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March 9, 2011

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Comptroller audit finds State agencies failed to remove confidential information from computers packaged for public auction

Auditors' intervention prevents unlawful disclosure of Social Security numbers, health records, child abuse documents

Information of a confidential and personal nature - such as Social Security numbers, health records and child abuse reports - was discovered on state computers bound for public auction, according to an audit released today by the Office of the State Comptroller (OSC).

The computers were shrink-wrapped on pallets at the State's surplus property warehouse and ready to be sold at public auction until OSC auditors intervened.

Also bound for redistribution, according to the audit, were computers that contained confidential memoranda from a state judge, his tax returns for three years and internal documents prepared for a state agency commissioner.

The computers had been deemed surplus and sent to the State warehouse for redistribution. State guidelines dictate that state agencies must remove all data from a computer's hard drive before sending it to the warehouse. Other state agencies then have 30 days to claim the equipment from the warehouse before it is disposed of through public auction or donation.

Despite State requirements, OSC auditors found data on 79 percent of the computers sampled at the warehouse and confidential or personal information on nearly a third. The release of such confidential information to unauthorized parties would constitute a violation of federal and state laws.

“At a time when identity theft is all too common, the State must take better precautions so it doesn’t end up auctioning off taxpayers’ Social Security numbers and health records to the highest bidder,” State Comptroller Matthew Boxer said.

Employees from one agency told OSC auditors that the agency had the necessary equipment to purge data from its computers but the staff was reluctant to use the equipment because of the noise and magnetic fields it generated.

Specifically, the data found on the computers recovered at the State warehouse by OSC’s information technology auditors included:

- A list of state-supervised children, along with their dates of birth and Medicaid numbers;
- Numerous files belonging to a state judge, including the judge’s life insurance trust agreement, tax returns, mortgage information and Social Security number, as well as a confidential fax to the Lawyer’s Assistance Program concerning an attorney’s “personal emotional problems” and non-public memoranda by the judge concerning potential impropriety by two attorneys;
- Social Security numbers of state employees and members of the public;
- Files related to child abuse cases, including a child fatality report, child immunization records and a child health evaluation;
- A list of vendor payments referencing names of children and including contact information for children placed outside of the parental home;
- Personnel reviews, computer sign-on passwords and e-mails of state employees; and
- Internal memoranda from a state agency and personal contact information for multiple members of the then-Governor’s cabinet.

Many of the computers already had been packaged for public auction at the time of the OSC review. The others were in the warehouse and would have been either publicly auctioned or redistributed to government agencies or nonprofit corporations.

Also found at the warehouse were four computers that were packaged to be sold at auction as scrap, even though they were still under vendor warranty. OSC inquiries revealed that the computers had been transferred to the warehouse in error.

The audit also found that employees of the State warehouse were not complying with requirements concerning the redistribution of the computer equipment they received. Auditors observed local government representatives picking up equipment in the warehouse without

other local governments, state agencies or nonprofits having received equal access to or notice of that equipment as required by State rules. For example, during a 15-month period, more than 900 cellular phones sent to the warehouse were set aside for one particular nonprofit.

After a meeting with OSC staff in which preliminary findings of the audit were discussed, the State modified its policies and procedures to improve data security. For example, the State has issued an interim policy requiring agencies to remove all hard drives from computers sent for redistribution while the Department of the Treasury develops a permanent policy for handling such computers.

In total, the audit makes 10 recommendations to state officials for improving procedures concerning surplus computer equipment.