

Corporate Governance to Project Governance  
Richard Renshaw  
KBR

**Best Practice User Group**  
Middle East, 12<sup>th</sup> November 2007  
Portfolio, Programmes, Projects

- The purpose of this presentation is to provide a walk-through of a Guide document prepared by the APM (Association for Project Management) relating to the attainment of coherence between corporate governance and project management processes.
- The governance of project management concerns those areas of corporate governance specifically related to project activities.

# Principles of Governance of Project Management

---

- Based on governance requirements and on the discipline of project management, 11 principles have been identified for governance of project management.
- An organisation should meet these principles should they be certified in different levels of PRINCE2 Maturity (P2MM) and Project/Programme Management Maturity (P3M3) - an assessment is shown on the following slides.
- The OGC project Maturity Models are based on five levels, namely:
  1. Initial
  2. Repeatable
  3. Defined.
  4. Managed
  5. Optimised.

The PRINCE2 Maturity Model (P2MM) only assesses maturity at the first three of these levels.

# PRINCE2 Maturity Model (P2MM) Levels

Level	P1M3 (OGC – Office of Government Commerce)	Level	P2MM
1 Initial	Can the organisation recognise projects and run them differently to its ongoing business?	1	As P1M3
2 Repeatable	Does the organisation ensure that each project is run with its own processes and procedures to a minimum specified standard.	2	PRINCE2 is adopted by projects within the organisation, but is applied inconsistently across projects within the organisation.
3 Defined	Does the organisation have its own centrally controlled project processes and can individual projects flex within these processes to suit the particular project?	3	PRINCE2 has been tailored to align to other organisational processes and is the adopted standard for all projects within the organisation.
4 Managed	Does the organisation obtain and retain specific measurements on its project performance and run a quality management organisation?	4	N/A
5 Optimised	Does the organisation run continuous process improvement, with pro-active problem and technology management?	5	N/A

## APM Governance Principles Covered If an Organisation Has Embedded PRINCE2 and P3M3

Number	Governance of Project Management Principles	P2MM Level 3	P3M3 Level 3
1	The board has overall responsibility for governance of project management.	Partial	Partial
2	The roles, responsibilities and performance criteria for the governance of project management are clearly defined.	√	√
3	Disciplined governance arrangements, supported by appropriate methods and controls, are applied throughout the project life cycle.	Partial	√

## APM Governance Principles Covered If an Organisation Has Embedded PRINCE2 and P3M3

Number	Governance of Project Management Principles	P2MM Level 3	P3M3 Level 3
4	A coherent and supportive relationship is demonstrated between the overall business strategy and the present portfolio.	NA	Partial
5	All projects have an approved plan containing authorisation points at which the business case is reviewed and approved. Decisions made at authorisation points are recorded and communicated.	√	√
6	Members of delegated authorisation bodies have sufficient representation, competence, authority and resources to enable them to make appropriate decisions.	Partial	Partial

## APM Governance Principles Covered If an Organisation Has Embedded PRINCE2 and P3M3

Number	Governance of Project Management Principles	P2MM Level 3	P3M3 Level 3
7	The project business case is supported by relevant and realistic information that provides a reliable basis for making authorisation decisions.	√	√
8	The board or its delegated agents decide when independent scrutiny of projects and project management systems is required, and implement such scrutiny accordingly.	Partial	√
9	There are clearly defined criteria for reporting project status and for the escalation of risks and issues to the levels required by the organisation.	√	√

## APM Governance Principles Covered If an Organisation Has Embedded PRINCE2 and P3M3

Number	Governance of Project Management Principles	P2MM Level 3	P3M3 Level 3
10	The organisation fosters a culture of improvement and of frank internal disclosure of project information.	Partial	Partial
11	Project stakeholders are engaged at a level that is commensurate with their importance to the organisation and	Partial	√

The Table illustrates that an organisation should meet 4 of the 11 principles given that they are certified in PRINCE2 Maturity (P2MM) to level 3 and have at least partial compliance in a further 5 principles. Gaining P3M3 level 3 maturity will enable an organisation to meet 7 of the 11 principles, but would still require some extra mechanisms to be in place.

Consideration should also be given to incorporate:

- Existing governance practices (As defined in the organisation's articles and memorandum)
- The Internal Controls requirements defined in the Sarbanes-Oxley Act 2002 (if applicable)
- The Internal Controls guidelines (D.2 Turnbull) defined in the Combined Code 2003
- The Governance Themes defined in the new 2007 MSP method.

# Acknowledgements Re. The Guide to Governance of Project Management

---

This document was prepared by the Governance of Project Management Specific Interest Group of the Association for Project Management between October 2003 and July 2004.

The editing committee listed below would welcome any feedback:

David Shannon	OPM	david.shannon@oxfordprojectmanagement.com
Ian Isaac	O2	ian.isaac@O2.com
John Slocombe	atcom	john@atcom.me.uk
Martin Hopkinson	HVR	martin.hopkinson@hvr-csl.co.uk

Other members of the group who made significant contributions include:

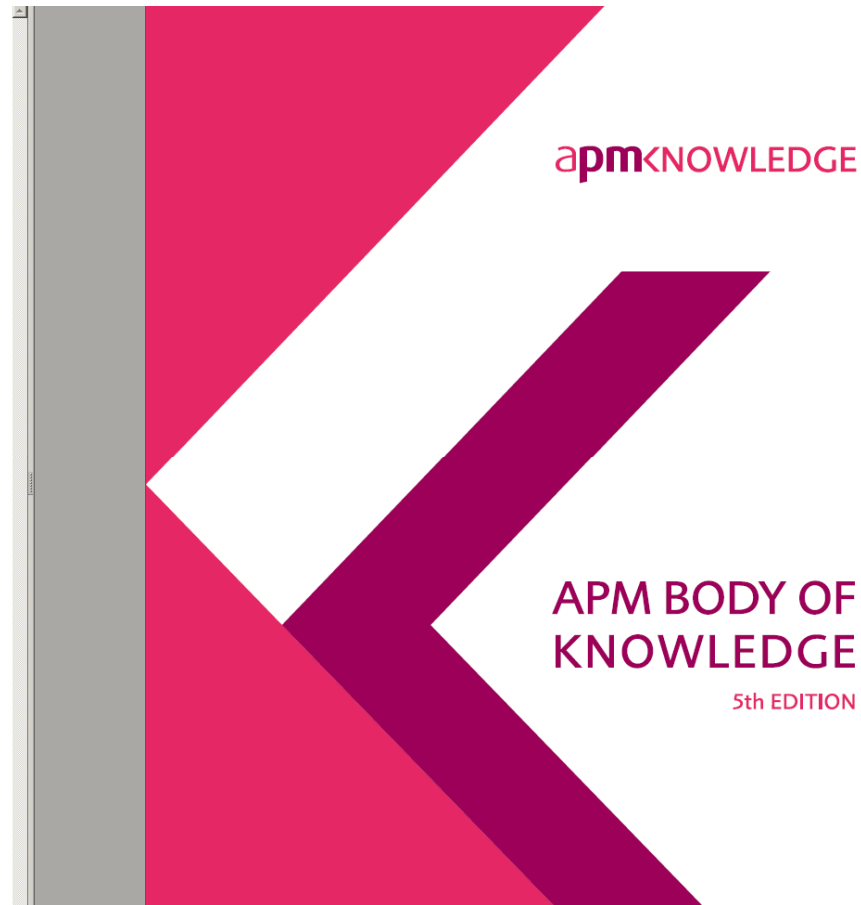
Alistair Godbold, Carol Long, Glenn Webb, Hartley Millar, Helen Graham, John Caton, John Knott, Martin Samphire, Michael Hougham, Peter Gulliver, Phil Stride, Terry Cooke-Davies, Tim Banfield.

In addition, valuable comments were received from 28 individuals during the May 2004 consultation on the Version 10 draft. These contributions are acknowledged with thanks.

The guide is available free of charge from the APM website [www.apm.org.uk/governance](http://www.apm.org.uk/governance) and click on 'About Us'.

- APM Book of Knowledge, Section 6.

- Contents
- Figures
- Preface
- Acknowledgements
- Introduction
- Section 1 Project management in context
- Section 2 Planning the strategy
- Section 3 Executing the strategy
- Section 4 Techniques
- Section 5 Business and commercial
- Section 6 Organisation and governance
- Section 7 People and the profession
- Comparison with the fourth edition of the APM Body of Knowledge
- Glossary of project management terms
- Project management acronyms
- INDEX



- Q - Does the whole of the Guide Apply to all Project-Owning Organisations?
- A – No, While the principles should apply to all organisations, it has been recognised that a full-blown approach would be inappropriate to many. Listed within the guide are key questions for each of the four GoPM components: portfolio direction, project sponsorship, project management, disclosure and reporting. The idea is that these questions can be adopted as a framework for a capability audit tool. However, while all the questions are appropriate to major listed companies or government agencies, smaller organisations are likely to be more selective. In this regard, one of the more important statements in the guide is: “the best results will come from the intelligent application of principles combined with a proportionate delegation of responsibility”.

## Question Time