

Audit & Accounting Alert Newsletter

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At-A-Glance

The chatbot is a versatile tool that takes the concept of the search engine to a whole new level. Along with locating information on the vast internet, this form of artificial intelligence can take a query and provide an almost instant response that organizes the data into a meaningful conversation-like answer. This edition of the Audit & Accounting Alert highlights this useful innovation.

Also, our Worldwide Update covers news from organizations across the globe.



Gerald Herter - Editor

Accounting Research in a Chatbot World

How artificial intelligence has changed the search for advice



The mention of the name Arthur Andersen to a current member of an accounting firm’s audit staff, may merely conjure up a textbook warning of the detrimental consequences that can result from destroying audit workpapers. Once considered by some as the “marine corps of the accounting profession,” the formerly venerable firm collapsed and dissolved in 2002 after being found complicit in the Enron accounting fraud scandal. Andersen generated substantial audit and consulting fees from Enron. Not wanting to jeopardize those fees, and not fully understanding the complexities of Enron’s accounting, Andersen failed to detect and call out improper accounting, and then tried to cover up the failure.

A quarter century prior to its demise, Andersen was a major force in the profession with a wealth of resources and expertise. Boasting tens of thousands of employees and clients, the firm worked in a wide variety of industries. Knowledge and experiences were documented in an extensive “Subject File,” which could be accessed to provide insights when input was needed for application in new situations. Had Andersen survived, the Subject File might have evolved into a broad chatbot, like Deloitte’s new DARTbot.

Chatbots are created using Artificial Intelligence (AI), which our May 2023 issue defined as “the ability of a machine (computer) to have been taught (programmed) to respond to inputs similar to how a human would respond. AI does this by employing machine learning, which analyzes massive sets of data to develop and improve processes. Machine learning is then applied with natural language processing (NLP), which enables the computer to work with human language.” From here, a chatbot is created which establishes a conversational style that is more like talking with another person. ChatGPT runs a generative pre-trained transformer (GPT), a language model that predicts responses based on the group of words presented.

DARTbot is an internal chatbot, with which “Deloitte aims to transform the way its professionals work, enhancing their productivity and enabling them to focus more on applying professional objectivity, skepticism, and evaluating bias. The chatbot acts as a virtual assistant, providing real-time guidance, answering queries, and assisting professionals in navigating complex accounting questions.”

Deloitte’s DARTbot is not to be confused with similarly named apps, such as DartBot, a dart scoring robot or DARTBOT, a toy car.

A Deloitte survey of 650 business leaders completed in September 2023 found that over a quarter are already using generative AI for content marketing while most of the rest plan to in the next year or two.

The other national accounting firms also have chatbots. PricewaterhouseCoopers (PwC) has licensed Harvey, a Chatbot that not only does the research, but also analyzes and organizes the data in the legal field to speed up the process for lawyers to provide legal advice.

Working with Microsoft, Ernst & Young (EY) developed EY Intelligent Payroll Chatbot, an application that provides the added feature of necessary security through use of the Azure OpenAI Service. Employees will be able to access the service to get answers to personal payroll questions on a private basis.

Also in conjunction with Microsoft, KPMG offered KymChat, its private chatbot, first for use internally by employees before introducing to clients in July.

Further details can be found at [Deloitte Launches Innovative “DARTbot”™ Internal Chatbot.](#)

Worldwide Update



Periodic roundup of recent and upcoming actions and activities by auditing and accounting organizations throughout the world.

International

IASB – International Accounting Standards Board (www.ifrs.org)

- **Exposure Draft – IFRS Accounting Taxonomy Update – Common Practice (Financial Instruments) and General Improvements**, issued November 6, 2023. “Accounting Taxonomy are needed to support high-quality tagging of information presented and disclosed in the financial statements prepared using IFRS Accounting Standards.” The comment period ends December 4, 2023

IFAC – International Federation of Accountants (www.ifac.org)

- **AI & Intelligent Automation – Disrupting Business; Elevating the Work of Accounting & Finance Professionals**, presentation published October 23, 2023, “on the opportunities that AI and intelligent automation provide to work better, augment human decision-making and increase job satisfaction.”

IFR4NPO - *International Financial Reporting for Non-Profit Organisations* (www.ifr4npo.org)

- *No new developments.*

IOSCO – International Organization of Securities Commissions (www.iosco.org)

- *No new developments.*

ACCA – Association of Chartered Certified Accountants (www.accaglobal.com)

- **Ethical dilemmas in an era of sustainability reporting**, professional insight report published October 18, 2023, "to complement IESBA's work and help ensure that those operating in sustainability reporting, accountants and non-accountants alike, are equipped to fulfil their responsibilities in an ethical manner."
- **Digital horizons: technology, innovation and the future of accounting**, survey report of members published September 18, 2023, "offers insight into how financial professionals view the potential of digital technology for the profession as a whole."

Africa, Europe, India and the Middle East (AEIME)

FRC " Financial Reporting Council of the UK (www.frc.org.uk)

- **Materiality in practice: applying a materiality mindset**, report published October 30, 2023, "encourages companies to think holistically about what information is material to their stakeholders when preparing annual reports. It provides practical suggestions and examples for identifying material issues, where reporting could be streamlined and prioritising key messages".
- **Proposed Revisions to ISA (UK) 250 Section A and ISA (UK) 250 Section B**, issued October 18, 2023, "consultation to strengthen auditor requirements to detect and report material misstatements from non-compliance with laws and regulations and to clarify instances auditors should report such breaches, and other significant matters, to the relevant regulators." The comment period ends January 12, 2023.
- **International Standard on Auditing (UK) 505 (revised October 2023) - External Confirmation**, issued October 3, 2023, "intended to assist the auditor in designing and performing external confirmation procedures to obtain relevant and reliable audit evidence." Effective for audits of financial statements for periods commencing on or after 15 December 2024.
- **FRED 84 - Draft amendments to FRS 102 " Supplier finance arrangements**, issued September 28, 2023, "proposes to introduce new disclosure requirements to provide users of financial statements with additional information about an entity's use of supplier finance arrangements and the effect of such arrangements on the entity's financial position and cash flow." The comment period ends December 31, 2023.

ICAEW - Institute of Chartered Accountants in England and Wales (<https://www.icaew.com/>)

- *No new developments.*

EC " European Commission (<https://ec.europa.eu/>)

- *No new developments.*

EFRAG " European Financial Reporting Advisory Group (www.efrag.org)

- *No new developments.*

Americas, Asia, Australia and New Zealand (AAANZ)

AICPA & CIMA " American Institute of Certified Public Accountants (www.aicpa.org)

- **Future of Finance 2.0 - Emerging Themes - The changing role and mandate of finance**, report published October 18, 2023, "showing that the role of finance is rapidly evolving " expanding in scope, requiring new skills and competencies, and demanding greater collaboration with teams across the organisation." Along with the traditional skills, "the increasing complexity of our world is pushing finance teams to grow out into new areas " from digital transformation to Environmental, Social, Governance (ESG) initiatives, and the execution of business strategy to create sustainable value."

FASB " Financial Accounting Standards Board (www.aicpa.org)

- *No new developments*

GASB – “**Governmental Accounting Standards Board** (www.gasb.org)

- *No new developments*

COSO - **The Committee of Sponsoring Organizations of the Treadway Commission** (www.coso.org)

- *No new developments*

PCAOB – “**Public Company Accounting Oversight Board** (www.pcaob.org)

- *No new developments*

SASB – “**Sustainability Accounting Standards Board** (www.sasb.org)

- *No new developments*

SEC – “**Securities and Exchange Commission** (www.sec.gov)

- *No new developments*

Additional A&A News

- [GAAP Changes: What’s in the Workpapers?](#)
- [The AI audit has arrived, according to new KPMG report](#)
- [Can AI really enhance your accounting performance?](#)
- [IFRS Sustainability Disclosure Standards endorsed by international securities regulators](#)
- [What New Disclosure Rule?](#)
- [Using ChatGPT for accounting? You may want to think again](#)

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