

AI - Use cases in Audit

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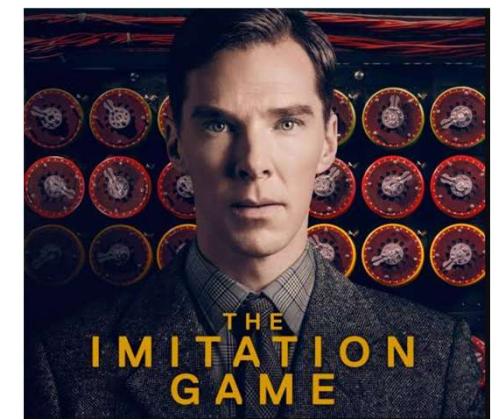
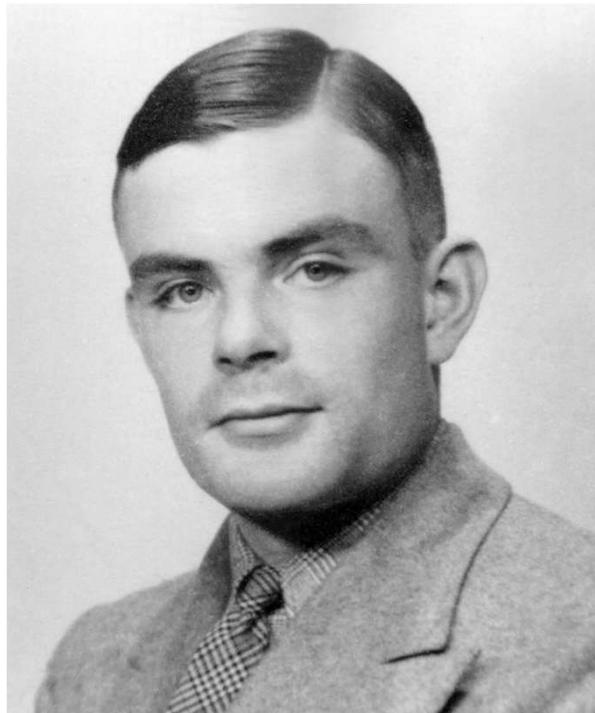


Background of AI

Alan Turing

Mathematician

Turing Test (Turing machine)-
Whether machine is capable of thinking



Profile & Objective

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



To Do with LLM models

- ◆ **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**

Notebook LM

Specific uses for audit:

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

Combination of LLM's

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

Deep Research – Practical use in Audit

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.

Deep Research- Framework

- ◆ **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



Task

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

Pain point: Least Valuable activities takes lot of time

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

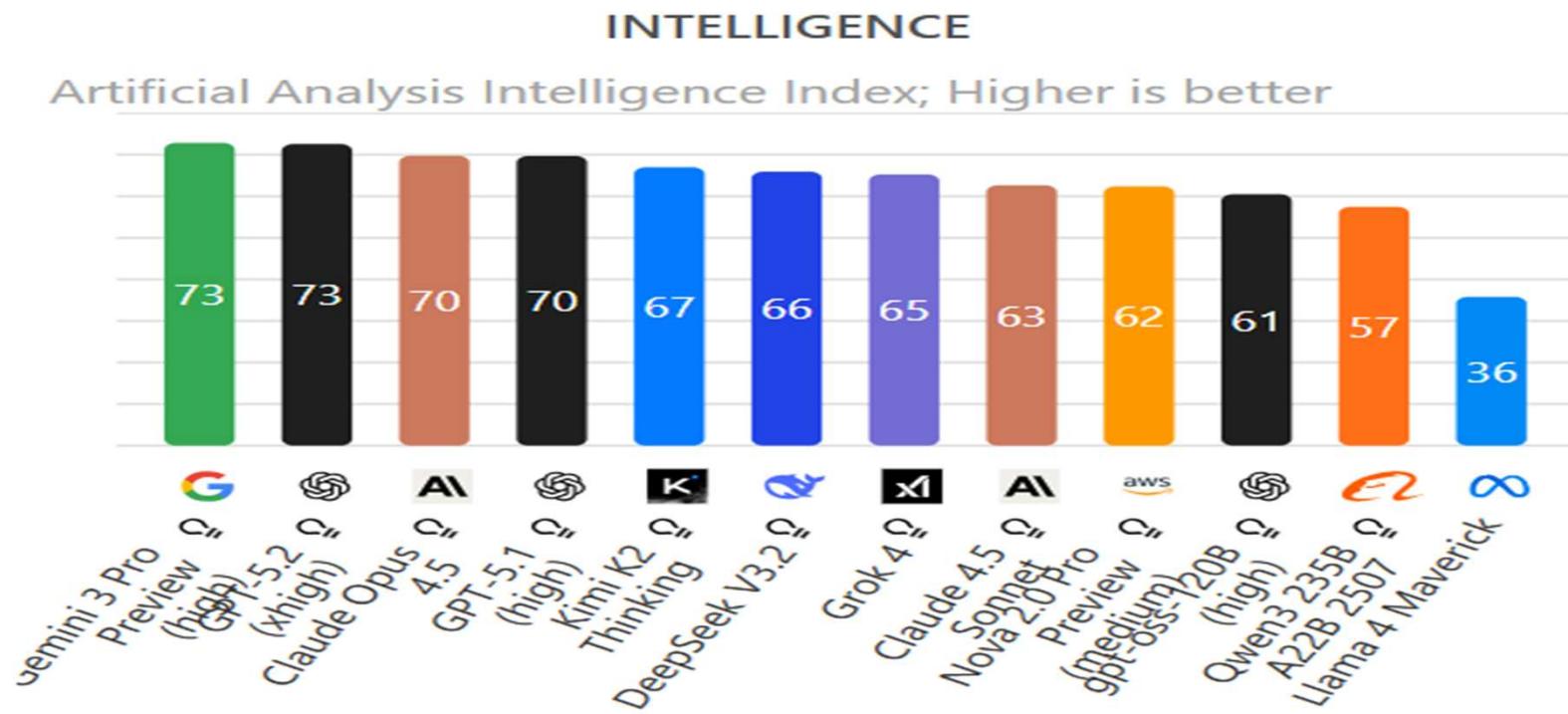
Gemini

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

Artificial Analysis Intelligence Index



To Conclude...

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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