



Executive Summary

The launch of OpenAI's ChatGPT in November 2022 rewrote the book on the modern business model. Virtually overnight, the availability of fast and powerful tools to harness vast amounts of data and create new content became reality. Since then, novel and user-friendly generative artificial intelligence (GenAI) tools have created an irresistible lure to improve efficiency, productivity, and competitiveness. According to a May 2024 McKinsey Global Survey, 65 percent of respondents reported that their organizations regularly use GenAl, nearly double the percentage who reported so in July 2023.1

For internal audit, this evolution in the digital revolution presents a double-edged sword. On the plus side, adoption of AI within internal audit functions offers a golden opportunity to improve efficiency and productivity, as well as enhance its value to the organization. The other side of the sword is that riskaverse internal audit leaders might

delay AI adoption and fall dangerously behind. While concerns such as data security, fraud, compliance risks, hallucinations, design bias, and overreliance are valid, especially given the amount of change management required for AI, using these risks as an excuse to delay adoption can be detrimental to the future of the internal audit function and its ability to add value to the organization.

In August 2024, The IIA's Internal Audit Foundation (Foundation) and AuditBoard interviewed four internal audit leaders who have integrated Al into their teams. Their insights and experiences are presented in four use cases. Before offering insights into how Al is applied

On the plus side, adoption of AI within internal audit functions offers a golden opportunity to improve efficiency and productivity, as well as enhance its value to the organization.

based on the input from these internal audit leaders, the report provides a high-level overview of global practitioners' perspectives on the use of new technologies within the profession, drawing on recent research from the Foundation.

IIA (Institute of Internal Auditors) Al Resources

Artificial Intelligence
Knowledge Center. This
online resource provides
abundant articles,
podcasts, papers,
guides, webinars,
events, and tools to
better understand AI.
(Please note, some
items are exclusive to
IIA members.)

Artificial Intelligence
Auditing Framework
(IIA members only). This
framework supports
internal auditors'
understanding of risk
and identifies best
practices and internal
controls for Al.

Visit theiia.org/ai

^{1 &}quot;The State of Al in Early 2024: Gen Al Adoption Spikes and Starts to Generate Value," Singla et al., representing views from QuantumBlack, Al by McKinsey, and McKinsey Digital, 2024.





Technology's Impact on Internal Audit

The Foundation's Internal Audit Vision 2035: Creating Our Future Together report offers a valuable look into the attitudes and use of technology among internal audit practitioners around the world. Research participants clearly recognize the value and importance of technology in shaping the profession's future. Indeed, this group of more than 7,000 internal audit practitioners and stakeholders from across the globe identified technology as the single driver that will have the greatest impact on internal audit in the next 10 years. This involves not only using new technology, but also understanding its associated risks and having the skills necessary to assess technology transformations.

Research participants envisioned several technology-driven changes that will contribute to internal audit's transformation, including:

- Increasing volumes of complex data to manage/analyze.
- Enhancing internal auditors' skills to remain relevant.
- Developing better insights for recommendations.
- Requiring an elevated skill set for entry level internal auditors.2 Further, 92% of Vision 2035 survey participants report that new technology is key to helping internal audit add more value in the future.

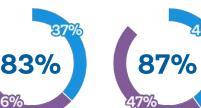
"According to survey respondents, who were asked to share their perspectives on AI in internal audit, AI will add value by enabling the analysis of more information and the development of more in-depth insights. With these efficiencies, the profession should anticipate a transformation in how audits are conducted in the future, along with enhanced assurance opportunities and expanded advisory services."3

Future Impact of New Technologies Strongly Agree

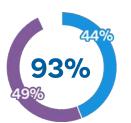




New technology will replace some entry-level roles in internal audit



Disinformation and misinformation will emerge as a top global risk



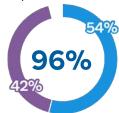
The use of new technology will provide internal auditors with better insights for their recommendations



Entry-level internal auditors will need a higher level skill set to be successful



Internal audit functions that do not leverage new technology will face challenges and potential failure



Experienced internal auditors will need to increase their technology skills to stay relevant



There is a risk that organizations will rely too heavily on new technology with less human involvement



New technology is key to helping internal audit add more value



New technology will allow auditors to manage increasing volumes of data and more complex data

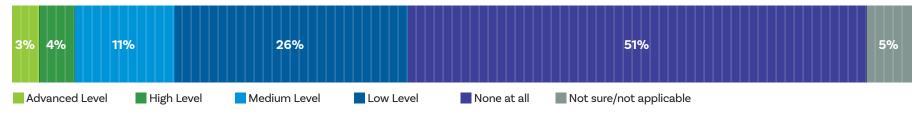
Source: The Foundation's Vision 2035 Survey. Q38. Please indicate your level of agreement with the following statements about new technology (such as AI, machine learning, and automation) and its impact on internal audit in the future. (n=6,506).



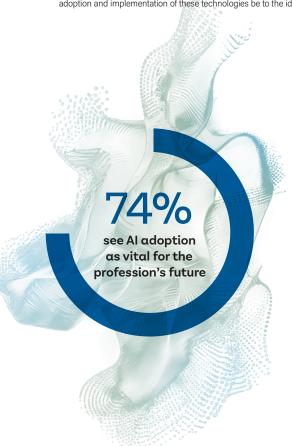


^{2 &}quot;Internal Audit: Vision 2035 Creating Our Future Together," The Internal Audit Foundation, 2024. 3 Ibid

Current Degree of AI Implementation



Source: Vision 2035 Survey. [Internal Auditors] Q36. To what degree has internal audit at your organization implemented the following technology tools and approaches? Q37. How important will adoption and implementation of these technologies be to the ideal future of the internal audit profession? (n=5,273)



Al features prominently in internal auditors' vision for impactful technologies, as nearly 3 in 4 (74%) practitioners responding to the survey consider the adoption and implementation of Al to be of utmost importance to the profession in the future. However, despite the rosy outlook on technology's promise, a nearly equal proportion (77%) report low-level or no implementation of Al within their functions today.

The Foundation's Vision 2035 research illustrates that while internal audit practitioners recognize Al's potential to transform the profession, progress in adopting the technology has been limited or non-existent. Only 2 in 10 (18%) of Vision 2035 survey participants report using Al for internal audit

activities today. Despite this gap between internal auditors' aspirations and their current levels of adoption, the development of AI within internal audit is and must be ongoing. Internal audit should be wary of relegating AI as a technology of the distant future. The profession will not achieve its envisioned impact unless it starts making headway today.

Some forward-looking leaders are already incorporating AI techniques to advance the profession. The four use cases that follow are presented from organizations that fit into that narrow slice of early adopters. These examples provide concrete insights into how internal audit teams are actively using and exploring AI.

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4 Ibid







The Enthusiast

Internal audit leader is a zealous promoter of Al

Despite known and unknown risks associated with AI use, an internal audit leader at a major auto manufacturer is eager to promote the use of AI within the profession.

"I know there's things out there on the internet where it's given bad examples of things or it's not worked, but by and large, it works, and it really can help you step up your game."

It helps that his company has in place Al governance, controls, and training to make getting started easier.

"It's pretty comprehensive, more than what I would have expected jumping into this," he said. "So, I was pleased to see that."

The audit leader described himself as an early technology adopter, and he has eagerly taken advantage

of training and tools offered by the company to improve his communications in emails and in draft reports. "It's really helped me step up my game."

He is not alone. The Al tool, Microsoft Copilot, is used to write press releases, draft emails, even analyze financial statements, he said.

Introducing AI to the internal audit function

Much of the AI use in internal audit so far has been to improve efficiency by having the tool do more mundane tasks, such as providing summaries of meetings or drafting communications. As others describe, this audit leader also uses AI to enhance various aspects of risk assessment. For example, he'll describe a risk scenario and



provide relevant standards, policies, or expectations. Then he'll describe actual conditions and direct the AI tool to identify potential risks and root causes and recommend countermeasures.

"It's been wicked smart," he said. "I've been very impressed."

In addition, he has leveraged the tool to support management of the audit function. "I was starting with a new team, a new role. I asked it, 'What are some things that I should do in initial one-on-one meetings?' and it came back with 15 different topics.

Again, it was pretty impressive."

He said he is planning to leverage it to support reporting compliance. "We'll try uploading SOX (Sarbanes-Oxley) narratives and ask, 'What's missing from this process?' 'How can we strengthen this process?' or 'Are there gaps in this process?' "

Insights

As his confidence has grown in the tool, the audit leader said it challenges him to rethink how he uses it.

"Originally, I was drafting my email in my words and then saying, "Improve my wording," he said. "But now I say, 'I need an email to this team. Here's some of the important points I want to include. Draft me an email.'That's where I'm at now. I'm not even thinking about drafting the email first."

The barriers to AI use generally discussed include resistance to use by more tenured workers, but the audit leader said he has not seen that on his team. "There's somebody [on the team] I would say is a bit more on the tail end of their career, and they really embraced it. At first it was a little bit of a struggle. Technology for them in general is a little bit of a struggle, but they have fully embraced it and see the benefits."

One change he would make, however, is including his team earlier in his Al journey.

"I turned it on for myself and got out in front of my team a little bit. In retrospect, maybe it should have been like, 'Hey, let's attend this webinar, attend this Teams chat,' maybe something from that standpoint."

Overall, however, the experience has been wholly positive, he said.

"Once you get a little bit comfortable with it and get over the barriers, you're never going to look back."

Case Snapshot

INDUSTRY

Automotive Manufacturing

FUNCTION SIZE

•40 in regionalized audit function.

GOVERNANCE

 Advanced governance policies in place. Dedicated company intranet supports AI use; it offers AI best practices, safety guidelines, and training that includes effective prompt writing.

IMPLEMENTATION

- Leveraged robust internal resources that include use cases examples and prompt training.
- · Encouraged safe experimentation.

USE WITHIN FUNCTION

- Drafting emails.
- · Reviewing draft audit reports.
- Identifying potential risks, root causes, or countermeasures in varied department scenarios.
- Analyzing financial statements.
- Performing translation.

AUDIT PROJECTS/ENGAGEMENTS

• Plans to upload SOX narratives into internal AI tool and look for ways to strengthen processes or identify gaps in processes.

- Explore and have fun with it. Don't be afraid. You're not going to break it.
- Make sure you go over any outputs. You need to go through it with a fine-tooth comb. Make sure you agree and that it makes sense for your organization.
- · See it as an enhancement to your career, not as a threat.
- Be intellectually curious about it, and you'll come to see how it can benefit you.





The Protector

Effective AI use demands a secure environment

The promise of improved efficiency and productivity makes leveraging AI technology essential for just about any organization, and one major multinational manufacturing company has become a leading proponent of using AI to "bring manufacturing into the future."

However, even for this Al champion, the risks associated with using publicly available GenAl tools created a conflict with maintaining a secure environment to safeguard its product lines and client relationships.

The answer was finding the right platform to safely explore and initiate AI use. "Before rolling out anything, have a strong AI policy that everybody is aware of and is compliant with," the company's chief audit executive said. "Second.

having a partnership in a safe and secure AI platform such as the one that's been built inside the company is great because your information stays within the company. There are not as many limitations as to what information you can use, and you can tailor the model to grow with you and grow with the company."

The introduction of the platform and an accompanying AI use policy were eagerly awaited. Until then, the manufacturer had put in place programs that monitored and blocked inappropriate sharing of company information with GenAI tools, the CAE said.

Introducing AI to the internal audit function

The company is now using Microsoft Copilot and AuditBoard to safely



implement AI, and its advantages within internal audit were quickly recognized. "We've leveraged a lot of AuditBoard's AI functionality so far," she said. "They launched an AI tool for issues and control descriptions. And, we've leveraged <u>AuditBoard's generative AI</u> a bunch for our year 25 planning."

Beyond the audit plan, Al also has been beneficial in developing consistent descriptions of controls and issues, she said.

"The team has been amazed about how powerful AuditBoard's AI tool is," she said. "It's become more desirable to have consistent wording, but managers all over the regions phrased their issues differently. By using AuditBoard AI, we've managed to keep it more consistent."

In addition, the team has used Al in the AuditBoard platform to help brainstorm risk identification and risk assessment, and to expand risk control matrices.

Indeed, the AuditBoard platform is designed to generate control, risk, and issue language based on user prompts and audit, risk, and compliance training. What's more, its functionality supports mapping

between controls and framework requirements, uncovering duplication, summarizing audit findings, and more.

"The team got hands on as soon as they could with the technology because they were already used to using ChatGPT outside of work," she said. "When AuditBoard rolled out the AI feature and we were able to get hands on the pilot project, everybody was wanting to be part of the focus group."

Insights

While still early in the adoption process, the CAE noted additional training ahead of the hands-on experience would have helped. "It is important to quickly get the team beyond basics on AI tool use, and teaching prompting techniques to get better results would have helped."

A major takeaway was how much adoption of AI can improve the spirit of the team, the CAE said.

"I think that if companies stay still when it comes to AI implementation, they will fall back, and even their employees will feel reluctant. Working in that dinosaur environment is not good."

Case Snapshot

INDUSTRY

Manufacturing

FUNCTION SIZE

•40 FTEs

GOVERNANCE

 Al policy recently put in place. Previous to policy, there was a general ban on use of GenAl tools within the organization.

USE WITHIN FUNCTION

- · Brainstorm risk identification and risk assessment.
- · Leverage AI to help expand risk control matrices.
- Leverage AuditBoard's AI function to support planning, control descriptions, and issues descriptions.
- Create consistent descriptions of issues across various regions.

IMPLEMENTATION

· Encouraged safe experimentation.

AUDIT PROJECTS/ENGAGEMENTS

· Control testing planned.

- Having a strong Al policy across the workplace is critical to safeguarding data and being cybersecure.
- Seek out partnerships that can provide a safe and secure Al platform inside the company.
- Cultivate a secure environment to learn and experiment in.
- Have a strong implementation plan for everybody to take the most advantage of the tools and learn how to use them.





The Explorer Fintech firm develops safe

Fintech firm develops safe "sandbox" to explore Al

The exploration of AI uses in internal audit has been highly positive and productive for one audit leader at a major U.S.-based fintech service company. What made it so was the ability to embark on the journey of discovery safely.

The fintech firm, which has a substantial international clientele, made a commitment to incorporate Al across the organization and partnered with Microsoft to explore Al using the Copilot tool. It purchased 600 licenses and has made them available to users across several departments, including internal auditing.

"I appreciate that our company put in the effort and said, 'We are going down this road," said the audit director, who oversees finance and operational audits. The firm's commitment to AI began about a year ago with basic guidance on its usage, including a general admonition against putting any confidential information into GenAI tools, such as ChatGPT. A formal AI governance policy was developed and introduced about six months later, which includes specifics on what tools can be used, he said.

The company's approach included a GenAl Expo where teams across the organization were able to share how they were using the technology. "It was definitely one of the key initiatives over the last year with a lot of support from the top down," he said. "It gave us the tools and the opportunities to really get into Al and figure out how we can use it."



9 DEMYSTIFYING AI: Internal audit use cases for applying new technology

Introducing AI to the internal audit function

Microsoft Copilot's introduction into the Office suite opened the door for internal audit's safe usage and exploration of AI. "The Microsoft browser, Copilot, is basically like a sandbox," he said. "So, even though they say, 'Don't put confidential information in,' technically it is protected."

Most of its usage to date has been to support the planning phase of engagements, including brainstorming development of risk control matrices and planning memorandums.

The audit function was brought in-house only three years ago, so some typical audits are being done for the first time, the audit leader said. "A lot of the audits we do are first-time audits," he said. "So, I've been using it for brainstorming, like, 'Hey, I want to audit XYZ, draft me an audit program,' or 'Show me some risks and controls."

On the writing side, he plans to eventually use AI to draft findings, impact statements, remediations, and action plans. In the meantime, the technology has made more basic work tasks, such as drafting emails, culling action items from group discussions, and summarizing meeting transcripts, significantly easier. This has freed up the audit leader to focus on higher-level tasks, he said.

Next steps

Identifying best practices for Al use is high on the agenda. The audit director said he plans to spend more time training his team on effective prompting practices. "Using the correct prompts is really important, and that was a learning curve for me," he said.

For example, AI users must learn to follow up on initial AI responses and drill down to more specific details, he said. "You've got to think through it on how to use it as a tool," he said. "It's not like you can just say, 'Give me this outcome,' and it's going to be perfect."





Understanding AI and its use within the organization is critical for the internal audit function, as the organization is looking to eventually incorporate AI functionality into client software. Internal audit will need to provide assurance in this area.

Insights

One of the valuable lessons for the audit director was understanding the limitations of Al tools. For example, the firm currently doesn't have the data analysis capabilities to identify trends or outliers, he said.

"I would love to be able to say, 'Show me contracts that don't use our standard template and have special provisions,' to have a more targeted sampling approach. Based on what I've learned and in speaking to Microsoft, there are still some 'Here's the license. Go try to come limitations as to what GenAl can do," he said. "But I love it."

He is not alone. Across the organization, others are discovering what Al can and cannot do.

"It sounds to me like everyone is still in that exploration phase," he said. "Unless you have other tools from the data analytics side, it's like GenAl isn't quite there yet."

"I've been using it for brainstorming, like, 'Hey, I want to audit XYZ, draft me an audit program,' or 'Show me some risks and controls."

This points to another step in the AI journey that could have been managed differently in retrospect, the audit director said.

"It wasn't like a formal project where you have touchpoints and milestones. It was more like, 'Hey, let's figure this all out together," he said.

"At the beginning it was like, up with some use cases.' So, there wasn't initially as much structure and guidance and training," he added. "Over the last several months, we have had more of these workshops, working with Microsoft and getting their input on what is possible. Maybe that could have been a little bit more structured initially."

Case Snapshot

INDUSTRY

Fintech Financial Services

FUNCTION SIZE

- •20 FTEs with teams split between finance operations and IT operations stationed in several locations globally, including the UK and India.
- · Some co-sourcing as needed on projects.

GOVERNANCE

- · Al governance policy in place that outlines responsibility of the Board, the Enterprise Risk Oversight Committee, Data Council, and AI working groups. Specifies which Al tools are authorized for use.
- Microsoft Copilot used as a safe testing ground or "sandbox" within the organization.
- Organization uses Microsoft Copilot as exclusive AI tool.

IMPLEMENTATION

- Evaluating Copilot in Microsoft 365 Office with test group of about 650 users before expanding licensure across broader organization.
- Work with Microsoft support to customize uses, e.g. integration into Salesforce or NetSuite software.

USE WITHIN FUNCTION

- · Brainstorm on planning phase.
- Support development of risk control matrix.
- Support development of first-time audit programs.
- · Draft initial finding impact statements and remediation action plans.
- · Identify themes in report findings for executive summaries.
- Summarize and/or transcribe meeting minutes.
- Draft emails and schedule meetings.

AUDIT PROJECTS/ ENGAGEMENTS

· None planned as yet.

- · Don't be afraid to experiment with technology.
- · Don't take all results at face value. Dig deeper to make sure GenAl outputs are accurate.
- · Ensure the team has proper prompt training.
- Not enough structure to Al use early on. Guidance and training through workshops and vendor support could have shortened the learning curve.





The Sage

Healthcare CAE urges education and creativity in AI use

Al's incorporation into modern business is inevitable, and internal audit should embrace it as soon as possible. To do this successfully, audit leaders must upskill their teams on how it works, find out how it's being used within the organization, and understand its usage and limitations within internal audit, said the chief audit executive of a healthcare organization in the southeastern United States. It begins with audit leaders dedicating sufficient time and energy to learning all they can about Al.

"You can't invest in something you don't fully understand," he said.

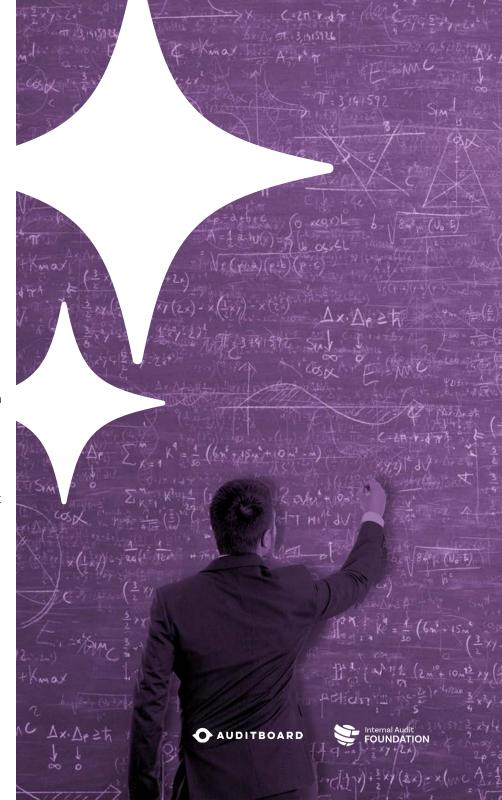
Early on, the organization overseeing the hospital group tasked existing compliance and privacy groups with creating an AI use policy. It also developed and implemented

an internal Large Language Model (LLM) to leverage AI while ensuring proprietary information and patient data was protected. The development of the LLM and its introduction to the larger organization coincided with the introduction of ChatGPT and other publicly available GenAI models.

While the availability of the in-house LLM will allow the audit team to eventually leverage AI, that specific tool is not yet available to his team, he said.

Introducing AI to the internal audit function

The function's Al journey began with a training session to familiarize the team with ChatGPT and brainstorm possible uses within internal audit.



The team came away primarily using the tool to do background research in the planning phase of engagements. They also have researched the tool's writing capacity, focusing on testing its ability to effectively summarize content, potentially to support audit documentation in the future. The AI work to date has mainly focused on familiarizing the team with how GenAI tools work, identifying potential uses, and understanding its limitations. However, because ChatGPT operates outside of the approved LLM at the organization, it has not been applied to any engagements or other work internally, the CAE said.

Introducing AI to the audit committee

Developers of the internal LLM made a presentation on its development and use to the audit committee, focusing primarily on the research and development process.

"To be honest, their presentation was probably over the heads of most of the audit committee members," the CAE said. "So, I

went to a couple different training courses, including last year's GRC Conference, and looked for anything I could get my hands on."

In March, the CAE made a presentation to the audit committee that provided additional context on Al's potential use within the organization and by internal audit.

Next steps

In the next six-to-eight months, the CAE wants to use the team's research on potential AI uses to develop an audit manual on AI. He mentioned that the team's expanding knowledge of AI will assist with an upcoming audit of AI use within the hospital later this year and support the development of the organization's overall AI use policy.

"Obviously the research side is easy to identify. The one that is the really big nut would be on the data analytics and RPA opportunities. You can take down some of those barriers with AI."





Insights

This organization's early adoption of AI and its focus on data protection facilitated the exploration of AI within the internal audit function. This theme is consistently highlighted among the use cases featured in this report.

However, the function's growing knowledge of AI has been driven primarily by the CAE's interest, research, and edification on GenAI. One of the key takeaways for this audit leader, and one that he stresses to his team, is that GenAI tools are powerful and sophisticated, but they cannot think independently.

"Al isn't a thinking response," he said. "It is the appearance of thinking. Even though it responds to you humanistically, what is behind that is not thinking. It's still sophisticated. It's probably accurate, but it isn't thinking."

Despite this caveat, the CAE is zealous about Al's potential use within internal audit. After setting a foundation of understanding the uses and limitations of GenAl models, he is urging his team to think

futuristically around Al's potential to streamline processes. This area holds significant potential to help bridge the gap to implementing additional technologies including advanced data analytics and robotic process automation (RPA).

"Obviously the research side is easy to identify. The one that is the really big nut would be on the data analytics and RPA opportunities," he said. "You can take down some of those barriers with AI."

Case Snapshot

INDUSTRY

Healthcare

FUNCTION SIZE

- 10 FTEs with a consulting budget for two to three additional FTEs.
- Anticipated expansion to 15 FTEs would include at least four positions focused on data analytics or AI.

GOVERNANCE

- Existing compliance and privacy groups tasked with creating an organization-wide AI policy.
- An existing internal Large Language Model (LLM) built to protect data will be made available for internal audit use.
- A presentation on the internal LLM was made to the audit committee by its developer.
- Additional presentations on AI made to the audit committee by the CAE to educate them and keep them abreast of AI use within the organization and internal audit.

IMPLEMENTATION

- Team training session on ChatGPT.
- Brainstorming potential uses within internal audit.
- Exploring an AI writing tool to determine its capabilities.

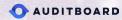
USE WITHIN FUNCTION

- Conducting research for the engagement planning phase; for example, to understand new regulations.
- Exploring use for audit documentation, but not as a producer of final products.

AUDIT PROJECTS/ ENGAGEMENTS

- Audit of AI use within the hospital planned for this year.
- Advised and participated in the development of an organization-wide Al policy.
- Developing a codified AI audit manual for the function that also supports conformance to The IIA's Global Internal Audit Standards™.

- · Educate yourself.
- Know what's happening inside your organization so you can start to spot what is Al and what isn't Al.
- Be attuned to policy making around AI.
- Think futuristically around Al's potential to streamline processes, particularly around data analytics and RPA opportunities.





Insights on Embracing Al

The experiences of the four internal audit leaders interviewed for the featured use cases reflect strong enthusiasm for Al use within internal audit.

Admittedly, these audit leaders are just scratching the surface when it comes to leveraging the awesome potential of Al. Yet, various valuable insights can be drawn from their experiences.

Integration of AI into digital strategies is critical.

Each use case describes an organization that took a strategic approach to introducing and implementing AI, including making sure its information remained secure. In addition to supporting data safety and cybersecurity, this approach creates an atmosphere of encouraging experimentation and innovation.

A strategic approach to Al integration also allows for greater transparency and information sharing. "We involved everyone and developed training for everyone in the organization on the use of Al and made sure that we understood the common pitfalls," said the audit leader from Use Case #3.

Al makes internal auditors more efficient.

Current use of AI in internal audit is primarily for basic writing and analysis, but even this is already improving efficiency. Audit leaders in all four use cases commented on the technology's impressive ability to draft useful content, summarize findings, identify themes and action items from meeting minutes, and support engagement planning with effective brainstorming.

"The team has been amazed about how powerful the tool is," said the audit leader from Use Case #2, adding that they have leveraged AI to be more consistent in how they describe issues across various departments and regions. What's more, the technology has allowed for a more in-depth and sophisticated approach to their risk assessments.

"We already had our risks, but we were able to enhance the wording or dig a little bit deeper on specific topics like inventory management," she said.

The audit leader from Use Case #1 noted AI offers more than just improved efficiency. "When I say my life got easier, it's not that I





could work less." he said. "It's that I had more head space to think differently about strategy or the future or other alternatives."

Early adopters are evangelizers who see Al's potential to supercharge their work - not replace them. The audit leaders in each use case describe their enthusiastic adoption of AI and rapid integration of the technology into their day-today work experience.

"It just makes my life so much easier. I can go in and say, 'Hey, draft the planning memo for this type of audit." said the audit leader in Use Case #3. "It's so much easier to start with something and modify it rather than just starting with a blank sheet of paper and trying to come up with something on your own."

However, all four use case audit leaders said they recognize AI has limitations. They understand that Al tools are powerful and sophisticated, but they cannot think critically. "There's never been that fear that this is going to take my job. It's not," said the audit leader from Use Case #1. "It really is more about this supplementing what I do to allow me to do more, analyze more, think differently."

"There's never been that fear that this is going to take my job. It's not. It really is more about this supplementing what I do to allow me to do more, analyze more, think differently."

Output accuracy of Al tools remains a concern.

The audit leaders featured in the use cases uniformly warned against accepting AI outputs on face value. They urged that any use of Al include checking the accuracy of responses.

"Sometimes, you suddenly realize, like whoops, the information that you got wasn't quite accurate," said the audit leader from Use Case #3. "You've got to take it with a grain of salt. You can't just rely on it — you can't just copy, paste, and send it off."

This insight operates in tandem with effective prompting of AI tools. The audit leaders said that more effective prompting of AI tools can help minimize inaccurate outputs.

Having a secure AI system grounded to internal data sets also helps by limiting or eliminating unvetted outside sources that can compromise accuracy. AuditBoard's Al Principles, which call for Al systems to be safe and secure, purpose built, intuitive, and connected, drive home this point.

GenAl tools may become a bridge to leveraging other technologies.

The user-friendliness of GenAl tools and their capability to support the use of more complex technologies, such as writing SQL queries, could help bridge the profession's technology gap.

The audit leader from Use Case #4 said he spoke with leaders at his organization who identified robotics process automation (RPA) as critical to efficient and effective leveraging of data. "Unfortunately, the applications related to RPA, like UiPath, got really expensive, really fast. So, that became a barrier."

Al could help organizations get over that barrier by improving communication and supporting pre-planning for effective introduction of RPA. Respondents to the Vision 2035 survey ranked data analytics, continuous monitoring, and automation ahead of AI as most important for the future. The answer may be recognizing AI as integral to adopting higher-order technologies, not competing with them.





Conclusion

One of the key findings of the Vision 2035 report is that strategy development, human experience, and professional expertise will remain critical in the future and cannot be replaced by technology. However, that leaves significant opportunity for technology to play a bigger role in the day-to-day work of internal auditors.

The four use cases presented here offer a glimpse into how AI can be integrated into internal audit operations and the enormous potential it holds to improve internal audit's efficiency and value within the organization.

"People try to make the most of their work," said the audit leader

from Use Case #1. "If they can automate manual tasks and focus their energy on more efficient tasks, it will help teams be better. They can provide more value towards what's important for the company, which are risk assessments, insights, and audits that bring more value."

The demand for effective risk management and supporting assurance and advisory services will only grow as the risk landscape becomes more complex, dynamic and volatile. Leveraging new technology to keep pace with the growing demand will be critical for the future of internal audit.





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