April 11, 2017

Matt Avery
Chief Information Officer

SUBJECT: IT GOVERNANCE: PROJECT MANAGEMENT

This is our final report. A summary of the work is presented in the Executive Summary, which immediately follows. The department’s responses to our recommendations immediately follow the Executive Summary.

Sincerely,

[Signature]
Aaron Cook
Acting City Auditor

Audit Team: Project Strategy Consulting Group
Stacey Linch, Senior Internal Auditor – IT

Attachment

cc: City Manager’s Office
Ed Zuercher, City Manager
Milton Dohoney, Jr., Assistant City Manager
Mario Paniagua, Deputy City Manager

Information Technology Services
Juanita Carver, Management Services Administrator, (Audit Liaison)
IT Governance: Project Management

Information Technology Services

April 11, 2017

Project Team:
Stacey Linch, Senior Internal Auditor – IT
Project Strategy Consulting Group LLC

Project Number: 1170038

City Auditor Department

Aaron Cook
Acting City Auditor

City of Phoenix
City Auditor Department
140 N 3rd Ave
Phoenix, AZ 85004

This report can be made available in alternate format upon request.
More information: 602-262-6641 (voice) or TTY: use 7-1-1
IT Governance: Project Management

Executive Summary

PURPOSE

The City Auditor Department contracted with Project Strategy Consulting Group LLC, an external audit firm (Consultant), to evaluate the City’s information system development and project management methodology and practices as compared to industry standards, as well as the City’s internal policy regarding Information Technology (IT) project management.

BACKGROUND

The Program Management Office (PMO) located in the City’s Information Technology Services Department provides project management support to departments for their IT projects. Project Strategy Consulting Group LLC evaluated the City’s ability (capacity and capability) to provide effective project management for systems development as compared to City policies/procedures and the industry standards established by Project Management Institute (PMI).

Their work was performed through a combination of interviews, document review, and skill assessments.

RESULTS IN BRIEF

_The Consultant found the IT project planning activities were not performed in accordance with City policies or industry standards. The lack of project portfolio management, sufficiently skilled project management staff, and project management governance procedures does not provide departments adequate and consistent support for their IT projects and raises the risk of increased project cost, time, or project failure._

Project Strategy Consulting Group LLC, documented seven principal findings to improve IT project management for the City of Phoenix:

- The ITS PMO primarily serves an administrative purpose.
- The current IT Project Management Standard is inadequate for the City’s enterprise projects.
- Governance of enterprise projects is not sufficiently enabled and is lacking a project portfolio management capability.
- Project managers, while technically competent, do not possess the requisite leadership skills and business awareness to be effective with enterprise projects.
- Project planning activities are not properly performed.
- Project execution is reactive in nature.
• There is inadequate alignment and coordination of the City’s project infrastructure support mechanisms.

The Information Technology Services Department’s responses to the issues included in Project Strategy Consulting Group’s report will follow this Executive Summary in the Final Report. Project Strategy Consulting Group’s full report is included as Attachment A.
# Department Responses to Recommendations

NOTE: This table will be completed after the responses are received by the department. The complete table will appear in the final audit report.

<table>
<thead>
<tr>
<th>Rec. 1: Provide a Project Management Toolkit for the Project Management Community.</th>
<th><strong>Response:</strong> Information Technology Services is hiring a Project Portfolio Manager. One of the individual’s first goals will be to develop a project management toolkit for the City that is aligned to both the City’s processes and goals and to the project management industry standards. The toolkit will cover, at a minimum, Project Integration Practices, Scope Management Practices, and Time Management Practices.</th>
<th><strong>Target Date:</strong> 09/30/18</th>
</tr>
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<tbody>
<tr>
<td>Rec. 2: Implement a Project Portfolio Governance Function.</td>
<td><strong>Response:</strong> Information Technology Services is hiring a Project Portfolio Manager. This position will lead the project portfolio governance function, looking horizontally at projects and managing the portfolio based on project management institute standards and project metrics. This position will report directly to the Chief Information Officer to ensure executive level alignment to the goals of this function. Completion of this recommendation will include, 1. Develop and document the portfolio function structure and operating procedures, including a prioritization process 2. Identify critical roles and ensure those filling them are trained, 3. Communicate the portfolio governance structure and procedures. This position will also work closely with the newly-created role of resource capacity manager to manage portfolio resources.</td>
<td><strong>Target Date:</strong> 04/01/18</td>
</tr>
<tr>
<td>Rec. 3: Establish a Common Project Knowledge System within the City.</td>
<td><strong>Response:</strong> Information Technology Services will create and manage a central project management information system that collects, integrates, and organizes project-related information tools, processes, and procedures. ITS will also establish a “Project Management Knowledge Repository,” aligned with established best practices, tools, and project lessons learned.</td>
<td><strong>Target Date:</strong> 12/31/17</td>
</tr>
<tr>
<td>Rec. 4: Provide Project and Portfolio Management Training.</td>
<td><strong>Response:</strong> Information Technology Services will provide project and portfolio management training to existing staff based on an assessment of their skill sets. Information Technology Services will also further develop its internal PM training curriculum for future</td>
<td><strong>Target Date:</strong> 09/30/18</td>
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staff and those in roles with a need or interest in understanding project management methodology and practices.

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<th>Rec. 5: Plan for and Execute a Project Management Maturity Reassessment.</th>
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<td><strong>Response:</strong> Information Technology Services will perform reassessments of the project management maturity utilizing an unbiased, external resource.</td>
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</tbody>
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