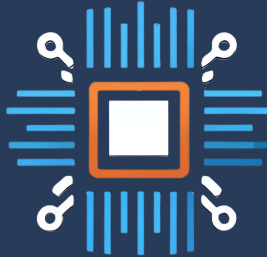


A FINANCE SECTOR BRIEFING



NAKEDAI

AI IN ACCOUNTANCY

Governance, judgement, assurance
and the hidden risk of unowned AI
decisions..

nakedai.io



WHAT THIS IS

A briefing on governance, decision-making and risk in accountancy.

AI is no longer only something an accountant opens, prompts and checks.

It is moving into bookkeeping, tax, audit support, reporting, compliance, client communication, advisory preparation, financial analysis, workflow management, onboarding, data review and professional judgement.

That changes the risk. The question is no longer simply whether the tool saves time. The question is whether the firm can explain what AI was allowed to touch, what it influenced, who reviewed it, what judgement remained human, what evidence was kept and whether the outcome could be defended.

This briefing is written for the moment before AI becomes embedded, relied upon or difficult to reverse.

AI is entering accountancy workflows faster than many firms can explain, govern or defend the decisions around it.



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THE LANDSCAPE

What accountants are already worried about.

The accountancy market is asking what happens when AI begins to affect client work, audit evidence, tax positions, advisory judgement, practice workflow, data integrity, professional responsibility and client trust.

- **Confidentiality:** What client information is being entered into AI tools, where does it go, and who has control?
- **Accuracy:** Can the firm trust an AI-generated answer, summary, calculation or explanation?
- **Professional judgement:** Where does AI support the accountant, and where does it begin to replace the judgement the client is paying for?
- **Audit trail:** Can the firm show how AI was used, reviewed, tested, challenged and documented?
- **Client pressure:** What happens when clients expect faster, cheaper advice because they assume AI has made the work easier?
- **Client misuse:** How does the firm respond when a client brings AI-generated advice that is wrong, incomplete or misleading?
- **Workflow control:** Has AI been introduced before the firm has redesigned review, supervision and sign-off?
- **Data quality:** Is AI working from reliable, complete and well-structured data, or simply making weak data look more convincing?
- **Staff skills:** Are teams being trained to use AI with judgement, or are they experimenting informally in live client work?
- **Agentic AI:** Who authorised the AI to request, chase, flag, progress, escalate or trigger action?



FOUNDATIONS

The professional record starts before the challenge.

By the time an AI-related problem reaches the partner, the record may already exist.

- Prompts.
- Files.
- Drafts.
- Client emails.
- Review notes.
- Audit documentation.
- Tax working papers.
- Workflow settings.
- App permissions.
- App permissions.
- Vendor assessments.
- Training records.
- Data-handling rules.
- Engagement letters.
- Sign-off records.
- Ignored warnings.

The professional issue may be the output. The real issue is often the decision that allowed the output to matter.



RISK LAYER 1

Client pressure.

Accountancy firms are increasingly being asked to respond to clients who have already used AI badly.

A client may arrive with an AI-generated tax answer. A business owner may rely on a chatbot explanation. A finance director may use AI to interpret management accounts. A founder may use AI to challenge fees, advice or process.

That creates a new pressure point for firms. The accountant may become the professional asked to correct, validate or defend AI-generated thinking that the firm did not create.

The question is not only whether the firm should use AI. The question is how the firm responds when clients are already using it.



RISK LAYER 2

Reliance and professional judgement.

The professional risk is not simply that AI may be wrong. It is that an accountant may rely on AI without being able to explain why that reliance was reasonable.

AI can summarise, draft, classify, compare, calculate, forecast and analyse. It can also hallucinate, omit context, misread data, overstate certainty and produce plausible nonsense.

The defensible position is being able to explain the decision either way. If challenged later, you should be able to show what work was being done; what AI was allowed to influence; what limits were understood; what human judgement was applied; what review took place; what evidence was retained.

AI does not remove professional judgement. It increases the need to show where judgement was applied.



RISK LAYER 3

Audit and assurance.

The audit trail matters before the audit issue.

Audit is one of the most sensitive areas for AI use because the work must be evidenced, reviewed and capable of inspection. AI may assist with journal testing, anomaly detection, documentation, control review, risk assessment, population analysis, evidence gathering and report drafting.

Used well, AI can improve focus and efficiency. Used carelessly, it can weaken audit quality, create undocumented reliance, obscure judgement and make it harder to explain how conclusions were reached.

AI may support audit work. It should not silently replace the scepticism that gives audit its value.



RISK LAYER 4

Tax, compliance and Making Tax Digital.

Speed is not certainty.

Tax and compliance are obvious areas for AI support. They involve rules, forms, deadlines, records, calculations, correspondence and repeated client queries. AI can help firms prepare explanations, review information, organise records, identify gaps, generate reminders and support Making Tax Digital workflows.

But tax and compliance work are also high-risk because clients may rely on outputs quickly. A generic answer can look specific. A plausible explanation can be wrong. A missed fact can change the conclusion.

A faster tax answer is not automatically a safer tax answer.



RISK LAYER 5

Workflow and practice economics.

Efficiency is not the same as control.

Accountancy firms are under pressure to do more with less. AI is attractive because it appears to offer capacity. It can draft, chase, summarise, prepare, classify, review and respond.

But a faster workflow is not automatically a better workflow. If AI is introduced before the engagement model is clear, the firm may simply automate confusion.

AI can increase capacity. It can also increase unmanaged exposure.



RISK LAYER 6

Data, confidentiality and trust.

The risk is not only what AI outputs. It is what the firm had to expose in order to get the output.

Accountancy work is built on sensitive information: payroll, tax, bank data, forecasts, valuations, management accounts, audit files, shareholder information, transaction data and private client affairs.

AI use can create new questions around client consent; data access; confidentiality; privilege; vendor terms; data retention; cyber risk; internal permissions; third-party integrations.

AI does not fix weak data discipline. It often makes weak data look more convincing.



RISK LAYER 7

Authority and agentic AI.

When AI starts to act.

Agentic AI changes the question again. A system that produces a draft is one thing. A system that takes steps is another.

AI agents may request missing information, chase deadlines, classify work, segment clients, flag risk, prepare reminders, trigger workflow, escalate issues or move a task forward without continuous human instruction.

The question is not only what the AI did. It is who allowed it to matter.



FRAMEWORK

The Accountancy AI Integrations Matrix.

Where AI sits, what it influences, and whether the decision can be defended.

Individual productivity

What it looks like: Drafting, summarising, research support, internal notes, email preparation.

Professional concern:

Confidentiality, hallucination, over-reliance, undocumented use.

Decision question: Is the individual using AI safely, or has informal use already entered client service?

Practice workflow

What it looks like: Onboarding, client communication, task management, document processing.

Professional concern: Quality control, supervision, consistency, data handling, review standards.

Decision question: Is AI being managed as controlled workflow, or has it become informal habit?

Audit, tax, compliance

What it looks like: Journal testing, documentation, control review, compliance reminders, MTD.

Professional concern: Accuracy, audit trail, professional scepticism, documentation, standards.

Decision question: Can the firm show what AI supported and why the final position remained defensible?



FRAMEWORK

The Accountancy AI Integrations Matrix.

Where AI sits, what it influences, and whether the decision can be defended.

Agentic and embedded

What it looks like: Agents requesting info, monitoring, flagging risks, triggering next steps.

Professional concern: Authority, escalation, accountability, supervision, client impact.

Decision question: Who authorised the AI to act, what limits were set, where does human judgement intervene?

Advisory and decision support

What it looks like: Financial analysis, forecasting, management reporting, scenario planning.

Professional concern: Reliance, client decision-making, causation, false confidence.

Decision question: If the client relies on AI-supported advice, can we explain why reliance was reasonable?



DECISION DISCIPLINE

The Human Pause.

The moment before commitment.

The Human Pause is not a delay mechanism. It is a decision discipline: the moment before procurement, rollout, workflow embedding, client-facing use, audit reliance, tax support, advisory deployment or firm-wide adoption hardens into exposure.

The Decision Stack tests whether the decision is clearly defined, owned, governed and defensible across ten layers:

WHAT WE TEST

- 01 Business Outcome**
- 02 Decision Structure**
- 03 Alternatives Assessment**
- 04 Decision Ownership**
- 05 Risk Ownership**
- 06 Downside Definition**
- 07 Organisational Readiness**
- 08 Deployment Pathway**
- 09 Board Defensibility**
- 10 Regulatory Resilience**

A strong answer at Layer 9 cannot compensate for a missing answer at Layer 4.



COMMERCIAL

The commercial opportunity for accountancy firms.

Accountancy firms are in a critical position. Their clients are already using AI, often before governance has caught up.

That creates demand for advice that is more than technical. Clients need help understanding the decision architecture around AI: who approved it, who owns it, what the limits are, how outputs are checked, how privilege and confidentiality are protected.

The accountancy firm remains the primary adviser. NakedAI brings the decision architecture layer.

How law firms can use this

- Board-level AI decision briefings for clients
- Partner roundtables on AI governance and risk
- Pre-procurement decision reviews before embedding AI tools
- AI workflow ownership workshops before practice-wide rollout
- AI risk and governance sessions where professional standards meet operational reality
- Advisory conversations with clients already using AI informally
- Finance-function briefings for CFOs, boards and senior leadership teams



DELIVERABLE

The Accountancy AI Decision Pack.

A structured record built from eight decision artifacts. Designed to give whoever holds the budget the evidence they need to make a defensible call.

- 08 90-day Decision Roadmap**
- 07 Proceed / Pause / Redesign / Stop Recommendation**
- 06 Vendor & Readiness Challenge Sheet**
- 05 Governance & Accountability Gap Analysis**
- 04 AI Spend Risk Register**
- 03 Business-Outcome Map**
- 02 Decision-Owner Map**
- 01 AI Decision Clarity Score**



POSITIONING

Where NakedAI fits.

NakedAI sits in the moment before AI becomes expensive, embedded or difficult to defend.

We are not an AI software vendor. We do not sell tools. We help accountancy firms understand where AI is entering the work, what it touches, who owns it, what governance is required and whether the decision can be defended.

Our role is not to make work easier. It is to ensure decisions are better.

We have seen that efficiency improves output. It does not improve judgement. AI can accelerate activity without improving the quality of the decision behind it.

We use AI to introduce challenge, not comfort: to surface risk, to prompt better thinking, to test whether a decision holds. We do not treat AI as a replacement for judgement. We treat it as a tool that strengthens it.

**The accountancy firm remains the expert.
NakedAI brings the decision architecture.**



THE NEXT STEP - TAKE THE HUMAN PAUSE SCORE

If AI is already being discussed the decision has begun.

Before it becomes expensive, embedded, or difficult to defend, pause.

The Human Pause Score is a structured ten-minute diagnostic. It assesses your AI decision across the ten layers of the Decision Stack and returns a recommended next step.



OR VISIT:

nakedai.io/human-pause-score



**A decision that
cannot be explained,
owned, and defended,
is not ready
to proceed.**

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