



OFFICE OF THE STATE AUDITOR

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Testimony of State Auditor Suzanne Bump Committee on Ways and Means March 9, 2017

Good afternoon Chairwoman Spilka, Chairman Dempsey, and members of the Committee. It is a privilege to join you today and share our recent work and how our budget request will enable us to build upon it.

One of my priorities – which I know you share - is to ensure that our government keeps pace with technological innovation that improves operations, enhances accountability, and improves service for the taxpayer.

Alongside data gathering's benefits, however, are its threats to the security and individual privacy. In recognition of this, my office has been beefing up our IT audit capacity in order to improve cyber security in state government. It is vital that our IT systems function as intended so that our agencies can meet the needs of our constituents. Through the budget request I've put forward today, which is a modest 1.9% increase in our main administrative line item, my office will be able to fully staff this IT audit unit.

A recently released audit demonstrates both the vulnerabilities that exist and our ability to detect them. The Massachusetts Housing Finance Agency – a copy of which is in the folders we provided you today - identified deficiencies related to the protection of confidential data, oversight of contractors, IT inventory, and processes for backing up information in the event of a failure or loss. While we did not detect breaches of its systems, the audit demonstrates that this agency, and we suspect others, can benefit greatly from the expertise of our IT auditors.

We are also exploring how we might conduct a multi-agency audit that examines the Internet of Things. Just as the number of internet-connected devices in homes has grown exponentially in recent years, a similar expansion is occurring in government. However, instead of streaming the latest shows from Netflix or asking Alexa for a weather report, government uses these devices to gather data on: traffic patterns, instant pressure readings of water flow in pipelines, and infrastructure repair needs. According to the Gartner Group, an information technology research company, the number of internet connected devices is expected to reach 30 billion by 2020. And cyber-attacks against these devices will account for 25% or all attacks. However, it is estimated that only 10% of IT security budgets will be dedicated to protection of these devices.

Through this budget proposal, my office will take the proactive step of examining how these internet connected devices are protected both from physical loss, as well as unauthorized access of data, and will provide recommended steps to safeguard these systems.

This is the future. In Massachusetts, we pride ourselves on being ahead of the curve, taking chances to harness innovation. We have the opportunity to be at the forefront of using technology to improve government. It is crucial that we do it efficiently and securely so that we can continue to innovate without stumbling.

For several years now you have heard me tout the benefits of my office's investment in technology. Our tools have empowered my staff to produce more impactful audits, especially in the MassHealth program, and to better identify fraud in our public benefits programs. One of the data analytics tools we developed even received an award for innovation from the National Association of State Chief Information Officers.

In the coming year, we will complete "construction" of the analytics platform and will fully deploy these tools across all the audit divisions. This means more individuals empowered to quickly identify patterns that waste taxpayer dollars and to provide more robust recommendations.

With regard to the MassHealth auditing unit, we are requesting a slight increase to cover cost of living increases for the talented staff in that unit. Their work has caught the attention of the federal Government Accountability Office, and I am now part of a small group helping guide them to bring about a stronger relationship between state auditors and the federal Center for Medicare and Medicaid Services.

Additionally, I recently announced an expansion of our work to strengthen our state's social safety net programs. We know that identifying fraud is only one side of the coin when it comes to these important programs. While it is important to ensure benefits are not going to those who are not entitled to them – and we have an impressive track record of doing so, we must also ensure benefits reach those who truly need them. This year, my audit staff will undertake a series of audits to identify those barriers—be they cultural, technological, or some other factor—and provide recommendations to address them.

And, while this may not be your favorite part of the State Auditor's responsibilities, we will continue our work – at our current funding level – to address municipal concerns regarding unfunded mandates. The water and sewer infrastructure report we recently issued, we hope, will help you as policymakers and holders of the purse strings to address long-term municipal needs, and is also being used now as a tool to educate our members of Congress who will have input into the federal infrastructure investment bill now being put together.

Lastly, in the coming fiscal year, we plan to complete our assessment of the healthcare cost containment and access measures contained in Chapter 224. While this assessment was initially scheduled for completion this month, as several key components of the law have yet to be fully

implemented and the data is only starting to reveal patterns, we need another year of data collection in order to provide a meaningful impact analysis for you.

I want to thank you for the opportunity to speak today, and your ongoing support for our agency, and our efforts to make government work better. I'd be happy to answer any questions you may have.