



National Audit Office

HM Treasury and Cabinet Office

Assurance for major projects

Detailed methodology

MAY 2012

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1 This document accompanies the Comptroller and Auditor General's report *Assurance for major projects*, published in May 2012. It adds further detail to the description of the methodology in Appendix One of the main report.

2 The report examines whether government has closed performance gaps and established a value for money system for assuring major projects. It assesses:

- performance against good practice assurance principles and progress against the recommendations in our 2010 report *Assurance for high risk projects* and;
- whether government has sufficient capability and capacity to operate an effective assurance system.

3 Our 2010 report established the good practice principles for an effective assurance system and made 25 recommendations for government to close performance gaps. The recommendations provided an overarching framework for collecting information and analysing the progress made by government against the performance gaps. Further depth was added to this assessment by reviewing progress against a basic maturity model.

4 Our methodology consisted of six main elements:

- Interviews with Major Projects Authority ('the Authority') and HM Treasury officials.
- A review of the Authority's, and HM Treasury's, key documents.
- Interviews with department staff (project staff and those responsible for coordinating assurance with the Authority).
- An expert panel.
- Public and private sector comparators.
- Analysis of the quarterly government major project portfolio returns and the associated performance dashboards.

Interviews with the Authority and HM Treasury officials

5 We conducted interviews to establish what specific measures had been put in place, or were planned, in response to the recommendations in our 2010 report. The interviews provided a basis for assessing progress against our previous recommendations and to identify capacity and capability issues. We identified relevant staff and their respective areas of expertise in conjunction with the Authority and HM Treasury.

6 We carried out 13 in-depth interviews with key staff across the Authority. Interviewees included the Authority's Executive Director, senior management, managers responsible for key internal procedures (for example arranging reviews), cluster leads (the Authority divides departmental responsibilities across four 'clusters') and project specialists responsible for direct liaison with departments and projects. Interviews took place between November 2011 and January 2012. The interviews focused on the implementation and operation of the assurance system. The interviews were unstructured and customised to the interviewees' responsibilities and role within the Authority. The interview schedule was designed to cover all aspects of the recommendations covered by the 2010 report.

7 We carried out four interviews with HM Treasury officials. The relevant staff were identified in consultation with the Department. The interviews focused on the relationship and liaison between Treasury, the Authority and departments, particularly the integration of the approvals and assurance procedures. Interviews took place in December 2011. Our 2010 recommendations provided the analytical framework for the interviews.

8 The evidence from interviews with the Authority and HM Treasury was recorded in a standard way against each recommendation. A common structure was used to record whether each recommendation had been addressed and what impact had been achieved from addressing the recommendation. The approach was designed to enable conclusions to be drawn from the multiple evidence sources for each recommendation.

Document review

9 We reviewed key documents produced by the Authority and HM Treasury. The documents we analysed included: published guidance on assurance and approvals, board agendas and minutes, and budget and staff resource data. The document review was used to provide primary evidence and to triangulate the findings from our interviews.

Interviews with departmental staff

10 We interviewed staff responsible for major projects and staff responsible for centrally coordinating departments' assurance activity with the Authority. The aim of the interviews was to assess whether the requirements of the new assurance system are embedded and having the desired impact. We also used the interviews to gather evidence and views on the Authority's progress from the departments' perspective as a customer of the new assurance system.

11 We interviewed seven department staff responsible for liaising with and providing project information to the Authority. We interviewed project staff on nine major projects. The projects were selected to cover a range of departments and projects at different stages of the approvals process. The interviews covered experiences of interacting with the assurance system and the government major project portfolio reporting process.

12 The interviews were semi-structured, with a common list of topics and key questions for department liaison and project staff based on our 2010 recommendations. Evidence was recorded in a standard way against each recommendation to enable conclusions to be drawn from the multiple evidence sources for each recommendation.

Expert panel

13 The aim of the expert panel was to provide comparator evidence from the public and private sector (in the UK and elsewhere) on other organisations' assurance systems. The panel also provided an external challenge to our emerging findings and recommendations.

14 Three external experts were engaged (following a competitive tender) from KPMG, Mott McDonald and PricewaterhouseCoopers, with backgrounds in designing and operating assurance systems. We convened a one-day session in February 2012 with our external panel to:

- identify how other organisations had closed similar gaps in their assurance systems;
- identify good practice in the assurance systems of other organisations that government could learn from;
- assess whether the Authority's priorities matched the panel's expectations and whether progress so far has been in line with what they would expect from their experience elsewhere; and
- identify future priority areas for the Authority and HM Treasury to improve the effectiveness of the assurance system.

Public and private sector comparators

15 We used public and private sector comparators to inform our understanding of effective assurance outside of the UK public sector. We used unstructured interviews to gather information on how each organisation's uses assurance on its projects.

Analysis of government major project portfolio quarterly returns and dashboards

16 The aim of this work strand was to assess the quality and effectiveness of the government major project portfolio reporting process.

17 The government major project portfolio reporting process commenced in 2011-12. We analysed data from the three quarterly data returns completed in 2011-12. We carried out descriptive analysis and validation of the Authority analysis using SPSS statistical software (the original data being in Excel format), with a particular focus on developing measures of data quality. For some projects, caveats on project estimates were also returned: we analysed this data into broad themes for the second and third quarters of 2011-12.

18 We also reviewed the guidance provided to departments and project staff to help those staff complete data returns. We reviewed the portfolio and department dashboards that the Authority produce based on the returns, together with their accompanying submissions, to assess the coverage of the current analysis and identify opportunities for further analysis.