Proposed Model Governance Framework for Generative AI

A public consultation issued by IMDA Singapore and Verify Foundation, Singapore

Comments from Association of Chartered Certified Accountants (ACCA)
13 March 2024
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About ACCA:

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of 247,000 members and 526,000 future members based in 181 countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance, and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business, and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that Accountancy is a cornerstone profession of society and is vital in helping economies, organisations, and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities. And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at accaglobal.com.

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ACCA in Singapore:

With a distinguished history and a significant footprint in Singapore since 1936, ACCA has been an integral part of the region's business landscape. We conducted our first examinations in Singapore in the 1930s, and by 1966, elected our first Branch President, further solidifying our presence and commitment to the country's finance and accounting sector.

From 1983 to 2013, we played a pivotal role in advancing Singapore's accountancy profession through the ACCA/ICPAS Joint Examination Scheme, in collaboration with the Institute of Certified Public Accountants of Singapore (now known as ISCA). This partnership was followed

by the ACCA/ISCA Joint Pathway Programme from 2015 to 2020, aimed at fortifying the talent pool in anticipation of Singapore's emergence as a premier global accountancy hub.

In our mission to nurture and support accounting professionals, we have established strong partnerships with over 200 leading employers across diverse industries through the ACCA Approved Employer Programme. These collaborations enable us to offer insightful initiatives and support to our community of more than 7,000 members in Singapore, who represent a rich tapestry of global talent dedicated to excellence in the field of accountancy.

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HEADLINE COMMENTS

ACCA welcomes the opportunity to comment on the proposed framework issued by IMDA Singapore and Verify Foundation, Singapore. We support the importance and need for a trusted eco-system for AI and commend this initiative particularly given the rapid developments in using generative AI globally. Within this eco-system, most of our members are either users of AI, and/or have a responsibility for the governance of AI systems – with a minority increasingly also upskilling in areas like programming. Therefore, our comments are principally from the perspective of deployers (as opposed to developers) and those conducting the assurance of AI systems. In forming our responses, we draw on research and policy work conducted over the years that involved surveys, interviews, and roundtables across a diverse base, including professional accountants in business, public sector, and public practice; as well as stakeholders in academia, industry bodies, and thought leaders in AI.

Overall, the proposed Framework for Generative AI is a useful step forward towards developing an eco-system for trusted AI. This is current, live issue as highlighted by ACCA's 2024 Global Talent Trends survey of 9,889 finance professionals in 157 countries which reveals that 37% of respondents feel overwhelmed by the pace of change of technology impacting their job. The focus on Generative AI recognises the fast pace of change in AI with further considerations constantly entering the mix – for example we agree that issues like value alignment are even more in focus given the risk of unintended consequences from prompt engineering.

We agree with the nine dimensions noted in the Proposed Framework as being highly relevant for creating a trusted eco-system for Generative AI and at an appropriate level of detail that balances specificity with a high-level strategic view of the key considerations at stake.

We also agree that these dimensions need to be considered in an inter-connected manner in order to be meaningful to their fullest extent. The Content Provenance dimension for instance clearly links to the Data dimension on quality issues beyond the organisation's own data sets.

We support a multi-stakeholder approach in line with our purpose to act as a force for public good. The AI for Public Good dimension within the framework is essential for this - citizens provide input data for AI models and are affected by the output decisions of models.

FURTHER COMMENTS

In relation to the proposed Framework, the following are of particular interest to us:
•   Assurance of AI systems
•   Alignment across jurisdictions

Assurance of AI systems

As a professional member body for accountancy and finance, we are supportive of the recognition within the Framework of the dimension of *Testing and Assurance*. Third-party testing and assurance can be a key enabler for increasing trust in the AI ecosystem. We agree that common standards can help to ensure quality and consistency and that independence is a critical attribute for those carrying out this activity.

There is an existing international standard[1] on assurance that practitioners in the accountancy profession commonly use to perform assurance engagements (other than audits or reviews of historical financial information), and ACCA continues to consider the manner in which it can be applied to assurance of AI systems, including a proposed policy paper on this area due in late 2024. It is worth noting that ISAE 3000 is profession-agnostic and can be used by assurance providers who are not professional accountants. We welcome the recognition that there are also existing common standards such as those developed by International Organization for Standardization (ISO), which can be built upon, interpreted, or otherwise leveraged. While assurance of AI systems is an emerging practice, we do believe that it will be in the public interest for a consistent globally recognised assurance framework to be demanded by regulation or, absent this, by market forces. This will drive uniformity in quality and robustness of the assurance work, which is essential to engender trust.

Standardised norms could improve clarity and transparency which may assist the assurance process. An example might be along the lines of 'food labels' as noted in the Framework, though much would depend on the details of how this is implemented. In order to be meaningful and useful, it would need to be sector specific, but to still roll up into wider sector agnostic principles. We agree on the value of red teaming and benchmarking as approaches to test models.

In our view the Framework could benefit from drawing more attention to:

1. **Expert inputs**: There is a long-standing and deep understanding within the accountancy profession on how to effectively conduct assurance engagements in line with formally documented standards. Embedded within this approach is a recognition that for maintaining the quality of an assurance engagement, there can sometimes be a role for specialists/experts to support the assurance. For example, for some complex models, the ability to evaluate whether data poisoning has been or could be a threat, may not be something that a professional accountant, or indeed any other assurance provider, could provide an opinion on by themselves. The work of these *practitioner's experts*[2] could be considered within the assurance engagement alongside the associated checks (as per the standard) when using such experts.

2. **Scope clarity:** The *Testing and Assurance* dimension of the proposed Framework notes the aspects of 'how to test' and 'who should test' (which highlights the role of independence). To this we would add at least one more aspect, namely, 'what to test'. AI systems can connect with a wide range of touchpoints inside and outside the organisation.

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[1] https://www.iaasb.org/publications/isae-3000-revised-assurance-engagements-other-audits-or-reviews-historical-financial-information
[2] Para 52-55, ISAE 3000 (Revised)

So establishing boundaries in relation to what systems, processes and human interactions are 'in-scope', and what is out-of-scope is important. Linked to this is a clear understanding of where a given AI system sits within the value chain – for eg a Generative AI application may utilise outputs from an underlying foundation model, have input training data from a wider range of external sources including the open internet as well as specific sources that feed it via an API, would likely be hosted off-premises in the Cloud, and have human-in-the-loop/other process touchpoints that span different parts of the organisation or beyond. Without clarity on scope, there is a risk of different stakeholders taking contrasting views on the systems, data, process, and people considerations that should have been checked for, in an AI assurance engagement.

Alignment across jurisdictions

AI is a global technology deployed across borders, while the regulatory approach is splintered by jurisdiction – both in philosophy (such as the extent to which new AI-specific regulation is even required) and in the implementation approach of the regulation.

ACCA is supportive of as much interoperability as possible between AI systems in different jurisdictions and of as much regulatory alignment as possible between jurisdictions. We believe this can improve the foresight around and management of cross-border risks and opportunities, as well as reduce the costs of doing business.

We recognise the challenges given the divergences already at play, for example, with the EU moving towards a more rules-based, prescriptive AI regulatory regime and the UK being considerably less prescriptive. Inevitably, there are pros and cons to the various approaches.

Regardless, we believe there is value in understanding, learning from, and, where appropriate, adopting or adapting from existing approaches being taken elsewhere to avoid duplicating efforts and leverage best practices. At a governmental level, this is already happening between the UK and Singapore; for, e.g. the UK's AI Safety Institute has agreed to a partnership[3] with the government of Singapore to collaborate on AI safety testing.

For its part, ACCA actively engages with governments and regulators worldwide through our global network to facilitate the sharing of learnings in the public interest. We welcome the opportunity to continue engaging with stakeholders in Singapore in this spirit. In a complex, ever-evolving, and fast-changing AI landscape, we believe this is more needed than ever.

We urge the consultation framework process as it drafts its recommendations and its execution roadmap to further engage with practitioners and preparers for regulatory reporting as the ethical use of AI in governance, audit and assurance sectors takes shape in Singapore.

The forum may find the following research and PI reports on the global developments in the sector useful on our AI hub - https://www.accaglobal.com/gb/en/member/cpd/your-guide-to-cpd/cpd-support-packages/ai.html

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[3] https://www.gov.uk/government/news/prime-minister-launches-new-ai-safety-institute