Representative Ivy Spohnholz

House Ways and Means Committee Chair
House Labor & Commerce Committee Co-Chair
Serving House District 16: College Gate, Russian Jack, Nunaka Valley, & Reflection Lake

Date: November 2, 2021

To: Sen. Natasha von Imhof
Chair, Legislative Budget and Audit Committee

From: Rep. Ivy Spohnholz

Subject: Information Technology Systems Audit Request

I request that the Legislative Budget and Audit Committee authorize the Division of Legislative Audit to facilitate a review of the State of Alaska's information technology systems, particularly the public-facing systems, those that contain Alaskans' personal information and those necessary to pay grantees or contractors of the State of Alaska.

The last time an IT audit was done on the State of Alaska was in 2008. The information contained in the two reports produced was useful in improving IT security within the State of Alaska. However, that was 13 years ago and the amount of data available online is significantly greater than at that time, as is the State of Alaska's reliance on digital means of managing contracts, licensure, health care payments, voter registration and much more. There are multiple recent cases of documented hacking that have impacted the State of Alaska's ability to ensure Alaskans' personal data is safe and its ability to deliver critical services to the public.

We've seen the impact of the Department of Health and Social Services and Court Systems web services being forced to go offline to address security breaches in just this year. As a result of these attacks:

1. Alaskans were unable to get death certificates online for about three months causing great hardship for many whose loved ones had died.
2. Childcare providers have had to wait months for payments for services provided.
3. Court View was inaccessible for a period of time, which created a lot of inconvenience for Alaskans and may have also impacted public safety.
4. The personal information of as many as 700,000 individuals has likely been breached which may include names, dates of birth, Social Security numbers, phone numbers, addresses, driver's license numbers, and personal health information

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protected by both the Health Insurance Portability and Accountability Act (HIPAA) and the Alaska Personal Information Protection Act (APIPA).

In fact, Commissioner Adam Crum reported, "It is a fair statement to say that any Alaskan could have been compromised by this."

The attacks in 2021 where not the first against the State of Alaska in recent history. In late 2020, 113,000 Alaskans' personal information including birth dates and driver's license numbers was stolen from the Division of Elections. While elections officials have stated that the security of our elections was not at risk in 2020, it could put them at risk over the longer term. The personal identifying information stolen also puts these individual Alaskans at risk of identity fraud.

I request an IT review be conducted that identifies all state IT systems and ranks the systems in terms of significance and risk. A comprehensive security review of the most significant systems most at risk for infiltration should be conducted. The review should identify what is needed to prevent future security breaches including resources, policies and procedures, staff training, expertise or infrastructure. Additionally, the review should analyze the State's IT security training policies and procedures aimed at reducing the effectiveness of phishing schemes whereby an employee may inadvertently allow incursion of the security system. To make the most efficient use of state resources, auditors should work with the Office of Information Technology to identify State IT studies that have been conducted or are being conducted and utilize the results in carrying out this review.

The Legislative Auditor believes that an outside contractor with specific expertise in IT security is needed to carry out the review. The estimated cost could be as high as $1,000,000 but could save the State of Alaska well more than that in avoided future harm of IT security data breaches and hacks. Any resulting contracts must be approved by the LB&A committee if the amounts exceed $30,000.

While typically all LB&A audits are public, it is my belief that the resulting report should remain private so as not to reveal any potential vulnerabilities to potential attackers. I would appreciate the Committee's support of this request.