

# Deloitte.



**Generative AI**  
Opportunities for Internal Audit

# Generative AI for Internal Audit

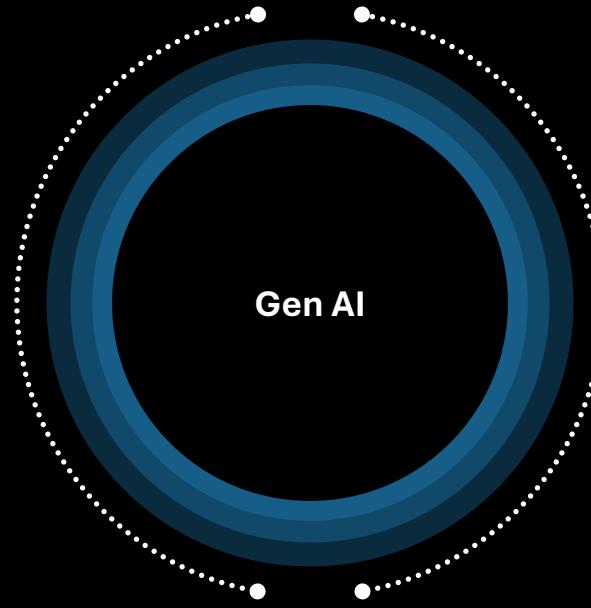
## Two distinct market opportunities for Deloitte

**Internal Audit's re-assurance  
and advice over the risks  
presented by Gen AI to the  
organisation**



**Market  
opportunity**

**Protect**



**Internal Audit's use of Gen  
AI to deliver its purpose and  
remit as a function**



**Transform & Operate**

# Assuring and advising on the risks posed by AI

## A pressing and immediate market demand

**PROTECT**

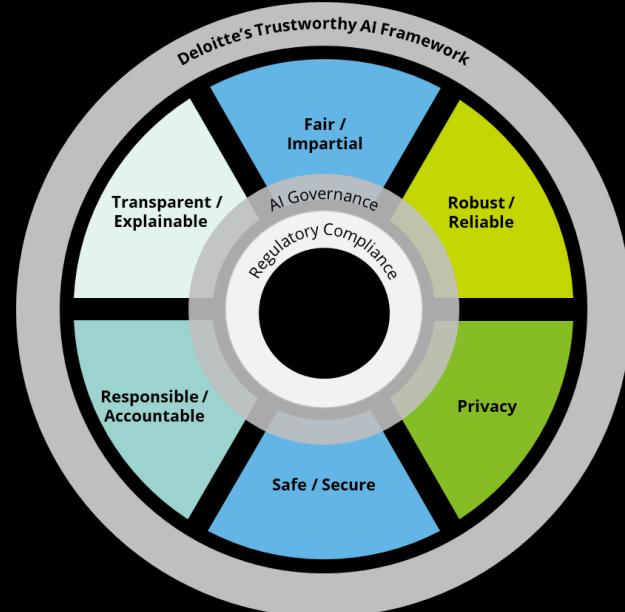


### The risks from AI

- Inaccuracy ("hallucination")
- Explainability
- Bias
- Confidentiality and Privacy
- IP Protection, Copyright, & Infringement
- Prompt injection (targeted malicious prompts designed to mislead the AI model)
- Misuse
- Environmental
- Regulatory Landscape



### Our framework to mitigate

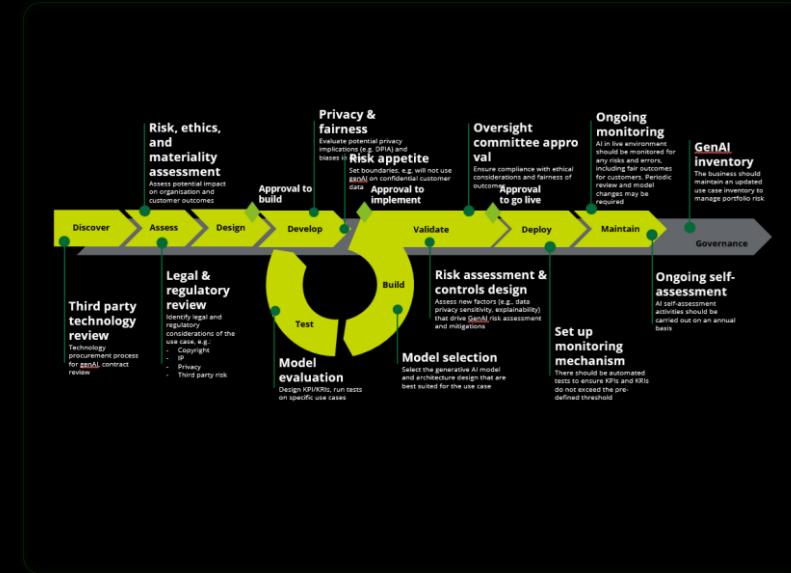


The regulations around AI and ML are rapidly evolving: the proposed EU AI Act, the UK National AI strategy, the Data Protection and Digital Information Bill and the Saudi Arabia IP Law just to name a few.

Our Trustworthy AI framework provides a comprehensive methodology for assessing risk and proactively implementing the required controls, where they be preventative, detective or for training and creating awareness.



### Controls across delivery



We have developed a use case development framework to ensure all the required controls and governance are included throughout the development lifecycle.

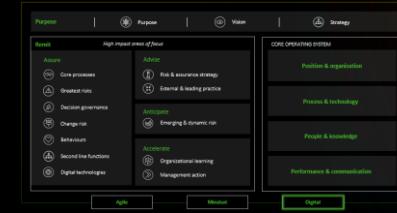
# Gen AI driven digital transformation of Internal Audit

## The potential to redefine the concept of re-assurance

TRANSFORM AND OPERATE



### Internal Audit 4.0 Purpose driven, digitally powered



- Exposure to LLMs has accelerated broad market demand for digitalisation of IA
- Gen AI is the keystone that will allow Internal Audit to achieve significant time and cost savings
- Gen AI driven digital transformation has the potential to redefine the concept of re-assurance, challenge conventional thinking about the three lines model and reduce the cost of re-assurance for the organisation

### Deloitte's market opportunity

New, high margin advisory revenue streams

Step change in how we differential our IA delivery services (outsource and co-source)

### Routes to value

**Strategy** – Advising Internal Audit functions on their digital and Gen AI strategy

**Skills and capabilities** – Raising digital fluency through our learning and development offerings

**Technology** – Helping Internal Audit functions to identify, design, build and operate digital use cases

**Digital transformation** - of Deloitte's outsource and co-source models, providing a compelling ROI for strategic outsourcing and broader re-assurance transformation of in-house functions

### What do we mean by digitalization of IA?

Using digital assets to maximise IA's impact, value, quality and insight using a combination of the below technologies....



Artificial Intelligence



Automation



Cloud & platforms



Process mining



Analytics



Visualisation

# Generative AI for Internal Audit

## *How it could help...*

Generative text, code and video technologies, including Large Language Models like ChatGPT, can offer a vast range of possibilities for Internal Audit. Their use is only limited by the imagination and creativity of teams. However, we have outlined some example use cases of how Internal Audit groups can embrace these across the audit lifecycle below.

### **Risk assessment**

Supporting auditor research and understanding of risk for a specific industry

Supporting audit universe creation e.g. guidance on universe design, process universe, etc.

### **Audit plan development**

Supporting auditor research and understanding on risk, business process and expected controls in advance of engagement planning.

Suggested audits against the risk assessed audit universe.

Suggested scheduling and resource allocation based on known constraints e.g. number and levels of staff

### **Engagement Planning**

Supporting auditor research and understanding on risk and business process in advance of planning

Suggest control objectives and test procedures based on in scope risk areas

Suggest data sources, tables and potential analytics tests

Generate scripts for data extract and analytics execution

First draft of scope/terms of reference

### **Execution**

Analysis of data through natural language questioning

Suggested interview questions for different stakeholders

Critical assessment of risk and control descriptions (e.g. if it covers who, what, where, when, etc.)

Initial draft of workpaper

Drawing themes from interview notes / audio

Summation/interrogation of audit evidence documents

Initial workpaper review and QA

Initial draft of issue/observations

### **Reporting**

Initial draft report

Initial draft report review and QA

Editorial QA e.g. simplifying language, sentiment analysis

Summation of reports for Audit Committee summaries

Generation of video/audio reporting

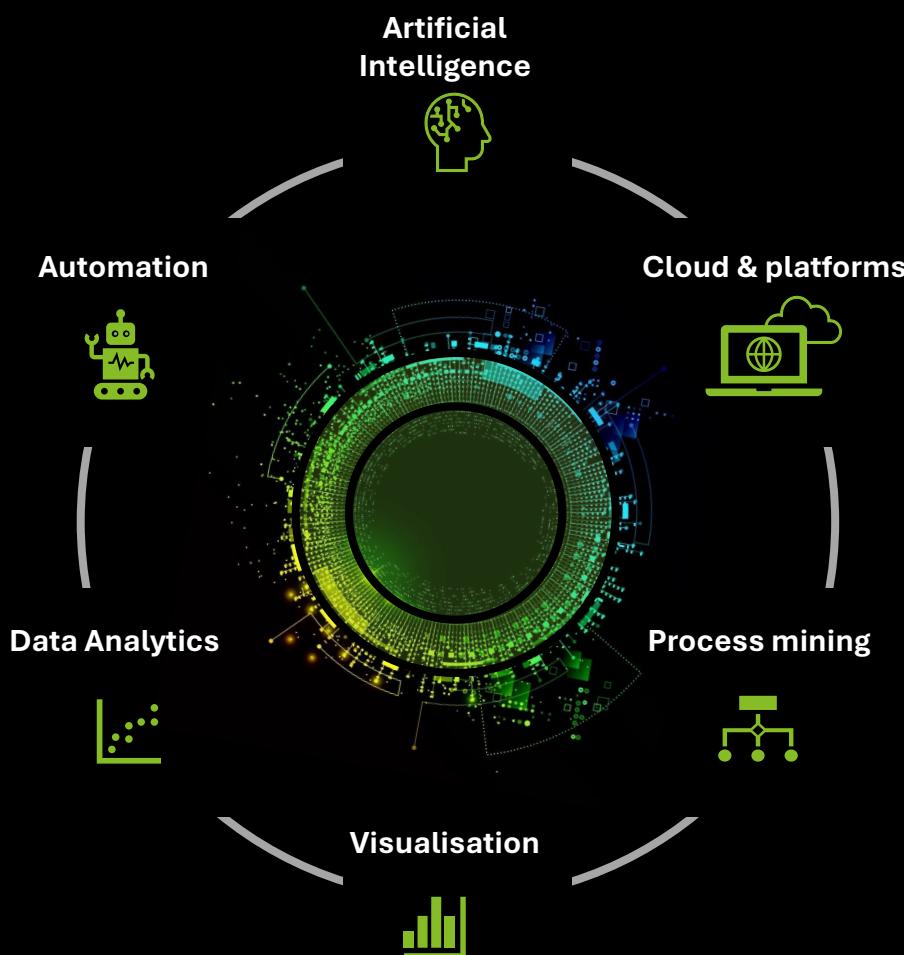
Customised stakeholder communications

Report language translation

Drafting emails to communicate the audit report

# Leveraging the full power of digital

Combining AI with other technologies...



*By combining the power of AI with other technologies such as automation, analytics, visualisation, process mining and platforms including the Audit Management System, third party SaaS and enterprise systems, the potential for new capabilities that will drive greater efficiencies, quality, and impact is huge. A small range of potential capabilities unlocked through digital are below.*

Predictive text to help drive consistency and quality	Intelligent interview analysis to identify risk, themes and insight	Intelligent analytics; suggested and self-service analytics	Outlier detection with machine learning	AI supported control design through digital twins and synthetic data	Personalised exception workflow management
Optimising risk coverage through intelligent plan development	Resource and schedule optimisation	Automated workpaper creation and QA	Continuous and automated control testing	Automated follow up process and reporting	Text mining & sentiment analysis
Automated skills and capabilities management	Customised L&D pathways and just in time training	Professional practices chatbots to advise on methodology and QA topics	Personalised co-pilot assistants	AI supported quality review	Interactive and visual reporting

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