

THOMAS P. DINAPOLI  
COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

May 13, 2013

Cesar A. Perales  
Secretary of State  
Department of State  
99 Washington Avenue  
Albany, NY 12231

Re: Disposal of Electronic Devices  
Report 2012-S-73

Dear Secretary Perales:

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 recently examined 218 electronic devices that had been readied for sale as surplus by the Department of State (Department). We tested for compliance with certain mandatory requirements set forth by the Office of Cyber Security which are designed to protect personal, private and sensitive information. Our tests included examining memory components of 28 laptop computers, along with 79 hard drives previously removed from desktop computers. We also tested another 111 desktop units to ensure their hard drives had been removed as required by Department policy.

**Background**

Office of Cyber Security Policy P03-002 requires all State entities to establish formal processes to address the risk that personal, private or sensitive information (PPSI) may be improperly disclosed. One way information can be compromised is through careless disposal or re-use of electronic devices. Personal computers, tablets and smart phones pose a particular concern because they can easily be returned to the manufacturer or sold to the public while still containing personal identifiable information. The policy therefore requires that all electronic media (e.g. hard drives and other memory components) in these devices be securely overwritten (i.e. wiped) or physically destroyed to prevent the unauthorized disclosure of sensitive information. The Department's policies state that all data will be wiped when surplus any electronic media containing memory. Many State agencies surplus excess equipment through the Office of General Services (OGS), where we have conducted a similar audit which has been reported on separately. The Department currently utilizes OGS to surplus excess equipment.

## **Results of Audit**

We met with Department officials to gain an understanding of the controls in place to minimize the risk that sensitive information could be disclosed as a result of the equipment disposal process. They supplied us with the Department's policies and procedures for preparing hard drives for surplus. We analyzed these procedures and found them to be appropriate, if followed, to minimize the risk that sensitive information could be disclosed.

We also tested 218 electronic devices scheduled for surplus to determine if the Department's policies and procedures were being followed. Our tests identified one device that contained readable data, however further analysis showed none of the information was personal, private or sensitive in nature. Because the Department utilizes OGS to surplus excess equipment, and OGS has recently issued a directive that requires all computers being surplus to already have the hard drives removed and shredded, this will no longer be an issue.

## **Recommendation**

1. Implement the Office of General Services' recently released policy and procedure for removing memory components from surplus electronic devices.

## **Audit Scope, Objectives and Methodology**

We audited selected aspects of security controls in place over the disposal of electronic devices for the period June 1, 2012 to October 10, 2012. The objectives of our audit were to determine if electronic devices being surplus had been permanently cleaned of all personal, private and sensitive information, and also whether the Department had developed formal processes to minimize the risk of unauthorized disclosure of such information when disposing of such equipment.

To accomplish our audit objectives, we interviewed Department officials and reviewed Department policies and procedures for disposing of electronic devices. In addition, we reviewed relevant State laws and policies. Using forensic software and separate computer hardware (to ensure our tests did not alter the hard drives and other devices being tested), we forensically tested all 218 hard drives the Department indicated were ready for surplus at the time of our examination.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These

include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

### **Reporting Requirements**

A draft report of our audit observations was provided to Department officials for their review and comment. Their comments were considered in preparing this report. Officials agreed with our recommendation and reported having already taken steps to implement. A copy of their response is attached at the end of this letter.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Secretary of State shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and where not implemented, the reasons why.

Major contributors to this report were Walter Irving, Bob Mainello, Lynn Freeman, Thierry Demoly, Michele Krill, Corey Harrell and Alphonso Boyd.

Please convey our thanks to the management and staff of the Department of State for the courtesies and cooperation that they extended to our auditors during this review.

Sincerely,

John F. Buyce, CPA  
Audit Director

cc: Daniel Shapiro, Department of State  
Judith Kenny, Department of State  
Thomas Lukacs, Division of the Budget



STATE OF NEW YORK  
**DEPARTMENT OF STATE**  
ONE COMMERCE PLAZA  
99 WASHINGTON AVENUE  
ALBANY, NY 12231-0001

ANDREW M. CUOMO  
GOVERNOR

CESAR A. PERALES  
SECRETARY OF STATE

April 15, 2013

John F. Buyce, CPA  
Audit Director  
110 State Street, 11th Floor  
Albany, NY 12236

Re: Audit Report 2012-S-73

Dear Mr. Buyce:

This is in response to the Office of the State Comptroller's Report 2012-S-73 as required by Section 170 of the Executive Law. This audit was to determine whether the Department of State's disposal of electronic devices is in compliance with the Cyber Security Policy P03-002 issued by the NYS Office of Cyber Security.

First, I am pleased to learn of the 218 devices tested, 217 were found to be devoid of data and in compliance with policy. Of course, that 1 was found to contain data is of concern and I appreciate your office's assistance in identifying it. Our response to the recommendation made in your report is as follows:

**Recommendation:**

"Implement the Office of General Services' recently released policy and procedure for removing memory components from surplus electronic devices."

Implemented. Drives are no longer surplused with our computers and options are being explored for the destruction of these drives. Additionally, I have directed that a review be conducted to determine if human error or machine malfunction was to blame for the single, noted exception. Upon return of the hard drives to the agency, such a review will be completed.

Thank you for the opportunity to respond to your audit.

Sincerely,

Cesar A. Perales  
Secretary of State