

IMPACT OF AI ON FINANCIAL DATA GOVERNANCE AND SOX COMPLIANCE: EXAMINING HOW AI ENHANCES FINANCIAL REPORTING ACCURACY

Akshat Khemka¹ & Prof. (Dr) Sangeet Vashishtha²

¹Independent Researcher, Bihar, India 824101

²IIMT University, Ganga Nagar, Meerut, Uttar Pradesh 250001 India

ABSTRACT

The integration of Artificial Intelligence (AI) in financial data governance is transforming traditional compliance frameworks, particularly in the context of the Sarbanes-Oxley Act (SOX). As businesses face increasing scrutiny over financial transparency and reporting accuracy, AI technologies offer significant advantages by automating data management processes, detecting anomalies, and ensuring adherence to regulatory standards. This paper explores the impact of AI on financial data governance with a focus on enhancing the precision and reliability of financial reporting under SOX compliance.

AI-powered tools, such as machine learning algorithms and natural language processing systems, can rapidly analyze large volumes of financial data to identify irregularities, improve internal controls, and reduce the risk of human error. These technologies enable continuous auditing, real-time monitoring, and advanced risk assessment, all of which contribute to more robust governance structures. Additionally, AI facilitates compliance by streamlining documentation, generating accurate audit trails, and supporting predictive analytics that flag potential violations before they occur.

The research emphasizes the dual role of AI as both a compliance enabler and a strategic asset for finance teams. While offering enhanced efficiency and transparency, AI implementation also raises questions around data privacy, model accountability, and ethical considerations. This paper evaluates these dimensions and presents a balanced perspective on the opportunities and challenges of AI-driven financial data governance in the era of digital transformation.

KEYWORDS: *Artificial Intelligence, Financial Data Governance, SOX Compliance, Financial Reporting Accuracy, Risk Detection, Regulatory Technology, Internal Controls, Continuous Auditing*

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