



# Why data governance should be part of your boardroom conversations

By Patrick A. Lee

Today we are seeing the convergence of cybersecurity and data governance. An array of business forces is impacting companies' risk posture and causing greater complexity in protecting their data assets. These forces include technological advances and the leveraging of big data, new privacy laws and regulations, customer expectations for privacy, the global extension of business, and more advanced cyberattack scenarios.

In our conversations with directors, we often hear that while companies and boards are making progress in their cybersecurity efforts, for many, there needs to be a more rigorous approach to data governance—the processes and protocols in place around the integrity, protection, availability, and use of data.

Cybersecurity has long been a top priority for boards. Based on our conversations with directors, it appears that boards have made significant strides in monitoring management's cybersecurity effectiveness. We are seeing, for example, greater information technology expertise on the board and relevant committees, company-specific dashboards that highlight critical risks, and more probing conversations with management on critical cybersecurity risks, operational resilience, and the strategies and capabilities deployed to minimize the duration and impact of a serious cyber breach. Despite these efforts, given the growing sophistication of cyberattackers, cybersecurity will continue to be a key challenge for companies and boards.

While data governance overlaps with cybersecurity, it is broader and includes a number of issues that should be top of mind for boards today, including compliance with data privacy laws and regulations, data ethics, and data hygiene.

## **Compliance with data privacy laws and regulations.**

In addition to industry-specific privacy laws and regulations, a number of new laws and regulations govern how the personal data of customers, employees, or vendors is processed, stored, collected, and used. Examples include the European Union's General Data Protection Regulation, which took effect in May 2018, and the California Consumer Privacy Act, which will take effect in January 2020. We can expect more privacy laws and regulations to follow, both in the United States and internationally.

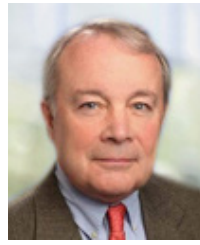
**Data ethics.** Beyond technical compliance with privacy laws and regulations, companies need to manage the tension between how they legally use customer data and customer expectations about how that data is used. This tension poses significant reputation and trust risks for companies.

**Data hygiene.** As one director suggested, the company should regularly ask: Are we collecting or holding data that we don't really need? If yes, get rid of it and perhaps stop collecting it. Who has access to the data, including vendors and third parties?

The convergence of cybersecurity and data governance presents a significant challenge for executive teams and boards. As one director said, "If data is such a critical asset, don't we need a more rigorous governance approach around that asset, similar to governance around financial reporting, which has clear roles for the chief financial officer and finance team; internal and external auditors; audit committee oversight; and audit committee financial experts, assessments of controls, etc.?"

To help develop a more rigorous approach around data governance, we recommend three areas of board focus:

- Insist on a robust data governance framework that makes clear how and what data is being collected, stored, managed, and used, and who makes decisions regarding these issues.
- Clarify which business leaders are responsible for data governance across the enterprise—including the roles of the chief information officer, chief information security officer, and chief compliance officer.
- Reassess how the board—through its committee structure—brings the right focus and attention to cybersecurity as well as the company’s data governance framework, including privacy, ethics, and hygiene.



**Patrick A. Lee**  
Senior Advisor,  
KPMG Board Leadership Center

*This article was originally published in the November/December 2019 issue of NACD Directorship magazine.*

---

### About the KPMG Board Leadership Center

The KPMG Board Leadership Center champions outstanding governance to help drive long-term corporate value and enhance investor confidence. Through an array of programs and perspectives—including KPMG’s Audit Committee Institute, the WomenCorporateDirectors Foundation, and more—the Center engages with directors and business leaders to help articulate their challenges and promote continuous improvement of public- and private-company governance. Drawing on insights from KPMG professionals and governance experts worldwide, the Center delivers practical thought leadership—on risk and strategy, talent and technology, globalization and compliance, financial reporting and audit quality, and more—all through a board lens. Learn more at [kpmg.com/us/blc](https://kpmg.com/us/blc).

## Contact us

[kpmg.com/us/blc](https://kpmg.com/us/blc)

**T:** 1-800-808-5764

**E:** [us-kpmgmktblc@kpmg.com](mailto:us-kpmgmktblc@kpmg.com)

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International. NDP043740