

AI's Bright Future

in Audit, Risk, and Compliance



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How AI is Transforming Audit, Risk, and Compliance

Over the past decade, audit, risk, and compliance functions have undertaken digital transformation to align and optimize efforts to help their organizations become more resilient and sustainable. At the same time, these transformations must serve a second purpose of helping to reduce the administrative burden and manual tasks historically plaguing audit, risk, and compliance teams with already limited resources.

Artificial intelligence (AI) will play a critical role in helping teams support both objectives simultaneously — building more resilient organizations while getting more done with less effort.

To understand the full scope of the AI opportunity for audit, risk, and compliance teams, however, it's also important to understand evolving organizational expectations around the roles these teams play. While many organizations still focus primarily on achieving compliance and mitigating risks, more organizations than ever are relying on their audit, risk, and compliance functions to help them uncover proactive business insights and opportunities. Delivering these outcomes requires more than simply normalizing and integrating data, processes, and workflows. **It demands connecting data across functions, uncovering trends as they happen, and proactively surfacing actionable issues, risks, and insights.** AI-powered risk management technologies like AuditBoard will be essential in supporting these efforts.

For audit, risk, and compliance teams exploring how they can leverage AI to surface insights and opportunities, enhance risk management, and create efficiencies, it's helpful to start by establishing a foundational understanding. Read on to better understand:

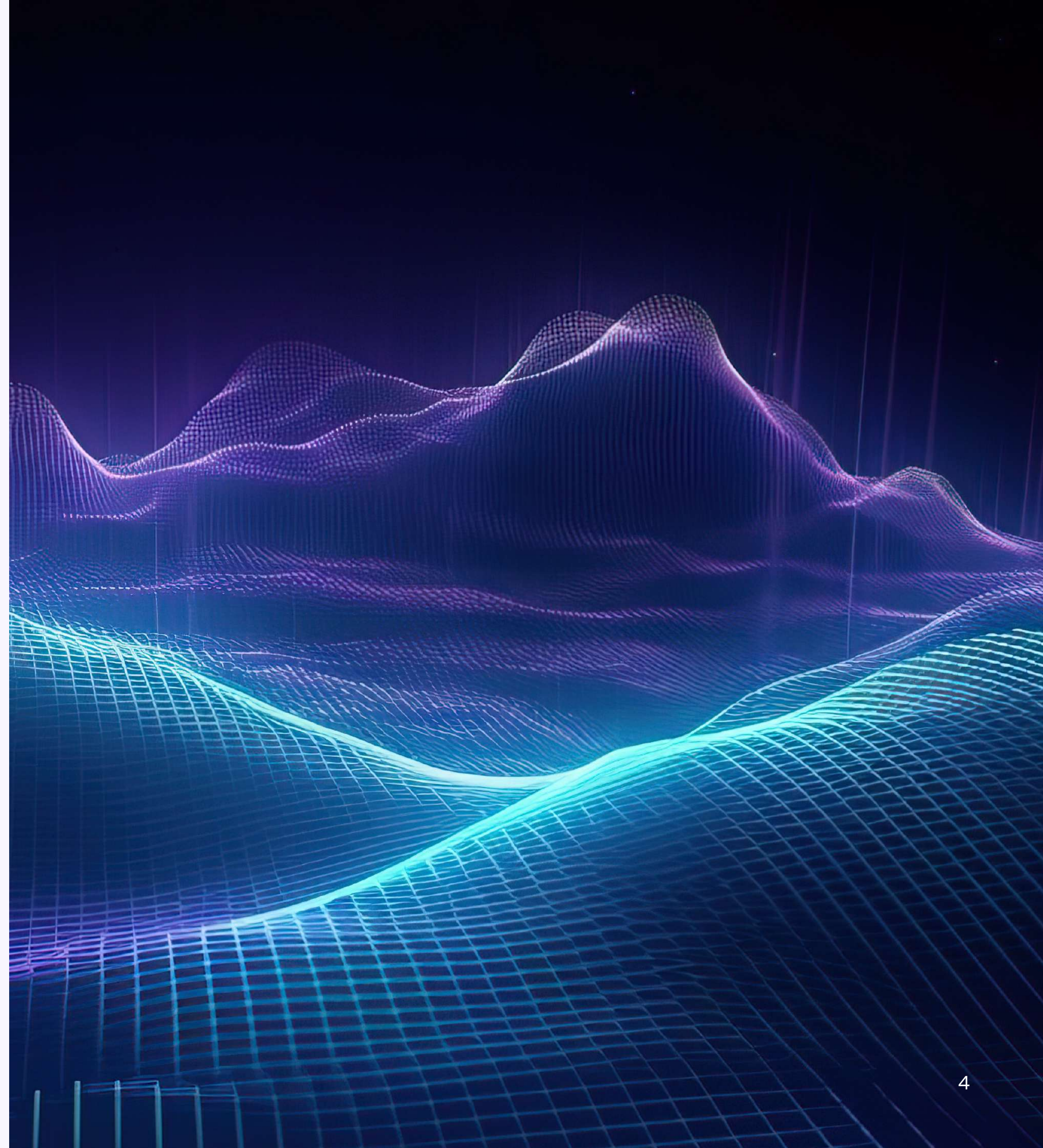
- How recent advances in generative AI are creating **new opportunities for audit, risk, and compliance teams.**
- The scope and nature of these opportunities, including **sample use cases.**
- How data-driven AI insights and recommendations can help organizations **drive efficiency, improve cross-functional coordination and visibility, and proactively surface data-driven insights.**
- The basics of **how generative AI outputs are created and optimized.**
- Risk management essentials for **reducing generative AI risk.**

There is no doubt that AI will transform how audit, risk, and compliance work gets done. Make sure your organization is on track to make the most of its incredible potential.

The Early Role of AI in Audit, Risk, and Compliance

While machine learning techniques are not new, [recent advances in generative AI](#) and large language models represent significant opportunities for audit, risk, and compliance teams. Even in its early forms, AI is a valuable tool for helping users expedite how quickly they can bring together the data and insights needed to begin work on small tasks and large projects alike. Whether the work involves drafting new controls or initiating disaster recovery audits, AI technologies can help kickstart the work by providing drafts, frameworks, project steps, and more. As AuditBoard's Senior Internal Audit Advisor Richard Chambers and Senior Director of Risk Solutions Anand Bhakta [have asserted](#), "We see AI as a capacity multiplier and magnifier for human intelligence," and generative AI could "prove to be the ultimate capacity multiplier."

Importantly, users at every level can already derive significant value from leveraging AI. For audit, risk, and compliance professionals with deep expertise in their disciplines, AI can assist with repetitive or lower-value tasks, expanding their bandwidth and freeing them up to focus on more strategic tasks. For professionals early in their careers, AI can help to flatten the learning curve, level up their expertise in various domains, and ground their work in industry best practices and their organizations' standard operating procedures. Below, we explore several of the most common use cases available to users at any level.

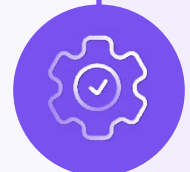


AI Use Cases and Benefits: Fast-Growing Potential and Limitless Possibilities

Teams who embrace AI's early potential and begin integrating it into their work will be better positioned to make the most of AI's promise as it develops. This philosophy is also driving [AuditBoard's integration of AI](#), purpose-built to help teams start using AI to derive more value from their data. Below, we explore potential use cases in more detail.

Reducing the Learning Curve

AI has the capacity to serve as a contextual assistant for professionals of any experience level in organizations of any size or industry. By reducing the learning curve for new domains and tasks requiring localized knowledge, AI can help both experienced and inexperienced professionals provide more strategic value to their organizations. Enhanced performance offers vital relief for short-staffed or resource-strapped teams.

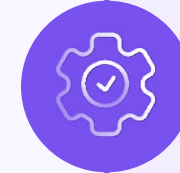


Intuitive AuditBoard AI elevates every user of our platform with intelligent automation and insights driven by a range of audit, risk, compliance, operational, and external data sources.

Saving Time and Effort on Writing and Research

Writing is a challenging but critical function in the day-to-day work of audit, risk, and compliance teams. While practitioners spend an inordinate amount of time drafting risk descriptions and security policies, they would prefer to have more time for the more strategic parts of their jobs. What if you could reduce the time you spend on writing and research by 25% or even 50%? Generative AI holds the potential to transform the way you work, saving significant time and effort by accelerating:

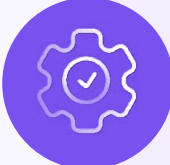
- **Research.** AI can provide users with ready access to enormous bodies of knowledge, enabling you to more effectively leverage the work your team has already done (e.g., developing policies, writing control language) in developing new documents, strategies, testing activities, risks, policies, controls, and so on.
- **Initial drafting.** Generative AI tools can give practitioners a head start in crafting detailed short- and long-form documents. For example, AuditBoard AI embeds levers to help users source and tailor text in useful ways (e.g., integrating [risk tolerance considerations](#), regional or linguistic preferences, contexts, example “pairs”).
- **Issue authoring.** If users are documenting new risk or control issues, AI can search for similar issues and provide for users’ review, offering context-relevant starting points they can use to jumpstart their drafts.



Since AuditBoard AI is integrated into your existing day-to-day workflows, there's no need to relearn how to do your work. AI prompts and levers are intuitively placed to assist you in a contextually relevant manner, accelerating your work. Whether your colleagues work in Latin America, you need to describe something concisely, or you're a risk-averse or risk-forward organization, AuditBoard AI gives you those levers precisely when you need them.

Streamlining Operations and Improving Efficacy

- AI tools can help audit, risk, and compliance teams to more efficiently and effectively achieve desired outcomes in countless ways. For example, AuditBoard AI helps to:
- **Support effective evidence reuse.** Audit, risk, and compliance teams are often unaware of evidence collected by partner teams, leading to redundant [evidence collection efforts](#). AI can enable identification and reuse of evidence already collected.
 - **Find, connect, and document risk or control issues.** When users are documenting new risk or control issues, AI can quickly surface similar issues. Existing issues can be connected with new control tests or risk issues if appropriate. Alternatively, if issues are similar but distinct, AI can help users leverage existing issues as starting points.
 - **Improve cross-organizational alignment and collaboration.** Instead of disparate stakeholders managing multiple action plans across duplicate issues, AI can enable identification and connection of efforts across the organization. This enables audit, risk, and compliance teams to collaborate to define a single action plan and manage it through to resolution.
 - **Enable a more risk-aware culture across the organization.** AI tools make it [easier for front-line leaders](#) to participate in day-to-day risk management (e.g., reporting and documenting new risks, maintaining ongoing visibility on risks directly impacting their roles). As engagement increases, awareness rises.

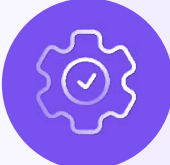


AuditBoard AI connects your organization’s data and risk management efforts to offer insightful analysis that can help elevate the quality of your work, ensuring that leaders who rely on your insights and recommendations can make the most informed decisions possible.

Reducing the Regulatory Compliance Burden

The pace of [regulatory and legislative change](#) continues to accelerate across areas such as cybersecurity, data privacy, and environmental, social, and governance (ESG). New compliance requirements also emerge from entry into new markets, spinning off new business units, and other business changes. Audit, risk, and compliance teams have vital roles to play in helping their organizations understand the new requirements, their likely impact, and how to implement them. AI can help reduce this burden by:

- **Expediting [adoption of new compliance frameworks](#).** Organizations implementing new frameworks need to create evidence requests mapped to the new framework requirements. AI can quickly locate existing requests that may be relevant to the new requirement. If appropriate, existing requests can be connected to new requirements, or leveraged to accelerate the process of authoring new evidence requests.
- **Reducing noncompliance risk.** AI can help monitor current regulatory compliance obligations, identifying gaps and issues to reduce the risk of noncompliance or fines.
- **[Horizon scanning and monitoring](#).** AI can be leveraged to monitor regulatory and legislative activity to help detect and provide early warning of emerging compliance risks.



AuditBoard AI analyzes your requirement text to identify any evidence requests already in your library and determine how they’re mapped to existing controls and requirements to find those most relevant to the new requirement. If appropriate, existing evidence requests can instantly be connected to the new requirement. Overall, users can quickly verify whether existing requests can satisfy the new compliance requirement or new requests are needed.

Proactively Surfacing Data-Driven Insights

Simple visibility into your data is not enough. As your organization grows, your data grows — and without the tools to surface what may be applicable in specific contexts, that data often goes unnoticed and unused. In [today’s highly volatile risk landscape](#), it is increasingly important for your organization to be able to connect the dots between the data being created, as well as draw on those connections to surface insights and accelerate outcomes. Whether you are looking to obtain maximal coverage in your compliance program, identify similar risks and issues that exist across your business units or reduce duplication in your enterprise risk management (ERM) program, AI-driven insight can be a powerful enabler in [helping you connect the dots](#).

UNDERSTANDING AND SOLVING THE DATA PROBLEM

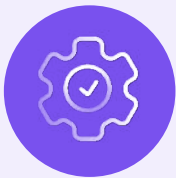
The data your organization creates across its audit, risk, and compliance programs — from controls, issues, and policies to risks or evidence requests — is largely unstructured. While organizations do try to label, tag, and segment their data, the majority of the data created quickly recedes into a database. As a result, data can quickly become hard to find, or its existence may be unknown when the data is needed.

AI solutions have the power to collect, categorize, search, and analyze your data in new ways, working behind the scenes to process through millions of data points to surface insights that may otherwise be inaccessible. **These solutions are designed to help you effectively mine and extract value from your organization’s data and the work generated by your teams**, providing you with insights and just-in-time connections that save you time and help you build a more risk-aware and resilient organization. AI solutions can also offer other key benefits, including helping to drive competitive advantage and protect the organization from risk (e.g., non-compliance, reputational damage, financial losses). Example use cases include:

- Continuously identifying risks, trends, potential blind spots, and predictive insights, helping teams make more informed decisions about where to focus efforts and get a true picture of threats and opportunities across the organization.
- Increasing coverage across larger datasets (e.g., more full population testing).
- Creating data visualizations that help to convey key risks and insights.
- [Detecting fraud](#), anomalies, and suspicious patterns.
- Detecting patterns of over- or under-testing of controls.
- Detecting potential [cybersecurity threats, breaches, and impacts](#).
- Detecting and reducing errors and irregularities.
- Uncovering opportunities for improving processes and workflows.

Different AI technologies execute this work in different ways. To understand how the process works, AuditBoard AI’s intelligent recommendations offer a representative example.

As with all generative AI outputs, however, **review and verification of AI-driven insights and recommendations are key in leveraging this technology securely**. Human insight, judgment, and experience will always be critical in building on AI’s outputs to develop relevant, actionable recommendations and make informed decisions about strategies and next steps.



CREATING A PURPOSE-BUILT SOLUTION: “INTELLIGENT RECOMMENDATIONS”

[How and Why We Built It](#)

AuditBoard AI’s intelligent recommendations are built utilizing our proprietary large language models and do not incorporate third-party technology.

We engineered a breakthrough by moving beyond text search that looks for exact word similarities and instead leveraging deep learning to help connect concepts that may at first glance appear different to a computer algorithm.

This involved training a deep neural network that understands the intricacies of human language with generic audit, risk, and compliance data.

This cues the model into using the industry-specific language that may not be commonplace in everyday human language. This training process allows AuditBoard AI to suggest highly relevant recommendations in the context of your workflow.

[Use Cases for Intelligent Recommendations](#)

AuditBoard AI’s intelligent recommendations can suggest control mappings, identify duplicate evidence requests, and even connect issues raised by different departments in different use cases that nevertheless impact the same risk.

These use cases can help save countless hours when building controls or implementing new frameworks while also helping tie together the work and effort of countless teams, avoiding duplication of requests or work that has already been completed.

Creating and Optimizing Generative AI Outputs

Generative AI technologies currently rely on a process called k-shot prompting. That means the language model has not been trained on the specific prompts put into the model, but **can generalize based on knowledge it has learned previously and the input passed to the model**. An example of a generic risk statement prompt may be:

“Please generate a concise risk statement for a financial institution considering the potential risks associated with a new product launch in a highly competitive market.”

This could be improved upon by **adding existing risk description “pairs”** to cue the language model into examples you would like to see in the language and risk culture of your organization. That would require us to insert additional data into the prompt as follows:

*“Please generate a concise risk statement for a financial institution considering the potential risks associated with a new product launch in a highly competitive market.
Example risk statements include {existing}.”*

Reducing Generative AI Risk

Generative AI models exist in two forms today: as open-source models, or as third-party offerings like OpenAI. AI’s [security and data quality risks](#) are important to consider, especially when dealing with third-party vendors.

Generative AI products are trained to sound confident and authoritative, but they can provide wrong or inaccurate responses. Audit, risk, and compliance professionals should treat generative AI outputs with healthy skepticism, reviewing and confirming all responses before they go live or are used in your environment. **Today, at its best, generative AI should be seen as a first draft that will need human intervention and further iteration to be flight-ready.** Furthermore, users of generative AI responses should ask themselves whether:

- The responses they’re receiving align with their organization’s approach, strategy, and values.
- There are questions of fairness, bias, dependency, accuracy, and user privacy that need to be addressed before the content is used.



AuditBoard is partnering with Microsoft to leverage their enterprise Azure OpenAI offering for generative AI services — and the security, privacy, and data guarantees that come with it. We are devoted to making sure that customer data is both secure and siloed, ensuring that customers retain control over their data and all interactions with customer data follow strict data governance guidelines.



What's Next for AI in Audit, Risk, and Compliance?

With risk velocity, volatility, and volume [continuing to outpace organizations' capacity](#) to effectively manage it, audit, risk, and compliance teams must find new ways to elevate risk management to gain a more complete view of risk. One mandate is to better collaborate and align in how they identify, understand, and manage risks across the organization. An equally important mandate is to improve their ability to connect the dots across the organization's data, [creating an integrated view](#) that understands how different risks are connected and interdependent.

AI solutions for audit, risk, and compliance are designed to help these teams drive greater efficiency, improve cross-functional visibility, connect risks and teams, and proactively surface insights that may otherwise be inaccessible. **But AI doesn't guarantee results. To make the most of AI's potential, organizations need the right strategies, teams, processes, and partners in place.** AI is only as useful as the data that underpins it, and AI insights only yield value when real people review, refine, and share them — and decide to take action. Accordingly, it's crucial to understand how different AI solutions embed the risk management, security, and intuitive functionality that will enable teams to leverage AI effectively in their day-to-day work.

AuditBoard AI is purpose-built to address these challenges, leveraging proprietary algorithms and large language models across a full spectrum of AI technology, including generative AI, machine learning, and natural language processing. AuditBoard's flexible, highly intuitive, no-code solution reflects our ongoing commitment to empowering professionals with game-changing tools that save time, effort, and resources while enabling a greater focus on higher-value activities within the organizations they serve. **Going forward, generative AI, intelligent recommendations, and machine learning will be an integral part of the AuditBoard platform.** We are excited to partner with our clients to further develop these capabilities, as AuditBoard AI represents a pivotal step in the evolution of audit, risk, and compliance. We are also committed to providing the long-term partnership that enables our clients to continue implementing AI strategically and safely.

Generative AI will have an acute impact on the future of work [in any organization](#) and may well prove to be the ultimate capacity multiplier. Within audit, risk, and compliance, the opportunities are virtually limitless. AI's potential to help organizations more quickly and accurately gain a true view on their risk — and translate that view into insights and recommendations — will be transformative, forever changing how audit, risk, and compliance teams deliver value to their organizations. [With these benefits on the line, no organization can afford to put off investing in AI. Share your use cases with leadership and get started today.](#)

About the Authors



Ethan Joffe is a seasoned veteran in the software industry with a track record of applying cutting edge technologies to practical business domains. As a founder of Nami Media, Ethan applied AI to create the dominant brokerage hub for the PPC search industry. A small sample of projects Ethan has worked on include a facial recognition system for Royal Caribbean, intelligent navigation for agricultural robots, and agent recommendation systems for Capital Group. At Auditboard, Ethan has led the charge to add artificial intelligence to the Audit practitioner's workbench.



Daniil Karp is a SaaS business professional with over a decade helping organizations bring revolutionary new practices and technologies into the fields of IT security and Compliance, HR/recruiting, and collaborative work management. Prior to joining AuditBoard Daniil worked in go-to-market at companies including Asana and 6sense.



Scott Newcomer has spent the last 3 years at AuditBoard focused on high impact efforts such as performance architecture, leading the TPRM engineering team and recently founding our AI team to bring novel, well crafted and intentional solutions to our customers.

About AuditBoard

AuditBoard is the leading cloud-based platform transforming audit, risk, compliance, and ESG management. Nearly 50% of the Fortune 500 leverage AuditBoard to move their businesses forward with greater clarity and agility. AuditBoard is top-rated by customers on G2, Capterra, and Gartner Peer Insights, and was recently ranked for the fifth year in a row as one of the fastest-growing technology companies in North America by Deloitte. To learn more, visit: AuditBoard.com.