How to Effectively Audit a Project Management Office (PMO)

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Discussion Points

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What is a Project Management Office

The role of a Program Management Office ("PMO") is to facilitate and educate managers in the establishment of communication, coordination and collaboration protocols between various interdependent initiatives.

A PMO is a Center of Excellence whose mission is to lead and empower others with advice, training, methods, tools and services that makes everyone successful at delivering their projects.

PMOs are not necessarily cost saving entities but effect cost savings through standardization, governance, and redundancy mitigation.
Managing the Project Portfolio

- Plan
- Execute
- Validate
- Adjust

Business Strategy

PMO

Project Portfolio

Resource Portfolio

Application Portfolio
PMO Structure

There are two basic PMO models

1. Decentralized Model
   - Consultative approach
   - Provides guidelines, training and recommendations but does not implement policy
   - More collaborative in nature
   - Lower potential reward

2. Centralized Model
   - Center of Excellence approach
   - Defines and implements policy
   - More rigid structure
   - Higher risk
   - Higher potential reward
What Comprises an Effective PMO?

An effective PMO should comprise some or all of the following attributes:

- Align and prioritize the project portfolio with business needs

- Implementation of consistent project management and tracking metrics to enable project sponsors to manage key performance indicators

- Leverage tools, templates and experience across the enterprise

- Knowledge and tool sharing to communicate lessons learned and minimize the potential for redundant work effort and expenditures across multiple initiatives

- Align with Corporate structure and culture (advisory or policy-making role)
Internal Audit’s Role in a PMO

Things to look for:

– Risk Management
  • Balance project risk/reward across the project portfolio

– Standardization
  • Consistency of project management approach, tools, templates and reporting across project portfolio

– Perception of Value
  • Do those groups that the PMO services perceive value

– Balanced Participation
  • Level of involvement & ownership from both business and technology groups
Internal Audit’s Role in a PMO (cont.)

Things to look for:

– Appropriate Skill Sets
  • PMO skills sets aligned with PMO mission

– Clear Communications
  • Clear exchange and dissemination of information to the organization

– Roles & Responsibilities
  • Clear definition of PMO responsibility, accountability and ownership

– Performance Management
  • Collection & analysis of project information to determine status and progress to completion
Sample PMO Audit Objectives

- Adequate project sponsorship and appropriate resource staffing & availability
- PMO structure fits with organizational culture
- Projects linked to strategic business objectives
- Clear objective, timeline, status report, quality assurance and governance tracking standards
- Consistent and standardized project management processes and tools
- Defined change management process
Sample PMO Audit Objectives (cont.)

- Clear criteria for defining project continuation or termination
- Capture and dissemination of lessons-learned
- Existence of training programs and best practice advisory services
- Appropriate skill sets and resource allocation
- Internal customer satisfaction documentation and feedback
- Post implementation review
Risk Areas (Red Flags)

- PMO conflicts with corporate culture, viewed as either ineffective or dogmatic
- Redundant applications, systems or infrastructure components
- Varying methods of reporting project status
- Inconsistent or unclear metrics for measuring project success/failure
- Post-implementation reviews reveal recurring issues and barriers to success
- Inadequate dissemination of lessons learned and/or training of project management principles and best practices
Internal Audit Value Proposition

Internal Audit’s role in auditing a PMO is to support the achievement of the PMO value proposition:

- Repeatable, standardized project management practices that can lower overall project costs through improved governance and oversight
- “Been-there-done-that” – a PMO can reduce learning curve impacts and increase efficiency by serving as a project management body of knowledge
- Centralized project portfolio knowledge base to minimize the risk of implementing redundant or incongruent systems
- Communication of lessons learned to reduce redundant problem solving and solutions