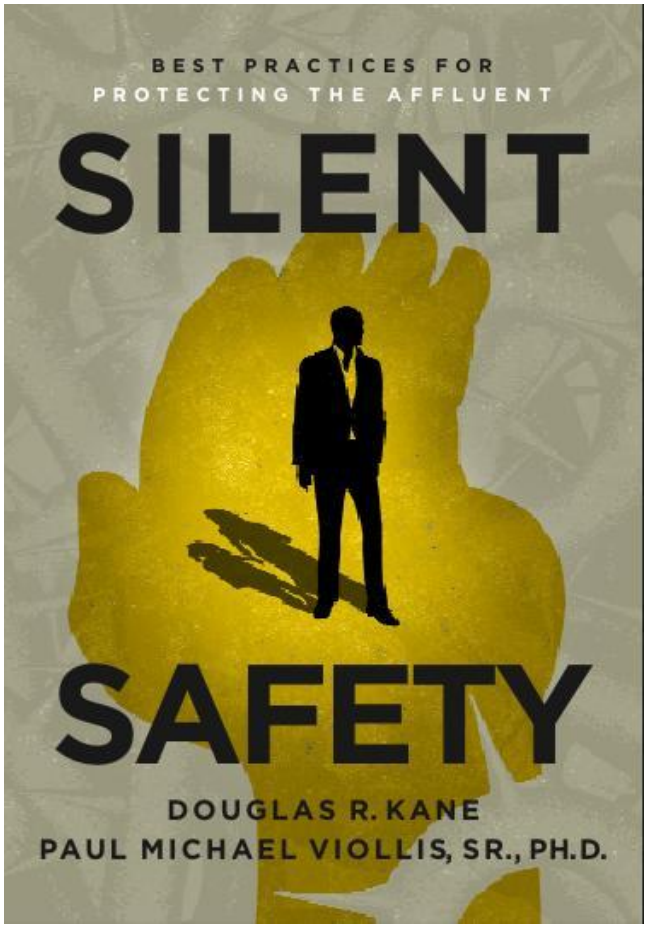
SECURITY CHECKLISTS



These Checklists are adapted from **Silent Safety: *Best Practices for Protecting the Affluent***, by Douglas R. Kane and Paul Michael Viollis, Sr., Ph.D., available from AICPA or by calling 1-888-777-7077.

SECURITY CHECKLISTS

1. **Operational Security Checklist**
2. **Physical Security Checklist**
3. **Systems Security Checklist**
4. **Travel Protocol Checklist**
5. **Financial Controls Checklist**

In a typical family business scenario, the patriarch, matriarch or other designated family leader usually plays an active role in overseeing family affairs and safeguarding family assets. He or she works closely with the staff and often has sole check-signing authority.

As the family business grows, this oversight role shifts to trusted employees or governing boards. When that occurs, certain security and oversight procedures and protocols must be put into place, in order to secure the family members and business assets.

The following checklists—while not exhaustive—highlight the *types* of measures that must be implemented, to begin to ensure both the physical safety of the members of the family, as well as the security of the family and business assets.

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Operational Security Checklist

- ☐ Are security policies and procedures in place, such as access control, visitor escorting, document security and communications security?
- ☐ Are HR policies compliant and enforced to avoid employment law issues?
- ☐ Is a security training and operational awareness program in place for both office and house staff?
- ☐ Are thorough background investigations conducted on employees and contractors prior to hiring for the office and the families' homes?
- ☐ Are disaster recovery (DR) plans documented and DR exercises conducted on a yearly basis to test systems for failsafe preparedness?
- ☐ Are nondisclosure/integrity assurance agreements in place for all employees and contractors?
- ☐ In protecting family information from theft and extortion, are technical surveillance countermeasure (TSCM) inspections periodically conducted?
- ☐ Is investigative due diligence conducted for family members prior to committing monies to investments or donations?
- ☐ Is the family name protected from unneeded exposure on the Internet?
- ☐ Are crisis preparedness and response plans in place to protect the family in the event of exposure to such issues as kidnap for ransom, extortion, stalking, child abduction, home invasion, hate crimes and terrorist attacks?

Back to top of the document

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Physical Security Checklist

- ☐ Are access controls in place for all external ingress/egress points?
- ☐ Should bulletproof glass be installed in the principal's office?
- ☐ Are strategically installed CCTV cameras installed in all critical areas?
- ☐ Are all critical IT systems integrated within an encrypted server and appropriately protected through the use of software and hardware devices?
- ☐ Has glass-break technology been strategically installed within the offices, where appropriate?
- ☐ Are all exterior electrical and communications cabinets locked and monitored for breach?
- ☐ Are fire control detection systems in a secured area?
- ☐ Is confidential trash properly disposed of to insure destruction?
- ☐ Are controlled access procedures in place for cleaning crews, contractors and maintenance personnel or are they permitted unfettered access to the office when no one is there?
- ☐ Are families' homes professionally secured in relation to the exposure their wealth creates (see chapter on Securing the Home Front)?

Back to top of the document

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Systems Security Checklist

- ☐ Is a qualified patch management process in place for all workstations and servers?
- ☐ What type of user identification, authentication and authorization process controls are in place throughout the environment?
- ☐ Are application security controls in place?
- ☐ Are wireless network access points necessary? If they are, are they appropriately protected with the latest authentication mechanisms?
- ☐ Are sensitive data exchanges secured and are data classification levels on critical databases enforced?
- ☐ Are data or email encryption technologies in place to protect sensitive information leaving your server and desktop environments?
- ☐ Are intrusion prevention controls in place across the network?
- ☐ Are the NAC (network access control) hardware and policies valid and reliable?
- ☐ Is the firewall administration outsourced?
- ☐ Are there any types of intrusion detection system (IDS) or intrusion prevention systems (IPS) present?
- ☐ Are incident response procedures currently in place?
- ☐ Are procedures—including appliance and device documentation—documented and provided for secure, off-site storage?
- ☐ Are response methods (i.e., battery back-up times, recovery timelines for critical systems, equipment and data back-ups, etc.) in sync with expectations of management?
- ☐ Are network administration capabilities controlled by only qualified network administrators?
- ☐ Are network administrators monitored for their activity? Does executive management maintain a separate administrative user name/password, or does the IT manager have the "keys to the kingdom?"
- ☐ Are regular, external IT security audits conducted to ensure level of security measures are appropriately in place and operational?
- ☐ Are IT protocols in place and exercised when employees are terminated (i.e., downloaded and archived email profiles, user access terminated, etc.)?

Back to top of the document

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Travel Protocol Checklist

- ☐ Are travel itineraries protected and are travel agents thoroughly screened?
- ☐ Is investigative due diligence conducted prior to the acquisition of aircrafts and yachts, and are TSCM inspections conducted prior to travel by new owners?
- ☐ Are personal protection protocols in place?
- ☐ Are risk assessments conducted on each venue prior to family members traveling and reports generated for family review?
- ☐ Are contingency plans in place to assist family members while traveling, in the event an emergency evacuation is required?
- ☐ Are children/young adults traveling without adult escort educated on the risks of abduction and general safety protocols?

Back to top of the document

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Financial Controls Checklist

Financial controls must ensure the preservation of current assets and optimization of future gains. They must also be consistent with the family's tolerance for risk.

Policies should be developed to address day-to-day transactional matters, investment management and performance measurement guidelines. The following topics should be addressed:

- ☐ Fund transfers
- ☐ Bookkeeping/reconciliation protocols
- ☐ Protection from unauthorized investment transactions
- ☐ Authorizations/limits/access: procedures that safeguard access to funds
- ☐ Improper allocation of investment funds
- ☐ Recording cash receipts
- ☐ Disbursements
- ☐ Payroll controls to eliminate fraud: ghost employees
- ☐ Segregation of duties: investments, financial accounting, reporting

During these challenging economic times, the adviser must increase awareness regarding the potential for fraud, specifically involving readily accessible cash and the client's investment portfolio. Additional monitoring measures and controls may be prudent to cover multiple risks, in addition to those associated with stocks or bonds.

Performance expectations based upon independent research and good old common sense should all be part of instituting new controls to protect the client's family and business.

Back to top of the document

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