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Chapter No. 2

IT Governance

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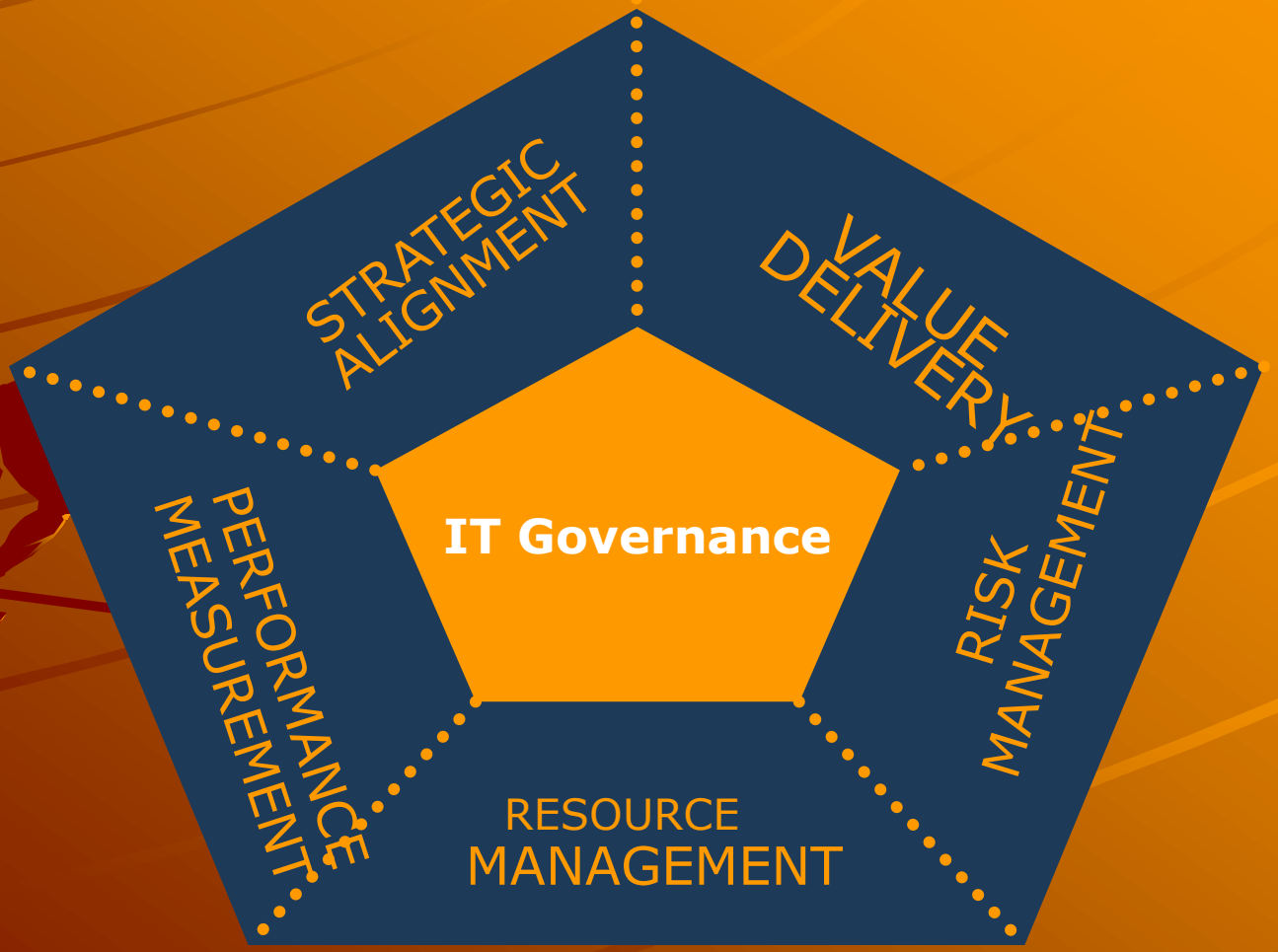
IT Governance:

IT Governance, one f the domain of coprporate governance , comprise the body of issues addressed in considering how IT is applied within the enterprise



IT Governance:

Focus Areas

Strategic alignment

Focuses on ensuring the linkage of business and IT plans, defining, maintaining and validating value proposition, and aligning IT operations with corporation operations.

Value delivery

is about executing the value proposition throughout the delivery cycle, ensuring that IT delivers the promised benefits against the strategy, concentrating on optimizing cost and providing the basic value of IT.

Risk Management

Requires risk awareness by senior corporate officers, a clear understanding of the enterprise appetite for risk, understanding of compliance requirements, transparency about the significant risks to the enterprise and embedding of risk management responsibilities into organization.

Focus Areas continued…

Resource Management

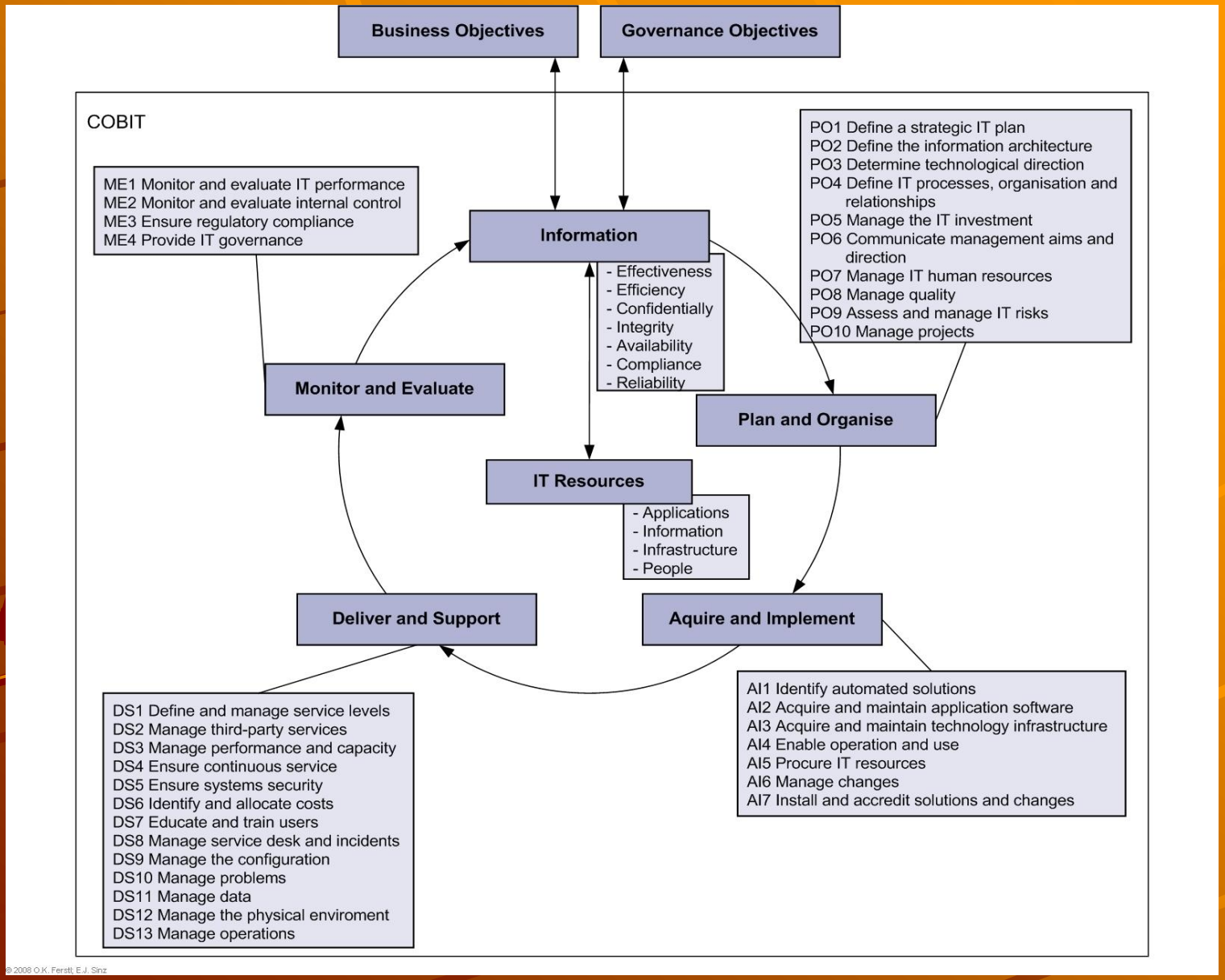
Is about the optimal investment in, and the proper management of, critical IT resources, applications, information, infrastructure and people, key issues relate to the optimization of knowledge and insfrastructure

Performance Evaluation

Tracks and monitor strategy implementation, project completion, resource usage, , process performance, and service delivery

COBIT
Control Objectives for Information and related Technology

34 High Level Objective



Information Strategy :

Strategic Planning sets corporate or departmental objectives into motions

Steering Committee :

Consist of higher management and it is a mechanism to ensure that the IS department is in harmony with corporate mission and objectives.

Its functions are :

- *Long and Short term plans for IS Division*
- *Approve major acquisition of hardware and software*
- *Monitor major IS projects, establish priorities, approve standards and procedures*
- *Review adequacy and location of IT resources*
- *Decision about centralization Vs. Decentralization*
- *Enterprise-wide Information security Management*
- *Approval for outsourcing*

POLICIES :

It is a high level documents and represent the corporate philosophy of organization

PROCEDURES :

Procedures are detailed documents. They must driven from the parent policy. These must be clear and understandable by all who will be governed by them

INFORMATION SYSTEMS MANAGEMENT PRACTICES :

Information Security Policy :

Coherent security standards to users, management, and technical staff. It sets that what tools and procedures are needed for the organization.

Cost of the control should never exceed the expected benefit to be derived.

It should be approved by top management and disseminated to all relevant employees

Personnel Management :

- ***Hiring***
  - ***Background Checks***
  - ***Confidentiality agreements***
  - ***Employee bonding***
  - ***Conflict of interest agreement***
  - ***Non-compete agreement***
- ***Employee Handbook***
  - ***Security Policies and procedures***
  - ***Company benefits***
  - ***Vacation policies***
  - ***Overtime rules***
  - ***Outside employment***
  - ***Performance evaluation***
  - ***Emergency procedures***
  - ***Disciplinary actions***

Personnel Management : *continued…..2*

- ***Promotion Policies***
  - ***Individual performance***
  - ***Education***
  - ***Experience***
- ***Training***
  - ***On Regular Basis***
  - ***When new HW or SW are installed***
  - ***Relevant management training***
  - ***Technical training***
  - ***Cross Training***

Personnel Management : *continued…..3*

- ***Scheduling and Time reporting***
- ***Employee performing evaluation***
  - ***Salary increments, performance bonuses and promotions should be based on performance***
- ***Job Rotation***
  - ***To do job by other persons for a limited period.***
- ***Termination Policies***
  - ***Return of access keys, ID cards, Badges to prevent physical security***
  - ***All relevant departments should be well informed.***
  - ***Exit Interview***
  - ***Removal of all passwords and remote accesses from the Information systems***

Sourcing Practices :

It relates to the way IS functions are obtained to support business.

- *In-sourced*
- *Outsourced*
- *Hybrid*

Reasons of Outsourcing :

- *A desire to focus on core activities*
- *Pressure on profit margins*
- *Increasing competition that demands cost saving*
- *Flexibility with respect to both org and structure*

Services provided by 3rd Parties :

- *Data entry*
- *Design and development of new systems*
- *Maintenance*
- *Conversion*
- *Help desk and call center*
- *Operations processing*

Sourcing Practices : Continues……

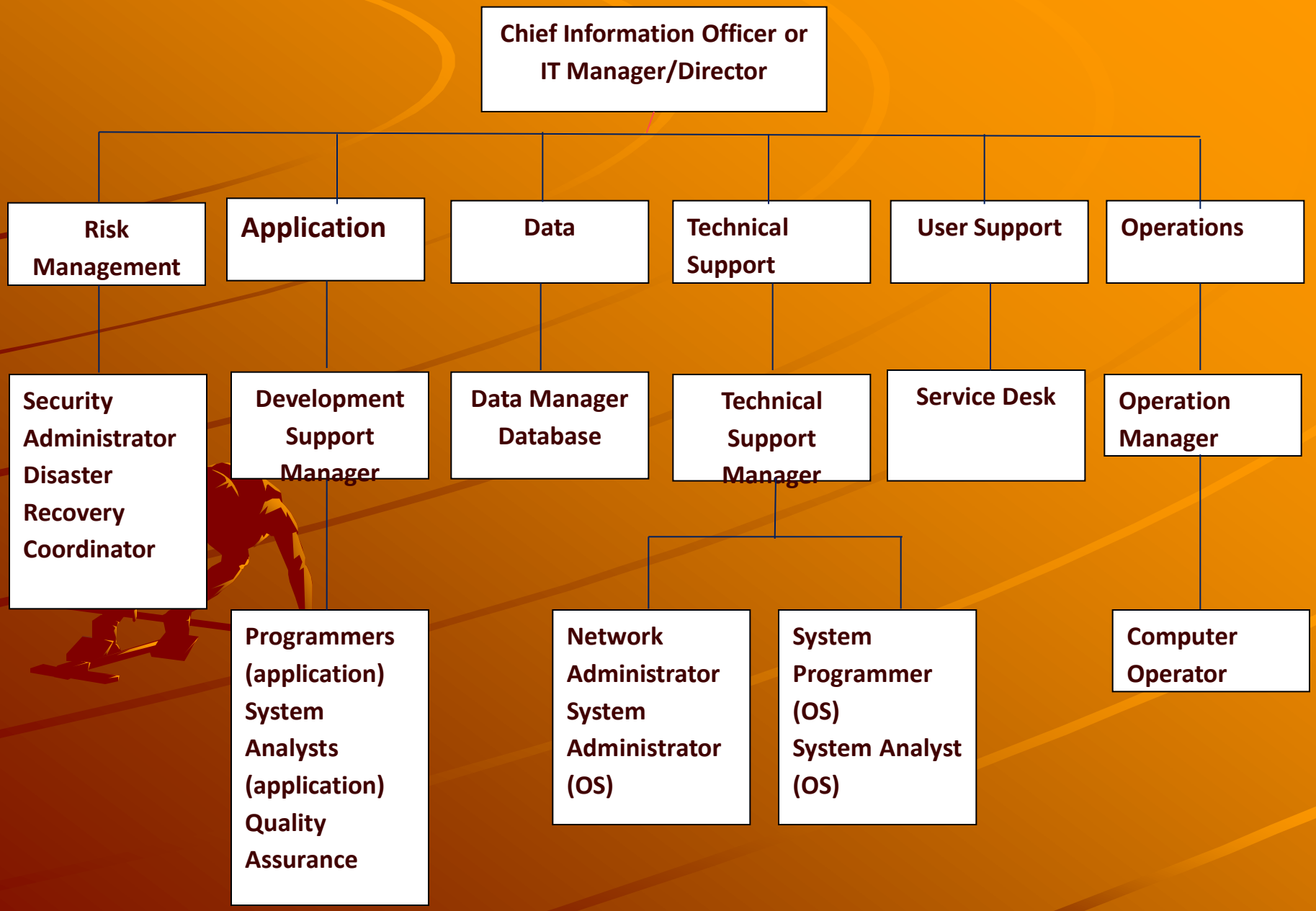
Advantages :

- *Economy of scale*
- *Vendors can Devote more time and focus*
- *They would have more experience*
- *May result better due to agreement*
- *Less feature Creeping*

Disadvantages :

- *Cost Exceeding*
- *Loss of internal IS experience*
- *Loss of control over IS*
- *Vendor Failure*
- *Limited product access*
- *Difficulty in reversing or changing outsourcing agreement*
- *Less legal and regulatory compliance*
- *Contract terms not being met*
- *Lack of loyalty*
- *Un-pleased customer/employees*
- *Obsolescence of Vendor IT system*
- *Failure to receive anticipated benefits*
- *Damage to the reputation in case of failure*
- *Lengthy and expensive litigation*

IS ROLES AND RESPONSIBILITIES



IS Organizational Structure and Responsibilities :

IS Roles and Responsibilities :

- *System Development Manager*
- *Help desk*
- *End User*
- *End-user support*
- *End-User Support Manager*
- *Data Management*
- *Quality assurance manager*

- *Vendor and outsourcer Management*
- *Infrastructure operations and maintenance*
- *Librarian*
- *Data Entry*
- *System Administration*
- *Security Administration*
- *System Analysts*
- *Security Architect*
- *Application development and Maintenance*
- *Infrastructure development and Maintenance*
- *Network Management*

Segregation of Duties within IS

- ***Duties that should be segregated :***
  - ***Custody of the Assets***
  - ***Authorization***
  - ***Recording transactions***

- ***Segregation of Duties Controls :***
  - ***Transaction Authorization***
  - ***Custody of Assets***
  - ***Access of Data***
  - ***Authorization Forms***
  - ***User Authorization Tables***

- ***Compensating Controls for Lack of Segregation of Duties***
  - ***Audit Trails***
  - ***Reconciliation***
  - ***Exception Reporting***
  - ***Transaction Logs***
  - ***Supervisory Reviews***
  - ***Independent Reviews***