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Project Management and SDLC – Methods, Practices and Audit Impacts

Jim Kreiser, Principal; CRMA, CISA, CFSA

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Learning Objectives

At the end of this session, you will be able to:

- Identify methods and tools used in IT project management
- Discuss key principles of Project Management
- Identify core phases of Project Management Activities
- Define core System Development Life Cycle components and methods
- Review critical “tools” and audit areas
- Determine how to leverage and incorporate Project Management into audit cycle(s)

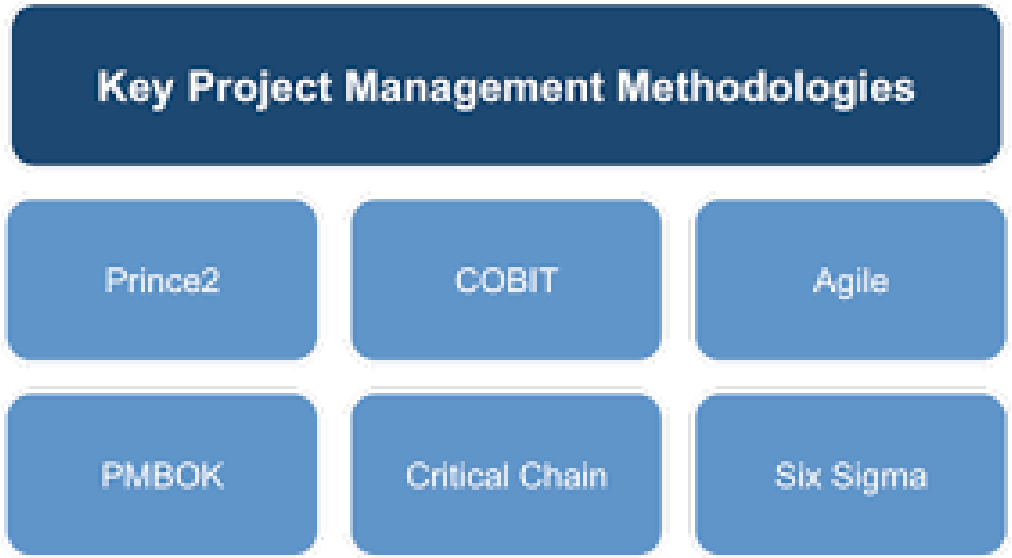
POLLING QUESTION

What area would best describe your role in the organization?

- Accounting & Financial Reporting
- Audit
- Information Technology
- Other

What is Project Management (PM)

References and Resources



Which one is appropriate? What are the overlaps/similarities? ITIL?? ISO??
That will be our focus… rather than one specific model

What defines a Project?

- Before we begin, we need to determine ‘what is a project?’

- The dictionary defines project as
  - *an individual or collaborative enterprise that is carefully planned to achieve a particular aim.*

- What are some key take-aways from that which are most applicable for our understanding and utilization within our government?

(*Please put some feedback/comments into the Q&A chat)*

What defines a Project?

Three key areas of the definition that perhaps we can agree are universal within our organization….

1. Individual or Collaborative – organizationally most are collaborative… can we agree?

2. Planned. Critical, we will spend much time on this later – but not the emphasis on planning just within the dictionary definition

3. “Particular Aim”. Let’s agree that all projects must have an objective or defined goal/purpose.

Utilizing this structure – we can apply this across various project types (in fact all??).

What Types of Projects Exist?

- Many different working categories of projects exist. Let's discuss some common types….
  1. Strategic. Business strategy or initiative
  2. Operational. To enhance or improve effectiveness or efficiency.
  3. Management. Organizational structure or alignment.
  4. Research. Focus on information gathering, entry, or update.
  5. Construction/Manufacturing. Build of specific object, asset, etc.

Where does IT fit? We will also explore some components later.

What Types of Projects Exist?

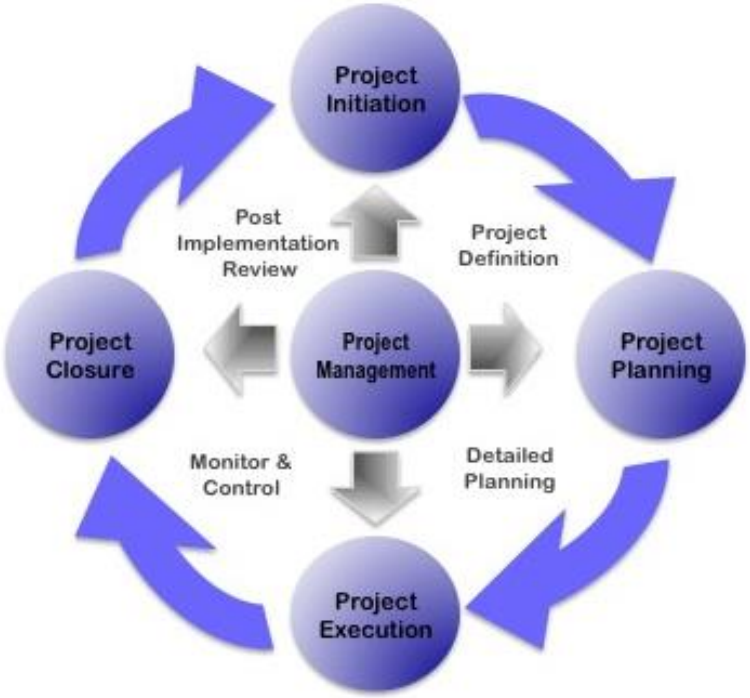
- We also need to define the size, breadth, and scale of projects.
  - We will talk about many tasks, phases, and stages of PM. However, not all steps and activities need to apply to ALL projects.
- To achieve efficiency in PM, and to manage resource allocations most effectively, PM Organization (PMO) or Project Standards/Guidelines need developed and should highlight some distinction of project scale:
  - **Major projects**? Certain size budget, resources, time, etc. anticipated
  - **Minor projects**? Less budget – but still meaningful resource allocation/time
  - **Maintenance/Update/Recurring** – Items needed to maintain activities, or items that are planned to be repetitive (e.g. IT Patch Management, Grant Compliance, Training, etc.)

How do we break this all down?

- Strategic Planning (Planning)
- Product/Deliverable Development
- Communication (Steering Committee, Escalation, Contact Lists, Proj. Org Chart, Plans)
- Resources (Budget, Vendors, Systems?, etc.)
- People (Sponsors, Manager(s), Staffing, Skills, etc.)

Key Principles, Phases and Considerations

Walkthrough of Phases



Walkthrough of Phases

- Business Justification and Stakeholder Needs
  - (Needs Analysis)
    - What does this include/entail?
      - Defining the drivers and rationalization for the project
      - Determine goals and understand stakeholder needs
        - Do we know who stakeholders are?
        - How do we gather/validate?
      - Help define the “boundaries” and extent of the project and need
      - Confirm that the project is in conformance with directives, strategy, and/or mission

Walkthrough of Phases

- Project Objectives and Requirements
  - (Requirements Definition)
    - Define and document/assess the project objectives
    - What are the key requirements (system, functionality, process efficiency, reporting, workflows, etc.)?
    - Accessibility? Utilization/Availability? TIMING?
    - Requirements need to be objective and measurable.
      - While some items and considerations will be subjective – without measurable objectives and specific requirements – project success can not be gauged or assessed.

Walkthrough of Phases

- Feasibility Study
  - Before progressing further, we should stop at this juncture in order to evaluate whether the “requirements” and needs determined are possible within the context of stakeholder expectations, budgets, timing requirements, system requirements, etc.
  - If NOT possible, requirements and/or expectations should be revised and communicated

Walkthrough of Phases

- Project Scope and/or Mission Statement
  - Clearly define and document the scope and mission/goals/objective of the project(s).
  - Articulate the objectives, key performance indicators (KPI), and timing
  - Define also the “boundaries” or limits of the project
  - List dependencies

Walkthrough of Phases

- Deliverables, Due Dates, Schedule
  - PROJECT PLAN
    - Define schedules, timing, and what the key deliverables and milestones for each activity/task should be
    - Does the schedule include dependencies?
      - Can we start Task C independent of Task B? If not – do we list this? Does the timing of dependent tasks align (if Task C can't start until Task B complete – do the start/finish dates align)?
      - Are vendors involved? Are their roles, contracts, etc. clearly defined? What do they owe, when? What defines quality and acceptance?

Walkthrough of Phases

- Project Charter
  - Define Roles and Responsibilities
  - Outline Reporting and Status Requirements
  - Define Project Sponsor, Committee, and overall ownership and monitoring responsibilities
  - List resources and support services
  - Will internal audit have a role??
    - Is that role “consultative” or traditional? This should be documented and defined.

Walkthrough of Phases

- Risk Management Plan
  - Conduct Risk Assessment
    - What could go wrong at key junctures of the project?
    - What overall risks to project execution exist?
  - Define how risks will be evaluated
  - What are risk tolerances?
  - Determine how risks, test exceptions, or other related project issues will be documented, monitored, reported, and resolved (escalation?)
    - Ticketing System? Formal Tracking?

Walkthrough of Phases

- Project Execution
  - Perform the activities of the project plan, with monitoring and measurement of milestones, KPIs, etc.
  - Determine routine status reporting and articulate escalation and resolution

Walkthrough of Phases

- Quality Assurance & Acceptance
  - This phase should include guidance on testing or assessment activities associated with various project tasks and deliverables
    - I.e. reports, functionality, workflows, automated documents/forms,
  - Roles should be defined previously on who makes decision to “accept” the project for implementation, integration, vendor deployment, utilization, etc. Also sometimes called “Go or No Go” point in system or IT related projects.

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Key Project Audit Areas

Internal Audit… as well as Project QA

Polling Question

- Are you involved in audit related functions or activities?
  - Yes
  - No

Input - Feedback

- Please input some thoughts/ideas/comments and examples into the Q&A Chat.

  - Two Areas:

    1. What challenges do we face in scoping and planning audits related to projects and project management activities?

    2. Do we believe that we truly approach our audits as “projects”? Do we manage them with a level of focus and discipline conforming with the PM phases or areas noted previously?

What Items Can We Consider??

- Were testing plans, testing results, and exceptions/issues clearly documented and resolved?
- Were identified project risks monitored and resolved?
- Were project plans and dependencies well defined?
- Were the project objectives, costs, and timelines documented? Were these achieved? If not – was "acceptance" of those cost overruns, delays, etc. reported and approved?
- Was there a clear tracking of project costs? Were milestones to teams, vendors, etc. confirmed prior to payment?
- Were KPIs well defined? Confirm KPIs achieved.
- Were communication plans followed and key stakeholders updated (minutes, agendas, etc.)?

Audit Evidence??

- For the items discussed, as well as the items discussed from the group, regarding audit considerations for PM – what types of audit evidence should we expect or require?
  - Be aware, audit timing will have significant impact on the availability, accessibility, etc. of audit evidence.
  - Test results may not be maintained, or certain “deliverables” may not be available once the next “phase” of the project occurs.
  - How can IA, Compliance, and others best incorporate and communicate their needs/requirements for tracking? Document expectations in project plan.

Audit Cycle Management

Institute of Internal Auditors

- Documents some guidance on internal audit management

Audit Cycle Considerations

- Do we do less than we expect from our auditees?

- <u>Project Scope</u>
  - Do we clearly define and communicate our scope (including to the auditee in writing)?
  - Do we define the levels or criteria for evaluating exceptions?
  - Do we describe how we rank/assess risk associated with exceptions or issues?

Audit Cycle Considerations

- What are some key areas to incorporate into managing audits?
  - Planning?
  - What do you include in Planning?
  - List the budget; list the staffing; list the timing!
  - List the Roles and Responsibilities for all those on the audit team.
  - Who is the Sponsor? Who is our liaison?
  - Define clearly what the objectives and deliverables are.

Audit Cycle Considerations – Cont.

- What are some key areas to incorporate into managing audits?
  - Monitoring and Risk Tracking
    - Do we ever consider or document the risks to execution of our audit?
    - Do we define procedures and expectations for monitoring and escalation?
    - Do we formally track “budget to actual” expectations?
  - Communication Plans
    - Do we communicate formal status updates?
    - Do we have a key list of those to provide routine updates?
    - Are escalation plans in place?
    - How do we track and communicate audit delays and “overruns”?

Audit Cycle Considerations – Cont.

- What are some key areas to incorporate into managing audits?
  - Dependencies
    - Track and formally document interdependencies.
      - Which tests can be performed independently?
      - Are some tests/timing dependent on others being performed?
      - Are we clear on whom all we should receive audit documentation from, and what issues/risks may exist?
        - Documentation from a vendor?
        - Documentation that may have PCI, PII, PHI, etc.?
          - Is there guidance for how to handle?
        - Documentation from an unrelated 3rd party?
    - Understanding and identifying these dependencies and risks in advance is a key consideration in planning and execution

Audit Cycle Considerations – Cont.

- What are some key areas to incorporate into managing audits?
  - Execution
    - Have we defined clear expectations and roles for tracking timing?
    - Do we have clear guidance on test procedures? Do we document our "tolerances"?
    - Do we track and maintain test results, and do we determine expected results and anomalies? Do we "escalate" (define additional samples, set criteria/KPI for results, etc.)?
  - Quality Assurance and Acceptance
    - Have we set clear expectations on QA procedures and sign-off and acceptance of audits?

Summary

- We need to delineate and define Projects
- We can plan, manage, and deliver projects
- We can manage IT, business, operational, and financial projects
- We can plan for PM audits
- We can consult on PM activities
- We can plan to integrate PM into our own audit cycles

Questions

Jim Kreiser, CRMA, CISA, CFSA
Principal
Business Risk and Specialty Advisory Services
James.Kreiser@CLAConnect.com
717-857-2613

CLAconnect.com

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