

Technology Working Group Update

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

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Objectives

To consider:

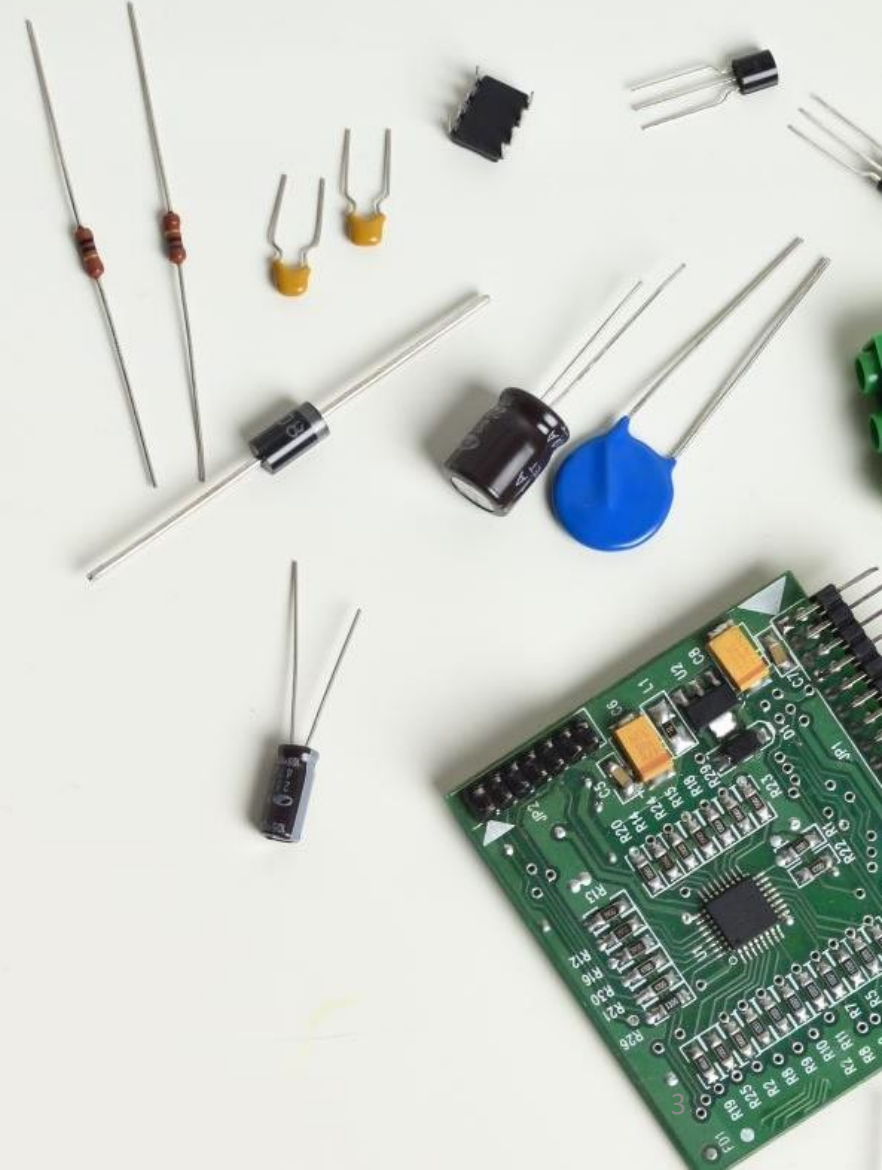
- **Highlights** from joint meeting with Technology Experts Group (TEG)
- A **presentation** on AI and regulation



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

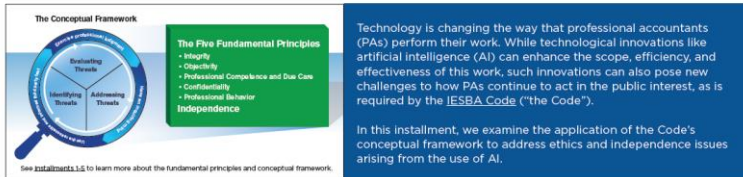
Expanded on scenarios previously identified
Next steps: Interviews / LinkedIn

ON AIR



EXPLORING THE IESBA CODE

A Focus on Technology: Artificial Intelligence



Exploring the IESBA Code

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

Consider the following AI scenario:

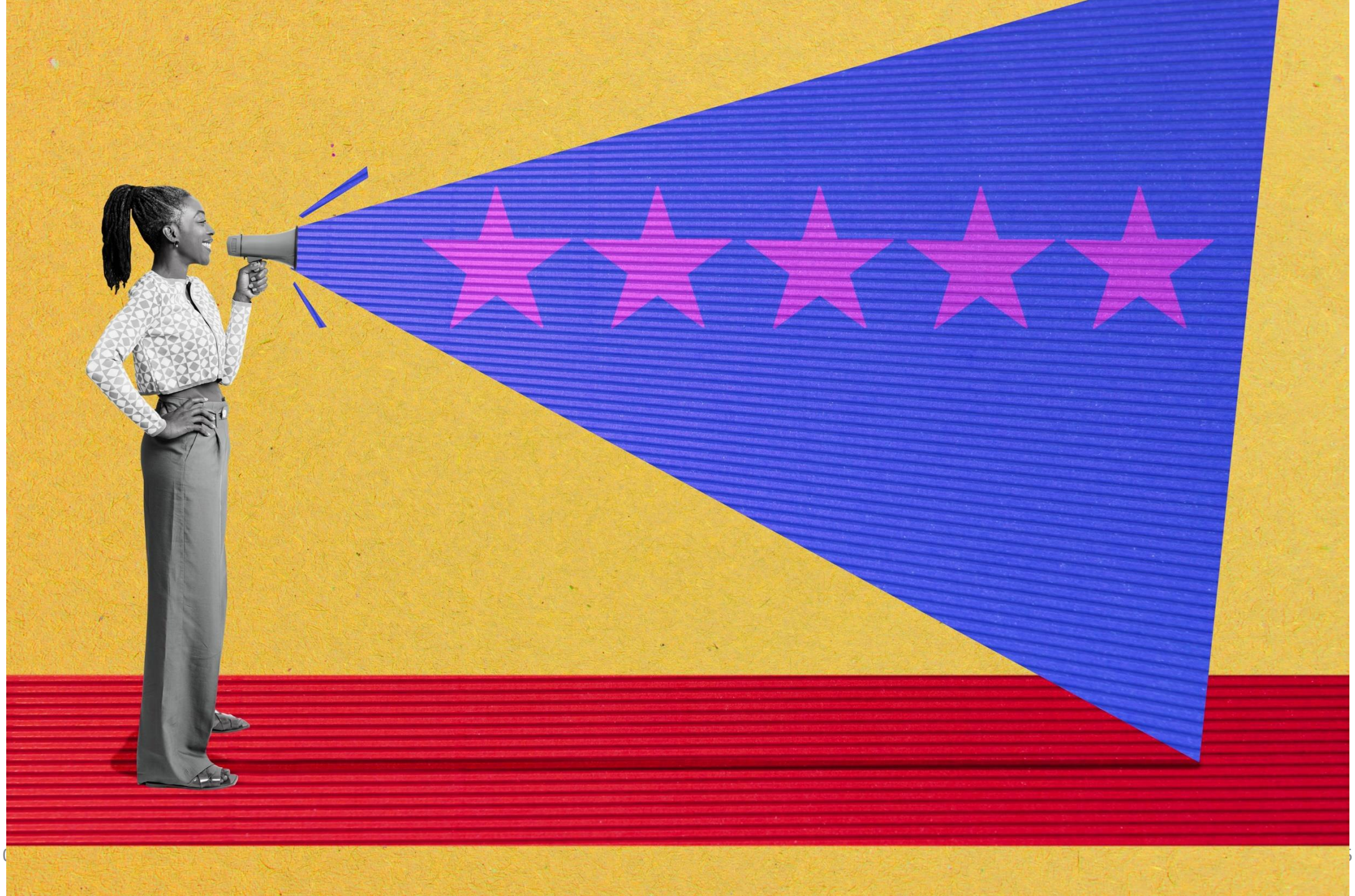
You are the financial controller at a company that has just introduced an expensive new AI-enabled system to screen potential new customers and determine appropriate credit limits. The CFO has sent out a company-wide email claiming that this new technology will revolutionize how your company evaluates 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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TEG

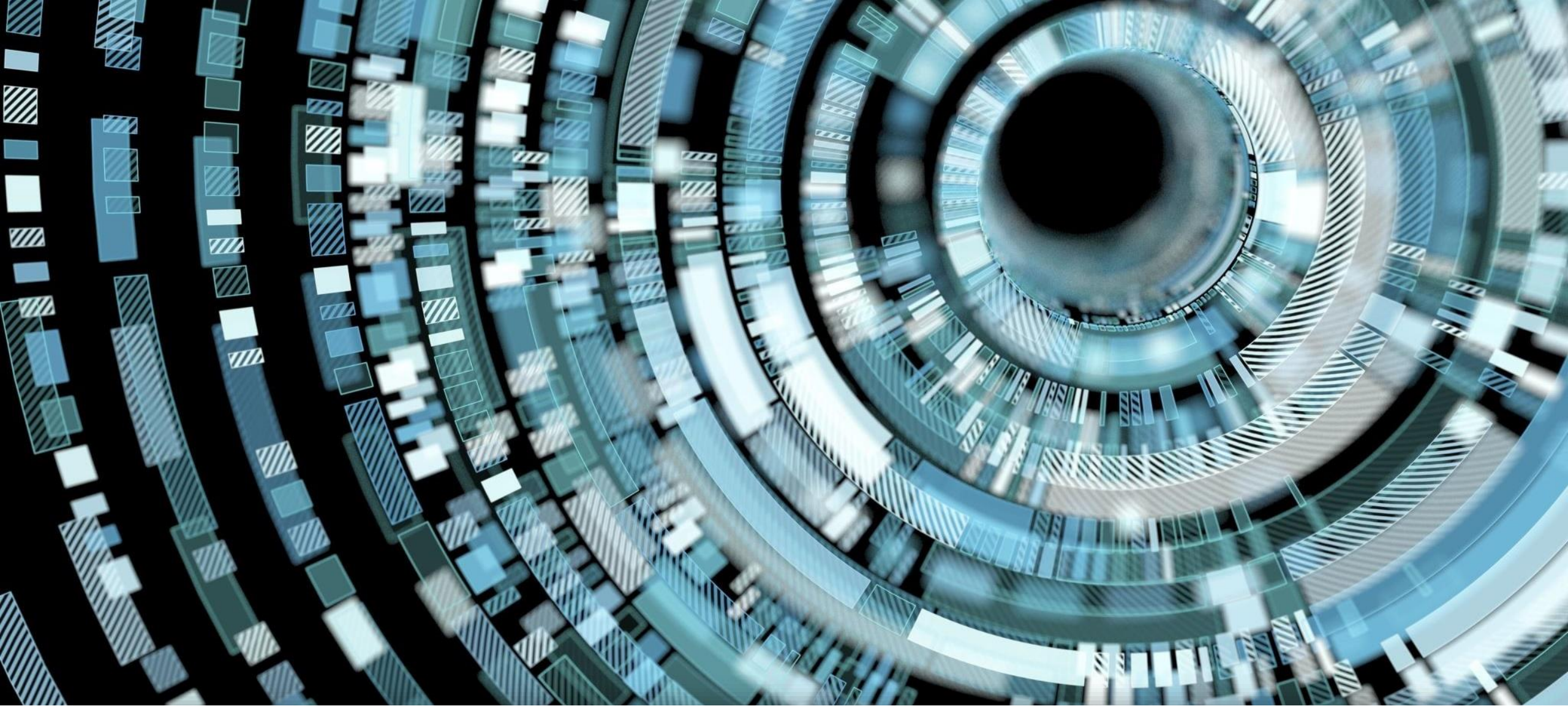
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IESBA meeting – June 2024

IESBA

International
Ethics Standards
Board for Accountants®

Technology Educational Session

IESBA Meeting, New York
March 19, 2024

Jason Bradley



The background of the slide is a collage of paper cutouts of human heads in profile, facing right. Some heads are white with a black question mark, while others are light blue with a blue lightbulb icon. The cutouts are layered, creating a sense of depth. The text 'Questions/Comments' is overlaid on the lower-left portion of the image.

**Questions/
Comments**



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