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Contact:
Cecile Fradkin
S&C Public Relations Inc.
cfradkin@scprgroup.com
(646) 941-9139

COSO Releases New Guidance: Realize the Full Potential of Artificial Intelligence

Applying the COSO Framework and Principles to Help Implement and Scale AI

Lake Mary, FL (September 15, 2021) – As artificial intelligence (AI) becomes more pervasive in business and in our every-day lives, organizations will likely no longer have the option of ignoring or avoiding the unique risks that accompany AI. Instead, it will be critically important that they learn to identify, manage, and respond to AI-related risks effectively to maximize benefits for all stakeholders involved. New guidance issued today from the Committee of Sponsoring Organizations of the Treadway Commission ([COSO](#)), “*Realize the Full Potential of Artificial Intelligence*,” helps organizations align risk management with their strategy and execution of their AI initiatives.

The project, commissioned by COSO and co-authored by Deloitte & Touche LLP, focuses on the need for organizations to design and implement governance, risk management, and oversight strategies and structures to realize the potential of humans collaborating with AI. The COSO ERM framework coupled with Deloitte’s Trustworthy AI™ Framework can provide an overarching and comprehensive approach that aligns risk management with strategy and can reduce performance variability and improves the likelihood of success for AI initiatives.

“AI-related risks need to be top of mind and a key priority for organizations to adopt and scale AI applications and to fully realize the potential of AI,” said Paul Sobel, COSO Chairman. “Applying ERM principles to AI initiatives can help organizations improve governance of AI, manage risks, and drive performance to maximize achievement of strategic goals.”

“Although AI seems like a panacea for business transformation, similar to any strategy or business objective, there are risks associated with adopting and deploying AI that could result in serious damage to an organization’s reputation and brand, trust, and even regulatory fines and lawsuits,” said Brian Cassidy, US Audit & Assurance Artificial Intelligence/Algorithms Leader and Partner, Deloitte & Touche LLP.

“Organizations need to adopt and implement frameworks, such as the COSO ERM framework, in combination with Trustworthy AI™, to design and implement governance, risk management, risk response, and oversight strategies and structures to realize the potential of AI.”

By understanding AI-related risks, the organization may be better equipped to deliver return on investment and meet stakeholder expectations. Furthermore, by implementing ERM, organizations can refine and adapt their innovation initiatives to support their strategies in a rapidly changing business environment. Although not authoritative, [Deloitte’s Trustworthy AI™ Framework](#) can help organizations think through the risks when implementing COSO’s ERM Framework for AI.

AI solutions need to be trusted, tried, and true, according to the guidance. **Trusted** – because ERM is transparent by nature and it helps keep an organization abreast of its risks and opportunities. **Tried** – in that models are continually tested and vetted to verify they are operating as intended. And **True** – governance, risk management, testing, and monitoring regimes help models to operate in ways that reflect the organization’s values and protect its reputation.

“The call to action is for organizations to use the COSO ERM Framework, informed by AI-specific considerations, to help establish and promote trust in AI,” added Cassidy.

Please visit www.COSO.org for the full paper.

About COSO

Originally formed in 1985, COSO is a voluntary private sector organization dedicated to helping organizations improve performance by developing thought leadership that enhances internal control, enterprise risk management, governance and fraud deterrence. COSO is jointly sponsored by the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), the Institute of Management Accountants (IMA), and The Institute of Internal Auditors (IIA). For more information, visit www.COSO.org.

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