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**State of California**  
**Department of Technology**  
**Stage 4 Project Readiness and Approval**  
**Preparation Instructions**

**Statewide Information Management Manual – Section 19D**

**June 2017**

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# INTRODUCTION TO THE STAGE 4 PROJECT READINESS AND APPROVAL

## Overview

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Statewide Information Management Manual (SIMM) Section 19D, Stage 4 Project Readiness and Approval, is the fourth and final stage of the Project Approval Lifecycle (PAL) and provides a basis for Agencies/state entities to evaluate and reconfirm that the business objectives will be achieved, ensure the alternative solution selected continues to yield the highest probability of success, and baseline the project's timeframes, projected schedule and costs. During Stage 4, you will also update the anticipated costs within the Financial Analysis Worksheets (FAWs) as actual costs are determined. The Stage 4 Project Readiness and Approval instructions have been prepared to help State of California Agencies and state entities<sup>1</sup> meet the California Department of Technology (CDT) requirements for documentation of proposals for projects.

### Clarifications

- ✓ A Stage 3 Solution Development must be approved by the CDT prior to conducting a Stage 4 Project Readiness and Approval.
- ✓ Proposal reporting requirements are initially determined as part of the Stage 1 Business Analysis but may have changed as the proposal progressed through the PAL.
- ✓ For proposals anticipated to be reportable, Agencies/state entities are required to submit a Stage 4 Preliminary Assessment prior to the development of the Stage 4 Project Readiness and Approval.
- ✓ For proposals anticipated to be reportable, Agencies/state entities are required to submit a Stage 4 Project Readiness and Approval to the CDT.
- ✓ For proposals anticipated to be non-reportable, Agencies/state entities must receive approval of the Stage 4 Project Readiness and Approval from the Agency/state entity's director, as applicable.

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<sup>1</sup>**State entity:** Includes every state office, officer, department, division, bureau, board, and commission, including Constitutional Officers. "State entity" does not include the University of California, California State University, the State Compensation Insurance Fund, the Legislature, or the Legislative Data Center in the Legislative Counsel Bureau.

## Stage 4 Scalability

The total procurement contract amount [in relation to DGS Delegated Purchasing Authority](#), as determined in Stage 3 Solution Development, will determine which sections of the Stage 4 are required for CDT initial review and approval, and those sections delegated to the Agency/state entity for approval. The CDT may request additional and/or all sections of the Stage 4 Project Readiness and Approval be provided for review and approval prior to final Project Approval Lifecycle (PAL) approval. Therefore, it is imperative that the sections approved internally by the Agency/state entity be thorough and complete.

### Stage 4 Scalability Table

Based on the total cost of the primary solicitation as it relates to the [DGS Delegated Purchasing Authority](#), the Stage 4 sections indicated by a circle in the table below must be submitted to the CDT for review and approval prior to contract award. The remaining sections are delegated to the Agency/state entity Director for review and approval.

S4PRA Sections	DGS Delegated Purchasing Authority		
	Over	Under	No Procurement
4.4 General Information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.5 Submittal Information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.6 Primary Solicitation Results			
4.6.1 Solicitation Key Action Dates (Primary Solicitation Only)	<input type="radio"/>	<input type="radio"/>	
4.6.2 Addenda	<input type="radio"/>	<input type="radio"/>	
4.6.3 Final Bid Respondents	<input type="radio"/>	<input type="radio"/>	
4.6.4 Subcontractor Information	<input type="radio"/>		
4.7 Ancillary Solicitation Status	<input type="radio"/>	<input type="radio"/>	
4.8 Contract Management	<input type="radio"/>	<input type="radio"/>	
4.9 Organizational Readiness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.9.1 Project Organization Chart	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.10 Project Readiness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.11 Requirements Baseline	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.11.1 Final Requirements Count	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.12 Schedule	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.12.1 Schedule Summary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.12.2 Reason(s) for Difference	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.12.3 High Level Master Schedule and Key Milestones	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.13 Cost Baseline			
4.13.1 Cost Summary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.13.2 Reason(s) for Difference	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.13.3 Budget Change Proposal (BCP) Summary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.13.4 Financial Analysis Worksheets (Baseline)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.14 Project Management Planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.15 Risk Register	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Note:** The CDT and/or DGS reserve the right to request, at any time, a copy of the Stage 4 Project Readiness and Approval.

## **Stage 4 Reporting Requirements**

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For proposals that are anticipated to be reportable, the CDT requires specific information from Agencies/state entities to carry out its responsibilities in approving the Stage 4 Project Readiness and Approval. To evaluate an Agency/state entity's Stage 4 Project Readiness and Approval, the CDT needs to fully assess all PAL Stages/Gates as a whole to assess the respective objectives, timeframes, schedules, project costs, procurement planning and strategy, as well as confirm accuracy and feasibility. Stage 4 will confirm the Agency/state entity's ability to implement the project.

Each Agency/state entity is responsible for ensuring its Stage 4 Project Readiness and Approval analyses meet CDT requirements. The Stage 4 Project Readiness and Approval must be comprehensive and cannot rely on verbal or subsequent written responses (e.g., emails) to the CDT staff's questions to provide needed justification for the submission. Incomplete submissions that fail to provide relevant information in written form may be returned without consideration at the discretion of the CDT.

The CDT may, at its discretion, request additional information from the Agency or state entity. Per State Administrative Manual (SAM) Section 4819.31, the CDT Office of Statewide Project Delivery (OSPD) may request to review and or approve information technology (IT) reportable procurements prior to release to the public.

## **Changes to Previously Approved Submittals**

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As a proposal progresses through each stage of the PAL, further analysis is conducted, uncertainties are cleared, and data used for decision-making improves. As additional information is collected (e.g., cost estimates, schedules, and business objectives), the information submitted in an earlier stage can be refined. If information from a previously approved stage needs to be updated, the Agency/state entity should submit an updated Stage 1 Business Analysis, Stage 2 Alternatives Analysis, and/or Stage 3 Solution Development along with the Stage 4 Project Readiness and Approval submittal.

## **Changes to Reportability Status**

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If at any stage in the PAL a proposal initially anticipated to be non-reportable now meets any of the reportability criteria as per SAM 4819.37, the Agency/state entity is required to resubmit all previous Stage/Gate deliverables with all applicable sections completed for CDT review and approval.

## **Stage 4 Project Readiness and Approval Transmittal Requirements**

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The Project Approval Executive Transmittal Form, located in SIMM Section 19G, will be used to satisfy the transmittal requirements for Stage 4 Project Readiness and Approval.

- ✓ State entities are required to sign and submit the Project Approval Executive Transmittal to their governing Agency for approval.
- ✓ Agencies are required to sign and submit the Project Approval Executive Transmittal to the CDT.

**Exception** – State entities that are not governed by Agencies can sign and submit the Project Approval Executive Transmittal directly to the CDT.

**State entity:** *Includes every state office, officer, department, division, bureau, board, and commission, including Constitutional Officers. “State entity” does not include the University of California, California State University, the State Compensation Insurance Fund, the Legislature, or the Legislative Data Center in the Legislative Counsel Bureau.*

The Stage 4 Project Readiness and Approval should be submitted to the CDT through the Project Oversight email address at: ([ProjectOversight@state.ca.gov](mailto:ProjectOversight@state.ca.gov)).

## **Project Approval Executive Transmittal**

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The transmittal template (available in SIMM Section 19G) contains the approving Agency/state entity executive signatures, with the following components:

1. **State Entity Name:** Enter the state entity name that prepared the Stage 4 Project Readiness and Approval. Designate one state entity as owner if multiple state entities have a role in the proposal.
2. **Agency Name:** Enter the Agency name that prepared the Stage 4 Project Readiness and Approval. Designate one Agency as owner if multiple Agencies have a role in the proposal. This field is not required for state entities not governed by an Agency.
3. **Proposal Name:** Enter the proposal name as determined by the Agency/state entity in the approved Stage 1 Business Analysis.
4. **Department of Technology Project Number:** Enter the project number assigned by the CDT during the Stage 1 Business Analysis (in “0000-000” format).
5. **Submission Deliverable:** Select the Stage/Gate deliverable(s), as applicable. If an Agency/state entity desires to withdraw a proposal, they will select the applicable Stage/Gate deliverable(s) and the “Withdraw Submission” box.
6. **Approval Signatures:** The Agency/state entity executive approval signatures are required, documenting commitment and involvement at the Agency/state entity level. The required signatures include those of the Information Security Officer, Enterprise Architect, Chief Information Officer, Budget Officer, Procurement and Contracting Officer, State Entity Director, Agency Information Officer and the Agency Secretary.

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## Stage 4 Main Form Instructions

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Following the submission of the Stage 4 Preliminary Assessment, Agencies/state entities may submit the Stage 4 Project Readiness and Approval, with guidance from the CDT OSPD. Refer to SIMM 19C.1 Preparation Instructions, Preliminary Assessment for Stage 4 – General Instructions to complete the Stage 4 Preliminary Assessment Sections 4.1 through 4.3.

### 4.4 General Information

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For the Stage 4 Project Readiness and Approval, complete the following information:

**Agency or State Entity Name:** Select the Agency/state entity name that prepared and is responsible for the Stage 4 Project Readiness and ApprovalS4PRA. Designate one Agency/state entity as owner if multiple Agencies or state entities have a role in the proposal.

**Organization Code:** Enter the Organization Code for the Agency/state entity name is selected.

**Proposal Name:** Enter the proposal name as determined by the Agency/state entity in the approved Stage 1 Business Analysis.

**Department of Technology Project Number:** Enter the project number assigned by the CDT during the Stage 1 Business Analysis.

### 4.5 Submittal Information

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Note: Prior to submitting a Stage 4 Project Readiness and Approval, the Agency/state entity must complete and submit the Preliminary Assessment for Stage 4.

**Contact Information:**

**Contact First Name:** Enter the first name for Agency/state entity person who will be the primary point-of-contact for control agency questions and comments.

**Contact Last Name:** Enter the last name for Agency/state entity person who will be the primary point-of-contact for control agency questions and comments.

**Contact Email:** Enter the email address of the contact provided above.

**Contact Phone Number:** Enter the ten-digit phone number of the contact provided above.

**Submission Date:** Select the date the Stage 4 Project Readiness and Approval is being submitted to the CDT for review.

**Submission Type:** Select one of the following types of submission.

**New Submission:** Initial submission to the CDT.

**Updated Submission (Pre-Approval):** Updated submission based on review and feedback from the CDT, critical partners or other stakeholders prior to formal approval.

**Updated Submission (Post Approval):** If the Stage 4 Project Readiness and Approval has been previously approved by the CDT and new information or updates are required, the submittal should be updated based on new information. For instance, as a proposal progresses through each PAL stage, further analysis is conducted, uncertainties are cleared, and information used for decision-making improves, in this case an update to the Stage 4 Project Readiness and Approval may be required.

**Withdraw Submission:** An Agency/state entity may decide to withdraw the Stage 4 Project Readiness and Approval for various reasons (change in direction, feasibility, budgetary issues, etc.). If an Agency/state entity wishes to withdraw a previously submitted or approved proposal from further consideration, check this field and submit the Stage 4 Project Readiness and Approval to the CDT.

If “Withdraw Submission” is selected, select the reason for the withdrawal from the dropdown menu. If “Other,” specify the reason in the space provided.

Contact your CDT OSPD Project Approval Manager and Agency Information Officer (if applicable) to inform them of your intention to withdraw the proposal. Withdrawn submissions must also include a signed Project Approval Executive Transmittal. The CDT will send a written confirmation of withdrawal and communicate to all associated stakeholders. Once a proposal is withdrawn, the Agency/state entity will be required to submit a new Stage 4 Project Readiness and Approval to continue with a proposal for the same or a similar request.

**Sections Updated:** If either Submission Type “Updated Submission (Pre-Approval)” or “Updated Submission (Post Approval)” is selected, then indicate the sections where updates have been made. Check all that apply.

**Summary of Changes:** If either Submission Type “Updated Submission (Pre-Approval)” or “Updated Submission (Post-Approval)” is selected, provide a concise summary of the changes made.

**Note:** *Highlight or otherwise indicate new or changed text within the modified section.*

**Project Approval Executive Transmittal:** Scan the signed Project Approval Executive Transmittal for the Stage 4 Project Readiness and Approval and include as a separate attachment with your email submission; use the transmittal form located in SIMM Section 19G.

## **Condition(s) from Previous Stage(s)**

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In order to provide status and information on any approval conditions from previous stages, the Agency/state entity will use the Gate 1, Gate 2, and Gate 3 Scorecards to address each approval condition by providing a concise narrative on their plan to address each approval condition. The Agency/state entity response may include a variety of strategies to address the condition (e.g., condition to be added to project risk register and addressed in project design, condition to leverage other department services is being pursued through an Interagency Agreement, condition to mitigate the lack of experienced project management staff is being addressed by leveraging CDT’s California Project Management Office to assist with the project).

Use the Gate 1, Gate 2 and Gate 3 Scorecard to obtain and enter any approval conditions from previous stages.

**Condition #:** Enter the assigned condition number(s) (e.g., 1.1, 1.2, 1.3, 2.1, 3.1, 3.2).

**Conditional Category:** Select the condition category. If “Other” is selected, specify the category in the space provided.

**Condition Sub-Category:** Select the condition sub-category from the previous stage(s). If “Other” is selected, specify the sub-category in the space provided.

**Condition:** Enter the condition from the previous stage(s).

**Assessment:** Select the assessment. If “Other” is selected, specify the assessment in the space provided.

**Agency/State Entity Response:** Provide a narrative of the Agency/state entity’s response to the condition.

**Status:** Select the condition status. If “Other” is selected, specify the status in the space provided.

Add additional conditions as needed.

## 4.6 Primary Solicitation Results

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The procurement solicitation process is comprised of many different phases and activities (e.g., the release of the solicitation package to vendor community, addenda, the receipt of bids, bidder evaluations/scoring, negotiations, vendor selection). At the conclusion of the procurement solicitation process, the primary solicitation results encapsulate the results of the solicitation activities conducted during Stage 4 Project Readiness and Approval. The primary solicitation results collected in this section provide insights into the planning estimations made in previous stages and help reinforce and establish guidance for future solicitations.

### 4.6.1 Solicitation Key Action Dates (Primary Solicitation Only)

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The Solicitation Key Action Dates (KADs) for the primary solicitation include the timeline for actions that must be completed during the solicitation’s process. The key action dates that were identified in the Stage 3 Solution Development (Part A), Section 3.6.6 Anticipated Solicitation Key Action Dates were estimates based on what was known at the time and may have changed during the solicitation process. At the conclusion of the solicitation process, Agencies/state entities must identify the actual key action date activities and timelines for completion. All actual solicitation key action dates and activities relative to the primary solicitation are to be entered in the table provided.

**Activity:** Select the name of the solicitation activity for each proposed key action date, as follows:

- Release of Solicitation
- Last day to submit written questions for clarification of solicitation for Bidder’s Conference
- Bidder’s Conference

- Last day to submit Exhibit 2: Intent to Bid and Exhibit 3: Confidentiality Statement (signed)
- Submission of Conceptual Proposal
- Confidential Discussions with individual bidders regarding Conceptual Proposal
- Submission of Detailed Technical Proposal
- Confidential Discussions with individual bidders regarding Detailed Technical Proposal
- Last day to submit written questions to and request a meeting with OTech
- OTech meetings with bidders
- Last day to submit written questions using Attachment 1 and request changes to requirements using Attachment 2
- State's response to bidder's questions, bidder's request for changes to the requirements and release of potential addendum (This action is not an official KAD; however, it is helpful to alleviate questions from bidders inquiring when an addendum will be released)
- Last day to protest solicitation requirements
- Last day to submit Draft Proposals
- Confidential Discussions with individual bidders
- Last day to submit questions for clarification of solicitation and/or request a change to the requirements in the solicitation prior to Final Proposals
- State's response to bidder's questions, bidder's request for changes to the requirements and release of potential addendum (This action is not an official KAD; however, it is helpful to alleviate questions from bidders inquiring when an addendum will be released)
- Last day to submit Final Proposals
- Evaluation Period
- Demonstration
- Public Cost Opening
- Notification of Intent to Award
- Last day to protest Award
- Contract Award
- Contract Execution
- Other

**If "Other," specify:** If the activity is "Other," specify in the space provided.

**Actual Start Date:** Enter the actual start date for the activity.

**Actual End Date:** Enter the actual end date for the activity. If the activity is a milestone (e.g., Release of Solicitation, Last day to submit Final Proposals), the "Actual End Date" should be the same as the "Actual Start Date" and the "Actual Duration (Number of Business Days)" should equal "1."

**Actual Duration (Number of Business Days):** Enter the actual number of business days based on the start and end date for the activity. Refer to the SIMM Section 195 Solicitation Template when establishing dates as many of the KADs have predecessors and are not linear.

Add additional key action date activities as needed.

## 4.6.2 Addenda

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After the solicitation package is released to the vendor community, the solicitation may be modified at any time prior to the final quote/bid/offer response due date. Clarifications or changes to a solicitation must be transmitted to all participating bidders through an addendum which documents all changes or revisions to the solicitation. The addendum should indicate where the revision or change is occurring in the solicitation, any removal or addition of changed solicitation pages, and revised or unchanged key action dates. Any addendum to a solicitation must be issued prior to the final bid due date and allow prospective bidders sufficient time to prepare their bids, otherwise the due date must be extended in the addendum. Only the Procurement Official is authorized to release addenda. Refer to [SCM Volume 3](#) for additional information regarding clarifications or changes to a solicitation (addenda). All addenda relative to the primary solicitation are to be entered in the table provided.

**Addenda Number:** Enter the number assigned to each addendum (must be numbered consecutively).

**Addenda Category:** Select one of the following categories to identify the reason for the addendum:

- Key action date extensions (e.g., extension for bid submission)
- New or adding solicitation activities/event (e.g., insertion of confidential discussions)
- Removal of solicitation activities (e.g., removal of confidential discussions)
- Modifications to functional, nonfunctional, or project/transition requirements
- Modifications to bidder/key staff qualifications
- Modifications to Statement of Work
- Modifications to cost methodology or cost worksheets
- Modifications to evaluation criteria
- Modifications to administrative requirements
- Other

**If “Other,” specify:** If the addenda category is “Other,” specify in the space provided.

Add additional Addenda instances as needed.

## 4.6.3 Final Bid Respondents

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The solicitation process is the method used to solicit bid responses to acquire goods or services that will help achieve the primary objective of this proposal. During the solicitation process, final bid responses will be evaluated for responsiveness and compliance. This section captures the participants and final disposition of all bid submissions for the primary solicitation. The data captured assists in future procurement planning, identification of the interested vendor pools, ratio of responsive bidders, and percentage of bid submissions. Refer to [SCM Volume 3](#) for additional information regarding final bid submissions. Only bid respondents relative to the primary solicitation are to be entered in the table provided.

**Respondent Name:** Enter the name of the primary bidder’s company or firm.

**Compliant:** A bidder is considered responsible and compliant if they:

- Submit a responsive bid
- Indicate compliance without material deviation from the solicitation's terms and conditions
- Possess the experience, facilities, reputation, financial resources and other applicable factors exist at the time of contract award.

Select "Yes" if the identified respondent was compliant. Select "No" if the identified respondent was not compliant.

**Non-compliance Category:** If "No" was selected, select the reason for non-compliance from the list provided.

- Included modification(s) to the SOW
- Included modification(s) to state forms
- Included conditional responses to requirements
- Took exceptions to the General Terms and Conditions
- Took exceptions to requirement(s)
- Response contradicted requirement(s)
- Non-compliant to administrative requirement(s)
- Bidder or key staff did not meet the minimum qualification
- Reference score did not meet the minimum threshold or reference scored the bidder as "non-satisfactory"
- Did not indicate compliance to functional/non-functional requirement(s)
- Did not submit required solicitation document(s)
- Included cost in non-cost volume of their response
- Other

**If "Other," specify:** If the non-compliance category is "Other," specify in the space provided.

Add additional non-compliance categories if more than one category is applicable to the bidder.

**Negotiations Conducted:** The Agency/state entity may negotiate with all bidders to obtain the best value for the state.

Select "Yes" if the Agency/state entity participated in negotiations with the identified bidder. Select "No" if the Agency/state entity did not negotiate with the identified bidder.

**Intent to Award:** The intent to award a contract to a bidder will be in accordance with the evaluation to a responsible bidder whose bid complies with all the requirements of the solicitation documents and any addenda thereto, except for such immaterial defects as may be waived by the state.

Select "Yes" if the identified respondent is the intended awardee of the bid. Select "No" if the identified respondent is not the intended awardee of the bid.

**Protest:** A protest of the selected bidder may be submitted by any participating bidder who believes that their bid was responsive to the requirements of the solicitation, is the bid that should have been selected according to the evaluation procedures, and the state has incorrectly selected another bidder for award.

Select “Yes” if the identified respondent has submitted a protest to the selection of a bidder. Select “No” if the respondent has not submitted a protest to the selection of a bidder.

**Protest Disposition:** If “Yes,” select the outcome of the protest from the list provided.

- Withdrawn
- Denied
- Upheld
- Solicitation cancelled

**Contract Number:** Enter the contract number, if known.

**Contract Start Date:** Select the actual contract start date. The contract start date is the first date the contractor can start work after contract execution. This date may or may not be the contract term start date. Depending on the contract execution date, the term may be adjusted, as appropriate.

**Contract End Date:** Select the actual contract end date. The contract end date should reflect the expiration date of all contract activities; the last date that contract activities are to be completed. This end date should include any potential optional years that may extend the term of the original contract.

**Total Contract Cost (without Optional Years):** Enter the total contract cost as identified in the final contract, if known. The Stage 4 total contract cost may differ from the anticipated amount identified in Stage 3 Section 3.6.2 Solicitation Method if the actual vendor/contractor proposal submitted during the solicitation process differs from the estimates previously received. This total contract cost should not include any potential optional years that may be executed. The FAWs should be continually updated with the actual costs, as determined.

**Optional Years:**

**Optional Years (Number of Months):** Enter the number of potential optional years (in months) that may extend the term of the original contract.

**Total Cost of Optional Years:** Enter the total cost of any potential optional years that may be executed as identified in the final contract.

**Total Contract Cost (with Optional Years):** Enter the total contract cost as identified in the final contract including the costs for any potential optional years, if known. The Stage 4 total contract cost may differ from the anticipated amount identified in Stage 3 Section 3.6.2 Solicitation Method if the actual vendor/contractor proposal submitted during the solicitation process differs from the estimates previously received. This total contract cost should include any potential optional years that may be executed. The FAWs should be continually updated with the actual costs, as determined.

Add additional respondent information as needed.

#### 4.6.4 Subcontractor Information

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Bidders may utilize subcontractors to fulfill the requirements of the primary solicitation. The bidder is fully responsible to the state for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by them. Nothing contained in the resulting contract shall create any relationship between the state and any subcontractors, and no subcontract shall relieve the bidder of its responsibilities and obligations. The contractor shall not change subcontractor(s) if such changes conflict with the work to be performed under this contract. The State recognizes that changes to subcontractor(s) may be necessary and in the best interests of the State, however, the state contract administrator or designee must approve any changes to the subcontractor(s) prior to the termination of the existing subcontractor(s). This also includes any changes made between submittal of the final proposal and actual start of the contract. All subcontractors relative to the primary solicitation are to be entered in the table provided with an indication of their status as a small business (SB) or Disabled Veteran Business Enterprise (DVBE).

Complete the subcontractor information only for the subcontractors related to the intended awardee.

**Subcontractor Name:** Enter the name of the subcontractor's company or firm.

**SB:** Select if the subcontractor is registered as a small business.

**DVBE:** Select if the subcontractor is registered as a Disabled Veteran Business Enterprise.

**N/A:** Select if the subcontractor is not registered as an SB or DVBE.

Add additional subcontractor information as needed.

#### 4.7 Ancillary Solicitation Status

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The solicitation of goods and services that may be necessary to achieve and/or support the primary procurement activities and objectives of an IT project may occur at any time throughout the PAL process or post project approval. The ancillary solicitation status collected in this section provides insight into pending or completed ancillary solicitations identified in Stage 3 Section 3.6 Procurement Profile. Any new or modifications to planned ancillary solicitations should be updated in Stage 3 Section 3.6 Procurement Profile and the section resubmitted for approval.

**Solicitation Title:** Enter unique title for the ancillary solicitation identified in Stage 3 Section 3.6 Procurement Profile.

**Status:** Select the status of the ancillary solicitation from the following:

- Not Started
- In Progress
- Completed
- Withdrawn

**Awardee Name:** If “Completed” is selected in the status field, enter the name of the bidder that was selected for contract award.

**Contract Number:** If “Completed” is selected in the status field, enter the contract number.

**Contract Start Date:** If “Completed” is selected in the status field, select the actual contract start date. The contract start date is the date the contract is awarded to the contractor.

**Contract End Date:** If “Completed” is selected in the status field, select the actual contract end date. The contract end date should reflect the expiration date of all contract activities; the last date that contract activities are to be completed. This end date should not include any potential optional years that may extend the term of the original contract.

**Total Contract Cost (without Optional Years):** If “Completed” is selected in the status field, enter the total contract cost as identified in the final contract. The Stage 4 total contract cost may differ from the anticipated amount identified in Stage 3 Section 3.6.2 Solicitation Method if the actual vendor/contractor proposal submitted during the solicitation process differs from the estimates previously received. The total contract cost should not include any potential optional years that may be executed. The FAWs should be continually updated with the actual costs, as determined.

**Optional Years:**

**Optional Years (Number of Months):** If “Completed” is selected in the status field, enter the number of potential optional years (in months) that may extend the term of the original contract.

**Total Cost of Optional Years:** If “Completed” is selected in the status field, enter the total cost of any potential optional years that may be executed as identified in the final contract.

**Total Contract Cost (with Optional Years):** If “Completed” is selected in the status field, enter the total contract cost including the costs for any potential optional years, as identified in the final contract. The Stage 4 total contract cost may differ from the anticipated amount identified in Stage 3 Section 3.6.2 Solicitation Method if the actual vendor/contractor proposal submitted during the solicitation process differs from the estimates previously received. This total contract cost should include any potential optional years that may be executed. The FAWs should be continually updated with the actual costs, as determined.

Add additional ancillary solicitation statuses as needed.

## 4.8 Contract Management

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The purpose of contract management is to ensure the contractor adheres to the terms and conditions of the contract and that all required goods/services/products meet expectations. It is critical to the success of the project that contractor performance be closely monitored to ensure the contractor remains in compliance with all provisions throughout the contract term. The Contract Manager is responsible for administering the contract and monitoring contractor requirements, disputes, Key Performance Indicators (KPIs), and adherence. The Contract Manager serves as the liaison between the Agency/state entity and the contractor and may perform administrative tasks such as requesting additional contract services, performance appraisal, and final payment for completed services. Contract management activities begin when a signed contract is received from the contractor and in accordance with the agreed upon start date of the project. Contract management activities end when all contracted services/products have been delivered, accepted and paid for, and all associated contract paperwork and files have been archived. Complete the questions below in reference to the primary solicitation.

1. Effective contract management is key to the success of a project. The Contract Manager should thoroughly understand the contract terms, language, requirements, and know the project objectives to ensure the Agency/state entity is able to use and understand the outlined contract activities, contract processes, and obligations of both the state and contractor. For additional information, refer to [SIMM Section 17 California Project Management Framework \(CA-PMF\)](#) and [SCM Volume 3](#).

Select “Yes” if the Contract Manager has reviewed and understands the scope, activities, tasks, and deliverables in the contract. Select “No” if the Contract Manager has not reviewed and/or does not understand the scope, activities, tasks, and deliverables in the contract. If “No” briefly explain why this has not been accomplished in the space provided.

2. Contract management activities continue throughout the life of the contract and involve proactive management, as well as quickly reacting to situations that arise. Contract management can include documenting performance issues, reviewing work authorizations, ensuring compliance with the terms and conditions, as well as documenting and agreeing to any changes that may arise during implementation or execution.

Select “Yes” if the Contract Manager understands the processes for post award contract activities including contract amendments, contract work authorizations, terms and conditions, and contract escalation/resolution. Select “No” if the Contract Manager does not understand the processes for post award contract activities. If “No” briefly explain why this has not been accomplished in the space provided.

3. The foundation for effective and successful post-award contract management is built upon careful, comprehensive, and a thorough walk-through of the contract with all members of the project team (IT, business, key stakeholders, budgets/accounting, project manager, sponsors, etc.).

Select “Yes” if a post-award or kickoff meeting between the Contract Manager and state project team members has been scheduled to align state and contractor expectations related to contract, budget, invoicing, requirements review, and contractor incentives. Select “No” if a post-award or kickoff meeting has not been scheduled. If “No” briefly explain why this has not been accomplished in the space provided.

4. Careful consideration must be given to how the contract will work once awarded. Agency/state entity, state and federal laws, policies and processes that apply under each contract may be very unique and particular to a specific solution. In addition, all contracts are predicated on the need to obtain different milestones, deliverables, KPIs, commitments, services, and various approvals.

Select “Yes” if the Contract Manager understands the Agency/state entity and federal processes, policy, and applicable procedures. Select “No” if the Contract Manager does not understand Agency/state entity and federal processes, policy, and applicable procedures. If “No” briefly explain why this has not been accomplished in the space provided.

5. An important consideration in Contract Management is to establish and communicate the approach for evaluating the overall health of the project and performance of contractors. Strategy considerations should include how the Contract Manager will gather information, the frequency of contract management meetings, the current conditions of the contract, etc.

Select “Yes” if the Contract Manager has a plan to collect and assess contractor and project performance information on a regular basis (e.g., establish meetings with project managers, communication techniques). Select “No” if the Contract Manager does not have a plan to collect and assess contractor and project performance information on a regular basis. If “No” briefly explain why this has not been accomplished in the space provided.

## 4.9 Organizational Readiness

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The Agency/state entity’s readiness to begin design, development, and implementation activities for the proposed project is critical for project success. The following questions help identify the readiness of the Agency/state entity’s current processes and ability to successfully deliver the proposed solution.

1. Release management is the process of managing, planning, scheduling and controlling a software build through different phases and environments, including testing and deploying software releases. A well-defined, mature, and repeatable release management process helps control the movement of software applications from “build” through different environments to production as a “release” and ensures changes are effectively communicated to all impacted parties.

Select “Yes” if the Agency/state entity currently has a mature release management process. Select “No” if the Agency/state entity does not have a mature release management process. If “No” briefly describe the testing release management process that will be used to manage, plan, schedule, and control a software build through the different phases and environments, including testing and deploying software releases.

2. Project team members having a strong grasp of the business programs that will be impacted by this project can improve the team’s ability to assess the impact of changes, minimize disruption of services, and prepare business partners for the changes ahead.

Select “Yes” if all project team members have a clear understanding of the lines of business that will be impacted by the project. Select “No” if all project team members do not have a clear understanding of the lines of business that will be impacted by the project. If “No” briefly explain how the Agency/state entity plans to educate the project team to ensure all members have a clear understanding of the goals that the project intends to achieve.

3. Organizational change management (OCM) is the approach to manage the transition of people and teams that are affected by an organizational change. Although there are many types of organizational changes, an Agency/state entity's ability to win the buy-in of their organization's employees for the change is critical.

Select "Yes" if the Agency/state entity has the resources, processes, and methodologies in place to support the OCM activities identified in Stage 1, Section 1.12.4 Training and Organizational Change Management. Select "No" if the Agency/state entity does not have the resources, processes, and methodologies in place to support OCM activities. If "No" briefly describe how the Agency/state entity will perform OCM activities for this proposal.

4. Business process reengineering involves the redesign of core business processes to achieve improvements in productivity, cycle times, and quality. In business process reengineering, Agencies/state entities rethink how to deliver more value and improve efficiencies in existing processes.

Select "Yes" if the Agency/state entity has dedicated resources to business process improvement or business process reengineering activities. Select "No" if the Agency/state entity has not dedicated resources to business process improvement or business process reengineering activities. Business process reengineering activities should align with the activities identified in Stage 2, Section 2.12.2 Business Program. If "Yes" is selected, identify the specific areas of business process improvement needed and if "No" briefly describe how the Agency/state entity will perform business process improvement or business process reengineering activities for this proposal.

### 4.9.1 Project Organization Chart

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**Attachment:** Include the project organization charts as an attachment with your email submission.

Attach organization charts in PDF to show the Agency/state entity's proposed project reporting relationships for all parties involved in project execution. This chart is a refinement and baseline to Stage 2 Alternatives Analysis Section 2.12.9 Organization Charts. Now that staffing commitments have been secured and vendor resources are identified, this chart will help better assess the project's organizational structure and the impact on the Agency/state entity. The following information is required:

1. Proposed Project Organization Chart
  - a. Project Team, including number and classification of team members.  
Organization chart should depict all of the state and vendor staff involved at any time in the project lifecycle. State staff identified on the organization chart should align with the new and existing staff identified in the FAWs and Stage 3 Section 3.19 Staffing Allocation.
    - i. Agency/state entity project management staff, including the project manager and Project Management Office (PMO) support staff.
    - ii. Agency/state entity business staff that will participate in the project, such as the program manager, program analysts, and SMEs.
    - iii. Agency/state entity IT staff, including architects, systems analysts, software developers, quality assurance analysts, and requirements analysts.

- iv. Vendor staff including project manager (if contracted or planned to contract) as identified in Stage 2 Section 2.11.3 Procurement and Staffing Strategy and Stage 3 Section 3.19 Staffing Allocation.
- b. Business sponsors and key stakeholders identified in Stage 1 Business Analysis.

## 4.10 Project Readiness

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Prior to beginning project design development and implementation activities, Agencies/state entities should have mature methodologies and experienced staff in place. The following questions will help identify the Agency/state entity's readiness to embark on the proposed project and help mitigate risk.

1. A system development methodology is a pre-definition of specific deliverables, artifacts, and/or methods that are created and employed by a project team to implement a solution. Using the radio buttons provided, select one of the following system development methodologies/approaches that will be used to design and develop the new system.

**Agile/Iterative** –A development process that delivers software through repeated iterations of research, design, production, and testing. This process works best when user needs are expected to change over time and a service is expected to continuously improve.

**Waterfall** – A development process that is strictly sequential where stages are completed before moving on to the next stage. This process works best when user needs can be clearly understood and aren't likely to change over time. Waterfall projects can reduce risk by delivering functionality in modules over time.

**Other** – Another well-known and defined development methodology. If "Other," specify the name of the development methodology that will be used and provide a brief description in the space provided.

Project team members that have received formal training or have experience with the planned development methodology and associated deliverables can reduce project risks. Describe the Agency/state entity's past project experience using the system development methodology identified. If this methodology has never been used before by the Agency/state entity, describe the training and staff development that will be provided to prepare staff to leverage this methodology.

2. An Evaluation and Selection Report must be used to document the evaluation and selection process used for contract award. Refer to the [SCM Volume 3](#) and [Evaluation and Selection Report Template](#) for additional information. Evaluation and Selection Reports must be approved by the entity that has authority over the respective procurement (Department of General Services, CDT or the Agency/state entity's Procurement Office).

Select "Yes" if the Agency/state entity received approval of the Evaluation and Selection Report. Select "No" if the Agency/state entity has not received approval of the Evaluation and Selection Report. Select "N/A" if the Agency/state entity does not need to complete an Evaluation and Selection Report.

3. When the recommended solution will leverage the CDT, Office of Technology Services (OTech) services (e.g., CalCloud, Telecom, Networking), it is important to engage OTech Architecture Branch consultation services early in the solicitation process and vendor discussions in order to ensure data center capacity planning and alignment with the solution delivery timeline.

Select "Yes" if the Agency/state entity has engaged OTech for capacity planning and development of the solution delivery timeline. Select "No" if data center capacity planning and alignment is needed and the Agency/state entity has not engaged OTech for capacity planning and development of the solution timeline. Select "N/A" if the Agency/state entity will not leverage OTech services for the proposed solution.

4. Securing staffing commitments is important to ensure resources are available when needed throughout project execution. Staffing plans are an effective tool to gain and communicate staffing commitments as well as elicit management signoff. The staffing plan should align with the staff resources identified in Stage 3, Section 3.19 Staffing Allocation and include quantity of staff, classification, level of participation, and tenure/time base.

Select "Yes" if resource commitments have been obtained for all staff resources identified in Stage 3, Section 3.19 Staffing Allocation. Select "No" if resource commitments have not been obtained for all staff resources. If "No" explain why staffing commitments have not been secured and provide information on how the Agency/state entity plans to mitigate this risk in the space provided.

5. In addition to staffing commitments for the proposed project, Agencies/state entities must also ensure an adequate level of staffing to support and maintain other concurrent initiatives. The ongoing maintenance and operation of existing business processes and systems must also be resourced at an appropriate level to ensure other lines of business are not negatively impacted.

Select "Yes" if the project staffing plan ensures sufficient staff resources are available to perform project activities while also supporting maintenance and ongoing operations for other Agency/state entity initiatives. Select "No" if the project staffing plan does not ensure sufficient staffing resources are available to perform project activities while also supporting maintenance and ongoing operations for other initiatives. If "No" explain how sufficient resource levels will be maintained for all project activities while also supporting maintenance and ongoing operations for other initiatives.

6. Basic understanding of project managing principles and skills are a necessity for all project leads regardless of the project function that they oversee. Basic project management training includes managing project scope, building/monitoring schedule, creating project plans, defining and allocating resources and identifying and managing risks.

Select "Yes" if all identified project leads received formal project management training. Select "No" if all identified project leads have not received formal project management training. If "No" explain how the Agency/state entity will educate the project team leads on project management basics in the space provided.

7. Under Government Code (GC) Sections 11545 and 11546, the CDT is responsible for the approval and oversight of IT projects, which includes establishing and enforcing IT policies and standards. Based on the project size, complexity, reportability, and other factors, the CDT's OSPD will determine and communicate the need for its oversight services during the life of the project. If the CDT has indicated that its oversight services are required for this project, the Agency/state entity is responsible for initiating oversight services through the submission of a CDT Service Request (SR).

Select "Yes" if the CDT has indicated that its oversight services will be required for this project **and** the Agency/state entity has submitted an SR for CDT oversight services. If "Yes," provide the SR number in the space provided. Select "No" if the CDT has indicated that its oversight services will be required for this project but the Agency/state entity has **not** submitted an SR for CDT oversight services. If "No," provide a brief explanation in the space provided. Select "N/A" if the CDT has indicated that its oversight services will not be required for this project.

8. Based on a reportable project's criticality rating (as assigned by the CDT), Independent Verification and Validation (IV&V) services are required for medium and high criticality projects. For low criticality projects, IV&V services are at the discretion of the Agency Chief Information Officer (for Agency-affiliated state entities) or the CDT (for state entities not affiliated with an Agency). Refer to SAM Section 4940.3 for additional information.

Select "Yes" if IV&V services will be required for this project **and** the Agency/state entity has begun the procurement process for the IV&V services. If "Yes," enter the date the IV&V services are scheduled to begin. Select "No" if IV&V services are required for this project but the Agency/state entity has **not** begun the procurement for IV&V services. If "No," provide a brief explanation in the space provided. Select "N/A" if the Agency Chief Information Officer or the CDT (as applicable) has indicated that IV&V services will not be required for this project and provide a brief explanation in the space provided (e.g., the CDT assigned a low criticality rating to the project and the Agency Chief Information Officer will not require IV&V services).

## 4.11 Requirements Baseline

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Although solution requirements are completed in Stage 3 Solution Development, requirement changes may occur in Stage 4 as a result of the solicitation process and vendor feedback. Mid-level solution requirements developed in Stage 2 Alternatives Analysis and solution requirements developed in Stage 3 Solution Development may have been modified in order to address potential problems/business needs.

The following questions help identify the scope of the requirement changes, addition or deletions. All updated requirements should be included in the contract for the primary solicitation.

1. Select "Yes" if, since approval of the Stage 3 Solution Development, the Agency/state entity modified (changed or deleted) any mid-level or solution requirements. Select "No" if the Agency/state entity has not modified any mid-level or solution requirements.

If "Yes" is selected for question 1 above:

- **Percentage of Change:** Enter the percentage of requirement change.

The percentage of change is calculated by dividing the number of requirements that were modified by the total number of requirements, and then multiply by 100.

(Number of Requirements Changed (added/modified) / Total Number of Requirements) X 100 = Percentage of Change

Example: (80/600) X 100 = 13.3%

- Describe the nature and scope of the change(s), impact(s) to the recommended solution and how the requirements align with the business objectives established in the Stage 1 Business Analysis.
2. Select “Yes” if, since approval of the Stage 3 Solution Development, the Agency/state entity has updated the requirements traceability to accurately reflect modification. Select “No” if the Agency/state entity has not updated the requirements traceability to accurately reflect any modifications. Select “N/A,” if a requirements traceability does not apply.

### 4.11.1 Final Requirements Count

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Capturing the aggregate number of final requirements in Stage 4 Project Readiness and approval will serve as a baseline to measure the number of requirements that were added or removed since the approval of Stage 3 and are included in the final detailed solution requirements.

**Total Functional Requirements:** Enter the current total number of functional requirements.

**Total Non-Functional Requirements:** Enter the current total number of non-functional requirements.

**Total Project/Transition Requirements:** Enter the current total number of project/transition requirements.

**Requirements Grand Total:** The total number of Functional, Non-Functional and Project/Transition requirements calculates automatically, no entry required.

## 4.12 Schedule

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### 4.12.1 Schedule Summary

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Identify the high-level baseline dates for the project.

**Project Planning Start Date:** Select the actual project planning start date.

The project planning start date is the date an Agency/state entity begins a Stage 2 Alternatives Analysis. The planning phase of an IT project proposal begins with the Stage 2 Alternatives Analysis and ends at the conclusion of Stage 4 Project Readiness and Approval (Gate 4). This date should be consistent with the date submitted in Stage 2 Section 2.11.6 High Level Proposed Project Schedule.

**Project Planning End Date:** Select the actual project planning end date.

The project planning end date should reflect the conclusion of project planning activities; the last date that project planning activities are estimated to be completed at the conclusion of Stage 4 Project Readiness and Approval (Gate 4). With the submittal of Stage 4 Project Readiness and Approval this date should reflect the actual date, as opposed to the estimated date that was submitted in Stage 2 Section 2.11.6 High Level Proposed Project Schedule.

**Project Start Date:** Select the finalized proposed project start date.

The project start date is the date an IT project proposal is both approved and funded. For most projects dependent on a funding request, this date will be July 1st of the year the project funding is approved. For projects without this dependency, the project start date is the project approval date (Gate 4 approval). With the submittal of Stage 4 Project Readiness and Approval, this date should be a final baselined date, as opposed to the estimated date that was submitted in Stage 2 Section 2.11.6 High Level Proposed Project Schedule.

**Project End Date:** Select the finalized proposed project end date.

The project end date should reflect the conclusion of project activities; the last date that project activities are estimated to be completed. This should exclude any activities related to the Post Implementation Evaluation Report (PIER). With the submittal of Stage 4 Project Readiness and Approval, this date will be the baseline project end date as opposed to the estimated date that was submitted in Stage 2 Section 2.11.6 High Level Proposed Project Schedule.

**Difference:** The difference between the Estimated Date and Final Baseline Date calculates automatically.

#### **4.12.2 Reason(s) for Difference**

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The difference between estimated schedule dates and final baselined schedule dates may be caused by many reasons (e.g., change in direction, feasibility, budgetary issues, etc.). Provide a concise summary of the reason(s) for each difference identified in Section 4.12.1 Schedule Summary.

#### **4.12.3 High Level Master Schedule and Key Milestones**

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The schedule submitted in Stage 4 Project Readiness and Approval integrates the proposed vendor/contractor schedule with the tasks and resources identified by the Agency/state entity in previous stages. This schedule should include all tasks, milestones and deliverables needed to achieve the project objectives. The schedule will include all activities necessary by state and/or contractor/vendor resources, the dependencies and predecessors of the activities to be executed, the resources assigned to each task and the expected duration, start and completion dates.

This integrated project schedule should be based on the scope of the work required to execute the project. Only a high-level master schedule and key milestones are being requested at this stage as CDT understands that the detailed integrated master schedule will be developed when the vendor/contractor is brought onboard. After the PAL process has concluded, the Agency/state entity and its vendor/contractor partner will work collaboratively to establish a detailed integrated master schedule and continuously evaluate the schedule to make adjustments as needed through progressive elaboration (e.g., rolling wave).

**Attachment:** Include as an attachment with your email submission.

The following steps are recommended for development of the high level master schedule.

### 1. **Planning**

- The schedule should reflect all business needs and functional area's being addressed as defined in the program's work breakdown structure (WBS), which defines in detail the work necessary to accomplish a project's objectives, including activities both the business owner and vendor/contractors are to perform. Include activities which are program milestones, i.e., contract deliverables, legislatively mandated deliverables and the completion(s) of each phase of development. These activities can be notated as "milestones" in the project schedule for tracking/monitoring.
- Planning may be done in stages throughout the project as stakeholders learn more details.

### 2. **Sequencing**

- The schedule should be planned so that critical program dates can be met. To do this, activities must be logically sequenced and linked – listed in the order in which they are to be carried out and joined with logic. In particular, a predecessor activity must start or finish before its successor. Date constraints and lags should be minimized and justified. This helps ensure that the interdependence of activities that collectively lead to the completion of activities or milestones can be established and used to guide work and measure progress.

### 3. **Assigning Resources**

- The schedule should, at minimum, identify team resources (e.g. State Testing Team, State Business Requirements Team, Vendor Testing Team, etc.) needed to do the work, whether they will be available when needed, and any constraints on funding or time. Resources should align with the proposal's Financial Analysis Worksheets (FAWs).

### 4. **Determine the expected completion or execution time for each task (establishing the duration of all activities)**

- The schedule should realistically reflect how long each activity will take. When the duration of each activity is determined, the same rationale, historical data, and assumptions used for cost estimating should be used. Durations should be reasonably short and meaningful and should allow for discrete progress measurements. Schedules that contain planning and summary planning packages as activities will normally reflect longer durations until broken into work packages or specific activities.

- Horizontally/vertically traceable: The schedule should link products and outcomes associated with other sequenced activities. Such links are commonly referred to as “hand-offs” and serve to verify that activities are arranged in the right order for achieving aggregated products or outcomes. The schedule should also be vertically traceable—that is, data are consistent between different levels of a schedule. When schedules are vertically traceable, lower-level schedules are clearly consistent with upper-level schedule milestones, allowing for total schedule integrity and enabling different teams to work to the same schedule expectations.

#### 5. Critical Path

- The schedule should identify the program’s critical path—the path of longest duration through the sequence of activities. Establishing a valid critical path is necessary for examining the effects of any activity’s slipping along this path. The program’s critical path determines the program’s earliest completion date and focuses the team’s energy and management’s attention on the activities that will lead to the project’s success.

#### 6. Reasonable total float

- The schedule should identify reasonable total float (or slack)—the amount of time a predecessor activity can slip before the delay affects the program’s estimated finish date—so that the schedule’s flexibility can be determined. The length of delay that can be accommodated without the finish date’s slipping depends on the number of date constraints within the schedule and the degree of uncertainty in the duration estimates, among other factors, but the activity’s total float provides a reasonable estimate of this value. **As a general rule, activities along the critical path have the least total float.** It is not uncommon to have total float (or slack) but unreasonably high total float on an activity or path may indicate that schedule logic might be missing or invalid.

#### 7. Baseline

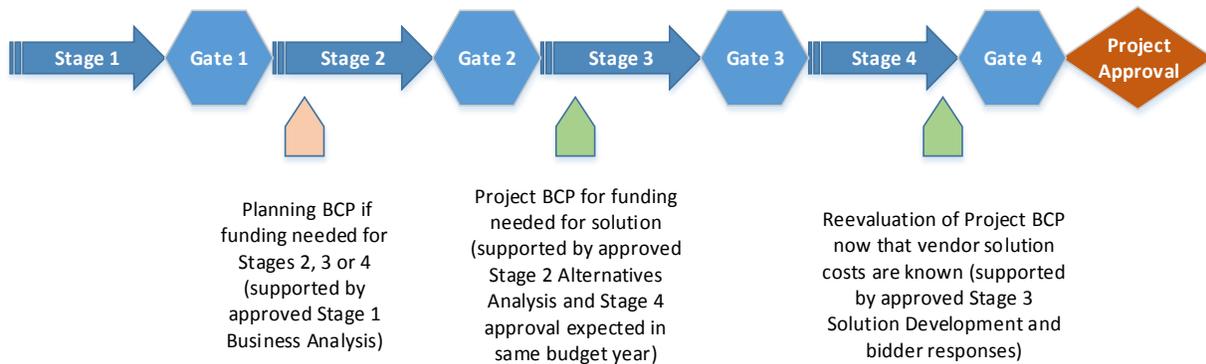
- A baseline schedule is the basis for managing the program scope, the time period for accomplishing it, and the required resources. The baseline schedule is designated the target schedule and is subjected to a configuration management control process. Program performance is measured, monitored, and reported against the baseline schedule.
- The schedule should be continually monitored so as to reveal when forecasted completion dates differ from baseline dates and whether schedule variances affect downstream work. A corresponding basis document explains the overall approach to the program, defines custom fields in the schedule file, details ground rules and assumptions used in developing the schedule, and justifies constraints, lags, long activity durations, and any other unique features of the schedule.

Note: Schedule changes with 10% schedule variance trigger a Special Project Report (SPR).

## 4.13 Cost Baseline

As part of the PAL funding strategy, Budget Change Proposal (BCP) requests are initiated based on cost estimates derived from the Stage 2 Alternatives Analysis. When the project proposal reaches Stage 4, cost estimates are reevaluated based on vendor bid responses and selected vendor costs integrated into Agency/state entity's project estimates. See Figure 1 for an illustration of the PAL Funding Strategy.

**Figure 1: Project Approval Lifecycle – Funding Strategy**



If the “Total Project Cost” in the Stage 4 Project Readiness and Approval significantly deviates from the “Total Project Cost” estimated in the Stage 2 Alternatives Analysis, the Agency/state entity may be required to take action in accordance with the following conditions.

Project Condition at Stage 4	Agency/state entity Action	Admin Action	Result
Total Project Cost estimated in Stage 2 is greater than or equal to Total Project Cost estimated after bids are evaluated in Stage 4	No Action Necessary	Project approved based on final project cost	Award Contract
Total Project Cost estimated in Stage 2 is within 20% or \$5 million (whichever is less) of Total Project Cost estimated after bids are evaluated in Stage 4	Revise PAL Stage/Gate Deliverables to reflect change in project cost (may include updated budget action for increased funding to specific budget years, redirected funds, etc.)	Project approved with condition that updated PAL document is approved	Award Contract
Total Project Cost estimated in Stage 2 exceeds 20% or \$5 million (whichever is less) of Total Project Cost estimated after bids are evaluated in Stage 4	<ol style="list-style-type: none"> <li>1. Perform additional analysis to determine cause of variance and viability of project.</li> <li>2. Negotiate with vendor to reduce project costs to within 20% or \$5 million of estimated Total Project Cost.</li> <li>3. Revise PAL Stage/Gate Deliverables to reflect results of negotiations (changes to scope).</li> </ol>	Project is not approved, proposal is on hold pending additional analysis to determine viability of project	Proposal on Hold

## 4.13.1 Cost Summary

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Utilizing the FAWs, provide the following cost related information from the Summary tab. Refer to SIMM 19F Financial Analysis Worksheets Preparation Instructions for information on how to complete the FAWs.

**Total Planning Cost (One-Time):** Enter the “Planning Costs” for this proposal from the Summary tab.

The Summary tab provides a summarized “Total Project Costs (Planning + One-Time + Total Future Annual Costs)” on the right-hand side for each respective alternative considered. The detailed planning costs are broken down in each respective Alternative tab.

The total planning cost is the sum of all costs associated with the planning activities conducted in Stage 2 Alternatives Analysis through Stage 4 Project Readiness and Approval.

**Total Project Cost (One-Time):** Enter the “One-time (Project) Costs” for this proposal from the Summary tab.

The Summary tab provides a summarized “Total Project Costs (Planning + One-Time + Total Future Annual Costs)” on the right-hand side for each respective alternative considered.

The total one-time project costs are the costs that occur while the project is being implemented. The detailed project costs are broken down in each respective Alternative tab.

**Total Future Operations IT Staff and OE&E Cost (Continuing):** Enter the future annual operations costs for this proposal. If using the revised FAWs, use the

The Summary tab provides a summarized “Total Project Costs (Planning + One-Time + Total Future Annual Costs)” on the right-hand side for each respective alternative considered. Enter the Total Future Operations IT Staff & OE&E Costs listed.

**Total:** Enter the sum of all planning, project (one-time), and annual future operations costs.

The Summary tab provides a summarized “Total Project Costs – (Planning + One-Time + Total Future Annual Costs)” on the right-hand side for each respective alternative considered. Enter the sum from the “Total,” which is the sum of all costs (planning, one-time, and annual future operations costs). Note: The revised FAWs (June 2017 or after) use the IT staff (only) plus OE&E to calculate the total future operations costs.

The total project cost is the sum of ALL costs associated with the project planning phases (Stage 2 through Stage 4) and the project execution phase (design, development and implementation), plus future costs through one full year of maintenance and operations costs.

**Annual Future Operations IT Costs (M&O):** Enter the “Annual Future Operations IT Costs (M&O) from the Summary tab.

The Summary tab provides a summarized “Total Project Costs (Planning + One-Time + Total Future Annual Costs)” on the right-hand side for each respective alternative considered. Enter the “Total Future Operations IT Costs (M&O)” listed. Note: The revised FAWs (June 2017 or after) use the IT staff (only) plus OE&E for the FY identified as “M&O” to calculate the annual future operations IT costs.

This cost represents a full year of ongoing, continuing costs (IT staff and OE&E) of the solution once implemented and considered M&O.

**Difference:** Enter the difference between the Estimated Proposed Cost and Final Baseline Cost.

### **4.13.2 Reason(s) for Difference**

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The difference between anticipated costs and actual costs may be caused by many reasons (e.g., change in direction, feasibility, budgetary issues). Describe any reasons or issues that contributed to the cost difference in planning, project, and/or future costs. Provide a concise summary of the reason(s) for each difference identified in Section 4.13.1 Cost Summary.

### **4.13.3 Budget Change Proposal (BCP) Summary**

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A Budget Change Proposal (BCP) is a proposal to change the level of service (increases, decreases, or shifts) or funding sources (new funds or utilizing different fund source for the same purpose) for activities authorized by the Legislature, or to propose new program activities not currently authorized. Agencies/state entities may request funding for an IT project through the BCP process. All BCPs relative to the proposed project are to be entered in the table provided.

**Budget Request ID:** Enter the unique number assigned to the BCP. For future BCP requests, this may be left blank.

**Budget Request Year:** Identify the fiscal year (in FY 0000-00 format) of the budget under development or consideration at the time the BCP or Finance Letter is submitted (i.e., the fiscal year for which the budget is not yet enacted). For BCPs that involve multiple years, enter the fiscal year of the first fiscal year as identified above. For future BCP requests, identify the fiscal year the request will be submitted for consideration.

**Requested Amount:** Enter the amount of funding being requested for the identified Budget Request Year. If the BCP is a multi-year budget request, provide the sum amount of all budget years requested.

**Status:** Select the status of the BCP from the following:

- Pending  
This status is to be used for a BCP request that has been submitted and has not received a decision.
- Supported  
This status is to be used for a BCP request that is supported by the Department of Finance (DOF).
- Not Supported

- This status is to be used for a BCP request that is not supported by the DOF.
- Future  
This status is to be used for a BCP request that has not been submitted but is anticipated.

Add additional BCP summaries as needed.

#### 4.13.4 Financial Analysis Worksheets (Baseline)

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**Attachment:** Include the FAWs as an attachment with your email submission. Do not embed in your Stage 4 template.

The FAWs should document final baseline cost and resource assumptions the Agency/state entity made during the Project Approval Lifecycle. Based on bid reviews and vendor selection, these FAWs will include refined figures as compared to the estimates that were submitted in Stage 2 Section 2.14 Financial Analysis Worksheets. The FAWs provide a standard format for documenting the projected costs and financial benefits of the current method of operation and the proposed alternative. The worksheets are used to perform cost analyses of the full range of alternatives under consideration. [Refer to SIMM 19F Financial Analysis Worksheets Preparation Instructions](#) for direction on how to complete the FAWs.

#### 4.14 Project Management Planning

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Stage 4 Project Readiness and Approval documentation should closely align with project management planning deliverables. Project management plans developed during this stage typically relate to requirements and cost baselining. Indicate the status of the following project management plans or project artifacts. Select “Yes” if the plan/artifact is complete, approved by the designated Agency/state entity authority, and available for CDT review. Select “No” if the plan/artifact is under development, pending review/approval or not yet started, and provide the status in the space provided. Select “N/A” if the plan/artifact is not needed for the proposed project and provide an explanation in the space provided.

**Plan/Artifact:** Select the project management plan/artifact status (i.e., “Yes,” “No” “or “Not Applicable”) for each of the following:

- Risk Register
- Contract Management Plan
- Cost Management Plan
- Implementation Management Plan
- Requirements Management Plan
- Deliverable Expectation Document (DED)

#### 4.15 Risk Register

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**Attachment:** Include the Risk Register as an attachment with your email submission.

Risk management can be defined as the processes and structures that are directed towards realizing potential opportunities, while simultaneously managing possible adverse impacts. From a project management perspective, risk management is a continuous activity conducted throughout the life of the project—it seeks to identify potential risks, evaluate their likely impact, develop mitigation plans, and monitor progress.

The Risk Register is a tool to capture project risks and supports the risk management process in accordance with the Risk Management Plan. This includes tracking information such as probability, impact, triggers, mitigation plans, and contingency plans. The template and instructions for the Risk Register is available in [SIMM Section 17 CA-PMF](#).

The Risk Register includes all project risks identified through the PAL that will continue into project execution. Any open project approval conditions that will not be completed by the end of Stage 4 Project Readiness and Approval should be added to the Risk Register as a risk that will continue post PAL.

## **Gate 4 Project Readiness and Approval Evaluation Scorecard**

The Gate 4 Project Readiness and Approval Evaluation Scorecard is the methodology the CDT will use to communicate feedback and final disposition on the Stage 4 Project Readiness and Approval submitted to the Agencies/state entities. The Evaluation Scorecard will be available to Agencies/state entities to view and to use as a tool for reviewing the quality of their own submissions internally prior to submission.

The Gate 4 Project Readiness and Approval Evaluation Scorecard is located under SIMM Section 19D.