

Ethical AI Practices: Ensuring Responsible Use



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Learning Goals

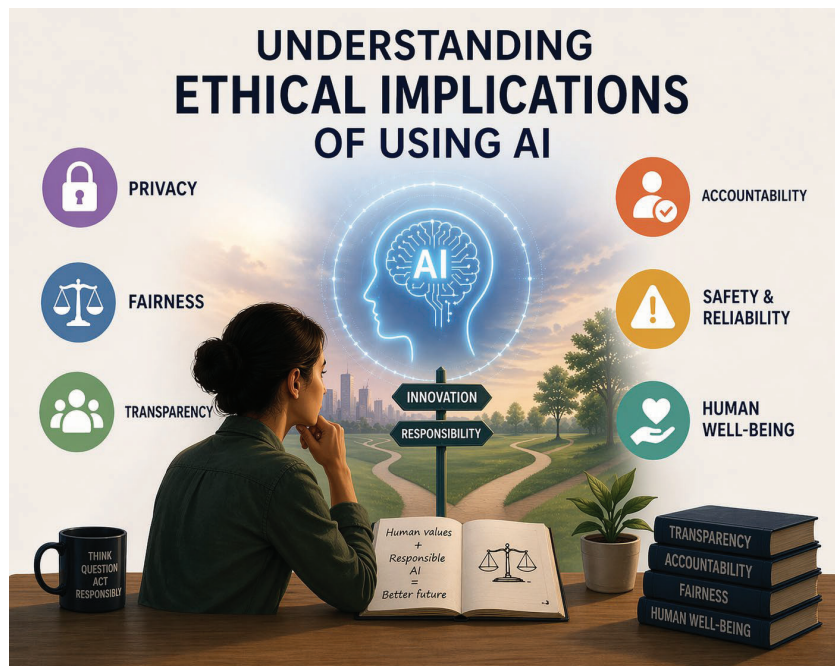


- Recognize the ethical dilemmas and risks associated with AI applications that exist
- Identify practical guidelines for ensuring ethical use and minimizing the risks



Presentation Outline

- Understanding ethical implications of using AI
- AI ethical implications and risks and how to mitigate them
- Wrap-up



“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

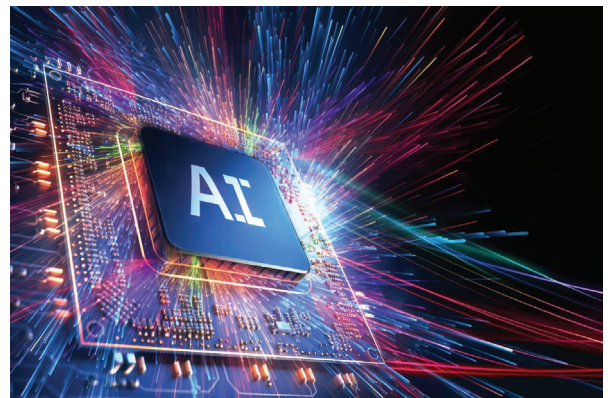
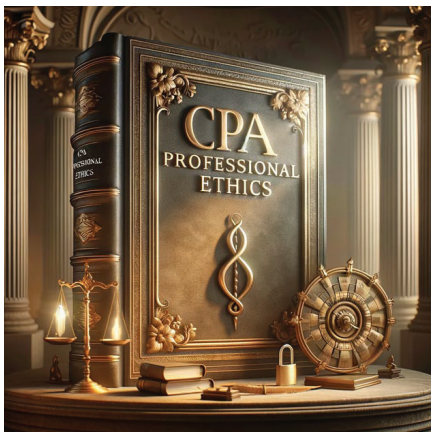


The Key Ethical Dilemmas . . .

- Is my private data private in AI?
- Is my AI output accurate?
- Is my AI output authentic?
- Is my AI content discoverable in litigation?
- Is my AI usage and content auditable?
- Is my AI output in copyright violation?



AICPA Code of Conduct and AI



Key Principles of Professional Conduct

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



AICPA Code of Conduct
Full Text



ChatGPT Summary
with AI



Additional Regulatory Entities to Consider

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



AI Ethical Implications and Risks and How to Mitigate Them

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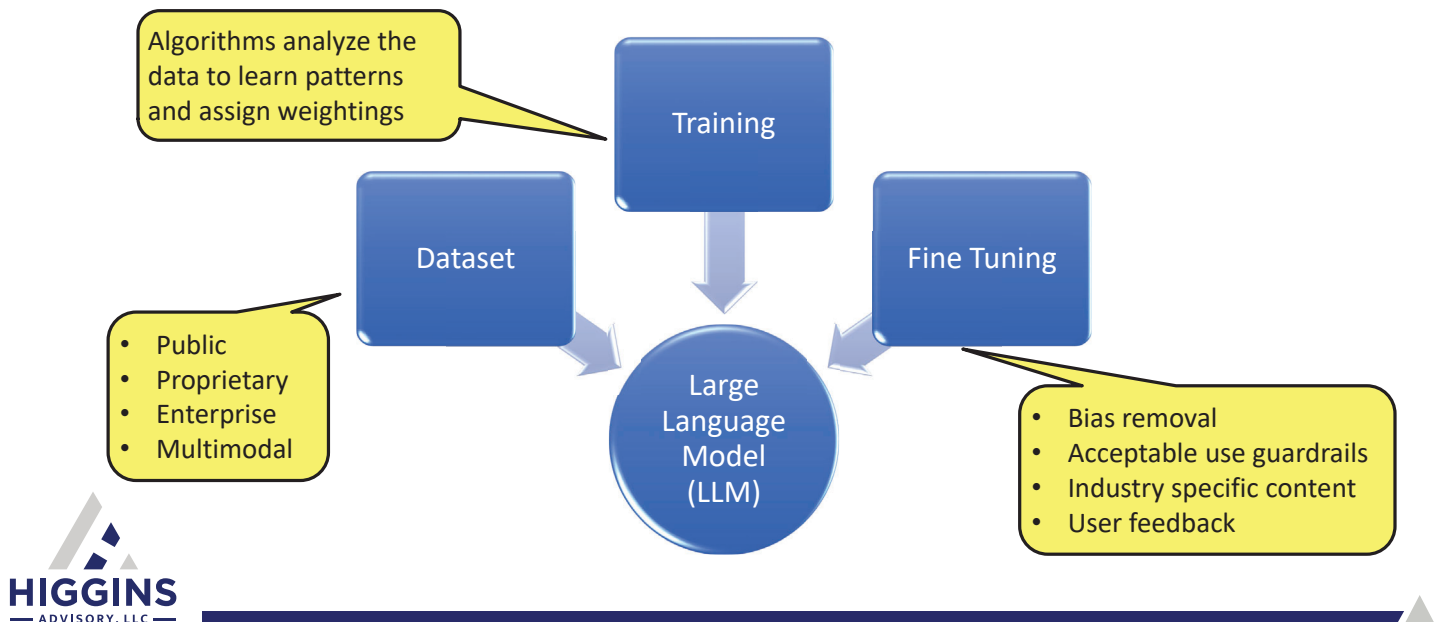
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A Simple Generative AI Example

- **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*.



Large Language Model (LLM) & AI Risks



LLM Source Data Ethical Risks

- AI model developer determines the source data
- Source data will have inherent biases
- Source data may have copyright protection



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

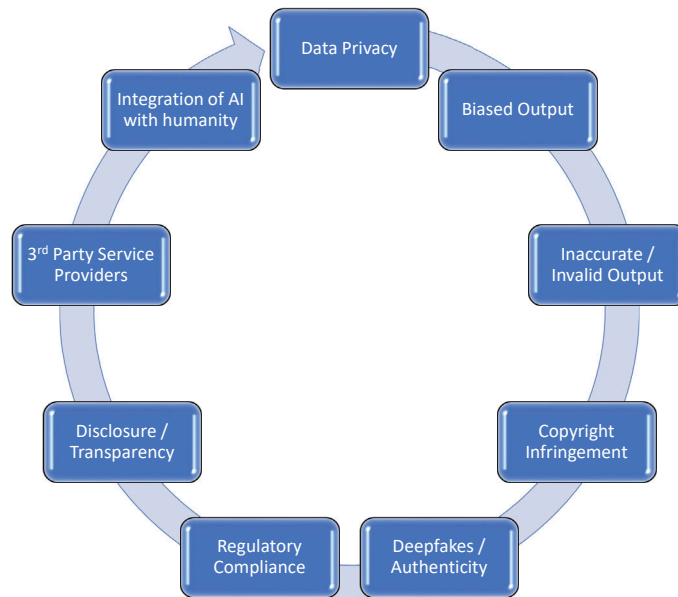


LLM Evaluation and Fine-tuning Ethical Risks

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



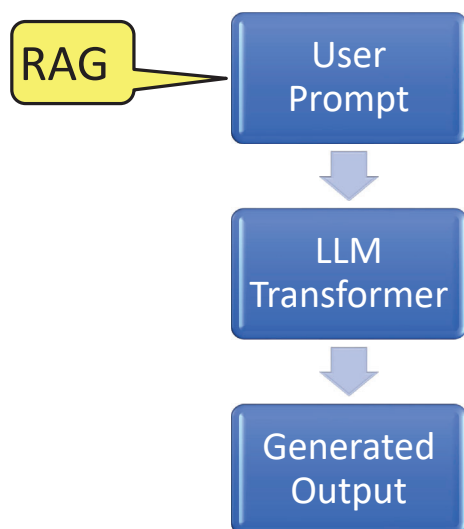
AI Ethical Implications and Risks



Data Privacy Risks

- External – Confidential data may be passed over to AI model
- Internal – Users may access unauthorized company data via AI

RAG (Retrieval Augmented Data) and Privacy Risk



Sources of RAG

- File uploads
- Worldwide web
- Internal app data
- Enterprise data

Data Privacy Risk Mitigation

- Understand and configure AI app data privacy controls
- Anonymize prompt data by removing any entity or personal identifying information (practical limits)
- Audit internal data access controls to ensure users only have access to data they are authorized to access

Biased Output Risk & Mitigation

- **Bias** – Prejudice for or against a person, group, idea, etc.
- AI model based on real world data
- AI developer can embed bias in the transformer
- Mitigation can be invoked via the prompt



Example prompt

AI Output Accuracy and Validity Risk & Mitigation

- Generated output may be inaccurate (hallucination)
- Establish a process for validating accuracy
 - ✓ Emphasize using your RAG data
 - ✓ Regenerate output – modify prompt / iterate prompt / prompt alternate model(s)
 - ✓ Require source citations in prompts
 - ✓ Implement a secondary review process

Prompt Citations Request Example

- Provide a summary of current cryptocurrency tax treatment in the U.S. Support all key points with citations from authoritative sources such as the IRS, SEC, or FASB. Include inline citations and a reference list with direct links to the original publications. If no reliable source exists for a claim, explicitly state that.
- Do not provide general or aggregated citations—each material statement must map to a specific source reference.



Prompt example

Copyright Risk & Mitigation

- AI output may be generated using copyright protected data
- You are ultimately responsible
- Indemnification policy varies by developer
- Avoid publishing comprehensive output verbatim.
- Use plagiarism tools, e.g. [iThenticate](#)



Deepfakes / Authenticity Risk & Mitigation

- AI generate output – image, audio, video
- Difficult to determine legitimacy
- Educate staff on what to look for
- Utilize safe word / phrase
- Dual authorization for ALL payments above \$ threshold



Regulatory Compliance Risk & Mitigation

- AI usage may not be in compliance with legislation, regulation, professional standards, etc.
- Develop a scheduled prompt to monitor appropriate authorities for new standards.



Scheduled AI Compliance Update

Search for new or updated guidance, rules, enforcement actions, standards, proposals, staff interpretations, inspection findings, or compliance requirements related to the use of Artificial Intelligence (AI) technology that may apply to my work as a licensed Certified Public Accountant (CPA) in the United States. Monitor the following regulatory and standard-setting bodies: • FASB (Financial Accounting Standards Board) • 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, including the IRS (Internal Revenue Service). Focus specifically on items that reference or reasonably affect: • Artificial Intelligence (AI) • Generative AI • Machine learning • Algorithmic or automated decision systems • AI governance, controls, or risk management • AI use in accounting, auditing, tax, financial reporting, compliance, or internal controls. For each relevant item found, provide: 1. Agency name 2. Title of the publication or action 3. Date issued or updated 4. Direct link to the source 5. A concise summary written for CPAs and CFOs 6. Why this matters from a CPA compliance or professional responsibility perspective 7. Practical action items I should consider 8. A confidence level (High / Medium / Low) that this item creates or modifies CPA compliance obligations. If no relevant AI-related updates are found for an agency during this period, explicitly state: "No AI-related updates identified for this agency during the current monitoring period." Organize the output by agency, with the newest items listed first.



Example prompt



Disclosure / Transparency Risk & Mitigation

- Currently little or no guidance from legislation and professional standards.
- Rely on your ethical framework
- Disclose relative to your usage and output
- Avoid using verbatim output
- Maintain an auditable trail of AI usage
- Apply consistent to other research tools
- You are ultimately responsible for the information



Using Projects in ChatGPT for Audit Trail



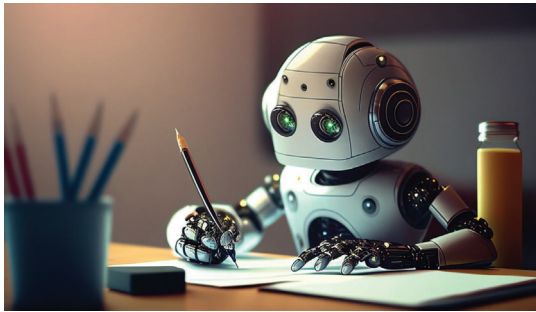
Example project

3rd Party Service Provides Risk & Mitigation

- AI provider may be the source of many of these risks identified.
- Apply due diligence in selecting AI tools
- Permit only usage of approved AI tools
- Disclose usage via contracts / engagement letters as per other 3rd party application usage

Integration of AI & Humanity Risk & Mitigation

Machines are getting
more like humans



Humans are getting
more like machines

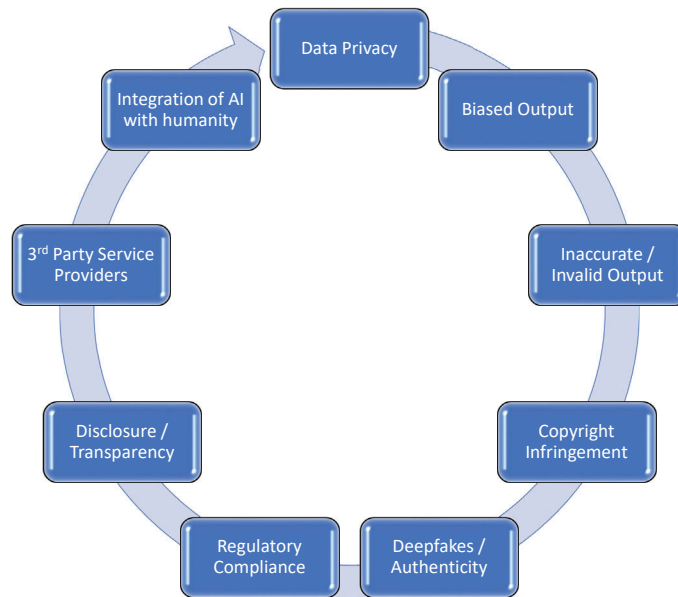


Integration of AI & Humanity Risk & Mitigation

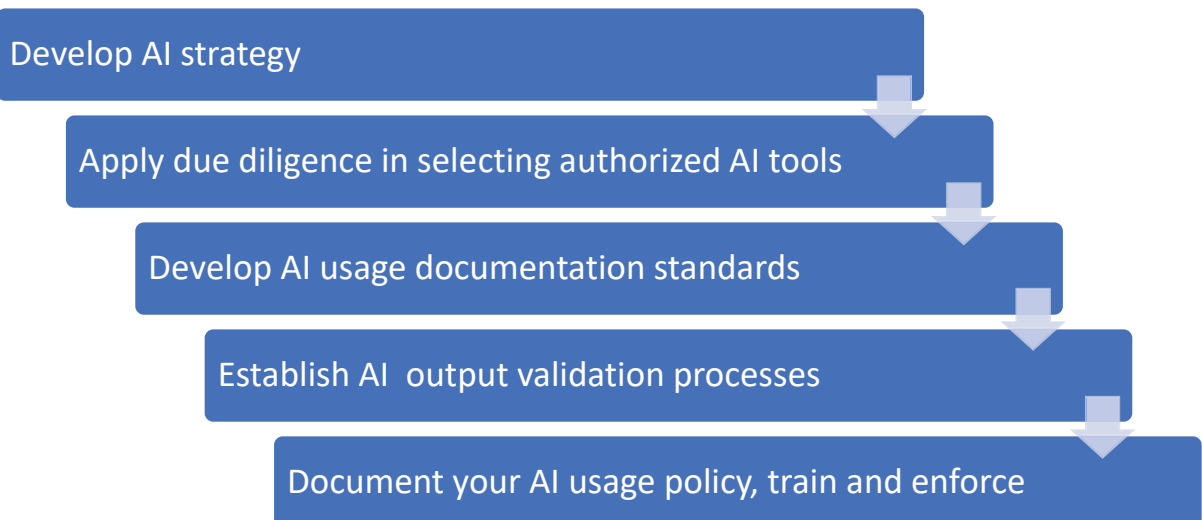
- Many people are sleepwalking about AI
- Many people fear losing their job
- Overwhelming majority of people have a negative view of AI
- Develop your “talent stack” AI strategy
- Communicate clearly and consistently to staff
- Invest in staff AI upskilling to leverage domain knowledge



AI Ethical Implications and Risks



Responsible AI Usage Policy Recap



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 →

