STATE OF WASHINGTON

July 24, 2019

TO: Select Agency Directors

FROM: David Schumacher, Director
            Office of Financial Management

            James Weaver, Director and State CIO
            Consolidated Technology Services (WaTech)

SUBJECT: 2019-21 INFORMATION TECHNOLOGY GATED FUNDING OVERSIGHT

The enacted 2019-21 operating and transportation budgets place one or more of your agency's information technology (IT) projects under gated funding oversight by the Office of the Chief Information Officer (OCIO) and Office of Financial Management (OFM). Section 719 of the operating budget (ESHB 1109) and Section 701 of the transportation budget (ESHB 1160) mandate and prescribe the process for this oversight, as well as access to and use of project funds.

The gated funding oversight process is similar to the previous OCIO approval and oversight process, with the additional element of gated funding. The new process is designed with the following goals in mind:

- Increasing accountability among agencies, OCIO and OFM.
- Enhancing fiscal and technological oversight through the use of best practices, including a gated funding methodology.
- Mitigating risk to help improve project success and outcomes.
- Providing greater insight into total project costs.
- Meeting legislative requirements in the 2019-21 operating and transportation budgets.

We would like to engage you in the oversight process as soon as possible to meet the gated funding requirements and support the success of your projects. To ensure the timely processing of gate requests and release of funds, agencies must work with their assigned OFM budget analyst and OCIO oversight consultant in advance of the beginning of each gate in the project.

To begin, agencies will initiate the process by completing an IT project assessment online. The OCIO will respond to schedule a gated funding kickoff meeting.

Gated funding informational resources are available on the OCIO website, including an overview of the gated funding process, technology budget tip sheet, and required technology budget template.

Gated Funding Expectations for New Projects

1. An agency may not expend new funds provided by the Legislature until the project has:

   a. A technology budget approved by both OFM and OCIO using the new technology budget template.
   b. Requested release of the gate dollars from OCIO.
   c. Received approval to begin the gate from both OCIO and OFM.
   d. Completed review by the legislative fiscal committees.

2. For new projects, an OCIO-approved investment plan is a required deliverable of the first technology budget gate and is needed to move forward with any future gate request. To be approved, the investment plan must include the external quality assurance readiness assessment and the agency's response to any project risks identified in the readiness assessment.

3. Each project must identify project costs, each fund source, and anticipated deliverables through each stage of the entire project investment, and across fiscal periods and biennia from project onset through implementation and closeout. The technology budget must track allotments and spending by fiscal month in the 2019-21 biennium (July 1, 2019 – June 30, 2021).

Gated Funding Expectations for Existing Projects

1. Existing projects must have an approved technology budget using the required template. Agencies must ensure that all project expenses are tracked in the agency-determined Agency Financial Reporting System (AFRS) coding structure, starting July 1, 2019. The discrete project coding structure is included in the technology budget. The technology budget must track allotments and spending by fiscal month in the 2019-21 biennial period (July 1, 2019 - June 30, 2021), in addition to identifying project costs across fiscal periods from project onset through implementation and closeout.

2. If your existing approved investment plan does not accurately or completely reflect the project going forward, you must submit an amended investment plan to the OCIO for review and approval. Based on funding received in the biennial budget, your project may require a change (e.g., adding a new phase to the project). An amendment to the investment plan in these instances is required for approval of the next gate of the technology budget. Consult with your assigned OCIO oversight consultant to confirm if your existing project requires an amended investment plan.

Following completion of the first gate and any subsequent gate, agencies are not authorized to expend dollars on new or existing projects until the agency has:

   a. An OCIO-approved investment plan for the project.

   b. Reviewed and updated the technology budget as necessary using the new technology budget template, and received approval from both OFM and OCIO.

   c. Requested the release of gate dollars from OCIO.

   d. Received gate certification from the OCIO, including review of gate deliverables.

   e. Received approval to begin the gate from both OCIO and OFM.

   f. Completed review by the legislative fiscal committees.

If you have any questions, please contact your assigned OCIO oversight consultant or OFM budget analyst.

Attachment

cc: Michael Bezanson, Staff Coordinator, Senate Ways and Means Committee
      Charlie Gavigan, Staff Coordinator, House Appropriations Committee
      Sarian Scott, Fiscal Analyst, Senate Ways and Means Committee
      Jordan Clarke, Fiscal Analyst, House Appropriations Committee
      Select Agency Deputy Directors
      Select Agency Chief Financial Officers
      Select Agency Chief Information Officers
      OFM Budget Analysts