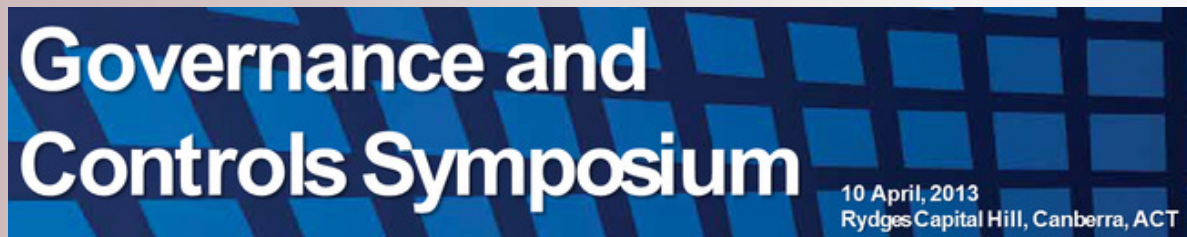


# Governance and Controls

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For a complete listing of papers on a wide range of project related subjects see:  
[http://www.mosaicprojects.com.au/PM-Knowledge\\_Index.html](http://www.mosaicprojects.com.au/PM-Knowledge_Index.html)

Our blog is at: <http://mosaicprojects.wordpress.com/>

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# Objective

- To define the interaction between
  - Governance and
  - Control systems
- And their role in the creation of value from the organisation's investments in projects and programs.

This paper provides extensive links to a range of blogs and White Papers already published, with a view to drawing them together to create a holistic narrative focused on the interaction between governance and control systems in the creation of value from investments in projects and programs.

# Definition of Governance

- Governance and the governing body:
  - Governance is the act of governing
  - **Governance** is what a **Governing Body** does
  - In an organisation the *Governing Body* is the very top level of the hierarchy, typically the Board of Directors or their equivalent

For more on the **Definition of Governance** see:

- WP1033 Corporate Governance:  
[http://www.mosaicprojects.com.au/WhitePapers/WP1033\\_Governance.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1033_Governance.pdf)

Blogs:

- Defining Governance:  
<http://mosaicprojects.wordpress.com/2013/04/04/defining-governance/>
- Project and Organisational Governance:  
<http://mosaicprojects.wordpress.com/2011/12/28/project-and-organisational-governance/>
- Project Governance:  
<http://mosaicprojects.wordpress.com/2011/12/11/project-governance/>

For more on the **Outputs from Governance** see:

- Governance System Outputs:  
<http://mosaicprojects.wordpress.com/2012/11/24/governance-system-outputs/>

# Definition of Governance

- Organisations exist to serve the interests of their stakeholders in a sustainable way!
- Stakeholders include:
  - Owners / shareholders
  - Employees, suppliers, customers
  - Society at large
- Governance determines the appropriate balance

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For more on the **objectives of governance** see:

- Be careful what you govern for!:

<http://mosaicprojects.wordpress.com/2013/03/09/be-careful-what-you-govern-for/>

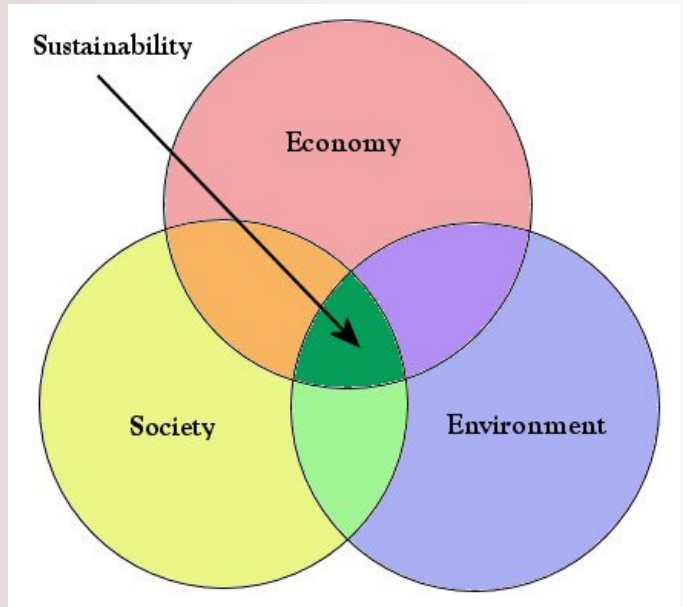
For more on the **Stakeholders and CSR** see:

- ISO 26000, CSR and Stakeholders:

<http://mosaicprojects.wordpress.com/2013/01/22/iso-26000-csr-and-stakeholders/>

# Definition of Governance

- A broad measure of value is essential for effective governance
- Sustainability
- Short, Medium & Long term
- Stakeholder:
  - Expectations
  - Needs and Desires



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For more on the ***sustainability and a longer term focus*** see:

- Lessons from a vineyard:

<http://mosaicprojects.wordpress.com/2013/02/24/lessons-from-a-vineyard/>

# Differentiating Management from Governance

- **Directors or their equivalent govern, Managers manage**
- Henri Fayol's definition of Management:
  - to forecast and plan,
  - to organize
  - to command or direct
  - to coordinate
  - **to control** (French: contrôler: in the sense that a manager must receive feedback about a process in order to make necessary adjustments and must analyse the deviations)

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The logo for 'mosaic' features the word in a lowercase, sans-serif font. The letters are white with a red shadow or outline, set against a background of a red and white pixelated pattern.

For more on the ***Definition of Management*** see:

- Defining Management:

<http://mosaicprojects.wordpress.com/2013/03/26/defining-management/>

# Differentiating Management from Governance

- Governance is a management oversight process that provides:
  - Direction to management:
    - Vision, Mission and Strategy
    - Ethics and framework
  - Oversight of management:
    - Managers operating ethically within the framework
    - Requires assurance resources are being used optimally to achieve the strategy

For more on the *differentiating management from governance* see:

- WP1084 Governance Systems & Management Systems:  
[http://www.mosaicprojects.com.au/WhitePapers/WP1084\\_Governance\\_Systems.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1084_Governance_Systems.pdf)
- Management -v- Governance:  
<http://mosaicprojects.wordpress.com/2012/03/27/management-v-governance/>
- Governance from the perspective of Systems Theory:  
<http://mosaicprojects.wordpress.com/2012/05/01/governance-from-the-perspective-of-systems-theory/>
- Governance -v- Management: A Functional Perspective:  
<http://mosaicprojects.wordpress.com/2012/08/26/governance-v-management-a-functional-perspective/>
- Governance is seen differently by Directors and Managers:  
<http://mosaicprojects.wordpress.com/2013/02/10/governance-is-seen-differently-by-directors-and-managers/>

# Differentiating Management from Governance

- Governance is a management oversight process that provides:
  - Assurance to stakeholders that the organisation is operating:
    - Ethically and accountably
    - Achieving a sustainable delivery of value
- A key governance role is to ensure both the Governance system and Management system are working effectively

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For more on the ***governance communication challenge*** see:

- Communication in governance:

<http://mosaicprojects.wordpress.com/2012/11/20/communication-in-governance/>



# The role of Project, Program and Portfolio Management

- Every organisation must change and adapt to survive
- Sustainable organisations adapt to meet the needs and expectations of their stakeholders (customers)
- Projects are the key 'change agent' in organisations

For more on the **PPP Governance** see:

- WP1073 PPP Governance:

[http://www.mosaicprojects.com.au/WhitePapers/WP1073 Project Governance.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1073_Project_Governance.pdf)

- WP1074 PDC Taxonomy:

[http://www.mosaicprojects.com.au/WhitePapers/WP1074 PPP Taxonomy.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1074_PPP_Taxonomy.pdf)

- WP1079 Enterprise Project Management Capability:

[http://www.mosaicprojects.com.au/WhitePapers/WP1079 PDC.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1079_PDC.pdf)

# The role of Project, Program and Portfolio Management

- Creating the changes necessary to generate future value for the organisations stakeholders
  - Portfolio Management
    - Investment decisions to best achieve the strategy
  - Program and Project Management
    - Creating the outputs and outcomes needed to allow the change to occur

For more on the ***management of projects, programs and portfolios*** see:

- PDC = Project Delivery Capability:  
<http://mosaicprojects.wordpress.com/2012/03/11/pdc-project-delivery-capability/>
- PDC Value Proposition:  
<http://mosaicprojects.wordpress.com/2012/03/17/pdc-value-proposition/>
- Project or Management Failures?:  
<http://mosaicprojects.wordpress.com/2012/03/25/project-or-management-failures/>

# The role of Project, Program and Portfolio Management

- Implementing the changes necessary to generate future value for the organisations stakeholders
  - Organisational management
    - Change management to embed the new capability created by PPP management
    - Benefits realisation to generate value
- Innovation
  - The ‘front end’ new ideas to achieve a sustainable organisation

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For more on the **Change Management** see:

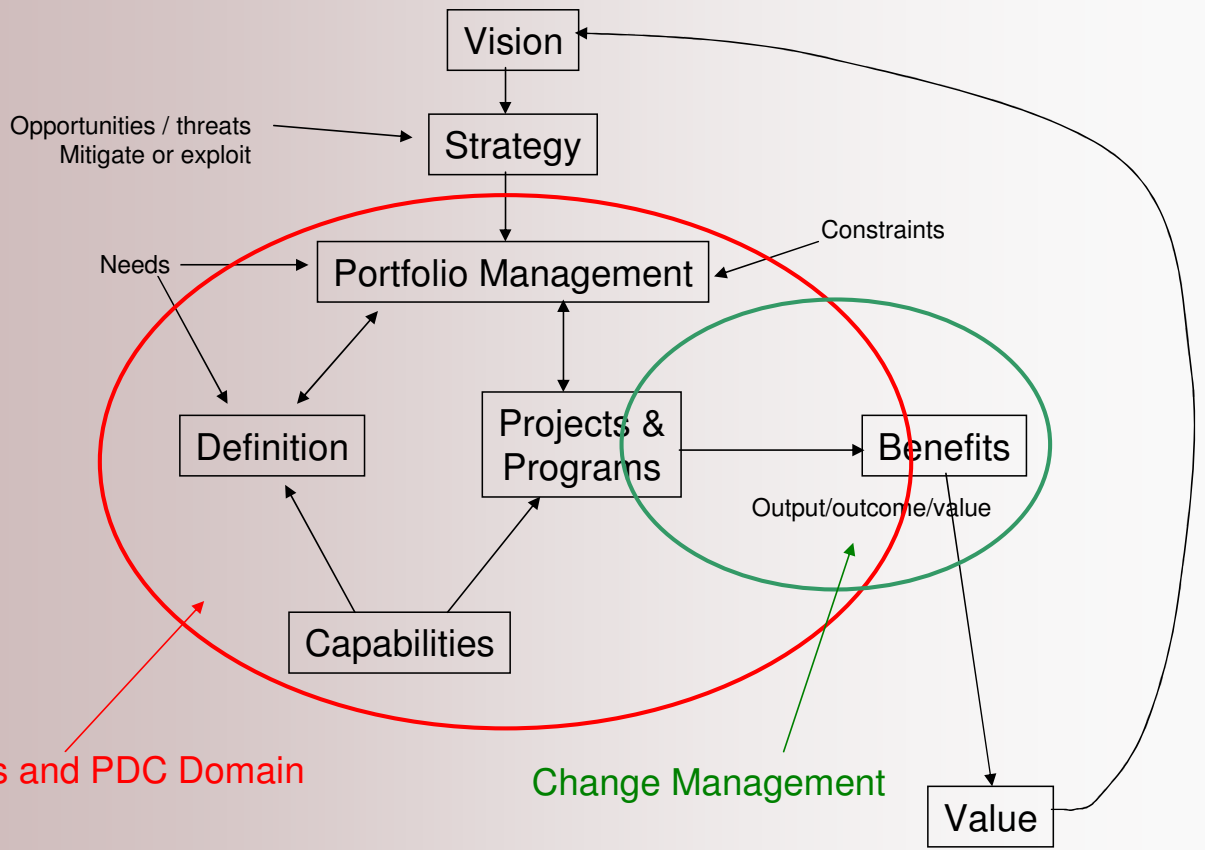
- The Scope of Change:  
<http://mosaicprojects.wordpress.com/2009/07/26/the-scope-of-change/>
- Organisational Change Management:  
<http://mosaicprojects.wordpress.com/2012/03/04/organisational-change-management/>
- Change is essential:  
<http://mosaicprojects.wordpress.com/2011/12/17/change-is-essential/>

# The role of 'Controls Professionals'

- Project Controls Professionals can contribute at each stage in the value generation chain
  - Costing / estimating skills
  - Time management / planning skills
  - Risk, quality, procurement skills
- Unfortunately they are a rarely used resource!

For more on the *importance of project controls to governance* see:

- The need for Governance and Project Controls:  
<http://mosaicprojects.wordpress.com/2012/12/19/the-need-for-governance-and-project-controls/>



# The role of 'Controls Professionals'

- Innovation and strategy
  - Strategic planning needs time and cost skills to be realistic
  - Assessing innovative ideas can be a project
- Portfolio management
  - Accurate business cases (time/cost/risk)
  - Accurate assessment of current status of live projects (PMOs)

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For more on the **Innovation** see:

- Linking Innovation to Value:

<http://mosaicprojects.wordpress.com/2012/10/01/linking-innovation-to-value/>

For more on the **Strategy** see:

- The failure of strategic planning:

<http://mosaicprojects.wordpress.com/2012/07/23/the-failure-of-strategic-planning/>

# The role of 'Controls Professionals'

- The management of project and programs
  - Classic project and program management support roles
  - PMOs and information communication
  - Support for the 'Enterprise Project Management' functions of the organisation (Sponsor, control Boards, etc)

# The role of 'Controls Professionals'

- The management of change
  - Implementing organisational change requires planning, budgeting and many PM 'soft skills' to support the change manager
- The realisation of benefits
  - Controls skills help the 'benefits manager' to:
    - Define value during the business case
    - Maintain value through the project
    - Ensure realisation is achieved after the project

For more on **value** see:

- Value is in the eye of the stakeholder:

<http://mosaicprojects.wordpress.com/2009/03/28/value-is-the-stakeholder/>

For more on the **management of benefits** see:

- Who Manages Benefits?:

<http://mosaicprojects.wordpress.com/2012/11/03/who-manages-benefits/>



# The role of 'Controls Professionals'

- The measurement of value creation
  - If the realised benefits contribute to the organisations strategic objectives value is realised
  - Controls skills help measure the value actually realised

# Conclusion

- Governance is responsible for defining what 'value' is desirable for the organisation to work to achieve
- Management is responsible for managing the creation of value
- The control of both processes requires
  - Forward planning
  - Measurement of actual progress
  - Managing variances

# Conclusion

- Controls systems and controls professionals provide the information needed to
  - Develop a realistic and achievable plan
  - Measure actual performance
  - Scope changes and variance
  - Test the viability of alternatives
- Reliable timely and accurate information is central to success



# Discussion

- Questions please
- Contact details:
  - Free planning and scheduling resources:  
<http://www.mosaicprojects.com.au/Planning.html>
  - Email: [patw@mosaicprojects.com.au](mailto:patw@mosaicprojects.com.au)

**Useful control systems are useful  
because they are used!**

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For more on the ***overall topic of governance*** see:

- Mosaic's Knowledge Index:  
[http://www.mosaicprojects.com.au/PM-Knowledge\\_Index.html#OrgGov](http://www.mosaicprojects.com.au/PM-Knowledge_Index.html#OrgGov)