





Kevin Prendergast, Chief Executive



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 Ask your own questions

SLI.DO - Joining options:

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Passcode: IAASAACBriefing2025

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Slido question

What are you hoping to learn or take away from today's event



Slido passcode IAASAACBriefing2025



Agenda

Audit Committee Briefing 2025

1.	Welcome & introduction	08:30-08:40
2.	Regulatory Update	08:40-09:10
3.	European Audit Oversight	09:10-09:40
4.	Sustainability Reporting Case	09:40-10:10
5.	Break	10:10-10:30
6.	Audit Committee Panel	10:30-11:20
7.	Artificial Intelligence	11:20-11:50
8.	Closing comments	11:50-12:00



Slido question

What do you believe are the biggest challenges Audit Committees will / may face in the short to medium term?



Slido passcode IAASAACBriefing2025

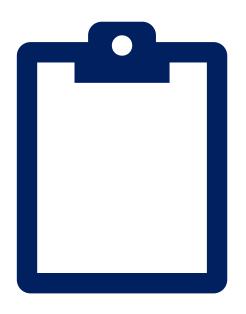




Maurice Barrett, Corporate Reporting Supervision Barry Murphy, Assurance Quality Supervision



CRS Agenda



Financial Reporting

Sustainability Reporting

IAASA 2025 *Observations* paper

ESMA 2025 Common Enforcement Priorities



Slido question

How many sustainability statements have you read in detail?



Slido passcode IAASAACBriefing2025



Financial Reporting



Outcome of 2025 examinations – no single stand out issue but lots of entity specific issues

2026 expectations – similar to 2025

Risks assessed for each entity



Sustainability Reporting



2025 examinations – 3 unlimited scope and 1 focussed

Outcome of 2025 examinations – no significant issues identified

2026 expectations

- same population (12 entities), full set of existing ESRSs
- move to best practices as learning experiences applied
- 2 unlimited scope examinations planned (2025: 3)



2025 *Observations* paper

Sustainability reporting

Financial reporting

- Uncertainties in the economic outlook
- Post model adjustments
- Global minimum tax
- Deferred tax assets

- Impairment of non-financial assets
- Contracts referencing naturedependent electricity
- IFRS 17 Insurance Contracts
- Segment reporting
- IFRS developments



ESMA Common Enforcement Priorities 2025

Audit Committee Briefing 2025

Priorities related	Priorities related	Priority related
to IFRS financial	to sustainability	to ESEF reporting
statements	statements	
	Materiality	
Geopolitical risks	considerations	
and uncertainties	in reporting under	Common errors found
	ESRS	in the Statement of
	Scope and structure	Cash Flows
Segment reporting	of the sustainability	
	statement	



Slido question

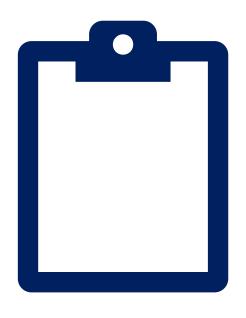
How many sustainability statements have you read in detail?



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AQS Agenda



AQS update

2024 key findings arising

2025 audit inspections – areas of focus

CSRD update



Slido question

What is your view on the disclosures contained within the Wave 1 sustainability statements?



Slido passcode IAASAACBriefing2025



AQS Update

Audit Committee Briefing 2025



Annual inspection cycle

Number of PIE audit firms: 8

Sample of PIE audits inspected

2024 Firmwide/ISQM 1 audit inspection areas:

- □Acceptance & continuance
- □Ethical requirements
- **□**Resources



2024 Firmwide areas inspected

Audit Committee Briefing 2025

ISQM (Ireland) 1
Area:

Acceptance & continuance
5 findings

Ethical requirements
5 findings

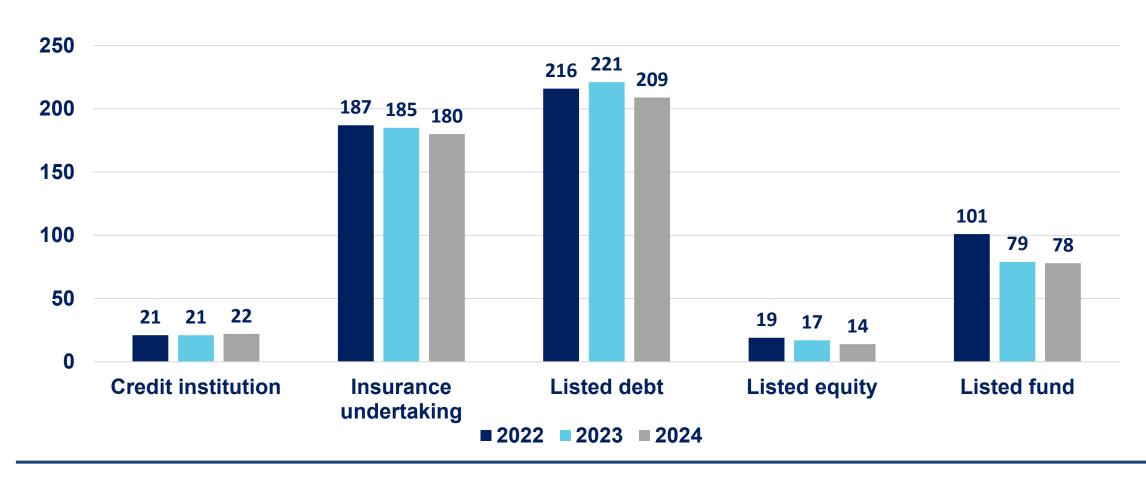
Resources
3 findings

Mapping of quality objectives

2 findings



PIE population





All audit file inspections:

Communication with TCWG

Financial Statement review

Revenue

Engagement quality review

Specific to audit file inspections:

ISA 600 – Group audit

IFRS 17

IT audit



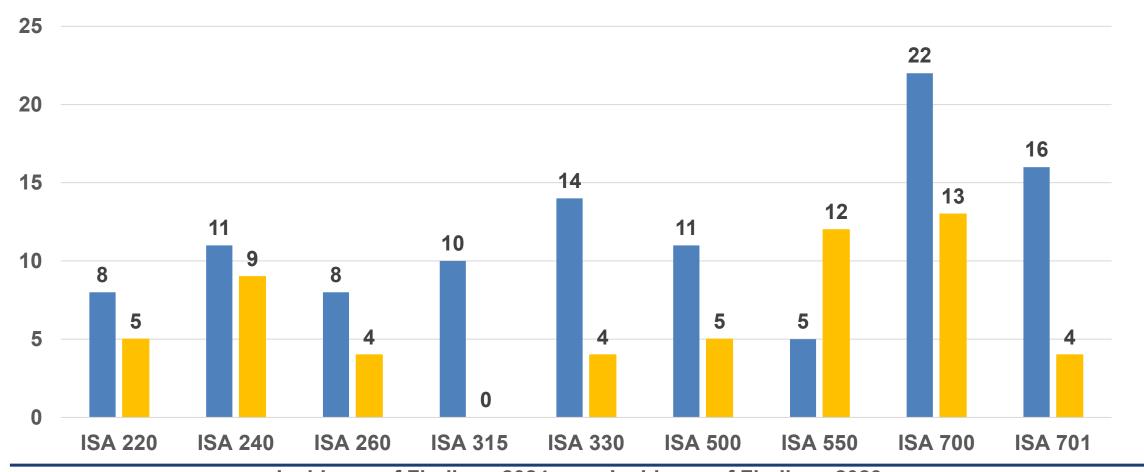
Audit Inspections - grading

Individual Audit Inspections: 1 → 4 Grading





Incidence of Findings



■ Incidence of Findings 2024

■ Incidence of Findings 2023



Sustainability assurance – inspection approach



Walkthrough of the system / platform

Review of methodologies (2024)

Sustainability Assurance Inspection training

CSRD roundtables – support firms for Wave 1

Omnibus



2025 Sustainability assurance inspections

- Timing
 - Two week sustainability assurance inspection
 - Same file selection as audit inspection
- Grading
 - Grading methodology rolled out in 2025
 - Indicative grades will be issued for 2025 inspections
 - Similar model to audit inspection methodology
- Publication
 - 2025 sustainability assurance inspections will not be made public
 - Key recommendations not included in 2026 QAR report



Audit Committee Chair Interviews

Overview of the interactions between Firm and Audit Committee

Auditor Communications

Audit approach

- Scoping of audit and materiality
- Key areas of the audit

CSRD

Transparency Report

IAASA
Publications

IAASA Audit Committee Briefing



Audit Committee Briefing 2025







Panos Prodromides, Chair of Committee of European Audit Oversight Bodies (CEAOB)



CEAOB's Strategies, Developments and Emerging Challenges

22 October 2025

IAASA Audit Committee Briefing

Panos Prodromides

Chair of CEAOB

^{*}Disclaimer: The views expressed are our own and do not necessarily represent the views or positions of the CEAOB, or its members.



Agenda

- CEAOB roles and responsibilities
 - CEAOB's Mission and Core strategies
- Developments and Challenges
 - State of the European Audit Market
 - EU Audit Regulation and Directive reforms discussion
 - Audit Regulation and Directive Task Force (ARD TF)
 - Strategy of CEAOB: Focus on the Collection of Audit Quality Information
 - Key Recent Challenges
- Appendices
 - CEAOB's Core Strategies Detailed Overview
 - Stakeholder outreach



CEAOB's Mission and Core strategies



CEAOB's Mission and Core strategies

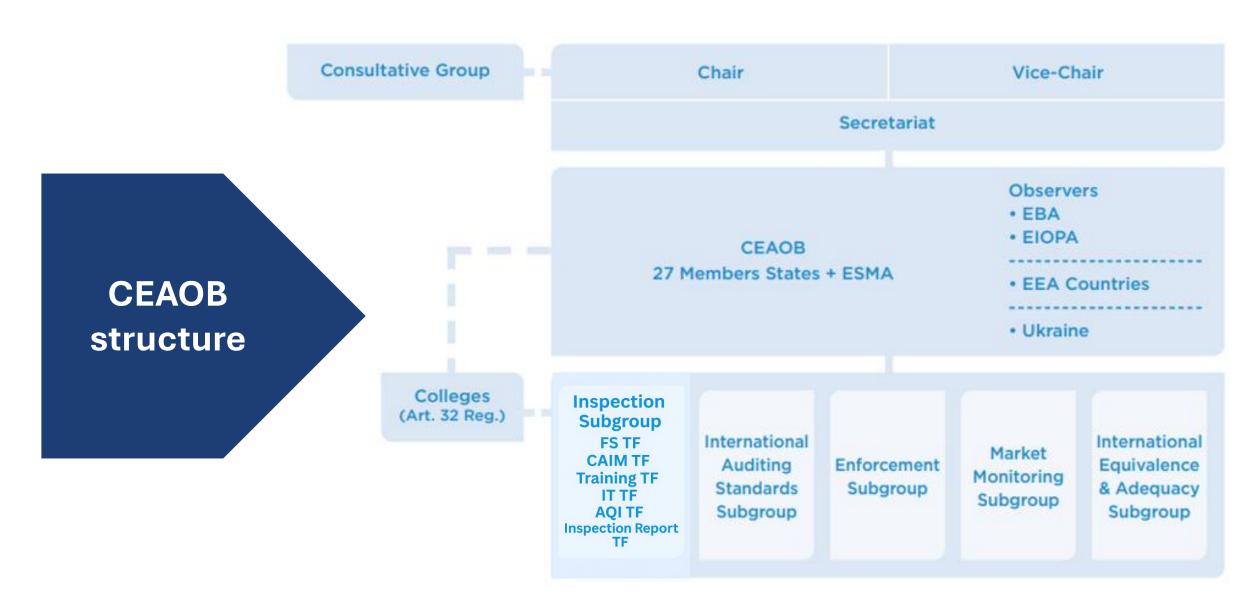
The CEAOB fosters convergence of practice by European audit regulators, and

the improvement of audit quality in Europe in order to enhance the trust in informative, reliable, and independent audit reports.

Core strategies:

- 1. Harmonising regulatory approaches
- 2. Sharing expertise and experience
- 3. Contributing to EU policy on the future of statutory audit and other assurance
- 4. Contributing to policy making via regular dialogue with international standard setters







State of the European Audit Market



State of the European Audit Market

- The Commission is working to simplify the rules under the CSRD as part of the **Omnibus proposal**. On 31 July 2025, EFRAG published its revised, simplified ESRS exposure draft for a 60-day public consultation.
- The Commission decided not to adopt standards for sustainability assurance by 2026 but will instead issue **targeted assurance guidelines** on specific items.
- Recent Revision of the IESBA Code of Ethics to Include Standards for Sustainability Reporting alongside Financial Reporting.



EU Audit Regulation and Directive reforms discussion



EU Audit Regulation and Directive reforms discussion

Meeting with Commissioner

- On the 20th of May, the Chair participated in a meeting with Commissioner for Financial Services and the Savings and Investments Union, Ms. Albuquerque, in Brussels to initiate discussions on the importance of strengthening the role of the CEAOB.
- The focus of the dialogue was on the need for an empowered CEAOB and how this could be implemented in practice.
- A formal letter has been sent to Ms. Albuquerque, aiming to communicate the outcomes of the ARD Task Force (2022–2023).



EU Audit Regulation and Directive reforms discussion

- On September's IESBA Ethics and Independence Conference, **Ms. Albuquerque** asked to share, in her keynote speech, the European Commission's perspective on strengthening trust in the audit market and she commented the following:
 - "We concluded that the 2014 reform has brought real improvements. Therefore, at this stage, we do not see a compelling case for far-reaching changes to our audit rules."
 - "We do, however, see an opportunity to do more as regards the supervision of the audit sector."
 - "Audit regulators in the EU do not operate with equal powers or resources.
 In some countries, regulators can search and seize documents or take witness statements. In others, they can't. And in some cases, a lack of experienced staff has meant fewer inspections of audits, even in critical sectors like banking and insurance."

EU Audit Regulation and Directive reforms discussion

- "Strong and consistent supervision is essential to build trust in our capital markets."
- "The CEAOB is limited in how much more it can do. It has no legal authority, no budget and resources of its own, its secretariat is provided by the Commission, and it relies on the resources of its members who split their time between the CEAOB and their work in their national oversight authority."
- "The Commission will publicly consult on different options for strengthening the coherence of audit supervision."
- "Based on the outcome of our consultations with stakeholders, we will determine what is necessary in this area - and what is not."
- Access to the full keynote here: EU Commissioner Keynote Speech



Audit Regulation and Directive Task Force (ARD TF)



Audit Regulation and Directive Task Force (ARD TF)

- The CEAOB established an ARD task force at its March 2022 plenary.
- Scope of ARD TF: To identify issues and problems, where possible, to assess the impact of those and to propose improvements to the ARD.
- The incorporation of any of these recommendations in any future review of the audit legislation is a decision of the EU Commission based on its due process in this area.



Recommendation 1 - Enhanced powers and resources for CEAOB

- ✓ CEAOB and Commission should collaborate to identify the appropriate structure and funding.
- ✓ **Drafting** and **proposing Regulatory Technical Standards** (RTS) in areas where CEAOB has competence that will be binding on its members and other relevant parties.



Recommendation 2 - Additional resources for NCAs

- ✓ Clarification and explicit support in law should be provided for NCAs to ensure they receive appropriate resources at the national level.
- ✓ Carrying out peer reviews to assess the resources and powers of each NCA, as well as how they are operated.



Recommendation 3 - Single set of EU auditing standards

✓ CEAOB should be assigned a role in the standards adoption process.

✓ Individual Member States (MSs) should be allowed to **add to the approved standards** where necessary or appropriate.



Recommendation 4 - Harmonisation of EU audit legislation

- ✓ Current audit legislation options create challenges for audit firms and regulators across MSs.
- ✓ Minimise or eliminate differing member state options.
- ✓ Harmonise powers available to regulators to ensure that all NCAs have the legal power to impose sanctions.



Strategy of CEAOB: Focus on the Collection of Audit Quality Information



Strategy of CEAOB: Focus on Audit Quality Indicators (AQIs)

- It has been resolved (March 2025 Plenary Meeting) to establish a dedicated Task Force (AQI TF) at the CEAOB level.
- <u>Purpose</u>: To explore the applicability of AQIs within the European regulatory landscape.
- The initiative will follow a phased approach.
- Determining the next steps based on findings from Phase 1.



Strategy of CEAOB: Issuance of Inspection Report

 A dedicated Task Force (TF) was established with the primary purpose of drafting and publishing an Inspection Report at the CEAOB level, utilising information from the CEAOB Inspection Database, which contains inspection-related data provided by all NCAs.



Key Recent Challenges



Audit Market Concentration

- The audit market for public interest entities (PIEs) is **highly concentrated**, with the Big Four auditing most listed companies and financial institutions. This concentration raises issues of **resilience**, **competition**, **and choice**.
- Mid-tier firms encounter significant barriers to entering the PIE segment, including high investment requirements in technology and expertise, and perceptions about their ability to manage complex multinational audits.
- A concentrated market affects audit quality and stability by reducing competition, limiting choice for audit committees, and lowering incentives for innovation.
- Current discussions at European and national levels focus on strengthening market resilience, supporting mid-tier firms, and ensuring that greater diversity is balanced with high-quality audit delivery.

Technological Developments & Al

- Data analytics and artificial intelligence are reshaping how audits are performed.
- Large firms already rely on automated tools for journal entry testing, risk assessment, and substantive procedures.
- Concerns raised around bias, over-reliance, data privacy, and accountability.
- Regulatory bodies stress the importance of **professional judgment**, **training**, **and oversight**, as well as **governance frameworks** for Al tools covering accountability, testing, security, and ethical safeguards.
- The EU Artificial Intelligence Act reflects principles of transparency, safety, and human oversight; regulators and firms alike will need to build expertise in digital forensics and algorithmic integrity.



Private Equity Investment in Audit Firms

- Private equity is becoming an increasingly important force in the audit sector.
- It provides capital for technology and international expansion but raises concerns over independence, audit quality, and governance.
- IFIAR's 2024 thematic report highlighted risks where **commercial pressures** may conflict with **professional judgment** and **long-term quality objectives**.
- Safeguards may be required at the EU level, including greater **transparency** on ownership structures and governance, and reassessment of **independence rules** for PE-backed models.



Audit Committee Briefing 2025





Appendices



1. CEAOB's Core Strategies– Detailed Overview



1. Harmonising regulatory approaches

• The Inspection (ISG), Enforcement (ENF) and International Auditing Standards (SSG) Subgroups are key to help harmonise regulatory approaches.

• ENF SG:

- The ENF SG under CEAOB conducts an annual survey on enforcement issues, including administrative measures and sanctions, to enhance understanding (facilitate convergence) of investigation and sanctioning regimes in EU Member States through discussions and case studies.

• <u>ISG:</u>

- Sharing, discussing, and analysing inspection findings and inspection approaches among CEAOB members and with other regulators.
- The Common Audit Inspection Methodology (CAIM) promotes cooperation and consistency among EU audit regulators by providing a common approach for the performance of inspections.

• <u>SSG:</u>

- Monitoring the steps taken by Member States (MSs) for the transposition of CSRD provisions into law, including any CSRD options adopted that allow independent assurance providers to perform assurance engagements on sustainability reporting.



2. Sharing expertise and experience

- Annual and joint meetings are held by all members, subgroups, and task forces to facilitate open discussions, proposals, and the exchange of expertise and experience across the EU with other regulators.
- Sharing and discussing findings deriving from database, questionnaires, surveys etc. For example: ISG performed two analyses of inspection results ('findings') that were entered by the NCAs into the findings database, covering Financial Institutions Audits and Disclosures.
- Organised dedicated trainings and webinars
- Discussions with other regulators and standards setters (e.g., IAASB, IESBA,PIOB) and European authorities and institutions (e.g., ESRB, FSB)
- Publication of guidelines, opinions, and reports via the CEAOB website (e.g., issuance of the insight paper "Challenges and applications of advanced technologies in audit firms", by the IT Task Force of the Inspection Sub-group)



A. Providing advice to the European Commission

Responses to EC consultations

- EU Audit Regulation and Directive reform February 2023
- EC Public consultation on strengthening the quality of corporate reporting and its enforcement February 2022
- EC Targeted Consultation on Supervisory Convergence and the Single Rulebook May 2021
- EC Public consultation on the revision of the non-financial reporting directive (NFRD) June 2020
- EC Consultation on the Digital Operational Resilience Act (DORA) April 2020

Technical analysis performed for the Commission

- Revision of the EU equivalence and adequacy decisions Work in progress
- Preparation of the Adequacy Assessment Report Relating to the Audit Legal and Regulatory Framework in the People's Republic of China
- Adequacy and equivalence of the USA November 2021



B. Providing feedback to the European Commission

Responses to European Commission questionnaires

- Sharing data and information between authorities – Regularly since September 2022
- Information on how the Audit Directive has been transposed in the Member States (coordination by the CEAOB July 2021)
- Sharing information on CSRD implementation since 2023



C. Non-Binding Guidelines

Limited assurance on sustainability reporting

- CEAOB has published non-binding guidelines on limited assurance on sustainability reporting on 30 September 2024, after CEAOB's public consultation
- Technical advice for the development of EU guidelines on limited assurance – *In progress*

ESEF

- Third-country auditors of issuers subject to ESEF requirements – Use of the CEAOB guidelines on ESEF – March 2022
- Guidelines on auditors' involvement on financial statements in ESEF (Transparency Directive) revised November 2021

Audit Regulation

- Appointment of the auditor and tendering (Art. 16 of the Audit Regulation) – May 2021
- Duration of the audit engagement November 2019
- Monitoring the fee cap of non-audit services September 2018



D. Outreach to stakeholders

Audit Committee questionnaire

The CEAOB designed a questionnaire for audit committees

Purpose:

- Compliance with provisions of the Audit Regulation and Directive
- Feedback on issues faced in practice by Audit Committees
- Foster dialogue on common objectives to obtain high audit quality
- Questionnaire implemented by all CEAOB members for a sample of audit committees
- CEAOB members are consolidating data received from audit committees
- Serves as a basis for the next Market Monitoring Report of the European Commission
- Next national contributions due in June 2025



Contributing to policy making via regular dialogue with international standard setters

Comment letters to the IAASB

- Exposure Draft (ED) on Proposed Narrow-Scope Amendments to IAASB Standards arising from the IESBA's Using the Work of an External Expert Project
- ED ISA 240 Fraud (June 2024)
- ED narrow scope amendments PIE vs listed entities (April 2024, March 2025)
- ED ISSA 5000 General Requirements for Sustainability Assurance Engagements and Proposed Conforming and Consequential Amendments to Other IAASB Standards (December 2023)
- ED ISA 570 (Revised), Going concern (August 2023)
- Auditing for Audits of Financial Statements of Less Complex Entities (May 2023)
- ED ISA 500 (Revised), Audit Evidence (April 2023)

Comment letter to the IESBA

- ED Ethics Standards for Sustainability Assurance IESSA (May 2024)
- ED use of experts (May 2024)
- Proposed strategy and work plan for 2024-2027 (July 2023)
- Proposed Technology-related Revisions to the Code of Ethics (June 2022)
- Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits (May 2022)



4. Contributing to policy making via regular dialogue with international standard setters

EFRAG work on the development of Sustainability Reporting standards

- CEAOB has an observer seats (with speaking rights) at the EFRAG Sustainability Reporting Board and Technical Expert Group
- CEAOB is entitled to provide comments to Commission on draft ESRS
- Comment letter on the first batch of draft ESRS (August 2022)
- CEAOB response sent to EFRAG consultation on the draft revised ESRS/ED, published on 31 July 2025.



2. Stakeholders outreach



Stakeholders Outreach - 2025

March's Plenary

<u>Stakeholder(s):</u> Public Interest Oversight Board (PIOB) & Financial Reporting Council (FRC)

Topics discussed:

PIOB: Overview of the PIOB's role, key standards and projects, system reforms, and funding needs.

FRC: Culture and governance.

November's Plenary

Stakeholder(s): Mr. Brynjar Gilberg (Academia), European Group of International Accounting Networks and Associations (EGIAN), EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) and ACE.

Topics to be discussed:

Academia: Discussion of the paper "Training future auditors: Do we want compliant bureaucrats or creative thinkers?"

EGIAN: Need for an EU-wide sustainability assurance standard, two-way dialogue on ISQM monitoring findings, and preparation for revised ISA 240 & ISA 570.

ACE: Future of the profession in a changing geopolitical and regulatory world

DG FISMA: AML presentation

18-19 March 2025

1-2 July 2025

18-19 November 2025

July's Plenary

<u>Stakeholder:</u> European Accreditation (EA) & European Contact Group (ECG)

Topics discussed:

EA: Accreditation requirements, standards, and oversight applicable to providers accredited for CSRD assurance engagements by EA members **ECG:** Early-stage reflections and insights derived from the analysis of the first 50 sustainability statements under the ESRS.





Thomas Fowler, Chief Sustainability Officer, Ryanair Lisa Campbell, Head of Operations, IAASA



Audit Committee Briefing 2025













Audit Committee Panel

Sustainability reporting and assurance, and AC responsibilities

Financial reporting, accounting, and disclosure challenges posed by the current geopolitical, macroeconomic, and risk landscape

AC oversight responsibilities for AI

AC oversight responsibilities for cybersecurity and data governance

Challenges facing ACs





Brendan Lenihan, Audit Committee Chair



Aisling Kennedy, Audit Committee Chair



Sinéad McHugh, Audit and Assurance Partner, Deloitte



Conor Holland, Audit and Assurance Partner, KPMG



Slido question

Which of the following areas do you believe your audit committee is least prepared to oversee?

- a) Sustainability reporting (e.g. CSRD readiness)
- b) Al deployment and governance
- c) Cybersecurity and data resilience
- d) Geopolitical and macroeconomic risk
- e) Talent and skills gaps on the committee
- f) None we feel well prepared across all areas











Tony Hughes, Run Audit







A busy readers guide to the use of Artificial Intelligence in IT Audit

Tony Hughes

16th October 2025

Al Is Here



Introducing my co-host Laura...say hello





Al Is Here



Introducing another co-host, Tony...say hello

- Origins of Al
- Changing work environment
- Traditional v Powered Approaches
- How Automation Frees the Human
- Human In The Loop
- Saving the profession of IT Audit

Origins Of Al



Where did the foundations of Al begin..

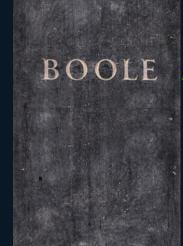


Origins Of Al



Where did the foundations of Al begin..





Boolean Logic

- George was determined to find a way to encode logical arguments into a language that could be manipulated and solved mathematically;
- He also developed a novel approach based on a binary system, processing only two objects ("yes-no", "true-false", "on-off", "zero-one").
- Therefore, if "true" is represented by 1 and "false" is represented by 0, and two propositions are both true, then it is possible under Boolean algebra for 1 + 1 to equal 1 (the "+" is an alternative representation of the OR operator) functions.

George Boole (1815-1864)

Al Has Been Here a while





1955

A proof of concept was initialized through Allen Newell, Cliff Shaw, and Herbert Simon's, Logic Theorist. This was a program designed to mimic the problem-solving skills of a human, and was funded by Research and Development (RAND) Corporation.



1960

John McCarthy opined that "computation may someday be organized as a public utility;" the underlying concept of cloud computing was stated.



1970

Marvin Minsky states that within 3 to 8 years, machines will have the general



intelligence of an average human being.



1990-95

Carnegie Mellon University began building self-driving cars, integrating neural networks into image processing and steering controls. In 1995, Carnegie Mellor researchers took their self-driving car, called NavLab 5, to the road, traveling 2,797 miles from Pittsburgh to San Diego.



2001

IBM's Watson wins Jeopardy. Watson is a computer system that can answer questions that are poised in natural language processing (NLP). Watson uses a cluster of ninety IBM Power 750 servers, each of which uses a 3.5 GHz POWER7 eight-core processor, with four threads per core. In total, the system has 2,880 POWER7 processor threads and 16 terabytes of RAM.



Alan Turing develops the "Turing Test" as a measure of machine intelligence. It is a method of inquiry in artificial intelligence, "Al", for determining whether a computer is capable of thinking like a human.





by who many consider to be the father of Al, John McCarthy, at a convention at Dartmouth College.





John McCarthy hosted a series of four simultaneous computer chess matches carried out via telegraph against rivals in Russia. The matches lasted several months, and the result was that McCarthy lost two of the matches and drew two





system" which mimicked the decision-making process of a human expert.





IBM's Deep Blue is introduced. A chess playing computer consisting of IBM RS/6000 SP Supercomputer with 30 PowerPC 604, 120 MHz CPUs and 480 custom VLSI secondgeneration "chess chips"





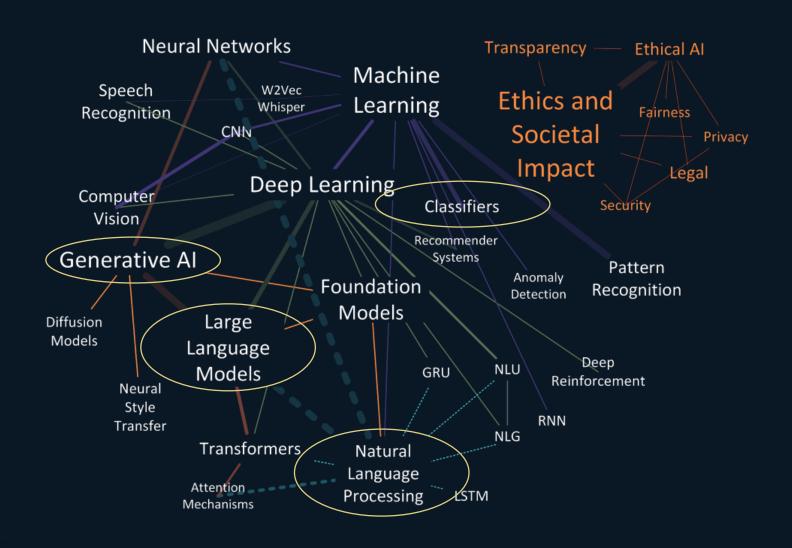
Autonomous semi-truck company, TuSimple "completed the world's first fully autonomous semi-truck run on open public roads without a human in the vehicle and without human intervention," according to a news release. The 80-mile, one-hour and 20-minute drive began in Tucson, AZ, and ended in Phoenix.



What do we mean by Artificial Intelligence (AI)



It's more than just one thing



Positives & Negatives



It's in the news...constantly.





EU Al Act in a Nutshell



The EU Al Act implements a legal framework for mitigating risks in Al technologies.

It classifies At into categories: unacceptable, high, limited, and minimal risk.

- High-risk Al must adhere to strict safety and non-discrimination standards.
- The Act requires transparency for Al that interacts with individuals.
- Generative AI falls under the broader scope, addressed by risk potential.
- Compliance is overseen by national authorities and the European Al Board.
- The Act aims to balance innovation with the protection of rights and values.



Developer v Deployer



Be one or be both..

The EU AI Act applies to developers and deployers.

This is important as most organisations will likely fall in the latter category.

Some are subject to fundamental rights impact assessments when deploying high risk systems – there are implications for those who are providing public services.

But it is Not Something Entirely New



It does not replace existing legislation and efforts from organisations

Existing Laws/Regulations still apply in relation to the application of AI (to name but a few)

- GDPR | Data Protection and Digital Information Act 2025 (DPDI)
- DORA | Operational Resilience and Critical Third Parties (CTP)
- National Cyber Security Bill 2024 | UK Cyber Security and Resilience Bill (2025)
- Digital Services Act (DSA) | Technology Code of Practice (TCoP)
- Online Safety and Media Regulation Act 2022 (OSMR) | Online Safety Act 2023
- EU Data Act (Effective September 2025) | UK Al Regulation (In Development)

Setting Sectoral Ground Rules



UK & Ireland have rules on the responsible use of AI.









What are the key principles



10 to remember

You know what Al is and what its limitations are

You use Al layyfully. ethically and respor sibly

You know how to keep Al tools **secure**

You have human **c**ntrol at the right stage

You meaningful understand 🗸 how to

manage the full AI lifecycle

You have the skalls and expert se that you need to build and use Al

You are open and collaborative

You use these principles alongside your organisation's policies and have the right assurance in place

You work with commercial colleagues from the start

You use the right tool for the job



IA V A



Requires a shift in thinking from traditional audit..

We need to consider how to audit the technology – not the outputs; Clear policies on use, linked to regulation is required, e.g.

- Governance
- Contracts & 3rd Parties
- Training
- Data Protection Risk Management
- Lawful Basis
- Trade Offs
- Statistical Accuracy
- Discrimination & Bias

- Security & Integrity
- Transparency
- Data Minimisation
- Individual Rights
- Human Review

You use these principles alongside your organisation's policies and have the right assurance in place



Why is IT audit in difficulty



It's more than just one thing



Regulation

Regulatory organisations (e.g. Banking, financial services, Fintech) are increasingly dependent on experts in governance, risk and compliance (GRC) to keep them safe and compliant.

Complexity

These experts typically work as cybersecurity auditors in an increasingly complex regulatory environment. Financial Auditors are being asked to produce more IT Audit work e.g. ISA315.

Staff workload

The workload faced by auditors is huge and for the most part, they are still dependent on manual systems. This means it can take weeks to complete key tasks such as the gap analysis used to highlight vulnerabilities or shortcomings in an organisation's security profile.

Cost

The challenges of gaining and maintaining globally recognised Cybersecurity certifications (SOC, ISO, NIST) are holding back growing firms from winning valuable business opportunities.

Quality

This has created a large demand for consultant driven solutions which are expensive, time consuming and slow.

Run Audit AI software is designed to support organisations with cybersecurity audit and compliance challenges around the audit process.

What can AI do to help



Multi faceted



Speed up the delivery of services

Can retrieve relevant organisational information faster to answer digital queries or route email correspondence to the right parts of the business.

Reduce staff workload

Can suggest first drafts of routine email responses or computer code, acting as an autocomplete tool for algorithms.

Perform complicated tasks

Can help review and summarise huge amounts of information, as well as identify and correct errors in long algorithms.

Perform specialist tasks more costeffectively

Can summarise
documentation containing
specialist language like
financial or legal terms or
translate a document into
several different languages.

Improve the quality of services

Can improve the readability and accessibility of information on web pages. For example, by simplifying complex language, improving formatting and generating alternative text for images.

The Decision Matrix



Should we use Al

Interoperability

What way will the enduser be looking to use or interact with the Al system

Accuracy

How accurate do we need to be

Efficiency

How long does the model need to generate results

Risk Management

What risk category would this fall under for the Al Act (2024)



Consistency

Do we need to be able to achieve the same outcome every time we run the model

Explainability

To what length will we need to explain the model to the end-user

Reliability

Is the training data reflective of the real-world situations that it will address





It's about Value



Free the human

The question is no longer "can we create processes?" but rather

"do these processes fulfil their function and satisfy its stakeholders?"



Where is the value



Finance Online Survey via Statista November 2024



Roles suitable for automation

Over 71% of repeatable or rules-based jobs can be automated.



% of each role that can be automated

75% of the tasks in those roles have been identified as suitable for Al



Futureproofs their business

Leaders believe this gives them a competitive edge



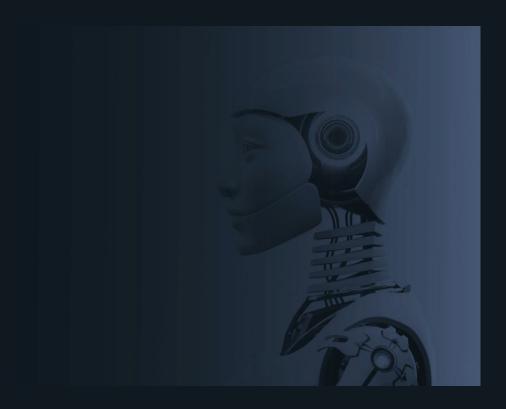
Improves Data Management

Al is seen as a way to manage the huge data estates in enterprise companies

The Art of the possible



Example of prototype Al auditor



Traditional Audit & Consulting



The long way round



Powered Audit

Using AI to shorten delivery

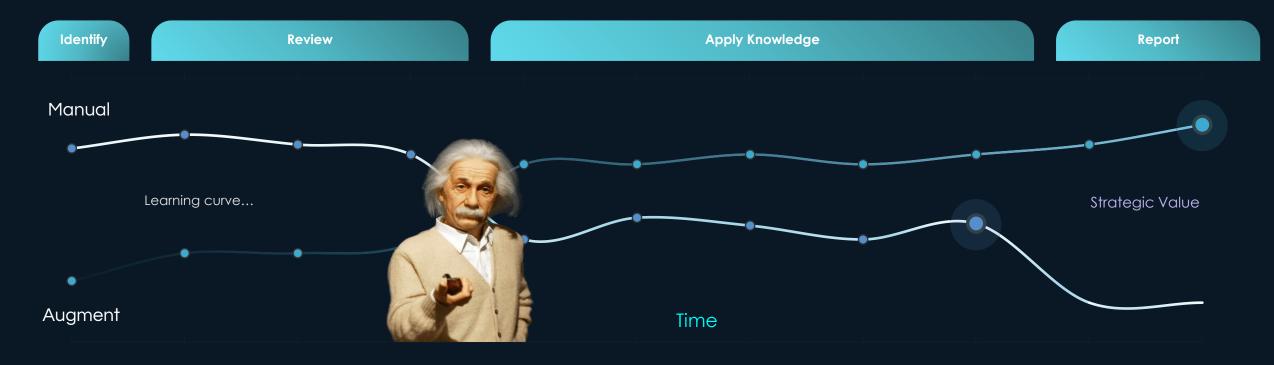


The IT Audit Profession

High ^

Automate v Manual (New v Old)





e.g. ISO 27001:2022 auditing

Manual tasks that are repetitive and steal time and resources

Staff time spent on compliance activities

Reporting time to senior staff and the board

Identify and remediate control issues

Comparison to industry standards in real time

Create and share tangible compliance targets

Automated remediation of control gaps

Bespoke cybersecurity training for the entity

Eliminate Reduce Enhance Create

Automation Removes Repetition



What does it mean for automation and Al







Automate v Augment



You have meaningful human **c**ntrol right stage

Human in the loop





What are you optimising for? -

SPEED/VOLUME

protocols

QUALITY/ACCURACY

COMPLIANCE

INNOVATION

Guided automation: Al with human oversight

Human-led with Al support

Active control: Human authority at all times Human augmentation:

Al autonomy: Minimal human involvement



Circuit-breaker

Human authority to halt system immediately. Multiple verification steps. Clear escalation chains.

Expert override systems

System explains reasoning, human validates. Domain experts have full authority to counteract Al outputs.

Mandatory human approval

Al recommends, human decides. No automation without explicit human authorisation.

Collaborative validation

Al and human analyse independently, flag discrepancies, resolve together.

Monitored automation

real-time human monitoring.

Regular expert review

Expert periodically audits Al decisions. Identifies patterns, adjusts parameters.

Approval workflows

Al processes routine cases, escalates edge cases to human reviewers.

Collaborative ideation

Al generates options, human provides creative direction and strategic context.

Batch processing

human reviews samples and

Spot checking

Random sampling of Al decisions for quality assurance and calibration.

Rule-based quardrails

Al operates within predefined parameters. Human oversight for

Creative collaboration

Al generates initial concepts, human refines and adds strategic insight.

Full

Al operates independently monitoring only.

Feedback learning

Al learns from user interactions and feedback to improve over time.

Template

System handles routine,

Generative assistance

suggestions and variations for human consideration.

REAL-WORLD EXAMPLES

E-commerce: email marketing

Goal: Send personalised emails to millions (optimising for speed/volume and quality).

Risks: Poor copy, spam risk (recoverable setbacks).

→ Batch processing + Spot checking: Al generates emails, marketing team reviews random samples pre-sending, and monitors overall engagement metrics, intervening when unusual patterns seen

Recruitment: applicant screening

Goal: Support recruitment/HR team by processing hundreds of applications efficiently (volume, quality, compliance)

Risks: Systemic bias, missing great candidates or hiring poor fits (high-impact failures).

→ Monitored automation + regular expert review + approval workflows

Al screens applications for requirements and fit indicators, flagging top candidates and clear rejections. Recruiters review candidates and can override any Al decision. Hiring managers get Al analysis alongside resumes for final interviews.





automation

automation

standardised processes with minimal variation.

Human Power



So, there is a quality future for the human..



Survival of The Profession



Can audit be edgy and cool...



"People just entering the workforce usually struggle to land roles with higher salaries because they have to compete with senior candidates.

This competitive disadvantage disappears as new types of roles — roles that no one has done before — are created.

Younger workers are less likely to be forced to compete with their seniors, and more likely to be pioneers."

Harvard Business Review: Why Robots won't steal your job

Bonus Content



For live attendees

MotebookLM



Final Thoughts



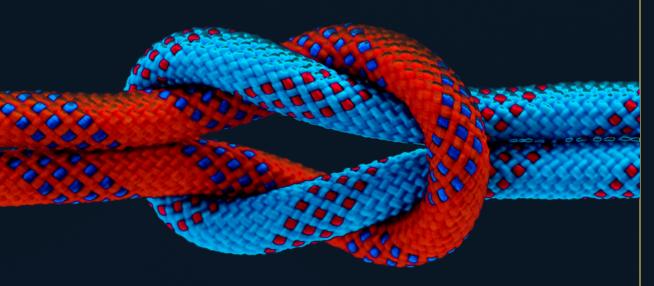
Its not going away..





Thank You













Thank You







Kevin Prendergast, Chief Executive



Feedback survey

Please complete feedback survey in Slido



Slido passcode IAASAACBriefing2025

