



# ISOAG Meeting August 3, 2016

Welcome to CESC



# ISOAG August 3, 2016 Agenda

- |  |   |
|--|---|
| <b>I. Welcome &amp; Opening Remarks</b>          | <b>Mike Watson, VITA</b>  |
| <b>II. Overview of the Statutory of the OSIG</b> | <b>Mike Westfall, OSIG</b>  |
| <b>III. Overview of the Federal Reserve</b>      | <b>Irina Piven, Federal Reserve Bank<br/>&amp;<br/>Chris Tignor, Federal Reserve Bank</b> |
| <b>IV. Upcoming Events</b>                       | <b>Mike Watson, VITA</b>  |
| <b>V. Partnership Update</b>                     | <b>Northrop Grumman</b>   |



# Welcome and Opening Remarks

Michael Watson

August 3, 2016

# COMMONWEALTH OF VIRGINIA

The seal of the Office of the State Inspector General is a circular emblem. It features a central shield with a scale of justice, a sword, and a plow. The shield is surrounded by a wreath. The outer ring of the seal contains the text "OFFICE OF THE STATE INSPECTOR GENERAL" at the top and "COMMONWEALTH OF VIRGINIA" at the bottom.

## Information Security Officers Advisory Group Meeting August 3, 2016

Mike Westfall  
Deputy Inspector General

OFFICE OF THE STATE INSPECTOR GENERAL

# *OSIG ACTIVITIES*

- Performance Reviews
- State Fraud, Waste and Abuse Hotline
- Whistle Blower Act
- Investigations
- Criminal Referrals
- Internal Audit Oversight
- Behavioral Health Services  
Inspections/Reviews/Investigations

# *PERFORMANCE REVIEWS*

## Annual Plan

- Risk Assessment
- Requests
- Staff Research

# *PERFORMANCE REVIEWS*

## Review Process

- Planning
- Field Work
- Report
- Follow-up

# PERFORMANCE REVIEWS

## Completed Reviews

- DMAS
- DMV
- DOE
- DSS
- TICR
- UVA
- VADOC – Agribusiness
- VCU
- VDEM
- VDOT
- VEC

Over 100 Recommendations =  
\$17 Million in potential cost  
savings

# *PERFORMANCE REVIEWS*

## Reviews in Progress

- ABC
- CWM
- DARS
- DGS
- DOT
- DRPT
- VDOH
- VITA
- VPI

Moving from Reviews to Audits

# STATE FRAUD, WASTE AND ABUSE HOTLINE

Status of Cases	FY 2016	FY 2015
Total Inquiries to the Hotline	1,206	1055
Total Cases Assigned for Investigation	494 (41%)	511 (48%)
Total Cases Closed for the Period	397	333
Total Cases Open at end of Period	102	105

# STATE FRAUD, WASTE AND ABUSE HOTLINE

Outcome of Cases Closed	FY 2016	FY 2015
Substantiated	79 (20%)	75 (22%)
Unsubstantiated but Recommendations Made	62 (16%)	56 (17%)
Unsubstantiated	203 (51%)	159 (48%)
Cases Referred to Other Agencies	53 (13%)	43 (13%)

# *STATE FRAUD, WASTE AND ABUSE HOTLINE*

## Types of Cases

- Leave Abuse
- Waste of Agency Resources
- Misuse of state vehicle
- Non-compliance with agency internal policy
- Not following State hiring policy
- Non-compliant with procurement policy
- Employee wasting state time
- Falsification of state time

# *FRAUD AND ABUSE WHISTLE BLOWER PROTECTION ACT*

## Code of Virginia Chapter 30.1

- Whistle Blower Protections
  - Prohibits retaliation
  - State Grievance Procedure
  - Civil litigation
- Notice to Employees

# *INVESTIGATIONS*

- Types of cases
  - Procurement/contract fraud
  - Misappropriations
  - Conflict of interest
  - Fraud
  - Policy Violations
  - Abuse of Authority

# *INVESTIGATIONS*

- Point of Contact Initiative
- Small Purchase Charge Card Review

# *CRIMINAL REFERRALS*

Code of Virginia Section 30-138

- Reasonable possibility of a fraudulent transaction
- Involving property under the control of government
- One of more employees must be a party thereto
- Promptly report to APA, VSP and OSIG

# *INTERNAL AUDIT OVERSIGHT*

## OSIG Training

- New training schedule
- Open to public
- Based on training survey sent to all attendees of past training

# *INTERNAL AUDIT OVERSIGHT*

## Findings Database

- Analysis of findings
  - Category
  - Agency
  - Higher education
  - % of recommendations implemented
- Benchmarking
- OSIG Alerts

# *BEHAVIORAL HEALTH SERVICES INSPECTIONS, REVIEWS, AND INVESTIGATIONS*

## Primary Activities

- Unannounced and announced inspections of DBHDS facilities
- Inspect, monitor and review quality of care by providers
- Review critical incident data

# COMMONWEALTH OF VIRGINIA



Questions?

OFFICE OF THE STATE INSPECTOR GENERAL



**Irina Piven, MBA, PMP, CISM**

**Federal Reserve Bank  
Assistant Vice President System  
IT Partnership**

**August 3, 2016**



*Virginia Information Technologies Agency*

# Chris Tignor Sr. Vice President Information Security

August 3, 2016



# Overview of the Federal Reserve

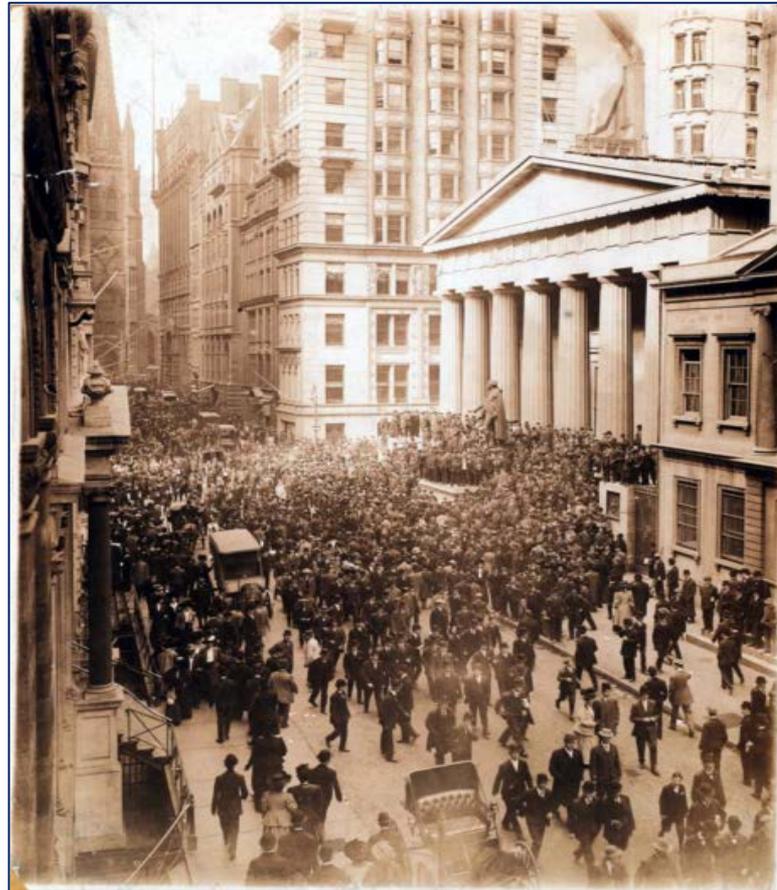


Richmond • Baltimore • Charlotte

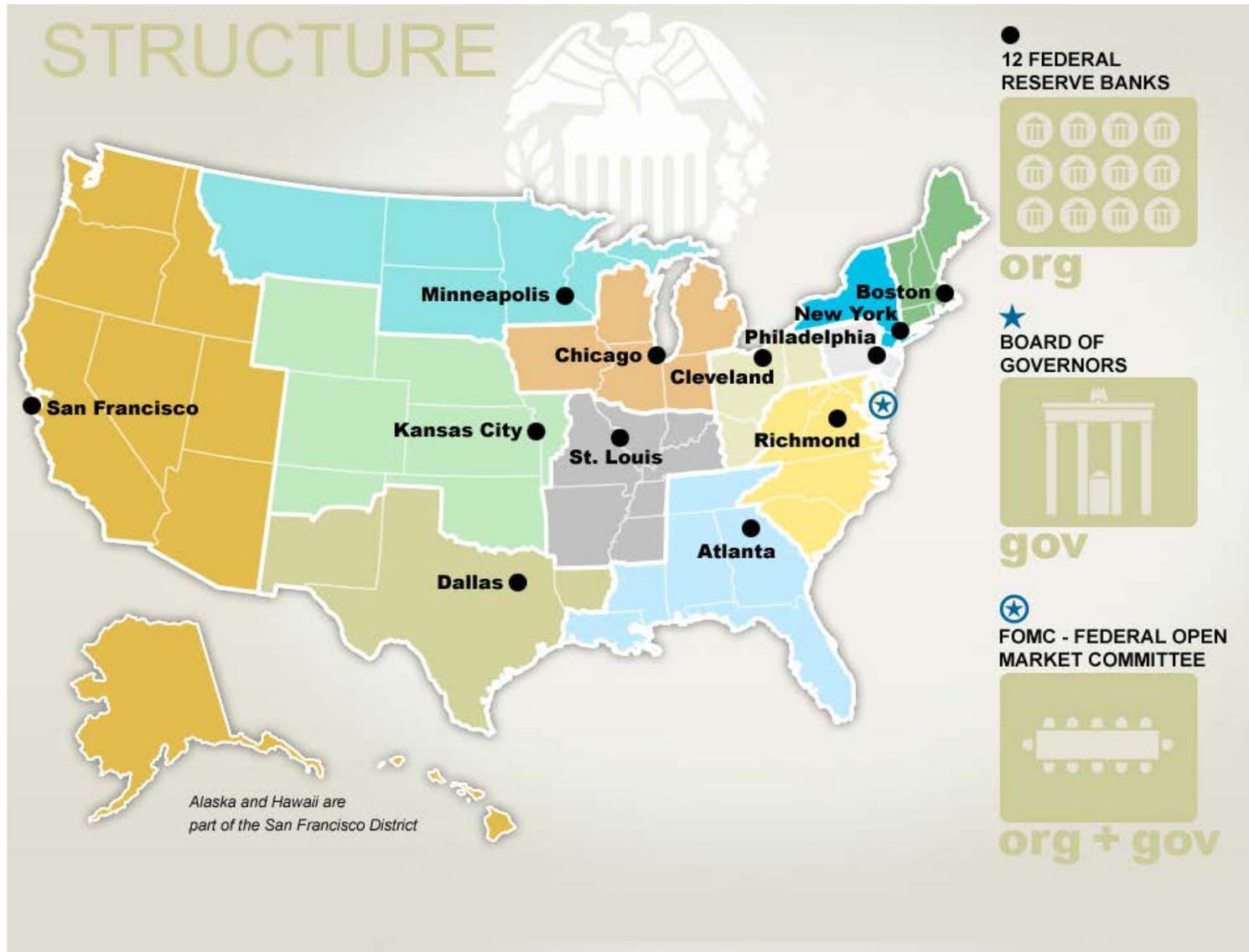
*The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.*

# Why Do We Have a Central Bank?

**Before the Fed was created a century ago...**



# How is the Fed Structured?

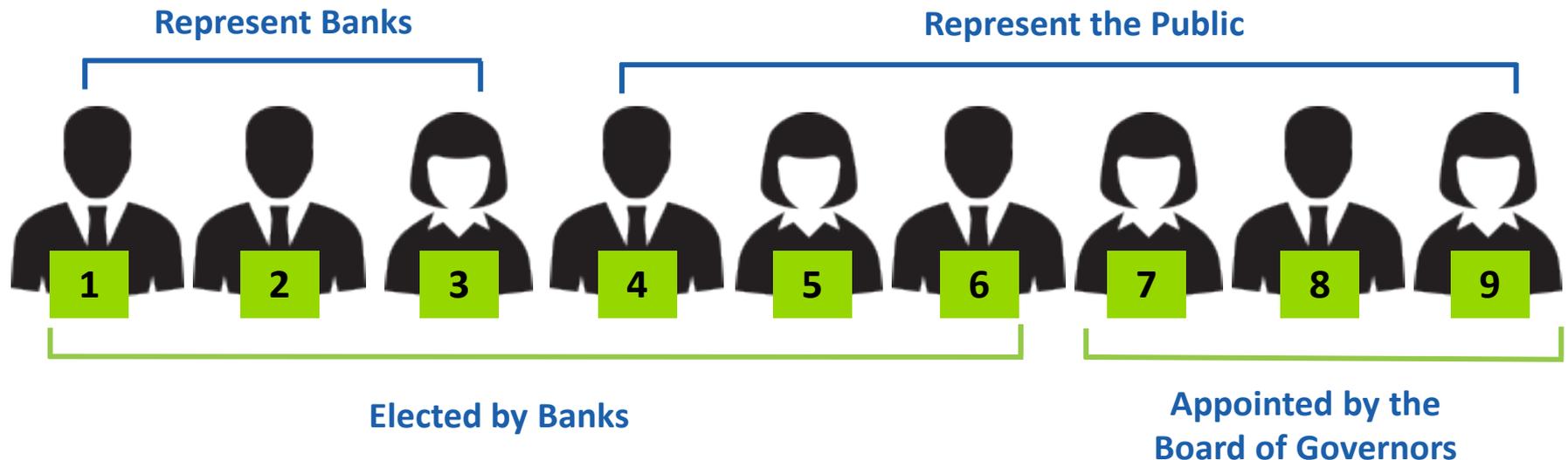


# Reserve Bank Governance

## Each Reserve Bank has a Board of Directors that:

- Oversees Reserve Bank operations
- Provides “grassroots” information on economic conditions

Board members that represent the public appoint Reserve Bank presidents.



# Fed's Mission, Functions and You

**Mission:** To foster a stable banking system and a healthy, growing economy.

## Core Functions

- Monetary Policy
- Bank Supervision and Regulation
- Payment Services

## The Fed and You



# Monetary Policy

## Definition

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Actions taken by the central bank to influence interest rates in the economy

## Objectives (mandate from Congress)

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1. Maximum employment
2. Stable prices
3. Moderate long-term interest rates



# Goals of Monetary Policy

## Explicit price stability goal

- Inflation is determined primarily by monetary policy
- Inflation goal (specified by FOMC): 2 percent on average

## No explicit employment goal

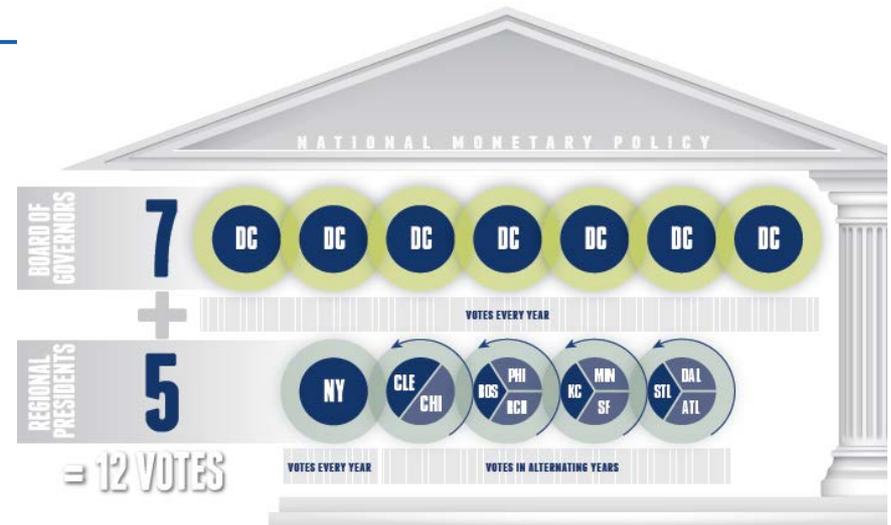
- In long run, employment is determined by factors outside monetary policy
- So, not appropriate to set fixed employment goal



# Process of Monetary Policy

## The Federal Open Market Committee (FOMC)

- 7 governors + 5 Reserve Bank presidents (4 rotating)
- Meets 8 times per year
- Analyzes economic conditions
- Determines policy



# Monetary Policy Independence

Fed's operations are audited by Congress, but monetary policy isn't.

## Why?

- It is politically tempting to boost employment through monetary policy.
- But in the long run, employment is determined by factors outside monetary policy.
- Continual monetary stimulus would **raise inflation**, with **no positive effect on employment**.
- Independence allows the Fed to stay focused on longer-term goals, while being able to achieve short-run objectives.

*Independence insulates monetary policy from short-term political influences.*

# Independence with Transparency

Fed's independence is balanced by transparency and accountability.

## How?

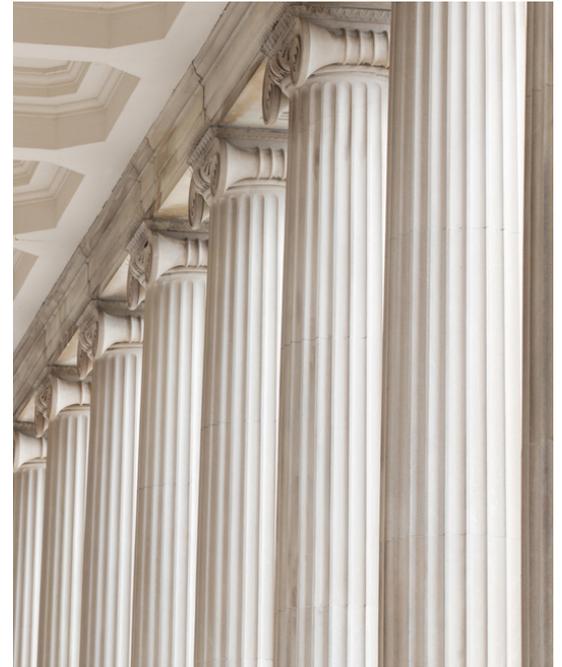
- Balance sheet made public, updated weekly
- Minutes of FOMC released within a month of meetings
- Verbatim transcripts of FOMC released with five-year lag
- Chair testifies to Congress twice a year
- FOMC statements, Chair press conferences, speeches

# Bank Supervision and Regulation

**The Fed supervises financial institutions to help ensure safe and sound banking practices.**

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- Board of Governors: Writes regulations
- Reserve Banks: Enforce regulations through supervision



# Bank Supervision and Regulation

## **Fed is one of several U.S. regulators**

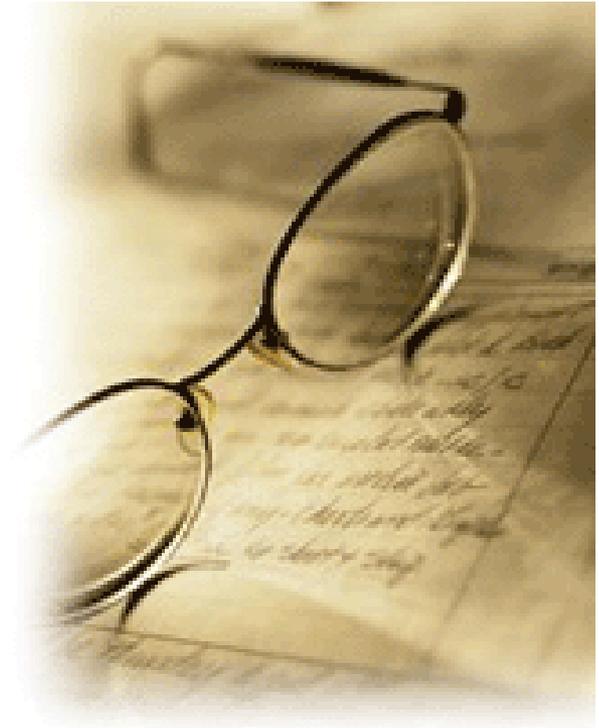
- When jurisdictions overlap, the Fed works with other regulators

## **Richmond Fed supervises approximately:**

- 75 state member banks
- 250 holding companies

## **Examiners look at:**

- Sufficiency of capital, earnings, and liquidity
- Quality of management and assets
- Sensitivity to interest rate changes
- Compliance with consumer protection laws and regulations



# Payment Services

The Fed helps move payments from point A to point B.

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- Cash
- Checks
- Electronic payments
- Services to U.S. Treasury



# Payment Services

## Financial Services Provided Q1 2016, Average Daily Volume and Value

Payment Method	Volume (thousands)	Value (billions)
Fedwire Funds	560	\$3,285
Fedwire Securities	66	\$1,102
Automated Clearinghouse	58,201	\$106
Commercial Check Collection:		
Paper-Based	2	\$0
Image-Based	21,050	\$30
<b>Total Payments</b>	<b>79,879</b>	<b>\$4,523</b>
Cash (notes processed)	131,640	\$2
<b>Total, Including Cash Processing</b>	<b>211,519</b>	<b>\$4,525</b>



# Check Processing Sites: 1 Today



# Cash Processing in the Fifth District

## Every day, on average, the Richmond Fed:

- Receives 11K bundles (average \$197 million in value)
- Pays 12K bundles (average \$220 million in value)
- Processes 12-14 million notes
- Detects 40-50 counterfeits across all three offices

## Unique to the Fifth District

- Currency Technology Office



# Community Engagement

**The Fed engages with business and community leaders to better understand local economic conditions.**

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- Regional group collects data and information
- Advisory councils and Board of Directors provide anecdotal insight
- Bank President attends FOMC with this information



# Community Engagement

## Outreach Activities

- Community development
- Economic education

## Public Tours

- The Fed Experience
- Branch office tours

## Presentations

- Economic conditions, banking issues, payment services, Fed overview



## Learn More

### Access publications and other information online at:

- [richmondfed.org](http://richmondfed.org)
- [federalreserve.gov](http://federalreserve.gov)
- [FederalReserveHistory.org](http://FederalReserveHistory.org)

### Follow the Richmond Fed on:

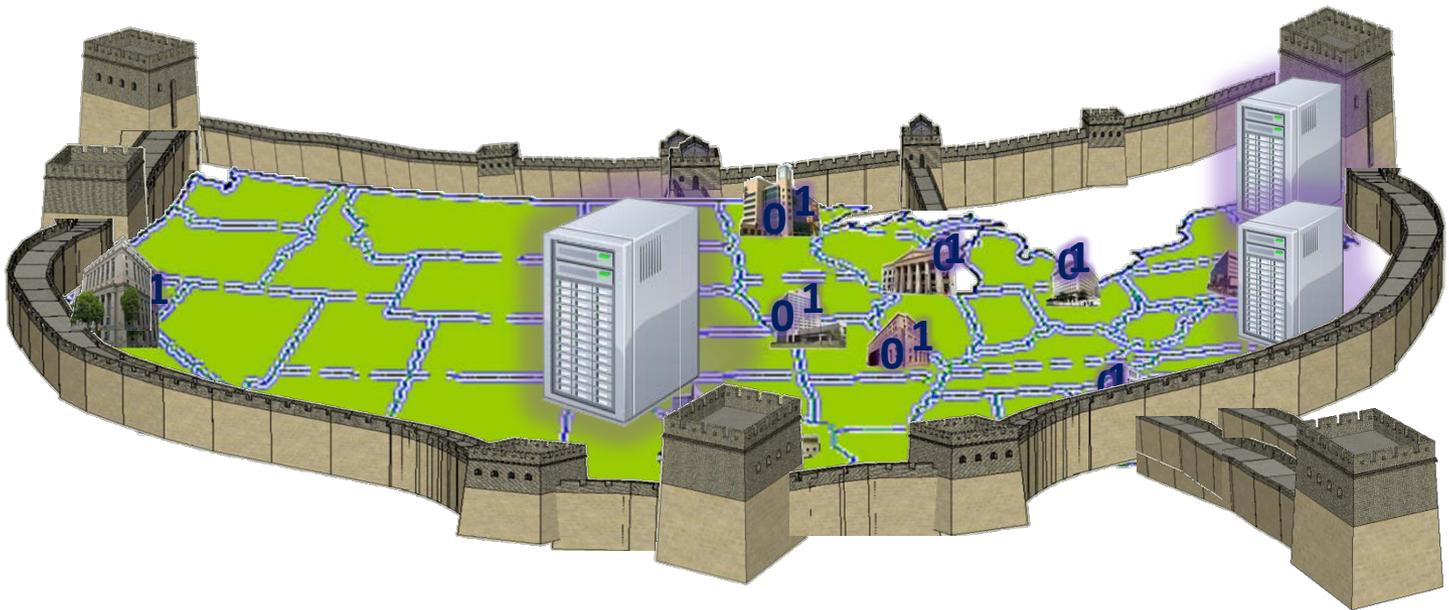
-  [twitter.com/richmondfed](https://twitter.com/richmondfed)
-  [youtube.com/richmondfed](https://youtube.com/richmondfed)
-  [facebook.com/federalreservebankofrichmond](https://facebook.com/federalreservebankofrichmond)



# National IT

Provides IT systems, as part of the Federal Reserve System's National IT organization:

- Infrastructure
- Security
- Networks and Computing Services



# IT Interdependence

## Business Unit IT

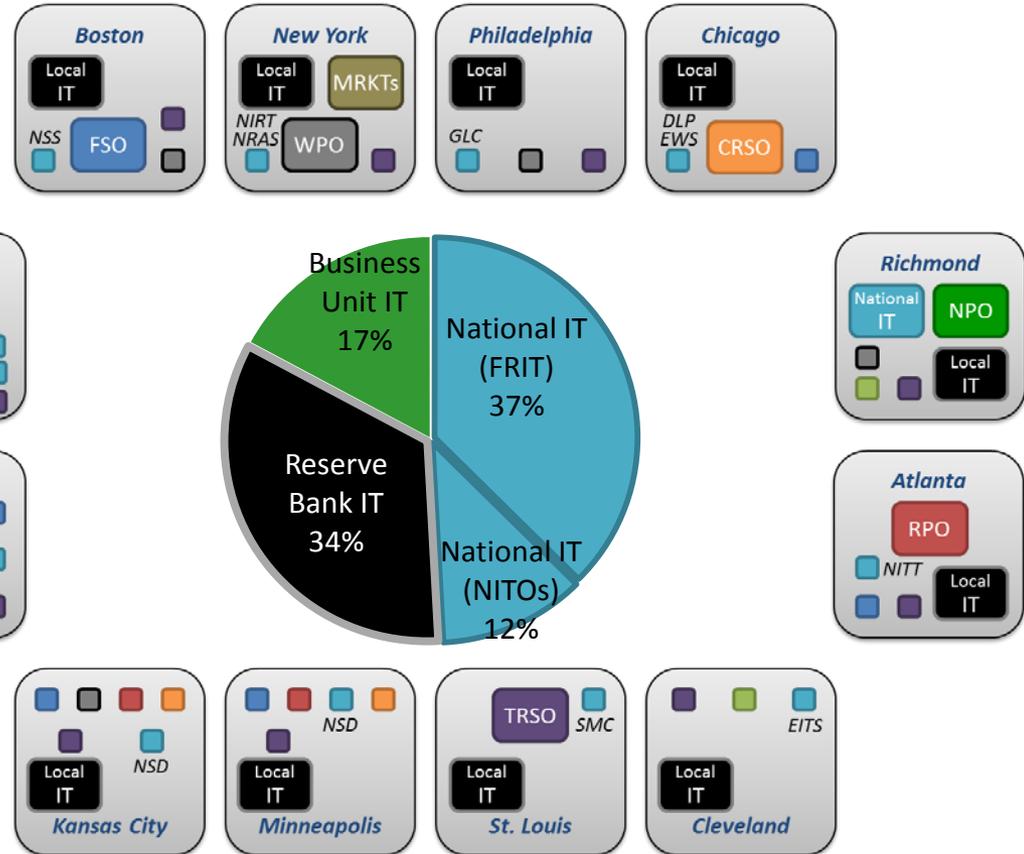
- Cash Product Office (CPO)
- Customer Relations and Support Office (CRSO)
- Financial Support Office (FSO)
- National Procurement Office (NPO)
- New York Markets Group (MRKTs)
- Retail Payments Office (RPO)
- Treasury Relations and Support Office (TRSO)
- Wholesale Product Office (WPO)

## National IT

- Data Loss Protection (DLP)
- Desktop Services Center (DSC)
- Enterprise IT Strategies (EITS)
- Enterprise Identity Management (EID)
- Enterprise Web Services (EWS)
- Groupware Leadership Center (GLC)
- National Incident Response Team (NIRT)
- National IT Training (NITT)
- National Remote Access Services (NRAS)
- National Service Desk (NSD)
- Network Security Services (NSS)
- Service Management Center (SMC)

## Reserve Bank IT

12 Local IT Departments (26 App Dev Shops)





# Cybersecurity at the Federal Reserve



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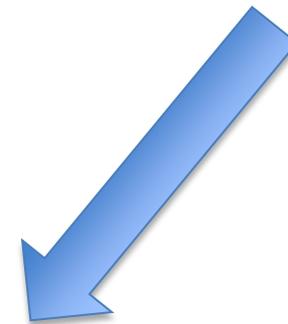
# Policy & Program for the

NIST Special Publication 800-53  
Revision 4

Security and Privacy Controls for  
Federal Information Systems  
and Organizations



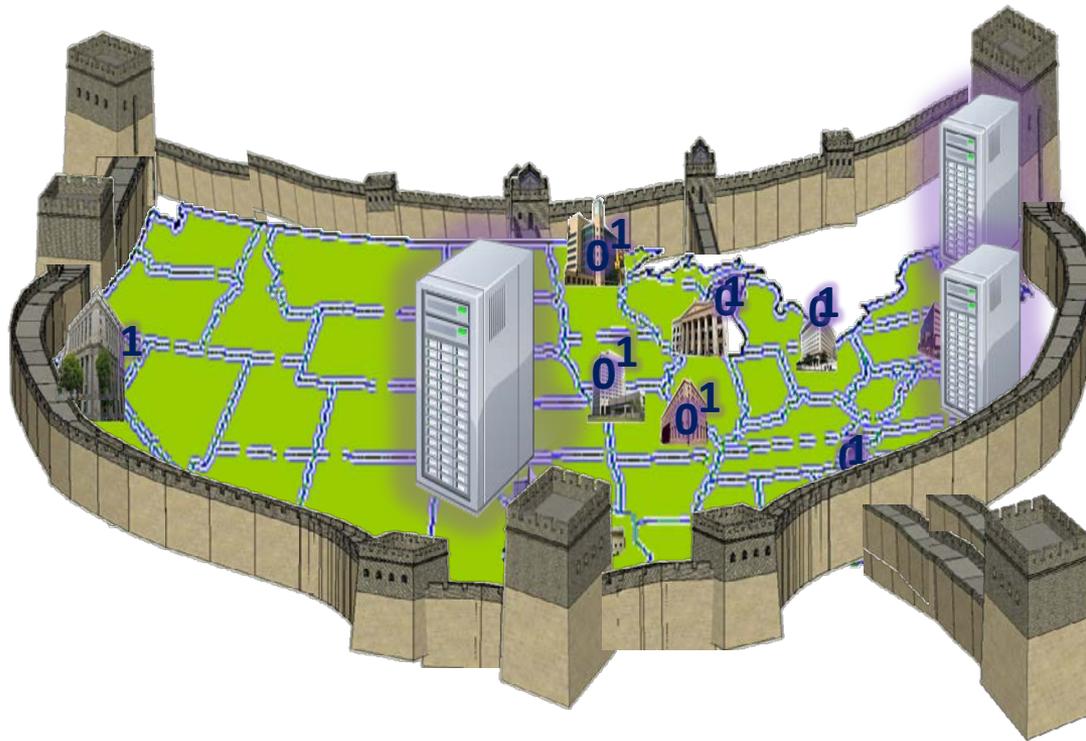
**SAFR**  
Security Assurance for the Federal Reserve



# Threats and Challenges



# What we see across the castles and



# Questions





# CSRM Update

## Ed Miller





## Sensitive System Reconciliation

You can't protect  
what you don't know  
you have.



# Audit Plans and Risk Assessment Plans

- We're trying to reconcile all IT Security Audit Plans and Risk Assessment Plans to the system information that we have collected in Archer.
- In many cases, there are systems that have been associated with "critical" business processes or "sensitive" datasets that are not listed on plans and not identified as sensitive systems.



Virginia Information Technologies Agency



# Enterprise Governance

Task Management

Administration

Issue Management

COV Incident Management

Add/Change Datasets (Information)

Add/Change Devices

Change Applications

Device Reports

Agency Executive Dashboard



Agency Executive Dashboard

Agency Actionable Dashboard

IT Security Audit Dashboard

Low



834



Actionable Application Information

COV: Sensitive System Reconciliation Report

Agency	Applicatic Name	Applicatic Inherent Risk	Sensitive System	Contains Data Sensitive to Confidential	Contains Data Sensitive to Integrity	Contains Data Sensitive to Availabilit	Last IT Security Audit	Last Agency IT Risk Assessm
			Yes	Yes	Yes	Yes	11/30/2014	
			Yes	No	No	No	12/31/2012	9/30/2015
			Yes	Yes	Yes	Yes		6/30/2015

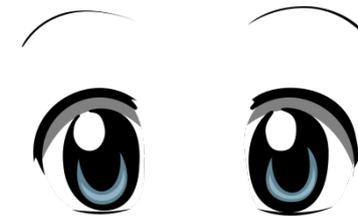
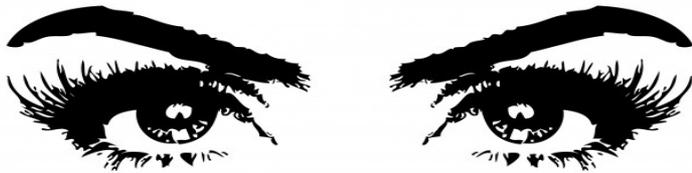
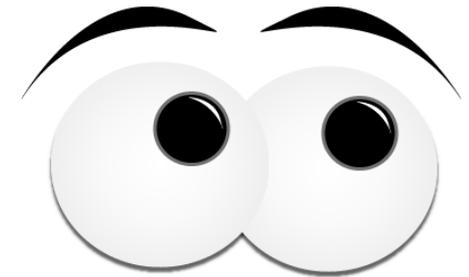
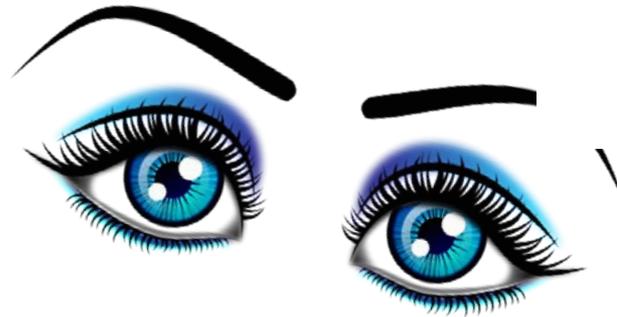
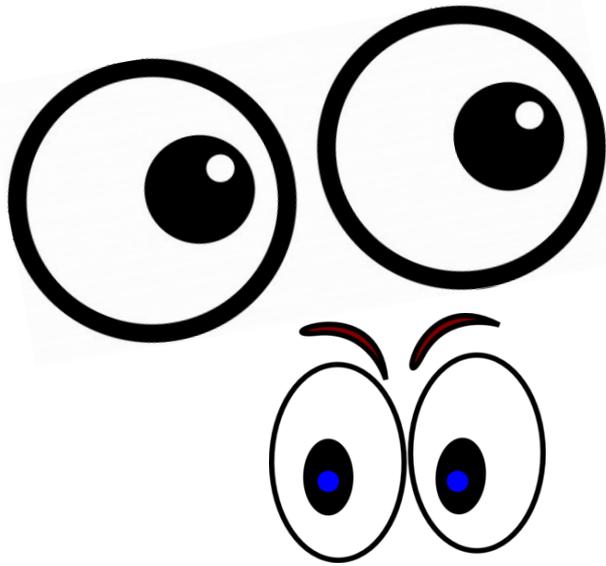


# COV: Sensitive System Reconciliation Report

Drag a column name here to group the items by the values within that column.

Agency ▲	Application Name	Application Inherent Risk	Sensitive System	Contains Data Sensitive to Confidentiality	Contains Data Sensitive to Integrity	Contains Data Sensitive to Availability
Department of [Redacted] and [Redacted]	[Redacted] Assistance Program		No	Yes	Yes	No
Department of [Redacted] and [Redacted]	[Redacted] Services		No	Yes	Yes	No

# Centralized Security Center





## Work Requests / MOUs

- If you have received a WR and have questions about funding, timing, services, etc. please let me know.
- If you decided now that you do not intend to use the service, please let us know that as well.



## IT Security Funding

- Whether or not you use the Centralized Service or not, your agency still received funding.
- It is imperative that all agencies use their funding as well as they can, to IMPROVE their data points scores.
- Use the service or don't use it, but make it happen!



## APA Audits

- If you submit an APA audit as an audit of a sensitive system, please have the APA send you an email of what system(s) the audit covers and what control families or domains were reviewed.

# Questions on anything?





Virginia Information Technologies Agency

# Upcoming Events





## Future ISOAG

**August 31, 2016 1:00 - 4:00 pm @ CESC**

**Speakers: Paul Grasi, NSTIC, via teleconference**

**&**

**Alyson Intihar, RSA**

***ISOAG meets the 1<sup>st</sup> Wednesday of each month in 2016***



## IS Orientation

**When: Thursday, September 29, 2016**

**Time: 9:30 – 11:30 am**

**Where: CESC , Room 1221**

**Presenter: Bill Freda**

**Register here:**

**<http://vita2.virginia.gov/registration/Session.cfm?MeetingID=10>**



# VASCAN

October 6 & 7 2016

University of Mary Washington

<http://vascan.umwblogs.org/>



*Virginia Information Technologies Agency*

# National Cybersecurity Awareness Month October 2016





# National Cyber Security Awareness Month



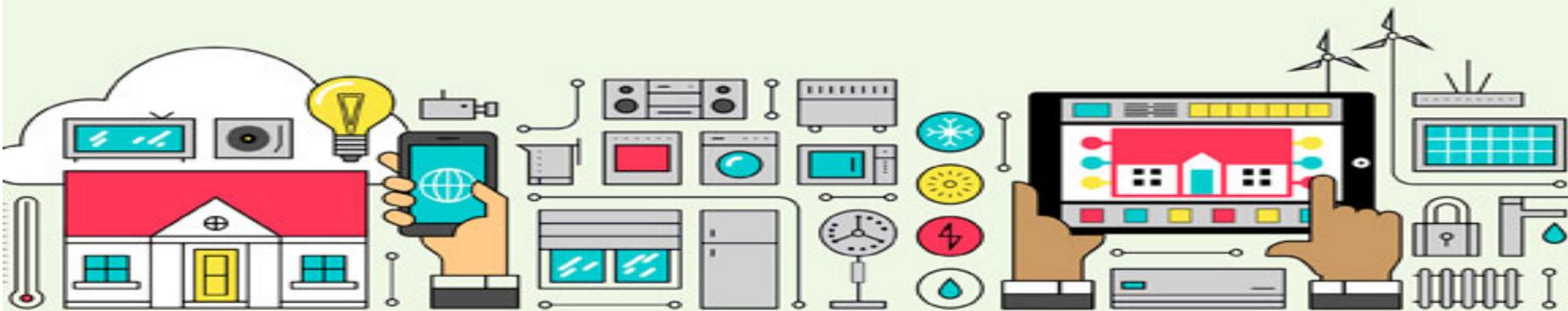
National Cyber Security Awareness Month



CyberAware

*securing our online lives is a*  
**SHARED RESPONSIBILITY**

*Get involved this October and empower our global digital society to use the Internet **safely and securely.***





# Start Planning Now

## Weekly Themes

- |                       |   |
|-----------------------|---|
| Week 1: October 3-7   | Every Day Steps Towards Online Safety with Stop.Think.Connect.™ |
| Week 2: October 10-14 | Cyber from the Break Room to the Board Room                     |
| Week 3: October 17-21 | Recognizing and Combating Cybercrime                            |
| Week 4: October 24-28 | Our Continuously Connected Lives: What's Your 'App'-titude?     |
| Week 5: October 31    | Building Resilience in Critical Infrastructure                  |



## Additional Resources

[www.stopthinkconnect.org](http://www.stopthinkconnect.org)

[ftc.gov/bulkorder](http://ftc.gov/bulkorder)

Order free resource materials from the Federal Trade Commission

[ww.staysafeonline.org/stay-safe-online/](http://ww.staysafeonline.org/stay-safe-online/)

[www.microsoft.com/security/default.aspx](http://www.microsoft.com/security/default.aspx)

[www.us-cert.gov/ncas/tips](http://www.us-cert.gov/ncas/tips)

[www.dhs.gov/national-cyber-security-awareness-month.](http://www.dhs.gov/national-cyber-security-awareness-month)



## Contact

**CommonwealthSecurity@vita.virginia.gov**  
or  
**Tina.Harris-Cunningham@vita.virginia.gov**

# ADJOURN

## THANK YOU FOR ATTENDING

