Assignment

PJTM511
A Report about Programme Management Audits
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1. Purpose of Programme Management Audits

Our company is running multi million dollar programmes but we do not do any audits to evaluate these programmes. So far we solely relied on the programme managers opinion and appraisal of our management board. This report will present you reasons why we should no longer rely on subjective evaluation of people who are somehow involved in the programmes but conduct objective and independent audits to evaluate our programmes. There are several kinds of audits. For instance audits may be undertaken during a programme or after a programme (Hice 2003). They may be undertaken by internal employees (that were not be involved in the programme) or by external consultants. In this document I will focus on audits at the end of a programme undertaken by an independent third party (whoever that is).

The main goal of a programme management audit is to evaluate how effective the programme management was (Lycett et al 2004). That means how effective was the management delivering the programme and have all objectives and benefits been achieved (Beel 2007)? More importantly the audit pinpoints areas that need to be improved (McDaniel 1990). An audit is not just a tool that makes us know how good the evaluated programme was (Mock 1999). It helps us to deliver better programmes in the future. The focus of a programme management audit lies on the applied processes and not on single activities done by the management. That means it will be evaluated if appropriate models

were used and how good they were applied. Of course also the final outcome will be evaluated.

A good audit is not cheap. It probably will increase programme costs by a few percent. However, since the focus of the audit lies on the models and processes, an evaluation and critique will permanently improve our programme manager's best practice and eventually save more money then we spent. Above all audits will increase the probability of success of future programmes significantly.

In the next section a proposed content page of a programme management audit report follows.

2. Content Page of a Programme Management Audit Report

1. **Cover Page**

2. **Executive Summary**

3. **Content Page**

4. **Abbreviations**

5. **Introduction**
   The introduction gives an overview of the purpose if this audit, the used methods in this audit and the people/company involved in this audit

6. **Mission**
   This section gives a brief overview of the mission of the programme and how that relates to our company's strategy

7. **Background**
   This section gives an overview of the programme that is evaluated

8. **Specifics**
   Everything special that has to be considered is mentioned in this section. That relates to the programme (e.g. were there any special laws that made the programme complicated? Any changes that no one could expect?) as well as to the audit (were there any special things that made the audit complicated and may affect the audit's quality?)

9. **Project Portfolio**
   Overview of the projects of the programme.

10. **Reviews**
    This section includes the important parts. It includes reviews of all major programme management responsibilities. For every section will be considered a) if there were models and processes b) if those models and processes were applied properly c) if there is evidence that those models and processes that have been applied lead to a beneficial outcome. Furthermore there will be always asked "why?". Especially if something was not good it will be evaluated why it was not good and how it could be done better in future. "Lessons Learned" may be provided in each section or at the very end in a separate section.
    a. **Planning Review**

b. **Monitoring Review**
    c. **Controlling Review**
    d. **Configuration Management Review**
    e. **Communication Management Review**
    f. **Change Management Review**
    g. **Resource Management Review**
    h. **Risk Management Review**
    i. **Stakeholder Management Review**
    j. **Quality Management Review**
    k. **Benefit Management Review**
       Although every section pays attention to the achieved benefits the Benefit Management Review particularly focus on the benefits that the programme should have achieved. It is not the same as the Quality Management Review. The quality of a programme might be fine but still benefits could be not achieved. The Benefit Management Review is from a broader perspective than the Quality Management Review and may include parts of other reviews.
    l. **Close Out Management Review**
11. **Findings and Recommendations**
    This section summaries the findings and gives additional recommendations how to improve the management of future programmes.

12. **Appendix 1…n**

Depending on the programme there might be more sections included. For instance if we had a programme to deliver the next Olympic games we might also have some Cultural Management. In this case a Cultural Management Review would be part of the audit. This content page relates to content that should be included in virtually every audit.

3. Justification

In the following I will analyse three sections closer to demonstrate the importance of programme management audits. For illustration purposes an example is used. The example is about a system for road toll collection that has been introduced in Germany. The example was not officially named as a programme but as a project. However, the development was a huge project with several sub-projects all aiming at one particularly benefit. Therefore it can be seen as a programme. The development of the toll collection has been carried out by a consortium consisting of three big companies. The system is called *Toll Collect*[1].

3.1. Planning Review

Planning is the fundament of each programme (Chait 1995). If essential mistakes are made during the planning stage it is hardly possible to deliver a beneficial programme. Therefore a review of the planning stage is so important. The review of the planning stage includes everything before the execution stage (Radcliff 2003). Some authors distinguish between initation and planning stage (Waddell 2005). However, the review focuses on the

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[1] A detailed analyses of Toll Collect is undertaken in my 2nd assignment for the *Project Management in Action* module

question if appropriate models were available and have been used. For instance it is not possible just to do a plan. Several steps are necessary (Reiss & Leigh 2006): a) Influenced by the company's strategy a programme mandate is created; b) then a blueprint is made; c) possible solutions are developed d) benefits are analysed; e) a concrete project portfolio is created; f) finally the detailed planning is carried out where again several steps are necessary.

The review also looks at the level of detail of the plan during those stages and how the plan was validated (Ejigiri 1994). The review also analyses how feasible the plan is for achieving the goals. This whole review is not only to discover mistakes. It is there to provide suggestions where and how to improve the planning process. The review also focuses on used estimation techniques. Since the programme is already done when the review takes place it is easy to compare how good the estimations were. But the programme management audit does not just focus on a comparison of planned and achieved data, it focus on the processes the management had used to get the estimations (Thiry 2003).

There is one more important task for the programme management during the planning stage. It has to ensure that all projects fit together to deliver the benefit(s) (Reiss & Leigh 2006). In the Toll Collect example one company mainly developed the software, the second company the hardware. Later the system was not working. The software team said the software would work fine and it was the hardware's team fault. The hardware team said the hardware would work fine and it was the software team's fault. Probably really both

hardware and software worked fine separately in their test environments. It would have been the programme management's responsibility to ensure that already during the planning stage (and all other stages too, of course) proper planning was undertaken that both parts together work fine.

3.2. Risk Management Review

Part of the programme management audit is a review of the risk management. It has to be evaluated how good the following four processes were done (Reiss & Leigh 2006), (Waddell 2005).

a) Risk identification process. For good risk management all risks have to be identified. This can not be done only by the programme manager for example. For holistic risk identification all stakeholders have to be involved.
b) Risk analysis process. After the identification risks have to be analysed. That means a probability and the impact have to be assigned to each risk.
c) Risk containment planning process. When the risks are analysed and the critical risks are identified a strategy has to be developed how to minimise the risks and how to deal with the risks if they occur. This may include if appropriate what-if scenarios are considered.
d) Risk treatment process. Even the best plan is worthless if people do not stick to it. Therefore the audit has to review if the programme management really sticked to the plan and treated the occurring risks as planned.

The audit has to ensure that especially the programme manager has a deep understanding of risk management and the four processes. Since the audit takes place after the end of the programme the audit has to identify risks that did occur but were not covered in the risk management plan. The audit then has to analyse why those risks were not covered and if there is a way to improve risk management in the next programme (McDonald 2002).

To give an example: Developing the Toll Collect system had many risks. Legal risks as well as technological. According to Streimelweger (2003) risks had been identified during the planning stage. Unfortunately no analysis or containment planning had taken place. When the risks occurred the management did not know how to cope with the risks. Finally the whole programme became a completely failure.

3.3. Benefit Management Review

This part is the most important part of the programme management audit. It is about if the programme delivered benefits to our company or not, that means if it was successful or not. It is likely that if all other reviews draw a positive conclusion (good planning, good execution, good risk management, etc.) the benefits review is positive as well but not necessarily. The audit is about evaluating if the management kept all the time their focus on achieving the benefits and if all the single management activities such as planning, risk management or stakeholder management together could make the programme a success. The audit also evaluates how good the benefits were defined and how easy they are measurable. Another important point is how good the benefits were monitored during the programme. A point that most authors in literature ignore but that I consider as important is the analysing of unplanned benefits. The NHS (2004) mentions that an audit may reveal delivered benefits that no one before had thought about or even realised.

Toll Collect does not fit perfectly as an example here. As described in the planning review section it has been realised during the project that not all project outputs worked fine together. But it is easy imaginably that in other programmes it is not that easy to see that the project portfolio does not deliver the desired benefit. Maybe each project manager is very happy with her project and maybe even the programme management does not notice that the desired main benefit is not delivered by the projects. Here the audit analyses again if appropriate steps had been undertaken from the programme management and if finally the main benefits were achieved.

4. Literature

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