Feature 2 | Transforming assurance with technology

Our transformation toward a future that is human-led and tech-powered

The rapid evolution of technology is drastically changing our digital landscape. In particular, the evolution of generative AI has been remarkable. Technology previously used only by certain experts has now become part of our daily lives over the past year.

In response to the changing environment, we formulated Vision 2030 and are transforming the Firm with the goal of realising a future that is human-led and tech-powered in the digital field, including audits. As technology evolves, society's expectations towards the Firm, as an assurance provider, are increasing. We will proactively deploy new technology to cater to the needs and changes in society with agility.

Our vision

In recent years, the movement to disclose non-financial information along with financial information has accelerated. The scope of our audit services has been expanding to cover non-financial information in addition to traditional financial information. Additionally, knowledge and techniques required for audit have also expanded significantly.

As shown in the table below, the use of data has changed over time and is becoming more important. The accuracy and reliability of data is essential for companies in making decisions and developing strategies.

In such an era, the Firm will assume the critical role of ensuring the reliability of data. We are enhancing our audit using cutting-edge technology by leveraging our diverse knowledge and experience, insights as practitioners, and objectivity cultivated over years through financial statement and internal control audits.

Trust Innovation Journey
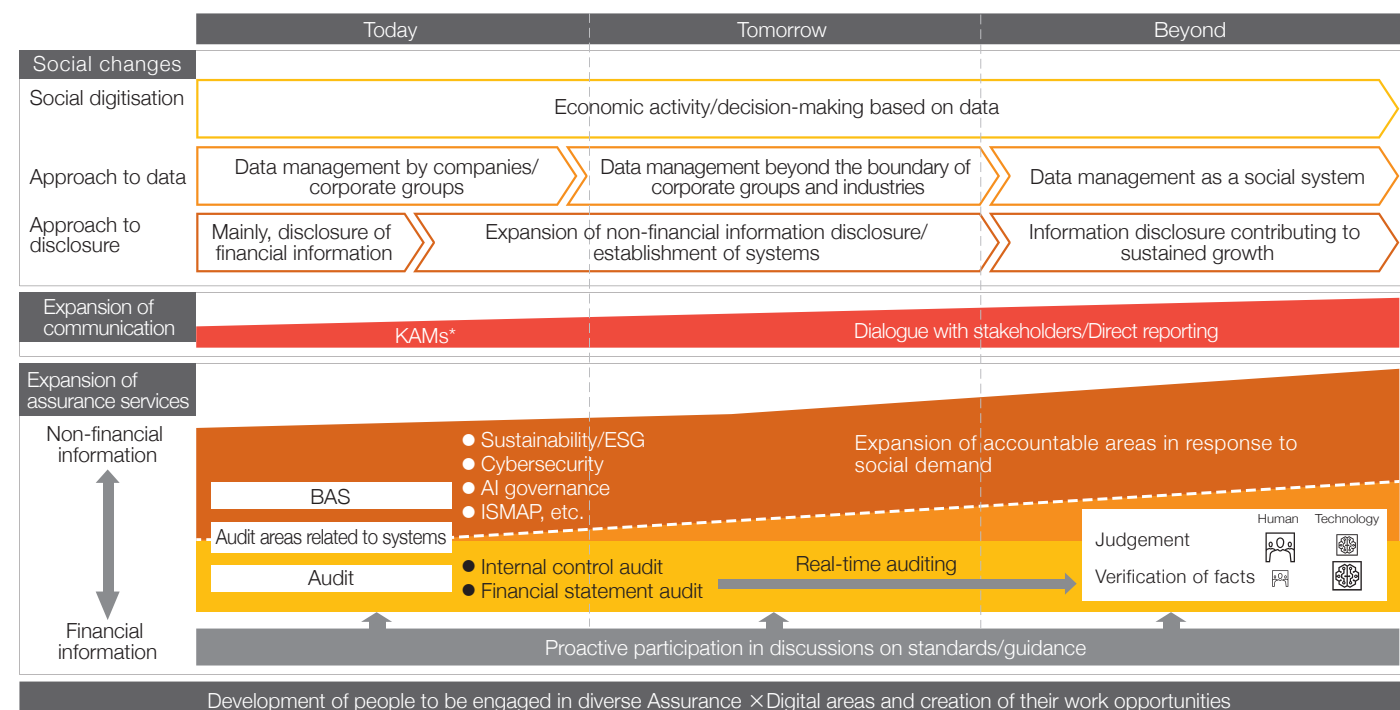
*Key Audit Matters

Investments in the future - Data-driven next-generation audit - Human-led and tech-powered

As part of our commitment to building trust and delivering sustained outcomes, the PwC network is investing in a multi-year effort to deliver a new global audit platform to power our next generation audit, ultimately replacing our legacy technologies such as Aura and Connect. By exploring and investing in new technologies and redefining underlying audit processes, PwC will further standardise, simplify, centralise, and automate our audit work. PwC's investment will accelerate ongoing innovation and enable us to respond to changing stakeholders' needs while taking advantage of emerging technologies, including generative AI, providing a transformed audit experience focusing on continuous quality enhancement.

Next-generation audit model
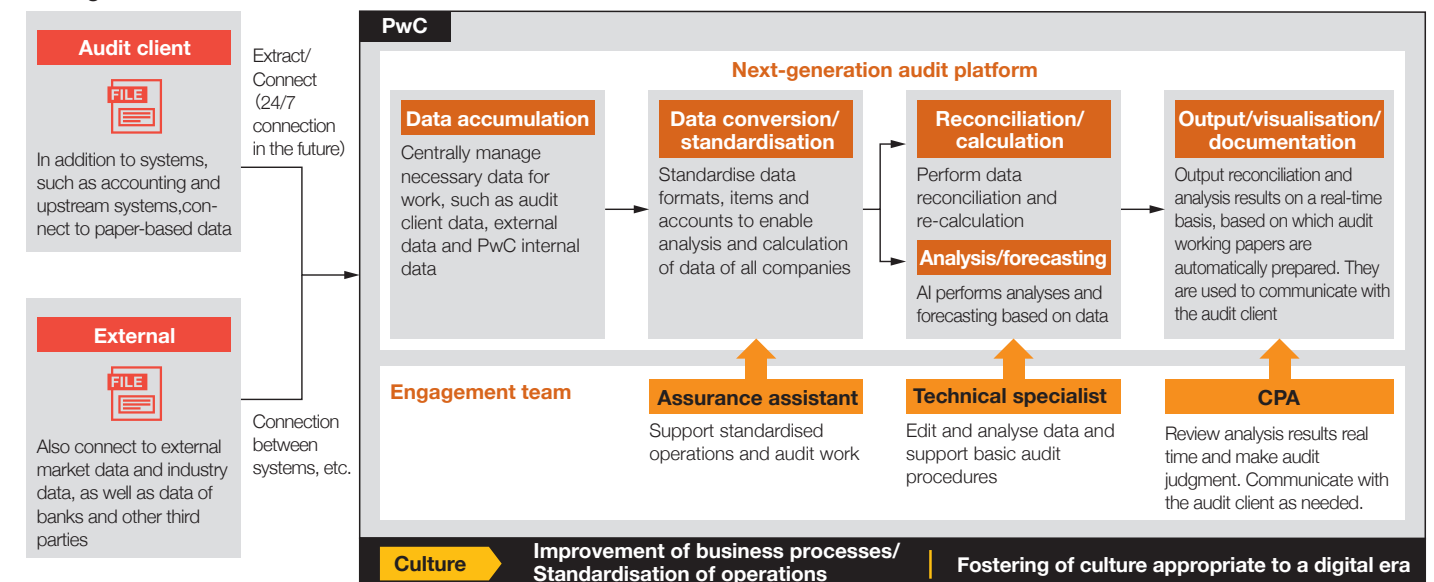
Value PwC aims to deliver through future audit Providing reliable, transparent, and efficient audit

Analytical tools using AI enable a shift from manual sample checks to testing full datasets, reducing the risk of overlooking findings. Also, automated data connectivity allows real-time data analysis and minimises unexpected events by identifying issues earlier. AI converts data into available formats and proposes useful external data and optimal analytical models, realising efficient, high-quality analyses.

An integrated platform that has all-inclusive functions not only enables real-time sharing of results and audit progress, but also enhances data quality by consolidating information sources and facilitates communication within the engagement team and with the audit client.

Benefits of real-time auditing
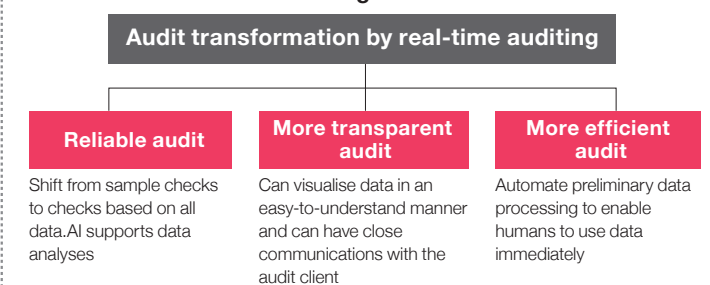
Generative AI governance

To appropriately and innovatively use generative AI in our business, the Firm is working to establish a governance framework that strikes a balance between harnessing generative AI and managing associated risks.

Specifically, we are now working to build processes and platforms based on the business rules which employees must adhere to when developing, providing, and using generative AI. This is to support the accumulation, sharing, and enhancement of use cases and generative AI assets that contribute to the creation of business value.

Additionally, we provide our employees with the latest generative AI tools and help stimulate the use of ideas and know-how via domestic and global communities. We are also promoting initiatives to build a secure environment for developing and using generative AI and to develop new generative AI assets and services supported by a dedicated team.

The Firm has also been taking measures to increase the level of understanding of generative AI and ensure compliance with the business rules by requiring employees who use generative AI or engage in its development to attend training. This training reflects the latest technological advancement of generative AI, as well as up-to-date information on risk management based on developments in related laws, regulations and guidelines.

Through these activities, the Firm will further promote the use of generative AI to streamline internal operations and accelerate the development of generative AI services that help provide new value to our clients.

Investments in generative AI

In addition to AI investments described in the topic of future audit, we also invest extensively in the use of general-purpose generative AI tools that are widely used in general operations, such as ChatPwC, generative AI tools used for specific operations, and training to promote a better understanding of the risks of generative AI and improve AI literacy.

Going forward, we will also invest heavily in the development and recruitment of process digitalisation talent, data utilisation talent, and product manager talent to expand the use of digital tools, including generative AI.

With these initiatives, we will expand the use of generative AI under a governance framework and enhance our assurance services.

Generative AI tools currently being used

ChatPwC

ChatPwC is an interactive AI assistant launched across the PwC network, enabling the use of generative AI in PwC's proprietary secured environment. At our Firm, ChatPwC is available for all employees from July 2024. We believe productivity will improve significantly by using ChatPwC in our operations, such as drafting email messages, summarising documents, and proofreading.

Chatbot for internal information

As an interactive generative AI chatbot, IFS (Internal Firm Services) Chatbot is capable of learning and accumulating information from the Firm's portal sites and answering users' questions in natural language. It can respond in multiple languages, including Japanese and English, and is particularly good at providing information on back-office procedures. For new joiners, it plays a role like a buddy with whom they can consult freely when they need help. IFS Chatbot has significantly contributed to improving operational efficiency by providing prompt and appropriate support.

Generative AI training

To ensure appropriate and effective use of generative AI, the Firm provides comprehensive generative AI training programs.

Basic generative AI training focuses on understanding generative AI's techniques in general, risks, use cases, and internal rules and procedures. In particular, participants learn about the issues related to generative AI that use a large language model (e.g. biases and hallucinations), intellectual property rights and copyrights, information security risks, and how to address such issues in our work. This basic training program is mandatory for users of generative AI to ensure they have an appropriate level of literacy and comply with our rules.

Through the ChatPwC Touch and Try workshop, which focuses on learning prompting (e.g. instructions, questions, and commands entered by users), participants learn the basics of how to use generative AI and its applied scenarios, as well as how to create and review effective prompting. Through this workshop, we aim to facilitate the use of generative AI throughout the organisation.

In addition, we provide training and more specialised programs for developers with a view to improving operational efficiency and quality. We also focus on risk management and compliance.

Our generative AI initiatives

Currently, we are using generative AI in our services related to non-financial information to provide more advanced analyses and insights. Below are some of our generative AI use cases.

Leveraging generative AI in Sustainability Value Assessment	Sustainability Value Assessment is a service that capitalises on PwC Japan Group's knowledge of sustainability management and integrated reporting, and diagnoses whether clients are realising sustainability management with integrated thinking by reviewing their disclosures and conducting interviews with them. Generative AI is supplementally used in every process, from information gathering, extracting information for diagnosis, and performing diagnosis. It shortens the time required for diagnosis per company and enables prompt diagnosis. These benefits, combined with PwC Japan Group's knowledge on sustainability management and integrated reporting, are contributing to delivering high-quality reports on the diagnosis results.
Leveraging generative AI in internal audit quality assessment	We developed and are using a generative AI tool that partially automates internal audit quality assessments. It has reduced workload by standardising the criteria for making determinations and enhancing the documentation of reasons for the determination. For the use of this tool, we define the application method of the internal audit standards and assessment criteria and prompt templates. The tool is used for documents to be analysed based on the defined method and templates and generates draft assessment results and reasons for the determination. We are continuously working to improve this tool based on feedback from users to enhance both operational efficiency and quality.
Leveraging generative AI in identifying a lease under the new lease accounting standards	From September 2024, we began leveraging generative AI in support services for the adoption of the new lease accounting standards. The generative AI tool performs a preliminary assessment to identify leases under the new accounting standards by analysing a large amount of lease contracts. This tool has significantly reduced the time spent to identify leases, including assessments based on contracts and documentation of assessment results. Our professionals can now focus on value-added work such as establishing business processes across OUs units to help provide higher-quality support.