

## **Social networking sites present opportunities and risks for CPA firms.**

Today's pervasive access to the internet and its various network sites can bring attention to a CPA firm. The attention can be welcome promotion or create situations that put the firm at risk. Recruiting quality staff and clients are the top prizes of a successful strategy. Increased malpractice risk and exposure to regulatory sanctions are sometimes the unwanted consequences of a failed or non-existent policy.

Examples of such unwanted consequences of failing to address social networks include: A CPA firm's staffer showcased on a social networking site guzzling beer the night before an inventory observation cast doubt over the quality of the work performed. A staffer's personal blog post poking fun at a political candidate riled regulatory authorities. Photos of a partner's illegal sized fish catch cast a shadow over the firm's integrity. An unintended endorsement of a broker brought charges of guilt by association with an unsuccessful investment advisor. A discussion of client issues with reference to the location of the client brought allegations of breach of client confidentiality. Disparaging comments about the work of another resulted in allegations of defamation against the firm.

In building a social networking policy the firm needs to first ask what the firm intends to accomplish from social networking. Networks can be used to communicate with prospective staff as well as clients with interest in the firm's practice focus, bolster morale, make announcements, plan events, participate in charitable fund raising and myriad other activities. If the firm has attempted to hire staff members under age 25 the firm may have encountered the response from a young person: "I couldn't find you on Facebook" as a reason not to consider the firm for employment. Clearly, a firm with an interest in college recruiting must determine how (not if) the firm wants to address social networks.

When social networks began firms often ignored the phenomenon or simply blocked access to the sites on the firm's network. The advent of personal internet devices renders this strategy a moot point, employees will access social network sites repeatedly each work day and there is little the employer can do to blunt that activity. The key is aligning staff and firm goals then memorializing them in a social network policy. Sometimes the process requires education of staff on the ramifications of their actions on social networks. Quite often the free use of networks during school years doesn't bridge with the obligations of a professional serving client interests. A well written policy will not only set out the rules but also educate employees about the consequences of their actions.

The idea of new technology in the workplace is not new. Many years ago firms grappled with the idea that the telephone could be used for both personal and business purposes. A policy of "no personal calls" was impossible to enforce and, like today's internet, technology put communications gear in nearly every pocket. Those personal devices are outside of and independent of firm control. It is true that employees CAN post anything they like. A better approach is for the firm to provide guidance on what employees SHOULD post. The solution is probably not just to grant free reign to everyone since access is beyond control. A solid policy will provide guidance since enforcement prior to posting is impossible.

CPAs need to remember that key tenets of the profession such as “Objectivity” and avoidance of “Discreditable Acts” are part of the professional standards. The Code of Professional Conduct mandates that “*Members should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism*”.<sup>1</sup> In everything a CPA does, the Code of Professional Responsibility serves as a baseline set of responsibilities. Everyone in the firm needs to use social networks with the Code of Professional conduct in mind.

A successful policy will identify what constitutes social networking, when to identify as an employee of the firm and guide users about the use of confidential information, recommendations and referrals. The policy should identify copyrights and other legal issues, encourage productivity, allow for monitoring then provide consequences for violations of the policy.

A sample template for discussion of a social network policy is available in the Policyholder Library.

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<sup>1</sup> AICPA Professional Standards, ET Section 53 Article II – The Public Interest