#DIFFERENCE MAKERS

AI ETHICS

CASE STUDIES

Part 1

Championing ethical leadership and responsibility in the use and deployment of AI

December 2025

CA(SA) AGA(SA) AT(SA) SAICA DIFFERENCE MAKERS™

About SAICA

The South African Institute of Chartered Accountants (SAICA) is the leading accountancy body in South Africa and one of the prominent institutes globally.

SAICA offers three reputable professional accounting and business designations from a foundational to a strategic level of accounting and business competence – Accounting Technician [AT(SA)], Associate General Accountant [AGA(SA)] and Chartered Accountant [CA(SA)]. These three designations are underpinned by the SAICA Code of Professional Conduct (the SAICA Code) and continuous professional development (CPD) to ensure the highest level of professionalism, discipline and performance.

SAICA is at the forefront of developing, influencing and leading the highest standards of ethics, education and professional excellence in the delivery of quality accountancy skills. This is achieved by safeguarding the professional standards of the designations on offer; advancing and maintaining the relevance of the profession; and by regulating the members' and associates' professional conduct against the SAICA Code.

SAICA's primary objectives are as follows:

- Support the development of the South African economy and society
- Promote the interests of SAICA members and associates

Artificial intelligence (AI) developments and guidance

SAICA notes and welcomes ongoing AI developments, and advocates for their responsible adoption and development use. In line with SAICA's competency framework, members, associates, trainees and students need to develop themselves to meet the evolving demands and expectations of the working world.

Members of the profession must ensure and support the ethical use, adoption and deployment of AI, grounded in the ethical principles, professional standards, and the profession's public interest mandate.

Fundamental guidance principles

SAICA recognises the transformative potential of AI, particularly Generative AI (GenAI), in reshaping the accountancy profession, business models, and society. As a leading professional body, SAICA is committed to guiding its members and associates in the ethical, responsible, and sustainable adoption and use of AI technologies.

- **Public interest first -** SAICA affirms that the adoption and use of AI should serve the public interest. Professional accountants should ensure that AI systems contribute to a net societal benefit, uphold trust, and avoid harm.

- **Ethical use and adoption -** AI should be used in a manner that aligns with the SAICA Code of Professional Conduct (SAICA Code), including the five fundamental principles:
  - Integrity
  - Objectivity
  - Professional competence and due care
  - Confidentiality
  - Professional behaviour

  Professional accountants, in whatever capacity, should identify threats to compliance with these fundamental principles and upon their evaluation, apply appropriate safeguards to ensure they are adequately mitigated or managed.

- **Professional judgement and scepticism -** Members and associates should exercise critical thinking, professional scepticism, and sound judgement when interacting with AI systems, evaluating outputs, and

making decisions within the AI ecosystem, to ensure the ethical discharge of their professional and leadership responsibilities.

- **Governance and oversight -** SAICA supports and advocates for the implementation of robust governance frameworks for AI adoption, including:
  - Clear accountability structures
  - Ethical practices and monitoring
  - Risk management and internal controls
  - Transparency in AI decision-making
  - Compliance with relevant laws and regulations

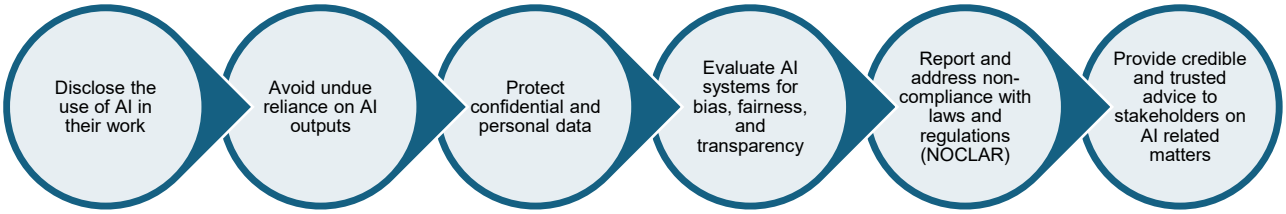
- **Sustainability and inclusion -** AI adoption should consider environmental impact, social equity, and inclusive access. SAICA encourages members to assess the sustainability of AI systems and their implications for job displacement, data usage, and energy consumption.

Purpose of the guidance document

The purpose of this guidance document is to provide professionals and trainees with clear, practical, and principle-based direction for navigating the complex ethical challenges arising from the use, adoption, design, and governance of AI within the accountancy profession and broader business sector. The guidance is intended to support sound judgement, compliance with the SAICA Code, and to promote responsible, trustworthy, and public interest-driven technology use and deployment.

SAICA recognises the transformational potential and impact of AI, and the expectation for the profession to rise to the challenges it presents, by embedding ethical leadership, responsible innovation, and public interest into every AI-related decision.

In navigating AI-related scenarios, professional accountants should refer to the following basic framework and principles:



The following AI related guidance documents have been released by SAICA and are available to you:

- Professional-ethics-in-the-use-of-Generative-AI-language.pdf
- Microsoft Word - Difference Makers Guide to AI

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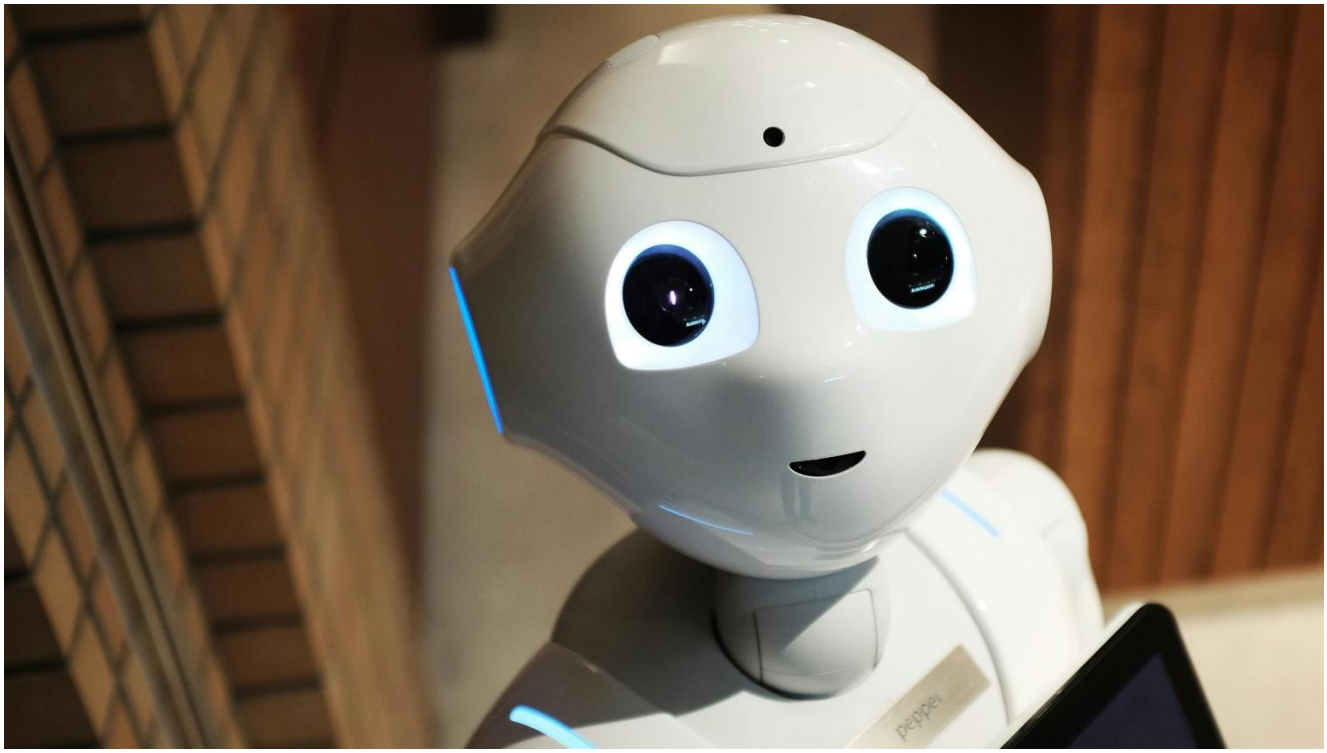
Applying the SAICA Code to selected AI-related scenarios.

Part 1



AI use acknowledgement:

The case studies have been developed with the assistance of Microsoft Copilot and Perplexity AI, which were used for case study ideation and drafting ethical decision-making considerations based on ethical theories. Upon generating output, the authors reviewed, developed and edited the content before inclusion in the document where appropriate. Some content was discarded upon review.

AI developments disclaimer:

Users of this guidance document should note that our understanding of AI is evolving rapidly and should exercise caution when making reference to the case studies presented. As things continue to change, our perspective and responsibilities also shift – critical thinking, professional judgement and scepticism should be exercised at all times by professional accountants in navigating AI related scenarios.

All people, companies, and scenarios described in this case studies document are entirely fictional. Any resemblance to real persons or actual organisations, living or dead, is purely coincidental and unintended. The examples are provided solely for educational and illustrative purposes.

Case study 1: The overzealous innovator, eager to impress

This case illustrates how AI enthusiasm without ethical grounding can quickly compromise professional ethical standards and stakeholder trust, while emphasising that efficiency gains must never come at the expense of ethical responsibility.

Setting the scene

Thabo Myoli, a newly qualified CA(SA), has landed his first role as a financial analyst at AfriGrowth Holdings, a Johannesburg based investment conglomerate with a focus on investing throughout the African continent. Ambitious and tech-savvy, Thabo is determined to make an immediate impact and establish himself as an innovative contributor to the firm.

Within his first month, Thabo discovers Claudia AI (an advanced GenAI tool) through online forums and begins using it to assist with his analytical work. What starts as occasional help with data summarisation quickly evolves into a comprehensive workflow: Thabo feeds complex financial data, quarterly results, and strategic assessments into the AI system, which then generates polished executive summaries for board presentations and investment committee reports.

The results appear impressive. Thabo's summaries are articulate, comprehensive, and delivered faster than colleagues expect. Senior management begins praising his "analytical depth" and "strategic insights". Encouraged by the positive feedback, Thabo increases his reliance on the AI tool, using it to draft entire sections of board packs, including risk assessments, market outlooks, and investment recommendations. However, he never discloses his AI usage to supervisors or colleagues, presenting all outputs as his own analytical work.

What unfolds

During a quarterly board meeting, a director questions specific claims in Thabo's investment summary about emerging market conditions. When pressed for his data sources and analytical methodology, Thabo struggles to explain the reasoning behind key conclusions. Some of these conclusions do not align with the known realities of the African countries in which AfriGrowth is invested. His responses are vague and inconsistent with the authoritative tone of his written work.

The following month, AfriGrowth's Chief Risk Officer (CRO) conducts a routine quality review of investment analyses and notices several concerning patterns: statistical claims without traceable sources, report statements not relevant to the African context, where AfriGrowth is invested, unusually sophisticated language inconsistent with typical analytical reports, and subtle factual errors that suggest automated generation rather than human oversight.

A deeper investigation by the CRO's team reveals that some "insights" in Thabo's reports contain inaccuracies, including incorrect regulatory, country and company information, that could have influenced major investment decisions.

When confronted, Thabo admits to using AI assistance but claims he was simply "enhancing productivity". An internal ethics review reveals that not only did he fail to verify AI-generated content, but he also violated the firm's intellectual property policies by representing external content as original work. In the process, he has also breached the firm's confidentiality and privacy policies by uploading firm data onto the platform, which is now in the public domain, without firm approval.

Professional ethical conduct analysis

- **Integrity violation:** In terms of the SAICA Code, professional accountants must be *"straightforward and honest"* in all professional relationships and dealings. By presenting AI-generated content as his own work without disclosure, Thabo fundamentally breached this principle. He misled supervisors, colleagues, and ultimately board members about the source and verification of his analytical work.

  Thabo should also not knowingly be associated with reports or information where he believes that the information may be materially false or misleading, is provided recklessly, or omits or obscures required information. While Thabo may argue that this was not done *"knowingly"*, as a professional accountant, he is reasonably expected to know the underlying limitations of the AI, before placing reliance on it.

- **Professional competence and due care:** The SAICA Code requires that professional accountants *"maintain professional knowledge and skill at the level required to ensure that a client or employing organisation receives competent professional service".* By failing to verify AI outputs and lacking the knowledge to defend his analyses when questioned, Thabo demonstrated incompetence in his professional duties. Thabo has further neglected his responsibility to exercise due care in his pursuit of efficiency, as he failed to ensure the accuracy of the work he presented. He has not acted diligently and in accordance with professional standards expected from professional accountant.

- **Professional behaviour:** Thabo's actions compromised his employing organisation's reputation and violated internal policies as well as potential privacy laws. The SAICA Code mandates that professional accountants "*comply with relevant laws and regulations and should avoid any action that brings disrepute to the profession*". Thabo's conduct not only likely amounts to a breach of laws and regulations, but may also bring the reputation of the profession into disrepute, given his misuse of AI.

Lack of professional scepticism

Thabo ought to exercise professional scepticism regarding AI outputs, critically assessing the credibility of the output, given the underlying limitations of these AI models, and maintain a questioning mindset. Thabo's wholesale acceptance of AI-generated content without thorough interrogation and verification violates fundamental ethical requirements.

Ethical decision-making considerations

Thabo's approach initially seemed to maximise efficiency and positive outcomes. However, the potential consequences, being flawed investment decisions based on unverified information, demonstrate how *short-term utility* can lead to significant long-term harm. A *deontological* analysis reveals Thabo's failure to fulfil his professional duties of honesty, competence, and transparency regardless of outcomes.

Thabo should have maintained meaningful human oversight, verification, and decision-making authority over AI-generated content. A proper AI governance policy or ethical framework would have required transparency about AI usage, rigorous verification of outputs, and clear limitations on AI reliance for complex analytical work. This would entail the application of the "*human-in-the-loop*" (or similar) AI governance principle.

Ethical leadership – looking ahead

AfriGrowth should implement a comprehensive AI governance policy following the incident, requiring:

- Prohibition of confidential data uploads to non-vetted/(public) AI tools Mandatory disclosure of AI tool usage in all professional work;
- "Human-in-the-loop" verification requirements for AI-assisted analysis;
- Training on ethical AI use aligned with best practices, such as SAICA ethics guidelines; and
- Clear boundaries on AI reliance for decision-critical work.

If not already in place, AfriGrowth should develop a clear AI strategy (or incorporate AI into the existing strategy), clarifying responsible use, adoption and deployment that leads to sustainable value creation for the firm.

Thabo should undergo remedial ethics training and commit to transparent, responsible AI use. The experience can transform him into an advocate for ethical AI adoption within the profession, sharing his experience on the importance of maintaining professional ethical responsibilities while leveraging technological capabilities.

Case study 2: The free and useful temptation

This case illustrates how professionals may be tempted to use free AI tools they come to know about, without due diligence, compromising ethical responsibilities while chasing AI driven efficiency and productivity. It also illustrates how seniors professionals and/or leaders may struggle to manage this growing trend of AI misuse.

Setting the scene

A mid-sized Durban advisory firm, Marula & Co, has adopted generative AI in an effort to improve processes and productivity.

In 2024, the firm introduced *ChatGTP Pro* (the paid version of ChatGTP that offers superior capability) for internal use under a clear ethical-use policy aligned to best practices and guidance. To the firm's best knowledge, the decision followed due diligence into data privacy compliance and storage, ensuring client data remained secure and all professional use adhered to the Protection of Personal Information Act (POPIA).

However, as 2025 unfolds, new models, tools and software flood the market. Many claim to leverage models such as GTP (the large language model (LLM) that powers ChatGTP), and promise to deliver more technical accuracy, robustness and effectiveness. These models, tools and software have the support of various online influencers and fancy marketing campaigns, with some mentioned at AI conferences and by tech savvy users. The workforce is being encouraged to explore them on a freemium basis, to discover their full potential and "transform" the way they work.

Worried about claims that individuals who are not using AI will be replaced by those who do, the workforce is under pressure to explore AI tools and find those that help them deliver in their roles.

Among the platforms to emerge is *DeepThink*, an LLMs praised for its speed and technical accuracy in number-heavy work. It is open-source and widely lauded by online influencers and forums for outperforming *GTP* in analytical tasks. There has also been credible research supporting this superior performance, which was a achieved at a fraction of the cost of other LLMs. Junior professionals (particularly trainees), under pressure to complete tasks speedily and accurately, start using *DeepThink* informally to augment *ChatGTP Pro*.

What unfolds

At first managers witness the quality of outputs improving. Reports are produced faster, summaries are clearer, and working paper quality seems to be improving. Even firm partners are pleased by the general operational improvements, including the quality of written communication they are reviewing. Partners and managers have not reflected on where the improvement should be attributed, generally assuming it is the introduction of *ChatGTP Pro.*

The firm's Lead: IT Services, has issued a warning around network traffic logs, after finding external connections to unverified foreign servers, traced to *DeepThink* queries. Staff initially ignored the IT communication on the matter but when confronted, admitted to uploading client ledgers, management accounts, research reports, policies and other documentation "to get better drafts and reports, faster." Most concur that *DeepThink* output is superior to *ChatGTP*. One trainee had previously made a suggestion to IT to reconsider the approval of *ChatGTP,* but their enquiry had been ignored.

None of them realised that by using an unvetted public and freely available AI, they may have exposed confidential client data to offshore data systems, nor have they realised the seriousness of this breach. To them, inin the greater scheme of things, partners are happy, and so are clients,. Besides, – what are the chances that anyone would know that this specific data was sourced from small and medium firms based in Durban, South Africa?. They reckon it would not be easy to isolate this data to this region of the world, so they would probably get away with it.

Further, the firm's signature advisory methodology, which includes sensitive templates, may now exist in *DeepThinks's* training ecosystem. The potential risk is massive, including reputation and ultimately going concern, as information fundamental to the business has been compromised. The managing partner immediately suspends all AI use pending a full investigation, and the firm's leadership faces a governance test on balancing innovation in a fast-changing environment with ethics and compliance.

Professional ethical conduct analysis

- **Confidentiality:** Uploading client data and information on the *DeepThink* platform violated the fundamental principle of confidentiality under the SAICA Code. The trainees have failed in their role to respect the confidentiality obligation owed to both the firm and, particularly, the firm's clients.

  Marula has failed in its responsibility to take reasonable steps or action to ensure that trainees and staff do not compromise confidential client data and information. The firm's leadership failed to enforce sufficient monitoring and training, in the use of AI.

- **Professional Behaviour:** By circumventing firm policy, the trainees acted contrary to internal governance and risk management frameworks. POPIA also specifically requires explicit consent and security safeguards, in the protection of information. The actions of the trainees contravene this privacy legislation, as clients may not have given consent for data to be loaded on *DeepThink*, and presumably assumably consented to this being loaded on *ChatGTP Pro* (through the company's engagement terms).

  These actions are also not consistent with the profession's responsibility to act in the public interest, and may bring the profession into disrepute, as the trainees are misusing AI, breaching laws and policies and have compromised client information.

- **Integrity:** Trainees have also misrepresented outputs generated by *DeepThink* as either their own analysis or those of *ChatGTP Pro*, misleading engagement reviewers. Professional integrity requires the trainees to be transparent and truthful in their use of AI assistance, both internally and in reporting chains. Managers as reviewers have also associated themselves with the reports, and should take reasonable steps to remedy the trainee practices.

While *DeepThink* may use the data loaded by users for research, model and output improvements over time, it cannot be argued that the uploads are in the public interest as *DeepThink*'s ultimate business objectives, data use and other terms are not known to Marula & Co, and may not be in the public interest.

Ethical decision-making considerations

- Privacy rights and data ethics – : Using an unknown, offshore AI model without insight into ethical data use, protection and governance, raises concerns about digital sovereignty and ethical accountability in the global data management ecosystem.

- A *consequentialist* approach to ethics shows that convenience blinded the trainees to longer-term harm (reputational, legal, and client trust loss).

- Good for self and the other –others: While *DeepThink* may improve the output and quality of work for the trainees (compared to *ChatGTP Pro*), the legislative and client data privacy breaches, and the impact of this would not be good for the firm or the clients.

Ethical leadership – looking ahead

Marula & Co should revise its AI governance policy, establishing training on ethical use, proper disclosure of AI-generated work (including model names), and a human verification layer before outputs are signed off. The firm should also embark on AI literacy programmes for all professional staff, emphasising that sustainable transformation in the AI era will prioritise ethics, clients, people and the public interest, not just productivity.

Firm leadership must reflect on whether the ethical culture and tone at the top sufficiently guides ethical AI adoption, reflecting on the working environment and pressures faced by trainees. Such governance lapses represent missed opportunities to institutionalise ethical AI principles, as the firm had already decided to adopt the use of *ChatGTP Pro*.

Integrity, transparency, and compliance should be emphasised within operational processes.

DISCLAIMER

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