

Title: **An investigation into a new audit method applicable to Collective Management Organization members in the European Union: a royalty audit-driven legal perspective**

By: Graeme Gilfillan and Dr Braam Van Der Vyver

Submission date: 15th September 2018

Abstract:

European Union (EU) Collective Management Organizations (CMOs) operating within the framework of the Single Market, are regulated by the Collective Rights Management Directive 2014/26/EU (Directive), with the right to conduct a financial audit on an EU CMO being prescribed.

The Directive audit prescription reinforces an organizational audit monopoly, without provisioning for EU CMO member rights to conduct EU CMO audits, which audits are not financial audits but system checks and reviews whose scope and structure is not provisioned for.

The research question this paper addresses is a new audit method, applicable to an EU CMO member, where no single research method suffices and no single discipline encompasses the constructs of auditing, copyright, CMOs, law, competition and royalties.

The research objectives were the application and validation of a new functional audit artefact applicable to an EU CMO member interest which overcame the EU CMO audit challenges that no member can inspect the books coupled with the inadequate capacity of a financial audit and the lack of applicable statute provision.

The researchers applied multi-method and multi-disciplinary research methodology that engaged design science to create a new audit artefact, validated using canonical action research on a purposeful case study sample made up of the 5 members of Duran Duran with the audit subject being the United Kingdom (UK) CMO, the Performing Rights Society. Six constructs in a largely qualitative literature landscape punctuated by quantitative research findings, exhibiting synthesised coherence were navigated to arrive at a functional validated artefact ready for use