**PROJECT FINANCIAL ASSESSMENT**

1. **SCOPE**

This Quality Work Instruction (QWI) defines the Financial Assessment method employed by the Enterprise Project Management Office (EPMO) to effectively document, analyze and evaluate an Information Technology (IT) project aggregated cost estimate, total budget, benefits, and cost of potential alternatives as required. The Project Financial Assessment is completed for all IT projects as part of the [0300-0310-005-C PROJECT INITIATION](https://it.nc.gov/document/project-initiation) procedure within the [0300-0300-005-B PROJECT MANAGEMENT PROCESS](https://it.nc.gov/document/project-management-process), and is updated throughout the project life-cycle.

1. **OWNER**
   1. This QWI is co-owned by the Enterprise Project Management Office (EPMO) and Office of State Budget and Management (OSBM). No changes, additions or alterations may be made without the owners’ written approval.
2. **REFERENCE DOCUMENTS**

|  |  |
| --- | --- |
| **DOCUMENT IDENTIFICATION** | **DOCUMENT TITLE** |
| 0100-0800-010-B | **FORMS AND RECORDS CONTROL** |
| 0300-0300-005-B | [PROJECT MANAGEMENT PROCESS](https://it.nc.gov/document/project-management-process) |
| 0300-0310-005-C | [PROJECT INITIATION](https://it.nc.gov/document/project-initiation) |
| 0300-0310-030-C | [COST ESTIMATION](https://it.nc.gov/document/cost-estimation) |
| 0300-0310-035-C | [BENEFITS ESTIMATION](https://it.nc.gov/document/benefits-estimation) |
| 0300-0360-005-C | [PROJECT CHANGE REQUEST](https://it.nc.gov/document/project-change-request) |

1. **ASSOCIATED FORMS**

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| **FORMS IDENTIFICATION** | **FORM TITLE** |
| 0300-0310-010-D | [PROJECT CHARTER FORM](https://it.nc.gov/document/project-charter-form) |
| 0300-0310-015-D | [PROJECT FINANCIAL ASSESSMENT FORM](https://it.nc.gov/document/project-financial-assessment-form) |
| 0300-0310-020-D | [PROJECT TYPE ASSESSMENT FORM](https://it.nc.gov/document/project-assessment-type-form) |
| 0300-0360-005-D | [PROJECT CHANGE REQUEST FORM](https://it.nc.gov/project-change-request-form) |

1. **DEFINITIONS**

* **BASELINE**: ***Link to Glossary of Definitions and Terms***

1. **PROCEDURE**

Business Owners are responsible for completing the [0300-0310-015-D PROJECT FINANCIAL ASSESSMENT FORM](https://it.nc.gov/document/project-financial-assessment-form) as described in this procedure, guided by the [0300-0310-030-C COST ESTIMATION](https://it.nc.gov/document/cost-estimation) and [0300-0310-035-C](https://it.nc.gov/document/benefits-estimation)

[BENEFITS ESTIMATION](https://it.nc.gov/document/benefits-estimation) Quality Work Instructions. The Project Manager (PM) or designated agency representative will post the completed document to the Project Document Library as required in [0300-0310-005-C PROJECT INITIATION](https://it.nc.gov/document/project-initiation). The Project Financial Assessment is a key component of the project Business Case.

**NOTE:** *The Financial Assessment Form is completed as a project detail page and sharepoint list in the Touchdown System, but these forms can be used by Project Managers as a template.*

* 1. **Cost Tab**
     1. The Cost Tab is initially completed as part of [0300-0310-005-C PROJECT INITIATION](https://it.nc.gov/document/project-initiation), and is updated throughout the project life-cycle.
     2. The Business Owner, with the support of the PM and assigned agency budget analyst is responsible for completing this tab using the guidance found in [the 0300-0310-030-C COST ESTIMATION](https://it.nc.gov/document/cost-estimation) and [0300-0310-035-C BENEFITS ESTIMATION](https://it.nc.gov/document/benefits-estimation) Quality Work Instructions.
     3. The Agency, Project Name, Project Manager, Business Owner(s), Proposed Start and Proposed End (dates), Project Management Advisor and Executive Summary fields are sourced from the [0300-0310-010-D PROJECT CHARTER FORM](https://it.nc.gov/document/project-charter-form).
     4. Agency Budget Office Representative. Enter the name of the approving Agency Budget Office Representative.
     5. Cost Estimation Method(s) Used. Identify the cost estimation method(s) used as described in [0300-0310-030-C COST ESTIMATION](https://it.nc.gov/document/cost-estimation).

*(****Note:*** *It is highly recommended that the agency provides a basis for the project’s cost estimate as a supporting or referenced document to the form. The agency requirements, maturity of the estimate, and complexity of the project drive the contents. Examples include: a best technical estimate; Hours x Rate analysis; comparative analysis; work package estimate list; Request for Information results; vendor offer; or, output from a Monte Carlo analysis.)*

* + 1. Funding Source. Enter the funding source and estimated percentages for each as they apply to the project.
    2. Project Code. Enter the project unique cost center information. For the North Carolina Accounting System (NCAS) this will include the Company Code (xxxx), Budget Code (xxxxx), Fund Code (xxxx) and Cost Center (xxxxxxxx). This combination must result in a group of unique codes related only to expenditures for the project. Unique codes result in the ability to segregate the expenditures to a single project. The project costs should be for the entire project to completion.
    3. Project / Operations and Maintenance (O&M) Costs. Using the [0300-0310-030-C COST ESTIMATION](https://it.nc.gov/document/cost-estimation) Quality Work Instruction as a guide, enter the aggregated O&M Cost estimates for the following categories: Agency Personnel (531xxx); External Personnel (Short Term Contractors, Temporary Employees, excluding DIT); Vendor Request for Proposal (RFP); DIT Services (including project staffing resources); Hardware and Infrastructure; Software; Software as a Service (SaaS); and, Other (Describe). The unique codes for O&M must be different from the Project Code found in 6.1.7. The O&M costs should be over a 5-year operating budget.

Appendix A provides the crosswalk from these categories to NCAS, and will be used to enter NCAS costs into the correct Project and O&M Cost categories in the TOUCHDOWN System.

* + - 1. Initial (ROM) Cost Estimate (-25%/+75%) - The initial cost estimate shall be at least a Rough Order of Magnitude (ROM) with a level of accuracy between -25% / +75% of actual. If known, enter the aggregated Project and O&M Cost estimates for each category. Otherwise, enter the total Project and O&M Costs in the summary bar.

*(****Note:*** *Completed during Project Initiation.)*

* + - 1. Refined Cost Estimate - TCO (-10%/+25%) - The project team will continually refine the cost estimate to an accuracy range of -10% / +25%. The PM will then enter the refined aggregated Project and O&M Cost estimates for each category.

*(****Note:*** *Completed during Project Planning and Design.)*

* + - 1. Baseline Cost Estimate “Definitive” (-5%/+10%) - When the project team has refined the cost estimate to an accuracy range of -5% / +10%, the PM will enter the definitive costs for each category and request a Project Management Advisor (PMA) review and approval to establish a cost baseline.

*(****Note:*** *Completed during Project Planning and Design.)*

* + - 1. Change Request (CR) Approved Budget - When submitting a [0300-0360-005-D PROJECT CHANGE REQUEST FORM](https://it.nc.gov/project-change-request-form) in accordance with [0300-0360-005-C PROJECT CHANGE REQUEST](https://it.nc.gov/document/project-change-request), the PM will update the Refined or Baseline Budget Estimate once approved.

*(****Note:*** *May be completed at any point during the project life-cycle after Project Initiation.)*

* + - 1. Actual Spend or Cost Incurred to Date - This information is sourced from the NCAS or SAP Financial System.
    1. Project End Date. Enter the project end date as known under the appropriate cost estimate.
    2. Comments. Provide additional information and explanatory comments as required.

*(****Note:*** *It is highly recommended that the agency provides a basis for the project’s cost estimate as a supporting or referenced document to the form. The agency requirements, maturity of the estimate, and complexity of the project drive the contents.)*

* + 1. Legacy (Current Production) System(s) Aggregated Annual Operations and Maintenance (O&M) Cost. With the support of the agency finance office, enter the annual O&M Cost for the system(s) slated for replacement because of the project. If the business system is part of a Program and you cannot identify Legacy System O&M Cost for the individual projects, then document the Legacy System O&M Cost in the first project in the Program and do not provide Legacy System O&M Cost in the other projects. If known, break out O&M Cost by categories as noted in paragraph 6.1.8 above, and enter them in the TOUCHDOWN System.
    2. Comments. Provide additional information and explanatory comments as required.

*(****Note:*** *Comments that explain cost differences between the current and future system(s) O&M are highly recommended.)*

* 1. **Benefits Tab**
     1. The Benefits Tab is initially completed as part of [0300-0310-005-C PROJECT INITIATION](https://it.nc.gov/document/project-initiation), and is updated throughout the project life-cycle.
     2. The Business Owner, with the support of the PM and assigned agency budget analyst is responsible for completing this tab using the guidance found in the [0300-0310-035-C BENEFITS ESTIMATION](https://it.nc.gov/document/benefits-estimation) and [0300-0310-030-C COST ESTIMATION](https://it.nc.gov/document/cost-estimation) Quality Work Instructions. Common tab header fields will automatically populate from the Cost Tab.
     3. The Business Owner, supported by the PM, will identify, list and describe all benefits, a projected Fiscal Year (FY) estimated return out to five total FYs, the benefit start date, and a description or reference to an attached basis for the estimate (quantitative) or operational impact (qualitative).

1. **RECORDS**
   1. Unless otherwise specified in this QWI, Records shall be maintained in accordance with **0100-0800-010-B FORMS AND RECORDS CONTROL** procedure.

**8.0 REASON FOR CHANGE**

**8.1** Minor changes to paragraph 6.1.11 Legacy (Current Production) System(s) Aggregated Annual

Operations and Maintenance (O&M) Cost to clarify the requirement. Other minor typographical

corrections in section 6.0 PROCEDURE. Added *IT Account Number* “532160 - Engineering Services” to

“External Personnel” *Project Financial Assessment Category* in Appendix A: Crosswalk Between Financial

Assessment Categories and NCAS.

**8.2** Minor changes to section 6.0 PROCEDURE to provide clarification. Minor corrections to paragraph 6.1.7

Project Code to clarify the requirement.

**8.3** Clarified what is a unique code.

**8.4** Identify Project Costs as cost for the life of the project and O&M as 5 years of operating expenses.

**8.5** Clarified that O&M cost codes must be different than project cost codes.

**8.6** Updated Change Request information.

**8.7** Identified that actual costs come from NCAS or SAP Financial Systems.

**8.8** Updated Appendix A: Crosswalk

**APPENDIX A: Crosswalk Between Financial Assessment Categories and NCAS**



**APPENDIX A: Crosswalk Between Financial Assessment Categories and NCAS (continued)**

