

A roadmap for improving Project Portfolio Governance in the APS

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Agenda

- 1. Public Sector Environment**
- 2. Challenges – Audit findings**
- 3. Conceptual PPG Framework**
- 4. PPG Roadmap to maturity**

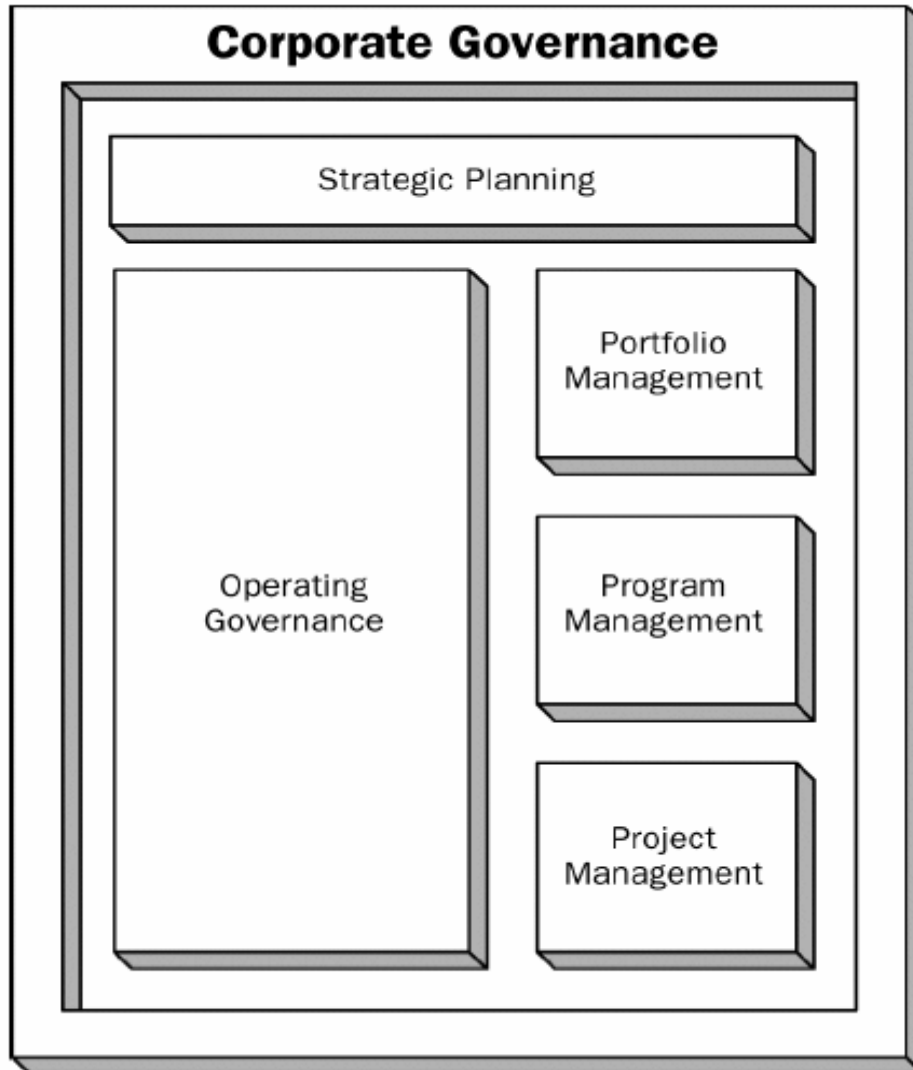
1. Current Public Sector Environment

Four key drivers (CIU, 2008):

1. Complex problems facing government
2. More decisions made and implemented faster
No. Budget Measures increased from 353 to 532 over last 5 Budgets
Speed: eg 34% measures in CIU's last quarterly report to be implemented in < 2 yrs
3. Complex and flexible delivery environment
eg whole of government
4. Improved delivery while satisfying accountability requirements –
eg Gershon review, additional efficient dividends

Do more complex things, faster and cheaper

2.Challenges: PPG Context



Project Portfolio governance (PPG) is in the context of corporate governance

2. Personnel Management Key Solution (PMKeyS) Project

At Completion 2002

- Cost more than twice original cost (\$38M over)
- Without gaining the promised benefits (\$100m pa)
- Took up to 4 years longer than planned
- Undertaken without proper Cabinet approval.



ANAO findings

- Major project and governance failings (ANAO, 2005)

2. Cargo Management Re-engineering Project

At Completion 2006

- Considerable delays
- Cost overruns – \$30M to \$205M
- Disruption to the movement of cargo at Australia's major ports and airports

ANAO findings

- Inadequate management framework
- Insufficient time for end to end testing (ANAO, 2007)



2. Edge Project

- At termination 2003
 - \$64M Actual

ANAO findings

- Inadequate governance arrangements
 - Constantly changing policy
 - Tension between the agencies
- (ANAO, 2005)



2. Project Management in Centrelink

ANAO Audit Feb 2007

- positive report on the project management framework
- Further work required for
 - clearer governance arrangements
 - simpler methodology
 - improved control arrangements



Centrelink Project Management Framework

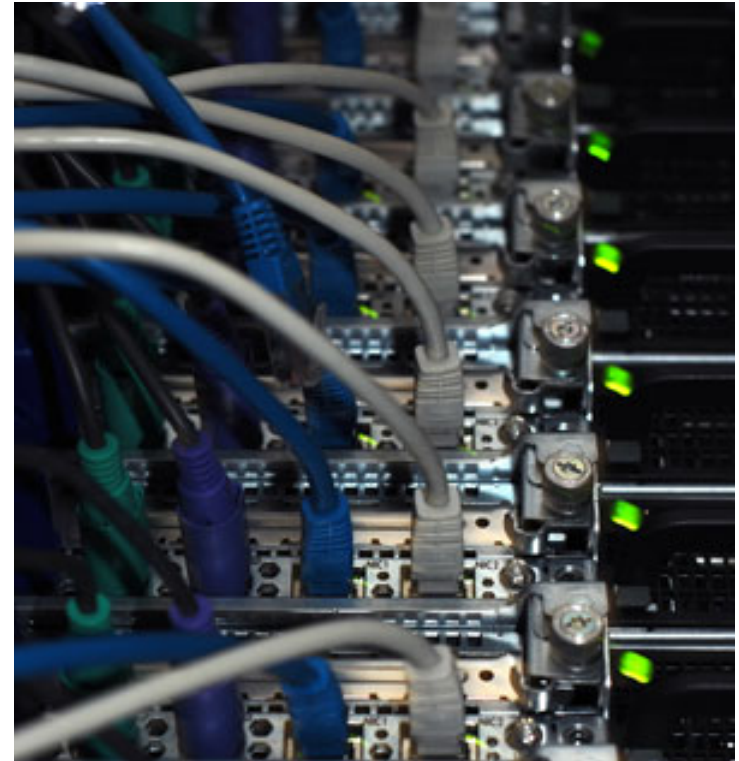
Supporting a modern capable project management workforce

2008

2. IT Refresh Program

ANAO Audit Dec 2007

- Positive report
- Savings well over expected levels
- Commended governance arrangements
 - effective oversight
 - effective internal coordination & management



3. Project Portfolio Governance

Challenges

- Silo operation eg IT vs. business
- Insufficient coordination with business priorities
- No systematic priorities assignment
- Informal approval process for change
- Lack of full cost-benefit perspective

Solutions

- Improved collaboration
- Transparent & coherent process for project resource allocation
- Priorities aligned with organisational strategy
- Clear objectives, direction
- Appropriate accountability, authority and reporting regimes
- Right skills
- Right methodologies

(ANAO, 2006)

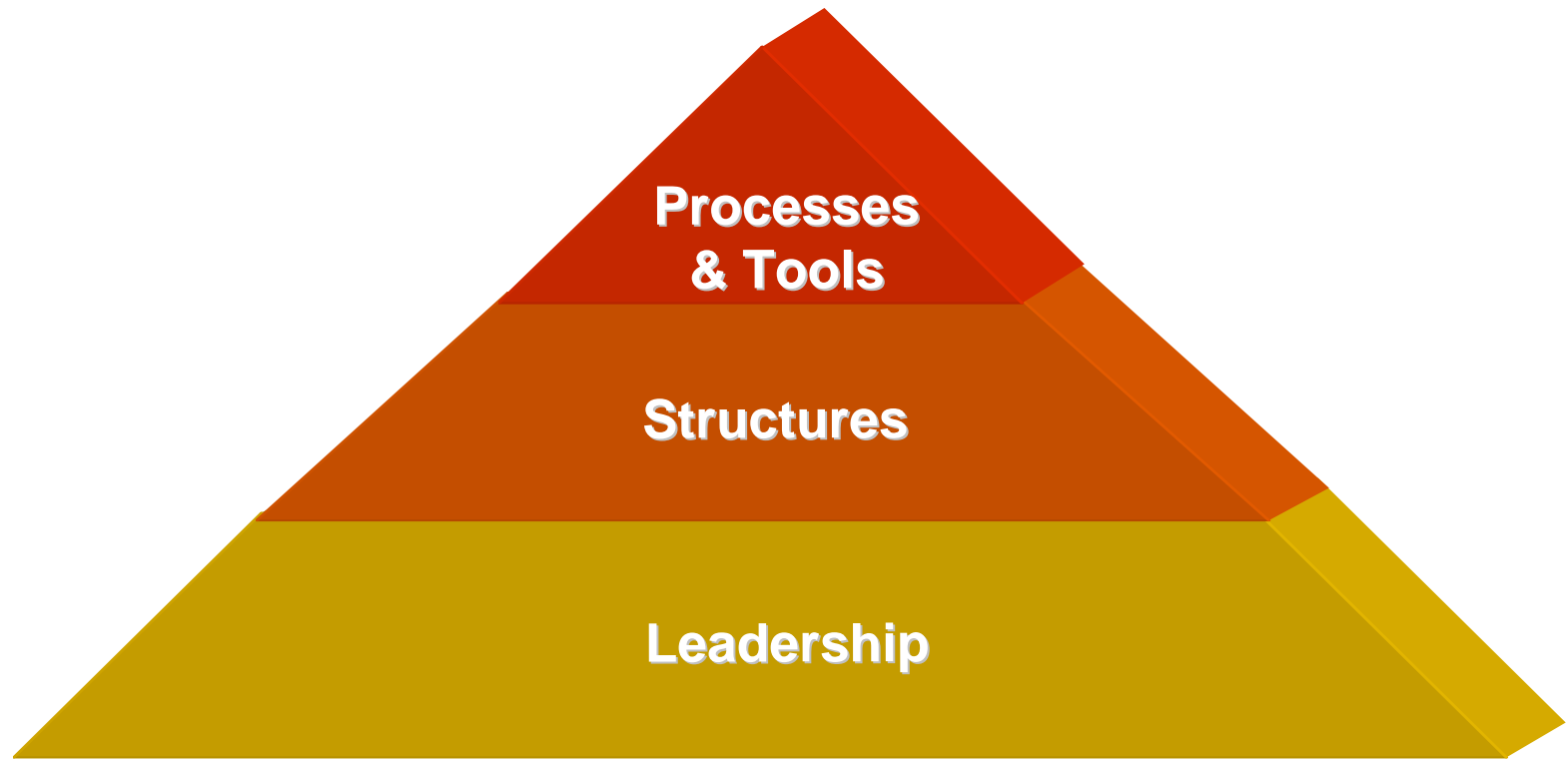
Features of a workable model

3. Governance Definition

- *‘how an organisation is managed, its corporate and other structures, its culture, its policies and strategies and the way it deals with its various stakeholders. The concept encompasses the manner in which public sector organisations acquit their responsibilities of stewardship by being open, accountable and prudent in decision-making, in providing policy advice, and in managing and delivering programs’.*

(ANAO Better Practice Guide, 2003)

3. Project Portfolio Governance Framework



3. Framework: Leadership

Provides

- Foundational Principles/policy directions – eg CEIs with shared ownership and commitment at the top

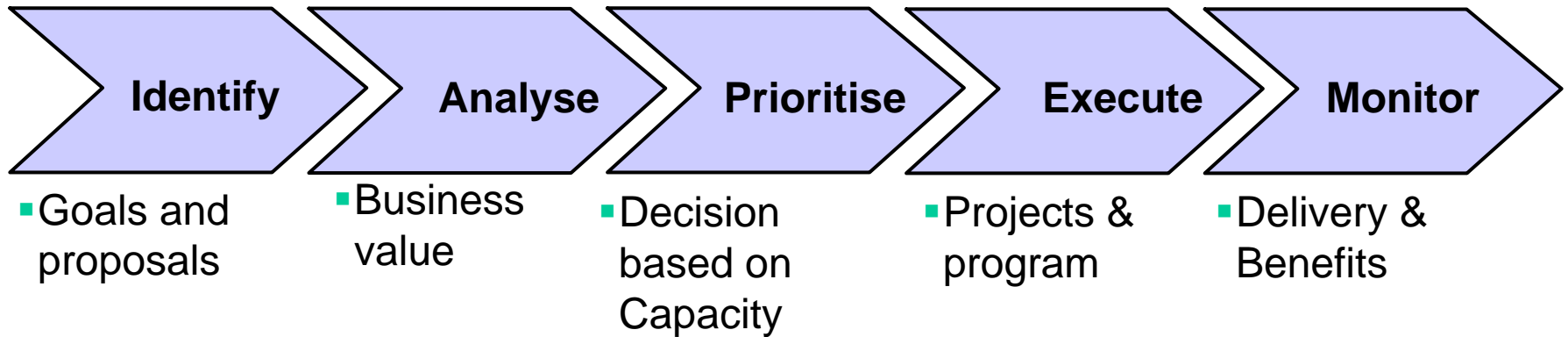
*Good governance is far more than a "check-the-box" list of minimum board and management policies and duties. Even the most thoughtful and well-drafted policies and procedures are destined to fail if directors and management are not committed to **enforcing them in practice**'*

(The Business Round Table, May 2002)

3. Framework: Structures



3. Framework: Processes & Tools



Best to have portfolio management tool with functionalities for the processes

4. Road Map: PPG Maturity Levels

Governance

5: Optimising

Tool

4: Managed

PMO

3: Defined

Process

2: Repeatable

1: Initial

- Unaligned
- No standard process
- No tracking system
- Unpredictable benefits

- Ltd alignment
- Ltd accountability
- Min standards
- Ltd co-ordination
- Min benefits

- Moderate alignment
- Moderate accountability
- Standards & consistent approach
- Central Control
- Moderate benefits

- Adequate alignment
- Adequate accountability
- Adequate standards
- Adequate Measurements
- Predictable benefits

- Continuous improvement
- Active alignment
- Accountability
- Measurements
- Full benefits

4. Roadmap: Phased Implementation

- Establish some governance bodies and validate roles and responsibilities
- Validate methodology
- Develop/adapt essential governance artifacts (eg templates, etc.)

Level 1 to 2

Reactive

- Formalise governance bodies
- Formalize PMO role
- Formal training
- Communicate standards
- Formalise Standards & methodology
- Develop/adapt additional governance artifacts including workflows, etc.)
- Establish a tool

Level 2 to 3

Proactive

- Implement project portfolio performance tracking
- Validate workflows
- Validate the tool
- Evaluate and refine governance framework with lessons learned

Level 3 to 4

Service

- Validate project portfolio performance tracking
- Validate governance framework

Level 4 to 5

Value

Key Messages

- Good project portfolio governance processes lead to good organisational performance
- It takes a significant investment in time & people to establish a workable governance process
- The phased approach to implementation is best
- Keep it simple so it's manageable.
- Much of the work in establishing effective project portfolio governance can be done with the help of consulting organisations.