

Using AI for Financial Monitoring & Reporting

Introduction

Financial monitoring is about understanding what the numbers are telling you and deciding when something needs attention. AI can help finance teams work through budget-versus-actual information, identify patterns, investigate variances, prepare forecasts, and communicate financial information more clearly.

Its strongest role is often at the beginning of the analysis: helping you identify where to look and what questions to ask.

Where can AI help?

Finance task	How AI can support you
Variance analysis	Identify significant monetary or percentage variances and prioritize areas for review.
Pattern identification	Highlight recurring underspends, overspends, changes in spending patterns, or other trends that warrant investigation.
Investigating variances	Suggest possible explanations to investigate and identify additional information needed before reaching a conclusion.
Reforecasting	Identify budget lines and assumptions that may need reconsideration based on current expenditure and updated information.
Narrative reporting	Turn verified financial analysis into a first draft of a clear variance explanation or financial narrative.
Audience-specific reporting	Adapt the same financial information for different audiences, such as program managers, senior leadership, a board, or a donor.
Reviewing reports	Check whether a narrative is consistent with the financial information and identify unanswered questions or missing explanations.

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Separate what you know from what you think might be happening

A variance tells you that something has changed. It does not necessarily tell you why. AI may confidently suggest explanations for financial movements even when the underlying data does not provide enough evidence to support them. Structure your request so that AI distinguishes between **what the data shows** and **what needs further investigation**. For example:

Review this budget-versus-actual report. Identify the largest monetary and percentage variances and any patterns that warrant investigation. Do not assume why a variance has occurred. Separate observations supported by the data from possible explanations that I would need to investigate.

You can then follow up with program teams, transaction records, forecasts, procurement information, or other sources to understand what is actually driving the result.

Turn verified analysis into reporting

Once you know the reason for a variance, AI can help turn the financial information into a clearer narrative. For example:

Draft a concise variance narrative using only the financial information and explanations provided below. Explain the variance, its known cause, and any expected impact on future spending. If an explanation has not been provided, mark it as [EXPLANATION NEEDED] rather than creating one.

AI can also adapt a verified analysis for different audiences without requiring you to rewrite it from scratch. A program manager may need operational detail about where spending is changing, while senior leadership may need the overall financial position, emerging risks, and decisions required. The underlying figures should remain the same even when the emphasis and level of detail change.

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Before using AI-supported monitoring or reporting

Check that:

- Figures agree with the original financial report or accounting system.
- Significant variances have been investigated rather than explained by AI.
- Facts, assumptions, and possible explanations are clearly distinguished.
- AI has not introduced new figures or explanations.
- Forecast changes reflect current information and approved assumptions.
- Narratives accurately represent the underlying financial position.
- Confidential financial information has only been used with appropriately approved AI tools.
- Final reports receive the normal organizational review and approval.

AI can help you move more quickly from financial data to useful questions, analysis, and communication. Understanding what the numbers mean (and deciding what action to take) remains a human responsibility.