Stage 1 Business Analysis

California Department of Technology, SIMM 19A.3 (Ver. 3.0.9, 02/01/2022)

1.1 General Information

1. **Agency or State entity Name:** Choose an item.

    If Agency/State entity is not in the list, enter here with the organization code.

    2667 – Office of the Inspector General, High-Speed Rail

2. **Proposal Name and Acronym: OIG-HSR Audits and Reviews Software**

3. **Proposal Description: (Provide a brief description of your proposal in 500 characters or less.)**

    OIG-HSR proposes to acquire software necessary to support its statutory responsibility to conduct independent reviews of the California High-Speed Rail project. This software, which will help the OIG-HSR to also meet its professional standards by collecting, categorizing, annotating, filing, and reviewing evidence and related documentation, would be acquired from one of several established vendors already having supplied similar software to state and federal agencies.

4. **Proposed Project Execution Start Date: 8/1/2024**

5. **S1BA Version Number: Version 1**

1.2 Submittal Information

1. **Contact Information**

    Contact Name: Amanda Millen

    Contact Email: Amanda.millen@oig.hsr.ca.gov

    Contact Phone: 916-281-8763

2. **Submission Type: New Submission**

    If Withdraw, select Reason: Choose an item.

    If Other, specify reason here: Click or tap here to enter text.

Sections Changed, if this is a Submission Update: (List all sections changed.)

Click or tap here to enter text.

Summary of Changes: (Summarize updates made.)

Click or tap here to enter text.

3. **Attach [Project Approval Executive Transmittal](#)** to your email submission.

4. **Attach [Stage 1 Project Reportability Assessment](#)** to your email submission.

1.3   Business Sponsorship

1. **Executive Champion (Sponsor)**

   Title: Inspector General

   Name: Ben Belnap

   Business Program Area: department director

2. **Business Owner**

   Title: Chief Deputy Inspector General

   Name: Mark Reinardy

   Business Program Area: chief deputy director

3. **Product Owner**

   Title: Deputy Inspector General

   Name: Amanda Millen

   Business Program Area: Administration, Investigations, and Strategic Initiatives

TIP: Copy and paste or click the + button in the lower right corner on any section to add additional Executive Champions, Business Owners, or Product Owners with their related Business Program Areas as needed.

1.4   Stakeholder Assessment

The Stakeholder Assessment is designed to give the project team an overview of communication channels that the state entity needs to manage throughout the project. More stakeholders may result in increased complexity to a project.

1. **Indicate which of the following are interested in this proposal and/or the outcome of the project. (Select 'Yes' or 'No' for each.)**

State Entity Only: No

Other Departments/State Entities: Yes

Public: No

Federal Entities: No

Governor's Office: Yes

Legislature: Yes

Media: No

Local Entities: No

Special Interest Groups: No

Other: No

2. **Describe how each group marked 'Yes' will be involved in the planning process.**

OIG-HSR executive leadership will be directly involved in the planning process. The Inspector General has overall responsibility for the mission of the OIG-HSR, including execution of its statutory responsibility to—at the Inspector General's accord—initiate audits or reviews related to oversight of the high-speed rail project and its contractors. The Inspector General will serve as Executive Sponsor for this IT project and will facilitate communication on the progress of the project to relevant external stakeholders. The Chief Deputy Inspector General will act as the Business Owner for the IT project, provide oversight of project planning, and review and approve business requirements and strategies. The Inspector General and Chief Deputy Inspector General will also monitor progress on the project and provide guidance and oversight to ensure that the audits and reviews software established through this project achieves the ultimate goal of the project: to facilitate the office's ability to conduct needed reviews in accordance with professional standards and the OIG-HSR's statutory duties under Public Utilities Code 187030.

OIG-HSR's Deputy Inspector General – Administration, Investigations, and Strategic Initiatives (Deputy General) oversees the administration division of the office, including the OIG-HSR's information technology and procurement functions, and oversees quality assurance processes related to the office's compliance with professional standards in audits and reviews. The Deputy Inspector General will be involved in all aspects of the planning process, including acting as the Product Owner for the project; clarifying and documenting project goals; documenting and supporting business requirements; leading market research; documenting alternative solutions, and conducting procurement activities for OIG-HSR.

In terms of other state departments affected, the High-Speed Rail Authority (Authority), represented by its Information Technology Office and its Chief Information Officer Patty Nisonger (Authority CIO), specifically, is also a stakeholder because the Authority already provides information technology services and equipment to OIG-HSR including network, servers, email, laptops, and smartphones. Therefore, the OIG-HSR will coordinate with the Authority CIO throughout the planning and implementation of the project to ensure that any IT solution procured through this project meets all information security and any other reasonable requirements in Authority information technology policy. Because of OIG-HSR independence requirements

established in statute and those required by the OIG-HSR's adopted professional standards, the Authority will not have other forms of qualitative input on the project or the specific software procured.

The Governor's Office and Legislature will benefit from the project because the project will improve oversight of the high-speed rail project as well as accountability and transparency generally by allowing the OIG-HSR to conduct and report the results of the reviews contemplated in state law effectively and efficiently. Related, the system will enhance the OIG-HSR's ability to publish complete and accurate reports that meet relevant professional standards. Finally, the project will allow the OIG-HSR to more effectively and efficiently track and report on the status of recommendations it has made to the Authority pursuant to Public Utilities Code 187030 and 187038. The Governor and Legislature will not be directly involved in the planning process for this project; however, the OIG-HSR will provide them with regular updates regarding the status of the project. No other state departments or members of the public are direct project stakeholders.

1.5   Business Program

1. **Business Program Name:** OIG-HSR Audits and Reviews

2. **Program Background and Context:** (Provide a brief overview of the entity's business program(s) current operations.)

The OIG-HSR is a newly established department that, under state law, is independent of the Authority and every other governmental entity. The first ever OIG-HSR Inspector General was appointed in September 2023, and the Inspector General has since been working to develop the department, which includes an Audits and Reviews division. The OIG-HSR Audits and Reviews division conducts reviews at the discretion of the Inspector General in fulfillment of the OIG-HSR's responsibilities established in state law. Public Utilities Code 187030(b) requires the OIG-HSR to conduct audits and reviews relating to the delivery of the California high-speed rail project, to identify best practices in the delivery of capital projects, to promote the efficiency in the administration of programs, to review the Authority's change order processes and its contracting processes, and to ensure agreements are in the best interest of the state.

3. **How will this proposed project impact the product or services supported by the state entity?**

As discussed above, this proposed project will enable the OIG-HSR to meet its statutory mandate to improve oversight and accountability of the high-speed rail project by conducting independent, objective reviews of the Authority's planning, delivery, and operation of the state's largest infrastructure project. Currently, without audit management software, the OIG-HSR utilizes basic Microsoft Office products to perform and document reviews as required. Because those products are not designed for completing audits and reviews, they lack sufficient functionality to support implementation of professional standards for auditing. The proposed project would transition documentation of audits and reviews to an audit management software that is designed to support adherence to audit standards. For example, audit management software provides superior ability

to control access to audit projects and documentation; assign and perform audit and review analysis; collect, log, and annotate audit evidence; manage version control; document supervisory review; and perform quality assurance functions. Use of an audit management software for these purposes would make OIG-HSR's practices consistent with other state and federal departments that conduct audits and reviews. To implement the transition to an audit management software, OIG-HSR would establish procedures for documenting audits within the software in accordance with the OIG-HSR's adopted professional standards.

The proposed project would also enhance the OIG-HSR's ability to better collect, track, and report on data pertaining to the OIG-HSR's statutory responsibilities to conduct audits and reviews and to follow-up on the Authority's implementation of recommendations from audits and reviews. Implementation of the proposed project would transition OIG-HSR audit and review teams from documenting information regarding recommendations in Microsoft Word tables to documenting that information within the audit software. That software would provide the ability to efficiently submit requests for documentation and updates pertaining to the Authority's implementation of recommendations, to receive responses and documentation, and to track and report data on the status of implementation as state law requires.

The proposed project would also streamline and/or automate certain audit and administrative functions that OIG-HSR staff currently perform manually. For example, OIG-HSR staff currently must manually track in a spreadsheet the hours staff spend on audit procedures and continuing professional education required by audit standards. Through implementation of the proposed project, the OIG-HSR would transition to audit management software that contains built-in functionality for tracking staff time on various tasks, including hours spent on audits, continuing professional education, and other tasks. The software would automate tracking and analyzing of that data to provide OIG-HSR management with enhanced oversight of audit project budgets and timelines, as well as compliance with continuing professional education requirements.

Finally, this proposed project would require that the OIG-HSR develop and provide training to management and staff within the audits and reviews division regarding documenting audit work within the software and generating and reviewing reports on data about audits and reviews.

TIP: Copy and paste or click the + button in the lower right corner to add Business Programs, with background and context and impact descriptions as needed.

1.6   Project Justification

1. **Strategic Business Alignment**

   Enterprise Architect

   Title: Deputy of Administration, Investigations, and Strategic Initiatives

   Name: Amanda Millen

Strategic Plan Last Updated? Click or tap to enter a date.

Strategic Business Goal: Click or tap here to enter text.

Alignment: The first ever Inspector General was appointed in September 2023, and the OIG-HSR's development of its first strategic plan is in development. This project aligns with our office's statutory responsibilities and professional requirements as described in detail above and below.

TIP: Copy and paste or click the + button in the lower right corner to add Strategic Business Goals and Alignments as needed.

Mandate(s): State

Bill Number/Code, if applicable: Public Utilities Codes 187030(b) and 187038

Add the Bill language that includes system-relevant requirements:

(excerpted) The duties and responsibilities of the Inspector General shall include:

1. To conduct independent fiscal estimates and reviews of the High-Speed Rail Authority's plans and estimates for project advancement and make findings of the reasonableness of those plans and estimates.
2. To conduct audits and investigations relating to delivery of the project.
3. To identify best practices in the delivery of capital projects and recommend policies.
4. To review the High-Speed Rail Authority process for considering proposed and executed change orders and to make any recommendations to ensure the process is appropriate.
5. To review the High-Speed Rail Authority's contracts and contracting practices.
6. To review proposed agreements to ensure that they are in the best interest of the state, the High-Speed Rail Authority's statutory mission, and state priorities.

(excerpted) The Inspector General shall report at least annually to the Legislature and Governor a summary of its findings of any reviews, investigations, or audits conducted. The summary shall include, but not be limited to, significant problems discovered by the office and whether previous recommendations the office has made have been implemented.

TIP: Copy and paste or click the + button in the lower right corner to add Bill Numbers/Codes and relevant language as needed.

2. **Business Driver(s)**

Financial Benefit: Yes

Increased Revenue: No

Cost Savings: Yes

Cost Avoidance: No

Cost Recovery: No

Will the state incur a financial penalty or sanction if this proposal is not implemented? No

If the answer to the above question is "Yes," please explain:

Click or tap here to enter text.

Improvement

Better Services to the People of California: No

Efficiencies to Program Operations: Yes

Improved Equity, Diversity, and/or Inclusivity: No

Improved Health and/or Human Safety: No

Improved Information Security: Yes

Improved Business Continuity: No

Improved Technology Recovery: No

Technology Refresh: No

Technology End of Life: No

1.7   Business Outcomes Desired

Executive Summary of the Business Problem or Opportunity:

As discussed above, this proposed project will enable the OIG-HSR to meet its statutory mandate to improve oversight and accountability of the high-speed rail project by conducting independent, objective reviews of the Authority's planning, delivery, and operation of the state's largest infrastructure project. To fulfill its mandate, OIG-HSR maintains an audits and reviews division overseen by the Deputy Inspector Generals of Audits and Reviews, under whom several teams are conducting audits and reviews of the high-speed rail project at any given time. These reviews are time-sensitive and, in general, highly technical. Conducting these reviews in accordance with professional standards requires the collection and evaluation of appropriate and sufficient evidence, the documentation of conclusions and findings based on that evidence and relevant criteria, and the documented review of those conclusions and findings by the division's chain of command. Currently, without dedicated audit software, the OIG-HSR utilizes basic Microsoft Office products to perform and document reviews as required. This approach, while necessary, provides fewer assurances about quality control of the review's underlying documentation because, among other things, it makes version control and document security more challenging. It also makes those reviews less efficient because, in general, the software in question lacks functionality related to referencing and indexing among analyses and underlying documentation and lacks comprehensive features to support reviewers' comments and sign-off. By contrast, the project being proposed would provide that functionality to the OIG-HSR and allow for high-quality reviews with greater efficiency and internal controls.

In addition, state law requires the OIG-HSR to report annually on the status of recommendations it has made as a result of its reviews of the high-speed rail project. To effectively meet this mandate, OIG-HSR requires a means of cataloguing its recommendations, collecting evidence regarding the status of their implementation, and documenting and archiving its determinations for public reporting and retrospective analysis. The project would allow OIG-HSR to conduct these activities much more efficiently by including built-in capability for collecting and analyzing evidence related to outstanding recommendations and memorializing the status of all such recommendations in an internal database.

Audit management software allows for additional efficiencies pertaining to management of audit work plans, budgets, and timelines. This software generally contains built in features for tracking audit staff time, required continued professional education hours, budgeted versus actual hours spent on audit projects, and baseline versus actual audit schedules. These features would provide management with enhanced ability to provide oversight of ongoing audit work and to ensure compliance with training requirements.

Finally, having these solutions in place would allow OIG-HSR to memorialize their use in its internal control and audit procedures, thereby allowing staff to work with certainty and efficiency and allowing the OIG-HSR to better demonstrate its compliance with relevant professional standards, such as those promulgated by the Association of Inspectors general and the U.S. Government Accountability Office. For all these reasons, other state departments charged with performing independent audits and reviews utilize similar software to ensure accuracy and meet the same or equivalent professional standards.

Objective ID: 1.1

Objective: Transition documentation of audit work to an audit management software by the end of fiscal year 2024-25.

Metric: Time to completion.

Baseline: No current audit management software, audit work is conducted in Microsoft Word & Excel.

Target Result: All audit and review work conducted in audit management software by the end of fiscal year 2024-25.

Objective ID: 1.2

Objective: Develop procedures for leveraging audit management software for documenting compliance with professional standards from the Association of Inspectors General and the Government Accountability Office by the end of fiscal year 2024-25.

Metric: Time to completion.

Baseline: No current audit management software.

Target Result: Procedures for documenting audit work in compliance with standards completed by end of fiscal year 2024-25.

Objective ID: 1.3

Objective: Develop and implement procedures for tracking and reporting on the status of all audit and review recommendations within the audit management software by the end of fiscal year 2024-25.

Metric: Time to completion.

Baseline: No current software solution for tracking and analyzing data on status of recommendations.

Target Result: Development and implementation of procedures for tracking and reporting on the status of recommendations completed by end of fiscal year 2024-25.

Objective ID: 1.4

Objective: By the end of fiscal year 2024-25, develop and begin implementing procedures for tracking and reporting on Audit & Review division performance measures, including compliance with continuing professional education requirements and adherence to audit budgets and schedules.

Metric: Time to completion.

Baseline: No current software solution for tracking and analyzing these performance metrics.

Target Result: Development and implementation of procedures for tracking and reporting on performance measures completed by end of fiscal year 2024-25.

TIP: Copy and paste or click the + button in the lower right corner to add Objectives as needed. Please number for reference.

TIP: Objectives should identify WHAT needs to be achieved or solved. Each objective should identify HOW the problem statement can be solved and must have a target result that is specific, measurable, attainable, realistic, and time-bound. Objective must cover the specific. Metric and Baseline must detail how the objective is measurable. Target Result needs to support the attainable, realistic, and time-bound requirements.

1.8 Project Management

1. **Project Management Risk Score: 32.5**

   (Attach a completed Statewide Information Management Manual (SIMM) Section 45 Appendix A Project Management Risk Assessment Template to the email submission.)

2. **Project Approval Lifecycle Completion and Project Execution Capacity Assessment**

   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)?

   Answer: Yes

Does the Agency/state entity anticipate this proposal will result in the creation of new business processes or changes to existing business processes?

Answer (No, New, Existing, or Both)**:** Both New and Existing Processes

1.9   Initial Complexity Assessment

1. **Business Complexity Score:** 0.7

   (Attach a completed SIMM Section 45 Appendix C to the email submission.)

2. **Noncompliance Issues:** (Indicate if your current operations include noncompliance issues and provide a narrative explaining how the business process is noncompliant.)

   Programmatic regulations: No

   HIPAA/CIIS/FTI/PII/PCI: No

   Security: No

   ADA: No

   Other: No

   Not Applicable: No

   Noncompliance Description:

   Click or tap here to enter text.

3. **Additional Assessment Criteria**

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

   How many locations and total users is the project anticipated to affect?

   Number of locations: 1

   Estimated Number of Transactions/Business Events (per cycle): Estimated up to 10 audits per year.

   Approximate number of internal end-users: 15

   Approximate number of external end-users: 0

1.10 Funding

Planning

1. Does the Agency/state entity anticipate requesting additional resources through a budget action to **complete planning** through the project approval lifecycle framework? Yes

If Yes, when will a budget action be submitted to your Agency/DOF for planning dollars?

8/31/2024

2. Please provide the Funding Source(s) and dates funds for planning will be made available:

State Transportation Fund 0046

Project Implementation Funding

1. Has the funding source(s) been identified for ***project implementation***? Yes

   If known, please provide the Funding Source(s) and dates funds for implementation will be made available:

   0045 State Transportation Fund. Funds for implementation to be available upon approval by DOF during fiscal year 2024-25.

   Will a budget action be submitted to your Agency/DOF? Yes

   If "Yes" is selected, specify when this BCP will be submitted: August 2024

2. Please provide a rough order of magnitude (ROM) estimate as to the total cost of the project: Less than $10 Million

End of agency/state entity document.

Please ensure ADA compliance before submitting this document to CDT.

When ready, submit Stage 1 and all attachments in an email to ProjectOversight@state.ca.gov.

Department of Technology Use Only

Original "New Submission" Date: 8/8/2024

Form Received Date: 8/8/2024

Form Accepted Date: 8/8/2024

Form Status: Approved

Form Status Date: 10/31/2024

Form Disposition: Completed

If Other, specify: Click or tap here to enter text.

Form Disposition Date: 10/31/2024

Department of Technology Project Number (0000-000): 2667-001