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# INTELLIGENCE COMMUNITY POLICY GUIDANCE NUMBER 801.1



## ACQUISITION

(EFFECTIVE DATE REMAINS: 12 JULY 2007)

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### **NOTICE: RENUMBERING OF INTELLIGENCE COMMUNITY DIRECTIVE**

**A. REFERENCES:** E/S 00558, Revision of the National Intelligence Policy System, dated 6 July 2007; PPR 00378, DNI Policy Taxonomy, dated 16 June 2008.

**B. INTELLIGENCE COMMUNITY DIRECTIVE (ICD) RENUMBERING:** Per references, ICPG 105.1 Acquisition is renumbered to ICPG 801.1, effective 16 June 2008. The contents and page numbering of the ICPG remain unchanged. This page is the coversheet for the existing ICPG until its next revision.

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## INTELLIGENCE COMMUNITY POLICY GUIDANCE

### ICPG 105.1



## ACQUISITION

(EFFECTIVE: 12 JULY 2007)

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**A. AUTHORITIES:** The National Security Act of 1947, as amended; and other applicable provisions of law.

**B. APPLICABILITY:** This Intelligence Community (IC) Policy Guidance (ICPG) applies to all acquisitions for which IC Directive (ICD) 105 is applicable and those "joint programs" as defined in ICD 105 for which the memorandum of agreement (MOA) identifies this ICPG, as applicable. This document implements ICD 105 and provides guidance on management, processes and plans, program reviews and assessments, and workforce development for acquisitions. Annex A defines key terms used in this policy guidance.

**C. REFERENCES:** The National Security Act of 1947, Office of Management and Budget (OMB) Circulars A-11 and A-109; Federal Acquisition Regulation; the National Intelligence Strategy of the United States of America, October 2005; ICD 104, Budgeting for Intelligence Programs, May 17, 2006; ICD 105, Acquisition, August 15, 2006; Director of National Intelligence (DNI) Memorandum, E/S 00248, Subject: Delegation of Certain Authorities and Responsibilities of the Director of National Intelligence, April 9, 2007; Director of Central Intelligence Directive (DCID) 7/6, "Community Acquisition Risk Center," March 2, 2005; National Space Policy Implementation Guidance, 2006; and National Security Act, 1947.

**D. IC ELEMENT POLICY IMPLEMENTATION AND TAILORING:** This policy guidance, coupled with ICD 105, provides the framework necessary to achieve acquisition excellence throughout the IC. Per ICD 105, each IC element shall create and maintain acquisition and policy guidance for the element. The element's acquisition policy, guidance,

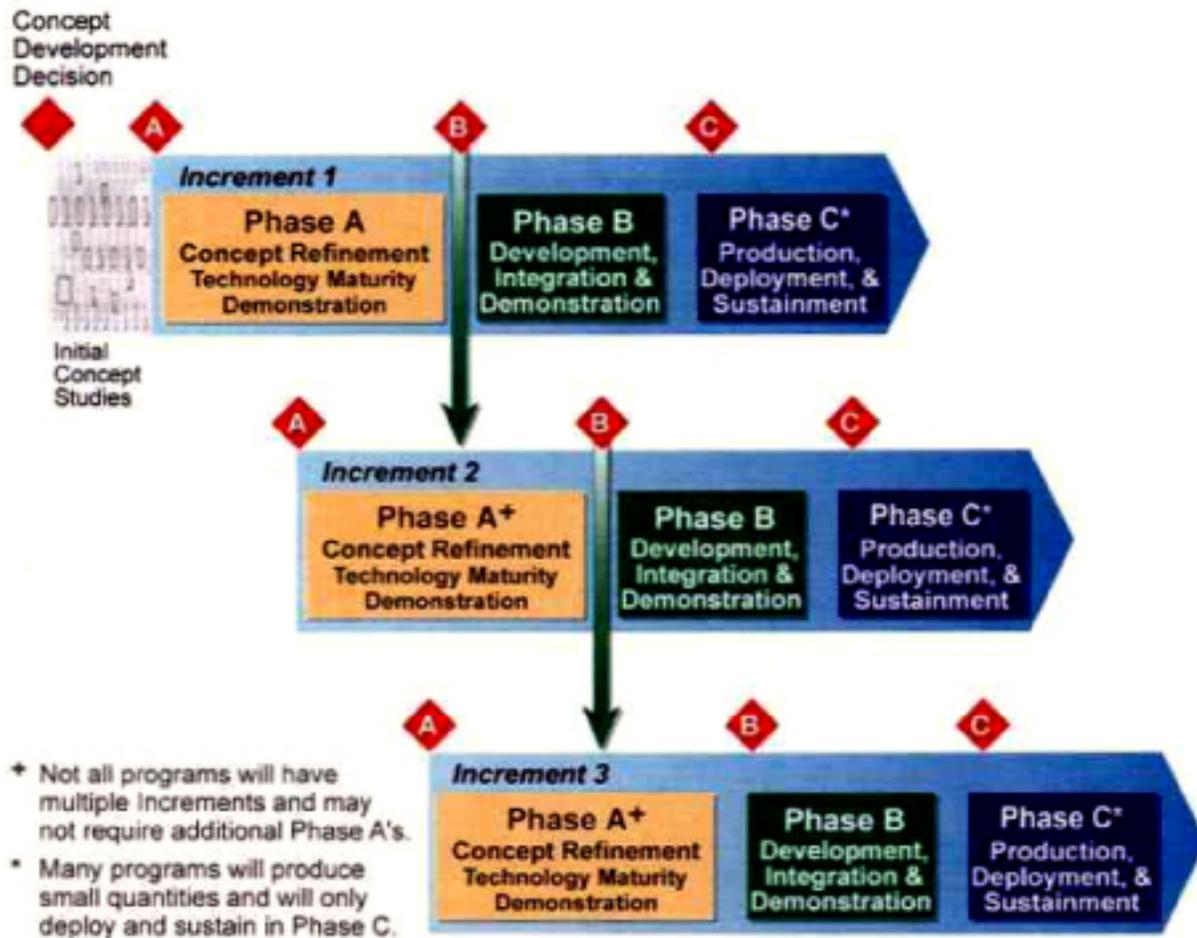
processes, and procedures will be structured to address the element's specific and unique circumstances, while complying with ICD 105 and the guidance. The IC element shall conduct acquisitions in accordance with its documented acquisition policy and policy guidance. Milestone decision authority (MDA) is expected to tailor policy implementation to enhance the acquisition's ability to move with speed and agility to create effective intelligence capabilities, while delivering capability that meets or exceeds expectations for cost, schedule, and performance.

**E. LIMITATION ON JOINTLY FUNDED ACQUISITIONS:** Unless specifically appropriated and authorized by Congress, or jointly approved by the DNI and the respective head of a department or independent agency, or their designees, National Intelligence Program (NIP) funds will not be used to create an acquisition funded partially by the NIP and a non-NIP source without the written approval of the Deputy DNI for Acquisition (DDNI/AQ).

#### **F. IC ACQUISITION MODEL (ICAM)**

1. The IC acquisition approach will follow the ICAM (Figure 1) and will be either a single-step development or, more frequently, an evolutionary development. A single-step development will progress a single time through the project cycle activities (Initial Concept Studies through Deployment and Sustainment) to meet validated user requirements. An evolutionary approach delivers the system in multiple steps or increments. With this approach, validated user requirements are increasingly satisfied as each increment is completed. Each increment produces a capability or capabilities to satisfy the validated user requirements for that increment, and each increment may consist of multiple development periods (spirals). Both single-step and evolutionary developments are characterized by discrete phases that correspond to the maturity of a technical solution to meet validated user requirements. Effective systems development requires collaboration among user, tester, acquisition manager, and others. Such collaboration depends on validated and managed acquisition baselines; proactively managed risk, including the appropriate maturation and insertion of technologies; consistent application of acquisition and systems engineering processes and procedures; and well-trained, highly experienced system engineers and acquisition professionals. The ICAM shall be applied to all acquisitions meeting the major system acquisition (MSA) threshold identified in ICD 105 and shall apply to initial developments, recapitalizations, and modernizations, as a minimum.

2. With the prior concurrence of the MDA, the ICAM may be tailored to reflect the specific circumstances of each acquisition. The MDA may authorize entry into the ICAM at any point consistent with milestone criteria. Progression through the milestones (A, B, C) for each phase, at both the acquisition and increment level, requires MDA approval. Annex B provides details regarding the ICAM, including an explanation of terminology and specific milestone criteria.



**Figure 1: Intelligence Community Acquisition Model**

## G. MILESTONE DECISION AUTHORITY

1. MDA is delegated and exercised as described in Section D of ICD 105. It is the goal of the DDNI/AQ to decentralize MDA for MSAs to the maximum extent practicable. An IC element may request delegation of MDA for any acquisition by submitting a written request to the DNI MDA. Normally, these requests will occur consistent with the schedule for the MDA delegation review, but an IC element may request delegation of MDA whenever an acquisition is identified that meets, or is projected to meet, the MSA threshold.

2. MDA delegation reviews, as described in Section D of ICD 105, shall be conducted annually. The results of the reviews, along with the specific recommendations for delegation shall be documented and provided to the DNI MDA, except that with respect to NIP-funded acquisitions executed within the Department of Defense (DoD), the DNI MDA shall act jointly with the Secretary of Defense (SecDef) or designee. When an IC element requests that MDA be

delegated to the IC element, with authority to further delegate, the IC element shall identify a functional position and establish that this functional position has sufficient authority and capability to accomplish the acquisition objectives for development, production (if appropriate), deployment, and sustainment for each acquisition for which delegation of MDA is requested.

3. A key challenge for the MDA is to ensure a balance between the agility and discipline of the acquisition process. Cost, schedule, and performance are interdependent and, if not managed as such, can hinder the timely delivery of needed capabilities through unrealistic pursuit of any one factor in isolation. If, in the judgment of the MDA such a situation exists, the MDA should undertake action as necessary to restore balance. To the extent that key performance parameters (KPPs) validated by the DNI Mission Requirements Board (MRB) must be deferred to achieve the appropriate cost/schedule/performance balance in the acquisition, the MRB shall be informed of and must approve the requirements to be deferred, the rationale for the deferral, and the recovery plan for eventual satisfaction of the deferred requirements before the changes are made to the acquisition. Should the MRB not validate the requirements changes, the MDA may continue an acquisition, but must document the rationale for continuing the acquisition and the new baseline in an Acquisition Decision Memorandum (ADM) and provide a copy to the MRB and the Assistant Deputy DNI and Senior Acquisition Executive (ADDNI/SAE).

a. National Intelligence Acquisition Board (NIAB): The principal forum for executing the DNI's acquisition authorities shall be the NIAB. The use of the term "NIAB" shall be construed to mean the Joint Intelligence Acquisition Board (JIAB) whenever the acquisition is a joint program as described in paragraph D of ICD 105. The composition of the NIAB shall be as identified in Table C-1 of Annex C. The DNI MDA will chair the board. The NIAB shall be convened for all milestone decisions when the Office of the DNI (ODNI) is directly exercising MDA, and as needed for other matters that the DNI MDA deems appropriate. Annex D establishes the nominal milestone criteria, but the NIAB chair may establish additional milestone criteria, on a case-by-case basis, to address the specific circumstances of the acquisition. The milestone decision process will build on the processes of the IC element that is executing the acquisition and shall conclude with a decision briefing to the NIAB. The decision briefing shall include the results of the Independent Program Assessment (IPA) (paragraph J). Within 45 days of the successful completion of a milestone review, the MDA shall publish an ADM that documents the milestone decision and any special circumstances, liens, or waivers granted by the MDA. The ADM shall be distributed to all members of the NIAB.

(1) When MDA for an acquisition has been delegated from the ODNI to an IC element, the IC element head or their designee shall chair an IC element milestone decision forum in accordance with the acquisition policy of the IC element. The members of the NIAB shall be invited in writing at least two weeks in advance whenever an IC element milestone decision forum is scheduled and, if they, or a designee, choose to attend, shall be given the same authorities and prerogatives in the IC element milestone decision forum as if they were IC element members of the forum. The IC element milestone decision forum chair may invite other personnel from the IC element or other IC organizations to serve as advisors. The IC element MDA, as chair, shall ensure that all responsibilities of the NIAB are fulfilled.

(2) An IC element may request, or may be directed by the DNI MDA or ADDNI/SAE, to provide a program status briefing to the NIAB or JIAB.

b. **Joint Intelligence Acquisition Board (JIAB):** When the acquisition under consideration is a joint program and is covered by a jointly signed MOA as described in paragraph D of ICD 105 (or a memorandum of understanding MOU, if appropriate), the NIAB shall be formed as a JIAB and follow the same process unless determined otherwise by the MOA. Table C-2 of Annex C provides the nominal membership of the JIAB, which can be tailored, as needed, and is documented in the MOA for the joint program. For NIP-funded programs executed within DoD, the JIAB will be co-chaired by the DNI MDA and the SecDef MDA designee and have nominal membership as shown parenthetically in the lower half of Table C-2.

## **H. PROGRAM MANAGEMENT PLANS (PMPs)**

1. In accordance with Section D of ICD 105, all NIP-funded MSAs shall have a PMP. The MDA for the MSA shall approve each PMP. The ADDNI/SAE, in consultation with the Associate DNI Chief Information Officer (ADNI/CIO) for Information Technology (IT)-related acquisitions, will periodically review performance against the PMP for each MSA principally through the IC element Quarterly Program Review (QPR). A PMP shall be completed or revised, as appropriate, within 30 days of the MDA publishing an ADM. A copy of each PMP shall be provided to the ADDNI/SAE within two weeks of signature of the original version or any revised version. For MSAs already in execution (existing acquisitions), IC elements shall deliver a PMP compliant with all aspects of this document for each MSA within 60 days of the date of this document becoming effective. In addition, for other NIP-funded acquisitions, an appropriately tailored PMP provides a well-established baseline for use by the DNI to monitor the implementation and execution of the NIP per the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004.

2. The contents of each PMP shall comply with Section D of ICD 105, and shall also include a staffing plan for all key acquisition positions and required certification levels in accordance with the DNI's authority to establish requirements for education, training, and career development. The IC element shall ensure each PMP is current prior to the conduct of a QPR or a milestone decision event and shall identify at the next QPR any changes in the PMP including, among others, deviations from the DNI Cost Analysis Improvement Group-endorsed Independent Cost Estimate (ICE) or the President's budget. The initial baseline and all changes over time in cost, schedule, and performance goals shall be maintained in the PMP together with the reasons for any changes. When conditions internal or external to the acquisition both contribute to the baseline change, all internal conditions that contribute to the baseline change must be cited, in addition to the external conditions. Annex E provides a description of the program information to be included in each PMP. The PMP may be tailored to fit the particular conditions of a given acquisition, but must still comply with applicable statutes, regulations, and DNI policy and guidance.

3. In accordance with the US National Space Policy Implementation Guidance (NSPIG), when IC elements are required to report a space acquisition "baseline breach" (e.g., 15 percent change in projected cost) to OMB, the IC element shall also provide that same notification to the ADDNI/SAE not later than when the notification is provided to OMB. Under the NSPIG, space acquisitions are assessed at the Preliminary Design Review (PDR). NIP-funded MSAs subject to the NSPIG shall include that PDR assessment as an annex to their PMP. Should the PDR assessment reveal a performance, schedule, and/or cost breach, the MDA may convene a Special Program Review (SPR).

4. The IC element shall notify the ADDNI/SAE and the ADNI/Chief Financial Officer (CFO) in writing whenever the acquisition cost is projected to exceed the PMP cost baseline within 30 days of recognition. When the MDA has approved a baseline, as documented in an ADM, that baseline shall be reflected in the PMP within 30 days of the date of the ADM. If the baseline replaces an existing baseline, the PMP shall continue to document all previous acquisition baselines, as well as the new baseline and the reason(s) for the change.

5. Beginning 60 days after signature of this document, and continuing on 1 October annually thereafter, each IC element shall provide an IC element PMP listing to the ADDNI/SAE. The IC element PMP listing shall list all MSAs; identify those acquisitions that fully comply with this ICPG and any ADDNI/SAE instructions; and indicate whether the progress made on each acquisition is consistent with its PMP.

## I. ACQUISITION FORUMS

1. IC Acquisition Council (ICAC): The ICAC is the forum for IC elements to share information of common concern and discuss issues with the ADDNI/SAE and each other and to address other acquisition matters, as appropriate. The ICAC may address topics such as: acquisition policy, processes, procedures, current issues, and other related topics. The ICAC is chaired by the ADDNI/SAE and consists of the acquisition representatives from each IC element, along with representation from the Office of the SecDef. The ICAC will nominally convene on a quarterly basis or another basis as announced by the ADDNI/SAE. The chair will solicit input from the members and shall determine an appropriate meeting date, agenda and location.

2. Quarterly Program Review: The ADDNI/SAE will conduct a QPR, occurring nominally every 90 days to assess the progress of each IC element's portfolio of major system acquisitions. For wholly NIP-funded MSAs executed within DoD, the DoD MDA, or designee, will be invited to participate in the QPR. The ADDNI/SAE will provide a QPR agenda and tasking memorandum, including any special interest topics, to the IC element at least two weeks before the QPR. In addition to the items identified in the QPR agenda, each IC element shall discuss for each acquisition: the status of each acquisition regarding cost, schedule, and performance, including any deviations or anticipated deviations from each acquisition's PMP; IC enterprise architecture compliance per Section 102A(g) of the National Security Act; risk assessments and risk mitigation including security/counterintelligence (CI) risks; any dependencies on other internal or IC element acquisitions; a three- to six-month look-ahead; and an acquisition

manager's assessment. The IC element also shall identify any areas of special interest, concern, and/or attention across the IC element's acquisition portfolio of which the ADDNI/SAE should be aware. Read-ahead copies of all materials shall be provided to the ADDNI/SAE at least three business days prior to the scheduled QPR date.

3. Special Program Review (SPR): A SPR is a review with the same content, attendance, and approval process as the most recently completed milestone review, but at a time other than a usual milestone review as defined in the ICAM. A SPR shall be convened whenever the MDA believes the acquisition baseline, as documented in the PMP, may require modification. A SPR is conducted by the NIAB (JIAB for a joint acquisition) or by the IC element milestone decision forum for an MSA for which MDA has been delegated to the IC element. Whenever the current cost, schedule, or performance baseline, as documented in the PMP, is found to be unachievable by the DNI MDA, the DNI MDA may direct the IC element to conduct a SPR. For acquisitions for which MDA has been delegated to the IC element, the IC element MDA may convene a SPR at any time. If the MDA approves a change to the acquisition baseline as a result of a SPR, the baseline shall be documented in the same manner as specified in the NIAB paragraph herein. Often, the SPR will encompass the end-to-end aspects of multi-IC element acquisitions and could include a review of several interdependent acquisitions. When multi-IC element topics are addressed, the NIAB or JIAB will be expanded to include, as advisors, each IC element head and an acquisition expert designated by the element head.

## **J. ASSESSMENT**

Independent Program Assessment (IPA): The policy guidance for each IC element executing NIP-funded MSAs shall include written procedures for the conduct of an IPA. Prior to convening a NIAB, a JIAB, or an IC element acquisition decision board for MSAs with delegated MDA, or when directed by the DNI MDA or the IC element MDA, the IC element executing the MSA shall conduct an IPA in accordance with the IC element's documented process for an IPA. The term "independent," in the context of an IPA, means that the conduct, report, and conclusions of the IPA, are unaffected by the management structure of the agency conducting the acquisition. The IPA's recommendations and findings will advise the MDA(s) on the program's readiness to advance into the next acquisition phase and on any other topics chosen by the MDA(s). The IPA's recommendations and findings shall be presented to the MDA at the NIAB or JIAB (or IC element acquisition decision board in the case of delegated acquisitions), prior to the MDAs decision. If the MDA disagrees with the results of the IPA, the points of disagreement and related rationale shall be incorporated into the permanent record of the milestone review or documented separately if the IPA is convened outside a milestone review. In support of the IPA, the acquisition manager shall provide access to all other information requested by the MDA, the IPA team, and the ADDNI/SAE. An IPA shall include an independent technology maturity assessment (TMA) as an integral and integrated part of the IPA. See Annex F for additional information on IPAs.

**K. ACQUISITION DEPENDENCIES AND KEY ASSUMPTIONS**: A dependency exists when one acquisition requires a service or capability from another acquisition or program. A dependency is a "major dependency" when the acquisition that is dependent cannot meet one or

more of the KPP threshold values in its MRB-validated requirements document without the dependency being satisfied. Examples of dependencies include: providing or requiring more of the KPP threshold values in its MRB-validated requirements document without the dependency being satisfied. Examples of dependencies include: providing or requiring communications; hosting a sensor on a platform; providing a sensor for integration on a platform; providing or requiring a computer "environment" to host a computer-based application; providing or requiring facility space, power, cooling, water, etc.; and other equivalent situations. Nothing herein modifies the ICD 104 policy requiring that acquisitions be fully funded to their ICE.

1. Restrictions on Creating NIP-Funded Acquisitions that are Dependent on Non-NIP-Funded Acquisitions: A NIP-funded acquisition that has a major dependency on an acquisition funded by a non-NIP source may not begin a new ICAM phase, and the MDA for Milestone B shall not authorize the acquisition to continue, without the DDNI/AQ's written approval. DDNI/AQ approval to proceed with the acquisition will require the NIP-funded acquisition to establish that the non-NIP-funded acquisition is fully funded to meet the dependency to the NIP-funded acquisition or that a solution exists to permit the NIP acquisition to be viable.

2. Restrictions on Creating NIP-Funded Acquisitions that Support Non-NIP-Funded Acquisitions: When a non-NIP-funded acquisition requests a NIP-funded acquisition to increase quantity or performance above MRB-validated requirements, a MOA must be signed by the IC element conducting the NIP-funded acquisition and the cabinet-level department or independent agency conducting the non-NIP-funded acquisition. The MOA shall identify, at a minimum, the increase in capability to be provided by the NIP-funded acquisition together with the non-NIP budget to be transferred to fund the capability. The Milestone B exit criteria for a NIP-funded acquisition shall include, in addition to all other criteria, a DDNI/AQ signature on the final MOA between the parties.

3. Inter-IC Element MSA Major Dependencies: Inter-IC element MSA major dependencies shall be explicitly identified as a part of each IPA and/or milestone decision event. Such major dependency identification shall explicitly include a MOA between the IC element conducting the MSA and the provider of each dependency stating that the fulfillment of the dependency is within the program baseline of the provider. This MOA shall include at a minimum: the scope of the end-to-end program; the roles and responsibilities of each participating IC element; the cost sharing arrangement; and the inter-IC element management plan for the end-to-end program. For an inter-IC element major dependency, an Interface Specification, or equivalent, that is jointly controlled by all parties to the dependency shall be considered a MOA if it otherwise meets the MOA criteria herein. If a MSA is unable to obtain the needed MOA from any major dependency provider, the fulfillment of that major dependency shall be included as a part of the PMP and explicitly included in all cost estimates, including ICEs, for the MSA. The major dependencies shall be satisfied in the most cost effective manner consistent with IC-wide architecture plans and typically involve the evolutionary expansion of existing capabilities/ systems versus using new developments to satisfy the major dependency. The schedule portion of the PMP shall explicitly identify all acquisition dependencies, and the status of these dependencies shall be discussed at each QPR.

4. **Key Assumptions:** A key assumption is an assumption that if not correct would result in an acquisition failing to provide a significant functional capability and/or failing to meet a KPP. At each acquisition milestone review or acquisition design review, the IC element acquisition manager shall reevaluate the key assumptions on which the acquisition is predicated and indicate whether they are still valid. If key assumptions are no longer valid, the acquisition manager shall identify the effect of the invalid assumptions on the overall acquisition and risk posture and identify and categorize any new assumptions that are inherent in the acquisition as part of the review. At a minimum, this reevaluation of key assumptions shall include, to the extent they exist: assumptions relative to the operational environment; "target characteristics"; the organization/management structure and its commitment to the acquisition; the availability of key suppliers; and the availability of any special or unique materials.

#### **L. ARCHITECTURAL COMPLIANCE, INTEROPERABILITY, AND DATA**

**SHARING:** For NIP-funded, IT related MSAs, the ADNI/CIO will issue separate policy and guidance regarding the IC enterprise architecture, including appropriate standards, protocols, and interfaces. NIP-funded, IT-related MSAs shall use the policy, forums, reviews, assessments, and milestone decision processes described herein.

**M. TECHNOLOGY MATURITY IN ACQUISITIONS (TMA):** Technology maturity within an acquisition shall be appropriate for the acquisition phase (see paragraph F., ICAM) of the acquisition. The acquisition policy guidance created by each IC element executing NIP-funded MSAs shall include written procedures for the conduct of a TMA. In addition to the various milestone reviews listed in Table D-1 of Annex D requiring a TMA, an IC element shall sponsor a TMA when requested by the DNI MDA, or for NIP-funded acquisitions executed within DoD when requested jointly by the DNI MDA and the SecDef, or designees. The report of such a review shall be provided in writing to the ADDNI/ Chief Technology Officer (CTO), or the IC element CTO when MDA has been delegated to the element or department, who will provide an evaluation of the TMA to the MDA(s).

**N. SYSTEMS ENGINEERING:** Systems engineering in the IC acquisition environment, to the greatest extent possible, shall use the systems engineering processes and standards established by recognized systems engineering accrediting organizations. Such accrediting organizations may include, among others: the Carnegie Mellon Software Engineering Institute and the associated Capability Maturity Model Integrated for systems engineering; the Project Management Institute and its program for systems engineering; or the International Council on Systems Engineering and its systems engineering practices and standards. As appropriate, existing international, US government, and/or commercial processes and standards may be included as an integral element of a systems engineering plan.

**O. COUNTERINTELLIGENCE (CI) VULNERABILITIES:** CI vulnerabilities and related considerations are significant concerns in the design and development of acquisitions in the IC and shall be proactively addressed in all ICAM phases of an acquisition. Until superseded by an

ICD and related ICPG, IC elements shall conform to DCID 7/6, "Community Acquisition Risk Center." The National Counterintelligence Executive or as appropriate, the IC element counterintelligence staff, shall be consulted in assessing CI risks and evaluating potential CI mitigation approaches for IC acquisitions.

## **P. ACQUISITION WORKFORCE**

1. The IC acquisition workforce consists of personnel in acquisition and related fields such as, but not limited to, systems engineering, contracts management, and acquisition management. The IC acquisition workforce will be managed through the DNI's statutory authority to establish requirements for education, training, and career development. In accordance with the National Security Act of 1947, as amended, the DNI acquisition workforce policy shall not be inconsistent with the Defense Acquisition Workforce Improvement Act (DAWIA). Due to the unique skills and experience required of acquisition professionals, and the need to apply those talents across the IC, IC acquisition workforce positions will be specifically addressed in DNI human capital policy.

2. Each IC element shall establish and document acquisition workforce policy and policy guidance within its overall policy and policy guidance for acquisition. Such acquisition workforce policy shall identify, at a minimum, key acquisition positions for each MSA; the training, skills, experience, and certification requirements for personnel holding a key acquisition position in each MSA; and any circumstances associated with a waiver to the IC element acquisition workforce policy and policy guidance. Until an ICPG addressing the acquisition workforce is published, each IC element shall conform to its documented acquisition workforce policy and policy guidance. Defense agencies shall not be inconsistent with DAWIA. An acquisition workforce summary shall be included at each QPR. This summary shall include at a minimum, a listing of all MSAs at the IC element, the key acquisition positions for each MSA, whether each position is occupied, and whether the person occupying each of those positions fully meets the requirements of the position.

**Q. ACCESS TO INFORMATION:** In support of the DNI's IRTPA requirement to monitor the execution of the NIP and implement his acquisition authorities, each IC element executing a NIP-funded acquisition shall make all information regarding that NIP-funded acquisition available to the DNI MDA, the ADDNI/SAE, and the ADNI/CFO, as requested. For the purposes of this section, access to information includes all necessary accesses to compartmented, special handling, special access, and similarly designated acquisition-related information.

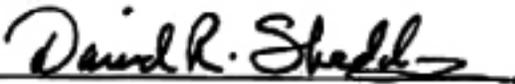
## **R. TECHNOLOGY INITIATIVES**

1. Acquisition managers for NIP-funded MSAs must account for any technology being inserted into their NIP-funded MSAs, to include selecting technical solutions appropriate for validated requirements and transitioning the technical solutions into systems when they have

achieved maturity. This linkage will be addressed periodically as a special topic at the IC element QPR. IC elements shall identify the linkage between their science and technology (S&T) or advanced research and development efforts and MSAs by specifically identifying which technology will transition to specific MSAs and when that transition will occur.

2. IC elements will ensure that S&T demonstrations, proofs of concept, or risk reduction efforts (hereinafter, all such efforts are referred to as S&T demonstrations) are focused on the intended purpose of demonstrating technology viability and utility and that such demonstration are limited in terms of funding and longevity. S&T demonstrations will normally be limited to a maximum total cost of \$15 million and the demonstration period will be one year or less, except that the ADNI/CTO may increase these to a maximum total cost of \$25 million and a demonstration duration of two years or less. MDAs are responsible to identify the appropriate acquisition process for S&T demonstrations between the \$25 million amount and the MSA threshold. An S&T demonstration that meets or exceeds the MSA funding threshold for the total development/enhancement, operations, sustainment, and disposal shall be identified and treated as an MSA, to include compliance with all acquisition policies and policy guidance. An S&T demonstration that is not an MSA shall remain fielded only for the time necessary to establish that the demonstration objectives have been satisfied unless the ADDNI/SAE grants an exception. IC elements shall transition those S&T demonstrations exhibiting operational utility beyond what was originally anticipated into acquisitions that are managed within the ICAM. This transition process will ensure that deployed capabilities meet validated user requirements and that lifecycle considerations are factored into the development and deployment of these capabilities.

**S. EFFECTIVE DATE:** This ICPG is effective on the date of signature.

  
Deputy Director of National Intelligence  
for Policy, Plans and Requirements

Date July 12, 2007

## **ANNEX A: DEFINITIONS**

**Intelligence Community (IC) Element:** As defined in (ICD) Directive 105, Annex A.

**Joint Programs:** As defined in ICD 105, Section D.

**Milestone Decision Authority:** As defined in ICD 105, Annex A.

**National Intelligence Program (NIP)-Funded:** As defined in ICD 105, Annex A.

**NIP-Funded Acquisition:** As defined in ICD 105, Annex A.

**Acquisition Manager:** The designated individual with responsibility for and authority to accomplish acquisition objectives for development, production, and sustainment to meet validated user requirements. The acquisition manager, through the acquisition agency management structure, reports the status of cost, schedule, and performance to the MDA and ensures that those reports are fully accurate and complete.

## ANNEX B: INTELLIGENCE COMMUNITY ACQUISITION MODEL

The Intelligence Community (IC) Acquisition Model (ICAM), depicted in Figure B-1, emphasizes robust systems engineering and evolutionary development processes across all phases of an acquisition with each phase culminating in a decision point. ICAM decision points include the Concept Development Decision prior to beginning concept studies, and three milestone decisions (A, B, C) that separate the phases of acquisition execution. An acquisition project cycle typically runs from Initial Concept Studies (ICS) through Deployment and Sustainment. Each decision point is preceded by a program review addressing the readiness of the acquisition to advance to the next step in the acquisition. Such a review considers: an Independent Program Assessment (IPA); completion of pre-established phase exit criteria; a risk assessment to include counterintelligence risks and mitigation plan(s), as appropriate; affordability; acquisition trade-offs; acquisition strategy (or updates); and the development of exit criteria for the next phase. The results of the acquisition review are presented to the National Intelligence Acquisition Board (substitute Joint Intelligence Acquisition Board for all uses of NIAB when the acquisition is a joint program, as defined in IC Directive 105) so that a decision can be made to initiate, continue, or terminate an acquisition. An Acquisition Decision Memorandum is generated to document the results of the decision process. Although the ICAM process may be tailored, the Milestone Decision Authority for acquisitions with significant resource requirements, high IC criticality, and/or less mature technology is expected to apply the ICAM process elements in conjunction with appropriate risk management techniques to meet the intent of this policy guidance. IC element policy documents may provide greater process detail within the ICAM framework to address IC element specific circumstances.

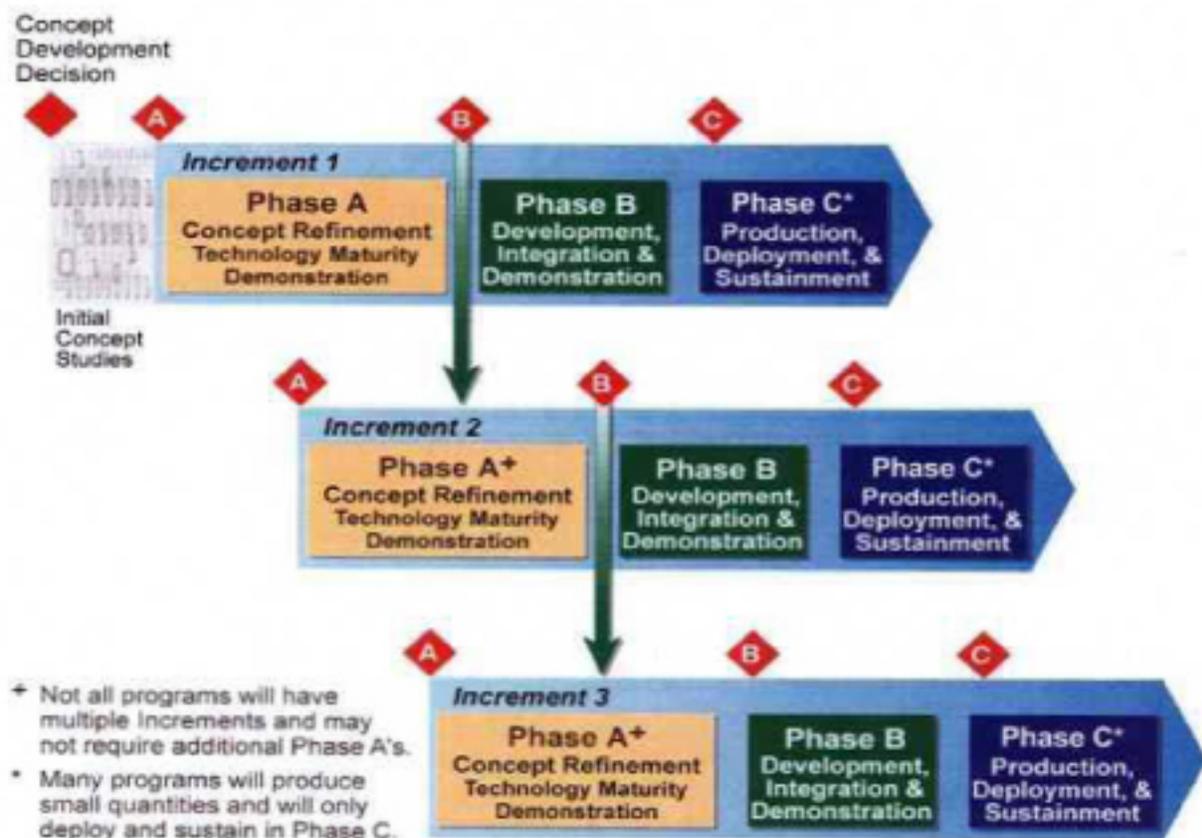


Figure B-1: Intelligence Community Acquisition Model

All National Intelligence Program funded Major System Acquisitions are budgeted to an Independent Cost Estimate prepared or endorsed by the Director of National Intelligence (DNI) Cost Analysis Improvement Group. An overlay of the ICAM and cost estimates is depicted in Figure B-2. Life Cycle Cost Estimates (LCCEs) that determine alternative affordability are initiated in ICS. The LCCE is based on realistic projections of the dollars and manpower likely to be required in future years and is reflected in the ICE. Cost parameters include: research, development, test and evaluation costs; procurement costs; construction costs; and acquisition-related operations, maintenance and support costs. The initial Intelligence Capability Baseline Description (ICBD), in accordance with the DNI Cost Analysis Improvement Group (CAIG) process, is created in Phase A to facilitate both the Program Office Estimate (POE) and the DNI CAIG-endorsed ICE. These cost estimates are updated in Phase B and C, as needed. Acquisitions requiring future increments to achieve their Full Operational Capability (FOC) will include the Phase A costs, if any, for the next increment in the cost estimate for the current increment. Affordability assessments are completed prior to Milestones B and C to ensure that the acquisition is properly staffed and that the schedule is executable within the existing budget.

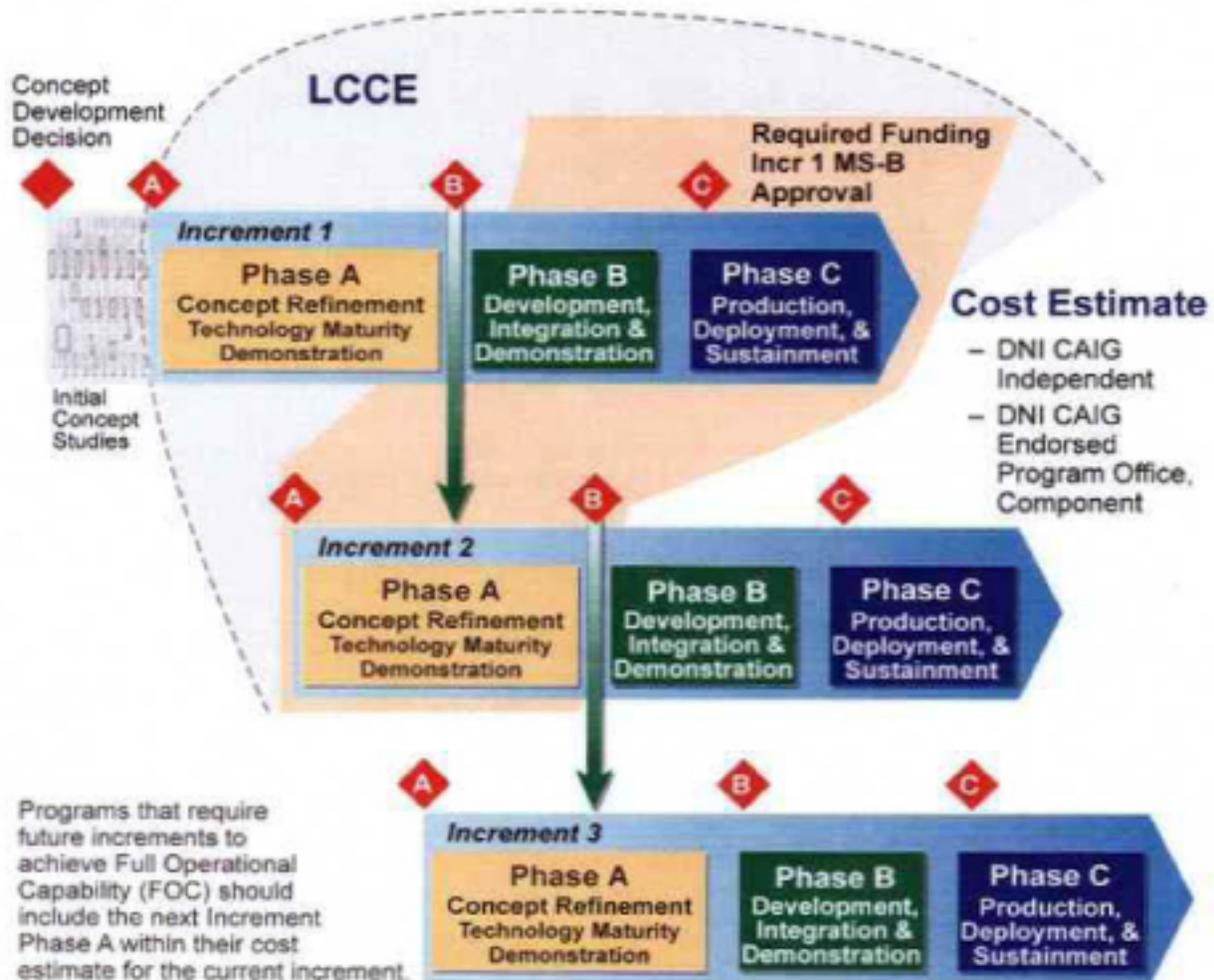


Figure B-2: IC Acquisition Model Coordinated with Cost Analysis

**1. Concept Development Decision.** This decision determines whether sufficient information exists regarding a set of requirements, possible solutions (alternatives), and a plan to analyze and evaluate the alternatives to warrant spending resources on ICS.

**2. Initial Concept Study.** The ICS creates an Mission Requirements Board (MRB)-approved and validated requirement document for Phase A and subsequently conducts an Analysis of Alternatives (AoA) to evaluate the capability alternatives (including support concepts) that meet Phase A mission capability requirements. The AoA also performs concept analysis to gain performance insight, and creates initial LCCEs to determine affordability, and evaluates counterintelligence risks for each alternative. A preferred system concept (or increment dependent on available mature technology) is identified that is cost effective, affordable, potentially operationally effective and suitable, and can be developed to provide a timely solution at an acceptable level of risk. The results of the AoA will guide the development of the Technology Development Strategy, which will be approved at Milestone A.

**3. Milestone A.** The Milestone A decision authorizes entry into Phase A or the Concept Refinement and Technology Maturity Demonstration Phase. The MDA reviews the Milestone A package in light of the program-specific milestone exit criteria, determines that there is a potential solution or affordable increment of useful capability, and ensures resources and capability needs are matched. An initial Program Management Plan (PMP) will be created to baseline Phase A activities.

**4. Phase A: Concept Refinement and Technology Maturity Demonstration.** The focus of this phase is to:

- Conduct appropriate risk mitigation, technology maturation, and/or prototyping necessary to complete the Phase A exit criteria.
- Continue to refine the AoA including the evaluation of counterintelligence risks.
- Identify a "most probable" solution to use in estimating acquisition budget requirements.
- Develop a program architecture and concept of operations and to assess IC Information Technology Enterprise Architecture compliance.
- Develop an MRB-validated and approved requirements document for Phase B identifying key performance parameters and schedule goals. (This document is often referred to as a Capability Development Document).
- Create an initial PMP including cost, schedule, and performance goals based on the MRB-validated and approved requirements document for Phase B.
- Create an initial ICBD facilitating the POE and a DNI CAIG-developed ICE.

The concept identified in the ICS refined to assess the technical risk (including technology maturity) of the critical technologies. An Affordability Assessment is completed to demonstrate that the program's projected funding and manpower requirements are realistic and achievable in the context of the IC overall strategic plan. A risk identification and mitigation plan is implemented to reduce technology risk and to determine the appropriate set of technologies that are sufficiently mature and affordable to be integrated into the acquisition. An IPA is completed to evaluate all potential risk areas, among other objectives. Technology maturity demonstrations are completed to indicate that the technology is sufficiently mature to perform in the relevant environment as intended.

**5. Milestone B.** This decision authorizes acquisition (or increment) entry into the Development, Integration, and Demonstration Phase based on satisfactory completion of the elements in Phase A. In light of the pre-established Milestone B exit criteria, the MDA makes an affordability determination, reviews and considers the program key assumptions, and establishes the PMP baseline, including program-specific exit criteria.

**6. Phase B: Development, Integration, and Demonstration.** The key Phase B exit criterion is to produce a first article, and in the IC this may be the only article, providing the capability to satisfy the MRB-validated and approved requirements document for Phase B. (Note that Phase C is used to produce and deploy additional identical copies of the first article, while Phase B is used again if an acquisition will produce an article similar to one previously produced but with a significant change, effectively yielding a new first article.) An acquisition manager will be assigned at the beginning of this acquisition phase. The focus of this phase is to:

- Develop a system (or a capability increment) using robust systems engineering.
- Integrate subsystems in a build-test-build approach solving compatibility issues as they are encountered to ensure compliance with the IC Enterprise Architecture.
- Demonstrate in increasingly stressful environments that a capability will perform as identified in the MRB-validated and approved requirements document for Phase B
- Complete Phase B exit criteria.
- Preclude or mitigate mission endangering security or counterintelligence issues.

Within the phase, major efforts involve reducing integration and manufacturing risk; ensuring operational supportability; implementing human systems integration; ensuring affordability; protecting critical program information and system capabilities; mitigating security and counterintelligence risks; and demonstrating system integration. The ICBD is updated and a revised POE and ICE are completed as appropriate. If appropriate, an IPA is completed to evaluate the risks and other concerns for the next phase. This phase may have multiple increments, each of which is treated as a separate acquisition, with its own MRB-validated and approved requirements document for Phase B ICE and PMP. Each increment can have multiple spirals to build capabilities in a rapid and iterative manner, which may include provisional deployment in an operational environment. The requirements document for Phase C is produced in Phase B and is validated by the MRB when the MRB determines validation is appropriate.

**7. Milestone C.** This decision authorizes entry into the Production, Deployment, and Sustainment Phase upon successful completion of Phase B exit criteria. The MDA ensures resources and capability needs are matched (program is properly staffed and schedule is executable within existing budget), makes an affordability determination, and approves the updated PMP baseline. For many IC acquisitions that are essentially a first article development, Milestone C is a deployment and sustainment readiness review since there is no significant "production."

**8. Phase C: Production, Deployment, and Sustainment.** The focus of this phase is to produce multiple copies, if appropriate; deploy; and sustain the operational capability stated in the requirements document for Phase C and complete Phase C exit criteria. This phase delivers the fully funded quantity of systems and supporting materiel and services for the acquisition (or

increment) to the users. In the IC, many acquisitions will not enter "production", but will produce one or two deliverable "articles" as part of the development phase that will be deployed and sustained in Phase C. As appropriate, removal and disposal of capability no longer required for operations are included in this phase. During this phase, FOC is attained for the given increment. Sustainment includes supply; maintenance; transportation; sustaining engineering; data management; configuration management; manpower; personnel; training, habitability; survivability; environment, occupational health; protection of critical program information/ systems capability; anti-tamper provisions; IT supportability; and interoperability functions. Appropriate security and counterintelligence actions must be maintained throughout this phase.

## ANNEX C: INTELLIGENCE ACQUISITION BOARDS

**Table C-1: National Intelligence Acquisition Board Composition**

Organization	Responsibilities
DDNI/AQ or ODNI Designee	MDA
DDNI Customer Outcomes (Requirements)	DNI Equities
ADNI/CIO	IT Architecture, Standards, Info Sharing, and Integration
ADDNI/Customer Requirements	IC Requirements
ADDNI/SAE	Acquisition Support to MDA
<b>Advisors</b>	
ADNI/CFO	Resource/Cost Analysis
IC Element Head	Integration within the IC Element
IC Element AE or equivalent	IC Element Acquisition Topics
DNI Procurement Executive	Procurement and Contracting Topics

**Table C-2: Joint Intelligence Acquisition Board Composition**

ODNI		Department	
Organization	Responsibilities	Organization	Responsibilities
DNI MDA	MDA	Department MDA (DoD SECDEF MDA)	MDA
DDNI Customer Outcomes (Requirements)	DNI Equities	Department Senior (DoD-USD(I))	Department Equities
ADNI/CIO	IT Architecture, Oversight and Information Integration	Department IT Manager or CIO (DoD-ASD(NII) )	IT Architecture, Oversight and Information Integration
ADDNI/Customer Requirements	IC Requirements	Department Customer Advocate (DoD-Joint Staff-J8)	Requirements
ADDNI/SAE	Acquisition Support to MDA	Department Acquisition Oversight (DASD C3ISR & IT Acquisition)	Acquisition Support to MDA
<b>Advisors</b>			
Agency Head	Program Integration (e.g., CCP, NRP, NGP)	Agency Head (Service Chief)	Program Integration (e.g. CCP, NRP, NGP)
ADNI/CFO	Resource/Cost Analysis	Department CFO (DoD-USD(I))	Resource/Cost Analysis
Agency AE	Agency Acquisition Topics	Agency AE (Service AE)	Agency Acquisition Topics
DNI Procurement Executive	Procurement and Contracting Topics	Dept Procurement Executive (Dir. Defense Procurement)	Procurement and Contracting Topics

*(Department of Defense used for departmental reference)*

## ANNEX D: MILESTONE DOCUMENTATION REQUIREMENTS

Unless tailored by the MDA, completion of the documentation identified in Table D-1 is required to enter each subsequent acquisition phase. Formats for documents in Table D-1 are established by an IC element in its acquisition policy and policy guidance.

**Table D-1: Milestone Documentation Requirements**

Initial Concept Studies Phase	Phase A Concept Refinement – Technology Maturity	Phase B Development, Integration & Demonstration	Phase C Production/ Sustainment
<p><b>Documentation Created:</b></p> <ul style="list-style-type: none"> <li>• Analysis of Alternatives (AoA)</li> <li>• Initial LCC estimates</li> <li>• Technology Development Strategy (TDS)</li> <li>• CONOP</li> <li>• Program Architecture</li> <li>• Initial Program Management Plan</li> <li>• Security Classification Guide</li> </ul>	<p><b>Documentation Created/Updated:</b></p> <ul style="list-style-type: none"> <li>• Acquisition Strategy</li> <li>• Program Management Plan (PMP)</li> <li>• Systems Engineering Master Plan (SEMP)</li> <li>• Test and Evaluation Master Plan (TEMP)</li> <li>• Risk Identification &amp; Mitigation Plan</li> <li>• ICBD, POE, ICE &amp; Affordability Assessment</li> <li>• Integrated Program Assessment</li> <li>• Clinger-Cohen Certification</li> <li>• IC Enterprise Architecture Compliance</li> <li>• Information Support Plan</li> <li>• TDS &amp; Technology Maturity Assessment</li> <li>• Security and Counter intelligence Assessment</li> <li>• Verification that key assumptions remain valid</li> <li>• AoA</li> <li>• Security Classification Guide</li> </ul>	<p><b>Documentation Created/Updated:</b></p> <ul style="list-style-type: none"> <li>• Acquisition Strategy</li> <li>• Program Management Plan (PMP)</li> <li>• Systems Engineering Master Plan (SEMP)</li> <li>• Test/Evaluation Master Plan (TEMP)</li> <li>• Risk Identification &amp; Mitigation Plan</li> <li>• ICBD, POE, ICE &amp; Affordability Assessment</li> <li>• Integrated Program Assessment</li> <li>• Clinger-Cohen Certification</li> <li>• IC Enterprise Architecture Compliance</li> <li>• Information Support Plan</li> <li>• Security and Counter intelligence Assessment</li> <li>• Verification that key assumptions remain valid</li> <li>• Security Classification Guide</li> </ul>	<p><b>Documentation Created/Updated:</b></p> <ul style="list-style-type: none"> <li>• Documentation to be determined by MDA on a case-by-case basis</li> </ul>
<p>Initial Concept Studies Phase</p> <p style="text-align: right;"><b>MSA</b></p>	<p>Phase A Concept Refinement – Technology Maturity</p> <p style="text-align: right;"><b>MSB</b></p>	<p>Phase B Development, Integration &amp; Demonstration</p> <p style="text-align: right;"><b>MSC</b></p>	<p>Phase C Production/ Sustainment</p>
<p><b>Capability Document:</b></p> <p>MRB-validated requirements document for Phase A</p> <p><i>[May already exist for Mission Area]</i></p>	<p><b>Capability Document:</b></p> <p>MRB-validated requirements document for Phase B</p>	<p><b>Capability Document:</b></p> <p>Requirements document for Phase C (if required)</p>	<p style="text-align: right;"><b>FOC</b></p>

## ANNEX E: PROGRAM MANAGEMENT PLANS

The Program Management Plan (PMP) for an acquisition documents the cost baseline goal, schedule and performance goals (objective and threshold), and milestone (phase exit) criteria. A list of acquisition positions is maintained in parallel with a PMP. The PMP is approved by the milestone decision authority (MDA) for the acquisition as part of the milestone decision process. MDA approval to change an acquisition's baseline is reflected in an Acquisition Decision Memorandum (ADM) and an updated PMP. The first baseline and all changes over time in cost baseline, schedule and performance goals, and milestone criteria are maintained in the PMP together with the reason for any change. The Assistant Deputy Director National Intelligence Senior Acquisition Executive will review progress against PMP goals and milestone criteria periodically. The PMP content is determined by the Intelligence Community Acquisition Model phase the acquisition is undergoing.

For Major System Acquisitions entering (MSAs) Phase A, a "Phase A" PMP is established that includes cost, schedule, and performance objectives for Phase A. Reviews of the Phase A PMP will focus on progress toward completing the documentation (e.g., Phase A exit criteria, Mission Requirements Board (MRB)-validated and approved requirements document for Phase A, Technology Maturity Objectives), and other elements necessary to enter Phase B.

The "first" PMP program baseline for an MSA is established at Milestone B. For MSAs entering Phase B, the PMP addresses the total program and is focused on the cost, schedule, and performance goals associated with the development, integration, and demonstration of the acquisition. For MSAs entering Phase C, the PMP also addresses the total program and is focused on the cost, schedule, and performance goals associated with the production and fielding aspects of the acquisition.

Phase B and Phase C PMP cost baseline goals are stated in base year dollars, are taken from the original and current Director of National Intelligence (DNI) Cost Analysis Improvement Group (CAIG)-endorsed Independent Cost Estimate (ICE), and are broken out for each planned capability increment.

Phase B and Phase C PMP schedule and performance goals (both objective and threshold) are also identified for each planned capability increment. Objective goals represent the user's desires. Threshold goals represent the minimum value the user will accept and that are achievable with limited and manageable risk, including technical maturity considerations. The acquisition manager may treat the difference between an objective and its associated threshold as a "trade space" to achieve the best balance of cost, schedule and performance.

A PMP contains the following information:

1. **Cost:** The PMP formally documents the cost baseline goal. Acquisition cost baseline goals are identified for each planned capability increment performance result. The PMP cost baseline is revised when the change is formally approved by the MDA following a normal milestone event or a special program review and the decision is documented in an ADM.

- a. For MSAs entering Phase A, the acquisition manager will develop an initial PMP cost baseline goal based on program planning documentation such as the MRB-validated and approved requirements document for Phase A.

b. For MSAs entering Phase B or Phase C, the PMP documents the acquisition cost baseline goal, in base year dollars, from the original DNI CAIG-approved ICE established at Milestone B and from the most current DNI CAIG-approved ICE, if applicable.

**2. Schedule:** The MRB validates schedule goals (objectives and thresholds) in approved requirements documents for Phase B or Phase C. Schedule goals are identified for each planned capability increment.

a. For MSAs entering Phase A, the PMP includes the schedule goals for all Phase A activities including risk reduction efforts, demonstration, proofs of concept, or operational validation efforts.

b. For MSAs entering Phase B or Phase C, the PMP documents the MRB-approved end state (different schedule objective and threshold values) established at Milestone B with identified intermediate waypoints that reflect an ability to achieve the end state.

**3. Performance:** The MRB also validates performance goals (objectives and thresholds) in approved requirements documents for Phase B or Phase C. Performance goals are identified for each planned capability increment.

a. For MSAs entering Phase A, the PMP includes performance goals based upon program planning documentation such as the MRB-validated and approved requirements document for Phase A.

b. For MSAs entering Phase B or Phase C, the PMP documents the MRB-approved end state (different performance objective and threshold values) established at Milestone B with identified intermediate waypoints that reflect an ability to achieve the end state. Performance goals, also known as key performance parameters, succinctly describe the critical characteristics and attributes of the acquisition.

**4. Milestone (Phase-Exit) Criteria:** The PMP includes current phase exit criteria or upcoming milestone entrance criteria as described by Annex D, and additionally any criteria established by the MDA in an ADM. The ADM is included as an annex to the PMP.

**5. Key Acquisition Positions:** A list of key acquisition positions and required certification levels is maintained in parallel with the PMP.

## ANNEX F: INDEPENDENT PROGRAM ASSESSMENT

Independent Program Assessments (IPAs) are conducted on all National Intelligence Program-funded major system acquisitions prior to a milestone decision review. Intelligence Community (IC) elements are expected to supplement this guidance with specific implementation instructions tailored to their IC element.

**1. Definition:** An IPA is a focused, short-duration, peer review performed by experienced technical experts and acquisition professionals. The objective of an IPA is to assess the adequacy of the proposed approach and an acquisition's readiness to proceed including a technology maturity assessment. The IPA focus is the identification and evaluation of key acquisition elements, with the exception of cost, since the Independent Cost Estimate addresses cost-related elements of an acquisition in parallel with the IPA.

**2. IPA Process:** As a precursor to a milestone decision, the head of the IC element will notify the IC stakeholders of an IPA and will select an IPA team (IPAT) leader, who is responsible for the overall performance of the IPA.

a. The IPAT leader will select individuals to serve as IPAT members based on the acquisition's technical focus (e.g., space, information technology, communications, security) and an individuals qualifications (experience and expertise) match to the IPA focus. IPAT members may not be directly affiliated with the acquisition under review, a member of the acquisition office, nor be a member of the development contractor team. The Deputy Director of National Intelligence for Acquisition (DDNI/AQ), Director of National Intelligence (DNI) milestone decision authority (MDA), or ADDNI/SAE, at their discretion, may name the Office of the DNI (ODNI) members to the IPA. In addition to full-time members, the IPAT Leader may request that the stakeholder organizations provide specific expertise at anytime during the IPA.

b. During the IPA, the IPAT Leader will review progress with the IPA convening official and the ODNI on a regular basis and additionally, when requested. In addition to the DDNI/AQ and the ODNI MDA, the IPA convening official may extend an invitation to the reviews to other interested parties.

c. The assessment process is a cooperative effort between the acquisition office and the IPAT. Acquisition managers will generate a consolidated set of acquisition-related documentation and make available all necessary data, documentation, and program staff for the IPAT to complete its assessment prior to the milestone review. The IPAT leader will discuss major IPAT findings or questions with the program office as the assessment is being developed in advance of the milestone review.

d. The IPAT leader, with the participation and support of the IPAT membership, will assimilate the team's assessments and present the team's findings and recommendations in the form of an annotated briefing to the National Intelligence Acquisition Board (NIAB) (or agency acquisition decision forum in the case of a delegated acquisition). The findings and recommendation(s) resulting from the IPA are solely those of the IPAT leader, reflecting as appropriate the input from the IPA members and other stakeholders of the acquisition. Specifically, the management chain executing the acquisition may offer comments to be included in the report, but may not change or alter the content, findings or conclusions of the IPA report.

The IPA report and briefing will reflect minority opinions when the views of some IPA members differ on significant points from the views of the IPAT leader.

e. An IPA concludes when the NIAB, Joint Intelligence Acquisition Board or other IPA convening official receives the report from the IPAT leader.