



AI and IA and 4 Pillars to Form the Future

PRESENTER

Mike Varney, Immediate Past Chair NAB IIA

September 2025





Our Agenda

- ① **Vision 2035 Results/Focus**
- ② **Why is AI different and where is AI heading**
- ③ **4 Pillars The Will Form the Future**
- ④ **Ideas to get into the AI game**



The IIA Vision 2035 Results



How We Get There



Shift Current Perceptions of Internal Audit



Embrace Technology



Expand Our Scope



Connect Internal Audit with Strategy



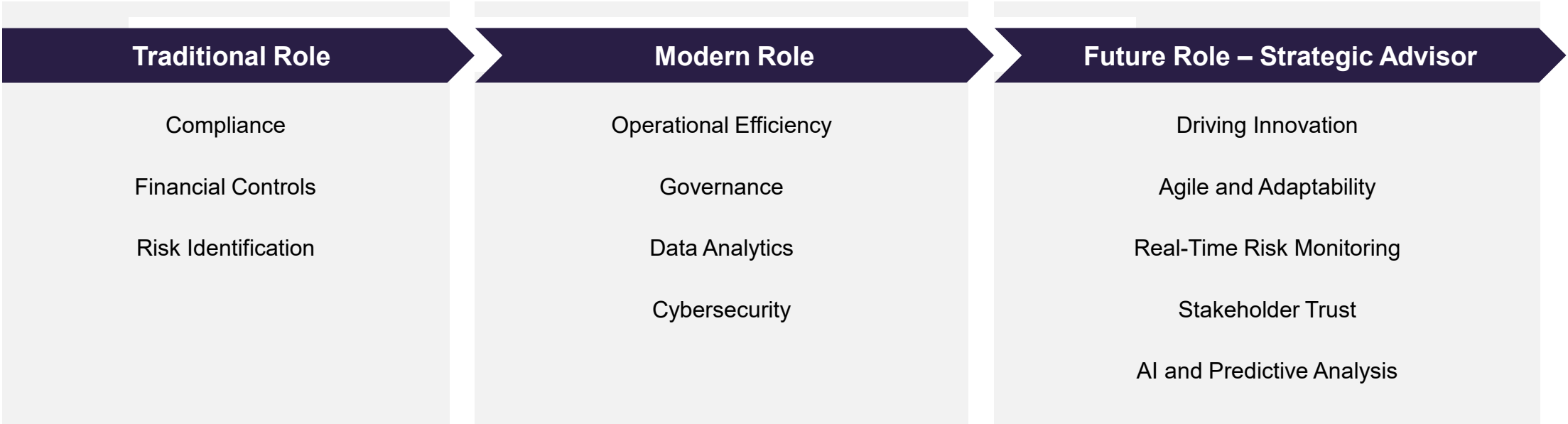
Grow Our Talent Pipeline



The Transition to Strategic Advisor: Expanding Our Impact

Internal Audit’s Role Has Transformed, Have You?

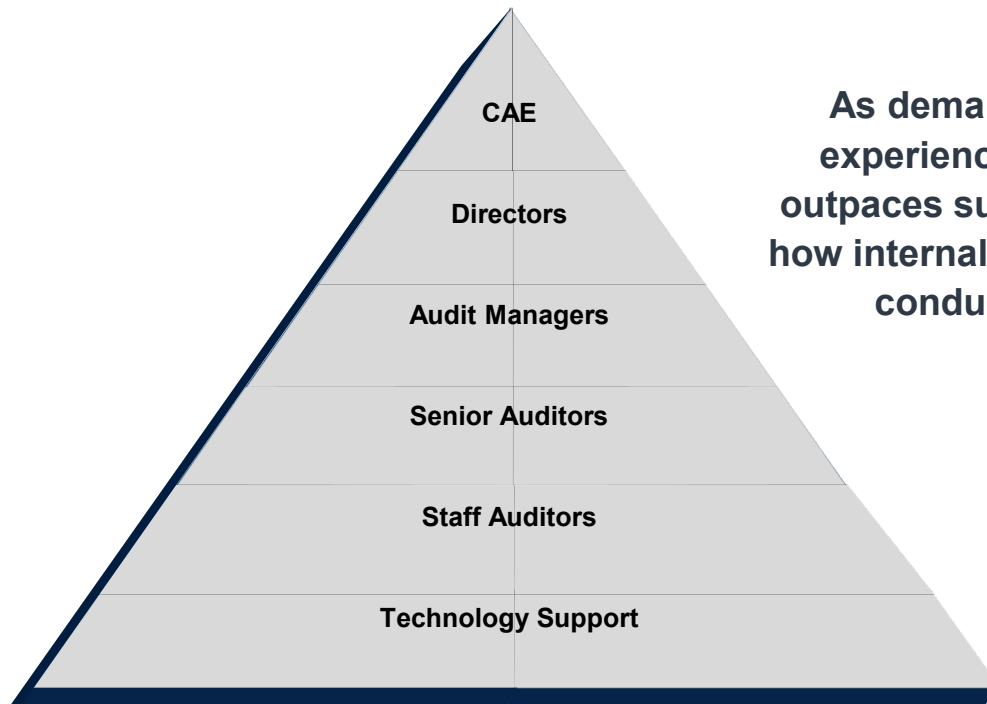
Internal audit is evolving from a compliance-focused function to a strategic advisor





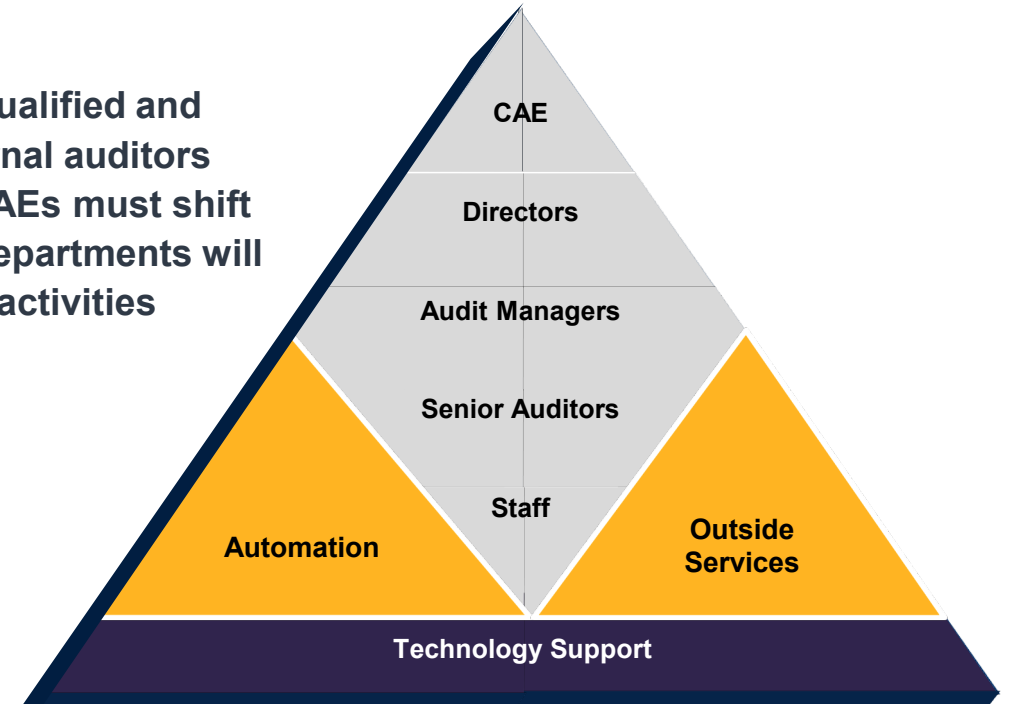
Moving to a New Organizational Model

Internal Audit's Role Has Transformed, Have You?



Traditional Model

As demand for qualified and experienced internal auditors outpaces supply, CAEs must shift how internal audit departments will conduct daily activities



New Model



Technology Will Continue Shaping the Evolution of Internal Audit

Mastering Technology with Continuous Learning



97%

of respondents agree new technology will increase the volumes of complex data available to analyze and assess.



96%

of respondents agree new technology will enhance an experienced internal auditor's skills to stay relevant.



93%

of respondents agree new technology will develop better insights for internal audit recommendations.



92%

of respondents agree new technology is key to helping internal audit add more value to their organization.



Why Is AI Different And Where Is AI Heading



We Hear Recurring Themes From Company Leaders Considering AI

UNCERTAINTY ABOUT AI

- I haven't really seen what AI actually does
- I'm not sure if it will generate meaningful enterprise value
- I'm not sure if it will keep my confidential information, confidential
- There are too many choices and technology is changing too fast to keep up

QUESTIONS ABOUT PRIORITY

- I've heard claims before with blockchain and big data, and those didn't help us
- I have 'must do' IT projects like security, ERP, and integrations
- We aren't in the business of implementing leading-edge technology

BUT FEELING PRESSURES TO ACT

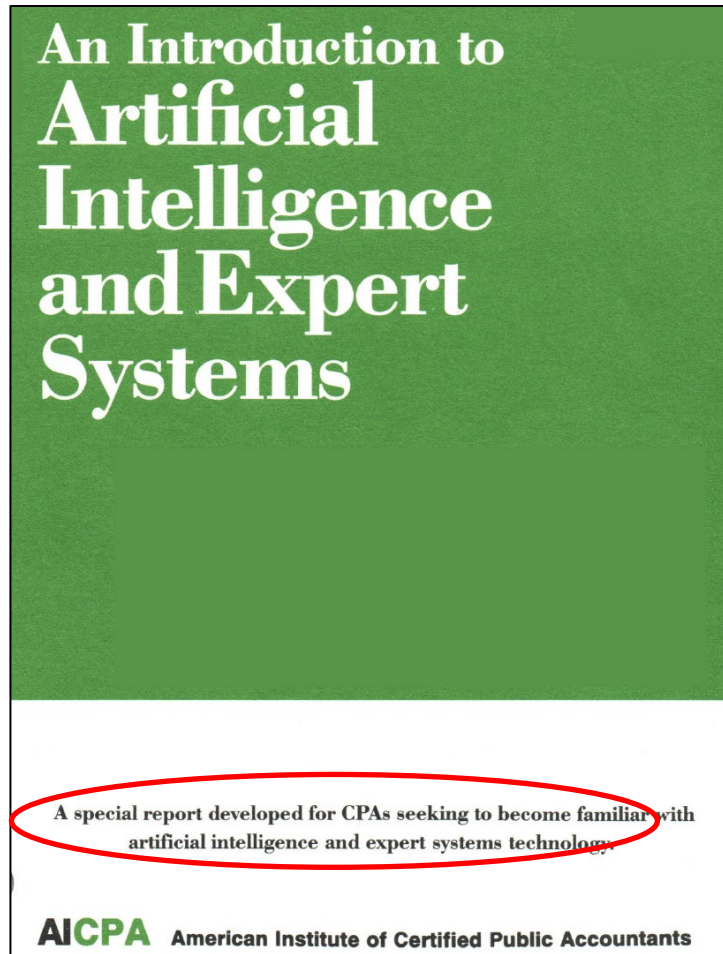
Some senior leader is asking "why aren't we doing something"

Leaders are experimenting with uninspiring DIY results

Not materially advancing in the next 12 months feels like a risk



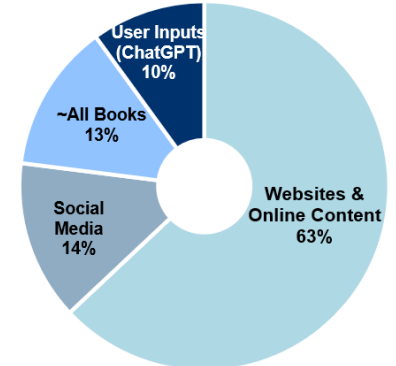
3 Fundamental Changes Since AICPA Report on AI



1. Computing Power Per \$



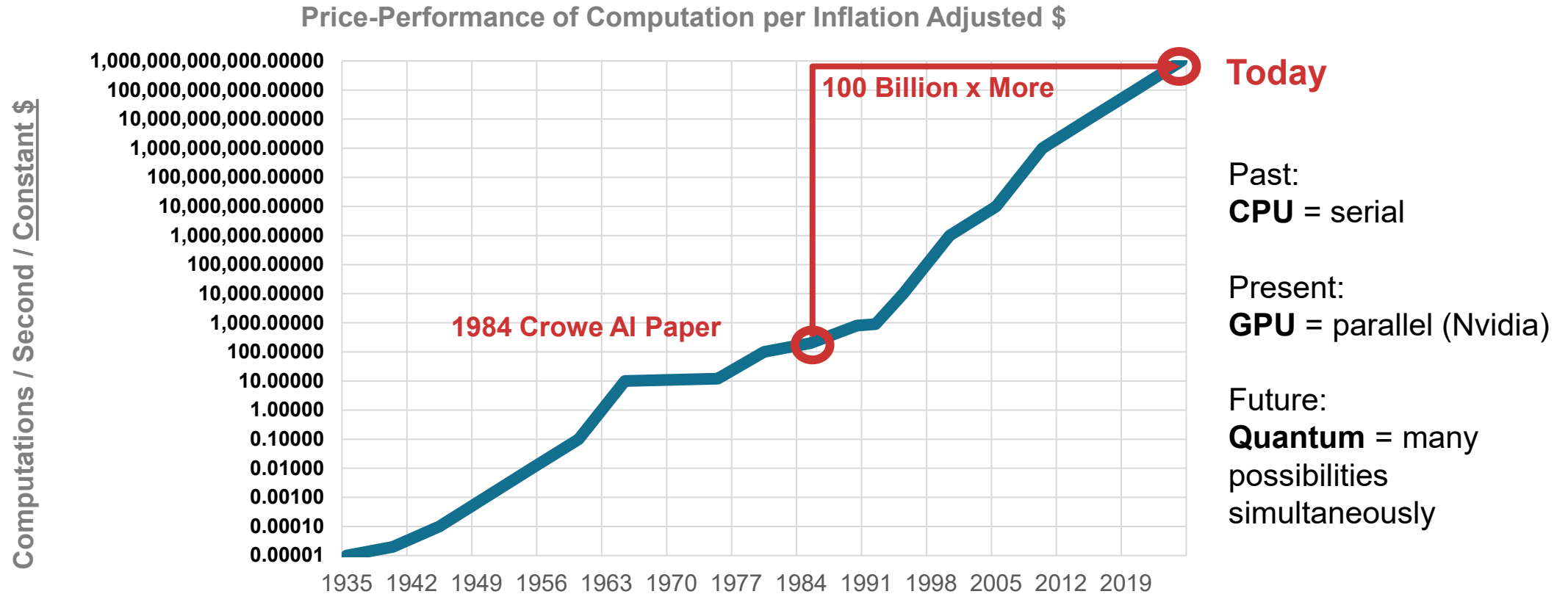
2. Artificial Neural Networks



3. Actual & Synthetic Data



AI Surging: #1) Computing Power Has Changed The Ballgame

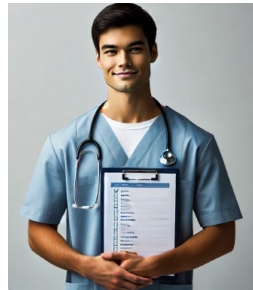


Source: Ray Kurzweil, Ph.D., "The Singularity Is Nearer," June 2024.



AI Surging: #2) New Algorithms For How AI Processes Information

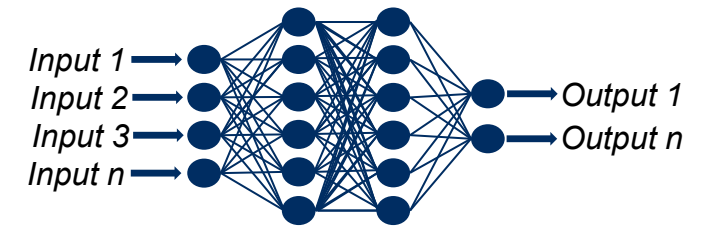
1984: EXPERT SYSTEMS



Rigid Logic
Rule-Based, Predefined
Limited to Predefined
Brittle

Structure
Approach
Knowledge Source
Processing

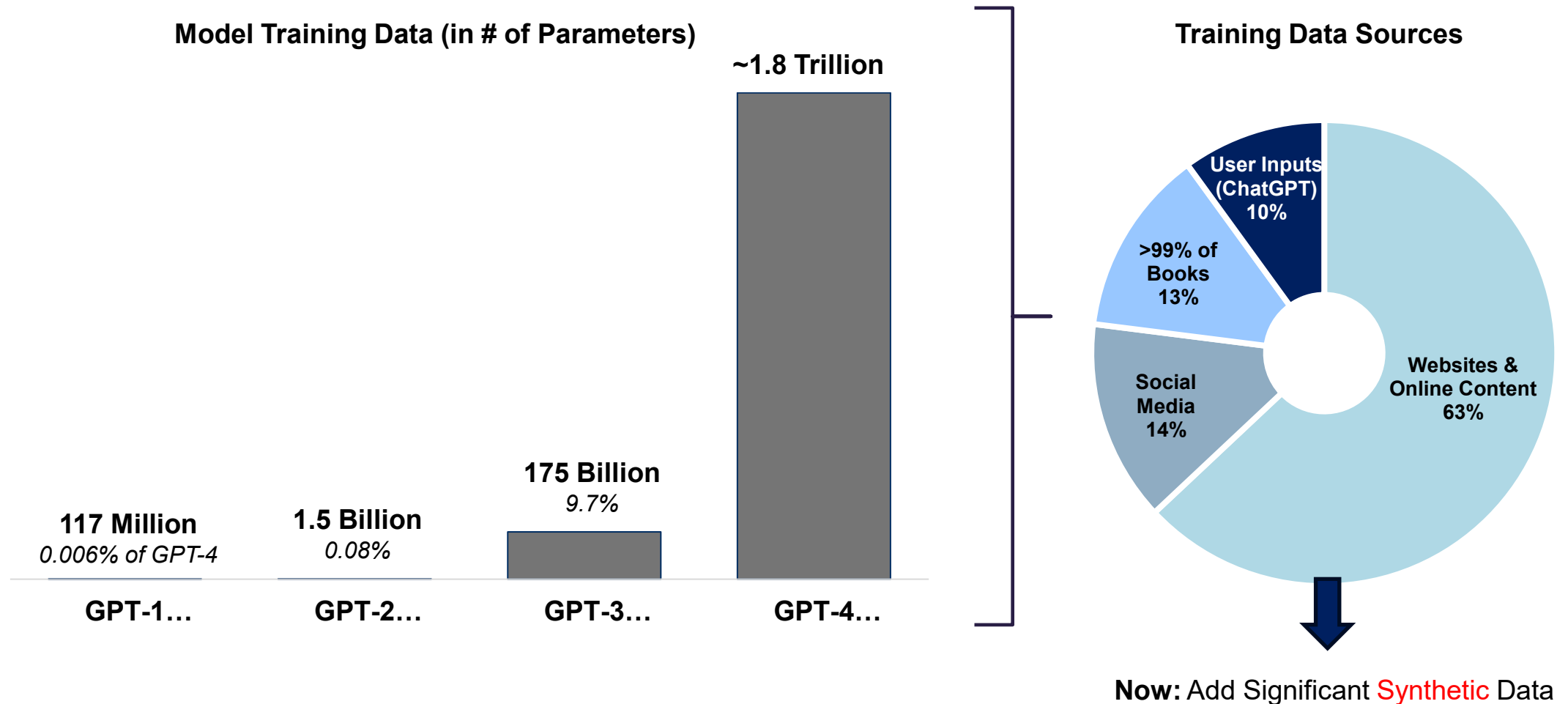
2024: NEURAL NETWORKS



Human Brain-Like Processing
Learns Patterns From Data
Adapts & Generalizes
Flexible

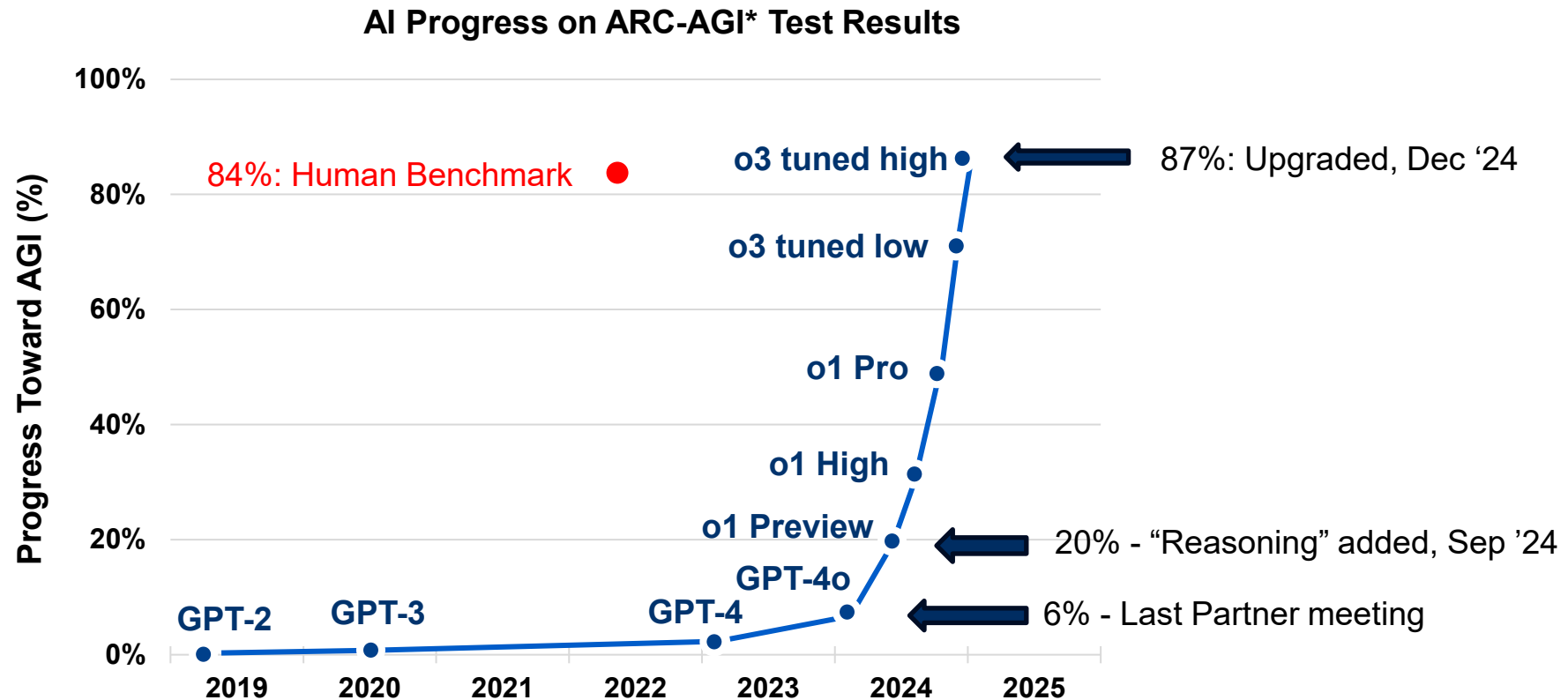


AI Surging: #3) The amount of training data grew tremendously





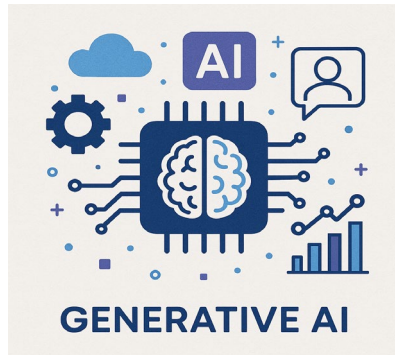
Advancements Will Not Stop And There Is No Top End



*ARC-AGI = Abstraction and Reasoning Corpus for Artificial General Intelligence



AI Is Evolving To Higher States Of Capability



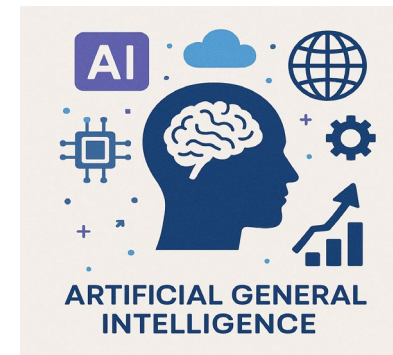
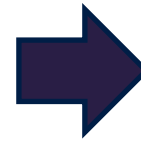
2023

- Large Language Model (LLM)
- Narrow application
- Question – Answer
- Goldfish memory
- Human productivity



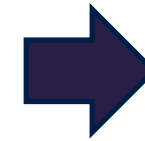
2025

- Adds memory
- Adds reasoning & prioritization
- Can use tools
- Chains together entire workflows
- Human in the Loop



~2028-30

- Stated goal of OpenAI & others
- Generalized application of AI to solve any problem as well as humans
- Scope & speed of application is immense
- “Profound” impact on professional services staffing

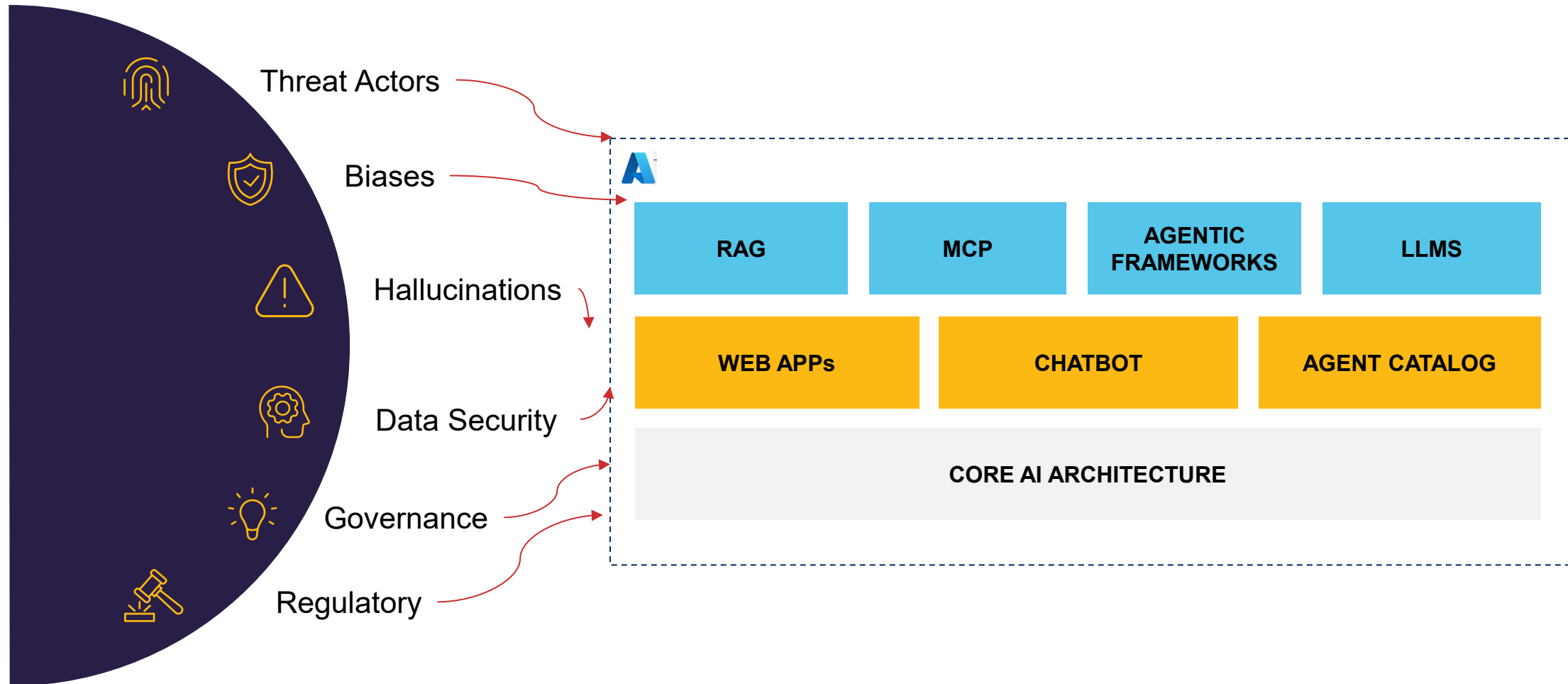


~2045

- AI that far exceeds the capability of all humans combined
- The “singularity”
- Impacts tbd



Typical AI Security Concerns We See In The Market





The Four Pillars of Internal Audit



Steps

- 1 Engage in **open communication**
- 2 **Foster strong relationships** with stakeholders
- 3 **Build a focus group** with internal audit representatives



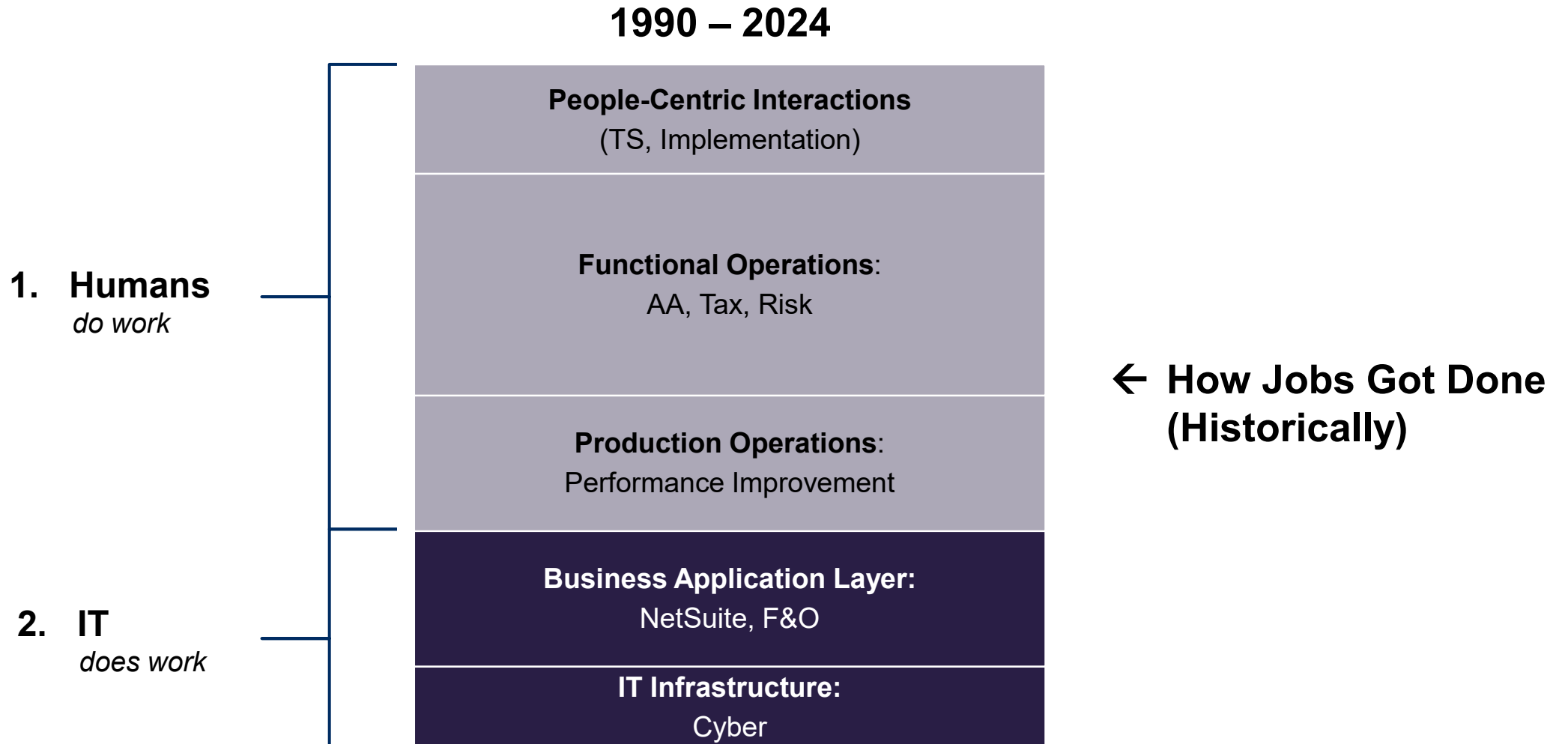
Pillar 1 - **Be human**

Benefits

- ✓ Develop **long-standing relationships**
- ✓ Quickly **identify areas of focus**
- ✓ **Demonstrate the value** of internal audit
- ✓ Potential to be better, **faster**

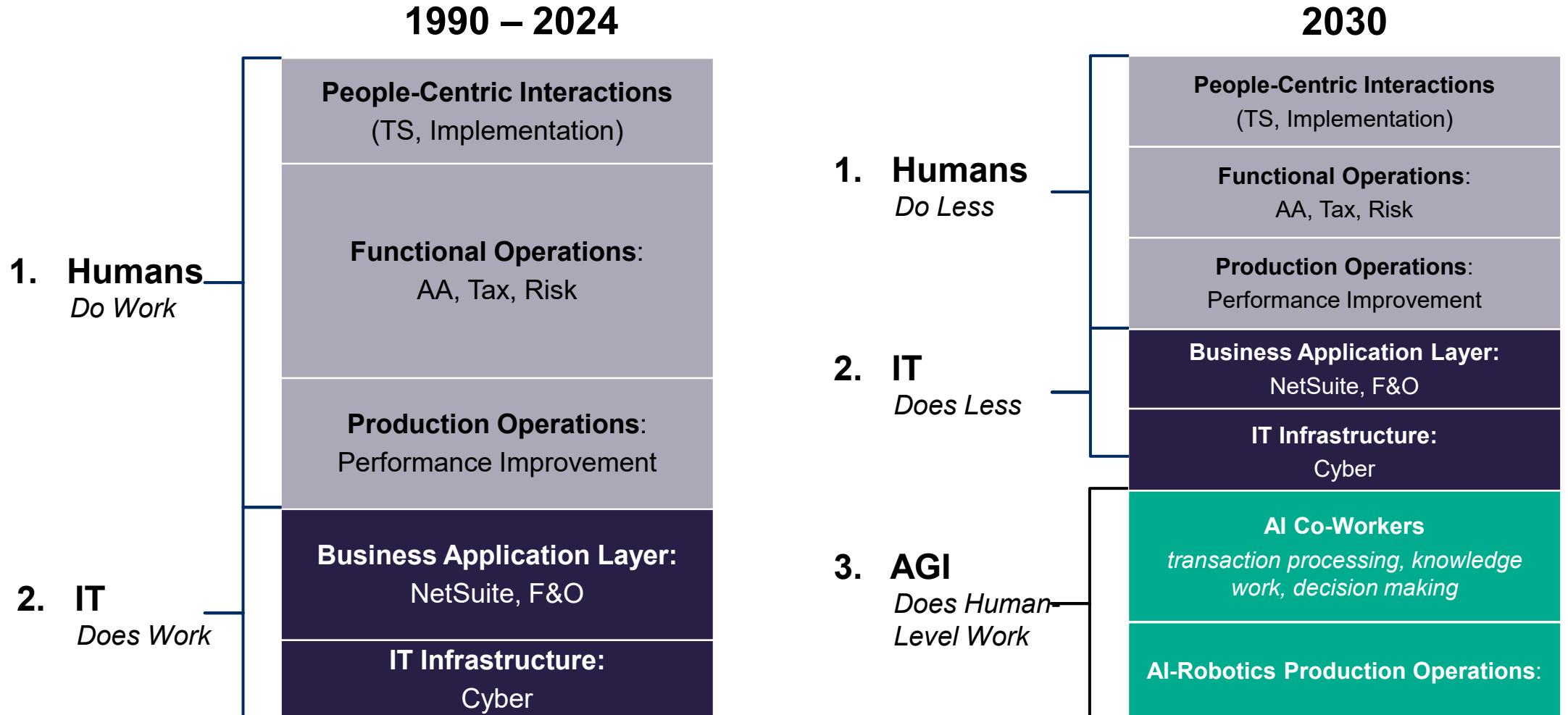


Jobs Have Gotten Done By People Using IT Tools





AI Co-Workers Will Replace A Lot Of Human Hours





Steps

- 1 Reimagine the path to your **end goal**
- 2 Embrace your role in leading with the **organization's objectives** in mind
- 3 Work **collaboratively**
- 4 Be knowledgeable and **plan forward**



Pillar 2 – Get More Strategic

Benefits

- ✓ Faster audits with **greater insights**
- ✓ Have a **full picture**
- ✓ Higher **morale**
- ✓ **More time** to think strategically



Steps

- 1 **Leverage data** in new high integrity ways
- 2 Consider **synthetic data**
- 3 Develop and test your **methodology**



Pillar 3 – **Gather (and use)
Smarter Data**

Benefits

- ✓ Broader and faster **access**
- ✓ **Reimagined** workforce
- ✓ Fewer errors and **lower risk**



Steps

- 1 Use AI for continuous monitoring
- 2 Apply **anonymization**
- 3 Adopt **data minimization**
- 4 Build training and awareness



Pillar 4 – Leverage Technology

Benefits

- ✓ **Improved** efficiency without compromise
- ✓ **Consistency** & standardization
- ✓ **Real time** monitoring & reporting
- ✓ **Adaptive and predictive** auditing
- ✓ **Strengthened** communication



Ideas To Get Into The AI Game



From What We've Seen, Success In AI Begins At The Top And Starts Small

1

Model the behavior by using AI yourself

- Share articles on AI with executives, or summaries you ran using AI of articles
- Publicly discuss AI with your company – let them know it's something you value

3

Make smart bets on high-impact, quick win AI pilots

- Encourage your teams to ID workflows with high AI value potential
- Run fast pilots where success provides noticeable (1) value, & (2) visibility in your org

2

Put general-purpose AI tools in every employee's hands

- Roll out company-wide ChatGPT or MS Copilot to get in the game
- Have IT provide weekly active use reports
- Spotlight success stories

4

Buy or hire the expertise you don't have yet, then scale proven models

- Partner with specialist vendors for first builds
- Stand up a central platform team once ROI has been proven out

What Executives are Saying...

82% of CEOs have deployed or intend to deploy generative AI in 2025 – *World Economic Forum*

92% of companies plan to boost AI investment between 2025-2028 – *McKinsey & Company*

74% of early AI adopters already report positive ROI – *Forbes*



Use Cases For Good Application Of AI Should Span 4 Pillars Of Evaluation

Pillar

What CEOs Should Probe For

1

Technical Feasibility

Can we solve this with today's tools?



- Does this use case rely on off-the-shelf models or require net new build?
- Can we prototype this in < 60 days with our existing tools? Can it scale?
- Is this doable with existing AI; no science project, no new infrastructure?

2

People & Process Readiness

Will this change how people actually work?



- Is this embedded into daily workflows (e.g., CRM, ERP, comms)?
- Will our teams or customers trust or reject AI-generated output?
- Have we considered any legal, regulatory or ethical implications?

3

Data Readiness

Is the data good enough to get started?



- Do we have access to the right data, structured or not?
- Can we avoid a 12-month cleanup effort by narrowing scope?

4

Business Impact

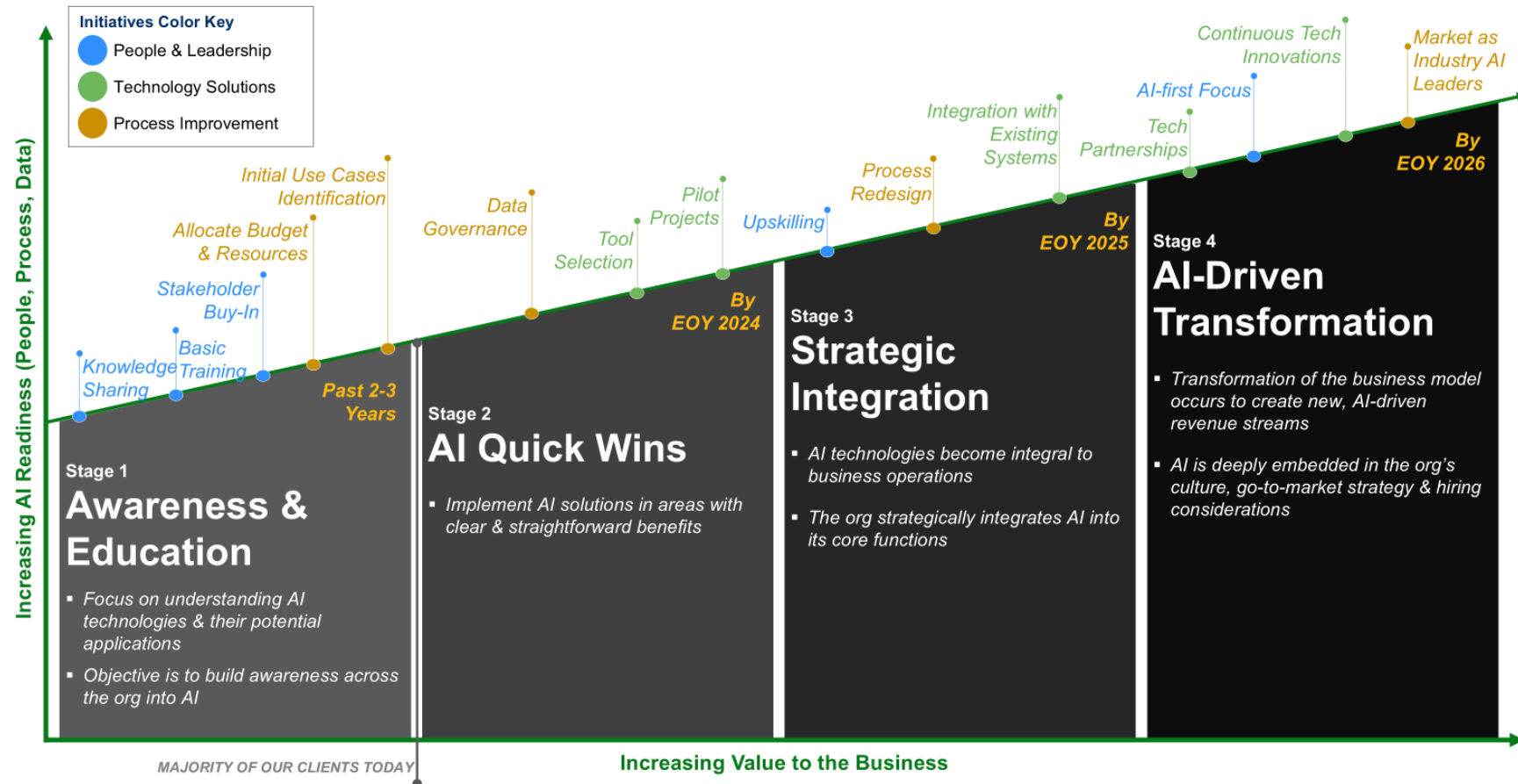
Will this move the needle on a strategic KPI?



- If this works, does it affect revenue, margin, or cost of service?
- Is the impact measurable in 90-days?

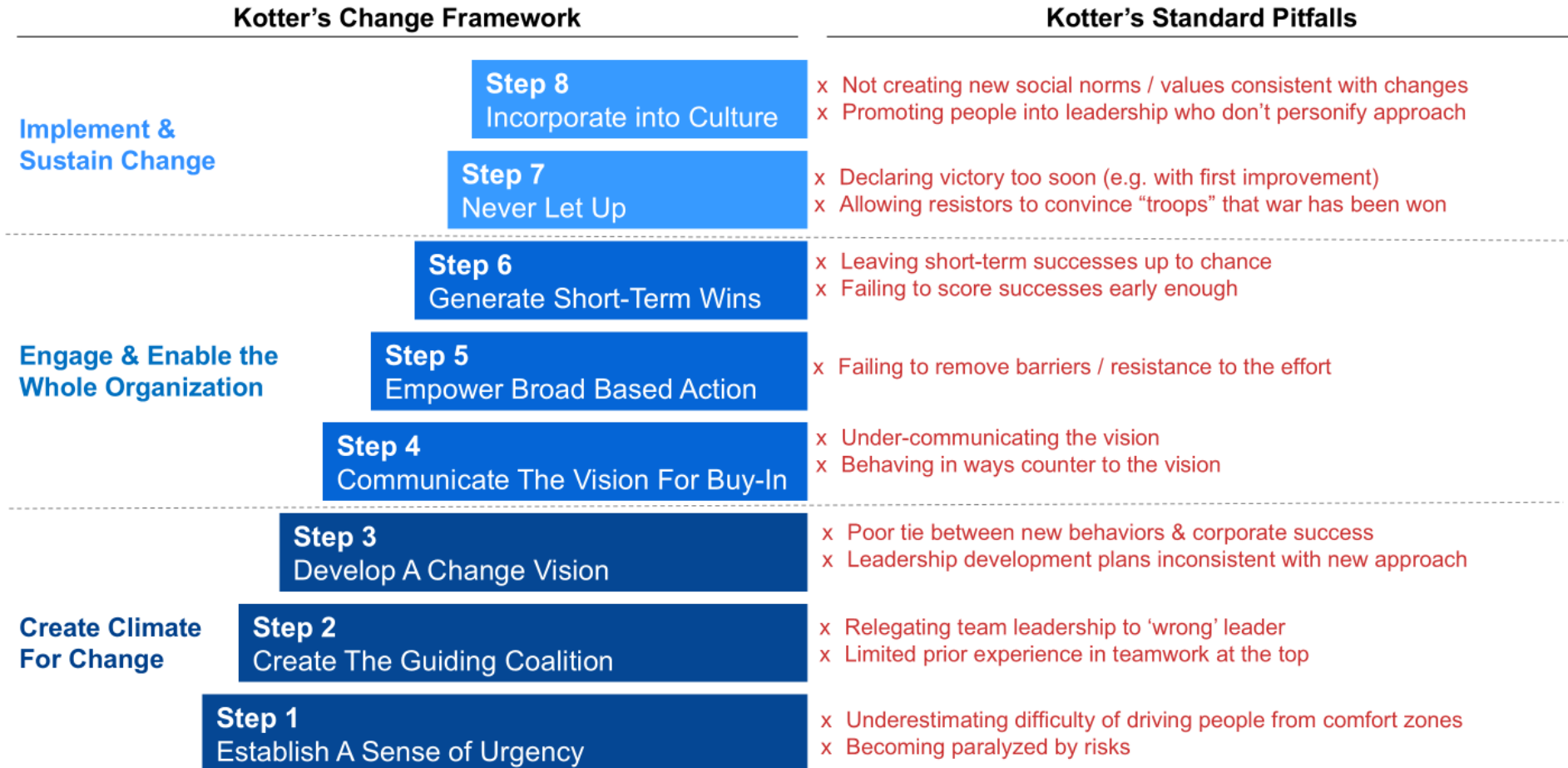


The Full AI Journey For Transformation Is Reached In Multiple Steps





Successful AI Deployment Depends On Thoughtful Change Management

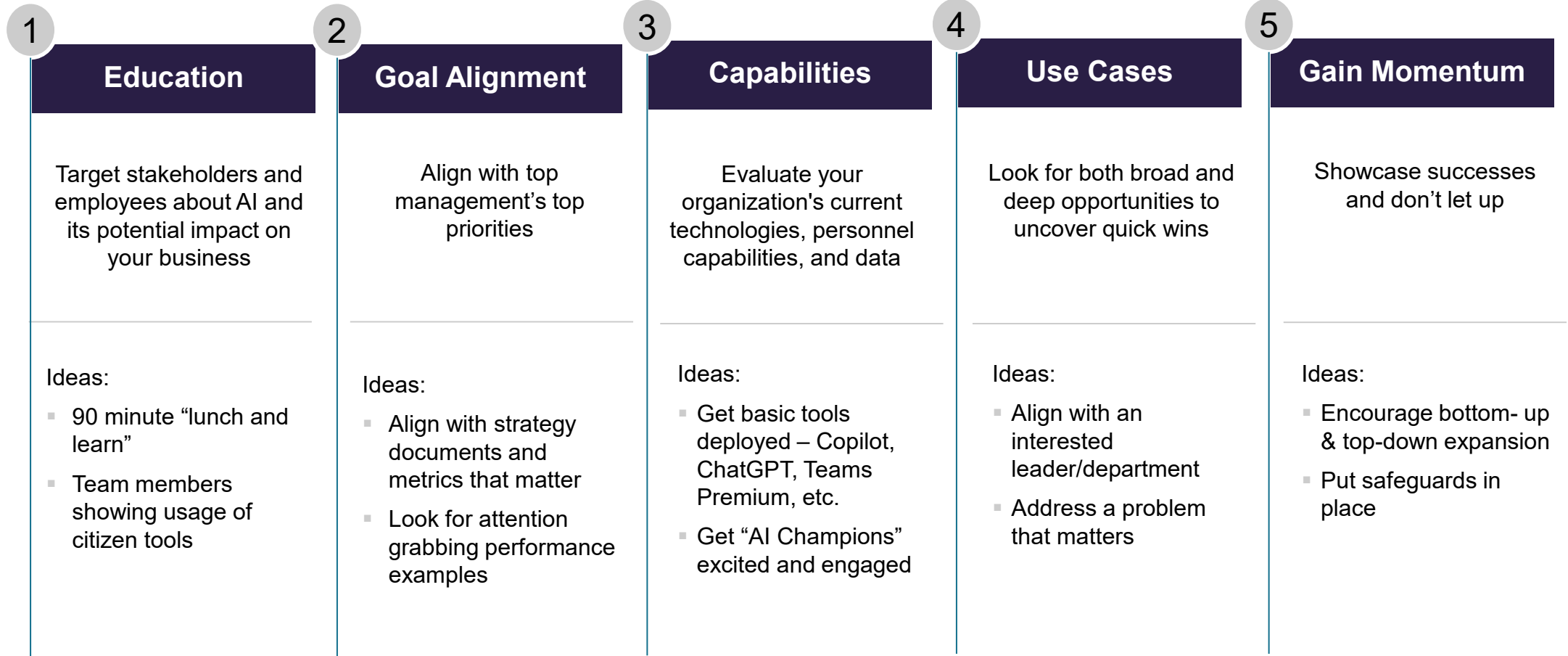


¹ Eight Step Change Management: Kotter, John P. and Cohen, Dan S. *The Heart of Change*, Harvard Business School Press

² See the *Execution Premium*, Kaplan and Norton. *Strategies fail in execution, not their formulation*



Ideas to “Get in the Game” on AI





Extract information from complex PDFs & maintain data in a side-by-side workbench (*Level 2 Code, Quick Win*)

1. Input Highly Complex PDF Form

2. AI Maps Data Into a Side-By-Side Editable Table

3. Correct in Real-Time & Export to File



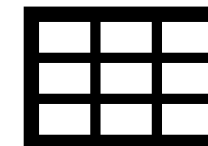
U.S. Department of Labor
Wage and Hour Division
PAYROLL
(For Contractor's Optional Use: See Instructions at www.dol.gov/whd/forms/wh347instr.htm)
Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

NAME OF CONTRACTOR: [REDACTED]
FOR WEEK ENDING: 09/05/2024
PAYROLL NO.: 34

NAME AND INDIVIDUAL IDENTIFYING NUMBER	CLASSIFICATION	STATUS	DATE	TIME	RATE	TOTAL HOURS	TOTAL PAY	TOTAL DEDUCTIONS	NET PAY
[REDACTED]	General Labor		09/05/2024	10:00	\$28.50	10.00	\$285.00		\$285.00
[REDACTED]	General Labor		09/05/2024	19:00	\$19.00	40.00	\$760.00		\$760.00
[REDACTED]	General Labor		09/05/2024	27:00	\$27.00	6.00	\$162.00		\$162.00
[REDACTED]	General Labor		09/05/2024	18:00	\$18.00	40.00	\$720.00		\$720.00
[REDACTED]	General Labor		09/05/2024	27:00	\$27.00	10.00	\$270.00		\$270.00
[REDACTED]	General Labor		09/05/2024	18:00	\$18.00	40.00	\$720.00		\$720.00
[REDACTED]	Operator		09/05/2024	33:00	\$33.00	10.00	\$330.00		\$330.00
[REDACTED]	Operator		09/05/2024	22:00	\$22.00	40.00	\$880.00		\$880.00
[REDACTED]	General Labor		09/05/2024	18:00	\$18.00	40.00	\$720.00		\$720.00
[REDACTED]	Operator Journeyman		09/05/2024	34:50	\$34.50	10.00	\$345.00		\$345.00
[REDACTED]	General Labor		09/05/2024	27:00	\$27.00	10.00	\$270.00		\$270.00
[REDACTED]	General Labor		09/05/2024	18:00	\$18.00	40.00	\$720.00		\$720.00
[REDACTED]	General Labor Apprentice		09/05/2024	28:50	\$28.50	10.00	\$285.00		\$285.00
[REDACTED]	General Labor Apprentice		09/05/2024	19:00	\$19.00	40.00	\$760.00		\$760.00

Complex form input

Editable table superimposed alongside for immed change



Creates a side-by-side working bench which allows the reviewer to see the source and extracted data together, and make changes directly into the table as needed



Use AI to help you reconcile data between tables (Level 1 DIY Example – MS CoPilot for Finance)

1. Compile Data Tables in Excel

	Account	Debit	Credit
6/24/2024	110010	\$ 1,306.25	\$ -
6/24/2024	110060	\$ 4,309.63	\$ -
6/10/2024	110070	\$ 4,309.63	\$ -
7/12/2024	142010	\$ 2,625,087.59	\$ -
7/12/2024	142010	\$ 724,854.40	\$ -
6/27/2024	142015	\$ -	\$ 438,606.00
6/27/2024	142015	\$ 448,847.00	\$ -
6/27/2024	142015	\$ 471,746.00	\$ -
6/30/2024	190030	\$ -	\$ -
7/15/2024	190080	\$ -	\$ 1,306.25
7/15/2024	190120	\$ -	\$ 4,309.63
7/10/2024	190240	\$ -	\$ 4,309.63
7/10/2024	190260	\$ -	\$ 4,309.63
6/23/2024	190290	\$ -	\$ 2,625,087.59
7/10/2024	190320	\$ -	\$ 724,854.40
7/10/2024	190320	\$ -	\$ 471,746.00
6/30/2024	190440	\$ 438,606.00	\$ -
6/27/2024	190570	\$ -	\$ 448,847.00
7/23/2024	190570	\$ -	\$ 448,847.00
6/10/2024	190590	\$ -	\$ 9,915.34
6/30/2024	190590	\$ -	\$ 36,382.15
6/23/2024	190590	\$ -	\$ 3,089.47
6/30/2024	190600	\$ -	\$ 3,224.00
7/10/2024	190600	\$ -	\$ 8,278.00
7/10/2024	190600	\$ -	\$ 2,250.00
6/23/2024	190600	\$ -	\$ 3,873.00
7/10/2024	190600	\$ -	\$ 5,483.50
6/30/2024	190600	\$ -	\$ 9,100.00
7/23/2024	190600	\$ -	\$ 17,277.02
6/10/2024	190590	\$ -	\$ 4,309.63
6/10/2024	190590	\$ -	\$ 4,309.63
6/23/2024	190590	\$ -	\$ 12,804.45
6/30/2024	190590	\$ -	\$ 1,306.25
4/10/2024	190600	\$ -	\$ 4,309.63
6/10/2024	190600	\$ -	\$ 4,309.63
4/10/2024	190610	\$ -	\$ 4,309.63

2. Map Columns before Data Reconciliation

Copilot for Finance (Preview)

Reconcile data

Expense Mgmt Data

- A Doc Date
- B Account
- C Debit
- D Credit

ERP Data

- A InvoiceDate
- B AccountDisplayValue
- C Debit
- D Credit

Back Next Cancel

3. View the Reconciliation Report

Reconciliation report summary

Reconciliation Summary

- The reconciliation operation successfully matched 234 sets of transactions between the Expense Mgmt Data (ExpenseMgmt) and ERP Data (ERP). These matched sets had equal Debit and Credit amounts, demonstrating that the transactions were perfectly aligned in both tables using the mapping keys Doc Date, Account from ExpenseMgmt and InvoiceDate, AccountDisplayValue from ERP.
- There were 35 sets of transactions that were identified as potentially unmatched.

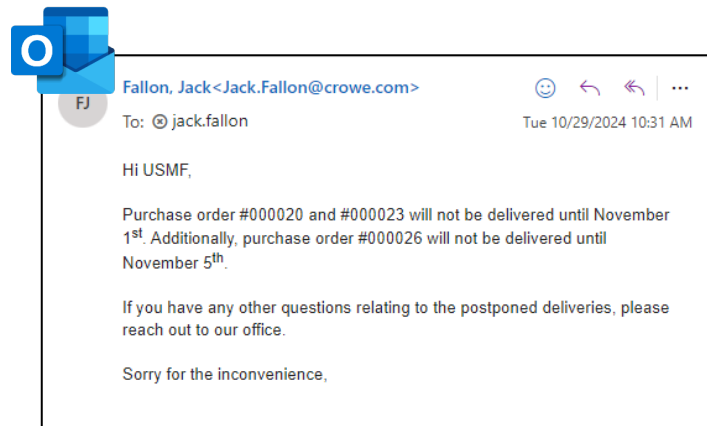
Expense Mgmt Data				ERP Data			
Table name: ExpenseMgmt				Table name: ERP			
Doc Date	Account	Debit	Credit	InvoiceDate	AccountDisplayValue	Debit	Credit
1/15/2024	600120	238.00	0.00	1/15/2024	600120	238.08	0.00
6/20/2024	620030-909	35552.00	0.00	6/20/2024	620030-909	35552.17	0.00
6/15/2024	620010	1030.00	0.00				
7/3/2024	620010	110386.98	0.00				
8/1/2024	V100657	0.00	146000.00				
Totals				Totals			
		147206.98	146000.00			147207.23	146000.00

Quickly perform data reconciliation with Copilot for Finance in Excel

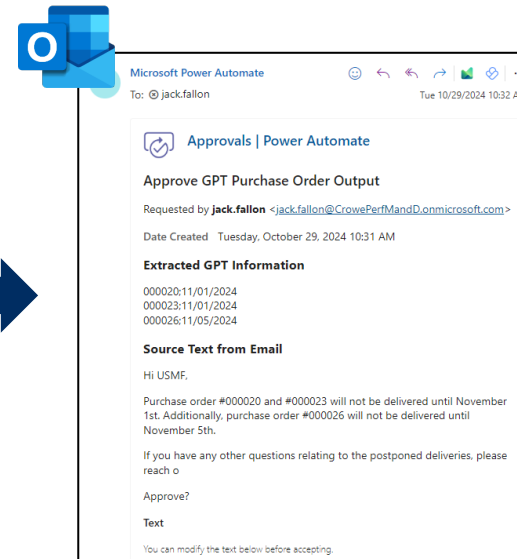


Use AI To Update Your ERP With An Unstructured Email (Level 2 Low-Code, Quick Win – Power Automate)

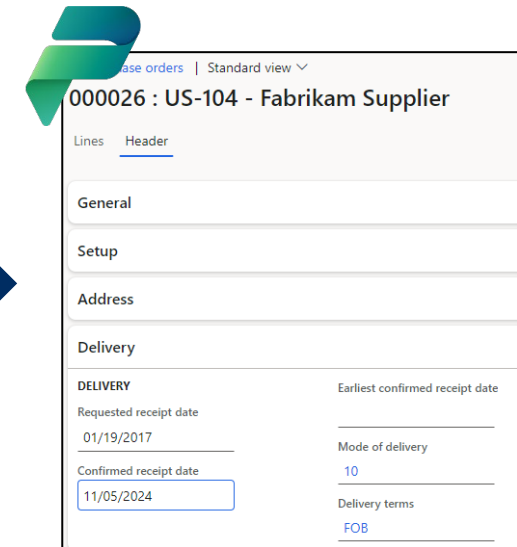
1. Email received from Vendor



2. Approve GPT Output



3. ERP Updated



Build automation workflows to enhance your business processes, all within Power Automate



Thank You



Mike Varney