

## Exhibit 300: Part I: Summary Information and Justification (All Capital Assets)

## I.A. Overview

<b>1. Date of Submission:</b>	
<b>2. Agency:</b>	Department of State
<b>3. Bureau:</b>	RM/DCFO/GFMS Global Financial Management System
<b>4. Name of this Capital Asset:</b>	Worldwide Agency-wide Locally Engaged Staff Payroll (WALES Payroll)
<b>5. Unique Project (Investment) Identifier: (For IT investment only, see section 53. For all other, use agency ID system.)</b>	014-00-01-01-01-1531-00
<b>6. What kind of investment will this be in FY2008? (Please NOTE: Investments moving to O&amp;M ONLY in FY2008, with Planning/Acquisition activities prior to FY2008 should not select O&amp;M. These investments should indicate their current status.)</b>	Mixed Life Cycle
<b>7. What was the first budget year this investment was submitted to OMB?</b>	FY2006

**8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap:**

As the exclusive "civilian" provider, over 40 agencies rely on DoS to deliver Foreign Service National (FSN) employee e-Payroll services. This is a major challenge because, in contrast to most multi-nationals, the USG has staff in over 180 countries and must: \* accurately pay 49,000 employees \* comply with 500+ compensation plans tailored to local laws/prevaling practices \* deal with 150+ currencies and their fluctuating exchange rates DoS currently operates/maintains four versions of FSNPay in Charleston and Bangkok, each requiring its own cadre of support experts. As explained in the Impact of Slowing the Project section of the document, these 20+ year old, legacy systems represent major operational risk as they require modification each pay period. WALES will replace this obsolete technology with a single, modern rules-based system better suited to support constant change. This is critical because the USG must satisfy time-sensitive taxation/benefits requirements that arise from legislation/regulatory rules enacted in 180+ countries. In short, this will help DoS make accurate and timely payments to its FSNs, achieve clean audit opinions, and continue to satisfy the 40+ agencies that rely on its overseas payroll services. FY05 and early FY06 were devoted to conducting a COTS feasibility study. This due diligence activity had two components: \* identify critical/unique requirements \* conduct a market survey Since DoS's ability to generate annuitant payments to over 15,000 retired Foreign Service Officers (FSOs) is also at risk due to aging technology, this activity was expanded to address these related needs. , DoS concluded that several COTS products could address most of the USG's FSN employee and FSO annuitant payroll needs. The led to folding the Retirement Systems Modernization initiative (UPI: 014-00-01-01-02-1277-00-403-253) into WALES and taking steps geared towards defining/executing a PBA strategy consistent with this alternative. In addition to the USG-wide "share-in" savings achieved by providing e-Payroll services to other agencies, this investment promotes cost avoidance by replacing five payroll systems with one to eliminate redundant: \* Acquisition/deployment activities \* Service center operations \* Hardware \* Software licensing \* System maintenance These benefits will be fully realized in FY10, following a phased implementation.

<b>9. Did the Agency's Executive/Investment Committee approve this request?</b>	Yes
<b>a. If "yes," what was the date of this approval?</b>	8/4/2006
<b>10. Did the Project Manager review this Exhibit?</b>	Yes
<b>12. Has the agency developed and/or promoted cost effective, energy efficient and environmentally sustainable techniques or practices for this project.</b>	No
<b>a. Will this investment include electronic assets (including computers)?</b>	Yes

<b>b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)</b>	No
<b>1. If "yes," is an ESPC or UESC being used to help fund this investment?</b>	
<b>2. If "yes," will this investment meet sustainable design principles?</b>	
<b>3. If "yes," is it designed to be 30% more energy efficient than relevant code?</b>	
<b>13. Does this investment support one of the PMA initiatives?</b>	Yes
<b>If "yes," check all that apply:</b>	Financial Performance, Expanded E-Government, Eliminating Improper Payments, Right Sized Overseas Presence
<b>13a. Briefly describe how this asset directly supports the identified initiative(s)?</b>	Expanded e-Gov: WALES will enable DoS to continue to provide e-Payroll services to the over 40 agencies that employ Foreign Service Nationals (FSNs) outside the U.S. Improved Financial Performance: The migration to a COTS-based system will enable the USG to leverage the technology/best practices used by thousands of organizations. Right sized overseas presence: WALES will replace a set of decentralized systems with a Web-based system that is centrally managed in Charleston.
<b>14. Does this investment support a program assessed using the Program Assessment Rating Tool (PART)? (For more information about the PART, visit <a href="http://www.whitehouse.gov/omb/part">www.whitehouse.gov/omb/part</a>.)</b>	No
<b>a. If "yes," does this investment address a weakness found during the PART review?</b>	No
<b>b. If "yes," what is the name of the PART program assessed by OMB's Program Assessment Rating Tool?</b>	
<b>c. If "yes," what PART rating did it receive?</b>	
<b>15. Is this investment for information technology?</b>	Yes
<b>If the answer to Question: "Is this investment for information technology?" was "Yes," complete this sub-section. If the answer is "No," do not answer this sub-section.</b>	
<b>For information technology investments only:</b>	
<b>16. What is the level of the IT Project? (per CIO Council PM Guidance)</b>	Level 2
<b>17. What project management qualifications does the Project Manager have? (per CIO Council PM Guidance):</b>	(1) Project manager has been validated as qualified for this investment
<b>18. Is this investment identified as "high risk" on the Q4 - FY 2006 agency high risk report (per OMB's "high risk" memo)?</b>	No
<b>19. Is this a financial management system?</b>	Yes
<b>a. If "yes," does this investment address a FFMI A compliance area?</b>	No
<b>1. If "yes," which compliance area:</b>	
<b>2. If "no," what does it address?</b>	This investment addresses key elements of the President's Management Agenda (PMA) including providing e-Payroll services to civilian agencies with an overseas presence, "right sizing" an overseas administrative support operation, eliminating redundant

systems, and leveraging "commercially-available-off-the-shelf" (COTS) software.

**b. If "yes," please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A-11 section 52**

Worldwide Agency-wide Locally Engaged Staff Payroll (WALES)

**20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)**

Hardware	4
Software	25
Services	71

**Other**

<b>21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?</b>	N/A
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<b>23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?</b>	Yes
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**I.D. Performance Information**

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

**Performance Information Table 1:**

Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
2004	new Project - N/A	new Project - N/A	new Project - N/A	new Project - N/A	new Project - N/A

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the Federal Enterprise Architecture (FEA) Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM.

There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at [www.egov.gov](http://www.egov.gov).

Performance Information Table 2:

Fiscal Year	Measurement Area	Measurement Category	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
2006	Customer Results	Customer Benefit	Customer Satisfaction	Percent of posts aware of FSNPay replacement initiative (i.e., WALES)	0%	50%	As of June 30, 2006, 1%
2006	Mission and Business Results	Human Resource Management	Compensation Management	Percent of key WALES business requirements documented.	0%	100%	As of June 30, 2006, 100%
2006	Processes and Activities	Financial (Processes and Activities)	Planning	Percent of Comprehensive Project Plan developed	0%	100%	As of May 22, 2006, 100%
2006	Technology	Reliability and Availability	Availability	Technical strategy percent complete.	0%	50%	As of April 30, 2006, 100%
2007	Customer Results	Customer Benefit	Customer Satisfaction	Percent of posts aware of FSNPay replacement initiative (i.e., WALES)	0%	100%	
2007	Mission and Business Results	Human Resource Management	Compensation Management	Percent of new FY07 WALES business requirements documented	0%	100%	
2007	Processes and Activities	Security and Privacy	Security	Percent of WALES security plan developed	0%	100%	
2007	Technology	Reliability and Availability	Availability	Technical strategy percent complete.	0%	100%	
2008	Customer Results	Customer Benefit	Customer Satisfaction	Percent of retired Foreign Service Officer (FSO) aware of FARADS replacement initiative (as part of WALES)	0%	75%	
2008	Mission and Business Results	Human Resource Management	Compensation Management	Percent of new FY08 WALES business requirements documented.	0%	100%	
2008	Processes and Activities	Productivity and Efficiency	Efficiency	Staff Trained to use COTS-based technical/productivity tools.	0	4	
2008	Technology	Reliability and Availability	Reliability	Fully tested COOP site for the WALES system.	0	1	

#### I.E. Security and Privacy

In order to successfully address this area of the business case, each question below must be answered at the system/application level, not at a program or agency level. Systems supporting this investment on the planning and operational systems security tables should match the systems on the privacy table below. Systems on the Operational Security Table must be included on your agency FISMA system inventory and should be easily referenced in the inventory (i.e., should use the same name or identifier).

All systems supporting and/or part of this investment should be included in the tables below, inclusive of both agency owned systems and contractor systems. For IT investments under development, security and privacy planning must proceed in parallel with the development of the system/s to ensure IT security and privacy requirements and costs are identified and incorporated into the overall lifecycle of the system/s.

Please respond to the questions below and verify the system owner took the following actions:

<b>1. Have the IT security costs for the system(s) been identified and integrated into the overall costs of the investment:</b>	Yes
<b>a. If "yes," provide the "Percentage IT Security" for the budget year:</b>	3.30
<b>2. Is identifying and assessing security and privacy risks a part of the overall risk management effort for each system supporting or part of this investment.</b>	Yes
<b>5. Have any weaknesses related to any of the systems part of or supporting this investment been identified by the agency or IG?</b>	No
<b>a. If "yes," have those weaknesses been incorporated agency's plan of action and milestone process?</b>	No
<b>6. Indicate whether an increase in IT security funding is requested to remediate IT security weaknesses?</b>	No
<b>a. If "yes," specify the amount, provide a general description of the weakness, and explain how the funding request will remediate the weakness.</b>	

**8. Planning & Operational Systems - Privacy Table:**

Name of System	Is this a new system?	Is there a Privacy Impact Assessment (PIA) that covers this system?	Is the PIA available to the public?	Is a System of Records Notice (SORN) required for this system?	Was a new or amended SORN published in FY 06?
WALES	Yes	No, because even though it has personal identifying information, the system contains information solely about federal employees and agency contractors.	No, because a PIA is not yet required to be completed at this time.	Yes	No, because the existing Privacy Act system of records was not substantially revised in FY 06.

**I.F. Enterprise Architecture (EA)**

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

<b>1. Is this investment included in your agency's target enterprise architecture?</b>	Yes
<b>a. If "no," please explain why?</b>	
<b>2. Is this investment included in the agency's EA Transition Strategy?</b>	Yes
<b>a. If "yes," provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.</b>	WALES
<b>b. If "no," please explain why?</b>	

3. Service Reference Model (SRM) Table:

Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Agency Component Name	Agency Component Description	Service Domain	FEA SRM Service Type	FEA SRM Component	FEA Service Component Reused Name	FEA Service Component Reused UPI	Internal or External Reuse?	BY Funding Percentage
Currency Translation	Support the calculations and difference between multiple mediums of exchange	Back Office Services	Financial Management	Currency Translation			No Reuse	20
Expense Management	Support the management and reimbursement of costs paid by employees or an organization	Back Office Services	Financial Management	Expense Management			No Reuse	5
Payment / Settlement	Support the process of accounts payable	Back Office Services	Financial Management	Payment / Settlement			No Reuse	5
Payroll	Involve the administration and determination of employees compensation	Back Office Services	Financial Management	Payroll			No Reuse	60
Benefit Management	Support the enrollment and participation in an organization's compensation and benefits programs	Back Office Services	Human Resources	Benefit Management			No Reuse	5
Time Reporting	Support the submission, approval and adjustment of an employee's hours	Back Office Services	Human Resources	Time Reporting			No Reuse	5

Use existing SRM Components or identify as "NEW". A "NEW" component is one not already identified as a service component in the FEA SRM.

A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

'Internal' reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. 'External' reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

4. Technical Reference Model (TRM) Table:

To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component	FEA TRM Service Area	FEA TRM Service Category	FEA TRM Service Standard	Service Specification (i.e. vendor or product name)
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Currency Translation	Component Framework	Data Interchange	Data Exchange	NOTE: No products have been acquired at this time. The investment is in the initial acquisition stage.
Payroll	Component Framework	Data Management	Database Connectivity	Open Database Connectivity (ODBC)
Payroll	Component Framework	Security	Certificates / Digital Signatures	Digital Certificate Authentication
Payroll	Service Access and Delivery	Access Channels	Web Browser	Internet Explorer
Payroll	Service Access and Delivery	Service Requirements	Hosting	Internal (within Agency)
Payroll	Service Access and Delivery	Service Requirements	Legislative / Compliance	Section 508
Payroll	Service Access and Delivery	Service Requirements	Legislative / Compliance	Security
Payroll	Service Access and Delivery	Service Transport	Service Transport	Internet Protocol (IP)
Payroll	Service Access and Delivery	Service Transport	Service Transport	Transport Control Protocol (TCP)
Payroll	Service Platform and Infrastructure	Delivery Servers	Web Servers	Internet Information Server
Payroll	Service Platform and Infrastructure	Support Platforms	Platform Dependent	Windows 2000

**Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications**

**In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.**

**5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?** Yes

**a. If "yes," please describe.**

Yes. The application will provide e-Payroll services to over 40 agencies with an overseas presence.

**6. Does this investment provide the public with access to a government automated information system?** No

**a. If "yes," does customer access require specific software (e.g., a specific web browser version)?**

**1. If "yes," provide the specific product name(s) and version number(s) of the required software and the date when the public will be able to access this investment by any software (i.e. to ensure equitable and timely access of government information and services).**

## **Exhibit 300: Part II: Planning, Acquisition and Performance Information**

### **II.A. Alternatives Analysis**

**Part II should be completed only for investments identified as "Planning" or "Full Acquisition," or "Mixed Life-Cycle" investments in response**

to Question 6 in Part I, Section A above.

In selecting the best capital asset, you should identify and consider at least three viable alternatives, in addition to the current baseline, i.e., the status quo. Use OMB Circular A- 94 for all investments, and the Clinger Cohen Act of 1996 for IT investments, to determine the criteria you should use in your Benefit/Cost Analysis.

<b>1. Did you conduct an alternatives analysis for this project?</b>	Yes
a. If "yes," provide the date the analysis was completed?	4/12/2006
b. If "no," what is the anticipated date this analysis will be completed?	
c. If no analysis is planned, please briefly explain why:	

**4. What specific qualitative benefits will be realized?**

The Department will have a one standard integrated payroll application operating worldwide that has increased flexibility for incorporating modifications and greater storage capacity for capturing the actual accounting information and additional data that will reflect a snapshot of data processed. (This is in contrast to current operations, which involves running four separate FSNPay applications, plus FARADS). The system will provide streamlined processes for both the users and operators; replace obsolete legacy systems; support a modern user-friendly graphical user interface (GUI); and, provide easier access to payroll data. User benefits include access to more accurate and timely financial data, consistency in processing transactions worldwide, regardless of the location; reduction in time spent on reconciliation, and improved flexibility in method of modifications. Systems savings from the WALES Payroll project include: -- Reassignment or disposal (based on age of server) of eight extraneous servers (two each for production, backup, maintenance and testing) in the Operations Center in Bangkok associated equipment and maintenance savings (\$375,000). Cost avoidance includes: -- Move to open system technology in Charleston eliminating more expensive proprietary technologies in Charleston and Bangkok -- Move to greater flexibility in meeting country mandated compensation plan change requirements through user data entry instead of programmer-centric COBOL maintenance. -- Improved processing cycle times; improved diagnostics applications for identifying erroneous data entered; improved application capacity and flexibility. -- Replacing the legacy FARADS system will position the Department to reduce/eliminate selected mainframe hardware/peripherals and associated systems software. Government-wide "share-in" savings include: -- Over 40 other federal agencies, which now rely on DoS for overseas FSN payroll services, will not be required to fund the development/deployment of an alternative e-Payroll solution and/or migrate to such a solution. Stakeholder benefits include: -- Accurate reporting of payroll information provided. -- Reduced time necessary to implement country specific legislature modifications to compensation plans. -- Increased ability for users to maintain and modify compensation plans.

**II.B. Risk Management**

You should have performed a risk assessment during the early planning and initial concept phase of this investment's life-cycle, developed a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

<b>1. Does the investment have a Risk Management Plan?</b>	Yes
a. If "yes," what is the date of the plan?	9/11/2006
b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?	No
c. If "yes," describe any significant changes:	N/A
<b>2. If there currently is no plan, will a plan be developed?</b>	
a. If "yes," what is the planned completion date?	
b. If "no," what is the strategy for managing the risks?	

**3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule:**

WALES investment risks are evaluated along two dimensions: potential impact and probability of occurrence. Risks determined to have a medium or higher probability of occurrence (greater than 30% chance) and/or a medium or higher impact (e.g., moderate to significant cost, schedule or scope change) are required to follow the mitigation strategy, contingency planning, and risk-adjusted life cycle costs estimation methodology contained in the WALES Risk Management Plan. Life cycle estimates are risk adjusted by determining the incremental cost associated with addressing priority risks and applying the probability to this amount. Schedule adjustments are computed in a similar manner -- i.e., the incremental schedule impact is first determined and then adjusted based on probability of occurrence.