TO: Hailey Blankenship, Director, Board for Volunteer Firefighters & Reserve Officers  
Stephen Sinclair, Secretary, Department of Corrections  
Heather Moss, Director, Department of Early Learning  
Chris Liu, Director, Department of Enterprise Services  
Joel Sacks, Director, Department of Labor and Industries  
LouOma Durand, Director, Department of Services for the Blind  
Bill Moss, Acting Director, Department of Social and Health Services  
Roger Millar, Secretary, Department of Transportation  
Dale Peinecke, Commissioner, Employment Security Department  
Rick Garza, Director, Liquor and Cannabis Board  
Patricia Lashway, Deputy Director, Office of Financial Management  
Honorable Kim Wyman, Office of the Secretary of State  
Jan Yoshiwara, Executive Director, State Board for Community & Technical Colleges  
Honorable Chris Reykdal, Office of the Superintendent for Public Instruction  
Louis McDermott, Acting Director, Health Care Authority  
John Batiste, Chief, Washington State Patrol

FROM: David Schumacher, Director  
Office of Financial Management

Michael Cockrill, State Chief Information Officer  
Consolidated Technology Services (WaTech)

SUBJECT: 2017-19 INFORMATION TECHNOLOGY INVESTMENT POOL PROCESS

The enacted 2017-19 operating and transportation budgets included the establishment of an Information Technology Investment Pool, commonly called the IT Pool. The IT Pool, defined in Section 724 of the operating budget and Section 701 of the transportation budget, establishes additional technical and financial oversight requirements beyond those traditionally required for IT projects. Your agencies have projects subject to the terms and conditions of the IT Pool.

The new IT Pool process was designed with the following goals in mind:

- Incorporating more meaningful fiscal and technological oversight;
- Mitigating project risk and help improve project success; and
- Meeting legislative requirements in the operating and transportation budgets.

Funding for IT Pool projects must be placed in unallotted status until the project is approved. As required by the IT Pool statutes, agencies must apply to the Office of the Chief Information Officer (OCIO) and Office of Financial Management (OFM) for funding. The OCIO will certify each project in stages (including, at a minimum, planning, procurement, and implementation/integration). OFM will authorize your agency to allot funds for only the approved stage.

To get started, your assigned OCIO oversight consultant will contact your project lead to set up a kick-off meeting to learn about the project, discuss the proposed project stages and associated deliverables, and help the agency navigate the IT Pool process. This meeting will include the OCIO oversight consultant, OFM budget analyst, and your agency’s project lead, CFO/budget manager, and other agency staff as necessary.
Agencies must apply to the OCIO and OFM for project approval before expending any funds on IT Pool projects. A completed application packet requires the following:

1. Application
2. Technology implementation plan/ investment plan approved by the OCIO (this can be waived for the first stage of the project if the agency needs funding to complete the investment plan)
3. Technology budget approved by OFM
4. Project certification from the OCIO

The next steps for completing the application process will be covered in the kick-off meeting. Agencies should work with the OCIO regarding the technology implementation plan/investment plan, using the investment plan template provided by the OCIO. Agencies should work with their assigned OFM budget analyst to create a technology budget that includes the project stages, costs, milestones/deliverables, and schedule. The format for this technology budget can vary; you may use any format that works for you as long as it meets the requirement of the IT Pool statute and approval of your OFM budget analyst.

To make the most of the kick-off meeting, please bring a proposal for how your project should be broken into stages and what milestones or deliverables should be accomplished within each stage.

When your agency is ready to request funding for the first stage, you will submit your application to ocioconsultants@ocio.wa.gov. The OCIO oversight consultant will contact the agency if additional information is needed. The OCIO will work to process applications and certify projects within 30 days of receiving all necessary information from the agency. Once the OCIO certifies the next project stage, OFM will approve the project and allow the agency to allot funds within 14 days. If your project is already in progress, please be sure to work through the process quickly to get authorization to continue spending on the current stage of your project.

Attached are the following documents to help guide you through the process:

- IT investment pool language from Section 724 of the operating budget or 701 of the transportation budget, which are the guiding statutes for the IT Pool process and approval requirements.
- A list of technology projects/investments included in the IT Pool. This list includes the assigned OCIO oversight consultant for each project and the assigned OFM budget analyst.
- Summary flow chart showing the IT Pool process.

If you have questions about this process, please contact the OCIO oversight consultant, your OFM budget analyst, or Regan Hesse at OFM.

Attachments

cc: Bryon Moore, Staff Coordinator, Senate Ways and Means Committee
    Charlie Gavigan, Staff Coordinator, House Appropriations Committee
    James Mackison, Fiscal Analyst, House Appropriations Committee
    Daniel Masterson, Fiscal Analyst, Senate Ways and Means Committee
    Rob St. John, Director, Office of the State CIO
    Selected Agency Deputy Directors
    Selected Agency Chief Financial Officers
    Selected Agency Chief Information Officers
    OFM Budget Analysts
    OCIO Consultants
NEW SECTION. Sec. 701. INFORMATION TECHNOLOGY PROJECTS

(1) All appropriations for designated information technology projects in this act must be placed in unallotted status and must not be expended before the office of the chief information officer certifies that the project complies with state information technology and security policy and strategies. At a minimum, the office of the chief information officer must certify, if the chief information officer deems appropriate, that the project meets critical project success factors, aligns with statewide technology strategy and architecture, reuses existing technology services and solutions, minimizes custom development, complies with security and other policy requirements, and uses modularized, component-based architectures. The office of the chief information officer must evaluate the project at the appropriate stages. The office of the chief information officer must notify the office of financial management and the legislative fiscal committees each time it certifies a project is ready to proceed with the next stage. Appropriations may then be allotted for that certified phase only.

(2) The chief information officer may suspend or terminate a project at any time if the chief information officer determines that the project is not meeting or not expected to meet anticipated performance and technology outcomes. Once suspension or termination occurs, the agency shall not make additional expenditures on the project without approval of the chief information officer. The following projects are subject to the conditions, limitations, and review provided in this section:

Department of Transportation – Labor System Replacement
Department of Transportation – New Ferry Division Dispatch System
Department of Transportation - Land Mobile Radio System Replacement, and
Department of Transportation - New CSC System and Operator.

(3) The office of the chief information officer, in consultation with the office of financial management, may identify additional projects to be subject to this section other than those listed in subsection (2) of this section, including projects that are not separately identified within an agency budget.
NEW SECTION. Sec. 724. FOR THE OFFICE OF FINANCIAL MANAGEMENT—INFORMATION TECHNOLOGY INVESTMENT POOL

General Fund—State Appropriation (FY 2019) . . . . . . . . $8,226,000 21

(1) The appropriation in this section is provided solely for expenditure into the information technology investment revolving account created in section 950 of this act.

(a) Amounts in the account are provided solely for the following information technology projects:

(i) Department of services for the blind - business management system;

(ii) Secretary of state - modernize elections system;

(iii) Office of the superintendent of public instruction - school financial system redesign.

(b) To facilitate the transfer of moneys from other funds and accounts that are associated with projects listed in (a)(i) through (iii) of this subsection, the state treasurer must transfer moneys from other funds and accounts to the information technology investment revolving account in accordance with schedules provided by the office of financial management.

(2) Agencies may apply to the office of financial management to receive funding from the information technology investment revolving account.

(3) Agencies must apply to the office of the state chief information officer for approval before proceeding with each stage of a project subject to this section. At each stage, the office of the state chief information officer must certify that the project complies with state information technology and security policy and strategies. Allocations and allotments may be made only during discrete stages of projects, which at a minimum must include a planning stage, procurement stage, and implementation and integration stage. Prior to an allocation or allotment of funds to an agency, the office of financial management, jointly with the office of the chief information officer, must deliver to the legislative fiscal committees the following information for each project receiving an allocation:

(a) A technology budget using a method similar to the state capital budget, identifying project costs, funding sources, and anticipated deliverables through each stage of the investment and across fiscal periods and biennia from project initiation to implementation. If the project affects more than one agency, a technology budget must be prepared for each agency;

(b) The technology implementation plan that includes:

(i) An organizational chart of the project management team that identifies team members and their roles and responsibilities;

(ii) The office of the chief information officer staff assigned to the project;

(iii) An implementation schedule covering activities, critical milestones, and deliverables at each stage of the project for the life of the project at each agency affected by the project; and

(iv) Performance measures used to determine that the project is on time, within budget, and meeting expectations for quality of work product.

(c) A letter from the office of the chief information officer certifying that:
(i) The project is consistent with the state's enterprise architecture and other policies developed by the office of the chief information officer;
(ii) The agency has the organizational capacity, preparedness, and leadership to implement the project successfully;
(iii) The agency has adequately assessed and minimized the risks inherent with the project;
(iv) The project has the management, staffing, and oversight resources needed for the cost, complexity, and risks associated with the project;
(v) The project has implementation schedules and performance measures for timeliness, deliverables, quality, and budget;
(vi) The agency has an adequate risk management plan that also enables the office of the chief information officer to assess, intervene, and take necessary action when performance measures are not being met; and
(vii) For any investment that does not use commercial off-the-shelf or software as a service technology solution, the proposed project represents the best business solution and should not be delayed.

(4) For any project that exceeds two million dollars in total funds to complete, requires more than one biennium to complete, or is financed through financial contracts, bonds, or other indebtedness:
(i) Quality assurance for the project must report independently to the office of the chief information officer;
(ii) The office of the chief information officer must review, and if necessary, revise the proposed project to ensure it is flexible and adaptable to advances in technology;
(iii) The technology budget must specifically identify the uses of any financing proceeds. No more than thirty percent of the financing proceeds may be used for payroll-related costs for state employees assigned to project management, installation, testing, or training;
(iv) The agency must consult with the office of the state treasurer during the competitive procurement process to evaluate early in the process whether products and services to be solicited and the responsive bids from a solicitation may be financed; and
(v) The agency must consult with the contracting division of the department of enterprise services for a review of all contracts and agreements related to the project's information technology procurements.

(5) The office of the chief information officer may suspend or terminate a project at any time if the office of the chief information officer determines that the project is not meeting or is not expected to meet anticipated performance measures. Once suspension or termination occurs, the agency shall not make additional expenditures on the project without approval of the state chief information officer. If a project is terminated, the office of financial management must terminate the agency's allocation from the information technology investment revolving account and the agency shall return any remaining funds to the account to be reallocated to other projects by the office of financial management.

(6) Any cost to administer or implement this section for projects listed in subsection (1) of this section, must be paid from the information technology investment revolving account. For any other information technology project made subject to the conditions, limitations, and review of this section, the cost to implement this section must be paid from the funds for that project.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Project Name</th>
<th>Project Type</th>
<th>OCIO Oversight</th>
<th>Consultant</th>
<th>OFM Budget Analyst</th>
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<td>Board for Volunteer Firefighters &amp; Reserve Officers</td>
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<td>In-Flight</td>
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</table>
2017-19 IT Pool Process

Agency/OCIO/OFM kick-off meeting to discuss:
• What is the project?
• What are the stages?
• Is an investment plan approved?
• Does the project have a technology budget?
• What are the agency’s immediate funding needs?

Agency applies to OCIO for certification of next stage by emailing the following documents to oocioconsultants@ocio.wa.gov:
• Application
• Technology implementation plan/investment plan (waived for first stage if the project is new, or new to OCIO oversight, so project can do “planning”)

- Agency works with OFM budget analyst to develop a technology budget that includes:
  • Stages
  • Costs
  • Milestones/deliverables
  • Schedule
- Format can vary; OFM can provide sample templates.
- Agency posts technology budget on OCIO dashboard.

OCIO reviews agency’s application:
• Initial stage has no prerequisites
• Any other stages must have OCIO-approved investment plan and comply with Section 701 or Section 724(3)(c)

OCIO sends certification letter to OFM and posts application, investment plan, and certification letter on OCIO dashboard.

OFM reviews documents on OCIO dashboard:
• Agency application
• OCIO certification
• Investment plan (if not waived during planning)
• Technology budget

OFM approves next project stage on behalf of OCIO and OFM; sends dual purpose letter:
• Notifying agency, Legislature, and OCIO of project approval
• Allocates funding or authorizes allotment

Agency submits allotment consistent with technology budget

OFM approves allotment

Agency commences approved project stage

Agency completes milestones/deliverables; ready for next stage

Agency consults with DES for review of all contracts (required for projects >$2 million only)

Agency consults with OST during procurement to determine if products/services can be financed (required for projects >$2 million only)

Updated 7.27.17