



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, DC 20350-2000

OPNAVINST 5230.26
N6
17 Mar 08

OPNAV INSTRUCTION 5230.26

From: Chief of Naval Operations

Subj: INFORMATION TECHNOLOGY (IT) BUDGET STEWARDSHIP REVIEW
EXECUTION AND FUNDING REALIGNMENT RECOMMENDATION POLICY

Ref: (a) Title 40, United States Code, Subtitle III, Section
11101 et seq (Recodification of Clinger-Cohen Act)
(b) Title 10, United States Code, Section 2223
(c) SECNAVINST 5430.7N
(d) SECNAVINST 5000.36A
(e) SECNAV Memo, Designation of DON Deputy CIO (Navy), of
21 Nov 06
(f) OPNAVNOTE 5430 Ser DNS-32/6U826958 dtd 18 Aug 06
(g) CNO Washington DC Message 181629Z of Dec 06
(h) CNO Washington DC 072303Z Jun 05 (NAVADMIN 124/05)
(i) DoD Financial Management Regulation, Volumes 2B

Encl: (1) Summary of Department of the Navy Deputy CIO, Navy
Responsibilities and Authorities
(2) Capture the Money Compliance Checklist
(3) Capture the Money Realignment Business Rules

1. Purpose. To document the Deputy Chief of Naval Operations (DCNO) (Communication Networks) (N6) execution authority as Department of the Navy Deputy CIO, Navy (DDCIO(N)) for conducting Capture the Money (CTM) Budget Stewardship reviews and to specify the execution strategy and realignment business rules.

2. Scope and Applicability

a. Responsibilities and Authorities.

(1) References (a) and (b) establish Chief Information Officers (CIOs) for the Military Departments. Reference (c) identifies the Department of the Navy CIO (DONCIO) as the statutorily mandated senior official for Information Management (IM) and Information Technology (IT).

(2) Reference (d) establishes roles and responsibilities for the development, execution, and maintenance of DON IT processes and tools. Reference (e) establishes DDCIO(N) and designates this role to Deputy Chief of Naval Operations (DCNO) (Communication Networks) (N6).

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(3) Reference (f) provides the mission, functions, and organization for DCNO(N6).

(4) Reference (g) from the Chief of Naval Operations (CNO) establishes a priority on IM/IT governance implementation.

(5) Enclosure (1) summarizes DDCIO(N)'s Authorities and Responsibilities.

c. IM/IT Authoritative Data Sources.

(1) Reference (h) directs registration of applications, servers, networks, and systems.

(a) CTM will encompass the full range of USN applications, servers, and networks registered in the DON Application and Database Management System (DADMS).

(b) CTM will encompass the full range of USN systems registered in the DoD IT Portfolio Repository-DON (DITPR-DON).

(2) Reference (i) also directs DoD Components to provide IT budget information.

(a) CTM will encompass the full range of USN budget information provided in Naval Information Technology Exhibits/Standard Reporting-web (NITE/STARweb).

3. Action

a. CTM Execution Strategy.

(1) Engage at the Budget Submitting Office (BSO) level.

(a) The CTM process focuses on two overarching objectives: fostering IT budget stewardship and enhancing IT asset cost visibility. To achieve these objectives, the CTM Team collects extensive budget and execution information.

(b) The CTM Team meets with financial personnel (comptrollers, financial analysts, etc.) to gain an understanding of the command's financial organization and processes. Additionally, the CTM Team conducts interviews with technical representatives and IT program managers from across the command to obtain further background information used to determine proper stewardship of IT resources. If the CTM Team identifies financial management concerns, it will highlight these concerns first to the Command/BSO Comptroller. Then should additional review be required the CTM Team will identify the concern to the Office of Financial Management and Budget (FMB).

(2) Compliance Assessment.

(a) The CTM Team reviews the command's adherence to Office of Management and Budget (OMB), Department of Defense (DoD), and DON IT policy and guidance, specifically focusing on the following areas:

1 Assesses IT related budget execution data for compliance with government and DoD and DON instructions, including Acquisition (5000 series), Portfolio Management (8115 series), and Information Assurance (8500 series) instructions.

2 Reviews budget execution data for compliance with DoD and DON IT related guidance, including memoranda and other administrative messages.

a Per DoD and DON guidance, the CTM Team identifies systems and applications that are not registered in DADMS, DITPR-DON, and NITE/STARweb.

b Per DoD and DON guidance, the CTM Team identifies systems and applications contracts to identify purchased servers and hosting devices that are subject to the Server/Application Hosting Review (SAHRAP), and did not go through the mandatory review process.

c Per DoD and DON guidance, the CTM Team determines if Enterprise Software Initiative (ESI) approved software licenses were purchased outside of required ESI contracts.

(b) Budget execution data includes, but is not limited to, statements of work, purchase descriptions, and other pertinent contractual documents.

(c) Enclosure (2) contains the Compliance Checklist.

b. Compliance Remediation Strategy

(1) Compliance Reporting.

(a) Based on the compliance assessment N6 will generate a report identifying what was found and the recommendations for realignments as necessary.

1 The report will be routed to the leadership of the BSO, the Comptroller, the CIO, and the Commander.

2 A response will be requested within a two week period.

3 The CTM Team will review any responses, with specific consideration given to corrections of fact or supplementary information

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providing evidence of compliance. The review will result in a final realignment recommendation from the CTM Team.

(2) Realignment Recommendation Business Rules.

(a) A dollar value will be applied to each compliance issue. The recommendation will be based on needed improvements in the stewardship of IT assets and instances of non-compliance with existing DON IT, financial, or acquisition policies.

1 For each compliance issue, the dollar value will be based on the degree of non-compliance (enclosure 3).

2 The recommendation may encompass any or all of current year, budget year, and future year funding requests.

(b) DCNO (N6) will coordinate with DCNO (N8), the BSO, and Command in determining details of the realignment recommendation. The best interests of the Navy will prevail in all circumstances. All funds finalized for realignment will be coordinated with DONCIO and returned to Office of the Assistant Secretary of the Navy (OASN) for the Office of Financial Management and Comptroller (FM&C) for Navy use. DONCIO and OASN(FM&C) will collaborate on the realignment recommendations, considering the following options for redirection:

1 Apply to Enterprise IT Infrastructure or Initiatives.

2 Apply to CARS.

3 Return to BSO, verifying compliance with law and policy.

4 Apply to other higher Navy priorities.

(c) In the event that DCNO (N6) and the BSO are unable to reach a mutually agreeable position on the realignment recommendation(s), DCNO (N6) will refer the matter to the Vice-Chief of Naval Operations (VCNO) via the Director, Navy Staff (DNS) for adjudication:

1 DCNO (N6) will prepare a package for VCNO review, outlining the history of the disputed realignment recommendation(s) and the decision(s) required. The package will be routed to VCNO via DNS, with copy to BSO and, if necessary, Resource Sponsor for chop.

2 DNS will gather any additional information required from the relevant stakeholders. If DNS cannot broker a mutually agreeable position, then DNS will schedule a decision brief with VCNO.

3 If required, VCNO will review and decide on the matter.

(d) Enclosure (3) contains the Realignment Business Rules.



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**Summary of Department of the Navy Deputy CIO, Navy
Responsibilities and Authorities**

Reference	Authority	Responsibility
PL 104-106 § 5122	Congress	Requires SECNAV to designate principal official to implement a Capital Planning and Investment Control process
PL 104-106 § 5122	Congress	Requires DON to maintain a current and adequate information resources management plan
PL 104-106 § 5125.1	Congress	Chief Information Officer is responsible for providing information and advice to management to ensure information resources are compliant with statute, regulation, and agency priorities
PL 104-106 § 5125.3	Congress	Chief Information Officer promotes effective and efficient information resources management by improving agency work processes
PL 104-106 § 5126	Congress	Chief Information Officer periodically evaluates and improves the accuracy, security, completeness, and reliability of information maintained by the agency
10 USC § 2223	Congress	Additional Military Department CIO responsibilities <ul style="list-style-type: none"> Review and provide recommendations regarding budget requests of Information Technology and National Security Systems Ensure that all Information Technology and National Security Systems are in compliance with the standards of the Government and DoD
SECNAVINST 5430.7N § 8	SECNAV	Establishes DONCIO as senior IM/IT/NSS/IRM official for: <ul style="list-style-type: none"> Oversight of DON IM/IT compliance with applicable statutes, regulations, policy, and guidance; Leading the DON IT investment management review process in coordination with the ASN (FM&C); Ensuring compliance with applicable Information Assurance (IA) requirements

Reference	Authority	Responsibility
SECNAV Memo dated 21 November 06	DONCIO	<p>Designates OPNAV(N6) as DDCIO(N), outlines responsibilities</p> <p>Ensure that information resources are managed in an efficient and effective manner by monitoring and evaluating the performance of Navy information resource investments through a capital planning and investment control process</p> <p>Certify to DON CIO the completeness and accuracy of Navy IT and National Security Systems budget exhibits</p> <p>Ensure Navy Echelon II Command Information Officers have an additional reporting relationship to DON Deputy CIO (Navy) regarding IM and IT compliance and guidance. DON Deputy CIO (Navy) will be consulted on the selection of Echelon II Command Information Officers and provide input into performance objectives and annual appraisals</p>
OPNAVNOTE 5430 Ser DNS-32/6U826958, dtd 18 Aug 06	CNO	<p>Establishes OPNAV(N6) for central coordination of policy, governance, and investment direction</p> <p>Collaborates with DONCIO to ensure optimum use of Navy IM/IT resources</p> <p>Develops Navy net-centric information environment Capital Planning and Investment Strategy</p> <p>Assesses and certifies compliance of major automated information systems with existing DoD policies</p> <p>Conducts, assesses, and consolidates all study and requirements for PR/POM and Capital Investment Planning</p> <p>Ensures that Navy IT complies with government and DoD standards</p>

CTM Compliance Criteria Checklist

*The guidance listed in the enclosed document is not all inclusive of all DoD and DON policy.
This checklist will be updated as new guidance is published and assessed for applicability to the initiative of the CTM mission.*

Acquisition & Procurement Policy Guidance

Acquisition Management - SECNAVINST 5000.2C (19 Nov 04)	Y	N	Comments
Does the acquisition strategy (POR only) include cost, schedule, and performance metrics that measure service acquisition outcomes against requirements?			
If service is > \$500M or an ASN(RD&A) Special Interest, was the acquisition strategy reviewed by DASN and decided by ASD (NII) via ASN (RD&A)?			
If it is a service ASN(NII) Special Interest item, was the acquisition strategy reviewed by DASN and decided by ASD (NII)?			
If the program expanded \$32M in any 1 yr. or \$126M to \$500M in all yrs., or if it was an ASD(NII) Special Interest item, was the acquisition strategy reviewed by DASN and decided by ASD (NII)?			
Was a requirements review done by DASN for all acquisition of services?			
Procurement Management - NAVSUPINST 4200.85D	Y	N	Comments
Did HCA determine that specific hardware, software, or IT services were essential to successful execution of a command or program initiative and that it was clearly needed before it could be delivered under NMCI contract?			
Did NMCI PCO verify delivery schedule could not be modified to accommodate HCA's needs?			
Were all prospective IT contract procurements between \$25K and \$100K reported to the NMCI PCO to be reviewed for possible inclusion in future NMCI contract modifications as appropriate?			
For all procurements over \$100K, was the plan forwarded to DASN for review and approval? (includes justification of timeline and acquisition plan)			
For an item that was NOT procured via the NMCI contract, was it available under the NMCI contract?			
Was each IT procurement evaluated prior to release for competition?			
Acquisition of Mobile (Cellular) Phones	Y	N	Comments
<i>(compliance does NOT apply to secure communication devices)</i>			
<i>ASN Memorandum "DON Acquisition Policy on Mobile (Cellular) Phone and Data Equipment and Services" 7 Mar 2005</i>			
Has all wireless communication support for Navy CONUS been obtained via Fleet Industrial Supply Activity San Diego (FISCSD) or NMCI?			
If not, did it receive waiver authority through PEO-IT/PEO-EIS?			
Purchase Card Transactions - DON eBusiness Operations Office Instruction 4200.1A	Y	N	Comments
Does the command ensure proper and adequate funding is available prior to any purchase card action? (Ch.2 Sec.6 pg.16-17)			<i>The CTM team will refer potential non-compliance issues related to this item first to the BSO Comptroller, and if not resolved at that level then it will be forwarded to FMB.</i>
Is there proper separation of the ordering, purchasing, and receipt functions? (Ch.4 Sec.3k pg.32-33)			
Are transactions screened with all requirements for their availability from the mandatory Government sources of supply (i.e., JWOD/UNICOR)? (Ch.4 Sec.3j pg.32-33)			
Do copies of vendor receipts detailing items purchased exist to substantiate purchases? (Ch.2 Sec.4d pg.15)			
Were purchases made that exceeded the purchase card threshold of \$2,500? (Ch.6 Sec.1 pg.40)			
Are purchases split between multiple transactions to circumvent the purchase card threshold? (Ch.1 Sec.5a pg.7-9)			
Were materials purchased required to fulfill a bona fide mission requirement? (Ch.3 pg.18-28)			

IT Investment Planning & Reporting				
Capital Investment Reporting - FMR Volume 2B, Chapter 18		Y	N	Comments
All resource obligations supporting IT will report IT data in preparation for the DoD's components to OMB Circular A-11 (Exhibits 53 and 300). (DoD FMR Volume 2B, Chapter 18)				
If funding was requested via Capital Asset Plan and Business Case, or financial management system budgetary resources were above \$500K, was Exhibit 53 (IT investment portfolio) sent to OMB for all IT initiatives and resource obligations supporting IT? (OMB Circular A-11) by 9/9 of each yr. (DoD FMR Volume 2B, Chapter 18)				
Capital Investment Report - OMB Circular A-11 § 300		Y	N	Comments
Was a CIR (Exhibit 300) submitted for new initiatives requesting \$1M or more in the current year or budget year?				<i>The CTM team will refer potential non-compliance issues related to this item first to the BSO Comptroller, and if not resolved at that level then it will be forwarded to FMB.</i>
Business Transformation (previously referred to as BMMP)		Y	N	Comments
Have obligation of funds been made for any defense business system modernization with a total cost over \$1M?				
Was it reviewed by the appropriate OSD Investment Review Board?				
Was it certified by the designated OSD approval authority?				
Was the certification approved by the Defense Business System Modernization Committee (DBSMC)?				
Did the acquisition, development, or modification of the aforementioned business IT system modernization (over \$1M) follow DoN Business Information Technology System Pre-Certification Workflow Guidance (Version 1.65)?				
If the modernization of the defense business system modernization was below \$1M, did the Program Manager complete its submission into DITPR-DON?				
<i>Note: Reference for above Business Transformation questions is DON Business IT System Pre-Certification Workflow Guidance</i>				
RDTE,N Appropriations - DoD FMR Volume 2A, Chapter 1		Y	N	Comments
RDT&E Appropriations - Were all developmental activities involved in bringing a program to its objective system budgeted in RDT&E?				<i>The CTM team will refer potential non-compliance issues related to this item first to the BSO Comptroller, and if not resolved at that level then it will be forwarded to FMB.</i>
<i>Examples include:</i> --New Development or major upgrades, including Test and Evaluation Requirements --Designing Prototypes and Processes --Purchase test articles --Conduct developmental testing, initial operational testing, & Evaluation prior to system acceptance				
OP,N and WP,N Procurement Appropriations - DoD FMR Volume 2A, Chapter 1		Y	N	Comments
Procurement Appropriations (OPN, WPN) - Were all systems with a cost of \$250K or more budgeted in a procurement appropriation?				<i>The CTM team will refer potential non-compliance issues related to this item first to the BSO Comptroller, and if not resolved at that level then it will be forwarded to FMB.</i>
<i>Examples include:</i> --Equipment purchase after successful system testing --Items purchased from a commercial source that can be used without modification (COTS and nondevelopmental items) if an investment				
OM,N and OMN,R Appropriations - DoD FMR Volume 2A, Chapter 1		Y	N	Comments
O&M Appropriations - Were expenses incurred in continuing operations and current services budgeted in O&M?				<i>The CTM team will refer potential non-compliance issues related to this item first to the BSO Comptroller, and if not resolved at that level then it will be forwarded to FMB.</i>
<i>Examples include:</i> --Minor improvements in software totalling less than \$250K --Items purchased from a commercial source that can be used without modification (COTS and nondevelopmental items) if an expense --One-time projects such as developing planning documents and studies				
MP,N and RP,N Military Pay Appropriations - DoD FMR Volume 2A, Chapter 1		Y	N	Comments
Were expenses incurred for officers and enlisted personnel performing IT functions budgeted as MPN?				<i>The CTM team will refer potential non-compliance issues related to this item first to the BSO Comptroller, and if not resolved at that level then it will be forwarded to FMB.</i>
<i>Examples include:</i> --Basic pay and allowances for officers and enlisted personnel involved in IT related functions				

IT Budget Execution			
Reprogramming of DOD Appropriated Funds - FMR - Volume 3, Chapter 6	Y	N	Comments
Were the appropriations for the IT system spent in full during the allocated timeframe?			
If yes, how was it spent?			
If no, was the money reprogrammed?			
If yes, did the reprogramming effort receive Congressional approval if applied to:			
--General Transfer Authority			
--Major System Procurement Quantity Increases			
--Congressional Special Interest Items			
--Initiation of new programs/new starts within existing programs exceeding amounts?			
If approved, was the reprogramming above or below the threshold for its appropriation?			
Above: Did it receive Congressional approval?			
Below: Was a DD1414 document prepared and submitted?			
RDTE: max into PE +\$15M; max out lesser of -\$10M and -20%			
Procurement: max into PE +\$20M; max out lesser of -\$20M and -20%			
O&M: max into PE +\$15M; max out has NO Congressional restriction			
If approved and within thresholds, was each transfer of funds within the line item, program, budget activity reported to FMB?			
DON CIO GUIDANCE & POLICY COMPLIANCE			
Are all DON IT systems, applications, and databases registered in DADMS? (SECNAV Instruction 5000.36A)			
Are any obligations being created or incurred towards the development of portals or website investments? (CNO MSG 042205Z OCT 06)			
If yes, was approval granted from OPNAV N6?			
Are any proprietary extensions to XML-based specifications in DON IT systems being used?			
Does an development of systems using XML exist?			
If so, is command applying development guidance and standards identified in the DON XML Naming and Design Rules (DON XML NDR)?			
Are all assets being developed, procured or acquired for the Global Information Grid (GIG) IPv6 capable?			
Were all non-NMCI Voice Over Internet Protocol (VoIP) solutions coordinated with DON Deputy CIO Navy?			
Are all DON IT systems PKI enabled?			
Do all Wireless Devices connected to DoD network comply with DoD Directive 8500.1 and DoD Instruction 5200.40?			
Did the Program Executive Office for IT (PEO-IT/PEO-EIS) review and provide written approval (SAHRAP) on all Navy requests for purchasing or leasing new server hardware prior to purchase or lease? (ASN Memo 12 Nov 2004)			
Did the Echelon IIs validate FAM's compliance prior to submission to PEO for approval (SAHRAP)?			
Was any commercial software purchased from vendors established with the ESI/SmartBUY program that did not use a preexisting agreement?			
<i>Vendors with ESI/SmartBUY agreements include: ESRI, McAfee, Novell Inc., WinZip, ProSight, Oracle, Telos Xacta, Manugistics, Quest</i>			

Capture the Money Realignment Business Rules

Compliance Issue	Examples	Business Rule	Current Year \$	Budget Year \$	Future Year \$
Potential violation of law, regulation, or statute	DFARS "Color of Money" ADA NDAA	Recommendation is not negotiable; will proceed forward	X	X	X
Pattern of non-compliance with Federal, DoD, DoN, or DoNCIO guidance, policy, or instruction	IA Federal/ DoD EA FAM / FDM guidance	Recommendation is not negotiable; will proceed forward		X	X
Isolated instance of non-compliance with Federal, DoD, DoN, or DoNCIO guidance, policy, or instruction	See above	Discuss alternative resolution options with Command, applying a suspense date for completion.			X
Insufficient information has been presented during reclama process	N/A	Command action to produce justification, applying a suspense date for completion.			X