

Cybersecurity

Background

Cybersecurity is becoming a critical issue as consumers increasingly entrust their most confidential information – including Social Security numbers, tax identification numbers and financial information – to companies that store this data electronically. As companies look for third-party assessment and verification of their cybersecurity risk management program, CPAs are well-positioned to provide these services – and the more comprehensive definition of attest that many states have adopted ensures that only CPAs can provide cybersecurity attest services in accordance with the AICPA's high standards.

Attest services are those services that are limited to licensed CPAs and can only be performed by licensees through CPA firms. They include audits, reviews of financial statements and examinations of prospective financial information.

In 2014, the AICPA and the National Association of State Boards of Accountancy released a more comprehensive definition of attest in the Uniform Accountancy Act (UAA) that restricts all services performed under the AICPA's Statements on Standards for Attestation Engagements to CPAs – including attest services like SOC 1® and SOC 2® on security, availability and privacy controls. Under the previous definition, only services performed on financial statements were restricted to CPAs. 46 states have now adopted the comprehensive definition of attest.

Importance to CPAs

As trusted advisors, CPAs play a multifaceted role in cybersecurity risk management by:

- 1) Protecting client and customer data: With cybersecurity attacks on the rise, CPA firms and businesses of all sizes must increase their awareness of potential internal risks and take proactive steps to safeguard valuable client and customer information.
- 2) Advising clients: CPAs, especially those with a specialization in information technology, can share their expertise and best practices with clients, helping them address risks associated with cybersecurity.
- 3) Providing assurance: As trusted business advisors, CPAs are uniquely positioned to provide an examination on an entity's cybersecurity risk management program to help instill confidence in an entity's efforts to address cybersecurity risks.

State Activity

In 2017, over 40 states introduced legislation related to cybersecurity. While some of these bills targeted government security practices, others increased penalties for cyber crimes and added additional requirements for data protection and data breaches. The AICPA is monitoring bills that will have an impact on CPA and CPA firm services. Because CPA firms store confidential client data, they are often impacted by state cybersecurity legislation.