Navigating the AI Frontier Series
Course 2 – Generative AI in Practice:
Boost Efficiency & Profitability

Presented By

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Learning Objectives

➢ Identify specific applications of generative AI in accounting, auditing, tax and advisory services

➢ Recognize the potential to leverage AI technology to reduce costs and increase revenue

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HIGGINS ADVISORY, LLC

- Nationally recognized thought leader, advisor, author and speaker on CPA technology
- Strategic technology advisor to the profession w/ 35+ years of experience
- Founded and sold two CPA technology advisory startups
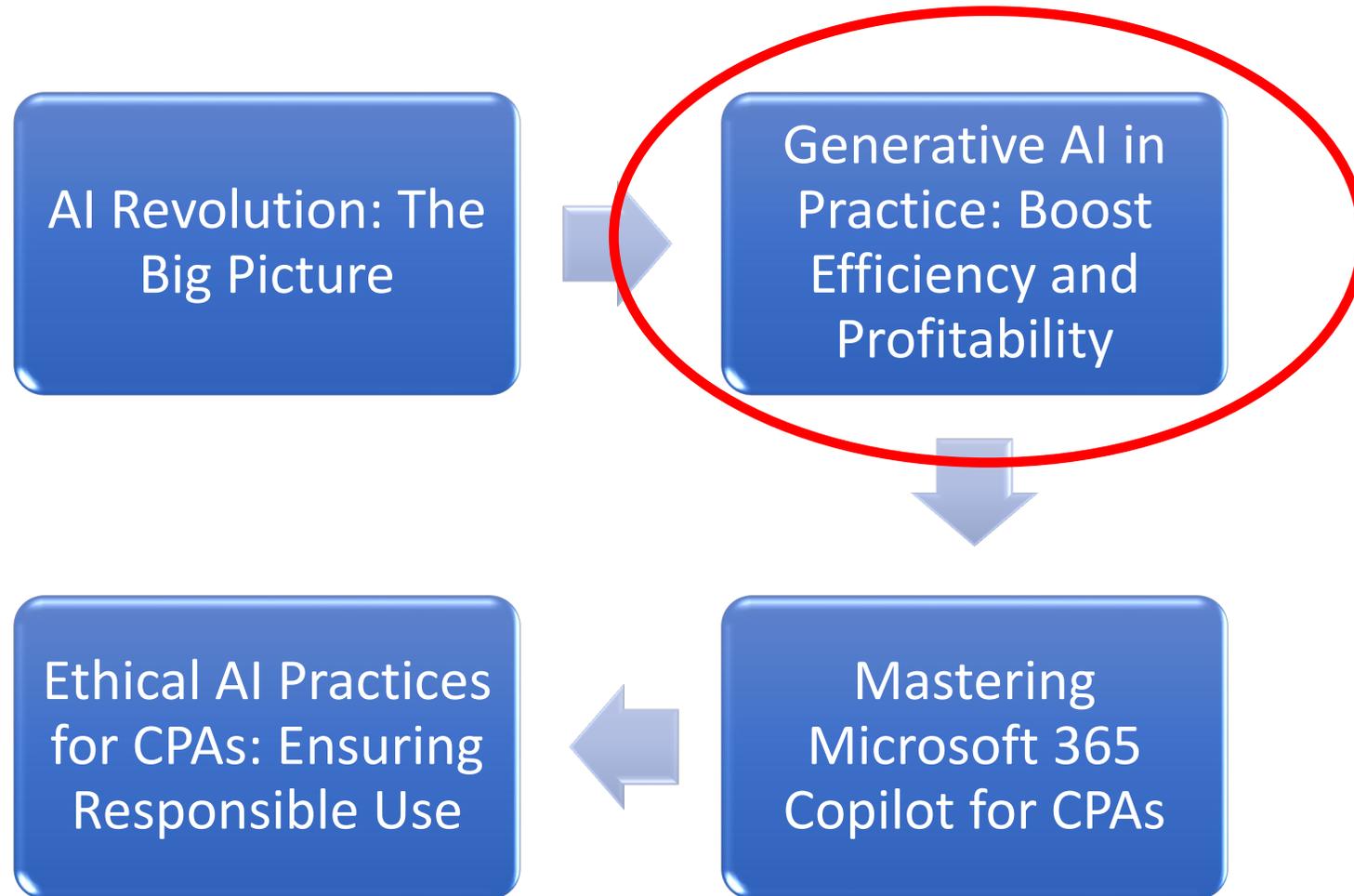- Former National Mid-market Technology Partner - BDO
- CPA Practice advisor Top 25 Thought Leader for the CPA profession
- AICPA Business & Industry Hall of Fame Inductee
- Past Chair of the Michigan Association of CPAs
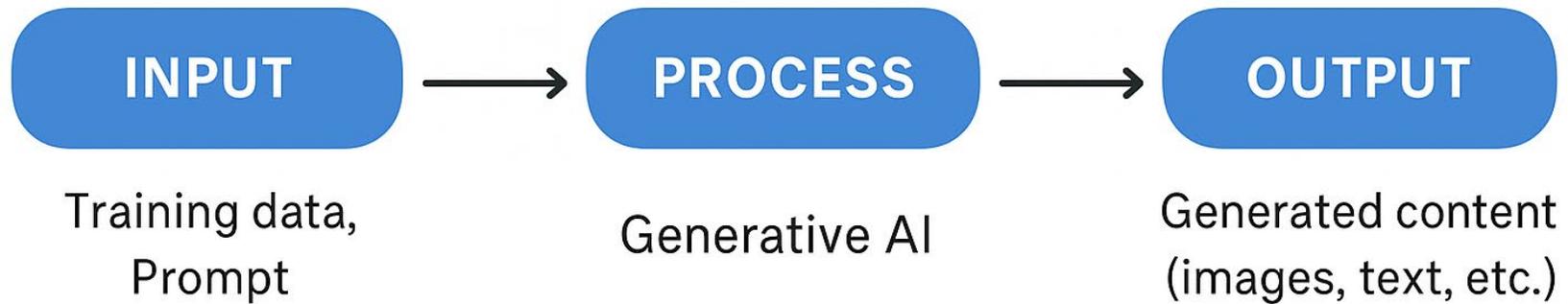- Passionate advocate for the CPA profession!

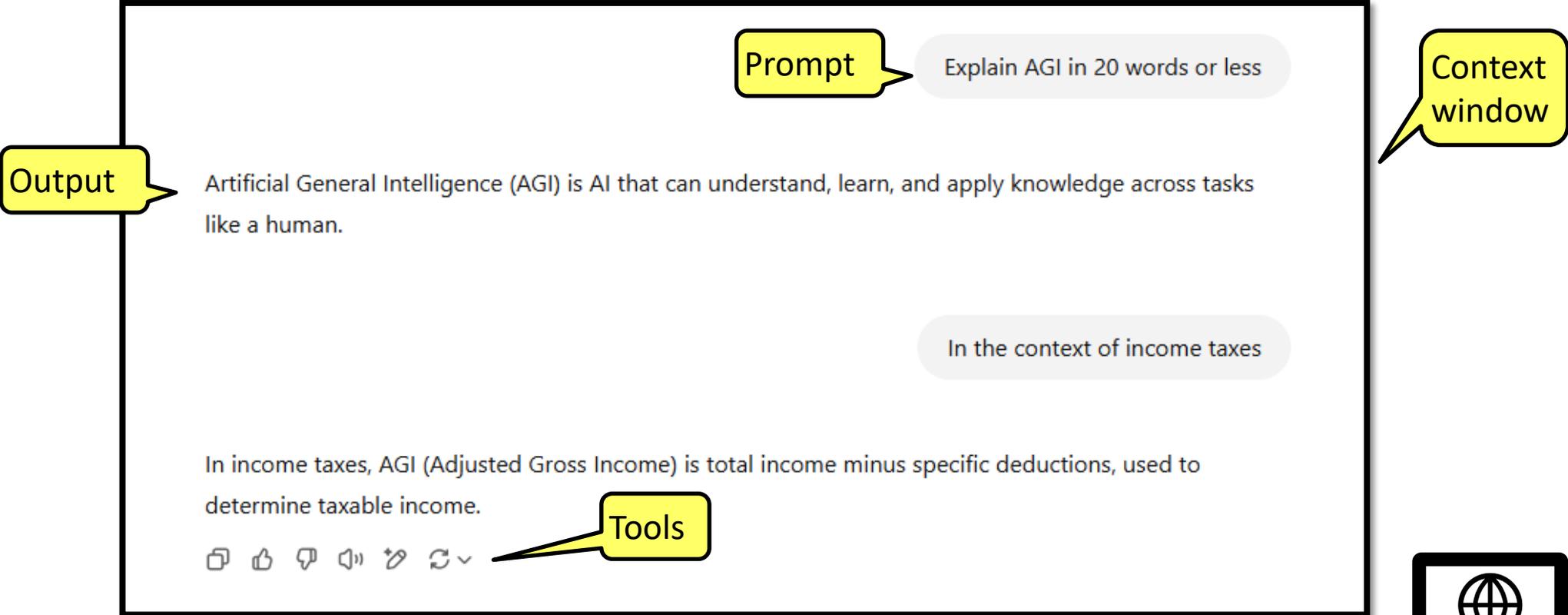# Navigating the AI Frontier Webinar Series

Presentation Outline

- ➢ Generative AI Fundamentals

- ➢ Using AI in Accounting / Tax / Audit / Advisory

- ➢ Prompt Optimization

- ➢ Picking Your AI Tools

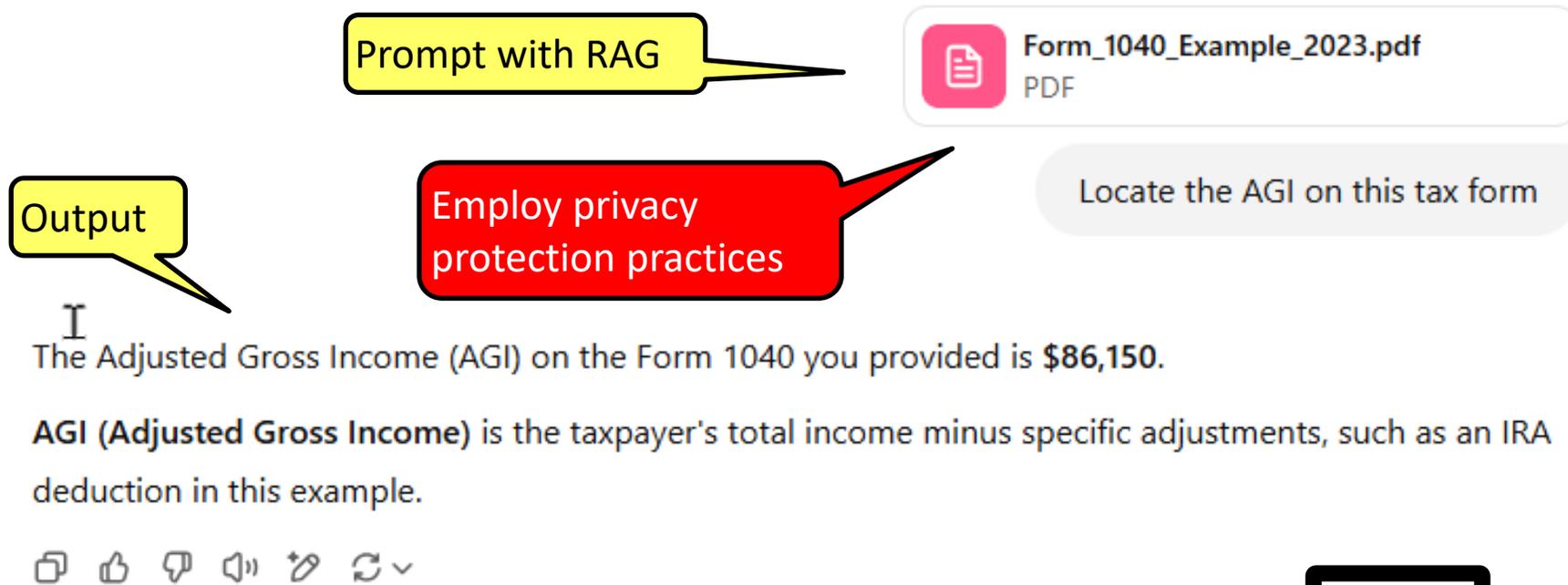- ➢ Identifying AI Opportunities in Your Organization

- ➢ Wrap-up

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GENERATIVE AI FUNDAMENTALS

INPUT → **PROCESS** → **OUTPUT**

Training data,
Prompt

Generative AI

Generated content
(images, text, etc.)

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A Simple Generative AI demo

A Simple Generative AI demo with RAG (Retrieval Augmented Generation)

Prompt with RAG

Form_1040_Example_2023.pdf
PDF

Employ privacy protection practices

Locate the AGI on this tax form

Output

The Adjusted Gross Income (AGI) on the Form 1040 you provided is **$86,150**.

AGI (Adjusted Gross Income) is the taxpayer's total income minus specific adjustments, such as an IRA deduction in this example.
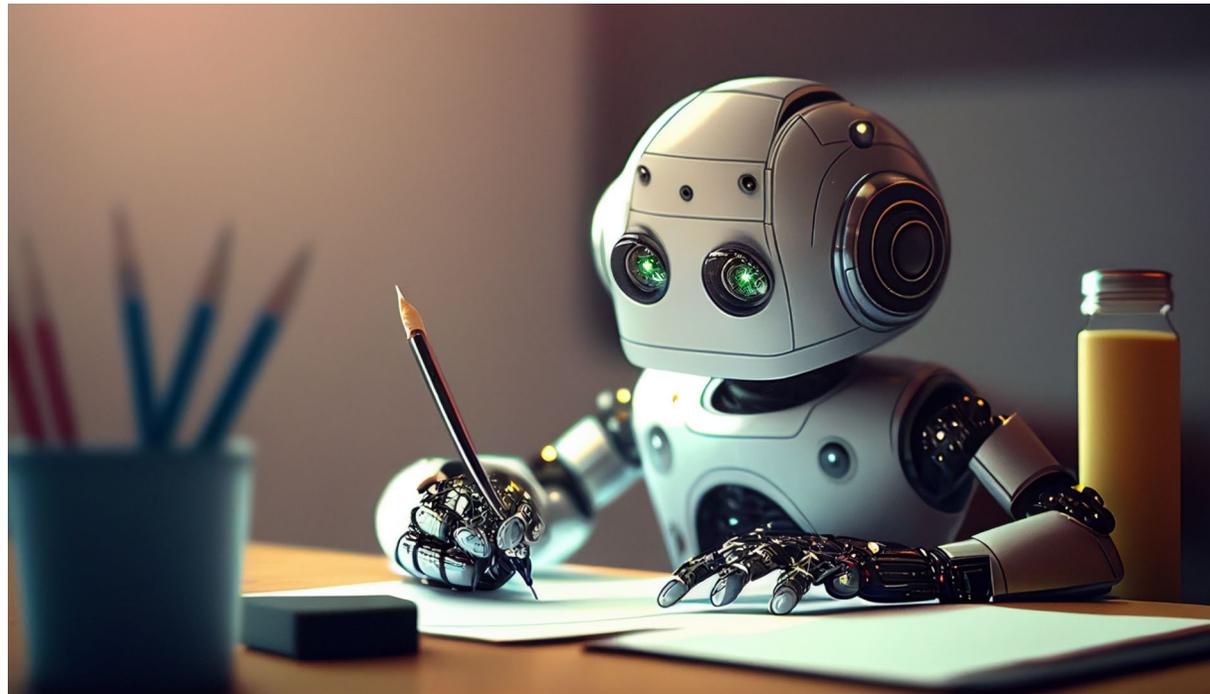
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Prompt Example

Sample Prompt for Financial Statement Analysis

- Analyze the attached NVIDIA financial statements, including the income statement, balance sheet, and cash flow statement.

- Identify key financial metrics, trends, and potential risks. Provide insights on revenue growth, profitability, liquidity, solvency, and cash flow management.

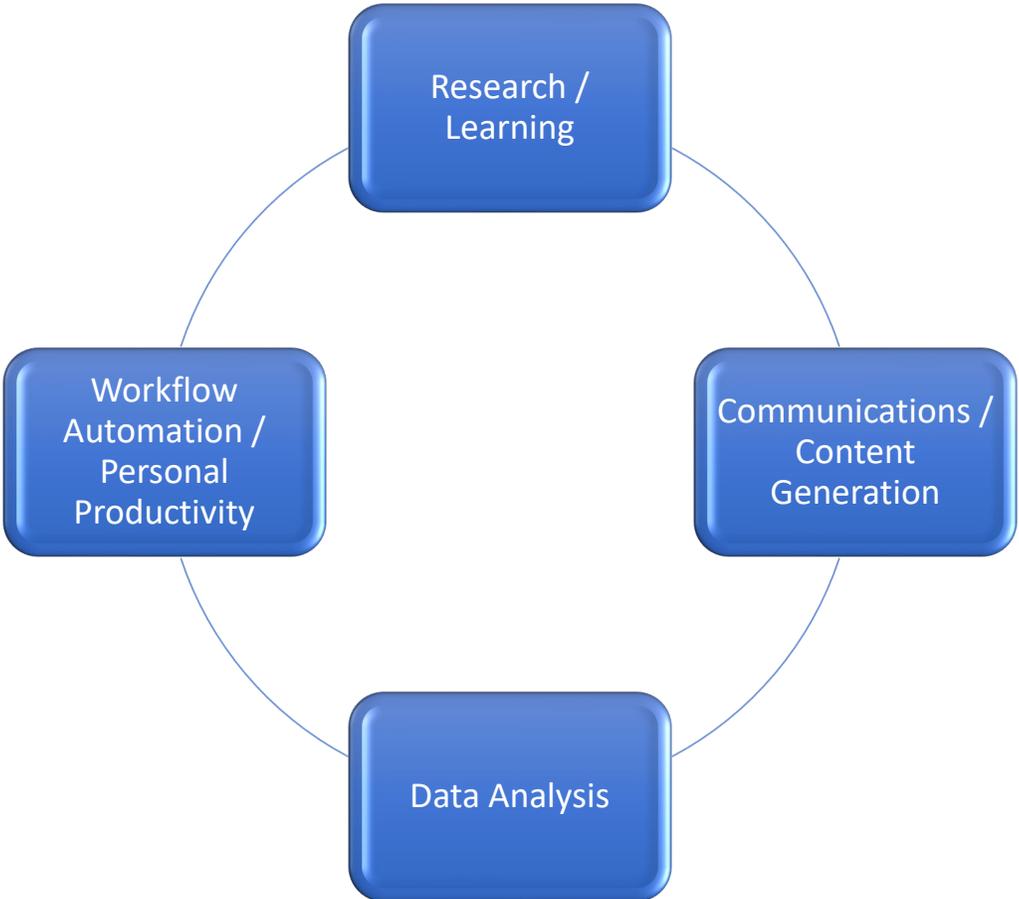- Highlight any significant changes year-over-year and compare them to industry benchmarks if possible.
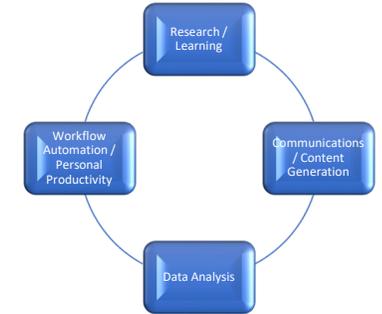
Prompt Example

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USING AI IN ACCOUNTING / TAX / AUDIT / ADVISORY

Generative AI Applications for CPAs

- Research / Learning
- Communications / Content Generation
- Data Analysis
- Workflow Automation / Personal Productivity

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AI Applications in <u>Accounting</u> Services

- <u>Research an accounting standard</u>

- <u>Design a chart of accounts</u>

- <u>Create a job description for a staff accountant</u>

- <u>Create a quiz to screen bookkeepers</u>

Create a 20-question quiz to assess candidates applying for a position as a bookkeeper in our small car wash business. The job duties include payroll processing, invoicing and accounts receivable, purchases and accounts payable, fixed asset reporting and preparation of monthly financial statements. Include questions requesting their name and email address. Make the questions multiple choice. All questions require an answer

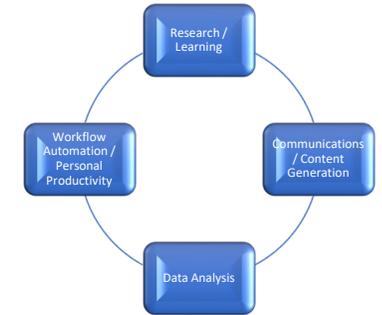# AI Applications in Tax Services
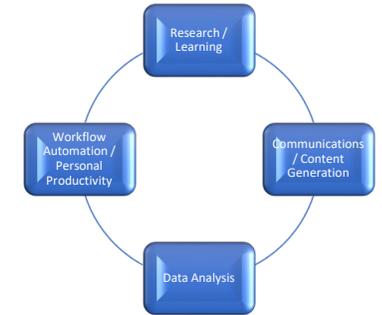
- Research a complex tax scenario

- Analyze a tax return

- Organize incoming 1040 source documents

AI Applications in Auditing Services
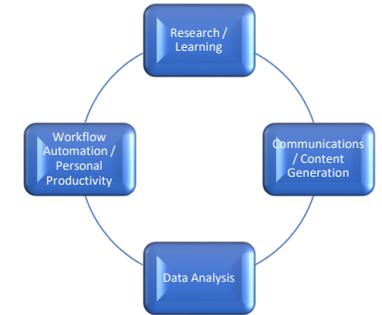
- Identify required footnote disclosures
- Develop an audit program
- Analyze contracts / lease agreements
- Develop audit workpapers

AI Applications in Advisory Services

- Conduct industry research
- Define an advisory service offering
- Develop service delivery process
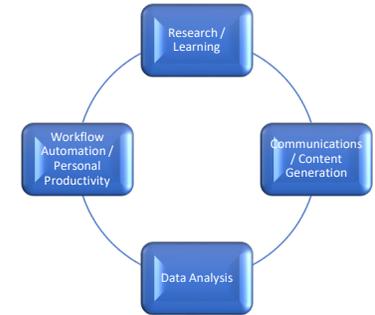- Create a marketing communications plan

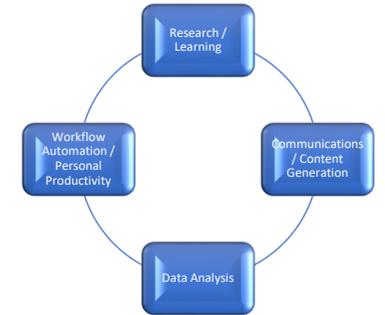Industry Research   Service Delivery Process

Research & Learning Applications

- Tax research
- Accounting and auditing standards research
- "Just in time" software applications training
- Rapidly develop industry knowledge
- Financial market research

Communications & Content Generation Applications

- Explain a complex tax strategy to a lay person
- Generate talking points for a client meeting
- Develop a presentation of financial statements for a non-profit board of directors
- Create content for a website
- Develop an AI usage policy for your company

Data Analysis Applications
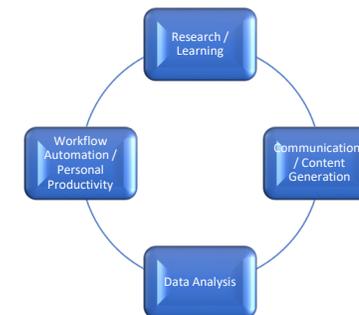
- Analyze financial reports to extract key metrics
- Analyze transaction ledgers for fraud
- Analyze contracts and leases in a financial audit
- Analyze historical financial data to predict future performance
- Analyze terms of a business transaction to determine the tax implications

Workflow / Personal Productivity Applications
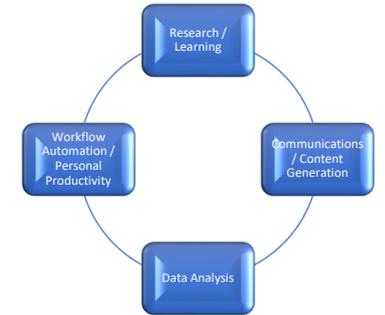
- Develop Excel macros to automate routine tasks
- Compose / reply / analyze / organize emails
- Document and summarize online meetings
- Develop custom applications to automate routine tasks

PROMPT OPTIMIZATION

"Prompt" Components

Context	Instructions	Examples
Information that helps explain the subject including RAG content	What the response should be including content, tone, style, format	Examples that illustrate the desired outcome

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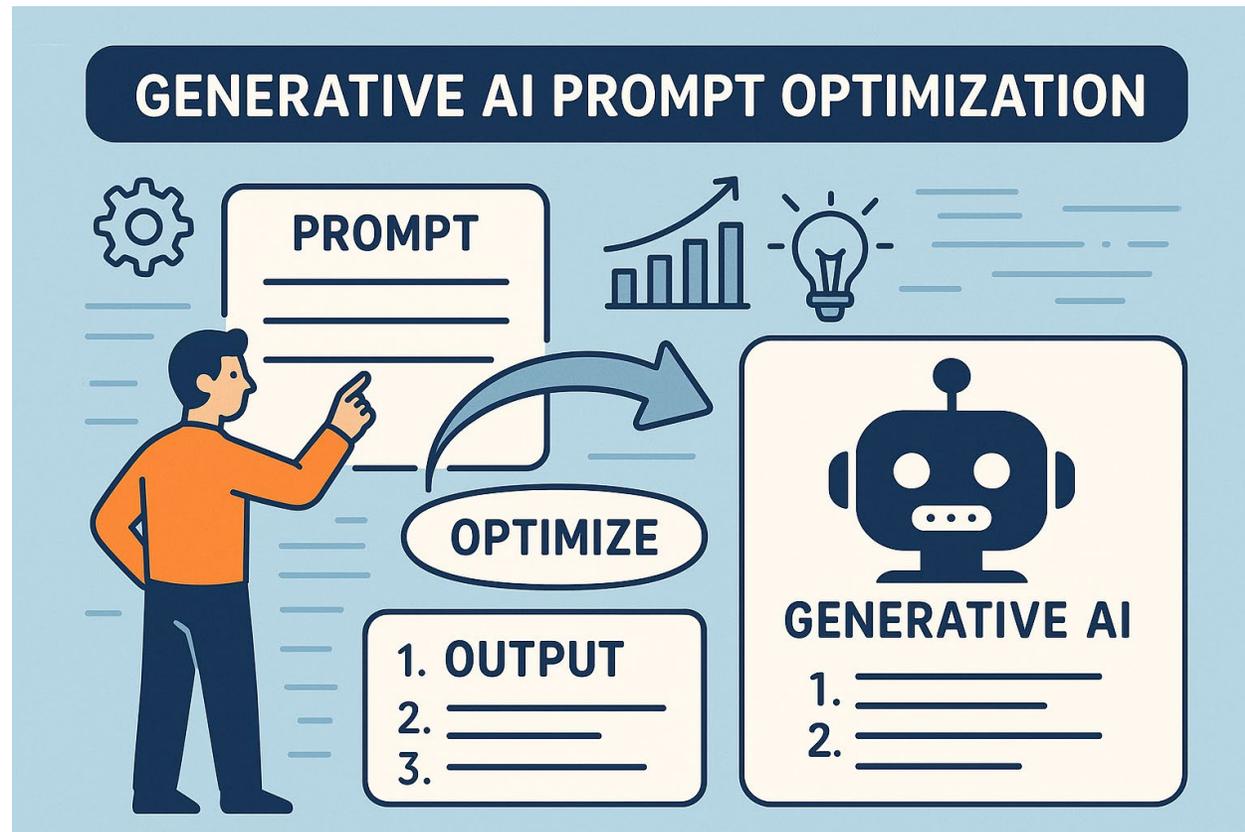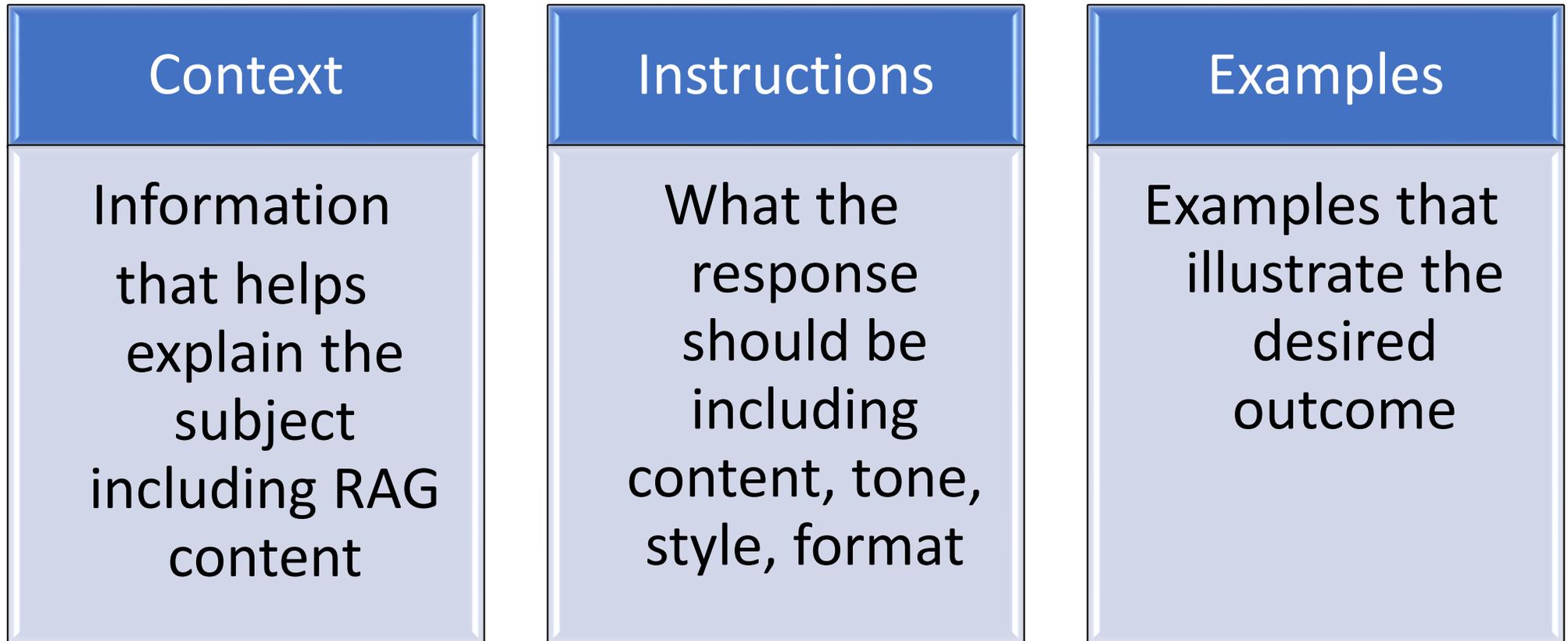
Best Practices for Effective Prompts

- *Clarity* – use clear and concise language
- *Specificity* – be specific about the task and output
- *Conciseness* – Focus on essential details only
- *Iteration* – Test and adjust prompt as appropriate
- *Define Terms* – Spell out acronyms

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RAG (Retrieval Augmented Generation)

- "Retrieve" relevant information from external sources
- "Augments" the prompt
- "Generation" by AI utilizing the prompt and retrieve content
- Examples; documents, images, websites

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SBAR Prompt Methodology

- Situation – What's going on?

- Background – What is the context?

- Assessment – What do you think the problem or need is?

- Recommendation – What action or output do you want from the AI?

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SBAR Prompt Example

S: I need help communicating with a client about an accounting standard.

B: The client is a construction company with multiple equipment leases. They're not familiar with ASC 842.

A: They may not understand how the new rule affects their balance sheet and financial disclosures.

R: Write a professional email that explains ASC 842 in simple terms and outlines the financial reporting impact for 2025.

SBAR Prompt Example

Dialectic Prompt Methodology

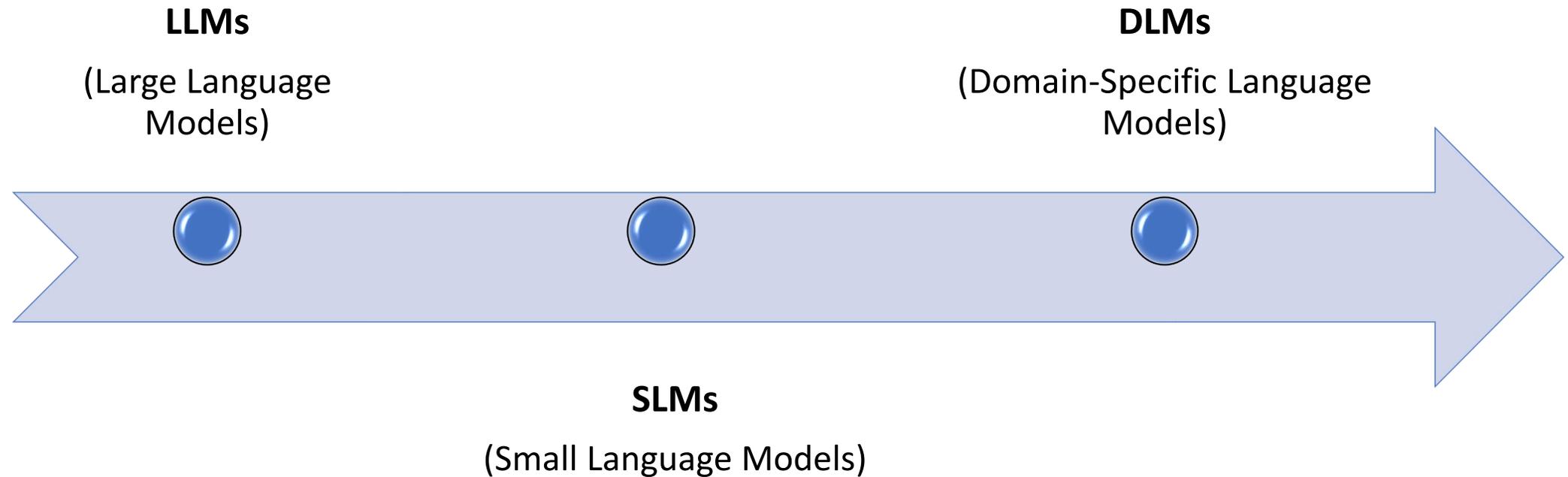Dialectic Prompt Example

- Based on the Socratic method encouraging deeper understanding through dialogue
- **Thesis** – Start with an initial statement or prompt
- **Antithesis** – Challenge the initial response with a counterpoint or follow-up questions
- **Synthesis** – Refine the idea by combining insights from both the thesis and antithesis

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PICKING YOUR AI TOOLS

Evolution of Generative AI Language Models

LLMs

(Large Language Models)

DLMs

(Domain-Specific Language Models)

SLMs

(Small Language Models)

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Popular Large Language Models

- ChatGPT (OpenAI)
- Claude (Anthropic)
- Copilot (Microsoft)
- Grok (xAI)
- Gemini (Google)
- Llama (Meta)
- Grok (xAI)

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Domain Specific Language Models

- TaxGPT
- Thomson Reuters CoCounsel
- Blue J
- Wolters Kluwer
- Caseware AiDA

Factors to Consider

- ✓ Scope of potential applications
- ✓ Integration with existing apps / data sources
- ✓ Availability of AI in existing apps
- ✓ Budget allotment

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IDENTIFYING AI OPPORTUNITIES IN YOUR ORGANIZATION

Step 1 – Form a Team

- Establish an AI project team
- Include representation across the organization
- Invest in AI tool(s) and training for the team
- Set goals / objective / timeline for the team

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Step 2 – Assess Business Processes

- Identify repetitive, document-heavy, or decision-driven tasks
- Interview process leaders to identify pain points and bottlenecks
- Map use cases to AI capabilities
  - ✓ Document drafting
  - ✓ Data summarization
  - ✓ Idea generation
  - ✓ Process automation

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Step 3 – Evaluate Specific Initiatives

- Time savings
- Cost reduction
- Increased accuracy
- Data availability
- User adoption

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Step 4 – Get Started!

- Select and prioritize initiatives
- Procure AI tool(s)
- Obtain training
- Start with a pilot project
- Conduct ongoing assessment and evaluate

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WRAP-UP

In Summary

- There are abundant opportunities to leverage AI in every business

- You can accomplish a lot with limited investment and risk

- Start with training and a plan

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Questions ?

Thank you!!!

Let's connect on LinkedIn

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