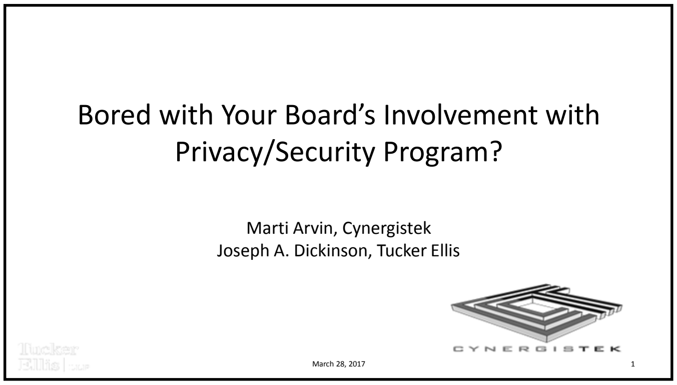

Bored with Your Board's Involvement with Privacy/Security Program?

Marti Arvin, Cynergistek
Joseph A. Dickinson, Tucker Ellis

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Initial Exercise: CISO Board Update

- Board of Directors/Trustees Monthly Security Program Update

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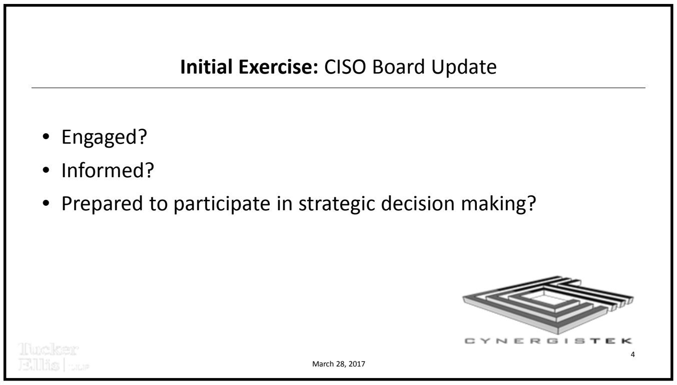
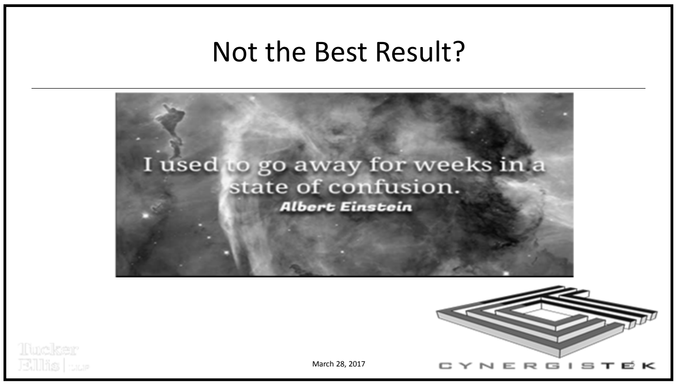


Initial Exercise: CISO Board Update

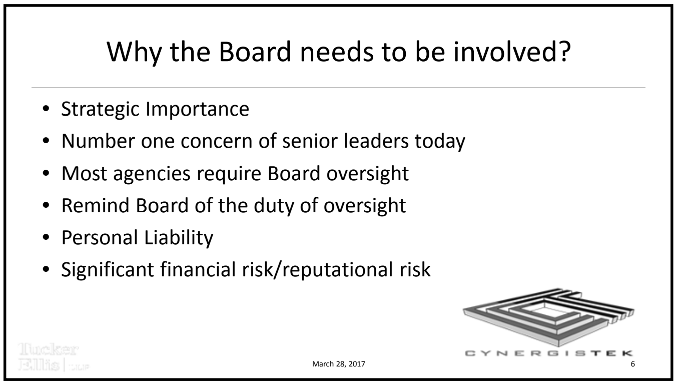
- Engaged?
- Informed?
- Prepared to participate in strategic decision making?



Not the Best Result?

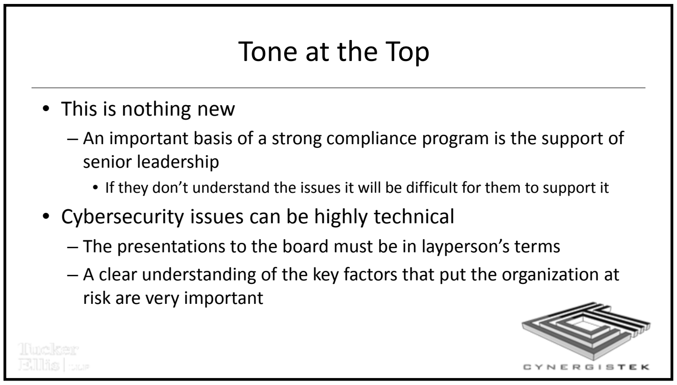
I used to go away for weeks in a state of confusion.

Albert Einstein



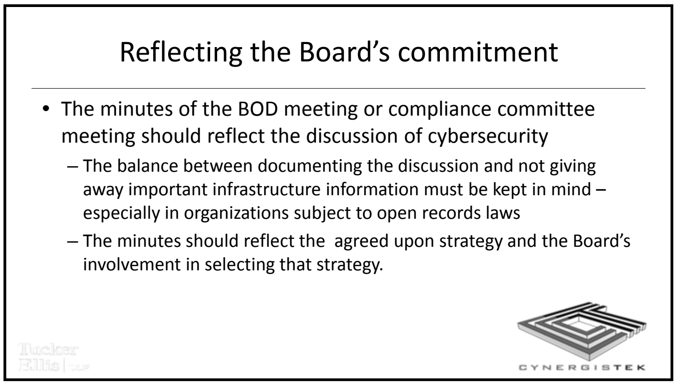
Why the Board needs to be involved?

- Strategic Importance
- Number one concern of senior leaders today
- Most agencies require Board oversight
- Remind Board of the duty of oversight
- Personal Liability
- Significant financial risk/reputational risk



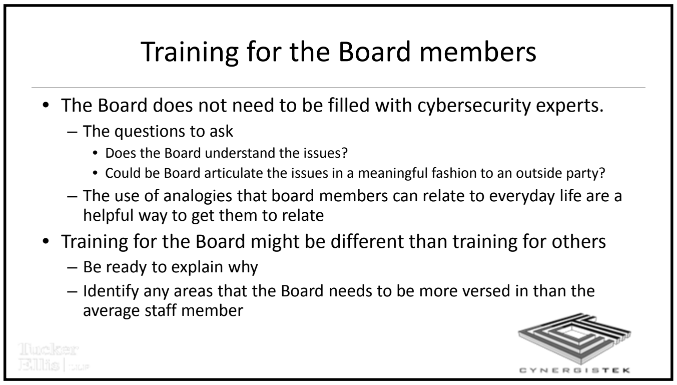
Tone at the Top

- This is nothing new
  - An important basis of a strong compliance program is the support of senior leadership
    - If they don't understand the issues it will be difficult for them to support it
- Cybersecurity issues can be highly technical
  - The presentations to the board must be in layperson's terms
  - A clear understanding of the key factors that put the organization at risk are very important



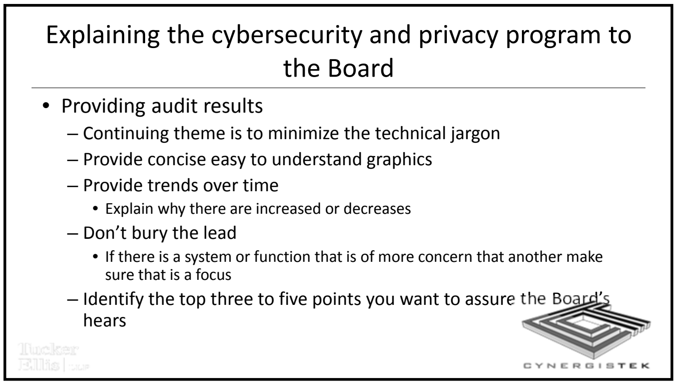
Reflecting the Board's commitment

- The minutes of the BOD meeting or compliance committee meeting should reflect the discussion of cybersecurity
  - The balance between documenting the discussion and not giving away important infrastructure information must be kept in mind – especially in organizations subject to open records laws
  - The minutes should reflect the agreed upon strategy and the Board's involvement in selecting that strategy.



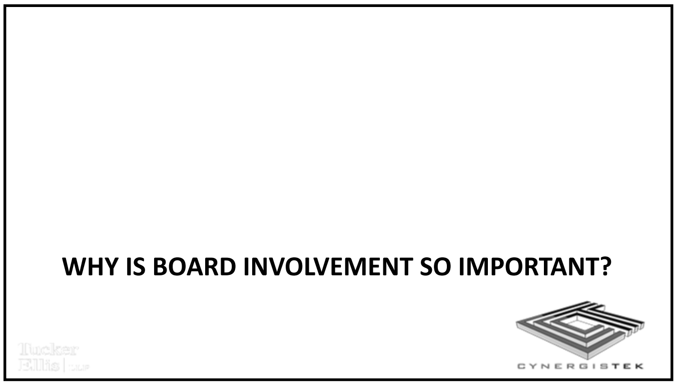
Training for the Board members

- The Board does not need to be filled with cybersecurity experts.
  - The questions to ask
    - Does the Board understand the issues?
    - Could be Board articulate the issues in a meaningful fashion to an outside party?
  - The use of analogies that board members can relate to everyday life are a helpful way to get them to relate
- Training for the Board might be different than training for others
  - Be ready to explain why
  - Identify any areas that the Board needs to be more versed in than the average staff member

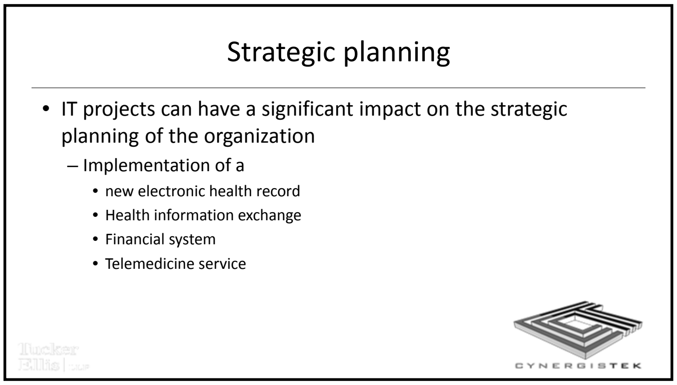


Explaining the cybersecurity and privacy program to the Board

- Providing audit results
  - Continuing theme is to minimize the technical jargon
  - Provide concise easy to understand graphics
  - Provide trends over time
    - Explain why there are increased or decreases
  - Don't bury the lead
    - If there is a system or function that is of more concern that another make sure that is a focus
  - Identify the top three to five points you want to assure the Board's hears

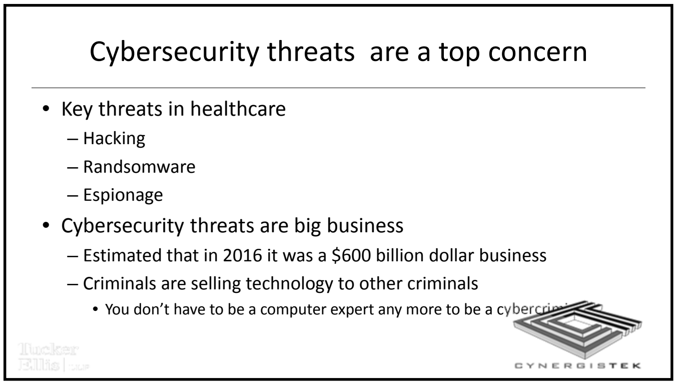


WHY IS BOARD INVOLVEMENT SO IMPORTANT?



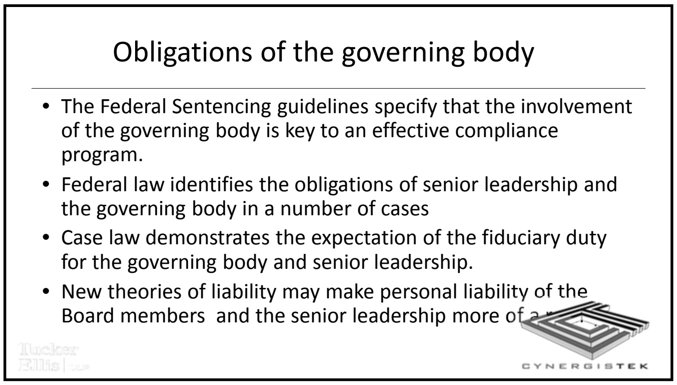
Strategic planning

- IT projects can have a significant impact on the strategic planning of the organization
  - Implementation of a
    - new electronic health record
    - Health information exchange
    - Financial system
    - Telemedicine service



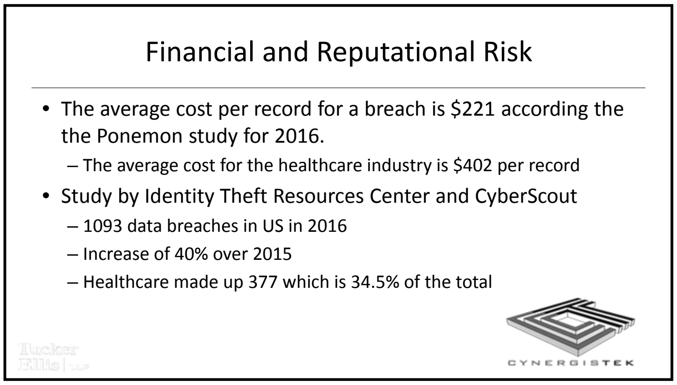
Cybersecurity threats are a top concern

- Key threats in healthcare
  - – Hacking
  - – Randsomware
  - – Espionage
- Cybersecurity threats are big business
  - – Estimated that in 2016 it was a $600 billion dollar business
  - – Criminals are selling technology to other criminals
    - You don't have to be a computer expert any more to be a cybercrimi



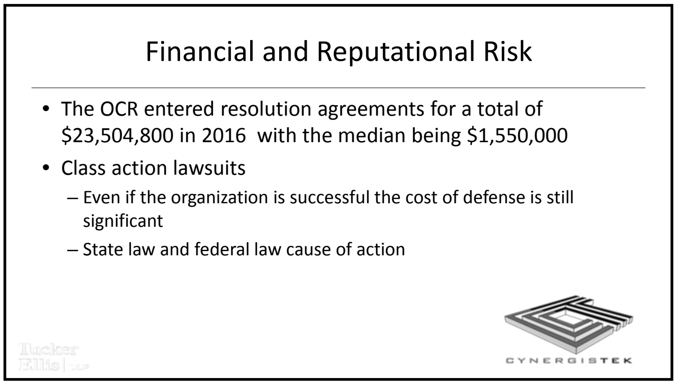
Obligations of the governing body

- The Federal Sentencing guidelines specify that the involvement of the governing body is key to an effective compliance program.
- Federal law identifies the obligations of senior leadership and the governing body in a number of cases
- Case law demonstrates the expectation of the fiduciary duty for the governing body and senior leadership.
- New theories of liability may make personal liability of the Board members and the senior leadership more of a



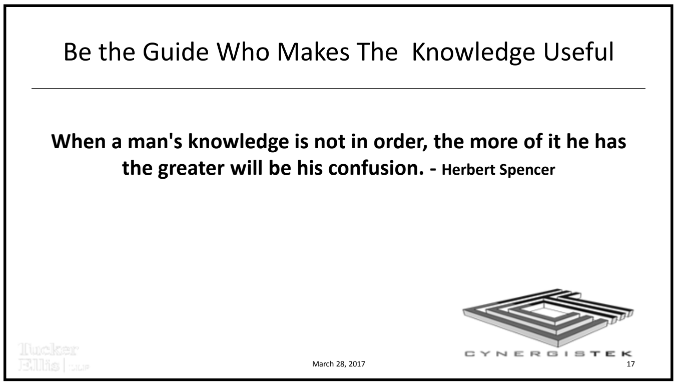
Financial and Reputational Risk

- The average cost per record for a breach is $221 according the the Ponemon study for 2016.
  - – The average cost for the healthcare industry is $402 per record
- Study by Identity Theft Resources Center and CyberScout
  - – 1093 data breaches in US in 2016
  - – Increase of 40% over 2015
  - – Healthcare made up 377 which is 34.5% of the total



Financial and Reputational Risk

- The OCR entered resolution agreements for a total of $23,504,800 in 2016 with the median being $1,550,000
- Class action lawsuits
  - Even if the organization is successful the cost of defense is still significant
  - State law and federal law cause of action



Be the Guide Who Makes The Knowledge Useful

When a man's knowledge is not in order, the more of it he has the greater will be his confusion. - Herbert Spencer

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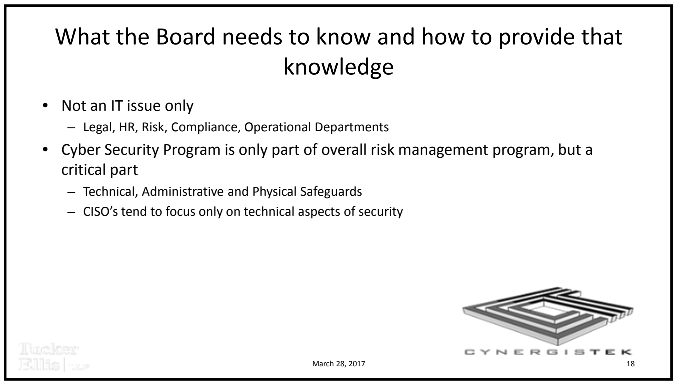

What the Board needs to know and how to provide that knowledge

- Not an IT issue only
  - Legal, HR, Risk, Compliance, Operational Departments
- Cyber Security Program is only part of overall risk management program, but a critical part
  - Technical, Administrative and Physical Safeguards
  - CISO’s tend to focus only on technical aspects of security

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IT TURNS OUT THAT THE PEOPLE'S BIGGEST FEAR ABOUT CLOUD COMPUTING ISN'T 'DATA SECURITY', IT'S 'WHAT HAPPENS IF THERE'S A THUNDERSTORM?'
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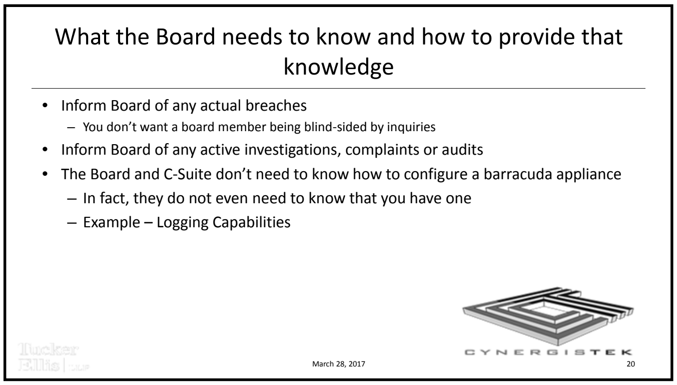

What the Board needs to know and how to provide that knowledge

- Inform Board of any actual breaches
  - You don't want a board member being blind-sided by inquiries
- Inform Board of any active investigations, complaints or audits
- The Board and C-Suite don't need to know how to configure a barracuda appliance
  - In fact, they do not even need to know that you have one
  - Example – Logging Capabilities

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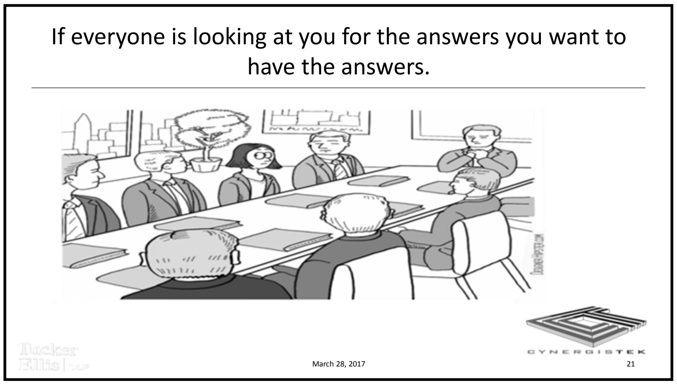

If everyone is looking at you for the answers you want to have the answers.

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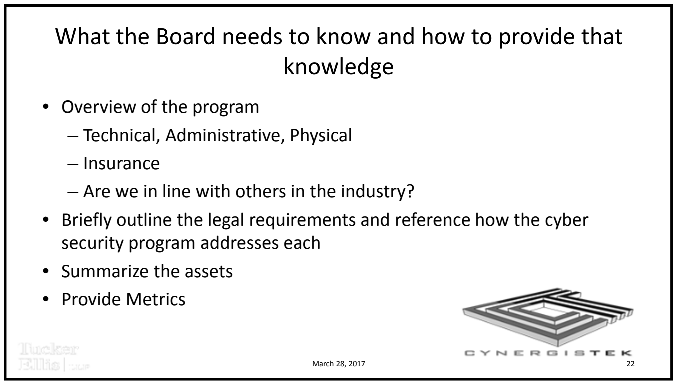
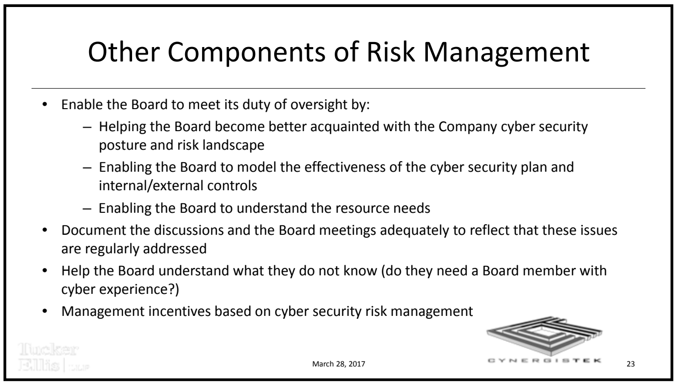


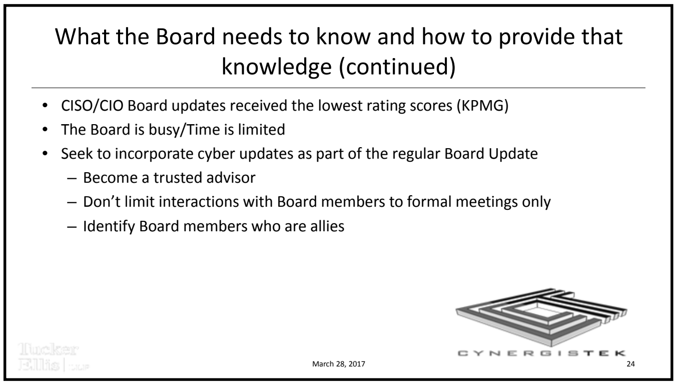
What the Board needs to know and how to provide that knowledge

- Overview of the program
  - Technical, Administrative, Physical
  - Insurance
  - Are we in line with others in the industry?
- Briefly outline the legal requirements and reference how the cyber security program addresses each
- Summarize the assets
- Provide Metrics



Other Components of Risk Management

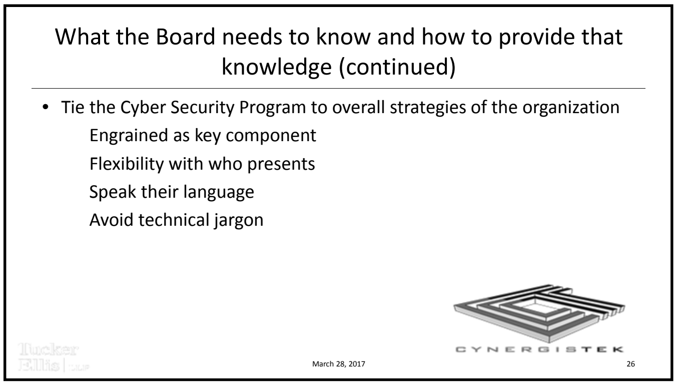
- Enable the Board to meet its duty of oversight by:
  - Helping the Board become better acquainted with the Company cyber security posture and risk landscape
  - Enabling the Board to model the effectiveness of the cyber security plan and internal/external controls
  - Enabling the Board to understand the resource needs
- Document the discussions and the Board meetings adequately to reflect that these issues are regularly addressed
- Help the Board understand what they do not know (do they need a Board member with cyber experience?)
- Management incentives based on cyber security risk management



What the Board needs to know and how to provide that knowledge (continued)

- CISO/CIO Board updates received the lowest rating scores (KPMG)
- The Board is busy/Time is limited
- Seek to incorporate cyber updates as part of the regular Board Update
  - Become a trusted advisor
  - Don't limit interactions with Board members to formal meetings only
  - Identify Board members who are allies

"To put it simply, our policy just isn't complicated enough."



What the Board needs to know and how to provide that knowledge (continued)

- Tie the Cyber Security Program to overall strategies of the organization
  - Engrained as key component
  - Flexibility with who presents
  - Speak their language
  - Avoid technical jargon

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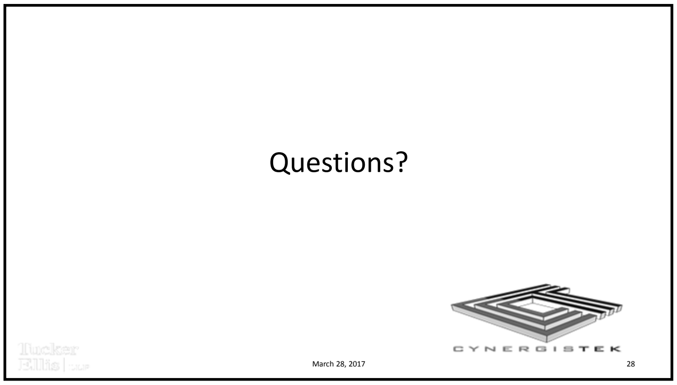

Questions?

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