

 <small>Georgia Technology Authority</small>	Georgia Technology Authority	
Title:	Project Financial Management Guideline	
PSG Number:	GM-09-001	
Issue Date:	08/01/2008	Review Date: 12/01/2022
Synopsis:	Provide guidance on the project financial management process.	

PURPOSE

The purpose of this document is to provide guidance on the project financial management process. Application of these principles should be tailored according to the size, complexity, and criticality of the project. Therefore, a simple or small project may only require a simplified project financial tracking process to ensure that the project remains on budget, whereas a large multi-year project requires a more rigorous process.

SCOPE and AUTHORITY

O.C.G.A 50-25-4(a)(20) – *State Government, Georgia Technology, General Powers*

O.C.G.A 50-25-4(a)(28) - *State Government, Georgia Technology, General Powers*

PM-04-001 – *Information Technology Policies, Standards and Guidelines*

GUIDELINE

- The project budget should include but is not limited to the following:
 - Costs associated with the planning of the project such as feasibility studies and RFP development
 - Implementation vendor costs which include deliverable or development costs
 - Hardware purchase cost or hosting costs including disaster recovery
 - Software purchase costs
 - Independent Verification and Validation (IV&V) (if project exceeds \$1,000,000 or as required by GTA)
 - Contractors
 - Agency staff and all their associated costs (required if Federal Government or other entity is reimbursing the state for these resources)
 - Training resource, facilities, equipment and any related travel expenses
 - Organizational change management (if project meets criteria established in HB 676)

- Equipment needed to support the project such as scanners, kiosk, etc.
- Help Desk (training and/or project support activities)
- Mobile devices
- Data cleanup and conversion
- Create a budget tracking worksheet that contains the following:
 - Total budget summary that:
 - Includes Planning, Implementation Costs and M&O budget
 - Provides enough detail lines to be able to track different types of budget items by category and tie back to federal planning documents and state budget documents.
 - Details expenses by funding source
 - Shows detail monthly or quarterly costs for each line item.
 - High level project budget overview that shows the total project budget by major category such as:
 - Planning
 - Vendor implementation
 - Software and hardware
 - Staff and hourly contractors
 - External Consulting Resources, such as:
 - Organizational change management
 - Independent Verification and Validation
 - Training
 - Project budget vs actuals reviewed at least monthly in order to track planned expenses versus actual expenses by budget high-level line.
 - A budget variance analysis should be conducted and documented to determine the cause of a variance and what corrective action should be taken.
 - For each high-level budget line item, break totals out by month/quarter and FY
 - If bond funds are available, identify which line items are eligible for bond reimbursements
 - If Federal or other funds are available, break out state vs federal vs other amounts
 - For each high-level budget line item, you should have a detailed supporting spreadsheet that identifies associated deliverables or estimates that are including in the budget.
- Purchase Orders
 - Add enough detail lines to tie back to the contract schedules and supporting deliverables.
 - If your contract includes payment holdback on deliverables, then the holdback amount should be on a separate line.

- Reconcile PO balances on a regular basis (monthly) to ensure invoices have been properly coded.
 - Ensure that contract amendments are properly recorded on the PO and reconciled to the contract and budget.
 - If deliverables are moved from one year to another with an amendment, you need to determine how they are going to be handled on the PO and financial reporting.
- For non-fixed priced project costs, the costs estimation involves developing an approximation of the monetary resources needed to complete the project activities. The cost estimation method should be documented, and the detail of line items included in the estimate should be included in the budget breakdown.
- Project expenses should be recorded as they occur using the source document such as the invoice and reconciled back to the general ledger as well as the purchase order.
- Maintain an invoice tracking log for all invoices, both internal and external. This will help identify the status of an invoice at any point in time.
- Reasons for budget vs actual variances should be documented at least quarterly and presented to management.
- If Bond money will be used on the project:
 - Clearly identify which budget line items are eligible for bond reimbursement. Verify with the Georgia State Finance Investment Commission on any items that are questionable.
 - Create a spreadsheet that tracks available bond funds, reimbursement submissions and remaining bond balance.
 - Reconcile bond balances to Purchase Order fund source.
 - The following are project expense types that are typically non-bond eligible. See State Accounting Office's Statewide Business Process Policy and Procedure titled "GSFIC Reimbursements for Bond Funded Information Technology Projects" for more detail.
 - Business case development
 - Feasibility studies
 - Application end-user training
 - Software maintenance
 - Software as a Service (SaaS) Solution
 - Maintenance agreements for equipment
 - Lease payments
 - Infrastructure and network services
 - Organizational change management
- The ongoing maintenance and operations budget should include but is not limited to the following:
 - Implementation vendor maintenance costs

- Hardware maintenance or hosting costs
- Software maintenance
- License fees

RELATED ENTERPRISE POLICIES, STANDARDS AND GUIDELINES

Information Technology Policies and Standards (PM-04-001)

Project Financial Management Standard (SM-09-001)

State Accounting Office Policies and Procedures

TERMS AND DEFINITIONS

Actual Expenses to Date – The actual dollars incurred through the current reporting period.

Budget Baseline – The approved version of the time-phased project budget, which can only be changed through a formal change control procedure.

Current Budget – The most current approved budget.

Estimating Costs – The process of developing an approximation of the monetary resources needed to complete the project work.

Estimated Funds to Complete – The dollars estimated to be expended in the future to complete the remaining project tasks.

Original Budget – The original estimated budget that was approved by the Project Sponsor.

Other Budget – The amount of the current budget that will be paid with funds other than State funds.

Planned Expenses to Date – The amount of budgeted expenses that were planned to be expended through the current reporting period.

Time-Phased Budget – A budget that indicates the planned expenditures over time (i.e., month, quarter, fiscal year).

Total Cost of Ownership – The total of planning and implementation costs associated with an asset plus the costs of maintenance and operations for a specified time period (generally no less than 5 years).

State Budget – The amount of the current budget that will be paid with State funds. This includes bond funds.