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# Future-Forward Auditing

*Anticipating Risks in a Rapidly Changing World*

Illinois Government Auditing Conference  
October 27, 2026

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# Speaker



Casey Kopcho, CIA  
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Casey Kopcho, CIA, is a Principal at CLA and leads Midwest State and Local Government Business Risk Services. With more than 22 years of experience in auditing, risk management, and finance transformation, he advises public sector organizations on governance, risk, and emerging technologies. Casey is a recognized speaker and thought leader on topics including AI governance, ethical leadership, and risk-based auditing. He holds bachelor's and master's degrees in Accounting and Information Management from The University of Texas at Dallas.



# Learning Objectives

At the end of this session, you will be able to:

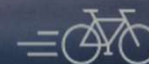
- Explain why traditional, retrospective audit planning struggles to keep pace with today's risk velocity
- Identify emerging disruptors – including Gen AI – that are reshaping public sector risk
- Compare real-time and continuous auditing approaches other audit offices are using
- Apply a practical framework and maturity self assessment to make your risk assessment and audit plan more forward-looking





# The Velocity of Risk is Greater Than Ever

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# *Seeing Is (No Longer) Believing*

A finance employee at this global engineering firm joined a video call with the CFO and several colleagues, then authorized 15 wire transfers totaling roughly \$25 million. Every other person on the call was an AI-generated deepfake.



# Closer to Home

- **Pandemic unemployment:** an Illinois Auditor General performance audit (July 2023) reported \$5.24 billion in IDES overpayments for FY20-FY22 – \$2.04 billion in regular UI and \$3.20 billion in PUA.
- **The trade-off:** to handle surging claims, routine identity cross-matches were suspended or run offline – which left the programs more susceptible to fraud.

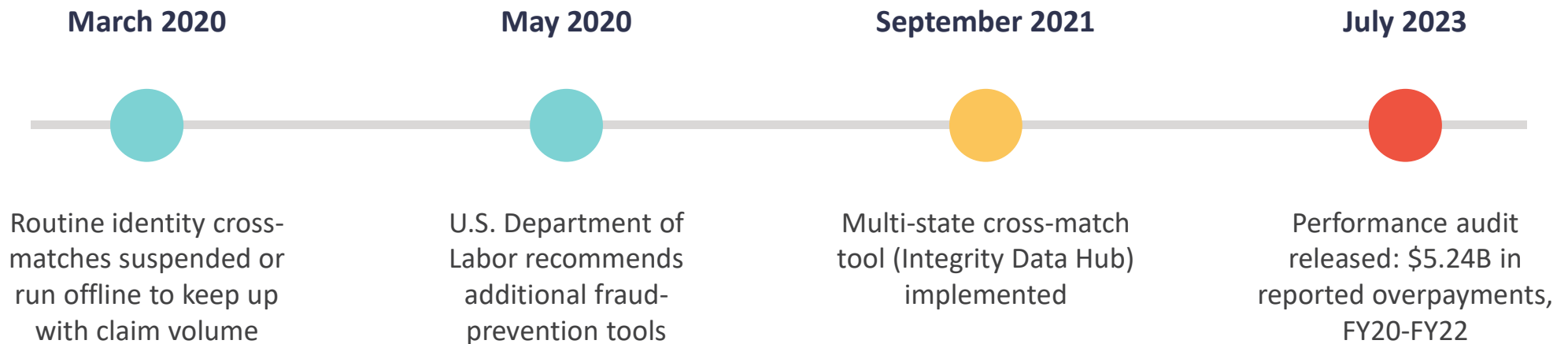
**The lesson isn't about one agency.** When speed and control compete, risk moves faster than an annual audit cycle. The question for us: how do we get closer to the decision while it's being made?

*Source: Illinois Office of the Auditor General, Performance Audit of the IDES Unemployment Insurance Programs (July 2023).*



# The Retrospective Gap

From control decision to audit report: more than three years



**By the time a retrospective audit lands, the risk has usually already materialized.** The window to influence the outcome was 2020 – not 2023.

Sources: Illinois Office of the Auditor General (July 2023); NPR Illinois (July 27, 2023).



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## Context: Today's Risk Landscape

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85% of audit leaders rank cybersecurity a top-five risk. Digital disruption (including AI) jumped the most – to 69%.

Human capital, geopolitical uncertainty, and regulatory change round out the top-five.

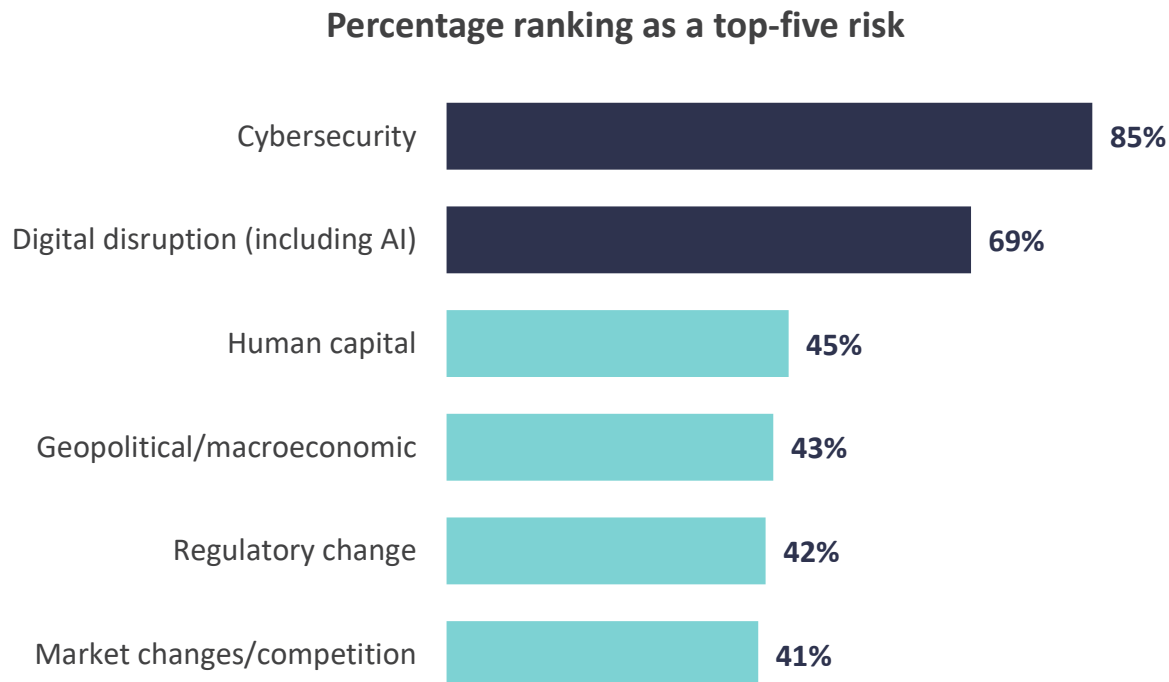
*Source: Internal Audit Foundation – Risk in Focus North America 2026/2027*



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# North America's Top Risks for 2027



## What's behind the numbers

- Digital disruption posted the largest increase of any risk.
- Regulatory change ranked higher for public sector and nonprofit respondents.
- Business resilience dropped 17 points – not because it matters less, but because other risks became more urgent.

Source: Internal Audit Foundation, *Risk in Focus North America 2026/2027*; R. Chambers summary (Sept. 2026).

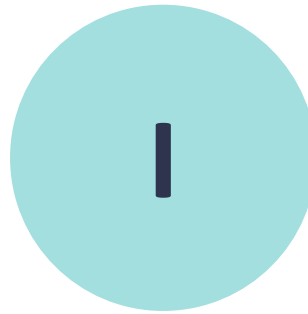


# Add a Third Dimension: Velocity



## Likelihood

How likely is it to happen?



## Impact

How bad would it be?



## Velocity

How fast would it hit – and how fast could we respond?

*Traditional heat maps ask “how likely” and “how bad.” Future-forward planning also asks “how fast.”*



# Why Annual Plans Struggle

## Built for a slower world

- Annual or biennial risk assessment
- Plan locked at approval; changes feel like exceptions
- Findings look back 12-24 months
- Sample-based testing of transactions
- Risk input comes mostly from interviews

## Today's reality

- Gen AI tools adopted by staff before policy exists
- Emergency and new programs stood up in days
- Ransomware and AI-enabled fraud move in hours
- Turnover and retirements drain institutional knowledge
- Full-population data is often available now





## What Others Are Doing

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# Real-Time Auditing: What It Is (and Isn't)

## Looks forward

Oversees ongoing programs; looks back only for context and background

## Flexible scope

Can be financial, compliance, performance – or a combination

## Short cycles

Often 3-6 months, or periodic reporting over the life of a program

## Lifecycle entry points

Pre-award and eligibility reviews, implementation checkpoints, early results

**It isn't:** management's job. Auditors provide timely insight – management still owns the decisions and the controls.

*Source: P. Herr, "Real-time Auditing: A Tool to Enhance Good Governance and Accountability for Public Funds," INTOSAI Journal (Q3 2025).*



# Retrospective vs. Real-Time

|                        | Retrospective audit               | Real-time/continuous                                |
|------------------------|-----------------------------------|-----------------------------------------------------|
| <b>Timing</b>          | After the period closes           | While the program operates                          |
| <b>Core question</b>   | Did it work?                      | Is it working – and what’s about to break?          |
| <b>Evidence</b>        | Samples of completed transactions | Full-population data, indicators, live walkthroughs |
| <b>Output</b>          | Report with recommendations       | Interim memos, alerts, dashboards, then a report    |
| <b>Well suited for</b> | Accountability and root cause     | New, emergency, or fast-changing programs           |
| <b>Watch-outs</b>      | Findings may arrive too late      | Independence, scope creep, staff capacity           |



# From the Field: Oregon Measure 110



## What the real-time audit flagged early

- Significant risk no one would be able to gauge M110's effectiveness, given grant management and data gaps
- Unclear roles; OHA didn't give enough implementation support
- Silos and fragmentation across behavioral health may limit results

## What happened next

- **Five of eight** 2023 recommendations implemented; one partially
- **Approximately \$800M** in grants awarded since 2021
- The early data warning proved right: by 2025, OHA still couldn't show whether the program worked

Sources: Oregon Secretary of State Audits Division, Reports 2023-03 (Jan. 2023) and 2025-29 (Dec. 2025).



# From the Field: Early-Warning Analytics

**60+**

data sources and 1B+ records  
in the PRAC analytics platform

**\$79B**

estimated potentially  
fraudulent payments that  
pre-award vetting could  
have prevented

**20,000**

applications per second  
reviewed by PRAC's  
AI-enabled fraud  
prevention engine

**The shift:** from finding fraud after payment to flagging anomalies before payment. Data built from pandemic oversight is now being used on new federal programs.

*Sources: Pandemic Response Accountability Committee ([pandemicoversight.gov](https://pandemicoversight.gov)); Federal News Network (Jan. 13, 2026).*



# From the Field: “Smell the Smoke”

*“We intend to help the entities we audit smell the smoke, so that state government does not have to put out fires.”*

– Oregon Secretary of State, FY2027 Audit Plan for Performance Audits

## How it works

- Phase one asks who to audit: public data measured against pre-set risk indicators
- Prior-period performance is the baseline, so fluctuations surface
- Phase two asks what to focus on: a scored risk register
- Built to reduce bias in topic selection

## Sample leading indicators

Budget spend vs.  
adopted budget

Change in  
agency budget

Overtime vs.  
historical norms

Extended vacancies

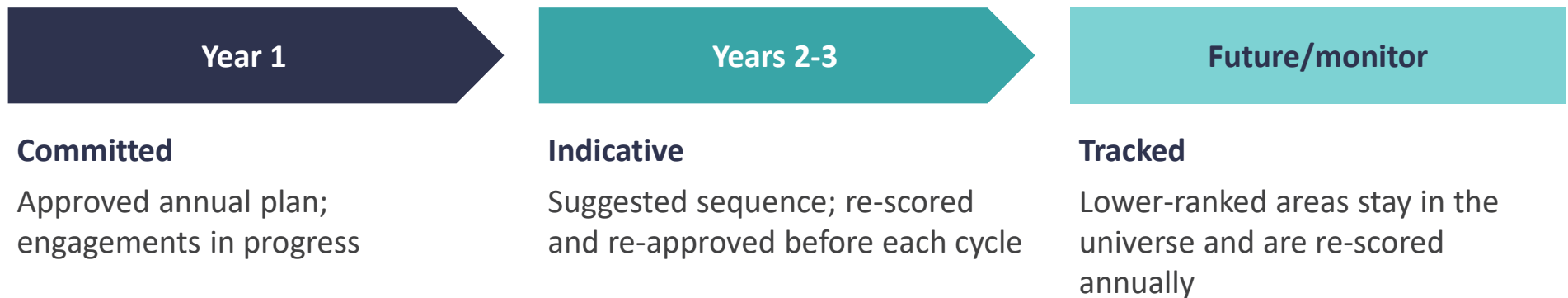
Director experience

Policy review currency

*Source: Oregon Secretary of State Audits Division, Audit Plan for Performance Audits, Fiscal Year 2027 (January 2026).*



# From the Field: Rolling, Event-Driven Audit Plans



## What moves an area forward – regardless of its tier

- New external audit findings or repeat findings
- Leadership turnover, funding shifts, or a major operating-model change
- Suspected fraud or hotline activity
- Reserve 10-25% of available hours for unplanned work so the plan can flex



# From the Field: Gen AI in the Audit Shop

## AI-assisted risk assessment

- 1 Define risk parameters and criteria
- 2 Collect and pre-process data
- 3 Identify and prioritize risk trends
- 4 Draft risk assessment report
- 5 Engage stakeholders and finalize

## Local analytics, full-population

**308 of 30,823**

transactions flagged as outliers (0.1%)

**21 of 30,823**

transactions flagged as suspicious (0.07%)

*Auditors review the exceptions – not a random sample.*

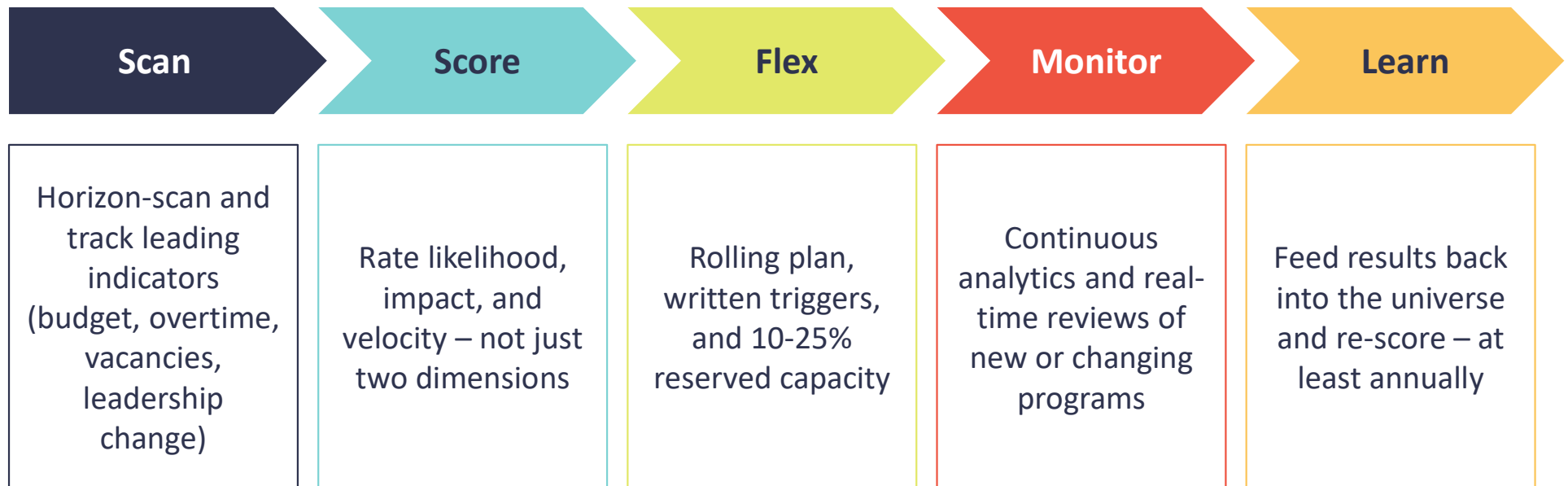




So, what can we do?



# The Future-Forward Audit Cycle



*The cycle doesn't replace your risk assessment – it keeps it from going stale between approvals.*



# Toolkit: Emerging Risk Radar

## Gen AI and automation

Where are staff already using AI tools – and what data are they putting in?

## Cyber and ransomware

Could we operate for two weeks if a core system went down tomorrow?

## Identity and payments

Which approvals still rely on recognizing a voice, face, or email?

## Funding shifts

Which programs depend on federal funds that could change mid-year?

## Workforce and knowledge

Where would one retirement take critical know how with it?

## New and emergency programs

What launched this year without a pre-implementation review?



# Toolkit: Real-Time Review Playbook

## When to use it

- New or emergency programs
- Large new appropriations or grants
- System implementations and go-lives
- AI deployments in public-facing services

## How to stay independent

- Management owns decisions and controls
- Agree scope and roles up front in writing
- Evaluate nonaudit-service threats (GAGAS Ch. 3)
- Document safeguards and communicate them

## What to deliver

- Short interim memos at checkpoints
- Exception alerts from recurring analytics
- Dashboards for leadership
- A final report that closes the loop



# Future-Forward Audit Maturity Model

| Reactive (crisis-driven)                                                                                                                                                                    | Aware (defensive)                                                                                                                                                                                          | Developing (intentional)                                                                                                                                                                            | Integrated (proactive)                                                                                                                                                                                 | Optimized (adaptive)                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Plan set once and rarely revisited</li> <li>Emerging risks found via headlines</li> <li>Sample-only testing</li> <li>No reserved capacity</li> </ul> | <ul style="list-style-type: none"> <li>Emerging risks discussed at planning</li> <li>Plan changes only after incidents</li> <li>Analytics on a few processes</li> <li>Informal horizon scanning</li> </ul> | <ul style="list-style-type: none"> <li>Velocity scored in the risk register</li> <li>Mid-year plan refresh</li> <li>Reserved hours for unplanned work</li> <li>Pilot monitoring routines</li> </ul> | <ul style="list-style-type: none"> <li>Rolling plan with written triggers</li> <li>Indicators tracked quarterly</li> <li>Real-time reviews of new programs</li> <li>AI used with guardrails</li> </ul> | <ul style="list-style-type: none"> <li>Continuous risk sensing feeds the plan</li> <li>Analytics standard on every audit</li> <li>Management calls audit early</li> <li>Peers seek your approach</li> </ul> |
| Maturity model self assessment questions                                                                                                                                                    |                                                                                                                                                                                                            |                                                                                                                                                                                                     |                                                                                                                                                                                                        |                                                                                                                                                                                                             |
| <ul style="list-style-type: none"> <li>When did we last change the plan mid-year?</li> <li>Did we learn of our last big risk from the news?</li> </ul>                                      | <ul style="list-style-type: none"> <li>Do we capture emerging risks consistently?</li> <li>Do we know how fast our top risks could hit?</li> </ul>                                                         | <ul style="list-style-type: none"> <li>Do we hold capacity for the unexpected?</li> <li>Is one monitoring routine running?</li> </ul>                                                               | <ul style="list-style-type: none"> <li>What would trigger an immediate plan change?</li> <li>Are we in the room when programs launch?</li> </ul>                                                       | <ul style="list-style-type: none"> <li>Does management call us early?</li> <li>Are our insights forward-looking?</li> </ul>                                                                                 |



# Start Monday: Five Moves

- 1 **Add a velocity column** to your risk register and re-score your top 20 risks
- 2 **Write your triggers down** and have your audit committee or agency head approve them
- 3 **Protect 10-25% of hours** for unplanned and real-time work
- 4 **Pick one recurring analytic** on a high-volume process – payments, payroll, vendor changes
- 5 **Get in the room early** for one new program or system launch this year





Questions?



***Thank you!***

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