

IAASB Guide Series: Applying the IAASB's Quality Management Standards to AI-Enabled Technological Tools

GUIDE 1

Common Conceptual Foundation

1. Purpose and How to Use This Guide

1. The guide series is non-authoritative material intended to support the consistent and effective application of International Standard on Quality Management 1¹ and International Standard on Auditing 220 (Revised).² The guide series addresses AI-enabled technological tools. Technological tools,³ in the context of the IAASB's quality management and engagement standards, are a subset of technological resources used directly by engagement teams to facilitate the design or performance of engagement procedures in obtaining evidence.
2. The guides do not create new requirements, amend the standards or establish a separate AI governance framework. In addition, they do not amend or override the IAASB quality management and engagement standards, the text of which alone is authoritative. Reading the guides is not a substitute for reading the relevant standards; the guides are not intended to be exhaustive and reference should always be made to the IAASB standards.
3. **Guide 1** provides the common conceptual foundation for the guide series. It explains the scope of the series; why AI-enabled technological tools may warrant focused quality management guidance; how firm-level quality management under ISQM 1 and engagement-level quality management under ISA 220 (Revised) operate together; and how the firm's risk assessment process applies. It also introduces the common concepts and terminology⁴ used throughout the series and the quality management life cycle that provides the navigation structure for **Guides 2 to 4**.
4. **Guides 2 to 4** apply this common conceptual foundation in specific contexts across the quality management life cycle. **Guide 2** addresses firm-level quality management before deployment, focusing on pre-deployment design, evaluation and enablement, including design and configuration considerations when the firm or, when relevant, its network controls those activities. **Guide 3**

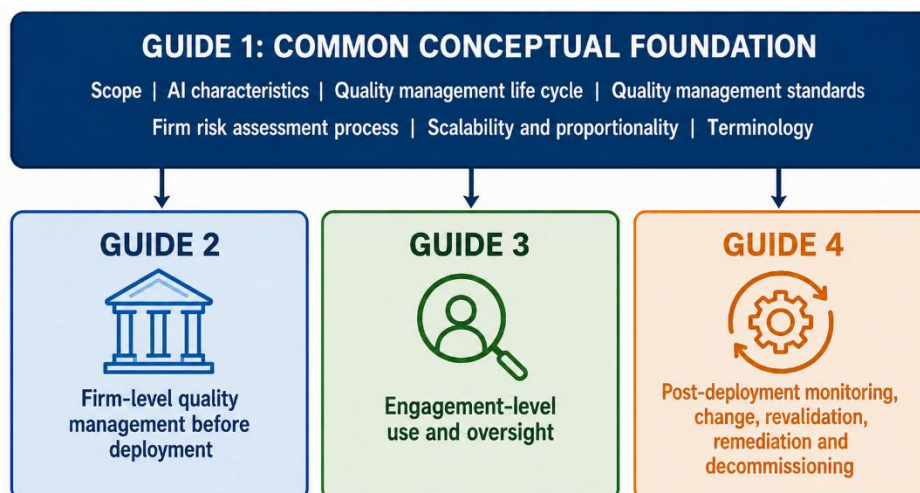
¹ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*.

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

³ At the time **Guide 1** was approved by the IAASB, proposed conforming and consequential amendments to ISQM 1 and the ISAs were on exposure. Paragraph A99 of ISQM 1 identifies technological resources used directly by engagement teams in the performance of engagements as one category of technological resources. Proposed paragraph A99A would clarify that these include "technological tools" that facilitate the design or performance of engagement procedures in obtaining evidence. Accordingly, AI-enabled technological tools within the scope of this guide series are a subset of technological tools, which are themselves a subset of technological resources. The proposals would also replace references in the ISAs to "automated tools and techniques" with "technological tools."

⁴ Refer to **Appendix 1** for the glossary of terms used throughout the guide series, including terms that are defined or described specifically for purposes of the guides.

addresses engagement-level use and oversight. **Guide 4** addresses post-deployment monitoring, change, revalidation, remediation and decommissioning.



5. The guide series is intended for a broad range of stakeholders with an interest in the quality management implications of AI-enabled technological tools used in audit and other assurance engagements, referred to collectively as engagements. It is relevant to firm personnel responsible for the design, implementation and operation of the system of quality management (SOQM), including related methodology, technology, risk management and enablement activities; engagement partners and engagement teams; regulators and oversight bodies; professional accountancy organizations and standard setters; and academics and researchers. References to ISA 220 (Revised) are directly relevant to audits of financial statements. For other assurance engagements, practitioners apply the relevant engagement-level quality management requirements and may adapt the guidance as appropriate.
6. This guide recognizes that firms may structure their technology, governance, workflows and controls in different ways. Firms apply professional judgment in designing, implementing and operating their SOQMs in light of the nature and circumstances of the firm and the engagements it performs.
7. **Guide 1** is organized as follows:
 - [Section 2 - Scope and Why AI-Enabled Technological Tools Warrant Focused Guidance](#) - Explains which uses of AI-enabled technological tools are within the scope of the guide series and why such tools may warrant focused quality management guidance.
 - [Section 3 - How the Guide Series Is Organized: The Quality Management Life Cycle](#) - Introduces the quality management life cycle used as the navigation structure for **Guides 2 to 4**.
 - [Section 4 - Foundation in the IAASB's Quality Management Standards](#) - Explains how firm-level quality management under ISQM 1 and engagement-level quality management operate together when AI-enabled technological tools are used.
 - [Section 5 - Applying the Firm's Risk Assessment Process](#) - Explains how the firm's ISQM 1 risk assessment process applies, including the six relevant considerations and the relationship among quality objectives, quality risks and responses.

- [Section 6 - Scalability and Proportionality](#) - Explains how the guide series supports scalable and proportionate quality management for firms with different circumstances.
- [Appendix 1 - Glossary](#) - Provides descriptions of key terms used throughout the guide series to support consistent terminology.

2. Scope and Why AI-Enabled Technological Tools Warrant Focused Guidance

2.1 AI-Enabled Technological Tools Within Scope

8. The guide series focuses on technological tools, as described in paragraph 1, that are enabled by AI. AI-enabled technological tools incorporate, or provide access to, one or more AI systems and may make available one or more AI-enabled capabilities that support multiple uses, or may take the form of a specific application, agent or workflow designed for a defined purpose. For purposes of the guide series, an AI-enabled capability is functionality made available through an AI-enabled technological tool; it is not a separate category of technological resource.

AI system: OECD definition⁵

“An AI system is a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment.”

9. An AI-enabled technological tool may use machine learning, generative AI, agentic AI or a combination of AI technologies. The labels applied to particular technologies are not always clear-cut and may change as technologies evolve. The guide series therefore focuses on the functionality made available and how it is used, rather than establishing rigid boundaries among types of AI.⁶
10. The applicability of the guide series depends on the particular use of an AI-enabled technological tool, rather than the product name or the tool in the abstract. Accordingly, the same general-purpose AI application or audit platform may be within scope for one use and outside scope for another.
11. Documentation is an important aspect of quality management addressed throughout the guide series. At the firm level, ISQM 1 establishes requirements for documentation of the SOQM, including the firm's quality objectives and quality risks, its responses and how those responses address the quality risks, and evidence of the design, implementation and operation of responses. At the engagement level, ISA 230⁷ and the specific documentation requirements in ISA 220 (Revised) and other relevant engagement standards apply. Where an AI-enabled technological tool assists in preparing engagement documentation, whether that use is within the scope of the guide series continues to depend on what the tool is being used to do. A use that itself facilitates the design or performance of an engagement procedure in obtaining evidence may be within scope, whereas a use limited to documenting work already performed or conclusions already reached by engagement personnel does not, by itself, bring the use within scope. The guides illustrate how these existing documentation

⁵ Organisation for Economic Co-operation and Development (OECD), *Explanatory Memorandum on the Updated OECD Definition of an AI System*, OECD Artificial Intelligence Papers, No. 8 (March 2024), p. 4.

⁶ International Organization of Securities Commissions (IOSCO), *Supervisory Toolkit for AI Use in Capital Markets* (May 2026), p. 11, observes that categorizations of AI are not always clear-cut, as boundaries may be blurred and definitions imprecise.

⁷ ISA 230, *Audit Documentation*.

requirements may apply when AI-enabled technological tools are used but do not establish separate documentation requirements for such tools.

12. Uses limited to administrative activities that do not facilitate the design or performance of an engagement procedure are outside the scope of the guide series. AI-enabled technological resources may also be used in other parts of the firm's operations or SOQM, for example to support resource allocation or internal administration. Those uses may be important to engagement quality and may give rise to considerations under ISQM 1, but they are outside the scope of this guide series.

Illustrative scope examples

Illustrative use	Within scope?	Reason
Using an AI-enabled technological tool to take minutes of a routine internal engagement-team or administrative meeting.	No	The use is administrative and does not facilitate the design or performance of an engagement procedure in obtaining evidence.
Using an AI-enabled technological tool to record and summarize information obtained during an inquiry performed as part of an engagement procedure, where the summary is used by engagement personnel in evaluating the results of that procedure.	Yes	The tool is being used as part of the performance of an engagement procedure in obtaining evidence, rather than merely documenting an administrative meeting.
Extracting or summarizing specified contract terms as part of a procedure addressing an accounting estimate, disclosure or contractual obligation.	Yes	The use facilitates the performance of an engagement procedure to obtain evidence.
Using an AI-enabled technological tool to analyze a population of journal entries to identify unusual transactions or characteristics for further investigation.	Yes	The use facilitates the performance of an engagement procedure to obtain evidence.
Using an AI-enabled technological tool to prepare a first draft of engagement documentation, or a communication to those charged with governance, based on work already performed and findings and conclusions already reached by engagement personnel.	No	On these facts, the tool is assisting with recording, organizing or communicating work and conclusions already established rather than facilitating the design or performance of the underlying engagement procedure in obtaining evidence.
Using an AI-enabled technological tool to summarize the results of an engagement procedure, with engagement personnel using that summary to reach and document their conclusion.	Yes	The tool is contributing to the evaluation of the procedure's results, rather than merely documenting a conclusion already reached.

13. The IAASB may consider broader uses of AI-enabled technological resources for future IAASB non-authoritative material informed by its approach to addressing technology-related matters.⁸

2.2 Why Focused Guidance Is Needed

14. When appropriately obtained or developed, implemented, maintained and used, AI-enabled technological tools offer significant opportunities to support and enhance engagement quality. They

⁸ IAASB, The IAASB's *Technology Catalog Process: Approach to Addressing Technology-Related Matters*, approved March 2026 ([Agenda Item 3-E](#)). The approach explains how technology-related matters are identified, evaluated and addressed, including through non-authoritative material.

may help engagement teams analyze larger or more complex bodies of information, identify patterns or exceptions, interpret unstructured information, and perform procedures with greater accuracy, speed or consistency.

15. However, AI-enabled technological tools may exhibit characteristics⁹ that may give rise to particular quality management challenges. Four characteristics of these tools that may be particularly significant are: opacity, probabilistic behavior, adaptivity and autonomy. Not every tool exhibits every characteristic, and a tool may combine deterministic functionality with functionality that exhibits probabilistic behavior. The list is not exhaustive; other characteristics may also be relevant depending on the tool, its intended use and the surrounding circumstances.

Core characteristic	Why it may matter for quality management
Opacity	The basis for an output or action may not be visible, traceable or readily understandable. This may make it more difficult to determine what and how to test; evaluate, corroborate or challenge the tool's outputs or actions; document how those outputs or actions were evaluated and used; investigate the causes of unexpected behavior or deficiencies; and explain how the tool contributed to the engagement work.
Probabilistic behavior	The same or similar inputs may produce different outputs or actions because uncertainty or probability affects how outputs or actions are generated or selected. This may affect performance criteria, repeatability, testing and the evaluation of outputs or actions.
Adaptivity	The tool may adjust its behavior after deployment in response to new data, feedback, interaction or changes in its operating environment. This may affect the predictability of its outputs or actions and whether earlier evaluation and approval remain relevant.
Autonomy	The tool may recommend, initiate, sequence or execute actions without step-by-step human direction. Greater autonomy may increase the importance of authorization, intervention points, logging, exception handling and reversibility.

16. These characteristics do not, by themselves, determine whether a quality risk arises or what response is appropriate. Their implications depend on the functionality of the tool, the intended use or category of use, and the surrounding circumstances, as further explored in **Section 5**. Existing quality management principles remain applicable, but the application of the firm's risk assessment process and the nature and extent of responses and monitoring activities, may need to be adapted.¹⁰

3. How the Guide Series Is Organized: The Quality Management Life Cycle

17. The guide series uses a quality management life cycle as a navigation structure through which the common conceptual foundation established in **Guide 1** is applied across **Guides 2 to 4**. It is a practical way of explaining how the firm's quality management responsibilities may apply before,

⁹ The International Ethics Standards Board for Accountants (IESBA) has identified certain of these characteristics in its staff publication, [Emerging Technologies: A Characteristics-Based Approach to Ethical Considerations for Professional Accountants](#) (July 2026). The guidance considers, on a non-exhaustive basis, how such characteristics may give rise to circumstances that create or amplify threats to compliance with the fundamental principles.

¹⁰ **Committee of Sponsoring Organizations of the Treadway Commission (COSO)**, *Achieving Effective Internal Control Over Generative AI (GenAI)*, 2026, explains that its existing framework remains applicable while Gen AI's probabilistic and adaptive characteristics may require more dynamic risk assessment, control and monitoring.

during and after an AI-enabled technological tool is used in engagements, including when it is decommissioned. The life cycle is not a separate quality management framework, a prescribed tool-development process or an additional process imposed by the guide series.



18. The phases are not necessarily sequential and activities may overlap. For example, design, configuration, evaluation, methodology development and enablement may occur together. Information arising from engagement use or monitoring may necessitate revisiting an earlier understanding, risk assessment, response or decision.

Life cycle phase	Primary focus	Principal guide
Pre-deployment design, evaluation and enablement	Where applicable, design or configure relevant elements of the tool; obtain a sufficient basis to determine whether and how it may be made available; design and implement responses; and prepare personnel and the operating environment for use.	Guide 2
Engagement-level use and oversight	Apply the firm's policies or procedures in the circumstances of the engagement; direct, supervise and review the work; evaluate the tool's outputs or actions; and communicate relevant experience to the firm.	Guide 3
Post-deployment monitoring, change, revalidation and remediation	Monitor information about performance, use, incidents and changes, and determine whether earlier assessments, decisions or responses need to be revisited.	Guide 4
Decommissioning	Retire, replace, restrict, suspend or otherwise remove the tool or particular functionality from authorized use and address access, information, communication and transition matters.	Guide 4

19. Certain matters apply across all phases. These include governance and leadership; the firm's risk assessment process; roles, responsibilities and authority; competence and capabilities; relevant ethical requirements; human involvement; data, knowledge, privacy and confidentiality; information and communication; documentation and traceability; scalability; and feedback loops.
20. The guide series uses examples and illustrations to show how the common concepts and quality management principles introduced in **Guide 1** may be applied in practice at different phases of the quality management life cycle. The examples are intended to assist readers in understanding how those concepts and principles may operate in particular circumstances; they do not prescribe a particular approach or outcome.
21. The life cycle provides navigation, not a required way for firms to organize their governance, technology or quality management activities. A firm may use different terminology or combine

activities, provided that its SOQM achieves the quality objectives and the overall objective in ISQM 1.

4. Foundation in the IAASB's Quality Management Standards

4.1 Firm-Level and Engagement-Level Quality Management

22. ISQM 1 describes a firm's SOQM as operating in a continual and iterative manner¹¹ and being responsive to changes in the nature and circumstances of the firm and its engagements. Effective SOQMs do not operate in a linear manner. The eight components of the SOQM are interrelated.¹² AI-enabled technological tools may therefore create or affect quality risks across the SOQM and are not solely a matter for the resources component.



23. The objective in paragraph 14 of ISQM 1 is the overall reference point. The firm designs, implements and operates an SOQM that provides reasonable assurance that the firm and its personnel fulfill their responsibilities and conduct engagements in accordance with professional standards and applicable legal and regulatory requirements, and that engagement reports are appropriate in the circumstances.
24. The quality objective in paragraph 32(f) of ISQM 1, which addresses appropriate technological resources, is directly relevant when AI-enabled technological tools are used. Where a resource is obtained from a service provider, the quality objective in paragraph 32(h) of ISQM 1, addressing the appropriateness of resources obtained from service providers, is also relevant.

¹¹ ISQM 1, paragraph 6.

¹² ISQM 1 deals with a firm's responsibilities to design, implement and operate a system of quality management, which comprises eight components as depicted in the figure in paragraph 22. In relation to the relevant ethical requirements component, the quality management responsibilities of the firm and its personnel include the fulfillment of responsibilities in accordance with relevant ethical requirements. IESBA undertakes various activities as part of its strategic work on technology, including pursuing the development of non-authoritative materials to support the consistent and effective application of the [IESBA Code](#) in an environment impacted by emerging technologies, including AI (visit the [IESBA's Technology focus webpage](#) for more information).

Technological Resources, ISQM 1, paragraph 32(f)

Appropriate technological resources are obtained or developed, implemented, maintained, and used, to enable the operation of the firm's system of quality management and the performance of engagements.

25. Paragraph 32(f) is not considered in isolation. Depending on the intended use and relevant circumstances, other quality objectives specified in ISQM 1, including those relating to governance and leadership, relevant ethical requirements,¹³ acceptance and continuance, engagement performance, human and intellectual resources, and information and communication, may also be relevant. Requirements in the monitoring and remediation component may also be relevant. Application material in paragraph A100 of ISQM 1 identifies matters the firm may consider when obtaining, developing, implementing and maintaining an IT application, including data inputs, confidentiality, whether the application operates as designed, whether outputs achieve their intended purpose, general IT controls, specialized skills needed to use the application, and procedures explaining how the application operates.
26. Paragraphs A105 to A108 of ISQM 1 address resources obtained from service providers. Paragraphs 48 to 52 of ISQM 1 address network requirements or network services. Work performed by a network or service provider may provide important information and support, but it does not transfer or reduce the firm's responsibility for its SOQM or for determining whether a resource is appropriate for use in the firm's circumstances.
27. Firm-level and engagement-level quality management operate together. The firm may determine which tools or functionality to make available, design and implement responses, establish approval conditions, provide methodology and training, control access and information, and provide specialist or consultation support. The engagement team applies the firm's policies or procedures in the circumstances of the engagement. For audits of financial statements, the engagement partner remains ultimately responsible for managing and achieving quality on the engagement, including taking responsibility for the direction and supervision of engagement team members and the review of their work.¹⁴
28. An AI-enabled technological tool is a resource used by the engagement team and does not assume responsibilities assigned by the standards to the firm, engagement partner or engagement team. Effective human involvement may depend on whether the individuals involved have appropriate competence and capabilities, sufficient time, and relevant information and authority to direct, evaluate, challenge, authorize, intervene or escalate as appropriate, and whether the contemplated human involvement is reasonably capable of addressing the matter it is intended to address.
29. **Guide 3** explains how engagement-level quality management under ISA 220 (Revised) supports the application of the other relevant engagement standards when AI-enabled technological tools are

¹³ Technology-specific guidance issued by IESBA may be particularly relevant in addressing the implications of using AI-enabled technological tools with respect to quality objectives relating to relevant ethical requirements. This is owing to the complementary and mutually reinforcing nature of the quality management considerations under the IAASB's quality management standards and ethical and independence considerations under the [IESBA Code](#). The IAASB will continue to coordinate with IESBA regarding the IAASB's and IESBA's technology-related activities to reinforce the connectivity and interoperability of the IAASB's quality management standards with the IESBA Code. For more information on technology-specific guidance and other implementation support resources issued by IESBA, visit the [IESBA's Technology focus webpage](#).

¹⁴ See **International Forum of Independent Audit Regulators (IFIAR)**, *Use of Technology in Audits - Innovation and Audit Quality 2026* (April 2026), pp. 4–6, for discussion of integrated responsibilities across the firm and engagement levels.

used. The requirements governing the design or performance of engagement procedures, the evidence obtained and the documentation prepared remain in those standards.

5. Applying the Firm's Risk Assessment Process

5.1 Overall Architecture

30. The firm's risk assessment process under paragraphs 23 to 27 of ISQM 1 is fundamental to the quality management of AI-enabled technological tools. In applying that process, the firm establishes the quality objectives specified in ISQM 1 and any additional quality objectives it considers necessary; identifies and assesses quality risks; and designs and implements responses to address the quality risks.



31. When applying the firm's risk assessment process to an AI-enabled technological tool, the firm considers the tool in the context of an intended use or category of use. The intended use or category of use provides the context for understanding the tool and determining which conditions, events, circumstances, actions or inactions (collectively referred to as “circumstances”)¹⁵ may adversely affect the achievement of quality objectives and are therefore relevant to the identification and assessment of quality risks.
32. The figure below frames the firm's consideration of an AI-enabled technological tool as a series of questions. It begins with what the tool is and how it is intended to be used, followed by six relevant considerations that may help the firm understand the circumstances relevant to identifying and assessing quality risks. **Section 5.2** explains why each consideration may matter and the circumstances the firm may consider in answering these questions.

¹⁵ For ease of reference throughout the guide series, “circumstances” is used to refer collectively to conditions, events, circumstances, actions or inactions that may adversely affect the achievement of quality objectives. See ISQM 1, paragraphs 25(a)–(b) and A45–A48.



33. For a tool designed for a clearly defined purpose, the intended use may be described with relative precision. A tool with broader functionality may support many uses. In that case, the firm may identify reasonably foreseeable categories of use. Where uses are reasonably similar, they may be considered together as a category rather than separately. New or expanded uses may require further application of the firm's risk assessment process.

5.2 Relevant Considerations

34. The six considerations introduced as questions in the figure that follows paragraph 32 are explained in more detail below to illustrate why they may be relevant when the firm identifies and assesses quality risks relating to an AI-enabled technological tool. The considerations are not a separate risk framework, an exhaustive list or a mandatory checklist. Their relevance and relative importance vary with the circumstances, and they are applied together.

Relevant consideration	Why it may matter and what the firm may consider
1. What can the tool do and how does it behave? <i>Functionality and relevant AI characteristics</i>	What functionality the tool makes available, including relevant functionality beyond the intended use or category of use; and whether and to what extent that functionality exhibits opacity, probabilistic behavior, adaptivity and autonomy.
2. How significant are its outputs or actions to engagement procedures, evidence or judgments?	How outputs or actions may affect engagement procedures, evidence, professional judgments, conclusions or documentation; the

Relevant consideration	Why it may matter and what the firm may consider
<i>Significance of outputs or actions and extent of reliance</i>	extent to which they are expected to be relied upon ¹⁶ ; and whether actions are reversible or may have wider consequences.
3. Can outputs or actions be evaluated, challenged or overridden? <i>Evaluation and human involvement</i>	Whether outputs or actions can be traced to reliable source information, reproduced, corroborated or otherwise evaluated; whether individuals can challenge outputs, override actions or otherwise intervene when needed; the nature and extent of human involvement contemplated; and whether those individuals have the competence and capabilities, sufficient time, relevant information and authority needed for that involvement.
4. Who develops, configures and maintains the tool or relevant elements, and what information is available about those activities? <i>Development, configuration, maintenance and information available</i>	Who developed or selected the tool or relevant elements; who configures, tests, maintains and can change the tool or those elements; what work is performed by the firm, its network or service providers, including whether different arrangements apply to different elements; and what information is available to the firm about those activities and about the tool's performance and limitations.
5. How is it accessed and what information does it use? <i>Access, hosting, information flows and information used</i>	How the tool is accessed and hosted; where information is received, processed, stored or accessed and by whom; the nature, provenance, quality and sensitivity of information used to train, ground or operate the tool, or information retrieved for the tool; and the applicable data-use, retention, privacy, confidentiality and security arrangements.
6. How broadly will it be used? <i>Scale and breadth of intended use</i>	The number and types of users, engagements and jurisdictions; the range of permitted or reasonably foreseeable uses; the extent of connections to other systems; and whether an issue could affect multiple engagements or uses because the same tool or functionality is widely relied upon.

35. The considerations are not sequential and no single consideration is determinative. For example, a summarization use may involve outputs that can be readily compared with source information, but the same use may give rise to significant quality risks if sensitive engagement information is processed through an arrangement the firm has not sufficiently understood. Conversely, well-controlled access and hosting arrangements do not remove quality risks when outputs significantly influence judgments and are difficult to evaluate.

5.3 Quality Objectives and Quality Risks

36. Quality objectives are the desired outcomes in relation to the components of the SOQM. The firm establishes the quality objectives specified in ISQM 1 and any additional quality objectives it considers necessary to achieve the objective of its SOQM. A firm may also establish sub-objectives to enhance its identification and assessment of quality risks and its design and implementation of responses.¹⁷

¹⁶ In the context of facilitating the design or performance of engagement procedures to obtain evidence, “relied upon” refers to the degree to which the results of the engagement procedures are expected to contribute to the persuasiveness, and thereby the sufficiency and appropriateness, of the auditor’s or assurance practitioner’s evidence.

¹⁷ ISQM 1, paragraphs 16(q) and 24.

37. A quality risk is a risk that has a reasonable possibility of both occurring and, individually or in combination with other risks, adversely affecting the achievement of one or more quality objectives. The firm exercises professional judgment in determining whether a risk meets that threshold.¹⁸
38. In applying the risk assessment process to an AI-enabled technological tool, the firm uses its understanding of the tool, intended use or category of use and relevant circumstances to consider what may go wrong, which quality objective or objectives may be affected, and why there is a reasonable possibility of an adverse effect. A characteristic or limitation of the technology is not a quality risk on its own; it becomes relevant when, in the circumstances, it may adversely affect the achievement of a quality objective.
39. Not every risk associated with an AI-enabled technological tool meets the ISQM 1 threshold for identification as a quality risk. The firm considers the reasons for its assessment, including the circumstances identified through the considerations in **Section 5.2** and how they interact in the intended-use context.

Quality Risks and Quality Responses

ISQM 1 requires the firm to identify and assess quality risks to provide a basis for the design and implementation of responses. Responses are designed and implemented in a manner that is based on, and responsive to, the reasons for the assessments given to those quality risks.¹⁹

A policy or procedure that the firm has designed or intends to implement does not replace the need to identify and assess the quality risk it is intended to address. For example, if an AI-enabled capability may produce an inappropriate output that could adversely affect the achievement of a quality objective, a policy requiring personnel to evaluate that output is a response to the quality risk. The existence or anticipated implementation of that policy does not eliminate the need to identify and assess the quality risk.

40. ISQM 1 requires the firm to document its quality objectives and quality risks and to describe the responses and how those responses address the quality risks.²⁰ In documenting the quality risks and how the firm's responses address them, the firm may also document the reasons for the assessments given to the quality risks, including the consideration of occurrence and effect on the achievement of one or more quality objectives. This may support the consistent implementation and operation of the responses. The guide series does not suggest or specify a particular form of documentation, and it is neither necessary nor practicable for the firm to document every matter considered or judgment made in applying its risk assessment process.²¹

¹⁸ ISQM 1, paragraphs 16(r) and A46.

¹⁹ ISQM 1, paragraph 26.

²⁰ ISQM 1, paragraphs 58(a) and (b).

²¹ ISQM 1, paragraph A202.

Illustrative Quality Risks

The examples are not exhaustive and do not imply that every firm identifies the same risks.

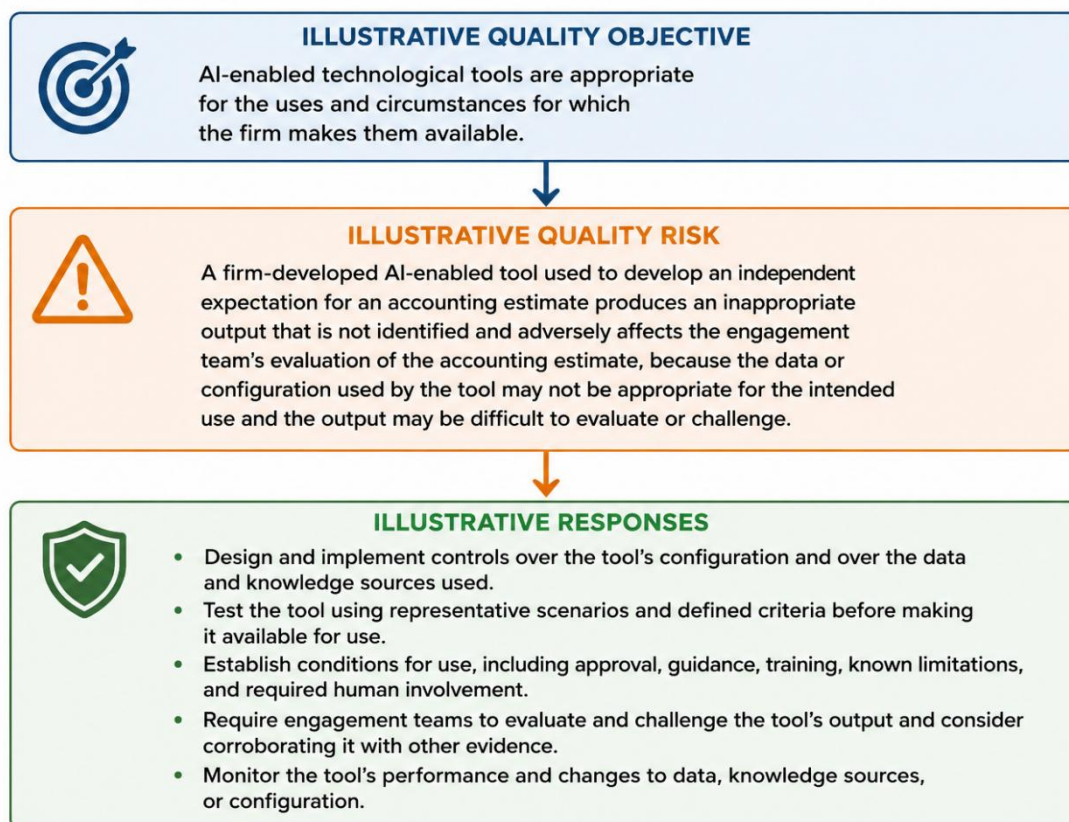
Illustrative quality objective	Illustrative quality risk	How the considerations outlined in Section 5.2 may inform the identification and assessment of quality risks
Appropriate technological resources are obtained or developed, implemented, maintained and used.	An AI-enabled tool used to develop an independent expectation to evaluate a management estimate produces an inappropriate output that is not identified before it affects the engagement team's evaluation.	The functionality may exhibit probabilistic behavior or opacity (1); the output may significantly influence evidence or judgment (2); it may be difficult to evaluate or challenge (3); or relevant development, configuration, data or testing information may be inadequate (4 and 5).
Personnel have the competence, capabilities and information needed to fulfill their responsibilities.	Personnel use a general-purpose AI application for engagement procedures without sufficiently understanding relevant limitations or boundaries, resulting in inappropriate use or over-reliance.	The tool may make broad functionality available (1); outputs may be used for different purposes or with varying significance (2); effective human involvement may require particular competence and information (3); and use may be dispersed across many users or engagements (6).
Relevant ethical, legal, regulatory and firm requirements relating to confidential information are fulfilled.	Confidential firm or engagement information is accessed, retained, transferred or used inappropriately.	Information available to the firm about relevant network or service provider arrangements may vary (4); information may be processed, stored or accessed in ways that affect confidentiality, privacy or data-use requirements (5); and broad use may increase the potential reach of an issue (6).

5.4 Responses

41. Responses are policies or procedures designed and implemented by the firm to address one or more quality risks. Their nature, timing and extent are based on, and responsive to, the reasons for the assessments given to those quality risks.²²
42. Depending on the quality risks, responses relating to an AI-enabled technological tool may include:
 - designing or configuring relevant elements of the tool, where applicable, including by limiting or structuring the functionality made available;
 - evaluating the tool, including through testing where appropriate, against criteria relevant to the intended use or category of use;
 - assigning clear responsibilities and decision authority, including when consultation or escalation is required;

²² ISQM 1, paragraphs 16(u) and 26.

- establishing approval conditions governing whether and how the tool or particular functionality may be used (see also paragraph 44);
 - implementing technical controls to enforce relevant restrictions on access or functionality;
 - providing personnel with appropriate guidance and training for the intended use or category of use;
 - requiring appropriate human involvement to evaluate, challenge or intervene in the tool's outputs or actions; and
 - monitoring the tool's performance, use and relevant changes to determine whether earlier assessments or responses need to be revisited.
43. For a general-purpose AI application or other tool with broad functionality, it may be impracticable to anticipate every individual use or create an exhaustive list of permitted and prohibited uses. The firm may therefore establish approval conditions using principles-based boundaries, supported as appropriate by guidance and training, consultation or escalation, technical controls and monitoring. Where the firm or its network develops or materially configures relevant elements of a tool designed for a defined purpose, responses may place greater emphasis on the design or configuration of those elements and on evaluating the resulting tool, including through testing, for the intended use.
44. Approval conditions are one type of response. They govern whether and how the tool or particular functionality may be made available or used. The term does not imply that ISQM 1 requires a separate approval document or approval process. Depending on the quality risks, they may address permitted purposes or circumstances of use, information that may be processed, authorized users or configurations, required human involvement, and when consultation, escalation or further firm-level consideration is required. Approval conditions may operate together with other responses as needed.
45. The nature and extent of documentation relating to an AI-enabled technological tool will depend on the nature and circumstances of the firm and its engagements and the quality risks and responses involved. Relevant firm-level documentation may include, for example, the intended use or category of use; key information supporting the firm's understanding or evaluation of the tool; significant judgments or conclusions arising from evaluation, including testing; identified limitations; approval conditions; and decisions to make the tool or a particular functionality available, restrict it, modify it, suspend it or discontinue it. Such documentation may be maintained in different forms and locations as part of the firm's SOQM.
46. Different firms may design different responses to the same quality risk because their circumstances, resources and existing policies or procedures differ. What matters is whether the responses are based on, and responsive to, the reasons for the assessment of the quality risk and operate together to achieve the related quality objective or objectives.
47. The following illustration shows how an illustrative quality objective, illustrative quality risk and illustrative responses may be linked in particular circumstances.



5.5 Continual and Iterative Application

48. Consistent with the continual and iterative nature of the SOQM, the firm's risk assessment process may need to be revisited as relevant information arises. Information from engagement use, monitoring activities, incidents, changes communicated by a network or service provider, expanded uses, or changes in the firm's circumstances may indicate that quality objectives, quality risks or responses need to be revisited.
49. Changes to models, versions, configurations, service arrangements, prompts, knowledge sources, connected systems, access arrangements, data-use terms, users or scale may affect whether an earlier assessment and the related responses remain appropriate. The significance of a change depends on its effect on the tool's relevant functionality, the intended use or category of use, and the reasons for the quality-risk assessment, not only on how the change is labelled by a provider.
50. **Guide 3** addresses information arising from engagement use and feedback to the firm. **Guide 4** addresses post-deployment monitoring, incidents, change, revalidation, remediation and decommissioning and how information arising after deployment feeds back into the firm's risk assessment process.

6. Scalability and Proportionality

51. Like ISQM 1, the guide series is intended to support scalable and proportionate quality management and to be relevant to firms of different sizes, structures and levels of technological maturity. It does not suggest or specify a single approach to managing the quality of AI-enabled technological tools. The quality objectives specified in ISQM 1 and the underlying quality management principles apply,

but the way in which a firm applies those principles, including the nature, timing, extent, formality and complexity of its processes and responses, will vary according to the nature and circumstances of the firm and the engagements it performs.

52. Throughout the guide series, the explanations, examples and illustrations are intended to demonstrate how the quality management standards may be applied in different circumstances. A firm is not expected to replicate the governance structures, technical resources, testing processes or other arrangements of a larger or more complex firm merely because it uses an AI-enabled technological tool. Conversely, the scale or complexity of a firm's use of AI-enabled technological tools may call for more specialized, formal or extensive processes and responses.
53. The nature and extent of the firm's work will depend on the relevant circumstances and the quality risks identified and assessed, including the reasons for those assessments. The considerations outlined in **Section 5.2** will vary in relevance and relative importance depending on the circumstances. Firm size may influence those circumstances, but is not, by itself, determinative.
54. For example, a less complex firm may use a well-defined tool obtained from a service provider, assign several responsibilities to one appropriately qualified individual, use external expertise when needed, restrict functionality or information, and use less formal processes and documentation where appropriate. A firm with more complex circumstances may develop or materially configure relevant elements of multiple tools, distribute responsibilities among several functions, and use more formal technical, governance, testing, monitoring and communication processes. Both apply the same quality management principles, but the manner in which they do so may differ.
55. The responses available to a firm may also vary depending on how relevant elements of the tool are developed, provided or controlled and on the information available to the firm. For example, when one or more elements of a tool are obtained from a service provider, the firm may have limited information about, or ability to influence, aspects of the service. Such limitations do not change the quality objectives the firm is required to achieve, but may affect the responses available and whether the firm has a sufficient basis to make the tool or particular functionality available for particular uses, users or circumstances.

Appendix 1

Glossary

This glossary supports consistent terminology across the guide series. Established definitions are used or adapted where suitable. The final column identifies the principal source or indicates that the description is specific to the IAASB guide series.

Term	Description	Principal source
Adaptivity	The ability of an AI system to adjust its behavior after deployment in response to new data, feedback, interaction or changes in its operating environment.	IAASB guide-series description informed by OECD/IOSCO and NIST ²³ .
Agentic AI	AI systems capable of pursuing goals by making decisions and taking actions with varying degrees of autonomy and human involvement.	Informed by UK FRC ²⁴ and IOSCO; aligned with the AICPA ²⁵ glossary.
AI-enabled capability	A function or set of functions made available through an AI-enabled technological tool. An AI-enabled capability is not a separate category of technological resource for purposes of the guide series and may support one defined use or multiple potential uses.	IAASB guide-series term.
AI-enabled technological tool	A technological resource used directly by an engagement team to facilitate the design or performance of engagement procedures in obtaining evidence and that incorporates, or provides access to, one or more AI systems. An AI-enabled technological tool may make available one or more AI-enabled capabilities supporting multiple uses or may take the form of a specific application, agent or workflow designed for a defined purpose.	IAASB guide-series term informed by ISQM 1 and OECD/IOSCO terminology.
AI model	A core component of an AI system used to make inferences from inputs to produce outputs. An AI model may be incorporated into, or accessed through, an AI-enabled technological tool.	Adapted from the AICPA glossary definition of “model,” based on NIST terminology.
AI system	A machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations or decisions that can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment.	Updated 2024 OECD definition.
Approval conditions	Conditions established by the firm governing whether and how an AI-enabled technological tool or particular functionality may	IAASB guide-series term.

²³ **National Institute of Standards and Technology (NIST)**, *Artificial Intelligence Risk Management Framework (AI RMF 1.0)* (January 2023), and *Artificial Intelligence Risk Management Framework: Generative Artificial Intelligence Profile*, NIST AI 600-1 (July 2024).

²⁴ **Financial Reporting Council (FRC)**, *Generative and Agentic AI Guidance: Risks, Mitigations and Illustrative Examples* (March 2026).

²⁵ **American Institute of Certified Public Accountants (AICPA)**, *The Glossary of AI Terms*.

Term	Description	Principal source
	be made available or used. They may address the purposes or circumstances of use, information that may be processed, authorized users or configurations, required procedures or human involvement, consultation or escalation, and circumstances requiring further firm-level consideration.	
Arrangement	How one or more relevant elements of an AI-enabled technological tool are developed, provided or controlled, including by the firm, its network or an external service provider.	IAASB guide-series term.
Autonomy	The degree to which an AI system can recommend, initiate, sequence or execute actions without step-by-step human direction.	IAASB guide-series description informed by OECD/IOSCO.
Deployment	Making an AI-enabled technological tool, particular functionality or category of use available for engagement use. Deployment may be broad or limited, including through a controlled pilot.	IAASB guide-series term.
Element	A constituent part of an AI-enabled technological tool, such as an application, agent or workflow, AI model, hosting environment or other service.	IAASB guide-series term.
General-purpose AI application	A user-facing AI-enabled application or environment designed to support a broad range of tasks or uses rather than a single defined purpose.	IAASB guide-series term.
Intended use or category of use	The purpose for which an AI-enabled technological tool is contemplated or expected to be used, or a grouping of reasonably foreseeable uses that the firm considers together when applying its risk assessment process.	IAASB guide-series term.
Knowledge source	A repository, database, methodology, policy, document set or other source from which an AI-enabled capability retrieves information to generate or support outputs or actions.	IAASB guide-series term.
Opacity	The extent to which the basis for an AI system's output or action is not visible, traceable or readily understandable to users or other relevant parties.	IAASB guide-series description informed by NIST, IOSCO and FRC.
Probabilistic behavior	Behavior in which uncertainty or probability affects how outputs or actions are generated or selected, such that the same or similar inputs may produce different outputs or actions.	IAASB guide-series description informed by AICPA terminology.
Quality management life cycle	A practical navigation structure used in the guide series to organize how the firm's quality management responsibilities apply across pre-deployment design, evaluation and enablement, engagement-level use and oversight, post-deployment monitoring, change, revalidation, remediation and decommissioning. It is not a separate quality management framework or a prescribed tool-development process.	IAASB guide-series term.
Revalidation trigger	An event, change or other information that may indicate a need to revisit an earlier evaluation, risk assessment, response or approval decision, such as a model or configuration change, change in knowledge sources,	IAASB guide-series term.

Term	Description	Principal source
	expanded use, an incident, a performance issue or a change in relevant requirements.	
Service provider	An individual or organization external to the firm that provides a resource used in the SOQM or in performing engagements. It excludes the firm's network, network firms and other structures or organizations in the network.	ISQM 1, paragraph 16(v).