



Audit Interactive

A Higher Education Collaborative Experience

March 9-12, 2025 | Sheraton Hotel Downtown | Oklahoma City, OK





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Introduction

EMOTION MEETS AI

Artificial Intelligence became a
part of our lives now

However,

we must not forget the
fundamental human element

Emotional Intelligence



What is Truth ?

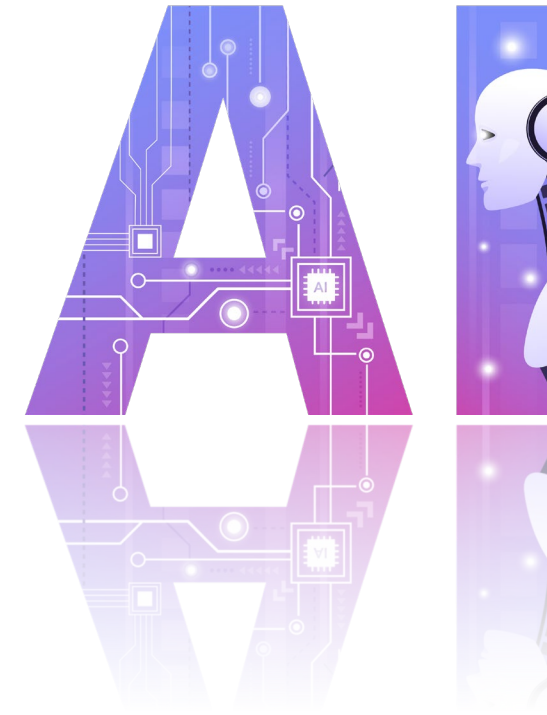
Truth is the property of being in
accord with fact or reality





What is Truth ?

As **Internal Auditors** we seek the truth but GenAI is a disturber

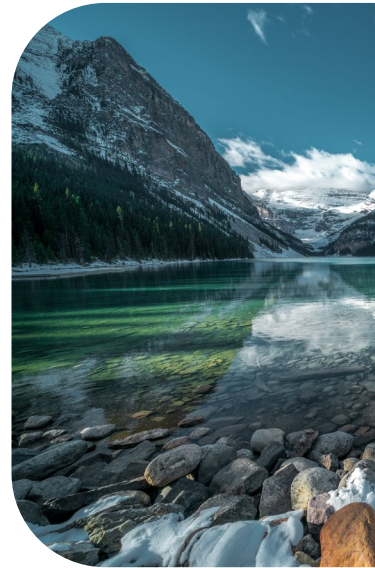


The Fake Image



Which one is AI Generated ?

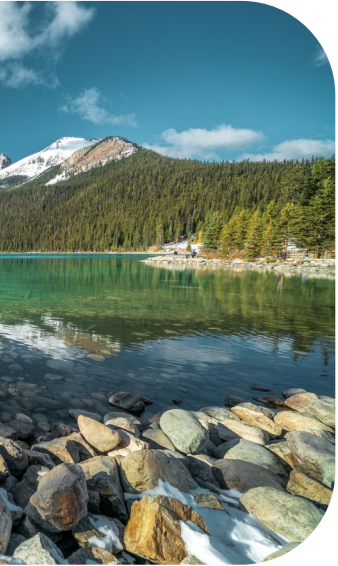
The Fake Image







The Fake Image





The Fake Image

Which one is AI Generated ?



The Fake Image



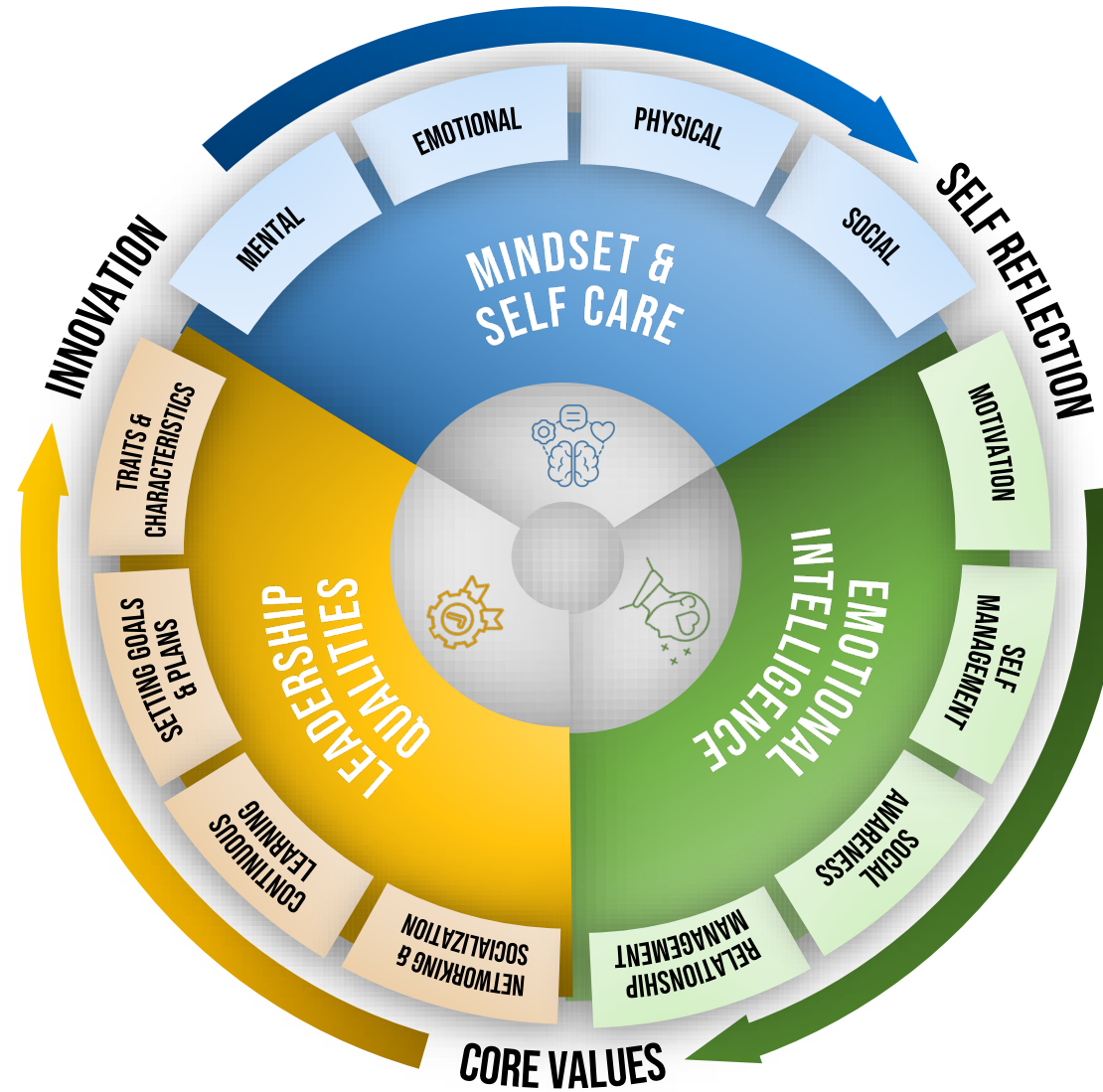


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Introduction



Hello!





LEARNING OBJECTIVES

1

Assess the impact of Emotional Intelligence (EQ) in the AI era:

- ✓ By the end of the course, students should be able to evaluate the role of EQ in shaping human responses and in AI-driven contexts, emphasizing its strategic importance in modern technological environments.



2

Analyze the role of EQ in enhancing human –AI interactions and decision-making:

- ✓ Students will be able to critically examine how EQ influences the effectiveness of human-AI collaborations, leading to improved decision-making and interaction quality.



3

Appy EQ principles to audit processes for improved outcomes:

- ✓ Be applying Leadership MEQ framework, students will explore strategies to enhance audit effectiveness, focusing on empathy, situational awareness, and adaptive communication skills in audit scenarios.



Poll Question

To what extent do you believe Emotional Intelligence (EQ) improves decision-making in environments where humans and AI systems interact?

- 1 Greatly improves
- 2 Moderately improves
- 3 Slightly improves
- 4 Does not improve



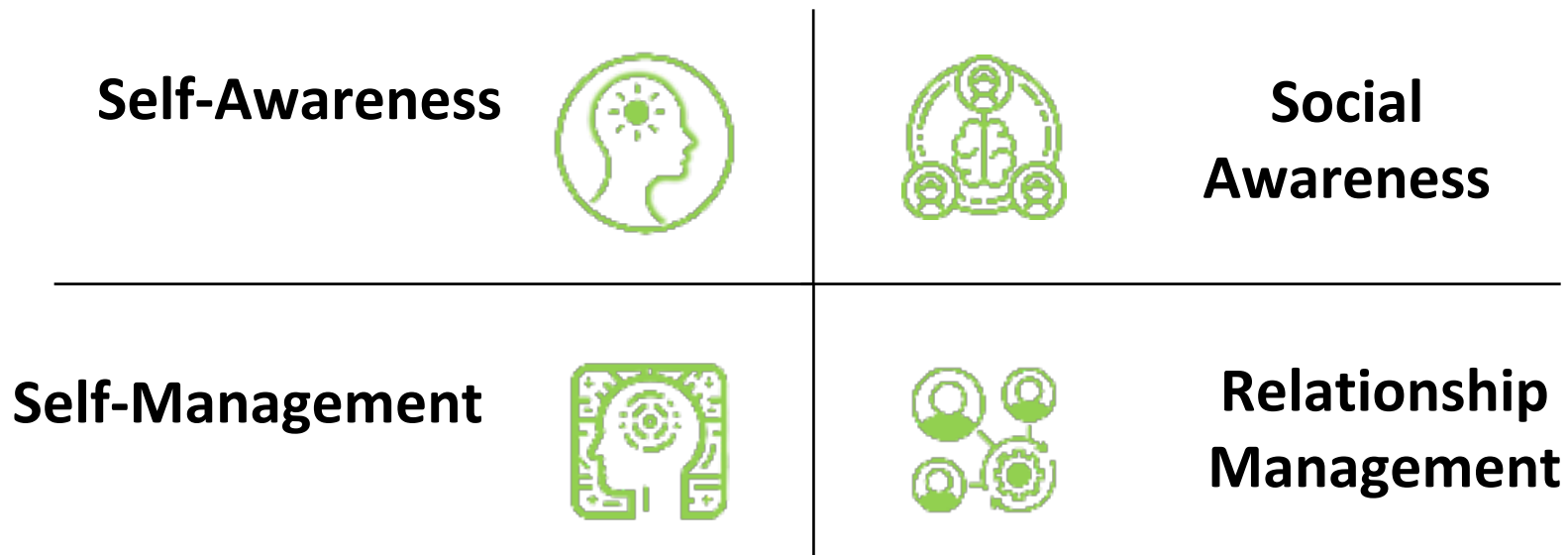
WHAT IS EMOTIONAL INTELLIGENCE (EQ)?

Definition

Emotional Intelligence, often abbreviated as **EQ**, refers to the ability to recognize, understand, manage, and utilize our own emotions and those of others in a productive and empathetic manner.

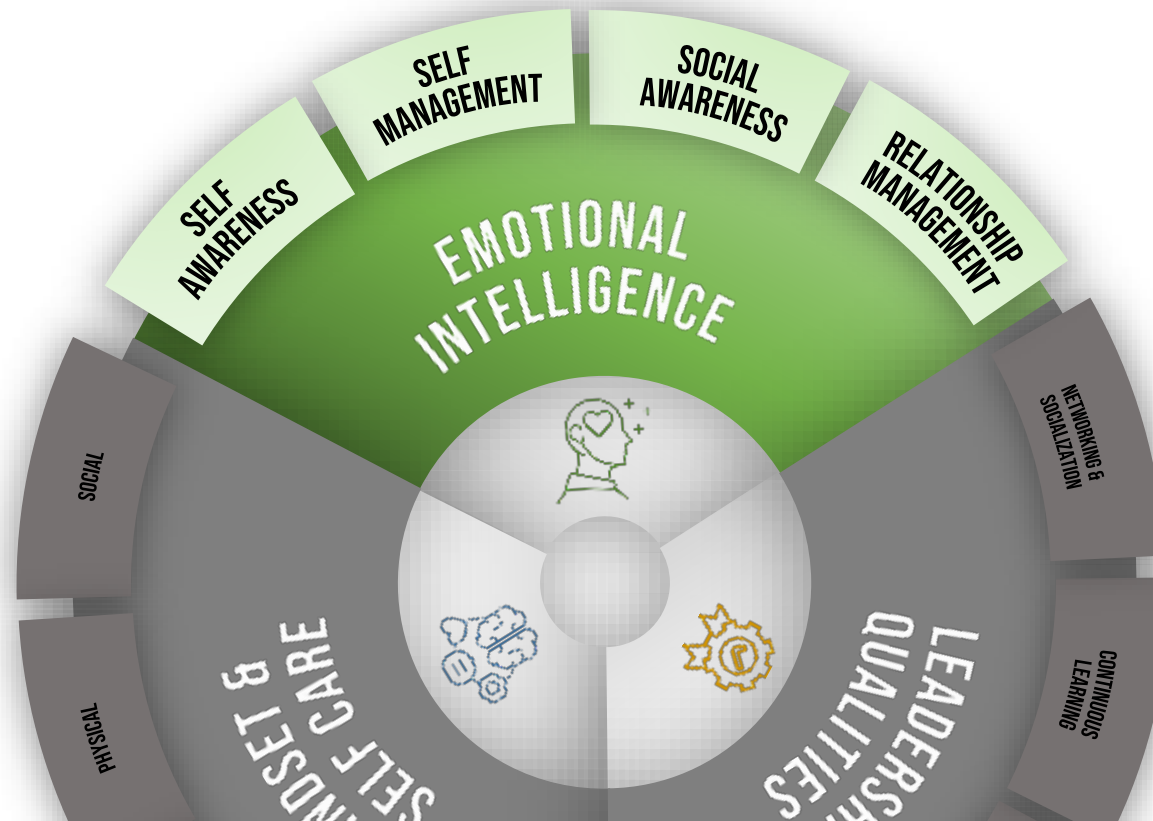
WHAT IS EMOTIONAL INTELLIGENCE (EQ)?

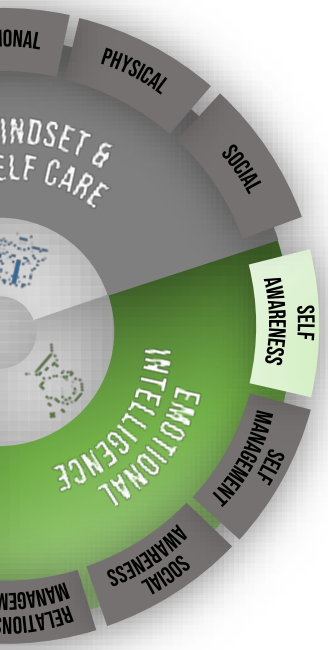
The Goleman Model



Understanding Leadership MEQ

Emotional Intelligence





Self-Awareness

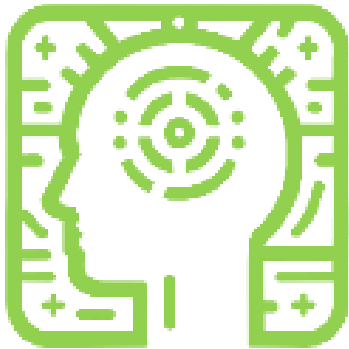
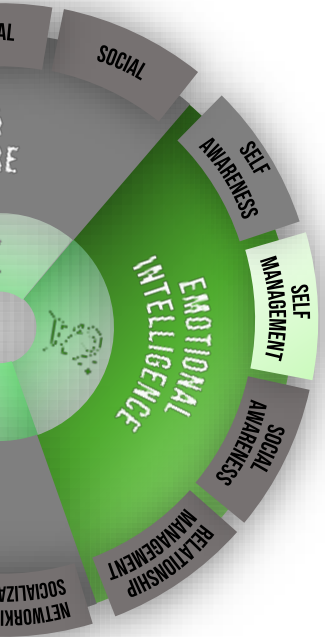
Recognizing one's emotions and their impact on thoughts, motivation and behavior.



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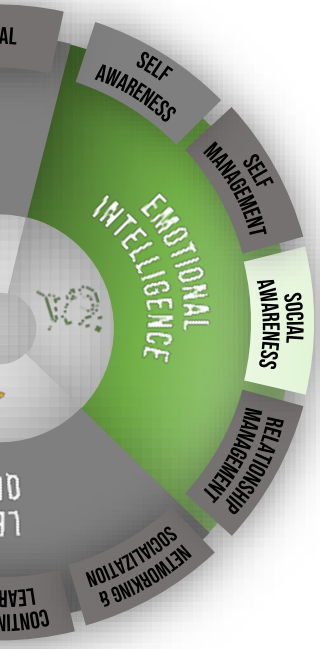
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Emotional Intelligence



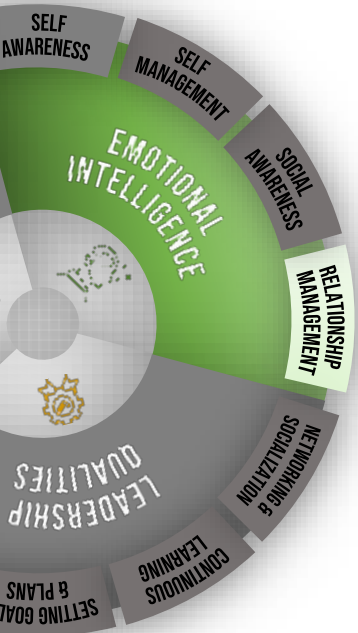
Self Management

Managing and controlling emotions and reactions effectively.



Social Awareness

Key to empathy, effective communication, and proactive conflict resolution in dynamic team environments.



Relationship Management

Building positive relationships, effective communication, and conflict resolution.



EXERCISE: ENHANCING COMMUNICATION SKILLS

Objective

Encourage active listening, enhance communication skills, and build rapport among participants.

Duration

10 minutes



EXERCISE: ENHANCING COMMUNICATION SKILLS

Steps

1. Turn to the person next to you and share your favorite animal and why you like it.
2. Also, ask your partner to share their favorite piece of clothing and why they like it.



EXERCISE: ENHANCING COMMUNICATION SKILLS

Countdown

10 Minutes

Poll Question

Which aspect of Emotional Intelligence do you believe is most critical to develop for effectively working with AI?

- 1 Self-awareness – understanding one's own emotions
- 2 Self-regulation – managing one's own emotions
- 3 Social skills – managing relationships
- 4 Empathy – understanding others' emotions



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Significance of Emotional Intelligence and
AI in Audits



AI & Auditing:

How many of you are using AI In your audits?



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Significance of Emotional Intelligence and
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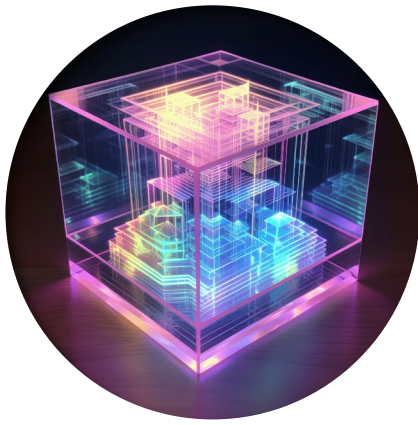
What is Emotional intelligence (EQ)?

94%

of business leaders believe AI will be critical to their organizations' success over the next five years.

— Deloitte - State of AI in the Enterprise, 5th Edition

Risks of GenAI



Lack of
Transparency



Data
Privacy



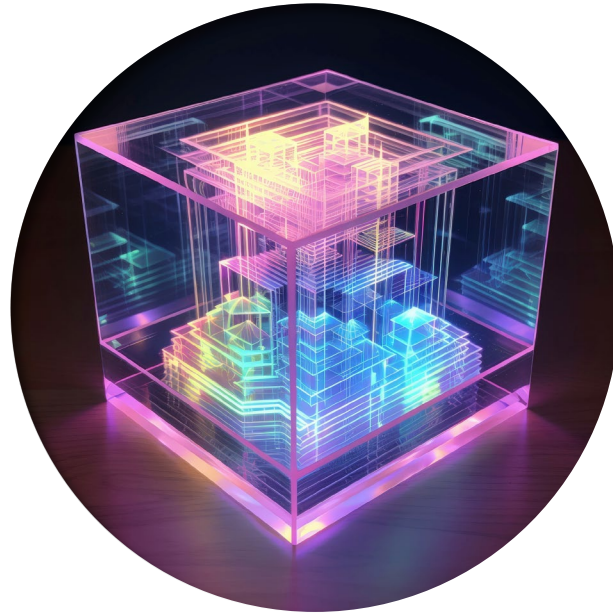
Low
Accuracy



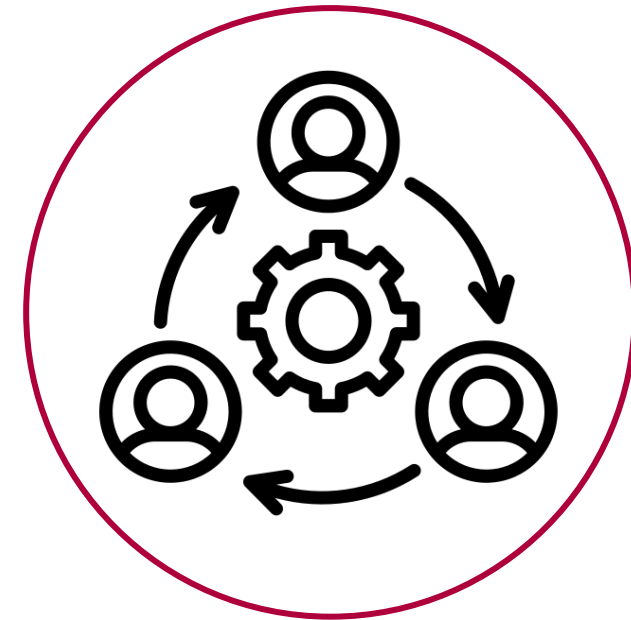
Weak
Cybersecurity

EQ's Role in Audits in the AI ERA

How can EQ manage the risks of AI in Audit?



Lack of
Transparency



Relationship Management



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Significance of Emotional Intelligence and
AI in Audits

EQ's Role in Audits in the AI ERA

How can EQ manage the risks of AI in Audit?



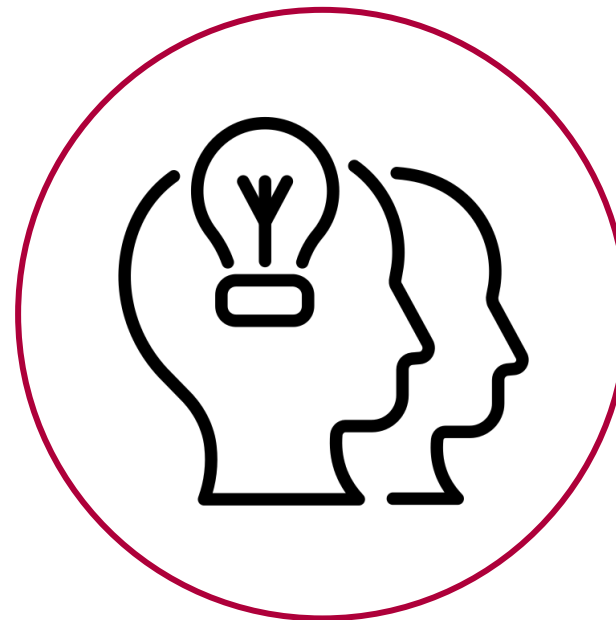
Enhancing Communication
Relationship Management
Transparency

EQ's Role in Audits in the AI ERA

How can EQ manage the risks of AI in Audit?



Data privacy



Self-Awareness



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EQ's Role in Audits in the AI ERA

How can EQ manage the risks of AI in Audit?



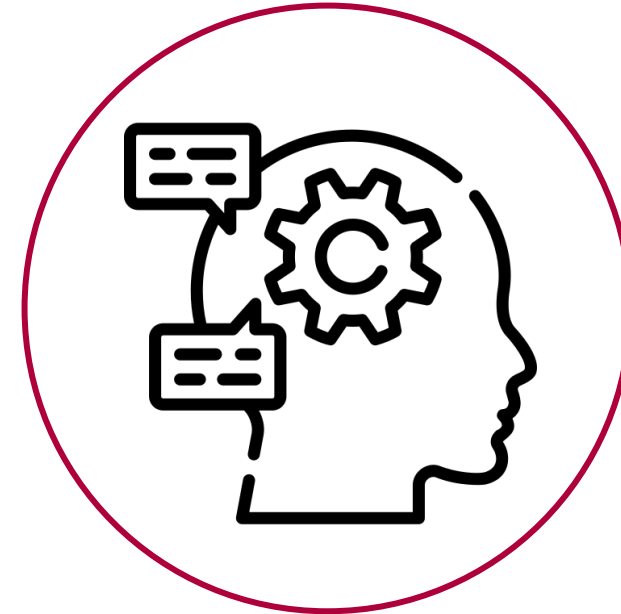
Enhancing Data Governance
Self-Awareness

EQ's Role in Audits in the AI ERA

How can EQ manage the risks of AI in Audit?



Low Accuracy



Self-Management



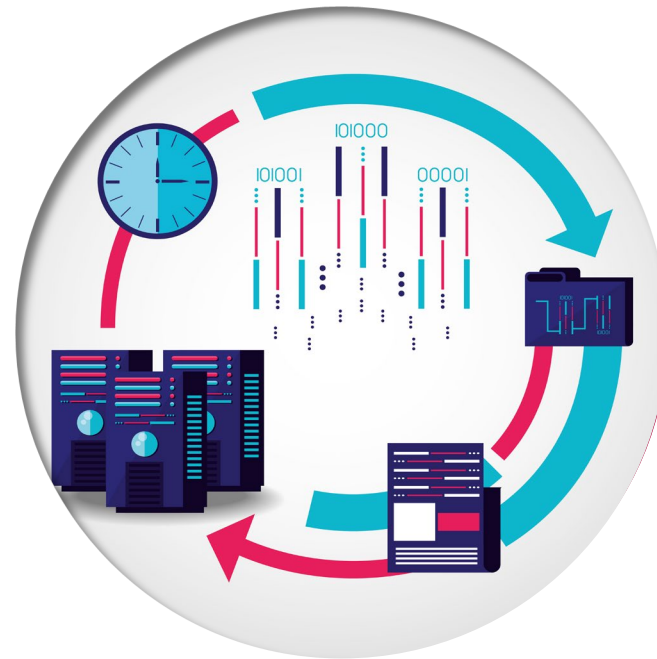
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EQ's Role in Audits in the AI ERA

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Improving Data Processing
Low Accuracy

EQ's Role in Audits in the AI ERA

How can EQ manage the risks of AI in Audit?



Weak Cybersecurity



Social Awareness



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AI in Audits

EQ's Role in Audits in the AI ERA

How can EQ manage the risks of AI in Audit?



Strengthening Threat Detection



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AI in Audits

EXERCISE: TRUTH OR LIE

Objective

Participants will sharpen their critical thinking skills and learn to identify cues that indicate whether a story is true or fabricated.

Duration

10 minutes



EXERCISE: TRUTH OR LIE

Steps

- Find a partner.
- One partner tells a short story.
- The other listens and guesses if it's true or false.
- The listener shares their guess.
- Partners discuss clues that helped them decide.



EXERCISE: TRUTH OR LIE

Countdown

10 Minutes



Planning:

POLICY AND PROCEDURE – POLICY SCREENSHOT

Step #1: Remove proprietary company information from policies and procedures and upload to GenAI.

c. ABANDONED PROPERTY

Abandoned property (unclaimed funds or escheat) includes checks written that have not been deposited for one year or longer depending upon each State's regulations. Accounting ensures that identified unclaimed funds are remitted to appropriate State agencies on a timely basis.

1. Periodically, Accounting, in coordination with the Payroll Manager, the A/P Manager and the Director of Student Finances/Bursar reviews outstanding checks to determine what items may need to be moved to an unclaimed liability account and to be filed with appropriate State agencies that hold unclaimed funds.
2. Prior to the applicable reporting the unclaimed property, written notices are sent to each person appearing to be the owner of unclaimed property.
3. If the abandoned property remains unclaimed, unclaimed funds are remitted to the appropriate State agency.
4. If an owner of unclaimed funds responds that they are owed the money prior to sending money to the State, ABC will remit the funds to the owner, and General Accounting will update the outstanding check list and remove the item from the unclaimed list.



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Planning:

POLICY AND PROCEDURE – GENAI PROMPT

“Identify any gaps in the procedures”



Planning:

POLICY AND PROCEDURE – PROCEDURE GAPS

Step #2: Prompt GenAI to produce the list of control gaps

Here are some gaps identified in the procedures:

1. **Frequency and Timeline for Reviews:** It specifies that reviews of outstanding checks are done “periodically,” but lacks a defined frequency (e.g., monthly, quarterly, annually) and timelines for each step. A set schedule would ensure consistent, timely review and remittance.
2. **Documentation and Record-Keeping:** There’s no mention of how records of each review, notices sent, or responses received are documented. Formal record-keeping guidelines would improve tracking, accountability, and audit readiness.
3. **Clear Responsibility and Accountability:** Although multiple roles are listed (Payroll Manager, A/P Manager, etc.), it’s unclear who leads the process and who has final accountability for each step, especially if discrepancies arise.
4. **Escalation Process:** There’s no escalation process in case of non-responsiveness from individuals or if there’s a dispute regarding ownership before remittance. Adding escalation procedures can clarify actions if issues occur.



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Planning: **GENAI: KEY CONTROLS**

“Provide test procedures for the identified key controls”



Planning:

GENAI: KEY CONTROLS

Step #2: GenAI creates the key controls

1. Regular Review of Outstanding Checks:

- Control: Accounting, in coordination with the Payroll Manager, A/P Manager, and Director of Student Finances/Bursar, periodically reviews outstanding checks to identify unclaimed funds.
- Purpose: Ensures that unclaimed funds are identified accurately and moved to the unclaimed liability account for timely remittance.

2. Written Notification to Property Owners:

- Control: Prior to reporting unclaimed property, written notices are sent to individuals appearing as property owners.
- Purpose: This control helps verify that property owners are aware of their unclaimed funds, reducing the likelihood of sending funds to the State when the owner is reachable.



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Planning: **DOCUMENT REQUEST LIST: GENAI PROMPT**

"Provide document request list for the
identified test procedures"



Solutions & Modernized Auditing:

GENAI: DOCUMENT REQUEST LIST

Step #4: GenAI creates the document request list

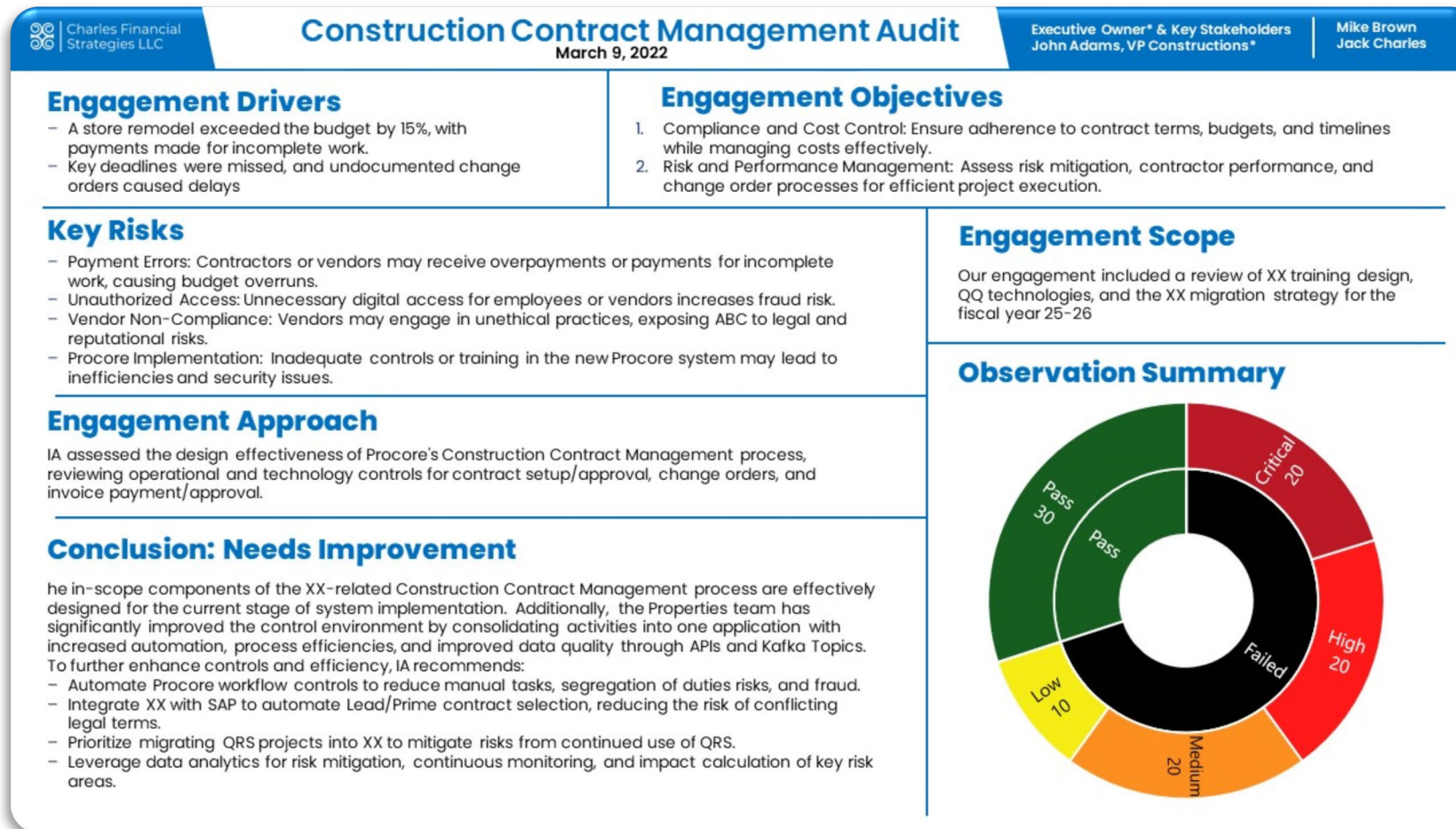
1. Regular Review of Outstanding Checks

- **Document Requests:**

1. Schedule and frequency documentation for the reviews of outstanding checks (e.g., policy documents or review schedules).
2. Copies of review logs, reports, or meeting minutes documenting each department's review of outstanding checks for a sample period.
3. Evidence showing that identified unclaimed funds were moved to the unclaimed liability account, such as journal entries or account transaction reports.
4. Contact information for personnel responsible for the review process for potential interviews.



Example of a one-page AUDIT REPORT



Engagement Drivers

- A store remodel exceeded the budget by 15%, with payments made for incomplete work.
- Key deadlines were missed, and undocumented change orders caused delays

Engagement Objectives

1. Compliance and Cost Control: Ensure adherence to contract terms, budgets, and timelines while managing costs effectively.
2. Risk and Performance Management: Assess risk mitigation, contractor performance, and change order processes for efficient project execution.

Key Risks

- Payment Errors: Contractors or vendors may receive overpayments or payments for incomplete work, causing budget overruns.
- Unauthorized Access: Unnecessary digital access for employees or vendors increases fraud risk.
- Vendor Non-Compliance: Vendors may engage in unethical practices, exposing ABC to legal and reputational risks.
- Procore Implementation: Inadequate controls or training in the new Procore system may lead to inefficiencies and security issues.

Engagement Approach

IA assessed the design effectiveness of Procore's Construction Contract Management process, reviewing operational and technology controls for contract setup/approval, change orders, and invoice payment/approval.

Conclusion: Needs Improvement

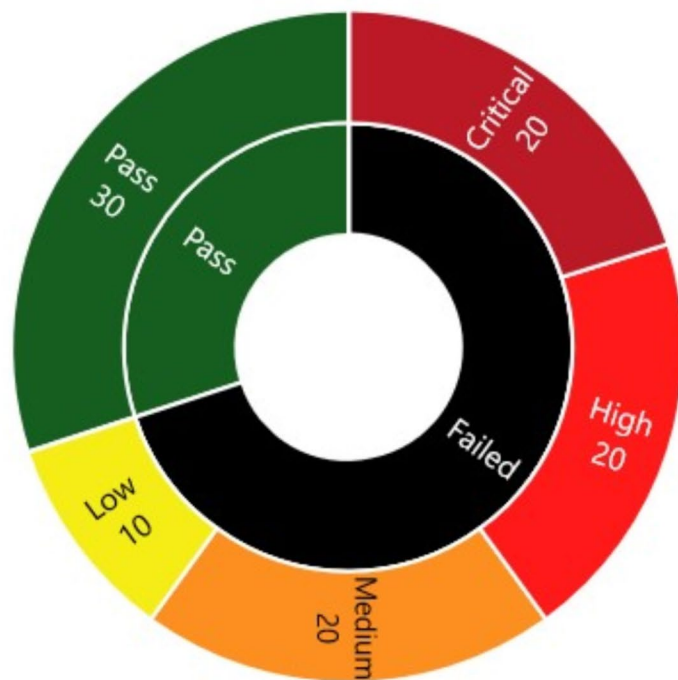
The in-scope components of the XX-related Construction Contract Management process are effectively designed for the current stage of system implementation. Additionally, the Properties team has significantly improved the control environment by consolidating activities into one application with increased automation, process efficiencies, and improved data quality through APIs and Kafka Topics. To further enhance controls and efficiency, IA recommends:

- Automate Procore workflow controls to reduce manual tasks, segregation of duties risks, and fraud.
- Integrate XX with SAP to automate Lead/Prime contract selection, reducing the risk of conflicting legal terms.
- Prioritize migrating QRS projects into XX to mitigate risks from continued use of QRS.
- Leverage data analytics for risk mitigation, continuous monitoring, and impact calculation of key risk areas.

Engagement Scope

Our engagement included a review of XX training design, QQ technologies, and the XX migration strategy for the fiscal year 25-26

Observation Summary





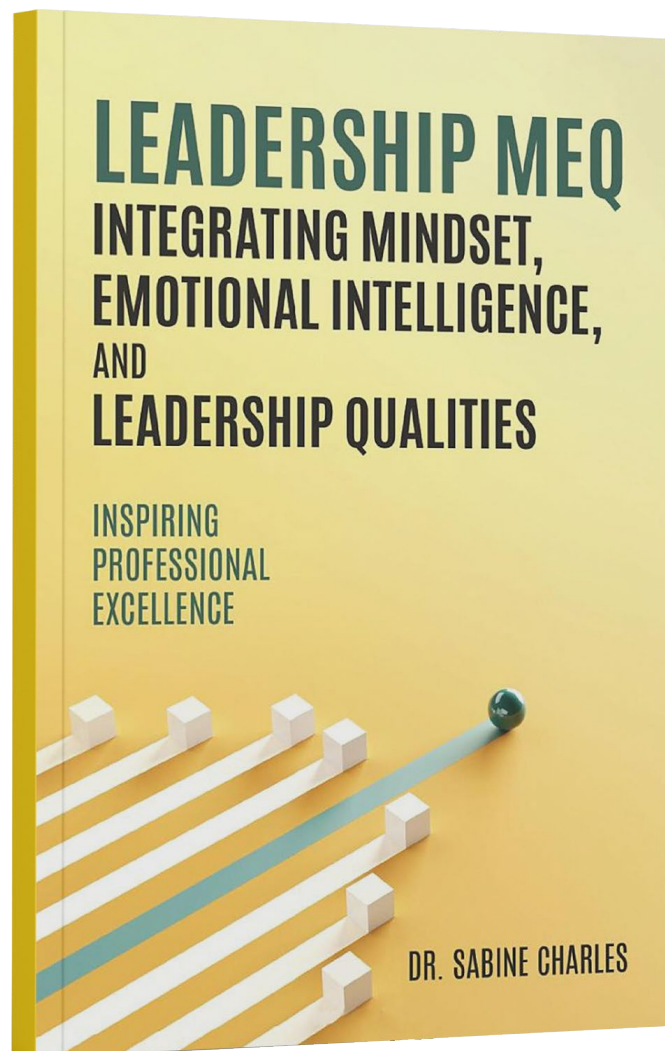
SUMMARY

Advancing Auditing with AI

- 1 | Assessed the impact of Emotional Intelligence (EQ) in the AI era.
- 2 | Analyzed the role of EQ in enhancing human-AI interactions and decision-making.
- 3 | Applied EQ principles to audit processes for improved outcomes.



LEADERSHIP MEQ BOOK



Unlock the keys to unparalleled leadership with '**Leadership MEQ**'

Integrating Mindset, Emotional Intelligence, and Leadership Qualities



LEADERSHIP MEQ BOOK



'Leadership MEQ' Workbook

Integrating Mindset, Emotional
Intelligence, and Leadership Qualities



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BOOKS

COURSES

VIRTUAL SUMMIT



EQi 2.0 **Assessment Only**



VIP
Package



Supercharge Your Leadership Skills

Leadership **MEQ**

- Pre-Workshop Conversation
- Flexible Learning Path
- Emotional Intelligence (EQi 2.0) Assessment
- Collaborative Group Sessions
- Customized Coaching

Details

- Stress Prevention - **2 Sessions**
- Leadership - **2 Sessions**
- Emotional Intelligence - **3 Sessions**



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BOOKS

COURSES

VIRTUAL SUMMIT



UPCOMING EVENTS

LEADERSHIP MEQ SUMMIT SERIES:
**CULTIVATING LEADERSHIP THAT
MOTIVATES AND EMPOWERS**

MARCH 5, 2025 9 AM - 12 PM ET
MARCH 6, 2025 6 PM - 9 PM ET





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QUESTION & ANSWER





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Thank You

“AI may analyze the data, but it's the emotional intelligence of internal auditors that interprets the story behind the numbers”

- Dr. Sabine Charles



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