

THE IESBA CODE AND THE EU AI ACT: NORMATIVE GAPS AND GOVERNANCE IMPLICATIONS FOR ROMANIAN ACCOUNTANTS

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Abstract: *The IESBA Code of Ethics (2023) does not mention artificial intelligence, automation bias, or large language models. The EU AI Act (Regulation EU 2024/1689) does so, imposing binding obligations on accounting organisations deploying AI in high-risk contexts, with full implementation required by August 2026. This study maps the normative gap between these two instruments and assesses its practical consequences for Romanian accounting practitioners. The analysis combines normative comparison of the IESBA Code against the AI Act, scenario-based risk assessment calibrated to the Romanian professional market, and deductive synthesis into a governance framework, drawing on secondary empirical evidence from the Special Eurobarometer 554 (European Commission, 2024) and the AICPA & CIMA Future-Ready Finance Survey (2025). Two critical gaps have been confirmed: the objectivity principle contains no provision for automation bias, and the confidentiality principle does not address the processing of client data by third-party AI systems. Both gaps are structurally worsened in Romania, where sole practitioners are the majority, enterprise AI with contractual data protection is financially out of reach for most practices, and the fiscal legislative framework changes frequently, making LLM outputs unreliable for tax interpretation. The only point of genuine normative convergence—the human oversight requirement shared by the IESBA competence principle and AI Act Article 14—remains aspirational rather than practical, given the absence of any AI guidance from CECCAR or CAFR since August 2024. The governance framework developed in response shows that these risks can be addressed through a coordinated reading of obligations already present across the IESBA Code, the AI Act, the GDPR, and the ISA standards, without requiring new legislation.*

Keywords: *professional ethics; artificial intelligence, accounting and auditing, EU AI Act, large language models, normative gap analysis, Romania*

1. Introduction

Accounting and auditing hold a unique position among professional services: practitioners are expected to serve the public interest while competing for clients in a commercial environment. This ongoing tension is being intensified by AI in ways that the profession's ethical codes were not designed to address.

The speed of adoption makes the issue urgent. The 2025 AICPA & CIMA Future-Ready Finance Survey shows that 88% of finance leaders expect AI to become the leading technology

within two years. Large language models, in particular, have lowered the barrier to entry so significantly that tools once only available to Big Four firms are now accessible to a sole practitioner in Bacău or Cluj with a standard internet connection. This is not a distant development. It is happening now, in practices with no IT governance structure, no formal AI policy, and no professional guidance tailored to their circumstances.

The gap at the centre of this study is specific and traceable. The IESBA Code of Ethics (2023) does not mention artificial intelligence, automation bias, or large language models. Regulation (EU) 2024/1689 (the EU AI Act) does so, imposing binding obligations on organisations deploying AI in high-risk contexts, including financial services, with full implementation required by August 2026. Romanian accounting practitioners are therefore subject to a regulatory framework that their professional code has not acknowledged. CECCAR and CAFR have not issued guidance on the use of AI since the Act entered into force in August 2024.

Romania makes a particularly clear case study for exactly this reason. It is one of only three EU member states where public distrust of AI-generated outputs exceeds expressed trust, according to Special Eurobarometer 554 (European Commission, 2024). Practitioners here face heightened stakeholder scrutiny of AI-assisted advice precisely when their governance capacity is weakest. The structural features of the Romanian market, a profession dominated by sole practitioners, frequent fiscal legislative changes, and limited IT infrastructure, amplify every risk that the normative gap creates.

This paper examines that gap. The analysis rests on three components: a systematic comparison of the IESBA Code against the EU AI Act across five ethical principles; a scenario-based risk assessment calibrated to the Romanian professional context; and a deductive governance framework derived from existing normative sources, without proposing new legislation. The contribution is as much practical as it is academic: the August 2026 deadline is fixed, and the window for professional bodies to act is narrowing.

2. Literature Review

Research at the intersection of accounting ethics, AI adoption, and regulatory governance has grown considerably over the past decade, though not always in directions useful to practitioners. Much of it examines large professional services markets and treats the governance question as a future concern. This study treats it as a present one. The three subsections below map what the literature has established, where it falls short, and why each gap motivates a research hypothesis.

2.1 Professional Ethics in Accounting: What the IESBA Code Was Built For

The ethical foundation of the accounting profession is based on a simple principle: because investors, creditors, and regulators depend on financial reports to make economic decisions, the professionals who prepare and verify these reports have a public interest duty that extends beyond their obligations to any single client (Duska, Duska, & Kury, 2011). This principle has influenced professional ethics across various national traditions since the late nineteenth century.

The IESBA International Code of Ethics for Professional Accountants (2023) outlines this responsibility through five principles: integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. What sets the Code's approach apart is its reliance on professional judgment instead of rigid rules. Rather than detailing what practitioners must do in every situation, the Code requires them to identify threats to the core principles and implement safeguards that are appropriate to those threats. Power (1997) describes the institutional logic behind this framework: without independence, both in fact and appearance, the credibility of the auditing assurance function is compromised.

The Code's technology-neutral design is both a strength and a vulnerability. Neutrality allows it to survive successive waves of technological change without constant revision. Accounting has absorbed computerised recordkeeping, enterprise resource planning, and cloud-based processing without the Code being formally amended for each development (Moll & Yigitbasioglu, 2019). But technology neutrality also means the Code can remain silent on genuinely new structural risks. Brynjolfsson, Rock, and Syverson (2019) document a consistent pattern in the relationship between technological change and institutional adaptation: standards evolve after technologies become entrenched, not before. The question for this study is whether that lag is acceptable when the technology can generate outputs that appear to confer professional authority.

Canning and O'Dwyer (2016) make a more pointed observation: professional bodies are not simply slow to adapt; they sometimes have structural incentives to resist adaptation, particularly when new technologies challenge established professional jurisdictions. Whether that dynamic explains the absence of any AI-specific provision in the 2023 IESBA Code is a matter of interpretation. What is not a matter of interpretation is the content of that absence. The Code says nothing about automation bias, AI literacy requirements, or the confidentiality implications of processing client data through third-party AI systems. These are not minor technical gaps; they correspond to documented failure modes in AI-assisted professional practice.

H1: There are significant normative gaps between the provisions of the IESBA Code and the ethical challenges associated with the use of artificial intelligence in accounting practice.

2.2 Large Language Models in Accounting: What They Can Do and Where They Break Down

AI technologies have been incorporated into accounting and auditing for some time. Early applications focused on transaction processing and anomaly detection. What has changed with large language models is qualitative: these systems can produce natural-language outputs that resemble professional analysis (Sutton, Holt, & Arnold, 2016; Kokina & Davenport, 2017). They can draft audit documentation, summarise regulatory texts, and generate preliminary financial risk assessments. Major professional services firms have deployed them in contract analysis, tax advisory, and compliance work. The capabilities are real.

The limitations are equally real and professionally more consequential. Bender et al. (2021) argue that the errors LLMs produce are not random: they arise from the probabilistic nature of language generation, which means a model can produce a confident, coherent, syntactically correct statement that is factually wrong. Bommasani et al. (2021) extend this to foundation models generally, noting that statistical correlation with training data is not the same as logical reasoning. For accounting and auditing - fields that involve interpreting specific regulatory provisions that change frequently - the temporal constraint on training data compounds this: a model trained before a fiscal amendment was enacted will apply the pre-amendment rule without signalling any discrepancy.

These limitations become professionally dangerous when they interact with automation bias. Parasuraman and Manzey (2010) define this as the tendency to over-reliance on automated system recommendations, particularly when those systems appear authoritative. The effect is not confined to inattentive users: Cummings (2004) found that experienced operators supervising automated systems accept machine-generated recommendations without independent verification at rates that would be considered unacceptable in purely human decision chains. In auditing, the stakes are specific. Professional scepticism - a questioning mindset toward the evidence being evaluated - is a core requirement under ISA 200. An auditor who treats AI-generated going concern analysis as a reliable baseline rather than a starting

point for independent assessment is not applying professional scepticism; they are outsourcing it.

What makes this a governance problem rather than simply a training problem is that practitioners currently receive no guidance on where the line falls. Eilifsen et al. (2020) show that adoption of audit data analytics is accelerating, but the methodological and ethical protocols for integrating these tools into audit judgment have not kept pace.

H2: The use of large language models in accounting and auditing generates identifiable ethical risks that existing professional standards do not adequately address.

2.3 The EU Regulatory Framework: What the AI Act and GDPR Actually Require

The EU AI Act (Regulation EU 2024/1689) classifies AI systems by risk level. Systems posing minimal risk face few obligations; those in the high-risk category must comply with requirements for risk management, data governance, transparency documentation, and human oversight. The categories in Annex III that bear on accounting include systems used in credit risk assessment and financial decision support. Whether a specific deployment falls within scope requires a fact-specific analysis, but accounting firms using AI to support audit risk assessment or going concern conclusions have reasonable grounds to treat themselves as within scope.

The compliance picture is complicated by the interaction between the AI Act and the GDPR (European Parliament and Council of the European Union, 2016). Veale and Zuiderveen Borgesius (2021) note that the two instruments use different analytical frameworks and do not always resolve into a single clear obligation. The GDPR's Article 5 principles of lawful processing, purpose limitation, and data minimisation apply to the personal data within AI inputs; the AI Act's Article 9 risk management obligations apply to the system itself. For a practitioner using a consumer-grade LLM to process client financial data, both frameworks apply simultaneously. The GDPR question is whether processing is lawful and whether data is adequately protected; the AI Act question is whether the system constitutes a high-risk deployment and whether the required governance structures are in place. In a sole practitioner context, neither question has an obvious answer.

Black (2008) describes the compliance difficulty that arises when multiple institutional frameworks with different logics apply to the same activity. That is precisely the situation Romanian accounting practitioners face: the IESBA Code, the GDPR, and the AI Act all apply, and none of them was designed with the others in view. Floridi et al. (2018) argue that the core principles of responsible AI governance - transparency, accountability, and human oversight - are not inventions but are dispersed across existing frameworks. What the profession lacks is a reading of those frameworks that coordinates them into practical guidance. This is what the third hypothesis tests.

H3: Existing professional and regulatory standards provide sufficient normative foundations to develop best-practice principles for the ethical governance of artificial intelligence in the accounting profession.

The three subsections above share a common analytical structure. Rapid AI adoption is colliding with an ethical framework built for human judgment exercised by human practitioners. The EU regulatory architecture has moved faster than professional standard-setting bodies. The result is a practitioner population subject to binding legal obligations that their professional code has not acknowledged.

3. Methodology

This study does not collect primary data. That is not an evasion of empirical responsibility; it is a choice that follows from the nature of the research question. Normative gaps between two regulatory instruments cannot be measured through surveys or field

experiments. They can only be identified by carefully reading the instruments and mapping what each requires against what the other provides. The methodology is therefore qualitative and sits within the tradition of doctrinal legal-ethical analysis, adapted here for the space where professional accounting standards and AI regulation overlap (Black, 2008; Veale & Zuiderveen Borgesius, 2021).

The analysis proceeds in three components, each applied in sequence and addressing one of the research hypotheses. The logic of the sequence matters: the first component identifies what is missing from existing standards; the second component asks what professional harm those gaps produce in practice; the third component tests whether those harms can be addressed within what already exists.

The first component compares the IESBA Code of Ethics (2023 edition) with the obligations set out in Regulation (EU) 2024/1689. The IESBA Code was chosen as the professional anchor because it forms the normative foundation that both CECCAR (2023) and CAFR (2023) have adopted for Romanian practitioners. The EU AI Act was chosen as the regulatory counterpart because, from August 2026, it imposes binding obligations on any organisation deploying high-risk AI systems within the EU, and several of its Annex III categories are directly relevant to accounting and audit work. The comparison uses the five fundamental principles of the IESBA Code (integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour) as the primary analytical categories. For each principle, the corresponding provisions of the AI Act were identified and classified according to three possible outcomes: full normative convergence, partial coverage leaving residual gaps, or an absence of any corresponding provision. This classification draws on the methodology developed in comparative regulatory analysis (Black, 2008), modified to handle the asymmetry between a principles-based ethical code and a risk-based legislative instrument.

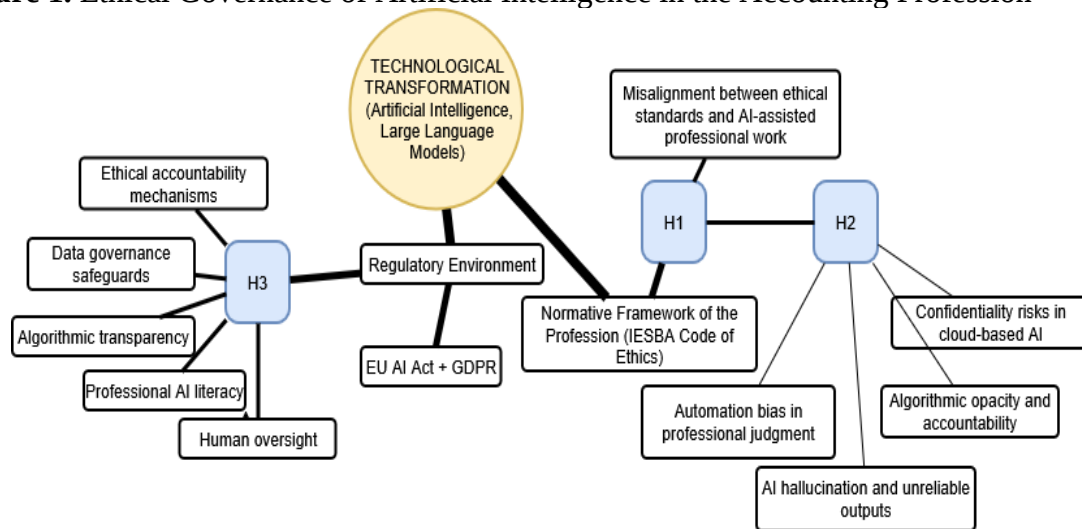
The second component translates the gaps identified in the first into practice-level ethical risks. Three scenarios were constructed, each tied to a specific normative gap and each calibrated to the structural conditions of the Romanian professional market. Selecting scenarios by these two criteria simultaneously, correspondence to a normative gap and fit with the Romanian context, was deliberate. The point was not to illustrate generic AI risks but to test whether the gaps identified in Component 1 produce concrete, foreseeable harm in the specific environment the study claims to address. The Romanian professional market is characterised by a high proportion of sole practitioners, limited IT governance capacity, and frequent legislative changes, as documented in the DESI 2024 Country Report (European Commission, 2024a) and the CAFR Annual Report (CAFR, 2023). Each scenario was evaluated on two dimensions: the probability of occurrence and the severity of the ethical impact. Probability estimates draw on secondary empirical data, specifically the Special Eurobarometer 554 (European Commission, 2024b) and the AICPA & CIMA Future-Ready Finance Survey (2025), rather than on field research. This is an acknowledged limitation, returned to at the end of this section.

The third component constructs a governance framework through deduction from existing normative sources. The working hypothesis throughout this component is that if effective governance can be built from what already exists, the argument for entirely new regulation is weakened and the path to implementation is shorter. The framework is organised across four levels (technical, individual, organisational, and normative), with each level grounded in a specific existing instrument. The technical level draws on GDPR data governance provisions; the individual level on ISA 200 and the IESBA competence principle; the organisational level on ISA 570, ISA 220, and EU AI Act Article 9; the normative level on the AI Act's AI literacy and transparency obligations. The framework does not invent new obligations; it clarifies and coordinates those to which Romanian practitioners are already subject.

Three limitations bound the study's scope. The analysis is specific to the Romanian professional context: its conclusions about structural risk amplification may not transfer directly to larger or more institutionally homogeneous EU markets. The absence of primary data means that probability estimates in the risk assessment reflect informed analytical judgement rather than statistically validated findings; they are presented as such and are not used to make causal claims. Finally, the normative analysis reflects regulatory texts as of early 2025. Subsequent guidance from the IESBA or the European AI Office could partially address the gaps identified here, thereby affecting the empirical relevance of the findings without invalidating the analytical framework.

Figure 1 maps the three analytical relationships developed in this section and the logic through which they connect to the findings presented in Section 4.

Figure 1. Ethical Governance of Artificial Intelligence in the Accounting Profession



Source: Own creation

4. Results and Discussion

Romanian accounting practitioners are already subject to binding AI governance obligations under the EU AI Act. Their professional code says nothing about those obligations. The gap is not theoretical: it corresponds to failure modes that are demonstrably probable in the structural conditions of the Romanian market, and it is addressable without new legislation. The sections below detail each of these claims.

The quantitative evidence that contextualises the analysis comes from two sources. The Special Eurobarometer 554 found that 84% of EU citizens expect careful management of AI in professional contexts. The AICPA & CIMA Future-Ready Finance Survey (2025) found that 8% of accounting organisations report being adequately prepared to provide it. That 80-percentage-point gap is the governance deficit this study addresses. In Romania, it is sharpened further by the national Eurobarometer subsample, which records net public distrust in AI outputs, a pattern found in only three EU member states. Practitioners here face closer stakeholder scrutiny of AI-assisted work than most of their EU counterparts, even as their governance infrastructure is among the thinnest in the bloc.

4.1 Normative Gap Analysis: IESBA Code versus EU AI Act

The comparison of the IESBA Code (2023) against Regulation (EU) 2024/1689 yields an unambiguous result: one principle aligns with AI Act obligations, two have partial coverage, and two have none. Table 1 maps the full picture.

Table 1. IESBA Code vs. EU AI Act: Normative Gap Analysis with Romanian Context

IESBA Principle	Relevant EU AI Act Provision	Alignment Status	Key Ethical Gap / Implication for Practitioners
Integrity (Section 111)	Art. 13 – Transparency for high-risk AI	Partial	The Code requires honest disclosure but provides no mechanism to identify or communicate errors originating in AI-generated outputs. For Romanian practitioners advising SMEs on AI-generated financial summaries, this creates an unaddressed accountability gap.
Objectivity (Section 112)	Art. 9 – Risk management; Recital 47 – Algorithmic bias	Gap	The Code does not address automation bias - the empirically documented tendency to over-rely on algorithmic outputs. This gap is structurally exacerbated in Romania by low AI literacy and frequent fiscal and legislative changes, which increase the likelihood that an LLM produces plausible yet outdated output.
Professional Competence and Due Care (Section 113)	Art. 4 – AI literacy; Art. 14 – Human oversight	Convergent	Both frameworks require human oversight and AI literacy. The convergence is normatively sound but operationally incomplete: no AI literacy programme has been adopted by CECCAR or CAFR, and over 60% of active members operate in sole-practitioner or micro-firm settings without structured CPD on technology.
Confidentiality (Section 114)	Art. 10 – Data governance; GDPR Art. 25 – Data protection by design	Gap	The Code prohibits disclosure of client information but predates third-party AI processing. In Romania, where enterprise AI solutions remain cost-prohibitive for most practices, the default workflow relies on consumer-grade LLM tools, a confidentiality exposure that neither the Code nor national professional standards explicitly address.
Professional Behaviour (Section 115)	Art. 22 – Prohibited AI practices; Art. 6 – High-risk AI classification	Partial	Deploying high-risk AI without adequate controls may create regulatory liability under the AI Act, effective from August 2026, thereby constituting a new dimension of professional misconduct. Romanian practitioners supervised by ANAF and ASF face compounded exposure from the parallel operation of the GDPR, national fiscal regulations, and the upcoming AI Act obligations.

Source: Authors' own elaboration based on IESBA Code (2023) and Regulation (EU) 2024/1689. Legend: Gap = no normative coverage; Partial = incomplete or indirect coverage; Convergent = substantively aligned. Romanian context annotations added by the authors.

The one genuine point of normative agreement is professional competence and due care, where both frameworks converge on the human-in-the-loop principle. That convergence is a useful foundation for future standards development, but it currently exists only on paper: CECCAR and CAFR have issued no guidance on AI since the Act entered into force in August 2024, and the 60%-plus share of practitioners in sole-practitioner settings without structured CPD access means the agreement has not been operationalised.

The objectivity and confidentiality gaps are the most consequential, and both are sharpened by conditions specific to Romania. The confidentiality problem is not primarily about carelessness. Enterprise AI with contractual zero-retention data clauses is financially out of reach for most Romanian sole practitioners, so the practical default is a consumer-grade LLM. Uploading client financial records to a publicly accessible platform breaches Section

114 of the IESBA Code, yet neither the Code nor any national guidance explicitly addresses this scenario. The objectivity problem has a different mechanism. Three major Fiscal Code amendment packages passed in Romania in 2023-2024 alone. A large language model trained on historical data cannot reliably interpret the current Romanian fiscal framework. An auditor who treats that model's output as authoritative is not exercising professional scepticism; they are substituting a systematically miscalibrated tool for their own judgement.

Taken together, the gap analysis confirms H1: two critical normative gaps are present, two principles offer partial coverage, and one genuinely aligns with existing AI Act obligations. Both confirmed gaps are structurally aggravated by Romanian market conditions.

4.2 Ethical Risk Assessment: LLM Deployment in the Romanian Context

The normative gaps identified above are not abstract. Each one corresponds to a foreseeable professional failure, and the structural conditions of the Romanian market make each failure more likely than the EU baseline would suggest. Three scenarios, assessed in Table 2, make this concrete.

Table 2. Ethical Risk Matrix: LLM Deployment Scenarios with Romanian Context

Scenario	IESBA Principle / ISA at Risk	Ethical Violation	Probability	Severity	Romanian Context - Aggravating Factors
A: Automation Bias in Going Concern Audit	Objectivity (S.112); ISA 570; ISA 200 §15	Negligent reliance on AI predictions; suppression of professional scepticism	High	Critical	Romanian SME clients often lack structured financial reporting histories; AI models trained on Western corporate datasets may produce systematically biased going concern outputs for this segment.
B: Client Data Uploaded to Public LLM	Confidentiality (S.114); GDPR Art. 25; EU AI Act Art. 10	Breach of confidentiality; client data potentially retained in third-party training infrastructure	High	High	Enterprise AI with data protection clauses is cost-prohibitive for most Romanian sole practitioners. The gap between professional obligation and financial capacity is not addressed by existing standards.
C: LLM-Based Tax Law Interpretation	Competence and Due Care (S.113); EU AI Act Art. 4	Substitution of professional competence; advice based on unverified AI output in a high-frequency legislative change environment	High	High	Romania averages multiple significant amendments to the fiscal code per year. LLMs trained on static datasets are structurally incapable of reflecting the current fiscal legal framework.

Source: authors' own elaboration. Probability and severity were assessed against the IESBA Code (2023), the ISA standards, the EU AI Act (2024), and the Romanian fiscal legislative framework. High probability = likely to occur in routine practice conditions without specific preventive governance.

Scenario A involves an audit engagement where an AI-based predictive model assigns a 98% confidence rating to a client's financial stability, leading the audit team to reduce substantive testing and omit risk disclosures. The client subsequently entered insolvency because early distress indicators were underweighted by the model and not independently

verified. The ethical violation is the suppression of professional scepticism under ISA 200 §15 and the failure to apply the going concern evaluation required by ISA 570. The Romanian dimension matters here because a substantial part of the SME client base of Romanian accounting practices has irregular financial reporting histories, high cash transaction volumes, delayed fiscal declarations, and structural reliance on ANAF payment deferrals. AI going-concern models trained on structured corporate data from Western European markets are poorly calibrated for this segment, meaning that high-confidence outputs carry a systematically higher error rate than the stated figure suggests. An auditor who accepts it without sector-specific judgement is misled by its apparent precision.

Scenario B involves a practitioner who, under deadline pressure, uploads a client's complete trial balance and revenue journals to a publicly accessible AI platform without prior anonymisation. The AI produces a high-quality cash flow analysis, but the client's financial data is potentially retained in the platform's training infrastructure. The cybersecurity risks associated with this type of data exposure are well-documented for AI systems (ENISA, 2023). Romania ranked 26th among 27 EU member states in the DESI 2024 digital connectivity dimension, which, in practice, pushes many practitioners toward consumer tools on personal devices while keeping enterprise platforms financially out of reach. CECCAR and CAFR have issued no guidance on permissible AI tools since August 2024. Practitioners are therefore exposed to disciplinary risk for conduct that their professional bodies have neither prohibited nor regulated, nor explained.

Scenario C concerns a practitioner who provides tax planning advice on the basis of an LLM's interpretation of a recently amended fiscal regulation, without cross-referencing the current Official Gazette text. The probability is assessed as high specifically for Romania, elevated from the medium EU baseline, because the Fiscal Code was substantively amended three times in 2023-2024 and the fiscal procedural code was modified multiple times by emergency ordinance in the same period. The static training data of current LLMs render them structurally unreliable for Romanian fiscal interpretation, not because of general tendencies toward hallucination (Ji et al., 2023), but because the legal framework itself has changed materially since the training datasets were compiled. Most consumer-grade AI tools do not disclose their knowledge cutoff, so practitioners cannot assess the currency of the interpretation they receive. That is a systemic risk, not an individual error.

Each scenario receives a high probability assessment. The Romanian specificity analysis shows that the EU risk baseline underestimates practitioners' exposure under these structural conditions: fiscal legislative frequency in Scenario C, cost barriers to enterprise AI in Scenario B, and SME data quality limitations in Scenario A, each of which functions as an independent risk amplifier. H2 is confirmed.

4.3 A Four-Level Governance Framework for Ethical AI in Accounting

The risk assessment and the gap analysis converge on a finding that is less obvious than it looks: the obligations needed to govern AI use in Romanian accounting practice already exist. They are dispersed across the IESBA Code, the EU AI Act, the GDPR, and the ISA standards, and they have not been read together. The framework in Table 3 does that reading. It requires no new primary legislation, only targeted professional guidance from CECCAR and CAFR.

Table 3. Proposed Four-Level Governance Framework for Ethical AI in Accounting Practice

Level	Actor	Recommended Action (DO)	Risk to Avoid (DON'T)	Normative Anchor	Romanian Priority
Technical	Firm Practice	Deploy enterprise AI with contractual zero-retention	Use free, consumer-grade LLM tools for	GDPR Art. 25; IESBA S.114; EU	Critical - the majority of Romanian practices

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Level	Actor	Recommended Action (DO)	Risk to Avoid (DON'T)	Normative Anchor	Romanian Priority
		clauses and audit trails for all AI-assisted outputs	processing client financial data	AI Act Art. 10	currently rely on consumer tools
Individual	Accountant	Treat AI output as secondary opinion; validate against Official Gazette and primary sources; maintain professional scepticism before signing	Delegate professional judgement to an algorithm or accept AI-generated tax interpretations without verification	IESBA S.113; ISA 200 §15; EU AI Act Art. 14	High — fiscal change frequency makes validation mandatory, not optional
Organisational	Management	Apply four-eyes principle for AI-assisted material judgements; log AI usage in audit documentation; maintain override capability	Allow AI to substitute human sign-off on financial statements, audit opinions, or significant tax advice	ISA 570; ISA 230; EU AI Act Art. 9; IESBA S.115	Medium — applicable to CAFR audit firms; low adoption likely in micro-practices
Normative	IESBA / CECCAR / CAFR	Update standards: (i) AI literacy as a competence component; (ii) verification obligations for AI-assisted judgements; (iii) explainability duty; (iv) proportionate guidance for small practices	Maintain a technology-neutral stance that leaves practitioners without specific guidance on AI-related confidentiality and competence obligations	EU AI Act Art. 4; IFAC Tech Agenda 2024; IESBA revision cycle	Urgent - CECCAR/CAFR have not issued any guidance on AI since the AI Act's entry into force

Source: authors' own elaboration based on IESBA Code (2023), EU AI Act (2024), ISA standards, and the empirical evidence reviewed in Sections 4.1 and 4.2. The Romanian priority column reflects the urgency of each measure, given the structural conditions of the Romanian market.

The technical level establishes a distinction that existing regulation supports but the profession has not enforced: enterprise AI deployments with contractual data protection and audit-trail requirements are compatible with professional confidentiality obligations; consumer-grade tools are not, regardless of output quality. Formalising this through a CECCAR or CAFR binding standard would require no new primary legislation, only a reinterpretation of Section 114 in light of the AI Act's data governance provisions.

The individual level translates professional scepticism toward AI into a specific procedural norm: AI-generated outputs are treated as secondary opinions that require validation before being incorporated into professional advice or audit documentation. This norm is already grounded in ISA 200 §15 and Article 14 of the EU AI Act. In Romania, a specific elaboration is required for fiscal queries: the validation protocol must include an explicit cross-reference to the current Official Gazette text, given the currency risk documented in Scenario C. The standards do not need amendment. They need an application.

The organisational level extends the four-eyes principle embedded in ISA 220 to all material AI-assisted professional judgements, including going concern assessments, significant accounting estimates, and tax advisory outputs with material client exposure. Logging AI usage

in audit documentation provides an evidentiary basis for professional liability assessment and aligns with Article 13 transparency obligations. For CAFR-supervised firms, this is operationally feasible and normatively overdue.

The normative level identifies four specific updates required in the IESBA Code. Explicit recognition of AI literacy as a component of professional competence would require CECCAR and CAFR to develop structured CPD programmes. Minimum verification requirements for AI-assisted judgements, calibrated to risk level, would close the operationalisation gap identified in Section 4.1. Clarifying confidentiality obligations by naming third-party AI processing directly would address Scenario B. An explainability duty - the obligation to understand and communicate the basis of any AI-assisted professional opinion - would address the authority problem at the root of automation bias. This agenda is consistent with the IFAC Technology Agenda (2024) and the EU AI Act's transparency provisions; it extends existing normative directions rather than replacing them. H3 is confirmed.

4.4 The accountability paradox and its implications for Romania

There is a structural tension in how AI affects professional accountability that the governance literature has not fully addressed. The features that make AI attractive to practitioners are speed, apparent consistency, and outputs that look authoritative. Those same features are what create the professional liability exposure. Speed reduces the time available for cross-validation. Apparent consistency builds trust in outputs that may be biased or outdated. Authority-looking outputs suppress the questioning mindset that ISA 200 requires. A practitioner who uses AI readily, without governance safeguards, is the practitioner most exposed to disciplinary action, not despite their efficiency but because of it.

Romania sits at the unfavourable end of this problem within the EU. The 80-percentage-point gap between the share of EU citizens who expect careful management of AI in professional contexts (84%, European Commission, 2024b) and the share of accounting organisations that report being adequately prepared to provide it (8%, AICPA & CIMA, 2025) is a European-level structural issue, but it is most pronounced in markets where trust in AI is lowest. Romanian clients and stakeholders scrutinise AI-assisted professional advice more closely than the EU average, precisely because net public distrust in AI outputs is documented in the national Eurobarometer data. Practitioners in high-trust markets can use AI to improve efficiency with lower accountability risk. Romanian practitioners face higher accountability expectations at the exact point when their governance infrastructure is thinnest. That is not an argument against using AI; it is an argument for getting the governance right before August 2026.

The structural conditions make this urgent. The Romanian profession operates amid frequent fiscal and legislative changes, with AI-related obligations split among ANAF, CAFR, and ASF in ways that are not yet harmonised. The August 2026 deadline for full AI Act compliance will arrive before most Romanian practitioners have received any profession-specific guidance on what it requires of them. The period between August 2024, when the Act entered into force, and August 2026 is the practical window for CECCAR and CAFR to act. A joint technical opinion on permissible AI tools in accounting and auditing, aligned with the four governance levels in Table 3, requires no new legislation and would directly address the three scenario risks confirmed in Section 4.2. Romanian accountants will enter August 2026 either with that guidance or without it. That is not a hypothetical risk; it is the current trajectory.

5. Conclusions

AI governance in accounting is not primarily a technology problem. It is an institutional one, and the institution that needs to act most urgently is the professional standard-setter.

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The central finding of this study is specific: the IESBA Code of Ethics, in its 2023 edition, leaves Romanian accounting practitioners without professional guidance on two categories of risk that are already materialising in practice. The objectivity principle contains no provision for automation bias, despite decades of empirical literature showing that experienced professionals systematically over-rely on outputs from systems that appear authoritative. The confidentiality principle was written before client data could be processed through third-party AI infrastructure, and it has not been updated to address that reality. These are not edge cases or theoretical concerns. They correspond to concrete, high-probability failure scenarios in a professional market where sole practitioners are the majority, enterprise AI with contractual data protection is financially out of reach for most practices, and the fiscal legislative framework changes faster than most large language models can track.

The one point where the IESBA Code and the EU AI Act genuinely converge is professional competence and due care, both of which require human oversight of automated decision-making. That convergence is normatively meaningful but currently aspirational rather than operational: CECCAR and CAFR have issued no guidance on AI since the Act entered into force in August 2024, and the majority of active members in Romania operate in settings without structured continuing professional development on technology.

The governance framework proposed in this study does not require new regulatory instruments. It requires a coordinated reading of obligations that already exist across the IESBA Code, the EU AI Act, the GDPR, and the ISA standards, translated into practical guidance by the professional bodies authorised to issue it. The framework's central argument is that CECCAR and CAFR can close the most consequential gaps identified in this study, specifically the consumer-tool confidentiality exposure and the fiscal currency risk in AI-assisted tax interpretation, through a professional standard or joint technical opinion that reinterprets existing obligations in light of the AI Act. No new primary legislation is required. What is required is a decision to act before August 2026.

Theoretical contribution

The study contributes to the literature on AI governance in professional services in two respects. First, it demonstrates that jurisdiction-specific structural conditions, in this case, the composition of the Romanian professional market, the frequency of fiscal legislative change, and Romania's position as one of three EU member states with net public distrust in AI outputs, materially alter the risk profile of AI adoption beyond what EU-level governance assessments capture. EU-average risk assessments understate practitioners' exposure in markets with these structural characteristics. Second, the deductive framework developed here offers a replicable methodology for mapping AI governance obligations across multiple overlapping regulatory instruments without requiring primary empirical data, which makes it applicable to other EU professional markets facing similar regulatory fragmentation.

Limitations

Three boundaries constrain the study's conclusions. The analysis is calibrated to the Romanian professional context, and its findings about risk amplification may not transfer directly to larger or more institutionally homogeneous EU markets. The absence of primary data means that the probability assessments in the risk matrix reflect informed analytical judgement grounded in secondary empirical evidence rather than statistically validated field measurements. And the normative analysis reflects the regulatory texts as of early 2025; guidance subsequently issued by IESBA or the European AI Office could partially narrow the gaps identified here, thereby affecting the urgency of the recommendations without invalidating the analytical framework.

Future research directions

The framework developed here needs empirical grounding before any of its elements can be proposed as the basis for a binding national professional standard. A structured questionnaire administered to certified public accountants in Romania would enable direct measurement of current AI adoption patterns, self-assessed AI literacy, and any governance practices practitioners already apply to AI-assisted work. That quantitative baseline matters because the secondary data used in this study, the Eurobarometer subsample and the AICPA/CIMA survey, measure attitudes and organisational preparedness at a level of aggregation that cannot confirm whether the failure modes described in Scenarios A, B, and C are occurring in Romanian practice or merely plausible given structural conditions. Qualitative interviews with audit partners, compliance officers, and representatives of CECCAR, CAFR, and the Romanian Financial Supervisory Authority would add stakeholder grounding and expose implementation barriers that a normative analysis cannot anticipate. Longitudinal research tracking governance practice adoption as the AI Act's obligations become progressively enforceable would then allow an empirical test of the study's central institutional claim: that professional standard-setting bodies, not technology developers or regulators, are the decisive actors in closing the governance gap before it produces the professional and reputational consequences that the accountability deficit between societal expectation (84%, European Commission, 2024b) and organisational preparedness (8%, AICPA & CIMA, 2025) makes predictable..

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