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MITRE PRODUCT

Effectively Complying with Key OMB Requirements

Results of MITRE Research Investigations

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1.0 Introduction

Government agencies struggle to comply with Office of Management and Budget (OMB) requirements, and MITRE is frequently asked to support Government agencies with OMB compliance issues. As a consequence, MITRE is conducting a study to:

- Discover root causes for OMB compliance challenges;
- Obtain a better understanding of the foundation of OMB requirements; and
- Suggest methods for Government agencies to more effectively comply with OMB requirements.

To achieve these objectives, MITRE has completed the following activities:

- Administered an internal survey to identify:
 - Types of support provided by MITRE to Government agencies;
 - Compliance challenges faced by Government agencies; and
 - Recommendations for addressing the challenges that Government agencies face.
- Interviewed MITRE Subject Matter Experts (SMEs) and conducted literature investigations to determine challenges Government agencies face in complying with OMB requirements.
- Sponsored a Lessons Learned with OMB Compliance Technical Exchange Meeting (TEM) to obtain a better understanding of the rationale for OMB requirements and how OMB requirements help Government agencies improve program, investment, acquisition, security, and risk management.

The TEM included presentations of the following topics:

Table 1-1. Previous TEM Topics Presented

OMB Circular A-11 and Exhibit 300s	Keys to Doing Well in OMB Exhibit 300 Submittals
	Internal Business Case as an Important Precursor for OMB Compliance
	Common Obstacles in the Development of a Successful OMB Exhibit 300
	Lessons Learned from the Intelligence Community
Other OMB Circulars and Acts	Developing PART Responses for a Program of Programs
	Lessons Learned—OMB A-123 Internal Control Component Assurance
	E-Gov and the Inter-Agency Council on Government Information
Privacy and Security	FISMA Reporting
	Compliance with OMB Privacy Guidance
	Security and Privacy Compliance Implications for OMB-300
Enterprise Architecture	Elegance and Simplicity: Implementing OMB Requirements Into Useful Enterprise Architectures
	Complying with the Federal Transition Framework in E-300 Submissions -- Cross-Agency Programs
Culture Change and Governance	Lessons Learned from the Field: A Program Under OMB Scrutiny
	Lessons Learned on Reporting on Large Umbrella Programs
	Lessons Learned on Standing Up Centers of Excellence

- Collected and categorized MITRE deliverables and other support documentation in an internal MITRE website so that they can be readily leveraged by other MITRE staff supporting OMB compliance initiatives. The following diagram illustrates the structure of this website:

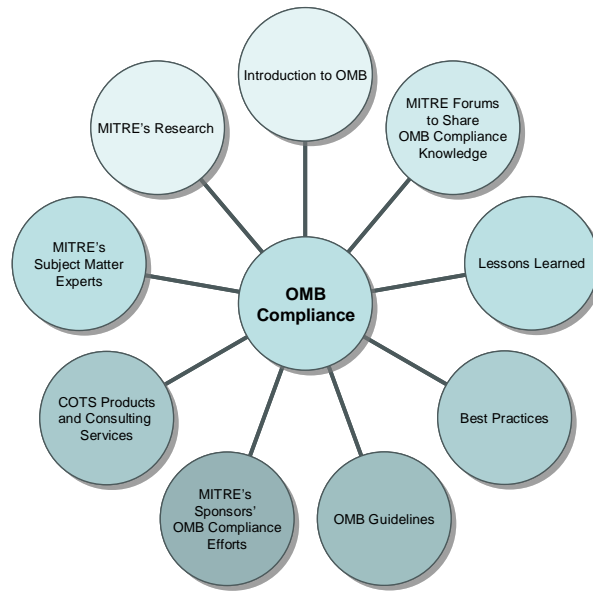


Figure 1-1. MITRE's OMB Compliance Knowledge Repository

As a consequence of the above activities, MITRE has made several discoveries and preliminary recommendations that we would like to more deeply examine in direct interaction with OMB and Government agencies. MITRE is thus planning a follow-on TEM for August 8th, 2007, which will include invitations to OMB and Government agencies.

2.0 Understanding the Foundation of OMB Requirements

OMB serves a critical role in streamlining many facets of investment management on behalf of taxpayers and Federal Government Executive Agencies. Mechanisms applied by OMB to reduce management complexity include: (1) enforcing public fund efficiencies, (2) promoting effective organizations that provide public goods, and (3) motivating innovation (e.g., management, technical, operational) in the federal Government. To provide this oversight and guidance, OMB's policies, circulars, and toolsets must be current and meaningful. As a result, there is a rapid change in these reporting requirements and review toolsets, as well as the management innovations that OMB seeks to apply for expediting management improvements.

OMB has made considerable strides in streamlining some aspects of managing Government investments on behalf of Executive agencies, but modifications to management and reporting processes may still be needed to address emerging challenges that Government agencies face in complying with OMB requirements. These challenges may stem from the manner by which OMB requirements and expectations are communicated; an increase in compliance requirements and associated complexity; and increasing frequency of revisions to key OMB compliance requirements.

3.0 Challenges Government Agencies Face in Complying with OMB Requirements

MITRE's preliminary study results suggest that OMB compliance challenges faced by Government agencies may include:

- Understanding and correctly interpreting OMB guidelines and requirements;
- Increased complexity of OMB requirements and communication processes;
- Limited direct interaction with OMB;

- A diminishing experienced Government investment/program management workforce; and
- Misalignment of agency submission timelines with OMB timeframes.

4.0 Key Recommendations to Government Agencies and OMB

OMB has made significant strides in streamlining management processes for Federal Government agencies, and recommendations to OMB are made with an understanding that the objectives served by OMB are essential to effective management of Federal Government investments. Federal agencies would likely be well-served by considering the potential complexity and inefficiency of managing critical investments in the absence of OMB reporting requirements. Based on MITRE's preliminary investigations, recommendations for Government agencies to more effectively comply with OMB requirements include:

- Embrace OMB compliance as a philosophy rather than an extra burden;
- Ensure sufficient and effective program and acquisition management resources are being applied; and
- Encourage direct communication with OMB.

Key recommendations for consideration by OMB include:

- Review agency timetables for OMB submissions;
- Review how agencies, programs, and support contractors interpret OMB requirements and provide clarifications to guidance (e.g., OMB Circular A-11 risk/uncertainty assessment requirements) as needed in instances where misinterpretations are likely;
- Review compliance analysis and reporting software applications to ensure that:
 - Government agencies have the ability to review all manipulations performed on data that has been inserted (to validate the accuracy of calculations).
 - Government agencies are not unduly constrained by the software in their ability to provide accurate and complete portrayals of performance, risk, cost, and schedule.

5.0 Planned Approach for MITRE's Follow-On OMB Compliance TEM

We are now inviting Government agencies and OMB to participate in a follow-on TEM on August 8th, 2007 so that we can share our preliminary findings and explore with our sponsor community and OMB the key challenges, lessons learned, and best practices associated with OMB compliance. The one-day TEM will include presentations and open discussion forums to explore topics of interest. A preliminary structure for the day-long event includes:

- An opening briefing describing TEM objectives and results of MITRE's preliminary investigations;
- Proposed briefings from OMB on topics of interest;
- Briefings from MITRE staff exploring OMB compliance requirements/challenges;
- Briefings from Government agencies on OMB compliance experiences and concerns; and
- Facilitated open forum discussion of Government agency OMB compliance experiences.

MITRE is administering a survey with Government agencies to identify TEM topics that would be of most significant interest. Agencies have been asked to indicate their interest in the topics listed in the following table:

Table 6.1. Potential Follow-On TEM Topics

How OMB Requirements Are Communicated to Government Agencies
The Cost/Benefit Tradeoff of Complying with OMB Requirements
OMB Reporting and Review Processes
The Role of OMB and Key Objectives of Reporting Requirements
How/Why OMB Selects High Risk Programs and Establishes Special Reporting Needs
The Impact of Recent Changes in OMB Requirements and New Requirements, Including:
Federal Transition Framework (FTF)
Service Center for Lines of Business (LOB) Centers of Excellence
Measuring the Value of Enterprise Architecture (EA) Programs
Internet Protocol Version 6 (IPv6)
Recommended Contracting Strategies (Including Performance-Based Acquisitions)
Applying Earned Value Management (EVM) for Reporting
The Value of Storytelling - Agency Compliance Success Stories and Agency Problems with OMB Compliance
OMB Compliance Lessons Learned and Best Practices Associated With:
Capital Planning and Investment Control (CPIC)
Enterprise Architecture (EA)
Business Case Analysis (BCA) and Analysis of Alternatives (AoA)
Performance Management and the Program Assessment Rating Tool (PART)
Risk Assessment and Management
The Official Budget Submission Process
Regulatory Analysis (OMB Circular A-4)
The FAIR Act and Commercial Activities (OMB Circular A-76)
OMB Circular A-11 (Preparation, Submission, and Execution of the Budget)
OMB Exhibit 300 (Planning, Budgeting, Acquisition, and Mgmt of Capital Assets)
Internal Financial Controls (OMB Circular A-123)
Security and Privacy Requirements
Life Cycle Cost Estimation (LCCE)

The results of recent OMB compliance studies undertaken by MITRE, including results of the follow-on TEM, will be analyzed and communicated in a formal MITRE Technical Report (MTR). This MTR will also include focused investigations that MITRE analysts have recently conducted to directly address some identified compliance challenges, including:

- Applying Cost Effectiveness Analyses (CEA) for capital investment decisions-making
- Accounting for uncertainty/risk within Life Cycle Cost Estimates (LCCE) and investment analyses
- Conducting comprehensive Business Case Analyses that take into consideration investment lifecycle stage and are compliant with OMB and other agency-specific guidelines
- Complying with Federal Transition Framework (FTF) requirements
- Complying with internal financial control requirements