

Trust but Verify

Maintaining Audit Independence in an AI-Assisted World

A Session for Fiscal Leaders Across State Organizations

MEET YOUR SPEAKERS

Today's Presenters



Caleb Deans, CPA

Senior Manager, Audit Transformation Program

12 years of auditing experience working on financial audit engagements – recent transition to leading DOAA's Audit Transformation Program



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10 years of auditing experience working on financial audit engagements – focus on the Statewide ACFR and stand-alone agency financial reports

Today's Roadmap

1 Why Independence Is the Focus

What independence actually protects, and where AI adoption puts pressure on it.

2 Where AI Genuinely Helps

The real, defensible upside of the use of AI in auditing.

3 Where New Audit Risk Enters

Automation bias, black-box reliance, and data provenance — and how DOAA responds to each.

4 What Will Not Change

Judgment, independence, confidentiality, and your responsibility for your own financial data.

5 Practical Safeguards

Concrete policy language, grounded in GTA's statewide AI guidance, you can bring back to your agency.

6 What Is New at DOAA

A closing look at SuraLink and the internal improvements we want you, as our clients, to know about.

Why This Conversation Is Happening Now

1

Pilots are already underway

State and local audit shops are testing AI-assisted analytics, sampling, and documentation tools.

2

Oversight bodies are watching

Federal and state oversight organizations are actively studying how AI should factor into audit methodology and quality control.

3

Vendors are moving fast

Software vendors are marketing “AI-powered audit” features directly to agencies, sometimes without a clear picture of the independence implications.

4

Guidance is still catching up

Adoption is outrunning formal standards — which is exactly why agencies need their own guardrails now, not later.

THE SCENARIO

When the Algorithm Sounds Certain

An AI-assisted tool summarizes a federal grant reimbursement schedule and reports a total expenditure figure with complete confidence. The auditor traces the number back to source documentation — and finds the tool had merged two spreadsheet columns, overstating reported expenditures by ten times.

This is the tension at the heart of today's discussion: as our own audit shops adopt AI, how do we keep the judgment that catches what a confident-sounding tool gets wrong?

AI REPORTED

\$2.4M

in reported expenditures

ACTUAL FIGURE

\$240K

per source documentation



SECTION 1 OF 6

Why Independence Is the Focus

What independence actually protects — and where AI adoption puts pressure on it.



DEFINING THE TERM

Independence Means Owning the Judgment

Independence in Fact

The auditor's actual mental state — objective, unbiased, free from influence that would compromise the conclusion.

Independence in Appearance

Whether a reasonable third party, knowing all the facts, would question the auditor's objectivity.

THE CORE QUESTION FOR THE AI ERA

“Did the auditor form the conclusion — or did the auditor simply adopt the tool’s conclusion?”

THE KEY DISTINCTION

A Tool Should Never Become the Decision-Maker

Not all AI use is equal risk. The distinction that matters is whether the auditor remains the one forming the conclusion.

A AI as a Tool

- Statistical sampling software, structured data extraction, anomaly detection engines.
- The auditor reviews, tests, and independently forms the conclusion.
- Consistent with decades of accepted audit technology.

B AI as the Decision-Maker

- Model output accepted as the finding, with no independent verification.
- Changes who is really forming the audit opinion.
- This is the line our policies need to draw — clearly.

Where Standards Stand Today

Yellow Book (GAGAS) and AICPA guidance require independence in all matters relating to audit work and treat AI tools like any other evidence source — reliability must be evaluated, not assumed. GAO and state audit offices are actively writing their own AI-use policies in parallel, rather than waiting on a single finalized national standard.

BOTTOM LINE

The absence of AI-specific standards does not mean the absence of professional responsibility.



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Where AI Genuinely Helps

The real, defensible upside — and what DOAA is and isn't doing with your data.



Where AI Genuinely Strengthens Independence

1

Broader Coverage, Less Repetitive Work

AI can automate repetitive procedures and analyze full populations rather than small samples where appropriate — reducing reliance on judgmental sampling.

2

Sharper, Faster Detection

Anomaly detection surfaces items that may be missed in a standard review and helps summarize and organize information faster.

3

More Time on What Matters

Less time spent on repetitive procedures means more auditor time understanding your agency's risks and resolving real issues.

"AI assists the auditor. It does not make the audit judgment."



SECTION 3 OF 6

Where New Audit Risk Enters

Automation bias, black-box reliance, and data provenance — and how DOAA responds to each.



Where New Audit Risk Enters — and How We Respond

1

THE RISK

Automation Bias

Staff defer to AI output without applying skepticism — “the model said it’s fine.”



HOW DOAA RESPONDS

Human review is required on every AI-assisted output before it’s used as audit evidence.

2

THE RISK

Black-Box Reliance

If auditors can’t explain why a tool flagged or cleared an item, they can’t defend the finding under scrutiny.



HOW DOAA RESPONDS

Audit work papers document how each flagged item was independently verified by a member of the audit team. Total reliance is not given to the tool.

3

THE RISK

Data Provenance

Garbage in, garbage out — now wrapped in an authoritative-sounding output.



HOW DOAA RESPONDS

Auditors validate source data and periodically test tool outputs against known results.

MINI CASE

Same Tool, Two Very Different Outcomes

WHERE IT HELPED

- An anomaly-detection tool scans a full population of vendor payments and flags a pattern of near-duplicate invoices.
- A manual sample of 25 transactions would likely have missed it entirely.
- The auditor investigates, confirms genuine duplicate billing, and the agency recovers the overpayment.

WHERE NO ONE CHECKED

- Returning to our opening scenario: the same kind of tool reports a confident, precise-looking figure.
- Imagine the auditor accepts it at face value — no reconciliation back to source documentation.
- The overstated expenditures go unreported — and feed directly into the State's federal compliance and financial reporting figures.

The difference was never the tool. It was the auditor's willingness to verify.

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What Will Not Change

Judgment, independence, confidentiality, and your responsibility for your own statements.



Some Things Don't Change



Professional judgment



Independence



Confidentiality



Evidence requirements



Communication with management



Your responsibility for your own statements and controls

Technology changes how information moves and how testing happens. It does not change who is accountable for the conclusion.



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Practical Safeguards

Concrete controls, grounded in Georgia's statewide AI guidance, your agency can adopt starting now.



WHY THESE SAFEGUARDS, SPECIFICALLY

Grounded in Georgia's Statewide AI Guidance

These safeguards aren't invented in isolation — they reflect the Georgia Technology Authority's (GTA) statewide framework that already governs how executive branch agencies must evaluate and use AI.

GTA'S FIVE GUIDING PRINCIPLES

1 Implement Responsible Systems

2 Ensure Ethical and Fair Use of Automated Decisions

3 Maintain Data Quality and Privacy

4 Keep AI Usage Transparent

5 Keep Human Involvement at the Center

GOVERNING POLICIES

- Enterprise AI Responsible Use Policy (PS-23-001)
- AI Responsible Use Standard (SS-23-002)

Both are maintained by GTA's Office of AI at ai.georgia.gov, alongside tool approval guidance and an AI tool directory agencies can check before adopting new software.

Practical Safeguards for AI in Your Agency's Processes

1

Human Sign-Off

Require a qualified staff member to independently review and approve any AI-assisted output — a reconciliation, a report, a payment — before it's finalized.

GTA principle: Keep Human Involvement at the Center

2

Show the Work

Keep a record of what the tool did and how staff verified it, so the result can be explained and defended later, not just trusted at face value.

GTA principle: Keep AI Usage Transparent

3

Test the Tool, Not Just Once

Test AI-assisted tools against known results before rollout, and periodically afterward — accuracy can drift as data and use cases change.

GTA principle: Implement Responsible Systems

4

Draw Bright Lines

Decide in advance which financial and business decisions — budget approvals, personnel actions, eligibility determinations — are never made by AI alone.

GTA principle: Ensure Ethical and Fair Use of Automated Decisions

TAKE THIS HOME

Building Your Agency's AI-Use Policy

A starting checklist, aligned with GTA's PS-23-001 and SS-23-002 — adapt to your agency's size and risk profile.



Defined scope: which processes may (and may not) use AI assistance



Human sign-off documented for every AI-assisted output before it's finalized



Tool approval checked against GTA's AI Tool Directory before adoption



Periodic testing and validation of AI tool outputs against known results



Staff training on appropriate reliance, limits, and when to escalate



Clear escalation path when AI output conflicts with staff judgment

LET'S DISCUSS

Bring This Back to Your Agency

1

Where is AI already showing up in your agency's work — even informally, even outside audit?

2

Which of GTA's five guiding principles would be hardest for your agency to demonstrate today?

3

What's one thing from today you want to raise with your leadership this week?



THE OPPORTUNITY

Get Ahead of This Now

Agencies that establish clear AI-use policy today — human sign-off, documentation standards, tool audits, and bright-line judgment calls — will be the ones auditors trust and peer agencies look to as the model.

A QUICK RECAP

- Independence means owning the judgment, not outsourcing it
- AI expands reach — it should never replace skepticism
- New risks need explicit policy answers; core standards don't change
- Our safeguards trace back to GTA's own statewide AI guidance

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What Is New at DOAA

Before we close — SuraLink and the internal improvements we want you, as our audit clients, to know about.



Why We're Changing the PBC Process

Audits require a significant exchange of information. Email threads, spreadsheets, and separate tracking processes make it hard for both sides to know what's been requested, who owns it, what's been provided, and what's still outstanding.

? *Who has the request right now?*

? *What's still outstanding?*

? *Did the auditor actually receive it?*

? *Which version is the current one?*

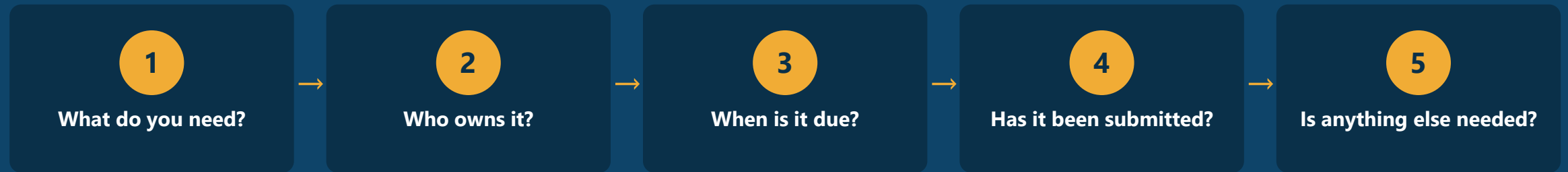
? *Who on my team is responsible?*

? *What's due next week?*

THE SOLUTION

What SuraLink Changes

One place. Clear ownership. Clear status. Fewer surprises.



The auditor sees the exact same information you do — no separate, hidden tracker.

SuraLink improves how we exchange information. The quality of that information is still something we build together.

What Else Is Changing at DOAA

We're asking you to adapt to some new tools and expectations. Here's what we're changing on our side at the same time.

New Audit Methodology

A more consistent, updated approach to how audits are planned and executed in our Audit Transformation Program.

Consistency Across Engagements

Less variation in process and expectations from one audit team to the next.

Findings & Report Quality

Clearer, more actionable findings and communications.

Engagement Management

Better coordination and communication throughout the audit, not just at the start and end.

Thank You

Questions & Discussion

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