IT Governance Charter

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IT Governance Charter

Senqu Municipality requires an IT Governance Charter to provide a consistent management approach to ensure the Municipality's governance requirements are met.

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1. Version Control

Full Title	Senqu Municipality's IT Governance Charter
Short Title	IT Governance Charter
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Authors	Mr N Suleman
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2.   Definitions

Term	Meaning
IT	Information Technology
ICT	Information and Communication Technology
Municipality, the	Senqu Municipality
COBIT	Control Objectives for Information and Related Technology
ISO	International Organisation for Standardization

3.   Purpose

Senqu Municipality has a dependency on IT to enable its business processes. Due to the critical nature of IT and the intellectual and other information resources that are exposed through technology channels, IT governance now represents an essential component in ensuring the efficient and secure operation of the business.

Chapter 5 of King III provides that the council, in exercising their duty of care, should ensure that prudent and reasonable steps have been taken with respect to IT Governance. Chapter 5 sets out the following 7 principles:

- Council should be responsible for Information Technology (IT) Governance;
- IT should be aligned with the performance and sustainability objectives of the municipality;
- Council should delegate to management the responsibility for the implementation of an IT governance framework;
- Council should monitor and evaluate significant IT investments and expenditure;
- IT should form an integral part of the municipality's risk management;
- Council should ensure that information assets are managed effectively; and
- An audit committee should assist Council in carrying out its IT responsibilities.

Within Principle 5.7.2, King III recommends that Senqu Municipality's Council ("Council") establish an IT Governance Charter. The IT Governance Charter outlines the *decision-making rights and accountability framework for IT governance* that will enable the *desirable culture in the use of IT* within the municipality. This document will serve as the IT Governance Charter for Senqu Municipality.

In addition, King III allows Council to delegate to management or to other Council committees the responsibility for the implementation and monitoring of IT governance. The IT Governance Charter document also clarifies delegated responsibilities.

4. Objectives

In order to give effect to the Corporate Governance of ICT in Municipalities, the objectives of the Corporate Governance of ICT Charter are as follows:

4.1 Establishment of a Corporate Governance of ICT Policy and implementation guideline for the Municipality.

4.2 Ensure that the Corporate Governance of ICT is embedded as a subset of the Municipality's governance objectives.

4.3 Create Municipal value through ICT enablement by ensuring ICT strategic alignment to the Municipality's IDP.

4.4 Provide relevant ICT resources, organisational structure, capacity and capability to enable ICT service delivery.

4.5 Achieve and monitor ICT service delivery performance and conformance to relevant internal and external policies, frameworks, laws, regulations, standards and practices.

4.6 Implementation of Corporate Governance of ICT in the Municipality.

5. Desirable Culture in the use of IT

Council defines the desirable culture in the use of IT hereunder. The decision making rights and accountability framework defined in the remainder of the document is designed to achieve these 10 objectives.

5.1 The activities and functions of the IT Strategy are aligned to the IDP. Opportunities to improve the use of IT within Senqu Municipality are identified and exploited.

5.2 The optimal investment is made in IT, costs are managed and the return on investment is measured.

5.3 Synergies between IT initiatives are enabled and IT choices are in the best interest of the Municipality as a whole and not only those of individual business units.

5.4 IT services are sourced optimally and legitimately.

5.5 IT risks are identified and adequately addressed. Assurance is obtained to ensure that an IT control framework is in place to address IT risks.

5.6 Information, IT assets and intellectual property contained in IT systems are protected and effectively managed and used.

5.7 IT has adequate business resilience arrangements in place for disaster recovery.

5.8 Information Management is a joint IT and business responsibility.

5.9 IT use conforms to IT related laws and related rules, codes and standards are considered.

5.10 IT use is sustainable with respect to the environment.

6.   Decision Making Rights and Accountability

The Municipal Manager has responsibility to establish an IT department for Senqu Municipality.

Council identifies with the following decision making domains:

6.1   IT Strategy
6.2   General IT Management and Administration
6.3   IT Governance, Risk and Compliance
6.4   IT Investments and Projects
6.5   IT Sourcing
6.6   IT Operations
6.7   Business and IT Architecture
6.8   Information
6.9   Application Management
6.10   IT Security
6.11   IT Change Management

Council grants decision making rights within the Municipality by using the following RACI Chart:

IT Decision Category	Decision Making Committee	Responsibility					
		Municipal Manager	IT Manager	CFO	Top Management Committee	EXCO	Audit and Performance Committee
IT Governance, Risk and Compliance	IT Steering Committee	A	R	I	I	I	C
IT Strategy	IT Steering Committee	A	R	I/C	C	C	I
Application Management	IT Steering Committee	A	R	C	C	I	I
Information	IT Steering Committee	A	R	I	C	I	I
Business and IT Architecture	IT Steering Committee	A	R	I	C	C	I
IT Investments and Projects	IT Steering Committee	A	R	C	C	I	I
IT Sourcing	IT Steering Committee	A	R	C	I	I	I
IT Security	IT Steering Committee	A	R	I	I	I	C
IT Operations	IT Steering Committee	A	R	I	I	I	I
General IT Management and Administration	IT Steering Committee	C	A/R	I	I	I	I
IT Change Management	IT Steering Committee	A	R	I	I	I	I

A RACI Model is a tool used for identifying roles and responsibilities.

Key:

R	Responsible
A	Accountable

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C	Consulted
I	Informed

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7.   IT Steering Committee

An IT Steering Committee will be established to take decisions in the following areas:

7.1   IT Governance, Risk and Compliance

7.1.1   Ensure the implementation of the IT Governance Charter, including the defined IT governance structures and Municipal Corporate Governance of ICT (MCGICT) Policy.

7.1.2   Maintain the IT Governance Charter and MCGICT policy.

7.1.3   Receive and act upon direction from the Top Management Committee relating to IT Governance.

7.1.4   Ensure that an IT internal control framework is implemented.

7.1.5   Ensure that IT principles, policies, processes, mechanisms, controls, procedures and standards are defined, implemented and enforced.

7.1.6   Approval of IT principles, policies, procedures, processes, standards and controls.

7.1.7   The evaluation, direction and monitoring of IT processes.

7.1.8   Ensure the promotion of an ethical IT governance culture and awareness of a common IT language.

7.1.9   Ensure that the Municipality has adequate contingency plans in place for IT disaster recovery and business continuity.

7.1.10   Ensure that appropriate processes are followed for the identification, assessment and management of IT risks.

7.1.11   Ensure compliance with relevant IT laws and related rules, codes and standards.

7.1.12   Ensure that a process is established for legal review of IT contracts.

7.1.13   Ensure that IT financial governance (e.g. sign-off levels, budget principles such as depreciation rules) is adhered to within IT.

7.1.14   Ensure the municipal sustainability strategy is supported by IT strategies.

7.1.15   Obtain assurance on IT governance and controls supporting significant outsourced IT services.

7.1.16   Receive and act upon independent IT audit reports.

7.1.17   Provide a report on IT to Council to provide assurance that their responsibilities relating to IT governance have been implemented in terms of the following:

7.1.17.1   Value derived from IT, measured against IT performance criteria;

7.1.17.2   IT risks;

7.1.17.3   IT security and continuity, including data privacy;

7.1.17.4   IT projects;

7.1.17.5   IT cost and major investments;

7.1.17.6   IT strategy and progress on IT strategy plan; and

7.1.17.7   IT governance and control.

7.1.18   Overseeing the IT implementation of the IT Governance framework, knowledge and information management and strategic sourcing.

7.1.19   Maintain an IT ethical culture.

7.1.20 Ensure IT risks are identified and assurance is obtained to ensure that an IT control framework is in place to adequately address IT risks.

7.2 IT Strategy

7.2.1 Ensure that a process is in place to identify and position strategic IT initiatives and services which will best contribute to the achievement of municipal objectives and are agile and adaptive enough to support changes in the municipal strategy.

7.2.2 Resolve conflicting business priorities.

7.2.3 Ensure that an IT strategy is developed.

7.2.4 Ensure that business units understand the importance of common IT standards and implications of non-compliance.

7.2.5 Ensure implementation of the IT strategy and monitoring of outcomes.

7.2.6 Monitoring IT performance and dealing with performance issues.

7.2.7 Ensure alignment of IT strategic goals with the Municipality's IDP.

7.3 General IT Management and Administration

7.3.1 Review and approve major decisions relating to general IT management and administration, these include IT human resources, IT financial management and marketing of IT services to the other business units (business relationship management).

7.4 Business and IT Architecture

7.4.1 Ensure research and innovation in terms of IT trends and emerging technologies are performed.

7.4.2 Ensuring business and IT alignment with respect to the structuring, acquisition, control, protection, delivery and value enhancement of data and information assets to the Municipality.

7.4.3 Management of IT infrastructure.

7.5 Information

7.5.1 Information lifecycle policies and procedures, from creation to destruction, of both electronic and hard-copy documents.

7.5.2 Allocation of ownership and custodianship rights to data and information to facilitate accountability and responsibility for decision making.

7.5.3 Access to information (including information security levels).

7.5.4 Information classification.

7.6 Application Management

7.6.1 Review and approve major decisions affecting application management.
7.6.2 Application management encompasses the management of the configuration; implementation, hosting, support and maintenance of applications (e.g. license management).

7.7 IT Operations

7.7.1 Review and approve major decisions affecting IT operations.
7.7.2 IT operations encompass the delivery of required services, which includes service delivery, management of security and continuity, service support for users and management of data and operational facilities.
7.7.3 Ensure adequate monitoring in terms of IT's performance.

7.8 IT Sourcing

7.8.1 Ensure the implementation of good governance principles to be applied for the acquisition of IT goods and services.
7.8.2 Ensure compliance with the defined procurement process.
7.8.3 Ratification of the procurement outcome.
7.8.4 Ensure that Vendors meet the Municipality's requirements. This is achieved by practicing adequate performance and monitoring processes of vendors.

7.9 IT Investments and Projects

7.9.1 Monitor and evaluate significant IT investments and expenditure.
7.9.2 Evaluate, direct and monitor IT related projects.
7.9.3 Prioritise and approve IT investment requests (IT projects) within the delegated approval framework, ensuring the right balance between initiatives that run the current municipal business, grow the existing municipal business and have the potential to transform the Municipality.
7.9.4 Ensure that the size of the IT budget is appropriate.
7.9.5 Ensure that appropriate project management principles and frameworks are applied to all significant projects.
7.9.6 Ensure that effective review processes are performed by independent experts on all municipal critical projects.

7.10 IT Security

7.10.1 Ensure compliance with IT Security related laws and related rules, codes and standards.
7.10.2 Ensure that the intellectual property contained in information systems is protected.
7.10.3 Review and approve IT security risk acceptance decisions.
7.10.4 Review and approve IT security policies, principles and standards.
7.10.5 Adequately manage IT security and data integrity.
7.10.6 Ensure the integrity and availability of data.

7.11 IT Change Management

7.11.1 Provide a formal review and authorisation of changes, a review of outstanding changes and to discuss any impending changes.
7.11.2 To discuss and review failed changes, backed out changes and successfully implemented changes i.e. a review of the business benefits seen as a result of the change management process.
7.11.3 Improvement of the change management process, including any amendments made to the process, as well as proposed changes to the process.
7.11.4 Identify and consider all technical, logistic, financial and other relevant operational resources necessary to achieve the benefits of the requests for change.
7.11.5 The Committee must review the following for each change prior to authorisation:

    7.11.5.1 The impact the change will have on the Municipality;
    7.11.5.2 The risks associated with the implementation of the change on the Municipality
    7.11.5.3 To review and assess the priority of the change.
    7.11.5.4 The effect, risk and impact of not implementing the change.
    7.11.5.5 The impact on other services that run on the same systems that the change will be performed on.
    7.11.5.6 The effect that the change will have on the systems, capacity and performance, reliability and resilience, contingency plans and security.
    7.11.5.7 The resources required to implement the change, covering the likely costs, the number and availability of people required the elapsed time and any new infrastructure elements required.
    7.11.5.8 Third party/vendor involvement in the implementation of the change.
    7.11.5.9 Other changes that are currently being implemented and any change dependencies that may have an impact on the change being built and implemented.
    7.11.5.10 Identification of a staff member, third party/vendor or contractor who will build the change.
    7.11.5.11 Identify what type of testing (if any) needs to be completed prior to the change being implemented.
    7.11.5.12 If no testing is to be carried out, the potential risks must be identified.

7.11.5.13 Identification of a staff member or third party/vendor or contractor who will test the change.
7.11.5.14 Scheduling and timeframes for development, testing and implementation.
7.11.5.15 Communication plan.
7.11.5.16 Back-out plan.
7.11.5.17 Test cases, and
7.11.5.18 Implementation plan.

7.12 Membership

Membership of the Committee will comprise of the following:

7.12.1 Municipal Manager
7.12.2 Chief Financial Officer
7.12.3 Director: Corporate Services
7.12.4 Director: Community Services
7.12.5 Director: Technical Services
7.12.6 Director: Development and Town Planning
7.12.7 Chief Operations Officer
7.12.8 Senior Audit Executive
7.12.9 IT Manager
7.12.10 Any outside expert (invitation basis)

7.13 Chair

7.13.1 The Committee shall be chaired by the CFO or his/her nominated representative.
7.13.2 In the absence of the CFO, the meeting shall be chaired by the IT Manager.

7.14 Quorum

7.14.1 At least 51% (fifty-one percent) of all members referred to in paragraph 7.12 above must be present at each Committee meeting in order for that meeting to hold a quorum of members; and
7.14.2 The quorum for decisions of the Committee shall be 51% (fifty-one percent) of all members referred to in paragraph 7.12 above.

7.15 Secretariat

7.15.1 The Budget and Treasury Officer shall act as Secretary to the Committee or her/his nominated representative.

7.16 Meeting Frequency and Schedule

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7.16.1 Meetings of the Committee shall take place on a quarterly basis, with more frequent meetings, as circumstances may require.

7.17 Meeting Minutes and Agenda

7.17.1 The Budget and Treasury Officer shall ensure that comprehensive minutes of each Committee meeting are documented and distributed to all members of the Committee within 3 business days of each meeting;

7.17.2 Committee members are to highlight any omissions or changes to the minutes within 2 business days; and

7.17.3 The Budget and Treasury Officer shall distribute the final minutes of each Committee meeting, or summaries thereof, to the committee members and the IT Steering Committee within 6 business days of each meeting.

7.17.4 The committee shall keep an attendance register and minutes of meetings.

7.17.5 Submit the minutes of meetings to the Top Management Committee within one week.

8.   Council, EXCO, Audit and Risk Committee's Responsibilities

Council, EXCO, Audit and Risk Committee's retain the following responsibilities for IT governance.

8.1   Senqu Municipality Executive Committee

The Committee will carry out the following responsibilities:

8.1.1   Direct and control IT through the establishment of an IT governance framework, embedded in this IT Governance Charter.

8.1.2   Receive and act upon the report on IT developed by the IT Steering Committee to assure Council that their IT governance responsibilities have sufficiently been implemented.

8.1.3   Submit the report on IT, or summaries thereof, to Council.

8.1.4   Obtain appropriate assurance that controls are in place and effective in addressing IT risk.

8.1.5   Ensure that IT risks are identified, assessed and mitigated through an IT control framework.

8.1.6   Consider IT as it relates to financial reporting and the going concern of the municipality.

8.1.7   Consider the use of technology to improve audit coverage and efficiency.

8.2   Senqu Municipality Council

Council will retain accountability for IT governance. Council will carry out the following responsibilities:

8.2.1   Understand the strategic importance of IT, assume responsibility for the governance of IT and place it on the Council agenda.

8.2.2   Receive and act upon Council level IT reporting received from the Executive Committee.

8.2.3   Satisfy that its IT governance responsibilities have sufficiently been implemented.

8.3   Audit and Performance Committee

8.3.1   The Audit and Performance Committee has a specific responsibility to perform an oversight role for the identification and management of IT audit, governance compliance and IT risk.

9. Relationship between Governance Structures

The relationship between Council and other Committee structures are illustrated below:

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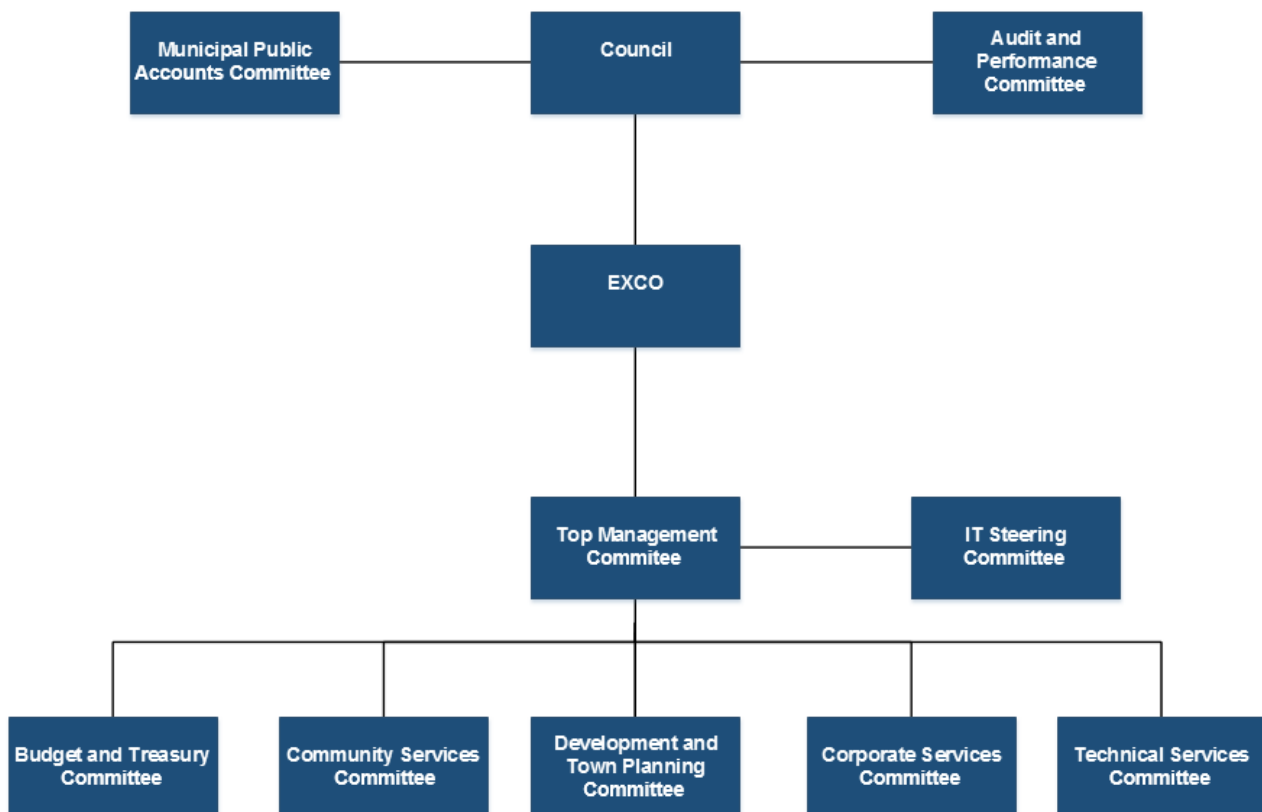
10. IT Standards

In recognition of the importance of IT Governance, the Municipal Corporate Governance of Information and Communication Technology Policy released by COGTA recommends the King III Code, ISO/IEC 38500 and other frameworks and standards for institutionalising the governance of IT.

10.1 COBIT

The King III Code which is the most commonly accepted Corporate Governance Framework in South Africa is also valid for municipalities. As such, principle 5.1.3 of the King III Report on Governance recommends that an IT internal control framework be adopted and implemented. CobiT is an internationally recognised IT control framework which is published by the Information Systems Audit and Control Association (ISACA). ISACA asserts that it is a non-profit professional association with more than 47,000 members in more than 140 countries.

Council endorses CobiT as its principle IT internal control framework. Its endorsement of CobiT will be evidenced by performing maturity assessments of CobiT processes that are most relevant to the Municipality and maturing the processes over time.

10.2 ISO 27000

The King III Code which is the most commonly accepted Corporate Governance Framework in South Africa is also valid for municipalities. As such, principle 5.6.3 of the King III Report on Governance recommends that an Information Security Management System (ISMS) be developed and implemented. The ISO 27000 series is currently the most recognised Information Security standard. The series include an ISMS specification (ISO 27001) as well as relevant security best practices (ISO 27002).

Council endorses ISO 27000 as the ISMS standard. Its endorsement of ISO 27000 will be evidenced by selecting relevant practices from the ISO 27000 series through a risk-based approach, and embedding them into its IT policy framework for approval and implementation over time.

10.3 ITIL

The Information Technology Infrastructure Library (ITIL) is a set of practices for IT service management (ITSM) that focuses on aligning IT services with the needs of business. It provides a practical framework for identifying, planning, delivering and supporting IT services to the business. It will provide guidance to the Municipality on how to use IT as a tool to facilitate business change, transformation and growth.

ITIL will be adopted over time and used for defining the operational management of IT processes and procedures.

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10.4 PRINCE2

PRINCE2 (an acronym for PRojects IN Controlled Environments) is a de facto process-based method for effective project management. Used extensively by the UK Government, PRINCE2 is also widely recognised and used in the private sector, both in the UK and internationally. The PRINCE2 method is in the public domain and offers non-proprietorial best practice guidance on project management.

PRINCE2 will be adopted and used for managing projects within the Municipality.

11.   Senqu Municipality Approval and Sign-Off

Date of Approval by Council: 28 July 2017

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MM YAWA   **DATE**
MUNICIPAL MANAGER

RECOMMENDATION

That the report be noted,
That the IT Governance Charter as part of the ICT Corporate Governance Framework be approved by Council.