Stage 1 Business Analysis

1.1 General Information

Agency or State Entity Name:	Department of Housing and Community Development (HCD)
Organization Code:	2240
Proposal Name:	Consolidated Automated Program Enterprise System (CAPES) Replacement
Proposal Description:	HCD proposes the procurement and implementation of an enterprise loan and grant management system. The Department oversees more than 80 programs that award loans and grants for construction, acquisition, rehabilitation and preservation of affordable rental and ownership housing, homeless shelters and transitional housing, public facilities, and infrastructure. New funding programs have increased dramatically over the last few years with more new funding programs to be released for years to come in support of California residents. HCD's current technology systems are outdated and inefficient and unable to support the ever-expanding housing initiatives, State and Federal mandates, meet reporting requirements and sustain HCD's operational needs.
When do you want to start this project?:	7/1/2022
Department of Technology Project Number:	2240-053

1.2 Submittal Information

Contact Information:

Contact First Name	Contact Last Name
Lori	Staffler
Contact Email	Contact Phone Number
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Submission Date:	4/15/2021
Version Number:	1

Project Approval Executive Transmittal

Attachment:	Include the Project Approval Executive Transmittal as an attachment to your email submission.

1.3 Business Sponsorship

Executive Sponsors

Title	First Name	Last Name	Business Program Area
Deputy Director	Jennifer	Seeger	State Financial Assistance Division
Deputy Director	Geoffrey	Ross	Federal Financial Assistance Division
Deputy Director	**KC**	**Mohseni**	**Administration and Management Division (AMD)**
Chief Information Officer (CIO)	Sumi	Smith	Information Technology Branch (ITB)

Select + to add additional Executive Sponsors

Business Owners

Title	First Name	Last Name	Business Program Area
Deputy Director	**Jennifer**	**Seeger**	**State Financial Assistance Division**
Deputy Director	Geoffrey	Ross	Federal Financial Assistance Division
Deputy Director	KC	Mohseni	Administration and Management Division (AMD)

Select + to add additional Business Owners

Program Background and Context

The California Department of Housing and Community Development oversees more than 80 programs that award loans and grants for construction, acquisition, rehabilitation and preservation of affordable rental and ownership housing, homeless shelters and transitional housing, public facilities, and infrastructure. HCD's current information management systems are insufficient to meet operational needs and State and Federal reporting requirements.

HCD needs a robust and scalable enterprise data collection, organization, and information management system to accurately manage and report essential housing program and funding information and award, track, monitor, and report housing loan and grant information. The system must be configurable and flexible to accommodate new programs and changes to existing programs and help ensure compliance with applicable statutes and regulations.

In 2004 and 2005 HCD engaged a vendor for $1.05 million to design and implement a Consolidated Automated Program Enterprise System (CAPES) to enable HCD to manage their $7 billion housing portfolio.

According to the approved Budget Request 2240-002-Budget Change Proposal (BCP)-DP-2016-GB, HCD placed CAPES into service with severely reduced functionality because the Systems Integrator (SI) underestimated the development effort and staff resources required to complete the project. HCD leadership deferred several critical functions, including reporting, significantly altering the scope and functionality of the initial implementation, so the SI could deliver the system on schedule.

After implementation, HCD terminated the System Integration contract and HCD staff became responsible for CAPES maintenance and operations (M and O) without proper training, or system or process documentation. As a result, CAPES has not been properly maintained. In an effort to utilize the CAPES, HCD worked to understand the system's deficiencies and developed a plan to modify the system following a prioritized list of issues. Although HCD continues to address over hundreds of performance issues and system issues the back log continues to grow. The CAPES system is difficult to support and requires numerous critical improvements to support HCD program management, including application software fixes and hardware and software upgrades. Currently, the CAPES support backlog is well over 100 software fixes and continues to increase. Because of the backlog of critical fixes staff are unable to timely address the more than 30 improvements in queue. These improvements require several technical resources to analysis and modify numerous system tables throughout the systems, analysis coding errors to determine the best approach to correct. Because of the lack of system design documentation several staffing resource hours are spent just defining the code. The development and testing of these changes can take months to complete if modifications can be done at all. Continuing to allocate state resources to address the ever grow complex list of system issues is time consuming and inefficient use of staff and

contract resources.

From 2013 through 2017, HCD purchased nearly $800,000 in Information Technology (IT) services to develop reporting capabilities from CAPES' data. In 2015/16, the Department of Finance (DOF) approved HCD's BCP for a $568,000.00 expenditure authority to fund additional CAPES improvements. According to the State Auditor's September 2018 report, since 2004 HCD has spent $8.8 million on contractors and internal staff to fix and maintain CAPES.

CAPES' lack of necessary functionality, coupled with a lack of user knowledge, system documentation, and disciplined business processes, resulted in program staff developing and using manual data collection workarounds. Manual Microsoft (MS) Excel spreadsheets and MS Word documents are used to capture and calculate critical financial data. Currently, there is no system to accurately track bond funded awards against a statutory allocation or bond proceed accounts. There is also no loan servicing system that can accurately calculate principal and interest of those awards for different interest types (compounding, amortized).

When financial information is required, HCD staff must consolidate multiple data sources. This starts with extracting available data from CAPES and Fi$Cal, then contacting business staff to obtain information from their individually maintained spreadsheets and other documents. Staff are also manually calculating complex balances and forecasts that are reported to Control Agency's and borrower's auditors. These manual processes are prone to human error and result in financial data gaps that impede financial record reconciliation and accurate reporting.

HCD is continually monitored by the US Department of Housing and Urban Development (HUD) and audited by the California State Auditor. The most recent CAPES audit was memorialized on September 20, 2018.

HUD completed monitoring the Community Development Block Grant (CDBG), CDBG Disaster Recovery (DR), and Neighborhood Stabilization Program (NSP) on December 1, 2017. HUD issued their report on March 12, 2018, with 25 findings and five 5 concerns. Findings are violations of statute or regulation that require resolution. Concerns highlight issues that could lead to a finding if unresolved. These findings and concerns, along with other long-term, unresolved monitoring findings related to program administration, resulted in the State of California's designation as a high-risk grantee.

The HUD monitoring also identified a systemic failure that prevents the State from using program funds in accordance with program requirements, and creates significant risks of fraud, waste, and mismanagement of funds. The HUD report stated evidence of a pattern of inadequately written policies, failure to comply with program-specific statutory and regulatory requirements, failure to adequately document compliance, and inadequate systems and processes to ensure that financial and program management standards are met.

Since 2007, the California State Auditor has completed five required audits of HCD's housing bond program management. Those audits were issued September 2007, November 2009, October 2012, September 2014, and September 2018. The California State Auditor made a total of 28 recommendations in the first four reports, which HCD previously asserted were resolved. However, the September 2018 audit determined that HCD had not followed through on approximately half of those recommendations. The September 2018 report also called out that although HCD had implemented a centralized database – CAPES – HCD had not ensured CAPES has the functionality to monitor HCD's housing bond programs against administrative caps and State requirements. The 2018 report concluded that HCD staff do not use CAPES to monitor CalHome or Building Equity and Growth in Neighborhoods (BEGIN) programs and funding because of CAPES' deficiencies.

In November 2018 California voters approved $2.85 billion for the housing programs HCD oversees. The California State Auditor, in their September 2018 audit report, expressed concerns around HCD's ability to effectively monitor those housing program funds.

In response to the latest HUD monitoring, HUD withheld $124 million of CDBG-DR funding allocated to the State of California to address unmet long-term recovery needs arising from damage caused by the 2017 wildfires, flooding, mudflows, and debris flows.

It was apparent that HCD did not have the staff or skillsets to promptly address HUD concerns. HCD leadership decided to fast-track a procurement to pilot a new Grant Management System (GMS) for two Federal programs: CDBG and CDBG-DR. Given the timeframe of procurement through implementation, HCD pursued an out-of-the-box, Software-as-a-Service (SaaS), cloud hosted solution. The overarching procurement goal was to procure a proven, HUD-monitored GMS that follows industry standards, and grants management best practices, offers the functionality required to mitigate Federal compliance requirements, and is scalable to handle all HCD Federal housing programs.

To meet HUD requirements, HCD implemented the pilot functionality of the GMS SaaS solution in December 2019. The full implementation for CDBG and CDBG-DR was completed in June 2020. While the GMS SaaS solution successfully addressed the HUD requirements for the CDBG and CDBG-DR Federal programs, as described in Section 1.6, the solution did not provide functionality to address both loans and grants.

The GMS SaaS is a stop-gap solution that is only effective for some Federal programs. The experience gained through implementing the GMS solution provided a solid foundation for HCD to build upon in identifying the business requirements that need to be addressed by a State and Federal enterprise *loan and grant management system* for the department.

HCD proposes procurement and implementation of an enterprise system to support effective management of the State and Federal grant and loan programs HCD oversees. This endeavor will position HCD to address the outstanding HUD monitoring findings and concerns, reduce existing operational risks, and help mitigate HCD's high-risk grantee designation while achieving HCD's mission of promoting safe, affordable homes and vibrant, inclusive, sustainable communities for all Californians

1.4 Stakeholders

Key Stakeholders	
Org. Name	Name
HCD Divison of State Financial Assistance (SFA) and Division of Federal Financial Assistance (FFA)	Jennifer Seeger, SFA Deputy Director Geoffrey Ross, FFA Deputy Director
Internal or External?	☒ Internal ☐ External

When is the Stakeholder impacted?		
Input to Business Process	During the Business Process	Output of the Business Process
☒	☒	☒

How are Stakeholders impacted?

The SFA and the FFA Deputy Directors manage staff responsible for tracking and reconciling State and Federal funds and managing complex loan and grant-funded activities, including reporting, in compliance with State regulations for the more than 80 programs that HCD oversees. SFA and FFA are plagued by CAPES' systemic failures that prevents the State from using program funds in accordance with program requirements, and creates significant risks of fraud, waste, and mismanagement of funds (per HUD findings). Additionally, CAPES is not being used Federal reporting due to the data being too corrupt to reconcile. In most cases program funding is being tracked outside of the system using Excel workbooks.

CAPES' lack of necessary functionality, coupled with a lack of user knowledge, system documentation, and disciplined business processes, resulted in program staff developing and using manual data collection workarounds. Microsoft (MS) Excel spreadsheets and MS Word documents are used to capture critical financial data. Often these tools are maintained on individual desktops, resulting in version control and accuracy issues.

When financial information is required, HCD staff must consolidate multiple data sources. This starts with extracting

data from CAPES or GMS, then contacting business staff to obtain information from their individually maintained spreadsheets and other documents. This manual process is prone to human error and results in financial data gaps that impede financial record reconciliation and accurate reporting required by HUD and the State of California.

How will the Stakeholders participate in the project?

The Deputy Directors will be engaged in project initiation, planning, execution, performance/monitoring, and closeout to ensure allocation of appropriate resources, and removal of project roadblocks. As a member of the executive leadership team and the business sponsor, the Deputy Directors have decision-making authority and will oversee staff designated to support business requirement development and user acceptance testing, and providing feedback for loan and grant management system, to enure functionality meets minimum viable product specifications and may be further elaborated as deemed necessary. Additionally, SFA and DFA stakeholders will help ensure the new solution aligns with key strategic goals that have measurable benefits for internal and external users.

Org. Name	Name
Information Technology Branch	Sumi Smith, Chief Information Officer
Internal or External?	☒ Internal ☐ External

When is the Stakeholder impacted?

Input to Business Process	During the Business Process	Output of the Business Process
☒	☒	☒

How are Stakeholders impacted?

The Information Technology Branch (ITB) will be responsible for all aspects of the system implementaiton from project planning through performance management. ITB will oversee project prioritization, resourcing, and funding decisions. Additionally, ITB will be responsible for system maintenance and operations post implementation.

How will the Stakeholders participate in the project?

ITB will be responsible for the success of the solution and full management of the project lifecycle. ITB leadership and staff will ensure that the project is executed in a repeatable and standardized method, encompassing the entire project scope. ITB will ensure the project meets quality requirements, and will make decisions about funding, prioritization, procurement, and resourcing to drive the project to successful outcomes and achieve the desired benefits with this solution. ITB will work directly with stakeholders, Executive Sponsors and Executive Steering Committee(s) to ensure all interests are addressed.

Org. Name	Name
HCD Administration and Management Division (AMD)	KC Mohseni, Deputy Director
Internal or External?	☒ Internal ☐ External

When is the Stakeholder impacted?

Input to Business Process	During the Business Process	Output of the Business Process
☒	☒	☒

How are Stakeholders impacted?

The AMD Deputy Director oversees staff who process State and Federal funds and manage complex loan and grant-funded activities in the Administration and Management Division in compliance with HUD and State regulations for the more than 80 programs that HCD oversees. The CAPES system does not have the functionality required for AMD staff to adequately track and reconcile State and Federal funds, or efficiently or effectively manage complex loan and grant funded activities in compliance with HUD and State regulations. HUD routinley montiors HCD and in response to the latest monitoring, HUD withheld $124 million of CDBG-DR funding allocated to the State of California to address unmet long-term recovery needs arising from damage caused by the 2017 wildfires, flooding, mudflows, and debris flows. Absent a comprehensive and fully functionaly State and Federal Enterprise Loan and Grant Management System, and as a direct result of CAPES' systemic failures, HCD is challenged to manually track and monitor loan and grant-funded activities, manually gather, organize and analyze data for reporting, and is at risk of HUD withholding additional funds critical for California citizens in need. Additionally, the Financial Management Office manually calculates aspects related

to loan calculations and payoffs due to CAPES failures. AMD includes the Information Technology Branch (ITB) and staff who support technology implementaiton and maintenance and operations

How will the Stakeholders participate in the project?
The AMD Deputy Director will oversee staff engaged in all aspects of the project lifecycle from initation through closeout to ensure allocation of appropriate staff, ensure elimination of project roadblocks and, as a member of the execitive leadership team, be involved in strategic project decision making. The AMD Deputy Director's staff also will be responsible for setting up the new Service Location and Account Codes required to support the SaaS. Additionally, the ITB staff within AMD will work directly with Stakeholders, Executive Sponsors and Executive Steering Committee(s) to provide necessary support and resources for the successful outcome of this project. ITB also will provide technical support and manage the following key functions; security, network maintenance, database administration, testing and application support through maintenance and operations.

Org. Name	Name
HCD Housing Policy Development (HPD)	Megan Kirkeby, Deputy Director
Internal or External?	☒ Internal ☐ External

When is the Stakeholder impacted?		
Input to Business Process	During the Business Process	Output of the Business Process
☒	☒	☒

How are Stakeholders impacted?
The Housing Policy Development Deputy Director oversees staff responsible for generating Standard Agreements and amendments to Standard Agreements based on data they enter and retrieve from the CAPES system. The HPD staff support HCD's complex loan and grant-funded activities in accordance with HUD and State regulations for the more than 80 programs that HCD oversees. The HPD Deputy Director's staff also are responsible for meeting State and Federal reporting requirements and processing requests and complaints. The CAPES system does not provide the timely and accurate information required for HPD to confidently execute their charge, including meeting State and Federal reporting requirements.

How will the Stakeholders participate in the project?
The HPD Deputy Director will oversee staff engaged in all aspects of the project lifecycle. Her designated staff will provide business expertise, support business requirement development and documentation, and conduct user acceptance testing to help ensure functionality meets minimum viable product specifications. The stakeholders will help ensure the solution aligns with strategic and operation goals and provides measureable benefits internally and externally.

Org. Name	Name
HCD Legal Affairs	Ryan Seeley, Deputy Director
Internal or External?	☒ Internal ☐ External

When is the Stakeholder impacted?		
Input to Business Process	During the Business Process	Output of the Business Process
☒	☒	☒

How are Stakeholders impacted?
The Deputy Director of Legal Affairs oversees staff who access CAPES data to enter routing data (Date, Comments) for the Standard Agreements and amended Standard Agreements in support of the more than 80 programs that HCD oversees.

How will the Stakeholders participate in the project?
The Legal Affairs Deputy Director will oversee staff who will provide business expertise and support requirements development and user acceptance testing. He will collaborate with other stakeholders and support his staff to ensure support for a successful project and outcomes.

Org. Name	Name
HCD Legislation	Sonja Palladino, Deputy Director

Internal or External?	☒ Internal ☒ External		

When is the Stakeholder impacted?			
Input to Business Process	During the Business Process		Output of the Business Process
☒	☒		☒

How are Stakeholders impacted?

The Deputy Director of Legislation oversees staff who use CAPES to identify legislative information required for applications, including Senate, Assembly, Congressional district numbers and the associated Senate, Assembly, or Congressional Representative to support the complex loan and grant-funded activities for the more than 80 programs that HCD oversees.

How will the Stakeholders participate in the project?

The Deputy Director of Legislation will oversee staff engaged in all aspects of the project lifecycle from initation through closeout. She will designate staff who will ensure successful business requirement development and user acceptance testing to meet operational and strategic goals and objectives.

Select + to add additional Stakeholders

1.5 Business Program

Org. Name	Name
HCD Divison of State Financial Assistance (SFA) and Division of Federal Financial Assistance (FFA)	Jennifer Seeger, SFA Deputy Director Geoffrey Ross, Deputy Director

When is the unit impacted?		
Input to the Business Process	During the Business Process	Output of the Business Process
☒	☒	☒

How is the business program unit impacted?

HCD SFA and DFA has co- responsibility for leading the effort to replace the CAPES system with a State and Federal Enterprise Loan and Grant Management System. SFA and FFA cannot adequately track and reconcile State and Federal funds, or efficiently or effectively manage complex loan and grant funded activities in compliance with HUD and State regulations. For example, the CDBG and CDBG-DR programs were out of compliance in regard to the HUD regulations, and the CalHome and BEGIN programs were out of compliance with the state regulations. The lack of appropriate management tools adversely impacts staff efficiency, increases department risk, and limits HCD's ability to timely respond to community needs and priorities. These impediments result in ongoing unfavorable HUD Monitoring Report findings that jeopardize the State's future funds, for example, the Disaster Recovery funding, for California citizens in need. Additionally, DFA does not have an online portal (a requirement of the HUD Disaster Recovery Action Plan) for clients to submit information for HCD's programs.

In 2019, HCD procured a Commercial Off the Shelf (COTS) GMS. The goal was to pilot the GMS and evaluate the feasibility of adopting a product for enterprise implementaion. The pilot was intended to pave the path for a comprehensive enterprise solution.

The piloted GMS only supports some federal programs and does not now, nor will it in the future, be able to support all the CAPES functionality. HCD needs an enterprise system to maximize use and benefits of a proven solution to achieve workflow efficiencies, launch a public portal for applicants and grantees, reduce risks, enhance data collection, tracking and reporting capabilities, and integrate with key HUD systems and Fi$cal, state accounting systems. HCD requires state-of-the-art technology in a single system to effectively and efficiently manage *both* grants and loans. Neither the piloted GMS, nor the substandard CAPES system provide the functionality required for HCD to perform at their potential to meet or exceed Federal and State requirements and provide consistently exceptional service to California citizens in need of these programs.

This effort to replace CAPES with a State and Federal Enterprise Loan and Grant Management System will provide HCD to a loans *and* grants management solution that will serve as the Department's enterprise system across State and

Federal funding sources encompassing functionalities needed to support HCD's end-to-end operations from solicitation, evaluation, loan management, grant management, closure, compliance reporting, monitoring, and integration with key State and Federal information systems.

SFA and FFA will be engaged as subject matter experts (SMEs) to provide business requirements, support documentation of the current business processes (As-Is), support documentation of required functionality and/or enhanements (To-Be) and provide inputs to the gap analysis to support the loans and grants management configuration, implementation, and adoption. Once the To-Be processes are identified, documented, refined, and finalized through the system development lifecycle (SDLC), and the gap analysis is complete, SFA and FFA staff and SMEs will identify strategies to address the gaps (e.g.,training, communication, change management). DFA will facilitate implemention of revised/refined processess across its organization to maximize adoption of the loans and grants management system and effective use of the new solution to ensure operational success and HUD compliance. DFA will partner with business programs across the enterprise to ensure the solution adds value to HCD as a whole, is consistent with strategic goals and initiatives, and supports HCD's mission.

How will the business program participate in the project?
SFA and FFA will designate SMEs to serve as functional leads to provide Federal program knowledge, and policy, process and procedure expertise. Throughout the project, the leads will participate in requirements gathering, product configuration, user acceptance testing, training, and implementation.

Org. Name	Name
HCD Administration & Managment Division (AMD)	KC Mohseni, Deputy Director

When is the unit impacted?

Input to the Business Process	During the Business Process	Output of the Business Process
☒	☒	☒

How is the business program unit impacted?
AMD has the responsibility to manage the central service functions of accounting, fiscal management, contracts, business services, human resources, bond management, and information technology, the Administration and Management Division supports the program functions of the Department to ensure the timely and efficient delivery of services to our customers within HCD and throughout California.

How will the business program participate in the project?
AMD will designate SMEs to serve as functional leads and will participate in the business and solution requirements of budgeting, loans, accounting, and asset/property tracking needs. Throughout the project, the AMD leads will participate in requirements gathering, product configuration, user acceptance testing, training, and implementation. Additionally, the ITB staff within AMD will work directly with the AMD SMEs to provide necessary support and resources for the successful outcome of this project. ITB also will provide technical support and manage the following key functons; security, network maintenance, database administration, testing and application support through maintenance and operations

Select + to add additional Business Programs

1.6 Business Alignment

Business Driver(s)

Financial Benefit

Increased Revenue	Cost Savings	Cost Avoidance	Cost Recovery
☐	☐	☒	☐

Mandate(s) N/A

State	Federal
☐	☐

Improvement

California Department of Technology, SIMM 19A.2 (Rev. 2.4), Revised 4/2/2018

Better Services to Citizens	Efficiencies to Program Operations	Improved Health and/or Human Safety	Technology Refresh
☒	☒	☐	☒

Security

Improved Information Security	Improved Business Continuity	Improved Technology Recovery	Technology End of Life
☒	☒	☒	☐

Strategic Business Alignment

Strategic Plan Last Updated?	Date Picker 7/25/2018

Strategic Business Goal	Alignment
Improve Collaboration and Service with our Stakeholders B – Create and promote new opportunities to collaborate with our stakeholders. C – Facilitate solutions for our customers to accomplish shared goals	With more than 80 programs and billions of dollars in grants and loans to manage with the stringent reporting requirements and State and Federal oversight, coupled with the ongoing challenges encumbering California citizens (from natural disasters to the COVID pandemic) it is critical that HCD implement a State and Federal Enterprise Loan and Grant Management System, including a 24/7 accessible portal, so HCD can provide online services to customers. This will improve collaboration and the quality of the services HCD provides to its stakeholders with self-service online options, increasing efficiency and effectiveness, reducing barriers for application submission, permit issuance etc.
Strategic Business Goal	Alignment
Cultivate a Culture of Excellence A – Develop and improve interactive systems and processes B – Integrate a performance and metrics-driven mindset D – Ensure continuous improvement through reflection and innovation	HCD purposefully cultivates excellent systems, operations, and processes that provide the highest and best use of its resources. Procuring and implementing a loans and grants management system will enable HCD staff to process State and Federal monies in compliance with HUD and State policies. The enterprise system will integrate metrics and performance and will support continuous improvement through innovation. HUD recommended that HCD invest in an online enterprise management system, stating this would dramatically improve staff capacity and efficiency, and communicate to our stakeholders that HCD is committed to providing the highest quality customer service and community support. Organizational productivity and staff morale will be improved as HCD embarks in investing in modern technology solutions to meet specific business needs (requirements). Online services will reduce staff manual workload and improve customer access to HCD products and services. Improving online service capabilities, will improve internal and external processes and enable effective tracking and monitoring

California Department of Technology, SIMM 19A.2 (Rev. 2.4), Revised 4/2/2018

in support of measurable performance and quality metrics.	
Strategic Business Goal	**Alignment**
Strategically Invest Our Internal Resources B – Enhance use of technology to optimize productivity	HCD will strategically allocate its resources in alignment with priorities to deliver the optimum level of performance, transparency, and accountability by enhancing the use of technology and online services to optimize productivity and accessibility. An effective loans and grants management system will dramatically enhance client communication and improve stakeholder performance while improving staff efficiency and increasing staff capacity. This solution would eliminate the need for manual intervention for monitoring and tracking loans and grants and will reduce risk and improve accuracy, accountability, and staff morale.

Select + to add additional Business Goals and Alignment

Executive Summary of the Business Problem or Opportunity

If HCD cannot accurately track, monitor or reconcile loan or grant funds in accordance with State and Federal requirements, resulting in the potential deferment or loss of loan and grant funding for HCD programs serving low-income rural and urban communities and disaster recovery victims in California.

The need for a system to effectively manage various State and Federal loan and grant funds is critical. The system must be able to track all financial transactions based upon Generally Accepted Accounting Principles (GAAP), provide loans and grants management support according to State and HUD approved best practices, and have an external online portal for clients to submit information and applications for all HCD-managed loan and grant programs. Loan management includes the calculating different various types of interest, payoff and statement or reports.

This State and Federal Enterprise Loan and Grant Management System procurement effort will allow HCD to procure a loans and grants management system that will be HCD's enterprise solution for loans and grants management across State and Federal funding sources. The system will encompass functionalities required to support HCD's end-to-end operations from solicitation, evaluation, loan management, grant management, closure, compliance reporting, monitoring and integration with key State and Federal information systems.

Business Problem or Opportunity and Objectives Table

Problem ID	Problems/Opportunities
1	**Reconciliation with State and Federal systems: Loan and Grant programs reconciliation with State and Federal systems - HCD does not have a system that enables staff to track, monitor, reconcile, and report on financial transactions.**
Objective ID	1.1
Objectives	Enable HCD staff to track, monitor, reconcile, and report on loan and grant funds, as required by Federal and State mandates, timely and accurately, without managing multiple databases and manual data gathering.
Metric	Monthly reports validating loan and grant funds were disbursed accurately and according to State guidelines and grant-based accounting as required by HUD.
Baseline	0% - Cannot accurately track, monitor, reconcile, and report on loan and grant State and Federal funds.
Target	100% Ability to reconcile and report on loan and grant State and Federal funds in accordance with applicable State and Federal reporting requirements.
Measurement Method	System-generated reports that satisfy State and Federal requirements.

Select + to add additional Objectives	
2	**Program Income tracking and reconciliation: Program Income is kept at the jurisdiction level and at the State level. The State is required to track and reconcile all Program Income receipts and report eligible expenditures and eligible objectives on all Program Income that results from grant implementation activities.**
Objective ID	**2.1**
Objectives	Ability to receipt, track, disburse, and reconcile all Program Income by income type source (local or State), and the activities the income funds.
Metric	Monthly automatically generated reports from one system that reflect grant Program Income funds by income type, source (e.g., local or State), and the activities the income funds to demonstrate funds were receipted, allocated per Federal requirements, and disbursed accurately according to Federal regulations.
Baseline	0% - HCD is unable to receipt, disburse, and reconcile all Program Income in one system.
Target	100% - Ability to receive, disburse, and reconcile all Program Income in one system accurately within three months of implementation or first Quarterly Program Income report, whichever occurs first and provide monthly reports that match HUD's Integrated Disbursement Information System (IDIS) to Accounting and local records.
Measurement Method	**System-generated reports**
Select + to add additional Objectives	
3	**Timely spend/disburse funds: State and Federal requirements mandate that funds requests be reviewed, approved, or denied, and if approved, distributed within 30 days of request receipt. State requirements mandate disbursement or notification withing 30 days of request receipt. CAPES cannot report payments made from the State Controller's Office (SCO) and reconcile whether the payments were received in 30 days or less.**
Objective ID	**3.1**
Objectives	The ability for HCD staff to review and approve/deny and disperse approved funds within 30 days of request receipt and integrate with Fi$cal according to State and Federal requirements.
Metric	Percent of requests processed within the required 30 days per State and Federal requirements.
Baseline	0% - Unable to demonstrate compliance within all State and Federal programs.
Target	90% in the first year and 100% thereafter: Ability to review and process requests within 30 days, including notifying awardees (per State requirements) to achieve State and Federal disbursement requirements. HCD needs either to distribute funds within 30 days (per Federal requirements) or notify awardees within 30 days (per State requirements).
Measurement Method	System-generated reports, including reconciliation with SCO metrics.
Select + to add additional Objectives	
4	**Introduce additional channels to interact with stakeholders and improve operational efficiencies: HCD conducts most loans and grants management solicitation and operations manually between HCD, applicants, and grantees via in-person meetings, mail, phone, and email. These methods pose data accuracy and consistency challenges due to the lack of validation.**
Objective ID	**4.1**
Objectives	Provide a robust online portal where applicants and grantees can conduct business transactions with HCD 24x7. This automation will improve data quality and timeliness through data validations and workflow improvements and efficiencies.
Metric	24x7 availability of a secure and stable online portal for applicants and grantees to

	conduct business transactions with HCD.
Baseline	Zero availability: HCD's legacy system does not provide an online portal for applicants and grantees to conduct business transactions with HCD.
Target	24x7 secure and stable online portal availablility (other than routine maintenance).
Measurement Method	Regularly generated report (every 15 days) to demonstrate solution availability to external users.
Select + to add additional Objectives	
Objective ID	**4.2**
Objectives	Provide a loan management portal to support loan application, underwriting, tracking, reconciliation, and monitoring.
Metric	Ability to intake, report and reconcile loan requirements based on State regulatory agreement(s). 24X7 online portal availability for stakeholders to provide and track loan artifacts and status.
Baseline	0 %: HCD's legacy system does not provide an online portal for stakeholders to conduct loan transactions with HCD.
Target	24x7 secure and stable online portal availablility (other than routine maintenance).
Measurement Method	Regularly generated report (every 15 days) to demonstrate solution availability to external users.
Select + to add additional Objectives	
Objective ID	**4.3**
Objectives	Provide a loan management portal to automate loan service calculations and activities (including impound accounts), and track HCD's loan portfolio.
Metric	Monthly reports validating automatic loan service calculations and activities, and loan portfolio tracking according to State guidelines.
Baseline	0 %: HCD's legacy system does not provide an online portal for automated loan service calculation and activities, and the ability to track HCD's loan portfolio.
Target	100% - Ability to automate loan service calculations and activities and track HCD's loan portfolio.
Measurement Method	Regularly generated reports (every 15 days) to demonstrate solution availability to internal users.
Select + to add additional Objectives	
Select + to add additional Problems	

Project Approval Lifecycle Completion and Project Execution Capacity Assessment
1. Does the proposal development or project execution anticipate sharing resources (state staff, vendors, consultants or financial) with other priorities within the Agency/state entity (projects, PALs, or programmatic/technology workload)?
⦿ Yes   ○ No   ○ Clear
2. Does the Agency/ state entity anticipate this proposal will result in the creation of new business processes or changes to existing business processes?
○ No   ○ New Processes   ○ Existing Processes   ⦿ Both New and Existing   ○ Clear

1.7 Project Management

Project Management Risk Score:	1.9
Attach completed Statewide Information Management Manual (SIMM) Section 45 Appendix A:	Include the completed SIMM 45 Appendix A as an attachment to your email submission.

California Department of Technology, SIMM 19A.2 (Rev. 2.4), Revised 4/2/2018

Existing Data Governance and Data

1. Does the Agency/state entity have an established data governance body with well-defined roles and responsibilities to support data governance activities? If an existing data governance org chart is used, please attach.	○ Unknown ○ Yes ◉ No ○ Clear	If applicable, include the data governance org chart as an attachment to your email submission.
2. Does the Agency/state entity have data governance policies (data policies, data standards, etc.) formally defined, documented, and implemented? If yes, please attach the existing data governance plan, policies or IT standards used.	○ Unknown ○ Yes ◉ No ○ Clear	If applicable, include the data governance policies as an attachment to your email submission.
3. Does the Agency/state entity have data security policies, standards, controls, and procedures formally defined, documented, and implemented? If yes, please attach the existing documented security policies, standards, and controls used.	○ Unknown ○ Yes ◉ No ○ Clear	If applicable, include the documented security policies, standards, and controls as an attachment to your email submission.
4. Does the Agency/state entity have user accessibility policies, standards, controls, and procedures formally defined, documented, and implemented? If yes, please attach the existing documented policies, accessibility governance plan, and standards used, or provide additional information below.	○ Unknown ○ Yes ◉ No ○ Clear	If applicable, include the documented accessibility policies, standards, and controls as an attachment to your email submission.
5. Do you have existing data that you are going to want to access in your new solution?	◉ Unknown ○ Yes ○ No ○ Clear	If applicable, include the data migration plan as an attachment to your email submission.
6. If data migration is required, please rate the quality of the data.	Significant issues identified with the existing data	

1.8 Criticality Assessment

Business Criticality

Legislative Mandates:	N/A ☐	
Bill Number(s)/Code(s):		
Language that includes system relevant requirements:		The California State Auditor and a Federal Monitoring Report identified the critical and time sensitive nature of this project and HCD must expeditiously have in place a technical solution to track and reconcile funds and provide an online portal for clients.

Stage 1 Business Analysis

Business Complexity Score	2.6	Include the completed SIMM 45 Appendix C as an attachment to your email submission.

Noncompliance Issues

Indicate if your current operations include noncompliance issues and provide a narrative explaining the how the business process is noncompliant.

Programmatic Regulations	HIPPA/CJIS/FTI/PII/PCI	Security	ADA	Other	N/A
☐	☐	☐	☐	☐	☐

1. What is the proposed project start date?	7/1/2022

2. Is this proposal anticipated to have high public visibility?	○ Yes ◉ No ○ Clear

If "Yes," please identify the dynamics of the anticipated high visibility below:

While the proposal will not have high public visibility, the funding will. The Department of Housing and Urban Development, stakeholders (including local governments and rural advocates), and Governor's Office will monitor progress on both the State and Federal funds, for example, the CDBG program redesign and the Disaster Recovery Program and the use of the system to assist victims of disasters. Both State and Federal funding require extensive public outreach and engagement from stakeholders and are highly visible to local officials and the public.

3. If there is an existing Privacy Information Assessment, include as an attachment to your email submission.

4. Does this proposal affect business program staff located in multiple geographic locations?	○ Yes ◉ No ○ Clear

If "Yes," provide an overview of the geographic dynamics below and enter the specific information in the space provided.

City	State	Number of Locations	Approximate Number of Staff

Select + to add Locations

1.9 Funding

1. Does the Agency/state entity anticipate requesting additional resources through a budget action to complete the project approval lifecycle?	◉ Yes ○ No ○ Clear
2. Will the state possibly incur a financial sanction or penalty if this proposal is not implemented? If yes, please identify the financial impact to the state below:	◉ Yes ○ No ○ Clear
3. Has the funding source(s) been identified for this proposal?	○ Yes ◉ No ○ Clear

FUNDING SOURCE		
General Fund	☐	
Special Fund	☐	
Federal Fund	☐	
Reimbursement	☐	
Bond Fund	☐	Date Picker
Other Fund	☐	Date Picker

California Department of Technology, SIMM 19A.2 (Rev. 2.4), Revised 4/2/2018

If "Other Fund" is checked, specify the funding:	

1.10 Reportability Assessment

1. Does the Agency/state entity's IT activity meet the definition of an IT Project found in the State administrative Manual (SAM) Section 4819.2? If "No," this initiative is not an IT project and is not required to complete the Project Approval Lifecycle.	◉ Yes ○ No ○ Clear
2. Does the activity meet the definition of Maintenance or Operations found in SAM Section 4819.2? If "Yes," this initiative is not required to complete the Project Approval Lifecycle. Please report this workload on the Agency Portfolio Report. And provide an explanation below.	○ Yes ◉ No ○ Clear
3. Has the project/effort been previously approved and considered an ongoing IT activity identified in SAM Section 4819.2, 4819.40? If "Yes," this initiative is not required to complete the Project Approval Lifecycle. Please report this workload on the Agency Portfolio Report.	○ Yes ◉ No ○ Clear
4. Is the project directly associated with any of the following as defined by SAM Section 4812.32? Single-function process-control systems; analog data collection devices, or telemetry systems; telecommunications equipment used exclusively for voice communications; Voice Over Internet Protocol (VOIP) phone systems; acquisition of printers, scanners, and copiers. If "Yes," this initiative is not required to complete the Project Approval Lifecycle. Please report this workload on the Agency Portfolio Report.	○ Yes ◉ No ○ Clear
5. Is the primary objective of the project to acquire desktop and mobile computing commodities as defined by SAM Section 4819.34, 4989? If "Yes," this initiative is a non-reportable project. Approval of the Project Approval Lifecycle is delegated to the head of the state entity. Submit a copy of the completed, approved Stage 1 Business Analysis to the CDT and track the initiative on the Agency Portfolio Report.	○ Yes ◉ No ○ Clear
6. Does the project meet all of the criteria for Commercial-off-the-Shelf (COTS) Software and Cloud Software-as-a-Services (SaaS) delegation as defined in SAM 4819.34, 4989.2 and SIMM 22 If "Yes," this initiative is a non-reportable project. Approval of the Project Approval Lifecycle is delegated to the head of the state entity; however, submit an approved SIMM Section 22 form to CDT.	○ Yes ◉ No ○ Clear
7. Will the project require a Budget Action to be completed?	◉ Yes ○ No ○ Clear
8. Is it anticipated that the project will exceed the delegated cost threshold assigned by CDT as identified in SIMM 10?	◉ Yes ○ No ○ Clear

9. Are there any previously imposed conditions place on the state entity or this project by the CDT (e.g., Corrective Action Plan)? If "Yes," provide the details regarding the conditions below.	○ Yes ● No ○ Clear
10. Is the system specifically mandated by legislation?	○ Yes ● No ○ Clear

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Original "New Submission" Date	5/18/2021
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Form Disposition Date	6/15/2021