Planning, Budgeting, Acquisition and Management of Capital Assets

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FY 2004 Budget
Governing With Accountability

- We want to make sure when we spend money, that it meets needs…that's what the American taxpayer expects. They expect results and I expect results.
- President George W. Bush, April 9, 2002

OMB Circular A-11, Part 7

- All major capital investments must annually prepare an exhibit 300 IAW instructions in Part 7 to obtain funding approval.
- The 300 is a format for the IPT to demonstrate to management that it has employed the disciplines of good project management to define the cost, schedule and performance goals of the project.

10 Scoring Criteria

- Supports the President’s Management Agenda Items. (Multiple Sections)
- Acquisition Strategy (Section I.G).
- Program Management (I.D, I.H, +)
- Alternatives Analysis (I.E)
- Risk Management (I.F)
- Performance Goals (I.C)

10 Criteria (Cont)

- Performance-Based Management System (I.H)
- Life-Cycle Costs Formulation (I.E. +)
- IT ONLY
  - Enterprise Architecture (II.A)
  - Security and Privacy (II.B)

Scoring

- 5 = 41-50 - Strong documented business cases (including all sections as appropriate). Funding, if program requirements met.
- 4 = 32-40 - Very few weak points within the BC but still needs strengthening. Funding recommended, if program requirements met. Agency instructed to continue improvements in weak areas
- 3 = 21-31**-** Much work remains to solidify and quantify BC. BC has the opportunity to either improve (to 4) or degrade (to 2) very quickly. 3 on second submission – WATCH LIST!
- 2 = 11-20 - Significant gaps in the required categories of the BC.
  - 2 and below not (normally) recommended for

Screening Questions

- Project/useful segment is funded: Incrementally___Fully___
- Was this project approved by OMB for previous Year Budget Cycle? Yes/No
- Did the Executive/Investment Review Committee approve funding for this project this year? Yes/No
- Did the CFO review the cost goal? Yes/No
- Did the Procurement Executive review the acquisition strategy? Yes/No
- Did the Project Manager identified in Section 1.D review this exhibit? Yes/No
- Is this investment included in your agency's annual performance plan or multiple agency annual performance plans? Yes/No

IA Project Description

- Brief description of project and status in CPIC (Capital Programming) Process.
- Assumptions and Why?
  - Transformational-very difficult
  - Life-cycle
- Other Supporting information derived from research, interviews, and other documentation.

I.B Justification

- Mission and strategic mapping
- Support of President’s Management Agenda
- Other Public or Private Sources
- Customer(s) and Stakeholder(s)
- Multi-agency information
- Reducing costs and improving efficiencies
- Interface Assets - Reengineered

I.C Performance Goals and Measures

- By Fiscal Year List:
  - Strategic Goals
  - Existing Baseline
  - Planned performance improvement goal
  - Actual performance improvement results
  - Planned performance metric
  - Actual performance metric results

I.D Program Management

- Program Manager – Name
  - Members, Roles, Qualifications, contact info for in-house and contractor project managers.
- Contracting Officer – Name
- IPT, list skills, including
  - EVMS, VE, Other agency representatives
- Sponsor/Owner - Title
- Graded on entire project information

I.E. Alternative Analysis

- Identify all viable alternatives
- Select the top three viable alternatives
  - Reach for Innovation
- Discuss the market research that was done to identify innovative solutions for this project (e.g., used an RFI to obtain 4 different solutions to evaluate, held open meetings with contractors to discuss project scope, etc.,). Also describe what data was used to make estimates: past or current contract prices for similar work, contractor provided estimates from RFIs or meetings, general market publications, etc.

I.E. Alternative Analysis

- Life cycle costs analysis for each alternative
  - Provide Assumptions – What data was used to make the estimates.
- Chosen alternative and why
  - ROI/Quantitative benefits-savings, other
- Financial summary - NPV by year and Payback period calculations
- Date of Benefit/Cost Analysis ____

Risk Assessment

- Date identified
- 19 Areas of risk – could be more than one per area
- Description
- Probability of occurrance
- Strategy for mitigation – milestone plan
- Current Status

I.G. Acquisition Strategy

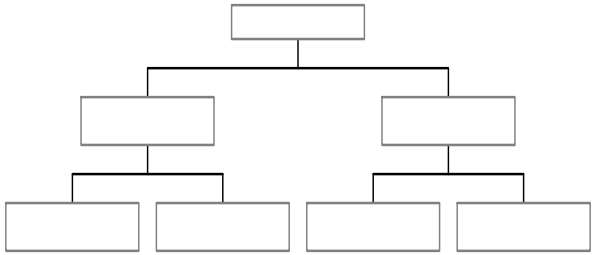
- In order to adequately address this area of the business case and capital asset plan you must employ a strong acquisition strategy that mitigates risk to the federal government, accommodate Section 508 as needed, and use performance based contracts and (SOWs). If you are not using performance based contracts and statements of work, your acquisition strategy should clearly define the risks that prompted use of other than performance based contracts and SOWs. Finally, your implementation of the Acquisition Strategy must be clearly defined.

I.H. Project and Funding Plan

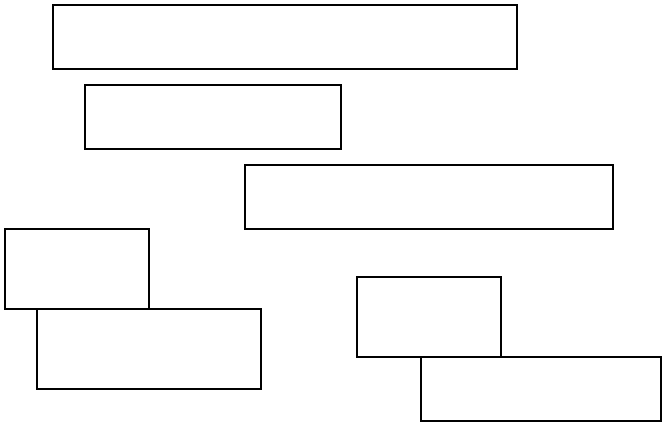
- Must demonstrate use of an EVMS that meets ANSI/EAI Standard 748 for both government and contractor work – for development efforts
- Name software program used to evaluate contractor provided EVMS Data.
- For operational projects define the operational analysis system
- Mixed Life-Cycle projects – EVMS on system improvements, OA on operations.

ESTABLISH THE BASELINE

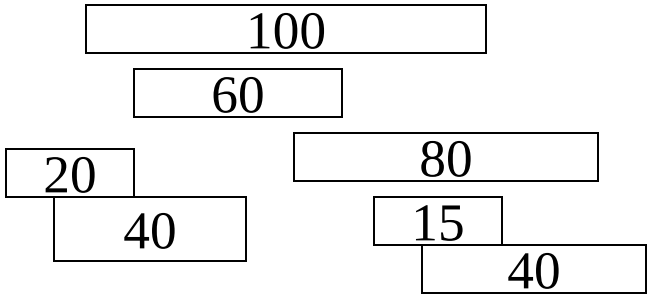
1. DEFINE THE WORK

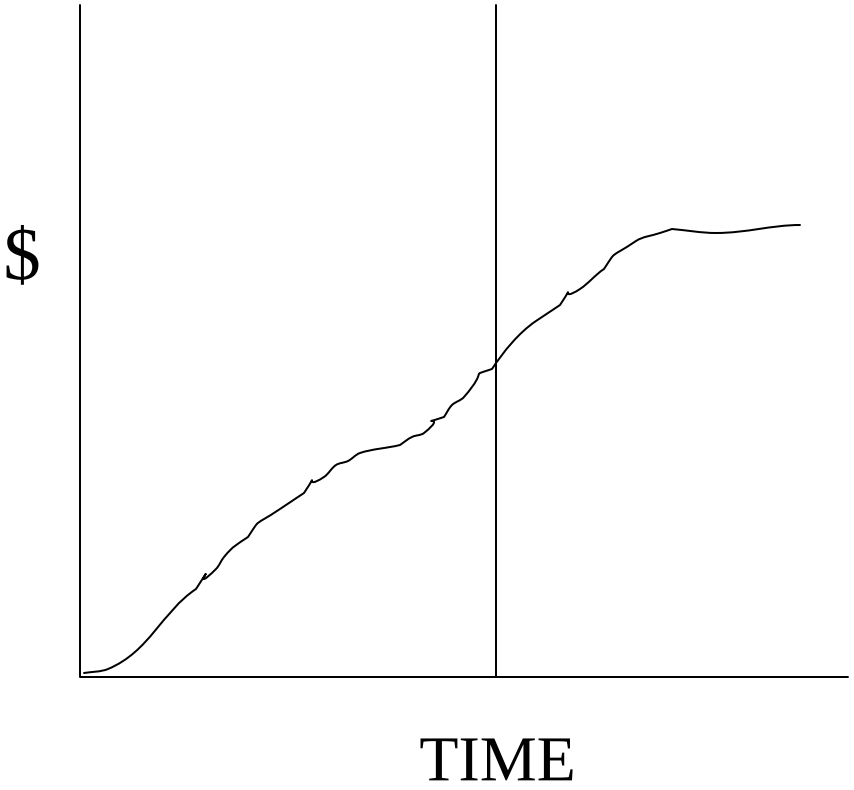


2. SCHEDULE THE WORK



3. ALLOCATE BUDGETS





I.H.2 Original Baseline

- Cost and schedule goals for phase or segment/module of project
- Major project milestones
  - When will they occur and cost
  - Funding agency for each milestone
- This baseline is include in all subsequent reports, even when OMB has approved changes shown in I.H.3

Cost and Schedule Goals: Original Baseline for a Phase/Segment/Module of Project					
Description of Milestone	Schedule			Planned Cost	Funding Agency
	Start Date	End Date	Duration (in days)		
1.Major milestones in SOW for each year.					
2. It is not one milestone for entire module or segment.					
3.					
Management Reserve for Risk					
Completion date:				Total cost estimate at completion:	

I.H.3 Proposed/Current Baseline

- When there are changes needed to original baseline or current OMB approved baseline.
- Shows new milestones and costs
- BLANK if no changes to original baseline.

I.H.4.A Actual Performance and Variance

- All of I.H.4 is always filled in to show current status of project.
  - Compares OMB approved baseline and actual outcomes for phase, segment/module by milestone
  - Shows baseline completion date and new estimated completion date, baseline costs and new estimate to complete.

Comparison of OMB-Approved Baseline and Actual Outcome for Phase/Segment/Module of a Project									
	OMB-Approved Baseline					Actual Outcome			
Description of Milestone	Schedule			Planned Cost	Funding agency	Schedule		Percent Complete	Actual Cost
	Start Datee	End Date	Duration (in days)			Start Date	End Date		
1.									Identify MR.
2.									
3.									
Management reserve remaining									
Completion date: OMB-approved baseline:						Estimated completion date:			
Total cost: OMB-approved baseline:						Estimate at completion:			

QUESTIONS?

We are not here to mark time, but to make progress to achieve results, and to leave a record of excellence.

President George W. Bush

October 15, 2001