

Project Financial Life Cycle Guide

Version 1.0 • 26 Mar 2012



Developed in partnership with Texas Workforce Commission (lead agency), Department of Motor Vehicles, Health and Human Services Commission and Office of the Attorney General.

Version History

Current Framework tools are available on the Framework website.

Release Date	Description
26 Mar 2012	Version 1.0 – Project Financial Life Cycle Guide updated to include the FY 2012–2013 biennium fringe benefits percentage set by the Legislative Budget Board.
6 Mar 2012	Version 1.0 – Project Financial Life Cycle Guide updated to include the FY 2012 fringe benefits percentage and method of calculation.
18 Nov 2011	Version 1.0 – Project Financial Life Cycle Guide released.

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Introduction

Project Financial Life Cycle Guide Overview

The Project Financial Life Cycle Guide (Guide) provides direction on using and tailoring the Texas Project Delivery Framework (Framework) Project Financial Life Cycle Extension toolset. The Guide addresses integrating project financial practices with other practices (e.g., state budget appropriations, Governmental Accounting Standards Board – GASB) executed throughout a project life cycle.

Framework Extensions provide a standard set of guidance and tools that extend use of the Framework for various types of technology projects. The Project Financial Life Cycle Extension is a separate and distinct extension of the base Framework. As a resource for project managers, project planners, budget and finance staff, risk managers, and other stakeholders, this extension promotes a common understanding of various financial activities, including how agencies create complementary project financial practices. The extension does not replicate project management practices or address all possible financial practices in detail.

The Guide provides the following information:

- Overview of the Guide, project financial life cycle definition, and goals of consistent project financial management
- Disclaimer on using the extension
- Relationships among project financial activities, including state budget appropriations, project business case analysis, project budget management and agency financial reporting
- Agency project financial practices, including recommended agency methods and definitions
- Description and usage of the Project Financial Life Cycle Extension toolset, which consists of the following two worksheets within the Framework Business Case Workbook tool:
 - Cost Mapping: estimates the Information Technology Detail (ITD) costs based on the business case costs to clarify the relationship of the business case costs to the ITD costs
 - Additional Agency Information: a blank, free-form worksheet that allows agencies to include any additional information that is helpful. The Guide provides some examples of how this worksheet can provide value to the agencies.

Project Financial Life Cycle Definition

Project financial activities are required throughout a project life cycle, from determining and obtaining the project budget to tracking expenditures and monitoring variances. A project financial life cycle represents the method by which project financial activities are structured and executed. Project financial activities executed during delivery often involve overlapping or intersecting life cycle activities.

The exact project financial life cycle used for a project is dependent on agency project management and project financial practices, so this Guide provides possible project financial activity examples below for context. The examples are provided for the five Framework review

gates because review gates are common to all agencies whereas project life cycle activities vary among agencies and projects. Consider that Framework review gates present a snapshot of project activities that is based on the agency's underlying project management practices, project financial practices, software development life cycle practices, or others.

Review Gate	Examples of Possible Project Financial Activities
Business Justification	<ul style="list-style-type: none"> • Estimate project costs • Estimate project benefits • Finalize business case financial data • Submit Legislative Appropriations Request (LAR) • Submit ITD • Submit agency budget request using agency-specific budget practices
Project Planning	<ul style="list-style-type: none"> • Establish project budget • Create or tailor budget tracking mechanism • Establish time tracking/expenditure tracking • Establish invoicing processes and tracking
Solicitation & Contracting	<ul style="list-style-type: none"> • Identify estimated contract costs • Define invoice management process • Define service level agreement (SLA) relating contract performance to payment • Define quality standards relating budget to contract performance
Project Implementation	<ul style="list-style-type: none"> • Track purchase orders (i.e., encumbrances) against budget • Track expenditures against budget • Report expenditures and budget variances as required by the agency • Report expenditures and budget variances to the Quality Assurance Team if the project was selected for monitoring • Amend the agency Biennial Operating Plan (BOP) if the project is capital and has a cost increase of more than 10% of the total • Revisit business case analysis if the project has a cost increase of more than 10% of the total or if required by agency project financial practices • Report final project costs at project completion • Close out contracts and unencumber any remaining funds at project completion
Benefits Realization	<ul style="list-style-type: none"> • Compare the final project costs to the initial estimated costs at project completion • Summarize the impact of any changes to the initial cost baseline on business outcomes, including approved and non-approved changes

Project Financial Management Goals

Agencies are stewards of state, federal, or other funds allotted for projects. Stewardship involves administration, management, and control, including the responsible use of resources. The responsible use of resources means that agencies ensure the best value for the state throughout the project life cycle, including planning the required project staffing and deliverables, and procuring services or products. It is also important to ensure the business objectives of the project have been met as a result of the financial investment.

Agencies should properly administer project funds by following state and federal guidance, their agency's project financial practices, and sound fiscal management. Agencies should manage and control project finances through accurate budget tracking, variance reporting and management, and scope/change control.

Sound financial management and understanding will help achieve the following goals:

- Solid partnership and common understanding among agency management, project managers, budget/finance staff, and other stakeholders
- Improved understanding of when and how project funding and/or capital authority needs to be requested
- Comprehensive and consistent business case analysis that helps the agency weigh the merits of a project
- Consistent presentation of costs to improve project comparison and prioritization
- Comprehension of how the types of costs used in project planning may differ depending on the purpose and/or reporting authority, such as the difference between business case costs and project costs
- Accurate communication with federal, state, and other partners who help fund agency projects
- Informed and consistent financial management throughout the project

Use of the Project Financial Life Cycle Extension

Since the Project Financial Life Cycle Extension extends use of the Framework, the assumption is that users of the extension have an understanding of the Framework guidance and tools. Refer to the **Framework** for additional information and to the **Framework Glossary** for definitions of terms such as project costs and business case costs.

Some websites referenced in this Guide have links that change each biennium as guidance is updated. To ensure links in this Guide continue to work, some of the links go to a menu page instead of directly to the source; these links are followed by instructions for selection of a certain link. Links in this Guide display in bold dark red font and are not underlined.

Disclaimer

This extension describes the project financial life cycle; therefore, it addresses other external statewide requirements such as the Legislative Appropriations Request (LAR) and the Information Technology Detail (ITD). The extension clarifies relationships to external statewide requirements and identifies where agencies may need to develop complementary, consistent project financial practices. The project financial activities and practices included are not exhaustive; each agency is responsible for ensuring their practices are complete and correct. This extension only includes categories, topics and issues that are substantially common to all agencies; it does not address agency-specific categories, topics and issues. This extension is optional and provides recommendations, not requirements. It is important that agencies understand and follow the requirements and guidance as conveyed by external entities. All external requirements and guidance supersede this extension in the event of any conflict. Additionally, it is important to consult current information for external requirements, definitions and guidance from each entity, such as the Legislative Budget Board (LBB) and Department of Information Resources (DIR) websites, instead of depending solely on definitions or references in this extension.

Section 1. Relationships Among Project Financial Activities

1.1 Overview

Understanding the definitions of various budget and project planning practices and entities is necessary for understanding the relationships among them. This section presents a brief overview for context followed by detailed definitions and explanations of differences among some of the major project financial activities.

The table below outlines four major sets of project financial activities: state budget appropriations, project business case analysis, project budget management and agency financial reporting. Project budget management spans the project life cycle and includes establishing the initial project budget and all subsequent budget tracking and reporting. These activities are separate and fulfill different purposes, but are done in parallel and share some related information.

Activity	Purpose	Inputs	Review/Approval	Outputs
State Budget Appropriations	Capital authority and appropriations	<ul style="list-style-type: none"> • LAR • ITD – part of LAR 	<ul style="list-style-type: none"> • LBB • Texas Legislature 	<ul style="list-style-type: none"> • BOP • General Appropriations Act (GAA)
Project Business Case Analysis	Project cost benefits and alternatives identification, analysis and justification	<ul style="list-style-type: none"> • Business Case created with the Framework Business Case tools 	<ul style="list-style-type: none"> • Quality Assurance Team (QAT) 	<ul style="list-style-type: none"> • Approved Major Information Resources Projects
Project Budget Management	Tracking and reporting on project budget, encumbrances and expenditures	<ul style="list-style-type: none"> • Depends on agency project financial practices • BOP 	<ul style="list-style-type: none"> • Depends on agency project financial practices 	<ul style="list-style-type: none"> • Depends on agency project financial practices • Initial budget in project plan • Initial and actual budget reporting (e.g., Monitoring Report, agency-specific reports)
Agency Financial Reporting	Reporting requirements defined by Governmental Accounting Standards Board (GASB) as implemented by CPA	<ul style="list-style-type: none"> • Depends on agency project financial practices 	<ul style="list-style-type: none"> • Depends on agency project financial practices 	<ul style="list-style-type: none"> • Agency Annual Financial Reports

1.2 Definitions for State Budget Appropriations

Legislative Appropriations Request

The LAR is an input to the state budget appropriations and is submitted to the LBB every two years to prepare the state budget for the new biennium. The LAR is the agencies' request for capital authority and general revenue, general revenue dedicated, federal, and other appropriated funds.

The end result or output for the information resources state budget appropriations is the BOP, which is finalized after the legislature approves the budget.

The agency's appropriation request is the bridge between the development of the agency's strategic plan and the General Appropriations Act (GAA) by providing a fiscal expression of the agency's priorities. This fiscal expression includes quantitative information such as projected performance, projected cost, and methods of financing proposed for state services. In addition, information is provided related to narrative language (riders) that is integral to preparation of the GAA.

The LAR is divided into two components, the "baseline" or "base level" request and requests for consideration of "exceptional items," which are desired services in addition to the baseline request. Additional guidance for these two components may be provided by the Governor or members of the Legislature.

Source: **Legislative Appropriations Detailed Instructions**

From linked source, select Legislative Appropriations Detailed Instructions for State Agencies, Institutions and Agencies of Higher Education.

Information Technology Detail

The ITD is an input to the state budget appropriations. It is the technology portion of the LAR, and its end result after budget approval is referred to as the Biennial Operating Plan (BOP). The ITD captures total project costs for each fiscal year through the project's end date. The ITD is required for all information resource projects, regardless of funding source.

Non-project/operational costs may be included elsewhere in the LAR, but are not attributable to the project in the ITD.

The ITD is a tool that agencies use to plan for the appropriate use of information resources to support their mission, goals, objectives, and strategies. The ITD should implement an organization's Agency Strategic Plan, IR Strategic Plan, and the State Strategic Plan for Information Resources and demonstrate how the agency intends to accomplish its strategic objectives using information technology while remaining consistent with the agency's budget request.

An ITD is organized around four categories of Information Resource expenditures:

- Projects more than \$100,000 per biennium (Category 5005, Capital Budget and 5008 Lease Payment/Mst Lse Prg)
- Daily Operations (Category 6000)

-
- Data Center Consolidation (Category 7000) and
 - Project ONE – Enterprise Resource Planning (Category 8000).

Source: *Preparing and Submitting Information Technology Detail*

Biennial Operating Plan

The BOP is the final output of the information resources state budget appropriations. Information submitted in the ITD is brought forward for the budget bill in the Legislature. Once the budget is approved, the final information is published in the BOP, which includes the agency ITDs with the approved projects and expenditures. Agencies and institutions reconcile any differences in the BOP that may have occurred during state budget approval.

The BOP is a tool that agencies use to plan for the appropriate use of information resources to support their mission, goals, objectives, and strategies. The BOP should implement an agency's Strategic Plan, IR Strategic Plan, and the State Strategic Plan for information resources and demonstrate how the agency intends to accomplish its strategic objectives using information technology while remaining consistent with the agency's budget request.

Source: *Preparing and Submitting Biennial Operating Plan*

1.3 Definitions for Project Business Case Analysis

Framework Business Justification Review Gate

The primary project deliverables for the Business Justification review gate are the Business Case and Statewide Impact Analysis, each of which is created using the Framework Business Case and Statewide Impact Analysis tools. The Business Case and Statewide Impact Analysis must be submitted to the QAT by the same date as the agency's LAR and may be referenced for information in addition to the ITD. For projects identified out of cycle (i.e., after LAR submission), agencies must submit the Business Case and Statewide Impact Analysis to the QAT in conjunction with a BOP amendment.

The Business Case is separate from state budget appropriations and it is not a budgeting tool; it is developed to inform project selection by the agencies and to obtain project approval (not budget approval) from the QAT. The Business Case provides comparative information between business case costs (i.e., project costs plus non-project/operational costs) and project benefits based on a business case analysis. The Business Case also defines alternatives and can be used as the basis for developing an ITD. The QAT reviews the Business Case to approve major information resources projects proposed by agencies.

The Business Justification Review Gate is the initial review gate during project delivery. Business Justification consists of project and/or alternative selection, approval, and initiation. Before a business solution is selected, the agency must examine the solution's investment value in relation to other technology projects and DIR must assess the project's impact on use of information

technology resources across the state. Once both of these activities have been completed, the proposed business solution may then be formally approved and initiated as a project.

Source: **Review Gate: Business Justification**

Quality Assurance Team (QAT)

The QAT has one member each from the LBB, DIR and the State Auditor's Office (SAO). The QAT conducts quality assurance review related to project delivery, not for state budget approval.

The quality assurance review process supports the primary purpose of the QAT, which is to review the status of major information resources projects and to make recommendations to the legislature to reduce risk of project overruns and failures. QAT defines project risk as the likelihood that a project will not deliver a quality solution based on the schedule, budget, and scope commitments made to state leadership....

QAT defines quality assurance review as continual assessment of overall project performance to determine whether the project satisfies quality standards. QAT defines project performance as the accomplishment of work based on effective integration of scope, schedule, and budget.

Source: **QAT Policies and Procedures Manual**

1.4 Definitions for Agency Financial Reporting

Governmental Accounting Standards Board (GASB)

The reporting of project expenditures to the Comptroller of Public Accounts (CPA) uses different definitions and financial reporting categories for capitalized project costs than are used in the state budget appropriations. Agency annual financial reporting must follow the reporting requirements defined by the Governmental Accounting Standards Board (GASB) as implemented by the CPA.

Internally generated software projects with costs exceeding \$1 million are required to be capitalized and amortized as required by GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The \$1 million threshold includes all direct costs associated with a project, including staff time and fringe benefits. However, physical hardware should be capitalized (if applicable) separately according to capital asset guidelines. Note that outlays related to training activities should be expensed as incurred.

Capitalization decisions should be documented for internally generated computer software projects as follows:

- Develop a project budget and include an allocation for direct costs and cost overruns.
- Isolate activities that will qualify for application development stage capitalization excluding hardware purchase costs.
- Begin Construction in Progress process for capitalizable activities, if total estimated capitalizable costs exceed or are near \$1 million.

For more information, see **Accounting and Financial Reporting for Intangible Assets (GASB 51)**.

1.5 Differences Among Financial Activities

Although information from the various project financial activities is used collectively to establish agency budgets, capital authority and approved information resources projects, the definitions of which costs to include for each practice may vary. This is logical because each practice has a different purpose, but still requires an understanding of the differences.

Agencies seek to present project information in a consistent manner to multiple statewide stakeholders, and agencies are required to report project data to different entities. There are differences across oversight entities in definitions, costs to be included, reporting timeframes and data submission requirements. The total cost reported for a project may vary from report to report, because different reports require different cost categories or definitions, so it is imperative that agencies understand the various definitions.

The following table outlines many of the cost categories or items and summarizes how various project financial activities handle each one.

Cost Type	LAR	ITD	Business Case	Project Budget Management
General Cost Categories	Baseline and exceptional items	Project costs	Business case cost, which is the sum of project costs plus non-project/operational costs	Project costs, encumbrances and expenditures
Planned Expenditures	Included	Included	Included	Included
Actual Expenditures	Included for prior year only	Included for prior year only	Not included	Included
Deliverables Based IT Services	Included	Included	Included	Included
Contract Staff	Included	Included	Included	Included
Hardware/ Software Purchases	Included	Included	Included	Included
Hardware/ Software Maintenance	Included	Included only if required for project development; non-project operational costs not included	Included in project and/or non-project/operational costs	Included only if required for project development; non-project operational costs not included

Cost Type	LAR	ITD	Business Case	Project Budget Management
Agency IT Staff	Included in baseline costs	Included as informational item	Included in project costs and non-project/ operational costs	Included
Agency Non-IT Staff	Included in baseline costs	Included as informational item; inclusion of part-time staff is based on agency project financial practices	Included in project costs and non-project/ operational costs	Included
Fringe Benefits for Agency Staff	Included in baseline costs	Included	Included in project costs and non-project/ operational costs	Included
Non-project/ operational costs	Included in baseline costs	Not included	Included, but the number of years included depends on agency project financial practices	Not included
Training	Included	Included only if the training is required in order to put the project into operation	Included	Included only if the training is required in order to put the project into operation

Section 2. Agency Project Financial Practices

2.1 Agency Project Financial Practices

Agency project financial practices should be adopted to consistently address any gaps between external statewide requirements and internal agency directives. Agencies should determine how guidance and requirements from external entities will be implemented to create agency-specific project financial practices. For example, LBB guidance for the ITD recommends counting program or end-user staff costs if the person is assigned to the project more than 50% of time; however, agencies may establish a lower percentage (i.e., include more part-time staff) in their project financial practices.

The goals of defining agency project financial practices are to:

- Ensure agency compliance with external project definitions and reporting requirements
- Define agency procedures where external requirements are silent
- Provide insight into differences among project financial activities and reports to assist staff in preparation and reconciliation of various deliverables

2.2 Relationship Between Project Financial and Project Management Practices

There are similarities between agency project financial practices and project management practices. Each of the two disciplines, project financial practices and project management practices, are subject to external requirements and guidance. Internal practices are needed to complement these external requirements and guidance while adding clarity and operational detail for agency staff.

Agency project financial and project management practices are separate but related; therefore, they must complement each other and be consistent. For example, project management practices include a project classification method as identified in **Texas Administrative Code (TAC) Chapter 216**. Each agency's project classification method must be closely tied to its project financial practices, because the classification method may be used to determine the type of funding for a project (e.g., capital or daily operations) and may define the specific types of costs that will be included in the classification method.

One difference between the two practices is that project financial practices are encouraged but not required; however, project management practices are required by TAC Chapter 216, which clarifies statewide requirements for agency management of technology projects.

2.3 Recommended Agency Project Financial Practices

Agencies should consider a variety of definitions and methods in order to achieve consistent project financial practices and ensure equal comparisons of projects. Examples of recommended agency project financial practices are described below.

Standard Triggers to Revisit Business Case Analysis

Agencies should establish standard triggers to revisit the business case analysis when a project's costs, scope, or schedule change. An updated business case analysis can inform decisions about whether the project will still realize the planned business benefits, or whether it should be a new project or be canceled.

Agencies are required to resubmit the Business Case and the Statewide Impact Analysis to the QAT if the project cost increases by more than 10%. Agencies may benefit from revisiting the business case analysis for additional reasons, although resubmission is not required unless the project cost increases by more than 10%.

Examples of triggers include:

- Schedule increases that exceed a set percentage or change the project classification (e.g., change from an information resources project to a major information resources project)
- Project cost increases less than 10% but changes the project classification
- Scope changes that affect the project benefits

Standard Maintenance Period for Business Case Analysis

Agencies should establish a standard maintenance (i.e., non-project/operational) period for business case analysis. Agency project selection will benefit from comparing an equal number of years of non-project/operational costs and project benefits after project completion.

The Business Case Workbook allows up to 10 years of costs to be included in its cost analysis worksheet, but does not require that all 10 columns be populated. The project costs and some period of non-project/operational costs must be included, but each agency can determine what non-project/operational time period to include.

Consider the comparison of a 1-year project to a 4-year project. If the agency included 10 full years of costs for each project in the business case, the 1-year project would include 9 years of maintenance costs and the 4-year project would include 6 years of maintenance costs, resulting in an unequal comparison. However, if the agency defined a standard maintenance period, such as 3 or 5 years, in addition to the project costs, it would promote an equal comparison. Using the same example, the 1-year project plus 5 years of maintenance would define costs for 6 years in the business case, and the 4-year project plus 5 years of maintenance would define costs for 9 years, but it would provide an equal comparison.

Standard Calculation of Contingency

Agencies should establish a consistent practice to determine the percentage of contingency added to initial project estimates. The method could be a set percentage or a set of criteria to determine and document contingency percentages or costs in a consistent manner. This would also ensure consistency in the agency's use of the Contingency item in the Business Case.

Standard Inclusion of Staff Costs

First, agencies should include staff costs in budget tracking and reporting. Staff costs are required in the Business Case and by GASB Statement No. 51, but agency project financial practices dictate how they are included in agency project budget tracking and reporting. Including staff costs in project budget and tracking activities makes sense from a project management perspective because it provides data pertinent to the current project's schedule and variances, plus valuable historical data to improve future estimates. It also makes sense from a financial perspective. Even if project staff are already funded by the agency, it is still a project cost because time is being spent on producing the project deliverables and not on producing something else. Government does not have unlimited staff budget so it is important to recognize the cost of using staff on the project instead of in other projects or functions.

Second, agencies should define how to handle part-time or occasional resources to the project. Each agency should determine what level of part-time involvement will result in costs being included. One example is staff called in as occasional expert resources, such as subject matter experts included in requirements meetings, but not working on the project full-time. Another example is IT support resources—a database administrator may be included if there is a new database design or significant changes to an existing database, but may not be included if there are only minor changes to an existing database. In the absence of agency project financial practices, projects may make inconsistent decisions about what part-time staff costs to include.

Standard Calculation of Staff Costs

Agencies should define a standard calculation of staff costs for project estimates, using the same salary rates across projects. If projects use different rates or significantly different salary rate assumptions, then cost comparisons can be misleading. The agency can set standards, such as identifying average salaries for different levels of staff (e.g., Leadership, Highly Advanced, Advanced, Professional and Administrative) with examples of the roles or titles included in each category.

Standard Time Tracking System and Methodology

Agencies should develop or adopt a standard time tracking system and/or methodology to ensure consistency and reporting integrity in calculating staff time and expenditures for project work. Time tracking also supports requirements of GASB Statement No. 51 if applicable.

Standard Project Budget Tracking Tool and Methodology

Agencies should develop or adopt a standard project budget tracking tool and methodology to ensure consistency and reporting integrity in all project budgets. The Monitoring Report, created using the Framework Monitoring Report tool, requires a description of the cost tracking mechanism in the section for cost reporting, so a consistent method will also facilitate that reporting.

Agencies should calculate fringe benefits as a part of staff costs based on the fringe benefits percentage set by the Legislative Budget Board (LBB) each biennia. This fringe benefits percentage appears within Fiscal Note Worksheets provided to agencies by the LBB.

In addition, the fringe benefits percentage is included in the Project Agency Personnel Fringe Benefits and Non-Project/Operational Agency Personnel Fringe Benefits calculations in the Cost Analysis Worksheet of the Business Case Workbook. The Business Case Workbook is updated each biennium to remain consistent with the fringe benefits percentage set by the LBB.

An example illustrating calculation of Fringe Benefits as a Part of Staff Costs using the FY 2012–2013 fringe benefits percentage is provided below.

Fringe Benefits as a Part of Staff Costs Calculation

Description	Calculation
Fringe Benefits as a Part of Staff Costs Calculation Variables	Fringe Benefits as a Part of Staff Costs = Salary x Fringe Benefits %
Example using \$100,000 salary and FY 2012– 2013 Fringe Benefits %	Fringe Benefits as a Part of Staff Costs = \$100,000 x 27.86% = \$27,860

Section 3. Cost Mapping Worksheet in the Business Case Workbook

3.1 Cost Mapping Worksheet Overview

The Business Case Workbook's Cost Mapping worksheet is one of the tools in this extension and is for agency use only. The worksheet provides an estimated cost mapping from the business case costs (i.e., project costs plus non-project/operational costs) identified on the Cost Analysis worksheet to the ITD costs (i.e., project costs) and then allows agency adjustments to the ITD costs. The Cost Mapping worksheet clarifies and documents the relationship of the business case costs and ITD costs to more clearly explain that relationship to stakeholders.

The Cost Mapping worksheet is included within the Framework Business Case Workbook tool to facilitate calculations used in the mapping; however, it is not considered part of the Framework Business Case Workbook tool and its use is optional.

The cost mapping provided in the Cost Mapping worksheet is only an estimate. The mapping is done using the most typical application of the ITD guidance. It is critical to note that these amounts are not to be understood as required amounts for the ITD, because the final ITD amounts entered by the agency may differ based on the particular circumstances around some cost items and how those circumstances fit into ITD guidance and agency project financial practices. The estimated cost mapping does not replace reading and applying the ITD guidance to the agency's specific project costs and circumstances. Therefore, the Cost Mapping worksheet allows the agency to enter ITD costs based on agency project financial practices and explain any difference between the numbers. This may prove useful in both developing the ITD and explaining any differences between the business case costs and the ITD costs.

3.2 ITD Calculation Overview

The ITD Calculation starts with the information on the Cost Analysis: Business Case Cost worksheet and separates out the subset of costs applicable to the ITD. The ITD costs are a subset of the business case cost because only project costs are included in the ITD Calculation. Non-project/operational costs may be included elsewhere in the LAR, but are not attributable to the project in the ITD. The ITD Calculation maps the project costs to the probable ITD costs in the ITD cost categories, for each fiscal year that has costs entered in the Cost Analysis worksheet.

Because contingency is a separate line item in the Business Case but is not a separate item in the ITD, the ITD Calculation adds contingency to each line item in the Cost Mapping worksheet based on the Project Contingency Percentage entered on the Cost Analysis worksheet for each fiscal year.

The ITD costs are calculated and subtotaled in two separate categories: Capital Costs and Informational Costs (i.e., non-capital but project related). The capital costs include items such as contract and consulting services, and project hardware/software purchases or maintenance. The informational costs include items such as agency personnel, independent validation & verification

(IV&V) services and travel. Three additional lines are available within each of the two categories for agencies to add and describe other costs that should be included based on their agency project financial practices applied to a particular project.

Refer to the ITD manual, [Preparing and Submitting Information Technology Detail](#), for guidance on ITD costs.

3.3 Use of the Cost Mapping Worksheet

Descriptions of each column and its use are included below.

- Column A, Line: The line reference number(s) from the row(s) in the Cost Analysis worksheet used as the source for that row of the ITD calculation.
- Column B, Category: The ITD cost category, grouped by capital costs and informational costs followed by the total ITD project costs.
- Columns C–AF: Years 1-10 of the Business Case based on the years identified in the Cost Analysis worksheet with the specific fiscal year (FY) identified. Each fiscal year has three columns of information:
 - ITD Calculation: Estimated ITD costs based on the Cost Analysis data and application of and assumptions about ITD guidance. This column is not editable. See the ITD Calculation Overview above for more detail.
 - ITD Amount Based on Project Financial Practices: Initially populated with ITD Calculation amount and can be modified with ITD costs calculated by the agency, based on ITD guidance, agency project financial practices and exception handling. Automatic yellow highlighting identifies values that vary from the ITD Calculation. Note: it is acceptable to have differences—the highlighting is just an alert, so that any differences can be verified and explained. For example, the ITD Calculation assumes IV&V is not capital because that is the most typical; however, it may be capital in certain circumstances, so the agency can move it to the correct category if needed.
 - Justification for Change: Comments entered by the agency to explain any differences between the ITD Calculation and the ITD Amount Based on Agency Project Financial Practices.
- Column AH, Total Amount Based on Project Financial Practices: The total amount of each line item for all fiscal years.

Section 4. Additional Agency Information Worksheet in the Business Case Workbook

4.1 Additional Agency Information Worksheet Overview

The Business Case Workbook's Additional Agency Information worksheet is one of the tools in this extension. It is a blank, free-form worksheet that allows agencies to include any additional information that is helpful, which can be useful since the worksheets that are part of the Framework Business Case tool (rather than the extension) are protected and do not allow entry of additional information.

The Additional Agency Information worksheet is included within the Framework Business Case Workbook tool to facilitate agency calculations and mapping; however, it is not considered part of the Framework Business Case Workbook tool and its use is optional.

4.2 Use of the Additional Agency Information Worksheet

Examples of how this may be used include:

- Scratch paper: Perform interim calculations and analysis while developing the business case information.
- Documentation: Document agency-specific information, such as:
 - Estimating assumptions
 - Average staff salary and contractor rates used in preparing the Business Case
 - Explanations to promote understanding among project team members and stakeholders
 - Summary information or any other information about the Business Case helpful to the agency
- Mapping: Calculate and/or document the mapping from the Business Case or ITD amounts to the agency's project financial practices (e.g., project budget tracking, governance, reporting) or other related agency information, and explain any differences if desired.

4.3 Cautions

The business case itself is a point-in-time analysis, so ongoing tracking or analysis must not be included in the Additional Agency Information worksheet. For example, project budget tracking must be done separately from the Business Case Workbook because project cost tracking is an ongoing activity. Additionally, project budget tracking monitors only project costs; however, the business case cost includes project costs and non-project/operational costs. An agency may use this worksheet to document the planned project costs based on information in the business case, and then reference this worksheet when creating the separate project budget tracking instrument.