

# Artificial Intelligence and Ethics in Corporate Governance

Balancing innovation with  
responsibility in business leadership



# The Presenters

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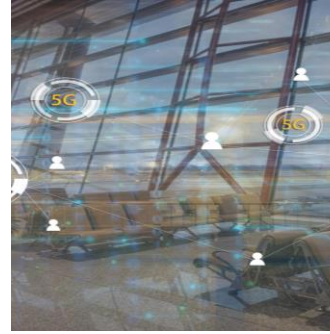


# Topics

- **Audience poll**
  - **Who is using AI**
  - **Who has created agents**
  - **What roadblocks are you facing**
- **Ethics governance use cases**
  - **Ethics violations**
  - **Metrics related to AI**
  - **Synergy between AI and Audit**
- **Building an ethics violation hotline**
  - **Demonstration**
- **Process**
  - **Building the flow**
  - **Creating connectors**
  - **Sending eMail from AI workflows**

# Overview of AI in Corporate Governance

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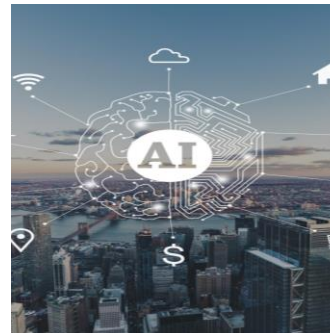
## **AI Transforming Governance**

AI automates processes and improves anomaly detection, enhancing corporate decision-making efficiency and accuracy.



## **Ethical Challenges**

The use of AI raises ethical concerns including bias, privacy risks, and the need for transparency in decision-making.



## **Accountability Importance**

Transparency and accountability in AI systems are crucial to ensure fair, unbiased decisions aligned with organizational values.

# AI Statistics

Source: THE IIA'S Artificial Intelligence Auditing Framework



**>50%**

PwC's 2022 AI Business Survey (U.S.) — AI supported decision-making is being utilized by 74% of technology leader survey respondents, 62% of operations and maintenance leaders, 61% of customer experience leaders, and 60% of strategy leaders.

**99%**

EY's 2023 Global CEO Outlook Pulse Survey — 99% of CEOs surveyed are making or planning significant investments in generative AI.

**79%**

Kinsey's 2023 State of AI — 79% percent of all global respondents report some exposure to generative AI and 22% said they are regularly using it.



# How AI Detects Ethics Violations

## **Continuous Monitoring**

AI continuously monitors transactions and workflows to detect anomalies indicating ethics violations.

## **Pattern Recognition**

Machine learning identifies deviation patterns like unauthorized expenses and irregular journal entries.

## **NLP for Communication Analysis**

Natural Language Processing analyzes internal messages to uncover fraud or collusion language.

## **Real-time Alerts**

Integration with enterprise systems enables AI to provide real-time alerts reducing human reporting reliance.

# Synergy Between AI and Auditors



## **Validation of AI Findings**

Internal auditors verify AI-generated alerts by investigating anomalies and applying professional judgment.



## **Enhancing Internal Controls**

Collaboration between AI and auditors strengthens internal controls and reduces false positive rates.



## **Governance and Accountability**

Auditors ensure AI systems comply with governance protocols, maintaining transparency and accountability.



# Prompting Best Practices

1

Be specific and clear.

2

Provide necessary context.

3

Break down complex tasks.

4

Review and iterate prompts.

5

Guard against bias.



**Bad Prompt:** “Write a summary of this report.”

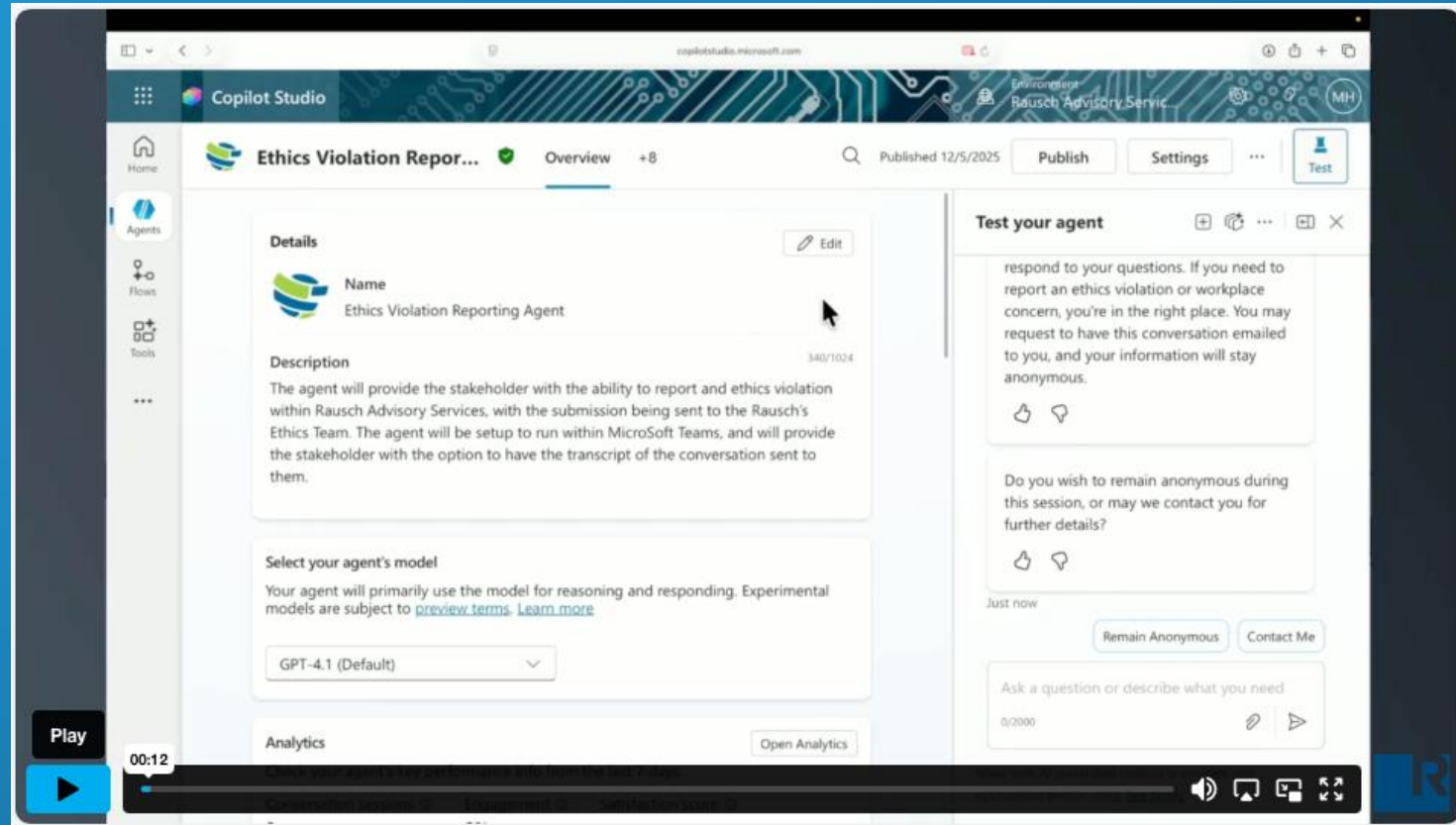
Output: Random-length summary, possibly missing key findings.



**Good Prompt:** “Summarize this report in three bullet points, focusing on key findings and action items.”

Output: Concise, relevant, and actionable summary.

# Live Demonstration



In this segment, we'll showcase how to build an AI agent in Microsoft Copilot designed to serve as an ethics reporting hotline.

# Rausch AI Statement



Rausch uses AI for research



No client information is used  
in AI prompts or output



AI output is reviewed for  
accuracy and completeness



## Key Takeaways

### **AI Enhances Ethical Compliance**

AI improves ethical compliance by integrating internal knowledge with human oversight for better decision-making.

### **Prioritize Transparency and Fairness**

Organizations should emphasize transparency, fairness, and accountability to avoid misuse and maintain trust.

### **Consequences of Ethical Lapses**

Ethical failures in AI governance can cause financial, legal, and reputational damage to organizations.

### **Robust Governance Frameworks**

Implementing strong governance and collaboration between AI and auditors fosters ethical corporate governance.



# Questions

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