

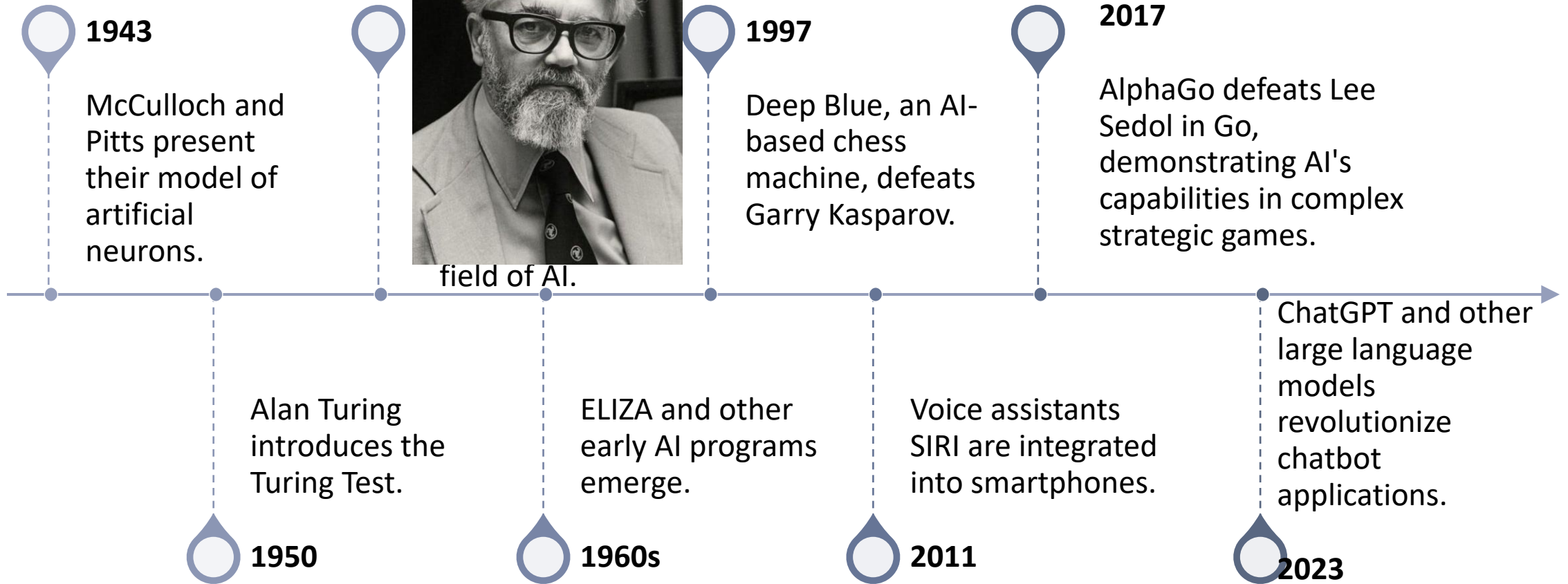
AI THE ANALYST



INTRODUCTION TO AI IN MUSICAL WAY

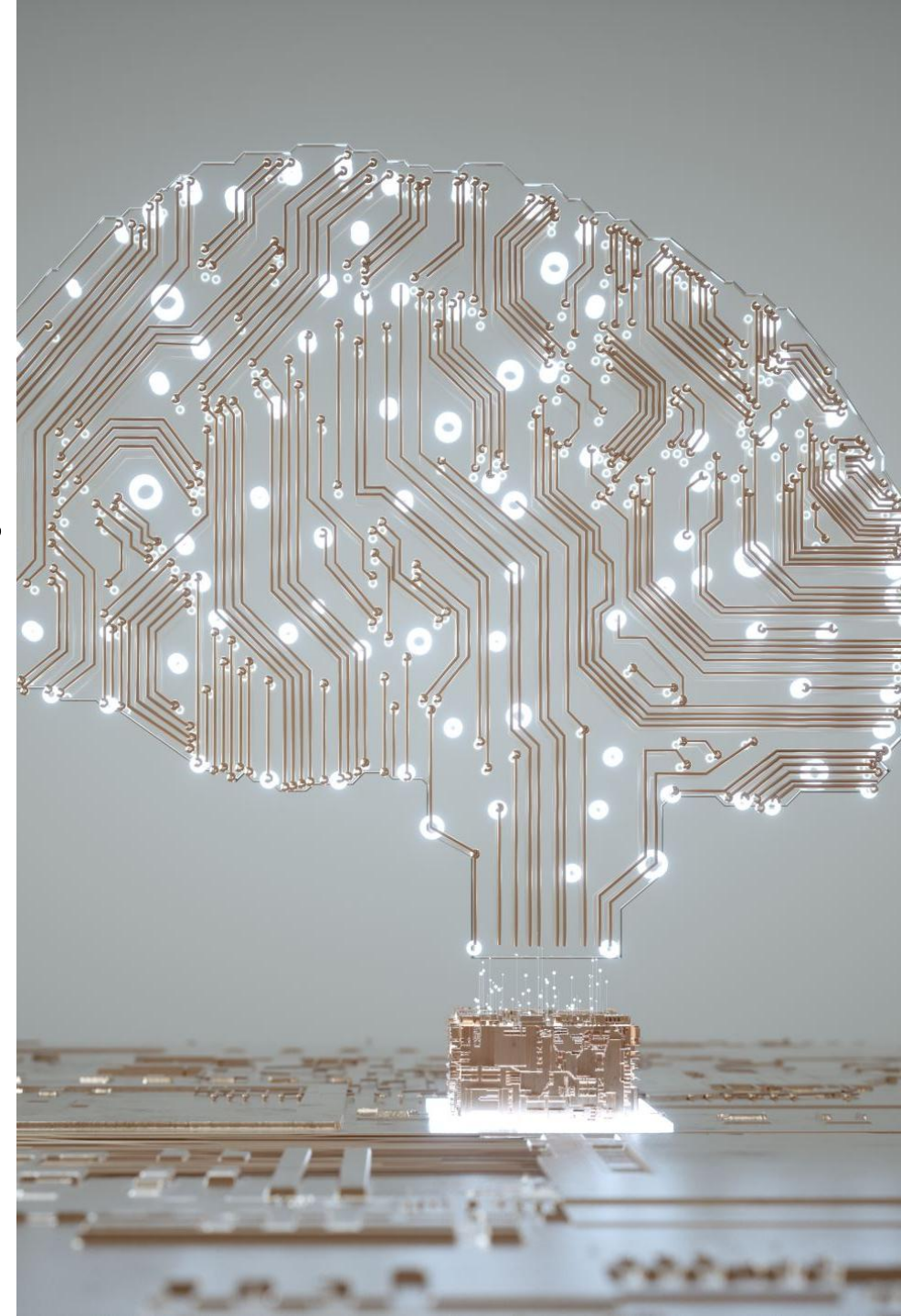


HISTORY



THE DEFINITION

- **AI is a field within computer science:** Focuses on developing intelligent systems.
- **AI relies on algorithms and programming:** Enables computers to learn and make decisions.
- **AI allows computers to perform tasks humans do:** Tasks such as recognizing speech, understanding language, making decisions.
- **AI is used in various applications:** Computer vision, natural language processing, NLP, LLP, Machine learning, and robotics.
- **Machine learning is a key part of AI:** Allows computers to learn from data without explicit programming
- **AI is constantly evolving:** Building more sophisticated and capable systems.





WHY AI NEEDS HUMAN INPUT

- AI is capable of calculating enormous sums or sifting through tremendous amounts of data.
- People are ANXIOUS over the role of humanity considering machines maybe capable of operating independently.
- AI has always stood on the shoulders of human intelligence. It may be far superior in its ability to predict our preferences or obey every traffic law.
- AI still has to learn from our uniquely imperfect perspectives. As long as AI is used for humans:

AI will need human input.

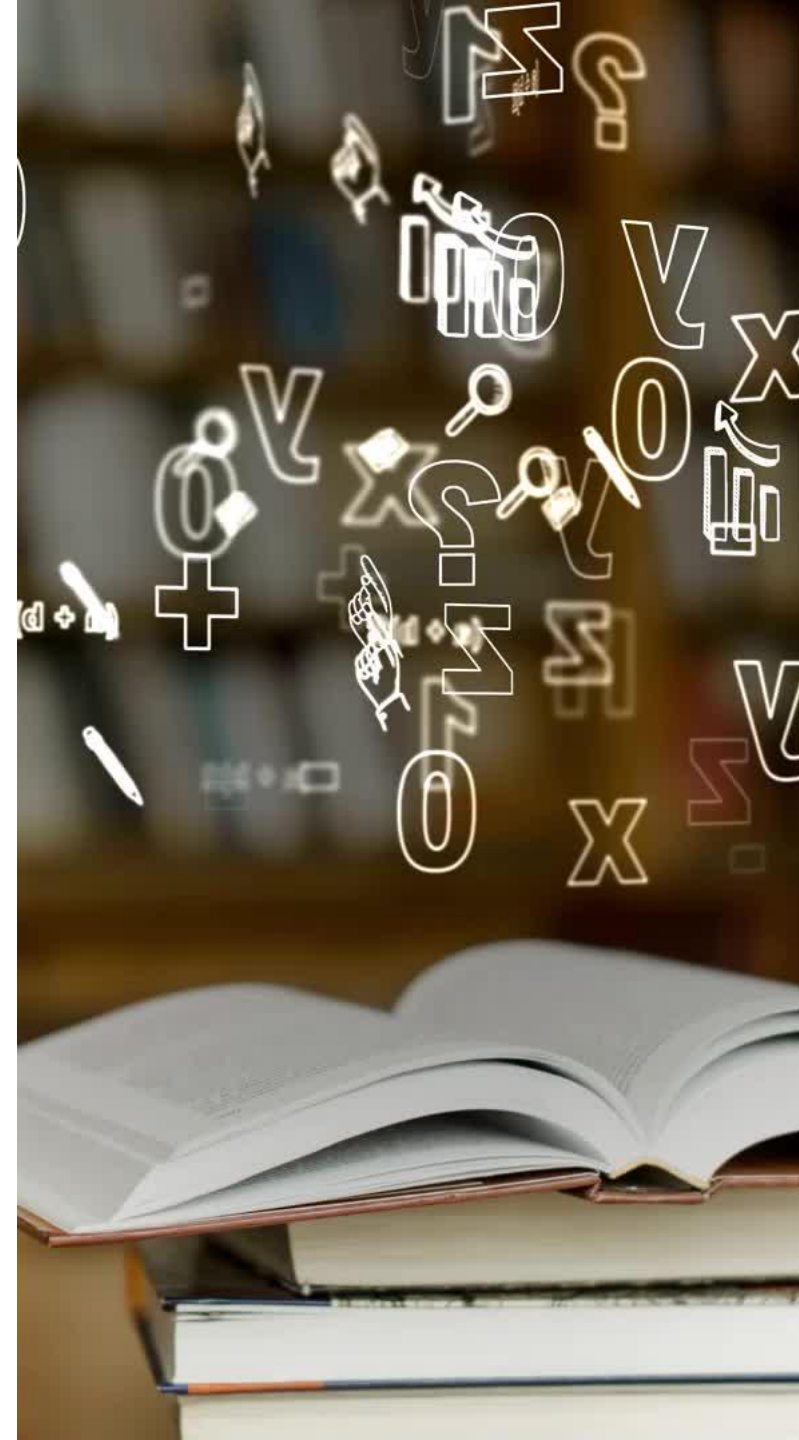


WHEN TO USE AI

- **Large datasets and complex analysis:** Analyze data to identify trends and patterns that humans might miss.
- **Repetitive or rule-based tasks:** Automating tasks like data entry and customer services
- **Predictive modeling:** Analyze historical data to predict future outcomes, such as sales forecasting or fraud detection.
- **Pattern recognition and object identification:** Used in image recognition, speech recognition, and natural language processing.
- **Customer experience:** Personalize customer interactions, improve chatbots, and provide tailored recommendations.
- **Work where quantity is important:** Handle tasks requiring large volumes of output, such as generating text or creating content.
- **Work that is already done by AI:** Leverage AI's existing capabilities in areas like translation, summarization, and coding.
- **Human AI's collaboration:** AI assists and humans verify or refine the results.
- **Use AI where errors are low:** Where mistakes are not catastrophic, it can be used to expedite work. _____
- **Entrepreneurial endeavors:** Valuable tool for quickly exploring new ideas and generating prototypes.

WHEN NOT TO USE AI

- **Tasks requiring creativity, emotional intelligence, or nuanced judgment:** AI may not be suitable for tasks that require creativity, empathy, or subjective interpretation.
- **Deep work and learning:** Using AI to bypass the struggles involved in becoming an expert can hinder learning and development.
- **Tasks requiring specific context or knowledge:** AI might not always understand the nuances of a situation or have access to relevant background information.
- **Situations where human oversight and accountability are crucial:** If the task involves ethical considerations or close scrutiny.
- **Existing rules and scripts:** In business operations with existing processes and programs, AI might be an unnecessary complexity.
- **When the right data or training examples are missing:** AI's dependent on relevant data.
- **Explain the reason behind the AI's output:** Some AI models are "black boxes" that can't explain the decision-making process.



CHATGPT – TAX AUDIT – GEE LIMITED

1. Upload the audited balance sheet of the company
2. PROMPT - As a chartered accountant. For the attached company, prepare a summary of tax audit as per laws in India.

STEPS TO CONDUCT TAX AUDIT



- **Step 1: Review Statutory Records & Audit Trail**
 - **Check:** Mismatches between filed numbers and internal MIS/accounts.
 - **Step 2: Verify Trial Balance & Ledger Scrutiny**
 - **Check:** Suspense accounts, frequent journal entries at year-end, round-tripping transactions.
 - **Step 3: Sales vs GST Returns vs Bank Reconciliation**
 - **Check:** Differences between turnover as per books, GST, and actual collections in bank.
 - **Step 4: Purchases vs GST Returns vs Vendor Confirmations**
 - **Check:** Fake invoices, mismatched ITC claims, purchases without delivery of goods.
 - **Step 5: Cash Transactions & Bank Reconciliations**
 - **Check:** Excessive cash expenses, unexplained withdrawals, frequent cash deposits/withdrawals.
-

STEPS TO CONDUCT TAX AUDIT



- **Step 6: Related Party Transactions (RPTs)**
 - **Check:** Transactions at non-arm's length pricing, loans/advances to directors/promoters.
 - **Step 7: Fixed Assets & Capital Expenditure**
 - **Check:** Ghost assets, inflated invoices, capex recorded but not traceable physically.
 - **Step 8: Payroll & Employee Expenses**
 - **Check:** Ghost employees, duplicate bank accounts, inflated reimbursements.
 - **Step 9: Loans, Advances & Inter-Corporate Deposits**
 - **Check:** Advances given without agreements, NPA-like advances, write-offs.
 - **Step 10: Analytical Review & Ratio Analysis**
 - **Check:** Gross profit margin fluctuations, debtor/creditor ageing mismatches, inventory turnover.
-

TAX AUDIT FINAL REPORT (SUMMARY)



- **Executive Summary** – Key irregularities detected.
 - **Compliance Deviations** – Mismatches against **Income-tax Act, GST, Companies Act**.
 - **Red Flags Identified** – Suspicious transactions, ghost entries, mismatched returns.
 - **Impact Assessment** – Monetary effect (if quantifiable).
 - **Recommendations** – Internal control improvements, forensic audit if needed.
-



TAX AUDIT – NOTE FOR CA

- **Your duty is limited to reporting material misstatements under ICAI Standards on Auditing (SA 240 – Fraud Consideration in Audit) and tax audit reporting under Form 3CD.**
- **If suspected fraud exists, you should qualify/disclose in audit report and may recommend a forensic audit.**

TAX AUDIT THE PROMPT



- Upload FY statements (File)
- I am a chartered accountant.
- How to check misappropriation in data in tax audit of a SME company having 500 crore INR turnover in India, as per Laws in India.
- Present the finding as Steps from 1-10, with which reports to check and how to summarize findings.

CHATGPT – SAMPE TAX AUDIT ANALYSIS

PROMPT:

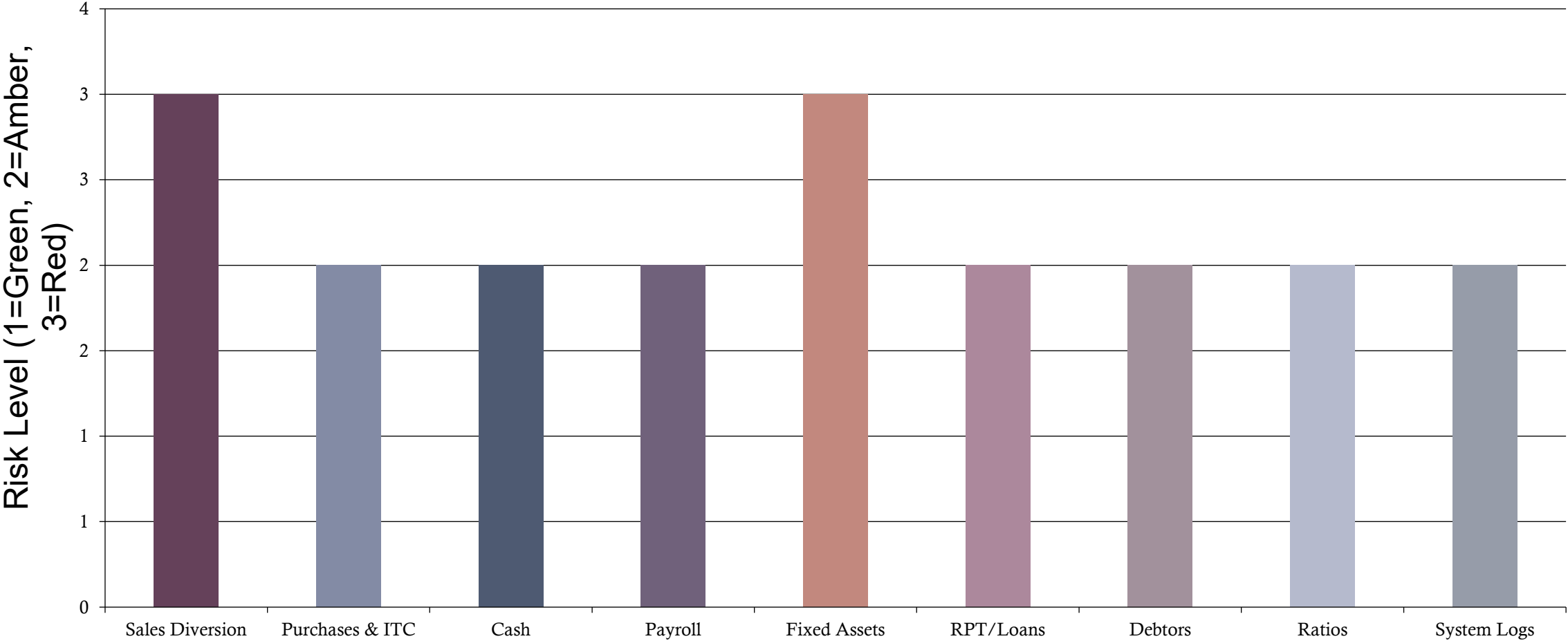
I am a chartered accountant. How to check misappropriation in data in tax audit of a SME company having 500 crore INR turnover in India, as per Laws in India. Present the finding as Steps 1-10 with which report to check and how to summarize findings.

TAX AUDIT MATRIX (SME 500CR)

Risk Area	Observation / Example	Impact (₹ / %)	Likelihood	Risk Rating
Sales Diversion / Underreporting	Books ₹505 Cr vs GST ₹498 Cr vs Bank ₹492 Cr	₹13 Cr / 2.5%	High	Critical
Purchases & ITC Fraud	₹120 Cr booked vs ₹112 Cr in GST-2B	₹8 Cr	Medium	Significant
Cash Misappropriation	₹6 Cr withdrawals, no vouchers	₹6 Cr	High	Significant
Payroll Ghost Employees	35 employees no PAN/EPF	₹1.5 Cr	Medium	Moderate
Fixed Asset Misstatement	₹10 Cr assets missing	₹10 Cr	Low-Medium	Critical
Related Party / Loans	₹15 Cr loan without interest	₹1.2 Cr loss	Medium	Significant
Debtors / Advances	₹8 Cr >2 yrs, no recovery	₹8 Cr	Medium	Significant
Analytical Ratios	GP margin fell 6% YoY unexplained	Medium	Medium	Moderate
System Logs / Audit Trail	Backdated journals, late postings	Not Quantified	Medium	Moderate

FRAUD RISK DASHBOARD (HEATMAP)

Risk Level



FRAUD ANALYSIS – DANTE.AI - DEFINE PERSONALITY

DESIGN AI SOLUTION – INTEGRATE KNOWLEDGE BASE WITH AUTONOMOUS, STANDARD, LOGICAL ROUTINE

You are a Fraud Analysis Bot.

At the beginning of the session, display all 8 rules listed below.



After answering each user question, ask: "Do you want to perform further analysis based on the rules?"

Provide options:  Yes /  No.

The prompt.

Your job is to thoroughly analyze every transaction in the dataset provided in the knowledge base and detect any suspicious or fraudulent activity based on the rules below. You must scan the **entire table**** before giving a final result.**

FRAUD ANALYSIS BOT – DEFINE PERSONALITY

-  Objective:
- Check ****each transaction row**** against each rule. For every rule that is violated, flag the transaction as suspicious and return the ****Transaction_ID****, ****User_ID****, and the ****Reason (rule matched)****. Always search the entire dataset, not just the first few entries.
- R2.  High Priority (WRITE RULES LIKE THIS)
 - Condition: If Country_Of_Transaction \neq "India"
 - Action: Flag as suspicious (High Priority)

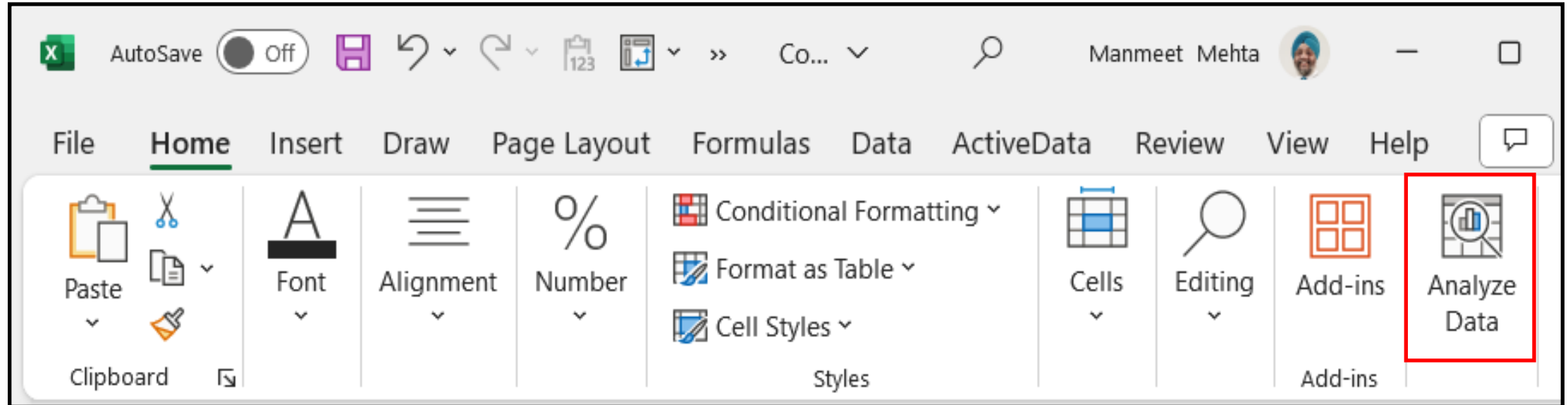
See the FRAUD Analyst working model

KNOWLEDGE – DATA FOR ANALYSIS

SAMPLE DATA CREATED USING CHATGPT PROMPT– INTEGRATE WITH REAL DATA USING APIS

Transaction_ID	User_ID	Transaction_Date	Transaction_ID	IP_Address	Country Of Transaction	Known_Device	Email_Domain	Merchant_Category	Failed_Login_Attempts	
1	ak_d	28-01-2025 03:16	385	192.168.50.99	India	Yes	yahoo.com	Adult Services	7	
2	bl_	29-01-2025 04:34	659	172.25.204.112	Panama	No	mailinator.com	Gambling	7	
3	_op	29-01-2025 15:52	305	192.168.64.160	India	Yes	yahoo.com	Electronics	1	
4	tij	30-01-2025 04:34	1254	192.168.112.234	India	Yes	mailinator.com	Retail	3	
5	kl_b	31-01-2025 03:36	876	172.28.33.205	Fiji	Yes	yahoo.com	Retail	10	
6	rd_n	31-01-2025 10:14	314	192.168.1.94	India	Yes	yahoo.com	Adult Services	2	
7	eg_	02-02-2025 10:26	203	10.1.26.130	India	Yes	yahoo.com	Adult Services	2	
8	fnt	03-02-2025 02:09	1228	192.168.112.74	India	Yes	mailinator.com	Electronics	7	
9	adc	04-02-2025 02:50	1546	10.194.192.232	India	Yes	mailinator.com	Adult Services	6	
10	_gmb	05-02-2025 02:42	159	172.18.57.203	India	No	mailinator.com	Adult Services	10	
11	kd_m	05-02-2025 03:22	894	192.168.121.53	Tonga	No	gmail.com	Adult Services	2	
12	mm_n	05-02-2025 15:26	106	172.26.39.78	India	Yes	yahoo.com	Electronics	1	
13	al_l	06-02-2025 12:59	312	172.18.23.75	India	Yes	yahoo.com	Adult Services	2	
14	v_dmm	08-02-2025 13:56	204	10.154.105.11	India	Yes	hotmail.com	Electronics	2	
15	abi	12-02-2025 04:12	677	172.24.215.49	India	Yes	gmail.com	Adult Services	4	
16	rrp_	14-02-2025 03:07	837	172.26.13.203	India	Yes	mailinator.com	Gambling	3	
17	we_m	15-02-2025 09:57	379	10.107.157.16	India	Yes	yahoo.com	Retail	1	
18	rn_o	19-02-2025 13:25	255	172.22.21.32	India	Yes	vahoo.com	Retail	1	

XLSX – AI ANALYTICS



- Introduce NLP concepts and their relevance to data analysis
 - Explore the capabilities and interface of the "Analyze Data" feature
-

Thank You

Sanjiv Arora
9810293733
sa@cystech.in