Project Governance Risks – Overlooked all too often!

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In our experience, most project overruns are foreseeable and avoidable and many of the problems we observe are due to a lack of professional, forward-looking risk management that is not underpinned by a robust governance framework at the programme and project level.

Having been involved in governance, project and strategic risk management advisory assignments for clients in South Africa and abroad, our approach to the management of project governance and related risks has been applied on a number of large projects and programmes which suffered from significant under-management of risk in practically all stages of the project value chain and life cycle. The structuring and delivery of modern projects is understandably extremely complex. The long-term character of such projects requires a strategy that appropriately reflects the uncertainty and huge variety of risks they are exposed to over their life cycles. These large scale change programmes and capital investment projects also involve a large number of different stakeholders entering the project life cycle at different stages with different roles, responsibilities, risk-management capabilities and risk-bearing capacities, and often conflicting interests.

While the complexity of these projects requires division of roles and responsibilities among highly specialised players, this often leads to significant interface risks among the various stakeholders that materialise throughout the project, and these must be anticipated and managed from the outset. It is for this particular reason that an over-arching governance framework should be in place. This ensures that, as the projects progress, the governance framework provides a linkage mechanism that ensures alignment between business strategy and direction, and the path to the desired outcomes over the life of the project.

Moreover, the governance mechanisms must provide oversight and control over a range of risks during programme execution. This will help your programme and project managers assess the current state and adjust content and direction if necessary. This should also allow management to refine the definition of success to maintain alignment with evolving business strategy.

At governance level we often see anomalies related to (at various levels):
- reporting and governance structures,
- roles, responsibilities and mandates of oversight bodies;
- stakeholder and human resource capabilities;
- project processes, tools and methodologies;
- strategic alignment and risk management; and
- management and documentation of change.

Our consulting approach is to systematically and critically analyse and evaluate the present internal and external circumstances giving rise to the above governance concerns, then to establish the areas of improvement requiring attention and then, in conjunction with the client, to agree on a roadmap for the development and implementation of the required protocols.

This will ensure that the client is supported by a process that will allow for:
- Defining and implementing a structure (and associated processes) within which to execute programme management and administration.
- Providing active direction, periodically reviewing interim results, and identifying and executing adjustments to ensure achievement of the planned outcomes.

These lay down the foundation for the governance system which all project undertakings should follow and would also ensure that risks related to enterprise change and project management are addressed in a uniform and integrated manner, as required by best practice.