



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 17-10 Monitoring of City Information Technology Governance and Outsourcing

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### **Purpose**

Significant operational and strategic changes were planned in the City of Colorado Springs Information Technology Department (IT Department) during 2016. The purpose of this audit was to monitor changes as they occurred.

Additionally, the Information Technology (IT) governance process was reviewed for adequacy with respect to industry best practices. The concept of governance versus management is illustrated by the following definitions:

Governance: *Governance ensures that stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives to be achieved; setting direction through prioritization and decision making; and monitoring performance and compliance against agreed-on direction and objectives.*<sup>1</sup>

Management: *Management plans, builds, runs and monitors activities in alignment with the direction set by the governance body to achieve the enterprise objectives.*<sup>1</sup>

<sup>1</sup>Information Systems Audit and Control Association, COBIT 5, 2012

### **Recommendations**

1. City Administration should implement additional practices recommended by industry standard IT governance guidance.

### **Highlights**

Based on our review, we concluded there has been progress made towards a better governance of the IT Department. We identified additional improvements in IT governance during our review. Please see page two of this report for observation details, which were discussed with IT Department management and the Deputy Chief of Staff.

Monitoring the IT Department during the 2016 year, we communicated issues as we observed them. Early in 2016 our office noted and communicated the lack of an IT Department mission statement and strategic plan. Prior to the issuance of this report, the IT Department developed a Department IT Commitment statement and a 3-6-9 Month Plan which were intended to address this concern.

### **Management Response**

Management was in agreement with our recommendation; see response on page 2.

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# 17-10 MONITORING OF CITY INFORMATION TECHNOLOGY GOVERNANCE AND OUTSOURCING

## **Observation 1**

City Information Technology (IT) had not specified an IT governance standard. Industry best practices includes adopting guidance related to an IT governance structure. It appeared that most of the IT governance decisions were the responsibility of IT Department management as opposed to an overall governance body. Due to the critical dependence upon technology in the accomplishment of the City's strategic goals as well as the significant associated costs and risks, an IT governance body is warranted. A City IT governance body could include organization leadership, executive management, Council members, or some combination of these individuals.

IT governance integrates best practices to ensure that the organization's IT is aligned with, and supports, the business objectives; delivers value; manages risk associated with IT; manages its IT resources effectively and efficiently; and measures performance.

The IT Governance Institute stated that investment in IT is about ensuring value is realized from changes enabled by IT. Further, IT governance is fundamentally concerned with two outcomes: IT delivery of value to the organization and risk mitigation.

During the course of the audit, improvements in IT governance were implemented. An IT Prioritization Board chaired by the Chief of Staff within the Mayor's Office was developed to guide IT Department prioritization of projects. Additionally, an IT Governance Committee, composed of executive management, was meeting periodically to understand the current status of the IT Department progress. The recognition of the need for these committees illustrates a shift in how IT governance may be delivered in the future.

## **City Administration Response**

We agree that as an organization matures, the methods it employs to assure alignment and maximum value should evolve along with the organization. The Governance Committee that has been meeting since November 2014 has been evolving in this type of way with recent changes to engage the committee on direction setting and decision making in the spirit noted by the audit report. The inauguration of the IT Priority Board in October of 2016 is evidence of this as well.

We will review the various governance models to determine which model provides the best long term fit for the City, identify what elements of the model are appropriate for adoption by the City and develop a timeline for implementation.

## **Recommendation**

City Administration should review and incorporate industry standard guidance related to IT governance. Such guidance will help ensure optimal value from IT investments and risk mitigation in support of City goals and objectives.

The City may want to consider the following IT governance resources in maturing their governance processes:

- ISACA formed IT Governance Institute (ITGI)
- International Organization for Standardization and the International Electrotechnical Commission 38500:2015 standard (ISO/IEC 38500).
- King Report on Governance in South Africa (King III)