

THOMAS P. DiNAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 8, 2012

Mr. Robert E. Beloten
Chairman
NYS Workers' Compensation Board
20 Park Street
Albany, New York 12207

Re: Report 2011-F-29

Dear Mr. Beloten:

According to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we followed up on the actions taken by officials of the New York State Workers' Compensation Board (Board) to implement the recommendations contained in our audit report, *Network Security Controls* (Report 2009-S-49).

Background, Scope, and Objective

The Workers' Compensation Board (Board) provides weekly cash payments and the cost of full medical treatment, including rehabilitation, for covered employees who become disabled as a result of a disease or injury connected with their employment. In administering this program, the Board receives and processes workers' claims for benefits, employers' reports of injury, and medical reports from physicians and other health care providers. The Board maintains personally identifiable information such as date of birth, social security numbers, and medical information.

The Board must comply with New York State's Office of Cyber Security and Critical Infrastructure Coordination's Cyber Security Policy, which defines a minimum set of security standards State entities must meet. One of these standards is managing the risk of security exposure or compromise within the entity's system.

Our initial audit report, issued on July 22, 2010, examined selected aspects of the security controls in place over the Board's Network for the period August 13, 2009 through February 16, 2010. We determined that the Board's management had not taken certain fundamental steps to secure their network, such as completing a risk assessment and data classification. We also provided the Board with a confidential report detailing the weaknesses we observed, along with specific recommendations to address these deficiencies.

The objective of our follow-up was to determine the extent of implementation as of January 4, 2012 of the four recommendations included in our confidential report. Due to the sensitivity of the information and the potential risk associated with the release of such information, the details of the recommendations and their implementation status are not included in this report. However, we have discussed the detailed results of our follow up work with Board officials.

Summary Conclusions and Status of Audit Recommendations

Overall, we found the Board's Security Unit has taken many actions to implement the recommendations contained in the confidential draft report. Of the four recommendations, two were implemented and two were partially implemented. However, some tasks still need to be completed to sufficiently protect the Board's network from security risks.

Major contributors to this report were Nadine Morrell, Claudia Christodoulou, Jennifer Van Tassel, and Jared Hoffman.

We appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues. We thank the management and staff of the Workers' Compensation Board for the courtesies and cooperation extended to our auditors during this process.

Yours truly,

A handwritten signature in black ink, reading "Brian Reilly". The signature is fluid and cursive, with the first name "Brian" and last name "Reilly" clearly distinguishable.

Brian Reilly
Audit Manager

cc: Tom Lukacs, Division of the Budget
Uluss Thompson, NYS Workers' Compensation Board