

# A Guide to Auditing Programmes and Projects

**Association for Project Management**

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# 1 Introduction

Organisations invest in organisational changes that are important for an organisation's success and sometimes even critical to an organisation's very survival. The desired organisational changes affect, for example, products, services, infrastructure, digital technology, processes, people, regulatory compliance or organisational structures. These changes can be complex, for example, transcending multiple internal and external organisational boundaries. To plan and deliver the complex changes, project-based forms of organising, i.e. portfolios, programmes and projects, are employed by organisations.

**Definition:** Throughout this guide, the term **programme or project** refers collectively to all forms of project-based organising, which includes the use of projects, programmes or portfolios.

**Note:** Programmes and projects may use linear, hybrid, iterative or agile methods to organise, design and implement organisational changes. The discussion of these methods is beyond the scope of this guide (APM 2016).

Decision makers need to be confident that their programmes and projects are being delivered in a controlled manner and in accordance with good management practice.

Programme and project audits are a principal way for organisations to review and assess whether the investments they are making in a programme and project will deliver the expected outputs, outcomes and benefits.

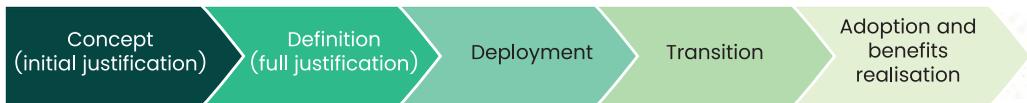
## Purpose of this guide

This guide aims to provide direction to individuals involved with the executives (e.g. sponsors) and professionals (e.g. auditors) involved in the programme and project audit processes. This guide is structured as follows:

- Introduction (Section 1)
- The audit process (Section 2)
- Appendix: some areas of programme and project risk and controls that are expected to manage those risks.

# I 1.1 Organisational change life cycle

Organisations typically use some form of progressive decision making during the planning and delivering of organisational changes using programmes and projects. The *APM Body of Knowledge 7<sup>th</sup> edition* identifies five phases of an organisational change life cycle.



**Figure 1** The five phases of an organisational change life cycle

- **Concept:** Development of an initial idea through initial studies and high-level requirements management, and assessment of viability, including an outline business case.
- **Definition:** Development of a detailed definition, plan and statement of requirements, including a full justification for the work.
- **Deployment:** Implementation of plans and verification of performance through testing and assurance to realise intended outputs, outcomes and benefits.
- **Transition:** Handover, commissioning and acceptance of outputs to the sponsor and wider users, culminating in formal closure.
- **Adoption and benefits realisation:** Operational implementation and maintenance of the new project to ensure its acceptance and realise its benefits.

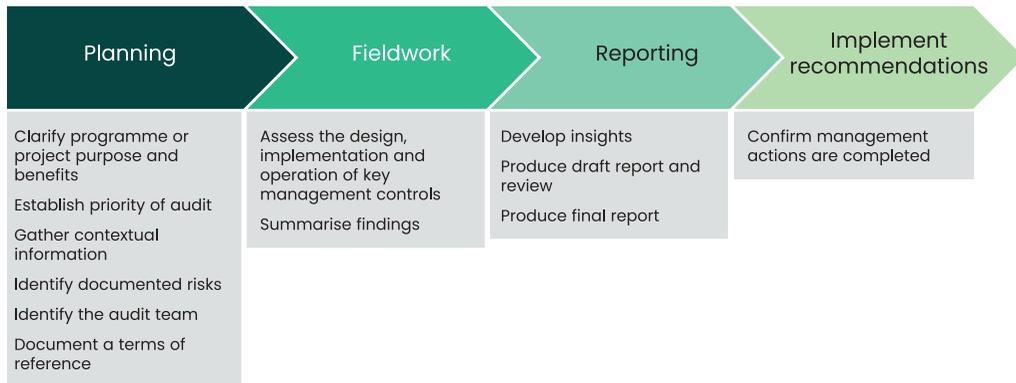
Programme and project management is a fundamental way of delivering this conceptually staged organisational change (APM 2018).

## I 1.2 Why are programme and project audits needed?

Throughout the programme or project life cycle, there should be provision for an independent audit and other forms of assurance so that funding organisations and executives can be confident that the objectives and benefits of the desired organisational change will be achieved (APM 2014).

# I 2.1 Overview

The audit process consists of four stages: planning, fieldwork, reporting and action follow-up. This section will outline the purpose of each stage and how it might be applied to a programme and/or project audit.



**Figure 2** The four stages of the audit process

Programme or project delivery is dynamic, and risks are emergent and ever changing. During the programme and/or project audit, risks will be assessed to ensure adequate controls are in place.

Agile principles should be considered when planning and executing the audit process itself, to provide faster, client-focused and relevant insight to decision makers.

This section outlines:

- planning programme and project audits (section 2.2)
- fieldwork for agreed elements of the programme and/or project to be reviewed (section 2.3)
- evaluating and reporting on findings of the programme and/or project audit (section 2.4)
- implement recommendations (section 2.5)

## I 2.2 Planning

A programme and/or project audit is similar to other forms of risk-based or compliance audit. However, the range of topics, disciplines and risks to consider is likely to be more extensive and complex. Without careful planning, the scope of a programme and/or project audit can become too broad to manage or lack sufficient depth to find the real issues. Programme and project audits should be broken down into a collection of audits, each with a distinct purpose, over the lifetime of a programme or project.

### 2.2.1 Clarify programme or project purpose and expected benefits

Audits exist to help ensure benefits are realised. Hence, when planning, all audits should first seek to identify the purpose and benefits of the programme or project. The auditors' expert judgement may be required to articulate the benefits, as they may not be well defined. Later, when benefits begin to be realised, data will become available to better understand benefits.

### 2.2.2 Establish priority of the audit

The current phase of the programme or project (i.e. concept, definition, deployment, transition, adoption and benefits realisation; see 1.1) should be considered when prioritising a particular programme and/or project audit. This helps the auditor to focus the scope on the most relevant areas of risk within a given phase. For example, assessing the controls for developing the business case is a higher priority at the concept phase than at the transition (handover and close) phase, and assessing the controls around programme or project closure would be a lower priority at the concept phase than it will be at the transition phase.

The challenge for the organisation (and the sponsor) may then be to manage and integrate all of these audit interventions to ensure that the auditees are not inundated, there is no duplication, and each audit adds value (APM 2014).

Programme and project audits should be prioritised within the context of the organisation's audit plan and the requirements of its audit committee. Programme and project audits should be scoped based on the severity and impact of the risks to achieving the benefits being sought.

### 2.2.3 Gather contextual information

This table below is an example of relevant information for planning the audit. Note: the list is not meant to be prescriptive and should be adapted according to the needs of the programme and/or project audit.

The auditor should also consider whether the programme or project is using a linear, hybrid, iterative or agile delivery method. The risks and controls may vary depending on the delivery approach.

# Appendix – Risks, controls and audit methods

This appendix provides a list of potential elements of review, and associated risks, controls and audit methods to employ for each element.

This detail is meant to be a starting point. It is not exhaustive and hence it needs to be adapted to the programme or project being investigated and its risk profile.

# Element 1

## Scope and benefits

Clear and controlled management of baseline requirements, change control, objectives, success criteria, business case, and expected benefits.

Area of review	Risk	Controls	Audit methods include
Initiation	The programme or project has commenced prior to formal authorisation	Programme or project governance arrangements reflect organisation requirements  Schedule of delegated authority, e.g. in project initiation documents or approved business case	Review programme or project governance arrangements, including authorisation to start programme or project
Scope definition	The scope of the programme or project is not aligned with organisational or business strategy	Formal approval and confirmation of programme or project start-up is recorded to ensure it aligns with strategic objectives	Review appropriate board minutes and documentation  Review stage gate (decision gateway) approvals
Business case	The business case is not robust or does not exist, or outputs and outcomes are not measurable	Senior responsible owner/sponsor is identified, with appropriate authority to deliver programme or project outcomes	Review approved business case to identify responsibilities and ensure that business case template and guidance are available
Business strategy	Business case does not fit with organisation's model, e.g. five-case model: strategic, economic, commercial, financial and management cases	Business cases are required to take account of approved model	Review approved business case to assess extent of compliance

(continued)

Area of review	Risk	Controls	Audit methods include
Programme delivery method and schedule	Target dates are unrealistic or overly ambitious	Target dates are subjected to a reality check and a mechanism put in place for these dates to be refined  Due account taken of optimism bias in respect of target dates and schedules	Review schedule and programme methodology and processes  Review approved business case
Change control processes	The programme or project scope/ requirements are not clearly defined or understood	Programme or project scope is defined  Change control processes are implemented  Programme or project manager's responsibilities and limits of authority are defined	Review approved business case – scope must be clear and unambiguous  Assess change control processes
Requirement definition	The baseline of the programme or project's scope/ plan is not identified at programme or project start	Delivery plan is developed to appropriate level and is clear, complete and approved	Review project initiation documents and approved business case to ensure clarity of scope and planning
Deliverables and outcomes	Programme or project deliverables and outcomes, and what will represent success, have not been identified or cannot be measured  Business cases are not used as a change control against achievement of the programme or project deliverables	Clear and unambiguous deliverables and objectives are set out in project initiation documents and the project management plan (PMP)  Outcomes and success criteria are agreed  Approved business case is used as a change control baseline document, and is subject to periodic review	Review project initiation documents and PMP to ensure clarity and consistency with approved business case  Review measurement criteria

continued over