ENGR3450 – Project Management

Week 10

The Project Execution

Auditing – Official Inspections

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Agenda today

- Types and Purposes of Auditing

- The Project Audit – Points of Auditing

- Audit Life Cycle

    – Problems from Ch 9 – 10 – 11

Types of Auditing
Can be Internal or External

- Quality audits

  Independent and structured activities to check if

  project activities comply with

  organizational and project

  policies, processes and procedures

- Risk audits

  Effectiveness of risk management activities

- Procurement audits

  Reviews of contracting activities, processes and effectiveness (In TR Sayıştay and governmental inspectors are highly interested)

- Others whenever boss believes

Purpose of Auditing

- Identify problems early

- Clarify   Scope – Time – Cost
  Correctness, relationships, suitability with of organizations(purposes)

- Improve performance as monitoring

- Supply information to stakeholders

- Report to embed new technologies if available

The project audit

- Current status of the project
  - CPI, SPI, TPI, CSI (Look at week 9) and others.

- Future status
  - Against scope, budget and deadlines

- Risk assessment

- Assumptions of the audit process

Comparison with financial audits

Table 12-1 Comparison of Financial Audits with Project Audits

	Financial Audits	**Project Audits**
Status	Confirms status of business in relation to accepted standard	Must create basis for, and confirm, status on each project
Predictions	Company's state of economic well-being	Future status of project
Measurement	Mostly in financial terms	Financial terms plus schedule, progress, resource usage, status of ancillary goals
Record-keeping system	Format dictated by legal regulations and professional standards	No standard system, uses any system desired by individual organization or dictated by contract
Existence of information system	Minimal records needed to start audit	No records exist, data bank must be designed and used to start audit
Recommendations	Usually few or none, often restricted to management of accounting system	Often required, and may cover any aspect of the project or its management
Qualifications to the audit report	Customary to qualify statements if conditions dictate, but strong managerial pressure not to do so	Qualifications focus on shortcomings of audit process (e.g., lack of technical expertise, lack of funds or time)

Meredith

Value of audits against time

Table 12-2   Timing and Value of Project Audits/Evaluations

Project Stage	Value
Initiation	Significant value if audit takes place early—prior to 25 percent completion of initial planning stage
Feasibility study	Very useful, particularly the technical audit
Preliminary plan/schedule budget	Very useful, particularly for setting measurement standards to ensure conformance with standards
Baseline schedule	Less useful, plan frozen, flexibility of team limited
Evaluation of data by project team	Marginally useful, team defensive about findings
Implementation	More or less useful, depending on importance of project methodology to successful implementation
Postproject	More or less useful, depending on applicability of findings to future projects

Unfortunately post project used in TR for governmental.
Cost lots of money from external audit companies.

Meredith

Usual format of audit reports

1. Introduction
    - Framework to make reader understand

2. Current status
    - Cost – Schedule – Scope – Quality

3. Future project status
    - Authors ideas for Cost – Schedule – Scope – Quality for future

4. Time – Cost – Scope trade of reviews

5. Review of risk management (not new ideas but caveats)

Audit life cycle

- Assemble a small team of experts and associate (candidate) experts
- Make team familiarize about scope – schedule – budget
    - Do meetings, collect data
- Brief Project Management
- Collect Data – Work in coordination with Project team and PM
- Create report
- Re-brief Project Management including tips of the report
- Recreate final report to submit both Management and team.
- Follow up conclusions of recommendations of the report
    - (if you have given authority)

Audit life cycle

Auditors can be a good bridge
formally in their reports
informally in meetings
between top management
and project team (including PM)
if there exists hierarchical
communication problems
in company organization chart
and organizational culture.

They create good results easily
in TR simply by that ability.

Final Report, Agency Evaluation, Sub-Committee II
Physical Plant, Management of Office, Personnel Practices

Summary of Recommendations

Recommendations which require Board action.

1. The Board of _____ should continue its efforts to obtain additional funds for our salary item.

2. The cost of Blue Cross and Blue Shield insurance coverage on individual employees should be borne by _____.

Recommendations which can be put into effect by *Presidential Order* to committees, staff, or others.

3. The House Committee should activate, with first priority, the replacement of the heating/air conditioning system. Further, this committee should give assistance and support to the Secretary to the Executive Director in maintenance and repair procedures.

4. A professional library should be established even if part time workers must share space to accomplish this.

5. Our insurance needs should be re-evaluated.

6. All activities related to food at meetings should be delegated to someone other than the Secretary to the Executive Director.

7. Majority opinion—positions of Administrative Assistant and Bookkeeper will need more time in the future. Minority opinion—positions of Administrative Assistant, Bookkeeper, and Statistical Assistant should be combined.

8. The Personnel Practices Committee should review job descriptions of Bookkeeper and Statistical Assistant and establish salary ranges for those two positions and that of the Administrative Assistant.

9. Dialogue between the Executive Director, his secretary, and the Administrative Assistant should continue in an effort to streamline office procedures and expedite handling of paperwork.

10. The written description of the Personnel Practices Committee should include
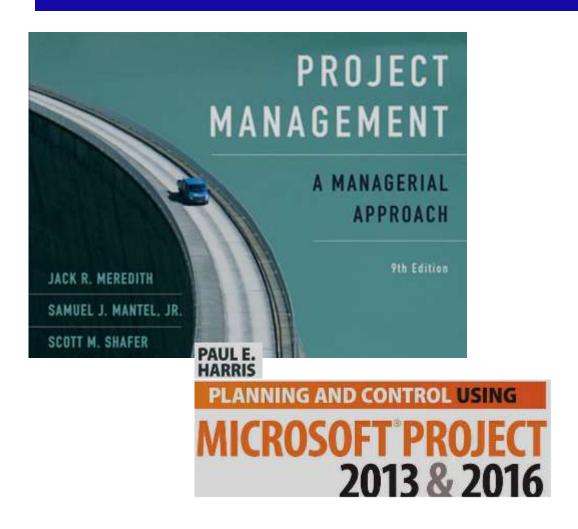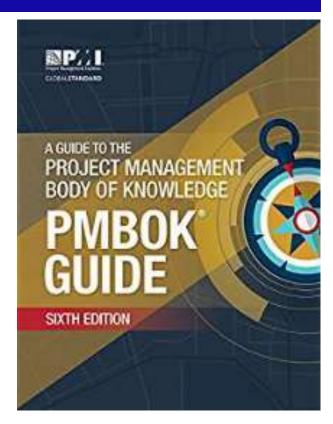
Problem solutions of Ch 9 – 10 – 11

PROJECT MANAGEMENT

A MANAGERIAL APPROACH

9th Edition

JACK R. MEREDITH

SAMUEL J. MANTEL, JR.

SCOTT M. SHAFER

Remember your workshop

Revise your project charters
observing lectures
of weeks 8 – 9 – 10

Resources

Questions

- Questions

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NEXT WEEK: Project Execution – Project Termination
                        Problem solutions Ch 9,10,11