



Project Management Processes Audit

TERMS OF REFERENCE

June 7, 2023



Background

As per the Project Management Institute (PMI) standard, the term project refers to “any temporary endeavor with a definite beginning and end.” A project is defined as a sequence of tasks that must be completed to attain a specific outcome.

The City of Saskatoon (City) spends millions of dollars undertaking large and complex capital and operational projects. It is important that the City has strong project management practices in place. Effective project management helps the City meet business objectives, satisfy public expectations, resolve problems and issues, optimize the use of City’s resources and manage change better.

Currently, the project management function is decentralized, and the departments manage their projects. The City has established a Project Management Community of Practice Working Group (CPWG) whose vision is to foster connections among project managers and support the standardization and improvement of project management practices across the City. A Project Management Framework has been developed, which establishes a set of procedures, templates, and tools to assist in standardizing the approach to project management.

In accordance with the approved Audit Plan, the Independent Office of the City Auditor (Office) has commenced the audit of Project Management Processes, including vendor performance management.

Audit Objective

The objective of the audit is to assess if the City has strong project management processes to ensure that projects are completed timely, within budget, and meet project deliverables and public expectations. This includes evaluating the management of vendor contracts.

Audit Scope

The scope of this engagement will include assessing the effectiveness of the following:

- Project management processes at the City
- Current project management framework against the project management best practices, i.e., the Project Management Body of Knowledge (PMBOK) Standards and Guidelines
- Project management structure and governance
- Processes and practices to manage the vendor contracts
- Project monitoring and reporting processes

Where possible, the Office will place reliance on the practices developed by the CPWG and prior audits conducted in this area. The CPWG refers to the PMI and other available standards to develop the framework and guidelines and recommends adopting them across different areas within the City to manage the projects effectively.

In preparation for the Terms of Reference, the audit team met with various departments and CPWG members to assess the current state of managing projects within the City and reviewed key documents specific to current practices developed by the CPWG. The audit will include reviewing the current framework/practices for managing projects, reviewing records, conducting verification procedures and reviewing a sample of key and/or critical projects for assessing against project management best practices. The audit will include projects undertaken by the City and as such statutory boards and controlled corporations will be excluded from the audit.

The key areas to be covered in this audit include, but are not limited to the following:

Comparing current project management processes against best practices

- The project management framework is already in place as developed by CPWG. We will compare the current framework with the PMBOK standards and guidelines to identify and assess any areas that need updating within the current framework and to ensure that the current framework is agile and considers the most updated framework. The PMBOK guideline comprises ten knowledge areas: integration, scope, schedule, cost, quality, resource, communications, risk, procurement and stakeholder management.
- For sampled completed and in-progress projects, we will assess:
 - the design and operation of the project management practices as outlined in the PMBOK guidelines, and
 - current practices and documentation with the standards and templates recommended by the CPWG.
- Subject to the availability of data and information, we will compare the City's project management processes and practices with other municipalities to assess whether the City is at par with other municipalities in terms of managing its projects.
- Recommend any best practices from other municipalities that can be implemented to gain efficiency and effectiveness with respect to project management processes.

Economic Efficiencies

- Through interviews with process owners and documentation review, assess the overall processes implemented at various departments of the City with respect to project management.
- Assess the effectiveness of processes to manage the timely completion of the projects.
- Obtain lists of completed and in-progress projects with departments and assess whether the projects were completed in a timely manner. Assess the risks that any incomplete, delayed projects pose to the City in terms of time delays, cost overruns, not meeting public expectations, and other measurement criteria.
- Compare the actual spending on projects with the budgeted amount to determine whether the projects were completed within the budget.
- Assess the process to obtain approvals where the projects exceed the budget. In situations where the total project spend is significantly lower than the project budget, assess the reasons and the effectiveness of the process to deal with the surplus amount.
- Verify that the overall project goals are clearly defined and that outcomes were achieved as laid out in the project initiation phase.
- Assess the effectiveness of the processes involved in planning, estimating, budgeting, financing, funding, managing and controlling costs so that the project is completed within the approved budget.

Project Processes and Documentation

- Assess the extent to which the current project management tools and templates are used. For example, project charter, project plan, risk register, stakeholder analysis, status update reports, and close-out reports.
- Determine whether the minimum required elements for project management are used as laid out in the current framework. These include business need, authorization, defined scope, timeframe, cost estimate, defined roles, progress reporting, project closure and records management.

- Ascertain the project management maturity level at the department level and calibrate value if synergies between the practices can be shared with the departments.
- Assess the adequacy of the project management documentation.
- Verify that the appropriate authority approved any cost overruns and time delays.
- Assess the effectiveness of processes to ensure timely and appropriate planning, collection, distribution, storage, monitoring, and disposition of project information.
- Assess the effectiveness of processes to identify, acquire and manage the resources needed for successful project completion.
- Assess the effectiveness of processes for conducting risk management planning, identification, analysis, response planning, response implementation and risk monitoring on a project.

Project Governance

- Determine whether the projects were authorized by the appropriate authority before committing resources to the project activities.
- Assess the effectiveness of management oversight functions over different project stages with respect to providing direction, guidance and monitoring the progress of the project activities.
- Determine whether key processes were appropriately documented and regularly reviewed.
- Determine how the projects are monitored throughout the project lifecycle and assess whether the current mechanism and tools are effective.
- Verify whether the roles and responsibilities of various stakeholders involved in the project were clearly defined, documented, and communicated so that each party has an understanding and clarity on what is expected of them.
- Verify whether executive management decisions which impacted project scope, objectives, timelines etc., were formally documented, approved, communicated and implemented.

Vendor Management

- Assess whether an effective vendor management process was developed to manage the projects effectively.
- Determine whether an effective process is designed and implemented to ensure vendors are onboarded to projects after appropriate due diligence is conducted.
- Assess the effectiveness of the processes in place for managing vendor performance, change management, risk management and quality management.
- Determine whether robust mechanisms are developed and implemented for vendor monitoring.
- Assess whether key performance indicators are developed for vendor management and are used to measure their performance.

Staff Training

- Review the project training materials for content, completeness and adequacy with respect to modern project management practices and methodologies.
- Through interviews and documentation review, assess whether adequate training is provided to various stakeholders (project managers, executive sponsors etc.) to manage the project effectively and efficiently.

Project Reporting

- Assess the adequacy of reports prepared for various stakeholder groups, such as Project Steering Committees, Leadership Team, City Council etc., on the project status updates, key messages and issues identified during projects for advice and informed decision-making.

Audit Approach

The following approach will be used in the conduct of the audit:

- The City Auditor will lead the audit supported by a team of consultants engaged by the Independent Office of the City Auditor and will be responsible for the completion and reporting of the audit.
- The audit team will meet with various departments responsible for managing the projects, members of the CPWG and other stakeholders providing project management support.
- Conduct a detailed review of documents and records, conduct verification procedures and compare with the project management framework. Identify potential opportunities for improvement and provide recommendations.
- The City Auditor will meet with various departments and General Managers to discuss the preliminary findings and recommendations.

Deliverables

At the conclusion of the audit, a draft report will be shared with the Administration that will include the results from the audit and findings and recommendations. The City Auditor will obtain administrative responses and action plans that will be included in the audit report.

A final audit report will be submitted to the Standing Policy Committee on Finance in the November 2, 2023, public meeting. The audit report will include the Administration response, action plan and implementation timelines in relation to the audit recommendations. The Office will obtain regular status updates from the Administration on the implementation status of the audit recommendations and will conduct follow-ups to independently assess whether the audit recommendations were effectively implemented.