
Major IT Project Oversight Policy

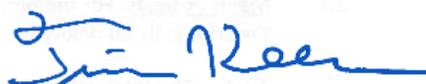
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Issued By:



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Tim Keen, Director, Office of Budget and Management

DAS Policy No:

Information Technology

IT-16

OBM Policy Title:

Major Project Funding Policy,
IT Lifecycle Funding Policy

1.0 Purpose

The purpose of this policy is to establish statewide major project oversight and project management requirements to improve the overall success rate for enterprise as well as agency-level initiatives. The requirements outlined in this policy are intended to help ensure that major projects are pre-identified, delivered on time, within budget, and that the project products are of high quality and in alignment with the agreed upon scope of the project.

This policy will help agencies better prepare major projects for planning and execution, provide independent evaluation of project progress, and support effective state information technology investment. Additionally, this policy will assist agencies in establishing project management practices that align project resources with agency mission, goals, program priorities and statutory requirements. Further, this will help establish state project management controls that will meet basic project management requirements while providing agencies with the flexibility to adapt to agency mission and processes.

2.0 Policy

As trusted stewards of taxpayer dollars and providers of critical services to citizens, Ohio agencies shall implement the major project oversight and project management requirements that are outlined within this policy.

This policy applies to both current and future projects that meet the “major project” definition. Agencies are strongly encouraged to follow similar processes even for those projects that are not designated as “major projects.”

2.1 **Major Projects:** For the purposes of this policy, any project which meets one or more of the criteria listed below shall be considered a major project.

2.1.1 The total project value is expected to exceed \$5 million dollars (or is tracking to become a project that is over five million dollars);

2.1.2 The total project value is expected to exceed \$2.5 million dollars and is determined to be high risk or high impact;

2.1.2.1 The project has an enterprise or statewide impact; involves more than one state agency, board, or commission; or is initiated by a state agency and will involve other non-state governmental entities/organizations;

2.1.2.2 The project develops, adds functionality, or re-engineers a **mission critical business process and/or application**; or

2.1.3 The project is otherwise designated as a major project or a high risk or high impact project by the Office of the Governor, or the Director of the Ohio Department of Administrative Services (DAS), or the Director of the Ohio Office of Budget and Management (OBM).

2.2 **State and Agency Requirements for Major Project Oversight:** There are two required oversight bodies for every project (refer to Figure 1 below).

Figure 1: Major Project Governance



2.2.1 **Major Projects Governance Committee:** The Office of the Governor, DAS, and OBM shall establish a Major Projects Governance Committee for major projects under the authority of Ohio Revised Code (ORC) 125.181 and ORC 126.08. The committee shall consist of a chairman designated by the Office of the Governor, the DAS Director or designee, and the OBM Director or designee. The committee shall:

2.2.1.1 Provide approval for the agency to launch the major project and monitor progress through project phases and access resources based on project performance.

2.2.1.2 Determine the appropriate course of action for major projects that do not meet progress goals; are failing to meet quality, timeliness, budgetary or functional requirements; or are not meeting expected post-implementation performance. Assist in the removal of barriers to project success and support collaboration and transparency.

2.2.1.3 Monitor major project quality and progress, identify issues, and make recommendations for major project progression or remediation.

2.2.1.4 Meet at least quarterly to discuss any issues related to investments in major projects. The committee shall meet more frequently, as needed.

2.2.2 **Agency Steering Committee:** Agencies shall establish agency steering committees for major projects. The committee shall include the agency director or designee and executives or representatives from finance, information technology, legal and affected business areas, as appropriate. Additionally, the executive sponsors and project managers for all major agency projects shall participate. Agency Steering Committees shall be created prior to the completion of the initiate phase of any major project and shall:

- Conduct major project oversight activities, which may include authorizing funding, contracting, expenditures or changes to scope, budget or timeline.
- Address major project risks and issues and provide monthly status updates to the Major Projects Governance Committee, or at major project milestones.
- Ensure appropriate project management practices (e.g., project tracking, reporting, risk monitoring and resolution, change control, and decision-making) are implemented.
- Verify the project is delivering the benefits identified in the business case.
- Meet at least monthly to discuss project progress and any identified issues.

3.0 **Agency Requirements for Major Projects:** There are six identified project phases representing four significant and distinct project periods (refer to Figure 1, Major Project Governance, for additional details).

3.1 **Agency Responsibilities:** The agency responsible for or sponsoring the major project shall adopt basic project management standards, including agency project work products and phase gate reviews as identified in Figure 1 as applicable, and will use an online, collaborative project management tool. The DAS Project Success Center provides guidance on how to build a project management practice as well as access to project management tools (<http://www.das.ohio.gov/Divisions/Information-Technology/Project-Management-Services>). To ensure transparency, the agency will provide DAS OIT and the OBM Budget Section/Value Management Office at least read access to the project management tool. Additional agency requirements may include:

3.1.1 **Business Engagement:** The executive sponsor and the project manager shall define a process for continual business engagement and ensure the process is followed.

3.1.2 **Business Process Analysis and Reengineering:** Agencies shall conduct business process analysis and reengineering (BPR) no later than the Plan phase of the

project (see also *Attachment 1: Major Project Oversight Procedures Overview*, Section 3.1).

- 3.1.3 **Defined Escalation Process:** The executive sponsor and the project manager shall define an escalation process to manage and resolve potential problems and issues as quickly as possible.
- 3.1.4 **Project Reporting:** The agency responsible for or sponsoring the major project shall provide monthly status updates to the Major Projects Governance Committee. As a major project approaches a project phase review, the Agency Steering Committee shall provide a project phase assessment to the Major Projects Governance Committee, including any missed business requirements and their impact, and when and how the missing business requirements will be implemented (enhancement or change request).
- 3.1.5 **Project Phases and Associated Funding:** The agency responsible for or sponsoring the major project shall ensure the required agency project work products and contractual deliverables are completed in alignment with the business requirements and contractual agreement. If the project does not meet phase requirements; or is failing to meet quality, timeliness, budgetary, or functional requirements, the major project will be reviewed by the Major Projects Governance Committee for continuation or remediation. Additional resources and guidance for each project phase is available at <https://obm.ohio.gov/VMO/>.
- 3.1.6 **Setting up and Reporting on a Project:** Upon starting the INITIATE phase, agencies should set up a PROJECT chart field value in OAKS to use in recording expenditures. For all financial requests, agencies must include the project chart field value with a project request to ensure OBM can identify and track expenditures. In cases where agencies anticipate a future capital project being initiated for the IT investment, the agency should consider using a project chart field formatted as capital (Cxxxx). Additionally, the agency should consider setting up a project specific track and control budget in commitment control to enforce budgetary controls over project-related spending.

4.0 Application of Major Project Oversight Procedures During Project Process: Throughout the project, information submitted by the agency will be reviewed to ensure the health of the project and likelihood (confidence) of delivery of project objectives and outcomes. Projects that fail to pass routine or phase completion evaluations may be held at a phase until major issues are resolved, be placed on hold or returned to a prior phase, undergo project triage, or be cancelled. The project will be evaluated on the following factors:

- 4.1 **Constraints:** Time, budget, scope/ outcomes.
- 4.2 **Compliance with Major Project Oversight:** Adhering to project management requirements, meeting established milestones, exercising change control, using the steering committee to make key decisions, and completing key agency project work products within quality expectations.

4.3 **Overall Project Health:** Positive performance against known project failure points, delivery confidence is yellow or above, status reports are accurate and timely.

5.0 Authority

ORC 125.18
ORC 126.08

6.0 Revision History

| Date | Description of Change |
|------------|--------------------------|
| 06/01/2018 | Original policy. |
| 06/01/2021 | Scheduled policy review. |

7.0 Inquiries

Direct inquiries about this policy to:

| | |
|--|--|
| State IT Policy Manager Enterprise IT Architecture & Policy Office of Information Technology Ohio Department of Administrative Services 30 East Broad Street, 39th Floor Columbus, Ohio 43215 614-466-6930 DAS.State.ITPolicy.Manager@das.ohio.gov | Value Management Office Budget Section Office of Budget and Management Ohio Department of Budget and Management 30 East Broad Street, 34th Floor Columbus, Ohio 43215 614-466-6674 ValueManagement@ohio.gov |
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State of Ohio Administrative Policies may be found online at
www.das.ohio.gov/forStateAgencies/Policies.aspx

8.0 Attachments

Attachment 1: Major Project Oversight – Phase Overview

Appendix A - Definitions

- a. Mission Critical Application and/or Business Process. This is an application, system, or business process which allows the state to perform its core business functions. If it is not operable on an ongoing basis then it will cause the state to experience “mission failure” or in other words it would expose the state to tremendous risk and liability by not having the ability to provide key business functions to its employees, citizens, and customers.

- b. Business Requirements: Business requirements are a condition or capability that is required to be present in a product, service, or result to satisfy a contract or other formally imposed specification.

- c. Agency Project Work Product or Contractual Deliverable: An agency project work product (shown in Figure 1) or deliverable is a unique and verifiable product, result, or capability to perform a service that is required to be produced to complete a process, phase, or project. It is produced by a project team, team member, contractor, or consultant in accordance with the terms of their requirements or contract.

Appendix B - Resources

| Document Name |
|--|
| <i>Enterprise IT Architecture Principles.</i> http://www.das.ohio.gov/Portals/0/DASDivisions/InformationTechnology/IG/pdf/State%20of%20Ohio%20-%20Enterprise%20Architecture%20Principles.pdf May 2015. |
| <i>Value Management Framework</i> https://obm.ohio.gov/VMO/ |

Attachment 1: Major Project Oversight - Phase Overview

This section summarizes the project phases related to major projects, project work products and status reporting. Additional resources and guidance for each project phase is available at <https://obm.ohio.gov/VMO/>.

1.0 Project Identification and Definition (Phase 0: Concept): Project identification and definition is performed prior to any significant investment. The following activities are performed as part of this phase:

1.1 Business and Technology Project Inventory and Planning: To ensure timely support and improved enterprise coordination for major projects, agencies shall submit an inventory of business transformation and technology projects as well as quarterly updates via the state's Enterprise Planning Portfolio (EPP) tool.

Projects will be reviewed by DAS OIT and OBM for preparedness, risk, and similarity. DAS OIT and OBM may make project support or cross-agency collaboration recommendations.

Projects will be identified through this process for ongoing review/monitoring by the Major Projects Governance Committee.

1.2 Strategic Information Technology Budgeting (Related Annual Activity): On an annual basis, agencies will submit to OBM, as part of the biennial operating and capital budget processes, a rolling three-year strategic IT budget detailing, operational and project costs.

1.3 Major Project Funding Requests: Agencies looking to pursue major projects must appropriately plan for and disclose these projects in their annual Strategic IT Budget. Upon seeking funding, agencies should submit to the Major Projects Governance Committee and the OBM Budget Section the project work products for the Concept and Initiate phases.

1.4 Selection of an Executive Sponsor and a Project Manager: Selection of both an executive sponsor and a strong project manager is critical to the success of a major project. An Organizational Change Manager should be, at a minimum, consulted during project definition and added to the project management team in the initiate phase.

1.4.1 The executive sponsor shall:

- Possess the appropriate experience and authority to represent and commit the agency as well as the business' interests and needs throughout the project;
- Be an executive or senior leader within the organization to provide the authority and credibility needed;

- Represent his or her project at the agency steering committee and/or lead the project steering committee, and represent the project to the Major Project Governance Committee.
- Remain an active and visible participant in the project; responsible for ownership, project success, oversight, and resources; and
- Drive timely decision-making, change management, and issue resolution.

1.4.2 The project manager shall:

- Report to the executive sponsor and provide timely and accurate information to the sponsor and agency/project steering committee.
- Have work experience that is similar to the scope, size, and complexity of the major project;
- Be highly organized, an effective communicator, be detail oriented, a good delegator, and recognize and facilitate the resolution of issues quickly;
- Possess the appropriate level of authority and access within the agency;
- Understand scope, impacts, and importance to the agency;
- Remain available and committed throughout the duration of the project; and
- Understand the procedures for major project escalation and change control.

1.5 **Business Case Development**: The executive sponsor responsible for the major project shall establish a business case, prior to project initiation. The business case addresses the following elements, as applicable:

- The business need. (Why is this project necessary and what would be the impact if the project is not pursued?)
- General project description, including key objectives, goals, benefits and outcomes.
- Evaluation of the approaches taken by other states, including their lessons learned, if applicable.
- Identification and implementation of lean process improvements for existing and new processes.
- Project goals and desired outcomes.
- Estimated project cost and total cost of ownership (rough order of magnitude +/- 50%).

- Estimated timeline.
 - High level benefits.
- 1.6 **Agency Readiness Assessment:** The agency conducts and documents an overall organizational readiness assessment, which includes business and operational readiness; change readiness, including organizational change management and communications plan; impacts to customers, employees and any other stakeholders, both internal and external, including other agencies impacted by this initiative; and identification and evaluation of the resources required to support, maintain and operate the resulting service or system following project implementation.
- 1.7 **Project Classification Assessment:** The agency conducts and documents a Project Classification assessment, either through the VMO-provided tool or through the Enterprise Planning Portfolio. This evaluates the relative risk of the project. The classification assessment helps the agency and Major Project Governance Committee determine the potential level of monitoring for the project.
- 1.8 **Initial Market Research:** The agency conducts research into how other organizations and states may have addressed the business problem (through changes in process or technology), along with options, the duration of the transformation, and relative costs and include this information in the business case. This may include using a request for information, professional association contacts or research resources, such as Gartner.
- 2.0 Phase 1: Initiate:** During the very early phases of the project, agencies should complete the project expenditure and cash flow summaries, including approximate costs by phase (+/-20%) and provide this information to DAS OIT and OBM. Furthermore, the agency shall ensure the following activities are completed prior to phase completion review:
- 2.1 **Refine the Business Case:** to include resource estimates and cash flow summaries.
- 2.2 **Steering Committee Reference:** to document (or update for a specific project) steering committee membership, procedures and roles and responsibilities.
- 2.3 **Project Charter:** formally providing authority to the project manager to conduct a project within scope, quality, time, cost, and resource constraints as described in the document.
- 2.4 **Risk Analysis (and Consideration of Dependencies, Constraints and Assumptions):** to identify both internal and external risks that are likely to affect the project and document the characteristics of each risk.
- 2.5 **Draft Project Plan:** Agencies draft an initial project plan using known factors about the project and a standard project plan template.¹ The plan will include a work breakdown structure (WBS) and critical path or agile equivalent documentation. The project plan shall

¹ Available in the State of Ohio WorkFront software or at <https://obm.ohio.gov/Doc/VMO/Templates/3%20Initiate/7%20Project%20Plan%20Template.xls>

be maintained in an online project management tool to allow collaboration with the Major Project Governance Committee. Additionally, resource estimates should be completed and updated in the business case.

- 2.6 **Status Reporting:** Agencies create and maintain a monthly status report. Elements of the status report may include a project description; overall project status (e.g., green, yellow, red); schedule variance; budget variance; milestone status; accomplishments; elevated issues, risks, and anticipated steps for remediation; and change orders (including no cost change orders that alter scope or timeline, and cost-related change orders, which impact the project budget).

3.0 Phase 2: Plan: This phase includes project planning and steps performed prior to the development of a procurement vehicle, if applicable. During the plan phase, the agency continues to update its resource estimates, reducing the Rough order of Magnitude to +/- 20%; updates/finalizes its project plan, schedule and WBS, and ensures the following activities are completed prior to phase completion review:

- 3.1 **Current and Future State Analyses, Business Process Reengineering:** Agencies apply a business process reengineering (BPR) evaluation, which documents the current processes and business needs, and identifies where possible waste, redundancy, and inefficiency may exist. Additionally, the agency shall map the desired future state and identify gaps as part of the planning process. The BPR process validates the project direction, including creating strategic, process, technical, and organizational views to assist in streamlining the business and operational processes prior to defining requirements. Additionally, the BPR process analysis must include integration/handoffs with other agencies or systems.

- 3.2 **Defined Outcomes, Project Deliverables or Requirements:** Prior to the development of a competitive procurement (whether developed in-house or with DAS OIT) or the award of a contract, the agency responsible for the major project defines the associated business, technology, policy, and human capital requirements to achieve the desired future state.

Business requirements grow out of the project vision, which in turn, is driven by the agency mission, or business goals and objectives. Whenever possible, agencies should consider using defined outcomes as an approach to address business requirements (start with the end in mind) and tie these desired outcomes to performance contracting. Requirements development shall address the following elements, as applicable:

- 3.2.1 Think broadly. Assign staff to the requirements development effort who have a broad knowledge of the agency in which requirements are being developed (whether for a system, service, or the enterprise), who add value, and who may be able to identify cost-effective solutions (e.g., process changes).
- 3.2.2 Understand any existing or future relationships and interfaces with other systems.

3.2.3 Map requirements to the expected business benefits and factor expected benefits into solution design.

3.2.4 Ensure that legacy system requirements do not drive the requirements definition process.

3.3 **Market Research and Analysis of Alternatives:** Agencies conduct targeted market research to identify and analyze the market competition. Additionally, agencies conduct an analysis of alternatives to break down the business problem and generate different solutions and approaches to evaluate the impact of trade-offs. Various alternatives are often based on the results of the market research.

3.4 **Acquisition Plan and RFX Development (as appropriate):** Agencies complete the acquisition plan/sourcing strategy and document estimated cost, schedule, technical, business, management, and other considerations and submit the plan to its steering committee for review. The steering committee, upon its approval, submits the plan to the Major Projects Governance Committee. Once the acquisition plan is approved by the Major Project Governance Committee, the agency, in consultation with DAS, develops the procurement documents (RFX) in accordance with state and agency policy and statutory requirements. Prior to allotting capital or operating funds for the Execute phase, OBM will review the costs and contractual deliverables included in the final contract.

4.0 Phase 3: Execute: This phase covers the design, build, and implementation phases of the project, and is generally the phase with the largest effort and cost. The previous phases were about setting the project up for success, and this phase is about ensuring the development of a product that will lead to project success. During this phase, agencies will usually encounter the most significant project costs. Post-sourcing, estimated costs should be +/- 10% and during design and build, change orders are used to manage changes to cost, scope, and/or schedule. Agencies complete and document the following prior to phase completion review:

4.1 **Execute Phase Spending Plan:** Agencies submit an execute phase spending plan to OBM as reference for budget and milestone progress when the agency is requesting releases of funds.

Any change orders representing individually or in total +10% of the project budget must be accompanied by an impact analysis prior to approval to raise the ceiling on available allocations or appropriations. Agencies may be required to undergo periodic “gate” reviews to ensure adequate progress against milestones for the money spent.

Prior to any final project payments to a contractor, agencies will provide the Major Project Governance Committee with a summary of the implementation status, any defects and severity, and operating impact of the new technology or business solution. This implementation summary serves to validate that the investment has obtained the product or outcome embodied in the original contract.

4.2 **Implementation Plan:** Agencies complete an implementation plan defining how the system under development will be implemented in the target environment. As a

component of the implementation plan, the business unit updates its policies and procedures and other documentation for internal and external use.

- 4.3 **Testing and Solution Readiness:** Agencies complete rigorous testing using appropriate technical resources and members of the business and/or stakeholders, as they are most familiar with the work that needs to be accomplished within the new system.
 - 4.4 **Go-live Readiness:** Agencies identify the key activities and milestones that must be complete in advance of go-live. Additionally, the agency completes a transition to operations review. Progress through the Execute phase is contingent on sponsor and business owner approval. A “Go/No Go” meeting is convened with the agency steering committee to ensure agency readiness and final business acceptance. If the agency approves a “go” decision, the Major Project Governance Committee should be alerted to the decision in the agency’s routine status reporting. The status report announcing planned “go live” should be accompanied by the “go live” agency project work products for review.
- 5.0 Phase 4/5: Monitor, Control and Close:** This phase of the project occurs after the successful implementation of the project and covers ongoing support, maintenance, and operations. Once the business solution reaches steady state (full adoption) the agency should include the run costs as part of its standard operating expense.
- 5.1 **Post-implementation Monitoring and Reporting:** The agency responsible for or sponsoring the major project shall monitor the development of the project in attaining project goals and outcomes through its steering committee and provide the Major Projects Governance Committee progress reports on goal and outcome achievement for a minimum of one year post-implementation. In instances where the project is not yielding the desired results, the agency shall provide a corrective action plan to the Major Projects Governance Committee.
 - 5.2 **Post Implementation Evaluation and Lessons Learned:** The agency shall also participate in a post implementation evaluation to determine the strengths and lessons learned during the project.