

AI for auditing

12 use cases to jumpstart your journey

KPMG

 **AuditBoard**



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Time to get on board

AI is fundamentally changing the role of technology in audit, risk, and compliance. AI tools have quickly gone from novelty to necessity. **The question is no longer if you’ll use AI in internal audit, but how.**

Audit, risk, and compliance activities have historically relied on highly manual processes. AI capabilities in automation, data analysis, machine learning (ML), large language models (LLMs), and natural language processing (NLP) can help practitioners do this work more efficiently. AI tools also enable broader audit coverage and deeper risk assessments, **providing a more complete picture of organization-wide risk than ever before**. Instead of fragmented data and overlooked details, decisions can now be made based on comprehensive information across multiple data sources. Instead of relying on historical data alone, organizations can identify emerging risks and trends to respond proactively and stay ahead of potential issues.

AI tools enable broader audit coverage and deeper risk assessments, providing a more complete picture of organization-wide risk than ever before.

Internal audit’s ability to “connect the dots” to help management understand risks, issues, and root causes in context has always been among the profession’s key value propositions. **Now, AI tools can connect more “dots” than human auditors can see**. But it’s the auditors — bringing creative, critical thinking and understanding real-world considerations, organizational strategy and priorities, and so much more — who can translate AI’s results into a discernible picture of how a given risk could impact the entire business. This more complete view of risk is hugely valuable, enabling internal auditors to provide insights that help management improve risk management and decision-making.

Instead of fearing AI, internal auditors should embrace AI as a tool that helps them increase their value to the business. Once and for all, AI will not replace internal auditors. AI automates; humans validate. AI can fast-track data analysis, but human judgment is essential for turning that analysis into actionable insight. If anything, AI’s

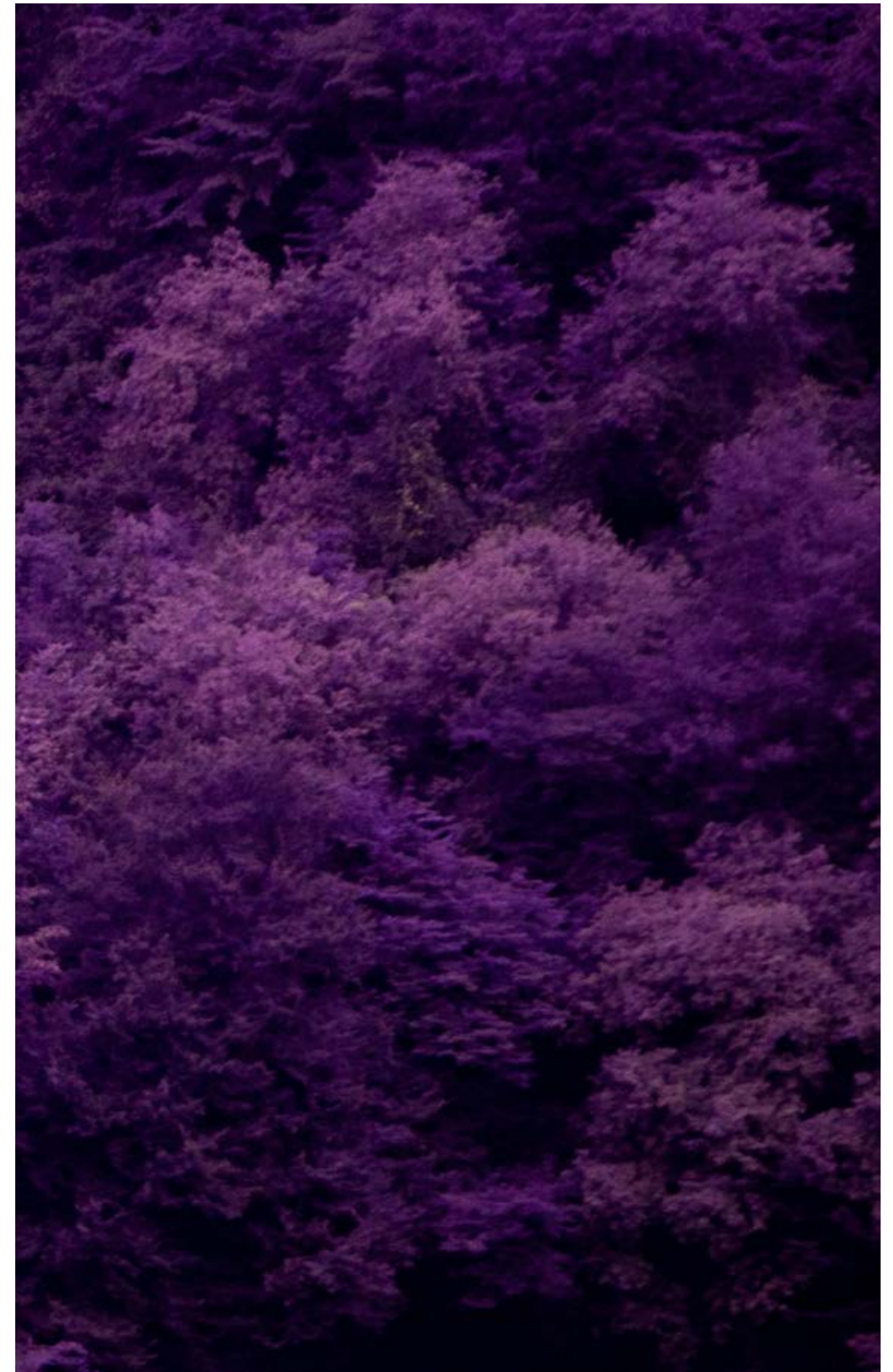
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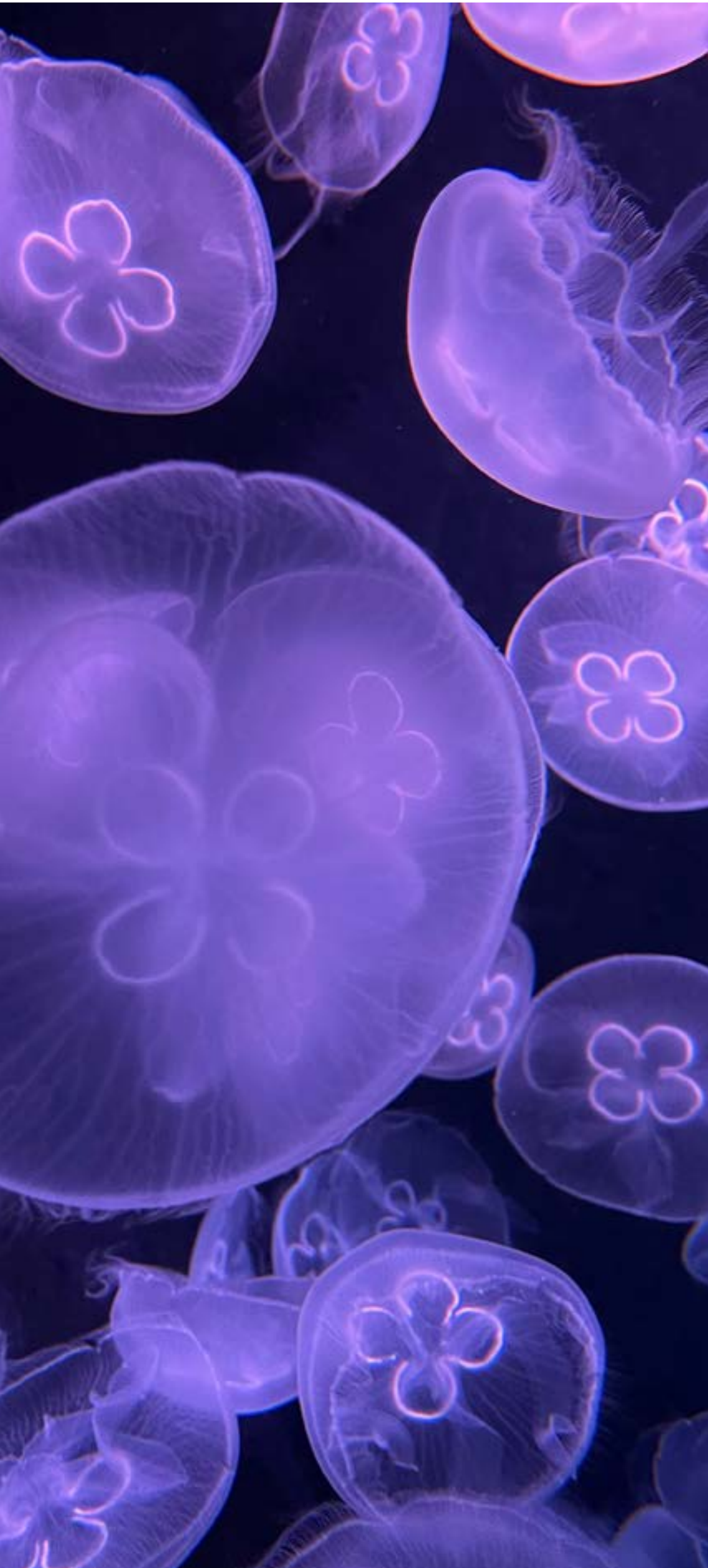
ubiquity makes internal audit more indispensable, given fast-growing AI auditing and assurance needs.

Further, AI won’t necessarily change how much time internal auditors dedicate to their work. **What will shift is where they allot that time**. Many hours historically spent on audits will be dedicated to advisory work. AI will help propel the profession towards the [IIA’s 2035 vision](#), where internal auditors are indispensable strategic advisors to their organizations.

Internal auditors should embrace this opportunity to rethink and enhance their methodologies. It’s time to give AI the low-value, high-intensity work and let the humans focus on what has always been the most meaningful part of the role: providing the risk and strategic insight and assurance that helps our organizations protect, create, and enhance value.

The hardest parts now are (1) proving that AI can be relied upon and (2) upskilling ourselves and our teams in using AI effectively. **That’s why this guide is 100% focused on practical internal audit use cases you can get started with today and as you mature**. So, get on board or get out of the way. AI is here to stay.





5 foundational lessons

Keep these 5 key lessons in mind as you get started.

1.

AI use brings security risks

Make sure your team's use of AI tools complies with your organization's acceptable use policy and aligns with its risk tolerance. Each tool offers different privacy and security safeguards, so it's vital to understand policies and service terms. Teams should never share sensitive, confidential, or proprietary data with public LLMs. Enterprise-class solutions (e.g., white-labeled internal AI tools, ERP AI tools, [AuditBoard AI](#)) offer reasonable assurance that conversations and data are protected with enterprise-class security, but it's important to verify.

2.

The “human in the loop” is essential

AI outputs require detailed review by humans. Fortunately, review processes are in internal audit's DNA. The key now is embedding appropriate reviews within AI-enabled workflows, defining when and how practitioners must apply validation, judgment, and skepticism to AI models and results.

3.

Teams must be trained in safe, effective AI use

Proactive team training is essential. Many internal audit teams say they lack the skill sets to use AI effectively. It's up to you to change that, educating your team on AI safety, use cases, and the ongoing need for the human in the loop.

4.

It helps to understand how generative AI works

A baseline understanding of [how AI processes work](#) bolsters all of the above. For example, LLMs use language associations to make statistical inferences. They don't “know” anything because they don't draw from databases of facts. Rather, they've been trained on huge bodies of data that they use to infer their responses. That's why “hallucinations” — statistical inferences the AI got wrong — are endemic, permanent AI features. Improving your technical knowledge will help you better manage AI risks, ensure appropriate reviews, and understand what is and isn't possible, accelerating progress and enabling you to drive more value from AI.

5.

Getting started with AI may cost less than you think

Many enterprise technologies' AI capabilities offer a solid starting point. For example, Microsoft 365 users can try Copilot or Power BI, Google Workspace users can take advantage of Gemini, SAP users can experiment with Joule, and [Salesforce users can try Einstein](#) or Tableau. Some audit management solutions, like AuditBoard, also offer embedded AI capabilities purpose-built for internal audit. While these solutions may or may not be optimal for your team's needs, they are likely to provide a cost-effective, easily integrated entry point.



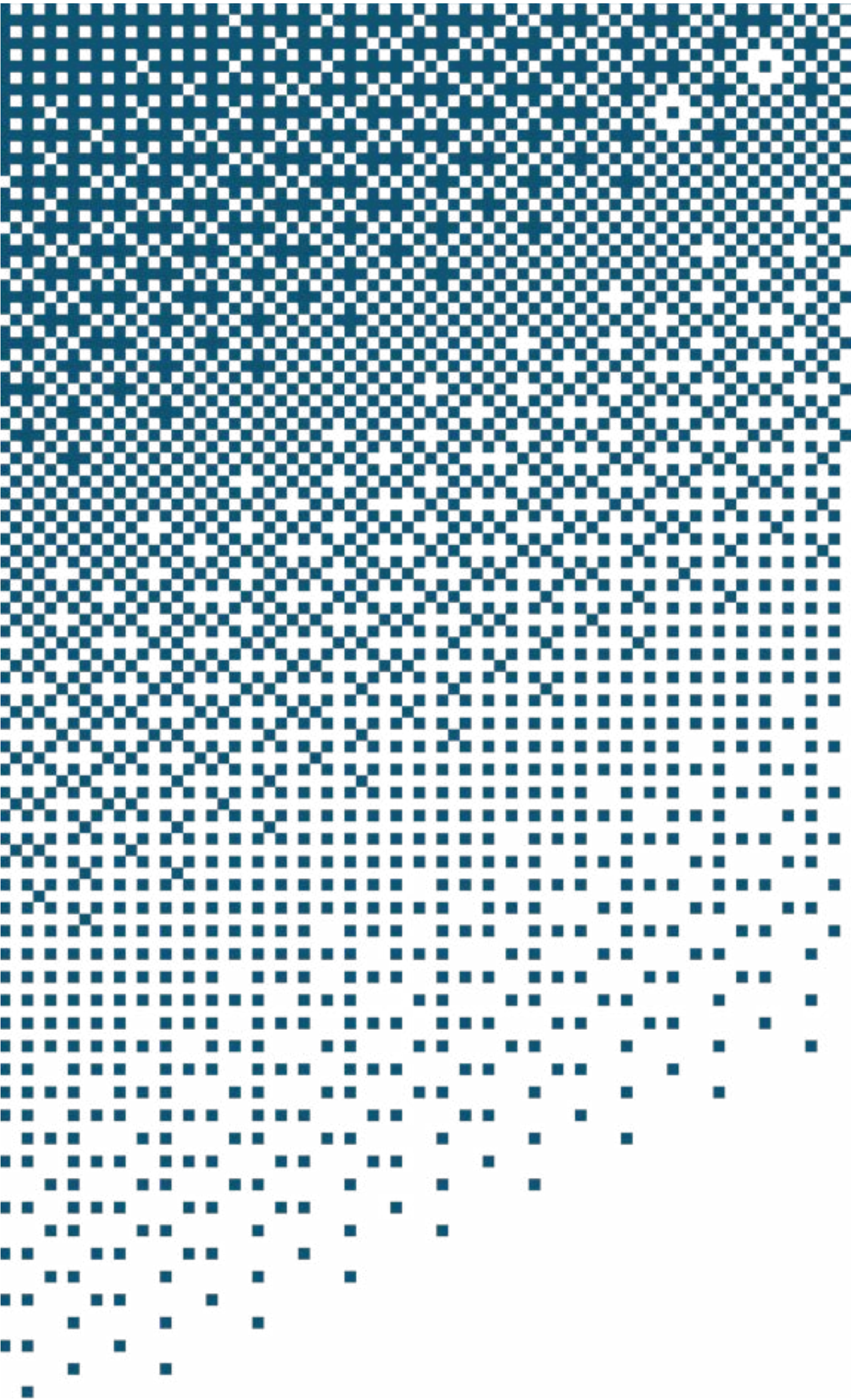
AI use cases in internal audit

Iteration, learning, and continual improvement are at the heart of generative AI. AI models go through countless iterations as they’re trained, enabling them to continually refine their understanding of their training data to reduce errors, improve outputs, and adapt to new data. Internal audit teams implementing AI will be well-served to follow AI’s example: **Start small, iterating to see what works. Learn as you go, bringing all you’ve learned to each new iteration. Keep refining and improving.**

KPMG’s AI capabilities

KPMG offers a wide range of AI solutions to support your audit, risk, and compliance programs, including:

- **Agentic readiness and technology strategy:** KPMG works with you to identify opportunities to deploy agents that can help you accomplish your objectives.
- **Agent development and technology implementation:** KPMG will help you move fast, reduce risk, and improve the performance of your program.
- **Program Health Check:** KPMG can assess your program and strategy against peers and objective benchmarks.
- **Outsourcing and co-sourcing:** KPMG can increase trust, manage budget effectively, and stay focused on your core business.



Get started:

Common “out-of-the-box” AI use cases

Most internal audit teams can get started immediately with AI use cases requiring no specialized skills or training. A large majority will already have the AI tools needed in-house, embedded in enterprise technologies.

1

Research and planning

Research and planning tasks are where most teams get started with generative AI. Beyond assisting with basic tasks like notetaking, transcripts, discussion and action item summaries, and content synthesis, AI tools can also help with common internal audit writing tasks (e.g., scoping or planning memos, control requirements, risk descriptions, audit reports) and research on everything from processes, risks, and controls to industry trends, market conditions, regulatory changes, leading practices, benchmarking, and more. These tasks typically involve querying LLMs (e.g., ChatGPT) or leveraging enterprise AI capabilities.

For example, you could kick off a payroll audit by querying a generative AI tool with a prompt like, “I’m preparing to audit the payroll process. I want to understand the types of things that can go wrong in the payroll process.” After the AI lists possible risks, you can iterate with different prompts to refine your list. From there, you can ask about typical controls associated with each risk, test procedures for each control, and required documentation to support test steps. You can even ask the AI tool to help you write emails requesting the documents.

→ For better results

Provide organization-specific information. If the AI tool has appropriate security safeguards, upload detailed information about your organization’s systems and processes (e.g., process/system documentation, contracts) for more specific, relevant answers.

2

Process narratives

Historically, creating process narratives is a time-consuming process requiring significant auditor effort. It involves aggregating several disparate inputs (e.g., prior-period narratives, call transcripts/notes, walkthrough interviews, process/system documentation), drafting detailed narratives, and conducting multiple rounds of reviews and revisions.

This is exactly the type of use case where generative AI really shines. **AI tools tend to be very good at synthesizing multiple documents into a single narrative.** Using relevant raw inputs, AI can create a first-draft process narrative that your team can review and refine.

→ For better results

Provide the AI tool with a relevant, high-quality example process narrative. Tell the tool how to use the example. What aspects of the sample would you like the AI’s output to emulate (e.g., detail level, format, tone, language, length, footnote style)?

Conduct walkthrough interviews in a more linear fashion. Unlike human auditors, AI tools can’t easily distinguish the main “happy path” process within discussions weaving in talk of possible deviations from that path. Charles’ team learned to improve the cohesiveness of AI-created process narratives by tweaking their interview approach. Instead of exploring possible edge cases and process variants throughout interviews, they lead more linear discussions and explore edge cases only at the end, as a separate part of the discussion.

3	Workpaper reviews
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Internal audit leaders review workpapers to ensure they are complete, accurate, reasonable, properly documented, compliant with standards, and free of errors, among other quality checks. Human judgment is critical in assessing several of these areas; that will never change. **However, generative AI tools can perform first-pass reviews that significantly cut down leadership's level of effort.** For example, AI can fix grammatical or spelling errors, make descriptions more clear and concise, flag possible errors, standardize formatting, and highlight elements that may be missing, incomplete, or inconsistent with prior-year workpapers.

→ For better results

Provide clear review parameters. Many tools can be customized to understand specific audit frameworks and standards, increasing the relevance and specificity of AI's results.

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4	QAIP reviews
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Many quality assurance and improvement program (QAIP) tasks are a good fit for AI-enabled reviews. For example, when an audit is complete, Charles' team uploads the workpapers to a SharePoint site, enabling him to interact with the documents via generative AI. Charles then works through his QAIP checklist by typing in prompts that enable him to gain reasonable assurance that the QAIP process is being performed and documented correctly.

→ For better results

Create predefined prompts for checklist items. Once prompts have been tested and refined, integrate those proven effective into your QAIP checklist to expedite future reviews.

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5	Analytics “co-pilot”
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Most internal audit functions still face challenges in implementing data analytics effectively. Some challenges originate from confusion about where and how analytics can be used, with practitioners struggling to turn their business questions into questions that can be answered by analytics. **Fortunately, generative AI tools can also serve as internal auditors' analytics "co-pilot," helping them ideate opportunities and think through data needs and hurdles.**

Sticking with our payroll audit example, the prompt “What are some payroll audit procedures where I could use data analytics?” can get the AI to suggest audit types and specific procedures for each. Users can ask the AI follow-up questions as needed. Notably, these are exactly the types of questions some internal auditors hesitate to ask their leaders, fearing they’ll look bad. **Another potential perk of generative AI is making sure even supposedly “dumb” questions get asked and answered.**

Another common challenge is understanding how to prepare the data for analysis. Historically, doing it properly has involved technical knowledge of analytics toolkits — a potentially difficult ask if you're not a full-time analyst. **AI can also guide users through the data preparation process, potentially yielding better ideas and faster, higher-quality results.**

→ For better results

Get specific. For instance, in your payroll audit, maybe you'd like to understand certain data patterns or anomalies that may indicate payroll fraud and noncompliance (e.g., overpayments/underpayments, unusual deductions). You could ask the AI to suggest predictive analytics methods for using relevant historical data (e.g., average salaries based on position, payroll budgets) to predict and forecast future payroll trends, which can help identify outliers.

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AuditBoard's [generative AI and intelligent recommendation capabilities](#) elevate the experience of internal auditors and their stakeholders, helping them work faster and smarter by surfacing relevant insights, providing intelligent suggestions, and automating workflows like report summarization, issue and control mapping, staffing resources, and more. Within AuditBoard's connected risk platform, AI is seamlessly integrated into practitioner workflows to provide key benefits such as:

- **Improved visibility:** Analyzes large amounts of data and detects patterns to identify systemic issues, duplicative requests and controls, and potential risks.
- **Increased efficiency:** Maximizes productivity by refining your processes to produce high-quality content and establish meaningful connections swiftly.
- **Secure operation:** Ensures data accuracy via human validation and review.

To learn how AuditBoard can help your team work faster and smarter with AI-powered insights and intelligent recommendations to augment your capabilities and business impact, [schedule a demo today](#).

The AuditBoard logo, featuring a stylized 'A' and 'B' intertwined, is located in the bottom right corner of the slide.

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6

Translations

When internal audit processes bring together teams who speak or write in different languages, language differences can create process bottlenecks. **Fortunately, today's AI tools tend to excel at translating widely spoken languages.** By combining ML with NLP, AI-powered translation tools offer more accurate translations that understand context, idiomatic expressions, and technical terms. Real-time and speech-to-text translations, language detection, grammar and style checks, and other capabilities help expedite, streamline, and scale translation efforts across language barriers.

→ For better results

Teach the AI tool your team's frequently used terms. Some tools offer the option to customize dictionaries or create built-in glossaries. Develop a list of frequently used internal audit terms, phrases, and acronyms and feed it to your AI tool to ensure more consistent translations across documents.

7

RACM comparisons

Internal auditors often need to compare a risk and control matrix (RACM) to a framework, regulation, or set of standards. **Generative AI tools are well-suited to comparison-based tasks, making them a great option for harmonizing RACMs.** For example, if you need to compare your RACM to the NIST Cybersecurity Framework, AI tools can potentially identify any duplicate controls, missing attributes, or gaps between the RACM and framework. It could also map your RACM to the framework, or harmonize the way controls or risks are written.

→ For better results

Use AI to enhance risk prioritization. You don't have time to comprehensively assess risk severity based on benchmarks, compliance with standards, and historical audit data. Your AI tool, however, can perform all of the above and recommend prioritization based on the results, helping you ensure that RACMs address the most significant risks first.

8

Prompt libraries

Prompt engineering is an art and a science. Some prompts perform better than others, and different types of prompts work better in different AI tools. However, time invested in writing long, detailed, highly customized prompts offers diminishing returns over time.

This is where prompt libraries pay big dividends. Prompt libraries reduce the friction of using AI while improving the quality of results. They also give teams ready-to-implement ideas for using AI in their work, likely making it easier for them to identify more ways to use AI.

Once your team has gone through a few cycles of creating ad hoc prompts — helping you figure out what works and what doesn't — collect, curate, and categorize the prompts that have proven effective. Bring it all together in a prompt library and make it readily available to your team. A simple categorized list or spreadsheet may be enough to start. Later, it may make sense to develop a database or customized interface. For example, Charles' team uses a Power BI dashboard, improving access control and offering filters to refine searches. **Whatever format you use, make sure it's consistent, searchable, and aligned with users' needs.**

→ For better results

Look beyond your team. Harvest effective prompts not only from your own audits, but also from colleagues' and peers' audits, applicable webinars or trainings, and leading practices.



Get to the next level:

Forward-thinking AI investments

As teams gain experience with AI, the path to maturity opens up. Forward-thinking internal audit leaders are innovating next-level AI investments that enhance and streamline “out-of-the-box” use cases while laying the groundwork for more advanced use cases. Below are some of the most effective investments you can make in maturing your team’s capabilities.

9

Prompt library applications

Imagine opening an application on your laptop, uploading a workpaper that needs review, and clicking a button that says “Review Workpaper.” In this scenario, rather than copying and pasting prompts from your prompt library into a conversational stream with an LLM, the application uses preset prompts to provide a specified set of answers about the uploaded workpaper. But that’s just one example. **Prompt library application interfaces can be customized to carry out a range of AI-enabled activities (e.g., research, planning/scoping memos, process narratives, QAIP reviews, analytics).**

Turning your prompt library into a custom business application obviously involves additional effort. For many teams, however, the ability to streamline, simplify, and ensure more consistent application of AI may be well worth the investment.

→ Where to begin

Several enterprise AI tools make it fairly easy for non-technical users to build custom prompt library applications (e.g., Microsoft Power Apps or Copilot Studio, Google Cloud AI). Enlist help from IT to develop a streamlined user interface and appropriate guardrails.

10

Knowledge repositories

Non-technical users can also leverage enterprise AI tools to build knowledge repositories that enable teams to interact with methodologies, frameworks, regulations, laws, standards, thought leadership, or other documentation. Retrieval augmented generation (RAG) brings together AI tools’ retrieval and generation capabilities to provide more relevant, accurate, and well-informed results. The advantage is that the AI tool isn’t creating an answer from the LLM, but rather from the underlying documentation that it’s being provided. Repositories can be used in combination with static chatbots, dynamic assistants, or applications.

For example, KPMG created a repository of different industry regulations and the firm’s thought leadership that Charles’ team can query through a portal. Accordingly, when they have questions about banking or telecom regulations or want to leverage KPMG’s proprietary thought leadership around a certain topic, finding answers is as simple as typing prompts into the portal.

→ Where to begin

Enterprise tools supporting RAG capabilities include Microsoft SharePoint integrated with Microsoft AI technologies (e.g., Azure, Graph); Confluence by Atlassian, which integrates with a range of AI tools; IBM’s Watson Discovery, which includes both AI-powered search and content analytics; and others. Consider teaming with other groups in your organization to develop repositories.

11

Agentic AI

“Agentic AI” is absolutely an AI buzzword circulating today, but with good reason. AI agents are exciting because they can autonomously complete complex actions. Broadly speaking, when using generative AI tools, you type in a prompt and/or upload information, get a response, and then you as the user can take action using that response. However, AI agents autonomously complete actions on users’ behalf. For example, a typical AI tool wouldn’t be able to provide answers about what’s in a report unless you simultaneously provided it with the report. Even then, the tool could only provide limited answers. However, you could ask an AI agent for an answer regarding a specific report — and the agent could theoretically get the report, pull and examine the data, and provide the requested answer.

AI agents can be quite sophisticated. Potential use cases are highly compelling: autonomous continuous risk monitoring, risk assessments, compliance checks, fraud detection, real-time decisions on prioritization or audit approaches (based on predefined parameters), scenario simulations, audit report generation, resource management, and stakeholder reporting.

Of course, agentic AI introduces more risks, given the increased autonomy. **Internal audit will have a vital role to play in auditing, testing, and monitoring AI agents.**

→ Where to begin

Focus on specific problems you want to solve. Again, start small, focusing on one or two high-priority use cases. Work with your IT team to (1) understand in-house agentic AI technologies or potential technologies worth acquiring and (2) develop effective AI models. Data preparation is crucial — AI agents need clean, consistent, accurate, relevant data.



12	Intelligent staffing
Historically, audit staffing has been a complex, time-intensive, and often tedious task requiring managers to reference multiple information sources to identify the right team members for a particular engagement. Leadership must consider prior experience, subject matter expertise, skills, certifications, availability, utilization, and other factors. In addition, The Institute of Internal Auditors’ (IIA’s) <i>Global Internal Audit Standards</i> 10.2 require that audits are staffed appropriately based on project needs and competencies, and staffing decisions be documented and justified. Fortunately, as outlined in previous use cases, generative AI tools excel at tasks that require comparing and synthesizing information across multiple disparate information sources, making them a great fit for project staffing. For example, in AuditBoard AI’s intelligent staffing feature, managers define which skills and qualifications are important, add them to team members’ profiles, and indicate which skills and qualifications are needed for each new project. Then, AuditBoard AI combines skills data with information about team members’ availability and work history to provide ML-generated smart staffing recommendations. Internal audit leaders also have the option to view a team member’s work history and skills at a glance and create AI-generated explanations for why they are well-suited for an assignment. This helps embed explainability on staffing decisions and streamline compliance with IIA Standards while enabling informed staffing decisions with reduced manual effort.	

→ Where to begin

Several enterprise technologies (e.g., Workday, Oracle HCM Cloud, SAP SuccessFactors, ADP Workforce Now, Ceridian Dayforce, Cornerstone OnDemand, AuditBoard AI) offer workforce planning features. To determine which solution is the right fit for your team’s needs, focus on if/how each technology can help you address the problems you want to solve.

6 steps to jumpstart your journey

It’s time to embrace AI as the tool you’ll use to elevate and amplify the value internal audit provides. Here are six key steps to take now.

Step 1.

Understand your organization’s AI policies and risk appetite. Sit down with management and get clarity on acceptable use, risk appetite, AI governance requirements, in-place AI technologies available for your team’s use, and planned investments.

Step 2.

Enable your teams with generative AI. Engage with leadership, IT, and other key stakeholders to ensure your team is safely and securely enabled with AI. Almost every cloud-based technology platform offers cost-effective ways to do this.

Step 3.

Develop an outcome-oriented technology enablement strategy. Don’t develop an “AI strategy.” Develop a strategy about what you as an internal audit team want to do better, and how AI and other enabling technologies will help you do it.

No more excuses. It’s time to embrace generative AI as the revolutionary force that will transform your work and role. Get started, iterate, learn as you go, and keep improving — but do it ASAP, or this train will leave without you.

Step 4.

Set the tone. Set the expectation that you want your team to use AI safely and securely. Make it clear that using AI isn’t about replacing human auditors, but about improving the quality of their work, freeing up time for value-added activities, and expanding their ability to help protect, create, and enhance organizational value.

Step 5.

Publish a prompt library. Once you start identifying effective prompts, pull them together in a prompt library and make it available to your team.

Step 6.

Push past out-of-the-box solutions. Explore ways to use your existing toolkit to build next-generation AI solutions that solve internal audit’s problems. Many of these technologies (e.g., Microsoft Copilot and Copilot Studio) do not require major investments. They primarily require collaborating with your team to identify problems worth solving and push past simple prompt-in, answer-out interfaces.

“Companies have to get to the point where they realize AI is being used whether they’re formally allowing it or not.

Your employees are using AI in some way, shape, or form. Acknowledge it, and figure out how to get your arms around it.”

Melissa Pici
Global GRC Director, Syniverse

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Anton Dam is the Vice President of Engineering for Data, AI/ML at AuditBoard. In his role, Anton is responsible for the development and deployment of artificial intelligence and machine learning technologies to enhance audit, risk, and compliance workflows. His experience includes developing enterprise AI products at LinkedIn and Workday, as well as at startups such as Restless Bandit and Skupos.



About AuditBoard

AuditBoard's mission is to be the category-defining global platform for connected risk, elevating our customers through innovation. More than 50% of the Fortune 500 trust AuditBoard to transform their audit, risk, and compliance management. AuditBoard is top-rated by customers on G2, Capterra, and Gartner Peer Insights, and was recently ranked for the sixth year in a row as one of the fastest-growing technology companies in North America by Deloitte.

To learn more, visit AuditBoard.com.

About KPMG

KPMG firms operate in 142 countries and territories with more than 275,000 partners and employees working in member firms around the world. We offer a wide range of multidisciplinary capabilities that help you seize new opportunities across your enterprise. Our ability to see both the big picture view and the granular details allows us to look at business challenges from different perspectives to develop insights with game-changing impact. We make the difference by combining deep skills and experience, advanced technologies, and integrated approaches to help you drive success and realize a future filled with profound potential.

To learn more, visit kpmg.com.

