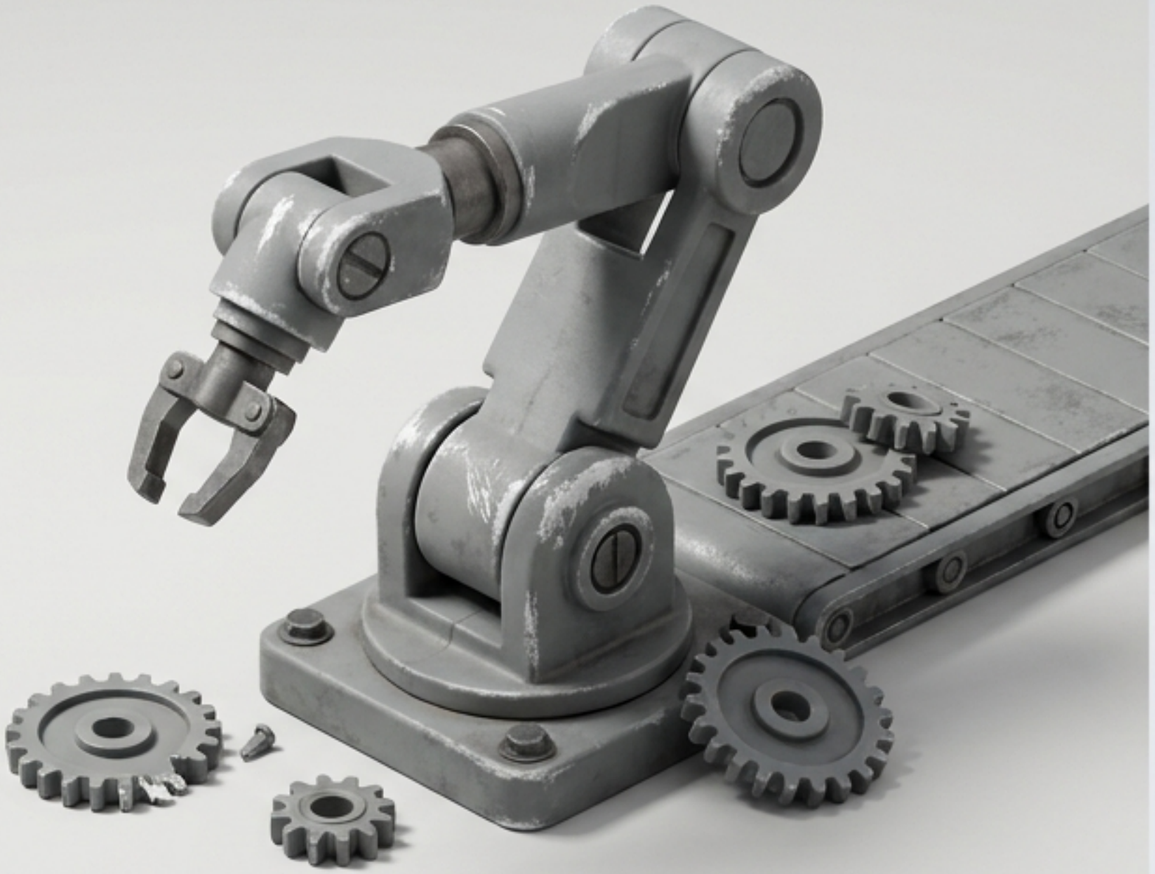
THE RECURSIVE AUDIT

EVOLUTION THROUGH INTELLIGENT FEEDBACK LOOPS



Repetitive Strain Injury

Too much repetition. Not enough variation. Eventually, the system failed.

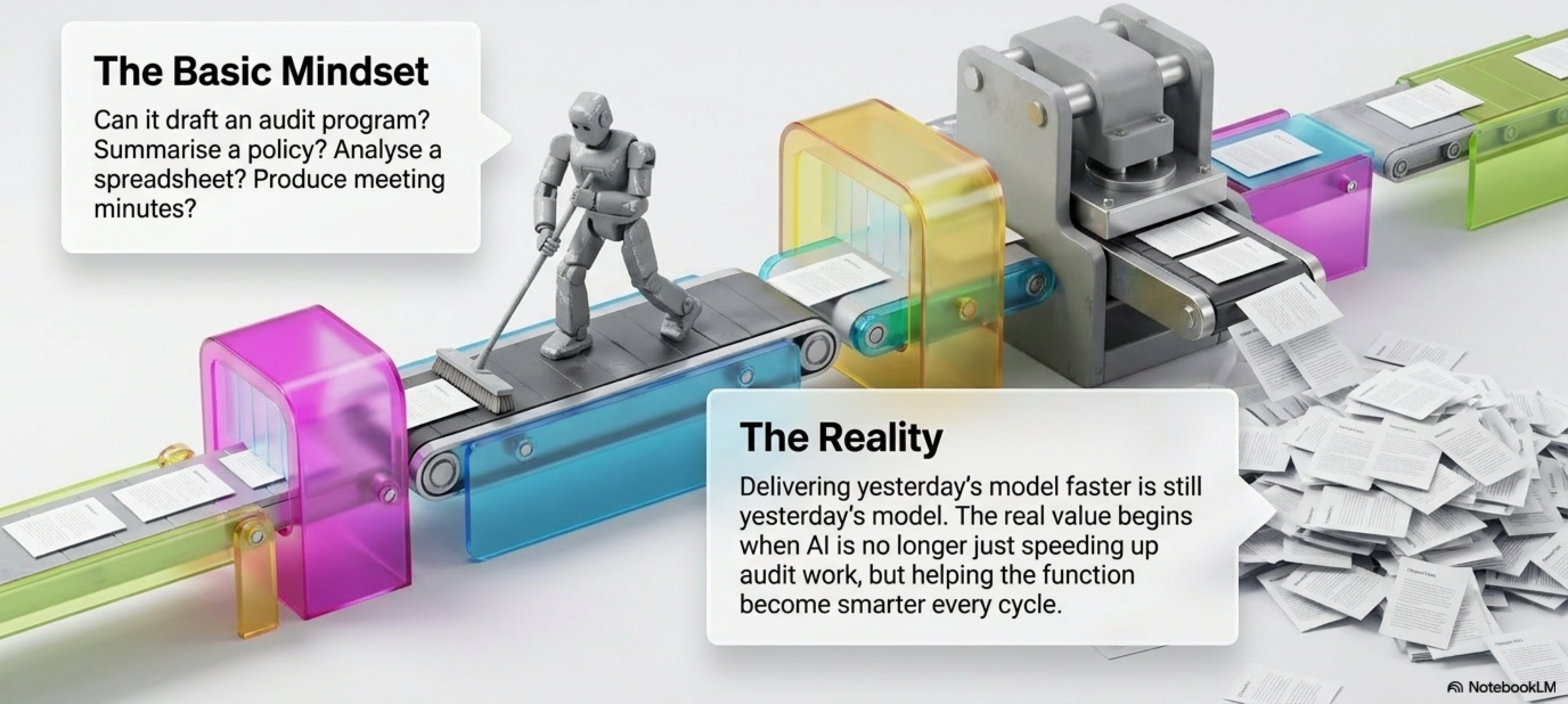
Recursive Self-Improvement

The process by which an AI system contributes to improving its own capabilities, outputs, or future performance through structured feedback loops.

The Illusion of Basic Automation

The Basic Mindset

Can it draft an audit program? Summarise a policy? Analyse a spreadsheet? Produce meeting minutes?



The Reality

Delivering yesterday's model faster is still yesterday's model. The real value begins when AI is no longer just speeding up audit work, but helping the function become smarter every cycle.

The Core Mechanism of AI RSI

1. Perform
AI executes the initial audit task.

2. Analyse
The system evaluates how that task was performed.

3. Identify & Propose
AI flags weaknesses and proposes specific improvements

4. Incorporate
The learning is instantly embedded into future cycles

The Architecture of a Learning Audit Function

The Uncomfortable Truth: Standardization as a Trap

Templates, checklists, fixed work programs, and annual planning cycles have their place.

Consistency matters. Discipline matters. Evidence matters.

But consistency can become a trap. Most current audit methodologies are designed to standardize, not to learn.

Diagnostic Matrix: Automation vs. Evolution

	Basic Automation	Recursive Self-Improvement
Objective:	Speed up existing tasks and save time.	Enhance the underlying methodology continuously.
Method:	Fixed workflows executed faster.	Dynamic workflows altered by feedback loops.
Role of AI:	A tool to draft, summarize, and analyze.	An engine to critique, propose, and incorporate learnings.
Outcome:	Yesterday's model, delivered faster.	A methodology that gets smarter every cycle.

The Ultimate Strategic Choice

The question for Chief Audit Executives is not whether AI can help the team save time. Of course it can.

The harder question is whether AI is helping the function learn faster than the organisation's risk environment is changing.