IT Governance

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Outlines

- Background

- Overviews

- Benefits of IT Governance

- Definitions

- IT Governance vs IT management/IT controls

- Implementation and Frameworks

Background

The connection between strategic objectives and IT management of an organization.

Standards for corporate governance:
- Good Governance Principles (AS8000)
- Fraud and Corruption Control (AS8001)
- Organisational Codes of Conduct (AS8002)
- Corporate Social Responsibility (AS8003)
- Whistle Blower protection programs (AS8004)

ISO 38500

AS8015 Corporate Governance of ICT

The importance of business control and auditing.

A series of Australian Standards for Corporate Governance

A derivative of corporate governance

The US Sarbanes-Oxley Act

1993 — 2000 — 2003 — 2005 — 2008

The discipline of Information Technology Governance

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Overviews

Business Challenges

Eco-fficiency

Profitability

Globalization

Regulations

Consumer Expectations

Governance is the set of organizational regulations and standards exercised by management to provide strategic direction and ensure that objectives are achieved, risks are managed appropriately, and resources are used responsibly.

Overviews

Good Governance is…

- Consensus Oriented

- Participatory

- following the Rule of Law

- Effective and Efficient

- Accountable

- Transparent

- Responsive

- Equitable and Inclusive

Overviews

Technological Advances

Service Oriented IT

Virtualization

Data Center Best Practices

Web 2.0

Planning complex **IT projects** involves an array of political, organizational, legal, technical, cultural, and personnel issues best dealt with by a team charged with the responsibility for the successful outcome of those projects.

Overviews

Business Challenges
- Eco-fficiency
- Profitability
- Globalization
- Regulations
- Consumer Expectations

Technological Advances
- Service Oriented IT
- Virtualization
- Data Center Best Practices
- Web 2.0

but... Why do you need governance for IT to put the pieces together?

Overviews

- Are often unable to select the most promising projects
- Do not discover serious problems until it's too late
- Cannot determine if key enterprise resources are being used appropriately
- Cannot evaluate whether a project was successful
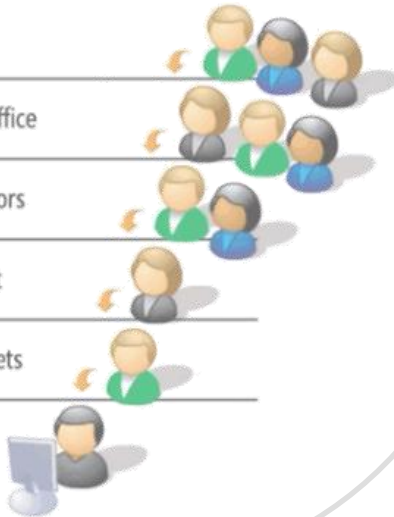
Decision-making and Accountability

Steering committees

Management office
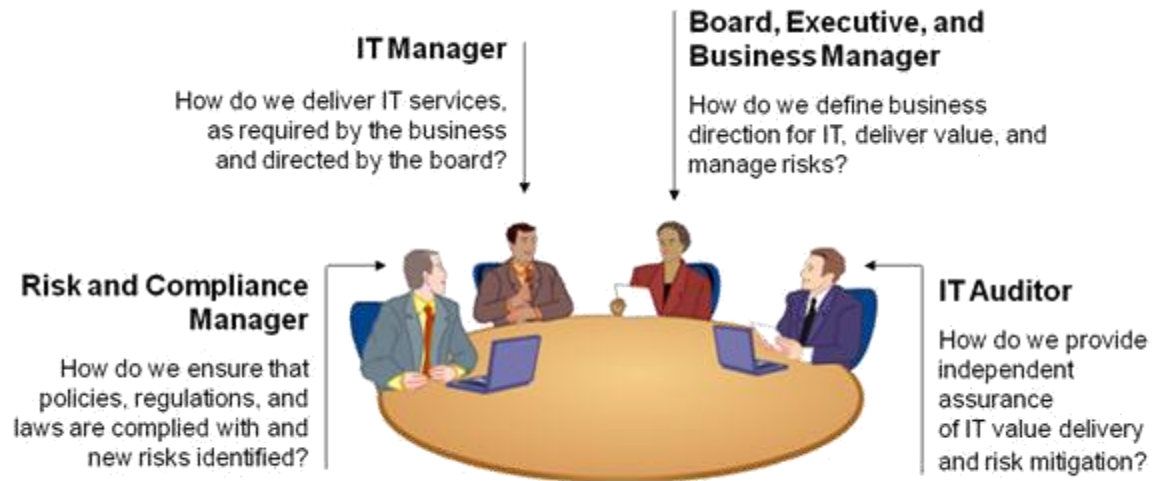
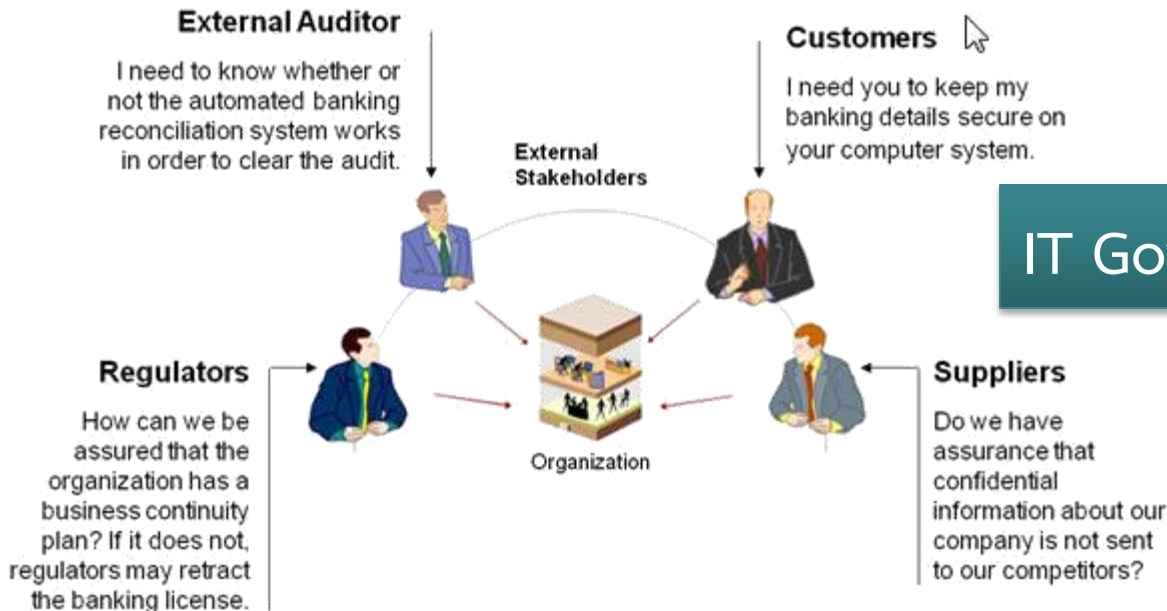Business sponsors

IT management

Maintained assets

Project assets

Performance Measurement

Accountability

Organization

Here are some background/justification points on why a company needs IT Governance.

Overviews

IT Manager

How do we deliver IT services,
as required by the business
and directed by the board?

Board, Executive, and Business Manager

How do we define business
direction for IT, deliver value, and
manage risks?

Risk and Compliance Manager

How do we ensure that
policies, regulations, and
laws are complied with and
new risks identified?

IT Auditor

How do we provide
independent
assurance
of IT value delivery
and risk mitigation?

Internal Stakeholders and Their Concerns

External Auditor

I need to know whether or
not the automated banking
reconciliation system works
in order to clear the audit.

External Stakeholders

Customers

I need you to keep my
banking details secure on
your computer system.

IT Governance Stakeholders

Regulators

How can we be
assured that the
organization has a
business continuity
plan? If it does not,
regulators may retract
the banking license.

Organization

Suppliers

Do we have
assurance that
confidential
information about our
company is not sent
to our competitors?

External Stakeholders and Their Concerns

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Overviews

- Then... governance structure ensures that the voices of stakeholders are heard, formalizes quality decision-making, and is the vehicle through which complex IT projects are effectively implemented.

Benefits of IT Governance

- Fine! but what are the benefits?

well...

Benefits of IT Governance

IT gets **aligned** with the **business**

Benefits of IT Governance

You have **better control** over **risks**

Benefits of IT Governance

You **reduce** your delivery **time**

Benefits of IT Governance

Provide **better** service **quality**

Benefits of IT Governance
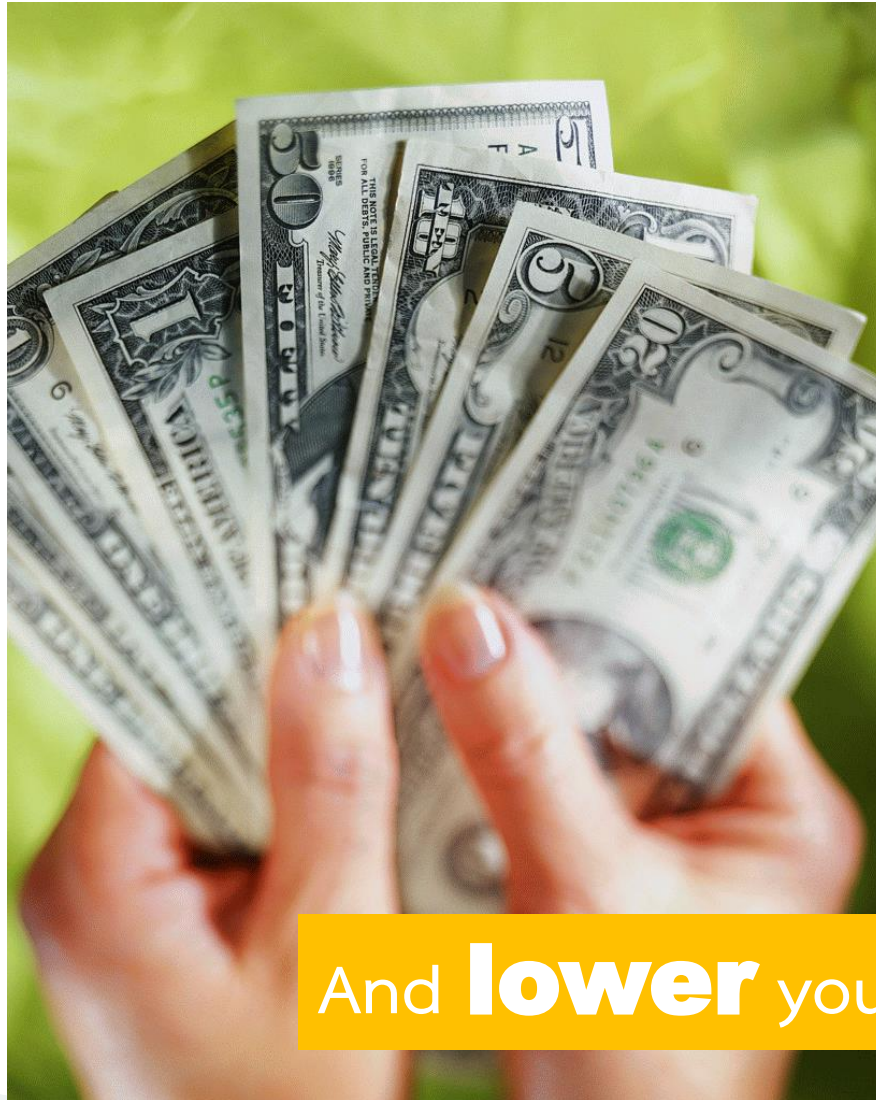
And **lower** your $ervice ¢osts

Benefits of IT Governance

Resulting in… **increased** stakeholder **value**

Lynn Lawton

CISA, FCA, FIIA,

PIIA, FBCS CITP,

International President of ITGI

"The bottom line is that many organizations worldwide are needlessly sacrificing money, productivity and competitive advantage by not implementing effective IT governance"

Definitions

- *"Specifying the decision rights and accountability framework to encourage desirable behaviour in theuse of IT."* – Weill and Ross

- *"An integral part of corporate governance and addresses the definition and implementation of processes, structures and relational mechanisms in the organization that enable both business and IT people to execute their responsibilities in support of business/IT alignment and the creation ob business value from IT enabled investments."* – Van Grembergen and De Haes

- *"The system by which the current and future use of ICT is directed and controlled. It involves evaluating and directing the plans for the use of ICT to support the organization and monitoring this use to achieve plans. It includes the strategy and policies for using ICT within an organization."* – AS8015, the Australian Standard for Corporate Governance of ICT

IT Governance vs IT management/IT controls

- **IT management** – good management practices. It is the discipline whereby all of the technology resources of the firm are managed in accord with the company's needs and priorities.

- **IT controls** – IT control frameworks. IT controls are specific activities performed by persons or systems designed to ensure that business objectives are met.

- **IT Governance*** – the management system used by directors. It is about the stewardship of IT resources on behalf of the stakeholders who expect a return from their investment.

*ISO 38500: The ISO/IEC 38500 Corporate governance of information technology standard

Implementation

- How do we implement governance?

An organization should select the governance arrangement that best supports its business strategy while being compatible with its culture. No matter what IT governance mechanism is used, it must facilitate decision-making, ensure alignment between technology and business goals, and communicate governance principles and decisions

(Ross & Weill, 2004)

Frameworks

Frameworks

Developed by the joint technical committee ISO/IEC JTC1, Information technology,

and subcommittee SC 7, Software and systems engineering
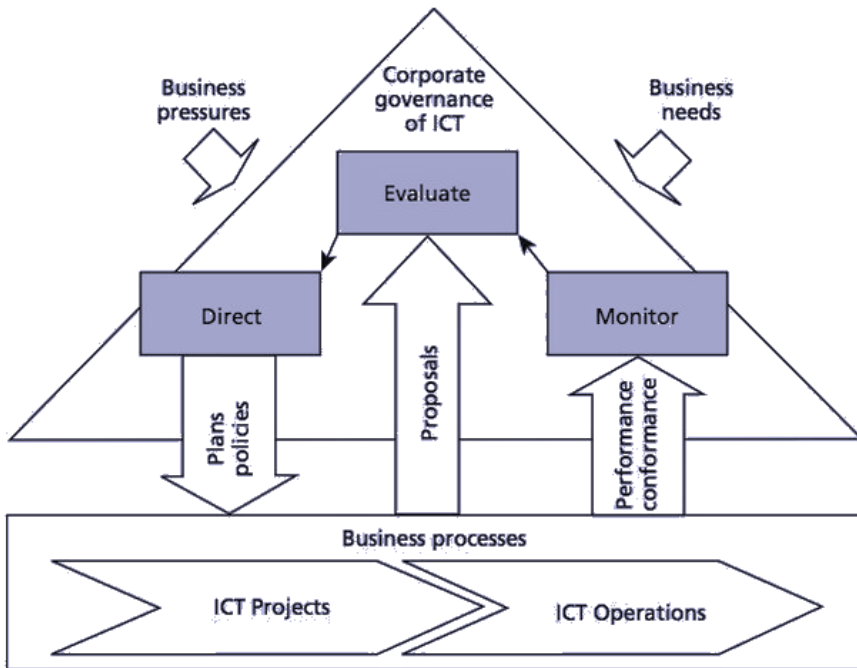
"ISO/IEC 38500 will help the governing body to evaluate, direct and monitor the use of IT. It will assist directors in assuming conformance with obligations – regularly, legislation, common law, contractual – concerning the acceptable use of IT and to have a proper corporate governance of IT.

François Coallier

Chair of the ISO subcommittee

Frameworks

Created by Information Systems Audit and Control Association (ISACA)

"CobiT has a focus on the delivery of business objectives. It provides metrics and maturity models to measure achievement and identifies the associated responsibilities of business and IT process owners."
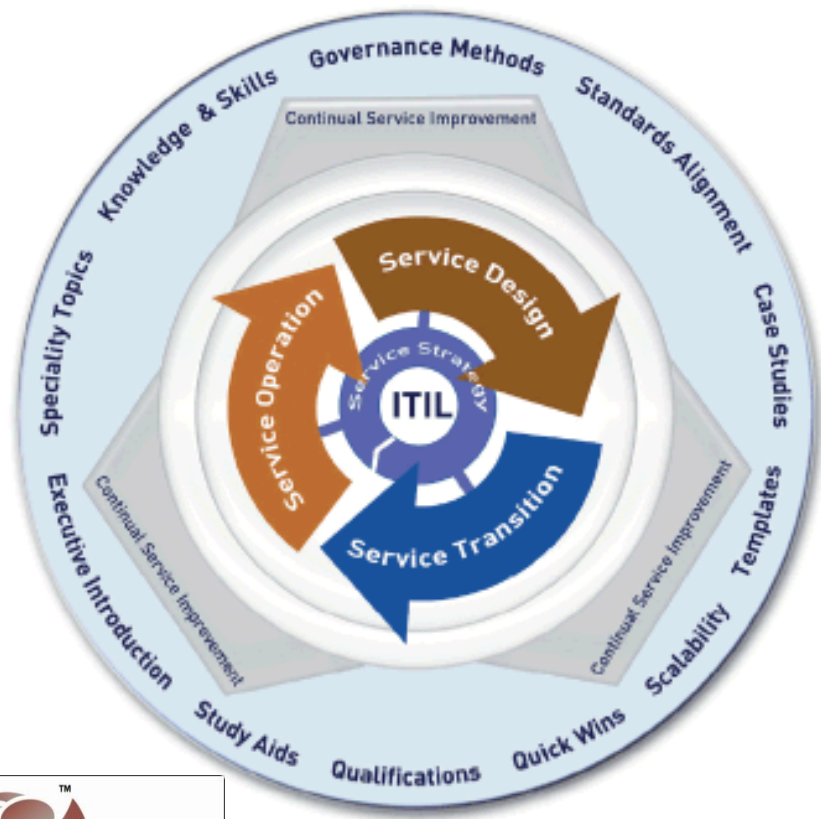
Howard Nicholson
International Vice President
Information Systems Audit and Control Association (ISACA)

Frameworks

Developed by OGC (Department of UK Govt)

"There are a lot of things that the business does that IT just doesn't know about, ITIL allows us to align ourselves with the business instead of just making them angry when something they need isn't available."

Christine Rose, Director of Global IT at Finisar, a computer hardware manufacturer that adopted ITIL in 2002.

Q&A

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