

Preserving Confidentiality of Client Communications

Accountants undertake a duty to maintain the confidentiality of client communications. Rule 501.75 of the Texas State Board of Public Accountancy Rules of Professional Conduct provides:

Except by permission of the client or the authorized representatives of the client, a person or any partner, member, officer, shareholder, or employee of a person shall not voluntarily disclose information communicated to him by the client relating to, and in connection with, professional accounting services or professional accounting work rendered to the client by the person. **Such information shall be deemed confidential** (emphasis added).

The Rule lists ten (10) areas in which the accountant may disclose otherwise confidential client communications, and further provides that the Rule does not prohibit the disclosure of information already made public. The Rule expressly provides that “[a] person in the client practice of public accountancy shall take all reasonable measures to maintain the confidentiality of the client records” and must immediately notify the client in writing if confidential communications are disclosed or lost, or control over the information is lost.

Importantly, the Rule expressly addresses the role of cybersecurity in protecting client communications. Cybersecurity breaches fall under the category of loss or potential loss of confidential communications requiring disclosure to the client. Further, accountants have an obligation to maintain back-up systems necessary to identify and notify clients of a loss, even in the event of a cybersecurity breach.