



Advancing Governance Innovation and Risk Management for Artificial Intelligence (AI)

Performance Audit as a Tool to Assess agency management's compliance with AI

The Challenge

Office of Management and Budget (OMB) 24-10 (Memorandum), issued on March 28, 2024 requires Executive Agencies to meet new requirements established by OMB to promote risk management in the use of AI.

Agencies have a number of requirements, including recurring annual requirements to develop and implement processes to govern AI that is deemed to be (1) safety impacting or (2) rights impacting.

Agencies should carefully consider the assurance process(es) to be put in place to assess, analyze and remediate AI in order to meet the December 1, 2024 deadline.

Performance Audits, Council of the Inspectors General on Integrity and Efficiency (CIGIE) Blue Book Evaluations, or an Agreed-Upon Procedures (AUP) approach, using NIST criteria, aligned with requirements for security impacting or rights impacting for AI can provide agencies with trustworthy results that promote compliance and deliver insights to the agency.

Chief AI Officers and Agency Inspectors General (IG) should consider these questions when scoping their approach:

- 1 Which systems fit in to my agency's AI inventory?
- 2 Is my system rights impacting or safety impacting according to OMB 24-10?
- 3 How can I perform a risk assessment over my AI systems to prioritize compliance by December 1, 2024?
- 4 Once covered AI systems are identified, how should they be monitored periodically to remain in compliance?
- 5 What is my process for maintaining an accurate AI inventory?
- 6 How can my agency stay abreast of new requirements in this frequently-changing landscape?

How KPMG can help

KPMG understands the importance of getting ahead of new requirements over AI used by agencies to accomplish their objectives. We leverage our experience and knowledge of the unique risks posed by AI, the importance of effective information technology controls and the business processes to assist us in a performance audit, CIGIE Blue Book Evaluation, or an AUP approach. KPMG has a team of professionals who specialize in assisting federal agency management and the IG with performance audits covering a variety of technically complex subject matter.

Our professionals help our federal clients identify and evaluate the risks and results associated with the use of AI in furtherance of operational or program objectives using our consistent and technology-enabled approach. KPMG's performance audit teams include our technology assurance professionals who provide a variety of performance audit services to the federal government industry.

KPMG has helped many federal entities assess their compliance with requirements and standards by providing performance audits, FISMA evaluations, and financial audits. KPMG's Responsible AI team has assessed and advised major social media platforms, banks, pharmaceutical organizations and sovereign governments in their AI governance journeys. Additionally, KPMG has established enduring strategic alliances with industry leaders such as Microsoft, AWS, Google, and Salesforce, who are at the forefront of developing AI governance frameworks.

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