

# **Utility of Artificial Intelligence [AI] with Respect to Auditing Practices in Financial Management Sector**

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**Abstract:** *Machines that have been trained to think and act in the same way as the aforementioned square measure of computing (AI), i.e. the simulation of human intelligence, any machine that demonstrates characteristics of a person's mind, like learning and problem-solving, may additionally be thought of as a "machine mind". Artificial intelligence's ability to reason and opt for actions that have the most effective risk of succeeding in a very explicit objective is its ideal quality. The concept that PC programmes will mechanically learn from and adapt to new knowledge without human help is thought of as Machine Learning (ML). That could be a set of calculations. Deep learning algorithms afford this autonomous learning by ingesting huge quantities of unstructured knowledge together with text, photos, and videos. Systems with robust computing capabilities are capable of performing tasks considered to be human-like. These have an inclination to be very refined and complicated systems. They're programmed to modify circumstances once problem-solving is necessary, but not human intervention. These types of systems are gifted in applications to enhance the Financial Management system and make its practices easier.*

**Keywords:** Artificial Intelligence, Machine Learning, Financial management system, accounting, Auditing

## **I. INTRODUCTION**

Artificial neural networks are being utilized in the healthcare industry as clinical decision support systems for medical diagnosis. Additionally, the usage of computer-assisted and automated testing as well as patient evaluations is growing. The use of speech and facial recognition helps to ensure the safety and security of the home and business. By using AI technology to create self-driving cars, companies like Tesla, Apple, and Google are attempting to overhaul the automotive business. With the development of computers, accounting information systems migrated from the realm of paper journals and ledgers into computer-based representations. Unfortunately, in many instances, little more was done than creating computerized systems, which use computers as a more effective version of calculators or paper processors. As a result, accounting databases frequently evolved into sizable informational warehouses for certain accounting activities. Decisions that are organized, semi-structured, or unstructured are made frequently when doing accounting responsibilities. The essence of auditing and assurance consists of less-structured choices and analyses that are fraught with uncertainty due to risks and a lack of knowledge. The discussion reveals an impact on aspects that ultimately boost productivity.

The monitoring, processing, and sharing of financial and non-financial details regarding economic entities like enterprises and corporations is known as accounting, also referred as accountancy. The results of an organization's economic activities are measured through accounting, which has been referred to as the "business language," and this information is shared with a wide range of stakeholders, including investors, creditors, managers, and regulators. Accountants are those who perform accounting. Financial accounting, tax accounting, cost accounting and management accounting are some of the several subfields of accounting. The reporting of financial data about an organization, including the creation of financial statements, is the objective of financial accounting. The measurement, evaluation, and reporting of data for management's internal use is the focus of management accounting.

To ensure that all departments are according to a documented system of recording transactions, an audit is the examination or inspection of numerous books of accounts and is followed by a physical inspection of inventories. An auditor is someone who does audits. It's done to make sure the organization's financial accounts are accurate.

## **II. REVIEW OF LITERATURE**

Martinez (2019) in line with his definitional analysis of AI, a generic definition is often employed in a spread of contexts and applications as long as it is versatile and takes into consideration the recent progress of autonomous AI. The author stressed the importance of a definition from a legal point of view during this regard. Within the study, he additionally highlighted the shortcomings of the Black's Law lexicon, a Battle Born State statute, and a LA state's existing definitions of computer science.

As said by Davenport & Ronanki (2018), in their Harvard business review story, that companies ought to place a lot of stress on AI's business capabilities than its technical capabilities. Automating company processes, gaining insight through knowledge analysis, and being interesting with customers and staff are usually 3 major goals that AI could facilitate corporations bring home the bacon.

Back in the 2020 Chukwuani & Egiyi studied however computer science affects the accounting sector. By doing this, they incontestable the number of developments within the accounting sector relating to the automation of the accounting method. They all over by outlining the role that accountants play in modern automation and the way accountants within the 21st century will benefit the industry's in depth automation.

According to Kokina & Davenport (2017), four teams were created to classify the various applications of AI, and another four teams were created to classify the present state of intelligence within the field. The programmes analyze knowledge, method text and pictures, perform digital operations, and perform physical actions. Human support, repetitive task automation, context awareness & learning, and conscious intelligence are the classes for levels of intelligence. The conscious intelligence level has not nonetheless been earned by any AI applications, but victimization of the opposite 3 levels of intelligence, several accounting and auditing tasks are often accomplished.

## **III. RESEARCH METHODOLOGY**

Both primary and secondary data are used as the foundation for this research. By creating a questionnaire and gathering information from respondents, the survey method is used to gather primary data. Secondary data is gathered through data analysis by summarizing the content from multiple websites etc. The list of survey questions are –

1. Do you think artificial intelligence can be used in the field of auditing and accounting? 2. After automation do you think artificial intelligence can replace the jobs of auditors and accountants?
2. Can we consider the risk factor in accounting tools in which AI is used?
3. Do you think threat to privacy & threat to safety are major issues of AI?
4. Which country is best for AI technology?
5. What do you think, is AI best for the future?

## **IV. CONCLUSION**

Machines will eventually take control of everything that can be processed into data. As with databases and spreadsheets, the value of artificial intelligence (AI) depends on how effectively individuals utilize it to automate business procedures. Artificial intelligence cannot take the role of accountants and auditors when it comes to using human creativity and judgement.

Financial managers need to be ready to act fast in response to changes in user demand as well as the development of innovative and developing organizational performance metrics outside of standard financial statements. As the auditing industry advances away from the apprenticeship model and toward more specialized sectors, centralization and standardization are needed. In the coming decades, the professions of accountants and auditors will see a comeback, providing great opportunities for people to promote innovations and development. The method engagement teams do audits will change, though, as technology and analytics continue to progress. As they use new technologies, auditors' ability to use judgement and professional skepticism will be more important than ever. AI won't replace accountants in the field of accounting; instead, it will change the emphasis. It is quite doubtful that the necessity for human

professionals would disappear in the future, irrespective of how much disruption AI creates to the field. As a result, as a society, we must continue using AI to ensure that efficiency and value always come first.

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