

Audit, Finance & Risk Committee
11 March 2021

Report for Agenda Item | Rīpoata moto e Rāraki take 6

Department: Property & Infrastructure

Title | Taitara Project Management Office Assurance Management Framework

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to obtain approval for the Project Management Office (PMO) Assurance Management Framework.

RECOMMENDATION | NGĀ TŪTOHUNGA

- 2 That the Audit, Finance & Risk Committee:
 1. **Note** the contents of this report.
 2. **Approve** the PMO Assurance Management Framework.
 3. **Authorise** the Programme Manager to manage the assurance schedule in accordance with the PMO Assurance Management Framework.

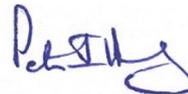
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22/02/2021

Reviewed and Authorised by:



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Property & Infrastructure

24/02/2021

CONTEXT | HOROPAKI

- 3 The Queenstown Lakes District is delivering significant investment in capital infrastructure to address the unprecedented growth in population and local tourism.
- 4 The Project Management Office (PMO) is committed to ensuring that the 3 Waters Programme is 'set up for success' by putting the right people, processes and systems in place for effective implementation and continual improvement. QLDC appointed Ernst Young (EY) in 2018 to independently advise on the overall readiness of the Programme and monitor the capability of QLDC, where required, to support successful Programme delivery.
- 5 EY reviews were completed in July 2020, December 2019, June 2019, March 2019 and November 2018, as well as an initial readiness assessment in September 2018. The observations and recommendations from these reviews have previously been reporting to the Audit, Finance & Risk Committee in October 2020, March 2020, December 2019 and June 2019.
- 6 EY were engaged to provide independent advice during the initial implementation of the PMO and their engagement concluded at the end of June 2020. In their last report, which was accepted by the Audit, Finance & Risk Committee in October 2020, EY reported that: *"Generally, the Programme is seen to be in a healthy position and continues to improve across a number of areas. The PMO is on track to address the majority of our December-19 recommendations (some have already been closed out). A small number of issues have been assessed as more significant or urgent than was concluded previously. While the team are proactively responding to these challenges, ongoing work will be required to achieve good practice across all seven focus areas."*
- 7 To ensure ongoing assurance of the delivery of the significant 3 Waters Programme, the attached PMO Assurance Management Framework – Strategy and Plan has been developed in accordance with the 5 Assurance Management Principles as described in the Managing Successful Programme (MSP) framework.

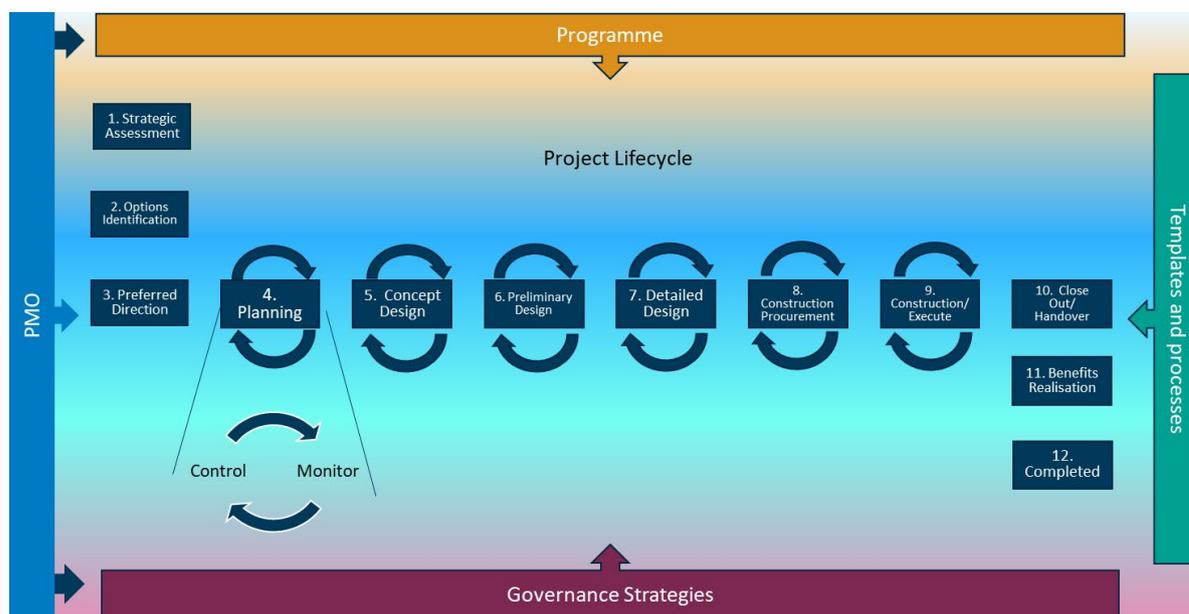
ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 8 The proposed PMO Assurance Management Framework is based on a 'four lines' of defence model, including independent internal and external assurance and is broadly consistent with the five 'Assurance Management Principles' as described in the Managing Successful Programme (MSP) framework. The Portfolio, Programme and Project Management Maturity Model (P3M3) is proposed as the evaluation method for assessing the effectiveness of the PMO's programme management practices and processes.
- 9 As outlined in the PMO Assurance Management Framework, the four lines of defence are:
 - First line (Project): Assurance comes directly from those responsible for delivering specific objectives or processes. It may lack independence, but its value is that it comes from those who know the business, culture and day-to-day challenges. They own and manage the risks. The first line monitors and controls at a project level,

using the specified governance frameworks, tools and templates and reports against baselines for cost scope time and budget.

- Second line (Programme): The way the organisation oversees the control framework so that it operates effectively. The assurance provided is separate from those responsible for delivery, but not independent of the management chain. They oversee the risks. The second line ensures compliance, by the first line of defence, and reports upwards on deviations
- Third line (PMO): Objective and independent assurance, providing reasonable (not absolute) assurance of the overall effectiveness of governance, risk management and controls. The third line provides independent assurance
- Fourth line (P3M3): Assurance from external independent bodies such as the external auditors and other external bodies. External bodies may not have the existing familiarity with the organisation that an internal audit function has, but they can bring a new and valuable perspective. Additionally, their outsider status is clearly visible to third parties, so that they can not only be independent but be seen to be independent.

10 A Portfolio, Programme and Project (P3M) delivery methodology has been adopted and embedded across the PMO. This methodology takes the form of a staged lifecycle approach. Assurance will evaluate Programme maturity in accordance with stage lifecycle model as outlined below.



11 An initial audit schedule has been developed and is attached. It is proposed that the PMO Programme Manager will manage the assurance schedule and an update of the assurance programme findings will be reported to the Audit, Finance & Risk Committee regularly (approximately 6 monthly).

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 12 This matter is of [low] significance, as determined by reference to the Council's Significance and Engagement Policy because the impact to the Queenstown Lakes District is low, the Community will not be affected, there is no inconsistency with existing policy and strategy, but it will have a medium impact on the Councils capability and capacity. The decision does not relate to transfer or sale of shareholding of a strategic asset.
- 13 The Council will not consult with affected parties on this matter.

> MĀORI CONSULTATION | IWI RŪNANGA

- 14 The Council has consulted with iwi regarding the 3 Waters Programme. Iwi are being engaged with throughout the delivery of the programme and a 3 Waters Programme iwi Engagement Strategy has been development and implemented.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 15 This matter relates to the Community & Wellbeing risk category. It is associated with RISK00013 "Core Infrastructure is Insufficient – Delays in capital delivery programme" within the [QLDC Risk Register](#). This risk has been assessed as having a high inherent risk rating.
- 16 The approval of the recommended option will support the Council by allowing us to retain the risk at its current level. This will be achieved by accepting this report and implementing the proposed Assurance framework.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 17 None.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 18 The following Council policies, strategies and bylaws were considered:
- This report is alignment with and has given consideration to the principles of the Vision Beyond 2050: <https://www.qldc.govt.nz/vision-beyond-2050/>
 - This report considered the following policies:
 - [QLDC Significance and Engagement Policy 2017](#)
- 19 The recommended option is consistent with the principles set out in the named policy/policies.
- 20 This matter is not included in the Ten Year Plan/Annual Plan. However, the PMO Assurance Management Framework does concern the delivery of the 3 Waters Programme, which is included in the Ten Year Plan and Annual Plan.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

21 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by implementing an assurance framework for the delivery of the Three Waters Programme;
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	PMO Assurance Management Framework
B	PMO Project Audit Schedule