

IAASB Technology Quality Management Roundtables

BRIEFING NOTE FOR PARTICIPANTS

Foreword by Tom Seidenstein, Chair of the International Auditing and Assurance Standards Board (IAASB)

The global audit profession stands at a pivotal moment. Emerging technologies—particularly artificial intelligence—are reshaping audits and assurance engagements. These innovations offer new opportunities to enhance engagement quality, improve efficiency, and expand the scope and value of assurance services.

As we embrace transformation, we must ensure the public trust remains the central focus of our work. Technology, when responsibly deployed, has the potential to strengthen engagement quality and confidence in the profession.

We launched our **Technology Quality Management Workstream** to examine how the profession can harness technological innovation responsibly. This initiative aims to support firms, practitioners, and stakeholders of audit and assurance engagements—including regulators, audit committee members, investors and other users of external reporting, and academics—as they navigate this evolution.

The roundtables form an important starting point for this effort. They are not intended to deliver conclusions, but rather to surface practical insights, real-world challenges, and diverse perspectives that will guide our next steps.

Your input will help the IAASB determine whether additional support—such as non-authoritative materials or other activities—can foster innovation while reinforcing engagement quality and protecting the public interest that underpins the profession.

Overview

Purpose of Roundtables

The IAASB is convening a series of roundtables to explore how its quality management standards—specifically International Standard on Quality Management (ISQM) 1¹ and International Standard on Auditing (ISA) 220 (Revised)²—are being applied in managing the quality of emerging technologies, particularly artificial intelligence (AI), in audit and assurance engagements (“engagements”).

The focus is on a category of technological tools referred to in this briefing note as *emerging technologies*—technological tools that pose unique quality management challenges because they exhibit one or more of the following characteristics.

- **Opacity:** the tool’s logic or decision-making process is not transparent (often referred to as “black-box” behavior).

¹ International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

² International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*

- *Non-determinism*: where identical inputs can produce different outputs due to probabilistic processing, contextual sensitivity, or other unpredictable influences.
- *Adaptivity*: the tool evolves post-deployment through user interaction, updates, or retraining.

These characteristics are especially common in generative AI (Gen AI) tools, which have gained significant prominence across professional and business contexts. While these characteristics do not inherently conflict with the IAASB's standards, they raise distinct implementation challenges that merit focused discussion.

The roundtables aim to:

- Identify practical challenges and emerging best practices;
- Understand where the application of ISQM 1 and ISA 220 (Revised) is unclear or challenging to apply in relation to emerging technologies;
- Explore whether the IAASB should develop non-authoritative materials—such as practice notes, guidance, illustrative examples, or FAQs—or undertake other activities to help support consistent, high-quality application of its standards and reduce the risk of regulatory fragmentation (see **Section 3.1** for more information).

The primary purpose of these discussions is exploratory—surfacing real-world experience and insights. Possible outcomes, depending on the feedback received, may include non-authoritative materials or other activities to support consistent application of the standards.

Roundtable Participants, Format and Discussion Questions

Participants and Perspectives

To promote a well-rounded discussion across four discussion sessions (see below), participants are encouraged to engage from the perspective of their respective roles while engaging with cross-cutting questions to ensure all perspectives are heard:

- *Audit Firms and Practitioners*: Share how emerging technologies—including AI—are being used in engagements and how quality is being managed at both firm and engagement levels.
- *Regulators*: Provide expectations for governance and quality management practices that support responsible, well-regulated use of AI in engagements.
- *Audit Committee Members, Investors and Other Users of External Reporting*: Offer views on what builds trust and enhanced confidence when AI is used in engagements, including transparency and oversight expectations.
- *Academics*: Contribute research-based insights or frameworks to support effective application of quality management principles in tech-enabled environments.
- *Other Participants*: Policy leaders, innovators, and cross-sector experts are encouraged to contribute insights that can broaden understanding and enhance collective learning.

Format and Discussion Sessions

Each roundtable will consist of approximately three hours of active discussion, plus a 30-minute break. The agenda is structured around four focused sessions. Each session will begin with a brief introduction to frame the topic, followed by an open discussion guided by targeted prompts. Facilitators will provide short

examples at the start of Session 1 as a common reference point for all participants in the context of AI implementation and use. The table below outlines the session focus areas, durations, and associated questions that will shape the dialogue.

	FOCUS OF SESSION	DISCUSSION QUESTIONS	TIME
SESSION 1 Use of AI in Engagements	<p>To explore how emerging technologies—particularly AI tools such as Gen AI—are being used, or expected to be used, in engagements</p> <p><i>This session lays the groundwork by exploring real-world AI use in engagements. Firms can offer practical examples, but all participants are encouraged to share insights from oversight, policy, research, or market trends.</i></p>	<p>(a) How are practitioners using AI, including Gen AI, and what quality enhancements or efficiencies have these technological tools contributed in engagements?</p> <p>(b) What emerging technologies are on the horizon for use by practitioners in engagements?</p>	± 45 mins
SESSION 2 Applying the IAASB's Quality Management Standards	<p>To share practical experiences—successes and challenges—in applying ISQM 1 and ISA 220 (Revised) to emerging technological tools that exhibit opaque, non-deterministic or adaptive behavior</p>	<p>(a) Have you found aspects of ISQM 1 or ISA 220 (Revised) unclear or challenging to apply in relation to emerging technologies, including AI tools?</p> <p>(b) How are firms evaluating whether tools are fit for purpose before deployment?</p> <p>(c) How are firms monitoring tools after deployment, particularly when tools learn or adapt?</p> <p>(d) What risks should be managed at the firm level, and which are best addressed by engagement teams?</p> <p>(e) Are there examples of good practices in documenting tool use, oversight, or outputs?</p>	± 45 mins
SESSION 3 Stakeholders' Expectations	<p>To explore perspectives from regulators, audit committee members, investors and other users of external reporting, and</p>	<p>(a) What quality management principles are essential to fostering trust in AI-enabled engagements?</p>	± 45 mins

	academics on how AI should be quality managed to support trust in engagements	<p>(b) What forms of transparency or disclosure are expected by stakeholders?</p> <p>(c) How should engagement teams demonstrate the exercise of professional judgment and professional skepticism when using AI outputs?</p> <p>(d) Based on what you heard in sessions 1 and 2, are there risks or concerns about AI use that are not yet being addressed by existing practices?</p>	
SESSION 4 The IAASB's Role	To explore perspectives on what type of support would be most helpful in promoting clarity, consistency and acceptance of quality management principles for emerging technologies	<p>(a) Should the IAASB provide additional support regarding the application of its quality management standards to emerging technologies, including AI?</p> <p>(b) What forms of support would be most useful—whether through non-authoritative materials (e.g., practice notes, guidance, illustrative examples, FAQs) or through other activities, and what these might entail?</p> <p>(c) How can the IAASB foster innovation while reinforcing its public interest mandate?</p>	± 45 mins

Contents of Briefing Note

- **SECTION 1: Introduction (p. 6)**
Sets the stage for the Technology Quality Management Workstream and highlights why ISQM 1 and ISA 220 (Revised) are central to governing the use of emerging technologies
- **SECTION 2: Applying ISQM 1 and ISA 220 (Revised) to Emerging Technological Tools (pp. 7–11)**
Explores how firm-level and engagement-level quality management principles apply to emerging technologies, including certification, supervision, professional judgment, and challenges posed by opacity, non-determinism, and adaptivity

- **[SECTION 3: The Case for Additional Support](#) (pp. 12–13)**
Analyzes whether existing principles sufficiently address implementation challenges and presents arguments for IAASB to consider non-authoritative materials or other activities to promote consistent, high-quality application
- **[SECTION 4: Insights from Other AI Governance Frameworks](#) (pp. 14–15)**
Draws on global AI governance principles (e.g., risk-based proportionality, human accountability, explainability, lifecycle governance, and alignment with public interest) to inform how IAASB standards could be operationalized
- **[APPENDIX A: Primer on Gen AI](#) (p. 16)**
Provides a plain-language overview of Gen AI, its unique characteristics, and examples of use in audit and assurance engagements
- **[APPENDIX B: Notable AI Governance Frameworks](#) (p. 17)**
Links to notable AI governance frameworks from other organizations that can inform the IAASB's work

Next Steps Following the Roundtables

Feedback from the roundtables will inform the IAASB's next phase of work under its Technology Quality Management Workstream. IAASB Staff will present roundtable insights and their initial views and recommendations at the December 2025 IAASB meeting.

The IAASB remains committed to a transparent, inclusive process to ensure its standards support a high-quality, innovation-ready profession grounded in the public interest.

SECTION 1

INTRODUCTION

The IAASB recognizes the tremendous potential of emerging technologies, including AI, to enhance engagement quality, improve efficiency, and expand the scope and value of assurance services. As AI tools become increasingly integrated into business processes, the relevance and credibility of engagements will, in part, depend on the profession's ability to apply these tools with rigor and confidence.

At the same time, it is essential to work collaboratively with firms, practitioners, and other stakeholders of audit and assurance engagements—including regulators, audit committee members, investors and other users of external reporting, and academics—to understand and address the risks introduced by emerging technologies. Risks include unexplainable tool-generated conclusions, potential bias in data or outputs, and variable results from identical inputs. These risks are not insurmountable, but they are real and require thoughtful management.

1.1 The IAASB's Response

In line with this commitment, the IAASB adopted its [Technology Position](#) in September 2024 and launched its [Technology Quality Management Workstream](#) in June 2025. This workstream responds to feedback that applying the principles in the IAASB's quality management standards—specifically ISQM 1 and ISA 220 (Revised)—can be challenging in the context of emerging technologies.

Stakeholders have raised important questions about how to evaluate and manage emerging technologies, as defined in the **Overview** section for reference, particularly those exhibiting opacity, non-determinism, or adaptivity.

These characteristics are particularly prominent in Gen AI tools, which generate text, data, or other content based on learned patterns in large datasets. While these traits do not inherently conflict with the IAASB's quality management principles, they do introduce distinct implementation challenges—particularly when such tools are used to support professional judgment, gather evidence, or form engagement conclusions.

ISQM 1 and ISA 220 (Revised) are the IAASB's core quality management standards, and thus the logical starting point for examining how emerging technologies should be governed in practice.

This workstream aims to engage the global external reporting ecosystem to identify where uncertainties exist, and whether additional support—such as non-authoritative materials or other activities—may help bridge the gap between principles and practice.

SECTION 2

APPLYING ISQM 1 AND ISA 220 (REVISED) TO EMERGING TECHNOLOGICAL TOOLS:

From Firm-Level Tool Certification to Engagement-Level Use

2.1 Introduction

Emerging technologies, including AI, promise to transform the execution of engagements. While these technologies offer significant opportunities to enhance quality, efficiency, and scope, they also challenge long-standing quality management practices and assumptions.

This section explores how the IAASB's core quality management standards work together to manage the quality of technological tools used in engagements:

- **ISQM 1** establishes the foundation for a firm's system of quality management (SoQM), including processes for evaluating, approving, and maintaining the technological tools used in engagements.
- **ISA 220 (Revised)** describes the responsibilities of engagement partners and teams to ensure that such tools are used appropriately and effectively within the specific context of an engagement.

These standards emphasize that quality management over technological tools is a shared responsibility:

- **Firms** are generally³ accountable for vetting tools before deployment across their assurance practices, ensuring they remain fit-for-purpose, and implementing the necessary governance and controls throughout their lifecycle.
- **Engagement teams** are responsible for using those tools in a manner that is appropriate to the engagement, interpreting their outputs with professional skepticism, and ensuring that the tools do not replace professional judgment.

Traditional vs. Emerging Technological Tools: Deterministic vs. Non-Deterministic Behavior

Historically, the technological tools used in engagements have been deterministic—for a given input, they produce a consistent, rules-based output. These tools often rely on explicitly programmed algorithms, making certification, monitoring, and version control relatively straightforward under established quality management frameworks.

As noted in the **Overview** section, emerging technologies, including Gen AI, often exhibit one or more of the following characteristics: opacity, non-determinism, and adaptivity. These characteristics can significantly complicate traditional approaches to quality management because they introduce variability, unpredictability, and reduced transparency into the tool's inner workings and performance. For example:

- Tools may lack version traceability due to frequent or cloud-based updates;
- Outputs may be difficult to validate or explain, particularly when they support professional conclusions;
- It may be unclear how to determine whether a tool remains "fit-for-purpose" as it adapts over time.

³ When engagement teams independently develop or obtain their own technological tools, they assume the accountability for vetting the tools before use in engagements.

These challenges are not theoretical—they directly affect whether outputs can serve as reliable audit evidence and whether professional skepticism is appropriately exercised.

As a result, new or different considerations are required to validate, monitor, and eventually decommission such tools—without compromising on the quality and integrity expected under ISQM 1 and ISA 220 (Revised).

Refer to **Appendix A** for a plain-language primer on Gen AI.

2.2 Firm-Level Responsibilities Under ISQM 1: Certification

Under ISQM 1, firms are required to establish and maintain a SoQM which includes policies or procedures addressing the development or acquisition, implementation, and ongoing maintenance of technological tools used in engagements.

In practice, many firms operationalize this requirement through structured “*tool certification*” processes. These typically include:

- *Initial approval* of the tool prior to deployment, to assess whether it is fit for its intended purpose.
- *Ongoing maintenance* of the tool post deployment, to confirm it continues to operate as designed, including the implementation of general IT controls (GITCs) that restrict access to authorized individuals and require approval for any changes.

Observed Practices by the UK Financial Reporting Council (FRC)

The results of the FRC [Thematic Review](#) of tool certification among the UK’s six largest firms (published in June 2025) revealed a mix of maturity and evolving practices:

- Most had well-established certification processes in place prior to tool deployment.
- Firms demonstrated emerging good practices in proactively reviewing tools post deployment.
- Tool certification frameworks for AI tools—especially those exhibiting non-deterministic or adaptive behavior—were under development.

Possible Gaps in ISQM 1 Regarding Emerging Tech

Paragraph A100 of ISQM 1 outlines a lifecycle approach to managing technological tools, emphasizing:

- Initial approval of internally developed and externally acquired tools;
- Ongoing maintenance through general IT controls (GITCs).

However, ISQM 1 is largely silent on quality management issues specific to emerging technologies such as Gen AI, including:

- Considerations relating to the design of GITCs tailored to adaptive tools that may self-modify, leading to model drift or degraded performance;
- The process for decommissioning tools, including how to securely retire tools, prevent unauthorized continued use, and manage risks such as data leakage.

Coverage of Lifecycle Stages: ISQM 1 vs. AI Governance Frameworks:

Stage in lifecycle	Covered by A100 of ISQM 1?	Covered in external AI Governance Frameworks (see Appendix B)
Initial approval	✓ Yes	✓ Yes
Implementation (i.e., in engagements)	✓ Yes	✓ Yes
Maintenance (i.e., post roll out)	⚠ Partially	✓ Yes
Decommissioning	⚠ Not explicitly	✓ Yes

Principles in A100 That May Be Challenging to Apply to Emerging Technologies

Firms applying paragraph A100 have identified both conceptual and practical challenges in extending existing principles to tools with opaque logic, non-deterministic outputs, and adaptive behavior. The following table lists illustrative technology challenges identified through our outreach that might help to guide the roundtable discussion. These examples are intended to be illustrative rather than comprehensive; participants may surface additional challenges for discussion.

Lifecycle Stage	Principle	Emerging Technology Challenge
Initial approval	Completeness & Appropriateness of Inputs	For Gen AI tools trained on massive, third-party datasets, evaluating input data is difficult—particularly when it is proprietary, undocumented, or potentially biased.
Initial approval	Fit-for-purpose evaluation	Traditional evaluations assume predictable tool behavior. But with Gen AI, the inner workings may not be transparent, even to developers, making fit-for-purpose assessment difficult.
Initial approval	Output quality	Because Gen AI models generate non-deterministic outputs (variable responses even when given identical inputs), results may vary across runs. This undermines expectations for consistency in engagement evidence.
Implementation (i.e., in engagements)	Data confidentiality	Use of third-party or cloud-based AI tools raises concerns about client or firm data being exposed, inadvertently retained, or incorporated into model training.

Maintenance (i.e., post roll out)	GITCs	While A100 refers to GITCs, it does not address controls specific to adaptive systems—such as monitoring for model drift, validating output quality over time, or implementing version control in continuously learning environments.
--	-------	---

2.3 Engagement Level Responsibilities Under ISA 220 (Revised)

While ISA 220 (Revised) provides a robust foundation for engagement-level quality management, applying its principles to emerging technologies—particularly AI tools such as Gen AI—presents novel conceptual and operational challenges.

Key Areas of Complexity for Engagement Teams

(a) *Supervision and Review*

Paragraph 29 of ISA 220 (Revised) requires engagement partners to take responsibility for the direction, supervision, and review of engagement work. However:

- AI tools may behave in ways that are difficult to supervise, particularly when outputs are shaped by black-box models or incorporate unknown or untraceable data inputs.
- Engagement teams may lack the technological proficiency to effectively interpret, challenge, or apply professional skepticism to AI-generated outputs—especially for tools used in risk assessments, data analysis, or documentation summaries.

(b) *Maintaining Professional Judgment and Professional Skepticism*

Even when AI tools are designed to support human decision-making, they create a risk of overreliance. Sophisticated or authoritative-sounding outputs can erode the critical thinking and skepticism expected of auditors. ISA 220 (Revised) requires the engagement team to exercise professional judgment and professional skepticism, with the engagement partner ultimately responsible for directing, supervising, and reviewing the team's work and determining that significant judgments and conclusions are appropriate (see paragraphs 6–7, 29, A34–A37). While AI tools may inform these judgments, they cannot replace them.

(c) *Audit Evidence Obtained*

Engagement teams may struggle to document how AI outputs were evaluated, challenged, or deemed reliable—especially when the model's logic is not transparent. This creates evidentiary risks, including how to demonstrate to regulators or stakeholders that professional judgment and skepticism were exercised. Teams may also lack protocols for explaining AI use in audit documentation.

(d) *Responsibility for Non-Firm-Approved Tools*

When engagement teams use tools that have not been formally certified by the firm, paragraph A67– of ISA 220 (Revised) is especially relevant. In such cases, the burden increases for:

- Technical understanding of how the tool functions;
- Assessing whether the tool aligns with firm-level expectations;
- Ensuring adequate safeguards are in place for data security and oversight.

Summary Table: Emerging Technology Challenges in Applying ISA 220 (Revised)

ISA 220 (Revised) Requirement or Application Material Reference	Key Expectation	Emerging Technology Challenges
Paragraph 25	Sufficient and appropriate resources (including technological resources) are assigned or made available	AI tools may self-update or lack transparency, complicating what qualifies as “appropriate”
Paragraph 28	Partner takes responsibility for using the resources appropriately	The engagement partner or engagement team may not fully understand tool behavior, increasing risk of misapplication
Paragraph 29	Partner directs, supervises, and reviews engagement work	AI tools may introduce a need for technology proficiency that may exceed that of the engagement partner or engagement team
Paragraph A64	Understand benefits and risks of technology use, including risks of overreliance	Overreliance on unexplainable AI outputs could impair the appropriate exercise of professional skepticism
Paragraphs A67	Evaluate use of IT applications not firm-approved	Engagement teams may lack protocols or expertise to assess new tools independently

Why These Challenges Matter

If left unaddressed, these issues may result in:

- Use of tools that are inappropriate or poorly understood within the specific engagement context;
- Audit evidence that cannot be confidently defended, particularly if outputs are not explainable or repeatable;
- Breakdowns in accountability, with blurred lines between human and machine decisions;
- Regulatory exposure, especially when documentation fails to demonstrate that AI-generated outputs are reliable.

These concerns are already manifest in practice: early stakeholder feedback indicates some engagement teams may face difficulties explaining or defending AI-generated outputs generated by Gen AI tools in regulatory contexts—raising broader questions about audit quality and public trust.

SECTION 3

THE CASE FOR ADDITIONAL SUPPORT

3.1 Are Emerging Technologies Introducing Application Challenges?

Stakeholders broadly agree that ISQM 1 and ISA 220 (Revised) provide a strong, principles-based foundation for managing quality when emerging technologies are used in engagements. However, the increasing integration of emerging technologies—particularly Gen AI—is testing how those principles are applied in practice. To reiterate, in this briefing note “emerging technologies” refers to tools that exhibit one or more of three characteristics: opacity (the tool’s logic is not transparent), non-determinism (identical inputs can produce different outputs), and adaptivity (the tool evolves post-deployment through updates, retraining, or user interaction).

Firms and practitioners are encountering practical difficulties in applying existing quality management principles when technological tools behave in unpredictable or non-transparent ways. In some cases, these difficulties are amplified by the rapid pace of AI development, which can outstrip the timelines for standard-setting, firm policy updates, and regulator-issued guidance.

Without further support, there is a risk that:

- Firms will take inconsistent or overly cautious approaches, leading to underuse of innovation or gaps in audit quality;
- Regulators across jurisdictions may interpret expectations inconsistently, potentially contributing to fragmentation in regulatory approaches (i.e., regulatory fragmentation) and increased uncertainty for firms and practitioners.

3.2 Practical Challenges

Stakeholder feedback and early use cases show that firms and engagement teams face several real-world obstacles in applying the standards to AI-enabled tools. Engagement teams may face difficulties explaining or defending AI-generated outputs to regulators without clear guidance on evidentiary sufficiency or on how to exercise professional skepticism and judgment in AI-enabled engagements.

These challenges have implications for all parties in the external reporting ecosystem who are increasingly focused on how emerging technologies are governed and documented within engagements.

3.3 Stakeholders Are Seeking Clarity

Stakeholders have emphasized the need for greater clarity and consistency in how the IAASB’s quality management standards are applied to AI tools. In particular, some stakeholders have asked the IAASB to:

- Clarify how existing quality principles apply to tools that are opaque (non-transparent logic) and exhibit non-deterministic (variable outputs from identical inputs) or adaptive behavior (self-updating, evolving post-deployment);
- Reinforce that engagement-level responsibilities—especially those of the engagement partner—remain essential, even when AI is used;
- Promote consistent implementation across firms and jurisdictions to reduce the risk of interpretive divergence and regulatory fragmentation.

These themes echo public consultations and are consistent with the cross-sector frameworks explored in **Section 4**—including those by International Organization for Standardization (ISO), U.S. National Institute of Standards and Technology (NIST), the European Commission, and others.

3.4 The Case for Additional Support

Taken together, the distinctive characteristics of emerging technologies and the practical implementation issues identified suggest that additional support is likely warranted. This support could take the form of non-authoritative materials—including practice notes, guidance, illustrative examples, or FAQs.

Targeted guidance could assist firms and engagement teams in addressing topics such as:

- Applying ISQM 1 to complex or adaptive tools, including approaches to certification, versioning, and post-deployment monitoring;
- Interpreting ISA 220 (Revised) in contexts where AI affects direction, supervision, and review;
- Managing new and evolving risks such as model drift, hallucinations, or unintended tool behavior;
- Documenting the use of AI tools in engagements.

Any such guidance should be principles-based, scalable to different firm sizes, and adaptable to future technological developments to avoid becoming easily dated and obsolete.

Providing additional support could enhance the ability of firms and practitioners to apply quality management principles confidently, encourage innovation that aligns with the public interest and reduce the risk of regulatory fragmentation.

SECTION 4

INSIGHTS FROM OTHER AI GOVERNANCE FRAMEWORKS

4.1 Why Look Beyond the IAASB's Standards?

A growing number of organizations—ranging from regulators to standard setters—have developed governance frameworks to help support the responsible use of AI. These include NIST, ISO, the European Commission, Committee of Sponsoring Organizations of the Treadway Commission (COSO), Organisation for Economic Co-operation and Development (OECD), Information Systems Audit and Control Association (ISACA), International Association of Insurance Supervisors (IAIS), among others.

Although these frameworks are not tailored specifically to audit and assurance contexts, they embody governance principles that complement the purpose of the IAASB's standards. Because the IAASB's standards—ISQM 1 and ISA 220 (Revised)—are principles-based, scalable, and adaptable across technologies and firm contexts, these external perspectives can enrich their application. They provide valuable insight into how quality management principles can be operationalized in relation to emerging technologies, particularly where the standards may be silent on specific implementation issues.

Leveraging such external insights will help ensure that future IAASB guidance remains globally relevant, forward-looking, and resilient to rapid technological change.

4.2 Common Principles Across Global AI Frameworks

Despite differences in scope, sector, or jurisdiction, five governance principles recur across AI frameworks:

Principle	What Global Frameworks Emphasize	Relevance to IAASB Workstream
Risk-Based Proportionality	Controls and governance should scale with the complexity, criticality, and risk level of the AI system	Supports tailoring of firm- and engagement-level procedures under ISQM 1 and ISA 220 (Revised).
Human Accountability and Oversight	Human accountability must remain throughout the AI lifecycle, with clear responsibilities defined	Reinforces engagement partner accountability and firm-level ownership when AI tools are used
Explainability and Transparency	AI tools should be interpretable and understandable, especially when supporting high-stakes decisions	Aligns with ISA 220 (Revised) requirements around sufficiency, appropriateness of evidence, and professional skepticism
Lifecycle-Based Governance	Risk management and controls should extend from development through deployment and eventual decommissioning	Reflects ISQM 1's lifecycle view of technological tools (see Sections 2.1 and 2.2)

Alignment with Public Interest	Ethical, social, and reputational impacts of AI tools must be considered alongside technical performance and security	Supports the IAASB's public interest mandate and reinforces trust and transparency in engagements
---------------------------------------	---	---

These principles are reflected in several of the most significant AI governance frameworks listed in **Appendix B**.

4.3 Applying These Principles to IAASB's Standards

The convergence between these external frameworks and the IAASB's standards presents a valuable opportunity for the IAASB to promote clarity, consistency and acceptance of quality management principles for emerging technologies by providing additional support through non-authoritative materials or other activities.

Potential areas for IAASB support include:

- *Operationalizing Scalability and Proportionality*: Provide illustrative examples showing how certification and monitoring practices can be scaled according to a technological tool's complexity—for instance, contrasting deterministic technologies (which yield consistent outputs from identical inputs) with non-deterministic Gen AI systems.
- *Reinforcing Human Accountability*: Emphasize that AI tools must support—not substitute—professional responsibilities assigned to the engagement partner and team.
- *Supporting Explainability in Practice*: Offer documentation examples that demonstrate how engagement teams can challenge or validate AI-generated outputs, even when full technical transparency is not available.
- *Framing Certification as Ongoing*: Clarify that certification is a continuous process, with built-in reassessment points based on risk, usage, and technological change.
- *Grounding in the Public Interest*: Reaffirm that responsible AI use in engagements must uphold engagement quality, transparency, and public trust—core values underlying the IAASB's mandate.

The IAASB recognizes that governing the use of emerging technologies in engagements is a shared responsibility. By drawing on complementary frameworks and stakeholder insights, the Board can help ensure that quality, trust, and public interest remain central to engagement quality—even as the technological landscape continues to evolve.

APPENDIX A

PRIMER ON GEN AI

This primer provides a plain-language overview of Gen AI to support roundtable participants in contextualizing the discussions. It summarizes what Gen AI is, how it differs from traditional technologies, and provides examples relevant to audit and assurance engagements.

What is Gen AI?

Gen AI refers to a category of AI systems capable of producing new content—such as text, images, data, code, or audio—based on training from large volumes of data. Unlike traditional tools that follow hard-coded rules, Gen AI tools “learn” statistical relationships and generate outputs that are novel and adaptive.

These systems often rely on neural networks—particularly large language models (LLMs)—that encode patterns from training data and generate responses based on probability distributions rather than deterministic rules.

Characteristic	Gen AI Tools	Traditional Tools
Determinism	Non-deterministic: the same input may yield different outputs (because the model uses probabilistic processing, responds to subtle context changes, or has other unpredictable influences)	Deterministic: same input produces consistent output
Logic transparency	Often opaque (“black box”); internal decision-making may be difficult to interpret or trace – logic and decision pathways are not fully visible or explainable	Transparent and rule-based; logic can be documented and reviewed
Adaptivity	May update or evolve over time via retraining, cloud-based updates, or user interactions (drift) – functionality changes without explicit reprogramming	Fixed logic and behavior unless explicitly reprogrammed

Examples of Gen AI in Engagements

- Drafting engagement documentation (e.g., planning memos, summaries)
- Performing risk assessments based on unstructured or high-volume data
- Producing first-pass summaries of contracts, agreements, or other source materials
- Classifying, labeling, or detecting anomalies in large datasets
- Supporting technical accounting analysis

APPENDIX B

NOTABLE AI GOVERNANCE FRAMEWORKS

The resources below illustrate how different organizations are approaching AI governance. They are provided for reference only and are not required reading for the roundtable.

1. **Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2021)**, [*Realize the Full Potential of AI: Applying the COSO Framework and Principles to Help Implement and Scale AI*](#)
2. **European Commission (2024)**, [*European Union Artificial Intelligence Act \(E.U. AI Act\)*](#)
3. **International Association of Insurance Supervisors (IAIS) (2025)**, [*Application Paper on the Supervision of Artificial Intelligence*](#)
4. **International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) (2023)**, [*ISO/IEC 42001: Information technology — Artificial intelligence — Management system*](#)
5. **Information Systems Audit and Control Association (ISACA) (2025)**, [*Leveraging COBIT for Effective AI System Governance*](#)
6. **Marc Eulerich, Scott L. Summers, David A. Wood, Jason Pikoos (2024)**, [*Generative AI Governance Framework*](#)
7. **Organisation for Economic Co-operation and Development (OECD) (2019)**, [*OECD AI Principles*](#)
8. **U.S. Government Accountability Office (GAO) (2021)**, [*Artificial Intelligence: An Accountability Framework for Federal Agencies and Other Entities*](#)
9. **U.S. National Institute of Standards and Technology (NIST) (2023)**, [*Artificial Intelligence Risk Management Framework \(AI RMF 1.0\)*](#)

The frameworks listed above can be grouped into three broad categories:

- **Government / Regulatory** – EU AI Act (European Commission), OECD AI Principles, GAO AI Accountability Framework, NIST AI RMF
- **Sector-Specific / Research-Based** – IAIS AI Supervision Paper, Generative AI Governance Framework (Eulerich et al.)
- **Standards Bodies** – ISO/IEC 42001, COSO AI Framework, ISACA COBIT AI Governance