

The Audit Approval of Facebook's Privacy Practices: Millions of Users' Privacy Unprotected

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The continuous growth of social media has led to the need for thorough audits of companies' privacy practices in order to keep users' information safe. Several companies recently have gained negative publicity for their inadequate privacy practices, including Google, Apple, Sony, and Facebook. The Cambridge Analytica scandal brought the audit of Facebook's privacy practices under scrutiny by the Federal Trade Commission and millions of affected users. Facebook had its privacy practices audited by PricewaterhouseCoopers from February 2015 to February 2017, but shortly after the audit, it was uncovered that Cambridge Analytica had used millions of Facebook users' information in the 2016 presidential election campaigns. Cambridge Analytica obtained information on users and their friends through a personality quiz app developed by Aleksandr Kogan, a professor at Cambridge University. Facebook users did not clearly consent to the way Cambridge Analytica used their personal information to tailor specific political advertisements to best fit them based on their personality traits. The earlier audit approval of Facebook's privacy practices by PricewaterhouseCoopers left millions of users' information exposed to third parties without their knowledge or agreement.

Privacy audits are used to help ensure a company's or organization's compliance with federal privacy requirements and to improve their own privacy policies. Certified Public Account (CPA) firms perform several different types of audits, including some unrelated to financial and tax accounting. Many large companies have internal auditors to monitor compliance with federal laws, but audits by outside CPA firms are required by law for public companies. Privacy audits include several procedures relating to security safeguards, third-party management, breach management, and the flow of personal and sensitive information (Cooke, 2018, par.14).

Facebook's privacy practices were brought under examination before the Cambridge Analytica scandal occurred in December 2015. In 2011, the Federal Trade Commission found Facebook at fault for not protecting the privacy of its users. The original investigation into Facebook's privacy practices originated when users' private information became public without warning or approval in December 2009 ("Facebook settles FTC," 2011, par 5). Due to Facebook's failure to protect user information, the Federal Trade Commission required "several periodic reviews of Facebook's compliance

with a 2011 federal consent decree, which required Facebook to take wide-ranging steps to prevent the abuse of users' information and to inform them how it was being shared with other companies" (Confessore, 2018, par. 2, quoting the FTC ruling). In order for Facebook to comply with the consent decree, it was required to have outside audits performed every two years.

The audit of Facebook's privacy practices was performed by the accounting firm PricewaterhouseCoopers. The audit was to be used to diminish the uncertainty around Facebook's privacy protections of users. PricewaterhouseCoopers asserted to the Federal Trade Commission that "Facebook's privacy controls were operating with sufficient effectiveness to provide reasonable assurance to protect the privacy" of its users (Confessore, 2018, par. 3, quoting PricewaterhouseCoopers).

After the Cambridge Analytica scandal, PricewaterhouseCoopers faced injury to its reputation because it had made an assertion—that Facebook's privacy practices were sufficient in protecting users' privacy—that proved to be dramatically false. The engagement risk of performing the audit of Facebook's privacy practices was already heightened due to Facebook's previous history of failing to protect users' information. PricewaterhouseCoopers faced potential financial losses and a damaged reputation due to the unfavorable publicity about the incorrect audit.

Cambridge Analytica was working directly with Donald Trump's 2016 election campaign, and it was being funded by wealthy supporters of the Republican Party. Early in the election campaign, Trump's organization hired Cambridge Analytica to determine the personalities of voters in order to create advertisements to influence their upcoming votes. Facebook had previously allowed Cambridge Analytica to administer surveys to Facebook users for perceived academic purposes with users' consent. Despite the evidence of data misuse by Cambridge Analytica, it originally denied the allegations, but shortly after, the company revealed to *The New York Times* that it "acknowledged that [Cambridge Analytica] had acquired the data, though [it] blamed Dr. Kogan for violating Facebook's rules and said it had deleted the information as soon as it learned of the problem two years ago" (Granville, 2018, par. 14). Facebook validated that the data was deleted after examination by an outside digital forensics firm.

The scandal brought new information that Cambridge Analytica had used several different aspects of users' data for political purposes. Individuals at the *New York Times* were able to view a portion of the data collected by Cambridge Analytica, which extended to the "details on users' identities, friend networks, and 'likes'" (Granville, 2018, par. 5). Facebook users did not consent to the use of their private information for the upcoming political campaigns; rather, they consented to the use of their data for academic purposes. Despite the consent, Facebook has rules prohibiting data from being "sold or transferred 'to any ad network, data broker or other advertising or monetization-related service'" (Granville, 2018, par. 12). Therefore, Cambridge Analytica's actions were not considered a scam or data breach, since users had consented to use of their data for academic purposes.

When Facebook originally became aware of the misuse of user data by Cambridge Analytica in December 2015, it failed to notify the millions of affected users. After the original issues of privacy practices, Facebook reviewed its current security of users' information. Since 2011, Facebook has, after reviewing its privacy controls and participating in the required audits, verified "that the technical, physical, and administrative security controls designed to protect covered information from unauthorized access ...

[were] functioning properly” (“Audit cleared Facebook,” 2018, par. 5). After Facebook released this statement on privacy practices, the Cambridge Analytica scandal proved that Facebook was not adequately protecting users’ information. Since the Cambridge Analytica scandal became public in March 2018, the Federal Trade Commission and Facebook have initiated additional investigations. The Federal Trade Commission immediately began an examination into whether the users’ information leak infringed on Facebook’s consent decree.

After the Cambridge Analytica scandal became public, Facebook’s CEO Mark Zuckerberg issued a public apology along with making his first appearance in front of the United States Congress in April 2018. Zuckerberg took responsibility for the data leak, but he clarified that Facebook does not sell data to third parties or advertisers. Lawmakers are attempting to find solutions for better regulation of social networking sites and the storage and use of data. Despite the need for better regulation, lawmakers are divided on how strict the rules should be for social networking sites. Despite the lack of legislative consensus, Facebook was warned that Congress would become more actively involved in Facebook’s privacy controls if it is unable to improve the security of user data.



Harnik, A. [photographer]. (April 10, 2018). Mark Zuckerberg testifies before Congress. *Variety*. <https://variety.com/2018/digital/news/zuckerberg-congress-testimony-1202749461>

Facebook took action by investigating thousands of apps for possible misuse of users’ information. So far, about 200 apps have been suspended due to their ability to gain access to large amounts of Facebook user data before Facebook launched stricter rules for third-party apps. The company is determining the suspension of apps, noting that “internal and external experts will conduct interviews and lead on-site inspections of certain apps during its ongoing audit” and that “any app that refuses to cooperate or failed the audit would be banned from the site” (Harwell & Romm, 2018, par. 5). Also, Facebook is

actively investigating a personality quiz app, myPersonality, which was deleted. This app was created by Dr. Kogan but was being used for academic purposes by the University of Cambridge. Investigators are using this app to further gather evidence into the privacy leaks of Facebook users' information. Several claims state that the data was insecure due to "found login credentials for the app's database available online" (Harwell & Romm, 2018, par. 7). With new privacy rules and investigations into apps, Facebook is actively trying to correct the flaws and errors in its privacy practices and controls.

Outside the United States, European governments are taking active precautions in the wake of the Cambridge Analytica scandal. The European Union issued hefty fines against Facebook after the misuse of users' information. European lawmakers are urging Facebook to cooperate in audits, by a cybersecurity company, of its privacy and protection controls for user information. The European Union wants a cybersecurity company to perform the audits of Facebook's privacy practices to help regain the trust of European citizens that they are protected on social media websites. The chairman of the European Union parliamentary committee stated, "Not only have Facebook's policies and actions potentially jeopardized citizens' personal data, but then they have also had an impact on electoral outcomes and on the trust citizens pose in digital solutions and platforms" ("European Union To Demand Facebook Audit," 2018, par. 5). Between the United States and the European Union, the Cambridge Analytica scandal has received the attention of many lawmakers.

Facebook has been in the forefront of the news for failing to protect users' privacy and information. The data regarding the personalities of users helped the Trump presidential campaign gain valuable information to use in the 2016 election. After auditing Facebook's privacy practices, PricewaterhouseCoopers provided reasonable assurance of adequate privacy controls, but the audit failed to identify Cambridge Analytica's misuse of user information. Since the Cambridge Analytica scandal, the United States and the European Union have forced Facebook to undergo several investigations into its privacy practices to verify that its security controls are sufficiently protecting users' information. Privacy auditors need to be better equipped to conduct thorough investigations into firms that pose a heightened engagement risk, like Facebook, in order to uncover the neglect of privacy controls, such as that which allowed Cambridge Analytica to misuse user data.

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