

DATA GOVERNANCE FOUNDATIONS FOR BOARDS:

A Snapshot of the Key Principles for Director Oversight and Value Creation

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The boards of all Australian organisations have a central role to play in ensuring that key organisational data is viewed and treated as a strategic asset, and this asset is protected and harnessed in a manner that meets regulatory requirements and stakeholder expectations.

Key organisational data is increasingly the foundation of effective business operations, strategy and risk management. When used effectively, data can enhance productivity, improve products and services, drive financial returns, and support the monitoring and management of risks. It is, however, vulnerable to theft, manipulation and inappropriate use.

Effective data governance at the board level not only ensures that key organisational data is viewed and treated as a strategic asset, but is also foundational to protecting this key asset, meeting regulatory requirements, and preserving stakeholder trust.

The publication **Data Governance Foundations for Boards** recognises that board oversight of data governance, cyber security resilience and the oversight of AI (**artificial intelligence**) go hand in hand.



The following outlines the key points from [Data Governance Foundations for Boards](#) and lists the Top 10 questions for directors to ask to assist in overseeing data governance at the organisation.

Regulatory obligations

- Oversight of data governance forms part of directors' existing fiduciary duties under both common law and the *Corporations Act 2001* (Cth).
- Boards should also have oversight of how the organisation meets its key regulatory requirements relevant to data, including the *Privacy Act 1988* (Cth).

PRINCIPLE 1:

Key organisational data is a strategic asset

- Boards should promote the effective use of key organisational data as a significant business enabler.
- A robust data strategy aligns data governance practices with organisational priorities, supporting growth, innovation, regulatory compliance and stakeholder expectations.
- To be effective, AI systems require high-quality data that is accurate, complete, consistent and timely.

PRINCIPLE 2:

Define clear data governance accountability

- Clear roles and responsibilities form the foundation of effective data governance.
- Comprehensive and clear board reporting – including engagement with management and updates on emerging trends – supports board oversight of data use and protection.
- External providers play a growing role in data collection, management and protection, and boards should have visibility over these providers' data handling and protection settings.

PRINCIPLE 3:

The data lifecycle and effective risk management

- Identify the key data the organisation holds, including where it resides, how it is utilised, who has access to it and how it would impact business operations if compromised.
- A data governance framework is a key mechanism by which the boards of all organisations can effectively oversee data management practices.
- There are practical and low-cost controls that all organisations can utilise to mitigate risks associated with the data lifecycle.

PRINCIPLE 4:

Empower a data-driven organisational culture

- Boards set the tone from the top for a data-driven culture through championing the effective, ethical, and secure use of data – including in board decision making.
- Education and training are essential for directors and staff to apply data effectively and foster an analytics mindset that promotes informed decision making, while managing associated risks.
- Boards should promote data-informed decisions, including supporting organisational investments to use data to drive performance, innovation, and risk management.

PRINCIPLE 5:

Enable effective data incident response and recovery

- The board and management should proactively plan for a variety of plausible data incidents.
- A clear and transparent approach to communications with impacted individuals and other stakeholders is key to mitigating reputational damage, complying with regulatory requirements and facilitating an effective recovery.
- Data incidents can be an opportunity for organisations to substantially improve data governance practices.

Top 10 Director Questions

1. Has the board reviewed a data strategy that clearly outlines how the organisation will enhance the collection, management and use of data?
2. Does the organisation have the resources needed to implement data initiatives or effectively harness existing data?
3. Does the board understand its oversight role in data governance, including via board committees?
4. Does the board understand the role of key external providers in the organisation's data governance?
5. Does the board understand what data the organisation collects, generates, holds and discloses, why it is collected, and where it is held?
6. Does the board understand the data security controls deployed by our organisation as well as by our key digital providers?
7. Do we as directors use key business data and analytical approaches to inform our decision making?
8. Does the organisation understand our stakeholders' expectations for how we collect, protect, use and disclose their data?
9. Does the organisation have an incident Response Plan that is regularly tested and uplifted following simulation exercises?
10. In the event of data loss or theft, how will we communicate with customers, notify regulators, and meet our Notifiable Data Breaches (NDB) scheme requirements?

Case studies and director reflections contained in Data Governance Foundations for Boards

FITTED FOR WORK

Data is central to charities demonstrating impact and securing financial stability

CAR GROUP

A data-driven culture should be underpinned by robust data governance

RAMSAY HEALTH CARE

At the heart of a data-driven culture is a foundation of clear data accountability

CARMEL MULHERN GAICD

The board has a key role to play in effecting sound data governance

FIONA PEARSE FAICD

Sound risk management is a precondition for effectively harnessing data

COLES GROUP

Enhancing an organisation's data capability can improve performance and competitiveness

AI CD resources on cyber security and AI

The AI CD has also prepared resources on cyber and artificial intelligence which, together with this data governance publication, can support organisations in strengthening their overall technology governance.

- **Cyber Security Governance Principles** (2024)
(in partnership with the Cyber Security Cooperative Research Centre)
- **Governing Through a Cyber Crisis** (2024)
(in partnership with the Cyber Security Cooperative Research Centre and Ashurst)
- **Directors' Guide to AI Governance** (2024)
(in partnership with Human Technology Institute at the University of Technology Sydney)

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