Business Case and Business Case Workbook Review Standard Operating Procedure

Department of Information Resources (DIR)

VERSION: 1.0 AUTHORED BY: Heather Hardy

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Contents

1. Purpose

Texas Government Code, Section 2054.303, requires all state agencies to complete a Business Case for each proposed Major Information Resources Project (MIRP) initiated. A MIRP, according to Texas Government Code, Section 2054.003 (10), is:

(A) Any information resources technology project identified in a state agency's biennial operating plan (BOP) whose development costs exceed $5 million and that:
  - (i) Requires one year or longer to reach operation status.
  - (ii) Involves more than one state agency: or
  - (iii) Substantially alters work methods of state agency personnel or the delivery of services to clients; and

(B) Any information resources technology project designated by the Legislature and in the General Appropriations Act as a major information resources project.

(C) Any information resources technology project of a state agency designated for additional monitoring under Texas Government Code, Section 2261.258(a)(1), if the development costs for the project exceed $5 million.

Any application remediation project related to DIR's Data Center Services (DCS) is also a MIRP, regardless of dollar amount (General Appropriations Act, Article IX, Section 9.07 (d)).

QAT's review of a project's Business Case, Business Case Workbook, and Statewide Impact Analysis (SIA) is required before a state agency may expend appropriated funds for a MIRP (Texas Government Code, Section 2054.118(d); Eighty-seventh Legislature, 2022-2023 General Appropriations Act (GAA), 2022-2023 Biennium, Article IX, Section 9.02(b)). DIR, in coordination with the Quality Assurance Team (QAT) and a Change Advisory Board comprising representatives of state agencies, developed a Business Case (BC) Template and Business Case Workbook (BCW) Template for this purpose. The BC and BCW help an agency prioritize its technological investments to make informed decisions, and they provide the basis for the required evaluation of business outcomes following project closure. Agencies submit the BC and BCW, along with the SIA, to the QAT for review and approval prior to beginning their MIRPs.

The purpose of this standard operating procedure (SOP) is to help DIR staff review the BCs and BCWs submitted by state agencies. This standard operating procedure (SOP) details the following required steps for DIR:

- Review the BC and BCW using the Procedure described in this SOP (**NOTE:** SIA review is covered in a separate DIR SOP).
- Document review results.
- Communicate the review results to the QAT and the submitting agency.
- Complete the review process.

2. Background

A BC and BCW must be completed for each MIRP.

The BC is a detailed investment proposal that considers quantitative and qualitative evaluation factors that underlie selection of a business solution. A business case analysis is used to compare various business solution alternatives and to provide a basis for selecting the one that delivers the greatest value to the state, the agency, and constituents.

The BC provides narrative comparison of business solution costs and project benefits based on a business case analysis process. A state agency is required to submit BC, BCW, and SIA documents to QAT when the agency files its legislative appropriations request in the Legislative Budget Board's (LBB) Automated Budget and Evaluation System of Texas (ABEST) each even-numbered year (Texas Government Code, Section 2054.303(b)). The BOP is a part of the Legislative Budget Board's (LBB) Legislative Appropriations Request (LAR) process. The QAT reviews all Business Case/Workbooks for major information resources projects subsequent to LBB approval of the BOP. A state agency is prohibited from spending appropriated funds for a MIRP until the LBB has approved it as part of the agency's BOP, and the QAT has reviewed the project's BC, BCW, and SIA (Texas Government Code, Section 2054.118(a); Eighty-seventh Legislature, GAA, 2022–23 Biennium, Article IX, Section 9.01(b)). The LAR submitted to obtain project funding should inform the BC, BCW, and SIA content. If the project has been added after LAR approvals by the Legislature, agencies must submit a BOP Amendment to the LBB for approval and a Business Case to the QAT.

The BCW provides detail regarding the quantified estimates of all project costs, both capital and non-capital, project benefits, and returns on investment. QAT requires agencies/institutions of higher education (IHEs) to report all capital and non-capital costs associated with a major information resources project in the BCW, entering costs as required in each field. All costs relating to a MIRP, including costs for vendor services, agency personnel services, and agency personnel fringe benefits, are required to be reported to QAT as part of project monitoring.

3. Scope

This SOP applies to the BC and BCW required for state agencies' MIRPs.

4. Requirements

The BC and BCW should be reviewed together to verify that the information reported is consistent in the two documents. A DIR review of the BC & BCW is targeted for a two-week turnaround.

5. Procedure

Review Steps

Agencies submit their approved business case documents through the QAT@dir.texas.gov and projectdelivery@dir.texas.gov mailboxes.

The DIR Statewide Project Delivery Project Manager creates a project entry in DIR's Statewide Project Automated Reporting (SPAR) system for the agency to enter project details and upload project documents. If the agency does not have an existing SPAR license, the Project Manager creates a SPAR account for the agency representative/liaison and informs that person on how to access their projects in the system.

DIR's Strategic Sourcing Director tracks project review statuses in a Project Spreadsheet.

While the QAT has at least **30 days** to review business cases, the DIR review completion is targeted for two weeks (14 business days) from receipt of business case documents using the following procedures:

Review both the BC and BCW using the following checklists to track any missing or incorrect information. Based on the content of the Business Case Workbook under review and the corresponding Business Case, answer the questions accurately. Respond "Yes", "No", or "NA". ***Responses of "No" and "NA" may require further examination.***

The Business Case Workbook Template checklist contains sections 1-7. The checklist asks general questions related to format and approval requirements for the deliverable and sections that are titled to correspond to the BCW worksheet tabs. The BCW line-item indicator appears in parenthesis just after the question, if applicable.

Business Case Workbook Checklist

1. General	**Yes/No/NA**
Was the Business Case Workbook submitted as an Excel file?	
Was the Business Case Workbook completed using the current published template?	
2. Cost Analysis	**Yes/No/NA**
Does the Cost Analysis worksheet heading contain Agency/Organization Name, Project Name, Version Number and Revision Date?	
Are Project Agency Personnel Services – Implementation costs specified? (P1)	
Are Project Agency Personnel Services – Maintenance costs specified, if applicable? (P3)	
Are Non-IT Program Area Costs (Staff Augmentation) specified, if applicable? (P7)	
Are IT Project Contract/Consultant Services - Implementation costs specified, if applicable? (P9)	
Are Project Contract/Consultant Services – Maintenance costs specified, if applicable? (P11)	
Are Project Procurement - Hardware costs specified, if applicable? (P15)	

Are Project Maintenance - Hardware costs specified, if applicable? (P17)	
Are Project Procurement - Software costs specified, if applicable? (P19)	
Are Project Maintenance - Software costs specified, if applicable? (P21)	
Are Project DCS/STS Costs specified, if applicable? (P24)	
Are Project – IV&V Costs specified, if applicable? (P27 – P28)	
Are Project – Other Costs (including Travel – Informational), if applicable? (P30-P31)	
Are Project Contingency Costs (Dollar) specified, if applicable? (P34-P35)	
Are Hardware/Software/DCS/STS/IV&V/Other Contingency Costs specified, if applicable? (P37)	
Are Operational Agency Personnel Services – Maintenance costs specified, if applicable? (NP1)	
Are Operational Agency Personnel Fringe Benefits specified, if applicable? (NP3)	
Are Non-Project/Operational Contract/Consultant Services – Maintenance costs specified, if applicable? (NP5)	
Are Operational – Hardware/Software Maintenance costs specified, if applicable? (NP8)	
Are Operational – DCS/STS Maintenance costs specified, if applicable? (NP10)	
Are Operational – Other Costs specified, if applicable? (NP12)	
Are Project Contingency Percentage – Capital costs specified, if applicable? (NP39)	
Are Project Contingency Percentage – Informational costs specified, if applicable? (NP40)	
Are costs and the years for which costs are recorded (including maintenance) consistent with information in the Business Case?	
3. Quantitative Benefits Analysis	**Yes/No/NA**
Are Cost Savings: Improved Efficiency/Productivity benefits specified, if applicable? (A1-A13 and A14-3)	
Are Cost Avoidance: Compliance/Protection benefits specified, if applicable? (A15-A22)	
Are Revenue Generation benefits specified, if applicable? (A24-A29)	
Are Constituent: Service Delivery Savings benefits specified, if applicable? (C1-C8)	
Are Constituent: Regulatory Savings benefits specified, if applicable? (C10-C17)	
Are Constituent: Other Savings benefits specified, if applicable? (C19-C23)	
Is information in the Quantitative Benefits Analysis worksheet consistent with information in the Business Case (including the Business Objectives mentioning quantitative measurements)?	
4. Evaluation Factors	**Yes/No/NA**

Are ratings for Statutory Fulfillment (SF) factors (SF1-SF7) consistent with information in the Business Case Section 1.6 Business Objectives and Expected Benefits and Section 1.10 Justification?	
Do Statutory Fulfillment (SF) factors rated as "5" contain an applicable explanation of the reasons for the rating (ensure discussing current project)?	
Do Strategic Alignment (SA) factors rated as "5" contain an explanation of the reasons for the rating?	
Are ratings for Agency Impact Analysis (IA) factors (IA1-IA7) consistent with values produced in the Financial Analysis and Cost-Benefit Summary worksheets of the BCW?	
Do Agency Impact Analysis (IA) factors rated as "5" contain an explanation of the reasons for the rating?	
Are ratings for Financial Analysis (FA) factors consistent with information in the Business Case Section 5.4 Financial Analysis?	
Are ratings for Financial Analysis (FA) factors (FA1-FA12) consistent with the information in the Business Case?	
Do Financial Analysis (FA) factors rated as "5" contain an explanation of the reasons for the rating?	
Do Financial Analysis (FA) factors rated as "5" include in the explanation a description of provisions the agency has in place to ensure high scores will be attained and maintained throughout project delivery?	
Are ratings for Initial Risk Consideration (RC) factors consistent with information in the Business Case Section 1.2.5 Risks?	
Do Initial Risk Consideration (RC) factors rated as "5" contain an explanation of the reasons for the rating?	
Are ratings for Alternatives Analysis (AA) factors (AA1-AA6) consistent with information in the Business Case Section 1.9 Alternatives Analysis?	
Do Initial Alternatives Analysis (AA) factors rated as "5" contain an explanation of the reasons for the rating?	
Is information in the Evaluation Factors worksheet consistent with information in the Business Case?	
5. Financial Analysis	**Yes/No/NA**
Is information in the Financial Analysis worksheet consistent with information in the Business Case?	
Based on a comparison of the financial measures with the alternative solutions, is additional justification and/or further examination of the project’s solution strategy unwarranted?	

Is Cumulative Net Present Value greater than zero? (A negative net return indicates that the investment cannot be justified based solely on financial benefits.)	
If the Breakeven Point occurs after five years, does the agency's description of value to constituents and other qualitative/quantitative factors seem reasonable?	
Is the Breakeven Point within the 10 years indicated on the Financial Analysis worksheet?	
Is the project justified by the projected outcomes of the investment?	

The Business Case Template checklist contains general questions related to format and approval requirements for the deliverable and sections that are titled to correspond to the Business Case Template sections. The Template line-item number appears in parenthesis just after the question, if applicable.

Based on the content of the Business Case under review, answer the questions accurately. Respond "Yes", "No", or "NA".

Responses of "No" and "NA" may require further examination.

Business Case Template Checklist

General	**Yes/No/NA**
Was the Business Case submitted as a searchable PDF?	
Was the Business Case completed using the currently published template?	
Are all fields filled out completely?	
Were the template title page and the "Using This Template" instructions deleted?	
Does the cover page contain Agency/Organization Name, Project Name, Version Number, and Revision Date?	
Does the Business Case contain required approval signatures and dates?	
Do page headings contain Agency/Organization Name, Project Name, Version Number, and Revision Date?	
Is content in the footer area unmodified?	
Do template instructions remain within each section?	
Business Problem	**Yes/No/NA**
Is the business problem the project would address, including problems related to technology, processes and/or services, described? (1.1)	
Is the business problem described without presupposing a specific solution? (1.1)	

Does the business problem description relate the existing deficiencies with the agency's operations, processes, or constituent services? (1.1)	
Are stakeholders/customers within the agency and constituent environment identified and described? (1.1)	
Do the stakeholder/customer descriptions include the relation of each to the project? (1.1)	
Does the Business Problem address whether the project will modify or replace the agency's existing software? (1.1)	
Are direct and derived mandate(s) related to the proposed project, including associated statutory citations and penalties, described? (1.1)	
Are titles of strategic plans that the proposed project addresses, including specific goals and objectives in each plan, and the relationship of the project to each of the plans, identified? (1.1)	
Is the proposed project's impact on the use of technology resources at the agency level, including support of the defined architecture and standards for the agency and state, summarized? (1.1)	
Does the Business Problem address whether the project will modify or replace the agency's existing software? (1.1)	
Project Description	**Yes/No/NA**
Is a Project Methodology selected and described in the narrative description? If "Other" is selected, does the narrative description state the methodology? (1.2)	
Is a Product Type(s) selected and described in the narrative description? If "Other" is selected, does the narrative description state the Product Type? (1.2)	
Is the project described an actual project, as opposed to a program containing related projects? (1.2)	
Is the approach the proposed project will use to address the Business Problem in Section 1.1 described? (1.2)	
Does the approach specifically state what the project will accomplish? Are the accomplishments aligned with Section 1.7 Business Objectives and Expected Benefits? (1.2)	
Does the approach specifically state the relationship of the project to programs and other applicable projects/project phases? (1.2)	
Are direct and derived mandate(s) related to the proposed project, including associated statutory citations and penalties, described? (1.2)	
Is the proposed project's impact on the use of technology resources at the agency level, including support of the defined architecture and standards for the agency and state, summarized? (1.2)	

Are there selections for QAT Best Practices Considered? Are the selections for those the agency will implement aligned with Section 1.2 Project Description? (1.2.1)	
Are New or Modified Processes and Services listed and described (current state and proposed future state), along with those affected (users)? (1.2.2)	
Do the descriptions for New or Modified Processes and Services align with Section 1.1 Business Problem and the Business Case Workbook Quantitative Benefits? (1.2.1)	
Are assumptions regarding the agency processes and/or services affected by the proposed project listed? (1.2.3)	
Are Assumptions listed relevant to the proposed project? Assumptions are generally positive in nature and may be facts that are usually understood. Assumptions should NOT include items that are within the agency's control. Adequate resources aren't assumed. (1.2.3)	
Are Constraints (limitations) regarding the agency processes and/or services affected by the proposed project listed? (1.2.4)	
Are Constraints listed relevant to the proposed project? Constraints are outside of the agency's control in areas such as budget, contract, resources, legislation/regulations, product reuse, technology, acquisition, and interfaces with other products. (1.2.3)	
Are initial risks regarding the agency processes and/or services affected by the proposed project listed? (1.2.5)	
Are Risks listed relevant to the proposed project and aligned with the Business Case Workbook Evaluation tab? Risks are outside of the agency's control and could potentially impede the new, automated, or modified processes and/or services provided by the project in areas such as workflows, products, legislation/regulations, technology, funding, and training. (1.2.5)	
Is the project sequence number(s) from the Biennial Operating Performance (BOP) for the proposed project specified? (1.2.6)	
Current and Proposed Environment	**Yes/No/NA**
Is current software that will be modified or replaced by the proposed project, including technical factors that may be critical to project planning, described? (1.3.1)	
Is current hardware that will be modified or replaced by the proposed project, including technical factors that may be critical to project selection, described? (1.3.2)	
Is proposed hardware/software for the project, including technical factors that may be critical to project selection, described? (1.3.3)	
Are DCS/STS Considerations selected and appropriate based on Section 1.2 Project Description? (1.3.4)	

Data Classification and Retention	**Yes/No/NA**
Are the data classification and retention requirements questions addressed completely, including comments for each Yes/No answer? (1.4)	
Security	**Yes/No/NA**
Are the data security question regarding the project's usage, storage, or transmittal of Personally Identifiable Information (PII) or Sensitive Personal Information (SPI) answered Yes or No, and is the response appropriate based on Section 1.2 Project Description and other information in the Business Case and the Business Case Workbook? (1.5)	
Is the data standards table completed with Yes or No responses, and are the responses seem appropriate based on Section 1.2 Project Description and other information in the Business Case and the Business Case Workbook? (1.5)	
Are the risks to the agency, state, or constituents if a system security event occurs ranked Low, Medium, or High, and are the rankings appropriate based on Section 1.2 Project Description and other information in the Business Case and the Business Case Workbook? (1.5)	
Major Project Milestones	**Yes/No/NA**
Are preliminary major milestones, deliverables, and target dates for the proposed project specified? (1.6)	
Are IT-specific milestones (for example: requirements, design, sprints, testing) for the proposed project specified? (1.6)	
Are procurement-specific milestones (for example: solicitation development, review, posting, and execution, in addition to any internal, CAT, federal reviews) for the proposed project specified? (1.6)	
Are specified preliminary major milestones, deliverables, and target dates for the proposed project consistent with other information in the Business Case and the Business Case Workbook? (For example: Are dates consistent with fiscal years funded? If more than one procurement is described in the narrative, are there applicable dates for all?) (1.6)	
Business Objectives and Expected Benefits	**Yes/No/NA**
Are the business goals and objectives of the proposed project, including references to business needs described? (1.7)	
Are performance measures (including calculations, if applicable or from the Business Case Workbook Quantitative Benefits) that will be used to gauge the proposed project's business outcomes for key processes and services described? (1.7)	
Cost (Budget Estimate)	**Yes/No/NA**
Are the informational, capital, and total project costs listed? (1.8)	
Do the costs listed match the same costs listed in the Business Case Workbook? (1.8)	

Alternatives Analysis	Yes/No/NA
Are reasons for not selecting alternative options described? (1.9)	
Are reasons for not selecting each rejected alternative, or an explanation of why at least one rejected alternative is not included, explained? (1.9)	
Is the rationale for why the option selected was chosen over the other alternative solutions, including citations for any market research that was conducted, stated? (1.9)	
Justification	**Yes/No/NA**
Is the Justification Summary completed, and do the selections align with other information in the Business Case and Business Case Workbook? (1.10)	
Is the rationale for why the project was selected over the other alternative solutions, including citations for any market research that was conducted, stated? (Subsection 6.2)	
Does the narrative summarize key quantitative and qualitative information from the Business Case Workbook's Evaluation Factors sheet, such as statutory fulfillment, and Section 1.6 Business Objectives and Expected Benefits? (1.10)	
Glossary	**Yes/No/NA**
Are unique and ambiguous terms defined in the glossary? (2)	
Revision History	**Yes/No/NA**
Is revision history information included for the current submission? (3)	
Appendices	**Yes/No/NA**
Are relevant appendices included? (4)	

Post-Checklist Steps

After completing the Review Steps, the assigned reviewer will do the following to complete the Review Procedure:

a. The reviewer sends DIR's Strategic Sourcing Director an email summary of any comments and any "No"/"NA" checklist responses that may need revision.

b. The director reviews edits/comments from the reviewer and submits them to QAT via email or discussion at a scheduled QAT meeting.

c. At QAT direction, the director may send project comments directly to the agency.

Optional Steps

The comment period may include meeting with agencies to discuss issues or concerns.

If QAT has recommendations, then the agency is required to comply with the recommendations or submit a written explanation to QAT@dir.texas.gov stating their rationale for why the recommendations are not applicable to the project under review.

The agency may resubmit documents (Business Case and/or Business Case Workbook) addressing the comments made by QAT.

Approval and Notification Steps

QAT votes on whether to approve the submitted business case and workbook. If the business case and workbook are approved, the LBB will notify the agency through an approval email.

As a courtesy, the DIR Framework Director will forward a copy of the approval letter to the agency's project liaison and copy the QAT.

The DIR Statewide Project Delivery Project Manager ensures the LBB-approved Business Case and Business Case Workbook are uploaded in SPAR.

6. Revision History

Version	Date	Name	Description
1.0	06/16/23	Jenn Norman/Heather Hardy	Version 1.0 draft

7. Acronyms

BC – Business Case
BCW – Business Case Workbook
BOP – Biennial Operating Plan
DIR – Department of Information Resources
MIRP – Major Information Resources Project
QAT – Quality Assurance Team
SOP - Standard Operating Procedure
SPAR – Statewide Project Automated Reporting