Unit 5: Purposes of Evaluation

5.1 Goals of the System
5.2 The Project Audit, Construction and Use of the Audit Report, The Project Audit Life Cycle, essentials of an Audit/Evolution
5.3 The Varieties of Project Termination, when to Terminate a Project, The Termination Process.

The project Audit:

Benefit of Project Audits
Project audits can help identify when a project is about to go off-course. In addition, a project audit can provide the following benefits:

- Improve project performance.
- Increase customer and stakeholder satisfaction.
- Save costs.
- Control scope and avoid scope creep.
- Provide early problem diagnostics.
- Clarify performance/cost/schedule relationships.
- Identify future opportunities for improvement.
- Evaluate performance of the project team.
- Inform client of project status/prospects.
- Reconfirm feasibility of/commitment to project.

The benefits of project audits become especially evident in large organizations running large projects. Multi-million dollar projects can easily derail due to poor management techniques causing the investors millions of dollars. In this scenario, the cost of not performing periodic project audits can be much higher than the cost of performing it. Multiple audits, perhaps one per phase, are recommended for large projects.

Preparing for the Project Audit

The aim is to ensure that the audit team receives full and uninterrupted access to all required information, people and facilities during their audit. This includes, but is not limited to, emails, and documents developed by the project team. Having everything at your fingertips makes it easy to answer questions when they arise.

When auditing the project, interview the PM as a starting point and review the project library to ensure you know where to find the information you are looking for.

When you conduct an audit, determine whether the PM has addressed the key items in each phase of the project lifecycle. This includes, but is not limited to:
1. Initiation Phase

- Identify the main objective of the project.
- Write the project charter.
- Get sign-off on the project charter.

After you complete reviewing the Initiation Phase, review the actual project plan or Work Breakdown Structure (WBS). You should focus on how well defined the WBS is and how well tasks and dependencies have been scheduled. A Visio or flow diagram is also a good alternative. Ask the PM what software has been used to create the required documents. Make sure the planning is sound. Failing to plan is planning to fail. Again, the key items that must be reviewed after initiation are:

2. Planning Phase

- Create a Project Management Plan.
- Establish project deliverables.
- Write a scope statement.
- Determine a project budget.
- Distinguish project activities.
- Work out a schedule.
- Determine special skills needed to complete planned tasks.

Once the planning phase has been reviewed, the execution phase review takes place. Many projects suffer from scope creep during this phase. Has the project team stuck to their scope? Poor communication, misunderstandings and lack of information may have caused issues. Some of the tasks to review are listed below.

3. Execution Phase

- Put together the project team.
- Administer and guide the project team.
- Conduct status review meetings.
- Communicate project information.
- Implement quality assurance measures.

Make sure the control measures are sound and the correction procedures are well described.

4. Controlling Phase

- Measure performance against the plan.
- Evaluate the corrective measures.
- Manage change requests.
Once most of the work of the project is done, we approach to closing phase. Has the project been documented and closed properly?

5. Closing Phase

- Manage acceptance of project deliverables.
- Document lessons learned during the project.
- Archive project records.
- Formalize the closing of the project.
- Release project resources.
- Write final Status Report.

In general, you must try to understand all the processes. How well suited is the methodology to this particular project? Are all the processes required in place? Did they miss anything from the methodology that should be there?

A project audit is a project of its own, and as such, no one size fits all. It takes an experienced and knowledgeable project manager to conduct an audit from beginning to end, and to adapt it according to the environment.

Some final words on the success of audits:

Identify the constraints that the customer is most concerned about, and focus on these. Track the costs, schedules, scope, quality, human resources, customer satisfaction, and any other indicator that can be a symptom of trouble. Map the customer project processes into PMI processes or Prince2 processes. Try to find the pains, the flaws, and the problems, and clearly document them and present your findings to the customer. Come up with creative solutions and propose them along with a very good rationale on why the solution proposed would work.

Moving Forward

Strong project management practices are critical to the successful execution of any kind of project, and consequently, to the overall competitiveness of any organization. Periodic audits of the project management process ensure that systemic flaws are identified and fixed and the process is improved. Every aspect of the project management life cycle can introduce problems if not done properly, therefore must be reviewed thoroughly.

The audit lifecycle comprises all the steps from audit planning until closing any possible observation detected during the audit execution. The lifecycle can be divided into different parts with different activities in each of them:

- Audit Preparation
- Requirements from sponsors request
- Pre-audit questionnaire request to the company to be audited
- Risk Evaluation performance
- Objectives and Audit Approach definition
- Agenda preparation and sending
- Audit records preparation

**Audit CAPA Follow-up**

5.3 **Project Termination:**

Every project has to officially end sometime. Project termination need not necessarily mean project failure or premature abandonment. A project may be terminated for a variety of reasons, including successful completion of the endeavor. We’ll take a closer look at what some of these reasons are and how to know when to terminate a project.

**Reasons for Project Termination**

Here are a few reasons why a project gets terminated before the natural closing date:
• Project is completed ahead of schedule and handed over to the sponsors/users.
• Premature abandonment due to technical grounds that impede achievement of core goals.
• It is suddenly found that another group publishes results in same core area of interest.
• The principal investigator or an equitant person suddenly quits and the project cannot continue as planned and the project has to terminated, as putting on hold will be counter-productive.

• Unanticipated loss of human, funding and other valuable resources.
• A variety of insurmountable problems may force termination of the project.
• An interim review suggests the project will not help achieve the desired objectives.

**Person Responsible for Termination Decision**

It is the principal investigator (PI) who is entrusted with the task of conducting periodic reviews of the project and is responsible for closely monitoring the project progress throughout the project life cycle. Thus, the exact closing date for a project has to be decided by the principal investigator after consulting the co-principal investigators and subprogram leader.

The principal investigator will be aware that for all projects, final technical and financial reports will have to be prepared and presented. It is therefore only to be expected that the the principal investigator will work closely with the subprogram leader to handle necessary project termination work. It is believed that under certain extraordinary circumstances, the subprogram leader may seek a time extension for completing the project, provided no additional funds are demanded.

**The Project Termination Procedures**

As projects near completion or a decision is taken to prematurely abandon a project, there is a compelling urgency to stop all further funding also transferring the work force for other productive deployment. As a matter of fact, project termination activities must form part of the original project plan and not hurriedly be undertaken as an afterthought.

It is critical that final reports are properly written without ambiguity and an effective transfer of raw materials to other programs takes place on time. Professionals estimate that sometimes project termination work, involving administrative reporting and final cost summary, may well extend to a couple of months after project completion. Project termination work is important for
all projects, including failed projects where there will also be wrap-up activities to make the most of what has already been done in the project.

**Conclusion:**

It is a fact that, particularly in an era of rapid technological advancements, a lot of software projects, though properly started and well managed, are getting terminated before completion because the original assumptions have changed. However, premature termination or midway abandonment of projects can, in many cases, be avoided if risky and ill-conceived projects are not started in the first place.

**Question bank (Assignment V)**

1. Explain project evaluation in detail?
2. What do you mean by project audit? Explain the project audit life cycle?
3. Define project termination. Explain the project termination process?