

CFO Series

AI in the Digital World

Technology's Impacts

Part 2/4

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AI Is Not the Enemy

Practical Tools to Harness Technology

Written By

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CPA, CIA, CISA, MBA



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About the Author



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Robert Berry is a Certified Public Accountant who actually likes people more than he does numbers. With more than 20 years in the risk, audit, and compliance sector, he is an internationally recognized speaker, trainer, author and podcast host. His most recent book, “Ask, Get, Perform: The Auditors Essential Guide to Asking Better Questions, Getting Better Answers, and Performing Better Audits,” is changing the way auditors build relationships with clients. Robert divides his time between Alabama and Texas.

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AI Mindset Reset



Why AI Feels Different?

- Speed
- Scale
- Power
- Everywhere
- Autonomy
- Opacity





Polling Question #1

Quick Pulse Check

What best describes your current view of AI?

- a) It's mostly hype,
- b) It's impressive but risky,
- c) Pure insanity,
- d) I'm afraid,
- e) It's unavoidable, or
- f) I'm not sure yet.



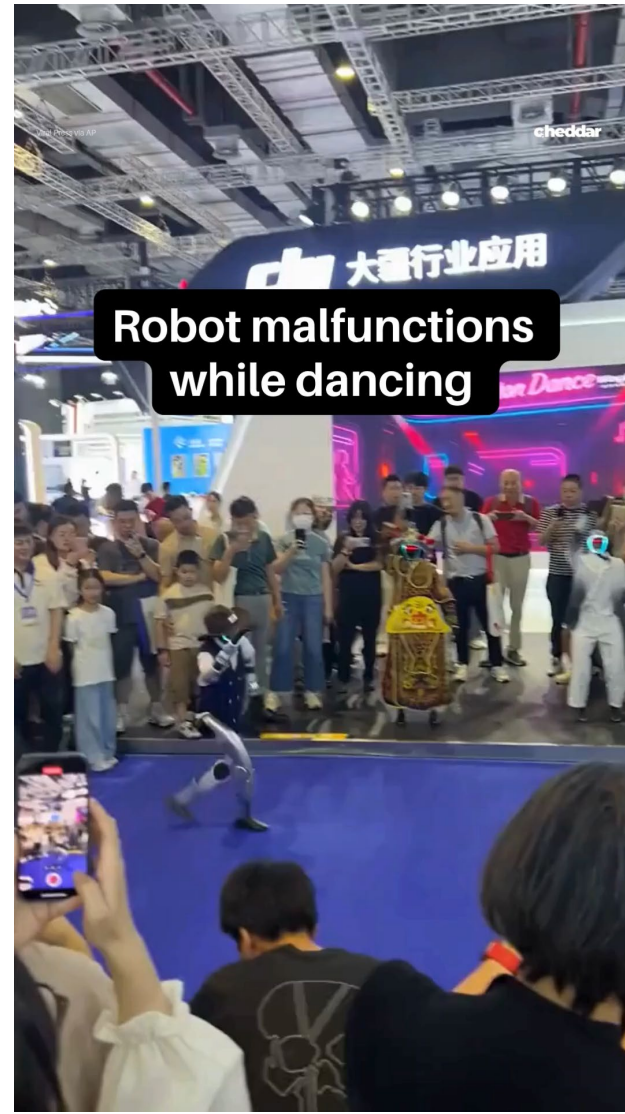


The Myths We Hear

- “AI will replace accountants/auditors”
- “AI can’t be trusted”
- “AI already knows everything”
- “AI is just automation with a new name”



What the News Gets Wrong





The Real Question This Course Answers

- How do I use AI without losing control?



Your Role Is Changing (Not Disappearing)

- From doer → reviewer → decision owner
- As AI handles more of the doing, your value shifts toward:
 - Asking better questions
 - Spotting weak logic
 - Understanding risk
 - Knowing when not to trust the output





Common AI Use Cases in Accounting & Finance



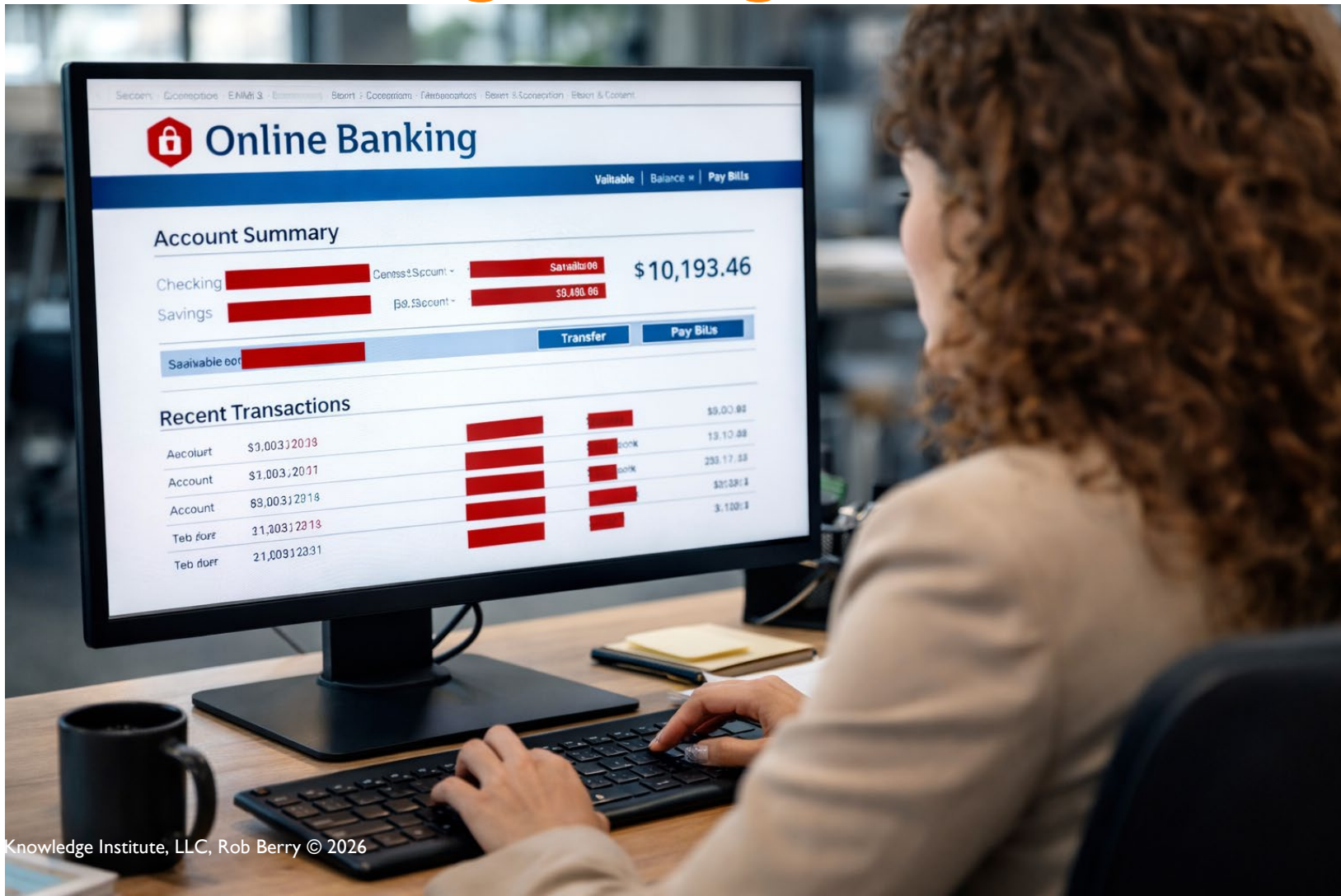
AI in Finance Isn't the Future— It's the Present

- Over 90% of finance professionals already use AI-powered tools—most without realizing it. [Source: Deloitte CFO Signals, 2024]



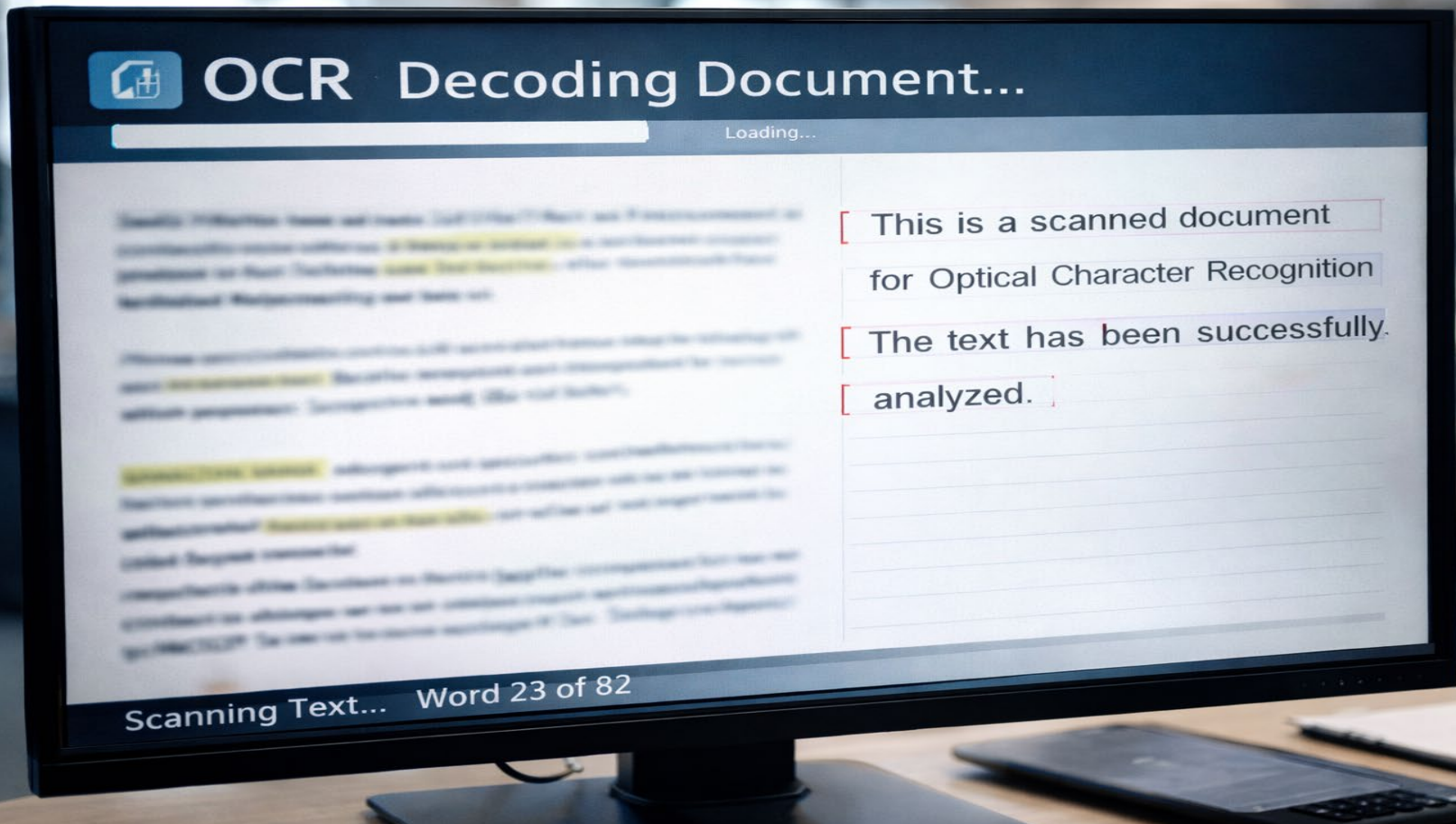


AI Use Case – Auto-Categorizing Transactions





AI Use Case – Optical Character Recognition (OCR)



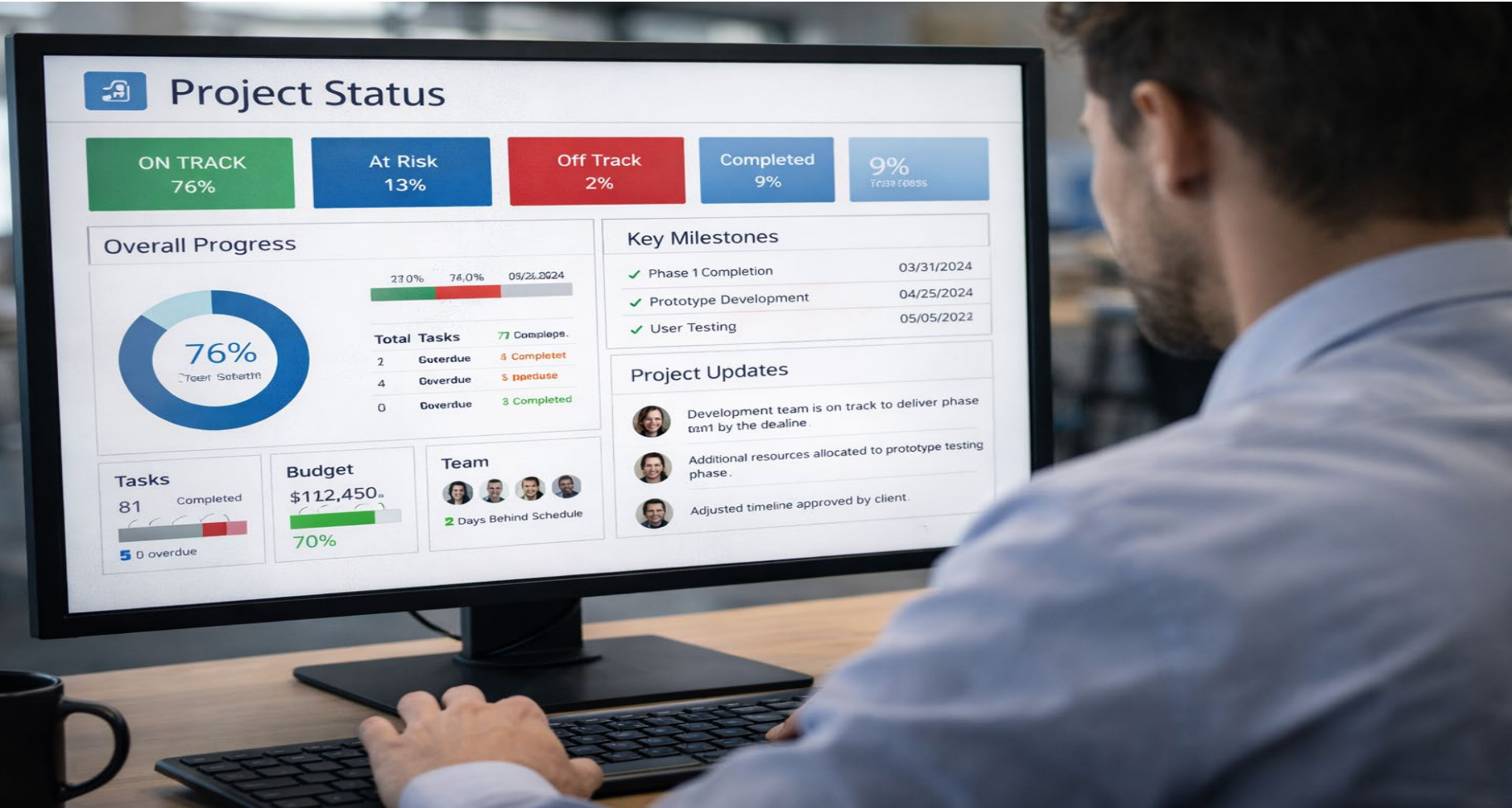


AI Use Case – Forecasting & Predictive Analytics





AI Use Case – Generative AI for Reports



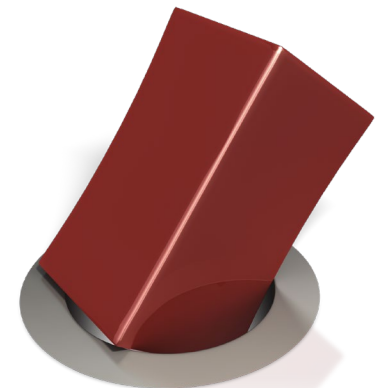


Polling Question #2

AI Use in Finance?

Which of the following is NOT a typical current use case of AI in finance?

- a) Categorizing expenses based on prior behavior,
- b) Automatically summarizing financial reports,
- c) Approving high-value journal entries without review, or
- d) Forecasting cash flow trends.





Discussion Question #1

Where Is AI Hiding in Your Workflow?

- a) What tools do you use that automate a process?
- b) Do you know if it's AI or not?
- c) Are there parts of your workflow where AI could actually help?





AI Risks in the Real World



Deepfake CEO

Real case. Real AI. Real money gone.

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Finance worker pays out \$25 million after video call with deepfake 'chief financial officer'



By Heather Chen and Kathleen Magramo, CNN

🕒 2 min read · Published 2:31 AM EST, Sun February 4, 2024





Where AI Risks Show Up in Finance

You don't need to fear AI, you need to understand it

- **Fraud and impersonation** – Deepfakes, phishing automation, spoofed emails
- **Bias in decision-making** – Hiring tools, credit scoring, risk assessment tools
- **Lack of transparency** – “Black box” AI that can't explain its decisions?
- **False data confidence** – Outputs look accurate, but lack integrity
- **Control gaps** – Over-reliance on systems without proper oversight



Case Study #1

When AI Judges Families

Allegheny County, Pennsylvania, introduced an algorithmic tool—the Allegheny Family Screening Tool (AFST)—to help child welfare workers assess the risk that a child would be placed in foster care within two years.

The tool analyzed large datasets including Medicaid claims, criminal justice records, public welfare data, and more—spitting out a “risk score” between 1 and 20.

This score wasn’t supposed to make decisions—just “inform” the intake social worker. But over time, concerns mounted. Some families believed the algorithm unfairly flagged them based on disability-related data like SSI benefits or mental health history.

The U.S. Department of Justice’s Civil Rights Division began investigating whether the system discriminated against protected groups. Legal complaints also noted that families couldn’t see or challenge their scores.



Case Study #1

(cont.)

When AI Judges Families

- a) What types of risks are present in this scenario? Operational? Reputational? Compliance?
- b) What internal controls (if any) could reduce these risks?
- c) Does it matter that this tool was created by academic partners, not a commercial vendor? Why or why not?
- d) Is it fair to use data like criminal history or disability benefits to determine a family's risk?
- e) What happens when a decision is based on a “black box” algorithm no one can challenge?
- f) What questions should the county have asked before deploying this tool?



**AI Isn't Just About Technology
- it's About Trust and
Transparency.**



When AI Predicts the Wrong Thing





Case Study #2

Scandal on the Horizon





When You Trust the Tool More Than the People

What could go wrong?

- False confidence:
Predictive systems “sound smart” and discourage questioning.
- Bad assumptions:
Garbage in = garbage out, but faster.
- No accountability:
Who’s at fault—the person?
The model? The vendor?
- Missing overrides:
Human review often skipped.



Discussion Question #2

Predictive AI Where You Work?

Where do you see predictive AI going off track in your workplace?





Polling Question #3

Common Risks

Which of the following is a common risk associated with predictive AI in accounting functions?

- a) Increased accuracy due to automation,
- b) Removal of bias by default,
- c) Overreliance on flawed or incomplete data,
or
- d) Enhanced human intuition.



Governance and Oversight



Why Governance Matters (Even If You're Not Using AI Yet)

- AI may already be embedded in your systems
- You're still responsible, even if it's 3rd-party tech
- Regulators expect oversight
- Clear roles = fewer surprises





AI Governance Is a Team Sport

A strong AI oversight framework includes:

- ✓ IT – for technical controls and architecture
- ✓ Finance – for risk, control, and accountability
- ✓ Legal – for compliance and data rights
- ✓ Audit – for independent review





When Governance Was Missing

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TOPLINE

Samsung Electronics has banned the use of ChatGPT and other AI-powered chatbots by its employees, Bloomberg [reported](#), becoming the latest company to crack down on the workplace use of AI services amid concerns about sensitive internal information being leaked on such platforms.



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Discussion Question #3

Where in Your Organization?

Where Is AI governance in your organization? Where in the organization chart?

- 1) Take a few moments to think about it?
 - If you don't know, that might be a problem





Polling Question #4

Why AI Governance?

Which of the following is a key reason why finance leaders must be involved in AI governance?

- a) To write AI code,
- b) To remove all automation from finance,
- c) To ensure financial risks and controls are properly addressed, or
- d) Because IT doesn't need to be involved.

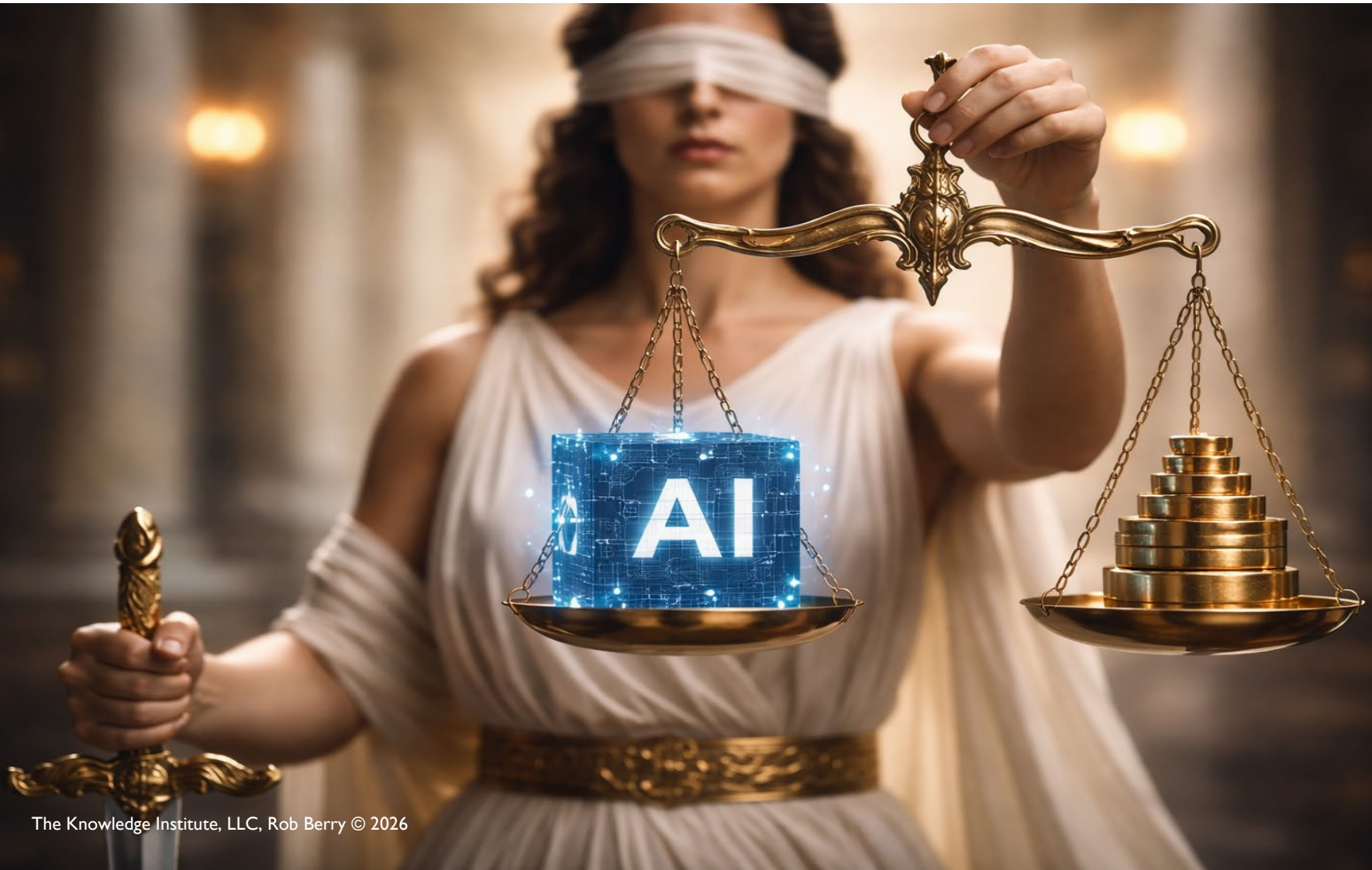




Laws, Regulations, and the EU AI Act?



Laws, Regulations & the EU AI Act





What Is the EU AI Act?

- World's first comprehensive AI law (passed March 2024)
- Classifies AI systems by risk level
- Bans certain “unacceptable risk” uses
- Requires transparency, risk assessments, human oversight for high-risk systems
- Fines can exceed €35 million or 7% of global revenue



U.S. Regulation: A Patchwork...For Now

- Executive Order (Oct 2023): AI safety, transparency, and civil rights
- FTC: Investigating deceptive or biased AI tools
- SEC: Warned public companies about AI-related disclosures
- State laws emerging (NYC, CA)



AI Laws: Why You Should Care?

- You may be using AI and not realize it (e.g., embedded in ERPs, expense platforms, etc.)
- AI-generated output may need controls and documentation
- You may need to disclose AI risks or impacts in financial reports
- If AI introduces bias = legal exposure





Discussion Question #4

Compliance Starts Now, Even Without a Law

- 1) Where are you currently using AI (knowingly or unknowingly)?
- 2) If regulators asked for your AI risk assessment, could you provide one?





Polling Question #5

EU AI ACT

What is one major requirement of the EU AI Act for high-risk AI systems?

- a) Remove all human oversight,
- b) Guarantee perfect accuracy,
- c) Implement transparency, documentation, and human monitoring, or
- d) Relocate data centers to the EU.



Bias, Discrimination & Transparency



What Causes Bias in AI?

- Historical or skewed training data
- Underrepresentation of certain groups
- Proxy variables (e.g., ZIP code as stand-in for race)
- Lack of transparency in how algorithms work





The Trouble With the '**Black Box**'

Why transparency matters;

- AI systems often lack explainability
- Stakeholders may not understand how outputs are produced
- Lack of transparency = higher legal and ethical risk
- Explainable AI is now a regulatory focus





Reducing Risk: What You Can Do

- Review training data for bias before model deployment
- Involve cross-functional teams in AI oversight
- Document rationale for AI use and decisions
- Demand explainability from vendors
- Regularly test outcomes for disparate impact
- Regularly update and improve your organization's AI policies and re-train staff



Polling Question #6

Common Causes of Bias?

Which of the following is a common cause of algorithmic bias?

- a) Lack of available cloud storage,
- b) Overuse of encryption,
- c) Skewed or incomplete training data, or
- d) Too many users accessing the system.



Polling Question #7

Slow Adopters?

Which profession has been cited as one of the slowest to adopt AI?

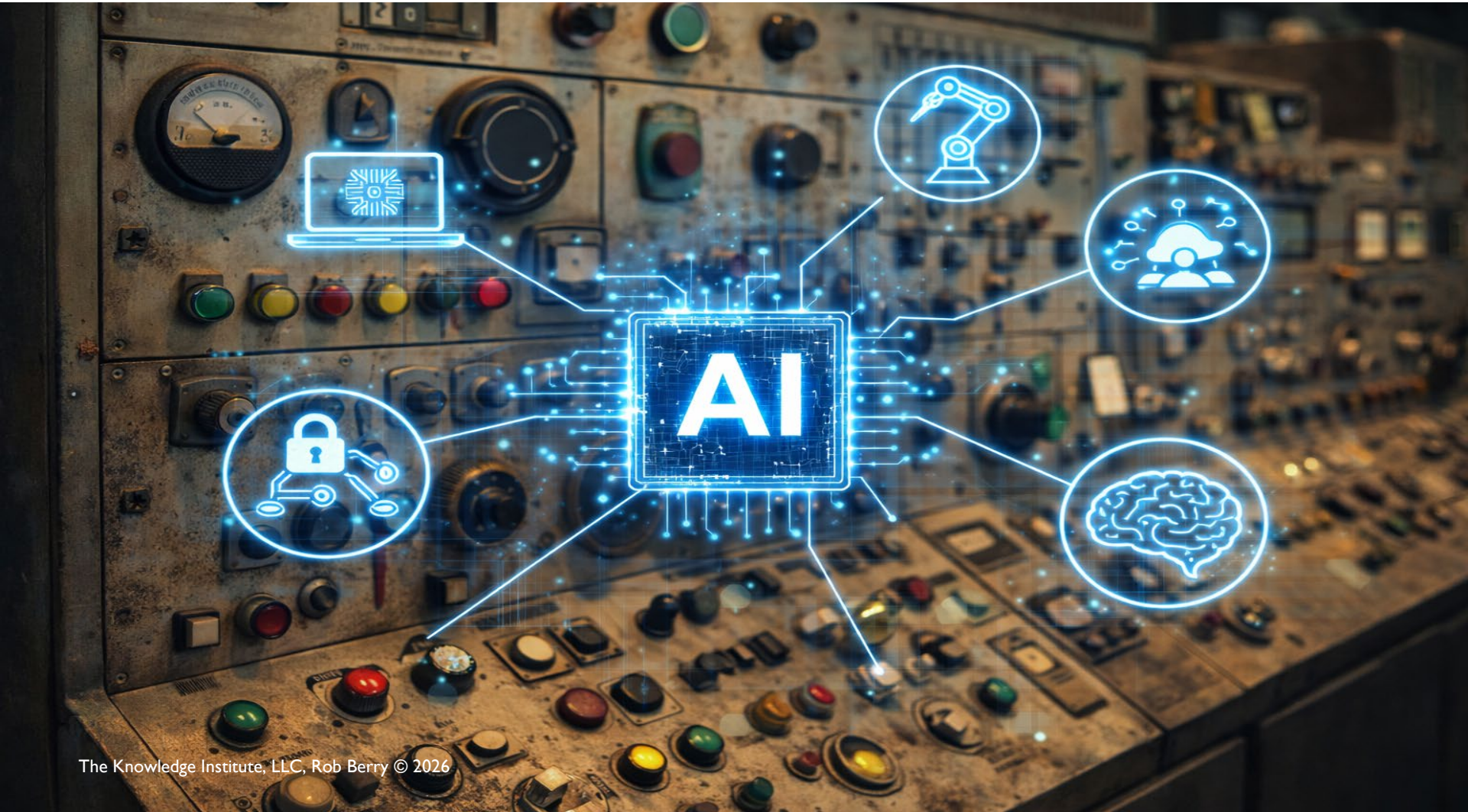
- a) Operations,
- b) IT,
- c) Accounting,
- d) Marketing,
- e) HR, or
- f) Other (please describe _____.)



Controls, Documentation & Oversight



AI + Controls: Yes, You Have a Role





Traditional Controls, Meet New Tech

- AI systems impact financial reporting, operational processes, and compliance
- Documentation and oversight are essential for defensibility
- Lack of governance can lead to control failures or regulatory action
- Your internal control framework can adapt



What Do AI Controls Look Like?

- Change management: Who approves AI updates or retraining?
- Access controls: Who can use, train, or override AI systems?
- Data quality reviews: Is input data accurate, representative, and timely?
- Outcome monitoring: Are results reviewed regularly for accuracy and fairness?
- Audit trails: Are decisions traceable and explainable?





If It's Not Documented, It Didn't Happen

- Document the purpose and limits of each AI tool
- Keep records of vendor due diligence and evaluations
- Capture rationale for key decisions (e.g., why an override occurred)
- Link AI-related controls to your risk and control matrices





What Your External or Internal Auditors Might Ask?

- How did you evaluate the AI vendor or tool?
- What controls are in place over data feeding the system?
- Are outputs subject to management review?
- Are decisions explainable, documented, and reversible?





Polling Question #8

How Much Control?

Which of the following is not a key control consideration for AI oversight?

- a) Documentation of AI outputs,
- b) Restricting access to AI systems,
- c) Running AI tools on weekends, or
- d) Monitoring for biased outcomes.





The Questions Leaders Should Be Asking



Question #1: What Problem Are We Solving?

What specific problem
are we solving with
this AI?



Question #2: How Was the Model Trained?

How was the model
trained to do what it
does?



Question #3: Who Reviews the Decisions?

Who reviews and
validates AI decisions?



Question #4: Can We Explain or Reverse It?

Can decisions be
explained and
reversed?



Question #5: How Do We Monitor Over Time?

How do we monitor
performance over
time?



Oversight Compass



- North – Purpose: What problem(s) are we solving?
- East – Training: How was it trained?
- South – Oversight: Who reviews it?
- West – Transparency: Can it be explained and reversed?
- Center – Monitoring: How is it tracked over time?



Score Your AI Readiness

Oversight Area	1	2	3	4	5	Notes/Concerns
Clear Purpose						
Transparency of Model						
Oversight Mechanisms						
Explainability						
Ongoing Monitoring						



Wrap-Up & Resources

AI and Man

"It's not man versus machine; it's man with machine versus man without.

Data and intuition are like horse and rider, and you don't try to outrun a horse; you ride it."



- Pedro Domingos

Professor emeritus of computer science and engineering, author



**You Don't Need to
Master the Technology.
You Need to Lead the
Conversation.**

Thank You!

Please share your thoughts and comments.

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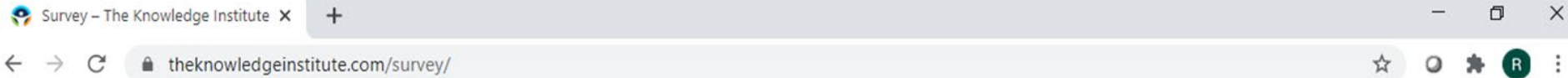
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