



## PRACTICES GUIDE

### PROJECT CHARTER

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## Document Purpose

This Practices Guides is a brief document that provides an overview describing the best practices, activities, attributes, and related templates, tools, information, and key terminology of industry-leading project management practices and their accompanying project management templates.

## Background

The Department of Health and Human Services (HHS) Enterprise Performance Life Cycle (EPLC) is a framework to enhance Information Technology (IT) governance through rigorous application of sound investment and project management principles, and industry best practices. The EPLC provides the context for the governance process and describes interdependencies between its project management, investment management, and capital planning components. The EPLC framework establishes an environment in which HHS IT investments and projects consistently achieve successful outcomes that align with Department and Operating Division goals and objectives.

The Project Charter formally authorizes a project, describes the business need for the project and the product to be created by the project. It provides the project manager with the authority to apply up to a certain level of organizational resources to project activities. The Project Charter is developed in the early phases of the project life cycle, often as part of the concept/initiating phase. Creating a Project Charter is a mutually beneficial process that obtains commitment from all affected groups and individuals within a specific project.

## Practice Overview

The purpose of chartering a project is to document the business need, project justification, customer requirements, the result that is intended, and at a high level, what is considered in scope and out of scope for the project.

The Project Charter formally authorizes the existence of a project and provides the Project Manager (PM) with the authority to proceed and apply organizational resources to the project. The Project Charter will reflect the goals and objectives of the project at a specific point in time and needs to be kept under configuration control and updated, as needed, to reflect changes to project scope, schedule, and/or cost.

Benefits of creating a charter include:

- Giving authority to project teams to commence work with official documented approval
- Allowing senior management to set boundaries for the project scope
- Formalizing partnerships
- Ensuring understanding of what was agreed upon
- Helping project teams identify and plan for risks, increasing the chance of project success
- Providing a summary of high priority project requirements

### Developing the Project Charter

The process of developing a charter is primarily concerned with authorizing the project and documenting and tracking information required by decision makers to approve the project for funding. Chartering a project links it to the ongoing goals and mission of the organization and authorizes the project manager to apply organizational resources to project activities. In practice, the charter is drafted by the Project Manager, refined, and approved by leadership.

The Project Charter, either directly, or by reference to other documents, should address the following:

- **Project and Product Overview** – Summarize the project and its associated product. This section should provide enough information that an executive reading only this portion of the Project

Charter would have a high-level understanding of the project. Typically, this description should answer who, what, when and where in a concise manner.

- **Justification** – Describes why this project or product is needed, the impacts and outcomes of the project and the strategic alignment with organizational goals.
  - **Business Need** – Summarize the business need for the project. Describe the business problem that needs to be solved and the benefits the proposed solution will provide.
  - **Business Impact and Outcomes** – Summarize the expected short-term and long-term results the project will provide.
  - **Strategic Alignment** – Summarize how the project aligns with organizational goals (ODPDIV/STAFFDIV, Department, and President’s Management Agenda (PMA), etc.).
- **Scope**
  - **Objectives** – Summarize what the project is intended to achieve, in business and technical terms. This section describes the expected results of the project, accomplishments, outcomes and/or products.
  - **High-Level Requirements** – Summarize the functions that must be in place when the project is complete. These should be high-level requirements and do not constitute the detailed requirements that are captured in the Planning Phase of the project. Upon approval of the Project Charter, these requirements will be refined in the Planning Phase of the project and will serve as an input to the scope statement in the Project Management Plan.
  - **Major Deliverables** – Summarize the list of major deliverables that will be completed by the end of the project.
  - **Boundaries** – Summarize the inclusive and exclusive boundaries of the project, specifically addressing items that are both in scope and out of scope.
- **Project Organization**
  - **Roles and Responsibilities** – Summarize the roles and responsibilities of the Business Sponsor, business and technical subject matter expert, security officer, project manager, and any other notable roles and/or responsibilities on the project.
  - **Stakeholders** – Summarize the list of identified stakeholders, both internal and external to the project.
- **Duration**
  - **Timeline** – Summarizes project duration and provides a high-level timeline for the project.
  - **Milestones** – Summarizes milestones of the projects. Milestones are key performance indicators of significant accomplishments or events and can provide information regarding project status.
- **Budget Estimate**
  - **Funding Source** – Summarize the source of funding for the project and outline how funding will be received.
  - **Estimate** – Summarize the estimated budget for the project. If applicable, include the costs associated with compliance related IT governance processes (e.g., EA, CPIC, and Security). Also include an outline of the degree of accuracy and confidence of the project’s budget.
- **Assumptions, Constraints, and Risks**
  - **Assumptions** – Identify the assumptions that were taken into consideration in the development of the Project Charter.
  - **Constraints** – Identify the constraints that must be taken into consideration prior to the initiation of the project. A constraint is an applicable restriction or limitation, either internal or external to the project that will affect the performance of the project.
  - **Risks** – Identify the high-level risks associated with the project and possible mitigation strategies. A risk is defined as an uncertain event or condition that, if it occurs, has a positive or negative affect on a project’s objectives.
- **Approval** – Obtain the signature(s) of the necessary project stewards outlined above.

## Practice Best Practices

The following best practices are recommended for **Project Charter** development:

- **Assign a PM** – A project manager should be identified and assigned as early in the project as possible.
- **Collaborate** – Develop the Project Charter in collaboration with the customer and stakeholders to allow for open communication and easier documentation of requirements, expectations, and commitments.
- **Customer Requirements** – Confirm high-level customer requirements and their priority.

- **Document Constraints** – When the customer mentions related projects, have them elaborate and share details. Document any assumptions and/or constraints.
- **Scope** – Documenting what is out of scope is just as important as documenting what is in scope.
- **Read It** – Make sure that the Project Charter is read. Share it with those impacted by, or contributing to, the project.
- **Make Updates** – As the project environment changes, updates in the form of appended change requests should reflect these changes and keep under configuration control.

## Practice Activities

For software development projects the following practice activities are appropriate:

- **Identify** – Identify and agree upon project requirements and deliverables
- **Complete** – Complete Project Charter
- **Approval** – Obtain approval/sign-off of Project Charter