

Department of the Navy Secretariat
Information Technology
Expenditure Approval
Authority

Overview

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**DEPARTMENT OF THE NAVY
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Executive Summary

With the Defense budget facing significant cuts, finding cost saving efficiencies in information technology (IT) expenditures has become a priority. To address this challenge, in 2011 the Department of the Navy (DON) established centralized oversight of IT expenditures via three designated Information Technology Expenditure Approval Authorities (ITEAA) – one each for the Navy, Marine Corps and DON Secretariat. These authorities are responsible for approving all IT planning, programming, budgeting and expenditure actions for IT software, hardware or services at/above specified thresholds, with the objective of reducing costs without impacting mission effectiveness.

The Secretariat's ITEAA is the DON Chief Information Officer (DON CIO). For certain expenditures below the \$100,000 threshold, the DON's Assistant for Administration (DON AA) serves as the Secretariat approval authority. Organizations are required to have DON CIO or DON AA approval for all IT hardware, software and service expenditures prior to obligation or procurement.

To ease transition, requirements are being implemented within the Secretariat in three phases: IT Spend Visibility, IT Program Objective Memoranda (POM)/Budget Review, and IT Optimization. Phase I starts immediately, and continues through December 2012. Phase II overlaps with Phase I and introduces IT POM/budget reviews. Phase III will build on the knowledge gained in Phases I and II, processes will become more automated and decisions will be based on more complete information.

This document was developed to provide Secretariat leadership with an overview of the approach that will be used to implement new ITEAA requirements. Additional detail is provided in the *ITEAA Phase I – Implementation Guidance*.

Department of the Navy Secretariat Information Technology Expenditure Approval Authority Phase I - Implementation Guidance

1. Background and Purpose

On July 19, 2011, the Department of Navy Chief Information Officer (DON CIO) directed the Deputy Department of Navy Chief Information Officers (DDCIOs)/ Navy and DDCIO Marine Corps to each designate a single Information Technology Expenditure Approval Authority (ITEAA) responsible for approving all resource planning, programming or budgeting actions to acquire any Information technology (IT) software, hardware or service with a projected lifecycle cost or purchase cost of one million dollars or more.¹ The Under Secretary of the Navy (UNDER) then designated the DON CIO as the ITEAA for the DON Secretariat with a minimum approval threshold of one hundred thousand dollars.² When new Department of Defense (DoD) CIO policies raised concerns that IT employee devices (e.g., cell phones) and shared IT devices (e.g., printers) were not always optimized and, in many cases, were under-utilized, redundant or non-compliant, it was decided that the DON's Assistant for Administration (DON AA) IT Division would assume responsibility for approving certain IT expenditures falling below the Secretariat's ITEAA approval.³

This document provides an overview of the UNDER's directive to establish an ITEAA within the DON Secretariat to establish centralized review and approval of IT planning, programming, budgeting and execution (PPBE) actions to promote efficiency.⁴ To a large degree, the ability to identify savings will depend on access to accurate and complete DON budget, spend plan and IT repository information, which can be analyzed and used to develop more cost effective sourcing strategies, identify redundancies, eliminate waste and generate required exhibits and reports for Office of the Secretary of Defense, the Office of Management and Budget and Congress.

This ITEAA initiative is expected to enforce current policies and enable the DON's strategic goals including:

- Reduced IT costs (new development and sustainment)
- Rationalized IT portfolios that eliminate redundancy and outdated technology
- Compliant IT systems that conform to DOD and DON architectures and DON CIO policies
- Consolidation of servers to reduce data processing costs
- Maximum use of pre-negotiated best value prices using enterprise agreements, and
- Accurate IT-related data to support sourcing strategies, investment decisions and reporting requirements

This overview is supported by more detailed guidance intended for budget analysts, program managers, procurement staffs and other Secretariat personnel directly involved in developing IT budgets and spend plans, procuring IT and updating budget and IT systems of record.

2. Scope/Applicability

The ITEAA initiative applies to all Secretariat organizations. Organizations are required to have ITEAA or DON AA approval for all **IT hardware, software and service expenditures** prior to obligation or procurement.

IT embedded in Weapons systems (Platform IT) is excluded from ITEAA review/approval. Other exceptions, listed below, may be revisited at a future date:

- IT expendables, e.g., paper, ink, toner, compact disk and digital video disc media, etc. ;
- IT government and military labor; and
- NMCI Continuity of Services Contract (CoSC)/Next Generation (NGEN) support.

To minimize disruptive change, new ITEAA requirements are being implemented in the Secretariat in three phases. Phase I starts immediately. At the end of each phase, data will be analyzed to identify other efficiencies not yet known that will be incorporated into the following phases. This phased approach leverages existing organizational structures, processes and systems. It strengthens current roles and responsibilities, and emphasizes data accuracy and completeness.

3. Roles and Responsibilities

The following personnel/organizations have distinct responsibilities under ITEAA policy:

- **DON CIO:** Serves as the ITEAA for the DON Secretariat, with approval authority for IT procurements of/over \$100,000, and provides oversight of strategic planning, capital planning and investment management for all IT management functions.
- **DON AA:** Acts as the budget submitting office (BSO) for the Secretariat. The IT Division provides centralized IT services and has approval authority for Secretariat IT procurements that do not meet the ITEAA approval threshold.
- **Budget Personnel:** Execute the PPBE process in their organizations. They ensure data is accurate, complete and compliant with DON CIO, ITEAA, the DON's Office of Management and Budget (referred to as FMB) and BSO guidance and policies.
- **Procurement/Acquisition Personnel:** Execute procurements previously approved by the ITEAA or DONAA, ensuring compliance with policies.
- **Comptroller Staffs:** Ensure that all planned IT expenditures are pre-approved by the ITEAA or DONAA before actual obligations or expenditures are incurred. They also track actual expenditures.
- **Command IOs/CIOs:** Develop organization's IT requirements and coordinate with organization's budget/comptroller personnel to provide details regarding planned IT expenditures.
- **Functional Area Managers (FAMs).** Serve as IT portfolio managers for their designated functional areas; provide investment recommendations to various decision authorities including all the ITEAAs.
- **Secretariat ITEAA Process Execution Lead:** Assists the ITEAA and is the DON CIO's overall lead for the ITEAA process. Develops ITEAA related guidance.
- **DON CIO Subject Matter Experts (SMEs):** Review Secretariat ITEAA-required *Spend Plans* and *Change Requests* and provide recommendations to the ITEAA based on areas of expertise; also provide training/assistance as required.

4. Review and Approval Threshold Criteria

ITEAA or DON AA approval does not provide resources; it means the requesting organization has satisfied ITEAA or DON AA approval criteria and has permission to obligate or expend funds it has, or will have in the future.

Table 4.1 (next page) explains how the approval threshold is applied and in which cases the ITEAA or the DONAA makes the approval decision.

Table 4.1 – ITEAA and DON AA Review/Approval Threshold Criteria.

Secretariat ITEAA approval required for:	DON AA approval required for:
<ul style="list-style-type: none"> • New or existing IT “initiatives” for hardware, software, services of <u>\$100K or more during execution year.</u> • Mission-essential/critical IT programs and systems • Change requests for IT expenditures , when actual costs are expected to <u>exceed the ITEAA previously approved amount by 5% or more</u> <p>Excluded:</p> <ul style="list-style-type: none"> • IT supplies (e.g., toner, print cartridges, etc.) • NGEN/NMCI CoSC⁵ Costs • Government and military IT related labor 	<ul style="list-style-type: none"> • NGEN/NMCI CoSC⁶ costs • New or existing IT “initiatives” for hardware, software, services <u>less than \$100K during execution year.</u> Includes electronic equipment (e.g., plasma screens, televisions, projectors, etc.) • Change requests for IT planned expenditures , when actual costs are expected to <u>exceed the DON AA previously approved amount by 5% or more</u> <p>Excluded:</p> <ul style="list-style-type: none"> • Mission-essential/critical IT programs of any value

The dollar threshold pertains to the total expected FY12 cost for the “IT Initiative” as it is identified in the IT budget.⁷ An “IT initiative” represents a combination of cost elements that together produce an IT capability required to fulfill a specific mission need. Initiative “types” include:

- **Defense Business Systems (DBS)** (e.g., Navy Enterprise Resource Planning (ERP)),
- **Systems** (e.g., Defense Information Technology Portfolio Repository (DITPR)),
- **Programs** (e.g., Financial Improvement and Audit Readiness);
- **Projects** (e.g., website, IT related research); or
- **Organizational support** (e.g., telephone services, operations support, desktop equipment purchases, contractor support and maintenance, etc).

Setting the threshold at the IT Initiative level ensures that the ITEAA and DON AA are making their approval decisions in the context of the total capability and have visibility of all-related costs. It also provides an opportunity to validate the consistency of the budget to actual IT spending.

5. ITEAA FY12 Phase I - Implementation Timeline

The Secretariat’s Phase I implementation plan involves the following key events/deliverables:

- **FY12 IT Spend Plan and Year-to-Date Actual Spend** – Due May 31, 2012
- **FY12 End of Fiscal Year Report** – Due November 15, 2012
- **FY12 Change Request** – Due as required

Each Secretariat organization will submit an IT spend plan for FY12 to DONAA and the ITEAA, as noted above. The hardware and software portions shall be updated in the Program Budget Information System – Information Technology (PBIS-IT) (formerly Naval Information Technology Exhibits/Standard Reporting (NITE/STAR)) in the line number detail records area. The services portion of the spend plan and other information that cannot be captured in PBIS-IT will be submitted on a spreadsheet. Once the spend plan has been approved by the appropriate approval authority (ITEAA and/or DON AA), any changes (new

items or cost increases of 5% or more) must be approved by the ITEAA or DONAA via the change request process. (NOTE: cost decreases do not require ITEAA approval.)

At the end of FY12, total IT expenditures will be updated in PBIS-IT, augmented by spreadsheets as required. In December 2012, the ITEAA staff will perform an FY12 spend analysis to identify any opportunities to achieve additional savings through improved sourcing, consolidation, etc. Recommendations will be implemented in the following phases.

The timeline in **Figure 5.1** below illustrates Phase I key events. (Please note that **Phase I** activities identified in **RED** overlap with some Phase II activities represented in **BLUE**. Phase II begins with the submission of the FY13 Spend Plan. (All Phase II activities are not represented below.)



Figure 5.1 – ITEAA Key Events and Timeline

6. IT Policy Considerations and ITEAA Review Criteria

The following IT efficiency initiatives shall be considered when developing IT POMs, budgets, and spend plans and will be used by the ITEAA and DON AA when making their approval recommendations/decisions.

- **DON Enterprise License Agreements:** Commercial off-the-Shelf (COTS) software, hardware and related services shall be purchased using enterprise agreements when they exist.⁸
- **Systems and networks:** No systems shall be acquired or funded that do not comply with the DON Enterprise Architecture.
- **Circuit Infrastructure Management:** No FY12 Navy funds may be expended upon Defense Information Systems Network (DISN) or non-DISN circuits to support legacy or excepted networks unless they are compliant with all applicable policies (e.g., Information Assurance, DADMS/DITPR-DON registration, FISMA and portal management).
- **Cell phones:** Handheld wireless communication devices (i.e., cell phones and Blackberries) and services shall be purchased in accordance with ASN(RDA) and DON policies.⁹
- **Electromagnetic Spectrum Supportability:** No funds may be obligated for a spectrum-dependent system unless a Spectrum Supportability Risk Assessment has determined that sufficient spectrum will be available throughout the system's life cycle.¹⁰
- **Server and Data Storage Acquisition:** No data storage will be acquired without first determining that existing DON data center capacity is insufficient.¹¹
- **Portals:** New portals shall not be established unless essential and fully justified and approved.
- **Telecommunications:** Organizations shall not build requirements or purchase time-division multiplex (TDM) voice-switching equipment. Future voice equipment must be capable of providing Voice over Internet Protocol (VoIP) services. All waivers must be approved by the DON CIO.
- **Employee IT devices:** Cell phones, printers and other personally assigned devices shall be optimized.¹²

7. Document Submission and Customer Support

In Phase I, the Secretariat's ITEAA documentation submission processes will initially be manual. In later phases, the processes are expected to become more automated and standardized across the DON. See the "*DON Secretariat ITEAA Phase I – Implementation Guidance*" for more information.

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8. Endnotes

- ¹ DON CIO memorandum of July 19, 2011; Subj: Department of the Navy Information Technology Expenditure Approval Authorities (ITEAA)
- ² UNSECNAV memorandum of September 19, 2011, Subj: Department of Navy (DON) Secretariat Information Technology Expenditure Approval Authority.
- ³ UNSECNAV memorandum of April 11, 2012, Subj: Information Technology (IT) Efficiencies Impact to IT Support throughout the Department of the Navy (DON) Secretariat.
- ⁴ UNSECNAV memorandum of September 19, 2011, Subj: Department of Navy (DON) Secretariat Information Technology Expenditure Approval Authority.
- ⁵ Next Generation (NGEN) will eventually replace the Navy and Marine Corps Intranet (NMCI) Continuance of Services Contract (CoSC)
- ⁶ Centrally managed by DONAA even though it meets the ITEAA approval threshold.
- ⁷ IT Initiatives are identified in the IT budget by a Budget Initiative Number (BIN) and Automated Information System Number and Extension (AIS.EXT). The BIN is an OSD naming convention; the AIS.EXT is a DON-only convention.
- ⁸ ASN(RDA), ASN(FMC) and DON CIO memorandum; Subj: Mandatory Use of Department of Navy Enterprise Licensing Agreements, dated February, 22, 2012.
- ⁹ ASN (RD&A) memorandum; Subj: "Department of the Navy Acquisition Policy on Mobile (Cellular) Phone and Data Equipment and Services" of 27 Mar 2005; DON CIO memorandum, Subj; *Department of the Navy Policy for Issuance, Use and Management of Government-Provided Mobile (Cellular) Phone, Data Equipment and Services, and Calling Cards*, of Sep 2, 2005; and DON CIO memorandum; Subj: "Department of the Navy Policy on Mobile (Cellular) Service Cost Management", of Mar 13, 2012.
- ¹⁰ OMB Circular A-11, Part 2, Sec. 33, Para. 33.4 (viewable at: www.whitehouse.gov/omb/circulars) directs that the National Telecommunications and Information Administration, Department of Commerce certify that the necessary radio frequency can be made available before estimates are submitted for development or procurement of major radio spectrum-dependent communications-electronics systems (including all systems employing space satellite techniques).
- ¹¹ DON CIO memorandum, Subj: *Department of the Navy (DON) Data Center Consolidation (DCC) Policy and Guidance*, dated 20 July 2011,
- ¹² DoD CIO memorandum, February 17, 2012, Subj: Optimizing Use of Employee Information Technology (IT) Devices and other Information Technologies to Achieve Efficiencies.