

## Practices and Principles of IT Governance in Australian Legal Aid Organizations

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### Abstract

*Information Technology (IT) governance has emerged as a fundamental issue for organizations worldwide as organizations depend on IT. IT governance is an integral part of corporate practice; it consists of leadership and organizational structures, processes and communication systems. The underlying goals for implementing an IT governance framework are to maximize operational effectiveness of business processes; align IT strategies with business strategies and objectives; and conform to regulations. This paper presents a comprehensive and pragmatic model of IT Governance through an integrated framework of structures, processes and communications capabilities. This framework integrates the work of Van Grembergen, De Haes & Guldentops' (2004) IT governance framework with the principles of IT Governance proposed by Weill and Ross (2004). An amended IT Governance represents one of the major contributions of this paper. The case study presented in this paper investigates the IT governance practices and principles adopted in two Australian legal aid organizations.*

### Keywords

IT governance structures, IT governance processes, IT governance relational mechanisms, IT-Business alignment

### INTRODUCTION

IT, now formally known as Information Communications Technology (ICT) has become prevalent across organizations globally. IT activities encompass the entire firm, ranging from primary activities such as inbound and outbound logistics and marketing and sales to support (Luftman, et al 2004). More specifically, with the turbulent and dynamic nature of today's business environments, it has become even more critical for organizations to understand the capabilities of existing and emerging technologies. The need for governing principles to establish decision-making authority patterns in an organization has emerged due to the critical dependency on IT. Hence, IT governance has surfaced as an important issue for organizations (Van Grembergen, De Haes & Guldentops 2004). The authors define IT governance as an authority for key IT functions in organizations, including IT acquisition, IT infrastructure, and IT management.

While IT is increasingly recognized as a strategic partner with business, it is necessary to have an effective IT governance architecture in place to ensure sound IT decision-making, alignment of the decisions with business goals and also ensure value is obtained from IT investments (ITGI 2005). Peterson (2004) presents an IT governance architecture appropriate for the turbulent and dynamic nature of business. He states that IT governance has been subject to much debate and yet remains as a complex phenomenon for many organizations. Whilst in the past IT decisions could be avoided, delegated or ignored by business executives; that is not the case today since IT forms part of business (Peterson 2004).

The motive for conducting a study into the Australian legal aid industry stems from the fact that a case study research in this sector has not been undertaken before. The legal industry is information based, where information management is vital. Effective governance of IT is essential. The legal aid sector has been chosen as it is not-for-profit and aims at providing justice to disadvantaged people. It was deemed worthwhile to research how organizations in this sector govern their IT and use IT as they provide services to the community.

This research presents a background on the use of IT in the legal aid sector in Australia and describes the practices and principles of IT governance and subsequently provides a rich insight into the governance mechanisms that exist in these organizations. The study delves into the IT governance arrangements in the two organizations and identifies several issues in the governance patterns of the two cases. It also highlights some of the constraints faced by the organizations with respect to IT governance.

## LITERATURE REVIEW

### IT Governance Defined

"Governance is defined as the exercise of authority, direction and control of an organization in order to ensure its purpose is achieved" (Gill 2005, p.15). Gill asserts that governance has four key components of accountability, transparency, predictability and participation. These components advance healthy mechanism for governance as they endorse transparency and trust of the stakeholders (Gill 2005). With the prevalence of IT throughout organizations globally, IT governance has emerged as a fundamental business imperative because it is key to achieve business value (Peterson 2004). Firms realise that good IT governance mechanisms can help them achieve their strategic objectives and gain competitive advantage.

The IT Governance Institute (ITGI 2007) defines IT Governance as "*an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategies and objectives.*" Sambamurthy and Zmud (1999) describe it as a distribution authority for key IT activities in business firms, including IT infrastructure, IT use, and project management (1999). Van Grembergen (2002) defines IT governance as the organizational authority by the Board, executive management, and IT management to oversee the formulation and implementation of IT strategy and ensure alignment of business and IT. Another definition for the term states that it represents a structure around firms, for aligning IT and business strategies, as well as implementing measures to assess the performance of IT (Schwartz 2007).

The definitions suggest that IT governance encompasses the distribution of IT decision-making roles and responsibilities, and sets policies and procedures for monitoring the performance of IT to ensure that IT is delivering value to the organization. Most importantly IT governance aims to align IT strategy with business strategy to achieve and sustain organizational objectives. It can be therefore derived that every organization, whether large or small, public or private need a mechanisms and framework to ensure that the IT function sustains the organizational strategies set (Schwartz 2007). Organizations need to craft their IT governance arrangements into flexible IT governance architectures to survive in the dynamic and ever-changing business environment (Peterson 2004). The focus of IT governance needs to be less on vertical structures, but more on the horizontal integration capabilities across an organization.

### Main Challenges in IT Governance

According to Willcocks, Feeny and Olson (2006), there are three challenges that an organisation must face in order to use IT successfully. These challenges include integrating the business and IT vision, optimizing the IT architecture design and the delivery of Information Systems (IS) services. These challenges and perspectives from various research lead to an IT governance management framework (Willcocks, Feeny & Olson 2006). The IT governance management framework suggests nine core IS capabilities needed to govern and manage IT sourcing arrangements (Feeny & Willcocks 1998). These core capabilities consisting of *leadership, business systems thinking, relationship building, architecture planning, making technology work, informed buying, contract facilitation, contract monitoring, and vendor development* are required to manage its in-house resources and critical functions (Feeny & Willcocks 1998, p.12).

### Van Grembergen, De Haes & Guldentops' Structures, Processes and Relational Mechanisms

Determining the right IT governance mechanisms is a reasonably complex task since it depends on the organization concerned (Van Grembergen, De Haes & Guldentops 2004). The public and private sector may need different approaches and structures for their IT governance. Van Grembergen, De Haes & Guldentops (2004) propose a framework of structures, processes and relational mechanisms for implementing IT governance based on Peterson's framework. A key factor to achieve effective IT governance is to establish responsible roles and responsibilities (Van Grembergen, De Haes & Guldentops 2004). IT strategy committees and councils are beneficial if they are established at the Board level; they can oversee IT-related matters as well as ensure IT is addressed in a structured way (De Haes & Van Grembergen 2004, 2005). Table 1 presents a summary of the IT governance framework discussed.

Effective IT governance is also influenced by the way IT is organized within a firm (Van Grembergen, De Haes & Guldentops 2004) whether they are centralized, decentralized or federated. Each organization has its own culture and way of managing and governing IT, and a structure which works perfectly for one may not work for another. Therefore organizations must consider several factors such as organization's size, number of employees, organizational culture, corporate culture and structure, geographical location and other factors before selecting and implementing a form for IT organization (Luftman, et al 2004).

IT governance must also involve processes for performance assessment. Processes describe the degree to which IT-decision making and monitoring follow specific rules and procedures (Peterson 2004). IT governance processes involve activities and means to achieve strategic decision-making and performance monitoring. Some of the tools and techniques for tracking performance and assess alignment with business goals include IT Balanced Scorecard, Information Economics, and Strategic Information Systems Planning. There are various models to assess alignment between business and IT such as Strategic Alignment Model (SAM) and Strategic Alignment Maturity Model (SAMM). SAM is a framework for aligning business and IT strategy through four main domains (Venkatraman, Henderson & Oldach 1993). SAMM involves five levels of strategic alignment maturity, each focusing on a set of six criteria (Lufman, et al 2004). The five levels start from initial/ad hoc process to optimized process. The six criteria involve communications, competency/value measurement, governance, partnership, scope and architecture and skills maturity.

IT governance processes also includes the adoption of IT governance frameworks and best practice standards. Van Grembergen, De Haes & Guldentops's IT governance model includes two frameworks recognized world-wide, Control Objectives for Information and Related Technology (COBIT), IT Infrastructure Library (ITIL) (ITGI & OGC, 2005). Other standards such as Australian Standards (Standards Australia 2005) and frameworks such as ISO/IEC 20000, ISO 27001 and ISO/IEC 27002 (previously known as ISO/IEC 17799), PRINCE2, PMBOK or Capability Maturity Model (CMM) exist for organizations to adopt. One important process for a firm to adopt is the establishment of Service Level Agreements (SLAs). Service levels need to be expressed in business terms to be more effective (Van Grembergen, De Haes & Guldentops 2004).

Finally a set of relational mechanisms is required to ensure sound IT governance. Relational mechanisms encompass effective two-way communication and participation or collaboration relationship between business and IT (Van Grembergen, De Haes & Guldentops 2004). Shared knowledge and understanding of business and IT is crucial to ensure their co-evolution and alignment. Knowledge sharing and management can be facilitated through a set of mechanisms such as business-IT job rotation, cross training and continuous education (Van Grembergen, De Haes & Guldentops 2004).

Table 1: Structures, Processes and Relational Mechanisms for IT Governance  
by Van Grembergen, De Haes & Guldentops (2004)

Integration Strategy	Structures	Processes	Relational Mechanisms	
<b>Tactics</b>	<ul style="list-style-type: none"> <li>- IT executives and accounts</li> <li>- Committees and councils</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic IT decision-making</li> <li>- Strategic IT monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- Stakeholder participation</li> <li>- Business/IT partnerships</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Dialog</li> <li>- Shared learning</li> </ul>
<b>Mechanisms</b>	<ul style="list-style-type: none"> <li>- Roles and responsibilities</li> <li>- IT strategy committee</li> <li>- IT steering committee</li> <li>- IT organization structure</li> <li>- CIO on Board</li> <li>- Project steering committees</li> <li>- e-business advisory board</li> <li>- e-business task force</li> </ul>	<ul style="list-style-type: none"> <li>- Balanced (IT) scorecards</li> <li>- Strategic Information Systems Planning</li> <li>- COBIT and ITIL</li> <li>- Service Level Agreements</li> <li>- Information Economics</li> <li>- Strategic Alignment Model</li> <li>- Business/IT alignment models</li> <li>- IT Governance Maturity models</li> </ul>	<ul style="list-style-type: none"> <li>- Active participation by principle stakeholders</li> <li>- Collaboration between principle stakeholders</li> <li>- Partnership rewards and incentives</li> <li>- Business/IT co- location</li> </ul>	<ul style="list-style-type: none"> <li>- Shared understanding of Business/IT objectives</li> <li>- Active conflict Resolution ('non-avoidance')</li> <li>- Cross-functional business/IT training</li> <li>- Cross- functional Business/IT job rotation</li> </ul>

### Principles of IT Governance

Organizations must make sound IT governance arrangements if they thrive to succeed in this dynamic and turbulent environment. They should not only focus on the vertical structure, but also on the horizontal integration capabilities. Determining the right IT governance mechanisms is reasonably complex. The literature outlines a set of structures, processes and relational mechanisms for implementing effective IT governance. Whilst it is crucial to have a proper functioning framework for sound IT governance, certain good practices and principles must also be considered for maximising its effectiveness.

IT governance requires sound and effective arrangements to function well; but it also needs to follow certain principles for achieving value through its arrangements. Weill and Ross (2004) found that with well-implemented IT governance, firms generate higher returns from their IT investments. They identified ten principles for good governance for optimising the effectiveness of IT governance (as listed in Table 2) However,

it should be clarified that the ten principles do not provide a complete frameset for IT governance on their own. Firms need to adapt them to their needs and practices while using a framework for IT governance.

Table 2: Ten principles for good IT governance (Weill and Ross 2004).

Principles of Good Governance	Description
1. Actively design IT governance	IT Governance should be actively designed according to the organization's strategies and goals.
2. Know when to re-design governance	Governance redesign should be infrequent, since changing the whole governance structure in any organization may require a lot of time and resources.
3. Involve Senior Managers	IT Governance is more effective when senior management/CIOs are involved. Some organizations use their management committee structure to improve IT Governance and thus obtain better integration across organizations.
4. Make Choices	IT Governance involves making choices. Clear business principles help to better handle goal conflicts and hence better selection of alternatives.
5. Clarify the Exception-Handling Process	Exceptions, in relation to IT, challenge the current situation, particularly IT infrastructure and architecture. IT governance must include a clearly stated exception-handling process to bring open discussion about the issues, and foster organizational learning. Exception handling is important to manage technical risk, track the emergence of non-mainstream technologies, and ensure architecture flexibility (USA Government 2007).
6. Provide the right incentives	Rewards and incentives must be aligned in order to maximize the effectiveness of IT governance. Employees tend to show more interest in their firm's objectives when they are rewarded or provided with incentives.
7. Assign Ownership and Accountability for IT Governance	Ownership of IT governance design, implementation and performance must be delegated to a person or group of individuals within a firm. The CIO may be responsible and accountable for IT Governance mechanisms, decision-making, decision implementation and performance.
8. Design Governance at multiple organizational levels	This principle is mainly useful and applicable for multi-business unit firms, where governance is considered at several levels. Lower levels of governance are most likely to be influenced by the mechanisms designed at higher levels.
9. Provide transparency and education	Higher transparency in governance processes, leads to better understanding and trust in the IT governance. Higher communication within firms promotes more effective governance.
10. Implement common mechanisms across the six key assets	The 6 key assets are: Relationship, Human, Product, Information and IT, physical and Financial assets. IT Governance must provide mechanisms for effective governance of the assets.

## AMENDED IT GOVERNANCE MODEL

As part of this study, an IT governance model as been generated based on previous IS literature. It constitutes a significant part of the study as it is used to frame the case study. The IT governance model is based mainly on the theories of Van Grembergen, De Haes and Guldentops (2004) and Weill and Ross (2004) and has been modified and extended by the researcher to provide for a comprehensive and pragmatic framework for IT governance in organizations. The model also attempts to show the relations between the IT *structures*, IT *processes* and IT *communications*. Table 3 illustrates the amended IT governance framework generated as part of the study.

The three capabilities (Structures, Processes and Communications) are interdependent and integral for an IT governance framework. IT governance structures include the establishment of formal mechanisms for enabling liaison between business and IT. The underpinning of IT governance structures is to ensure IT governance is being actively designed and also the key roles for IT decision-making, IT acquisition and IT management are clear. The structures must be effectively communicated. This is linked to another IT governance capability, communications. An IT Governance framework must foster internal (intra) and external (extra) organizational communications to ensure success of the governance. IT performance must be carefully monitored and communicated. IT governance processes are used to assess and monitor the progress of IT. They ensure that value is obtained from the IT investments. Processes encompass the use of best practice standards and frameworks, tools and techniques for achieving strategic IT decision-making and IT performance monitoring.

Table 3: Amended IT Governance Framework -  
adapted from Van Grembergen, De Haes & Guldentops (2004) and Weill and Ross (2004)

Integration Strategy	IT Structures	IT Processes	IT Communications	
			Extra-Organizational	Intra-Organizational
<b>Tactics</b>	<ul style="list-style-type: none"> <li>- IT executives and accounts</li> <li>- Committees and councils</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic IT decision-making</li> <li>- Strategic IT monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- Stakeholder participation</li> <li>- Business/IT partnerships</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Dialog</li> <li>- Shared learning</li> </ul>
<b>Procedures &amp; Principles</b>	<ul style="list-style-type: none"> <li>- IT organization structure</li> <li>- CIO on board</li> <li>- Involve senior management</li> <li>- IT Strategy Committees</li> <li>- IT Steering Committees</li> <li>- Project Steering Committees</li> <li>- Actively design governance</li> <li>- Re-design governance</li> <li>- Assign ownership and accountability for IT governance</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic information systems planning</li> <li>- Balanced (IT) Scorecards</li> <li>- Information economics</li> <li>- Strategic Alignment Model</li> <li>- Strategic Alignment Maturity Model</li> <li>- Capability maturity models</li> <li>- COBIT and ITIL</li> <li>- Project management (PRINCE2, PMBOK)</li> <li>- Service level agreements</li> <li>- Exception-handling process</li> </ul>	<ul style="list-style-type: none"> <li>- Active participation by key stakeholders</li> <li>- Collaboration among key stakeholders</li> <li>- Partnership Rewards and incentives</li> <li>- Service Contracts/SLAs</li> <li>- Partnership performance review</li> </ul>	<ul style="list-style-type: none"> <li>- Transparency and education</li> <li>- Shared understanding of Business/IT objectives</li> <li>- Active conflict resolution</li> <li>- Cross-functional business/IT training</li> <li>- Cross-functional Business/IT job rotation</li> <li>- Rewards and Incentives</li> <li>- Key performance review</li> </ul>

### Research Questions and Methodology

This study investigates the IT governance practices and principles in the Australian legal aid sector by examining thoroughly two legal aid commissions in two different states of Australia. The case studies have been chosen because one of them has been known for its innovative use of IT and contact was established with a senior IT officer at the other case study. This study is to establish and understand how IT is governed, managed and used in non-profit organisations that provide services to the community. It is vital to obtain the insights of senior IT decision makers on this topic.

The case study method is suited for this research as it focuses on the analytical logic, where an issue in the cases being studied are examined and analysed in detail. The study being conducted is of descriptive, exploratory as well as explanatory in nature. It aims to answer the following research questions, "What are the IT governance practices and principles employed in two Australian legal aid organizations?" and "How are IT governance practices and principles implemented and organized?"

In keeping with participants' requests for anonymity, the legal aid commissions will be referred to as Legal Aid A and Legal Aid B. The data collected was primarily qualitative in nature. A face-to-face interview was conducted with a senior IT Officer from one organization. A questionnaire was used as the basis for the interview. Notes were taken and the session was recorded. This was followed by several phone interviews and email confirmations. Phone and email interviews were conducted with a senior legal consultant and IT Officer from the other organization. Notes were generated and sent to the interviewees for verification. Data obtained from the interview process for both cases were cross-examined with related documents and articles found on the internet. This was important to ensure validation of the data.

### AUSTRALIAN LEGAL AID ORGANIZATIONS

Australian Legal Aid organizations are medium-sized government organizations which provide a number of services in the areas of family, civil and criminal law (Legal Assistance Branch 2007). Commonwealth law matters are funded by the Australian Government, while the State and Territory Government funds the legal aid cases arising under their laws (Legal Assistance Branch 2007, Commonwealth Legal Aid Commission Act 1977). Services mainly include information and advice provision, minor assistance, primary dispute resolution, lawyer services, family conferencing and grants of aid for legal representation (Legal Assistance Branch 2007). Some of the services are free of charge. Other services like legal representation require an eligibility test from the applicant to determine his/her eligibility for a grant of aid (Legal Assistance Branch 2007).

### **Information Technology in the Legal Aid Sector**

IT plays an important role in the provision of services to the community; internal information management; and the ability to conduct business with suppliers. All information pertaining to a single entity must be related to provide a single point of access and ensure that the information available is complete, accurate and reliable. Information such as client detail, billing information, case law, precedents and conflict checks must all be linked. Current technologies used by the commissions include Client Management Systems, Knowledge Management, Document Management, on-line access to cases and e-commerce. Several potential opportunities where IT can be used to better assist the organizations' processes, such as providing remote access or personalized information for each user (Stanfield and Dunn n.d.). As the reliance of IT continues to grow, there is a need for the IT governing bodies in the Legal Aid institutions to oversee the IT decisions, policies and procedures to improve the efficiency of services.

Despite the importance of IT in the legal aid sector, there has been very little research regarding the IT governance mechanisms implemented in these agencies and the issues present in the governance. Identifying and understanding the IT governance patterns in this sector may help advance knowledge about the effectiveness of the current IT governance mechanisms as well as provide lens to their limitations.

### **Legal Aid A**

Legal Aid A is an independent statutory body set up by the Legal Aid Commission Act 1976. Legal Aid A has about 250 employees and legal advice is provided by duty lawyers over the telephone, face-to-face and by video-conference to people in the remote areas. The agency works in partnership with private practitioners and other service providers such as Community Legal Centres, to provide equitable access to services, regardless of regional and time constraints. It has networked with over 40 regional centers across the State to ensure that legal help is available to the population.

With the evolving needs and requirements, Legal Aid A is becoming dependent on technology and information management has become crucial. In order to maximize throughput and deliver efficient client service, the staff needs access to accurate information that is readily available within legal conflict guidelines. This agency had a legal resources database developed in-house, but required an improved system. The new system, known as the Legal Resource System (LRS), aims to provide additional functionality to its users as well as improve accessibility of legal resources for its staff and external partners. Legal resources contained in the database include legal materials, Family Law precedents system, information sheets, kits and training packages. It is used by internal staff, non-profit organizations, like Community Legal Centres, that provide legal services to people and certain private practitioners.

One of major improvements in Legal Aid A consists of a document management system, which is tailored to the organization's needs. The records and document management system is expected to enhance client management and record-keeping practices. The Grants Online system was enhanced to provide a more robust, flexible and user-friendly system for legal practitioners submitting Commission applications via the web. It allows applications for legal aid, requests for extensions and tax invoices to be lodged electronically. It accepts applications for legal assistance for criminal, civil and family law. Since 2003, over 87 private firms are connected to the system. The enhanced system includes benefits such as: faster application turnaround, improved communication, timely payment, online availability of updated progress of applications, and easy-to-use forms and checklists. The new system also allows for quick response to changes in State and Commonwealth Legislation. Major improvements to the telecommunications infrastructure, including broadband links with the Magistrates Court and the Family Court of the State have been achieved as well. Project management procedures as well as governance processes were made more transparent. Management of budget and expenditures had also been improved. In addition, selective IT sourcing decisions are made to ensure the optimum use of funds and retain in-house resource and knowledge.

However, despite the improvements and achievements made, Legal Aid A faces a few information management issues. Firstly, there is reluctance from some staff to fully embrace technology. Certain staff members would prefer creating documents from scratch rather than retrieving from the organization's database. Also the Courts are not ready to operate electronically, which constrains the legal aid firm to use paper forms. The paper filing system for general business records is not properly managed; there is lack of filing and naming standards for network drive and there is no clear rule for managing emails.

### **Legal Aid B**

Legal Aid B was formerly established in 1979, and under the State Government Act 1997 replaces the former Legal Aid Office. Legal Aid B is aimed at providing quality service to the people in its state. Its mission is to enhance access to justice and its strategic vision is to be the leading provider of legal services to disadvantaged

people. The agency has adopted innovative technologies to be more efficient and effective in the delivery of its services.

Legal Aid B maintains a network of legal aid offices to supply legal aid services in order to maximize distribution of contact points throughout the State. There are fourteen offices in the State, including the central office and over 350 employees in total. The institution has three divisions, (1) grants, involving the purchase of legal services from private firms; (2) in-house legal practice responsible for service delivery; and (3) corporate services. The organization has partnered with law firms (known as preferred suppliers), community legal centres, community access points and other agencies to optimize its service delivery to the community people. It has partnered with over 400 private law firms around the State to ensure that demand for the legal aid services is met. Likewise, the legal needs of the rural and remote populations can be serviced through the organization's partnership with Community Legal Centers. There are currently 37 community access points in the state. Legal Aid B provides them with legal information materials, training and tools to help people with legal problems. Several of the community access points are also equipped with videoconferencing and internet facilities.

This agency had worked with the Department of Corrective Services and Department of Families in 2003 to install videoconferencing facilities in local communities. The people in the rural and regional communities benefited a lot from this facility since they were able to receive legal advice from remote areas. Communication is much more convenient and transparent when both end parties can see each other.

## **RESEARCH FINDINGS AND DISCUSSION**

### **IT Governance Structures - Legal Aid A**

There are currently twelve IT staff members in the head office. The IT function is centralized mainly because IT represents the highest amount of expenditure. The amount of resources spent on IT must be transparent to the Board members and throughout the organization. The IT governance group is the Information Management (IM) Governance group, which is part of the Program Coordination Group. The IM group is a subset of the Executive group, the highest level of the hierarchy in the agency. The Information Manager, responsible for the IM Governance, has Program Managers who are responsible for the delivery of technical programs of organization. The Information Manager reports to the General Manager (GM), who in turn reports to the Director and these individuals, are also Board members. The GM is the most senior IT. Strategic and budgeting decisions and progress monitoring and risks associated with IT investments and projects, and the resources allocated to IT activities are discussed Board meetings. There is no IT strategic or steering committees and councils present. In lieu of this, project groups are formed based on projects and existed solely for the duration of the project(s) they are involved in.

Policies are reviewed bi-yearly. The Executive group oversees the tasks of amending or establishing new IT governance structure. The Director, General Manager and Information Manager are involved in this process and reports to the Board. Currently IT governance structure exists and the structure is re-designed depending on changes on staff availability.

### **IT Governance Structures - Legal Aid B**

The IT function is centralized with nine IT staff. The most senior IT Officer who is the Information Systems (IS) Coordinator reports to the Corporate Services Manager (CSM), who in turn reports to the Chief Executive Officer (CEO). The IS Coordinator is responsible to set IT strategy; establish IT budgets; authorize IT purchases; make IT outsourcing decisions, and oversee IT operations,. The IS Coordinator is not a Board member, and senior management is not involved in the IT governance activities.

There is an Information Steering Committee that oversees IT strategy and IT projects. The composition of the Steering Committee depends on the project; but there is a Senior Management Committee consisting of the CEO, CSM, Grants and Legal Practice Manager. The IS Coordinator meets the Senior Management Committee on a monthly basis to discuss issues regarding IT functions and projects. However the meeting is not a decision-making body; instead, reports are presented. There is not much analysis and interrogation of IT-related matters. The current approach for managing IT projects seeks a compromise which suits an environment where there is limited competitive pressure and limited interest in IT from staff in the business areas. The CEO, who is on the Committee, reports to the Board on a monthly basis. Policies and procedures for IT governance are reviewed as required. The establishment of formal structures is considered unnecessary, and policy amendments are done in an ad-hoc basis by the IS Coordinator.

IT governance structures of the two agencies are presented in Table 4.

Table 4: Summary of the IT governance structures in the two cases

Integration Strategy	IT Governance Structures	Legal Aid A	Legal Aid B
Tactics	IT executives and accounts	Yes	Yes
	Committees and Councils	No	Yes
Procedures and Principles	IT organization structure	Centralised	Centralised
	CIO on Board	No such role	No
	Involve Senior Management	Yes	No
	IT Strategy Committees	No	No
	IT Steering Committees	No	Yes
	Project Steering Committees	Yes	Yes
	Actively design governance	Yes	Yes
	Re-design governance	Yes	Yes
	Assign accountability and ownership for IT governance	Yes	Yes

#### IT Governance Processes – Legal Aid A

Legal Aid A has an established Strategic Information Systems Plan (SISP) to ensure that IT is aligned with the organization's goals and strategy. SISP demonstrates good practice for IT governance as this allows the agency to execute its business plans and achieving its strategic goals (Lederer & Sethi 1996). The agency also uses a set of key performance indicators (KPIs) to measure to evaluate and monitor the performance of IT across the agency. Management can view and review performance with the business unit.

ITIL is used as the standard for service management; thereby providing a framework through which services can be delivered to the Information Management staff. It also enables results and service levels to be tracked and reported on. A number of the helpdesk staff is being trained and the agency is looking at software upgrade in the near future. This will eventually enable a shift in functions within the helpdesk staff. Another best practice framework adopted by the organization is that of PRINCE2. The agency bases its processes on both ITIL and PRINCE2 and these are well suited to the needs of the agency.

The agency has enterprise reporting and is practice enable the agency to report on the allocation of Commonwealth and State funding. There is also an IT solution, TechnologyOne, established in the finance sector, to deal with IT and scorecards. This agency does not currently use scorecards. Comprehensive Service Level Agreements (SLAs) are established between this agency and its vendors, with the specifications on the quality of service expected and required and factors associated with service delivery. There are currently no SLAs set up between business and IT within the agency; nonetheless the agency is contemplating on implementing internal service level agreement to deliver ITIL level service desk.

#### IT Governance Processes – Legal Aid B

Legal Aid B has IT Strategic Plan and IT Projects Plan for the deployment of IT solutions and infrastructure to support organizational strategic goals. There is a reasonably well-documented SISP which enables alignment of IT strategy with its strategic objectives. The SISP also provides for clear communication of the IT priorities to the rest of the organization. IT is separate from the core business processes, and the IT area functions well and deliver the requirements of the organization and the other business units seem to be content with that as long as they are able to perform their tasks.

There are no performance metrics to measure the performance of IT as it is considered unnecessary. No SLAs are established between business and IT. No industry best practice frameworks and standards are adopted by the organization. There is no formal exception-handling process; instead the IS Coordinator is authorised to do so by presenting valid reasons.

But despite the lack of formal processes and frameworks, the organization's IT functions seem to perform well and support the business processes. Although there is no model or framework used to evaluate business-IT alignment, IT appears to be performing well and delivering the service required. Besides the IT Strategic Plan and IT Projects Strategic Plan serve to assess the alignment between IT and organizational strategy. It appears that the agency does not need the presence of formal and strict processes. A summary of the IT governance processes adopted by the two agencies is provided in Table 5.



Table 5: Summary of the IT governance processes in the two case studies

Integration Strategy	IT Governance Processes	Legal Aid A	Legal Aid B
Tactics	Strategic IT decision-making	Yes	Yes
	Strategic IT monitoring	Yes	No
Procedures & Principles	Strategic Information Systems Planning	Yes	Yes
	IT Balanced Scorecards	Being considered	No
	Information Economics	No	No
	Service Level Agreements	Between Commission and Vendors	No
	COBIT and ITIL	ITIL only	No
	Strategic Alignment Maturity Models	No	No
	IT Governance maturity models	No	No
Exception-handling process	No	No	

#### IT Governance Extra-Organizational Communications – Legal Aid A

The agency has well-established communications between itself and outside vendors, partners and contractors. Firstly, there is strong active participation and collaboration from the key stakeholders for acquiring IT services. Contracts between vendors and the agency are clearly established and monitored. A good practice used by the agency is that it mostly establishes short-term contracts with its vendors. Other contracts, such as the key strategic contracts, generally extend over a five year period, are reviewed yearly. The annual reviews allow the legal aid commission to re-evaluate and revise the contracts, validating the deliverables provided by the vendors. This practice fosters collaboration, proper contract monitoring and facilitation and has communication between Legal Aid A and its vendors.

#### IT Governance Extra-Organizational Communications – Legal Aid B

The extra-organizational communications systems at Legal Aid B appear to be effective and perform well. Communication with key stakeholders is regarded as important at this agency. Discussion with stakeholders is encouraged to promote organizational learning and resolve any disputes or issues that may arise. Effective business-IT partnership is crucial for the delivery of successful IT systems. It is important that IT understands the organizational needs and at the same time, the organization understanding the capabilities of IT to support its processes.

Clear SLAs are established between the agency and its partners or vendors to specify service requirements and levels expected. IT sourcing occurs within the framework of the State's Government Standards, which covers ICT procurement. Government agencies within the State are required to follow a staged procurement process; Legal Aid B follows this process for its sourcing arrangements. The existing choices seem to be delivering good results to the agency within the budget allocated.

The extra-organizational communications systems for the two agencies are summarized in Table 6 below.

Table 6: Summary of the IT governance external communications at Commission A

Integration Strategy	External Communications	Legal Aid A	Legal Aid B
Tactics	Stakeholder Participation	Yes (Strong participation)	Yes
	Business/IT Partnerships	Yes	Yes
Procedures and Principles	Active participation by key stakeholders	Yes	Yes
	Collaboration among key stakeholders	Yes	Yes
	Partnership rewards and incentives	Non-existent	Non-existent
	Service Contracts/SLAs	Yes	Yes

#### IT Governance Intra-Organizational Communications – Legal Aid A

The key stakeholders for IT include the whole agency and its clients. Key IT applications are crucial for the agency; if they are unavailable, the agency faces the constraint of being unable to service its clients. Communications at the executive level is important. The General Manager, who leads the IM Governance, and the Information Manager, meet the Board of Executives formally three times a year to discuss IT strategic decisions, ongoing progress and risks of projects and funding decisions. Strategic dialog is encouraged and is well established between business and IT. It is crucial for IT to fully understand business objectives to support business processes and enable achievement of the business objectives.

Communication within the agency at the tactical level is restricted to managerial staff. The highest degree of concentration for internal communication is at the operational level, with staff who use the IT applications and systems. It is important that users of the systems understand the requirements, capabilities and limitations of the IT applications for optimum use of the technology. Better service levels can be achieved through communications with staff at the operational level. There is shared understanding between business and IT at the agency, but it is limited to specific applications and people.

Transparency is crucial at Legal Aid A as IT consumes the highest amount of resources. Transparency is also important because this agency is a commission funded by the State and Commonwealth Governments, and every process and project must be fully documented. Active conflict resolution between IT and stakeholders is encouraged to promote active engagement of stakeholders. There is a process to approach and manage conflicts and deal with issues surrounding the conflicts within the agency. The process of active conflict resolution is structured within each of the projects.

One of the interesting approaches adopted by the agency for advancing organizational learning is that it engages in staff rotation. Although there is currently no job rotation between the IM staff and legal practice staff, staff within the legal business areas is rotated within these environments or different work locations. With this, employees are better-equipped to deal with a range of services as they gain a variety of experiences and skills.

#### IT Governance Intra-Organizational Communications – Legal Aid B

Strategic dialog between business and IT is established as required. The IT Strategic Plan and IT Projects Strategic Plan serve as internal communication to convey IT priorities to the rest of the organization. IT understands the business requirements and provides the right support to business processes. There is shared understanding between business requirements and objectives, and IT strategies. Another good practice adopted by the commission is that of active conflict resolution between IT and stakeholders.

In this agency there is no transparency and education of the IT governance processes and decisions. The main reason for this is that IT is separate from the core business functions. While the current structure works well for the agency, the involvement of other business areas could be strengthened. The current arrangement for IT governance adapts to, rather than seeks to challenge the lack of “buy-in” by business managers. It may be necessary to mitigate the distance between IT and business functional areas for better alignment. Currently there is no cross-functional business-IT training or job rotation. Most of the practices for IT governance adopted are influenced by the organizational culture and also by the State Government laws.

IT governance internal communication of the two agencies is provided in Table 7.

Table 7: Summary of the IT governance internal communications at the case organizations

Integration Strategy	Intra-Communications	Legal Aid A	Legal Aid B
Tactics	Strategic Dialog	Yes	Yes
	Shared learning	No	No
Procedures and Principles	Transparency and education	Yes, transparency only	No
	Shared understanding of Business/IT objectives	Yes, limited	Yes
	Active conflict resolution	Yes	Yes
	Cross-functional business/IT training	No	No
	Cross-functional business/IT job rotation	No, staff rotation only	No
	Rewards and Incentives	No	No

#### Summary of Findings

One of the key findings of the study includes the emergence of an IT governance framework based on previous IS literature. The study applies the framework to address the questions of “What are the IT governance practices and principles employed in two Australian legal aid organizations?” and “How are certain IT governance practices and principles implemented and organized?”

The increased dependence of IT in the Legal Aid Commissions has led to the awareness of the need for adopting formal IT governance practices. As seen in the previous sections both legal aid commissions have implemented IT governance through a mixture of structures, processes and communication. Based on the experiences of Legal Aids A and B, the following findings emerged from the study.

- Both organizations adopt a centralized form of IT organization. Legal Aid A has adopted this form of IT organization because IT represents the highest expenditure in the organization; therefore a high degree of

diligence is required. As for Legal Aid B, it is due to the size of the organization. Both cases have actively designed IT governance, and have clear roles and responsibilities assigned.

- Steering committees are present at Legal Aid B. The Strategic Management Committee meets monthly to report on IT-related issues and projects. However, IT is separate from the core business, and such there is limited interest in IT. The Senior Management is not intensively involved in IT matters. The Strategic Management Committee meeting does not make any decisions regarding IT; but reports are provided committee members. There is no interrogation or analysis of IT functions and activities. This approach to managing projects seems to suit the environment where there is a disinterest in IT from the business staff and also where there is limited competitive pressure.
- Legal Aid A has no IT Steering committees or councils; rather, there are project committees. These committees are formed when a project is initiated and they exist solely for the duration of the projects. The agency adopts this practice because of limited resources.
- Both agencies have processes to achieve strategic decision-making; they both have a well-established SISP for the alignment of business needs, objectives and strategies with IT capabilities and strategies.
- Both agencies do not have a formal exception-handling process and is regarded as unnecessary. At Legal Aid B, such a process is not needed since the IS Coordinator can deviate from prescribed standards for IT by presenting valid reasons. Furthermore, the agencies do not use Information Economics, COBIT and other Strategic and IT Governance Maturity models.
- Legal Aid A uses ITIL for service management and PRINCE2 to support project-based activities. The agency assesses the performance of IT through the implementation of KPIs. A further IT governance process includes the establishment of SLAs between the agency and outside parties.
- Both agencies have similar extra-organizational communications. They both emphasize on strong participation and collaboration of key stakeholders. SLAs and contracts with vendors or software providers are well established and clearly documented. Clear communication with external parties usually provides for better service levels, thereby enhancing the business-IT alignment. Each agency follows their State's guidelines for contract management and sourcing strategies. Legal Aid A is that it establishes short-term contracts for IT projects.
- Legal Aid A promotes a high degree of transparency of IT-related matters, including the business requirements, IT capabilities and benefits, costs and progress reports. Legal Aid B does not see the need for transparency and education for IT-related matters. The reason which justifies this practice is that IT functions are separate from the core business. Given that IT appears to be delivering reliable services to the agency, the business staff of Legal Aid B is content and has no interest and time for IT matters. At Legal Aid A, there is shared understanding of the business/IT objectives to a certain level; the highest degree and frequency of communication exists at the operational level with the hands-on users of the systems.
- The study also unveiled several important issues and constraints within the IT governance arrangements. Legal Aid A has too much structure which impedes on the efficiency of carrying out projects. Furthermore, it faces the funding constraint, whereby the availability of resources is limited and the needs for efficient services are much higher.
- Legal Aid B faces a few constraints especially that the senior management has limited involvement in IT matters. IT function is separate from the core business and there are issues with its IT governance framework.

## CONCLUSION

The paper offers noteworthy contributions to the body of knowledge. It presents an amended framework for IT governance which seeks to provide a holistic and pragmatic framework for implementing IT governance. The amended framework has its foundations rooted in previous literatures; it consists of three capabilities of structures, processes and communications. For clarity, the third capability of 'communications' is divided into internal (intra) and external (extra) communications. This amended model was used to study the cases for this research. The study reveals significant findings in the context of IT governance within the Australian legal aid sector and provides both theoretical and practical contributions to the body of knowledge. While some significant insights into the practices and principles adopted in the Australian legal aid sector have been acquired from this study, further research of the issues and constraints faced by the case study organizations can be conducted to provide a more meticulous lens on the cohesion of issues and constraints in the two organizations.

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