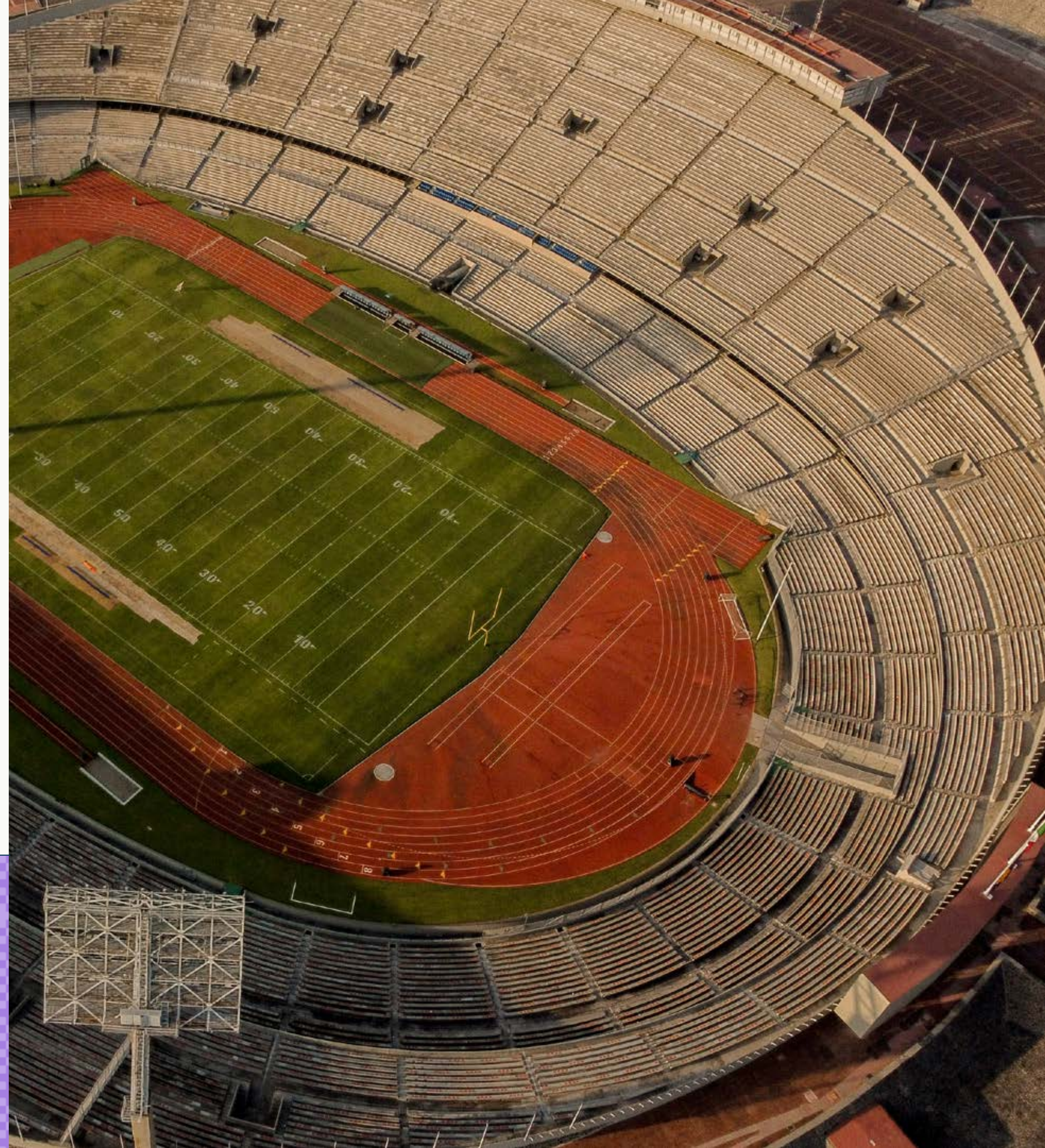


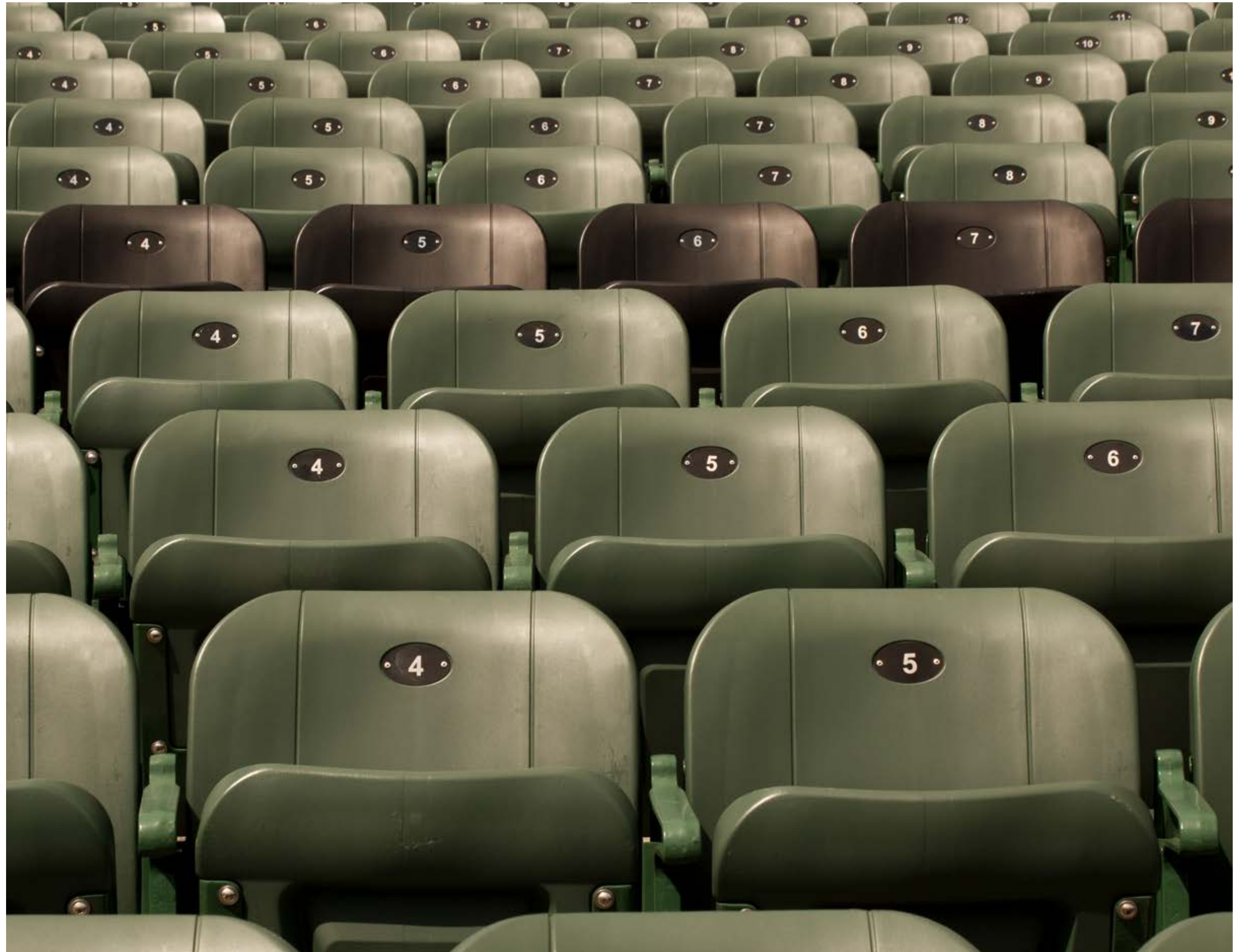
Smart scaling: An internal auditor's guide to leveraging AI and analytics



Scaling with AI and other advanced technologies

Since Microsoft Excel was first introduced in the late 1980s, the business landscape has undergone significant technological advancements that have improved the way internal auditors perform their jobs. In particular, the rise of AI, advanced analytics, and technologies purpose-built to connect audit, risk, compliance, InfoSec, and ESG teams enable these groups to perform their activities more efficiently and effectively than ever before.

The effect of these technologies on the internal audit industry is apparent anywhere you look. When technology is successfully deployed, teams benefit from [improved efficiency and collaboration](#), [better risk insights](#), and [more comprehensive and accurate testing results](#). Technology's critical role as a capacity multiplier for auditors is even reflected multiple times throughout the [updated IIA Standards](#). Of particular note is Standard 10.3's language requiring CAEs to communicate the impact of technology limitations on the internal audit function to the board and senior management. Examples of evidence of conformance with Standard 10.3 include a technology section in the internal audit strategic plan or any other documented technology plans.



AI's Role: Driving efficiency and accuracy across GRC teams

Technology solutions that employ **machine learning** (a subset of AI that uses algorithms to train on data and make recommendations or predictions) and **generative AI** (a subset of machine learning that generates content learned from the data on which it's trained) offer the most compelling current evidence for AI's ability to accelerate and enhance assurance-related activities.

Generative AI, where the AI can provide content creation and suggestions as a user types in the interface, is being used to automate a wide range of activities involving writing. **Areas where GenAI has accelerated and enhanced audit programs include:**

- Compliance activities, such as writing control requirements and control details
- Assurance activities, such as creating audit descriptions and worksteps
- Risk management activities, such as creating risk descriptions
- Governance activities, including narrative writing and report writing
- Issue/exception creation activities used across GRC functions

Machine learning (ML) models, which use algorithms trained on available data to emulate logical decision-making, are being used for activities such as generating intelligent recommendations based on user data, as well as detecting intrusions and malicious behavior. **Areas where ML models have accelerated audit, risk, and compliance processes include:**

- Suggesting mapping between controls and framework requirements
- Suggesting mapping between issues and controls, risks, and audit worksteps
- Uncovering duplicate issues in your GRC environment
- Audit or assessment evidence reuse
- Anomaly detection in controls testing

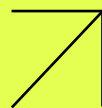
89% of organizations plan to use AI despite anticipated challenges like data privacy concerns, according to AuditBoard's survey of over 500 InfoSec, audit, risk, and compliance leaders for [The Connected Risk Report](#). Our research reveals that **two-thirds** of organizations that have integrated some form of AI into their risk management processes report **increased efficiency, time savings, and better data analysis and insights**. Additionally, over **50% of respondents** have experienced **increased data accuracy and reliability and enhanced risk detection and mitigation**. These benefits demonstrate AI's potential to streamline audit, risk, and compliance processes, allowing organizations to identify and address risks more effectively while reducing manual workloads.

Tech Tip

Purpose-built generative AI solutions, such as [AuditBoard's native AI capabilities](#), can streamline, automate, and improve the accuracy of your internal audit program.

- **Instantly generate control, risk, and issue language.**
The drafted text can be easily shortened, lengthened, or refined for clarity by the AI and edited by a trained practitioner before it is accepted and published.
- **Generate executive summaries of internal and external audits** that uncover insights and high-priority action items. Save time and ensure that escalations and key tasks never fall through the cracks.
- **Uncover insights in your data to connect risks and impacted controls**, suggest mapping between controls and framework requirements, uncover duplicate issues, and more.
- **Leverage Intelligent Staffing** to accelerate staffing decisions, meet new IIA Standards, and assign the best resources for an engagement with auto-generated recommendations based on your team's skills and qualifications.
- **Leverage Cross-Audit Summary** to automate the consolidation of audit context, findings, and trends into a single, executive-level report.

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 tailored demo today](#).



Advanced analytics' role: Driving more accurate testing

Advanced analytics, involving the autonomous or semi-autonomous examination of data or content using sophisticated techniques and tools, enable auditors to ask insightful questions about their business and test full populations instead of just a sample. Advanced analytics' value lies in their ability to provide more accurate testing results with significantly greater efficiency, uncover reoccurring issues in high-risk areas, enhance collaboration across all three lines of defense, and improve continuous auditing.

Tech Tip

AuditBoard provides the flexibility of our [native, no-code audit analytics solution](#) or the seamless integration with your preferred, best-in-class analytic applications to provide your teams with unparalleled control, scalability, and team efficiency.



Out-of-the-box analytics solutions, such as AuditBoard Analytics, can streamline data management and drive efficiency, scalability, and alignment across teams.

- **Perform full population SOX testing for greater assurance.**
Improve the accuracy and performance of your SOX work.
- **Streamline internal audit and compliance programs and testing.**
Automate evidence collection and testing, and perform continuous auditing with audit context, workflow certification, and version control to improve the accuracy and performance of your audit and compliance work.
- **Centrally manage all of your analytics and automation.**
Build your governance program around automation and analytics with AuditBoard's centralized data hub.



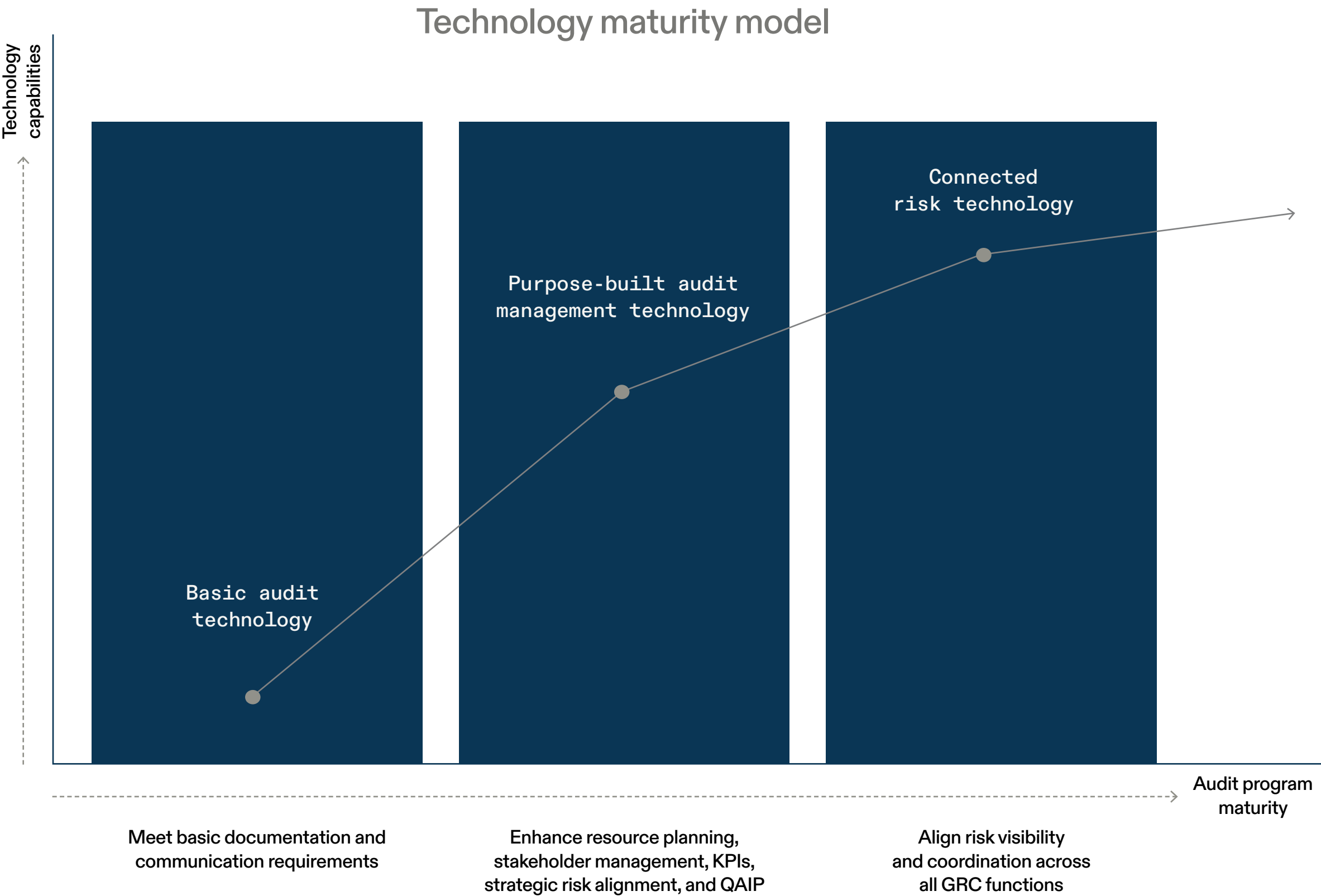
Scaling with connected risk

A connected risk approach aims to strengthen cross-functional collaboration and create greater risk visibility by uniting previously siloed audit, risk, and controls data. **Connected risk — sometimes referred to as integrated risk management** — enables audit, risk, and compliance teams to work smarter through leveraging enabling technologies that connect teams, unify data, and automate processes. Internal audit is well-positioned to take the lead. Indeed, [a 2024 AuditBoard survey of audit leaders](#) found that CAEs indicated integrated risk management as the #1 area in which they should have more responsibility.

The Technology Maturity Model illustrates the progression of audit efficacy in correlation to increasing technological capabilities. The three categories of technological capabilities described in the visual are:

1. **Basic audit technology.** Typically used as a document repository and leveraged to streamline testing and maintain an audit trail via workflow automation.
2. **Purpose-built audit management technology.** Specifically built for and used by audit stakeholders and often includes advanced technologies such as AI and analytics to help streamline audit processes, e.g., resource planning, stakeholder management, KPI tracking, strategic risk alignment, and QAIP.
3. **Connected risk technology.** Centralizes data, workflows, and collaboration across all audit, risk, compliance, and control functions, as well as regulators and other third parties. Has built-in or integrated analytics and AI capabilities, enabling audit teams to leverage AI insights and recommendations on their data, surface and manage more risk, improve team efficiency and collaboration, and increase frontline ownership.

As organizations move along the technology maturity model toward connected risk, they will drive improved risk ownership and empower their business to make better decisions. While choosing to embark on a connected risk initiative takes significant time and effort, it is an undertaking that reaps benefits every step of the way, e.g., a universal risk register, less duplicative assurance efforts, reduced audit fatigue, and improved risk ownership. As you progress, remember that each small milestone is an improvement and should be celebrated as a win. Like most progressive initiatives, iteration, patience, and keeping the big picture in mind are essential for success.





Leading the way forward

What sets great audit teams apart are forward-thinking leaders who prioritize the use of capacity-multiplying technologies such as AI, advanced analytics, and connected risk solutions, enabling their auditors to focus on more value-add projects and better collaborate across the three lines.

Leveraging the best practices provided in this playbook — in addition to harnessing the power of the advanced technologies described — will pave the way to more optimal productivity, collaboration with other assurance stakeholders, and value-add capabilities.

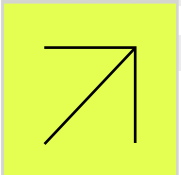
When done hand in hand, under careful and mindful audit leadership focused on connected risk, such practices can drive efficiencies and value to the organization that multiply year over year.

Tech Tip

An [IDC White Paper](#), sponsored by AuditBoard, found the following productivity gains for customers using AuditBoard’s connected risk platform:

- 45% increase in productivity.
- 50% increase in stakeholder engagement.
- 281% three-year ROI.

To learn how AuditBoard can elevate your audit, risk, compliance, InfoSec, and ESG programs with a modern, cross-functional approach to managing risk, [schedule a tailored demo today](#).



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