CHAPTER 11:
Project Audit and Closure

1

CONTENTS

1. Project audit

2. Project closure

3. Discussion

2

PROJECT AUDIT

3

Major Tasks of a Project Audit

✓ Evaluate if the project delivered the expected benefits to all stakeholders.

  ✓ Was the project managed well?

  ✓ Was the customer satisfied?

✓ Assess what was done wrong and what contributed to successes.

✓ Identify changes to improve the delivery of future projects.

4

5/10/2018

Types of Project Audits

- **In-process project audits**
  - ❑ Allow for <u>corrective changes</u> if conditions have changed and for concentration on project <u>progress and performance</u>.

- **Postproject audits**
  - ❑ Take a <u>broader and longer-term view of the project's role</u> in the organization and emphasize <u>improving the management</u> of <u>future projects</u>.

5

Project Audit Components	➢ A review of <u>why</u> the project was selected.
	➢ A <u>reassessment</u> of the project's role in the organization's priorities.
	➢ A <u>check</u> on the organizational culture to ensure it facilitates the type of project being implemented.
	➢ An <u>assessment</u> of how well the project team is functioning well and if its is appropriately staffed.
	➢ A <u>check</u> on external factors that might change where the project is heading or its importance.
	➢ A <u>review</u> of all factors relevant to the project and to managing future projects.

6

3

Factors Influencing Audit Depth and Detail

- ✓ **Organization size**

- ✓ **Project type**

- ✓ **Project size**

- ✓ **Project importance**

- ✓ **Project risk**

- ✓ **Project problems**   7

Conducting a Project Audit

1. **Step 1: Initiation and Staffing**
2. **Step 2: Data Collection and Analysis**
3. **Step 3: Reporting**

8

Characteristics of Audit Leaders

✓ No direct involvement or direct interest in the project.

✓ Respect (perceived as impartial and fair) of senior management and other project stakeholders.

✓ Willingness to listen.

✓ Independence and authority to report audit results without fear of recriminations from special interests.

✓ Perceived as having the best interests of the organization in making decisions.

✓ Broad-based experience in the organization or industry. 9

Step 2: Data Collection and Analysis

➤ *Organization View*　　　➤ *Project Team View*

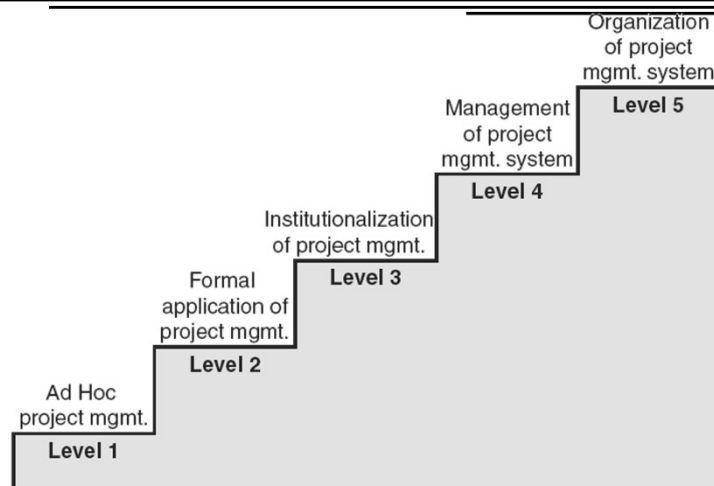| Organization View	Project Team View
✓ Was the organizational culture supportive and correct?	✓ Were the project planning and control systems appropriate for this type of project?
✓ Was senior management's support adequate?	✓ Should all similar projects use these systems?
✓ Did the project accomplish its intended purpose?	✓ Did the project conform to plan for budget and schedule?
✓ Were risks appropriately identified and assessed?	✓ Were interfaces with stakeholders effective?
✓ Were the right people and talents assigned?	✓ Have staff been fairly assigned to new projects?
✓ Have staff been fairly reassigned to new projects?	✓ Did the team have adequate resources? Were there resource conflicts?
✓ What does evaluation from contractors suggest?	✓ Was the team managed well?
✓ Were the project start-up and hand-off successful?	✓ What does evaluation from contractors suggest?
✓ *Is the customer satisfied?*	

10

Step 3: Reporting

1. **Audit Report Content Outline**
   - ❑ Classification of project
     - • Project type
     - • Size
     - • Staffing
     - • Technology level
     - • Strategic or support
   - ❑ Analysis of information gathered
     - • Project mission and objectives
     - • Procedures and systems used
     - • Organization resources used
   - ❑ Recommendations
     - • Corrective actions
   - ❑ Lessons learned
     - • Reminders
   - ❑ Appendix
     - • Backup data
   - ❑ Summary booklet

11

Project Management Maturity Model

Organization of project mgmt. system

Level 5

Management of project mgmt. system

Level 4

Institutionalization of project mgmt.

Level 3

Formal application of project mgmt.

Level 2

Ad Hoc project mgmt.

Level 1

12

PROJECT CLOSURE

13

Project Closure

1. Conditions for Closure
   - ❑ Normal
   - ❑ Premature
   - ❑ Perpetual
   - ❑ Failed Project
   - ❑ Changed Priority

1. Close-out Plan:
   Questions to be Asked
   - ❑ What tasks are required to close the project?
   - ❑ Who will be responsible for these tasks?
   - ❑ When will closure begin and end?
   - ❑ How will the project be delivered?

14

Barriers to Project Success

Activity*	Barrier	Incidence (%)	
Planning 32%	Unclear definition	16%	*To interpret the table, note that 32 percent of the 1,654 participants reported the barriers under "Planning," 12 percent reported the barriers under "Scheduling," and so on.
	Poor decision making	9	
	Bad information	3	
	Changes	4	
Scheduling 12%	Tight schedule	4	
	Not meeting schedule	5	
	Not managing schedule	3	
Organizing 11%	Lack of responsibility or accountability	5	
	Weak project manager	5	
	Top management interference	1	
Staffing 12%	Inadequate personnel	5	
	Incompetent project manager	4	
	Project member turnover	2	
	Poor staffing process	1	
Directing 26%	Poor coordination	9	
	Poor communication	6	
	Poor leadership	5	
	Low commitment	6	
Controlling 7%	Poor follow-up	3	
	Poor monitoring	2	
	No control system	1	
	No recognition of problems	1	

15

Implementing Closedown

- ➢ <u>Getting</u> delivery acceptance from the customer.

- ➢ <u>Shutting</u> down resources and <u>releasing</u> to new uses.

- ➢ <u>Reassigning</u> project team members.

- ➢ <u>Closing</u> accounts and <u>seeing</u> all bills are paid.

- ➢ <u>Evaluating </u>the project team, project team members, and the project manager.

16

Project Performance Evaluations

1. Reasons for Poor-Quality Project Performance Evaluations:
   - ❑ Evaluations of individuals are still left to supervisors of the team member's home department.
   - ❑ <u>Typical measures</u> of team performance center <u>on time, cost, and specifications.</u>

17

Project Performance Evaluation: <u>Team</u>

1. Are standards and goals for measuring performance Clear, challenging, and attainable? Lead to positive consequences?

2. Are responsibilities and performance standards known by all team members?

3. Are team rewards adequate? Management believes teams are important?

4. Is there a career path for successful project managers

5. Does the team have discretionary authority to manage short-term difficulties?

6. Is there a high level of trust within the organization culture?

7. Are there criteria beyond time, cost, and specifications?

18

Sample Team Evaluation and Feedback Survey

Using the scale below, assess each statement.

	Disagree				Agree
1. The team shared a sense of common purpose, and each member was willing to work toward achieving project objectives.	1	2	3	4	5
2. Respect was shown for other points of view. Differences of opinion were encouraged and freely expressed.	1	2	3	4	5
3. All interaction among team members occurred in a comfortable, supportive atmosphere.	1	2	3	4	5

19

Project Performance Evaluation: <u>Individual</u>

➢ Responsibility for assessing performance

Functional organization or functional matrix	✓ **the individual's area manager** **The area manager may solicit the project manager's opinion of the individual's performance on a specific project.**
Balanced matrix	✓ the project manager and the area manager jointly evaluate an individual's performance
Project matrix and project organizations	✓ the project manager is responsible for appraising individual performance

20

Project Performance Evaluation: Individual

1. Multirater appraisal or the "360-degree feedback

    ❏   Involves soliciting feedback concerning team members' performance from all the people their work affects.

    ❏   This includes project managers, area managers, peers, subordinates, and even customers.

21

Conducting Performance Reviews

✓   Begin by asking the individual to evaluate his or her own performance.

✓   Avoid drawing comparisons with other team members; rather, assess the individual in terms of established standards and expectations.

✓   Focus criticism on specific behaviors rather than on the individual personally.

✓   Be consistent and fair in your treatment of all team members.

✓   Treat the review as one point in an ongoing process.

22

SUMMARY

23

Key Points in Conducting Audits

✓ Have automatic times or points when audits will take place. Surprises should be avoided.

✓ Conduct audits carefully and with sensitivity

✓ Audit staff must independent from the project.

✓ Audit reports need to be used and accessible.

✓ Audits support organizational culture

✓ Project closures should be planned and orderly.

✓ Certain "core conditions" must be in place to support team and individual evaluation.

✓ Conduct individual and team evaluations separate from pay or merit reviews.

24