

IT GOVERNANCE: ensuring that technology is aligned with an organisation's strategy

What is IT Governance?

Information Technology governance is an integral part of corporate governance and consists of structures and processes that ensure that the organisation's IT supports and complements the organisation's culture, strategies and objectives.

It is the responsibility of the board of directors and executive management.

Why IT Governance?

IT Governance is based on principles from risk management and disaster recovery.

Companies today rely heavily on IT for core business processes and compliance. IT systems can involve substantial cost, not just in acquisition but in development, implementation and maintenance.

It is not uncommon to read about IT Project cost blowouts and IT projects being scrapped or renegotiated because they did not meet expectations. A Board must ensure the correct decisions are being made and monitor the progress of IT investments

A Board must ensure their IT systems have business continuity and disaster recovery plans. What would the impact be if your IT system fails?

IT systems must be integrated into a business's key processes and regulatory obligations in order to ensure improved company performance.

How do you practise IT Governance?

- Business management must actively participate in IT issues
- IT must have a clear role in the organisation
- There must be identifiable steps, responsibilities and results in IT decisions

Supply Side (the provision of IT services)

There must be policies covering:

- Security
- Business continuity
- Supplier policies
- Centralization v Decentralisation
- Ownership of data and processes
- IT design
- Outsourcing

Demand Side (decision processes)

- The alignment and integration of IT and business planning
- Financial and human resources

- Criteria for new investments
- How proposals are evaluated
- Accountability for the success of a project

Standards

In April 2004, Standards Australia issued a draft standard "*Corporate governance of information and communications technology*" to provide a framework for IT governance.

The draft includes checklists for assessment of IT governance. Questions include:

Is there a clear connection between the IT plans and the corporate plans?

Will the planned use of IT provide business benefits, such as—

(a) increase the range or quality of services or products provided by the organization; or

(b) reduce the cost of operations in the organization more than the cost of the IT; or

(c) improve the conditions of work of the staff of the organization?

Is there a measurement system that helps control the performance of internal IT staff?

Is there a measurement system that helps control the performance of contractors?

Are the long-term and short-term benefits, costs, and risks balanced in establishing the value for money for proposed developments or acquisitions?

Are the budgets properly drawn up to provide sufficient funds for the intended activity?

Are all procurement actions carried out with complete probity?

Do the contracts provide the desired control over the suppliers for all of the likely circumstances over time?

Will the costs of the IT detract from the business processes?

Are the external resources used efficiently?

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