

# Achieving Next Level Accountability

**California Housing Finance Agency**  
Management Innovation: Technology

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## Achieving Next Level Accountability

Housing Finance Agencies must be accountable: Accountable to government, accountable to business partners, accountable to residents and many organizations and entities.

Accountability comes in many forms, but what it boils down to is that the numbers and results you say you generate should match the numbers and results you do generate. In order to make sure those match, we use accountants.

The American Institute of Certified Public Accountants offers many accreditations and attestations to organizations, and every housing finance agency must submit to a financial audit to ensure its numbers are accurate. The California Housing Finance Agency's IT division, however, has gone above and beyond those basics to earn a Statement on Standards for Attestation Engagements (SSAE) No. 18, Reporting on Controls at a Service Organization.

CalHFA is the first state agency to attain this Statement, and possibly the first housing finance agency to do so. This has built trust with our current stakeholders that our policies, procedures and IT controls are in place and documented; increased confidence for potential new business stakeholders; and can be used as a replacement for additional IT and Security related audits. In other words, it makes our business more reliable, and has saved us both time and money.

The Statement on Standards for Attestation Engagements No. 18 is overseen by The American Institute of Certified Public Accountants and more specifically the Auditing Standards Board. SSAE is used to regulate how companies conduct business, and more specifically it defines how companies report on compliance controls. These reports are called SOC 1, SOC 2, and SOC 3.

- SOC 1 is a control report for service organizations, which pertains to internal control over financial reports.
- SOC 2 is a report using the existing SysTrust and WebTrust principles. This report evaluates the business information system that relates to security, availability, processing integrity, confidentiality, and privacy.
- SOC 3 is also based on SysTrust and WebTrust principles. But the SOC 3 report does not go into as much detail as SOC2 and is primarily used as marketing material.

In our case, we had a third party auditor conduct this attestation. We had the goal of SOC 1 reporting, which basically attests that CalHFA Information Technology has proper internal controls in place to safeguard agency information assets, which are considerable:

- 100-150 physical and virtual servers
- ~ 50 databases
- Microsoft Windows as standard OS for server and desktop
- 300 staff computers and 50 staff laptops
- 3 Primary and 1 backup (Comcast) Internet connections

- 15-30 publicly facing IP addresses
- 12-15 publicly facing websites
- Multiple Microsoft SharePoint sites
- 300 employees and a limited number of contractors with access to CalHFA's network
- 3 physical locations with CalHFA computer assets

The audit was conducted over two months and touched all aspects of our information technology environment.

The majority of our work for achieving SSAE18 went into a complete overhaul of our Information Security Program. We had two full-time staff work on the project for just over a year, making sure our new Information Security Program—documentation for which went from 54 pages to 180—met the requirements of California's State Administrative Manual and the National Institute of Standards and Technology.

The end result was an unqualified opinion by an Independent Auditing Firm that can differentiate CalHFA from its peers by demonstrating established control objectives and effectively designed control activities. To date, this attestation has helped us replace additional audit requirements: by having these standards in place, auditors did not need to undertake any additional research to determine that we complied with *their* standards. Meeting the SSAE 18 attestation is just one of our many efforts in championing industry standards and providing peace of mind for our clients.