apm KNOWLEDGE

integrated ASSURANCE

A Guide to **Integrated Assurance**

Contents

Figures and tables

Figures

Tables

1

Introduction

Assurance is an integral component of robust project governance as well as for governance of project management across an organisation. Through assurance, projects will undergo a range of reviews at different stages in their lifecycle. Integrated assurance is the co-ordination of these project reviews to ensure maximum impact and benefit at minimum cost and disruption. Only by having a systematic approach to assurance can an organisation hope to gain the full benefit of its assurance regime. Thus, a project assurance approach should be directly linked to an organisation's overall assurance strategy.

This guide aims to assist organisations in developing and implementing this integrated approach. It does not attempt to give guidance on assurance generally, as it assumes the reader is familiar with the topic.

For brevity, the guide uses the terms project and project management as inclusive of programmes and the management of programmes of projects.

1.1 The case for integrated assurance

This section begins by describing assurance, and then discusses the dimensions and benefits of integrated assurance in the project/programme context.

> *Assurance is the process of providing confidence to stakeholders that projects, programmes and portfolios will achieve their scope, time, cost and quality objectives, and realise their benefits*
>
> (*APM Body of Knowledge* 6th edition)

From this statement, it can be seen that the purpose of assurance is to give stakeholders confidence that their project objectives will be achieved. Assurance activities need to examine the ways in which risks and issues are being identified and managed. They also need to look at the way in which opportunities are being evaluated and the actions being taken to realise any benefits. Effective assurance gives stakeholders confidence that resources are not being wasted or potential value lost as a result of shortcomings in the execution of the project while achieving its agreed objectives. Assurance activities can also help identify any shortcomings early enough for them to be rectified without an unfortunate impact on the project objectives.

There are a broad range of activities that may be carried out for various different stakeholders under this heading of assurance. Such activities all absorb time and money, and so could reduce the potential value of the project. In addition, the volume of assurance does not guarantee the avoidance of assurance gaps and can lead to confusion if mixed or contradictory opinions are given. Sometimes there is strength in welcoming different perspectives because of the different natures of assurance and the degree of objectivity exercised. The dialogue around reconciling those different views is what good governance is all about. If we seek one view on everything, we will compromise or dilute the assurance, thereby harming objectivity and devaluing the process.

The concept of integrated assurance is to streamline these disparate activities for greater efficiency and overall benefit for the project and its stakeholders. Integration of assurance can be considered across four dimensions.

1. *Multiple stakeholders*. Stakeholders are likely to have different assurance requirements to match their individual needs. This is especially true where stakeholders from a number of organisations are coming together to participate in a project. If each stakeholder's assurance requirements are actioned independently, it is likely to engage the project in duplicate effort with no additional benefit. The first dimension for integrated assurance is bringing together the disparate requirements of individual stakeholders and establishing a single set of assurance activities that satisfies the needs of all stakeholders as efficiently as possible.
2. *Governance hierarchy*. A second dimension of integrated assurance derives from applying assurance at the appropriate level in the hierarchy of project, programme or portfolio. Typically, an organisation will run a portfolio of programmes and individual projects. Stakeholders in the organisation itself may be different from stakeholders in specific programmes and individual projects, and each group of stakeholders will have its own assurance requirements. Without integration an individual project may find itself subjected to assurance processes from a project level, a programme level and a portfolio level – with little co-ordination between them.
3. *Lifecycle stages*. A third dimension of integrated assurance is to recognise that assurance activities will be carried out on a number of occasions throughout the lifecycle of the project and to ensure that the activities on any one occasion are wholly pertinent to that particular stage in the project lifecycle. This also allows linkage to programme lifecycle stages where appropriate.

4. *Level of independence*. The definition of assurance also implies the need for some measure of independence from the team directly managing the project, since lack of such independence would potentially reduce the confidence that stakeholders might have in the assurance reports. In practice, a good project team will carry out certain activities for the purposes of providing assurance to themselves that requirements will be met, as will the project's suppliers. Examples of this would be design verification studies or those activities forming the project's quality management programme. A fourth dimension of integrated assurance would be to recognise those internal and supplier assurance activities, audit them for effectiveness where deemed appropriate, and then overlay a minimum of additional independent assurance needed to provide the appropriate stakeholder confidence that the project will meet all its objectives.

It is worth noting that all assurance activities, whether integrated or not, should be designed with due consideration of project risks, so that assurance resources are applied where the risks are highest.

It should also be noted that assurance is not simply the investigation and reporting of findings. To be effective, assurance needs to include both the identification of actions to address the findings and the subsequent follow-up or consequential assurance to ensure such actions have been effective.

1.2 Overview of the guide

This guide has been developed by APM using the knowledge and experience of project management and assurance providers from across UK industry, the public and third sector, and academia. It has been designed to support those who sponsor or manage projects by describing principles and practices for providing efficient and effective assurance of projects and programmes. It recognises that while projects and programmes will often have multiple stakeholders, each having individual assurance needs that may not be aligned, a planned, integrated programme of assurance should reduce the overall assurance burden.

The guide is consistent with and based on descriptions of assurance as given in the *APM Body of Knowledge* (6th edition). It is also aligned with and builds upon the principles and guidance contained in the APM publication: *Directing Change: A Guide to Governance of Project Management.*

3

Approach to integrated assurance of projects

3.1 Why do we need assurance?

Assurance is a key element of the governance of a project and it seeks evidence of effective controls and opportunities to increase the likelihood of success in the following areas:

1. *Client and scope*. Focusing on clear and controlled baseline requirements, objectives, success criteria, business case, terms of reference, contracts and benefits realisation.
2. *Risks and opportunities*. Focusing on management of risk and opportunity through the lifecycle of the project.
3. *Planning and scheduling*. Focusing on appropriately detailed execution strategies, plans and schedules.
4. *Organisational capability and culture*. Focusing on people, behaviours, teams, processes, systems and the working environment.
5. *Supply chain*. Focusing on procurement processes, engagement with and capability of both the internal and external supply chain.
6. *Solution*. Focusing on the deliverables and outcomes that meet the client requirements, including product and/or service quality and the impact of the finished product or service on the social, physical and economic environment.
7. *Finance*. Focusing on financial management and administration.
8. *Social responsibility and sustainability.* Focusing on managing the impact of project delivery on the ecological, social, physical and economic environment, including health and safety.
9. *Performance*. Focusing on measuring all facets of performance against the baseline requirements, variance analysis and management action.
10. *Governance*. Focusing on the alignment of the interests and strategic direction of sponsors and stakeholders.

3.2 Who needs assurance?

Assurance is needed by anyone who delegates work to another person/team – whether it is assigned to their own team or to a third party, possibly through a contract. Assurance is also needed by any third parties/stakeholders who will benefit by the work being completed as intended. An example of this might be where the general public will benefit from the launch of a new product but their interests are protected by an industry body or regulator during its development.

These assurance customers can receive assurance that the delegated work is being performed to their requirements by taking an active role in the project and conducting their own reviews. More commonly, this assurance activity is also delegated to assurance providers who are independent of the parties carrying out the delegated work but who report to the assurance customers.

Within an organisation, the board is responsible for assuring that the business is effectively run (in Government this is the accounting officer), that every project is properly governed (see *APM guide: Directing Change – A Guide to Governance of Project Management*), and that every project will deliver the outcomes required. Often this responsibility is supported by a management committee that focuses on delivering projects and business operations to meet organisational standards, risk committee(s) that provide oversight of a risk management framework, and an audit committee that provides independent review and oversight of a company's financial reporting processes and internal controls.

Normally, a board will assign the governance of a project to a sponsor who is responsible for ensuring that the project leads to the intended outcomes, and this involves ensuring that the appropriate assurance activities are performed for that project. For portfolio or programme, there may be a number of interdependent projects and related activities resulting in a hierarchy of management to be assured about the results of the work in each programme and project.

In addition to this assurance, a board will normally have an internal audit department (or equivalent) who will independently assure that the organisation's activities, including projects, are appropriately governed and assured. Traditionally, an audit/assurance department consists largely of people whose background was accounting. However, with increasing investment in projects and programmes of change (and for other reasons too), a board needs broader skills in their audit/assurance function so that the various complexities of a project can be properly assessed and assured in addition to the financial aspects.

In addition, projects often find themselves with a multitude of stakeholders who may wish to gain oversight on the health of a project. These stakeholders often employ more than one specialist agency to perform assurance on their behalf. Stakeholders and the agencies they employ may include:

Table 3.1 *Stakeholders and agencies employed*

Stakeholders	Examples of assurance providers
Parliament	National Audit Office
Local and Central Government, and other public bodies	Major Projects Authority/Cabinet Office/local partnerships
Funders and investors	Financial advisers
Regulatory agencies	Own and third-party auditors/inspectors
End user	Own and third-party auditors
Client organisation (NB: There may be more than one client within an organisation.)	Clients: • Internal audit • Financial compliance • Governance • Gated reviews • Value for money • Third-party auditors • Project management office • Project managers
Client organisation's operational and support functions	Functional review/audit teams: • Health & Safety • Environment • Technical
Client organisation's project management team	Project management teams: • Management systems/quality assurance team • Functional review/audit teams • Third-party auditors
Suppliers (NB: The supplier's senior executive, who is responsible for the successful delivery of the project, acts as the 'sponsor' for delivery of the scope in accordance with the supplier's contract.)	Supplier's corporate • Internal audit • Financial compliance • Governance • Gated reviews • Value for money • Management systems/quality assurance team • Third-party auditors • Functional review/audit teams • Project management office • Project managers

(*Continued*)

Association for Project Management

Ibis House, Regent Park
Summerleys Road
Princes Risborough
Buckinghamshire, HP27 9LE

Telephone 0845 458 1944
International +44 (0)1844 271640
Facsimile +44 (0)1844 274509

Email info@apm.org.uk
Web apm.org.uk

ISBN-10: 1-903494-04-4
ISBN-13: 978-1-903494-04-2

9 781903 494042