COLLEGE OF BUSINESS AND ECONOMICS
SUPPLEMENTARY EXAM JULY 2019

DEPARTMENT OF BUSINESS MANAGEMENT

MODULE	:	**IT GOVERNANCE**
CODE	:	**BMI9X03**
DATE	:	**23rd JULY SUPPLEMENTARY EXAM**
DURATION	:	**2 HOURS**
TIME	:	**12:30 – 14:30**
TOTAL MARKS	:	**100**

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EXAMINER(S)	:	PROF KENNEDY NJENGA
(EXTERNAL) MODERATOR:		DR BILLY KALEMA (Tshwane University of Technology)
NUMBER OF PAGES	:	**4** PAGES

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INSTRUCTIONS TO CANDIDATES:

- Please answer all questions in **Section A, Section B** and **Section C.**
- Question papers must be handed in.
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Write neatly and legibly.
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

IT Steering Committees in Hotels – City Lodge

In today's business environment, information technology (IT) is a major force driving changes and has resulted in the increase in IT spending across all industries in recent years to the point where it ranks among the top five investments of most organizations. IT is however, characteristically high priced, constantly changing, and complex, making strategic decision-making and alignment a challenging process. This contributes to common complaints and a poor reputation that IT overpromises and under-delivers. These realities delay the adoption of technology in the hotel industry and further contribute to skepticism regarding the ability of IT to drive business value. The ability to derive value from IT is directly correlated to the effectiveness of a hotel's IT governance process. Governance deals with what decisions should be made, by whom they should be made, the criteria upon which they should be based, and the accountability metrics used to monitor and measure outcomes. Resources for IT are finite and subject to supply, demand, and costs. IT governance is so important to a hotel's success that it must become part of its core competencies.

As part of the IT governance process, steering committees have been proposed as one way to improve IT decision-making and oversight and used as a solution to problems in IT adoption. The primary purposes of these committees are to ask the right questions ensure IT-business strategy alignment, and bridge the gap between business and IT. Common questions related to IT that the Steering committees could possibly ask are; (1) is the hotel spending too much money on IT? ; (2) is the hotel gaining appropriate returns from its investment in IT? Employing steering committees is an effective way to have top management involved in the IT planning which will ensure the alignment of the corporate strategy with the development of IT, importance and effectiveness of IT policies.

City Lodge Hotels

The City Lodge Hotels group has come a long way from its relatively humble beginnings of a 123-room City Lodge in Randburg, that opened on 1 August 1985. Through the vision of founder, Swiss-born Hans Enderle, the City Lodge Hotels group has grown from a single hotel in 1985 to a multi-brand chain offering a variety of locations, features and budget choices to business and leisure travellers. From the start, emphasis was placed on quality accommodation, homely ambience and friendly service – still important attributes of the group in the 21st century and core reasons guests choose our hotels. After pioneering the quality selected services hotel concept in South Africa, the group has grown substantially and diversified its product offering to meet different travellers' needs. Commitment to service excellence from a highly motivated and dedicated staff is a common thread throughout the group's hotels which have

developed a loyal base of regular clients over the years and an ever-growing number of new guests.

Technology and IT

Technology and IT continues to play an increasingly important role in City Lodge. At the beginning of 2010, City Lodge expanded its global reach by introducing the *Amadeus GDS system* that links it to the international travel industry. Following the release of the King III set of corporate governance guidelines, City Lodge embarked on its own IT governance project to ensure the alignment between IT and its business by implementing policies and procedures that focus on issues such as security and business continuity. Significantly, some of City Lodge's new IT projects aimed at maximising the security and safety of guest information. City Lodge's newer initiatives are the implementation of *3D Secure* on its website and is looking into the Payment Card Industry-Data Security Standard (PCI-DSS) framework. Through its centralised IT environment, City Lodge has been able to reduce its carbon footprint through an energy-monitoring and saving project.

Source [Redacted reports from]:

- Cobanoglu, C., Ayoun, B., Connolly, D., & Nusair, K. (2013). The effect of information technology steering committees on perceived IT management sophistication in hotels. *International Journal of Hospitality & Tourism Administration*, *14*(1), 1-22.

- City Lodge Hotels Annual report (2010) available at;
  https://clhg.com/download/integrated_reports/integrated_report2010.pdf

<<End of Case>>

QUESTION 1

Describe the term GRC in context to governance of IT in modern enterprises such as City Lodge.

[20 marks]

QUESTION 2

Describe at least SIX ways IT Governance can be understood in context to overall City Lodge's IT issues.

[20 marks]

SECTION B   [FROM CASE STUDY 1]   [15 MARKS]

OCEG

The OCEG is an industry-led non-profit organization that develops standards and helps enterprises enhance their governance, risk management, and compliance processes. With major support from the technical industry, the OCEG has developed and published a GRC capability model, called the OECG "Red Book," with IT governance standards that is becoming increasingly well recognized in many enterprises worldwide.

QUESTION 3

Illustrate the OCEG GRC Capability Model and discuss how this model would be useful to an organization such as City Lodge.

[15 marks]

SECTION C [MODELS AND ILLUSTRATIONS]   [45 MARKS]

QUESTION 4

Describe FIVE unique characteristics of Virtualization that require enterprises to implement new policies and controls.

[15 marks]

QUESTION 5

Illustrate the process performed by an Internal Auditor.

[15 marks]

QUESTION 6

Explain how building an effective code of conduct can promote ethical business practices throughout the enterprise.

[15 marks]