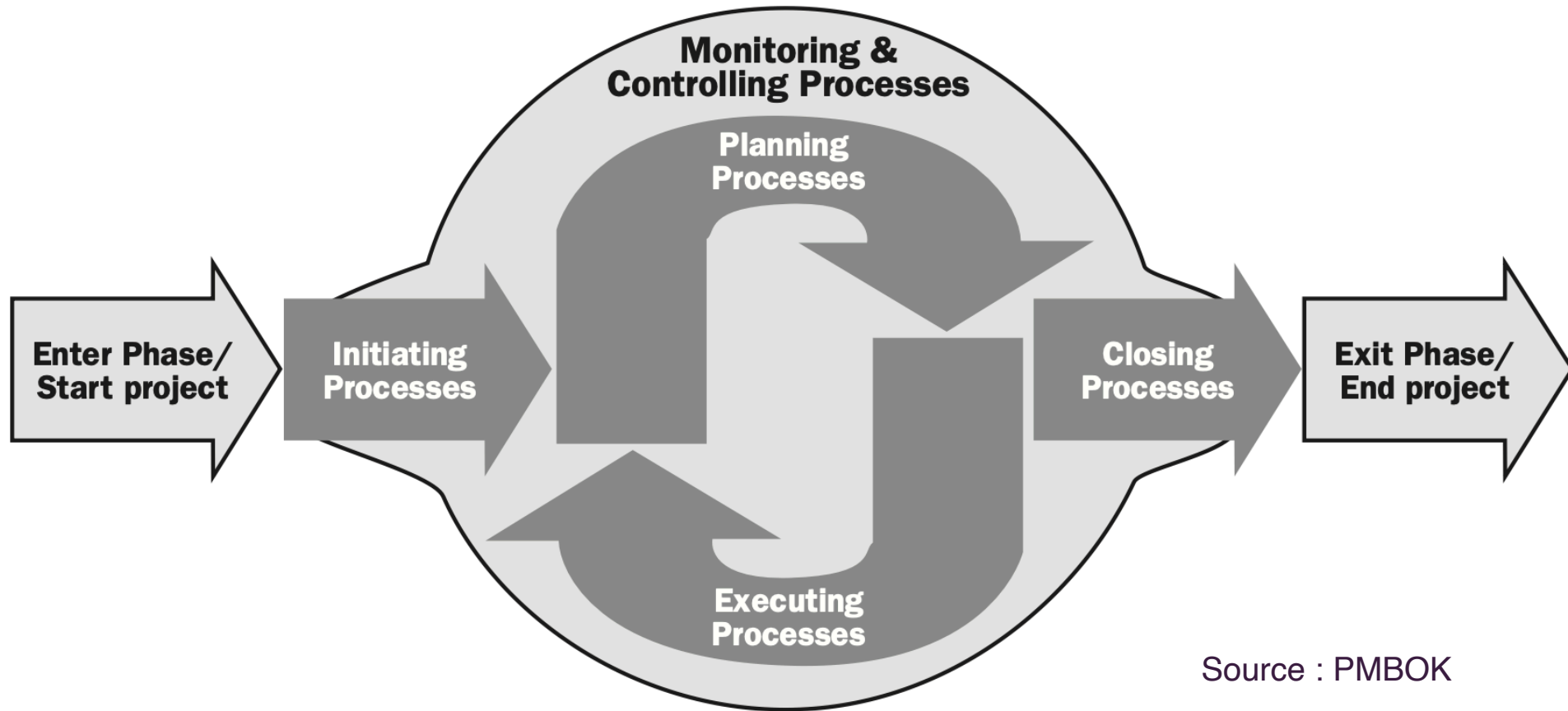


# Role of Project Controls as a key enabler in Project Closeout

and Project Delivery Assurance

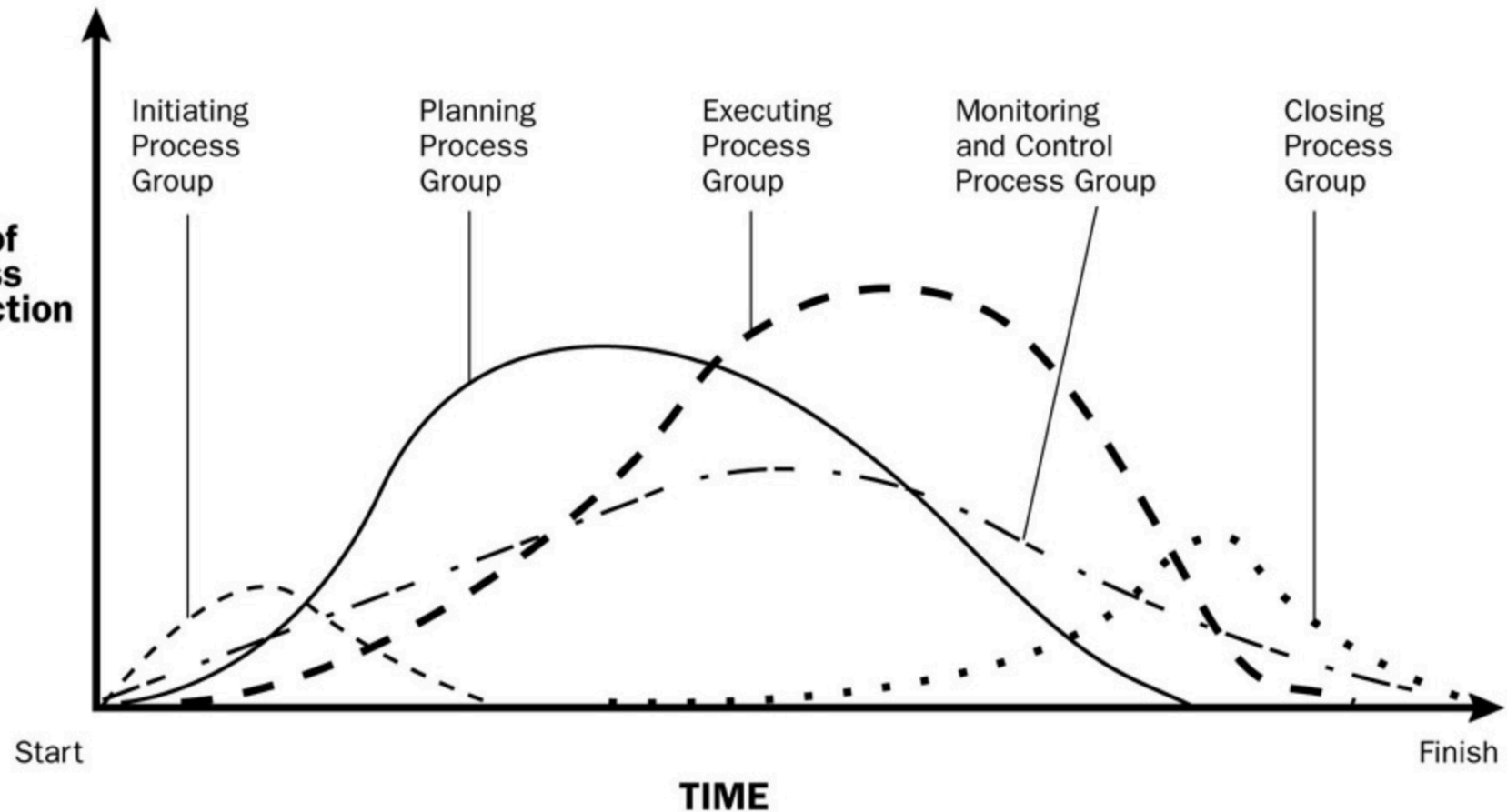
# Project Management Process



- Closeout process is a core Project Management process group
- It concludes all activities across the Project
- Project Integration cannot be achieved if closeout is left out

## Process Group Interaction and overlap at various times

- The engagement and involvement level of most stakeholders is high in the beginning and gradually tapers towards the end of the project
- There is a tendency to assume that the project is closed when the deliverables are completed and milestones achieved



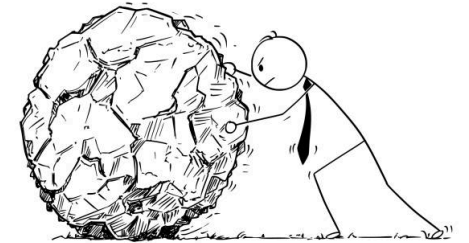
Source : PMBOK

## Importance of Closeout

- Project Closeout is an essential phase yet not given due importance and effort
- All activities are concluded, contracts are closed, payments are completed, project is handed over, resources are released. Formal completion is achieved
- Lessons Learnt are captured
- Closeout report is prepared
- Analysis of the project is undertaken
- Completion of execution is not project closeout

## My Story - About 25 Million USD projects awaiting closeout

- When I joined one of my past company, along with the HR, I was also welcomed by a list of small to medium projects none one which were formally closed. My task was to closeout all of these. Project work was completed in most of the projects.
- 25 Million USD worth projects within a portfolio of 80 Million USD, a whopping 30% was an enormous task for me and my team.
- I tried to find the impact of the open projects and below some are listed
  - The Project and contractors team were stuck with the projects which were already in operation
  - Major Liability issues like Final payments and retention not paid, unreleased bank guarantees, extended insurances, warranty issues
  - Reputation and brand, severed relationship between owner and contractor
  - Disputes and Claims had taken over
  - Accountability and Audit issues



## Analysis and Finding

- I wanted to know the reasons and background why these projects were left open because this will help me to find the enablers to effectively close the projects
- These were my findings
  - The nature of the project was such that most of the stakeholders were engaged from the beginning through execution, however their presence and involvement tapered towards the end.
  - Most people confused completion of execution or deliverables as closeout, they lost interest after that
  - Usually the closeout work is monotonous, exhausting and unexciting
  - The processes and contractual requirements of closeout were difficult to understand for the team as they lacked training.
  - In most cases the leader of the project, the PM moved on to the next project as per management direction and hence there was no one to take ownership of this activity



## Some of the Key Activities performed in Closeout Phase

- Confirmation of scope completion
- Creation of Project Closeout report
- Handover of Spares, manuals, as built drawings dossier
- Completion of all such points
- Completion of Performance Guarantee tests
- Completion of Commissioning and hand over to operations
- Return of excess materials
- Release of Contractors
- Completion of Material reconciliation
- Performance certificate issued
- Rewards and Recognition and Celebration
- Release of final payment
- Release of Retention, Bank guarantees, Bonds
- Closure of purchase orders
- Creating Lessons Learnt Documents
- Release project resources

## **Project Controls Team - Action Plan for Closing the 25 Million USD projects**

- The main reason the closeout was pending was due to the monotonous and complicated process. We attempted to make the process easier for the stakeholders
- My team divided the complete closeout exercise into 4 areas - Technical, Contractual, Administrative and Financial
- Each area had a different process owner, however we PC team acted as a facilitator
- Respective Project Managers were focussed on new projects so I became the de-facto PM for this closeout exercise
- Meetings were conducted with all the process owners



## Action Plan - Technical Closeout

### Engineering Closeout

- Series of Engineering meetings conducted with all stakeholders
- Engineering manager verified the completion of engineering scope, Final DCI signed off with Contractor and PMC representatives
- As-built drawings, Manuals and balance documents listed and handed over
- Open Design Changes reviewed and closed and updated to PM/commercial team
- Effort of the resources recognised and appropriately released from further commitment on the said projects

## Action Plan - Technical Closeout

### Procurement Closeout

- Final Procurement meeting conducted with stakeholders
- Material Reconciliation was done/confirmed as per contractual terms and conditions
- Final procurement report and MCI signed off with contractor's representative
- All free issue and excess material also considered in the reconciliation report
- Procurement audit reports and inspection reports submitted
- Final Note for Approval issued for closing materials Purchase orders in the system

## Action Plan - Technical Closeout

### Construction and commissioning Closeout

- Meeting conducted with Construction and Commissioning team.
- Punch point list updated and pending points liquidated by contractor. Final list signed off by all parties.
- Construction work was confirmed and Mechanical completion certificate issued to Contractor.
- All contractor resources were demobilised from the site.
- Performance Guarantee test was completed or waived as per contractual terms and conditions and proper approvals obtained wherever required.
- Commissioning completion and PGT certificate were issued to contractor
- Handover protocols were signed off with Operations

## Action Plan - Contractual Closeout

- This was the most difficult part as some projects had entered into disputes.
- Here we had to classify the projects, those that can be solved at execution level and those projects that needed to be taken care by senior management.
- For the latter type of projects, we prepared a note with all details and submitted to senior management for resolution.
- Technically completed but contractually incomplete projects were mostly due to change requests and disputes with BOQ, Rates, Liquidated damages etc
- We facilitated the Commercial manager and took the lead to conduct meetings with contractors, negotiate, resolve issues, clarify with legal, contracts and Technical team and advised the contractors on approach to proceed further.
- Services Entries, GRN and material reconciliation was confirmed, Correspondence were recorded and filed
- Note for approvals were circulated wherever required and Service orders were closed accordingly. Formal written notice of contractual closeout was issued to contractors
- Bank guarantees were released and performance certificate issued as per contract
- Note was issued to Finance department to release the final bill (if applicable) and the retention amount

## Action Plan - Administrative Closeout

- Project manager or his delegate performed the administrative closeout activities
- Project Closeout Report prepared by PM/delegate, reviewed by all departments and send to senior management for information.
- Nominations for reward and recognition sent by PM
- Internal and hired resources were released or assigned on other projects
- Temporary office facilities, site facilities, store, warehouse, IT etc released and closed
- Celebration of Project Closeout held

## Action Plan - Financial Closeout

- Final Bills were paid.
- Retention amount released
- Cost reconciliation completed - Cost to completion v/s budget
- Excess funds released
- WBS closed
- Project Definition closed

## The Role of Project Controls as an Enabler

- Work towards making the Closeout process easy for everyone
- Think about Closeout from the beginning of the Project, even if no else in the team does.
- Prepare the framework and the step by step closeout process
- Have a plan for closeout
- Get it off the back of the Project Team
- Define exit criteria for transfer of project to operations

## Harmonious Closeout

- Ensuring that a healthy project environment is maintained during the closeout process
- Consider all parties including contractors, sub contractors, vendors and suppliers are involved
- Good record keeping of documents, correspondence, discussion and decision is vital
- Manage new issues being raised during the closeout process
- Ensure qualified and experienced persons are leading the closeout activities
- Clarity of roles and responsibilities
- Maintaining agreed timeline to complete closeout activities



## Conclusion

- Timely and Harmonious closeout of projects has a lot of business benefits
- How much ever monotonous and uninteresting the process is, still must be completed
- PC team oversee the important Project Management process group of monitoring and Control, which touches all the phases, hence it makes sense for PC team to facilitate the closeout process.
- PC team need to interact with the team and governance to simplify the process as much as possible.
- In the case which I discussed in this presentation, initially I felt the task as a burden mostly due to lack of knowledge and exposure.
- However it was a great learning experience and gratifying to contribute to the business.
- With the help of all team members we were able to close all the USD 25 Million projects, even though it took some time for closing out all projects

**THANK YOU**