
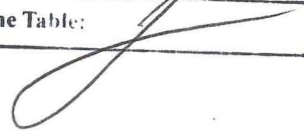


Queensland Audit Office

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ICT Governance
Queensland Health
2010-11



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1. EXECUTIVE SUMMARY

Why is the Governance of ICT Important?

When ICT is not fit for purpose or does not operate effectively, this can have significant impacts on the business and delivery of services to stakeholders. Over the past several years, Queensland Government departments have undertaken large ICT programs of work that not only had significant time and cost overruns, but also did not achieve the full range of intended benefits and or outcomes.

While in hind sight there are points that can be considered as lessons for future projects, some key questions should be asked to test business readiness before ICT failures occur.

In addition, the increased focus to deliver government services through ICT means that departments need to become more efficient and effective in their use of ICT. It is essential that governance arrangements are in place to direct, evaluate and monitor government's key business enabling tool, its ICT.

There are some learnings that can also be taken from recent ICT failures in the private sector where significant impacts on the front line business were experienced.

QAO performed a high level audit of ICT governance processes across the Department. Three main areas of ICT governance were assessed: frameworks, risk management and strategic planning.

What is the ICT governance structure at Queensland Health (QH)?

QH is a large complex organisation with a large number of stakeholders across 16 districts and 9 divisions.

There is an Information Division (ID) that provides a range of enterprise level ICT services to the 16 Districts and 9 Divisions of the Department. The CIO headed up ID and was responsible for enterprise level ICT service delivery across the whole of QH. District CEO's that have a local ICT Service Delivery function are responsible for local ICT Service delivery in their district. The ID delivers a set of enterprise level services, including the support of enterprise applications. ID works conjunctively with the district based ICT services that operate across the various QH facilities within the state. District based ICT services, separate to ID, typically provide support for local ICT systems and infrastructure. In Districts with no local District ICT, ID provides a full service offering. Some of the larger districts have Managers / Directors of District Technology Services.

ICT investment and ICT operations are principally governed by the ICT Executive Committee (ICTEC) with accountability to the Executive Management Team (EMT). The ICTEC is chaired by the CIO and its membership consists of senior executives from across the department. The CIO reports directly to the Director-General.

An Information Division Executive Leadership Team (IDELT) had also been established to support the Chief Information Officer (CIO) in regards to some aspects of ICT governance. The IDELT is chaired by the CIO and its membership consists of senior executives within ID.

A number of other governance committees have been established to assist the CIO with discharging their responsibilities including:

- Clinical Informatics Steering Committee
- Information Management Steering Committee

- ID/HPID Joint ICT Steering Committee
- Statewide Forms Committee
- Executive Committees (such as the HR Executive Committee and *Patient Safety and Quality Executive Committee (PSQE)*).
- Specialist Advisory Committees.

Audit Opinion

Overall, some of QH's ICT Governance processes were documented and communicated. Other governance practices required formalising and were not presently operating effectively including the ICT governance framework, ICT strategic planning processes, ICT Risk Management and benefits realisation practices. ICT Governance processes were under regular review and improvement.

An ICT governance framework existed and was formally endorsed in December 2010. However, the implementation of the framework was a work in progress. It is timely for QH to consider enhancing it through explicit linkages between ICT governance and the management of ICT. Also, there needs to be improved emphasis on ensuring that there is a separation between those charged with governance and those responsible for the operations of ICT. The implementation of benefits realisation practices is a work in progress with a Portfolio Benefits Management Strategy and Benefits Management Framework under developed. In addition, Benefits Dependency Network Diagrams, Benefits Realisation Plans, Benefits Management Registers, and Review and Evaluation of Benefits were yet to be implemented across all programs and projects. Some Programs were more advanced than others in terms of Benefits Management. The eHealth program had a program level benefits strategy and framework and 94% of projects within the eHealth Program had Benefits Realisations plans. However, the adequate measurement of benefits via Benefits Management Registers required improvement.

QH's ICT strategic planning processes could be further improved. An ICT Resources Strategic Plan had been created, However, the ICT Resources Strategic Plan had not been completely developed for all QH ICT investments. The ICT initiatives to be completed over 2011-2012, 2012-2013 and 2013-2014 (including dollar values and start/end dates for the initiatives) were not included in the Portfolio Plan for the QHEST Program and for the remaining 6 QH divisions. QH had provided the required information to the ICT Policy and Coordination Office in accordance with Principle 2 of IS2.

It was not evident that key ICT governance committees, ICTEC and IDELT monitored, evaluated and took necessary corrective actions in relation to: ICT risks, ICT security, BCP/DRP, or operational ICT performance. In addition, QH were still in the process of establishing a consolidated view of the full ICT spend and investments across the whole of QH. Therefore compliance with Principle 3 of IS2 was not achieved.

Being a larger distributed organisation, QH needs to have a consolidated / 'enterprise' eye on the overall ICT strategy and the management of activities. In addition, processes need to be in place to analyse and manage the overall ICT spend, to define the Key Performance Indicators (KPI's) for those responsible for managing ICT functions.

ICT Risk Management processes lacked the rigour and formality that would be expected of a department of its size. The ICT Portfolio Risk Register contained only 2 risks. In addition, there was minimal formal consideration of ICT operational, program and project risks in the ICTEC and IDELT forums. While there was a framework outlining ID's portfolio risk management practices the implementation of these practices was a work in progress. QAO identified opportunities to improve the monitoring, evaluation and reporting of key risks to governance committees.

QAO suggests good practice guides, such as ISO 38500 (international standards on ICT governance) be used to further enhance the current ICT governance systems and frameworks at QH.

The detailed findings from this audit are detailed in Section 2 of this report.

2. AUDIT FINDINGS

2.1 Inadequate separation of duties within ICT performance monitoring

Observation

Whilst the ICT Executive Committee (ICTEC) membership consisted of senior executives from across the department, it was chaired by the CIO. Consequently, there was inadequate separation of duties between those charged with governance and those responsible for delivering the ICT services and ICT Portfolio for QH.

Implications

The CIO being the Chair of the ICTEC has resulted in ICT effectively monitoring its own performance.

Recommendations

It is recommended that the CIO undertake a reporting role to the ISC, with a senior executive being the Chair of the Committee.

Management response

The following response was provided by the Chief Information Officer, Information Division, on 1 March 2011.

We disagree with the finding and associated recommendation/s. The ICT Executive Committee complies with the Queensland Health governance structure for all executive committees. Queensland Health corporate governance places accountability for a specific Departmental function on an individual executive with advice and guidance from an executive level Committee. The relevant Executive Management Team member chairs the advisory Committee in the area for which they have functional accountability. As such the Chief Information Officer who has delegated accountability from the Director General for ICT chairs the ICT Executive Committee. Executive members of the ICT Executive Committee include DDG, Human Resources Services, DDG, Performance and Accountability, DDG, Policy Planning and Resourcing, DDG, Health Planning and Infrastructure Division, DDG, Finance Procurement and Legal Services. Chief Health Officer, Division of the Chief Health Officer, CEO, Centre for Healthcare Improvement, CEO, Clinical and Statewide Services, Executive Director, PAH & Medical Services and Chair of Clinical Informatics Steering Committee, District CEO, Metro North Health Service District, District CEO, Townsville Health Service District, District CEO Cape York Health Service District, Chief Financial Office, Executive Director, Information Division and Executive Director, ICT Planning and Coordination Office (Department of Public Works) Executive members are required to exercise their delegated responsibility and actively participate in the provision of advice and management of issues, risks, investment governance and interdependencies to govern and support effective delivery of the ICT Portfolio for Queensland Health.

Responsible Officer: Chief Information Officer
Implementation Date: n/a

Status

Resolved

2.2 ICT Risk Management requires improvement

Observation

QAO observed the current risk management practices present within Information Division (ID) and noted that they lacked rigour and formality. While there was a framework outlining ID's portfolio risk management practices the implementation of these practices was a work in progress with comprehensive risk identification, assessment and mitigation plans at the Divisional level yet to occur.

In particular, QAO noted QH had recently developed an ICT Portfolio Risk Register. The purpose of the Register was to identify and manage key strategic risks associated with the achievement of the overall portfolio objectives. However, as at August 2010 the Register contained only 2 risk entries. One risk was closed and was in association with addressing QAO's 2009 network security audit findings. The other risk related to insufficient funding being available for critical ICT asset replacement and environmental upgrades.

In addition, review and monitoring of ICT portfolio risks was stated as one of the functions of the ICT Executive Committee (ICTEC), per ICTEC's Terms of Reference. Through QAO's review of the ICTEC meeting agendas from June 2009 to August 2010 there were no specific standing agenda items relating to the reporting/discussion of ICT risks (including portfolio risks).

Implications

Without effectively implementing portfolio risk identification and management processes divisional or QH outcomes may not be achieved.

Recommendations

It is recommended that:

1. Effective mechanisms are established for identifying portfolio risks that pose a threat to achieving divisional or QH outcomes.
2. A current register of the portfolio risks (both tactical or strategic in nature) that pose threats to achieving divisional or QH outcomes is maintained by ID.
3. The portfolio risk register is actively monitored and appropriate risk management strategies implemented for each identified risk.

Management response

The following response was provided by the Senior Director Strategy Planning, Governance and Architecture on 1 March 2011.

We agree with the finding and associated recommendation/s.

It is acknowledged that the audit was undertaken at a point in time (period from June 2009 to July 2010) However QH continues to improve its risk management and improvements have occurred since that time. These improvements are noted against the relevant recommendation.

Information Division is using the QH risk management framework and has implemented formal risk management practices in the portfolio, program and project area. Formal program and project risk management is well established. In November 2010 the Division commenced an initiative to drive improvement in this area through the implementation of improved risk management capability