

IT POLICY LETTER

SUBJECT: INFORMATION TECHNOLOGY CAPITAL PLAN INSTRUCTIONS AND TEMPLATES FOR 2011-12 EMPHASIS: Five Year Planning and Funding Source Identification for Information Technology Projects	NUMBER: ITPL 11-06 DATE ISSUED: AUGUST 31, 2011 EXPIRES: Until Rescinded
REFERENCES: Government Code Section 11545 State Administrative Manual Sections 4819.3, 4819.31.4, 4819.32.3, 4819.35, 4819.37, 4819.38, 4819.39, and 4904 Management Memo 08-07 Statewide Information Management Manual Section 57	ISSUING AGENCY: CALIFORNIA TECHNOLOGY AGENCY

DISTRIBUTION Agency Secretaries
Agency Chief Information Officers
Department Directors
Department Chief Information Officers

PURPOSE The purpose of this Information Technology Policy Letter (ITPL) is to:

- Provide information concerning the preparation and submittal of Agency¹ and Department Information Technology Capital Plans (Individual Plans) to the California Technology Agency (Technology Agency).
- Clarify state policy concerning submittal of Information Technology Project Conceptual Proposals (IT Project Concepts) to the Technology Agency.
- Remind state departments of the reporting requirements for certain categories of telecommunications equipment used exclusively for voice and video communications.

BACKGROUND Within the authority of Government Code Section 11545, the Technology Agency has responsibility and authority for the establishment and enforcement of state information technology (IT) in California Government. This includes establishing and enforcing state IT policies regarding the approval of IT projects as stated in the State Administrative Manual (SAM) Section 4819.3.

On June 30, 2008, Management Memo 08-07 was released, which added the IT Five Year Capital Planning requirements to the SAM Sections

¹ When capitalized, the term “Agency” refers to one of the state’s super Agencies such as the State and Consumer Services Agency or the Health and Human Services Agency. When used in lower case, the term “agency” refers to any office department, board, bureau, commission or other organizational entity within state government. Within this ITPL, “agency” and “department” are used interchangeably.

4819.31 and 4904.

The Individual Plans submitted by Agencies and departments will be used to develop the Statewide IT Capital Plan (2012 Statewide Plan) to present a five-year view of the state's technology projects and initiatives. Completed Individual Plans must be submitted to the Technology Agency by the third Monday in October (October 17 for 2011-12).

POLICY

Agencies and departments develop IT Project Concepts for submittal to the Technology Agency prior to the development of a Feasibility Study Report (FSR). FSRs are prepared in accordance with the SAM Section 4819.35, and include the following types of IT Project approvals:

- IT Projects approved by the Technology Agency in accordance with SAM Section 4819.37 (i.e., Technology Agency approved FSRs; also known as "reportable projects").
- IT Project delegations approved by the Technology Agency in accordance with SAM Sections 4819.37 and 4819.38 (i.e., Technology Agency approved FSR–Reporting Exemption Requests; also known as "delegated projects").
- IT Projects approved by the department in accordance with SAM Section 4819.39 [i.e., IT Projects with development costs equal to or less than the department's Delegated Cost Threshold (DCT) also known as "non-reportable projects" or "non-reportable delegated projects").

The SAM Sections 4819.35, 4819.37, 4819.38 and 4819.39 remain unchanged. In addition, the IT Capital Planning requirements included in SAM Section 4819.31.4, and the telecommunications equipment exclusions included in SAM Section 4819.32.3 also remain unchanged. Excerpts of the SAM Sections previously referenced are included for informational purposes as Attachment A.

Departments are reminded that an IT Project Concept must be submitted to the Technology Agency prior to the development of an FSR. The Technology Agency does not consider efforts within the IT Project Concept phase to be reportable, delegated, or non-reportable. Rather, reporting requirements are determined during progressive elaboration as the FSR is being developed.

For IT Project Concepts that are anticipated to be non-reportable projects, Technology Agency approval is not required in order to prepare an FSR. However, if warranted, the Technology Agency may provide alternate direction to the department if an IT Project Concept anticipated to become a non-reportable project appears to exhibit one or more of the following aspects:

- Conflicts with state enterprise direction, e.g. consolidation, architecture, or security.
 - Duplicates existing systems/functionality or otherwise presents a logical opportunity to collaborate with other organizations.
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**CHANGES AND
CLARIFICATIONS
FOR 2011-12**

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- Exceeds the organizational capacity to successfully complete the project in the time frames planned.
 - Understates the scope, schedule, and/or costs needed to successfully complete the project.
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The Segment One IT Project Concept Proposals and Segment Two IT Project Summary Worksheets located, respectively, in the Statewide Information Management Manual (SIMM) Sections 57A and 57B have been updated to include the following changes and additions for 2011-12:

- Grayed-out fields containing pre-populated IT Project Concept and IT Project information have been added that must not be altered or changed.
- The Strategic Plan Goals have been changed from six to three, consistent with the changes in the *2011 Update to the California IT Strategic Plan*. Departments must update the Summary Worksheets to indicate the Strategic Plan Goal(s) that correspond to the IT Project Concepts and IT Projects.
- A “Project Number” field has been added to the Segment One Summary Worksheet. Existing IT Project Concepts approved by the Technology Agency will now include a Project Number assigned by the Technology Agency. The Project Number is used for tracking purposes and is not an indication of approval by the Technology Agency.

In addition, the Technology Agency has assigned Project Numbers for IT Projects listed in the Segment Two IT Project Summary Worksheets for all IT Projects. This includes IT Projects developed within a department’s DCT in accordance with SAM Section 4819.39.

- The date range for Segment Two IT Project Information has been advanced by one year. IT projects developed within the DCT that are active between January 1, 2011 through June 30, 2017, and beyond, as applicable, should be included. Previously, the date range was January 1, 2010 through January 30, 2016.

Note: Information from the Summary Worksheets will be auto-loaded into the Technology Agency’s portfolio management tool. Accordingly, departments must not alter or change the pre-populated information within fields that have been grayed-out. In addition, departments must not alter or change cell formats, change drop-down box narrative, or add or delete columns within the remaining portions of the worksheets.

Summary Worksheets submitted to the Technology Agency with missing data or with changes or alterations previously discussed will be returned for correction and resubmission.

Departments are reminded that IT Project Concept and other IT Project information are uploaded to the Technology Agency Website.

STATE ADMINISTRATIVE MANUAL EXCERPTS**4819.31 BASIC POLICY
(Revised 06/11)**

Each state agency is required to:

4. Prepare annually an IT Capital Plan for long-term planning of the State's strategic IT investments. See SAM Section 4904.

**4819.32 EXCLUSIONS
(Revised 03/11)**

For purposes of the IT Project Submittal and Approval Policy, the following are excluded from State Administrative Manual (SAM) Section 4819.3, which defines State information management authority and responsibility for IT projects:

3. Acquisition of telecommunications equipment used exclusively for voice or video communications are excluded from SAM Section 4819.3. This exclusion does not apply to:
 - a. Voice systems that include the use of interactive databases.
 - b. Videoconferencing systems that include the transmission of sensitive data or the use of interactive databases.

**4819.35 FEASIBILITY STUDY REPORT
(Revised 03/11)**

1. The mechanism for approving information technology projects is the Feasibility Study Report (FSR). The FSR establishes the business case for investment of state resources in the project by setting out the reasons for undertaking the project and analyzing its costs and benefits.
2. An FSR, prepared in accordance with SAM Section 4928, must be approved for every information technology project prior to the encumbrance or expenditure of funds on the project, including the use of staff resources, beyond the feasibility study stage. The only exceptions to this requirement is that the feasibility studies for projects whose costs fall below a specified level may be documented by means of a Project Summary Package (see SAM Section 4930 and SIMM Section 20). Agencies are required to follow the SIMM Section 20 instructions for preparing and submitting the FSR.
3. If, during project development or implementation, the agency finds that program requirements cannot be adequately satisfied by the course of action described in the approved FSR and that an alternative course of action is more appropriate, a Special Project Report (SPR) (SAM Sections 4945-4945.2 and SIMM Section 30) shall be prepared. No encumbrance or expenditure of funds, including the use of staff resources, shall be made to implement such change or alternative course of action until approval has been received from the Technology Agency, or from the agency director if the Technology Agency has delegated approval of the project to the director and the project remains within the limitations of the agency's delegated authority. SPRs that must be submitted to the Technology Agency must be transmitted within 30 days after

recognition of the situation that necessitates preparation of the SPR. Agencies are required to follow the SIMM Section 30 instructions for preparing and submitting the SPR.

4. Projects subject to approval by the Technology Agency (non-delegated projects) require submission of an FSR to the Technology Agency and to the Office of the Legislative Analyst. In addition, the FSR must be submitted to the Department of General Services when the contract total exceeds the agency's delegated purchasing authority. See SIMM Section 20.
5. The DGS is responsible for policies and processes for IT procurement. For projects reportable to the Technology Agency, state agencies must submit FSRs that include the proposed IT procurement strategy. Prior to submission of the FSR for the Technology Agency's review, state agencies must consult with DGS Procurement Division to ensure project alignment with current procurement guidelines on all IT procurement exceeding \$500,000 or for all IT procurements if the agency does not hold a DGS Procurement Division IT procurement delegation.
6. Projects whose approval has been delegated to the agency director normally require an FSR prepared in accordance with SAM Section 4928 and approval of the FSR by the agency director (SAM Sections 4921 and 4926). A copy of the report, including the Project Summary Package, and a signed document indicating approval by the agency director must be on file in the agency.
7. The Technology Agency may decide to review specifications in procurement documents before they are advertised to ensure that the specifications are consistent with the functional specifications and system design in the FSR or SPR for the projects. See SAM Section 5211.1.

**4819.37 PROJECT REPORTING CRITERIA
(Revised 03/11)**

Before encumbering or expending funds on, or dedicating staff resources to, any of the following reportable projects, the agency must: (1) obtain the Technology Agency's approval of an FSR for the project; or (2) obtain the Technology Agency's approval of a Feasibility Study Report - Reporting Exemption Request (FSR-RER), with the subsequent approval of an FSR by the agency director:

1. Projects whose initiation depends upon decisions to be made during the development or enactment of the Governor's Budget, such as approval of Budget Change Proposal or Budget Revision to increase the agency's existing information technology activities related to the project;
2. Projects that involve a new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation;
3. Projects that have a cost that exceeds the level the Technology Agency may have delegated to the agency and do not meet the criteria of a desktop and mobile computing commodity expenditure (see SAM Section 4989-4989.3);
4. Projects that meet previously imposed conditions by the Technology Agency.

Agencies that seek exemption from project reporting to the Technology Agency for a project meeting any of the above criteria must submit an FSR-RER (see SAM Section 4819.38) to the

Technology Agency. An agency with an acceptable Disaster Recovery Plan and an Agency Information Management Strategy that has been approved by the Technology Agency may submit an FSR-RER.

**4819.38 PREPARING THE FEASIBILITY STUDY REPORT - REPORTING EXEMPTION REQUEST
(Revised 06/04)**

SIMM, Section 40 provides instructions for completing the Feasibility Study Report - Reporting Exemption Request (FSR-RER). Agencies are required to follow the SIMM instructions for preparing and submitting the FSR-RER.

**4819.39 DELEGATED COST THRESHOLD
(Revised 03/11)**

The Technology Agency assigns each agency a minimum total project development cost threshold for reporting purposes. See SIMM Section 15. The Technology Agency delegates to the agency the resource approval authority for any IT proposal with an estimated total development cost equal to or less than the agency's assigned cost threshold, provided the proposal does not meet any other Technology Agency established reporting criteria defined in Section 4819.37.

The total development cost is synonymous with one-time cost and is defined as all estimated or projected costs associated with the analysis, design, programming, verification and validation services, staff training, data conversion, acquisition, and implementation of an information technology investment. Excluded from development costs are estimated costs of continued operations and maintenance.

**4904 INFORMATION TECHNOLOGY FIVE-YEAR CAPITAL PLAN
(Revised 03/11)**

To forge the necessary integration of the business and IT functions in California state government, state Agencies are required to prepare and submit a Five Year IT Capital Plan (Agency IT Capital Plan) for review by the Technology Agency and the Department of Finance. These plans will serve to inform the Statewide Five Year IT Capital Plan. The Agency IT Capital Plans will:

- Ensure that IT investments drive program efficiency and effectiveness and improve the quality of government services for Californians.
- Facilitate improvements in internal business processes and financial management through IT investments.
- Link IT investments to state and agency priorities and business direction.
- Promote the alignment of IT investments with the Agency's enterprise architecture (Technology, Standards, and Infrastructure).
- Enhance and promote enterprise data sharing through IT investments.
- Facilitate consideration and conceptual approval to pursue selected IT investments.

The scope of the Agency IT Capital Plans will include (see SIMM Section 57):

- All projects or IT investments (including infrastructure changes) that are proposed for initiation during a five year period; and
- The documentation necessary for the Technology Agency to provide conceptual approval.

The Agency IT Capital Plans must be updated annually or more frequently as needed and do not eliminate the requirement for a detailed business case for conceptually approved IT projects.

The Statewide IT Capital Plan will represent the Administration's plan for strategic IT investments and will be supported by the Governor's Budget, the CIO's Statewide IT Strategic Plan, Budget Change Proposals, and Feasibility Study Reports.