

Control points help an organisation ensure that the right points in the project portfolio management process are reviewed by the right people at the right time. Control points are in place to align with legislative requirements, internal governance, risk and compliance processes, or because they represent best practice.

What is a control point?

Control Points

There are many reasons why CAPEXinsights is a desirable application for people – such as its simplicity of use, the confidence it gives people to deliver great project outcomes and knowledge that they comply with the right organisational processes. These reasons encourage people into the application to make use of the available features.

Nonetheless, there is still a need to have control points to meet an organisation's governance, risk and compliance requirements. A control point is a rigid point in a process where certain conditions must be met before further progress can be achieved – similar to a hold point in an engineering project.

Control Points

Example 1: Capex gate

A common example of a control point is the capex gate. The capex gate represents the point in the project lifecycle where the project is approved for implementation. This approval could be based on achieving certain financial metrics or business objectives (strategic, compliance etc). However, the actual control point in the capex gate is budget approval through the organisation's Schedule of Authority.

- **Before the control point.** A project manager will prepare a business case document, also known as a Justification for Capital, Capital Expenditure Request or Capital Appropriation Request in some industries. This document typically describes the reason for investment, financial aspects such as cash flow, payback and upfront investment, scope, timelines and risk.
- **Control point.** While the business case document may proceed through a number of iterations and validation with many stakeholders, the actual control point in the capex gate is the progression of the budget approval through an organisation's Schedule of Authority.
- **After the control point.** Following approval of the budget through the Schedule of Authority, the ERP, such as SAP, will be informed of the approval and budget transferred to the project code. Practically, spend can proceed against the project code.

By incorporating control points in the project and portfolio management process, business leaders can be confident that:

- The right processes are being followed.
- Data in the system is accurate and up to date.
- Insights being generated through the dashboards are accurate and reliable.
- Decisions are informed by the right information and the right time.

For control points to be effective, they need to be mandatory. People must comply with the control requirement; otherwise, their projects cannot progress. This clarity around control points means that there is no 'optional adoption'. Control points are in place to meet legislative requirements, internal governance, risk and compliance processes, or because they represent best practice.

Enforcing control points

Control points within a process can be enforced either through people or systems.

When control points are managed through people, it relies on people in specific roles to ensure that a control point is being complied with by all projects.

Example 2: Cashflow

A common control point is the requirement to regularly update the cash flow forecast for a project. The finance department may mandate that cashflow forecast is updated every month. While process, people and systems are all involved in this control point, it is applied through people. This is because the quality of the cashflow forecast is as important as to whether it has been completed or not. If a cashflow forecast is provided but it has low quality, then it can significantly impact an organisation's ability to achieve its strategic outcomes. While systems can provide proxy measures of quality, this assessment is best achieved through finance business partners.

- **Process.** The finance department will communicate that it is mandatory for project cashflow to be updated every month once a project is past the capex gate.
- **System.** The application will record whether the cashflow is updated and reveal through a dashboard which projects have had their cashflow updated or not. However, the application will not stop project teams from undertaking other activities if they have not.
- **People.** It will be the responsibility of finance business partners to validate that each project has completed its cashflow, to understand the quality of the provided forecast and any implications from the forecast itself. If projects have not completed their cashflow forecast, then each business partner will directly communicate with the project team.

When control points are enforced through systems, it relies on a system validating that the control point has been adequately completed before allowing the project to progress. Depending on the control point and the system, the system can either validate that the:

- Control point has been completed without any quality checks.
- Control point has been completed, and that it achieves the required quality level.

PRO TIP:

If an organisation applies too many control points or introduces many new control points at once, people can feel overwhelmed by bureaucracy and may seek out opportunities to avoid the control points or the system altogether. This situation is more likely where control points are enforced through systems.

Example 3: Risk Identification Questions

Red flag questions are presented to all projects to help people proactively identify risks deemed significant by the organisation. By asking all projects to complete the red flag question activity early in the project lifecycle, business leaders can be confident that a coarse filter for significant risks has been applied across the entire capex portfolio.

If a project does trigger a red flag, then a Subject Matter Expert in the organisation is automatically notified and a risk and action assigned to them in the registers. Some organisations consider red flag questions so important that they make them mandatory for all projects and apply a control point to validate that they have been completed.

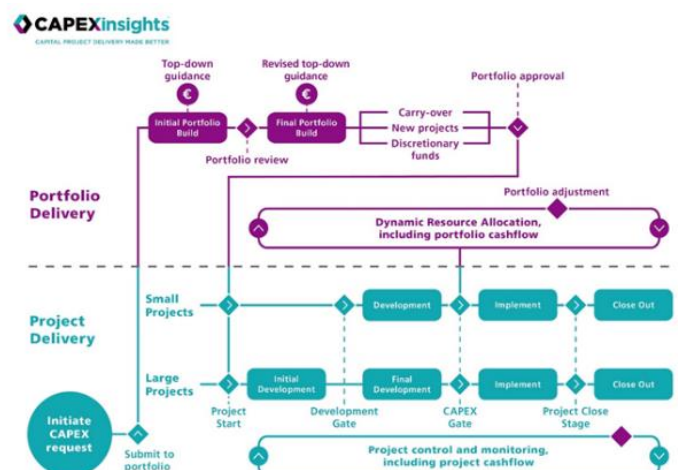
- Process.** The red flag questions appear in project lifecycle for all projects, irrespective of scale or complexity.
- System.** Projects are not able to progress past the next gate, typically the capex gate, if they have not completed the red flag questions. This is a control point without any quality checks. Because of the subjective nature of red flag questions, it would not be practical to apply a systematic quality check to all red flag responses. Instead, the quality of responses can be validated through audits.
- People.** If a project triggers a red flag question, it is the responsibility of the project team and the associated Subject Matter Expert to close-out the risk. Given the potential time required to close-out these actions, it may be possible for them to be still present after the capex gate. This means that the control point focuses on risk identification, not on close-out. A separate control point can be implemented to ensure risk close-out if required.

PRO TIP:

Capital projects involve many different business functions with unique and sometimes independent business processes— engineering, finance, safety, procurement, sustainability, asset care, etc. It could be deemed reasonable that each business function makes one process mandatory and apply a control point. However, from the project delivery team’s perspective, this could result in the project process being overwhelmed with too many mandatory processes and control points. Care must be taken by the organisation in finding the balance between sufficient governance, risk and compliance and effective project delivery.

Choice of location of control points

There are many places throughout the project portfolio management process where control points can be applied. If an organisation were so inclined, they could enforce control points at over 30 different points in this process.



PRO TIP:

Beca recommends that organisations have at least one control point in the project lifecycle and at least one control point in the project's *control & monitoring* component. This way, project teams are always encouraged to utilise CAPEXinsights, and it will become the central source of truth for project delivery within the organisation.

Control points between systems

CAPEXinsights often exists within a complex solution landscape. CAPEXinsights can be integrated with one or more of the organisation's ERPs and a slew of other applications that are involved in the delivery or management of capital assets.

When first introducing CAPEXinsights into a solution landscape, Beca recommends that manual integration is adopted. This means that control points enforced through systems beyond CAPEXinsights need to also be managed through a manual process.

Example 4: Overall project risk classification

The Overall Project Risk Classification is an activity in the project lifecycle that quantifies the risk profile of a project at a single point in time – typically just before the capex gate. Depending on the risk profile, the project may be reviewed by the organisation's global risk committee or a local risk committee.

In instances where the capex gate is managed through another application in the organisation's landscape, and there isn't seamless integration with the ERP, it is difficult for CAPEXinsights to directly enforce that people have completed the Overall Project Risk Classification. In these instances, CAPEXinsights can generate a pdf, a Project Brief, that summarises information from across the project, including the Overall Project Risk Classification. Importantly, Beca can embed a special code into this pdf that is only revealed if all the mandatory activities in the project lifecycle are completed. This pdf, in turn, can be used by other applications in the solution landscape to validate that the Overall Project Risk Classification and other mandatory aspects have been completed.

- **Process.** People are informed of the mandatory activities through training, and the mandatory processes are highlighted within the application. This is reinforced through the Project Brief export that summarises which activities need to be completed and which ones have not yet been completed.
- **System.** Within CAPEXinsights, the special code is only revealed when the mandatory activities have been completed. Within the other application, the special code and the pdf from CAPEXinsights can be uploaded to validate that the mandatory activities have been completed in CAPEXinsights. This is the control point. Note that similar to example 3 (risk identification questions), there are no quality checks.

- **People.** It will be the responsibility of the administrators in the other application to review and validate that the correct pdf has been uploaded and, through audits, that the mandatory activities have been appropriately completed.

Performance of control points

No control point is infallible. Control points enforced through a system can suffer from inadequate quality responses. Control points enforced through people can suffer from both poor-quality responses and potentially incomplete application.

Working in conjunction with the organisation's application owner for CAPEXinsights, a range of Key Performance Indicators can be developed that measure the performance of Key Performance Indicators. Then through the recurring operations committee, corrective measures can be applied to improve the outcomes.

PRO TIP:

Setting up a regular audit of control points can help project teams understand the importance of project processes and identify areas of training to address systemic shortfalls across the organisation. These audits can be completed by the organisation's internal project management office or external parties.