Background and Purpose of the Following Draft Directive and Standard (D&S)

The goal of preparing this new D&S document and providing stakeholders with the opportunity to comment on it in draft form is to provide requirements for information technology (IT) cost tracking which allows the Bureau of Reclamation to track its IT costs in a standardized manner across Reclamation.

The benefit of the standardization of IT cost tracking improves management's ability to make investment decisions and provide more accurate reporting to the Department of the Interior and the Office of Management and Budget.

Reclamation manages a wide array of IMT investments that support mission- and business-related goals, programs, operations, and regulatory requirements. These investments are made up of various systems, sub-components, technology services, and other information management services. They may include new IT acquisitions or projects automating business processes, developing new databases, enhancing security capabilities, modernizing communications capabilities and/or operating and maintaining existing capabilities. A significant challenge for executives, managers, and governance councils is effectively monitoring the status of and risks associated with IT investments. A common risk associated with investing in an IT solution is scope creep, when the original IT project parameters expand which can cause cost and schedule overruns

Having accurate and up-to-date cost data can assist in identifying scope creep problems, improving budget projections, and monitoring cost and schedule progress. Establishing a standardized cost tracking methodology will enable Reclamation to better demonstrate efficiency, transparency, accountability, and lifecycle management of Reclamation's IT investments.

The Reclamation Manual is used to clarify program responsibility and authority and to document Reclamation-wide methods of doing business. All requirements in the Reclamation Manual are mandatory.

This draft addition to the Reclamation Manual is intended to standardized Reclamation's approach for tracking IT assets and costs resulting in better efficiency in manage its IT portfolio investments, improve upon investment decisions and Reclamation's IT budget as required by the Federal Information Technology Acquisition Reform Act.

See the following pages for the draft D&S.

Reclamation Manual
Directives and Standards

Subject:	Administrative Cost Tracking: Information Management and Technology (IMT) Cost Tracking in the Financial and Business Management System (FBMS)
Purpose:	This Directive and Standard (D&S) serves to provide requirements for IT cost tracking which allows the Bureau of Reclamation to track its IT costs in a standardized manner across Reclamation. The benefit of the standardization of IT cost tracking improves management's ability to make investment decisions and provide more accurate reporting to the Department of Interior and the Office of Management and Budget (OMB).
Authority:	Department Secretary Order (SO) 3340, Strengthening and Securing Information Management and Technology at the Department of Interior; National Defense Authorization Act of Fiscal Year 1996 (Clinger-Cohen Act) (February 10, 1996), Division E, Information Technology Management Reform (Pub. L. 104-106); National Defense Authorization Act for Fiscal Year 2015 (January 3, 2014), Division A, Title VIII, Subtitle D-Federal Information Technology Acquisition Reform Act (FITARA), Sections 831-837 (Pub. L. 113-291); E-Government Act or 2002 (December 17, 2002) (Pub. L. 107-347); Federal Acquisition Regulations (FAR) Subpart 34.202 *Integrated Baseline Review*; OMB Circular A-11, *Preparation, Submission and Execution of the Budget*; OMB Circular A-130, *Management of Federal Information Resources*; OMB Memorandum M-10-27, June 28, 2010, *Information Technology Investment Baseline Management Policy*; and Departmental Manual (DM), Part 375 Chapters 1, 2, 4,5, 6, 7 and 12; DM Part 376 Chapter 4
Approving Official:	Director, Information Resources / Associate Chief Information Officer (ACIO)
Contact:	Planning and Compliance Division, 84-21200

1. **Introduction.**

    A. Reclamation manages a wide array of IMT investments that support mission- and business-related goals, programs, operations, and regulatory requirements. These investments are made up of various systems, sub-components, technology services, and other information management services. They may include new IT acquisitions or projects automating business processes, developing new databases, enhancing security capabilities, modernizing communications capabilities and/or operating and maintaining existing capabilities. A significant challenge for executives, managers, and governance councils is effectively monitoring the status of and risks associated with IT investments. A common risk associated with investing in an IT solution is scope creep, when the original IT project parameters expand which can cause cost and

schedule overruns. Having accurate and up-to-date cost data can assist in identifying scope creep problems, improving budget projections, and monitoring cost and schedule progress. Establishing a standardized cost tracking methodology will enable Reclamation to better demonstrate efficiency, transparency, accountability, and lifecycle management of Reclamation's IT investments.

B.   IT cost tracking provides a Reclamation-wide standardized approach for tracking IT costs as related to Reclamation's IT portfolio investments, investment sub-components, IT activity lifecycle phases, and required cost elements by commitment item. The standardized approach improves Reclamation's ability to manage all IT investments from inception to disposition/decommissioning from a financial perspective. Reclamation   will be better able to answer audit questions, create corrective action plans, and respond   to Department and OMB data calls. The standardized approach will also allow Reclamation to provide better analytical information to executives in order to make   sound IT investment decisions at the investment review board level. As a result, the Department's Chief Information Officer (CIO) will be better positioned to approve Reclamation's IT budget on an annual basis as required by the FITARA legislation.

2.   **Applicability.** This D&S applies to all Reclamation personnel responsible for budgeting, acquiring, managing, and operating any IT investment whether it be mission-related, supporting infrastructure, common usage, or programmatic. Those operating IT investments may or may not be directly affected by the cost tracking changes stated in this D&S; however, awareness of the new requirements will assist Reclamation personnel should they make IT purchases and/or report on IT costs.

3.   **Definitions.** Key definitions for tracking IT costs and life cycles (e.g., operations and maintenance) are located in Appendix A. Definitions of the IT portfolio investments are located in Appendix B. Understanding these investment definitions is important for the selection of the correct Work Breakdown Structure (WBS) for IT transactions.

4.   **Responsibilities.**

A.   **Acquisitions Personnel.** Acquisitions personnel are responsible for ensuring IT-related procurements are coded to the appropriate IT investment.

B.   **Associate Chief Information Officer (ACIO).** The ACIO is responsible for overseeing the IT cost tracking in conjunction with the Director, Management Services Office, to ensure that organizational goals are being met and that appropriate leadership personnel are informed of the requirements.

Reclamation Manual
Directives and Standards

C. **Budget Analysts.** Budget analysts are responsible for:

    (1)   Working with investment and project managers to ensure the correct User Product Codes (UPCs) and commitment items are utilized in relation to the acquisitions, labor/full-time equivalent (FTE), travel and other expenses; and

    (2)   Monitoring actual costs against allocated budgets.

D. **Business Owners/Functional Sponsors.** Business owners and functional sponsors are responsible for:

    (1)   Providing a clearly articulated business vision and performance outcomes for the investment;

    (2)   Having designated accountability for the investment from the executive sponsor;

    (3)   Partnering with all cross-functional business teams to define and manage the investment Reclamation-wide;

    (4)   Identifying and managing investment risks and issues, and escalating if appropriate;

    (5)   Ensuring investment is properly managed and out-year plans are developed as needed;

    (6)   Ensuring adherence to Reclamation and Department investment management processes and practices; and

    (7)   Directing all investment team members to leverage resources and ensure results.

E. **Capital Planning and Investment Control staff.** Capital planning and investment control staff are responsible for:

    (1)   Providing training materials and technical expertise with regards to aligning transactions to Reclamation's IT portfolio (Exhibit 53); and

    (2)   Providing support in ensuring Reclamation adheres to the IT cost tracking requirements.

F. **Electronic Time and Attendance Automated System (ETAS) Administrators.** ETAS administrators are responsible for assisting in setting up new IT WBSs in ETAS.

G. **Supervisors/ETAS Signatories.** Supervisors and signatories are responsible for ensuring staff members working on IT activities are charging their time to the appropriate WBSs.

H. **Executive Sponsor.** Executive sponsors are responsible for:

   (1) Supporting and overseeing operational issues related to the investment, including resource constraints or risks (funds, equipment, contractors, and personnel) essential to investment;

   (2) Strategic planning for the investment;

   (3) Addressing funding and resource needs such as labor and contract services;

   (4) Providing guidance on program level risks and issues;

   (5) Removing barriers to managing the investment in a successful manner; and

   (6) Providing ultimate accountability for the investment.

I. **Financial Personnel.** Financial personnel are responsible for assisting in establishing new WBSs and providing guidance around selection of UPCs and commitment items.

J. **Information Resource Management Council (IRMC) Members.** IRMC members who serve as the regional IT managers are responsible for approving all IT hardware, software, and service contract purchases coming from their region.

K. **Information Resources Business Advisory Council (IRBAC) Members.** IRBAC members are responsible for:

   (1) Serving as the governance body that reviews all budgets across Reclamation associated with the IT investment portfolio; and

   (2) Providing recommendations to the ACIO regarding the appropriateness of IT investments for the bureau.

L. **IT Investment Managers.** IT investment managers are responsible for:

   (1) Overseeing all sub-components of an investment and their corresponding projects and cost elements;

   (2) Developing and updating business case documentation and artifacts for IT capital planning purposes;

(3)   Being aware of charges that are being made to WBSs associated with their IT investment; and

(4)   Working with their budget analyst, financial personnel, and potentially other IT investment managers to resolve incorrect charges as quickly as possible or escalate to the business owners/functional sponsors if there are inappropriate or unrelated charges.

M.   **IT Project Managers.** IT project managers are responsible for:

(1)   Managing and overseeing IT investment project components to ensure that these projects have clear start and end dates, whether they be maintenance projects or development/modernization/enhancement projects; and

(2)   Working with IT investment managers to ensure that activities are being charged to the appropriate WBSs associated with the IT investment.

N.   **Property Personnel.** Property personnel are responsible for:

(1)   Performing the functions necessary for the proper determination of need, source, acquisition, receipt, accountability, utilization, maintenance, rehabilitation, storage, distribution, and disposal of property; and

(2)   With regard to IT property, ensuring IT equipment is associated with the appropriate WBS.

5.   **Goals and Objectives.** The following are the goals and objectives of IT cost tracking:

A.   Ensure that Reclamation's IT investment obligations and costs can be tracked in a standardized way in the financial system;

B.   Establish a process by which IT costs can be associated with an investment in the IT portfolio;

C.   Identify costs associated with sub-components, systems, and/or applications within an IT investment;

D.   Identify costs associated with IT activity lifecycle phases: planning, development/ modernization/enhancement, maintenance, operations, and decommissioning;

E.   Identify costs related to UPCs and commitment items: hardware, software, labor/FTE, contract services, rent utilities/communications, government travel and other IT related costs; and

Reclamation Manual
Directives and Standards

F. Track investment cost variances, planned vs. actual costs, and begin to provide better budget estimates based on actual expenditures.

6. **Requirements.** Financial personnel, budget analysts, Reclamation personnel purchasing IT goods and services, and Reclamation personnel charging their labor/FTE to an IT investment must understand and comply with the following requirements.

   A. **Use of the WBS.**

   (1) If a single WBS is being used for both IT and non-IT related charges and thus pulling a report on this WBS would produce a mixture charges, use of the WBS in this fashion must be discontinued. IT-related purchases and charges must use a WBS that is for IT purposes only.

   (2) The last four digits of the job number must be added or edited to identify the IT investment (first two digits), investment sub-component (third digit), and IT activity lifecycle phase (fourth/last digit). A visual of the master data including WBS numbering schema is located in Appendix B.

   (3) The IT investment number can be obtained from the Exhibit 53/IT Portfolio spreadsheet located on the IT Cost Tracking SharePoint site. If an IT investment is not available on this document, contact the Information Resources Office IT Capital Planning group.

   (4) This D&S impacts neither the eight-digit program code, as these are established by the region and provide specific information important to the region's business needs, nor the first three digits of the seven-digit job number.

   (5) New IT-related WBSs must be created to fit the schema required for all IT expenses. Only WBSs that are currently necessary need to be established. For example, if an IT investment does not have development activities nor does it plan on having any development activities in the foreseeable future, a WBS indicating development in the last digit will not be needed.

   (6) Where applicable for the implementation and on-going operations, regions will need re-established or establish work orders [in FBMS or the Capital Asset Resource Management Application (CARMA)] to capture IT investments at the IT investment, sub-component and the IT activity lifecycle phase levels. Correct settlement rules to the IT investment WBS will need to be accomplished.

Reclamation Manual
Directives and Standards

B. **Use of the Attribute Table.**

   (1) The last four digits of the job number are not exclusively reserved to identify IT investments. The attribute table IT designation is the only way to know that a WBS is IT-related.

   (2) The attribute table provides options that identify what kind of administrative costs the transaction is associated with. When a WBS is established, it must be associated with the attribute table to indicate that it is IT-related. It is the region's responsibility to ensure that the WBS is entered on the attribute table with the correct admin code.

   (3) The attribute table has five options associated with IT all starting with the letters "AI," denoting administrative (A) and IT (I). The third digit indicates the IT activity lifecycle phase and thus must align to the fourth digit of the last four digits of the job number.

   (4) With regards to labor/FTE, no additional effort is necessary in ETAS to associate with an attribute. IT WBSs are available for use in ETAS once FBMS and ETAS synchronize new WBSs established in FBMS.

   (5) Attribute table data is extracted and exported to the FBMS Business Warehouse nightly to enable customer and financial statement reporting.

C. **Charging IT Costs Correctly**. Charges must be made to accounts that accurately reflect work being done. Charging to an account that is unrelated to the work being done is covered under Reclamation's *Standard Processes of Costing* (SPOC) business practices.

   (1) All IT expenses must be aligned to the correct IT investment, sub-component, and IT activity lifecycle phase in order for Reclamation to pull useful reports from the financial system.

       (a) IT expenses include procurements (hardware, software, and contract services), government labor/FTE, government travel, rent/utilities/ communications, and any other IT-related costs.

       (b) If an IT procurement is bundled with other non-IT equipment or services, these must be split out so that expenses can be tracked in an IT-specific manner.

   (2) Procurements (hardware, software, and contract services), government labor/ FTE, government travel, overhead, and other costs related to an IT investment must be charged to accounts representing proper investment, sub-component, and IT activity lifecycle phase alignment.

Reclamation Manual
Directives and Standards

(3) Reclamation personnel must report their IT-related labor/FTE to the appropriate IT investment, sub-component, and IT activity lifecycle phase. Personnel must work with their management to determine how and to which WBS their time must be charged.

(4) Costs originating from the charge card module (purchasing and travel) tied to IT investments must be allocated correctly or charged to the correct IT WBS. Sometimes the default charge card WBS will be the appropriate code to associate with the purchase, but if it is an IT purchase, it must be allocated to the appropriate WBS associated with the IT investment.

(5) If a cost is associated with a brand new IT investment, approval through the IT investment selection process must have already occurred for the IT investment. If approval has not occurred, then a purchase cannot be made associated with the unapproved investment. Project and/or investment concept must be vetted through the lifecycle management process; this process will be covered in a separate D&S

(6) Selecting the correct UPC and commitment items will be crucial to ensuring costs are tracked properly.

D. **Training.** Training sessions can be provided upon request regarding the IT Cost Tracking requirements.

7. **Appendices.**

A. Key definitions for tracking IT costs and activity lifecycle phases are located in Appendix A.

B. Table of Master Data including WBS numbering schema is located in Appendix B.

Reclamation Manual
Directives and Standards

Definitions

1. **Activity Lifecycle Phases.** Includes planning, development / modernization / enhancement, maintenance, operations, and decommissioning / disposition.

2. **Administrative Costs.** Any management, financial, and other expense which is incurred by or allocated to a business unit and which is for the general management and administration of the business unit as a whole. Examples of administrative costs types include the following: financial management; budget; acquisitions\financial assistance; general administrative, clerical, and office services; civil rights\equal employment opportunity; human resources; information resources [Information Management and Technology (IMT)]; property; and public affairs group.

3. **Attribute Table.** A set of custom Reclamation tables created in the financial and business management system (FBMS) that include certain required project attributes to meet legislative, contractual, regulatory, and customer requirements.

4. **Business Warehouse**. The FBMS repository for report generation and creation.

5. **Commitment Item.** Represent budget object classes (BOCs) and revenue source codes (RSCs) within FBMS. These are generally tied to a general ledger (GL) account and define how each transaction is to be updated in funds management.

6. **Contract Services.** IMT cost element, BOC, or commitment items related to purchasing services from outside the government through agency procurement processes.

7. **Development / Modernization / Enhancement (DME).** An IMT activity lifecycle phase that refers to projects and activities leading to new IMT assets/systems, as well as projects and activities that change or modify existing IMT assets. These changes or modification substantively improve capability or performance, implement legislative or regulatory requirements, or meet an agency leadership request. DME activity may occur at any time during an investment's life cycle. As part of DME, capital costs can include hardware; software development and acquisition costs; commercial off-the-shelf acquisition costs; government labor costs; and contracted labor costs for planning, development, acquisition, system integration, direct project management and overhead support.

8. **Disposition / Decommissioning.** An IMT activity lifecycle phase that refers to the termination of an IMT system or investment due to it being replaced, no longer useful, or no longer functional.

9. **Government Travel.** IMT cost element, BOC, or commitment items related to Federal personnel travel costs associated with an IMT investment.

Reclamation Manual
Directives and Standards

10. **Information Management.** The collection and management of information from one or more sources and distribution of that information to one or more audiences. This may involve persons who have a stake in, or a right to, that information. Management means the organization of and control over information activities, planning, structure, organization, controlling, processing, evaluating, and reporting in order to meet mission objectives and to enable organizations to function in the delivery of information.

11. **IMT.** The IMT includes the collective definitions articulated in definitions 10, 12, and 13.

12. **IT Resources.** Incudes all Reclamation budgetary resources, personnel, equipment, facilities, or services that are primarily used in the management, operation, acquisition, disposition, and transformation, or other activity related to the lifecycle of IMT, acquisition or interagency agreements that include IMT, and the services or equipment provided by such acquisitions or interagency agreements. IMT resources do not include grants to third parties, cooperative agreements, or Public Law 93-638 contracts, which establish or support IMT not operated by the Federal Government.

13. **IT.** IT includes, but is not limited to any services, equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by Reclamation. For purposes of the preceding sentence, equipment is used by Reclamation if the equipment is used by Reclamation directly or is used by a contractor under a contract with Reclamation which (i) requires the use of such equipment, or (ii) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. The term "information technology" includes computers, ancillary equipment, software, firmware and similar procedures, services (including provisioned services such as cloud computing and support services that support any point of the lifecycle of the equipment or service), and related resources. The term "information technology" does not include any equipment that is acquired by a contractor incidental to a contract that does not require use of the equipment. This definition is based on the definition of IT in the Clinger-Cohen Act of 1996.

14. **Investment.** An IMT portfolio line item that could include one or more IMT systems or services. An investment will include all cost elements for all components.

15. **Labor / FTE (full time equivalent).** IMT cost element, BOC, or commitment items for government labor and associated benefits.

16. **Maintenance.** An IMT activity lifecycle phase that refers to the activities necessary to keep an asset functioning as designed during the steady state phase of an investment. Maintenance activities may also include, but are not limited to, system upgrades, technology refreshes, and security patch implementations. As defined in the Federal Accounting Standards Advisory Board Statement of Federal Financial Accounting Standards Number 10, maintenance

Reclamation Manual
Directives and Standards

excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from or significantly greater than those originally intended.

17. **Master Data**. Common data elements (i.e., fund type, fund, functional area, WBS/funded program, funds center/cost center, and commitment item) that (a) enable FBMS users to share information across functional areas; and (b) are essential information needed for executing transactions in FBMS.

18. **Operations.** An IMT activity lifecycle phase that refers to the day-to-day management of an asset in which the asset is in operations production environment and produces the same product or provides a repetitive service. Operations include, but are not limited to, activities that operate data centers, help desks, operational centers, telecommunication centers, and end-user support services. OMB Source: Integrated Data Collection (IDC) Common Definitions_2014-0523.

19. **Planning.** An IMT activity lifecycle phase that refers to preparing, developing, or acquiring the information used to design the asset; assess the benefits, risks, and risk-adjusted costs of alternative solutions; and establish realistic cost, schedule, and performance goals for the selected alternative.

20. **Project.** A temporary endeavor undertaken to create a unique product, service or result. Projects have start and end dates and can be associated with development, modernization, enhancement, or maintenance efforts.

21. **Project Manager.** Person assigned by the performing organization to achieve project objectives within a program or investment.

22. **Rent / Utilities / Communications.** IMT cost element, budget object class, or commitment items of rent, utilities, and communications directly associated with an IT investment or system.

23. **Sub-Component.** A portion of the IMT investment that is distinguishable from the rest of the IT investment due to its particular nature, location, business purpose, or management. A sub-component could be a system or service.

24. **Work Breakdown Structure (WBS).** A structural element in the Controlling/Project Systems module and serves as a link to the Funds Management (FM) object "funded program" for the purpose of allowing multiple sources of funds to fund a particular project. The WBS allows the tracking of expenses and revenues to a project. FBMS configures WBS with 24 digits with options for placement of separators, which are periods. In addition, there is FBBS standardization for the first 3 digits of the WBS. The first digit is the Bureau indicator, R for Reclamation. The second digit is the FBMS project type. The 3rd digit is a dot separator. The fourth through seventh digit is for Reclamation's project/program. The eighth

Reclamation Manual
Directives and Standards

through eleventh digit is for the 4-digit cost authority number. The twelfth digit is a dot separator and the thirteenth through nineteenth digit is for Reclamation's job number.

(xxx) mm/dd/yyyy
SUPERSEDES IRM TRMR-67 (516) 04/10/2015 and minor revisions approved
Page A4

Reclamation Manual
Directives and Standards

IT COSTS	FBMS MASTER DATA	COMMENTS

IT INVESTMENT and SUB – IT INVESTMENT:	WBS:
	
	Roll-Up Investment Level (For Example, FBMS)
	  RX.48630000.1010301
	  RX.48630000.1010302
	  RX.48630000.1010303
	  RX.48630000.1010304
	
	For example, FBMS has one Sub-Investment/Component
	  RX.48630000.1010311
	  RX.48630000.1010312
	  RX.48630000.1010313
	  RX.48630000.1010314
		→ 4863 = Project
		→ 0000 = Cost Authority
		
		→ Job, first 3 digits =101 - Reserved to identify plant/construction related activity according to Fin 07-24 Appendix A and Fin 4-20
		
		→ IT Investment/Sub Investment and Phase use last 4 digits of job
		
		→ 4th and 5th position of the job is the IT Portfolio / Exhibit 53 investment. In this example, (03) represents the Investment (e.g., FBMS)
		
		→ 6th position of the job will represent the investment roll up (will always be the number "0") or the Sub Investment/Component (For this example, 1 represents the Sub-Investment of FBMS).
		
		→ 7th position of the job is the IT Activity Lifecycle Phase
		1 = Planning (AIP),
		2 = Development (AID) ,
		3 = Operations (AIO),
		4 = Maintenance (AIM),
		5 = Decommissioning (AIX)

IT COMPONENT: **System or Service**	UPC : Example - 5340000	The UPC can be used to identify a system versus service through a field in a BW report.
IT ACTIVITY LIFECYCLE PHASE : **Planning (AIP)** **Development (AID)** **Operations (AIO)** **Maintenance (AIM)** **Decommissioning (AIX)**	ATTRIBUTE TABLE	When the WBS is established, the IT Activity Lifecycle Phase within an IT Investment is identified and selected on the Attribute Table.
IT COST ELEMENT:	COMMITMENT ITEM: Example - 111A	Commitment Item can be used to identify IT Cost Elements through a field in a BW report. Note: IT Cost Element will be tracked per IT Activity Lifecycle Phase