
State of California
Department of Finance
Feasibility Study Report
Reporting Exemption Request
Preparation Instructions
June 2003

INTRODUCTION TO THE FEASIBILITY STUDY REPORT

REPORTING EXEMPTION REQUEST

Overview

These Feasibility Study Report Reporting Exemption Request (FSR-RER) instructions have been prepared to assist state agencies in meeting the Department of Finance (Finance) requirements for reporting of the results of feasibility studies for information technology project proposals for which the agency is requesting an exemption from reporting to Finance. The requirements for FSR-RERs, including the circumstances in which FSRs must be approved by the Finance, are described in policy statements contained in State Administrative Manual (SAM) Sections 4819.37 and 4819.38.

In order for Finance to evaluate the business and fiscal factors associated with the proposed IT project, departments must provide sufficient information in the FSR-RER and any necessary supporting documentation. The documentation provided must enable Finance to understand and concur with the relative need for, cost of, and benefits to be derived from the proposed IT investment. Specifically, the information must establish that the organization has a solid **business case** for, and will receive meaningful **business value** from the proposed IT expenditure.

In an environment of competing needs, an acceptable business case is a compelling justification for the expenditure of public resources on IT to address a department's business needs. The business case is centered on (1) business problems that substantially and adversely impact operations and/or the delivery of services, (2) business opportunities that may substantially improve operations and/or the delivery of services, (3) revenue generation, or (4) a legislative mandate.

Acceptable business value is substantial and sustainable increases in *operational efficiency* (ability to produce desired effect with minimum expenditure of time, effort, personnel, or money as manifested in cost savings and/or cost avoidances) and/or *service effectiveness* (type, quantity, or quality of services delivered in response to, and aligned with, statutory and policy requirements).

Information Technology Reporting Requirements

Finance may consider delegated approval authority for expenditures associated with IT proposals that meet one or more of the **Criteria for Reporting** as outlined in SAM Section 4819.37.

Each request will be evaluated on a case-by-case basis.

Exempting a department from reporting to Finance does not eliminate the requirement for preparing an FSR. The department director and budget officer must approve the FSR in lieu of Finance approvals. The department is responsible for maintaining documentation supporting the departmental decisions relative to the proposal. Documentation in support of internally approved proposals should be commensurate with the nature, scope, complexity, risk, and expected cost of the proposal. The documentation requirements are contained in SIMM.

Each request for reporting exemption must be documented using the FSR Reporting Exemption Request as defined in these instructions. Each department must transmit its FSR Reporting Exemption Request to Finance.

Finance will review each request placing emphasis on the following elements of the proposal:

- 1) the current business process which is the subject of this proposal;
- 2) the problem or opportunity prompting this request;
- 3) the business objectives which will solve the problem or realize the opportunity;
- 4) the **probable** benefits including the programmatic benefits to be achieved by meeting the objectives (tangible and intangible), revenue generation, savings, and cost avoidances;
- 5) the current operations and maintenance cost of any existing system that this proposal will be replacing or modifying to support programmatic functions;
- 6) the **probable** total proposed cost for development (one-time costs) and what these costs represent (i.e., personnel, hardware, software, interagency agreements, contracts, etc.);
- 7) the estimated time required to complete the development/implementation effort in days, months, or years;
- 8) the **estimated** annual cost of operations/maintenance; and
- 9) each funding source and the amount of funds anticipated to be allocated for this activity.

If the reporting exemption is not granted, the department must submit the FSR to Finance for review and approval prior to initiating the project.

Each request for reporting exemption must be documented using the FSR Reporting Exemption Request as defined in this document. Each department must submit three copies of its FSR Reporting Exemption Request to Finance.

Information Technology Proposal Transmittal Requirements

All IT proposals for which a reporting exemption is requested **must be**:

- 1) Approved and transmitted under the signatures of the:
 - Department's Chief Information Officer (CIO),
 - Department's Budget Officer, and
 - Department's Director or designee (other than the CIO or Budget Officer),
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The "Information Technology Project Request, Feasibility Study Report, Reporting Exemption Request, Executive Approval Transmittal" will be used to satisfy the transmittal requirement.

FSR-RER PREPARATION INSTRUCTIONS

1.0 Executive Project Approval Transmittal

A formal signature page will accompany each FSR-RER submitted to Finance identifying specific information relating to the proposed IT project and containing the signatures of the approving department and agency executives. The following are the components of the Transmittal.

1. **Department Name:** Enter the name of the State department, agency, office, board, commission, or institution that prepared the FSR-RER and is responsible for the proposed project. If an FSR-RER represents a proposed project in which multiple departments will have a role, one department should be designated as owner.
2. **Project Title:** Enter the official name of the project as determined by the department.
3. **Project Acronym:** Enter the official abbreviation for the proposed project that will be used as a common reference to the project. Projects are often more commonly known by their acronym, e.g., the Statewide Automated Welfare System (SAWS).
4. **Approval Signatures:** The signatures of executives within the department are required, documenting commitment and appropriate involvement at the departmental level. The required signatures include those of the Chief Information Officer, Budget Officer, AND Department Director (or Chief Deputy Director).

2.0 FSR Reporting Exemption Request Form

1. **Submittal Date:** The date the FSR-RER is submitted to Finance.
2. **Submitting Department:** Enter the name of the state department, agency, office, board, commission, or institution that prepared the FSR-RER and is responsible for the proposed project described in the FSR-RER. If an FSR-RER represents a proposed project in which multiple departments will have a role, one department should be designated as owner.
3. **Reporting Agency:** Enter the name of the reporting agency for the department, if any.
4. **Project Title:** Enter the official name of the project as determined by the department.
5. **Check all reporting criteria that apply:**
 - a. The estimated total development and acquisition costs exceed the Finance-established departmental cost threshold.
 - b. The new system development or acquisition is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.
 - c. The project involves a budget action.
 - d. The project meets a condition previously imposed by Finance.
6. **Contact Information:** Supply the name, phone number, and e-mail address of the primary contact for the project.
7. **Business Problem:** Briefly describe the business problem or opportunity that is to be addressed by the project.

8. **Project Objective:** Provide a brief statement of the project's primary objective in terms of the programmatic problem or opportunity to be addressed.
9. **General Description of the Planned Project:** Provide a brief statement summarizing the proposed solution. This item should consist of a concise, non-technical, management-oriented description of the project.
10. **What is the date of your current Operational Recovery Plan (ORP)?** Enter the date the ORP was last approved.
11. **What is the date of your current Agency Information Management Strategy (AIMS)?** Enter the date the AIMS was last approved.
12. **For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.** Indicate whether the proposed project is identified in the department's AIMS and/or strategic business plan, and enter the corresponding page number in that document.
13. **Estimated Cost:** Summarize IT project costs for total one-time development and implementation costs and annual continuing (maintenance and operations) costs.
14. **Planned Funding Source:** Indicate the anticipated source of funding for the proposed project. If the project is to be funded from multiple sources, quantify the amount from each source. Examples include the State General Fund, interagency reimbursements, Federal funds, special funds, grant funds, and contracts. Indicate "yes" or "no" if the funding source is from redirection or augmentation.
15. **Estimated Benefits:** Indicate the dollar amount of cost savings/avoidances to be realized.
16. **Estimated Project Start Date:** Enter the most accurate projection available for the estimated start date.
17. **Estimated Project End Date:** Enter the most accurate projection available for the estimated completion date

3.0 Additional information may be provided on additional pages as needed to describe the IT proposal and justify why an exemption to reporting to Finance should be considered.