

**Project Quality Assurance Forum launch
7 September 2015**

Lyn Provost, Controller and Auditor-General

Opening remarks

Congratulations on the initiative to establish this forum. It has obviously hit the mark with so many people attending.

I am honoured to be invited to speak at your inaugural meeting. Thank you for the invitation.

Can I start by saying I think project quality assurance is a valuable tool in the tool box.

But like a hammer, it isn't the right tool for all occasions.

I have experience in both assurance and management, so my comments today reflect my experience of both.

Structure

Over the next twenty minutes or so, I will set the scene before talking about four things I think are important in the assurance business. After some important announcements from the organisers, I will answer any questions.

My comments are intended to apply to the private and public sector. And can I note that, in Wellington particularly, the two sectors work together – think joined-up, partnership, out sourcing, social contracting, being more commercial.

These are likely to be familiar words to you all – or they should be.

Regardless of which sector you are working in, as professionals your quality assurance work needs to be respected, trusted, and valued.

Scene setting

As Auditor-General, I am in the same business as you. We provide assurance. We collect evidence, we talk to people, we do analysis, we make judgements, and we report. Often that means we tell people about potential and actual problems.

Our audiences vary significantly in their openness to our work, the action they take on our findings, and their management of risks.

The work of my office aims to improve the performance of, and the public's trust in, the public sector. I hope your work also leads to improvements.

In my office, I work with a lot of intelligent and insightful people. Necessary skills for the assurance business.

Our five-year programme

Each year, we scan the environment and pull our ideas together before we update our five year rolling plan. The items in that plan reflect our joint thinking on the key risks and opportunities in the public sector. Colleagues have suggested there are similarities with the private sector.

I would like to share our five-year picture because I think it is useful for you to consider in PQA work.

Our future needs – is the public sector ready?

For every project we need to consider where it fit into the future needs of the entity. Is it a project that keeps the entity doing its current stuff, only better – such as virtualising servers? Is it an innovative project – for example, Primary Growth partnerships? Or is it mission critical, such as IR transformation?

There are reports on the latter two on our website.

Service delivery

The public sector provides vital services to our community. How does the project you are QAing support those services?

There are some good questions in our report regarding how the public sector can meet our service needs now and in the future. You may find them useful to think about. There are a few postcards with those questions at the back. Otherwise, check the service delivery reflections report on [our website](#).

Governance and accountability

Has the governance and management of the project been set up right? In our current work, we are seeing a lot of confusion of roles and responsibilities. And that doesn't make for good accountability.

And while I'm on accountability, transparent information is a critical part of accountability, so public availability of QA reports might be a good idea... or not.

Investment and asset management

This is often what you QA, and the \$230 billion of public sector physical assets deserve careful management. It is the focus of my office's work this year.

And finally: information

It is impossible to manage well, or do a good PQA, without good information. I am interested in any ideas you have for our focus here.

I commend the plan to you. And I suggest you might like to consider those elements in your PQAs.

Now I am moving on from scene setting to my four things. You may have realised by now I like Dr Seuss books.

So what does a successful PQA look like?

Thing 1 – Independence

To me, independence means a set of clean and clear eyes looking at a project.

It means independent in the perception of the informed person and in your thinking.

This is most important. Your objectivity is vital.

I change approved auditors every six years to ensure we maintain independence – both in reality and perception – and so we also get the advantage of a fresh perspective.

Let me give you another example – the SkyCity convention centre inquiry. To require everyone who holds a handful of shares, to stand aside isn't a standard I would apply universally. My position is a unique statutory one. You should treat each case on its merits.

Thing 2 – Reporting

I have a strong belief that PQA is not a report to the project manager. It should report to either the governance body or the most senior person overseeing the project.

I have seen some project managers try to censor or manipulate PQA reports, or – worse still – stop them altogether.

A good PQAer will manage the multiple relationships but know where their focus is – the senior manager or governor.

Use example: The project was about to go live. I was the most senior person. At a round table discussion the PQAer reported they were unhappy, the GM reported all ok, and the project manager told me it was probably ok. I asked them to fix the PQA issues and was told they would be back by end of week. They were back four months later.

Be bold and clear in your reporting. Use example of reporting red flags upfront.

Be balanced. Use Whānau Ora example

Thing 3 – Natural justice and fairness

In my opinion, the sure fire way to undermine your credibility in NZ is to be unfair.

Fairness is an important part of our cultural belief system.

Critical to my reports are a factual clearance and natural justice process. Rarely do people in the assurance business have all the information and knowledge on the matters they are reviewing. Therefore, a clearance/natural justice process is an appropriate professionally competent step.

Let me give you an example. Once every three years, we quality assure each appointed auditor. On completion of their work, the QA team produce a draft report and provide the auditor a copy. The auditor's comments can include anything they consider factually incorrect and unfair, and sometimes they provide further information. This is essentially the process for my parliamentary reports as well.

Thing 4 – Value

A perennial for managers, governors, and PQA people is the cost/benefit question – or put in another way, is this expenditure value for money?

Often, someone is paying PQA money for what hasn't and won't happen. In some ways, it's like insurance.

In my opinion:

- If PQA reports are not read, ignored or scorned – they are not of value.
- If PQA reports are oblique or unfair – they are not of value.
- If PQA helps identify and manage risk – it is of value.
- If PQA it is insightful, proactive, and future focused – it is of value.
- If PQA strengthens accountability – it is of value.
- If PQA improves the project outcome – it is of value.
- If PQA is timely – it is of value.
- If PQA tells you something you didn't know, or reinforces something you already know – it is of value.

Concluding remarks

I was given version 1.0 of the PQA forum principles, namely: proactive, purpose, scope, ownership, commitment, responsive, independence, disclosure, and competence. They all seem sensible to me, and I have addressed many of them today.

I wish you the best of luck with your forum. I really hope it is a cross sector forum where you learn from one another and strengthen the chance of projects succeeding across NZ Inc.

Thank you for listening.