Department of Veterans Affairs

OFFICE OF INFORMATION AND TECHNOLOGY

IT PORTFOLIO MANAGEMENT GUIDE APPENDICES

REVISION: SEPTEMBER 16, 2004

Department of Veterans Affairs
Office of Information & Technology
IT Portfolio Management Guide

Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

TABLE OF CONTENTS

APPENDIX A – GLOSSARY

Activity: A named process, function, or task that occurs over time and has recognizable results. Activities use up resources to produce products and services. Activities combine to form business processes.

Activity-Based Costing: A set of accounting methods used to identify and describe costs and required resources for activities within processes.

Agency Capital Plan: A document that identifies existing and proposed capital assets and that provides justification for new capital funding. Included in the capital plan should be a statement of the agency's strategic plan, a description of assets already owned by the agency or in procurement, an analysis detailing the performance gap between existing capabilities and the goals and objectives highlighted in the strategic plan, justification for new capital acquisitions proposed for funding, and other related information.

Alignment: The degree of agreement, conformance, and consistency among organizational purpose, vision and values; structures, systems, and processes; and individual skills and behaviors.

Annual Performance Plan: A document, covering each program activity identified in an agency's budget, that describes the actions and goals that the organization will undertake during the year to work towards the long-term goals established in the organization's strategic plan. Specifically, the annual performance plan establishes the agency's performance goals for the year, describes strategies the agency will use to meet these goals, and identifies performance measures to measure or assess the relevant service levels, outcomes, or outputs that are to be achieved and to compare actual program results with the established performance goals.

Annual Program Performance Report: A report submitted with an agency's budget submission that compares actual agency performance to the annual goals established in the agency's annual performance plan.

Baselining: Obtaining data on the current process that provide the metrics against which to compare improvements and to use in benchmarking.

Benchmark: A measurement or standard that serves as a point of reference by which process performance is measured.

Benchmarking: A structured approach for identifying the best practices from industry and government, and comparing and adapting them to the organization's operations. Such an approach is aimed at identifying more efficient and effective processes for achieving intended results, and suggesting ambitious goals for program output, product/service quality, and process improvement.

Benefit: A term used to indicate an advantage, profit, or gain attained by an individual or organization.

Best Practices: The processes, practices, or systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving a organization's performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency.

Business Case: A structured proposal for business improvement that functions as a decision package for organizational decision-makers. A business case includes an analysis of business process performance and associated needs or problems, proposed alternative solutions, assumptions, constraints, and a risk-adjusted cost-benefit analysis.

Business Process: A collection of related, structured activities--a chain of events--that produce a specific service or product for a particular customer or customers.

Business Process Reengineering: In government, a systematic disciplined improvement approach that critically examines, rethinks, and redesigns mission-delivery processes and subprocesses within a process management approach. In a political environment, the approach achieves radical mission performance gains in meeting customer and stakeholder needs and expectations.

Business Vision: A description of what senior management wants to achieve with the organization in the future. Business vision usually refers to the medium to long term and is often expressed in terms of a series of objectives.

Capital Asset: Defined as land, structures, equipment, and intellectual property, including software and services that have an estimated useful life of two or more years.

Capital Asset Management: A comprehensive management effort to ensure that all organizational decisions and initiatives dealing with capital assets are planned and executed with the goal of constructing a corporate capital asset portfolio of maximum functional and financial value.

Cost-benefit Analysis: A technique used to compare the various costs associated with an investment with the benefits that it proposes to return. Both tangible and intangible factors should be addressed and accounted for.

Customer: Groups or individuals who have a business relationship with the organization--those who receive and use or are directly affected by the products and services of the organization. Customers include direct recipients of products and services, internal customers who produce services and products for final recipients, and other organizations and entities that interact with an organization to produce products and services.

Cycle Time: The time that elapses from the beginning to the end of a process or subprocess.

Decision Criteria: A documented set of factors that are used to examine and compare the costs, risks, and benefits of various IT projects and systems. These decision criteria consist of (1) screening criteria, which are used to identify whether new projects meet initial acceptance requirements and ensure that the project is reviewed at the most appropriate organizational level, and (2) criteria for assessing and ranking all projects. These ranking criteria weigh and compare the relative costs, risks, and benefits of each project against all other projects.

Discount Rate: The interest rate used in calculating the present value of expected yearly benefits and costs.

Discount Factor: The factor that translates expected benefits or costs in any given future year into present value terms. The discount factor is equal to 1/(1 + i)t where i is the interest rate and t is the number of years from the date of initiation for the program or policy until the given future year.

Financial System: An information system, comprised of one or more applications, that is used for any of the following: collecting, processing, maintaining, transmitting, and reporting data about financial events; supporting financial planning or budgeting activities; accumulating and reporting cost information; or supporting the preparation of financial statements.

Information Engineering: An approach to planning, analyzing, designing, and developing an information system with an enterprise-wide perspective and an emphasis on data and architectures.

Information Management: The planning, budgeting, manipulating, and controlling of information throughout its life cycle.

Information Resources Management (IRM): The process of managing information resources to accomplish agency missions. This term encompasses information itself, as well as related resources, such as personnel, equipment, funds, and information technology.

Information System: The organized collection, processing, transmission, and dissemination of information in accordance with defined procedures, whether automated or manual. Information systems include non-financial, financial, and mixed systems.

Information Technology (IT): The hardware and software operated by an organization to accomplish a Federal function, regardless of the technology involved, whether computers, telecommunications, or other.

Information Technology Architecture: An integrated framework for evolving or maintaining existing IT and acquiring new IT to achieve the agency's strategic and IRM goals. A complete IT architecture should consist of both logical and technical components. The logical architecture provides the high-level description of the agency's mission, functional requirements, information requirements, system components, and information flows among the components. The technical architecture defines the specific IT standards and rules that will be used to implement the logical architecture.

Intangible Benefit: Benefits produced by an investment that are not immediately obvious and/or measurable.

IT Investment Management Approach: An analytical framework for linking IT investment decisions to an organization's strategic objectives and business plans. The investment management approach consists of three phases--select, control and evaluate. Among other things, this management approach requires discipline, executive management involvement, accountability, and a focus on risks and returns using quantifiable measures.

Investment Review Board (IRB): A decision-making body, made up of senior program, financial, and information managers, that is responsible for making decisions about IT projects and systems, based on comparisons and trade-offs between competing projects and an emphasis on meeting mission needs and improving organizational performance.

Life-cycle Cost: The overall estimated cost for a particular program alternative over the time period corresponding to the life of the program, including direct and indirect initial costs plus any periodic or continuing costs for operation and maintenance.

Mixed System: An information system that supports both financial and non-financial functions.

Model: A representation of a set of components of a process, system, or subject area. A model is generally developed for understanding, analysis, improvement, and/or replacement of the process.

Modular Design: An information system project design that breaks the development of a project into various pieces (modules) that each solve a specific part of the overall mission problem. These modules should be as narrow in scope and brief in duration as practicable. Such design minimizes the risk to an organization by delivering a net benefit that is separate from the development of other pieces.

Net Present Value (NPV): the future stream of benefits and costs converted into equivalent values today. This is done by assigning monetary values to benefits and costs, discounting future benefits and costs using an appropriate discount rate, and subtracting the sum total of discounted costs from the sum total of discounted benefits.

Outcome: The ultimate, long-term, resulting effect--both expected and unexpected--of the customer's use or application of the organization's outputs.

Performance Gap: The gap between what customers and stakeholders expect and what each process and related sub-processes produces in terms of quality, quantity, time, and cost of services and products.

Performance Measurement: The process of developing measurable indicators that can be systematically tracked to assess progress made in achieving predetermined goals and using such indicators to assess progress in achieving these goals.

Portfolio: A collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives. (*PMBOK ® Guide*)

Portfolio Management: Managing capital asset holdings in such a way as to leverage an investment, or combination of investments, in order to minimize risk and maximize the cost-effectiveness and performance of VA's assets.

Post-implementation Review (PIR): An evaluation tool that compares the conditions prior to the implementation of a project (as identified in the business case) with the actual results achieved by the project.

Return on Investment (ROI): A figure of merit used to help make capital investment decisions. ROI is calculated by considering the annual benefit divided by the investment amount.

Risk Analysis: A technique to identify and assess factors that may jeopardize the success of a project or achieving a goal. This technique also helps define preventive measures to reduce the probability of these factors from occurring and identify countermeasures to successfully deal with these constraints when they develop.

Sensitivity Analysis: Analysis of how sensitive outcomes are to changes in the assumptions. The assumptions that deserve the most attention should depend largely on the dominant benefit and cost elements and the areas of greatest uncertainty of the program or process being analyzed.

Stakeholder: An individual or group with an interest in the success of an organization in delivering intended results and maintaining the viability of the organization's products and services. Stakeholders influence programs, products, and services. Examples include congressional members and staff of relevant appropriations, authorizing, and oversight committees; representatives of central management and oversight entities such as OMB and GAO; and representatives of key interest groups, including those groups that represent the organization's customers and interested members of the public.

Strategic Plan: A document used by an organization to align its organization and budget structure with organizational priorities, missions, and objectives. According to requirements of GPRA, a strategic plan should include a mission statement, a description of the agency's long-term goals and objectives, and strategies or means the agency plans to use to achieve these general goals and objectives. The strategic plan may also identify external factors that could affect achievement of long-term goals.

Strategic Planning: A systematic method used by an organization to anticipate and adapt to expected changes. The IRM portion of strategic planning sets broad direction and goals for managing information and supporting delivery of services to customers and the public and identifies the major IRM activities to be undertaken to accomplish the desired agency mission and goals.

Sunk Cost: A cost incurred in the past that will not be affected by any present or future decision. Sunk costs should be ignored in determining whether a new investment is worthwhile.

Tangible Benefit: A benefit produced by an investment that is immediately obvious and measurable.

Value-Added: Those activities or steps that add to or change a product or service as it goes through a process; these are the activities or steps that customers view as important and necessary.

APPENDIX B – SUMMARY OF LEGISLATIVE DRIVERS FOR INVESTMENT MANAGEMENT

The Paperwork Reduction Act of 1995 (PRA)

(Public Law 104-13)

PRA requires agencies to use information resources to improve the efficiency and effectiveness of their operations and fulfillment of their missions. It emphasizes achieving program benefits and meeting agency goals through the effective use of IT. As such, it is the “umbrella” IT legislation for the federal government with other statutes elaborating on the goals contained within PRA.

The Clinger-Cohen Act of 1996 (formally the Information Technology Management

Reform Act, (Division E of Public Law 104-106)

The Clinger-Cohen Act requires federal agencies to focus on the results they are achieving through IT investments. Specifically, the act introduces much more rigor and structure into how agencies approach the selection and management of IT projects. Among other things, the head of each agency is required to implement a process for maximizing the value and assessing and managing the risks of the agency’s IT acquisitions.

Government Performance and Results Act of 1993 (GPRA)

(Public Law 103-62)

GPRA requires agencies to set goals, measure performance, and report on their accomplishments. A key tenant of GPRA is that agencies will develop strategic plans -- as well as annual performance plans that are linked to the strategic plans -- that establish the organization’s goals and objectives as well as strategies for achieving these goals. With these plans in place, an agency can begin to assess whether its activities, core processes, and resources are aligned to support its mission and achieve desired outcomes. GPRA also requires agencies to establish performance measures and benchmarks in order to begin identifying gaps between actual and desired performance levels and mission outcomes.

The Federal Acquisition Streamlining Act of 1994 (FASA)

(Public Law 103-355)

Title V of FASA requires agencies to define cost, schedule, and performance goals for federal acquisition programs (including IT projects) and to monitor these programs to ensure that they remain within prescribed tolerances. If a program falls out of tolerance (failure to meet 90 percent of cost, schedule, and performance goals), FASA gives the agency head the authority to review, and if necessary terminate, the program.

Chief Financial Officers Act of 1990 (CFO)

(Public Law 101-576)

The CFO Act focuses on the need to significantly improve the financial management and reporting practices of the federal government. Having accurate financial data is critical to understanding the costs and assessing the returns on IT investments.

APPENDIX C – EXECUTIVE BRANCH GUIDANCE

In addition to legislative provisions, OMB and the White House have also issued several pieces of guidance related to the acquisition and management of information resources. This executive branch guidance includes:

- OMB Circular A-11
- OMB Circular A-94
- OMB Circular A-109
- OMB Circular A-123
- OMB Circular A-127
- OMB Circular A-130
- Executive Order 13011 Sec. 2(b)(3)
- OMB Memorandum M-97-02

OMB Circular A-11

Provides detailed instructions and guidance on the preparation and submission of agency budget requests and related materials, including program performance information. Part 2 of the Circular provides specific instructions on the preparation and submission of agency strategic plans, as required by GPRA. Part 3 provides guidance on the planning, budgeting, and acquisition management of major fixed assets and requires agencies to provide information on all major fixed asset projects included in their budget submissions to OMB.

OMB Circular A-94

Provides general guidance for conducting cost-benefit and cost-effectiveness analyses. This guidance serves as a checklist for determining whether an agency has considered and included all necessary elements for sound cost-benefit and cost-effectiveness analyses. The circular also provides specific guidance on the discount rates to be used in evaluating federal programs whose benefits and costs are distributed over time.

OMB Circular A-109

Establishes policies for acquiring major systems. Major systems are defined as those programs that are critical to fulfilling an agency mission, entail the allocation of relatively large resources, and warrant special management attention. Among other requirements, the circular requires that an agency acquiring a major system to (1) ensure that the system fulfills a mission need, (2) make appropriate trade-offs among investment costs, ownership costs, schedules, and performance characteristics, (3) ensure adequate system testing and evaluation, (4) accomplish system acquisition planning, built on an analysis of agency missions, (5) tailor an acquisition strategy for each program, (6) maintain a capability to predict, review, assess, negotiate, and monitor system life-cycle costs, and (7) assess cost, schedule, and performance experience against predictions for consideration at key decision points.

OMB Circular A-123

Provides guidance on establishing, assessing, correcting, and reporting on management and internal controls. Part II provides a definition of management controls and establishes guidance for designing management structures that help ensure accountability for results as federal agencies develop and execute strategies for implementing or reengineering agency programs and operations.

OMB Circular A-127

Prescribes policies and standards for developing, operating, evaluating, and reporting on financial management systems. Part 6 of the circular lays out policy guidance for establishing government-wide financial systems and compatible agency systems. Specifically, these systems are to provide complete, reliable, consistent, timely, and useful financial management information on federal government operations to enable central management agencies, individual operating agencies, divisions, bureaus, and other subunits to carry out their fiduciary responsibilities; deter fraud, waste, and abuse of federal government resources; and facilitate efficient and effective delivery of programs through relating financial consequences to program performance. Part 7 defines the specific requirements that financial management systems should have in place to meet the policy requirements established in part 6.

OMB Circular A-130

Provides uniform government-wide information resources management policies as required by the Paperwork Reduction Act. Section 7 of the circular describes basic considerations and assumptions, while sections 8(a) and 8(b) describe information management policy and information systems and IT management policy, respectively.

Section 8b(1)--Evaluation and Performance Measurement. Agencies are to promote the appropriate application of federal information resources by (1) seeking opportunities to improve the effectiveness and efficiency of government programs through work process redesign and the judicious application of information technology; (2) preparing and updating a cost-benefit analysis for each information system as necessary throughout its life cycle; (3) conducting cost-benefit analyses to support ongoing management oversight processes; and (4) conducting post-implementation reviews of information systems to validate estimated benefits and document effective management practices.

8b(2)--Strategic Information Resources Management (IRM) Planning: Agencies are to establish and maintain (1) strategic information resources management planning that addresses how the management of information resources promotes the fulfillment of an agency's mission; (2) information planning that promotes the use of information throughout its life cycle to maximize the usefulness of the information, minimize the burden on the public, and preserve the appropriate integrity, availability, and confidentiality of information; and (3) operational information technology planning that links information technology to anticipated program and mission needs, reflects budget constraints, and forms the basis for budget requests. An agency's IRM planning is also to coordinate with other agency planning processes including strategic, human resources, and financial resources.

8b(3)--Information Systems Management Oversight: Agencies are to establish information system management oversight mechanisms that (1) ensure that each information system meets agency mission requirements; (2) provide for periodic review of information systems; (3) ensure that the official who administers a program supported by an information system is responsible and accountable for the management of that information system throughout its life cycle; (4) provide for the appropriate training for users of federal information resources; (5) ensure that federal information system requirements do not unduly restrict the prerogatives of state, local, and tribal governments; (6) ensure that major information systems proceed in a timely fashion towards agreed-upon milestones in the information system's life cycle, meet user requirements, and deliver intended benefits to the agency and affected publics; and (7) ensure that financial management systems conform to the requirements of OMB Circular A-127.

8b(4)--Use of Information Resources: Agencies are to create and maintain management and technical frameworks for using information resources that document linkages between mission needs, information content, and information technology capabilities. These frameworks should guide both strategic and operational IRM planning.

They should also address steps necessary to create an open systems environment.

Among other requirements, agencies are to (1) develop information systems in a manner that facilitates necessary interoperability, application portability, and scalability of computerized applications across networks of heterogeneous hardware, software, and communications platforms, (2) ensure that improvements to existing information systems and the development of planned information systems do not unnecessarily duplicate information systems available within the same agency, from other agencies, or from the private sector, and (3) establish a level of security for all information systems that is commensurate with the risk and magnitude of the harm resulting from the loss, misuse, or unauthorized access to or modification of the information contained in these information systems.

8b(5)--Acquisition of Information Technology: Agencies are to acquire information technology in a manner that makes use of full and open competition, that maximizes return on investment, and that considers the need for accommodations of accessibility for individuals with disabilities to the extent that needs for such access exist. In addition, off-the-shelf software from commercial sources is to be acquired, unless the cost effectiveness of developing custom software to meet mission needs is clear and has been documented. Finally, all information technology is to be acquired in accordance with OMB Circular A-109, where appropriate.

Executive Order 13011, "Federal Information Technology," highlights the need for executive agencies to significantly improve the management of their information systems, including the acquisition of information technology, by implementing the relevant provisions of PRA, the Clinger-Cohen Act, and GPRA. Agencies are to refocus their information technology management to directly support their strategic missions, implement an investment review process that drives budget formulation and execution for information systems, and rethink and restructure the way they perform their functions before investing in information technology to support that work. Agency heads are to strengthen the quality and decisions of employing information resources to meet mission needs through integrated analysis, planning, budgeting, and evaluation processes.

Section 2(b)2 makes agency heads responsible for establishing mission-based performance measures for information systems investments that are aligned with agency performance plans prepared pursuant to GPRA. Section 2(b)3 makes agency heads responsible for establishing agency-wide and project-level management structures and processes that are responsible and accountable for managing, selecting, controlling, and evaluating investments in information systems. Agency heads also have the authority to terminate information systems when appropriate.

OMB Memorandum M-97-02 "Funding Information Systems Investments"

This memo establishes eight decision criteria that OMB will use, starting with fiscal year 1998 budget proposals, to evaluate major information system investments proposed for submission in the President's budget. The first four decision criteria describe criteria related specifically to capital planning. The fifth criterion establishes the critical link between planning and implementation--the information architecture--which aligns technology with mission goals. The last three criteria establish risk management principles that are intended to help provide assurance that the proposed investment will succeed.

APPENDIX D – INVESTMENT MATURITY MODEL

While most federal agencies have created some type of IT investment management process, GAO remains concerned that agencies have not implemented stable processes which address all three phases of the Select/Control/Evaluate (S/C/E) approach.

One barrier has been the lack of specific guidance regarding what processes are required in order to build a stable, reliable IT investment management organization. The S/C/E approach provides sound advice, but does not provide a comprehensive discussion of the organizational processes involved. In addition, the S/C/E framework does not address the need for continuing improvement and clearly defined requisites for moving from the current investment management state to a more advanced state.

GAO developed the IT Investment Management (ITIM) Framework (shown below) to provide a common structure for discussing and assessing IT capital planning and investment management practices at federal agencies. GAO also designed the ITIM Framework to be used by auditors to evaluate an agency's IT Investment and PfM practices.

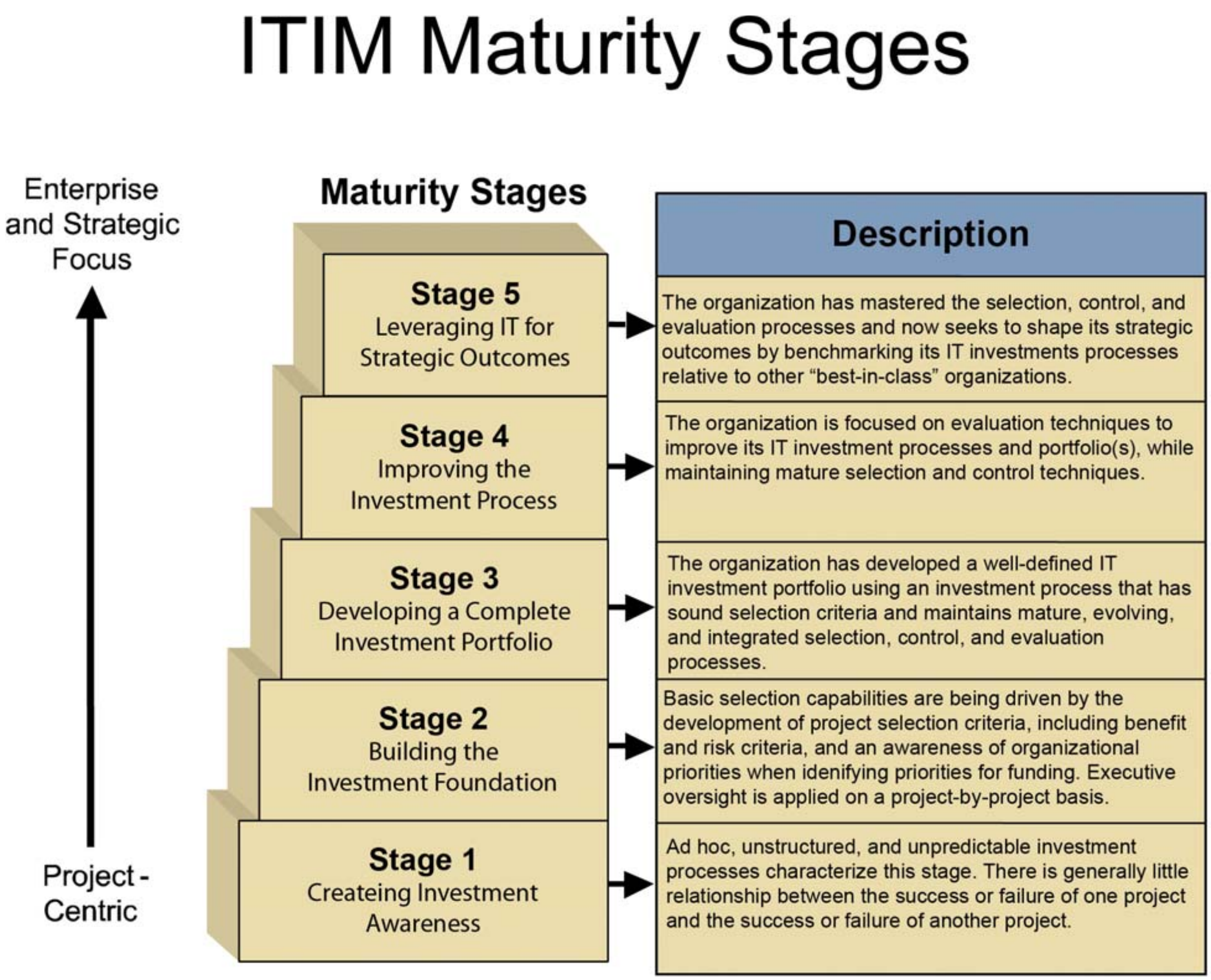


Figure D-1: Information Technology Investment Management Maturity Model

ITIM enhances previous federal IT investment management guidance by embedding the S/C/E approach within a framework which explicitly describes the organizational processes required to carry out good IT investment management. The ITIM framework provides:

- more complete description of what is expected from agencies with respect to IT investment management,
- better communication to oversight agencies and to the Congress regarding the capability of an agency to effectively manage its IT investments, and
- more comprehensive definition of the IT investment management processes critical for success.

In short, ITIM extends the S/C/E approach into a growth and maturity framework. The maturity stages represent steps toward achieving both a stable and a mature IT investment management process. As the VA improves its IT investment management capabilities, its capability and process maturity within the model increases. With the exception of Stage 1, each maturity stage is composed of critical processes that must be implemented and institutionalized for the organization to satisfy the requirements of the maturity stage. By establishing the current level of maturity of an organization, the VA can utilize the ITIM framework to determine specific steps that would contribute to improving IT management performance. These critical processes and stages of maturity represent fundamental principles of good IT investment management.

APPENDIX E – CONTROL REVIEW GUIDELINES

During the Control phase, IRWG and agency executives should be actively engaged in monitoring all of the projects in the investment portfolio, making decisions and taking actions to change the course of a project when necessary and incorporating their experiences back in to the Selection phase. Each project is under scrutiny of the monthly review by the project management team and project sponsor (Reference to PM Guide). The monthly review data will be summarized as an input to the Investment Management Quarterly meeting.

The primary focus of investment control reviews is insuring benefits are being accomplished, risks are being managed, and the project is still meeting VA's strategic needs. VA will use a traffic-light method to determine the level of control reviews. Projects are rated against performance measures based on a summary of the monthly reviews and given red, yellow, or green Health Indicators. The level of control reviews are based on the status of the indicator. For example, a green project might only receive a general overview. A red or yellow should be reviewed in-depth on cost, schedule and other performance. A red project could also trigger more frequent ad-hoc control reviews.

A key set of performance measures that will be examined as part of the quarterly Control Reviews is Cost and Schedule Health as determined by using earned value management techniques and summarized quarterly for analysis:

- **Cost Variance % -** An indicator will be set so that if the Cost Variance is 10% or more over budget, then a "Red" Indicator will be returned; if the Cost Variance is between 5% and 10% over budget, then a "Yellow" Indicator will be returned; if the Cost Variance is within 5% of the original plan, then a "Green" Indicator will be returned. Also, if a project is consistently more than 10% *under* budget, a yellow indicator will be returned requiring a review of the project to assess whether a reallocation of funds is appropriate.
- **Schedule Variance %** - An indicator will be set so that if the Schedule Variance is 10% or more behind schedule, then a "Red" Indicator will be returned; if the Schedule Variance is between 5% and 10% behind schedule, then a "Yellow" Indicator will be returned; if the Schedule Variance is within 5% of the original plan, then a "Green" Indicator will be returned. Also, if a project is consistently more than 10% *ahead* of schedule, a yellow indicator will be returned requiring a review to determine if a schedule rebaseline is appropriate.

A project Health Indictor is blended with Cost and Schedule Variances using the following logic:

	Schedule Variance % = Red	**Schedule Variance % = Yellow**	**Schedule Variance % = Green**
Cost Variance % = Red	Red	Red	Yellow
Cost Variance % = Yellow	Red	Yellow	Yellow
Cost Variance % = Green	Yellow	Yellow	Green

- If both Cost and Schedule Variance numbers are indicated with a "Red", then return a blended indicator of "Red"
- If one of these measures is "Red" and the other is "Yellow", then return a blended indicator of "Red"
- If both measures are "Yellow", then return a blended indicator of "Yellow"
- If one of these measures is "Yellow" and the other is "Green", then return a blended indicator of "Yellow"
- If one of these measures is "Red" and the other is "Green", then return a blended indicator of "Yellow"
- If both measures are "Green", then return a blended indicator of "Green"

Risks are tracked and managed through the lifecycle of the project. High risk projects are also candidates for detailed reviews regardless of Health Indicator status.

For candidate Control Review projects, the following artifacts should be attached as supporting materials.

- Deliverables – Results achieved to date vs. expected results
- Issue Summary – Issues that cause the variance
- Schedule Summary – e.g., earned value minus planned value
- Cost Summary – e.g., earned values minus actual cost
- Risk Management Plan
- Security and Privacy posture (e.g., Certification and Accreditation status)
- Enterprise Architecture compliance

The contents of those artifacts are beyond the scope of this guide. Refer to the VA PM Guide for details.

APPENDIX F – EIB SUMMARY

EIB Summary (Form) / **Initiative Name** (Item)
FINANCIAL DATA IS FROM BUDGET YEAR (BY) 2006 OMB SUBMISSIONBUDGET YEAR (BY) 2006 SUBMISSION

Administrative Information
Project Name:
Project Phase:
Administration:

Concise General Description

Abbreviated Benefits/Impact

Summary of spending for project (In millions)

Budgetary Resources	PY -1 and Earlier	PY 2004	CY 2005	BY 2006	BY+1 2007	BY+2 2008	BY+3 2009	BY+4 & Beyond	Total
Development									
Maintenance									
Total									
Government FTE Costs									

Risks (Outstanding High Impact Only Selected)

Risk Category	Risk Description	Mitigation Strategy

Security

	Complete? (Y/N)	Date of Completion or Forecasted Date of Completion
Complete System Security Plan		
Complete C&A Requirements		

Critical Issues

Concerns

Next Steps

Budget Stream/Funding Sources						
Funding Sources	PY 2004 Amount	PY 2004 % of Total	CY 2005 Amount	CY 2005 % of Total	BY 2006 Amount	BY 2006 % of Total
NCA						
VBA						
VHA						
OI&T						
OM						
Other						
Total All Funding Sources						

ADDENDUM

Project & Funding Plan Actual Performance & Variance from OMB-Approved Baseline (Actual Dollars)										
	Milestone	OMB Start Date	OMB End Date	OMB Duration (days)	OMB Planned Cost	OMB Funding Agency	Actual Start Date	Actual End Date	Actual Percent Complete	Actual Cost
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										

Completion Date: OMB Approved Baseline	**Estimated Completion Date:**
Total Cost: OMB Approved Baseline	**Estimate at Completion**

Project EVMS Summary			
EVMS as of Date:		**BCWS Value:**	0.00
BCWP Value:	0.00	**ACWP Value:**	0.00
Cost Variance:	0.00	**Schedule Variance:**	0.00
Cost Variance %:	0.00	**Schedule Variance %:**	0.00

Baseline Change Explanation

APPENDIX G – BUSINESS JUSTIFICATION

Instructions: The Business Justification is used for approved IT Initiatives that are under $$$. An approved Concept Paper must be attached to this Business Justification if it is a new investment. (Note: the color in this document is provided only to enhance readability and does not serve any additional purpose.)

Business Justification				
Initiative Name			Office	
Author			Date	
1.0	**Contact Information (Who?)** **Name**			
	Role		Office	Phone Number
1.1	Project Manager			
1.2	Program Manager			
1.3	Project Sponsor			
1.4	Contracting Officer			
1.5	Contracting Officer Representative			
1.6	Alternate Project Manager			
1.7	Project Manager Qualifications			
a. Does the project manager possess a Project Management Institute or equivalent professional certification in project management? (Check the highest applicable level.)				
___ No _Yes; Level I Certification Date:___________________ _Yes; Level II Certification Date:___________________ _Yes; Level III Certification Date:___________________ _Yes; PMP Certification Date:___________________ _Yes; Other Certification: _________________________ Date:___________________				

<table>
<tr><td>2.0</td><td colspan="2">Initiative Information (What?)</td></tr>
<tr><td>2.1</td><td>Initiative Type</td><td>Select the initiative type:
__ Business Process Support System, Financial Management
__ Business Process Support System, Non-Financial Management
__ Program Delivery System, Financial Management
__ Program Delivery System, Non-Financial Management
__ IT Infrastructure
__ IT Services
__ General Office Automation</td></tr>
<tr><td rowspan="3">2.2</td><td rowspan="3">Initiative Phase</td><td>a. Select the current lifecycle phase of the initiative:
__ Initial Concept
__ Planning
__ Full Acquisition
__ Steady State
__ Mixed Life Cycle</td></tr>
<tr><td>b. What was the project’s latest milestone review (0 – IV) and the date achieved:
Milestone: _________ Date: _________</td></tr>
<tr><td>c. What is the project’s next milestone review (0 – IV) and the date scheduled:
Milestone: _________ Date: _________</td></tr>
<tr><td>2.3</td><td colspan="2">Product Description</td></tr>
<tr><td colspan="3">Describe the initiative in a non-technical manner. Include, and clearly indicate, in your description (1) the main purpose and (2) high-level results the initiative will achieve.</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>2.4</td><td colspan="2">Business Problem or Opportunity</td></tr>
<tr><td colspan="3">Explain the business problem or opportunity that this initiative is intended to address. How will this initiative solve the problem or address the opportunity?</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>2.5</td><td colspan="2">Measures</td></tr>
<tr><td colspan="3">What criteria will you use to determine the acceptability of the completed initiative?</td></tr>
<tr><td colspan="3"></td></tr>
</table>

2.6	**Cost Information (Three Years in $000)**		
	FY 04	**FY 05**	**FY 06**
Planning			
HW/SW Acquisition			
Maintenance			
Contractor Costs			
Government FTE Costs			
Total			

3.0	**Business Process and Strategic Alignment (Why?)**
3.1	**Users and Stakeholders**
Who will use the system?	
a. What is the current number of users of the system?	
b. What is your target number of users?	
3.2	Mandatory Requirement
Is the business process this initiative supports required by legislation or other guidance?	
___ No ___ Yes; Provide the source of the requirement: _________________ Describe the extent of the requirement, e.g., mandates, suggests: _______________________	
3.4	**Consequence of not Funding the Initiative**
Describe the adverse impacts on business operations or future costs if the initiative is not funded. Include in your description the impact to the supported business activities noted in question 3.3 Lines of Business.	
3.5	Alignment with VA's Missions
A. Indicate strategies and goals this initiative supports (check all that apply):	
___ Align with OMB e-Government Initiatives ___ Align with VA's Strategic Plan ___ Align with the Secretary's Priorities ___ Support PMA's goals ___ This is a crosscutting Initiatives	
B. How are these goals and strategies supported by the initiative:	

4.0	**Initiation/Deployment Dates (When?)**
4.1	Initiation Date
On what date did the IT initiative first expend funds or first apply Department FTEs?	
4.2	Initiative Deployment/ Implementation Date:
On what date did the core system become operational or were IT services first available?	
5.0	EA and Security
Address any outstanding issues that require immediate Senior Management attention.	
5.4	**Security**
1. Have you completed the following IT Security Certification and Accreditation (C&A) activities? Indicate Yes or No. If yes, provide the date of completion. If no, provide an explanation and the expected date of completion.	

Activity	**Complete?** **(Y/N)**	**Date Completed**	**If No, Explain and Provide Forecasted Date of Completion**
1. Complete IT System Security Categorization Survey. If yes, provide the categorization (L, M, H) of your system in the Explanation section.			
2. Complete System Security Plan			
3. Complete IT Security Risk Assessment			
4. Complete Configuration Management Plan			
5. Complete Contingency Plan			
6. Complete/update remaining C&A documentation (e.g., System Security Testing and Evaluation Plan)			
7. Submit C&A documentation package to the Certifying Review Group, including Residual Risk Statement and Risk Acceptance Letter.			
8. Receive official certification from OCIS			
9. Receive official accreditation from your Designated Approving Authority (DAA)			
2. Have you made a significant change(s) to the system since completing C&A activities? Indicate Yes, No or Not Applicable. If yes, provide a description of the change(s) and indicate whether you are revising your System Security Plan.			

3. Have you completed a Federal Information Security Management Act (FISMA) survey based on the final System Security Plan, Configuration Management Plan and Contingency Plan? Indicate Yes or No. If yes, provide the date of completion.
4. How will you address any identified FISMA deficiencies?
5. Are you using the Security Configuration and Management Program (SCAMP) to maintain your Configuration Management Plan?

5.5	Section 508 Compliance (Accessibility)
Was the project's software/hardware reviews for Section 508 Compliance?	
___ Yes, Date Reviewed:____ Was it deemed accessible? ___ Yes ___ No; actions being taken:___________ ___ No, Why? ____________ Expected Review Date: _____________	
Did you purchase Electronic and Information Technology (EIT) based upon a 508 exception?	
___ Yes: Which exception? ________________ How was it documented? __________ No	
Contact: Name (Phone Number)	

5.7	Privacy
Does or will this initiative collect and maintain personally identifiable information, such as names, social security numbers, home addresses, or other unique identifiers?	
___ Yes Was a privacy impact assessment performed for this project? ___ Yes; System Name Used, if different:_________ ___ No; Why? ________ ___ No	
Contact: Name (Phone Number)	

5.8	Enterprise Architecture
1. Is this investment identified in the Department's enterprise architecture? If not, why?	
2. Will this investment be consistent with the Department's "to be" modernization blueprint?	

3. Does the data needed for this project already exist at the Federal, State, or Local level? If so, what are your plans to gain access to that data?
4. Are there legal reasons why this data cannot be transferred? If so, what are they and did you address them in the constraints and risk sections?
5. If this activity involves the acquisition, handling or storage of information that will be disseminated to the public or used to support information that will be disseminated to the public, explain how it will comply with the Department's Information Quality guidelines (Section 515 requirements)?
6. Are all of the hardware, application, components, and web technology requirements for this project included in the Department Enterprise Architecture Technical Reference Model? If not, please explain.
7. Was this investment approved through the Department's enterprise architecture review group?
___ Yes ___ No If no, explain: ______________________
Contact: Name (Phone Number)

APPENDIX H – BUSINESS CASE

Core Business Case FY 2005 – 2006

Instructions: This Business Case template is based on VA Business Case 0506. Detailed guidance may be found in the Business Case Instructions. (Note: the color in this document is provided only to enhance readability and does not serve any additional purpose.)

1. Project Name
Provide the name of the IT project.
2. Capabilities
What core products and/or services does/will the project provide?
3. Business Problem or Opportunity
Explain the business problem or opportunity that this project is intended to address. How will this project solve the problem or address the opportunity?
4. Consequence of not Funding the Project
Describe the adverse impacts on business operations or future costs if the project is not funded. Include in your description the impact to the supported business activities noted in question 8. Lines of Business. The business case will be stronger if you can show that a business process is highly dependent on the project or that delaying the project will significantly increase future costs.
5. Mandatory Requirement
Is this project or the business process it supports required by legislation or other guidance? If yes, then provide the source of the requirement and the extent of the requirement, *e.g.*, mandates, suggests.

6. Dependencies

What are the project's dependencies (IT, Non-IT, Workforce, Within VA or External to VA, etc.)?

Examples of Dependencies:
Dependent on 3 other systems (X, Y, and Z) for data
Dependent on the Department's financial management system to make payments
Dependent on VA network for connectivity, networking infrastructure, security, etc.
Dependent on an offsite backup facility for disaster recovery

7. Alignment with VA Strategic Plan

For each applicable objective, indicate the level of support, "L" for Low, "M" for Medium and "H" for High, provided by this project. If the IT project does not support a particular objective, leave the response field blank. See below for definitions of Low, Medium and High.

Low = The project is a supporting contributor to the objective described, i.e., loss of the system for more than 30 days would cause moderate inconvenience in satisfying the objective.
Medium = The project is a primary contributor to the objective described, i.e., loss of the system for 3 to 30 days would cause significant difficulty in satisfying the objective.
High = The project is required for the performance of the objective described, i.e., loss of the system for up to 3 days would cause an inability for the Department to satisfy the objective.

Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.
___ Objective 1.1 - Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.
___ Objective 1.2 - Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.
___ Objective 1.3 - Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.
___ Objective 1.4 - Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.

Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.
___ Objective 2.1 - Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits, and services.
___ Objective 2.2 - Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.
___ Objective 2.3 - Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.

Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.
___ Objective 3.1 - Provide high-quality, reliable, accessible, timely, and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.
___ Objective 3.2 - Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standards of living and sense of dignity.
___ Objective 3.3 - Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.
___ Objective 3.4 - Ensure that the burial needs of veterans and eligible family members are met.

___ Objective 3.5 - Provide veterans and their families with timely and accurate symbolic expressions of remembrance.

Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

___ Objective 4.1- Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.

___ Objective 4.2 - Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.

___ Objective 4.3 - Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high quality educational experiences for health care trainees.

___ Objective 4.4 - Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veteran's benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.

___ Objective 4.5 - Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

___ Objective E.1 - Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.

___ Objective E.2 - Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance and of the benefits and services VA provides.

___ Objective E.3 - Implement a One VA information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

___ Objective E.4 - Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

___None of the Above

8. Lines of Business

Purpose: To identify the sub-functions, within each Line of Business (LOB) of VA's Enterprise Architecture, that the IT project supports and the extent of that support to determine the project's value from a business process perspective.

For each applicable sub-function, indicate the level of support, "L" for Low, "M" for Medium, and "H" for High, provided by this project. If the IT project does not support a particular sub-function, leave the response field blank. See below for definitions of Low, Medium and High.

Low = The asset is a supporting contributor to the sub-function i.e., loss of the system for more than 30 days would cause moderate inconvenience to the sub-function; the sub-function would continue.

Medium = The asset is a primary contributor to the sub-function, i.e., loss of the system for 3 to 30 days would cause significant difficulty for the performance of the sub-function.

High = The asset is required for the performance of the sub-function, i.e., loss of the system for up to 3 days would deny the Department the ability to perform this sub-function.

Finance & Accounting
___ General Ledger Processing
___ Payment Processing
___ Receivables Processing
___ Financial System Setup, Operations & Maintenance
___ External Reports Processing
___ Budget Processing
___ Fixed Assets Processing
___ Project Cost Accounting Processing
___ Travel Management
___ Grants
___ Supplier Management

Medical Care
___ Beneficiary/Member Management
___ Healthcare Delivery Management
___ Health Data/Process Management/Collaboration
___ National Emergency Healthcare Management
___ Financial Management
___ Business Management

Human Resources
___ Human Resources Management
___ Diversity Management & Equal Employment Opportunities
___ Resolution Management
___ Human Resources Administration

Pension
___ Eligibility Determination
___ Account Maintenance
___ Program Integrity
___ Appeals
___ Outreach
___ Customer Service
___ Program Management

Memorial & Burial
___ Provide Burial Space for Veterans and their Eligible Family Members
___ Provide Memorials that Commemorate a Veteran's Service
___ Maintain National Cemeteries as National Shrines

Education
___ Eligibility Determination
___ Account Maintenance
___ Program Integrity
___ Appeals
___ Outreach
___ Education/Training Program Approval

Medical Education
___ Graduate Medical Education
___ Associated & Allied Health Education

Medical Research
___ Medical Research Service
___ Rehabilitation Research & Development Service
___ Health Services Research & Development Service
___ Cooperative Studies Program

Information Technology
___Cyber Security
___Network Communication
___ Data Center/COOP
___ Information Technology Management

Acquisition & Materiel Management
___ Acquisition Management
___ Material Management
___ Financial Management

Contact Management
___ Initiate Contact
___ Service Contact
___ Assure Quality

Compensation
___ Eligibility Determination
___ Account Maintenance
___ Program Integrity
___ Appeals
___ Outreach
___ Customer Service
___ Program Management

Registration & Eligibility
___ Medical Research Service
___ Eligibility Determination
___ Benefit Assessment

Insurance
___ Eligibility Determination
___ Account Maintenance
___ Program Integrity
___ Appeals
___ Outreach
___ Customer Service
___ Program Evaluation

___ Program Management
___ Customer Service

Loan Guaranty
___ Eligibility Determination
___ Loan Processing
___ Account Maintenance
___ Program Integrity
___ Appeals
___ Outreach
___ Program Participant Approval
___ Program Management
___ Customer Service
___ Property Management

___ Program Management

Training & Education
___ Learning & Content Management
___ Managing Employee Development
___ Learning Delivery
___ Personal Information & Tracking
___ Training Cost Management

Vocational Rehabilitation & Employment
___ Eligibility Determination
___ Account Maintenance
___ Program Integrity
___ Appeals
___ Outreach
___ Customer Service
___ External Service Provider Approval
___ Program Management

9. Project types:
Classify the project type using one of the categories below. If the project is a business process support system or a program delivery system, please indicate whether this is a financial management system. [1] **Business Process Support System:** **Any project that directly supports a business process. Core FLS is an example of a business process support system.** **Program Delivery System:** Any automated system used to deliver program services, including evaluation and research. HealtheVet Vista is an example of a program delivery system. **IT Infrastructure:** The operations and parts of a network are included under IT Infrastructure. This includes network-related hardware, software, telecommunications, and services. Examples are anti-virus screening software, and network services and software. **IT Services:** Encompasses IT-related special projects such as the development of a new security program in accordance with the Government Information Security Reform Act (now known as FISMA) and IT portfolio management support. Enterprise Cyber Security Business Assurance Program is an example of an IT Service. **General Office Automation:** This includes hardware, software and telecommunications equipment that doesn't directly support one of the other IT projects. Periodic technology refreshment is an example.
Business Process Support System: *Financial Management* ___ *Non-Financial Management* ___ *Program Delivery System:* *Financial Management* ___ *Non-Financial Management* ___ *IT Infrastructure* ___ *IT Services* ___ *General Office Automation* ___

[1] *Financial management systems are financial systems and the financial portion of mixed systems that support the interrelationships and interdependencies among budget functions, cost functions, and management functions, as well as information associated with business activities.*

Financial systems are comprised of one or more applications that are used for any of the following:

- Collecting, processing, maintaining, transmitting, and reporting data about financial events;
- Supporting financial planning or budgeting activities;
- Accumulating and reporting cost information; or
- Supporting the preparation of financial statements.

A financial system supports the processes necessary to record the financial consequences of events that occur as a result of business activities. Such events include information related to appropriations or resources; goods or services; payment or collections; guarantees, benefits to be provided, or other potential liabilities or reportable activities.

10. Constraints
What are the constraints that stand in the way of successful implementation and operation of this project? **Examples of Constraints:** **# of customer requests that can be addressed** **# of programmers available to do technical work** **# of users that the system can support** **Change in the administration requires a new direction for the project; the timeline & budget requirements are unknown**
11. Critical Success Factors
What are the project's critical success factors? **A critical success factor outlines a fundamental state or event necessary to achieve a specific goal or objective. Your critical success factors should be well defined and quantifiable.**
12. Increase(s) in Funding
If you are requesting funding in FY 2005 that is greater than the previously approved FY 2005 funding level, then provide (i) an explanation for the requested increase, and (ii) indicate the consequences on business operations or future costs, if the increase is not funded. **If you are requesting funding in FY 2006 that is greater than the previously approved FY 2005 funding level, then provide (i) an explanation for the requested increase, and (ii) indicate the consequences on business operations or future costs, if the increase is not funded.**
13. Projected Software Requirements
Provide a list of your projected software requirements, by category, for the next two fiscal years. Provide the name of the software, the total number of licenses and type (i.e., fixed or concurrent, etc.) expected to be purchased, and the total anticipated cost for each software product and software market category. This question is only applicable to commercial off-the-shelf purchases.
FY 2005

Software Market Category	**Software Product Name (e.g. Microsoft Project)**	**Number and Type of Licenses**	**Total Cost for each Software Product**
Anti Virus			
Database			
Disaster Recovery			
Document Imaging			
Enterprise Resource Planning			
Geospatial Information Systems			
Network Management			
Office Automation			
Open Source			
Statistical Analysis			

FY 2006			
Software Market Category	**Software Product Name (e.g. Microsoft Project)**	**Number and Type of Licenses**	**Total Cost for each Software Product**
Anti Virus			
Database			
Disaster Recovery			
Document Imaging			
Enterprise Resource Planning			
Geospatial Information Systems			
Network Management			
Office Automation			
Open Source			
Statistical Analysis			

14. Excel Worksheets

All Project Managers (PM) shall complete the attached Cost Estimation Worksheets for their respective IT project(s). The purpose of these instructions is to assist PMs in completing the worksheets accurately and effectively as part of the
FY 2006 IT Portfolio Select. **Please enter data only in the unshaded cells of the spreadsheet.** Cells that are shaded gray are protected and contain formulas that will calculate values automatically.

Responses to this document are due at the same time as your completed Exhibit 300.

<u>TAB 1 – Maintenance and Development Budget Worksheet</u>

The Maintenance and Development Budget Worksheet is designed to clearly illustrate how obligations will be used each year to:

Maintain the operation of your project at the current service level (defined as “minimum to sustain”),
Refresh the technology by acquiring and incorporating recent versions of software and hardware to remain current with the latest vendor releases (defined as “technology refresh”), and
Extend the functions or capabilities provided by the project through additional development (defined as “Planning” and “Enhancements”).

All obligations provided on the worksheet should be adjusted for inflation.

Project Name	

Maintenance and Development Budget

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	Total (2003-2009)
Total Budget Authority								0.0
Maintenance Budget:								
Minimum to Sustain								0.0
Technology Refresh								0.0
Subtotal Min to Sustain and Tech Refresh	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maintenance FTE								0.0
Total Maintenance Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Budget:								
Planning								0.0
Enhancement 1								0.0
Enhancement 2								0.0
Enhancement 3								0.0
Enhancement 4								0.0
Enhancement 5								0.0
Subtotal Enhancements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development FTE								0.0
Total Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL IT BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BUDGET FTE ONLY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Total Budget Authority - In this row, provide the total budget allocated/requested for this project for fiscal years 2003-2009. The values in this row should equal the values in “Total All Stages - Budgetary Resources” from Part I, Summary of Spending Stages of the Exhibit 300.

Maintenance Obligations - The amount of funding and effort necessary to sustain the operation of an IT system at the current service level(s).

Maintenance obligations should be separated into minimum to sustain, technology refresh, and Department FTEs.

Minimum to Sustain – Please provide the obligations required each year to maintain your project at its current service level or capability, excluding any amounts required for technology refresh. This may be only a fraction of the lifecycle obligations for each outlying year if you intend to enhance or develop the project over time.

Technology Refresh – Please provide estimates for technology refresh for each fiscal year. This is the amount of funding and effort required to provide technology upgrades, i.e., replacement of hardware, preserving currency of software licenses, for an operational system. Technology refresh is not considered development as long as you are notionally maintaining the same service levels.

Subtotal *(Calculated)* – The subtotal of maintenance obligations is automatically calculated for each fiscal year based on the data provided for minimum to sustain and technology refresh.

Department FTE Costs - Provide the annual Department FTE obligations for each fiscal year for the project's maintenance activities. The obligations should be based on the number of FTEs and fully burdened rates.

Total Maintenance Budget (Calculated) - This row represents the total obligations related to maintenance activities. The values in this row should equal the values in "Maintenance - Budgetary Resources" from Part I, Summary of Spending Stages of the Exhibit 300.

Development Obligations - The amount of funding and effort necessary to develop a system or increase the existing service level(s) of an operational system.

Development obligations should be separated into planning, enhancements[2], and Department FTEs.

Planning – Provide the portions of the development obligations related to project planning. These obligations can include feasibility studies, the development of project and risk management plans, or other planning activities. The values in this row should equal the values in "Planning – Budgetary Resources" from Part I, Summary of Spending Stages of the Exhibit 300.

Enhancements – You may have plans to develop one or more enhancements for your project. A one or two word description of each enhancement should be typed over the "Enhancement #" placeholders in the first column. Budget estimates for the development obligations in support of each enhancement should be provided separately and indicated on an annual basis. Note your project may not have any planned development activities, or could potentially have more planned enhancements than there are placeholders in the template. If the latter is the case, simply insert additional rows into the table and copy all formulas.

Subtotal Enhancements – This line item automatically calculates the total of all the individual enhancement obligations for each fiscal year.

Subtotal Development Budget – This line item automatically calculates the subtotal of all the development obligations for each fiscal year including both planning and enhancement obligations.

Development FTE - Provide the annual Department FTE obligations for each fiscal year for the project's development activities. The obligations should be based on the number of FTE and fully burdened rates.

Total Development Budget - This row represents the total obligations related to development activities (planning, enhancements, and FTE). The values in this row should equal the values in "Total, sum of stages - Budgetary Resources" from Part I, Summary of Spending Stages of the Exhibit 300.

[2] Enhancements extend the notional service level(s) of a system. If this project represents a new or replacement system, then the first enhancement is the base system that will be deployed and operated. Increases to the service level(s) of an operational system are additional enhancements. An enhancement can incorporate one or more modules or end products. One enhancement is distinguished from another based more on the timing of the deployment of the enhancements than the modules that comprise the enhancements.

Total IT Budget – This line item automatically calculates the subtotal of all the project obligations for each fiscal year including both maintenance and development obligations. The values in this row should equal the values in "Total, all stages - Budgetary Resources" from Part I, Summary of Spending Stages of the Exhibit 300.

Total Budget FTE – The worksheet will automatically calculate the Total FTE obligations by fiscal year for both development and maintenance. The values in this row should equal the values in "Government FTE Costs" from Part I, Summary of Spending Stages of the Exhibit 300.

<u>TAB 2 – Enhancement Prioritization</u>

Details of Enhancements List enhancements in descending order of priority (i.e.#1 would be highest priority) **Include in the description a discussion of the products and services the enhancement will provide.**			
#	Enhancement Name	Description	Dependencies **(provide Enhancement #)**
1			
2			
3			
4			
5			
6			
7			
8			

For each enhancement identified in the Maintenance and Development worksheet, provide additional details as specified below. The enhancements should be prioritized in descending order of priority (i.e., #1 would be the highest priority).

Enhancement Name: **Match the name provided in the Maintenance and Development Budget Worksheet.**

Description: **Provide a brief description of the enhancement**

Prioritization: **Numerically (1, 2, 3, etc.) rank-order the priority of your enhancements from first to last. Please do not repeat numbers (e.g., enhancements may not "tie" in priority.)**

Dependencies: Note any dependencies to other enhancements (e.g., Enhancement Number 5 cannot be accomplished without Enhancement Numbers 3 and 4; Priority 3 has less utility without also having Priority 4, etc.)

APPENDIX I – SCORING, EVM AND PERFORMANCE MEASURE GUIDANCES

I.1 Scoring Guidance

I.1.1 General Scoring and Evaluation

The Office of IT Policies, Plans and Programs (005P) will assist the CIO and Enterprise Information Board (EIB) to evaluate the completed Exhibit 300s and VA Exhibit 300 IT Supplements (hereafter: IT Supplement). 005P will assess the IT projects and score the projects using the Department's internal scoring criteria, which include OMB's scoring criteria.

The VA IT portfolio evaluation will address the following questions for each project:

- Does the project have value to the Department?
- Is the project healthy and likely to be successful?
- Are we eliminating duplication and stovepipe projects?
- Are we balancing benefits against costs and risks?

Through this assessment, 005P will develop project funding and condition recommendations. 005P will also review and validate the Administration/Staff Office IT prioritizations and funding contingency plans. Finally, 005P will provide these recommendations to the EIB. The CIO and EIB will use these recommendations to make funding amount and timing decisions. The analysis of the IT portfolio will ensure that IT resources are providing the greatest business value and support the Department's mission.

I.1.2 Purpose of Scoring

- The purpose of scoring is to assess a project's value and health.
- Scoring identifies areas that require further discussion and collaboration.
- Scoring feeds into the 005P's recommendations to the EIB, including funding conditions.
- The process of scoring is as valuable, if not more valuable, than the determined score; it helps us to review the projects more carefully.
- Scoring is not an end in and of itself.
- The OMB Exhibit 300 scoring criteria are a subset of the VA scoring criteria.
- <u>Notwithstanding the foregoing, it is essential that our IT projects score well against the Exhibit 300 criteria and are regarded by OMB as having successfully made the business case</u>.

I.1.3 Specific Scoring Guidance – Exhibit 300 Overview

The Exhibit 300 is a business case submitted to OMB to justify IT project funding requests during the annual budget review.

The Exhibit 300 consists of two parts:

- Part I: Capital Asset Plan and Business Case
- Part II: Additional Business Case Criteria for Information Technology (Enterprise Architecture and Security)

Health Criteria – VA's implementation of the OMB Exhibit 300 Scoring Guidelines

---

OMB scores the Exhibit 300s based on the following criteria:

1. Acquisition Strategy	6. Performance Goals
2. Project Management	7. Security & Privacy
3. Enterprise Architecture	8. Performance Based Management System
4. Alternatives Analysis	9. Lifecycle Costs Formulation
5. Risk Management	10. Supports the President's Management Agenda

Exhibit 300s receive a score between 1 and 5 (low to high) for each criterion and a total score for the business case.

Exhibit 300s that successfully make the business case must:

- Receive a Total Business Case score of 4 or 5 (40 points or greater) and
- Receive a score of 4 or greater for the Security and Privacy and Performance Based Management System criteria.

Scoring the Exhibit 300 - General Rules of Thumb

- A score of one should be provided when a project manager missed the boat entirely related to a criterion.
- A score of five should be provided when there is no possible room for material improvement.
- The final OMB score from last year should be a good point of departure for this year's score.
- Be very familiar with the rules for each scoring criterion.
- The scoring criteria are available at:
- http://www.whitehouse.gov/omb/circulars/a11/current_year/s300.pdf
- (Section 300.10, pages 13 – 17)
- We will score based on the quality of the documentation and not on our experience or personal knowledge of a project. The documentation should reflect reality. If a project is "better" than a particular response(s) suggests, the documentation must be improved.

Approach

- Begin by reading the project description and justification. Next, skim through the entire document. Can you pick up a general understanding of what the project manager is trying to accomplish? Go into the detail next.
- Score the project after you have read the entire Exhibit 300.
- Score the President's Management Agenda, Lifecycle Cost Formulation, and Program Management sections last as these sections are based on responses throughout the Exhibit 300. As an example, the Lifecycle Cost Formulation is a composite of everything else. If there are problems in the other sections, then there will be problems within this section. Additionally, if there are problems in the Risk Management section of the Exhibit 300, then it is likely that there are problems with Program Management.

Below are comments regarding the individual scoring sections of the Exhibit 300, which should be considered when using OMB's scoring criteria.

---

1 - <u>Acquisition Strategy</u> Weight: 7.69%

<u>Source Data:</u>
Part I., Section I.G.

<u>Applicability</u>: All project types and lifecycle phases.

<u>Rating Score Options</u>:

5 Strong Acquisition Strategy that mitigates risk to the Federal government, accommodates Section 508 as needed, and uses contracts and statements of work (SOWs) that are performance based. Implementation of the Acquisition Strategy is clearly defined.

4 Strong Acquisition Strategy that mitigates risk to the Federal government, accommodates Section 508 as needed, uses contracts and SOWs that are performance based. Acquisition strategy has very few weak points which agency is working to strengthen, and the implementation of AS is clearly defined.

3 Acquisition strategy does not appear to successfully mitigate risk to the Federal government, accommodates Section 508 as needed, much work remains to solidify and quantify the AS, and contracts and SOWs do not appear to be performance based.

2 Acquisition strategy does not appear to successfully mitigate risk to the Federal government, does not accommodate Section 508, does not appear to use performance based contracts and SOWs, and there is no clear implementation of the acquisition strategy.

1 There is no evidence of an AS.

<u>Comments</u>:
Every answer should be complete and include a discussion of performance based contracting must appear in this section for a good score (regardless of lifecycle phase). If performance-based contracting is not used, the response must indicate why. This applies regardless of the lifecycle phase of the initiative.

Section 508 compliance is also a must. All projects must definitively show adherence to this law, and that includes contractors, vendors, and any entity associated with the project involved with electronic and information technology deliverables. It is not sufficient to state that contractors are required to meet Section 508 requirements. There must be an assertive and comprehensive statement on behalf of the Government that directly addresses how and when compliance will be or is made.

Direct questions to Loise Russell, as needed.

---

2 - Project Management Weight: 7.69%

Source Data:
Part I., Sections I.D. and I.H, and overall business case

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 Project is very strong and has resources in place to manage it.
4 Project has few weak points in the area of PM and agency is working to strengthen PM.
3 Much work remains in order for PM to manage the risks of this project.
2 There is some understanding of PM for this project but understanding is rudimentary.
1 There is no evidence of PM.

Comments:
Criteria for a high score: certification of project manager, complete integrated project team (project management, budgetary, information technology, contracting, business expertise, and security), complete acquisition strategy and risk management sections.

---

3 - Enterprise Architecture Weight: 7.69%

Source Data:
Part II. Section II.A

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 This project (investment) is included in the Agency EA and CPIC process. Project is mapped to and supports the Federal Enterprise Architecture and is clearly linked to the

FEA Reference Models (BRM, PRM, SRM, and TRM). BC demonstrates the relationship of the investment to the business, data, application, and technology layers of the EA.

4 This investment is included in the agency's EA and CPIC process. Investment is mapped to and supports the Federal Enterprise Architecture. Investment is clearly linked to the BRM but work is continuing to map the investment to the PRM, SRM, and TRM. BC is weak in demonstrating the relationship of the investment to the business, data, and application, and technology layers of the EA.

3 This investment is not included in the agency's EA and CPIC process, was not approved by the agency EA committee, or does not link to the FEA. BC demonstrates a lack of understanding on the layers of the EA (business, data, application, and technology).

2 While the agency has an EA framework, it is not implemented in the agency and does not include this investment.

1 There is no evidence of a comprehensive EA in the agency.

Comments:
This section will be reviewed and scored by 005E. While we don't need to score the section, we need to be familiar with its contents and ensure suggested changes from 005E are incorporated by the project manager.

---

4 - Alternatives Analysis Weight: 7.69%

Source Data:
Part I., Section I.E.

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 AA includes three viable alternatives, alternatives were compared consistently, and reasons and benefits were provided for the alternative chosen.

4 AA includes three viable alternatives, however work needs to continue to show alternatives comparison, and support must be provided for the chosen alternative.

3 AA includes fewer than three alternatives and overall analysis needs strengthening.

2 AA includes weak AA information and significant weaknesses exist.

1 here is no evidence that an AA was performed.

Comments:
Consider the lifecycle phase of the project when evaluating the Alternatives Analysis section. Ensure that all alternatives are viable.

Operational Projects
Truly operational projects should have 3 viable alternatives. Example alternatives include: maintain the status quo, an all government FTE solution, develop a new system as a replacement,

and replace the system with a VA or e-government system. The selected alternative should be updated with current information.

However, if the Alternatives Analysis was formulated several years ago, then there is a requirement for an e-Gov Strategy Review. An e-Gov Strategy Review is essentially a forward-looking Alternatives Analysis i.e., today forward, that considers replacement of the current system. Alternatives should include:

- Continue with current system (status quo),
- Implement an OMB e-Gov solution, and
- Implement a web-based solution other than the OMB e-Gov solution.

Mixed Lifecycle Projects

Mixed lifecycle projects are expected to have a more detailed response in this section. For a high score, we'd like 4 alternatives for mixed lifecycle projects including the status quo. With the exception of the status quo, the alternatives analysis should focus on the enhancements themselves. The status quo is the baseline against which the alternatives are assessed.

If the Alternatives Analysis is not outdated or new this year, then the selected alternative should be updated with current information.

Development Projects

If the Alternatives Analysis is being presented for the first time, e.g. a New Start IT project, then at least three alternatives should be prepared. One of these should include the use of only Government FTEs to implement and support the project. If there is an existing alternatives analysis for a development project, then the selected alternative should be updated with current information.

Other Comments

A good alternatives analysis should also address identified risks at a high level. The results of this section impact scores in the lifecycle cost and program management sections of the Exhibit 300.

The Exhibit 300 must include Net Present Value (NPV) and Return on Investment (ROI) calculations. There are two formulas we need to understand:

- NPV = (total discounted benefits – total discounted costs). A good NPV is positive.
- ROI = (total discounted benefits / total discounted costs). A good ROI is greater than one.

If the total of the discounted costs is approximately 2/3 of the total from the summary of spending stages, then the NPV is likely correct. (Adjust the ratio downward if most of the cost is in BY+3 or BY+4; adjust upward if most of the costs are in CY, BY or BY+1).

There may be non-dollar quantifiable reasons for undertaking a project, including the resulting performance improvements. Thus, project factors other than the NPV and ROI can justify undertaking an investment and score well using OMB's criteria.

5 - Risk Management Weight: 7.69%

Source Data:
Part I., Section I.F.

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 Risk assessment was performed for all mandatory elements and risk is managed throughout the investment.
4 Risk assessment addresses some of the risk, but not all that should be addressed for this investment.
3 Risk management is very weak and does not seem to address or manage most of the risk associated with the investment.
2 Risk assessment was performed at the outset of the investment but does not seem to be part of the program management.
1 There is no evidence of a risk assessment plan or strategy.

Comments:
The risk section should be updated annually. The risk identification date cannot be later than the date of the risk mitigation plan, or the plan is not valid. The entire table should be complete with every risk mitigated or stated why it is not applicable for a good score. The risk mitigation strategies should be aggressive and specific. Ask yourself whether the project manager has adequately assessed and mitigated the risks. Is there a connection between the description, probability of occurrence, and the strategy for mitigation for each risk identified? Generally, if a project manager did not do well with risk management, then the Exhibit 300 probably will not have risk adjusted lifecycle costs and may encounter difficulties in the Performance Based Management System (PBMS) and Project Management sections.

---

6 - Performance Goals Weight: 7.69%

Source Data:
Part I, Section I.C.

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 Performance goals are provided for the agency and are linked to the annual performance plan. The investment discusses the agency's mission and strategic goals, and performance measures are provided.

4 Performance goals are provided for the agency and are linked to the annual performance plan. The investment discusses the agency's mission and strategic goals, and performance measures are provided. Some work remains to strengthen the PG.
3 Performance goals exist but the linkage to the agency's mission and strategic goals is weak.
2 Performance goals are in their initial stages and are not appropriate for the type of investment. Much work remains to strengthen the PG.
1 There is no evidence of PG for this investment.

Comments:
Ensure that this section has been completed properly:

For Existing IT projects that have previously submitted Exhibit 300s:
- If you completed Table 1 last year, please use Table 1 to report for fiscal years 2003 and 2004 and Table 2 for fiscal years 2005 through at least 2007.
- If you completed only Table 2 last year, please use Table 2 to report for fiscal years 2005 through at least 2007.

For projects that are submitting Exhibit 300s for the first time:
- Use Table 2.
- Report on Performance Measures for at least two years, i.e., FY 2006 and 2007, FY 2007 and 2008.
- If the project will have data for 2005 that you wish to include, add extra lines in Table 2 and complete all information in this single table.
- At least one performance goal must be met by BY+1.

- Table 1 - Ensure that the performance goals tie to VA mission and strategic goals.
- Table 2 – The response must map to the Performance Reference Model of the Federal Enterprise Architecture.

Initiatives should report against performance measurement data that was submitted in their FY 2005 Exhibit 300s in Sept. 2003. However, if they have developed improved performance measures since the last Exhibit 300 submission, they may use these measures in lieu of the previously reported ones. If the changes do not reflect the addition of new goals or an update to the table indicating actual progress achieved, then the PM should (a) make the necessary changes to the appropriate table, and (b) provide via separate documentation: what the goals and measures were before the changes, what the goals and measures are now, and the reason(s) for the changes.

At least one performance goal must be met by or in BY+1.

For additional information regarding performance measures, please reference the "Performance Measures Guidance."

---

7 - Security and Privacy Weight: 7.69%

Source Data:
Part II, Section II.B.

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 Security and privacy issues for the investment are addressed, all questions are answered, and a privacy impact assessment is provided in appropriate circumstances. Security/privacy detail is provided about the individual investment throughout the life-cycle to include budgeting for SE.
4 Security and privacy information for the investment is provided but there are weaknesses in the information that need to be addressed.
3 Security and privacy information for the investment is provided but fails to address the minimum requirements.
2 Security and privacy information points to an overall Agency Security Process with little or no detail at this investment level.
1 There is no security or privacy information provided for the investment.

Comments:
This section will be reviewed and scored by OCIS. The two primary areas of interest are FISMA and C&A. We will look for a promise to undertake C&A in last year's Exhibit 300 and determine whether it actually happened or is still on schedule. If the project manager is simply waiting for a final accreditation signature, then we can indicate that C&A has been complete with this exception and be confident that it will be received well by OMB.

Ensure that the PM includes the security plan date, an indication of whether the NIST self-assessment has been performed, and the date of last C&A review (must be 3 years old or less).

8 - Performance Based Management System (PBMS) Weight: 7.69%

Source Data:
Part I, Section I.H.

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 Agency will use, or uses an Earned Value Management System (EVMS) that meets ANSI/EIA Standard 748 and investment is earning the value as planned for costs, schedule, and performance goals.

4 Agency uses the required EVMS and is within the variance levels for two of the three criteria. Work is needed on the third issue.
3 Agency uses the required EVMS but the process within the agency is either very new, not fully implemented, or there are weaknesses in this investment's EVMS information.
2 Agency seems to re-baseline rather than report variances.
1 There is no evidence of PB.

Comments:
For a good score section, I.H.1 Description of Performance Based Management System should describe whether TeamPlay has been implemented. The response should also address whether the project team has begun to use TeamPlay to track earned value (EV). Implementation does not require perfect tracking of earned value information - merely that the project team has begun to track earned value. A good response might indicate that the project is "beginning to use TeamPlay to track EV". If TeamPlay has not been implemented, then the response should describe how the implementation of TeamPlay is progressing, including when EV will begin to be tracked. The response should be project-specific. This is true irrespective of lifecycle phase.

Projects should include in the tables one line item for maintenance costs for each fiscal year. Cost data should be provided for as many years as costs are represented in the Summary of Spending table.

I.H.3 Current Baseline of the Project
When reviewing this, ignore the statement that this should be completed only if OMB approved the changes.

---

9 - Lifecycle Costs Formulation Weight: 7.69%

Source Data:
Multiple Sections (Summary of Spending Table in I.A)

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 Life-cycle costs seem to reflect formulation that includes all of the required resources and is risk-adjusted to accommodate items addressed in the RM. It appears that the investment is planned well enough to come in on budget.
4 Life-cycle costs seem to reflect formulation of some of the resources and some of the issues as included in the risk adjustment strategy. Work remains to ensure that LC costs are accurately portrayed.
3 Life-cycle costs seem to reflect formulation of the resources but are not risk adjusted based on the risk management plan.
2 Life-cycle costs seem to include some of the resource criteria and are not risk adjusted.
1 Life-cycle costs do not reflect a planned formulation process.

Comments:
This scoring criterion is a composite of responses throughout the Exhibit 300. If there are problems with the other sections, there will be problems here as well. Focus on the summary of spending stages in table I.A. In scoring, we need to make a value judgment regarding whether or not the project will achieve the stated budget. If the risk management section is solid, there is a solid alternatives analysis, with a good acquisition strategy to support the selected alternative, there is evidence of strong program management (certified PM, IPT), and a good PBMS section, then the lifecycle cost formulation should qualify for a good four or five.

If the only thing that needs improvement is the alternatives analysis, then the score may be a three or four.

---

10 - President's Management Agenda Items (AI) Weight: 7.69%

Source Data:
Multiple Sections (Part I, Section I.B.2)

Applicability: All project types and lifecycle phases.

Rating Score Options:

5 This is a collaborative investment that includes industry, multiple agencies, State, local, or tribal governments, uses e-business technologies, and is governed by citizen needs. If the investment is a steady state investment, then an E-Gov strategy review is underway and includes all of the necessary elements. If appropriate, this investment is fully aligned with one or more of the President's E-Gov initiatives.
4 This is a collaborative investment that includes industry, multiple agencies, State, local, or tribal governments, uses e-business technologies though work remains to solidify these relationships. If investment is in steady state, then an E-Gov strategy review is underway but needs work in order to strengthen the analysis. If appropriate, investment supports one or more of the President's E-Gov initiatives but is not yet fully aligned.
3 This is not a collaborative investment though it could be and much work remains to strengthen the ties to the President's Management Agenda. If this is a steady state investment and no E-Gov strategy is evident, this investment will have a difficult time securing continued or new funding from OMB. If appropriate, this investment supports one or more of the President's E-Gov initiatives but alignment is not demonstrated.
2 This is not a collaborative investment and it is difficult to ascertain support for the AI. If this is a steady state investment, then no E-Gov strategy was performed or is planned.
1 There seems to be no link to the AI and e-Gov strategy.

Comments:
There should be a good discussion indicating how the project supports the strategic goals of the PMA. A score of 5 indicates positive and solid evidence of ties to the PMA and of collaboration

with entities outside of the Department. These entities can be private sector organizations, including professional associations, as well as public sector entities. Ensure that collaboration with other federal agencies, state and local governments, and/or the private sector is clearly stated. The response should address with whom and how the collaboration is occurring. If the information regarding collaboration is located outside of the response to question I.B.2, then copy and paste it into the response to question I.B.2 to ensure that OMB reflects the collaboration in the score.

Claims of Homeland Security alignment must be valid.

Total Score for the Exhibit 300
The total score is the sum of each category score. VA uses a different scoring methodology than OMB for determining the final score. VA, unlike OMB, truncates the final score, i.e. all fractions are rounded down (except for .01-.9 which remains a "1").

Score	Definition	
5	50	Strong documented business cases (including all sections as appropriate).
4	40-49	Very few weak points within the BC but still needs strengthening.
3 to	30-39	Much work remains to solidify and quantify BC. BC has the opportunity either improve or degrade very quickly.
2	20-29	Significant gaps in the required categories of the BC.
1	1-19	Inadequate in every category of the required BC.

Note: Investments scoring 5 and meeting program requirements are automatically recommended for funding. Investments scoring an overall 4, meeting performance goals, and scoring a 4 on the performance based management criteria and security, will be recommended for funding, but will be instructed to continue improvements in the areas identified as needing work. Investments scoring 3 or below have the opportunity to improve to a 4 or degrade to a 2 rather easily. Investments scoring a 2 or below are not recommended for funding.

I.1.4 IT Supplement Overview:

- The IT Supplement contains additional questions to the Exhibit 300 to provide further:
  - financial,
  - project management, and
  - value information.

- Moreover, responses may indicate where additional business case documentation is needed in the future.

Other Health Criteria – VA Internal Scoring Guidelines

---

11 – Cost Variance Weight 7.69%

Definition: The difference between the earned value and the actual cost divided by the earned value, i.e., ((EV-AC)/EV x 100).

Source Data:
Exhibit 300: I.H.4.B. "Actual Performance & Variance from OMB-Approved Baseline" Project Summary Table

Applicability: All project types and lifecycle phases except Steady State projects.

Rating Score Options:

5 Greater than or equal to 0% cost variance (any non-negative cost variance)
4 Greater than or equal to negative 7%, but less than 0% cost variance (i.e. -.01% to -7%)
3 Greater than negative 10%, but less than negative 7% cost variance (i.e. -7.01% to -9.99%)
1 Less than or equal to a negative 10% cost variance (i.e. -10.00% or below)

---

12 – Schedule Variance Weight: 7.69%

Definition: The difference between the earned value and the planned value divided by the planned value, i.e., ((EV-PV)/PV x 100).

Source Data:
Exhibit 300: Exhibit 300: I.H.4.B. "Actual Performance & Variance from OMB-Approved Baseline" Project Summary Table

Applicability: All project types and lifecycle phases except Steady State projects.

Rating Score Options:

5 Greater than or equal to 0% schedule variance (any non-negative schedule variance)
4 Greater than or equal to negative 7%, but less than 0% schedule variance (i.e. -.01% to -7%)
3 Greater than negative 10%, but less than negative 7% schedule variance (i.e. -7.01% to -9.99%)
1 Less than or equal to a negative 10% schedule variance (i.e. -10.00% or below)

---

13 – Project Size Weight: 7.69%

Definition: The annual cost associated with the projects for FY 2005 excluding Departmental FTEs. Generally, the higher the cost, the riskier the project.

Source Data:
Exhibit 300: Summary of Spending Table FY2006 Total

Applicability: All project types and lifecycle phases

Rating Score Options:

5 Less than $4 million
3 $4 million or greater, but less than $10 million
2 $10 million or greater, but less than $15 million
1 $15 million or greater

Value Criteria – VA Internal Scoring Guidelines

---

1 - Contribution and Impact Weight: 25.0%

Definition: The extent to which an initiative demonstrates positive contribution and impact to the business function it supports. Rating should measure the extent to which the initiative addresses business problems or opportunities within the given business function.

Source Data:
Exhibit 300 – I.A.1 Project Description; I.B.1 Justification (how investment supports the mission & strategic goals and objectives); IT Supplement – 3. Business Problem or Opportunity, 7. Alignment with VA Strategic Plan, 8. Lines of Business

Applicability: All project types and lifecycle phases

Rating Score Options:

5 Maximal
4 Significant
3 Moderate
2 Minimal
1 None

---

2 – Mandatory Requirement Weight 25.0%

Definition: The extent to which an initiative supports a mandated law or regulation. A legislative or regulatory ruling can suggest or mandate new or improved business processes supported by IT initiatives. Increased justification can be made for those IT initiatives mandated by law or regulation or initiatives which uniquely support a business process required by law or regulation. Mandatory requirement does not include meeting strategic goals or objectives.

Rating should be selected based on the reviewer's determination of the extent to which the initiative is uniquely qualified to satisfy the mandatory legislative or regulatory requirement indicated within the business case. If no mandatory requirement is provided, the initiative should score a 1.

Source Data:
IT Supplement – 5. Mandatory Requirement

Applicability: All project types and lifecycle phases

Rating Score Options:

5 Maximal
4 Significant
3 Moderate
2 Minimal
1 None

---

3 - Consequence of not Funding the Project Weight: 25.0%

Definition: The extent to which there will be adverse impacts on business operations and costs if the project is not funded. The business case is improved when business operations are highly dependent on the initiative, or delaying the initiative will result in significantly higher costs in the future. Consequences should be specifically noted and described in terms of business functions supported to be able to get a true understanding of the impact of not funding the initiative.

Source Data:
IT Supplement – 4. Consequence of Not Funding the Project and 8. Lines of Business

Applicability: All project types and lifecycle phases

Rating Score Options:

5 Maximal
4 Significant
3 Moderate
2 Minimal
1 None

---

4 - Benefits Weight: 25.0%

Definition: The extent to which the initiative's benefits demonstrate value added to the Department as well as external stakeholders. Benefits to internal and/or external customers can be measured in many ways, including increased efficiencies, improved customer satisfaction, reduction in costs, increase in revenues, improved public access to VA information, etc. They can include tangible and intangible returns. The benefits score should represent the intrinsic value to the Department as indicated in the documentation.

Source Data:
Exhibit 300: I.A.1 Project Description; I.B.4 Justification (reduce costs, improve efficiencies); I.E.3.A Alternatives Analysis (Quantitative Benefits)

Applicability: All project types, classifications, and lifecycle phases.

Rating Score Options:

5 Maximal
4 Significant
3 Moderate
2 Minimal
1 None

I.1.5 IT Project Standard Recommendations

The purpose of a recommendation is to obtain additional information to make the business case[3], correct a deficiency, ensure that we are not undertaking duplicative and stovepipe projects, and for monitoring purposes. A liaison or review team member may make several business case improvement suggestions which do not necessarily warrant a recommendation. Recommendations are items that we want to track with the project until they are addressed by the project manager or otherwise resolved.

1. Do not undertake this project (or do not undertake an enhancement to a project). This recommendation denies or withholds CIO approval for IT projects and/or project enhancements. This recommendation also applies to postponing a project or project enhancement. Specific examples of recommendations include:
   a. There is no compelling argument for the necessity of this project or enhancement, and
   b. To postpone the enhancement until FY [x] due to a lack of funding.

2. Improve/clarify Business Case response(s) and/or address additional question(s). This is a general type of recommendation to: (1) improve or clarify any section of the business case, and/or address additional questions.

   If remediation of a specific recommendation will impact your assessment of the project's value, then the recommendation should be addressed by June 18. For example:
   a. Provide a justification for the new baseline change noted in section I.H.3. Include an explanation of the impact of these changes on the project.
   b. Clarify the source of savings noted in the business case. How and when will the savings be realized?
   c. Explain why the maintenance expenses are increasing faster than a nominal increase.
   d. Identify the total costs related to the initiative and any applicable savings.

   If remediation of a specific recommendation will impact a project's score on one of OMB's scoring criteria, then the recommendation should be addressed by June 28. For example:

   e. Provide an additional alternative so that there are 3 viable alternatives described in the Alternatives Analysis section.
   f. Provide actuals for all applicable Performance Metrics.
   g. Address deficiencies in the Risk Management Plan. Include more specific risk management strategies and address all risk categories required by OMB.
   h. Explain how the implementation of TeamPlay is progressing, including when earned value (EV) will begin to be tracked.
   i. Explain the reason for the [x]% cost variance. What corrective actions are being taken?

[3] The term Business Case refers to the Exhibit 300 and the VA Exhibit 300 IT Supplement.

Please note that depending on the individual situation, a recommendation listed as impacting an OMB scoring criterion may impact your assessment of the project's value. As a result, it should be addressed by June 18.

All other recommendations should be addressed by June 28. However, priority should be given to recommendations that impact an OMB scoring criterion. Sample recommendations include:

j. Provide links to the Cost Benefit Analysis, Acquisition Plan, Risk Analysis, and Security Plan in CAMS.
k. Provide more detailed cost and schedule information.

3. Address project deficiencies noted [Must be addressed or provide a plan (with completion date) for addressing the deficiency by June 28]. This represents a general type of recommendation to (1) correct a deficiency/issue noted during review (by 005P, EA, OCIS, Telecommunications, Privacy, EIB, or SMC) and (2) for completion of appropriate project reviews. Specific examples of recommendations include:
    a. Address EA non-compliance issues noted by the EA review group.
    b. Submit C&A documentation package to the Certifying Review Group.
    c. Provide a schedule for the completion of the required system certification and accreditation documentation.
    d. Complete an updated Privacy Impact Assessment.
    e. Determine whether the software is compliant with Section 508 accessibility standards.

4. Ensure project is not duplicative nor stovepipe [must be addressed by June 28]. This represents a general type of recommendation, which includes collaboration as appropriate. Specific examples of recommendations include:
    a. Collaborate and coordinate with VHA to ensure that project [x] does not duplicate VHA project [y], determine whether partnering is appropriate, and report results to 005P for distribution to the EIB.
    b. Determine whether the project can and should be extended to serve the requirements of the entire Department; report results to 005P for distribution to the EIB.
    c. Explain how this project does not duplicate project [x].
    d. Determine whether project [x] duplicates OMB e-Gov project [y], whether partnering is appropriate at this time, and report results to 005P for distribution to the EIB.

5. Additional Documentation Needed [Must be addressed by November 1]: This is a general type of recommendation and is applicable for projects that require additional information to make the business case and/or for monitoring purposes. Specific examples of recommendations include:
    a. Prepare business cases for projects [x] and [y] comprised within the [z] program/portfolio.
    b. Prepare a supplemental business case for enhancement [x] referenced in business case [y].
    c. Provide a schedule and associated costs for the implementation of enhancement [x].

OI&T Project Scoring and Recommendations Sheet
Portfolio Select Phase FY 2006

	Project Name	Consensus Team Score	Weighting	Weighted Score	Comments
Health					
OMB Scoring Criteria					
1	Acquisition Strategy		*7.69%*	0.00	
2	Project Management		*7.69%*	0.00	
3	Enterprise Architecture		*7.69%*	0.00	
4	Alternatives Analysis		*7.69%*	0.00	
5	Risk Management		*7.69%*	0.00	
6	Performance Goals		*7.69%*	0.00	
7	Security & Privacy		*7.69%*	0.00	
8	Performance Based Management System		*7.69%*	0.00	
9	Lifecycle Costs Formulation		*7.69%*	0.00	
10	Supports the President's Management Agenda		*7.69%*	0.00	
	Sub-total OMB Score	0.0	***76.92%***	0.000	
VA Specific Health Factors					
11	Cost Variance		*7.69%*	0.00	
12	Schedule Variance		*7.69%*	0.00	
13	Project Size		*7.69%*	0.00	
	Sub-total VA Health Score	0.0	***23.08%***	0.00	
	Total Health Score	0.0	***100.00%***	0.00	
Value					
1	*Contribution and impact*		*25.00%*	0.00	
2	*Mandatory requirement*		*25.00%*	0.00	
3	*Consequences of not funding the project*		*25.00%*	0.00	
4	*Benefits*		*25.00%*	0.00	
	Total Value Score	0.0	***100%***	0.00	

Total Project Score **0.000**

Recommendations

I.2 Instructions for Completing Section I.H.4 of the Exhibit 300

I.2.1 Overview

Table I.H.4 is where actual outcomes are compared against the plan indicated in the last OMB approved baseline. The data in the table determines the Budgeted Cost of Work Scheduled (BCWS), Budgeted Cost of Work Performed (BCWP), Actual Costs (ACWP), and the resulting earned value performance measures, such as cost and schedule variances.

Milestone information in table I.H.4 is broken into two parts. The first part is the OMB Approved Baseline. This includes the planned schedule (start date, end date, and duration of each milestone), and the planned cost (or planned value) of each milestone.

The second part is the Actual Outcome. It includes the actual schedule (start date and end date), percentage completed, and the actual cost incurred for each milestone.

Also included in the table is the Completion Date and Total Cost, which come from the last OMB-approved baseline, and the Estimated Completion Date and Estimate at Completion, which will be revised estimates based on the actual outcomes of the project.

All dollar values should represent expenditures, not obligations. Enter all dollar values in actual dollars.

Provide a concise and complete description for each milestone.

I.2.2 OMB Approved Baseline

The entries for this section of the table will come from either Table I.H.2 or Table I.H.3, depending on which table was the last OMB approved baseline.

The OMB Start Date, OMB End Date, and OMB Duration (in days) are the planned schedule associated with a milestone.

OMB Planned Cost – The milestone planned cost represents the estimated total cost of the resources necessary to complete the work for the milestone.

OMB Funding Agency – If the project is a multi-agency investment receiving resources for the accomplishment of a milestone from an agency outside of VA, such as DOD, enter the name of that agency in this cell.

I.2.3 Actual Outcome

The entries for this section of the table will come from your earned value management system.

The Actual Start Date and Actual End Date reflect the actual dates that each milestone started and ended.

Actual Percent Complete - This column captures the estimated percentage of the total amount of work associated with a milestone that has been completed, through the **EVMS As of Date**.

Please note that there are several earned value measurement techniques for measuring the work performed for a milestone, including percentage complete, fixed formula, and weighted milestone. Table I.H.4 implies that the percentage complete measurement technique is used for each milestone. If you use an earned value measurement technique other than percentage complete for a milestone, then please translate your information to the percentage complete. This is easily accomplished because the product of a milestone's planned cost and percentage complete is the value of work performed for the milestone. With the value of work performed (as determined using an earned value measurement technique other than percentage complete) and the planned cost for a milestone, the percentage complete is simply the quotient of the value of work performed and the planned cost.

Actual Cost – This column captures the actual costs incurred, through the **EVMS As of Date**, for each milestone. Actual costs must be reported for a milestone if there has been any work performed to accomplish the milestone (a milestone must not have an actual percentage complete figure and no actual cost). Actual cost data is determined either from invoices, contractor status reports, or the project manager's best estimate of the costs incurred.

With the information noted above completed in the table, part B of section I.H.4 can be addressed.

EVMS As of Date – The EVMS As of Date represents the concluding point of the period for which the project manager is assessing the progress of the project. The project manager must report actual costs and the percentage complete of each milestone from the start of the project through the EVMS As of Date.

Budgeted (planned) cost of work scheduled (BCWS) – The BCWS represents the cumulative value of the work that *should have been* accomplished through the EVMS As of Date. In order to calculate this figure, you must first determine for each milestone the value of the work that should have been accomplished by the EVMS As of Date according to the OMB Approved Baseline. The sum of these milestone values is the BCWS. Enter this figure in the field opposite the "Show the budgeted (planned) cost of work scheduled (BCWS):" field.

Calculating the BCWS for each milestone through the EVMS As of Date is accomplished as follows:

- If the planned end date is at or before the EVMS As of Date, then the milestone should have been completed and the BCWS is the planned cost of the milestone.
- If the planned start date is after the EVMS as of Date, then the milestone has not yet begun and the BCWS is zero.
- If the EVMS as of Date occurs during the scheduled completion of the milestone, then:
  - If the planned cost occurs uniformly throughout the duration of the milestone, calculate the percent that should be complete based on the ratio of (a) the elapsed time (from the planned start date through the EVMS As of DATE) to (b) the total planned milestone

duration. Multiply this number by the milestone planned cost to calculate the BCWS for the milestone. Otherwise,

- o Determine the amount of the milestone that should be complete using the project plan (specifically, the performance measurement baseline).

<u>Budgeted (planned) cost of work performed (BCWP)</u> – This figure, also known as the Earned Value, is the value of the work actually accomplished through a particular point in time based on the original budget allocated to complete the work. It represents the sum of the value of the work performed for each milestone through the EVMS As of Date. In order to calculate this figure, you must first determine the earned value for each milestone, which is accomplished by multiplying the percentage complete by the planned cost. Next, compute the sum of these products. The result is the BCWP or earned value. Enter the figure in the field opposite the "Show the budgeted (planned) cost of work performed (BCWP):" field.

<u>Actual cost of work performed (ACWP)</u> – To calculate this figure, sum the values in the "Actual Cost" column for each milestone.

In order to provide the earned value performance measures, use the BCWS, BCWP and ACWP estimates calculated above and follow the formula provided in the Exhibit 300 instructions, e.g., Cost Variance = (BCWP – ACWP), Schedule Variance = (BCWP – BCWS).

I.2.4 Other Considerations

- If the project is a new investment in the FY 2006 budget year, then table I.H.4 will be blank for your initial submission.
- Program status information in this section must include both the contractor's part and the government's part of the investment's overall costs and milestone requirements.
- As noted above, the OMB Approved Baseline presented in table I.H.4 should be the same as what was presented last year in Table I.H.2 or I.H.3. This cost and schedule baseline information should be moderately detailed through FY 2008. The remainder of the baseline can be at a very high level and should extend approximately to the final year of budgetary resources noted on the Summary of Spending Stages.
- For operational or steady state projects, complete one line in the table for each year of this phase. For these projects, complete paragraphs C, D, F, and G as appropriate for section I.H.4.
- For those investments in the operations/steady state phase, you must perform an operational analysis to demonstrate how closely the investment is to achieving the expected cost, schedule, and performance goals for this phase. OMB indicates that "once an asset has been acquired and is in use, operational analysis should take place in accordance with a schedule of fixed milestones or on a cyclical basis. This should be a formal analysis to determine whether the asset is meeting program objectives and the needs of the owners and users, as well as performing within baseline cost, schedule, and performance goals."
- If this is a mixed lifecycle investment with both operational and development/modernization/enhancement (DME) system improvement aspects, EVMS must be reported on the system improvement aspects of the investment and operational analysis on

the operations aspects. There will be two parts to the table: one for the O&M portion and one for the development portion using EVMS.

I.2.5 Problems Noted with Previous Submissions

- Milestones – Several projects show milestones that are too long in duration and not appropriately decomposed.
- OMB Duration (Days) – Several projects had milestone durations that did not correspond to the OMB Start and End dates. Project managers must verify that the dates and durations match.
- Formatting – Projects were not consistent with regard to entering cost figures in actual dollars.
- Actual Cost Data – Several project milestones show actual percentage complete figures, yet do not report any actual costs. Often, actual costs were only reported when the milestone reached 100% completion. You must report Actual Costs if you show any progress in the Actual Percentage Completed column.
- Budgeted (planned) cost of work scheduled (BCWS) – Several projects failed to provide BCWS figures.
- Budgeted cost of work performed (BCWP) – Several projects failed to provide BCWP figures.
- Actual cost of work performed (ACWP) – The method of calculating the ACWP was not consistent among all projects and several projects failed to provide ACWP figures.
- Project Summary (Cumulative) Earned Value Calculations – The summary earned value figures were not calculated properly for several projects and some projects failed to provide any EVMS data.

I.3 Guidance on Exhibit 300 Performance Measures

I.3.1 I. Which Table to Use?

For Existing IT projects that have previously submitted Exhibit 300s:

- If you completed Table 1 last year, please use Table 1 to report for fiscal years 2003 and 2004 and Table 2 for fiscal years 2005 through at least 2007.
- If you completed only Table 2 last year, please use Table 2 to report for fiscal years 2005 through at least 2007.

For projects that are submitting Exhibit 300s for the first time:

- Use **Table 2.**
- Report on Performance Measures for at least two years, i.e., FY 2006 and 2007, FY 2007 and 2008.
- If the project will have data for 2005 that you wish to include, add extra lines in Table 2 and complete all information in this single table.
- At least one performance goal must be met by BY+1.

I.3.2 II. Performance Goals and Measures – Table 1

OMB expects to see performance goals provided for the Department that are linked to the VA Annual Performance Plan. Goals need to map to the gap identified in the Department's strategic goals and objectives that the investment is designed to fill. The VA Strategic Plan is available at: http://www.va.gov/opp/sps/default.htm.

Goals should also map to the gap in the internal/external performance benefits this investment is expected to deliver (e.g., improve efficiency by 60%) and include clearly measurable outcomes. Do not identify completion dates of the module or project, or general goals, such as significant, better, and improved that do not have a quantitative measure. You should use Table 1 for reporting performance goals and measures for projects through FY 2004. Include at least two performance measures per fiscal year. Information from Sections I.B. and I.E. should be considered when developing performance metrics. Section I.C. is not requesting "new" information. Instead, it is asking for performance data to support the claims presented in other sections of the Exhibit 300.

Projects should report against performance measurement data that was submitted in their FY 2005 Exhibit 300s in Sept. 2003. However, if you have developed improved performance measures since the last Exhibit 300 submission, you may be able to use these measures in lieu of the previously reported ones. If the changes do not reflect the addition of new goals or an update to the table indicating actual progress achieved, then (a) make the necessary changes to the appropriate table, and (b) provide via separate documentation: what the goals and measures were before the changes, what the goals and measures are now, and the reason(s) for the changes.

If you do not already have an understanding of what your baseline (current) and planned (target) performance is, you will need to collect or develop that information to correctly complete this section.

Exhibit 300 Table I Categories

Fiscal Year: This table should include at least two performance measures per year for FY 2003 and FY 2004.

Strategic Goal(s) Supported: Identifies the Department Strategic Plan goals that are supported by the IT investment.

Existing baseline: Measures the existing performance level for the identified performance metric. Maintain the same baseline in subsequent years. If you are using a new measure and you do not have a baseline for it (e.g., something you have never tracked before, a new process, new surveys being conducted, etc.), indicate that the actual results for that fiscal year will set the baseline.

Planned Performance Improvement Goal: Outlines the planned improvement in performance (i.e., reduce processing time, increase system utilization, etc.). Examples of performance improvement goals include:

- Increased number of applications submitted
- Increase in percent of applications submitted electronically
- Increase in percent of satisfied customers
- Decrease time to process requests
- Improvement in financial management grade received on the “report card”
- Decrease time to process/approve applications
- Decrease time to retrieve information
- Decrease response time to inquiries
- Billing, refunds, and payment accuracy rate
- Time to notify applicants of decisions
- Reduce number of backlogged applications
- Improve data entry turnaround
- Increase in availability of services on-line
- Infrastructure improvements, such as network speed or enhanced security
- Cycle or processing times for development
- On-line System availability
- Software applications availability
- Communications availability
- Percent decrease in application software failures
- System operation and maintenance cost savings
- Increase availability of system help
- Increase number of personnel who receive system training
- Decreased time to resolve IT problems
- Percent projects meeting functionality requirements
- Reduced help desk wait time

Actual Performance Improvement Results: Outlines the actual improvement in performance (compares planned performance improvement with actual performance improvement).

Planned Performance Metric: Identifies the type of metric that will be used to monitor the investment's performance (i.e., 10% reduction in processing time, 15% increase in system utilization, etc.).

Actual Performance Metric Result: Reports actual performance level of the investment for the fiscal year (i.e., 3 days to process an application, 75% accuracy rate, $.55 per transaction, etc.). Actual Performance Metric Results should be provided through FY 2004. If data is not yet available, note when the information will be determined (e.g., Results will be determined at the end of FY 2004.)

SAMPLE: Electronic Health Record **(the examples provided in this table are fictitious)**

	Fiscal Year	Strategic Goal(s) Supported	Existing Baseline	Planned Perf. Improvement Goal	Actual Perf. Improvement Results	Planned Performance Metric	Actual Perf. Metric Results
1	2003	Goal 2. Ensure smooth transition for veterans from active military service to civilian life.	110,000 average monthly visits to health web portal (FY 2002)	Increase access to the VA health information web portal, which aims to optimize the use of health care information and technology by providing easy access to healthcare information (health education, self-assessments, VA benefits, prescriptions, self-metrics, etc.) for the Veteran.	Veterans have increased access to pertinent health care information via the web.	Average monthly hits to the web portal will increase by 10% per year to 121,000 hits.	Average of 120,025 hits per month during FY 2003.
2	2003	Goal 3. Honor & serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.	Current downtime costs are estimated to be $66.91M/year based on Gartner Research. (FY 2002)	Decrease the downtime costs by utilizing newer technologies for synchronization for fail-over (shadowing, mirroring, hot standby), thereby reducing downtime after major failures and associated costs.	Downtime costs were less allowing more money to be applied back to Veteran care.	Downtime cost avoidance of $34.28M/year anticipated.	$35M
3	2003	Goal 3. Honor & serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.	Current uptime is 99.65%. (FY 2002)	Increase the system uptime so that from the time the Veteran arrives to be registered and checked in, to the time they leave (and possibly get an appointment for their next visit), the system is available for those who are providing care to the Veteran.	Increased the system uptime.	99.75% uptime	99.80%
4	2003	Goal 3. Honor & serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.	It is estimated that a minimum of 6 months is currently required for new staff to learn specific skills to overcome the learning curve and support existing legacy systems.	Improve efficiency by implementing mainstream technologies used in the system, widening the available pool of new hires and shortening their initial learning curve enabling them to contribute more quickly at a high performance level.	New hires required less time to learn specific skills to support the system.	3 months time required for new staff to learn specific skills to support system.	2.9 months

			(FY 2002)				
5	2004	Goal 2. Ensure smooth transition for veterans from active military service to civilian life.	110,000 average monthly visits to health web portal (FY 2002)	Increase access to the VA health information web portal, which aims to optimize the use of health care information and technology by providing easy access to healthcare information (health education, self-assessments, VA benefits, prescriptions, self-metrics, etc.) for the Veteran.	Veterans have increased access to pertinent health care information via the web.	Average monthly hits to the web portal will increase by 10% per year to 133,100 hits.	Average of 135,520 hits per month (data through April 2004)
6	2004	Goal 3. Honor & serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.	Current downtime costs are estimated to be $66.91M/year based on Gartner Research. (FY 2002)	Decrease the downtime costs by utilizing newer technologies for synchronization for fail-over (shadowing, mirroring, hot standby), thereby reducing downtime after major failures and associated costs.	Downtime costs will be less allowing more money to be applied back to Veteran care.	Cost avoidance of $34.5M/year anticipated	Results will be determined at the end of FY 2004.
7	2004	Goal 3. Honor & serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.	Current uptime is 99.65%. (FY 2002)	Increase the system uptime so that from the time the Veteran arrives to be registered and checked in, to the time they leave (and possibly get an appointment for their next visit), the system is available for those who are providing care to the Veteran.	Increased the system uptime.	99.82% uptime.	99.85% (data through April 2004)
8	2004	Goal 3. Honor & serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.	It is estimated that a minimum of 6 months is currently required for new staff to learn specific skills to overcome the learning curve and support existing legacy systems. (FY 2002)	Improve efficiency by implementing mainstream technologies used in the system, widening the available pool of new hires and shortening their initial learning curve enabling them to contribute more quickly at a high performance level.	New hires will require less time to learn specific skills to support the system.	2.8 months time required for new staff to learn specific skills to support system.	Results will be determined at the end of FY 2004.
9	2004	Goal 2. Ensure smooth transition for veterans from active military service to civilian life.	No baseline available as the electronic health record portal is being deployed nationwide and services and information being provided in 2004.	Survey the Veterans using the web portal on the ease of use of the site, value of the services provided, and value of the information provided.	Veterans will report that they are generally satisfied with the web portal.	80% of respondents find the electronic health record portal easy to navigate and find the information and services valuable.	Results will be determined at the end of FY 2004.

I.3.3 III. Performance Goals and Measures – Table 2

Table 2 from Exhibit 300, Section I.C consists of seven columns as shown below and includes specific linkages to the Performance Reference Model (PRM).

The Performance Reference Model is a framework to measure the performance of major IT projects and their contribution to program performance. The PRM will help agencies produce enhanced performance information; improve the alignment and better articulate the contribution of inputs, such as technology, to outputs and outcomes; and identify improvement opportunities that span traditional organizational boundaries. The PRM is available at: http://www.feapmo.gov/feaprm2.asp .

OMB Exhibit 300 Section I.C – Table 2

FY	Measurement Area	Measurement Category	Measurement Indicator	Baseline	Planned Improvements to the Baseline	Actual Results
FY 05						
FY 05						
FY 06						
FY 07						
FY 07						
FY 08						
FY 08						

1. Fiscal Year –Indicate in which fiscal year the project plans to use a particular Measurement Indicator. Existing IT projects must use Table II to report performance measures for FY 2005, 2006 and 2007. New Start projects must report performance measures for two years, i.e. FY 2006 and 2007, FY 2007 and 2008. If you have data for fiscal year 2005, please add the appropriate rows to the table.

2. Measurement Area –Use the PRM to determine the areas in which you will be measuring performance. For each fiscal year, these must include the following four areas. **You must identify at least one measure for each of these areas**.

1. **Mission and Business Results** - The Mission and Business Results Measurement Area of the PRM is intended to capture the outcomes that agencies seek to achieve. The Mission and Business Results Measurement Area are driven by the Business Reference Model (BRM).

2. **Customer Results** - The Customer Results Measurement Area of the PRM is intended to capture how well an agency or specific process within an agency is serving its customers.

3. **Processes and Activities -** The Processes and Activities Measurement Area are intended to capture the outputs that are the direct result of the process that an IT project supports. These outputs are much more under the control of federal programs and generally contribute to or influence outcomes that are Mission and Business Results and Customer Results.

4. **Technology** - The Technology Measurement Area is designed to capture key elements of performance that directly relate to the IT project.

For more detailed definitions and description of above areas, refer to "***The Performance Reference Model Version 1.0: A Standardized Approach to IT Performance***" (Volume 1), Page # 13-18. (http://www.feapmo.gov/resources/fea_prm_release_document_rev_1_vol_1.pdf)

3. Measurement Category - Use the PRM to determine the category in which you will be measuring performance. These must correspond to the appropriate Measurement Area provided in the preceding column.

4. Measurement Indicator - Use the PRM to determine the Measurement Indicator that you will tailor for measuring the performance of this project. These Measurement Indicators must correspond to the appropriate Measurement Category provided in the preceding column. Each of these Measurement Indicators should be tailored or "operationalized" to the agencies' specific environment.

NOTE: Project Managers should refer to "***The Performance Reference Model Version 1.0: A Standardized Approach to IT Performance***" (Volume 1), Appendix A and Appendix B for the following details:
Appendix A: Mission and Business Results Measurement Categories, Generic Measurement Indicators, and Examples; Page # 34-48.
Appendix B: Customer Results, Processes and Activities, and Technology Measurement Categories, Generic Measurement Indicators, and Examples; Page # 49-60.
(http://www.feapmo.gov/resources/fea_prm_release_document_rev_1_vol_1.pdf)

5. Baseline – Provide the relevant baseline information for the "Operationalized" Indicator provided in the preceding column. Baselines generally stay the same across fiscal years unless OMB approves a change to the baseline. If you are using a new measure and you do not have a baseline for it (e.g., something you have never tracked before, a new process, new surveys being conducted, etc.), indicate that the actual results for that fiscal year will set the baseline.

6. Planned Improvements to the Baseline - Provide the relevant performance target for the "Operationalized" Measurement Indicator for the appropriate fiscal year. These may, but will not always, change over time.

7. Actual Results –Provide the most current information you have to demonstrate progress consistent with the "Operationalized" Measurement Indicator. This may include partial year data (e.g., performance data through the 3rd Quarter) if available.

SAMPLE #1: Central Help Desk Operations **(the examples provided in this table are fictitious)**

FY	Measurement Area	Measurement Category	Measurement Indicator	Baseline	Planned Improvements to the Baseline	Actual Results
2006	Mission and Business Results	Administrative Management	Help Desk Services: Increase the level of service to support additional applications across VA.	Supports 50 applications.	Provide support to 10% more applications to 55 applications.	Results will be determined at the end of FY 06.
2006	Customer Results	Timeliness and Responsiveness	Response Time: The average wait time elapsed between the	30 second hold time (FY 2004)	Reduce hold time to 20 seconds.	Results will be determined at

			placement of a help desk call and the time connected with a representative will decrease.			the end of FY 06.
2006	Processes and Activities	Quality	Complaints: Formal complaints placed regarding help desk service will reduce.	10 complaints per 1,000 calls. (FY 2005)	Reduce to 8 complaints per 1,000 calls.	Results will be determined at the end of FY 06.
2006	Technology	Financial	Overall Costs: The costs for operating the Central Help Desk will decrease.	$2.5M (FY 2005)	Reduce by 10% to $2.25M.	Results will be determined at the end of FY 06.
2007	Mission and Business Results	Administrative Management	Help Desk Services: Increase the level of service to support additional applications across VA.	Supports 50 applications.	Provide support to 15% more applications to 63 applications.	Results will be determined at the end of FY 07.
2007	Customer Results	Timeliness and Responsiveness	Response Time: The average wait time elapsed between the placement of a help desk call and the time connected with a representative will decrease.	30 second hold time (FY 2004)	Reduce hold time to 10 seconds.	Results will be determined at the end of FY 07.
2007	Processes and Activities	Quality	Complaints: Formal complaints placed regarding help desk service will reduce.	10 complaints per 1,000 calls. (FY 2005)	Reduce to 5 complaints per 1,000 calls.	Results will be determined at the end of FY 07.
2007	Technology	Financial	Overall Costs: The costs for operating the Central Help Desk will decrease.	$2.5M (FY 2005)	Reduce by an additional 5% to $2.14M.	Results will be determined at the end of FY 07.

SAMPLE #2: Electronic Health Record (the examples provided in this table are fictitious)

FY	Measurement Area	Measurement Category	Measurement Indicator	Baseline	Planned Improvements to the Baseline	Actual Results
2005	Mission and Business Results	Health	Health Care Services: Increase access to the electronic health record web portal, which aims to optimize the use of health care information and technology by providing easy access to healthcare information (health education, self-assessments, VA benefits, prescriptions, self-metrics, etc.) for the Veteran.	110,000 average monthly visits to health web portal (FY 2002)	Average monthly hits to the web portal will increase by 10% per year to 146,100 hits.	Results will be determined at the end of FY 2005.
2005	Mission and Business Results	Health	Health Care Services: Increase the system uptime so that from the time the Veteran arrives to be registered and checked in, to the time they leave (and possibly get an appointment for their next visit), the system is available for those who are providing care to the Veteran.	Current uptime is 99.65%. (FY 2002)	99.85% uptime	Results will be determined at the end of FY 2005.
2005	Customer Results	Customer Benefit	Customer Satisfaction: Survey the Veterans using the web portal on the ease of use of the site, value of the services provided, and value of the information provided. Veterans will report that they are generally satisfied with the web portal.	No baseline available as the electronic health record portal is being deployed nationwide and services and information being provided in 2004.	83% of respondents find the electronic health record portal easy to navigate and find the information and services valuable.	Results will be determined at the end of FY 2005.
2005	Processes and Activities	Productivity and Efficiency	Productivity: Improve efficiency by implementing mainstream	It is estimated that a minimum	2.6 months time required for new	Results will be determined at

			technologies used in the system, widening the available pool of new hires and shortening their initial learning curve enabling them to contribute more quickly at a high performance level.	of 6 months is currently required for new staff to learn specific skills to overcome the learning curve and support existing legacy systems. (FY 2002)	staff to learn specific skills to support system.	the end of FY 2005.
2005	Technology	Reliability and Availability	Availability: Decrease the downtime costs by utilizing newer technologies for synchronization for fail-over (shadowing, mirroring, hot standby), thereby reducing downtime after major failures and associated costs, resulting in costs savings and allowing more money to be applied back to Veteran care.	Current downtime costs are estimated to be $66.91M/year based on Gartner Research. (FY 2003)	Downtime cost avoidance of $35.0M/year anticipated.	Results will be determined at the end of FY 2005.
2006	Mission and Business Results	Health	Health Care Services: Increase access to the electronic health record web portal, which aims to optimize the use of health care information and technology by providing easy access to healthcare information (health education, self-assessments, VA benefits, prescriptions, self-metrics, etc.) for the Veteran.	110,000 average monthly visits to health web portal (FY 2002)	Average monthly hits to the web portal will increase by 10% per year to 161,051 hits.	Results will be determined at the end of FY 2006.
2006	Mission and Business Results	Health	Health Care Services: Increase the system uptime so that from the time the Veteran arrives to be registered and checked in, to the time they leave (and possibly get an appointment for their next visit), the system is available for those who are providing care to the Veteran.	Current uptime is 99.65%. (FY 2002)	99.88% uptime	Results will be determined at the end of FY 2006.
2006	Customer Results	Customer Benefit	Customer Satisfaction: Survey the Veterans using the web portal on the ease of use of the site, value of the services provided, and value of the information provided. Veterans will report that they are generally satisfied with the web portal.	No baseline available as the electronic health record portal is being deployed nationwide and services and information being provided in 2004.	87% of respondents find the electronic health record portal easy to navigate and find the information and services valuable.	Results will be determined at the end of FY 2006.
2006	Processes and Activities	Productivity and Efficiency	Productivity: Improve efficiency by implementing mainstream technologies used in the system, widening the available pool of new hires and shortening their initial learning curve enabling them to contribute more quickly at a high performance level.	It is estimated that a minimum of 6 months is currently required for new staff to learn specific skills to overcome the learning curve and support existing legacy systems. (FY 2002)	2.5 months time required for new staff to learn specific skills to support system.	Results will be determined at the end of FY 2006.
2006	Technology	Reliability and Availability	Availability: Decrease the downtime costs by utilizing newer technologies for synchronization for fail-over (shadowing, mirroring, hot	Current downtime costs are estimated to be $66.91M/year	Downtime cost avoidance of $35.1M/year anticipated.	Results will be determined at the end of FY 2006.

			standby), thereby reducing downtime after major failures and associated costs, resulting in costs savings and allowing more money to be applied back to Veteran care.	based on Gartner Research. (FY 2003)		
2007	Mission and Business Results	Health	Health Care Services: Increase access to the electronic health record web portal, which aims to optimize the use of health care information and technology by providing easy access to healthcare information (health education, self-assessments, VA benefits, prescriptions, self-metrics, etc.) for the Veteran.	110,000 average monthly visits to health web portal (FY 2002)	Average monthly hits to the web portal will increase by 10% per year to 177,156 hits.	Results will be determined at the end of FY 2007.
2007	Mission and Business Results	Health	Health Care Services: Increase the system uptime so that from the time the Veteran arrives to be registered and checked in, to the time they leave (and possibly get an appointment for their next visit), the system is available for those who are providing care to the Veteran.	Current uptime is 99.65%. (FY 2002)	99.90% uptime	Results will be determined at the end of FY 2007.
2007	Customer Results	Customer Benefit	Customer Satisfaction: Survey the Veterans using the web portal on the ease of use of the site, value of the services provided, and value of the information provided. Veterans will report that they are generally satisfied with the web portal.	No baseline available as the electronic health record portal is being deployed nationwide and services and information being provided in 2004.	90% of respondents find the electronic health record portal easy to navigate and find the information and services valuable.	Results will be determined at the end of FY 2007.
2007	Processes and Activities	Productivity and Efficiency	Productivity: Improve efficiency by implementing mainstream technologies used in the system, widening the available pool of new hires and shortening their initial learning curve enabling them to contribute more quickly at a high performance level.	It is estimated that a minimum of 6 months is currently required for new staff to learn specific skills to overcome the learning curve and support existing legacy systems. (FY 2002)	2.4 months time required for new staff to learn specific skills to support system.	Results will be determined at the end of FY 2007.
2007	Technology	Reliability and Availability	Availability: Decrease the downtime costs by utilizing newer technologies for synchronization for fail-over (shadowing, mirroring, hot standby), thereby reducing downtime after major failures and associated costs, resulting in costs savings and allowing more money to be applied back to Veteran care.	Current downtime costs are estimated to be $66.91M/year based on Gartner Research. (FY 2003)	Downtime cost avoidance of $35.2M/year anticipated.	Results will be determined at the end of FY 2007.

APPENDIX J – EIB EXECUTIVE BRIEFING RECOMMENDATIONS

The IRWG presents to the EIB in the Executive Briefing Package its recommendations for the strategic mix of the IT portfolio that includes existing projects as well as new investments. The IRWG compiles the prioritization scores and ratings and includes them in a packet of information to be used as the EIB's key decision support input. The investment summary packet includes the following:

- List of all candidate investments
- Summary investment information (e.g., description, costs, risks, new/existing)
- High level graphical views of IT Portfolio using bubble charts
- Prioritization Scoring results, with the scoring team comments
- A prioritized list of IT investments based on scores and funding recommendations

In order for the Department executives to make informed investment decisions, the following objectives must be achieved in this briefing:

- Demonstrate benefits of the recommended portfolio to the Department
- Balance benefits against costs & risks
- Eliminate duplication and stovepipe projects
- Demonstrate the portfolio reflects the Department's strategic goals, objectives, and priorities
- Identify and consider potential funding constraints
- Consider the ramifications of not investing in certain initiatives
- Evaluate opportunities to invest in crosscutting initiatives

During the briefing, IRWG presents the prioritized selection recommendations to the EIB through a variety of formats – summary documents, a prioritized list of investments using scorecards, and various forms of portfolio views using bubble chart.

Prioritization Scorecards, which will include the Alignment score, the Value Scores, Risk Score, Categorization Scores, and cost, are used as a starting point for discussion. IRWG uses this scorecard to list all the candidate investments and the total cost information. Different Priority scores will be created in order to accommodate the needs of the different views.

- Administration/Staff Office Alignment Scores
- VA Alignment Score
- PMA Alignment Score
- Overall Alignment Score
- Qualitative Value Score
- Quantitative Value Score
- Overall Value Score

- Risk for all Projects Score
- Risk for IT Projects Score
- Overall Risk Score
- Categorization Score
- Overall Priority Score
- Overall Priority Score w/o Risk

Below is a sample scorecard that shows the ranked initiatives with overall prioritization score, alignment score, value score, risks score, health score and the proposed cost.

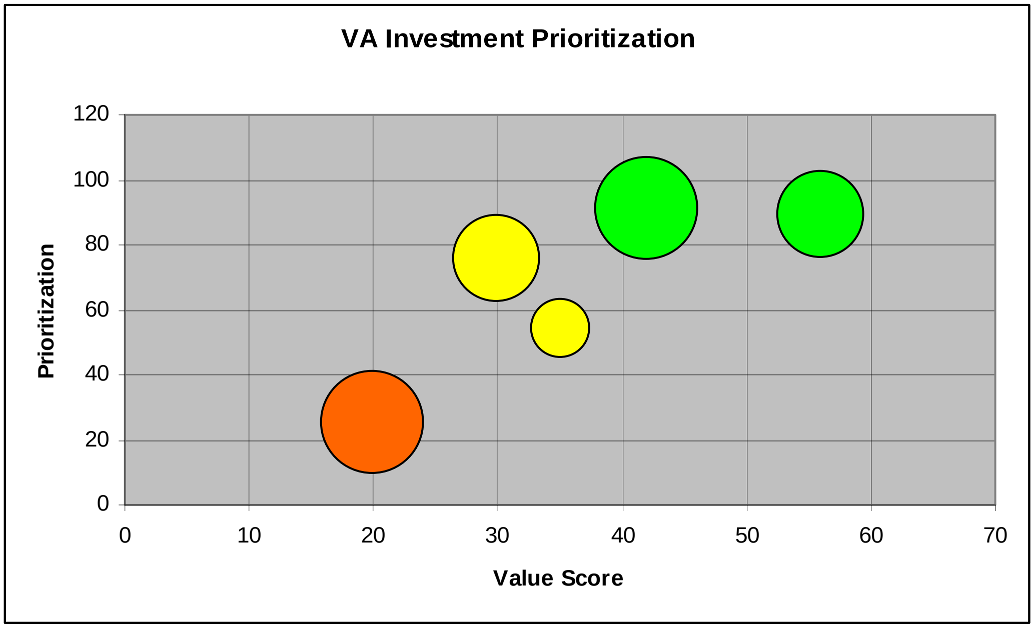
ID	Items	Total Proposed Costs FY06	Overall Prioritization Score	Overall Alighment Score	Overall Value Score	Overall Risk Score	Overall health Score
1	Initiative 1	$ 330	91	40	42	12	21
2	Initiative 2	$ 234	89	27	56	12	18
3	Initiative 3	$ 234	76	34	30	0	12
4	Initiative 4	$ 123	54	25	35	18	12
5	Initiative 5	$ 345	25	20	20	18	3
6	...	...	...	...	...	...	...

Prioritization Color	
	Greater or equal to 80
	Within 50 and 80
	Equal or Less than 50

The EIB should pay attention to the coded Red initiatives. The detailed analysis around why the initiative is Red should be included in the portfolio package. To assist further portfolio analysis, IRWG may include the following bubble charts that plot the relationship of each initiative's health, cost, risks, or alignment in order to review and balance the IT portfolio:

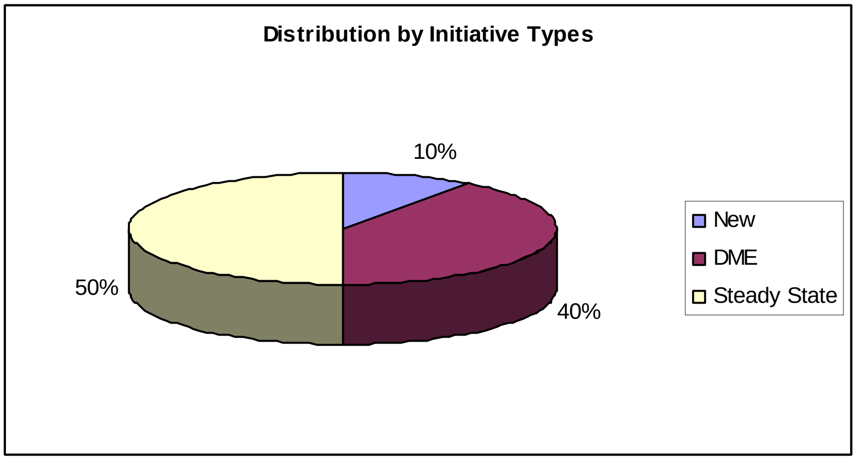
- Investments Value by Prioritization Score, Size by Cost, Color by Risks (See sample below)
- Administration/Staff Office Investments distribution by Prioritization Score, Size by Cost, Color by Risks
- Investment Benefits by Risks, Size by Costs, Color by Health (Schedule and Cost Variance Limits)
- VA Goals Alignment by Administration/Staff Office Investments distribution, Size by Cost, Color by Risks
- VA Goals Alignment by Administration/Staff Office Investments distribution, Size by Risks, Color by Cost Increase to Previous Budget Year
- Lifecycle distribution by Administration/Staff Office Investments distribution, Size by Cost, Color by Risks
- PMA Alignment by Administration/Staff Office Investments distribution, Size by Cost, Color by Risks
- VA Goals Alignment by Administration/Staff Office Investments distribution, Size by Cost, Color by health

AS depicted in the sample below, the IRWG uses the Investment Value by Prioritization chart as a funding discussion point. Investments at the top right of the chart with Risk in green are most likely to be recommended for funding. Initiatives at the bottom left of chart with large Size or Risk in red will need more scrutiny.



The IRWG identifies exceptions to the prioritizations using other charts, such as instances where investments that contribute strongly to the VA mission received low scores due to poor health. In these instances, the EIB would recommend the Project Manager prepare action plans to improve the investment's health. If an investment has a low alignment score, the EIB would request that the Administration/Staff Office more thoroughly demonstrate the investment's business needs.

Bubble charts, bar charts, and pie charts can be used to balance the Department's IT portfolio such as new vs. existing, benefits vs. cost. Below is a sample pie chart that demonstrates the distribution of investment types. It shows that 10% of proposed investments are new, 90% are existing investments in the VA portfolio.



The IRB reviews the recommended portfolio and makes final selection decisions. Selection decisions may include whether the individual investments will be included in the Department's IT portfolio, whether they will be funded and at what level (Full fund or fund with conditions), or require adjustments before funding.