



# AI MANAGEMENT ESSENTIALS (AIME) CONSULTATION

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ICAEW welcomes the opportunity to comment on the consultation on the AI Management Essentials Tool published by the Department for Science Innovation and Technology on 6 November, a copy of which is available from this [link](#).

This response of has been prepared by the ICAEW Tech Faculty. Recognised internationally for its thought leadership, the faculty is responsible for ICAEW policy on issues relating to technology and the digital economy. The faculty draws on expertise from the accountancy profession, the technology industry and other interested parties to respond to consultations from governments and international bodies.

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## KEY POINTS

1. We agree with the Department of Science, Innovation and Technology's (DSIT) assessment of the challenge faced by SMEs in being aware of and navigating the proliferation of requirements and guidance contained in regulations, standards and guidance, and that a tool like the AI Management Essentials could be vital in supporting the responsible development, implementation, and use of AI by SMEs. However, whilst there are many positive elements, we do not believe that enough thought has been given to the end user of the tool.
2. SMEs identified the following positive aspects of the tool:
  - It provides helpful considerations around what they need to do to govern AI effectively. For example, a couple of SMEs identified having an AI policy as something they had not thought about, but that would be useful for their business, and which they would now be considering as a result of working through the tool.
  - The description of terminologies and concepts is helpful for those completing the questionnaire, many of whom are unfamiliar with AI related terminology and concepts. However, SMEs felt that more could be done to improve these descriptions.
  - The alignment with existing legal obligations in the General Data Protection Regulations (GDPR) and the Equalities Act and linking to existing guidance is helpful. DSIT should reference additional available guidance to inform completion of the questionnaire and actioning of results. Such references could include:
    - The Information Commissioner's Office (ICO) [Guidance on AI and Data Protection, AI and data protection risk toolkit, Guidance on explaining decisions made with AI](#) and [guidance on fairness, bias and discrimination](#).
    - UK Statistics Authority's [ethical considerations relating to synthetic data](#).
    - Guidance and templates for conducting impact assessments in regulated sectors.
3. Despite that, the tool seems tailored towards SMEs in technology related fields, with a good grasp of AI related concepts, and terminology. This may be a reflection of the previous consultation and engagement process. Most SMEs are consumers rather than builders of AI models, with limited understanding of AI tools, concepts and terminology. Consequently, many would struggle to understand the questions, despite the supporting information, and would find it hard to complete the questionnaire, or indeed appreciate its value.
4. In addition, many SMEs will not have the governance and management processes in place to respond positively to the questions. This could introduce uncertainty and hesitancy to adopt AI, particularly in regulated environments. Without suitable supporting guidance and resources to address identified issues, SMEs may be scared off exploring and adopting AI. Providing education, additional supporting guidance, resources, tools (such as templates for documenting AI systems), and advice can help SMEs better understand the objectives and how to go about achieving them. ICAEW Chartered Accountants who advise over 3 million businesses across the UK and are involved in many assurance activities can play a role in advising SMEs on how to complete the questionnaire and improve AI Management.
5. It is also important to consider how the tool will fit into the UK regulatory environment which is looking to take a sector specific approach. Consideration should be given to how the tool could reflect sector specific requirements (perhaps by linking to relevant requirements and guidance in relevant questions), and how it will be updated to reflect the evolving technological and regulatory landscape in the UK and wider.

## ANSWERS TO SPECIFIC QUESTIONS

### **Question 1: What are your general impressions of the AIME tool?**

6. As summarised above, the tool can be a helpful resource for SMEs. In particular it could be a good driver for businesses to consider their software stacks and data, and to seek additional support beyond what the tool provides. However, it requires some further thought and refinement to make it truly helpful.

## 7. Below are additional recommendations for refinement of the AIME tool:

- While AI systems have been defined, AI itself has not been defined. What is classified as AI is a subject of debate and many SMEs will not be able to distinguish between AI and other types of automation. Unless those completing the questionnaire have a clear and consistent understanding of what to identify as AI models and systems, they are unlikely to complete the questionnaire effectively. A reference to a definition such as that contained in the UK AI regulation white paper, or that of the Organisation for Economic Co-operation and Development (OECD) would be helpful.
- Even with AI defined, there can be a problem in identifying AI systems as SMEs may not be aware when they are using AI embedded in vendor supplied products. The challenge is compounded by the proliferation of vendors marketing their products as AI enabled when they are not in fact AI systems. For the AIME tool to be effective, it will need to be supported by an ecosystem that makes it easier for users of vendor supplied systems to identify where they are using AI enabled products, perhaps by encouraging transparency through regulatory requirements or assurance mechanisms.
- The questionnaire requires a level of technical competence and understanding of AI that many SMEs will not have. For example, they may not understand how to document an AI system, and although guidance is provided with reference to tools such as model cards, this may not mean much to SMEs. In addition, the roles suggested to complete the questionnaire such as CTO, AI Ethics Officer and HR Business manager are unlikely to exist in small businesses. SMEs are likely to require the assistance of consultants to complete the questionnaire, and this will involve a cost they may not be willing or able to bear in the current economic climate. Government can help by providing cheaper access to consultants and advisors, similar to the National Cyber Security Centre's Cyber Advisor scheme which aims to offer cost effective cyber security advice and practical support.
- It would be helpful to have different versions of the questionnaire, tailored to different AI audiences ie, one for developers which is more technical, and one for implementers and users, which is less technical and focusses more on implementation and oversight. This will help make the questionnaire more targeted and relevant for those completing it, and it can be implemented using the questionnaire decision tree.
- SMEs and Startups are likely to have a less mature AI management and governance processes and therefore a lower score and longer list of recommendations after completing the questionnaire. There are concerns about having the necessary financial resources and expertise to make any necessary improvements, and unless support is provided to address the gaps, they may not be able to take the required remediation activities, This could mean that they are left behind, and lose out to bigger players, especially where the tool becomes embedded in procurement processes.
- The questionnaire is good at defining "what" needs to be done, but not how to do it, or what good looks like. For example, question 1.4 asks about requesting and receiving documentation, assets and resources from third party providers, but gives no direction as to what sort of documentation SMEs should be asking for. Knowing what type of information to request from AI vendors, and what to look for is a challenge that has been expressed by many SMEs. It would be helpful to include supporting guidance about what questions to ask, along with examples of what good looks like. For example, having a standard set of questions for environmental and social impact assessments would reduce the potential burden on smaller suppliers receiving large variations of the same questions, and will help procuring businesses know what questions to ask. This supply chain information is critical for SMEs to effectively complete the questionnaire. Examples of ways SMEs can get information around vendor supplied products include:
  - Suppliers sharing their responses to the AIME tool with customers.
  - Suppliers providing third party assurance reports such as Service Organisation Controls (SOC) reports that look at their AI Management Systems and

processes, which could save vendors having to provide the same information to customers separately and makes the information readily available. It will also support the development of the AI assurance ecosystem where third parties can verify these assessments.

Similarly, AI Impact Assessments (AIAs) are broad in scope and those related to topics such as environmental impact of AI may be completely new for SMEs, and they may need guidance on what this means and what it looks like.

- Most questions are yes/no tick-box questions, which do not necessarily reflect the quality of the process and there is a danger of businesses getting a false sense of assurance from positively completing the questionnaire. For example, an SME may be asking vendors questions and getting documentation, but they may not be the right questions. Whilst the questionnaire is focussed on having processes in place, more emphasis should be placed on having the right processes in place. This is partly done through follow up questions in some of the questions but can be strengthened by providing more guidance on what good looks like.
- As with other government initiatives, there is a risk that the tool will not have the desired level of visibility and awareness amongst SMEs. They may also not understand the benefits of using the tool, especially as it does not result in any sort of certification. DSIT should work with relevant bodies to ensure that SMEs are aware of the tool, its benefits and the support available. Communication will also be key to understanding the limitations and purpose of the questionnaire to avoid expectation gaps where completion of the questionnaire may be misunderstood to mean compliance with the underlying standards, frameworks and regulation. It can also clarify the focus of the questionnaire on AI management systems rather than the governance of AI itself. A free webinar or training course can help aid understanding prior to completion.

**Question 2: Does the overall structure of the tool make sense? Why/why not?**

8. The structure of the tool broadly makes sense. However, with the intention of it being an interactive decision tree like the Cyber Essentials readiness toolkit, we believe that there could be a better separation between respondents who develop tools, and those procuring AI as a Service. We would argue that the key question which should begin the assessment should be around the use of third-party tools. This should have a greater bearing on what questions are selected and used in the described decision tree. It would also allow for the tool to better distinguish the respondent's level of control over the model and the associated roles and responsibilities such as around detecting unfairness, unintended bias, or reporting issues. Additionally, this will allow for the actions that arise from the assessment to be better tailored and clearer for SMEs.
9. The tool needs refining to reflect the difference between questions where the answer is "No" and remedial action needs to be taken, and where the question is not applicable. An example of this is question 4.1, where the question talks about "where relevant", but the options to respond are only "Yes" and "No". A third option to show that the question is not applicable such as "N/A" would be useful.
10. We also recommend that DSIT consider an "I don't know" option for users of the tool, which could provide resources for the respondent to educate themselves and guidance for them to follow in getting the required information, including who they can consult internally or externally.

**Question 3: Would you change the order of any of the sections/questions? If yes, which questions and why?**

11. No.

**Question 4: We are planning to format the final version of the tool as an interactive decision tree (loosely based on the Cyber Essentials readiness tool). Do you agree that this format is intuitive/easy to use? Why/why not?**

12. We think loosely basing the tool on Cyber Essentials is a good basis as Cyber Essentials is straightforward to use, and the decision tree format makes sense. While using Cyber Essentials as an inspiration, it is important to note that a **DSIT survey** earlier this year found that after 10 years only a tenth of organisations were even aware of Cyber Essentials and a fifth had controls in place in the five key areas. These proportions are even lower for SMEs, the target audience for the AIME tool. So, while intuitive as a format, real thought needs to be given to how the government will raise awareness and adoption of the tool to promote effective AI management, including the development of feedback loops to meet user needs, market developments and regulatory approaches.

**Question 5: Are there any questions that you think are difficult to answer? If yes, what are they? Why are they difficult to answer?**

13. Yes. Most questions would be difficult for SMEs to answer due to the challenges previously raised including uncertainty of what counts as AI, limited transparency around where AI has been used in vendor products, and lack of skills and expertise to respond to the questionnaire.
14. SMEs have indicated that questions around fairness, bias and impact assessments are particularly difficult to answer. For example:
- Question 3.2 “Do you have clear definitions of fairness with respect to these AI systems” – The question sets the same requirement for different types of AI systems eg, those that use personal data for client communication and those that make decisions based on protected characteristics. It is difficult to apply and define fairness for AI systems which only hold personal information for limited purposes eg, chasing clients for information, or as a result of analysing or extracting data from invoices through optical recognition systems. The questions in the tool should reflect context and relevance.
  - In addition, the definition of fairness as a broad principle could be supported by reference to a more granular definition of fairness such as that of the ICO to make it more helpful.
  - Question 4.1.3 – The Societies and environment impact assessment is completely novel (where the legal, physical or psychological impacts on individuals appear similar to DPIAs) and could have enormous scope. It is not clear how this assessment would be managed between vendors and buyers and we recommend that DSIT produce guidance and resources eg, templates to help define what the minimum standard for impact assessments looks like and link the guidance within the tool.
  - Question 8.4 – there is no guidance as to what constitutes “high risk to individual’s interests”, and the link to the ICO Guidance on DPIAs is not working. Although respondents can use the name to search separately for the guidance, they may not always do so. Including a definition of high risk within the tool itself may therefore be helpful. In addition, DSIT should reconsider how best to point users to relevant guidance and have a process to ensure that any reference links remain active and relevant.

**Question 6: Are there any questions that you think are superfluous/unnecessary? If yes, what are they? Why are they superfluous/not needed?**

15. Question 7.4 “Do you have processes to ensure compliance with relevant bias mitigation measures stipulated by international or domestic regulation?” - The question seems to defeat the purpose of AIME ie, helping SMEs to navigate a complex standards and regulation ecosystems by distilling key requirements into one place. It seems to expect SMEs to have a process to identify and comply with all relevant bias related regulatory requirements and to have an understanding of international and domestic regulation in relation to bias. If they can

do this for bias, they could probably do it for all regulatory requirements and would not have much use for the AIME tool.

**Question 7: Are there any questions that you particularly liked or would find helpful for improving your internal processes? If yes, what are they? Why are they helpful/appealing?**

16. Yes. Question 2.1 in particular was identified by SMEs as having provided good food for thought as they had not previously considered having a policy around the use of AI but thought it would be helpful for their businesses. However as previously stated, they would find additional guidance on what that should look like helpful.

**Question 8: Are there any necessary conditions, statements, or processes that you feel are missing that organisations should be implementing? What are they?**

17. The tool should also consider the enhanced requirements of regulated firms perhaps by asking whether respondents are regulated, and if so by which regulator(s). This will allow for clearer identification of additional requirements and guidance for regulated sectors in line with the UK's pro-innovation approach to AI regulation set out in 2023.
18. There also needs to be a question to identify the types of models being developed or deployed. Depending on which algorithmic models are considered as "AI", one could be utilising a very interpretable regression model or decision tree through to opaque neural networks or generative pretrained transformers (GPT). Given the tool is aimed at SMEs and startups, it is important to acknowledge the differences in interpretability and transparency, which may impact the types of questions asked.

**Question 9: Is the tool overly burdensome or unrealistic for the target audience, (ie, organisations with limited resources to extensively engage with AI governance frameworks, for example, start-ups and SMEs)**

19. SMEs who trialled the tool felt that although the tool could be useful, completing it effectively in its current state would be difficult and unrealistic for the reasons outlined above. In addition, SMEs were not convinced that the benefits of completing the questionnaire would be worth the effort, which for most SMEs would be high as they will struggle to answer the questions and address the gaps.
20. Some SMEs stated that in its current state the tool could be perceived as daunting, and with the legal and regulatory risks many businesses might face, they may well choose not to use AI tools. It could be a helpful exercise for SMEs to use this tool, but the benefits need to be outlined and made clearer as it could be perceived as a burden.

**Question 10: We are exploring the possibility of embedding AIME in government procurement frameworks. In this model, organisations supplying government with AI products and services would be required to complete the tool to demonstrate baseline responsible AI management processes. Do you agree that this would incentivise organisations to implement responsible AI management systems?**

21. We agree that it will incentivise firms with existing contracts with the government, and that it could incentivise firms with the intention of working with the public sector. However, there are some points to consider:
- As SMEs will find it harder to complete the tool there is a risk that they will lose out on opportunities which will go to bigger businesses that have more resources and more established processes. Government support in terms of consultancy and guidance as suggested in the points above can help to address this.
  - Completing the AIME tool will not necessarily demonstrate baseline responsible AI management processes, as it is a self-assessment questionnaire, and in its current form, it is focussed on the existence of processes, and not necessarily on their quality. In addition, no evidence is required. As such businesses may simply respond "yes" to all the questions whether or not they have the processes in place. If the tool is to be

used to demonstrate responsible AI management, measures such as certification may be more effective.

22. We would encourage the government to explore conversations with the insurance sector to encourage adoption of the tool and a certification process as they have with cyber essentials, where having some form of cyber essentials certification would help provide some indemnity. This would also support the government's aim to foster an AI assurance ecosystem.

***Question 11: Do you believe that embedding AIME in government procurement processes could have an adverse effect on competition (eg, add disproportionate burden on SMEs, who may have less resources/capacity to fill out a tool like this, compared to larger organisations)?***

23. We believe that it would – see response to question 10 above.
24. We appreciate the effort to consider and reduced burdens on SMEs and the challenges for government to be responsible in its use of tools and services while incentivising competition. Ultimately this would be an additional requirement on top of the existing **list of requirements** which will be expected of public sector vendors.