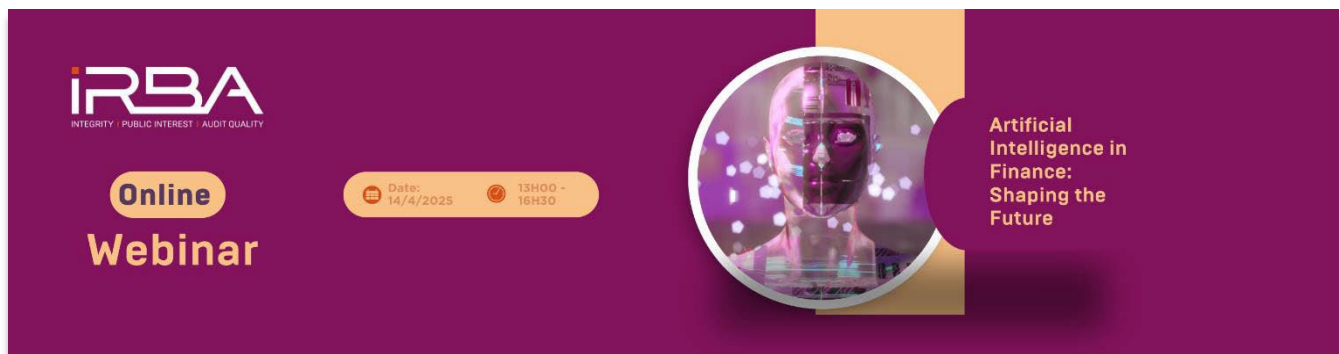


## ARTIFICIAL INTELLIGENCE IS SHAPING THE FUTURE – DO NOT BE LEFT BEHIND



Some of the attributes that differentiate human beings from anything else are the intricate capabilities that they possess to be able to “reason, learn, make decisions and have a perception”. But the landscape is shifting radically. Now, technological advancements are at a stage where these same complex capabilities can be performed faster and with more accuracy through the use of artificial intelligence (AI), with minimal human interference.

“AI is not just a buzzword; it is a game changer that is reshaping the way corporate reporting is being carried out. It is revolutionising our field in a significant manner, and it is up to all of us to harness this potential responsibly and ethically.” These are the thoughts that Imre Nagy, the Independent Regulatory Board for Auditors (IRBA) Chief Executive Officer, expressed at the beginning of a webinar the regulator hosted on Artificial Intelligence in Finance: Shaping the Future in mid-April 2025. Fittingly, he gave his opening remarks using an AI version or avatar of himself created via Vidnoz AI and Clipchamp.

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**Imre Nagy, IRBA CEO**

At first glance, it is easy to perceive AI as something that is here to replace people. But, if its transformative power is fully understood and embraced, then the conversation shifts to how AI can be effectively and ethically utilised for high-quality outcomes. That is exactly what the international and local speakers shared on, from different perspectives, with the 600+ attendees who joined the webinar. The topics under discussion covered the shifting perspectives of AI; ethics and technology, with a focus on the International Ethics Standards Board for Accountants (IESBA) Code and practical considerations; an AI legislative update; what audit will look like in five years; what AI can do for you today; what to be concerned about; and the use of technology in the audit.

### A Shift in Perspectives

Generally, there has been a hesitancy across the board when it comes to using AI, partly due to not fully understanding it and its benefits. However, as Sean Berrington and Kavi Pather from EY noted, over the past 18 months they have noticed a major shift, as clients have started to see “the art of the possible” when it comes to AI capabilities.

Before this change in perceptions, clients would buy AI tools and capabilities, without really understanding how to use them. As a result, there would be a lot of restrictions and governance regarding the use of those tools. Now, there is a radical move towards driving value through AI and a value case-based adoption of these tools, which requires taking a step back, understanding the problems within one's organisation and trying to use AI to, for instance, improve processes.

As professionals and organisations start to adopt digital strategies that incorporate AI use, it will be important for them to keep an eye on the fast-paced developments taking place. For instance, the latest conversations in this space now include agentic AI, which refers to self-managing systems that can take decisions and do tasks without regular human involvement.

### Takeaways for Professionals to Note

As the landscape and perspectives on AI start to shift, professionals and organisations will have to, among others:

- Perform detailed risk assessments of their environments;
- Understand how AI fits into their broader digital strategies;
- Be aware of how fast the models are developing;
- Know what capabilities to invest in for their specific situations; and
- Invest the necessary time in making sure that the adopted tools are conditioned to respond appropriately.

### Ethics and Technology – The IESBA Code and Practical Considerations

As technology usage increases, ethically-sound approaches towards its adoption and use will become extremely critical. “When we think about how we use data analytics and other kinds of emerging technology, sometimes in the rush to deploy and implement them, we can collectively forget a little about some of our core fundamental principles that we sign up to as accountants and members of professional bodies,” Jason Bradley, a member of the IESBA Technology Working Group, highlighted.

These principles – integrity, objectivity, professional competence and due care, confidentiality and professional behaviour – are the values that guide professional accountants’ conduct in the performance of their duties. So, with the increasing AI usage, it became necessary for the IESBA Code to be revised in relation to the use of technology, and this has comprised explicit guidance on technology-related work, including AI. These revisions basically acknowledge that things can go wrong with technology use, from an ethics point of view, and firms need to know how to mitigate those challenges.

These [technology-focused Code](#) revisions clarify the responsibilities of professional accountants specifically concerning:

- Heightened risk awareness, through addressing emerging challenges and emphasising an evaluation of both the intended and unintended consequences of technology use;
- Professional scepticism and judgement by reinforcing the requirements for exercising robust professional judgement, especially when relying on complex AI outputs; and
- Technology competence and training, as accountants must demonstrate ongoing competency, including awareness of data governance, model validation and emerging AI regulations.

There also needs to be an awareness that an overreliance on and blind trust in AI may compromise quality, leading to poor outcomes that are not in the public interest. Therefore, training for the people

using the tools is critical, especially in evaluating what input can be provided to the tools and how to evaluate the output. Other considerations include:

- Balancing efficiency gains with confidentiality obligations;
- Maintaining sufficient knowledge of technology, including AI algorithms;
- Pursuing continuous learning, to keep up with rapid technology advancements;
- Assessing threats to AI-driven outputs and applying safeguard, where necessary;
- Making an evaluation on what tool is more capable of achieving what you want; and
- Ensuring that you know enough about the tool you are using to be able to use it.

With regard to the overall principles-based approach, when one thinks about professional ethics and technology, the IESBA has four core steps it follows when it comes to ethical decision-making. These require the professional to identify threats to their integrity, independence and confidentiality; evaluate the significance of these threats; apply safeguards, if needed; and come to a conclusion or decide if it is necessary to escalate the issues noted.

## AI Legislative Update



Currently, South Africa does not have an “AI law”, but there is a draft National AI Framework that was published in 2024 and is now being revised. “This document seeks to outline our wishes or what we want to achieve with AI, and it will likely turn into regulations or possibly an AI Act,” Lucien Pierce, a director at PPM Attorneys and also a member of the IRBA’s Committee for Auditing Standards, stated.

Other guidance that is available is the new Principle 9 (Information Governance) from the Draft King V Code, which provides recommendations on what the governing body of an organisation should take into account, if it is considering the use of these technologies. Additional guidance is available from the European Union (EU) AI Act, which in some instances extends its reach beyond the EU jurisdiction. So, local businesses or audit firms that have operations in the EU and may want to deploy AI in that region have to be familiar with this legislation.

In the meantime, other laws that determine and have legal consequences for those using technological tools include privacy laws, such as the Protection of Personal Information Act; intellectual property legislation, including the Copyright Act; and ethical considerations, as encapsulated in the King IV Code.

In summary, it is imperative for professionals and organisations to stay informed about the evolving legislative landscape surrounding AI. Keeping abreast of updates, such as the draft National AI Framework and the EU AI Act, is crucial for ensuring compliance and ethical usage of AI technologies within and beyond South African borders.

Overall, there should be a special focus on reducing AI-related risks, understanding the legal considerations, knowing what to do and being aware of the consequences of not taking the required steps. That means professionals and organisations should thoroughly interrogate AI-generated output/results and also scan the environment for laws that are in effect.

### **What Will Audit Look Like in Five Years?**

Imagine a reality where all the emerging technologies in the world collide or come together and are smarter than the smartest human being. Well, more than ever before, this concept of singularity is way closer to being the reality, according to Nevellan Moodley, a partner at BDO.

In this world of exponential technologies, changes are at an accelerated rate. So, the ability to be adaptable has become extremely important, meaning you either accept and embrace the change, and try to make the most of it, or you fight it and then end up being left behind.

Again, imagine a world of audit where technological disruptions mean the audit product that capital markets buy is closer to providing real-time assurance, offers assurance on forward-looking data and gives predictive insights, among others. These are some of the benefits that AI usage will provide as technology continues to evolve, and they will include generating more trust in the audit product and a shift towards maximum assurance.

While these developments and outlook might create a level of anxiety among professionals, human strength will lie on how fast individuals can adapt. The adaptability quotient, which is the ability to unlearn everything you have learnt and learn something brand new, will be crucial. This evolution should also level the playing field, especially with regard to smaller firms, and make the capability of every auditor exactly the same. In that environment, each individual's strength will be their overall adaptability.

Other future capabilities may include the following:

- Audit teams will be defined by the strength, capacity and credibility of the AI agents supporting them;
- A 24-hour auditor that is always available; and
- AI agents that are embedded in the client environment and audit files every hour of the

### **What AI Can Do for You Today – Exploring AI Solutions**

Some of the available AI solutions out there have a history that dates back to decades ago, Eric Cohen, from Cohen Computer Consulting, pointed out. Around 2014/2015, for example, the Big Four became majorly involved in emerging technologies, with the adoption and implementation of AI-based solutions.

Now, however, is a time of convergence, coalescence, competition and unprecedented change. Typically, an audit firm will have a great deal of knowledge that is mostly concentrated at the top. With the use of technology, that knowledge can be cascaded down for improved oversight, better teaching and training, as well as for the further acquisition of the appropriate systems that can do more of the work.

The main takeaway from accessing and using what is currently available is how crucial it is to understand the options and keep vital issues, such as confidentiality and privacy, in mind when adopting and deploying an AI tool. In fact, choices will get more dynamic as feature sets and capabilities rapidly change. Therefore, constantly tracking the developments cannot be overemphasised, however difficult it might be due to the speed of change. At the end of the day, the responsibility to create systems that can efficiently

help, as quickly as possible, with tracking technological developments lies with every professional and organisation.

### **What Should We Be Considering When Our AI Blinkers Come Off?**

While there are many benefits to using AI, risks also exist, Howard Snoyman, an ethicist and admitted attorney from Discovery Health Medical Scheme and also a member of the IRBA's Committee for Auditor Ethics, cautioned. "The technology can assist greatly, but that ought not to mean that you trust it without question. The moment that you surrender your good judgement, there could be questions of recklessness and negligence that arise, depending on how things may go wrong."

Undoubtedly, where AI has been given objective criteria to assess, it has proven to be extremely reliable in performing and completing tasks, at a fraction of the time it would have taken a human being. Also, it is a practical tool that can assist with reviews and analysis, more so when the information may cognitively overload a human being, if there is no additional assistance.

Emphasis, though, needs to be placed on the proper use of AI, as inappropriate high trust levels in it can reduce oversight on the product ultimately generated. In other words, surrendering control and trust to the system can inhibit critical engagement with the work being conducted and potentially lead to long-term over-reliance on the tool, as well as diminished independent problem-solving and data analytics skills. Also worth noting is that AI has the ability to "hallucinate" or generate alternative/non-existent realities. So, keep the below in mind:

- AI is still not a substitute for professional expertise.
- Take responsibility for the output you may have generated via IA tools.
- Do not abdicate your own independent judgement and critical thinking skills in favour of ready-made AI-generated results.

### **Use of Technology in the Audit**



The main priorities concerning technology use need to be focused on upskilling teams; understanding the evolution and what it means for audit; and being aware of the changes that professionals need to make. That is the overall message that Jeremy Justin from the Canadian Public Accountability Board and the International Forum of Independent Audit Regulators noted in his presentation. This focus on these priorities has to be seen against the backdrop of the many different available tools and choices, and the reputational issues that could emerge, if things go wrong.

It should be stressed that audit professionals still need to be in control of the technology. For instance, that means it is important to identify when tasks should be human-led, with the team being in control of determining the strategy and the approach, from an audit perspective. In addition, an emphasis should

be placed on the ability to experiment with the tools, to make determinations on when to use them, which then highlights the importance of training, supervision and oversight in how to use the tools. This could also include looking at a tool before it is certified for use, to make sure that it is fit for purpose.

Another key area is transparency around how often a tool is being used and what it is being used for, especially since these technologies become more integrated into daily use. That would, as an example, then give others the option to further interrogate the output for accuracy and reliability, should they be inclined to do so. Also, there could be considerations around the explainability and auditability of the information.

In terms of the way forward with regard to the use of AI in finance, in general, it is going to be that crucial for the various stakeholders in the ecosystem to continue having conversations at both the local and international levels. At the rapid rate that technology is advancing, it will take collective efforts to ensure that the profession at large stays on top of the evolution wave and remains aligned with the latest guidance and regulations.

A [video](#) of the entire event is accessible on the IRBA website.