Artificial Intelligence (AI) in Audit

The AI-Powered Auditor:

Transformation, Trust, and the Future of the Indian CA Profession

Table of Content:

What is AI in Audit ?

Introduction to AI in Audit

AI in audit refers to the use of advanced technologies like machine learning, natural language processing, and data analytics to automate, enhance, and optimize the auditing process.

Improve the speed, accuracy, and depth of audits while reducing manual effort, human error, and fraud risk.

Key Points

- AI assists auditors by automating routine tasks, analyzing large datasets, and providing real-time insights.

- Ensures more accurate audits and quicker decision-making.

- Helps with continuous monitoring, fraud detection, and compliance.

The Great Inflection Point

The Old World: Sampled transactions, manual vouching, rule-based checks.

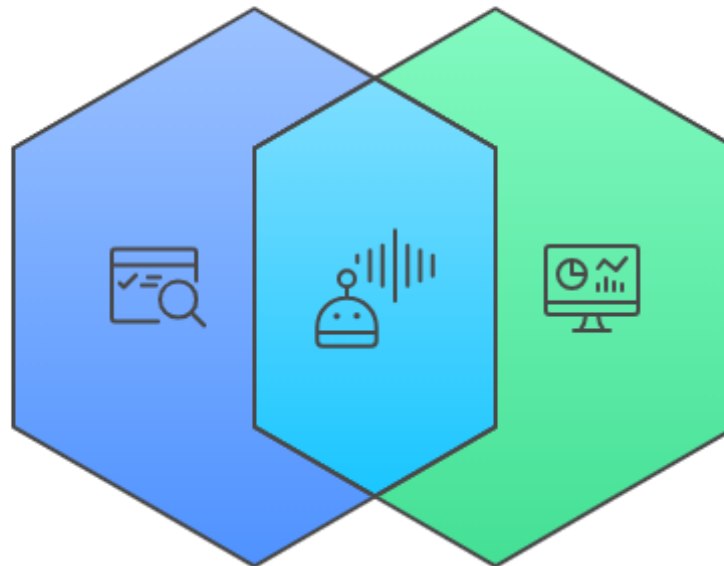The New World: 100% population analysis, predictive risk modeling, unstructured data

Bridging Traditional and AI-Driven Auditing

Modern Audit Transformation

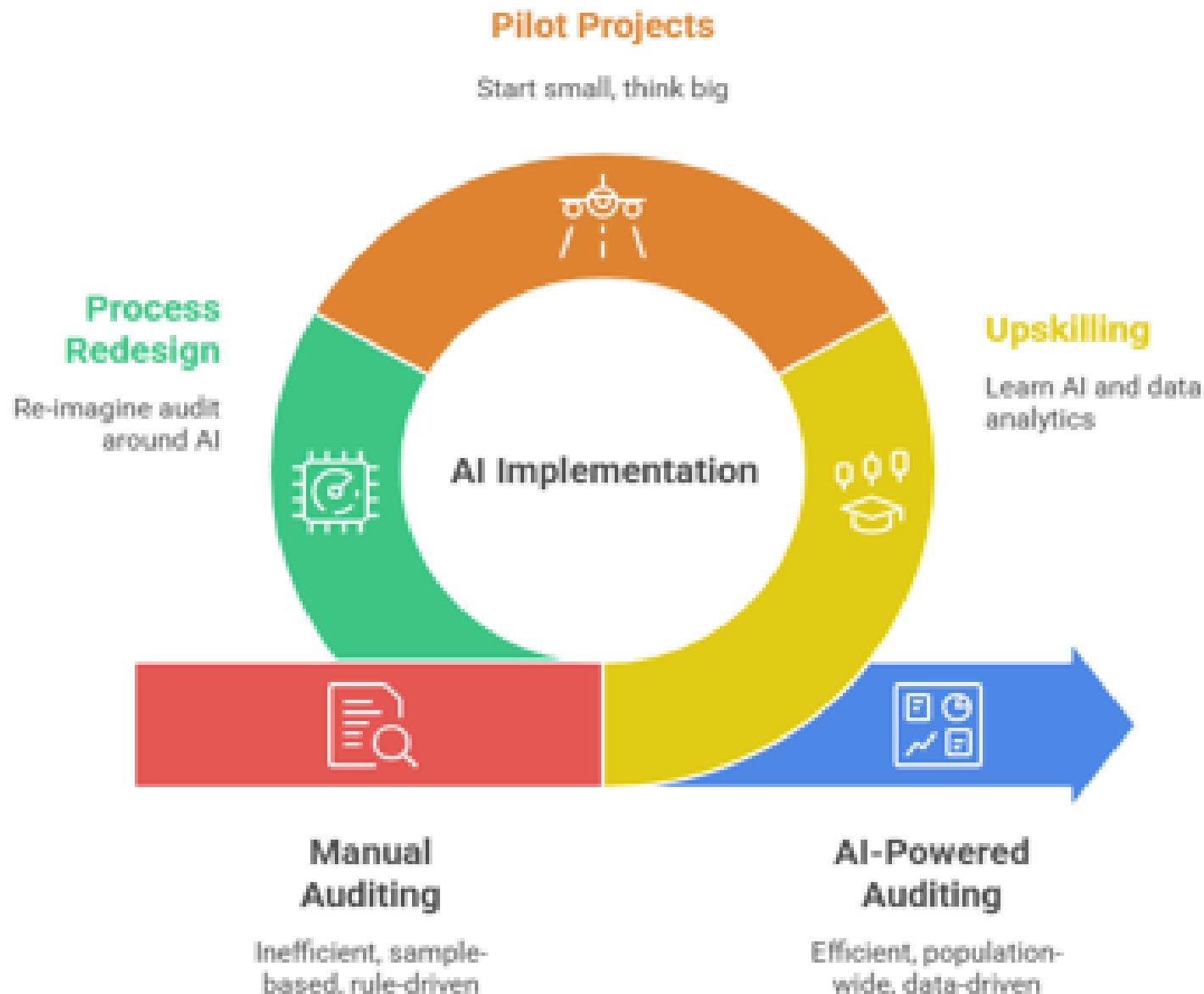Real-time, comprehensive risk oversight

Traditional Auditing Methods

Manual, rule-based transaction checks

AI-Powered Auditing Methods

Predictive, data-driven risk analysis

Made with Napkin

Embracing AI in Indian Auditing

Pilot Projects
Start small, think big

Process Redesign
Re-imagine audit around AI

AI Implementation

Upskilling
Learn AI and data analytics

Manual Auditing
Inefficient, sample-based, rule-driven

AI-Powered Auditing
Efficient, population-wide, data-driven

ICAI Mandate: Guidance & Foresights

ICAI's AI Committee & Initiatives: Highlight the formation of the AI committee, whitepapers, and focus on continuous learning.

Standards in Consensus: AI tools must operate within the framework of:

SA 220 & Quality Control

Ensuring professional skepticism and competence

SA 200

Overall Objectives of the Independent Auditor

SA 500

Audit Evidence – Relevance & Reliability

SA 315 & 330

Identifying & Responding to Risks

Tools & Platforms for AI-Powered Audit

AI Technologies in Auditing

Robotic Process Automation

Automates repetitive tasks like bank reconciliations.

Natural Language Processing

Reads contracts and notes to identify risks.

Machine Learning

Learns from data to flag anomalous transactions.
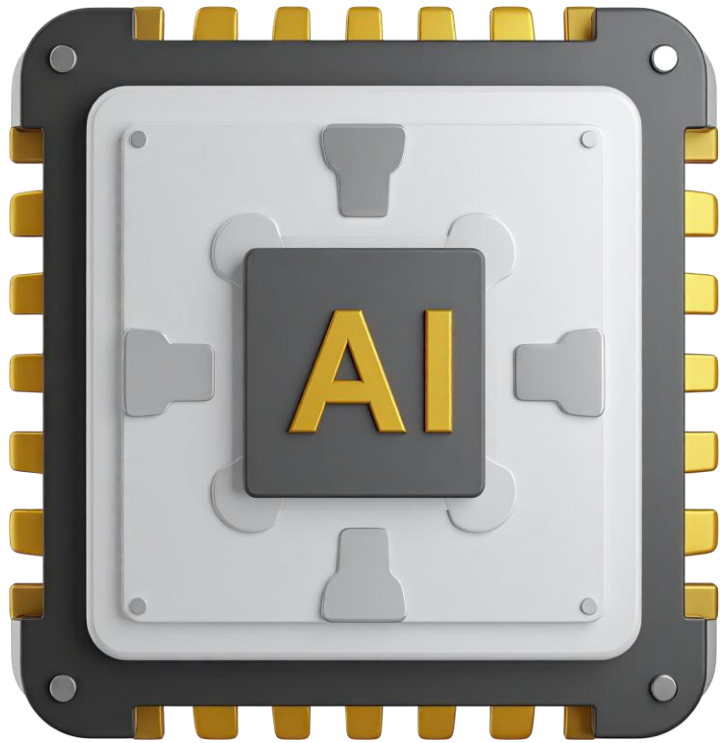
Predictive Analytics

Forecasts potential material misstatements.

Computer Vision

Extracts data from invoices and receipts.

Tools & Platforms for AI-Powered Audit

- ➢ **Microsoft Power BI/Tableau:** Analysis, Risk Identification, and Reporting - Visualization tools for audit findings and dashboards.

- ➢ **Merlin. Ai : Quick Research & In-Context Summarization.** Used as a general browser/desktop assistant to summarize accounting standards, meeting minutes, or client policy PDFs quickly.

- ➢ **Claude : Deep Policy & Contract Analysis.** Excellent for uploading and analyzing very large, complex legal or regulatory texts (e.g., multi-page contracts, compliance documents).

- ➢ **Notebook: LM Knowledge Base & Consistency Check.** Uploads multiple client documents (SOPs, memos) and allows auditors to ask questions to verify cross-document consistency and policy adherence.

AI Tools
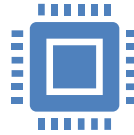
Julius AI: Enables quick statistical modeling and interactive data visualizations by uploading datasets and using natural language commands.

ICAI CA GPT: Provides domain-specific AI assistance tailored to Indian accounting, auditing, and taxation requirements.

Screener.in: Supports financial benchmarking through access to historical financial data, ratios, and peer comparisons of listed companies.

Grok / Gemini: Assists in analyzing structured and unstructured data to identify trends, correlations, and anomalies using natural language queries.

Napkin AI: Converts textual descriptions of business processes into clear visual flowcharts for audit documentation and presentations

Transformative Use of AI

Use Case 1

Automation of Vouching Process

AI-powered tools can extract relevant data from unstructured data sources like images and PDFs. This can save hours of manual data entry and reduce human errors.

Auditors can automate the extraction of financial data from invoices, receipts, contracts, and other documents, making data analysis more efficient.

Benefits

- Faster data collection from various formats (PDFs, images, scanned documents).
- Minimizes human error in data entry.
- Saves time and ensures more accurate and consistent results.

AI Tools Available

Trullion (Visit Website**),** MindBridge Ai Auditor (Website)

Simplify tests of details and substantive testing with AI-driven matching. Automatically perform vouching and tracing.

Use Case 2

Automating ledger analysis and verification of unusual entries

- Automated analysis of ledger entries and journal vouchers for anomalies.

- Identification of unusual transactions or patterns (e.g., round-sum entries, duplicate invoices).

- Cross-verification of supporting documents with ERP records using AI-based OCR.

- Risk scoring of accounts for auditor focus.

Benefits

- Faster detection of errors and fraud indicators.

- Reduced manual effort in sampling and verification.

- Enhanced audit quality and focus on high-risk areas.

- Provides data-driven insights for management and compliance reporting.

AI Tools Available

- Audit Board (website) , Aotbook AI, Merlin AI

AI uses models trained on GRC data to amplify your team's impact, while configurable oversight and full audit trails keep you firmly in control.

Use Case 3

GST, AP and AR Reconciliation – faster & accurate with lesser time

The **Reconciliation** tool uses AI to automate the reconciliation of vendor or customer ledgers, matching invoices and payments quickly and accurately.

Benefits

- Faster and more accurate reconciliation process.
- Reduces human errors in matching payments to invoices.
- Allows auditors to focus on more complex tasks, such as investigating discrepancies.

AI Tools Available

Audit Board (website) , Aotbook AI,

AI automates the reconciliation process, delivering faster results with higher accuracy and completeness.

Use Case 4

AI for Audit Report Automation

AI helps generate Audit report automatically, providing auditors and decision-makers with up-to-date insights on financial performance. Creating summaries of findings, or generating management letters by synthesizing key audit points

Benefits

- Automates the creation of financial reports, reducing manual work.
- Provides real-time insights for better decision-making.
- Enhances the ability to track trends, patterns, and anomalies across financial data.

AI Tools Available

Audit Board (website) , Aotbook AI, Workiva

Environmental

Focuses on a company's stewardship of nature

Social

Evaluates relationships with stakeholders

Governance

Deals with leadership and shareholder rights

Use Case 5

AI for ESG Audits:

Briink is an AI-Powered Document Analysis tool designed to empower ESG teams by extracting and analyzing unstructured ESG data from documents.. The tool allows users to upload documents and websites, leveraging AI to collect and summarize ESG insights, complete questionnaires, and perform gap analyses

Benefits:

- ability to handle large volumes of documents and websites simultaneously,
- automatic generation of responses to ESG questionnaires, and instantaneous data verification
- extraction from company documents and websites.

AI Tools Available:

Briink (Brinkk)

The Symphony of Human and Machine

AI for a Future-Proof CA Profession

Risk of Professional Irrelevance
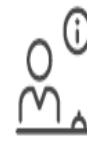
Enhanced Professional Relevance

Traditional Trust in Reports

Amplified Trust in Reports

CAs without AI

CAs with AI

Partnership Between Humans & AI

- AI is not here to replace auditors; it is here to empower them.
- By automating repetitive tasks, AI frees auditors to focus on critical thinking, professional judgment, and strategic risk interpretation.
- The real value emerges when human expertise and AI capabilities work together.
- The goal is not to compete with AI, but to use it to amplify the impact of audit work.

The Evolving Audit Landscape

CONCLUSION

"AI isn't here to challenge what we do — it's here to elevate what we're capable of.

The real opportunity is learning how to let AI complement our work, not compete with it."

Thank You

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