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Internal Audit

Providing Assurance Over Project Delivery

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Introduction – Chris Nugent

- **Delivery Roles:**
 - Program & Project Management/Director
 - Organisational Change Management
- **Industries:**
 - Financial Services, Insurance, Manufacturing, Utilities (water, power)
- **Geographies:**
 - UK, Africa, US, Australia
- **Technologies:**
 - Investment/Core Banking Systems, ERP, eDRMS, HSE

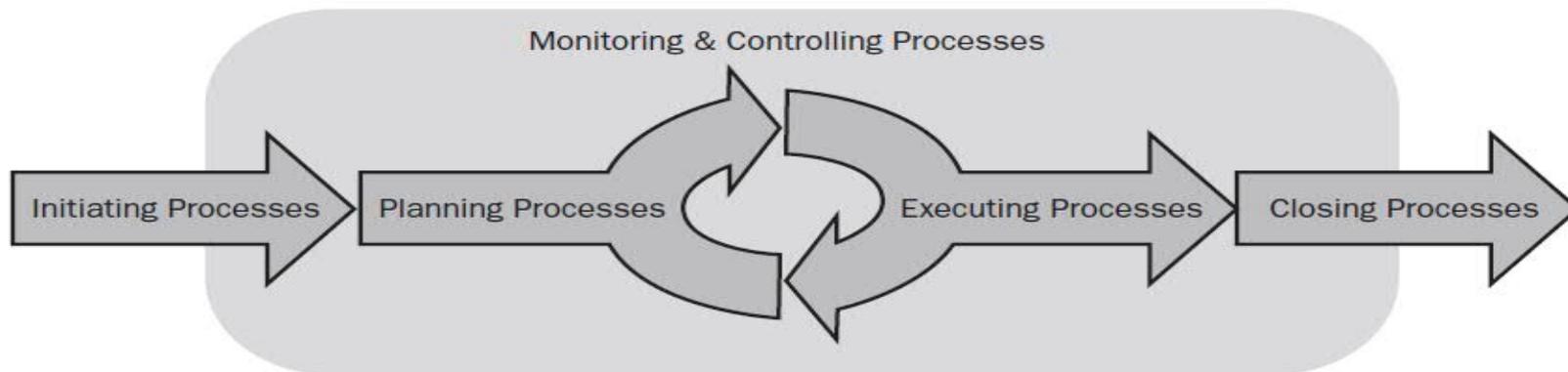
Objective & Agenda

- Objective:
 - Share practical insights and case studies with Internal Audit professionals
- Agenda:
 - The increasing focus on successful project delivery
 - Adding value to the project through assurance
 - Positive and negative indicators of project health

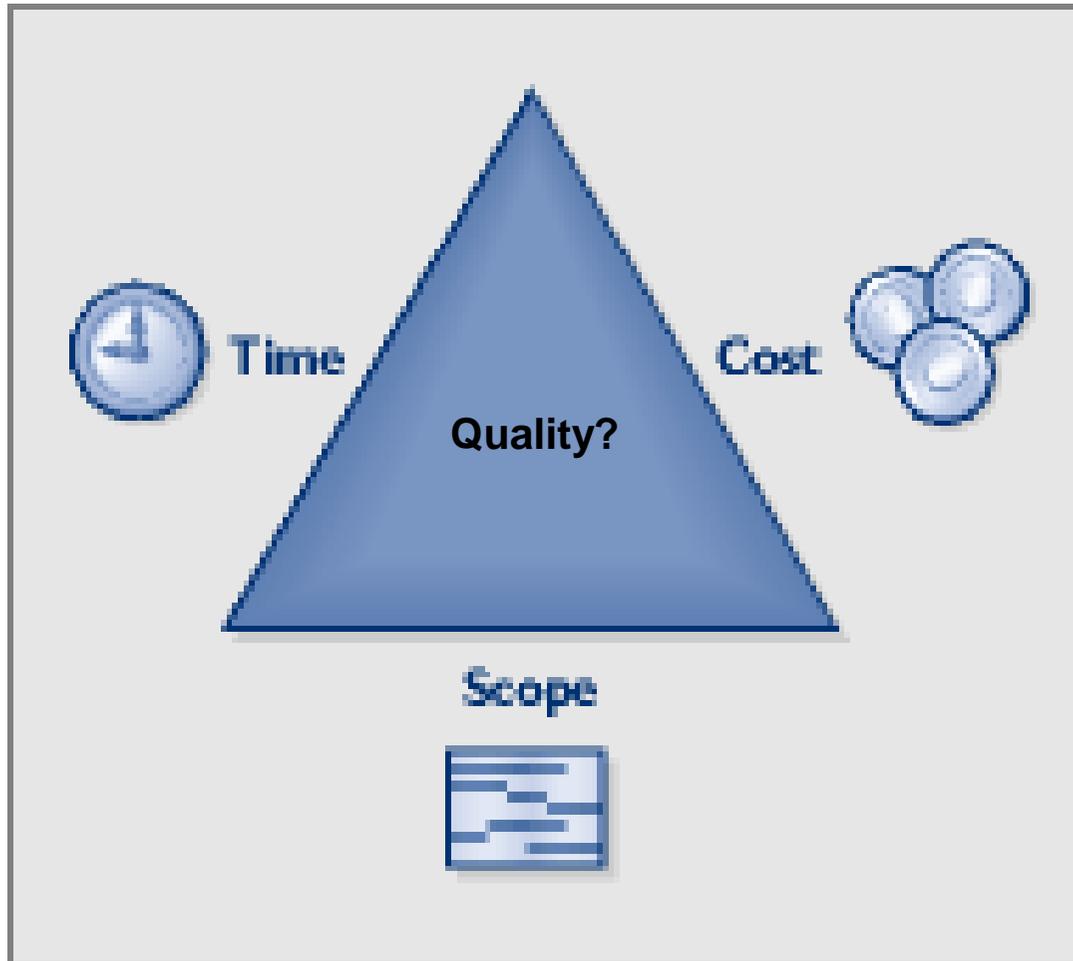
Key Concepts.

What is a Project?

- A **temporary** endeavour undertaken to create a **unique** product service or result
- Can create a product, a capability to perform a service, or an outcome/document
- Completed in stages or phases

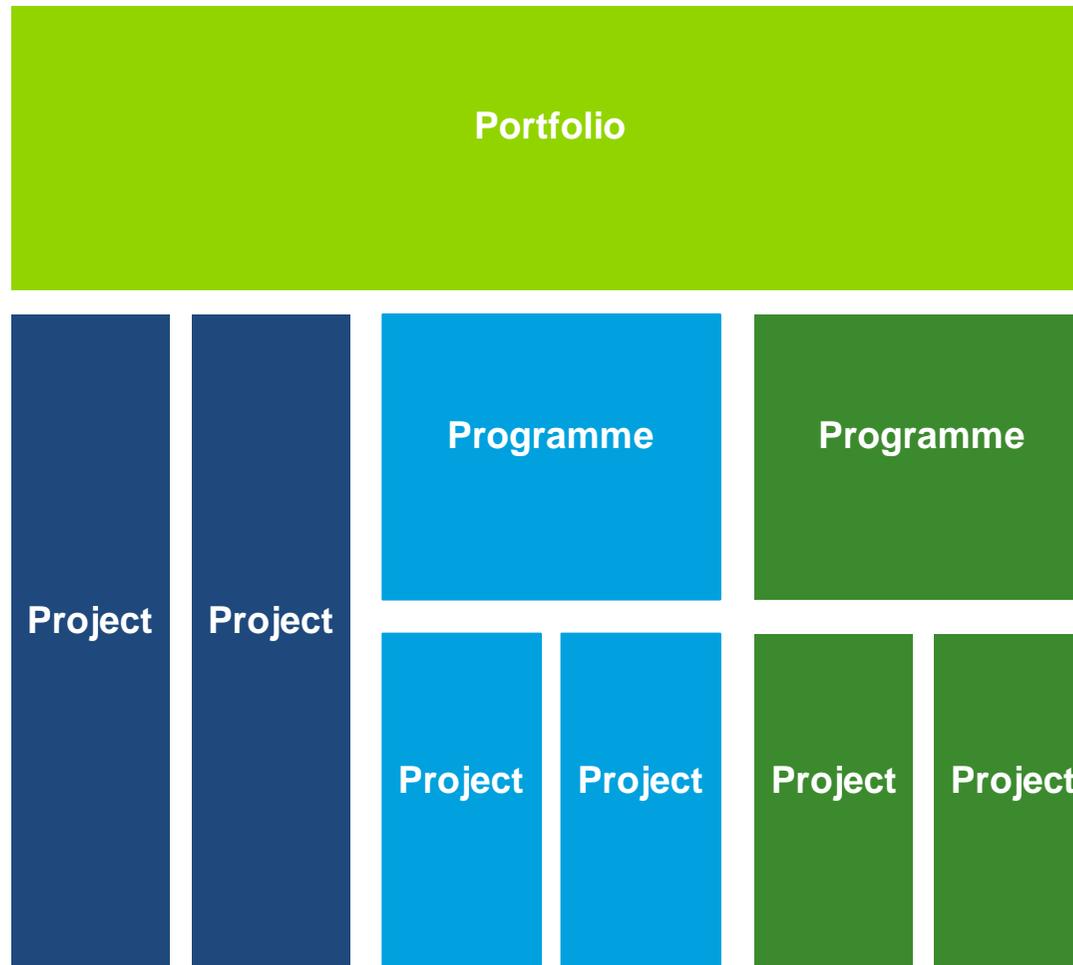


What is Project Management?



- Application of knowledge and skills to project activities to **deliver** the project objectives. It includes balancing the competing constraints scope, quality, schedule, budget, resources and risk
- The project management plan is iterative to encompass **variations** in the triple constraints. All project variations **must** be subject to project control
- Ultimately in every project there is a trade off to achieve the desired outcome

Difference between project, programme and portfolio management



Portfolio management is concerned with overall achievement of corporate strategic objectives by managing a collection of programs

Programmes organise interrelated projects to achieve a return on investment through benefits realisation. Not all projects need to be part of a program

Projects create a unique product, service or result. Involves managing a defined scope, budget and timeline

Why do projects need
assurance?

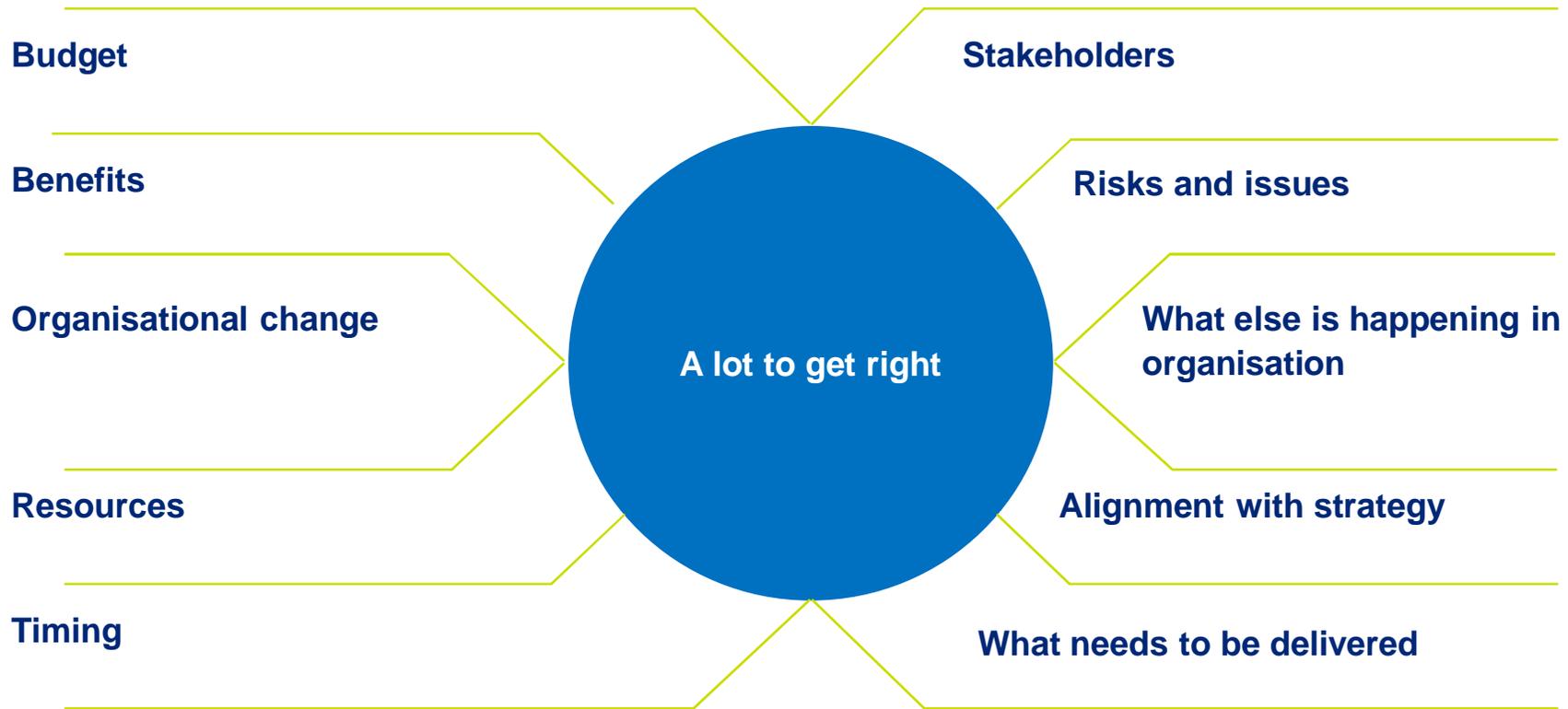
Why do organisations do projects?

One of the main ways business attempt to change to achieve their strategy



With fixed timeframes, budget and scope

Project Managers have a lot to manage



Although project success is increasing, more than 60 percent of projects are still failing

Project management rigour is increasing



The last 50 years has seen significant developments in project control, project management disciplines, tools and templates.

In the last 10 years, the focus has shifted to program and portfolio management structures, PMO maturity models and new disciplines such as agile, lean, and wave planning.



Organisations with a PMO²

...but projects are still failing



2000

2010

Projects need to continuously be assessed against their objectives to ensure that they are on target to deliver their stated benefits.

Transformation is becoming 'the norm'

Trends such as cloud computing, mobile devices, big data analytics, and social networking are transforming business processes and changing business models



Percentage of business funded IT projects

Evidence for the shift to transformation projects is in the funding patterns. Recent research¹ reveals 61% of enterprise technology projects are now funded by the business rather than IT.

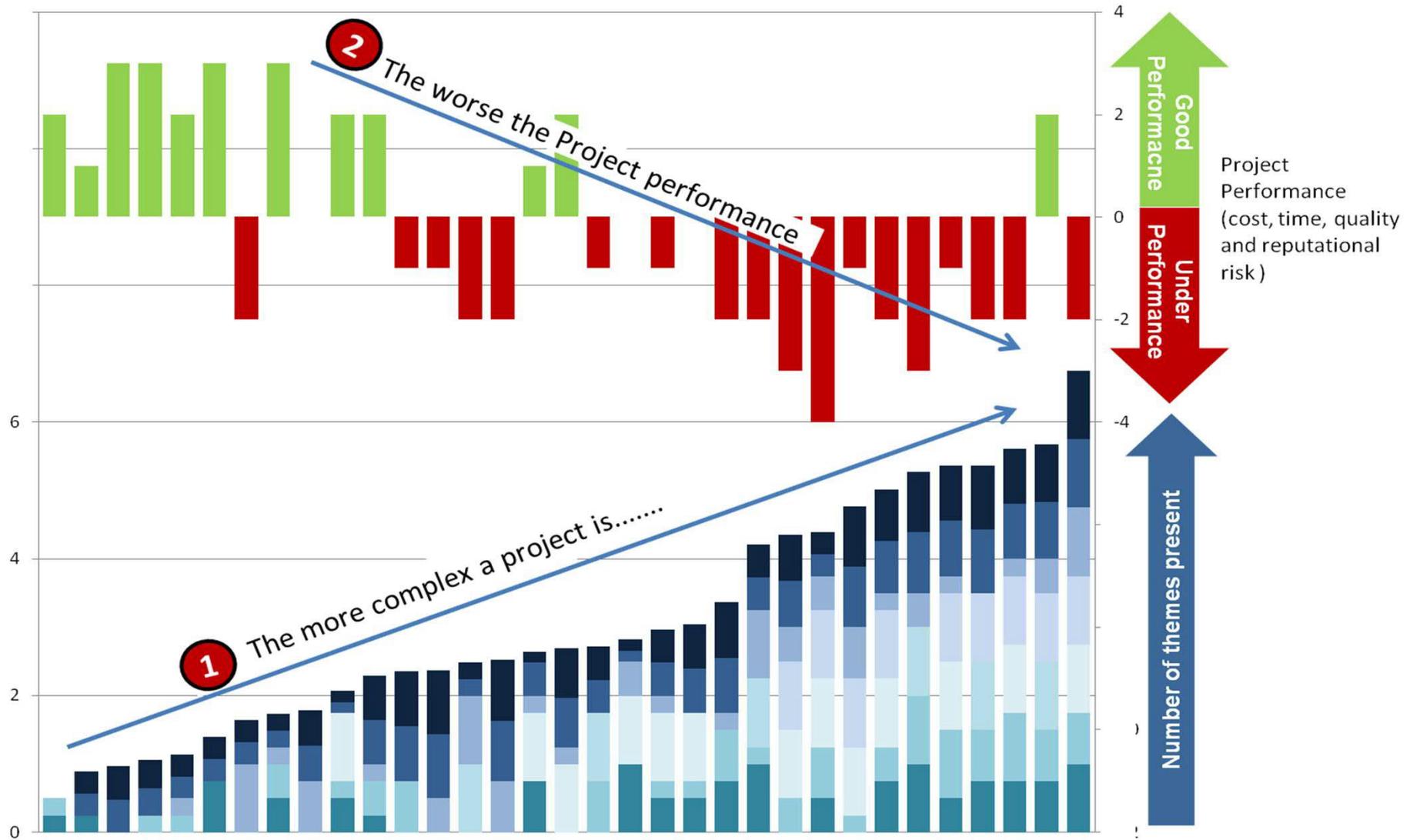
... and program assurance can confirm the right rigour is being applied

Strategic change initiatives demand high levels of rigour and assurance. One of the most effective ways to make sure you apply the right level of rigor and assurance is to use independent program assurance. We have the capability to challenge programs and projects and keep them on track to success. Choosing the right program assurance partner is therefore vital to the success of your program.

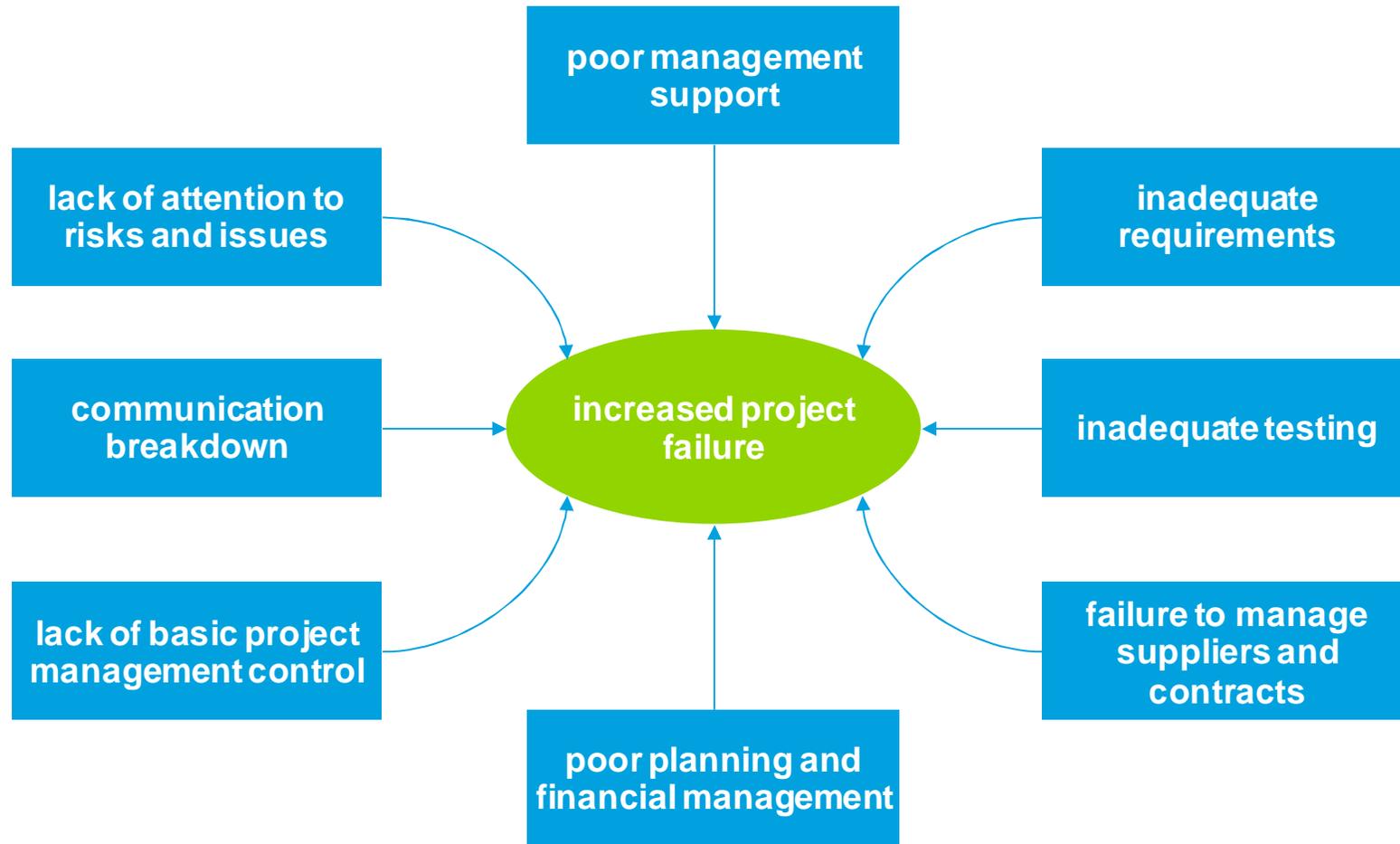


1. 'The Six Implications of the 3rd Platform on IT Staffing', Sept 2013, IDC
 2. The State of the PMO, 2010, PM Solutions

Strong correlation between complexity and performance



Why do projects fail?

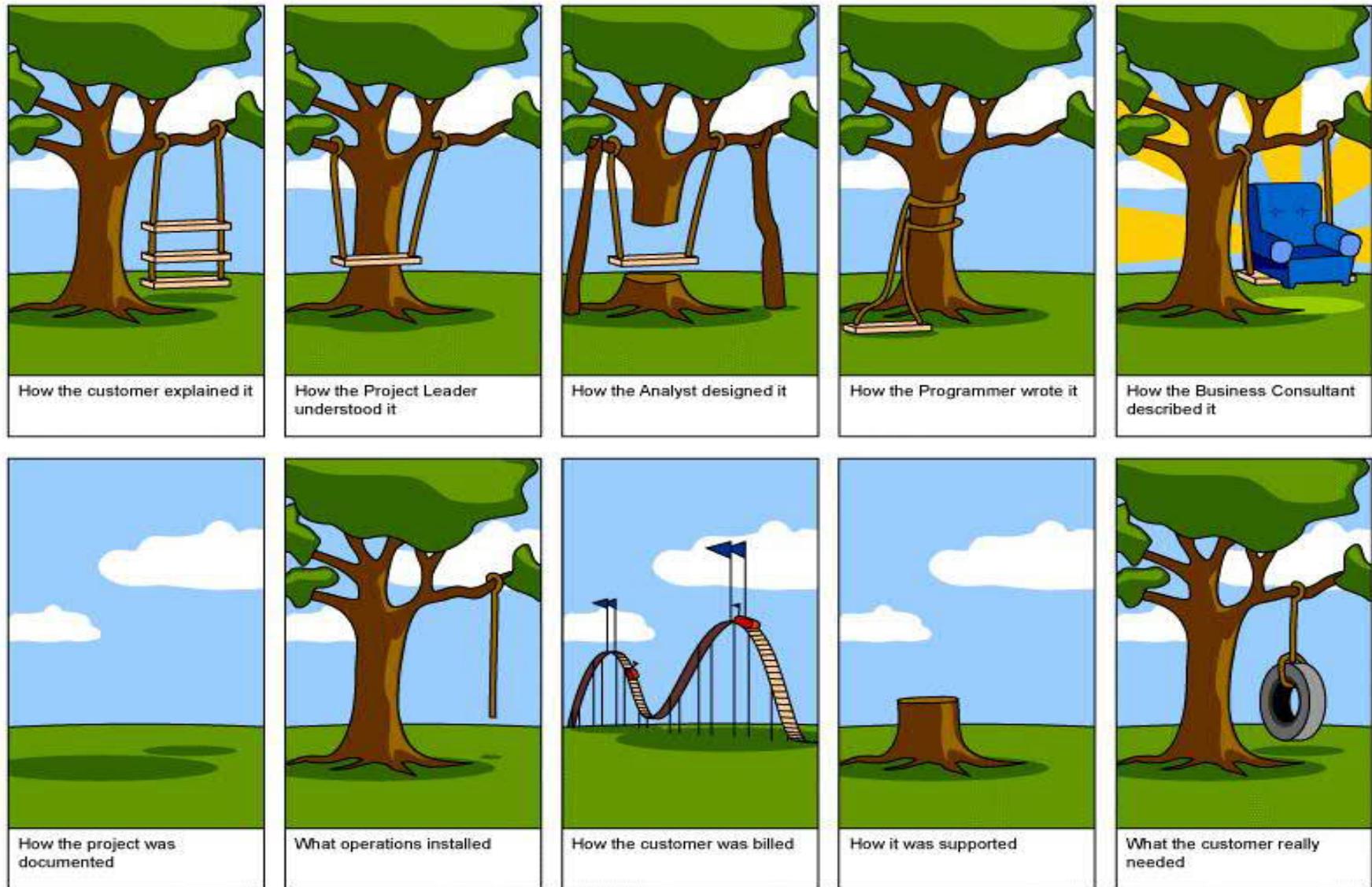


Root causes of failure?

- **Projects lose touch with what is realistic:** Projects tend to be driven by plans, deadlines and budgets, rather than a realistic estimate and reassessment of what is achievable.
- **Unconscious bias:** No-one sets embarks on a project wanting or expecting a failure. However fundamental aspects of human psychology impact the ability of a project team to realistically assess status and progress. These include a tendency to be overconfident, to oversimplify, to avoid pain and a confirmation bias where we seek to look for information that supports our point of view
- **The soft stuff is the hard stuff:** As can be seen from the list of main causes of project failure, failure is often do with the people aspects of the solution and are rarely technical. However, the focus of much project activity is on designing, developing and testing the technology.

2008 Oakes, G. Project Reviews, Assurance and Governance, Gower Publishing

Example of project management failure



Where is the value in project assurance?

- Impact > Investment
- Enhanced stakeholder confidence that a project will achieve their intended outcomes and risks impacting successful delivery are being managed effectively
- Industry research has found that projects have an improved likelihood of success assurance with effective project assurance
- Solution issues / defects are harder and more costly to fix later in the project lifecycle
- More than just audit or compliance to project method – It's Project Consulting / Mentoring

Project Health Indicators.

Caveats and First Impressions

- **Note:**
 - No 2 projects are the same - not a cookie cutter
 - Health check, not compliance audit (generally)
 - Risk-based
 - Forward looking
 - Balanced – positive & negative
 - Involved throughout the project lifecycle - Advisory
- **First Impressions – Positive Indicators:**
 - Transparency/Openness (Sharepoint, Project Server 2010)
 - Stakeholder Availability

Common Principles – Practical Implications

Principle

1. Business project not an IT project
2. Vanilla system – limited system changes
BUT process changes
3. Replace current technology but maintain existing business processes
4. All decisions focused on improved customer experience & management
5. Business to deliver business benefits
6. Standardised processes across divisions
7. Opportunities for rationalisation of systems
8. Additional business improvement opportunities considered downstream based on business cases

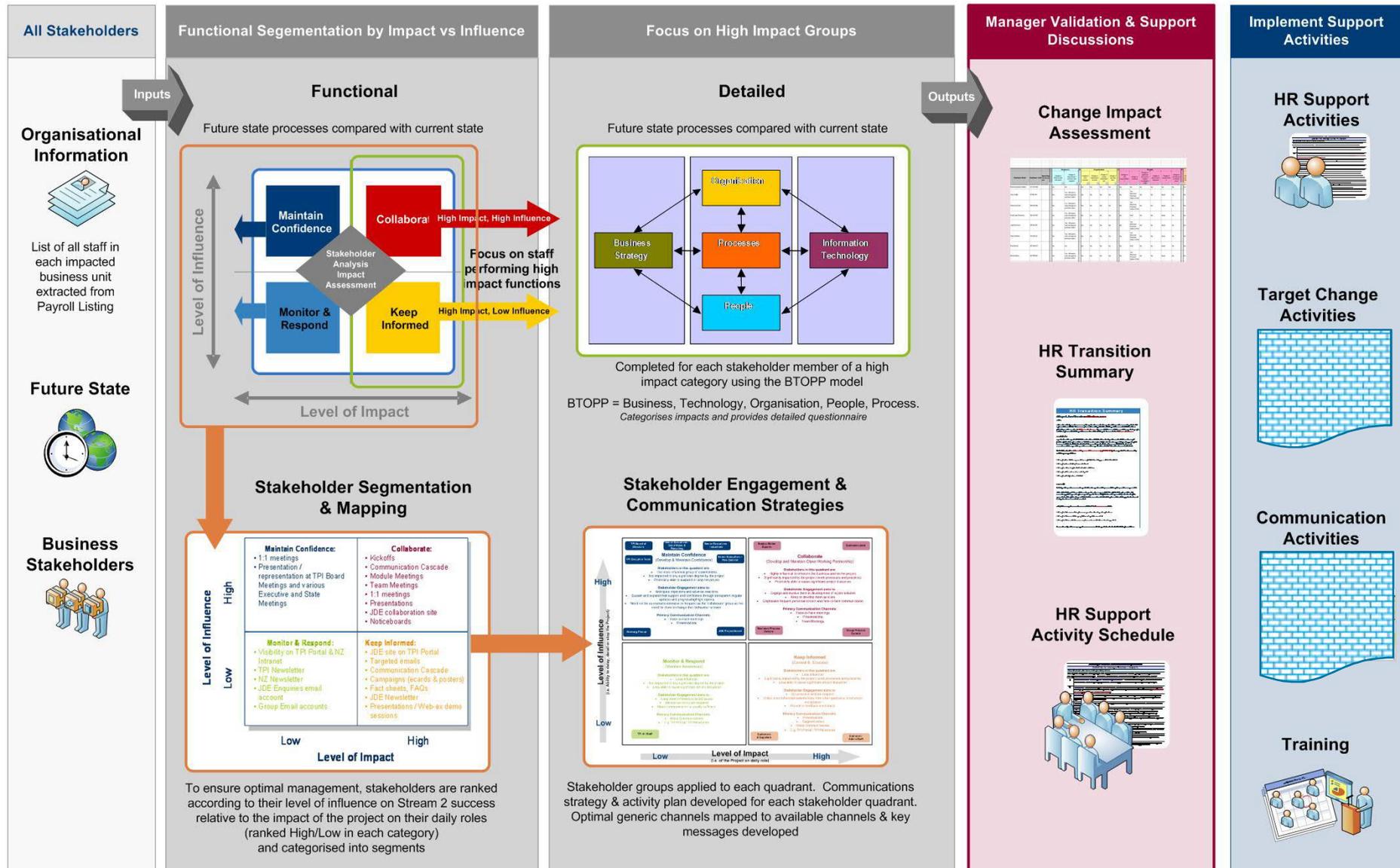
Implications

1. Senior stakeholders sourced from the business?
2. Expect complexity following Go Live
3. Reflected in decisions made?
4. Reflected in decisions made?
5. Benefits quantified, realisation plan?
6. Winners & losers
7. Reflected in decisions made?
8. Support model in place/is critical functionality being pushed post-Go Live

Is the project aligned with business objectives?

- Links to Corporate Objectives (where are we going?)
 - Who approved key documentation (Business Case, Brief, Plan)
 - Business stability
 - All on the same page?
- Look for a “shared understanding” (effective communication)
- Seek to understand extent of agreement (cohesion and cooperation)
- Check that the Vision well aligned to the Business Case (consistency)

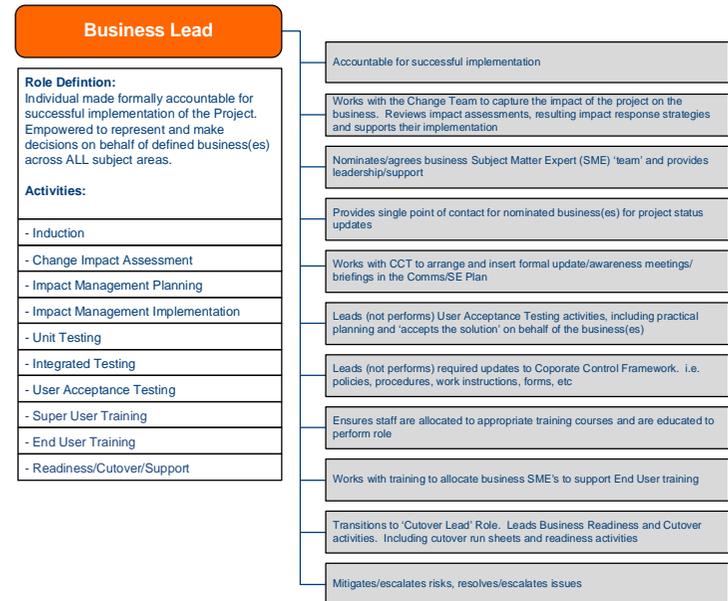
Structured Stakeholder Analysis & Engagement is Key



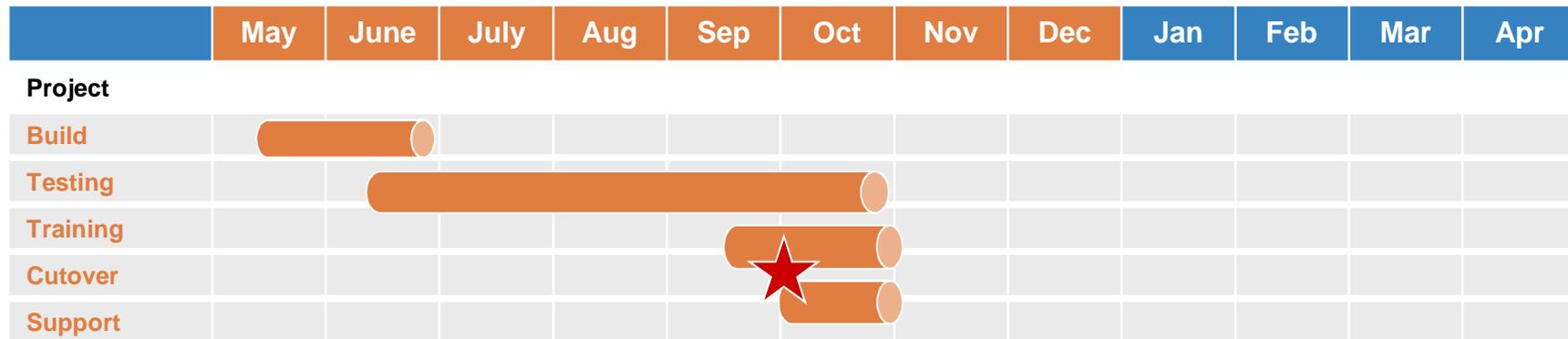
Does everyone know what is expected of them?

Roles & Responsibilities defined

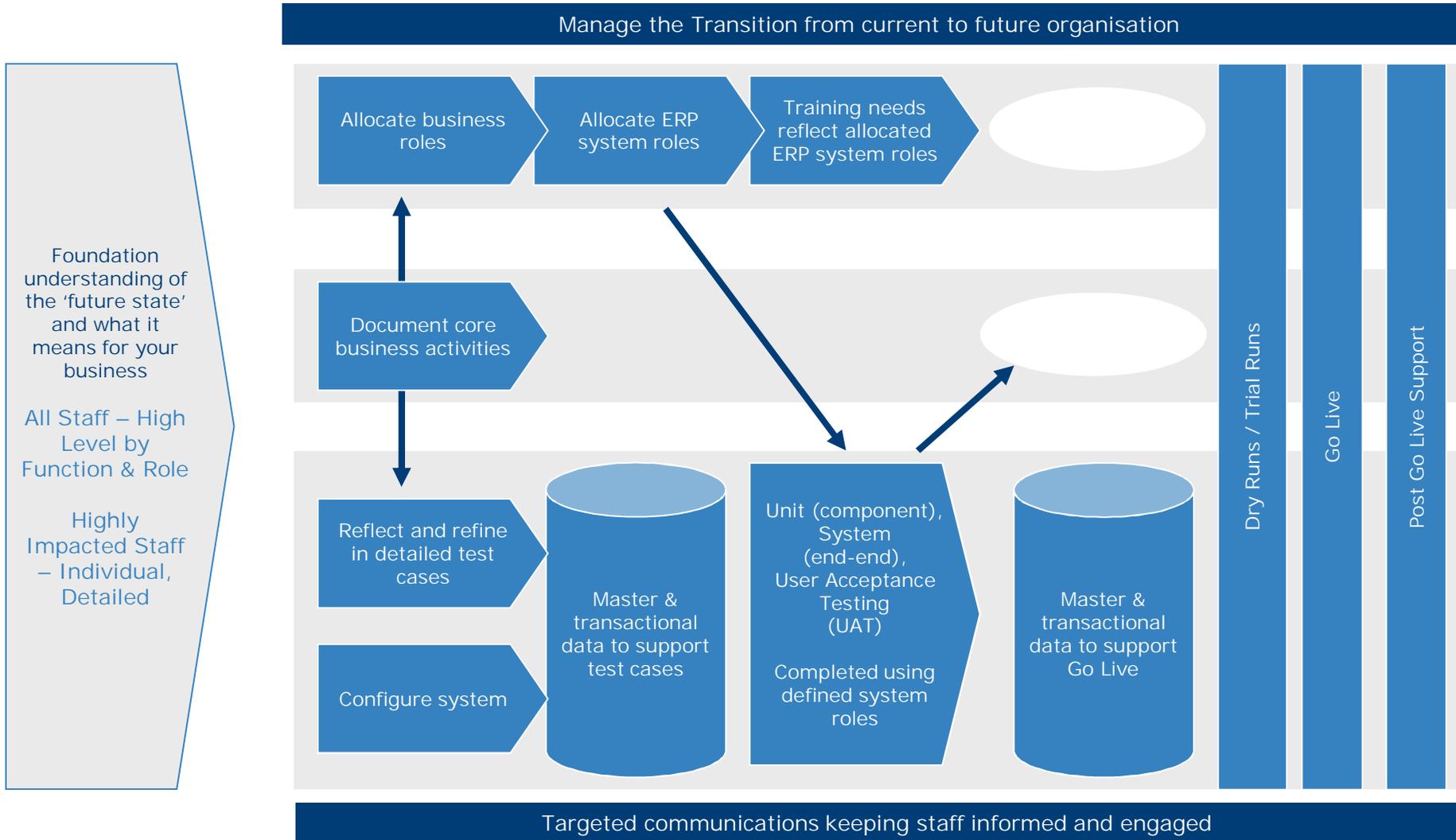
Resource Commitment



The Big Picture



The 'Big Picture' - ERP Example.....



Standard Project Artefacts – Sample (Scope Dependent)

- Business Case & Benefits Realisation Plan
- Project Plan
- Stakeholder Register, Engagement/Communication Plan
- Change Management Plan
- Steering Committee packs (incl. Status Report & Metrics)
- Risks, Issues, Dependencies, Change Registers
- Schedule & Budget
- Software delivery projects – technical documentation:
 - Requirements definition & tracking
 - Design, Testing, Cutover

How can we help?

Core Service Offering

- Deloitte has a specialist Project Risk Services team with the skills and experience to provide credible advice and assurance to senior stakeholders on complex or risky projects
- Deloitte's approach to project assurance addresses both project start-up / initiation, ongoing project delivery and lifecycle specific aspects:
 1. **Initial project risk** and **complexity** assessment.
 2. **Periodic** program assessments over project duration.
 3. Executive and sponsor **mentoring and coaching**.
 4. Optional "**Deep dive**" assessments.

Questions. . . .

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