

Recommendation 17: Eliminate separate requirement for annual IRB certification of DBS investments.

Problem

The Investment Review Board (IRB) annual certification requirement for DBS investments leads to unnecessary delays and is duplicative of the program objective memorandum (POM) in the planning, programming, budgeting, and execution (PPBE) process. PPBE is the annual resource allocations and requirements process used to review and approve funding decisions for the defense budget, including DBS investments.

Background

The concept of an IRB as a governance mechanism to oversee DBS investments originated from the Financial Management Modernization Program, a 2001 initiative to modernize DoD business operations.¹ In the FY 2005 NDAA, Congress added the statutory requirement for IRB review and approval for DBSs in 10 U.S.C. § 2222.²

In the FY 2012 NDAA, Congress directed the DoD Deputy Chief Management Officer (DCMO) to establish an IRB and investment management process for covered DBSs by March 2012.³ In response, DoD designated the Defense Business Council (DBC) to serve as the IRB for covered DBSs.⁴ In the FY 2016 NDAA, Congress eliminated the term *Investment Review Board* and codified the DBC in 10 U.S.C. § 2222(f), requiring it to “provide advice to the Secretary on developing the defense business enterprise architecture, reengineering DoD’s business processes, developing and deploying defense business systems, and developing requirements for defense business systems.”⁵

DBC’s membership consists of the DoD DCMO; CIO; the USD(AT&L); USD for Policy; DoD Comptroller; USD for Personnel and Readiness; USD for Intelligence; Director of Cost Assessment and Program Evaluation; Joint Staff; and the Service-level DCMOs and CIOs.⁶

DoD uses the IRB process to certify covered DBSs and recertify them each year. DBS programs “cannot proceed into development (or, if no development is required, into production or fielding)” unless they are IRB certified.⁷ By law, these criteria include the following:

- DBS must be “reengineered to be as streamlined and efficient as practicable.”⁸

¹ USD(AT&L), *Investment Review Process Overview and Concept for Operations for Investment Review Boards*, June 2, 2005, accessed June 5, 2017, http://ogc.hqda.pentagon.mil/EandF/Fiscal_Documentation/TabASignedMemo%20with%20CONOPS.pdf.

² FY 2005 NDAA, Pub. L. No. 108-375, 118 Stat. 1853 (2004).

³ FY 2012 NDAA, Pub. L. No. 112-81, 125 Stat. 1530 (2011).

⁴ DoD, *Department of Defense Investment Review Board and Investment Management Process for Defense Business Systems, March 2012*, accessed August 10, 2017, http://dcmo.defense.gov/Portals/47/Documents/Publications/NDAA/NDAA_2012_IRB_Report.pdf.

⁵ FY 2016 NDAA, Pub. L. No. 114-92, 129 Stat. 944 (2015).

⁶ DoD, *Defense Business Council, December 10, 2014*, accessed August 11, 2017, http://dcmo.defense.gov/Portals/47/Documents/Governance/DBC_Charter_12122014.pdf.

⁷ Defense Business Systems Investment Review, 10 U.S.C. § 2222(g)(1).

⁸ Defense Business Systems Investment Review, 10 U.S.C. § 2222(g)(1)(A).

- DBS's implementation must "maximize the elimination of unique software requirements and unique interfaces."⁹
- DBS must be in "compliance with the defense business enterprise architecture."¹⁰
- DBS must have "valid, achievable requirements and a viable plan for implementing those requirements."¹¹
- DBS's acquisition strategy must be designed to "eliminate or reduce the need to tailor commercial off-the-shelf systems to meet unique requirements."¹²
- DBS must be in "compliance with the Department's auditability requirements."¹³

According to DBC's 2014 charter, its role as the IRB for DBSs includes these criteria as well:

- Validating "requirements for defense business capabilities."
- Ensuring that "investments are aligned to DoD's lines of business."
- Supporting "measurable improvements to DoD's business objectives."
- Generating "a measureable return on investment."¹⁴

The IRB process outlined in DoD's DBS Investment Management Guidance¹⁵ describes the integrated business framework (IBF) as the *overarching structure* to manage business IT investments.¹⁶ As Figure 3-5 shows, IBF includes eight functional areas that require functional strategies (FSs) to direct PPBE activities, and organizational execution plans (OEPs) to specify the certification request for each functional area and component.¹⁷

⁹ Ibid.

¹⁰ Defense Business Systems Investment Review, 10 U.S.C. § 2222(g)(1)(B).

¹¹ Defense Business Systems Investment Review, 10 U.S.C. § 2222(g)(1)(C).

¹² Defense Business Systems Investment Review, 10 U.S.C. § 2222(g)(1)(D).

¹³ Defense Business Systems Investment Review, 10 U.S.C. § 2222(g)(1)(E).

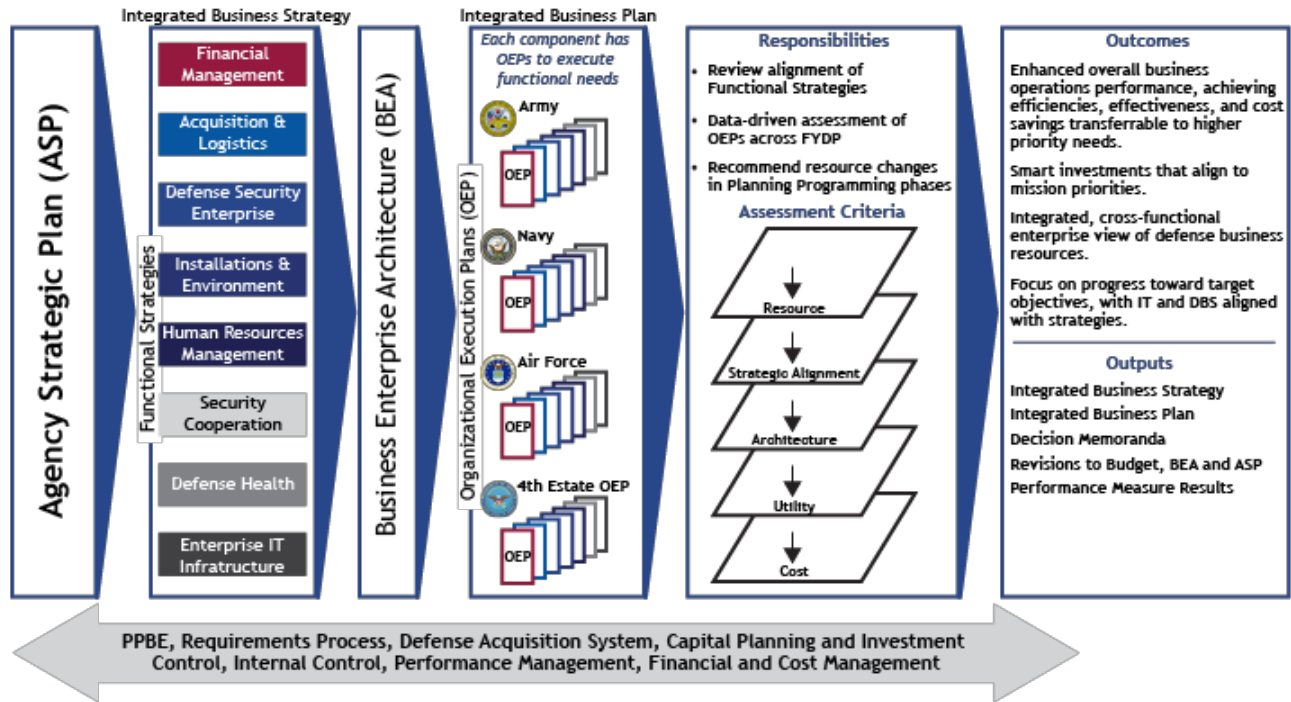
¹⁴ DoD, *Defense Business Council, December 10, 2014*, accessed August 11, 2017, http://dcmo.defense.gov/Portals/47/Documents/Governance/DBC_Charter_12122014.pdf.

¹⁵ DoD, Office of the Deputy Chief Management Officer, *Defense Business Systems Investment Management Guidance, Version 4.0*, accessed November 9, 2017, <http://dcmo.defense.gov/Portals/47/Documents/Governance/DBS%20Investment%20Management%20Guidance%20Version%204.0%20-%20April%202017.pdf?ver=2017-05-30-110052-673>.

¹⁶ Ibid.

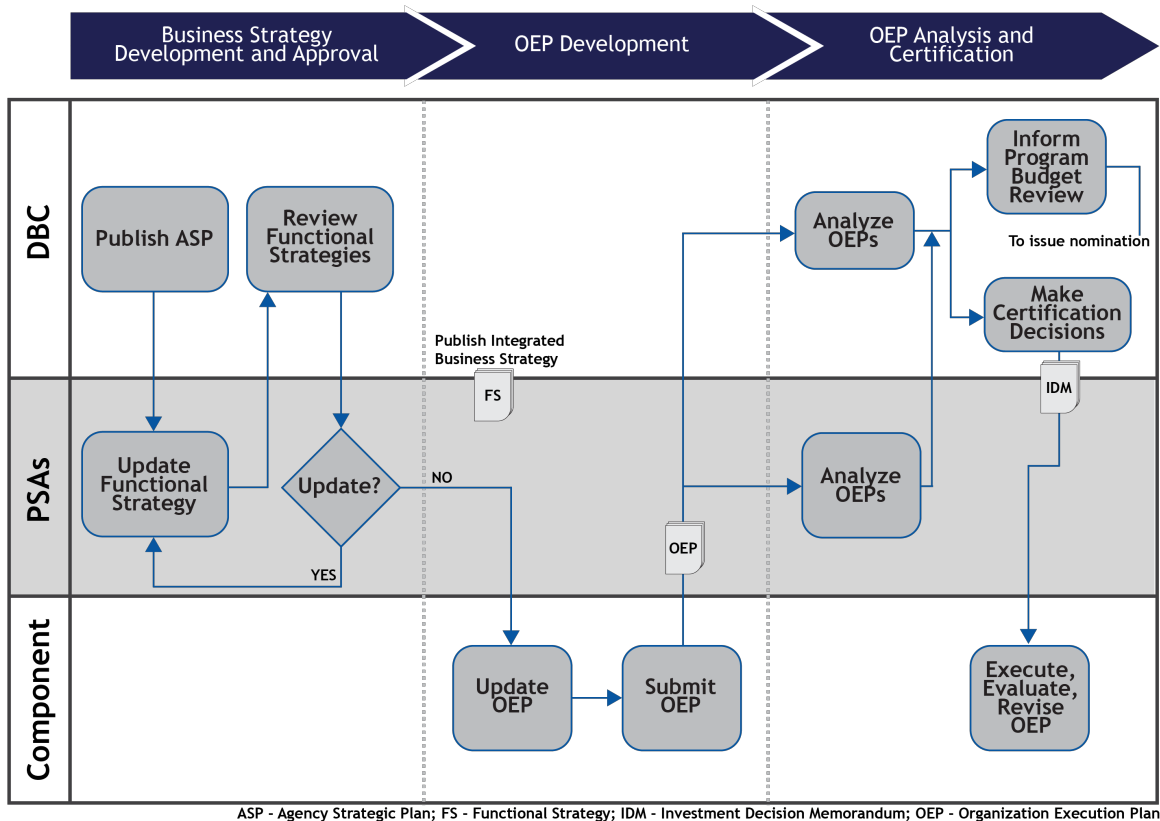
¹⁷ Ibid.

Figure 3-5. Integrated Business Framework



As Figure 3-6 shows, FSs and OEPs undergo a review process, resulting in certification decisions.

Figure 3-6. Integrated Business Management Process Overview



Findings

Statute specifies that IRB approval is required before programs can proceed to development.¹⁸ In practice, however, DoD requires IRB approval well before development. DBS program personnel have indicated to the Section 809 Panel that a major issue with the IRB process is the approval of the problem statement—a step that takes place before the first program milestone, and in at least one case, several years before the start of product development.¹⁹

One purpose of requiring a problem statement is to ensure sufficient BPR, yet, in several cases, DoD misapplied the problem statement check in the IRB process, because BPR was already complete. Prominent examples of misapplied problem statement checks in the last 2 years include the following:

- The Integrated Personnel and Pay System–Army (IPPS-A) was delayed in FY 2015 because its fund certification was pending approval of its problem statement.²⁰ Despite the fact that (a) it was a follow-on increment after OSD directed the division of IPPS-A into two separate increments, and (b) the first increment was already operating under an approved business case and problem statement, yet DoD required a separate problem statement for the follow-on increment. The follow-on increment was delivering the same required capability and was fielded using approved program requirements documents.²¹
- The Medical Communications for Combat Casualty Care (MC4) program, which fields the Theater Medical Information Program-Joint (TMIP-J) software for Army computers in medical units, was delayed for FY 2015 because its fund certification was pending approval of its problem statement.²² For a number of years, MC4 has had to explain that it previously received IRB certification under the provisions of the TMIP-J authorization documents.²³
- The Army’s LMP Increment 1 was not recertified in FY 2016 due to lack of a problem statement;²⁴ however, the program was fielded fully as of November 2011, was in sustainment per OSD, and should not have required certification.²⁵

¹⁸ Defense Business Systems Investment Review, 10 U.S.C. § 2222(g)(1).

¹⁹ Data collection interviews, conducted by Section 809 Panel Team 6: IT Acquisition, from March to July 2017. *The Problem Statement* terminology was changed with the issuance of DoDI 5000.75 in February 2017. It is now split between *Capability Requirements* (former Problem Statement Part 1) and *Business Processes / BPR Changes* (some of which was in Problem Statement Part 2, some of which is new with the 5000.75).

²⁰ Office of the Deputy Chief Management Officer, Army Organizational Execution Plan (OEP) Investment Decision Memorandum (IDM) for Fiscal Year (FY) 2015 Defense Business Systems (DBS), (2014).

²¹ Data collection interviews, conducted by Section 809 Panel Team 6: IT Acquisition, from March to July 2017.

²² Office of the Deputy Chief Management Officer, Army Organizational Execution Plan (OEP) Investment Decision Memorandum (IDM) for Fiscal Year (FY) 2015 Defense Business Systems (DBS) (2014).

²³ Data collection interviews conducted from March to July 2017 by Section 809 Panel Team 6: IT Acquisition.

²⁴ Office of the Deputy Chief Management Officer, Army Organizational Execution Plan (OEP) Investment Decision Memorandum (IDM) for Fiscal Year (FY) 2016 Defense Business Systems (DBS) (2015).

²⁵ Data collection interviews, conducted by Section 809 Panel Team 6: IT Acquisition, from March to July 2017.

- The Global Combat Support System–Army Increment 2 was required to obtain IRB certification for its materiel development decision, which was two milestones and several years in advance of planned development.²⁶

Another issue with the IRB process is the redundancy of a separate certification process.²⁷ By definition, the covered DBSs certified by IRBs have already been approved via the POM and subsequently had funds appropriated by Congress.

According to the Defense Acquisition Guidebook, “methods through which more detailed requirements are documented are not dictated by policy,” but rather on a program-by-program basis.²⁸ Some program-level personnel have indicated that the ability to generate more detailed requirements on an ad hoc basis creates incentives for the IRB process to overburden programs with requirements that do not add value to end products.²⁹

In 2016, DoD DCMO Peter Levine suggested that the IRB process had encountered problems with “getting mired in small detail” and needed to “focus instead on broader issues.”³⁰ Several officials have also suggested that IRB-related problems persist.³¹ In particular, the assessment checklists, multipart requirements templates, technical documentation requirements, and long wait times are major roadblocks for getting programs IRB-certified in a timely manner.³²

²⁶ Office of the Deputy Chief Management Officer, Army Organizational Execution Plan (OEP) Investment Decision Memorandum (IDM) for Fiscal Year (FY) 2016 Defense Business Systems (DBS) (2015). In the case of this program, the MDD milestone was renamed *Incremental Development Decision*.

²⁷ PEO personnel, conversation with Section 809 Panel staff, June 2017.

²⁸ Defense Acquisition University, “Defense Acquisition Guidebook,” Chapter 6—3.5.2, accessed June 5, 2017, <https://www.dau.mil/guidebooks/Shared%20Documents/Chapter%206%20Information%20Technology%20and%20Business%20Systems.pdf>.

²⁹ Data collection interviews, conducted by Section 809 Panel Team 6: IT Acquisition, from March to July 2017.

³⁰ House Armed Services Committee, “Statement of The Honorable Peter Levine, Deputy Chief Management Officer Department of Defense,” March 22, 2016, <http://docs.house.gov/meetings/AS/AS26/20160322/104711/HHRG-114-AS26-Wstate-LevineP-20160322.pdf>, accessed June 5, 2017.

³¹ Data collection interviews, conducted by Section 809 Panel Team 6: IT Acquisition, from March to July 2017.

³² Technical documentation requirements may be perceived by program-level staff as particularly burdensome. Descriptive data elements associated with DBSs must be drawn up, formatted, and entered into—at a minimum—four different data systems, all prior to the initiation of an IRB review. These are the DoD Information Technology Portfolio Repository (DITPR), the Select and Native Programming Data Input Systems for Information Technology (SNaP-IT), the Integrated Business Framework Data Alignment Portal (IBF-DAP), and the DoD Information Technology Investment Portal (DITIP). Each of these data systems focuses on a different functional area and requires unique types of expertise and skillsets. See Deputy Chief Management Officer, *Defense Business Systems Investment Management Guidance, Version 4.0*, 21, accessed April 2017, <http://dcmo.defense.gov/Portals/47/Documents/Governance/DBS%20Investment%20Management%20Guidance%20Version%204.0%20-%20April%202017.pdf?ver=2017-05-30-110052-673>.

The multipart requirements template takes the form of a 34-page business case analysis (BCA) guidance document published by the DoD CIO. Program personnel are expected to provide detailed analysis of cost, alternatives, risk, funding sources, and many other topics associated with the business system. See Department of Defense Chief Information Officer, *DoD IT Business Case Analysis Template*, October 22, 2014, accessed June 5, 2017, [http://dodcio.defense.gov/Portals/0/Documents/DOD%20IT%20Business%20Case%20Analysis%20\(BCA\).pdf](http://dodcio.defense.gov/Portals/0/Documents/DOD%20IT%20Business%20Case%20Analysis%20(BCA).pdf).

There may also be unnecessary bureaucracy built into DBS Investment Management Guidance. For example, the guidance states,

10 U.S.C. § 2222 gives greater responsibilities to Military Department Chief Management Officers (CMOs) and defines the statutory thresholds for a covered DBS. However, military departments and Fourth Estate CMOs may lower thresholds used internally as discussed later in this document.³³

The statutory threshold for a covered DBS is \$50M over the current FYDP period.³⁴ DoD lowered the threshold, however, and designated the Fourth Estate minimum threshold at \$1M over the period of the current FYDP later in the guidance.³⁵ Instead of embracing this increased authority, DoD expanded its oversight role and designated nearly all Fourth Estate DBS programs as covered DBSs, requiring time-consuming annual fund certification and recertification.

Conclusions

The review and approval of DBS investments can be satisfied through the POM and PPBE processes, which already occur on an annual basis. The term *IRB* does not appear in law (10 U.S.C. § 2222), and the DBC is established in law “to provide advice” (i.e., it is not a decision body). The only statutory basis for the IRB process is the annual certification requirement in 10 U.S.C. §§ 2222(g)(3) and (g)(4). Accordingly, 10 U.S.C. §§ 2222(g)(3) and (g)(4) should be eliminated.

The proposed governance structure in Recommendation 16 allows a newly empowered CMO to address the goals of the IRB process, such as minimizing customization and aligning with the business enterprise architecture, in a much more streamlined manner.

Implementation

Legislative Branch

- Eliminate 10 U.S.C. §§ 2222(g)(3) and (g)(4), which states:
 - “(3) Annual certification.-For any fiscal year in which funds are expended for development or sustainment pursuant to a covered defense business system program, the appropriate approval official shall review the system and certify, certify with conditions, or decline to certify, as the case may be, that it continues to satisfy the requirements of paragraph (1). If the approval official determines that certification cannot be granted, the approval official shall notify the milestone decision authority for the program and provide a recommendation for corrective action.”

³³ Deputy Chief Management Officer, *Defense Business Systems Investment Management Guidance, Version 4.0*, 5, accessed April 2017, <http://dcmo.defense.gov/Portals/47/Documents/Governance/DBS%20Investment%20Management%20Guidance%20Version%204.0%20-%20April%202017.pdf?ver=2017-05-30-110052-673>. The term *Fourth Estate* refers to Defense agencies that are not the Military Services (e.g., Defense Acquisition University, Defense Logistics Agency).

³⁴ Defense Business Systems Investment Review, 10 U.S.C. § 2222(i)(2).

³⁵ Deputy Chief Management Officer, *Defense Business Systems Investment Management Guidance, Version 4.0*, accessed April 2017, <http://dcmo.defense.gov/Portals/47/Documents/Governance/DBS%20Investment%20Management%20Guidance%20Version%204.0%20-%20April%202017.pdf?ver=2017-05-30-110052-673>.

- “(4) Obligation of funds in violation of requirements.-The obligation of Department of Defense funds for a covered defense business system program that has not been certified in accordance with paragraph (3) is a violation of section 1341(a)(1)(A) of title 31.”

Executive Branch

- Eliminate the IRB fund certification requirement from the DBS Investment Management Guidance.

Implications for Other Agencies

- There are no cross-agency implications for this recommendation.

Recommendations 16 and 17

LEGISLATIVE PROVISIONS — 809 PANEL STATUTORY RECOMMENDATIONS RELATING TO DEFENSE BUSINESS SYSTEMS

[NOTE: The draft legislative text below is followed by a “Sections Affected” display, showing the text of each provision of law affected by the draft legislative text below.]

1 **SEC. 601. DEFENSE BUSINESS SYSTEMS.**

2 (a) ACQUISITION OF DEFENSE BUSINESS SYSTEMS.—

3 (1) AUTHORITY OF CHIEF MANAGEMENT OFFICER.—Section 2222 of title 10,
4 United States Code, is amended by striking subsections (c) and (d) and inserting the
5 following new subsection (c):

6 “(c) ACQUISITION OF DEFENSE BUSINESS SYSTEMS.—

7 “(1) AUTHORITY OF CHIEF MANAGEMENT OFFICER.—Subject to the authority,
8 direction, and control of the Secretary of Defense, the Chief Management Officer of the
9 Department of Defense (in this section referred to as the “CMO”), as an element of
10 CMO’s mission of managing the business operations of the Department, shall be
11 responsible for, and shall have the authority for, management of defense business system
12 portfolios, including acquisition of defense business systems included in any such
13 portfolio. The authority of the CMO under this subsection includes authority for
14 requirements determination and allocation of resources with respect to defense business
15 system portfolios.

16 “(2) EXCLUSION FROM LAWS APPLICABLE TO ACQUISITION OF MAJOR DEFENSE
17 ACQUISITION PROGRAMS AND MAJOR AUTOMATED INFORMATION SYSTEM PROGRAMS.—

1 The CMO may conduct acquisitions of defense business systems under paragraph (1)
2 without regard to the following:

3 “(A) Any law otherwise applicable to acquisition of programs that are
4 considered to be major defense acquisition programs.

5 “(B) Section 1706 of this title.

6 “(C) Section 2223a of this title and the program established under that
7 section.

8 “(C) Section 2302d of this title.

9 “(D) Section 2431a of this title.

10 “(E) Section 806 of Public Law 109-163 (10 U.S.C. 2302 note).

11 “(F) Section 883(e) of Public Law 114-92 (10 U.S.C. 2223a note).”.

12 (2) REPEAL OF SUPERSEDED AUTHORITY OF MILESTONE DECISION AUTHORITY.—

13 Such section is further amended by striking subsection (h).

14 (b) GOVERNANCE STRUCTURE FOR DEFENSE BUSINESS SYSTEMS.—Such section is further
15 amended by inserting after subsection (c), as added by subsection (a) of this section, the
16 following new subsection (d):

17 “(d) GOVERNANCE STRUCTURE FOR DEFENSE BUSINESS SYSTEMS.—The Secretary of
18 Defense, acting through the CMO, shall provide for a governance structure for defense business
19 systems based upon—

20 “(1) identification of Department of Defense enterprise business processes; and

21 “(2) for each such identified enterprise business process—

1 “(A) designation of an officer or official within the Office of the CMO to
2 have responsibility throughout the Department of Defense for the portfolio of
3 defense business systems supporting that process; and

4 “(B) designation—

5 “(i) for each military department, of an officer or official to have
6 responsibility within that military department for the portfolio of defense
7 business systems supporting that process, including, to the extent provided
8 by the CMO, authority for acquisition of such business systems; and

9 “(ii) for each Defense Agency or Department of Defense Field
10 Activity designated by the Secretary for this purpose, of an officer or
11 official to have responsibility within that Defense Agency or Field
12 Activity for the portfolio of defense business systems supporting that
13 process, including, to the extent provided by the CMO, authority for
14 acquisition of such business systems.”.

15 (c) REPEAL OF LIMITATION ON DEFENSE BUSINESS SYSTEMS PROCEEDING INTO
16 DEVELOPMENT.—Subsection (g) of such section is repealed.

17 (d) DEFINITIONS.—Subsection (i) of such section is redesignated as subsection (g) as is
18 amended—

19 (1) by striking paragraphs (2), (4), (5), and (9);

20 (2) by redesignating paragraph (3) as paragraph (2) and amending that paragraph
21 to read as follows:

1 “(2) DEFENSE BUSINESS SYSTEM PORTFOLIO.—The term ‘defense business system
2 portfolio’ means the defense business systems that collectively support a particular
3 Department of Defense business process or function.”;

4 (3) by redesignating paragraph (6) as paragraph (3);

5 (4) by redesignating paragraph (7) as paragraph (4) and in that paragraph by
6 striking “section 11101 of title 40, United States Code” and inserting “section 3502 of
7 title 44”; and

8 (5) by redesignating paragraphs (8), (10), and (11) as paragraphs (5), (6), and (7),
9 respectively.

10 (e) DEFENSE BUSINESS ENTERPRISE ARCHITECTURE.—Subsection (e) of such section is
11 amended—

12 (1) in paragraph (1), by striking “working through the Under Secretary of Defense
13 for Business Management and Information” and inserting “acting through the CMO”;

14 (2) in paragraph (2), by striking “and shall” and all that follows through the end
15 and inserting a period; and

16 (3) in paragraph (4)(B), by striking “, including” and all that follows through the
17 end and inserting a period.

18 (f) DEFENSE BUSINESS COUNCIL.—Subsection (f) of such section is amended—

19 (1) in paragraph (1)—

20 (A) by inserting “and” after “business processes,”; and

21 (B) by striking “, and developing requirements for defense business
22 systems”; and

23 (2) in paragraph (2)—

1 (A) by striking “Chief Management Officers” in subparagraph (A) and
2 inserting “Secretaries”; and

3 (B) by striking “Under Secretary of Defense for Acquisition, Technology,
4 and Logistics” in subparagraph (B) and inserting “Under Secretary of Defense for
5 Acquisition and Sustainment”.

6 (g) DEFENSE BUSINESS SYSTEMS GENERALLY.—Subsection (b) of such section is
7 amended—

8 (1) in the matter preceding paragraph (1), by striking “each covered” and all that
9 follows through “of Defense” and inserting “each defense business system”; and

10 (2) in paragraph (2), by striking “a comprehensive” and all that follows and
11 inserting “the defense business enterprise architecture developed pursuant to subsection
12 (e)”.

13 (h) SECTION HEADING.—

14 (1) REVISED HEADING.—The heading of such section is amended by striking the
15 colon and all that follows.

16 (2) TABLE OF SECTIONS.—The item relating to such section in the table of sections
17 at the beginning of chapter 131 of such title is amended by striking the colon and all that
18 follows and inserting a period.

[Changes recommended to 10 U.S.C. 2222 are shown below.

[Matter to be deleted is shown in ~~stricken thru~~ text; matter to be inserted is shown in *bold italic* text]

**§2222. Defense business systems: ~~business process reengineering; enterprise architecture;~~
management**

(a) **DEFENSE BUSINESS PROCESSES GENERALLY.**—The Secretary of Defense shall ensure that defense business processes are reviewed, and as appropriate revised, through business process reengineering to match best commercial practices, to the maximum extent practicable, so as to minimize customization of commercial business systems.

(b) **DEFENSE BUSINESS SYSTEMS GENERALLY.**—The Secretary of Defense shall ensure that each covered defense business system developed, deployed, and operated by the Department of Defense—

- (1) supports efficient business processes that have been reviewed, and as appropriate revised, through business process reengineering;
- (2) is integrated into ~~a~~ *the comprehensive* defense business enterprise architecture *developed pursuant to subsection (e)*;
- (3) is managed in a manner that provides visibility into, and traceability of, expenditures for the system; and
- (4) uses an acquisition and sustainment strategy that prioritizes the use of commercial software and business practices.

(c) **ACQUISITION OF DEFENSE BUSINESS SYSTEMS.**—

(1) **AUTHORITY OF CHIEF MANAGEMENT OFFICER.**—*Subject to the authority, direction, and control of the Secretary of Defense, the Chief Management Officer of the Department of Defense (in this section referred to as the ‘CMO’), as an element of CMO’s mission of managing the business operations of the Department, shall be responsible for, and shall have the authority for, management of defense business system portfolios, including acquisition of defense business systems included in any such portfolio. The authority of the CMO under this subsection includes authority for requirements determination and allocation of resources with respect to defense business system portfolios.*

(2) **EXCLUSION FROM LAWS APPLICABLE TO ACQUISITION OF MAJOR DEFENSE ACQUISITION PROGRAMS AND MAJOR AUTOMATED INFORMATION SYSTEM PROGRAMS.**—*The CMO may conduct acquisitions of defense business systems under paragraph (1) without regard to the following:*

- (A) *Any law otherwise applicable to acquisition of programs that are considered to be major defense acquisition programs.*
- (B) *Section 1706 of this title.*
- (C) *Section 2223a of this title and the program established under that section.*
- (C) *Section 2302d of this title.*
- (D) *Section 2431a of this title.*
- (E) *Section 806 of Public Law 109-163 (10 U.S.C. 2302 note).*
- (F) *Section 883(e) of Public Law 114-92 (10 U.S.C. 2223a note).*

(d) **GOVERNANCE STRUCTURE FOR DEFENSE BUSINESS SYSTEMS.**—*The Secretary of Defense, acting through the CMO, shall provide for a governance structure for defense business systems based upon—*

- (1) *identification of Department of Defense enterprise business processes; and*
- (2) *for each such identified enterprise business process—*

(A) designation of an officer or official within the Office of the Chief Management Officer to have responsibility throughout the Department of Defense for the portfolio of defense business systems supporting that process; and

(B) designation—

(i) for each military department, of an officer or official to have responsibility within that military department for the portfolio of defense business systems supporting that process, including, to the extent provided by the CMO, authority for acquisition of such business systems; and

(ii) for each Defense Agency or Department of Defense Field Activity designated by the Secretary for this purpose, of an officer or official to have responsibility within that Defense Agency or Field Activity for the portfolio of defense business systems supporting that process, including, to the extent provided by the CMO, authority for acquisition of such business systems.

~~(c) ISSUANCE OF GUIDANCE.—~~

~~(1) SECRETARY OF DEFENSE GUIDANCE.—The Secretary shall issue guidance to provide for the coordination of, and decision making for, the planning, programming, and control of investments in covered defense business systems.~~

~~(2) SUPPORTING GUIDANCE.—The Secretary shall direct the Under Secretary of Defense for Business Management and Information, the Under Secretary of Defense for Acquisition, Technology, and Logistics, the Chief Information Officer, and the Chief Management Officer of each of the military departments to issue and maintain supporting guidance, as appropriate and within their respective areas of responsibility, for the guidance of the Secretary issued under paragraph (1).~~

~~(d) GUIDANCE ELEMENTS.—The guidance issued under subsection (c)(1) shall include the following elements:~~

~~(1) Policy to ensure that the business processes of the Department of Defense are continuously reviewed and revised—~~

~~(A) to implement the most streamlined and efficient business processes practicable; and~~

~~(B) to eliminate or reduce the need to tailor commercial off the shelf systems to meet or incorporate requirements or interfaces that are unique to the Department of Defense.~~

~~(2) A process to establish requirements for covered defense business systems.~~

~~(3) Mechanisms for the planning and control of investments in covered defense business systems, including a process for the collection and review of programming and budgeting information for covered defense business systems.~~

~~(4) Policy requiring the periodic review of covered defense business systems that have been fully deployed, by portfolio, to ensure that investments in such portfolios are appropriate.~~

~~(5) Policy to ensure full consideration of sustainability and technological refreshment requirements, and the appropriate use of open architectures.~~

~~(6) Policy to ensure that best acquisition and systems engineering practices are used in the procurement and deployment of commercial systems, modified commercial systems, and defense-unique systems to meet Department of Defense missions.~~

(e) DEFENSE BUSINESS ENTERPRISE ARCHITECTURE.—

(1) BLUEPRINT.—The Secretary, ~~working~~ *acting* through the ~~Under Secretary of Defense for Business Management and Information, CMO~~, shall develop and maintain a blueprint to guide the development of integrated business processes within the Department of Defense. Such blueprint shall be known as the “defense business enterprise architecture”.

(2) PURPOSE.—The defense business enterprise architecture shall be sufficiently defined to effectively guide implementation of interoperable defense business system solutions ~~and shall be consistent with the policies and procedures established by the Director of the Office of Management and Budget.~~

(3) ELEMENTS.—The defense business enterprise architecture shall—

(A) include policies, procedures, business data standards, business performance measures, and business information requirements that apply uniformly throughout the Department of Defense; and

(B) enable the Department of Defense to—

(i) comply with all applicable law, including Federal accounting, financial management, and reporting requirements;

(ii) routinely produce verifiable, timely, accurate, and reliable business and financial information for management purposes;

(iii) integrate budget, accounting, and program information and systems; and

(iv) identify whether each existing business system is a part of the business systems environment outlined by the defense business enterprise architecture, will become a part of that environment with appropriate modifications, or is not a part of that environment.

(4) INTEGRATION INTO INFORMATION TECHNOLOGY ARCHITECTURE.—(A) The defense business enterprise architecture shall be integrated into the information technology enterprise architecture required under subparagraph (B).

(B) The Chief Information Officer of the Department of Defense shall develop an information technology enterprise architecture. The architecture shall describe a plan for improving the information technology and computing infrastructure of the Department of Defense, ~~including for each of the major business processes conducted by the Department of Defense.~~

(5) COMMON ENTERPRISE DATA.—The defense business enterprise shall include enterprise data that may be automatically extracted from the relevant systems to facilitate Department of Defense-wide analysis and management of its business operations.

(6) ROLES AND RESPONSIBILITIES.—

(A) The Chief Management Officer of the Department of Defense shall have primary decision-making authority with respect to the development of common enterprise data. In consultation with the Defense Business Council, the Chief Management Officer shall—

(i) develop an associated data governance process; and

(ii) oversee the preparation, extraction, and provision of data across the defense business enterprise.

(B) The Chief Management Officer and the Under Secretary of Defense (Comptroller) shall—

(i) in consultation with the Defense Business Council, document and maintain any common enterprise data for their respective areas of authority;

(ii) participate in any related data governance process;

(iii) extract data from defense business systems as needed to support priority activities and analyses;

(iv) when appropriate, ensure the source data is the same as that used to produce the financial statements subject to annual audit;

(v) in consultation with the Defense Business Council, provide access, except as otherwise provided by law or regulation, to such data to the Office of the Secretary of Defense, the Joint Staff, the military departments, the combatant commands, the Defense Agencies, the Department of Defense Field Activities, and all other offices, agencies, activities, and commands of the Department of Defense; and

(vi) ensure consistency of the common enterprise data maintained by their respective organizations.

(C) The Director of Cost Assessment and Program Evaluation shall have access to data for the purpose of executing missions as designated by the Secretary of Defense.

(D) The Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Secretaries of the military departments, commanders of combatant commands, the heads of the Defense Agencies, the heads of the Department of Defense Field Activities, and the heads of all other offices, agencies, activities, and commands of the Department of Defense shall provide access to the relevant system of such department, combatant command, Defense Agency, Defense Field Activity, or office, agency, activity, and command organization, as applicable, and data extracted from such system, for purposes of automatically populating data sets coded with common enterprise data.

(f) DEFENSE BUSINESS COUNCIL.—

(1) REQUIREMENT FOR COUNCIL.—The Secretary shall establish a Defense Business Council to provide advice to the Secretary on developing the defense business enterprise architecture, reengineering the Department's business processes, *and* developing and deploying defense business systems, ~~and developing requirements for defense business systems.~~ The Council shall be chaired by the ~~Under Secretary of Defense for Business Management and Information~~ *CMO* and the ~~Chief Information Officer of the Department of Defense.~~

(2) MEMBERSHIP.—The membership of the Council shall include the following:

(A) The ~~Chief Management Officers~~ *Secretaries* of the military departments, or their designees.

(B) The following officials of the Department of Defense, or their designees:

(i) The Under Secretary of Defense for Acquisition, ~~Technology,~~ and ~~Logistics~~ *Sustainment* with respect to acquisition, logistics, and installations management processes.

(ii) The Under Secretary of Defense (Comptroller) with respect to financial management and planning and budgeting processes.

(iii) The Under Secretary of Defense for Personnel and Readiness with respect to human resources management processes.

~~(g) APPROVALS REQUIRED FOR DEVELOPMENT.—~~

~~(1) INITIAL APPROVAL REQUIRED.—The Secretary shall ensure that a covered defense business system program cannot proceed into development (or, if no development is required, into production or fielding) unless the appropriate approval official (as specified in paragraph (2)) determines that —~~

~~(A) the system has been, or is being, reengineered to be as streamlined and efficient as practicable, and the implementation of the system will maximize the elimination of unique software requirements and unique interfaces;~~

~~(B) the system and business system portfolio are or will be in compliance with the defense business enterprise architecture developed pursuant to subsection (e) or will be in compliance as a result of modifications planned;~~

~~(C) the system has valid, achievable requirements and a viable plan for implementing those requirements (including, as appropriate, market research, business process reengineering, and prototyping activities);~~

~~(D) the system has an acquisition strategy designed to eliminate or reduce the need to tailor commercial off-the-shelf systems to meet unique requirements, incorporate unique requirements, or incorporate unique interfaces to the maximum extent practicable; and~~

~~(E) the system is in compliance with the Department's auditability requirements.~~

~~(2) APPROPRIATE OFFICIAL.—For purposes of paragraph (1), the appropriate approval official with respect to a covered defense business system is the following:~~

~~(A) Except as may be provided in subparagraph (C), in the case of a priority defense business system, the Under Secretary of Defense for Business Management and Information.~~

~~(B) Except as may be provided in subparagraph (C), for any defense business system other than a priority defense business system —~~

~~(i) in the case of a system of a military department, the Chief Management Officer of that military department; and~~

~~(ii) in the case of a system of a Defense Agency or Department of Defense Field Activity, or a system that will support the business process of more than one military department or Defense Agency or Department of Defense Field Activity, the Under Secretary of Defense for Business Management and Information.~~

~~(C) In the case of any defense business system, such official other than the applicable official under subparagraph (A) or (B) as the Secretary designates for such purpose.~~

~~(3) ANNUAL CERTIFICATION.—For any fiscal year in which funds are expended for development or sustainment pursuant to a covered defense business system program, the appropriate approval official shall review the system and certify, certify with conditions, or decline to certify, as the case may be, that it continues to satisfy the requirements of paragraph (1). If the approval official determines that certification cannot be granted, the approval official shall notify the milestone decision authority for the program and provide a recommendation for corrective action.~~

~~(4) OBLIGATION OF FUNDS IN VIOLATION OF REQUIREMENTS.—The obligation of Department of Defense funds for a covered defense business system program that has not been certified in accordance with paragraph (3) is a violation of section 1341(a)(1)(A) of title 31.~~

~~(h) RESPONSIBILITY OF MILESTONE DECISION AUTHORITY.—The milestone decision authority for a covered defense business system program shall be responsible for the acquisition of such system and shall ensure that acquisition process approvals are not considered for such system until the relevant certifications and approvals have been made under this section.~~

~~(i) (g) DEFINITIONS.—In this section:~~

~~(1)(A) DEFENSE BUSINESS SYSTEM.—The term “defense business system” means an information system that is operated by, for, or on behalf of the Department of Defense, including any of the following:~~

- ~~(i) A financial system.~~
- ~~(ii) A financial data feeder system.~~
- ~~(iii) A contracting system.~~
- ~~(iv) A logistics system.~~
- ~~(v) A planning and budgeting system.~~
- ~~(vi) An installations management system.~~
- ~~(vii) A human resources management system.~~
- ~~(viii) A training and readiness system.~~

~~(B) The term does not include—~~

- ~~(i) a national security system; or~~
- ~~(ii) an information system used exclusively by and within the defense commissary system or the exchange system or other instrumentality of the Department of Defense conducted for the morale, welfare, and recreation of members of the armed forces using nonappropriated funds.~~

~~(2) COVERED DEFENSE BUSINESS SYSTEM.—The term “covered defense business system” means a defense business system that is expected to have a total amount of budget authority, over the period of the current future years defense program submitted to Congress under section 221 of this title, in excess of \$50,000,000.~~

~~(3) (2) DEFENSE BUSINESS SYSTEM PORTFOLIO.—The term “defense business system portfolio” means all *the defense* business systems performing functions closely related to the functions performed or to be performed by a covered defense business~~

~~system~~ *that collectively support a particular Department of Defense business process or function.*

~~(4) COVERED DEFENSE BUSINESS SYSTEM PROGRAM.—The term “covered defense business system program” means a defense acquisition program to develop and field a covered defense business system or an increment of a covered defense business system.~~

~~(5) PRIORITY DEFENSE BUSINESS SYSTEM.—The term “priority defense business system” means a defense business system that is—~~

~~(A) expected to have a total amount of budget authority over the period of the current future years defense program submitted to Congress under section 221 of this title in excess of \$250,000,000; or~~

~~(B) designated by the Under Secretary of Defense for Business Management and Information¹ as a priority defense business system, based on specific program analyses of factors including complexity, scope, and technical risk, and after notification to Congress of such designation.~~

~~(6) (3) ENTERPRISE ARCHITECTURE.—The term “enterprise architecture” has the meaning given that term in section 3601(4) of title 44.~~

~~(7) (4) INFORMATION SYSTEM.—The term “information system” has the meaning given that term in section 11101 3502 of title 40 44, United States Code.~~

~~(8) (5) NATIONAL SECURITY SYSTEM.—The term “national security system” has the meaning given that term in section 3552(b)(6)(A) of title 44.~~

~~(9) BUSINESS PROCESS MAPPING.—The term “business process mapping” means a procedure in which the steps in a business process are clarified and documented in both written form and in a flow chart.~~

~~(10) (6) COMMON ENTERPRISE DATA.—The term “common enterprise data” means business operations or management-related data, generally from defense business systems, in a usable format that is automatically accessible by authorized personnel and organizations.~~

~~(11) (7) DATA GOVERNANCE PROCESS.—The term “data governance process” means a system to manage the timely Department of Defense-wide sharing of data described under subsection (a)(6)(A) [Probably should refer to (e)(6)(A)].~~

Statutes referred to in the Definitions subsection of 10 U.S.C. 2222 are as follows:

44 U.S.C. 3601(f):

(4) “enterprise architecture”—
(A) means—

- (i) a strategic information asset base, which defines the mission;
 - (ii) the information necessary to perform the mission;
 - (iii) the technologies necessary to perform the mission; and
 - (iv) the transitional processes for implementing new technologies in response to changing mission needs; and
- (B) includes—
- (i) a baseline architecture;
 - (ii) a target architecture; and
 - (iii) a sequencing plan;

40 U.S.C. 11101:

(5) INFORMATION SYSTEM.—The term “information system” has the meaning given that term in section 3502 of title 44 [set forth below].

(6) INFORMATION TECHNOLOGY.—The term “information technology”—

(A) with respect to an executive agency means any equipment or interconnected system or subsystem of equipment, used in the automatic acquisition, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the executive agency, if the equipment is used by the executive agency directly or is used by a contractor under a contract with the executive agency that requires the use—

(i) of that equipment; or

(ii) of that equipment to a significant extent in the performance of a service or the furnishing of a product;

(B) includes computers, ancillary equipment (including imaging peripherals, input, output, and storage devices necessary for security and surveillance), peripheral equipment designed to be controlled by the central processing unit of a computer, software, firmware and similar procedures, services (including support services), and related resources; but

(C) does not include any equipment acquired by a federal contractor incidental to a federal contract.

40 U.S.C. 11103:

(a) DEFINITION.—

(1) NATIONAL SECURITY SYSTEM.—In this section, the term “national security system” means a telecommunications or information system operated by the Federal Government, the function, operation, or use of which—

(A) involves intelligence activities;

(B) involves cryptologic activities related to national security;

(C) involves command and control of military forces;

(D) involves equipment that is an integral part of a weapon or weapons system; or

(E) subject to paragraph (2), is critical to the direct fulfillment of military or intelligence missions.

(2) LIMITATION.—Paragraph (1)(E) does not include a system to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications).

44 U.S.C. 3502:

(6) the term “information resources” means information and related resources, such as personnel, equipment, funds, and information technology;

(7) ***

(8) the term “information system” means a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information;

(9) the term “information technology” has the meaning given that term in section 11101 of title 40 but does not include national security systems as defined in section 11103 of title 40;

44 U.S.C. 3552(b)(6)

(6)(A) The term “national security system” means any information system (including any telecommunications system) used or operated by an agency or by a contractor of an agency, or other organization on behalf of an agency-

(i) the function, operation, or use of which-

(I) involves intelligence activities;

(II) involves cryptologic activities related to national security;

(III) involves command and control of military forces;

(IV) involves equipment that is an integral part of a weapon or weapons system; or

(V) subject to subparagraph (B), is critical to the direct fulfillment of military or intelligence missions; or

(ii) is protected at all times by procedures established for information that have been specifically authorized under criteria established by an Executive order or an Act of Congress to be kept classified in the interest of national defense or foreign policy.

(B) Subparagraph (A)(i)(V) does not include a system that is to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications).