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Implementing
Capital Planning
and
Information
Technology Investment
Processes:

An Assessment

Federal CIO Council
Capital Planning and IT Investment Committee
Best Practices Subcommittee

May 29, 1998

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FOREWORD

This assessment of the implementation of IT Capital Planning processes has been developed on behalf of the Best Practices Subcommittee of the Federal Chief Information Officer (CIO) Council's Capital Planning and Information Technology (IT) Investment Committee. The Subcommittee is pleased to present the results of an assessment of IT capital planning activities and procedures.

The information presented herein was gathered through a directed questionnaire and follow-up interviews conducted with ten participating agency CIO's and their staffs between April 22 and May 1, 1998.

The questionnaire findings, as well as the input from the interview process, are presented for the mutual benefit of the participating parties and other government agencies or departments that may benefit from "best practices" in IT capital planning methods.

This assessment is a joint effort of the Best Practices Subcommittee and LEADS Corporation. The Best Practices Subcommittee wishes to thank the participating agencies and their respective CIO staffs for completing the questionnaire and the scheduled interviews in a concise and timely manner. We are especially grateful to:

Alan Balutis	Department of Commerce
David Cristy	Department of Housing and Urban Development
Gary Crowl	Department of Energy
Mark Day	Environmental Protection Agency
Gary Galloway	Department of State
Lee Holcomb	National Aeronautics and Space Administration
Brian King	U.S. Coast Guard
Anne F. Thomson Reed	U.S. Department of Agriculture
Dr. Shereen G. Remez	General Services Administration
Kim Taylor	Department of Transportation

EXECUTIVE SUMMARY

Objectives of Current Assessment

This assessment of IT capital planning practices is a high-level look at how well the participating agencies are progressing in the implementation of the first and best practices identified in workshops conducted by the CIO Council in 1997. The emphasis in this assessment is directed toward ascertaining progress on implementation of the "first" and "best practices" by the agencies participating in the pilot plans. The questionnaire also reflects input from the GSA's "IT Capital Planning Guide", dated January 8, 1998, and the OMB's "Capital Planning Guide", published in July 1997.

Methodology

The assessment was conducted through a directed questionnaire and follow-up interviews conducted with ten participating agency CIO's or their staffs between April 22 and May 1, 1998.

Participants

Twelve agencies were invited to participate, however, due to extremely tight time constraints, only ten were able to participate. Participating agencies included:

- Department of Agriculture (USDA)
- Department of Commerce (DOC)
- Department of Energy (DOE)
- Department of Housing and Urban Development (HUD)
- Department of State (DOS)
- Department of Transportation (DOT)
- Environmental Protection Agency (EPA)
- General Services Administration (GSA)
- National Aeronautics and Space Administration (NASA)
- US Coast Guard (USCG)

Refer to Appendix A for the names of agency participants

Method

In order to ensure the highest possible participation, Dr. Shereen Remez, GSA CIO, and chair of the Best Practices Subcommittee, issued a letter to potential participants asking for their cooperation and explaining the purpose and process to be undertaken (Appendix B).

The next step was development of the questionnaire. The GAO Assessment Guide provided more than 100 multiple part questions about the various phases of the IT capital planning process, and served as an initial starting point. However, in order to comply with extremely tight time constraints, it was necessary to cull the questions to less than 30. The selected questions were then mapped to the "first practices" and initial "best practices". Appendix C presents the mapping of the questions to the "first practices" and initial "best practices" and the blank questionnaire.

Questionnaires were distributed to participants ahead of scheduled interviews so that they could prepare their responses. Ten 1-hour interviews were conducted in eight working days. Participant's answers were then compiled and interview notes analyzed in order to produce this report.

Summary of Findings

Included in this section are some overall observations deduced from the analysis and specific findings related to the first practices and initial best practices.

There were four recurrent themes that evolved from the "best practices" assessment:

♦ Quality participation or "buy-in" by the highest-level agency managers in the IT capital planning process is necessary for successful agency implementation.

♦ Collaboration of senior management (CEO(Director)/CFO/CIO) is necessary to provide focus for the process.

♦ Decision making at the lowest appropriate level helps drives the process.

♦ Most progress has been made in the development of IT Investment Selection processes.

BACKGROUND

The mission of the Subcommittee, as defined in the Federal CIO Strategic Plan, is:

Continue to establish guidance for "best practices" for IT Capital Investment.

The measurement of this objective is identifying and publishing annually relevant government and private sector best practices. Activities are defined as:

Completing an annual process of documenting "best practices" from government and the private sector, updating and publishing "Best Practices", and assessing the effectiveness of the best practices.

The process began with the Committee's "first practices" planning session on February 3 and 4, 1997. This planning session produced the *Information Technology Investment: "First Practices"*, booklet which highlighted nine outstanding first practices, and eleven success factors that emerged as the agencies began to assess what works in establishing capital planning for information technology. This assessment represents the third stage, and initial assessment, of IT capital planning "best practices".

The following "first practices" emerged from the February, 1997 CIO Council workshop:

◆ Secure senior management commitment and participation

◆ Establish an executive-level investment review board

◆ Select the right investments

◆ Determine costs of present systems

◆ Address costs, benefits, and risks of planned investments

◆ Provide staff analysis to the investment review board that informs decision making

◆ Make decisions as needed

◆ Control initiatives throughout the life cycle

◆ Evaluate results for lessons learned

Critical Success Factors and Assessment Findings

The following section summarizes the current status of the IT capital planning and investment processes for the participating federal agencies. The assessment's findings focus on the participants' implementation of critical success factors and the identification of new practices.

Critical Success Factor: Secure Senior Management Commitment and Involvement

How will we demonstrate the successful implementation of this factor in our IT capital planning and investment review processes? Agencies report that we must:

- ◆ Recognize the need for top management involvement
- ◆ Use the budget process as a driver
- ◆ Involve functional level IT executives
- ◆ Involve top management in the IT Strategic Planning Board
- ◆ Develop partnerships between the CIO, CFO and CEO
- ◆ Form a Business Planning Council
- ◆ Have open communication among agency's top leadership
- ◆ Consider establishing Working Capital Funds
- ◆ Have strong leadership at the top

Have we implemented these strategies? If not, how are we progressing?

This assessment documents a strong indication that agencies embrace, and have taken action to facilitate, the participation of senior management in IT capital investment processes. Nearly ninety percent of respondents have established executive level IT investment boards. Senior management is involved in ongoing reviews, although the degree and frequency of involvement, as well as level of management involved varies among the agencies. Some agencies employ a tiered review, while others use a decentralized review structure. In some instances, only certain select projects, such as those defined as major, critical, or cross-cutting, receive regular attention at the top executive level (Secretary, Administrator, etc.). Three agencies specifically noted that their top executives provide strong, focused leadership and are actively involved in IT issues.

Some agencies are still forging the partnering of the CIO, CFO and CEO in the IT capital planning investment process. Almost one-half of the questions in the assessment questionnaire are linked to this critical success factor. Agencies have been extremely successful in some of the areas, while other areas as still in progress or need further refinement.

> *"Senior management insists that they thoroughly understand a proposed project before they will approve it."*

What are we doing most successfully?

There are several areas that all or most of the agencies agree upon and have accomplished. All or most agencies:

♦ Include staff from program, IT, and financial offices in the IT Capital planning review processes.

♦ Have implemented, or are close to completing implementation of, formal systematic processes to handle proposed project submission requirements through decision making for funding.

♦ Have adopted an integrated team approach in the composition of the review groups by including representatives from the different functional areas of program (operations), finance, and IT.

♦ Have senior management review summaries on project costs, benefits, and risks of their IT investments.

What is next? Where do we go from here in order to achieve stronger successes in implementing IT Capital Planning processes?

♦ Only three-quarters of agencies have determined who has responsibility and authority for making final IT related funding decisions.

♦ Less than one half of the agencies have completed procedures defining how senior management will monitor projects in investment control meetings; another three agencies are in the process of creating procedures.

Critical Success Factor: Establish an Executive Level Investment Review Board

How should an Executive Level Review Board be Structured and Operate? Agencies report we must:

- ◆ Build on existing structures
- ◆ Consider the need for multiple boards
- ◆ Consider bureaus at decentralized agencies
- ◆ Use different approaches at centralized agencies
- ◆ Make use of an active, energized investment review board

Have we implemented these strategies? If not, how are we progressing?

Practically speaking, all agencies participating in this assessment have adopted Executive-level Investment Review Boards, with one agency utilizing an agency-level board to review the top twenty projects. Most agencies employ tiered review structures. The assessing entities at the various tiers or operational units, which generally involve senior management, review both proposed and on-going projects. Depending on the agency and project, summary reports may pass up through the agency, and other reviewing bodies may conduct additional independent assessments. Under certain conditions, the project itself may become the charge of the agency and executive-level IT review board.

Almost all agencies report that senior management conducts at least an annual review or assessment of summary information on each project's costs, benefits, and risks. The remaining agencies intend to implement a review process in the future.

Although only just over half report conducting scoring exercises to evaluate the strengths and weaknesses of proposals, comments from the remaining agencies indicate they do evaluate proposals for this purpose. Methods range from use of a simplified procedure of "red, yellow and green light", to conducting extensive analysis at the operating unit level. A few agencies do not pool all projects from their operating units for the purpose of determining funding, but one notes that comparisons are made on the proposed project's contribution to the agency's strategic goals. This implies that some exercise is conducted at the unit level to evaluate the strengths and weaknesses of competing projects. Almost all agencies report a formal systematic process for determining priorities and making funding decisions.

> *"All major IT projects which are eventually included in the Agency's annual IT budget, must go through the process of Information of Technology Council, Council of Controllers, and Business Technology Council endorsement."*

What are we doing most successfully?

There are several areas that all or most of the agencies agree upon and have accomplished. All or most agencies:

♦ Have adopted Executive-level Investment Review Boards
♦ Use tiered review structures
♦ Review both proposed and on-going projects at the tier level
♦ Have senior management review summary project information at least annually
♦ Have a formal and systematic process for setting priorities and making funding decisions

What is next? Where do we go from here in order to achieve stronger successes in implementing IT Capital Planning processes?

♦ Less than half of the agencies have procedures in place to define how senior management will monitor approved projects.

♦ Only half of the agencies require the process of analyzing and comparing IT projects throughout their agency.

Critical Success Factor: Select the Right Investments (Using Established Criteria)

How will we demonstrate the successful implementation of this factor in our IT capital planning processes? Agencies report that we must:

♦ Define thresholds for investment planning and control
♦ Include agency infrastructure in investment portfolio
♦ Develop a method for selecting investments
♦ Evaluate investments for support of goals
♦ Use a scorecard
♦ Develop portfolio management approaches
♦ Standardize reporting formats
♦ Develop criteria for applying decision criteria

Have we implemented these strategies? If not, how are we progressing?

While the agencies are actively building the tools and methodologies that will ensure selection of the best investments for their organizations, all the necessary elements are not yet fully in place. Agencies appear to be focusing first on applying investment evaluation processes to new project proposals.

Just over half report that their management review group conducts scoring exercises to evaluate the relative strengths and weaknesses of proposals. Of the remaining agencies, one replied that they employ a simplified procedure, but did not elaborate on the details or tools used. At least two agencies do not pool all projects from their operating units for the purpose of funding determination, although one of these noted that comparisons are made on the proposed project's contribution to the agency's strategic goals.

> *"The [Agency] has installed the I-TIPS tracking system and expect it will be a key tool in developing a comprehensive select, control, and evaluate process . . . I-TIPS is expected to provide a great deal more valid information and the CIO's office is of the opinion that [they] will benefit from using this tool."*

Just under half of the respondents report they maintain and track data on their current IT spending portfolio by category of investment (operations and maintenance, infrastructure, applications and systems development).

Very few agencies report having established thresholds for cost/benefit ratios, ROI calculations, and risk assessments for IT project screening, although some are in the process of doing so. One agency noted that due to the diversity of functions among its various operating units, establishing a single valid set of agency-wide thresholds would be difficult, if not impossible. This agency requires ROI, CBA, risk assessments, and the demonstration of clear linkages to mission goals when considering investments. Several agencies have concerns regarding the suitability of a single standard in organizations with diverse operations.

What are we doing most successfully?

♦ Only one agency reports exceptions to the screening criteria; the explanations for the exceptions are documented and forwarded with the project proposals.

What is next? Where do we go from here in order to achieve stronger successes in implementing IT Capital Planning processes?

♦ Very few agencies report having established thresholds for cost/benefit ratios, ROI calculations, and risk assessments for IT project screening.

♦ Only a few agencies have conducted reviews of their current IT spending portfolios to assess alignment with mission needs, priorities, strategic direction, or major process reengineering.

Critical Success Factor: Determine Cost of Present Systems

How will we demonstrate the successful implementation of this factor in our IT capital planning and review processes? Agencies report that we must:

♦ Determine the cost of current operational systems.
♦ Address the full life-cycle cost of proposed investments
♦ Combine benefits of existing reporting
♦ Establish a consistent basis for cost determination
♦ Review existing projects
♦ Establish baseline of current IT assets

Have we implemented these strategies? If not, how are we progressing?

Currently, just over half indicate that they have been able to gather enough data to make informed decisions on continued funding of an existing asset. However, this is a significant improvement from the original "first practices" workshop in February 1997 when no agency reported being able to gather this information satisfactorily.

Almost all agencies have linked the capital planning process with the budget process, and the others are "in the process" of developing the link.

Most agencies require data on costs, cost-benefit, and risk analyses. For most, senior management reviews or assesses summary information on each project's costs, benefits and risks, and the rest intend to implement this practice in the future.

Only one agency was able to say that all proposals submitted for consideration in FY 1999 contained all the required data, although several indicated that 50-80% of new proposals submitted included all required data. One agency noted that because of timing, not all requirements had been established at the time of the FY 1999 budget call. Another agency notes deadlines in the budget cycle (up to 24 months prior to implementation) necessitated the inclusion of some projects for which not all information had been gathered.

> "The CIO's office has developed a database of IT investments. It is continually updated vis-à-vis the Operation Administrations' budget submissions, the 5-Year IT plan, and periodic status reviews, etc. It is envisioned that the database will serve as the basis for a Departmental IT portfolio."

What are we doing most successfully?

♦ Processes now in use by some agencies are beginning to produce sufficient data to evaluate existing projects.

♦ The capital planning process and the budget process are linked in most agencies.

♦ Senior management takes an active role in reviewing the costs, benefits and risks of projects.

♦ There was only one report of exempting a project from elements of the screening criteria, and justification for the exception was documented and forwarded with the project proposal.

What is next? Where do we go from here in order to achieve stronger successes in implementing IT Capital Planning processes?

♦ Only a few agencies report having completed reviews of their current IT spending portfolios.

♦ Only one agency was able to say that all proposals submitted for consideration in FY 1999 contained all the required data.

New practices which show promise for the future:

♦ One agency has developed a database of their IT systems linked to their budget and strategic plan. Although this tool currently functions as an inventory of all IT assets, they intend to use it as a true portfolio of their IT investments in the very near future.

Critical Success Factor: Address Costs, Benefits, and Risks of Planned Investments

How will we implement these measurements in our IT capital planning and investment review processes? Agencies report that we must:

◆ Include all relevant costs
◆ Choose an organizational model for review
◆ Predict benefits of investments that accrue in the near term rather than in 3-5 years
◆ Analyze multiple investment risk categories

Have we implemented these strategies? If not, how are we progressing?

The majority of the agencies advise that senior management reviews summary information on each project's costs, benefits, and risks, and those agencies not currently supplying this information intend to do so in the future.

Most agencies report that they specifically require data on costs, cost-benefit, and risk analyses on project proposals, particularly major projects or those involving Agency level review. A number of respondents note that data requirements vary depending upon the size of the IT project. Within one agency, proposals with costs of $50 million or greater must follow the data requirements of Exhibit 300B of the OMB's Circular A-11, while smaller projects are subject to a subset of those data elements. Oral comments by several of the interviewees indicate that analysis requirements are relaxed for certain types of projects, such as those which are mandated, or where it is not possible to calculate a quantitative measurement of some criterion, such as benefits.

> *"Both [pre-existing and new] Select, Control, and Evaluate models require performance of complete and extensive cost-benefit analysis, including net present value computation and risk analysis for larger projects."*

Among the decentralized agencies, and those with tiered review structures, data requirements are frequently established by the various departments or operating units. Thus, it is unclear as to how extensively these measurements are addressed for projects reviewed and approved at the sub-agency or department level.

Only one agency advised that all IT proposals submitted for funding consideration in FY 1999 included all of the requisite data (including analyses on costs-benefits and risks). On average, slightly more than half of the new projects submitted for consideration were fully compliant with all data requirements in another four agencies. One agency with published guidelines reported that the FY 1999 budget cycle began prior to agency-wide adoption of the IT capital planning process, therefore, not all proposals submitted for

funding consideration contained all requisite data. Another responded that the question assumed portfolio management at the agency level, a function that is performed only for certain investments at this agency, all others being managed at the program level.

What are we doing most successfully?

♦ Virtually all of the agencies have completed implementation of a formal, systematic process for determining priorities and making funding decisions.

♦ Agencies are adhering to their selection processes. Only one respondent said that they had made an exception to their screening criteria for new projects, and noted that the rational for the exception was fully documented.

What is next? Where do we go from here in order to achieve stronger successes in implementing IT Capital Planning processes?

♦ Only one agency advised that all IT proposals submitted for funding consideration in FY 1999 included all of the requisite data.

Critical Success Factor: Provide Staff Analysis that Informs Decision-Making

How will we ensure that sufficient relevant data is available for staff to provide analyses that informs decision-making? Agencies recognize that we should:

♦ Make the business case
♦ Address cost, risk, and benefits
♦ Be brief

Have we implemented these strategies? If not, how are we progressing?

The agencies appear to be in the process of accumulating data, including historical data on existing projects, which staff can utilize to build evaluations for use by their investment boards. Clearly, agencies recognize the value of collecting data for analysis and questionnaire responses provide insight on their progress in making the business case. Most agencies have completed, or are in the process of, identifying the benefits of each IT investment using quantitative and or qualitative data relating directly to mission support and performance improvement. The majority requires that data on costs, benefits, and risk analyses are included in documentation supporting major proposed projects. However, not all projects are subject to the same analysis criterion.

> *"The Planning Staff is employed full-time reviewing [proposed project] plans. They will also farm-out project plans for additional review if they deem a specialized [project] warrants insight from a specialist."*

As noted previously, only one agency was able to fulfill the data requirements for all projects submitted for funding consideration in FY 1999. Four agencies reported that half, or better, of the new proposals submitted met their agency's data documentation requirements.

The omission of some supporting analysis may be partially explained by timing issues. Several participants noted that in some instances good business judgement dictates inclusion of a project in the budget even though the agency is still gathering information to complete their evaluations. Otherwise, the advanced timing of the budget cycle (up to 24 months prior to implementation) would exclude or detrimentally delay some projects that may be pivotal to a mission objective and will prove valid upon subsequent evaluation.

The consistent collection of all relevant data is critical to providing staff analysis that ensures informed decision making. The majority of respondents advise that senior management review summary information on a proposed project's costs, benefits, and risks. However, all desirable data for weighing the advantages of funding a new

acquisition against continuing the funding of an existing asset, may not yet be compiled and readily available for analysis. Only a third of the reporting agencies have completed, or substantially completed, reviews of their current IT spending portfolio to assess alignment with mission needs priorities, strategic direction, or major process reengineering.

Interview comments indicate that educating personnel at various levels on both the benefits of, and disciplines involved in, IT capital planning is critical to future success. Sufficient time has not elapsed for agencies to define and disseminate data requirements, and train personnel in the techniques of quantitative analysis, that would yield all the data necessary to facilitate meaningful analysis for this year's budget cycle. However, several agencies indicated that within the next year they anticipate significant progress as a result of the planning and effort expended in the last year.

What are we doing most successfully?

♦ Agencies are adhering to their screening criteria for proposed projects: to date, only one agency has encountered an exception to their criteria.

♦ Senior management reviews summary information on each project's costs, benefits, and risks in the majority of the agencies.

What is next? Where do we go from here in order to achieve stronger successes in implementing IT Capital Planning processes?

♦ Only a third of the reporting agencies have completed, or substantially completed, reviews of their current IT spending portfolio.

Critical Success Factor: Make Decisions When Needed

How will we show successful implementation of this factor in our ITCP and Investment Review processes? Agencies report that we must:

♦ Be prepared to stop a project when necessary
♦ Be prepared, also, to help in making changes
♦ Establish corporate decision making infrastructure

Have we implemented these strategies?

Most agencies appear to recognize the importance of providing relevant data to senior management that fosters prudent and timely decisions regarding continuance of a project. Most agencies report that they notify senior management of gaps between estimates and actual performance, and that they document the reasons for variances. Only one agency reported any instance of an exception to their screening criteria, and the justification for the exception was documented and submitted with the proposal. This appears to imply that the agencies are working to ensure that all adequate data (including omission disclosure) are collected for informed decision making.

> *"The Program Management Council employs a rigorous set of program management procedures. They set thresholds for large projects, measure, and evaluate carefully and will cancel a project that experiences unjustified cost over-runs."*

What are we doing most successfully?

♦ Most agencies notify senior management of gaps between estimated and actual performance and then document the reasons for variances.

♦ Most agencies are briefing upper level management concerning the results of the preliminary selection process.

What needs improvement? Where do we go from here?

♦ Only slightly over half of the agencies regularly update project business cases to reflect current costs, risks, and interim performance results for use in investment control meetings.

New practices which show promise for the future:

♦ One agency uses project business case information which is updated annually in the selection briefing process, and which will be done monthly in the fully implemented control and evaluation process.

Critical Success Factor: Control Initiatives Throughout The Life Cycle

How will we demonstrate the successful implementation of this factor in our ITCP and Investment Review processes? Agencies report that we must:

- Use the portfolio to manage costs and oversee implementation
- Control investments, independent of the selection process
- Ensure that problems are surfaced and discussed when they occur
- Monitor results or outcomes
- Manage high risk projects
- Develop preview of milestones/review schedule
- Remain faithful to the scheduled project reviews

Have these strategies been implemented? If not, how are we progressing?

The structure of senior management involvement in ongoing reviews varies. Some agencies employ a tiered review, while others use a decentralized review structure.   In some instances, only certain selected projects, such as those defined as major, critical, or cross-cutting, receive regular attention at the top executive level (Secretary, Administrator, etc.). However, all agencies include staff from program, IT, and financial offices in the IT capital planning review process.   Some agencies employ an integrated project team approach throughout the project life cycle.

> *"We currently have high level milestones and cost information for each project and are using A-11 requirements and project information in greater detail so that projects not meeting cost or schedule goals are more quickly identified."*

What is being done most successfully? Most agencies report that:

- Senior management is apprised of deviations between estimated and actual performance.

What needs Improvement?   Where do we go from here to achieve stronger successes in implementing ITCP processes?

- Only slightly over half of the agencies say they are able to obtain sufficient data on actual versus projected costs to support informed decision making regarding project continuation.

- Barely half of the agencies regularly update project business cases to reflect current costs, risks, and interim performance results, for use in investment control meetings.

New, or newly used, practices which show promise for the future:

♦ Two agencies mentioned the use of earned value project management techniques to control time and cost schedules for their projects.

Critical Success Factor: Evaluate Results for Lessons Learned

How are we showing the successful implementation of this factor in our ITCP and Investment Review processes? Agencies report that we must:

- ◆ Tie proposed investments to program initiatives
- ◆ Develop an explicit relationship to the GPRA Performance Plan and report
- ◆ When measuring performance, keep your eye on the prize
- ◆ Critique Select and Control phases during evaluation
- ◆ Incorporate lessons learned into the process
- ◆ Incorporate evaluation results into overall IT business practices
- ◆ Agree up-front on what is to be evaluated
- ◆ Select the right staff to perform evaluations

Have we implemented these strategies? If not, how are progressing?

Assessment of overall responses indicates that the creation of procedures for evaluation and feedback, including the collection of information pertinent to their evaluations, will require additional time. In some instances, agencies have not yet had the opportunity to track a project through the selection and control phases, much less evaluate the results of either the project or the process.

> *"Our Pilot-Guide was revised after nine months and re-issued September '97. Based on lessons learned—we expect more [revisions] in the future."*

What are we doing most successfully? Most agencies report:

- ◆ Some degree of implementation in the publishing of guidelines defining where data on IT projects will be maintained.

- ◆ Identifying benefits of each IT investment using quantitative/qualitative information to ensure that benefits relate directly to mission support and performance improvement.

What is next? What is needed to achieve stronger successes in implementing ITCP processes?

- ◆ Only slightly more than half of the agencies use performance measures and cost/benefit analysis to substantiate support for the business mission.

NEW PRACTICES

The preceding sections provide insight on the status of implementation of IT capital planning processes, with a particular emphasis on the spread of "first" and "best practices" previously identifed. But what about the future? What new approaches have been identified? The following new practices, which were not identified in prior forums, are being used by some agencies in their IT capital planning processes:

♦ One agency uses project business case information which is updated annually in the selection briefing process.

♦ Two agencies mentioned the use of earned value project management techniques to control time and cost schedules for their projects.

♦ One agency has developed a database of their IT systems linked to their budget and strategic plan. Although this tool currently functions as an inventory of all IT assets, they intend to use it as a true portfolio of their IT investments in the very near future.

NEXT STEPS

This assessment is an early step in a continuing evaluation process. It is a picture of where implementation for IT capital planning currently stands for nine agencies. The next step requires a more in-depth assessment and the involvement of all federal agencies that need to meet Clinger-Cohen IT capital planning requirements. "Best practices"' will only provide their greatest benefits when all potential participants are involved and sharing in the information process.

APPENDIX A -- SURVEY PARTICIPANTS

AGENCY	PARTICIPANTS
Department of Agriculture (USDA)	Anne F. Thomson Reed, Chief Information Officer, Office of the CIO David Allardyce, Office of the CIO Program, Planning and Management Division
Department of Commerce (DOC)	Alan Balutis, Director for Budget, Management and Information and Chief Information Officer
Department of Energy (DOE)	Gary Crowl, Director of HR42 Office of Policy, Planning, and Mission Analysis
Department of Housing and Urban Development (HUD)	David Cristy, Director of Information Resource Management Policy and Management Division
Department of State (DOS)	Gary Galloway, Senior Policy Analyst Officer of the Chief Information Officer
Department of Transportation	Diane Litman, Manager, Information Resources Management Kim Taylor, Director of Information Resources Management
Environmental Protection Agency (EPA)	Mark Day, Deputy Chief Information Officer
General Services Administration	Dr. Shereen G. Remez, Chief Information Officer, Office of the CIO L. Diane Savoy, Acting Assistant Chief Information Officer, Office of the CIO Reginald Hardman, Acting Director, Center for IT Capital Planning Michael Kernich, Center for IT Capital Planning William McVay, Center for IT Capital Planning
National Aeronautics and Space Administration (NASA)	Lee Holcomb, Chief Information Officer Eva Layne
US Coast Guard (USCG)	Brian King, Chief Office of Architecture and Planning John Theimer, IT Strategic Planner, Office of Architecture and Planning, Systems Planning Branch

APPENDIX B -- LETTER TO PARTICIPANTS

[Addressee]
Chief Information Officer

Dear _____:

In January 1998, the Chief Information Officer (CIO) Council established a Strategic Plan which outlined the goals, objectives, and activities for the committees off the Council. The Capital Planning and IT Investment Committee has an objective to "continue to establish guidance for best practices for IT capital investments". The Best Practices Subcommittee was established to lead this effort.

In follow-up to the IT Capital Planning Pilot Program, which established and published both first practices and best practices, the Subcommittee will assess the effectiveness of the best practices implemented at both the pilot agencies and other agencies which have developed and implemented a process. This effort is scheduled to be completed by May 1998. We are pursuing an aggressive schedule to meet our objectives outlined in the CIO Strategic Plan.

As we discussed and decided during the Best Practices Subcommittee meeting on March 23, 1998, we have employed a contractor, Leads Corporation, to assist us with the assessment. They have been provided the *Information Technology Investment: First Practices*, the *Implementing Best Practices, Strategies at Work*, the GAO *Assessing Risks and Returns: A Guide for Evaluating Federal Agencies IT Investment Decision-Making*, and the *OMB Capital Programming Guide* to uses as background, reference and guiding material. The contractor, in partnership with the Subcommittee, is developing a questionnaire to gather information. To quickly complete this questionnaire, they will be contacting you to schedule a one-hour interview with you and/or any staff to obtain information regarding the Capital Planning and IT Investment program in your agency. You will be provided an advance copy of the questionnaire at least five days prior to your interview. You may also provide the contractor with any documentation or information you consider relevant. The information from the interviews and any documentation will be used by the contractor to develop and provide an Assessment Report. The contractor will brief the Best Practices Subcommittee on the findings and analysis. We will then publish and present this document to the Capital Planning and IT Investment Committee and to the CIO Council.

Any assistance you can provide to ensuring that the designated interviewee completes the questionnaire prior to the interview and is available for the interview will greatly enhance the process and ensure as many agencies as possible are represented in the assessment. I want to thank you for your participation and cooperation.

If you have any questions, please contact Ms. L. Diane Savoy, Acting Assistant Chief Information Officer of Planning and IT Architecture on 202-501-3535.

Sincerely,

Shereen G. Remez
Chief Information Officer

APPENDIX C -- QUESTIONNAIRE

Appendix C presents the mapping of the 27 questions in the questionnaire to the nine first practices and the related initial best practices. A sample copy of the questionnaire follows.

APPENDIX C

Question/Practice Cross-Tabulation Matrix

SUCCESS FACTORS / PRACTICES	QUESTIONS																										
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
CRITICAL SUCCESS FACTOR 1	◆		◆	◆		◆				◆		◆	◆		◆		◆				◆	◆				◆	◆
CRITICAL SUCCESS FACTOR 2			◆							◆	◆				◆						◆	◆				◆	
CRITICAL SUCCESS FACTOR 3		◆			◆			◆	◆	◆												◆					
CRITICAL SUCCESS FACTOR 4							◆			◆				◆							◆				◆		
CRITICAL SUCCESS FACTOR 5			◆				◆			◆											◆						
CRITICAL SUCCESS FACTOR 6					◆		◆	◆		◆											◆						
CRITICAL SUCCESS FACTOR 7										◆							◆	◆									
CRITICAL SUCCESS FACTOR 8										◆		◆	◆	◆			◆	◆									
CRITICAL SUCCESS FACTOR 9						◆		◆		◆							◆	◆	◆	◆			◆	◆			
INITIAL BEST PRACTICES	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆

APPENDIX C -- QUESTIONNAIRE

Federal CIO Council Best Practices Assessment
Questionnaire
for Information Technology Capital Planning

Per the letter of April 8, 1998 from Dr. Shereen G. Remez, GSA CIO, LEADS Corporation is forwarding the following questionnaire to your attention and has previously scheduled interviews with you and your staffs to clarify any questions you may have regarding your completion of the questionnaire. If possible, we would appreciate receiving your completed questionnaires via E-mail or fax prior to the scheduled interview; E-mail (john.roberts@leadscorp.com), fax (703) 769-5660, attention John Roberts.

The questionnaire was developed for the Best Practices Subcommittee of the CIO Council's Capital Planning and IT Investment Committee. The questionnaire utilizes questions, which are directly related to 'Best Practices' cited by participating agencies in the "Implementing Best Practices Strategies at Work", workshop conducted in July 1997. The questions also coincide with the 'First Practices' procedures highlighted in the "Information Technology Investment: First Practices" workshop which initiated the best practices implementation in February 1997.

> *Thank you for your participation. Your responses are important as they will be used to establish a "cross-agency" inventory of Best Practices which can be a powerful tool in the development of your IT capital planning and budgeting. The information you provide will be kept strictly confidential.*

A list of the First Practices is included for your reference on the last page of this questionnaire.

Basis: First Practice one and Best Practices:

1. Where is the agency in the creation (or revision), of defining a formal process for the submission and screening of new funding proposals?

    ❏   Complete through documentation and training of personnel.
    ❏   In process, _____% completed

    Comments:

Basis: First Practice three and Best Practices:

2. Has the Agency defined thresholds for cost/benefit ratios, ROI calculations, risk assessments, etc. for IT project screening? Please provide a brief description of your process for addressing these areas.

    Yes ❑   No ❑   ❑ In process,____% completed

    Description of process:

Basis: First Practices one and two, and Best Practices:

3. Does the Agency have a formal systematic process for determining priorities and making funding decisions?

    Yes ❑   No ❑   ❑ In process,____% completed

    If 'Yes', please provide a brief description:

Basis: First Practices one and Best Practices:

4. Has the Agency determined who has the responsibility and authority for making final IT-related funding decisions?

    Yes ❑   No ❑   ❑ In process,____% completed

    Comments:

Basis for questions 5 and 6: Overall First and Best Practices:

5. Has the Agency conducted a review (in-house, or via outside consultant) of its current IT spending portfolio to assess alignment with mission needs, priorities, strategic direction, or major process reengineering?

    Yes ❑   No ❑   ❑ In process,____% completed

    Comments:

6. Has the Agency published guidelines defining where data on IT projects will be maintained?

    Yes ❏   No ❏   ❏ In process,____% completed

    Comments:

Basis: First Practices four, five, six, and Best Practices

7. What are your Agency's requisite data requirements for project proposals? (Please list)

    For IT proposals submitted for funding consideration in FY 1999, was all requisite data costs/benefits/risks) submitted in accordance with prescribed Agency requirements?

    Yes ❏   No ❏   ❏ Not applicable

    If '**No**', approximate percentage of proposed projects that were submitted with all requisite support data?

    Comments:

Basis: First Practices three, six and nine, and Best Practices

8. Have benefits of each IT investment been identified using quantitative and/or qualitative data/information that relate directly to mission support and performance improvement?

    Yes ❏   No ❏   ❏ In process,____% completed

    Comments:

Basis: First Practice three and Best Practices

9. Does the agency maintain and track data on its current IT spending portfolio by category of investment such as operations and maintenance, infrastructure, applications and systems development, hardware acquisitions, etc.?

    Yes ❏   No ❏   ❏ Under review

Comments:

Basis: Overall First and Best Practices

10. If exceptions are being made to screening criteria, is the explanation documented and forwarded with the project proposal?

    Yes ❑   No ❑   ❑ Not applicable; no exceptions encountered

    Comments:

Basis: First Practice two and Best Practices

11. Is the process for analyzing and comparing IT projects required throughout the Agency?

    Yes ❑   No ❑

    If '**No**', will the process be implemented agency-wide in the future?

    Yes ❑   No ❑

    Comments:

Basis for questions 12 and 13: First Practices one and eight and Best Practices

12. Who is involved in ongoing project reviews and decisions?

13. Do the review groups include staff from program, IT, and financial offices?

    Yes ❑   No ❑

    If No, will other offices be included in the future?

    Yes ❑   No ❑

Basis: First Practices four and eight and Best Practices

14. Has the agency been able to obtain sufficient data on projected versus actual costs, and interim results, to facilitate informed decisions about project continuation?

Yes ❑   No ❑

Comments:
Basis: First Practice one and two, and Best Practice

15. Do existing procedures define how approved projects will be monitored by senior management in regular investment control meetings?

Yes ❑   No ❑   ❑ In process,____% completed

Comments:

Basis: Best Practices

16. Do procedures exist for aggregating data/information across all major IT projects (or spending categories) in order to compile an overall organization track record on costs and benefits attributable to IT?

Yes ❑   No ❑

If 'No', is process being considered?

Yes ❑   No ❑

Comments:

Basis: First Practices one, seven, eight, nine, and Best Practices

17. Is senior management notified of gaps or differences between estimates and actuals, and are explanatory factors documented for positive or negative variances?

Yes ❑   No ❑

Comments:

Basis: First Practices seven, eight, nine, and Best Practices

18. Is the information in project business cases updated to reflect the current state (including costs to date, current risks and mitigation plans, interim benefit or performance results achieved, etc.) for use in investment control meetings?

Yes ❑   No ❑

Comments:

Basis for questions 19 and 20: First Practices nine and Best Practices

19. Does the organization have a defined, documented process for conducting post-implementation reviews (PIR) of IT projects?

   Yes ❑   No ❑   ❑ In process,____% completed

   Comments:

20. If the answer to question #19 is '**Yes**', is the purpose of the PIR process clearly explained and communicated?

   Yes ❑   No ❑

   Does the process specify when PIR's are to be conducted?

   Yes ❑   No ❑

Basis: First Practices one, two, four, five, six, and Best Practices

21. Does Senior Management review/assess summary information on each project's costs, benefits, and risks?

   Yes ❑   No ❑

   If '**Yes**', how frequently?

   If '**No**', does the Agency intend to implement this practice?

   Yes ❑   No ❑
   Who in Senior Management participates (Be specific):

Basis: First Practices one, two, three, and Best Practices

22. Does the management review group conduct scoring exercises to evaluate the relative strengths and weaknesses of proposals?

   Yes ❑   No ❑

If **'No'**, How are the relative strengths graded?

Comments:

Basis for questions 23 and 24: First Practices nine and Best Practices

23. Does the organization have a process for evaluating current decision-making processes and suggesting changes to these processes based on lessons that are learned from investment control reviews?

    Yes ❑   No ❑   ❑ In process,____% completed

    Comments:

24. Is there a process for refining or updating the selection criteria (both screening and ranking) based on lessons that are learned from investment control reviews?

    Yes ❑   No ❑   ❑ In process,____% completed

    Comments:

Basis: First practices four and Best Practices

25. Are your capital planning and Agency budget process linked?   Please explain how.

Basis: First Practices one and Best Practices

26. Do you have an executive level IT Investment Review Board?

    Yes ❑   No ❑

    Comments:

27. Do you have a Business Planning Council or similar body?

    Yes ❑   No ❑

    If **'Yes'**, which members of senior management participate?

FIRST PRACTICES

1. Secure senior management commitment and participation.
2. Establish an executive-level investment review board.
3. Select the right investments (using established criteria.)
4. Determine costs of present systems.
5. Address costs, benefits, and risks of planned investments.
6. Provide staff analysis to the investment review board that informs decision-making.
7. Make decisions when needed.
8. Control initiatives throughout the life cycle.
9. Evaluate results for lessons learned.

APPENDIX D -- RESPONSE PROFILE

Federal CIO Council Information Technology Capital Planning
Best Practices Assessment Questionnaire

Basis: First Practice one and Best Practices:
1. Where is the agency in the creation (or revision), of defining a formal process for the submission and screening of new funding proposals?

QUANTITY	RESPONSE
5	Yes, complete through documentation and training of personnel.
1	In process, 90% completed
1	In process, 80% completed
1	In process, 25% completed
1	No

Basis: First Practice three and Best Practices:
2. Has the Agency defined thresholds for cost/benefit ratios, ROI calculations, risk assessments, etc. for IT project screening? Please provide a brief description of your process for addressing these areas.

QUANTITY	RESPONSE
3	Yes
2	In process, 50% completed
4	No

Basis: First Practices one and two, and Best Practices:
3.   Does the Agency have a formal systematic process for determining priorities and making funding decisions?

QUANTITY	RESPONSE
6	Yes
2	100%
1	In process, 90% completed

Basis: First Practices one and Best Practices:

4. Has the Agency determined who has the responsibility and authority for making final IT-related funding decisions?

QUANTITY	RESPONSE
5	Yes
1	100%
1	In process, 50% completed
1	No
1	Unclear, assumed 'no'

Basis for questions 5 and 6: Overall First and Best Practices:

5. Has the Agency conducted a review (in-house, or via outside consultant) of its current IT spending portfolio to assess alignment with mission needs, priorities, strategic direction, or major process reengineering?

QUANTITY	RESPONSE
2	Yes
1	In process, 90% completed
5	No
1	Unclear, assumed 'no'

6. Has the Agency published guidelines defining where data on IT projects will be maintained?

QUANTITY	RESPONSE
5	Yes
1	In process, 95% completed
1	In process, 50% completed
2	No

Basis: First Practices four, five, six, and Best Practices

7. What are your Agency's requisite data requirements for project proposals? (Please list)

RESPONSE

♦ Agency 1
   ♦ A description of the Agency requirements based on missions, including linkage to the Strategic Plan, the Program's strategic Plans and the operating unit's strategic plans.

   ♦ A prioritized list of requirements, including time phasing.

(Continuation of responses to Question 7)

- ♦ A description of existing and in-process Agency capabilities, including condition and inputs from appropriate ongoing functional assessment activities.

- ♦ A description of related Federal, academic, industry, and other capabilities, including potential opportunities for partnering.

- ♦ An evaluation of requirements and capabilities, including partnering and funding profiles.

- ♦ An investment strategy with proposed roles for the various elements of the organization.

- ♦ Cost, schedule, and performance metrics for the entire life cycle.

- ♦ Documentation of how the investment meets "Raines' Rules"

- ♦ Criteria for the Agency level decision process include: Proposed program content and objectives

- ♦ Agency 2
  - ♦ Level of data detail varies by the dollar value of the project. Generally, the data requirements for proposals with costs of $50M & over follow OMB Circular A-11, Exhibit 300B data elements.   A subset of the data elements in Exhibit 300B is required for projects with costs below $50M.

- ♦ Agency 3
  - ♦ Business case developed collaboratively; significant requirements analysis

- ♦ Agency 4
  - ♦ All project proposals must specifically address each of the 'Raines' Rules in addition to information requested in strategic and operational IT Planning calls. Major IT projects require specific evaluation criteria that assess return and risk.   Return factors include mission effectiveness, customer needs, ROI, expected improvement. Risk factors include investment size, project longevity, management risk, and technical risk.

- ♦ Agency 5
  - ♦ Extensive list of documentation, which depending upon size of project requires: business case, feasibility study, functional requirements, alternative analysis, ROI, cost/benefit analysis, acquisition plan, project plan, risk assessment and mitigation plan, security plan, pilot/prototype plans, technical documentation.

- ♦ Agency 6

♦ Under development

(Continuation of responses to Question 7)

♦ <u>Agency 7</u>
  ♦ Can vary from year to year because of changes in business priorities and processes. SDM contributes documentation standards. New I-Tips process will contribute rigor.

For IT proposals submitted for funding consideration in FY 1999, was all requisite data costs/benefits/risks) submitted in accordance with prescribed Agency requirements?

<u>QUANTITY</u>	<u>RESPONSE</u>
1	Yes
6	No
2	Not Applicable

If **'No'**, approximate percentage of proposed projects that were submitted with all requisite support data?

<u>QUANTITY</u>	<u>RESPONSE</u>
1	<u>80</u>%
1	<u>75-80</u>%
1	<u>50</u>%
1	None
1	Other

Basis: First Practices three, six and nine, and Best Practices
8. Have benefits of each IT investment been identified using quantitative and/or qualitative data/information that relate directly to mission support and performance improvement?

<u>QUANTITY</u>	<u>RESPONSE</u>
5	Yes
1	Most, <u>80</u>%
1	<u>75</u>%
1	In progress, <u>50</u>%
1	Unclear, assumed 'no'

Basis: First Practice three and Best Practices

9. Does the agency maintain and track data on its current IT spending portfolio by category of investment such as operations and maintenance, infrastructure, applications and systems development, hardware acquisitions, etc.?

QUANTITY	RESPONSE
4	Yes
1	Under review
3	No
1	No reply

Basis: Overall First and Best Practices

10. If exceptions are being made to screening criteria, is the explanation documented and forwarded with the project proposal?

QUANTITY	RESPONSE
1	Yes
1	No reply
7	Not applicable

Basis: First Practice two and Best Practices

11. Is the process for analyzing and comparing IT projects required throughout the Agency?

QUANTITY	RESPONSE
5	Yes
4	No

If '**No**', will the process be implemented agency-wide in the future?
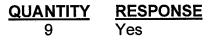
QUANTITY	RESPONSE
3	Yes

Basis for questions 12 and 13: First Practices one and eight and Best Practices

12. Who is involved in ongoing project reviews and decisions?

RESPONSE

♦ Deputy Secretary, Senior Department Program Managers, Site IT Managers

♦ IRM Peer Group and IRM Board

(Continuation of responses to Question 12)

- ◆ CIO, DEP. CIO, CFO/ASA, Dir. Of Policy and Strategic planning, CIOs from the four largest operating units, (at the Dept. level)

- ◆ TIBEC, TIBWG, CFO, CIO, IT staff, project manager

- ◆ CIO, CFO, Comptroller, Dep. CIO, Sen. SES Leadership, Sen. IT staff

- ◆ Dep. Sec., Asst. Secretaries, CIO, Deputies of Operating Administrations, cognizant program officials

- ◆ Agency level IT, program and financial people, Dept. Under and Asst. Secretaries, Budget & Finance, Office of the CIO.

- ◆ Review teams including organization staff and the OCIO. ITC reviews some projects. All projects reviewed by ITC/COC, and BTC.

- ◆ Program Management Council for program specific investments. Major agency-wide infrastructure projects approved through CIC and PMC.

13. Do the review groups include staff from program, IT, and financial offices?

QUANTITY	RESPONSE
9	Yes

If '**No**', will other offices be included in the future?

N/A

Basis: First Practices four and eight and Best Practices
14. Has the agency been able to obtain sufficient data on projected versus actual costs, and interim results, to facilitate informed decisions about project continuation?

QUANTITY	RESPONSE
5	Yes
3	No
1	Unknown

Basis: First Practice one and two, and Best Practice

15. Do existing procedures define how approved projects will be monitored by senior management in regular investment control meetings?

QUANTITY	RESPONSE
4	Yes
1	In process, 70%completed
1	In process, 50%completed
1	In process, 33% completed
2	No

Basis: Best Practices

16. Do procedures exist for aggregating data/information across all major IT projects (or spending categories) in order to compile an overall organization track record on costs and benefits attributable to IT?

QUANTITY	RESPONSE
4	Yes
5	No

If **'No'**, is process being considered?

QUANTITY	RESPONSE
3	Yes
2	No

Basis: First Practices one, seven, eight, nine, and Best Practices

17. Is senior management notified of gaps or differences between estimates and actuals, and are explanatory factors documented for positive or negative variances?

QUANTITY	RESPONSE
7	Yes
2	No

Basis: First Practices seven, eight, nine, and Best Practices
18. Is the information in project business cases updated to reflect the current state (including costs to date, current risks and mitigation plans, interim benefit or performance results achieved, etc.) for use in investment control meetings?

QUANTITY	RESPONSE
5	Yes
4	No

Basis for questions 19 and 20: First Practices nine and Best Practices
19. Does the organization have a defined, documented process for conducting post-implementation reviews (PIR) of IT projects?

QUANTITY	RESPONSE
5	Yes
4	No

20. If the answer to question #19 is '**Yes**', is the purpose of the PIR process clearly explained and communicated?

QUANTITY	RESPONSE
5	Yes

Does the process specify when PIR's are to be conducted?

QUANTITY	RESPONSE
4	Yes
1	No

Basis: First Practices one, two, four, five, six, and Best Practices
21. Does Senior Management review/assess summary information on each project's costs, benefits, and risks?

QUANTITY	RESPONSE
7	Yes
2	No

If '**Yes**', how frequently?

QUANTITY	RESPONSE
4	Yearly
3	Vary
1	No reply

(Continuation of Question 21)

If '**No**', does the Agency intend to implement this practice?

QUANTITY   **RESPONSE**
2   Yes

Who in Senior Management participates (Be specific):

RESPONSE

◆ ECIM consists of Deputy Secretary, CIO, CFO, and Assistant Secretary of Programs. Assessments with detailed performance measurements are submitted to Office of CIO on pre-agreed schedule. Office of CIO reports to ECIM trend analysis of all IT initiatives within agency.

◆ Administrator, members of Business Technology Council (BTC), Information Technology Council (ITC), and Council of Controllers. The ITC includes CIOs of all organizations, a representative of the Inspector General, and three regional representatives. The COC includes the controllers of the organizations. The BTC includes all Commissioners of Service & staff offices, three regional administrators, Associate Administrator of Public Affairs, Agency Chief of Staff, Agency CIO, Deputy CIO, Agency CFO, Deputy Administrator and the Administrator.

◆ At the Department level, projects meeting certain criteria such as life cycle costs >25M, political sensitivity, crosscutting system, etc. are subject to review by the CIO & CITRB. At the department level, CITRB include CIO, Deputy CIO, CFO/ASA, Director of Policy & Strategic Planning, CIOs from the four largest operating units plus two other operating unit CIOs on a rotating basis, Director for Acquisition Management and senior executives as invited.

◆ Budget, Program, and IT staff

◆ CFO, CIO, Technical Investment Board Working Group (TIBWG) consisting primarily of program managers, Technical Investment Board Executive Council (TIBEC) includes Secretary, Deputy Secretary, executive/principal staff

◆ Deputy Secretary, Assistant Secretary, CIO's office, Deputy of operating Administrations, cognizant program officials, and certain Departmental offices.

◆ At Agency level, Deputy Administrator, CIO, senior managers from the Strategic Enterprises. At lower levels, Program Management Council.

Basis: First Practices one, two, three, and Best Practices
22. Does the management review group conduct scoring exercises to evaluate the relative strengths and weaknesses of proposals?

QUANTITY **RESPONSE**
6   Yes
3   No

If **'No'**, How are the relative strengths graded?

RESPONSE

♦ IT proposals from the individual programs are not pooled for evaluation or ranking purposes. Extensive analyses are conducted on proposed IT investments within the individual programs or projects to determine their appropriateness to the program's requirements.

♦ A simplified procedure of rating a proposed IT investment as Green (Go), Red (stop), or Yellow (caution, more information required.) is utilized. Again, IT proposals from the different operating units do not compete against each other for funding.

♦ Comparisons are made based on the proposed project's contribution to the Agency's strategic goals and corporate strategies. Generally, IT proposals from the different operating units do not compete against each other for funding.

Basis for questions 23 and 24: First Practices nine and Best Practices
23. Does the organization have a process for evaluating current decision-making processes and suggesting changes to these processes based on lessons that are learned from investment control reviews?

QUANTITY **RESPONSE**
5   Yes
1   In process, 50% completed
3   No

24. Is there a process for refining or updating the selection criteria (both screening and ranking) based on lessons that are learned from investment control reviews?

QUANTITY **RESPONSE**
3   Yes
1   In process, 90% completed

1	In process
4	No

Basis: First practices four and Best Practices

25. Are your capital planning and Agency budget process linked? Please explain how.

QUANTITY	RESPONSE
8	Yes
1	In process, <u>50</u>% completed

Basis: First Practices one and Best Practices

26. Do you have an executive level IT Investment Review Board?

QUANTITY	RESPONSE
7	Yes
1	No
1	Comments only

27. Do you have a Business Planning Council or similar body?

QUANTITY	RESPONSE
5	Yes
1	No
2	No response
1	Question unclear, assumed 'no'

If **'Yes'**, which members of senior management participate?

RESPONSE

◆ Administrator, Deputy Administrator, Regional Administrators, Associate Administrators, CFO, CIO, GC, IG

◆ All Commissioners of Service & staff offices, three regional administrators, Associate Administrator of Public Affairs, Agency Chief of Staff, Agency CIO, Deputy CIO, Agency CFO, Deputy Administrator and the Administrator.

◆ Senior IT official from each operating administration, Agency CIO, other members not enumerated

APPENDIX E -- ACRONYM LIST

AIMD	Accounting and Information Management Division (GAO)
BPR	Business Process Reengineering
BTC	Business Technology Council
CBA	Cost/Benefit Analysis
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIB	Corporate Investment Board
CIO	Chief Information Officer
CITRB	Commerce Information Technology Review Board
COC	Council of Controllers
COTS	Commercial Off-the-Shelf
DOC	Department of Commerce
DOD	Department of Defense
DOE	Department of Energy
DOT	Department of Transportation
DPG	Defense Planning Guidance
DRB	Defense Resources Board
EITRB	Executive Information Technology Investment Review Board
EPA	Environmental Protection Agency
FY	Fiscal Year
GAO	General Accounting Office
GPRA	Government Performance and Results Act
GSA	General Services Administration
HUD	Department of Housing and Urban Development
I-TIPS	Information Technology Investment Portfolio System
IPT	Integrated Project Team
IRM	Information Resources Management
IT	Information Technology
ITC	Information Technology Council
ITM	Information Technology Management
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
PIR	Post Implementation Review
PMC	Program Management Council
R&D	Research and Development
ROI	Return on Investment
USCG	U.S. Coast Guard
USDA	Department of Agriculture
WAN	Wide Area Network
Y2K	Year 2000