1. **Course Description/Overview**

Security professionals occupy a unique position within the DoD. They are highly valued for their contributions to national security; yet because of their perceived narrow focus, they are often relegated to the periphery of organizations and key decisions. Among the key decisions that drive any organization are those regarding funding of new programs and projects and the effective financial management and accounting of existing programs. Within the DoD, security professionals are further handicapped in their participation in these key decisions due to career paths that rarely take senior security professionals into the acquisition or financial management fields to acquire the necessary expertise. The career field also possesses a strong operational mission perspective that often pushes financial management and planning to a secondary concern. As a result, many of the key resource and financial decision makers for security programs are either non-security professionals or are security leaders with limited backgrounds in resource and financial management and are less prepared to compete effectively for critical security programs than are the leaders of many other mission areas.

In the commercial world, security is often viewed as an expense or cost of doing business rather than a critical element of mission success. In government, particularly in DoD there is a broad recognition of the vital contribution of security of all types and all levels to the success of the organization’s mission. Nonetheless, funding for DoD security requirements, as in the commercial world, commonly are driven more by recent or immediate perceptions of the near-term threat than by the value of an effective, stable, long term program. As a result, funding for security programs tends to fluctuate greatly depending upon the perception of the immediate threat, which makes planning, executing, and maintaining an effective and efficient security program challenging. Critical to the development of a security leader and manager is a comprehensive and practical knowledge of the DoD funding process, anticipating the flow of funds, developing funding plans and financial execution strategies, and making articulate and sound arguments to justify new programs or defend existing ones. As with so many things in life, credibility is the key. The greater the ability of the security professional to understand and compete for the increasingly scarce funding, the stronger his or her influence is within an organization towards ensuring a secure mission environment.

Accordingly, CDSE has established as a primary goal the development of future security leaders who are adept generalists across the wide range of DoD security responsibilities rather than being focused specialists. To accomplish this goal, CDSE has created a graduate program in
Defense Security Studies, with the *Budgeting and Financial Management for Security Programs* course as an important course in the overall program.

The *Budgeting and Financial Management for Security Programs* course covers the ways in which the senior security manager can apply a knowledge of DoD financial and budgeting processes across the full life cycle of a program to improve decision making, enhance financial monitoring and performance, lead and evaluate resource tradeoff decisions, articulate the return on investment of security systems and investments, comply with DoD ethics and financial management policies, and provide the greatest security value for the cost. The first half of the course establishes the context and basics of DoD financial management and budgeting and the second half of the course builds on that knowledge through application in a variety of common financial management scenarios such as security systems acquisitions, contract financial management, program budgeting and justification, and coping with change. Specifically, the course will address:

1. The principles of sound financial management
2. The DoD fiscal environment and financial and budgeting systems and processes
3. The types, colors, characteristics, life span, restrictions, and sources of “money” in a DoD context
4. Financial metrics and their application and significance to security professionals
5. DoD program financial planning
6. DoD financial systems
7. Planning for and managing the costs of security systems acquisitions
8. Contract planning and financial management
9. Program budgeting and execution
10. Coping with change
11. Case studies

This is not a “skills” training course designed to produce expert financial managers or even managers knowledgeable of the intricacies of each Service’s and Agency’s financial systems and practices. Instead, this course is designed to provide the student with a thorough grasp of the principles and techniques for sound financial planning, program justification, and budget management within the DoD environment so that he or she can quickly adapt to the unique specifics of each organization and perform security program financial management effectively.

The course will begin with a solid understanding of the principles of sound financial management as it applies to any organization, including methods for establishing and maintaining appropriate processes and metrics where they may be weak or missing. Consistent themes that will be addressed throughout the course include:

1. There is a critical need for getting ahead in order to ensure programs get the necessary visibility and are positioned to better respond to inevitable changes.
2. The knowledge and use of financial metrics for program support and change justification is essential.
3. Accurate cost estimating is a critical skill.
4. Demonstrating value is essential to program justifications.
5. Value comes from understanding what motivates and influences resource decision makers...if they don’t care, there won’t be a program
6. “Money” knowledge cannot be delegated, it is a leadership responsibility.
7. If a security manager doesn’t know the rules or how financial decisions are made, they will typically only get funding leftovers.
8. Change is a given and must be accounted and prepared for in all aspects of financial management.
9. Accurate and timely financial reporting is critical – security managers should demand it and provide it.
10. The biggest cost and financial mistakes in the acquisition of security programs and for contracted security services are made early in the acquisition process before the contracts are signed.

Because this class is designed for security professionals with varying levels of expertise in differing security disciplines, it is anticipated that the combined efforts of all class participants will stimulate discussion and the exchange of ideas while driving the learning environment. Accordingly, adequate class preparation will be required to successfully complete this course.

1.1 Credits Conferred

This course will be designed to equate to three credit hours at the graduate level.

1.2 Target Audience/Prerequisites

This course is intended for DoD civilian and military personnel who perform security leadership and management duties. It is assumed that all students will be prepared to take on graduate-level work in the security field. All students must have completed the online Defense Acquisition University Continuous Learning Module on the PPBES system found at link in PPBE (CLB 009). The course is available to anyone operating from a .mil computer. Students should submit a completion certificate by email to prior to the start of the course. Students can register to take the course through the direct link https://learn.dau.mil/html/clc/FindCourse.jsp?course_prefix=CLB&course_number=009. Students will need to have a CAC to access the course.

1.3 Student Outcomes/Objectives

This course will enable students to:

- Examine and summarize the elements and milestones of the DoD PPBES and its implications on the timing of financial and budgeting tasks at the security program level
- Assess the implications of the current DoD and Congressional budget, authorization, and appropriation process (including continuing resolutions and other financial manipulations) on security programs to include current year, budget year, and out-years
• Apply the principles of sound financial management to the evaluation of an existing
security program
• Evaluate the likelihood of a security program achieving its cost, schedule, budget
objectives
• Examine security program options for responding to a changes in the amount, timing, or
type of program/project funding
• Apply cost and program estimating techniques to plan and justify a new security
program or investment initiative
• Strategize how to identify potential sources of suitable funding to support current or
future security program requirements
• Analyze and validate common financial metrics associated with a security program
• Analyze current requirements and develop a sound, justifiable multi-year budget
• Assess the requirements and challenges of security return on investment (ROI)
measures
• Evaluate security requirements and make a recommendation on the best approach to
contract for the services/systems
• Interpret the primary ethics and compliance requirements of financial and contract
management (areas such as ethics, Federal Acquisition Regulation (FAR), contractor
relationships, and sharing of cost and pricing data, etc.)
• Distinguish and predict current and future challenges and issues in the funding of DoD
security programs (areas such as sequestration and rapidly declining budgets,
continuing resolutions, defense business transformation, cyber threats, PPBES reform,
etc.)

1.4 Delivery Method

This is a graduate-level distance-learning course in financial planning and budgeting for DoD
security programs. The course will consist of readings, prerecorded lectures and presentations,
asynchronous sessions, participation in the discussion forum, three graded case studies, one
program budget and justification submission, and a final exam.

Because this is a 3 credit hour equivalent course, the contact time over the 16 weeks should be
approximately 30 hours. A typical week will include a 30-45 minute PowerPoint lecture; it will
be followed by an online discussion forum. Generally a discussion will be based on instructor-
provided discussion question(s) with each student providing a response and then commenting
on other student inputs. This discussion format will constitute the second contact hour of
each lesson (for ten lessons).

Students should be prepared to critically discuss and debate the readings as well as analyze
them for biases and multiple perspectives. Students should also be examining how other
disciplines relate to the readings and be prepared to discuss this aspect.

Students will be expected to do research at the graduate level in this course. To provide a
substantial research capability to all students in the program, a number of internet-accessible
research sites will be sent to each student prior to the first lesson. The primary research site will be the CiteULike virtual library. Students will also receive information for signing on to approximately a dozen other research sites or databases relevant to security and defense studies; one example would be opening an account with the Defense Technical Information Center (DTIC). This will ensure that every student has more than enough resources to do the research expected in this course. The instructor may provide additional research sources or sites. Students are also encouraged to make use of library and research sources available to them in their own geographical area or through their own professional or academic networks (such as the Defense Acquisition University and NDU libraries).

1.5 General Course Requirements

Class participation is both important and required. If, due to an emergency, students are not able to respond to a discussion prompt in the week it is assigned, they must contact the instructor by e-mail and will be expected to post their response in the following week.

Weekly assignments must be posted in the Sakai CLE by 2359 on the day they are due. It is expected that assignments will be submitted on time; however, it is recognized that students occasionally have serious problems that prevent work completion. If such a dilemma arises, students should contact the instructor in a timely fashion.

1.6 Grading

The following provides an approximate breakdown of how each assignment contributes to the overall performance in the class.

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Weightage</th>
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</thead>
<tbody>
<tr>
<td>Class participation (via online discussion)</td>
<td>20%</td>
</tr>
<tr>
<td>Case study exercise (two/15 percent each)</td>
<td>30%</td>
</tr>
<tr>
<td>Budget analysis and submission project</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>20%</td>
</tr>
</tbody>
</table>

A final letter grade will be assigned in the course according to the grading scale below:

- 90% - 100% = A (Pass)
- 80% - 89% = B (Pass)
- 0% - 79% = (Does not pass)

Individual graded assignments with a score lower than 80% are acceptable; however, a student’s final grade at the end of the semester must be 80% or higher to pass the course.

Evaluation criteria for discussion question responses are listed below. *Note: The criteria laid out below are very general.*
### ASSIGNMENT EVALUATION CRITERIA

- Uses complete sentences
- Uses proper grammar structure
- Responses reflect depth of thought and critical thinking skills
- Integrates material from class/readings into responses
- Provides coherent and reasoned responses to all questions
- Integrates real world examples into responses
- Meets submission timeline

Evaluation criteria for each graded assignment aside from discussion questions, including the final exams, are listed below. Any assignment that receives a failing grade can be resubmitted within the following two weeks, but there will be no further extensions beyond this two-week period.

<table>
<thead>
<tr>
<th>Assignment Evaluation Criteria</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Content</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Did not complete assignment</td>
</tr>
<tr>
<td>Analysis and integration subject matter (readings, lecture, discussion, personal experience, etc.) is clear and convincing</td>
<td>Analysis and integration subject matter is clear and effective</td>
<td>Analysis and integration subject matter is underdeveloped</td>
<td>Analysis and integration subject matter is unsophisticated</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Did not complete assignment</td>
</tr>
<tr>
<td>Case study/exercise shows exceptionally clear organization, purpose and focus</td>
<td>Case study/exercise shows good organization, purpose and focus</td>
<td>Case study/exercise lacks clear organization, purpose and focus</td>
<td>Case study/exercise is disorganized and confusing</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grammar</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Did not complete assignment</td>
</tr>
<tr>
<td>Free of most grammatical errors</td>
<td>Some grammatical mistakes but generally shows successful grammar usage</td>
<td>Frequent grammatical errors</td>
<td>Appropriate grammatical knowledge not displayed for current language level</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1.61 **Class Participation (20%)**:  

To meet the requirement for sufficient contact time each week, there will be a combination of recorded lectures by the instructor along with online discussions by and among the students. This approach will be true for ten of the lessons. In a typical weekly lesson, the presentation will typically be 30-45 minutes long (the student can review the presentation in smaller periods if desired). The students will then be presented a few discussion questions for response to the instructor and then comment on the inputs from two other students. Each of these ten weekly online discussions is worth 20 points (on a 1000 point scale). The student response to the instructor is worth 4 or 8 points. Each comment to a fellow student is worth 3 or 6 points. The time to complete this online response/comment varies by week but is typically is 70-90 minutes.

1.62 **Case study exercises (30%)**:  

Two case studies will take place during the course at select intervals. Each case study will be worth 15% of the course or 150 points. The case studies will focus on a different aspect of financial management but will build on each other to develop an increasing depth of understanding and multiple perspectives on the decision analysis required. Students may communicate about the case study during the discussion forums, but the final submission will be individual (there will not be a “group grade”). The homework assignment ahead of this lesson will include relevant readings, but the case study portion will be working with the information and possibly additional research. The students will have received instructions about this case study in advance of the lesson. Discussion time during the weeks of the case study will be used to allow the students to ask questions of the instructor and each other to explore decision options or alternatives and request additional background if necessary. The case studies will integrate conceptual knowledge of the processes with realistic program examples and fiscal, operational, and resource constraints.
1.63 **Budget Analysis and Justification Project (30%)**:

This project will require the students to analyze a set of requirements for both systems and services and develop and justify a budget to procure, deploy and sustain the capability. The program for this class project is expected to cover multiple years and will contain an acquisition component to evaluate student understanding of cost estimating for systems, services, support, infrastructure, and program management. The project will be worth 30% of the total course grade or 300 points. Students will provide an outline and template format for the budget submission and justification much as they would by unit or agency budget or programming staffs. Outside research will be required to estimate costs of systems and services, and budget profiles and summaries will be in Microsoft Excel formats. Each program will require a formal justification that is understandable and convincing to decision makers.

1.64 **Final Exam (20%)**:

The final exam will consist of four essay questions chosen from a list of five. The questions will test the students’ ability to apply the principles sound financial management and course objectives in key areas such as financial ethics and compliance, evaluation and analysis of DoD financial metrics, preparing for and responding to potential and fact-of-life fiscal changes to a program, and the DoD fiscal environment and financial and budgeting systems and processes. Each question will be worth 5% of the course and will be worth 50 points on a 1000 point scale for the entire course.

1.65 **Course Textbooks**

The bulk of the readings for this course will draw from a variety of resources, such as authoritative readings (legislation, executive orders, policies, plans and strategies, and journals), implementation readings (PPBES primers, OSD/Service/Agency presentations on the PPBES and FM process, and other government products that are responsive to or attempt to fulfill the requirements of authoritative documents), and external reviews (from the U.S. Government Accountability Office, Congressional Research Service, or other agency or office).

Supplemental readings may be selected from the following texts:


Additional But Not Required Texts:

## Course Outline

The following table outlines the 16-week course agenda. Graded assignments are in **bold**.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Instructional Method</th>
<th>Student Assignments Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>• Course overview, grading and major assignments&lt;br&gt;• Introductions: Instructor and students&lt;br&gt;• Principles of Financial Management</td>
<td>• Reading&lt;br&gt;• Asynchronous presentation&lt;br&gt;• Discussion forum</td>
<td>• Posting of biographical sketch and a brief description of the most important knowledge they expect to learn from the course and how that might apply to their current and future positions.</td>
</tr>
<tr>
<td>2</td>
<td>• DoD Financial Environment I&lt;br&gt;  –  Process&lt;br&gt;  –  Key Players&lt;br&gt;  –  Important milestones</td>
<td>• Reading&lt;br&gt;• Asynchronous presentation&lt;br&gt;• Discussion</td>
<td>• Discussion Forum (DF) 1: Respond to instructor discussion questions and other student responses</td>
</tr>
<tr>
<td>3</td>
<td>• DoD Financial Environment II&lt;br&gt;  –  Comparing PPBE processes across Services and Defense Agencies</td>
<td>• Reading&lt;br&gt;• Asynchronous presentation&lt;br&gt;• Discussion</td>
<td>• DF 2: Students will be selected to compare/contrast two or more organizations’ approach to PPBE and draw conclusions</td>
</tr>
<tr>
<td>4</td>
<td>• DoD Financial Environment III&lt;br&gt;  –  Fiscal climate&lt;br&gt;  –  Changes/business transformation&lt;br&gt;  –  “Follow the money”</td>
<td>• Reading&lt;br&gt;• Asynchronous presentation&lt;br&gt;• Discussion</td>
<td>• DF 3: Respond to instructor discussion questions and other student responses</td>
</tr>
<tr>
<td>5</td>
<td>• Understanding “Money”&lt;br&gt;  –  Authorities and Limitations&lt;br&gt;  –  Types/restrictions&lt;br&gt;  –  Obligated/budgeted/expended&lt;br&gt;  –  Capital and revolving accounts&lt;br&gt;  –  CY/FY/BY/Future Year&lt;br&gt;  –  Inflation adjustments&lt;br&gt;  –  Review Case Study due next lesson</td>
<td>• Reading&lt;br&gt;• Asynchronous presentation&lt;br&gt;• Discussion</td>
<td>• DF 4: Respond to instructor discussion questions and other student responses</td>
</tr>
<tr>
<td>Week</td>
<td>Topic</td>
<td>Readings</td>
<td>Activities</td>
</tr>
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</tr>
</tbody>
</table>
| 6    | Financial metrics – how are we doing?  
  - Spend rates/burn rates  
  - Obligation rates  
  - Baselines  
  - Return on investment  
  - Expenditures  
  - Growth forecasting | Reading  
  Asynchronous presentation  
  Discussion | Complete and submit Case Study #1 |
| 7    | Financial Planning  
  - Assignment of responsibilities  
  - Requirements development and analysis  
  - Timing  
  - Planning horizons  
  - Scoping the plan  
  - Initial cost estimates  
  - Military/Civil service/Contractor | Reading  
  Asynchronous presentation  
  Discussion of case study responses | DF 5:  
  Review case study reports  
  Respond to instructor discussion questions and other student responses |
| 8    | Security System Acquisition I  
  - Acquisition process overview  
  - Acquisition funding  
  - FAR overview  
  - Review Case Study due next lesson | Reading  
  Asynchronous presentation  
  Discussion | DF 6: Respond to instructor discussion questions and other student responses |
| 9    | Security System Acquisition II  
  - Types of contracts and cost/risk tradeoffs  
  - Acquisition program profiles  
  - Cost estimating for security systems and services  
  - Sources and references for support | Reading  
  Asynchronous presentation | Complete and submit Case Study #2 |
| 10   | Contract Financial Management  
  - FAR responsibilities  
  - Ethics and Compliance  
  - Source selection  
  - COs and COR responsibilities  
  - CPARS  
  - Monitoring/Reporting  
  - Options  
  - Closeout | Reading  
  Asynchronous instructions and guidance  
  Discussion | DF 7:  
  Review case study reports  
  Respond to instructor discussion questions and other student responses |
<table>
<thead>
<tr>
<th>Page</th>
<th>Topics</th>
</tr>
</thead>
</table>
| 11   | - Budgeting  
- Traditional budget elements  
- Methods and selection rationale  
  (e.g. bottom up, top down, roll over, historical, zero-based budgeting)  
- Multi-year considerations  
- Management reserve  
- Inflation forecasting  
- Budget justifications  
- Review Case Study due next lesson |  
- Reading  
- Asynchronous presentation  
- Discussion |  
- DF 8: Respond to instructor discussion questions and other student responses |
| 12   | - Building an example budget  
- Review Case Study due next lesson |  
- Reading  
- Asynchronous presentation  
- Discussion |  
- DF 9: Respond to instructor discussion questions and other student responses |
| 13   | - Determining Security return on investment  
  - Difficulties  
  - Common mistakes  
  - Emerging ideas and concepts  
  - Linking ROI to your value proposition and budget justifications  
- Discuss Budget submission project |  
- Reading  
- Asynchronous presentation  
- Case study |  
- Budget Exercise preparation |
| 14   | - Coping with Change  
  - Requirements changes  
  - Program modifications/reprogramming  
  - Budget additions/subtractions  
  - Contingency planning  
  - Program execution  
  - Fallout money  
  - Program/project cancellation |  
- Reading  
- Asynchronous presentation  
- Discussion |  
- DF 10: Instructor discussion on Budget project |
| 15 | • DoD Security Program requirements and financial systems (e.g. CVAMP) | • Reading  
• Asynchronous presentation  
• Work on Budget project | • Budget Submission Project due  
• Develop budget submission during course time |
|----|------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| 16 | • Responding to GAO and other auditors  
• Course Wrap-Up and Critique | • Reading  
• Asynchronous session | • Final Exam Due |