

# AI in Audit: Transforming assurance in a technology-enabled landscape

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# Agenda

- AI recap
- GenAI in the news
- Current AI usage in audit
- AI's value proposition in audits
  - Streamlining audit processes
  - Future possibilities
- AI ethical considerations & mitigations
- Future proofing for firm & staff
- Caseware sneak peak...
- Questions



# AI recap

*“ **Artificial Intelligence (AI)** is the simulation of **human intelligence processes by machines**, especially computer systems, enabling them to perform tasks such as learning, reasoning, problem-solving, & decision-making ”*

**ChatGPT**

## Key aspects of AI:

- Learning
- Reasoning
- Self-correction
- Problem solving
- Perception
- Language understanding



# GenAI in the News

- GenAI startups received equity funding of over \$14 billion across 86 deals, just in the first half of 2023
  - In all of 2022, this was \$2.5 billion
- Expected total GenAI (and related spend) is expected to reach \$143 billion in 2027 with a growth rate of 73.3%
- OpenAI/Microsoft (ChatGPT) partnership - 49% stake
- Monetary Authority of Singapore (MAS) commit an additional S\$100 million to support financial institutions in building capabilities & innovation in AI technologies

## Sources:

*CB Insights, August 2, 2023*

*[IDC Forecasts Spending on GenAI Solutions Will Reach \\$143 Billion in 2027 with a Five-Year Compound Annual Growth Rate of 73.3%](#), 16 October 16 2023*

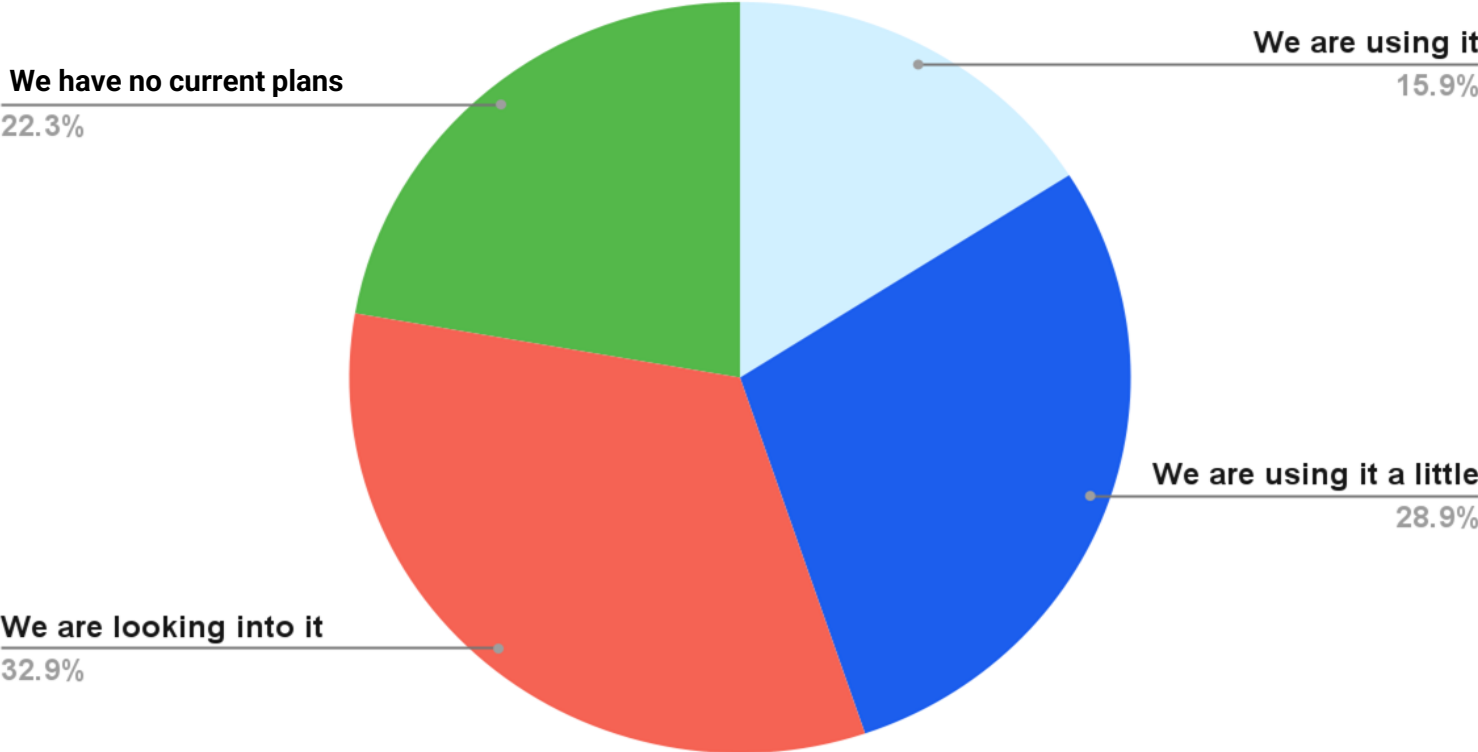
*[MAS Commits up to S\\$100 Million to Support Quantum and Artificial Intelligence Capabilities in the Financial Sector](#), 18 July 2024*



# GenAI in the News

## Caseware's 2024 Accounting Firms Trends Report:

What are your plans to use generative AI technology, like ChatGPT or Bard, in your practice?



→ Over 60% of respondents are planning to adopt or have already started using GenAI technology

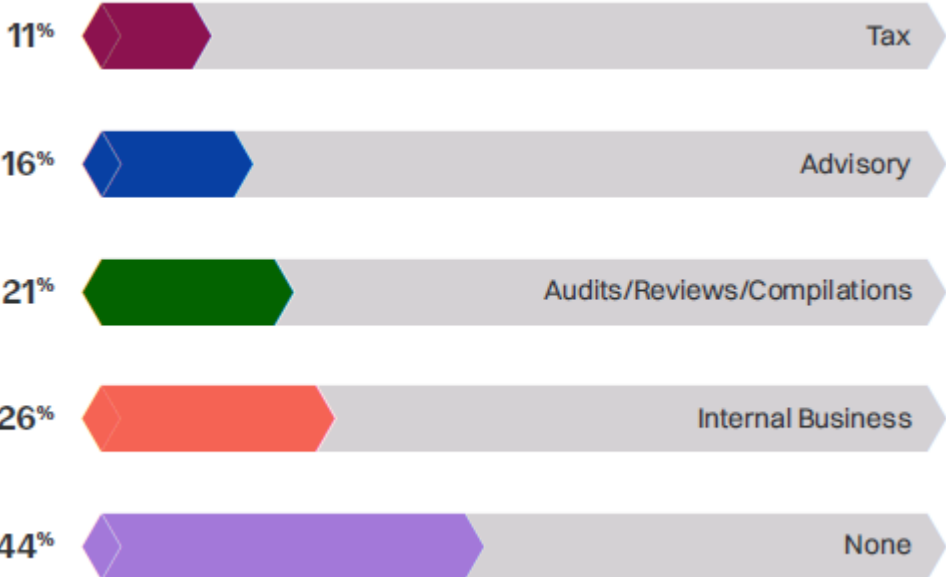
→ A further 16% of respondents state that they are already using it extensively



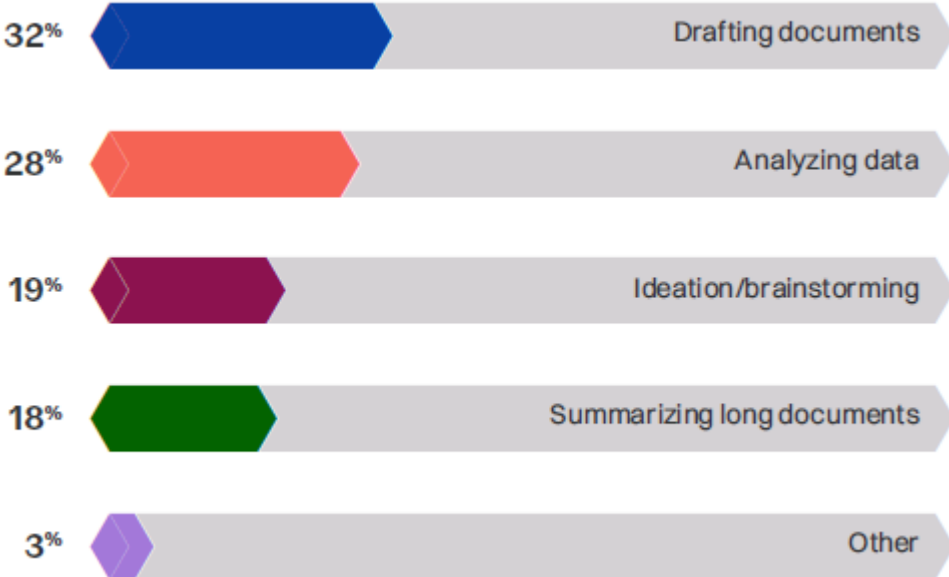
# GenAI in the News

## Caseware's 2024 Accounting Firms Trends Report:

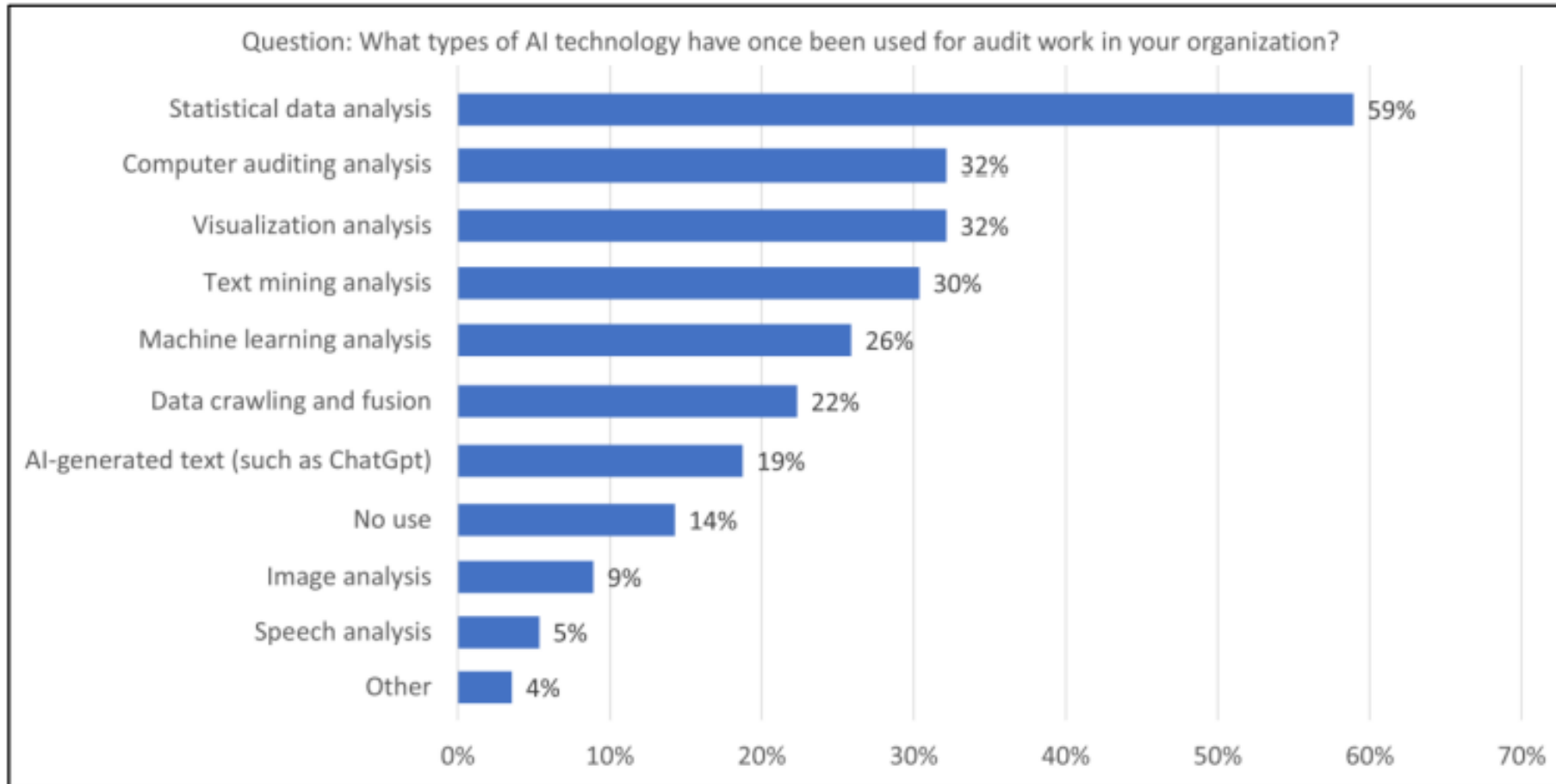
What are you primarily using Gen AI for?



Which use case offers the highest potential for Gen AI to save you time at work?



# Current AI usage in audit



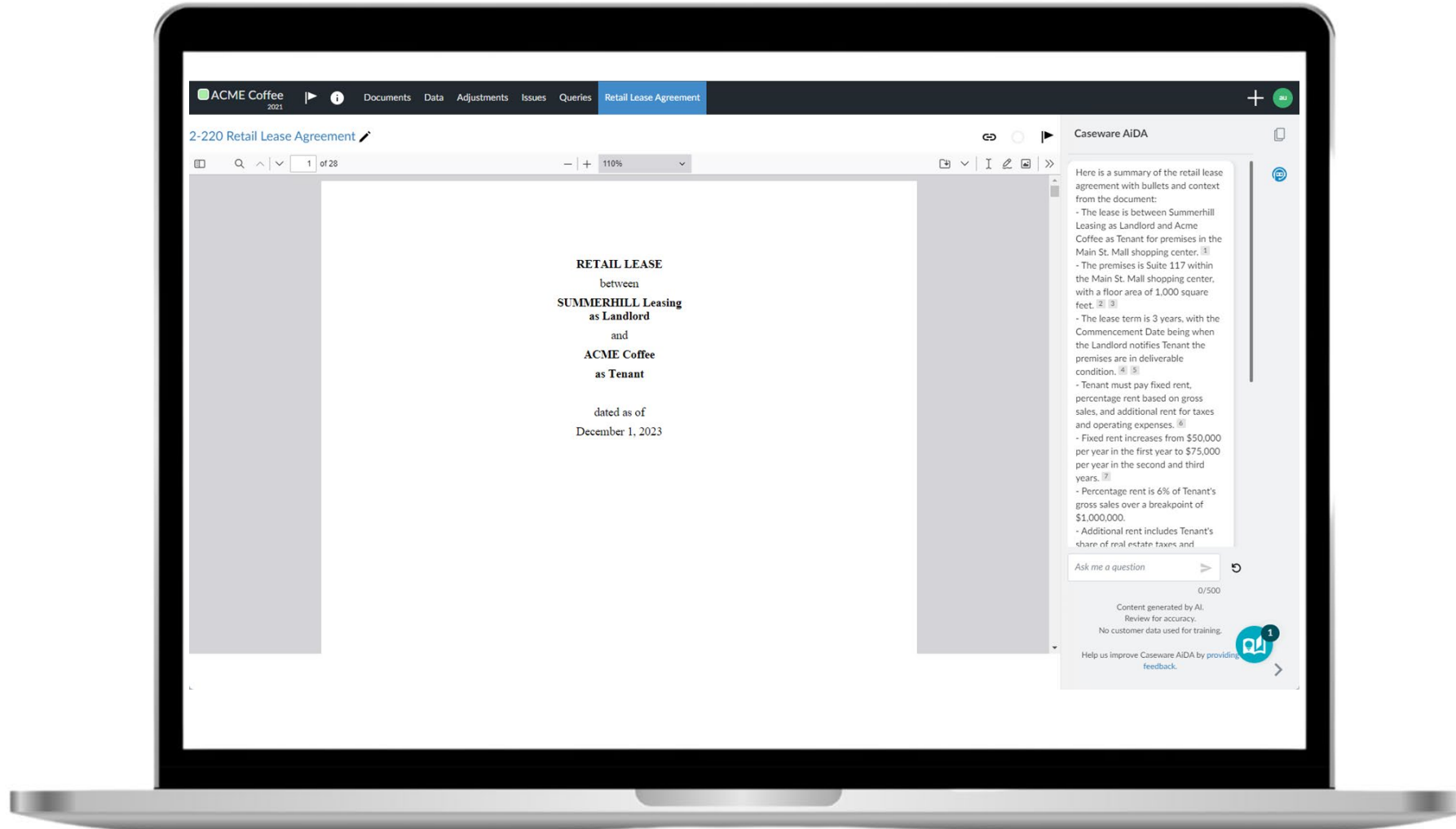
# AI's value proposition in audits - Streamlining audit processes

- **Enhanced efficiency & productivity**
  - Automate time-consuming and repetitive tasks
    - Automating document review
    - Data extraction
- **Improved accuracy & consistency**
  - Standardisation and error reduction
    - Data analysis
    - Pattern recognition





# AI's value proposition in audits - Streamlining audit processes



# AI's value proposition in audits - Streamlining audit processes

- **Enhanced insights & decision-making**
  - Advanced data analysis and predictive capabilities
    - Advanced analytics
    - Real-time monitoring
    - Contextual understanding
- **Risk assessment & anomaly detection**
  - Identify high-risk areas and potential red flags early
    - detect unusual patterns or anomalies in financial data that may indicate errors or fraud



# AI's value proposition in audits - Streamlining audit processes

- **Enhanced communication**

- Improve communication efficiency and reduce administrative burden
  - Chatbots
  - Virtual assistants

- **Quality control and review**

- Enhance accuracy and consistency of audit work, reducing the risk of oversight
  - Review audit workpapers
  - Ensure compliance with audit standards and regulations



# AI's value proposition in audits - Future possibilities

- **Client insights & benchmarking**

- Provide context and identify areas for improvement
  - Analyse industry data and benchmarks

- **Predictive analytics**

- Assess reasonableness of estimates / forecasts
- Improve quality of audit judgments
  - Using historical data to predict future financial trends and outcomes



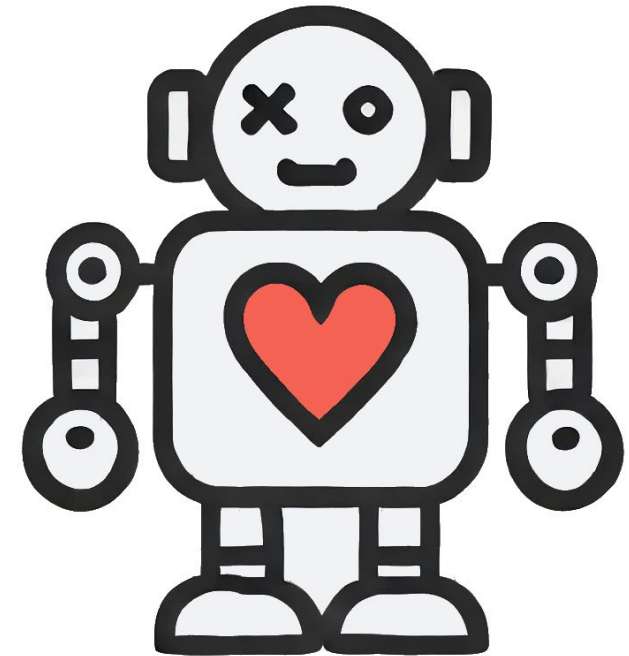
# AI's value proposition in audits - Future possibilities

- **Continuous auditing**
  - Provide real-time insights and allow continuous monitoring
    - Continuous auditing by constantly analysing data
    - Enables more timely identification of issues
- **Scenario analysis & simulation**
  - Assess impact of different financial events
  - Provide a deeper understanding of potential risks
    - Create various financial scenarios and simulations based on different assumptions and inputs



# AI ethical considerations & mitigations

- **Bias & fairness**
  - Regularly audit
  - Update training data to remove biases
  - Use diverse data sources
- **Transparency & explainability**
  - Develop AI systems that provide clear explanations for their decisions
  - Implement transparent audit trails
- **Accuracy & reliability**
  - Continuously validate and test AI systems
  - Combine AI insights with human oversight



# AI ethical considerations & mitigations

- **Accountability**

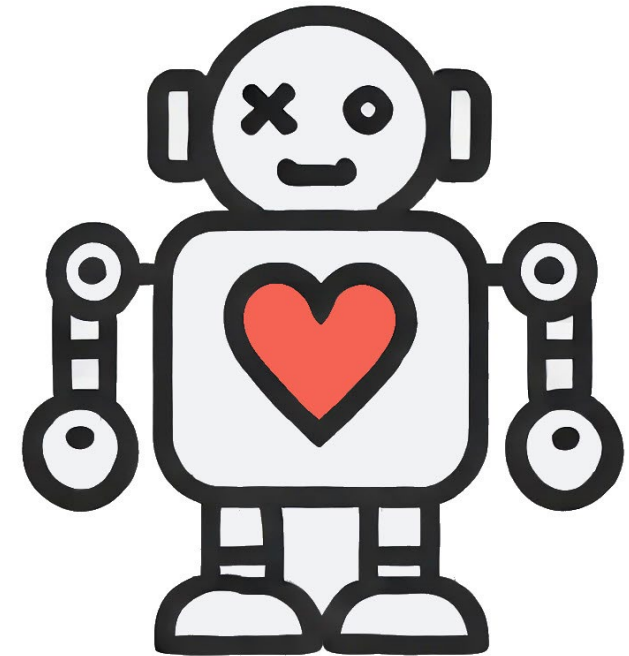
- Establish clear accountability frameworks
- Ensure human oversight in critical decision-making processes

- **Data privacy & security**

- Implement robust security measures
- Comply with data protection regulations

- **Professional skepticism**

- Encourage auditors to critically assess AI outputs
- Maintain a balanced approach between AI insights and traditional auditing methods



# Future proofing you firm & staff

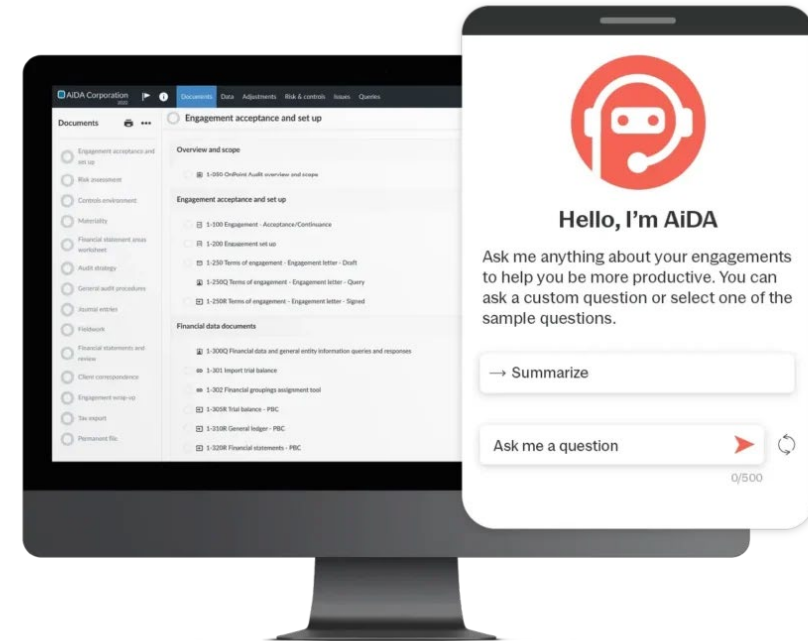
- Embrace the change, ride the wave
- Upskill and re-skill staff in:
  - prompt engineering
  - judgement / professional skepticism
- Adapt business strategies and services

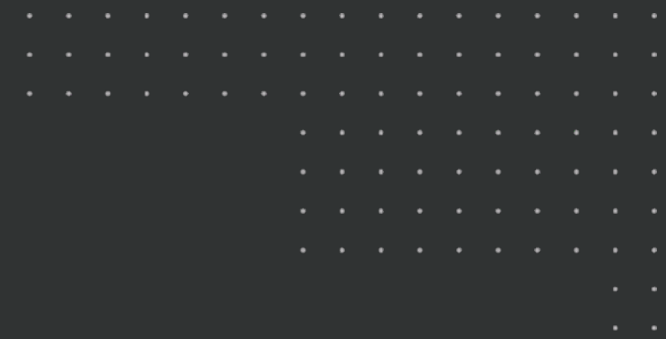
*“AI will not replace auditors - Auditors embracing and using AI will replace those who aren’t”*



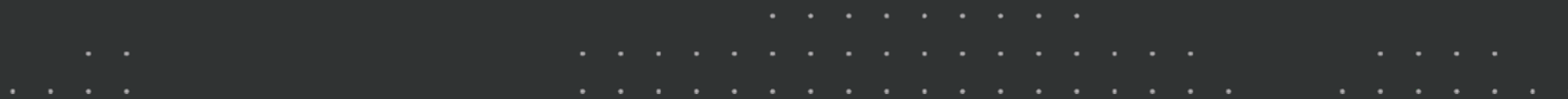
# Caseware sneak peak...

- Cloud based - available through:
  - Cloud apps
  - Working Papers (hybrid)
- AiDA is an assistant only
- Fit for purpose
  - Parameters applied
  - SOC 2 & ISO 27001 still applies
- Prompts not retained
  - No training of model





# Questions



# Thank You!

For more information regarding any of our Caseware solutions,  
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