



# 2024 Annual Information Security Update

October 23, 2024

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- Information Security Management Goals at CalHFA
- Key Points
- Business Execution
- Material Risks
- External Factors
- Security Strategy
- Cyber Security Maturity
- Action Plan for FY 24/25 - Beyond



- Minimize fear, uncertainty, and doubt, while focusing on the business and CalHFA readiness to deal with information security threats.
- Balance the need to protect CalHFA against the requirements for operating the business.
- Involve all relevant stakeholders in our Information Security Management process



## Key Points

<b>Business Execution</b>	Bright spots, including continued remedial work in several areas to enhance our business performance and security maturity
<b>Material Risks</b>	No CalHFA systems saw a security event in FY 23/24, Vendor partners (2) saw breaches, however, it didn't impact or change our risk position. All other material risks are stable.
<b>External Environment</b>	External events require moderate tactical responses
<b>Security Strategy</b>	Current security strategy is on target. Our processes continue to mature and exceeds peer benchmarks.
<b>Recommendations</b>	<b>Communicate the current state and endorse action plan (Security Strategy)</b>



## Business Execution

Business Domain	Bright spots	Remedial Work
Data Protection	Implementing Cyber Security Resilience Update end point protection Implementing Privilege Access Management System Updated Core Network Switch	Data Encryption work continues Data Resilience work continues Network Segmentation Phase 2 Tailored Information Security Training
Regulatory Compliance	Completed mandatory updates per State guidelines	Remediation work continues in partnership with State, Internal and External partners
Maintaining Customer Trust	Protected sensitive data, systems and network by engaging stakeholders and customers	Build trust with creditability with customers
Business Continuity	Updated our Business Continuity Plan	Overall Testing of the Business Continuity Plan
Operational Efficiencies	AI Acceptable Use Policy 10 Phishing Campaigns 15 different IS Training Modules across CalHFA Created new IS Policies (5) Updated numerous Policies and Procedures	Creating various new procedures, policies and templates throughout the Agency

- Zero Information Security Incidents on CalHFA systems in FY 23/24
- External - 2 Business Partner's had Data Breaches
  - No direct impact on CalHFA's financial or operations
  - Business Partner's performed actions per State guidelines
    - ❖ Breach notifications
    - ❖ Offered credit monitoring



### External Events require Moderate Tactical Responses

External Event	Response
Increase in ransomware attacks across both private and public sectors.	<ul style="list-style-type: none"><li>Effective and regularly tested Response Plans (TRP, CIRP)</li><li>Regularly performed Data backups and application of security patches.</li></ul>
AI landscape presents new opportunities to defend CalHFA's critical infrastructure against malicious activity.	<ul style="list-style-type: none"><li>AI Presence is limited to minimal internal usage.</li><li>New AI Usage Policy rollout 09/05/2024</li><li>Cautious approach for External use. No current AI technology for external use.</li></ul>
We fall under the ambit of New Information Security Program Audit requirement.	<ul style="list-style-type: none"><li>ISPA Audit Completed – October 2023</li><li>Remediation Efforts are on track to meet all findings before next Audit Review Cycle – FY 24/25</li><li>Ongoing workshop sessions with OIS Advisory team (7)</li><li>Next ISPA Audit – FY 27/28</li></ul>
We are fully participating with California Department of Technology and Office of Information Security.	<ul style="list-style-type: none"><li>Independent Information Security Assessment Participation - Dec 2024</li></ul>



# Security Strategy

Area	April - June 2024 2Q24	July - September 2024 3Q24	October - December 2024 1Q24	January - March 2025 1Q25	April - June 2025 2Q25	July - September 2025 3Q25	October - December 2025 4Q25	January - March 2026 1Q26	April - June 2026 2Q26	Budget (FY 24/25)	
1A. Data Loss Prevention		Cyber Security Resilience Implementation								7.47%	
		New Disaster Recovery Implementation								3.53%	
		Encrypting Data at Rest									
		Encrypting Data in Transit									
Cybersecurity Measures	Microsoft Defender Rollout (BitDefender Deprecation)		Microsoft Defender Policy/Feature Adjustments							0.36%	
	Mobile Device Management (Windows Devices Onboarding)		Mobile Device Management Policy/Feature Adjustments								
	Privileged Account Management (Environment Setup)		Privileged Account Management (Credential Testing/Implementation)							0.57%	
	Security Information and Event Management Solution (Vendor Buyout/Platform Change)		Security Information and Event Management Solution (New Vendor Onboarding)							1.93%	
	Privileged Identity Management (Microsoft Entra)										
	Information Security Program Audit			Information Security Program Audit - Check In						12.88%	
			Independent Security Assessment							2.19%	
					IT Risk Assessment						0.36%
					Statement on Standards for Attestation Engagements 21, System and Organization Controls 1, Type 1						0.64%
			Nationwide Cybersecurity Review								
3A. Legacy Network Replacment	Network Core Switch Replacement									0.52%	
			Wi-Fi network replacment and upgrade								
			Replace VoIP with Teams based Telephony							1.29%	
3B. Network Segregation	Network Segmentation Phase 1										
					Network Segmentation Phase 2						

Legend







Our Cyber Security Maturity continues to Improve; it Exceeds Peer Benchmarks

OIS’s Cyber Security Maturity

State Agency Average	BCSH Average	CalHFA
1.53 (70 Entities)	1.36 (5 Entities)	2.02

Nationwide Cyber Security Review (NCSR)

National Average 2023	CalHFA - 2023
5.00	6.36



## Action Plan for FY 24/25 - Beyond

### **Current state:**

- CalHFA's Information Security program will continue to uplift business performance
- Action in response to external changes will be executed by CalHFA ISO Team
- No action is required for material risk position
- Security Strategy will continue as scheduled

**Next Audit Committee update to be delivered in 2025**



Questions?