The Presentation Will Begin At 12PM EST

"What is IT Governance?"

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What is IT Governance?

Agenda

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Introduction

The terms “Governance" and “Good Governance" are being increasingly used in today’s world not only for Governments but Corporations alike.

Bad governance is being increasingly regarded as one of the root causes of evil within our societies, and due to this the expectation has risen that Good Governance is a necessity rather than a suggestion.

Early Beginnings

The word "*governance*" derives from the Greek verb κυβερνάω [*kubernáo*] which means *to steer* and was used for the first time in a metaphorical sense by Plato in his dialogue "Republic" while discussing the just state.

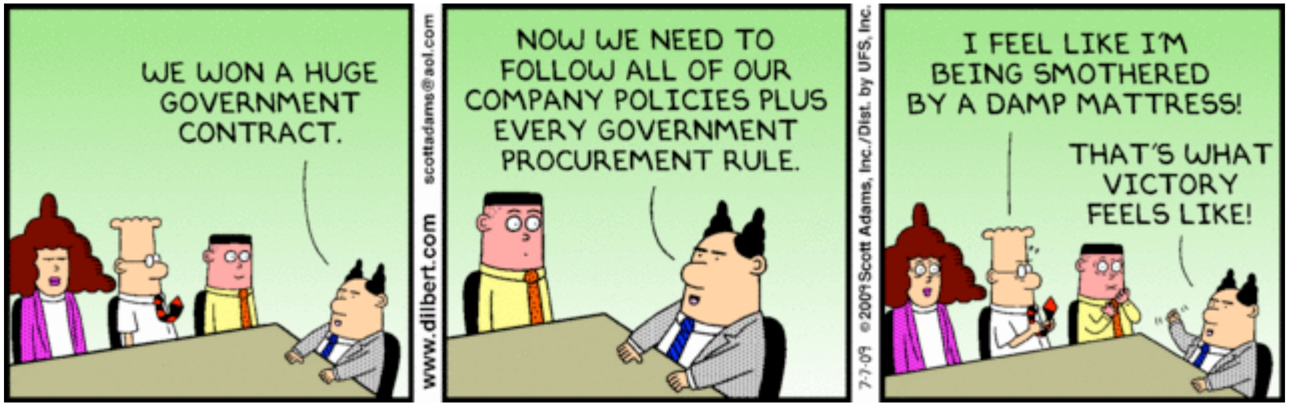
Governance Concept

The concept of “Governance" is not new and is as old as human civilization. Simply put "governance" means: The process of decision-making and the process by which decisions are implemented (or not implemented).

Current Governance Background

- "Greed is good" governance philosophy of the 1980s and 1990s was rampant and seemed to give way, at the end of the 20th Century, to another type of approach (due in part since they got away with it)
- To a 'looting is good' approach
- Which lead to Catastrophic financial results for many Corporations.
- Corporate collapse, originating in a failure of internal control, has happened before. Although, the spate of collapses and financial failures starting at the end of the Internet bubble and through to the mortgage and bank collapse that caused the 2008-09 recession, though, indicated a systemic governance weakness, and one whose increasingly worldwide implications have a significant, negative knock-on effect on already problematic pension funds and pensioner assets.
- Enron, Worldcom, Marconi, Parmalat, Lehman Brothers, AIG and many other corporate disasters are the storm damage of unbridled executive authority; shareholders are no longer enthusiastic about losses on this scale.
- Due to this Governments, already grappling with the challenge of funding the pensions of an inexorably graying population bulge, cannot afford further wanton asset destruction and have started applying themselves to rooting out corporate governance misbehaviour.
- This is being done through a combination of overt regulatory action and slightly more covert pressure on institutional investors to stand up for their rights as shareholders and more determinedly exercise their de facto responsibility to insist on proper governance from those organizations in which they are invested.

Governance Humour


WE WON A HUGE GOVERNMENT CONTRACT.
NOW WE NEED TO FOLLOW ALL OF OUR COMPANY POLICIES PLUS EVERY GOVERNMENT PROCUREMENT RULE.
I FEEL LIKE I'M BEING SMOTHERED BY A DAMP MATTRESS!
THAT'S WHAT VICTORY FEELS LIKE!
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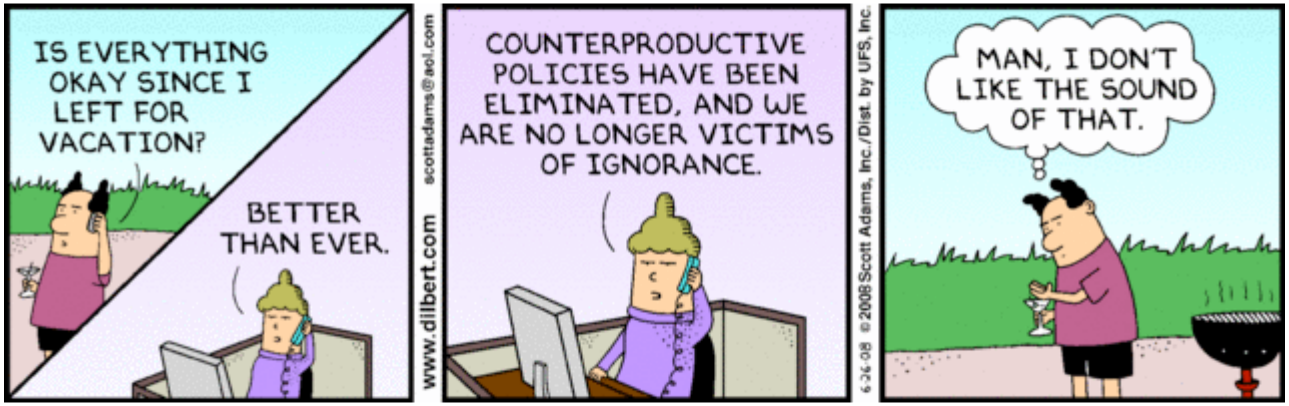
IS EVERYTHING OKAY SINCE I LEFT FOR VACATION?
BETTER THAN EVER.
COUNTERPRODUCTIVE POLICIES HAVE BEEN ELIMINATED, AND WE ARE NO LONGER VICTIMS OF IGNORANCE.
MAN, I DON'T LIKE THE SOUND OF THAT.
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IT Governance Definition

IT Governance Definition

Oxford dictionary describes it as

". the act, manner or function of governing."

Governing is defined in part as

"...regulating the proceedings of a corporation."

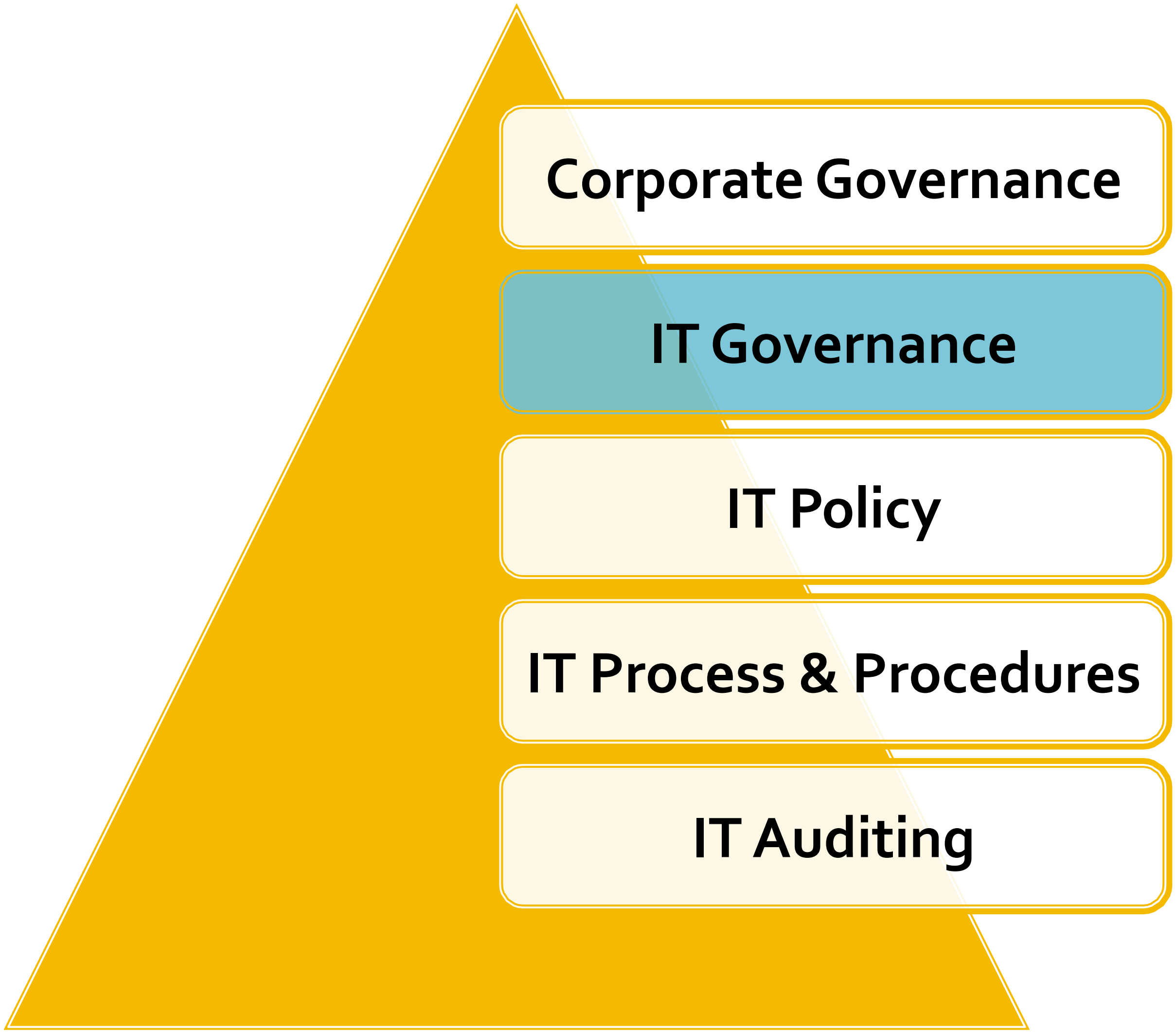
Gartner defines Governance as

"Assignment of decision rights & the accountability framework to encourage desirable behaviour in the use of IT"

In plain English

IT Governance is the rules and regulations under which an IT department functions. It is a mechanism, put in place to ensure compliance with those rules and regulations.

Where does IT Governance Fit



Corporate Governance

Corporate Governance

Corporate governance consists of the set of processes, customs, policies, laws and institutions affecting the way people direct, administer or control a corporation. Corporate governance also includes the relationships among the many players involved (the stakeholders) and the corporate goals.

IT Governance

IT Governance

IT Governance primarily deals with connections between business focus and IT management. The goal of clear governance is to assure the investment in IT general business value and mitigate the risks that are associated with IT projects.

IT Policy

IT Policy

A policy explains what to do in a particular set of circumstances by providing necessary rules and requirements and by setting expectations. Policies help clarify performance requirements, communicate management's intent for how work should be done, and establish accountability and the foundation for compliance.

Procedures break policies down into detailed steps that describe how work should be done and identify who should do what. To be effective, policies and procedures need to accurately reflect what the organization wants done—they should clearly describe circumstances, rules, options, and activities in a way that is understandable and can be readily put into practice.

IT Process & Procedures

IT Process & Procedures

Business processes or business methods is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular objective). It often can be visualized with a flowchart as a sequence of activities.

Auditing

IT Auditing

Governance may refer to particular policies that can lead to standards or procedures, but the purpose of governance is to ensure they are followed. There needs to be a mechanism in place to monitor compliance. This can be as formal as an IT Audit function, to as informal as periodic reviews. One way or another, metrics must be collected to ensure the goals set in the governance document are being met.

What is good Governance (Part I)

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law

Participatory

Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

Rule of law

Good governance requires fair legal frameworks that are enforced impartially

Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

Responsiveness

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

What is good Governance (Part II)

Consensus oriented

There are several actors and as many view points. Good governance requires mediation of the different interests to reach a broad consensus on what is in the best interest of the whole and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable development and how to achieve the goals of such development.

Equity and inclusiveness

Ensuring that all its members feel that they have a stake in it and do not feel excluded from the group. This requires all groups have opportunities to participate and be heard.

Effectiveness and efficiency

Good governance means that processes and institutions produce results that meet the needs of business while making the best use of resources at their disposal. The concept of efficiency in the context of good governance now also covers the sustainable use of natural resources and the protection of the environment.

Accountability

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

Where Should I start?

Defining IT Role & Responsibilities

The starting point to define IT governance is to define the role and responsibilities of the IT area. If the document goes over a page or two, it is probably too detailed.

- Role means a person who is the <u>one</u> accountable and the way the organisation is structured
- Responsibilities mean the role must be doing something. The "doing something" implies there is a methodology or process for doing whatever is being done.

These are the two key elements of governance. "People & Structure" and "Process".

Frameworks

Supporting frameworks developed to guide the implementation of information technology governance. Some of them are:

- **Control Objectives for Information and related Technology (COBIT)** is regarded as the worlds leading IT governance and control framework. This is done by providing tools to assess and measure the performance of 34 IT processes of an organization. Originally created by ISACA, COBIT is now the responsibility of the ITGI (IT Governance Institute).
- **The IT Infrastructure Library (ITIL)** is a detailed framework with hands-on information on how to achieve a successful operational Service management of IT, developed and maintained by the United Kingdom's Office of Government Commerce, in partnership with the IT Service Management Forum.
- **The ISO/IEC 27001 (ISO 27001)** is a set of best practices for organizations to follow to implement and maintain a security program. It started out as British Standard 7799 ([BS7799]), which was published in the United Kingdom and became a well known standard in the industry that was used to provide guidance to organizations in the practice of information security.
- **The IT Baseline Protection Catalogues, or IT-Grundschutz Catalogs,** ("IT Baseline Protection Manual" before 2005) are a collection of documents from the German Federal Office for Security in Information Technology (BSI), useful for detecting and combating security-relevant weak points in the IT environment. The collection encompasses over 3000 pages with the introduction and catalogs.
- **The Information Security Management Maturity Model ISM3** is a process based ISM maturity model for security.
- **AS8015-2005** Australian Standard for Corporate Governance of Information and Communication Technology. AS8015 was adopted as ISO/IEC 38500 in May 2008
- **ISO/IEC 38500:2008** Corporate governance of information technology, (very closely based on AS8015-2005) provides a framework for effective governance of IT to assist those at the highest level of organizations to understand and fulfill their legal, regulatory, and ethical obligations in respect of their organizations' use of IT. ISO/IEC 38500 is applicable to organizations from all sizes, including public and private companies, government entities, and not-for-profit organizations. This standard provides guiding principles for directors of organizations on the effective, efficient, and acceptable use of Information Technology (IT) within their organizations.

Others include:

- **ISO27001 -** focus on IT security
- **CMM** - The Capability Maturity Model - focus on software engineering

Benefits of Good IT Governance

Good IT Governance provides the following benefits:

- standardized process and procedures to better manage the IT environment
- Maximise return on IT investment
- More effective IT because of a closer alignment with the business
- Alignment with corporate objectives
- Consistency with IT Strategy & Policy
- Accountability and transparency in decision making that impacts on IT.

Links of Interest

- The IT Governance Institute
  - http://www.itgi.org/
- Information's Systems Audit and Control Association
  - https://www.isaca.org/Pages/default.aspx
- IT Governance Network
  - http://www.itgovernance.com/00/index.php
- ITIL Forum
  - http://www.itilcommunity.com/modules.php?name=Forums&file=viewforum&f=8
- Best Management Practice
  - http://www.best-management-practice.com/
- Microsoft Operations Framework
  - http://technet.microsoft.com/en-us/library/cc506049.aspx
- Project Management Institute
  - http://www.pmi.org/Pages/default.aspx
- ISACA
  - https://www.isaca.org/Pages/default.aspx

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