

Technology Working Group Update

**IESBA Meeting, New York
March 19, 2024**

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Objectives

To consider:

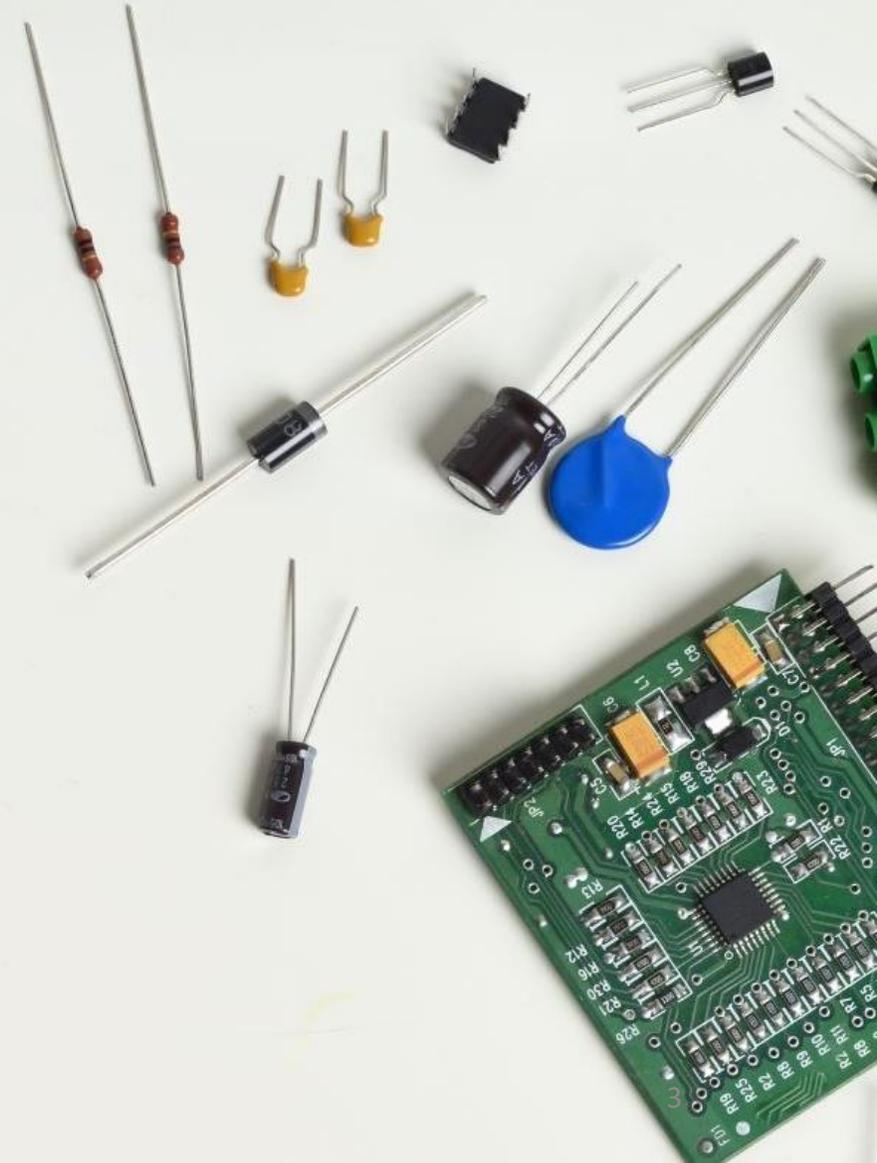
- **Highlights** from joint meeting with Technology Experts Group (TEG)
- A **presentation** on AI and regulation



Highlights from joint meeting with TEG

Recap of Specific Scenarios

- The use of Artificial intelligence (AI) tools
- Generative AI / Foundational models / Large Language Models
- Cybersecurity
- Blockchain
- Smart contracts
- Contract readers and completeness of information
- Client and engagement acceptance dilemmas



Highlights from joint meeting with TEG

Expanded on scenarios previous identified

Next steps: Interviews / LinkedIn



EXPLORING THE IESBA CODE

A Focus on Technology: Artificial Intelligence

The Conceptual Framework

The Five Fundamental Principles

- Integrity
- Objectivity
- Professional Competence and Due Care
- Confidentiality
- Professional Behavior
- Independence

Technology is changing the way that professional accountants (PAs) perform their work. While technological innovations like artificial intelligence (AI) can enhance the scope, efficiency, and effectiveness of this work, such innovations can also pose new challenges to how PAs continue to act in the public interest, as is required by the IESBA Code ("the Code").

In this installment, we examine the application of the Code's conceptual framework to address ethics and independence issues arising from the use of AI.

See [installments 1-5](#) to learn more about the fundamental principles and conceptual framework.

Exploring the IESBA Code

- ✓ Update: A Focus on Technology (AI)
- ✓ Other topics

Consider the following AI scenario:

You are the financial controller at a company that has just introduced an expensive new AI-enabled system to screen potential new customers and determine appropriate credit limits. The CFO has sent out a company-wide email claiming that this new technology will revolutionize how your company evaluates potential customers and assures quality sales. This is a high-profile project for the CFO, who is expected to retire within the next fiscal year and who everyone expects will endorse you as their successor.

You have been asked to implement the new AI-enabled system, as soon as possible. You do not yet sufficiently understand the assumptions and parameters underlying how the AI works, but the first batch of potential customers screened appears to overweight the likelihood of default and fraud risks of individuals from ethnic minority groups.

Taking the time to investigate and evaluate unexpected findings will delay implementation and could call into question the CFO's decision to purchase and implement this new system.

In this installment, we will consider our AI scenario and identify, evaluate and address possible threats to compliance with the five fundamental principles.

As the Financial Controller, you might be tempted to rationalize the following:

"Extensive testing was probably done by the technology developer, our company's IT department, and the finance implementation team before it was deployed. Therefore, it is okay to rely on the results of the AI system." However, by applying the conceptual framework and asking appropriate questions, you would identify at least two threats that require evaluation.



Top 5 Technologies

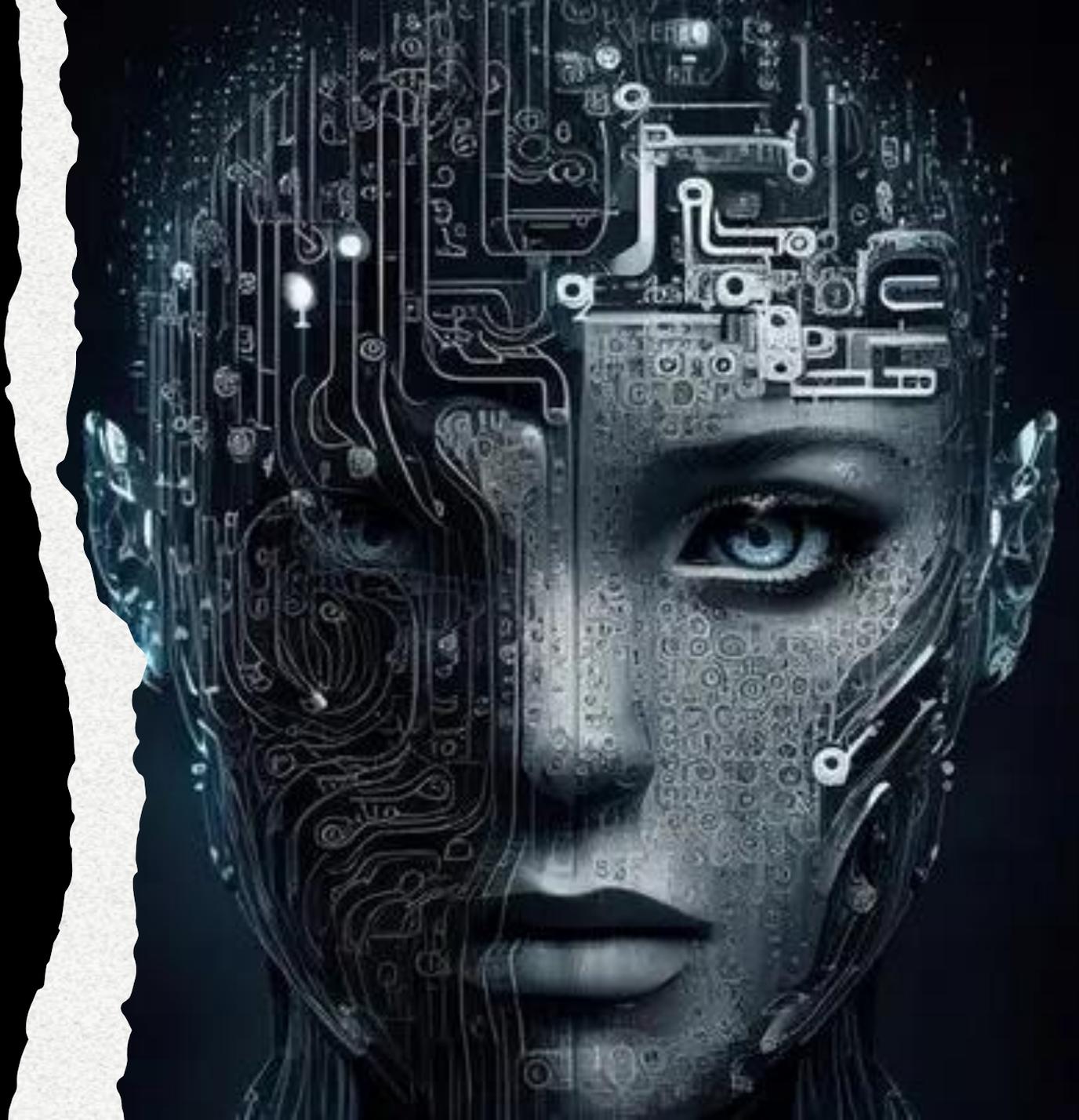
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Comparison: Top 5 Technologies

IESBA

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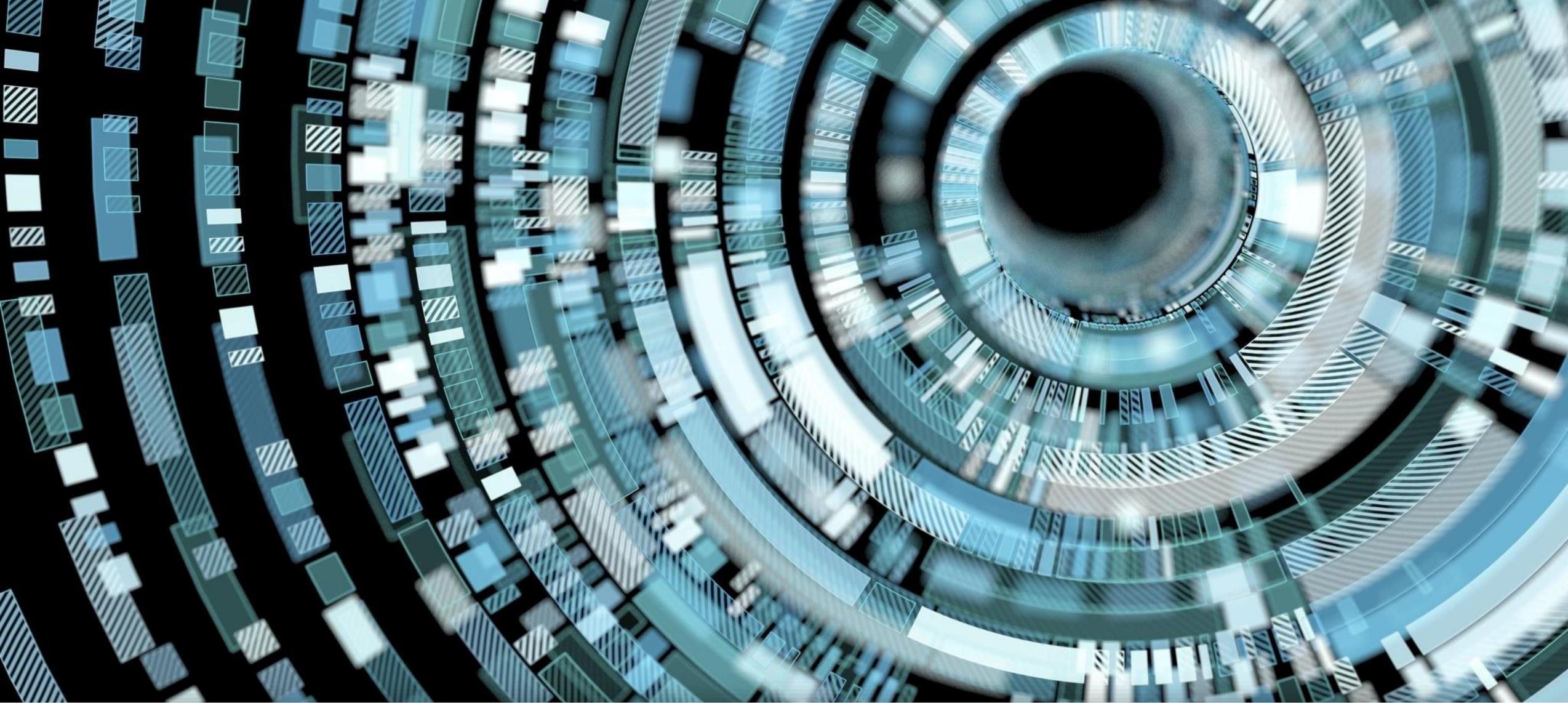
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IESBA meeting – June 2024

IESBA

International
Ethics Standards
Board for Accountants®

Technology Educational Session

IESBA Meeting, New York
March 19, 2024

Jason Bradley



The background consists of several overlapping, light blue paper-cut silhouettes of human heads in profile, facing right. Some heads contain a black question mark, while others contain a blue line-art lightbulb with radiating lines, symbolizing ideas and questions. The paper-cut style creates a layered, three-dimensional effect.

**Questions/
Comments**

