

Agentic Artificial Intelligence (AI): Shaping the Future of Accounting and Auditing

Accounting and auditing, once rooted in meticulous manual processes, are undergoing an unprecedented transformation. This shift is not just about automation—it is about autonomy, intelligence, and the rise of a new technological paradigm: Agentic Artificial Intelligence (AI). As the finance industry faces growing complexity and demands for real-time insights, agentic AI emerges as a catalyst for reshaping how accountants and auditors operate. Rather than replacing human expertise, agentic AI is augmenting professional capabilities, enhancing accuracy, efficiency, and strategic decision-making. It's not a question of if the profession will change—it's a matter of how quickly we adapt.

What Is Agentic AI?

Unlike traditional automation that follows fixed rules or machine learning that relies on historical data to make predictions, Agentic AI can think and act more like a human. It understands natural language, sets its own goals, makes decisions based on the situation, and learns from experience—without needing step-by-step instructions. Where basic AI tools help with tasks, Agentic AI takes charge of entire workflows. In simpler terms, Agentic AI behaves like a self-directed digital agent, capable of performing and managing entire processes—whether that's month-end closing or a continuous audit cycle—with minimal supervision.

How Agentic AI Functions

Agentic AI systems are built upon multiple interconnected technologies, which together give them the ability to think, act, and adapt:

- 1) **Natural Language Processing (NLP)** - This allows professionals to communicate with AI agents using plain language commands. For example, a CFO might say, "Prepare a variance analysis between Q1 and Q2 operating expenses," and the AI interprets and executes that command without the need for coding or scripting.
- 2) **Knowledge Representation** - Agentic AI integrates accounting standards (like IFRS or GAAP), audit

methodologies, and tax rules into its knowledge base. This allows it to make decisions in context - ensuring, for instance, that journal entries comply with relevant policies or that tax returns reflect current regulatory updates.

- 3) **Reasoning and Planning** - Unlike static automation scripts, Agentic AI can break down tasks into logical sequences. If asked to "finalize the year-end closing," it will identify the necessary steps (e.g., accrual adjustments, reconciliations, provisioning), plan them, and execute in the correct order.
- 4) **Execution Capability** - Agentic systems directly interface with accounting software, ERPs, document repositories, and communication tools. They can post entries, extract data from emails, trigger notifications, and even draft responses or reports.
- 5) **Self-Learning and Adaptation** - Perhaps most transformative is the AI's ability to learn. When it encounters new invoice formats, approval routes, or financial anomalies, it updates its internal model and applies improved logic in future instances—resulting in continuously optimized performance.

Practical Applications of Agentic AI

The versatility of Agentic AI extends across the financial function. Some of the most promising use cases include:

- 1) **Bookkeeping Automation:** Agentic AI handles tasks such as transaction entry, categorization, and account reconciliation. This reduces errors and frees professionals for more analytical work.
- 2) **Financial Reporting:** It can prepare accurate financial statements and flag anomalies or risks, enabling faster, data-backed business decisions.



Alia Noor, FCMA
Associate Partner,
Ahmad Alagbari Chartered
Accountants, U.A.E

- 3) **Tax Compliance:** From data gathering to filing returns, the AI ensures timely and compliant tax processes, while staying updated with rule changes.
- 4) **Continuous Auditing:** Instead of periodic reviews, Agentic AI enables real-time monitoring of transactions and internal controls, flagging issues as they arise.
- 5) **Audit Evidence Collection:** The AI pulls required documentation from emails, systems, and logs without manual request lists or follow-ups.
- 6) **Fraud and Risk Analysis:** By analyzing patterns across large datasets, Agentic AI can uncover potential fraud indicators or policy violations that might escape human notice.
- 7) **Client Advisory Services:** With routine work handled by AI, accountants can offer deeper insights and tailored recommendations, using AI-generated data summaries and forecasts.
- 8) **Due Diligence Support:** In mergers and acquisitions, AI agents quickly assess financial and operational risks by scanning large volumes of documents and metrics.

Who's Leading the Adoption?

While widespread implementation is still maturing, the momentum is clear:

- Big Four firms are developing proprietary agentic systems for continuous auditing, dynamic risk assessments, and smart tax engines.
- Startups and fintechs are creating modular AI agents that integrate with accounting platforms like Xero, QuickBooks, and SAP.
- Corporations are exploring agentic tools in internal finance functions—particularly in shared service centers and global reporting teams.

In most cases, these are hybrid implementations—where humans oversee and validate AI outputs. But as trust grows and performance improves, autonomy is gradually increasing.

Challenges and Considerations

Despite its potential, the path to agentic AI is not without hurdles:

- 1) **Data Quality and Integration:** AI is only as good as the data it receives. Many organizations still struggle with fragmented systems, inconsistent coding practices, and incomplete datasets.
- 2) **Explainability and Trust:** Professionals and regulators need to understand how decisions are

made. Black-box AI models that can't explain their logic face skepticism—especially in regulated industries.

- 3) **Cybersecurity and Privacy:** Agentic AI handles sensitive data—from payroll to audit trails. Ensuring data protection, encryption, and access control is non-negotiable.
- 4) **Evolving Regulations:** Jurisdictions worldwide are still shaping laws on AI use in financial decision-making. Compliance with both financial and data governance regulations must be maintained.
- 5) **Skills Gap:** Finance professionals need to understand how to interpret AI outputs, validate algorithms, and manage exceptions. Upskilling is crucial to bridge this gap.
- 6) **Cost and Change Management:** Initial implementation can be resource-intensive. Organizations need to demonstrate ROI and manage cultural resistance to change.

A New Role for Accountants and Auditors

Rather than being replaced, professionals will be redefined. The future accountant is not a bookkeeper but a strategist—someone who validates AI outputs, interprets complex data relationships, ensures ethical compliance, and translates insights into business value.

Auditors will become continuous assurance professionals, leveraging AI for deeper, real-time coverage and shifting their focus to judgment, stakeholder engagement, and regulatory liaison.

Agentic AI marks a revolutionary point in the evolution of accounting and auditing. It brings speed, scale, and intelligence to tasks that were once repetitive and manual. While the road to full adoption requires careful planning, ethical considerations, and technical readiness, the destination promises immense value.

Those who embrace agentic AI early—integrating it thoughtfully into processes and teams—will lead the future of the profession. In this future, man and machine work in harmony: AI drives the tasks, and humans drive the strategy.

About the Author: *Alia Noor is an Associate Partner at Ahmad Alagbari Chartered Accountants and also holds the position of Director VAT in the LEA Consultant & Director Program at Alif Technologies. She has been associated with EY and Unilever Pakistan for external and internal audits. She is the founder and owner of "xpertsleague" a free learning platform. She holds professional qualifications, FCMA, CIMA, and MBA along with Certifications in Oxford Fintech Program, Digital Mindset, COSO Enterprise Risk Management, COSO Internal control, and GCC VAT Diploma.*