



Auditing IT Governance

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Agenda

- What is IT Governance
- Benefits of IT Governance
- IIA Governance Model
- IIA Standards and Strategic Value
- Role of Internal Audit

What is IT Governance

- IIA Definition

- Consists of the ***leadership, organizational structures*** and ***processes*** that ensure that the enterprise's information technology supports the ***organization's strategies and objectives.***

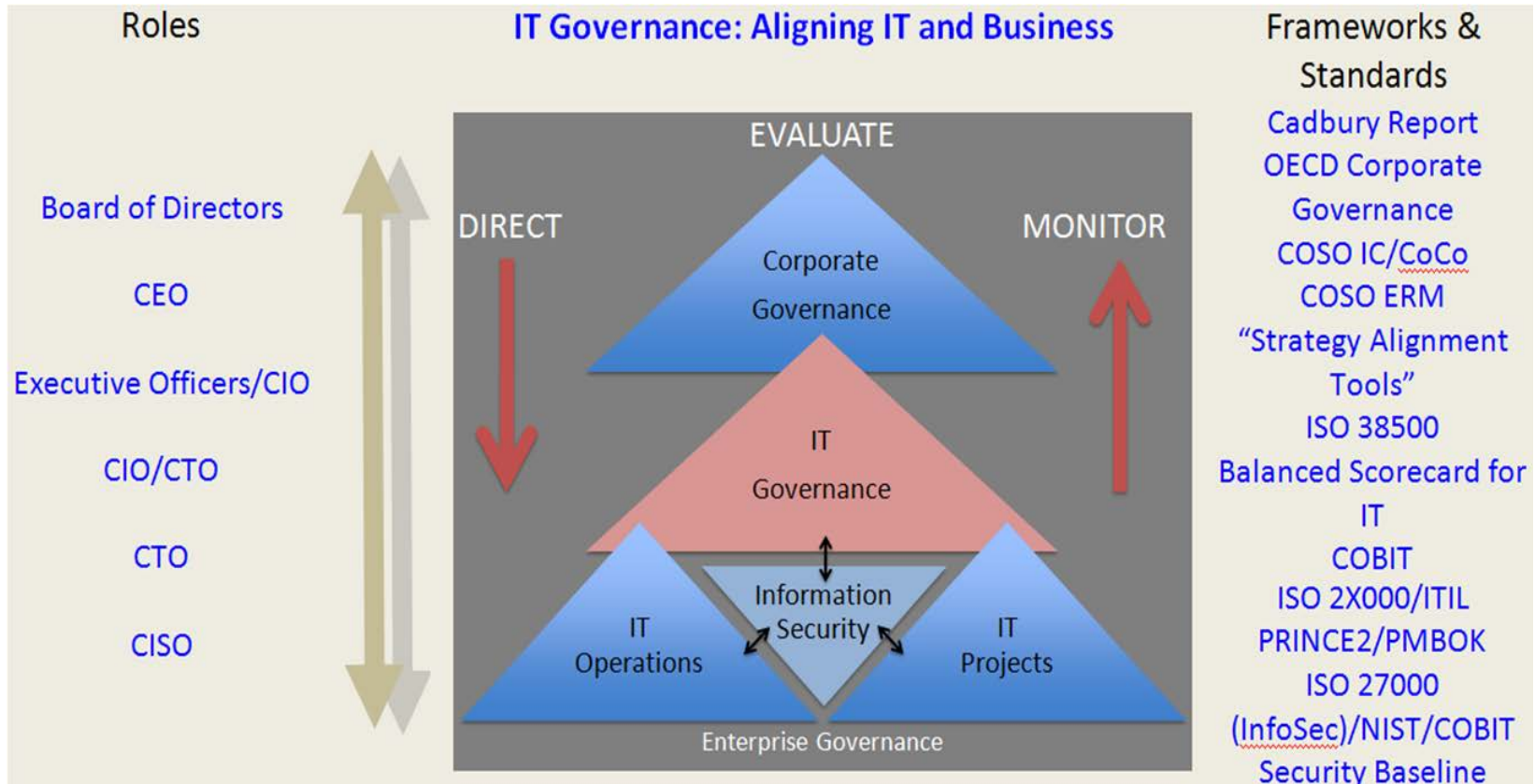
- ISACA Standards Definition

- The responsibility of executives and the board of directors; consists of the ***leadership, organizational structures*** and ***processes*** that ensure that the enterprise's IT sustains and extends the ***enterprise's strategies and objectives.***

What is IT Governance

- IT Governance involves managing IT operations and IT projects to ***ensure alignment*** with the needs of the organization defined in the ***strategic plan***
- Proper alignment between IT and the organization means:
 - Management understands the potential and limitations of IT, i.e. what they can and cannot do
 - The IT Function understands and services the needs of the organization
 - Activities and accountability are monitored through an appropriate Governance structure
- IT Governance is more about actual ***governance*** and much less about technology

What is IT Governance



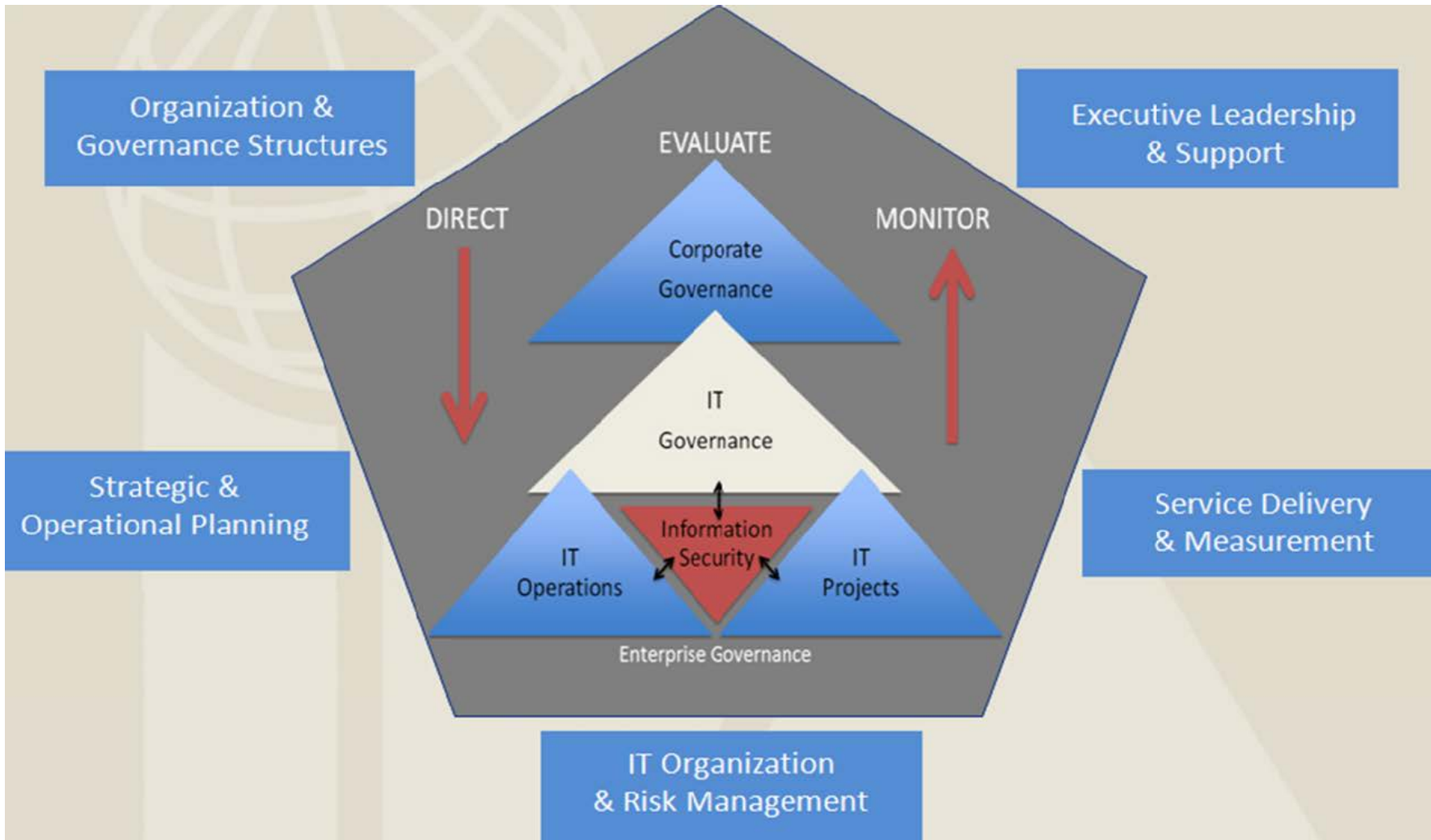
Benefits of IT Governance

- Strengthens the relationship between the organization and IT
 - Helps ensure limited IT resources are focused on the right ***strategic*** and ***tactical*** activities at the right time
- Synergies with Enterprise Risk Management (ERM) and other risk management activities
 - Helps ensure the appropriate IT risk management processes and activities are in place and operating effectively

Benefits of IT Governance

- Enhanced visibility into the IT Function's ability to achieve its both ***tactical*** and ***strategic*** objectives
 - Key Performance Indicators (KPIs) for day-to-day activities and longer-term/strategic initiatives
- Improved adaptability of the IT Function to organizational and IT environment changes
 - Formality of Governance structure, processes and activities enables more efficient and effective response to change

IIA IT Governance Model



IIA IT Governance Model

1. Organization and Governance Structures

- IT Governance structure should be aligned with the organizational and IT architecture structure
 - Centralized vs. Decentralized
- Components
 - CIO or equivalent
 - Part of the Senior Management team
 - IT Function structure mirrors the organization
 - Strategic and tactical plans
 - Communication, empowerment and accountability

IIA IT Governance Model

2. Executive Leadership and Support

- Executive leadership should set a clear vision for how the IT Function **and** technology will help the organization achieve its strategic objectives
- Components
 - Clearly defined and communicated roles and responsibilities for the IT Function
 - Organizational strategic plan links to IT plan
 - CIO or equivalent is part of Senior Management team and reports periodically to the Board
 - IT Function is adequately funded to execute both tactical and strategic activities

IIA IT Governance Model

3. Strategic and Operational Planning

- Strategic organizational plan that clearly links to technology **and** the roles and responsibilities of the IT Function in helping achieve the objectives
- Tactical/operational IT Function plan
- Components
 - Shared goals between the organization and the IT Function
 - IT is a strategic partner of the organization
 - Strategic IT investments based on valid cost benefit analysis **and** ROI is measured

IIA IT Governance Model

4. Service Delivery and Measurement

- Proactively managing and measuring the value of IT spend through the use of Key Performance Indicators (KPIs) such as financial and operational metrics such as Service Level Agreements (SLAs)
- Components
 - IT costs and value are measured and reported to Senior Management and the Board
 - IT costs are comparable to organizations of similar size in the same industry
 - CIO or equivalent performance is measured by both quantitative and qualitative data

IIA IT Governance Model

5. IT Organization and Risk Management

- The success of the IT Function and the organization's use of technology is heavily dependent on direction from the Board and Senior Management and the organization's ability to properly manage risk
- Components
 - The level or degree of IT infrastructure and application complexity
 - The level or degree of data standardization
 - Risk management processes and procedures

IIA Standards

- Standard 2110.A2
 - “The internal audit activity ***must*** assess whether the IT Governance of the organization supports the organization’s strategies and objectives”
 - Standard was added in January 2009
 - How many are aware of the Standard?
 - Part of the scope of your internal and/or external QA program or QAR?
 - Lessons learned?

Strategic Value

- Results from an IT Governance review can:
 - Help IT get a seat at the table
 - Better alignment between the strategic needs of the organization and the delivery of IT service
 - How many times have you heard
 - Our IT department is terrible, takes them forever to respond to simple requests!
 - IT does not meet our or my needs!

Role of Internal Audit

- Compliance and Consulting
 - Audit team should have extensive experience in IT and operational audit
 - Not the type of audit to be led or most work performed by less experienced resources
 - CAE should lead the audit if they have requisite skills and experience
 - Depending on the size, organizational structure, geographic footprint and IT structure, IT Governance audits, when properly scoped and performed will range from around 100 hours on the low-end to a few hundred on the high-end

Role of Internal Audit

- Minimum assurance provided by compliance audit with Standard 2110.A2
 - Depending on the maturity of the IT Function, governance program, the control environment and the results of the most recent risk assessment, IT Governance audits could be performed on an annual basis or up to two to three years apart.
 - However, depending on your QAR 5 cycle, a timing adjustment may need to be made

Role of Internal Audit

- Consulting
 - Would likely be the result of findings from compliance review related to Standard 2110.A2
 - Remediation assistance
 - Post audit Follow-up review
 - Training
 - Facilitated workshop on IT Governance best practices

Role of Internal Audit

- Important to understand there is no one-size-fits-all IT Governance model
- Process of moving from an ineffective IT Governance model to a effective, optimal model as presented in the GTAG takes time, there are generally little to no quick fixes
- Full support from the Board and Senior Management is critical for an organization to have an effective IT Governance model

Summary

- Mandatory nature of the Standards and in particular 2110.A2
- IT Governance audits and relationship to external QARs
- Regardless of IIA Standards, performing IT Governance reviews on a periodic basis are vitally important due to the tremendous amount of dollars spent by the IT Function and on technology

Thank You!

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