



Public Audit and Artificial Intelligence

Auditing Artificial Intelligence

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01

La Sindicatura de Comptes

La Sindicatura de Comptes

Audit Office

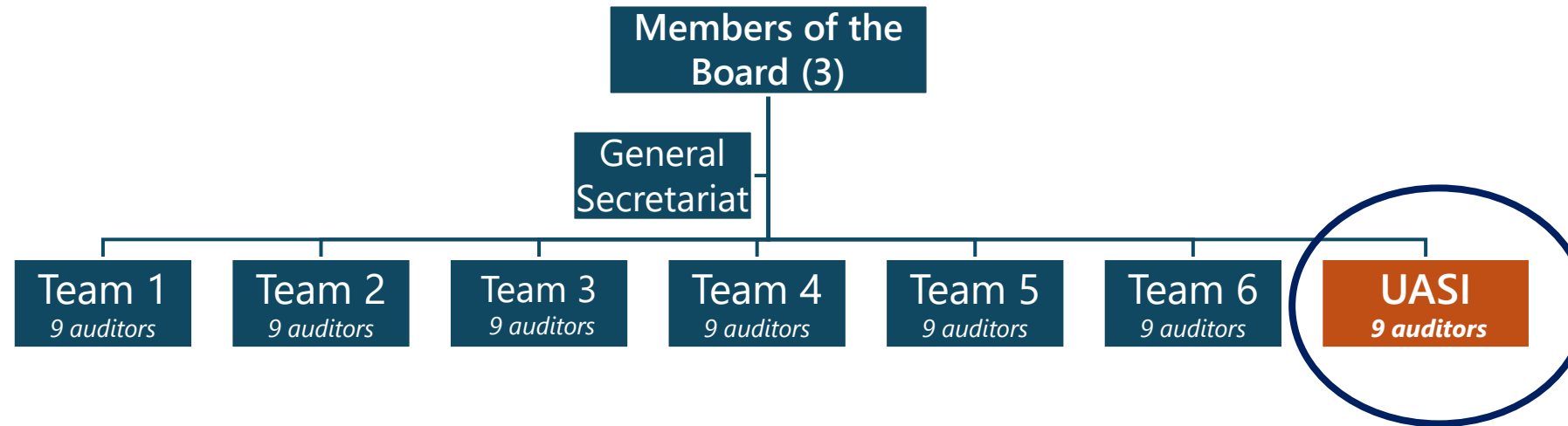
Established in 1985
As of 2026, the institution has 110 employees

UASI (Information Systems Audit Unit, in its Spanish acronym)

Unit set up in 2008
9 auditors (engineers, IT specialists, economists, CISAs)

Multidisciplinary teams

Financial and Information Systems auditors



Ernesto Armada ✓

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What do we audit? Some data



32,000 M€

Regional
government
budget

170,000

Public
employees

5.5 M

inhabitants

**Accounting
(SAP)**

70 million
accounting
records

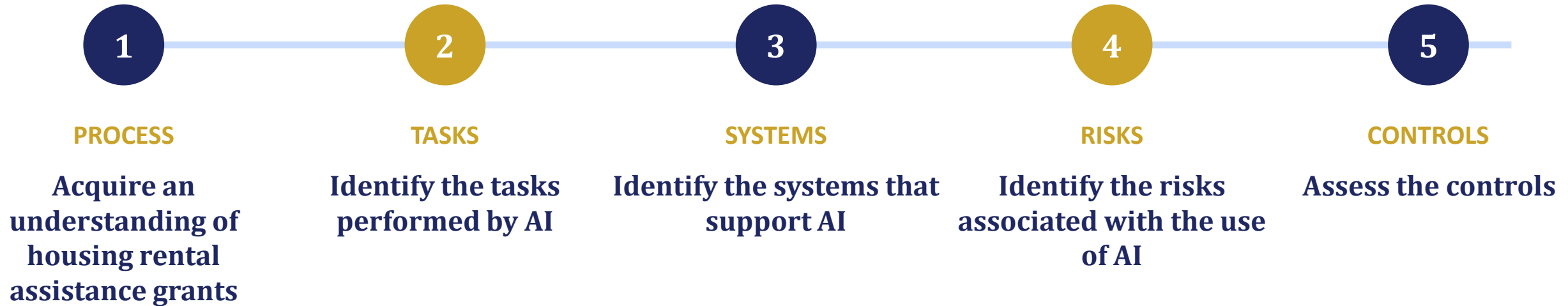
Payroll

35 million
payroll
records

02

**Auditing Generative AI:
A real-world case study: housing rental assistance
grants**

Audit strategy



AI supports the efficient management of subsidies

1

Acquire an understanding of housing rental assistance grants

19,000

applications

5,000

aid granted

60,000

receipts reviewed · 12 months

€15million

total amount allocated

Application submission

Opening a subsidy file, processing

Examining the file (assessment and calculation)

Grant award

Payment

Portal GVA



The applicant completes the online application and submits the documents (contract and receipts) relating to the grant.

ESTER



Opening of file



The documents: contract and receipts are collected via an automated process and are sent to Google for their processing / review.

GOOGLE



Classification of the documents



Document processing by AI



Transmission of the data extracted to ESTER for further analysis

NOAH



The data returned to ESTER relating to the documents is collected.



Interpretation of the information via an automated process.

ESTER

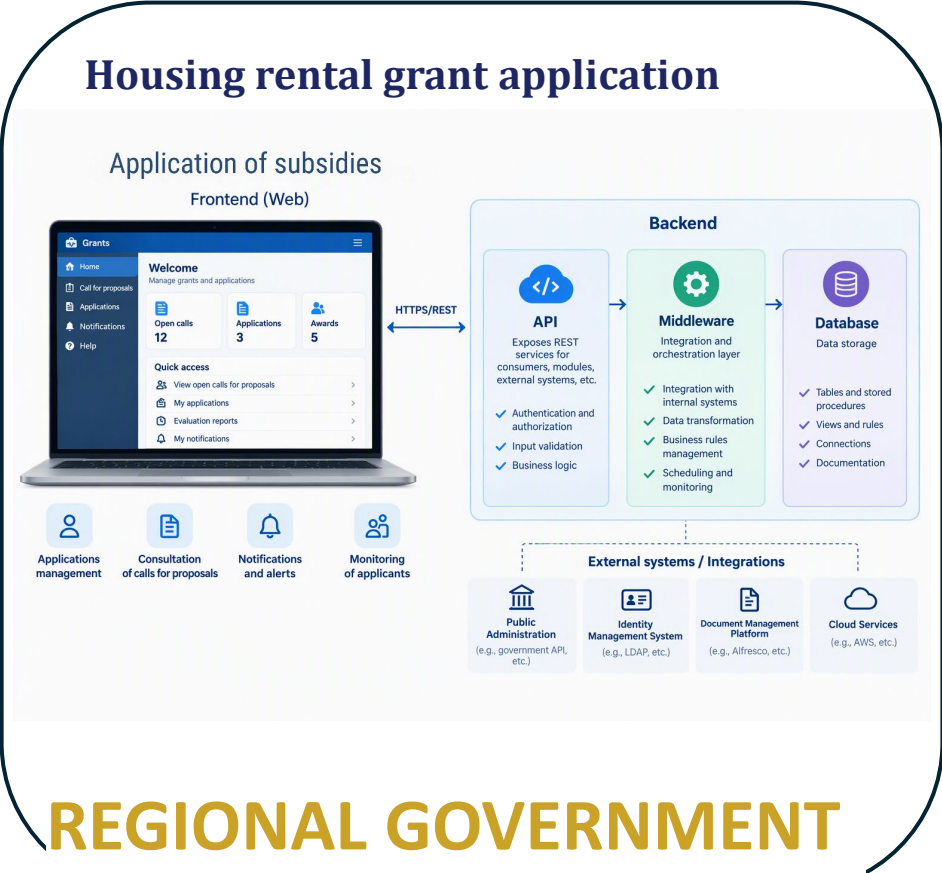


Publication of the approved rent assistance grants.



The system connects the management application to an external AI service

2 Identify tasks performed by AI



REGIONAL GOVERNMENT
DATA CENTRE

TEMPLATE FOR A LEASE AGREEMENT OF A PROPERTY FOR THE TENANT'S HABITUAL RESIDENCE.

RESIDENTIAL LEASE AGREEMENT

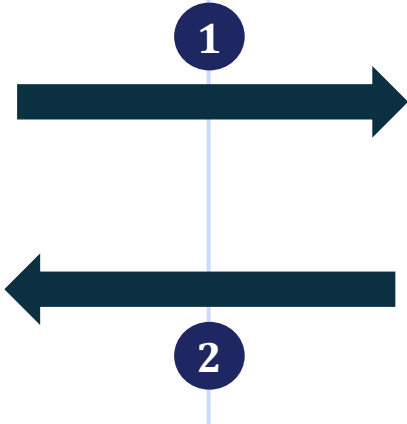
PARTIES

On the one hand, Mr./Ms. [...] (owner/landlord), of legal age, marital status [...], profession [...], residing at [...] (location), with an address at [...] street, no. [...] floor [...], and with National ID No. [...], hereinafter referred to as the **landlord (owner)**.

On the other hand, Mr./Ms. [...] (tenant), of legal age, marital status [...], profession [...], residing at [...] (location), with an address at [...] street, no. [...] floor [...], and with National ID No. [...], hereinafter referred to as the **tenant (tenant)**.

THE PARTIES AGREE

The parties acknowledge that they have the legal capacity required to enter into this agreement and bind themselves, in particular, to grant and sign this **RESIDENTIAL LEASE AGREEMENT**, and for that purpose act in their own name and on their own behalf and rights, being responsible for the truthfulness of their statements. They hereby agree as follows,

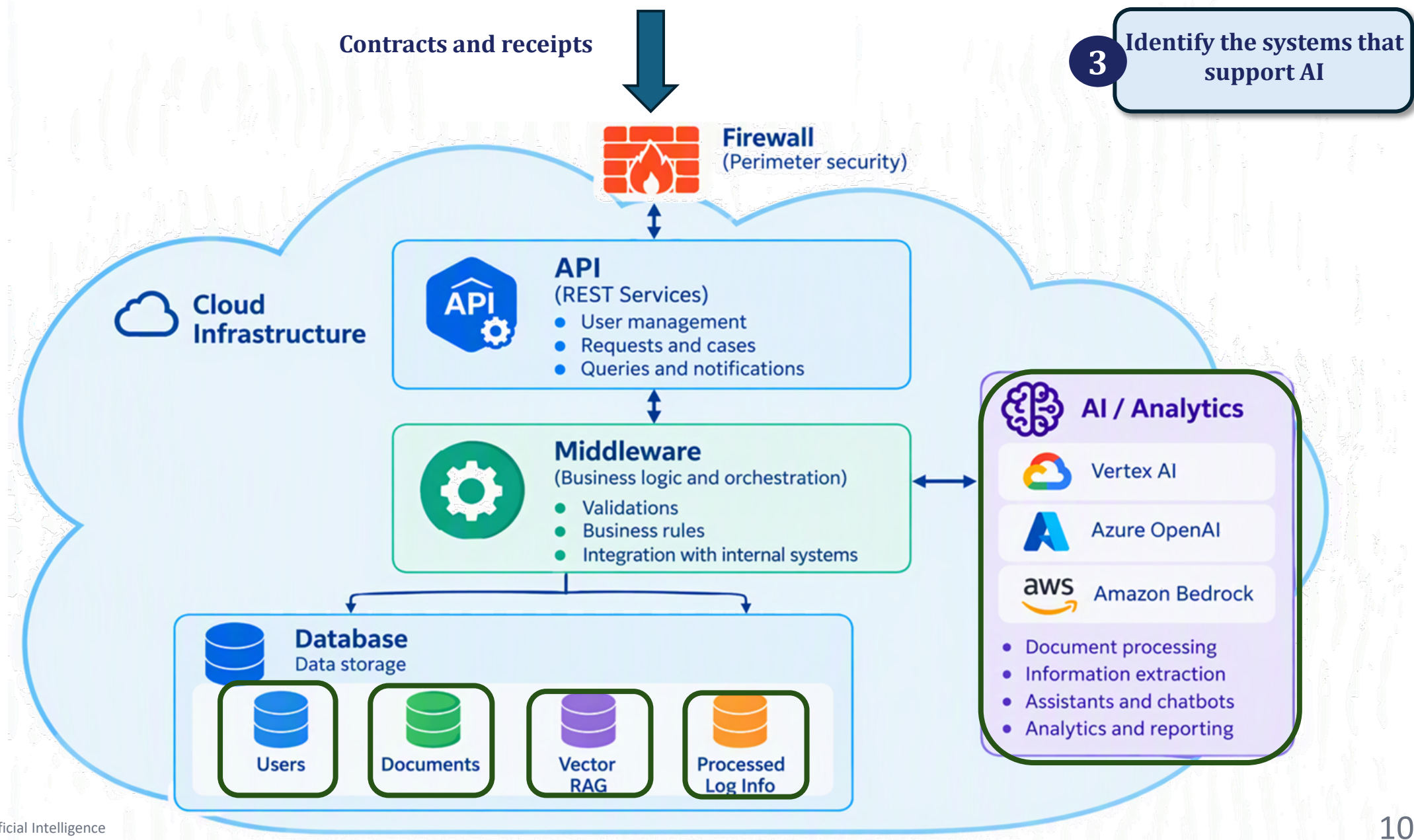


Contract data → OK
Missing information → ID document,
postal address, signature



EXTERNAL DATA CENTRE

Knowledge of the technical characteristics



Questions for identifying the main risks

R01: AI Governance

Have policies or guidelines on the use of AI been introduced?

R02: Biases

Have any biases in the results been identified and mitigated?

R03: Privacy and confidentiality

Who has access to the provider's cloud?

Can the information sent to the AI be used to retrain the AI?

What information is stored in each database, and who has access to it?

R04: Regulatory compliance

Does the system comply with applicable legislation, including the GDPR, the Spanish National Security Scheme (ENS) and the EU AI Act?

Is there a contract governing information exchange with the cloud?

4

Identify the risks of using AI

LEGAL RISK

The AI systems used in the management of social and housing assistance are considered high-risk.

EU AI Act, Article 6(4)· A provider who considers that an AI system referred to in Annex III is not high-risk shall document its assessment before that system is placed on the market or put into service

Audit implication: check the classification, the documented assessment and the obligations associated with it.

03

Auditing Generative AI: Methodology, audit standards and guidelines

Distinctive characteristics of AI which challenge traditional auditing



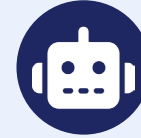
Opacity

The internal logic of the system
(**“black box”**) is not
transparent



Non-determinism

The same input may produce
different outputs due to the
model's **probabilistic nature**
and sensitivity of the model
context.



Adaptability

The behaviour of the system
may evolve over time through
updates, retraining or interaction
with the user.

MAJOR IMPACT

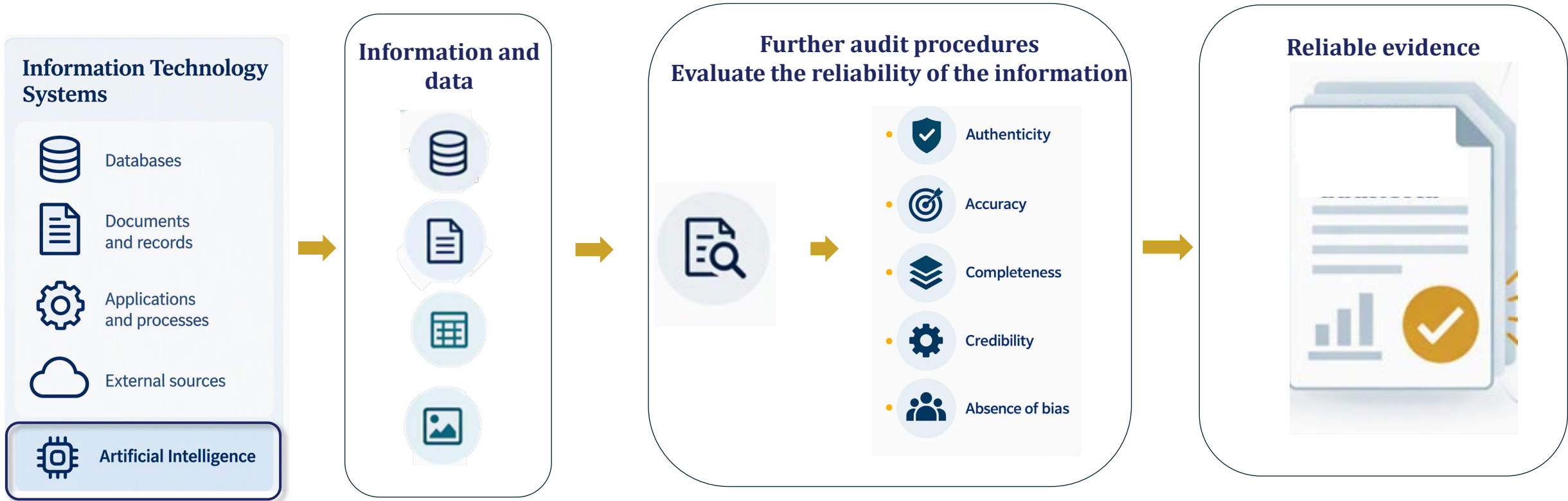
Audit evidence

The auditor must ensure the reliability of the audit evidence

ED-ISA-500 Audit Evidence

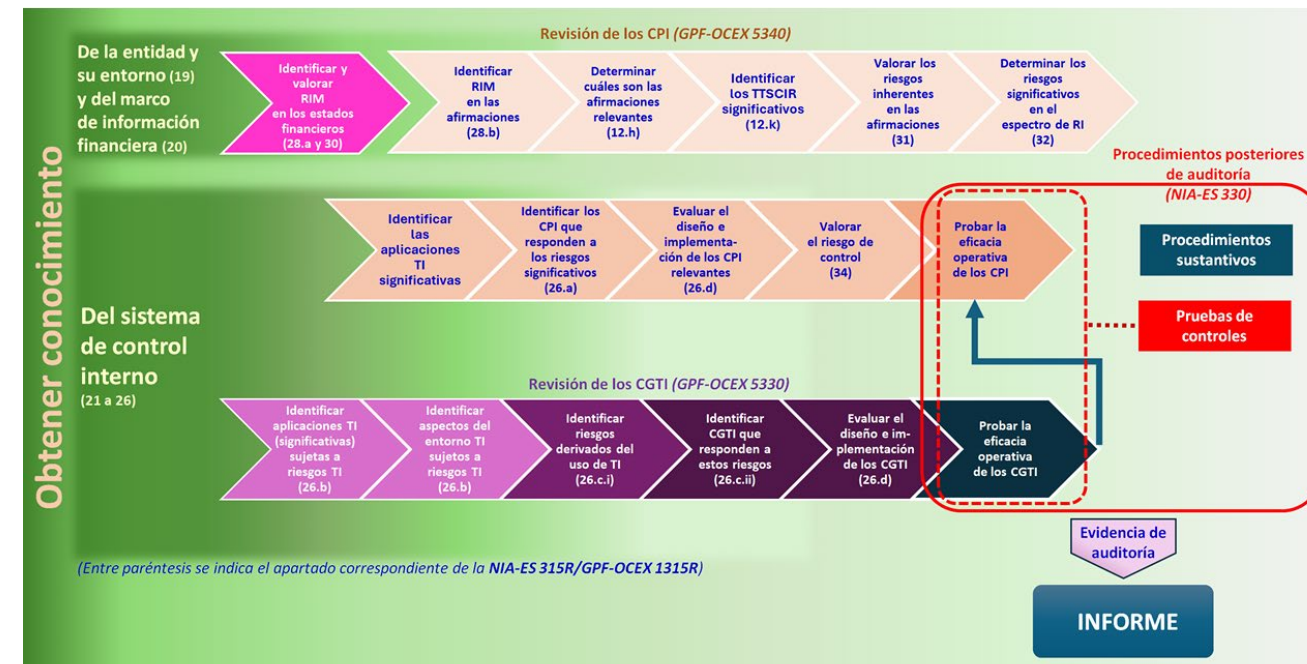
ED-ISA-330 The Auditor's Responses to Assessed Risks

GPF-ICEX 5381 Audit guide for management processes integrating Generative AI



The audit of a process using AI does not change the aim of the work

- 1 Obtain an understanding of the management process in which Generative AI is implemented
- 2 Identify and assess the **AI-specific risks**
- 3 Review the **Information Processing Controls**
- 4 Review the **IT General Controls**
- 5 Design and implement **subsequent audit procedures**, including tests of the operational effectiveness of controls
- 6 **Document** the entire process
- 7 Analyse findings and **draw conclusions and recommendations**



AI risk areas to be assessed by the auditor

1

AI Governance

2

Hallucinations

3

Bias

4

**Privacy and
confidentiality**

5

**Dependence on
external
providers**

6

**Lack of human
oversight**

7

Cybersecurity

8

**Regulatory
compliance**

04

Use of Generative AI in auditing

GPF-OCEX 5371

Chart 9 – Assessment matrix

		Type of information to be used			
		Open data OGD	Non-anonymized sensitive data SPI	Anonymized sensitive data ANOM	Non sensitive ODS
Type of AI	Ad hoc system / internal system	✓	✓	✓	✓
	External system	✓	⚠	✓	✓
	Non-corporate system	⚠	✗	✗	✗



Permitted use



Conditional use (depends on the AI usage policies of each Spanish regional audit institution)



Non-authorized use of AI

Three successful AI use cases in auditing



Development of Python applications for conducting audit tests

IMPORTANT

No data was sent to an external AI system in any of these use cases.

Financial audit

Validate roles and privileges in SAP

Support for developing a Python application that validates all roles and users in SAP S/4HANA.

Compliance audit

Review local public sector contracts

Support for developing a software tool in **Python** capable of comparing information scattered in several systems.

Operational audit

Geospatial analysis for auditing emergency assistance grants

Support in developing a **Python** application capable of GIS-based analysis the areas affected by the DANA weather event and the emergency grants awarded.

05

Conclusions

Conclusions



Auditing a process using AI does not change the aim of the work.

Obtain knowledge, assess risks, review the controls that mitigate those risks, and draw conclusions and recommendations



We have developed guidelines for auditing AI and using AI in auditing.

GPF-ICEX 5381: How to audit processes that use Generative AI

GPF-OCEX 5371: How to use Generative AI in auditing



Main risks:

- **Governance**
- **Bias**
- **Hallucinations**
- **Dependence on external providers**
- **Privacy**



Public administrations are already using AI

Such cases are still relatively uncommon, but AI is here to stay.

Public employees are already using AI, and its use will continue to grow.



Thank you!

Questions and debate?

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