

Stepping up to Governance, the development of ISO 21503

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Outline

- What is Governance
- What is Management
- Governance -v- Management
- ISO 21503 – current status

Governance

- **Governance:** action or manner of governing an organisation by using and regulating influence to direct and control the actions and affairs of others
- **Governing body:** person, group or entity accountable for the performance and conformance of an organisation

Governance

Sir Adrian Cadbury (2002) *“..... holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, the organisation and society”.*

Dimensions of Governance



See: http://www.mosaicprojects.com.au/WhitePapers/WP1084_Governance_Systems.pdf

Governance

- Functions of Governance
(Dr. L. Bourne 2014)
 - Determining the objectives of the organisation
 - Determining the ethics of the organisation
 - Creating the culture of the organisation
 - Designing and implementing the governance framework for the organisation

Governance

- Functions of Governance
 - Ensuring accountability by management
 - Ensuring compliance by the organisation

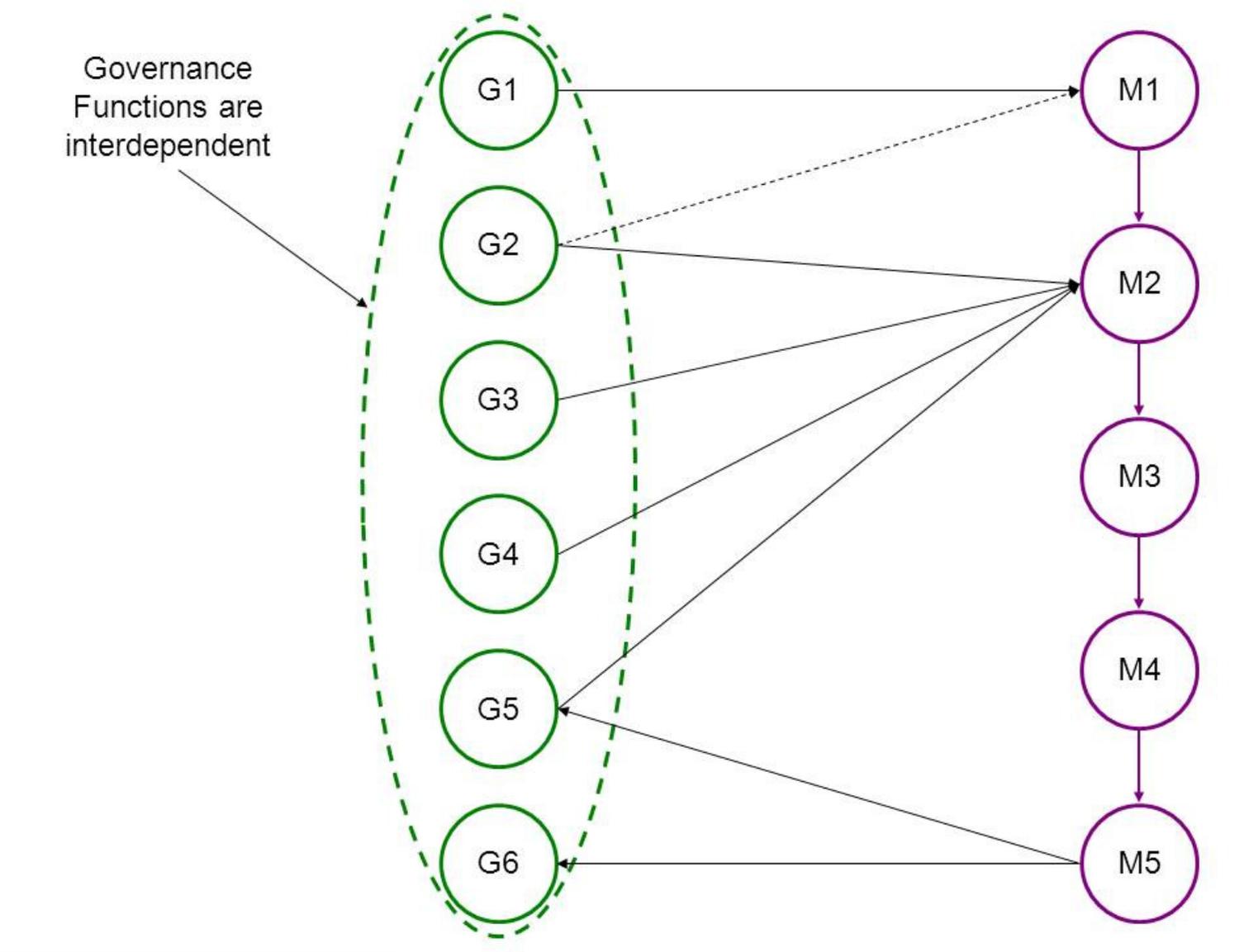
See: [http://www.mosaicprojects.com.au/WhitePapers/WP1096 Six Functions Governance.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1096_Six_Functions_Governance.pdf)

Management

- Henri Fayol (1841 – 1925) five functions of management:
 - To forecast and plan.
 - To organise
 - To command or direct (lead)
 - To coordinate
 - To control

http://www.mosaicprojects.com.au/WhitePapers/WP1094_Defining_Management.pdf

Governance -v- Management

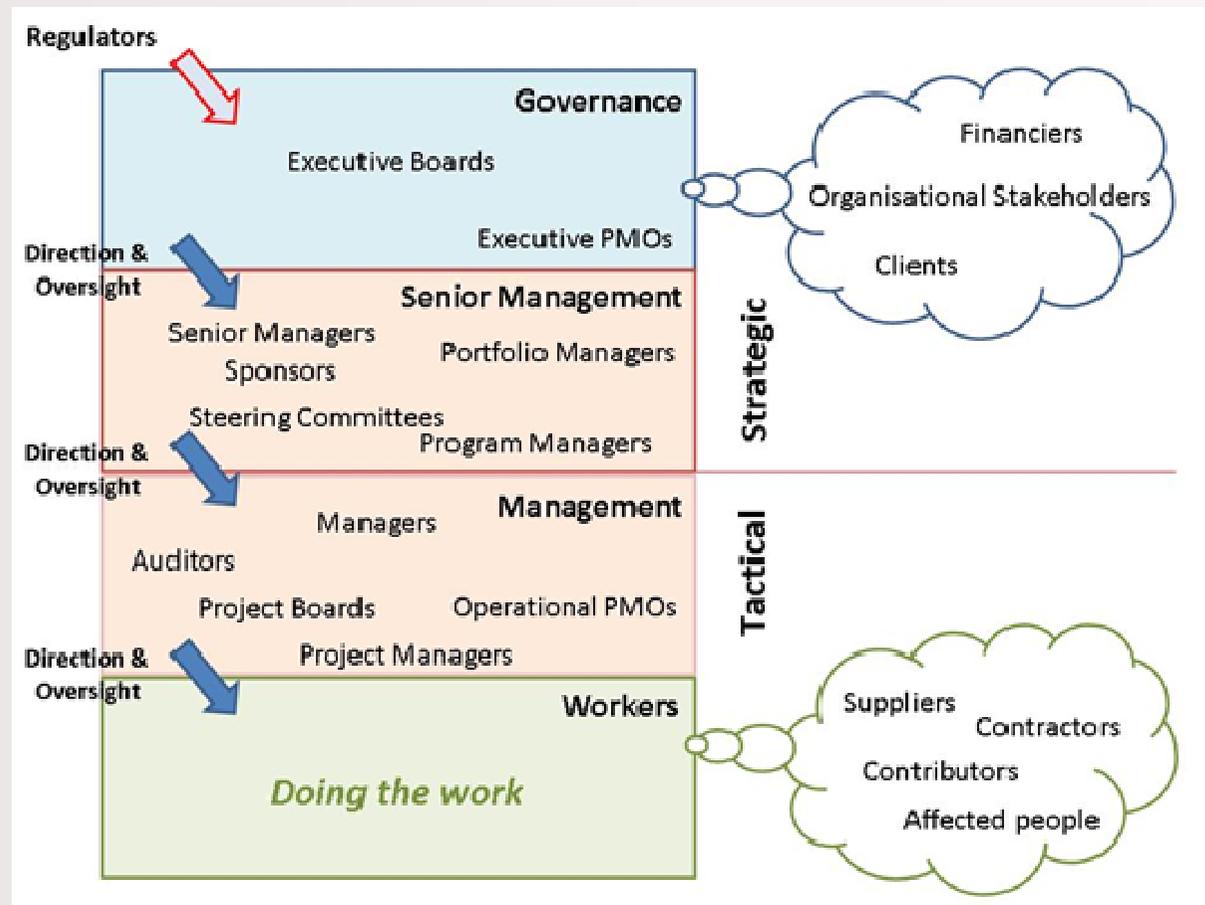


Governance -v- Management

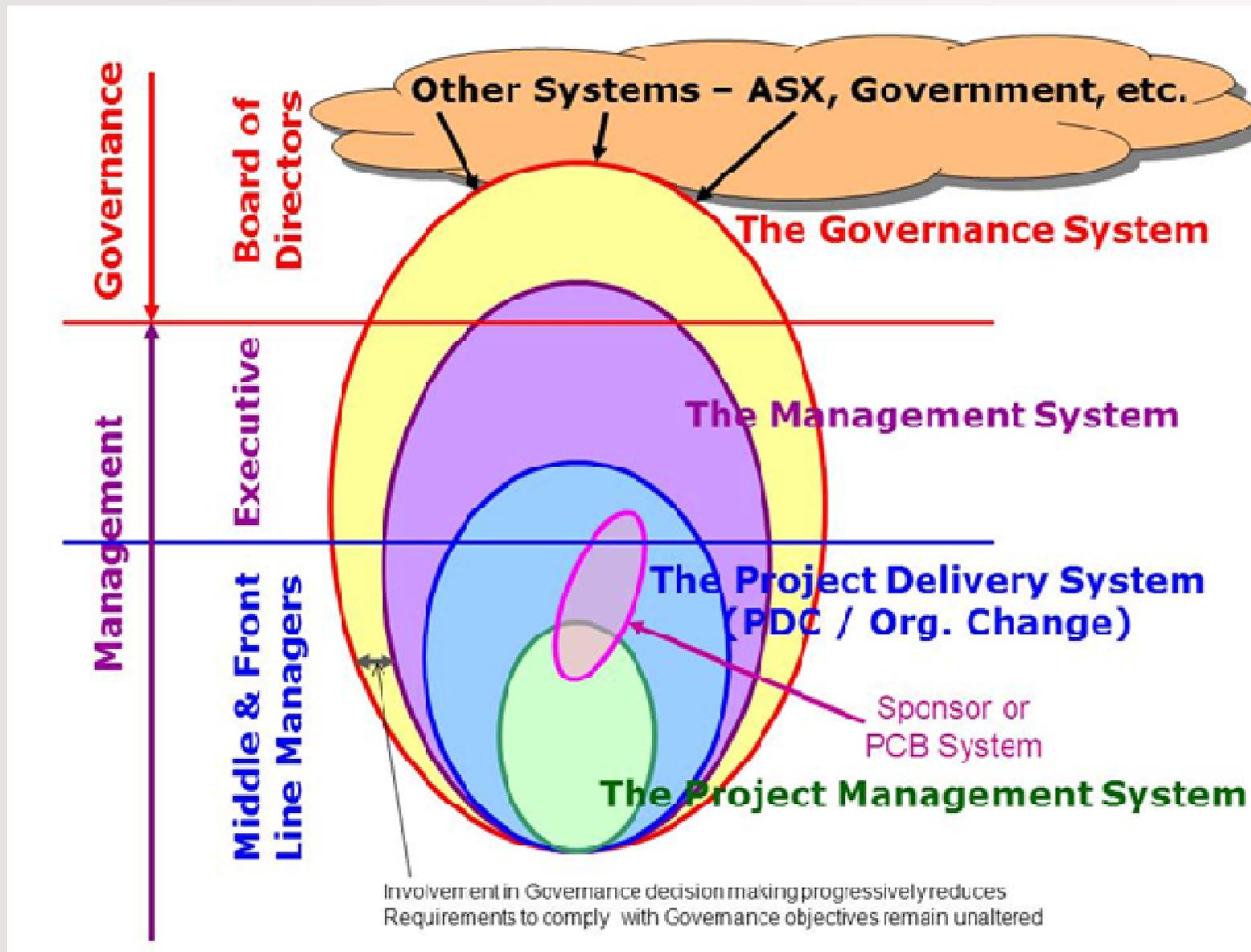
- Governance sets the 'rules' and objectives for the organisation
- Management works to achieve the objectives working within the rules
- Some governance functions may be delegated
- Accountability is retained by the governing body

Governance -v- Management

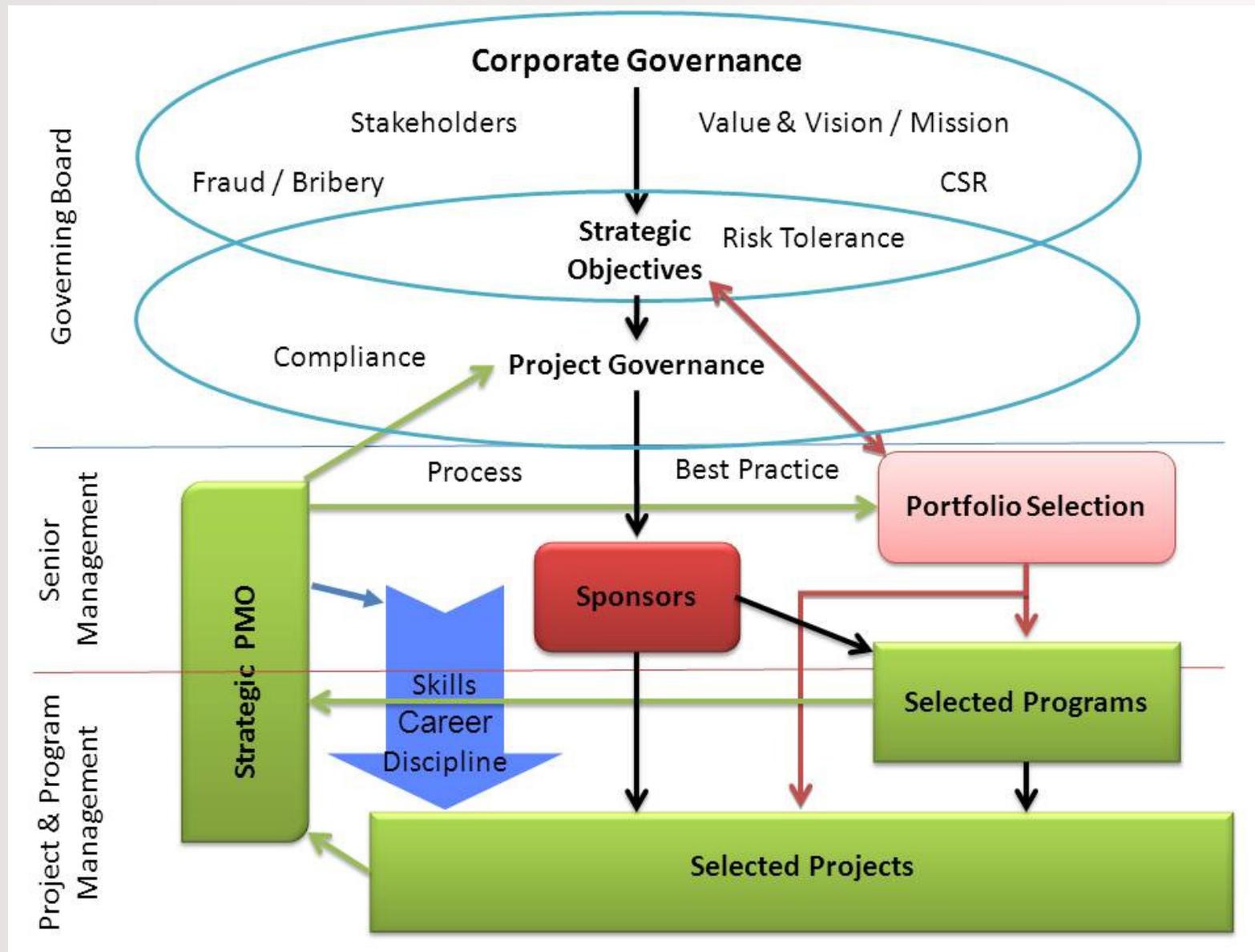
- No one (apart from the governing body) can govern their own work



Governance -v- Management



Governance -v- Management



ISO 21503

- Guide to the Governance of Projects Programs and Portfolios
- Currently DIS – commenting starts soon
- Expecting a *'rough ride'*
- Sponsors, PCBs and Steering committees are primarily management functions responsible for delivering value!!!!

ISO 21503

- Guide to the Governance of Projects Programs and Portfolios
- Currently DIS – commenting starts soon
- Expecting a *'rough ride'*
- We consider governance from the perspective of 'governors'

ISO 21503

- **Basic principle:**
- Governance is about establishing the organisation's objectives, principles and policies. Management is about working within those principles and policies to achieve the objectives.

ISO 21503

- The governance of projects, programmes and portfolios (PPP) should be based on the values and principles of the organisation
- Values = standards of behaviour considered important by the members of the organisation, and are generally accepted in society

ISO 21503

- Principles = fundamental policies and practices adopted by the organisation's governing body to implement its values and achieve its objectives
- 6 general principles:

ISO 21503

1. Create the governance framework
2. Realise value
3. Ensure ethics and sustainability
4. Information integrity and management
5. Respect the rights of stakeholders
6. Establish risk management policies

ISO 21503

- Specific clauses then deal with the flow-down of these governance principles to the governance of:
 - Projects
 - Programs
 - Portfolios

ISO 21503

- DIS review starts in 4 to 8 weeks
- All ISO countries invited to comment
- DIS vote and comments adjudicated in November 2015 (Argentina)
- Option 1 – strong positive vote (minor changes) – publication 2016
- Option 2 – second DIS required – publication 2017

Conclusion

- **Governance is the responsibility of the Governing Body**
- The Governing Body is accountable for the performance of the organisation
- The governance of PPP is an integral sub-set of this overarching responsibility!

Questions

- Free resources:

www.mosaicprojects.com.au/PM-Knowledge_Index.html#OrgGov1

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