

Date: 2020-12-02

Subject: KPMG Capital Project Management Review

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Report Number: CAO's Office-2020-241

Recommendations:

That the report dated December 2, 2020 to Committee of Council re: KPMG Capital Project Management Review be received;

Overview:

- **City Council passed Resolution CW364-2019 on Sept 25, 2019 to retain KPMG to review the Corporation's project management processes.**
- **KPMG completed Phase 1 and reported to Committee of Council on June 3, 2020 identifying \$9.2M of pre-2016 projects to be closed.**
- **KPMG completed Phase 2 of the Review which identified multiple recommendations to improve the corporations' project management practices.**
- **Staff from the Office of the CAO have created an action plan which includes the creation of a Project Management Office (PMO) to address KPMG's recommendations.**

Background:

City Council passed Resolution CW364-2019 at its September 25th, 2019 meeting: *That staff be directed to develop a draft Terms of Reference to retain an external auditor reporting to Mayor and Council, in order to analyze the project management of the systemic capital project processes (including project planning and budgeting), with particular reference to those projects initiated pre 2016, and report back for Council's review and deliberation.* Council received and approved those Terms of Reference on Oct 16, 2019 with motion CW426-2019.

KPMG had completed Phase 1 of their Review which focussed on pre-2016 capital projects and reported their findings to Committee of Council on June 3, 2020. Their presentation and report identified \$9.2M of unspent and uncommitted capital budget from these pre-2016 open capital projects and activities, which were subsequently closed as a result of that engagement and the funds returned to source funding. This achieved the objective of freeing up capital budget dollars that were not immediately required, and therefore allocated to other Council priorities.

Current Situation:

KPMG initiated and completed Phase 2 of the review during the third quarter, which is the principle subject of this report. The objectives of Phase 2 were to review the corporations' project management processes for project classification, reporting to Council and senior staff, project prioritization and staff capacity and capability. Staff from the Office of the CAO supported KPMG during their review.

KPMG's findings and recommendations are identified in their corresponding presentation. Their overall findings are that the City of Brampton does not have a project management procedure (or set of procedures) to govern how projects are managed across all the departments/divisions. KPMG's principle recommendation is to implement an enterprise-wide Project Management Office (PMO) to support the operating departments/divisions responsible for managing the projects and standardize the project management procedures and processes across the corporation.

Staff have addressed KPMG's recommendations and will be moving ahead with the implementation of an enterprise-wide PMO in 2021. Staff is in alignment with KPMG's recommendation to establish a 'Supportive' PMO which will provide consultation to front-line project managers across the corporation with templates, best practices, training/education and lessons learned from other projects. Per KPMG's recommendation, the PMO should reside in a centralized department that has an 'arms-length' relationship to front line project managers who deliver capital projects. Therefore, the PMO will be implemented in the Office of the CAO, reporting to the Director of Organizational Performance & Strategy.

Project Management Steering Committee:

Upon implementation, a Project Management Steering Committee should be created with staff representatives from operating divisions that deliver capital projects including:

- Capital Works;
- Building, Design & Construction;
- Road Operations, Maintenance & Fleet;
- Digital Innovation & Information Technology¹;
- Transit;
- Finance;

¹ Note: the Digital Innovation & Information Technology division has a Project Management Office whose mandate is to support and deliver IT projects on behalf of the corporation.

- Parks Maintenance & Forestry;
- Other staff groups as required

The role of the PM Steering Committee will be to work collaboratively with the PMO Manager and Coordinator to advise the design, delivery and periodic updating of the PMO workplan. Staff representatives on the PM Steering Committee from the various operating departments should themselves be front-line project managers or leaders to front-line project managers with detailed knowledge of their division's respective project management practices. These PM Steering Committee members should bring forward best practices from their respective divisions, and advocate amongst their peers for best-in-class project management training, education, practices and procedures.

PMO Sponsor:

The PMO in conjunction with the PM Steering Committee will work under the executive leadership of a PMO Sponsor to be identified by the CAO. The PMO Sponsor will be responsible for approving the PMO workplan. The PMO Sponsor should act as a champion and advocate for the PMO and project managers at large across the organization. The PMO Sponsor should also keep the PMO staff accountable for executing the PMO workplan and escalate issues to the Corporate Leadership Team (CLT) as required. Regular check-in meetings between the PMO staff, PMO Sponsor and PM Steering Committee should occur to ensure that the PMO is successful.

PMO Multi-Year Workplan (see Appendix 1):

The PMO in conjunction with the PM Steering Committee should develop a multi-year workplan which directly addresses the recommendations in KPMG's report including:

- Project classification;
- Develop and implement a project reporting procedure including:
 - Standard reporting formats;
 - Consistent timelines and criteria;
 - Milestones within project reports;
 - KPI's;
 - Health & safety statistics
- Develop and implement a single procedure to be used by all divisions that details the steps required for project prioritization;
- Share and leverage good practices within a department or across different departments;
- Design and implement a written procedure for closing out capital projects including a set schedule for meeting with Finance division to review project status;
- Develop and implement a set of consistent requirements for project management designations and software/technology competency requirements including:
 - Certified Associate in Project Management (CAPM) certification for junior staff
 - Project Management Professional (PMP) certification for intermediate and senior project managers
 - Reviewing and updating job descriptions for project management staff

It is anticipated that this workplan will take 18-24 months to complete; thereafter the PMO will be responsible for working with the PM Steering Committee to refresh the policies and procedures related to project management on an annual basis, provide project management related training and consultation/advice to front-line project managers. Once the PMO achieves a degree of maturity in 2022 or beyond, the PMO in conjunction with the PM Steering Committee and executive leadership should perform a corporate evaluation and consider transitioning from a 'Supportive' PMO to a 'Controlling' PMO.

Corporate Implications:

Financial Implications:

The PMO will be implemented in 2021 subject to Council's support and approval of the 2021 operating budget (in the amount of \$390,000). The PMO will include a Manager, Centre of Excellence & Capital Compliance and two Coordinators. If additional financial resources are required (i.e. for project management training/education), a budget submission will be proposed for Council's consideration in 2022 and beyond.

Other Implications:

A PMO is a corporate-wide initiative that affects all front-line project managers, and therefore collaboration and staff time with departments that deliver capital projects will be critical to its success.

Term of Council Priorities:

This report has been prepared in full consideration of the Term of Council Priority of "Brampton is a Well-Run City", with the principle objective of improving project management procedures and practices ('Stewardship of Assets and Services').

Conclusion:

The project management review performed by KPMG revealed recommendations to improve the corporation's project management procedures and to implement a 'Supportive' Project Management Office (PMO). The action plans in this report will address and achieve those recommendations. Ultimately, an enterprise-wide PMO will develop and implement project management standards, guidelines and a streamlined approach for efficiently managing capital projects.

Authored by:

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Submitted by:

David Barrick, Chief Administrative Officer**Attachments:**

Appendix 1 – PMO Implementation Plan

Report Approval Details

Document Title:	KPMG Capital Project Management Review.docx
Attachments:	- Appendix 1 - PMO Implementation Roadmap - FINAL - Oct 2020.pdf
Final Approval Date:	Nov 25, 2020

This report and all of its attachments were approved and signed as outlined below:

Mikkel Marr - Nov 20, 2020 - 4:33 PM

David Barrick - Nov 25, 2020 - 1:50 PM