



## **The Board IT Committee**

A means of Strengthening the  
Focus on IT Governance at Board  
Level

***How Does it Happen in Real Life?***

# A Public and Private Sector View

- Why establish an IT Committee
- Charter
- Organisational Relationships
- Start Up Issues
- Governance Framework – Scorecard and Measures
- Reporting
  - The Annual Agenda
  - The Monthly Agenda
- Critical Success Factors
- Benefits

# Why Establish an IT Committee - Centrelink

## **The Driver – Government Outsourcing**

- Concern that the Board would not drive the outsourcing decision
- The board did not have the experience or the time
- Politics and emotion could get in the way

## **The Board set the criteria for outsourcing**

- Board IT Committee set about establishing a fact base (*architectures, costs, risks, performance*)
- This has led to the wider IT Governance role the Committee now holds
- Necessity became the mother of “IT Governance”

# Why Establish an IT Committee - Bendigo Bank

## The Driver – Review of Groupwide IT Organisation and Governance

*"All corporations need to have an appropriate governance framework (and activities) covering the various business units within their group.*

*"IT is a key business unit in all corporations. In banking, IT makes up a major part of the annual spend and is critical in providing the quality of service to the customer at the front line, and in supporting the staff in all activities.*

*"Therefore, establishing an IT Governance Committee can ensure that appropriate board direction, monitoring and prioritisation takes place in relation to the corporation's IT business. It has the added benefit of providing directors with a forum to overview and contribute to the priorities for this important part of the corporation.*

*"It also helps send a clear message to those working in the technology area (as well as others across the corporation) about the importance of this business activity within our company."*

**Rob Hunt - CEO Bendigo Bank**

## Other Issues with IT Governance at Board Level

- Decisions often made in isolation due to Lack of context for informed debate
- Good Governance? – a project view of the world
- Reliance on the capability of the CIO
- Accountabilities not understood
- IT Risk monitoring can get lost in the overall risk profile of the organisation
- IT is not home ground for most, so the subject can get passed by very quickly
- Conflicting advice from outside sources

# Information Technology Charter

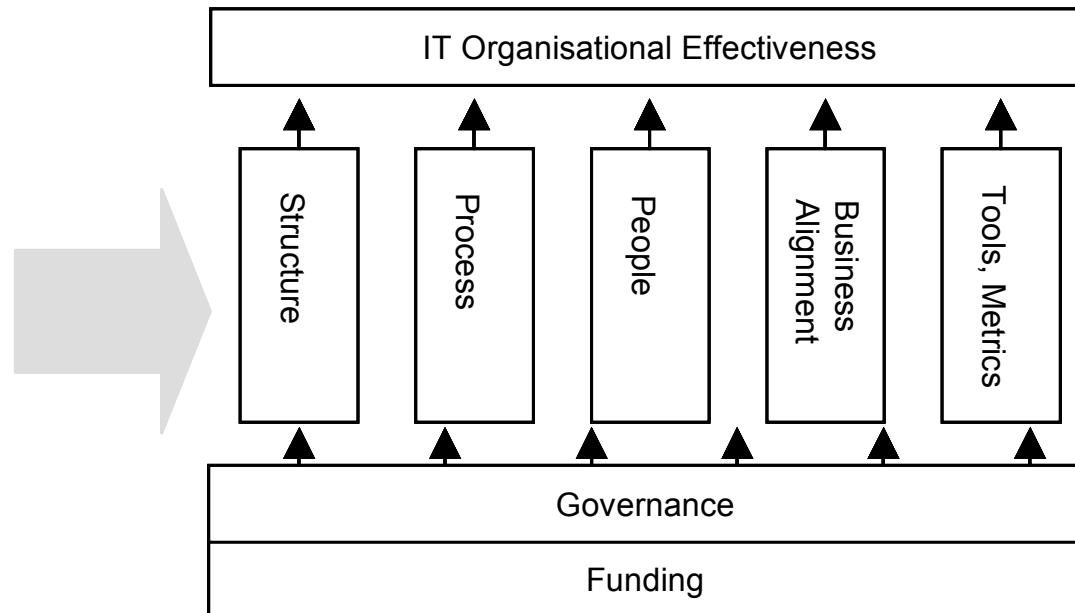
Effective IT governance is key to the effective delivery of IT to Centrelink.

The purpose of IT governance is to ensure that all IT endeavors are effectively managed and that IT's performance meets the following objectives:

- IT is aligned with the business
- IT enables the business to maximise benefits
- IT resources are used responsibly
- IT risks are managed appropriately

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" -

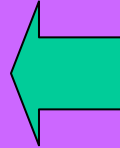
IT Governance Institute



# Information Technology Governance

## Board

- Architectures
- Investments
- Risk and compliance

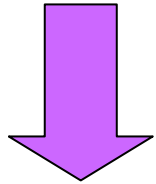


## Board IT Committee

Board Members, CEO  
Head of Business Strategy  
External advisors  
CIO and SME's reports to the committee

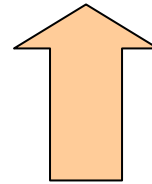
Consultants

Subject Matter Experts



### Sets Direction

- Architecture, investments, risk and benefits
- IT performance measures for IT and the business to achieve from a Organisation wide perspective
- Monitors performance measures



### Makes recommendations

- Architecture direction and the 3-5 year plan
- \$ Investments over time

### Reports on measures set by the Board

- Progress against the 3-5 year plan
- Major issues and risks

## CIO and the IT Team

- Develops, maintains and delivers business aligned IT strategy and plans
- Delivers IT operations to business driven Service Level Agreements
- Monitors Risk

## Business Management

- Ensures business alignment to IT Strategy and Plans
- Prioritises Projects, Delivers and measures the Benefits
- Monitors Service Level Performance and Risk

# Information and Technology Committee Charter

The Board of Management has established an Information and Technology Committee to provide assurance to it on the operation and direction of Information and Technology in Centrelink. Information and Technology in Centrelink for the purpose of this Committee is defined as :

“The Centrelink **computing** environment that develops and **delivers all business processing systems** on behalf of customers and clients.”

## Role and Objectives

The role of the I&T Committee is to provide oversight of Centrelink’s I&T Planning and Operations on behalf of the Board to ensure that:

- The **frameworks and processes** are in place for the efficient and effective management of the I&T investment and the continuing alignment with Business Strategy and Plans;
- There are appropriate **ways of measuring performance, risk and productivity**;
- There is a **sound base** behind recommendations to the Board on overall **architectural direction, I&T investment and risk management**.

# Information and Technology Committee Charter

**To meet the above objectives**, the Committee will focus on a number of key aspects of Centrelink's I&T Planning and Operations, including:

- The **Business-I&T Strategic Planning and Business Alignment Processes** - particularly to ensure that the Business leverages future technology trends and opportunities;
- The **1-3-5 year migration plan with focus on risk, investment and benefit**;
- The **capability of the current environment** to support the current and future Business requirements;
- Internal **I&T Governance arrangements**;
- I&T Management capability and sourcing** arrangements.

**On behalf of the Board**, the Committee will maintain a **continuing review and overseeing role** across the following key areas:

- Service Performance**;
- Risk Management**;
- Delivery against the Business I&T Strategic Plan**.

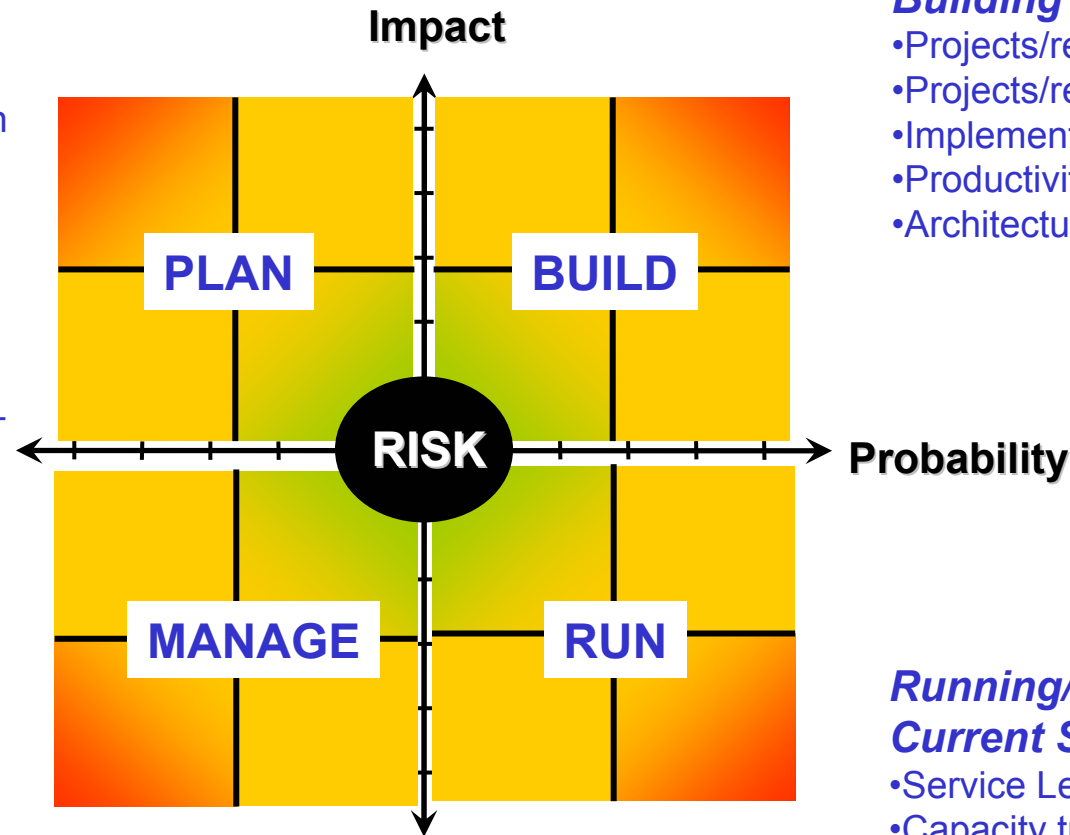
# Scope of IT Governance for the Board Committee

## *Planning What IT Does*

- Current and Future Architectures
- Business approved migration plans and costs
- Programs –projects and releases
- Operations and Capacity
- Service Levels
- Non Discretionary Spend
- Benefits Realisation within IT

## *Managing the IT Business:*

- Supply/demand equation
- People and skills mix
- Staff and internal Customer satisfaction
- Succession
- Financial Management (discretionary and non discretionary spend)
- Sourcing arrangements



## *Building New Systems:*

- Projects/releases in Progress
- Projects/releases in Pipeline
- Implementation Success
- Productivity
- Architectural Compliance

## *Running/Maintaining Current Systems*

- Service Level Delivery
- Capacity trends
- Problems and problem trends
- Security
- Currency/obsolescence
- Disaster Recovery Capability

# Start up Issues

- Lots of detailed data – very little information
- Lack of Governance Frameworks/Standards and Processes for IT
- Getting accountabilities and decision making straight
  - *Who delivers ROI*
  - *Who makes the technical decisions*
- Gaining Business/Finance acceptance that IT projects are subsets of business programs
- Resistance to establishing good IT Governance frameworks
- CIO does not control the total IT spend
- Getting some runs on the Board -

# Reporting - The Annual Agenda (the concept)

	Q1	Q2	Q3	Q4
Plan	<ul style="list-style-type: none"> <li>Operational maintenance plans</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management</li> <li>Discretionary spend analysis and plans</li> </ul>	<ul style="list-style-type: none"> <li>Business – IT Strategic Alignment</li> <li>Business IT Initiatives Program</li> <li>Prioritisation</li> <li>Architectural Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Sourcing</li> <li>Resourcing</li> <li>Budgets</li> </ul>
Build	<ul style="list-style-type: none"> <li>Productivity – Business Capability delivered</li> </ul>	<ul style="list-style-type: none"> <li>Implementation success</li> </ul>	<ul style="list-style-type: none"> <li>Productivity - reuse</li> </ul>	
Run	Security	Capacity	Disaster Recovery	
Manage	Skills Capability Succession Planning	IT Staff Satisfaction	IT Customer Satisfaction	Sourcing People and Services



# Reporting - The Monthly Agenda

- Projects in Progress (against a checklist)
- Project Financials (Discretionary Spend)
- The Pipeline and the Supply – Demand Equation
- Service Levels
- Production Reliability
- Keep it Running Financials (Non discretionary spend)
- Risk
- Annual Agenda Items

# Annual Reporting to the Board

## Overall Assessment

The I&T Committee of the Board is of the view that **the Governance arrangements and the operation of the Committee is meeting its Charter**. In the main, **frameworks and controls are in place** to assure the Board that the operation and direction of Information and Technology in Centrelink is being effectively managed.

As outlined in the table above, the **areas of greatest focus for the I&T Committee** are:

- Architectures – current and target;
- 1-3-5 year migration plans (particularly the Data Network Replacement Project); and
- Project Delivery.

We would like to discuss these aspects at the Centrelink Board of Management meeting (and any other areas of interest to Board members) of 27 October 2003.

# Critical Success Factors

- The IT Committee Charter is Aligned with the other Board Charters
- The IT Committee formally reports to the Board on an annual basis (Audit Committee to the Board)
- IT Governance is tailored to the organisation
- IT Governance is organisation wide – not just a set of standards within IT
- Good Governance at Board level is dependent on good governance being build into the fabric of the organisation at all levels
- The Board leads by example

# Benefits

- Drives IT Governance from the top
- IT is not longer viewed as a division/dept
  - *IT initiatives are managed as part of the business*
  - *IT spend is viewed from a groupwide perspective*
- Far greater understanding in Business on the importance of Architectures and the 3-5 year Plan
- IT starts to act as a “Profession”