



WCL IT Governance Assessment Framework (WGAF)

Detailed specification

Introduction

WGAF is an audit process designed to help our clients:

- Assess whether they have a good basis on which to audit the role and contribution of major suppliers
- Audit the behaviour and performance of individual suppliers
- Assess whether internal projects and programmes (which may or may not involve external suppliers) are being properly constructed, managed and governed
- Assess whether routine operations are being properly managed, in terms of performance, risk, compliance (regulatory, legal, professional etc.)

What is IT governance?

IT governance is the process and structure which ensures that organisations deploy their IT investments appropriately to ensure that the resulting activities – whether programmes, projects or operations which they fund - are carried out properly and achieve the desired results. Governance covers many different aspects of IT management – the principles of IT strategy and their relationship to your organisational strategy, the architecture(s) upon which you base your IT and the extent to which it is integrated and standardised, your policies towards IT infrastructure, your organisational applications – including how you diagnose and fulfil organisational needs, and your financial investment in IT. Governance covers all the assets which may be involved in IT, whether human, financial or physical, whether data or intellectual property.

Why is IT governance important?

Most organisations depend critically on the successful deployment of their information and communication systems, to help them deliver efficient and effective operations and to help them achieve the changes they need in order to translate strategic plans into actions. Too often, organisations focus on their IT strategies, policies and budgets, without recognising that without good governance, these are unlikely to be translated into the desired results. Behind most spectacular systems failures or slippages usually lies weak or absent governance. This is often closely related to poor interfaces between the IT function and other parts of the organisation or with their suppliers.

Governance is typically put at risk as an organisation develops – whether through growing, changing its structure or meeting external challenges. In these cases, the imperative to act fast and/or radically can lead to governance structures and norms being ignored. This is the beginning of a downward spiral which can result in IT chaos. In an organisation with good IT governance, exception processes are formalised and unbureaucratic, ensuring that the organisation can respond quickly without putting at risk its overall IT policy and its delivery of benefits to the organisation.

If IT is not governed properly, things can go badly wrong. For example:

- Issues and problems are buried and stay buried for too long
- By the time problems emerge, it is often too late to address them properly, so programmes and projects slip
- Costs rise beyond what is budgeted, and unless the programme, project or operational capability is protected, it will have to be descope in order to remain within budget. Even if the budget is increased, the problems caused by the rising costs and slippages may never be solved, so that the resulting programme is weak as well as late.
- When management confidence is lost the programme may be cut dramatically, to focus on minimal deliverables, then may be gradually rebuilt over time as confidence returns. However, meanwhile the organisation will have suffered.
- User departments often suffer budget freezes until the programme starts to deliver again, so cannot provide alternatives or progress elsewhere
- Final solutions are often extremely scaled down, or are completely written-off

When problems such as the above occur, other symptoms usually arise. For example, senior managers start to complain about the poor value the organisation is getting from IT. IT is seen as a barrier by users. The IT function learns about new strategies late – often too late to support them properly. IT decision making is seen as slow and cumbersome – to those involved as well as to those outside it. Senior management may lose touch with the governance process, and cannot explain what it is. IT projects are often late and/or over budget. Outsourcing becomes seen as a easy option. Governance approaches start to change too often.



What is good governance?

Good governance results in a framework for accountability for taking and implementing IT decisions and for getting the desired results from them. The main attributes of good governance include

- An organisational strategy which is set out so that its IT implications can be identified clearly
- Clear assignment and governance of internal resources
- Board sponsorship of, ownership of and involvement in governance policies
- Clarity, quality, consistency and measurability of governance
- Encouragement of behaviours and internal/external relationships which support your governance policies
- Application of governance to external suppliers as well as to internal activities
- Appropriate use of shared governance structures including main board, executive board, audit committee, change programme boards and internal and external auditors

Key governance questions

The key questions an organisation needs to answer if it to to achieve good governance are these:

- Does the organisation understand the meaning of governance and the need for it?
- Is governance part of the IT strategy and plan?
- Who owns and who manages governance?
- Who are the stakeholders for governance?
- What value do they derive from each programme, project or operations capability that is the focus of governance?
- What are their needs for good governance?
- What are their accountabilities in governance?
- How do internal and supplier programme self-assurance take place and how are they audited and reported?
- Who should manage it i.e. ensure that it takes place and is productive / value-add?

How can you ensure good governance?

The only way to do this is to “govern your governance”, by ensuring that you regularly review the governance process, particularly if you experience problems which seem to be due to weak governance.

How does WGAF work?

WGAF is based on a simple idea. It consists of a set of questions. We use this list, working with our clients, to generate more detailed questions relevant to the particular aspect of IT management that our client has asked us to examine. In generating this list, we take into account the relative importance to your organisation of different factors – past, present and future. We take into account your strategies and plans and whether they are likely to change the relative importance of different factors. We develop compliance criteria for each factor. We then assess whether a particular desired characteristic is present, and to what degree, and its

- Consistency
- Quality
- Transparency
- Measurability

We then recommend what needs to be done to improve things (governance delivery), and if you want, help you make those improvements.

It covers the most important organisational areas, from strategy through to implementation, as follows:

- Planning and financial cases
- Management of human resources and teams
- Supplier management
- Technology and data
- Finance
- Development and deployment processes for policies, systems etc., including usability and stakeholder/user acceptance
- Benefits realisation and measures
- Continued re-audit during development, deployment and benefit exploitation



Who are WCL?

WCL specialises in helping large public and private sector organisations manage complex change. Our people-centred approach to delivery and performance management is strongly facilitative. We work alongside our clients to help them achieve their goals and ensuring maximum transfer of knowledge to their staff to ensure that momentum is sustained.

Why WCL for IT governance?

Our WGAF team is led by our Research Director, Professor Merlin Stone. He has advised companies on major systems implementation projects and supplier selection and management for 25 years. He leads a team of consultants whose disciplines include IT management, change management, process improvement and stakeholder management. Our team has in-depth experience of working in both public and private sectors. We pride ourselves on our independence. We do not supply IT services or general IT consultancy, so we have no conflict of interest. Our aim is not just to improve your governance, but to help you use improved governance to get better results.

How was WGAF developed?

WGAF was developed by Professor Stone in conjunction with Bryan Foss of Foss Initiatives. Bryan is one of Europe's most experienced IT professionals and now delivers his experience not only through his own consultancy but also as a non-executive director or advisor to many companies. Bryan and Merlin worked together for many years at IBM on major systems projects, and their learning from their experiences has been captured in WGAF. Bryan Foss is actively involved in developing WGAF further.

In their work together, they have identified that a common critical need is to audit programmes that are already underway and which have been identified as troubled. In such situations, organisations need help in sizing the problem and understanding where governance must be tightened up and secured for the future, as well as what actions must be taken immediately to rectify the situation. This type of intervention can be very successful in a matter of a few weeks.

Do you want to know more about WGAF?

Contact Professor Merlin Stone on merlin.stone@w-c-l.com

The questions

WGAF questions cover the following areas:

1. The board

- 1.1 Awareness of past performance as a board, knowledge of results of actions
- 1.2 Objective setting process, including core purpose (of organisation, change programme, supplier), measures of success, financial case, SLAs etc
- 1.3 Strategy – clarity, organisational and financial realism, communication, allowance for risk, compliance
- 1.4 Innovation process with clear governance
- 1.5 Evaluation of programmes by risk/reward//urgency/timescales
- 1.6 Development of options, choice process/criteria, prioritisation
- 1.7 Clarity and comprehensiveness of frameworks for assigning accountability and governance
- 1.8 Clarity and comprehensives of measurement frameworks
- 1.9 Process for debating, setting and monitoring service level agreements and monitoring possible conflicts between efficiency and performance, within and between departments, suppliers etc.
- 1.10 Ability to describe governance structures and processes
- 1.11 Awareness of interdependence between different aspects of board accountabilities, including policy interdependence and financial interdependence
- 1.12 Adequate assignment and governance of internal resources including directors' (o other senior managers') sponsorship and involvement, organisational resources (e.g. requirements, testing and deployment), funding, audit and risk management support
- 1.13 Understanding of sources of power and relative strength in the organisation and how these can be transformed into advancing the organisation
- 1.14 Adequate attention to external requirements including supplies, contractors, contracts, external risk management and other dependencies
- 1.15 Appropriate use of shared governance structures including main board, executive board, audit committee, internal and external auditors
- 1.16 Lack of conflict of interest – internally and externally



- 1.17 Process for assigning governance, including identifying stakeholders for it, identifying the benefits they should expect to be yielded for properly governed activities, and their roles and responsibilities in governance
- 1.18 Process for monitoring success of governance (ownership)
- 1.19 Clarity on how performance and financial measures are used
- 1.20 Capability to structure change management approaches
- 1.21 Capability to structure supplier management approaches
- 1.22 Openness to evidence on failure
- 1.23 Capability to manage recovery after failure

2. IT principles

- 2.1 Clarity of principles e.g. enterprise operating model (e.g. low cost, customer intimacy, product leadership), speed of deployment, focus on costs, flexibility, integrity, measurement approaches, standards – technology and data, reuse, use of commodity products, financial criteria
- 2.2 Clarity on decision making principles for architecture, data management and infrastructure – what capabilities and activities should be standardized organization-wide
- 2.3 Prioritisation of capability requirements and associated infrastructure
- 2.4 Plan and process for updating IT capabilities
- 2.5 Outsourcing principles
- 2.6 Approach to testing and piloting
- 2.7 Exception management
- 2.8 Ownership of IT change
- 2.9 Portfolio management of IT investments and management efforts reflecting departmental/unit and overall priorities
- 2.10 Focus on asset utilisation

3. Organisation and processes

- 3.1 Structure for governance
- 3.2 Relationships and behaviours that support governance
- 3.3 Relationship between organization-wide and departmental/unit-specific decisions and implementation
- 3.4 Existence of executive/senior management committee focused on governance
- 3.5 Existence of IT leadership committee
- 3.6 Organisational process and change teams with IT members, and IT teams with functional or departmental members
- 3.7 Relationship managers in IT and units/departments, teaming, internal relationship management
- 3.8 Service level and charge-back agreements between IT and organization/functions/units
- 3.9 Commitment to identifying non-conforming individuals and departments and to gaining reform
- 3.10 Incentives for compliance, disincentives for non-compliance
- 3.11 Stability in governance organization and processes over time, while allowing planned evolution
- 3.12 Communication of and education in governance principles and processes and their rationale, using all relevant means – Intranet etc.
- 3.13 Regular planning processes incorporating review of governance, including classic SWOT of current approach, given organisation-wide strategy and operational requirements
- 3.14 Assessment of CIO and other top managers for their governance performance (financial, service levels, value to the organisation, management of process)

4. Quality/issue management

- 4.1 Quality plan
- 4.2 Processes for monitoring and testing quality
- 4.3 Process for logging and managing change and tactical requests, including ensuring resources are not diverted
- 4.4 Agreement on quality metrics, and on how to revise them
- 4.5 Testing process management – functional and non-functional requirements, usability, acceptance, beta testing, regression testing (to ensure any problems resolved do not cause more problems), performance testing (stress, load, stability, reliability), benchmark/comparison testing, security testing
- 4.6 Involvement of users/stakeholders in defining quality requirements
- 4.7 Process for searching for issues/problems based on past history
- 4.8 Process for identifying issues/problems and documenting them



- 4.9 Process for resolving them and revising any downstream dependencies and budgets, including escalation processes
- 4.10 Involvement of users/stakeholders in identifying and resolving problems/issues
- 4.11 Process for revisiting resolution

5. Supplier management

- 5.1 Clarity of objectives or outcomes
- 5.2 Realistic expectations of deliverables
- 5.3 Analysis of competence, quality, trustworthiness, motivations and incentives of suppliers
- 5.4 Quality of contracts or contract management
- 5.5 Assurance (and self-assurance) of programme management
- 5.6 Assurance (and self-assurance) of working methods or application of new methods
- 5.7 Identification and deployment of appropriate skills
- 5.8 Interlock of supplier's work with work of rest of organisation (not just deliverables but incentives and motivation)
- 5.9 Supplier selection process – including understanding supplier profiles, development of clear set of criteria for assessing suppliers' cultures, process for reviewing non-price or product issues
- 5.10 Ensuring staff actually involved in programmes, projects or operational delivery are as promised at contracting stage, and validated to have the required quality
- 5.11 Supplier segmentation – from strategic partners to tactical suppliers, with appropriate justification
- 5.12 Coupling of purchasing management with management responsible for downstream delivery, to ensure that downstream delivery requirements properly taken into account in purchasing
- 5.13 Process for ensuring knowledge/skills transfer
- 5.14 Aware of own culture and tendency to gravitate to certain kinds of supplier
- 5.15 Establishing values and incentives of suppliers and individual players within the supplier (e.g. sales vs. delivery) and ensuring match with own – as applied to change and routine operations
- 5.16 Process for taking up and challenging references (beyond those provided), researching and probing successes and failures, awards and legal actions, identifying who is supplying successful clients, and who is supplying failures
- 5.17 Understanding the organisation's specific needs and matching them to supplier capabilities
- 5.18 Process (and associated governance) for managing problems and issues before you encounter the first ones
- 5.19 Supplier relationship management process, agreed with supplier
- 5.20 Evaluating supplier capability – from listening to your needs, understanding them, providing relevant propositions and solutions and measuring delivery of them
- 5.21 Address the relationship before the event(s) which put the relationship at risk
- 5.22 Conflict resolution process
- 5.23 Use of relationships and contracts to share risk and reward, include 'repeat game' opportunity and the ability to recover deliverables, time and money even when the programme faces difficulties or changes
- 5.24 Monitor performance with the supplier at all levels, using internal audit and assurance capabilities with suppliers and programme streams as required to increase delivery confidence and early warning of issues

6. Benefits, outcomes and measures

- 6.1 Codification and sharing with staff the 'core purpose' of the organisation
- 6.2 Aligning organisational purpose with customer's perspective and the benefits they expect and staff's perspective and the culture and values required for successful delivery
- 6.3 Clear objectives and outcomes for programmes and departmental operation, with a logical understanding of what programme features and work contributes to specific benefit delivery
- 6.4 Programme and operations definition fully interlocked with the board's growth and other primary objectives, and with their documented personal responsibilities for organisational risk management, to ensure that the board gives proper attention
- 6.5 Evidence-based assessment of management capabilities, capability and experience (of staff, suppliers and customers/stakeholders) 'gaps' as a basis for the whole board to agree on a prioritised plan with mutual allocation of resources and responsibilities
- 6.6 Clear set of supporting processes that 'measure benefits to get better', rather than 'measure transactions to get busier'
- 6.7 Tracking of investments and benefits over time

7. Management of programmes, projects and operational delivery

- 7.1 Processes for defining programmes/tasks and allocating accountability for their design, management and success
- 7.2 Clearly defined objectives and scope, ensuring breaking up of programmes, projects and operational activities into deliverables packages with intermediate objectives, control over scope creep
- 7.3 Agreed formal tracking processes for different levels and stages of projects and programmes
- 7.4 “Objective” assessment of past programme, project and operational management performance – delivery, budgets etc. and learning from successes and failures
- 7.5 Clearly defined programme, project and operational management processes with appropriate system support
- 7.6 Clear hierarchies of programmes, projects, portfolios and operational delivery with interlock issues managed, particularly where major programmes or projects may disrupt operational delivery
- 7.7 Processes for ensuring resource availability
- 7.8 Processes for assuring programme, project and operational delivery quality (including self-assurance)
- 7.9 Process for milestone and checkpoint definition and management
- 7.10 Processes for identifying non-conforming programmes, projects or operational delivery
- 7.11 Processes for governance of contribution of external suppliers, including self-audit where appropriate
- 7.12 Processes for ensuring and maintaining user/stakeholder involvement
- 7.13 Processes for recruiting, training and deploying programme/project/operational managers
- 7.14 Processes for building and managing programme, project and operational delivery teams, based on requirements, skills, capabilities etc.
- 7.15 Validation processes for any programme, project or operational delivery package definitions
- 7.16 Processes for involving external in developing and implementing governance processes where internal resources are not available
- 7.17 Processes for managing stakeholder/user expectations and communicating with them
- 7.18 Processes for transferring to operations of any new developments that are outcomes of supplier initiatives or internal programmes or projects
- 7.19 Involvement of organisational representatives/stakeholders/users and suppliers in definition, prioritisation, trade-off etc. of programme, project or operational delivery requirements, the adoption (where appropriate) of associated organisational change and the achievement of objectives and outcomes (delivered benefits), including methodology for managing trade-offs if all objectives cannot be met
- 7.20 Testing strategy for new services, systems etc. e.g. early walk-through and acceptance of documented requirements, organisational logic, information flows, user requirements, user acceptance testing for any changed facilities
- 7.21 Training and organisational change carried out in parallel to any changes in specific functions, with final usability training deferred just before deployment
- 7.22 Parallel development strategies for new services, functions, systems etc.
- 7.23 Processes for managing internal diffusion of innovations
- 7.24 Minimisation of dependencies is used wherever possible to de-risk the critical path/s and enable unbundling or other organisational trade-offs or changes to occur during the programme

8. Risk planning and management

- 8.1 Published risk plan that considers all significant risks including external risks, major and minor programme risks
- 8.2 Risk plan reviewed at every programme board meeting
- 8.3 Allocating to board members individual and shared responsibilities for risk management, documented and accepted within the annual personal and board review processes
- 8.4 Internal and external professional assurance of programme and risk management approaches
- 8.5 Specific review points ('gates') where internal and external stakeholders gain unbiased checkpoint review
- 8.6 Process to ensure response to problems
- 8.7 Process for identifying and rescuing troubled / overspent / overdue programmes