

SECTION 53—INFORMATION TECHNOLOGY AND E-GOVERNMENT

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Ex-53 Agency Information Technology (IT) Investment Portfolio

Summary of Changes

Changes all terminology for IT management to Investments. The term IT investments includes projects, systems, IT workforce, and initiatives.

Adds information on the Federal Enterprise Architecture, its use during the agency budget formulation process, and the overall FY 2005 budget process (section 53.2).

Adds the submission of agency's initial draft of exhibit 53 (section 53.4).

Adds information on attendant documents and their requirements (section 53.5).

Reflects the enactment of the Federal Information Security Management Act (FISMA) and the E-government Act of 2002 (P.L. 107-347) (section 53.3).

Modifies definition and provides criteria for identifying systems as "Major IT Investment" or "Non-Major IT Investment" (section 53.7).

53.1 Why must I report on information technology Investments?

The information required allows the agency and OMB to review and evaluate each agency's IT spending and to compare IT spending across the federal government. Specifically the information helps the agency and OMB to:

- Ensure that initiatives create a citizen-centered electronic presence and advance an E-government strategy that includes specific outcomes to be achieved;
- Understand the amount being spent on development and modernization of IT versus the amount being spent on operating and maintaining the status quo for IT;
- Identify the funding sources for agency IT investments;

- Identify investments for IT security as part of agency life-cycle costs for specific investments and IT security that is crosscutting or infrastructure related under the Federal Information Security Management Act (FISMA);
- Provide a full and accurate accounting of IT investments for the agency as required by the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996;
- Ensure that spending on IT supports agency compliance with the requirements of Section 508 of the Rehabilitation Act Amendments of 1998 (Electronic and Information Technology Accessibility) and Section 504 of the Rehabilitation Act of 1973 (Reasonable Accommodation);
- Identify spending and priorities consistent with agency Government Paperwork Elimination Act (GPEA) plans;
- Ensure compliance with E-government Act of 2002 and that privacy is considered and protected in electronic activities;
- Identify investments that support Homeland Security goals and objectives;
- Review requests for agency financial management systems; and
- Prepare the government-wide five-year plan required by the Chief Financial Officers (CFOs) Act of 1990.

You must provide this information using the Agency IT Investment Portfolio (exhibit 53) reporting format. This format was developed jointly by OMB and the Chief Information Officers' Council and provides basic information your agency needs to link its internal planning, budgeting, acquisition, and management of IT resources (i.e., the capital planning and investment control process). In addition, as an output of your agency's internal capital planning process, your budget justification for IT must provide results oriented information on IT operations and improvement initiatives in the context of the agency's missions and operations. Your budget justification, including the status and plans for information systems, should be consistent with your agency's submissions on financial management activities required by section [52](#) and the applicable guidance in [Part 7](#) of this Circular.

Total investments costs must cover the life of each system and include all budgetary resources (direct appropriation, working capital fund, revolving funds, etc.). Budgetary resources are defined in section [20](#) of this circular. Life cycle costs should also be risk adjusted to include any risks addressed on the Capital Asset Plan and Business Case that have not been mitigated. Examples of areas that may cause the adjustment of life-cycle costs would be strategic risks, technological risks, human capital issues, acquisition strategy, IT security and privacy risks, enterprise architecture, and any other issues identified on the capital asset plan. These total investment costs must be formulated and reported in order for OMB to meet the Clinger-Cohen Act's requirement that "at the same time that the President submits the budget for a fiscal year to Congress under section [1105\(a\) of title 31, United States Code](#), the Director shall submit to Congress a report on the net program performance benefits achieved as a result of major capital investments made by executive agencies in information systems and how the benefits relate to the accomplishment of the goals of the executive agencies."

53.2 How do I ensure that IT investments are linked to and support the President's Management Agenda?

All IT Investments must support the President's Management Agenda and must clearly demonstrate that the investment is needed in order to close a specific performance gap in the agency's ability to meet strategic goals and missions. The President's Management Agenda scorecard items are:

- Human capital;
- Competitive sourcing;
- Financial performance;
- E-government; and
- Budget and performance integration.

The President's Budget also defines guiding principles for the investments supporting the President's Management Agenda. The principles OMB will use to implement the PMA and the supporting IT investments are to ensure that investments:

- Create a citizen centered, results oriented, and market based government;
- Support homeland security, war on terrorism, and revitalizing the economy;
- Identify and manage corporate measures of success;
- Simplify and unify redundant activities, both within and across agencies;
- Where appropriate, investments are aligned with the President's E-Gov initiatives, identified at <http://www.whitehouse.gov/omb/>;
- Represent sound business cases that address overall solutions (human capital, competitive sourcing, financial performance, e-government, and budget and performance integration) as applicable; and
- Include strategic partnerships to perform business with State, local, other Federal agencies, non-profit organizations, and private industry as appropriate.

OMB will give priority consideration to IT investments that leverage technology purchases across multiple entities, ensure operational objectives are met, utilize technology that improves decision making, employ knowledge management tools, support the Federal Enterprise Architecture, and ensure that systems and information are secure.

Agencies are creating departmental/agency-wide programs for office automation, infrastructure, and telecommunications investments. These investments will be reported on a single integrated business case from the agency and meet the requirements of supporting the President's Management Agenda by simplifying and unifying redundant activities, both within and across the agencies. In effect, this approach will lead agencies to more effectively manage technology infrastructures across their enterprise and help OMB and the government connect these investments to the infrastructure layer of the Federal Enterprise Architecture.

The PMA and the E-government Act of 2002 require agencies to improve government performance through business-focused collaboration and shared use of effective technologies. The Federal Enterprise

Architecture (FEA) provides agencies and OMB with a set of tools to help meet those requirements. Agencies, OMB, and the Presidents Management Council (PMC) will also use the FEA to identify opportunities to improve performance and reduce costs.

OMB has used and will continue to use the existing budget process to prioritize investments that are consistent with this approach. During the FY 2004 budget formulation process agencies and the Administration used the FEA Business Reference Model (BRM) to identify six business lines where improvement was needed and/or redundancy existed. These six business lines are: Financial Management, Data and Statistics, Human Resources, Monetary Benefits, Criminal Investigations, and Public Health Monitoring. Consistent with this there is a governance process to identify these opportunities and Line of Business Owners where needed. A similar but more rigorous approach will be used during the FY 2005 budget formulation to identify further improvement opportunities. This will be largely driven through the characterization of major IT initiatives against selected reference models as collected by OMB through exhibit 300s.

This more rigorous approach requires a common way for OMB and agencies to characterize IT investments by not only the business line they support, but also the performance they seek to achieve and the components and supporting technology that comprise them. During the FY 2005 budget formulation process, an FEA Performance Reference Model, Service Component Reference Model, and Technical Reference Model are available for agencies to characterize their major IT investments in this manner. Once this characterization is complete, OMB, the CIO Council, and agencies can work together through the budget process to identify additional improvement and collaboration opportunities.

Major IT investments must align with the Federal Enterprise Architecture. Agencies must align each major IT initiative with the FEA Business Reference Model. This alignment will be identified through the numbering scheme included within the Unique Project ID, which is described in more detail in section [53.8](#) of this guidance. This will identify the FEA Business Area, Line of Business, and Sub-function to which the initiative aligns. The purpose of this alignment is to begin to organize major IT investments so that potential opportunities for collaboration can be identified. Once explored further, these collaboration opportunities may be to leverage common business processes, application and technology components, and/or eventually, data.

For FY 2005, agencies are required to use the FEA Performance Reference Model (PRM) to identify performance measurements for each major new development/modernization/enhancement (DME) IT investment. The PRM Version 1.0, available at <http://www.feapmo.gov>, includes detailed guidance about how to incorporate PRM Indicators into the performance goals and measures into the exhibit 300. Agencies should use the PRM to identify specific measurements in the following Measurement Areas: (1) Mission and Business Results; (2) Customer Results; (3) Processes and Activities; and (4) Technology. Each of these Measurement Areas includes Measurement Categories and specific Indicators that agencies can "operationalize" or tailor for their environment. Agencies should document their alignment with the PRM through the Performance and Goals table in section [I.C of exhibit 300](#). This structure will begin to provide performance information that aligns IT initiative to specific process outputs and ultimately to customer and business outcomes. Agencies should think carefully about the cause/effect relationship of the IT initiative, the processes it is designed to improve, the outcomes and the process influences.

OMB will present investments for the President's E-government initiatives, as well as new e-government investments identified through the Federal Enterprise Architecture, using an integrated budget process that compliments each agency's investment portfolio. OMB will work with agencies to build from the IT and E-government strategy outlined in this section and section [300](#) in identifying these cross-agency investments. Accordingly, where one agency's activities should be aligned with those of another agency in order to serve citizens, businesses, governments, and internal Federal operations, OMB will give priority to agencies that have worked collectively to present and support activities in an integrated

fashion. The FY 2005 Budget will appropriately reflect such interagency collaboration, and agencies will be expected to use exhibit 300 to demonstrate these efforts. For the FY 2005 budget formulation process, these reference models will be a key method by which agencies, OMB, and the President's Management Council can identify improvement opportunities. More detailed information can be found at www.feapmo.gov.

Each of the line items for major investments on [exhibit 53](#) are a roll-up of particular line items and elements from exhibit 300 detailed in section 300. Exhibit 300 is where the agency makes the business cases, and serves as the primary means of justifying IT investment proposals as well as managing IT investments once they are funded.

As detailed in section [300](#), business cases (exhibit 300s) for IT investments, must:

- Demonstrate the overall strategy outlined in this section;
- Follow the guiding principles of this section;
- Support the agency's strategic plans and annual performance plans;
- Link to and support the agency's Information Resources Management (IRM) Strategic Plans;
- Be a visible part of the modernization strategy of the agency (enterprise architecture);
- Address solutions (people, processes, and technology) rather than hardware and software alone;
- Demonstrate strong acquisition strategies that identify, control, and mitigate the risk to the Federal government;
- Demonstrate strong project (investment) management;
- Demonstrate how the investment is specifically addressing a performance gap or business need of the agency and how it supports the agency's strategic and performance goals;
- Demonstrate the use of earned value management system information to manage and control the investment;
- Ensure information and systems are secure and that security is part of the management of the process from initial concept and throughout the entire life cycle of the investment;
- Protect privacy in a manner consistent with relevant laws and OMB policies, including privacy impact assessments where appropriate;
- Demonstrate that the investment is achieving at least 90 percent of planned costs, schedule, and performance goals; and
- Ensure life cycle costs as formulated are risk adjusted as necessary and are as inclusive as the business case would require.

The governance processes required as attendant documents to this section (Agency IRM Strategic Plan, Documented CPIC process, and Agency Enterprise Architecture) are used in connection with the business cases (exhibit 300) and this "Agency IT Investment Portfolio" (exhibit 53) to demonstrate the agency

management of IT investments and how these governance processes are used to make decisions about IT investments within the agency.

The individual agency's exhibit 53 is used to create an overall "Federal IT Investment Portfolio" that is published as part of the President's budget. OMB's portfolio review and budget process will ensure that IT investments support the strategy identified in this section and ensure that the Federal IT Investment Portfolio includes the most effective portfolio of investments that:

- Simplify and integrate processes across redundant or duplicative programs to make it easier for citizens to get service;
- Directly improve the management of programs to achieve better program outcomes;
- Ensure sound security of government information systems and appropriate protection of information held in those systems;
- Eliminate redundant or non productive IT investments;
- Bring successful e-business practices to government administrative operations, such as effective procurement and human capital management strategies, including maximizing web-based architectures;
- Make appropriate use of technology components identified through the component based architecture work of OMB and CIO Council;
- Support the Federal Enterprise Architecture;
- Support the President's E-government Initiatives and Strategy;
- Focus IT spending on high priority modernization initiatives;
- Have major IT investments that are within 10% of cost, schedule, and performance objectives;
- Have major IT investments that are certified, accredited, or otherwise authorized as being properly secured;
- Reflect the negotiated enterprise-wide Enterprise Software licenses; and
- Reduce redundant IT spending in the six overlapping lines of business identified in the FY 2004 budget by defining government-wide solutions.

Annually, Chapter 22 of the Analytical Perspectives of the President's budget provides the results of OMB reviews of the agency's capital planning processes, enterprise architectures, business cases, efforts on expanding e-government, IT performance management, and overall health and well being of the management of the agency IT Investments. A companion document entitled "Performance Information for Major IT Investments" uses information from the exhibit 300s and this section to provide a snapshot of IT investments, their planned investments, support of the agency's strategic goals, and the performance goals and measures identified for the investments.

Supporting the President's Management Agenda by Expanding E-Government:

What it means to be green

- ✓ The agency has a Modernization Blueprint that focuses IT investments on important agency functions and defines how those functions will be measurably improved.
- ✓ All major systems investments have an acceptable business case (security and privacy, measures of success linked to the Modernization Blueprint, program management, risk management, and cost, schedule, and performance goals).
- ✓ For all major IT investments, cost and schedule overruns average less than 10% and performance shortfalls average less than 10%.
- ✓ Inspector General verifies that there is a Department-wide IT Security Plan of Action and Milestone (POA&M) remediation process.
- ✓ 90% of operational IT systems are properly secured (e.g., certified and accredited), including mission critical systems.
- ✓ Agency demonstrates consistent progress in remediating IT security weaknesses through their POA&Ms.
- ✓ Agency contributes to, and participates in, 3 of the 4 categories of E-Gov initiatives rather than creating redundant, or agency unique, IT investments.

What it means to be yellow

- ✓ More than 50% of major systems investments have an acceptable business case.
- ✓ Security Reports to OMB document consistent security improvement and either:
 - ✓ 80% of operational IT systems are properly secured **OR**
 - ✓ Inspector General verifies that there is a Department-wide IT Security Plan of Action and Milestone remediation process.
- ✓ For all major IT investments, cost and schedule overruns average less than 30% and performance shortfalls average less than 30%.
- ✓ Agency contributes to, and participates in, 2 of the 4 categories of E-Gov initiatives rather than creating redundant, or agency unique, IT investments.

53.3 What special terms must I know?

Capital planning and investment control (CPIC) is the same as capital programming and is a decision-making process for ensuring that information technology (IT) investments integrate strategic planning, budgeting, procurement, and the management of IT in support of agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996 and generally is used in relationship to IT management issues.

E-business (Electronic Business) means doing business online. E-business is often used as an umbrella term for having an interactive presence on the Web. A government e-business initiative or investment

includes web-services type technologies, component based architectures, and open systems architectures designed around the needs of the customer (citizens, business, governments, and internal Federal operations).

E-government is the use by the government of web-based Internet applications and other information technologies, combined with processes that implement these technologies.

Earned value management (EVM) is a project (investment) management tool that effectively integrates the investment scope of work with schedule and cost elements for optimum investment planning and control. The qualities and operating characteristics of earned value management systems are described in American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) Standard –748–1998, *Earned Value Management Systems*, approved May 19, 1998. It was reaffirmed on August 28, 2002. A copy of Standard 748 is available from Global Engineering Documents (1-800-854-7179). Information on earned value management systems is available at <http://www.acq.osd.mil/pm>.

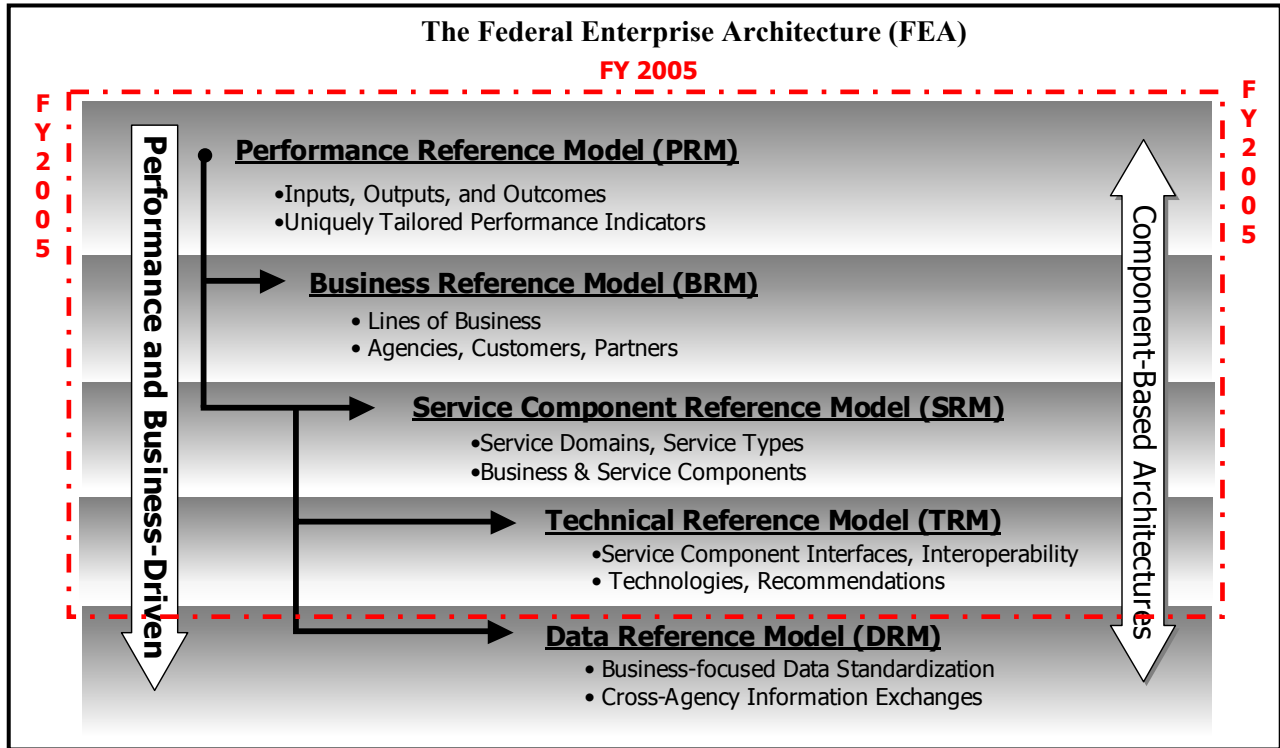
Federal Enterprise Architecture (FEA) is a framework for describing the relationship between business functions and the technologies and information that support them. Major IT investments will be aligned against each reference model within the FEA framework. The reference models required to be used during the FY 2005 budget formulation process are briefly described below. (The FEA will also ultimately include a Data Reference Model.)

Business Reference Model (BRM) is a function-driven framework to describe the Lines of Business and Internal Functions performed by the Federal government independent of the agencies that perform them. Major IT investments are mapped to the BRM to identify collaboration opportunities.

Performance Reference Model (PRM) is a standardized performance measurement framework to characterize performance in a common manner where necessary. The PRM will help agencies produce enhanced performance information; improve the alignment and better articulate the contribution of inputs, such as technology, to outputs and outcomes; and identify improvement opportunities that span traditional organizational boundaries.

Service Component Reference Model (SRM) provides a common framework and vocabulary for characterizing the IT and business components that collectively comprise an IT investment. The SRM will help agencies rapidly assemble IT solutions through the sharing and re-use of business and IT components. A component is a self-contained process, service, or IT capability with pre-determined functionality that may be exposed through a business or technology interface.

Technical Reference Model (TRM) provides a foundation to describe the standards, specifications, and technologies supporting the delivery, exchange, and construction of business (or Service) components and e-Gov solutions. The TRM unifies existing agency TRMs and electronic Government (e-Gov) guidance by providing a foundation to advance the re-use of technology and component services from a government-wide perspective.



Financial management systems are financial systems and the financial portion of mixed systems (see definitions below) that support the interrelationships and interdependencies between budget, cost and management functions, and the information associated with business activities.

Financial systems are comprised of one or more applications that are used for any of the following:

- Collecting, processing, maintaining, transmitting, and reporting data about financial events;
- Supporting financial planning or budgeting activities;
- Accumulating and reporting cost information; or
- Supporting the preparation of financial statements.

A financial system supports the processes necessary to record the financial consequences of events that occur as a result of business activities. Such events include information related to the receipt of appropriations or resources; acquisition of goods or services; payment or collections; recognition of guarantees, benefits to be provided, or other potential liabilities or other reportable activities.

Funding source means the direct appropriation or other budgetary resources an agency receives. You need to identify the account and the budget authority provided. Report those accounts that provide the financing for a particular investment. *To avoid double counting, do not report any accounts receiving intra-governmental payments to purchase IT investments or services as funding sources.*

IRM Strategic Plan is strategic in nature and addresses all information resources management of the agency. Agencies must develop and maintain the agency's Information Resource Management Strategic Plan (IRM) as required by [44 U.S.C. 3506\(b\)](#) (2). IRM Strategic Plans should support the agency's Strategic Plan required in OMB Circular A-11, provide a description of how information resources management activities help accomplish agency missions, and ensure that IRM decisions are integrated

with organizational planning, budget, procurement, financial management, human resources management, and program decisions.

Information system means a discrete set of information technology, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination or disposition of information.

Information technology, as defined by the Clinger-Cohen Act of 1996, sections 5002, 5141, and 5142, means any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For purposes of this definition, equipment is "used" by an agency whether the agency uses the equipment directly or it is used by a contractor under a contract with the agency that (1) requires the use of such equipment or (2) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. Information technology includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. It does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract.

Integrated Project Team (IPT) means a multi-disciplinary team lead by a program manager responsible and accountable for planning, budgeting, procurement and life-cycle management of the investment to achieve its cost, schedule and performance goals. Team skills include: budgetary, financial, capital planning, procurement, user, program, value management, earned value management, and other staff as appropriate.

Life-cycle costs means the overall estimated cost, both government and contractor, for a particular program alternative over the time period corresponding to the life of the program, including direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance.

Major IT Investment means a system or investment that requires special management attention because of its importance to an agency's mission; investment was a major investment in the FY 2004 submission and is continuing; investment is for financial management and spends more than \$500,000; investment is directly tied to the top two layers of the Federal Enterprise Architecture (Services to Citizens and Mode of Delivery); investment is an integral part of the agency's modernization blueprint (EA); investment has significant program or policy implications; investment has high executive visibility; investment is defined as major by the agency's capital planning and investment control process. OMB may work with the agency to declare other investments as major investments. All major investments must be reported on exhibit 53. All major investments must submit a "Capital Asset Plan and Business Case," exhibit 300. Investments that are e-government in nature or use e-business technologies must be identified as major investments regardless of the costs. If you are unsure about what investments to consider as "major," consult your agency budget officer or OMB representative. Systems not considered "major" are "non-major."

Mixed system means an information system that supports both financial and non-financial functions of the Federal Government or components thereof.

New IT Investment means an IT investment that is newly proposed by the agency and has not been previously funded by OMB. This does not include investments that have existed within the agency but have not previously been reported to OMB.

Non-financial system means a system that supports management functions of the Federal Government or components thereof and does not record financial events or report financial information.

Non-major IT Investment means any initiative or investment not meeting the definition of major defined above but that is part of the agency's IT investments. All non-major investments must be reported individually on the exhibit 53.

On-Going IT Investment means an investment that has been through a complete budget cycle with OMB and represents budget decisions consistent with the President's budget for the current year (BY-1).

Operational (steady state) means an asset or part of an asset that has been delivered and is performing the mission.

Planning means preparing, developing or acquiring the information you will use to design the investment; assess the benefits, risks, and risk-adjusted life-cycle costs of alternative solutions; and establish realistic cost, schedule, and performance goals, for the selected alternative, before either proceeding to full acquisition of the capital project (investment) or useful segment or terminating the investment. Planning must progress to the point where you are ready to commit to achieving specific goals for the completion of the acquisition before proceeding to the acquisition phase. Information gathering activities may include market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. Planning is a useful segment of a capital project (investment). Depending on the nature of the investment, one or more planning segments may be necessary.

Privacy Impact Assessment (PIA) means a process for examining the risks and ramifications of collecting, maintaining and disseminating information in identifiable form in an electronic information system. It is a process for identifying and evaluating protections and alternative processes in order to mitigate the impact on privacy when collecting information in identifiable form. Consistent with forthcoming OMB guidance implementing the privacy provisions of the E-government Act, agencies must conduct privacy impact assessments for all new or significantly altered information technology investments administering information in identifiable form collected from or about members of the public. Agencies may choose whether to conduct privacy impact assessments for IT investments administering information in identifiable form collected from or about agency employees.

Useful segment means an economically and programmatically separate component of a capital project (investment) that provides a measurable performance outcome for which the benefits exceed the costs, even if no further funding is appropriated.

53.4 How do I determine whether I must report?

Submit an agency IT investment portfolio (exhibit 53) to OMB if either of the following are true:

- Your agency is requesting funding for IT investments via a Capital Asset Plan and Business Case (see section [300](#)). If you are unsure whether your agency will submit exhibit 300, consult your OMB representative.
- Your financial management system budgetary resources are above \$500,000 in any given year.

53.5 How do I submit exhibit 53 and when is it due?

Section 53 requires the submission of the exhibit 53 and several attendant documents. OMB Circular A-130, "Management of Federal Information Resources", requires that the agency's initial budget submissions include:

- Agency IRM Strategic Plan;
- Documented Capital Planning and Investment Control (CPIC) process; and
- Agency Enterprise Architecture.

The agency's Capital Planning and Investment Control Process is scored against the CIO Self Assessment Criteria located at www.cio.gov and the agency's Enterprise Architecture (Modernization Blueprint) is scored against the CIO Council's Practical Guide for Enterprise Architecture (EA) and assessed for alignment with the Federal Enterprise Architecture. For additional information on what should be included in these attendant documents and their requirements, please refer to section 8B of Circular A-130. OMB Circular A-130 is available on the OMB Website at <http://www.whitehouse.gov/omb/circulars/a130/a130trans4.html>.

Initial draft of exhibit 53. In order for OMB and the agency to agree on what major investments and non-major investments will be reported for the FY 2005 process, OMB will be working with agencies to create initial draft exhibit 53s during the Summer of 2003. These initial drafts will include several of the columns from the exhibit 53 format but not all of them. OMB will work with the individual agencies to determine when the initial draft exhibit 53 is due to OMB. Draft exhibit 53 will include the unique ID, investment title, and investment description. This draft exhibit 53 will be used to determine what should be reported as major investments thereby providing business cases in the 2005 Budget.

You must submit [exhibit 53](#) in an electronic format either by e-mailing a spreadsheet version of exhibit 53 provided at www.cio.gov to exhibit53@omb.eop.gov or if your agency uses an automated capital planning tool, by submitting it directly from that tool to the same e-mail address. The subject line of the e-mail must have the three digit OMB agency code (see [Appendix C](#)) and the full agency name. The PIA's must be submitted separately to PIA@omb.eop.gov and identified using the investment's unique project identifier. The attendant documents must all be submitted electronically in whatever format the agency used to create the documents. All of these items will be assessed as part of the budget process and information provided to the agency via passback.

Your exhibit 53 and the attendant documents (including the PIA) are due to OMB by September 8th in a manner that is fully integrated with your agency's overall budget submission. In addition, you must update each exhibit 53 and the accompanying Capital Asset Plans and Business Cases (exhibit 300) you submitted in September to reflect any changes due to final budget decisions.

53.6 If I submitted exhibit 53 last year, how do I revise it this year?

If your agency provided an exhibit 53 for the FY 2004 Budget, the file should be updated to reflect any new column headings in the FY 2005 reporting requirements. It is important that you ensure that the file is updated to reflect PY for FY 2003, CY for FY 2004, and BY for FY 2005. The exhibit 53 will also need to be updated to add the financial percentage, IT security percentage of spending, and answer the Homeland Security question for the entry.

53.7 How is exhibit 53 organized?

(a) Overview.

As a general rule, exhibit 53 covers IT investments for your agency as a whole. Provide investment amounts in millions (to one decimal point) for PY through BY. Information reported here must be consistent with data you report in MAX schedule O, object classification (specifically, object classes 11.1 through 12.2, 23.1, 23.2, 25.2, 25.3, 25.7, 26.0, 31.0, and 41.0). Include all major IT investments, including financial management systems, reported in exhibit 300.

Exhibit 53 has four major parts:

- Part 1. IT investments by mission area.
- Part 2. IT infrastructure and office automation.
- Part 3. Enterprise architecture and planning.
- Part 4. Grants management.

All parts use the following common data elements:

- **Unique Project Identifier (UPI)** means an identifier that depicts agency code, bureau code, mission area (where appropriate), part of the exhibit where investment will be reported, type of investment, agency four-digit identifier, year the investment entered the budget, and mapping to the Federal Enterprise Architecture. Details are provided in section [53.8](#).
- **UPI used for 2004 Budget** means the Unique Project Identifier used to report the investment during the 2004 Budget. As agencies mature their capital planning processes and investments are aligned to the FEA, there will be required changes in the Unique Project Identifiers. Indicating the UPI used for the 2004 Budget process allows cross-walk and historical analysis crossing fiscal years for tracking purposes.
- **Investment title** means a definitive title that explains what the investment is entitled.
- **Investment description** means a short description for each investment (major and non-major) of one-hundred words or less. This description should explain the entry item, its components, and what program(s) it supports. This description should be understandable to someone who is not an expert in the agency. If the investment is part of a multi-agency initiative or part of another business case, please provide description of where that business case is located in the appropriate agency budget submission. For example, if the investment represents your agency's participation in one of the Presidential E-Gov Initiatives, the description should state that this investment represents your agency's participation in one of the E-Gov initiatives and should refer to the managing partner's budget for the business case.
- **Development/modernization/enhancement (DME)** means the program cost for new investments, changes or modifications to existing systems that improve capability or performance, changes mandated by Congress or agency leadership, personnel costs for project (investment) management, and direct support. This amount equals the sum of amounts reported for planning and full acquisition of that system in exhibit 300.
- **Steady state** means maintenance and operation costs at current capability and performance level including costs for personnel, maintenance of existing information systems, corrective software maintenance, voice and data communications maintenance, and replacement of broken IT equipment. This amount equals amounts reported for maintenance of that system in exhibit 300.
- **Percentage financial** means an estimated percentage of the total IT investment budget authority associated with the financial components. See the financial system definition for a description of financial functions.
- **Supports Homeland Security** means an IT investment that supports the homeland security mission areas of 1) Intelligence and Warning, 2) Border and Transportation Security, 3) Defending Against Catastrophic Threats, 4) Protecting Critical Infrastructure and Key Assets, 5) Emergency Preparedness and Response, 6) Other. If the investment supports one of these mission areas,

indicate which one(s) by listing the corresponding number(s) listed above. If the investment does not support homeland security, please leave blank.

- **Percentage IT security** means an estimated percentage of the total investment for budget year associated with IT security for a specific investment. Federal agencies must consider the following criteria to determine security costs for a specific IT investment:
 1. The products, procedures, and personnel (Federal employees and contractors) that are primarily dedicated to or used for provision of IT security for the specific IT investment. Do not include activities performed or funded by the agency's Inspector General. This includes the costs of:
 - risk assessment;
 - security planning and policy;
 - certification and accreditation;
 - specific management, operational, and technical security controls (to include access control systems as well as telecommunications and network security);
 - authentication or cryptographic applications;
 - education, awareness, and training;
 - system reviews/evaluations (including security control testing and evaluation);
 - oversight or compliance inspections;
 - development and maintenance of agency reports to OMB and corrective action plans as they pertain to the specific investment;
 - contingency planning and testing;
 - physical and environmental controls for hardware and software;
 - auditing and monitoring;
 - computer security investigations and forensics; and
 - reviews, inspections, audits and other evaluations performed on contractor facilities and operations.
 2. Other than those costs included above, security costs may also include the products, procedures, and personnel (Federal employees and contractors) that have as an incidental or integral component, a quantifiable benefit to IT security for the specific IT investment. This includes system configuration/change management control, personnel security, physical security, operations security, privacy training, program/system evaluations whose primary purpose is other than security, systems administrator functions, and, for example, system upgrades within which new features obviate the need for other standalone security controls.

3. Many agencies operate networks, which provide some or all necessary security controls for the associated applications. In such cases, the agency must nevertheless account for security costs for each of the application investments. To avoid "double-counting" agencies should appropriately allocate the costs of the network for each of the applications for which security is provided.

In identifying security costs, some agencies find it helpful to ask the following simple question, "If there was no threat, vulnerability, risk, or need to provide for continuity of operations, what activities would not be necessary and what costs would be avoided?" Investments that fail to report security costs will not be funded. Therefore, if the agency encounters difficulties with the above criteria they must contact OMB prior to submission of the budget materials.

- **Funding source** means any budgetary resource used for funding the IT Investment. Budgetary resource is defined in section 20. For each funding source, identify the budgetary resources (direct appropriation or other specific budgetary resources such as working capital funds, revolving funds, user fees, etc) for a project or investment. Identify the budget account and organization or operating division. Add as many funding source line items as are appropriate for the investment or project. To avoid double counting, do not report any accounts receiving intra-governmental payments to purchase IT investments or services.
- **Funding source subtotal** means the totals of all funding sources used for funding the IT Investment.

(b) *Part 1. IT investments by mission area.*

Consistent with your agency's strategic and annual performance plan, report amounts for IT investments that directly support an agency-designated mission area (e.g., human resource management, financial management, command and control). Report each mission area in which IT investments are funded. For each mission area, itemize each "major" and "non-major" IT investment. Major investments should account for at least 60 percent of the IT investment portfolio for FY 2005 reporting. This is the performance goal to focus on achieving and increasing as agencies use capital planning and investment control processes to better manage information technology.

You must have a mission area titled "Financial Management", and it must be reported as the first mission area. Some IT investments support financial functions in addition to other functions. If an IT investment supports financial functions, you must include an estimated percentage of the total IT investment obligations associated with the financial components. See the financial system definition for a description of financial functions. Systems that predominately support financial functions should be included in the first mission area, "Financial Management". If the IT investment reported is 100 percent financial, indicate 100 percent in the column. For mixed systems or investments, indicate the appropriate percentage that is financial. For those investments that are fully non-financial, enter zero.

(c) *Part 2. IT infrastructure and office automation.*

Report all IT investments that support common user systems, communications, and computing infrastructure. These investments usually involve multiple mission areas and might include general LAN/WAN, desktops, data centers, cross-cutting issues such as shared IT security initiatives, and telecommunications. Report your IT security initiatives and investments that are not directly tied to a major investment on a separate line identified as "non-major."

(d) Part 3. Enterprise architecture and planning.

Report amounts for IT investments that support strategic management of IT operations (e.g., business process redesign efforts that are not part of an individual investment or initiative, enterprise architecture development, capital planning and investment control processes, procurement management, and IT policy development and implementation).

(e) Part 4. Grants management.

Report amounts for IT investments that represent planning, developing, enhancing or implementing a grants management system or portion thereof. Highlight any grants systems initiatives as defined by this section. To highlight a system, which is not defined as major/critical, agencies should identify the grants system as non-major.

53.8 How is exhibit 53 coded?

Use the following 23 digit line number coding system to update or complete your exhibit 53:

Entry	Description
XXX-xx-xx-xx-xx-xxxx-xx- xxx-xxx	The first three digits are your agency code (see Appendix C).
xxx-XX-xx-xx-xx-xxxx-xx- xxx-xxx	The next two digits are your bureau code (see Appendix C). If this is a department only reporting, use 00 as your bureau code.
xxx-xx-XX-xx-xx-xxxx-xx- xxx-xxx	These two digits indicate the four parts of exhibit 53: 01 = Part 1. IT Investments by Mission Area 02 = Part 2. IT Investments for Infrastructure, Office Automation, and Telecommunications 03 = Part 3. IT Investments for Enterprise Architecture and Planning 04 = Part 4. IT Investments for Grants Management Systems
xxx-xx-xx-XX-xx-xxxx-xx- xxx-xxx	These two digits indicate the mission area. Assign a unique code for each mission area reported.
xxx-xx-xx-xx-XX-xxxx-xx- xxx-xxx	These two digits indicate your agency's type of investment. Select one of the following two digit codes according to the type of investment you are reporting: 01 = Major IT investments (see definition in section 53.3) 02 = Non-major IT investments (see definition in section 53.3) 03= IT investment portion of a larger asset and for which there is an existing business case for the overall asset. Description of the IT investment should indicate where the 300 for the major asset can be found. With demonstration of the 300 for the overall asset, these line items are counted as major IT investments within the overall IT portfolio. 04 = Major IT investment that represents a joint effort for more than one agency. Use the 04 indicator to identify projects where the business case for the major IT investment is reported in another agency's exhibit 53. Description of the IT investment should indicate where the business case can be found.

Entry	Description
xxx-xx-xx-xx-xx-XXXX-xx- xxx-xxx	This is a four digit identification number that identifies a specific IT investment. If a new investment is added to exhibit 53, locate the area of exhibit 53 where you are going to report the IT investment and use the next sequential number as your four digit identification number.
xxx-xx-xx-xx-xx-xxxx-XX- xxx-xxx	<p>These two digits identify which part of the investment you are reporting. Select one of the following two digit codes according to what you report on the title line:</p> <p>00 = Total investment title line, or the first time the agency is reporting this particular investment. If this is one of the PMC E-Gov initiatives or an individual agency's participation in one of the PMC E-Gov initiatives, this two-digit code should be "24".</p> <p>04 = Funding source or appropriation</p> <p>09 = Any subtotal</p>
xxx-xx-xx-xx-xx-xxx-xx- XXX-xxx	<p>These three digits identify the <i>primary</i> Business Area and Line of Business from the Federal Enterprise Architecture Business Reference Model that this major or non-major IT investment supports (major systems must identify all BRM mappings -- primary and non-primary -- in Section 300 part II). If you cannot identify a primary Line of Business (this is not common), you may identify the appropriate number (1 through 4) for the Business Area followed by two zeros.</p> <p>1XX: Primary mapping to the Services for Citizen layer</p> <p>2XX: Primary mapping to the Mode of Delivery layer</p> <p>3XX: Primary mapping to the Support Delivery of Services layer</p> <p>4XX: Primary mapping to the Management of Government Resources layer</p> <p>Two digit codes for each of the Lines of Business, as well as guidance on how to determine your <i>primary</i> mapping can be found at http://www.feapmo.gov.</p>
xxx-xx-xx-xx-xx-xxx-xx-xxx- XXX	<p>The final three digits identify the <i>primary</i> Sub-Function within the Line of Business of the FEA BRM that this IT investment supports (major systems must identify <i>all</i> BRM mappings -- primary and non-primary -- in Section 300 part II). Non-major investments are expected to identify the primary Sub-Function where possible. Questions about the appropriate sub-function may be discussed with the agency's OMB Budget Examiner and IPT analyst. For those limited circumstances where a primary mapping cannot be identified, please enter 999 as this entry. The code 999 indicates that a further review of the Sub-Functions must be performed.</p>

53.9 What are the steps to complete exhibit 53?

The following provides step-by-step instructions to complete each part of exhibit 53. See section [53.3](#) and [53.7](#) for definitions.

AGENCY IT INVESTMENT PORTFOLIO

Entry	Description
Part 1. IT Investments by Mission Area	<p>Report amounts for IT investments that directly support an agency-designated mission area. Report each mission area in which IT investments are funded. This information should map directly to your agency's strategic and annual performance plan. For IT investments that cover more than one agency, report in the mission area with oversight of the IT investment. Mission area 01 is reserved for your "financial management" IT investments.</p> <p>Step 1: For each mission area, list each major IT investment and the corresponding investment costs. For BY only, if financial or mixed, identify what percentage is financial. For BY only, if IT security costs are included, identify what percentage of the total investment is IT security. If this IT investment supports Homeland Security (HS) goals and objectives (see section 53.7) provide the number for the HS mission area. Provide the development/modernization/enhancement and steady state costs.</p> <p>Step 2: For each mission area, list each non-major investment. If either of these has financial, mixed, or IT security, identify the appropriate percentages. If this system or investment supports Homeland Security goals and objectives (see section 53.7), answer yes.</p>
Part 2. IT Infrastructure and Office Automation	Each agency should have one business case (exhibit 300) that covers all office automation, infrastructure, and telecommunications for the agency. This section of the exhibit 53 should have one line item indicating the major investment Unique ID for this departmental/agency-wide investment. If you are unsure what investments should be included in this area contact your OMB representative for clarification.
Part 3. Enterprise Architecture and Planning	<p>Each agency should have one business case (exhibit 300) for the enterprise architecture (modernization blueprints) efforts. Any capital planning and investment control process investments may be reported separately in this section.</p> <p>Follow the step-by-step instructions outlined in Part 1.</p>
Part 4. Grants Management	<p>Report amounts for IT investments that support grants management operations.</p> <p>See classification instructions in section 53.7 under Grants Management.</p>

These columns are required for the 2005 exhibit 53, Agency IT Investment Portfolio:

- Column 1: UPI
- Column 2: UPI used during the 2004 budget process if different than the 2005 UPI.
- Column 3: Investment Title
- Column 4: Investment Description
- Column 5: Prior Year Total Investment (2003)
- Column 6: Current Year Total Investment (2004)
- Column 7: Budget Year Total Investment (2005)
- Column 8: Financial Percentage
- Column 9: IT Security
- Column 10: Homeland Security Priority Identifier (select all that apply)
- Column 11: Development, Modernization, Enhancement (DME) (2003)
- Column 12: Development, Modernization, Enhancement (DME) (2004)
- Column 13: Development, Modernization, Enhancement (DME) (2005)
- Column 14: Steady State (SS) (2003)
- Column 15: Steady State (SS) (2004)
- Column 16: Steady State (SS) (2005)

Sample Exhibit 53

Note: Add a column to reflect the UPI from the 2004 Process.

UPI	Investment Title	Investment Description	Total Investment			Percentage		Homeland Security	DME			Steady State		
			PY	CY	BY	Financial	IT Security	Priority Identifier (select all that apply)	PY	CY	BY	PY	CY	BY
123-45-00-00-0000-00	Agency, Total IT Investment Portfolio (sum of all parts 1, 2, 3, 4)		X	X	X				X	X	X	X	X	X
123-45-01-00-0000-00	Part 1. IT Investments by Mission Area (subtotal for all mission areas under part 1)		X	X	X				X	X	X	X	X	X
123-45-01-01-0100-00	Title of mission area and subtotal for all major and non-major IT investments under the mission area		X	X	X				X	X	X	X	X	X
123-45-01-01-0110-00	Major IT investment title and total investment		X	X	X	X	X	X	X	X	X	X	X	X
123-45-01-01-0110-04	Funding Source		X	X	X				X	X	X	X	X	X
123-45-01-01-0110-09	Funding Source subtotal		X	X	X				X	X	X	X	X	X
123-45-01-01-020000-00	Non-major IT investment and total investment		X	X	X	X	X	X						
123-45-02-00-000000-00	Part 2. IT Infrastructure and Office Automation (subtotal for all investments under part 2)		X	X	X				X	X	X	X	X	X
123-45-02-01-011010-00	Major IT Investment title and total investment		X	X	X	X	X	X	X	X	X	X	X	X
123-45-01-01-011010-04	Funding Source subtotal		X	X	X				X	X	X	X	X	X
123-45-01-01-011010-09	Part 3. Enterprise Architecture and Planning (subtotal for all investments under part 3)		X	X	X				X	X	X	X	X	X
123-45-03-00-000000-00	Major IT investment title and total investment		X	X	X				X	X	X	X	X	X
123-45-03-01-011010-00	Non-major IT Investment and total investment		X	X	X	X	X	X	X	X	X	X	X	X
123-45-03-01-020000-00	Funding Source		X	X	X	X	X	X						
123-45-01-01-011010-04	Funding Source subtotal		X	X	X				X	X	X	X	X	X
123-45-01-01-011010-09	Part 4. Grants Management (subtotal for all investments under part 4)		X	X	X				X	X	X	X	X	X

123-45-04-00-00-0000-00	Major IT investment title and total investment		X	X	X			X	X	X	X	X	X
123-45-04-00-02-1010-00	Non-major IT investment and total investment		X	X	X	X	X	X	X	X	X	X	X
123-45-04-00-02-0000-00	Funding Source		X	X	X	X	X						
123-45-01-01-01-1010-04	Funding Source subtotal		X	X	X			X	X	X	X	X	X
123-45-01-01-01-1010-09			X	X	X			X	X	X	X	X	X

X in any position above indicates it is required for that type of investment.