

What is IT Governance and Why is it Important?

*5th Performance Seminar of the INTOSAI IT
Standing Committee*

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Agenda

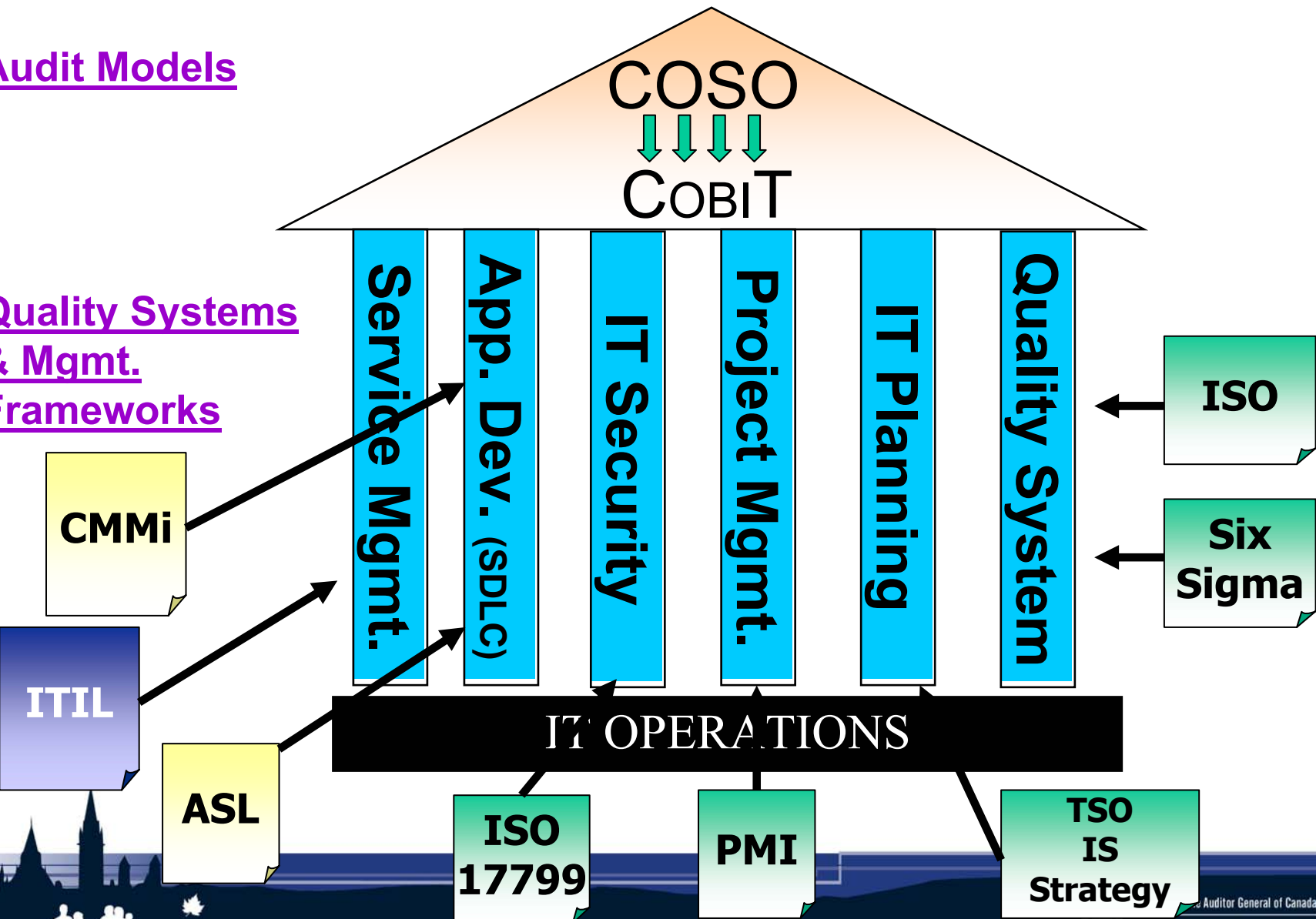
- IT Governance – What Is It?
- Why IT Governance is needed?
- Best Practices in IT Governance
- Importance of Performance Metrics for IT Governance
- Role of the IS Auditor to make IT Governance Effective
- Obstacles to Effective IT Governance
- Conclusion
- Questions/Comments



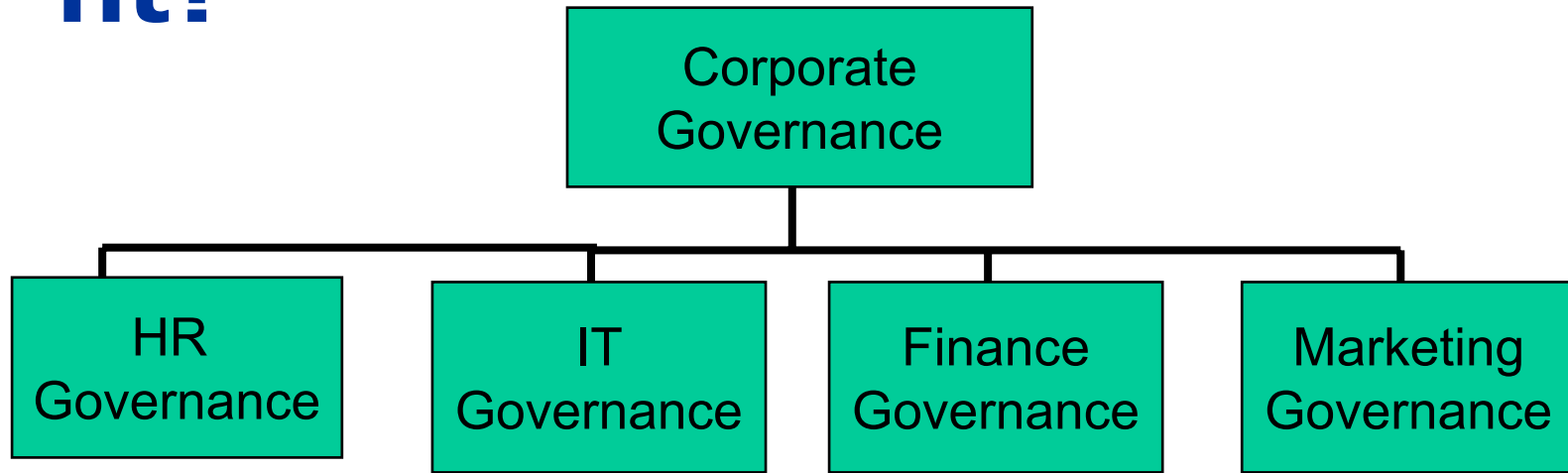
What I will not cover

Audit Models

Quality Systems & Mgmt. Frameworks



Where do IT Governance fit?



What is Governance?

"Governance is the use of institutions, structures of authority and even collaboration to allocate resources and coordinate or control activity in society or the economy"

World Bank



What is Corporate governance?

“Corporate governance refers to the process and structure for overseeing the direction and management of an organization so that it carries out its mandate and objectives effectively.”

Office of the Auditor General of Canada, Dec 2000



What is IT Governance?

“IT governance is the responsibility of the board of directors and executive management. It is an integral part of enterprise governance and consists of the leadership and organisational structures and processes that ensure that the organisation’s IT sustains and extends the organisation’s strategies and objectives.”

IT Governance Institute, 2003



Why is IT Governance needed?

IT has become a major enabler to almost all business transformation initiatives. How IT is being used will have a very important impact on whether the organization achieve its vision, mission or strategic goals.



Why IT Governance is important?

- **Value** – IT is typically an expensive asset
- **Risk** - Organizations have become reliant on IT
- **Alignment** - Overall strategy is very much dependent upon the IT strategy



Best Practices in IT Governance

- High-level framework
- Independent assurance
- Resource management
- Risk management
- Strategic alignment
- Value delivery
- Performance measurement reporting



Importance of Performance Metrics for IT Governance

Benefits of performance metrics include:

- Improvement in the quality of IT service
- Reduction in IT risks
- Enhanced delivery
- Reduction in costs of delivering IT services



Examples of Performance Metrics for IT Governance

- IT costs by category and by activity
- IT staff numbers and costs analyzed by activity
- Outsourcing ratios
- IT related operational risk incidents



What can the IS Auditor to make IT Governance Effective?

- Contribute to performance metrics
- Ensure IT governance is on the various agendas
- Promote IT governance strategies



Obstacles to IT Governance

- Senior Management not Engaging IT
- Poor Strategic Alignment
- Lack of Project Ownership
- Poor Risk management
- Ineffective Resource Management



Conclusion

- IT Governance is as important in the Public Sector as it is in (than) the Private Sector
- It will Influence our audit work in the future
- Without adequate IT governance, business process transformation will be very difficult
- IT governance is essential to mitigate IT related risks and avoid IT project failures



QUESTIONS/COMMENTS



THANK YOU!

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