TransGrid

TransGrid's Submission to the
Australian Competition & Consumer
Commission

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Revised Transmission Capital

Investment Program 2004-2009

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Attachment 9A

TransGrid IT Governance

November 2004

ATTACHMENT 9A

TransGrid IT Governance

The framework for IT governance in TransGrid describes the roles, responsibilities and mechanisms in place to effectively manage and deliver *IT* service to support TransGrid's business objectives. The effective management of *IT* in TransGrid is executed in three key areas, Governance, Service Delivery and Infrastructure Management.

Figure 9A.1 below depicts the roles and responsibilities under the IT management framework.

Figure 9A.1 – TransGrid IT Management Framework
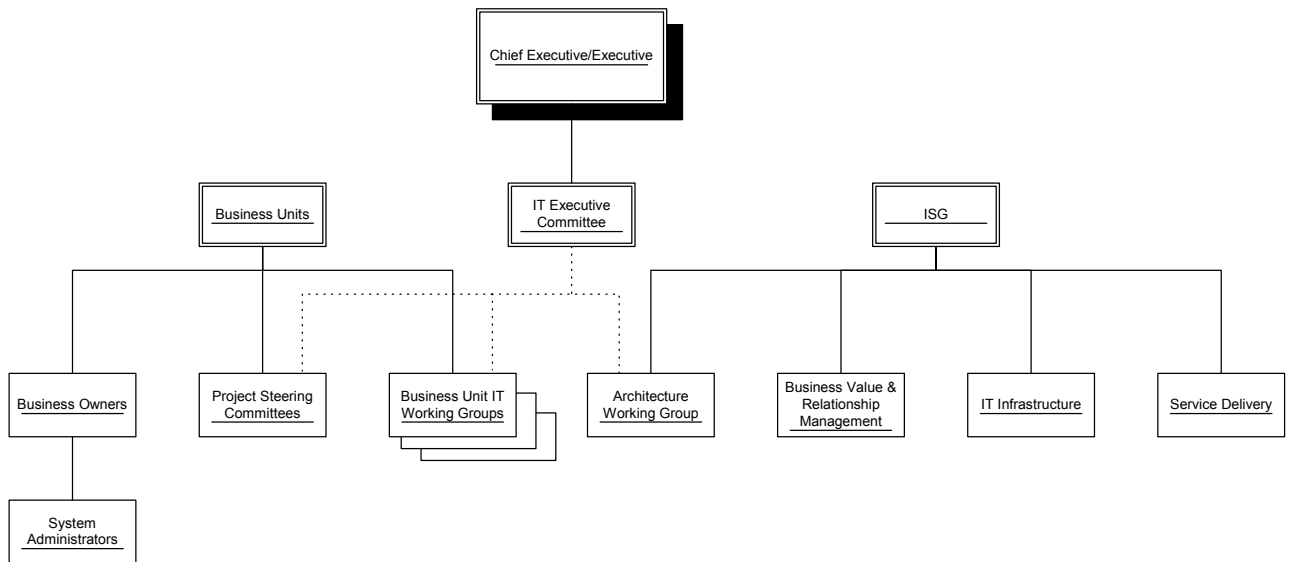
Chief Executive

The Chief Executive approves Corporate IT Policy and Procedures.

TransGrid's Executive

TransGrid's Executive is the ultimate governing body for *IT* in TransGrid. The Executive sets the vision for *Information Technology* in TransGrid and approves the IT Strategic Plan and IT Projects Plan. The Executive also approves the annual capital and operating budget, thus providing an estimate of the annual level of expenditure for *IT* investments across TransGrid. However, all *IT* initiatives require business justification and approval under the Sub-delegations of Authority to proceed.

Information Technology Executive Committee (ITEC)

The *ITEC* is the governing body for *IT* related service and investments within TransGrid. The *ITEC* sets TransGrid's strategic direction for *Information Technology*.

The *ITEC's* key role is ensuring that *IT* investment aligns with business priorities and delivers value to enhance business performance. To execute this role the *ITEC* requires Business Units to provide information on *IT* performance and costs. This reporting improves transparency and accountability for *IT* costs across TransGrid.

The Charter of the *ITEC* is to:

- Direct and co-ordinate development of Business *IT* initiatives, IT Strategic Plan, IT Projects Plan and Policies and Procedures relating to *IT* across TransGrid
- Endorse the IT Strategic Plan
- Independent review of proposed *IT* projects with a *total cost* above $100,000, or an enterprise-wide impact, based on criteria of strategic fit, value, benefits and risks
- Prioritise and endorse major Business *IT* Projects
- Review and endorse non-*IT* projects that have an impact on *IT* infrastructure
- Endorse the annual project portfolio and IT Projects Plan
- Monitoring of all approved *IT* projects
- Post implementation review of major projects
- Review *IT* service performance

Business Unit IT Working Groups

Business Unit IT Working Groups provide a forum for reviewing and analysing business process and information requirements that may have or require technology solutions to support the business. The Working Groups will develop and seek the assistance of Information Systems Group (ISG) to develop *IT* initiatives based on business requirements. These initiatives are synthesised into the TransGrid IT project portfolio for approval by *ITEC* and inclusion in the annual budget.

A business case should be prepared and submitted to *ITEC* for review, where the project value exceeds $100,000 or has a cross-organisational impact. An *ITEC* member chairs each *Business Unit IT Working Group*.

Business Unit IT Working Group Charter is to:

- Provide a forum within the Business Unit to raise process or application requirements, both internal and external to the Business Unit, that impact the effectiveness and efficiency of the Business Unit's staff.

- Escalate process or application issues to the appropriate Business Owner or Working Group.

- Develop Business Unit *IT* requirements and plans.

- Agree priorities within the Business Unit.

- Review the need for business process redesign to maximise value from *IT* investments.

- Review and endorse Business *IT* projects that are contained within the Business Unit and have a *total cost* of less than $100,000. These projects are then approved by an officer holding appropriate sub-delegated authority.

- Provide input to ISG in relation to service level requirements.

- Provide business requirements for development of *IT* Application and Infrastructure strategies.
- Oversee the realisation of benefits for agreed projects.
- Review Business Unit projects for compliance with *IT* standards and guidelines.

Architecture Working Group

The *Architecture Working Group* is convened by the CIO and maintains TransGrid's approved *IT Architecture*. The *IT Architecture* is approved by the *ITEC*.
Architecture Working Group Charter is to:

- Work with *Business Unit IT Working Groups* and Business Owners to understand business directions and develop an *IT Architecture* that will support those plans, whilst maintaining standardisation and providing value for money.
- Review and maintain the approved *IT Architecture*.
- Develop initiatives to implement the approved *IT Architecture.*
- Review compliance with the approved *IT Architecture.*
- Review and approve exceptions to the approved *IT Architecture.*
- Promulgate the *IT Architecture.*
- Review technology directions with major vendors.
- Develop and publish infrastructure standards that enact the approved Infrastructure Strategy.
- Review significant changes to the *Managed Operating Environment (MOE).*

Business Owners

The Business Owner is a senior manager, reporting to a General Manager, responsible for a key business process, which is supported by an *IT* solution. Business rules are often enacted through the *IT* application to direct users through the business process.

Business Owners represent the interests of all TransGrid users of a particular application or module that supports a business process. Any changes to the module requested by users from any Business Unit will be channelled through the Business Owner or their delegate for approval, prior to implementation.

As part of the *IT* planning process Business Owners detail areas where current systems are not meeting their needs. They identify any future needs, in terms of business requirements, that may be able to be addressed through an *IT* solution.

Business Owners provide input into the IT Strategy. Once approved the Strategy provides a framework for decision-making involving major enhancements, upgrades or new systems to support business processes. Reference to the IT Strategy ensures alignment with the approved corporate direction.

Minor enhancements or improvements to current systems are not specified in the IT Strategy. ISG provides an allowance in the operating budget to fund these enhancements or improvements to ISG managed systems. Business Owners must advise ISG if they expect any change in the volume or complexity of these from the previous year. For non-ISG managed systems an allowance should be made in the Business Owner's operating budget.

Business Owners' Role is to:

- Develop and drive the strategic direction of the application or module by providing input to the *IT* Application strategy in response to business needs.
- Drive process improvements to deliver maximum efficiency and effectiveness from *Corporate IT systems*.
- Review technology direction with respective application vendors.
- Review issues and *IT* initiatives, raised by *Business Unit IT Working Groups*, with other Business Owners to ensure user's needs are satisfied through consistent and cost effective solutions that support the business processes and business objectives.
- Authorise major system changes from a business process perspective.
- Review and endorse all major enhancements, projects and upgrades of their application within the framework of TransGrid's business requirements and the approved IT Strategy.
- Provide business input into *IT* support requirements.
- Sponsor training on existing systems.
- Data custody and ensuring data quality.
- Business continuity planning.
- Undertake System Administration functions through their delegate.

Chief Information Officer (CIO)

The CIO plays a proactive role in assisting the business in identifying and utilising systems and technologies in their operations. The CIO also provides advice on the business value of *IT* and *IT's* role in delivering improved business performance.

ISG will provide Business Analysts aligned to Business Units. These Analysts will work with the *Business Unit IT Working Groups* and Business Owners to identify business process improvement opportunities, opportunities to implement technology solutions to better support the business, define user requirements and develop business cases, including benefits realisation statements. Business Analysts will also provide a project management advisory service to Business Unit staff.
The CIO will facilitate IT planning for TransGrid, ensuring business requirements are met.

Information Technology Planning

IT planning within TransGrid is undertaken at two levels, the IT Strategic Plan and the IT Projects Plan. These plans are aligned to Corporate and Business Unit Plans and are developed in line with the corporate planning and budget cycle. *IT* Planning is driven by the *ITEC* and is facilitated by ISG. Inputs to the planning process are *Business Unit IT Working Groups, Architecture Working Group*, Business Owners and ISG.

IT Planning is a key step in the Project Development cycle as *IT* Projects should be included in an IT Projects plan prior to the development of a feasibility study or detailed business case. The *IT* Project development process is detailed in the IT Project Methodology and is summarised in the *Figure 9A.2* below.

IT Projects Plan

The IT Projects plan describes the 12-month project plan for *IT* in TransGrid. The development of the Plan is coordinated by ISG on the basis of business requirement identified by the *Business Unit IT Working Groups*, Business Owners, *Architecture Working Group* and ISG. The plan is aligned to the IT Strategic plan and details how the strategies are being delivered. The plan details the TransGrid *IT* capital project program and is endorsed by *ITEC* and approved by the Executive.

The plan is developed in line with the corporate planning and budgeting cycle. The capital cost of projects identified in the plan will be included in the ISG capital budget.

The budget funding for all IT Projects is approved through this process. IT projects exceeding $50K are individually approved following submission of a business case. This approval authorises the project to proceed.

The process to develop the IT Plan is illustrated by the left-hand side of *Figure 9A.2* shown below. The Plan is the list of approved IT projects for the financial year. Projects are prioritised and approved according to the *Total Value of Opportunity* score provided with the Project Portfolio evaluation summaries. A Planning Guideline has been prepared to assist ITEC and the Working Groups with preparing the Business Unit IT initiatives and understanding the Projects Portfolio evaluation methodology.

The IT Projects Methodology describes the process to execute the plan and is summarized in the right-hand side of the diagram below.

Figure 9A.2 **– IT Planning process**
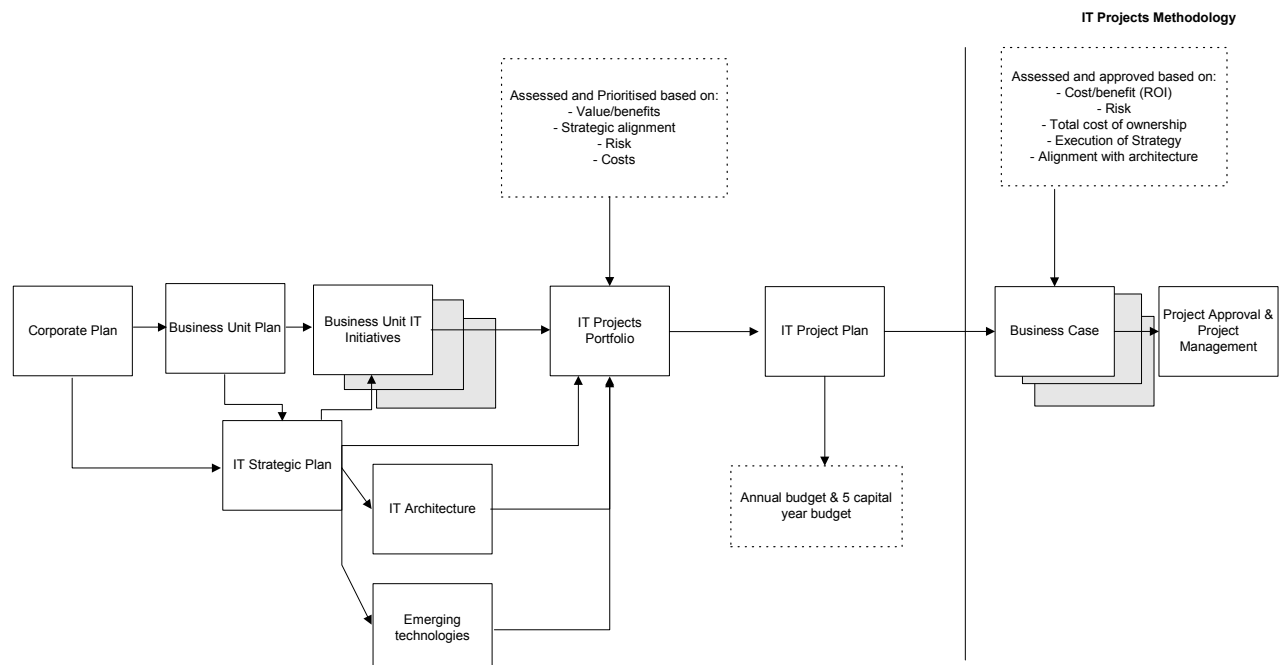
IT Strategic Plan

TransGrid's IT Strategic Plan details the direction *IT* will take in the medium to long-term in response to corporate direction and business needs. It describes why this direction is being taken and how TransGrid intends to achieve the strategies. Infrastructure and Applications strategies, along with the *IT Architecture*, are developed in response to business requirements and drive the direction of TransGrid's *IT* solutions to deliver the overall strategy.

ISG facilitate the development of the IT Strategic Plan and it is endorsed by *ITEC* and approved by the Executive. It describes the integration of planning, capital investment, service delivery, operations and maintenance, replacement and disposal strategies and associated high-level costs to implement the strategies.

Information Technology Service Delivery & Infrastructure Management

IT service delivery activities can be broken into three streams, supporting infrastructure, delivering change and driving innovation. TransGrid has adopted a management framework that reflects this and assigns accountability for these streams between Business Units and Information Systems Group.

Generally ISG provide the supporting infrastructure and these responsibilities are mainly managed through external service providers. The delivery of changes, such as project delivery, is shared between the Business Units and ISG, with much of the ISG portion being managed by external service providers.

Driving innovation through use of IT to deliver business value is also shared between the Business Units and ISG.

TransGrid IT Principles

IT management, operations and investment are guided by a set of principles determined by the ITEC. Some of the relevant principles are:

- IT and business value propositions, technology imperatives, guiding principles and technology objectives are defined and managed centrally.

- IT investments are aligned to and support the business strategy and priorities, system upgrades are planned and implemented to gain maximum business value.

- Justifications for projects will factor in all initial and full cycle costs. Support and maintenance for new technology and applications will be planned for

- All business applications and IT infrastructure are funded by the enterprise. Cost Benefit justification for any new infrastructure and business application is to be based on overall enterprise needs. Application functionality is to be driven by enterprise requirements.

- All IT infrastructure and applications are covered by maintenance and support. Only in exceptional cases where clear business benefits exist would infrastructure or applications be permitted to operate outside of maintenance and support windows provided by external service providers.

- TransGrid will implement proven technology within one to two years of commercialisation.

- Wherever possible commercially available package solutions are used to meet business requirements without customisation, with a preference to changing business processes rather than customise software.

- IT services provided to business units are clearly developed defined and documented.