PROMPT WORKS STUDIO

Chaos to calm, built to be yours.

Ridge Street Accounting

AI use policy

Prepared for the Principal

Chad Maxwell · Prompt Works Studio · Toowoomba

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> **A made-up example.** Ridge Street Accounting and its people aren't real. The software, its terms and the rules in it are real, as read on the dates shown.

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Part 1: How this policy was built

This is your final policy, after our call on Monday 2 November. Part 1 records what I found, what you decided and why, so when the Principal reviews it next June, the reasons behind each rule are here. Your firm had a Workflow Audit with me first, so the policy draws on that too. Part 2 is the policy your team signs.

It was written with AI (Claude) and checked by me. It isn't legal or tax advice.

What went into it

Step	When	What it gave the policy
Workflow Audit, half a day in your office	Tuesday 6 October	The five jobs that take the most time, the AI already in use, and the fix-now list
Staff survey, anonymous, all three staff answered	Tuesday 20 to Monday 26 October	Which tools your team uses, what goes into them, and what they'd like help with
Interview with the Principal and the Office Manager, about an hour	Tuesday 27 October	How each job runs, who checks what, and your choices on the hard questions
Each tool's terms read on the vendor's own pages	Up to Monday 2 November	Which tools can take client details (the appendix)
Draft, then our 30-minute call	Thursday 29 October, Monday 2 November	Your decisions below, and one round of changes

What I found, and what the policy does about it

What I found	What the policy does	Section
A free chatbot on a staff member's own phone was drafting reminder emails with client names in them	Personal accounts are out. Reminder emails move to Claude on the firm's Team plan	4, 6
Copilot in Outlook sums up long email threads, and some threads hold tax file numbers clients have emailed in	Copilot is approved for email, but never on a thread with a tax file number or ID in it. Clients are asked to use the portal for those	4, 7
Xero's suggested coding is accepted after a check by hand, but nobody had read Xero's terms	Xero's JAX is approved, since its terms say your data doesn't train it. Xero's suggested coding isn't, since its terms don't say either way	4
Engagement letters and the privacy policy don't mention AI	A clause in every engagement letter and a line in the privacy policy, worded by your adviser	11
You do company set-ups, which from 1 July 2026 can make a firm a reporting entity under the AML/CTF Act. Your adviser has confirmed you are one for that work, so the Privacy Act covers you for it	Data breach steps, and a check on any tool before client details from that work go in	15
Hours on chasing and returns roughly double from July to October	Training is refreshed every June, and no new tool or new use is approved in busy season	3, 10
Nobody was named for AI and there was no list of tools	The Office Manager is the AI lead and keeps the AI register	3, 4
Existing clients haven't agreed to AI yet, and nothing on file says who has	A client's job is marked "AI OK" in Xero Practice Manager once their signed letter's back. No mark, no AI	7, 11

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What your team said

All three staff answered the survey. With five or fewer, you get my summary and not their answers, so nobody can be picked out.

Two of the three use AI now: one on a free chatbot on their own phone, and Copilot and Xero's suggestions in the office. All three want help with reminders and first drafts, and two asked what they're allowed to put in. That's why section 7 lists what can and can't go in, and why every job in section 5 says who checks.

Your decisions

You made these on our call. Where you went a different way from my recommendation, the reason's recorded.

Question	My recommendation, and why	What you decided
What never goes into AI	Tax file numbers, ID, logins, health information, and anything a client asks to keep out. Tax file numbers carry their own legal rules, and the rest would do real harm if it got out	As recommended, with the ID checklist added
What AI is never used for	The figures in a return, advice, checking rulings and sighting ID. Those are the registered agent's to own	As recommended
Client details in Claude	Yes, on the Team plan, for clients marked "AI OK". Anthropic says it won't train on business plan chats by default	As recommended
Tax file numbers that arrive by email	Ask clients to use the portal, and keep Copilot off those threads, so they don't spread	As recommended. The Office Manager also files any that still arrive by email and removes them from the inbox
Xero's suggested coding	Stop accepting it, since Xero's terms don't say whether your data trains it	As recommended. Codes come from the source documents and your own bank rules
Acrobat AI Assistant	Not approved. No job needs it	As recommended
Where AI work is recorded	A note on the client's file, as the TPB asks	**Changed:** a note on the job in Xero Practice Manager, where your team already records time, so it's one place to look
Temporary staff in busy season	No AI tools at all, since they're only with you a few months	**Changed:** they can draft reminder emails in Claude once the AI lead's shown them how, since that's where the busy-season load is
Who's the AI lead	The Office Manager, who runs your software day to day	As recommended
Breaking the policy, and owning up	Handled like any other breach of your rules, and owning up isn't punished, so people tell you early	As recommended

Rules for your field

- **Tax Practitioners Board**, TPB(GS) 55/2026. Client permission before their information goes into an AI tool, checks on AI work written down, and supervised staff. Your policy is part of the quality management system the TPB Code says you must document and enforce. Section 17.
- **CPA Australia.** The Principal and the Accountant are members, so their ethics code applies in full. Be ready to explain how AI was used on a job.
- **The Privacy Act**, through your company set-up work. Section 15 has the data breach steps. From 10 December 2026, a business under the Act that uses personal information in automated decisions that could affect someone's rights or interests has to say so in its privacy policy. None of your approved uses decides anything about a person, so your privacy policy doesn't need that line yet. The register rules out any tool that would.
- **The Fair Work Commission.** You have staff, so section 14 covers its rule on AI in case documents, in force since 20 October 2026.

What's not in it, and why

- **AI agents** that send, book or pay on their own. You don't use any, so the register says they aren't approved.
- **AI note-takers** on calls and meetings. Nobody records or transcribes calls, so they aren't approved either.
- **Copyright** in AI-made work. You don't use AI for marketing or creative work.

If any of that changes, my emails at 3, 6 and 12 months cover it. I can also make changes at a yearly review for $350 inc GST.

Part 2: The policy

AI use policy, Ridge Street Accounting

Policy owner	Principal
AI lead	Office Manager
Version	1.0
Adopted	Monday 2 November 2026
Next review	June 2027
Current copy	The firm's shared Policies folder in Microsoft 365. A printed copy may be out of date, so check the version first
Goes with	Our privacy policy, our engagement letter, and our quality management system

This policy was drafted with AI (Claude) by Prompt Works Studio, then checked and approved by Chad Maxwell. Ridge Street Accounting has read it, changed it to fit and adopted it as its own. It isn't legal advice.

1. Why we have this policy

About 350 individuals and 60 small businesses trust us with their tax and financial details. We use AI to take some of the admin off our plate, like reminder emails and first drafts, so we've got more time for the work only we can do. This policy sets out how we use it so our work stays right and our clients' information stays safe.

2. Who it covers, and what counts as AI

It covers everyone who works for us or with us, including temporary staff in busy season, on any device used for our work, including your own phone.

It also covers anyone we bring in to help, like our IT support. They don't use AI on our clients' information unless it's a tool on our register, used the way the register allows, and the Principal has said yes in writing.

AI means any tool that writes, sums up, suggests or decides things for us. That includes chatbots like Claude, and the AI inside the software we already use: Copilot in Microsoft 365 and Outlook, and JAX and the suggested coding in Xero. It doesn't include ordinary spreadsheet formulas, fixed rules like a Xero bank rule, or plain reports from Xero Practice Manager.

3. Who's in charge

- **The Office Manager is our AI lead.** They keep the AI register in section 4, show new staff how to use our tools, answer questions, and are who you tell when something goes wrong.
- **The Principal is responsible** for all work that leaves the firm, however it was made, and signs off this policy.
- **Each month the Principal looks at three client jobs** in Xero Practice Manager to check AI work was recorded and checked as this policy says.
- **No new tool or new use goes on the register from July to October.** Busy season is when shortcuts happen. A request in that time waits for November.

4. Our AI register

We only use the tools on this list, on the firm's own accounts, for the jobs listed. A tool goes on the list only after the AI lead has read its terms and they say our data won't be used to train it, and the Principal has agreed. Want a new tool, or a new use for one on the list? Ask the AI lead.

The register can change between reviews without the policy being adopted again. Every change goes on the review record, and the AI lead tells the team before anyone uses the change.

Tool	Account	Approved for	Client details?	Approved
Claude	The firm's Team plan, one seat each for the Office Manager, the Accountant and the Bookkeeper, plus a seat for each temporary staff member in busy season, for reminder emails only	Reminder and onboarding emails, the request to a previous accountant, first drafts of engagement letters, the list of documents a client needs, working out what's missing from a file, pulling details from a client's information form, and month-end summaries from a Xero report	Yes, for clients marked "AI OK" (section 11). Never what section 7 rules out	2 November 2026, by the Principal
Microsoft 365 Copilot Chat, in Outlook	Our business Microsoft 365 accounts	Summing up long email threads, and tidying our own wording	Only what's already in the email. Never on a thread with a tax file number or ID document in it	2 November 2026, by the Principal
Xero's JAX	Our Xero subscription	Questions about data already in Xero	Only for clients marked "AI OK"	2 November 2026, by the Principal

Not approved:

- Xero's suggested coding. Xero's terms don't say whether our data trains it (appendix). Code from the source documents and our own bank rules.
- Acrobat AI Assistant. No job needs it.
- Any personal or free AI account, including the free ChatGPT. Its terms let it train on what goes in (appendix).
- AI note-takers, or anything that records or transcribes calls or meetings.
- AI agents that send, book, pay or change things without a person each time.
- Any tool that would make, or help make, a decision about a person. That needs a line in our privacy policy first (section 15).

What each tool's terms say about training is in the appendix.

5. How AI is used in our work

Every job has a person who checks the AI's work before it's used. Some steps stay with people for good (section 8).

Job	Where AI helps	Who checks, and against what
New client onboarding	Welcome email, what's needed, the ATO nomination steps, and the request to the previous accountant, drafted in Claude by the Office Manager	The Office Manager reads each before it's sent. The request only goes once the client's said yes
New client onboarding	Pulling details from the client's information form in Claude, to set them up in Xero Practice Manager. Never the ID or tax file number	The Office Manager checks every detail against the form
Chasing documents	First and second reminder emails, drafted in Claude	The Office Manager reads each before it's sent
Chasing documents	Working out what's still missing from a client's file	The Accountant confirms the list before the client's told
Engagement letters	First draft from our template, in Claude by the Office Manager	The Principal checks the fees and scope and signs every letter
Month-end emails to bookkeeping clients	A summary of the month, drafted in Claude by the Bookkeeper from a Xero report	The Bookkeeper checks every figure against Xero before it's sent
Tax returns	The list of documents needed	The Accountant reads it before it's sent

Right and wrong, in our work

Right. A client's still missing their dividend statements three weeks out from lodging. The Office Manager checks their job is marked "AI OK", then asks Claude for a friendly second reminder using the client's first name and the document's name, nothing more. They read it, fix the tone, send it from Outlook, and add a line to the job in Xero Practice Manager: "Reminder drafted in Claude, checked by the Office Manager."

Wrong. A client emails their tax file number and a photo of their driver's licence, and the thread runs to 20 messages. Someone asks Copilot to sum up the thread to save time. That's two things the policy rules out: Copilot on a thread with a tax file number or ID, and ID going into AI at all. What to do instead: file the email to the client's record, remove it from the inbox, reply asking the client to use the portal next time, and tell the AI lead.

Wrong. It's August, the team's flat out, and the Bookkeeper finds a free AI tool that reads bank statements into a spreadsheet. It isn't on the register, and nothing new goes on in busy season. What to do instead: keep using Xero's own feeds, and put the tool to the AI lead in November.

6. Personal accounts

Don't use a personal AI account for our work, on your phone or anywhere else. That includes the free version of a tool we pay for at work. If you've got client details in one now, tell the AI lead. You won't be in trouble (section 16).

7. What goes in, and what never does

- Our own templates, public information and general questions can go into any tool on the register.
- Client details go in only where the register allows it, for clients marked "AI OK", and only what the job needs. Leave out anything else.
- **Never put in:** tax file numbers, ID documents or the ID checklist, myGov or bank logins and passwords, health information (like medical receipts for a claim), or anything a client has asked us to keep out.
- **Tax file numbers by email:** ask the client to use the portal next time. File the email to the client's record, remove it from the inbox, and don't use Copilot on that thread.
- **Clients without "AI OK" on their job:** their details don't go into any AI tool, JAX included. That covers clients who've said no, and anyone whose signed letter isn't back yet.
- If something goes in by mistake, tell the AI lead the same day.

8. What we never use AI for

- **The figures in a tax return.** They're the Principal's responsibility as the registered agent.
- **Advice a client acts on.** It comes from a person.
- **Checking a ruling or a rate.** AI can produce rulings that look real and aren't. Check the source itself.
- **Sighting a new client's ID.** It's done in person or on video, by a person, and recorded as the TPB asks.
- **Anything meant to mislead anyone.**

9. Checking AI work

- The person who checks must know the work well enough to spot a mistake. Section 5 says who.
- Check names, figures and dates against the source: the client's forms, Xero, or the documents they sent. AI can make things up that look right.
- Don't use AI to answer a question you couldn't check yourself.
- If you're not sure an answer's right, don't use it. Ask.

10. Training

- Before anyone uses a tool on the register, the AI lead shows them how, what it's approved for, and this policy, and they sign the sign-off page. That includes new and temporary staff, before their first day in busy season.
- Every June, before busy season, the whole team goes over this policy again, along with any change to the register.
- The AI lead keeps a list of who's been shown what, and when.

11. Telling our clients

- Our engagement letter tells clients how we use AI and asks for their OK before their details go into an AI tool. Our adviser worded the clause. It's in every new letter from Monday 9 November 2026, and existing clients get it with their next letter.
- Our privacy policy says we use AI tools and which kinds of information go into them.
- When a client's signed letter comes back agreeing, the Office Manager marks their job "AI OK" in Xero Practice Manager. If they say no, or the letter isn't back, there's no mark, and their details stay out of AI (section 7).
- If a client asks how AI was used on their work, we tell them.

12. Keeping a record

When AI helps with a client's work, add a note to the job in Xero Practice Manager: the tool, what it did, and who checked it. It takes a line, and it's what the TPB asks us to keep.

13. Fake voices and messages

AI can copy a voice or a face. Before we pay anything, change bank details for us or a client, change where a client's refund goes, or give anyone access to our systems, we call back on a number we already have on file. That goes even when the request seems to come from the Principal, or from a client we know well.

14. Fair Work Commission documents

If AI helps write anything for a Fair Work Commission case, the document says AI was used and how, and a person checks it and says they have. Using AI only for spelling, grammar or layout doesn't count. A witness statement is in the witness's own words. Other people's personal details and confidential case information don't go into AI for it at all. The Commission counts paid Claude and Copilot as public AI, so that covers both of our tools.

15. Privacy and data breaches

- We're covered by the Privacy Act for our company set-up work. Our adviser confirmed this in October 2026. As a tax agent, we also follow the Privacy (Tax File Number) Rule for every tax file number we hold.
- If personal information goes somewhere it shouldn't, through AI or anything else, tell the AI lead the same day. The AI lead and the Principal act straight away to contain it.
- The Principal then works out, within 30 days, whether it's likely to cause someone serious harm. If it is, and we can't stop that harm, we tell the people affected and the OAIC, as the Privacy Act requires.
- Before any tool would make, or help make, a decision about a person, our privacy policy has to say so. That rule applies from 10 December 2026.

16. When something goes wrong

- Tell the AI lead the same day if client information went somewhere it shouldn't, AI work went out with a mistake in it, or a tool did something unexpected.
- If a tool is down, we carry on by hand as we did before.
- Breaking this policy is handled like any other breach of our rules. Owning up to a mistake, or to AI you've already been using, won't get you in trouble. We'd rather know.

17. Our work as tax agents

- We get a client's permission before their information goes into an AI tool, through our engagement letter. We tell them who the information goes to, where it's stored, and that AI may be used.
- This policy is part of our quality management system, which the TPB Code says we must document and enforce.
- We check AI work at each step and write the checks down (section 12).
- AI inside Xero is covered by this policy like any other tool, which is why only JAX is on the register.
- As CPA Australia members, the Principal and the Accountant still follow their ethics code in full. Be ready to explain how AI was used on a job and what was checked.

18. Reviewing this policy

The Principal reviews this policy each June, before busy season, and sooner if we take on a new tool, something goes wrong, or the law or the TPB's guidance changes. Every review goes on the review record, even when nothing changes. When the policy changes, everyone signs a fresh sign-off page.

Review record

Fill in a row at every review, and whenever the policy or the AI register changes. The AI lead keeps this page with the policy.

Date	What was reviewed or changed	Why	Reviewed by	Team signed again?
2 November 2026	First adopted	Written after the Workflow Audit and the policy interview	Principal	Yes, all four

Sign-off

Everyone who works for us signs this page: the team on the day the policy's adopted, and anyone who joins later, before they use any AI tool for our work (section 10). When the policy changes, everyone signs again on a fresh page. The AI lead keeps the signed pages.

Version signed: 1.0, adopted 2 November 2026.

By signing, I confirm I've read this policy, I've been shown the tools I'm approved to use, and I'll follow it.

Role	Name	Signature	Date
Principal			
Accountant			
Bookkeeper			
Office Manager			

Appendix: what each tool's terms say about training

Read on each vendor's own pages. Before approving Claude, Copilot Chat and JAX, the AI lead also read each one's contract terms.

Tool	What the vendor says	Where, and when read
Claude, Team plan	"By default, we will not use your inputs or outputs from our commercial products (e.g. Claude for Work ...) to train our models", unless someone sends feedback with the thumbs up or down	privacy.claude.com, 29 September 2026
Microsoft 365 Copilot Chat	"Your data isn't used to train foundation models", and "We won't use your data except as you instruct."	learn.microsoft.com, enterprise data protection page, 2 November 2026
Xero's JAX	"No, JAX chat doesn't use your data to train the LLMs it uses."	xero.com/au, 10 October 2026
Xero, terms of use (suggested coding, not approved)	Xero "may create anonymised statistical data from your data" and use it "to provide and improve our services, to develop new services or product offerings". No Xero page read for this policy says whether your data trains its AI	xero.com/au/legal/terms, 2 November 2026
Acrobat AI Assistant (not approved)	"When you use AI Assistant, your content stays yours because it's never used to train Adobe's AI models." Not approved because no job needs it	adobe.com/au, 2 November 2026
ChatGPT, free version (not approved)	"When you use our services for individuals, such as ChatGPT and Codex, we may use your content to train our models."	help.openai.com, 10 October 2026