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number of security risks are increasing.

Randy Johnston • Jul. 31, 2013



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Someone in your firm needs to be literate on security and managing your risk. The number of security risks are increasing. This article won't be a comprehensive list of risks, but a good reminder of fundamentals that need to be done by all firms. Being

realistic about mitigating security risks will notably reduce your exposure and

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should have responses as part of your BC/DR plan, but we're betting most of you don't have an active, updated BC/DR plan.

What are some risks? What can we do about it?

Let's consider the impact of some risks in your office. Don't take this table as comprehensive, but as an example of what can happen. This list only contains items that we know happened to CPA firms in the past twelve months. For that matter, update this list to fit your own view of the risks. Add risks that keep you up at night. Note also that this list is focusing primarily on security items, not other elements of a BC/DR plan, such as losing power, weather impacts or having a hard drive crash.

Recall that breach reporting rules are in force in almost all states. Our standard rule to eliminate breach reporting is to encrypt all devices everywhere and have passwords or pin codes on them. However, if you have an incident, you should contact your legal counsel, followed closely by legal authorities and your insurance company. Consider the following:

Risk	Response	Impact	Reportable?
Firewall doesn't block intruders	Power down	No internet access until repaired	Yes
Wireless access compromised	Reinstall with proper security	Network resources used by unauthorized people	Yes
Cleaning crew uses your network	Change services	Maintenance personnel might	Yes

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PDF sent via email that is not encrypted	Review procedures with team member	Data of that client is compromised.	Yes, if it has SS# or Fed ID involved.
Virus infection	Power off all equipment, disconnect all network cables. Run clean-up software.	Probable extended outage involving a day or more. Strong likelihood that some computers will need to be wiped clean and reinstalled.	No
Key logger malware makes it through your defenses	Network will run slower, and you may not notice it for a while. Clean as soon as found.	High probability that much client and banking information has been stolen.	Yes
Social network site infects a computer	Power off computer, disconnect all network cables. Run clean-up software.	Possible loss of data on computer. Some infections access network data.	Maybe. Discern if the infection had access to your network. If not, no. If you are not sure, yes.
Cloud provider is	Data center is shut	You'll be unable to	Maybe, but

attacked with a down use your normal that's the data

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	legal authorities.	could have been used for illegal or illicit purposes	info. If so, yes.
Your domain name is stolen	Contact domain registrar to resolve.	Web site, email and other internet services won't be available for up to 72 hours after resolved.	No.
Social Engineering Attack	Contact legal counsel. Instruct team members on how to respond to requests.	Client information is likely breached.	Yes.
Infected PDF file received	Power off computer, disconnect all network cables. Run clean-up software.	May take one computer or your entire network down.	Maybe. Determine the type of virus and discern if client information was accessible.
End user clicks through a link and installs a fake anti-virus	Power off computer, disconnect all network cables.	May take one computer or your entire network down.	Maybe. Determine the type of virus and discern if client

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Bank account of the firm is compromised and a large transfer out is made	Contact bank to resolve. Be prepared to contact legal counsel.	Money may be permanently gone.	No.
Client confidential data is compromised by team member.	Instruct on appropriate procedures, contact legal counsel.	Possible loss of client and/or reputation.	Yes, to client.
Vendor loses control during a breach of debit cards that you use for your payroll service	Request new cards and distribute along with instructions to end-users	Possible loss of client and/or reputation.	Yes, to payroll clients.
Shooting occurs inside your firm	Call emergency personnel and police.	Possible loss of life and reputation.	No.
Patches not installed on Microsoft software	Update patches.	Possible security compromises and infections.	Yes, if client information was compromised.
Anti-virus update keeps applications	Try using a prior restore point.	Loss of productivity.	No.

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	Discuss issue with client		
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Again, this table was not intended to be comprehensive, but simply examples. We have to put our firms in a position to protect against common security problems.

So, What Should You Do About This?

First, you can solve some of these issues by better procedures and training. Many security breaches could have been avoided if team members had just not clicked through a link, read a message or copied a file. Consider your policies related to BYOD technologies, using public or client network connections or copying files from USB, hard drive or cloud sources.

Second, you can solve some issues with the appropriate software. Open license Microsoft Windows so you can use BitLocker encryption. Alternatively consider encryption products like PGP or Tru-Crypt. Make sure that your software providers have great security. For example, ShareFile and SmartVault are portal and file transfer products that have strong encryption in motion and at rest. Consider an email encryption product like Zixmail or Secured Accountant.

Third, remember that the best security is physical security. Even though you may be practicing in a safe, small town, consider what physical security makes sense. Many firms have chosen to lock all doors from their lobbies back into the practitioner's office spaces. Others have implemented automatic lock systems on certain doors. Everyone should have their computer server room locked. Motion sensing, night vision cameras can be installed over all doors and the lobby waiting area.

Finally, recognize that most security issues have at least some level of soft cost and lost productivity. When reportable breaches occur, it costs money to notify and

monitor the losses. Some firms have purchased CyberSecurity insurance for this

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