



Digitalization and Innovation

Securing our data in the new normal

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May 31, 2022
Q2 General Member's Meeting

 Institute of
Internal Auditors
Philippines

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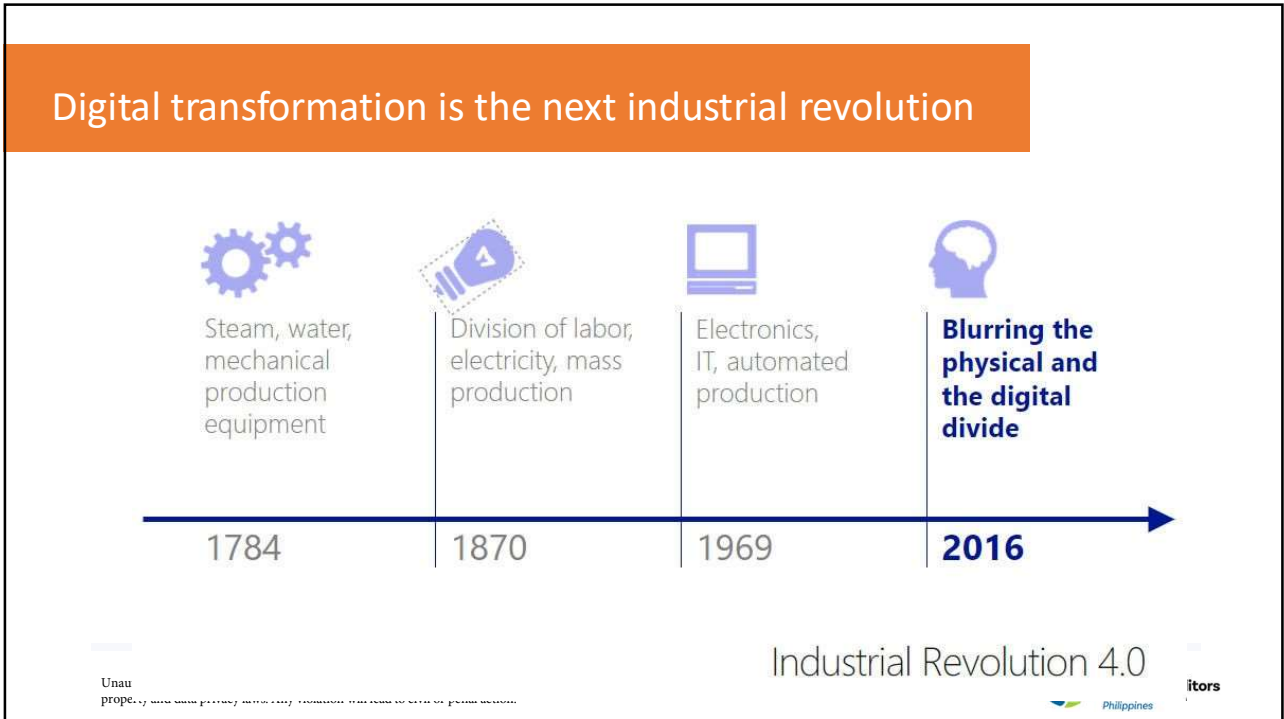
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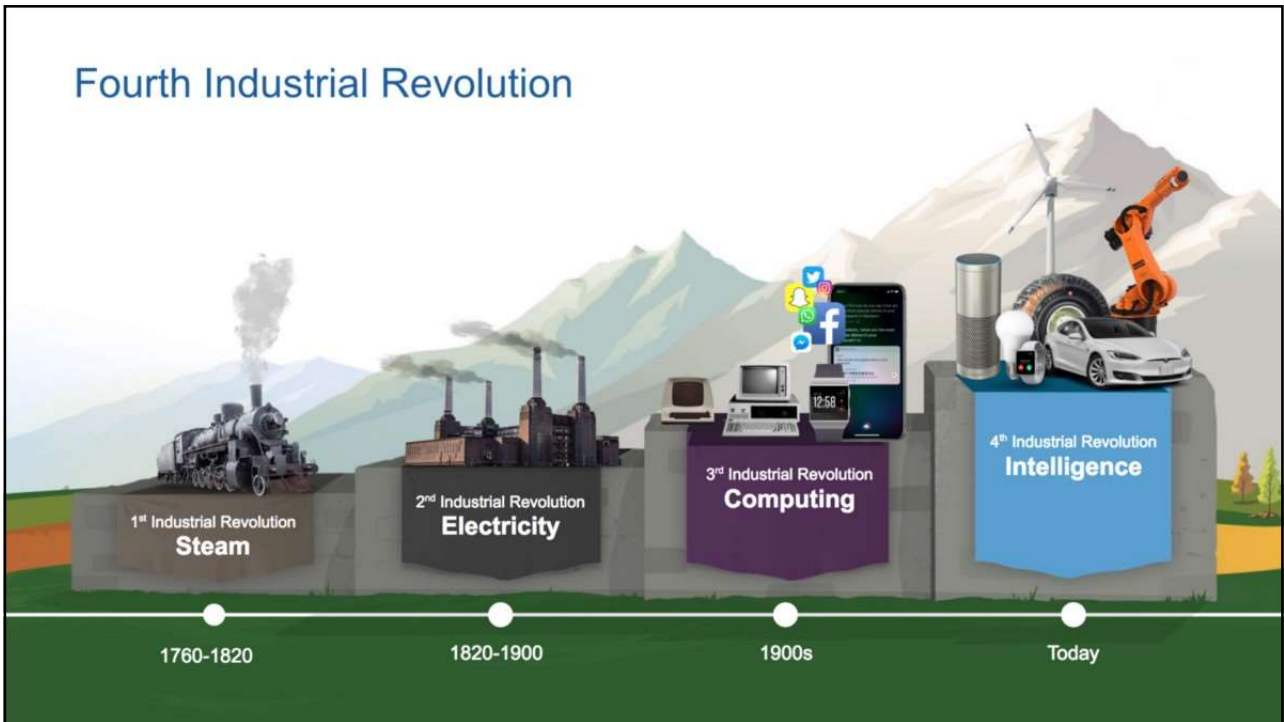
Content

- Introduction
- Digitalization and innovation in the Philippine Economy
- Key provisions/requirements of the DPA
- Implementing Data Privacy in the Digital World
- Role of IA in mitigating Data Privacy and Data Security Risks
- Q&A

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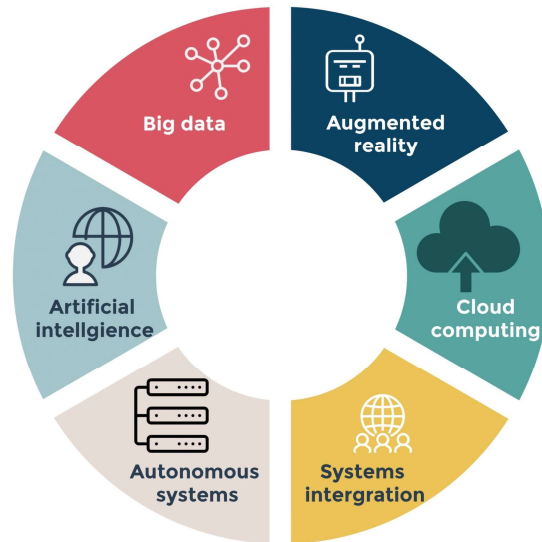


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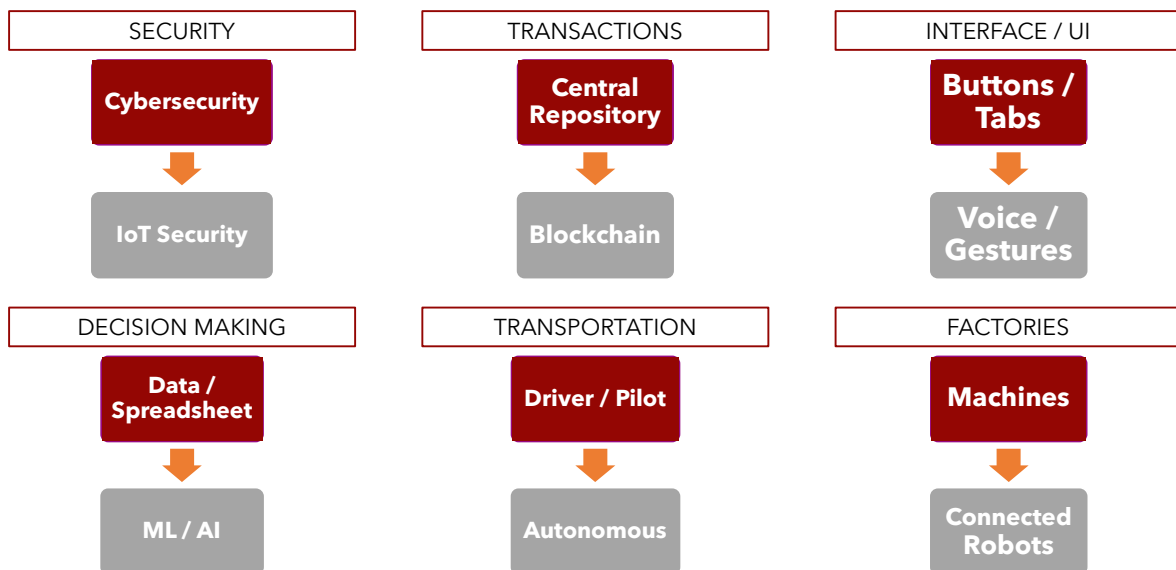
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Common technologies in IR 4.0



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How will FIRE transform business?

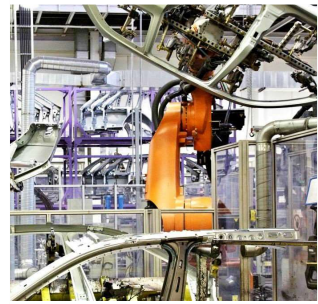


Source: Malaysian Industry-Government Group for High Technology (MIGHT)

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Industries in Transition



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YESTERDAY, RETAIL WAS ONE SIZE FITS ALL



property and data privacy laws. Any violation will lead to civil or penal action.

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TODAY, RETAIL IS PERSONALIZED



property and data privacy laws. Any violation will lead to civil or penal action.

9

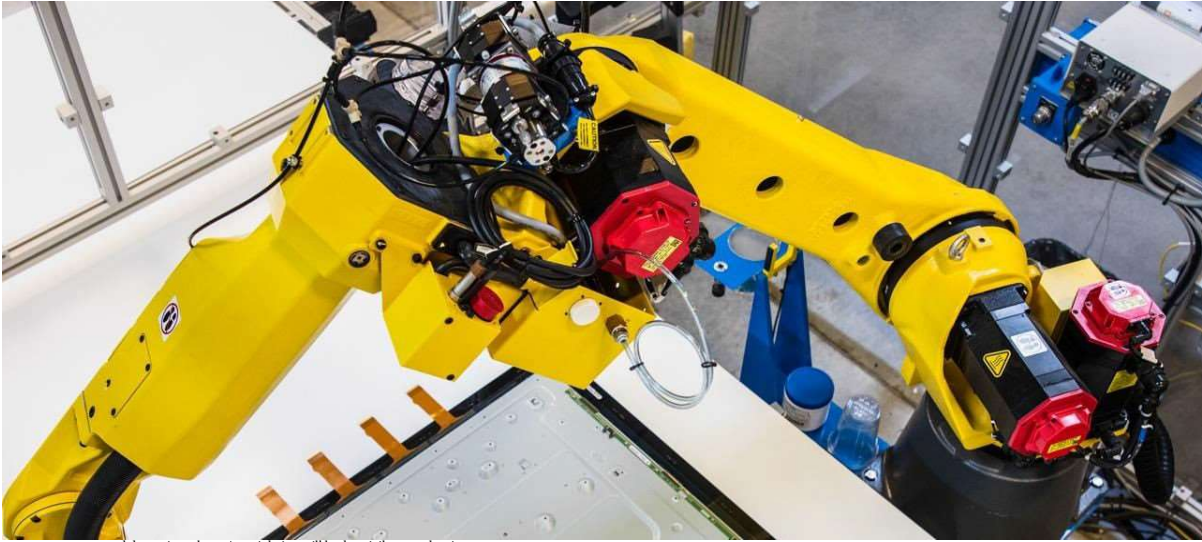
YESTERDAY, MANUFACTURING WAS PRODUCT ASSEMBLY



property and data privacy laws. Any violation will lead to civil or penal action.

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TODAY, MANUFACTURING IS CONNECTED PRODUCTS



property and data privacy laws. Any violation will lead to civil or penal action.

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YESTERDAY, HEALTHCARE WAS REACTIVE



property and data privacy laws. Any violation will lead to civil or penal action.

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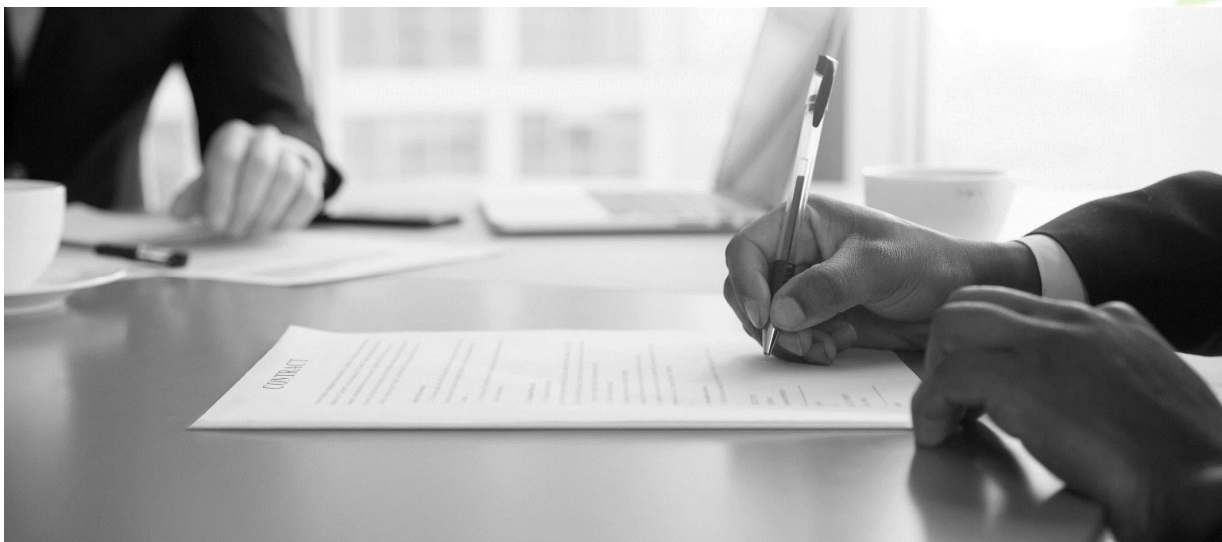
TODAY, HEALTHCARE IS PREDICTIVE



property and data privacy laws. Any violation will lead to civil or penal action.

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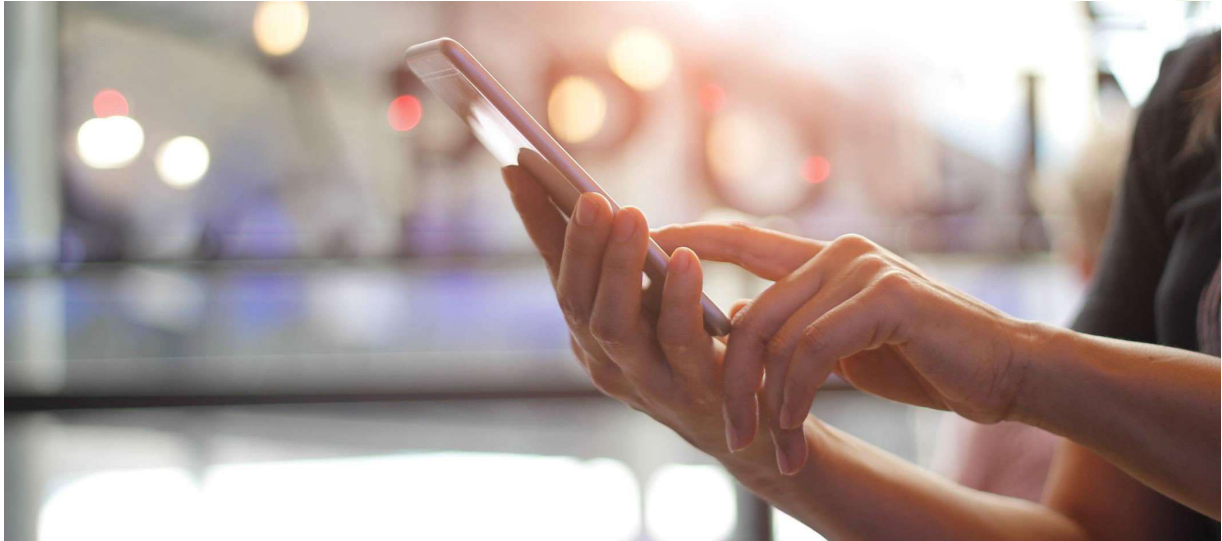
YESTERDAY, FINANCIAL SERVICES WERE ON BANKER HOURS



property and data privacy laws. Any violation will lead to civil or penal action.

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TODAY, FINANCIAL SERVICES ARE REAL TIME



property and data privacy laws. Any violation will lead to civil or penal action.

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DIGITAL TRANSFORMATION (DX) is the integration of digital technology into all areas of a business resulting in fundamental changes to how a business operates and how they deliver value to customers



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Digital transformation

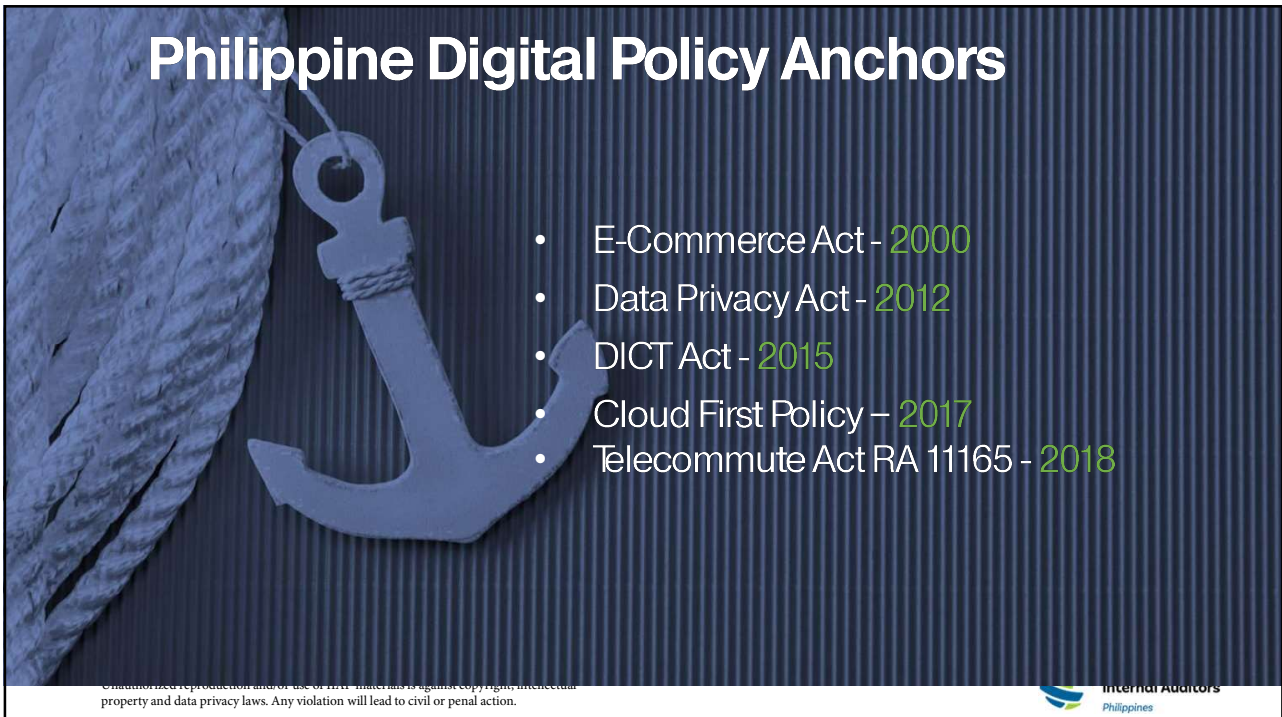
- 91%** of business leaders see Digital Transformation as a way of sparking innovation and **finding efficiencies**
- 68%** say Digital Transformation is **increasing profits**
- 85%** say they must offer digital services or **become irrelevant**
- 64%** say they have less than 4 years to complete a Digital Transformation or they may **go out of business**



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Philippine Digital Policy Anchors

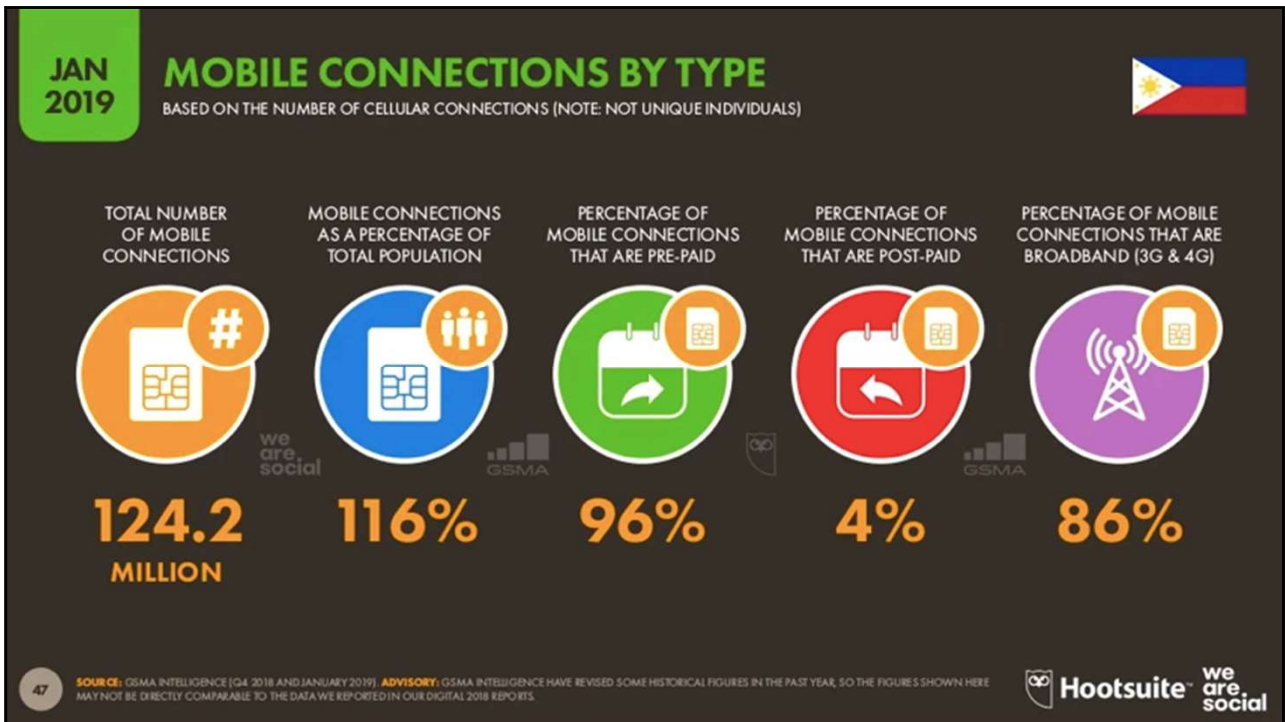
- E-Commerce Act - 2000
- Data Privacy Act - 2012
- DICT Act - 2015
- Cloud First Policy – 2017
- Telecommute Act RA 11165 - 2018



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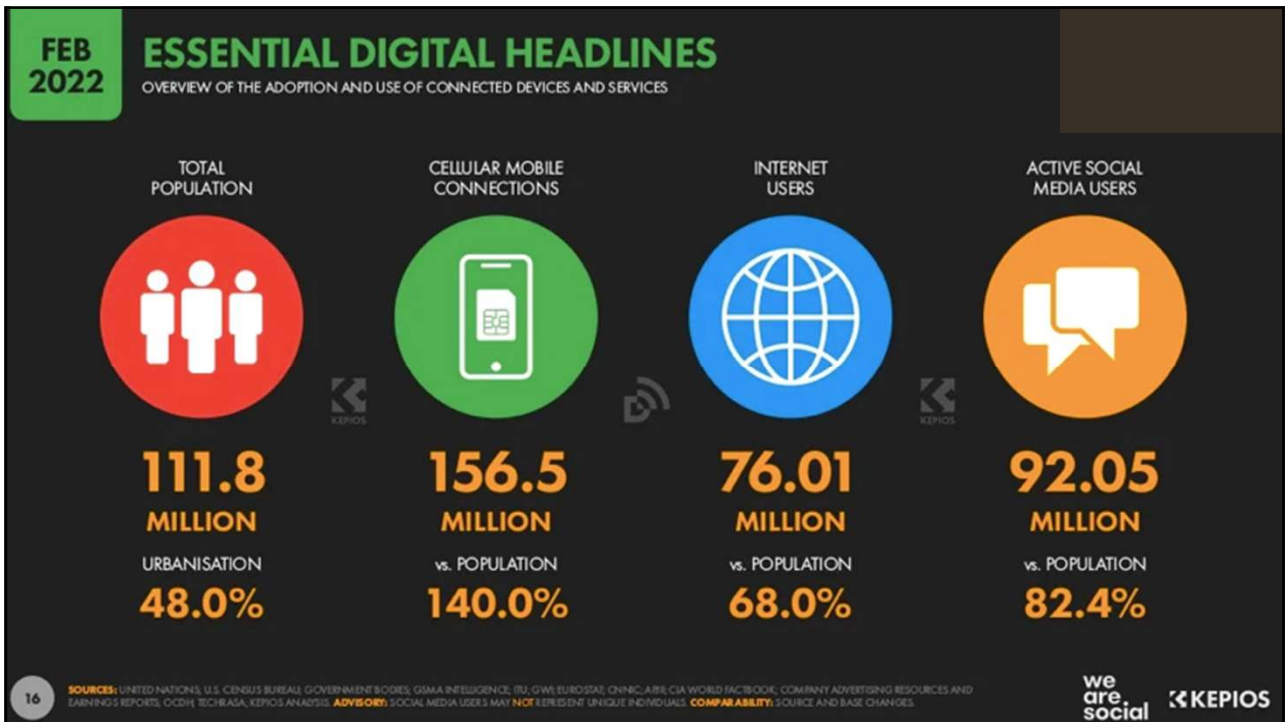
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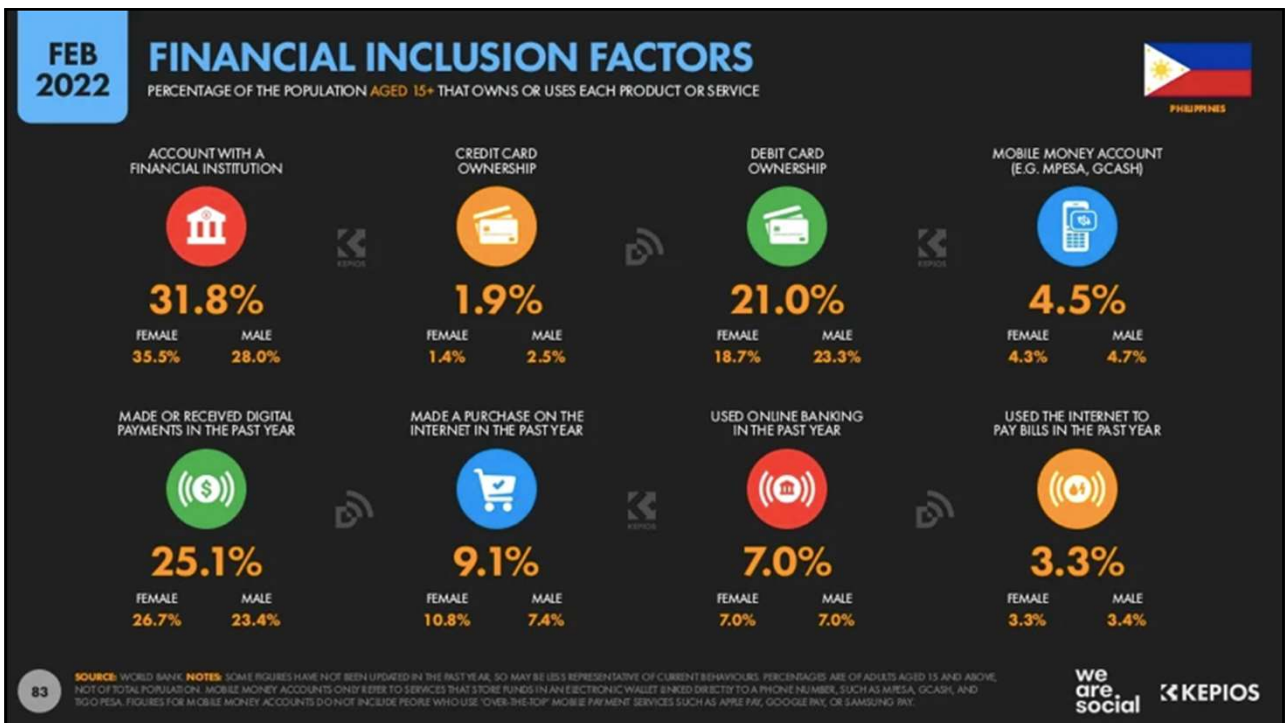
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Top E-commerce Players



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Republic Act 10173

Data Privacy Act of the Philippines

RA 10173
THE DATA PRIVACY
ACT OF 2012

Just copyright, intellectual
of penal action.

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Pillars of DPA Compliance

1. Data Protection Officer
2. Privacy Impact Assessment
3. Privacy Management Program
4. Implement Protection Measures
5. Exercise Breach Reporting Measures

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General Data Privacy Principles



Transparency



Legitimate Purpose



Proportionality

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Transparency Principle

The data subject must be aware:

nature,
purpose, and
extent of the
processing

risks and
safeguards

identity of
personal
information
controller,

rights as a data
subject, and
how these can
be exercised.

Image available at: <https://www.kerrysiggins.com/blog/category/communication>

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Legitimate Purpose Principle

The processing of information shall be compatible with a declared and specified purpose which must not be contrary to law, morals, or public policy.

Processing of personal data should have the individual's consent, or must be authorized or allowed by the Constitution or by law.

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Proportionality Principle

The processing of information shall be adequate, relevant, suitable, necessary, and not excessive in relation to a declared and specified purpose.



Personal data shall be processed only if the purpose of the processing could not reasonably be fulfilled by other means.

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Consent

IF IT'S NOT
CLEAR
IT'S NOT CONSENT

freely given, specific, informed indication of will, whereby the data subject agrees to the processing of personal information about and/or relating to him or her



The consent shall be evidenced by written, electronic or recorded means.

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Specific Consent



Marketing

Research (in general)

Customer records

Publication

Employment Records

Health records

Screening of Applicants

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Where consent is NOT necessary



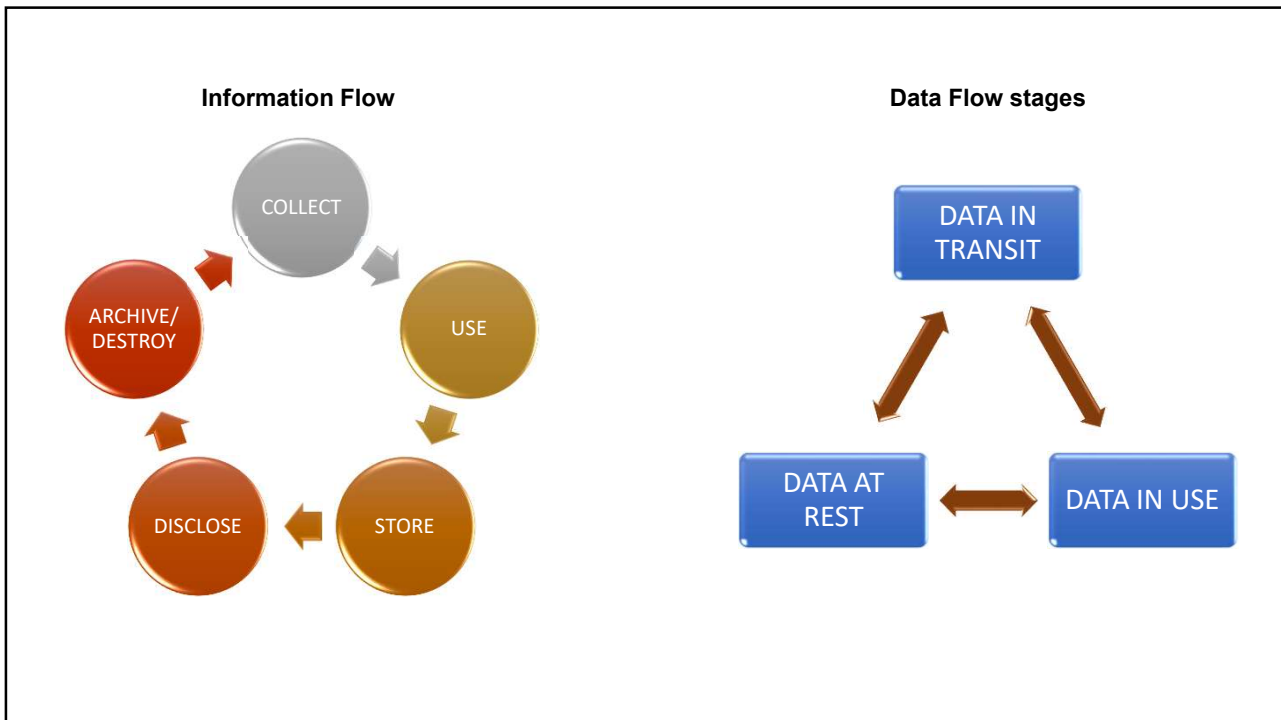
- ✓ provided for by existing laws;
- ✓ to protect the life and health;
- ✓ for the purpose of medical treatment;
- ✓ court proceedings;
- ✓ Mandate of government or public authority;



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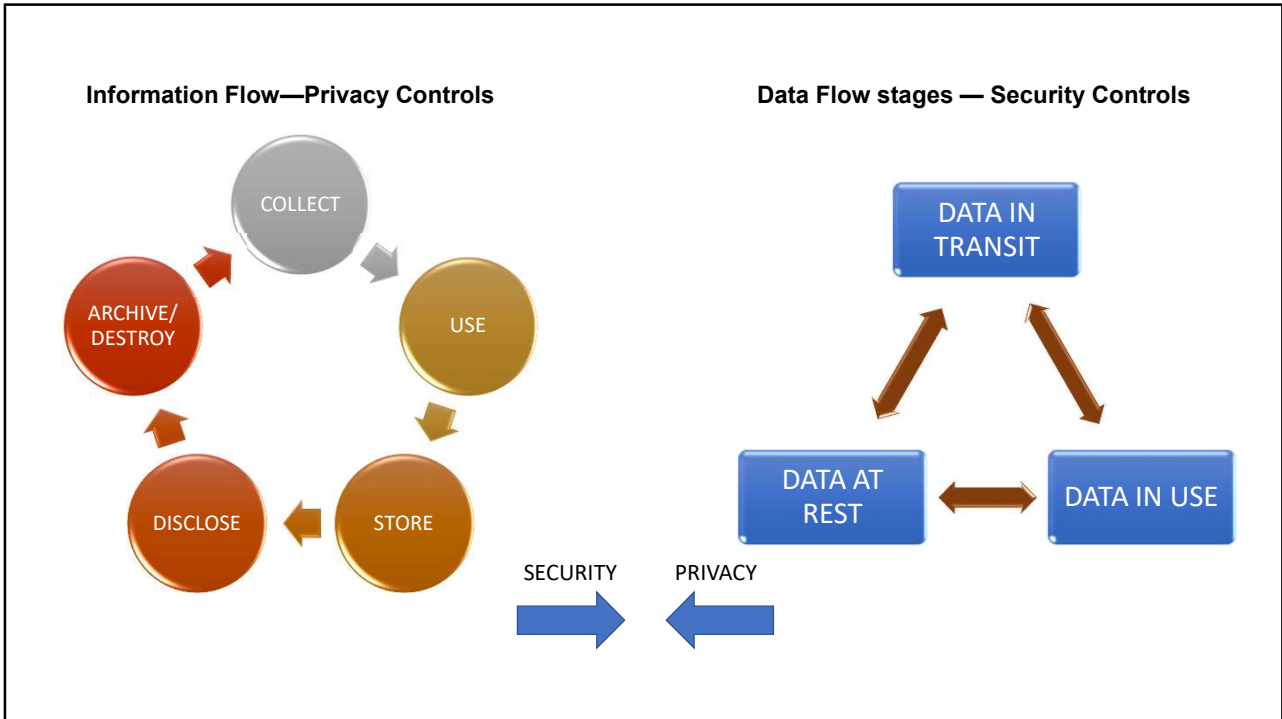
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Evolution of Privacy Laws

1789

Bill of Rights proposed by James Madison includes the Fourth Amendment, describing an unspecified "right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures."

1965

US Justice William O. Douglas cited freedom of assembly cases such as *NAACP v. Alabama* (1958), which specifically mentions "freedom to associate and privacy in one's associations."

1974

The Privacy Act, a Code of Fair Information Practice, was established by US which governs the collection, maintenance, use, and dissemination of the personal information maintained by the federal government. It also guarantees individuals full access to these records of personal information.

1928

In *Olmstead v. United States*, Associate Justice Louis Brandeis delivered what is by now one of the most famous assertions that privacy is indeed an individual right. The Founders said Brandeis, "conferred against the government, the right to be let alone—the most comprehensive of rights and the rightmost favored by civilized men."

1967

US Supreme Court overruled the 1928 *Olmstead v. United States* decision by the Court to allow wiretapped phone conversations obtained without a warrant to be used as evidence in court.

2012

Then President Benigno Simeon Aquino signed Republic Act 10173 or the Data Privacy Act of the Philippines

2018

EU enacts the GDPR

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Top Data Compliance Challenges

- Ongoing changes to DP laws
- Requirements to conduct and show proper due diligence when adopting new technologies
- The need to continuously monitor and audit controls

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Risks of New Technologies

Adverse consequences of technological advances

Vulnerabilities of critical information infrastructure

Large-scale cyberattacks

Massive incident of data fraud/ theft

Third and Nth Parties



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Addressing the Challenges

Implement

- a strong governance framework.

Access

- latest versions of frameworks, standards and industry best practices.

Deploy

- Right software tools to identify the usage of general and sensitive PII handled during each stage of the data life cycle.

Obtain

- Latest information on new and critical vulnerabilities from objective sources, such as US-CERT or the CERT-EU

Establish and update

- An adequate internal controls framework that considers data privacy, its related controls, and includes continuous monitoring and auditing of controls surrounding the data life cycle.

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A Strong Data Governance Framework

- Build Your Cross-functional Team
- Identify Threats and Controls
- Continuous Assessment

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The role of IA

Mitigating Data Privacy and Data Security Risks

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IA In Privacy Governance



Working with legal counsel to determine applicable privacy legislation



Working with IT management and business process owners to assess information security and data protection controls



Conducting privacy risk assessments, or reviewing the effectiveness of privacy policies, practices, and controls



Identifying personal information collected, the methodology, and whether its use is in accordance with its intended use.

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Role of IA



Review

Reviewing policies, procedures, and guidelines governing data flows and handling procedures, identifying potential opportunities to standardize protection practices



Conduct

Conducting an assessment of service providers' interactions



Review

Reviewing current training practices and materials and inventorying the privacy awareness and training materials available and needed.



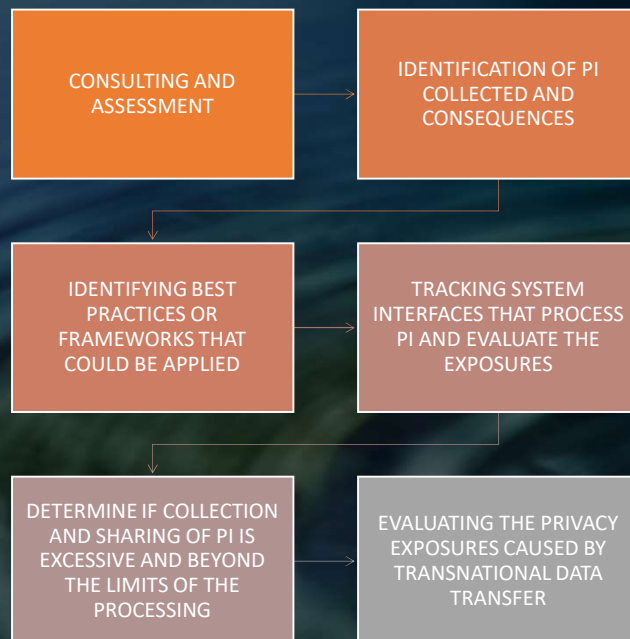
Perform

Performing a gap analysis of data flows and handling procedures against relevant policies, laws, regulations, and best practices for consistency and compliance.

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Privacy Impact



Auditing Privacy

- Laws and regulations in all jurisdictions in which business is conducted.
- Internal privacy policies and guidelines.
- Privacy policies intended for customers and the public.
- Liaising with in-house legal counsel to understand legal implications.
- Liaising with information technology specialists and business process owners to understand information security implications.
- The maturity of the organization's privacy controls.

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Auditing Privacy

Audit areas

- Management oversight
- Privacy policies and controls
- Applicable privacy notices
- Types and appropriateness of information collected
- Systems that process personal information.
- Collection methodologies
- Uses of personal information according to stated intent, applicable laws, and other regulations.
- Security practices covering personal information.

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Audit Challenges

- Identifying how PI flows in and out of the organization
- How new technologies will be used in both information and data processes
- Tracing data both in transit over public and private networks
- Data media handled by third/outsourced parties
- Stored data in production and back-up/DR sites
- Data conversion from one form to another
- Post-transfer residual data



 A collage of news headlines related to data breaches and security incidents in the Philippines. The headlines are:

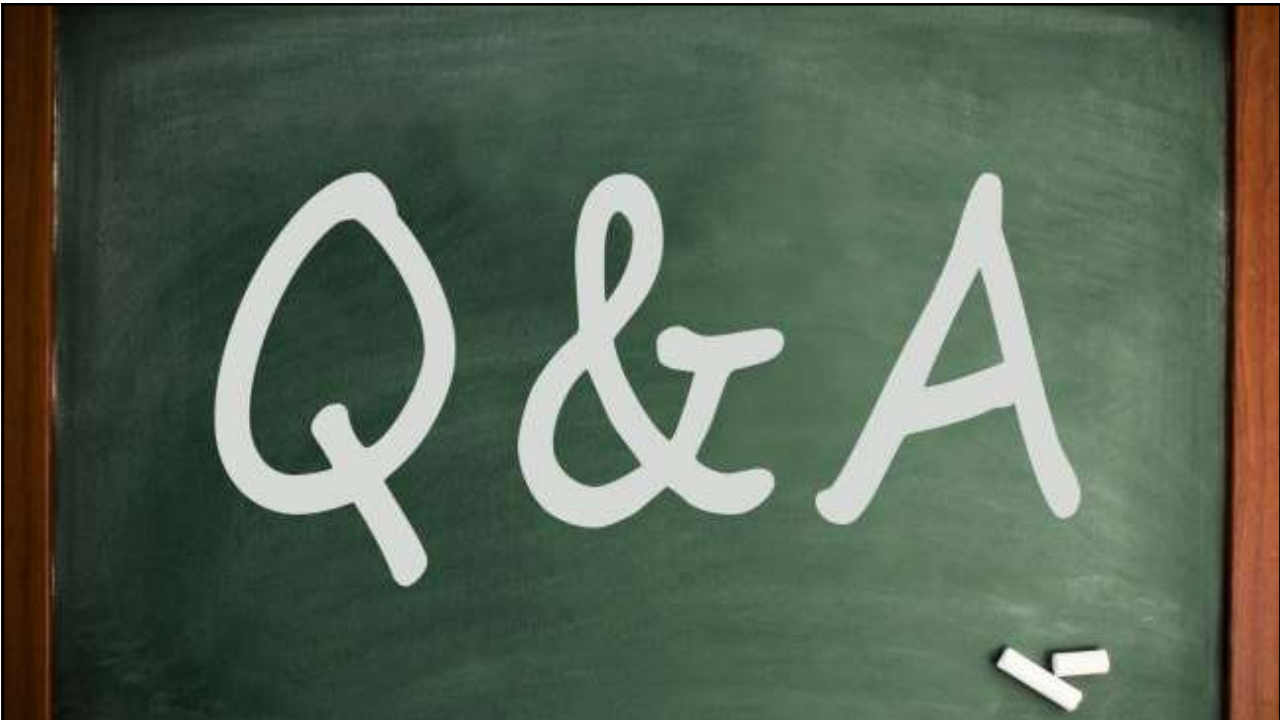
- NPC awaits FB Philippines statement on reported breach of 879,699 Filipino accounts** (APR 5, 2021 5:46 PM PHT, Gelo Gonzales)
- NPC probes possible data breach in BDO hacking incident** (PHILIPPINE NEWS AGENCY, December 21, 2021 9:02 AM)
- Data breach hits retailer S&R** (By: Roy Stephen C. Castillo - Reporter, Philippines Daily Inquirer / 05:50 AM November 15, 2021)
- Unauthorized disclosure of COVID-19 patients' identities ...** (Rappler, Privacy breaches are committed by health workers, local government units ... MANILA, Philippines – As the number of coronavirus cases in the... Jun 28, 2020)
- 345,000 sensitive legal documents from the PH government have been exposed online** (DATA SECURITY, MAY 1, 2021 9:25 PM PHT, VICTORIA ELLIOTT)
- NBI starts probe on alleged Comelec hacking, data breach — Guevarra** (By: Zacarias Sarao - @zsqairredotnet, INQUIRER.net / 66:58 PM January 15, 2022)



Final Takeaways

- Technological advancements will continue to introduce new threats and vulnerabilities
- Data privacy laws and regulations will continue to evolve
- Companies need to build a strong data governance and protection framework
- If an enterprise does not take action and is subject to a major data breach, it will suffer consequences.
- IA's value will increase as businesses will continue to operate in the new normal.

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References

- <https://datareportal.com/reports/digital-2019-ecommerce-in-the-philippines>
- https://info.wegalvanize.com/ISACA_Enforcing-Data-Privacy_LP.html
- <https://www.oecd.org/g20/topics/digitalisation-and-innovation/>

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Thank you.

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