



***The Practitioner Examination***

**EX03**

***Scenario Booklet***

This is a 2.5-hour objective test examination. This booklet contains the Project Scenario upon which this exam paper is based. All questions are contained within the *Question Booklet*.

Additional information is provided within this *Scenario Booklet* for a number of questions. Where reference should be made to additional information, this is clearly stated within the question to which it is relevant. All information provided within a question must only be applied to that question.

Each of the nine questions is worth 12 marks, giving a maximum of 108 marks in the paper. The pass mark is 55% (59 marks). Within each question the syllabus area to which the question refers is clearly stated. The exam is to be taken with the support of the PRINCE2 Manual only, i.e. no material other than the *Question Booklet*, the *Scenario Booklet*, the *Answer Booklet* and the PRINCE2 Manual is to be used.

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## Project Scenario

### The Outsourcing Project

**Note:** *Outsourcing is the contracting-out of business functions to a third party (the service provider). A business may contract out to one service provider or several service providers. The service provider takes control of the business functions and is responsible for their success. It is common for staff in the business functions being outsourced to be transferred to and employed by the service provider. Simple examples of outsourcing are office cleaning services and gardening services. Knowledge of outsourcing is not required for this examination paper.*

A central government department, the Ministry of Food Hygiene (MFH), faces increasing pressure to cut costs, better manage suppliers' performance and reduce the confusion caused by inadequate internal controls, outdated standards and outdated technology. External consultants were employed to conduct a feasibility study to identify options to address the problems, and the likely costs and benefits. The following options were considered:

- Do nothing.
- Re-engineer selected business functions.
- Outsource selected business functions.

The feasibility study concluded that there was a case for outsourcing the MFH Information Technology Division and the Facilities Division (maintenance of buildings and grounds). The recommendations were:

- One service provider should be contracted to provide the services currently provided by the Information Technology Division and the Facilities Division.
- A 10-year service contract should be agreed with the selected service provider.

The feasibility study developed high-level designs of the current organization, processes, systems and operating models, plus an outline Business Case for the required project. The external consultants also made the following recommendations for the management of the project:

- Use PRINCE2.
- Set up the project with 4 management stages:

Stage 1. Standard PRINCE2 initiation activities.

Stage 2. Create detailed designs (future organization, processes, systems and operating models) and the service level agreement between MFH and the future service provider.

Stage 3. Request and evaluate proposals, select service provider and agree contract.

Stage 4. Transfer equipment and staff, transfer responsibility for service provision and run trial period.

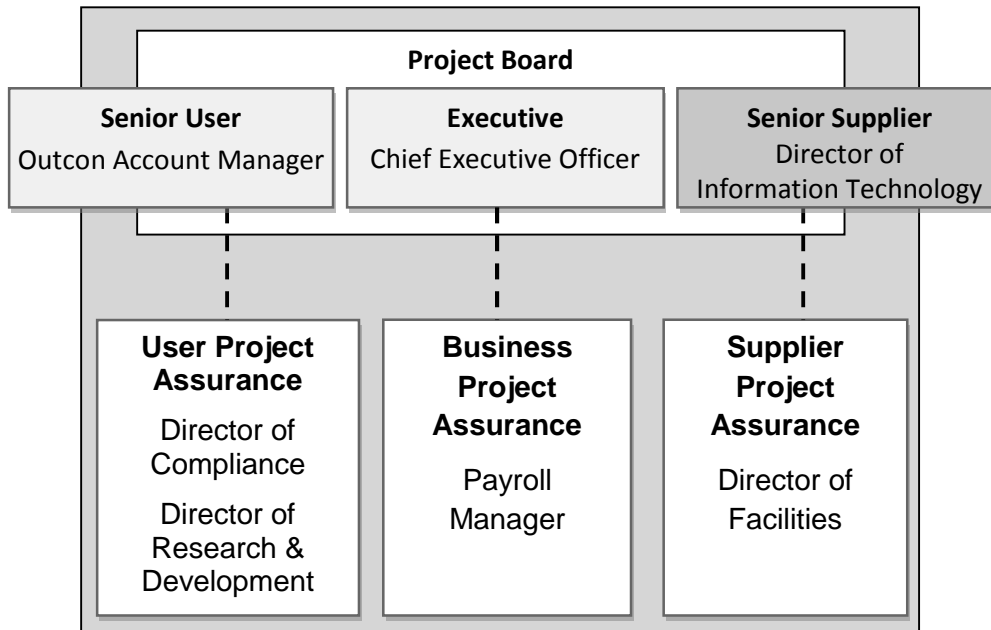
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Initial estimates indicated that the project would cost £2.5m and take two years to complete. MFH senior management agreed that there was a case for outsourcing, and accepted the recommendations as a basis for the project. There is an expected saving of £20m over 10 years.

The Outsourcing project has completed the Starting up a Project process and is now in the initiation stage. Because of the strategic importance of the project, the MFH Chief Executive Officer has taken the role of Executive. A PRINCE2-experienced Project Manager has been appointed from within MFH. Staff within the business functions being outsourced will work with the external consultants who conducted the feasibility study to define the detailed designs.

Question 2: Organization Theme - Additional Information  
**Proposed Project Organization (with errors)**



Key:		Within the project management team		Project Assurance responsibility
		From the customer		
		From the supplier		

**Further information on some resources who could be involved in the project:**

**Outcon Account Manager:** He represents Outcon which is a recruitment agency that provides specialist outsourcing resources. Outcon provided the consultants who carried out the feasibility study and the same consultants will be providing support and guidance to the Information Technology and Facilities teams during the project.

**Director of Finance Division:** She was transferred from the Information Technology Division 12 months ago. She is responsible for ensuring a cost-conscious approach is adopted in all operational and project activities across the Ministry of Food Hygiene.

**Hardware Manager:** Reports to the Director of Information Technology. He provides computer hardware to all business functions but has little awareness of the needs of his colleagues working in software.

**Payroll Manager:** Reports to the Director of Finance. He is a very experienced and efficient qualified accountant who has much of the responsibility of running the Finance Division on behalf of the Director of Finance. He has been involved in drafting the Ministry's business strategy and assisting in a full business risk assessment. He also drafted the corporate Business Case standards.

Question 3: Quality Theme - Additional Information

**Product Description (no errors)**

Title	<ul style="list-style-type: none"> <li>Service Level Agreement.</li> </ul>
Purpose	<ul style="list-style-type: none"> <li>This agreement specifies the level of service MFH requires from the selected service provider and provides measurable criteria against which the selected service provider's performance will be assessed.</li> </ul>
Composition	<ul style="list-style-type: none"> <li>Responsibilities of MFH and selected service provider.</li> <li>Mechanisms for monitoring and reporting performance levels.</li> <li>Dispute resolution process.</li> <li>Confidentiality provisions.</li> <li>Conditions for termination of contract.</li> <li>Glossary of technical terms contained in SLA.</li> </ul>
Format and presentation	<ul style="list-style-type: none"> <li>A4, Word document, printed both sides in black and white.</li> <li>Font: Arial, 12pts.</li> </ul>
Quality criteria	<ul style="list-style-type: none"> <li>Contains all composition items listed above.</li> <li>Not more than 60 pages.</li> <li>Complies with MFH corporate branding standards.</li> <li>No typographical errors.</li> </ul>
Quality skills required	<ul style="list-style-type: none"> <li>Proof-reading skills.</li> <li>Director of Compliance Division – Reviewer.</li> <li>Director of Information Technology Division – Reviewer.</li> <li>Administrator.</li> </ul>
Quality responsibilities	<ul style="list-style-type: none"> <li>Producer/Presenter: Director of Facilities Division.</li> <li>Chair: Project Manager.</li> <li>Reviewers: Directors of other divisions.</li> <li>Approver: Chief Executive Officer.</li> </ul>

Additional Information continues on next page.

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### **Quality notes from the Daily Log**

The Director of Information Technology Division (DIT) has been asked to ensure that any changes to the outsourced staff employment contracts adhere to employment law. The DIT will review future job descriptions of the transferred staff before the final contract is signed with the selected service provider.

The service level agreement between MFH and the selected service provider will specify the type and quality of service required. The selected service provider must follow the industry standards for providing outsourced services.

MFH has a quality management system which contains a document control procedure for all its documentation, however this does not include change management.

All project documents will be subject to a quality review. Nominated products will require a formal approval record signed-off by the quality review chair.

### **Extract from the draft Quality Management Strategy (may contain errors)**

#### **Introduction**

1. This document defines the approach to be taken to achieve the required quality levels during the project.
2. The Project Board will have overall responsibility for the Quality Management Strategy.
3. Project Assurance will provide assurance on the implementation of the Quality Management Strategy.

#### **Quality management procedure - Quality standards**

4. The selected service provider will operate to industry standards for providing outsourced services.
5. MFH document standards will be used.

#### **Records**

6. A Quality Register will be maintained to record the planned quality events and the actual results from the quality activities.
7. Configuration Item Records will be maintained for each product to describe its status, version and variant.
8. Approval records for products that require them will be stored in the quality database.

#### **Roles and responsibilities**

9. The DIT will check that the employment contracts for outsourced staff adhere to employment law.
10. Team Managers will provide details of quality checks that have been carried out.
11. Team Managers will ensure that the Quality Register is updated with the names of team members who are involved in the review process.
12. The Senior User will review the Product Descriptions of the products to be produced by the selected service provider to ensure that they can be achieved.

## Question 7: Change Theme - Additional Information

The project is three weeks into stage 3 and there are 41 weeks remaining in this stage. The request for proposal has been approved but has not yet been distributed to the list of service providers.

The Chief Executive Officer (CEO) of the Ministry of Food Hygiene (MFH) has called an emergency meeting because a new Government initiative to centralize and rationalize all Facilities Divisions has been announced. All existing projects seeking to rationalize or outsource their Facilities Division should stop immediately.

The Project Manager has created an Issue Report as the Outsourcing project may need to be de-scoped to remove the Facilities Division. This may result in higher costs for the supply of the remaining services. There is £70k in the project's change budget, +6 weeks / -6 weeks project time tolerance and +£350k / -£500k project cost tolerance remaining.

### **De-scoping Facilities Division**

Outsourcing the services provided by both the Information Technology Division and the Facilities Division was planned to cost £2.5m and deliver a saving in operating costs of £2m per annum, or £20m over the 10-year contract.

Outsourcing just the Information Technology Division would cost £1.25m and deliver a saving in operating costs of £1m per annum, or £10m over the 10-year contract. The timescale of two years will remain unchanged. The Project Manager is concerned that the reduced value of the services to be outsourced may make it less attractive to service providers.

To remove the Facilities Division from the Outsourcing project, all those products which relate to or include services provided by the Facilities Division will need to be revised. A full analysis has been done and initial estimates suggest that these changes will delay stage 3 by three weeks and will cost an additional £100k to complete. There is £54k of stage 3 cost tolerance remaining.

The Government initiative to centralize and rationalize the Facilities Division should deliver a saving in operating costs of £15m over 10 years. The centralize and rationalize project is estimated to cost £1.5m.

## Question 8: Progress Theme - Additional Information

### **Draft Work Package (contains errors)**

The following extract is from the Work Package provided to the IT Team Manager for the transfer of services and equipment provided by the Information Technology Division to the selected service provider. It was prepared by the Project Manager. The transfer of the services must occur with minimum disruption to current services. At the same time, the services provided by the Facilities Division will be transferred. During the transfer, the IT Team Manager will need to work with the Facilities Team Manager to ensure that the work and products are in line and operate with each other.

The project information contained in the extract is **true**, but it may NOT be recorded under the right heading or in the correct document.

### **Techniques, processes and procedures**

1. PRINCE2 method for all project management processes.

### **Development interfaces**

2. Manager of Office Moves Limited, with responsibility for moving IT equipment.
3. Service provider's Team Manager, with responsibility for receiving the transferred equipment and furniture.

### **Operations and maintenance interfaces**

4. None.

### **Constraints**

5. MFH staff must not be involved in any heavy lifting during the transfer.
6. Equipment removal must be within Office Moves Limited's normal working hours.
7. Only staff who are transferring are allowed to test the transferred equipment.

### **Reporting arrangements**

8. Highlight Report every Monday by 10.00 am.
9. The report should contain a summary of all products worked on during the previous week.
10. Project Manager should be notified of any issues immediately by telephone.

### **Problem handling and escalation**

11. Impact analysis of all issues should be completed within 24 hours.

### **Extracts or references**

12. The Stage Plan for stage 4 is available from Project Support.

### **Approval method**

13. Project Assurance will review the completed Work Package and confirm completion.

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