

AGENDA PAPER

Item Number: 9
Date of Meeting: 4 June 2026
Subject: Update on project to review APESB Pronouncements for Sustainability and AI

Action required For discussion For noting For information

Purpose

- To update the Board on the project to review APESB Pronouncements for Sustainability and AI.
- To determine the scoping for the proposed guidance to address the impact of AI for APES 215 *Forensic Accounting Services* and APES 225 *Valuation Services*.

Background

In July 2025, APESB issued an Amending Standard to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), [Sustainability Assurance and Reporting and Use of External Experts](#) (the Sustainability Amending Standard). The amending standard is effective from 1 January 2026, with a later implementation date of 1 July 2028 for provisions related to value chain components.

At the September 2025 Board meeting, the Board approved the release of a new compiled Code which incorporates the restructured Code (issued in November 2018) and the eleven amending standards issued to July 2025, including the Sustainability Amending Standard.

Principles-based provisions in the Code relating to technology took effect on 1 January 2025. The amendments ensure that the Code continues to guide Members' ethical use of technology responsibly and that fundamental principles are upheld. The Board has been monitoring the impact of technological developments on the accounting profession, including the growing use of Artificial Intelligence (AI), and considering their implications for APESB pronouncements.

At the September 2025 Board meeting, the Board agreed to review the suite of APESB Pronouncements, including APES 200 and APES GN 20 series ([Agenda Item 7](#)) and the APES 300 and APES GN 30 series ([Agenda Item 8](#)). This project aims to review the APESB Pronouncements to ensure they remain consistent with the latest Code and Amending Standards, including any implications arising from Sustainability and Artificial Intelligence (AI).

On 31 October 2025, APESB issued a [Technical Alert](#) on the ethical use of AI by professional accountants, promoting awareness of the new principle-based provisions of the Code relating to technology.

At the December 2025 Board meeting, the Board discussed the project update, noting its initial focus on the pronouncements on forensic accounting and valuation services. From the stakeholder engagement undertaken so far, stakeholders generally preferred that the impact of Sustainability and AI be covered in guidance materials rather than through amendments to the standards. The Board agreed to consider expanding the issued [Technical Alert](#) on AI to include practical examples.

Matters for Consideration

Since the December Board Meeting, APESB Technical Staff have commenced scoping potential practical examples and guidance materials on the use of AI, with an initial focus on forensic accounting and valuation services. As part of the scoping exercise, APESB Technical Staff conducted targeted stakeholder outreach to discuss the current use of AI in forensic accounting and valuation services.

In addition, APESB Technical Staff met with International Valuations Standards Council (IVSC) staff and an IVSC Board member to discuss matters including the use of AI in valuations. As part of the meeting, IVSC staff highlighted their July 2025 publication on [Navigating the Rise of Artificial Intelligence in Valuation: Opportunities, Risks, and Standards](#).

Stakeholder Feedback

Stakeholders noted that AI is becoming increasingly prevalent in both forensic accounting and valuation services. However, they also indicated that the standards continue to operate effectively in practice and do not require amendment to address AI-related issues. APES 215 and APES 225 are principles-based, and despite technological change, the core approach to providing valuation and forensic accounting services has not fundamentally changed.

The standards clearly set out the fundamental principles Members must comply with and make clear that Members remain ultimately responsible for the work they perform and the output they deliver.

Stakeholders also noted that separate guidance and practical examples may help reinforce existing ethical requirements and support the responsible use of AI in practice.

Common themes from the discussions with stakeholders included:

- Maintaining client confidentiality remains critical in an AI environment. Stakeholders emphasised that AI adds complexity to the handling of confidential information, particularly when data is processed through external platforms, and therefore requires stronger controls and clear organisational policies.
- Quality control frameworks need to address AI-specific considerations. While existing quality management systems provide a strong foundation, stakeholders noted that methodologies and oversight processes must adapt to address AI use, including the reliability and trustworthiness of AI-generated outputs.
- Valuation and forensic services continue to rely on human judgement. Stakeholders emphasised that, while AI can support analysis and improve efficiency, these services ultimately depend on the practitioner's professional judgement and the defensibility of their opinion. AI can inform, but not replace, expert reasoning. Practitioners remain responsible for their analysis, professional judgement and the outcomes of their work. Appropriate supervision and review of AI use are therefore essential to maintain the integrity of the output.

- AI introduces risks such as bias, inappropriate reliance on outputs, uncertainty about data sources, and inaccurate or manipulated information. Stakeholders noted that practitioners must be mindful of the extent of AI use, avoid undue reliance on or influence from AI, and critically assess and verify any information used or produced, including AI-generated content.
- AI use includes both internal and external applications. Stakeholders noted that internal uses, such as document review, summarisation and workflow support, raise different ethical considerations from external uses, such as research and data analysis and therefore present distinct risk profiles.
- Transparent disclosure is an important element of responsible AI use. Stakeholders highlighted that users of valuation, forensic and assurance services should be informed when and how AI has been used and the extent to which AI-generated outputs have contributed to the practitioner's work. Stakeholders also drew attention to the [Supreme Court Practice Note SC Gen 23 - Use of Generative Artificial Intelligence \(Gen AI\)](#), which prohibits the use of AI in expert reports.

These themes have been incorporated into a series of potential questions to form the basis of matters to be considered in the guidance, as outlined in Appendix A to this agenda paper.

Stakeholders further noted that any guidance produced should be principles-based to remain relevant over time. Given the pace of technological change, stakeholders encouraged APESB to focus on principles rather than tool-specific requirements that may quickly become outdated. These questions also draw on the series of questions posed by the IVSC in their July 2025 publication, [Navigating the Rise of Artificial Intelligence in Valuation: Opportunities, Risks, and Standards](#) (page 13).

Way forward

The proposed way forward for this project is for Technical Staff to draft guidance and examples based on the key themes identified in this paper and continue undertaking broad stakeholder engagement, including consulting with professional bodies, regulators, firms and the relevant Taskforces. Technical Staff will provide draft guidance to the Board in H2 2026.

Technical Staff also formed a preliminary view that no immediate changes are required to APES 215 *Forensic Accounting Services* and APES 225 *Valuation Services* to address the impact of AI, given the Technology changes in the Code (effective 1 January 2025) and the APESB Technical Alert issued on the topic in October 2025.

Staff Recommendation

The Board provide feedback and comments on the progress to date and the way forward.

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Date: 15 May 2026

Appendix A: Questions for Consideration to form the Basis of Guidance

Theme	Key question(s)
Confidentiality and data security	How should confidentiality risks arising from AI use be identified, assessed and mitigated, including decisions about when AI tools are appropriate for handling sensitive information and what potential safeguards are needed?
Quality control frameworks	How should AI-generated or AI-sourced information be validated, calibrated and monitored to ensure accuracy, reliability and trustworthiness of AI-generated outputs?
Professional judgement	How should practitioners ensure that AI supports, rather than replaces, professional judgement to ensure the integrity of the output?
Bias, data integrity and undue reliance on AI	How should practitioners identify and address risks such as bias, hallucinated outputs, unreliable data sources and undue reliance on AI? What verification processes are needed before including AI-generated information in valuation and forensic services?
Internal vs external AI use	What ethical, professional and disclosure considerations apply to different use cases for AI, including restrictions on AI use in expert reports?
Transparency	How should practitioners disclose the use of AI and the extent to which AI-generated outputs have contributed to the practitioner's work?
Current and emerging applications of AI in valuation and forensic services	How is AI being applied in valuation and forensic services? What opportunities and threats are emerging for valuation and forensic services?