

Project Governance: a guidance note for public sector projects

November 2007



HM TREASURY



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projects

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EXECUTIVE SUMMARY

Project governance is viewed as playing a vital role in the successful delivery of public sector projects.

For the purposes of this document, project governance is defined as those aspects of governance related to ensuring the effectiveness of projects. In essence, project governance is about helping to ensure that the right projects are done well. As shown diagrammatically in Figure 1, project governance sits between the Authority's corporate (or organisational) governance and specific project management regimes. More information on organisational governance in the public sector can be found in the document "The Good Governance Standard for Public Services" produced by The Independent Commission for Good Governance in Public Services published in 2004.

Figure 1: Project Governance



The aim of this guidance is to help public sector bodies put in place and maintain the structures and forums that are needed for effective project governance at all stages in the project lifecycle.

The main activities of project governance relate to:

- programme direction;
- project ownership and sponsorship;
- ensuring the effectiveness of project management functions; and
- reporting and disclosure (including consulting with stakeholders).

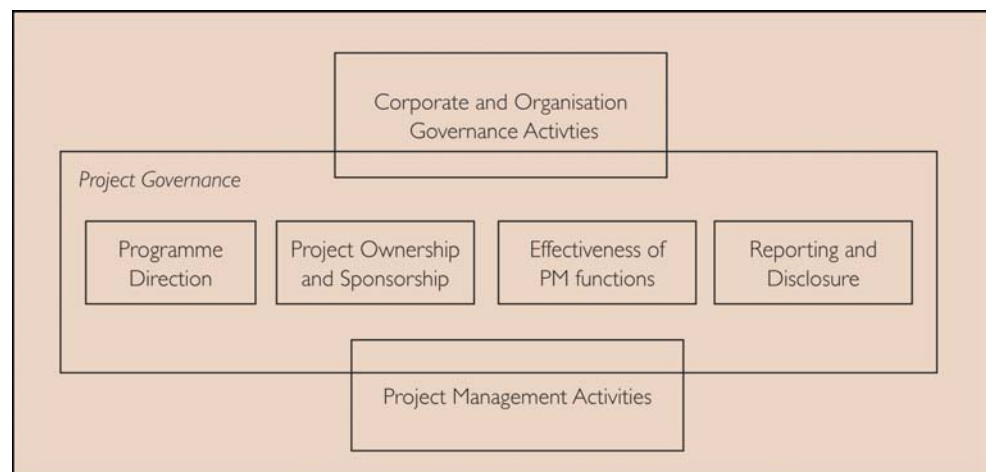
INTRODUCTION

1.1 Much of the published guidance on governance is pitched at the corporate or organisational level and focuses on regulatory activities, or on change programmes (often based on information technology). The focus of this project governance guidance is the efficient instigation and delivery of public sector projects. It is intended to be a prompt for what should be addressed by those in the public sector responsible for the efficient and effective delivery of projects.

1.2 In this document the term:

- “project” covers the whole life cycle: from and including initial studies, feasibility assessments, the production of outline and full business cases, the procurement process and transition through to, service delivery and disposal or exit. Taking time to put in place good project governance is especially important on complex and risky projects;
- “Authority” or “Procuring Authority” describes the public sector body responsible for the project; and
- “Contractor” describes the private sector parties contracted by the Authority to deliver various parts of the project.

Figure 2: Components of Project Governance



1.3 As the demarcation between organisational controls and project management activities is ill-defined, the guidance does not seek to distinguish accurately between overlapping areas. At any point in the life-cycle of a project, the project governance put in place should be seen as defining the specific arrangements that are required for the project within this overlapping area – see figure 2.

1.4 Time and effort is needed, sometimes at the highest levels in an organisation, for the project governance arrangements to function correctly and provide stakeholders with confidence in the arrangements. A project's governance structure needs to evolve during the life of a project, and therefore it should be reviewed regularly as it moves from one phase to another. The structure for each phase will need to consider the requirements for that phase and the resulting arrangements should be included and justified in project approval and business case submissions to allow stakeholders to review their adequacy. The project governance structure should also be available as a reference document for independent project reviews. The project plan should highlight key authorisation points and tie these in with the schedule of project governance meetings or other stakeholders' engagement points.

1.5 The aims of a project governance structure are to:

- Set out lines of responsibility and accountability within the Authority for the delivery of the project;
- Give the stakeholders in the Authority the ability to manage their interest in the project;
- Support the Authority's project team to deliver the required outcomes by providing resources, giving direction, and enabling trade-offs and timely decision taking;
- Provide a forum for issue resolution;
- Provide access to best practice and independent expert advice;
- Disseminate information by reporting to stakeholders so that they can effectively fulfil their roles; and
- Provide a framework for project disclosures.

1.6 The NAO and OGC list eight common causes of why projects run into difficulties. Five of these are concerned with project governance:

- Lack of clear link between the project and the organisation's key strategic priorities, including agreed measures of success.
- Lack of clear senior management and ministerial ownership and leadership.
- Lack of effective engagement with stakeholders.
- Lack of understanding of and contact with the supply industry at senior levels.
- Inadequate resources and skills to deliver the overall programme.

1.7 There are a number of different ways of delivering effective project governance. Some of the structures and mechanisms that can be used can sometimes conflict with each other and so it is important to identify any potential problems at the outset and ensure that any necessary protections are in place.

1.8 This guidance looks at a number of aspects of project governance, draws attention to why they should be addressed and offers suggestions for implementation. The intention is not to set out a rigid template but to provide a framework for Authorities to think through the issues and how best to resolve them. Also included is a consideration of the roles of independent reviews (such as the OGC Gateway reviews), the links to the formal project approval processes (such as Project Review Group (PRG) for some Local Authority projects), and the impact of public sector issues.

2

STAKEHOLDERS

2.1 Stakeholders are all those with an interest or stake in the delivery of the project. The number and range of stakeholders will vary according to the stage which the project has reached, and the importance individual stakeholders will vary depending on the stage of a project. For example, the focus for some stakeholders will be pre-contract award issues, whilst others will be primarily interested in practical service delivery aspects. It is important to identify the stakeholders that will own or champion the project in various forums. The list of stakeholders and their roles should be kept current throughout the life of the project. Where the number of stakeholders is high they should be controlled where possible by getting the groups to agree at the outset on a limited number of focal points who would then have responsibility for delivering coordinated and collective positions. It is vital that the wider stakeholders are clear as to their focal points and provide an appropriate mandate. Stakeholder focal points must have the competence, authority and resources to carry out their agreed and defined roles. It is particularly important that they understand the commitment and are prepared to devote sufficient energy and time to the project.

2.2 Seen from the public sector side, the main functions which stakeholders represent are given below. Identifying who within the Authority has these roles will help to determine the project stakeholders.

- Corporate or organisational management of the project. These stakeholders include the sponsor for the project and those with responsibility to articulate the requirement, set the affordability range and agree the value for money criteria. At a higher level this involves considering the project as part of balance of investment and/or programme decisions. It is important that corporate management stakeholders ensure the correct “space” for the project, e.g. by examining the interfaces or conflicts with other projects within a broader programme to determine the right and sustainable scope and boundaries of the project;
- Corporate policy direction, which translates central policy in a departmental or local authority context into project constraints, and includes the formal project approval process. This function will include: procurement policy, quality standards and standardisation, interoperability, security, human resources, and information management controls;
- End-users, whose primary concern is that the delivered project meets the requirement in day to day conditions and delivers the desired outcomes and benefits;
- Owner or champion of the project (termed Senior Responsible Owner in OGC terminology), representing the project’s interests outside the project management structure, e.g. during procurement in the approval process, and acting as an advocate for the project in securing prioritisation and maintaining adequate resources for the project;
- Leadership of the project delivery team;
- Leadership of the project delivery team;
- Other stakeholders at various times include:

- The supply side – i.e. the relevant private sector contracting market;
- Human resources provision and continuity;
- Audit evaluation of the benefits delivery;
- The Contractor (probably only from the end of the competitive procurement phase – i.e. after announcement of the preferred bidder) and its shareholders and subcontractors, who will have the main contractual responsibility for delivery of the requirement to price and budget; and
- Third Party Funders (if any), for example during the preferred bidder stage of a PFI project.

2.3 Most stakeholders will have interests outside the project and they will not be effective in supporting the project's delivery unless they are accurately and currently informed about the progress a project is making and consulted on the challenges it is facing. One of the aims of project governance is to build a common sense of ownership of the project, for example by informing and listening, and creating an environment of trust between the dedicated project delivery team and the wider stakeholder community.

3

TIMING

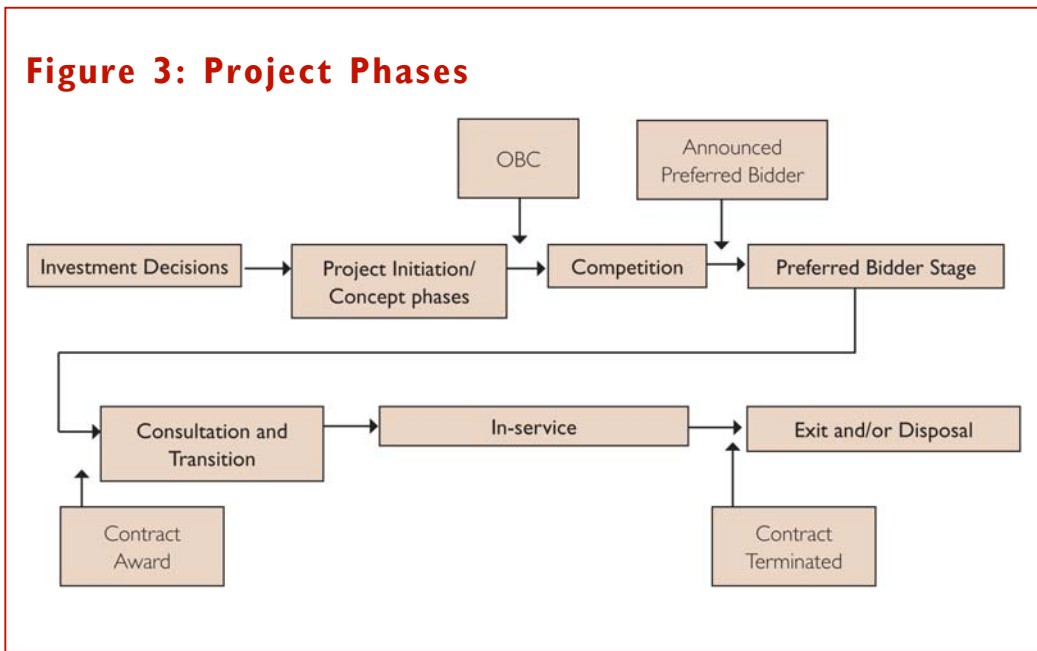
3.1 Project governance arrangements should be put in place from the inception of a project. It is important to note that the arrangements will need to vary considerably over the life of a project as it moves through its different phases. A broad framework for the project governance structure for the full life cycle should be prepared at the outset. A good starting point is to work from a project plan which shows the main project approval or authorisation points in order to identify key decisions and the actions and information needed for those points. The detailed project governance arrangement for each project phase should be worked up before the phase starts and should focus on the specific needs of the project for that phase.

3.2 The project governance arrangements should be considered, where relevant, as part of the Authority's project approval process, during Gateway reviews and at other times as called for by the appropriate board within the governance structure.

3.3 The phases of the project where different project governance arrangements may be needed are:

- The project initiation/ concept phases and the pre-invitation to tender period, when the project parameters such as the requirement and affordability envelopes [cross reference to Green Book] and the relationship with industry are being planned and decided;
- The competitive procurement phase, during which industry is engaged;
- The preferred bidder phase, when there is greater engagement with the selected private sector contractor and funders (if any) as the deal is negotiated to a deal closure. Experience has shown that expanding the project governance arrangements to include these parties can bring significant benefits;
- The construction, acceptance and transition to service delivery phase, during which the project team and the project company and subcontractors are working together to ensure the timely delivery of the assets underpinning the required outputs;
- The in-service phase, when the end-users' day to day relationships with the project company and subcontractors are central to the delivery of the required outputs and the sought after benefits; and
- The winding up of the project on satisfaction of the requirement, expiry or early termination of contract and/or disposal of the assets.

3.4 Although within each of these individual phases the project governance structure is likely to have a regular constitution, it should also be flexible enough to act as the progress of the project demands.



3.5 Setting the frequency of meetings is often a compromise. As a starting point the logical flow of meetings should be deduced from the project plan. The major and key decision points will determine the meeting dates for the senior board, and the cascade of decisions and briefings will define when other boards and support groups need to meet. The need to provide information to, or consult with, stakeholders will help define when other boards should meet.

3.6 Whilst fixing the dates for board meetings can be helpful (diary commitments mean that long notice periods are needed to ensure attendance by senior stakeholders) a degree of flexibility is also important, should for example, the project diverge from the programme, or in the event of unexpected circumstances.

4

PUBLIC SECTOR ISSUES

4.1 Broader public sector issues need to be brought within the project governance framework to be managed effectively. Although generally they are intended to ensure value for money, fairness, transparency and accountability and to provide a sound audit trail, these issues can have a significant impact on timely project delivery if they are not handled correctly. Broadly these issues will be matters of government policy objectives and public law. The value of managing these within the project governance mechanisms is that it enables scrutiny at the right level at the right time, allows any conflicts with stakeholder interests to be resolved and enables access to expert advice and best practice, such as legal, accounting, policy and financial expertise. The aim is to help the judgement of stakeholders.

4.2 A number of examples include:

- Freedom of Information and data protection. There can be conflict between the interests of the stakeholders (e.g. operational and commercial sensitivities) and the wish to be as open and informative as possible;
- The need to comply with public law, including the public procurement regulations. Public law places constraints on public sector activity. An example is where a procurement following the Competitive Dialogue route under EU public procurement regulations wishes to make substantive changes post selection of the preferred bidder;
- Policy on terms and conditions of employment for transferring employees and new joiners; e.g. improving affordability should not be at the expense of employees' terms and conditions;
- There can be conflicts of interest among the stakeholders, e.g. scope and quality constraints driven by considerations of affordability, or interfaces with complementary projects;
- Public sector guidance on investment given in the “Green Book – Appraisal and Evaluation in Central Government”;
- “Government Accounting”, for regularity, probity and value for money issues;
- The vires of the public sector to undertake the proposed project; and
- Other public sector constraints and processes, such as obtaining any required SoPC derogations from HM Treasury on PFI projects.

4.3 An effective project governance system can help ensure that public sector requirements are addressed fully and in good time, perhaps in the face of considerable pressures from individual stakeholders, and hence minimise the potential for delaying or disrupting the project.

5

ROLES

5.1 The project governance arrangements for any project should vary depending on the stage it has reached. Specific terms of reference will be needed for key personnel undertaking particular roles at any stage, as well as assurance that they have adequate skills, resources, and authority to undertake that role. Slow decision making and late changes of mind have been cited as a factor in a number of delayed projects.

5.2 Whatever project governance structure is implemented, careful consideration should be given as to how each of the following roles will be undertaken:

- **Decision taking.** Timely decisions, accurately communicated, are essential to project momentum, and such decisions must be capable of being implemented. Particularly at some stages, the ability of the project governance arrangements to resolve complex issues, some of which will have conflicting requirements that will need trade-offs and compromises, is fundamental to the progress of the project. Other examples of project decisions are: prioritisation; funding solutions; trade-offs between performance, cost and timescale; maturity to progress to the next stage; and project termination or cancellation;
- **Supporting the project team and driving the progress of the project, including risk identification and management;**
- **Control and communication of information.** This enables direction (e.g. about policy, related and dependent projects, change), guidance and best practice, corporate management information, assurance that the project is where it should be and visibility of key work streams, as well as any formal disclosure requirements;
- **Advocacy.** The project governance structure should identify the person or group that is responsible for the business case and for securing its approval. This is sometimes referred to as the project owner or Senior Responsible Owner. This role requires awareness of the broader perspective and an ability to put the project in that context; it includes championing the project and its benefits, and managing the project in the environment above the project team level. The role includes ensuring that the relationships with other projects forming a programme or capability are coordinated and that the programme risks are managed coherently. It is vital that project advocacy does not lie within the Authority's project delivery team. A lack of a senior champion within the Authority has often been cited as a reason for projects to falter;
- **Accountability.** Clarity is needed on who is accountable for the delivery of the project benefits;

- Neutral challenge. In their determination to deliver, project teams and stakeholders can become blinkered. There should be a forum for neutral questioning to give assurance that matters are fully understood and to avoid a conspiracy of optimism. Realism can be hard and there will be stages, for example prior to major approvals or key points such as launching the competition when an independent review should be commissioned to offer objective scrutiny;
- Stakeholder management. The stakeholders need to be kept involved so that they understand issues and are able to voice their support or opposition at the appropriate time and in the appropriate forum. Engagement needs to be at a level that is proportionate to their importance to the project (this will vary over time). “Loose cannons” are not helpful. Part of stakeholder management is identifying the stakeholders who will be key at any step and whose acceptance of a decision is essential to ensure smooth progress. Leaving stakeholder buy-in until late in the day and then trying to convince them of the merits of previous decisions is a recipe for delay. Project governance can be an effective way of managing information flows and communication;
- Supply-side management, after selection of the preferred bidder; and
- Benefits audit. The methodology for tracking benefits delivery should be set at the project’s outset, reviewed regularly and proactively managed within the project governance framework.

6

IMPLEMENTATION

6.1 The effective implementation of project governance relies on the stakeholders, project team members and the representatives involved in the arrangements all having a clear understanding of what is required of them. This applies to both purely internal groups such as project boards, and also to joint boards comprising representation from both public sector body and, for example, the contractor during the operational phase, or the preferred bidder's shareholders.

6.2 The following points illustrate the areas which should be considered and where clarity is needed before establishing a project governance structure. If these areas are not clear then it is unlikely that there can be effective project governance:

- Identification of the stakeholders and their roles (e.g. stated through terms of reference) for the relevant phase of the project;
- A statement of requirement which sets down the boundaries (e.g. time, cost and performance), project constraints and dependencies, and the interfaces with other projects;
- Responsibility, authority, and accountability for the project – delegations must be clear, formally given and managed. The aims and terms of reference for each person or body engaged in the project governance structure should be defined and periodically reviewed;
- The formal reporting structure and feedback mechanisms;
- A project management structure and procedures that are fit for purpose(ensuring a shared understanding by all and an ability to carry out the roles set down);
- The support to be given to the project leader. The project leader should feel able to raise matters without fear so that they can gain the support which they consider necessary to deliver the project. This may, for example, be about resources (skills in the team, money), business continuity in a crisis, contingency and succession planning, or expert advice on best practice;
- How independent reviews will be instigated and how the terms of reference will be set, and the process for validation or challenge of the review findings; and
- The ways in which post project evaluations are to be carried out, e.g. benefits tracking and realisation assurance, lessons to be learnt, etc.

6.3 Getting the right level of project governance and understanding of how it will work is inevitably time consuming. There is a natural tendency not to give this work the priority it should have, at an early enough stage. It is also common for some elements of the project governance arrangement to be put in place quickly to meet specifically identified problems or shortfalls, without thinking through the implications for other aspects; this can often lead to haphazard and incoherent project governance structures.

6.4 It should be clear who has the responsibility to ensure that the required work highlighted above is done at the right time and that the project governance arrangements, including the terms of reference for individuals and boards, are kept under review. It is recommended that the project owner or Senior Responsible Owner has this responsibility.

7

POSSIBLE STRUCTURES

7.1 A common way of implementing effective project governance is through a system of boards. Feedback and experience has shown that a system comprising a number of boards can address the various needs of the different project stakeholders, and can be a helpful way of ensuring that the required activities are undertaken.

7.2 A number of different boards (i.e. with different representation and terms of reference) may be needed to meet the specific objectives of the project, and these will vary with the project phase. For example, it would be expected that the project governance arrangements will need to vary significantly between different project phases:

- During concept and convergence phases, and the initial competitive procurement stage;
- Post preferred bidder selection;
- During construction and acceptance;
- In the operational phase; and
- Disposal and exit.

7.3 Care must be taken, for example in the timing of the meetings and preparation of the papers that the boards that have been set up interact efficiently. The tendency to develop an overly complex web of boards should be resisted.

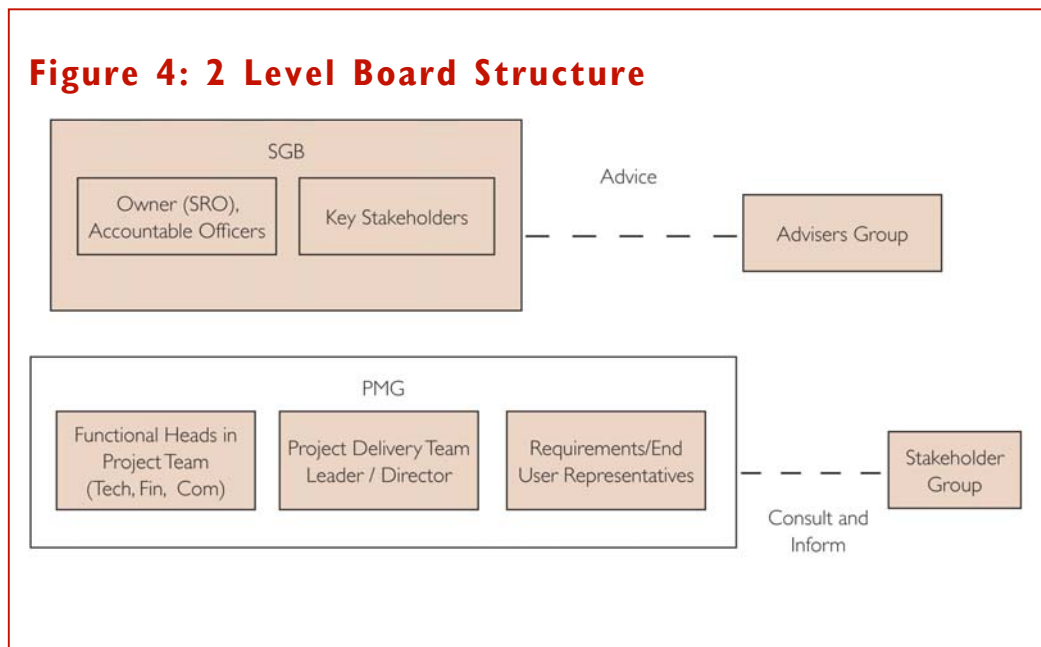
7.4 A project governance board structure needs to be able to address the distinct requirements of a project. The main activities are related to programme direction, project ownership and sponsorship, ensuring the effectiveness of the project management functions, and reporting and disclosure. Some references use the acronym RACI (responsible, accountable, consult, inform) as a shorthand for these issues. In summary effective project governance will provide a framework for:

- decision-taking and agreeing trade-offs (e.g. affordability against scope);
- the management of the two-way information flows (project delivery team to stakeholder and the reverse) and other consultation, reporting and formal disclosure activities;
- the high level ownership and advocacy functions;
- access to best practice and expert advice to support working level problem solving and to provide neutral challenge;
- oversight of project management functions; and
- instigating and dealing with reports from key stage project reviews (including OGC Gateway reviews etc.).

7.5 There are two separate dimensions for project governance structures: internal arrangements (i.e. comprising only public sector representatives), and those that go outside the public sector and include private sector representatives. This is because, depending on the phase in the project lifecycle, some of the above requirements can only be met through joint boards involving both the public sector, as commissioner and end-user or customer, and the private sector as supplier. For example, during the run up to contract award a joint board involving the preferred bidder, including its shareholders if it is a consortium, has been shown to be an effective way of resolving issues. Another example is during the operational phase where engagement between the contract managers and end-users in the public sector with the private sector service delivery organisation is essential.

Examples of project governance boards

7.6 The example below comprises a two board internal system. This is shown diagrammatically in Figure 4.



Sponsor Governance Board (SGB)

7.7 In this example, the SGB is a high level board comprising:

- the project sponsors, i.e. those who are responsible for the project at the procuring authority's programme and balance of investment levels;
- the project owner;
- key stakeholders for the business or service; and
- suitable independent members capable of providing neutral challenge.

7.8 The SGB would be the regular forum for resolving key issues and for decision-taking above the powers delegated to the project delivery team. It would set the project requirement, constraints and boundaries, and set priorities within the corporate or programme context. It would seek assurance through review of the project plan and progress reports that the project is performing, that the project management activities are being conducted effectively and it would be the forum to challenge and provide

support to the project team. Key project advisers would not usually be members but could be called to attend where expert advice needed to be examined first-hand.

7.9 During the concept and negotiation stages the SGB may be quite large as many interests need to be represented, and so it may be difficult for the SGB to meet as frequently or at short notice. If needed, the SGB will need to institute a smaller Support Group of the key decision takers. Such a Support Group could form a useful forum for internal briefings before meetings of the SGB.

**Project
Management
Group (PMG)**

7.10 Sitting beneath the SGB, the Project Management Group (PMG) would comprise the project delivery team director/leader and the project team functional leads. Key advisers would normally attend, not least to ensure that they understood the basis for decisions. This group would deal with the day-to-day management of the project within delegated responsibility and authority. It would review the project plan and submit the reports to the SGB, and would be the forum for identifying and framing matters requiring reference to the SGB. It would coordinate the functional outputs of the project and be responsible for information flows, consultation, and reporting and formal disclosure activities. To undertake these latter activities consideration should be given to forming a Stakeholder Group.

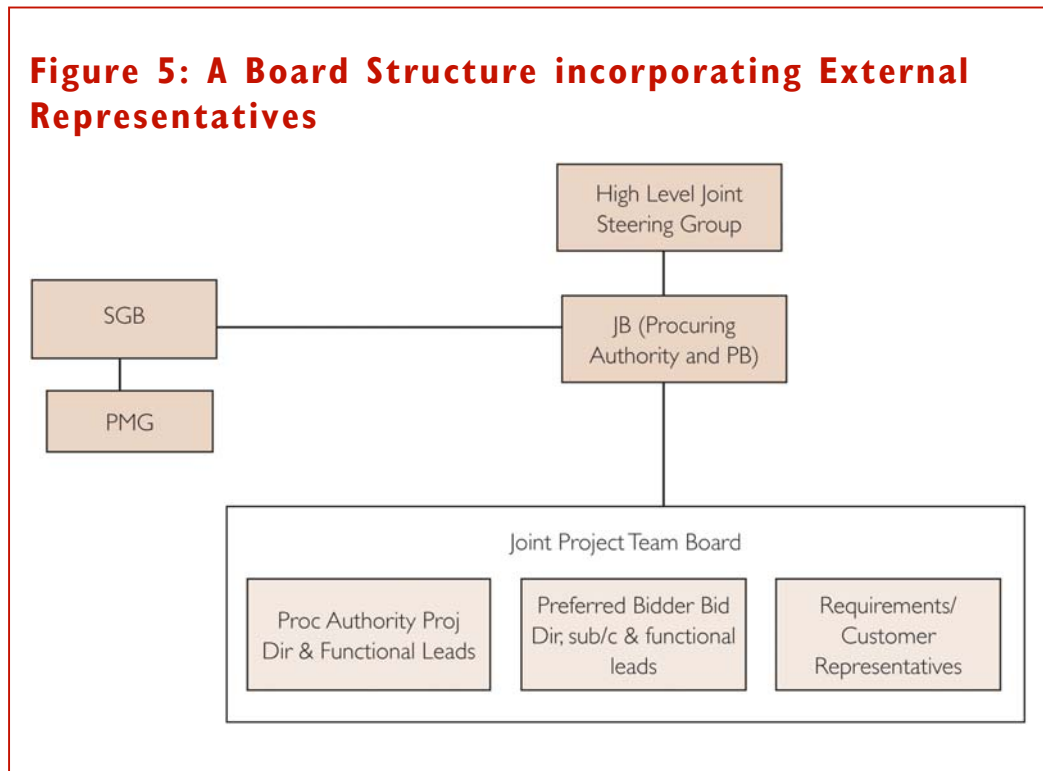
Governance Boards including Private Sector representatives

7.11 This example (see figure 5) illustrates the type of project governance structure that could be put in place to address specific issues related to securing funding, including conflicts between the main contract and sub contracts, during the run up to contract award and financial close on a PFI procurement.

7.12 In this example new boards have been created which sit alongside and are additional to the internal boards (for example as described above). These additional joint boards are instigated to deal with the specific activities that are key to achieving contract award. Joint boards – i.e. with representatives from both the public and private sectors – can function effectively as many of the issues are outside the sole control of either party. However there remain activities, such as confirming the requirement and affordability envelopes, or seeking internal (e.g. HMT) approvals etc., that will need to be dealt with via the internal project governance arrangements.

7.13 In this example two additional boards are formed:

Figure 5: A Board Structure incorporating External Representatives



High Level Joint Steering Group **7.14** This would be a small group of key stakeholders, typically including the procuring authority's SRO and Accountable Officers and senior representatives of the potential service provider's major shareholders. It would give direction and guidance, and be a forum for resolution of issues. It should review progress and concerns – the important aspect here will be that the reports coming up to it reflect the views of both the Authority team and the potential service provider, and any discrepancies of view will be visible. It is through this group that a shared understanding, e.g. an agreed project plan and performance measures, is achieved. Advisers would be invited to attend where members wished to examine expert advice first-hand.

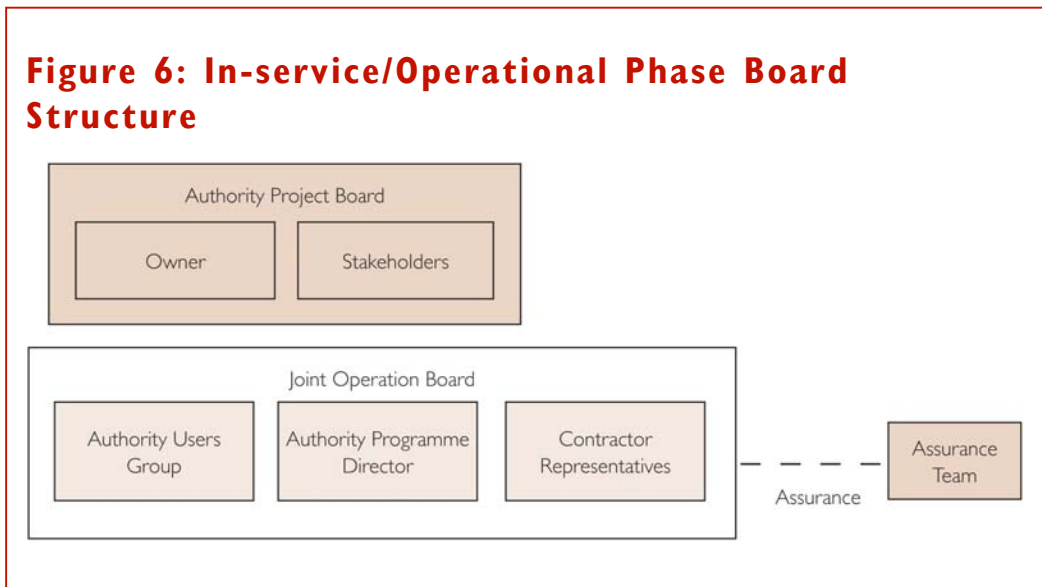
Joint Project Team Board **7.15** This group would include the project managers and function leads for the Authority and the service provider. Advisers would normally be invited, not least to ensure that they understood the basis for decisions. It would be the forum for communication of joint direction and guidance, resolution of issues, and the day-to-day review of progress. It would identify and frame matters for High Level Joint Steering Group attention.

Governance Boards during the Operational / Service Delivery Phase

7.16 In this example (figure 6) a Joint Operation Board would be instigated during the operational phase. It has been shown that the management of operational phase projects is greatly facilitated by the creation of a specific board to address operational issues:

Joint Operation Board 7.17 This should be a three way board, comprising representation from the Authority (those who are responsible for paying for the project), the Authority’s end-users/customers of the service, and the Contractor responsible for service delivery. The JOB would deal with practical issues concerning the running of the contract and ensuring that the benefits are being delivered. Specific activities would include the operation of the Pay and Performance Mechanism, the Disputes Resolution Processes, and practical service delivery issues.

Figure 6: In-service/Operational Phase Board Structure



8

APPROVALS PROCESS AND INDEPENDENT REVIEWS

8.1 Project scrutiny and approvals processes are part of the organisation or corporate governance. Generally participants would not be counted as project stakeholders, and as such these processes are not the subject of this guide. However scrutiny and approval processes do play an underpinning role in successful project delivery, and project governance needs to address the interaction with the project scrutiny and approvals processes.

8.2 The scrutiny of others, who bring to bear broad experience, perspective and expertise, forms part of the project assurance process, and is a valuable discipline. The project delivery team should consider such scrutiny as being there to support the project, and not, as often is the case, as a hurdle to be cleared. The formal approval processes in an Authority set down processes for approval of projects; unless a project has received approval under the set processes, the project manager has no authority. As a supporting step and part of good project governance practice, independent reviews by peers at key stages in a project's life form part of public sector policy. Such reviews may be to inform the formal approval process on the readiness of a project to progress to the next stage or they may be at pre-ordained points, or instigated as required to give assurance that the benefits of the project as stated in the business case are being delivered. It is recommended that the scope of such reviews include a consideration of the project governance arrangements that are in place and those that are proposed for the following project phase. The effectiveness of the project governance during the phase in question can be investigated by a set of key questions around:

- programme direction;
- project ownership and sponsorship;
- the effectiveness of the project management functions; and
- reporting and disclosure.

8.3 A sample set of questions is attached at Annex A1 to A4.

[Note: Presentationally these could be put into boxes and inserted in the text.

The questions are taken from the APM document "Directing Change, A guide to governance of project management. I am checking with APM on whether we can include these and make references to their documents.]

8.4 The OGC has published its Gateway (trade mark) Process, which is designed to give assurance on a project's readiness to move to the next critical steps in its lifecycle. The steps are: strategic assessment, business justification, procurement strategy, investment decision, readiness for service, and benefits evaluation. Gateway Reviews are carried out by reviewers who are independent of an Authority. Authorities may have their own variants of this process, which may be more apt for a particular project's development or scale.

8.5 It is for the project's owner or the project manager to sponsor such reviews, and for both to take responsibility for tackling its recommendations. After the selection of a preferred bidder, reviews should include the private sector to get a balanced view and to capture concerns accurately. Project Boards and Joint Project Boards should consider review reports and act on them as they consider necessary before any submission to an approving authority.

9

OUTCOMES

- 9.1** Effective project governance helps to ensure a successful project:
- The project outcomes are aligned with the Authority's strategic priorities;
 - The project has clear ownership and leadership throughout its life;
 - There is an ongoing engagement with stakeholders, so that, for example, the assets are designed and built with the user, the operational task and the working environment in mind;
 - The outcomes are fit for purpose;
 - There are sufficient resources and skills to deliver the overall project, including a competent and trained project delivery team;
 - Professional and Quality standards, and codes of practice are appropriately used;
 - Public sector issues are factored in at the right time;
 - There are periodic reviews throughout the project lifecycle to account for changes in the Authority's requirement (performance, time and cost), and for example to account for technology advances, changes in the project environment etc;
 - Stakeholders work together and are effectively engaged; and
 - There is a good understanding of and contact with the supply industry.

That is, project governance is a means for ensuring that the right project is undertaken, and that it is delivered and implemented correctly.

10

REFERENCES

OGC Gateway TM (trade mark) Publications

www.ogc.gov.uk

NAO 1) A framework for Evaluating the Implementation of PFI Projects

2) Driving the Successful Delivery of Major Defence Projects

www.nao.org.uk

HM Treasury 1) Green Book, Appraisal and Evaluation in Central Government

2) Government Accounting

www.hm-treasury.gov.uk

Association for Project Management

The work of the Governance of Project Management (GoPM) Special Interest Group

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The Good Governance Standard for Public Services produced by The Independent Commission for Good Governance in Public Services, published in 2004. This Standard presents six principles of good governance that are common to all public service organisations and are intended to help all those with an interest in public governance to assess good governance practice. The Independent Commission for Good Governance in Public Services was established and supported by the Office for Public Management (OPM®) and the Chartered Institute of Public Finance and Accountancy (CIPFA), in partnership with the Joseph Rowntree Foundation.

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ANNEX A

LIST OF QUESTIONS FOR CONSIDERING THE EFFECTIVENESS OF PROJECT GOVERNANCE ARRANGEMENTS

A.1 These questions are based on the APM document “Directing Change, A guide to governance of project management” reprinted in High Wycombe in October 2005, and adapted for use by public sector Authorities.

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ANNEX A I

LIST OF QUESTIONS FOR CONSIDERING THE EFFECTIVENESS OF PROJECT GOVERNANCE ARRANGEMENTS

Programme Direction

- PD 1. Are the Authority's projects aligned with its key objectives, including those at Departmental level?
- PD 2. Are the Authority's financial controls, Comprehensive Spending Review and other processes (affordability) applied to the projects?
- PD 3. Is the programme of projects prioritised, refreshed, maintained and pruned in such a way that the mix of projects continues to support strategy, taking into account changes and external factors?
- PD 4. Does the Authority discriminate correctly between activities that should be managed as projects and other activities that should be managed as non-project operations?
- PD 5. Does the Authority assess and address the risk associated with the projects, including the impact of failure?
- PD 6. Is the Authority's programme of projects consistent with its capacity to deliver these projects?
- PD 7. Does the Authority's engagement with the supply-side contractors encourage a sustainable programme by ensuring their early involvement and by shared understanding of the risk and rewards?
- PD 8. Does the engagement with stakeholders (including end-users, finance function, HR etc) encourage a sustainable programme?
- PD 9. Has the Authority assured itself that the impact of implementing its programme of projects has an acceptable impact on its ongoing operations?

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ANNEX A2

LIST OF QUESTIONS FOR CONSIDERING THE EFFECTIVENESS OF PROJECT GOVERNANCE ARRANGEMENTS

Project ownership and sponsorship

- PS 1. Are the project governance arrangements for each major project sound, and is there a competent sponsor (owners, or SRO)?
- PS 2. Do sponsors and stakeholders devote enough time to the project?
- PS 3. Do project sponsors hold regular meetings with the project delivery team (or Project Director), and are they sufficiently aware of the project status?
- PS 4. Do the project governance arrangements and project sponsors provide clear and timely directions and decisions?
- PS 5. Does the project delivery team have access to sufficient resources with the right skills to deliver projects?
- PS 6. Are projects terminated at the appropriate time when this is needed?
- PS 7. Is independent advice used for appraisal of projects?
- PS 8. Are sponsors accountable for and do they own and maintain the business case?
- PS 9. Are sponsors accountable for the realisation of benefits?
- PS 10. Do sponsors adequately represent the project throughout the organisation?
- PS 11. Are the interests of key project stakeholders, including suppliers, regulators and providers of finance, aligned with project success?

**LIST OF QUESTIONS FOR CONSIDERING THE EFFECTIVENESS OF
PROJECT GOVERNANCE ARRANGEMENTS**

Effectiveness of the Project Management functions

- PM 1. Do all projects have clear critical success criteria and are they used to inform decision-making?
- PM 2. Is the Authority assured that the project management processes and project management tools are appropriate for the projects?
- PM 3. Is the Authority assured that the people responsible for project delivery, especially the project managers, are clearly mandated, sufficiently competent and have the capacity to achieve satisfactory project outcomes?
- PM 4. Are project managers encouraged to develop opportunities for improving project outcomes?
- PM 5. Are key project governance roles and responsibilities clear and in place?
- PM 6. Are service department and suppliers able and willing to provide key resources tailored to the varying needs of different projects and to provide an efficient and responsible service?
- PM 7. Are appropriate issue, change and risk management practices implemented in line with adopted policies?
- PM 8. Is authority delegated to the right levels, balancing efficiency and control?
- PM 9. Are project contingencies estimated and controlled in accordance with delegated powers.

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ANNEX A4

LIST OF QUESTIONS FOR CONSIDERING THE EFFECTIVENESS OF PROJECT GOVERNANCE ARRANGEMENTS

Reporting and Disclosure

- RD 1. Does the Authority, at the right senior level, receive timely, relevant and reliable information of project forecasts, including those produced for the business case at project authorisation points?
- RD 2. Does the Authority, at the right senior level, receive timely, relevant and reliable information of project progress?
- RD 3. Does the Authority, at the right senior level, have sufficient information on significant project-related risks and their management?
- RD 4. Are there threshold criteria that are used to escalate significant issues, risks and their management?
- RD 5. Does the Authority use measures for both key success drivers and key success indicators?
- RD 6. Is the Authority able to distinguish between project forecasts based on targets, commitments and expected outcomes?
- RD 7. Does the Authority, at the right senior level, seek independent verification of reported project and portfolio information as appropriate?
- RD 8. Does the Authority, at the right senior level, reflect the project portfolio status in communications with key stakeholders?
- RD 9. Does the business culture encourage open and honest reporting?
- RD 10. Where responsibility for disclosure and reporting is delegated or duplicated, does the Authority ensure that the quality of information that it receives is not compromised?
- RD 11. Is a policy supportive of open reporting outside of the management structure effective?
- RD 12. Do project processes reduce reporting requirements to the minimum necessary?