

Date: December 18, 2018  
To: The File of the Hugh L. Carey Battery Park City Authority  
From: Tailored Technologies, LLC

## Technology Observations and Recommendations Resulting From the October 31, 2018 Audit

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Marks Paneth LLP has issued a management letter under AU-C Section 265 indicating we did not observe any material weaknesses. The memo below represents our observations that are either minor in nature or represent best practices pertaining to technology. Matters in this memo are as of the date of this letter. If matters should arise between this date and the date of Marks Paneth LLP's audit report on the financial statements, we will update this memo.

Exhibit I of this memo lists new items that we noted during our work in connection with the Hugh L. Carey Battery Park City Authority's financial statement audit for the year ending October 31, 2018. Exhibit II pertains to prior year recommendations that, based on our current procedures, appear to require further attention by management. Exhibit III are those observations and recommendations from the prior year's letter that appear not to require further action.

It should be noted that we will review management's current year responses during Marks Paneth LLP's next audit cycle.

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### Exhibit II – Prior Year Observations Requiring Further Attention

*There are no prior year observations and recommendations which require further attention.*

### Exhibit III – Prior Year Recommendations That Appear Not to Require Further Action

*There are no prior year observations and recommendations that appear not to require further attention.*

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## OVERVIEW

On December 13, 2018, Marks Paneth LLP's Tailored Technologies met/spoke with the following individuals:

1. Pamela Frederick, Chief Financial Officer
2. John Tam, Director of IT
3. Karl Koenig, Controller
4. Jason Rachnowitz, Director of Financial Reporting
5. Neresia Gordon, Network Security Manager
6. Siu Ng, Senior Programmer Analyst
7. Leandro Lafuente, Senior Systems Administrator

Currently, Hugh L. Carey Battery Park City Authority (BPCA) has seven (7) physical servers running VMware ESXi version 6.5 and 26 virtual servers running Microsoft Windows Server version 2008 and 2012 or VMware ESXi version 6.5. BPCA uses:

1. Microsoft's Dynamics GP (Great Plains) version 2013 as its accounting software
2. Paramount's WorkPlace version 12.50.0.4 for project accounting and procurement
3. ADP's SaaS-based (Software as a Service) iPayStatements and E-TIME for payroll processing and time and attendance tracking, respectively
4. Microsoft's SaaS-based Office 365 SharePoint application for document management

The following observations and recommendations are focused on:

1. Outdated Firewall Device

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## CYBERSECURITY

We also considered BPCA's cybersecurity protections and its ability to detect and prevent unauthorized internal and external access to BPCA's network. We looked at the policies and procedures in place to ensure secure processes are maintained, and BPCA staff is informed of current, secure practices. It would be impractical as part of this IT assessment process to provide a full cybersecurity review. Cybersecurity protections at BPCA include:

1. Two (2) Cisco 2900, one (1) Cisco 9400, two (2) FortiGate 200D, one (1) SonicWALL NSA 3500, three (3) SonicWALL TZ215, and one (1) SonicWALL TZ400 firewall devices deployed across BPCA's various facilities
2. Symantec's Endpoint Protection version 12.1.5 to protect against malware on workstations and servers
3. Spam filtering through US Internet, BPCA' email provider, as well as through their SonicWALL firewall devices
4. Onsite and offsite backup of BPCA data and virtual services using QuorumLabs' services
5. Penetration testing of the BPCA network performed twice a month by the New York State Office of Information Technology Services
6. BYOD protection with the VMware's AirWatch version 9.1.4 Mobile Device Management (MDM) platform, which includes the ability to delete ("wipe") data on the mobile devices

We were also informed that BPCA has purchased cyber insurance to mitigate losses from a variety of potential cyber incidents, including data breaches, business interruption, and network damage. We strongly recommend that BPCA's Audit Committee, or other appropriate Board Committee members, review the summary of policy provisions to confirm coverage and ensure all necessary precautions for BPCA's business are addressed.

Note: Tailored Technologies is not an insurance expert and, as such, neither opines on the efficacy nor attests to the sufficiency of BPCA's cyber insurance policy.

## Exhibit I – Current Year Recommendations

### 1. Outdated Firewall Device

**Observation:** BPCA provided us with a listing of all the network hardware currently deployed across the organization. Upon review of the inventory listing, we observed that a SonicWALL NSA 3500 firewall device is currently deployed at BPCA's 75 Battery Place, New York, NY facility. The End of Support (EOS) date listed by SonicWALL for the NSA 3500 firewall is 05/19/2018. We were also informed that BPCA is aware that the firewall is no longer supported and is currently in the process of sourcing a scope of work document to have the firewall replaced; BPCA estimates that it will have the firewall device replaced within the next nine (9) months

**Recommendation:** Management should consider replacing the NSA 3500 device deployed in its 75 Battery Place, New York, NY facility. The continued use of the outdated firewall device leaves the organization susceptible to cyber-attacks as the device is no longer receiving patches and updates to protect against current security threats, thus allowing for the potential introduction of malware into BPCA network. Additionally, given the age of the firewall device, if it were to crash, the failure of the firewall would prevent all Internet access at the 75 Battery Place, New York, NY facility.

**Management's Response:** Management agrees with the response. BPCA have been aware of the status of the firewalls at 75 Battery Place and are actively procuring the method to replace the firewalls at 75 Battery Place. The firewalls are expected to be replaced and the new firewalls to be managed by Verizon services. This is expected to be completed by the end of 2019 fiscal year, if not sooner.

**\*\*END OF NEW RECOMMENDATIONS\*\***

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## Exhibit II – Prior Year Observations Requiring Further Attention

*There are no prior year observations and recommendations which require further attention.*

**\*\* END OF REPEAT RECOMMENDATIONS\*\***

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## Exhibit III – Prior Year Recommendations That Appear Not to Require Further Action

*There are no prior year observations and recommendations that appear not to require further attention.*

**\*\*END\*\***