KPMG

AI in audit: Not just hype

AI is transforming financial reporting and auditing – helping businesses to better manage their data and risks, and giving auditors greater ability to detect anomalies and outliers. But how far will this go? Is the vision of an interconnected AI-powered financial reporting ecosystem, underpinned and checked by real-time continuous auditing, with value-added and predictive insights, a near reality — or still a far-off aspiration?
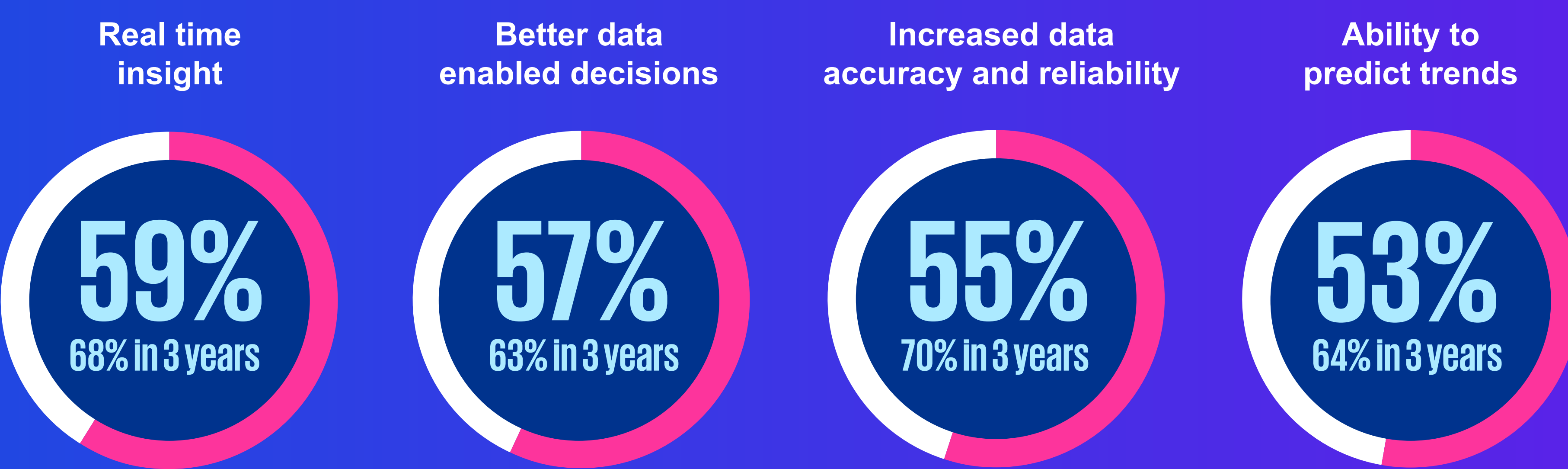
Our research found...

78%

of companies surveyed in the UK are piloting or using AI in financial reporting. In three years, that will increase to 100%
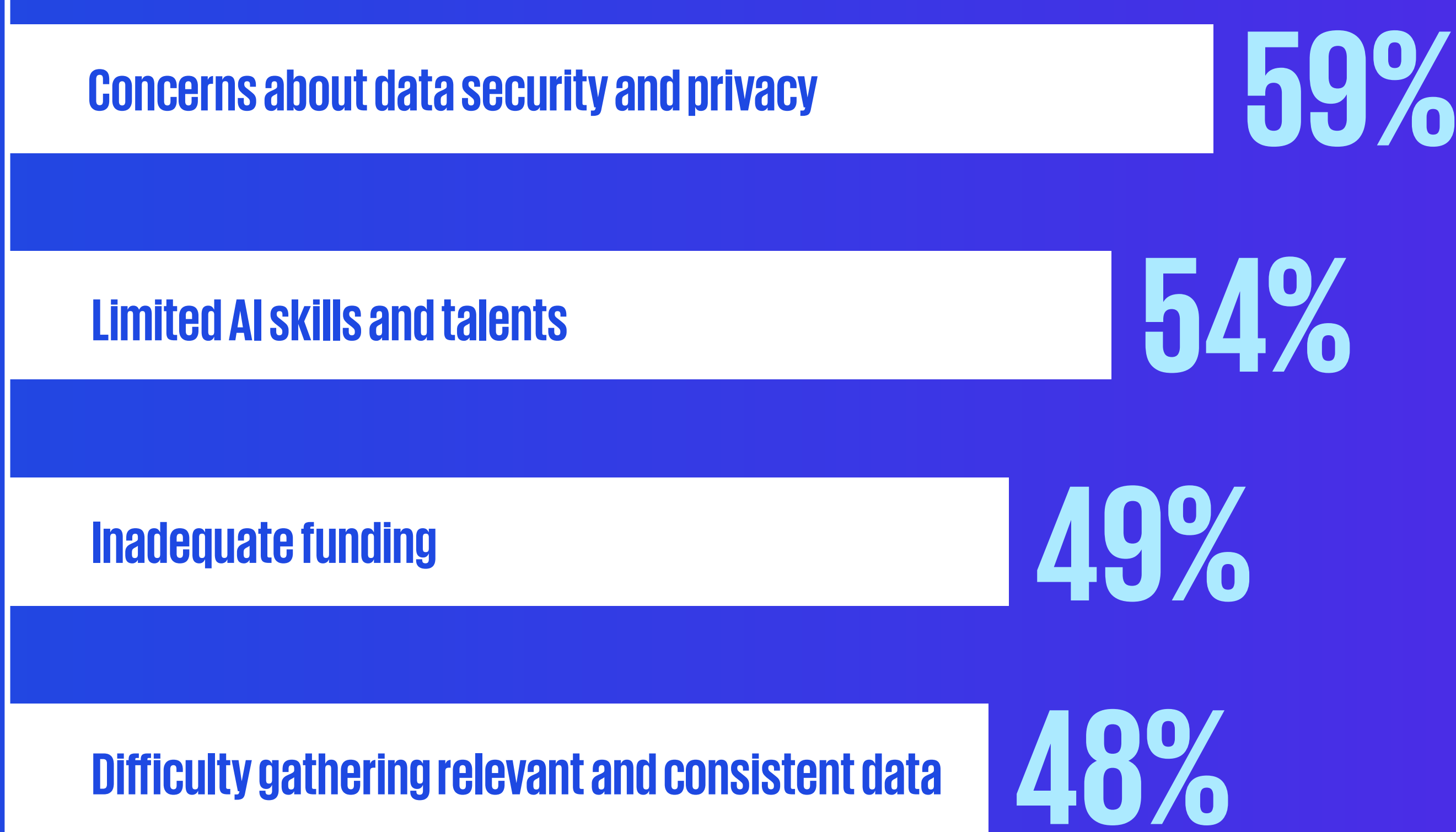
This confirms the importance of AI in financial reporting and auditing is not hype.

Top benefits UK businesses are already seeing from AI and what they expect to see in 3 years:

Real time insight
59%
68% in 3 years

Better data enabled decisions
57%
63% in 3 years

Increased data accuracy and reliability
55%
70% in 3 years

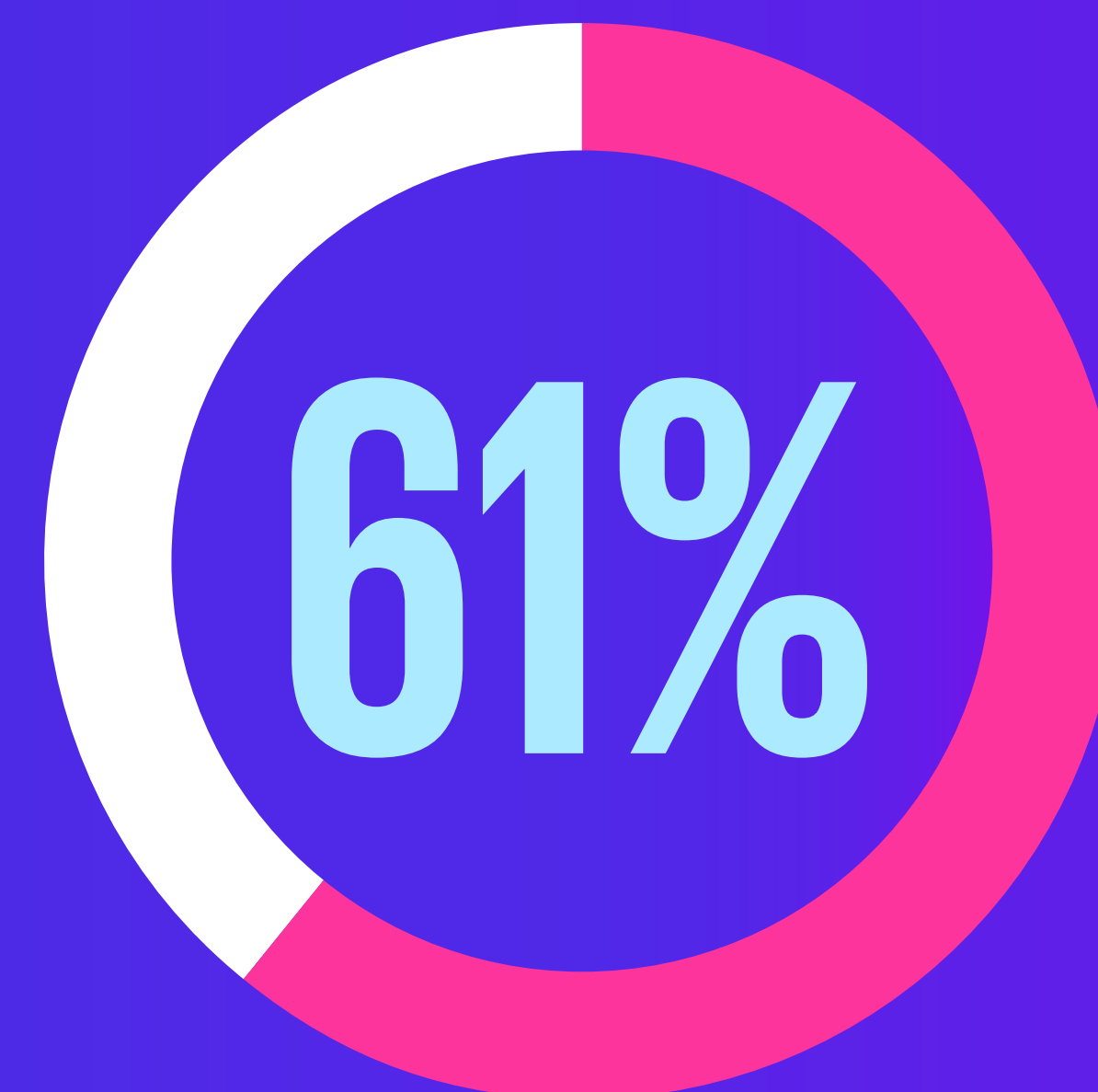**Ability to predict trends**
53%
64% in 3 years

The use of AI is also translating into greater productivity for the financial reporting team, combined with higher talent acquisition and skills development.

Biggest barriers to AI adoption:

Concerns about data security and privacy **59%**

Limited AI skills and talents **54%**

Inadequate funding **49%**

Difficulty gathering relevant and consistent data **48%**

To overcome these barriers...

61%

of UK firms have already ensured their technology leaders are involved and developing principles for how their business will use AI.

The role of external auditors:

68%

of UK companies expect auditors to have a role in evaluating their use of AI in financial reporting, providing assurance and attestation over their AI controls.

60% of UK firms believe that AI is at least moderately important for their external auditors to use...

41% ...say the same for automation

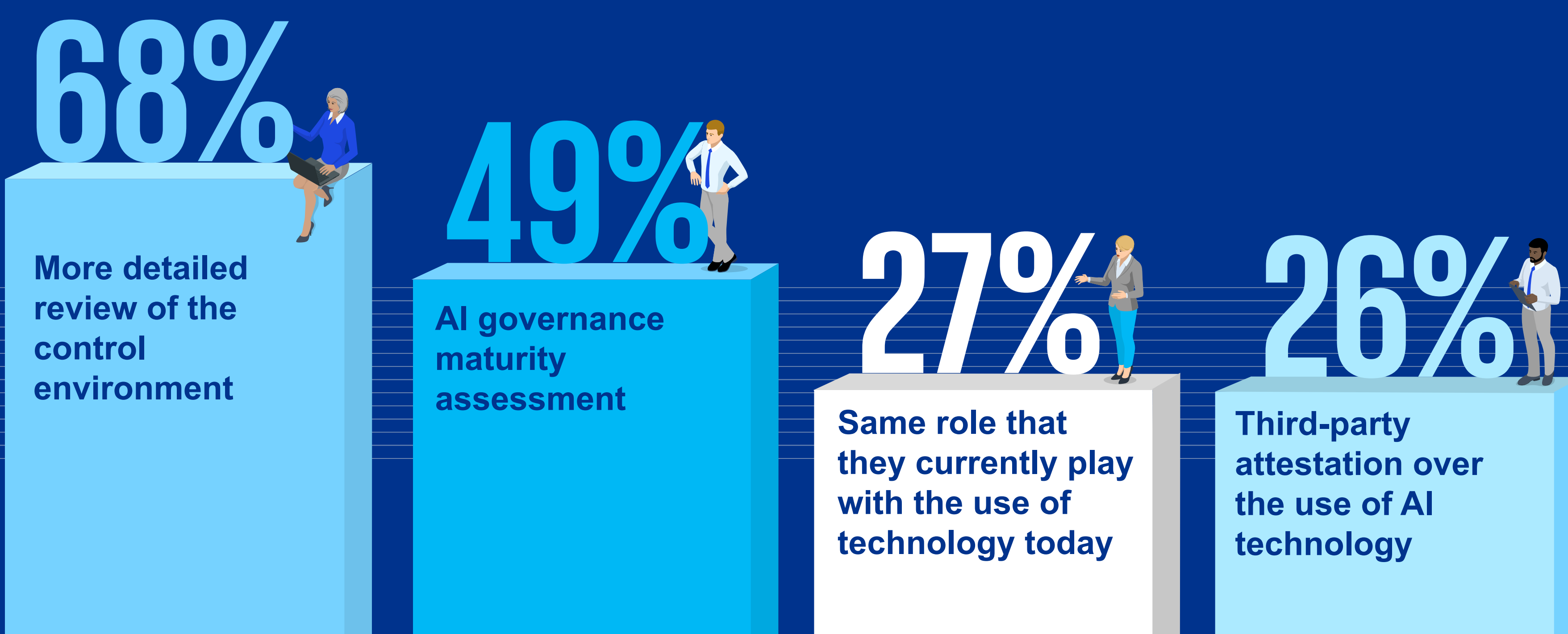**97%** of UK firms believe that it will be used by external auditors as a common practice within the next three years. But despite this...

Only 16% believe that the horizon will be reached within the next **12 months.**

What companies expect from auditors in the future

68% More detailed review of the control environment

49% AI governance maturity assessment

27% Same role that they currently play with the use of technology today

26% Third-party attestation over the use of AI technology

Four key traits of leaders

We categorised respondents to our survey into three AI-readiness groups: Leaders, Implementers, and Beginners. Leaders are made up of the top 25%.

01 Leaders construct frameworks to reduce and manage potential AI risks

02 Leaders shed light on how to overcome barriers to AI adoption and use AI to enhance financial reporting function

03 Leaders implement best practices of AI-readiness

04 Leaders recognise the importance of the use of ethical AI and work to mitigate GenAI concerns

Find out more about how we our using AI and technology in our audits, search KPMG Audit Tech