

**Audit of NARA's Capital
Planning and Investment
Control (CPIC) Process**

OIG Audit Report No. 14-08

April 17, 2014

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Executive Summary

The Clinger-Cohen Act (CCA) requires the head of each executive agency to design and implement a process for maximizing the value and assessing and managing the risks of information technology (IT) acquisitions. A Capital Planning and Investment Control (CPIC) process addresses these requirements by integrating the planning, acquisition and management of capital assets into the budget decision-making process. The CPIC process is intended to assist agency officials and project managers in improving asset management and in complying with requirements so that agency mission goals may be achieved and citizens are better served.

The objective of this audit was to determine whether the National Archives and Records Administration's (NARA) CPIC process and procedures were adequate, efficient, and in adherence with governing NARA policy as well as applicable federal laws and regulations. We found NARA has not been following its formal, documented CPIC policy since approximately March of 2013. In addition, we identified several projects that bypassed NARA's CPIC process when NARA Directive 801, *Capital Planning and Investment Control* (Directive 801) was current. We also identified several projects that did not complete all of the elements required by NARA's CPIC process. The projects that did not go through NARA's CPIC process did so because NARA's Office of the Chief Information Officer chose to bypass CPIC, NARA's CPIC staff improperly approved a project without requiring it to go through the CPIC process, or NARA staff in the program offices responsible for a project did not notify CPIC staff of the existence of the project. When projects bypass NARA's CPIC process and fail to follow CPIC requirements the agency's ability to optimize the use of its limited IT resources as well as minimize risks and maximize returns is compromised.

According to NARA's Director of IT Operations the agency's CPIC policy, Directive 801, is out of date and no longer being followed. In its place, NARA is following a new business process flow and governance model that has not been thoroughly documented or promulgated. Significant guidance, such as NARA's CPIC policy or process, needs to be clearly documented. In addition, this documentation should appear in management directives and be properly managed and maintained. In the last few years NARA has undergone several transformations, disbanded several governance boards, and instituted new chartered governance boards. This has significantly altered the means by which IT investments are governed, approved and managed. However, during this time Directive 801 has not been updated to reflect these changes. An outdated CPIC policy that is not being followed increases the likelihood that NARA will be unable to optimize the use of IT resources, address its strategic needs, comply with applicable laws and guidance, and adequately manage its IT investment portfolio.

The deficiencies identified in our audit affect the agency's ability to properly manage its IT environment. Our audit identified opportunities for NARA to strengthen its CPIC process. Overall, we made nine recommendations to improve NARA's CPIC process.

Background

The National Archives and Records Administration (NARA) must effectively manage its portfolio of capital assets, including information technology (IT), to ensure that scarce public resources are wisely invested and risks to NARA's IT environment are minimized. The Clinger-Cohen Act (CCA) addresses these challenges by requiring each agency to establish a process for maximizing the value and assessing and managing the risks of its IT acquisitions. This process should include minimum criteria to be applied in considering whether to undertake a particular investment in information systems. These include criteria related to the quantitatively expressed projected net, risk-adjusted return on investment and specific quantitative and qualitative criteria for comparing and prioritizing alternative information systems investment projects.

CCA also places several responsibilities on the Chief Information Officer (CIO) of an executive agency. These responsibilities include developing, maintaining, and facilitating the implementation of a sound, integrated IT architecture for the executive agency. They also include monitoring the performance of IT programs of the agency, evaluating the performance of those programs on the basis of the applicable performance measurements, and advising the head of the agency regarding whether to continue, modify, or terminate a program or project.

Legislatively mandated by CCA, the Capital Planning and Investment Control (CPIC) process is a structured approach to managing IT investments used by all Federal Agencies, including NARA. CPIC ensures that IT investments support a business need and align with NARA's mission, strategic goals, and objectives. CPIC also strives to minimize risks and maximize returns throughout an investments' life cycle. CPIC relies on systematic selection, control, and continual evaluation processes to ensure the objectives of IT investments are met efficiently and effectively.

NARA's Administration, Policy, & Planning Staff (I-P) is responsible for documenting, executing, reporting, and managing IT Capital Planning including:

- Developing policies, standards, guidance, and processes for the selection, control and evaluation of NARA IT investments, programs, systems, and services.
- Providing guidance for project managers throughout the IT Capital Planning process, e.g. Pre-Select, Select, Control, and Evaluate.
- Coordinating the governance review process for all proposed IT capital investments and ensuring that investments address all IT program management considerations (e.g., Enterprise Architecture, Security, Data, Privacy, Records Management etc.)
- Advising and providing a customer support focus for investment owners and business sponsors.

On January 30, 2014 NARA issued a task order for CPIC IT activity support. The technical direction letter (TDL) related to this task order requires a contractor to support NARA in implementing and executing the Capital Planning program.

NARA's IT investment management process is detailed in NARA Directive 801, *Capital Planning and Investment Control* (Directive 801). This directive defines the processes and activities necessary to manage NARA's CPIC process, which allowed NARA to optimize the use of limited IT resources, address NARA's strategic needs, and comply with applicable laws and guidance. However, Directive 801 was out of date by the start of our audit activity.

During this audit, NARA's Director of IT Operations stated that Directive 801 is no longer being followed. In its place, NARA created a revised capital planning and governance process that has yet to be thoroughly documented or promulgated.

A previous Office of Inspector General (OIG) audit identified improvements needed in NARA's process for investing in IT projects. In 2008 this OIG review found that a NARA IT system, while viable, was not developed in accordance with agency policies and procedures. The poorly planned project was at risk for costs overruns, not meeting project goals, and not being completed within schedule. Therefore, successful implementation of the IT project was at risk and could have affected the development of many other projects within NARA.

Objectives, Scope, Methodology

The objective of the audit is to determine whether the National Archives and Records Administration's (NARA) Capital Planning and Investment Control (CPIC) process and procedures are adequate, efficient, and adhere to governing NARA policy as well as applicable federal laws and regulations.

In order to accomplish our objectives we performed the following:

- Interviewed NARA staff who oversee the CPIC process, as well as NARA staff who have had projects go through the CPIC process;
- reviewed applicable laws and regulations;
- reviewed previously issued audit reports relating to CPIC; and
- reviewed documentation related to IT investments subject to CPIC requirements.

Our audit work was performed at Archives II in College Park, Maryland. The audit took place between May of 2013 through February of 2014. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

1. NARA's CPIC Policy Is Not Being Followed.

According to the National Archives and Records Administration's (NARA) Director of Information Technology (IT) Operations the agency's Capital Planning and Investment Control (CPIC) process policy, NARA Directive 801, *Capital Planning and Investment Control* (Directive 801)¹, is out of date and no longer being followed. In its place, NARA is following a new business process flow and governance model that has not been thoroughly documented or promulgated. Significant guidance, such as NARA's CPIC policy or process, needs to be clearly documented. In addition, this documentation should appear in management directives and be properly managed and maintained. In the last few years NARA has undergone several transformations, disbanded several governance boards, and instituted new chartered governance boards. This has significantly altered the means by which IT investments are governed, approved and managed. However, during this time Directive 801 has not been updated to reflect these changes. An outdated CPIC policy that is not being followed increases the likelihood NARA will be unable to optimize the use of IT resources, address its strategic needs, comply with applicable laws and guidance, and adequately manage its IT investment portfolio.

NARA's Administration, Policy, & Planning Staff (I-P) state they plan to issue a technical direction letter (TDL) requiring a contractor to create and deliver a concise interim policy document to replace Directive 801 which will more accurately describe the current process for navigating the CPIC process. However, the TDL has yet to be issued. I-P advised NARA's Strategy Division that they plan to have a draft of the revisions ready by February 28, 2014. However, I-P stated during a discussion that delays in awarding TDLs have impacted the schedule and the revisions were not ready by that date.

During our review we asked several members of NARA's management team to discuss their familiarity with NARA's CPIC process². We also asked these individuals to discuss whether they had any IT investments go through the CPIC process and what kinds of issues they have experienced related to the CPIC process. The majority of NARA management had significant issues with the CPIC process and believed it needed to be revamped (pages 12, 14, and 15 of this report detail the responses of management). Therefore, with the issues NARA management voiced regarding the CPIC process in mind, it appears that I-P's efforts to update the CPIC process by implementing a new business process flow and governance model are warranted. However, because of the important role the CPIC process plays in managing NARA's IT

¹ The current version of Directive 801 was issued on June 19, 2012 and established revised policy for IT investment management. It superseded NARA 801-2, *Review of Information Technology Investments*, and its supplements dated July 6, 2006.

² The CPIC process is one aspect of NARA's Information Systems governance process which also includes the Architecture Review Board and the Systems Development Lifecycle.

investments, as well as the requirements of the Clinger-Cohen Act (CCA), any modifications to Directive 801 should have been documented and promulgated.

In addition, although NARA staff has stated that Directive 801 is no longer current, the NARA@Work intranet site has not been updated to reflect this. NARA staff has found the outdated information and templates on the CPIC pages of the NARA@Work intranet site very misleading. Indeed, this outdated information has caused NARA staff delays. Thus, I-P needs to ensure the NARA@Work intranet site is updated in order to provide accurate information to NARA staff.

Although not formally distributed in the form of a NARA Notice or Directive, a “quick process overview” was posted to NARA’s Internal Collaboration Network in March of 2013, see Appendix A. The overview states that the IT governance process for planning a new investment or project is evolving and now has a more upfront focus on the business need, not technical solution, and uses non-technical descriptions to introduce proposed projects to the IT staff. In addition, I-P also keeps additional CPIC related information on the Internal Collaboration Network, including meeting minutes and quad charts³.

However, the new process overview does not address two requirements of CPIC as detailed in the CCA. First, the CCA requires the CPIC process to provide for the selection of IT investments to be made by the executive agency, the management of such investments, and the evaluation of the results of such investments. Second, the CCA also requires the inclusion of minimum criteria to be applied in considering whether to undertake a particular investment in information systems, including criteria related to the quantitatively expressed projected net, risk-adjusted return on investment and specific quantitative and qualitative criteria for comparing and prioritizing alternative information systems investment projects.

NARA’s revised CPIC process overview, although still evolving, does not require an evaluation of IT investments as required by CCA. Furthermore, the revised CPIC process overview does not specifically require a quantitatively expressed projected net, risk-adjusted return on investment, also required by CCA.

Recommendations

We recommend NARA’s Chief Information Officer (CIO):

1. Ensure NARA’s documented CPIC policy is updated and formalized to reflect the current processes in use by NARA. This includes:
 - a. Ensuring any changes to NARA’s CPIC policy are promulgated in the form of a NARA notice and published on the NARA@Work intranet site.
 - b. Ensuring all required CPIC related documentation is completed for all NARA IT investments going through the CPIC process.

³ Quad charts are charts prepared to assist in keeping a project on track.

- c. Requiring the creation and use of a checklist outlining the IT governance related documentation required to be completed for all IT investments going through the CPIC process.
2. Require NARA's updated CPIC policies and procedures meet the CPIC process requirements detailed in the Clinger Cohen Act.

Management Response

Management concurred with the recommendations.

2. IT Investment Projects Bypassed the CPIC Review Process.

Directive 801 describes which IT investments fall under the CPIC process as well as which documents have to be completed during the CPIC process⁴. However, we identified several projects that bypassed NARA's CPIC process even though these projects met the criteria to be included. In addition, we also identified several projects that did not complete all of the elements required of projects going through NARA's CPIC process. The projects that did not go through NARA's CPIC process did so because NARA's Office of the CIO chose to bypass CPIC, NARA's CPIC staff improperly approved a project without requiring it to go through the CPIC process, or NARA staff in the program offices responsible for a project did not notify CPIC staff of the existence of the project. When projects bypass NARA's CPIC process and fail to follow NARA's CPIC requirements, the agency's ability to optimize the use of its limited IT resources as well as minimize risks and maximize returns is compromised.

IT Investments Bypassed the CPIC Process

Directive 801 discusses how the CPIC process strives to define accountability, as well as how all parties have clearly defined roles, responsibilities, and expectations to follow the process. Despite this guidance, NARA had several projects that were required to, but did not go through the CPIC process. I-P personnel, tasked with oversight of the CPIC process, stated that projects that do not go through the CPIC process can experience difficulties being put into operation. Therefore, if the IT investment projects described below had followed NARA's CPIC process, it is possible the difficulties some of these systems experienced could have been mitigated.

- The Electronic Records Archive (ERA) system is NARA's primary strategy for addressing the challenge of storing, preserving, and providing public access to electronic records. The total cost to develop the system was over \$390 million. The estimated annual cost to operate and maintain ERA is approximately \$30 million. The system

⁴ Directive 801 was followed from 7/6/06 until 3/29/13. Therefore, some of the IT investments we reviewed fell under the requirements of Directive 801. NARA now follows a new CPIC process.

development phase ended September 30, 2011, and ERA is currently in an operations and maintenance phase. ERA as a whole represents a major system acquisition at NARA both in terms of mission criticality and financial resources. Further, it is the largest IT project ever undertaken by NARA.

A 2008 memorandum to file stated that due to ERA's current oversight, reporting requirements, and the limited resources within NARA's CPIC program, ERA does not need to submit monthly reports to the NARA CPIC program. A NARA official, tasked with oversight of the CPIC process, stated that throughout the development phases of ERA, these projects have not been managed through CPIC, but now that ERA is in an operations and maintenance phase, NARA is investigating how to best utilize CPIC for its planning activities.

- NARA's upgrade to one of the five instances of ERA, the Executive Office of the President (EOP), also did not go through the CPIC process. Because the upgraded EOP system did not go through the CPIC process, staff time spent on procurement activities related to the upgraded EOP system were increased due to additional meetings and related discussions on disconnects with the statement of objectives and in preparing modifications to the original contract. In addition, the opportunity to identify potential issues with the system was diminished. For example, the CPIC process includes a comprehensive selection process where costs, business needs, strategic alignment, cost-benefit analysis, risk and technical requirements are examined. However, because the upgraded EOP system did not go through the CPIC process, these reviews did not occur.

Indeed, a NARA official tasked with oversight of the CPIC process stated that if the EOP upgrade had gone through NARA's CPIC process they believed at least some of these issues and missing requirements would have been flushed out during discussion and review. As a result of these issues, the value of the contract to upgrade the EOP system increased to over \$8.1 million, more than double the value of the original contract.

- Our review of NARA's License Plate Recognition (LPR) system found that the system did not go through NARA's CPIC process. Security Management Division (BX) personnel stated that putting projects through processes such as CPIC can end up "costing the government more money than not doing them." However, the CPIC process serves to ensure projects address NARA's strategic needs and are properly reviewed before limited NARA resources are invested in them.

The CCA defines IT as any equipment or interconnected system or subsystem or equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. Because the LPR system clearly fits within the CCA's definition of IT, the project should have been planned, reviewed, and approved in accordance with Directive 801 requirements. Despite this, NARA expended over \$430,000 for an automated LPR system which did not go through the CPIC process, and is not fully functional.

I-P personnel, tasked with oversight of the CPIC process, stated the LPR system should have undergone the CPIC process. I-P personnel also stated that the program office is responsible for contacting I-P when new projects are initiated. The program office responsible for the LPR system, BX, failed to notify I-P regarding the initiation of the LPR system.

- On September 26, 2013 NARA extended a contract to improve communication and integrate effective, live, interactive webcasting service capabilities with the existing voice and data services provided by NARA's network. This extension brought the total obligated amount on the contract to \$165,623. I-P personnel, tasked with oversight of the CPIC process, stated that this project should have gone through the CPIC process. However, the CIO's Office determined that a CPIC analysis was not needed for this IT service.

The contractor's performance under this task order necessitated the issuance of two separate cure notices. The first cure notice, amended and sent on March 4, 2013 was due to the failure of the webcasting solution during a NARA All-Hands meeting. On August 14, 2013 the webcasting solution failed for a second time. Thus, another cure notice was sent on September 5, 2013. Again, this project provides another example of a NARA IT investment which bypassed the CPIC process and subsequently experienced difficulties being put into operation.

In addition to managing the risks of IT acquisitions, the CCA also directs Federal Agencies to ensure the CPIC process maximizes value. Because of the current budget environment, project managers now more than ever need to utilize CPIC and its set of management principles and tools to select and manage their investments wisely to maximize value to the organization. In contrast to this guidance, we identified several IT investments, discussed below, that bypassed NARA's CPIC process. This is a concern because satisfactory compliance with the requirements of the CCA for capital planning and investment control help to ensure senior management is provided with timely and accurate information essential for making informed decisions about investments that compete for limited resources.

For example, on September 4, 2013 NARA awarded a contract to order three three-dimensional (3-D) printers and three cartridges for these printers at a cost of just under \$10,000. Additionally, on July 16, 2013 NARA's OIG purchased evidence tracking software at a cost of \$7,617. Finally, on September 30, 2013 NARA awarded a contract to order IT equipment at a cost of \$1,692,492. Included in this contract was the purchase of 2,287 desktop computers. This is despite the fact that as of September of 2012 NARA had only 2,630 full-time employees.

I-P personnel tasked with oversight of the CPIC process stated that they were unaware of the evidence tracking software and also stated that this IT investment should have gone through the CPIC process. During our audit we reviewed Automated Procurement System (PRISM) documentation for this IT investment, which included PRISM routing and approval information. This documentation showed that I-P approved the software during the routing process. Thus, I-P staff not only were aware of this project, but they approved it as well.

Additionally, we also reviewed PRISM routing and approval information for the 3-D printer and IT equipment orders. Again, although these projects did not go through the CPIC process, I-P staff were aware of them based on the fact that these projects were approved by I-P during the PRISM routing process. I-P, NARA's office assigned to oversee the CPIC process, should not approve an IT investment unless they ensure the IT investment meets the requirements of the CCA.

Recommendation

3. We recommend NARA's Chief Operating Officer (COO) ensure NARA IT investments do not bypass NARA's CPIC process.

Management Response

Management concurred with the recommendation.

Required CPIC Documentation Was Not Completed

Directive 801 details documents that must be completed in order for an IT investment to exit each phase of NARA's CPIC process, which represents one aspect of NARA's IT governance process. In July of 2013 we requested all CPIC related documentation for a sample of IT investment projects. We reviewed whether the required CPIC documentation was completed for this sample of IT investments. We found that 14 of the IT investment projects we reviewed did not complete the required documentation. For example, seven of the IT investments were missing the pre-select submission which is required before an IT investment can exit the CPIC Pre-Select Phase.

During our audit one NARA manager stated that at no point while working on a certain project did they feel that they ever fully understood the requirements of the process, including what items needed to be prepared and what was the required format. In addition, another NARA manager stated that the documents required to be completed related to the CPIC process are currently buried and a reader must tease out the information. Finally, according to a NARA manager, over the course of eight months, NARA staff asked what CPIC documents needed to be prepared for an IT investment, yet no one was able to provide a comprehensive list of the information needed in order to get approval. In addition, the office working on this IT investment was asked to complete several different versions of the same form, and was also asked to prepare several documents that were not required at all.

Although Directive 801 is no longer followed, NARA should ensure that all required CPIC related documentation is completed for NARA IT investments. A current handbook, preferably with checklists, would be helpful for business units with IT investments going through the CPIC process - one that explains the process, the various phases, which documents are required, as

well as when they are required. Requiring the use and maintenance of CPIC checklists would also help to clarify the requirements of the CPIC process.

Controls Related to the Acquisition of IT Investments

There are several methods available for NARA staff to request or purchase IT equipment. NARA Form NA-8007 can be completed to request desktop software. Similarly, NARA Form NA-8008 can be completed to request computer hardware. Staff responsible for software requests stated that of the 750-800 requests they receive a year, almost 99% represent requests for Adobe or Microsoft software, for which NARA has license agreements. Likewise, staff responsible for hardware requests stated that the vast majority of requests for hardware represent requests for general hardware provided from NARA's centralized inventory at no cost.

In addition, the purchase of supplies or services not exceeding \$3,000 can be made using a government purchase card. Specific cardholder responsibilities include, but are not limited to, meeting all cardholder experience and training requirements required by the supplement to NARA Directive 501, *Government-Wide Commercial Purchase Card and Micro-Purchase Guide* (Guide), and attending refresher cardholder training every three years and other training as required. During our review of the Guide, we noted that it did not reference NARA's CPIC requirements. Adding language discussing CPIC requirements could limit the number of projects bypassing the CPIC process by ensuring NARA staff using purchase cards are aware of NARA's CPIC requirements.

Purchases of supplies or services greater than \$3,000 can be made by completing a purchase request. This request is then processed and approved using PRISM. I-P staff stated they were unaware of the existence of at least one project that bypassed the CPIC process. I-P staff also stated that each program office sponsoring an IT investment is responsible for contacting I-P when new projects are initiated. According to I-P staff, if the program office does not initiate contact with I-P, then the likelihood of the project going through the CPIC process is low.

In order to ensure that I-P is aware of IT investment projects, PRISM includes an electronic approval process incorporating I-P. Before IT investment requests containing equipment with a business object code starting with 31 can be approved, an automatic email is sent to I-P. I-P staff must then approve the IT investment before PRISM will allow the project to move through the system. NARA budget staff stated additional business object codes could be added to I-P rather easily. In addition, they suggested that adding business object code 257102, Operations and Maintenance of Equipment and Software-ADP, would be helpful in ensuring that I-P reviews all IT investments falling under CPIC.

According to the COSO⁵ Internal Control Integrated Framework, incorporating control activities, such as the I-P approval of IT investments in PRISM requirement mentioned previously, can help ensure that management's directives to mitigate risks are carried out. An additional component of internal control that can help NARA mitigate risks to acceptable levels, and support sound decision making is increased monitoring activities. For example, NARA staff

⁵ COSO represents the Committee of Sponsoring Organizations of the Treadway Commission.

could document its approvals of IT investments in PRISM. Ongoing evaluations such as this can provide timely information and can be used to help ascertain whether some or all of the five components of internal control are present and functioning.

Recommendations

To ensure NARA IT investments do not bypass NARA's CPIC process we recommend:

4. NARA's Chief Operating Officer ensure that I-P's approval process in PRISM is updated to include business object code 257102.
5. NARA's Chief Operating Officer ensure that I-P maintain documentation of its approval of IT investments in PRISM and I-P's PRISM approval of IT investments is tested on an annual basis with all documentation of this testing sent to NARA's internal controls group.
6. NARA's Chief Operating Officer ensure the training guide for purchase card holders is updated to include a discussion of the requirements of NARA's CPIC process.
7. NARA's Chief Information Officer distribute a NARA Notice annually to remind employees of their CPIC responsibilities related to the acquisition of IT investments.

Management Response

Management concurred with the recommendations.

Improvements to NARA's CPIC Process

Directive 801 defines the processes and activities necessary to manage NARA's CPIC process, which allows NARA to optimize the use of limited IT resources, address NARA's strategic needs, and comply with applicable laws and guidance. Directive 801 also mandates that the CPIC process applies to any project investing new resources for IT, whether or not the IT is at a NARA facility, is on the NARA network, or is owned and operated by NARA or operated on behalf of NARA. Directive 801 also establishes investment threshold levels that establish different requirements based upon the costs of an IT investment. For example, Directive 801 requires a completed Pre-Select submission for all IT investments in the small, medium, and large investment threshold level categories, whereas only IT investments in the medium and large categories are required to complete a cost benefits analysis / alternatives analysis report.

During our audit, we spoke with NARA management regarding their experiences navigating NARA's CPIC process. Eight of the eleven NARA managers we contacted expressed complaints with the process. For example, two managers stated that the CPIC requirements for IT investments are burdensome. Furthermore, the ways in which NARA's CPIC process maximizes returns on IT investments can be outweighed by the enormous amount of staff time

and energy that must be invested in order to successfully navigate the process. For instance, in order to get approval for an IT investment that was estimated to cost NARA approximately \$5,000 over five years, a NARA director spent an average of five to ten hours a week for nine months. Additionally, it took nearly two years to procure a \$40,000 records management tool needed to update NARA's records schedule.

The goal of NARA's IT governance process, which includes CPIC, is to minimize risks and maximize returns throughout the life cycle of an IT investment. However, Directive 801 created a non-intuitive, highly burdensome process with little standardization. In turn, this caused the CPIC process to be especially daunting for units proposing new IT investments infrequently, thereby stifling innovation and risk-taking. Thus, NARA staff found the process to be unclear, lengthy, demoralizing, and frustrating.

NARA's updated CPIC process overview is silent as to the requirements of the various investment threshold levels for IT investments. However, this updated CPIC process overview should take into consideration management's comments and experiences with Directive 801. NARA should ensure the new process overview better aligns CPIC requirements with the costs of IT investments. For example, NARA may wish to develop a less detailed CPIC process for small dollar investments relative to the agency's budget. In addition, NARA's CPIC process should be more transparent and provide better guidance for NARA management and staff to navigate the CPIC process.

Recommendation

8. We recommend NARA's Chief Information Officer ensure NARA's IT governance process, which includes CPIC, incorporates the lessons learned when Directive 801 was followed to create a more user-friendly, streamlined and transparent policy where CPIC requirements align closely with the costs of IT investments.

Management Response

Management concurred with the recommendation.

Enforcement Mechanism

In order to ensure that all IT investments adhere to CPIC requirements NARA should consider developing an enforcement mechanism applicable to IT investments funded outside of the formalized CPIC process. This enforcement mechanism could mirror NARA Directive 803, *Requests for New Desktop Software*, which describes NARA's policies when requesting new desktop software and states "anyone purchasing and using unauthorized software may be subject to disciplinary action". Introducing this policy for both software and hardware would strengthen NARA's CPIC requirements, and make the policy an enforceable document thus giving NARA authority over the CPIC program.

NARA should consider creating an enforcement mechanism it can utilize when IT investments are discovered that have been funded outside of the CPIC process, especially when it appears it was done in an attempt to avoid the CPIC process.

Recommendation

9. We recommend NARA's Chief Operating Officer consider including an enforcement mechanism in any updates to NARA's CPIC policy.

Management Response

Management concurred with the recommendation.

Appendix A – Revised CPIC Process

Process Overview

created by [REDACTED] on Mar 29, 2013 2:56 PM, last modified by [REDACTED] on Jan 8, 2014 10:33 AM

The IT Governance process for planning a new investment or project is evolving.

Here is a quick process overview:

Revised process with more upfront focus on the business need, not technical solution; using the non-technical descriptions to introduce proposed projects to the information technology staff.

1) The process starts with a business need summary. This is reviewed by the Architecture Review Board (ARB) to see if there are tools or technologies deployed to meet the need and provide guidance on technical requirements. The ARB meets every Monday at 10am in AII, with a conference bridge.

[Business Need Summary - Template](#)

2) An IT Project Manager is often assigned to work with the business unit to incorporate the business need summary and ARB feedback and create a business case. The business case documents the business need, strategic alignment, alternatives considered as well as anticipated costs and benefits.

[Business Case - Template](#)

3) Once approved as a project, a quad chart is prepared to assist in keeping the project on track. This is periodically reviewed at IT Project Meetings. These meetings are held on Thursdays at 1:30 in AII, with a conference bridge.

[Quad Chart - Template](#)

Appendix B – Acronyms and Abbreviations

3-D	Three Dimensional
BX	Security Management Division
CCA	The Clinger-Cohen Act
CIO	Chief Information Officer
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPIC	Capital Planning and Investment Control
EOP	Executive Office of the President
ERA	Electronic Records Archive
I-P	Administration, Policy & Planning Staff
IT	Information Technology
LPR	License Plate Recognition
NARA	National Archives and Records Administration
OIG	Office of Inspector General
PRISM	Automated Procurement System
TDL	Technical Direction Letter

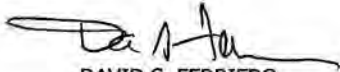
Appendix C – Management’s Response to the Report



Date: APR 11 2014
To: James Springs, Acting Inspector General
From: David S. Ferriero, Archivist of the United States
Subject: OIG Draft Audit 14-08, Audit of NARA’s Capital Planning and Investment Control (CPIC) Process

Thank you for the opportunity to provide comments on this draft report. We appreciate your willingness to meet and clarify language in the report.

We concur with the 11 recommendations in this audit, and we will address them further in our action plan.



DAVID S. FERRIERO
Archivist of the United States

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Appendix D – Report Distribution List

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