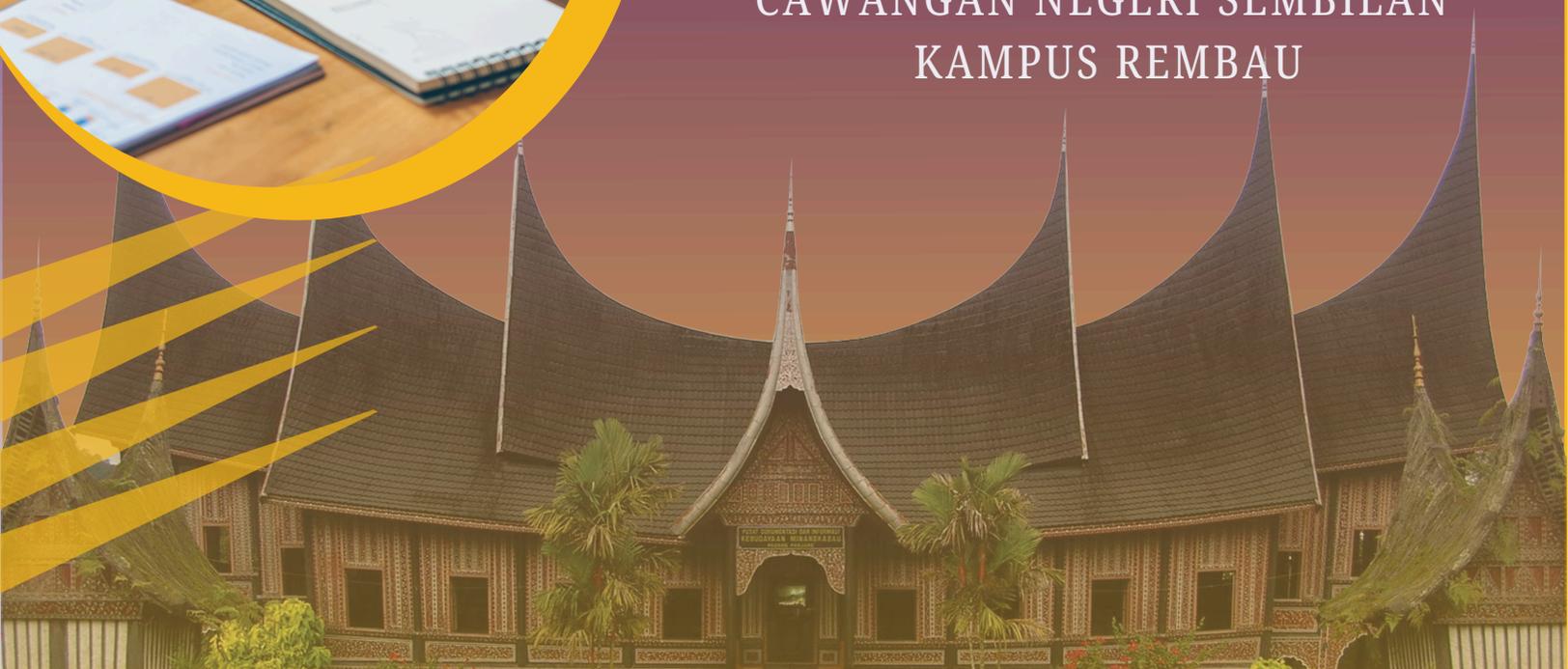


# RONA TINTA

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# WHEN AI MEETS THE AUDIT

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Once upon a time, an auditor's toolkit was simple: calculator, stack of invoices, red pen, and a lot of late nights. Fast forward to today, and that picture has changed dramatically. Now, sitting quietly next to the auditor is a new colleague, the Artificial Intelligence (AI) that is ready to crunch numbers, detect anomalies, and even predict risks faster than any human ever could. But don't worry. AI isn't replacing auditors. It's simply making their jobs smarter, sharper, and a lot more efficient.

## **So, What Exactly Does an External Auditor Do?**

An external auditor is like a financial detective. Their job is to examine a company's accounts and records to make sure everything adds up which is fairly, honestly, and in line with accounting standards. They provide assurance to shareholders, regulators, and the public that the company's financial statements are trustworthy. But with thousands (sometimes millions) of transactions to review, this task can be overwhelming. That's where AI comes in.

## **AI: The Auditor's New Smart Assistant**

Imagine having a digital assistant that can review millions of entries in seconds, spot patterns or errors that humans might miss, flag unusual transactions for further inspection and predict where financial risks might occur next.

That's exactly what AI does for auditors. Modern auditing firms are now using machine learning algorithms and data analytics tools to process huge volumes of data, not just from the company's accounting system, but from emails, contracts, and even external news sources. It's like having a superpowered magnifying glass that doesn't just look at what happened, but also tells you why it happened and what might happen next.

## **How AI Adds Value to the Audit**

### **1. Detecting Fraud and Anomalies**

Traditional auditing relied heavily on sampling where auditors would test a small selection of transactions and assume the rest were okay. AI, on the other hand, can test every single transaction. For example, if a company suddenly starts paying a new supplier with unusual amounts or frequency, AI can flag it immediately. This helps auditors focus their attention on the truly suspicious areas, improving both accuracy and efficiency.

### **2. Improving Risk Assessment**

AI doesn't just look at numbers; it learns from them. By analysing past financial data, AI tools can highlight areas that are more likely to contain misstatements or compliance issues. This means auditors can prioritise their efforts and spend more time on high-risk areas and less on the routine ones.

### **3. Faster, Smarter Audits**

No one enjoys long audit seasons filled with manual checking. With AI automating repetitive tasks (like matching invoices to receipts or confirming calculations), auditors can complete their work faster and spend more time understanding the story behind the numbers. This also benefits clients, who get their audit reports sooner and with richer insights.

### **4. Enhancing Professional Judgment**

Some people fear that AI might replace auditors. In reality, it's the opposite, really. AI amplifies human judgment. It provides data-driven insights, but the final interpretation still lies with the auditor. AI might say, "This transaction looks unusual," but it's the auditor who decides whether it's a genuine error, a fraud attempt, or just an odd coincidence.

## **Real-World Glimpses: AI in Malaysian Audit Firms**

In Malaysia, large audit firms like PwC Malaysia, KPMG Malaysia, and EY have begun integrating AI-powered tools into their audit processes. These systems analyse financial records, identify potential inconsistencies, and generate risk dashboards that make decision-making easier. Even local firms and regulators like the Malaysian Institute of Accountants (MIA) are encouraging AI adoption to raise audit quality and keep up with global best practices. The goal is simple: make audits more transparent, reliable, and efficient —while giving clients better confidence in their financial health.

## **The Balance Between Technology and Trust**

Of course, AI isn't perfect. It's only as good as the data it's trained on. If the company's records are incomplete or inaccurate, AI could misinterpret patterns or overlook subtle human factors. That's why auditors still need to apply professional scepticism, judgment, and ethical reasoning when skills no machine can replicate.

## **The Future**

In the future, audits may become more continuous than annual. Instead of waiting for year-end, AI tools might monitor financial data in real time, alerting both companies and auditors of issues as they arise. Imagine an audit that runs 24/7 in the background. It will be like having a financial "early warning system." That's not science fiction anymore; it's where the profession is heading.

## **Conclusion**

AI is not here to take over the auditor's role but it's here to make it better. It handles the heavy lifting, leaving auditors free to do what they do best: use their professional judgment, communicate findings, and build trust. As one Malaysian auditor recently joked, "AI may crunch the numbers, but it still takes human wisdom to make sense of them." And that's the beauty of this new partnership where humans bring the judgment, AI brings the horsepower. Together, they're rewriting what it means to deliver a truly intelligent audit.