
ARTIFICIAL INTELLIGENCE AND AUDITING IN THE PUBLIC SECTOR IN NIGERIA

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Abstract: This research work titled, “Artificial Intelligence (AI) and auditing in the public sector in Nigeria” was designed to examine the impact of the destructive technology (AI) on the auditing processes in the public sector in Nigeria. The method applied in this research is the qualitative method which involves collecting and analyzing concepts and opinions from other authors. Based on the concepts and opinions of other authors, the findings revealed that AI is a destructive technology that brings innovations in the auditing profession, from the foregoing, the application and adoption of artificial intelligence is still slow in auditing profession, notwithstanding the challenges inherent in the application and adoption of AI, the future of auditing profession is dependent on the extent of the application and usage of AI in the auditing of financial statement, therefore, auditing firms and companies are encouraged to make full application of AI technologies in carrying out the auditing assignment.

Key words: Artificial Intelligence, Auditing, Technology, Public Sector, Financial Statement.

Introduction

Technology is driving change in the society, and different professions are rediscovering roles and aligning themselves with the technological direction of the future. The auditing profession is not immune to these effects. With fast-paced and disruptive advancement in science and technology, it is imperative the auditing profession keep pace, particularly if it is to remain relevant in the near future.

Artificial Intelligence (AI) is in the centre stage of technological innovations in auditing profession. AI is described as an upcoming technology that seeks to replicate or mimic those cognitive skills possessed by humans as well as human judgements. Due to the Fourth Industrial Revolution (4IR), the usage of AI technologies has gained momentum in all areas of our everyday lives (Mhlanga, 2021). AI is driving transformative changes in processes and operations. Kommunuri (2022) describes AI as one of the most multifaceted, transformative, and disruptive 4IR technologies. Even though different professions were digitally transforming their processes including the increased usage of AI technologies, the auditing and accounting profession was described as slow in the adoption of AI (Alipourfallahpasand & Asgari, 2020; Oldhouser, 2016), despite it being a fertile ground for usage because of the various audit functions. Kommunuri (2022) articulates that AI technologies and their application are still in their nascent stages in the auditing and accounting profession, though evidence of their increased adoption is slowly becoming visible (Kokina et al., 2021)

Some of the audit functions are labour intensive and decision-making must be evidence-based (Munoko, Brown-Liburd, & Vasarhelyi, 2020). The Covid-19 pandemic has necessitated the increased adoption and application of AI in the auditing and advisory functions of accounting firms. AI has been used in assessing pre-engagement risks, audit planning risks, tests of transactions, analysis of information and audit documentation in

the public sector organizations. Uglum (2021) alludes to the increased development and overwhelming usage of AI usage in data analyses and interpretation, arguing that AI is a critical component of the future of the audit profession. The researcher further portends that AI has been applied in the audit process to enhance decision-making. Baldwin, Brown and Trinkle (2006) posit that the adoption of AI in the audit profession is still in its infancy, but is essential in heightening the efficiency and effectiveness of the audit function. AI can be employed in reviewing working papers and documents, evaluating and re computing business transactions, risk assessment, going concern assessment as well as fraud and material misstatements consideration. Even though the potential benefits of using AI in the audit profession are evident and persuasive, there is a subtle realization of possible negative effects arising from the application of AI. These negative externalities could emanate from ethical consequences and audit quality implications. Audit quality implications involve data analysis, the accuracy of the analysis, and thorough assessment of the business environment, therefore improving services to clients.

Public sector based organization refers to an entity that is owned and operated by the government, providing services to citizens and contributing to the overall welfare of society, such as public schools, hospitals, police departments, military forces, public transportation systems, and government ministries - essentially, any organization funded by taxes and focused on public good and services rather than private profit. Public sector organizations can be distinguished from other sectors by their accountability to the principles of public governance adopted by a government. It can be claimed that this accountability gives rise to an overriding management (including ministerial) culture that punishes mistakes and guarantees that few risks will be taken. In a democratic state, there is an expectation that the public sector is also accountable to the government, which is itself answerable to the electorate. In a more authoritarian state, the public sector can be expected to be accountable to the government alone, although in this environment, public opinion may remain an important countervailing force.

The public-sector audit is that in which governments and other public-sector entities exercise responsibility for the use of resources derived from taxation and other sources in the delivery of services to citizens and other recipients. These entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations. In general public-sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations. However, this paper examines the impact of AI on the auditing of public sector based organizations.

Conceptual Review

Concept of Artificial Intelligence (AI)

AI can be described in various ways as there is no one concise or universal definition (Hassani et al, 2020). Most of the definitions speak to the role played by AI in business and the general society. While Colom et al.

(2010) explain AI from the angle of problem-solving, reasoning, and learning, Munoko et al. (2020) define AI as a novel technology that resembles and reproduces cognitive human skills and judgements. Hassani et al. (2020) elaborate on AI from the perspective of intelligent systems designed to analyze data and build a strong foundation for decision-making and support by generating results and insight from the analysis of voluminous and complicated data that has been collated and summarized through IT into manageable units. Concerning Auditing, artificial intelligence involves the use of AI technologies to enhance the audit processes. It implies the

modification of the audit process, the re-organization of the audit functions, and updating skills in the entire profession to remain relevant by investing in technology, training, and continuous professional development (CPD). AI can be used for different functions in the audit profession. For example, performing analytical review procedures, risk assessment, application of algorithms,

classification functions, assessment of materiality, judgements relating to going concern assessment, company failure projections and the evaluation of internal controls. The application of AI in these different audit functions is surrounded by controversy concerning ethical considerations and audit quality. While Allami, Nabhan and Jabbar (2022) refer to advantages such as accuracy, objectivity and speed, Landers and Behrend (2022) allude to challenges in addressing bias and fairness.

Auditing

The audit profession is broad and encompasses various types of audits, but three things are key, despite the type of audit being carried out, these are the auditor's independence, the assurance being offered by the auditors to the principal (those who engaged the audit) and the evidence supporting the assurance or opinion expressed. The different type of audits includes external audits, forensic, internal

audits, compliance audits, tax audits and environmental audits. Internal auditing focuses on the auditing of internal operations, enterprise risk management and the evaluation of internal controls. On the other hand, external auditing which is often described as an audit of statements focuses on assessing the financial statements of companies to express an opinion on whether they show a true and fair view of the financial performance, financial position, cash flows as well as the changes in equity. The audit profession especially accounting firms have made extensive investments in AI to help accomplish complicated tasks (Commerford et al., 2022; Joe et al., 2019). While those advocating for employing AI to improve audit quality point to advantages of accuracy, improved judgement and decision making as well as enhanced client service, critics of the application of AI in auditing

suggested that individual auditors tend to show "algorithm aversion". Auditors tend to ignore or undermine computer-generated advice relatively higher than human advice. Despite these contradictions, AI is gradual being applied in the audit profession. As earlier pointed out, the focus of this paper is the application of AI in external audits. AI concerning auditing is the replication of human intelligence functions by machines in carrying out the audit function. As tabled by Albawwat and Al frijat (2021), "AI can mimic human capacities such as seeing, hearing, performing logical tests and problem-solving" The audit profession is guided by International Standards on Auditing (ISAs). About ISA 200, "the overall objective of an audit of financial statements of the independent auditor is to conduct the audit in accordance with International Standards on

Auditing. The use of AI intelligence in auditing has implications for the fundamental principles as well as the auditor's ability to deliver a quality audit to achieve the objectives set out in ISA 200, ISA 220, ISQC1, ISA 700 and ISA 240, just to mention but a few. To deliver a professional and competent audit, auditors must carry out certain tasks and AI tools can be applied to carrying out these tasks. While AI can help enhance the quality of audit work through appropriate judgement, enhanced sufficiency and appropriateness, accuracy, and objectivity, it can also compromise objectivity and due diligence. When machines are used, they can reflect human bias and result in audit decisions that are flawed or skewed. According to Baldwin et al. (2006), AI intelligence can be used in auditing to perform the following tasks:

- i. Analytical review procedures
- ii. Assessment of materiality
- iii. Internal control environment assessment and the evaluation of internal controls
- iv. Risk assessment (for example engagement or audit risks, detection risks and the risks of material misstatements due to fraud and error)
- v. Going concern judgements
- vi. Bankruptcy or company failure predictions

Automation

AI can be employed for audit process automation. Automation is used to widen the volume and nature of audit tasks carried out. Robotic process automation (RPA) can be used to automate repetitive tasks conducted by humans. Moloi and Marwala (2021a) adduce that RPA has several advantages, and these encompass improved accuracy, cost reduction, enabling a better governance environment, improved customer advocacy and retention, better checks and balances, time efficiency and allow for ease of integration to existing technologies. When using RPA in conjunction with machine learning and other AI tools, robotics can automate larger portions of jobs. The automation of procedures and checklists (occurrence, completeness, authorization, and approval) used by auditors to vouch for transactions can be automated to allow auditors to pay more attention to tasks that require human cognition. Auditors can easily collect data, and make comparisons, evaluations, and validations more easily and speedily to allow them to allocate time to more complex areas demanding high degrees of judgement (Dickey, Blanke & Seaton, 2019). The automation of repetitive and redundant tasks can be combined with already existing IT programmes to do data manipulation, process transactions, and activate responses while working together with other digital programs (Huang & Vasarhelyi, 2019). Combining RPA and deep machine learning, auditors can utilize RPA findings to identify, check and evaluate transactions, while testing data against several hypotheses generated from possible scenarios, and pinpoint possible threats and insights (Vasarhelyi & Rozario, 2018; as cited by Favourate (2023).

Deep learning

Deep learning AI are technologies utilizing the neural network to extract, analyze abstract and complex characters of raw data. Deep learning has been used in the finance, advertising, health, and automotive industries. In auditing, deep learning can be used to exploit the cogency of textual data. For example, to carry out document analysis, investigating and evaluating contracts, mergers and acquisitions, legal contracts, and lease agreements (Sun, 2019; as cited by Favourate (2023).

Machine learning Algorithms

Machine learning provides a potential opportunity for making great strides in improving audit speed and quality, but also implies significant risks. Machine learning is a component of AI that centres on the machines' ability to receive data, and learn from the data using altering algorithms accordingly as they continue to learn more about the information. It emanated from the idea that machines can learn to execute some tasks just like the way humans do. Kokina and Davenport (2017) as cited by Favourate (2023) allude to the use of machine learning and its possibility of altering the audit profession, substantially modifying the ways audits are conducted. Machine learning algorithms can come in different forms. For example, unsupervised learning, supervised learning, and reinforcement learning

(ISACA, 2018). With supervised learning, data sets are categorized so that emerging trends are observed and used for the labelling of new data sets. Supervised machine learning can be used to forecast future results, for example, debts that are likely to go bad or possibilities of liquidation. Concerning unsupervised learning, the data sets processed unlabelled data sets that are screened and categorized concerning similarities and differences (ISACA, 2018). Unsupervised learning can be used to identify previously unanticipated risks, and these can be then investigated further and in-depth. Concerning reinforcement learning, even though the data sets are not labelled, after the performance of an action or multiple actions, the AI system receives feedback. Machine learning processes data into usable information. The use of machine learning could lead to consistency, reduced time for labour-intensive tasks and depth in analysis for tasks that require detailed assessment. According to Kokina and Davenport (2017), the utilization of machine learning algorithms could reduce the unavoidable "trade-off between speed and quality" where audits are done manually. With the use of machine learning algorithms, substantive tests can be done in a more directed and informed way. Machine learning algorithms can learn from auditors' conclusions on certain items and use the same line of thinking to conclude items with similar features. Machine learning employs models to do data analysis to comprehend trends and make forecasts. Through machine learning, learning is automated and ongoing. Machine learning leans more towards statistical analysis, though, unlike statistical analysis which utilizes probability theory and distributions, it employs a combination of mathematical equations that forecast an outcome. This makes it more suitable for linear regression, cluster analysis and classifications (Dickey, Blanke & Seaton, 2019). To highlight the use of machine learning in auditing, Kepes (2016) alludes to the use of Argus, a machine learning tool used by Deloitte accounting firm and Kokina and Davenport (2017) refer to Halo (a machine learning system utilized to assess journal entries, testing all entries, and paying attention to those transactions signalling high risks thus, positively influencing the quality of assessment and increasing the speed of auditors).

Research Methodology

This research will adopt a qualitative approach to examine the impact of the destructive technology (AI) on the auditing processes in the public sector in Nigeria. Given that AI is a relatively nascent and evolving field, an exploratory design is appropriate. This will enable the research to identify key challenges, uncover innovative solutions, and map out opportunities without being constrained by pre-defined hypotheses. The aim is to generate a comprehensive understanding of the current state, potential best practices, and future implications, laying the groundwork for further, potentially quantitative, studies.

Data Collection Methods:

The secondary research foundation using academic journals, white papers, and industry reports provides essential breadth and credibility. This triangulation of sources helps validate findings across different perspectives - academic research offers theoretical frameworks, industry reports provide practical insights, and white papers often bridge the gap between theory and application.

Presentation and Analysis of Data

Artificial intelligence and the Audit Process

AI has substantially modified the auditing environment, data processing ways, the nature and sources of audit evidence, the work of audit practitioners and audit procedures (replacing manual ones with IT-backed ones). It has further influenced the tools and measures used by auditors as well as the quality of judgements and opinions issued by auditors. To fully comprehend how the modifications in the audit process have emerged, the following sections give a brief overview of certain audit processes and procedures and how they have been altered by the harnessing of AI in auditing.

Detection of material misstatements

The highest opinion offered by the auditors is a reasonable assurance that the financial statements of a company show a true and fair view. Auditors cannot offer an absolute assurance due to inherent limitations in internal controls and accounting systems, sampling as auditors do not look at all transactions due to substantial volumes of data and time constraints and human error. This is coupled with the fact that financial statements are not prepared by auditors but by the management of the company and in terms of ISA 240 misstatements due to fraud are more difficult to detect and fraud done by management is even more complicated to detect. Human judgement and the fact that financial statements are prepared based on estimates for example provisions, in addition to possible collusion between employees are limiting factors also. The auditor is persuaded by the evidence gathered from the financial statements despite the inherent limitations. Audit evidence is persuasive and not conclusive. The challenges are even more pronounced when the audit is done manually as sampling increases the risks of material misstatements being undetected. Machine learning could allow auditors to test the whole data in a smaller period to detect material misstatements, guided by risk analysis as opposed to conventional audit rules. Using machine learning the auditor can be able to detect anomalies in transactions or those transactions that deviate from the general trend of a data set can be flagged and further investigated. Machine Learning can increase productivity and accuracy in auditing as well as the detection of high-risk transactions, incorrect transactions, suspicious expenses and incomes, and excessive expenditure. AI can therefore help in fraud assessment and detection.

Reviewing contracts

AI can be used for reviewing contracts such as leases, sales, or purchase contracts. These could be reviewed and analyzed within a shorter time using AI to extract information from the contracts and pinpoint important clauses that would help shed more light on how the implications of the contract have been accounted for in the financial statements. For example, in the case of sales contracts, the date contract was entered, the date on invoicing or

the date the goods are delivered would influence when to recognize revenue and the transaction amount to be recognized (International Financial Reporting Standard). For leases also the start date of the lease agreement, the rental payments, the termination of the contract and other provisions of the contract influence how the lease is accounted for in Financial Statements. Therefore, with the aid of AI tools the auditor can more efficiently and effectively assess the accounting for contracts and the risks associated with these contracts as well as the future implications. For example, contingent liabilities.

Analysing both structured and unstructured data as well as both financial and non-financial information from financial statements

Auditors have problems evaluating substantial documents (structured and unstructured data) (Agnew, 2016; Oldhouser, 2016). The auditors also face significant challenges in assessing the adoption of and compliance with regulatory changes such as new IFRSs, tax legislation changes, the company's act, monetary policy statements, statutory instruments, and other legislative requirements to gather evidence. The auditors must further evaluate whether the implications of these regulatory requirements are properly reflected in the financial statements in both financial and non-financial terms and this is a problematic area. The large volumes of transactions both manual and digital files which would lead to the audit process being labour intensive in the absence of information technology tools. Therefore, in the interest of time, audit deadlines and costs (audit fees), auditors depend on the sampling of transactions as a representation of all transactions to be audited. AI tools can be used to scan for fundamental words and trends in electronic documents and collect relevant information such as invoices, contracts, and sales. Unexpected orders or suspicious figures in sales and payments can be easily singled out (Munoko et al., 2020). More emphasis is then placed on comprehensive analysis and better comprehension of input data and output information and less focus on vouching, comparing and confirmations. When utilised, machine learning can help overcome the sampling weaknesses by reviewing the available information in its totality. This could ensure that the risk of missing high-risk transactions is minimized, thus reducing the risks of corporate scandals such as Enron, Parmalat, and WorldCom as well as audit failures and threats of lawsuits that brought the name of the audit profession into disrepute. Audit failures and corporate scandals bring to question the adherence of the auditors to ethical principles such as professional competence and due care, objectivity, integrity, and professional behaviour. It is also important to point out that overreliance on the usage of AI by auditors could lead to the failure to exercise professional skepticism and judgement, with auditors taking for granted the outcomes from AI tools without fully interrogating them as expected of a professional and competent auditor (Aksoy & Gurol, 2021). In affirmation, Seethamraju and Hecimovic (2020) argue that the cogency of the output of harnessing AI tools in auditing is dependent on the input data used and where the quality of the input data is weak, consequently the output quality

will be compromised. This could be due to the likelihood of human biases. The quality of evidence would accordingly also influence trust perceptions and views about the possibility of legal and reputational risks. Therefore, it is imperative that auditors still exercise their professional judgement, be thorough and diligent and not over generalization. They must accordingly pay attention to evidence that contradicts other evidence. They

must use AI tools in conjunction with their cognitive and professional skills, thus not blindly over-depending on AI evidence.

Controversy in the Adoption of Artificial Intelligence in Auditing

AI has substantially altered the profession in both negative and positive ways. Albawwat and Al frijat (2021) portend that the growth in the utilization of AI in the audit profession is viewed as a setback as most auditors will fail to adapt and cope with the digital transformation and lag. This could compromise their professional competence and quality of service. To better articulate the controversy surrounding the utilization of AI in auditing, Tiron-Tudor and Deliu (2021b) state “As AI uses become more widely recognized in auditing, there is growing awareness that unintended consequences could occur for audit firms. If done incorrectly, the use of AI will intensify risk, increase costs and harm the firm’s reputation”. Losbichler and Lehner (2021) affirm this adducing that there are several opportunities, challenges, implications as well as intended and unintended consequences of using AI in the audit profession. In concurrence, Albawwat and Al frijat (2021) and Law and Shen (2020), point to three possible benefits of exploiting AI technologies in auditing. These include being able to (1) improve the process of detection of material misstatements (2) build or create a comprehensive appreciation of the client’s operations and connected risks (3) boost communication techniques between auditors and those charged with governance. Al-Aroud (2020) submits “Technologies of Artificial Intelligence (AI) are critical for the future of the auditing profession. These technologies are vital tools that provide the auditing profession with means necessary for increasing the effectiveness and efficiency of their jobs”. AI tools can perform tasks better, efficiently, faster and with comparatively fewer errors as compared to humans. This is especially relevant for repetitive tasks and detail-centred tasks like the analysis of board minutes, legal documents (for example litigation documents) and contractual agreements such as asset disposal or sale agreements as well as lease agreements. Furthermore, with the use of AI tools, data can be extracted from financial statements, traced back to the ledgers and analyzed for trends, correlations, and deviations. The outcomes of the analysis can be used for forecasting the future situation of a company, for example, going concern and bankruptcy (ISACA, 2018). With the use of machine learning for the analysis of figures and the automation of mathematical and statistical modelling, quantitative failure predictions models such as Altman’s Z score models can be used more easily. Notwithstanding these seemingly convincing advantages, Aksoy and Gorul (2021) allude to some challenges in using AI. For example, they point to the fact that even though AI machines especially computers are made to think like humans, act like humans, think rationally and act rationally, there are inherent limitations and risks associated with the utilization of AI in auditing. Affirming the challenges associated with the usage of AI in auditing, Alsayed, Al-Aroud & Zayed (2021:281) avow “The Complexity of AI technology and shortage of experience in its use has created big difficulties for its adoption and development. Hence a long way is still ahead to walk for the development of AI in the audit area. This is whether, in terms of breadth or depth, the application of AI in the audit profession is still in its embryo”. Giving a brief overview of the challenges, Albawwat and Al frijat (2021) state that the common hindrances include the concern about the adherence to the ISAs when using AI, inadequacy in skills to harness, use, monitor and manage AI tools, the lack of trust in AI capabilities (Fügener et al., 2021; as cited in Favourate (2023) and the general uncertainties as well as the possible risks that may influence the audit quality. The challenges

include overestimation or overreliance or under-reliance on AI. Where auditors overly rely on AI, they fail to ignore irrelevant information and this can result in the dilution impact and compromise the predictive and confirmatory value of AI technologies, thus negatively affecting the audit process and ultimately influencing audit quality (Favourate, 2023). (Favourate, 2023). refer to possible financial and reputational damages as well as legal, ethical and safety implications emanating from the use of AI tools in the audit profession. On the other hand, avers that as the volume, velocity, variety, veracity, and value of machine algorithms increase, the possible risks consequently expand.

Fukas et al. (2021) avow that AI gives the audit profession a chance to simulate, expand and extend its activities albeit with increased risks. Rebstadt et al. (2022) further affirm the controversy surrounding the use of AI in auditing and contends that despite the existence of a regulation that affects software systems in the auditing field, there are no clear regulations regarding the use of AI technologies.

The researchers further adduce that even though the regulations towards the application of software vary across countries, they are gradually getting standardized concerning the ISAs. For AI, there is a conflict between technological opportunities and audit discipline-specific regulations. For example, even though the use of artificial neural networks can result in relatively novel audit activities, these might not be justifiable in a court of law in case of conflict. To elaborate on the conflict, Munoko et al. (2020) argue that the contention emanates from three aspects (1) varying implications for the different actors covered in the audit process (2) the absence of transparency concerning AI-driven decision making (3) The dearth in legal clarity. As explained by Rebstadt et al. (2022), notwithstanding the importance of AI in auditing from both academic and practical perspectives, the challenges of applying AI technologies in the audit profession remain relatively unexplored. The challenges affect the output, decision making and audit quality as well as ethical implications.

Decision-making and Audit Quality

Despite the advantages of using machine learning algorithms in auditing, auditors may fail to identify weaknesses associated with machine learning such as 'overfitting'. This is the situation where the auditors can fail to notice the idiosyncrasies in the information that are not reflective of real-world patterns. Machines can have a limitation of overlooking that statistically significant correlations between variables do not necessarily reflect causal relationships (Dickey, Blanke & Seaton, 2019). These weaknesses point to the potential challenges in output, therefore critical human assessment and judgement are still key to making quality audit decisions based on the outcomes from machine learning algorithms. The predictive reliability of machine learning algorithm processing results is linked to the quality of input data, design of the system, methods used and interpretation of output information. The quality of evidence generated through the use of machine learning algorithms is affected. Dickey et al (2019) adduce that auditors must exercise professional skepticism when evaluating and making decisions based on the outcomes of AI tools or even trends identified by machine learning algorithms. The trends or outcomes maybe inaccurate in auditing and illogical or even show spurious correlations. Auditors must exercise care and diligence to minimize the risk of over generalizing or ignoring contradictory evidence.

Auditing in the public sector

The public-sector audit environment is that in which governments and other public-sector entities exercise responsibility for the use of resources derived from taxation and other sources in the delivery of services to citizens and other recipients. These entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations. In general public-sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations.

The Nature of a Public Sector Organization

Public sector organizations can be distinguished from other sectors by their accountability to the principles of public governance adopted by a government. It can be claimed that this accountability gives rise to an overriding management (including ministerial) culture that punishes mistakes and guarantees that few risks will be taken. In a democratic state, there is an expectation that the public sector is also accountable to the government, which is itself answerable to the electorates. In a more authoritarian state, the public sector can be expected to be accountable to the government alone, although in this environment, public opinion may remain an important countervailing force. The issue of accountability to government and in turn, civil society, highlights another distinctive feature of public sector organizations: the decision-making complexity arising from the need to cater for the diversity of demands faced by public sector organizations. The challenges to the decision-making process emerge, first, from the comprehensive legal requirements that bind the form and operation of public sector organizations. In addition, the demands of civil society, the intensity of competing interests within an economy, and the unpopular role of a number of public entities, all contribute to the decision-making complexity experienced by public sector organizations. For example, as societies have become more diverse and interest groups more influential, their competing demands make the role of both government and public sector organizations, more difficult (Favourate 2023). In the face of these tensions, there are suggestions that the emerging challenges of globalization require 'the emergence of new forms of government' able to conceptualize and respond to the increasingly varied and competing demands of public sector management.

Conclusions, and recommendations

Conclusively, AI is a destructive technology that brings innovations in the auditing profession, from the foregoing, the application and adoption of artificial intelligence is still slow in auditing profession,

notwithstanding the challenges inherent in the application and adoption of AI, the future of auditing profession is dependent on the extent of the application and usage of AI in the auditing of financial statement.

Recommendations

1. Revamp curricula to include AI, RPA, cloud accounting, and analytics.
2. Integrate agile methods and project-based learning.
3. Use experiential learning tools and simulations.
4. Upskill faculty in digital tools and agile practices.
5. Promote partnerships with industry for real-time projects.
6. Offer modular, flexible, lifelong learning pathways

To remain relevant, accounting and finance education must transform. Students need more than technical knowledge—they need digital fluency, analytical thinking, and agile mindsets. Institutions must modernize their approaches, foster industry collaboration, and embed continuous learning models to prepare graduates for success in an evolving financial landscape.

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