



## Chapter 2: Planning, Programming, Budgeting, and Execution

### Section 2.0 – ICE Appropriations Structure

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Section 2.0 – ICE Appropriations Structure



## **Introduction**

The U.S. Immigration and Customs Enforcement (ICE) budget framework synchronizes Programming with a standardized appropriations structure. The policy sets forth in this document establishes criteria for determining the appropriation to be used for programming, budgeting, and execution of the programs, projects, and activities that comprise the Department’s budget. The language of the various appropriations laws will set forth the criteria governing the use of those appropriations. Future changes in the annual appropriations act and its accompanying reports may impact this policy. Such changes must be considered when deciding how to fund a particular Program, project, or activity.

The funding types described, and definitions included in this section are intended to apply to discretionary appropriations within ICE Programs, with the exception of the Disaster Relief Fund. Mandatory appropriations and fee-funded Programs will continue to exist separately from the standardized appropriations described herein.

This policy supersedes ICE *Financial Management Policy Manual* (FMPM), Section 2.0, “ICE Appropriations Structure,” dated August 26, 2020, and is effective immediately. See the Summary of Changes incorporated in this revision.

## **Responsibilities**

The **ICE Chief Financial Officer (CFO)** is responsible for establishing, overseeing, and updating all financial management activities including policy development, budget formulation, asset and facilities management, and internal controls consistent with the mission and strategic goals of the Department of Homeland Security (DHS).

The **ICE Office of Budget and Program Performance (OBPP) Budget Director** is responsible for establishing appropriation use directions and budgetary resource restrictions, limitations, and requirements and providing guidance to the Program Offices.

**U.S. Immigration and Customs Enforcement Program Offices** are responsible for executing funds in accordance with Congressional intent or coordinating with ICE OBPP if a reprogramming or a transfer of funds is necessary.

## **Policy**

### ***Standardized Appropriations***

The ICE discretionary budget is organized according to a common standard appropriations structure. U.S. Immigration and Customs Enforcement maintains systems of accounting and internal controls that provide complete disclosure,

financial information needed for management purposes, and effective control over ICE funds. The ICE system of funds control supports internal management and administrative control of funds. The system of control over funds limits the obligation and expenditure of funds to the amounts currently available for the purposes authorized and spent in accordance with all laws, regulations, Office of Management and Budget (OMB) direction, and Congressional intent. Legislatively, the Antideficiency Act (ADA), the Bona Fide Needs Rule and the Purpose Statute are the primary guidance documents that regulate funds control. As described in subsequent sections of this policy, the two standard ICE appropriations are defined as follows:

- a. **Procurement, Construction, and Improvements (PC&I):** costs associated with buying, building, or improving end items – tools, assets, systems, and facilities – prior to sustainment.
- b. **Operations and Support (O&S):** costs necessary for regular operations, including services, maintenance, salaries, training, operations support, management, as well as the sustainment costs for investments.

### ***Programs, Projects, and Activities (PPAs)***

The Programs, Projects, and Activities (PPAs) structure within each standard appropriation aligns to the operations Programs perform. Program operations may be resourced by multiple appropriations and PPAs. At any given time, a Program could have PC&I and O&S funding to support the Program's activities.

## **1. General**

### **1-1. Salaries**

Salaries and benefits (S&B) are generally funded by the O&S appropriation because they can be paid with fees in some cases or by another appropriation if it is authorized for that purpose.

- a. Within the O&S appropriation, S&B should reside in the PPA associated with the functions performed by the employee.
- b. In instances where a person is performing functions funded by two or more PPAs, that person's S&B may be funded by the single PPA comprising that individual's predominant function.

### **1-2. Periods of Availability**

All appropriations are enacted with a specific period of availability, i.e., a designated amount of time when funds are available for obligation. The period of availability is the amount of time funds are available for obligation before they expire. Funds typically expire on September 30 of the fiscal year in which the

period of availability of funds ends. Expired accounts will remain available for legitimate obligation adjustments but not for new obligations. Five years after the expiration of an account, all obligated and unobligated balances must be canceled, and the expired account must be closed. Although no disbursements may be made from cancelled accounts, any legitimate obligations, or adjustments chargeable to the canceled account may be paid from another unexpired appropriation available for the same purpose as the canceled account, with certain limitations. These limitations include upward adjustments and administrative corrections. These actions must be coordinated with the ICE Budget Director. See FMPM 3.8, “Budgetary Accounting”.

### **1-3. Enactments Contrary to Policy**

On occasion Congress will enact funding in an appropriation or PPA in a manner that is inconsistent with this policy. Programs shall execute funds in accordance with Congressional intent as stated in enacted appropriations law; however, there may be circumstances where a reprogramming or transfer of funds is necessary. Such actions should be coordinated between ICE OBPP and Programs. See FMPM 2.4, “Budget Execution”, for guidance on reprogramming and transfers.

### **1-4. Service Contracts**

Service contracts may be funded within any appropriation depending upon the nature of the work performed in support of the specific Program, project, or activity.

## ***2. Procurement, Construction, and Improvements***

### **2-1. Definition**

The PC&I appropriation provides the funds – above certain threshold amounts necessary for the manufacture, purchase, or enhancement of one or more assets (which hereinafter also refers to end items) prior to sustainment.

Activities funded by the PC&I appropriation are typically categorized as one of the following:

- a. Procurement – the obtaining of one or more end items through purchase, transfer, exchange, or other means. The configuration of an end item required to meet the asset's intended use is part of procurement.
- b. Construction – the erection, installation, or assembly of something (i.e., new facilities, improvements, vessels, and aircrafts); the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; or the relocation of a facility from one location to another.
- c. Improvement – the act or process of obtaining an increase in capability

and/or capacity.

## **2-2. Dollar Thresholds**

Unless otherwise stipulated by regulation or statute, the use of PC&I funding to purchase an end item, asset, or improvement project, is subject to the following funding thresholds (hereafter referred to in this document as the “PC&I Thresholds”):

- a. Personal Property, an end item unit cost of greater than \$250,000, or
- b. Real Property, an end item unit cost of greater than \$2 million.

The PC&I appropriation is intended to represent investment funding, not to fund below threshold procurements, contracts, or activities that are generally purposed for the sustainment of day-to-day operations. The use of a bulk purchase will not change the appropriation fund type requirements from O&S to PC&I even if the total amount of the purchase exceeds the PC&I threshold established herein.

During the course of the budget year, it is understood that project costs or end item costs may change and exceed the dollar thresholds. Depending on the stage of the procurement/project, it may be necessary to de-obligate and/or transfer funds from O&S to PC&I in order to proceed with the project or procurement.

The acquisition, construction, or improvement of end items that do not meet the thresholds stated above should be funded through the O&S appropriation unless otherwise stipulated by law. To ensure budget authority, Programs should refer to language included in the annual appropriations act which specifies that minor procurements, construction, and improvements may be funded through O&S.

It is understood that within a budget cycle, some projects may be comprised of smaller sub-projects, which may be funded as complete and useable segments, and some of which may be funded through different appropriations. Project costs should not be split in order to circumvent the PC&I Thresholds; incrementalism is not permitted.

The PC&I Thresholds are to be used for planning, programming, and budgeting purposes and are not to be confused with the capitalization guidance and thresholds established in FMPM 3.1, “Property, Plant and Equipment”. The capitalization thresholds are the dollar amounts at which property and improvements become subject to capitalization for purposes of financial statement reporting.

## **2-3. Standardized PPAs**

Programs are expected to use these standardized PC&I PPAs, where applicable, in addition to the PPAs that reflect their distinct operations sets within ICE.

**a. Operations Support Assets and Infrastructure**

As further described in section 3-3(a) of the FMPM, Operations Support accounts include funding for headquarters-level leadership, management, and business administration activities. Costs associated with salaries and benefits are not included in the PC&I Operations Support Assets and Infrastructure PPA.

The Operations Support Assets and Infrastructure PPA within the PC&I appropriation serves as the investment counterpart to the Operations Support PPA found in O&S appropriations, which include sustainment funding. The Operations Support Assets and Infrastructure PPA would typically be used to fund investments in new IT mainframes, adding capabilities through comprehensive financial systems modernization, or expanding human capital IT systems. However, the Operations Support Assets and Infrastructure PPA should not include funding for physical facility infrastructure which should instead be provided through the PC&I Construction and Facilities Improvements PPA.

**b. Integrated Operations Assets and Infrastructure**

As described in section 3-3(b), Integrated Operations accounts include funding for command and control, coordination, information and situational awareness, or occupational health and safety to ICE Programs operations. Costs associated with salaries and benefits are not included in the PC&I Integrated Operation Assets and Infrastructure PPA.

The Integrated Operations Assets and Infrastructure PPA within the PC&I appropriation serves as the investment counterpart to the Integrated Operations PPA found in O&S appropriations, which include sustainment funding. However, the Integrated Operations Assets and Infrastructure PPA should not include funding for physical facility infrastructure which should instead be provided through the PC&I Construction and Facilities Improvements PPA.

**c. Operational Communications/IT**

This PPA funds PC&I investments in communications infrastructure and IT systems and equipment that are directly used by field offices and personnel. These investments are not solely dedicated to a specific Program. Projects and assets that are funded through this PPA have individual end item costs that exceed the PC&I Thresholds and have IT operations applications that distinguish them from headquarters-level communications and/or IT systems.

Investments in communication infrastructure and IT systems and equipment that are used in support of a single effort should be funded through the PPA that correspond with the operations.

**d. Construction and Facilities Improvements**

For each Program with Real Property assets, this PPA provides funding for all associated land and facility investments above the PC&I Thresholds as described in this policy. Programs shall also use this PPA to fund Real Property construction and improvements through third parties such as the General Services Administration (GSA). Programs should take care to distinguish between such costs and the minor procurements, construction, and improvements that fall below the PC&I Threshold as well as any relevant threshold that may be included in enacted appropriations law, and which should be funded through the O&S appropriation instead.

**2-4. General Use**

PC&I provides funding for all activities and costs incurred that are above the PC&I Thresholds in the acquisition, transfer, or capital improvement of an asset, including lease, purchase, upfit or operation, and delivery/implementation, through acceptance of an asset into operations. The PC&I appropriation does not fund salaries and benefits (see 1-1).

Programs should take care to correctly sequence the budgeting and completion of construction activities through PC&I with post-delivery outfitting actions funded through O&S.

- a. Unless otherwise prohibited under appropriations law, PC&I funding as defined in this section shall be applied to the following activities relating to the addition of an asset or replacement of an asset within ICE:
  - 1) Costs incurred in the acquisition of an asset, including construction, procurement, testing, delivery, and acceptance of an asset into operations, including initial spare parts.
  - 2) Costs incurred in the transfer of an asset to or within ICE, including costs required to re-capitalize, and/or outfit the asset to meet ICE or Program operations requirements.
  - 3) Construction, including the cost of land, equipment affixed to real property or installed as an integral part of a facility, related site preparation, and other land improvements.
  - 4) Any costs needed to make an equipment end item complete and ready for operation (i.e., installation, delivery, etc.) would be funded with PC&I unless noted separately in this policy.



- b. PC&I funding shall be used for costs incurred and payments made for the lease of an asset intended to expand ICE existing fleet for current or new operations requirements.
- c. PC&I funding shall be used to increase capability or capacity, or extend the useful life or functionality of an asset, as follows and in accordance with the PC&I Thresholds:
  - 1) Costs required to “operationalize” or equip an asset including equipment and/or services necessary to deliver an asset that meets ICE operations requirements. This may include modification kits, equipment, and material for modernization programs, major remanufacture programs, and major service life extension programs. Care should be taken to ensure that work associated with sustainment activities, such as repairs and/or the purchase of spare parts that are not part of the modification project at the outset are considered expenses and funded in O&S.
  - 2) Costs incurred with initial upfit or operationalization of leased vehicles that are acquired for the purpose of expanding an existing fleet of vehicles.
  - 3) Costs incurred in the modernization, enhancement, or replacement of an asset, where that action purposely results in new or enhanced capabilities.
  - 4) Costs required to recapitalize an asset and buy kits as required to enhance the functionality, add capability, and/or extend the useful life of an existing asset.
  - 5) Improvements required to enhance the functionality, add capability, and/or extend the useful life of an existing real property asset, including renovations required to change predominant use of existing space, expand existing space, and/or consolidate operations within existing owned or leased space.

## **2-5. Real Property**

PC&I funding shall also be used for environmental clean-up, leasehold improvements, site work, cabling, permitting, completion of any relevant facility checklists, and costs associated with taking possession (either through purchase or lease) of an asset and placing it into operations.

- a. Preliminary work such as alternatives analysis, environmental reviews, and preliminary design may be considered either as part of the entirety of a project or as severable, individual activities. Such preliminary work is usually

funded as O&S regardless of cost when performed individually. However, it may be coupled with the construction project, contracted as a Design/Build project, and funded as either O&S or PC&I depending on the amount of the request for that budget cycle.

- b. Similarly, demolition costs associated with new construction may be funded either as part of the actual construction project itself or as a severable project and are subject to applicable PC&I Thresholds.
- c. Equipment-related modifications to Real Property:
  - 1) Construction includes real property equipment (often called installed equipment) which is affixed and built into a facility as an integral part of a facility. The cost of this equipment and its installation is part of the construction cost.
  - 2) The installation of removable equipment that requires a structural change to an existing facility is considered to be new construction, for which the \$2M real property limit of the PC&I Threshold applies.
  - 3) The costs for non-structural modifications to a facility are considered to be part of equipment costs, for which the \$250K personal property limit of the PC&I Thresholds apply.
- d. In cases where ICE is providing funds to a third party for improvements to a facility that ICE will lease, PC&I funding shall be used.

## **2-6. Information Technology**

- a. IT PC&I generally refers to projects and activities that change or modify existing IT assets to substantively improve capability or performance, or to implement legislative or regulatory requirements, or meet an Agency leadership request. PC&I activity may occur at any time during a Program's life cycle.
- b. As part of PC&I, capital costs can include hardware, software development and acquisition costs, Commercial Off-The-Shelf (COTS) acquisition costs, and contracted labor. Costs for activities and/or services related to the replacement or enhancement of a software system, network, application, or release will only be approved if the software is not a direct replacement of COTS software or license update. This includes cybersecurity activities and investments required to secure and protect (sensitive and non-sensitive) data assets, data controls, and data elements.
- c. If costs exceed the Personal Property limit in the PC&I Thresholds, the PC&I appropriation shall be used for the purchase of new IT assets/systems and projects and activities that change or modify existing IT assets to

substantively improve capability or performance. As part of PC&I, capital costs can include hardware, software and acquisition costs and COTS acquisition costs subject to the PC&I Thresholds.

*Note: The OMB Capital Planning and Investment Control (CPIC) Guidance (see EX 53/Business Case) provides further Definition.*

- d. IT PC&I funding is generally aligned with the OMB Capital Planning guidance definition for the Modernization and enhancement elements only of the Development, Modernization, and Enhancement (DME) IT budget. (The Development aspects of the definition would align to the R&D appropriation.)

*Note: The OMB CPIC Guidance provides further clarification.*

## **2-7. Use of Appropriations in the DHS Acquisition Lifecycle Framework**

- a) Components that are in the investments phase for projects included in the most current MAOL should fund such costs through PC&I appropriations.
- b) In general, PC&I funds and supports activities approved at ADE-2A through and including ADE-3 (part 1 – produce/deploy product) in accordance with DHS Instruction 102-01-001.
- c) Except as provided under Section 557 of the Consolidated and Further Continuing Appropriations Act, 2013 (PL 113-6), as extended or amended, and in the DHS full funding policy, PC&I is an investment-type appropriation where the rule of “Full Funding” applies (i.e., the Department’s budget justification requests the full amount estimated to procure the known IT and non-IT end item(s); and the budget/appropriation/contract(s) identify the acquisition of – or an improvement to – end items. These items benefit future periods and generally are of a long-term character, such as real or personal property.
- d) OMB Circular A-11 Section 31 describes the policies governing budget requests for the acquisition of capital assets. Requests for acquisition of capital assets must propose full funding to cover the full costs of the project or a useful segment of the project. Typically, capital assets are funded within the PC&I account; however complex, developmental segment(s) of a project are funded within the R&D appropriation. In addition, requests for construction programs must provide for full funding of the complete cost of construction.
- e) Progression through the ADEs does not necessarily connote the use of different appropriation. As Components program and budget for acquisition programs, the funding request should be consistent with the guidelines established in the ALF as well as any related enacted appropriations. Refer to the chart found in Appendix A (Funding the Acquisition Lifecycle

Framework), which depicts how appropriations may be used in support of an acquisition program through the ALF.

### **3. Operations and Support**

#### **3-1. Definition**

The O&S appropriation supports the costs incurred for the day-to-day operation and maintenance of the organization, including, but not limited to, salaries, services, supplies, utilities, travel, training, and transportation, as well as minor procurement, construction, and improvement projects.

#### **3-2. Dollar Thresholds**

In accordance with the PC&I Thresholds established in section 1-2, unless otherwise stipulated by regulation or statute, the use of O&S funding to purchase an end item and maintain assets is subject to the following funding thresholds:

- a. as Personal Property, an end item unit cost of less than \$250,000, or
- b. for Real Property, an end item unit cost of less than \$2 million.

For example, O&S funding may be used for minor IT and non-IT procurements, such as supplies and equipment, upgrades, refresh of hardware, hardware fixes, construction, and improvements, provided that such costs are under the threshold stated above for each individual asset or end item. For procurements that exceed the Thresholds, Programs should use the PC&I appropriation unless otherwise stipulated by law.

#### **3-3. Standardized PPAs**

Programs are expected to use these standardized O&S PPAs, where applicable, in addition to the PPAs that reflect their distinct operations sets within ICE. Salaries and benefits should reside in the O&S PPA associated with the functions performed by the employee.

##### **a. Operations Support**

Operations Support includes sustainment funding for activities that provide enterprise leadership and management and/or business administration services. It also describes the activities that support the day-to-day management and back-office functions enabling ICE Programs to operate efficiently and effectively.

Key capabilities include conducting ICE planning and performance management, financial management, acquisition oversight, managing agency workforce, providing physical and personnel security, acquiring

administrative supplies and services, managing non-programmatic information technology, day-to-day management of ICE property and assets, managing daily agency communications, managing enterprise legal affairs, and providing general, day-to-day management and administration.

Operations Support activities are internal facing by nature. Programs that perform operations support activities that are external facing should include funding for those activities in the appropriate Program(s).

However, some Programs perform operations support-like activities that support an operational Program or relate to operations delivery, such as interaction with other government agencies or with the public at large. Funding for such external-facing activities should be included in the appropriate PPA(s) or Program(s).

In general, Operations Support programmatic funding resides in the O&S appropriation. However, there will be some exceptions. For instance:

- 1) When a capital procurement is dedicated toward the creation or re-capitalization of an asset dedicated to a traditional Operations Support function as discussed above, such funding may reside in the PC&I appropriation (e.g., a capital procurement of a human resource management system). Each Program may have an Operations Support Assets and Infrastructure Sub-PPA within the PC&I appropriation that serves as the investment companion to the sustainment activities funded in the O&S Operations Support PPA.

#### **b. Integrated Operations**

Integrated Operations accounts include funding for command and control, coordination, information and situational awareness, or occupational health and safety to multiple ICE programs. Costs associated with salaries and benefits are not included in the PC&I Integrated Operation Assets and Infrastructure PPA.

The Integrated Operations Assets and Infrastructure PPA within the PC&I appropriation serves as the investment counterpart to the Integrated Operations PPA found in O&S appropriations, which include sustainment funding. However, the Integrated Operations Assets and Infrastructure PPA should not include funding for physical facility infrastructure which should instead be provided through the PC&I Construction and Facilities PPA.

Activities whose predominant function aligns to a specific ICE operation should be excluded from the Integrated Operations Program.

### **3-4. General Use**

O&S provides funding for activities, salaries, and services that support the daily

operations of the organization, as well as costs incurred to sustain an asset at its current operational capability once it has been accepted into operations. This includes scheduled/recurring depot-level maintenance, along with the salaries and/or services related to the operation of an asset, the maintenance of equipment, fuel, garaging, lease payments, and all other items and activities to meet operations requirements of the operational asset.

As specified in section 2-2, O&S funding may be used for minor construction, and improvements, provided that such costs do not exceed the thresholds for each individual asset or end item. To ensure appropriate budget authority, language should be included in the Department's annual appropriations acts specifying that minor procurements, construction, and improvements may be funded through O&S. The dollar threshold for O&S funding is outline below:

### **Dollar Thresholds**

Unless otherwise stipulated by regulation or statute, the use of O&S funding to purchase an end item and maintain assets is subject to the following funding thresholds:

- a. Personal Property, a unit cost of less than \$250,000, or
- b. Real Property, a unit cost of less than \$2,000,000 million.

For example, O&S funding may be used for minor IT and non-IT procurements, such as supplies and equipment, upgrades, refresh of hardware, hardware fixes, construction, and improvements, provided that such costs are under the threshold stated above for each individual asset or end item. For procurements that exceed the thresholds, Programs should use PC&I appropriation unless otherwise stipulated by law.

Programs should take care to correctly sequence the budgeting and completion of construction activities through PC&I with post-delivery outfitting actions funded through O&S.

O&S is also to be used for the proper disposal of an asset or end item after its useful life has been determined to be ended.

- a. In general, O&S includes the cost of resources consumed in operating and maintaining ICE, including, but not limited to the following:
  - 1) Labor of civilian or contractor personnel
  - 2) Rental charges for vehicles, aviation assets, and equipment
  - 3) Facilities sustainment and leases regardless of cost, except capital leases

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- 4) Field level maintenance as a routine, recurring effort to sustain the operational availability of an end item. Depot and field level maintenance includes refurbishment and overhaul end items, removal and replacement of secondary items and Programs, as well as repair of Program parts of the end item
  - 5) Cost of incidental material and items that are not known until the end item is being modified are considered expenses because the material is needed to sustain or repair the end item
  - 6) Fuel, clothing, and food
  - 7) Printing, supplies, and materials
  - 8) Travel and transportation
  - 9) Advisory and assistance services
  - 10) Recurring purchase of spares and repair parts
  - 11) Other items of equipment that have a unit cost below the PC&I Thresholds
- b. O&S funding as defined in this section shall be applied to the following activities relating to the replacement of an asset within ICE's inventory subject to the Thresholds. Note that, if the cost of any of the following activities exceeds the Personal Property or Real Property limits, then the funding mechanism should be PC&I, not O&S.
- 1) Costs incurred in the procurement/acquisition of a vehicle for the replacement of an existing vehicle in-kind authorized by law and/or costs required to maintain existing capability. The replacement asset should maintain current operational capabilities or provides additional capability only as a result of the lack of availability of the previous model of the asset.
  - 2) Costs incurred for the in-kind replacement of an existing asset. The replacement asset should maintain current operational capabilities or provides additional capability only as a result of the lack of availability of the previous model of the asset.
  - 3) Costs incurred in the replacement of existing software licenses and COTS software applications.
  - 4) Costs required to outfit a property for ICE or Program use and operations requirements after the asset is delivered for operation. This includes

installation of moveable equipment/IT, furniture, moving costs, fees, and other tenant transition costs. Pre-operational outfitting should be funded within PC&I while post-delivery activities should be funded within O&S.

- 5) Equipment items that are movable in nature and not affixed as an integral part of a facility are not typically considered construction costs. This equipment includes all types of production, processing, technical, information systems, communications, and training.
- c. O&S funding as defined above shall be applied to the following activities relating to the sustainment of an asset within ICE's inventory:
- 1) All costs incurred in the maintenance of assets (scheduled or unscheduled) as required to sustain the asset in proper working condition regardless of the dollar amount.
  - 2) Repair of an asset, where the work required is part of the scheduled lifecycle maintenance requirements of that asset, or the cost of the repair is within the funds available for maintenance through the Program's budgeted O&S funds.
  - 3) Costs associated with any activities, salaries, and/or services related to maintaining a software system, network, application, or release at its current operational capability once it has been accepted into operations. Included are staffing, code maintenance, environment/architecture maintenance, related already-operational hardware and systems required to maintain the existing operational capability software system, network, application, or release.
  - 4) Costs necessary for the maintenance of existing facility infrastructure and features, and associated salaries and expenses, as follows:
    - a) All costs incurred in the operations and maintenance of ICE buildings and facilities (scheduled or unscheduled) as required to maintain the facility in proper working condition, including but not limited to janitorial services; IT services; security; and repair/replacement of HVAC, plumbing, electrical equipment, common areas, fire and life safety and other building services.
    - b) All costs incurred, and lease payments made either through GSA or direct lease by ICE Programs regardless of cost.
    - c) All costs incurred to meet environmental compliance requirements for day-to-day operations and not associated with new land acquisitions.
    - d) Repairs and maintenance to existing facilities (owned or leased) as required to maintain a facility in working order, including office repairs, furniture refresh, and/or other required repairs that do not change the



predominate use of the facility.

- d. O&S funding may be used to repair an asset, defined as the activities required for returning an asset to operational condition. O&S funding shall be applied for the repair of assets where the work required is not part of the asset's normal scheduled maintenance requirements and the cost of the repair is below the PC&I Thresholds.

### **3-5. Information Technology**

O&S refers to the phase of the lifecycle in which the asset is in operations and produces the same product or provides a repetitive service – also commonly referred to as “steady state.” O&S funding applies to the following specific activities:

- a. IT O&S costs refer to the expenses required to operate and maintain an IT asset that is operating in a production environment. O&S costs include costs associated with operations, maintenance activities, and maintenance projects needed to sustain the IT asset at the current capability and performance levels. It includes Federal and contracted labor costs, corrective hardware and software maintenance, voice and data communications maintenance and service, replacement of broken or obsolete IT equipment, overhead costs, business operations and commercial services costs, and costs for the disposal of an asset.
- b. Maintenance refers to the activity necessary to keep an asset functioning as designed during the O&S phase. Such activities may also include, but are not limited to, operating system upgrades, technology refreshes, and security patch implementations.
  - 1) Maintenance generally excludes activities aimed at expanding the capacity or capabilities of an asset or otherwise upgrading it to serve needs different from or significantly greater than those originally intended.
  - 2) Minor development efforts and/or enhancements that do not appreciably change day-to-day activities or performance may be considered a derivative of maintenance efforts and funded in O&S.
- c. IT O&S funding is generally aligned with the OMB CPIC definitions for IT Operations and Maintenance Costs. The DHS CPIC process integrates strategic planning, enterprise architecture, portfolio management, privacy, security, budgeting, procurement, and the management of assets.

## **Procedures**

Programs must develop and implement procedures and internal controls to comply with this policy. If unsure about where to fund a particular Program, project, or activity, Programs should consult with the ICE OBPP to ensure the correct (1) use

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of appropriations and (2) alignment of PPAs to appropriations.

## **Authorities and References**

### **Authorities**

Title 31, U.S. Code, Sections 1341-1342, “Antideficiency Act”

Title 2, Code of Federal Regulations, Part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”

2 CFR Part 3002, “DHS Administrative Regulations”

Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission, and Execution of the Budget*

Public Law 114-113, *Consolidated Appropriations Act of 2016*

### **References**

DHS Directive 101-01, Revision 01, *Planning, Programming, Budgeting, and Execution*

DHS Directive 102-01, Revision 03.1, *Acquisition Management Directive*

DHS Directive 102-02, *Capital Planning, and Investment Control*

*DHS Financial Management Policy Manual*, Introduction, Appendix C, “Glossary”

DHS Comprehensive Acquisition Status Report, First Quarter, Fiscal Year 2016

*DHS Financial Management Policy Manual*, Section 2.0, “DHS Appropriations Structure”

## Appendix A. Funding the Acquisition Lifecycle Framework

Research and Development	Procurement, Construction, and Improvements	Operations and Support
<b>Acquisition Decisions:</b> ADE-0 explore gaps/needs ADE-1 validate need ADE-2A approve program ADE-2B approve supporting projects/contracts ADE-2C approve low-rate production	<b>Decision/Phase:</b> ADE-2A up to and including ADE-3: Develop and evaluate capabilities ADE-3 (part 1): Produce/Deploy Products	<b>Decision/Phase:</b> ADE-3 (part 2): Support/Dispose
<b>Phases:</b> ADE-0 thru ADE-1: Define the problem ADE-1 thru ADE-2A: Identify alternatives and resource requirements		

## Glossary

The following tables contain definitions of the acronyms and terms used in this policy.

<b>Acronym</b>	<b>Definition</b>
COTS	Commercial Off-The-Shelf
IT	Information Technology
OMB	Office of Management and Budget
O&S	Operations and Support
PC&I	Procurement, Construction, and Improvements
PPA	Program, Project, or Activity

<b>Term</b>	<b>Definition</b>
Assets	<p>Person, structure, facility, information, material, or process that has value. Includes contracts, facilities, property, records, unobligated or unexpended balances of appropriations, and other funds or resources, personnel, intelligence, technology, or physical infrastructure, or anything useful that contributes to the success of something, such as an organizational operation; assets are things of value or properties to which value can be assigned.</p> <p>For Programming and budgeting purposes, personnel and associated costs are not included; assets include but are not limited to the following examples: aviation assets (piloted, remote controlled, fixed, and rotary wing), marine assets (sea and riverine vessels), IT hardware, IT software, land-based vehicle/mobile assets (cars, trucks, motorcycles, All Terrain Vehicles), and real property (land and buildings).</p>
Construction	<p>The erection, installation, or assembly of something (e.g., new facilities, improvements, vessels, and aircrafts). Includes the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; the acquisition of a facility; or the relocation of a facility from one installation to another.</p>

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Development	<p>The systematic application of knowledge toward the production of useful materials, devices, and systems or methods that leverage the results of applied research activities. Development activities include the following: validation and demonstration of a chosen technology in laboratory, representative, and operational environments; improvement on research prototypes; integration into systems and subsystems; addressing manufacturing, producibility, and sustainability needs. and independent developmental test and evaluation.</p>
End Item	<p>An element that is ready for its intended use. Includes personal or real property, created from the final combination of Program parts and/or materials (e.g., ship, aircraft, building, structure, vehicle, etc.); multiple end items may be combined to form a new end item. Spare parts, whether classified as operating materials and supplies, held for use, held for future use, consumable, or reparable are not end items in and of themselves. In general, spare parts exist to support the regular maintenance and operability of end items.</p>
Expense	<p>Outflow or other depletion of assets or incurrences of liabilities (or a combination of both) during some period as a result of providing goods, rendering services, or carrying out other activities related to an entity's Programs and operations, the benefits from which do not extend beyond the present operating period.</p>
External-Facing Activities	<p>Activities performed by an entity to achieve a specific set of objectives, especially those objectives related to operations delivery either via interaction with other government agencies or to the public at large.</p>
Hardware	<p>Includes desktop and laptop systems, network storage, mobile devices, mainframes and servers, peripheral equipment, and IT related end-user equipment including radios.</p>
Improvement	<p>The act or process of obtaining an increase in capability and/or capacity. In a financial context, an expenditure having the effect of extending the useful life of an existing asset, increasing its normal rate of output, lowering its operating cost, increasing rather than merely maintaining its efficiency or otherwise adding to</p>

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	<p>the worth of benefits it can yield. An improvement is distinguished from repair or maintenance in that the latter have the effect of merely keeping the asset in its customary state of operating efficiency without the expectation of added future benefits.</p>
Information Technology	<p>Equipment or interconnected system or subsystem of equipment, used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, trans-operations, or reception of data or information. Includes, but is not limited to, computers, desktop computers, personal computers, laptops, handheld computers, Personal Digital Assistants, ancillary equipment, software, still images, motion pictures, multimedia presentations, and related resources.</p>
Lifecycle	<p>Series of stages through which something passes during its lifetime.</p>
Maintenance	<p>The act or process of cleaning, servicing, and/or repairing something to ensure that items are in operational condition. Includes preventive maintenance, normal repairs, replacement of parts and structural Programs, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life; excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.</p>
Operations Program	<p>Organized set of activities acting together to accomplish a specific high-level outcome external to an organization. Operations Programs are the operational processes, skills, technology, human capital, and other resources leveraged to achieve Department operations, goals, and objectives.</p>
Operationalization	<p>The process of integrating specialized equipment into new or existing assets to support ICE operations.</p>
Modification	<p>Act or process of alteration, conversion, or modernization of an end item which changes or improves the original purpose or operational capacity in relation to effectiveness, efficiency, reliability, or</p>

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	safety of that item.
Procurement	Process of obtaining of one or more end items through purchase, transfer, exchange, or other means.
Program	Group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs provide the skills, technology, human capital, and other resources to achieve Program performance goals and Department objectives and goals.
Program, Project, and Activity (PPA)	Amount specified in the appropriations, conference, report, or joint explanatory statement that limits or caps the amount of money that may be spent in a particular funding area. Understood to be the detailed funding recommendations specified in the table at the back of the conference report or joint explanatory statement. For annually appropriated accounts, OMB and agencies identify PPAs by reference to committee reports and budget justifications; for permanent appropriations, OMB and agencies identify PPAs by the Program and financing schedules that the President provides in the “Detailed Budget Estimates” in the budget sub-operations for the relevant fiscal year. Program activity structures are intended to provide a meaningful representation of the operations financed by a specific budget account – usually by project, activity, or organization.
Project	Planned undertaking of something to be accomplished or produced, or an undertaking having a finite beginning and finite end. A temporary endeavor undertaken to create a unique product, service, or result; involves the definition, acquisition, and fielding of a unique product, service or result in accordance with specified resources and requirements.
Real Property	Property that includes land, structures, and buildings; as well as anything affixed to the land; includes warehouses, office buildings, production and maintenance facilities, roads, and infrastructure (i.e., water, sewage, electrical, etc.); excludes objects that can be removed such as equipment or furnishings.
Repair	Process of restoring an object to a sound condition.



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Replacement	New thing or portion of a thing that takes the place of one being discarded.
Reprogramming	Shifting funds within an appropriation or fund account to use them for purposes other than those contemplated at the time of appropriation. While a transfer of funds involves shifting funds from one account to another, Reprogramming involves shifting funds within an account. Congressional notification is required if the proposed shifting of funds meets the statutory dollar Threshold set in the Appropriations Act.

## **Summary of Changes**

**Revision Type:** Technical/Admin

**Changes:**

- Added superseded statement [Introduction]
- Added Programs to Responsibilities [Responsibilities]
- Removed hyperlinks
- Updated policy throughout to align with the DHS FMPM Style Guide
- Added Notes and Subsection d. to Section 2-6 [Policy]
- Added Section 2-7 “Use of Appropriations in the DHS Acquisition Lifecycle Framework” [Policy]
- Added Subsection c. to Section 3.5 [Policy]
- Added Antideficiency Act [Authorities]
- Added Appendix A
- Updated glossary to include acronyms and terms used throughout the policy [Glossary]
- Added DHS language to definition of “construction” and moved “modification” [Glossary]