

ICT GOVERNANCE FRAMEWORK

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EXECUTIVE SUMMARY

Information Communication Technology (ICT) Governance has been described as the effective and efficient management of ICT resources and processes to facilitate the achievement of Municipal goals and objectives.

Further, an ICT Governance framework is meant to align ICT functions to the municipal goals, minimize the risk ICT introduces and ensure that there is value in the investment made in ICT.

The view that ICT should be governed and managed at all levels within a given organizational structure is supported by internationally accepted good practice and standards. These practices and standards are defined in the King III Code of Good Governance, ISO 38500 Standard for the Corporate Governance of ICT and other best practice ICT Process Frameworks which forms the basis of this document.

Translated into a municipal operating environment the corporate governance of ICT places a very specific responsibility on the Council and Management within a municipality to ensure that the decision making process for ICT related investments and the operational efficiencies of the municipalities ICT environments remain transparent and are upheld. This accountability enables the municipality to align the delivery of ICT services with the municipality's **Integrated Development Plans** and strategic goals.

The Council and Management of municipalities need to extend their governance functions to include the Corporate Governance of ICT. In the execution of the Corporate Governance of ICT, they should provide the necessary strategies, architectures, plans, frameworks, policies, structures, procedures, processes, mechanisms and controls, and culture which are in compliance with the best practise ICT Governance Frameworks.

To strengthen the Corporate Governance of ICT further, responsibility for the decision making of ICT programmes and projects should be placed at a strategic level in the municipality. The Corporate Governance of ICT is a continuous function that should be embedded in all operations of a municipality, from Council and Management level to all areas within a municipality including ICT service delivery.

According to the established frameworks, the Governance of ICT is implemented in two different layers:

- a) Corporate Governance of ICT – the Governance of ICT through structures, policies and processes.
- b) Governance of ICT – through Standard Operating Procedures.

The difference between the Corporate Governance of ICT and the Governance of ICT can be defined as follows:

- **Corporate Governance of ICT:** *The system by which the current and future use of ICT is directed and controlled.*
- **Governance of ICT:** *The individual processes and procedure which ensure the compliance of the ICT environment based on a pre-agreed set of principles.*

The purpose of the Municipal ICT Governance Policy is to institutionalize the Governance of ICT as an integral part of corporate governance within municipalities. This Municipal ICT Governance Policy Framework provides the Municipal Council and Management within a municipality with a set of principles and practices that must be complied with, together with an implementation approach to be utilised for implementation of ICT Governance within Municipalities.

To enable a municipality to implement this Municipal Corporate Governance of ICT Policy, a three-phase approach will be followed:

- a) **Phase 1 – Enabling Environment :** The Corporate Governance of ICT environments will be established in Municipalities through the adoption of this Municipal Corporate Governance of ICT Policy and its associated policies through Council resolution;
- b) **Phase 2 – Business and Strategic Alignment:** Municipalities will plan and implement the alignment between IDP's, strategic goals and ICT strategy.
- c) **Phase 3 – Continuous Improvement:** Municipalities will enter into an on-going process to achieve continuous improvement of all elements related the Governance of ICT.

This Corporate Governance of ICT Policy will allow municipalities to maintain alignment of strategic ICT functions to meet their needs and apply best practices in order to reduce costs and increase the effectiveness of the ICT service delivery to the municipality.

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1. ICT Governance Overview

1.1 Purpose

The purpose of this policy framework is to institutionalize the Corporate Governance of ICT as an integral part of corporate governance within municipalities in a uniform and coordinated manner. The policy provides a set of principles and practices which will assist to institutionalize the Corporate Governance of ICT.

1.2 Legislative Framework

This framework has been developed with following sections of legislation in mind:

- a) In terms of the Municipal Systems Act, Act 32, of 2000, Section 55(1):
“the municipal manager of a municipality is, subject to the policy directions of the municipal council,.....”

- b) In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 62:
“The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:
 - i) that the resources of the municipality are used effectively, efficiently and economically;
 - ii) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;”

- c) In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 78 of the Municipal Finance Management Act stipulates that:
“Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure:
 - i) that the system of financial management and internal control established for the municipality is carried out diligently;
 - ii) that the financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently
 - iii) that any unauthorized, irregular or fruitless and wasteful expenditure and any other losses are prevented;”

1.3 Benefits Of Good Governance Of ICT

When the Governance of ICT is effectively implemented and maintained, the following benefits are realized:

- a) Establishment of ICT as a strategic enabler in a municipality.
- b) Improved achievement of municipal integrated development plans;
- c) Improved effective service delivery through ICT-enabled access to municipal information and services;

- d) Improved ICT enablement of a municipality;
- e) Improved delivery of ICT service quality;
- f) Improved stakeholder communication;
- g) Improved trust between the municipality and the community through the use of ICT;
- h) Lower costs (for ICT functions and ICT dependent functions)
- i) Increased alignment of ICT investment towards municipal integrated development plans;
- j) Improved return on ICT investments;
- k) ICT risks managed in line with the ICT priorities and risk appetite of the municipality;
- l) Appropriate security measures to protect both the municipality's and its employees information;
- m) Improved management of municipal-related ICT projects;
- n) Improved management of information as ICT is prioritized on the same level as other resources in municipalities;
- o) ICT pro-actively recognizes potential efficiencies and guides municipalities in timeous adoption of appropriate technology;
- p) Improved ICT ability and agility to adapt to changing circumstances; and
- q) ICT executed in line with legislative and regulatory requirements.

1.4 Corporate Governance Of ICT Good Practice Standards

In recognition of the importance of ICT Governance, a number of internationally recognized frameworks and standards, have been developed to provide context for the institutionalization of the governance of ICT.

- a) The King III Code: The most commonly accepted Corporate Governance Framework in South Africa is also valid for Municipalities. ICT was used to inform the Governance of ICT principles and practices and to establish the relationship between Corporate Governance of and Governance of ICT.
- b) ISO/IEC 38500: Internationally accepted as the standard for Corporate Governance of ICT; ICT provides governance principles and a model for the effective, efficient, and acceptable use of ICT within municipalities.
- c) Other internationally accepted process frameworks for implementing Governance of ICT.

1.5 Layered Approach To Corporate Governance Of ICT In Municipalities

Corporate Governance of ICT encompasses two levels of decision-making, authority and accountability to satisfy the expectations of all stakeholders. These levels are:

- a) Facilitating the achievement of a municipality's strategic goals (Corporate Governance of ICT); and

- b) The efficient and effective management of ICT service delivery (Operational Governance of ICT).

1.5.1 Corporate Governance In Municipalities

Corporate governance is a vehicle through which value is created within a municipal context. Value creation means realizing benefits while optimizing resources and risks. This value creation takes place within a governance system that is established by the municipal policy framework. A governance system refers to all the means and mechanisms that enable the municipality's Council and Management team to have a structured and organized process.

1.5.2 Corporate Governance Of ICT In Municipalities

The Corporate Governance of ICT is an integral part of the governance system in municipalities. The Corporate Governance of ICT involves evaluating, directing and monitoring the alignment of the municipal ICT strategy with the municipal IDP's and related strategies. The Corporate Governance of ICT also involves the monitoring of ICT service delivery to ensure a culture of continuous ICT service improvements exist in the municipality. The Corporate Governance of ICT includes determining ICT strategic goals and plans for ICT service delivery as determined by the Service Delivery and Budget Implementation Plan (SDBIP) objectives of the municipality.

1.6 Municipal Corporate Governance Of ICT Policy Objectives

The objectives of this Corporate Governance of ICT Policy for municipalities seek to achieve the following:

- a) Institutionalizing a Corporate Governance of ICT Policy that is consistent with the Corporate Governance Frameworks of the municipality;
- b) Aligning the ICT strategic goals and objectives with the municipality's strategic goals and objectives;
- c) Ensuring that optimum Municipal value is realized from ICT-related investment, services and assets;
- d) Ensuring that Municipal and ICT-related risks do not exceed the municipality's risk appetite and risk tolerance;
- e) Ensuring that ICT-related resource needs are met in an optimal manner by providing the organizational structure, capacity and capability;
- f) Ensuring that the communication with stakeholders is transparent, relevant and timely; and
- g) Ensuring transparency of performance and conformance and driving the achievement of strategic goals through monitoring and evaluation.

1.7 Municipal Corporate Governance Of ICT Policy Framework Functions Assigned

This Municipal Corporate Governance of ICT Policy is based on principles as explained in international good practices and standard for ICT governance, namely, King III Code, ISO/IEC 38500 and other best practise process frameworks.

The principles which have been adopted in the Public Service Corporate ICT Governance Policy Framework (PSCGICTPF) which have been adapted for municipalities are as follows.

Principle 1: Political Mandate	<ul style="list-style-type: none">•The Corporate Governance of ICT must enable the municipality's political mandate•The Executive Authority must ensure that the Corporate Governance of ICT achieves the political mandate of the municipality.
Principle 2: Strategic Mandate	<ul style="list-style-type: none">•The Corporate Governance of ICT must enable the municipality's strategic mandate•The Accounting Officer must ensure that the Corporate Governance of ICT assists in achieving the municipality's strategic plans.
Principle 3: Corporate Governance of ICT	<ul style="list-style-type: none">•The Accounting Officer is responsible for the Corporate Governance of ICT.•The Accounting Officer must create an enabling environment in respect of the Corporate Governance of ICT within the applicable legislative and regulatory landscape and information security context.
Principle 4: ICT Strategic Alignment	<ul style="list-style-type: none">•The Executive Management must ensure that ICT service delivery is aligned with the municipality's strategic goals and that the municipality accounts for current and future capabilities of ICT. It must ensure that ICT is fit for purpose at the current service levels and quality for both current and future municipal needs.
Principle 5: Significant ICT Expenditure	<ul style="list-style-type: none">•Executive Management must monitor and evaluate major ICT expenditure, ensure that the ICT expenditure is made for valid municipal business enabling reasons and monitor and manage the benefits, opportunities, costs and risks resulting from this expenditure, while ensuring that information assets are adequately managed.
Principle 6: Risk Management and Assurance	<ul style="list-style-type: none">•Executive Management must ensure that ICT risks are managed within the municipal risk management practice. It must also ensure that the ICT function is audited as part of the municipal audit plan.
Principle 7: Organisational Behavior	<ul style="list-style-type: none">•Executive Management must ensure that ICT service delivery is sensitive to organizational behavior / culture.•Executive Management must ensure that the use of ICT demonstrates the understanding of and respect for the organisational behaviour / culture.

2. Practical implementation of this municipal corporate governance of ICT policy framework

2.1 The Corporate Governance of the ICT Charter

The Charter should guide the creation and maintenance of effective enabling governance structures, processes and practices. ICT should also clarify the governance of ICT-related roles and responsibilities towards achieving the municipality's strategic goals.

2.1.1 Objectives of the municipal ICT corporate governance charter

In order to give effect to the Corporate Governance of ICT in Municipalities, the following objectives should be included in the municipality's ICT Governance charter:

- a) Identify and establish an Corporate Governance of ICT Policy and implementation guideline for the municipality;
- b) Embed the Corporate Governance of ICT as a subset of the municipal governance objectives.
- c) Create Municipal value through ICT enablement by ensuring municipal IDP and ICT strategic alignment;
- d) Provide relevant ICT resources, organizational structure, capacity and capability to enable ICT service delivery;
- e) Achieve and monitor ICT service delivery performance and conformance to relevant internal and external policies, frameworks, laws, regulations, standards and practices;
- f) Implement the governance of ICT in the municipality, based on an approved implementation plan.

2.1.2 Objectives of the municipal ICT Corporate governance charter

This charter should be approved at a strategic level in the municipality and should contain the following:

- a) How the ICT strategic goals and their related service delivery mechanisms will be aligned with municipal IDP, monitored and reported on to the relevant stakeholders;
- b) How ICT service delivery will be guided at a strategic level to create ICT value in the municipality;
- c) How the administrations ICT-related risks will be managed;
- d) The establishment of structures to give effect to the Governance of ICT, and the management of ICT functions. The members of these structures and the roles, responsibilities and delegations of each should be defined. The proposed structures are as follows:

Structure	Members	Mandate/responsibilities
ICT STEERING COMMITTEE (Committee of Management)	Designated Members of Management and the ICT Manager. The Chairperson shall be a designated	Has a specific delegated responsibility to ensure the planning, monitoring and evaluation, of the

	<p>member of the Management of the Municipality duly appointed by the Municipal Manager.</p>	<p>municipalities:</p> <ul style="list-style-type: none"> • ICT structures. • ICT policies. • ICT procedures, processes, mechanisms and controls regarding all aspects of ICT use are clearly defined, implemented and enforced. • ICT Performance Management. • ICT Change Management. • ICT Contingency Plans. • ICT Strategy development. • Management of ICT Security and Data Integrity. • The establishment of the municipalities ICT Ethical culture. • The evaluation, directing and monitoring of ICT specific projects. • ICT Strategic alignment. • ICT Governance compliance. • ICT Infrastructure Management. • ICT Security. • • ICT Application Management. • ICT Value. • ICT Data availability and integrity. • ICT Vendor Management. • The evaluation, directing and monitoring of ICT processes
<p>Audit Committee and Risk Committee</p>	<p>Nominated members of the Audit and Risk committee/s of the municipality and the ICT Manager or CIO.</p>	<p>Has a specific responsibility to perform an oversight role for the Identification and Management of ICT audit and governance compliance, and ICT Risks.</p>

2.2 MUNICIPAL IDP AND ICT STRATEGIC ALIGNMENT

This accountability assigned to the leadership of a municipality through this ICT Corporate Governance Policy Framework enables the municipality to align the delivery of ICT strategies and services with the municipality's Integrated Development Plans and strategic goals.

This is achieved through the development and adoption of an ICT strategic plan which is informed by the enterprise architecture plan which clearly outlined the roles, responsibilities and business processes contained in the IDP.

2.3 CONTINUOUS SERVICE IMPROVEMENT OF ICT IN MUNICIPALITIES

In this phase, all aspects of the Corporate Governance of ICT demonstrate measurable improvement from the initial implementation phase 2016–20. In this phase, detailed measurable criteria for the implementation of and compliance against the approved ICT Corporate Governance Policy and implementation plan are established and can be measured for compliance. In this phase the applicability of all elements of the ICT Corporate Governance Policy Framework is tested for efficacy and efficiency.

2.4 THE DETAILED PHASED APPROACH

Implementation deliverables per financial year

Phase 1 (Enablement Phase): To be completed by June 2017

- 1) Municipal Corporate Governance of ICT Policy approved and implemented;
- 2) ICT Governance Charter approved and implemented;
- 3) The following capabilities created in the municipality:
 - Governance Champion designated and responsibilities allocated;
 - A proficient ICT Manager or CIO appointed functioning at strategic level.
 - Approved and implemented **Risk Management Policy** that includes the management of municipal-related ICT risks;
 - Approved and implemented **Internal Audit Plan** that includes ICT audits;
 - Approved and implemented **ICT Management Framework**;
 - Approved and implemented municipal **Portfolio Management Framework** that includes ICT portfolio and project management;
 - Approved **ICT Disaster Recovery Plan** informed by Municipal Continuity Plan and Strategy.
 - Approved **Data Backup and Recovery policy**.
 - Approved **ICT Service Level Agreement Management policy**.
 - Approved **ICT User Access Management policy**.
 - Approved **ICT Security Controls policy**.
 - Approved **ICT Operating System Security Controls policy**.

Phase 2 (Strategic Alignment): To be completed by June 2019

- 1) Approved Enterprise Architecture informing the ICT Architecture;
- 2) Approved medium term ICT Strategy.

- 3) Approved ICT Migration Plan with annual milestones linked to an enabling budget;
- 4) Approved ICT Performance Indicators as contained in the municipality's performance management system.

Phase 3: Continuous improvement of Corporate Governance of and Governance of ICT

The successful implementation of a Corporate Governance of ICT system leads to continuous improvement in the creation of value to the municipality. ICT delivery must be assessed on an on-going basis to identify gaps between what was expected and what was realised. Assessments must be performed coherently and encompass both:

- 1) The Corporate Governance of ICT (ICT contribution to realisation of Municipal value); and
- 2) Governance of ICT. (Continuous improvement of the management of ICT).

3. CONCLUSION

This Corporate Governance of ICT Policy has been designed for the exclusive use and alignment of Municipalities. The Implementation thereof had been phased over a longer period to provide municipalities with the time required to implement this ICT Governance Policy Framework effectively. This Corporate Governance of ICT Policy will be supplemented with an implementation plan that will give guidance to the practical implementation of the framework.