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Why It Is Important to Run Independent Data Checks and Project Reviews

An easy manner to avoid being blind to a Project that is failing is to organize independent data checks and independent Project reviews. Unfortunately it takes a certain level of organizational maturity to implement these processes. In this White Paper we expose how to organize these independent checks and why they are so important.

Challenging data with reality: Independent Data Checks

In addition to the data flows that are setup at Project start-up, it is important to verify that data is accurate and effectively represents reality.

Data consistency checks should of course be carried out continuously (consistency with previous reports, between different datasets etc.). Notwithstanding these intrinsic checks, it is essential that Project Control develops an independent data check system.

This independent data check should be focused on the most critical issues for the Project (activities close to critical path, cost items most prone to large deviations), and/or the suppliers and contractors for which limited track record exists. Still it is also important to include some random checks on less critical elements to verify that the overall data available is not corrupted.

Data checks should be carried out by Project Control personnel and site Quantity Surveyors.

The best way to run an independent data check is to go on site (worksite, construction site, vendor site) to check effectively what is the actual progress, and whether commercial issues are looming that have not been identified. Typical examples of findings include:

- Equipment and resources level on site significantly different from what is reported (generally higher),
- Actual manpower on the work face compared to expectations (as an indication for expected progress and billings),
- Material and equipment is delivered in poor conditions, not compliant with expected drawings or specifications or with substantial outstanding work to be performed,
- Vendor / contractor expects commercial bonuses or envisages claims that have not been reported,
- Actual progress significantly lower than reported, most often in terms of work remaining to be done than on work actually performed (e.g. re-work required due to quality issues, significant changes of the production or quality check process),
- Forecast date of delivery substantially different from what is envisaged by the Project.

While these checks should be carried out liaising with the Scope Owners who are normally responsible for ongoing updates of that sort, they should remain independent to make sure that Project Control benefits from an unimpaired view on what is really happening with the Project. While generally site personnel tend to have a fairly reliable picture of when and how their remit can be completed, it might not be the case for site management. Issues such as relationship with the supplier / contractor or certain contractual strategies can also influence the Scope Owner's judgment.

Independent Communication Checks

In an interesting parallel with the independent data checks for data assurance, we believe that the Project Control Manager should also implement an independent communication check program. This aims at ensuring through an independent check the effectiveness of all the formal communication channels providing data to Project Control.

A sampling program must hence be developed which also needs to include some random elements for completeness.

The random element should be informal conversations between Project Control and Project team members, completed by field trips to remote offices, main contractors' facilities and construction site(s).

Possible discrepancies in understanding or vision between contributors might be revealed in these interactions. These informal conversations can also identify issues with the data that is reported or forecast, even before it becomes visible in the aggregated Project indicators. In particular, site visits are known to often identify substantial differences in status and understanding with the Project office, and are thus a mandatory part of the communication assurance check. For example, it is not rare that a site visit allows to identify significant issues with engineering and procurement.

Independent Project Health Checks and Peer Reviews

The most essential element of independent checks is to expose the Project from time to time to external eyes at the detailed level. The form of this exposure varies but generally involves a team of experienced external reviewers spending one to two weeks within the Project,

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in the Project office as well as on the construction site where relevant.

Having outsiders will allow a fresh view on the Project execution and its strategy. The review if successful will confirm a number of actions and will ask challenging questions on other areas.

Large Project organizations will use for these reviews reviewers from the organization that have not been involved in the Project or its tender/ feasibility study. Often this leads to using reviewers from other geographical centres and is also very beneficial to ensuring a consistent Project execution practice throughout the organization. Smaller organizations will often ask recognized external consultants or Project professionals to provide the service, such as Project Value Delivery. The latter practice has the additional advantage to challenge the ways of working of the organization compared to best international practice, and should also be used from time to time with much value by established organizations.

The most mature organizations generally have a review framework and methodology in place, with a detailed questionnaire covering all aspects of Project execution that needs to be covered by the reviewers. This questionnaire allows identifying those areas that warrant closer inspection and deeper analysis. Such a framework is provided by external reviewers when not available internally.

Consistency checks should be part of those reviews, with usage of tools such as Earned Value, cash versus cost analysis etc. Orders of magnitude and rules of thumb should be used as well to challenge the Project's data and reports. Benchmarks from other Projects can be used, either on the basis of the reviewers experience or in a more structured manner.

Visits on site are always extremely revealing of the condition of a Project and its odds of success – they should generally be included in these independent checks notwithstanding the logistical difficulties to reach the work sites.

Project health checks or Peer Reviews involving reviewers external to the Project are not well received in all organizations. Many organizations still exist where the Project Manager considers the Project to be his own playing field and is ready to forbid the presence of inquisitive aliens. However modern transparency requirements and requirements in terms of Enterprise Risk Management for listed companies support increasingly those independent reviews as an assurance of proper control avoiding major issues to remain hidden. It is thus definitely the trend to have more and more thorough independent reviews of Projects in most organizations.

Another area of caution is that sometimes the recommendations from Peer Review and other external reviews are simply ignored by the Project. It is important to check that these recommendations are followed up and closed by the Project.

Conclusion

Checks of data and Project condition independently of the normal processes are a must to detect major control issues. A specific program must be put in place that also needs to include some random element to avoid any blind spots.

Independent data checks, communication checks and peer reviews should include an element of random check for completeness
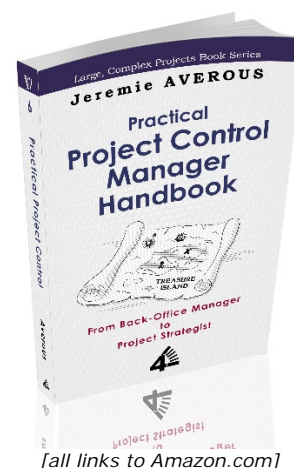
Independent health checks and peer reviews are essential control processes that must be implemented as best practice and to respond to increasing internal control requirements.

Due to some organizational cultural reasons some of these independent checks are not always implemented whereas they do provide consistently substantial value to Projects, and provide assurance to senior management that what is reported is consistent with reality. Independent reviews and check must be applied, in particular if there is resistance from the Project, which may indicate that some issues might need to be uncovered.

Find all these principles of Project Control Management exposed in a comprehensive manner in our new Handbook,
Practical Project Control Manager Handbook
(now published, available in Paperback and Kindle versions!)

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