

5 FAM 1040 INFORMATION TECHNOLOGY (IT) CAPITAL INVESTMENT PLANNING PROCESS

(TL:IM-30; 01-23-2001)

5 FAM 1041 GENERAL POLICY

(TL:IM-30; 01-23-2001)

As required by the Clinger-Cohen Act, 40 U.S.C. Section 1422, et. seq., the Department must employ a process for maximizing the value, and assessing and managing the risks of information technology capital investments. The process must provide for the selection, management and evaluation of IT capital investments; be integrated with the Department's processes for budget, financial and program management decisions; and include minimum criteria to be applied in considering whether to undertake a particular investment.

5 FAM 1042 IT CAPITAL INVESTMENT PLANNING PROCESS (SELECTION PHASE)

(TL:IM-30; 01-23-2001)

The Department's IT capital investments funded from the IT Central Investment Fund (CIF) are planned and managed through the Information Technology Program Board (ITPB), with support from the Technical Review Advisory Group (TRAG), and the Management Review Advisory Group (MRAG).

5 FAM 1042.1 IT Investment Decision Criteria

(TL:IM-30; 01-23-2001)

OMB Memorandum M-97-02, "Funding Information Systems Investments" lists eight decision criteria for funding IT projects. The criteria, known as "Raines' Rules" after the OMB Director who formulated them, are to be implemented as policy by all federal agencies. They are as follows:

(1) Investments in major information systems proposed for funding by the Department must support core or mission-critical functions that need to be performed by the Department.

(2) Investments must be undertaken because no alternative private sector or governmental source can efficiently support the function.

(3) Investments must support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology.

(4) Investments must demonstrate a projected return-on-investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures defined in the Government Performance and Results Act of 1993; reduced cost; increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the project's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under or non-performance.

(5) Investments must be consistent with Federal, Department, and bureau information architectures, which: integrate agency work processes and information flows with technology to achieve the Department's strategic goals; reflect the Department's technology visions; and, specify standards that enable information exchange and resource sharing, while retaining flexibility in the choice of suppliers and in the design of local work processes;

(6) Investments must reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall project; using fully tested pilots, simulations, or prototype implementations before going to production; establishing clear measures and accountability for project progress; and, securing substantial involvement and buy-in throughout the project from the program officials who will use the system;

(7) Investments must be implemented in discrete, successive segments as narrow in scope and brief in duration as practicable, so that each segment solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments; and

(8) Investments must employ an acquisition strategy that appropriately allocates risk between government and contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology.

5 FAM 1042.2 Information Technology Program Board (ITPB)

(TL:IM-30; 01-23-2001)

a. The ITPB is a capital investment board that reviews Information technology projects that compete for funding from the Department's Information Technology Central Fund.

b. The ITPB recommends IT Central Fund allocations for projects that fall within one of the following categories:

- Urgent/compelling items;
- IT infrastructure requirements;
- Corporate systems requirements; and
- IT strategic goals and objectives support.

c. Specific functions of the ITPB include:

(1) Approving and issuing the IT Strategic Plan, ensuring that it is supportive of the U.S. Department of State Strategic Plan;

(2) Approving Department of State budget requests to OMB for IT resources, ensuring that initiatives being undertaken are consistent with the IT Strategic Plan;

(3) Allocating available IT resources on the basis of sound management and investment practices, i.e., the furtherance of Department of State missions, favorable returns on investments, and the ability of IT project groups to make effective use of resources; and

(4) Approving and issuing Department of State capital management procedures for initiating IT projects, implementing IT systems, and evaluating the cost and effectiveness of those systems over their entire life-cycles.

d. The membership of the ITPB includes the Under Secretary for Management (M) who serves as the Chairperson. The Chief Information Officer (CIO) serves as the Deputy Chair. The membership of the ITPB includes the Chief Financial Officer (CFO), the Assistant Secretary for Administration, and representatives from regional and functional bureaus. The members are usually at the assistant secretary level. The membership of the board was established in the ITPB charter, which was approved by the Under Secretary for Management.

e. Project managers must prepare a project plan. They may be asked to present their project in person to the board, if requested by the board or if their project has been considered significant by the ITPB.

f. The ITPB has no full-time staff. Staff members of FMP/BP and IRM/APR/IAP/PL provide the necessary support.

g. The ITPB depends on the Management Review Advisory Group (MRAG) and Technical Review Advisory Group (TRAG) for preliminary evaluation of IT issues, projects, and budget matters.

5 FAM 1042.2-1 Operating Procedures for ITPB

(TL:IM-30; 01-23-2001)

The operating procedures for the ITPB include the following:

- (1) Recommendations of the ITPB are based upon majority rule voting,
- (2) The Chair of the ITPB votes only in case of a tie,
- (3) Only ITPB members or alternates designated by absent members are allowed to vote; and
- (4) ITPB recommendations shall be presented to the Under Secretary for Management in the form of a decision memorandum.

5 FAM 1042.2-2 Schedules and Deadlines

(TL:IM-30; 01-23-2001)

The ITPB meets at least three times each year: once to review and approve the Department's IT budget request to OMB, and at least two times to allocate funds for IT projects and systems. These ITPB meetings and any ad hoc meetings required, will be scheduled by the Under Secretary for Management. The time and place of ITPB meetings shall be announced at least one week in advance. Meeting announcements will be accompanied by an agenda and background project documentation for the projects to be considered.

5 FAM 1042.2-3 Written Presentation

(TL:IM-30; 01-23-2001)

a. Presentations to the ITPB will follow a standardized format to ensure the fairest comparisons. The bureaus will be notified, in advance by the ITPB support staff as to what written materials will be required and the appropriate format for the materials. The required information for new projects will be more extensive than that for existing projects.

b. New projects are those that have not been approved and funded by a previous board.

c. Project managers will be notified as to what information is required for projects approved and funded by previous boards but that need additional funding to continue.

d. The project manager will submit the written information two weeks prior to the ITPB sessions so ITPB representatives have sufficient time to examine project proposals. As requested by the ITPB, the project manager may need to present the proposal in person before the ITPB and answer any questions board members may have.

5 FAM 1042.3 Technical Review Advisory Group (TRAG)

(TL:IM-30; 01-23-2001)

a. The TRAG has responsibility for conducting technical reviews of all significant IT activities that are competing for funding and other Departmental resources. The primary focus of the TRAG is to review all new IT initiatives and to evaluate ongoing projects that have changed significantly in terms of scope, amount of funds requested, or milestones and/or control gates. The TRAG does the majority of its work based on the approved IT Strategic Plan, IT architectures, and project assessments that flow from a thorough understanding of the technical and information requirements of the business processes being supported by the IT initiative. The TRAG board members may ask questions to determine whether the project is on schedule, within budget and scope, and understand the nature of the funding request. In addition, the TRAG and the MRAG work together to provide integrated summaries of their findings and recommendations to the ITPB.

b. Specific functions of the TRAG are:

(1) Conducting a preliminary screening of individual IT projects to evaluate their technical feasibility; technical risk; compliance with architectural and security standards; impact on network and operational capabilities; and relationship to other on-going and proposed projects;

(2) Detecting omissions, shortfalls, and gaps in on-going and proposed IT projects that might prevent the Department from achieving its IT strategic objectives;

(3) Recommending changes and additional technical refinements, when appropriate, to strengthen project plans;

(4) Scoring and ranking individual IT projects on the basis of such criteria as anticipated life span of the project; benefit cost analysis; return on investment; technical risk; alignment with the technical architectures; and capability to support enterprise wide IT plans;

(5) Consulting with the Department's IT Configuration Control Board (CCB);

(6) Approving the IT portion of the Agency Capital Plan. (The IT Tactical Plan serves as the IT portion of the Agency Capital Plan.);

(7) Monitoring, on a periodic basis, the implementation of approved IT development projects, ensuring that milestones are met, resources are well managed, pilot tests are successfully completed, adequate training is provided, and that systems are ready to be deployed operationally (The IT Tactical Plan will be updated as a result of this process.);

(8) Monitoring, on a periodic basis, operational IT systems, evaluating their continuing effectiveness in meeting planned objectives and adherence to technical standards; and

(9) Taking steps to address IT problem areas directly or, if the situation warrants, bringing them to the attention of the ITPB.

c. The TRAG provides summarized reports and recommendations to the ITPB regarding funding allocations, budget requests, and significant issues that require top management attention. The CFO, CIO, and Assistant Secretary for Administration finalize the rank order listing of IT projects for presentation to the ITPB.

d. The Deputy Chief Information Officer for Architecture, Planning and Regulations (IRM/APR) serves as Chair of the TRAG. Members of the TRAG possess technical and/or management expertise appropriate to the project(s) being reviewed. Detailed information on membership in the TRAG are contained in its charter. As the situation warrants, the TRAG may include, as adjunct members, technical experts and experienced program managers from U.S. government agencies and consulting firms.

e. The TRAG has no full-time support staff. Staff members of IRM/APR/IAP/PL provide administrative support to the TRAG.

f. The TRAG meets, as necessary, to review the status of IT projects, hear presentations of project managers, discuss development project milestones and schedules, and evaluate the effectiveness of operational IT systems. The TRAG chair schedules and announces meetings.

5 FAM 1042.4 Management Review Advisory Group (MRAG)

(TL:IM-30; 01-23-2001)

a. The MRAG is comprised of Departmental representatives who advise the senior-level ITPB on the business and investment merits of the Department's major projects and activities. The MRAG works closely with the TRAG, which evaluates the technical merits of those same IT projects and activities.

b. The MRAG has responsibility for conducting investment and business reviews of all significant IT activities and for making priority judgments on the relative business merits of IT activities that are competing for funding and other Departmental resources.

c. Specific functions of the MRAG are:

(1) Evaluating individual IT project proposals on the basis of their potential contributions to the Department's Strategic Plan and annual performance plans;

(2) Assessing the extent to which existing IT capital assets are supporting the IT strategic goals and objectives, identifying functional and business gaps, and recommending a prioritized listing of IT projects to the ITPB;

(3) Reviewing and approving detailed functional requirements for capital asset options, ensuring that these requirements are defined not in terms of equipment or software, but in terms of mission, purpose, capability, departmental components involved, schedule and cost objectives, and management capacity;

(4) Ensuring that (a) the IT functions to be supported are mission critical; (b) no other U.S. Governmental or private entity can do them better; and (c) the underlying business processes have been reengineered to optimize performance at the lowest cost before IT capital assets are authorized;

(5) Monitoring operational IT systems on a periodic basis, and evaluating their continuing effectiveness in meeting current business needs;

(6) Scoring and ranking individual IT projects on the basis of such criteria as projected funding requirements, business impact and mission effectiveness, customer needs, soundness of benefit-cost analysis, organizational impact, and expected improvements to be achieved; and

(7) Approving the IT portion of the annual Agency Capital Plan. (The IT Tactical Plan serves as the IT portion of the Agency Capital Plan.)

d. The MRAG provides summarized reports and recommendations to the ITPB regarding IT funding allocations, budget requests, and significant IT issues that require top management attention. The CFO, CIO, and Assistant Secretary for Administration finalize the rank order listing of IT projects for presentation to the ITPB.

e. The Deputy Assistant Secretary for Budget and Planning (FMP/BP) serves as the Chair of the MRAG. Members of the MRAG include representatives of regional bureaus, functional bureaus, the A Bureau (Acquisitions); IRM (customer support); and FMP/BP.

f. The MRAG has no full-time staff. Staff members of FMP/BP support the MRAG.

g. The MRAG does not have a regular meeting schedule, but is called together by the Chair, as the need arises.

5 FAM 1043 IT CAPITAL INVESTMENT PLANNING PROCESS (CONTROL PHASE)

(TL:IM-30; 01-23-2001)

a. The control phase is initiated once an IT investment has been selected. In the control phase, the IT investments are monitored by IRM/APR/IAP/PL during the development or acquisition, deployment, and operational stages of the project's life cycle, ending with the decommissioning and disposal of the asset. See 5 FAM 624 for more information on the IT project cycle. IT project managers will provide periodic updates to IRM/APR/IAP/PL for the investment returns, initiative alignment to the strategic objectives, business goals and architectures to the Department during the life of the project.

b. The schedule for reviewing projects will be published at a later date. IRM/APR/IAP/PL will notify the project management responsible for specific projects at least four weeks prior to the date of the review. IRM/APR/IAP/PL retains the authority to hold interim project reviews when necessary or appropriate. The IT project manager is the individual responsible for providing IRM/APR/IAP/PL updated information for input into the IT Tactical Plan (see 5 FAM 1030).

5 FAM 1044 IT CAPITAL INVESTMENT PLANNING PROCESS (EVALUATION PHASE)

5 FAM 1044.1 Post Implementation Review

(TL:IM-30; 01-23-2001)

As required by OMB Circular A-130 [Section 8b(1)(d)], the Department will conduct post-implementation reviews of IT projects in order to validate project benefits to the Department and to document the improved management practices deriving from the IT implementation. The Department will undertake an evaluation of each information system following its transition to operational status to ensure that the project has met the needs for which it was undertaken. The review will validate the projected cos and/or benefit advantages, changes in practices, return on investment, and improvements in operational effectiveness. These post-implementation reviews will serve as the basis for improving Department wide management practices. IRM/APR/IAP/PL will schedule post implementation reviews, as needed, following project completion.

5 FAM 1045 THROUGH 1049 UNASSIGNED