment of the root cause as well as the corrective actions required to return the parameter to within threshold. Within 90 days of the breach occurrence, one of the following should have occurred: the program is back within APB parameters; a new APB (changing only those parameters that were breached) has been approved; or a program review has been conducted to review the PM's proposed baseline revisions and make recommendations to the ADA.

III. ROLES AND RESPONSIBILITIES

This section outlines the roles and responsibilities of the various approving authorities and support activities.

A. Deputy Secretary

The Deputy Secretary serves as an Acquisition Decision Authority as shown in Table 1: Acquisition Thresholds and Decision Authorities.

B. Under Secretary For Management (USM)

The **Under Secretary for Management (USM)** is the DHS Chief Acquisition Officer responsible for the management, administration, and oversight of the Department's acquisition functions. The authorities, accountability, and responsibilities vested in the USM include, but are not limited to:

- Serving as an **Acquisition Decision Authority (ADA)** when delegated by the Deputy Secretary or as shown in Table 1: Acquisition Thresholds and Decision Authorities. The USM establishes clear lines of authority, accountability, and responsibility for acquisition decision-making and ensures that acquisition decisions are consistent with all applicable laws, regulations, and departmental policies.
- Delegating ADA as appropriate. Within HQ, the USM may delegate decision authority for Level 1 and Level 2 acquisitions as shown in Directive 102-01, Table 1: Acquisition Thresholds and Decision Authorities. The USM may also delegate decision authority for selected Level 2 acquisitions to Components if three conditions are met: (a) a designated CAE is in place; (b) the Component possesses working policies, processes, and procedures that are in keeping with the spirit and intent of Directive 102-01 and Instruction 102-01-001, and (c) the CAE has adequate, dedicated staff commensurate with the size of the delegated portfolio. On an exception basis, the USM may delegate decision authority for Level 1 acquisitions to Components. Additional criteria will be applied to mitigate risks. Delegated Level 1 acquisitions will be designated Level 1C. All other Level 1 acquisitions will be designated Level 1D.
- Designating CAEs in writing.
- Managing the direction of acquisition policy for DHS, including implementation of acquisition policies, regulations, and standards.
- Advising and assisting the Secretary, Deputy Secretary, and other Department officials to ensure that the mission of DHS is achieved through the management of the acquisition activities.
- Synchronizing interagency coordination and types of acquisition.

C. Deputy Under Secretary For Management (DUSM)

The **Deputy Under Secretary for Management** (DUSM) assists the USM in the performance of that individual's acquisition's duties, to include acting as the ADA as specified in the **Delegation Memorandum** (DM), or as delegated by the USM.

D. Component Heads

Component Heads (and Headquarters directors / **Line of Business** (LOB) chiefs who own acquisition portfolios) are responsible and accountable for adhering to the Department's acquisition policies and procedures to ensure the sound management, review, support, approval, and oversight of all types of acquisition within their respective organizations.

E. Line Of Business (LOB) Chiefs

The **Line of Business** (LOB) Chiefs listed below are members of the ARB, and are responsible for providing senior, experienced staff to serve on the ART. Additional duties include:

- The DHS **Chief Procurement Officer** (CPO), the senior procurement executive, exercises leadership and authority over DHS acquisition and contracting. The DHS CPO issues policies and implementing instructions; is accountable for the integrity, performance, and oversight of the DHS acquisition and contracting functions; and is responsible for ensuring that an acquisition's contracting strategy and plans align with the intent of the ARB.
- The DHS **Chief Financial Officer** (CFO) exercises leadership and authority over financial management policy and programs for the entire DHS enterprise. The CFO is responsible for establishing policies for, and overseeing the integration of, the PPBE system of DHS. The CFO is responsible for reporting to the ARB on the status, authorization, appropriation, obligation, and expenditure of funding in a manner that is consistent with the approved structure of the acquisition. The CFO is responsible for overseeing and reporting the mission-oriented performance of all Department programs.
- The DHS **Chief Administrative Services Officer** (CAO) is responsible for establishing Department administrative priorities, policies, processes, standards, guidelines, and procedures; engineering; and oversight in the following areas: asset management, real property, environmental planning and management, safety and energy management. The CAO is responsible for providing the DARB findings for a particular acquisition, as applicable, to the ARB/ART.
- The DHS **Chief Information Officer** (CIO) is responsible for establishing Department IT priorities, policies, processes, standards, guidelines, and procedures. The CIO is responsible for ensuring that approved IT acquisitions comply with Department IT management processes, technical requirements, and approved EA.

- The DHS **Chief Security Officer** (CSO) is responsible for serving as the Secretary's representative for all security-related matters; advising the Secretary on security-related issues affecting DHS personnel, information technology, and communications systems, facilities, property, equipment, and other material resources; operational control and day-to-day activities of the Department's counterintelligence program; and providing direct security support and services for all DHS Components without a chief security officer. The CSO exercises the DHS-wide security program authorities in the areas of personnel security, physical security, administrative security, special security, counterintelligence operations, security-related internal investigations, and security training and awareness.
- The **Acquisition Decision Authority** (ADA), as determined by the criteria in section VI of Directive 102-01, and when delegated by the USM, is responsible for ensuring compliance with this Directive by reviewing and approving the movement of each acquisition through the phases of its acquisition life cycle when they meet applicable criteria. The ADA has overarching responsibility for the acquisition cost, schedule, risk, and technical performance of their organization's acquisition portfolio. The ADA is responsible for assessing APB breaches, directing corrective actions, and approving any revisions to the APB.
- The **Component Acquisition Executive** (CAE) is the senior acquisition official within the Component, responsible for management and oversight of all Component acquisition functions. The CAE is responsible for ensuring statutory, regulatory, and higher level policy requirements are fulfilled by Component acquisitions by:
 - Establishing acquisition processes within the Component and tracking the extent to which the requisite resources and support are provided to PMs to ensure successful and effective acquisitions. Apprising respective Component leadership of any resource or support issues.
 - Managing the Component acquisition portfolio in compliance with applicable Department and Component regulations and policies.
 - Participating in ARBs for Level 1 and 2 acquisitions within their Component's portfolio, or providing a knowledgeable alternate to participate.
 - Submitting all Level 1 and 2 acquisitions through the ARP, including Level 1 and 2 joint/consolidated investments for which the Component is the designated lead.
 - Executing ADA responsibilities for Component Level 2 acquisitions when delegated by the USM.
 - Executing ADA responsibilities for Component Level 3 acquisitions
 - Establishing Component acquisition policies and procedures that support the principles and intent of this directive.
 - Reviewing **Operational Test & Evaluation** (OT&E) reports presented by **Operational Test Authorities** (OTAs).
- **Program/Project Managers** (PMs) (including **Component Acquisition Executives** [CAEs]) are responsible for managing their assigned acquisitions and for ensuring that they effectively deliver required capability to their customers while remaining within the allocated resources (e.g. cost and schedule) provided by their

organizations. If a program breaches an approved APB parameter threshold (or the PM determines that the program will so breach in the near future), the PM must promptly notify the Component leadership and ADA via a formal memo.

- The Director, **Acquisition Program Management Division** (APMD), located in the USM / Office of the CPO, is responsible for developing and maintaining acquisition policy, procedures and guidance, and providing support and assistance for Department acquisitions and acquisition personnel. The Director, APMD is the DHS Executive Agent and coordinator for the ARP and the executive secretary of the ARB. Director APMD is responsible for:
 - Maintaining the master list of Department acquisitions and associated ADEs.
 - Reviewing and recommending acquisition level designation for each new acquisition.
 - Recommending an annual prioritized list of acquisition reviews based on DHS's portfolio management criteria and program performance evaluation criteria.
 - Coordinating the activities of the ART and adjudicating pre-ARB review issues proposed by the ART.
 - Determining the ARB meeting format (i.e. formal meeting or virtual review).
 - Reviewing Level 1 and 2 acquisitions and preparing decision-support information and analysis for the ARB to include preparation of issue papers, ARB meeting schedules and agendas, ARB meeting minutes, and decision memoranda for ARB decisions. Assisting acquisition management offices in preparing for ARB meetings.
 - Assisting acquisition management offices in preparing for ARB meetings.
 - Issuing clarification and guidance on the execution of Directive 102-01 and this Instruction/Guidebook.
 - Supporting the development of acquisition workforce training and certification standards across the Department.
 - Serving as the **Acquisition Decision Authority** (ADA) if so delegated by the USM.
- The Director, **Cost Analysis Division** (CAD), located in the USM / Office of the CPO, serves as the focal point within DHS for cost analysis and estimating policy, process, and procedure. The Director, CAD is responsible for assessing life cycle cost estimates for Level 1 acquisitions, and for assisting acquisition management offices by providing guidance and support regarding data sources, methodology, modeling, documentation and earned value management implementation; assisting in developing cost databases to improve realism of future estimates; and assisting with acquisition baseline documentation development and review.
- The **Assistant Secretary for Policy** is responsible for supporting the acquisition management system via the DHS **Strategic Requirements Planning Process** (SRPP), developing Integrated Planning Guidance each year, and ensuring that acquisitions support the DHS strategic plan.

- The **Under Secretary for Science and Technology** is responsible for establishing the DHS test and evaluation policy and process for DHS acquisitions, via the Director, **DHS Test, Evaluation, and Standards (TE&S)**.
- The Director, **Test Standards Division (TSD)** administers DHS test and evaluation policy and process for DHS acquisitions, and supports the ARB by providing independent test and evaluation progress and status on acquisitions reviewed by the ARB.
- The Director, **Program Analysis and Evaluation (PA&E)**. Conducts independent analysis for and provides objective, fact-based advice to the DHS CFO, DUSM, Deputy Secretary, and Secretary on resource allocation issues and the measurement, reporting, and improvement of DHS performance.
- The Director of **Operational Test and Evaluation (DOT&E)** administers DHS test and evaluation policy and process for DHS acquisitions and supports the ARB by providing independent test and evaluation progress and status on acquisitions reviewed by the ARB.
- **Support Boards/Working Groups** are responsible to assist the ADA in making informed acquisition decisions. The following boards/groups are currently chartered:
 1. The **DHS Acquisition Review Board (ARB)** (formerly the **Investment Review Board [IRB]**) is the departmental executive board that reviews all Level 1 and 2 acquisitions (unless delegated to the Component CAE by USM) for executable business strategy, resources, management, accountability, and alignment to strategic initiatives and supports the ADA in determining appropriate direction for the acquisition at key ADEs. The ARB conducts systematic reviews of acquisitions to ensure that they are progressing in compliance with the approved CDP or APB for their current acquisition phase. The ARB is the forum at which the ADA approves an acquisition to proceed to its next acquisition life cycle phase (Analyze/Select, Obtain, or Produce/Deploy and Support). The ARB is chaired by the ADA and is comprised of representatives from USM, CFO, CIO, CAO, CPO, **Chief Security Office (CSO)** (and other LOB chiefs as appropriate); Assistant Secretary for Policy, General Counsel, Director OT&E (and other HQ representatives as appropriate), and user representatives from Components sponsoring the capability.
 2. The **DHS Acquisition Review Team (ART)** is the staffing body that supports the ARB by reviewing the status of acquisitions scheduled for ARBs, and by assisting with the preparation of the decisions and issues placed before the ARB. The ART is comprised of the action officers that represent the members of the ARB.
 3. The **DHS Enterprise Architecture Board** The **DHS Enterprise Architecture Board (EAB)** is chaired and operated by the DHS CIO. The DHS CIO is the lead technical authority for IT programs and oversees the management of the **Homeland Security (HLS) EA**. The EAB provides recommendations to the ARB

regarding the alignment of the types of acquisition with the DHS EA, as well as conformance of the acquisition to DHS standards. Level 1, 2, and 3 (>\$50M LCC) IT programs shall complete an EAB prior to an ARB. For Level 1, 2, and 3 (>\$50M LCC) non-IT programs, the ADA, in consultation with OCPO and OCIO, will determine the need for elements of a given program to be reviewed by the EAB prior to subsequent ADEs. The EAB also reserves the right to review Level 3 acquisitions below \$50M LCC. The EAB reviews relevant documentation, participates in strategic planning, develops IT strategic guidance, and establishes standing and ad hoc committees as necessary to support these efforts. The DHS CIO is authorized to delegate or tailor the EAB review process as necessary to effectively and efficiently provide the necessary oversight and intended outcomes.

4. The DHS **Program Review Board** (PRB), conducted by the Deputy Secretary and supported by the CFO/Director, PA&E, is responsible for reviewing and making recommendations to the Secretary on the FYHSP, and the annual DHS President's budget. The PRB also reviews the execution status of DHS funds provided to approved acquisitions.
5. The DHS **Joint Requirements Council** (JRC) is in the process of being established to provide requirements-related advice to the Deputy Secretary, and to validate the products of the SRPP as well as confirming alignment of requirements-related acquisition documents with the SRPP. The Assistant Secretary for Policy's Office of Strategic Plans will coordinate requirements-related reviews with APMD until the JRC is established.
6. The DHS **Asset Review Board** (DARB) is in the process of being established and will be chaired and operated by the DHS CAO. The DHS CAO is the lead technical authority on real property and major acquisitions of vehicles, and is responsible for managing the DHS portfolio of these non-IT assets. Until the DARB is formally established, the DHS CAO will review Level 1 and 2 acquisitions and provide recommendations to the ARB regarding the sufficiency and appropriateness of real property and vehicle asset requirements, capabilities, and acquisition methods.

IV. GLOSSARY

Acquirer. The organization responsible for the design, development, and delivery of capabilities (capital assets and services).

Acquisition. The conceptualization, initiation, design, development, test, contracting, production, deployment, logistics support, modification, and disposal of systems, supplies, or services (including construction) to satisfy DHS needs. Acquisitions result from investment decisions, respond to approved requirements, align to strategic direction, and are guided by approved baselines. Acquisition does not include establishment of Agency needs (requirements determination) or financial management.

Acquisition Cost. See Total Acquisition Cost.

Acquisition Decision Event (ADE). A predetermined point within the acquisition phases at which the investment will undergo a review prior to commencement of the next phase. Formerly known as a **Key Decision Point (KDP)**.

Acquisition Decision Authority. The individual designated in accordance with criteria established by the Department Chief Acquisition Officer to approve entry of an acquisition program into the next phase of the acquisition process. Formerly known as a **Milestone Decision Authority (MDA)**.

Acquisition Decision Memorandum (ADM). A documented record of decisions, exit criteria, and assigned actions for a specific type of acquisition as determined by the Acquisition Decision Authority.

Acquisition Function. Includes processes, personnel resources, assets, and budgets used to deliver mission capabilities and services.

Acquisition Program. The totality of activities directed to accomplish a program to acquire or support/sustain capabilities. An acquisition program is funded by one or more investments.

Acquisition Project. In general, a planned undertaking to obtain a capability with a definite beginning, distinct mission, and clear termination.

Acquisition Planning. The process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the Agency's need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition.

Acquisition Program Baseline (APB). A summary of the critical cost, schedule, and performance parameters, expressed in measurable, quantitative terms, which must be met in order to accomplish the goals of the investment.

Acquisition Review Board (ARB). The DHS executive board that reviews Level 1 and 2 investments for proper management, oversight, accountability, and alignment to strategic functions of the Department. Formerly known as the **Investment Review Board (IRB)**, the ARB reviews investments before approving them to proceed to the next phase of acquisition. The Deputy Secretary, USM, or DUSM is the Chair of the ARB, unless otherwise delegated.

Acquisition Types. Types of acquisition include, but are not limited to:

- Capital investments (programs / projects).
- Services acquisitions (via enterprise services contracts).
- Interagency agreements (IAA).

Breach: A condition that occurs when a program fails to meet any cost, performance or schedule threshold as identified in the **Acquisition Program Baseline (APB)**.

Capability. The ability to execute a specified course of action supporting DHS users and departmental goals/missions. It is defined strategically by the Department and tactically by an operational user and expressed in broad operational terms.

Capital Asset. [OMB Circular A-11, Part 7, Section 300] “Land, structures, equipment, intellectual property (e.g., software), and IT (including IT service contracts) that are used by the Federal Government, have an estimated useful life of two years or more, and have an acquisition cost of \$5M or more.” Capital assets do not include items acquired for resale in the ordinary course of operations or items that are acquired for physical consumption, such as operating materials and supplies. Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through lease/purchase or other capital lease (regardless of whether title has passed to the Federal Government); through an operating lease for an asset with an estimated useful life of two years or more; through exchange. Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards. Capital assets do not include intangible assets, such as the knowledge resulting from research and development; or the human capital resulting from education and training.

Capital Planning and Investment Control (CPIC). A decision-making process for ensuring that investments integrate strategic planning, budgeting, procurement, and management in support of Agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996; while originally focused on IT, it now applies also to non-IT investments [OMB Circular No. A-11].

Category Management Plan (CMP). A plan that provides the strategic direction for a category of goods or services managed by a Strategic Sourcing Commodity Council (see MD 0730.1).

Chief Procurement Officer (CPO). The DHS Senior Procurement Executive who exercises leadership and authority over DHS acquisition management. The CPO is

accountable for the integrity and performance of the investment, acquisition, contracting, and financial assistance functions within DHS.

Components. All the entities that directly report to the Office of the Secretary. The Office of the Secretary includes the Secretary, the Deputy Secretary, the Chief of Staff, the Counselors and their respective staffs.

Component Acquisition Executive (CAE). The senior acquisition official within the Component. The CAE provides acquisition and program management oversight, policy, and guidance to ensure statutory, regulatory, and higher level policy requirements are fulfilled by Component acquisitions. The CAE is selected by the Component head, in consultation with the CPO, and is designated by the Under Secretary for Management in writing. Each Component that has acquisition programs or a head of contracting activity will have a CAE.

Contracting. The purchasing, renting, leasing, or otherwise obtaining of supplies or services. Contracting includes description (but not determination) of supplies and services required, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration. For purposes of this Instruction/Guidebook, contracting is synonymous with procurement.

Contract Cost. The total value of a contract, which includes options, incentive awards, award terms, and total potential contract ceilings. This includes interdepartmental purchase requests, memoranda of understanding, or IAAs that will result in the delivery of systems, products, or services to DHS.

Capabilities, Objectives, Resources and Evaluation (CORE). The factor structure that describes a capability.

DHS Asset Review Board (DARB) . Exercises oversight of non-IT asset and service management. Develops and implements asset and service management policy, procedures, and business practices. Establishes asset and service-management controls and investment metrics.

DHS Component Acquisition Executive Council. The functional advisory body that assists the DHS CPO in evaluating and recommending the best courses for action for the DHS acquisition program. The CAE council provides DHS senior leadership with advice and counsel on the state of acquisitions within the Department. The CAE council is chaired by the DHS CPO, who has final decision-making responsibility for Council activities, and its members are the Component CAEs.

DHS Enterprise Architecture (EA). A management practice for aligning programs and projects to improve business performance and help agencies better execute their core missions. An EA describes the current and future state of the Agency, and lays out a plan for transitioning from the current state to the desired future state.

DHS Head of the Contracting Activity (HCA) Council. The functional advisory body that assists the DHS CPO in evaluating and determining the best course of action for the DHS Contracting Program. The council is chaired by the DHS CPO and its members include the Component HCAs.

DHS Acquisition Management Instruction/Guidebook. The guide for the implementation of acquisition management policy and processes covered in the acquisition management Directive.

Dual Accountability. Shared responsibility of both Component heads and LOB chiefs to build a unified DHS. Dual accountability recognizes that the Component head is responsible for mission accomplishment and is required to support functional integration. Both the Component head and the LOB chief have responsibility for ensuring compliance with all laws and regulations and for protecting taxpayer interests. Dual accountability also recognizes the LOB chiefs' professional expertise in their specialty areas. Consequently, the LOB chiefs' primary responsibility is to drive functional excellence across the Department, focused on DHS mission accomplishment.

Functional Integration. A transformation process that enhances efficient and effective use of resources by establishing unified policies and business processes, shared or centralized services and standards, and automated solutions. Functional integration is a structured relationship among DHS Components and LOB chiefs to achieve functional excellence in support of departmental mission and objectives.

E-Government (E-Gov). The use by the Government across agencies of Web-based Internet applications and other information technologies, combined with processes that implement these technologies. This term is also used to refer to the E-Gov agenda item in the President's Management Agenda, Presidential Priority E-Gov initiatives, and the E-Gov focus areas.

Earned Value Management (EVM). A project performance-measurement technique that effectively integrates the contract's scope of work with schedule and cost elements at the appropriate level for optimum project and program planning and control.

Earned Value Management System (EVMS). A project-management tool that effectively integrates the project scope of work with cost, schedule, and performance elements for optimum project planning and control. The qualities and operating characteristics of an EVMS are described in **American National Standards Institute (ANSI)/Electronics Industries Alliance (EIA) Standard-748-A, Earned Value Management Systems.**

Enterprise Architecture Board (EAB). The EAB reviews and makes recommendations to the ARB regarding all IT investments or non-IT investments with IT elements, regardless of level. On an annual and ongoing basis, the EAB approves business cases; participates in strategic planning, develops IT strategic guidance, and establishes standing and ad hoc committees, as appropriate.

Evolutionary Acquisition. An acquisition strategy that adapts to a changing environment by rapidly acquiring and sustaining a supportable core capability and incrementally inserting new technology or additional capability.

Exhibit 53. Summary budget information for all Agency major and non-major IT investments required by OMB Circular A-11. Exhibit 53s are also referred to as Agency IT investment portfolios.

Exhibit 300. A budget justification and report on investments required by OMB Circular A-11, Part 7, Section 300 (Planning, Budgeting, Acquisition, and Management of Capital Assets) that are also referred to as capital asset plans. Federal agencies prepare these documents to report on the budgeting, acquisition, and management of Federal capital assets in a format prescribed by the circular.

Exit Criteria. Acquisition-specific accomplishments that must be demonstrated satisfactorily before an acquisition type may either progress further in the current lifecycle phase or transition to the next phase. Exit criteria are normally selected to track progress in important technical, schedule, or management risk areas. Exit criteria serve as gates that, when successfully passed or exited, demonstrate that the acquisition is on track to achieve its final goals and should be allowed to continue with additional activities within an acquisition phase or be considered for continuation into the next acquisition phase. Exit criteria can include:

- Some level of demonstrated performance outcome (e.g., level of engine thrust).
- The accomplishment of some process at some level of efficiency (e.g., manufacturing yield).
- The successful accomplishment of some event (e.g., first flight), or some other criterion (e.g., establishment of a training program or inclusion of a particular clause in the follow-on contract) that indicates that the particular aspect of the investment is progressing satisfactorily.

Expenditure Plan. A Congressionally mandated plan that details how appropriated funds will be spent for an acquisition. The requirement to develop and obtain approval for the plan is stated in the relevant appropriations bill, and it must be completed before funding is released to, or obligated by, an acquisition.

Federal Enterprise Architecture (FEA). A framework that describes the relationship between business functions and the technologies and information that support them. The FEA facilitates cross-agency analysis and the identification of duplicative acquisitions, capability gaps, and opportunities for collaboration within and across Federal agencies. A DHS acquisition may be raised to a higher level if it is directly tied to the top two layers of the FEA business reference model (Services to Citizens and Mode of Delivery).

Future Years Homeland Security Program (FYHSP). The system of record for budget and investment information. The FYHSP budget documentation forms the basis for the initial reviews by the acquisition review team participants. The FYHSP is organized by program, subprogram, and element. The FYHSP is the Department's five-year resource

plan that articulates how the mission and goals from the Strategic Plan will be achieved within fiscal constraints. The FYHSP is documented in the annual FYHSP Report to Congress. Lastly, the FYHSP System is an on-line database that contains all five-year resource and performance information.

Integrated Logistics Support Plan: The formal acquisition management document that describes the management approach for obtaining a highly supportable capability with an affordable and effective support structure.

Incremental Acquisition. An acquisition approach that creates a full capability that is fielded incrementally based upon firm requirements for each of a set of “blocks.”

Information Security. The protection of information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide confidentiality, integrity, and availability (44 U.S.C., Sec 3542).

Information Technology (IT). “Any equipment or interconnected system(s) or subsystem(s) of equipment, used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by an agency.” For purposes of this definition, equipment can be used either directly by the Agency or indirectly by a contractor performing work for the Agency that requires the use of such equipment or requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. The term IT includes computers; ancillary equipment; software; firmware and similar procedures; services (including support services); and related resources. The term IT does not include any equipment that is acquired by a contractor incidental to a contract or any equipment that contains imbedded IT that is used as an integral part of the product, but the principal function of which is not the acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For example, heating, ventilation, and air conditioning equipment (such as thermostats or temperature control devices), and medical equipment for which IT is integral to operation, are not IT. [FAR 2.101] The EAB will review all IT investments, including any investments categorized as non-IT on the E300 but that contain IT elements.

Integrated Product/Project Team (IPT). A team composed of representatives from appropriate functional disciplines working together to carry out an acquisition function. An IPT may include members from both Government (including a contracting officer) and industry, after award, and may also include members of the user community or different office representatives. The project manager has oversight of IPTs at the project level. The ARB may also sponsor and oversee IPTs that it requests for specific work in support of their responsibilities. The term can be used in either sense (product or project).

Investment. With reference to DHS acquisition programs and acquisition projects, “investment” means DHS cost, outlays, or expenditures to achieve goals and objectives that result in the acquisition and/or sustainment of a needed capability (including processes) for furthering the DHS mission. Examples of investments are expenditures for

personnel, research and development (R&D), capital assets, information technology, service, operational and maintenance, and decommissioning and disposal of replaced systems. Service contracts are also investments but have different criteria for review because of the nature of their delivery, unless they are part of a larger effort.

Joint Project/Program. A project or program that involves DHS Components and outside agencies, whether they are Federal, State, local, or other.

Joint Requirements Council (JRC). Provides requirements-related advice to the Deputy Secretary, and to validate the products of the **Strategic Requirements Planning Process (SRPP)** as well as confirming alignment of requirements-related acquisition documents with the SRPP.

Life Cycle Cost Estimate (LCCE) [GAO COST ESTIMATION GUIDE]. Provides an exhaustive and structured accounting of all resources and associated cost elements required to develop, produce, deploy, and sustain a particular program. Life cycle can be thought of as a “cradle to grave” approach to managing a program. This entails identifying all cost elements that pertain to the program from initial concept all the way through operations, support, and disposal. An LCCE encompasses all past (or sunk), present, and future costs for every aspect of the program, regardless of funding source. Life cycle costing enhances decision making, especially in early planning and concept formulation of acquisition. Design trade-off studies conducted in this period can be evaluated on a total cost basis, as well as on a performance and technical basis. A LCCE can support budgetary decisions, key decision points, milestone reviews, and investment decisions, and usually becomes the program’s budget baseline. This helps to ensure that all costs are fully accounted for so that resources are adequate to support the program. Typically, an LCCE addresses four phases: research and development, procurement and investment, operations and support, and disposal. Civilian agencies may refer to the first two as development, modernization, and enhancement and include acquisition planning and funding. Similarly, civilian agencies may refer to operations and support as “steady state” and include in them operations and maintenance activities. Although these terms mean essentially the same thing, they can differ from agency to agency. The typical four phases are described below.

1. **Research and Development** includes development and design costs for system engineering and design, test and evaluation, and other system design features. They include costs for development, design, startup, initial vehicles, software, initial spares, test and evaluation, special tooling and test equipment, and facility changes.
2. **Procurement and Investment** includes total production and deployment costs of the prime system-related support equipment and facilities, and related equipment and material furnished by the Government and initial spare and repair parts.
3. **Operations and Support** are all direct and indirect costs incurred in using the prime system—staffing, fuel, maintenance, and support—through the entire life cycle.

4. **Disposal or Inactivation**, includes the costs of disposing of the prime equipment after its useful life. Because they encompass all possible costs, LCCEs provide a wealth of information about how much programs are expected to cost over time. This information can be displayed visually to show how much funding is needed at a particular time and when the program is expected to move from one phase to another.

Line of Business (LOB) Chief. Senior DHS officials at an organizational level just below the Under Secretary for Management, and responsible for a line of business as designated in a Directive or Management Directive. DHS LOB Chiefs include: the Chief Procurement Officer, Chief Administrative Services Officer, Chief Financial Officer, Chief Human Capital Officer, Chief Information Officer, and the Chief Security Officer.

Major System. For DHS, “major system” means that combination of elements that will function together to produce the capabilities required to fulfill a mission need, including hardware, equipment, software, or any combination thereof, but excluding construction or other improvements to real property. A DHS major system is one where the total acquisition costs for the system are estimated to equal or exceed \$300M (in Life Cycle Costs using constant 2009 dollars). This corresponds to a DHS Level 1 or 2 capital investment acquisition.

Major Investment. As currently defined by OMB for DHS, major investments are those investments that require an Exhibit 300, i.e., Level 1, Level 2, and Level 3 at or above \$50M in Life Cycle Costs (CY2009\$)

Mission Capability. The ability of DHS and its Components to effectively execute their assigned missions.

Mission Need Statement (MNS). A core DHS document that provides a high-level description of the mission need, whether from a current or impending gap, based on business-case planning. The MNS, prepared by the Component, outlines only the concept of the solution to fill the gap and does not provide information on specific acquisitions/types of acquisition that could provide that capability.

Pilot. A process-related system staged in the operational environment prior to system implementation for the purpose of evaluating operational concepts.

Portfolio. A grouping of investments to allow for mission effectiveness and high-level investment review, consisting of functional groups, asset types, mission types, etc. The grouping may be broad or specific, depending upon the needs of the Department.

Portfolio Management. The management of broad categories of like investments linked by their relationship to the mission to ensure effective performance, correspondence to the DHS EA, minimization of overlapping functions, and proper funding.

Privacy Threshold Analysis (PTA). Documentation/form submitted by a program manager or system owner to assist DHS in determining whether a full **Privacy Impact Assessment** (PIA) is required.

Program. Programs are directed, funded acquisitions that provide new, improved, or continuing systems or services in response to an approved need. Programs are divided into levels established to facilitate decentralized decision making, execution, and compliance with statutory requirements [DHS MD 0782.1] and may be composed of multiple projects, services contracts, IAAs, and other types of acquisition. In DHS, the **Future Year Homeland Security Program** (FYHSP) also defines programs, but does so at a higher-level with a mission-oriented focus that ties to the Department strategic plan. FYHSP programs are defined as a group of activities acting together to accomplish a specific high-level outcome external to DHS. Programs provide the operational processes, skills, and technology, the human capital, and other resources to achieve program performance goals and Department objectives and goals.

Program Manager (PM). The responsible agency customer, who, with significant discretionary authority, is uniquely empowered to make final scope-of-work, capital-investment, and performance acceptability decisions. The PM is also responsible for meeting program objectives or production requirements through the acquisition of any mix of in-house, contract, or reimbursable support resources. The PM is responsible for management and oversight of the Integrated Product Team. PM is one type of Program/Project Manager (PM).

Project. In general, a planned undertaking with a definite beginning, distinct mission, and clear termination. A project is a basic building block related to a program that is individually planned, approved, and managed. A project is not constrained to any specific element of the budget structure (e.g., operating expense or plant and capital equipment); basic research, ordinary repairs, maintenance of facilities, and operations are not considered projects. For the purposes of the ARP, all projects with a start and end date, producing a defined capability, are considered projects.

Project Manager. The official assigned responsibility for accomplishing a specifically designated unit of work effort or group of closely related efforts, established to achieve stated or designated objectives, defined tasks, or other units of related effort on a schedule and in support of the program mission. The project manager is responsible for the planning, controlling, and reporting of the project, and for the management of a specific function or functions, performance of the schedule, formulation of the budget, and execution of the approved budget. A program manager may also serve as project manager for projects within the scope of the program.

Prototype. A working model (physical, electronic, digital, analytical, etc) deployed in a testing environment, of a product built to validate requirements, define the problem, or search for alternative solutions.

Relevant Environment. For testing purposes, a relevant environment is an environment that simulates, replicates or actually contains those external factors, interfaces, operational and sustainability and support elements needed to exercise the test plans, scripts, and use cases/data sets for the particular developmental or operational test. For example, contractor facilities are not normally a relevant environment for operational testing.

Requirements Sponsor. The sponsor represents the operational needs of the Component and, ultimately, the end-users of the required system. The sponsor conducts mission analyses, identifies capability gaps, conducts requirements analyses, and participates in the long-range planning process and the prioritization of needs. The sponsor's final requirements are formally documented in an operational requirements document, and the sponsor participates in all phases of the acquisition to ensure that the item or system being acquired meets operational requirements.

Risk. Risk is a measure of the potential inability to achieve acquisition objectives within defined cost and schedule constraints. It has two components: the probability of failing to achieve a particular outcome and the consequences or impact of failing to achieve that outcome. Risk management is a process of developing an organized, comprehensive, and iterative approach to identifying; assessing; mitigating; and continuously tracking, controlling, and documenting risk and is tailored to each investment. Investments are designated "high risk" through two routes: (1) the assignment of the category by OMB per its memorandum 05-23, dated 4 August 2005, and (2) approval of the designation by the Milestone Decision Authority after review and discussion, leading to the designation of a higher investment level for greater DHS scrutiny.

Senior Procurement Executive (SPE). In accordance with the Federal Acquisition Regulation (FAR), "Senior Procurement Executive means the individual appointed pursuant to section 16(3) of the Office of Federal Procurement Policy Act (41 U. S. C. 414(3)) who is responsible for management direction of the acquisition system of the executive agency, including implementation of the unique acquisition policies, regulations, and standards of the executive agency." The SPE for DHS is the CPO.

Sensitive Initiatives. Highly visible or sensitive systems, such as Presidential Priority initiatives, for which DHS is the managing partner; collaborative technology; changes to the DHS security architecture; web-enabled services that extend beyond a single Component, etc., that may be raised to a higher investment level.

Service and Support Contract. A contract for services that fill a need that can be either mission essential (e.g., staffing a call center or performing independent verification and validation) or non-mission essential (e.g., janitorial). They perform an ongoing role and often do not produce a defined product. Service and support contracts that provide a mission essential capability otherwise provided by organic DHS personnel are subject to the ARP even if they are not associated with a specific investment. Service and support contracts subject to this policy are one type of acquisition.

Strategic Sourcing Program (SSP). A disciplined process for managing DHS investment across multiple customer groups, volume defined communities, and mission priorities to achieve improvements in price, performance, total cost of ownership, social economic participation, and overall business efficiency. PMs are expected to dialog with the SSP and to consider implementing opportunities within their acquisitions for economies of scale and logistics streamlining, among other benefits.

Supportability and Sustainment Planning. The determination of the type and level of activity required to maintain the capability of an acquisition throughout its life-cycle. Supportability and sustainment include the following elements: programming and budgeting, design for supportability, maintenance planning, staffing, personnel and training, supply support, support equipment, technical data, facilities, packaging, handling, storage and transportation, computer resources, deployment and fielding, post production support, reliability improvements, and retirement and disposal.

System of Systems. A composite system comprised itself of sub-systems that are closely coupled and all contribute to a common set of goals, objectives, and performance measures. Often used for “ultra-large” systems that must be acquired and developed as a set of major programs whose products interface and work together. Often **Systems of Systems** (SoS) cross organizational boundaries.

Total Acquisition Cost. All costs for acquiring, by contract, interagency agreement (IAA), and/or other funding instruments, supplies and/or services for a designated investment through purchase or lease, whether the supplies are already in existence or must be created, developed, demonstrated, and evaluated, and without regard to the type(s) of funds used, whether appropriated or non-appropriated. Service contracts that are part of the investment must be considered part of the total acquisition cost.

Type of Acquisition. The process by which a capability, or a portion of a capability, is acquired by DHS. Types of acquisition include, but are not limited to capital investments (programs / projects), services acquisitions (via enterprise services contracts), and Interagency agreements (IAA).