

4.0 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN

This chapter provides supplemental guidance for implementing the APD process for State agencies that administer and oversee the WIC program and serves as a program-specific supplement to Section 2.0 on APD requirements for information systems (IS) acquisitions. In order to fully understand the APD process as it relates to the WIC program, it is necessary to read the entire chapter, which is organized into the following major sections:

Section 4.1: The APD Process for WIC State Agency Information Systems

Section 4.2: The APD Process for WIC Electronic Benefits Transfer Systems

Regardless of which System Development Life Cycle (SDLC) phase a State agency may be in, all WIC State agencies must follow the APD process when requesting approval to use funds to procure software, hardware, and contractual services for information technology (IT) purposes and are responsible for ensuring the allowable and effective use of these funds. Therefore, State agencies are required to follow the APD process for approval of WIC systems development and/or acquisitions, including State Agency Model (SAM) adoption and Electronic Benefit Transfer (EBT) systems, **regardless of funding source(s)**.

4.0.1 Approval Thresholds

Federal funding is usually limited for information systems (IS), and the program is 100 percent Federally-funded, which increases the need for Federal oversight and coordination.

Planning APD

As a result of major changes in the decision process on the procurement/implementation of a new IS in the WIC program and the requirements for first considering a SAM system, a Planning APD (PAPD) is required for review and approval regardless of the dollar threshold. ,

Acquisition and Implementation APDs

FNS authorizes WIC State agencies to make IS and Electronic Benefit Transfer (EBT) system acquisitions with a total project cost of up to \$4,999 without prior FNS review. For acquisitions with a total project cost between \$5,000 and \$99,000, WIC State agencies must notify the FNS Regional Office (RO) in writing within 60 days of the expenditure or contract execution. Systems acquisitions with a total project cost of \$100,000 to \$499,999 require a written request for prior approval from FNS, including an explanation of the purchase(s), description of needs, and other information appropriate to the proposed acquisition (e.g., cost allocation plan, procurement documents, etc.). For total anticipated acquisition costs that are **\$500,000** or greater, State agencies must submit an Implementation APD (IAPD) and receive prior approval from FNS before incurring any project costs. Prior approval from FNS is required for these costs to be allowable charges to the WIC grant (see [Figure 4-1](#)).

Figure 4-1. WIC IS and EBT Approval Thresholds

Acquisition Cost	Documents Required from State Agency
Not Applicable	<ul style="list-style-type: none"> • A PAPD is required regardless of dollar threshold
<\$5,000	<ul style="list-style-type: none"> • No Federal review needed
\$5,000 to \$99,999	<ul style="list-style-type: none"> • Written notification to the RO within 60 days of the expenditure or the contract execution
>\$100,000 Non-Competitive Acquisition	<ul style="list-style-type: none"> • Sole source justification submitted to FNS prior to acquisition
\$100,000 to \$499,000	<ul style="list-style-type: none"> • Specific documentation required for FNS prior approval <ul style="list-style-type: none"> • Description of needs • Explanation of purchases • Budget • Cost allocation proposal¹⁰ • Procurement documents (e.g., RFPs and contracts)
≥\$500,000	<ul style="list-style-type: none"> • State agency must submit an APD

Non-Competitive Acquisitions

Non-competitive acquisitions of \$100,000 or less are allowable without prior approval as long as they meet the requirements of 7 CFR 3016.36

(http://edocket.access.gpo.gov/cfr_2006/janqtr/pdf/7cfr3016.36.pdf) of the regulations and the State agency's procurement requirements. FNS will require justification for any sole source procurements that exceed this amount. **The State agency will be responsible for any non-competitive costs incurred without FNS prior approval and these costs will be subject to disallowance.** Additional information on noncompetitive acquisitions may be found in [Figure 6-1](#).

Cost Increases

In the event a project originally estimated to cost less than the \$500,000 threshold encounters changes in price or scope that increase the cost to exceed the threshold, the State agency must submit an APD to FNS for approval of the entire project, not just that portion over the \$500,000 threshold. In such a circumstance, the State agency should work with FNS to ensure that all information requirements of the APD are met prior to submitting the APD for approval. This will assist FNS in reviewing and making an approval determination and also obviate or shorten any project slowdown during the approval process.

¹⁰ If any systems acquisition is to be used for non-WIC functions, a cost allocation proposal must be submitted.

Routine Maintenance and Upgrades

An APD document is not required for work that supports the continued operation of an existing IS without adding significant new functionality, such as:

- √ Routine hardware and software replacements
- √ Routine upgrades
- √ Routine maintenance activities.

Refer to Section [2.3.3](#) and [Figure 2-14](#) for guidance. Information on these activities must be included in the State plan.

4.0.2 WIC State Agency Model Systems and the APD Process

FNS initiated the SAM project to promote the development of model IS for WIC State agencies. Specifically, the SAM initiative supports multi-State consortium efforts to plan, design, and develop model systems and to deploy the models in multiple State agencies. The goals of the project are to increase efficiency and eliminate or significantly reduce cost, and duplicative efforts across 90 WIC State agency systems, as well as to ensure that systems meet WIC policy and regulatory requirements.

To optimize its investment, **FNS requires SAM systems be considered first when looking at available IS options.** The benefits of adopting a SAM model are the following:

- √ Model system software is already developed
- √ SAM models will be fully functional and EBT-ready
- √ Minimal documentation is required
- √ State agencies may receive special SAM funds for model system transfer and implementation
- √ State agencies that have adopted SAM are well positioned to receive higher priority for EBT grant funds
- √ States adopting a model system will maximize their Nutrition Services and Administration (NSA) funds because the cost of enhancements will be incurred only once and distributed to all States with the model.

Under some circumstances, a SAM model may not meet State needs. The decision to adopt a non-SAM system must be supported by a feasibility study/alternatives analysis and a narrative justifying the adoption of a non-SAM system. Examples of acceptable justification include the following:

- ▶ SAM inconsistent with State's mandated software/hardware requirements
- ▶ SAM not available when State must implement a new system
- ▶ SAM not compatible with State's needs for an integrated system.

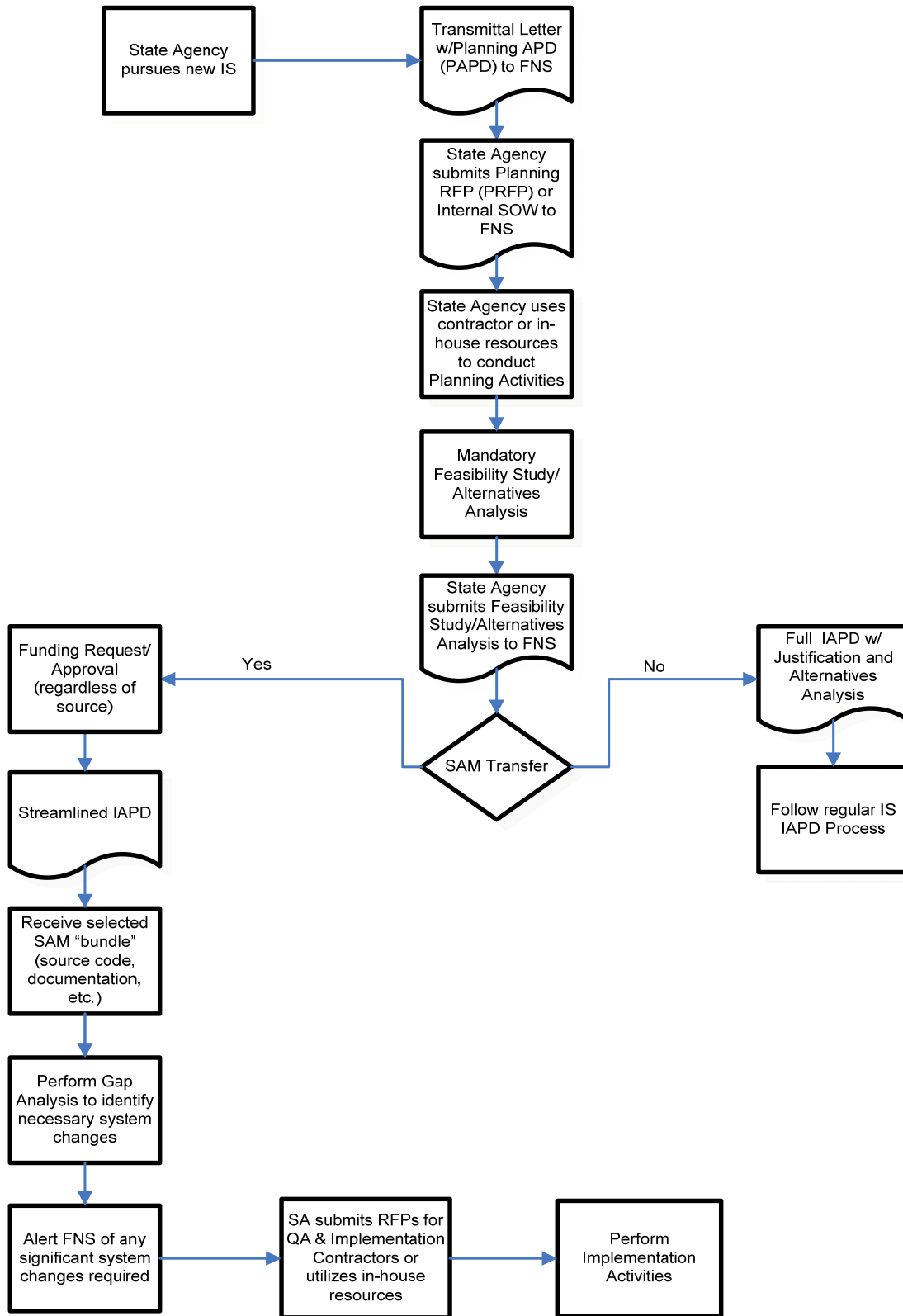
Regardless of whether a State agency's business case calls for adoption of a SAM model or development or acquisition of a non-SAM WIC IS, approval of a WIC system is accomplished using the APD process. States should work with FNS for guidance on IS projects.

State agencies adopting a SAM model are required to keep enhancements and modifications to a minimum. Redesign of the completed SAM systems would increase the cost of adoption and future enhancements to the model systems. Therefore, FNS will consider approval for all modifications to a SAM system's functionality on a case-by-case basis.

The WIC program expects that SAM adoptions can be done at a minimal or reduced cost. State agencies can implement the system themselves or prepare competitive procurements to hire implementation contractors. Consult with FNS for details on each SAM system.

[Figure 4-2](#) provides an overview of the WIC APD process and how the decision-making process involved in the planning phase determines whether the State agency follows the process for a SAM transfer.

Figure 4-2. WIC IS APD Process



4.1 THE APD PROCESS FOR WIC STATE AGENCY INFORMATION SYSTEMS

The APD process is designed to help State agencies and FNS adhere to the legislation, regulations, and policy that govern the WIC program and ensure that State agencies receive prior approval to expend Federal funds for planning, design, development, and implementation related to their information systems.

4.1.1 Planning APD

State agencies are required to submit a PAPD for all IS development projects, regardless of dollar threshold. **Submission and approval of a PAPD is required before a State agency begins to incur planning costs.** Therefore, it is important to consult with FNS before initiating any planning activities.

Even if not seeking approval to expend Federal funding for planning activities, the State agency is advised to notify FNS when embarking on system planning activities so that FNS can help ensure efficiency in all ongoing systems efforts. If the State agency uses in-house resources for the planning activities, then a statement of work (SOW) or description of the planning activities must be submitted to FNS.

4.1.1.1 Required Documentation for a PAPD

Before preparing the PAPD, the State agency should also consult with the internal State IT oversight department to determine whether any additional documents or procedures are required as part of the State's internal monitoring process or if the PAPD requirements will suffice.

The following components are required when submitting a PAPD:

Transmittal Letter—Cover letter, signed by the appropriate State official with authority to commit State agency resources for the project.

Executive Summary—Describes at a high level the business case for a new IS, its advantages, the challenges and shortcomings the system will address, and the stakeholders who will benefit from it.

Resource Requirements—Describes what resources, in terms of staff, money, and so on, the State expects to apply to the planning phase and what the State agency needs from FNS.

Schedule of Planning Activities, Milestones, and Deliverables—Includes a timeline that outlines the key planning tasks, events, dates, and deliverables for the project.

Proposed Budget—Identifies estimated State and contractor costs associated with the planning phase, including evaluation of functionality of alternative systems. Details are provided in Section [7.5](#).

Cost Allocation Plan (as appropriate)—Describes the methodology used to determine the share each entity will pay in a joint planning effort. Details are provided in Section [7.3](#).

Consult with FNS for samples of the required PAPD documents, as needed. Because of the nature of PAPDs, the required documentation may be actual narrative components of the PAPD

and not stand-alone documents, but this varies depending on the complexity of the planning activities being undertaken. PAPDs are usually short, simple, and concise documents.

4.1.2 PAPD Process Steps

1. The State agency prepares and submits to FNS electronic copies of the PAPD and scanned copies of a transmittal letter signed by an official authorized to commit State resources. One copy is provided to the Regional Administrator, and another copy is provided to the State Systems Branch Chief.
2. FNS reviews the PAPD and notifies the State agency if there is a need for more information or changes are required.
3. FNS approves or denies the PAPD and notifies the State agency of the results.
4. If contractor services are required, the State agency prepares and submits the Planning Request for Proposal (RFP). Note that an RFP can be submitted simultaneously with the PAPD. FNS reviews the Planning RFP and notifies the State agency if there is a need for more information. FNS approves or denies the Planning RFP and informs the State agency of the decision.
5. The State agency conducts planning activities per the PAPD (e.g., feasibility study/alternatives analysis), submitting Planning APD Updates (PAPDU) and APD Updates (APDU) As-Needed when necessary.
6. State provides final PAPDU to advise when all PAPD activities have been completed and includes the final budget for implementation showing actual costs.
7. FNS verifies that the State agency has successfully completed all PAPD activities and notifies the State agency of PAPD closure.
8. The State agency submits results of the feasibility study/alternatives analysis to FNS.

Note: These steps are consistent with the PAPD Process defined in Section [2.2.2](#) except for the addition of the last step.

4.1.3 Planning RFP Review and Approval

Planning RFPs or in-house SOWs must be submitted to FNS (regardless of cost) for prior approval before beginning planning activities or releasing an RFP for contractor services.

4.1.4 Feasibility Study/Alternatives Analysis

The Planning process must include a feasibility study/alternatives analysis with at least one of the SAM transfer systems as an alternative.

WIC State agencies **must** conduct a feasibility study/alternatives analysis as part of the planning process and **before** preparing an IAPD. Detailed information on this analysis can be found in Section [2.3.2.3](#). Once planning activities are completed, the State agency must submit the results of the feasibility study/alternatives analysis to FNS.

If the results of the alternatives analysis show that adoption of a SAM system is not feasible for the State agency, justification must be provided and approved by FNS prior to project continuation.

4.1.5 PAPD Closure

Once the results of the feasibility study/alternatives analysis have been received and FNS verifies that all planning activities have been successfully completed, FNS will close the PAPD. It is the responsibility of FNS to formally close a PAPD when all activities associated with the planning phase, approved through the PAPD, have been successfully completed to the satisfaction of FNS. FNS may request a final report from the State before closing the PAPD. Official closure of the PAPD must occur to document the end of the planning activities and the actual costs incurred.

4.1.6 Implementation APD

The IAPD documents the results of the project's planning activities, such as the identification, analysis, and feasibility comparison of various system alternatives, as well as the design and description of the system project. It also marks the completion of the planning phase of the SDLC. Please refer to Section [2.3](#) for details of the IAPD process in its entirety.

An IAPD must be submitted for all IS projects with a total cost \geq \$500,000. **Failure to submit an IAPD may result in the disallowance of costs that otherwise might have been covered by Federal funds.**

Proper adherence to the IAPD process, such as including FNS review periods in the schedule or not rushing critical steps, can help States avoid project delays, estimate project progress and outcomes more realistically, and contribute to a successful project completion.

As stated previously, if a State agency chooses to take a SAM system transfer, it is required to submit a streamlined IAPD. This lessens the burden on the State agency, because some of the components of the IAPD were already developed when the transferred system was designed and implemented.

4.1.6.1 *Required Documentation for an IAPD*

The following components are required when submitting an IAPD. Those components identified with an asterisk (*) are not required as part of the SAM streamlined IAPD:

Transmittal Letter—Cover letter, signed by the appropriate State official committing State resources.

Executive Summary—Describes at a high level the business need for a new information system. See Section [2.3.2.3](#) for detailed description.

Cost Benefit Analysis*—Provides a meaningful comparison of the costs of the alternatives being considered. See Section [2.3.2.5](#) for detailed description.

Functional Requirements Document (FRD)*—Provides a comprehensive description of functions to be included in the system. Refer to the WIC Functional Requirements Document

(FRd) (http://www.fns.usda.gov/apd/WIC_FRED.htm) for details. Copies can be obtained from the FNS website (http://www.fns.usda.gov/apd/WIC_FRED.htm). Additional information on the FRD follows in this section.

General System Design*—Includes a combination of narrative and diagrams that describe the generic architecture of the proposed system, as opposed to the detailed architecture that will be developed later. See Section [2.3.2.7](#) for detailed description.

For a SAM System Transfer only—Modifications Required to SAM Transfer Software—identify any significant changes that will need to be made to the SAM system to adapt it to meet the State agency's requirements.

Capacity Planning or Study*—Specifies the size and expansion capabilities of the new system or the scope of enhancement to an existing system. See Section [2.3.2.8](#) for detailed description.

Project Management Plan and Resource Requirements—Describes the project oversight and reporting requirements for the State and contractor. Refer to Section [6.0](#) for guidance.

Schedule of Development Activities, Milestones, and Deliverables—Includes a timeline that outlines the key implementation tasks, events, dates, and deliverables requiring FNS review and/or approval. Refer to Section [6.0](#) for guidance.

Proposed Budget—Identifies estimated State and contractor costs associated with the implementation phase. Refer to Section [7.5](#) for details.

Cost Allocation Plan—Describes the methodology used to determine the share each entity will pay in a joint implementation effort, if applicable. Refer to Section [7.3](#) for details.

Security Planning—Describes the approach for assuring the physical, electronic, and operational security of the system. Refer to Section [8.7](#) for details.
Disaster Recovery and Continuity of Operations Plan—Describes disaster recovery and continuity of operational plans.

Training Plan – Outlines how all system users, including technical, State agency, end users, and clients, as applicable, will be provided with training on the application.

Request for Waiver of Depreciation (if desired)—Provides a means for expensing capital expenditures, rather than depreciating them, to financially benefit the Federal Government. A waiver of depreciation is a written request to change the method of accounting and claiming for the cost of equipment. The Federal cost circulars require that individual items of equipment costing more than \$25,000 per item must be charged over the useful life of the equipment. (Useful life is as proscribed by the Internal Revenue Service. Workstations have a useful life of 3 years, while mainframes are normally charged over a period of 7 years) The written request asks for FNS permission to charge the entire cost of the equipment acquisition at the time of acquisition (more commonly known as “expensing”). Unless FNS permission is received, the equipment cost must be based on depreciation over the life of the equipment. This component is

optional based on individual circumstances. Refer to Section [7.2.7](#) for details or consult with FNS to determine whether this component is necessary.

The IAPD outlines all the information and requirements for the design, development, and implementation of the new system—a lengthy and intensive phase of the SDLC. Some of the IAPD components will be explained in further detail as a part of other chapters highlighting critical factors that must be met to ensure success of the project (i.e., Procurement, Project Management, Financial Management, and Systems Security).

Consult the FNS web site (<http://www.fns.usda.gov/apd/>) for samples of the required IAPD documents, as needed. FNS encourages State agencies to refer to existing materials and documents created for other recent projects as a guideline for preparing their own IAPDs, so that the States can benefit from each other's experiences, streamline their efforts, and efficiently use their planning dollars. However, it is vital that all components of the IAPD accurately reflect each State agency's individual and unique needs, expectations, resources, and so forth. When referring to sample documents, therefore, it will be necessary to revise and adapt the information to the current, proposed project.

4.1.6.2 IAPD Review and Approval

FNS strives to conduct its review within 60 days after receiving the IAPD to provide timely notice to the State agency. Unlike the FSP, there is no provisional approval for documents not acted on within 60 days. When reviewing the IAPD, FNS takes the following steps before approving or disapproving the State agency's request to expend Federal funding for system design, development, and implementation costs:

- √ Ensures the transmittal letter requesting funding has been date-stamped
- √ Notifies the State agency of receipt of the document(s)
- √ Conducts a preliminary review of the document for completeness
- √ Notifies the State agency if documentation is missing or incomplete
- √ Evaluates whether the document adequately addresses IT technical and security issues, cost and benefit issues, Federal/State procurement regulations, and program needs assessment
- √ Coordinates comments and requests for information between IT, financial management (FM), and program entities at different organizational levels, as needed
- √ Notifies the State agency in writing of FNS final action (approval, disapproval, or conditional approval)
- √ Meets with the State agency on all negotiable matters
- √ Provides technical assistance to the State agency, as appropriate and necessary
- √ Provide IAPD oversight and reviews APDUs, as required, until the implementation activities are completed
- √ Notifies the State agency of IAPD closure after it has successfully completed all

activities approved in the IAPD.

FNS focuses its review on areas of program functionality that may benefit from IT solutions, program resources, improved Federal reporting and accountability, local agency efficiencies, allowable costs, budget and cost/benefit analysis, staffing levels, maintenance and security issues, compatibility with other existing or anticipated State projects, procurement rules, contractual terms, and transitioning costs from development to operations. The review typically addresses the following questions:

- √ Who is/are the requesting State agency(ies)?
- √ Which Federal/State programs are involved/affected?
- √ How will the project be conducted (contractor support, in-house, combination and lease/purchase of software/hardware, etc.)? If contracted, what are the expected contract terms? What are the tasks and deliverables?
- √ Which State and Federal funding agencies are involved?
- √ What is the cost of the project?
- √ What are the benefits of the project to the affected program(s)?
- √ What is the project schedule?
- √ Does the budget reflect all allowable costs (staff time, training, equipment, travel, etc.)?
- √ Was a feasibility study or alternatives analysis conducted prior to the submission of the IAPD? Are the results included?

Approval of an IAPD to take a SAM transfer does not necessarily guarantee funding for the project. State agencies must include the proposed funding sources for the project within the project budget. A limited amount of funds may be available in addition to, or in place of, NSA funds for implementation of a SAM system. FNS will notify State agencies when these special SAM transfer funds become available. An approved IAPD is required to be considered for special SAM transfer funds.

After FNS approves the IAPD, the State can begin the tasks necessary to implement a successful IS that meets the requirements and objectives defined by the State agency and participating Federal agencies, as appropriate.

4.1.6.3 Functional Requirements Document

As part of the IAPD for a non-SAM system, the State agency must identify the functions the proposed IS will perform. The WIC FReD for a Model WIC IS addresses IS that support a number of WIC program operations and management functions, such as certifying applicants, monitoring food vendors, tracking participation and expenditures, and managing appointments. This document also incorporates basic functions for an EBT system. The document is intended to help State agencies prepare RFPs for IS services and to serve as guidance to in-house IT staff developing a WIC IS.

Those State agencies that choose to take a SAM system transfer will receive the FRD created as part of that particular system.

For details on the functional and data requirements for WIC systems, refer to the FReD (http://www.fns.usda.gov/apd/WIC_FRED.htm).

4.1.7 Implementation RFP Review and Approval

Implementation RFPs must be submitted to FNS for prior approval before releasing an RFP for contractor services when the amount of Federal funding is \geq \$100,000 for both competitive and non-competitive acquisitions (see [Figure 2-19](#)). Please refer to [Figure 6-1](#) for more details.

If contractor services are required for adaptation and installation of a SAM system, an Implementation RFP must be submitted to FNS for prior approval. The RFP should provide full details about the current system so bidders can recognize and plan for all aspects of system transition. The RFP should include the following:

Transmittal Letter—Cover letter, signed by the appropriate State official committing State resources.

Project Management Plan—Description of those project oversight and reporting requirements for the State and contractor that will apply to the implementation phase. Refer to [Section 6.0](#) for guidance.

Current System Overview—Description of the State agency's current WIC system.

SAM System Overview—Description of the SAM system being adopted. This should already exist and can be obtained from FNS or the originating State.

Software Enhancements and Installation Requirements—Gap analysis results and enhancements or modifications required/approved to adapt the SAM system.

Data Conversion Requirements—Requirements to convert data in the current State agency WIC system to the SAM system.

Hardware Requirements—Description of any hardware requirements, acquisitions, or upgrades needed to adopt the SAM system.

Training Requirements—Description of the training and how it will be conducted for all affected State and local agency staff on the new system.

Pilot Testing—Description of how and where the pilot testing will be conducted to ensure the adopted system meets the requirements of the State.

Implementation and Statewide Rollout Plan—Plan to implement the adopted system statewide.

4.1.7.1 *Contracts and Contract Amendments*

The same approval thresholds that apply for IAPDs apply to implementation contracts. The State agency must also get prior FNS approval for contract amendments to acquisitions involving cost increases that cumulatively exceed 20% of the base contract cost.

Base contracts are subject to FNS prior approval consistent with the thresholds for RFPs as shown in [Figure 2-19](#). Base contract means the initial contractual activity for a defined period of time. The base contract includes option years but does not include amendments.

Contract amendments that do not cumulatively exceed 20 percent of the base contract cost do not require FNS prior approval as long as the contract was competitively procured. Contract amendments that cumulatively exceed 20 percent of the base contract must be submitted for FNS prior approval. This may mean, for example, that the first amendment for 15 percent would not be subject to approval, but a subsequent amendment for 6 percent would. When a project crosses the 20 percent threshold, FNS may at its discretion review the entire scope of the changes, but would not disallow costs that were not subject to approval. FNS may require States to submit contract amendments for approval even if they are under the threshold amount if the contract amendment is not adequately described and justified in an APD or APDU. Contract amendments must always be submitted for approval if the base contract was not competitively procured. Copies of contract amendments, regardless of cost, must be sent to FNS for the record.

Refer to [Figure 6-1](#) for additional details.

4.1.8 **APDU Annual and APDU As-Needed**

The requirements for an APDU Annual and an APDU-As Needed are the same for both SAM and traditional WIC systems.

The State agency prepares and submits an APDU Annual within 90 days of the anniversary of the initial PAPD or IAPD approval. An APDU As-Needed must be submitted when project costs increase more than \$100,000 over the approved budget, and/or there is a 90-day delay in the project implementation; and/or there is a change in architecture, procurement method, or cost allocation.

Any changes made in an Annual APDU should be carefully reviewed. If changes fall within the criteria for an APDU As-Needed, then the content requirements of the APDU As-Needed must be met. Please note that if significant changes in the systems project cause the project approach, scope, cost, or schedule to differ from the approved PAPD or IAPD, and it is more than 3 months until the anniversary date, the State agency should submit an APDU As-Needed when it becomes aware of these changes.

Submission of either type of APDU applies only to acquisitions for which an APD was submitted and approved. Expenditures subject to and approved at a lower threshold (see Figure

4-1) do not require APDUs. However, FNS may request an update on the status of a project or acquisition at any time during the SDLC.

4.1.9 APDU Annual

FNS requires State agencies to provide an annual update on the progress and accomplishments of a PAPD/IAPD-approved effort to properly conduct its oversight responsibility for multi-year IS projects. Annual APDUs are required for all active PAPDs and IAPDs.

4.1.9.1 *Required Documentation for an Annual APDU*

The State agency submits to FNS two electronic copies of the annual APDU and scanned copies of the transmittal letter signed by an authorizing official. One copy is provided to the FNS Regional Administrator, the other to the State Systems Branch Chief within 90 days of the anniversary date of the original PAPD/IAPD approval, unless the submission date is specifically altered by FNS.

State agencies should include the following components in the Annual APDU:

Transmittal Letter—Cover letter, signed by the appropriate State official committing State resources.

Project Status—Includes major accomplishments, challenges and resolutions, and outstanding issues.

Changes to the Approved PAPD/IAPD—Any changes to the approved APD including language, budget, schedule, scope, or requirements.

Revised Schedule of Activities, Milestones, and Deliverables—Includes changes (increase or reduction) in the amount of time needed to complete any activities, milestones, or deliverables, the addition or deletion of new activities or deliverables, or the combining of activities to reach a milestone or deliverable.

Revised Budget—Addresses any increase or decrease in the approved budget.

Actual Expenditures to Date—Actual funds expended to date, as opposed to estimates.

Contractor Performance (optional)—Identify any issues, resolutions, strengths, and weaknesses, and any significant change orders.

4.1.9.2 *Annual APDU Review and Approval*

Annual APDUs are reviewed and approved in the same manner as APDs. If the APDU includes significant changes to an open PAPD or IAPD, State agencies may proceed with the changes without FNS approval to avoid project disruption, but would be liable for costs associated with the changes in the event of disapproval. State agencies are urged to communicate with FNS early and often when undertaking an IS project to avoid disallowances. Retroactive approvals are granted only in the most extreme circumstances. Poor planning or communications is not considered a valid reason for retroactive approval of expenditures.

FNS approval of an Annual APDU constitutes its acceptance of the State's activity update and any significant changes, unless otherwise stipulated. FNS will notify the State agency in writing of its approval or disapproval and/or any need for additional information or clarification of the information submitted.

4.1.10 APDU As-Needed

The APDU As-Needed is similar to an initial APD in that it identifies key factors to consider when changing the course of a project, especially as they relate to cost or scope. These include not only the nature of the proposed change, but also the effect that change will have on those portions of the project in which FNS and the State agency have already invested.

The State agency must submit to FNS two electronic copies of the APDU As-Needed and scanned copies of the transmittal letter signed by an authorizing official. One copy is provided to the FNS Regional Administrator, the other to the State Systems Branch Chief, whenever any of the following changes occur or are anticipated:

- A significant increase in total costs (>\$100,000)
- A significant schedule change (>90 days) for major milestones
- A significant change in procurement approach and/or scope of procurement activities beyond that approved in the APD, such as:
 - A change in procurement methodology
 - A reduction or increase in the procurement activities that were described in the APD
 - A change in an acquisition (e.g., changing from a State blanket purchase agreement to issuing an RFP)
- A significant change in an approved system concept or scope of the project, such as a proposal of a different system alternative, a proposal for a different mix of system hardware and software, a change in the project plan, or a change in the cost-benefit project
- A change to the approved cost allocation methodology.

Note: FNS does not expect States to encounter significant changes to the scope, technical approach, or systems alternatives within a SAM adoption project.

It is advisable to submit an APDU As-Needed as soon as significant changes are known to avoid any gaps in approval. The APDU As-Needed is not optional but mandated by the triggers discussed above.

4.1.10.1 *Required Documentation for an APDU As-Needed*

State agencies should include the following components in an APDU As-Needed. Detailed information on each item may be found in Section [2.5.2.1](#) under APDU As-Needed.

Transmittal Letter—Cover letter, signed by the appropriate State official committing State resources.

Executive Summary—Describes at a high level the business need for a new information system.

Project Status—Includes major accomplishments, challenges and resolutions, and outstanding issues.

Changes to the Approved APD—Addresses significant language changes that affect the meaning and intent of the APD. Examples include transferring from another State a system that performs similar functions, instead of developing a new system; performing project management in-house instead of contracting it outside; or adding another program as a system user.

Revised Technical Approach^{*}—Addresses significant changes that affect the technical specifications and requirements of the system under development. Examples include a change from a distributed closed system to a web-based system, from a mainframe system to a PC-based system, or from a proprietary programming language such as Visual Basic to an open-source language such as Java.

Revised Functional Requirements^{*}—Incorporates additions to or deletions from the last defined functional requirements for the system. Examples include removing an interface or a function such as growth chart plotting or adding customized reports.

Revised Project Management Plan and Resource Requirements^{*}—Addresses changes in key personnel, staffing, and associated duties. Examples include moving project management in-house instead of contracting it outside, replacing key State or contracted personnel, losing essential resources in either the program or technical area, or changing the scope of quality assurance (QA) duties.

Revised Schedule of Activities, Milestones, and Deliverables^{*}—Includes changes (increase or reduction) in the amount of time needed to complete any activities, milestones, or deliverables, the addition or deletion of new activities or deliverables, or the combining of activities to reach a milestone or deliverable.

Revised Budget^{*}—Addresses any increase or decrease in the approved budget.

Revised Cost Allocation Plan^{*}—Addresses any change in the approved cost allocation plan

* As applicable

resulting from budget increases or the addition or removal of participating programs.

Contractor Performance (optional)—Identify any issues, resolutions, strengths, and weaknesses, and any significant change orders.

4.1.10.2 APDU As-Needed Review and Approval

When the State agency submits the APDU As-Needed, FNS responds to it in the same manner and time frame as it does to an APD. FNS approval of an APDU As-Needed constitutes its acceptance of the State's activity update and any significant changes, unless otherwise stipulated. FNS will notify the State agency in writing of its approval or disapproval and/or any need for additional information or clarification of the information submitted.

Federal approval of the APDU As-Needed for project changes is required no later than the time when the next Annual APDU is due. State agencies may proceed with the change without first obtaining Federal approval to avoid disruption in project activities. **In such instances, the State agency would be liable for costs associated with the project change until FNS approval is granted. If the APDU is subsequently disapproved, the costs associated with the project change would not be allowed.**

State agencies are urged to communicate with FNS early and often when undertaking an IS project to avoid disallowances. Retroactive approvals are granted only in the most extreme circumstances. Poor planning or communication is not considered a valid reason for retroactive approval of funding.

4.1.11 IAPD Closure

It is the responsibility of FNS to formally close an IAPD once the State agency has successfully completed all activities approved in the IAPD. Closure of an IAPD occurs when all activities associated with the design, development, and implementation phase, approved through the IAPD, have been successfully completed to the satisfaction of FNS and any other contributing Federal agencies. Before closing the IAPD, FNS may request a final report from the State; conduct a post-implementation review of costs and systems functionality, and/or request submission of a final APDU to update all aspects of the project. Official closure of the IAPD must occur to document the end of the implementation phase and the actual costs incurred.

4.1.12 Systems Maintenance and Operations

The State agency moves into the maintenance and operations (M&O) phase of the SDLC when the implementation phase is complete. Although FNS reserves the right to request limited documentation for any project or acquisition, regardless of cost, an APD document is **not usually required** for the following:

- Routine hardware and software replacements
- Upgrades
- Maintenance activities.

All significant projects requiring dedication of NSA funds should be included in the State plan submissions or subsequent amendment for RO review and concurrence. States are reminded that all requests for WIC funding that are greater than \$100,000 are subject to prior approval whether or not an APD is required (see Figure 4-1). This includes those efforts being undertaken with Operational Adjustment, NSA, or any special funding from FNS. States are advised to contact their Regional Office with any questions regarding prior approval of WIC funds.

Prior approval may be required when significant hardware upgrades, platform changes, and software enhancements are made to the system. Contract amendments that cumulatively exceed 20% of the base contract or are greater than \$100,000 must be submitted for FNS prior approval, including amendments to M&O contracts. An enhancement is defined as a software change that significantly increases risk, cost, or functionality of the system. This does not include software maintenance such as routine support activities that normally include corrective, adaptive, and perfective changes, without introducing additional functional capabilities.

Once it appears that a software enhancement will substantially increase risk, cost, or functionality, it may trigger an IAPD or an IAPD Update (IAPDU). Otherwise, the following information requirements are necessary during the M&O phase.

- A description of hardware or software changes
- A budget reflecting State and Federal costs by Federal Fiscal Year and Quarter
- A description of how these changes will benefit the Federal programs being served by the system.

These information requirements may be satisfied by the RFP and contract along with a transmittal letter signed by the State official who has authority to commit State resources. States should submit the draft contract prior to the release date of the RFP.

Specific examples include adding new software components, transitioning to web-based systems, and implementing enterprise architecture or systems. An example of a major hardware upgrade would be the replacement of a mainframe computer and its storage devices. Refer to [Figure 2-14](#) for Maintenance and Operations Examples.

Additional details on systems M&O activities can be found in Section [2.3.3](#).

4.1.13 Emergency Acquisition Request

An Emergency Acquisition Request (EAR) is a brief written request from the State to FNS that would allow the use of Federal funds to take prompt action for acquisitions in urgent situations, while allowing FNS sufficient time to establish that the acquisition can otherwise be approved under normal IAPD provisions. Examples of such situations include equipment failure attributed to physical damage or destruction caused by natural or other disasters and changes imposed by Federal legislative requirements that necessitate immediate acquisition of IS equipment or services. FNS will not consider circumstances arising from poor planning on the part of State agencies to be emergency situations.

Section [2.6](#) contains detailed explanation and instructions for submission of an EAR.

4.2 THE APD PROCESS FOR WIC ELECTRONIC BENEFITS TRANSFER

(Reserved for Future Use)

4.3 SUMMARY

Every IS competes with nutrition services, vendor monitoring, or other aspects of program operations that compete for limited administrative dollars. It is, therefore, extremely important to understand the APD process and have a clear idea of the objectives the new system—traditional IS, SAM, or EBT—is expected to accomplish for a State WIC program, well before any effort is invested in the functional operations.

It is important to conduct research and have sufficient information on the advantages and disadvantages of the various WIC systems to determine which path (i.e., system) is appropriate for the State agency based on current conditions. No State should begin planning for a WIC system without conducting a thorough needs assessment of its current system, comparing existing functionality with WIC core functional requirements.

Efficient information systems are critical in WIC's ability to meet its mission and the nutritional needs of the program's primary stakeholders—mothers and children. SAM and EBT systems are paving the way to improve customer service and program accountability, especially in minimizing duplicative development costs and identifying fraud and abuse.