Security checklist helps ensure compliance

By Bart A. Lazar

MARKETING AND THE LAW

Last month, I wrote about the reasons for protecting the security of marketing and employee information (See "Guard biz data with security strategies," page 6, Oct. 15). Since last month, California has passed legislation that requires any business that owns or licenses personal information about a California resident to take reasonable security measures to protect the personal information from unauthorized access, destruction, use, modification or disclosure. In addition, any business that shares personal information about a California resident with a nonaffiliated third party shall require by contract that the third party implement and maintain reasonable security procedures to protect the personal information from unauthorized access, destruction, use, modification or disclosure. So, although security practices were not mandated by law last month—they are now.

As promised, though, I have put together a checklist of some basic security practices for your company and clients to consider that you may want to use as one of your guides to a reasonable level of compliance.

Nontechnical security best practices:

◆ Recognize that corporate security is a system or group of systems that are constantly changing—it is not static.

◆ Security involves the commitment of resources. The line of authority to protect data security must begin at upper management or it will not get done or be taken seriously. Put someone with authority in charge.

◆ Ensure that someone outside of the IT/MIS department is involved in the accountability and reporting activity process. This is sometimes referred to as redundant reporting.

◆ Put together an interdisciplinary group to map strategy out—and meet. Technology, legal, financial, human relations, marketing and compliance should all be represented. International operations should be included as well.

◆ Many breaches can be prevented or halted through awareness. Try to make your security and privacy policies clear and understandable to employees.

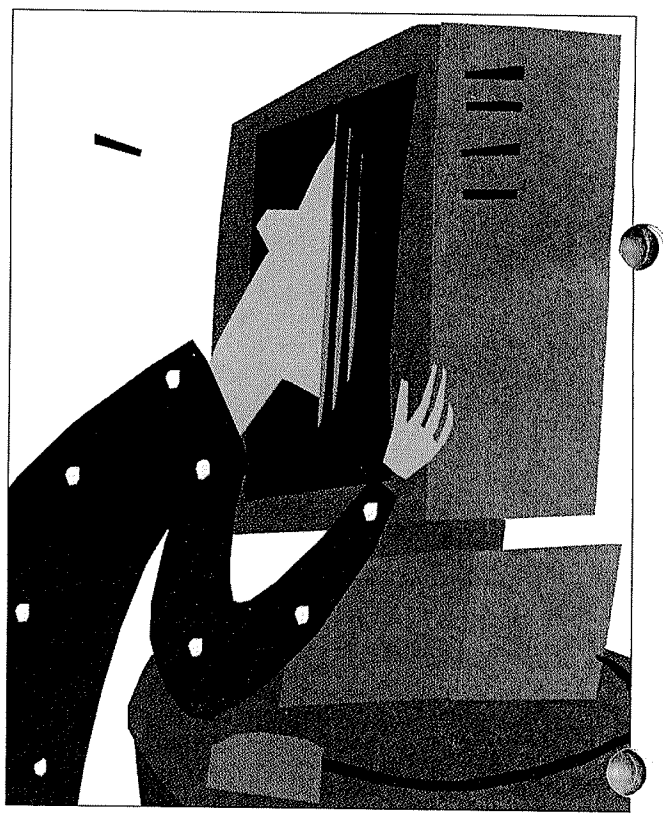
◆ Once you have clear policies and procedures, train your management and employees on your policies and procedures so that the entire organization (top down) knows that this is important and what could be lost or gained through their efforts.

◆ Don't be an ostrich. Monitor developments and participate in the process through trade association activities because your trade association can help you stay involved in developing self-regulatory principles.

◆ Keep an up-to-date list of service providers you may need to use in investigating security breaches, contacts at law enforcement agencies whom you may need to contact if you believe your employees are subject to an identity theft incident and contacts at the credit reporting agencies for employees to call when they fear they are the victim of identity theft.

◆ Put security provisions into agreements with vendors.

◆ Whether you handle your evaluations with internal or external resources, conduct periodic updates.



What to put in your privacy and security policies:

◆ Identify situations in which data is collected from employees and for what purposes the information is collected, used and disclosed.

◆ Before preparing your policy, consider the data that is collected and whether that data must be used. For example, entire Social Security numbers need not be used for identification purposes. Combining a person's initials (or some other code) with the last four digits of the Social Security number is likely to be sufficiently unique to identify the employee but not pose as a significant identity theft risk if the information is accidentally disclosed.

◆ Identify the data to be collected and how it is to be used, how long it should be retained and how it is to be disposed of.

◆ Identify specific categories of sensitive data (sex, race, religion, health) that may need extra protection and what extra protection or limitations on use are involved.

◆ Establish limitations on use of data, particularly the transmission of data in unencrypted form, when data must be encrypted and what method of encryption to use.

◆ Establish the employees that have access to certain categories of data.

◆ Establish password protocols for complexity and for changing passwords on a regular basis. (Also, passwords should not be written down on notes near computers!)

◆ Articulate the protocol to follow if an employee is not sure whether information can be used or disclosed in a particular manner, and if the employee becomes aware of or suspects a security breach.

◆ Consider establishing a separate incident response procedure establishing the method of investigating a security breach.

◆ Outline the potential penalties for violation of the policy.

Some basic technological and nontechnological steps to take:

◆ Put your compliance team together. (This is critical so it bears repeating.)

◆ Asset management/evaluation:

—Inventory your record systems. This includes storage of physical (vs. electronic) files. Identity theft can still occur when an employee takes paper employment files home.

—Locate your data entry points both online and off-line—where employee data is entered, where it goes, and how it is used and retrieved.

—Collect and retain the minimum amount of personal information necessary to accomplish your business purposes.

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Employ tech safeguards, closely screen personnel

—Classify personal information in records systems according to sensitivity.

◆ Employ appropriate physical and technological safeguards.

—Restrict employee access to information necessary to perform job responsibilities.

—Use appropriate technical means to restrict access to data. Don't forget physical files and the importance of locks and security guards as well as firewalls and passwords.

—Establish a means of monitoring access to data.

—Terminate access privileges immediately for former employees and contractors.

◆ Promote security awareness.

—Develop and implement policies and procedures.

—Maintain ongoing training and communication.

—Monitor employee compliance.

—Impose penalties for noncompliance.

◆ Require third parties to comply.

—Enter into contracts with service providers and business partners.

—Monitor and enforce third-party compliance.

◆ Employ and test technology.

—Learn the capabilities of the technology you already have in place. Most companies do not use all of the technology they own or license. You may not need to acquire as much technology as you think.

—Create intrusion detection.

—Install data encryption.

◆ Evaluate your personnel.

—Screen personnel for positions with access to data.

—Include security in job responsibilities.

—Establish confidentiality agreements with employees.

◆ Develop an incident response protocol.

◆ Dispose of data appropriately.

◆ Review (and potentially test) your security plan annually. ■

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