

# Project Health Checks and Audits

Week 8

# Last Week

- Project Monitoring and Control
- Assignment Review

# This Week

- What is a Project Audit
- Purpose of Audits
- Types of Audits
- Project Management Processes
- Audit Report Format

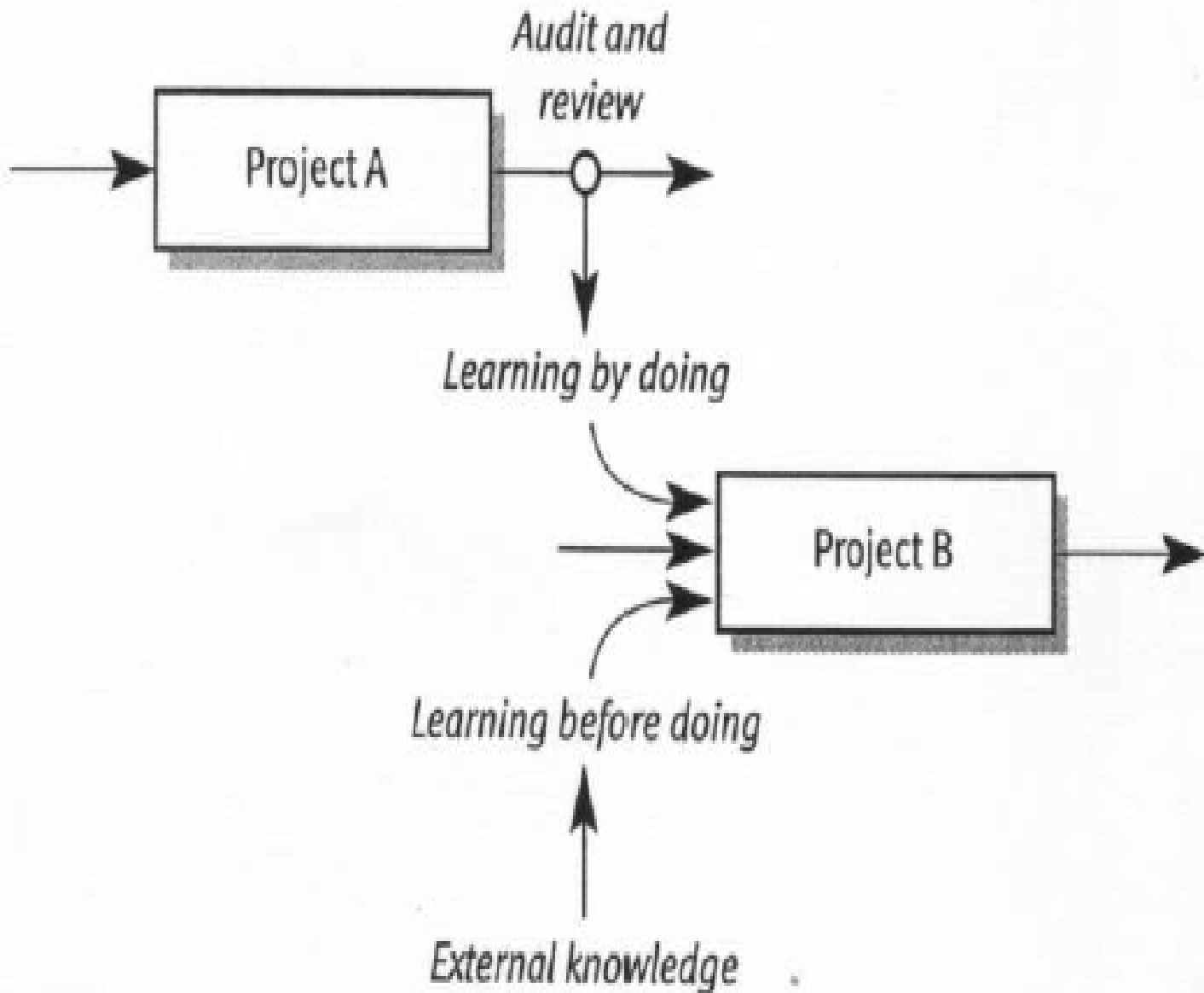
# What are Audits

A **project audit** is a systematic and independent investigation to check if the project is performing correctly with respect to project and or project management standards

- Audits can be informal, conducted by the project team OR
- It can be formal conducted by people external to the project team, either experts within the organization or external consultants
- Essentially, audits are as a way of ensuring that projects are being conducted in a correct way

# Purpose of Project Audits

- Check that the design is correct
- Ensure quality of the management processes
- Learn from past success
- Avoid past mistakes



# Types of Audits

- **Project Evaluation Audit-**
  - Independent check of the feasibility or design studies
  - Review of the investment appraisal
- **Post Completion Audit-**
  - To review success and failure of the project
  - Check practice given the fact of the project outcome
  - Maybe informal by the project manager
  - Detailed by external consultants

- **Internal Audits-**

- Quality control check of the management processes
- Conducted by either project team or independent auditors
- Done to ensure that best practice is being followed
- Audit is done against the project definition of Quality, Time, Cost and Scope



# Quality in Project Management

## **ISO 100006**

- Provides guidance on Quality in Project Management Processes
- It outlines principles and practices which are important to achieving quality in projects
- Essentially it spells out the key areas that should be scrutinized when doing an audit
- It also provides the basis for asking questions as to whether or not these best practice were implemented

- **Interdependency Management Processes**
  - Project initiation and project plan development
  - Interaction management
  - Change management
  - Project closure
- **Scope Related Process**
  - Scope development and control
  - Activity definition (tasks, work packages and breakdown structure)
  - Activity control

- **Time related processes**
  - Activity dependency planning
  - Estimation of duration
  - Schedule development
  - Schedule control
- **Cost related processes**
  - Cost estimation
  - Budgeting
  - Cost control

- **Resource related processes**
  - Resource planning
  - Resource control
- **Personnel related processes**
  - Staff allocation
  - Team development
- **Communication related processes**
  - Information management
  - Communication control

- **Risk related processes**
  - Risk assessment
  - Risk control
- **Purchasing related processes**
  - Documentation of requirements
  - Evaluation of sub-contractors
  - Sub contracting
  - Contract control
- [Project Management Audit Document](#)

# Seven Steps to Conducting Audit

- Conduct interviews
- Analyze data
- Sample management reports
- Compare against a standard of best practice
- Repeat steps 1-4 as necessary
- Identify strengths and weaknesses of the management processes
- Define opportunities for improvement

# Audit Situational Analysis

- **Current status of the project:** vs. stated goals as related to schedule, costs, technology, risk, human relations, resource use, and information availability. Does the work actually completed match the planned level of completion?
- **Future status:** forecasts of total project costs, expected completion time, and the likelihood that the project will achieve its stated goals. Are significant schedule changes likely? If so, indicate the nature of the changes.
- **Status of crucial tasks:** What progress has been made on tasks that could decide the success or failure of the project?

# Audit Report Format

## Executive Summary

1. Situation Analysis
2. Analysis of the Project Areas
  - Evaluation of PM Processes
  - Summary of key weaknesses
  - Summary of required measures and tactics
3. Recommendations for Recovery / Acceleration / Project performance improvements / lessons learned
4. Limitations / Assumptions of the audit