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# MUNICIPAL CORPORATE GOVERNANCE OF ICT CHARTER

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Financial Year: 2019 - 2020

MHLONTLO LOCAL MUNICIPALITY

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# 1 Purpose of Charter

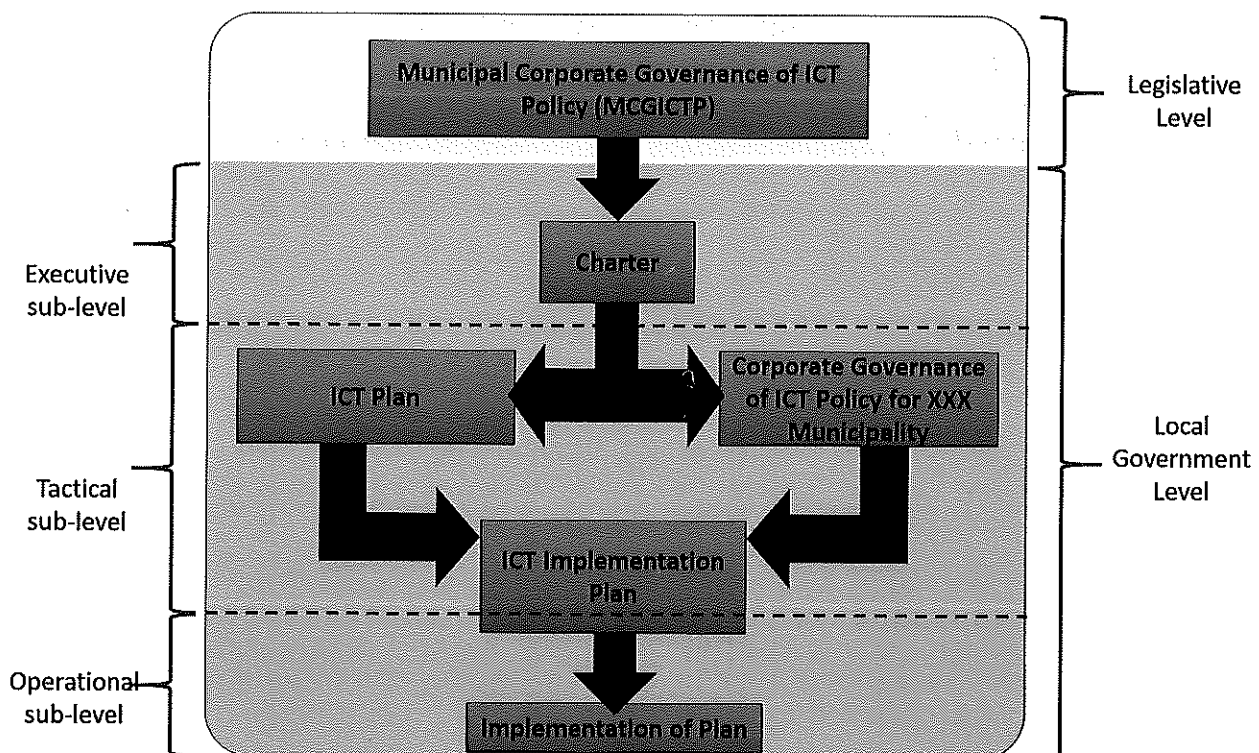
The purpose of this Charter document is twofold; firstly, it will guide the creation and maintenance of effective enabling governance structures, processes and practices as dictated by the Municipal Corporate Governance of ICT Policy. Secondly, the Charter also clarifies the governance of ICT-related roles and responsibilities towards achieving the municipality's strategic goals. In order to achieve this, various best practices, standards and legislation were used.

# 2 Introduction

The Charter depicts how the Municipal Corporate Governance of ICT Policy will be implemented and describes the related structures, processes, functions, accountability, roles and responsibilities, delegations and reporting responsibilities. This Charter has been customised to accommodate Mhlontlo Local Municipality's unique operating environment, whilst ensuring the principles of the Municipal Corporate Governance of ICT Policy are maintained.

In order to understand the Charter and its supported elements, Figure 1 will be used for reference.

Figure 1: Supporting Elements of Charter



From Figure 1 it is clear that two main levels exist. Firstly, the Legislative Level comprises the Municipal Corporate Governance of ICT Policy, referred to as “a” in Figure 1. This is a legislative document from the Department of Cooperative Governance and Traditional Affairs containing requirements that local government must adhere to. Secondly, Figure 1 shows the Local Government Level. This level comprises of multiple elements which is further divided into sub-levels.

The first sub-level is the Executive sub-level which contains the Charter, referred to as “b” in Figure 1. This Charter receives various inputs from “a” but also flows into the next sub-level

The second sub-level is the Tactical sub-level which receives input from “a” and contains three elements. Firstly, the ICT Plan, referred to as “c” in Figure 1, and secondly the Corporate Governance of ICT Policy for Mhlontlo Local Municipality, referred to as “d” in Figure 1. Both these elements will provide guidance and input for the third element, the ICT Plan, referred to as “e” in Figure 1.

The third sub-level contains the implementation of the combined elements and is called the Operational sub-level. Within this sub-level, the Implementation of Plan, referred to as “f” in Figure 1, is housed and receives input from both “d” an “e” in the Tactical sub-level.

All these elements together address the Corporate Governance of ICT in Mhlontlo Local Municipality.

### **3 Legislation**

As dictated by the Municipal Corporate Governance of ICT Policy (Figure 1: a), multiple best practices and standards and legislation were used in order to draft this Charter.

#### **3.1 External Inputs**

1. ISO/IEC 38500 standard
2. King III Code
3. COBIT 5 processes

#### **3.2 Legislation**

1. Municipal Systems Act 2000 (Act 32 of 2000)
2. Municipal Finance Management Act 2003 (Act 56 of 2003)

- These best practices, standards and legislation form the basis of the structures needed in order to implement the Corporate Governance of ICT.

## 4 Scope

This Charter for Corporate Governance of ICT (Figure 1: b) is applicable to Mhlontlo Local Municipality collectively, as stated in the approved Municipal Corporate Governance of ICT Policy (Figure 1: a). The Executive Authority, Accounting Officer and Executive Management are important driving factors in this regard. This Charter is the mandate on how the Governance of ICT will be established in Mhlontlo Local Municipality. Reference is made to the ICT Plan (Figure 1: c) which will address what must be done in order to implement the Governance of ICT.

## 5 Key Elements

In order to support the importance of the Charter document, reference is made to King III.

### 5.1 King III Principles

1. The Municipal Council of local government, is responsible for Information Communication Technology (ICT) Governance.

The King III Code recommends that strategic management (the Municipal Council in this case) should establish an ICT Charter (Figure 1: b). Furthermore, this ICT Charter will outline the decision-making rights and accountability framework for the Governance of ICT that would enable the desirable culture in the use of ICT within the municipality.

Supporting the above mentioned King III Code, are COBIT 5 key elements.

### 5.2 COBIT Key Elements

1. **Strategic alignment** focuses on ensuring the linkage of business and ICT plans, defining, maintaining and validating the ICT value proposition, and aligning ICT operations with enterprise operations.
2. **Value delivery** is about executing the value proposition throughout the delivery cycle, ensuring that ICT delivers the promised benefits against the strategy, concentrating on optimising costs and proving the intrinsic value of ICT.
3. **Resource management** is about the optimal investment in, and the proper management of, critical ICT resources: applications, information, infrastructure and people. Key issues relate to the optimisation of knowledge and infrastructure.
4. **Risk management** requires risk awareness by senior organisational officers, a clear understanding of the enterprise's appetite for risk, understanding of compliance

requirements, transparency about the significant risks to the enterprise and embedding of risk management responsibilities into the organisation.

5. **Performance measurement** tracks and monitors strategy implementation, project completion, resource usage, process performance and service delivery, using, for example, balanced scorecards that translate strategy into action to achieve goals measurable beyond conventional accounting.

Based from these above mentioned key elements, the objectives of this Charter can clearly be defined below.

## **6 Objectives of Charter**

As dictated by the Municipal Corporate Governance of ICT Policy (Figure 1: a), the objectives of the Charter (Figure 1: b) are as follows:

- a) To identify and establish a Corporate Governance of ICT Policy (Figure 1: d) and implementation guideline for the municipality;
- b) To embed the Corporate Governance of ICT as a subset of the municipal governance objectives.
- c) Create municipal value through ICT enablement by ensuring municipal IDP and ICT strategic alignment;
- d) Provide relevant ICT resources, organisational structure, capacity and capability to enable ICT service delivery;
- e) Achieve and monitor ICT service delivery performance and conformance to relevant internal and external policies, frameworks, laws, regulations, standards and practices;
- f) Implement the governance of ICT in the municipality, based on an approved implementation plan (Figure 1: e).

Regarding the above mentioned objectives, certain structures need to be in place in order to address each objective. These structures need to be in place

## **7 Structures, Functions, Roles and Responsibilities**

The Charter outlines the decision making rights and accountability of ICT governance that will enable the desirable culture in the use of ICT within the municipality. This is achieved by requiring ICT management to provide timely information to comply with direction given by Municipal Council and to conform to the principles of good governance.

## 7.1 Structures

Specific structures should be established to give effect to the Governance of ICT, and the management of ICT functions.

### 7.1.1 High Level Structure

The Corporate Governance of ICT has three tiers, and each tier has a process for decisions and reporting, as listed in Table 1.

Structure	Position	Responsibility	Process
<b>Executive Authority Level</b>	Mayor/Council and Municipal Manager	Direct and Monitor the Performance of ICT	Annual Municipal Council Meeting
<b>Tactical Level</b>	Municipal Manager/HODs/Assigned councilors.	Supervise, check and act to effectively leverage ICT resources	ICT Steering committee/Head of Department Meetings
<b>Process Level/ Operational Level</b>	Manager: IT/IT department	Activities are preformed, controlled and check in alignment with business objectives	Day to day processes

Table 1: Three-Tiered Structure

Other structures should also be established that will support the three-tiered structure.

#### 1. Municipal ICT Steering Committee

- The establishment of an appropriate ICT steering Committee will ensure that the application, management and review of the organizations ICT strategies and plans are consistent with the goals and objectives of the organisation and will ensure that the department complies with legislation
- The ICT Steering Committee will advise management on all matters related to ICT

#### 2. Municipal Risk Committee

- The establishment of an appropriate Municipal Risk Committee will accept the responsibility to perform an oversight role for the identification and mitigation of ICT-related risks

Policy	Requirements
<b>ICT Operational Plan</b>	<ul style="list-style-type: none"> <li>▪ Owned and developed by IT but executive management must ensure it is aligned to business</li> <li>▪ ICT operational policies</li> <li>▪ IT assets, resources, capacity and capability optimised</li> <li>▪ Applications, information and technology use and management</li> <li>▪ Management of ICT related business risk</li> </ul>
<b>Continuous Improvement Roadmap</b>	<ul style="list-style-type: none"> <li>▪ Policies revised at least every 3 years (developed by business on a strategic level and IT department on an operational level)</li> <li>▪ ICT Plan</li> <li>▪ ICT Implementation Plan</li> <li>▪ ICT Operational Plan</li> <li>▪ Roadmap linked to Annual Performance Plans to improve and functionality of:</li> <li>▪ CGICT system</li> <li>▪ Business and ICT service delivery alignment</li> <li>▪ Business management of ICT</li> <li>▪ Governance of and management of ICT</li> </ul>

Table 4: Framework Policies and Guidelines

## 9 Evaluation and Review

The review of policies and procedures ensures the adaption to new legislation, executive decision making platforms that may change and maturing of ICT governance. Associated Policies must be reviewed or revised.

The policies must be developed or reviewed by management on a strategic level and IT department on an operational level. This process must be linked on the Improvement Roadmap and Annual Performance Plans.

The Executive Authority Level and Executive Management give their full support, for determining the required processes needed for Corporate Governance of ICT as well as the implementation thereof, as far as possible from an administrative and financial capability.



## 10 Policy Approval

This Policy was approved at a full Council Meeting held on 31 day of May (Month) 2019 (Year) at MHLONILO Municipality.

NomPumelelo Dymili Mayor

Name and Surname

Designation



Signature

S. SETHENGATE, Sr. MM

Name and Surname

Designation



Signature