

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

- Subject:** Administrative Cost Tracking: Information Technology (IT) Cost Tracking in the Financial and Business Management System (FBMS)
- Purpose:** This Directive and Standard (D&S) serves to provide requirements for the IT cost tracking project 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 is that it will improve 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:** 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*, Sections 831-837 (Pub. L. 113-291); E-Government Act of 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*; Department Secretary Order (SO) [3309](#), *Information Technology Management Functions and Establishment of Funding Authorities*; 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:** IT Risk and Portfolio Management Division, 84-21200

1. Introduction.

- A. Reclamation manages a wide array of IT investments that support mission- and business-related goals, programs, operations, and regulatory requirements. These investments are made up of various systems, sub-components, and technology 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

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

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. The IT cost tracking project 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 project 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 new requirements.

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

- 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.

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

- 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;

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

- (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 the IT cost tracking project:

- 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;

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

- 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
 - 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

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

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.

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 against Reclamation's standard processes of costing.

- (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.

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

- (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.
- (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.

- (1) Training sessions can be provided upon request regarding the IT Cost Tracking requirements.
- (2) As the IT cost tracking project will be approached in a phased manner (i.e., fulfilling requirements on an incremental basis depending on current office capabilities), additional training sessions will be provided as progress is made and lessons learned are incorporated.

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 04/10/2017)

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 TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____