

# MEMORANDUM


December 19, 2019



U.S. DEPARTMENT  
OF HOUSING  
AND URBAN  
DEVELOPMENT

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Subject: Management Alert – Records and Privacy Protection Issues Identified During FY 2019  
FISMA Evaluation (2019-OE-0007)

The Office of Inspector General (OIG) Office of Evaluation (OE) is assessing U.S. Department of Housing and Urban Development's (HUD) processes for identifying and managing its sensitive records, including personally identifiable information (PII), in both electronic and paper form. This assessment supports the implementation requirement of the FY 2019 Federal Information Security Modernization Act of 2014 (FISMA) Data Protection and Privacy metrics, and supports the requirement to assess HUD's current capabilities to identify and protect PII in accordance with FISMA, Office of Management and Budget (OMB) guidance, and National Archives and Record Administration (NARA) regulation. This work is being done as part of our "PII and Records Management Evaluation," 2019-OE-0002A, and OIG will issue a formal report at the conclusion of our evaluation, expected to be completed by the end of the 2019 calendar year. However, during our fieldwork, we encountered specific records management and privacy issues that pose a serious threat to sensitive information that we believed important to raise now rather than wait for the conclusion of our broader evaluation. This Management Alert serves as notification to the HUD leadership regarding specific high risk conditions we discovered.

## SUMMARY

HUD is failing to meet basic records management and privacy requirements for over 1 billion records containing PII. Specifically, HUD is unable to identify, categorize, and adequately secure all of its electronic and paper records that contain PII. Significant causes include HUD's failure to:

- Identify all HUD information systems and maintain a complete inventory of its systems and the data within those systems;
- Implement a formal records inventory process and maintain a complete inventory of its records;

- Establish a data classification program that includes or requires marking and tracking of sensitive data; and
- Have access to technical tools to search for sensitive data within its systems.

In many instances, sensitive PII data is housed within legacy information systems that are increasingly difficult to properly maintain and secure, placing this sensitive data at perpetual risk. Further, some such systems do not allow the removal of historical electronic data, increasing risk and violating NARA records management requirements.

In addition, HUD continues to carry out certain essential business functions through paper transactions. This occurrence is due to some HUD legacy systems not having the capability to accept and process electronic data transferred to HUD by its business partners. For example, large mortgage case binders with PII are printed by banks and mailed to HUD. HUD officials have expressed concern over the volume of paper records maintained by some offices, yet many offices are unaware of how many records they have or which records might contain PII.

Lastly, OMB Memorandum M-19-21 requires that Federal agencies eliminate the use of paper records and fully transition to electronic format, to the fullest extent possible, by December 31, 2022, or have an approved exemption.<sup>1</sup> We were unable to identify a plan that will enable HUD to meet the OMB requirements.

HUD's inability to identify, categorize, and track its PII poses a significant risk to the agency and to the millions of American citizens and stakeholders who have entrusted their personal information to HUD.

## **BACKGROUND**

In conjunction with the FISMA Evaluation (2019-OE-0002), OE is conducting a PII and Records Management Evaluation (2019-OE-0002A). Evaluation 2019-OE-0002A focuses on HUD's processes for identifying and managing its sensitive records, including PII. This evaluation enables us to 1) properly evaluate HUD's maturity level with respect to the FY 2019 FISMA Data and Privacy Protection metrics, and 2) provide an assessment of HUD's current capabilities to locate and protect its PII. OIG will issue a formal report at the conclusion of our evaluation, which we expect to complete by December 31, 2019.

During our evaluation, we interviewed HUD Records Management Liaison Officers, privacy officials, and other officials from program and field offices. We also issued a questionnaire to those officials regarding holdings of records and PII processes. Twenty five program or regional offices responded to the questionnaire.

## **RESULTS**

Inventory of Information Systems: As noted in FISMA evaluations dating back to 2014, HUD has not been able to ensure a complete inventory of its information systems. As an example, we identified public-facing websites and systems not accounted for in HUD's listing of systems. In

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<sup>1</sup> Source: OMB Memorandum M-19-21, Sections 1.2 and 1.3

at least one case, OIG discovered an official HUD web application that was: a) not properly authorized to operate and unknown to OCIO, and b) using an unapproved web domain.

Inventory of Records and PII: From our fieldwork and analysis, we determined that HUD has not established a formal and comprehensive records inventory process, to include identification of PII within the inventory, and does not have an agency-wide records inventory. Only 8 of 25 offices reported that they maintain an inventory of electronic records that contain PII, and only 6 of 25 offices reported that they maintain a list of the locations of all paper records that contain PII. Several Records Management Liaison Officers were also unsure if their office stored records in any commercial records centers or at a Federal Records Center. Further, records containing PII should be identified in vital records listing to ensure enhanced protections. Yet only 6 of 25 offices reported that they have identified the vital records of all its programs and administrative areas. Only 3 of these offices reported that such vital records lists have been updated.

Capability to Identify PII data: HUD has not implemented a data classification process to identify, categorize, and mark its sensitive data. HUD also has not initiated a process to identify and ensure records contain required marking of Controlled Unclassified Information as required by Executive Order 13556,<sup>2</sup> and has not been able to meet NARA's deadlines for implementation. We were not provided evidence that HUD has a process in place, manual or electronic, to mark or track specific records to properly secure sensitive data.

Capability to Search for PII: We also determined that HUD is unable to search across applications and other electronic records, such as SharePoint libraries or common file server directories, to locate PII. Only 2 of 25 offices reported they have such capability to search for and identify PII. However, these offices were not able to describe what processes and tools enabled this capability. HUD records officials reported that HUD does not have an enterprise solution to search for sensitive data within its systems.

Transition to Electronic Records: Among several requirements, OMB Memorandum M-19-21 establishes timeframes for agencies to begin creating permanent records only in electronic format, and to either stop producing temporary records in paper form or convert any temporary paper records into electronic form for storage purposes. We were unable to locate a comprehensive plan addressing these pending requirements. Further, as noted above, certain legacy systems lack the capability to accept and process electronic records.

## CONCLUSION

HUD offices have reported that HUD houses more than 1 billion records containing PII.<sup>3</sup> As a federal agency housing such an extensive amount of sensitive data, HUD must prioritize its capability to properly identify and protect this information. Failure to do so places both the agency and private citizens at risk. OIG urges HUD leadership to assess this condition immediately and work with the appropriate agency components to address this significant risk.

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<sup>2</sup> Executive Order 13556, Controlled Unclassified Information, <https://obamawhitehouse.archives.gov/the-press-office/2010/11/04/executive-order-13556-controlled-unclassified-information>

<sup>3</sup> HUD Privacy Program Evaluation Report, Report Number 2018-OE-0001, September 13, 2018

Our formal report will include specific recommendations to assist with addressing the concerns in this memorandum. Further, we will maintain ongoing communication with appropriate HUD officials to ensure they are addressing this management challenge.

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