



Center for  
Technology in Government

# **What is IT Governance and Why Does it Matter?**

Theresa A. Pardo

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# Governance

- “The traditions and institutions by which authority in a country is exercised”
  - Source: Kaufman et al
- The way “ ... power is exercised through a country’s economic, political, and social institutions.”
  - The World Bank’s PRSP Handbook.
- The exercise of economic, political, and administrative authority to manage a country’s affairs at all levels. It comprises mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences.”
  - Source: UNDP.

# Governance

- “One might conclude that governance is the *process* – by which authority is conferred on rulers, by which they make the rules, and by which those rules are enforced and modified.
- Thus, understanding governance requires an identification of both the rulers and the rules, as well as the various processes by which they are selected, defined, and linked together and with the society generally.”
  - Source: The World Bank

# Governance

Answers the questions:

- What decisions must be made?
- Who should make these decisions?
- How will decisions be made?
- What is the process for monitoring results?

*(Weill & Ross, 1999)*



# Governance

- **Global governance** can thus be defined as the sum of laws, norms, policies, and institutions that define, constitute, and mediate trans-border relations between states, cultures, citizens, intergovernmental and nongovernmental organizations, and the market.
  - Source: United Nations Intellectual History Project
- **Corporate governance** refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term.
  - Source: The Economic Times
- **Data governance (DG)** refers to the overall management of the availability, usability, integrity, and security of the [data](#) employed in an enterprise. A sound data governance program includes a governing body or council, a defined set of procedures, and a plan to execute those procedures.

# What is IT Governance?

- An IT governance framework should answer some key questions, such as how the IT department is functioning overall, what key metrics management needs and what return IT is giving back to the business from the investment it's making.
- ... it's putting structure around how organizations align IT strategy with business strategy, ensuring that companies stay on track to achieve their strategies and goals, and implementing good ways to measure IT's performance.
- It makes sure that all stakeholders' interests are taken into account and that processes provide measurable results.
  - Source: CIO

# State IT Governance...

- ...is about ensuring that state government is effectively using information technology in all lines of business and leveraging capabilities across state government appropriately, to not only avoid unnecessary or redundant investments, but to enhance appropriate cross boundary interoperability.
- The term ‘appropriate’ is used because in many cases state government has existing statutory constraints and bounding that can often limit as well as empower proper governance.

• *Source: NASCIO*



# Why does IT Governance matter?

- In an era when IT has become indispensable for enabling governments to provide better services to the public more effectively, efficiently, and sustainably, IT governance has come to the forefront as a critical capability for public-sector leaders seeking to create and capture IT value.
  - Source: McKinsey, 2008



# Why does IT Governance matter?

- “What’s new is the explicit recognition that IT governance has a powerful impact on the state’s overall operational capability and needs to be designed in a comprehensive and well-grounded way.
- ...the most successful initiatives focus on the importance of bringing together a broad set of government stakeholders to design a framework that supports policy and programmatic priorities.”
  - Source: CTG



# Governance Components

1. Scope
2. Authority
3. Organizational structure
4. Members – roles and responsibilities
5. Process



# Scope, level, and structure

- *Scope*
  - The scope of governance at any particular level refers to the range of issues covered by a governance structure.
  - A wide scope of governance would include most, if not all, of the possible IT issues in a particular setting, i.e., procurement, standards, architecture, policies, business-IT alignment. A more narrow one might focus solely on standards development or procurement specifically.
  - Emerging governance bodies focused on data, security, information, and more.
- *Level*
  - Level refers to a place in an organization or government hierarchy. Different kinds of or models of governance can be going on at the same level. IT governance at the state level can mean a cluster of agencies or can mean state wide for all agencies.
- *Structure* – The term structure has two aspects:
  - (1) Authority arrangements.
    - Authority arrangements refer to how power, rights, roles, and responsibilities are distributed between and among levels.
  - (2) Typology or the way the authority arrangements are linked.
    - Typologies can be more hierarchical or more network-like and often are suggestive of how authority is distributed.

# Members and Processes

## Members

- External committees, councils, and boards
- Communities of Practice (CoP)
- Agency stakeholders

## Processes

- Implementation
- Coordination
- Decision-making

# A current practices review

- California
- Florida
- Kansas
- Kentucky
- Maine
- South Dakota
- Mississippi
- Michigan
- Minnesota
- Pennsylvania
- North Carolina
- Virginia
- Tennessee
- Oregon
- Indiana

# Scope

- Early focus on cost savings and consolidation of infrastructure and other services such as procurement and purchasing.
- Later focus on portfolio management, closer business-IT alignment, prioritization across projects and across agencies.

# Authority arrangements

- **Centralized**
  - Authority and decision making power lies solely with the state IT office and all IT personnel is consolidated in the state IT office.
- **Decentralized**
  - All authority and decision-making power lies with individual state agencies.
- **Federal/hybrid**
  - Authority over decision-making is distributed between a central organization and individual organizational units.

# Insights from the States

- Authority arrangements and formal structures do not seem to be a good predictor of the degree of success in each state.
- Success seems to be more influenced by:
  - Strong executive support
  - Consideration of a state's political and cultural realities
  - Implementation approach
  - Operationalizing selected structures and arrangements
  - Good management skills
  - Externally imposed limitations
  - Continuity in IT vision



# Custom designed governance

- IT governance can be viewed as a sorting process used to respond to an ongoing stream of demands and opportunities for IT development and use.
- Governance structures should be designed to respond to these demands and opportunities within a framework that reflects each government's own unique political, financial, and institutional environments.
  - Source: CTG



