



Tax & Accounting

Digital Audit Transformation: Preparing for What's Possible with AI



Audit has always been about more than just checking boxes.

It's about exercising professional judgement, delivering insight and building trusted relationships, and today's technology is finally catching up. AI is helping firms remove the noise, reduce the grind, and refocus on the human side of the profession: insight, collaboration, and impact.

Artificial intelligence is transforming the audit process, not by replacing human expertise, but by enhancing it. It automates the repetitive, organizes the chaotic, and surfaces the meaningful. In this eBook, we'll explore how AI-enabled auditing supports every phase of the workflow—from onboarding to roll-forward—by putting people at the center of the process.

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What's Possible with AI-Enabled Auditing?

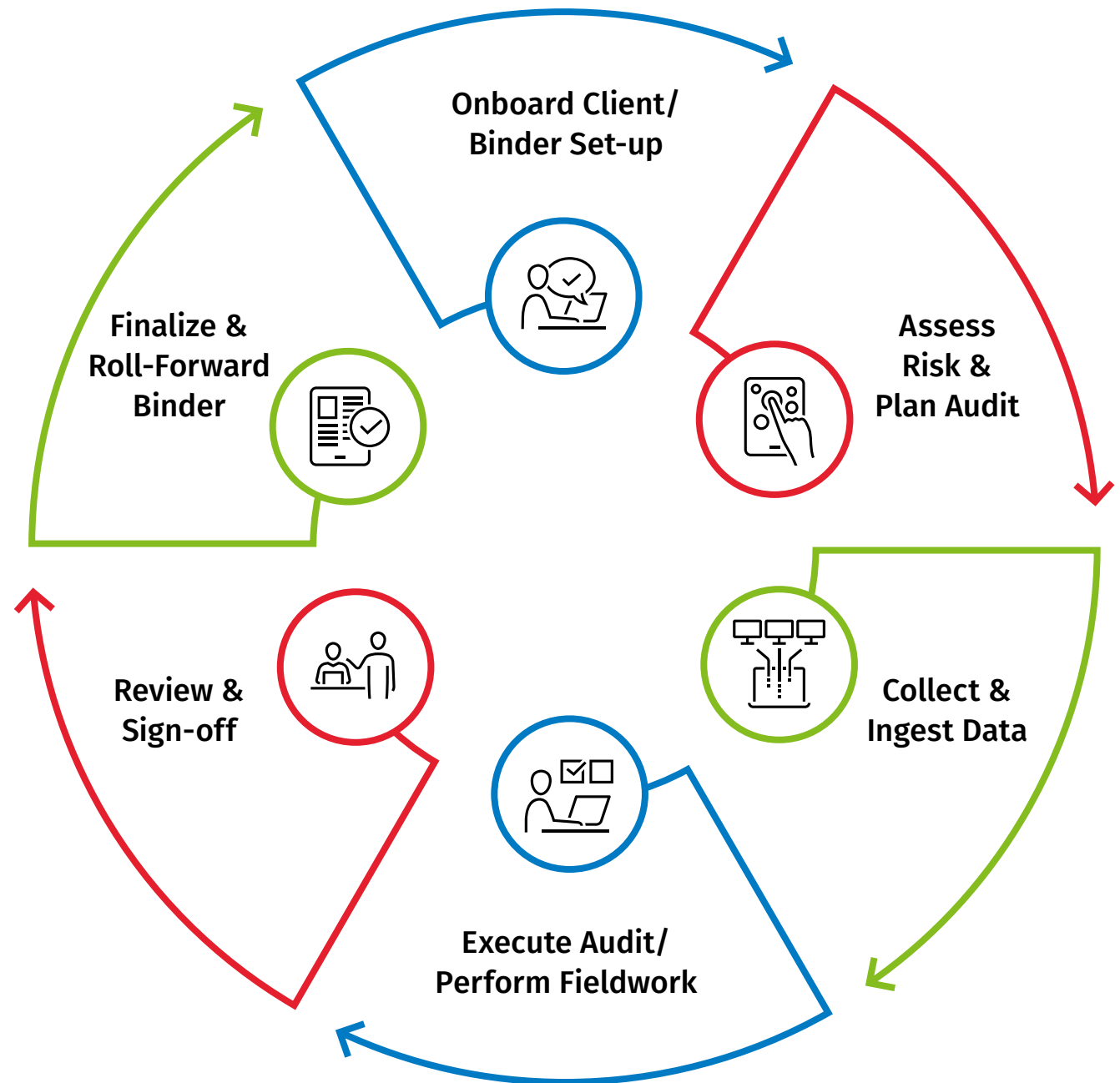
We're witnessing a fundamental shift from simple automation to AI augmentation. AI is now going beyond helping auditors do things faster; it's helping them think smarter. From risk assessments to journal entry testing, AI is flagging anomalies, surfacing unusual patterns, and helping auditors prioritize their time and attention where it matters most.

The numbers tell the story: 60% of firms are now investing in AI tools for audit accuracy and efficiency. This isn't experimental anymore. It's mainstream adoption. These firms are investing in capabilities that can scale, repeat, and adapt across clients and industries.

Machine learning is detecting anomalies and fraud more effectively than traditional methods, while agentic AI tools reduce manual work and increase accuracy. Cloud-based AI solutions are improving collaboration between teams, and generative AI is supporting documentation processes, drafting memos, and summarizing testing results.

The key insight? AI isn't being used to replace auditors. It's amplifying their ability to focus on higher-value work.

Digital Audit Workflow: Six Steps to Transform



Step	Benefit	Key AI possibilities
Onboard client & set-up binders	Traditional client onboarding meant mountains of paperwork, endless data entry, and constant worry about missed details. AI transforms this into a streamlined, intelligent process that sets every engagement up for success.	• Automated client data standardization and ingestion • AI-initiated and AI-monitored workflows tailored to engagement type • Real-time conflict checking across workpapers • Automated compliance verification for different client requirements • Intelligent staff assignments and scheduling
Assess risk & plan audit	Gone are the days of planning based on gut feelings and prior-year assumptions. Data-driven planning uses real information from clients and historical performance to create audit plans that match reality.	• Risk-based audit plans using historical data and third-party information • Resource capacity mapping to prevent overcommitment • Template libraries that learn from past engagements • Automated document request generation • Real-time risk monitoring throughout the engagement
Collect & ingest data	The nightmare of USB drives with mismatched Excel files and unreadable PDFs is over. AI-powered data collection handles any format clients throw at you, automatically standardizing everything into workable formats.	• Automated account grouping and classification • Multi-format data ingestion (ERP systems, PDFs, various file types) • Real-time data validation and quality checking • Smart client reminders and guided upload workflows • Direct API integration with client financial systems
Execute audit & perform fieldwork	Fieldwork becomes faster and more thorough when AI handles document review, sample selection, and evidence linking automatically. Instead of drowning in paperwork, auditors can focus on analysis and professional judgment.	• Intelligent extraction of key data from client documents • Real-time exception identification and flagging • Automated sample selection with optimal coverage • Automatic evidence linking to workpapers • Continuous validation against benchmarks and expectation
Complete financial statements, review & sign-off	The review process becomes more thorough and efficient with AI generating disclosure text, completing checklists, and flagging potential issues before they become problems. Reviews are faster, more accurate, and better documented.	• Automated disclosure text generation • Comprehensive disclosure checklist completion • Proactive issue identification and flagging • Consistency review across financial statements and narrative disclosures • Automated client report generation
Finalize & roll-forward binder	Year-end wrap-up is so much easier, turning tedious administrative work into automated, strategic preparation for future engagements. AI captures institutional knowledge, automates file management, and creates intelligent roll forward templates.	• Intelligent binder assembly, including auto-tagging and organization • Automated finalization, including binder clean-up and sign-off review • Comprehensive engagement insight capture to pre-populate next year's binder • Customized roll forward template creation • Performance metrics analysis for continuous improvement



The Benefits of AI-Enabled Auditing

The transformation goes far beyond efficiency gains. AI-enabled auditing delivers three critical benefits:

1. Ensuring quality: Teams can review more detailed evidence with greater rigor, eliminate sampling risk, and provide enhanced support for junior staff with contextual guidance when needed.
2. Elevating your staff's time: Staff are empowered with contextual information, workloads are better balanced, and time-intensive repetitive tasks are streamlined, enabling professionals to focus on higher-value advisory work.
3. Enhancing client service: Firms can offer personalized strategic advice, deliver high-value insights, provide more responsive service, and improve client education through proactive compliance services.

Firms that embrace AI-enabled auditing are leading the change, and the gap is growing between those who are embracing AI and those left behind. Leaders are delivering higher-quality audits, developing stronger client relationships, and building more satisfying careers for their professionals.



Step 1: Onboarding Clients and Engagement Set-Up

Let's be honest. Client onboarding has never been anyone's favorite part of the audit process. It's that necessary evil that kicks off every engagement: mountains of paperwork, endless data entry, and the constant worry that something important might slip through the cracks.

Forward-thinking firms are completely reimagining this process.



The Old Way Just Won't Cut It Anymore

We've all been there. Junior staff members hunched over keyboards, manually entering client information for the hundredth time this month. Project managers juggling multiple spreadsheets to track who's supposed to be doing what. Partners nervously double-checking everything. It's inefficient, error-prone, and frankly, a waste of talented people's time.

The stakes are higher than ever, too. Regulatory requirements keep expanding, client expectations are through the roof, and nobody has extra time to spare. Something had to give.

AI Will Be Your New Onboarding Assistant

Artificial intelligence is changing how we think about onboarding and transforming what's possible.

Say Goodbye to Data Entry Drama

Remember spending hours typing client information into multiple systems? AI will soon pull that standardized data directly from client systems and populate everything automatically.

No more typos, no more inconsistencies, no more mind-numbing repetition. The technology handles the grunt work so your team can focus on client service.

Workflows That Actually Make Sense

Instead of forcing every engagement through the same generic checklist, AI can create custom workflows based on the specific type of audit you're doing. A nonprofit audit gets a different setup sequence than a manufacturing company.

A first-year client gets more attention than a long-term relationship. It's like having an experienced senior manager who knows exactly what each engagement needs.

Staying on Top of Everything

These AI systems don't just create task lists and walk away. They actively monitor progress, send reminders when deadlines approach, and even flag potential issues before they become problems. It's like having a project management assistant who never sleeps.



Audit Readiness

A smart onboarding process lays the groundwork for the entire engagement. That's where AI-enabled risk assessment tools step in.

When you open a new engagement, you can start with a series of tailoring questions that shape the entire audit plan. For example:

- Is this a first-year or recurring engagement?
- Which industry-specific considerations apply?
- What type of plan or approach should you take (substantive or combined)?
- Which assertions are relevant for different types of risk areas?

Your answers determine which forms, letters, and procedures appear automatically in your workflow. First-year clients might trigger an engagement letter specific to new audits, while a second-year audit could skip redundant steps and bring forward prior-year documentation for reference.

Over time, firms can turn these tailored engagements into templates, reducing setup work for future clients in the same industry. And when AI already has engagement and transaction data, it can go further by suggesting relevant assertions, highlighting high-risk areas, and proposing an optimal testing approach before fieldwork even begins.



Smarter Scheduling and Resource Allocation

Risk assessment is only part of the equation. You also need the right people in the right place, without burning hours on manual scheduling.

AI-enabled calendar tools analyze staff availability, skill sets, and current workloads to suggest optimal assignments. If one team member is overbooked, lacks the necessary expertise, or hasn't connected with a client in weeks, the system can flag the issue and propose a swap.

Some platforms even measure schedule optimization goals, such as aiming for 90% efficiency, so you can see at a glance which engagements need better resource alignment. The result? Less time spent shuffling calendars and more time delivering value to clients.

Firms that embrace AI-enabled onboarding are setting themselves up for smoother engagements, happier staff, and better client relationships.

CCH Axcess™ Workflow

Provides an automated workflow orchestration system that manages tasks and ensures process consistency.



Step 2: Assessing Risk and Planning the Audit

Traditional audit planning has always been part art, part science, and part wishful thinking. You'd sit in a conference room with your team, review prior year workpapers, and try to predict what might go wrong this time around. Resource allocation was often based on gut feelings rather than hard data.

The worst part? By the time you discovered your planning assumptions were off, you were already knee-deep in fieldwork with no easy way to correct course.



Enter Data-Driven Planning

Modern data analytics technology changes everything. Instead of flying blind, you can now base your entire planning approach on real data from your client and from your own historical performance.

Instead of relying solely on prior-year files or surface-level sampling, analytics can dive into entire datasets before fieldwork begins, revealing patterns that would otherwise go unnoticed.

By running targeted analyses early, you can:

- Prompt deeper client discussions by bringing specific findings to the table rather than generic questions.
- Spot issues worth elevating to specific risk areas — for example, unusual fluctuations in expense categories or revenue recognition timing.
- Pinpoint audit areas with higher inherent risk, such as accounts with unusual transaction volumes or irregular posting patterns.
- Focus procedures on the right transactions instead of spreading testing evenly across

the population, improving efficiency and effectiveness.

The result is a much more robust risk assessment that is grounded in current data, not assumptions. It also helps you break free from the “same as last year” mindset by ensuring every engagement’s approach reflects the client’s actual, present-day risk profile.

Templates and Libraries That Accelerate Workflow

Firms no longer have to spend hours recreating the same audit procedures for similar clients. Modern audit platforms come with comprehensive template libraries that you can customize for specific industries and engagement types.

Smarter Document Requests

Nobody enjoys the back-and-forth dance of requesting documents from clients. Advanced planning systems can generate comprehensive document request lists based on the specific risks identified for each engagement. No more forgotten items. No more last-minute scrambles for missing support.



Advanced Risk Assessment

Risk assessment should blend professional judgment with data intelligence that simply wasn't possible a few years ago. Instead of starting with a blank slate, historical client data can kick off your first round of analytics. Things like year-over-year comparisons and long-term trend analyses that highlight changes in the business.

This early insight helps shape the entire engagement: you can request new or different information, adjust the scope of your testing, and even reassign resources based on where the risks truly are.

CCH Axcess™ Engagement Data Analytics

Delivers automated, AI-enabled testing and dynamic data visualizations to support audit workflows.

AI-enabled tools take this a step further by:

- **Risk scoring:** Assigning quantified scores to different areas of the audit so you can see at a glance which are low-, medium-, or high-risk.
- **Targeted sampling:** Using analytics to select the most relevant transactions for testing, rather than relying on random or broad-based samples.
- **Anomaly detection:** Flagging outliers, unusual posting patterns, or unexpected relationships in the data that warrant further investigation.
- **Pattern recognition:** Surfacing trends over time that may indicate emerging issues, such as changes in payment behavior or inventory turnover rates.
- **Real-time monitoring:** Continuously updating risk profiles as new client data is ingested, allowing you to refine your plan on the fly.



By combining these capabilities, AI-enabled analysis can identify risks, suggest responsive audit strategies, and even align recommended procedures to the specific engagement type. The result is a more robust, evidence-based risk assessment that moves you away from “same as last year” planning and toward a truly tailored audit approach.

Real-Time Risk Monitoring

The best part about data-driven risk assessment is that it doesn’t stop once planning is complete. These systems can continue monitoring risk indicators throughout the engagement, alerting you to emerging issues before they become major problems.

Recycling Success

For cyclical or recurring engagements, smart planning means not starting from scratch every year. AI-enabled platforms can copy successful audit approaches from prior years while automatically updating for changes in standards, regulations, or client circumstances. It’s like having the institutional knowledge of your entire firm available at your fingertips.

Embracing data-driven planning and risk assessment helps you make smarter, better decisions, so you can deliver higher-quality audits.

CCH Axcess™ Knowledge Coach

Provides expert guidance and automated workpaper preparation throughout the planning process.



Step 3: Collecting and Ingesting Data

If you've been in the audit game for more than five minutes, you know the drill. Client sends over a USB drive with all sorts of Excel files, many of which don't match the chart of accounts they gave you last month. Half the data is in PDFs. Others are in some proprietary system format that doesn't convert easily.

Without the right tools, this can lead to days or weeks of manual sorting, classification, and follow-up before substantive work can even begin.



The Data Collection Nightmare

Junior staff would spend weeks manually sorting through files, trying to figure out which expenses belonged in which buckets. Account groupings were more art than science, and inevitably, someone would discover a big batch of data right before the fieldwork deadline.

- Then came the quality control headaches.
- How do you know if the numbers actually tie out?
- Is that \$50,000 variance a real issue or just a mapping problem?

And then there's missing documentation. Chasing clients for missing documentation adds to the time pressure, especially when the required reports are buried in different systems.

CCH Axcess™ Engagement

Centralizes all planning activities and provides comprehensive project management capabilities.

AI-Enabled Data Collection

Instead of drowning in data chaos, you can now automate the entire collection and preparation process, with AI-enabled data collection tools that give auditors cleaner data faster and reduce the risk of errors.

No More Manual Account Grouping

AI can automatically classify accounts based on your firm's established preferences and prior-year mappings, applying these rules consistently across engagements. This includes creating standardized tax groupings that align with your tax preparation requirements.

Once groupings are complete, the system can export directly into your tax software, eliminating duplicate entry and ensuring consistency between the audit and tax processes.

Multi-Format Data Ingestion

AI-enabled ingestion tools can accept structured data from ERP systems, unstructured spreadsheet files, and exports from multiple platforms. The technology standardizes this information into a single, workable format, ready for review and analysis.



Automated Validation

AI-enabled validation checks catch problems before they become problems. The system can spot inconsistencies, flag missing elements, and identify data that looks suspicious. Addressing these issues before fieldwork begins ensures a smoother audit process.

Pre-Processing for Analytics

The real magic happens in the pre-processing phase. Instead of discovering data problems during fieldwork, AI can identify and flag issues before you even start testing. The system will highlight problems and anomalies so you can do your work with confidence.

This allows for preliminary risk assessments, identification of unusual trends, and more precise planning before substantive testing starts.

Direct System Integration

You can also deploy direct integration with client systems through secure APIs and open banking connections. Instead of relying on whatever export the client remembered to send you, you can pull financial data directly from the source.

It's real-time, it's accurate, and it eliminates the telephone game that happens when data passes through multiple hands.

Firms that embrace AI-enabled data collection are spending less time wrestling with spreadsheets and more time doing actual audit work. After years of data collection headaches, that peace of mind is worth its weight in gold.



Step 4: Executing Audits and Performing Fieldwork

Fieldwork is the part of the audit where all your careful planning meets the messy reality of client operations. It's where you discover that the "simple" revenue recognition process actually involves 17 different systems, three manual workarounds, and a spreadsheet someone from accounting built in 2019 and nobody else understands.



The Fieldwork Grind

Let's paint the picture: You're sitting in a client conference room (if you're lucky enough to get one), surrounded by stacks of documents, trying to match invoices to supporting documentation. Your laptop is running hot, you've got twelve different PDF files open, and you're pretty sure you've looked at the same purchase order three times already.

Meanwhile, you're maintaining a mental checklist of what you still need to see, what looks suspicious, and what questions you need to ask before you leave. Oh, and don't forget to document everything properly so it makes sense to the review partner who wasn't there.

With the right AI-enabled tools, auditors can spend less time buried in paperwork and more time applying their expertise.

CCH Axcess™ Validate

Delivers instant and secure audit bank confirmations, fully online and automated in the cloud.

TeamMate® Document Linker

Automatically connects evidence to relevant workpapers and audit documentation.

TeamMate® Analytics

Analyzes data quickly and easily through familiar tools and tailored, audit-specific capabilities.



Making Fieldwork Smoother

With the right AI-enabled tools, auditors can spend less time buried in paperwork and more time applying their expertise.

AI-enabled audit software can read through client documents and automatically extract the key information you need. It can match samples to supporting documentation, identify the key data points, and even create the documentation for you. It's like having a senior associate who never gets tired and never misses details.

Exception Spotting in Real-Time

You know that feeling when you're reviewing a batch of transactions and something just doesn't look right? AI systems can analyze and summarize documents in real-time, flagging exceptions and inconsistencies as they happen. No more wondering if you missed something. The system will tell you exactly what needs your attention.

Simplifying Sample Selection

Remember the days of randomly selecting samples and hoping they'd give you good coverage? AI can streamline the entire sample selection process, automatically request the right evidence, and track everything through PBC lists that actually make sense.

Smart reminders keep clients on track, and guided upload workflows ensure you get exactly what you need.

Auto-Linking Documents

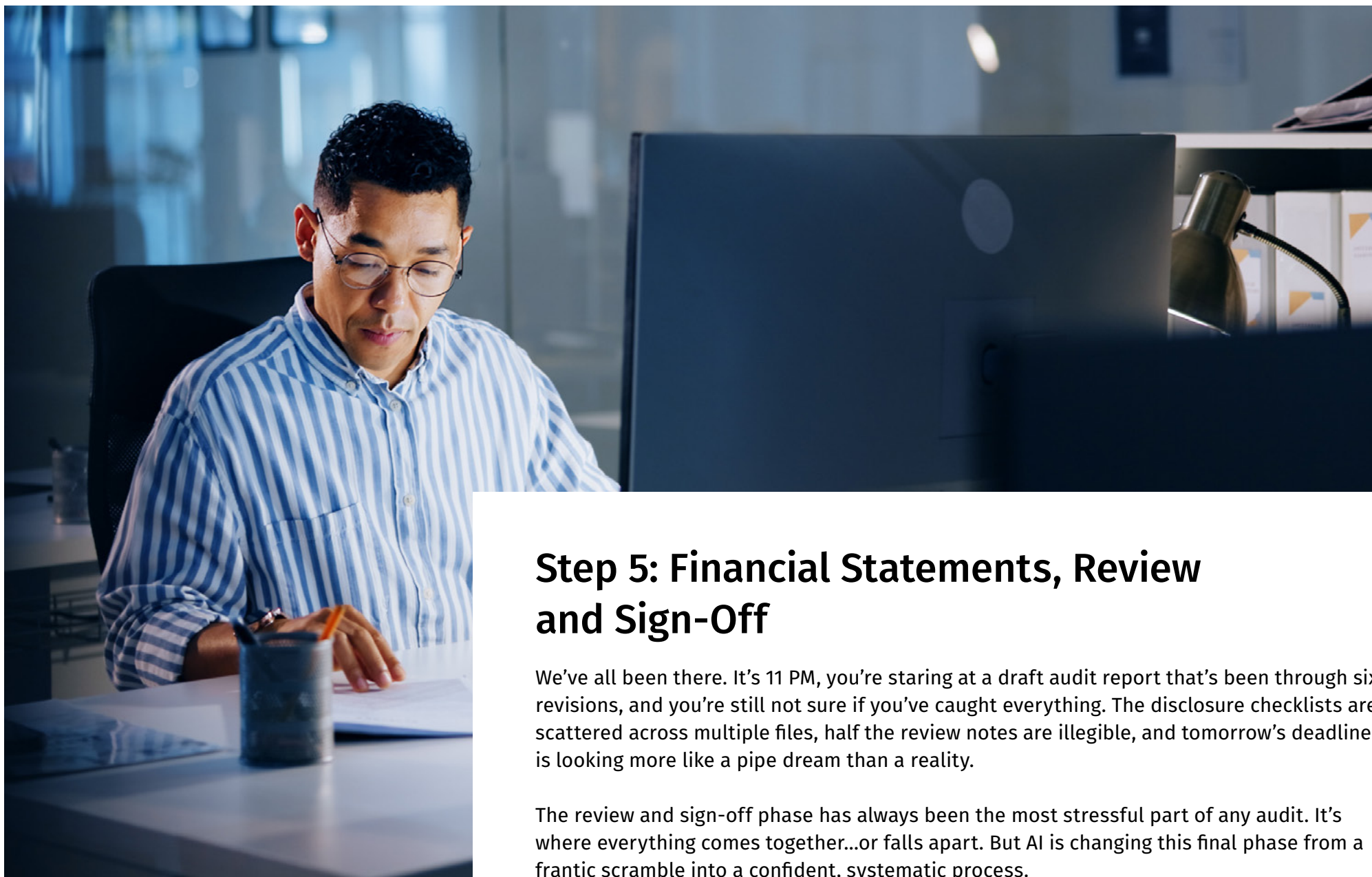
Is there anything more tedious than manually copying links to PDF files and pasting them into your Excel document? Instead of manually connecting evidence to your workpapers, AI can auto-link documents to the relevant procedures and documentation. It's like having a filing system that organizes itself.

Your workpapers are complete, your audit trail is clear, and your review notes make sense.

Validation That Works

With the right system, you can automate much of the validation process. For example, instead of having to manually request bank statements and wait for the client or bank to send them over, the client can provide you with access. The auditor can then download anything they need directly from the bank.

AI-enabled fieldwork means spending less time hunting for documents and more time analyzing what you find. You can work with confidence that you've got everything you need for a solid audit opinion.



Step 5: Financial Statements, Review and Sign-Off

We've all been there. It's 11 PM, you're staring at a draft audit report that's been through six revisions, and you're still not sure if you've caught everything. The disclosure checklists are scattered across multiple files, half the review notes are illegible, and tomorrow's deadline is looking more like a pipe dream than a reality.

The review and sign-off phase has always been the most stressful part of any audit. It's where everything comes together...or falls apart. But AI is changing this final phase from a frantic scramble into a confident, systematic process.



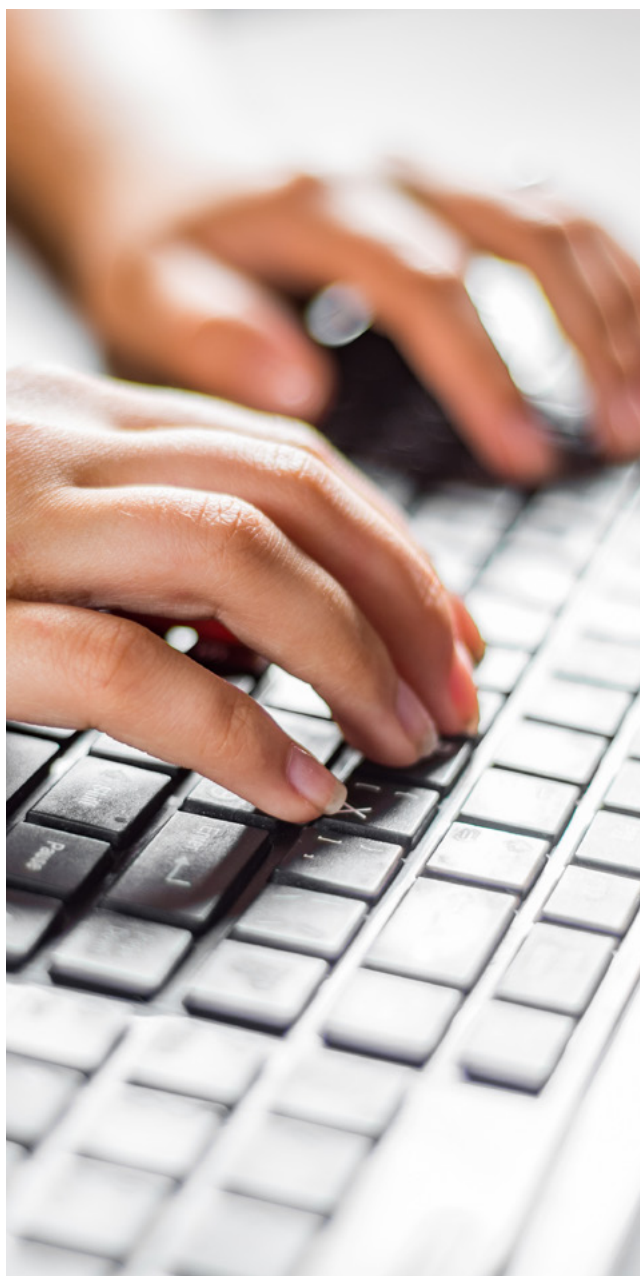
The “Traditional” Review Process

Partners would print out massive binders, armed with red pens and caffeine, trying to catch every possible issue before signing off. Junior staff would frantically chase down last-minute questions, often leading to discoveries that should have been caught weeks earlier.

Even with all that effort, you’d still lie awake wondering if you missed something important. Did all the risk areas get properly addressed? Are the disclosures consistent with the findings? Does everything actually make sense to someone who wasn’t knee-deep in the fieldwork?

CCH AnswerConnect

Offers real-time access to technical resources for complex review questions.



AI Brings Peace of Mind to Sign-Off

Here's where artificial intelligence will transform the most critical phase of your audit from anxiety-inducing to confidence-building.

Disclosure Automation

Instead of starting from scratch with disclosure language, AI can automatically generate text based on your prior financial statements and current engagement data. It's not just copy-and-paste. The system will understand the context and create relevant, accurate disclosures that match your specific findings.

Checklists That Check Themselves

Remember manually going through disclosure checklists, trying to remember if you addressed every single requirement? AI can automate checklist completion, ensuring nothing gets missed while reducing the mind-numbing manual effort.

Early Warning Systems

AI-assisted review doesn't wait until the last minute to tell you about problems. The system continuously flags potential issues and late-stage anomalies that need follow-up before sign-off. No more unpleasant surprises during that final review.

Consistency and Compliance Checking

AI can review your entire financial statement package and narrative disclosures, checking for consistency with audit findings, industry norms, and regulatory requirements. It can search across all your audit documentation to confirm that every identified risk has been properly addressed. If there's an open item, you'll know about it.

Automated Document Generation

Client-ready reports, summary memos, and sign-off documentation can now be generated with AI assistance. The system understands your firm's style and the specific client situation, creating documents that sound like they were written by someone who knows the engagement — all ready for you to do a final review and add your personal touches.

Review Loops That Work

AI can also support iterative review cycles with suggested edits, organized reviewer notes, and tracked changes that make sense. No more trying to decipher handwritten comments or wondering which version of the draft includes the latest changes.



Step 6: Finalize and Roll-forward Binders

You've survived another audit season. The opinion is signed, the client is happy, and you're already thinking about next year. However, before you can truly breathe easy, there's that final mountain of administrative work: cleaning up folders, archiving files, documenting lessons learned, and setting up next year's engagement.

Traditionally, this meant hours of manual file organization, hoping you'd remember all the little quirks and issues when you're planning next year's audit. Important insights might get buried in email chains, and valuable institutional knowledge would walk out the door anytime staff left.



AI Will Streamline Your Year-End Wrap-Up

Here's where AI can transform your most tedious process into a more strategic one.

Automated File Management

Remember manually organizing thousands of workpapers into archive folders? AI will handle the entire finalization process automatically. Files get categorized, indexed, and stored according to your firm's standards without anyone lifting a finger.

No more missing documents, no more inconsistent naming conventions, no more panic when regulators ask for something from three years ago.

Finalization

Before an engagement can be considered truly complete, every sign-off and checklist needs to be in place. AI-enabled systems can automatically verify that all required reviews are finished, signatures are captured, and every procedural step has been marked as complete.

Once the engagement passes these checks, the platform can lock and archive the audit file with full version control and an audit trail. That means any future review has clear, documented evidence of exactly what was finalized and when.

This process eliminates last-minute scrambling, reduces the risk of oversight, and ensures your final file meets both firm standards and compliance requirements.

Rolling Forward

Instead of copying last year's approach and hoping for the best, AI will create next year's audit plan based on what worked. The system knows which procedures were efficient, which risks materialized, and which team configurations were most effective.

What's Next in Audit: AI Automation to Watch

Step 1: Onboard Client and Engagement Set-up

- ✓ Automate client data ingestion
- ✓ Initiate and monitor tailored workflows
- ✓ Deploy automated onboarding tasks
- ✓ Run automated conflict checks
- ✓ Assign and schedule staff

Outcome: Streamlined setup process with reduced risk and faster engagement initiation.

Step 2: Assess Risk and Plan the Audit

- ✓ Develop risk-based audit plans
- ✓ Leverage project templates
- ✓ Generate document requests
- ✓ Integrate historical data
- ✓ Identify risks
- ✓ Detect anomalies

Outcome: An evidence-based audit plan that aligns resources to real risks and supports higher-quality engagements.

Step 3: Collect and Ingest Client Data

- ✓ Automate account grouping
- ✓ Ingest multi-source data
- ✓ Validate data quality
- ✓ Generate smart reminders
- ✓ Pre-process for analytics
- ✓ Integrate financial systems

Outcome: Clean, validated, audit-ready data with minimal manual intervention.

Step 4: Execute Audit and Perform Fieldwork

- ✓ Extract key data intelligently
- ✓ Identify gaps in real-time
- ✓ Automate sample selection
- ✓ Auto-link evidence
- ✓ Validate against benchmarks
- ✓ Generate smart reminders

Outcome: Accelerated evidence collection with enhanced accuracy and reduced manual effort.

Step 5: Review and Sign-off

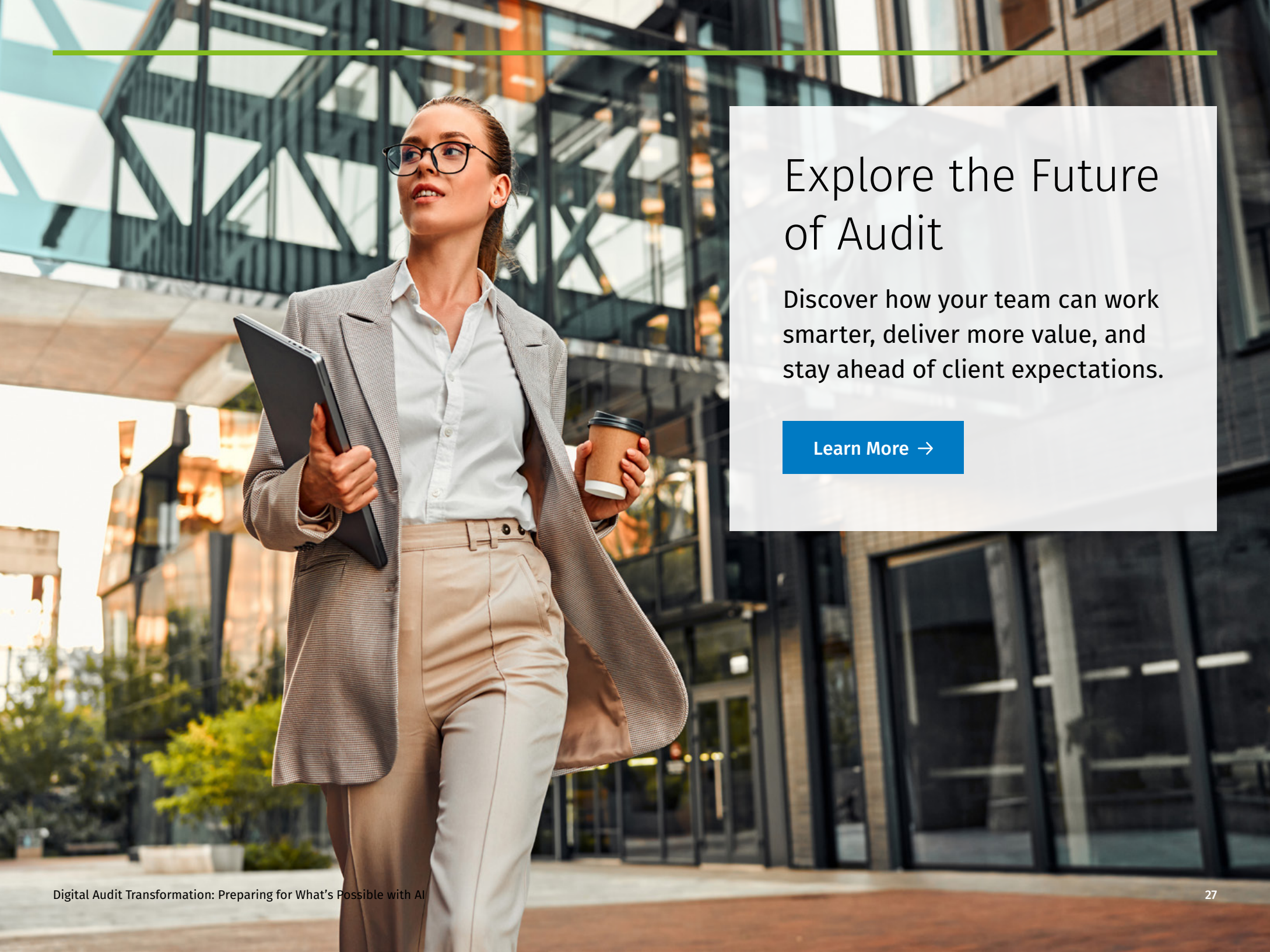
- ✓ Generate disclosure text
- ✓ Complete disclosure checklists
- ✓ Flag potential issues
- ✓ Review for consistency
- ✓ Generate client reports
- ✓ Confirm risk resolution
- ✓ Support iterative reviews

Outcome: Thorough, accurate review process with comprehensive documentation and reduced sign-off delays.

Step 6: Finalize and Roll-Forward

- ✓ Auto-organize documentation
- ✓ Clean up and sign off review
- ✓ Lock and archive files
- ✓ Pre-populate next year
- ✓ Customize roll-forward
- ✓ Document year-over-year changes

Outcome: Efficient audit closure with intelligent preparation for subsequent engagements.

A woman with glasses, wearing a light-colored blazer and trousers, is walking in front of a modern building with a geometric facade. She is holding a tablet in her right hand and a coffee cup in her left hand. The building has large glass windows and a complex, angular design.

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