



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 in accountancy is no longer being discussed as a distant technology trend. Professional bodies, audit regulators, accountancy events and practice press are treating it as a live issue of judgement, documentation, workflow, data handling and professional responsibility.

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.

The market already knows AI matters. The gap is readiness, ownership and decision discipline.

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 profession has moved from curiosity to implementation. AICPA and CIMA research finds that nearly nine in ten finance leaders see AI as transformative within two years, but only 8% feel very well prepared to adopt it.

That gap is where the risk sits. AI is already touching 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.
- Tool permissions.
- AI output logs.
- Model and tool settings.
- 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

Clients are not waiting for accountancy firms to build formal AI strategies. They are already using public tools for financial questions, tax queries, business decisions and fee challenges.

Accountancy press has reported that 64% of clients now turn to ChatGPT-like tools before their accountant for general financial questions, while 54% of firms have had to review or correct AI-generated advice brought to them by clients.

That creates a new pressure point. The accountant may become the professional asked to correct, validate or defend AI-generated thinking 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.

ACCA has already framed AI risk around control, reliability, professional responsibility and the danger of undue reliance. Professional scepticism does not disappear because the first draft came from a machine.

If challenged later, the firm 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 and 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.

The FRC's AI in Audit guidance has already made this a documentation question. The issue is not only whether AI helped the audit. It is whether the firm can document how the tool was assessed, what it affected, who reviewed it and why the audit evidence remained reliable.

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 is 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. The exposure may arrive through an HMRC enquiry, a penalty, a missed filing, a careless client decision or a position the firm cannot later justify.

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: more compliance, more client expectation, more Making Tax Digital preparation, tighter margins and fewer spare people. AI is attractive because it appears to offer capacity.

It can draft, chase, summarise, prepare, classify, review and respond. It can also move the bottleneck from preparation to review, sign-off and rework if the firm has not decided what good use looks like.

Staff may already be experimenting with AI in live work before the firm has decided what is permitted, what requires review and what must remain partner-led, manager-led or human-led.

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.



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, vendor terms, data retention, cyber risk, internal permissions, model training, cross-border processing and third-party integrations.

The firm needs to know which data entered which tool, under which terms, for which purpose, with what review and with what record retained.

AI does not repair poor data discipline. It makes it seem credible.



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.

That creates a different governance problem. The firm needs approval gates, action logs, permission boundaries, escalation rules and a clear answer to who authorised the AI to act.

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 a controlled workflow, or has it become an informal habit?

Audit, tax and compliance

What it looks like: Journal testing, documentation, control review, compliance reminders, Making Tax Digital.

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?

Agentic and embedded

What it looks like: Agents requesting information, 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.



THE PROBLEM THE HUMAN PAUSE SOLVES

Most AI Failures Do Not Start With Model Capability

They start earlier. Unclear ownership. Weak business cases. Governance arriving as paperwork after substantive decisions have already been made.

By the time a board sees a failure forming, the capital is committed, the vendor is engaged and the damage is already taking shape. But it is not until the failure reaches a lawyer's desk - in a dispute, disclosure or complaint - that the real problem emerges: the record shows no one was thinking clearly about what was being approved.

Every week, leadership teams approve AI initiatives. Vendors are selected. Budgets are signed off. Projects are launched. Almost none of those teams asked the right questions first. When they should have asked what decision was being made, who owned it, what could go wrong and whether the organisation could genuinely govern it, they asked instead whether the tool worked. By then, the defensible moment has passed.

The gap is not in the model. The gap is in the record. And the record is what will be examined later.



THE QUESTION

**Not: “Can we implement this AI?”
That comes later, and only if the
answer to the earlier question is yes.**

The earlier question is whether the decision itself is defensible. Whether the organisation understands what AI will control or influence, who owns the outcome, what the exposure is if it fails and whether governance and accountability can be established before commitment.

There is a moment, just before commitment, when every option remains open. Once that moment passes, the cost of correcting course rises sharply.

Three things tend to fail first, none of them about technology:

1. Ownership of the decision.
2. Clarity of the business case.
3. Readiness of the organisation to govern what is being approved.

The model can be excellent whilst the deployment still fails because of these.

The Human Pause exists for the moment before that.



HOW WE WORK

We work at the point where AI decisions are formed

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 judgement.



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. They may expect faster answers, challenge advice with chatbot outputs, bring AI-generated tax positions to the firm, or ask finance teams to adopt tools without a clear control model.

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 confidential data is protected and what evidence is retained.

How accountancy 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 artefacts. 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 are not here to give generic AI training and call it governance.

We help accountancy firms and finance leaders 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.

Efficiency can accelerate activity. It does not improve judgement by itself. AI can help accountancy firms move faster, but speed only helps if the decision behind it is sound.

We use AI to introduce challenge, not comfort: to surface risk, prompt better thinking and test whether a decision holds. We do not treat AI as a replacement for judgement. We treat it as a tool that can strengthen judgement when used with discipline.

**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 a decision that
is not ready
to proceed.**

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