AGENDA PAPER

Item Number:	9
Date of Meeting:	25 November 2026
Subject:	Proposed guidance document on the use of AI in Forensic Accounting and Valuation Services

[x]	**Action required**	[x]	**For discussion**	[ ]	**For noting**	[ ]	**For information**

Purpose

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

Background

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 the Code continues to guide Members' ethical and responsible use of technology 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 the impact on 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, which took effect on 1 January 2025.

At the December 2025 Board meeting, the Board discussed the project update, noting the initial focus on the forensic accounting and valuation services pronouncements. Based on stakeholder engagement, 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.

At the June 2026 Board meeting (Agenda Item 9), the Board considered a scoping paper on the proposed guidance for APES 215 and APES 225. The Board agreed that the way forward for Technical Staff is to draft guidance and illustrative examples based on the key themes identified through stakeholder engagement (set out in Appendix A to the June 2026 agenda paper), and to continue undertaking broad stakeholder engagement. The Board also noted Technical Staff's preliminary view that no changes are required to APES 215 and APES 225 to address the impact of AI. Technical Staff undertook to provide draft guidance to the Board in the second half of 2026.

At the September Board meeting (Agenda Item 9), the Board considered the draft guidance and illustrative examples on the use of AI in forensic accounting and valuation services, noting it was structured around seven themes, including confidentiality, data security and professional judgement. Technical Staff undertook to conduct further stakeholder engagement on the draft guidance and present the Board with a revised draft at the November 2026 Board Meeting.

Matters for Consideration

Since the September 2026 Board meeting, Technical Staff have:

- continued targeted stakeholder outreach on the draft guidance and illustrative examples;
- considered the feedback received and revised the draft accordingly; and
- prepared an updated draft of the guidance and illustrative examples, provided at Agenda Item 9(a).

Stakeholder engagement and outreach

Since the September 2026 Board meeting, Technical Staff undertook further outreach on the draft guidance and illustrative examples. The focus of the consultation was intended to ensure that the guidance is practical, reflects the range of circumstances in which Members provide forensic accounting and valuation services, and captures the perspectives of the firms, practitioners, regulators and other stakeholders most affected by the use of AI in these services.

Technical Staff have undertaken extensive stakeholder engagement via:

- the APESB forensics and valuation project's working group, via working group meetings held on 19 and 20 October;
- APESB CEO Channa Wijesinghe presenting on the draft guidance document to CPA Australia's Forensic and Financial Investigation Discussion Group (FFIDG) on 30 September 2026;
- APESB Director Brian Morris presenting on the draft guidance document at CA ANZ's 2026 Forensic Accounting Conference (12 November 2026);
- Circulating the document to CA ANZ discussion groups consisting of forensic accounting and valuation practitioners in firms as well as Members in Business in regulatory agencies and law enforcement bodies; and
- requested feedback from the Australian representative of the International Valuation Standards Council (IVSC).

Stakeholder feedback and key areas of change

Stakeholders were broadly supportive of the draft guidance and strongly endorsed the principles-based and tool-agnostic approach and the use of illustrative examples. The main themes raised in the feedback, and the key changes made to the draft in response, are set out below.

- **Confidentiality and data security.** Stakeholders observed that a Member's use of AI may be constrained not only by the confidentiality principles but also by contractual terms, laws and client instructions. Technical staff have updated the guidance to include references to these matters for Members to consider in relation to these restrictions, together with the confidentiality requirements of the Code, APES 215 and APES 225, before entering information into an AI tool.
- **Reliability and validation of AI outputs.** Stakeholders cautioned that AI outputs should not be accepted at face value and questioned how an output could be "monitored" or "calibrated". Technical staff have updated the guidance to explain that reliability depends in part on whether the tool has been directed to specific, reliable sources, and that output should be subject to human validation before they are relied upon.
- **Documentation of AI use.** Stakeholders asked for clearer expectations on documentation requirements. Technical staff have updated the guidance to highlight that a Member should document the specific AI tool used, its purpose, the information provided to it and the prompts and outputs. Further, the examples include additional information to highlight this expectation for a forensic accounting engagement.
- **Professional responsibilities.** Stakeholders noted that AI outputs are often not reproducible. The guidance now states that a Member cannot delegate professional responsibilities to another person or an AI tool, and that AI outputs may not be reproducible.
- **Court and tribunal requirements.** Stakeholders noted the court guidance on the use of AI in expert reports and highlighted that practice notes change over time. Technical staff have added a caveat to the guidance that the list is as at the date of publication and Members should check the current version.

Detailed feedback received, and Technical Staff responses are provided in Agenda Paper 9 (b).

Activities as part of employment

As part of the stakeholder outreach, an issue was identified regarding the role of the employer versus another commissioning party of the report. Stakeholders operating in a law enforcement environment indicated that, in certain circumstances, a Member in Business may provide activities as part of their employment to a party other than their employer. This matter was identified by several stakeholders as an area that potentially requires clarification within APES 215. Technical Staff propose to include this matter on the APESB Issues Register for consideration of relevant guidance in APES 215.

Example wording on compliance with the standards for the use of AI

A stakeholder suggested that APESB provide example wording on compliance with the standards for the use of AI, for engagement letters and reports, that practitioners can use as a guide. Technical Staff have noted this suggestion and propose including disclosure of its use in the engagement letter on the APESB Issues Register for consideration in respect of the next review of APES 305 *Terms of Engagement*. With respect to reporting, Technical Staff note that the current professional standards do not preclude disclosure of the basis and methodology used in preparing forensic and valuation reports.

Way forward

Subject to the Board's feedback, Technical Staff propose to finalise the guidance and illustrative examples following the Board meeting.

Staff Recommendation

That the Board:

- note the stakeholder outreach undertaken and the changes made to the draft guidance document in response to the stakeholder feedback;
- provide feedback on the updated draft guidance and illustrative examples at Agenda Item 9 (a);
- approve the finalisation of the guidance and illustrative examples; and
- include two items on the APESB Issues Register:
    - to consider guidance in APES 215 to address circumstances where a Member in Business may provide activities as part of their employment to a party other than their employer; and
    - to consider whether APES 305 *Terms of Engagement* needs to consider the specific disclosure of the use of AI in engagement letters and reports.

Attachments

Agenda Item 9 (a)	[Draft] APESB Guidance on use of Artificial Intelligence in Forensic Accounting Services and Valuation Services
Agenda Item 9 (b)	Detailed stakeholder feedback

Authors: Channa Wijesinghe
Nikole Gyles

Date: 12 November 2026