

## AI - Use cases in Audit

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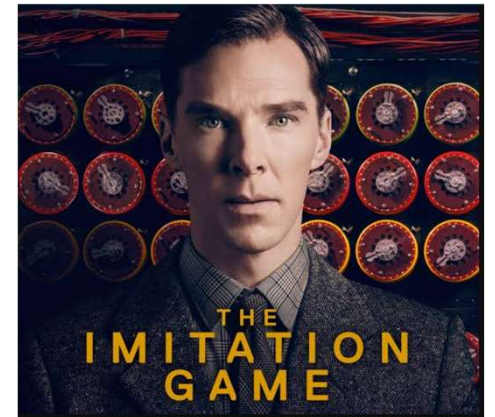
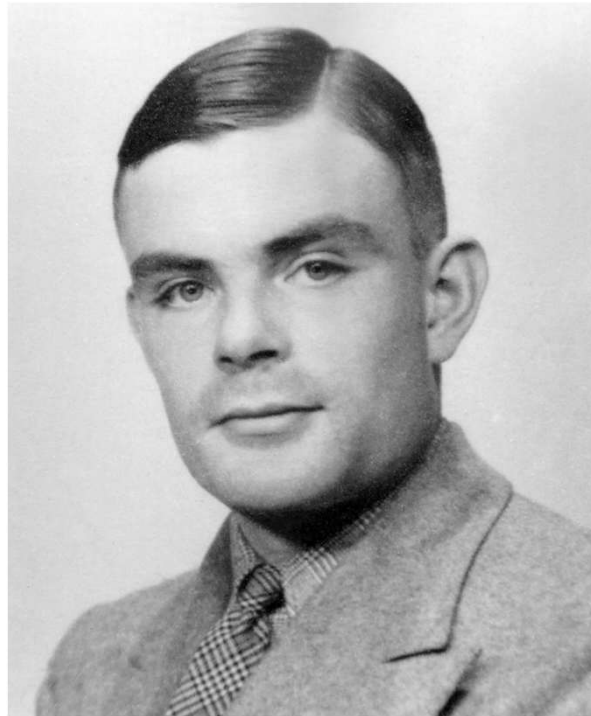
## Background of AI

### Alan Turing

Mathematician

Turing Test (Turing machine)-

**Whether machine is capable of thinking**





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## Profile & Objective

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### Profile

- Partner with KKC & Associates LLP (**Khimji Kunverji & Co LLP**)
- CA, CPA (USA), Registered Valuer (SFA)
- Audit & Assurance
- Committee member at AI in WIRC, IT connect committee of Chamber of Tax consultants

### Objective

1. Use of Different LLM and SLM models for Audit
2. Addressing some pain points in audit
3. Conclude

## Meaning of AI – Setting the context

Artificial Intelligence means

**Any computer system that simulates any form of organic intelligence.**



Rule Based



Machine Learning-  
Pattern recognition



Generative AI-  
ChatGPT



Reasoning AI

## Setting the context

### GPT

#### Generative Pre-trained “Transformer” (‘GPT’)

“Transformer” means it understands **key points** from human input and **tries to understand your intent**

Transformer will identify keywords and will **make assumption** and give an answer that is **most likely correct** answer.

Hence the model **Hallucinates** and responds.

**Better prompt = Better Output**

#### Popular LLM models

- ◆ ChatGPT
- ◆ Perplexity
- ◆ Gemini
- ◆ Grok
- ◆ Claude
- ◆ Co-pilot

## Prompting Technique

Framework: C.R.E.A.T.E

C : CHARACTER- Explain that it's important to specify the role you want the AI to play. For example, "You are an auditor with 20 years of experience."

R : REQUEST - Emphasize the need to clearly state what you want the AI to do. Be specific and provide context.

E : EXAMPLES (e.g. reference)- providing examples can guide the AI better.

A: ADJUSTMENTS- "Don't use bullet points" or "Use subheads to break up the text."

T : TYPE OF OUTPUT- Specify the format of the response you want- Tabular format, detailed paragraphs, etc.

E : EXTRAS- Add any additional instructions that can improve the response. Examples include "Ignore everything before this prompt," "Ask me questions before you answer," or "Explain your thinking."



## LLM Models in Brief- Use cases in Audit

### ChatGPT

Built-in advance data analytics  
Schedule Task  
Deep Research

### Gemini

Best for Google workspace  
Good Translator  
Pull multiple docs from Drive,  
emails, etc.

### Perplexity

Answers - citations  
Deep Research  
Comet

### Claude

Drafting  
Large docs  
Responsible AI

### Copilot

Microsoft environment  
Enterprise governance  
In-app

### Grok

Real time insights from X  
Less filtered  
Task



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## To Do with LLM models

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- ◆ **Set Profile in each LLM you use**
- ◆ Follow **Framework** of prompting. C.R.E.A.T.E
- ◆ Give Examples
- ◆ Add important information at the “Beginning” or at the “end”
- ◆ Create a “PROMPT” Library- collect your effective prompts- Use Microsoft One Note, Excel, word etc.
- ◆ Ask the model to check itself.
- ◆ Cross check answers with other AI chatbots.
- ◆ Do not share sensitive/confidential information unless you are sure of its security features



## Notebook LM

- ◆ Google AI Notebook - Small Language Model
- ◆ Upload PDF, text file, images (no excel/word), you tube links, Web links etc.
- ◆ Cites exact pages/ slides/ images while answering
- ◆ Works on **Provided Documents**
- ◆ Uploading the Ind AS, CARO guidance note, Income Tax Act PDF, RBI regulations, Companies Act, etc into a Notebook, then ask questions and getting an answer drawn directly from those pages
- ◆ Creates Mind maps, Audio overview, Flashcards, Quiz, infographics, Video overview, Slide deck.
- ◆ Useful as training tool for interns

**Pain point :  
Research work**



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## Notebook LM

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Specific uses for audit:

- ◆ Accounting and Research work
- ◆ Audit procedures specifically addressing SA
- ◆ CARO check
- ◆ NFRA recommend processess
- ◆ Tax audit Queries
- ◆ Companies Act queries
- ◆ Tax queries



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## Combination of LLM's

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### **Notebook LM x Perplexity x Gemini x ChatGPT**

Use Perplexity for recent information / weblinks.

Translate circulars/ docs in English language through Gemini

Upload Weblinks/ Docs/ circulars in Notebook LM

Cross check the output/ further research in ChatGPT

## Deep Research

- ◆ Available for free (limited usage) on most of LLM's
- ◆ Runs dozens of web searches
  - > reads hundreds of sources
  - > reasons step-by-step
  - > delivers a multi-section report with citations
- ◆ Takes time
- ◆ Uses VIP Framework – Validate, Investigate and Position

Pain point: Inadequate  
planning and  
benchmarking



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## Deep Research – Practical use in Audit

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### Financial statement audit

**Planning:** pulls industry/regulatory themes and turns them into risk points and focused questions for management.

**Technical memos:** creates a cited note on an issue (e.g., ECL, revenue, impairment) with key requirements and “what to verify.”

**Benchmarking:** compares your draft notes/disclosures with peer/public examples to spot gaps.

**Fraud brainstorming:** lists realistic fraud scenarios for the business model.

**Going concern:** compiles external indicators and prompts to test assumptions, covenants, funding plans.

### Internal audit

**Scope & test plan:** drafts objectives, risks, controls, and test steps for a process (payroll, procurement, treasury, ITGC).

**Control benchmarking** suggests common control expectations and typical failure points for that process.



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## Deep Research- Framework

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- ◆ **D – Define context** – Purpose, audience, parameters
- ◆ **E – Extract Information** – Sources, Geography, time, constraints
- ◆ **E – Evaluate Information** – Comparison, framework, “What should be analyzed”
- ◆ **P – Present findings** – Format, Tone, Structure, must- haves

Example:

- ◆ D- Define- “You are auditing a NBFC Company with an objective to achieve to identify key risks and audit focus areas relating to ECL provisioning”
- ◆ E – Extract Information – “Ind AS 109, Ind AS 107, RBI circulars”
- ◆ E – Evaluate information – “Key judgement areas in ECL”
- ◆ P – Present findings – “Tabular format suitable for audit documentation”

## Grok AI

- ◆ Grok accesses up-to-the-minute information from the web and the **X platform (formerly Twitter)**, making it useful for **tracking live developments**.
- ◆ Large context window. Deep Document analysis
- ◆ Designed to be more provocative and **less filtered**.
- ◆ Asking it to find contrarian views/ Devil's advocate
- ◆ Schedule Task for free

Pain point: Social media  
rumor mill- Reputation  
risk

## Schedule Task

- ◆ Available on Grok- Free version, ChatGPT and Perplexity
- ◆ “Scheduled Tasks” lets LLM models run a prompt later (on recurring basis) and then notify you with the result
- ◆ Works even when you’re offline: the task can run even if you are not online, and you can get push notifications and/or email when it completes
- ◆ You can schedule a task asking Grok to do the following on daily/quarterly/yearly interval:
  1. Check for the updates across the regulators and newsroom impacting specific sector
  2. Assess its impact on the {company} that I audit
  3. Give possible implications on the Financial reporting disclosure
  4. Suggest audit procedures as per Standards of auditing

Pain point: Unaware of recent updates impacting specific companies/ sector being audited





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## Task

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Schedule Task for:

- ◆ Regulatory updates
- ◆ Client pertaining industry updates
- ◆ Capital Markets
- ◆ IFRS/ IAS/ Ind AS/ ICAI updates affecting Financial reporting/ audit
- ◆ GST/ Income taxes updates

## Microsoft Copilot

- ◆ Secured- Enterprise grade security
- ◆ Work version vs. Web version. Work version is paid
- ◆ **Drafting and summarizing the document which are sensitive/confidential**
- ◆ Copilot is inbuilt within applications like Word, ppt, Excel, Teams and Outlook
- ◆ Difficulties with complex topics
- ◆ Building Agents is easier

Pain point: Client data  
confidential to be shared  
on LLM platforms

## Copilot- Building Agents

**Co-pilot Agents** can be easily built for:

- ◆ Summarizing documents
- ◆ Drafting certificates
- ◆ Drafting audit procedures
- ◆ Casting and cross referencing
- ◆ Proposal building
- ◆ Admin agents

As of now building agents is available only in work (paid) version

Use LLM models to draft instructions for the Agent

Can be **built and scaled** across organization

Testing for accuracy- required

**Pain point: Least  
Valuable activities  
takes lot of time**



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## Gemini

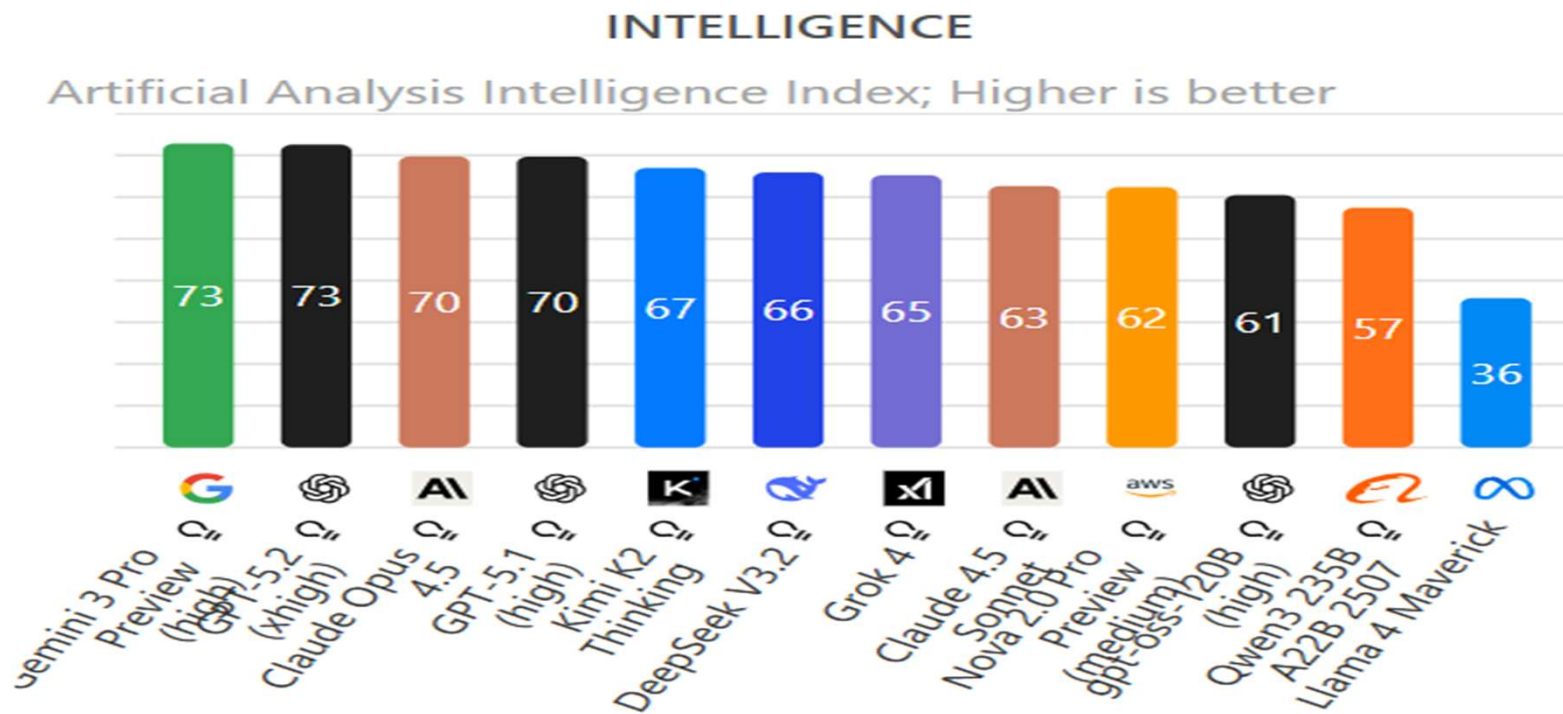
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- **Gemini by Google**
- Gemini can process both text and images in the same conversation.
- Instantly extract data from photos of hard-copy notices, invoices or Form 26AS screenshots you receive over WhatsApp—no need to manually retype.
- Translating and explaining a new circular in **Marathi or Gujarati**

## AI chatbots- Specific uses

| Chatbots           | Specific Uses   |
|--------------------|---|
| <b>ChatGPT</b>     | Complex topics/ understanding/ Deep research<br>Schedule Task                     |
| <b>Claude</b>      | Drafting of Reports, Summarization, Preparing SOP                                 |
| <b>Perplexity</b>  | Research on Regulatory updates. Alternative to Google                             |
| <b>Copilot</b>     | Dealing with sensitive client information. Secured MS environment, Copilot agents |
| <b>Grok</b>        | X (twitter) information, less filtered, Schedule Task for Free                    |
| <b>Gemini</b>      | Translator. Better in google environment  |
| <b>Notebook LM</b> | Research / reading large documents  |

## Artificial Analysis Intelligence Index





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## To Conclude...

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Not every AI tool is useful. Explore and then invest

Primary objective = save 'time'.

Train yourself and others

Focus on what you need today. Start small

Don't rush to be "AI First" entity

It is Fine to not know everything. Everyone is learning.



# Thank You

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