AI in Audit

Interview preparation summary · AU track

INT.XA.1.a · AI in Audit

Use an AI assistant to scan and summarise client documents safely, checking its output against the source, spotting invented or dropped content, and knowing what must never go into a public tool.

Trainees are now expected to use firm-approved AI assistants to read contracts, minutes, policies and board packs quickly. The skill interviewers look for is not speed but verification. A fluent summary can contain a wrong figure, a wrong date, a unit slip, a quotation that is not in the document, or a clause reference that does not exist. The more dangerous failure is omission: a summary can drop the condition or caveat that changes the meaning, such as a covenant that steps down after a date. So ask for clause or page references and check each against the source, ask for exact quotations and search for them, and prompt for what the document does not say, for example which expected topics it never mentions. Absence in a summary is not evidence of absence. Confidentiality comes first: client data, deal information and personal data do not go into a public tool, and firms differ in which assistants they approve, so check your firm's policy. The usual mistakes are trusting the summary because it reads well and checking only the numbers.

WORKED EXAMPLE: CALLOWAY MARINE: THE SUMMARY THAT DROPPED A STEP-DOWN

Calloway Marine is an invented ship repairer with a 31 March year-end. A trainee asks the firm-approved assistant to summarise a 38-page loan agreement. The summary says: leverage covenant, net debt to EBITDA must not exceed 3.50x. The clause itself says 3.50x until 30 September, then 3.00x on each quarterly test date thereafter. At the year-end, net debt is 41.6m and EBITDA is 12.8m. What does the trainee find, and why does it matter?

Answer: The summary dropped the step-down. Leverage of 3.25x is within the summarised 3.50x but over the actual 3.00x limit by 0.25x, a 3.2m net debt excess.

> **Interview tip:** Say: I use the assistant to get a first view, then I check every figure, date and clause reference against the source, and I ask what the document does not say. In one case it dropped a covenant step-down, which changed the answer.

INT.XA.1.b · AI in Audit

Use AI to challenge assumptions and to help build formulas, code and analytical expectations, testing every output on known cases and recomputing figures independently before relying on them.

AI can help an audit team review a spreadsheet, suggest a formula or a short macro, propose factors for an analytical expectation, and challenge a client's assumptions. It can also be confidently wrong, and a language model is not a calculator: it can produce an answer that has the right shape and the wrong number. So recompute independently, outside the tool. Test any generated formula on a few cases where you already know the answer by hand, and on edge cases such as blanks, negatives, duplicates and part periods. Reconcile inputs and outputs to the source and check record counts. Be wary of a neat story that fits a small data set, because a high fit across a handful of points is a lead, not an explanation. Use AI to generate challenges and alternative explanations, then corroborate with evidence. Document what was AI-assisted, how it was tested and who reperformed it. The usual mistake is accepting a plausible figure because it came with a confident explanation.

WORKED EXAMPLE: FENWICK HAULAGE: AN AI EXPECTATION THAT CRIES WOLF

Fenwick Haulage is an invented haulier with a 31 March year-end and straight-line depreciation at 10% a year on vehicles. Opening cost is 24.0m. A vehicle costing 4.0m was sold on 30 September, and 6.0m of vehicles were bought on 1 January. The client's charge is 2.31m. An AI assistant says the expected charge is 3.00m, implying the client is 0.69m short. Is it?

Answer: The right expectation is 2.35m, so the client's 2.31m is 0.04m (1.7%) lower. The assistant's 3.00m charged a full year on additions and ignored the disposal.

> **Interview tip:** Say: I treat AI arithmetic as a draft. I rebuilt the expectation myself, found the assistant had ignored the part-year effects, and documented both the error and my own figure.

INT.XA.1.c · AI in Audit

Use AI to help draft working papers, emails and notes in the firm's style while owning the structure, conclusion and accuracy, keeping an audit trail, and talking honestly about AI use.

AI is useful for tightening a note, suggesting a structure or drafting a polite email, but the conclusion is yours. You decide what the evidence shows, and you give the assistant your structure and points rather than asking it to decide. Fluent text sounds sure of itself, so check every statement against the file: figures, references, dates, and words such as fully, no concerns or immaterial that the evidence may not support. Watch for bias towards the client's own explanation and for over-confident wording where the evidence is thin. Keep prompts free of client names and confidential data unless the approved tool is designed for it, and follow firm policy on recording AI assistance, because the working paper must stand on its own for a reviewer. Be honest with the team about what you used it for. If an error appears later, tell the senior promptly and fix it with a trail. In an interview, describe a specific use, what you checked, and where you did not trust it.

WORKED EXAMPLE: HARBROOK BAKERIES: A CONFIDENT MEMO THAT DOES NOT ADD UP

Harbrook Bakeries is an invented client. Overall materiality is 1.00m and performance materiality is 0.75m. The schedule of uncorrected misstatements, all overstating profit, shows 0.31m, 0.22m, 0.18m and 0.09m. An AI-drafted memo says: uncorrected misstatements total 0.58m, comfortably below performance materiality, and no further work is required. The trainee checks the schedule. What is wrong, and what should the memo say?

Answer: The true total is 0.80m, not 0.58m. That is 106.7% of performance materiality, so the draft's conclusion is wrong and the memo must say so.

> **Interview tip:** Say: the assistant gave me a tidy first draft, but I recomputed the total from the schedule, found it had dropped an item, and rewrote the conclusion myself. I stay accountable for every sentence.

Summary of the Charta interview-preparation topic. Companies and figures in the examples are invented. Draft content, not yet expert reviewed.