

# Ethical AI Practices for CPAs: Ensuring Responsible Use



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Presented By  
John H. Higgins, CPA.CITP  
Rochester, Michigan



# Learning Goals

- Recognize the ethical dilemmas and risks associated with AI applications that you can encounter
- Identify practical guidelines for mitigating them

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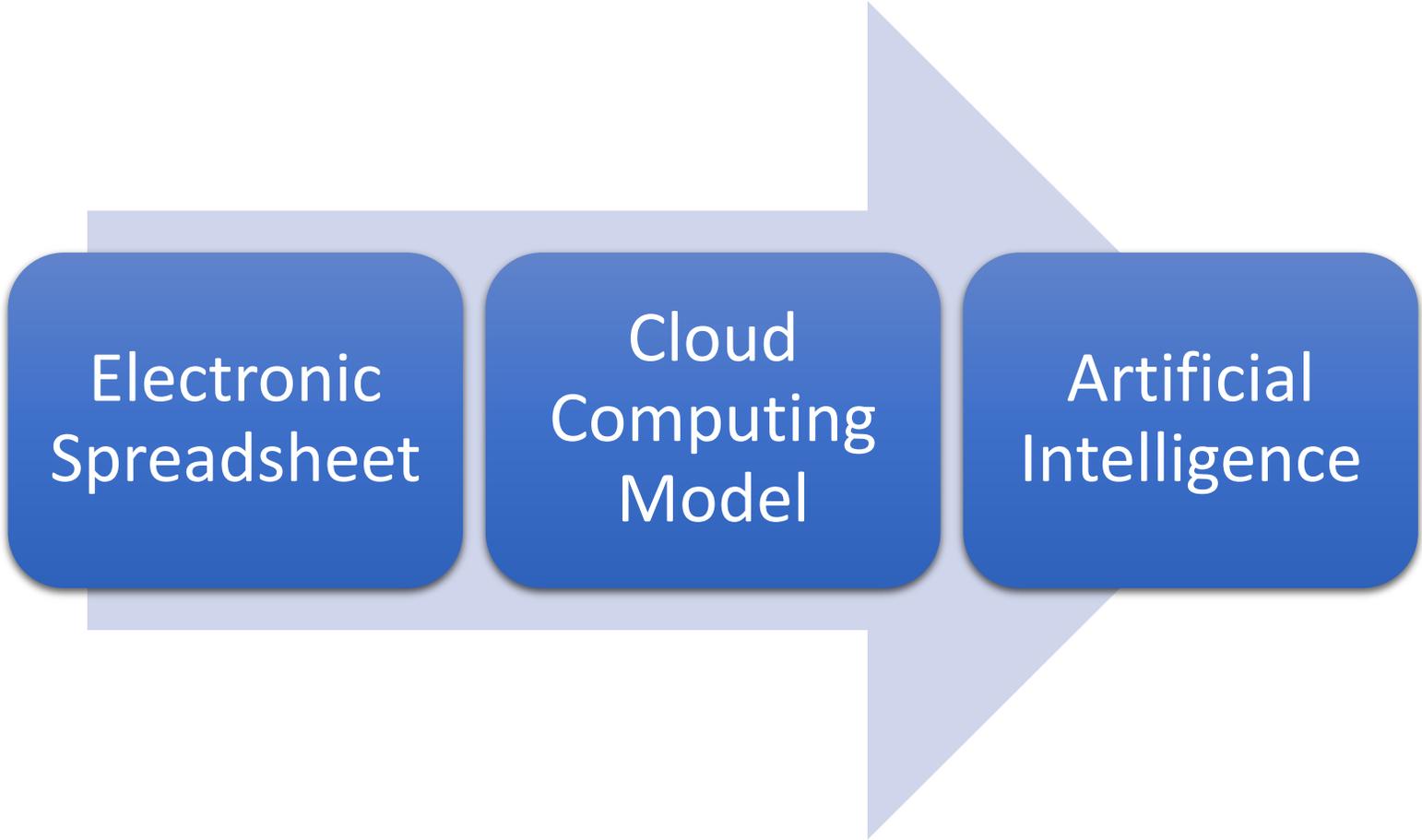
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# Presentation Outline

- Why AI Ethics is an Important Topic
- AI Usage Ethical Dilemmas & Risks
  - Where do they originate
  - What are they specifically
  - How to mitigate them
- Wrap-up

# The Big Three CPA Technology Revolutions



# WHY AI ETHICS IS AN IMPORTANT TOPIC?



What's wrong with this picture?



“The new spring in AI is the most significant development in computing in my lifetime. Every month, there are stunning new applications and transformative new techniques. But such powerful tools also bring with them new questions and responsibilities.”

Sergey Brin

Co-founder Google

“The most important thing to know about AI, it is the first technology in history that can make decisions by itself and can create new ideas by itself.”

Yuval Noah Harari  
Best Selling Author – Sapiens

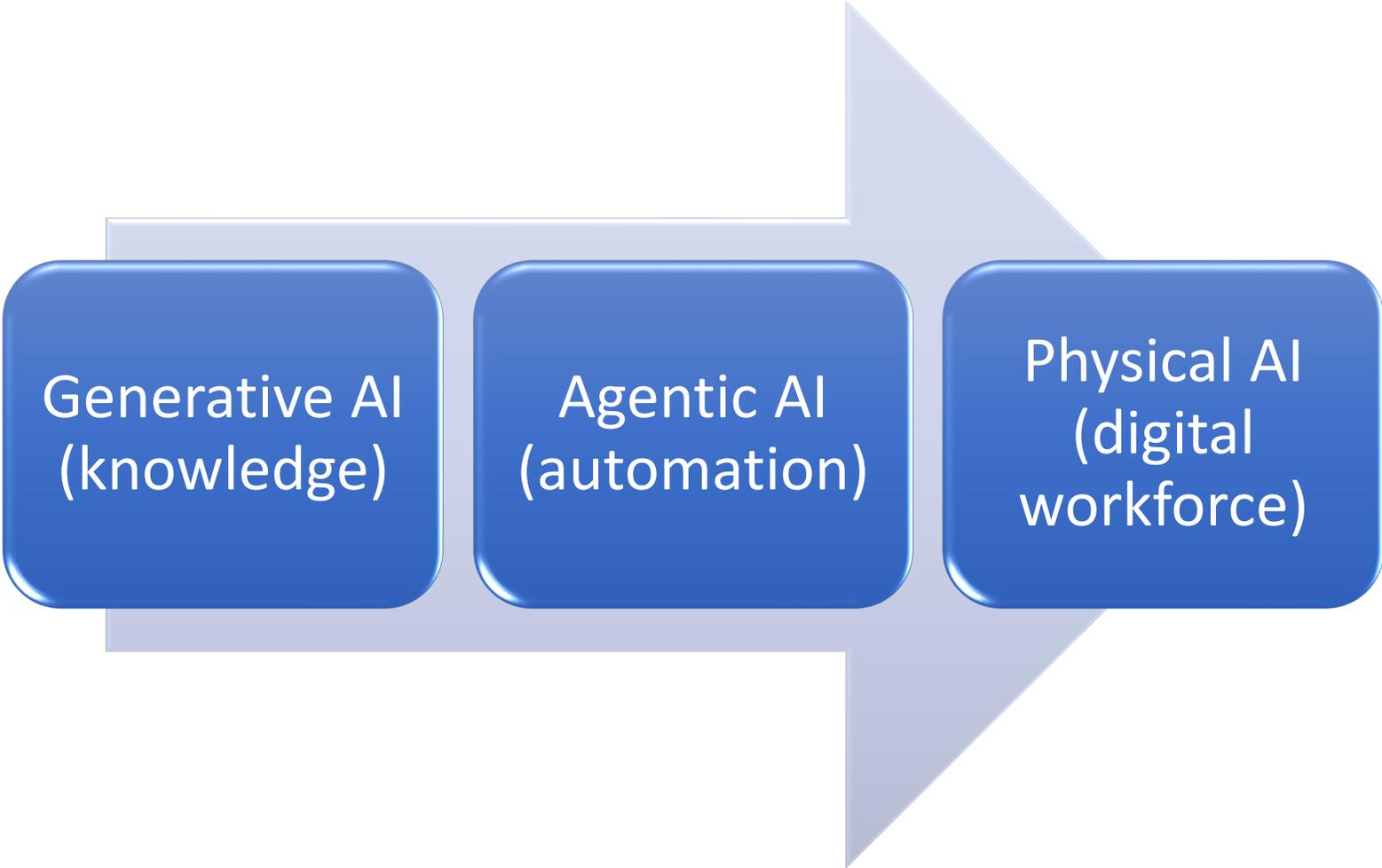
“ . . . And can take actions by itself”

John Higgins, CPA

# THE SOURCE OF AI ETHICAL DILEMMAS & RISKS



# AI Technology Evolution

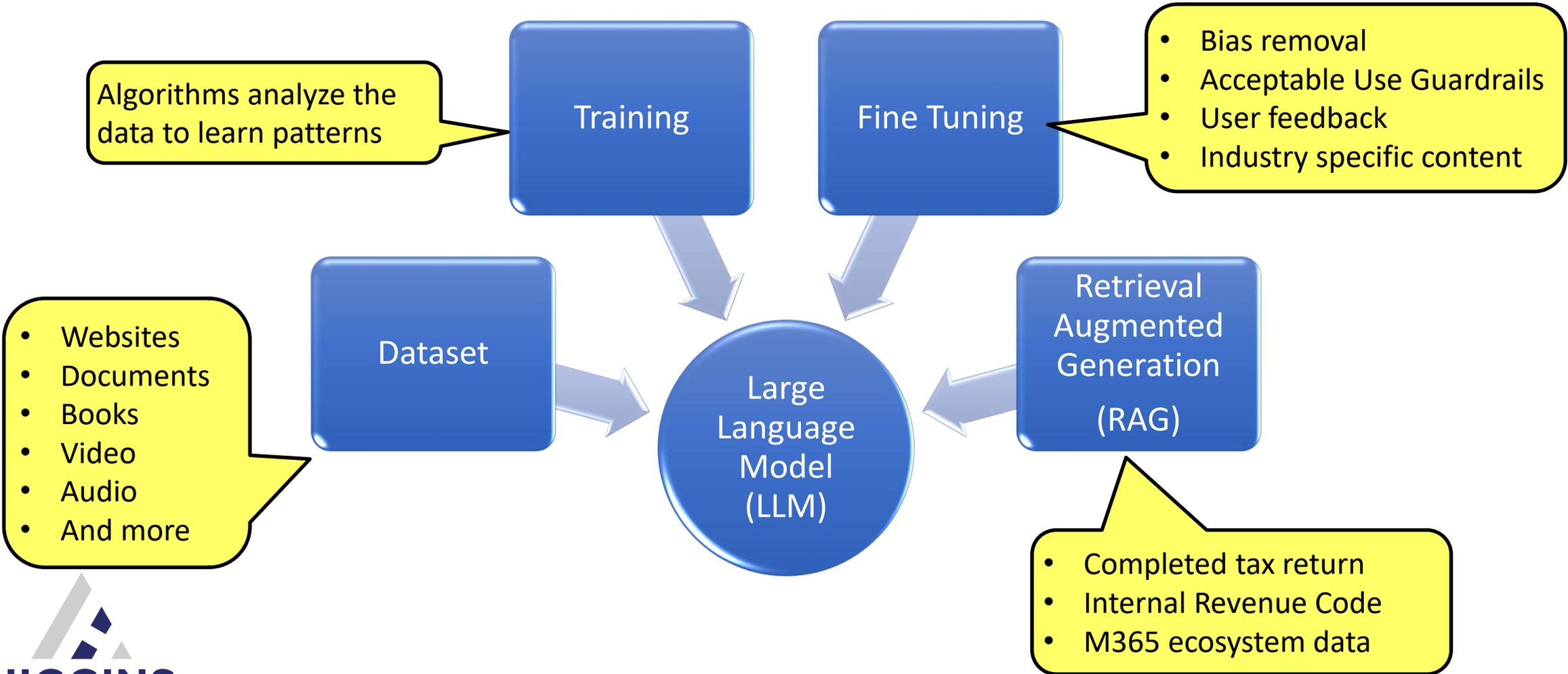


# A Simple Generative AI demo

- ***Prompt:*** What is AGI?
- ***Response:*** AGI stands for Artificial General Intelligence.
- ***Prompt:*** In the context of income taxes.
- ***Response:*** In the context of *income taxes*, AGI refers to *Adjusted Gross Income*.

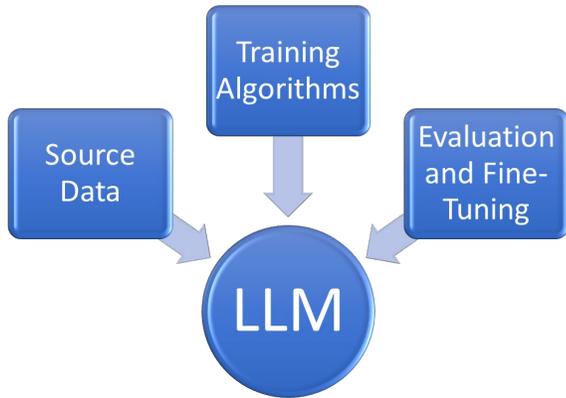


# Building a Large Language Model (LLM)



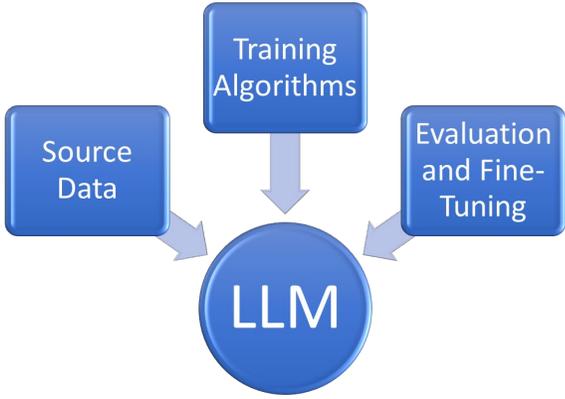
# LLM Source Data Ethical Risks

- AI application developer determines the source of the data
- The source data will have inherent biases
- Source data may have copyright issues



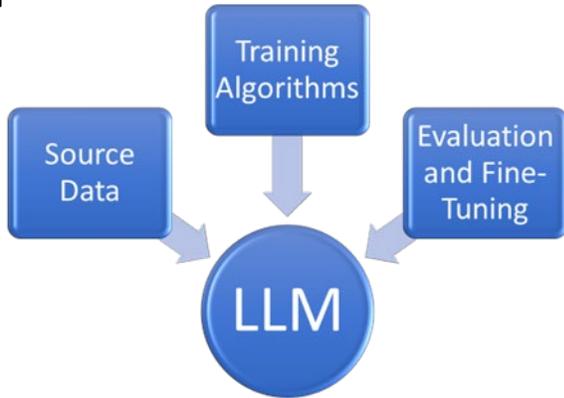
# LLM Training Algorithm Ethical Risks

- AI application developer defines the algorithms that train the data
- Different weightings can be assigned to different classifications of data to remove / embed biases

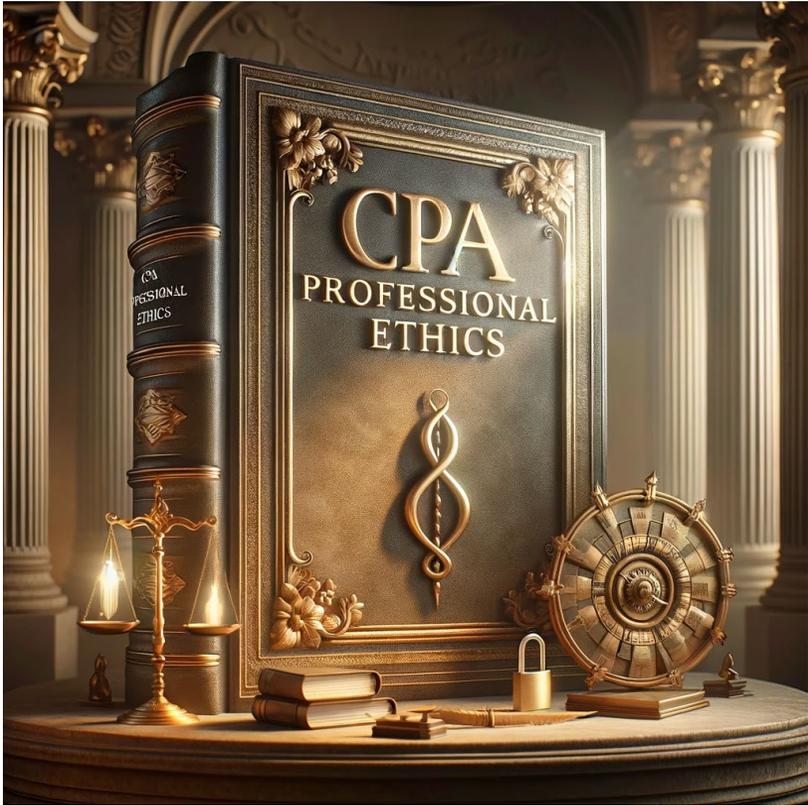


# LLM Evaluation and Fine-tuning Ethical Risks

- AI application developer defines the parameters of the “guard rails” to exclude/prevent inappropriate data
- AI developer defines “acceptable use” policies for user prompts



# REVIEW OF THE CPA PROFESSIONAL ETHICS FRAMEWORK



# AICPA Code of Conduct

- Adopted by members of the AICPA
- Provides guidance and rules for CPAs in their performance of professional responsibilities
- Disciplinary repercussions for failure to comply

# Key Principles of Professional Conduct

- Act in the public interest
- Integrity
- Objectivity and Independence
- Due care



AICPA Code of Conduct  
Full Text



ChatGPT Summary

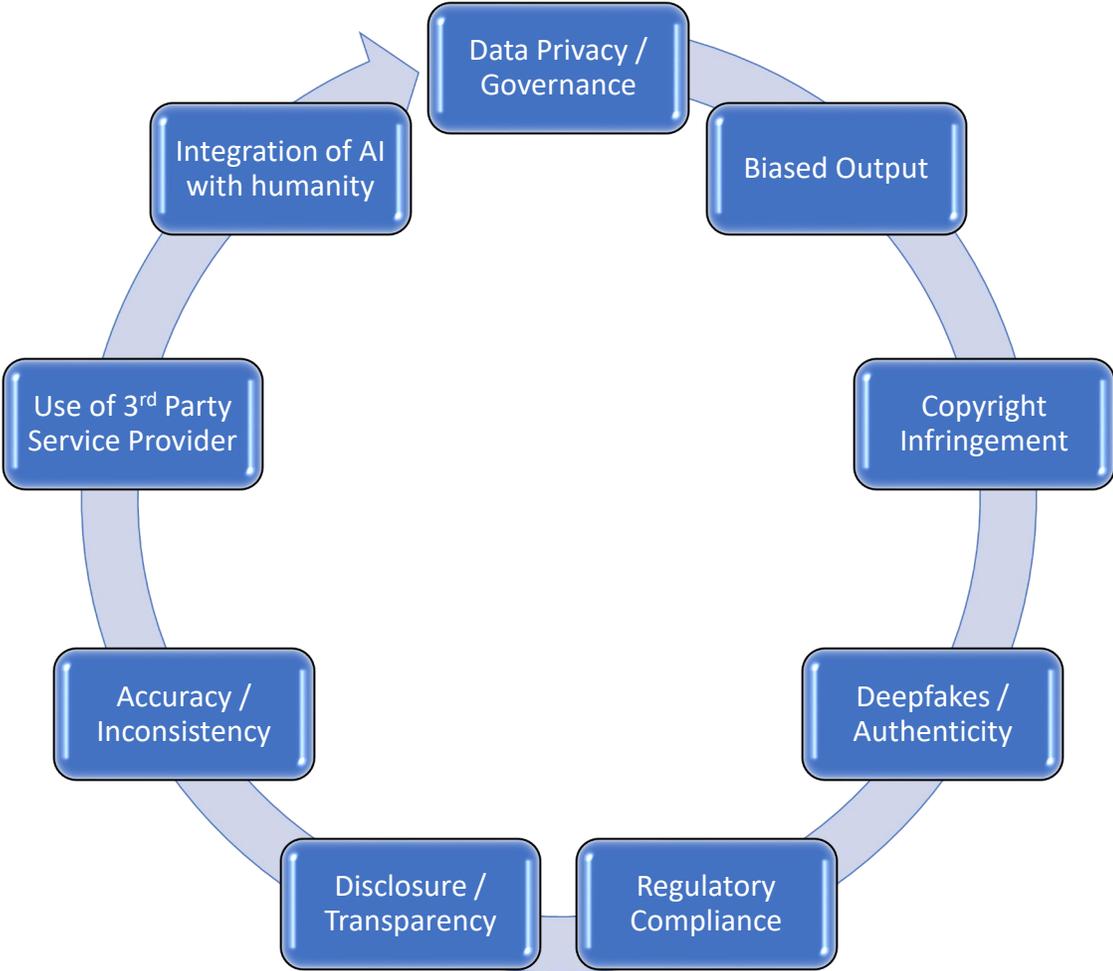
# Additional Regulatory Entities to Consider

- State Board of Accountancy
- SEC (Securities and Exchange Commission)
- PCAOB (Public Company Accounting Oversight Board)
- DOL (Department of Labor)
- GAO (Government Accountability Office)
- Federal, state and local taxing authorities

# AI ETHICAL RISK AND MITIGATION



# AI Ethical Risks and Mitigation



# MITIGATING THE ETHICAL DILEMMAS & RISKS



# #1 - Apply Due Diligence in Selecting AI Tools

- Select reputable tools
- Investigate their data privacy and acceptable use policies.
- Limit staff to using only approved tools

## #2 - Develop Documentation Standards

- Maintain an audit trail of AI prompts and outputs for client engagements as part of your engagement documentation standards
- Establish a policy for when and how AI usage on client engagements should be disclosed
- Consult with your professional liability carrier for guidance

## #3 - Authenticity and Accuracy Validation Policy

- Establish guidelines for standard procedures for validating the accuracy and authenticity of AI generated output
- Include links to sources in prompt output

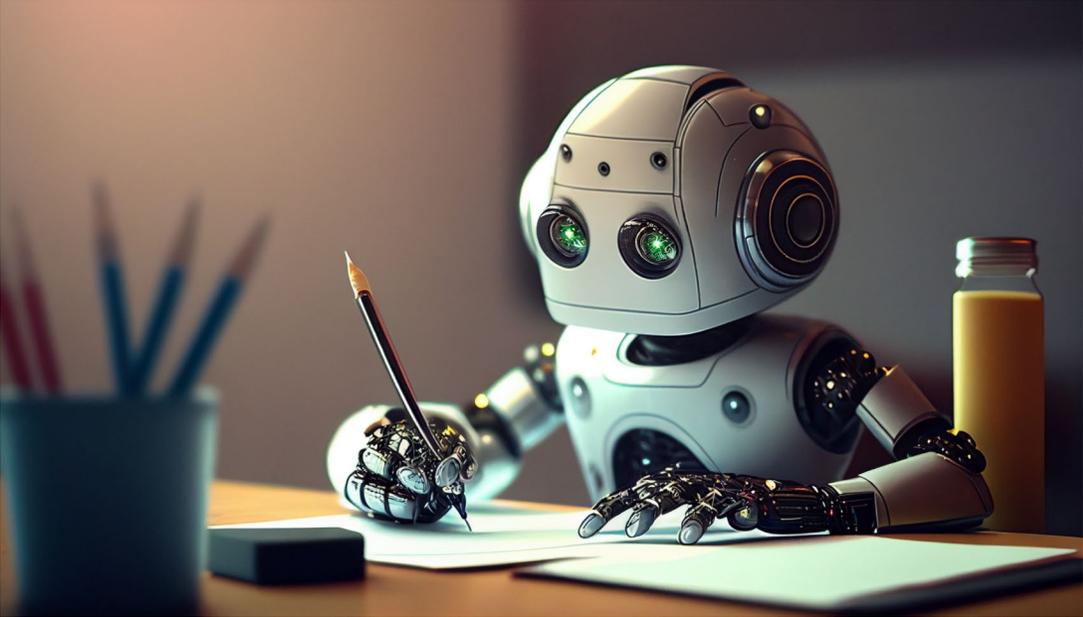
## #4 - AI Acceptable Usage Policies and Procedures

- Establish an AI prompt champion to lead communication, oversight and knowledge sharing regarding prompt best practices
- Maintain a library of firm approved prompts for technical applications on client engagements
- Monitor standards setters and regulatory agencies for compliance requirements

# #5 - Develop an AI Acceptable Usage Policy

- Incorporate all these policies & procedures in a comprehensive and documented AI usage policy
- Provide mandatory education on the policy for all staff
- Monitor and update quarterly
- Monitor standards setters and regulatory agencies for compliance requirements

Machines are getting more like humans



Humans are getting more like machines



# Integration of AI & Humanity

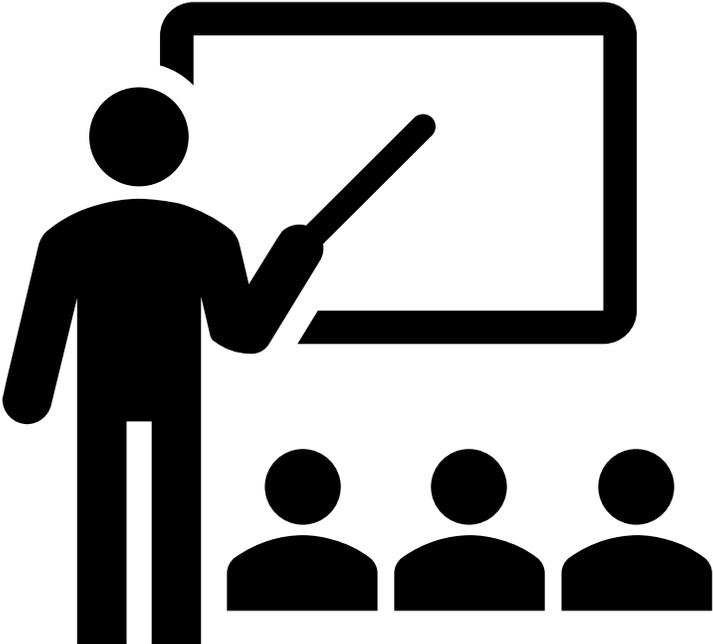
- Risk of over reliance on AI generated content
- The fear of job security is real and should not be dismissed
- Communication, transparency and education are key

# Current Day Examples

- [HeyGen](#)
- [Figure 03](#)
- [Neuralink](#)



# WRAP-UP



# In Summary

- There are many ethical implications and risks associated with using generative AI technology
- Specific standards and regulations are currently limited
- Develop an AI usage policy for your organization
- Educate your staff on the risks of AI
- Use your core ethics as your foundation to guide you!

# Thank you!!!

Let's connect on LinkedIn 

