



AI READINESS ASSESSMENT

Accounting and Tax Leaders

# How **AI is Exposing** the Current Operating Model



Estimation



Capacity



Governance



Financial Visibility

certinia

# Most Firms Underestimate the Data Foundation

AI is accelerating Tax & Audit work. But it is not changing what clients pay for: **confidence, accuracy, and accountability.**

What is changing is the economics.

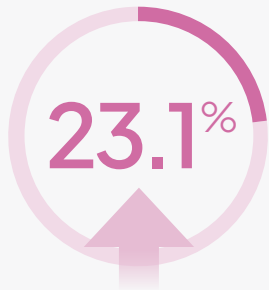
As firms experiment with fixed-fee and value-based pricing, compressed effort can quietly erode profitability unless the operating model evolves with it. In this new environment, small execution gaps quickly become expensive write-downs.

But AI does not fail because it lacks intelligence; it fails because it lacks reliable context.

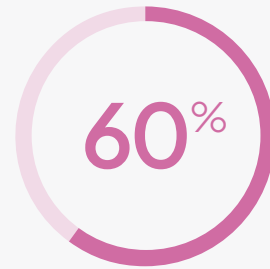
In Tax & Audit, every engagement depends on a chain of connected information—scope, staffing, engagement progress, and financial outcomes. When that data is fragmented or workflows are inconsistent, automation simply accelerates confusion instead of performance. Forecasts drift, scope changes go unnoticed, and billing surprises appear late.

High-performing firms are not distinguished by flashy AI initiatives. They are the organizations that have done the difficult groundwork: standardizing processes, cleaning data, and operating from a shared version of reality. AI cannot fix a weak operating model; it will only expose it.

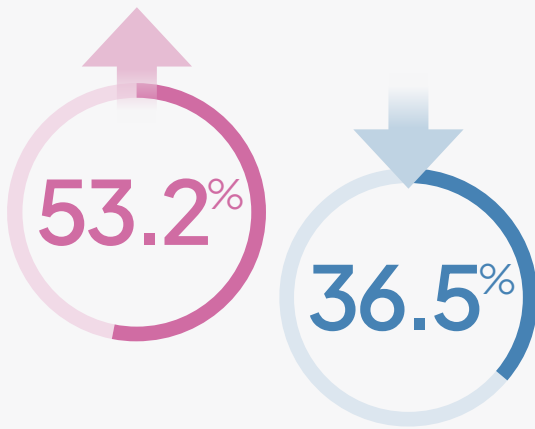
# Industry Reality Check



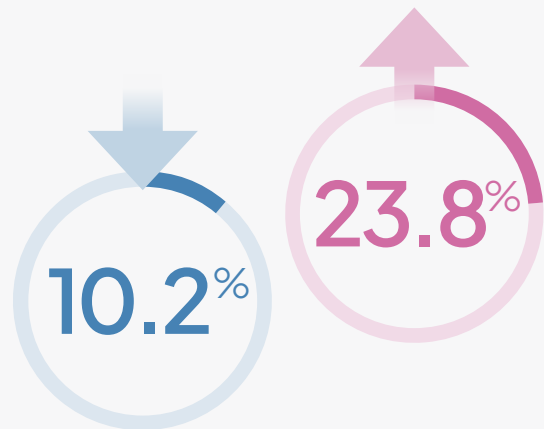
AI in project delivery is rising  
**18.7% → 23.1%** (YoY)



Nearly **60%** still do not have  
an established AI practice



**53.2%** AI-proficient (high performers) vs **36.5%** (others)



EBITDA: **10.2%** (low AI use) → **23.8%** (high AI use)

# The 4 Operating Shifts Tax & Audit Leaders Must Get Right

## 1. From Billable Hours → Margin Per Engagement

When effort compresses, margin volatility increases.

AI embedment correlates strongly with profitability: EBITDA ranges from 10.2% in low AI-use firms to 23.8% in high AI-use firms. But the difference is not experimentation, it is financial control built directly into the execution workflow.

**Can you intercept realization risks and margin erosion before an engagement closes?**

**Do you catch out-of-scope drift and WIP leakage in mid-execution, not at invoicing?**

**Can you explain write-downs by root cause?**

**Do your quotes iteratively improve based on historical realization data?**



If the initial quote is siloed from active execution, managing your margin becomes entirely reactive.

## 2. From Utilization → Capacity Intelligence

65.7% average billable utilization suggests firms have headroom — but utilization alone does not equal profitability.

High performers show a clear AI proficiency gap: 53.2% AI-proficient vs. 36.5% among others. The difference is not simply tool access. It is coordinated staffing, forecasting, and governance.

**Can you forecast capacity 60–90 days out without spreadsheets?**

**Do you staff by complexity and risk — not availability?**

**Is seasonality modeled, or constantly reactive?**

**Can you stabilize utilization without increasing burnout?**

 Efficiency without coordination increases rework. Intelligence stabilizes margin.

## 3. From Automation Experiments → Governed AI

Nearly 60% of firms lack an established AI practice. Many are running pilots. Few have standardized operating and data guardrails.


AI compresses tasks — drafting, documentation, reconciliation, coordination. But in regulated environments, speed without review increases risk.

**Are AI use cases clearly defined and approved?**

**Do teams know what AI can draft vs. what requires expert sign-off?**

**Are review gates non-negotiable?**

**Can you tie AI usage to margin, utilization stability, or forecast accuracy?**

 Automation amplifies whatever system it touches — strong or broken.

## 4. From Quotes as Proposals → Quotes as Financial Control Systems

Quoting and fee estimation are too often treated as pre-sales tools. In a compressed-effort model, they must become financial control systems.

Time-to-positive ROI expectations have stretched to 18.5 months on average. Only 9.5% expect a 12-month ROI. Operational alignment — not experimentation volume — determines returns.

**Does the quote connect to the engagement work plan, resource management, time capture, and billing?**

**Do variances surface weekly?**

**Is scoping and quoting accuracy improving over time?**

**Are planned vs. actual hours reviewed as an operating rhythm?**



When scope → price → execute → bill are disconnected, AI masks drift instead of preventing it.

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### Quick Readiness Check

If you hesitate on more than two of these areas, your firm's operations may not be built for AI-accelerated execution:

**We see realization and margin before the engagement letter is even signed.**

**We forecast staff capacity without manual reconciliation cycles.**

**We identify out-of-scope work and WIP leakage in real-time.**

**AI usage is grounded in firm methodology with complete audit trails.**

**Every completed engagement automatically improves our next fee estimate.**

**Financial visibility (WIP and revenue recognition) is embedded in the workflow.**

# The Bottom Line

AI is accelerating how Tax & Audit work gets done — but it also accelerates the consequences of weak foundations.

Firms with connected data, disciplined processes, and real-time visibility will see AI improve performance. Firms without them will see problems surface faster.

AI will not fix your operating model. It will expose it.

## How Certinia Can Help

Certinia helps professional practices connect estimation, staffing, engagement execution, and financial visibility into a single operating backbone — enabling leaders to adopt AI with confidence rather than volatility.



### Take the Next Step

Schedule a session to evaluate your current approach and identify the changes most likely to protect margin as AI adoption grows.

[Let's Connect >](#)

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