

Audit Practice Guidance No. 1 of 2026

Using Artificial Intelligence Responsibly

Issued on 2 October 2026



EXECUTIVE SUMMARY

This guidance sets out key considerations for auditors and audit firms when using artificial intelligence (AI) in their work and when evaluating information prepared or assisted by AI.

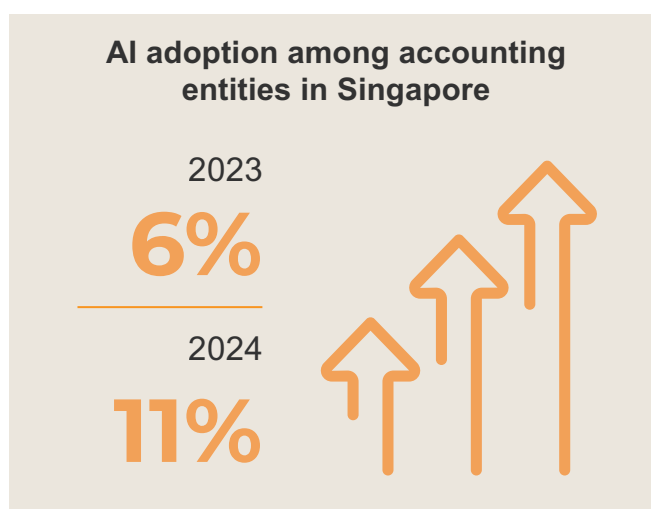
Recognising that the extent and manner in which AI is adopted may vary across audit firms, the guidance focuses on practical considerations that auditors can apply in their day-to-day work to support the responsible use of AI. These considerations are not exhaustive, and auditors and audit firms should also consider any other matters relevant to the nature and circumstances of the audit work.

AI is rapidly reshaping how businesses operate, how people work and how information is produced and used. It is fast becoming an important tool across businesses and professions, offering opportunities to improve efficiency and generate new insights. In audit, tasks that once required hours of manual analysis can now be completed in a fraction of the time.

In Singapore, the adoption of AI tools among accounting entities increased from 6% in 2023 to 11% in 2024 as noted from the [Accounting Entities Survey 2025](#). As AI becomes more embedded in business and audit processes, auditors are likely to encounter AI in two ways: first, when using AI to support audit procedures and second, when auditing information that has been prepared or assisted by AI.

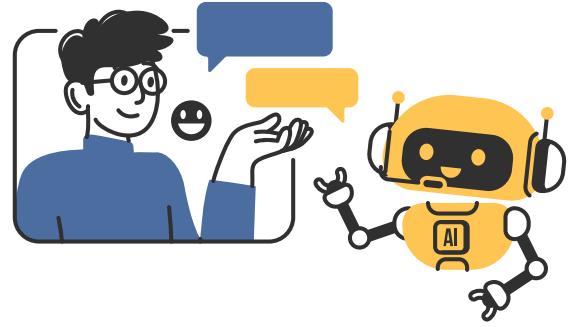
As AI capabilities continue to evolve, including developments such as agentic AI, systems may be able to perform more complex, multi-step tasks with reduced human intervention.

When used appropriately, AI can improve efficiency and enhance the quality of audit work. However, it also introduces risks that auditors and audit firms need to understand and manage. This creates a new responsibility for the profession; the responsible use of AI must become as important as the effective use of AI.



1 Auditors Should Uphold Integrity When Using AI

Integrity is a fundamental principle of the ACRA Code of Professional Conduct and Ethics and underpins public confidence in the accountancy profession. Using AI does not diminish an auditor's responsibility to act with honesty and integrity throughout the audit.



What not to do



Should not use AI to **misrepresent** work performed.

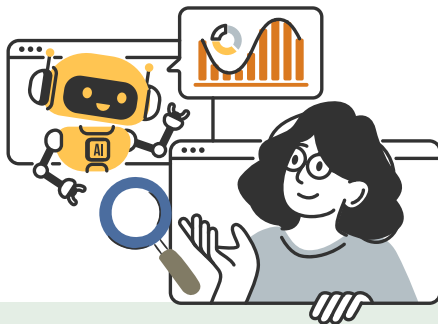


Should not use AI to **fabricate** or **manipulate** information.



Should not **selectively rely on AI-generated outputs** to support predetermined conclusions.

Do



Where AI has been used, auditors should **accurately represent the work performed** and **the basis for their conclusions**.

*In 2026, a partner from an international accounting firm was fined after using AI to cheat in an internal training assessment. This serves as a reminder that the **misuse of AI can raise professional integrity concerns**, even outside an audit engagement. Auditors are expected to act with honesty and integrity in all professional activities.*



Food for Thought

- ☒ Are you accurately representing the work you have performed, including how AI was used to assist your procedures or analyses?
- ☒ Would you be able to justify and defend your use of AI, including your reliance placed on its outputs?
- ☒ Have you considered how your professional responsibilities inform your use of AI, particularly when facing time or budget pressures?

2 Auditors Should Exercise Professional Judgement When Using AI

AI does not replace professional judgement. Auditors must apply the same rigour in evaluating or assessing AI-generated outputs as they would to any other source of audit evidence or information. As AI takes on more of the initial analysis, auditors are likely to spend less time producing information and more time evaluating AI-generated outputs. Auditors need to assess those outputs, challenge underlying assumptions where relevant, and determine whether they are reliable and appropriate for their intended use in the audit.

As AI-generated outputs become increasingly integrated into audit work, it is important for auditors to understand the limitations of AI. Although AI can process vast amounts of information quickly, it can hallucinate, reinforce bias and misinterpret context, sometimes in ways that are not immediately obvious. Auditors should therefore exercise professional scepticism to actively assess or challenge the AI-generated outputs rather than accepting them at face value.

In addition to understanding the limitations of AI, auditors should be mindful of automation bias that may arise from the use of AI.



Process-driven tasks

AI used to execute predefined steps

For process-driven tasks where AI is used to execute predefined steps, such as extracting information from documents or matching accounting records to supporting documentation, auditors should consider the completeness and accuracy of the AI-generated outputs.

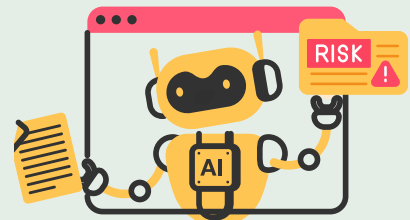


Professional judgement

AI used in work involving professional judgement

For analyses or conclusions involving professional judgement, such as risk assessment or generating audit documentation, auditors should, where appropriate, verify AI-generated outputs against underlying sources and assess the reasonableness of the resulting analysis or conclusion.

*Recent incidents involving international accounting firms have highlighted the risk that AI-generated outputs can contain fabricated references, fictitious case studies and other inaccuracies that may not be immediately apparent. They serve as a timely reminder that **auditors should apply professional scepticism when evaluating AI-generated outputs**, as they would with any information used to support audit work.*



Food for Thought

- ✓ Have you evaluated whether the AI-generated outputs are complete, accurate and appropriate for their intended use in the audit?
- ✓ Does your independent reasoning corroborate the AI-generated conclusion, or are you relying solely on the AI to reach that conclusion?
- ✓ If the same analysis had been prepared by AI instead of a junior member of your team, would you have reviewed it with the same rigour and professional scepticism?
- ✓ If the AI produced a different conclusion using the same information, could you explain the basis for accepting one conclusion over the other?

3 Auditors Should Remain Accountable for AI-Assisted Work

AI can assist, but the auditor owns the outcome. Auditors remain accountable for the work performed, the conclusions reached, and the audit opinion expressed, even where AI has supported parts of the engagement. This responsibility cannot be delegated to AI.

Auditor is accountable for

1



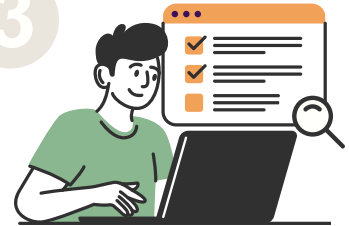
Work performed

2



Conclusions reached

3



Audit opinion expressed

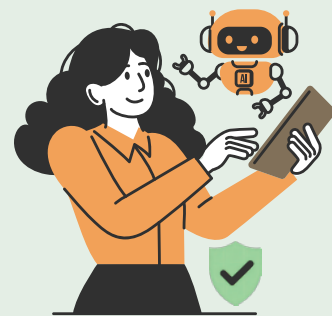
SSA 620 Using Work of an Auditor's Expert

Consistent with the approach taken in SSA 620 Using the Work of an Auditor's Expert, which makes clear that the auditor's responsibility for the audit opinion is not reduced by the use of the work of an auditor's expert.

The same principle applies when using AI

If the auditor remains fully responsible when using the work of an auditor's expert, the same principle applies when using AI. AI is only a tool and cannot exercise professional judgement, apply professional scepticism or assume responsibility for the audit.

*In the incidents described earlier, the firms subsequently withdrew or corrected the reports and, in one case, agreed to partially refund the client. These incidents illustrate that **professionals and organisations remain responsible for reviewing, approving and issuing the reports**, even where AI has been used to assist in the preparation.*



Food for Thought

- ☒ Have you ensured that AI-assisted work has been appropriately reviewed and, where relevant, verified before approving or issuing the final report or conclusion?
- ☒ Is it clear within your team or firm who is responsible for each part of the AI-assisted work process, and who remains accountable for the final outcome?

4 Auditors Should Be Transparent in How They Use AI

The audit profession is built on trust. Boards, clients, investors and the public rely on auditors to perform high-quality audits, and that trust extends to how AI is used in the audit process.

The use of AI should not obscure how audit work was performed or how conclusions were reached. Audit documentation should demonstrate how AI-assisted outputs were reviewed, how professional judgement was applied, and how conclusions were supported by sufficient appropriate audit evidence. Where appropriate, audit documentation may also include the prompts used, key assumptions adopted, significant revisions made following human review, and the rationale for accepting or rejecting AI-generated recommendations. Such documentation enables engagement reviewers and regulators to understand how professional judgement was exercised throughout the engagement. Audit firms should also establish clear policies governing the documentation, review and oversight of AI-assisted audit work.

Where appropriate, audit documentation may include



Prompts used



Key assumptions adopted



How AI-assisted outputs were reviewed, including significant revisions made



Rationale for accepting or rejecting AI-generated recommendations

Transparency may also extend beyond the engagement team. Where appropriate, auditors should be able to explain to those charged with governance how AI was used during the audit, the safeguards applied, and how professional judgement was exercised. Such discussions align with [ACRA's Audit Quality Indicators \(AQI\) framework](#), which encourages dialogue on audit quality, including the use of technology where relevant.

Food for Thought

- ☒ Would your audit documentation enable an experienced auditor to understand how AI was used, how its outputs were evaluated, and how your conclusions were reached?
- ☒ Would you be able to clearly explain how AI influenced your work if asked by a reviewer, regulator, or those charged with governance?
- ☒ Where AI-generated outputs could not be fully verified, have you clearly documented the limitations and reflected them appropriately in your conclusions?
- ☒ Where appropriate, have you checked whether the AI tool produces consistent results for the same inputs, and considered how any inconsistencies could affect your audit work or conclusions?

5 Auditors Should Ensure Data Confidentiality and Security When Using AI

Confidentiality is a fundamental principle of the ACRA Code of Professional Conduct and Ethics. Where AI tools are used in audit engagements, they may process sensitive financial, commercial, or personal information obtained during the course of the engagement. Auditors remain responsible for protecting this information.

Auditors should understand how an AI platform processes, stores, retains, and shares data, including whether information entered into the platform may be retained or used to train the underlying model. Where there is uncertainty, auditors should avoid entering confidential or client-identifiable information. Auditors should use only AI tools approved under the firm's governance, confidentiality, security and compliance requirements.



Audit firms should establish clear policies governing which AI tools may be used, what types of information may be entered into them, and the safeguards required to prevent unauthorised disclosure or data leakage. Different AI tools may present different confidentiality, data residency and security considerations. Audit firms should ensure that governance and controls are proportionate to those risks rather than applying a one-size-fits-all approach.

*A widely reported 2023 incident involved employees at a multinational technology company uploading proprietary source code to a public generative AI tool. The company subsequently restricted the use of public AI tools amid concerns that information entered into the platform could be retained or processed outside the company's control. This incident highlights the **importance of exercising caution before entering confidential or client-identifiable information into external AI tools.***



Food for Thought

- ☒ Do you understand how the AI tool processes, stores, retains, and shares the information you enter, and whether its use complies with your firm's policies and applicable data protection requirements?
- ☒ Could the prompts or documents you enter into an AI tool inadvertently disclose confidential or client-identifiable information?
- ☒ Would you be confident sharing with your client what information was entered into the AI tool and why it was necessary?

6 Further Guidance and Resources

The following resources provide additional guidance and support for auditors and audit firms adopting and using AI:

- **ACRA's** [refreshed Skills Framework for Accountancy](#) incorporates AI competencies to help Singapore's accountancy profession meet evolving business needs, while the [Audit Practice Guidance No. 1 of 2025 – Delivering Quality Audits in a Technology-Driven Environment](#) discusses how emerging technologies may affect audit quality and firms' systems of quality management.
- **Infocomm Media Development Authority (IMDA)** provides the [Model AI Governance Framework for Agentic AI](#) which supports the responsible adoption of AI and [AI Verify Testing Framework](#) which helps organisations assess the responsible implementation of their AI system against 11 internationally recognised AI governance principles.
- **Institute of Singapore Chartered Accountants (ISCA)** supports the profession through initiatives such as the [AI Fluency Programme](#) and the [Responsible Artificial Intelligence Framework in Accountancy](#).
- **Government support schemes** such as the [Enterprise Development Grant](#) may support eligible businesses in undertaking projects to upgrade, innovate, grow and transform their businesses, subject to the applicable funding conditions and eligibility criteria.

In addition to these resources, auditors should also keep abreast of international developments. In July 2026, the International Ethics Standards Board for Accountants (IESBA) published [Emerging Technologies: A Characteristics-Based Approach to Ethical Considerations for Professional Accountants](#), which explores how the characteristics of emerging technologies may create or amplify threats to compliance with the fundamental principles of the IESBA Code.



7 Conclusion

AI is already changing how audits are performed, enabling greater efficiency, deeper insights and broader coverage of transactions. At the same time, its adoption raises important questions about professional judgement, accountability, transparency, and ethical use. As AI capabilities continue to evolve, including the emergence of more capable agentic AI, these considerations will become increasingly important.

With AI becoming more embedded in audit methodologies, the profession will need to harness its potential while upholding the core principles of independence and professional scepticism, and maintaining public trust. Auditors and audit firms should continue to build the knowledge, skills and governance needed to use AI responsibly. Auditors have long expected businesses to explain and support how information was prepared and how the underlying figures were derived. The profession should apply the same rigour to its own use of AI. Maintaining public trust requires auditors to uphold the same high standards they expect of others.



About Accounting and Corporate Regulatory Authority

The Accounting and Corporate Regulatory Authority (ACRA) is the regulator of business registration, financial reporting, public accountants, and corporate service providers. We are responsible for developing the accountancy sector and setting the accounting standards for companies, charities, co-operative societies, and societies in Singapore. ACRA fosters a vibrant and trusted business environment that enables innovation and growth and contributes towards making Singapore the best place for business.

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