



Audit Independence, Governance and Code Of Ethics

As "the auditor" you need to be independent and ensure that management gets to hear about the issues involved in terms of the risk of non-compliance with software licensing agreements. Having less than the right amount of licenses at all times is NOT a smart way to run your business and exposes you to unnecessary risk, and exposes you to significant fines, penalties and legal fees.

In fact you have a fundamental role to play in ensuring that the organisation (directors, management and staff) meet Corporate Governance standards of ethics, integrity and control, at all times.

As a professional auditor your Code of Ethics mandates that you act with "professional responsibility and integrity with clients, employers, employees etc" and so on.

What you are likely to find in your travels as an auditor that software is installed on systems in a number of manners, some with management sanction (and direction), and others with no sanction. You could well be at risk if this is the case!

For example;

Management sets budgets for assets (desks, chairs, computers) for new staff BUT fails to budget for the software cost. The IT manager asks for extra money for the software and is told that no money or budget is available. What does he do? Install the software anyway as the new staff member needs to commence work or refuse the direction.

In this instance where the person refuses direction from management, they run the risk of being fired and the legal fraternity will deem the act of being fired under these circumstances, a constructive dismissal, as it is an unwilling and unlawful act on the part of the employer.

In the instance where the IT manager installs the software (as management won't let him have the budget to go out and buy the extra licences) then this is illegal and leaves the company open to anti-piracy legal action.

Management also needs to be aware that what they have done is create an unlawful act (through the scenario above) which leads to illegal software installation and ALL parties are liable.

The auditor as part of his/her Code Of Ethics needs to get to the root cause of the issues and look beyond the person installing the software to identify any underlying root cause to the issues, and then the auditor needs to confront the management and the directors and make a strong stand for governance and ethics to apply so that all parties are aware of their responsibilities.

It is highly probable that your industry or business would not tolerate or survive at the level of theft that is occurring in the software industry.

We are not assessing the overall losses that apply to the software vendors due to software piracy. The industry always quotes these in the million and billions of dollars annually.

We are **MORE CONCERNED (and you should be too)** with the losses and the costs that occur within an organization that have been turning out to be typically a multiple of 4 to 5 times (or more in some cases) the actual value of the software that should have been budgeted for and purchased in the first place!

Don't let this be your organisation, take a Stand, Talk to Management and walk them through the issues!

You need to Take Control and get on with the core business of the organisation and NOT waste time on repetitive auditing.

TIP

There are tools on the market that minimise the amount of auditing needed.

Software Compliance is NOT AN OPTION.

It is **MANDATORY** at all times and auditing is one of the ways to verify levels of compliance or non-compliance, which fits with risk reduction programs..