



## Winds of Change

Hello and welcome to The Infonomics Letter for May 2012. As winter descends on Australia, the winds of change are blowing strong, on numerous fronts.

In Queensland, a new state government elected in a massive landslide has moved to seize control over the state's use of IT. Like many other governments in Australia, Queensland has been remarkable for the frequency and extent of major problems with IT-enabled business. The 2010 Queensland Health Payroll debacle became one of our favourite illustrations of the consequences when the principles for governance of IT in ISO 38500 are ignored.

In one of her first decisive steps, Queensland's new Minister for Information Technology, Ros Bates, has ordered a major audit of the state's use of IT. In [Queensland's new Broom](#), we suggest that the audit needs to look at the context in which IT is used, as well as the IT itself. And to prevent problems in the future, we suggest that the Minister should also obtain a comprehensive picture of the behaviour exhibited by agency leaders as they make key decisions about the government's use of IT.

Prompted in part by further questions now being asked regarding the Queensland Health Payroll, we seize the opportunity to look again at a topic that seems to vex many in the IT world – the relationship between [Responsibility and Accountability](#). The new Queensland Premier wants to know who was responsible for the failed project, so that they can be brought to account (that is – made accountable). We don't know what the legal advice says, but we wonder if it will lead to any financial settlement, given that there was clearly a massive failure in assignment of responsibility for the project, and with responsibility both wrongly assigned and unclear, it becomes difficult to understand who can and should be held to account. But perhaps the exercise can lead to better future practice with assignment of responsibility for future investments.

After a marathon effort by Juan Pardo Martinez in Spain and an eclectic team of reviewers from around the globe, we are greatly pleased to announce the [Spanish Edition of Waltzing with the Elephant](#). The free download is available now.

The continuing Infonomics [Events Agenda](#) takes me to Mexico in June to speak at a conference and present an ISO 38500 Foundation Class, then around Australia in August to deliver another seminar series with Australian Industry Group.

Finally, Infonomics and its owner are [On the move](#) to a new home – and we thought IT projects were hard work!

Please enjoy! Mark Toomey 31 May 2012

## Queensland's new Broom

Following a massive election win just a few weeks ago, the new Queensland Government is swinging into action to take control of, among other things, the state's use of IT.

In addition to the health payroll debacle which we discussed in [The Infonomics Letter in June 2010](#), Queensland has experienced other problems with its IT arrangements – with both new projects and operational systems. A recent report by the Queensland Audit Office indicates that there are properly defined performance measures for only 6 of 58 initiatives surveyed. Newly appointed Minister for IT, Ros Bates, put depth to that observation by describing the Queensland Driver's License Project, which was approved in May 2006, without either a project plan or a benefits plan, and with no subsequent review or, it seems, performance measurement against the original business case. Unsurprisingly, the project suffered significant time and cost overruns.

But project problems are not the only way that use of IT can go awry. The installed base of systems can also create substantial cost and risk, through failure to properly understand and manage the overall IT asset base. In 2008, the Gershon review (reported in [The Infonomics Letter, October 2008](#)) for the Australian Government found substantial problems in the "Business as Usual" space. Recent statements by Minister Bates indicate that she suspects similar issues in Queensland.

The Minister's approach to dealing with this issue has been to commission a major review of Queensland's use of information and communication technology. The audit is intended to reveal duplication and waste, much of which is thought to have existed for a considerable time. It will be conducted over a six-month period, by a team of 32 seconded staff from the Queensland public service.

Information about the audit is difficult to locate at this time. The department headed by the Minister is new and has only a skeleton website. There's no information on the Queensland Audit Office site either, so it's hard to comment on the defined scope of the audit. However, considering the long-established tendency, especially in government, of organizations to regard information technology as a self-contained resource, it is perhaps appropriate to offer two suggestions to the Minister and her audit team.

First, the audit team should ensure that it understands and records the context of each major IT asset. It may be that IT assets which at first glance appear to be the same are, because of their context,

quite different. This is one of the key reasons behind the Queensland Health Payroll failure: the project attempted to standardize the technology for payroll without understanding the context of payroll, and failed to recognize that a standard payroll system requires a standard business context for payroll.

This is not an argument against standardization. Rather, it is a warning against simplistic standardization. The task force may well find assets that appear to be duplicated: what it must do then is understand the opportunity and implications for rationalization, taking into account not just the technology but the business context in which the technology is used.

Enterprise Architecture is a useful discipline in this context. If the audit identifies the broad Enterprise Architecture of the in-scope agencies, it will be able to, at a preliminary level of detail, map the usage context of the main IT assets, and highlight a wide range of issues, including redundant and duplicate systems, systems which are no longer supported by the vendor and systems for which the government lacks necessary information regarding its ongoing management and development.

The second suggestion is that the audit should be complemented by assessment of the behaviour and capability inherent in the overall system by which the current and future use of IT has been directed and controlled across the machinery of government, using the principles for good governance of IT defined in ISO 38500. The rationale for this is that the failures already observed and the issues that are likely to be uncovered must have a cause, and as has been seen in other contexts, the cause is invariably deeply embedded weakness in the arrangements for governance of IT. The audit may well uncover many opportunities for rationalizing and improving the way that IT is used in the Queensland Government, but without proper attention to establishing appropriate arrangements to direct and control the use of IT, cascading from the government right to the front line of government service delivery, it can only be a matter of time before the same problems re-emerge.

For many Infonomics Letter readers, the principles in ISO 38500 are now well-understood – but the continuing flow of evidence from the field, such as the problems already identified in Queensland, show us that they are certainly not applied, and probably understood in the wider community. It is appropriate for us to once again consider them in the context of the review that the Queensland Government should undertake, and pose some questions<sup>1</sup> that might be asked within each agency:

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- Responsibility
  - Does the agency have a clear and current formal definition of how responsibility is delegated and assigned for decisions about current and future use of IT?
  - Does the delegation and assignment of responsibility for decisions about the current and future use of IT distinguish between the responsibility of those who control the design and operation of the business which uses or depends on IT (the demand side) and those who control the design and operation of the actual information technology assets and services (the supply side)?
  - Are those to whom responsibility is, or should be, delegated, competent to discharge this responsibility?
  - Do the agency's reporting and oversight arrangements ensure that those who are delegated (whether formally or informally) responsibility regarding the current and future use of IT are held accountable for discharge of that responsibility?
- Strategy (includes all planning)
  - Does the agency's forward business plan take into account the current and future use of IT?
  - Are the personnel responsible for planning the agency's future business competent to define the future use of IT from a business demand perspective?
  - Does the agency's IT asset management plan accurately reflect the foreseeable business use of IT?
  - Does the agency's workforce management plan ensure that it has the requisite skills to be fully effective in the current and future business use of IT (including the skills of front-line personnel to effectively use the IT systems and services that underpin their work), and to manage and deliver the necessary current and future supply of IT systems and services?
- Acquisition
  - Does all expenditure on current and future supply of IT undergo rigorous examination and validation at sufficiently frequent intervals?
  - Do plans for changing business service delivery and performance give equal attention to retirement of redundant IT assets and capabilities as they do to acquisition of new assets and capabilities?
  - Are all plans for investment in new IT services and capabilities always subsidiary to the business plans that drive the requirement for new IT, and do these overarching business

plans always drive the necessary programs of work that deliver business outcomes rather than merely IT capability?

- Do all agency level proposals for investment include rigorous consideration of opportunities for rationalising and optimising both the machinery of government and pan-government use of IT?
- Performance
  - Do the business and IT leaders of each agency have a clear understanding of the business design (Enterprise Architecture) and the role that IT plays in enabling the agency's current and future activities?
  - Does the agency have adequate measurement systems and controls in place to understand and make necessary adjustments to the way IT contributes to overall business performance?
  - Can the agency demonstrate conclusively that it has adequate arrangements to assure the capability of the agency to maintain acceptable levels of operational activity and service delivery, for all aspects of the agency's business that depends on IT?
  - Do the agency's arrangements for oversight of IT-enabled business change ensure that the majority of initiatives deliver the intended outcomes in acceptable circumstances, and that initiatives which cannot deliver intended outcomes are promptly terminated?
- Conformance
  - Does the agency have a clearly defined set of overarching policies, consistent with whole-of-government policy, that is well understood and properly observed by all personnel who make decisions regarding the current and future use of IT?
  - Does the agency have an effective mechanism to ensure that all relevant personnel, including external agents not formally attached to the agency, are aware of and conform to all policies and guidelines pertinent to their and the agency's use of IT?
  - Does the agency have a proven-effective means by which any non-conformance or concern regarding the current and future use of IT (including the conduct of initiatives and the status and use of operational systems) can be confidentially reported, objectively assessed and robustly resolved?
  - Does the agency have demonstrably effective arrangements in place to understand and assure conformance to applicable legislative, regulatory, contractual, ethical and professional

obligations in of all its business activities and their use of IT?

- Human Behaviour
  - Does the agency have and maintain an accurate understanding of the human communities that are or may be affected by its use of IT, and is that understanding given proper consideration in making decisions about the current and future use of IT?
  - Do the agency's business leaders have a sound understanding of the ways that human behaviour can influence and be influenced by the use of IT?
  - To what extent does the agency adequately engage all stakeholders in planning and implementation of new business capability, to ensure that the delivered capability can and does deliver the intended outcomes?
  - How does the agency identify, measure and respond to human behaviour that is symptomatic of flaws in its planning, development and ongoing use of IT-enabled business capability?

Infonomics experience over more than seven years, since the initial publication of AS 8015 (the precursor to ISO 38500) is that many organizations exhibit deep weakness in respect of the principles for good governance of IT, and that most cases of major IT failure can be attributed to such weakness. Indeed, our re-framing of the audit report on the Queensland Health payroll system ([The Infonomics Letter, June 2010](#)) shows that the project failed on every principle. The extent of failure on the principles should have been, had it been considered, a highly visible predictor of the major project failure that ensued.

The crucial point that Infonomics believes Minister Bates must understand and address is that, while an audit will almost certainly discover many current problems with the IT used across the Queensland Government, completing the necessary overhaul and preventing future recurrence of the same problems almost certainly requires major behavioural change across the entire leadership ranks of government. [\[top\]](#)

## Responsibility and Accountability

The conceptual relationship between responsibility and accountability in respect of information technology is a frequent topic for debate in online forums and in the standards-setting environment.

To me, it should be simple: Responsibility creates accountability. When an entity is given responsibility for something, that entity must be accountable to the giver for the effective discharge of that responsibility.

Thus, in a classical hierarchy, responsibility passes down the structure and accountability passes up.

In most jurisdictions, the law places responsibility for directing and controlling the organisation clearly and indisputably with the governing body. The governing body may then delegate responsibility for specific (and frequently quite major) aspects of planning, building and running the organisation to the managers. When the responsibility is delegated, the managers become accountable to the governing body. However, the act of delegation does not diminish the governing body's accountability for what was delegated to managers. Quite simply, the governing body must ensure that the managers do their job properly. When managers in turn delegate responsibility to others, those others acquire accountability for what is delegated to them, but the managers who established the delegation continue to be accountable as well.

The same concept surely applies when work is delegated outside an organisation. When an entity is engaged to perform a task or deliver something, that entity acquires a responsibility and is accountable for delivering against it. However, the originator of the engagement must also be accountable for the responsibility that was contracted out.

Such questions may well be embedded in legal advice originally obtained by the previous Queensland Government and currently being sought by the new government. The advice pertains to the debacle that was, and continues to be, the Queensland Health Payroll system ([The Infonomics Letter, June 2010](#)). With the cost of the debacle now reported as \$412 million, the new government wants to know if the advice can help it in holding those responsible for implementing the system accountable for the outcome.

When any aspect of an organisation's IT supply is outsourced, it is crucial that there is a clear understanding of exactly what responsibility is being assigned to the supplier, and that the supplier is capable of discharging that responsibility. If the responsibility assigned is unclear, or inappropriate, it may be quite difficult to then hold the supplier accountable. Clearly, those who have the responsibility for selecting and engaging the supplier must also be competent to perform this task, and they must be accountable for the choice that they made. Indeed, the chain of accountability for failure of an outsourced supply arrangement stretches from the supplier itself, right through the delegation structure of the organisation that defined the requirement that led to the outsourcing in the first place.

Those who have studied the case of Queensland Health will probably see that tracing the chains of responsibility and accountability may be quite challenging. There were multiple entities involved,

and the assignment of responsibility seems to have been fundamentally and fatally flawed in the first place. While Queensland Health was responsible as the employer, it would seem that responsibility for supply of the payroll system rested, rightly or wrongly, with the separate agency known as CorpTech. But this responsibility was not assigned by Queensland Health – so CorpTech was not accountable to Queensland Health. And if we think about the fundamental elements of any business system: people; process; structure; and technology (as identified by HJ Leavitt in 1965), if CorpTech was only assigned responsibility for delivering a "shared" payroll technology environment, one must ask who was responsible and thus accountable for delivering the other elements of the payroll business system.

We should hope that the new Queensland Government does obtain, and make public, the legal advice it seeks. That advice may shed more light on the complex web of responsibility and accountability that comes with outsourcing IT supply.

Is it too much to hope that the advice might also provide some clear guidance for business leaders on the extent of responsibility and accountability that they have for ensuring that any outsourcing arrangement delivers a clearly defined and appropriate outcome?

[\[top\]](#)

## Spanish Elephant

The project to translate *Waltzing with the Elephant* to Spanish is near its climax. Through the generous efforts of Juan Pardo Martinez in Spain and an eclectic team of reviewers from Argentina, Uruguay, El Salvador and Spain, the definitive book on using ISO 38500 to guide governance and management of IT (which has been delivered to buyers in more than 30 nations in its original English format) will soon be available to a vast new audience throughout the world's Spanish-speaking nations.

This is not a machine translation. Rather, it is the result of a major effort by Spanish speakers from around the world, who have laboured to ensure clarity of the original messages despite regional differences in the Spanish language.

Today, we announce availability of the free download – as with the English version, the free download contains the first three chapters, plus all the "infrastructure" of the book. Let your Spanish – speaking friends know that this is a book that may help them achieve greater success with their use of IT. For more details, please see the [new page](#) on the Infonomics web site.

[\[top\]](#)

## Events Agenda: Mexico, Australia

The Infonomics effort to explain ISO 38500 and governance of information technology chalks up a new milestone at the end of June, with two events in Mexico City:

- [26-27 June: Mark Toomey will present Clase de Fundamentos ISO 38500 \(ISO 3850 Fundamentals\) at Instituto Tecnológico Autónomo de México](#)
- [28 June: Association of Enterprise Architects, Mexico Chapter Launch Event, at Hotel Hyatt Regency in Mexico City.](#) Mark Toomey will speak on "Enterprise Architecture and Corporate Governance of IT". Also at this event, Carlos Francavilla of BIT Company (an Infonomics international partner) will join Mauricio Corona of BP Gurus to discuss the relationship between three major IT management frameworks: TOGAF, COBIT and ITIL.

Follow the links above to obtain further information (in Spanish) about these events and to register your participation.

Closer to home, the Australian Industry Group is advancing plans to deliver another round of the popular half day "Aligning Technology to Business" seminar. Put these dates into your calendar, and look for details of how to register in the June and July Infonomics Letters:

- Melbourne: 14 August
- Adelaide: 15 August
- Sydney: 16 August
- Brisbane: 17 August

Previous participants in these sessions have been predominantly senior and executive level business managers, who rated the content as pitched at their level and relevant to their roles.

[\[top\]](#)

## On the move

For more than six years, Infonomics has operated from the front part of my home in the outer east of Melbourne. Just after abandoning the daily commute for the temptation of working late into the night at home, I was fortunate to meet a wonderful lady who has become my much loved partner in life. Now, we are about to take the very significant step of merging our lives, and my home is on the market.

In the short term, Leonie and I will live in her home in the hills a little further to the east – still within the boundary of metropolitan Melbourne. Infonomics will move there as well, and will operate from the one-time games room, which looks out over a forest of Mountain Ash.

Some time in 2013, we will make a further move, to a small farm we are purchasing in the very fertile region of Gippsland. This will be where we set our roots deeply, with plans to farm cattle and improve both the environment and the sustainability of our own lives. The farm is a little less than 2 hours' drive from the Melbourne CBD, but, with the power of the internet, I will be as closely connected to my customers and supporters as I am today, and I will be continuing my efforts to help organisations all over the world deliver better results from their investments in and ongoing use of information technology.

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