

Information Technology Capital Plan

Department IT Capital Plan

Alcoholic Beverage Control



**Information Technology Capital
Plan, Plan Year 2009-10 through
2013-14 Executive Approval
Transmittal**

Department Name

ALCOHOLIC BEVERAGE CONTROL

APPROVAL SIGNATURES

I am submitting the attached Information Technology Capital Plan as required by the State Administrative Manual Section 4904.

I certify that the IT Capital Plan was prepared in accordance with State Information Management Manual section 57 and that the proposed IT projects are consistent with our business strategies and information technology strategy.

I have reviewed and agree with the information in the attached Information Technology Capital Plan.

Chief Information Officer		Date Signed
Printed name:	Lyle Stewart	
Information Security Officer		Date Signed
Printed name:	Eduardo Jimenez	
Budget Officer		Date Signed
Printed name:	Ging Tucker	
Department Director		Date Signed
Printed name:	Steve Hardy	

DEPARTMENT IT CAPITAL PLAN

Department Name and Org Code:

Alcoholic Beverage Control - 2100

Plan Year:

2009-10 through 2013-14

1. Summarize your organization's business goals and objectives below:

The Department of Alcoholic Beverage Control (ABC) administers the provisions of the Alcoholic Beverage Control Act, which governs 80,000 licensed businesses throughout the State. ABC is responsible for the licensing and regulation of persons and businesses that manufacturer, import, distribute and sell alcoholic beverages in California.

ABC supports the mission through two main business functions – licensing and enforcement. ABC reviews and investigates new applications for licenses and the transfer of existing licenses. Department investigators and licensing representatives review these applications and investigate the applicant, the applicant's financial resources, and the suitability of all proposed locations.

ABC enforcement activities include investigating licensed premises, responding to complaints of violations by licensed premises, identifying violations of State regulations and penal statutes, and making arrests and determining other forms of discipline for violators. ABC performs these licensing and enforcement functions throughout the State of California.

Department investigative and licensing staff report to headquarters, Northern or Southern Division office, or twenty four District Offices located throughout the state. These staff go to their "home" office to receive work assignments. Investigations are typically conducted at a premise which may or may not be located in close proximity to the "home" office. Once an investigation is performed, staff must complete paperwork that documents the results and findings of their work as well as update information in the ABC licensing application. ABC investigative workforce is increasingly using technology to support their work activities due to the nature of their work.

Current Initiatives & Goals

ABC is establishing two new regional enforcement offices, one in the LA basin and the other in the Bay area to more effectively utilize ABC law enforcement resources to address quality of life issues in urban areas.

ABC is developing and implementing a strategy in partnership with Small Businesses in California to encourage retail license applicants to install energy efficient refrigeration and cooking equipment as part of their overall business plan in furtherance of the mandates of AB-32.

ABC is continuing organizational re-design by submitting both sworn and non-sworn classification studies to DPA and SPB for approval.

ABC is continuing regular on-going managerial staff meetings which began in January, 2004, no less than six times per year emphasizing administration and agency policy

priorities; conducting first level supervisory training of all sworn and non-sworn staff by December, 2008 and continue on a bi-annual basis.

ABC is improving outreach processes to strengthen community partnerships and public support by holding semi-annual meetings with stakeholders; strengthening liaison with government and allied agencies by hosting/holding semi-annual Grant Assistance Program (GAP) training sessions.

ABC is continuing to assess new revenue options to ensure the fiscal stability of the Department and develop potential options.

ABC is migrating from the existing CABIN system to a state of the art licensing and case management system (LCS II/2100-7) by May, 2009; developing and implementing e-business and pre-application components for the new system to facilitate stakeholder business needs by August, 2009.

2. What are your organization's plans to upgrade or replace your IT infrastructure for the following? When responding, please indicate the timeframes of your intended upgrade or replacement efforts.

2.1. Hardware

ABC's goal is for a five year lifecycle replacement schedule for computer hardware. Fiscal constraints have limited the Department's ability to meet the goal. A BCP has been submitted for the 2009-10 year to replace over half the Department laptops and desktops and 90% of the Department printers. In the budget year (2009-10) this equipment will be seven years old.

2009-10: 138 Laptops, 145 desktops, 9 servers, 101 printers

2010-11: 41 laptops & desktops

2011-12: 21 laptops, 7 desktops, 4 servers

2012-13: 78 laptops, 83 desktops

2013-14: 4 servers

2.2. Software

ABC runs consistent software Department wide. The following upgrades would apply to all workstations and laptops:

2009-10: Microsoft Office 2007; Microsoft SMS, Exchange and Server CALs

2010-11: Microsoft Vista

2.3. Network

ABC contracts with DTS for WAN support which includes most hardware and software.

2009-10: Primary Department 515e Redundant Firewall & Concentrator

2010-11: Secondary District and CLETS Firewalls (4)

3. Existing Approved Reportable IT Projects

Provide the following information regarding your existing approved reportable IT projects on Table 1 on the following page:

- Existing IT Project;
- Approved Project Cost;
- Project Number; and
- Implementation Date

4. Proposed IT Projects

After each proposed IT project has been documented by answering questions 4.1 through 4.15 of the attached IT Project Proposal Form, provide the following information on Table 2 on the following page:

- The name of each proposed IT project;
- The priority ranking;
- The FSR submission date; and
- The estimated cost

Table 1-Existing Approved Reportable IT Projects Summary by Department

Existing IT Project	Approved Project Cost*	Project Number	Implementation Date
Licensing and Compliance System, Phase II	\$5,953,713	2100-7	August 2009

***Note:** If a Special Project Report (SPR) was submitted for review in July 2008 that includes project costs that differ from the last approved project document, enter both the last approved project cost and the revised project cost from the SPR under review.

Table 2-Proposed IT Project Summary

Proposed IT Project	Priority Ranking	FSR Submission Date	Estimated Total Cost
Alcoholic Beverage Information System Enhancements	1	July 2009 (planned)	TBD

PROPOSED IT PROJECTS

Complete this IT Project Proposal Form (questions 4.1 though 4.15 below) for each proposed IT project that meets the definition of a reportable project as defined in the State Administrative Manual Section 4819.37:

4.1. Proposal name and priority ranking:

ABIS Enhancements (LCS Phase III); priority one

4.2. Description of the proposed IT project:

This project is currently in concept only. There are three primary anticipated goals. First, would be to implement functionality that was identified during the development of LCS but determined to be out of scope. Second, would be to expand the LCS GIS functionality to external stakeholders. LCS II is implementing GIS only for Department employees. Third, would be to expand e-Licensing functionality to a broader range of license types and licensees.

4.3. Which of your department's business goals and objectives does this project support, and how?

Strategic Plan Goal 5 Strategy 2: Internal Business Processes

Improve the timeliness of the licensing process from filing to issuance or denial. Improve timelines in responding to and processing community concerns, complaints and disciplinary actions. Develop user-friendly, simplified, and accessible forms, instructions and processes. Continue to enhance and improve the Department's special programs.

4.4. What are the expected business outcomes or benefits of the proposal as they relate to your organization's business goals and objectives?

Better access to information by stakeholders including licensees, law enforcement, local and state government entities and the general public; more customer-friendly and efficient online licensing.

4.5. The following are from the State's IT strategic plan. Check the appropriate box(es) to identify the goals this proposal supports:

- Supporting and enhancing services for Californians and businesses
- Enhancing information and IT security
- Reducing state operational costs (leveraging, consolidation, new technology, etc.)
- Improving the reliability and performance of IT infrastructure
- Enhancing human capital management
- Supporting state and agency priorities and business direction

4.6. Is the proposal consistent with your organization's Enterprise Architecture?

Yes

No

If no, please explain why the deviation from the organization's Enterprise Architecture is necessary.

ABC does not have an Enterprise Architecture. The proposed project is consistent with business goals and the technical architecture of ABC.

4.7. Will the proposed system collect, store, transmit, or exchange confidential or sensitive information?

Yes

No

4.8. If this proposal is conceptually approved, what is the estimated date (mm/yyyy) the FSR will be submitted?

07/2009

4.9. What is the estimated project start date (mm/yyyy) if the FSR is approved?

09/2010

4.10. What is the duration of the proposed project?

TBD

4.11. Will the proposed project utilize the existing infrastructure?

Yes

No

If no, please explain.

4.12. Is the proposal related to another proposal or to an existing project?

Yes

No

If yes, describe the related proposal or project and how it is related:

The project is an enhancement and expansion of the existing Licensing and Compliance System II (2100-7) project.

4.13. Describe the consequences of not doing this proposed project at the planned timeframe:

Full analysis of proposal and alternatives has not been completed. Anticipated consequences would be an inability to fully implement e-government proposals and thereby lessen access to information by stakeholders.

4.14. Check the appropriate box(es) to identify the proposal's funding strategy:

Augmentation needed

Redirection of existing funds

Other (describe):

4.15. What are the estimated cost and funding source(s) by fiscal year through implementation (information should be provided in the following format):

Fund Source	2009-10	2010-11	2011-12	2012-13	2013-14 and future	Total
General Fund						
Federal Fund						
Special Fund*						
Total						

*** Note: Identify the fund source and if the department is the sole user of the fund.**

Project costs have not been developed at this point. The project would be funded through ABC Special Funds.

Enterprise Architecture

A.1. Does your organization have documented Enterprise Architecture principles, strategies, or standards to guide decisions on technology projects?

- Yes
- No

A.2. Indicate on Table A-1 below, the completion status of the component Reference Models of your formal Enterprise Architecture efforts. If available, please submit a copy of your Enterprise Architecture document.

Table A-1, Enterprise Architecture Completion Status

Component Reference Model	Status			
	Implemented	Implementation in Progress	Planned or Planning in Progress	Not Implemented and Not Planned
Business				
Service				
Technical				
Data				

A.3. Describe the governance structure your organization uses to review and approve the Enterprise Architecture and any subsequent changes.

A.4. Does your organization have an Enterprise Architect? (if yes, provide their name, telephone number, and e-mail address below)

- Yes
- No

Name: _____

Classification: _____

Telephone Number: _____ E-Mail: _____

Information Security

B.1. How is your Information Security Officer involved in proposed project development efforts?

The ABC Information Security Officer is involved from start to finish in all IT projects. Since many ABC IT resources are housed at the Data Center, the DTS ISO often signs off on the components as well.

For example, on the LCS II project the ABC ISO is on the project steering committee and participates on a regular basis. The ISO is involved in project decisions at both the strategic and tactical level.

B.2. What are your department's core business principles, policies and standards related to information integrity, confidentiality, and availability and the protection of information assets?

ABC is committed to the security of confidential and sensitive information. Strategies to accomplish this include partnering with DTS. Significant devices and applications are placed at DTS in part because of more sophisticated security resources at their location. These include Exchange email, www.abc.ca.gov and the licensing/enforcement systems.

ABC is in compliance with State policies such as laptop encryption and takes due diligence in handling confidential and sensitive training. Regular training is provided to employees.

ABC has not developed independent policies related to security but utilizes the extensive policies from the State CIO and ISO.

B.3. If data within your department is shared with external entities, does your department implement data exchange agreements with these entities?

- Yes
 No

If no, please explain.

Not applicable

B.4. How does your department ensure that software developers and programmers follow standards and best practices for Web, application, and system development?

Department adopts best practices and decides on coding standards to promote development approaches and system supports. There are tools and ways to enforce these standards and best practices. How ABC ensures that standards and best practices are adopted by programmers and web developers is by enforcing them through a regular development process, peer code reviews and testing. In development process, programmers and web developers are following appropriate development lifecycle processes as in System Development Life Cycle (SDLC). In peer code reviews, programmers and web developers are reviewing other programmers' and web developers'

Information Security

work so that departmental application standards and best practices are followed. In testing, programmers and web developers are testing and evaluating the system in relation to expected or intended features and functionalities to ensure coding standards and best practices.

B.5. Does your organization have an Information Security Officer? (if yes, provide their name, telephone number, and e-mail address below)

- Yes
 No

Name: Eduardo Jimenez

Classification: CEA

Telephone Number: (916) 419-2511 **E-Mail:** ed.jimenez@abc.ca.gov

Workforce Development, Workforce Planning and Succession Planning

C.1. Does your organization have a workforce development plan for IT staff?

- Yes
 No

If yes, briefly describe it.

Workforce planning and development starts at hiring. ABC strives to hire employees with a full skill set at hire date. However, in this competitive environment that is not always possible. Employees are assessed at hiring as to skill set match against required duties. They are sent to training as needed. A basic training regimen and required courses has been developed. At a simple level the following training and development paths are identified: PM, Help Desk, Network/Server Support, Programmer and Oracle DBA. On an annual basis both the employee and supervisor are encouraged to identify needs and recommend training.

C.2. Check the appropriate box(es) to identify which workforce development tools, if any, your organization is using for IT classifications:

- Training
 Upward Mobility
 Mentoring
 Career Assessments
 Knowledge transfer program
 Performance Evaluations
 Other (please list)

C.3. Does your organization have a workforce plan for IT staff (i.e., for Rank and File)?

- Yes
 No

If yes, briefly describe it.

As part of the LCS I (2100-6) and LCS II (2100-7) projects, ABC conducted workforce planning exercises to determine the appropriate IT staffing levels post project. IT staffing was increased to ensure success of the projects.

A new analysis should be done related to infrastructure support. Both the breadth and complexity of the infrastructure continue to increase. For example, the demands for wireless data access are expanding through the utilization of both BlackBerries and wireless cards. Security needs are also increasing.

C.4. Does your organization have a succession plan for IT staff (i.e., for Management)?

- Yes
 No

If yes, briefly describe it.

Workforce Development, Workforce Planning and Succession Planning

As is evidenced by the IT staffing chart below, ABC currently has only 9% of staff within a five year retirement window. ABC is currently positioned well for succession of technical support employees. Employees are cross trained and the Department is well positioned for succession of technical leadership.

The Department would benefit from a formal succession planning exercise for IT management staff.

C.5. IT Staffing

Provide the following information in table C-1 on the following page:

- **The name of each IT classification currently in the organization.**
- **The number of staff in each IT classification in the organization.**
- **The number of staff in each IT classification eligible to retire in the next five years.**
- **The percentage of each IT classification eligible to retire in the next five years.**

Table C-1 — IT Staffing

IT Rank and File Staff Classification	Number of IT Rank and File Staff in Classification	Number of IT Rank and File Staff in Classification Eligible to Retire in Next 5 Years	IT Management Staff Classification	Number of IT Management Staff in Classification	Number of IT Management Staff in Classification Eligible to Retire in Next 5 Years
			DPM III	1	0
Staff ISA	2	0			
Staff PA	1	0			
Associate ISA	4	1			
Associate PA	2	0			
Assistant ISA	1	0			

Project Management, Portfolio Management and IT Governance

D.1. Does your organization have a process for improving the alignment of business and technology?

- Yes
 No

If yes, briefly describe it.

From the Agency Information Management Strategy (AIMS):

The *IT Steering Committee* is comprised of senior managers from each business unit and the Chief Information Officer (CIO). The Chief Information Officer chairs the committee. The Steering Committee meets quarterly to establish the IT vision for the agency and high level prioritization of agency IT goals and strategies.

The *Technology Assessment Committee* (from Strategic Plan) is established to facilitate equipment and software suggestions from all staff. Periodic meetings are held with the IT Steering Committee to recommend promising equipment and technology. The CIO chairs the Technology Assessment Committee.

In addition to these formal methodologies, ABC benefits from a flat organizational structure and highly effective communication at the Executive level.

D.2. What is the status of implementing a formal portfolio management methodology for technology projects within your organization?

- Implemented (Please describe)
- Implementation in progress (Please describe)
- Planned or planning in progress
 Not implemented and not planned

D.3. List any automated tools being used for portfolio management. Enter "None" if no automated tools are being used.

None.

D.4. What is the status of implementing a standard project management methodology for technology projects in your organization?

- Implemented (Please describe)

For reportable projects, ABC requires PMI certified project managers and follows the PMI practices and standards. This has been historically accomplished through contract PM's who partner with ABC PM's. For a small organization like ABC, it is difficult to retain PMI

Project Management, Portfolio Management and IT Governance

certified individuals as permanent employees. For non reportable projects ABC utilizes project management trained employees. These are the same employees who partner with the contract PMI certified PM's on reportable projects.

Implementation in progress (Please describe)

Planned or planning in progress

Not implemented and not planned

Project Management, Portfolio Management and IT Governance

D.5. Does the organization require its project managers to be certified, either through a professional organization (e.g., PMI, ITIL) and/or through completion of specified project management coursework:

- Yes**
 PMI
 ITIL
 Agency-specified project management coursework (identify below)
- No**

D.6. Select from the list other areas of training your organization requires of its project managers:

- Fundamental Project Management**
 Systems Development Life Cycle
 Scheduling tool (identify below)
 – **Microsoft Project**
 –
 –
- Project Performance Management (e.g., Earned Value Management)**
 Business Process Analysis
 Requirements Traceability
 Procurement/Contracts Management
 Other (identify below)
 –
 –
 –
- None**

D.7. Describe project-level governance practices, including change management, issue resolution, and problem escalation.

Change is inevitable in any project, so an effective Change Management Plan is vital to keeping the project moving toward a successful conclusion. All changes must be evaluated against an agreed-upon standard or “baseline.” The baseline is referenced to answer questions that come up during the project, and anything that is not addressed in the baseline or that alters the baseline is considered a change.

Goals and Objectives

The goal of the Change Management Plan is to improve the probability of success by providing a roadmap for identifying and managing the following types of changes as they occur.

- Changes to existing requirements in the SOW (baseline)
- Additional work that ABC desires to add to the SOW

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The objectives of the Change Management Plan are the continuous identification, assessment, and documentation of:

- Changes proposed during the project
- The consequences in terms of impact on project schedule, cost, quality, and/or resources if the proposed change is implemented
- The updated baseline against which subsequent changes are measured
- The successful implementation of approved changes

Change Management Methodology

Change management methodology includes the following major components:

- Identification
- Evaluation
- Approval
- Baseline Update
- Implementation

Change Identification/Evaluation

Change identification is the process of discovering and reporting potential changes to the Statement of Work. All project team members have the responsibility and privilege of identifying changes that are necessary or would help the project.

Potential changes should be communicated in writing or via email to the ABC Change Manager to start the evaluation and approval processes. The person who identifies a potential change should provide as much information as possible on the change, including the following information:

- A description of the change
- Justification for implementing the change
- Impact of how the project will be negatively affected without the change
- Impact to scope, schedule, budget
- Preliminary estimates of resources required to implement change such as people (State or vendor), financial, equipment
- Alternatives to making the change
- Supporting documentation for the change

When project risks become true issues, changes to the project are often needed. Risk management stewards should be active in communicating change needs to the Change Manager.

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The ABC Change Manager must evaluate the benefit and impact of implementing each proposed change. In general, project changes may affect one or all of the following aspects of the baseline:

- Scope
- Schedule
- Resources
- Contract terms

The Change Manager reviews the change request and decides whether to proceed with, reject, or defer the change.

Change Approval

When a CR approved, the baseline is updated. This may happen in the following ways:

- Scope change—New deliverable is documented; budget is updated
- Schedule change—Project Plan is updated
- Resource change—Organization Chart is updated
- Contract change—Contract Amendment is crafted

Change Implementation

When the baseline is updated, the change is implemented by the project team. This may happen in the following ways:

- Scope change—New deliverable is assigned, scheduled, and delivered
- Schedule change—Revised Project Plan is circulated (on a monthly basis, capturing all changes from the prior month)
- Resource change—new resources are assigned tasks
- Contract change—Contract Amendment is approved and implemented. The ABC Change Manager will monitor when the Department of General Services (DGS) must be involved in approving or implementing a contract change.

Risk Management

Risk management is the systematic process of identifying, analyzing, and responding to project risk. It includes maximizing the probability and consequences of positive events and minimizing the probability and consequences of adverse events to project objectives.¹

¹ Project Management Institute, *A Guide to the Project Management Body of Knowledge, Third Edition*.

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A risk is any factor that may potentially interfere with the successful completion of the project's goals. Every project inherently contains risks. Therefore, Section 5 of the California Information Technology Project Oversight Framework defines a recommended risk management process that identifies, describes, and evaluates potential project risks, defines mitigation strategies (as needed), monitors the identified risks throughout the project, and provides a method to identify new risks during the project. Once a risk has been triggered, it becomes an issue. This Risk Management Plan describes the methods that the ABC LCS II Project team will use to manage risks and issues throughout the life of the project.

Risk management includes the following major components:

- Risk analysis: identifying and prioritizing risks.
- Risk action planning and tracking: developing a plan of action for each identified risk, and tracking progress against the plan.
- Risk escalation: providing appropriate visibility of risks to management.

The continuous cycle of risk management activity is depicted graphically on the next page.

The goal of this Risk Management Plan is to improve the probability of success of the project by providing a roadmap for:

- Ongoing assessment of potential problems; and
- The opportunity to make adjustments to avoid or lessen the impact of those problems before they occur.

The objectives of this Risk Management Plan are the continuous identification, assessment and documentation of:

- The risks faced by the project;
- The estimated probability of each risk;
- The consequences in terms of impact on project schedule, cost, and quality if the risk events should occur;
- The priority of each risk for response action and escalation;
- The owner of each risk;
- The plan of action for responding to each risk; and
- The thresholds and procedures for escalating risks.

Project Management, Portfolio Management and IT Governance

Risk Identification

Risk identification is the process of discovering those risks which could negatively impact project quality, cost, and/or schedule. It would be impossible to identify all possible risks to the project, therefore emphasis is on identifying risks that are at least somewhat likely to occur and that could have a significant impact on the project. All project team members and the IPOC are responsible for identifying potential risks to the project. Monthly Executive Steering Committee meetings include a standing agenda item for raising new risk candidates to the attention of the Risk Manager. Project team members and the IPOC may also communicate risk candidates to the Risk Manager by email, telephone, or ad hoc meetings. Potentially serious risk candidates should be communicated as soon as practical rather than waiting for the next meeting.

One technique the project will use to identify risks is a list of Categories and Examples of Risks, such as presented in Appendix C of California's Information Technology Project Oversight Framework. This list assists "in identifying specific risks that are present on a particular project in each of the eleven checklist categories"².

Project risks can come from many and varied sources. Project team members must be vigilant in recognizing and documenting potential risks so that they can be properly evaluated for project impact. Some common risk sources include:

- The technology used on the project;
- The legal and regulatory environment in which the project is executed;
- Relationships between the organizations involved in the project;
- Sufficiency and allocation of project resources;
- Unrealistic or conflicting stakeholder expectations;
- Mandated implementation date.

Risk Determination

The Risk Manager, with participation as needed by applicable project team members, determines which risk candidates constitute actual risks to the project. A risk is a potential event that would have a negative impact on the success of the project if the event were to occur. The following considerations support the determination of "Is it a risk?"

- Time frame: A risk is a potential future event. Risk events that have already occurred are not risks, but rather represent problems or issues to be managed outside of the Risk Management process. Events that may occur after the project is completed, but not during the project, are not risks to the project.
- Likelihood: What is the estimated probability of the risk event occurring? If there is little or no likelihood of the risk event occurring, the risk may not warrant inclusion in the Risk Management process. An event that is certain to occur is not a risk but rather a problem or issue.

² Information Technology Project Oversight Framework
http://www.dof.ca.gov/HTML/IT/SIMM/2005/3-05/IT_OvrsghtFrmwrkR2-25-04s.pdf

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- Impact: What is the estimated impact to the project schedule, cost, or quality if the risk event should occur? Risks with little or no impact may not warrant inclusion in the Risk Management process.

Risk candidates that are judged to meet the three criteria described above are included in the project Risk Management process.

Risk Prioritization

Risks are prioritized by severity, with high severity risks given the highest priority for response action and escalation. Risk severity is determined by the probability, impact, and time frame of the risk. Risks are assigned a probability rating based on the estimated likelihood of a risk event occurring. Risks are assigned an impact rating based on the estimated negative impact on project cost, schedule and/or quality. Risks are assigned a time frame rating based on the time period within which action must be taken to successfully respond to the risk. Risk exposure is determined from the probability and impact ratings, and is used along with the time frame rating to determine severity. The exposure rating for each risk is the intersection of that risk's impact and probability. Risk severity is determined from the exposure and time frame ratings, and is used to prioritize the risk. Risks with a "High" severity have the highest priority for risk response activity and escalation, followed by "Medium" and then "Low" severity risks. The severity rating for each risk is the intersection of that risk's exposure and time frame.

RISK/ISSUE TRACKING AND CONTROL

The Risk Owner is responsible for planning appropriate risk response action and for tracking the status of the risk and the response activity. The Risk Owner reports any changes in risk status back to the Risk Manager monthly before the Risk Trigger has hit and more frequently after that point, based on the Risk Manager's direction.

The Risk Owner, with approval of the Risk Manager, determines the appropriate risk response strategy and actions plan.

The Risk Owner, with the approval of the Risk Manager, determines the appropriate risk response strategy from the options below:

- Research: Additional research will be taken prior to determining the appropriate strategy.
- Accept: If the project can continue and be successful with the anticipated impact of the risk, or if there is no practical way to avoid or mitigate the risk, the project may choose to accept the risk and expend no further resources managing it other than tracking the risk status.
- Avoid: Risk avoidance involves taking steps to reduce the probability of the risk.
- Mitigate: Risk mitigation involves taking steps to reduce the impact of the risk. These steps can include actions to be taken immediately, and/or contingency plans to be implemented if a risk event occurs.

Project Management, Portfolio Management and IT Governance

The Risk Owner, with the approval of the Risk Manager, determines the action plan to be taken to implement the selected strategy. Often a simple list of one or more action items, with responsibilities and due dates identified, will be an adequate plan. Some high severity risks may require more elaborate planning. For example a Microsoft Project work plan and resource budget might be needed in response to a complex, high impact risk that seriously threatens the success of the project.

The Risk Owner records the risk title, ID, originator, origination date, owner, statement, context, probability, impact, severity, strategy, and action items of each risk in the project risk management database.

The Risk Owner tracks the risk, including the status of each of the action items, and reports any changes back to the Risk Manager monthly before the Risk Trigger has hit and more frequently after that point, based on the Risk Manager's direction. The Risk Manager maintains the risk database, and records new events and actions and the resulting changes to risk status.

The ABC LCS II Project Manager will work with the Risk Owner to facilitate the resolution of project risks, and take immediate action to resolve those issues.

The Project Manager escalates risks to the Project Sponsor and the Executive Steering Committee depending on risk severity, as indicated in the risk escalation matrix below:

The method of risk escalation is as follows:

- High, medium, and low severity risks are reported to the Project Director in regular project status meetings.
- High and medium severity risks are reported to the Project Sponsor in regular project status reports.
- High severity risks are reported to the Executive Steering Committee during Steering Committee Meetings.
- Risk Management for high and medium severity risks are included in the ABC LCS II Executive Project Status Reports.
- High severity risks are reported to the Department of Finance by the IPOC in ABC LCS II IPO Reports.

D.8. Does the project management methodology include processes for documenting lessons-learned and applying these to future projects?

Yes (Please describe)

This is accomplished through the State Post Implementation Evaluation Report (PIER) process. For example on the LCS I (2100-6) project issues were identified with the contract installation staff. The lessons learned are incorporated into the installation plan for the computer installation project planned for 2009-10.

No