

IS Governance Services

As market pressures force companies to improve the performance of their information systems (IS), Sarbanes-Oxley and other legislation such as the new Hong Kong Corporate Governance requirements are mandating more effective IS risk management.

Good IS governance can help balance the opposing forces of performance versus risk. However, according to a global KPMG survey, many organisations either do not possess any form of IS governance or it is out of alignment with business goals and strategies.

KPMG services

KPMG can help align clients' IS and business objectives so they can derive enhanced value from their information systems while maintaining control over this critical function. Through our IS Governance Assessment (ISGA), we can assist clients in managing regulatory risk by balancing appropriate controls with performance goals.

An IS governance framework

There is no quick fix for good IS governance and one size does not fit all. Many factors come into play, including legislation, regulations, corporate structure, corporate culture, and the importance of IS to the organisation. ISGA provides a framework for understanding both external and internal factors and implementing improvements. Our four-step approach is described on this and the next page.

1 Understanding IS governance context and strategy

We examine external factors such as industry regulations, market forces, and competition; we also look at internal considerations such as business

strategy and goals and corporate culture; and we seek to understand the IS strategy, including the company's view of IS, the current state of IS, and future IS plans.

2 Assessing IS governance activities

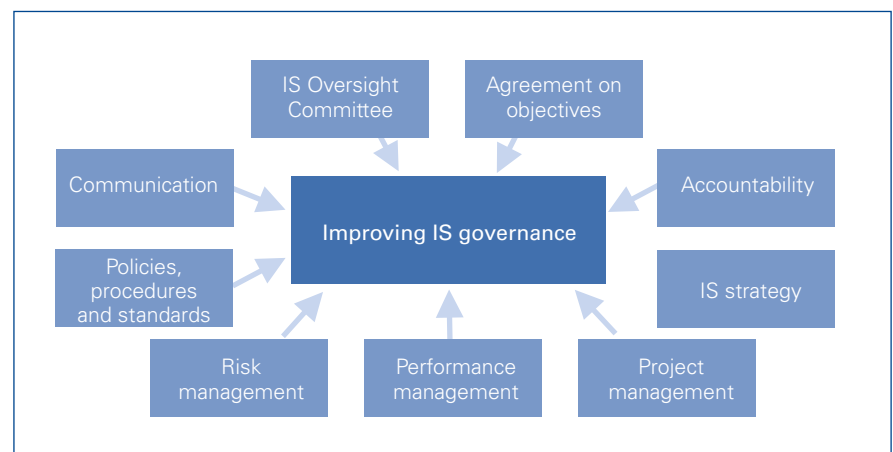
In this step, we can perform one of the following three reviews:

- KPMG review, a blend of leading practices, including control objectives for information and related technology (CoBiT), IT Infrastructure Library (ITIL), BS15000, and ISO 27001 as well as KPMG proprietary criteria.

According to a 2004 global KPMG survey:

- In a recent survey, 83 percent of respondents believe there is room for improvement in the company's IT governance structure.
- More than 50 percent said they believe there are risks in not aligning IT with the company's overall business goals.
- Only 59 percent said their organisations take corporate governance seriously.

Source: KPMG Global Survey: Creating Stakeholder Value in the Information Age, 2004



Source: KPMG Survey 2004

KPMG Risk Advisory Services

Risk Advisory Services assists clients to focus on fundamental business issues that help increase revenue, control costs, and identify and manage risks, including the risks inherent in the technology systems used to support business objectives. Risk Advisory Services provides clients with information to empower them to meet their strategic and financial goals.

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- CoBIT review, a generally applicable and accepted standard for good IT security and control practices.
- ITIL review, a set of leading practices for IT processes, promoting a quality approach to achieving business effectiveness and efficiency in the use of information systems.

3 Mapping process maturity

IS governance depends on a collection of processes that are in various stages of effectiveness or maturity. We will work with an organisation to develop a process maturity model for each IS governance process to help determine where process weaknesses exist.

4 Recommending process improvements

We propose recommendations to help you bridge identified process maturity gaps. We deliver a remediation plan identifying tasks, dependencies, and timelines.

Benefits

- Helps align technology with business goals
- Provides a framework for measuring and managing IS performance
- Helps mitigate risks associated with IS
- Facilitates compliance with external legislation and regulations, e.g., Sarbanes-Oxley section 404 and Hong Kong Corporate Governance provisions
- Helps ensure valuable technology solutions are delivered on time and on budget
- Facilitates effective communication between IS and the business
- Enhances internal and external customer satisfaction with IS.

Why KPMG?

KPMG has the people, knowledge, and experience to help you fulfil IS governance objectives and standards set by regulators and the marketplace:

- A wealth of experienced resources across our network of member firms
- Our extensive experience in regulatory environments, including Sarbanes-Oxley, the Basel Accords, U.S. and International GAAP, and International Financial Reporting Standards (IFRS)
- A sound business approach to technology issues
- Vendor independence.

What is IS Governance?

- An integral part of corporate governance
- The responsibility of board members and executives
- A mechanism to deliver value, manage performance, and mitigate risk
- A method to assign accountability for decisions and performance
- Dynamic in alignment with business goals
- Policies, procedures, management committees, performance metrics, and related management techniques working in unison toward common business goals.

Source: KPMG Global Survey: Creating Stakeholder Value in the Information Age, 2004

