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INFORMATION TECHNOLOGY ENHANCEMENTS – COSTS AND BENEFITS

The Audit Committee recommends the adoption of the recommendations contained in the following report, May 13, 2004, from the Chief Administrative Officer:

1. RECOMMENDATIONS

It is recommended that:

1. The Director, Audit Services work with the Information Technology Services Branch in the development of a business impact assessment.
2. This report be forwarded to the Information Technology and Transformation Steering Committee for information.

2. PURPOSE

At the Regional Council meeting of December 11, 2003, Report No. 9 of the Commissioner of Finance was approved with one of the conditions being *that the matter of Information Technology enhancements and their benefits and costs be deferred to the Director, Audit Services, for a report to the Audit Committee*.

This report advises the Audit Committee of the activity that has been conducted in the Information Technology over the past couple of years and proposes how the condition above be addressed for the Audit Committee and Regional Council.

3. BACKGROUND

The Information Technology Services Branch has had a number of audits conducted over the past couple of years:

- Review of Disaster Recovery Planning
- Network Security Assessment
- Audit of Virtual Private Network
- Information Technology Services - Project Management Review
- Information Technology Services - PeopleSoft Financial Upgrade
- Information Technology Services - PeopleSoft HRMS Upgrade
- Electronic Document Management System – Risk assessment and member of Steering Committee

In addition to the above mentioned audit work in the ITS area, the Region issued RFP
P-02-04 for consulting services *for Organizational and Process Review for*

Information Technology Services. This work was awarded to KPMG. The Director, Audit Services has been a member of the Steering Committee throughout this consulting project and followed up on the recommendations from the report though the involvement on the Corporate Technology Review Committee.

4. ANALYSIS AND OPTIONS

The scope of review here can take many different forms, and therefore a number of scope options are presented.

4.1 Benchmarking the IT Function

This type of review looks at a number of key drivers within the ITS area and benchmarks these against other organizations. With benchmarking, the true benefit is dependant on the firm chosen to carry out the benchmarking to ensure you are being compared to similar sized and types of organizations. This type of review would provide a point in time analysis of the costs/benefits. This type of review can be quite costly with a specific function being examined costing in the range of $100,000 to $120,000.

4.2 360 Degree Feedback

This type of analysis is based on surveys and interviews carried out within the organization. To some degree this type of analysis was incorporated into the KPMG review already completed for the Region.

4.3 Cost/Benefit Analysis of Information Technology Enhancements

This type of analysis would have Audit Services being involved in future reports which come forward to the Finance and Administration Committee. The requirement for the cost/benefit analysis lies with line management and Audit Services would review management's cost/benefit analysis as part of the review process before the report goes to Committee. This process is already in place in that all reports are reviewed by the Region's Senior Management Group as part of the Agenda Review Committee of which Audit Services is a member. In addition, for major projects, such as EDMS, Audit Services is part of the Steering Committee and reviewed the cost/benefit analysis that was prepared prior to the pilot project. This involvement in report review and significant system projects will continue as part of Audit Services' mandate.

4.4 Business Impact Assessment

The purpose of a business impact assessment is to assist with the disaster recovery plan. This type of assessment looks at the result of a disruption of services and the effect it would have on the various business lines that the Region operates. The results would provide an analysis of critical applications that need to be recovered quickly, and the financial impact that disruption in service would have. This could be used to assess the benefits that are derived from information technology in an inverse way by looking at the cost of downtime. The Region is planning on conducting a high level business impact assessment in 2004 to supplement the assessment that was performed by Sunguard as part of the Disaster Recovery plan work in 1999. Audit Services will be a member of the work group updating this business impact assessment and can report the results back to Audit Committee.

It is recommended that 4.3 and 4.4 be the chosen approaches, as it will provide Audit Committee with a means of determining the costs/benefits of IT enhancements. Additionally, we are starting the second year of implementing items, relating to the KPMG review on IT Organization and Process Review, subject to budget approval.

5. FINANCIAL IMPLICATIONS

With the suggested options, there will be minimal financial impact, as the work will be conducted using mostly internal resources. A consultant will be used to assist in the business impact assessment to help drive the process.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal impacts as a result of this report.

7. CONCLUSION

Audit Services will assist Audit Committee and Regional Council in examining the costs/benefits of enhanced information technology through Audit Services' involvement in significant Information Technology projects, Agenda Review Committee, and the Business Impact Assessment to be carried out in 2004.

The Senior Management Group has reviewed this report.