AI in Action

How to Make AI Automation Work for ***<u>You</u>***

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Learning Objectives

AI Tools in Accounting

Participants learn to identify key AI tools relevant to audit, tax, accounting, and advisory services, including associated risks.

Client Data Safeguards

Emphasis on applying confidentiality principles and client data protection when using AI tools.

Effective AI Prompting

Develop techniques for better prompts to improve AI output quality and reliability by reducing potential for errors.

AI Agents and Judgment

Understand AI workflows (agents) and when human judgment is necessary versus AI automation.

Framing AI for the Accounting Profession

AI as Judgment Amplifier

AI enhances accountants' professional judgment without replacing their critical responsibilities or ethics.

Responsible AI Adoption

Accountants are positioned to adopt AI responsibly through structured thinking and accountability.

Enabling Higher-Value Work

AI frees capacity for analysis, client communication, and strategic advising in accounting.

AI as Tool Extension

AI is an extension of existing tools like spreadsheets, reducing human error in functional tasks.

AI Tool Landscape Overview

Chat Assistants

Chat assistants or “chatbots” help with drafting, summarization, and logical reasoning tasks efficiently. Examples are ChatGPT, Gemini (Google), Copilot (Microsoft), Claude, Grok, etc.

Document Intelligence

Document intelligence tools extract and categorize key information from contracts, invoices, or raw data exports. Advanced versions of chat assistants offer limited usage, but more advanced tools exist to integrate within existing software such as Microsoft Office or Google Docs.

Spreadsheet Optimization

Spreadsheet optimizers assist users with formulas, pivot tables, and advanced data analysis tasks. These are built-in with certain paid versions of chatbots, but most rely on complex reasoning models popularized by Claude.

Workflow Automation

Workflow automation tools manage task routing, reminders, and approval processes seamlessly. AI “agents” are helpful in performing these types of repetitive tasks (more on this later..)

What AI Is and Is Not

IS a Skilled Organizer

AI effectively drafts, summarizes, and organizes information to assist human users in their daily tasks.

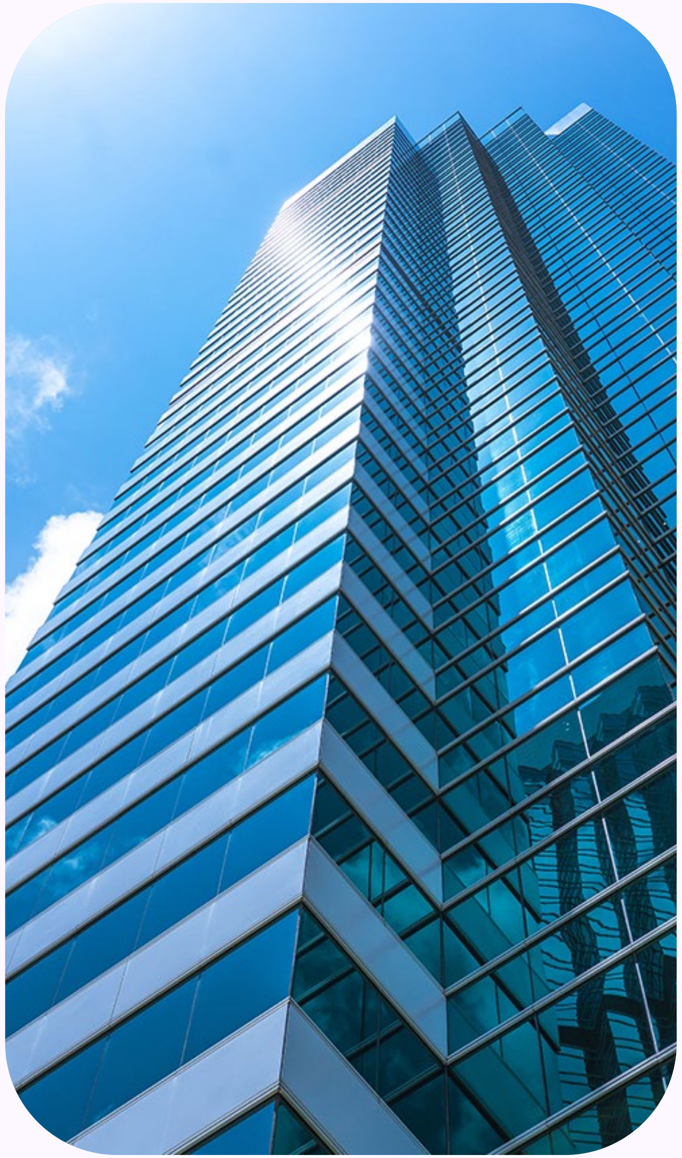
IS an Assistant That Never Clocks Out

AI can work any time a human user needs it and excels at basic analysis and identifying what to prioritize first.

IS NOT a Professional Accountant

Humans must retain full responsibility for AI’s outputs and decisions, ensuring ethical standards and professional skepticism are maintained. This includes clearly defined boundaries to limit overreliance on AI-generated content.

Professional Standards and Ethical Considerations



CPA Accountability

Certified Public Accountants retain responsibility for final work products, regardless of AI assistance in analysis or drafting.

Unchanged Professional Standards

Confidentiality, due care, accountability, and documentation remain essential when using AI in professional work.

Practical Compliance Focus

Emphasizing practical compliance over legal details reassures professionals that AI use aligns with ethics.

Client Data Risk Tiers

Green Data Tier

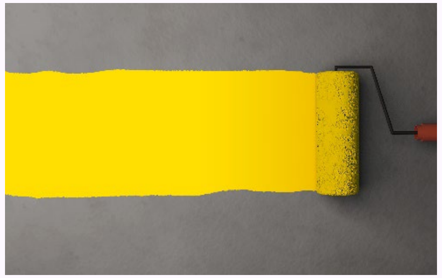
Green data covers public information and generic templates safe for general use without restrictions.

Yellow Data Tier

Yellow data includes client names, engagement details, and draft financials or tax returns used only in approved environments.

Red Data Tier

Red data is highly sensitive information like SSNs, tax IDs, and banking info requiring strict controls and approvals.



Safe Data Handling Techniques

Minimize Data Inputs

Limit data inputs to only necessary information to reduce exposure and risk. Consider removing client name headers before processing with AI.

Anonymize Client Identifiers

Mask or anonymize sensitive client information to protect privacy. This is ***CRITICAL*** for personally identifiable information such as SSNs.

Chunk and Summarize Data

Divide large datasets into smaller parts and summarize before input to improve manageability and security. Consider evaluating monthly instead of annually.

Document AI Usage

Keep detailed records of AI use and review processes for accountability and defensibility. Ensure sensitive data removed is noted.

Why CPAs Excel at Prompting

Structured Thinking in Accounting

Due to the highly regulated nature of our work in a compliance-based industry, CPAs routinely apply structured thinking involving objectives, constraints, and direct evidence.

Prompting Mirrors Accounting Logic

Effective prompts align with the logical structure of accounting work, such as if/then relationships often seen in Excel formulas

Encouraging Experimentation

Understanding this alignment builds confidence and encourages CPAs to experiment with prompting techniques.

The GCSE Framework

Define the **Goal**

specify the desired output clearly and define the role AI is playing in performing the task, analysis, etc.

Provide **Context**

include facts, constraints, and standards to frame the prompt, such as who the output is being prepared for (i.e. client versus internal use) and what external guardrails should be considered (i.e. tax law, accounting standards, etc.)

Specify **Sources**

provide raw data, tax returns, financial statements, laws or regulations, contracts, agreements, etc. and define what data from each should be used to create the output

Clarify **Expectation**

define format, tone, and length to ensure consistency with inputs, identify assumptions and risks, and ask AI to self-check results

Using the Stop Button

Real-time Quality Control

The stop button serves as a crucial risk control to prevent AI output errors from compounding and escalating.

Early Intervention

Stopping AI output early helps avoid drift or hallucination, allowing prompt correction and improved accuracy.

Active Engagement

Using the stop button encourages active user engagement and mirrors peer review by addressing issues as soon as identified.

Tell AI It's Wrong!

Effectiveness of Correction

Correcting AI errors directly is more effective than restarting its process, improving overall performance.

Explicit Feedback Benefits

Providing explicit feedback forces the AI to recompute, enhancing its accuracy and reliability.

Self-Assessment in AI

Asking AI to identify weaknesses in its reasoning further improves its trustworthiness and output quality.

AI and Human Guidance

AI improves with guidance similar to human staff, reinforcing the importance of feedback loops.

What Is an Agent?

Definition of an Agent

An agent is a ***repeatable***, goal-driven AI workflow with clear instructions that utilizes well-defined or pre-approved data sources.

- Prepares executive summaries of prospective clients
- Analyzes final drafts of reports to identify commonly missed errors
- Creates outputs from one system into a usable format for another
- And MORE (see next slide..)

Components of Agents

Agents combine templates, processes, and guardrails to ensure consistent and reliable outputs. Well-defined expectations are a must.

Evolution from Traditional Tools

Agents evolve existing tools like macros and checklists by adding automation features to streamline responses.

Accounting Use Cases for Agents

Monthly Variance Explanation

Agents generate monthly variance explanation packages to analyze and report financial discrepancies using only a client’s internal financial package.

PBC Trackers

Prepared by client (PBC) trackers help accountants organize and track documentation requests efficiently.

Policy Memo Drafting

Agents draft policy memos to ensure clear communication of accounting policies and updates. Bonus points if specific standards or tax codes are included in AI’s analysis.

Contract Clause Extraction

Contract clause extraction enables agents to efficiently identify key contractual terms for compliance and review, particularly in large batches of similar documents, such as leases, MSAs, etc.

When to Create an Agent

Repetitive Task Suitability

Agents are best created for tasks that occur regularly and require consistent execution to improve efficiency.

Predictable Inputs and Standard Outputs

Predictable inputs and standardized outputs ensure agents function reliably and produce consistent results. Providing examples when creating the agent is key to ensure reliability.

Defined Reviewer Role

Having a designated ***human*** reviewer aligns with internal controls to prevent misuse and maintain oversight, consistent with professional standards.

When Not to Create an Agent

- Avoid One-Off Issues
    - Agents are ineffective for single-use or one-off problems where automation is unnecessary.
    - Consider instead using the GCSE framework to extract desired results.
- Exclude Judgmental Matters
    - Highly judgmental tasks require human expertise and should not rely on automated agents.
    - This is where CPAs will continue to add value for clients, even as use of AI increases.
- Final Opinions Require Caution
    - Automation should avoid making final conclusions on any client-related matters.
    - This is consistent with the professional ethics framework CPAs must follow.

Where to Start with AI

Start with Low-Risk Tasks

Begin AI adoption with simple, repetitive tasks to minimize risk and maximize efficiency. Utilize the GCSE framework and then train an AI agent to begin doing these same tasks on its own.

Focus on High-Volume Use Cases

Target tasks with high frequency like email drafting and note structuring to gain quick wins.

Build Confidence and Save Time

Using AI for these tasks builds user confidence and delivers measurable time savings.

What Comes Next for AI in Accounting

AI Integration in Accounting

AI is increasingly integrated into accounting platforms to enhance accuracy and efficiency in accounting processes. Clients will continue using these time-saving features, putting a higher focus on internal controls of service organizations.

Regulatory Governance Focus

Regulatory bodies are increasingly emphasizing governance and compliance over AI capabilities in accounting. No formal federal laws are in place as of yet, but it is only a matter of time!

Normalization of AI Agents

AI agents are becoming normalized in accounting, automating routine tasks and driving decision-making for low-risk matters such as budgeting and scheduling.

Direction of the Profession

Shift in AI Focus

The profession moves from questioning AI usage to focusing on how to control and manage AI effectively.

Leadership in AI

CPAs who thoughtfully guide AI implementation will lead teams and firms successfully in the future.

Focus on Stewardship

Emphasizing stewardship and responsible AI integration rather than disruption ensures sustainable growth of the profession.

Wrap-Up and Discussion

AI Amplifies Judgment

AI enhances human decision-making by providing powerful insights and support.

Importance of Governance

Effective governance frameworks ensure responsible and ethical AI adoption.

Start Small and Learn

Beginning with small projects allows for manageable growth and continuous learning.

Discussion on Risks and Opportunities

Open dialogue helps firms explore AI risks and opportunities thoughtfully.