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Using Artificial Intelligence in Internal Audit: The Future is Now

Internal auditors are increasingly being pressured to boost the value they bring to their organisations, and hence some are asking whether artificial intelligence (AI) may help them meet this goal. According to Rusate, artificial intelligence, which leverages algorithms to identify and understand patterns and anomalies within data sets, can help internal auditors to identify areas of risk and execute many other tasks at greater speed. AI refers to the simulation of human intelligence by software-coded heuristics.

Nowadays this code is prevalent in everything from cloud-based, enterprise applications to consumer applications and even embedded firmware. The most popular applications are OpenAI's ChatGPT, Google's Bard, and Microsoft's Bing Chat.

Some of the advantages of the use of AI in Internal Auditing are:

- Data collection and analysis reports
- Analysing large reports
- Providing useful insights
- Error free auditing
- Speeding up the auditing process
- Improved coverage and efficiency
- Aid for internal auditors

Below are examples of ways in which internal audit can leverage the power of AI with a specific focus on ChatGPT and with some qualifications for privacy concerns.

Planning

ChatGPT can be used in this phase to analyse large volumes of data and identify patterns and trends that may not be immediately apparent to traditional auditing. By using ChatGPT, internal auditors can save time and effort in identifying potential risks and opportunities for improvement. AI can also help internal auditors develop audit plans and testing procedures based on the insights it provides.

Testing phase

ChatGPT can assist to analyse and interpret data, including financial and non-financial data. ChatGPT can help internal auditors in identifying anomalies, trends, and patterns in the data that may require further investigation. ChatGPT can also help internal

auditors to identify emerging risks and opportunities that may require additional attention.

Reporting

In this phase, ChatGPT can be used to generate automated reports that are accurate, comprehensive, and timely. ChatGPT can also help internal auditors in identifying the root causes of issues and provide recommendations for improvement. ChatGPT can even suggest remedial actions that can be taken to address the identified issues.

Monitoring

The monitoring phase is where internal auditors ensure that management has taken appropriate actions to address the audit findings. ChatGPT can be used in this phase to monitor the implementation of the recommended actions and to identify any further areas for improvement.

Privacy and Intelligence Property concerns

One of the most significant concerns with the use of ChatGPT in the internal audit process is privacy. Internal auditors need to be aware of the privacy risks associated with the use of ChatGPT and take appropriate measures to mitigate those risks. It is essential to ensure that the data entered into ChatGPT is anonymized and that sensitive information is not shared or stored on the platform.

According to Forbes, several major U.S. and international publishers are joining forces as part of an effort to sue major AI giants like Google, OpenAI, Meta, Midjourney, and others for using their content to train their generative AI models and are seeking new rules that govern such actions.

Other considerations

AI deployments often require skills not typically found within internal audit, including expertise in statistical analysis and data management. At present, no standards for developing AI exist, although multiple organisations have initiatives underway.

An effective AI solution requires an infrastructure that can be continuously updated as data changes due to, for instance, changing products, regulations, or markets. Implementation in organisations that already have strong data governance procedures in place, along with a data-literate staff, tend to proceed more smoothly than those in those organisations that lack these attributes. There is, however, a great fear of AI eliminating humans and taking control of the world.

Be that as it may, the computer is only as smart as data you feed it.

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