



Ethics and new technologies

STATUS

1. The report is open.

EXECUTIVE SUMMARY

2. This paper provides a summary of work done to date by ICAEW in relation to the ethical implications of new technologies, plus an outline of proposed future work in this area.
3. There has been extensive work across ICAEW on the impact for the profession on the use of new technologies, and this work has included consideration of the ethical aspects of AI and other technologies. It is an ongoing area of focus for the Reputation and Influence department, and PSD will look to engage with these activities where relevant.
4. PSD are also keeping under review the use of AI by regulated members and firms in their professional work, to consider how this use should be evaluated as part of QAD's monitoring work.

RECOMMENDATIONS

5. The IRB is asked to note the content of the paper for information.
6. The IRB is asked to approve the classification of the paper as open.

EXISTING RESOURCES

7. The topic of ethics and new technology is one that has been the subject of debate for some time. Many parts of ICAEW have been giving thought to the issues for the profession of accountancy as a whole, and their specific audiences and groups. In particular, the Reputation and Influence department (R&I) has a dedicated team of Tech experts who lead ICAEW's work on the impact of new technologies on the profession. Specialist faculties have produced guidance, and participated in events and consultations on the subject of how AI and other technologies will be of relevance to particular members such as those working in audit, financial services or corporate finance.
8. The work done over recent years is too extensive to list here, but there are a sample of some of the resources outlined below.

Ethics and Tech hub

9. As a collaborative effort between the Tech and Ethics specialists in R&I, ICAEW produced an ethics and tech hub that can be found at www.icaew.com/ethicsandtech

10. This page contains articles and reports that examine emerging technologies, how they are being used, the ethical challenges and risks involved, how these risks can be managed effectively, and potential implications for the Code of Ethics.
11. A selection of frameworks on ethical use of AI that have been produced by other organisations are signposted on the page. These include the frameworks produced by Rolls Royce, the Turing Institute and the UK government.
12. Thought leadership reports have been published on:
 - [New technologies, ethics and accountability](#)
 - [AI in Corporate Advisory](#) (with a section on ethics)
 - [Artificial intelligence and the future of accountancy](#)

Insights articles

13. Some recent insight articles have been published in the ICAEW's member communications channels, notably the ICAEW Daily. These pieces are from the perspective of members working in financial services:
 - [Risks and opportunities of AI in financial services | ICAEW](#)
 - [AI ethical and regulatory implications for financial services | ICAEW](#)

Consultation responses

14. The ICAEW Tech Faculty responded to the government white paper consultation on AI regulation. A copy of the final response can be found [here](#).

FUTURE WORKSTREAMS

Council conference session on horizon scanning

15. At Council Conference in July 2023, there is a session being held on horizon scanning, which will include content on the ethics of new technologies.

Future debates

16. The debate of the ethical challenges and safeguards required for AI will continue to be a hot topic for a number of Faculties, Boards and Departments in the Reputation and Influence department. Where relevant, PSD will look to participate in any relevant events, consultation responses, and guidance documents.
17. Particular areas of focus are likely to include the use of AI in economic crime, and how the fundamental principles of the Code of Ethics apply in the context of using AI tools such as Chat GP.

Publications

18. A forthcoming Insights article will discuss how the fundamental principles in the Code of Ethics would apply in the context of a member using Chat GP or other LLMs in their work. The key points the article will address are as follows:

- Integrity: Covers elements of transparency including notifying clients where a LLM like ChatGPT is being used as part of the service provided to them, how it has been used etc.
- Objectivity: Making sure you are comfortable with the data used to train the models to ensure that considerations of bias, IP etc. have been addressed. That's easier to do when you are developing your own model or using your own data to train a foundation model, but is a lot trickier when a model has been trained using internet data (like ChatGPT) so the accountant's responsibility would be to try and get assurances from the vendors around how these topics have been considered and dealt with and to only use if comfortable.
- Professional Competence and due care: ensuring that teams using the tool understand how it works and how to effectively use it including risks and limitations and how to manage these, as well as how to structure prompts to get the required output, exercising professional scepticism when reviewing the output etc.
- Confidentiality – again this goes back to understanding the risks associated with ChatGPT and making sure accountants are not putting confidential data into the tool and putting the confidentiality of their/ their clients' data at risk.
- Professional behaviour – there is not much AI specific regulation at the moment, but there are existing laws e.g., Data Protection, Intellectual Property and Employment Laws and any use of ChatGPT should ensure that existing laws are complied with. This can be a real challenge when it comes to foundation models as it can be tricky to comply with data protection laws (e.g., SARs, right to be forgotten) and IP laws when using foundation models.

19. Another ethical element not covered directly by the fundamental principles would be to ensure that any use of ChatGPT considers the public interest and that the intention of the use is to benefit and not harm humanity.

Future engagement

20. The recently appointed Director of Trust and Ethics in R&I, Laura Hough, has offered to come and speak to the board at a future meeting about planned future work in the area of ethics and new technologies.

The PSD perspective

21. In addition to the ongoing work within other parts of ICAEW, PSD are also keeping under review the use of AI by regulated members and firms in their professional work, to consider how this use should be evaluated as part of QAD's monitoring work.

22. For example, understanding how a firm may use AI tools as part of their audit work to assess data. QAD will need to be satisfied that appropriate professional scepticism is being applied to evaluating the outputs of such AI tools, and that the member exercises appropriate professional competence and due care in use of the technology. There are also confidentiality aspects for firms to consider where tools such as chat GPT are used. Regulatory Policy and QAD staff will work together to explore these issues and identify where guidance or communications may be needed to firms to highlight threats to professional and ethical standards.

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