

# **Project Management Auditing Guide**

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This guide is designed to assist in the audit of the Project Management Process. It can be tailored to suit projects of varying complexity and size.

Project management includes the planning, organising, monitoring and controlling of all aspects of the project in a continuous process to achieve its objectives. (ISO 10006:1997(E))

## **1.0 Objectives**

The objectives of this Audit Guide are to ensure that

- Projects are fully briefed with clear objectives, responsibilities and ownership defined,
- Costs and benefits are clearly determined and properly monitored,
- Projects are completed successfully in line with the plan, and on time and in budget.

## **2.0 Risks**

The key risks are:

- The project scope and plan is not in line with organisational needs,
- There are time delays,
- There are cost overruns,
- There are inadequate resources to meet the project objectives,
- The personnel organisational structure is inappropriate for the project,
- The project failed to achieve its objectives.

## **3.0 Safeguards and Controls**

### **3.1 Project Characteristics**

- Do Project Management Processes exist for planning, organizing, monitoring and controlling all aspects of the project?
- Are projects divided into sub-processes / phases?
- Is there a clear definition of responsibilities for monitoring the realization of the sub-process / phase objectives and related risks?

### **3.2 Quality in Project Management Processes**

- Which project management processes exist (documented or not) within the organisation e.g. cost, resource and time related processes to ensure the project is managed efficiently and effectively?
- Do Project Management guidelines and processes exist within the organisation / project organisation to ensure quality?

### 3.3 Strategic Processes

- Have customer and stakeholder needs been clearly understood to ensure that all project-related processes focus on meeting their needs?
- Has / is the project carried out as a set of planned and interdependent processes?
- Is there a clear division of responsibility versus authority between the organisation, project team, customers and stakeholders?
- Do project progress evaluations exist? If so, what do they evaluate?
- Do quality attributes exist within the Project Management Process? E.g. approvals, documentation, preventative and corrective action, reviews, traceability, training, verification, etc.
- Have management provided an organizational structure that is conducive to support the project objectives?
- Does management make project decisions based on data and factual information?
- Has a project manager been appointed and defined with accountability, authority and responsibility for managing the project?
- Has a system been put in place to collect and analyze the information gained during / after a project for use in a continual improvement process?

### 3.4 Interdependency Management Processes

#### 3.4.1 General

- Who is responsible for managing all of the interdependencies amongst the project processes?

#### 3.4.2 Project Initiation and Project Plan Development

- Does an approved project and quality plan exist? If so, is it kept up to date, and by whom?
- Has the project plan been prepared to allow for traceability (measuring and assessing objectives/ deliverables)? If not, is there an alternative means of traceability?
- Is the objective of the project to fulfil the requirements of a contract? If so, are contract reviews performed?
- Is the retention of project related records managed?
- Are reviews and progress evaluations included in the Project Plan? If so, do these reviews include preventative / corrective action measures?
- What project interfaces exist? Are they identified in the Project Plan and how are they managed? E.g. liaison with customer / stakeholders, reporting lines, functions within the project organisation.

#### 3.4.3 Interaction Management

- Over and above the project organisation, does the project consist of project interaction teams? E.g. risk management teams, measuring project performance, project communication.

#### 3.4.4 Change Management

- Does the project consist of a Change Management approach / process?
- Does the Change Management Process include a control mechanism for documentation?

### **3.4.5 Project Closure**

- At project closure, are all the project records retained for a specified time?
- At project closure, is a complete project review conducted irrespective of the reason for project closure?

## 3.5 Scope related process

### **3.5.1 General**

- How are the customer requirements translated into activities to ensure project objectives are achieved?

### **3.5.2 Scope Development and Control**

- Has a project scope been developed?
- Is there supporting evidence of alternative approaches and solutions?

### **3.5.3 Activity Definition (tasks, work packages, work breakdown structure)**

- In the definition of activities, has the project manager / project leader involved the personnel who are responsible for carrying out the activities?
- Have the activities been defined in such a way that its outputs are measurable?

### **3.5.4 Activity Control**

- Are the activities defined, carried out in accordance to the project plan?
- Have reviews been planned on the activities?
- Are variations from the defined activities being updated on the Project Plan?

## 3.6 Time related processes

### **3.6.1 General**

- Does a time-related process exist to determine the dependencies and duration of activities to ensure timely completion of the project?
- Is there a clear timetable?

### **3.6.2 Activity dependency planning**

- Has the project defined and documented inter-relationships, logical interactions and interdependencies? E.g. project network diagrams.

### **3.6.3 Estimation of duration**

- Who is responsible for establishing the duration of the activities within the project?
- Has the 'estimation of duration' been linked to project resource planning?
- Has time allocation been planned for quality practices within the project?

### **3.6.4 Schedule development**

- What is the format of the project schedule?
- Have key events, milestones, progress evaluations, critical and near-critical activities been identified in the schedule?

### **3.6.5 Schedule control**

- Changes that affect the project objectives - does the customer/ stakeholder agree to these before implementation?
- How often is the schedule revised?

## **3.7 Cost related processes**

### **3.7.1 General**

- How are the project costs managed to ensure that the project is completed within the original budget constraints?

### **3.7.2 Cost estimation**

- Have project costs been clearly identified and documented? If so, by whom?
- Have the project costs been linked to the activity definition process?
- Has the project cost estimation involved significant cost related risk? If so, how are these managed?
- Has the project budget been established based on the project cost estimation process and is it accordance with the approved accounting procedures within the organisation?

### **3.7.3 Budgeting**

- Is the project budget consistent with the project requirements, assumptions, risks and contingencies? Is this documented?

### **3.7.4 Cost Control**

- What is the process for project purchasing / expenditure requirements?
- Has this process been documented and communicated to those responsible for authorising expenditure or authorizing work that may have cost implications?
- Are project expenditure records reviewed, managed and maintained?
- Are the root causes for budget variances, both favorable and unfavorable identified? If so, is this part of a project budget review?

## **3.8 Resource related processes**

### **3.8.1 General**

- Has resource planning and control been applied on the project?

### **3.8.2 Resource planning**

- Does a resource plan exist for the project?

### **3.8.3 Resource control**

- How does the project ensure that the remaining resources are sufficient to meet the project objectives?

### 3.9 Personnel related processes

#### 3.9.1 General

- Has a project organisational structure been established?
- Is the project organisational structure encouraging for communication and co-operation between the project participants?
- Is the project organisational structure appropriate for project scope, size and local conditions?
- Does the project organisational structure identify customer / stakeholders?
- Are accountability, authority, responsibility and job descriptions defined and documented?
- How often is the project organisational structure reviewed for validity and adequacy?

#### 3.9.2 Staff allocation

- Were selection criteria prepared for staff allocation?
- Has education, knowledge and experience been accounted for in the allocation of project staff?
- Has the project manager been involved in the appointment of key team members?
- Is project staff efficiency and effectiveness being monitored?

#### 3.9.3 Team Development

- Is the project team being recognized and rewarded?
- Does the project environment encourage excellence, good working relationships, trust, respect and open communication?

### 3.10 Communication related processes

#### 3.10.1 General

- Does the project plan consist of a communication plan?
- Do 'Project Progress Reports' form part of the project communication?

#### 3.10.2 Information Management

- How does the project manage the following:
  - Preparing information
  - Collecting information
  - Classifying information
  - Distributing information
  - Filing information
  - Updating information
  - Retrieving information
- Do project meetings consist of meeting agendas?

#### 3.10.3 Communication Control

- Is the project communication plan monitored and reviewed to ensure it continues to meet the needs of the project?

### 3.11 Risk related processes

#### **3.11.1 General**

- How often are risks identified through the project life cycle?
- How are these risks managed?

#### **3.11.2 Risk Assessment**

- Is probability of the occurrence and impact of the identified risk assessed?
- What techniques are being used in the project to prioritize, manage and record the identified risks and their resolutions?
- Are risks that may impact time schedules or project budget, identified and maintained separately?

#### **3.11.3 Risk Control**

- Does the project plan consist of a contingency plan?
- Do project risks form part of project progress reports?

### 3.12 Purchasing related processes

#### **3.12.1 General**

- Does the project plan consist of a procurement / purchasing process?
- Does the process cover internal and external acquisitions?
- Does the project organisational structure identify the interfaces with sub-contractors?
- Has project purchasing / procurement been reviewed?

#### **3.12.2 Documentation of requirements**

- Does purchasing documentation exist for the project?
- Have the customer requirements been included into the purchasing / procurement documents?
- Do the purchasing documents go through a review process to ensure that all requirements are completely specified?

#### **3.12.3 Evaluation of sub-contractors**

- Have project related sub-contractors been evaluated that may impact on the project?  
E.g. technical experience, delivery times, quality system and financial stability.

#### **3.12.4 Sub-contracting**

- How does the project manage project-relevant information being supplied to subcontractors?
- How are subcontractors tenders evaluated?

#### **3.12.5 Contract control**

- Does the project consist of a process to ensure that all contract requirements, due dates and records are met?
- How often are the contracts verified to ensure the performance of each subcontractor meets the contract requirements?

- Are all contracts, prior to project closure, verified and updated?

### 3.13 Learning from the Project

- At project closure, does the originating organisation collate, store, update and retrieve information from the project?
- At project closure, are reviews performed of project performance, highlighting experience from the project and is the customer involved?
- Was expenditure within budget and objectives achieved and the project accounted for accurately?

## 4.0 Opinion Forming

The following provides some overall guidance in opinion forming. The descriptions are not exhaustive of all possible projects, but have been provided in order to give an indication of the opinion to be formed and provide some consistency.

### **Seriously Deficient**

No Project Management processes exist for planning, organising, monitoring or controlling the project. The project scope does not match the project objectives. There is a severe lack of organisation, excessive time delays and overspend. The project team skills and competencies do not match the project requirements. The project does not meet its objectives.

### **Weak**

Project Management processes exist, but are not properly applied. The project scope is not in line with project objectives. There is poor organisation, time delays or cost overruns due to weak controls. The project team does not have adequate skills to meet the project requirements effectively. The project does not fully meet its objectives.

### **Satisfactory**

Basic processes are in place, which are adequate to ensure the project objectives are met. The control environment is sufficient to ensure that all time and cost constraints are fully adhered to, but deviations are not excessive. The project team skills match the project requirements. The project results are generally in line with the objectives.

### **Good**

There is a defined Project Management process in place. The project scope is in line with project objectives. The project is meeting its time and budget constraints. The project team member's skills match the projects needs. The project has met its objectives.

### **Very Good**

The Project Management process is clearly defined, ensuring the project is planned, organised, monitored and controlled to meet organisational objectives. The project is flexible and adaptable in meeting and surpassing its time and budget constraints. The project has entirely met its objectives. Good practices have been identified to be transferred to other Project Management processes.

## **5.0 References**

ISO 10006:1997(E) Quality Management – Guidelines to Quality in Project Management