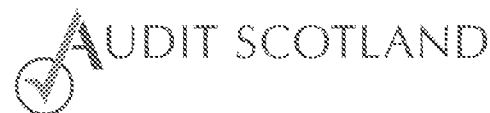


# Review of major capital projects in Scotland

Report supplement: Good practice checklist for public bodies



Prepared for the Auditor General for Scotland  
June 2008

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# Auditor General for Scotland

The Auditor General for Scotland is the Parliament's watchdog for ensuring propriety and value for money in the spending of public funds.

He is responsible for investigating whether public spending bodies achieve the best possible value for money and adhere to the highest standards of financial management.

He is independent and not subject to the control of any minister of the Scottish Government or the Parliament.

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The following bodies fall within the remit of the Auditor General:

- departments of the Scottish Government
- government agencies, so the Edison Service, Heriot's, Scotiabank
- NHS bodies
- further education colleges
- Scottish Water
- NEFs and others, so Scottish Enterprise

## Note:

Prior to September 2007, the Scottish Administration was generally referred to as the Scottish Executive. It is now called the Scottish Government. When dealing with the earlier period, this report refers to the Scottish Executive.

Recommendations for the future, refer to the Scottish Government.

## Acknowledgements:

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We have had the generous support of the Scottish Government, Scottish Edison Service and Transport Scotland and the other bodies whose projects we examined and surveyed.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Part 1. Introduction

1. There are many major capital projects underway in the Scottish public sector, aiming to deliver often step-change improvements in service and effectiveness. Major capital projects are challenging to deliver but have the potential to provide significant benefits. The environment for projects will stay challenging, as project funding remains tightly controlled while expectations about investment continue to increase.
2. Good project management and governance is essential to getting value for money in major capital projects. It helps ensure that projects are well-designed and well-executed. Nobody can guarantee the success of any project, but good management and governance increases the likelihood that projects will deliver to cost, time and quality and provide worthwhile benefits. Good management and governance helps managers respond effectively if problems affect a project.

## About this checklist

3. A key role for Audit Scotland is to support value for money in the public sector. This checklist complements our recent value for money *Review of Major Capital Projects*<sup>1</sup>. It aims to help identify key issues and potential challenges that public bodies should be aware of during the course of any major project. We have derived this checklist from current leading practice and lessons learned from our review.
4. This checklist is not intended to replace the considerable amount of good practice guidance already available to public bodies.<sup>2</sup> Rather, we have highlighted selected management and governance aspects, which should apply to any major project, with a view to assisting senior decision-makers and stakeholders undertake constructive, critical self-assessment and challenge. This is in the overall interest of promoting the most effective management of projects by public bodies in Scotland.
5. For our *Review of Major Capital Projects*, we commissioned Ernst & Young to work with us to complete 20 high level reviews of individual projects in Scotland, with a combined value of some £2 billion. We have drawn from our study experience to prepare this checklist.

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<sup>1</sup> How Government Works: Review of major capital projects in Scotland, Audit Scotland, June 2008 (<http://www.audit-scotland.gov.uk>) .

<sup>2</sup> The main published sources include the Office of Government Commerce Programmes and Projects Guidance (available from [http://www.ogc.gov.uk/programmes\\_and\\_projects.asp](http://www.ogc.gov.uk/programmes_and_projects.asp)), the HM Treasury Green Book guidance on investment appraisal (the Scottish Government has adopted the Green Book and it applies to all parts of the Scottish administration; it is available from [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/greenbook/data\\_greenbook\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/greenbook/data_greenbook_index.cfm)) and the Scottish Government's Construction Works Procurement Guidance (available from <http://www.scotland.gov.uk/Publications/2005/11/28100404/04042>)

## How to use this checklist

6. The main audience for this checklist includes everyone concerned with the design and delivery of major capital projects in the public sector, but in particular leaders and senior decision-makers:
  - Governing Bodies and Audit Committees
  - Senior management
  - Senior Responsible Owners (SROs) of projects
7. Part 2 of this checklist provides a high-level discussion of good practice in major project management and governance. It introduces a good practice framework based on five key elements, with an overview of why each element is important and the main potential risks and pitfalls that need to be considered.
8. Part 3 provides our good practice checklist. It is in the form of a series of statements of good practice, organised under the framework introduced in Part 2. It is intended to promote detailed review and reflection and, if necessary, a basis for improvement. Those responsible for major projects should consider assessing themselves against each statement, and recording the results.
9. We suggest you record the results of your assessment to show separately
  - whether the good practice statement is in place for your project
  - comments to support or explain your assessment
  - required actions.

The overall aim is to help identify whether any action is needed to improve management and governance of any major project you are concerned with.

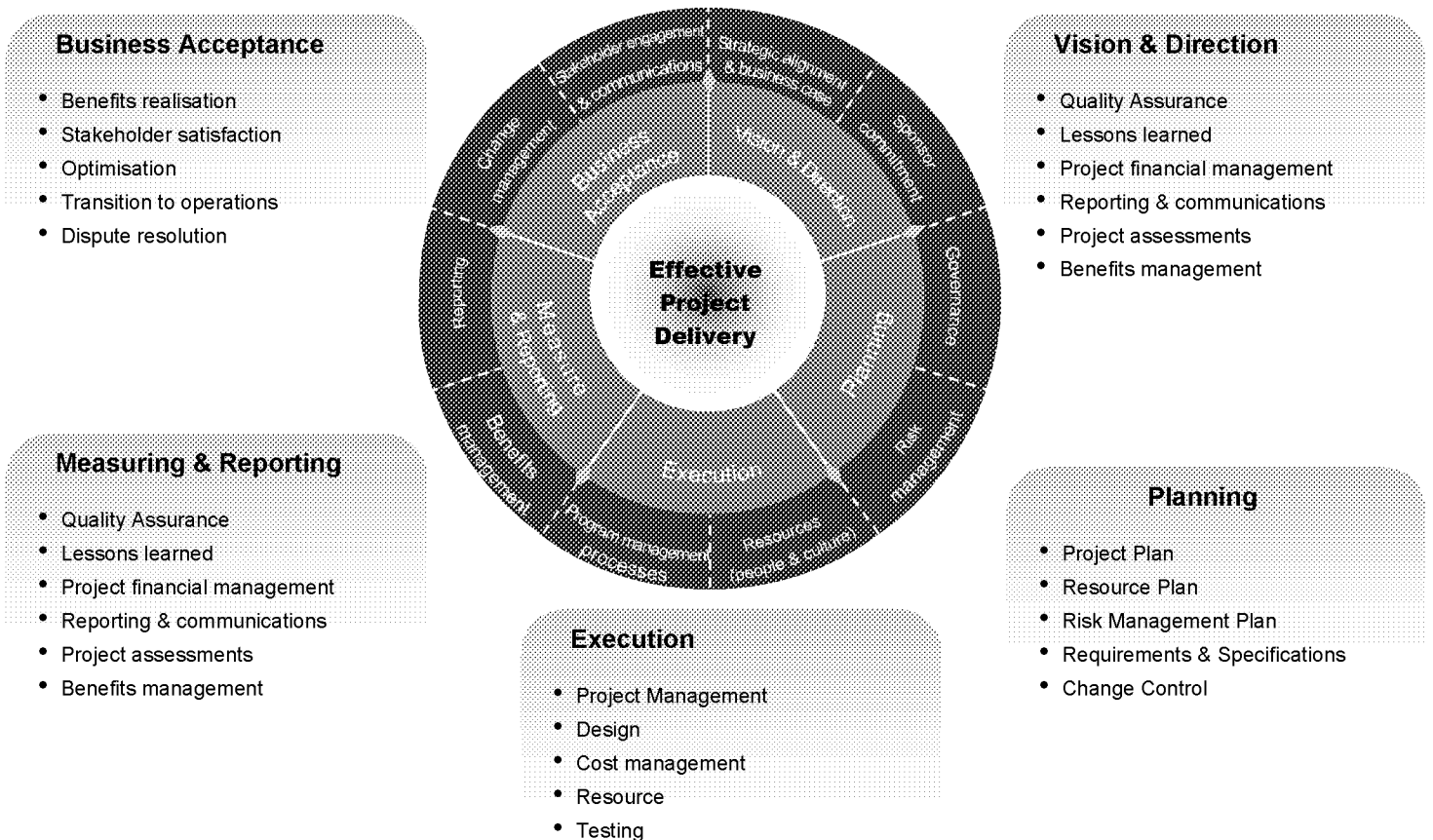
10. Please note that this checklist is intended to offer only general support to public bodies. It does not replace your own organisation's financial guidance or relevant guidance produced by the Scottish Government or other relevant authorities.

# Part 2. Good practice in major project management

## A framework for effective project delivery

11. The “Project Wheel” shown below is a suggested framework for assessing the capability of any organisation to deliver and control projects and programmes well. The central wheel reflects the five key stages of a well run project. The outer wheel highlights key areas of good practice that should be considered depending on both where the project is in the lifecycle and specific project issues.

### The Project Wheel



Source: Ernst & Young

12. The checklist in Part 3 of this checklist contains detailed good practice statements within each of these key areas. The remainder of this Part 2 discusses in turn each of the five main areas of good

practice. Each section highlights key considerations and points of good practice, while highlighting some risks and potential pitfalls which good practice should help avoid.

## Vision & direction

13. Vision and direction is about getting the fundamental goals of the project right, in particular, ensuring:
  - Projects are aligned with organisational strategy
  - Senior management support the project
  - The organisational structure is robust, flexible and responsive.
  - There is clear ownership of the project's business case, with associated accountability for ensuring that the required change takes place and expected benefits are realised.
14. The business case process is fundamental to setting and maintaining clear vision & direction, along with evaluating affordability of the project, in line with other objectives and value for money. Appendix 1 outlines the key elements in the iteration of the business case.
15. We discuss project organisation in the next section. However, a key appointment, at an early stage in the project, is the Project Sponsor, who champions the project and provides significant leadership. He or she must represent the project's interests with authority and answer questions on direction, strategy and risk. He or she must understand the required outcomes of the project, how they will be achieved, in what timescale and using which resource. He or she must also be certain that budgets are realistic and that a good system of checks and measures is in place. Your selection procedures for this role should recognise these significant requirements.

***Without clear vision & direction, the main risks and potential pitfalls include:***

- |   |   |
|---|---|
| ▪ <i>Unresolved or uncertain project strategy</i>             | ▪ <i>Lack of communication and user group involvement</i> |
| ▪ <i>Poorly defined business objectives</i>                   | ▪ <i>Unclear governance and decision framework</i>        |
| ▪ <i>Poorly defined project scope and requirements</i>        | ▪ <i>Lack of management support</i>                       |
| ▪ <i>Inadequate assessment on business impact or priority</i> | ▪ <i>Incomplete project brief and business case</i>       |
| ▪ <i>Poorly defined critical success factors</i>              |   |

## Planning

16. Planning is about organising, governing and controlling the major resource inputs to the project, to promote successful delivery of the tasks and related outputs.
17. Planning requires practical alignment of business aspirations with organisational capability (potential). It requires proper organisation and strong leadership. It includes successfully managing change in the project, which depends on a clear and agreed vision of future outcomes. Clarity about the various roles and responsibilities for the project is essential, and there must be clear and agreed reporting lines to facilitate prompt decision-taking. There is extensive advice on project organisation available from the Scottish Government and the Office of Government Commerce. We have summarised the key roles for reference at Appendix 2.
18. The planning of any major project needs to ensure there will be good risk management at all levels. You should consider risk from three perspectives – strategic risk, operational (business as usual) risks and project risk. Governing bodies have an important role to play in managing and controlling the strategic risks. To do so, the governing body will need to be clear about how the project business case ties into the overall organisational strategy and whether the right sponsor is in place for the project.
19. Projects evolve through a lifecycle and inevitably some degree of change is to be expected. In relation to change of scope, if you make a change early, and before the completion of the design phase, then the associated cost to change may be more manageable. However, once construction starts, the cost to change will be significant and the results may be marginal. In summary:
  - There should be effective change control at design and construction stages.
  - Changes may not be able to be made economically once construction begins
  - Your approach to risk management should consider how change will be controlled and managed; this might allow free flow of ideas at the beginning of the project to capture changes at a time when you can consider and implement them most economically.
20. Choosing the correct procurement strategy for a project is essential for good competition, minimising costs and maximising quality and value for money. Senior stakeholders should be involved in the options appraisal process, to ensure the organisation is aware of and can accept the level of risks associated with the chosen form of procurement (e.g. traditional, non-traditional, design & build). These risks should be documented and where appropriate included within the organisational risk register.



21. Industry advice is an essential part of the procurement strategy, to ensure the chosen procurement route is attractive to the market, relative to market conditions.
22. A potential challenge facing the Board, Senior Management team, SRO and the Audit Committee in delivering a major project, is getting assurance about contractor and project team performance and predicted outcomes in terms of cost, time and risk exposure. There is value at key stages in using an independent team with relevant expertise to provide that assurance – and the opportunity to identify and correct any gaps<sup>3</sup>. It is important that an early decision be made on the need for such reviews and when they can best take place to support satisfactory project progress. However, SROs should not rely on Gateway Reviews to indicate if a project is in difficulty. The Gateway Review represents a point in time assessment and is only one of several sources of information to help assess performance of the project.
23. The organisation’s Audit Committee may also play a pivotal role in providing organisations with confidence about their major projects. Their role should not replace any project or independent third party reviews; but they will wish to get assurance that the value of independent assurance and reviews is recognised and that suitable procedures have been adopted.

***Without good planning the main risks and potential pitfalls include:***

- |   |  |
|---|--|
| ▪ <i>Insufficient definition &amp; breakdown of costs</i>               | ▪ <i>Inadequate risk assessment</i>                        |
| ▪ <i>Inappropriate skills, resources and processes in place</i>         | ▪ <i>Shifting budget and timetable</i>                     |
| ▪ <i>Poorly defined contractual terms and conditions of appointment</i> | ▪ <i>Mismatched balance between cost, time and quality</i> |
| ▪ <i>Poorly defined scope and incomplete contracts</i>                  | ▪ <i>Incomplete and insufficiently detailed timetable</i>  |
|   | ▪ <i>Design exceeds cost budget</i>                        |

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<sup>3</sup> Under the Scottish Public Finance Manual, gateway reviews have been required since 2005 for all Scottish Government projects costing over £5m deemed “high risk or mission critical”.

## Execution

24. This is concerned with the quality and availability of project management, resources and people to deliver the project, including a good competition to select a supplier and a solution offering the best value for money.
25. A key decision is the selection of the project manager (Appendix 1). The decision needs to reflect leadership ability as well as experience or technical competence as the basis for choice. Evidence from successful projects is that leadership is essential and applies to the overall project manager or the contractor's project manager.
26. A key discipline in project execution is to ensure that all project activity is properly planned – and is assessed at key stages to validate the approach before cost is committed to subsequent stages. It is the responsibility of the Project Sponsor to manage the change process within the agreed tolerance levels, set by the SRO.
27. You should consider the link between your finance function and project team. If integration is weak management and accounting information may not convey the true status of projects or provide meaningful cost and performance data about work in progress. In addition, you should consider whether the financial reporting systems provide reliable information on a timely basis for the project manager.

***Without good project execution, the main risks and potential pitfalls include***

- |   |   |
|---|---|
| ▪ <i>Ineffective governance and inconsistent decision framework</i> | ▪ <i>Failure to achieve milestones</i>  |
| ▪ <i>Shifting budget, scope and timetables</i>                      | ▪ <i>Lack of interest from suppliers, leading to delays and or increasing costs</i> |
| ▪ <i>Lack of accountability</i>                                     | ▪ <i>Increasing number of change orders</i>   |
| ▪ <i>Adversarial team/supplier relationships</i>                    | ▪ <i>Uncoordinated design development</i>   |
| ▪ <i>Lack of skills/resources in program/project management</i>     | ▪ <i>Ineffective time and cost monitoring</i>                                       |
|   | ▪ <i>Inadequate risk assessment and management</i>                                  |

## Measuring & monitoring

28. Measuring whether a project is a success or failure links back to the proper definition of the project and its benefits. The case for change and outcomes that have been agreed with stakeholders should be reflected and documented in the business case process (Appendix 1). This should include a clear

statement and targets for the benefits to be achieved. The Gateway Review process also seeks to challenge and validate this to confirm that the project remains valid and affordable.

29. It is the responsibility of the Project Sponsor to ensure progress of the project is monitored and reporting prepared and submitted to the SRO and others, as required. Where a public body is responsible for more than one project, it should establish a standardised reporting mechanisms across all projects to enable senior management to assess progress across all current projects . At its most basic, this will include an effective reporting structure, which clearly delineates who is responsible for what and to whom. Where a Project Board is in place, it is up to the Project Sponsor to ensure Board members always have a good understanding of what is going on. In doing so, the Project Sponsor needs to be aware that the role of each member on the Board is secondary to their main function within an organisation.

***Without good measurement and monitoring the main risks and potential pitfalls include:***

- |  |  |
|--|--|
| ▪ <i>Governance model fails to manage key project internal and external stakeholders</i> | ▪ <i>Ineffective control of change orders</i>                        |
| ▪ <i>Ineffective project management systems</i>  | ▪ <i>Ineffective decision making and resolution of issues</i>        |
| ▪ <i>Ineffective project monitoring and reporting</i>                                    | ▪ <i>Poor quality management and assurance plans</i>                 |
| ▪ <i>Lack of continuity in project staff</i>   | ▪ <i>Incomplete design information and changing design and scope</i> |
| ▪ <i>Ineffective communication with stakeholders</i>                                     | ▪ <i>Lack of a risk management framework</i>                         |

## **Business acceptance**

30. It is critical that all benefits validated during development of the business case are realised during implementation and ongoing use of the assets. There are a number of post project reviews to be undertaken following completion to support this. The **Post Project Evaluation** is typically undertaken within 6 months and focuses on the evaluation of the procurement process and the Lessons Learnt Review. In addition, the **Post Occupancy Evaluation** should be undertaken 12 months after completion, focusing on whether the building is fit for purpose and achieved required outcomes.
31. A key factor in enabling and sustaining the required changes and agreed benefits from delivery of the project is by establishing an effective and comprehensive stakeholder engagement plan early in the project. A critical initial step is the development of a stakeholder map identifying all stakeholder groups, both internal and external. This will enable a continuing and two-way approach to

communications between the project and its stakeholders to secure commitment and maintain momentum.

32. Managing stakeholders expectations and multiple goals are significant challenges. Often stakeholders within a project have differing and complex views as to what constitutes a priority, failure or success. A communication plan should be agreed by the SRO, and regularly updated so as to inform stakeholders. In addition, the Project Sponsor will communicate with stakeholder groups on the achievement of project objectives.

***Without good business acceptance the main risks and potential pitfalls include:***

- *Lack of appropriate accountability and approvals*
- *Unresolved problems and disputes*
- *Incomplete operating and maintenance information*
- *Insufficient user satisfaction*
- *Scale and volume of defects*
- *Failure to achieve handover*
- *No project close-out review*
- *Scale and volume of defects*
- *Missing warranties and guarantees*
- *Protracted final account negotiations*

# Part 3. Good practice checklist for public bodies

## Vision & direction

*We have left these columns blank, for completion by readers*

Good practice area	Key points to consider	In place (Yes/ No)?	Comments to support or explain your assessment	Required actions
<ul style="list-style-type: none"> <li>▪ Strategic alignment</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Board and senior management team have prioritised projects according to the organisation's strategic priorities. Each project is established to support achievement of these priorities.</li> <li>▪ The SRO has a clear vision of what the 'future state' looks like and clearly defined the project objectives and ensured that they align with the strategic objectives of both the organisation and the Scottish Government's priorities.</li> <li>▪ The SRO and senior management team is clear about and has documented how the project will affect and, where relevant, improve operational activities</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Business case</li> </ul>	<ul style="list-style-type: none"> <li>▪ The impact of wider plans to redesign services on the project delivery plan is reviewed on a regular basis, and vice versa.</li> <li>▪ Responsibility for owning and championing the business case process (Strategic Business Case, Outline Business Case, Full Business Case) (Appendix 1) is clearly allocated to the Senior Responsible Owner (SRO)</li> <li>▪ The business case describes what the value is to the organisation from the outcomes of the project, documenting:               <ul style="list-style-type: none"> <li>▪ Options have been identified and assessed</li> <li>▪ Project procurement routes and options are fully explored, market tested and form part of the developed business case</li> <li>▪ The organisation is clear about the benefits expected and about how these will be achieved</li> <li>▪ Project costs are built-up in a consistent manner, including specific risk and optimism bias allowances and realistic construction inflation costs.</li> <li>▪ The organisation has sought review of costs by a skilled individual / team without any stake in the numbers, and any issues that have been identified have been addressed.</li> <li>▪ The business case process has followed the relevant Scottish Government and Treasury guidance.</li> <li>▪ There is clear understanding of the different purpose and requirements of each stage of the business case process.</li> <li>▪ The stakeholder (including funders) approval process is outlined within the business case, and their expectations of benefits to be realised has been appropriately managed.</li> </ul> </li> </ul>			

Good practice area	Key points to consider	In place (Yes/ No)?	Comments to support or explain your assessment	Required actions
▪ Business case (continued)	▪ The business case has considered emerging service changes and changes within the business environment and how they may affect the project.			
	▪ The business case is reviewed throughout the lifecycle of the project, to help test that any changes affecting it are justified, provide value for money and to help reinforce proper reporting and accountability.			
	▪ The business case is fully communicated to relevant stakeholders			
▪ Sponsor commitment	<ul style="list-style-type: none"> <li>▪ The SRO has assurance that the Project Sponsor has: <ul style="list-style-type: none"> <li>▪ the most appropriate knowledge, credibility and seniority to influence the key stakeholders</li> <li>▪ sufficient resources to discharge their obligations</li> </ul> </li> <li>▪ The successful delivery of the project is linked to the sponsor's personal performance metrics, with a successful outcome being pre-agreed by the SRO and approved by the organisation.</li> </ul>			

## Planning

▪ Governance	▪ Each project should have an identified investment decision maker, Senior Responsible Officer (also known as Project Owner) and Project Sponsor.			
	▪ There are clear and documented roles and responsibilities for SRO, Project Sponsor, Project Manager, including role descriptions, delegated authorities, organisation structures			
	▪ The Senior Responsible Owner (SRO) is the senior individual with accountability for delivery of the project within budget.			
	▪ The SRO has appointed a Project Sponsor, where appropriate experience is required			
	<ul style="list-style-type: none"> <li>▪ The SRO has considered and approved the project governance, documented roles and responsibilities and delegations of authority are effectively communicated. This includes: <ul style="list-style-type: none"> <li>▪ Clear identification of the management structure and decision making process within the project</li> <li>▪ Process for escalation of issues to the appropriate forum, where decision making will be made on the action required to address them</li> </ul> </li> </ul>			
	▪ For Project Boards, there are clear terms of reference, accountabilities and decision-making criteria. The Project Board is chaired by the SRO and attended by all stakeholders involved in the project			

Good practice area	Key points to consider	In place (Yes/ No)?	Comments to support or explain your assessment	Required actions
<ul style="list-style-type: none"> <li>▪ Governance (continued)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Senior stakeholders within the public body require high levels of focus and assurance on major projects in order to take action to reduce the potential negative effects. These stakeholders include Audit Committees, Boards, senior management and Heads of Internal Audit. For these stakeholders, there is evidence that               <ul style="list-style-type: none"> <li>▪ All major projects and programmes are 'under control' and risks are being managed in terms of delivery on time and to specification, within budget and the benefits originally intended</li> <li>▪ All projects in progress will have a measurable impact in supporting achievement of strategic objectives</li> </ul> </li> <li>▪ Where the project crosses organisational boundaries, there are clear governance arrangements in place to ensure sustainable alignment with the corporate objectives of all organisations involved.</li> <li>▪ The requirement for independent review and challenge of the project to provide assurance that the project continues to be effective has been defined and approved. Specifically, the Audit Committee has considered what degree of independent assurance and challenge it requires with regards to individual projects</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Risk management</li> </ul>	<ul style="list-style-type: none"> <li>▪ The organisation has determined its "risk appetite", considering the acceptable levels of risk in strategic, financial, operational regulatory and reputational terms, and it uses the results to inform the management of risks.</li> <li>▪ The project's risk processes are consistent with the organisational risk framework and reporting of risks is a two-way process (top down and bottom up) between the project and the organisation.</li> <li>▪ Discussions about the level of project risk are undertaken at project sponsor level, and with peers in the organisation.</li> <li>▪ The project risk management framework is embedded within the day-to-day project processes, such as a constraints, assumptions, risks, dependencies and issues log.</li> <li>▪ The Project Board has established and agreed tolerances for cost, time and quality for the project and has established clear escalation levels should the level of risk be outside of agreed limits.</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Procurement strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ The organisation has defined its procurement strategy within which the Project Board must manage the project's procurement remit.</li> <li>▪ Discussions are held on tendering and contractual options, to ensure risks and potential opportunities of each are understood thoroughly.</li> <li>▪ The project's procurement route reflects informed knowledge of the market and ensures an attractive approach for the market place is chosen.</li> <li>▪ The procurement strategy is consistent with the agreed organisational Risk Strategy.</li> </ul>			

## Execution

Good practice area	Key points to consider	In place (Yes/ No)?	Comments to support or explain your assessment	Required actions
<ul style="list-style-type: none"> <li>▪ Project management</li> </ul>	<ul style="list-style-type: none"> <li>▪ As an 'informed client' the Project Sponsor appoints a suitably experienced and qualified project manager either from within the organisation or externally after the agreement of the high level business case/ mandate.</li> <li>▪ During initiation of the project, the project manager should be involved, but at a lower level of importance to the SRO and project sponsor. However once the project moves into the planning phase, then the project manager takes on most of the responsibility for that element of the project.</li> <li>▪ The project plan has a direct relationship with the business case and overall strategy of the organisation.</li> <li>▪ The project plan is broken down into manageable work streams and relevant project milestones that are meaningful to the Project Board to allow accurate and frequent progress tracking and maximise visibility of inter-dependencies.</li> <li>▪ An analysis has been undertaken of the effects of any slippage in time, cost, scope or quality.</li> <li>▪ Critical path activities identified, and used as a base timeline for other activities and interdependencies to report against. Allowance for planning time and 'stepping back' and fully assessing interdependencies.</li> <li>▪ There is consistent application of a recognised project management methodology which is scaleable, flexible and embedded in the culture of the organisation</li> <li>▪ The project team has developed a resource plan for the duration of the project, so as to have informed the Project Board on future and ongoing resource requirements</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Procurement</li> </ul>	<ul style="list-style-type: none"> <li>▪ There is an identified change strategy which defines project change processes with escalation and approval points.</li> <li>▪ Independent project assurance reviews are carried out by the organisation and/or external parties at key milestones.</li> <li>▪ The procurement route for the project should be tailored to the specific nature of the facility, be it standard or bespoke, and incorporate benefits to be delivered by the contractor.</li> <li>▪ Commercial expertise / specialism is brought to bear to ensure optimal commercial conditions are fostered during procurement, and that commercially appropriate terms are used in contracts – eg change controls.</li> <li>▪ The Project Board is informed by an suitably conversant project manager who can demonstrate understanding of the capacity and capability of the market.</li> <li>▪ Key risks generated through the choice of procurement route and contract type are identified and added to the risk register for management through the risk process.</li> </ul>			



Good practice area	Key points to consider	In place (Yes/ No)?	Comments to support or explain your assessment	Required actions
▪ Resources	▪ Consistent cost estimating processes are used to develop and maintain project costings			
	▪ Contingencies have been identified and overlaid on base costs to allow for known risks, unknown risks, overhead and optimism bias.			
	▪ A change management process is in place and fit-for purpose to address any oversights.			
	▪ The project scope and finances are developed in detail prior to authorisation to spend is sought.			
	▪ Accounting systems have been set up to reflect the data required to track costs and billings by workstream line item			
	▪ The project team has sufficient allocated resources and the necessary skills to achieve the project objectives successfully.			
	▪ The Project Board and the project team have access to relevant specialist expertise as required throughout the lifecycle of the project.			
	▪ Performance of project team is incentivised e.g. annual performance measures, to align individual expectations with the goals of the project			

## Measuring & monitoring

▪ Benefits management	▪ Benefit owners have been identified at the outset of the project when the business case was being developed.			
	▪ Project Board has approved benefits realisation plans, which ensure measures have been identified to track, monitor and measure benefits within the business case.			
	▪ The timescales for delivery of benefits has been clearly communicated to stakeholders and funders			
	▪ The organisation has defined the metrics by which the successful delivery of benefits shall be measured			
▪ Reporting	▪ The Audit Committee is providing ongoing challenge within the organisation to the SRO.			
	▪ The SRO has instructed independent project reviews and, where appropriate, is undertaking the Gateway Review Process.			
	▪ There is regular reporting of performance, against pre-defined criteria on cost, time and quality, and project milestones.			
	▪ Projects undertake regular Gateway Reviews.			
	▪ Reporting is in a standard Scottish Government wide format.			
	▪ Project reporting is in an accessible format to the organisation, with consistent understanding and use of language- such as a project dashboard report.			
▪ Reporting (continued)	▪ Metrics are in place to measure the performance of the project to ensure effective monitoring, continuous improvement and stakeholder communication			

Good practice area	Key points to consider	In place (Yes/ No)?	Comments to support or explain your assessment	Required actions
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## Business acceptance

<ul style="list-style-type: none"> <li>Change management</li> </ul>	<ul style="list-style-type: none"> <li>Change control is established at the earliest stages of the project.</li> <li>The Project Sponsor ensures relevant stakeholder involvement and buy-in to project changes throughout the project relative to business case objectives.</li> </ul>			
<ul style="list-style-type: none"> <li>Stakeholder management</li> </ul>	<ul style="list-style-type: none"> <li>The SRO manages the project change process within the pre-agreed tolerance levels</li> <li>The project team has developed a stakeholder map so as to identify stakeholder groups.</li> <li>The SRO and Project Board have documented and agreed how stakeholders will be engaged e.g. ensure buy-in, overcome resistance to change, allocate risk to the party best able to manage it</li> </ul>			
	<ul style="list-style-type: none"> <li>A communication plan has been agreed by the SRO, and is regularly updated so as to inform stakeholders.</li> </ul>			
	<ul style="list-style-type: none"> <li>Project Sponsor communicates with stakeholder groups on the achievement of project objectives.</li> </ul>			
	<ul style="list-style-type: none"> <li>Lessons learned have been captured and shared across the organisation for future projects, and have been raised with other Scottish Government organisations as appropriate.</li> </ul>			

# Appendix 1. Key elements of the business case process

A solid business case will analyse and make a succinct and compelling case for the investment, including a clear strategic rationale with clearly defined objectives. By focussing on required benefits and outcomes, it should provide the means to continually review and assess the project as it progresses. It also provides the basis for transparency and accountability, by providing a benchmark against which the eventual success of the project and its benefits should be assessed.

The Business Case should develop iteratively over time, typically in 3 distinct stages, as outlined within HM Treasury guidance and the Green Book. Key elements are outlined below.:

## **Strategic Outline Case (SOC) - scoping stage**

- To confirm strategic context of proposal and make the robust case for change
- Provide stakeholders with an early indication of proposed way forward, on a wide range of available options alongwith indicative costs
- Maps onto OGC Gateway 1

## **Outline Business Case (OBC) – detailed planning phase**

- Revises SOC in more detail and identifying a preferred option which optimises Value for Money demonstrating affordability
- Sets out a supporting Procurement Strategy
- Maps onto OGC Gateway 2

## **Full Business Case – detailed final phase**

- Purpose is to revisit the OBC, record findings of subsequent procurement activities together with the recommendation for an affordable solution which continues to optimise value for money
- takes place within procurement phase of the project, following detailed negotiations with potential service providers/suppliers prior to formal signing of contracts and procurement of goods and services
- Maps onto OGC Gateway 3

# Appendix 2. Key project roles

The **Senior Responsible Owner (SRO)** is ultimately accountable for the success of the project. They must enable the organisation to exploit the new environment resulting from the project, and so meet the new business needs and deliver new capabilities.

While the SRO is not involved directly with the project team, he or she will chair the Project Board, own the business case, act as a senior advocate and hold the project team accountable for their actions. Ultimately, the success of the project is their responsibility. Only they can redefine the scope, or decide to close the project if it becomes clear the project objectives are unattainable.

The SRO may set up a **Project Board**, to ensure that other stakeholders are properly engaged with and committed to the project. The Project Board does not reduce the SRO's accountability and authority for the project but may help ensure it is successful. The Project Board should not have any powers that cut across the SRO's accountability and authority. If a Project Board is in place, there is a need to be clear on where decision-making happens. The SRO should chair the Project Board.

The **Project Sponsor** is responsible to the SRO. The sponsor is the interface between the business and the project team. The success of the project largely depends on the leadership and motivation he or she gives. A well-managed interface between ownership and delivery makes it easier to manage the project's critical success criteria.

For some organisations, especially where major projects are a rare occurrence, the demands of the sponsor role may stretch or exceed internal capability. It can be difficult to structure the project organisation appropriately, and things may be made worse if project sponsors are appointed with no previous experience of project management.

The **Project Manager** is the individual responsible for day-to-day detailed management of the project. They are the interface between the sponsor and the suppliers. They must provide regular reports to SRO on progress.

# Review of major capital projects in Scotland

## Report supplement: Good practice checklist for public bodies

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