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## INTELLIGENCE COMMUNITY DIRECTIVE NUMBER 109



### INDEPENDENT COST ESTIMATES (EFFECTIVE: 26 APRIL 2010)

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**A. AUTHORITY:** The National Security Act of 1947, as amended; Executive Order 12333, as amended; and other applicable provisions of law.

**B. PURPOSE:** This Intelligence Community Directive establishes policy on preparing independent cost estimates (ICE) and agency cost positions (ACP) in support of the development, determination, and effective execution of the National Intelligence Program (NIP) budget. Terms used in this Directive are defined in Appendix A.

**C. APPLICABILITY:** This Directive applies to the Intelligence Community (IC), as defined by the National Security Act of 1947, as amended; and such other elements of any other department or agency as may be designated by the President, or designated jointly by the Director of National Intelligence (DNI) and the head of the department or agency concerned, as an element of the IC.

#### **D. POLICY**

1. The Associate Director of National Intelligence for Systems and Resource Analyses (ADNI/SRA) may direct the Cost Analysis Improvement Group (CAIG) of the Office of the Director of National Intelligence (ODNI) to prepare an ICE or an IC element to prepare an ACP to support the development, determination, and effective execution of the NIP budget.

2. To this end, the ADNI/SRA shall, in consultation with the IC elements concerned, publish annually by 1 October a list of the ICEs and ACPs to be prepared in the upcoming fiscal year. The list shall include: (a) all ICEs or ACPs to be prepared for major systems in accordance with Appendix B, Reference 1 (hereinafter "statutory ICE requirement"); (b) all ICEs or ACPs to be prepared for major systems, as defined in Appendix B, Reference 2, and in accordance with IC Directive 801, *Acquisition*; and (c) all ICEs or ACPs to be prepared for programs of special interest, as determined by the DNI or the ADNI/SRA. The ADNI/SRA may publish revisions to this list, as appropriate and in consultation with the IC elements concerned.

3. The ODNI CAIG shall, in consultation with the IC elements concerned, prepare all ICEs for major systems subject to the statutory ICE requirement and for programs of special interest, absent any exception covered in Section D.4 of this Directive. These ICEs are subject to the endorsement of the ADNI/SRA.

4. The ADNI/SRA may direct the IC element concerned to prepare an ACP for a major system subject to the statutory ICE requirement or for a program of special interest. In such cases, the IC element shall prepare the ACP, subject to the review of the ODNI CAIG. The ADNI/SRA may endorse the ACP as the ICE.

5. The IC element concerned shall prepare the ACPs for major systems specified in Section D.2(b) above. These ACPs are subject to the review of the ODNI CAIG. The ADNI/SRA may endorse the ACP as the ICE.

6. Prior to the endorsement of an ICE or ACP, the senior leadership of the IC element concerned may seek a consultation with the ADNI/SRA to discuss management factors bearing on the ICE. The ADNI/SRA shall take these factors under advisement in an endorsement decision.

7. In cases where there has been a change in circumstances that renders the endorsed ICE inaccurate, or when the major system or program of special interest has progressed to a point where sufficient risk has been retired, the IC element concerned may seek an adjustment to the endorsed ICE from the ADNI/SRA.

8. IC elements shall fund major systems or programs of special interest, as identified pursuant to Section D.2 of this Directive, and for which the ADNI/SRA has endorsed the ICE or ACP to the endorsed ICE by fiscal year, unless the Associate Director of National Intelligence and Chief Financial Officer (ADNI/CFO) grants a waiver.

9. If a major system subject to the statutory ICE requirement is not budgeted to the endorsed ICE in the President's Budget, the ADNI/CFO will approve the explanation to be included in the Budget justification materials, as required in Appendix B, Reference 1.

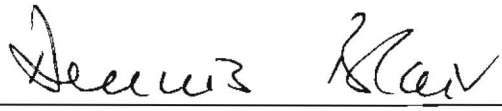
10. The IC Cost Estimating Committee (ICEC) is established as a forum for coordinating, evaluating, and improving the cost estimating discipline in the IC. The Director, ODNI CAIG shall chair the ICEC. The ICEC shall consist of representatives from IC elements. The activities and scope of the ICEC shall be further defined in an IC Charter, to be finalized no later than 60 days from the effective date of this Directive.

## **E. ROLES AND RESPONSIBILITIES**

1. The ADNI/SRA:
  - a. Shall ensure ICEs are prepared in response to the statutory ICE requirement; and
  - b. May establish IC Standard(s) pursuant to this Directive, in accordance with IC Directive 101, *Intelligence Community Policy System*, and IC Policy Guidance 101.2, *Intelligence Community Standards*.

2. The Director, ODNI CAIG shall:
  - a. Prepare ICEs as directed by the ADNI/SRA;
  - b. Review ACPs prepared by the IC elements, as directed by the ADNI/SRA;
  - c. Chair the ICEC; and
  - d. Establish and maintain an ICE tracking system to measure ICEs against actual costs, ACPs, previous ICEs, and other estimates.
  
3. IC elements that conduct NIP-funded acquisitions shall:
  - a. Provide the ADNI/SRA annually by 1 September a list of all ICEs required pursuant to Sections D.2(a) and D.2(b) of this Directive;
  - b. Fund major systems or programs of special interest to the endorsed ICE, in accordance with Section D.7 above, unless a waiver is granted by the ADNI/CFO;
  - c. Participate fully and substantially in the activities of the ICEC; and
  - d. Support the ODNI CAIG's ICE tracking system.

**F. EFFECTIVE DATE:** This Directive becomes effective on the date of signature.

  
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 Director of National Intelligence

  
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 Date

**APPENDIX A – DEFINITION OF TERMS****ICD 109, *Independent Cost Estimates***

For the purposes of this Directive and any subordinate policy documents, the following definitions shall apply:

**Agency Cost Position:** A full life-cycle evaluation of the cost of a program completed by an IC element other than the ODNI. An ACP is prepared to the same standards as an ICE.

An **Independent Cost Estimate** is a pragmatic and neutral analysis, assessment, and quantification of all costs and risks associated with a program, which shall be based on programmatic and technical specifications provided by the IC element with primary responsibility for the program's development, procurement, or operation. An ICE shall, to the maximum extent practicable, specify the amount required to be budgeted for the full life-cycle of development, procurement, and operation of the program.

**APPENDIX B - REFERENCES**  
**ICD 109, *Independent Cost Estimates***

1. National Security Act, Sec. 506A [50 U.S.C §415a-1]
2. Title 41 U.S.C. §403(9)
3. ICD 104, *Budgeting for Intelligence Programs*
4. ICD 801, *Acquisition*
5. IC Policy Guidance 801.1, *Acquisition*