



The Accounting Firm Leader's AI Playbook

Your guide to safe, governed, productive
AI adoption for accounting and CPA firms

Table of Contents

01	Executive Summary
02	About the Author
03	AI Is Here. The Question Is How You Use It.
04	What AI Can Do for Your Firm
05	AI Agents: Your Digital Workforce
06	The Major AI Models and Providers
07	Prompt Engineering: Getting Better Results from AI
08	AI Security, Privacy, and Governance
09	Your AI Adoption Roadmap: The Crawl-Walk-Run Framework
10	Managed Framework AI: The Complete AI Adoption Program
11	AI Governance Readiness Checklist: Is Your Firm Ready?
12	Next Steps

CHAPTER 01

Executive Summary

What You'll Learn

- Why AI adoption in accounting jumped from 9% to 41% in a single year
- How the talent shortage and busy season burnout are creating unsustainable pressure
- The real risk of Shadow AI inside your firm
- How this playbook helps you govern AI with professional rigor

AI is already inside your firm. The only question is whether you're governing it or ignoring it.

AI adoption in accounting leapt from 9% to 41% in a single year, according to the 2025 Wolters Kluwer Future Ready Accountant Report. The CPA.com/AICPA 2025 AI in Accounting Report found that 85% of accounting professionals are excited or intrigued by AI, yet only 37% of firms invest in any form of AI training. Staff members are pasting client tax documents into free chatbots. Associates are running financial projections through consumer tools with no data protection guarantees. Partners are drafting advisory memos on platforms that may train on your clients' proprietary information. The intentions are good. The exposure is enormous.

For accounting firm leaders, the stakes cut deeper than efficiency. Your firm is built on 3 nonnegotiable assets: client confidentiality, the accuracy of your work product, and your professional reputation. AI used carelessly damages all 3 at once.

The pressures stacking up on CPA firms aren't going away:

- **The accounting talent pipeline is broken.** Licensed accountants in the U.S. dropped to 653,408 as of August 2025, down from a peak of 1.93 million in 2019. Only 1.4% of college students chose accounting as a major in 2023, down from 4% a decade ago. CPA exam sittings have declined more than 30% since 2016. You can't hire your way out of the workload problem anymore.
- **Busy season burnout is hollowing out your bench.** According to recent industry surveys, 42% of accounting firms report significant retention issues, with burnout as the leading cause. Young professionals leave because the workload-to-compensation ratio doesn't add up. 12% of firms were forced to scale back their tax client base just to match available staff.
- **Clients expect advisory, not just compliance.** Advisory services now account for 13% of average firm revenue, up from 10% in 2024, and Client Advisory Services (CAS) practices reported median growth of 17%. Firms that can't shift from compliance-only to advisory-plus will lose clients to those that can. AI is the lever that makes the shift possible without proportionally expanding headcount.
- **Errors and Omissions (E&O) exposure is rising.** Overworked staff, compressed deadlines, and unsupervised AI usage are a liability cocktail. When the work gets done under pressure with tools nobody vetted, the quality risk compounds.

Consider the math. If AI saves a single CPA or staff accountant 30 minutes per day on research, drafting, and reconciliation, that's 10 hours per month, or 120 hours per year. At a blended cost of \$75 per hour

(conservative for accounting professionals), that's \$9,000 per person annually. For a firm with 20 staff, that's \$180,000 recovered from a single use case. Now multiply that across tax preparation, audit support, advisory services, client communications, and practice operations.

But the real prize isn't the time savings. It's what you do with the recovered capacity. AI lets your firm take on more advisory engagements, serve more tax clients during busy season, and deliver higher-quality work without adding headcount you can't find in today's market. That's the difference between a firm that grows and one that treads water.

This playbook exists to close the gap between "our team is already using AI" and "our firm governs AI with the same rigor we apply to every other professional standard." Over the following chapters, you'll learn what AI can do for your firm today, how to protect client confidentiality and your professional obligations under the AICPA Code of Professional Conduct, and how to build a phased adoption plan that satisfies your regulatory requirements while compounding operational advantages.

Framework IT has spent more than 16 years managing technology for small and mid-sized businesses across the United States. We've watched every major technology shift from cloud migration to cybersecurity to unified communications. AI is the next one, and it's moving faster than anything that came before it. We built Managed Framework AI because we saw our clients struggling with the same set of problems: they knew AI mattered, but they didn't know where to start, who to trust, or how to do it without creating new risks.

This playbook gives you the starting point. Managed Framework AI gives you the partner to execute it.

CHAPTER 02

About the Author

Adam Barney

President and Managing Partner, Framework IT



Adam Barney is President and Managing Partner of Framework IT, a premier managed IT and telecommunications firm based in Chicago. He holds a Bachelor of Science in Finance and Business Administration from the University of Illinois Urbana-Champaign, where he graduated Summa Cum Laude. With more than 15 years of executive experience in managed services and telecommunications, Adam leads with a core philosophy that technology should be user-friendly and approachable, empowering businesses to thrive in their respective industries.

Since assuming the presidency in April 2022, Adam has led a team of over 40 professionals spanning sales, information technology, operations, marketing, human resources, and fulfillment. Under his leadership, Framework IT remains committed to its inverted-pyramid approach, which ensures clients' needs and aspirations are always the company's top priority.

"Clients' needs and aspirations are always the company's top priority."

Founded in 2008, Framework IT specializes in IT support, strategy, and cybersecurity for small and mid-sized businesses nationwide. The company's 30+ engineers act as an extension of client businesses, proactively preventing IT issues so teams have more time to focus on what truly matters. During his career, Adam has consulted over 1,000 companies, helping them transform their technology infrastructure.

In recent years, Adam has spearheaded the adoption of artificial intelligence in Framework IT's internal operations and service delivery, positioning the company at the forefront of AI-driven IT management. He has pioneered the launch of Managed Framework AI to help clients implement AI and AI-based automation in their own businesses, enabling organizations to unlock new levels of efficiency and competitive advantage. Adam is also a founding member of The Forge AI Alliance of MSPs, an alliance of managed service providers working to accelerate the adoption of AI and automation in their own companies and those of their clients.

Under Adam's leadership, Framework IT earned a spot on the Inc. 500 Fastest Growing Private Companies in America twice and the Inc. 5000 list at least 5 times over the past decade. The company ranked as one of the Best and Brightest Places to Work in Chicago for 5 consecutive years and one of the Best and Brightest Places to Work in the Nation twice in the last 5 years. Framework IT has maintained a BBB complaint-free record since 2008.

Adam's expertise has positioned him as a sought-after voice in managed services and business technology, as a speaker and panelist at industry events. His insights have appeared in the Harvard Business Review, the Washington Post, and Fox 32 Chicago.

CHAPTER 03

AI Is Here. The Question Is How You Use It.

What You'll Learn

- ▢ What AI actually is and the 4 capabilities that matter for accounting firms
- ▢ Why the competitive window is narrowing and the math behind AI's productivity impact
- ▢ How Shadow AI creates AICPA, IRS, and FTC compliance exposure
- ▢ The Human-in-the-Loop principle for professional services

What Is AI, Really?

Strip away the hype and AI is a category of software that can process language, recognize patterns, generate content, and make decisions based on data. The most visible form of AI today is the Large Language Model (LLM), the technology behind tools like ChatGPT, Claude, and Gemini. These models were trained on massive amounts of text and learned to predict the most likely next word in a sequence. That simple mechanism, repeated billions of times across enormous datasets, produces something that looks like understanding: the ability to follow instructions, reason through problems, and produce human-quality writing, analysis, and code.

But AI goes well beyond a chatbot. Modern AI platforms combine multiple capabilities into a single environment:

- **Conversational AI (Chat).** Ask questions, draft client letters, summarize engagement notes, analyze financial data, brainstorm advisory service offerings, and get research-backed answers in seconds. This is the capability most people encounter first, and it's immediately useful for accounting professionals.
- **Workflow automation.** Connect AI to your existing business systems (your practice management software, email, document storage, CRM, and more) and build automated processes that run on their own. No coding required. A visual, drag-and-drop builder lets anyone design multi-step automations.
- **AI agents.** Purpose-built AI assistants trained for specific tasks: drafting engagement letters, analyzing financial statements, generating advisory reports, coaching staff on client communications, and dozens more. Agents go beyond chat by following structured processes with built-in guardrails.
- **AI phone agents.** Voice-based AI that handles inbound and outbound calls, understands natural language, routes calls intelligently, and integrates with your business systems. Available around the clock, including during tax season when your phones don't stop ringing.

Why This Matters Now

The window for competitive advantage is open, but it's narrowing. Firms that build AI capability now will compound those gains over the next 2 to 3 years. Those that wait will face a steeper learning curve, higher costs, and competitors who have already baked AI into their workflows and advisory offerings.

The numbers from the front lines are hard to ignore:

- AI adoption in accounting jumped from 9% to 41% in a single year (Wolters Kluwer, 2025). The firms that moved early are already pulling ahead.
- 81% of accountants report AI boosts productivity, and 86% agree it reduces mental load (Progress Software, 2026).
- Firms that invest in AI training are unlocking an additional 7 weeks of capacity per employee per year (CPA.com/AICPA, 2025). Seven weeks. Per person.
- Firms with advanced AI integration report 21% higher billable hours per staff and up to 80% increases in premium advisory service revenue.

Consider the math. If AI saves a staff accountant 30 minutes per day on routine tasks, that's 10 hours per month, or 120 hours per year. At a blended cost of \$75 per hour, that's \$9,000 per person annually. For a firm with 20 staff, \$180,000 recovered from a single use case. The numbers compound quickly across tax preparation, audit support, advisory, and practice operations.

The Real Risk Is Not AI. It Is Unmanaged AI.

The biggest threat to your firm isn't that AI doesn't work. It's that your team is already using it without your knowledge, approval, or oversight.

This is called Shadow AI, and it's happening inside accounting firms right now. Staff accountants are pasting client tax returns and financial statements into free chatbots. Associates are running client data through consumer AI tools with no data protection guarantees. Partners are drafting advisory memos on platforms that may use your clients' proprietary financial information to train their models.

The intentions are good. The risk is enormous.

When someone pastes a client's tax return, a financial model, a K-1, or a trust document into a free AI tool, that data may be used to train the model. There's no visibility, no audit trail, and no legal recourse. For a firm bound by AICPA confidentiality rules, IRS data security requirements, and professional liability standards, this isn't a theoretical risk. It's a practice-ending one.

41%

of accounting firms now use AI, but only 37% invest in AI training

40-65%

of employees use unapproved AI tools at work

\$670K

additional breach cost when shadow AI is involved

23%

of employees have shared financial data with unauthorized AI

In accounting, the consequences hit faster and harder than in most industries. A leaked client tax return is a violation of AICPA Rule 1.700 (Confidential Client Information) and potentially a federal offense under

IRS Publication 4557. A hallucinated tax code citation in an advisory memo is professional negligence. Client financial data fed to a public model is a breach of the Gramm-Leach-Bliley Act's Safeguards Rule. The FTC has increased enforcement activity in 2025-2026, with penalties reaching \$500,000 for notification failures and up to \$46,517 per violation per day.

Banning AI doesn't work, and it puts your firm further behind. The real move is replacing unmanaged, ungoverned AI usage with a structured, partner-led program. Same productivity. Zero exposure.

The Human-in-the-Loop Principle

AI is a tool for augmenting professional judgment, not replacing it. In accounting, where every number carries the weight of professional standards and client trust, maintaining human oversight is nonnegotiable.

Think of AI outputs on a risk spectrum:

- **Low risk: internal research and drafting.** Using AI to summarize tax law updates, draft internal meeting agendas, structure brainstorms for advisory service expansion, or compile preliminary industry research for client presentations.
- **Medium risk: analysis that informs client work.** Analyzing financial statements, preparing draft workpapers, summarizing engagement notes, generating advisory report outlines. AI accelerates the work, but a qualified CPA or senior staff member reviews every output before it reaches the client.
- **High risk: client deliverables, tax filings, audit opinions.** Any output that reaches a client, supports a tax filing, or drives a material financial decision requires careful review by an experienced professional. AI produces the draft. A CPA owns the final product.

The principle is simple: AI handles the volume. Your team handles the judgment. The combination is what creates the advantage, and it's what keeps your professional liability posture defensible.

CHAPTER 04

What AI Can Do for Your Firm

What You'll Learn

- ▢ Practical AI use cases across 7 accounting firm functional areas
- ▢ How AI accelerates tax preparation, audit support, and advisory services
- ▢ Why AI is the growth lever for firms shifting to advisory
- ▢ How to measure AI ROI across time savings, errors, revenue, and cost avoidance

AI is a set of tools your team can use today, for work they're already doing, to get better results in less time. The key is knowing where to point it.

Important: The use cases below are administrative and business support applications. AI does not replace professional judgment on tax positions, audit opinions, or regulatory filings. Every AI-assisted output that touches client work requires review by a qualified professional.

Tax Preparation and Review

Tax season is a compression event: too much work, too few people, too little time. AI doesn't replace the CPA's judgment on tax positions, but it eliminates hours of the manual work that surrounds every return.

- **Tax research.** AI can summarize recent tax law changes, research specific code sections, and compile guidance on complex filing positions in minutes.
- **Document processing.** Extract data from prior-year returns, client-provided documents, W-2s, 1099s, and K-1s. AI can organize source documents, flag missing information, and pre-populate draft workpapers.
- **Review assistance.** AI can scan draft returns for common errors, inconsistencies between schedules, and missing elections. It's a second pair of eyes that never gets tired, even in week 12 of busy season.
- **Client communication.** Draft tax organizer cover letters, extension notifications, filing confirmations, and follow-up requests for missing documents.

Audit Support and Workpapers

Audit work demands thoroughness and consistency. AI handles the documentation burden so your team can focus on risk assessment and professional judgment.

- **Workpaper preparation.** AI can draft audit workpapers by analyzing source data, generating supporting schedules, and documenting testing procedures.
- **Risk assessment.** Analyze client financial data to identify high-risk areas, unusual transactions, and patterns that warrant deeper testing.
- **Compliance checks.** Run automated checks against applicable standards (SSARS, SAS, GAAP) and flag areas where documentation may be insufficient.
- **Management letter drafting.** Generate draft management letters and recommendations based on audit findings and industry best practices.

Advisory and Consulting Services

This is where AI becomes a growth engine, not just an efficiency tool. Advisory services are the fastest-growing segment of accounting firm revenue, and AI makes it possible to deliver advisory work without proportionally expanding headcount.

- **Financial analysis and benchmarking.** Upload client financial statements and get expert-level variance analysis, trend identification, anomaly detection, and industry benchmarking in minutes.

- **Forecasting and scenario modeling.** Build P&L forecasts using multiple methodologies (trend, seasonal, driver-based) with confidence scoring.
- **Cash flow analysis.** Generate cash flow projections, identify seasonal patterns, and produce recommendations for improving working capital management.
- **Strategic planning support.** Help clients think through business decisions with structured scenario analysis and evidence-based probability assessments.

Client Communications and Engagement Management

- **Engagement letters.** Draft new engagement letters, update existing ones for scope changes, and generate amendment language for additional services.
- **Client status updates.** Generate regular status communications for active engagements, covering work completed, outstanding items, and milestones.
- **Email response management.** Analyze incoming client emails for tone, urgency, and required actions. Draft professional responses matching your firm's voice.
- **Review responses.** Draft professional, search-optimized responses to Google and industry directory reviews.

Practice Management and Operations

- **SOP creation.** Turn tribal knowledge into professional, audit-ready Standard Operating Procedures. Document the processes that live in people's heads before they walk out the door.
- **Knowledge base management.** Build and maintain internal knowledge bases covering firm policies, procedures, and technical guidance.
- **Project and deadline management.** Track engagement deadlines, flag at-risk deliverables, and generate status reports across the firm's workload.
- **Process documentation.** Create flowcharts, checklists, and process maps for standard engagement workflows.

Marketing and Business Development

- **Thought leadership content.** Generate blog posts, LinkedIn articles, and newsletter content on tax law changes, financial planning topics, and industry trends.
- **Prospect research.** Compile verified business intelligence on target companies and key contacts in minutes.
- **Proposal and pitch preparation.** Draft tailored proposals, RFP responses, and pitch decks grounded in prospect research.
- **Social media.** Generate platform-specific content optimized for LinkedIn, where most accounting firm business development happens.

Human Resources and Talent Management

In an industry hemorrhaging talent, every HR process matters more than it used to.

- **Recruiting.** Create inclusive, compelling job descriptions that compete for the shrinking pool of accounting talent. Analyze candidate resumes against requirements.
- **Onboarding.** Generate comprehensive onboarding plans, first-week checklists, and 30/60/90-day goal frameworks.
- **Performance management.** Structure performance reviews, build professional development plans, and create performance improvement documentation.
- **Policy management.** Draft and maintain firm HR policies. Answer employee questions about policies using a grounded, citation-backed knowledge base.

Measuring AI ROI

When evaluating AI's impact on your firm, track 4 categories:

- **Time savings.** Hours recovered from routine tasks, measured against baseline. This is the most immediate and easiest to quantify.
- **Error reduction.** Fewer review cycles, fewer missed items, fewer client corrections. Track the rework rate before and after.
- **Revenue acceleration.** More advisory engagements served, faster turnaround on deliverables, higher realization rates.
- **Cost avoidance.** Reduced reliance on temporary staff during busy season, lower overtime costs, decreased risk of compliance penalties.

CHAPTER 05

AI Agents: Your Digital Workforce

What You'll Learn

- How AI agents differ from basic chatbots
- What workflows can automate for accounting firms
- The Framework IT Standard Library of 100+ ready-to-use agents

Beyond the Chatbot

Most people's first experience with AI is a chatbot: you type a question, you get an answer. That's useful, but it barely scratches the surface. The real power of enterprise AI lives in agents and automated workflows.

An AI agent is a purpose-built assistant designed for a specific task or process. Unlike a general chatbot, an agent comes pre-loaded with instructions, structure, guardrails, and domain expertise.

Think of the difference between handing a new staff accountant a blank Word document and handing them a detailed workpaper template with step-by-step instructions. Both can get the job done. Only one does it consistently, every time, without missing steps.

What Makes an Agent Different from a Chat?

Structure. An agent follows a defined process. A P&L analysis agent, for example, doesn't just "review financials." It discovers the structure of the financial statements automatically, performs variance analysis, identifies trends and anomalies, scores confidence levels, and generates downloadable reports with visualizations.

Guardrails. Agents include built-in quality controls. A financial analysis agent will flag when data looks anomalous and explain its reasoning.

Consistency. When 10 different people use the same agent, they get consistently structured outputs. The quality doesn't depend on who wrote the prompt.

Integration. Agents can connect to your business systems. They can read from your practice management software, pull data from your file storage, and trigger actions in other applications.

Workflows: Agents That Run Themselves

If an agent is a skilled assistant, a workflow is a skilled assistant that works on autopilot. Workflows connect multiple steps into automated processes that run on a schedule, respond to triggers, or execute on demand.

Examples:

- A workflow that monitors your inbox for new client source documents during tax season, extracts key data points, and pre-populates draft workpapers for the assigned preparer.
- A workflow that pulls weekly billing data from your practice management system, generates a realization and WIP summary, and delivers it to the partner group every Monday morning.
- A workflow that processes incoming engagement inquiry forms, researches the prospect, scores the opportunity, and routes qualified leads to the right partner.

You build workflows using a visual, drag-and-drop interface. No coding required.

The Framework IT Standard Library: 100+ Ready-to-Use Agents

When you deploy Managed Framework AI, you don't start from scratch. Framework IT has built a library of over 100 agents and workflows. The library maps directly to accounting firm needs:

- **Tax and compliance:** SOP Writer for tax preparation procedures, IT Policy Creator for firm security policies, Compliance Check for regulatory alignment, and Deep Research Assistant for tax law research.
- **Advisory and financial analysis:** P&L Financial Analyst for client financial statement analysis, FP&A Forecasting Assistant for client projections, Scenario Planning Strategist for advisory engagements, and Use Case Builder for quantifying AI ROI.
- **Client development:** Prospect Research Agent for business intelligence, RFP Builder for pitch preparation, Review Response Generator for Google reviews, and LinkedIn Post Generator for thought leadership.
- **Human resources:** Job Description Specialist, Hiring Analyst Pro, Professional Development Plan builder, and Performance Improvement Plan builder. Critical tools in a profession where 87% of leaders report talent shortages.
- **Practice operations:** Knowledge Base Architect, Project Plan Architect, Change Management Advisor, and SOP Writer for documenting processes before institutional knowledge walks out the door.
- **Productivity:** Deep Research Assistant, Prompt Coach, SMART Goal Setter, Microsoft Excel Expert, and the Discover Framework AI Tools agent.

These 100+ tools are available on day 1 of your deployment, in addition to the 500+ community-built apps already available on the platform.

CHAPTER 06

The Major AI Models and Providers

What You'll Learn

- Why multi-model access matters more than brand loyalty
- How to choose the right model for different accounting tasks
- Built-in image generation for marketing and presentations

One Platform, 69 Models

One of the most common mistakes firms make when adopting AI is locking themselves into a single provider. Managed Framework AI, powered by Hatz AI, gives your firm access to 69 Large Language Models from the leading AI providers, all through a single secure platform. No separate subscriptions. No vendor lock-in. When a new model launches, it is added to the platform automatically.

The Major Providers

OpenAI builds the GPT family (GPT-5, GPT-5.1, GPT-5.2, GPT-5.4). The most widely recognized AI models, excelling at writing, analysis, coding, and creative work. GPT-5 Nano offers a cost-efficient option for high-volume tasks.

Anthropic builds the Claude family (Claude 4.5 Sonnet, Claude 4 Opus, Claude 4.5 Opus, Claude Opus 4.6, Claude Sonnet 4.6). Known for strong reasoning, nuanced analysis, and careful handling of complex instructions. Well-suited for long-form content and detailed research.

Google builds the Gemini family (Gemini 2.5 Pro, Gemini 3 Pro, Gemini 3.1 Pro Preview, Gemini Flash 3). Strong multi-modal capabilities and tight integration with Google's search infrastructure.

Meta, xAI, Amazon, and others round out the platform with open-source, high-capability, and cost-efficient options for every use case.

Specialized models include Perplexity Sonar for real-time web search with cited sources, and advanced reasoning models for mathematical and multi-step logical tasks.

How to Choose the Right Model

- **High-stakes work** (client deliverables, advisory reports, complex tax research): Use frontier models from OpenAI, Anthropic, or Google.
- **High-volume work** (routine correspondence, simple Q&A, data formatting): Use value models from Amazon, Meta, or faster tiers.
- **Research with sources:** Use Perplexity Sonar for real-time web information with citations, such as researching recent IRS guidance.
- **Image generation:** Nano Banana (powered by Gemini) for marketing materials, client presentations, and social media content.

The Power of Model Flexibility

Tax research that requires depth and accuracy? Use a frontier reasoning model. Drafting 50 client extension letters? Use a fast, cost-efficient model. Researching the latest IRS guidance? Use Perplexity Sonar with real-time web search. With Managed Framework AI, switching models is one click. No new subscriptions, no rebuilding your workflows.

Built-in Image Generation

Managed Framework AI includes Nano Banana, the platform's image generation capability. Two tiers: Nano Banana 2 (fast, cost-efficient) and Nano Banana Pro (premium quality, up to 4K resolution). No design skills or stock photo subscriptions required.

CHAPTER 07

Prompt Engineering: Getting Better Results from AI

What You'll Learn

- Core prompting techniques that produce professional-quality output
- Advanced methods for consistency and accuracy
- How to manage AI hallucination risk in accounting work
- Context windows and their practical implications

The Skill That Multiplies Everything Else

AI is only as good as the instructions you give it. A vague prompt produces a vague answer. A specific, well-structured prompt produces output that is genuinely useful.

The Fundamentals

Be specific about what you want. Instead of "Write me an email to a client," try "Write a 3-paragraph email to a small business client whose tax extension was filed last week. Include the extension filing date, the October 15 deadline, and a reminder to send remaining source documents by September 1."

Assign a role. "You are a senior CPA with 15 years of experience advising small business clients on tax planning and business advisory services" produces dramatically different output than a bare request to "analyze this data."

Provide examples. Paste in a previous client letter you liked, an advisory report structure, or a writing sample that matches your firm's voice.

Break complex tasks into steps. Instead of "write an advisory report," walk it through: "First, analyze the P&L trends. Then identify 3 key areas of concern. Then develop recommendations for each. Then draft an executive summary."

Iterate, don't start over. Refine the output with follow-up instructions: "Make the tone more direct." "Add a section on cash flow." "Shorten each paragraph."

Advanced Techniques

Chain of thought prompting. Ask AI to show its reasoning before giving a final answer. Critical when the output informs client advice.

Few-shot prompting. Provide 2 or 3 examples of the input-output pattern you want. Powerful for standardizing client deliverable formats across your team.

Constraint-based prompting. Tell AI what not to do. "Do not include specific tax advice without flagging it for CPA review."

Template prompts. Build reusable templates for engagement letters, financial statement summaries, and advisory report sections.

Hallucinations and AI Accuracy

AI models can generate outputs that sound confident but are factually wrong. In accounting, a fabricated tax code citation, an incorrect regulatory reference, or a miscalculated figure could end up in client-facing work if nobody catches it.

Reducing the Risk:

- Always verify tax code citations, regulatory references, and numerical calculations independently.
- Use AI as a research accelerator, not a research replacement.
- For complex tax positions, cross-reference AI output against authoritative sources (IRC, Treasury Regulations, IRS guidance, AICPA standards).
- Build verification into your workflow: AI drafts, CPA reviews, senior partner approves.

Evaluating AI Output Quality

Before accepting any AI-generated output, run it through 5 quick checks: (1) Is it factually accurate? (2) Does it match the requested format and tone? (3) Is it complete? (4) Is it appropriate for the audience? (5) Would you put your name on it?

Think of AI output as an 80% draft. It gets you most of the way there, fast. The last 20% is where professional judgment turns a draft into a deliverable.

Understanding Context Windows

Every AI model has a "context window" — the amount of text it can process at one time. For accounting professionals working with lengthy financial documents or complex multi-step analyses, this matters.

Practical tips:

- For long documents, summarize the key sections rather than pasting the entire document.
- Start new conversations for unrelated topics.
- Put the most important instructions at the beginning of your prompt.
- Use agents and workflows for multi-step processes rather than a single chat.

Prompt Libraries and Shared Resources

When someone on your team writes a prompt that produces great results, it shouldn't live in their head. Managed Framework AI supports shared prompt libraries and prompt templates, so your best prompts become firm assets. Build template libraries for client communications, advisory reports, engagement letters, and tax research queries.

CHAPTER 08

AI Security, Privacy, and Governance

What You'll Learn

- How Shadow AI creates AICPA, IRS, and FTC compliance exposure
- The specific AICPA rules that apply to AI tool usage
- The 6 pillars of AI governance for accounting firms
- The security architecture behind Managed Framework AI

The Shadow AI Problem in Accounting Firms

Shadow AI is probably already happening in your firm: staff accountants, associates, and even partners using AI tools like ChatGPT, Gemini, Claude, and Copilot without your knowledge, approval, or oversight.

When someone pastes a client's tax return, financial statements, payroll records, or K-1 schedules into a free AI tool, that data may be used to train the model. For an accounting firm, this isn't just a data security problem. It's a professional conduct problem. The AICPA Code of Professional Conduct, IRS regulations, and the FTC Safeguards Rule all create specific obligations around how you handle client financial information.

AICPA Professional Standards and AI Compliance

The AICPA Code of Professional Conduct establishes the ethical framework that governs how CPAs must handle client information, exercise professional judgment, and maintain the quality of their work. When your firm adopts AI tools, these obligations don't change. They extend to cover how AI is used.

Rule 1.700: Confidential Client Information. CPAs must protect the confidentiality of client information and must not disclose it without specific consent. When an employee pastes client financial data into an unapproved AI tool, your firm has potentially violated this rule.

Rule 1.300: General Standards (Due Care). CPAs must exercise due professional care in the performance of professional services. Using AI tools without verifying their outputs or without appropriate governance frameworks could constitute a failure of due care.

Rule 1.310: Compliance with Standards. The AICPA has released specific guidance on responsible AI use, including the 2025 Guidelines for Responsible Use of AI in Forensic and Valuation Services Engagements.

IRS Publication 4557 and the FTC Safeguards Rule. Every tax preparer is subject to federal data security requirements. The rule requires a Written Information Security Plan (WISP) covering administrative, technical, and physical safeguards. There is no minimum firm size exemption.

Compliance-to-Platform Mapping

Regulatory Requirement	Specific Obligation	Managed Framework AI Capability
AICPA Rule 1.700 (Confidentiality)	Protect client information from unauthorized disclosure	SOC 2 Type II certified; zero data training guarantees; data isolation
AICPA Rule 1.300 (Due Care)	Exercise diligence in professional services	Full audit trails; searchable usage logs; human-in-the-loop design
AICPA Rule 1.310 (Compliance)	Align AI use with engagement terms and professional standards	Role-based access controls; governance framework; policy enforcement
IRS Pub 4557 / FTC Safeguards	Written Information Security Plan; administrative, technical, physical safeguards	AES-256 encryption; TLS 1.2+ in transit; RBAC; 24/7 monitoring
GLBA Safeguards Rule	Protect customer financial information	Zero data retention by AI providers; contractual agreements with all providers
State Board of Accountancy	Maintain professional conduct; protect public interest	Complete audit trail documentation; governance reporting
Peer Review Standards	Demonstrate quality control over engagement processes	Consistent, repeatable workflows; documented review processes

The 6 Pillars of AI Governance for Accounting Firms

- 1. Policy.** A written AI use policy defining approved tools, prohibited data types, and acceptable use cases. For an accounting firm, this policy must explicitly address which client data categories are off-limits for consumer AI tools.
- 2. Access control.** Role-based permissions ensuring the right people have access to the right AI capabilities. A first-year staff accountant shouldn't have the same AI access as a partner.
- 3. Data protection.** Contractual zero-data-training guarantees and Data Processing Agreements with every AI provider. Your platform should guarantee that client financial data is never used to train any public AI model.
- 4. Auditability.** Full, searchable logs of who used AI, what prompts were entered, and what was returned. Required by the FTC Safeguards Rule and increasingly by cyber insurers and peer reviewers.
- 5. Training.** Ongoing education so your policies are understood and followed, not quietly worked around during busy season crunch.

6. Client Data Governance. This is the pillar unique to accounting firms. Beyond general data protection, your firm needs specific protocols for how client financial data interacts with AI tools: which data categories can be processed, client notification procedures, documentation of AI-processed data throughout the engagement lifecycle, and consistency with engagement letters and confidentiality agreements.

The Security Architecture Behind Managed Framework AI

Managed Framework AI is built on Hatz AI, a platform that has achieved SOC 2 Type I, SOC 2 Type II, and SOC 3 certifications.

- **Your data is never used for AI model training.** Contractual agreements with all AI model providers explicitly prohibit training on your data.
- **Encryption.** AES-256 encryption at rest. TLS 1.2+ in transit. Keys managed separately and rotated regularly.
- **Data isolation.** Each organization's data is logically isolated. Client data is never commingled with other firms' data.
- **Compliance.** Supports GDPR, CCPA, HIPAA (with BAA), and SOX. DPAs and BAAs available upon request.
- **24/7 monitoring.** Intrusion detection, anomaly detection, incident response plan, and regular third-party penetration testing.

When your peer reviewer or cyber insurance carrier asks how your firm governs AI, you need a documented, auditable answer. Not a shrug. A policy, a platform, and a paper trail.

CHAPTER 09

Your AI Adoption Roadmap: The Crawl-Walk-Run Framework

What You'll Learn

- A phased implementation plan aligned to AICPA and IRS requirements
- How to identify and execute your first pilot workflow
- Change management strategies for accounting professionals
- Data readiness principles for AI success

From Zero to Measurable ROI

The firms that succeed with AI follow a deliberate methodology. Gartner research shows 80% of AI licenses go unused without structured adoption support. The Crawl-Walk-Run framework makes sure your investment produces results, not shelfware.

80% of AI licenses go unused without structured adoption support. — Gartner

Why Crawl-Walk-Run?

- **Reduces risk.** Resolve governance and security questions before AI reaches a broad audience. For accounting firms, this means AICPA compliance and WISP alignment are addressed first.
- **Builds confidence.** Give people time to learn the basics before asking them to do something complex.
- **Delivers measurable wins early.** Target a high-value, low-complexity pilot workflow in the Walk phase.
- **Creates internal expertise.** Each phase develops champions and power users.
- **Scales sustainably.** Governance, cultural habits, and technical skills are in place before broader deployment.

Phase	Timeline	Key Milestones	AICPA/Regulatory Alignment
Crawl	Weeks 1-4	AI policy created, WISP updated, roles defined, users onboarded, champions identified	Rule 1.700 data categories defined; WISP updated for AI tools; engagement letter review
Walk	Months 1-4	First pilot completed, ROI measured, specialized apps deployed	Peer review documentation; client data protocols tested; compliance workflows active
Run	Months 4-6+	Custom solutions built, firm-wide deployment, continuous improvement	Full governance loop; ongoing AICPA compliance monitoring; client procedures formalized

Phase 1: Crawl — Building the Foundation

Timeline: Weeks 1-4

The Crawl phase is about laying the groundwork. Before anyone builds a workflow or automates a process, the firm needs to answer fundamental questions about governance, access, and AICPA alignment.

- 1. Establish an AI Acceptable Use Policy aligned with AICPA standards.** The policy must explicitly address client data categories under Rule 1.700.
- 2. Update your Written Information Security Plan (WISP).** Your WISP under IRS Publication 4557 needs to account for AI tools. This is a federal requirement.
- 3. Define roles, permissions, and your user structure.** Partners, managers, staff, and seasonal preparers need appropriate permission levels.
- 4. Review engagement letter language.** Consider updated language addressing AI tool usage in engagement delivery.
- 5. Onboard users and deploy general-purpose applications.** Deploy writing assistants, summarization tools, research helpers. Give everyone something useful.
- 6. Identify and develop AI champions.** Senior associates or managers who bridge the gap between partners and staff.
- 7. Encourage basic platform exploration.** Build familiarity before asking teams to automate anything.
- 8. Launch recurring support sessions.** Framework IT's Office Hours provide low-pressure, hands-on coaching.

Phase 2: Walk — Guided Exploration and First Wins

Timeline: Months 1-4

The Walk phase is where AI moves from curiosity to capability.

- 1. Deploy pre-built applications** aligned to firm needs: SOP Writer, Compliance Check, P&L Financial Analyst, IT Policy Creator.
- 2. Customize applications** for tax, audit, and advisory teams.
- 3. Identify your first pilot workflow.** Strong candidates: client communication drafting, internal knowledge base creation, financial statement analysis, or client onboarding document processing.
- 4. Develop the AI solution with guidance.** Build collaboratively with your Framework IT team.
- 5. Test with a controlled pilot group.**
- 6. Measure ROI and document your first win.**
- 7. Maintain a living use case repository.**

Phase 3: Run — Scaling, Independence, and Continuous Improvement

Timeline: Months 4-6+

- 1. Develop a power users program.**
- 2. Explore custom integrations** with practice management, document management, CRM, and communication platforms.
- 3. Build custom AI applications** tailored to your firm's methodology.
- 4. Formalize advisory AI offerings.** AI-powered benchmarking, forecasting, and scenario analysis as differentiators.
- 5. Execute broader deployments** across all teams and offices.
- 6. Track ongoing value and adoption metrics.**
- 7. Establish a continuous improvement and governance loop.**

The People Side of AI Adoption

Lead with the "why" that matters to them. For staff: less busy season overtime. For managers: more time for advisory work. For partners: margin improvement and competitive positioning.

Acknowledge the fear. AI handles the volume work so your team can handle the judgment work. Nobody is being replaced. Everyone is being upgraded.

Start with volunteers. Social proof works better than mandates in professional cultures.

Celebrate small wins publicly. Visible wins create momentum.

Data Readiness: Garbage In, Garbage Out

Clean your inputs. Consolidate and standardize data sources before automating.

Document your processes. If your tax preparation workflow lives in people's heads, AI can't replicate it. Document it first, then automate it.

Start where the data is ready. First wins come from areas where data is already clean, structured, and accessible.

CHAPTER 10

Managed Framework AI: The Complete AI Adoption Program

What You'll Learn

- What's included in Managed Framework AI
- How Office Hours, SBRs, and Accelerator Plans work
- How Managed Framework AI compares to Copilot and ChatGPT Team

Not a Software Subscription. A Managed AI Adoption Program.

Managed Framework AI combines the most powerful multi-model AI platform available with a proven adoption methodology, structured training, and ongoing guided support. You get enterprise-grade tools, governance, and a named Framework IT team accountable for your results.

Three Pillars: Safe. Governed. Productive.

Safe. Your clients' financial data stays protected. Your AICPA obligations stay met.

Governed. When a peer reviewer, cyber insurance carrier, or client asks "How is AI governed here?" your firm has a documented, defensible answer.

Productive. More advisory capacity. Less busy season overtime. Higher realization rates. Results that compound over time.

What Is Included

- **Access to 69 AI Models.** Never locked into one vendor.
- **Unlimited Users.** Every team member included, including seasonal staff.
- **100+ Framework IT Standard Agents and Workflows.** Purpose-built for tax, advisory, client development, HR, operations, and productivity.
- **No-Code Workflow Builder.** 58+ native integrations plus Zapier.
- **AI Phone Agent (ADEL).** Particularly valuable during tax season when call volume spikes.
- **AI Champion Certification.** Approximately 90-minute structured training.
- **SOC 2 Type I and II Certified.** Zero data training, contractually guaranteed.

Office Hours: 3 Sessions Per Week

Live Coaching and Q&A. Get help with prompts for advisory reports, model selection for tax research, or automating engagement letter workflows.

Use Case Workshops. Build custom agents and workflows live, with your input.

Show and Tell and Peer Learning. Someone in tax shows how they automated extension letter generation. Someone in advisory shares a prompt that produces 80%-complete benchmarking reports.

Monthly AI Strategic Business Review (SBR)

Every month, your Framework IT team conducts a structured SBR dedicated to your AI program: adoption metrics, roadmap progress, new use cases, training planning, and continuous roadmap refinement.

Accelerator Plans: Go Deeper, Build Faster

Collaborative consulting engagements where our AI team works directly with yours. Typical engagements for accounting firms: custom agent development for engagement workflows, department-specific rollouts (tax, then audit, then advisory), automated client communication systems, and advisory service delivery enhancements.

How Managed Framework AI Compares

Feature	Microsoft Copilot	ChatGPT Team	Managed Framework AI
Users Included	25 seats	25 seats	Unlimited
AI Models	1 model	1 model	69 models
Adoption Support	None included	None included	Crawl-Walk-Run framework
Data Training	May use your data	May use your data	Zero training, guaranteed
Contract	Annual	Annual	Month-to-month available
Dedicated IT Partner	No	No	Named Framework IT team
Ongoing Enablement	No	No	Office Hours 3x/week, monthly SBR
Pre-Built Agents	Limited	Limited	100+ Framework IT + 500+ community
AICPA Compliance Documentation	Not included	Not included	Governance framework and audit trail
Client Data Governance Controls	Basic	Basic	Role-based access, data isolation, DPA

The Transformation

Before Managed Framework AI: The firm is operating in the dark. Staff are using AI tools nobody approved. Partners have no visibility into client data exposure. Busy season pressure drives shortcuts. The talent shortage forces overtime. Clients are asking about advisory services you don't have bandwidth to deliver.

After Managed Framework AI: Tax preparation is faster without sacrificing quality. Advisory services are expanding because the team has capacity. Client communications are consistent and professional. Staff retention improves because the work is less grinding. Partners can prove ROI and answer any compliance question with confidence.

The platform is Hatz AI. The methodology is Crawl-Walk-Run. The difference is Framework IT.

CHAPTER 11

AI Governance Readiness Checklist

Is Your Firm Ready?

Use this checklist to assess where your firm stands today. Score yourself honestly. Most firms start with fewer than half of these checked, and that's normal.

Policy and Leadership

- We have a written AI use policy that defines approved tools and prohibited data types
- Our partner group has formally endorsed our AI strategy
- We have designated an internal AI Champion to lead adoption
- Our AI policy has been communicated to all employees, including seasonal staff
- Employees have acknowledged receipt and understanding of the AI policy
- Our AI policy is reviewed and updated at least annually
- Partners actively use AI tools and visibly support the initiative

AICPA Professional Standards and Client Data Protection

- We have documented which client data categories (tax returns, financial statements, K-1s, payroll records) are off-limits for consumer AI tools
- Our AI use policy explicitly addresses AICPA Rule 1.700 (Confidential Client Information)
- We have reviewed engagement letter language to address AI tool usage
- AI outputs that inform client work are subject to mandatory CPA review
- We maintain documentation of AI-related quality control procedures for peer review
- Our firm has assessed whether client notification of AI usage is appropriate for specific engagement types
- We have reviewed AICPA guidance on responsible AI use and incorporated applicable recommendations

Data Protection and Privacy

- We have contractual zero-data-training guarantees from our AI providers
- We know which AI tools our employees are currently using (including free tools)
- Sensitive data categories (client financials, taxpayer information, PII) are defined as off-limits for public AI
- We have Data Processing Agreements in place with every AI vendor
- We have a defined process for classifying data sensitivity levels for AI use
- Employees know which types of data they can and cannot enter into AI tools
- Our Written Information Security Plan (WISP) has been updated to address AI tools

Access Control and Permissions

- AI access is role-based: partners, managers, staff, and seasonal preparers have appropriate permission levels
- We maintain searchable logs of AI usage (who, what, when)
- We can produce an AI governance report if asked by a peer reviewer, auditor, or insurer
- We have a process for reviewing and approving new AI tools before deployment
- User permissions are reviewed and updated when roles change
- Administrative access is restricted to authorized partners or firm administrators
- We have a defined offboarding process that includes revoking AI platform access

Training and Adoption

- Our team has received formal AI training, not just a policy memo
- We have shared prompt templates and best practices documented
- We are tracking AI adoption metrics (usage, time saved, ROI)
- We have a structured plan to expand AI usage over the next 6 months
- New employees receive AI onboarding as part of their standard orientation
- We have identified and developed AI Champions within the firm
- We maintain a use case repository documenting AI wins and lessons learned
- Our team has access to recurring support (Office Hours, coaching, help desk)

Compliance and Insurance

- We can answer "How does your firm govern AI?" with a documented response
- Our cyber insurance provider is aware of our AI usage and governance framework
- Our AI governance aligns with IRS Publication 4557 and FTC Safeguards Rule requirements
- We have reviewed whether state board of accountancy regulations address AI use
- Our vendor management program includes AI-specific evaluation criteria

Workflow and Automation Maturity

- We have identified our top 3 to 5 high-value AI use cases
- We have documented baseline metrics (time, cost, error rates) for at least 1 target workflow
- We have completed at least 1 AI pilot and measured results
- We have a pipeline of future automation opportunities
- We have mapped which pre-built agents and workflows align with our highest-value use cases
- Our AI automations include human review checkpoints for critical outputs

Governance and Continuous Improvement

- We have a recurring forum (partner meeting, steering committee) for AI governance
- We review AI adoption metrics and ROI data at least monthly
- We have a process for prioritizing new AI use cases based on business impact
- We regularly share AI wins and best practices across the firm
- We have a feedback loop between users and the team managing the AI program

- Our AI roadmap is a living document that is updated based on progress and new opportunities
-

How to Read Your Results

0–15 boxes checked: You are in the early stages. Most firms start here. The Crawl phase is designed exactly for this.

16–30 boxes checked: Meaningful progress but significant gaps remain. You are likely ready for the Walk phase.

31–40 boxes checked: Mature AI governance posture. You are in or approaching the Run phase.

41+ boxes checked: High AI maturity. Focus on continuous improvement and expanding to new practice areas.

If you have unchecked boxes, you aren't alone. Most firms do. Managed Framework AI was built to help you check every one of them.

CHAPTER 12

Next Steps

You have the playbook. The question now is what you do with it.

If your firm is ready to move from unmanaged AI usage to a structured, governed, productive AI program, here is how to start:

Request a consultation. We'll walk through where your firm stands today, identify the highest-value opportunities, and show you exactly how Managed Framework AI works. No pressure, no pitch deck. Just a conversation about what makes sense for your practice.

Take the readiness checklist to your partner group. Use it to start an internal conversation about AI governance, risk, and opportunity. The checklist alone is often enough to surface gaps that nobody was talking about.

Stop the bleeding on Shadow AI. Every day your staff uses unmanaged AI tools is another day your client data is at risk and your AICPA compliance posture is exposed. Getting onto a governed platform is the single highest-impact step you can take.

Book a Consultation

Framework IT has spent more than 16 years helping small and midsize businesses get technology right. AI is the next chapter, and we are here to help you write it.

Framework IT
www.frameworkit.com
(312) 564-5446