IT Governance Charter Toolkit
Health Care IT Advisor

Project Director
Greg Kuhnen
KuhnenG@advisory.com

Research Team
Ernie Hood
Sophie Ranen

Program Leadership
Jim Adams

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Return from IT Investments Unlikely Without Effective Oversight

The success of a CIO and the IT department hinges on the effectiveness of their governance process; without mature governance, organizations are unlikely to see a return on their IT investments and get credit for IT’s contributions when projects do yield value. Governance is the mechanism for aligning IT priorities to the enterprise’s strategic initiatives, determining the best way to achieve goals, prioritizing the allocation of resources, and monitoring and measuring performance, progress, and compliance.

Our research shows that most organizations struggle with IT governance. Signs of a failing governance process include unsustainable workloads, un-resourced mandates, planning siloes, lack of focus on outcomes, and misplaced accountabilities, among others. Furthermore, non-IT leaders too often work around—rather than through—the governance process.

To address these issues, it is helpful to develop an IT governance charter. This document establishes the structure and purpose of the governance committee(s), articulates the roles and responsibilities of IT steering committee and subcommittees, and creates guidelines for committee processes and decision making.

This resource offers guidance to business leaders and IT executives for developing an IT governance charter. It lists critical components of any governance charter and includes sample structures, practical recommendations, and special considerations for specific domains such as innovation, data governance, and cybersecurity. To use this toolkit, members should first review the recommendations and examples on the elements of an IT governance charter and then answer the questions at the end of this document to develop their own governance charter, reflective of their organization’s needs.

“IT governance is the most highly correlated predictor of generating value.”

Peter Weill and Jeanne W. Ross

IT Governance: How Top Performers Manage IT Decision Right for Superior Results

Elements of an IT Governance Charter

Five Critical Components

Several critical components of any governance charter are detailed below. To give you an idea of what each component looks like, we have compiled examples and recommendations from different charters. These are intended only to illustrate the possible contents of a charter since not all organizations will choose to implement all of the components in the manner listed here.

#1: Organization and Structure of Governance

**Recommendation:** Limit the size and scope of governance committees to allow for appropriate input without compromising the efficiency of decision making.

**Rationale:** The purpose of the governance structure is to incorporate vital input and expertise in decision making from all parties affected by the work of IT. Some institutions find that a single IT steering committee is adequate to provide effective governance, while others require a more complex hierarchy of subcommittees. The need for subcommittees is determined by the volume and scope of the IT efforts undertaken by the institution.

The following indicate a division into subcommittees may be appropriate:

- Large number of project requests and ongoing implementations make it difficult to complete committee business in a timely manner
- Broad and complex scope of IT portfolio
- Deep business and clinical partnerships requiring close coordination of IT
- Large committee membership
  - While large committees can be consultative in nature, they are not effective decision-making bodies. The greater the number of committee members, the more difficult it may be to schedule meetings and achieve consensus on decisions. Ideally, most committees should consist of between three and seven members, not including support staff. Consider a hard cap on the number of committee members or rotating members to limit committee sprawl.
  - Employ a formal decision-making framework such as the [RACI model](#) to define and document decision-making roles and responsibilities. For every decision, there should be one individual who is explicitly responsible and held accountable after the fact. Formalizing roles and accountability can help guard against the inefficiencies of a large committee membership.

See Figures 1 and 2 on the next page for examples of governance structures.

Sources: “Responsibility assignment matrix,” Wikipedia; Health Care IT Advisor research and analysis.
Figure 1: Example IT governance structure with functionally oriented subcommittees

Executive IT Steering Committee
- System CEO – Chair
- System President
- System CFO

IT Clinical Steering Committee
- CMO – Chair
- CNO
- VP – Professional Services
- VP – Ambulatory Services
- Director – Clinical Informatics
- Director – Ambulatory Services
- Director – Revenue Cycle
- IT Director – Clinical Systems

IT Revenue Cycle Steering Committee
- CFO – Chair
- Director – Revenue Cycle
- Director – Clinical Informatics
- Director – Registration
- Director – Billing/AR¹
- Director – HIM²
- Director – Ambulatory Services
- IT Director – Financial Systems

IT Financial / HR Steering Committee
- CFO – Chair
- VP – Human Resources
- Director – Finance
- Director – HR³
- Director – Material Management
- IT Director – Financial Systems
- Sr. Systems Analyst

Figure 2: Example IT governance structure with project-oriented committee structure

Executive Steering Committee
- Focuses on strategy, monitoring execution, and, only exception, being involved in the project’s details (budget requests, change of scope, delays impacting other projects, etc.)

Project Steering Committee
- Includes user and IT executive sponsors
- Monitors a given project’s execution (work plan, scope, budget, benefit realization)
- Refers issues it cannot solve (within allotted budget and resources, and scope) to the Executive Steering Committee

PMO⁴ and Project Teams
- Drives overall project work plan and tracks resources, effort, and funding
- Manages project and tracking tools focusing on status, performance, and issues
- Delivers the communication strategy
- Manages budget and provides updates for funding support as needed

¹ AR = Accounts receivable; ² HIM = Health information management; ³ HR = Human resources; ⁴ PMO = Project management office.

Source: Health Care IT Advisor research and analysis.

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Special Considerations for Innovation Governance

- Use frequent, incremental touch-points on projects instead of long-cycle planning. Recognize the importance of experimenting but also terminating projects that fail to meet their objectives. Agile project methodologies are especially well suited to these goals.

- Explicitly manage initiatives from pilot to full production deployment. Transitioning from pilot to production ramp-up may require different people or even a transfer of proven ideas to another governance committee for scale-up.

- Different-in-kind decisions from those tackled by traditional governance committees include:
  - What projects to scale
  - When transitioning a project out of pilot may require significant reinvestment
  - What projects should be terminated
  - How to learn from failed initiatives

- Governance body must actively scan the market and organization for opportunities instead of reacting to and prioritizing outside proposals.

- Committee must be intimately involved in organizational change management to understand and promote the changes necessary to take advantage of an innovation.

See our web conference recording, "Digital Health Systems: The Innovation Journey Continues," for more resources on successful innovation practices.

Special Considerations for Data Governance

- Data governance committees often have broad participation drawn from across the organization and empowered to make autonomous decisions in their own domains. Data governance committee sizes are often much larger than other types of committees due to the autonomy invested in individual members.

- Committees are typically focused more on data operations than on planning. Members have a responsibility to support secondary usage of data throughout the organization (e.g., creating training materials, answering data-related questions).

- Initial data governance efforts are usually focused on practical short-term needs to establish momentum. Building a mature governance program in a focused area, then expanding into other data domains, is often the most successful strategy for creating a sustainable data governance program.

- Committees should be IT-facilitated, not IT-led.

See our resource, “Getting Started on Data Governance,” for additional guidance.
Special Considerations for Security Governance

- Overall committee goal is to track and reduce risk.
  - Establish process to ensure all system changes, whether a procurement change or a change to an existing system, are assessed for risk.
- Coordinate efforts with compliance and privacy leaders.
- Be careful to not mandate policies without proper consultation; governance by policy instead of authority creates a situation in which the operational reality does not line up with the policy goals.
  - Calibrate key policies to fit the culture of the organization and meet workflow needs of users.

See our web conference recording, "Security and the C-Suite," for more information on security governance.

How do these governance models fit into the overall governance structure?

Our research has surfaced a range of organizational models for innovation, data, and security governance. Your organizational culture, structure, and needs should dictate your particular approach. Governance may be centralized under an enterprise governance structure, sit within the overall IT governance function, or be distributed across separate, but communicating, governance groups. Whatever model you choose for these governance functions, it is critical that committee decision making is aligned with the entire organization, not just IT.
Elements 2 & 3

#2: Committee Purpose

- **Recommendation:** Each committee and subcommittee should have a purpose statement which can be used to guide the roles and responsibilities and membership of the committee.

- **Rationale:** The purpose statement for each committee is the foundation for developing a list of roles and responsibilities, for determining membership and establishing meeting frequency.

- **Examples:**

  **Steering Committee Purpose Statement**
  
The IT Governance Steering Committee provides guidance and oversight in planning, prioritizing, and implementing IT-enabled initiatives to improve the quality and efficiency of the organization’s services to patients, health care providers, employees, and the community.

  **Clinical Systems Subcommittee Purpose Statement**
  
The Clinical Systems Governance Subcommittee provides guidance and oversight in planning, prioritizing, and implementing IT-enabled initiatives in support of clinical services.

#3: Committee Roles and Responsibilities

- **Recommendation:** Clearly articulate the roles and responsibilities for each governance committee.

- **Rationale:** A key success factor for effective IT governance is clarity about roles and responsibilities of both the steering committee and the various subcommittees. A clear description of the authority of each committee can provide a compelling reason for committee members to participate and can lead to higher levels of leadership engagement.

  Surveys show that the majority of IT governance processes are separate from other corporate planning processes in a typical provider organization. This can lead to confusion about oversight and decision making unless roles and responsibilities are clearly spelled out. Likewise, if the IT governance structure employs subcommittees, it is vital to be clear about which committee is responsible for what. When articulating roles and responsibilities, ensure each committee has authority over the organizational resources needed to carry out their mission.

- **Examples:**

  The following represents a sample list of possible roles and responsibilities for an IT Governance Steering Committee and subcommittee. All of the items here may not apply to every organization’s unique situation, but this list may be used as a starting point to develop an appropriate charter.

  **Sample Steering Committee Roles and Responsibilities**
  
  - Approve organization-wide IT policies, procedures, and standards
  - Oversee protocols to address any requests for exceptions to standards, or deviations from policy or standard procedures

  Source: Health Care IT Advisor research and analysis.
Sample Steering Committee Roles and Responsibilities (Cont.)

- Review and approve IT strategy and implementation plan
  - Ensure alignment with enterprise strategy and plans
  - Evaluate and prioritize the strategic IT-enabled initiatives based on predetermined criteria
  - Review and approve allocation of IT resources for departmental efforts
  - Ensure the identification of clear and measurable clinical and business goals and objectives for the approved portfolio of work
  - Establish clear individual leader accountabilities for achieving the planned outcome goals and objectives
  - Ensure availability of all resources required for the approved portfolio of work (both IT and non-IT), matching the work approved to the capacity of the organization
  - Assist in the development of an implementation plan with logical sequencing of efforts that minimize the competition for the same resources

- Review and recommend IT-related investments for the Capital Allocation Committee
  - Ensure the inclusion of appropriate levels of capital replacement funding, ideally through a refresh budget
  - Ensure appropriate funding for net new investments

- Monitor progress of the approved portfolio of work, intervening when necessary to alter plans or adjust resourcing

Sample Subcommittee Roles and Responsibilities

- Review and approve work plans for all work in the scope of the subcommittee as assigned by the steering committee
  - Evaluate and rank the work within the committee’s scope of responsibility
  - Ensure availability of all resources required for the committee’s scope of work (both IT and non-IT), matching the work to the allocation of resources approved by the steering committee
  - Assist in the development of an implementation plan with a logical sequencing of efforts that minimize the competition for the same resources

- Regularly review all work in the scope of the subcommittee
  - Require regular progress updates from business and clinical sponsors
  - Assess progress toward project completion and planned outcome goals and objectives, continuing oversight until the desired outcomes are achieved
  - Guide course corrections if warranted by performance variance, requesting steering committee assistance when necessary

- Review and recommend IT investments to the steering committee
#4: Membership

- **Recommendation:** Select committee members with the authority to fulfill their role on the committee.

- **Rationale:** A key factor in deciding membership is that each committee member should be prepared to be held accountable for the work approved by the committee. IT carries the additional burden of guiding and facilitating the processes of the committees.

- **Examples:**

  **Steering Committee Membership**
  
  Board members, C-suite executives, vice presidents, or other key senior management team members

  **Subcommittee Membership**
  
  Vice presidents, directors, managers, or other key staff members

#5: Meeting Frequency

- **Recommendation:** Align committee meetings with the organization’s planning cycle.

- **Rationale:** Meeting frequency is generally determined by four organizational planning cycles in which IT governance is a key participant: budget planning, capital investment planning, strategic planning, and work planning. Capital and operating budgets are typically revisited on an annual basis and strategies are generally reviewed annually, but a new strategy may be required only once every three to five years. The broad sweep of IT responsibilities encompasses too many variables to create accurate work plans that extend beyond six months in most organizations. Consequently, work planning is most effective if plans are revisited multiple times per year.

- **Examples**

  **Steering Committee**
  
  - Quarterly meetings are required at a minimum to review budget proposals and work plans. However, the broader the scope and complexity of the work that the steering committee is responsible for, the more frequently they should meet.
  - For years in which the IT strategy is being renewed, the steering committee should plan to meet more frequently than in other years.

  **Subcommittees**
  
  - In order to provide adequate timely updates and information to the steering committee, subcommittees should meet at least as often as the steering committee.
  - Generally, subcommittees find that the type of work they are accountable for requires meeting at least monthly, if not weekly.
Conclusion

Key Imperatives & Next Steps

Key Imperatives for Developing an IT Governance Charter

Define the purpose of each IT governance committee.

Provide clear guidance on the roles and responsibilities of the IT Steering Committee and any subcommittees.

Establish the principles that direct the decisions for the IT governance committees and more importantly, the oversight responsibilities for those decisions.
- Create guidelines reflective of organizational priorities to steer decision-making efforts.
- Address how project accountability will be assigned and success will be measured.

Get Started

Once you have reviewed the five components above, consider the ten questions listed below. The answers to these questions provide the framework for an IT Governance Charter.

1. What is the purpose of the Steering Committee?
2. What are the roles and responsibilities of Steering Committee members?
3. Who sits on the Steering Committee? Is this a rotating or permanent membership?
4. At what frequency will the Steering Committee meetings take place?
5. Are subcommittees required? If so, for what purposes?
6. What are the organizing principles for subcommittees (for example: based on functional areas)?
7. What are the roles and responsibilities of the various subcommittees?
8. Who sits on each of the subcommittees?
9. At what frequency will the subcommittees meet?
10. Who will serve as the common link(s) between each subcommittee and the Steering Committee?
The best practices are the ones that work for you.