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## Major Project Governance Policy

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Issued By:



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DAS Policy No:

Information Technology

**IT-16**

OBM Policy Title:

Major Project Governance Policy

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### 1.0 Purpose

The Department of Administrative Services and the Office of Budget and Management are focused on and committed to improving the overall success rate for enterprise and agency-level technology initiatives by providing standards for major project governance and project management. The requirements outlined in this policy will ensure that major projects are pre-identified, delivered on time, within budget, and that deliverables are of high quality and in alignment with the agreed upon scope of the project. Furthermore, this policy is designed to establish consistent project management controls that will meet basic project management requirements while providing agencies with the flexibility to adapt to agency mission and processes.

### 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 that allows the state to perform its core business functions. 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 is required to be present in a product, service, or result to satisfy a contract or other formally imposed specification.

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Agency Project Work Product or Contractual Deliverable: An agency project work product (shown in Figure 1) or deliverable is a unique and verifiable product, result, or capability to perform a service that is required to be produced 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.

### 3.0 Policy

Ohio agencies shall implement the major technology project governance and project management requirements that are outlined within this policy. This policy applies to both current and future projects that meet the “major project” definition outlined below. Projects that were started prior to the implementation of this policy but meet the major project definition will transition to adhering to the requirements defined in section 4 of this policy based on the current phase of the project. Agencies are strongly encouraged to also follow this policy for projects that are not designated as “major projects.” Any project with cost capitalized via a debt financing mechanism (bonds, certificates of participation) must comply with this policy immediately.

3.1 **Major Projects:** For the purposes of this policy, any project that meets one or more of the criteria listed below shall be considered a major project.

3.1.1 The total project value is expected to exceed \$5 million dollars (or is tracking to become a project that is over five million dollars), and/or is capitalized as described above;

3.1.2 The total project value is expected to exceed \$2.5 million dollars and is determined to be high risk or high impact;

3.1.2.1 High impact - the project has an enterprise or statewide impact; involves more than one state agency, board, or commission; or is initiated by a state agency and will involve other non-state governmental entities/organizations;

3.1.2.2 High risk - the project develops, adds functionality, or re-engineers a mission critical business process and/or application; or

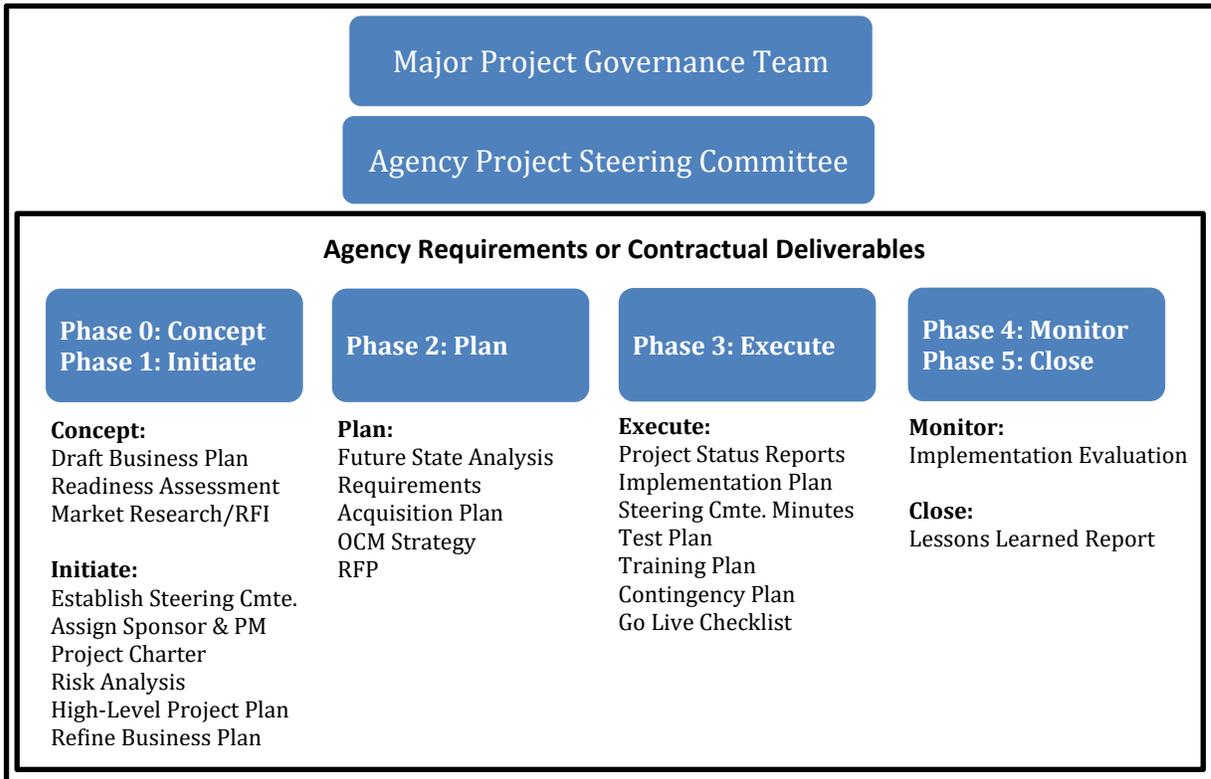
3.1.3 The project is otherwise designated as a major project or a high risk or high impact project by the Director of the Ohio Department of Administrative Services (DAS) and the Director of the Ohio Office of Budget and Management (OBM).

3.1.4 For any project previously attempted, the selected sponsor and project manager will meet with members of the Major Project Governance Team for consultation prior to a project redo.

3.1.5 For any major project to be declared terminated or cancelled, formal and proactive notice will be provided 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 project (refer to Figure 1 below).

**Figure 1: Major Project Governance Requirements**



3.2.1 **Major Project Governance Team:** DAS and OBM shall establish a Major Project Governance Team for major projects under the authority of Ohio Revised Code (R.C.) 125.181 and R.C. 126.08. The governance team shall 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 shall:

3.2.1.1 Monitor the actions of major projects to help ensure they meet progress goals; meet quality, timeliness, budgetary or functional requirements; and are meeting expected post-implementation performance.

3.2.1.2 Assist in the removal of barriers to project success and support collaboration and transparency.

3.2.1.3 Identify issues and make recommendations for major project progression or remediation.

3.2.1.4 Remediation measures for projects that have recorded three consecutive months of “red” status may include a consulting/risk management review by the Office of Budget and Management (see status definitions in Section 4). The findings will be used to assist the agency with project remediation.

3.2.2 **Agency Project Steering Committee:** Agencies shall establish a project steering committee for major projects. The committee shall include appropriate executives and representatives from finance, information technology, legal, and affected business areas, as appropriate. Projects that significantly impact more than one agency shall also include all sister-agencies and representatives from the Major Project Governance Team in the committee. Project Steering Committees shall be created prior to the completion of the initiate phase of any major project and throughout the project shall:

- Conduct governance activities, which may include authorizing funding, contracting, expenditures or changes to scope, budget or timeline.
- Ensure appropriate project management practices (e.g., project tracking, reporting, risk monitoring and resolution, contract change control, and decision-making) are implemented.
- Verify the project is delivering the goals, outcomes, and/or benefits identified in the business case.
- Meet at least monthly to discuss project progress and address any risks and/or issues.
- Provide status reports to the Major Project Governance Team, including the Directors of Administrative Services and Budget and Management and the State Chief Information Officer, on a monthly basis, unless such status reports are requested by the directors on a more frequent basis.

#### 4.0 Agency Requirements

There are six identified project phases representing four significant and distinct project periods (refer to Figure 1, Major Project Governance Requirements, for additional details) that each carry unique requirements for the agency to follow to help increase the likelihood of project success. The phases and requirements are defined below.

4.1 **Concept Phase (Phase 0):** Project identification and definition is performed prior to any significant investment. The following activities are performed as part of this phase:

4.1.1 **Business and Technology Project Inventory and Planning:** To ensure timely support and improved enterprise coordination for major projects, agencies shall 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. DAS and OBM may make project support or cross-agency collaboration recommendations.

Projects will be identified through this process for ongoing review/monitoring by the Major Project Governance Team.

4.1.2 **Strategic Information Technology Budgeting:** On an annual basis, agencies will 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. Upon seeking funding, agencies should submit to the Major Project Governance Team and the OBM Budget Section the project work products for the Concept and Initiate phases.

4.1.3 **Selection of an Executive Sponsor and a Project Manager:** Selection of both an executive sponsor and a project manager is critical to the success of a major project. In addition, an Organizational Change Manager should, at a minimum, be consulted during project definition, but must be added to the project management team in the initiate phase.

4.1.3.1 The executive sponsor shall:

- Possess the appropriate experience and authority to represent and commit the agency as well as the business' interests and needs throughout the project.
- Be an executive or senior leader within the organization to provide the authority and credibility needed.
- Define an escalation process to manage and resolve potential problems. The escalation process should have a documented path and protocol up to the agency director.
- Represent his or her project at the agency steering committee and/or lead the project steering committee.
- Remain an active and visible participant in the project; responsible for ownership, project success, management, and resources; and
- Drive timely decision-making, change management, and issue resolution.

4.1.3.2 The project manager shall:

- Report to the executive sponsor and provide timely and accurate information to the sponsor and agency/project steering committee.
- Have similar work experience 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 throughout the duration of the project. and
- Understand the procedures for major project escalation and change control.
- Ensure 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 business engagement and ensure the process is followed.

4.1.4 **Business Plan Development:** The executive sponsor responsible for the major project shall establish a business plan, prior to project initiation. The business plan must address the following elements, as applicable:

- The business need (why is this project necessary and what would be the impact if the project is not pursued?).
- General project description, including key objectives, goals, benefits, risks, and desired end-state-outcomes.
- Evaluation of the approaches taken by other states or government jurisdictions, 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 (production support model after the project is complete).
- Estimated timeline.

4.1.5 **Agency Readiness Assessment:** Prior to project initiation, the agency must conduct and document an overall organizational readiness assessment, including an assessment of business and operational readiness; change readiness, including organizational change management and communications plan; documentation of the impacts to customers, employees and any other stakeholders, both internal and external, including other agencies impacted by this initiative; and identification and evaluation of the resources required to support, maintain and operate the resulting service or system following project implementation. The agency may consult with the OBM Value Management staff for assistance with the Agency Readiness Assessment.

4.1.6 **Market Research:** Prior to project initiation, the agency must research how other organizations and states have addressed the business problem (through changes in process or technology), documenting options, the duration of the transformation, and relative costs. Market research information must be included in the project's business case document. Market research may include using a

request for information, professional association contacts, or other research resources.

- 4.2 **Initiate Phase (Phase 1)**: During the very early phases of the project, the agency shall ensure the following activities are completed:
- 4.2.1 **Refine the Business Plan**: Including resource estimates, project expenditure and cash flow summaries, including approximate costs by phase.
  - 4.2.2 **Steering Committee**: Documenting (or update for a specific project) steering committee membership, procedures, and roles and responsibilities.
  - 4.2.3 **Project Charter**: Providing formal authority to the project manager to conduct a project within scope, quality, time, cost, and resource constraints as described in the document.
  - 4.2.4 **Documented Risk Analysis (and Consideration of Dependencies, Constraints and Assumptions)**: Identifying both internal and external risks that are likely to affect the project and documenting the characteristics of each risk.
  - 4.2.5 **Draft Project Plan**: Documenting the initial project plan using a standard project plan template.<sup>1</sup> The plan will include a work breakdown structure (WBS) 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 **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 2)**: This phase includes project planning and steps performed prior to the development of a procurement vehicle, if applicable. During the plan phase, the agency updates resource estimates, updates/finalizes the project plan, schedule and WBS, and ensures the following activities are completed:
- 4.3.1 **Current and Future State Analyses, Business Process Reengineering**: Agencies apply a business process reengineering (BPR) evaluation, which documents the current processes and business needs, and identifies any waste, redundancy, and inefficiency that may exist. Additionally, the agency shall map the desired future state and identify gaps as part of the planning process. The BPR process analysis must document the integration/handoffs with other agencies or systems.

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<sup>1</sup> Available in the State of Ohio WorkFront software or at <https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/value-management/resources/resources-and-templates>

- 4.3.2 **Defined Outcomes and Detailed Requirements:** Prior to the development of a competitive procurement (whether developed in-house or with DAS) or the award of a contract, the agency responsible for the major project 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. Requirements development shall address the following elements, as applicable:

4.3.2.1 Think broadly. Assign staff to the requirements development effort who have a broad knowledge of the agency in which requirements are being developed (whether for a system, service, or the enterprise), who add value, and who may be able to identify cost-effective solutions (e.g., process changes).

4.3.2.2 Understand any existing or future relationships and interfaces with other systems.

4.3.2.3 Map requirements to the expected business benefits and factor expected benefits into solution design.

4.3.2.4 Ensure that legacy system requirements do not drive the requirements definition process.

- 4.3.3 **Organizational Change Management (OCM) Strategy:** OCM focuses on preparing people for change, working in-sync with project management as they prepare systems for change. These disciplines work together to ensure that the state and impacted citizens and taxpayers achieve the desired outcomes and benefits of the change. Agencies may consult with OBM Value Management staff for assistance with the development of an OCM strategy and OCM resources are available at <https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/value-management/resources/major-project-oversight>

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

- 4.4 **Execute Phase (Phase 3):** This phase covers the design, build, and implementation phases of the project, and is generally the phase with the largest effort and cost and longest timeline. While all previous phases focused on in-depth planning and analysis to ensure that the project was thoroughly considered and prepared for a successful path, the execute phase ensures the development of a product that will lead to project success.

Change orders shall be committed to writing, require proper sign-off by agency staff with appropriate signature authority, and are used to manage changes to cost, scope, and/or schedule. Agencies shall complete and document the following activities during this phase:

- 4.4.1 **Status Reporting:** Agencies create and maintain a monthly status report. Elements of the status report shall include a project description; overall project status (e.g., green, yellow, red); schedule variance; budget variance; milestone status; progress since the last report; elevated issues, risks, and anticipated steps for remediation; and change orders (including no cost change orders that alter scope or timeline, and cost-related change orders, which impact the project budget). Status reports must be submitted to the Major Project Governance Team at [mpg@ohio.gov](mailto:mpg@ohio.gov) at least monthly unless otherwise requested.
  - 4.4.2 **Implementation Plan:** Agencies 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 updates its policies and procedures and other documentation for internal and external use.
  - 4.4.3 **Testing Plan:** Agencies complete rigorous testing using appropriate technical resources and members of the agency business staff and/or other internal and external stakeholders and impacted citizens, as they are most familiar with the work to be accomplished within the new system.
  - 4.4.4 **Go-live Checklist:** Agencies identify the key activities and milestones that must be complete in advance of go-live. Additionally, the agency completes a transition to operations review. Progress through the Execute phase is contingent on sponsor and business owner approval. A “Go/No Go” meeting is convened with the project steering committee to ensure agency readiness and final business acceptance. If the agency approves a “go” decision, the Major Project Governance Team must be notified to the decision in the agency’s routine status reporting in advance of go-live. The Major Project Governance Team may request a full demonstration of the system in advance of go-live.
- 4.5 **Monitor and Control Phase (Phase 4) and Close Phase (Phases 5):** These phases of the project occur after the successful implementation of the project and include the 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.
- 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 will be reviewed by members of the Major Project Governance Team to ensure the current health of the project and likelihood (confidence) of project objectives and outcomes, as amended, being delivered. Projects will be evaluated monthly on the criteria defined above in section 4 and be given a score and corresponding color status, as defined below, to reflect its current health. Scores will be shared with the Project 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, at this stage, appear to significantly threaten project delivery and value.

**Yellow:** Successful delivery appears feasible, but issues exist and require management attention. These appear resolvable at this stage 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 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 the project manager and project executive sponsor will be notified by the OBM Value Management 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
06/01/2021	Scheduled policy review

**8.0 Inquiries**

State IT Policy Manager Enterprise IT Architecture & Policy Office of Information Technology Ohio Department of Administrative Services 30 East Broad Street, 39th Floor Columbus, Ohio 43215  614-466-6930 <a href="mailto:DAS.State.ITPolicy.Manager@das.ohio.gov">DAS.State.ITPolicy.Manager@das.ohio.gov</a>	Value Management Office Ohio Office of Budget and Management 30 East Broad Street, 35th Floor Columbus, Ohio 43215  614-466-6674 mpg@ohio.gov
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**Appendix A – Resources**

<b>Links</b>
<a href="http://www.das.ohio.gov/Divisions/Information-Technology/Project-Management-Services">http://www.das.ohio.gov/Divisions/Information-Technology/Project-Management-Services</a>
<i>Value Management Framework</i> <a href="https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/value-management/value-management-framework/">https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/value-management/value-management-framework/</a>