



MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania
Governor's Office

Subject: Approving, Monitoring, and Accounting for New Information Technology Application Projects	Number: 310.37
Date: July 20, 2012	By Direction of:  Kelly Powell Logan, Secretary of Administration  Charles B. Zogby, Secretary of the Budget
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This directive establishes policy, responsibilities, and procedures for approving, monitoring, and accounting for new information technology (IT) application projects.

1. **PURPOSE.** To establish policy, responsibilities, and procedures for approving, monitoring, and accounting for new IT application projects.
2. **SCOPE.**
 - a. This directive applies to all departments, boards, commissions, and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction.
 - b. This directive applies to IT application projects with a total budget greater than or equal to \$250,000. Agencies may follow the procedures in this directive to establish SAP accounting codes for monitoring commitments and expenditures for IT application projects with total budgets of less than \$250,000.
 - c. Existing IT application projects and those in development as of the publication of this directive are exempt from the provisions of this directive.

3. OBJECTIVES.

- a. To ensure the Office of Administration, Office for Information Technology (OA/OIT) has the ability to monitor IT application project objectives, budgets, and expenditures centrally in order to carry out its responsibilities in accordance with *Executive Order 2011-05, Enterprise Information Technology Governance*.
- b. To increase the transparency of IT application project commitments and expenditures and improve reporting capabilities for such expenditures, consistent with the Governor's reform agenda.
- c. To establish a standard for recording IT application project commitments and expenditures.

4. DEFINITIONS.

- a. **Information Technology (IT) Application Project.** A planned effort for software development, replacement, change or modernization that has defined start and end dates. IT application projects include, but are not limited to, custom builds of new applications; procurement and implementation of off-the-shelf software products (with or without customization); procurement of Software as a Service (SaaS) solutions; targeted alterations to the technical function, quality, documentation and structure of applications; targeted technical and functional improvements to extend the useful life of existing applications and the reuse of existing application functionality.
- b. **Internal Order Group Hierarchy.** An SAP accounting system tool for categorizing internal order numbers with common attributes (*i.e.*, "groups"). A hierarchy facilitates reporting and analysis of costs at the group level, as opposed to the individual internal order number level.
- c. **Internal Order Number.** An SAP accounting code used to plan, collect, monitor, and settle the actual costs of specific operations or tasks performed. Nongrant internal order numbers are used to record state expenditures; federal grant internal order numbers are used to record expenditures related to federal grant programs and the state match associated with federal grants (if a state match is required).
- d. **State Match.** The amount of money or percentage of costs contributed by a state as a requirement for the receipt of federal grant funding.

5. POLICY.

- a. IT application projects with a total budget greater than or equal to \$250,000 must be approved and monitored centrally by OA/OIT.
- b. Accounting entries for IT application project commitments and expenditures must include the internal order number(s) associated with the project. IT application project internal order numbers must be designated as real internal order numbers in SAP.

- c. IT application project internal order numbers shall be managed in an SAP internal order group hierarchy. The internal order group hierarchy must be updated for additions, deletions, or changes to IT application project internal order numbers.

6. RESPONSIBILITIES.

a. Agency.

- (1) Determine the applicable funding source(s) (state, federal, or both) for IT application projects and request appropriate internal order number(s) upon project approval by OA/OIT.
- (2) Establish procedures for agency IT and budget/fiscal personnel to coordinate requests for internal order numbers.
- (3) Ensure each request for IT application project internal order numbers includes an approved OA/OIT project request form.
- (4) Ensure all IT application project expenditures are coded to the appropriate internal order numbers.
- (5) Respond to inquiries from OA/OIT regarding IT application projects, including project performance, objectives, budgets, commitments, and expenditures.

b. Office of Administration, Office for Information Technology.

- (1) Notify the agency when an IT application project has been approved.
- (2) Monitor IT application projects, including project performance, objectives, budgets, commitments, and expenditures.
- (3) Update the SAP internal order group hierarchy for additions, deletions, or changes to IT application project internal order numbers.
- (4) Ensure each internal order in the SAP internal order group hierarchy corresponds to only one IT application project.
- (5) Direct agencies on the IT portfolio management process, including monitoring project performance, consolidation and integration of common IT business functions, project management methodologies and principles, and required business process reviews.

c. Office of the Budget, Office of Comptroller Operations.

(1) Bureau of Financial Management (BFM).

- (a) Review and process requests to create nongrant internal order numbers.
- (b) Notify the requesting agency and OA/OIT when a nongrant internal order number has been created for an IT application project.

(c) Notify the Bureau of Commonwealth Accounting (BCA), Federal Accounting Division of any agency request that requires a federal grant internal order number.

(2) Bureau of Commonwealth Accounting (BCA), Federal Accounting Division.

(a) Review and process requests to create federal grant internal order numbers.

(b) Notify the requesting agency and OA/OIT when a federal grant internal order number has been created for an IT application project.

7. PROCEDURES.

a. IT Application Project Approval.

(1) **Action By: Agency.** Complete a project request form and submit the form to OA/OIT.

(2) **Action By: Office of Administration, Office for Information Technology.** Assess the project request form, complete the project approval section of the form, indicating OA/OIT approval or disapproval and return it to the agency.

NOTE: If approved, ensure the appropriate approving officials have signed the project request form and the project number assigned in the SAP internal order group hierarchy is noted on the form.

(3) **Action By: Agency.** For approved projects, submit a request to establish the appropriate internal order number(s) based on the project funding source (Refer to sections 7b through 7e of this directive).

b. State Funding Only.

(1) **Action By: Agency.**

(a) Prepare a master data request form for a nongrant internal order number.

(b) Submit the master data request form and the approved OA/OIT project request form to the BFM master data email resource account (ra-co-bfm-mastrdata@pa.gov).

(2) **Action By: Office of the Budget, Office of Comptroller Operations, Bureau of Financial Management.**

(a) Verify the agency request includes the approved OA/OIT project request form and does not duplicate an existing nongrant internal order number. Contact the agency to resolve any issues regarding these requirements before proceeding.

(b) Create the new nongrant internal order number and notify the requesting agency and OA/OIT.

(3) **Office of Administration, Office of Information Technology.** Upon receiving notification from BFM, add the nongrant internal order number to the SAP internal order group hierarchy in accordance with the procedures for SAP transaction code KOH2, Change Order Group.

c. Federal Funding Only.

(1) **Action By: Agency.** Contact BCA, Federal Accounting Division and submit the required documentation, including the OA/OIT approved project request form, to request a federal grant internal order number.

(2) **Action By: Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Accounting, Federal Accounting Division.**

(a) Verify the agency request includes the approved OA/OIT project request form. Contact the agency to resolve any issues regarding this requirement before proceeding.

(b) Create the new federal grant internal order number in accordance with internal order processing procedures and notify the requesting agency and OA/OIT.

(3) **Office of Administration, Office of Information Technology.** Upon receiving notification from BCA, Federal Accounting Division, add the federal grant internal order number to the SAP internal order group hierarchy in accordance with the procedures for SAP transaction code KOH2, Change Order Group.

d. State and Federal Expenditures (State Expenditures Recorded as a State Match). When an IT application project includes state and federal expenditures and the state expenditures will be recorded as a state match, a nongrant internal order number is not required. Follow the procedures in section 7c of this directive to request a federal grant internal order number.

e. State and Federal Expenditures (State Expenditures Not Recorded as a State Match). When an IT application project includes state and federal expenditures and a state match is not required, or state expenditures exist that are not part of a state match, a nongrant internal order number is required.

(1) **Action By: Agency.**

(a) Prepare a master data request form for a nongrant internal order number.

(b) Submit the master data request form and the approved OA/OIT project request form to the BFM master data email resource account (ra-co-bfm-mastrdata@pa.gov). Ensure the box is checked on the project request form indicating that a federal grant internal order number is also required.

- (2) Action By: Office of the Budget, Office of Comptroller Operations, Bureau of Financial Management.**
- (a) Verify the agency request includes the approved OA/OIT project request form and does not duplicate an existing nongrant internal order number. Contact the agency to resolve any issues regarding these requirements before proceeding.
 - (b) Create the new nongrant internal order number and notify the requesting agency and OA/OIT.
 - (c) Forward the request for the federal grant internal order number to BCA, Federal Accounting Division.
- (3) Action By: Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Accounting, Federal Accounting Division.**
- (a) Contact the agency, if necessary, to resolve any issues regarding the request before creating the federal grant internal order number.
 - (b) Create the new federal grant internal order number in accordance with internal order processing procedures and notify the requesting agency and OA/OIT.
- (4) Office of Administration, Office of Information Technology.** Upon receiving notification from BFM or BCA, Federal Accounting Division, add the nonfederal and federal grant internal order numbers to the SAP internal order group hierarchy in accordance with the procedures for SAP transaction code KOH2, Change Order Group.