

Technical Precision, Ethical Alignment: Why Organizations Need AI Governance Audits

Executive Summary-Bullet Pointed

1. There is an important distinction between technical AI audits (assessing system functionality) and governance audits. Many companies only do the former, but claim comprehensive “AI auditing.” They are missing many elements of holistic governance, oversight, and accountability.
2. Technical audits involve evaluating the AAA systems performance against specified metrics, measurements, and thresholds to continually monitor the quality of service, whilst governance audits include technical audits, they also evaluate non-performance in regards to policies, procedures, regulatory compliance, bias mitigation, data practices, etc. relating to the AAA System .
3. Independent third party audits provide an arm’s length separation that enhances objectivity and oversight, since internal teams or consultants can face both real and perceived conflicts of interest in evaluating systems they helped develop.
4. Management must recognize new responsibilities under laws being adopted around the globe, prioritizing ongoing governance audits of Artificial Intelligence, Algorithmic and Autonomous (AAA) Systems. Global regulations require more governance, oversight, and accountability than is being tracked versus technical audits.
5. Lessons learned from the Financial Accounting Standards Board¹, on standardization and enforcement should inform AI audit governance. A framework embracing governance audits is needed to mitigate bias, enhance ethics, protect privacy, build trust and drive accountability and transparency in AI systems.

Quote to set the stage:

In the September 6th episode of Freakonomics Radio podcast, CEO & Co-Founder of Anthropic.ai, Dario Amodei, states the following:

“I think of myself as someone who's trying to do the right thing, but I can't say that my company has all the right incentives here. You're kind of relying on me to go against the company's incentives and that's true for the other companies as well. Somehow the government needs to play a watchdog or enforcement role while leveraging the expertise of the companies. There's probably a role for nonprofit organizations too, and so there needs to be some kind of ecosystem where the strengths of each component help to ameliorate the weaknesses of the other component.”

About the Author

Jeff Kluge is a passionate advocate for ethical technology development, with a strong determination to ensuring children's and vulnerable groups' safety in the digital age. Jeff is a Fellow at ForHumanity, a Certified Auditor of the Children's Code and certified in Algorithmic Ethics. He brings a wealth of expertise to the forefront of Age-Appropriate Design Governance.

As the CEO & Founder of Holistic Ethics and creator behind KidsTechEthics, Jeff leads a dedicated team of professionals who share his vision for a more responsible and inclusive digital landscape. His journey in the tech industry has been driven by the belief that technology should enrich the lives of users while upholding the highest ethical

standards. This is not a mutually exclusive ideal, but very much reality.

Jeff's work extends beyond KidsTechEthics, as he actively collaborates with organizations, businesses, and regulatory bodies to shape the future of children's ethical technology. His mission is to empower businesses, founders, venture

KidsTechEthics: Your Partner in AI Governance and Legal Education

KidsTechEthics is a leading authority in Age-Appropriate Design Governance and ethical technology development. We not only offer cutting-edge solutions for ethical AI governance but also provide valuable continuing legal education (CLE/MCLE) for lawyers.

Our specialized toolkit, including the Children's-centric DPIA and Independent AI Pre-Audits, are designed to empower your business to navigate the intricacies of AI governance. Moreover, our courses, ranging from introductory to advanced, address the critical aspects of Age-Appropriate Design Governance (AADC).

For board members and top management, we offer tailored sessions that equip you with the knowledge and tools needed to make informed decisions regarding technology ethics and compliance. By partnering with KidsTechEthics, you gain access to comprehensive legal education and practical solutions to ensure your digital products and services are not only right but also ethically developed.

Appendix: Keywords.

1. Ethical Technology Development
2. AI Governance
3. Age-Appropriate Design Governance
4. Children's Data Privacy
5. Technology Ethics
6. Legal Compliance
7. Continuing Legal Education (CLE)
8. MCLE (Mandatory Continuing Legal Education)
9. Technology Governance Framework
10. Independent AI Audits
11. Digital Ethics
12. Ethical AI Development
13. Technology and Children
14. Digital Innovation Ethics
15. Data Privacy Regulations
16. Digital Responsibility
17. Digital Transformation Compliance
18. Responsible Technology Development
19. Legal and Ethical Standards
20. Governance Audits

JEL Classification Codes

- O33 - Technological Change, Innovation, and Growth: Technical Progress and Economic Growth

- K23 - Industrial Organization: Competition and Market Structure; Industrial Economics: Empirical Studies
- L14 - Law and Economics: Regulation of Specific Industries: Technology
- D81 - Criteria for Decision-Making under Risk and Uncertainty: Decision Theory: Models and Applications
- H44 - Public Goods: Externalities, Public Goods and Public Policy: Environmental Protection

Remember to incorporate these keywords naturally throughout your white paper, including in headings, subheadings, body content, and metadata. However, ensure that the content remains informative and engaging for readers, rather than simply stuffing keywords for SEO purposes.

The race and pressure for the C-Suite and Boards to adopt and deploy AI systems is similar to that of over 20 years ago with the development and deployment of a new website and massive technology investments.

Clients seem to demand every brand they engaged have some “web” presence. For those that met the challenge, many saw

First mover advantage, but it came with problems. Second movers got online with more measured approach.

I am a fervent supporter of AADC because I see the design process where businesses can map a better product development and customer experience by intelligent design.

Yet I understand concerns for the potential of censorship. But you can't have it both ways.

The expression of one's voice, or free speech is not an absolute. There exist limitations upon what you can say, to whom, and words have consequences. One side wants there to be no consequences for any form of expression, and it is not me who is making that judgement, but the Constitution.

My aim is helping business find the way through. And it is not a multi-million dollar investment, unless of course you go to the largest consulting firms in the world to have this executed.

Do you intend to have an audience of children or not? Are children likely.

In one libertarian's declaration to the court, it stated that they didn't intend for their material to be for those under 18, but they realized it would indeed impact them.

Then state that. This

You either intend to have an audience with children