

## SECTION 55—INFORMATION TECHNOLOGY INVESTMENTS

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### Summary of Changes

Instructs agencies to provide more granular data for cost investments, in particular for Technology Business Management IT Costs pools and IT towers, with phased implementation requirements (section [55.1](#)).

Includes additional standard investment categories, IT Infrastructure, IT Security, and Management Investments, which are optional for the FY 2019 cycle while agencies work to restructure their investments (section [55.1](#)).

Advises that agency IT budget submissions will be reviewed to ensure implementation of new category management policy (section [55.3](#)).

Expands the requirements for submitting Standard IT Investment Reports (sections [55.6](#) and [55.8](#))

#### 55.1 Overview

Agencies must submit information on their respective information technology (IT) investment portfolios, using the required formats, as applicable, as stated in the [FY 2019 IT Budget – Capital Planning Guidance](#). This section provides general guidance related to reporting on IT and the templates used to collect that information. Section [25.5](#) provides electronic links to the definitions and specific reporting instructions and exhibits related to budgeting for investments in IT.

Strengthening IT Portfolio Management is a continued focus and commitment to assess the effectiveness of current IT management practices and to address opportunities to improve management of IT resources. Authoritative data is key to providing the ability of IT and business leaders to have data-driven discussions about cost and value of IT to best support business goals. As a Government, we will be exploring the adoption of standardized methodologies for IT costing, geared effectively and consistently (using a data-driven agreed upon framework), communicating the cost of IT, and also attributing that cost to business services.

*Provide more granular data for IT spending.*

To gain more detailed information about IT spending across the Government and to accelerate learning related to the Technology Business Management (TBM) Framework, TBM cost pool (financial view of IT) and IT Towers (IT view), agencies will be asked to provide the following data for each investment:

- Development, Modernization, and Enhancement (DME) and Operations and Maintenance (O&M);
- IT Cost Pools; and
- IT Towers.

OMB recognizes that not all agencies are currently able to provide this level of detail so the reporting requirements will be phased in over a three-year period. Additionally, there is no expectation that agencies will change authoritative data systems at this time. Agencies should begin to categorize costs into IT Cost Pools and IT Towers. Over time, OMB will work with agencies to determine how to automate authoritative data collection.

*Roll out of additional standard investment types to promote Government-wide consistency.*

This year three additional standard investment categories are being introduced, and will be optional for the FY 2019 reporting cycle:

- Data Center and Cloud;
- Network; and
- End User.

Agencies should use this year to transition to these new standard investments. The intent is to identify additional standard investments next year to fully represent all IT Infrastructure, IT Security, and IT Management costs. This will enable Government-wide comparisons and improve benchmarking metrics.

- These standard investments will have corresponding reports that are relevant to each investment type.
- These standard investments will enable agency CIOs to compare like costs, capabilities and functions across organizational components and support FITARA implementation.

## **55.2 Why must I report on information technology investments?**

As part of the budget process, OMB is required to develop and oversee a process for IT budgeting and portfolio management, with a detailed focus on all major capital investments, to include “analyzing, tracking, and evaluating the risks, including information security risks, and results of all major capital investments made by an executive agency for information systems”. 40 U.S.C. § 11302. OMB also is responsible for IT Portfolio oversight (44 U.S.C. § 3602), i.e. the use of information technologies to enhance access of information and delivery of services; and to increase the effectiveness, efficiency, service quality, or transformation of government operations.

Agencies must provide required data on total IT funding using the formats specified in the [FY 2019 IT Budget – Capital Planning Guidance](#). IT funding information should be consistent with the overall agency budget submission (see section [51.19](#)), and your agency’s enterprise architecture (EA), Agency IT Portfolio Summary components, and Major IT Business Case submissions.

IT investment costs must include funding from all Federal budgetary resources (e.g., direct appropriation, collections, transfers, and unobligated balances) and must:

- ensure security of Federal information systems and data and account for a modernization process to secure information systems by design;
- account for regular software and product lifecycle refreshment; and
- leverage best practices from other organizations to increase agility and flexibility in technology programs.

### 55.3 What specific guidance applies to FY 2018, and when is the information required?

Submissions should be consistent with OMB Fiscal Year 2019 Budget Guidance. Timing details for IT Budget submission requirements are outlined in the [FY 2019 IT Budget – Capital Planning Guidance](#).

Additional updates to the Agency IT Portfolio Summary, Major IT Business Cases, and Standard Investment Reports may be applicable after final budget release in order to reflect changes in funding levels due to enactment of appropriations. Specific instructions and deadlines for submitting updates, corrections, and final submissions of exhibits will be available on the [OMB MAX Federal Community](#).

Consistent with the Federal Information Technology Acquisition Reform Act of 2014 (Pub. L. No. 113–291) and related OMB guidance, Chief Information Officers (CIOs), Chief Financial Officers (CFOs), and budget officers must coordinate to ensure that IT budget data is consistent with the agency’s budget submission, and must complete “IT Resources Statements” described in section [51.3](#).

OMB’s IT Category Management (ITCM) policies, [M-16-02, Category Management Policy 15-1: Improving Acquisition and Management of Common Information Technology: Laptops and Desktops](#), and [M-16-12 Category Management 16-1: Improving the Acquisition and Management of Common Information Technology: Software Licensing](#), provide explicit guidance and targets for agencies that will impact how they formulate and execute their IT budgets. As described in these policies, agencies are required to follow ITCM policies and to ensure that the budgets incorporate the financial benefits as published by OMB. Agency IT budget submissions will be reviewed to ensure they are implementing these policies and Category Management policy. Future guidance will include additional ITCM objectives.

The annual [E-Gov MAX collection](#) of information on expected agency contributions to E-Government and Line-of-Business initiatives for FY 2019. This data collection for the FY 2019 budget includes:

- the collection of three years of contribution levels (PY, CY and BY) in MAX;
- a requirement that by September 11, 2017, CFOs certify that required contribution levels are being included in the agency’s budget planning to OMB; and
- each agency managing or contributing to E-Government and Line-of-Business initiatives must report as a distinct investment within their IT Portfolio Summary.

### 55.4 How should agencies align IT investments with their strategic plans?

An agency’s IT investment management and reporting of IT investments must clearly demonstrate that each investment is needed to help meet the agency’s strategic goals and mission and show how governance processes are used to plan, select, develop, implement, and operate those IT investments. Furthermore, each IT investment should demonstrate the enabling and improvement of mission and program performance. Agencies demonstrate the IT Investment requirements and governance processes through Agency Major IT Business Cases, supporting documentation, Information Resources Management Strategic Plan, Enterprise Roadmap, and Agency IT Portfolio Summary submissions. The agency must further demonstrate how the investment supports a business line or enterprise service performance goal as documented in the agency’s enterprise architecture (EA), and annual Enterprise Roadmap submission to OMB. Documents used to manage the planning, development, implementation, and operation of IT investments and documents that demonstrate the outcomes of agency, branch, and bureau governance decisions should be maintained and made readily available if requested by OMB. Agency strategic planning should incorporate the requirement for regular software and product lifecycle refresh.

The individual agency’s Agency IT Portfolio Summary submissions are used to create an overall “Federal IT Portfolio,” which is published as part of the President’s Budget. Agency and OMB portfolio reviews and Budget processes will ensure the selection of IT investments that support the agency’s strategic objectives or performance goals, as captured in the agency’s Strategic Plan and Annual Performance Plan.

**55.5 Do these requirements apply to me?**

Agencies must submit information on the Agency IT Portfolio Summary (including the IT Provisioned Services Spending Summary, IT Infrastructure Summary, and Budget Account Summary), and Major IT Business Case, using the format specified in this guidance, as applicable, for Agency annual, quarterly, and regular reporting of their IT budget and IT Management information. This requirement applies to any agency subject to Executive Branch review (see section [25.1](#)), unless otherwise directed.

The following agencies must adhere to these IT reporting requirements:

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Department of Agriculture	Department of the Treasury
Department of Commerce	Department of Veterans Affairs
Department of Defense	U.S. Agency for International Development
Department of Education	U.S. Army Corps of Engineers
Department of Energy	Environmental Protection Agency
Department of Health and Human Services	General Services Administration
Department of Homeland Security	National Aeronautics and Space Administration
Department of Housing and Urban Development	National Archives and Records Administration
Department of the Interior	National Science Foundation
Department of Justice	Nuclear Regulatory Commission
Department of Labor	Office of Personnel Management
Department of State	Small Business Administration
Department of Transportation	Social Security Administration

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Separate guidance may be issued amending the above specifications regarding agency submissions, for non-CIO Council agencies.

**55.6 What do I need to know about an agency’s IT Budget and Management Requirements?**

The agency’s IT Budget and Management information is composed of three parts:

- Agency IT Portfolio Summary – which includes:
  - ▶ Agency IT Investment Portfolio Summary - includes IT investment budget, management, and architecture information;
  - ▶ Agency Data Center Spending Summary - includes a Data Center spending summary for data center costs that the agency owns and operates;
  - ▶ Budget Account Summary – includes a summarized view of IT funding levels associated with budget accounts. This summary is derived from the Funding Sources table in the Agency IT Portfolio Summary; and
  - ▶ CIO Evaluation Report – includes IT Investment CIO evaluations and comments for all Major IT Investment (required), and any other investments within the Agency’s IT Portfolio that the CIO has a particular focus on.
  
- Major IT Business Cases – which includes:
  - ▶ Detailed IT investment budget and management information for major IT investments within Part 1 (Mission) and Part 2 (Administrative Services and Support Systems).
  
- Standard IT Investment Reports– which includes:
  - ▶ Detailed and relevant IT investment budget and management information for standard IT Investments in Part 3 (IT Infrastructure, IT Security, and IT Management).

- ▶ Standard Investment Reports for IT Security and Compliance Investments which are required for FY 2019; and
- ▶ Standard Investment Reports for Data Center and Cloud, Network, and End User, which are optional.

Agency reporting of its IT Portfolio should include all of an agency’s annual IT costs. The agency’s complete IT portfolio must be reported, including all major, non-major, migration related, funding contributions, standard and non-standard IT investments. For the FY 2019 budget submission, IT funding levels reported in the Agency IT Portfolio Summary should be consistent with your agency’s budget materials and should be categorized based upon the following four parts:

<b>Category</b>	
Part 1	IT Investments for Mission Delivery
Part 2	IT Investments for Administrative Services and Support Systems
Part 3	IT Investments for Commodity IT Infrastructure and IT Management

Per section [51.3](#), your justification materials should include a section beginning with the words "IT Resource Statements" that provides the following: a statement from the CIO affirming that the CIO has reviewed and approved the major IT investments portion of your budget request; a statement from the CFO and CIO affirming that the CIO had a significant role in reviewing planned IT support for major program objectives and significant increases and decreases in IT resources; and a statement from the CIO and CFO that the IT Portfolio includes appropriate estimates of all IT resources included in the budget request. If for any reason any of the above is not accurate, briefly describe the nature of the inaccuracy. The above statements and discussion must also be included in your agency's annual assurance statement described in [OMB Circular A-123](#) and within your agency’s public Congressional Justification materials.

Funding levels in the agency’s Agency IT Portfolio Summary should be provided for PY, CY, and BY, as outlined below:

<b>For:</b>	<b>Funding levels in Agency IT Portfolio Summary for preliminary agency requests</b>	<b>Funding levels in Agency IT Portfolio Summary for President’s Budget request to the Congress</b>
PY (2017)	FY 2017 Likely/Enacted actual level	FY 2017 actual level
CY (2018)	Likely/Enacted for FY 2018	Likely/Enacted for FY 2018
BY (2019)	Agency request for FY 2019	President’s Budget request for FY 2019

Funding levels should be consistent with program-level funding and branch, bureau, and agency summary funding tables, as provided to OMB in the agency budget submission.

Investment funding sources must include all Federal budgetary sources of funding used (e.g., budget authority provided in direct appropriations, amounts available for obligation through collections of fees or other receipts, transfers from trust funds or other Federal sources, or via reimbursement, including payments for services).

**55.7 What do I need to know about Major IT Business Cases?**

OMB provides specific policy, procedural, and analytic guidelines for planning, budgeting, acquisition, and management of major IT capital investments, which is defined within the [FY 2019 IT Budget – Capital](#)

[Planning Guidance Appendix C](#), in addition to general guidance issued in OMB Circular A-11 and [OMB Circular A-130](#).

An agency's Major IT Business Cases describe the justification, planning, implementation, and operations of individual capital assets included in the Agency IT Portfolio Summary and serve as key artifacts of the agency's EA and IT capital planning processes. The Major IT Business Case is comprised of two components:

- 1) The Major Business Case itself which provides key high-level investment information to inform budget decisions, including general information and planning for resources such as staffing and personnel.
- 2) The regular information updates to the Major IT Business Case, which provides more temporal information, related to tracking management of an investment, such as projects and activities, risks, and operational performance of the investment. This includes the CIO's responsibility to assess each Major IT Investment pursuant to 40 U.S.C. § 11315(c)(2).

### **55.8 What do I need to know about Standard IT Investment Reports?**

Standard IT Infrastructure Investments were introduced in last year's guidance. IT Security and Compliance Standard Investment had specific reporting requirements that were part of the Major IT Business Case. This year's guidance introduces separate Investment Reports with relevant reporting requirements for each Standard IT Infrastructure and Management Investment. Agencies shall, in a multi-year phased approach, realign costs represented in their IT Portfolio Summary Part 3: IT Infrastructure, IT Security and IT Management Non-Standard Investments into Standard Investments that will be consistent throughout and across each agency. The updated reporting requirements are intended to provide more visibility to agency CIOs. The Standard Investments are related to costs associated with all agencies. As such, each type of Standard Investment will have reports tailored to the commodity IT data that it comprises. Each Investment Report will have its own reporting requirements and frequency.

Complete details on specifications for completing Agency IT Portfolio Summary and Major IT Business Cases are provided in the [FY 2019 IT Budget – Capital Planning Guidance](#).