RESULTS OF KPMG VULNERABILITY TECHNOLOGY SECURITY ASSESSMENT AUDIT NUMBER 7-16

MARCH 6, 2007

This report may contain proprietary information subject to the provisions of 18 USC 1905 and must not be released to the public or another agency without permission of the Office of Inspector General.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416

March 6, 2007

To: Christine Liu
Chief Information Officer

From: Debra Ritt
Assistant Inspector General for Auditing

Subject: Results of KPMG's Information Technology Security Assessment

Attached is the report on the results of an Information Technology Security Assessment issued by KPMG LLP, which identifies entity-wide security vulnerabilities that were identified during its audit of SBA's FY 2006 financial statements. Due to sensitive information contained within this report, the report will not be released to the public.

The audit was performed under a contract with the Office of Inspector General (OIG) and in accordance with *Generally Accepted Government Auditing Standards*; Office of Management and Budget's (OMB) Bulletin 06-03, *Audit Requirements for Federal Financial Statements*, the Government Accountability Office (GAO)/President's Council on Integrity and Efficiency (PCIE) *Financial Audit Manual* and GAO's *Federal Information System Controls Audit Manual*.

SBA generally agreed with the findings and recommendations and provided target completion dates for all 7 recommendations made by KPMG. We plan to track SBA's implementation of KPMG's recommendations through the audit follow-up process.

We appreciate the courtesies and cooperation of the Small Business Administration representatives during this audit. If you have any questions concerning this report, please call me at (202) 205-**[Exemption 2]** or Jeff Brindle, Director of the Financial Management and Information Technology group, at (202) 205-**[Exemption 2]**.

Attachment

UNITED STATES SMALL BUSINESS ADMINISTRATION

FY 2006 FINANCIAL STATEMENT AUDIT

Results of the Information Technology Security Vulnerability Assessment

Contract Number – 43-3151-5-2003

Task Order Number – AG-3151-D-06-0088

--FINAL REPORT--

March 1, 2007

KPMG

Results In Brief

The Small Business Administration (SBA) Office of Inspector General (OIG) contracted with KPMG LLP to perform the FY 2006 external and internal vulnerability assessment in support of the fiscal year 2006 financial statement audit for SBA. As a result, KPMG performed a limited vulnerability assessment to assess the security controls for key SBA network devices and related device operating software. The scope of the review included key SBA's internal network devices and systems (i.e., available from within the SBA network), and external network devices and systems (i.e., available over the Internet). Information security is a critical control element for SBA, both from a financial processing perspective and an operational perspective.

The purpose of a vulnerability assessment was to test the implementation of information security controls for key network and system devices supporting financial and administrative processing activities. To perform this review, KPMG information security analysts utilized several automated assessment tools and their knowledge of known security exploits to identify potential security vulnerabilities. The SBA Office of Chief Information Officer (OCIO) and IT security (ITSEC) personnel were aware of our review efforts at all times, and critical issues were communicated to SBA personnel as they were identified. All results of the testing have been communicated to the appropriate management officials within OCIO, the Office of the Chief Financial Officer (OCFO) and the Office of the Chief Operating Officer (OCOO).

[The remainder of this page and all of pages 2, 3 & 4 are redacted in accordance with Exemption 2]

MANAGEMENT COMMENTS

[Pages 1 thru 5 redacted in accordance with Exemption 2]

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