
Project Management Audit

Internal Audit Report

AUGUST 4, 2021

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Internal Audit Mission Statement

The IESO Internal Audit function is committed to being a high value, cost-effective contributor to the overall business success of the IESO. Internal Audit provides independent, objective services on risk management, controls, and governance processes to management and to the Audit Committee of the Board of Directors.

Audits are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

Notice of Confidentiality

This report is confidential and intended to be solely for the benefit of IESO Management, including the Enterprise Risk Management function, and the Audit Committee of the Board of Directors and not for the benefit of any other person. This report should not be used for any other purpose and should not be quoted, in whole or in part, or otherwise referred to or used for any purpose without the IESO's prior written consent. Any use of this report by a third party, or any reliance or decisions made based on it, are the sole responsibility of such third party. We do not accept any responsibility for any loss or damage incurred by any third party as a result of decisions made or actions taken based on this report.

Executive Summary

Internal Audit has performed an audit on the project management processes that are carried out by the Project Management Office and Change Delivery teams within the Enterprise Change (EC) group.

The EC group was created in November 2017 as the IESO's centralized team responsible for the prioritization, governance and delivery of enterprise change at the IESO and ensuring that projects achieve their objectives. At the IESO, a project is defined as a temporary endeavour to carry out changes to the people, process and technology which impacts more than one business unit (including I&TS). The 2021 project portfolio roadmap includes 37 projects in various stages.

Since the new project management processes introduced as part of the centralized delivery function under Enterprise Change have never been audited before, this review was included in the 2021 annual internal audit plan. The relative priority of this audit is **high**. Priority is relative to other processes in the approved Internal Audit Services Plan.

The objective of this engagement was to provide reasonable assurance that the program and project management framework is suitably designed and operating effectively.

The scope of this review includes the following project management processes and activities within the Portfolio and Project Management Life Cycle (PPMLC) employed to meet business objectives:

- Initiating processes – to define objectives of a new project or new phase of an existing project and obtain authorization to start the project and/or phase;
- Planning processes – to establish scope of the project, refine business objectives, and define the course of action required to achieve these;
- Executing processes – to perform the work defined in the integrated project plan (IPP) and project charter;
- Monitoring and controlling processes – to track, review, and regulate the progress and performance of the project, identify changes required to the IPP and carry out activities to effect these changes; and
- Closing processes – to formally close the project and capture lessons learned.

The following were excluded from the review:

- Project Inception phase that includes activities to review submission of project, consolidation into a portfolio for ELT review and approval and reflect project's capital and operating budget in the business plan.
- Organizational change management resulting from a project.

- Solution Development Life Cycle (SDLC) or similar approaches used for delivery of product and systems.
- Measurement of business value delivery after project completion.

Approach

We performed audit procedures and assessed controls based on the Standard for Project Management (ANSI/PMI 99-001-2017) and components of the Project Management Body of Knowledge (PMBOK). Our assessment was based on virtual interviews and walkthroughs with key personnel in the Enterprise Change group as well as review of governing documents and supporting operational information provided to us by teams that were part of virtual interviews and walkthroughs.

Conclusion

Enterprise Change has adopted industry best practices in its governance, controls, change management and delivery methodologies including a framework for project management¹. The PPMLC was implemented by EC in 2019 as a result of stakeholder feedback and a maturity assessment performed by the external consultant (MNP) in 2018. The PPMLC is designed using guiding principles of the PMI Standard for Project Management.

Internal Audit made 6 medium and 3 low observations. The medium findings included inconsistent practice around project risk management, limitations in use of resource planning and project scheduling tools, and lack of a central, integrated tool set to manage all aspects of the project.

Internal Audit (IA) appreciates the co-operation, open communication and timely information from staff and management in the Enterprise Change group. Management has collaborated with IA to develop management action plans and timelines to help mitigate risks that may lead to errors, negligence and inefficiencies in the Project Management process. Management has also provided additional context and background to some of the audit observations to describe existing processes and support their management action plans.

The following sections of this report contains, a [Summary of Observations](#), high and medium rated audit results are noted in the [Observations, Recommendations, Management Response and Action Plans](#) section, whereas low rated observations and opportunities for improvement are listed in the [Appendix A](#).

¹ The Project Management Institute Standard 99-001-2017 defines Project Management as the application of knowledge, skills, tools and techniques to project activities to meet project requirements.

Summary of Observations

Control Objective	Assessment of Design and Operating Effectiveness
A project charter is developed to formally authorize the start of the project and provide the authority to apply organizational resources to project activities.	No observations noted.
Stakeholders for the project are identified and their interests, dependencies, involvement and impact is analyzed and documented.	1 medium risk observation noted.
An integrated project plan is prepared that defines the basis of all project work and how the work will be performed.	No observations noted.
Business objectives are determined and documented in the project charter that helps to define the project scope.	No observations noted.
A project schedule is developed, documented and analyzed with planned dates for completing project activities and is used for executing, monitoring and controlling the project.	1 medium risk observation noted.
Monetary resources needed to complete project work are estimated to establish an authorized cost baseline against which project performance can be monitored and controlled.	No observations noted.
A quality management plan is prepared to provide guidance and direction on how quality will be managed and verified throughout the project.	No observations noted.
A resource management plan is developed to estimate, acquire, manage and utilize physical and team resources to help establish the approach and level of management efforts needed for managing project resources.	1 low risk improvement opportunity noted.
The approach for communication is documented to efficiently and effectively engage stakeholders by presenting relevant information in a timely manner; and the project information is communicated efficiently and effectively between the project team and stakeholders.	1 medium risk observation and 1 low risk improvement opportunity noted.

Control Objective	Assessment of Design and Operating Effectiveness
<p>A plan for project risk management is developed to identify project risks and sources of risk, and that the degree, type and visibility of risk management are appropriate to both the risk and the importance of project to the organization and other stakeholders.</p> <p>The agreed upon project risk responses are implemented and monitored as well as new risks and risk responses are identified and implemented as applicable.</p>	1 medium risk observation noted.
<p>Leading the work defined in the integrated project plan including overall management of the project work and deliverables to ensure the project progresses according to plan and where changes are required these are authorized and implemented in a timely manner.</p>	No observations noted.
<p>Assessment and improvements are made to enhance team members' competencies, interactions, interpersonal skills and overall team environment that result in motivated employees, reduced attrition and improved overall project performance.</p>	1 low risk improvement opportunity noted.
<p>Resources including team members, facilities, equipment etc. are acquired and assigned appropriately.</p>	1 medium risk observation noted.
<p>The project's overall progress is tracked, reviewed and reported to inform stakeholders of the current state of the project, any actions taken to address performance issues and any impacts to the project schedule and cost.</p>	1 medium risk observation noted.
<p>All project activities ensure that planned work is complete, project information is appropriately stored/archived and organizational resources are released.</p>	1 low risk improvement opportunity noted.

Observations, Recommendations, Management Response and Action Plan

Please note that the indicated risk of audit observations is an assessment of relative risk measured in relation to other audit findings. This is not an absolute assessment of risk to the IESO and is a relative assessment of where management needs to focus their attention in order to meet defined process and control objectives. The following table describes the risk levels as used in this report:

High (requires immediate action)	Likely to affect the IESO's ability to achieve the Project Management process objectives.
Medium (due course)	Somewhat likely to affect the IESO's ability to achieve the Project Management process objectives. Where compensating controls exist, they are assessed to partially mitigate the identified risk.
Low/Improvement Opportunity (recommended)	Unlikely to affect the IESO's ability to achieve the Project Management process and control objectives. Opportunity exists to improve the efficiency and effectiveness of the process.

Significant (high and medium risk) observations, recommendations, management response and action plans are summarized below, whereas the low risk observations and opportunities for improvement including management response and action plans are listed in the Appendix A.

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
<p>Control Objectives: A plan for project risk management is developed to identify project risks and sources of risk, and that the degree, type and visibility of risk management are appropriate to both the risk and the importance of project to the organization and other stakeholders;</p> <p>Appropriate risk responses are identified, agreed upon and implemented to minimize project threats and maximize project opportunities; and monitored as well as new risks and risk responses are identified and implemented as applicable.</p>					
1	<p><i>Observation and Implications</i></p> <p>For all 9 projects in the audit sample, we obtained and reviewed the risk registers that existed for each project (Risks, Actions, Issues, Decisions, Change Requests – “RAIDC” document) and noted the following:</p> <ul style="list-style-type: none"> • Risks statements and mitigation actions are not drafted consistently between projects; • Risk registers are not reviewed during PSC meetings, for the 5 PSC meetings attended no discussion took place whether any new risk was identified or if any mitigation effort was required; and • Although risk registers are maintained, we could not determine if mitigation plans are reviewed and updated on a regular basis. <p>In the absence of proper identification and mitigation of project risks, there may not be proactive management of project risks and the project progress may be negatively impacted creating delays and/or cost overruns or delivery of solutions that does not fully meet the business objectives.</p> <p><i>Recommendations</i></p> <p>It is recommended that management,</p>				Medium

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
				<p>1.1. Enhance the project risk assessment process by standardizing project risk statements and mitigation actions that are similar within projects by type and size, a sample project risk universe is provided with this report and provide training to PMs to ensure that they have a common understanding of our risk management process, including the definition of a risk, contributing factor, control, mitigation plan;</p> <p>1.2. Work with ERM group to ensure the project risk assessment process is aligned with the Enterprise Risk Management process and to ensure that project risks are elevated at the enterprise level as applicable; and</p> <p>1.3. Maintain evidence that risk responses and mitigation efforts are reviewed and updated in a timely manner by the respective stakeholders.</p> <p>1.4. Bring additional profile of critical and high residual risks at Project Steering Committee and project team meetings to ensure that team members are aware of existing and emerging key project risks and how they are being managed.</p> <p><i>Management Response and Action plan</i></p> <p>Enterprise Change Management agrees that the project risk assessment, monitoring, mitigation and reporting can be further enhanced to bring more consistency across our projects and agrees that the adoption of standardized risk statements that can be considered for all projects would be helpful to bring this consistency. In fact, we are working with ERM to standardize risk statements and develop a risk glossary. We also agree that risks should be reviewed on a regular basis throughout the project and that more visibility should be brought to Project Steering Committee and project team members.</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
				<p>Enterprise Change has been working with the Enterprise Risk Management function for well over a year to better align our risk management practices, terminology and assessments. We updated our Project Risk Management Methodology (IESO_PRO-071) in December 2020 with input from the ERM team, we have updated the RAIDC log to be consistent with the new ERM tool and in addition to MRP and RSS we have two projects (DLRT and IESO Hub) that are piloting the new ERM tool with the expectation that we will manage risks for all new projects through the tool once we determine of how effective the tool can support project risks. This will also help ensure that we elevate project risks to the enterprise level, as appropriate. In 2021 the Project Management Office and ERM teams delivered joint training to Change Delivery team members on the changes to the project risk management tools and procedures.</p> <p>Enterprise Change management agree to further enhance our project risk management practices through the following:</p> <ul style="list-style-type: none"> • Complete work with Enterprise Risk Management to define a number of standard risk statements that will be assessed for all projects – December 31, 2021. • Develop protocols, such as time stamping RAIDC logs or to develop risk counts, to clearly indicate when risk logs have been updated with new or modified risks, mitigation plans have been implemented and when risks have been closed – October 31, 2021. • Reinforce with Project Managers that risk logs should be reviewed with project team members and Project Steering Committees on a regular basis, no less frequently than quarterly – August 31, 2021. <p><i>Completion Dates noted above.</i></p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
<p>Control Objectives: A project schedule is developed, documented and analyzed with planned dates for completing project activities and is used for executing, monitoring and controlling the project.</p>					
2	<p><i>Observation and Implications</i></p> <p>We obtained the project schedules from the project folders located on ████████ network drive (available as a public document) as well as part of attendance at 6 PSC meetings and noted the following:</p> <ul style="list-style-type: none"> For 5 out of 9 projects in the sample selected for audit testing, the project schedules were stored in MS Project file format (.mpp). This format is unreadable for staff that do not have access to MS-Project; since licenses for MS project are not widely made available to staff. This means that many staff do not have the ability to read the status of specific project activities and tasks in real time to note and make corrections in the event a delay becomes likely related to a task or activity, or conflicts in interdependencies between projects where resources are shared; Additionally, the project schedule is required to be provided via a live link in the monthly progress report to the Project Steering Committee (PSC). However, We noted that project schedule links for 3 out of the 5 progress reports were not readable due to restriction of MS Project file format. <p>It is understood that key milestone activities and associated timelines for the current period are clearly stated on the project progress reports and communicated by the project manager at the monthly PSC meetings.</p> <p>In the absence of a project schedule that is made available to project team and PSC members there is a potential that delays or interdependencies in various project tasks may not be known in a timely manner to make decisions to maintain the project schedule.</p>				Medium

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
				<p><i>Recommendation</i></p> <p>The project schedule should be available in the project repository, in a consistent spot, saved in both MS project and PDF. This ensures that most current version of project schedule in pdf format is available for review and action for stakeholders, project team and PSC members to facilitate timely and accurate information for decision making.</p> <p><i>Management Response and Action plan</i></p> <p>Enterprise Change Management agrees with the observation and associated recommendation. It is the intent that all schedules be maintained in the project folder on [REDACTED] and be saved in both a MSProject and PDF format. The link in the Progress Report should use the PDF version of the schedule.</p> <p>We will work with Project Managers in order to reinforce the need to maintain the project schedules in PDF format and link these to the Progress Report.</p> <p><i>Completion Date</i></p> <p>August 31, 2021</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
Control Objective: Stakeholders for the project are identified and their interests, dependencies, involvement and impact is analyzed and documented.					
3	<p><i>Observation and Implications</i></p> <p>We did not find stakeholder registers for 8 out of 9 projects in the audit sample (1 project in the execution stage had a stakeholder register), 2 out of the 9 projects were in the initiation and planning stage at the beginning of audit testing in May 2021.</p> <p>Based on discussions with the project managers and review of Portfolio and Project Management Life Cycle document (PPMLC) it is understood that current project management practice has started to evolve, whereby stakeholders will be identified early in the process. This would be captured in a Stakeholder Management Plan as per the PPMLC framework.</p> <p>Without the engagement and input from stakeholders in the early stages of project, there is a potential that the proposed IT tools may be implemented that does not meet stakeholder expectations/requirements and business objectives. It is also possible that indirect stakeholders, if not informed, will be negatively impacted by unexpected change.</p> <p><i>Recommendation</i></p> <p>It is recommended that management continue to develop and implement a stakeholder engagement process as already identified part of PPMLC framework. For each project, a stakeholder list should be maintained to allow for ease of updates as and when staff and management leaves or changes their position.</p>				Medium

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
				<p><i>Management Response and Action plan</i></p> <p>Enterprise Change management agrees that it is critical to identify and engage stakeholders early in the project life cycle. As such, the initial version of the Project Charter developed in the Initiation Phase of the project identifies the key stakeholders for the project and how they are affected or how they are participating in the project. (Section 4 of the Project Charter).</p> <p>The list of stakeholders is further refined in the Planning Phase and captures as part of the IPP. It is not our standard practice to develop a "Stakeholder Register" but this may be done based on the nature of the project and the complexity of the stakeholder management plan. In response to the recommendation, we will reinforce with the project team members the importance of early identification and engagement of key stakeholders and the need to maintain a current list of stakeholders as the project continues.</p> <p><i>Completion Date</i></p> <p>August 31, 2021</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
Control Objective: Resources including team members, facilities, equipment etc. are acquired and assigned appropriately.					
4	<p data-bbox="205 532 583 565"><i>Observation and Implications</i></p> <p data-bbox="205 605 1667 678">We obtained and reviewed the project resource allocation file that is updated by project managers (PMs) for their projects on a monthly basis. Our review of the resource allocation file noted the following:</p> <ul data-bbox="247 719 1730 1255" style="list-style-type: none"> <li data-bbox="247 719 1730 946">• It is the responsibility of resource managers (RMs) to allocate their team members to a project. PMs and RMs meet as needed, to review the allocated resources. PMs make updates to the resource allocation file and RMs can view the resource allocation file on the HUB but do not have access to make changes at this time; this is a control to maintain data integrity of this file. By not having the ability to update the resource allocation file in real-time, the RMs cannot easily re-allocate resources when there are tight schedules and also cannot monitor in a timely manner whether staff time is allocated appropriately between project/s and regular work duties; <li data-bbox="247 987 1730 1101">• Many team members (resources) are shown as deployed for more than their full time hours, it cannot be determined from the file whether resource managers are aware of this and what steps were taken to address the over allocated staff time, e.g. bringing on additional resources or cutting back work; and <li data-bbox="247 1141 1730 1255">• There are no mandatory input controls to ensure resource names are added only once. As well, in many instances multiple names were grouped as one resource, this makes it difficult to trace to a specific resource manager for appropriate assignment and monitoring to ensure resources remains available to the project. <p data-bbox="205 1295 1688 1401">In the absence of read/write access by RMs, documentation of resolution of over-allocated staff and input controls, there is a potential that resources may not be assigned and monitored appropriately by resource managers and therefore negatively impacting the project health.</p>				Medium

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
			<p><i>Recommendations</i></p> <p>It is recommended that management continue to investigate the feasibility of a tool that manages resources at the corporate level including allocation to projects. In order to provide further efficiencies in the process, this tool should be integrated or have the ability to have a direct interface for capturing actual labour costs as these are coded into Kronos on a bi-weekly reporting cycle by all IESO employees.</p> <p>In the interim of the tool being implemented, project managers should seek confirmation from resource managers that they have reviewed the resource allocation file and whether or not changes to allocated resources are required. This confirmation should be retained in project files.</p>	<p><i>Management Response and Action plan</i></p> <p>Enterprise Change management agrees that there are a number of limitations associated with the current Excel based tool that would be more readily addressed by a third party off-the-shelf product. A third party product would also allow us to more readily integrate with our time reporting and financial systems and have different levels of user access for Resource Managers, Project Managers and administrators such as the PMO. We have identified such a need as part of business planning, however due to higher priority work, we do not expect to undertake a project to replace the current Excel tool until 2023. In the meantime we will implement more formal controls to ensure that Project Managers are verifying resource allocation with Resource Managers and either resolving resource constraints or adjusting the project schedule to reflect the constraints and noting these agreements in the project files.</p>	
			<p><i>Completion Date</i></p> <p>October 31, 2021</p>		

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
<p>Control Objective: The project’s overall progress is tracked, reviewed and reported to inform stakeholders of the current state of the project, any actions taken to address performance issues and any impacts to the project schedule and cost.</p>					
5	<p><i>Observation and Implications</i></p> <p>The project managers track and update project progress on a monthly basis through multiple tools that do not interface and are not linked to each other. Use of multiple tools that are not integrated is time consuming as data is keyed manually and End User Computing Tools (EUCT) are prone to errors if proper controls are not built. These tools include,</p> <ul style="list-style-type: none"> • MS Schedule for planning and tracking completion of project tasks and activities • Resource Allocation (EUCT) file for labour hours and costs • Eclipse tool for overall portfolio management, project health, KPI and project dashboard reporting • Excel based Cost Tracker (EUCT) tool for tracking project budget and actual costs • MS Teams and Outlook for collaboration with project team and PSC members • █████ and █████ for storing and archival of project documentation and records <p><i>Recommendation</i></p>				Medium

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
				<p>It is recommended that management investigate the feasibility and benefit of acquiring a project management tool to streamline the project tracking, monitoring and reporting process. Where possible, existing IESO tools may be put to use with additional training to project team members. Further efficiencies and savings may be had by combining the functionality of resource planning, allocation and capturing actual costs discussed in the audit observation #4 above.</p> <p><i>Management Response and Action plan</i></p> <p>Similar to Observation #4, Enterprise Change management agrees that there are a number of limitations associated with the current suite of tools used to manage the overall portfolio and individual projects and recognize there would be additional efficiencies and more automated controls through the implementation of such a tool. A more integrated third party product would allow us to more readily integrate with our time reporting and financial systems and have resource management capability to address the observations captured in observation #4. We have identified such a need as part of business planning, however due to higher priority work, we do not expect to undertake a project to replace the current tools until 2023.</p> <p><i>Completion Date</i></p> <p>2023</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
<p>Control Objective: The approach for communication is documented to efficiently and effectively engage stakeholders by presenting relevant information in a timely manner.</p> <p>The project information is communicated efficiently and effectively between the project team and stakeholders.</p>					
6	<p><i>Observation and Implications</i></p> <p>As part of the audit procedure we attended and observed PSC meetings for 5 projects, and noted that many PSC members participated with their camera turned off for the entire duration of the meeting. The PM spoke to the agenda items and many times there were no questions or discussions, it appeared as though the PSC members were not engaged.</p> <p>The following is an excerpt from the Project Roles and Responsibilities document outlining the role of a PSC member:</p> <ul style="list-style-type: none"> • Reviews materials ahead of PSC meetings and is prepared to ask questions, engage in discussion and provide <i>direction to the project team</i>; • Empowers the program/project manager and the project team to do their job. <p><i>Recommendations</i></p> <p>It is recommended that Enterprise Change management,</p> <ul style="list-style-type: none"> • Determine if and when project steering committees are necessary, and if necessary what an appropriate meeting cadance is for each project type; 				Medium

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
		<ul style="list-style-type: none"> Review the Project Roles and Responsibilities document outlining the role of a PSC member and revise it to further clarify meeting etiquette of members; As discussed in Appendix A – Observation #4 below, further develop the soft skills of PMs to ensure that they effectively engage all PSC members and ensure effective collaboration. 		<p><i>Management Response and Action plan</i></p> <p>Enterprise Change management agrees that engaged stakeholders are critical to the success of any project and that Project Steering Committee members are key stakeholders. Although each project is required to prepare and issue a monthly progress report to the Project Sponsor and Steering Committee members there is discretion regarding the need to hold a formal Project Steering Committee meeting and their cadence. This would typically be agreed to between the Project Sponsor and the Project Manager during the Initiation Phase of the project. Also Project Managers have the discretion to cancel a scheduled meeting if there are no notable updates or decision items. We will reinforce this level of discretion with Project Managers and Project Sponsors – October 31, 2021.</p> <p>The Project Roles and Responsibility document describes the various roles that may be assigned to a project based on size and complexity. The document should be used during the initiation of a project to identify the various roles that may need to be leveraged based on the scope and complexity of a project. The document helps the project team gain a common understanding of each of the roles to ensure there are no gaps or overlaps in the team member responsibilities. The document is not intended to get into administrative details for how meetings should be conducted. This would be better captured in either the PSC Operating Procedures. We will however further reinforce with Project Managers and Project Sponsors the importance of active participation in the meeting and strongly encourage being on camera for virtual meetings – August 31, 2021.</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plans	Relative Risk
	<p>Enterprise Change has focused our training over the past year or so on how to hold effective meetings, facilitation and other leadership soft skills. We will ensure that we continue to coach our staff to leverage these skills more effectively by providing timely feedback. Where these skills need further development we will provide additional training opportunities either as a team or individually.</p> <p><i>Completion Dates noted above.</i></p>				

About the Review

Audit Team and Key Internal Resources

Internal Audit Team

Julia McNally *Director, Internal Audit*
Archana Gupta *Senior Auditor*

Key Internal Resources

Barbara Anderson *Vice President, Corporate Services and CFO*
Nicholas Ingman *Director, Enterprise Change*
Daniela Sabatini *Senior Project & Portfolio Manager, Change Delivery*
Anil Agrawal *Supervisor, Project Management Office*

Appendix A – Low Risk (Opportunities for Improvement) Observations, Implications and Recommendations

The following table summarizes the low risk observations for management’s consideration for enhancing the efficiency and effectiveness of processes and controls. Low risk observations are unlikely to affect the IESO’s ability to meet defined process and control objectives.

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
<p>Control Objective: A resource management plan is developed to estimate, acquire, manage and utilize physical and team resources to help establish the approach and level of management efforts needed for managing project resources; and resources including team members, facilities, equipment etc. are acquired and assigned appropriately.</p>					
1	<p><i>Observation and Implications</i></p> <p>We reviewed the Project Roles and Responsibilities document that serves as a guideline to ensure that various roles for the projects selected in the audit sample were assigned appropriately to team resources. Our review of this document and documentation for the 9 projects in the audit sample noted the following:</p> <ul style="list-style-type: none"> • There are 42 different roles listed in the Project Roles and Responsibilities document often with similar responsibilities (it cannot be distinguished which of these are key roles that may be applicable to each project) which may make it very difficult to select and assign roles to project team members; and • Roles and responsibilities are not always or consistently documented, e.g. sometimes these roles are mentioned in the Integrated Project Plan. Also, it cannot be confirmed whether project manager communicated these roles and related responsibilities to the project team members. 				Low

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
		<p>In the absence of assignment and communication of roles and responsibilities to each member of the project team, there is a potential for ambiguity, conflict, and loss of collaboration among the project team members, which can negatively impact project health and culture and ultimately delays in completion of project activities.</p>	<p><i>Recommendations</i></p> <p>It is recommended that management,</p> <ul style="list-style-type: none"> • Review all roles listed within the Project Roles and Responsibilities document and reduce the number of role where feasible; • Determine key roles that should be identified and provide guidance on where they should documented for each project; and • Ensure that the project managers communicate the responsibilities of each role as these are assigned at the start of the project and any time a resource is added or changed. 	<p><i>Management Response and Action plan</i></p> <p>The Project Roles and Responsibilities Document was updated last year to include a number of unique roles that were introduced as part of the MRP-RSS program. The inclusion of these unique roles has certainly increased the number of roles which are similar to other project roles. We felt that including these was a prudent approach rather than having a separate one just for MRP-RSS. Once MRP-RSS has concluded we will remove many of these roles which will address the observation.</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
	<p>The document should be used during the Initiation Phase of a project for the Project Manager to determine what roles will be required to support the Project. The key roles and responsibilities are shared as part of the Kick Off meeting and should be communicated to new team members so that they understand their role and the role of others on the project. We believe that it would be good to revisit the roles and responsibilities prior to entering the Execution Phase to remind team members of their responsibilities. We will reinforce the importance of communicating the roles and responsibilities at an upcoming Change Delivery team meeting.</p> <p><i>Completion Date</i></p> <p>August 31, 2021</p>				
<p>Control Objective: The approach for communication is documented to efficiently and effectively engage stakeholders by presenting relevant information in a timely manner.</p>					
2	<p><i>Observation and Implications</i></p> <p>There is no documented guide on managing project communication. As part of the audit we attended and observed PSC meetings for 5 projects and noted that:</p> <ul style="list-style-type: none"> • Meeting materials are generally provided to the PSC members only a day before the meeting. This short window means that PSC members do not have sufficient time to review materials; and • PSC members did not consistently provide feedback and/or confirmation on minutes that includes action items and issues within the 2 days requested by the project manager, therefore it is not certain whether all PSC members have read the minutes. 				Low

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
		<p>Without the review of meeting minutes and confirmation from PSC members, errors and omissions may not become known and may have negative impact to the project health.</p>	<p><i>Recommendations</i></p> <p>It is recommended that management,</p> <ul style="list-style-type: none"> • Determine and require response from PSC members on PSC meeting minutes for projects where important PSC decisions were made, issues were noted and action items were required; and • Consider providing PSC meeting materials 3-7 days in advance of the meeting to allow sufficient review time. 	<p><i>Management Response and Action plan</i></p> <p>Enterprise Change management recognizes the importance of the timely preparation of meeting materials and review of minutes and we endeavour to have materials prepared and issued well in advance of meetings. However due to workload and other priorities this is not always achieved. In response to the observations and recommendations we will:</p> <ul style="list-style-type: none"> • Have PM's reinforce with PSC members the need to review minutes and highlight any errors or omissions following each PSC meeting; and • Reinforce the need for timely preparation and issuance of meeting materials ahead of PSC meetings with Project Managers. <p><i>Completion Date</i></p> <p>September 30, 2021</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
Control Objective: The project activities ensure that planned work is complete, project information is appropriately stored/archived and organizational resources are released.					
3		<p><i>Observation and Implications</i></p> <p>As part of the audit, we gathered project documents from the [REDACTED] project folder (public access), and noted that all 9 projects had different layouts for filing project documents. In addition, it was not always easy to find the final version of project artifacts and deliverables due to varied folder location and naming conventions.</p> <p>Based on discussion with management, it is noted that MS Teams Channel is being leveraged by projects as the project collaboration tool and has the potential for storage, retrieval and communication of project documents with project team members and stakeholders.</p> <p>The ease of access of project documents will facilitate the retrieval and review of these documents by the project team members as these are needed during the project execution activities.</p>	<p><i>Recommendations</i></p> <p>It is recommended that management should,</p> <ul style="list-style-type: none"> • Continue with the exploration of MS Teams as the tool for storage, retrieval and communication of project information and working documents to project members and stakeholders; • Further, organize project folders in a logical sequence and ensure these are consistent among projects; and 		Low

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
				<ul style="list-style-type: none"> Provide ease of access and reduce search time for project team members and stakeholders by having the final versions of each key project document, i.e. project charter, integrated project plan, as an embedded object in the PPMLC framework. <p><i>Management Response and Action plan</i></p> <p>With the introduction of MS Teams we have the ability to improve the line of sight on many of the products we are developing on the project as well as access to decision logs, risk logs etc. Setting up folders and structures consistently will further facilitate this. Enterprise Change management is currently looking at how we can better and more consistently leverage MS Teams and determine how we want to use [REDACTED] and [REDACTED] going forward. As part of this review we can also consider the suggestion about how to make it easier to find key project documents. We plan to complete our review and share our proposal with members of the Enterprise Change Team by October 31, 2021.</p> <p><i>Completion Date</i></p> <p>October 31, 2021</p>	

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
<p>Control Objective: Assessment and improvements are made to enhance project team members' competencies, interactions, interpersonal skills and overall team environment that results in motivated employees, reduced attrition and improved overall project performance.</p>					
4	<p><i>Observation and Implications</i></p> <p>Based on discussions with management and project managers, and review of job documents it is noted that required technical skills are considered before project managers are hired. However, we attended 6 PSC meetings that were managed by different project managers and noted that communication, facilitation and presentation skills (soft skills) of project team members were not similar.</p> <p>Strong soft skills are vital for ensuring that PSC meetings provide value and contribute to a positive project culture.</p> <p><i>Recommendation</i></p> <p>It is recommended that management as part of performance management process make available individualized training program/s to project team members in order to further develop the competencies of staff for interpersonal and presentation skills e.g. effective facilitation of PSC meetings.</p> <p><i>Management Response and Action plan</i></p> <p>Enterprise Change management agrees with the importance in developing these important soft skills and have invested time and resources over the past two years to undertake both formal and informal training programs to support our team members. We will continue to identify areas for further development both across the team and individually and provide coaching, feedback and additional formal training as necessary.</p>				Low

No.	[Strategic Business Objective, Area Impacted, Objective, Obligation, etc.]	Observations and Implications	Recommendations	Management Response and Action Plan	Relative Risk
	<i>Completion Date</i> Ongoing				

Appendix B – Background

Background & Rationale for the Review

Enterprise Change group is the IESO's centralized team responsible for prioritization, governance and delivery of enterprise change at the IESO and ensuring that projects achieve their objectives. Within Enterprise Change there are two teams (Project Management Office and Change Delivery) that have the following roles related to Project Management processes:

Project Management Office has the following responsibilities:

- Establish and Promote Project Governance.
- Ensuring establishment and adherence to Project Controls.
- Establish & promote Project Management standards, methodologies, processes, procedures, guides, templates and tools including Project Management Life Cycle Process.
- Portfolio Development - Project Intake, Prioritization and Business Planning support.
- Project Resource Planning.
- Project management training through workshops.
- Provide a centralized archive including lessons learned and project performance data.
- Produce consolidated project reporting including monthly Project Portfolio Dashboard Report, quarterly Ranked Project List, project status and financials.

Change Delivery including the MRP team has the following responsibilities:

- Portfolio Management - oversight of the approved portfolio of programs and projects
- Program Management - oversight for the collections of related projects
- Project Delivery – planning, initiation, execution, closure, monitoring and control
- Project Resource Management

Objective & Scope of the Review

The objective of this engagement was to provide reasonable assurance that the program and project management function is suitably designed and operating effectively as per the PPMLC framework.

Scope

The scope of this review includes the following project management processes and activities within the Portfolio and Project Management Life Cycle employed to meet business objectives:

Initiating processes – to define objectives of a new project or new phase of an existing project and obtain authorization to start the project and/or phase;

Planning processes – to establish scope of the project and business objectives, and define the course of action required to achieve these in the integrated project plan (IPP) and project charter;

Executing processes – to perform the work defined in the IPP and project charter to achieve business objectives;

Monitoring and controlling processes – to track, review, and regulate the progress and performance of the project, identify changes required to the IPP and carry out activities to effect these changes; and

Closing processes – to formally close the project and capture lessons learned.

To assess the operating effectiveness of the Project Management processes, Internal Audit assessed representative examples of controls implemented during the period of January 1, 2020 to January 31, 2021.

Out of scope

This review excluded the following:

- Project Inception phase that includes activities to review submission of project, consolidation into a portfolio for ELT review and approval and reflect project's capital and operating budget in the business plan.
- Organizational change management resulting from a project.
- System Development Life Cycle or similar approaches used for delivery of product and systems.
- Measurement of business value delivery after project completion.

Criteria of Assessment

The Audit Team assessed the controls within the the project management processes (as per the PPMLC framework) to provide reasonable assurance on the adequacy of their design and operating effectiveness to meet business objectives:

1. Initiating Processes

- A project charter is developed to formally authorize the start of the project and provide the authority to apply organizational resources to project activities; and
- Stakeholders for the project are identified and their interests, dependencies, involvement and impact is analyzed and documented.

2. Planning Processes

- An integrated project plan is prepared that defines the basis of all project work and how the work will be performed;

- Business objectives are determined and documented in the project charter that helps to define the project scope;
- A project schedule is developed, documented and analyzed with planned dates for completing project activities and is used for executing, monitoring and controlling the project;
- Monetary resources needed to complete project work are estimated to establish an authorized cost baseline against which project performance can be monitored and controlled;
- A quality management plan is prepared to provide guidance and direction on how quality will be managed and verified throughout the project;
- A resource management plan is developed to estimate, acquire, manage and utilize physical and team resources to help establish the approach and level of management efforts needed for managing project resources;
- The approach for communication is documented to efficiently and effectively engage stakeholders by presenting relevant information in a timely manner; and
- A plan for project risk management is developed to identify project risks and sources of risk, and that the degree, type and visibility of risk management are appropriate to both the risk and the importance of project to the organization and other stakeholders.

3. Executing Processes

- Leading the work defined in the integrated project plan including overall management of the project work and deliverables to ensure the project progresses according to plan and where changes are required these are authorized and implemented in a timely manner;
- Resources including team members, facilities, equipment etc. are acquired and assigned appropriately;
- Assessment and improvements are made to enhance team members' competencies, interactions, interpersonal skills and overall team environment that result in motivated employees, reduced attrition and improved overall project performance;
- The project information is communicated efficiently and effectively between the project team and stakeholders; and
- Appropriate risk responses are identified, agreed upon and implemented to minimize project threats and maximize project opportunities.

4. Monitoring and Controlling Processes

- The project's overall progress is tracked, reviewed and reported to inform stakeholders of the current state of the project, any actions taken to address performance issues and any impacts to the project schedule and cost; and

- The project agreed upon risk responses are implemented and monitored as well as new risks and risk responses are identified and implemented as applicable.
5. Closing Processes
- The project close out activities ensure that planned work is complete, project information is appropriately stored/archived and organizational resources are released.

Audit Approach

Information supporting our: (1) understanding of the Project Management process, risks and controls; (2) analysis of risks and controls; (3) assessment of the process and controls related to Project Management Processes; and (4) conclusions and recommendations, were obtained, through the following audit activities:

Planning

- We conducted interviews (MS Teams) with personnel having key accountabilities and responsibilities to understand the process and to identify risks and mitigating controls;
- We reviewed applicable policies, procedures, and related material to understand and analyze the process;
- We validated the criteria of assessment and our understanding of the process, risks and key controls with management to ensure the completeness and accuracy of our understanding of in-scope risks and controls.

Fieldwork

- We identified gaps, risk exposures, and improvement opportunities on current process controls in order to improve the Project Management process objectives;
- We defined and performed test procedures to determine the adequacy and design and operating effectiveness of key controls to the achievement of Project Management process objectives. Audit test procedures included observation, inspection, re-performance through sample testing, and interviews (MS Teams) with staff having key roles and responsibilities for meeting Project Management process objectives.

Reporting

- We summarized the results of the review in a draft report for management feedback;
- We finalized the report based on management feedback, including management's response to identified gaps, risk exposures, recommendations and opportunities for improvement. The final report will be issued to the Director – Enterprise Change;
- A summary of the final report will be provided to the Audit Committee (AC) highlighting high and medium risk observations, recommendations, management response and action plans. The full report may be provided to the Audit Committee upon request.

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