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The end of traditional internal audit: Human-led, agent-powered

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Internal audit is entering its next era. Traditional audit models, built for point-in-time testing and backward-looking reviews, are straining under the weight of emerging risks and escalating complexity. Business is moving faster. Controls are growing more dynamic. And assurance that arrives too late — or at too shallow a depth — is no longer enough.

While many internal audit teams are exploring generative AI (GenAI) to improve documentation and reporting, the next leap forward will come from agentic AI — intelligent systems that can sense risk, initiate action and execute entire workflows within human-defined guardrails. These agents aren't just tools. They're digital teammates operating alongside auditors in a new, hybrid model of assurance and advisory.

The question facing audit leaders isn't *whether* AI will change the profession, it's how quickly and how well we can rewire teams, processes and purpose to match it. This transformation goes beyond automation. It demands rethinking what internal audit delivers, how it delivers and what auditors are truly accountable for in a world where intelligent systems perform much of the mechanical work. It's a shift from execution to orchestration, from inspection to influence.

The internal audit function of the future will likely look unrecognizable compared to today. Audits will no longer be scheduled events. Instead, they'll run continuously, powered by intelligent agents that sense risks as they emerge, test controls across entire data populations and generate insights in real time. Audit plans will flex daily, guided by live risk signals. Auditors themselves will move from executing procedures to orchestrating systems, validating outputs and guiding the business on what results mean. And the chief audit executive (CAE) will no longer be seen as just a provider of assurance but as a strategic navigator of organizational risk and an advisor at the center of enterprise decision-making, helping boards and executives anticipate and manage risk as it unfolds.

Few, if any, organizations are operating at this level today. But this is the destination. By laying out what's possible, we can give audit leaders a direction to aim toward: A function that's faster, smarter and more strategic than ever before. The opportunity is clear: To harness AI's power while reinforcing the human qualities — judgment, creativity and ethical oversight — that make audit functions indispensable.

The imperative to modernize

39%

of internal audit teams currently use AI and another

41%

are planning to adopt it within a year.

The traditional model for internal audit was designed for a different era. Most functions still rely on manual, sample-based testing, approaches that are too slow, narrow and reactive for today's fast-changing risk landscape. Audit leaders now must modernize or get left behind.

An Institute of Internal Auditors (IIA) **survey** confirms what many already see. The profession is undergoing fundamental transformation, driven by emerging technologies and increasingly complex risks. "Over half of survey respondents expect the internal auditor's role to be substantially or very different by 2035," the IIA report concludes. **Another survey** suggests that change is already underway, with 39% of internal audit teams currently using AI and another 41% are planning to adopt it within a year.

While many are starting with GenAI and advanced analytics, these tools mainly support isolated tasks, drafting memos and narratives, summarizing documents or surfacing patterns. They improve efficiency, but they don't fundamentally rewire how audits get done.

The next leap is now possible through **AI agents**, autonomous systems that can take independent action to achieve specific goals. Unlike other AI systems that need human prompts for each task, agentic AI can make decisions, adapt to new information and complete multi-step processes on their own.

New use cases are popping up across industries. In **healthcare**, AI agents identify and monitor safety issues and customer complaints; in **financial services**, they're monitoring trade activities and regulatory compliance; in **retail**, they're supporting loss-prevention activities, in **hospitality**, they look for patterns in customer feedback; and in **technology**, they're monitoring changes to security. Adoption is somewhat limited in **risk and compliance** functions, but successful test cases and pilots are building momentum.

Across PwC, we're transforming our advisory businesses globally with intelligent automation and agentic AI. Our internal audit practice is at the forefront of this effort, serving as one of the leading teams piloting and applying these capabilities end-to-end.

Case study: Agentic AI in internal audit

A global enterprise sought PwC's help to modernize its internal audit function in response to growing pressure from more complex risks, a surge in control volumes and a limited ability to scale with headcount. The team collaborated on an agentic AI solution designed not just to automate tasks but to fundamentally reshape how audits are executed, prioritized and delivered.

The team deployed an end-to-end agentic workflow, embedded directly into the audit life cycle.

Continuous risk agents

- Actively scan ERP transactions, IT logs, procurement workflows and regulatory feeds.
- Identify anomalies, such as duplicate payments, inappropriate access or unusual approval paths, based on dynamic thresholds.
- Continually update a dynamic risk register, mapping signals to relevant business units, control areas and risk domains.
- Surface external signals by scanning public and licensed data sources (e.g., news, regulatory updates, industry disclosures) to highlight emerging, sector and company-specific risks and trends that can inform internal risk assessments.
- Feed into risk assessment and audit planning processes, helping prioritize audits, scope engagements in real time and identify emerging risk concentrations before they escalate.

Scoping and planning agents

- Ingest signals from the continuous risk agent to help determine where to audit next.
- Prioritize processes, controls or entities with greatest change or emerging risk exposure.
- Support dynamic scoping aligned to real-time business activity, not static annual plans.

Automated testing agents

- Execute recurring control tests across select IT, SOX and operational domains.
- Handle evidence retrieval, completeness and accuracy checks, and testing logic, automating ~70% of standard testing autonomously.
- Free auditors from manual, repetitive tasks and reduces errors caused by inconsistent sampling.

Reporting and insights agents

- Synthesize findings into dynamic narratives and dashboards
- Draft audit documentation, flags exceptions and recommends next steps
- Produce a full audit report within 48 hours of test completion, dramatically reducing cycle time.

Tangible results

Impact area	Outcome
Efficiency	Significantly reduced time spent on manual audit tasks, enabling greater throughput and broader coverage without increasing headcount.
Coverage	Expanded monitoring of priority controls to full population testing (vs. periodic sampling), lowering remediation costs.
Speed	Audit cycle times reduced by ~50% (60 days → 30 days), doubling throughput.
Quality	Reduced testing errors with better evidence traceability.
Talent uplift	Reallocated 500+ auditor hours from manual tasks to higher-value activities such as automation, strategic assessments, and process improvement advising.
Team satisfaction	Team members reported higher engagement, citing reduced manual/repetitive work, greater strategic focus, and stakeholder interaction.

Lessons learned

- **Start with quick wins:** Targeting high-volume, low-complexity controls helped demonstrate early value and gain buy-in.
- **Measure the value:** Establishing an initial baseline on cost and productivity was essential to effectively demonstrate the ROI of agentic capabilities to leadership.
- **Human oversight is essential:** Agents operated within defined guardrails, but final conclusions were always validated by auditors to maintain trust and judgment integrity.
- **Upskill with intention:** Empowering auditors with training in agent blueprinting, prompt engineering, agent monitoring, exception handling and AI-driven workflows helped them transition from executors to insight generators. Equally important was training auditors to critically evaluate AI outputs, recognizing that agent-driven workflows are probabilistic in nature and require vigilance to avoid over-reliance on seemingly accurate results.
- **Shift the mindset:** The greatest barrier wasn't technical, it was cultural. Leadership commitment and transparency about AI's role helped build trust across the team.

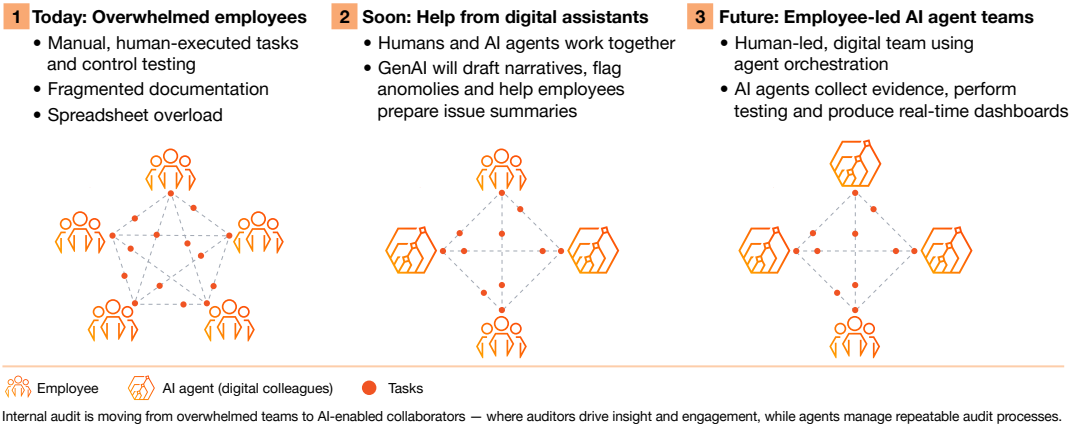
The impact on work, workforce and workers

Implementing AI agents into your team won't happen all at once, it will unfold in stages. As highlighted in **Microsoft's 2025 Work Trend Index Annual Report**, many organizations are starting by giving individual employees access to AI assistants to support daily tasks. These assistants help auditors work more efficiently, freeing them to think critically and creatively about their work.

While incremental adoption helps expose auditors to AI's potential, it won't drive the type of transformation that's both possible and necessary. There's a need to look holistically across the audit life cycle and leverage agentic orchestration to connect the dots across GenAI components and get the most from internal audit point solutions. This change won't just drive efficiency and improve resource capacity — it also spotlights the increasing importance of "soft skills" to drive deeper engagement with the business.

Agentic orchestration evolves digital assistants into digital colleagues capable of performing specific audit tasks, interacting with multiple systems, when prompted and eventually taking on full workflows. With the right training and oversight, agents can execute routine processes end-to-end, operating within human-defined parameters. This shift enables auditors to step out of transactional work and into deeper engagement with the business, where human-to-human assurance, judgment and influence are most needed.

Internal audit leaders can use **PwC's framework** to help guide their teams through this transition. It organizes the change into three interrelated dimensions — work, workforce and worker — each representing a core area where the introduction of AI will reshape how assurance is delivered. This structure helps leaders think holistically about transformation not just in terms of tools but also how people, processes and roles evolve together.



Internal audit is moving from overwhelmed teams to AI-enabled collaborators — where auditors drive insight and engagement, while agents manage repeatable audit processes.

Work: How audit tasks and workflows will change

Agentic AI isn't just a tool — it's a catalyst for redesigning how internal audit work gets done. The function is moving beyond manual, point-in-time reviews and fragmented documentation toward a model of continuous, capability-based internal audit activities.

In this new model, AI agents don't simply automate tasks, they orchestrate workflows across the full audit life cycle, interacting with multiple systems. Whether it's risk sensing, scoping, testing or reporting, agents operate alongside human auditors to deliver coverage, speed and consistency at a scale the traditional model can't match.

The audit life cycle visual shows how these agents integrate across each phase of delivery, shifting the center of gravity from auditor-as-operator to auditor-as-strategist.

At the same time, the capability table outlines a more modular structure for work itself. Instead of every audit team building and running its own bespoke workflows, audit functions will increasingly rely on shared "capability nodes" that blend human and agent strengths such as evidence collection, anomaly detection and reporting insight generation.

Internal audit life cycle — GenAI-enabled

Continuous risk sensing	Planning and scoping	Process walkthroughs	Execution	Action plans and remediation monitoring	Stakeholder reporting
Continuous risk assistant	Planning assistant	Walkthrough prep assistants	Test design assistant	Exception routing assistant	Report generation and AC reporting assistants
Regulatory change assistant	Insight assistant	Walkthrough execution and narrative assistants	Evidence collection and testing assistants	Issue and remediation planner assistants	PMO assistant

"Capability nodes" blending human and agent strengths

Capability node	Human strength	AI-agent strength	Typical outputs	Down-stream consumers
Risk-sensing and horizon scan	Contextual judgment, stakeholder pulse	24/7 data mining of regs, social, ops logs	Emerging-risk, heat-map	Scoping, audit plan
Control design and simulation	Control artistry, policy insight	Rapid "what-if" Monte-Carlo across processes	Control-gap scenarios	Control owners, engineering
Evidence harvesting and data ops	Access brokering, exception clearance	Automated pulls, C&A checks, lineage logging	Clean evidence packs	Testing and analytics
Testing and validation	Professional skepticism, root-cause analysis	Deterministic tests at 100% population	Pass/fail tags, exception clusters	Insight engine
Insight generation and storytelling	Narrative, stakeholder influence	Pattern clustering, anomaly scoring, draft decks	Insight briefs, dashboards	CXOs, audit committee
Governance and AI assurance	Independence, ethics oversight	Continuous model-risk monitors	Bias and drift alerts, audit trail	CAE, board, regulators

From projects to platforms

This capability-based approach moves internal audit from executing audits as isolated projects to delivering assurance as a platform.

- **Work becomes distributed:** Agents execute tasks across teams and domains, not confined to a single audit engagement.
- **Work becomes dynamic:** Inputs and priorities shift based on live data and risk signals, not static annual plans.
- **Work becomes scalable:** Capacity is no longer capped by headcount. Agents run continuously in the background and humans step in where judgment, context or escalation are required.

This shift allows auditors to spend less time formatting reports and validating samples and more time understanding the business, influencing decisions and spotting what others miss.

Workforce: How audit teams will be structured

Agentic AI is transforming not just what audit teams do but how they're organized to do it. What's emerging is a hybrid workforce model, one that blends human auditors and AI agents into flexible, high-performing teams designed for speed, depth and adaptability.

AI agents take on routine, repeatable tasks like testing controls, pulling data, monitoring for anomalies and flagging exceptions. Human auditors focus on the work only people can do like interpreting signals, applying judgment, engaging with stakeholders and influencing outcomes.

In this new model, audit teams shift from static hierarchies to flexible, agent-supported teams, built around capability orchestration, not traditional role titles or headcount alone.

- **Closer to the business:** With agents handling the "audit machine," auditors have more time and space to engage directly with business partners. They're able to build deeper operational context, ask better questions and surface risk insights that are timely, nuanced and actionable.
- **Interacting with business agents:** As clients deploy agentic workflows to run core finance processes, internal audit can introduce its own agents to interact directly with those digital colleagues. This shifts assurance upstream, with auditor agents validating and testing finance agents in real time, not just reviewing the data produced after the fact.
- **Fluid, cross-functional teams:** Teams will increasingly form around emerging risks or strategic initiatives, bringing together auditors, technologists, data specialists and agents into task-specific, time-bound teams that assemble quickly, deliver fast and disband when the work is done (e.g., a short-term squad assembled to assess cyber controls following a critical vulnerability disclosure).
- **Shared accountability:** As AI becomes a consistent part of audit workflows, teams will shift toward models of shared accountability, where agents own repeatable outputs (testing, monitoring, documentation, etc.) and auditors guide the "why" and "what next." This redefines not just who does the work, but how success is measured and how performance is managed across both digital and human contributors.

This model isn't just more efficient, it's more impactful. By freeing auditors from administrative work and enabling richer collaboration with business stakeholders, the workforce becomes smarter, more strategic and better positioned to protect value and drive it.

Worker: What skills auditors will need to help them succeed

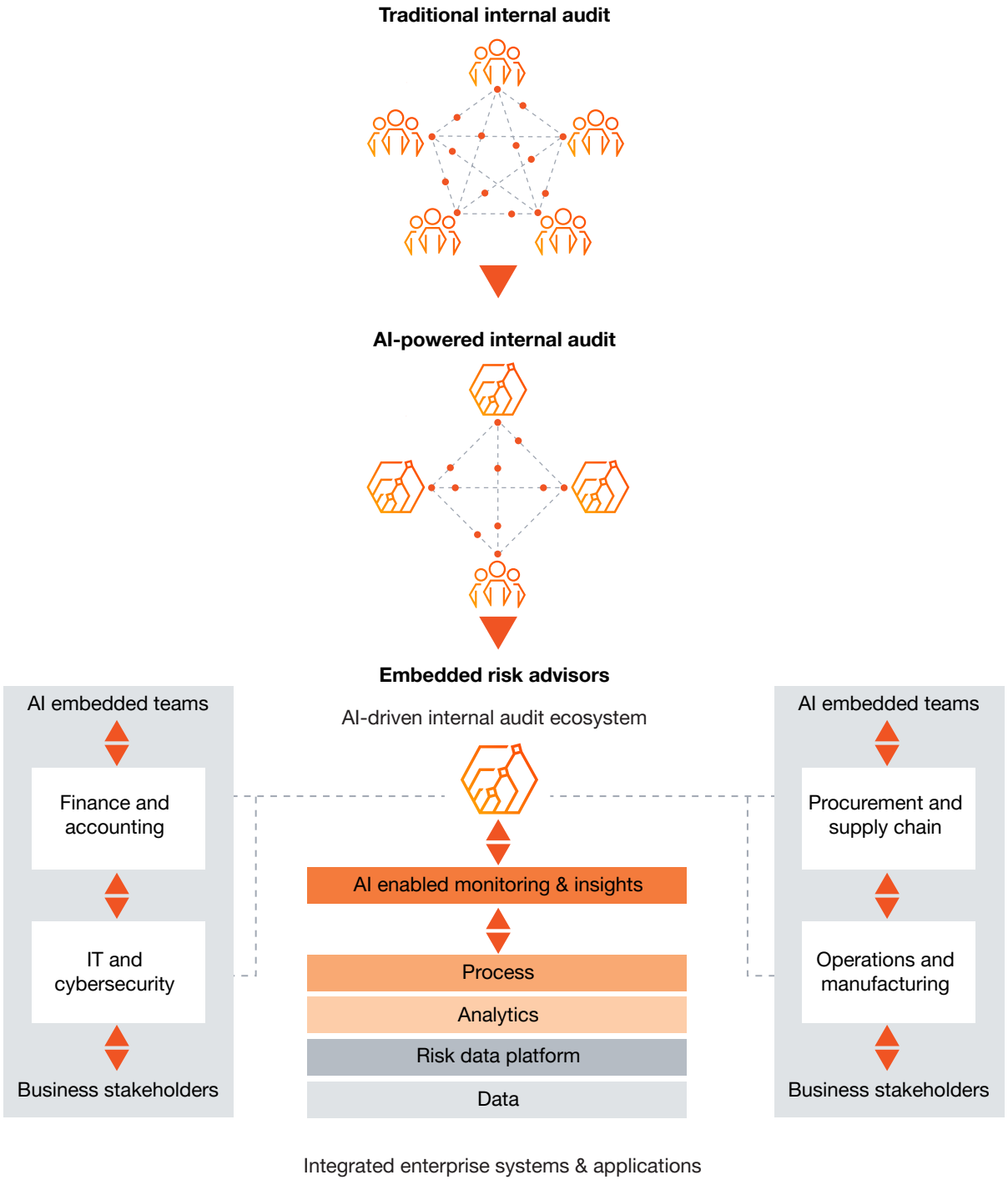
In an AI-powered, human-led model, the auditor's role evolves from task executor to strategic collaborator. As agents handle more repeatable tasks, auditors become the interpreters, challengers and communicators of insight, focused on understanding what the data means, why it matters and what to do next.

This shift demands a new skillset — one that combines technical fluency with human strengths that AI can't replicate.

- **AI orchestration:** Knowing how to direct agents effectively, setting clear instructions, monitoring performance, resolving exceptions and validating outputs will be key to getting the most value from agentic capabilities. This includes validating that agents operate within defined controls, logging decisions transparently and providing audit trails for all AI-driven activity.
- **Agent-to-agent interaction:** As more core finance and business processes are run by digital agents, auditors will need to understand how to design, supervise and test their own auditor agents to interact directly with those systems.
- **Real-time business engagement:** With more time available, auditors will partner more closely with business stakeholders. This means understanding operational context, spotting risks as they emerge and contributing assurance earlier in the decision-making process.
- **Human-first facilitation:** Leading conversations that build trust and uncover insights through interviews, workshops, control walkthroughs and process design discussions. These are moments where auditors differentiate themselves as strategic partners. With agents helping with the first pass of technical work, auditor talent development will need be prioritized to focus on "softer" skills such as listening, problem solving conflict resolution, relationship building and coaching/development.
- **Responsible stewardship:** Confirming AI-enabled audits uphold transparency, fairness and compliance. As auditors become reviewers not only of business controls but also of algorithmic decision-making, they'll need the skills to audit the AI itself.

This new generation of auditors will be smarter, more engaged and more essential than ever, not because they're doing more tasks, but because they're doing the right work at the right time, with the right tools. Their ability to combine contextual knowledge, judgment and human connection with intelligent systems will define the future of internal audit.

The AI evolution of internal audit



Capturing the trajectory: as AI agents become embedded across the enterprise, auditors evolve from traditional operators to insight-driven, embedded advisors, redefining how risk is surfaced, interpreted, and acted on.

What about new hires?

One of the most important questions in an AI-powered audit function is, What role will new hires play if they haven't "done the work" themselves?

In traditional models, auditors learned by doing, manually gathering evidence, executing walkthroughs and performing control testing. But in a hybrid workforce, many of these tasks are now handled by agents. While this raises real questions about how junior staff will gain foundational knowledge, it also opens a door to a new kind of early-career experience, one that's faster, more analytical and more embedded in the business from Day One.

Here's how the model is shifting.

- **From doing to interpreting earlier:** Instead of spending years on manual tasks, new auditors will be trained to review, validate and interpret AI-generated outputs, developing a stronger "risk instinct" faster.
- **From following checklists to solving problems:** Early-career auditors will participate in exception analysis, issue clustering and stakeholder discussions sooner, accelerating their exposure to judgment-heavy work.
- **From process executors to learning partners:** By working side-by-side with agents and experienced mentors, junior auditors will learn not just what good looks like, but why it matters and how to improve it.

To succeed in this model, audit teams will need to rethink onboarding and learning. That means investing in real-time coaching, contextual simulations and AI literacy early in the talent journey. In return, new hires will bring sharper critical thinking, more agile digital skills and a fresh perspective on how to question, not just execute, the work.

This isn't about skipping foundational development. It's about accelerating it and giving the next generation of auditors the tools and confidence to lead in an agent-augmented world.

What internal audit leaders can do now

Managing a transformation of this scale may feel daunting. It demands rethinking not only how your team operates, but also what internal audit exists to deliver. But the path forward can start with small, focused moves.

1. **Assess your readiness.** Gauge your team's readiness for agentic AI across five key dimensions.
    - Strategic vision: Have you defined a clear, long-term role for AI in your audit strategy — and how it aligns with your team's broader purpose?
    - Capability: Are AI tools actively used in audit delivery or is adoption still exploratory or isolated?
    - Confidence: Do your auditors feel prepared to prompt, interpret and challenge AI-generated outputs?
    - Readiness and scale: Looking ahead to next year, what portion of your audit plan could realistically be supported, or led, by AI agents?
    - Culture: Are you fostering an environment that encourages curiosity, continuous learning and safe experimentation with new technologies?

2. **Reexamine how your team works.** Identify tasks that are repetitive, rules-based or could benefit from faster insight. Consider where agents could be introduced to reduce manual burden or scale coverage. Work with IT and data partners to define **guardrails for AI use** and confirm that your team has seamless access to high-quality data. Communicate openly about what's changing and share early successes to build trust and momentum.

3. **Measure the value.** Establish a current-state baseline on cost and productivity for tasks before adopting agentic solutions. Then carefully track and document the post-implementation returns. This will be key to demonstrating the ROI to leadership and securing funds for other agentic AI opportunities.

4. **Build your team's capabilities.** Tomorrow's audit teams will require a broader blend of skills. Upskill your current team on AI tools, data analysis and real-time collaboration. Hire adaptable thinkers with strong interpersonal and communication skills and digital fluency. Structure teams with a mix of generalists and specialists to flex to emerging needs. Clarify when AI leads and when human oversight takes precedence.

5. **Understand how other functions are changing.** As finance and other business areas adopt agentic workflows to run core processes, internal audit leaders need to understand these shifts and consider their impact on how audits are conducted.

6. **Empower your auditors.** Create a culture in which AI is seen as a partner, not a threat. Encourage experimentation and normalize failure as part of learning. Invest in ongoing development, not one-time training. Run low-risk pilots that let auditors practice using agents in real engagements. And build mentorship models that help your teams learn from one another as the tech and the talent evolve together.

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