Artificial Intelligence (AI), Audit Quality, and the Future of Professional Judgment: Policy and Governance Challenges in Auditing - A Systematic Literature Review

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Abstract

The integration of artificial intelligence (AI) into auditing has created a paradigm shift, presenting both unprecedented opportunities to enhance audit quality and significant policy challenges that threaten the foundations of professional judgment. This systematic literature review analyzes 58 peer-reviewed articles published between 2021 and 2026 to synthesize the current landscape of AI in auditing and identify the primary policy challenges confronting the profession. Our analysis reveals a fundamental tension between the automation of audit tasks and the preservation of professional skepticism and judgment. Key themes emerging from the literature include the paradox of professional judgment in an automated environment, the double-edged sword of AI in enhancing audit quality while introducing new risks, the critical need for transparency and explainability in AI systems, the pervasive threat of algorithmic bias, and the significant gaps in regulatory frameworks and professional standards. The findings indicate that while AI offers powerful tools for data analysis, fraud detection, and risk assessment, its adoption is hampered by a complex web of ethical, technical, and organizational barriers. The primary policy challenges identified include regulatory lag, the erosion of professional identity, new quality assurance demands, evolving competency standards, the need for robust ethical frameworks, unresolved liability issues, and a lack of standardization. This review concludes that the auditing profession is at a critical juncture, requiring a concerted effort from regulators, standard-setters, firms, and educators to navigate the transformative impact of AI. I propose a research agenda focused on the long-term effects of AI on professional judgment, the effectiveness of governance models, and the development of new audit methodologies that effectively integrate human and machine intelligence.

Keywords

Artificial Intelligence, Auditing, Audit Quality, Professional Judgment, Policy Challenges, Systematic Literature Review, Explainable AI, Algorithmic Bias.

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Conflict of Interest Statement

The author declares no conflicts of interest.

Data Availability Statement

All data used in this study are publicly available from Scopus, Web of Services, ERIC, Google Scholar, etc. databases. Analysis code and processed data files are available from the author upon request.