



Beyond Accounting: AI and Accountants get REAL

THURSDAY MAY 30TH

Background



AI is changing the role of accountants in both business and practice



Members can see the potential benefits of AI including improving efficiency and accuracy of processes and freeing up time for more strategic work.



However, they are concerned about the risks and how to go about leveraging these opportunities



Barriers identified include skills shortages, regulatory uncertainty and how to navigate ethical, transparency and other risks.



Institutes have a role to play in training and supporting members and are conducting various activities to do this including ICAEW publishing of the [ICAEW Generative AI Member Guide](#)

CAW Technology Group

- Comprised of SMEs of CAW member bodies and Central team.
- Co-chaired by ICAEW and ISCA CEOs.
- Purpose is to:
 - Provide a forum for sharing technology knowledge, ideas, experiences, resources, and best practice.
 - Collaborate with relevant stakeholders to increase awareness of emerging technologies and trends impacting accounting.
 - Identify and promote relevant technology content produced by the member Institutes, CAW Network USA and other trusted partners across institute and CAW channels.



Proposal for a global AI study

- Technology is one of the key strategic themes for CAW and for every CAW institute
- AI is increasingly impacting finance, business and the future of the profession globally
- Opportunity to conduct global research to:
 - Understand the state of AI in the profession including attitudes, current uses, and barriers to adoption;
 - Create awareness and champion adoption of AI by providing resources such as roadmaps to support CA members in adopting AI in organisations of different sizes;
 - Examine what accountancy and finance professionals should do regarding AI including what skills they should develop.

Note: Objectives and timelines are yet to be finalized and are subject to change

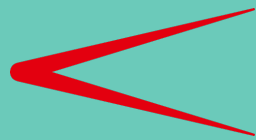
Proposal for a global AI study

- Ten institutes will participate in the research:
 - ICAEW, ISCA, ICAS, CA Ireland, CA ANZ, ICAZ, SAICA, ZiCA, ICAM and ICAP
- A working group has been set up to take the study forward, and identify a research partner, scope, approach and timings.
- The research will be delivered in two phases:
 - Phase 1: Nov/Dec 2024
 - Phase 2: Q1 2025

Note: Objectives and timelines are yet to be finalized and are subject to change

AI in Accounting

2



Use Cases and Opportunities

How AI is being used in Accounting, and future opportunities for us

AI in Accounting - Uses

“Traditional AI” particularly machine learning used for:

- Forecasting and Planning
- Data Extraction and Categorisation
- Risk assessment and anomaly detection
- Reading and translating documents

Generative AI used to:

- aid productivity e.g. drafting correspondence, generating reports & marketing materials etc.
- Generate content such management reports, commentary on reports/ ratio analysis, audit documentation

Accounting Co-pilots



Use Large Language Models (LLMs) such as Open AI's GPT-4, Meta's Llama, and Google's Gemini, trained to perform accounting tasks.



Assist accountants in performing tasks faster, more efficiently, and possibly to a better quality.



Accounting vendors such EngineB have started to develop copilots:

Chat to document: allows "chat" to a regulation, contract or other document. Usually only access one data source but useful for asking questions re a firm's methodology, help desk support etc

Team member: undertakes much of a complete task normally done by a member of staff (e.g. Revenue Recognition, Lease Accounting, Going Concern, Audit Planning). Uses multiple data sets.

Agents: groups of Team Member Copilots working together to complete a complex task e.g. teams of agents specialised in tax in different countries working together on a Transfer Pricing task

Example co-pilot: Lease Accounting

- Uses LLMs trained on controlled data:
 - Read Client Leases;
 - Use relevant accounting standards to make judgements on treatment of the lease;
 - Use client financial data to ensure lease accounted for correctly;
 - Document how the tool has come to the decision (explainability)

<https://youtu.be/DRd02ObLc1A?si=pSwKCinoTnHq7Aa7>

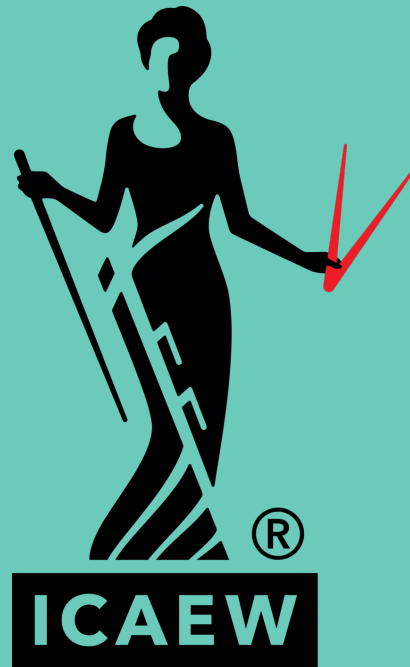
Always on audit

Group of copilots and agents to support the full lifecycle



Agent	Role	Function	Level of Complexity
Data Integration	Automates data extraction/integration	Interfaces with Engine B's Integration Engine	Moderate
Compliance and Regulation	Tracks audit standards and regulations	Updates agents on new regulations for compliance	Moderate
Transaction Testing	Performs transaction testing/analysis	Analyses transactions for irregularities	High
Risk Assessment	Identifies and assesses risk areas	Predicts high-risk areas, suggests deeper examination	High
Internal Controls Evaluation	Evaluates internal control effectiveness	Tests control mechanisms, reports weaknesses	High
Financial Statement Analysis	Analyses financial statements	Reviews balance sheets, income statements, etc.	High
Industry-Specific Analysis	Provides industry-specific insights	Compares client data to industry benchmarks	Moderate
Fraud Detection	Detects signs of fraudulent activity	Uses predictive modelling to identify potential fraud	High
Reporting and Visualization	Generates reports and visualizations	Compiles data into understandable reports	Moderate
Quality Assurance and Review	Ensures audit process quality	Reviews outputs, checks for inconsistencies	High
Client Communication and Advisory	Manages client communication	Provides updates, explanations, and recommendations	Moderate
Continuous Learning and Improvement	Enhances audit system over time	Analyses past audits, refines process	High
Orchestrator	Coordinates activities of all agents	Ensures communication and task prioritization	High
IFRS 15/ASC 606 Revenue Recognition	Assesses compliance	Evaluates revenue policies, contract terms	High
IFRS 16/ASC 842 Leases	Specialises in lease accounting	Identifies lease contracts, assesses liabilities and assets	High
IFRS 9/ASC 320, 321, 325 & 815. Financial Instruments	Specialises in auditing financial instruments as per IFRS 9.	Reviews and tests for impairment of assets, including goodwill; assesses whether carrying amounts can be recovered.	High
IFRS 36/ASC 360, 350 Impairment of Assets	Specialises in impairment of assets	Reviews and tests for impairment of assets, including goodwill; assesses whether carrying amounts can be recovered.	High
IFRS 13/ ASC 820 Fair value Measurement	Specialises in fair value and disclosures	Ensures the accurate valuation of assets and liabilities at fair value, checks for appropriate disclosure and measurement techniques.	High





icaew.com