



**UNITED STATES OFFICE OF PERSONNEL MANAGEMENT**

**STATEMENT OF  
THE HONORABLE  
KATHERINE ARCHULETA  
DIRECTOR  
U.S. OFFICE OF PERSONNEL MANAGEMENT**

before the

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
UNITED STATES HOUSE OF REPRESENTATIVES**

on

**“OPM Data Breach: Part II”**

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**June 24, 2015**

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Chairman Chaffetz, Ranking Member Cummings, and Members of the committee:

Thank you for the opportunity to testify before you again today. I want to be clear that I understand and I share the concerns and frustration of Federal employees and those affected by the intrusions into the U.S. Office of Personnel Management’s (OPM’s) information technology (IT) systems. As the Director of OPM, I know that the responsibility to secure the personal data of those we serve is of paramount importance. Although OPM has taken significant steps to meet our responsibility to secure the personal data of those we serve, it is clear that OPM needs to dramatically accelerate these efforts, not only for those individuals personally, but also as a matter of national security. As I testified last week, I am committed to a full and complete investigation of these incidents and we continue to move urgently to take action to mitigate the long-standing vulnerabilities of the agency’s systems. I am also committed to providing the most up-to-date information to ensure affected individuals have the necessary resources and information available to protect their interests and security.

**Strengthening OPM’s IT Security**

In March 2014, we released our *Strategic Information Technology Plan* to modernize and secure OPM’s aging legacy system. The focus of the Plan is a set

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of strategic initiatives that will allow OPM to administer IT with greater efficiency, effectiveness, and security. This work recognizes recommendations from the U.S. Government Accountability Office and OPM's Office of Inspector General (OIG). Work to implement the Plan began immediately, and in Fiscal Years (FY) 2014 and 2015 we re-prioritized critical resources to direct nearly \$70 million toward the implementation of tough new security controls to better protect our systems. OPM is also in the process of developing a new network infrastructure environment to improve the security of OPM infrastructure and IT systems. Once completed, OPM IT systems will be migrated into this new environment from the current legacy networks.

Many of the improvements have been to address critical immediate needs, such as the security vulnerabilities in our network. These upgrades include the installation of additional firewalls; restriction of remote access without two-factor authentication; continuous monitoring of all connections to ensure that only legitimate connections have access; and deploying anti-malware software across the environment to protect and prevent the deployment or execution of cyber-crime tools that could compromise our networks. These improvements led us to the discovery of the malicious activity that had occurred, and we were able to immediately share the information so that other agencies could protect their networks.

OPM thwarts millions of intrusion attempts on its networks in an average month. We are working around the clock to identify and mitigate security weaknesses. The reality is that integrating comprehensive security technologies into large, complex outdated IT systems is a lengthy and resource-intensive effort. It is a challenging reality, but one that we are determined to address. We have implemented these tools to the maximum extent possible, but the fact is that we were not able to deploy them before these two sophisticated incidents, and, even if we had been, no single system is immune to these types of attacks.

As we address critical immediate needs we also need to continue our work to improve long-term strategic challenges that affect our ability to ensure the security of our networks. I view the relationship that OPM has with our Inspector General as collaborative. We appreciate their recommendations and take them very seriously. As our OIG has noted, OPM has been challenged for several years in building and maintaining a strong management structure and the processes needed for a successful information technology security program. OPM agrees with this

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assessment and it is this weakness that the Strategic IT Plan was developed to resolve.

I also want to discuss the important issue of data encryption. Though data encryption is a valuable protection method, today's adversaries are sophisticated enough that encryption alone does not guarantee protection. OPM does currently utilize encryption when possible; however, due to the age of some of our legacy systems, data encryption is not always possible. In fact, I have been advised by security experts that encryption in this instance would not have prevented the theft of this data, because the malicious actors were able to steal privileged user credentials and could decrypt the data. Our IT security team is actively building new systems with technology that will allow OPM not only to better identify intrusions, but to encrypt even more of our data. Currently, we are increasing the types of methods utilized to encrypt our data.

In addition to new policies that were already being implemented to centralize IT security duties under the Chief Information Officer (CIO) and to improve oversight of new major systems development, the Plan recognized that further progress was needed. Thanks to OPM CIO Donna Seymour's leadership, the OIG's November 2014 audit credited OPM for progress in bolstering information technology security policies and procedures, and for committing critical resources to the effort.

Where the audit found weaknesses in Information Security Governance and Security Assessment and Authorization, OPM was already planning and implementing upgrades that emphasized improved security and the adoption of state of the art security protocols. Once these upgrades reached a mature stage in the spring of 2015, we were able to detect earlier intrusions into our data. Cybersecurity is fundamentally about risk management, and we must ensure that any recommendation helps us achieve the most effective level of cybersecurity and at the same time, allows us to continue providing critical services to the Federal workforce.

With regard to Information Security Governance, the OIG noted that OPM had implemented significant positive changes and removed its designation as a material weakness. This was encouraging, as IT governance is a pillar of the Strategic IT Plan. An enhanced IT governance capacity will identify and ensure we fund IT investments that are more tightly aligned with our needs. It will also allow us to manage, evaluate, measure, and monitor IT services in a more consistent and repeatable manner.

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Regarding the weaknesses found with Security Assessment and Authorization, the OIG had recommended that I consider shutting down 11 out of 47 of OPM's IT systems because they did not have a current and valid Authorization. I am the leader of an organization that provides critical services to over two million current Federal employees around the world. The legacy systems that we are aggressively updating are critical to the provision of those services. Shutting down systems would mean that retirees would not get paid, and that new security clearances could not be issued. I am dedicated to ensuring that OPM does everything in its power to protect the federal workforce. But part of that included ensuring that our retirees receive the benefits they have earned and federal employees get the healthcare they need.

Of the systems raised in the FY 2014 audit report, eleven of those systems were expired. Of those, one, a contractor system, is presently expired. All other systems raised in the FY 2014 audit report have been either extended or provided a limited Authorization.

### **Addressing Federal Employees' Needs**

For those approximately 4 million current and former Federal civilian employees who were potentially affected by the incident announced on June 4 regarding personnel information, OPM is offering credit monitoring services and identity theft insurance with CSID, a company that specializes in identity theft protection and fraud resolution. This comprehensive, 18-month membership includes credit report access, credit monitoring, identity theft insurance, and recovery services and is available immediately at no cost to affected individuals identified by OPM.

The high volume of notifications sent on the 18th and 19th of June, along with the a significant number of calls being made to the CSID call center from individuals who have not been impacted or notified of impact, caused wait times to increase, and those selecting on-line sign up at the end of last week experienced the CSID site timing out.

Our team is continuing to work with CSID to make the online signup experience quicker and to reduce call center wait times. These actions involve expanded staffing and call center hours, and increasing server capacity to better handle on-line sign ups at peak times. We continue to update our FAQ's on opm.gov to

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address questions that we are getting from individuals who have or feel they may have been impacted.

**Conclusion**

The OIG's assessments of OPM's plans reflected the difficulties involved in working with complex legacy systems. This type of assessment is helpful to ensure OPM has the best, most comprehensive plans possible, and the OIG report helps everyone, including Congress, understand that these are complex issues that will require significant resources, both time and funding, to correct.

I would like to emphasize again that OPM has taken steps to ensure that greater restrictions are in place, even for privileged users. This includes removing remote access for privileged users and requiring two-factor authentication. We are looking into further protections, such as tools that mask and redact data that would not be necessary for a privileged user to see.

Thank you for this opportunity to testify today and I am happy to address any questions you may have.