Uniac HE Sector Update - June 2018
ICT Oversight

The importance of managing ICT

Effective stewardship over information and communication technology ensures expected benefits are delivered, risks are managed and technological strategy goes in the right direction. It's crucial but often overlooked, misunderstood or badly executed. This can result in problems particularly – from our experience – in the higher education sector.

Successful organisations understand the need to manage ICT so that they can exploit the power of innovation as technology moves relentlessly forward. Within HE, this includes digital strategies which transform the business, develop new channels of engagement with students and achieve wide engagement across all academic and support functions. At the other end of the scale, we have observed the lack of an effective IT Strategy, weak structures of oversight, and management and Board members failing to get a grip on crucial aspects such as cyber security. Even when problems may not be immediately apparent, the IT function may be 'keeping the lights on' focused on being merely a service department and missing the opportunity to be a key corporate enabler and innovator.

Board Role

Boards and Governing Bodies are accountable for the performance of the organization. This means that they should tackle ICT just like they would address any other important subject be it legal, financial or regulatory. Within Universities we note that this is frequently not happening. IT is often seen as a specialist and complex issue which should be 'left to the experts'. It can be a particular problem in smaller institutions where the senior management team may not have the range of experience to be able to provide a challenge to IT management on strategies and how key risks are being managed.

Research has found that **less than 20%** of corporate boards (in all sectors) report having enterprise-technology-capable directors[1]. The study found that as dependence on IT continues to grow, ICT governance disclosure will become more critical in annual reports and Boards will have a greater expectation of executive management – which means more regular reports on IT performance, compliance, and risk management.
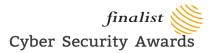
At present, commonly many HEIs will only discuss IT at Board level perhaps a couple of times a year - often during the annual planinng round and then again as a reaction to a major project overspend or security failure.

When it Goes Wrong

As internal auditors we find that many IT issues can be related back to ineffective IT oversight as the root cause. Some of the negative consequences include:

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[1] *'How Boards Realise IT Governance Transparency' (*De Haes, Joshi, Huygh & Jansen): ISACA Journal Vol 3, 2016

- **Overspends**. Because IT spend is so large and often very pervasive, being spread across functions, it can be difficult to get a complete picture of all IT spend across the organisation. The risk is that resources are expended in non-value adding operational areas, or supporting non-critical operational or legacy systems. This means less funds available for strategic and transformational activities.
- **Shadow IT.** There may be local IT systems which are hidden from corporate view with their own support teams and which may duplicate existing systems, be poorly supported/backed-up or may represent a security risk;
- **Data breach.** This should be high on institutional risk registers. Because of its importance, a finding in this area can be the 'tip of the iceberg' that something more fundamental is wrong. There could be the lack of an IT risk culture, or a disconnect between security and information governance activities;
- **Project failure.** This is a common occurrence and does not just relate to major overspends or failure to implement systems. There may be a failure to articulate, and ensure delivery of, project objectives. Within Universities, there can be a lack of prioritisation – projects being undertaken which do not relate to strategic objectives. There can frequently be a 'first come first served' approach rather than a formal mechanism to prioritise and rank the right projects.

Missed opportunities can also be as costly as specific problems. Within HE, this can often result from a reluctance to 'horizon scan' outside the sector to identify new initiatives and systems which could bring great benefit to students and institutions.

Internal Audit Role

When reviewing ICT oversight, we review the **IT Strategy** as a starting point. We consider how the strategy aligns with the University's corporate strategy and objectives. It needs to be relevant and achievable but also visionary - a bland strategy which is indistinguishable from any other institution is not going to be useful. Outcomes must be clear and focused on benefits.

The strategy must be underpinned by **clear roles and responsibilities**, overseen by **governance committees** with appropriate representation across the institution and contain appropriate **metrics** to demonstrate whether objectives are being achieved. **Projects need to be prioritised** according to the institutional strategic aims.

Strategy and direction must be **challenged effectively by Boards and Audit Committees**. We need to consider whether the Board or Governing Body has sufficient interest and expertise in ICT issues. Are they asking the right questions and are they adequately informed to be able to challenge and make a meaningful input into the strategy and direction? If not, there should be mechanisms in place to identify and plug the gaps via NED search, recruitment and training.

Does ICT governance and strategy get sufficient **input from all parts of the institution**? Do IT **engage with key stakeholders** at the right times to ensure the strategy and governance mechanisms are relevant? This also applies to **external stakeholders** and the extent to which students, regulators, and other bodies' feedback has been taken into account.

If you would like to discuss ICT governance or any other subject further please contact:

Ian Musgrave
Head of IT Risk and Assurance
☎ 0161 247 4697 | imusgrave@uniac.co.uk