

WEST RAND DISTRICT MUNICIPALITY



INFORMATION & COMMUNICATION TECHNOLOGY GOVERNANCE FRAMEWORK

<u>NAME AND POSITION</u>	<u>DATE</u>	<u>SIGNATURE</u>
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EXECUTIVE SUMMARY

IT Governance has risen in importance because of the widening gulf between what the organization expects and what IT delivers, IT has grown to be seen as a cost centre with growing benefits to the organisation it serves. An ICT Governance framework is meant to align ICT functions to the organizational goals, minimise the risk IT 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 IV Code of Good Governance, ISO 38500 Standard for the Corporate Governance of ICT and COBIT** a comprehensive Governance JOT Process Framework and forms the basis of this document.

Translated into a municipal operating environment the 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 municipality's 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 follow the best practise IT 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) Operational Governance of ICT — through Standard Operating Procedures.

In November 2012, Cabinet approved the Public Service ICT Governance Framework and made it applicable to National and Provincial Departments, Provincial Administrations, Local Governments, Organs of State and Public Entities for implementation by July 2014.

To address the above mentioned the West Rand District Municipality has developed this Municipal ICT Governance Policy Framework for application in the institution.

The purpose of the Municipal ICT Governance Policy Framework is to institutionalise 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 ICT Governance Policy Framework, a three-phased approach will be followed:

- a) **Phase 1 — Enabling Environment:** The Governance of ICT environments will be established in the West Rand District Municipality through the adoption of this Municipal ICT Governance Policy Framework and its associated policies through Council resolution.
- b) **Phase 2 — Business and Strategic Alignment:** Municipalities will plan and implement the alignment between the municipality'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 ICT Governance Policy Framework will allow the West Rand District Municipality to maintain alignment of strategic ICT functions to meet their needs and apply good practices in order to reduce costs and increase the effectiveness of the ICT service delivery to the municipality.

GLOSSARY OF ABBREVIATIONS

AG	Auditor-General of South Africa
CMMI	Capability Maturity Model Integration
CIO	Chief Information Officer
CGICTPF	Corporate Governance of ICT Policy Framework
COBIT®	Control Objectives for Information Technology
DPSA	Department of Public Service and Administration
DCOG	Department of Cooperative Governance
ICT	Information and Communications Technology
ISACA®	Information Systems Audit and Control Association
ISO/IEC	International Organization for Standardization (ISO) and the International Electro technical Commission (IEC)
ISO/IEC 38500	International Standard on Corporate Governance of ICT (ISO/IEC WD 38500: 2008: 1)
ITGI TM	IT Governance Institute
ITIL	The Information Technology Infrastructure Library
King IV	the King IV Report and Code on Governance for South Africa
MICTGPF	Municipal ICT Governance Policy Framework
WRDM	West Rand District Municipality

MUNICIPAL INFORMATION AND COMMUNICATION TECHNOLOGY GOVERNANCE POLICY FRAMEWORK - ICT

GOVERNANCE OVERVIEW

1. Purpose of The Municipal ICT Governance Policy

- 1.1 Information and Communications Technology (ICT) Governance has been described as the effective and efficient management of ICT resources to facilitate the achievement of organizational goals and objectives. ICT does not exist for its own sake within an organization; it is there to make sure that organizations achieve sustainable success through the use of their ICT. The ICT Governance Institute describes ICT Governance as, "...the responsibility of the board of directors and executive management. It is an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure that the organization's ICT [the infrastructure as well as the capabilities and organization that is established to support it] sustain and extends the organization's strategies and objectives".
- 1.2 The purpose of this framework is to institutionalize the Governance of ICT as an integral part of corporate governance within municipalities in a uniform and coordinated manner. The framework provides a set of principles and practices which will assist to institutionalize the Governance of ICT.

2. Legislative Framework

- 2.1 Municipalities must be aware of and comply with the legislative landscape applicable to them context. This includes the Local Government Municipal Systems Act, Act 32, of 2000, Local Government: Municipal Structures Act, Act 117 of 1998 and the Local Government: Municipal Finance Management Act, Act 56 of 2003,
- 2.2 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, responsible and accountable for:

 - a) The formation and development of an economical effective, efficient and accountable administration:
 - (i) equipped to carry out the task of implementing the municipality's integrated development plan in accordance with Chapter 5;
 - (ii) Operating in accordance with the municipality's performance Management system in accordance with Chapter 6;"

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—

- a) that the resources of the municipality are used effectively, efficiently and economically;
- b) 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—

- a) that the system of financial management and internal control established for the municipality is carried out diligently;
- b) that the financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;
- c) that any unauthorized, irregular or fruitless and wasteful expenditure and any other losses are prevented;"

3. Scope

3.1 This Policy Framework for the Governance of ICT has been developed to guide and assist the WRDM to be aligned with the ICT Governance best practise frameworks, this framework recognizes that municipalities are diverse nature.

3.2 This Policy Framework therefore adopts the approach of establishing and clarifying principles and practices to support and sustain the effective Governance of ICT.

4. Benefit of Good Governance of ICT

4.1 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 and its employee's information;
- m) Improved management of municipal-related ICT projects.
- n) Improved management of information as it is prioritised on the same level as other resources in municipalities.
- o) ICT pro-actively recognises potential efficiencies and guides municipalities in timeous adoption of appropriate technology.
- p) Improved ICT ability and agility to adapt to changing circumstances.
- q. ICT executed in line with legislative and regulatory requirements.

5. ICT Governance Good Practice and Standards

5.1 In recognition of the importance of ICT Governance, a number of internationally recognized frameworks and standards, such as King IV Code, ISO/IEC 38500 and COBIT, have been developed to provide context for the institutionalization of the governance of ICT.

- a) The **King IV Code**: The most commonly accepted Corporate Governance Framework in South Africa is also valid for Municipalities, it 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; it provides governance principles and a model for the effective, efficient, and acceptable use of ICT within municipalities.
- c) **COBIT**: An internationally accepted process framework for implementing Governance of ICT. COBIT fully supports the principles of the King IV Code and the ISO/IEC 38500 standard in the Corporate Governance of ICT.

6. Layered Approach to Corporate Governance of ICT

6.1 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)
- b) The efficient and effective management of ICT service delivery (Operational Governance of ICT).
- c) The implementation of Corporate Governance of ICT in Municipalities thus consists of the following layered approach:
 - a) This Municipal ICT Governance Policy Framework, which addresses the **Corporate Governance of ICT** layer.
 - b) COBIT, which will be utilized as guiding framework which will give effect to the governance of the ICT operational environments within municipalities.

Figure 1 demonstrates the different governance layers with their related frameworks and standards:

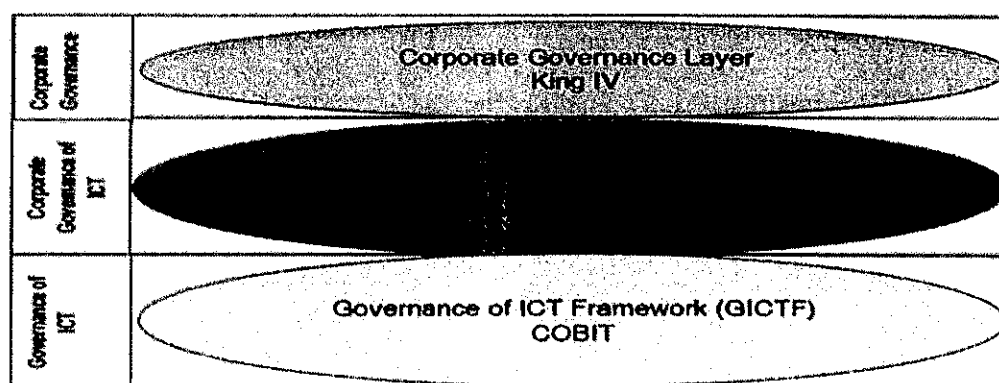


Fig1: Governance layers and their applicable framework.

7. Corporate Governance in the West Rand District Municipality:

7.1 Corporate governance of ICT 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 as represented in the following table:

	RESPONSIBLE FOR	OVERSIGHT OVER	ACCOUNTABLE TO
COUNCIL	Approving policy and budget	Executive mayor and / or Mayoral committee	Community
EXECUTIVE MAYOR	Policy, budget, outcomes	Municipal Manager	Council
MUNICIPAL MANAGER	Outputs and implementation	Administration	Executive mayor and /Mayoral committee
CHIEF FIANCIAL OFFICER	Outputs and implementation	Financial management	Municipal Manager

Table1: Corporate Governance of ICT in the WRDM

- 7.2 The Corporate Governance of ICT is an integral part of the governance system in the WRDM. The Corporate Governance of ICT involves evaluating and directing the alignment of the municipal ICT strategy and 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. It 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.

8. The Principles for the Corporate Governance of ICT in Municipalities:

- 8.1 This Municipal ICT Governance Policy Framework is based on principles as explained in international good practices and standard for ICT governance, namely, King IV Code, ISO/IEC 38500 and COBIT.
- 8.2 Table 1 below contains the principles which have been adopted in the Public Service Corporate ICT Governance Policy Framework (PSCGICTPF) which have been adapted for municipalities.

Principle 1: Political Mandate

The Governance of ICT must enable the municipality's political mandate.

The Municipal Council must ensure that Corporate Governance of ICT achieves the service delivery mandate of the municipality.

Principle 2: Strategic Mandate

The Governance of ICT must enable the municipality's strategic mandate.

The Municipal Manager must ensure that Corporate Governance of ICT serves as an enabler to the municipality's strategic plans.

Principle 3: Corporate Governance of ICT

The Municipal Manager is responsible for the Corporate Governance of ICT, The Municipal Manager 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

ICT service delivery must be aligned with the strategic goals of the municipality. Management must ensure that ICT service delivery is aligned with the municipal strategic goals and that the administration accounts for current and future capabilities of ICT. It must ensure that ICT is fit for purpose at the correct service levels and quality for both current and future Municipal needs met.

Principle 5: Significant ICT Expenditure

Management must monitor and evaluate significant ICT expenditure. Management must monitor and evaluate major ICT expenditure, ensure that ICT expenditure is made for valid Municipal 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

Management must ensure that ICT risks are managed and that the ICT function is audited. 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: Organizational Behaviour

Management must ensure that ICT service delivery is sensitive to organizational behaviour/culture. Management must ensure that the use of ICT demonstrates the understanding of and respect for organizational behaviour.

9. Municipal ICT Corporate Governance Policy Framework Objectives

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

- a.) Institutionalizing an ICT Governance Policy Framework 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 organisational 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.

10. Municipal ICT Corporate Governance Policy Framework Functions Assigned

10.1 The following functions, outlined below, have been assigned to specific designated municipal structures and officials in order to achieve the objectives and principles contained in this ICT Corporate Governance Policy Framework.

Function Description

10.1.1. The Municipality must:

- Provide political leadership and strategic direction through determining policy and providing oversight.

- Take an interest in the Corporate Governance of ICT to the extent necessary to ensure that a properly established and functioning Corporate Governance of ICT system is in place in the municipality to leverage ICT as an enabler the municipal IDP.
- Assist the Municipal Manager to deal with intergovernmental, political and other ICT-related Municipal issues beyond their direct control and influence and Ensure that the municipality's organisational structure make provision for the Corporate Governance of ICT are developed and implemented by management.
- Determine the delegation of authority, personal responsibilities and accountability to the Management with regards to the Corporate Governance of ICT.
- Ensure the realisation of municipality-wide value through ICT service delivery and management of Municipal and ICT-related risks.
- Ensure that appropriate ICT capability and capacity are provided.
- Ensure that appropriate ICT capacity and capability are provided and that a designated official at a Management level takes accountability for the Management of ICT in the municipality.
- Ensure the monitoring and evaluation of the effectiveness of the ICT Governance system.

10.1.2. The Municipal Risk and Audit Committee must:

- Assist the Municipal Manager in carrying out his/her Corporate Governance of ICT accountabilities and responsibilities.

10.1.3. Management must ensure:

- ICT strategic goals are aligned with the municipality's Municipal strategic goals and support the municipal processes.
- Municipal-related ICT Strategic goals are cascaded throughout the municipality for implementation and are reported on ICT processes.

11. ICT Governance structures

The below table defines the establishment of structures to give effect to the Governance of ICT, with the roles and responsibilities and delegation of such structures.

STRUCTURE	MEMBERS	MANDATE / RESPONSIBILITIES
ICT Steering committee	Designated members of management and ICT Manager.	Has a specific delegated responsibility to ensure to ensure the planning, monitoring and evaluation of the municipalities: -ICT structures -ICT Policies -Procedures, processes and controls regarding all aspect of ICT are clearly defined, implemented and enforced. -ICT Performance -ICT Change management -ICT Contingency plans -ICT Strategy development -ICT Security and data integrity -Establishment of ICT's ethical culture. -Evaluation, directing and monitoring of ICT's specific projects. -ICT strategic alignment -ICT Governance compliance -ICT infrastructure management -ICT Application management -ICT Value -ICT Data availability and integrity -ICT Vendor management -Evaluating, directing and monitoring ICT processes.
Audit Committee and Enterprise Risk Management	Nominated members	Has a specific responsibility to perform an oversight role for the identification and management of ICT audit, governance compliance and risk.

Table 2: ICT Governance roles, responsibilities and delegations.

12. Municipal IDP and ICT strategic alignment

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

12.2 This is achieved through the development and adoption of and ICT strategy.

13. Continuous Service Improvement of ICT in the WRDM

13.1 This is the demonstration of measurable improvement from the initial implementation phase of the Corporate Governance of ICT. In this phase, detailed measurable criteria for the implementation of and compliance against the approved ICT Corporate Governance Policy Framework 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.

14. The Detailed Phased Approach

14.1 Implementation deliverables per financial year

Phase 1 (Enablement Phase) – June 2021/2022

1. Municipal IT Governance Policy Framework approved and implemented;
2. 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 **ICT Disaster Recovery Plan**.
 - Approved **ICT Firewall policy**.
 - Approved **ICT Hardware renewal policy**.
 - Approved **ICT Security policy**.
 - Approved **ICT data backup procedure**.
 - Approved **ICT Change management procedure**.
 - Approved **ICT helpdesk procedure**.
 - Approved **ICT computer account management procedure**.
 - Approved **Telephone usage policy**.

Phase 2 (Strategic Alignment) – June 2021/2022

1. ICT Strategy.

Phase 3 (Continuous improvement of Corporate Governance of ICT) – Ongoing

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:

- a) The Corporate Governance of ICT (ICT contribution to realization of Municipal value through structures, policies and processes); and
- b) Governance of ICT. (Continuous improvement of the management of ICT through controls implemented through the guidance of COBIT.

15. Benefit realization

Benefits Realisation Management (BRM) is a process of identifying, planning, managing and evaluating the intended benefits of an investment on ICT systems. BRM informs investment decisions and establishes plans to realise intended benefits. ICT has develop a BRM matrix which outlines systems and services procured / acquired by ICT to support the institution, the systems are categorized into three categories of usage, High usage, medium usage and low usage. High usage being most used and low being the least used. The matrix will be completed annually to assess either upgrades, replacement or termination of systems or services based on their usage and cost.

16. Conclusion

- 16.1 This ICT Governance Policy Framework has been designed for the exclusive use and alignment of the West Rand District Municipality. The Implementation thereof had been phased over a longer period to provide the municipality with the time required to implement this ICT Governance Policy Framework effectively.

17. FRAMEWORK REVISION

The framework will be reviewed biennial.