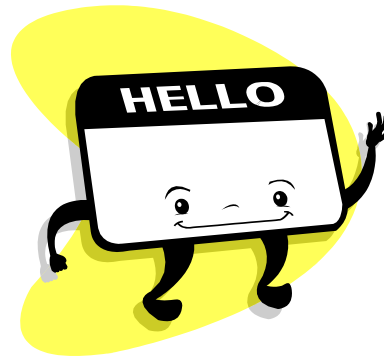
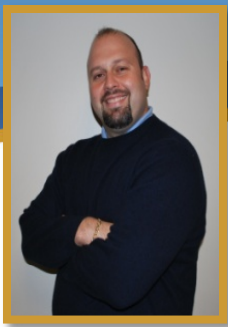


Responsible Socializing: Social Media Concerns for Organizations and Internal Audit

Danny M. Goldberg
Professional Development Practice
Partner

Introduction





Danny M. Goldberg

- Professional Development Practice Partner, Sunera (www.sunera.com)
 - Leads the PD/Training Practice Nationally
- Founding Partner, SOFT GRC (www.thesoftaudit.com)
- Former Director of Corporate Audit/SOX at Dr Pepper Snapple Group & Tyler Technologies
- Established/Assisted in Establishing 3 Internal Audit/SOX Departments
- Published Author
- Texas A&M University – 97/98
- Father of two beautiful kids!



Danny M. Goldberg (cont.)

- CPA – Since 2000
- CIA – Since 2008
- CISA – Since 2008
- CGEIT (Certification in the Governance of Enterprise IT) – Since 2009
- CRISC (Certification in Risk and Information Systems Control) – Since 2011
- CCSA (Certification in Control Self-Assessment) – Since 2007
- Chairman of the Leadership Council of the American Lung Association - North Texas
- Served on the Audit Committee of the Dallas Independent School District (CY 2008)
- Current Dallas IIA Programs Co-Chair (2010-2011)
- Former IIA Volunteer Instructor
- Published Author
 - *Internal Auditor* Articles (August 2007, December 2007, October 2010)
 - *ISACA Online* Article – December 2009
 - June 2010 – *Audit Report* – Cover Article – “How the Recession is Changing is Internal Audit”
 - December 2010 *New Perspectives - Sell Your Work: How to Deliver Best Practice Audit Reports*
 - November 2010 – *Bureau of National Affairs* - Internal Audit: Fundamental Principles and Best Practices
 - January 2011 – *Dallas Business Journal* – The Yes Man Phenomenon
 - March 2011 – *Audit Report* – Top 11 for 2011

Danny M. Goldberg – Speaker Bio

- Speaking publicly for 5 years
- Relationships with over 40 IIA/ISACA Chapters around North America
- Work with 10+ large (Fortune 1000) Internal Audit Departments
- Work with numerous other professional organizations throughout North America
 - State Auditors Office of Numerous States
 - North Texas Independent School District Peer Group
 - National Lottery Association
 - North Texas Oil and Gas Peer Group
 - ASQ Audit Division
 - Texas Society of CPA's
 - Bank Internal Auditors Association of Western Pennsylvania
- References from all IIA/ISACA Chapters worked with
- Top 3 Ranked Speaker – News Media Internal Auditors Annual Conference 2010 (18 total speakers)
- Top 3 Ranked Speaker – Michigan CPA's Healthcare Conference 2011 (29 total speakers)
- Top 3 Ranked Speaker – ArkSarBen IIA 2011 District Conference (24 total sessions)

Professional Development Clients Since 2010



THE CENTRAL ARKANSAS CHAPTER



Dallas Independent School District



THE BATON ROUGE CHAPTER



THE FOX VALLEY / CENTRAL WISCONSIN CHAPTER

THE NORTHERN VIRGINIA CHAPTER

THE SAN GABRIEL VALLEY CHAPTER

THE AK-SAR-BEN CHAPTER
THE CENTRAL PENN CHAPTER



THE ALBUQUERQUE CHAPTER



The Institute of Internal Auditors Tucson Chapter



TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS



The Association for Accountants and Financial Professionals in Business

Regional/National Conferences



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CONVENTION
CENTER
JUNE 12-17, 2011
San Diego

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**FRAUD CONFERENCE
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Navigating The Changing Times
IIA Chicago Chapter 51st Annual Seminar



IIA General Audit Management ("GAM") Conference

AN UNEXPECTED OASIS



THE AK-SAR-BEN CHAPTER



Overview

Group Discussion:



Why should Companies be Concerned about Social Media?

Why do Businesses Use Social Media?

- Increase Revenue
- Building Customer Relationships
- Humanizing the Brand
- Improve Customer Satisfaction and Loyalty
- Recruit/Retain Best Employee Talent
- Product Development and Innovation
- Enhancing Brand Awareness and Perception

Group Discussion:



What are the Audit Concerns around Social Media?

Why Should Auditors Be Concerned with Social Media?

- Any risk to the Company should be a concern of IA
- Audit Directors Roundtable (ADR) cited social media as one of the top five IT risks for 2011
- 1 in 6 respondents to a poll admitted to engaging in this highly risky use of social media*

SOURCE: IREC Member Survey

 - Using Facebook for job-related networking or collaboration
 - Posting company or client information on collaboration sites,
 - Blogging about work-related topics
 - Using Twitter to discuss work-related topics

Why Should Auditors Be Concerned with Social Media?

- IIA and ISACA have taken notice
 - Book from IIA
 - Workprogram from ISACA
- Any risk to the Company should be a risk monitored by IA

Social Media is Big!

- Social media services facilitate the creation and dissemination of user-generated content.
- Social media services have experienced explosive growth during the past five years; consumers are flocking to services such as Facebook, Twitter, LinkedIn and YouTube.
- Social media is ubiquitous: consumers can access social media services from their computers, smartphones and video game consoles. This ease of access has further fuelled social media adoption.
- Adoption of social media began with younger consumers, but sustained growth is taking place across a range of demographic tiers, from young to old.
- Social media is displacing traditional e-channels, such as e-mail, as consumers' preferred method of interacting with one another.
- Businesses need to understand that social media is an integral part of their customers' lives.

Social networking is now more popular than e-mail*

Every minute, 24 hours of video is uploaded to YouTube

Last year, Tweets grew 1400%

5 B photos on Flickr.com as of 9/10

LinkedIn has users on every continent

Global time spent on social media is up 82% over last year*

Facebook's greatest growth has come from people aged 35-49*

412.3 Years – Time it would take to view every YouTube video

*Source: Nielson Online

Social Media is Big!

- Interesting facts and statistics:
- Median age – Twitter is 31, MySpace is 26, Facebook is 33
- If Facebook were a country, it would be the third most populated place in the world.
- 80% of companies use, (or are planning to use), LinkedIn as their primary tool to find employees during the course of this year.
- Reporters get ½ of their stories off of blogs
- YouTube is the second largest search engine

Social Media Services Overview



Social media services facilitate the creation and dissemination of user-generated content. These services rely heavily on social interaction and content sharing between users. While all social media services share a dependence on consumer-driven content, they can be grouped according to their purpose and functionality. There are four main types of services: social networking, blogging, micro-blogging and social multimedia.

- Social Networking:** Social networking services allow users to communicate with their personal networks. These services rely on the “friend-of-a-friend” model of social interaction. Users can share a wide variety of information and media with one another. Prominent social networking sites include Facebook and LinkedIn.
 - Blogging:** Blogs (a portmanteau of “web log”) are websites that allow users to upload text entries and media. Entries are typically displayed in reverse-chronological order, and often contain ongoing commentary and discussion of recent events. Prominent blogging services include Blogger and WordPress.
 - Micro-Blogging:** Micro-blogging services are similar to blogging websites, with the exception that written content is typically limited to a set number of characters. For example, the popular micro-blogging service Twitter allows users to post messages up to 140 characters in length.
 - Social Multimedia:** Social multimedia sites provide an easy way for users to upload and share multimedia content (i.e. pictures and video) with both their personal contacts as well as the wider community. YouTube is extremely popular for video sharing, while Flickr is popular for sharing photo albums.
- In many cases, each service does not fit neatly into each category. While Facebook is focused on social networking, it also provides tools for sharing photo and videos. Conversely, YouTube includes basic social networking capabilities insofar as users can add each other as friends. With minor exceptions, creating an account on a social media service is free... this makes using these services extremely cost effective.

Social Media Services = Revenue Growth



- Efficient Market Research
 - ✓ Real Time feedback/response
 - ✓ Constant Monitoring
- Additional Sales Channels
 - ✓ Special offers on Twitter/Facebook/Foursquare
 - ✓ Sales through related sites
- Real-time Customer Engagement
 - ✓ Customer advocates/ratings
 - ✓ Brand creation/development
 - ✓ Direct interaction

Who are the Social Media Players?

- **Creators** – People who publish blogs, develop images, create video content, host podcasts, etc.
- **Conversationalists** – People who provide status update to sites like Twitter
- **Critics** – People who provide reviews and comments on blogs and forums
- **Collectors** – People who vote on and tag articles and other content on sites
- **Joiners** – People who join large social networking sites such as Facebook and create profiles
- **Spectators** – People who are more passive, but enjoy reading, watching, and listening to social media that has been developed by creators, conversationalists, and critics
- **Inactives** - People who do not participate in any form of social media.

SOURCE: January 2010 Update, Social Technographics

Social Media Strategy

- Defines how initiatives and technologies will be used to address
 - Brand Intelligence
 - Community/Customer Behavior
 - Consumer Insights
 - Protection of:
 - Company IP
 - Sensitive Data
 - Reputation

Social Media Threats

Typical Social Media Risks

- No policy – no guidance
 - People/Employees do stupid things
 - Reputational/Regulatory/Financial Risks
- No training
 - Lack of risk awareness
 - Lack of responsibility awareness
- Lack of controls
 - Monitor usage/activity
 - Data leak/Network utilization issues/System downtime
 - Password sharing/retention
 - Unauthorized personnel obtain/retain access
- KPI's/Metrics (how do we measure investment value?)
- Lack of strategy/Sr. management know how (reactive vs. proactive – crisis management)

Four Main Threats

- Loss of Information
- Virus Entry Point
- Reputation Damage
- Legal and Regulatory Liability

Four Main Threats

- Loss of Information
 - Posting of confidential information
 - Posting of non-confidential information
 - Gossip channels
- Virus Entry Point
 - Open ports
 - Malware
- Reputation Damage
 - Discontent employees (everyone is this sometimes!)
 - Ex-employees
- Legal and Regulatory Liability

Security & Privacy Key Risks for IT

- Social media exposes a certain amount of information that can be visible to friends of friends.
- While this exposure is a key mechanism driving value, it can also create an inappropriate conduit for information to pass between personal and business contacts.
- Tools to establish barriers between personal and private networks and tools to centrally manage accounts are only beginning to emerge.
- IT involvement for security, privacy, and bandwidth concerns is of utmost importance.
- The business should define a strategy that illustrates appropriate conduit for content, time wastage, and brand image concerns.

Strategy

Social Media Risk Management Strategy

1. Create a multi-dimensional Steering Committee
2. Outline current Social Media Risks
 - Current use
 - Intended use
 - **NOTE:** Similar to ERA, outline company objectives and how SM is used to meet these
3. Assess Risk
4. Policy Review – expand to include SM usage
 - EE usage
 - IT Security
 - Marketing
 - Communications
 - HR

Social Media Risk Management Strategy

5. Train, train, train – good vs. bad usage
6. Continuous Monitoring
 - Always listening

Keeping Your Ear to the Grind

Basic Social Media Listening Steps

- 1) Identify key words for your company/brand
 - Corporate/Brand Names
 - Stock Symbols
 - Names of Key Staff (upper and middle management and positions of trust)
 - Monitor List for Relevancy
- 2) Identify monitoring tools to be utilized
 - Service/Free
 - Capture all types of content
 - Web access/firewall monitoring tools
- 3) Set Up Automate Alerts (Google Alert)

Free Social Media Monitoring Tools

- [social mention](#)
- [facebook.com/advertising](#)
- [technorati](#)
- [blogsearch.google.com](#)
- [blogpulse.com](#)
- [search.twitter.com](#)

IA/IT's Role

IA Role In SM Evaluation

■ Assess likelihood

- Evaluate your company's structure around social media
 - Existence of a social media plan/policy
 - Plan for addressing social media concerns
 - Social media footprint
 - » What are people saying about the organization?
 - » Where are they saying it?
 - » Assess impact (of the bad thing happening) on financial, legal/regulatory, reputation and speed of onset

IIA Perspective

- Knowledge Briefing - Social Media: Risks and Opportunities.
 - Details the results of an August 2010 survey conducted to understand the overall state of social networking in organizations represented by IIA members.
- Out of the 60% of organizations that maintain an active social media presence, more than half have a formal (39%) or informal (23%) social media policy.
 - 38% do not have a social media policy.
 - Of those organizations with a social media policy, 71% do not conduct formal training or promote policy awareness.

IIA Perspective

- Lack of social media strategy
- Intellectual property issues
- Inappropriate disclosure of information
- Compliance with applicable laws
- Liability issues
- Human resources issues
- Lack of, or ineffective, key performance indicators
- Not having the right social media “evangelists”
- Not incorporating social media as part of the crisis communications plan

IT's Role

- IT's primary role lies in providing necessary infrastructure and identifying and mitigating security concerns.
 - Infrastructure support is particularly important for businesses looking to link social media platforms with compatible CRM software solutions.
 - IT needs to set policies and access privileges for social media usage
- Archiving content, providing reporting, managing integration and monitoring sites may be joint responsibilities or held by either side.
- IT manages infrastructure and security, while social media goals and content are typically handled by the business side.

Mitigate Potential Significant Risks

Risk Category	Probability	Risk	Mitigation Strategy
Security	High	Risk of employees downloading malware, viruses, etc from social media services.	<ul style="list-style-type: none"> - Implement policies that indicate appropriate conduct by employees.
Privacy	High	Risk of inappropriate exchange of information between personal and business contacts.	<ul style="list-style-type: none"> - Implement separate social network accounts for business. - Train employees to never use personal accounts to interact with business contacts and never use their business account to interact with personal contacts.
Inappropriate Content	High	Employees representing the organization on social media channels may post something inappropriate to the nature of your business.	<ul style="list-style-type: none"> - Select the team carefully and ensure they are fully trained on both official company policy and social media etiquette. - Ensure consistent monitoring by business units.
Time Wastage by Employees	Medium	Use of social media for business is linked intrinsically to personal use and time spent may not be optimized to meet goals.	<ul style="list-style-type: none"> - Process for accounting for time spent focused on organization objectives must be documented.
Control Over Brand Image	Medium	Fully participating in social media means relying on front-line staff for dissemination of positive branding.	<ul style="list-style-type: none"> - Train every person charged with interacting with customers and prospects via social media regarding what constitutes acceptable brand presentation.
Bandwidth	Low	Increase in bandwidth needs to support social media efforts, particularly when using video social media such as YouTube.	<ul style="list-style-type: none"> - Plan for any bandwidth requirements with IT network staff.
Competitors Poaching Client Lists	Low	The ability for a competitor to view lists of clients that have joined your organization's social media groups.	<ul style="list-style-type: none"> - In a public social network, you cannot prevent this. Monitor your own brand as well as monitor competitors. If client secrecy must be maintained, then you should use a private social network, not a public network. (SocialText, Lithium, private SharePoint site, etc.)
Increased Cost of Servicing Customers	Low	Additional resources may be allocated to social media without seeing immediate ROI.	<ul style="list-style-type: none"> - Augment existing customer service responsibilities with social media requests. - If a dedicated resource is not available, dedicate a specific amount of time per employee to be spent addressing customer concerns via social media.

Policy/Training

Social Media Policy (Internal)

1. Separate EE use of public social networks for personal purposes from official employee use of these networks for business purposes.
2. Establish guidelines for privacy settings in user profiles on public social networks aimed at consumers (Facebook, LinkedIn).
3. Prohibit installation of additional applications from a public social network platform's application partners without IT approval.
4. It is the responsibility of the business unit to monitor individual group member activity (state monitoring in policy)

- Define roles and accountabilities
- Procedures for message/response approvals
- Include in job responsibilities
- Measured outcomes

Monitoring and Enforcement of SM Policy Compliance

- Internal audit may have a central role to play, focusing particularly on the adequacy of controls around the key risks posed by the use of social media, and auditing the adequacy of the company's social media governance framework, including employee adherence to the policy—and the effectiveness of employee training.

Social Media Training

- Do not ASSUME a level of knowledge of right and wrong
- Update Compliance Training
- Include in New EE Training
- Staff Bulletins
- Do's and Don'ts



Legalese

- September 2, 2011
 - National Labor Relations Board ruled that a nonprofit organization unlawfully discharged employees for complaining about their jobs on Facebook.
 - Employer: Hispanics United of Buffalo
 - Employees: 5