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POLICY 3400 - PROJECT INVESTMENT JUSTIFICATION (PIJ)

DOCUMENT NUMBER:	P3400
EFFECTIVE DATE:	JANUARY 19, 2024
REVISION:	5.0

1. AUTHORITY

To effectuate the mission and purposes of the Arizona Department of Administration (the “Department”), the Department shall maintain a coordinated statewide plan for information technology (IT) implemented and maintained through policies, and adoption of statewide technical, coordination and security standards as authorized by Arizona Revised Statute (A.R.S.) § 18-104. Formulate policies, plans and programs to effectuate the government information technology purposes of the department.

2. PURPOSE

- 2.1.** This policy establishes the criteria to:
- 2.1.1.** Approve Information Technology (IT) projects and investments undertaken by the Budget Units (BUs) in accordance with ARS 18-104(A)(1(g), and 18-121(C)(3).
 - 2.1.2.** Require that BUs demonstrate expertise to carry out IT plans, either by employing staff or contracting for outside services.
 - 2.1.3.** Monitor IT projects that the department considers to be major or critical, including expenditure and activity reports and periodic review.
 - 2.1.4.** Require that BUs incorporate a life-cycle analysis into the IT planning, budgeting and procurement processes.
 - 2.1.5.** Temporarily suspend the expenditure of monies if the department determines that the IT project is at risk of failing to achieve its intended results or does not comply with the requirements of this section.
 - 2.1.6.** The department may examine all books, papers, electronic records and documents in the office of any BU and may require any state officer of the BUs to furnish information or statements necessary to carry out this chapter.

3. SCOPE/EXCEPTIONS

- 3.1. Application to Budget Units (BUs)** - This policy shall apply to all BUs as defined in A.R.S. § 18-101.

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3.2. This applies to all budget units. A BU 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).

3.2.1. This policy applies to the following items:

3.2.1.1. All IT projects with Total Project Costs, as defined in A.A.C. R2-18-101 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. State Chief Information Officer (CIO) shall:

4.1.1. Be responsible for defining Statewide IT PSPs as authorized by Arizona Revised Statute A.R.S. § 18-104.

4.1.2. Be responsible to advance Budget Units’ compliance with the statewide IT PSPs through the Annual IT Plan review and PIJ approval processes.

5. POLICY

5.1.1. ADOA approval shall be obtained before a BU initiates an IT project or investment whose development costs are \$25,000 or greater. The Information Technology Authorization Committee (ITAC) approval shall be obtained for projects whose development costs are \$1,000,000 or greater.

5.1.1.1. Staff augmentation for this purpose does not include State of Arizona Full-Time-Employee (FTE) costs. Staff augmentation should be considered as any contractor and/or vendor costs associated with project development, implementation or enhancement.

5.1.2. The Project Investment and Justification (PIJ) document shall be used by BUs to submit projects or investments to ADOA and ITAC for approval, as described in Statewide Standard P3400-S3400.

5.1.3. ADOA shall provide strategic, objective, and impartial analysis of the PIJ document and the proposed business and technical solutions using the criteria contained in Statewide Standard P3400-S3400.

5.1.4. ADOA shall issue a report for each project. The report shall contain a recommendation as defined in Statewide Procedure P3400-S3400.

5.1.5. The BU may withdraw a submitted PIJ document from review at any time.

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- 5.1.6. In accordance with A.R.S. § 18-104 (A)(1)(g), ADOA shall approve, approve with conditions, or disapprove projects or investments of \$25,000 or greater and less than \$1,000,000. Evaluation shall be based on the content of the PIJ and the project report.
- 5.1.7. The BU shall be notified of the project’s disposition in writing.
- 5.1.8. If a project has not been approved by ADOA, the BU may submit an appeal to ITAC for an exception or resubmit a modified PIJ document for reconsideration.
- 5.1.9. For projects or investments \$1,000,000 or greater, ADOA shall submit the PIJ and associated project report to ITAC with recommendations in accordance with A.R.S. § 18-104 (A)(1)(g). After review, ITAC shall approve, approve with conditions, or disapprove projects in accordance with Statewide Standard S3400.
- 5.1.10. ADOA shall notify the BU of the project’s disposition from ITAC in writing.
- 5.1.11. For any project not approved by ITAC, the BU may submit a new PIJ document for consideration.
- 5.1.12. Using criteria provided in Statewide Standard P3400-S3410, BUs shall report the status of all projects which have been approved or approved with conditions monthly on a date established by ADOA unless otherwise approved. ADOA Staff shall monitor and conduct periodic reviews, performed in accordance with Statewide Standard P3400-S3410, on IT projects that are considered to be major or critical.
- 5.1.13. ADOA may temporarily suspend the expenditure of monies and related activities for the IT project or recommend to ITAC that ITAC temporarily suspend the expenditure of monies and related activities for the IT project at risk of failing to achieve its intended results or does not comply with the conditions originally stated in the PIJ document.

6. DEFINITIONS AND ABBREVIATIONS

“Standards” as used in A.R.S. Title 18, Chapter 1 means requirements associated with development, maintenance, use, and access to IT based on generalized industry benchmarks and best practices.

“Department” as used in A.R.S. Title 18, Chapter 1 means the Department of Administration (ADOA).

7. REFERENCES

- 7.1.1. A. R. S. § 41-621 et seq., “Purchase of Insurance; coverage; limitations, exclusions; definitions.”
- 7.1.2. A. R. S. § 41-151.05((A (6 & 7))), “State Agency Information.”
- 7.1.3. A. R. S. § 41-1151.09 (A), “Depository of State Archives.”
- 7.1.4. A. R. S. § 41-1461, “Definitions.”
- 7.1.5. A. R. S. § 41-1463, “Discrimination; unlawful practices; definition.”
- 7.1.6. A. R. S. § 41-1492 et seq., “Prohibition of Discrimination by Public Entities.”

- 7.1.7. A. R. S. § 41-2501 et seq., “Arizona Procurement Codes, Applicability.”
- 7.1.8. A. R. S. §18-101, “Definitions.”
- 7.1.9. A. R. S. § 18-104, “Powers and Duties of the Agency.”
- 7.1.10. A. R. S. § 18-121, “Information Technology Authorization Committee; members; terms; duties; compensation; definition.”
- 7.1.11. A. R. S. § 44-7041, “Governmental Electronic Records.”
- 7.1.12. Arizona Administrative Code, Title 2, Chapter 7.
- 7.1.13. Arizona Administrative Code, Title 2, Chapter 10.
- 7.1.14. Arizona Administrative Code, Title 2, Chapter 18.
- 7.1.15. Statewide Information Technology Policy P100.
- 7.1.16. Statewide Standard P3400-S3400, Project Investment Justification (PIJ).
- 7.1.17. Statewide Standard P3400-S3410, Project Status Reporting (PIJ).

8. ATTACHMENTS

None

9. REVISION HISTORY

Date	Change	Revision	Signature
7/02/2021	Approved	4.0	J.R. Sloan
1/19/2024	Incorporated Audit Finding Updates	5.0	J.R. Sloan