

# **OKHAHLAMBA LOCAL MUNICIPALITY**



## **INFORMATION TECHNOLOGY**

### **STEERING COMMITTEE**

**2021/2022**

### **TERMS OF REFERENCE**

Version 1.0

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## INTRODUCTION

*“In today’s highly competitive business environment, effective and imaginative use of information technology has the potential to transform enterprises and contribute to enhanced and sustainable stakeholder value. Equally, badly chosen or poorly implemented IT investments will lead to value erosion and competitive disadvantage is not suffering similar value erosion. Effective IT governance is just one of many board priorities”, but if your company has not suitably addressed the subject, you could be missing significant opportunities to enhance shareholder value and improve market capitalisation, whilst at the same time exposing your business to significant financial and reputational risks”.*<sup>1</sup>

Whilst IT is strategic to the municipality, it also poses a serious risk if not managed well. Therefore, the Council needs to take well-informed decisions regarding the IT strategy, IT investment decisions, service management and overall performance of IT.

The general failure of IT to meet business requirements stems from a lack effective and strategic management of IT, hence the need for Information Technology Steering Committee (ITSC) that is well versed with both business drivers and IT strategic issues within local government.

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## CORPORATE AND IT GOVERNANCE

IT Governance as a discipline forms part of Corporate Governance with a focused attention on IT Investment decisions, IT performance management and planning, and IT risk management. The municipality has developed an IT Risk Management Framework that will ensure effective management of IT risks and ITSC will play an oversight on its implementation. The basis for this decision is the recommendation of the King III report, which requires that:

- “The board must identify key risk areas and key performance indicators of the business enterprise, which should be constantly monitored, with particular attention given to technology and systems.”
  - “The board is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process. Management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the company”.
  - “The board should set the risk strategy in liaison with the executive directors and senior management. Policies to manage this should be clearly communicated to all employees to ensure that the risk strategy is incorporated into the language and culture of the company.”
  - “The board should make use of generally recognized risk management and internal control models and frameworks in order to maintain a sound system of risk management and internal control to:
    - safeguard the company’s assets and investments;
    - support business objectives and sustainability;
    - support business sustainability under normal as well as under adverse operating conditions; and
    - behave responsibly towards all stakeholders having a legitimate interest in the company.”
  - “The board is responsible for ensuring that a formal risk assessment is undertaken at least annually for the purposes of making its public statement on risk management. It should at appropriately considered intervals, receive and review reports on the risk management process in the company. This risk assessment should address the following areas:
    - Physical and operational risk to which the business is exposed, this is commonly known as a risk assessment;
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- Technology risk to which the business is exposed, this is commonly known as a business impact analysis;” and

Okhahlamba Local Municipality (OLM) views IT as a strategic resource and one of its most valuable assets and it has committed both time and funds to drive initiatives that will make sure that this asset is protected and safeguarded. It is based on the commitment that OLM has established ITSC which will play an IT strategic and advisory function. ITSC will not deal with operational issues but strategic issues. Senior Managers from the institution, the IT Officer and at least 1 seasoned IT experts from the industry will form part of ITSC.

### **RESPONSIBILITIES OF ITSC**

ITSC will leverage both the technical, business expertise and insight of individual members of the committee to provide strategic direction to IT. Amongst other things ITSC will be responsible for the evaluation and making recommendation on IT investment decisions in order to make sure that IT delivers of business objectives. For all IT investment decisions, ITSC will check whether:

- Business case is sound and it fits with the strategic direction of the municipality
- The project is driven by, and supports business functional requirements
- The project benefits include opportunities for process improvement or synergies across the municipality
- Underlying technology fits the IT Strategy infrastructure requirements and standards
- Resources and skills exist so as to maximise the chances of success
- The project supports at least one of the Municipal Strategic Goals

Only when the answers satisfy the expectations of ITSC, should the committee move on to the question of costs vs benefits.

Thus, individually, ITSC members should:

- Understand the strategic role and significance of IT within the Municipality;
  - Be genuinely interested in making sure that IT delivers the promised value to the Municipality
  - Have a broad understanding of municipality’s service delivery mandate.
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The following list outlines the overall responsibilities of the ITSC. This comprehensive listing includes the committee's routine responsibilities as well as those performed infrequently.

**1. Oversee the development of IT policy and strategic plan.**

- Establish a process for policy development.
- Facilitate the identification, and development of IT policies.
- Provide a method for continuous feedback on policy.
- Facilitate the review IT strategy and policies

**2. Conduct monthly project reviews.**

- Compare project status reports to plans and budgets.
- Evaluate project performance.
- Consider project successes and failures to create a record of 'lessons learned'.
- Review and approve implementation plans and transition plans.

**3. Review and approve major project deliverables.**

- Ensure deliverables meet acceptance criteria.
- Ensure user participation is accommodated on major deliverables.

**4. Support IT business direction with continuous involvement in project assessments and related issues.**

- Initiate project assessments when necessary.
- Monitor assessments and determine corrective actions.
- Communicate summary of assessment and actions to Council and the project teams.
- Ensure applicable methodologies are consistently followed for all projects.
- Facilitate the development of project standards and methodologies.
- Encourage teams to request problem assistance early in the process.

**5. Facilitate effective management of IT project risks.**

- Ensure that IT project risks are identified and managed.
  - Ensure that mitigating actions and contingency plans are put in place.
  - Communicate risk assessment results and facilitate risk management approach.
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**6. Consider major change requests involving scope, schedule, or delivery commitment.**

- Ensure justification is provided with change request.
- Determine impact of the change request on quality, cost, and time.
- Provide final acceptance or rejection on change requests.
- Monitor results to change request for compliance.

**7. Endorse IT business direction through effective communication to stakeholders.**

- Ensure information accurately summarizes the committee's activities through work in progress or goals accomplished which support the business direction.

**8. Identify areas for business process reengineering (Periodic Activity).**

- Facilitate process-reengineering efforts for project teams using 'lessons learned'.
- Consider, approve, and effect organizational changes needed to successfully implement new processes and related systems.

The committee will also be responsible for the following IT organizational review processes:

**1. Strategic Alignment**

- Ensure that the IT Strategy is aligned to Business Strategy
- Measure the impact of IT on business strategies, revenue collection, productivity, costs, and compliance with regulations.
- Evaluate the value and contribution made by applications, technologies, and IT personnel.
- Develop strategies to reduce Total Cost of Ownership
- Oversee the development and implementation of Disaster Recovery and Business Continuity Plans
- Develop processes and systems that will ensure that IT decisions are driven by, and support business needs.

**2. Resource Management**

Ensure optimal investment in, and proper management of critical IT resources, including applications/software, information, infrastructure and people.

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- Review and make recommendations on capacity planning and change management issues.
- Review and make decisions on IT organizational structure.
- Provide input and make decisions into the IT budget process

### **3. Risk Management**

- ITSC and Risk Management department will facilitate performance of an annual IT risk assessment.
- Create the necessary awareness of IT risk.
- Review monthly progress made on dealing with the IT risks.

### **4. Performance measurement**

ITSC will track and monitor:

- IT Strategy implementation
- Resource usage
- Systems performance

## **CRITICAL SUCCESS FACTORS**

Several critical success factors have been identified as important to ensure the success of ITSC.

These factors include:

- Key stakeholder must buy the vision and technology direction of IT.
- Open communication between the Council, ITSC and the Mayoral Committee
- Implementation of an established process for meetings, including agendas and issue resolution.
- Active participation of all committee members.
- Effective reviews of IT projects.

## **MEMBERSHIP**

The ITSC members will be made up of the following managers:

<b>Members of the IT Steering Committee</b>
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1. The CFO
2. Corporate Services Director (Chairperson)
3. Asset Control Officer
4. Internal Auditor
5. IT Manager
6. Or two (2) Officials from each Department/Section selected by the relevant Director's

**Participation:** Membership participation is expected and should not be delegated to substitutes. A minimum of 3 Managers must be present to establish a quorum for committee activities and meetings.

**Removal:** If the member is not contributing to the good of the committee, the chairperson will report this to the Office of the Speaker and the Council will consider that member for revocation. The committee will conduct a vote to determine the desired status of the individual's membership. If agreed, a recommendation to remove the member will be forwarded to the Office of the Speaker for approval and implementation.

## **MEETINGS**

Meetings will be conducted monthly or quarterly, and may be scheduled more frequently based on business demands and project priorities. Committee members will be expected to attend and actively participate in all meetings. Project managers responsible for IT projects will attend on invitation.

## **RECORDING**

Meeting minutes and committee activities including status on issues, recommendations, and actions taken will be recorded and provided to all committee members. Members will rotate the responsibility of recording minutes. A draft of the meeting minutes will be recorded and distributed to members within five business days of the meeting. Responses or corrections should be submitted within three business days of this draft date, after which the minutes will be sent to all members of the committee.

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## **REPORTING**

The Chairperson will be responsible for providing an executive report summarizing work status, decisions reached, and issues resolved to the MANCO or Council.

The chairperson will prepare and send the executive report to the members prior to the scheduled meetings.

## **ITSC MEETINGS**

ITSC will meet monthly or quarterly as required.

Some of the issues for discussion will include:

- A report on IT Strategy implementation and alignment by the IT Manager
  - A report on the status of IT by the IT Manager
  - A report on IT Risk Management by Internal Audit and Risk Management units
  - A report on major IT Projects by project managers/IT Manager
  - A report on Performance of IT - Service Level Management by IT Manager
  - A report on Business Process Re-engineering activities/reviews
  - A report on Disaster Recovery and Business Continuity Planning by the IT Manager  
Consider any major project plan change requests or deviations
  - Consider any IT Investment applications.
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