Department of Health and Human Services

Indian Health Service (IHS)

Office of the Chief Information Officer/Division of Information Resources

Information Technology Investment Review Board -- Draft Guidance

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Contents

Purpose of ITIRB

The Information Technology Investment Review Process (ITIRB) is established to oversee and facilitate the review of the major information technology (IT) investments to ensure that they are achieving defined performance goals which support the IHS mission, and are compliant with standards defined by the IHS information technology architecture (ITA) plan (see Appendix C).

An IT Investment Review Process (ITIRB) is an integrated approach to managing IT investments that provides for the continuous identification, selection, control, life-cycle management, and evaluation of IT investments. This structured process provides a systematic method for the IHS to minimize risks while maximizing the return of IT investments.

IHS has developed its ITIRB to become more accountable for the economic and efficient management of IT and to implement a sound and integrated ITA plan. This process is consistent with Department of Health and Human Services (DHHS) policies requiring an investment and review process at the department and operating division (OPDIV) level, as well as relevant legislation such as the Clinger-Cohen Act and the Government Performance and Results Act (GPRA).

The central goal of the ITIRB is to assess IHS IT investments with regard to the technical soundness of the investment, the consistency of the IT solution with the IHS ITA, and the potential redundancy of the investment with other IHS efforts.

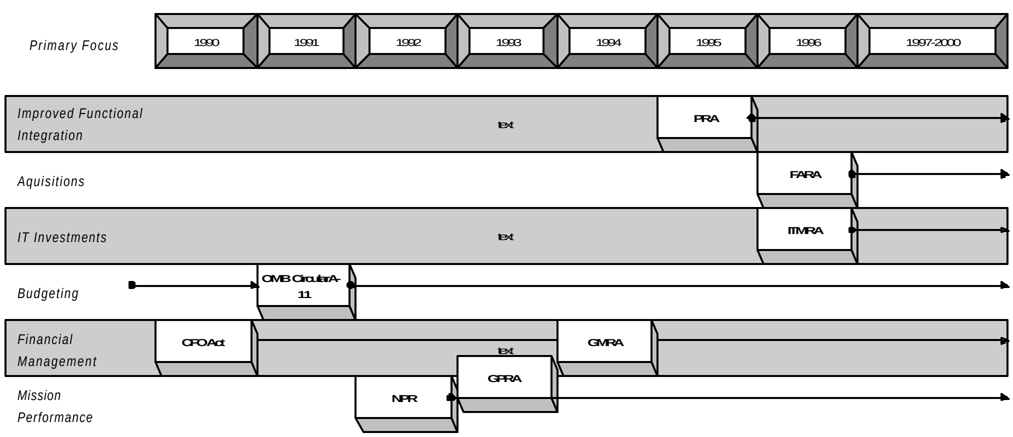
Background

Investments in information technology can have a significant impact on an organization's performance. Well-managed IT investments that are carefully selected and focused on meeting mission needs can propel an organization forward, considerably improving performance while lowering costs. Likewise, poor investments, those that are inadequately justified or whose costs, risks, and benefits are poorly managed, can hinder an organization's performance.

LEGISLATIVE REQUIREMENTS

Over the last decade, several pieces of legislation have been passed that have required federal agencies to examine and change their current operations and management practices in order to improve performance and achieve greater mission outcomes. The following diagram shows the key legislation and is followed by a brief description of these major management reforms.

Key Legislation



Government Performance and Results Act of 1993 (GPRA) (Public Law 103-62)

GPRA requires agencies to set goals, measure performance, and report on their accomplishments. A key tenet of GPRA is that agencies will develop strategic plans, as well as annual performance plans that are linked to the strategic plans, that establish the organization's goals and objectives as well as strategies for achieving these goals. With these plans in place, an agency can begin to assess whether its activities, core processes, and resources are aligned to support its mission and achieve desired outcomes. GPRA also requires agencies to establish performance measures and benchmarks in order to begin identifying gaps between actual and desired performance levels and mission outcomes.

The Clinger-Cohen Act of 1996 (formally the Information Technology Management
Reform Act, Division E of Public Law 104-106)

The Clinger-Cohen Act requires federal agencies to focus on the results they are achieving through IT investments. Specifically, the act introduces much more rigor and structure into how agencies approach the selection and management of IT projects. Among other things, the head of each agency is required to implement a process for maximizing the value and assessing and managing the risks of the agency's IT acquisitions.

The Paperwork Reduction Act of 1995 (PRA)
(Public Law 104-13)

PRA requires agencies to use information resources to improve the efficiency and effectiveness of their operations and fulfillment of their missions. It emphasizes achieving program benefits and meeting agency goals through the effective use of IT. As such, it is the "umbrella" IT legislation for the federal government with other statutes elaborating on the goals contained within PRA.

The Federal Acquisition Streamlining Act of 1994 (FASA)
(Public Law 103-355)

Title V of FASA requires agencies to define cost, schedule, and performance goals for federal acquisition programs (including IT projects) and to monitor these programs to ensure that they remain within prescribed tolerances. If a program falls out of tolerance (failure to meet 90 percent of cost, schedule, and performance goals), FASA gives the agency head the authority to review, and if necessary terminate, the program.

Chief Financial Officers Act of 1990 (CFO)
(Public Law 101-576)

The CFO Act focuses on the need to significantly improve the financial management and reporting practices of the federal government. Having accurate financial data is critical to understanding the costs and assessing the returns on IT investments.

Key ITIRB Process Membership

Membership of the ITIRB will be comprised of the following organizations and positions (or their designee):

- IHS Chief Information Officer (CIO)
- Information Systems Advisory Committee (ISAC), Tribal Co-chair
- Information Systems Advisory Committee (ISAC), IHS Co-chair
- National Indian Health Board (NIHB), Member
- Tribal Self-Governance Advisory Committee, Member
- National Council of Urban Indian Health, Board Member
- National Council of Executive Officers (NCEO), Member
- National Clinical Councils, Member
- Office of Environmental Health, Representative

- CIO (Outside Agency OPDIV)
- Chief Medical Officer (CMO)
- Chief Financial Officer (CFO)
- Office of Public Health (OPH) Director
- Office of Management Support (OMS) Director

Critical Success Factors

To be successful, an agency's IT investment management processes should generally include the following elements:

- Appropriate level of resources must be made available for participating organizations to succeed in effectively implementing the ITIRB process.
- Key organizational decision makers are committed to the process and are involved throughout each project's life cycle.
- Projects are assessed jointly by program, financial, and IT managers.
- The investment management process is repeatable, efficient, and conducted uniformly and completely across the organization.
- The process includes provisions for continually selecting, managing, and evaluating projects in the investment portfolio.
- Decisions are made consistently throughout the organization.
- Decisions at any level of the organization are made using uniform decision criteria.
- Decisions are driven by accurate and up-to-date cost, risk, and benefit information.

- Decisions are made from an overall mission focus (there is an explicit link with the goals and objectives established in the organization's strategic plan or annual performance plans and with the organization's information technology architecture).

- Accountability and learning from previous projects is reinforced.

- The emphasis is on IT portfolio management in an effort to manage risk and maximize the rate of return.

- The process incorporate all IT investments, but recognizes and allows for differences between various project types (mission critical, administrative, infrastructure) and phases (new, under development, operational, etc.).

Process Overview

This section details how the ITIRB works. The ITIRB was developed based on the DHHS IT Investment Management process and is linked to the IHS budget process as detailed below. The last portion of this section outlines the newly developed ITIRB.

IHS IT Investment Management Process

As shown in Figure 1, there are three phases included in the IHS IT investment management process 1) Select, 2) Control, and 3) Evaluate. The ITIRB addresses the first area: IT investment selection. In the IT investment selection phase, IHS must determine costs and performance measures for new IT initiatives and existing IT investments that provide funding and performance plan information needed for the budget process.

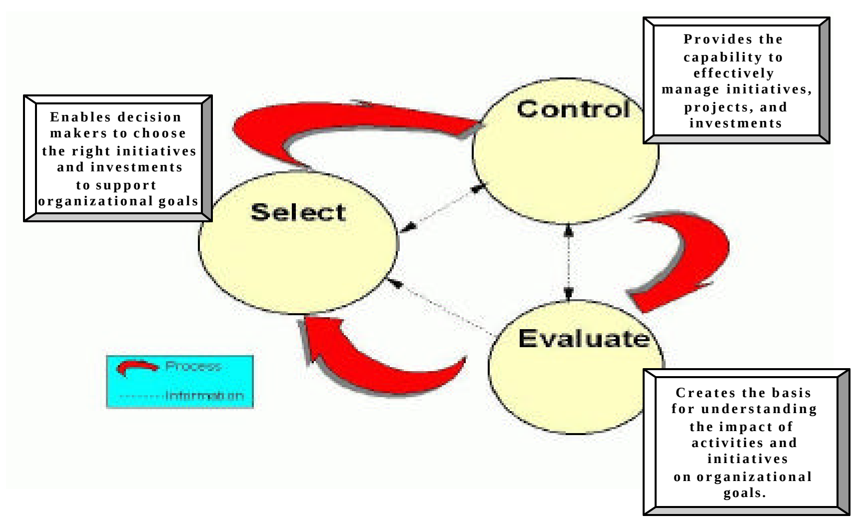


Figure 1

IHS ITIRB Process- New and Existing funding requests

The IHS ITIRB is linked to the budget process as shown below in figure 2. As you can see, IT proposals for both new and existing funding requests are submitted to the ITIRB. IT projects requiring new funds would come through area budget formulation meetings, while proposals for existing IT projects would be submitted through I/U representatives.

The outcome of the IHS process is a prioritized IT portfolio of projects for both a need- and rule-based IT budget. These IT budgets are then used as input for the IHS National Work Session – where the IHS need- and rule-based budgets are developed. Finally, the IHS need- and rule-based budgets are submitted to the DHHS for review and approval.

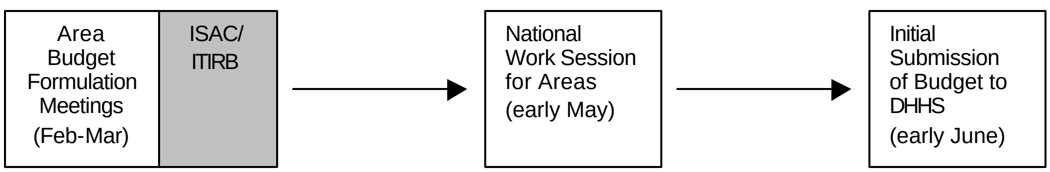


Figure 2

Required budget exhibits for IT investments include OMB Circular A-11 Exhibits 53 (all IT cost information), 300A, and 300B (fixed asset information). Most of the information for these exhibits is collected as part of the IT planning process. IT capital planning information will be the basis for review of agency budget requests for fixed assets and for evaluation on new and ongoing projects. In addition, capital planning information will be the basis for OMB reports to Congress as outlined in OMB Circular A-11, Transmittal Memorandum, dated July 1996, revised 1999.

IHS ITIRB Process

Figure 3 below outlines the IHS ITIRB process. This process is comprised of four steps 1) Submit, 2) Screen, 3) Score, and 4) Select.

The first step (submit) requires the preparation and submission of a form-based IT proposal. The second step (screen) involves initial analysis and comparison to threshold criteria to determine if the proposal should be considered a Major or Minor Proposal. The third step (score) includes performing detailed analyses of the IT proposal and includes factors such as cost, risk, life-cycle, etc. Additionally, during the scoring process, the proposals will be rated and ranked to develop a prioritized list of IT proposals. In the last phase (select) the ITIRB governing bodies will select IT proposals based on the prioritized list as well as other political and environmental factors.

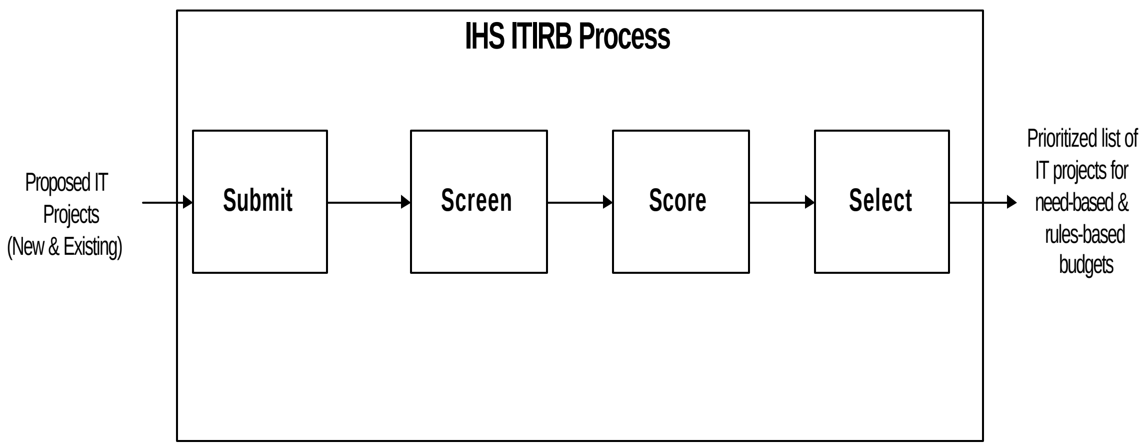


Figure 3 (See Appendix B for detailed process description)

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