

[View in browser](#)

INTEGRA INTERNATIONAL
YOUR GLOBAL ADVANTAGE

Audit & Accounting Alert Newsletter

ISSUE 10 | OCTOBER 2024

At-A-Glance

The world of accounting has come a long way since the downtrodden fictional accounting clerk, Bob Cratchit, pored over his manual ledgers in the Charles Dickens classic, A Christmas Carol. Nowadays, substantial technological ability is necessary to keep up with the fast tempo of digital developments. This issue highlights the progression and importance of artificial intelligence in accounting over the past ten years, and the challenge to maintain control going forward.

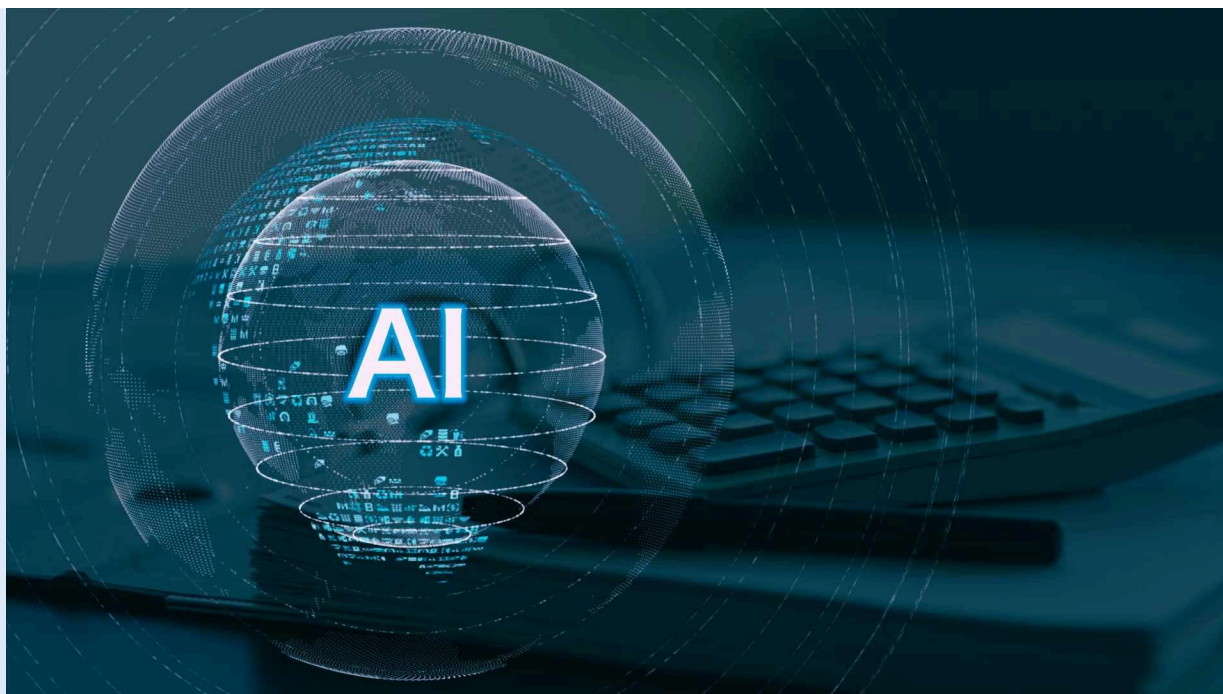
Also, our Worldwide Update covers news from organizations across the globe.



Gerald Herter - Editor

Artificial Intelligence and Accounting

Rapid advances in financial areas



Almost ten years ago, the February 2015 Audit & Accounting Alert led off with an article titled ***Big Data is Transforming the Audit and Accounting World - Will Google eat the accountant's lunch?*** I am happy to report that the accounting profession is still alive and going strong. By embracing the opportunities presented, while considering needed safeguards, successful firms have thrived, while those less careful or resourceful have lost ground.

Transformations over the years have included the likes of adding machines, calculators, comptometers, personal computers, and, in the intellectual realm, advanced accounting pronouncements such as the International Financial Reporting Standards (IFRS). The first mention of artificial intelligence (AI) by this publication was in the December 2015 issue, where an article, ***The Path to Future Relevance for Accountants***, referred to AI as a trend that the ICAEW (Institute of Chartered Accountants in England and Wales) noted as needing consideration by accountants.

Since then, AI has been referred to in at least eight issues of the Audit & Accounting Alert (Alert). The April 2016 issue described IBM's early AI entry, Watson, named after the IBM founder, Thomas Watson. Watsonx, released by IBM in 2023, is the generative AI successor to Watson.

A Forbes article mentioned in the November 2016 Alert asked if AI would replace accountants. The conclusion was just that roles would change, with AI taking over mundane tasks, allowing accountants to focus on bigger, more substantive issues. However, in the March 2017 Alert, a study reported on by the American Accounting Association posited that the exclusive auditor's domain of judgment could be undermined by having complex issues broken down into smaller items that were manageable by AI. An automotive analogy might be like going from a navigation system in an automobile to a fully self-driving car.

The March 2019 Alert addressed AI and corporate reporting, indicating that eventually AI would take over, though that may be years off before AI can take raw data and create meaningful reports, and longer still before AI is trusted in that role. The September 2019 Alert reported the rapid rise of China

catching up in AI, while an article in the March 2021 issue challenged accountants to get on board with AI. By innovative planning, AI could be molded into a useful assistant.

COSO got involved publishing a September 2021 report, ***Realize the Full Potential of Artificial Intelligence, Applying the COSO Framework and Principles to Help Implement and Scale Artificial Intelligence***, which the October Alert highlighted.

Finally, the world of chatbots was explored in the November 2023 issue, which elaborated on their versatility as virtual assistants helping with a variety of tasks. Accountants will continue to thrive as long as they recognize the value of digital “assistants,” and prepare themselves to keep pace with the technological advancements so that they can maintain control rather than be controlled.

Further details can be found at [Realize the Full Potential of Artificial Intelligence](#) and [Harnessing The Power Of Artificial Intelligence In Accounting](#).

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 - Equity Method of Accounting IAS 28 Investments in Associates and Joint Ventures**, issued September 19, 2024, “aimed at helping companies to account for their investments in associates and joint ventures.” The comment period ends on January 20, 2025.

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

- **Quality Management Series: Small Firm Implementation, Installment Three**, issued September 24, 2024, “provides tips and guidance for the practical implementation of the monitoring and remediation of a firm’s system of quality management.”

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)

- **Audit and technology playbook: A practitioner's guide**, published October 9, 2024, "provides practical guidance for audit firms of all sizes, particularly small and medium-sized practices (SMPs), on integrating digital tools and staying competitive in an increasingly tech-driven environment."
- **The Smart Alliance: Accounting expertise meets machine intelligence**, Policy and insights report, published September 24, 2024, based on a survey and interviews with over 900 accounting leaders who use AI, "provides insights into strategic approaches, challenges, and the outlook for AI in the profession."

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

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

- **Key Facts and Trends in the Accountancy Profession**, published September 30, 2024, "offering a comprehensive overview of the UK accountancy and audit landscape...It also provides data on the profession's demographics, including age, gender and ethnic diversity across seniority levels and firm sizes, highlighting both progress and persistent disparities."

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

- **Voluntarily applying ISSB Standards – A guide for preparers New guidance on voluntary application of ISSB Standards**, published October 14, 2024, "encourages companies to voluntarily apply IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures and is primarily aimed at those operating in jurisdictions that lack the regulatory requirements to apply ISSB Standards."

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

- *No new developments.*

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

- **Endorsement Advice relating to Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) for use in the European Union and European Economic Area**, issued October 10, 2024. "EFRAG assesses that the Amendments meet all technical endorsement criteria of the IAS Regulation and are conducive to the European public good. It therefore recommends endorsement of the Amendments."
- **Due Process Procedures for the Financial Reporting Activities (DPP)**, issued September 19, 2024, "with the aim of formalising the existing due process applied for its financial reporting activities." The deadline for comments is December 31, 2024.

Americas, Asia, Australia and New Zealand (AAANZ)

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

- *No new developments.*

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

- **Exposure Draft - Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606) - Clarifications to Share-Based Consideration Payable to a Customer**, issued September 30, 2024, “expected to improve financial reporting results by requiring revenue estimates to more closely reflect an entity’s expectations. In addition, the proposed changes would enhance comparability and better align the requirements for share-based consideration payable to a customer with the principles in Topic 606, Revenue from Contracts with Customers.” Comment period ends November 14, 2024.
- **Exposure Draft - Derivatives and Hedging (Topic 815) - Hedge Accounting Improvements**, issued September 25, 2024, “would clarify certain aspects of the guidance on hedge accounting and address several incremental hedge accounting issues arising from the global reference rate reform initiative.” Comment period ends November 25, 2024.

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

- **Preliminary Views - Infrastructure Assets**, Project No. 3-43P, published September 30, 2024, “to reexamine issues associated with accounting and financial reporting for infrastructure assets and consider improvements to existing guidance. These improvements relate to recognition and measurement, note disclosures, and required supplementary information.” Comment period ends January 17, 2025.

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

[AI: Solving old drudgery, creating new drudgery](#)

[AICPA moves to amend financial statement standard](#)

[Burst of New Audit Rules Poised to Curb Inspection Flaws, Fraud](#)

[A paradigm shift in financial crime](#)

[How to make your audit more efficient](#)

[Crypto assets prove troublesome for auditors](#)

Audit & Accounting Alert is a publication of Integra International intended to highlight emerging issues in the profession. The goal is to give Integra members an awareness of developments impacting the practice of Audit & Accounting enabling them to stay on the forefront of industry trends. This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

Editor Gerald E. Herter

Email: gerry.herter@integra-international.net

www.Integra-International.net

© 2021 Integra International. All Rights Reserved.

If you wish to stop receiving email from us, you can simply remove yourself by visiting <http://members.integra-international.net/members/EmailOptPreferences.aspx?id=60826092&e=khora@3cpa.com&h=26d3289043a4cebaff4a17a50e60e12a9bff1e57>.