



Netwatch

By Jim Carroll

Your guide to business & accounting on the Internet

Audits of the future

It can be difficult for accountants in public and private practice to ascertain exactly what additional opportunities and responsibilities may lie ahead. After all, who could have predicted the onerous requirements of the Sarbanes-Oxley Act? Yet, if you keep your eyes

open and ears to the ground, you might identify events that could impact our profession. Consider, for example, a recent situation involving Diebold Election Systems, a manufacturer of the electronic voting machines that are used in an increasing number of states in the US.

Last summer, a university researcher discovered various documents on a public section of the Diebold website and realized they contained the source code for the voting machines. Upon examination, the researcher determined that the code exposed a number of critical security flaws that might permit individuals to "hack the vote." Concerned, he posted his findings on the Web, together with the original documents.

The Internet was soon abuzz with the news. Diebold was now under a microscope,

with many commenting that in addition to the security flaws, the machines lacked a paper audit trail — so if someone did fiddle with election results, there would be no trace.

Several things happened in quick succession. First, Diebold promptly threatened to sue the researcher for copyright infringement under the Digital Millennium Copyright Act. This simply added fuel to the fire — people began posting the documents to their own websites, enraged that Diebold seemed to be trying to cover up a pretty serious problem. Even a US congressman, alarmed by what he saw, linked his site to the purloined documents in a direct challenge to Diebold to clean up its act.

Concerned election officials in California quickly ruled that in the future, any voting machines that might

be used must undergo a security review and must feature a proper paper audit trail.

Realizing it was on the losing end of an increasingly unpleasant public relations battle, Diebold backed down and dropped the lawsuit, even as

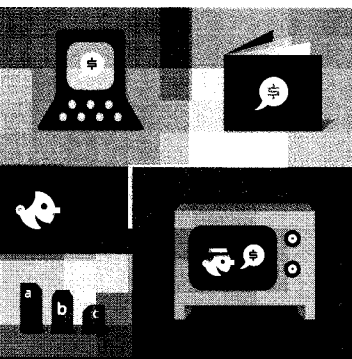
it was announced that the Electronic Frontier Foundation, an organization that attempts to protect freedom in the digital age, would defend the researcher, believing there were some fundamental issues of democracy at play here.

What might this situation tell us as to the future of our profession? It's simple — there will be an ever-increasing need for our involvement in the design, development, implementation and use of nonfinancial transaction systems.

While the example I present here took place in the US, it is but a harbinger of things to come. As other aspects of our society become automated, we must ensure the integrity of our technology-bound world and should be prepared to offer our expertise, both with deployment and ongoing use.

The fact is, you can expect that accountants will play an increasing role in the audit of technology-based election machines — and with many other systems as well.

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