



# The MindBridge audit approach

How AI-enabled audit methodology  
adds superpowers to your team



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## Embracing a world of technological progress and automation

In the last decade, technology has altered the ways in which we work and live. From managing our money and connecting with family and friends, to purchasing products and networking with new business contacts, we're all doing things differently than we have before.

The same is true for auditing and accounting practices. As businesses become larger, more complex, and more reliant on intangible assets, it has become increasingly clear that the old ways of doing audit are not leveraging data to generate assurance in an effective way. Too often, traditional auditing tools and random sampling leave risks undetected.

With cases of fraud and corporate failures on the rise and auditors in many markets coming under pressure, firms today must consider how new auditing technologies could complement their existing methodologies and drive growth and profitability while delivering quality audits. With this new technology, combined with society's rising expectations surrounding AI, there is an impetus to drive efficiency, assurance, and success to higher levels than ever before.

On top of all that, the COVID-19 pandemic has accelerated digital transformation on a global scale. Regulatory bodies are also evolving standards to support this digital shift and accommodate automation in audit practices.

Innovative auditing technology is not just a nice-to-have anymore — it's necessary in order to provide high levels of assurance, and critical to a firm's ability to stay competitive.

In this briefing paper, we offer a practical introduction to how you can revamp your audit approach using MindBridge. You'll learn how to integrate our market-leading risk discovery and anomaly detection platform into your existing processes, while maintaining the effectiveness your auditing team is known for.

## SECTION 1:

# Introducing the MindBridge audit approach

## Where data-driven risk assessment begins

The MindBridge audit approach allows you to build and execute a data-driven risk assessment strategy for every engagement. That means you can use our risk discovery software to complement your existing procedures through every phase of an audit.

From planning and fieldwork through to audit completion, you'll be able to leverage MindBridge to analyze 100% of transactions, spot anomalies and risks faster, and dive into the results to uncover valuable insights for your client. A more refined risk assessment allows you to more precisely focus the nature, timing, and extent of procedures to appropriately and efficiently address audit risk.

Implementing a new audit approach can feel daunting, but it doesn't have to be. Understanding how you can apply our AI risk discovery platform within your own processes is a critical first step. That said, it's important to understand that the methodologies and practices shared in this briefing paper are meant as guidance. You can easily modify these strategies to suit your clients' unique needs or your firm's ways of working.

MindBridge can be adapted to fit to your methodology and our in-house team of Certified and Chartered Accountants are here to help map MindBridge capabilities to your methodology. This ensures your firm can see value from MindBridge and your team will have an easier time adapting to a new tech-driven audit approach.

Additionally, the MindBridge team knows what it takes to deliver this type of change within your organization. We have developed best practices and have helped a wide range of firms adopt and see value from a data-driven auditing process. From identifying the right resources, to planning the project implementation, to managing the communication and training requirements, the MindBridge team is here to lead, support, and provide guidance every step of the way.

Ready to get started? [Let's dive in.](#)

## SECTION 2:

# Exploring assertion-based risk scoring

## The power behind our Ensemble AI engine

Before we get into how you can use MindBridge's AI solution to complement your methodologies, let's discuss how the platform is engineered to deliver best-in-class risk scoring to support audit best practices and standards.

## What is risk scoring in MindBridge all about?

When you import financial data into MindBridge, the platform will analyze all transactions and then automatically assign risk scores to each. MindBridge uses a best-practice learning approach called Ensemble AI simultaneously compares your data against different combinations of rules-based tests, statistical methods, and machine learning techniques.

Having access to these risk scores at both a transactional and an aggregated level gives you quick visual insight into what might be amiss across the financial data. This combination of risk scoring and visualizations gives you valuable data points to use when determining where to look and what to test.

## Discovering the various control points at play

MindBridge clearly communicates which control points have triggered for each transaction, making it easy to understand why a transaction has been flagged as high risk. This is just one example of MindBridge's commitment to explainable AI. Here are some examples of those control points:

### **Rare Flow**

Highlights unusual ways in which money is flowing between accounts in the ledger.

### **Outlier Anomaly**

Highlights transactions that have an unusual combination of date, amount, nominal account, and monetary flow.

**2 Digit Benford**

Checks that transactions follow the distribution of digits as defined by Benford's Law.

**Manual Entry**

Highlights transactions that are entered manually into the accounting software.

**Unusual Amount**

Highlights transaction values that are unusual for a particular account.

**Expert Score**

Transactions that contain characteristics identified by domain experts as being risky.

### Adjusting control points to suit your firm

As mentioned earlier, you'll always have the ability to add or remove control points to or from specific assertions and custom risk scores. You can also adjust the weight of a specific control point up or down, redefining its value within the analysis and overall scoring. You can even use custom ensembles with our control point tests to create unique procedures or prospectives.

MindBridge facilitates documentation and exports the needed documentation for your workpapers that includes explanation for default changes such as control point weights.

## SECTION 3:

# Integrating MindBridge into your audit methodology

## A step towards a data-driven audit approach

Now that you have a better understanding of how MindBridge works, let's explore how it can support you throughout the audit cycle. Below we'll examine a few audit procedures in which AI auditing technology can be used most efficiently.

### What does implementing MindBridge look like?

Much of what we do at MindBridge aims to support your existing workflows. After all, we want your team's transition to a data-driven audit approach to feel seamless. This will require some time and training, but we will guide you through our proven deployment and adoption framework to help you manage the change across your firm.

Your team will find many intuitive features that are built to mimic your processes and drive higher levels of efficiency. This includes everything from building an audit plan and executing specific procedures and analysis, to delivering a comprehensive summary of findings.

Keep in mind, you don't need to execute all these procedures when first starting out with MindBridge. The examples below are meant to highlight the many ways in which MindBridge can support your methodologies. Company-wide adoption may require a phased approach, depending on firm size, and our team has the experience to provide recommendations, guidance and support right from the start.

### Setting up the audit strategy and plan

During the planning stage, your auditors are developing an understanding of the client, identifying key audit objectives, retrieving relevant financial information, and conducting preliminary risk assessments of material misstatement.

Using MindBridge, you can import client data from any accounting solution and get to work on identifying risks. The platform offers risk-ranked scoring for each transaction to give you a holistic and detailed understanding of the client's financial operations and performance.

From the audit-centric dashboard, you then can slice and dice data from the ledger or sub-ledger by filtering results by account, branch, program, type of transaction, time, monetary value, and more. It's then up to the auditor to decide if any flagged risks or anomalies are worth investigating further.

### **PROCEDURE** Account Balance Analysis

During the planning process, you can use MindBridge to get an understanding of the account balances, which may contain a risk of material misstatement at the assertion level. Here are a few features that can support you in this task:

- Review period-over-period or year-over-year changes and risk scoring for each financial statement line item in your balance sheet and income statement.
- Develop, challenge, or confirm expectations of current year results based on prior year trends.
- View monthly performance over a 5-year period and compare performance between accounts.
- Review particular account balance elements from a risk, transaction type, or business process perspective.
- Filter all risks for specific account balances to view the following:
  - The number and value of transactions in high, medium, and low risk
  - The volume and distribution of triggered control points within the populations
  - When MindBridge recognizes the transactions over time
  - What specific accounts make up the account balance
  - What transaction types are being posted into this account balance, sorted by total value and average risk
- Create or review ratios to compare the various account balances' performance and closing balances.

- Investigate identified fluctuations or relationships which are inconsistent with other relevant information or that differ from expected values by a significant amount.
- Annotate any visualization or table to note observations for follow up or record keeping.
- Export all annotated graphs, comments, and summary data from a single place to support your audit.
- Use the general ledger line-item risk assessment to find additional information and assist in planning the interview process.
- Access the sum of average risk by account or month and review all color-formatted data for a quick visual of results.

#### **PROCEDURE** Class of Transaction Analysis

The class of transaction analysis allows you to understand what processes have led to the numbers in the financial statements (i.e., sales invoices, purchase payments, payroll, etc.). Combining these views with the risk scores from MindBridge, you can perform a more detailed risk assessment. Here are a few ways that MindBridge supports you in this task:

- Understand what transaction types are making up the key classes of transactions, or what nominal accounts key transaction types are impacting.
- Filter risk results for the class of transaction in question and view the following:
  - The number and value of transactions in high, medium, and low risk
  - When the transactions are being recognized over time
  - Which specific accounts the class of transactions are impacting
  - Which users are posting the class of transactions
  - Which transaction types specific users are posting

- Which transaction types are being posted into an account balance, sorted by total value and average risk
- Use the financial trend analysis to assess the impact that particular transaction types have on account balances.

### **PROCEDURE** Key Business Segment Analysis

The key business segment analysis gives you visibility into macro-level trends within the business and helps identify potential control weaknesses (either through unusual levels of profit or unusual profiles of transactions being posted).

- Use the dynamic risk segmentation to view which key business segments (i.e., business unit, cost center, department, etc.) are impacting the financial statements and what their average risk is.
- Browse the risk overview for the key business segment in question and view the following:
  - The number and value of transactions in high, medium, and low risk
  - When the transactions are being recognized over time
  - Which specific accounts make up the account balance
  - Which transaction types are being posted into this account balance, by total value and average risk

### **Taking fieldwork and analysis further**

During the fieldwork phase of the audit, your auditors can address the risks assessed during the planning phase using a mix of analytical procedures, substantive testing, and/or control testing. Using MindBridge, your team can become more efficient and effective in handling the various assessments and procedures.

## **PROCEDURE** Sampling for Tests of Details

Using MindBridge, you can take a risk-based approach to sampling, gaining a greater level of assurance over the data. MindBridge makes it easy to export a filtered audit plan to Excel for follow-up evaluation.

You can also create a random or risk stratified sample when testing for occurrence, classification, accuracy, or valuation assertions. This can include expenditure testing, purchase invoice testing, additions to capital assets, and detailed revenue testing as examples.

- Investigate details of specific transactions or entry line items and create samples across any filtered subset of the general ledger.
- Filter the data to a specific population of transactions or entries. Select specific transactions or entries to add to the audit plan for follow up or create a risk stratified or random sample.

## **PROCEDURE** Analytical Procedures

With MindBridge, you can evaluate financial information by studying plausible relationships between financial and non-financial data. Easy-to-understand visualizations help you to quickly interpret the monthly financial performance of account balances, classes of transactions, or key business segments.

Illustrative analytical procedures that are carried out using MindBridge could include:

- Reviewing gross margin trends over time.
- Comparing sales to accounts receivable over time.
- Comparing interest expenses to long term debt over time.

## PROCEDURE Revenue Recognition

One example where you can use MindBridge for sample selection and analytical procedures on a particular account balance is for revenue recognition. Here are some example procedures to evaluate the revenue recognition process during the financial statement audit:

- Review the monthly performance of classes of transactions and account balances.
- Navigate trends and ratios to see how the company is performing relative to previous years, quarters, and months.
- Create trends analysis reports by selecting various filters and add annotations as you go.
- Investigate details of specific transactions or entry line items and create risk stratified samples from any filtered subset of the general ledger.
- Filter the data to a specific population of transactions or entries. Select specific transactions or entries for follow up or select a risk stratified sample by leveraging the Intelligent Sampler.
- Look at the different document types that you expect to impact revenue. For instance, filter the risk overview for sales invoices to understand what accounts those sales invoices are impacting and how uniform they are as a whole.

## PROCEDURE Fraud & Management Override of Controls Testing

Management is in a unique position to perpetrate fraud; by overriding controls that otherwise appear to be operating effectively, management can manipulate accounting records and prepare fraudulent financial statements. Following are example procedures to evaluate the risk of Management Override of Controls during the financial statement audit process, including usage of MindBridge.

- Select a sample of high risk manual journals or miscellaneous payments for testing.
- Investigate details of specific transactions or entry line items and create risk stratified samples from any filtered subset of the general ledger.

- Filter the data to a specific population of transactions or entries. Auditors can select specific transactions or entries to add to their audit plan for follow up.

### **PROCEDURE** Going Concern Analysis

By doing all the heavy lifting for you, MindBridge enhances auditors' ability to assess the going concern status of an entity through a combination of analytical procedures and review of post-year-end risky transactions. This approach follows the details laid out for analytical procedures and account balances in the planning stage of the audit, with a particular focus on working capital balances and post year end transactions.

### **Pulling it all together for audit completion**

Throughout the audit process, there may be information worth communicating to the client or insights that could add value to your conversations. Using MindBridge, you can easily extract critical information and summarize it all in your reports.

### **PROCEDURE** Value-Added Reporting

Auditors can add insights and value to their engagement through robust reporting, including:

- Adding detail to your documentation by exporting all annotations, including visuals, data, and comments from your analysis.
- Provide your client with a summary of riskier transactions through the editable Summary of Transactional Risk Report. This report can be exported to PDF for ease of sharing.
- Use existing templates to quickly produce financial statement analysis and transactional risk assessment reports.

## SECTION 4:

# Customizing MindBridge to suit your processes

## A user experience tailored to your business

Your business and the way in which you operate are unique, and so are your clients. So now that you have a better idea of how MindBridge works and how you can leverage AI within your methodologies, there's something else worth mentioning: you're always free to set parameters, make custom adjustments, and decide what's best for your audit engagement and team.

## How does MindBridge support your audit workflows?

Our in-house Certified and Chartered Accountants know that it's important to curate the experience within MindBridge to accommodate your methodologies and ways of working. And that includes giving you the power to select and adjust the controls and feature areas that suit your audit procedures.

With these added layers of granularity, you can ease your team's transition to the MindBridge audit approach while still staying true to your business operations and quality control.

## Customizations available

Here are some examples of ways that your firm can customize MindBridge:

- **Controlled access to features** – Partners or senior managers can control the access to all capabilities within the platform. This means users will only see the necessary functionality for a specific audit task. This also ensures consistency and control when leveraging AI within your audit approach.
- **Full scope of financial accounts** – An auditor can profile financial statement accounts that are quantitatively material or not. This allows them to scope their analysis and examine the financial results through the lens of what matters.

- **Account summary report templates** – Audit teams can generate report templates that incorporate specific graphs, visualizations, and metrics from the audit engagement. These are automatically populated for material and significant accounts, allowing for a more standardized summary of evidence.

### Adapting data security controls

There's no question about it: built-in privacy and cybersecurity are a must these days. Using MindBridge, senior auditors or administrators can assign user privileges to control access to client data and segregate client engagements for specific user groups. This ensures only those who are assigned to specific engagement can securely access the client's information.

MindBridge anticipates and meets the highest standards of quality and ethics. The product has been accredited by Holistic AI, a world leading expert in AI methods, for assurance of best standards, governance and conformity. MindBridge is a ISO27001:2013, ISO27017:2015, and ISO27018:2019–certified secure platform, and has completed SOC 2® Type 2 and SOC 3® attestations.

**SOC 2 Type 2,  
SOC 3 Certified**



**ISO 27001  
Certified**



**ISO 27017  
Certified**



**ISO 27018  
Certified**



**World leading AI  
audit by**



## Unlocking opportunity beyond the typical audit

AI is impacting the world around us in big ways. As this technology continues to evolve at break-neck speeds, auditing firms that have already taken the plunge and implemented a tech-driven audit approach will see the greatest returns.

AI technology is not only transforming how auditors are helping clients assess financial risks and pinpoint valuable insights. It's also creating an opportunity for auditing firms to look beyond traditional one-off or annual audits to offer continuous risk assessment all year long.

Catching financial errors too late can cost a client a lot of money and affect their reputation. Using AI auditing technology, auditing firms can offer a more proactive monthly or quarterly risk analysis check-in to help clients stay on top of financial errors or fraud. They can also build their reputation as a service-oriented auditing firm who strives to deliver greater value to clients.

Can you keep conducting audits without AI technology? Sure. But ask yourself this: when the technology exists to boost your team's efficiency, enhance existing audit methodologies, and drive more value to your clients — why would you want to?

If you're ready to implement the MindBridge audit approach, contact our team at [info@mindbridge.ai](mailto:info@mindbridge.ai). We'll be happy to schedule a product demonstration or get you started on your path to leveraging the power of AI.