
Major Project Governance Policy

Effective:

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DAS Policy No:Information Technology
IT-16**OBM Policy Title:**Major Project Governance Policy

1.0 Purpose

The Department of Administrative Services (DAS) and the Office of Budget and Management (OBM) are focused on and committed to continuous improvement of the enterprise and agency-level technology initiatives. The governance and management requirements in this policy provide agency and enterprise controls to encourage that major technology projects are pre-identified, delivered on time, within budget expectations, and that resulting deliverables are high-quality and in alignment with the agreed-upon scope of the project.

2.0 Definitions

Mission Critical Application and/or Business Process: A mission critical application and/or business process is an application, system, or business process involved in the core business functions of the state enterprise or agency. If it is not operable on an ongoing basis then it will expose the state to tremendous risk and liability by not having the ability to provide key business functions to its employees, citizens, and customers.

Business Requirements: Business requirements are a condition or capability that need to be present in a product, service, or result to satisfy a contract or other formally imposed specification.

Agency Project Work Product or Contractual Deliverable: An agency project work product or contractual deliverable (shown in Figure 1) is a unique and verifiable result or capability to perform a service that is required to complete a process, phase, or project. It is produced by a project team, team member, contractor, or consultant in accordance with the terms of their requirements or contract.

Major Project: Any agency project work product or contractual deliverable that meets one or more of the following value or risk criteria:

1. Value:

- a. The total project value is expected to exceed \$5 million;
- b. A current project that although initially estimated to value \$5 million or less, as work progressing is on track to exceed \$5 million; or
- c. A project regardless of value that is capitalized via a debt financing mechanism (bonds, certificates of participation (COPS), etc.)

2. Risk:

- a. The total project value is expected to exceed \$2.5 million and is determined to be “high-risk” or “high-impact”.
 - i. “High-Risk” means that the project develops, adds functionality or reengineers a mission critical application and/or business process.
 - ii. “High-Impact” means the project has an enterprise or statewide impact; involves more than one state agency, board, or commission; or is initiated by an agency and will involve other non-state governmental entities/organizations.
- b. The Directors of DAS and OBM may also designate a project as “high-risk” or “high-impact” based on other criteria at their discretion.

Prime Contractor: The party who is responsible for the successful delivery of a project, under contract with the paying agency. The obligation of the prime contractor is to complete a project on time and within budget and can hire multiple subcontractors to do the same.

3.0 Policy

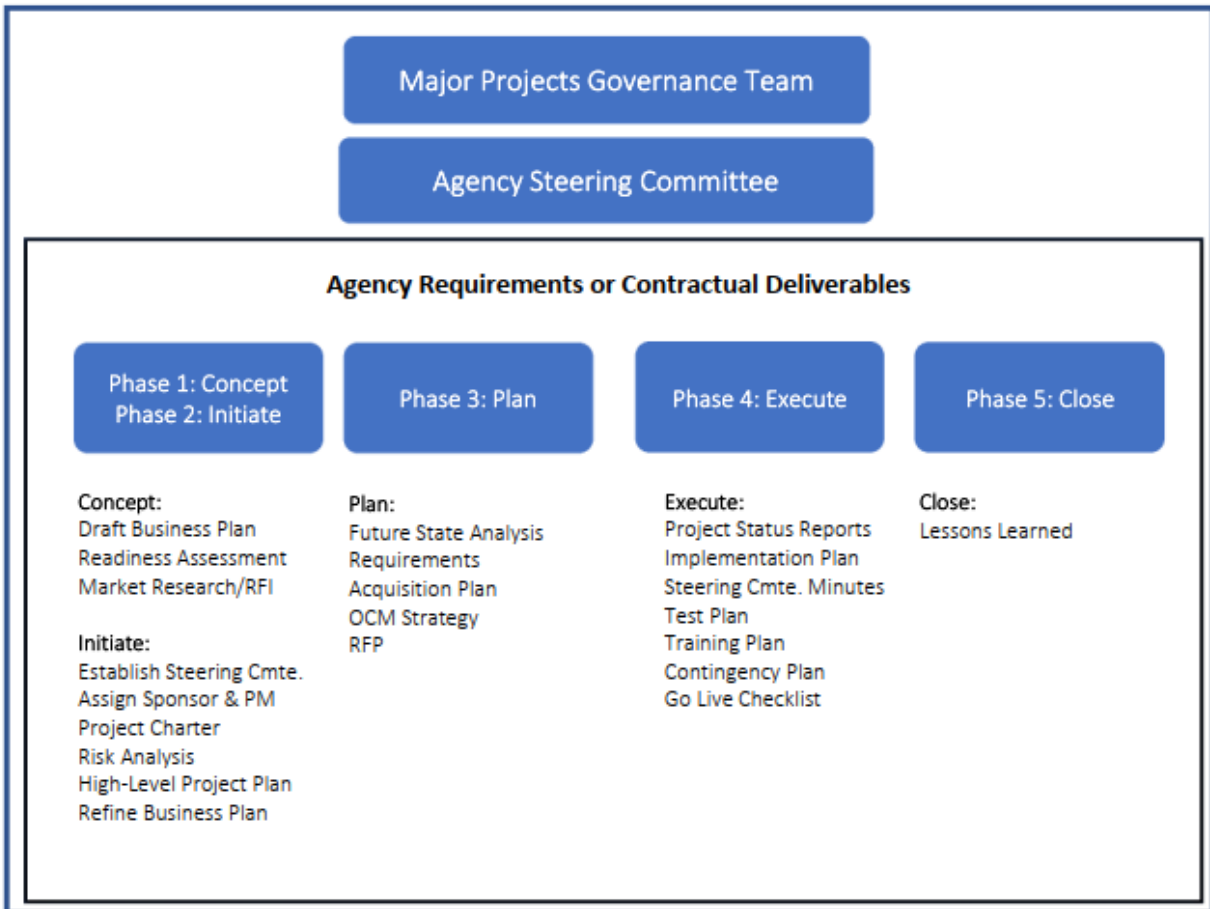
3.1 State agencies, boards, and commissions (hereinafter “agency” or “agencies”) are required to implement the major technology project governance and project management requirements outlined in this policy. This policy applies to all projects (both current and future) that meet the “major project” definition. Agencies are also strongly encouraged to follow this policy for projects that are not designated as “major projects.”

3.1.1 For any project previously attempted, the selected Executive Sponsor and Project Manager are required to consult with members of the Major Project Governance Team prior to moving forward with or planning a project redo.

3.1.2 For any major project an agency plans to terminate or cancel, formal and proactive notice is required to both OBM and DAS legal departments in advance of any discussions of potential litigation or negotiations regarding a settlement with the contractor.

3.2 **Enterprise and Agency Requirements for Major Project Governance:** There are two required governance bodies for every major project (Figure 1).

Figure 1: Major Project Governance Requirements



3.2.1 **Major Project Governance Team:** DAS and OBM will establish a Major Project Governance Team. The governance team will consist of representatives of the Governor’s Office and members selected by the DAS Director or designee, and the OBM Director or designee. The governance team is tasked with:

3.2.1.1 Monitoring the actions of major projects to help ensure they meet

progress goals, quality, timeliness, budgetary or functional requirements, and expected post-implementation performance.

- 3.2.1.2 Assisting in the removal, mitigation, or avoidance of barriers to project success and support collaboration and transparency.
- 3.2.1.3 Identifying issues and making recommendations for major project progression or remediation.
- 3.2.1.4 Recommending or requiring remediation measures for projects that record three consecutive months of “red” status (see section 5 of this policy), may include referring to the OBM Internal Audit Section to evaluate and perform a consulting/risk management review to assist the agency with project remediation.

3.2.2 **Agency Project Steering Committee**: Agencies are required to establish a project steering committee for all major projects. The committee should include appropriate executives and representatives from finance, information technology, legal, and affected business areas, as appropriate. Projects that significantly impact more than one agency should also include all agencies with technical performance responsibilities and representatives from the Major Project Governance Team in the committee.

3.2.2.1 Project Steering Committees should be created prior to the completion of the initiate phase of any major project and throughout the project are tasked with:

- Conducting governance activities, which may include authorizing funding, contracting, expenditures or changes to scope, budget or timeline.
- Ensuring appropriate project management practices (e.g., project tracking, reporting, risk monitoring and resolution, contract change control, and decision-making) are implemented.
- Verifying the project is delivering the goals, outcomes, and/or benefits identified in the business case.
- Meeting at least monthly to discuss project progress and address any risks and/or issues.
- Providing status reports to the Major Project Governance Team, including the Director of DAS and Director of OBM and the State Chief Information Officer (CIO), on a monthly basis, or more frequently if requested.

4.0 Agency Requirements

As identified in Figure 1, there are six project phases representing four significant and distinct project periods with unique requirements to follow to increase the likelihood of project success. The phases and requirements are further defined as follows.

4.1 **Concept Phase (Phase 1)**: Project identification and definition is performed prior to any significant investment. The following activities should be performed as part of this phase:

4.1.1 **Business and Technology Project Inventory and Planning**: Agencies are required to submit an inventory of business transformation and technology projects as well as quarterly updates via the state's Enterprise Planning Portfolio (EPP) tool. Projects will be reviewed by DAS and OBM for preparedness, risk, and similarity and identified for ongoing review/monitoring by the Major Project Governance Team. DAS and OBM may make project support or cross-agency collaboration recommendations to current and planned projects as part of their review.

4.1.2 **Strategic Information Technology Budgeting**: Agencies should review the current budgetary capacity for any projects identified including detailed operational and project costs to determine feasibility of a major project within the agency's current budget and any future resources needed to complete the project. This review should include any materials submitted to OBM as part of an agency operating or capital budget request.

Note: Agencies will be required to submit to OBM as part of the biennial operating and capital budget processes a rolling three-year strategic IT budget detailing operational and project costs. Agencies should also submit to the Major Project Governance Team and the OBM Budget Section the project work products for the Concept and Initiate phases of this policy.

4.1.3 **Designation of Key Project Roles**: Agencies should designate an **Executive Sponsor**, a **Project Manager**, and identify an **Organizational Change Manager** meeting the qualifications and tasked with the duties outlined below.

The **Executive Sponsor** should:

- Possess the experience and authority to represent and commit the agency and have knowledge of the business' interests and priorities represented in the project;
- Be an executive or senior leader within the agency;
- Define an escalation process to manage and resolve potential

problems with a documented path and protocol to escalate to the agency director;

- Represent the project at agency steering committee meetings and/or lead the project steering committee;
- Remain an active and visible participant in the project responsible for ownership, project success, management, and dedicating or requesting resources; and
- Drive timely decision-making, change management, and issue resolution.

The **Project Manager** should:

- Report to the Executive Sponsor and provide timely and accurate information to the sponsor and agency/project steering committee;
- Have work experience that is comparable to the scope, size, and complexity of the major project;
- Maintain all project documentation, be highly organized, an effective communicator, be detail-oriented, manage the agency project team including contracted staff, and recognize and facilitate the resolution of issues quickly;
- Possess the appropriate level of authority and access within the agency;
- Understand the project's scope, impacts, and importance to the agency and the state enterprise;
- Remain available and committed through the duration of the project;
- Understand the procedures for major project escalation and change control;
- Direct that the required agency project work products and contractual deliverables are completed in alignment with the business requirements and contractual agreement;
- Define a process for continual engagement with stakeholders and agency leadership and ensure the process is followed.

The **Organizational Change Manager** should be consulted in this phase and is required to be designated by the Initiate phase. The Organizational Change Manager should:

- Possess an understanding of and drive communications processes related to the project to agency staff and stakeholders;
- Work closely with the Project Manager to communicate project status and completion expectations.
- Prepare assessments of business and operational readiness with respect to the project goals;
- Communicate impacts of the changes required by the project to internal and external stakeholders to the Project Manager and agency

leadership as appropriate.

4.1.4 **Business Plan**: The Executive Sponsor of a project is responsible for establishing a business plan prior to project initiation. The business plan must address the following elements:

- The business need (why the project is necessary and the impact if the project is not pursued);
- General project description, including key objectives, goals, benefits, risks, and desired end state outcomes;
- Market research and an evaluation of approaches taken by other agencies, states or government organizations addressing similar business needs, including their lessons learned;
- Identification and implementation of lean process improvements for existing and new processes;
- Project goals and desired outcomes;
- Estimated project cost and total cost of ownership (this should include a production support model for after the project is complete); and
- Estimated timeline for major project milestones and completion.

4.1.5 **Agency Readiness Assessment**: Prior to project initiation, the Executive Sponsor, Project Manager, or another appropriate senior leader within the agency must conduct and document an overall organizational readiness assessment, including an assessment of business and operational readiness to pursue the project to completion; change readiness, including organizational change management and communications plan; documentation of the impacts to customers, employees and any other internal or external stakeholders, including other agencies impacted by the project; and identification and evaluation of the resources required to support, maintain and operate the resulting service or system following project implementation.

4.2 **Initiate Phase (Phase 2)**: After the Concept phase and agency leadership approval and commitment to the project, in the Initiate phase, the agency is required to complete the following activities:

4.2.1 **Refine the Business Plan**: Update resource estimates, project expenditure, and cash flow estimates; update project timeline and milestone summaries, approximate costs and resource dedication by project phase.

4.2.2 **Steering Committee**: Documenting (or update for a specific project) steering committee membership, procedures, roles, and responsibilities.

- 4.2.3 **Project Charter**: Create a formal charter outlining the authority of the Project Manager to conduct a project within scope, quality, time, cost, and resource constraints.
 - 4.2.4 **Risk Analysis (and Consideration of Dependencies, Constraints, and Assumptions)**: Document internal and external risks that are likely to affect the project and identify and define the characteristics of each risk.
 - 4.2.5 **Draft Project Plan**: Document the initial project plan using a standard project plan template. The plan will include a work breakdown structure and critical path. The project plan shall be maintained in an online project management tool to allow collaboration with the Major Project Governance Team.
 - 4.2.6 **Ohio Administrative Knowledge System (OAKS) Chart Field**: For each Major Project, the agencies must set up a project chart field value in OAKS for recording expenditures. Additionally, the agency should consider setting up a project specific track and control budget in commitment control to enforce budgetary controls over project-related spending.
- 4.3 **Plan Phase (Phase 3)**: This phase includes project planning and steps to perform prior to deciding on the type of procurement, if applicable. During the plan phase, the agency should update resource estimates, update/finalize the project plan, schedule and designate work breakdown structure, and complete the following:
- 4.3.1 **Current and Future Analyses, Business Process Reengineering**: Perform a business process reengineering evaluation documenting the current processes and business needs, and identifying any waste, redundancy, and inefficiency that may exist. Additionally, the agency is required to map the desired future state and identify gaps as part of the planning process. The business process reengineering analysis must document the integration/handoffs with other agencies or systems.
 - 4.3.2 **Defined Outcomes and Detailed Requirements**: Prior to moving forward with a procurement (whether developed in-house or with DAS) or the award of a contract, the agency must define the associated business, technology, policy, and human capital requirements to achieve the desired future state.

Business requirements grow out of the project vision, which in turn, is driven by the agency mission, or business goals and objectives. Whenever possible, agencies should consider using defined outcomes as an approach to address business requirements (start with the end in mind) and tie these desired outcomes to performance contracting and competitive procurement.

Requirements development should address the following elements, as applicable:

- **Think broadly:** Assign staff to develop requirements who have a broad knowledge of the agency and the agency processes (whether for a system, service, or the enterprise), who think innovatively, and who are able to identify cost-effective solutions (e.g., process changes).
- **Interfaces:** Understand existing or future relationships and interfaces with other systems.
- **Expect beneficial outcomes:** Map requirements to the expected business benefits and factor expected benefits into solution design.
- **Encourage efficient change:** Ensure that legacy system requirements do not drive the requirements definition process.

4.3.3 **Organizational Change Management (OCM) Strategy:** In this phase, the agency should also identify an OCM strategy and designate OCM staff for the project. OCM focuses on preparing people for change, working in sync with project management to prepare for change. These disciplines work together to ensure that the state, impacted citizens, and taxpayers achieve the desired outcomes and benefits of the change. Agencies should review the resources available at <https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/major-project-governance/resources/organizational-change-management> for assistance with the development of an OCM strategy.

4.3.4 **Acquisition Plan:** Agencies must also complete the acquisition plan/sourcing strategy and document, including estimated cost, schedule, technical, business, management, and other considerations, and submit the plan to its steering committee for review and approval.

- As part of the Acquisition Plan, agencies are required to receive approval from the Directors of OBM and DAS before acting as a prime contractor on a project valued at \$ 25 million or more.

4.4 **Execute Phase (Phase 4):** This phase covers the design, build, and implementation parts of the project, and is generally the phase with the largest effort, cost, and longest timeline. All previous phases focused on in-depth planning and analysis, the execute phase focuses on the development of a product that will lead to project success.

Agencies are required to complete and document the following activities during this phase:

- 4.4.1 **Status Reporting:** Agencies are required to create and maintain a monthly status report for the project including the following elements:
- A project description;
 - The overall project status (e.g., green, yellow, red);
 - Any schedule variance;
 - Any budget variance;
 - The status of completion of project milestones;
 - The progress since the last report;
 - Elevated issues, risks, and anticipated steps for remediation; and
 - A description of all proposed or approved change orders (including no cost change orders that alter scope or timeline, and cost-related change orders, which impact the project budget).

Note: Change orders should be used to manage changes to cost, scope, and/ schedule. All Change orders are required to be committed to writing.

All status reports must also be submitted to the Major Project Governance representative.

- 4.4.2 **Implementation Plan:** Agencies are required to complete an implementation plan defining how the system under development will be implemented in the target environment. As a component of the implementation plan, the business unit should also update its policies, procedures, and any other documentation for internal and external use.
- 4.4.3 **Testing Plan:** Agencies are also required to complete rigorous testing using appropriate technical resources and members of the agency business staff, other internal and external stakeholders, and impacted citizens that are most familiar with the work to be accomplished within the new or updated system.
- 4.4.4 **Go-live Checklist and “Go-Live”:** Agencies are required to identify the key activities and milestones that must be complete in advance of “go-live”. Additionally, the agency should complete a “transition to operations” review. Both the checklist and transition to operations measure progress through the Execute phase, which is contingent on Executive Sponsor and business owner approval.

A “Go/No Go” meeting should be convened with the project steering committee to ensure agency readiness and final business acceptance prior to “go-live”. If the agency approves a “go” decision, the Major Project Governance Team must be notified of the decision in the agency’s routine status reporting in advance of go-live with sufficient time to allow a full

demonstration to the Major Project Governance Team prior to the scheduled “go-live”.

4.5 **Monitor and Control Phase (Phase 5) and Close Phase (Phase 6)**: These final phases of the project occur after the successful implementation of the project, requiring agencies to plan and provide for ongoing system support, maintenance, and operations. Once the business solution reaches steady state (full adoption), the agency must include the run costs as part of its standard operating budget and complete the following activities:

4.5.1 **Implementation Evaluation**: The agency Executive Sponsor and Project Manager must monitor the development of the project in attaining project goals and outcomes through its steering committee.

4.5.2 **Lessons Learned Report**: The agency Project Manager must draft a “Lessons Learned” report, in coordination with internal and external stakeholders, agency business staff, the Executive Sponsor, and the Major Project Oversight Governance Team. The initial draft of the Lessons Learned report must be submitted to the Major Project Oversight Governance Team within 90 days of project go-live and may be updated as implementation continues.

5.0 Major Project Governance Team Monitoring

Throughout the project, information maintained by the agency in their project management tool is required to be submitted to and will be reviewed by members of the Major Project Governance Team to monitor the project. This monitoring will evaluate the current health of the project and likelihood (confidence) of achieving project objectives and outcomes, as amended, being delivered. Projects will be evaluated monthly on the criteria defined above in section 4.0 and be given a score and corresponding color status, as defined below, to reflect its current health. Scores will be shared with the Executive Sponsor, Project Manager, and agency CIO or technology manager.

Green: Successful delivery of the project to time, cost, and quality appears highly likely. There are no major outstanding issues that appear to significantly threaten project delivery and value.

Yellow: Successful delivery appears feasible, but issues exist that require management attention. These issues appear resolvable and if addressed promptly, should not present a project overrun or significant under performance.

Red: Successful delivery of the project is in doubt. Major risks or issues are apparent in several key areas. Urgent action is needed to ensure these are addressed and/or to determine if resolution is feasible.

Note: Formal, written status reports that are comprehensive, accurate, up-to-date, and provided in a timely manner are a prerequisite for scoring. Failure to provide monthly status reports will result in the project being deemed out of compliance with the policy and Project Manager and the project Executive Sponsor will be notified by the OBM Major Project Governance Office regarding the out of compliance status. Failure to provide status reports for three consecutive months will result in the project being scored as “red.” The Major Project Governance Team may, from time to time, make recommendations for improvements to the form and substance of a project status report.

6.0 Authority

R.C. 125.18, R.C. 126.08

7.0 Revision History

| Date | Description of Change |
|------------|---|
| 06/01/2018 | Original policy |
| 1/2/2020 | Policy update |
| 05/03/2022 | Modified to align with the DAS director change. Changed Value Management Office references to Major Project Governance. Revised the DAS Office of Information Technology Enterprise Project Management Office resource information. Updated the compliance language to reflect the length of time the policy has been in place. Revised the policy links and contact information. |
| 7/15/2022 | Simplified wording and structure of the policy. Added language that requires agencies to request approval from OBM and DAS before acting as the prime contractor on projects estimated to exceed \$25M. Updated definitions to include prime contractor. |
| 07/15/2024 | Scheduled policy review |

8.0 Inquiries

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| State IT Policy Manager Office of Information Technology Ohio Department of Administrative Services 30 East Broad Street, 39th Floor Columbus, Ohio 43215 614-466-6930 DAS.State.ITPolicy.Manager@das.ohio.gov | Major Project Governance Ohio Office of Budget and Management 30 East Broad Street, 35th Floor Columbus, Ohio 43215 mpg@ohio.gov |
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Appendix A – Resources

| Links |
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| <p><i>Major Project Governance</i></p> <p>https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/major-project-governance</p> |
| <p><i>Enterprise Project Management Office (EPMO)</i></p> <p>The DAS Office of Information Technology EPMO offers the following options to assist with project management and aligning with the requirements of this policy:</p> <ul style="list-style-type: none">• EPMO Practice & Program and Project Management (PPM) Solution Service - The PPM Practice provides users with a standard set of processes that are supported by a cloud-based project management solution, Adobe Workfront. For more information or to request the service, log into the IT Enterprise Services Portal, choose “Services & Products,” select the “Enterprise Project Management Office” category, and then “EPMO Practice & PPM Solution Service.”• Project Management Service – The EPMO offers project management services for agencies, boards and commissions. Projects are managed according to the Program and Project Management Practice (PPMP). For more information or to request the Project Management Service, log into the IT Enterprise Services Portal, choose “Services & Products,” select the “Enterprise Project Management Office” category, and then select “DAS Project Management Services from EPMO.” For assistance with completing the service request, review the EPMO Project Request Instructions. |