Gartner for Audit Leaders

4 AI Risks Impacting Audit Plans in 2024

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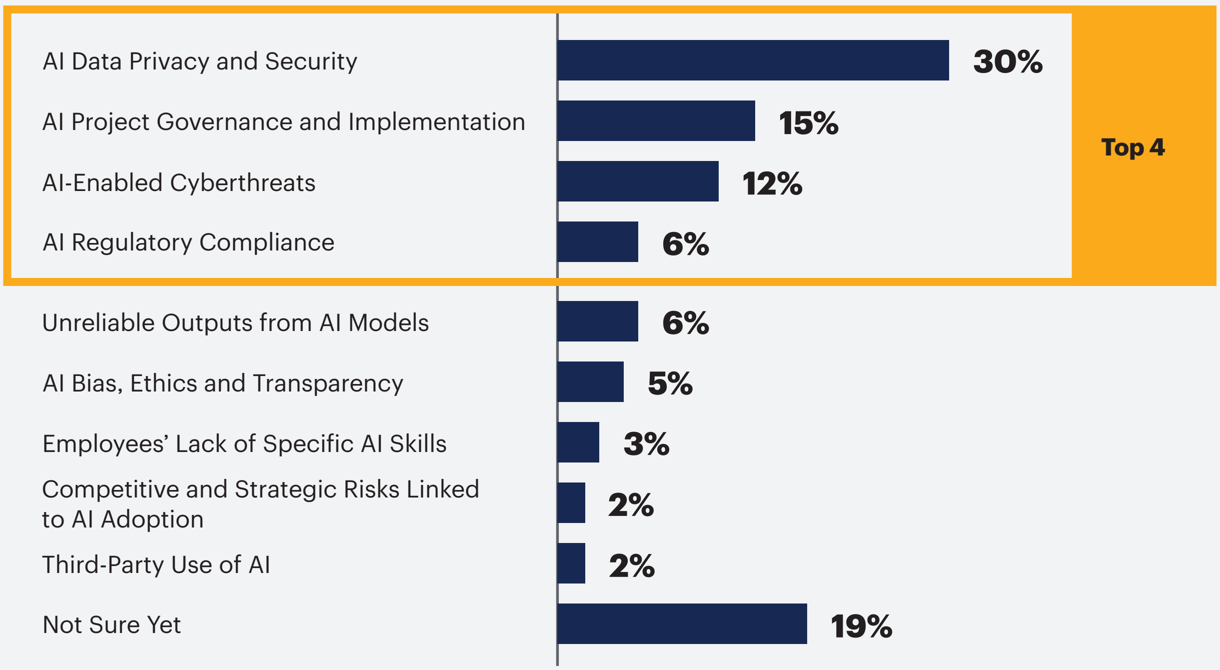
AI adoption is moving quickly, and CAEs need to adapt coverage plans to provide assurance over this technology's many risks. Use this benchmarking report to identify the AI-related risks that are top-of-mind for audit's coverage in 2024.

Data Snapshot

Figure 1: Top AI Coverage Areas for Audit in 2024



n = 644
Q. Which areas of AI risks and controls are you likely to focus on the most in 2024? (select one option)
Source: 2024 Gartner Audit Plan Hot Spots Overview Webinar Polling, 26 October 2023

Webinar polling (2024 Audit Plan Hot Spots Overview)

Data Insights

Organizations are racing to adopt AI or expand existing AI capabilities; the 2024 Gartner CIO and Technology Executive Survey found that 90% of organizations had already adopted AI or will do so by 2026.[1] Amid this explosion of AI interest, CAEs need to track how AI tools are being deployed in their organization and cover the associated risks in their audit plans.

We asked your fellow audit leader peers which specific aspect of AI risk they saw as most important to cover in 2024. The top planned AI coverage areas are:

AI data privacy and security

Managing data in AI adoption is the top-ranked AI coverage priority for 2024. Assessing controls related to data privacy and security will be important whether organizations develop in-house AI models or use off-theshelf vendor tools. The organization's data will be used in either approach but in different ways. If the organization develops its own models or fine-tunes pretrained models, its data will be included as part of the model's training base and could be incorporated into outputs. If the organization uses an off-the-shelf vendor tool, the organization might use its data to prompt the model. How inputs are stored and used by vendors will be an important risk to examine in these cases. To cover data privacy and security risks, audit should start by understanding how the organization's AI adoption approach will use its data, as different approaches carry very different risks (e.g., training in-house models versus providing inputs to vendor tools). Determine if existing controls will be effective or whether new controls need to be developed.

AI project governance and implementation

Adopting AI is a potentially large-scale transformation project and may involve cross-functional teams. Plan audit activities to provide the audit committee with assurance that risks are being considered and effectively managed as part of project implementation. In early stages of the project's life cycle, plan advisory activities to help inform key stakeholders of risks and provide input on controls. As projects progress, plan audits of project governance and the project environment to provide ongoing assurance.

AI-enabled cyberthreats

Publicly available generative AI tools can boost attackers' productivity, while organizational adoption of AI may create new attack surfaces. Assessing these risks requires determining where AI takes familiar threat vectors and amplifies them by boosting attacker productivity and where the technology enables new, unexpected kinds of threats. Audit should drill down on these potential threats in their risk assessment discussions with security teams. Amplification of existing attack vectors is concerning but manageable using existing techniques, whereas novel threats could require security experts to innovate new approaches. In addition to assessing external threats, identify the organization's in-flight or planned projects that will pilot or deploy AI, and assess how project teams are protecting new attack surfaces.

AI regulatory compliance

AI regulations are still nascent in most jurisdictions, but legislators and regulators are moving quickly to develop guidelines. The high-profile nature of AI technology could intensify reputational costs of noncompliance above and beyond potential financial penalties. As AI regulations take shape, assess legal and compliance partners' efforts to track new regulations across relevant jurisdictions and develop compliance programs.

What You Need to Do

Covering these specific AI risk areas is an important priority for 2024 audit plans, but the impact of AI extends much further. CAEs should also emphasize advisory and training activities to prepare for the long-term ramifications of increased AI adoption in their organizations. Additional steps to consider now include:

Advise on policy formation and assess compliance.
If the organization is developing or revising organizationwide policies on AI, advise on the risks to address in these policies. As policies are put into effect, plan compliance audits to provide assurance over management and oversight.

Build a foundation among audit staff for auditing AI.
Many of the top coverage areas related to AI, such as data governance and cybersecurity, reflect routine audit priorities, but AI is adding new variables to the risk equation. Auditors need to understand the fundamentals of how AI technology works and the risks it poses to provide effective assurance over these traditional areas. Moreover, as AI implementation becomes more mature, audit will increasingly be called on to provide assurance directly over the technology itself, not just its intersection with other risks. CAEs should start educating audit staff now on AI risk management frameworks and controls.

Evidence

This webinar was held on 26 October 2023 with 644 respondents to the polling. Respondents included chief audit executives, audit leaders, auditors and members of other assurance teams who attended the webinar.

[1] 2024 Gartner CIO and Technology Executive Survey. This survey was conducted online from 2 May through 27 June 2023 to help CIOs determine how to distribute digital leadership across the enterprise and to identify technology adoption and functional performance trends. Ninety-seven percent of respondents led an information technology function. In total, 2,457 CIOs and technology executives participated, with representation from all geographies, revenue bands, and industry sectors (public and private). Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

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