



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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15-14 City of Colorado Springs Review and Monitor Capital Project Management

April 2015

The purpose of this audit was to assess the internal processes and procedures in place to support administration of the Capital Improvements Program (CIP). The scope of our audit was 2014 capital project management processes across the organization.

Highlights

We concluded that consistent and standardized project management processes were not in place for the administration of City of Colorado Springs CIP.

The Project Management Institute's (PMI) 5th edition of the Project Management Body of Knowledge (PMBOK) Guide was used in assessing the City of Colorado Springs CIP management.

For 2014, the total CIP budget was \$77,385,251. This total was derived from many sources, of which approximately 85% were restricted funds. Fifteen percent, or \$11,007,472, was from the general fund.

The task of managing CIP is decentralized, resting with several departments such as City Engineering along with Parks, Recreation, and Cultural Services. Many of the enterprises, such as Parking, Colorado Springs Airport, and Pikes Peak America's Mountain, also manage their own CIP. Staff from these departments were interviewed to gain an understanding of the processes and procedures used to administer CIP.

We noted several departments with robust project management experience. These departments exhibited strong control over projects in their areas. The commendable practices observed in these departments were shared with department and senior City management.

In April 2005, the voters of Colorado Springs approved a charter amendment requiring the creation of a prioritized five-year capital improvements plan. We did not review the prioritization of projects.

We appreciate the cooperation and time of City staff in completing this audit.

Recommendations

1. Implement a standard methodology (project management processes) to provide consistency across departments and enterprises as well as assist project managers to plan, track, and understand roles and responsibilities.
2. Project management training would help to ensure consistent administration and reporting of CIP projects.
3. Implement the use of tools which compare the actual performance of the project to the plan. A communication plan should be developed during the initiation of the project.

Management Response

Management was in agreement with our recommendations. A plan of action will be developed to address the recommendations.

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Observation 1

During interviews with the department and enterprise staff that have responsibility for managing CIP projects, we noted the City does not have a standard methodology for administration of capital projects. A methodology should include a set of customized project management processes to fit objectives, practices, and environments. It is often enveloped in the organization's policies and procedures. Methodologies provide consistency, help achieve goals, define roles and responsibilities, and should accommodate various project sizes and complexities. It should be applicable and useful to all project managers. Lack of policies and procedures can contribute to project failure.

Recommendation

The City of Colorado Springs should implement a standard methodology to guide project managers. Departments and enterprises should use the methodology to plan, achieve goals, and understand various project roles and responsibilities.

Observation 2

Project managers trained to use the organization's methodology are prepared to achieve project goals. The PMBOK indicates their project management processes will lead to optimal accomplishment of project objectives and use of resources. Training can also point out the importance of following the organization's policies and procedures, the need to track performance, and the need to communicate with stakeholders. Project management training appears to be determined by individual departments. Therefore, we observed some departments with stronger administration skills. Sharing best practices and lessons learned could promote project management best practices within the City.

Recommendation

Project management should receive training to ensure consistent administration and reporting of CIP projects. In considering the potential cost of training, management could utilize the training and knowledge of those departments that are demonstrating strong project management processes.

Observation 3

Based on interviews with project managers and the finance department, we noted a lack of standard metrics for tracking project performance. Measurement and reporting of planned to actual project scope, cost, and dates are core project management practices per the PMI standards. The expectation for project managers to measure and report project performance was inconsistent from department to department. Project performance measures help to ensure the best use of resources and achievement of goals. Metrics also provide City department leaders and all stakeholders information for decision making. The absence of measurement and reporting increases project risk.

Recommendation

Monitoring and controlling metrics which compare the actual performance of the project to the plan should be implemented. A plan for communication should be developed during the initiation of the project which identifies stakeholders and the appropriate communication for each stakeholder.