



HARRY GWALA DEVELOPMENT AGENCY (PTY) LTD
[REG. No: 2011/001221/07]

**POLICY: CORPORATE GOVERNANCE OF INFORMATION AND COMMUNICATION
TECHNOLOGY (ICT)**

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| Administrative Responsibility: | Office of the Chief Executive Officer |
| Implementing Department / Departmental Unit | Corporate Services Department |

CORPORATE GOVERNANCE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) POLICY

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PREAMBLE

Information Communication Technology (ICT) Governance has been described as the effective and efficient management of ICT resources and processes to facilitate the achievement of Municipal (in this instance Municipal Entity) goals and objectives. The ICT Governance Institute describes ICT Governance as, "...the responsibility of the board of directors and executive management."

ICT Governance has risen in importance because of the widening gulf between what the organization expects and what ICT delivers. ICT has grown to be seen as a cost centre with growing benefits to the organisation ICT serves. A Governance of ICT framework is meant to align ICT functions to the organisational goals, minimise the risk ICT introduces and ensure that there is value in the investment made in ICT.

The view that ICT should be governed and managed at all levels within a given organisational structure is supported by internationally accepted good practice and standards. These practices and standards are defined in the King III and IV Code of Good Governance, ISO 38500 Standard for the Corporate Governance of ICT and other best practice ICT Process Frameworks, which forms the basis of this document.

Translated into a municipal operating environment the corporate governance of ICT places a very specific responsibility on the Board and Management within a municipal environment to ensure that the decision-making process for ICT related investments and the operational efficiencies of the municipalities ICT environments remain transparent and are upheld. This accountability enables the municipal entity to align the delivery of ICT services with the Development Plans and Strategic goals.

The Board and Management need to extend their governance functions to include the Corporate Governance of ICT. In the execution of the Corporate Governance of ICT, they should provide the necessary strategies, architectures, plans, frameworks, policies, structures, procedures, processes, mechanisms and controls, and culture which follow the best practice ICT Governance Frameworks. To strengthen the Corporate Governance of ICT further, responsibility for the decision making of ICT programs and projects should be placed at a strategic level. The Corporate Governance of ICT is a continuous function that should be embedded in all operations of an organisation.

The Governance of ICT should be implemented in two different layers:

- (A) Corporate Governance of ICT – the Governance of ICT through structures, policies and processes.
- (B) Governance of ICT – through Standard Operating Procedures.

The difference between the Corporate Governance of ICT and the Governance of ICT can be defined as follows:

- **Corporate Governance of ICT:** The system by which the current and future use of ICT is directed and controlled.
- **Governance of ICT:** The individual processes and procedure which ensure the compliance of the ICT environment based on a pre-agreed set of principles.

The purpose of the Corporate Governance ICT Policy is to institutionalise the Corporate Governance of ICT as an integral part of corporate governance with the municipal entity. The Corporate Governance ICT Policy provides the Board and Management with a set of principles and practices that must be complied with, together with an implementation approach to be utilised for implementation of ICT Governance. To enable the municipal entity to implement this Corporate Governance of ICT Policy, a three phased approach will be followed:

- **Phase 1 – Enabling Environments:** The Corporate Governance of ICT environments will be established through the adoption of the Corporate Governance of ICT Policy and its associated policies through a resolution of the Board.
- **Phase 2 – Business and Strategic Alignment:** The Municipal Entity will plan and implement the alignment between development and strategic goals and ICT strategy.
- **Phase 3 – Continuous Improvement:** The Agency will enter an on-going process to achieve continuous improvement of all elements related to the Governance of ICT. This Corporate Governance of ICT Policy will maintain alignment of strategic ICT functions to meet demand and apply good practices to reduce costs and increase the effectiveness of the ICT provision.

1. INTERPRETATION OF THE POLICY

1.1. Except to the extent to which the context may otherwise require, this Policy shall be construed in accordance with the following provisions of this sub-paragraph:

- 1.1.1. Any word or expression importing any gender shall include the other gender.
- 1.1.2. Words importing the singular also include the plural, and *vice versa*, where the context requires.
- 1.1.3. The following words shall have the meanings hereby assigned to them –

“CEO” shall mean the Chief Executive Officer of the Harry Gwala Development Agency (Pty) Ltd

“Disaster Management” strategies for prevention, preparedness and response to disasters and the recovery of essential post-disaster services.

“Executive and Senior Managers” Includes Executive and Non-Executive Directors of the Board

“HGDA” means the Harry Gwala Development Agency (Pty) Ltd, a company duly incorporated in terms of the laws of the Republic of South Africa with registration number: 2011/001221/07, in which the Harry Gwala District Municipality, as Parent Municipality, holds a sole interest.

“HGDM” means the Harry Gwala District Municipality, a Category C Municipality established in terms of Section 155(1)(c) of the Constitution of the Republic of South Africa, 1996 and in terms of Section 12(1) of the Municipal Structures Act, 32 of 2000 (as amended) and its successors in title. Includes duly authorised officials of the Municipality who have been delegated any powers, functions, and duties necessary to give effect to this Policy and decide upon and administer the matters referred to herein.

“ISO/IEC” means International Organisation for Standardisation (ISO) and the International Electro technical Commission (IEC)

“ISO/IEC 38500” means International Standard on Corporate Governance of ICT (ISO/IEC WD 38500: 2008: 1)

“The King III and IV” means Report and Code on Governance for South Africa

“SDBIP” means Service Delivery and Budget Implementation Plan

2. PRIMARY LEGISLATIVE AND REGULATORY PROVISIONS

This Framework is developed based on the following legislative regulatory frameworks.

In terms of the Municipal Systems Act, Act 32, of 2000, Section 55(1):

“The municipal manager of a municipality is, subject to the policy directions of the municipal council, responsible and accountable for: The formation and development of an economical effective, efficient and accountable administration:

- i. Equipped to carry out the task of implementing the municipality's integrated development plan in accordance with Chapter 5:*
- ii. Operating in accordance with the municipality's performance Management system in accordance with Chapter 6;”*

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 62:

“The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure –

- a) that the resources of the municipality are used effectively, efficiently and economically.*
- b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;”*

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 78 of the Municipal Finance Management Act stipulates that:

“Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure –

- a) that the system of financial management and internal control established for the municipality is carried out diligently.*
- b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently.*
- c) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented;”*

(Note to Policy: reference to Integrated Development Plan must be read in the instance of Harry Gwala Development Agency as Development and Strategic Goals derived from the Integrated Development Plan of the Harry Gwala District Municipality)

3. ICT GOVERNANCE OVERVIEW

3.1. PURPOSE

The purpose of this policy is to institutionalise the Corporate Governance of ICT as an integral part of corporate governance within the municipal entity in a uniform and coordinated manner. The policy provides a set of principles and practices which will assist to institutionalise the Corporate Governance of ICT.

3.2. SCOPE

This Policy has been developed to guide and assist the municipal entity to be aligned with the Corporate Governance of ICT best practice frameworks. As environments are dynamic and unique in nature, this Policy adopts the approach of establishing and clarifying principles and practices to support and sustain the effective Corporate Governance of ICT.

3.3. BENEFITS OF GOOD GOVERNANCE IN ICT

When the Corporate Governance of ICT is effectively implemented and maintained, the following benefits are realised:

- a) Establishment of ICT as a strategic enabler in the municipal entity.
- b) Improved achievement of development and strategic goals.
- c) Improved effective service delivery through ICT-enabled access to information and services.
- d) Improved ICT enablement.
- e) Improved delivery of ICT service quality.
- f) Improved stakeholder communication.
- g) Improved trust between the municipal entity and the community using ICT.
- h) Lower costs (for ICT functions and ICT dependent functions).
- i) Increased alignment of ICT investment towards development and strategic plans.
- j) Improved return on ICT investments.
- k) ICT risks managed in line with the ICT priorities and risk appetite of the municipal entity.
- l) Appropriate security measures to protect both the entity and its employee information.
- m) Improved management of entity-related ICT projects.

- n) Improved management of information as ICT is prioritised on the same level as other resources in the organisation.
- o) ICT pro-actively recognises potential efficiencies and guides the organisation in timeous adoption of appropriate technology.
- p) Improved ICT ability and agility to adapt to changing circumstances; and
- q) ICT executed in line with legislative and regulatory requirements.

3.4. CORPORATE GOVERNANCE OF ICT GOOD PRACTICE AND STANDARDS

In recognition of the importance of ICT Governance, several internationally recognised frameworks and standards have been developed to provide context for the institutionalisation of the governance of ICT.

- a) The King III Code: The most accepted Corporate Governance Framework in South Africa is also valid for Municipalities. ICT was used to inform the Governance of ICT principles and practices and to establish the relationship between Corporate Governance of and Governance of ICT.
- b) ISO/IEC 38500: Internationally accepted as the standard for Corporate Governance of ICT; ICT provides governance principles and a model for the effective, efficient, and acceptable use of ICT within municipalities.
- c) Other internationally accepted process frameworks for implementing Governance of ICT.

3.5. LAYERED APPROACH TO CORPORATE GOVERNANCE IN AN ORGANISATION

Corporate Governance of ICT encompasses two levels of decision-making, authority, and accountability to satisfy the expectations of all stakeholders. These levels are:

- a) Facilitating the achievement of strategic goals (Corporate Governance of ICT); and
- b) The efficient and effective management of ICT service delivery (Operational Governance of ICT).

The implementation of Corporate Governance of ICT thus consists of the following layered approach:

- a) This Corporate Governance of ICT Policy, which addresses the Corporate Governance of ICT layer at a strategic level.

- b) Other best practice frameworks which will be adapted to give effect to the governance of the ICT operational environment.

3.5.1. Corporate Governance in a Municipal Entity:

Corporate governance is a vehicle through which value is created within a municipal entity context. Value creation means realising benefits while optimising resources and risks. This value creation takes place within a governance system that is established by the policy. A governance system refers to all the means and mechanisms that enable the Entity's Board and Management team to have a structured and organised process.

3.5.2. Corporate Governance of ICT in a Municipal Entity:

The Corporate Governance of ICT is an integral part of the corporate governance system. The Corporate Governance of ICT involves evaluating, directing and monitoring the alignment of the organisations ICT development and strategic goals with the Parent Municipality's IDP and related strategies. The Corporate Governance of ICT also involves the monitoring of ICT service delivery to ensure a culture of continuous ICT service improvements exist. The Corporate Governance of ICT includes determining ICT strategic goals and plans for ICT service delivery as determined by the Service Delivery and Budget Implementation Plan (SDBIP) objectives of the organisation.

3.6. CORPORATE GOVERNANCE OF ICT POLICY OBJECTIVES

The objectives of this Corporate Governance of ICT Policy seeks to achieve the following:

- a) Institutionalising a Corporate Governance of ICT Policy that is consistent with the Corporate Governance Frameworks of a municipal entity.
- b) Aligning the ICT strategic goals and objectives with the organisation's strategic goals and objectives.
- c) Ensuring that optimum value is realised from ICT-related investment, services and assets.
- d) Ensuring that Organisational and ICT-related risks do not exceed the risk appetite and risk tolerance.
- e) Ensuring that ICT-related resource needs are met in an optimal manner by providing the organisational structure, capacity and capability.

- f) Ensuring that the communication with stakeholders is transparent, relevant and timely; and
- g) Ensuring transparency of performance and conformance and driving the achievement of strategic goals through monitoring and evaluation.

3.7. CORPORATE GOVERNANCE OF ICT PRINCIPLES

The ICT Policy is based on principles as explained in international good practices and standards for ICT governance, namely, King III and IV Code, ISO/IEC 38500 and other best practice process frameworks.

Table 1 below contains the principles which have been adopted in the Public Service Corporate Governance of ICT Policy Framework (PSCGICTPF) which have been adapted for the municipal entity.

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| <p>Principle 1: Political Mandate The Governance of ICT must enable the political mandate of the Parent Municipality.</p> |
| <p>In response, the Board of the Entity must ensure that Corporate Governance of ICT achieves service delivery mandates including the strategic and developmental objectives of the Agency.</p> |
| <p>Principle 2: Strategic Mandate The Governance of ICT must enable the direct strategic mandate of the Agency assigned by the Parent Municipality</p> |
| <p>The Chief Executive Officer must ensure that Corporate Governance of ICT serves as an enabler to the strategic objectives of the organisation.</p> |
| <p>Principle 3: Corporate Governance of ICT The Chief Executive Officer is responsible for the Corporate Governance of ICT.</p> |
| <p>The Chief Executive Officer must create an enabling environment in respect of the Corporate Governance of ICT within the applicable legislative and regulatory landscape and information security context</p> |
| <p>Principle 4: ICT Strategic Alignment ICT service delivery must be aligned with the strategic goals of the municipal entity.</p> |
| <p>Management must ensure that ICT service delivery is aligned with the strategic goals and that the administration accounts for current and future capabilities of ICT. ICT must ensure that ICT is fit for purpose at the correct service levels and quality for both current and future organisational needs are met.</p> |
| <p>Principle 5: Significant ICT Expenditure Management must monitor and evaluate significant ICT expenditure.</p> |
| <p>Management must monitor and evaluate major ICT expenditure, ensure that ICT expenditure is made for valid enabling reasons and monitor and manage the benefits, opportunities, costs and risks resulting from this expenditure, while ensuring that information assets are adequately managed.</p> |
| <p>Principle 6: Risk Management and Assurance Management must ensure that ICT risks are managed, and that the ICT function is audited.</p> |
| <p>Management must ensure that ICT risks are managed within the risk management practice. ICT must also ensure that the ICT function is audited as part of the audit plan.</p> |
| <p>Principle 7: Organisational Behavior Management must ensure that ICT service delivery is sensitive to organizational behavior/culture.</p> |
| <p>Management must ensure that the use of ICT demonstrates the understanding of and respect for organisational behavior/culture</p> |

3.8. CORPORATE GOVERNANCE OF ICT POLICY PRACTICES

The following practices, outlined in Table 2 below, have been assigned to specific designated structures and officials to achieve the objectives and principles contained in this Corporate Governance of ICT Policy:

| Practice No. | Practice Description |
|--------------|---|
| 01 | <p>The Board in consultation with the Council of the Parent Municipality must: Provide political leadership and strategic direction through:</p> <ul style="list-style-type: none"> a) Determining policy and providing oversight. b) Take an interest in the Corporate Governance of ICT to the extent necessary to ensure that a properly established and functioning Corporate Governance of ICT system is in place in the organisation to leverage ICT as an enabler. c) Assist the Chief Executive Officer to deal with intergovernmental, political and other ICT-related issues beyond their direct control and influence; and d) Ensure that the organisational structure makes provision for the Corporate Governance of ICT. |
| 02 | <p>The Chief Executive Officer must:</p> <ul style="list-style-type: none"> a) Provide strategic leadership and management of ICT. b) Ensure alignment of the ICT strategic plan with the developmental objectives. c) Ensure that the Corporate Governance of ICT is placed on the organisation's strategic agenda. d) Ensure that the Corporate Governance of ICT Policy, charter and related policies for the institutionalisation of the Corporate Governance of ICT are developed and implemented by management. e) Determine the delegation of authority, personal responsibilities and accountability to the Management with regards to the Corporate Governance of ICT. f) Ensure the realisation of organisational-wide value through ICT service delivery and management of the Municipal Entity and ICT-related risks. g) Ensure that appropriate ICT capability and capacity are provided, and a suitably qualified and experienced Governance Champion is designated. h) Ensure that appropriate ICT capacity and capability are provided and that a designated official at a Management level takes accountability for the Management of ICT in the organisation. i) Ensure the monitoring and evaluation of the effectiveness of the Corporate Governance of ICT system e.g. ICT steering committee. |
| 03 | <p>The ICT Steering Committee, Risk and Audit Committee must assist the CEO in carrying out his/her Corporate Governance of ICT accountabilities and responsibilities.</p> |
| 04 | <p>Management must ensure:</p> <ul style="list-style-type: none"> a) ICT strategic goals are aligned with the strategic goals and support processes. b) Municipal Entity related and ICT strategic goals are cascaded throughout the organisation for implementation and are reported on. |

4. PRACTICAL IMPLEMENTATION OF THIS CORPORATE GOVERNANCE ICT POLICY

Upon approval of this Policy, the Board must approve a Corporate Governance of ICT Charter and practical implementation plan.

4.1. THE CORPORATE GOVERNANCE OF ICT CHARTER

The Charter should guide the creation and maintenance of effective enabling governance structures, processes and practices. ICT should also clarify the governance of ICT-related roles and responsibilities towards achieving the organisations strategic goals.

4.1.1. Objectives of the Corporate Governance of ICT Charter

To give effect to the Corporate Governance of ICT, the following objectives should be included in the Corporate Governance of ICT Charter:

- a) Identify and establish a Corporate Governance of ICT Policy and implementation guideline for the organisation. Policy must first be in place then the Charter.
- b) Embed the Corporate Governance of ICT as a subset of the governance objectives.
- c) Create organisational value through ICT enablement by ensuring strategic goal and ICT strategic alignment.
- d) Provide relevant ICT resources, organisational structure, capacity and capability to enable ICT service delivery.
- e) Achieve and monitor ICT service delivery performance and conformance to relevant internal and external policies, frameworks, laws, regulations, standards and practices.
- f) Implement the corporate governance of ICT, based on an approved implementation plan.

4.1.2. Design of the Corporate Governance of ICT Charter

This charter should be approved at a strategic level in HGDA and should contain the following:

- a. How the ICT strategic goals and their related service delivery mechanisms will be aligned with parent municipality's IDP and agency's strategic objectives, monitored and reported on to the relevant stakeholders.
- b. How ICT service delivery will be guided at a strategic level to create ICT value in the organisation.
- c. How the administrations ICT-related risks will be managed. and
- d. The establishment of structures to give effect to the Governance of ICT, and the management of ICT functions. The members of these structures and the roles, responsibilities and delegations of each should be defined. The proposed structures are as follows:

| STRUCTURE | MEMBER | MANDATE / RESPONSIBILITIES |
|---|--|---|
| ICT Steering Committee (Committee of Management) | Designated Members of Management and the ICT Official. The Chairperson shall be a designated member of the Management of the organisation duly appointed by the CEO. | Has a specific delegated responsibility to ensure the planning, monitoring and evaluation, of the following: <ul style="list-style-type: none"> • ICT structures. • ICT policies. • ICT procedures, processes, mechanisms and controls regarding all aspects of ICT are clearly defined, implemented and enforced. • ICT Performance Management. • ICT Change Management. • ICT Contingency Plans. • ICT Strategy development. • Management of ICT Security and Data Integrity. • The establishment of the ICT Ethical culture. • The evaluation, directing and monitoring of ICT specific projects. • ICT Strategic alignment. • ICT Governance compliance. • ICT Infrastructure Management. • ICT Security. • ICT Application Management. • ICT Value. • ICT Data availability and integrity. • ICT Vendor Management. • The evaluation, directing and monitoring of ICT processes |
| Audit Committee and Risk Committee | Nominated members of the Audit and Risk committee/s of the Parent municipality. | Has a specific responsibility to perform an oversight role for the Identification and Management of ICT audit and governance compliance, and ICT Risks. |

4.2. STRATEGIC AND ICT ALIGNMENT

This accountability is assigned to the leadership through this ICT Corporate Governance Policy which enables the organisation to align the delivery of ICT strategies and services with the strategic goals. This is achieved through the development and adoption of an ICT strategic plan which is informed by the enterprise architecture plan which clearly outlined the roles, responsibilities and business processes contained in the strategic document of the organisation.

4.3. CONTINUOUS SERVICE IMPROVEMENT OF ICT

In this phase, all aspects of the Corporate Governance of ICT should demonstrate measurable improvement from the initial implementation phase. In this phase, detailed measurable criteria for the implementation of and compliance against the approved

Corporate Governance of ICT Policy and implementation plan are established and can be measured for compliance. In this phase the applicability of all elements of the Corporate Governance of ICT Policy is tested for efficacy and efficiency.

4.4. THE DETAILED PHASED APPROACH

Implementation deliverables per financial year.

4.4.1. Phase 1: Enablement Phase

1. Municipal Corporate Governance of ICT Policy approved and implemented.
2. Corporate Governance of ICT Charter approved and implemented.
3. The following capabilities created in the municipality:
 - Governance Champion designated and responsibilities allocated.
 - A proficient ICT Official appointed functioning at strategic level.
 - Approved and implemented Risk Management Policy that includes the management of related ICT risks.
 - Approved and implemented Internal Audit Plan that includes ICT audits.
 - Approved and implemented ICT Management Framework.
 - Approved and implemented Portfolio Management Structure that includes ICT portfolio/program and project management.
 - Approved ICT Disaster Recovery Plan informed by Continuity Plan and Strategy.
 - Approved Data Backup and Recovery policy.
 - Approved Contract Management Policy
 - Approved ICT User Access Management policy.
 - Approved ICT Security Controls policy.
 - Approved ICT Operating System Security Controls policy.

4.4.2. Phase 2: Strategic Alignment

1. Approved Enterprise Architecture informing the ICT Architecture.
2. Approved medium term ICT Strategy.
3. Approved ICT Migration Plan with annual milestones linked to an enabling budget.
4. Approved ICT Performance Indicators as contained in the municipality's performance management system.

4.4.3. Phase 3: Continuous Improvement of Corporate Governance in ICT


The successful implementation of a Corporate Governance of ICT system leads to continuous improvement in the creation of value. ICT delivery must be assessed on an on-going basis to identify gaps between what was expected and what was realised. Assessments must be performed coherently and encompass both:

- a. The Corporate Governance of ICT (ICT contribution to realisation of value)
- b. Governance of ICT. (Continuous improvement of the management of ICT)

5. CONCLUSION

This Corporate Governance of ICT Policy has been designed for the exclusive use and alignment of the compliance of the Harry Gwala Development Agency together with the processes and development of subsequent policy documents. The implementation thereof had been phased over a longer period to provide the organisation with the time required to implement this Corporate Governance of ICT Policy effectively. This Corporate Governance of ICT Policy will be supplemented with an implementation plan that will give guidance to the practical implementation of the framework.

APPROVED BY:

| NAME | SIGNATURE | DESIGNATION | DATE |
|-------------------------|--|--------------------------------|-------------|
| Mrs T.T. Thiyane-Magaqa |  | Acting Chief Executive Officer | 22 May 2025 |