THE USE OF GENERATIVE ARTIFICIAL INTELLIGENCE AND EMERGING TECHNOLOGIES IN AUDITS

The Independent Regulatory Board for Auditors (IRBA) released a Staff Audit Practice Alert 11: The Use of Generative Artificial Intelligence and Emerging Technologies in Audits. This non-authoritative guidance provides insights into the impact of generative artificial intelligence (GenAI) and emerging technologies when applying certain requirements of the International Standards on Quality Management and the International Standards on Auditing in the South African context.

THE USE OF ADVANCED TECHNOLOGIES in audits remains a key focus area for the IRBA, given the rapid pace of innovation and the potential risks introduced through their integration into the audit process. Audit firms and their clients are also making ongoing commitments to expand and enhance their technological capabilities, including the adoption of GenAI tools and technologies. These developments have been evident from the observations gathered during the IRBA's outreach activities with auditors of publicly traded entities locally. The Committee for Auditing Standards Task Group responsible for drafting the alert conducted these activities.

Therefore, this alert is a mechanism to encourage firms and engagement teams to take ownership of the technologies used in audits while also ensuring that audit staff are adequately trained and retain responsibility for professional judgements made during the audit. Additionally, it has been developed to provide registered auditors with timely guidance on the considerations and implications of using GenAI and other emerging technologies within the audit environment.

As the profession continues to evolve in response to technological advancements, it is essential that registered auditors remain informed about emerging risks, ethical considerations and professional responsibilities associated with the use of GenAI. So, the guidance in the alert focuses on the following key areas:

- Integration of GenAI in the audit process
- Integration of GenAI in financial reporting, and
- Benefits of incorporating GenAI in audits

Please note that this Staff Audit Practice Alert does not constitute an authoritative pronouncement from the IRBA, nor does it amend or override the International Standards on Auditing, the South African Auditing Practice Statements, or the South African Guides (collectively referred to as the IRBA pronouncements). Furthermore, it is not intended to be exhaustive and reading it is not a substitute for consulting the relevant authoritative pronouncements.

The alert is available for downloading in a PDF format from the IRBA website.

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