

**Office of the Chief Information Officer
Enterprise Policy**

Policy Number: CIO-075

Effective Date: 09/01/2002

Revision Date: 01/07/2010

Subject: Enterprise IT Project Approval Process

Policy Statement: Prior to the expenditure of Commonwealth funds, the Commissioner of the Commonwealth Office of Technology (COT) will ensure that all major information technology efforts are consistent with the Commonwealth's strategic direction for information technology and with the Enterprise Project Management Framework. This policy is intended to enhance the probability of IT project success across the enterprise.

Authority: KRS 11.507 (1) (h) "Reviewing and overseeing large or complex information technology projects and systems for compliance with statewide strategies, policies, and standards, including alignment with the Commonwealth's business goals, investment, and other risk management policies. The [Commissioner of COT] is authorized to grant or withhold approval to initiate these projects."

Responsibility for Compliance: All Commonwealth agencies have an obligation, when initiating projects, to ensure that the questions pertinent to a successful project structure are addressed. The review process will focus on basic information necessary to determine whether a proposed project can be both supported and successful.

Policy Maintenance: The Commonwealth Office of Technology (COT), Office of Enterprise Technology is responsible for maintaining and updating this policy.

Policy: All Executive Branch Agencies, under direct authority of the Governor, initiating IT projects or initiatives where the estimated cumulative project cost is \$600,000 or more from concept through implementation must use the Enterprise IT Approval Process. (The project cost does not take into account on-going operational cost once the project is completed.)

The Enterprise IT Project Approval Process must be completed prior to the expenditure of Commonwealth funds. The review of proposed project initiatives will focus on:

- Coordinating IT investments across the enterprise to avoid duplicate investments wherever possible,
- Validating that IT investments align with the Commonwealth's strategic plan and with the Enterprise Architecture Principles and Standards, and
- Ensuring that the Commonwealth considers potential project risks and only undertakes projects with a level of risk that we can knowingly assume and manage, and
- Verifying that standard Commonwealth project management practices are employed when initiating projects.

Projects or initiatives that were initiated prior to the approval date of this policy are considered "approved" as long as the agency continues work on the project.

Once the submitted project has been approved, the sponsoring agency must submit **quarterly** Enterprise Project Status Reports to the Commissioner of COT utilizing the [Enterprise Project Status Report](#) template. Following the completion of the project, the sponsoring agency must submit a final Project Closeout Report to the Commissioner of COT utilizing the attached [Enterprise Project Closeout Report](#) template.

Once work is stopped on a project for a period longer than three (3) months, approval will be required to restart project efforts.

Definitions:

Project – "A project is a temporary endeavor undertaken to create a unique product or service. *Temporary* means that every project has a definite beginning and a definite end. *Unique* means that the product or service is different in some distinguishing way from all other products or services."

Project Management Body of Knowledge 2000 Edition, Project Management Institute

In the Commonwealth this definition will apply to IT projects that develop a new product or that enhance or substantially modify a current product. Renewals of hardware maintenance agreements and renewals of software license agreements are specifically excluded from the Commonwealth definition of IT projects.

IT project or initiative – A project/initiative for a computer, telecommunications, communication infrastructure or other information technology improvement with proposed expenditures for hardware, software, data, consulting, or other professional services.

Agency specific project – A project that will impact a single Commonwealth agency and its customers.

Enterprise impact project – A project that will impact two or more Commonwealth agencies and their customers.

Estimated cumulative project cost – A predicted total of expenditures required to complete all the project tasks from initiation through closeout. This cost would include both direct and indirect project cost.

Direct project cost – Estimated expenditures that can be directly allocated to the project with relative ease and a high degree of accuracy. Expenditures paid directly out for the project, such as capital outlay, labor cost to contractor, COT, etc. would be considered direct cost.

Indirect project cost – Estimated expenditures that cannot be readily and specifically allocated to a particular project. Expenditures not paid directly out of the project budget, such as internal labor cost, CPU cost, etc. When indirect project costs cannot be assigned a dollar amount, alternative-costing methods may be used (i.e. FTE's, CPU usage rates, etc.).

Information System Technology Capital Project – Any computer or telecommunications system of related hardware, software, services and data infrastructure that provides a functional system for a specific business purpose; or an upgrade, or replacement to an existing system for a specific business purpose that may contain one or more of the following cost elements:

- (a) Hardware infrastructure;
- (b) Software which includes application software, systems management software, utility software, or communications software;
- (c) Professional services for project management, requirements analysis, system integration, installation, implementation, or data conversion services; or
- (d) Digital data products, including acquisition and quality control.

Project Initiation Documents – Appropriate initiation documents developed in accordance with the Enterprise Project Management Framework guidelines.

Peer Advisory Panel – An advisory group convened at the discretion of the Commissioner of COT to review specific Tier 2 projects. The group may include participants from the Commonwealth Technology Council, the Commonwealth Office of Technology, and Finance and Administration Office of Procurement Services.

Procedure:

The Enterprise IT Project Approval process is initiated by the sponsoring agency as part of the project pre-development activities, preferably at the exploration phase of the project known as Initiation. Enterprise IT Project approval employs a tier review process based on the estimated cumulative project cost.

If the submitted project is an Information Technology System Capital Project, the requesting agency must have completed the necessary procedures for capital projects before starting this approval process.

There are two (2) defined tiers for project approval:

- Tier 1:** Agency specific projects with estimated cumulative project cost equal to or greater than \$600,000 and less than \$1,000,000 ($\geq \$600,000$ and $< \$1,000,000$).
- Tier 2:** Projects with estimated cumulative project cost equal to or greater than \$1,000,000 ($\geq \$1,000,000$) or projects that have an enterprise impact.

The following outlines each tier's procedures for project review/approval:

Tier 1

1. Agency prepares the Project Initiation Document.
2. Agency Information Technology Officer (ITO) approves the Project Initiation Document.
3. Agency ITO submits Project Initiation Document to the Commonwealth Office of Technology, Office of the Commissioner.
4. Appropriate COT Offices review Project Initiation Document upon request by the Commissioner of COT.
5. The Commissioner of COT may: approve a project, recommend that remedial action be taken to ensure that a project is appropriately structured for success, or may recommend that a project be deferred due to potential risks or limited availability of resources and notifies the requesting agency, the Office of the state Budget Director, and the Finance and Administration Office of Procurement Services in writing. The agency has the option to revise the project concept and resubmit the project for approval or find alternative ways to expend budgeted funds.
6. Once a project has been approved the requested project must start within three (3) months unless otherwise approved by the Commissioner of COT.

Tier 2

1. Agency prepares the Project Initiation Document.
2. Agency ITO approves the Project Initiation Document.
3. Agency ITO submits Project Initiation Document to the Commonwealth Office of Technology, Office of the Commissioner.
4. Appropriate COT Office reviews Project Initiation Document upon request by the Commissioner of COT.
5. The Commissioner of COT may convene a Peer Advisory Panel. The Panel reviews Project Initiation Document and provides a recommendation and supporting justification in writing, to the Commissioner of COT.
6. The Commissioner of COT may: approve a project, recommend that remedial action be taken to ensure that a project is appropriately structured for success, or may recommend that a project be deferred due to potential risks or limited availability of resources and notifies the requesting agency, the Office of the state Budget Director, and the Finance and Administration Office of Procurement Services in writing. The agency has the option to revise the project concept and resubmit the project for approval or find alternative ways to expend budgeted funds.
7. Once a project has been approved the requested project must start within three (3) months unless otherwise approved by the Commissioner of COT.

The Commissioner of COT will complete the Tier 1 Enterprise IT Project review process within fifteen (15) working days of receipt of the Project Initiation Document from the Agency ITO. The Tier 2 Enterprise IT Project review process will be completed within a timeframe that is in conjunction with the scope and complexity of the proposed project.

Exemption Procedures:

If a requesting agency wishes a project to be exempt from the Enterprise IT Project Approval process, the Agency ITO must submit justification for the exemption in writing to the Commissioner of COT prior to the expenditure of Commonwealth funds. The Commissioner of COT will determine whether the exemption is warranted and will respond to the requesting agency, the Office of the State Budget Director, and the Finance and Administration Office of Procurement Services in writing.

Project Status Reports:

All Enterprise IT projects that have previously been reviewed and approved through this Policy must submit **quarterly** Enterprise Project Status Reports. Once the project has been approved, or otherwise placed on the Enterprise Project Portfolio, an Enterprise Project Status Report must be provided to the Office of the Commissioner of COT on January 15th, April 15th, July 15th, and October 15th of each year until the project has been completed or stopped.

The following outlines the specifics of the Enterprise Project Status Report:

- All projects that have been reviewed and approved as part of the Enterprise IT Project Approval Policy must submit Enterprise Project Status Reports.
- Status Reports are to be submitted quarterly on January 15th, April 15th, July 15th, and October 15th of each year until the project is completed or stopped.
- Submit the completed Enterprise Project Status Reports to the Office of the Commissioner, Commonwealth Office of Technology.

Post-Project Closeout Report:

Once the project has been placed on the Enterprise Project Portfolio, an Enterprise Project Closeout Report must be provided to the Commissioner of COT once the project is completed or stopped.

The following outlines the specifics of the Enterprise Project Closeout Report:

- All projects that have been reviewed and approved as part of the Enterprise IT Project Approval Policy must submit Enterprise Project Closeout Report following their final status report.
- Submit the completed Enterprise Project Closeout Report to the Office of the Commissioner, Commonwealth Office of Technology.

Resources:

- Enterprise Project Status Report Template:
<https://gotsource.ky.gov/docushare/dsweb/Get/Document-325676>
- Enterprise Project Closeout Report Template:
<https://gotsource.ky.gov/docushare/dsweb/Get/Document-321044/>