



**The Institute of Risk Management
Scottish Central & Southern Regional Group**

Project & Programme Risks

Wednesday 20th May 2009

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Quality In Everything We Do

Agenda

- ▶ Introduction
- ▶ Projects and Programmes
- ▶ Integrated Risk Management
- ▶ Programme Risk Management objectives
- ▶ Ernst & Young Programme Wheel
- ▶ Audit Scotland - Major Capital Projects Review
 - Objectives
 - Themes

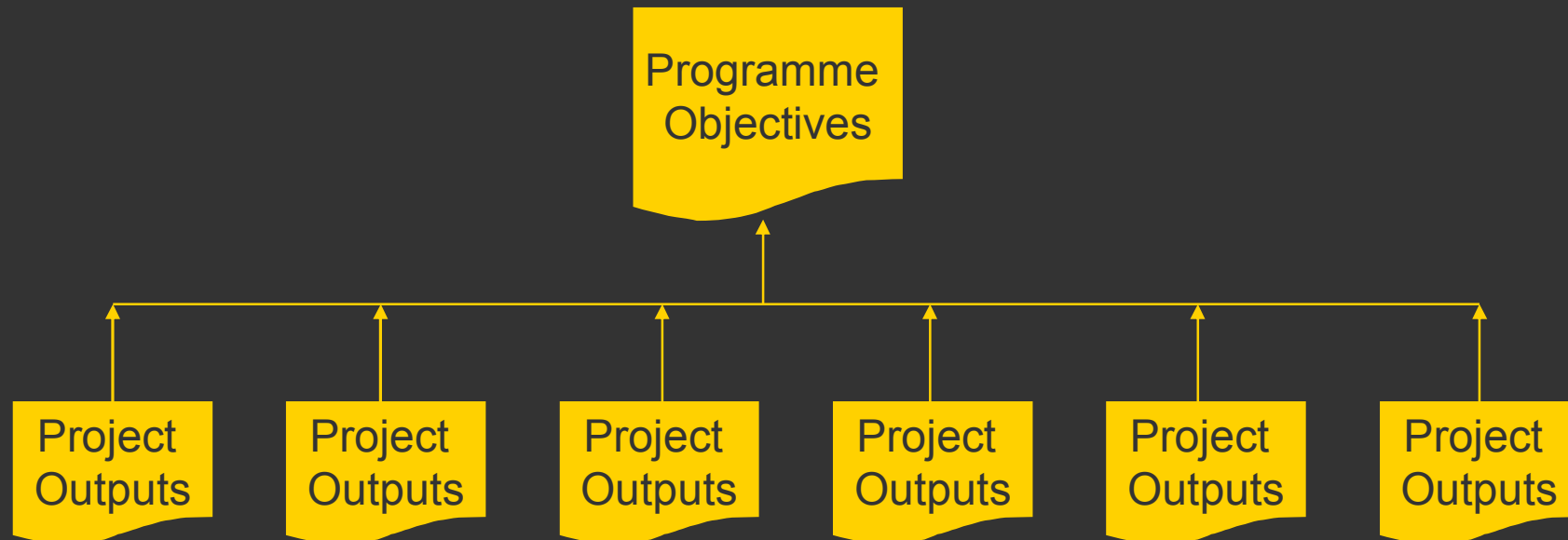
Introductions

- ▶ Russell McKay
Business Risk Services, Ernst & Young
Contact No: 0779 530 4312

- ▶ Lorna Pimlott
Programme Advisory Services, Ernst & Young
Contact No: 0779 526 6773

Projects & Programmes

Programme – a portfolio of projects required to achieve a desired outcome

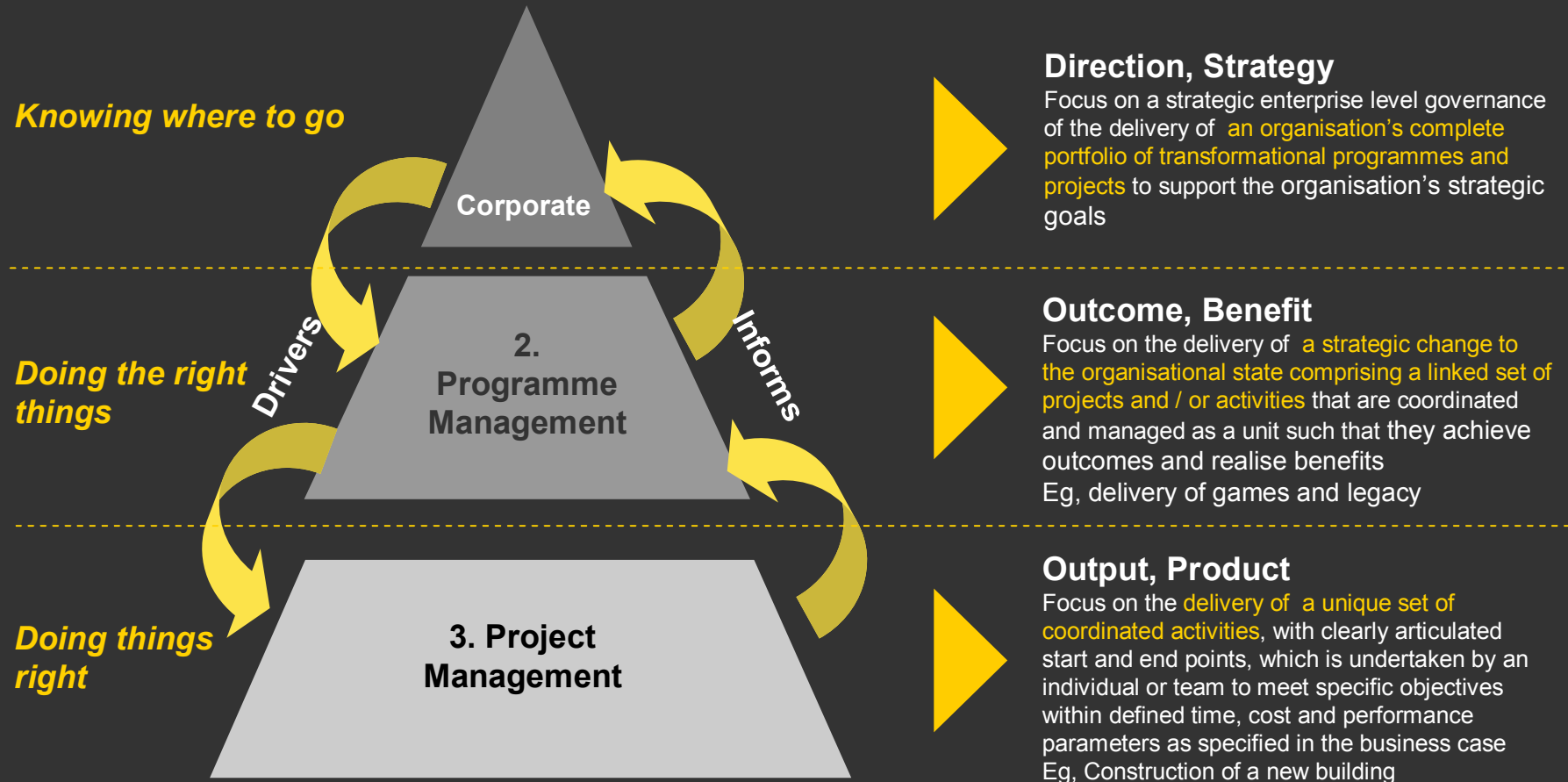


Projects – a time-limited set of activities to deliver a tangible output

Σ of the project outputs = **the programme objective**

Integrated Risk Management

Corporate, Programme and Project Risks



There must be alignment and escalation from one level to another

Programme Risk Management - objectives

- ▶ Maximise the chances of the programme **achieving its key objectives** through the planning, controlling, and managing of risks which threaten the successful delivery of these objectives;
- ▶ Manage risks so as to **improve the performance** of the programme and individual projects;
- ▶ Provide a basis for **improved decision making** by embedding the consideration of risk into existing decision making activities;
- ▶ Manage and control risk appropriately rather than eliminate it. I.e. **Reduce risk to within acceptable** levels (the organisations Risk Appetite);
- ▶ Safeguard the organisations **interests** and those of its stakeholders;
- ▶ Improve **awareness and understanding of risk** and the need for effective risk management; and
- ▶ **Achieve efficiencies** by providing a sound basis for allocating limited resources to focus on key risks.

Ernst & Young Programme Wheel

Ernst & Young has developed and implemented a robust global project and programme review methodology.



Audit Scotland – Major Capital Projects Review

Key Objectives of the Review

1. To assess and report on whether major capital projects completed between 1 April 2002 and 31 March 2007 were delivered to time, cost and quality.
2. To assess and report on whether current projects are progressing in accordance with time, cost and quality.
3. To assess and report whether, the Scottish Executive is managing current projects to achieve project objectives, based on a sample of projects.

Audit Scotland – Major Capital Projects Review

Key Themes of the Review :

- ▶ Strong stakeholder engagement and communication
- ▶ Independent project monitoring and reviews undertaken – e.g. gateway
- ▶ Project management best practice techniques and understanding evidenced
- ▶ Continuing challenge for projects to balance cost / time and quality
- ▶ *Risk management* – projects yet to fully embed
- ▶ Business cases – lack of review
- ▶ Lack of clarity of initial cost estimating processes
- ▶ Benefits realisation and management – improved tracking and monitoring required
- ▶ Mismatch between projects accountability and delivery responsibilities

Important information

- ▶ The information in this pack is intended to provide only a general outline of the subjects covered. It should not be regarded as comprehensive or sufficient for making decisions, nor should it be used in place of professional advice.
- ▶ Accordingly, Ernst & Young LLP accepts no responsibility for loss arising from any action taken or not taken by anyone using this pack.
- ▶ The information in this pack will have been supplemented by matters arising from any oral presentation by us, and should be considered in the light of this additional information.
- ▶ If you require any further information or explanations, or specific advice, please contact us and we will be happy to discuss matters further.



Thank you

Questions

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