

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

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## Veterans Affairs Department: Information Security Audit



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# Auditor-Controller/Treasurer/Tax Collector

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**October 13, 2015**

**Frank Guevara, Director**

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## **SUBJECT: AUDIT OF VETERANS AFFAIRS INFORMATION SECURITY**

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed an audit of the Veterans Affairs Department. The primary objective of the audit was to determine if the access and privacy controls over personally identifiable information (PII) were adequate. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

During the audit we found that controls over privacy and access of PII were generally adequate. However, we identified some procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We sent a draft report to the Department on September 21, 2015 and discussed our observations with management on September 23, 2015. The Department's response to our recommendations is included in this report.

We would like to express our appreciation to the personnel at the Veterans Affairs Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

**Larry Walker**

Auditor-Controller/Treasurer/Tax Collector  
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## Veterans Affairs Department: Information Security Audit

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## Summary of Audit Results

Although the Veterans Affairs Department generally follows County policies and procedures, we identified a few areas where internal controls over the privacy and access of personally identifiable information (PII) could be improved.

Our findings and recommendations are provided to assist management in improving internal controls and procedures relating to the Department's information security.

The table below summarizes the audit findings and recommendations for this audit engagement. For further discussion, refer to the *Audit Findings and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
1	Controls over paper files containing PII need improvement.	4
	We recommend that the Department follow the guidelines outlined in the HS Policy Manuals and establish a process to verify the security of documents containing PII at the end of the business day.	
2	Controls over the transporting of files need improvement.	5
	We recommend that the Department establish procedures for the transporting of files between locations.	



## Background

### The Department

The San Bernardino County Department of Veterans Affairs is a department within the Human Services System. It was created to assist this county's veterans and their families in obtaining veterans' benefits. Approximately one-third of the U.S. population, or twenty-six million veterans and forty-eight million family members are potentially eligible for federal veterans' benefits. The county currently has the fourth largest veteran population in the State of California. Formed in 1926, the County's Veterans Service Office is the oldest in the State and one of the oldest in the nation. The department was created to help local veterans and their families obtain veterans' benefits from federal, state, and local agencies. Since the department's inception, the Board of Supervisors has continued to recognize the need for professional veterans' advocates to provide claims assistance to the 175,000 veterans and their families who reside in this county.

### VetPro

The VetPro web-based software system was created by Panoramic Software, which has provided fiduciary and case management software to public agencies in California. The Department is required by the California Department of Veterans Affairs (CDVA) to use VetPro to process veterans' claims to the US Department of Veterans Affairs and to facilitate mandatory reporting to the CDVA. It is a web-based application that is hosted in the "Cloud" that manages veteran records, claims, and benefits received.

### Department Locations

The Department has seven locations throughout the County. Below are the three sites that were visited during our fieldwork:

- San Bernardino Office (5<sup>th</sup> Street)
- Hesperia Office (Smoke Tree Street)
- Twentynine Palms (Sun Valley Drive)



## Scope and Objectives

Our audit examined whether a written information security policy existed and if the controls over personally identifiable information (PII) were effective in safeguarding information and preventing unauthorized access.

The objectives of our audit were to:

- Determine whether information security policies exist and if they were approved by management, published and communicated as appropriate to all employees, and reviewed at planned intervals to ensure their continuing suitability, adequacy and effectiveness.
- Determine whether access controls were allocated on a need-to-know basis and only after a formal authorization process that was adequate to effectively safeguard personal information.
- Determine the adequacy of physical access controls to provide reasonable assurance that PII is protected from unauthorized personnel.

## Methodology

In achieving the audit objectives, the following audit procedures were performed, including but not limited to:

- Interviewing Veterans Affairs personnel.
- Reviewing policies and procedures.
- Walk-through of activity.
- Gaining an understanding of software applications.





### **Finding 1: Controls over paper files containing personally identifiable information (PII) need improvement.**

The Human Services (HS) Policy and Standard Practice Manual, Policy 15-1 "Privacy and Security of Personally Identifiable Information (PII)" under the *Confidentiality* section states that "HS staff must be diligent in their efforts to protect PII...and those granted access to HS resources must adhere to the following... Dispose of PII in locked shred containers only". The Standard Practice also establishes reasonable safeguards for printed documents containing PII including "locking file cabinets, offices or other doors or areas where printed information may be stored" and that "printed information must always be disposed in a confidential shred bin". Furthermore, the County of San Bernardino Human Services Privacy and Security Training Manual under the *Accessing Information* section states that "PII must remain protected and secured from all threats of loss or unauthorized disclosure."

The following conditions were noted:

- An employee's shred box containing PII documents was not emptied at the end of the business day.
- A filing cabinet was left unlocked overnight.

The Department does not have a process to verify all cabinets are locked and all documents containing PII are properly disposed at the end of the business day. This can lead to a greater risk of inappropriate use or disclosure of veterans' personally identifiable information.

### **Recommendation:**

We recommend that the Department follow the guidelines outlined in the HS Policy and Standard Practice Manual and the Privacy and Security Training Manual regarding the security of PII. We also recommend that the Department designate the responsibility of ensuring cabinets are locked and personal shred boxes are emptied daily to a single employee. We also recommend that this verification process be documented.

### **Management's Response:**

We've implemented a procedure assigning a staff member to check filing cabinets daily as well as making sure that all shred boxes are emptied at the end of the work day. This procedure will be documented daily with the assigned staff member's initials on a log. Management will review weekly for accuracy and



consistency throughout department. These logs will be maintained by the department's Staff Analyst.

### **Auditor's Response:**

The Department's planned actions will correct the deficiencies noted in the finding.

### **Finding 2: Controls over the transporting of files need improvement.**

According to the Generally Accepted Privacy Principles issued by the American Institute of Certified Public Accountants (AICPA), under the *Security for Privacy Criteria* for Transmitted Personal Information, personal information should be protected when transmitted by mail or other physical means.

When paper files containing PII are sent from the Hesperia Office to the San Bernardino office, a record of the files being transported is not included. Without this, the receiving location cannot verify that the files received are complete by reconciling to the record.

The Department uses County Interoffice Mail as a secure form of transporting PII. Files may be lost or stolen during transport and employees will not be aware of the loss without a verification and reconciliation process.

### **Recommendation:**

We recommend that the Department establish procedures over how files are transported between sites. These procedures should include creating a record of the documents being transported and a process to verify all documents listed on the record were received.

### **Management's Response:**

We have implemented a procedure in which documents that are sent Inter Office Mail are recorded on a log prior to being sent. This log indicates what PII is being transported. A copy of this log is included in the Inter Office Mail and a copy is retained at the office from where it was sent. Once the PII arrives via Inter Office Mail to its destination, the receiving office checks the log to ensure all PII was received and accounted for. These logs are kept for 90 days at both the sending and receiving location.



**Auditor's Response:**

The Department's actions will correct the deficiencies noted in the finding.