# The Federal Information Technology Acquisition Reform Act (FITARA)
## Implications for Financial, Acquisition, IT and HR Managers

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Office of the Chief Information Officer (OCIO)

May 19, 2017

# Main Messages

## We want you to know…..

➢ FITARA affects ALL programs that use IT, NOT just IT Programs or Line items

➢ The DOC CIO has to approve ALL ask and spend of IT

➢ The DOC CIO has delegated acquisition and HR responsibility to the bureau CIOs but cannot delegate budget responsibilities

➢ The more the Bureau CIOs know about bureau IT ask and spend, the less FITARA will impact the existing budget and acquisition processes

➢ Good News - Commerce leads among all Agencies in implementing FITARA per OMB, GAO, and Congress – and you can help us stay there!

# The Definition of IT…

## According to FITARA

The FITARA statute interprets IT broadly using the attached definition given below. Note that it includes IT Software, Hardware and Telecommunications equipment and services, except as excluded in paragraph D
**The definition of IT:**

A. Any services or equipment, or interconnected system(s) or subsystem(s) of equipment, that are used in the automatic acquisition, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency;

B. …such services or equipment are 'used by an agency' if used by the agency directly or if used by a contractor under a contract with the agency that requires either use of the services or equipment or requires use of the services or equipment to a significant extent in the performance of a service or the furnishing of a product;

C. The term "information technology" 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 provisioned services such as cloud computing and support services that support any point of the lifecycle of the equipment or service), and related resources;

D. The term "information technology" does not include any equipment that is acquired by a contractor incidental to a contract that does not require use of the equipment.

# The Federal IT Acquisition Reform Act (FITARA)

## Timeline

- ➢ PUBLIC LAW 113–291 was enacted December 2014
- ➢ OMB Memo issued June 2015
- ➢ First Self-Assessment done August 2015
- ➢ Annual Assessments April 2016; May 2017

## OMB M 15-14

- ➢ Outlined process for tracking and documenting Department's implementation of FITARA

- ➢ Department must comply with 17 Elements in a Common Baseline with Acquisition, Budget and Human Resources

## 7 Focus Items of FITARA

1. Enhancing the Authority of the Chief Information Officer (CIO)

2. Enhancing Transparency and Improved Risk Management in Information Technology Investments

3. Requiring Savings through IT Portfolio Review

4. Expanding Training and Use of Information Technology Cadres

5. Consolidating Federal Data Centers (FDCCI/DCOI)

6. Maximizing the Benefit of the Federal Strategic Sourcing Initiative (SSI)

7. Expanding Government-wide Software Purchasing Programs

# What has changed due to FITARA

## Policy & Process Changes

➤ DOC CIO responsibilities are being built into the budget process for FY 19 by DOC's Budget Office.
➤ DOC CIO must approve all Reprogramming that involves IT.
➤ DOC Acquisition Policy changed to require DOC CIO Signature on all acquisition plans over 10M in life cycle costs.
➤ DOC Personnel Policy changed to require DOC CIO approval of all senior level IT positions (SES, CIO, et al).
➤ DOC CIO must approve the formulation and execution of all IT ask and spend.

## Organizational Changes

➤ DOC CIO delegated some Acquisition and personnel responsibilities to Bureau CIOs (cannot delegate the budget).
➤ DOC CIO designated program manager for FITARA.
➤ DOC FITARA Team created and Bureau POCs designated.
➤ Bureau Heads designated Senior executives to be FITARA Executive Sponsor.

# DOC FITARA Sponsors

➢ Sponsor is a senior official in the bureau

➢ Receives quarterly program updates for visibility and transparency

➢ Responsibility of the Sponsor add roles

    ➢ To ensure collaboration between the bureau Acquisition, Budget, and Personnel, CIO Offices, and the DOC FITARA team

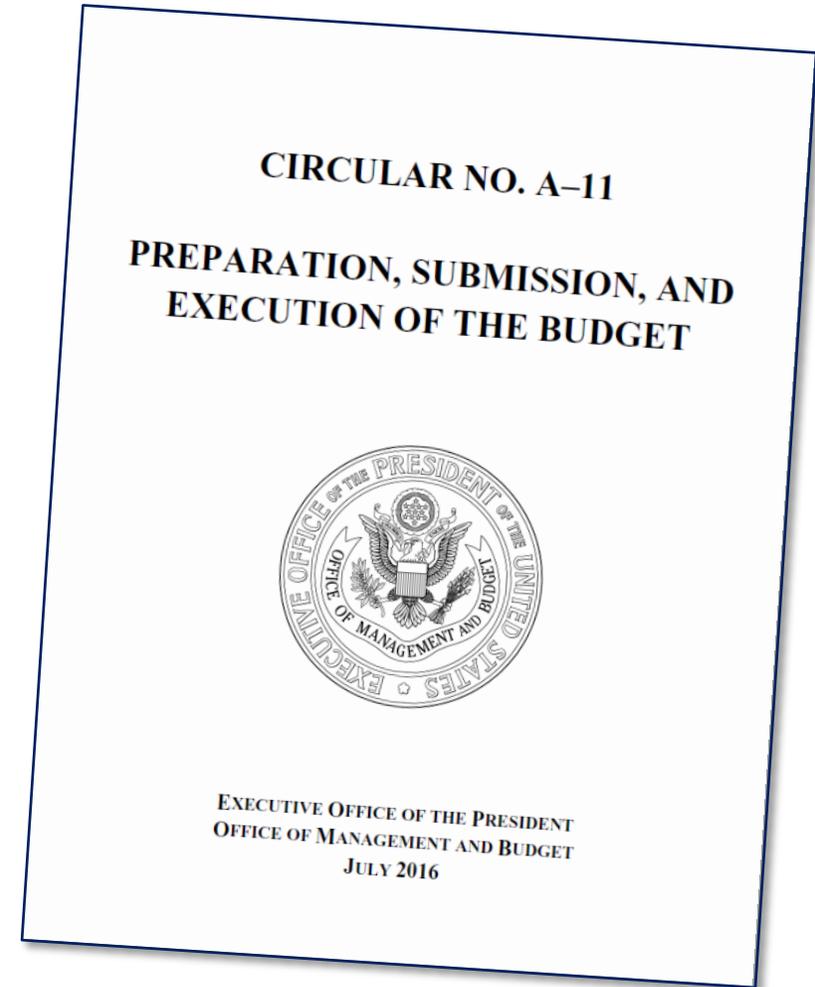    ➢ To implement both the letter and spirit of FITARA
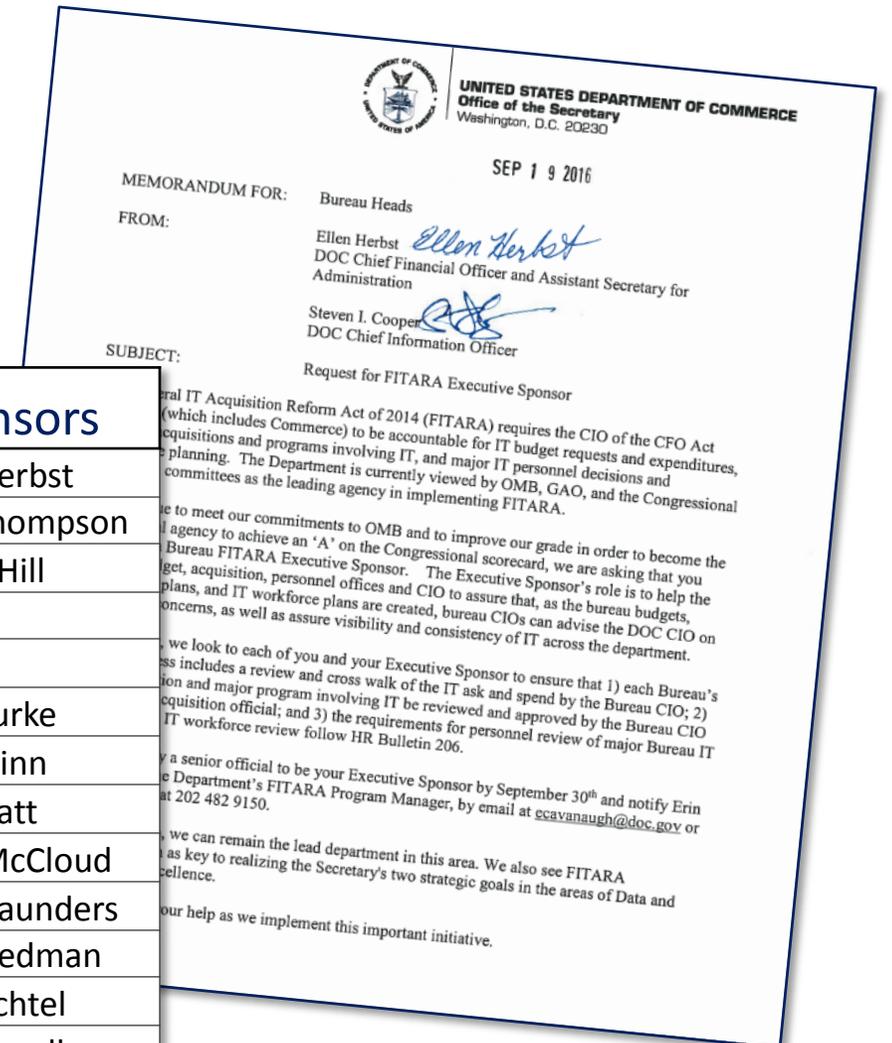
| FITARA Sponsors | |
|---|---|
| CFO/ASA | Ellen Herbst |
| BEA | Sally Thompson |
| BIS | Daniel Hill |
| Census | TBD |
| EDA | TBD |
| ESA | Brad Burke |
| First Net | Jim Gwinn |
| ITA | Ken Hyatt |
| MBDA | Edith McCloud |
| NIST | Mary Saunders |
| NOAA | Ben Friedman |
| NTIA | Len Bechtel |
| NTIS | Greg Capella |
| OIG | Ann Eilers |
| USPTO | Russ Slifer |
| OS/OGC | Joe Mroz |

UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

SEP 1 9 2016

MEMORANDUM FOR: Bureau Heads

FROM: Ellen Herbst
DOC Chief Financial Officer and Assistant Secretary for Administration

Steven I. Cooper
DOC Chief Information Officer

SUBJECT: Request for FITARA Executive Sponsor

# Changes to the Budget Process

➢ DOC CIO must approve the formulation and execution of all IT ask and spend

➢ DOC CIO responsibilities

➢ All CFOs and CIOs need to collaborate on all IT resources

➢ DOC CIO to rely heavily on Bureau CIOs and CFOs advice

CIRCULAR NO. A–11

PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JULY 2016

# New to the Budget Formulation Process

A-11 guidance states the Department CIO and CFO must affirm the following statements:

1. A statement from the CIO affirming that the CIO has reviewed and approved major IT Investments as part of planning budgetary estimates

2. A statement from the Chief Financial Officer (CFO) and CIO affirming that the CIO had a significant role in reviewing planned IT support for major programs and significant increases and decreases in IT resources

3. A statement from the CIO and CFO that the IT Portfolio (Section 55.6) includes appropriate estimates of all IT resources
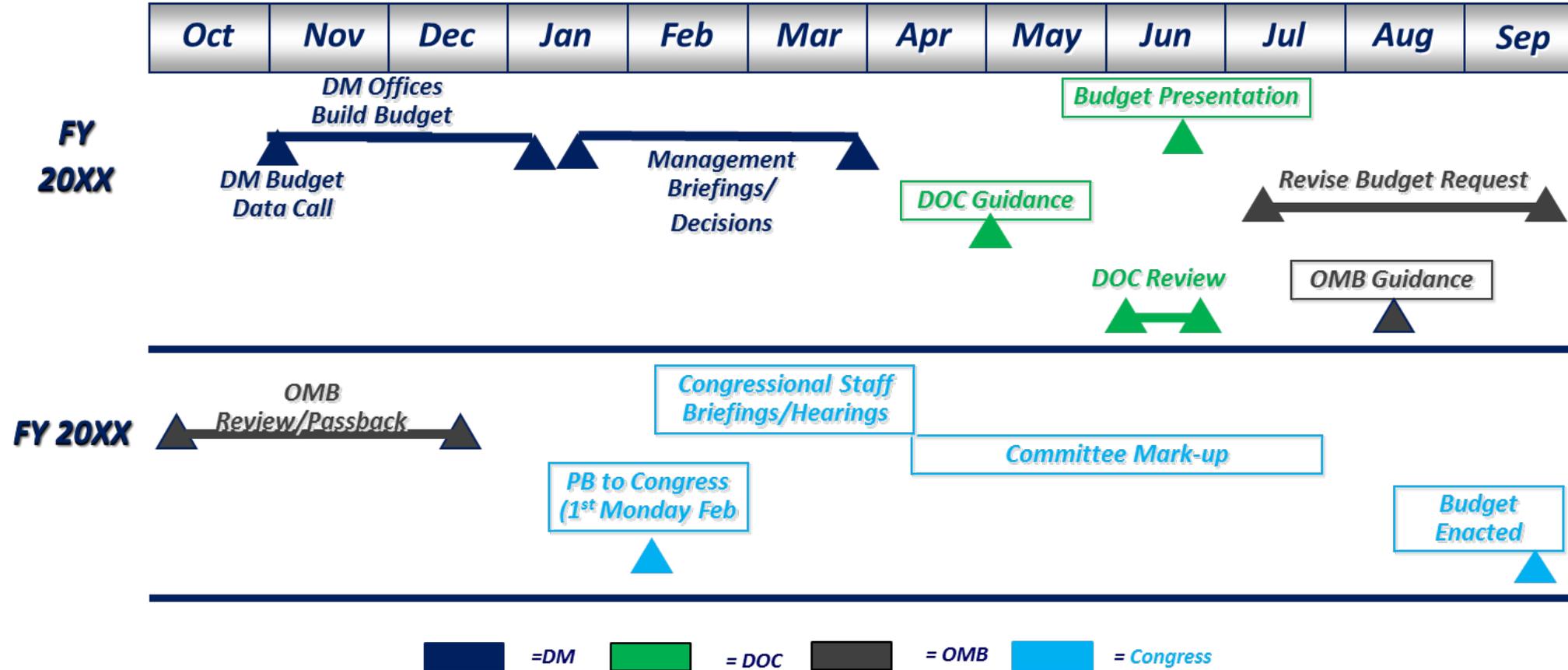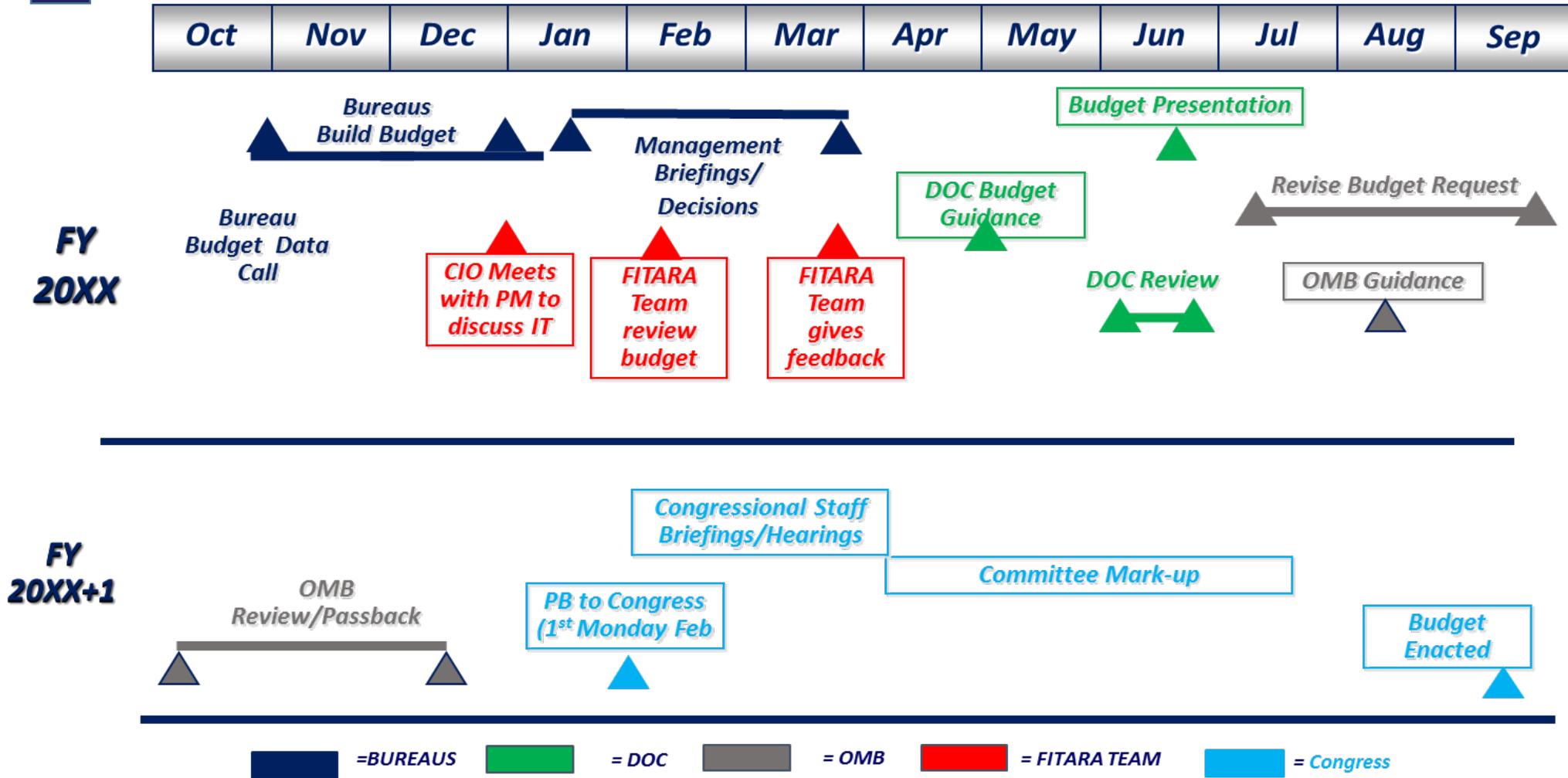
A-11 Guidance: https://www.whitehouse.gov/omb/information-for-agencies/circulars
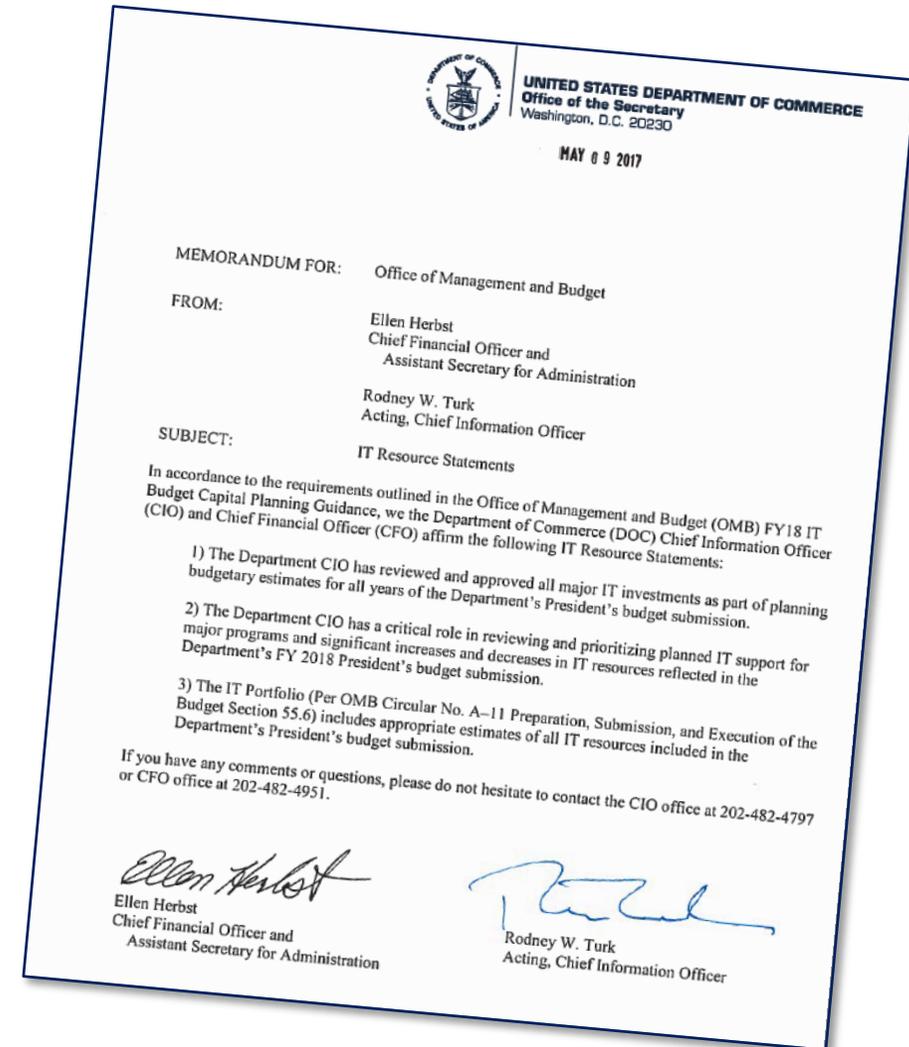
# FY19 IT Budget Guidance

Coming soon!

# Nominal Bureau Budget Formulation Timeline: Pre-FITARA

| Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

**FY 20XX**

DM Offices Build Budget

Budget Presentation

DM Budget Data Call

Management Briefings/ Decisions

Revise Budget Request

DOC Guidance

DOC Review

OMB Guidance

**FY 20XX**

OMB Review/Passback

Congressional Staff Briefings/Hearings

Committee Mark-up

PB to Congress (1st Monday Feb

Budget Enacted

=DM          = DOC          = OMB          = Congress

# Nominal Bureau Budget Formulation Timeline with FITARA Implementation

| Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

**FY 20XX**

- Bureaus Build Budget
- Bureau Budget Data Call
- Management Briefings/ Decisions
- Budget Presentation
- DOC Budget Guidance
- Revise Budget Request
- DOC Review
- OMB Guidance
- CIO Meets with PM to discuss IT
- FITARA Team review budget
- FITARA Team gives feedback

**FY 20XX+1**

- Congressional Staff Briefings/Hearings
- Committee Mark-up
- OMB Review/Passback
- PB to Congress (1st Monday Feb
- Budget Enacted

Legend:
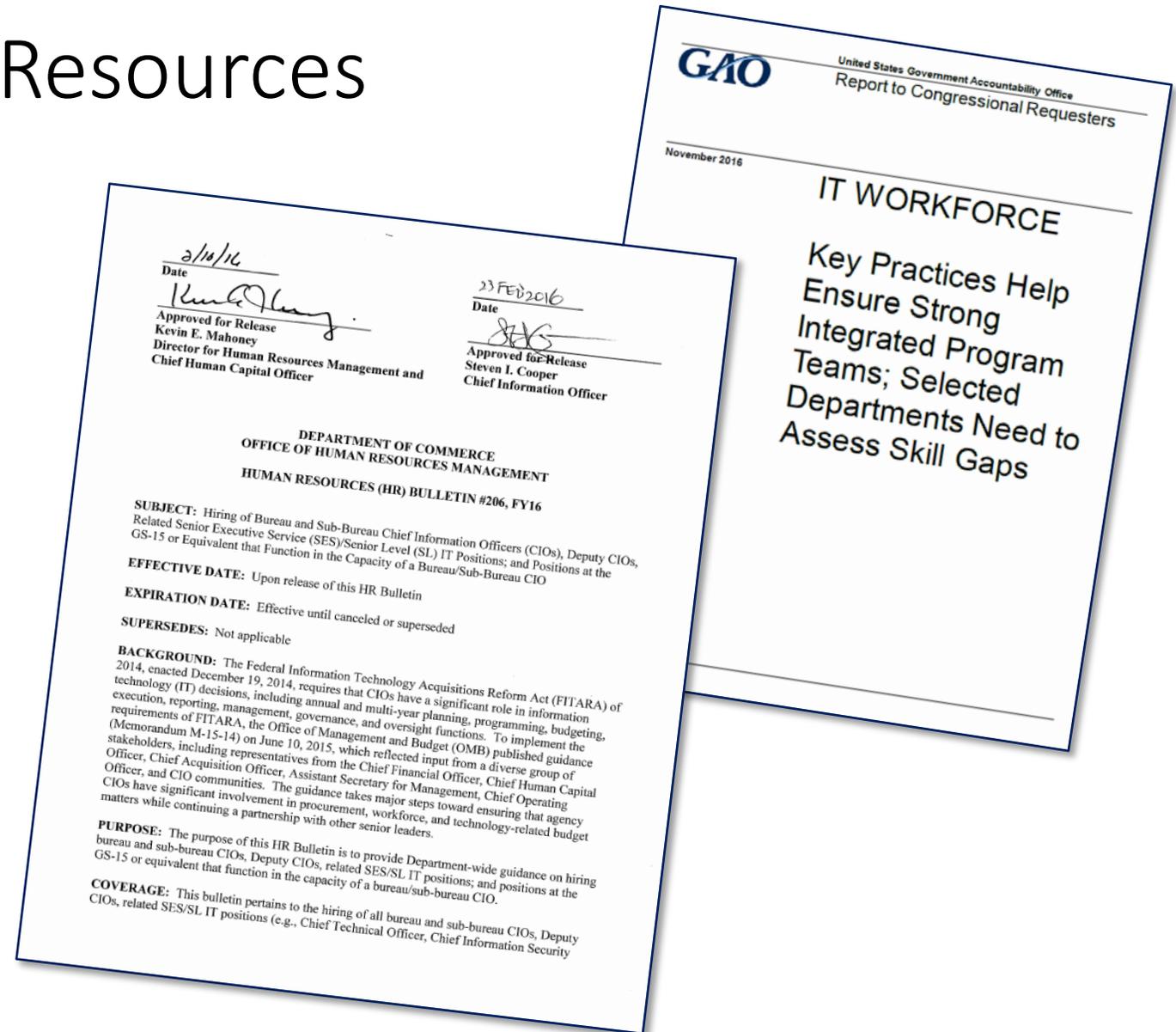- =BUREAUS
- = DOC
- = OMB
- = FITARA TEAM
- = Congress

# Changes for the Acquisition Community

➢ DOC CIO is now a voting member of the Acquisition Review Board (ARB)

➢ DOC CIO will review and sign all acquisition plans over 10M in life cycle costs.

  ➢ Approach involves the Bureau CIO as first reviewer for ALL investments whose life cycle costs are above 10M

➢ Bureau CIOs to work with Bureau CFOs with documenting their process for reviewing all procurements under 10M.

  ➢ DOC Acquisition Policy changed to require CIO signature on acquisition plans over 10M in life cycle costs.
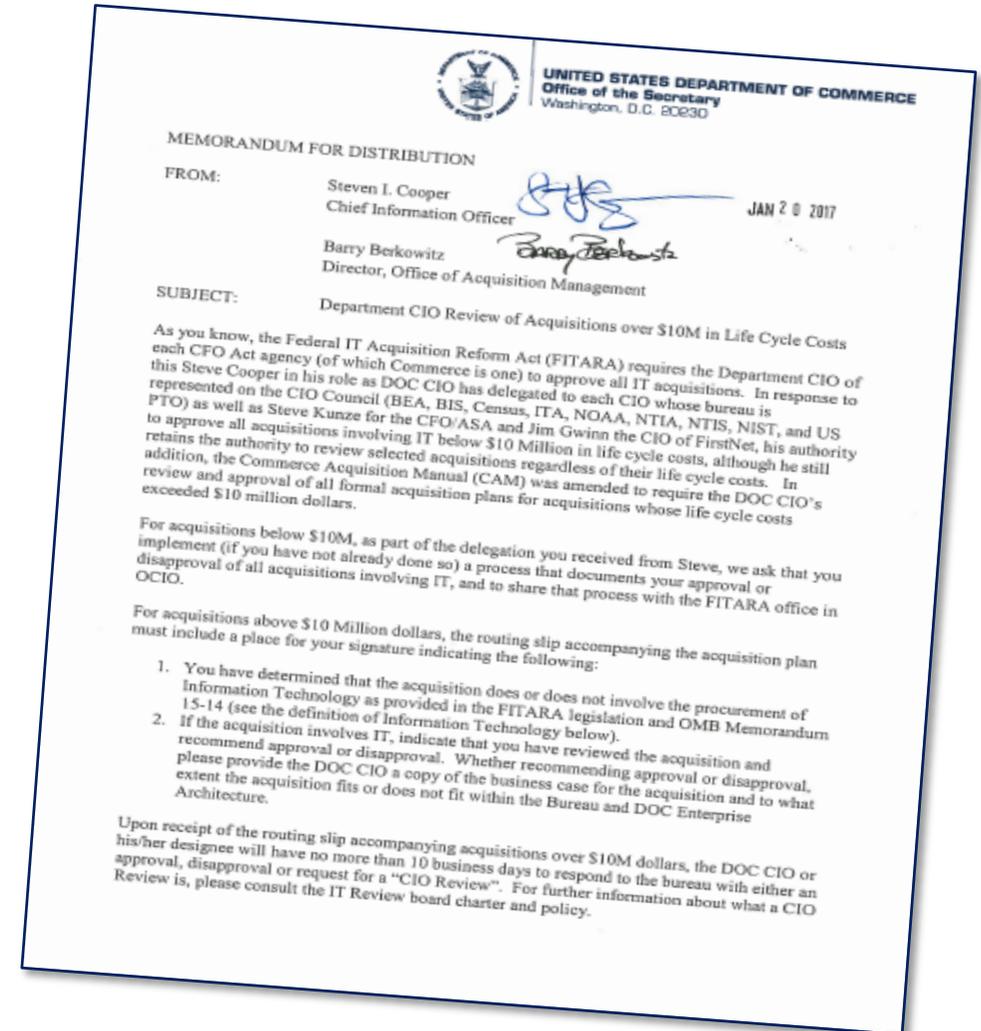
# Changes to Human Resources

➤ DOC Personnel Policy (HR Bulletin 206)changed to require CIO approval of all senior level IT positions (SES, CIO, et al).

➤ Working Group creating a DOC workforce plan.

# The Value of FITARA

| OMB M 15-14 | GAO (Congress) |
|---|---|
| ➢ IT Cost savings or avoidance through consolidation and other collaborative actions across the DOC | ➢ *IT Cost savings as reported on PortfolioStat Reports |
| ➢ Insight into IT Mission and Admin ask and spend by Bureau and Department CIOs | ➢ *Increased use of Incremental development and other best practices in IT project management |
| ➢ Influence on budget and acquisition decisions by CIOs throughout Commerce | ➢ *Transparent reporting of risks and issues for all major systems on IT Dashboard and plans to address risks |
| ➢ Improvement in IT program management | ➢ *Continued progress on Data Center Optimization |
| | ➢ *DOC CIO direct report to Secretary or DepSec |
| | ➢ Addressing Legacy systems through IT modernization |
| | ➢ Perform IT Workforce Planning |

**\* These items are currently measured for agencies and appear on the FITARA scorecard**

# OMB Common Baseline: DOC Self-Assessment

## OMB

Per OMB M15-14, an annual assessment of the FITARA requirements is due May 2017 from the DOC CIO. The DOC FITARA team reviews the elements quarterly for compliance and provides a number rating. 3 = in compliance and evidence is documented; 2 = partial compliance and action plan is in place; 1 = not in compliance and action plan is in place.

| Elements | Budget (Formulation and Execution) | | | | | | | | Acquisition | | | | Organization & Workforce | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q |
| Initial Rating | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 2 | 2 | 2 | 3 | 3 | 2 | 3 |
| 1Q16 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 2 | 3 |
| 2Q16 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 2 | 3 |
| 3Q16 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 2 | 3 |
| 4Q16 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 |
| 1Q17 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 |
| 2Q17 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 |
| 3Q17 | To be determined June 2017 | | | | | | | | | | | | | | | | |

# Congressional/GAO Scorecard Grades

| | DOC scorecard grades since 2015, released bi-annually | | | | | |
|---|---|---|---|---|---|---|

| GAO Scorecard | Date Released | Data Center Consolidation (FDCCI) | IT Portfolio Review Savings (PortfolioStat) | Agency CIO Authority enhancements (Incremental Development) | Risk Assessment & Transparency (Dashboard) | Overall Grade |
|---|---|---|---|---|---|---|
| **Initial Scorecard** | November 1, 2015 | A | B | C | A | B |
| **Scorecard 2.0** | May 18, 2016 | A | D | C | A | B |
| **Scorecard 3.0** | December 6, 2016 | A | A | D | A | B+ |

| Next scorecard expected to be released June 2017 |
|---|

# A New CIO and CFO initiative

➢ Determining IT costs is a major challenge since there is no standard way to calculate the IT spend or ask in any investment or program

➢ Our finance systems, asset management systems, personnel and time measurement systems, and IT reporting systems all use different codes and many use outdated IT codes and concepts

➢ Bureau systems are not consistent but some Bureaus are making good progress

➢ A government wide effort called TBM is helping standardize and update IT cost codes and structure

➢ We will be exploring options and producing a notional plan for review by the department CFO and CIO communities

➢ We will leverage best practices and pilot efforts in other departments and the private sector

➢ If IT cost control is to be an effective initiative determining and tracking  accurate IT costs will be an imperative

# How can you help? - Acquisitions

| Is your Office doing this? | How can you help? |
|---|---|
| ✓ Ensure the acquisition checklists include the required FITARA review by Bureau and DOC CIOs for acquisitions over 10M in total life cycle costs<br>✓ Ensure Bureau and DOC CIOs are aware of and get to participate and influence ALL acquisition reviews that involve IT purchases (hardware, software, telecommunications, services, etc.)<br>✓ Ensure any acquisitions that do not include Bureau CIO review and approval are referred back to the Bureau for CIO review | ✓ Educate your offices regarding shadow IT and the broad definition of IT<br>✓ Identify opportunities for standardization, consolidation, service and commodity buys, etc. and for leveraging department-wide and government-wide contract vehicles<br>✓ Help identify IT systems to retire, modernize, and/or replace legacy IT systems<br>✓ Recognize and revise policies, procedures, and processes that are not consistent with the letter or spirit of FITARA. |

# How can you help – IT Workforce

## How you can help…

✓ Ensure that your bureau supports workforce planning at the bureau and departmental level

✓ Ensure that the Bureau CIO is involved in all IT workforce decisions. Bring together HR and IT senior leaders in each Bureau to ensure that DOC CIO and Bureau CIO's participate in effective IT workforce planning

✓ Help Bureaus to comply with HR Bulletin 206 which gives guidance for requesting DOC CIO review and approval for all senior IT position hires.

✓ Send representatives from HR and IT to participate in an ongoing Departmental task force seeking to develop guidance in this area

# Summary

CFOs, CIOs, CAOs, HR Managers and Executive sponsors are key to implementing FITARA fully in the Department

- They do so by ensuring that their Bureau CIOs gain complete insight and oversight over ALL IT even if the budgeted line item or procurement does not mention any IT
- Congress and OMB are expecting major cost savings and overall efficiencies and improved program management from implementing FITARA, it is not a compliance exercise alone
- DOC is the leading agency implementing FITARA and this positions us as a good steward of scarce federal dollars and we want to continue this into the next year
- The keys are CIO involvement, CFO/BPO/CIO/PHRM collaboration and cooperation, and turning our compliance into real savings and efficiencies through increased insight and influence of IT leadership
- Please let us know how we can assist you!

# Helpful Links and Contact Information

➤ DOC FITARA Max page: https://community.max.gov/pages/viewpage.action?pageId=960004302

➤ OMB M 15-14 - FITARA – The Federal IT Acquisition Reform Act   https://management.cio.gov/

➤ OMB Information for Agencies https://www.whitehouse.gov/omb/information-for-agencies

➤ GAO Overview and Recommendations http://www.gao.gov/resources/presidential-transition/overview

We want to hear from YOU!

Do you have a suggestion, question, or concern?

Do you have a success story showing cost savings or collaboration within bureaus?

Contact the DOC FITARA Team: DOCFITARA@doc.gov

# Questions and Discussion

Thank You!