



## OIA Advisory Memo

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**Date:** March 14, 2017

**To:** Kelly Booten, Chief – Systems and Operations  
Robert Sellers, VP & Chief Technology Officer  
Aditya Gavvala, VP – IT Services & Delivery

**From:** Karen Wittlinger, IT Audit Director

**Subject:** Information Technology Governance Advisory

### Background

Corporate governance is generally defined as “the combination of processes and structures implemented by an organization’s governing body to inform, direct, manage and monitor the activities of an organization toward the achievement of its objectives.” According to the IT Governance Institute, governance of Information Technology (IT) is a critical facet of enterprise governance and comprises the leadership, organizational structures and processes to ensure that the organization’s IT sustains and extends the organization’s strategies and objectives.

Proper governance of IT assists management in ensuring that the use of systems and technology contributes positively to the performance of the organization through:

- Alignment of IT with business needs
- Clarity of responsibility and accountability for the use and provisioning of IT in achieving the goals of the organization
- Actual realization of the approved benefits from the investments
- Reduction in costs for an organization
- Appropriate implementation, operation and protection of IT assets
- Efficient allocation of resources
- Innovation in services
- Good practices in relationships with stakeholders, and
- Business continuity and sustainability.

At Citizens, IT governance is the responsibility of senior leadership in systems and operations functions and tactical implementation of governance functions is distributed to associated IT departments. IT management has chosen to use COBIT 5 as a reference framework for the governance and management of enterprise IT. COBIT 5 was introduced in 2012 by the Information Systems Audit and Control Association (ISACA). While COBIT 5 is not the only control framework used in relation to IT governance, it is one of the most widely deployed, particularly in public sector organizations and large enterprises. Citizens also uses other more focused frameworks in specialized areas to supplement COBIT. (e.g., The IT security function uses the National Institute of Standards and Technology (NIST) standards to fully develop the IT security management structures.)

## Engagement Scope and Objectives

The purpose of this engagement was to provide IT management with a detailed assessment of current IT governance practices and compare these to leading industry practices as well as a relevant subset of the COBIT 5 framework governance practices.

The following processes were included in scope:

- Strategic Planning
- Organization and Relationships
- Value and Financial Activities
- Resource Management
- Compliance Management
- Risk Management
- Project Management
- Quality Management
- Managing Technology Outside of IT
- Performance Management

## Management's Assessment and Reporting on Controls

As part of our project initiation interviews, management confirmed that there is a need to improve metrics associated with oversight activities. Although there are IT metrics being produced, the formal IT metrics program was deferred some time ago based upon resource reallocation to higher priority initiatives. Results of our work confirmed the need to reinstate a formal metrics program to provide insight to the successful achievement of strategic objectives and IT value, quality and performance management.

## Results

In completing our work, we noted that IT goals and initiatives are formally aligned to corporate goals to form the overarching IT strategies. Strategy information is available to staff on the internal portal and there are periodic IT town hall meetings to communicate information related to initiatives, priorities and process changes. A formally chartered IT Steering Committee comprised of IT and business executive management meets periodically to review strategies and assist in prioritizing initiatives. Other internal workgroups have been formed (e.g., governance, architecture, project management) to provide oversight and/or recommend strategies, plans and policies toward governance effectiveness and value delivery. Strong portfolio and project management processes have been implemented to manage the project portfolio. And the Enterprise Rhythm program was recently developed and implemented to enhance resource management toward the goals of continued focus on project prioritization and improved productivity, solution quality, and employee engagement.

A detailed gap analysis, inclusive of all effective practices and potential governance improvement opportunities for consideration, was shared with IT senior leadership. The following represents some of the opportunities listed:

- IT Strategy execution could be better understood with the development of information such as a strategy initiatives timeline and a prioritization model or heat map to provide a comprehensive view of progress. The models could be shared with the IT Steering committee/executive management.
- A formal IT risk management program inclusive of security, could assist with the timely identification and management of exposures and opportunities. Summary results may be provided to executive management to determine risk acceptance, avoidance or investment requirements. An IT security risk management program based upon the new IT security standards, and complementary to the new ERM framework, is targeted for mid-year 2017.
- The roll-out of an IT compliance program, together with completion of the Internal Control Framework project, could validate conformity to applicable regulations, company policies and standards.
- A consolidated IT services catalog could be developed using existing information that defines services and IT capabilities that are important to stakeholders. The document could provide the foundation for

understanding service utilization, value, quality and performance associated metrics, resource allocation and tracking, and ensure that staff skills and expertise are available to support the services.

- And management should consider developing formalized programs for measuring business value, process quality and performance management. Although selected metrics are being completed departmentally, purposeful and baselined metrics and trends associated with value, quality and performance objectives that are aligned with IT services and business needs may validate that objectives are being met. Certain measurements may also be used to drive or validate changes required by the programs such as continuous improvement.

Other less significant opportunities were also shared with IT management. Management is reviewing all observations noted and is considering the most appropriate response to strengthen governance activities and/or promote process maturity.

We would like to thank IT Management for the opportunity to provide advisory services.

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