

## 2023 AUDIT RECOMMENDATIONS STATUS 5/5/25

Auditor Comment	WSO Action	Status
<p>1. I recommend that the organization consider implementing an annual conflict-of-interest disclosure process for officers and key employees. This practice aligns with best practices and ensures compliance with policy requirements for Form 990 filings.</p>	<p>The conflict-of-interest disclosures are now being signed annually by all employees instead of once at hire. The Board is continuing with the signing of annual disclosures as it has been doing.</p>	<p>Completed</p>
<p>2. While there is proper segregation of duties in which the person responsible for sending out donor acknowledgement letters is not responsible for the accounting and recording of donations within Quickbooks, there is no reconciliation performed between donations recorded in Quickbooks and a third-party software</p>	<p>New donor software was integrated with the website and the reconciliation process will be finalized by 5/31/2025.</p>	<p>Completed</p>
<p>3. I recommend for all recurring charges, that a list of vendors be annually reviewed and approved signifying the transactions are authorized on a recurring basis</p>	<p>The vendors of recurring charges have been identified and compiled on a master list. The list is sent via Adobe Sign to be reviewed and approved by the General Manager</p>	<p>Completed</p>
<p>4. I recommend one individual perform the bank reconciliation and a second individual review the bank reconciliation against the bank statement</p>	<p>The reconciliations are being performed by the controller and uploaded in Adobe Sign. The General Manager reviews the reconciliation and signs using Adobe Sign if correct. These are filed for the Auditor's review.</p>	<p>Completed</p>

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<p>5. I recommend that all non-recurring charges be authorized prior to purchase or alternatively, charges reviewed “after-the-fact” by initials on the supporting documentation or the credit card statements that indicates a review has been done</p>	<p>The credit card statements are downloaded from the bank website, uploaded into Quickbooks by bookkeeping staff, this is reviewed and reconciled by the controller. Who then sends the reconciliation and the statements to the General Manager for approval via Adobe Sign.</p>	<p><b>Complete</b></p>
<p>6. I recommend the organization create a cost allocation policy that details how expenses are allocated across all expense categories between program, general and administrative, and fundraising. This cost allocation policy can also assist in ensuring consistency in allocations into future years</p>	<p>This process was set up by staff. The physical space allocation has been completed based on square footage. All GL expense line items have been mapped with the percentage of costs allocated to the three categories: Program, General &amp; Mgmt, and Fundraising categories</p>	<p><b>Completed by Finance – Sent to the Audit Committee and Board for Approval</b></p>
<p>7. I recommend the organization ensure that journal entries undergo a dual-person review process. This practice, aligned with the principle of segregation of duties, minimizes the risk of errors, fraud, and misstatements in financial records</p>	<p>The entries reviews are being performed by two people and the process is documented in Adobe Sign for the Auditor’s review</p>	<p><b>Complete</b></p>
<p>8. I recommend the organization implement an annual approval process for highly compensated employees. This process should involve evaluating salary and benefits by comparing them to similar organizations in terms of size and location. By doing so, the board can ensure fairness, competitiveness, and compliance</p>	<p>A comprehensive compensation evaluation and policy creation is being performed by HR Consultants with BPM. Phase 1 which is the benchmarking of all WSO paid special workers against industry standard benchmarks has been completed. All positions were benchmarked instead of only the highly paid and key officers. The results of that benchmarking were</p>	<p><b>Complete</b> <b>All salaries were benchmarked. Compensation Policy adopted.</b></p>

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with legal requirements while maintaining the organization's reputation and integrity.	that no special worker is being paid above the 75th Quartile though there are some who are paid less than median for their job category. Wage ranges were established for all special worker roles and a formal compensation policy that was published in the OPPM was developed.	
9. I recommend implementing a fixed asset tagging system	Asset tags have been applied to all assets on the asset schedule and pictures have been taken and uploaded to the cloud.	Completed
10. There was a Quickbooks error that resulted in a slight inventory (\$1,900.00) variation.	Controller reviewed transactions from a prior year and found there were deactivated inventory products that were not included in the GL report.	Completed
11. Regular IT reports on control, security, firewall, backup, passwords, and penetration	<ul style="list-style-type: none"> <li>Controls over perimeter and network security. Such controls may include firewalls, routers, terminal service devices, wireless security, intrusion detection, and vulnerability assessments where appropriate.</li> <li>Cybersecurity breach detection sensors to be deployed throughout the IT network and monitored. <ul style="list-style-type: none"> <li>Planned upgraded firewall implementation for the WSO office in 2025</li> <li>Dashlane, our password management system, is</li> </ul> </li> </ul>	<p>Completed</p> <ol style="list-style-type: none"> <li>1. Password Management</li> <li>2. Website Audit</li> <li>3. Purchase of Cybersecurity training</li> </ol> <p>In Process – Planned 2025</p> <ol style="list-style-type: none"> <li>1. Upgrade Signal Hill, CA Firewall</li> <li>2. Upgrade Breach Detection Software</li> </ol>

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currently being used by some WSO staff. Transition all in office WSO employees throughout 2025 to use password management with robust passwords. Develop policy for out of office WSO employees and implement.

- Contracted with a breach detection firm in Q1 2025.
- Penetration testing to be performed periodically to identify, assess, and address cybersecurity risk.
  - Annual cybersecurity audit planned for all WSO websites after launch of new adultchildren.org in first quarter of 2025
  - Will get penetration testing quote for the 2025 budget - due to the high cost of penetration testing, will determine what is possible in consultation with the WSO Finance committee and the Board
- Cybersecurity training for all users, covering topics such as phishing scams and business email compromise scams, to be periodically conducted.

**3. Deploy  
cybersecurity  
training  
software**

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	<ul style="list-style-type: none"> <li>○ Planning to conduct a live training with WSO staff and board members (and possibly some key volunteers)</li> <li>○ Planning to provide a recorded training for WSO volunteers</li> </ul>	
<b>12. No document control/destruction policy</b>	<b>A document control retention and destruction policy has been developed and approved by the board</b>	<b>Completed</b>
<b>13. Need two counters for inventory</b>	<b>A written policy has been implemented identifying the staff responsible for the monthly inventory counts along with backups in the event one of the two counters are absent</b>	<b>Completed</b>
<b>14. Annually review segregation of duties</b>	<b>Once Quickbooks conversion from desktop to online version and the inventory management software implementation is completed, an inventory of duties will be performed and documented</b>	<b>Completed</b>