How to Effectively Audit a Project Management Office (PMO)

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Discussion Points

1. What is a PMO

2. PMO Structure

3. What Comprises an Effective PMO

4. Internal Audit's Role in a PMO

5. Key PMO Audit Objectives

6. Risk Areas (Red Flags)

7. Internal Audit Value Proposition

8. Q&A

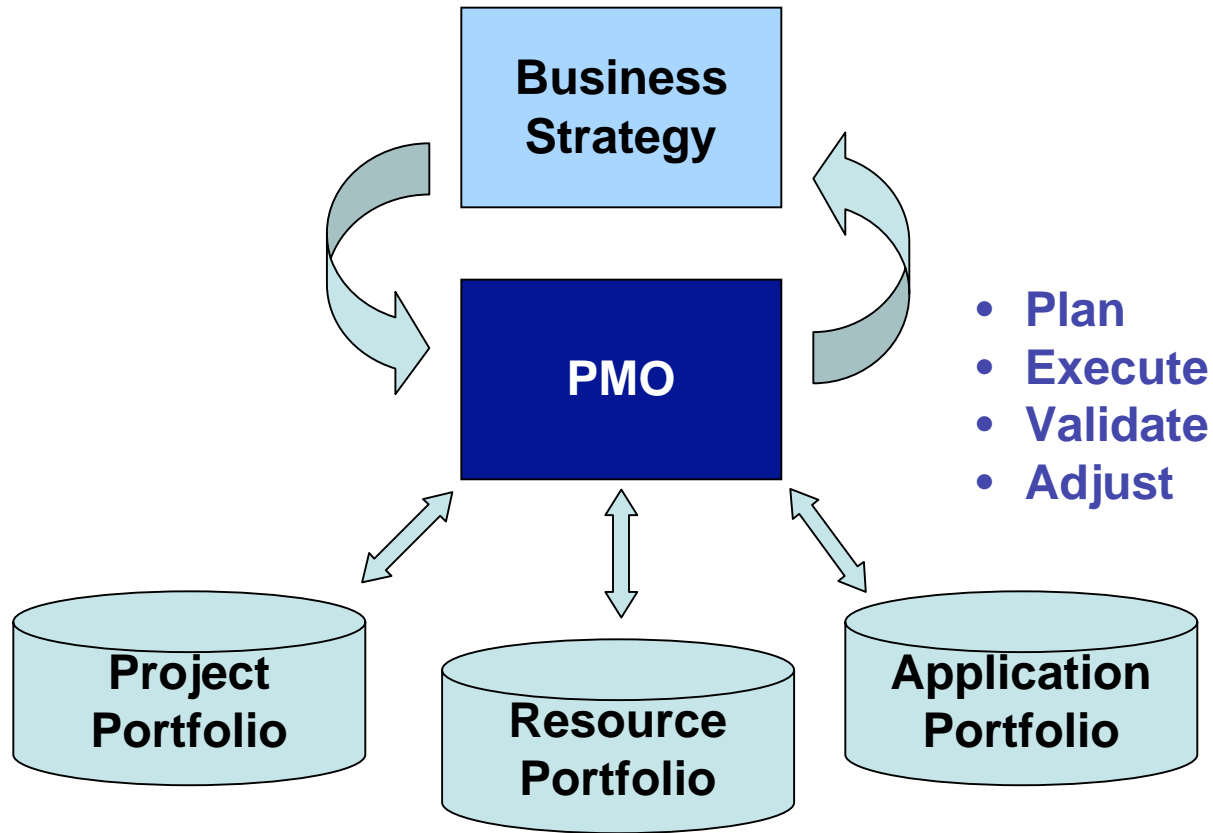# What is a Project Management Office

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

Business Strategy

PMO

- Plan
- Execute
- Validate
- Adjust

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

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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

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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

Q&A

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