Annual Information Security Update

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Agenda

- Information Security Management Goals at CalHFA
- Key Points
- Business Execution
- Material Risks
- External Factors
- Security Strategy
- Cyber Security Maturity
- Action Plan – Beyond 2026

Information Security Management Goals at CalHFA

- Minimize fear, uncertainty, and doubt, while focusing on the business and CalHFA readiness to deal with information security threats.
- Balance the need to protect CalHFA against the requirements for operating the business.
- Involve all relevant stakeholders in our Information Security Management process

Key Points

Business Execution	Several bright spots and continued remedial work in several areas that enhance our business performance and security maturity
Material Risks	No Information Security Incidents on CalHFA systems in 2025 All other material risks are stable.
External Environment	External events require moderate tactical responses
Security Strategy	Current security strategy is on target. Our processes continue to mature and exceed peer benchmarks.
Recommendations	**Note the current state and endorse action plan (Security Strategy)**

Business Execution

Business Domain	Bright Spots	On-going Initiatives
Data Protection	Onboarded new Security Information and Event Management System (SIEM) and Security Operation Center (SOC) that is 24/7	Data Encryption and resilience work continues Network Segmentation Phase 2 Tailored Information Security Training Cloud/On-Prem Data Labeling
Regulatory Compliance	Completed mandatory updates per State guidelines	Remediation work continues in partnership with State, Internal and External partners.
Maintaining Customer Trust	Protected sensitive data, systems and network by engaging stakeholders and customers	Build trust and creditability with customers.
Technology Recovery Plan / Disaster Recovery Location	Updated our Technology Recovery Plan and held our annual tabletop exercise (real world examples) Standing up new Disaster Recovery Location in Las Vegas	Testing and updating the Technology Recovery Plan. Enhancing Disaster Recovery site by migrating to Las Vegas.
Operational Efficiencies	19 Phishing Campaigns 18 different Information Security Training Modules across CalHFA Created new procedures, policies, and templates throughout the Agency to meet the needs of the Information Security Program Audit (ISPA) from the Office of Information Security.	Updating and reviewing existing policies and procedures to ensure alignment with State best practices and requirements.

No Information Security Incidents on CalHFA systems in 2025

External Factors

External Events require Moderate Tactical Responses

External Event	Response
Increase in ransomware and phishing attacks	• Regularly test CalHFA's Response Plans (TRP, CIRP) • Data backups and security patches are reviewed and pushed on a consistent basis. • Refine and deploy security tools to meet current needs and threats. • Refresh phishing campaigns to align with the specific threats posed to CalHFA staff, i.e., Role based and tailored trainings.
The evolving Artificial Intelligence (AI) landscape presents both new threats and opportunities for CalHFA	• Have begun to explore AI focused security tools to address the evolving threat landscape. • Rolled out Copilot Chat and Proof of Concept for M365 Copilot • In line with the Governor's Executive Order, CalHFA's Acceptable Use Policy was rolled out in September 2024 that allows the use of AI tools within CalHFA's internal network.
Adhere to the requirements of the Information Security Program Audit	• ISPA Check-in Audit completed in December 2025 • Anticipate early validation of remaining findings in FY25 • Next Full ISPA Audit – FY 27/28 • Workshop sessions with OIS Advisory team scheduled for 2026

Security Strategy

Area	April - June 2024 2Q24	July - September 2024 3Q24	October - December 2024 4Q24	January - March 2025 1Q25	April - June 2025 2Q25	July - September 2025 3Q25	October - December 2025 4Q25	January - March 2026 1Q26	April - June 2026 2Q26	Budget (FY 24/25)	Completion (%)
1A. Data Loss Prevention		Cyber Security Resilience Implementation				Data Sensitivity Labeling via Microsoft Purview				7.47%	100%
		New Disaster Recovery Implementation								3.53%	100%
		Encrypting Data at Rest									100%
				Encrypting Data in Transit							100%
Cybersecurity Measures	Microsoft Defender Rollout (BitDefender Dep	Microsoft Defender Policy/Feature Adjustme								0.36%	100%
	Mobile Device Management (Windows Device	Mobile Device Management Policy/Feature A									
								Secure Enterprise Browser			
	Privileged Account Management (Environmer	Privileged Account Management (Credential Testing/Implem								0.57%	100%
		Security Information and Event Management Solution (Vendor Buyout/Platform Change)			Security Information and Event Management Solution (New Vendor Onboarding)		Security Information and Event Management Solution (New Product fine tuning)			1.93%	80%
	Privileged Identity Management (Microsoft Entra)										100%
Security Audits and Vulnerability Assessments		Information Security Program Audit								12.88%	100%
						Information Security Program Audit - Check In					
			Independent Security Assessment							2.19%	100%
				Tenable One Procurement and Setup							
							IT Risk Assessment			0.36%	
							Statement on Standards for Attestation Engagements 21; System and Organization Controls 1, Type 1				
			Nationwide Cybersecurity Review							0.64%	
3A. Legacy Network Replacement	Network Core Switch Replacement									0.52%	100%
		Wi-Fi network replacement and upgrade									100%
		Replace VoIP with Teams based Telephony								1.29%	100%
3B. Network Segregation	Network Segmentation Phase 1										100%

Legend	Late	Early	On Target	Complete	Not Started

Cyber Security Maturity

Our Cyber Security Maturity continues to Improve; it Exceeds Peer Benchmarks

OIS's Cyber Security Maturity (Out of 4)

	State Agency Average	BCSH Average	CalHFA
2026	1.59	1.37	2.65
2025	1.55	1.25	2.10

Nationwide Cyber Security Review (NCSR) - Discontinued in 2025

State Agency Average 2024	CalHFA - 2024
5.02	6.36

Action Plan - Beyond 2026

Current state:

- CalHFA's Information Security program will continue to uplift business performance
- Action in response to external changes will be executed by CalHFA ISO Team
- No action is required for material risk position
- Security Strategy will continue as scheduled

Next Audit Committee update to be delivered in FY 26/27

CalHFA
California Housing Finance Agency

Questions?