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Information technology — Governance of IT — Framework and model

Technologies de l'information — Gouvernance des TI — Cadre général et modèle

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Foreword

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The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the different types of document should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO and IEC shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation on the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see the following URL: www.iso.org/iso/foreword.html.

This document was prepared by ISO/IEC JTC 1, *Information technology*, SC 40 *IT Service Management and IT Governance.*

This second edition cancels and replaces the first edition (ISO/IEC TR 38502:2014) of which it constitutes a minor revision comprising the following changes:

— in Clause 1 “Scope” and the definition 3.3 “Note 2 to entry” the inappropriate words “have to” have been deleted;

— a new Clause 2 “Normative references” has been inserted stating that there are no normative references in this document with the following clauses and sub-clauses appropriately renumbered as a consequence;

— at the beginning of Clause 3 “Terms and definitions” the applicability of “the terms and definitions given in ISO/IEC 38500:2015” is stated in addition and the standard referral to the ISO and IEC terminological databases is also given;

— in Clause 3 “ Terms and definitions” all definitions given in ISO/IEC 38500:2015 have been deleted and the remaining definitions renumbered;

— Figure 1 has been updated to include an ampersand in the Performance/Conformance arrow making it identical with Figure 1 in ISO/IEC 38500:2015 and the caption has been updated to reflect this;

— in the Bibliography reference [1] to ISO/IEC 38500 has been updated to reflect its current title “*Information technology — Governance of IT for the organization*”.

Introduction

The measure of success for any investment in the use of information technology (IT), whether for new initiatives or on-going operations, is the benefit that it brings to the organization making the investment.

Benefits from investment in IT are typically not derived directly from the actual IT acquired or supported. Rather, realized benefits are a result of changes in business activities enabled by the use of the technology to meet organizational needs or requirements. Organizations need strategies and support arrangements for IT which maximize the value from such investments while managing the risks associated with the use of IT. Risks comprise such things as the failure to deliver required capabilities, failure of the business to achieve the required benefits, and the impact on the organization from IT failures leading to business disruption, breach of obligations, regulatory non-compliance, failures of security, loss of data, down time, etc.

One of the challenges for organizational investment in IT is ensuring that such investment and acquisition decisions are based on business strategies, priorities and needs. Those responsible for governance of the organization should therefore have appropriate oversight and involvement in decisions related to the use of IT in the business, to ensure that such decisions are based on business strategies, risk appetite, priorities and needs. The effort required to derive the expected benefits should be identified and understood.

ISO/IEC 38500[1] recognizes that the proper balance of demand and supply of IT is a requirement of good governance and management, which must be driven from the top of an organization. The objective of ISO/IEC 38500 is to provide guidance for the governing body of organizations when evaluating, directing and monitoring the use of IT in their organizations.

There is evidence of confusion in the market place regarding the use of the term *governance* when it applies to IT. For instance, there is often inappropriate application of the term *governance* to *management systems*, *control frameworks* and *information systems* that are not, in themselves, governance, but which are both outcomes of, and necessary enablers for, effective governance. As a result, there is often confusion about the respective roles of governance and management, and this has hindered the development of consistent guidance in respect of governance and the effective implementation of governance practices.

This document has been developed to clarify the distinction between the concepts of governance and management in respect of IT. It provides a model that illustrates the relationship between governance and management, and identifies the responsibilities associated with each.

Information technology — Governance of IT — Framework and model

1 Scope

This document provides guidance on the nature and mechanisms of governance and management together with the relationships between them, in the context of IT within an organization.

The purpose of this document is to provide information on a framework and model that can be used to establish the boundaries and relationships between governance and management of an organization's current and future use of IT.

This document provides guidance for:

— governing bodies;

— managers who work within the authority and accountability established by governance;

— advisors or those assisting in the governance of organizations of all sizes and types; and

— developers of standards in the areas of governance of IT and management of IT.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document the terms and definitions given in ISO/IEC 38500 and the following apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

— IEC Electropedia: available at https://www.electropedia.org/

— ISO Online browsing platform: available at https://www.iso.org/obp

3.1
governance framework
strategies, policies, decision-making structures and accountabilities through which the organization's governance arrangements operate

3.2
internal control
policies, procedures, practices and organizational structures designed to provide reasonable assurance that business objectives will be achieved and that undesired events will be prevented or detected and corrected

3.3
management system
set of interrelated or interacting elements of an organization to establish policies and objectives and processes to achieve those objectives

Note 1 to entry: A management system can address a single discipline or several disciplines.

Note 2 to entry: Management systems operate within the strategies, structures, responsibilities and accountabilities specified within the organization's governance framework.

[SOURCE: ISO 9000:2015, 3.5.3, modified - The notes to entry have been modified.]

3.4
risk appetite
amount and type of risk that an organization is willing to pursue or retain

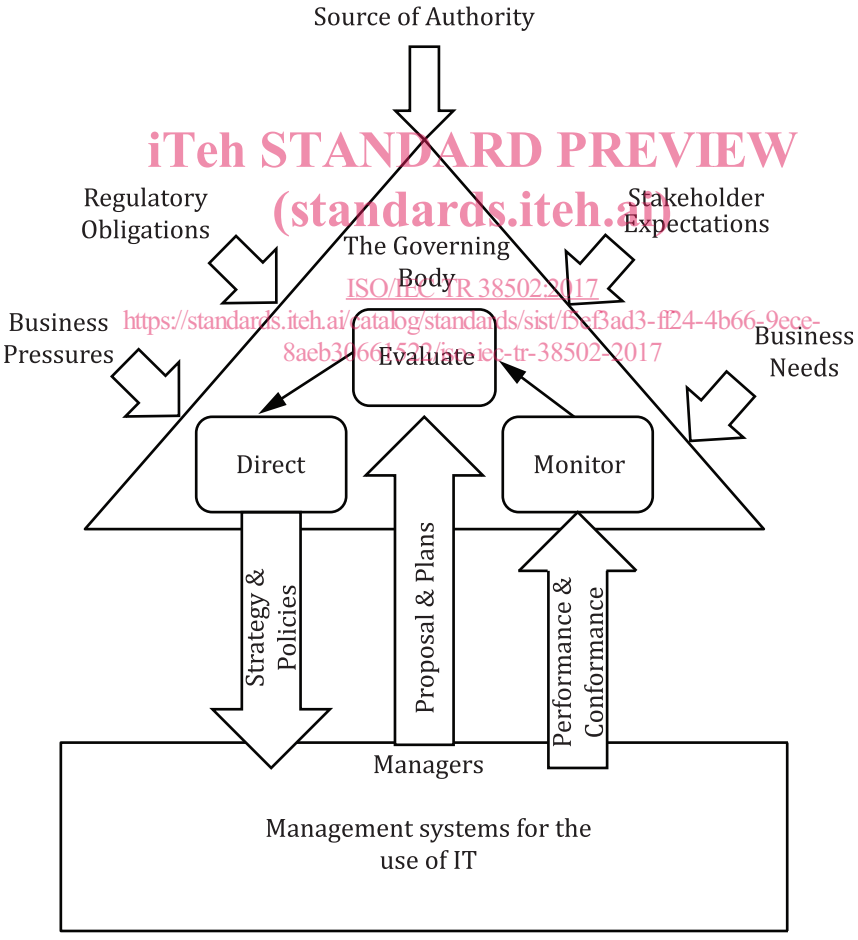
[SOURCE: ISO Guide 73:2009, 3.7.1.2]

4 Model and framework

4.1 Model for governance of IT

4.1.1 Governing body responsibilities and accountabilities

The governing body is responsible and accountable for the current and future use of IT within an organization as part of their overall responsibility for organizational governance.



NOTE SOURCE: ISO/IEC 38500.

Figure 1 — Model for governance of IT

The governing body's authority, responsibility and accountability will depend on its source of authority such as the legislative arrangement under which it operates. The agreed level of authority and boundaries on the scope of the organization will generally be documented. Depending on the size, type

of the organization, and legislative framework applicable to the organization, this will be in the form of a constitution or charter for the organization or a simple agreement between the parties.

In many public companies, the governing body is a board, e.g. board of directors. There are jurisdictions in which a two-tier board structure is utilized, with both a supervisory and executive board.

4.1.2 Governance tasks

ISO/IEC 38500[1] recommends that the governing body govern the use of IT through the tasks of:

— Evaluate;

— Direct;

— Monitor.

The tasks evaluate, direct and monitor are carried out in close cooperation between the governing body and managers to enable the governing body to direct and control the use of IT to fulfil the business objectives.

While undertaking governance activities, the governing body should take into account regulatory obligations and the legitimate expectations of stakeholders in its decisions as well as the impact of the business environment including business pressures and business needs.

4.1.3 Managers' responsibilities and accountabilities

Managers are responsible for ensuring the achievement of the objectives of the organization within the strategies and policies established by the governing body. Managers are accountable to the governing body in respect to assigned responsibilities.

Organizations may operate through a management hierarchy, with the CEO having overall responsibility and with the organization's other managers reporting either directly or indirectly as appropriate. In some organizations, nominated executive managers may be part of the governing body.

4.1.4 Applicability of the model

The model for governance of IT described in this clause can also be used to consider governance requirements in organizations in which a formal governing body such as a board of directors does not exist. This may include government organizations, where authority, responsibility and accountability rests within the political arm of government. In such situations, the authority and responsibility for governance may be delegated directly to one or more executive managers of the organization. This will generally be the CEO (or equivalent) of the organization who will exercise the responsibilities of the governing body. In small businesses, the same individual might undertake the role of governing body and CEO.

4.2 Relationship between governance and management of IT

The key elements of the relationship between governance and management of IT as reflected in the model are as follows:

a) **Responsibilities of the governing body**. Members of the governing body are responsible for the governance of IT and are accountable for the effective, efficient and acceptable use of IT within the organization;

b) **Strategy formulation and oversight**. Governance provides the means through which the governing body sets the direction for the organization in respect of the use of IT and monitors the state of the organization and the performance of its managers in achieving required outcomes;

c) **Delegation**. Aspects of governance of IT may be undertaken by managers if they have appropriate responsibility assigned to them by the governing body together with delegated authority;