Unlocking new possibilities:
Leveraging artificial intelligence to enhance your firm

White paper

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The world is changing, and so is the accounting profession. The rise of generative artificial intelligence (AI) is one of the most intriguing technological advancements in recent times. Many have predicted it will change our lives and work. Traditionally compliance focused, the accounting profession is particularly prone to AI disruption. Within tax and accounting, there are opportunities for generative AI to augment the work professionals do, reducing time spent on mundane, repetitive tasks, and freeing up their time so they can focus on higher value activities.

Rapid advancements in technology, such as those we're seeing with generative AI, can create uncertainty for firms. But information is power. Understanding how AI will change the profession and what firm leaders can do to adapt is crucial.

In this white paper, we will discuss the changes the accounting profession is predicted to experience due to AI, what we can expect from AI in the near future, and the precautions firms should take to ensure accuracy, trust, and data security.

What is generative AI?

The term artificial intelligence (AI) has been around for decades. In its simplest form, AI is a field that combines computer science and robust datasets to enable problem-solving.

IBM Research defines generative AI as:

"Deep learning models that can generate high-quality text, images, and other content based on the data they were trained on."[i]

In simple terms, generative AI is a type of artificial intelligence technology that can produce various types of content, including text, imagery, and audio. It starts with a prompt — any input the system can process — and returns new content in response.

Generative AI is not new, either. However, the term did not go mainstream until recently because earlier versions required complex processes for submitting data.

Today, generative AI tools — such as OpenAI's ChatGPT and Google Bard — are built around an accessible user experience and allow users to describe requests in plain language and fine-tune the results with feedback about the style, tone, and other elements they want the generated content to reflect.

Some of the ways the business community at large is using generative AI currently include:

- Implementing chatbots for technical support and customer service with zero wait time
- Generating marketing copy, blog content, emails, job descriptions, and more
- Drafting employee handbooks, firm policies, and other HR documents
- Summarizing large documents
- Generating code for applications development

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How AI will change the way accountants work

As AI technology advances, we are likely to see significant changes to how businesses operate. For accounting firms, that means adapting their offerings to meet the changing needs of clients.

Generative AI has the potential to transform the way tax and accounting professionals work by improving efficiency — helping them work faster, and reimagining workflows across tax, accounting, and audit. It could reduce human error and improve accuracy. And it could create room for accountants to bring added customer value, through advisory services, for example.

AI has the potential to augment the work of humans. That may mean redefining roles in the long term to focus on how AI can be harnessed to help accountants allocate more time to valuable, human tasks, leading to increased job satisfaction, productivity, and firm profits.

Here are a few ways accounting firms could leverage AI in their businesses:

Client communications

Accounting firms could use generative AI to automate writing emails or newsletters to clients. Generative AI can draft emails, which professionals can then review and edit for accuracy and tone.

Client support

Firms could use AI-powered chatbots to provide anytime client service and support. With the help of AI, these chatbots can communicate with human users in real time, providing a natural conversation experience while responding quickly and accurately to basic questions and technical support issues.

Audit automation

AI has the potential to help accountants perform audits more efficiently and accurately than ever before. AI-driven audit technology can quickly process large amounts of data and automatically detect discrepancies or other anomalies in financial records. This allows firms to minimize the time spent on manual reviews and audits while ensuring accuracy and quality assurance.

Compliance

Management and compliance are critical for any business, and AI could help accounting professionals ensure compliance with rules and regulations. With predictive analysis, it can flag potential risks and provide recommendations to avoid legal ramifications. With the help of AI, organizations could predict violations before they occur, preventing issues and keeping businesses in good standing with regulatory bodies.

Tax research and planning

Keeping up with the ever-changing tax laws and regulations can be challenging for busy professionals, and AI could connect accountants with the latest information.

Accountants can also leverage AI to enhance tax planning. By providing AI-powered tools with specific tax scenarios and hypothetical situations, accountants could generate tax projections and explore different tax planning scenarios for clients. AI could also analyze historical tax data and provide insights on potential tax-saving opportunities.

Training

AI could free up time for accounting professionals to enhance their skills and expertise, or work on other projects. AI can also provide in-depth industry research, allowing accounting professionals to stay up to date with the latest trends and analyses.

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Considering AI safeguards

As with any new technology, firms must be aware of the potential risks and take steps to prevent data breaches, privacy violations, or other issues arising from using artificial intelligence and ensure they use these tools responsibly and securely. This section will cover some cautionary points for accountants considering incorporating AI into their practice.

Trust and accuracy

One of the most significant challenges accounting professionals face with AI is ensuring accuracy and trust. AI learns from previous data, so it can provide false results and recommendations if the data is compromised.

According to the UNC School of Government,

> **"Generative AI tools sometimes provide inaccurate statements of fact, and if prompted, will even make up sources for those inaccurate statements. Some AI tools (such as ChatGPT) are also built using outdated data, meaning they are not continually scraping the internet or other sources for current, updated information."**[II]

AI can confidently generate inaccurate information in response to a user question and does not have a built-in mechanism to fact-check the responses it provides. For this reason, accountants must ensure the data the AI uses is accurate and ethically sourced and fact-check all answers generated by public AI systems.

In addition, much of the work of accounting professionals — particularly in tax — takes place in grey areas where tax law is not necessarily straightforward. Accountants rely on their experience, expertise, judgment, and knowledge of context to evaluate the available sections of the tax code and secondary sources and advise their clients on transactions, deductions, and other tax planning areas. This is an area that will continue to require the expertise and judgment of humans.

Data security

The content people put into ChatGPT and other public AI systems is used by the tool makers as training data to improve the technology. So auditors must be aware of the privacy risks associated with using public AI systems.

If any data is entered into a public AI platform, it should be anonymized. Sensitive data should never be shared or stored on any public platform.

Plagiarism and copyright infringement

When using AI to generate content, there is a risk of plagiarism and copyright infringement. AI can be trained to mimic the style and language of other authors, making it difficult for readers to distinguish between original content and work that has been copied or reproduced without permission. Additionally, if the AI system is not adequately trained, it may fail to detect plagiarism or copyright infringement in the content it produces.

Because generative AI isn't precisely regurgitating any one particular source, it's impossible to pinpoint credit or cite sources. As a result, some people believe generative AI is plagiarizing content or undertaking copyright infringement associated with internet content the tool scanned during data training.

Anand Mahurkar, Founder and CEO of Findability Sciences, recommends the following guidelines:[III]

- **Incorporate your own ideas into AI-driven content.** If you use AI models to generate initial drafts, review and edit the content it produces to incorporate your ideas and insights and tailor it to your voice.

- **Provide proper attribution.** It may be impossible to cite sources when using AI to generate content, but you can acknowledge that you used AI as part of the process.

- **Comply with guidelines.** Many organizations are creating policies on using AI-generated content. Familiarize yourself with any guidelines set forth by clients, publishing platforms, vendors, or regulatory bodies and ensure you comply with their standards.

- **Stay educated and aware.** Remain abreast of new regulations and laws related to the use of AI. As the technology continues to develop, so will the regulatory landscape. Accounting professionals need to stay up to date on legal and compliance issues related to AI — both for themselves and their clients.

The importance of human involvement

AI can be a powerful tool to enhance the efficiency and accuracy of accounting work, but it is essential to remember the intention is not to replace human workers. While AI can handle various tasks such as tax research and planning, training, and content creation, it still requires human judgment and expertise to ensure results are accurate and ethical.

AI may reduce the time needed to complete mundane tasks but will not replace a CPA's expertise in providing business advice or making critical decisions. For AI to succeed in accounting, it must be used by humans who possess the knowledge and experience necessary to interpret data correctly, develop solutions, and make decisions.

AI also has the potential to help the accounting profession address its talent and capacity issues. AI-driven automation can provide several benefits that traditional labor-intensive methods cannot match. By speeding up mundane tasks, busy professionals can get more done in less time.

The key is understanding the opportunities and challenges of incorporating AI into accounting practices. With the proper guidance, education, and training, accounting professionals can ensure they are using AI tools responsibly and capitalizing on their benefits.

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Thomson Reuters is committed to helping its customers unlock the potential of generative AI to automate workflows, provide powerful insights, and drive efficiencies with content-driven AI technology.

Recommended solutions from Thomson Reuters

Thomson Reuters® has been leveraging AI and machine learning in its professional information products for decades, leveraging its unique, authoritative proprietary content and technology. With generative AI, today, the business is focused on providing a secure and accurate experience that elevates the way its customers work. It is committed to helping its customers unlock the potential of generative AI to automate workflows, provide powerful insights, and drive efficiencies with content-driven AI technology.

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Conclusion

Integrating AI into accounting workflows is exciting for professionals who recognize that AI will not replace humans but will instead redefine the way they work, revolutionizing the profession by improving efficiency and productivity, while ensuring regulatory compliance, accuracy, and trustworthiness.

If your firm leaders have been on the fence, now is the time to proactively adapt and adopt AI, allowing your firm to stay ahead of the curve. When you take time to understand AI and its capabilities, you will be better equipped to utilize it as an asset in your work, enabling you to be more responsive and innovative in serving your clients.

While the legal and regulatory environment surrounding AI will surely evolve, the technology is here, and there is much more to come. Rather than ignoring innovation, focus on using AI to improve efficiency and productivity while incorporating human judgment, knowledge, and experience into the decision-making process. When we approach AI as an assistant rather than a replacement, the possibilities for leveraging in your firm are limitless.

To learn more, please read the Future of professionals Special Report:

thomsonreuters.com/en/campaigns/future-of-professionals.html

I Kim Martineau, "What Is Generative AI?" IBM Research, published April 20, 2023, accessed August 7, 2023.

II Kristi Nickodem and Shannon Tufts, "ChatGPT and Generative AI: What Do Local Governments Need to Know?" UNC School of Government, published August 4, 2023, accessed August 7, 2023.

III Anand Mahurkar, "Plagiarism in the Era of Generative AI: Navigating Ethical Challenges," LinkedIn, published June 8, 2023, accessed June 29, 2023.

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