

Six questions for your external auditor on AI

A briefing for audit committees and heads of internal audit

In June 2025 the Financial Reporting Council reviewed the six largest UK audit firms and found that formal monitoring of AI's audit-quality impact was not generally in place. In March 2026 the FRC published guidance on generative and agentic AI in audit, keeping accountability with the human auditor and the audit firm. The questions below are designed to be put to the external auditor, in writing or in the audit committee, and to be answered on the record.

1. Tools and locations

Which AI and GenAI tools touched our audit, and where in the audit work were they used? Please name the tools and identify the audit areas they touched.

2. Output in the evidence base

What output from those tools became part of the evidence base for the audit conclusion? Please distinguish between AI-generated output that informed an auditor's judgement and AI-generated output that was used directly as evidence.

3. Verification

Who verified the AI-generated output, and where is the verification recorded in the audit file? Please describe the verification protocol applied at the engagement level, not the firm-level governance framework.

4. Audit-quality KPIs

What audit-quality KPIs did the firm track for tool use on our engagement? The FRC's June 2025 thematic review found that audit-quality KPIs were not generally in place across the six largest firms; we would welcome an update on what is now measured.

5. Models and drift

Which third-party foundation models and AI systems were involved in our audit, at which versions, and what model-drift controls are in place between audit cycles? Please identify any changes in underlying models since the previous audit and explain how those changes were assessed for audit-quality impact.

6. Methodology

What changes to the firm's audit methodology have been introduced to accommodate AI-enabled procedures, and how has the firm satisfied itself that those changes meet auditing standards? The FRC's March 2026 guidance identifies non-compliant methodology as one of three risk categories.

If the auditor declines to answer at this level of detail, the answer is itself a finding for the audit committee. The FRC's March 2026 guidance places accountability with the human auditor and the audit firm regardless of tool involvement.

Published by Reality & Reason. Author: Richard Foster-Fletcher, founder. Sources: FRC AI in Audit (June 2025); FRC Generative and Agentic AI Guidance (March 2026). Full Big Four AI Audit Tool Register available at realityandreason.org/audit.