



# AI in Audit Survey

Survey Report  
October 2023

# Objectives and methodology

**Objective:** To understand how AI is transforming financial reporting, challenges facing effective adoption, and expectations of the external auditor.

The survey focused on determining how financial reporting functions are driving AI adoption, including the expected benefits, challenges, and outcomes on financial reporting, talent, and more. Importantly, it also analyzes financial reporting leaders' expectations for external auditors today and tomorrow.

**Methodology:** This survey was fielded online among n=210 business decision makers in the U.S.

The audience was screened for the following:

- U.S. based business decision makers—all VP and above
- Finance-focused business functions who have authority, oversight, etc. for financial reporting, accounting, analysis, audits, and financial information.
- Target titles:
  - Chief Financial Officer
  - Controller
  - Chief Audit Executive
  - Chief Accounting Officer
  - Head of Financial Reporting
  - EVP/SVP/VP of Audit
  - EVP/SVP/VP of Finance
- Organizations with \$1B or more in annual revenue and 500 or more employees
- Excluding those who work in government, not for profits, and education

Data was collected between July 24 – August 4, 2023.

# Summary of findings



Increased use of AI is expected to attract more talent to grow and augment accounting and auditing teams



Financial reporting functions are well-positioned to scale their use of AI and GenAI



Financial reporting functions will accelerate AI adoption and GenAI is a top priority, but they are cautiously optimistic about GenAI hype



Key AI benefits focus on anomaly detection, efficiency, and accuracy with fewer focused on using AI to deal with staff shortages or cost savings



Expected AI and GenAI benefits come with risks and there is an appetite for third-party attestations and reviews to mitigate these risks



There is an expectation that external auditors will use AI and GenAI to quickly and effectively improve the quality of audits

# Key findings



## Increased use of AI is expected to attract more talent to grow and augment accounting and auditing teams

- Just over half of respondents (55%) do not expect AI to take over financial reporting jobs. They anticipate that AI will grow their teams and augment their skills. However, 4 in 10 (39%) think it will reduce team size due to increased efficiency.
- Half (52%) of companies also expect increased use of AI will help them attract more talent to the financial reporting function, while 4 in 10 (41%) think it will not have an impact.
- Nearly all have a perspective about AI's impact on DEI, with just over half (55%) thinking it will not positively affect DEI and a third (38%) believing it will—a very small number (6%) think that it can have a negative impact.



## Financial reporting functions are well-positioned to scale their use of AI and GenAI

- Two-thirds (65%) are already using AI in the financial reporting function, including a third (36%) that are using it extensively and a quarter (29%) using more selectively (in 1-2 areas).
- Half (48%) are already piloting or deploying GenAI and another third (37%) are in the research and planning phase.
- Virtually all boards have engaged on the topic of AI in the past 6 months.
- However, smaller companies (<5,000 employees) are behind in using AI for their financial reporting, with only quarter (28%) that use it now vs. three quarters (72%) of large (5K-10K employees) and nearly all (92%) of very large companies (more than 10K employees).

# Key findings



## Financial reporting functions will accelerate AI adoption and GenAI is a top priority, but they are cautiously optimistic about GenAI hype

- A majority (70%) of companies expect to roll out AI more broadly over the next 2 years and two-thirds (62%) plan to increase investment over the next year (38% will maintain current spending).
- GenAI is a top priority for financial reporting, but businesses are also maintaining their focus on ‘building block’ technologies: cloud migration, data & analytics, and RPA.
- Just about half (47%) agree that GenAI will deliver on the “hype” and provide meaningful value. Skepticism of GenAI’s value is much more pronounced among those that haven’t used/just beginning to use AI in their reporting functions.



## Key AI benefits focus on anomaly detection, efficiency and accuracy, and increasing transparency around finance processes. Fewer expect AI to address staff shortages or cost savings

- Around three quarters of companies expect to use a combination of different AI functions to make an impact on their financial reporting, including: anomaly detection, RPA, and GenAI.
- The top benefits that AI can bring to financial reporting include employee efficiency and lessening the burden on them, improving data accuracy, and increasing visibility across financial reporting processes.

# Key findings



## Expected AI and GenAI benefits come with risks and there is an appetite for third-party attestations and reviews to mitigate these risks

- Most companies have concerns about AI and GenAI risks, more often around visibility and overreliance on algorithms, keeping up with changing regulations, and data quality and bias.
- 6 in 10 (61%) say they have already implemented some risk mitigation (developed a strategy, have a dedicated team) to address these risks.
- Two-thirds (65%) of companies are looking to their external auditors to help with AI risks, most notably through a detailed review of their AI control environment.
- Half (51%) think third-party attestation of AI will be beneficial, but nearly as many (46%) are unsure about the value of this service.



## There is an expectation that external auditors will use AI and GenAI to quickly and effectively improve the quality of audits

- Most (72%) believe that auditors are ahead of them when it comes to leveraging AI for financial reporting analysis and they think it is important that auditors are using AI.
- Most companies expect auditors to use AI and GenAI to challenge their assumptions and to identify what they are overlooking through anomaly detection.
- Companies believe it's important that AI be used to boost auditor insightfulness and speed of delivery as well as provide further insight to auditors about how to reduce their costs.



# AI + Talent

**39%**

Reduce team size due to efficiencies

**34%**

Augment skills needed but maintain similar # of people

**21%**

Grow team size by enhancing value

**6%**

I am not sure

**55% don't think AI will shrink their teams.**



# Will the increasing use of AI attract more talent?

**52%**

Yes

**42%**

No

**6%**

Not sure

**52% are optimistic that AI will attract more talent to financial reporting.**





# Status of using AI in financial reporting

**36%**

Use across many areas

**29%**

Use AI across 1–2 areas

**11%**

Still piloting AI

**6%**

Considering how to pilot AI

**18%**

Do not use AI

**65% are using AI in financial reporting**



# Adoption of GenAI in financial reporting

**27%**

Deployed

**21%**

Piloting

**21%**

Researching

**16%**

Planning

**10%**

Not using  
or considering

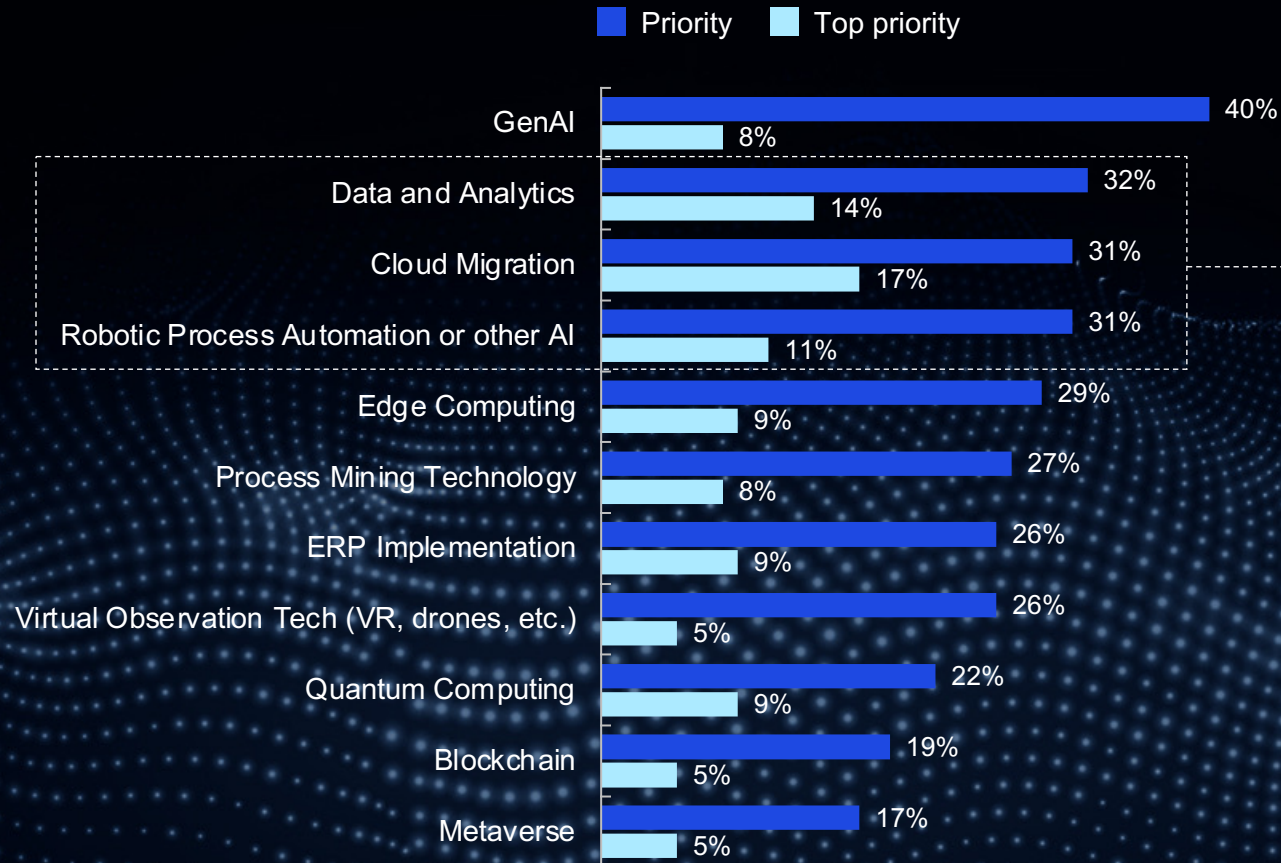
**4%**

Do not allow  
employees to use

**48% have deployed  
or are piloting GenAI**



# Top technologies focusing on to support financial reporting



**Top 3 priorities**



# Expected timeframe to roll out AI solutions for financial reporting

**34%**

Within two years

**25%**

Within one year

**21%**

Within five years

**11%**

Within six months

**10%**

No specific  
timeframe

**70% of respondents  
expect to adopt AI in  
the next two years**



# Expected use of AI in the next 3 years

**53%**

Used for many parts

**28%**

Used selectively

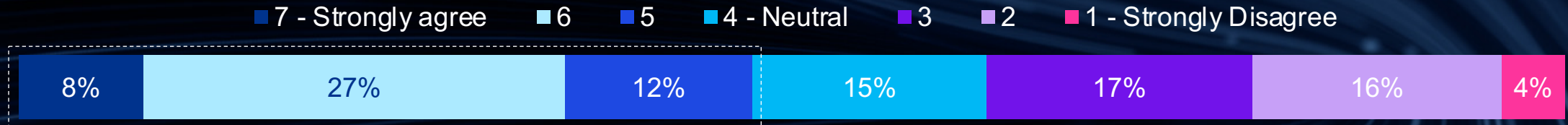
**18%**

Used to transform

**71% expect AI to be used extensively in the next 3 years**



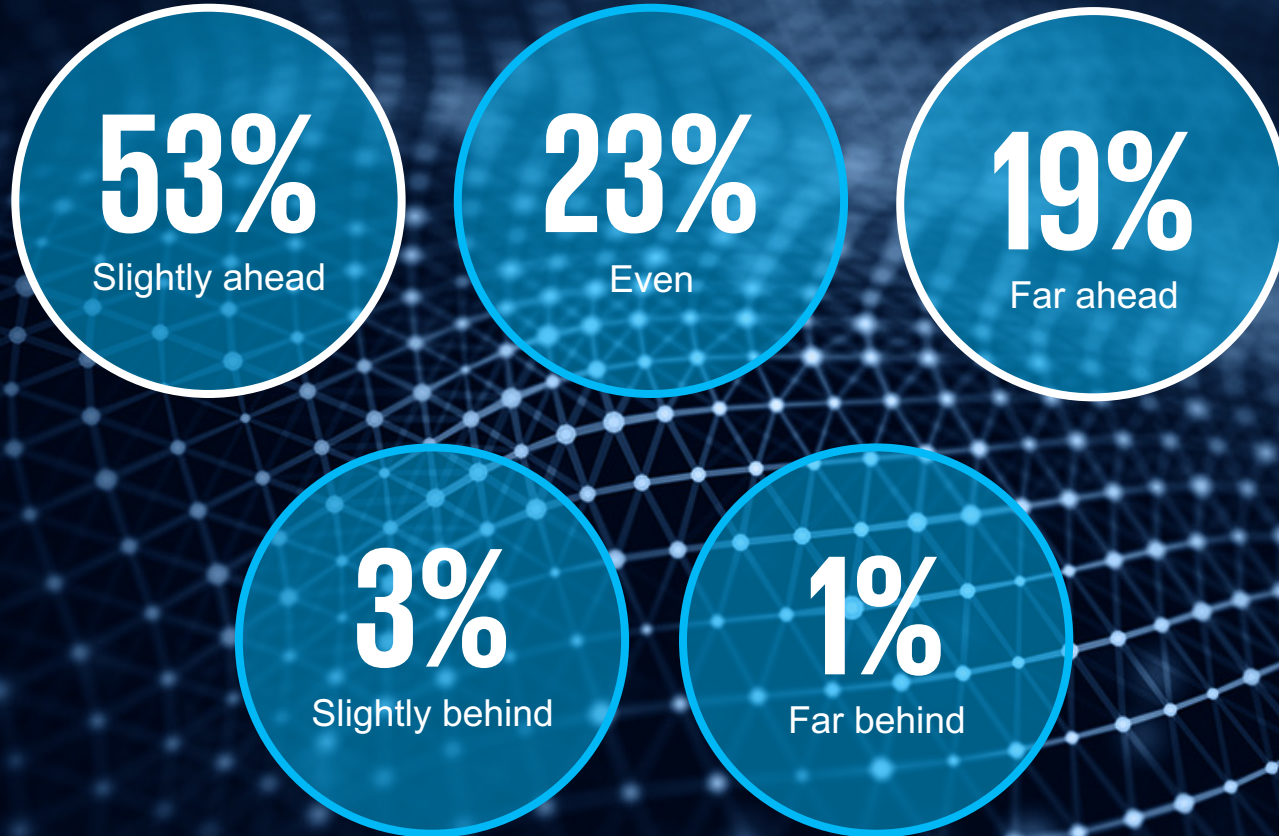
# Will GenAI deliver on the “hype” and provide meaningful value?



**47% agree that GenAI will live up to the hype**



# Are external auditors ahead or behind on using AI?




**72% think external auditors are ahead.**

**28% think external auditors are even or behind.**





# What should auditors prioritize improving through AI and GenAI

## AI Prioritization


Asking the right questions and willingness to challenge  
 **48%**


Conducting data analysis  
 **46%**


Understanding of economic and industry trends  
 **43%**

Mitigating risk and improving internal controls  
 **43%**

## GenAI Prioritization

Asking the right questions and challenge  
 **47%**

Identifying new risks/anomalies  
 **43%**

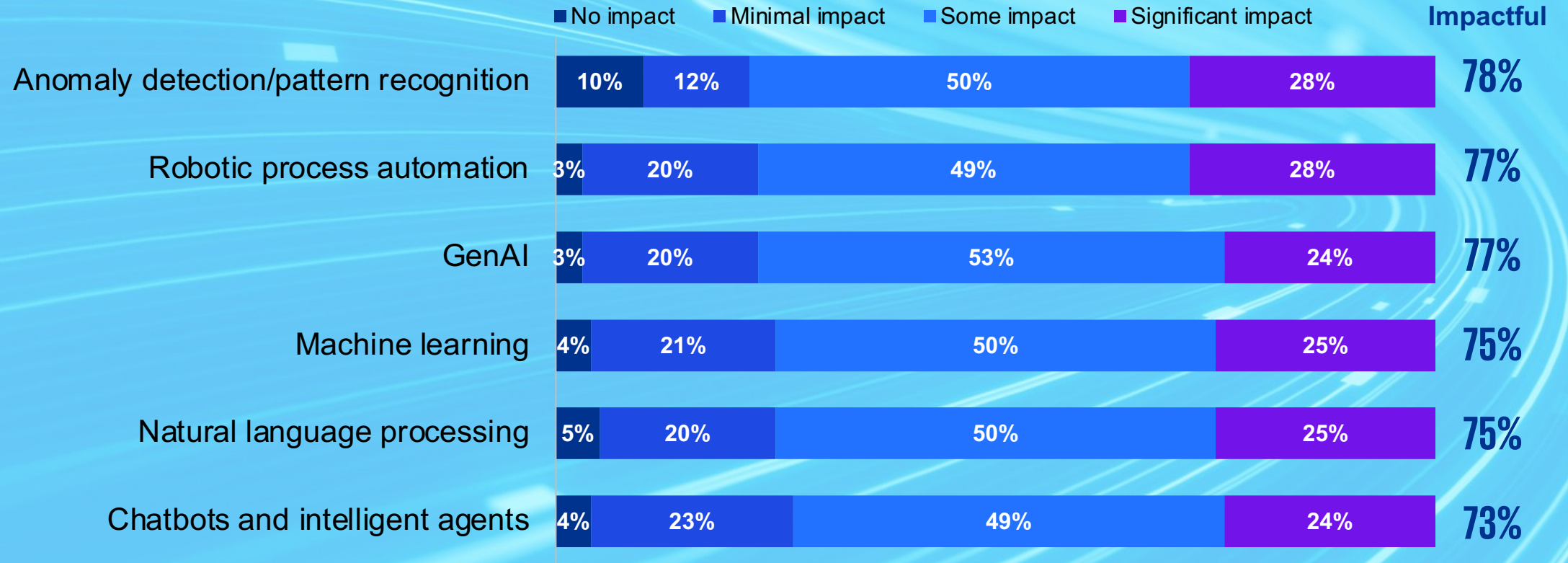
Continuously auditing and optimizing throughout the year  
 **42%**

Detecting potential misstatements or fraud  
 **40%**





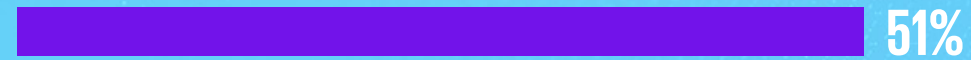
# Positive impact of AI-enabled functions on financial reporting



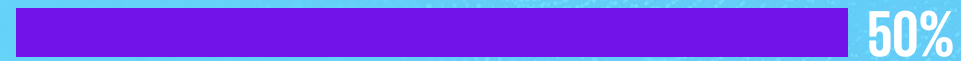


# Benefits **AI** will provide to financial reporting

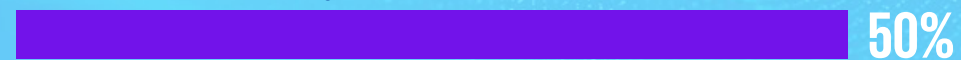
Increased efficiency and lessened burden on employees



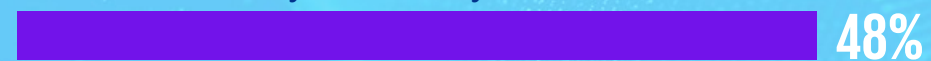
Increased data accuracy, reliability, and predictability



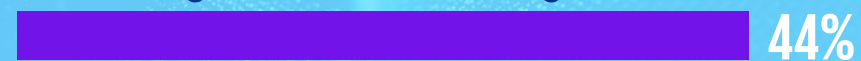
Increased visibility into end-to-end processes and controls



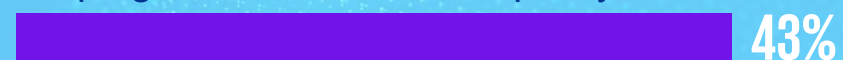
Increased ability to identify data outliers and anomalies



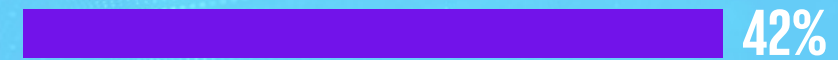
Enhancing the skills of existing talent



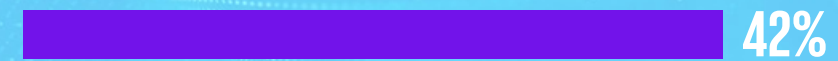
Helping make software and policy decisions



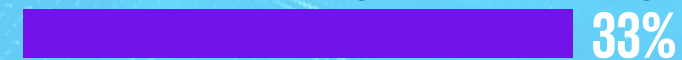
Real-time insights into areas of risk or control weaknesses



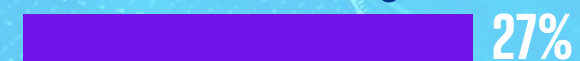
Faster quarterly and year-end reporting



Predictive modeling and forecasting



Address staff shortages



Cost savings



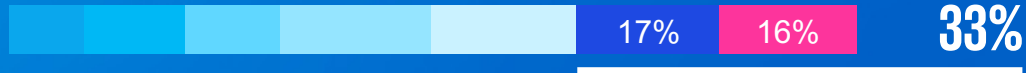


# Concerns about non-GenAI in financial reporting

## Transparency

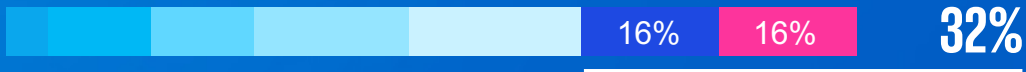
Disclosure of how models are built, trained, and optimized

Very concerned



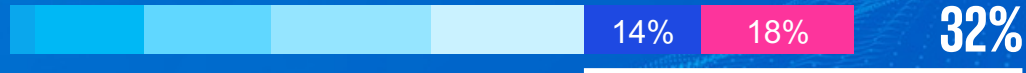
## Data privacy

Rules around the use of data with AI



## Accuracy

Acting on wrong information or assumptions



## Cybersecurity

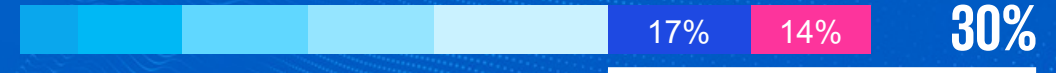
Ensuring safe and secure storage of data



## Data organization and management

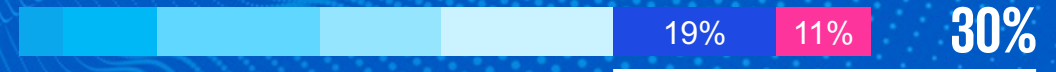
Ensuring access to necessary data

Very concerned



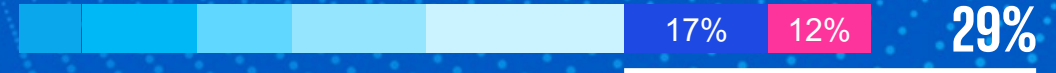
## Bias

Bias in learning models and training data sets



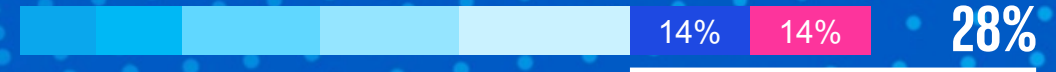
## Data sovereignty

Ensuring data is used under agreed conditions



## Copyright and IP

Codifying rules around protection of AI-influenced work and current IP



1 – Not concerned 2 3 4 5 6 7 – Extremely concerned



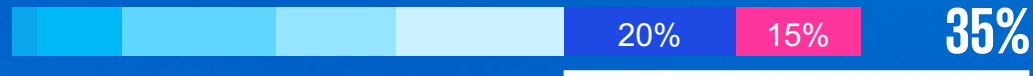


# Concerns about GenAI in financial reporting

## Transparency

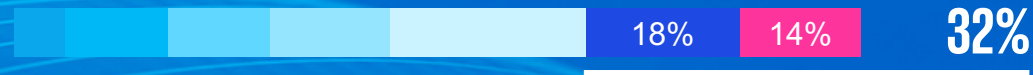
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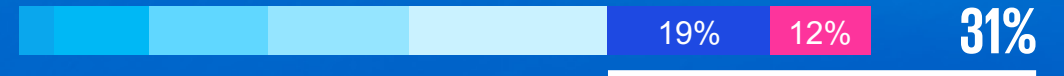
Ensuring safe and secure storage of data



## Data organization and management

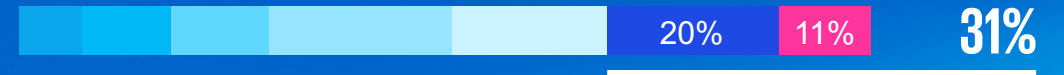
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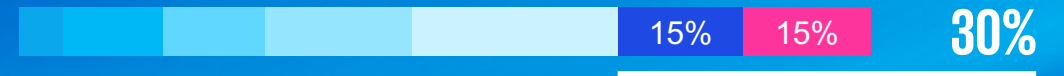
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1 – Not concerned 2 3 4 5 6 7 – Extremely concerned



# Role of the auditor in evaluating a company's use of AI in financial reporting

**39%**

Similar to what they do now

**36%**

Detailed review of control environment

**29%**

Third-party attestation

**65% want auditors to help with AI**



# Will third-party attestation be valuable in the near future?

**46%**  
Neutral

**36%**  
Somewhat valuable

**15%**  
Very valuable

**3%**  
Not valuable

**51% think third-party attestation will be valuable.**



# Barriers to adopting AI in financial reporting

Risks associated with overreliance on algorithms  
**51%**

Pace of regulatory and compliance changes  
**49%**

Concerns about data quality (bias, inaccuracy, etc.)  
**48%**

Difficulty integrating with existing tools  
**46%**

Low org knowledge of AI best practices and implementation  
**40%**

Funding and investment levels needed  
**39%**

Lack of understanding of the benefits AI might provide  
**37%**

Difficulty gathering relevant data  
**30%**



# What should auditors prioritize through AI

**55%**

Value-added  
audit insights

**54%**

Speed of delivery

**54%**

Reducing costs

**46%**

Responsiveness  
and flexibility





# Will AI have an impact on DEI?

**54%**

No effect

**37%**

Positively affect DEI

**6%**

Negatively affect DEI

**3%**

I am not sure

**Just over half (55%) think that AI will have no effect on DEI while more than a third (38%) believe it will.**