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S3400 - PROJECT INVESTMENT JUSTIFICATION (PIJ) STANDARD

DOCUMENT NUMBER:	S3400
EFFECTIVE DATE:	JANUARY 3, 2023
REVISION:	4.0

1. AUTHORITY

The Arizona Department of Administration (ADOA) Arizona Strategic Enterprise Technology (ASET) Office shall develop, implement and maintain a coordinated statewide plan for information technology (A.R.S. § 18-104(A (1))), including the formulation of IT policies and standards to effectuate the purposes of the agency (A.R.S. § 18-104(A (13))).

2. PURPOSE

This standard establishes criteria for activities associated with the Statewide Project Investment Justification (PIJ) process for the State of Arizona.

3. SCOPE/EXCEPTIONS

This applies to all budget units. Budget unit is defined as a department, commission, board, institution or other agency of the state receiving, expending or disbursing state funds or incurring obligations of the state including the Arizona Board of Regents but excluding the universities under the jurisdiction of the Arizona Board of Regents, the community college districts and the legislative or judicial branches (A.R.S. § 18-101(1)).

The Budget Unit Chief Financial Officer (CFO), working in conjunction with the Budget Unit Chief Information Officer (CIO), shall be responsible for ensuring the effective implementation of Statewide Information Technology Policies, Standards, and Procedures (PSPs) within each Agency.

This standard applies to the following items:

- A. All IT projects with development costs of at least \$25,000 undertaken by the BUs; and
- B. All IT investments or acquisitions of at least \$25,000 undertaken by the BUs.

4. ROLES AND RESPONSIBILITIES

- 4.1. Refer to Section 4 of Policy P3400 Project Investment Justification (PIJ).

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5. STANDARD

The standard establishes the criteria for PIJ review, approval, BU notification, and subsequent project monitoring.

- 5.1. ADOA-ASET Oversight Staff shall administer the Project Investment Justification (PIJ) process.
 - A. The PIJ PORTAL is the statewide standard web portal used by BUs to submit project investment justifications to ADOA-ASET and the Information Technology Authorization Committee (ITAC) for approvals, as specified by Statewide Policy P3400.
 - B. The PIJ TEMPLATE is maintained by ADOA-ASET Oversight Staff and available to agency BUs.
- 5.2. ADOA-ASET Oversight Staff shall evaluate each completed PIJ document for the following, at a minimum:
 - A. Presence of authorization signatures.
 - B. Completeness of content, including a description of need and objective.
 - C. Accuracy of scope, including a description of costs, alternatives, plan, and source of funds.
 - D. If the document is not complete or accurate, ADOA-ASET Oversight Staff shall return it to the submitting BU.
 - i. The BU shall be notified in writing of the discrepancies identified during review.
 - ii. The BU may provide corrected documentation and/or information at its convenience or withdraw the PIJ from further consideration.
- 5.3. ADOA-ASET Oversight Staff shall evaluate the proposed project investment justification in accordance with Statewide Procedure P3400 to determine the following, at a minimum:
 - A. Whether the proposed solution addresses the stated problem or situation.
 - B. Whether the budget unit is competent to carry out the project successfully.
 - C. Whether sufficient sponsorship and support by budget unit leadership exists.
 - D. Whether the cost estimates provided are accurate.
 - E. Whether the proposed project aligns with the budget unit's Strategic IT Plan.
 - F. Whether the proposed solution complies with statewide IT standards.
 - G. See Attachment A: *Project and Investment Justification Information Flow*, for a high level overview of the PIJ review process.
 - H. Substantiation of development costs (see Attachment B: *Cost Factors Table*).
- 5.4. To provide strategic, objective, and impartial analysis of the PIJ and proposed technical solution, "ADOA-ASET" Oversight Staff will, at a minimum:
 - A. Recognize the submitting agency's authority and responsibility to select technology deemed most appropriate to its business needs, provided the proposed solution conforms to Statewide Policies and Standards.
 - B. When possible, make technical recommendations that do not specifically

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identify any vendor by name.

- C. When necessary and appropriate, recommend alternate technical solutions for agency evaluation.
- 5.5. ADOA-ASET Oversight Staff shall further evaluate proposed IT projects and investments valued at \$100,000 or more for the following, at a minimum:
 - A. Measurable major deliverables.
 - B. Availability of technical expertise.
 - C. Adequacy of life cycle analysis and cost.
 - D. Specific funding timeline and source.
 - E. Acceptable overall risks.
 - F. Presence of an explicit connectivity diagram.
- 5.6. ADOA-ASET Oversight Staff shall further evaluate proposed IT projects and investments valued over \$1 million for the following, at a minimum:
 - A. Project Management Timeline.
 - B. Recognizable and acceptable risks.
 - C. Feasibility of the project plan.
- 5.7. ADOA-ASET Oversight Staff shall issue a project summary report, as described in Statewide Procedure P3400, for each PIJ. The report shall contain a recommendation to approve with conditions, or disapprove the project.
- 5.8. Following review and disposition by the “ADOA-ASET” Director and/or ITAC, “ADOA-ASET” Oversight Staff shall prepare a letter to the agency BU Director as described in Statewide Procedure P3400. The letter shall include the project’s disposition and be transmitted by the “ADOA-ASET” Director.
- 5.9. “ADOA-ASET” Oversight Staff shall monitor and conduct periodic reviews as specified in Statewide Standard S3400 on IT projects that are considered to be major or critical. The review may evaluate efficiencies in the areas of planning, scheduling, and execution, including examination of project expenditures and activity reports.

6. DEFINITIONS AND ABBREVIATIONS

Refer to the PSP Glossary of Terms for definitions and abbreviations. More information can be found in the [Policies, Standards, and Procedures Glossary](#) page on the ASET website.

7. REFERENCES

- 7.1. A. R. S. § 41-621 et seq., “Purchase of Insurance; coverage; limitations, exclusions; definitions.”
- 7.2. A. R. S. § 41-743 (A) et seq., “Powers and duties of the director.”
- 7.3. A. R. S. § 41-151.09. (A), “Depository of official archives.”
- 7.4. A. R. S. § 41-2501 et seq., “Arizona Procurement Codes, Applicability.”
- 7.5. A. R. S. § 41-2534, “Competitive sealed proposals.”

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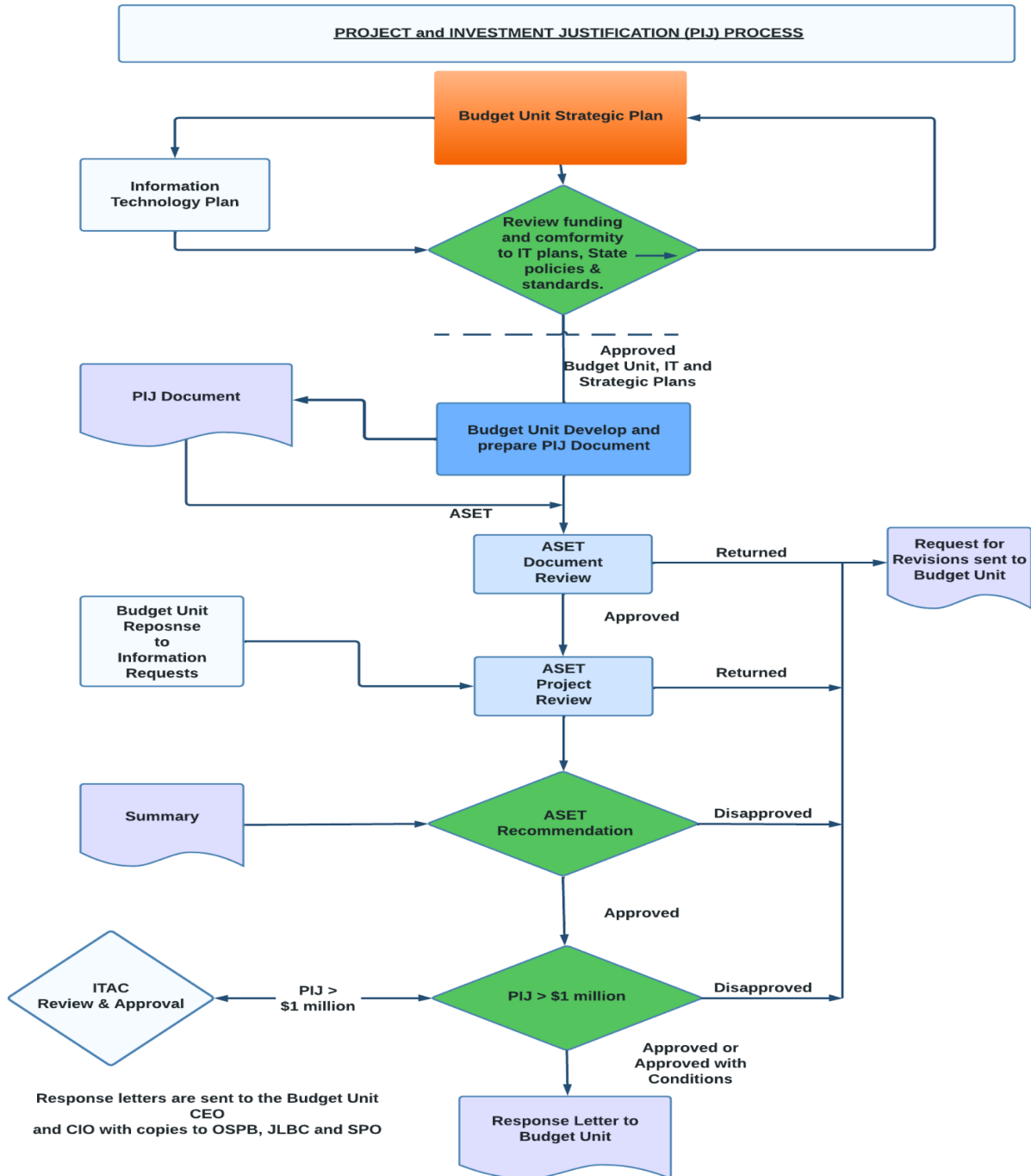
- 7.6. A. R. S. § 18-101, "Definitions."
- 7.7. A. R. S. § 18-104, "Powers and Duties of the Agency."
- 7.8. A. R. S. § 18-121, "Information Technology Authorization Committee; members; terms; duties; compensation; definition."
- 7.9. A. R. S. § 41-7041, "Governmental Electronic Records."
- 7.10. Arizona Administrative Code, Title 2, Chapter 5.
- 7.11. Arizona Administrative Code, Title 2, Chapter 7. A.R.S. § 41-2511.
- 7.12. Arizona Administrative Code, Title 2, Chapter 10. A.R.S. § 41-621.
- 7.13. Arizona Administrative Code, Title 2, Chapter 18. A.R.S. § 18-104.
- 7.14. Statewide Policy P3400, Project Investment Justification (PIJ).

8. ATTACHMENTS

- Attachment A - Project and Investment Justification Information Flow (see page 5)
- Attachment B - Cost Factors Table (see page 6)



Attachment A - Project and Investment Justification Information Flow



Attachment B - Cost Factors Table

<i>Cost classifications</i>					
E. Operating Costs (Statewide PSP P340)					
D. Vendor Costs (A.R.S. 41-2534)					
C. Investment (Statewide PSP P340)					
B. Development Costs (Also Total State Cost, Total Project Cost) (Statewide PSP P340) (A.R.S. 41-2534) (A.R.S. 41-3504)					
A. Total Life Cycle Cost (also Life Cycle Analysis) (A.R.S. 41-2534) (A.R.S. 41-3504)					
Components	A	B	C	D	E
Hardware - new or upgrade	X	X	X	X	
Hardware - maintenance / service	X				X
Software - new and upgrade	X	X	X	X	
Software - maintenance	X				X
Transportation	X	X	X	X	
Vendor Support	X	X	X	X	
On going Maintenance	X				X
Material	X	X			
Utility - construction	X	X	X		
Utilities - ongoing	X				X
Facilities - construction	X	X	X		
Facilities - ongoing	X				
Personnel - development	X	X			
Financial Support	X	X	X	X	X
Consulting	X	X		X	
IV&V Consulting	X	X		X	
Integration	X	X		X	
Training - start up	X	X			
Training - ongoing	X			X	X
Transmission and reception of messages - construction	X	X	X		
Transmission and reception of messages - ongoing	X			X	
Lease/Purchase	X	X		X	
Assessments	X				

9. REVISION HISTORY

Date	Change	Revision	Signature
1/03/2023	Major revision	4.0	J.R. Sloan (1/4/2023)
3/05/2009	Revision 3.0 Publication Date	3.0	