

Information Technology (IT) Charter & Governance Framework

File Name	Information Technology (IT) Charter & Governance Framework
Custodian	IT Unit
Business Unit Owner	IT Officer
Date Approved	
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1. OVERVIEW

uMgungundlovu Economic Development Agency (UMEDA) has implemented the King IV Governance Framework, extending its principles to the Information Technology sector. Additionally, UMEDA's IT Governance Framework incorporates the five key elements of IT Governance as outlined by COBIT (Control Objectives for Information and related Technology).

Additionally, King IV advises the Board to create an IT Charter. This Charter should define the decision-making authority and accountability structure for IT governance, fostering a positive IT culture within the organization. This document will act as UMEDA's IT Charter.

Moreover, King IV permits the Board to assign the responsibility for implementing and overseeing IT governance to management or other Board committees. This document specifies the delegated responsibilities.

Furthermore, the Public Service Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF) mandates that UMEDA must have both an approved IT Governance Framework and an approved IT Charter.

The key elements are as follows:

1.1 THE 7 PRINCIPLES OF KING IV

1. The Board should oversee the sub-principles of Information Technology (IT) Governance:

- The board should assume the responsibility for the governance of IT and place it on the board agenda.
- The board should ensure that an IT charter and policies are established and implemented.
- The board should ensure the promotion of an ethical IT governance culture and awareness and of a common IT language.
- The board should ensure that an IT internal control framework is adopted and implemented.
- The board should receive independent assurance on the effectiveness of the IT internal controls.

2. IT should align with the organization's performance and sustainability objectives.

Sub-Principles:

- The board should ensure that the IT strategy is seamlessly integrated with the organization's overall strategic and business processes.
- The board should establish a process to identify and leverage opportunities for enhancing the organization's performance and sustainability through IT.

3. The board should delegate to management the responsibility for the implementation of an IT governance framework:

Sub-Principles:

- Management should be tasked with implementing the structures, processes, and mechanisms necessary for the IT governance framework.
- The CEO may appoint an IT steering committee or similar function to assist with its governance of IT.

- The CEO should appoint a Chief Finance Officer (CFO) responsible for the management of IT.
- The CFO should be a well-qualified and experienced individual who regularly engages with the board, relevant board committees, and executive management on strategic IT issues.

4. The board should monitor and evaluate significant IT investments and expenditure: Sub-Principles:

- The board should oversee the value delivery of IT and monitor the return on investment from significant IT projects.
- The board should ensure that Intellectual Property (IP) contained in information systems is protected.
- The board should obtain independent assurance on the IT governance and controls supporting outsourced IT services.

5. IT should form an integral part of the organization's Risk Management:

Sub-Principle:

- Management should consistently show the Board that the organization has sufficient business resilience measures in place for disaster recovery.

6. The board should ensure that information assets are managed effectively:

Sub-Principles:

- The board should ensure that systems are established for managing information, encompassing information security, information management, and information privacy.
- The board should ensure that all personal information is treated by the organization as an important business asset and is identified.
- The board should ensure the development and implementation of an Information Security Management System.
- The board should approve the information security policy/strategy and delegate authority to management, empowering them to implement it.

7. A risk committee and audit committee should assist the Board in carrying out its IT responsibilities:

Sub-Principles:

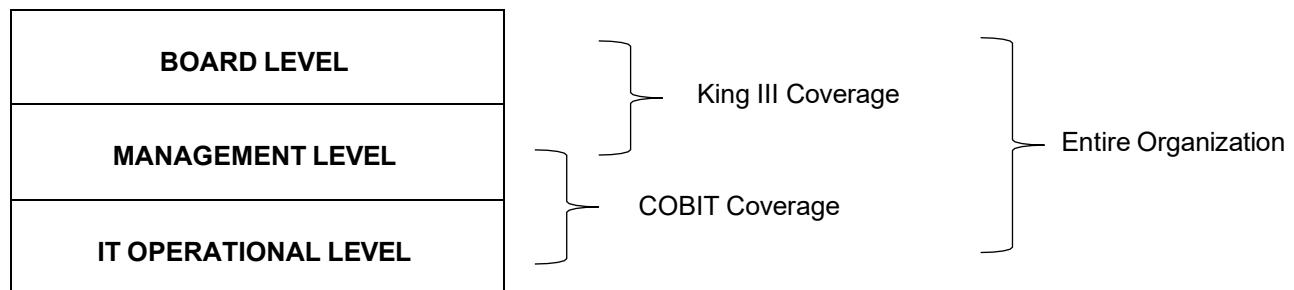
- The risk committee should ensure that IT risks are adequately addressed.
- The risk committee should secure appropriate assurance that controls are established and effective in mitigating IT risks
- The audit committee should consider IT as it relates to financial reporting and the going concern of the organization.
- The audit committee should consider the use of technology to improve audit coverage and efficiency.

1.2 THE 5 KEY ELEMENTS OF COBIT

1. **Strategic alignment** emphasizes connecting business and IT plans, defining, maintaining, and validating the IT value proposition, and ensuring IT operations are in sync with enterprise operations

2. **Value delivery** involves executing the value proposition throughout the delivery cycle, ensuring IT delivers the promised benefits in line with the strategy, focusing on cost optimization, and demonstrating the intrinsic value of IT.
3. **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 optimisation of knowledge and infrastructure.
4. **Risk management** necessitates that senior organizational officers are aware of risks, have a clear understanding of the enterprise's risk appetite, comprehend compliance requirements, maintain transparency about significant risks to the enterprise, and integrate risk management responsibilities throughout the organization.
5. **Performance measurement** involve tracking and monitoring strategy implementation, project completion, resource utilization, process performance, and service delivery. This can be done using tools like balanced scorecards, which translate strategy into actionable goals that are measurable beyond traditional accounting methods.

The coverage of these frameworks is depicted in the following illustration:



4. DESIRABLE CULTURE IN THE USE OF IT

The Board defines the desirable culture in the use of IT hereunder. The decision-making rights and accountability framework defined in the remainder of the document is designed to achieve these 10 objectives.

- The activities and functions of the IT strategy are aligned to the business strategy.
- Opportunities to improve the use of IT within UMEDA are identified and exploited.
- The optimal investment is made in IT, costs are managed, and the return on investment is measured.
- IT initiatives are synergized, ensuring that IT decisions benefit the entire organization rather than just individual business units.
- IT resources are acquired in an optimal and legitimate manner, with core capabilities retained in-house. Assurance is provided on the controls over major outsourced IT services.
- IT risks are identified and adequately addressed. Assurance is obtained to ensure that an IT control framework is in place to address IT risks.
- Information, IT assets, and intellectual property within IT systems are protected, effectively managed, and utilized
- IT has adequate business resilience arrangements in place for disaster recovery.
- Information Management is a joint IT and business responsibility.
- IT use conforms to IT related laws and related rules, codes and standards are considered.

5. KEY RESPONSIBILITIES

IT Governance should be applied at **all three levels** (Strategic, Tactical and Operational) of an organisation and the responsibilities at each of these levels will be as indicated below:

Level	Responsibility
Strategic/Board /Board Committee level	Evaluate, Direct, Monitor, and Mitigate Risks
Tactical/IT Steering committee (Projects Committee in UMEDA's case)	Plan, check, supervise
Operational/IT management and staff level	Detailed activities

The key committees of the IT Governance Framework are:

- The UMEDA Board and the Audit and Risk Committee at strategic level.
- The IT Steering committee (special function of Projects Committee) at Tactical level and.
- The IT Unit at operational level.

The Information Technology Governance Institute (ITGI) provides the following guideline in terms of the authority and membership of an IT Steering Committee (Projects Committee in UMEDA's case):

	Board Committee	IT Steering Committee
Authority	• Concentrates on both current and future strategic matters.	<ul style="list-style-type: none"> • Provides guidance to the Board and Management on IT Strategy. • Assists the Executive in the delivery of the IT Strategy. • Manages the daily operations of IT service delivery and IT projects. • Oversees major projects, IT costs, IT resource allocation • Concentrate on implementation.
Membership	Board members and specialist (non- Board members)	Refer to Terms of Reference of the IT Steering Committee (Projects Committee in UMEDA's case)

The **three key elements** that are needed for proper IT Governance at Strategic, Tactical and Operation level are:

- Structures
- Processes and
- Communication of information.

These Key elements will be covered at UMEDA by the various committees as follows:

UMEDA STRUCTURES:

Level	Governing Body	Roles & Responsibilities
Representation at Strategic level	UMEDA Board	As per the 7 Principles of King IV in Section 1.1 above
Representation at Tactical level	IT Steering committee (Projects Committee in UMEDA's case)	Refer to Terms of Reference of the IT Steering Committee (Projects Committee in UMEDA's case)
Representation at operational level	IT Unit	Normal day-to-day management of IT and ensuring compliance with the principles of King IV

UMEDA PROCESSES:

Level	Requirements In Terms of Policies	Roles & Responsibilities
Representation at Strategic level	UMEDA Board	As per the 7 Principles of King IV in Section 1.1 above
	The UMEDA Board should approve all IT Policies	King IV, the 5 key elements of IT Governance as per COBIT, this IT Governance Framework
Representation at Tactical level	The IT Steering Committee (referred to as the Projects Committee in UMEDA) should evaluate all policies, procedures, standards, and principles, offering feedback to the IT Unit on necessary improvements and making recommendations to the Board.	Support and recommend King IV and the 5 key elements of IT Governance as per COBIT as the IT Governance methodologies to adopt
Representation at Operational level	IT Unit should develop, enhance, and implement all policies, procedures, standards, and principles.	IT Unit, with support from the IT Steering Committee (Projects Committee in UMEDA's case), and Board, should ensure compliance with King IV requirements or that there is motivation for areas that do not comply. IT Unit should also use the 5 key elements of COBIT as guide to manage and report on.

COMMUNICATION AND INFORMATION:

The IT Governance related information to be communicated to the structures is as follows:

Level	Requirements
Representation at Strategic level: UMEDA Board	Consider high level feedback to the Board from the IT Steering Committee (Projects Committee in UMEDA's case) on IT Governance only.

Representation at Strategic level: IT Steering Committee (Projects Committee in UMEDA's case)	<p>King IV requires IT Governance to be an agenda item at Board level and since the IT Steering Committee (Projects Committee in UMEDAs case) is a committee of the Board appointed by the CEO as delegated by the Board, the following topics should be covered by the IT Steering Committee (Projects Committee in UMEDAs case):</p> <ul style="list-style-type: none"> • Which of the 7 principles of King IV are being complied with; and for those not yet being complied with, what progress is made to comply or explain why compliance is not feasible • Reporting on the 5 key elements of IT Governance as per COBIT namely: <ul style="list-style-type: none"> - Is there Strategic alignment - Is IT value being delivered; - Are IT resources adequately managed; - Are the IT risks managed; and - IT performance measurement reports.
Representation at Tactical level	The IT Steering Committee (Projects Committee in UMEDAs case) needs to collect and process information reported and make necessary approvals.
Representation at Operational level	<p>IT Unit needs to work towards achieving the 7 principles of King IV and to ensure the following as per COBIT:</p> <ul style="list-style-type: none"> • It remains Strategically aligned with business; • It delivers IT value; • Its IT resources are adequately managed; • It identifies and closely manages its IT risks and • It obtains IT performance reports that show adequate performance. <p>IT Unit should report on all these matters to the IT Steering Committee (Projects Committee in UMEDAs case).</p>

4. IT PROJECTS

In addition to its other duties, IT Projects will be a standing item on the agenda for meetings of the IT Steering Committee (Projects Committee in UMEDA's case). In particular, the committee will carry out the following responsibilities in this regard:

- Ensure that all significant projects adhere to appropriate project management principles and frameworks
- Ensure that effective review processes are performed by independent experts on all business-critical projects.
- Supervise the IT project portfolio and track investment outcomes and benefit realization.

5. GOVERNANCE AND COMPLIANCE COMMITTEE

UMEDA will not formally establish a Governance, and Compliance Committee, as its functions are already performed by the IT Steering Committee (Projects Committee in UMEDA's case) and UMEDA's Risk and Audit Committee.

These committees will carry out the following responsibilities:

- Ensure the IT Charter is implemented, including the established IT governance structures
- Maintain the IT Charter.

- Receive and act upon direction from the Audit and Risk Committee relating to IT governance.
- Ensure that an IT internal control framework is implemented.
- Ensure that IT principles, policies, procedures, and standards are defined and implemented.
- Approval of IT principles, policies, procedures, and standards.
- Ensure the promotion of an ethical IT governance culture and awareness of a common IT language.
- Ensure that UMEDA has adequate business resilience arrangements in place for IT disaster recovery.
- Ensure that appropriate processes are followed for the identification, assessment, and management of IT risks as part of the organization-wide risk management framework.
- Ensure compliance with relevant IT laws and related rules, codes, and standards.
- Ensure that a process is established for legal review of IT contracts.
- Ensure that IT financial governance (e.g., sign-off levels, budget principles such as depreciation rules) is adhered to within IT.
- Ensure the corporate sustainability strategy is supported by IT strategies.
- Obtain assurance on the IT governance and controls supporting significant outsourced IT services.
- Receive and act upon independent IT audit reports.
- Provide a board report on IT to the Audit and Risk Committee meetings to assure the Board that their responsibilities relating to King IV have been implemented in terms of the following:
 - Value derived from IT, measured against IT performance criteria.
 - IT risks.
 - IT security and continuity, including data privacy.
 - IT projects.
 - IT cost and major investments.
 - IT strategy and progress on IT strategy plan; and
 - IT governance and control.

6. BOARD RESPONSIBILITIES

The Board retains the following responsibilities for IT governance.

6.1 UMEDA AUDIT COMMITTEE

The Committee will carry out the following responsibilities:

- Direct and control IT through the establishment of an IT governance framework, embedded in this IT Charter.
- Submit the board report on IT, or summaries thereof, to the UMEDA Board.
- Obtain appropriate assurance that controls are in place and effective in addressing IT risks.
- Ensure that IT risks are identified, assessed and mitigated through an IT control framework.
- Consider IT as it relates to financial reporting and the going concern of the organization.
- Consider the use of technology to improve audit coverage and efficiency.

6.2 UMEDA BOARD

The UMEDA Board will retain accountability for IT governance. The Committee will carry out the following responsibilities:

- Understand the strategic importance of IT, assume responsibility for the governance of IT and delegate it to the CEO.
- Satisfy itself that its responsibilities relating to King IV have sufficiently been implemented

7. APPROVAL

This Charter and Governance Framework was recommended for approval to the UMEDA Board by the UMEDA Management Committee and was approved by UMEDA Board.

Complied by:



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Mr. Lungani Maphumulo
IT Officer

02 / 02 / 2025
Date

Recommended (on behalf of Management) by:



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Mr. Michael Newton
Chief Executive Officer

20 / 02 / 2025
Date

Approved (on behalf of the Board) by:



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Mr. Simelela Ndlovu
Board Chairperson

20 / 02 / 2025
Date