AuditCon

by ACUA

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ACUA

AI Governance in Higher Education: What Changed in the Last Year—and What are Internal Audit's Tactical Next Steps for Auditing

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Learning Objectives

1. Identify the significant changes in AI governance for higher education in the last year (moving from GenAI guidance to enforceable governance, monitoring, and evidence) and why this shift is accelerating due to embedded GenAI and emerging agentic workflows.

2. Apply a practical AI governance audit approach including how to evaluate governance design and operating effectiveness across policy, risk tiering, approvals, third-party risk, and ongoing monitoring.

3. Translate AI Governance Internal Audit Workplan concepts into an institution-specific audit approach by aligning procedures to relevant use cases, governance structures, and risk profiles.

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Meeting with you Today



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Where we are going today

- How AI use in Higher Education has changed
- What does this mean for Internal Audit
- Selecting the Type of Audit for your Institution
- Sample Workplan for Internal Audit of AI
- Q&A

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How AI use in Higher Education has Changed

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How has AI use in Higher Ed changed?



- Moved from experimentation to wider adoption
  - Business operations
  - Student learning and support
  - Faculty research and teaching
- Stand alone AI tools are becoming embedded capabilities
- Content generation expanded task and personal use into workflow automation – not just stand alone

These changes raise questions around policy, process, governance, and risk.

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And the digital world has more risk….

AI tools have exposed institutions to more widespread fraud risk including:

- Fraudulent applications/ghost students
- Phishing schemes
- Deep fakes

Cyber attacks are increasing specifically related to:

- Disclosure of sensitive, private, or proprietary information
- Ransomware attacks
- Account takeover



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MATURITY

OPERATIONAL
Managed, measured and continuously improved

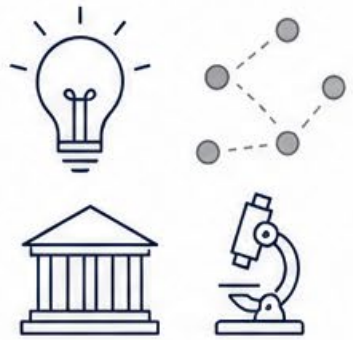
DEFINED
Standardized, consistent and measurable

GUIDED
Principles and guidance in place, adoption maturing

AD HOC
Fragmented, informal and reactive

1

EARLY EXPERIMENTATION



- Isolated pilots
- Research use
- Informal practices
- Decentralized decisions

2

EMERGING AI GUIDANCE



- Acceptable-use policies
- Awareness and training
- Basic privacy and academic integrity guidance
- Voluntary guardrails

3

FORMALIZING GOVERNANCE



- Cross-functional governance
- Use-case intake and triage
- AI inventory and risk tiering
- Approval workflows and controls
- Named accountability and roles
- Human-in-the-loop oversight

4

GOVERNED OPERATIONS

EMBEDDED AI ACROSS THE INSTITUTION



OPERATIONAL CONTROLS AND ASSURANCE





HUMAN-IN-THE-LOOP

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What does this mean for Internal Audit

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The AI risks are significant and continue to grow – where do you even start for auditing?

Each framework provides helpful insights and high-level guidance on leading practice, but operationalizing these frameworks is where the benefits emerge.

Why Governance?

Governance is the foundation

Governance is the foundational necessity for managing AI Risk. It's important for institutions to have this foundation before venturing too far down the AI Road.

Understand the environment before trying to understand a tool

As a risk leader, it's important for you to first understand the processes and policies that will govern AI implementation and usage before you can effectively audit individual tools or AI use cases.

Creates value across the institution

Governance applies across the entire campus and covers a broad set of risk topics.

Where to start with governance

Meet with AI leaders across campus

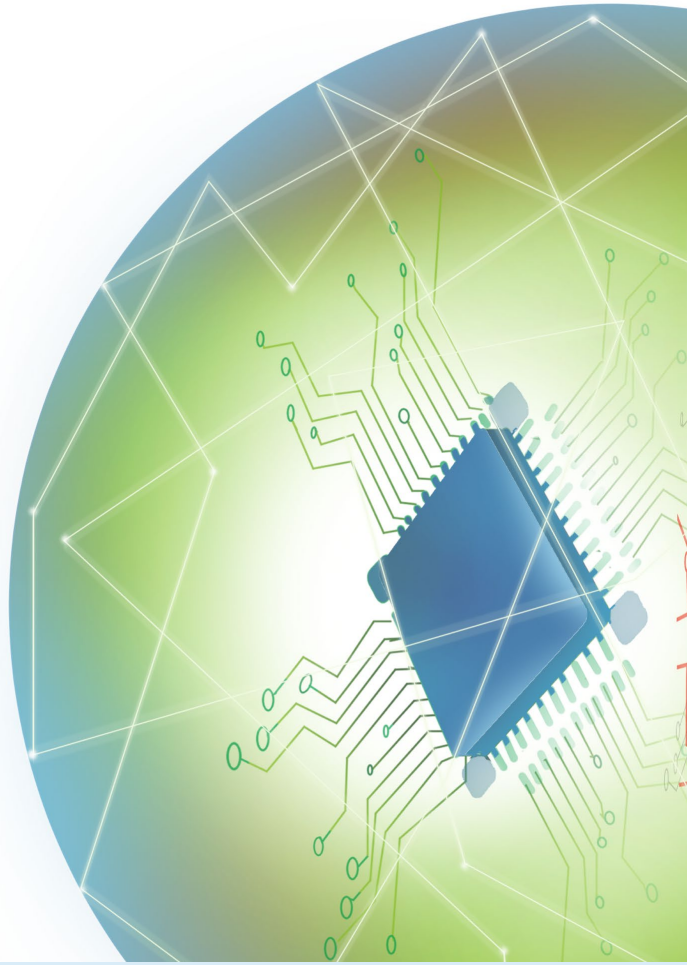
Before scoping an audit or even starting your project risk assessment, meet with leaders across campus to understand:

- Who has been tasked with leading and managing AI governance?
- What frameworks are being used to guide framework development?
- What assessments have already been performed by leaders to assess AI risk?

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Governance is now Auditable

As institutions have implemented more mature governance and operationalized these governance programs, internal audit functions can pivot from advisory based assessments to true assurance based internal audits of governance.



Informal Poll

Who has completed an AI Governance Related Advisory Project in the past 5 years?

Who has completed an AI Governance Audit in the past 5 years?

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Illustrative AI Risk Management Frameworks

As AI has expanded multiple frameworks for managing AI Risk have emerged. Below are a few examples of common AI Risk Management Frameworks.

National Institute of Standards and Technology (NIST) Risk Management Framework™

The Institute of Internal Auditors' (IIA) AI Auditing Framework™

Deloitte's Trusted and Secure AI™ Framework

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How can you operationalize these frameworks

Each framework provides helpful insights and high-level guidance on leading practice, but operationalizing these frameworks is where the real work happens. If your institution is in the early stages of implementing an AI Governance Program, Internal Audit can serve as an advisor in selecting an effective AI Framework and designing a program that aligns with that framework.

Operationalizing Frameworks for **Program Implementation**

- **Select a Framework** that makes sense for your Institution and the Program
- Organize the Program Around the **Domains of the Framework**
- Develop Processes and Controls that **Align with Each Domain**

Operationalizing Frameworks to **Support an Internal Audit**

- Define the **Audit Scope** and Identify the Framework Used by your Institution
- **Convert each Dimension of the Framework** into an Audit Criteria or Domain
- **Evaluate the Maturity and Effectiveness** of the Program and its controls within each Criteria or Domain

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Selecting the Type of Audit for your Institution

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AI Internal Audit Types

AI Governance Assessment	Evaluate whether the organization has the policies, oversight, accountability, and control structure needed to manage AI risks and enable responsible use.
AI Strategy Assessment	Determine whether the AI strategy is aligned to business goals, clearly prioritized, realistically funded, and supported by the aligned capabilities and risk controls.
AI Inventory and Use-Case Assessment	Confirm the organization has identified, documented, and risk-ranked its AI tools, models, and use cases across the enterprise.
Targeted Tool Internal Audit	Assess whether a specific AI tool is being used in line with policy, approved purpose, and required controls, with attention to data, outputs, and user access.
Targeted System Internal Audit	Examine a specific AI-enabled system end to end to verify its design, inputs, processing, outputs, monitoring, and control environment are operating effectively.

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Risk Assessment

- You should have a risk assessment to determine where the priority areas for your institution are
- This can help to focus the type of audit to select

Where do you think your university is prioritizing AI focus?

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Scoping Meetings

- Given the far-reaching impacts and nature of AI, you should take extra time to validate relevant stakeholders are identified across the institution and that sufficient scoping meetings are held with relevant stakeholders
- Consider meeting with the following units:
  - Information Technology (IT)
  - Provosts' Office (strategy)
  - Office of General Counsel (OGC)
  - Research
  - Compliance
  - Procurement
- Confirm buy-in for project type and specific review areas
- Identify a champion that can be used to gather buy-in from units

What units are missing?

Have you identified an AI champion?

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Sample Workplan for Internal Audit of AI

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Case Study: AI Governance Assessment

Estimated Timeline:

- Planning: 2 weeks
- Fieldwork: 3 months
- Reporting: 3 months

Estimated Scope: 450 hours



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In-scope Assessment Pillars

- Governance and oversight
- Compliance, monitoring, and accountability
- Training, awareness, and ethics
- Technology
- Procurement and deployment
- Privacy, security, and reliability

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Governance and oversight

Scoping Objective:

Gain an understanding of the AI owners and responsible parties at the university level.

Illustrative Testing Plan:

Obtain the population of charters and structural documentation for committees, councils, and task forces dedicated to AI governance. Test for the following attributes:

- A: The organization has a formal university strategy outlining the values and principles for AI system use, including plans to meet each principle
- B: Documented procedures guide the procurement and selection of AI solutions, including criteria for evaluation and approval
- C: A hotline is established and advertised for reporting improper use~~s~~ of the AI system, with documented investigation and follow-up procedures
- D: AI governance committees are established with documented responsibilities for oversight of AI activities and the corresponding people responsible

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Compliance, monitoring, and accountability

Scoping Objective:

Gain an understanding of compliance, monitoring and accountability policies, procedures, and mechanisms at the university level.

Illustrative Testing Plan:

Obtain the population of policies related to compliance, monitoring and accountability as well as any AI development and deployment procedures, and faculty/staff input forms. Test for the following attributes:

- A: Management has developed and maintains policies, strategies, and procedures that define how AI solutions are developed, used, and maintained
- B: Documentation is reviewed, updated, and approved by an appropriate authority at least annually or when significant changes occur
- C: AI-related policies and procedures are distributed and/or accessible to all stakeholders (e.g., employees, contractors, vendors, public)
- D: Documentation is publicly available on university webpages
- E: Management is effectively monitoring tools, industry regulations, and opportunities

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Training, awareness, and ethics

Scoping Objective:

Obtain an understanding of training, awareness, and ethics related to AI.

Illustrative Testing Plan:

Obtain the population of training materials and published statements related to AI use. Test for the following attributes:

- A: Role-based training and awareness programs are provided to system users before authorizing access to the system
- B: Training completion is tracked
- C: Training records are retained
- D: The university has a published ethics statement concerning AI
- E: There is published accessibility and awareness notices of reporting mechanisms for unethical use
- F: Unethical use reports are effectively monitored and reviewed
- G: Algorithmic biases are considered in potential and implemented tools
- H: The sustainability and environmental impact of AI development, deployment, and usage are considered and documented

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Technology

Scoping Objective:	Gain an understanding of the AI tools and platforms available for use by university personnel. Understand the systems and technology that utilize AI.
Illustrative Testing Plan:	Obtain the population listing of AI tools. Test for the following attributes: • A: Approved AI tools are posted publicly on the university website • B: Prohibited tools are posted publicly on the university website

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Procurement and deployment

Scoping Objective:

Obtain an understanding of the forms and the processes for stakeholders to request a new tool for use. Understand the purpose and intention of the following forms.

Illustrative Testing Plan:

Obtain the population listing of AI tools. Based upon the population, select a sample of tools and test for the following attributes:

- A: The *AI purchase request form* was leveraged to procure the tool
- B: Request form was completed in its entirety
- C: Form has all required signatures and sign-offs
- D: Form was approved prior to the deployment and use of the tool
- E: If a tool is under evaluation or is not an approved tool listed (i.e., not yet approved) it is not in active use
- F: Tools are run in a test environment prior to use
- G: The process for implementation/deployment is effectively documented
- H: The process to track and monitor AI tools in use (approved and any unapproved) is in place
- I: Department cost and budget are considered in the procurement and deployment process
- J: Role-based training over AI tool purchases is provided to procurement personnel

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Privacy, security, and reliability

Scoping Objective:

Gain an understanding of the controls and data privacy frameworks in place to protect the integrity and reliability of AI data.

Illustrative Testing Plan:

Obtain the population of vendor security and privacy assessments performed, regulatory compliance checklists or gap analyses performed, data governance policies (specific to AI or including AI provisions), and any AI implementation guidelines or playbooks. Test for the following attributes:

- A: There are organization-wide data governance protocols for AI tool implementation and periodic review
- B: Controls are in place to safeguard sensitive data
- C: Human verification disclaimers (i.e., judgement is required) are noted within tools or policies
- D: Compliance with data protection regulations (EO, GDPR, CCPA, FERPA, HIPAA, etc.) is considered and monitored
- E: A contract for each third-party AI vendor is maintained and has been reviewed for privacy and security
- F: The data leveraged by tools is understood, documented, and approved
- G: Data sources are considered and reviewed for their reliability

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Supplemental Review – Targeted Interviews

Scoping Objective:

Sample a selection of schools and business units to learn about their specific experience with and use of AI.

Illustrative Testing Plan:

Perform interviews with a targeted sample of schools and business units. For selected schools, obtain a sample of syllabi maintained by faculty. Test for the following attributes:

- A: An AI owner is assigned
- B: Organizationally-imposed AI protocols are identified and understood
- C: Prohibited-for-use tools are identified and understood
- D: Only approved AI tools are in-use
- E: Tracking and monitoring of tools is performed
- F: (School specific) Course syllabi have an AI policy stated within, including classroom expectations
- G: (As applicable) Any AI tool noted within the syllabi is an approved tool for use

Determine which schools and units may be most informative:

- Student Information Systems
- Office of Research
- Human Resources
- School of Medicine
- School of Engineering
- School of Law

Provides a perspective of central governance from the actual users of policy/procedures

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Challenges and Lessens Learned

- Allocate additional time for reporting
- Determine you have the right stakeholders identified at the start of the review
- Clearly define responsible parties, and confirm full support of recommended actions
- Be prepared to evaluate based on design of the control/review pillar where documentation is limited
- Be flexible – new processes, procedures, guidance was developed throughout the review, stay informed and be ready to pivot

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Q&A

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