White Paper #5

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PROMPTING FOR AUDIT

Why Unstructured AI Prompts Are the Biggest Quality Risk Your Function Has Not Yet Identified



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Prompting for Audit

Why Unstructured AI Prompts Are the Biggest Quality Risk Your Function Has Not Yet Identified

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A Five-Part Structure for Audit Prompts | Efficient Advice
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WHO THIS WHITE PAPER IS FOR

Internal auditors at all levels who use AI tools to assist with audit tasks, from drafting risk assessments and audit findings to report writing and research. Also, for CAEs and Audit Managers responsible for the quality of AI-assisted work products and for staff who believe they are already prompting effectively but have never used a structured prompting standard.

Executive Summary

The prompt is the only input the AI has to work with. Everything it produces flows from that single instruction. An auditor who prompts without structure gets output without reliability. An auditor who uses a structured, ***five-part prompt*** is more likely to get output that is jurisdictionally grounded, professionally bounded, and structurally sound enough to survive a five-step validation process.

This white paper establishes why prompt quality is an audit quality issue; not a technology issue, not a convenience issue, and not a skill that individual auditors should develop idiosyncratically through personal experimentation. It then introduces a five-part, audit-specific prompt structure that any internal auditor can apply, regardless of their technical background.

This paper's position: many AI output quality problems in internal audit workpapers originate in the prompt rather than in the AI model's limitations. They trace to prompts that give the AI no Task boundary, no Reality context, no Actionable scope, no Compliance constraint, and no Evidence format requirement. The AI fills those gaps with its own defaults. Those defaults can produce *Fabrication*, *Confabulation*, *Certainty Inflation*, *Precision Fraud, Scope Blindness* and *Standard Drift*. The *five-part structure* described in this paper addresses those five gaps before the AI starts generating.

THE CORE FINDING

A well-structured prompt does not guarantee good AI output. But an unstructured prompt is more likely to produce output that contains at least one of six common failure modes (described in Efficient Advice White Paper No. 1, The Six Ways AI Output Fails in an Audit Workpaper). This paper makes a structural argument about how missing instructions shape output; it does not report measured failure rates, which vary by tool, task, and prompt. Prompt structure is upstream of output quality. It is the first control in the AI quality chain, and in many internal audit departments, it is not yet formalized.

1. Why Prompt Quality Is an Audit Quality Issue

When an auditor sits down to draft a finding with AI assistance, the most consequential decision they make is not which AI tool to use. It is what they tell the AI to do. That instruction (the prompt), is the single input the AI has to work with. Everything the AI produces flows from it.

Many auditors understand this intuitively. Fewer have mapped the specific, predictable relationship between prompt gaps and output failure modes. Every element missing from a prompt creates a gap that the AI fills with a default. Those defaults are not random. They tend to follow patterns in the AI model's training data. In an audit context, they can be wrong in professionally consequential ways.

1.1 The Prompt-Failure Mode Connection

The six failure modes (Fabrication, Confabulation, Precision Fraud, Certainty Inflation, Scope Blindness, and Standard Drift), each have a corresponding prompt gap that makes them more likely. This is a structural claim about how the prompt shapes the output. The following table shows the primary gap for each mode; some modes have more than one.

Failure Mode	The Prompt Gap That Causes It	What the AI Does Instead
Fabrication	No Compliance Wall in the prompt. The auditor does not specify which standards apply or where to find them.	AI generates citations from its training data that seem contextually appropriate. It does not verify they exist.
Confabulation	No Evidence Format requirement. The auditor does not specify that conclusions must be grounded in provided evidence only.	AI infers causal chains and effects from the condition described, drawing on training patterns rather than tested evidence.
Precision Fraud	No Actionable Output scope. The auditor does not specify that quantitative figures must come from the auditor, not the AI.	AI generates specific-sounding numbers because precise quantification matches the pattern of professional findings in its training data.
Certainty Inflation	No Task Authority boundary. The auditor does not specify that overall assessments require explicit auditor judgment.	AI adopts the confident, declarative tone of professional writing in its training data. It sounds like a senior auditor because that is what its training data contains.
Scope Blindness	No Reality Brief in the prompt. The auditor does not specify the jurisdiction, entity type, or applicable regulatory framework.	AI defaults to the most common regulatory context in its training data, typically US-based, private sector, and publicly listed.
Standard Drift	No Compliance Wall specifying which standards govern the auditee vs. which govern the auditor.	AI applies real standards in the wrong context because the same standards appear in similar contexts throughout its training data.

This table describes patterns that commonly occur when prompts are unstructured. A structured prompt is the prompt-level control that addresses the prompt gaps behind all six failure modes through five elements.

1.2 Why Auditors Prompt Without Structure

The absence of structured prompting in internal audit is not the result of indifference or incompetence. It is the result of four specific conditions that characterize how AI tools entered the profession.

No audit-specific prompt standard was widely established	When auditors adopted AI tools, they learned to prompt by personal experimentation, trying different instructions and adjusting based on output quality. This approach produces idiosyncratic practices, not consistent standards. An audit department with eight auditors can have eight different prompting styles, and with them different output reliability levels and different failure mode exposures.	The *structure described* in this paper offers an audit-specific prompt standard. It is not a collection of tips. It is a five-part structure that every auditor applies to every audit-specific AI prompt.
General AI training did not address audit risk	Most AI literacy training available to internal auditors is general-purpose: how to write better prompts for productivity, creative tasks, or information retrieval. Little of this training addresses the specific failure modes that occur when AI is applied to workpapers, findings, and risk assessments. An auditor who completed general AI training knows how to get better outputs for general tasks. They may not have learned how to prevent Fabrication in a regulatory citation.	This *structure* is designed specifically for audit tasks. Every part of it addresses a failure mode that occurs specifically in audit workpaper contexts.
Prompt quality is invisible until it produces a failure	Unlike a calculation error or a factual mistake that can be spotted on review, a prompt quality problem is invisible in the output. An AI-generated finding that contains Standard Drift looks exactly like a correctly cited finding. The only way to detect it is through the Authenticate step of output validation, which requires opening the cited source and confirming it applies. Without that step, the prompt quality problem passes through undetected.	This is why prompt structure and output validation work together. A *structured prompt* is designed to reduce the failure mode rate at the point of generation. Output validation catches what the *prompt* does not prevent.
Prompt quality was not treated as a governance issue	Many AI governance approaches, including general IIA guidance, focus on output validation, policy, and competency, and give less attention to prompt quality standards. This creates the impression that prompting is a skill to be developed individually rather than a practice to be standardized. Treating prompt quality as a governance requirement means every AI-assisted audit task uses a structured prompt before the AI generates anything.	At the Capable stage of AI audit maturity, prompt quality becomes a governance metric. The Modifications Made field in workpaper notations tracks what output validation caught, but prompt quality determines how much there is to catch.

2. A Five-Part Structure for Audit Prompts

A structured audit prompt has five parts. Each part addresses a specific prompt gap that produces a specific failure mode. Applied together, the five parts give the AI the professional context and limits it does not have by default, so that its output is bounded by the auditor's professional context.

THE FIVE PARTS OF A STRUCTURED AUDIT PROMPT:

1 **Task Authority** — What you are asking the AI to do, and what it must not do.
2 **Reality Brief** — The specific context in which this audit is occurring.
3 **Actionable Output** — The exact form and scope of what you need the AI to produce.
4 **Compliance Wall** — The boundaries the AI must not cross: standards, data, and inference.
5 **Evidence Format** — How the output must be structured and what it must leave for the auditor to review/complete.

1

Task Authority

Task Authority defines what the auditor is asking the AI to do, and explicitly what the AI must not do. It sets the boundary of AI involvement before a single word is generated.

WHY THIS ELEMENT MATTERS

Without a Task Authority statement, the AI does not know where its role ends. It will draft the Cause and Effect if given only the Condition. It will produce overall conclusions if given a risk description. It will generate recommendations if given a finding. Every element it produces beyond its defined scope is AI output that entered the workpaper without auditor judgment. Task Authority prevents scope creep at the source.

WHAT THIS ELEMENT MUST INCLUDE

- The specific audit task the AI must perform (e.g., 'Draft the Condition element only')
- What the AI must not do (e.g., 'Do not draft the Cause, Effect, or Recommendation')
- Whether the AI may draw inferences or must confine itself to the information provided
- The professional role the AI is performing (e.g., 'You are assisting an internal auditor')

⚠ WEAK PROMPT — Missing Task Authority — Failure modes: Confabulation, Certainty Inflation

```
Prompt: Write a finding about the vendor invoice approval process.

Problem: The AI has no scope limit. It will write the entire finding
(Condition, Criteria, Cause, Effect, and Recommendation), generating causal
inferences and quantitative figures the auditor never tested.
```

✓ Task Authority ELEMENT — Correct Application

```
You are assisting a senior internal auditor. Draft the Condition element only
for an internal audit finding. Do not draft the Criteria, Cause, Effect, or
Recommendation. Confine your output to what is explicitly stated in the testing
notes below. Do not infer information not present in those notes.
```

2 Reality Brief

Reality Brief provides the AI with the specific professional and organizational context in which this audit is taking place. It is the element that prevents Scope Blindness, the failure mode in which AI defaults to a generic regulatory context that does not apply to the actual organization being audited.

WHY THIS ELEMENT MATTERS

An AI model is trained on vast quantities of text from across the global professional landscape. Without a Reality Brief, it cannot distinguish between an audit of a publicly listed financial institution in New York and an audit of a government agency in Panama City. It defaults to the most common context in its training data. That default is often wrong for a LATAM internal audit function.

WHAT THIS ELEMENT MUST INCLUDE

- The type of entity being audited (e.g., government, public company, private firm, NGO)
- The jurisdiction and applicable regulatory framework (e.g., 'Dominican Republic, public entity subject to Law 10-07 on the National Internal Control System')
- The applicable audit standards and whether they are IIA-based, government audit standards, or sector-specific
- The language and terminology norms of the organization's audit reporting
- Any entity-specific context relevant to the task (e.g., industry sector, size, ownership structure)

⚠ WEAK PROMPT — Missing Reality Brief — Failure modes: Scope Blindness, Standard Drift

```
Prompt: Write a finding about vendor invoice controls.

Problem: No jurisdiction, no entity type, no regulatory framework. The AI will
apply whatever regulatory context dominates its training data for vendor
invoice controls, most likely US private sector with SOX implications.
```

✓ Reality Brief ELEMENT — Correct Application

```
Context: This finding is for an internal audit of a private manufacturing company in
Monterrey, Mexico. The applicable standards are the IIA Global Standards (2024). The
auditee's procurement policy is the relevant criteria, not any regulatory statute.
No Sarbanes-Oxley or PCAOB reference applies. The company is not publicly listed.
```

3 Actionable Output

Actionable Output defines the exact form, length, structure, and scope of what the AI must produce. It tells the AI not just what to do but what the deliverable looks like when it is done correctly.

WHY THIS ELEMENT MATTERS

An AI that knows the task but not the output format will produce output in whatever format its training data suggests is common for that type of content. For audit findings, that means narrative prose when a structured five-element format is required. For risk assessments, that means qualitative descriptors when the audit department's template requires a 1–5 numerical rating. Actionable Output reduces the need for reformatting and reduces the surface area for failure modes to enter during revision.

WHAT THIS ELEMENT MUST INCLUDE

- The output format (structured fields, narrative, table, bullet points, numbered list)
- The specific sections or elements required (e.g., 'Condition only, one to two sentences')
- Length constraints (e.g., 'Maximum 75 words for the Condition statement')
- Language requirements (e.g., 'Write in professional audit language', 'Write in Spanish')
- What the auditor will add separately and what should be left as a placeholder

⚠ WEAK PROMPT — Missing Actionable Output — Failure modes: Certainty Inflation, Confabulation

```
Prompt: Write the Condition for this finding.

Problem: No format, no length, no structure guidance. The AI will write
whatever length and form it predicts is typical. The auditor will spend as much
time reformatting as they saved by using AI.
```

✓ Actionable Output ELEMENT — Correct Application

```
Produce the Condition statement only. Format: one paragraph, maximum 75 words,
in the past tense, beginning with the subject of the audit process. Do not use
hedge language such as 'appears' or 'seems.' Leave [CRITERIA] and [CAUSE] as
bracketed placeholders. Write in English.
```

4 Compliance Wall

The Compliance Wall defines the standards, data, and inferential limits that constrain the AI's output. It is the element that prevents Fabrication and Standard Drift by specifying exactly which standards apply, where they come from, and which standards the AI must never cite.

WHY THIS ELEMENT MATTERS

An AI without a Compliance Wall will cite whatever standards appear most contextually appropriate based on its training data. In an internal audit context, this regularly produces two specific errors: citation of IIA professional standards as auditee criteria (Standard Drift), and citation of standards that do not exist or do not apply (Fabrication). The Compliance Wall prevents both by constraining the citation space before generation begins.

WHAT THIS ELEMENT MUST INCLUDE

- Which standards the AI may cite as criteria (by name and specific provision range)
- Which standards the AI must never cite (e.g., 'Do not cite any IIA Global Standard as criteria for this finding — IIA standards govern the auditor, not the auditee')
- What data the AI may use (e.g., 'Use only the testing notes and policy excerpts provided below')
- What the AI must not infer (e.g., 'Do not infer causes, effects, or conclusions not explicitly stated in the provided evidence')
- How the AI must handle uncertainty (e.g., 'If the provided evidence does not support a specific element, write [INSUFFICIENT EVIDENCE] rather than inferring')

⚠ WEAK PROMPT — Missing Compliance Wall — Failure modes: Fabrication, Standard Drift

```
Prompt: Draft a finding using the relevant IIA standards.

Problem: The AI has no constraint on which standards it may cite. It will apply IIA
Global Standards as auditee criteria, a classic Standard Drift error. It may also
generate citations to non-existent sub-provisions because the prompt gives it no
constraint on citation specificity.
```

✓ Compliance Wall ELEMENT — Correct Application

```
Criteria must come only from the organization's Vendor Management Policy (excerpt
provided below) and the applicable sections of its Internal Control Framework. Do
not cite any IIA Global Standard, PCAOB standard, or external regulation as
criteria, those govern the auditor, not the auditee. Do not generate quantitative
figures. Do not infer causes or effects beyond what the testing notes explicitly
state.
```

5 Evidence Format

Evidence Format structures AI output for seamless review and documentation, proactively connecting it to the “Link to Evidence” step of output validation.

WHY THIS ELEMENT MATTERS

An AI that produces a fully drafted finding with no citation placeholders forces the auditor to work backward: reading the output, identifying every factual claim, and then hunting for the evidence that should support each claim. Evidence Format reverses this: the auditor defines in the prompt how factual claims must be marked, where evidence references must appear, and what the AI must leave blank for the auditor to complete. This makes the validation steps faster, more consistent, and less likely to miss a gap.

WHAT THIS ELEMENT MUST INCLUDE

- How factual claims must be marked (e.g., ‘Place [EVIDENCE REQUIRED] after every factual claim’)
- Where the auditor’s workpaper references must appear (e.g., ‘Leave a [REF:] placeholder after each condition statement’)
- Which elements the AI must draft and which must be left blank (e.g., ‘Leave the Effect and Recommendation blank — those will be completed by the auditor’)
- Whether quantitative figures should be left as placeholders or calculated by the auditor and provided in the prompt
- How the AI must signal its own uncertainty (e.g., ‘If any element cannot be supported by the provided evidence, write [AUDITOR JUDGMENT REQUIRED]’)

⚠ WEAK PROMPT — Missing Evidence Format — Failure modes: Precision Fraud, Confabulation

```
Prompt: Draft the finding.

Problem: The AI produces a complete, polished finding with no indication of which
claims need evidence references and no separation between AI-drafted content and
auditor judgment. The Link step of output validation must now reverse-engineer the
entire output.
```

✓ Evidence Format ELEMENT — Correct Application

```
After every factual statement in the Condition, insert [REF: WP__] as a placeholder for
the auditor’s workpaper reference. Leave the Cause and Effect sections blank with
[AUDITOR TO COMPLETE FROM TESTED EVIDENCE]. If any condition statement cannot be
supported by the provided testing notes, insert [EVIDENCE GAP] rather than inferring.
Do not generate any quantitative figures — leave [AUDITOR CALCULATION] where a number
would appear.
```

3. A Complete Structured Prompt: A Full Applied Example

ILLUSTRATIVE EXAMPLE

The engagement, entity, figures, and policy references in this section are hypothetical and were created to demonstrate the method. The outputs shown illustrate typical failure patterns and the intended result of a structured prompt. Actual AI output varies by tool, model, and run, and must always be validated before use in a workpaper.

The five parts are not applied separately. They are assembled into a single, structured prompt that precedes the auditor's testing notes or other provided content. The following example shows a complete *structured* prompt for a common audit task, drafting the Condition element of an accounts payable finding.

3.1 The Audit Context

Engagement	Accounts Payable process review
Entity	Private manufacturing company, San Pedro Sula, Honduras
Applicable standards	IIA Global Standards (2024). Company's Procurement Policy v3.2 as criteria.
AI task	Draft the Condition statement for Finding 2: dual authorization gap in vendor payment approvals
What the auditor tested	Reviewed 40 vendor invoices. 14 (35%) were approved without dual authorization. Policy threshold: payments above $25,000 require two approvers. Of the 14, 9 exceeded $25,000 (policy exceptions). The other 5 did not exceed $25,000, so dual authorization was not required.

3.2 The Complete Structured Prompt

COMPLETE STRUCTURED PROMPT — Accounts Payable Condition Statement

```
[1 — TASK AUTHORITY]
You are assisting a senior internal auditor preparing a formal audit finding.
Draft the Condition element only. Do not draft Criteria, Cause, Effect, or
Recommendation.
Do not draw any inferences about why the gap exists or what its impact is.
Confine your output strictly to what the testing notes below state explicitly.
```

```
[2 — REALITY BRIEF]
Entity: Private manufacturing company, San Pedro Sula, Honduras.
Audit type: Internal audit under IIA Global Standards (2024).
Regulatory framework: No SOX, PCAOB, or public listing applies.
Criteria: The organization's Procurement Policy v3.2, Section 4.1 governs this
finding.
Language: English. Formal audit language. Past tense.

[3 — ACTIONABLE OUTPUT]
Produce: One paragraph, maximum 75 words (excluding [REF] placeholders).
Format: Past tense. Third person. No hedge language (avoid 'appears', 'seems',
'may').
Begin the Condition with the subject of the process, not with 'The audit found'
or 'It was noted.'
Leave [REF: WP__] placeholders where specific testing results appear.

[4 — COMPLIANCE WALL]
Do not cite any IIA Global Standard as criteria — IIA standards govern the
auditor, not the auditee.
Do not cite any external regulation (CNBS, tax authority, labor code).
Do not generate quantitative figures not explicitly stated in the testing
notes.
If the testing notes do not support a specific claim, write [EVIDENCE GAP]
rather than inferring.
Treat as exceptions only payments above $25,000. Do not characterize other
invoices as exceptions.

[5 — EVIDENCE FORMAT]
After each factual statement, insert [REF: WP__] for the auditor to complete.
Do not draft Cause or Effect. Leave those sections blank with [AUDITOR TO
COMPLETE].
If any percentage or dollar figure appears, mark it as [REF: WP__ — AUDITOR
VERIFIED].

[TESTING NOTES — PROVIDED BY AUDITOR]
Sample: 40 vendor invoices reviewed, payment periods January–June 2024.
Approved without dual authorization: 14 invoices (35%).
Policy threshold: Procurement Policy v3.2, Section 4.1: payments above $25,000
require two approvers.
Of the 14, 9 exceeded $25,000 (policy exceptions). The other 5 did not exceed
$25,000 (dual authorization not required).
Sample documentation: AP-SAMP-001 through AP-SAMP-040.
```

3.3 What a Structured Output Looks Like

A structured prompt is designed to produce output that is bounded, evidence-anchored, and validation-ready. The following illustrates what the AI might produce from the prompt above versus an unstructured prompt.

AI OUTPUT — UNSTRUCTURED PROMPT

```
FINDING: Vendor Invoice Approval Controls

The internal audit identified significant weaknesses in the company's vendor
invoice approval process.
Management has failed to implement adequate dual authorization controls,
resulting in a breakdown of segregation of duties across the accounts payable
function. Approximately 35% of invoices reviewed did not receive required dual
authorization [REF: AP-001], representing a material control deficiency with
potential financial exposure estimated at $340,000 based on the average
transaction value.
Root cause analysis indicates that the absence of a formal procurement
governance policy has led to inconsistent application of approval thresholds.
The company is in violation of IIA Standard 2320 regarding the accuracy of
audit findings.

FAILURE MODES PRESENT:
- Fabrication: IIA Standard 2320 is not a valid citation in the 2024 Standards
numbering
- Standard Drift: IIA standards govern the auditor, not this company
- Confabulation: Root cause inferred, not tested. Treats all 14 invoices as
violations; only 9 exceeded the $25,000 threshold
- Precision Fraud: $340,000 exposure figure not calculated from any evidence
- Certainty Inflation: 'Material control deficiency' is an auditor judgment not
yet formed
```

AI OUTPUT — STRUCTURED PROMPT

```
CONDITION:

The vendor invoice approval process did not consistently require dual
authorization for payments above $25,000, as required by Section 4.1 of
Procurement Policy v3.2 [REF: WP__ — AUDITOR VERIFIED]. Of the 40 vendor
invoices reviewed for January through June 2024 [REF: AP-SAMP-001-040], 14 were
approved without a second authorizing signature [REF: WP__ — AUDITOR VERIFIED].
Nine of those 14 exceeded $25,000, the dual-authorization threshold [REF: WP__
— AUDITOR VERIFIED].

CAUSE: [AUDITOR TO COMPLETE FROM TESTED EVIDENCE]
EFFECT: [AUDITOR TO COMPLETE FROM TESTED EVIDENCE]

In this illustration, the structured output contains:
- No citations beyond the provided policy; no AI-generated figures
- No inferred causes or effects
- Evidence reference placeholders for the Link step of output validation; no
overall conclusion
```

4. The Structure in Practice: Common Audit Tasks

The *five-part structure* applies to every AI-assisted audit task, not just finding drafting. The following examples show the critical elements for six common audit applications.

Risk Assessment Language

Task Authority: Draft risk descriptions only. Do not assign risk ratings or suggest controls.

Reality Brief: State the entity type, industry, jurisdiction, and applicable risk framework.

Actionable Output: Produce one paragraph per risk, maximum 50 words, in the function's risk taxonomy language.

Compliance Wall: Do not cite any standard or regulation not provided. Do not quantify likelihood or impact.

Evidence Format: Mark each risk driver with [AUDITOR TO RATE]. Leave the rating column blank.

Audit Report Executive Summary

Task Authority: Draft the Executive Summary section only, from the findings list provided. Do not add findings, opinions, or recommendations not in the list.

Reality Brief: State the audit scope, entity, period, and applicable standards.

Actionable Output: Maximum 200 words. Three paragraphs: scope, overall condition, significant findings count.

Compliance Wall: Overall opinion must be stated as [CAE CONCLUSION REQUIRED] — do not generate an opinion.

Evidence Format: Every finding reference must cite the finding number from the provided list [Finding X].

Workpaper Summary Narrative

Task Authority: Summarize the testing steps and results described in the notes provided. Do not interpret results or form conclusions.

Reality Brief: State the audit objective and the specific control being tested.

Actionable Output: Numbered list of testing steps performed, followed by a bullet list of results observed.

Compliance Wall: Use only information from the notes provided. Insert [AUDITOR NOTE MISSING] if a step is referenced but not described.

Evidence Format: Separate 'Steps Performed' from 'Results Observed' with a clear heading. Leave the 'Conclusion' section blank.

Control Deficiency Description

Task Authority: Describe the control gap only. Do not characterize severity, frequency, or likelihood.

Reality Brief: State the control objective and the specific process being audited.

Actionable Output: Two to three sentences. Factual, past tense. No hedge language.

Compliance Wall: Do not cite IIA standards or any external regulation as the deficiency basis, the internal policy is the criteria. Quantitative figures from auditor only.

Evidence Format: Insert [AUDITOR SEVERITY ASSESSMENT] after the description. Do not suggest a remediation.

Audit Universe Entry

Task Authority: Draft an audit universe entry for the process described. Include only: process name, owner, risk category, and a one-sentence risk description.

Reality Brief: State the organization type, sector, and regulatory environment.

Actionable Output: Table format with four columns: Process, Owner, Risk Category, Risk Description. One row only.

Compliance Wall: Risk description must not imply a specific control weakness. Do not rate likelihood or impact.

Evidence Format: Leave 'Last Audit Date' and 'Priority Score' as [AUDITOR TO COMPLETE].

IIA Standards Research

Task Authority: Identify which IIA Global Standards (2024) apply to the audit situation described. Do not interpret how they apply or assess compliance.

Reality Brief: The standards govern the internal audit function only, not the organization being audited.

Actionable Output: Bulleted list. For each standard: number, title, and the single sentence from the standard most relevant to the situation.

Compliance Wall: Quote the standard text exactly. Do not paraphrase. Do not cite sub-provisions that do not exist in the 2024 version.

Evidence Format: Mark each citation as [AUDITOR TO VERIFY IN SOURCE DOCUMENT] before use in a workpaper.

5. Prompt Structure and Output Validation: Two Controls, One Quality System

Prompt *structure* and output validation are complementary controls. They address different points in the AI-assisted audit workflow, and together they constitute a complete quality system for AI-assisted content.

	Structured Prompt	Output Validation
When to apply	Before the AI generates output	After the AI generates output, before it enters the workpaper
What it controls	The inputs to the AI; task, context, scope, standards, evidence format	The outputs of the AI; citations, causal inferences, figures, conclusions
Primary function	Prevents failure modes from being generated	Catches failure modes that were generated despite the prompt
Evidence it produces	No direct evidence, but reduces the Modifications Made field burden	Workpaper AI notation: eight-field record of validation performed
Failure modes targeted	All six, at source	All six, at detection
Who applies it	The auditor before submitting the prompt	The auditor after receiving the output
When it fails	When auditors skip it or apply it partially	When auditors skip the verify, authenticate, or link steps
Governance connection	Prompt quality standard, a governance practice	Validation evidence, expected as AI use matures

THE QUALITY SYSTEM IN SEQUENCE

Step 1 — Structured prompt: The auditor constructs a prompt using all five *parts*. The AI receives a bounded, contextually grounded, evidence-constrained instruction.

Step 2 — AI Generation: The AI generates output within the constraints defined by the *structured prompt*. The output should contain fewer failure modes than unstructured prompting, but is not guaranteed to be error-free.

Step 3 — Output validation: The auditor verifies, authenticates, links, interrogates, and documents. Every citation is verified, every source authenticated, every causal claim linked to tested evidence, every conclusion interrogated, and the eight-field notation completed.

Step 4 — Workpaper Entry: The validated, notated, auditor-reviewed content enters the workpaper. The notation is the evidence that steps 1 through 3 occurred.

6. Making Structured Prompting a Function-Level Standard

Structured *prompting* becomes most powerful when it is a function-level standard, not an individual auditor's personal practice. An audit department where all auditors use a *structured prompt* for all AI-assisted audit tasks has a consistent, measurable input quality standard. An audit department where some auditors use structured *prompts* and others do not, has inconsistent output quality and cannot attribute quality differences to prompt structure.

6.1 Integrating Structured Prompting into the AI Use Policy

The AI Use Policy should include a specific provision requiring structured prompts for all AI-assisted audit tasks. The provision should state:

SUGGESTED POLICY LANGUAGE

All AI-assisted audit tasks (including finding drafting, risk assessment, workpaper summarization, report writing, and research tasks), must be initiated using a structured prompt containing five parts: Task Authority, Reality Brief, Actionable Output, Compliance Wall, and Evidence Format. Auditors must not submit unstructured prompts for audit-related tasks. Supervisors reviewing AI-assisted content are responsible for confirming that a structured prompt was used for the task.

6.2 Structured Prompting in Training

Structured *prompting* must be taught as part of the AI training program, not as a bonus module but as a core competency. The training should cover:

- The six failure modes and their corresponding prompt gaps.
- The five *parts of* a structured prompt and what each must contain.
- Applied practice: participants draft structured prompts for three real audit tasks from their current engagement portfolio
- Prompt structure and validation: how a well-structured prompt supports the Link step of output validation
- Supervisor review: how supervisors assess whether a structured prompt was used for a given task

6.3 Structured Prompting as a Prompt Quality Metric

At the Capable stage of AI audit maturity, the Modifications Made field in workpaper notations provides a quality metric for AI output. The *use of* structured prompts is the upstream variable that the Modifications Made data reflects: functions with consistent *structured-prompt* use may see a lower Substantial modification rate over time, because the AI is generating within bounds rather than outside them. This relationship is a hypothesis for each function to test against its own data.

An audit department that tracks the correlation between structured-prompt usage and Modifications Made rates has a prompt quality feedback loop, a leading indicator of AI output quality before output validation is applied. This is the quality management practice that distinguishes an Optimized function from a Capable one.

7. Quick Reference Card

The following reference can be printed, posted at workstations, or embedded in audit templates as a prompt-construction checklist. Each element is stated as questions the auditor asks before submitting a prompt.

AUDIT PROMPT QUALITY CHECKLIST		
1	**Task Authority**	☐ Have I defined exactly what the AI must do, and what it must not do? ☐ Have I specified whether the AI may draw inferences or must stay within the provided information? ☐ Have I stated that the AI is assisting an internal auditor?
2	**Reality Brief**	☐ Have I specified the entity type and jurisdiction? ☐ Have I stated the applicable regulatory framework and audit standards? ☐ Have I confirmed which frameworks do NOT apply (e.g., SOX, PCAOB, IFRS where not relevant)?
3	**Actionable Output**	☐ Have I specified the exact output format (narrative, table, bullet list, specific fields)? ☐ Have I set a word or length limit? ☐ Have I specified the language and tense?
4	**Compliance Wall**	☐ Have I specified which standards the AI may cite? ☐ Have I explicitly prohibited the AI from citing IIA standards as auditee criteria? ☐ Have I told the AI to use [EVIDENCE GAP] rather than inferring when evidence is insufficient?
5	**Evidence Format**	☐ Have I required [REF: WP__] placeholders after factual claims? ☐ Have I specified which elements the auditor will complete and which the AI should leave blank? ☐ Have I prohibited AI-generated quantitative figures?

8. Next Week's Actions

Structured *prompting* can be implemented today. No technology. No budget. No policy update required before the first use. An auditor who reads this white paper in the morning can apply a structured prompt to their next AI-assisted task in the afternoon.

For Individual Auditors

1. Take your most recent AI-assisted workpaper item. Count how many of the five *parts* your original prompt contained. If the answer is zero, that is your starting point.
2. Use the Quick Reference Card in Section 7 as a checklist for your next prompt. Apply all five parts before submitting. Record the Modifications Made result after validating the output. Compare to your previous result.
3. Build a *structured prompt* template for your three most common AI-assisted tasks. Keep the template in a shared document so the team can use and improve it collectively.

For CAEs and Audit Managers

4. Add structured *prompting* to the next staff meeting agenda. Spend thirty minutes reviewing the five parts and the six failure modes they help prevent. This is not optional training; it is a quality standard meeting.
5. Add a *structured-prompt* requirement to the AI Use Policy. Use the suggested language from Section 6.1. The requirement takes one paragraph to state and no additional cost to implement.
6. Add *structured-prompt use* to the supervisor's review checklist. When a supervisor reviews AI-assisted content, they confirm: (1) that a *structured* prompt was used, and (2) that the output was validated. Both confirmations go in the notation.
7. In the next quarterly AI risk review, examine the Modifications Made field distribution. If the Substantial modification rate is above 30% on complex content (an illustrative threshold; set your own), not using structured prompts is a likely explanation to investigate. Targeted retraining on the specific prompt part producing the failure mode is the response.

> "The auditor who prompts without structure is getting AI output, then spending professional judgment cleaning up what structure could have prevented. A *structured prompt* adds a little time at the start and is designed to save more at review. It concentrates the AI's output where the auditor needs it and narrows where the AI can cause harm."

Conclusion

Prompt quality is not a soft skill. It is a governance control. Every unstructured prompt that an auditor submits to an AI tool is an instruction without a task boundary, a context without a jurisdiction, an output request without a format requirement, a citation space without a compliance wall, and an evidence request without a reference standard. The AI fills every one of those gaps with a default. And defaults, in an audit context, can produce failure modes.

A *structured prompt* addresses all five gaps before the AI starts generating. It does not eliminate the need for output validation; validation remains essential regardless of prompt quality. But structured *prompting is* designed to reduce what validation must catch, and to lower the Modifications Made rate that signals the true quality of AI-assisted content.

An internal audit department that adopts structured *prompting* as a function-level standard has operationalized prompt quality as a governance practice. It has connected prompt structure to the six failure modes it helps prevent, to the output validation that catches what remains, to the Modifications Made metric that measures the quality of both, and to a maturity path that positions the audit department at the threshold between the Capable and Optimized stages.

The prompt is the first instruction. Make it a professional one.

> "A structured prompt takes longer to construct than an unstructured prompt. That extra time is the difference between output that requires minor validation and output that requires substantial correction. The time cost is expected to be recovered during output validation."

About Efficient Advice, LLC

Efficient Advice, LLC is a specialized consulting firm that works with internal audit departments on AI governance. All engagements are bilingual, available in English and Spanish.

Areas of Practice — Efficient Advice, LLC	
Audit AI Failure Taxonomy	Six common failure modes: Fabrication · Confabulation · Precision Fraud · Certainty Inflation · Scope Blindness · Standard Drift
Output Validation	**Five steps:** Verify Facts · Authenticate Source · Link to Evidence · Interrogate Conclusion · Document Method
Structured Prompting	**Five parts:** Task Authority · Reality Brief · Actionable Output · Compliance Wall · Evidence Format
AI Audit Maturity	Six levels: Absent → Informal → Governed → Capable → Optimized → Leading
Governance Evidence	Five categories: Policy · Validation · Competency · Governance · Results Evidence
Governance Lifecycle	Diagnose (P1) · Design (P2+P3) · Defend (P4+P5)

Five Products. One Complete Governance Lifecycle.

Efficient Advice offers five products covering the complete AI governance lifecycle for internal audit functions:

- **P1 — AI Audit Readiness Assessment:** Scored diagnostic baseline. Six dimensions. 25-action 90-Day Roadmap. 30 business days. 42 statement diagnostic tool.
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Version Notes

Version 2.0 — October 2026. Terminology and editorial updates. The five parts of the prompt structure, their order, and the method are unchanged.

Version 1.0 — October 2026. First publication.

EDITORIAL CHANGES IN VERSION 2.0

- Added version number and publication date.
- Labeled the worked example in Section 3 as illustrative, and restated its outputs as examples rather than guarantees.