

Audit, Finance & Risk Committee
14 October 2021

Report for Agenda Item | Rīpoata moto e Rāraki take 6

Department: Property & Infrastructure

Title | Taitara PMO ('Project Management Office') Assurance Report - Financial Year 2020/21
Quarter 4

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

The purpose of this report is to report the findings of the PMO Assurance activity during
Financial Year 2021/22 Quarter 4 (FY 21/22 Q4)

RECOMMENDATION | NGĀ TŪTOHUNGA

That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report; and
2. **Confirm** support for the PMO Assurance Management Framework.

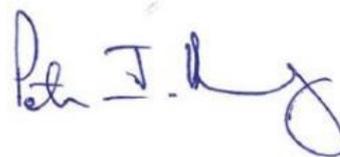
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1/10/2021

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1/10/2021

CONTEXT | HOROPAKI

- 1 The Queenstown Lakes District is delivering significant investment in capital infrastructure to address the unprecedented growth in population and local tourism.
- 2 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.
- 3 On the 11 March 2021, the Audit, Finance and Risk Committee approved the PMO Assurance Management Framework.
- 4 The Programme Manager, committed to reporting the assurance programme findings to the Audit, Finance and Risk Committee regularly (approximately 6 monthly).
- 5 This is the first report of the assurance programme findings, for assurance activities undertaken during FY 21/22 Q4.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 6 The 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.
- 7 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.

- 8 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.
- 9 An audit schedule was attached to the Audit, Finance and Risk Committee paper presented on 11 March 2021. Audits were undertaken in May and June in general accordance with the schedule.
- 10 In July 2021, the PMO’s Programme Manager left QLDC and the audits scheduled in July, August and September 2021 (Q1 FY 21/22) have not been completed. Auditing will recommence in October 2021.
- 11 The table below summarises the audits completed to date:

PMO Project Audit Schedule

Two projects per month with each PM being audited at least twice in a year.

Project	Project Name	Project Manager	Phase	Schedule	Completed	Completed by	Overall Status
000518	Beacon Point New Reservoir	Alex Hooren	Detailed	May-21	Jun-21	Belinda E	3 - Action required
000936	Quail Rise new Reservoir	Jon King	Detailed	May-21	May-21	Becki W	3 - Action required
000778	Quail Rise Reservoir Falling Main	Jon King	Detailed	May-21	May-21	Becki W	3 - Action required
000777	Quail Rise Reservoir Rising Main	Jon King	Detailed	May-21	May-21	Becki W	3 - Action required

- 12 In all cases, action was required to resolve non-compliances with the PMO’s Project Management Method. There were no projects for which ‘immediate action’ was required overall and corrective actions have been resolved by Project Managers.
- 13 There were a number of consistent findings from the audits. These predominantly related to document control and evidencing mandatory gateway requirements. In most cases, there was no documented evidence that project Business Cases had been reviewed at project gateways. In some cases, although Programme Control Group minutes recorded governance decision making, the actual approval could not be sighted. On occasion, mandatory documentation was not saved in accordance with required document management practices, sometimes it was saved on external Project Managers’ organisational document management systems. In many cases, a Stakeholder and Engagement Plan was incomplete, and Project Managers were only able to provide a ‘contact list’.
- 14 In one case, there was no evidence that the risk and issue registers had been updated for three months. This appeared to be a result of incomplete handover between project managers. The ‘incoming’ Project Manager has since completed and documented a full risk review of the project.
- 15 Generally, the audit found that project schedules were being regularly updated, milestones tracked and associated risks recorded in risk registers. Projects were also being added to, and updated in the [Forward Works Viewer](#). Designers and contractors’ performance was also being tracked through a review of Key Results Areas and Key

Performance Indicators. In all cases, procurement plans were in place and contracts were appropriately filed.

- 16 In addition to the audits outlined above, the PMO has continued to undertake Field Assurance activities to provide oversight of construction activities in relation to the PMO's health and safety and quality expectations.
- 17 Over 280 site visits have been made over the last six months, with 103 of those visits including a Health & Safety audit (conducted by the PMO's Field Engineers). Overall, these reviews have identified good compliance with the requirements of the accepted Construction Management Plan and the Land Development and Subdivision Code of Practice.
- 18 Significant health and safety incidents are uncommon, and any health and safety risks brought to contractors' attention are generally addressed quickly.
- 19 It is disappointing that contractors have hit services during excavation on a number of occasions. Whilst at times these are due to inaccurate details on existing 'As Built' plans, there are additional processes that should be implemented to mitigate the risk of service strike. In each case detailed investigations have been undertaken with input from the PMO's Field Engineers where applicable.
- 20 Pedestrian access around construction sites has been a repeat area of concern where signage has been unclear. In most cases, this is because the requirements associated with pedestrian management are not being implemented in accordance with the approved Traffic Management Plans.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 21 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 Council's capability and capacity. The decision does not relate to transfer or sale of shareholding of a strategic asset.
- 22 The Council will not consult with affected parties on this matter.

> MĀORI CONSULTATION | IWI RŪNANGA

- 23 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 developed and implemented.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 24 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.

- 25 The approval of the recommended option will support the Council by allowing us to retain the risk at its current level. This shall be achieved by continuing the approved PMO Assurance activities.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 26 None.

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

- 27 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

- 28 The recommended option is consistent with the principles set out in the named policy/policies.

- 29 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.

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

- 30 For the projects managed by the PMO, the Field Engineers monitor sites to assure QLDC that health and safety processes are being followed, that all duties are being performed by safe, competent workers, and that all sites are managed appropriately to reduce or eliminate risk. Monitoring is a core component of QLDC's role as a 'Person Conducting a Business or Undertaking' under the Health and Safety at Work Act 2015.

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

- 31 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
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