

Agentic AI and the Future of Audit

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Bryant Ramdoo, CPA (practicing through a professional corporation), is the National Audit and Assurance Innovation leader at KPMG in Canada. With 20 years of professional experience, he is driving change by leveraging emerging technologies and upskilling our people to transform the audit experience for our professionals and audited entities. He is also an audit partner, leading a number of the firm's clients in the consumer and industrial market industries.

Audit is a public-interest profession. Our practice rests on quality, independence and the trust we help sustain across capital markets.

For decades, auditors have relied on sampling techniques, manual testing and structured methodologies to provide assurance over financial statements. These approaches were shaped by practical constraints such as time, cost and human capacity. Now, these limitations are shifting. The emergence of agentic AI —autonomous systems capable of planning, acting and adapting toward defined goals — brings real solutions to auditors that delivers the enhanced quality and effectiveness that technology gains had promised for the last decade.

Unlike traditional automation, audit data analytics, or even generative AI, agentic AI does more than just produce outputs on demand; it can execute tasks, make decisions and collaborate with other agents to achieve complex objectives, while still requiring human leadership at the helm. This evolution is not theoretical. It is happening now, driven by advances in cloud computing, improved generative AI models and secure enterprise adoption. This has opened the door to expanding the depth and capabilities of every auditor, fundamentally broadening the extent of audit evidence and the skills required to deliver high-quality audits.

The Pace of Technology — and Why Agentic AI Is Here Now

The speed of technological change in audit has been staggering. Only a decade ago were firms experimenting with rule-based automation for repetitive tasks like data extraction. Then came machine learning, which brought advanced predictive analytics and anomaly detection. Generative AI accelerated this even further by helping accountants and auditors quickly review, interpret, and summarize vast amounts of unstructured data such as contracts, invoices, or regulatory documents— making these processes simpler and more efficient. Now, agentic AI represents the next leap in revolutionizing the way auditors work and respond to risk. These systems can run workflows on their own, interact with APIs, and work with other agents to deliver consistent outcomes, which matters in delivering audit quality.

To do this, KPMG created the **KPMG TACO Framework**, which classifies agents into four key types: Taskers, Automators, Collaborators and Orchestrators.

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All of them leverage the same core tools and capabilities – goal interpretation, reasoning engines (like Large Language Models (LLMs)), memory, tools and orchestration – but they differ in areas like goal planning, execution and complexity:

Taskers are the more straightforward agent type and excel at breaking down singular goals into structured, repeatable tasks. A Tasker, for example, might automate the reconciliation of bank statements to ensure every transaction is accounted for/recorded.

Automators integrate across multiple systems to automate end-to-end business processes. In accounting, an Automator could handle the entire procure-to-pay cycle, from invoice receipt to payment authorization.

Collaborators act as AI teammates and can learn from human interactions and refine their recommendations over time based on new feedback or data. They might assist auditors by suggesting additional tests based on observed anomalies.

Orchestrators are the most advanced. They can manage both human and AI agents to tackle complex, dynamic tasks, including managing entire workflows and escalating when human judgement is needed. For example, Orchestrators can be very effective in orchestrating a year-end audit across multiple subsidiaries and adapting to the real-time changes in data and requirements.

KPMG is implementing these capabilities in production. In April 2025, we announced deployment of AI agents embedded into KPMG Clara, our smart audit platform. Clara's digital agents will also help standardize workflows, accelerate decision-making and harmonize processes to produce more consistent outcomes, which in turn, improves audit quality and enhances public trust. These agents automate routine tasks (e.g., expense vouching, search for unrecorded liabilities, accrued expenses) while always maintaining a human element in the loop.



In addition, KPMG released the *Financial Report Analyzer (FRA)* AI engine, which provides AI-generated output to enable auditors to complete the required disclosure checklists. The AI agents we have deployed are designed to:

- **Automate routine tasks:** AI agents can handle repetitive and time-consuming tasks, such as data analysis and document review.
- **Support decision-making:** AI agents provide auditors with insights and recommendations based on data analysis, helping them make informed decisions and improve audit quality.
- **Help auditors focus on high-risk areas:** With AI handling routine tasks, auditors can dedicate more time to high-risk areas and sector-specific challenges, ensuring that audits are more comprehensive and targeted.

As is often the case with emergent technology, the pace of development is staggering. According to our [2025 CEO Outlook survey](#), understanding and implementing generative AI across the enterprise is the top operational priority for organizations to achieve their growth objectives over the next three years.¹ Agentic AI is increasingly being adopted by organizations, with 86% of business leaders citing it as a top investment priority for their organization. These innovations are not just about improving efficiency, they are fundamentally redefining how audits are conducted. Embracing and effectively integrating agentic AI has the potential to drive better insights and, ultimately, higher quality.

There is no doubt the next generation of auditors will have to learn differently than previous ones.

Jevons Paradox in Audit: Efficiency or Enhanced quality?

At the Elevate 2024 conference in Toronto, I attended a session that introduced Jevons Paradox in the context of AI. In classical economics, Jevons Paradox describes how increased efficiency in resource use can actually lead to higher overall consumption of that resource.

In the 19th century, William Stanley Jevons observed that improvements in steam engine efficiency made coal use cheaper, which led to more widespread adoption of steam engines— and, ultimately, greater coal consumption. I was intrigued by the potential implications of this paradox in the audit profession, where much of the discussion around the use of AI focuses on its capacity to increase efficiency gains or the role of human vs. AI tasks. It considers that the use of AI and agents will optimize the tasks we perform today, but it fails to imagine a world where scope of testing changes.

Audit evidence has historically been constrained by cost and time. Around the 1970's, the size of audit clients increased to a level that you could no longer “tick everything”² – review every single transaction in the books – which made statistical sampling a practical necessity. But agentic AI has the potential to lift these constraints and

¹ KPMG in Canada. “Productivity in the deep.” Accessed October 21, 2025.

² Matthews, D. (2006). “FROM TICKING TO CLICKING: CHANGES IN AUDITING TECHNIQUES IN BRITAIN FROM THE 19th CENTURY TO THE PRESENT”. *The Accounting Historians Journal*, 33(2), 63–102. <http://www.jstor.org/stable/40698342>.

accomplish more testing at the same time and at a lower cost, enabling auditors to expand their testing to get an even clearer picture of the evidence. These capabilities will allow auditors to triangulate evidence across diverse datasets and enhance quality levels beyond what was previously possible. Just as the steam engine led to greater coal consumption, the use of AI and agents could expand the depth of audit testing, enhancing quality rather than merely reducing effort.

Training the Future Accountant: Humans Empowered by Agents

The rise of agentic AI demands a fundamental shift in auditor skill sets. Manual testing and tick-and-tie procedures will give way to roles focused on AI orchestration, interpretation, and governance. Junior

auditors at KPMG are already being trained to manage and develop AI agents, replacing repetitive tasks with strategic analysis. However, the need to train and develop humans that are curious is a critical skill set for the profession. Curiosity drives the level of professional skepticism that is foundational in the audit profession. AI agents will increasingly identify outliers, anomalies and uncommon transactions in accounting, which will require the



human auditor in-the-loop to evaluate this transaction in relation to the entity, the industry and their knowledge. Historically, this knowledge was developed over years of experience doing manual procedures and developing and understanding what normal and abnormal transactions look like.

If you started in the audit profession over 15 years ago, you learned how to identify normal and abnormal reconciling items in a bank reconciliation by auditing hundreds of them in your first year with a firm. As AI agents replace performing these repetitive tasks, future training and development will be required to replace learning by volume, with more structured and unstructured learning programs. This may require increased time by senior members of engagement teams to oversee and mentor their junior members, as well as more detailed, scenario-based and simulation training programs that mimic the learnings from performing hundreds of bank reconciliations.

Ensuring that the next generation is prepared may be one of the greater challenges for the audit profession to address with the integration of AI, but it will hardly be the first time auditors were required to pivot and learn a new way forward. There was a time when spreadsheets were seen as a disruptive addition to learning a traditional audit, and now they are standard. And, if there's one thing an auditor knows, it's that standards always eventually change. There is no doubt the next generation of auditors will have to learn differently than previous ones.

Principles for Adoption

As agentic AI systems bring additional governance challenges on implementation. Ensuring transparency in decision making, maintaining accountability for automated actions and safeguarding against bias are critical priorities. KPMG's approach to AI governance emphasizes robust oversight, continuous monitoring and clear escalation protocols when human judgment is required. KPMG's trusted AI Principles help guide the adoption of these new technologies to ensure a commitment to using AI responsibly and ethically:

Values Driven: Organizations can benefit by allowing their values to guide their approach to AI. Values differentiate one organization from another, fostering cultures that are open, inclusive and committed to the highest ethical standards. Grounding day-to-day decisions in core values enables confident navigation of emerging opportunities and challenges.

Human Centric: Prioritizing human impact remains central to AI deployment. By focusing on the needs of clients and employees, technology can be used to empower and augment human capabilities — unlocking creativity, improving productivity and encouraging new ways of approaching work.

Trustworthy: Adherence to ethical principles and pillars guides the use of AI across its lifecycle. Maintaining high standards in data acquisition, governance and usage ensures compliance with privacy, data protection and confidentiality requirements.

With these core principles guiding adoption, the profession is well prepared to confidently embrace the future of agentic AI.

Agentic AI is not a distant concept — it's here, reshaping the audit profession in real time. By enabling full-population testing, expanding evidence sources and enhancing audit quality, agentic AI transforms audits from static, sample-based exercises into dynamic, continuous processes. The implications are profound: methodologies must evolve, training must adapt and firms must embrace new frameworks for governance and ethics.

For auditors, the challenge is clear: adapt or risk irrelevance. For firms, the opportunity is equally compelling: leverage agentic AI to deliver deeper insights, broader assurance and greater value to stakeholders.

The future of audit is autonomous, and it is arriving faster than anyone imagined.

