Human-Led, AI-Enabled Engineering AI-Ready Assurance for Bangladesh's Internal Audit Profession

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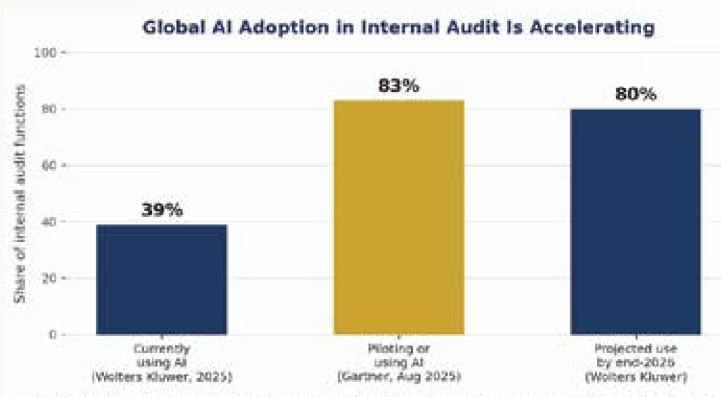
A Profession at an Inflection Point

Internal audit in Bangladesh is being reshaped by two forces moving at very different speeds. The first is technological: AI tools now sit inside data analysis, source-data preparation, report drafting, and dashboarding across banks, NBFIs, insurers, and large corporates, compressing work that once took days into hours. The second is regulatory: global standard-setters and Bangladesh Bank are only now formalizing how that technology should be governed, catching up to a pace of adoption already ahead of them. This gap between adoption and governance is exactly where this year's conference theme, "Future-Ready Assurance: Elevating Governance Through AI, Risk and Control," is aimed. AI can meaningfully strengthen internal audit in Bangladesh — but only if every AI-assisted output is independently validated at the review and finalization stages, in line with both international standards and domestic regulatory direction.

The Global Signal: AI Adoption Is Accelerating

A 2025 Wolters Kluwer TeamMate survey of over 4,200 internal audit professionals found 39% already using AI, with a further 41% planning adoption within twelve months — implying roughly 80% adoption by end-2026. A Gartner survey of 119 chief audit executives (August 2025) found 83% of audit functions already piloting or using AI, with 12% more expected to follow within the year. Both point to the same reality: AI is moving from an experimental add-on to a default feature of the audit toolkit, worldwide and in Bangladesh.



Respondents cited efficiency and productivity gains (54%), freed capacity for higher-value strategic work (24%), and improved accuracy (13%) as the key expected benefits. Yet 46% of respondents said their audit function still lags other business areas in AI adoption, while only 21% said their function leads. That caution is not misplaced; it reflects the profession's core obligation to get things right before signing off.

Bangladesh's Regulatory Response: From ICT Security to AI Governance

Bangladesh's AI-governance framework for the financial sector is developing quickly, and internal auditors need to track it closely as a distinct, regulator-defined compliance area, not a generic global topic.

- ICT Security Guideline v4.0 (2023): already includes dedicated sections on AI and Machine Learning risks and controls for banks and NBFIs — a named, citable framework to audit against.
- Draft AI policy for banking (since late 2025): Bangladesh Bank is formulating a dedicated AI policy covering fraud prevention, risk management, and customer service, referencing international standards.
- Office order on AI tool use (June 2026): bars confidential banking data from AI tools like ChatGPT, Gemini, and Claude, and requires prior approval for official use — a direct signal of regulatory concern.
- Cybersecurity Framework v1.0 (2026): raises the mandatory cybersecurity baseline for banks, NBFIs, and payment operators by end-2026, bringing AI tools inside the formal risk perimeter.

Taken together, these developments mean Bangladeshi internal auditors can no longer treat AI governance as a matter of internal policy alone. It is fast becoming a distinct, regulator-defined compliance area — one that audit plans should explicitly reflect.

Where AI Is Already Embedded in the Audit Cycle

Across planning, fieldwork, and reporting, AI tools are commonly used for:

- Source data preparation — cleaning and structuring large datasets from ERPs and core banking systems.
- Data analysis and anomaly detection — flagging outliers and unusual entries for closer sampling.
- Continuous auditing — generating recurring exception reports and risk-indicator dashboards.
- Report drafting — summarizing findings and drafting narrative observations.
- Research support — surfacing regulatory references during planning.

Used deliberately, these applications free experienced auditors from repetitive extraction work so they can concentrate on judgment-intensive areas — risk evaluation, root-cause analysis, and forming an opinion. Used carelessly, the same applications can quietly insert errors into precisely the areas an audit report weighs most.

The Standards Catch Up

The IIA issued its 2024 Global Internal Audit Standards ("The Redbook") on January 9, 2024, with conformance required from January 9, 2025. For the first time, the IPPF includes mandatory Topical Requirements — must-apply procedures for high-risk areas such as Cybersecurity and IT Governance, triggered whenever an audit's own risk assessment flags the topic. In June 2026, the IIA released an Audit Committee: Internal Audit AI Coverage Questionnaire to help boards assess whether the audit plan adequately covers AI risk. AI oversight is no longer discretionary — it is becoming embedded in the profession's mandatory architecture, a direction Bangladeshi audit functions should meet proactively.

The Hidden Cost of Trusting the Machine

The risks of over-reliance are structural, not incidental, to how generative AI tools function: they generate the statistically most plausible next output, not a verified fact. This produces several failure modes directly relevant to audit work:

- Fabricated references and figures that appear precise and well-formatted but do not exist or do not match source data.
- Silent data manipulation — rounding, omitting, or misclassifying figures during summarization without flagging the change.
- False confidence in presentation — fluent, authoritative-sounding text regardless of whether the underlying analysis is correct.
- Loss of audit trail, where AI-generated conclusions are not re-performed or cross-checked against verifiable source evidence.

- Bias inherited from training data or from how a prompt was framed, rather than an objective read of the evidence.

When the Machine Got It Wrong: Documented Global Cases

These risks are documented, not hypothetical. In 2025, Deloitte's Australian member firm delivered a 237-page independent assurance review to the country's Department of Employment and Workplace Relations. The report was later found to contain fabricated academic references, invented experts, and a fabricated quotation misattributed to a federal court judgment. Deloitte confirmed the errors, disclosed that a generative AI tool chain had been used in preparing the report, and refunded part of its fee to the department.

A separate 2025 review of a KPMG report on customer experience and agentic AI found that of 45 citations, only five could be verified as pointing to real sources. Around the same period, an EY Canada report on loyalty-program safeguards was withdrawn for similar reasons. These cases span three of the largest professional services networks in the world, each with extensive internal quality-review processes — showing the risk is one of process discipline, not tool quality. Courts in multiple jurisdictions have likewise sanctioned lawyers for submitting filings containing case citations invented by generative AI. In each instance, a fluent, professionally formatted AI output passed through review without independent re-verification of the underlying facts.

A Two-Gate Validation Model

Audit functions do not need to reject AI to manage this risk — they need to build validation into the methodology as a mandatory checkpoint. This model reflects due professional care under the IIA's 2024 Standards and suits any Bangladeshi audit function.

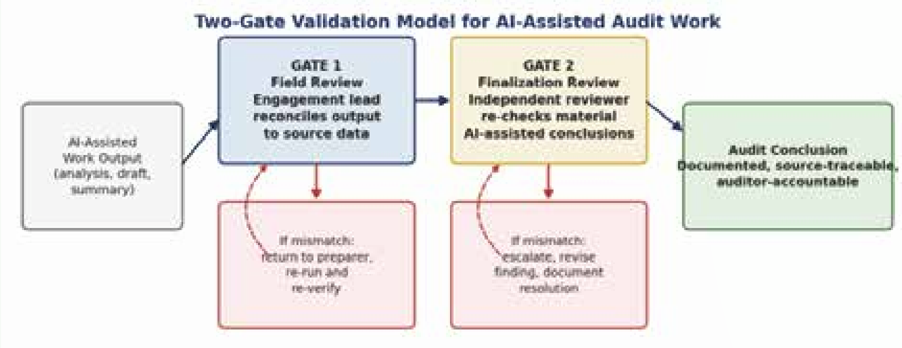


Figure 2: A two-gate review structure reconciles AI-assisted output to source data before it reaches a conclusion.

AI-assisted output first passes a field-review gate, where the engagement lead reconciles it against source data; mismatches return to the preparer. A second, independent gate at finalization has a separate reviewer re-check material conclusions before issuance. Only output clearing both gates, documented as such, becomes part of the final, auditor-accountable conclusion.

Mapping Practice to Standards

The table below links these requirements to concrete actions an audit function can take right now.

Global / National Standard	What It Requires	Practical Action for Bangladeshi Auditors
IIA Standards 2024 ("Redbook") — Due Professional Care	Auditors must apply the skill of a prudent, competent professional — including toward technology -generated output.	Never accept AI output as final evidence; trace key figures to source first.
IIA Topical Requirements — IT Governance, Cybersecurity	Where risk assessment flags technology as in - scope, mandatory procedures apply.	Add AI tool governance as a distinct line in IT audit programs.

Global / National Standard	What It Requires	Practical Action for Bangladeshi Auditors
IIA AI Coverage Questionnaire (2026)	Helps boards assess whether the audit plan adequately covers AI risk.	Use when presenting the annual plan to the audit committee.
BB ICT Security Guideline v4.0 (2023)	Dedicated AI/ML risk and control sections for banks and NBFIs.	Map AI -related testing to these named control sections.
BB Office Order on AI Tool Use (June 2026)	Bars confidential data in AI tools; requires prior approval for official use.	Verify approval records; confirm no client data enters public AI tools.
BB Cybersecurity Framework v1.0 (2026)	Stronger mandatory cybersecurity baseline, due end -2026.	Confirm AI tools fall within the entity's cybersecurity and patching regime.

Conclusion

Bangladesh's internal audit profession stands at a genuinely useful inflection point. Global survey data shows AI adoption in internal audit accelerating rapidly, and Bangladesh Bank's own recent guidance — from the AI and Machine Learning sections of its ICT Security Guideline to its June 2026 restrictions on AI tool use — shows that domestic regulators are moving in step. The documented failures at Deloitte, KPMG, and EY did not happen because AI was used; they happened because verification was skipped at the review and finalization stages. "Future-ready assurance" does not mean assurance delivered faster by AI — it means assurance where AI accelerates the work while the auditor remains fully accountable for, and independently satisfied with, every conclusion that carries their signature. That single discipline — validate, then trust — is what will keep governance genuinely elevated as AI adoption across Bangladesh's audit profession continues to grow.