**COMMONWEALTH OF VIRGINIA**



**<Name> Program
Program Financial Management (BDGT) Plan**

**<Date>**

**Virginia Information Technologies Agency (VITA)**

**Program Financial Management Plan Template v1**

#### Publication Version Control

| **Version** | **Control No.** | **Date** | **Revision Description** | **Prepared By:** |
| --- | --- | --- | --- | --- |
| Program Financial Management (BDGT) Plan\_v1 |  | <Date> | First draft  |  |
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# Document Change Control

After this document is accepted by the Program Management Office (PMO), the approved version is the baseline. All baseline version document changes will be based on an approved change control procedure, as outlined in the Program Change and Configuration Management Plan.

A Change Control Process will be implemented to record significant changes within this document. Significant changes are those that will change the course of the Program and have an impact on the Program’s documented plans and approach.

The updated Change Control Log will be routed to the signatories for acknowledgement and approval. If all signatories attend an oversight committee forum, Program Financial Management Plan Change Log approvals can occur there, and recorded in the minutes.

Once approved, the changes will be recorded in the Program Financial Management Plan Change Control Log in the Appendix and a summary line will be added to the Publication Version Control table in the front of this plan.

|  |
| --- |
| **C:\Documents and Settings\jsj15756\Local Settings\Temporary Internet Files\Content.IE5\UCJ72LZ8\MP900398863[1].jpgLesson Learned/Best Practice**It is a best practice to begin change control after the drafted plan is finalized.  |

# Related Documentation

Related documents include Program-specific documentation, Commonwealth of Virginia standards, policies, guidelines, strategic plans, and industry best practices.

## Applicable Program-Related Documents

Applicable documents are those documents related to the Program. The specified parts of the applicable documents carry the same weight as if they were stated within the body of this document. The following documents are applicable to the Program.

* Program Governance and Quality Management Plan
* Program Communications Management Plan
* Program Post Implementation Review Plan
* Program Risks and Issues Management Plan
* Program Resource Management Plan
* Program Financial Management Plan
* Program Procurement Management Plan
* Program Change and Configuration Management Plan
* Program Architecture Plan
* Program Organizational Change Management Plan
* Program Implementation and Transition to Operations Management Plan

## Applicable Standards, Policies, Guidelines, and Strategic Plans

* Information Technology Resources Management (ITRM) Information Technology Investment Management (ITIM) Standard CPM 516-01
* Glossary of Terms and Acronyms
* ITRM Project Management Standard
* ITRM Program Management Standard
* ITRM Project Manager Selection Criteria
* Chief Information Officer (CIO) and Agency Strategic Plans

## Applicable Industry Sources

* Gartner, Inc.
* Project Management Institute

# Introduction

Explanation: The purpose of the Program Financial Management Plan is to ensure the Program completes within budget. The Program Financial Management Plan indicates the processes used to manage expenses throughout the Component Projects’ lifecycle. The Program Financial Management Plan identifies all the sources and uses of funds and unites all the Component Project budgets into an overall budget for the Program. The Program Management Office (PMO) controls costs through each Component Project, managing the overall picture of financial health. Per the PMI Program Management Standard, 2nd Edition, five processes exist in Program Financial Management:

* Establish Program Financial Framework
* Develop Program Financial Plan
* Estimate Program Costs
* Budget Program Costs
* Monitor and Control Program Financials

*In addition to discussing the processes used for managing the Program’s finances, the Program Financial Management Plan will also do the following:*

* *Identify the cost management approach*
* *Identify who is responsible for managing Component Project costs*
* *Identify who is responsible for managing the overall Program costs*
* *Identify who has authority to approve budget changes*
* *Identify the budget change process*
* *Identify metrics to measure performance*

*Each of these processes will be addressed in the context of the Commonwealth of Virginia.*

# Program Financial Framework

*Explanation: The purpose of the Program Financial Management Plan is to ensure the Program completes within budget. The Program Financial Management Plan indicates the processes used to manage expenses throughout the Component Projects’ lifecycle. The Program Financial Management Plan identifies all the sources and uses of funds and unites all the Component Project budgets into an overall budget for the Program. The Program Management Office (PMO) controls costs through each Component Project, managing the overall picture of financial health.*

# Program Costs

*Explanation: Refer the reader to the Program Charter, where updates and changes to the Program costs will be captured.*

# Cost Management Approach

*Explanation: Explain what cost management approach you will use when managing the Program. What system is used for collecting costs? How are costs allocated to the Program? What are the process steps for managing cost? Are you using a work breakdown structure? If so, to what level are you managing costs? Will earned value be used?*

# Budget Management Team

*Explanation: Identify the key resources for managing the budget at the Program and Component Project level.*

|  |  |  |  |
| --- | --- | --- | --- |
| **Budget Role** | **Budget Resource Name** | **Department** | **Budget Authority** |
| Program Budget Manager |  |  |  |
| Project Budget Manager |  |  |  |
| Project Budget Manager |  |  |  |
| Project Budget Manager |  |  |  |

# Metrics Collection and Action Plans

*Explanation: Document the approach and metrics to be collected when measuring the budget activity. Typically, earned value metrics are used here. Document any action plans developed as a result of the metrics and document them in appropriate status reports. All metrics will be collected in an executive-level dashboard and presented at appropriate stakeholder meetings. Not only should these metrics be captured at the Component Project level, but also at the overall Program level. Examples include:*

* *Cost Variance (CV)*
* *Cost Performance Index (CPI)*
* *Budget versus Actual by quarter*

| **Performance Measure** | **Green** | **Yellow** | **Red** |
| --- | --- | --- | --- |
| Cost Performance Index (CPI) | Between 0.91 and 1.0**Action: do nothing** | Between 0.9 and 0.8 or Between 1.1 and 1.2**Action: develop monitoring and mitigation action plan** | Less than 0.8 or Greater than 1.2**Action: invoke mitigation plan, prepare budget change request, and/or assess Components causing issue and determine resolution (more funds or cancel)** |
| Budget versus Actual by Quarter | Less than 5% variance (negative)**Action: do nothing** | Greater than 5% negative variance and Less than 10% negative variance**Action: develop monitoring and mitigation action plan** | Greater than or equal to 10% negative variance**Action: invoke mitigation plan, prepare budget change request, and/or assess Components causing issue and determine resolution (more funds or cancel)** |

# Budget Change Request Process

*Explanation: Document the budget change request process. Typically, budget change requests follow the normal change request process within the Commonwealth Technology Portfolio (CTP) tool. A PMD Decision Brief will be prepared for approval.*

# Approvals

Explanation: This section includes a document approval statement and a place for the approvers to sign. To add a signature block, insert another row in the table below then go to Insert > in the Text ribbon, select Signature Line > click OK > enter Signer’s name and role > check the box “Allow the signer to add comments…” > click OK.

The undersigned acknowledge they have reviewed the Program Financial Management Plan and agree with the approach it presents. Any changes to this document will be coordinated with and approved by the undersigned or their designated representatives.

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| --- | --- |
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# Appendices

Use the below Program Financial Management Plan Change Control Log Template to build a separate document to maintain all Plan changes. Also include any Program-related acronyms in the acronym list.

## Program Financial Management Plan Change Control Log

*Explanation: Record the significant changes to the Program Financial Management Plan here cross referenced to all impacted Program-level artifacts. Document the change / version number and summary of the Program’s Financial Management Plan changes in the Publication Version Control table in the front of this document. Use this as a template in a separate document. Typically, the Steering Committee approves the changes.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Change / Version No.** | **Date Change Approved** | **Description** | **Impacted Supporting Document(s)** | **Supporting Document Change / Version No.** | **Approved By** |
|  |  |  |  |  |  |
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## Acronyms

*Explanation: Consider compiling in the appendices a table of terms used throughout this document that may require definition or clarification for individuals unfamiliar with the Program. Adapt the standard list below if these terms are not used in this document.*

|  |  |
| --- | --- |
| **Acronym** | **Description** |
| COV | Commonwealth of Virginia |
| ITRM | Information Technology Resource Management |
| PMO | Program Management Office |
| PgM | Program Management |
| PM | Project Management |
| PMI | Project Management Institute |
| CTP | Commonwealth Technology Portfolio |
| ITIM | Information Technology Investment Management |
| CBA | Cost-Benefit Analysis |
| ROI | Return on Investment |
| IT | Information Technology |
| PMD | Project Management Division |