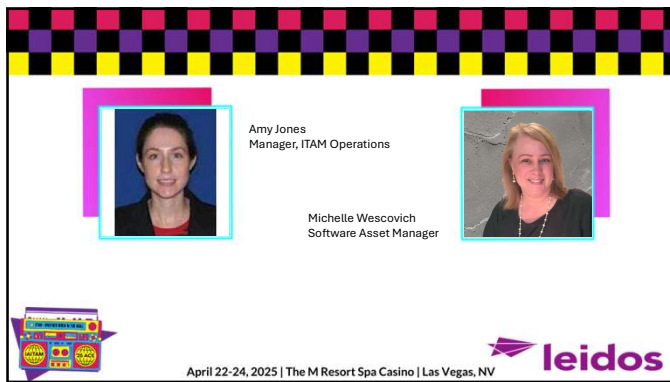
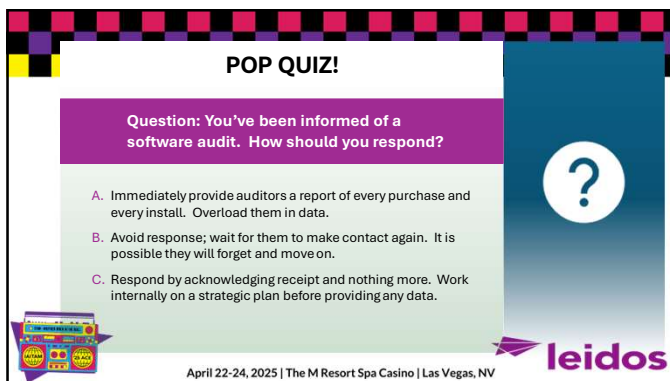


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Pulled from the Headlines

In 2017 NASA paid IBM \$18.9 million to bring software usage in compliance with license agreements (NASA, 2023)

NASA paid \$15 million on unused Oracle software because it feared the outcome of an audit (The Register, 2023)

NASA estimates they could have saved \$35 million over the past five years in licensing fines and overpayments (The Register, 2023)

The average cost for organizations that experience non-compliance problems is \$14.82 million (CIO Dive, 2017)

Non-compliance costs increase 45 percent from 2011 (GlobalSpace, 2017)

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Audit Response & Preparation Steps

Start → **Prepare and Strategize** → **End**

Informed of audit → Respond → Notify audit team → Gather documents & data → Perform audit analysis → Determine audit strategy → Audit events → Audit Close

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Initial Response

• Inform your management

• Establish a single point of contact (ITAM member)

• Acknowledge notification

• Kickoff your audit response plan

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Notify Audit Response Team

Procurement / Contracts

- Halt procurement activities with vendor
- Obtain purchase orders and contracts

Vendor Relationship

- Confirm audit notice with a known vendor contact
- Aim for a zero-impact resolution

System / Application Owner

- Stop communication with supplier
- Freeze environment changes

Cybersecurity

- Evaluate legitimacy of audit notice
- Potential phishing attempt

Legal

- Evaluate need for an NDA
- Previous audits for lessons learned

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Gather Documents and Data

Purchase Orders

Contract Terms

Software Terms & Conditions

Click through agreements

Vendor's right to audit

Installation counts

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Perform Audit Analysis

- Evaluate installs compared to purchased rights
- Review software usage terms and conditions
 - Consider license type (concurrent, per user, per device) number of devices per install, subscription vs. perpetual
- Locate vendor's right to audit in contract's terms

Understand the Contract!

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Audit Strategy

Determine Your Audit Stance


- Based on Audit Analysis
 - Good standing
 - Compliance concern

Report Audit Stance to Management

- Summarize Analysis
- Raise concerns and risk level
- Include estimated financial impact (Retail cost * Years of Use)

Identify 'Levers' of Influence

- Is there an upcoming renewal?
- Is there a product that was being consideration for purchase?
- Is the vendor motivated to settle quickly due to time of year?




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Audit Events

- Use scope language from the start; influence the audit's scope
- Cooperate fully
- Provide the auditor what is asked for and nothing more
- Legal and Cybersecurity approves all data sent to vendors
- Cybersecurity encrypts sensitive information
- Provide single numbers where possible (install count)
- Avoid or control all scans and data released
- Prepare internally before all meetings with auditor



Control the scope; control the conversation.



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Audit Close

Audit Findings

- Distribute auditor's findings to stakeholders
- Summarize auditor's findings for management
- Remediate findings and save proof of remediations
- Engage procurement for a financial resolution if needed

Post Audit


- Implement corrective actions to address compliance issues
- Document lessons learned, and add to audit response plan
- Establish an internal audit procedure
- Conduct internal audits regularly




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Q & A


- ▶ Questions or comments?
- ▶ What did we miss?
- ▶ Other things to consider?
- ▶ Your audit stories...




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