



A Practical Guide to AI in Financial Audits

Strategic Series



Introduction

Artificial Intelligence (AI) is revolutionizing various industries, and the field of financial audits is no exception. As firms face increasing challenges such as a talent shortage, rising workloads, and the need for enhanced audit quality, AI presents a promising solution.

Additionally, financial audits are often plagued by disparate systems, siloed processes, and the difficulty of managing vast amounts of data. These challenges make it hard for auditors to gain a comprehensive view of their practice and client engagements. By automating routine tasks, providing deep insights, and improving efficiency, AI empowers auditors to focus on higher-value activities.

This eGuide explores six key use cases of AI in financial audits, demonstrating how it can transform the auditing process.

“AI holds the potential to revolutionize external audits. Efficient handling of data entry, validation, and pattern recognition tasks by AI algorithms allows auditors to shift their focus to more complex analyses and strategic decision-making.”

- Rouba Daher, Director, Audit & Assurance, Deloitte

Use Cases for AI in Financial Audits

Each of the following use cases demonstrates how AI can transform various aspects of the auditing process. From document analysis to custom AI actions, these use cases highlight the potential of AI to address common challenges and elevate audit quality.

1. Document and Evidence Analysis

Audits involve reviewing a vast number of documents, which can be time-consuming and labor-intensive. AI can analyze complex files through a chat interface, whether it's a single document or multiple files simultaneously. For instance, AI can review all tabs in an Excel sheet at once, parse complicated system-generated data, and translate lengthy PDFs. By remembering prior conversation history, AI refines results over time.

Some example use cases are reviewing multiple documents simultaneously against requested samples, as well as targeting unusual, risky, or high-value samples.

2. Document Annotations

During the testing stage of an audit, a significant amount of time is spent reviewing documents. Auditors manually identify and highlight key elements that meet the test plan requirements. This process is not only time-consuming but also prone to errors. AI can simplify this by automatically identifying and highlighting the relevant parts of the document that meet the test plan, thus saving time and reducing errors.

3. End-to-End Insights

Point solutions and siloed processes make it challenging for firm leaders to understand their practice comprehensively. AI and analytics can automate time tracking and break down team and individual activities, engagement hours, and client interactions across all engagements. Visual dashboards provide a clear overview, helping identify opportunities for efficiency and enabling better decision-making. AI-powered client insights can reveal which clients require more attention, track client responsiveness, and monitor completion times.

4. Automated Account Mapping for Trial Balances

Bringing on a new client or changing software involves ensuring that the trial balance is correctly mapped to a firm chart of accounts. AI can automate this process by mapping the trial balance to the chart of accounts, thereby streamlining lead schedules and financial statement production. AI can intelligently recommend the best match for potential accounts, allowing users to review suggestions before proceeding.

“Businesses are looking to their auditors to lead the AI transformation due to their deep understanding of financial reporting processes and ability to identify areas where AI can add the most value.”

- Matt Campbell, CTO, KPMG UK

5. Analytical Procedures

Auditors carry out analytical procedures on trial balance data to enhance the effectiveness and efficiency of audits, but this is often a manual and time-consuming process. AI can automatically calculate differences and financial ratios, identify significant differences or unusual entries, suggest likely reasons for year-on-year changes, and recommend further investigation. This capability enhances the accuracy and efficiency of audits.

6. Custom AI Actions

Audits often involve repetitive tasks, such as creating client requests from standard templates. AI can automate these tasks, ensuring consistency and saving time. Practitioners can use AI to generate risk statements, create client requests, select test procedures, summarize results, and more. Custom AI prompts with dynamic references to any data element in an engagement, such as test results or risk controls, offer endless possibilities for automation and efficiency.

“Fieldguide AI is a step change in the CPA profession that addresses the talent pipeline challenges head-on. Firms can automate the laborious tasks that consume valuable time, enabling professionals to focus on strategic initiatives and cultivate closer relationships with clients.”

- Mark Koziel, President and CEO, Allinial Global

6 Ways to Apply AI in Financial Audits



Document Analysis

Review, summarize, and find data across client documents



Document Annotation

Highlight relevant parts of documents that merit additional attention



End-to-End Insights

View metrics and trends across teams and clients



Analytical Procedures

Calculate financial metrics and highlight unusual entries



Account Mapping

Automatically map trial balance to chart of accounts



Custom AI Actions

Automate repetitive tasks, like generating client requests

Next Steps

Not sure where to start with AI and your financial audits? Follow these steps:

1. **Assess Your Current Processes:** Begin by evaluating your existing audit processes to identify areas where AI can provide the most value. Look for repetitive tasks, data-intensive activities, and areas prone to human error.
2. **Choose the Right AI Tools:** Research and select AI technologies that are specifically designed for financial audits. Consider factors such as how well it's integrated throughout the audit lifecycle, frequency of innovation, user friendliness, and the ability to handle your audit requirements.
3. **Pilot AI Solutions:** Start with a pilot project to test the selected AI tools on a small scale. This will help you understand the tool's capabilities, identify any potential issues, and baseline the impact on your audit processes.
4. **Train Your Team:** Ensure that your audit team is well-trained in using AI tools. Work with a technology provider to provide comprehensive training sessions and resources to help your team understand how to leverage AI effectively.
5. **Monitor and Evaluate:** Continuously monitor the performance of AI tools and evaluate their impact on your audit processes. Collect feedback from your team and make necessary adjustments to optimize the use of AI.
6. **Stay Updated:** AI technology is constantly evolving. Stay informed about the latest advancements and updates in AI tools for financial audits. Work with your technology provider to ensure you are both in sync.

Conclusion

AI is not just about improving efficiency; it is about transforming the entire financial audit process. By leveraging AI's capabilities, firms can address the talent shortage, enhance audit quality, and empower auditors to focus on higher-value work. As the industry continues to embrace AI, it will become an indispensable ally in navigating the complexities of modern auditing.

About us

Fieldguide Powers the Future of Trust

Built by and for practitioners, Fieldguide is the leading AI platform for advisory and audit services, streamlining the entire engagement lifecycle for firms and their clients. Our AI-powered, cloud-based software helps firms take advantage of the increasing demand for Advisory and Audit services by addressing the challenges of scarce talent, remote collaboration, and more sophisticated clients.

Fieldguide provides end-to-end visibility across all advisory and audit engagements, including financial audits, risk and cybersecurity, privacy, payment card compliance, regulatory compliance, SOC audits, HITRUST, and more. Top 100 and innovative firms Wipfli, Mazars, and Apriso trust Fieldguide to increase revenue, boost client satisfaction, and improve profits.

Fieldguide has been recognized by AccountingToday and CPA Practice Advisor, receiving the AccountingToday Top New Products Award and the CPA Practice Advisor Technology Innovation Award in 2021, 2022, and 2023. Fieldguide CEO, Jin Chang, was also named one of CPA Practice Advisor's 20 Under 40 Most Influential People in Accounting in 2022 and 2023. The company is backed by top investment firms, including Bessemer Venture Partners, 8VC, Y Combinator, and Floodgate.

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