

ARIZONA DEPARTMENT OF ADMINISTRATION	STATEWIDE STANDARD	 State of Arizona
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S3400 - PROJECT INVESTMENT JUSTIFICATION (PIJ) STANDARD

DOCUMENT NUMBER:	S3400
EFFECTIVE DATE:	JANUARY 22, 2024
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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 total costs of at least \$25,000 undertaken by the BUs. “Total project costs” or “total costs,” as used in A.R.S. Title 18, Chapter 1, means the IT development and implementation costs associated with an information technology project.

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.
 - E. If Independent Verification & Validation is required according to policy P1020 for projects with the total costs of \$5 million or more.
- 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, Security and Privacy policies and standards.
 - a. To include but not limited to:
 - i. Compliance with Statewide Cloud Policy P1100
 - ii. Compliance with any specific Statewide Security Policy identified by Homeland Security
 - iii. Compliance with Statewide Data Governance Policies P4400 through P4470 inclusive.
 - G. See Attachment A: *Project Investment Justification Information Flow*, for a high level overview of the PIJ review process.

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- H. Substantiation of total 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.
 - a. Determine if BU has completed acceptable due diligence by securing a minimum of 3 competitive bids.
 - i. Any BU exception to this process must be specified and a justification provided upon PIJ submission to be reviewed by ADOA-ASET Oversight Staff.
 - B. When possible, make technical recommendations that do not specifically identify any vendor by name.
 - C. When necessary and appropriate, recommend alternate technical solutions for agency evaluation.
 - D. Measurable major deliverables.
 - E. Availability of technical expertise.
 - F. Adequacy of life cycle analysis and cost.
 - G. Specific funding timeline and source.
 - H. Acceptable overall risks.
 - I. Presence of an explicit connectivity diagram.
 - J. Project Management Timeline.
 - K. Recognizable and acceptable risks.
 - L. Feasibility of the project plan.
 - M. Performance Indicators.
- 5.5. 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.
- 5.6. 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.
- 5.7. “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.
- 5.8. ADOA-ASET Oversight Staff shall inform the BU of the process for submitting measurements of the project success at project closure and beyond, when applicable.

6. DEFINITIONS AND ABBREVIATIONS

Refer to the PSP Glossary of Terms for definitions and abbreviations. More information can be

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found in the [Policies, Standards, and Procedures Glossary](#) page on the ASET website.

7. REFERENCES

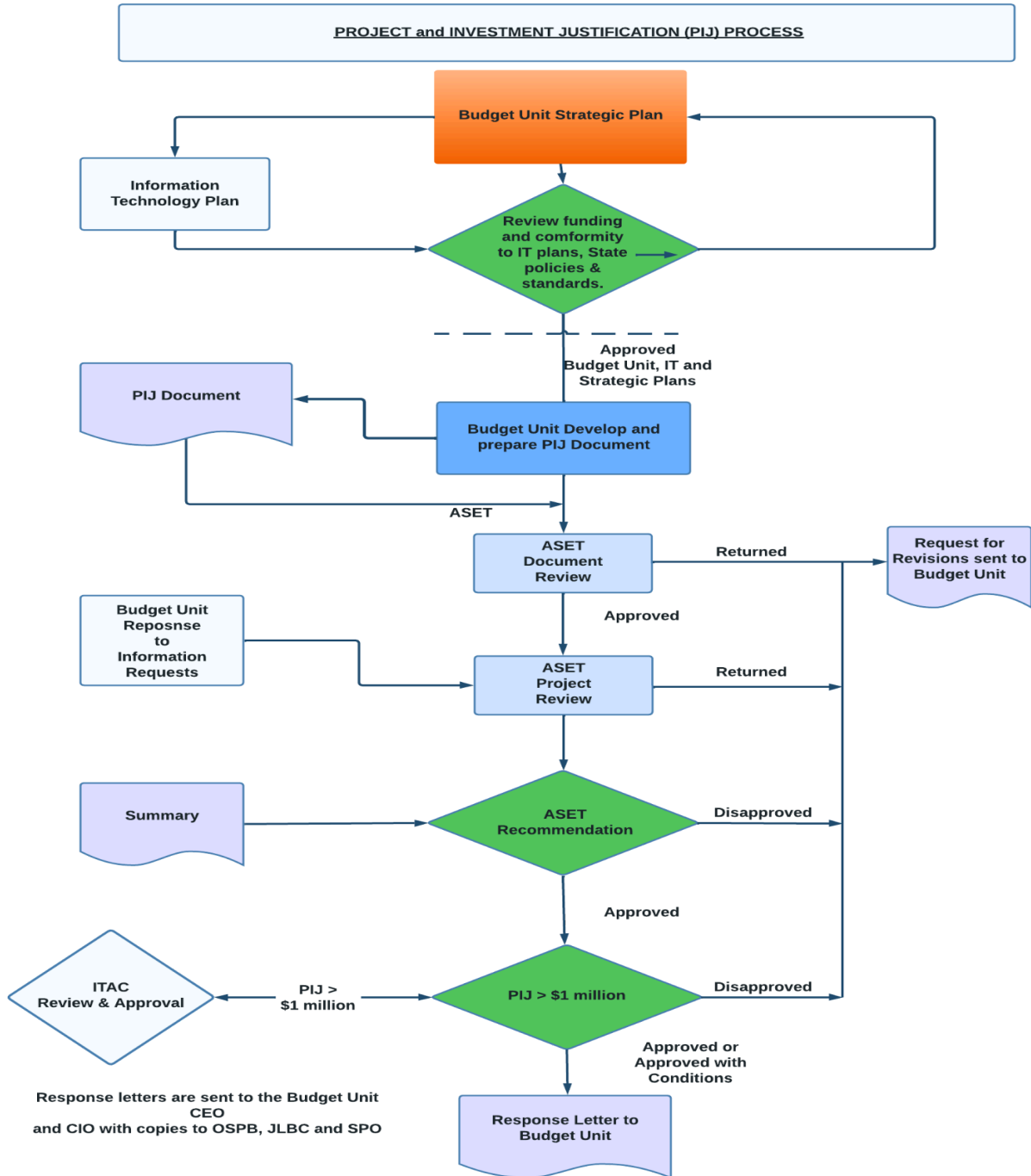
- 7.1. A. R. S. § 41-621 et seq., "Purchase of Insurance; coverage; limitations, exclusions; definitions."
- 7.2. A. R. S. § 41-743 (A) et seq., "Powers and duties of the director."
- 7.3. A. R. S. § 41-151.09. (A), "Depository of official archives."
- 7.4. A. R. S. § 41-2501 et seq., "Arizona Procurement Codes, Applicability."
- 7.5. A. R. S. § 41-2534, "Competitive sealed proposals."
- 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 Investment Justification Information Flow (see page 5)
- Attachment B - Cost Factors Table (see page 6)



Attachment A - Project Investment Justification Information Flow



Attachment B: Cost Factor Table

Cost Classifications				
D. Operating Costs (Statewide PSP P3400)				
C. Vendor Costs (A.R.S. 18-104)				
B. Development Costs (Total Cost, Total Project Cost) (A.A.C. R2-18-201)				
A. Total Life Cycle Cost (Life Cycle Analysis) (A.R.S. 18-104) (A.R.S. 18-121)				
Components	A	B	C	D
Hardware - new or upgrade	x	x	x	
Hardware - maintenance / service	x			x
Software - new and upgrade	x	x	x	
Software - maintenance	x			x
Transportation	x	x	x	
Vendor Support	x	x	x	
On going Maintenance	x			x
Material	x	x		
Utility - construction	x	x		
Utilities - ongoing	x			x
Facilities - construction	x	x		
Facilities - ongoing	x			
Personnel - development	x	x		
Financial Support	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		
Transmission and reception of messages - ongoing	x		x	
Lease/Purchase	x	x	x	
Assessments	x			

9. REVISION HISTORY

Date	Change	Revision	Signature
1/22/2024	Major revision	4.0	J.R. Sloan
3/05/2009	Revision 3.0 Publication Date	3.0	