

Managing Cybersecurity Using the PERC Principles: Measurement Checklist and Policy Template



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WIPFLI^{LLP}
CPAs and Consultants

Our Presenter



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**CISSP - Certified Information
Systems Security Professional**

Specializations:

Cybersecurity

Regulatory Compliance

Risk Assessment

IT Audit / Examination

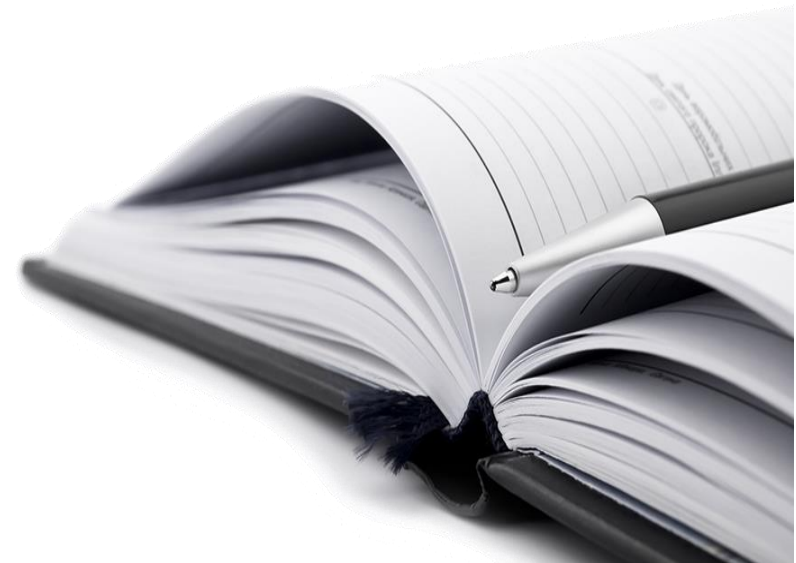
Governance & Policy

Controls: Technical &
Operational



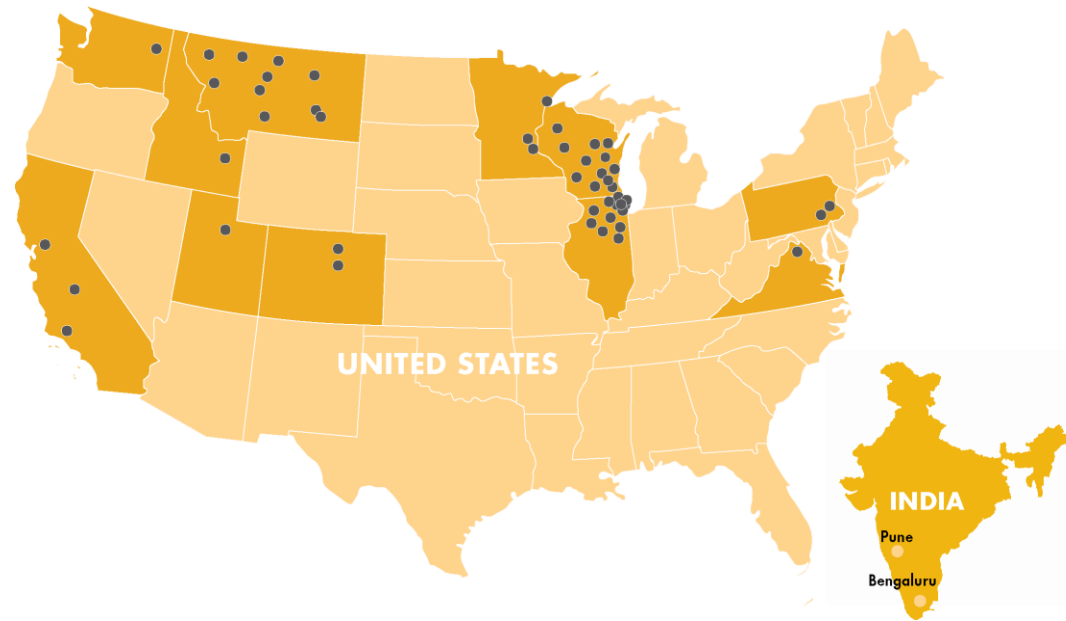
Agenda

- Cybersecurity Reality Check
- Private Equity Impacts
- Hacker “Attack” Example
- SEC / OCIE Regulatory Focus
- ACG: PERC Principles
- ACG PERT Member Tools
- Wipfli Services
- Resources
- Questions



Firm Foundations

- Founded in 1930 by Clarence Wipfli
- 245 Partners
- Over 2,000 associates
- 51 offices – 49 offices in the U.S. and two offices in India
- Over 60,000 firm clients
- Wipfli is ranked in the top 20 among America's 100 largest public accounting firms



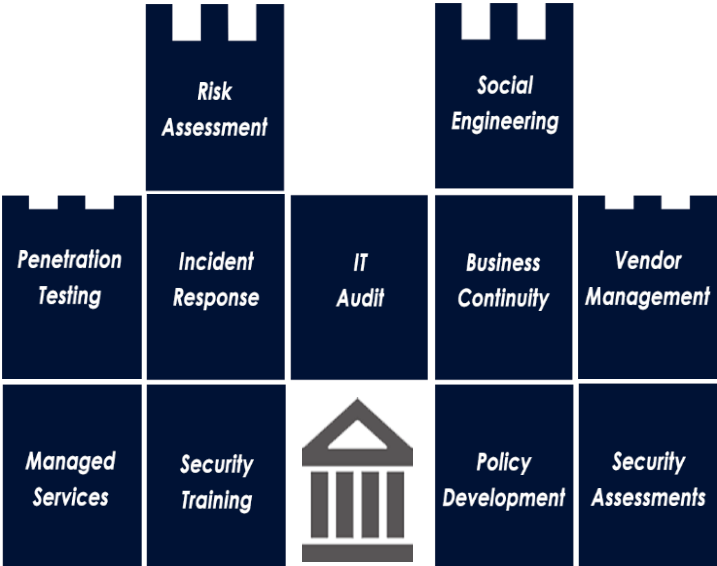
Our Mission

To Contribute to the Success of
our Associates and Clients.



Cybersecurity Services

Comprehensive **Governance, Risk, Compliance, and Testing**



Reality Check

- **Cyber crime is big business.** There is a well-organized and well-funded underground economy for stealing and selling corporate data.
- **100% protection is not possible.** There are thousands of ways attackers can compromise security, and they only need to be successful once.
- **Cyber incidents will happen.** How quickly and effectively organizations detect and respond makes all the difference.



Breach Impacts & Steps

- **Portfolio companies value decline after breach**
 - **Examples: Yahoo, Whole Foods**
 - Recommended Steps
 - Implement sound vulnerability management program
 - Cyber risk assessment during pre-deal diligence
 - Prioritize cyber risk management
 - Education for portfolio companies for detection and incident prevention
 - Broad focus on cybersecurity, privacy regulations, business applications, and IT infrastructure



Cyber Attack Example – Business Email Compromise (BEC) Scams

- Attacker impersonates a senior executive (e.g., CEO, CFO) or business partner
- Attacker sends a message that persuades an employee to perform a wire transfer
- Wire transfers are typically \$100,000 or higher



Settlement Update for [redacted] - Message (HTML)

File Message Tell me what you want to do

Delete Archive Reply Reply All Forward Quick Steps Admin To Manager Team Email Move Mark Unread Categorize Follow Up Translate Zoom

Wed 4/11/2018 10:23 AM

Settlement Update for [redacted]

To [redacted]

Good morning,

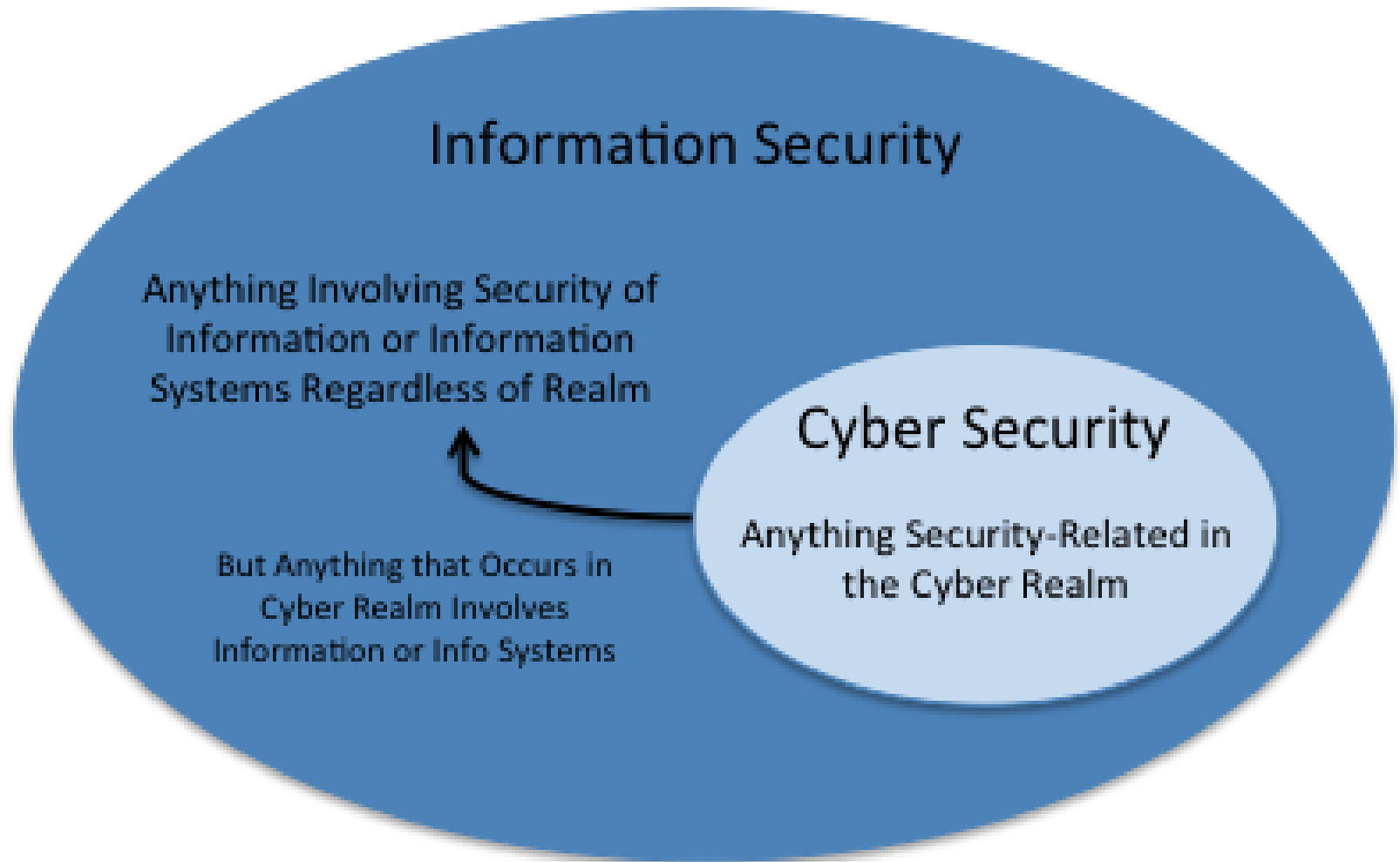
There was a mistake in the wire information for the settlement. We need you to update this information before the closing today at 2:00. Please use:

ABA [redacted]
Acct [redacted]

Thank you!



Information Security or Cybersecurity?



U.S. Securities and Exchange Commission

Office of Compliance and Examinations (OCIE)

- National Exam Program Alerts: 2014 to date
 - ❖ Cybersecurity Examination Initiatives (1 and 2)
 - ❖ Focus Areas: (1) governance and risk assessment; (2) access rights and controls; (3) data loss prevention; (4) vendor management; (5) training; and (6) incident response
- National Exam Program – Risk Alert 2017
 - ❖ Observations from Cybersecurity Examinations



ACG Private Equity and Regulatory Taskforce PERC Principles

Association for Corporate Growth (ACG-PERT) Private Equity Regulatory & Compliance Principles

- Version 1.0 – Released in 2017
- Control Areas (7)
 - General Cybersecurity, Cybersecurity Governance and Risk Assessment, Access Rights and Controls, Data Loss Prevention, Vendor Management, Training, Incident Response
- Overall – 79 detail controls



ACG PERT Member

Cybersecurity Exclusive Tools

- PERC Principles Compliance Measurement
 - Compliance Checklist and Reporting
- Information Security Program and Policies
 - Exclusive Template for IS Program & Policy
 - Includes mapping to PERC Principles



PERC Principles – Compliance Measurement

Wipfli Compliance Measurement Tool

- Excel Workbook
- Worksheets (6)
 - Tutorial
 - Checklist Report (3 tabs) – Cover Page, Scoring Summary, Detail Statements and Firm Responses
 - PERC Principles Controls Detail
 - SEC Risk Alert Detail – Volume IV, Issue 5



PERC Cybersecurity Checklist and Scoring

- Show Tool
 - Checklist Summary
 - Checklist Detail
 - Checklist Cover
 - Show Tutorial
- Show Examples
 - Tutorial
 - Report



Information Security Program & Policies

Wipfli Template – Information Security Program and Policy Level Framework & Detail

- MS Word Document
 - Full example of IS Program and Policy areas
 - Includes detail policy level descriptions
 - Includes mapping of areas key to PERC Principles



Review - IS Program, Policy & Mapping

- Show Template Document
 - Review Table of Contents
 - Review Formal Structure
 - Show example of PERC Compliance mapping



Wipfli Services

Wipfli's security experts can help determine the best package for you.

Contact Jeff Olejnik at 952.230.6488 or jolejnik@wipfli.com for more information.



Wipfli Services

Cybersecurity Essentials & Jump-Start

➤ Private Equity Cybersecurity Risk Management

SERVICE	JUMP-START PACKAGE	ANNUAL SERVICES PACKAGE		
		BRONZE	SILVER	GOLD
SEC cyber guidance gap assessment	●	●	●	●
Perimeter vulnerability assessment	●	●	●	●
Perimeter configuration review	●	●	●	●
Internal vulnerability scan		●	●	●
Perimeter scans		●	●	●
Policy templates and consulting			●	●
Email phishing tests			●	●
Employee security awareness training			●	●
Incident response and handling				●
NIST cybersecurity assessment				●
Penetration testing				●



Resources

Association For Corporate Growth (ACG)

- Private Equity Regulatory and Compliance (PERC) Principles (V1.0 2017)

U.S. Security and Exchange Commission (SEC)

- National Exam Program – Risk Alerts
 - Volume VI, Issue 5, August 7, 2017 – Observations from Cybersecurity Examinations

Wipfli Private Equity Firms Cybersecurity Services

- www.wipfli.com/PrivateEquity



Questions?



WIPFLIⁱ LLP

CPAs and Consultants

www.wipfli.com/PrivateEquity