

Technology Quality Management Workstream

Proposed Guide 1: Common Conceptual Foundation

Section-by-Section Walkthrough and Approval

Objective of the October 28, 2026 Meeting

The objective of the October 28, 2026 meeting is to walk through and discuss, section by section, the final drafts of the **Proposed Introduction to the Guide Series** (Introduction) and **Proposed Guide 1: Common Conceptual Foundation**, and to request the Board's approval of both for publication, subject to any changes agreed at the meeting.

The Board first discussed **Guide 1** at its September 2026 meeting. Since then, the material in the September draft has been divided into two separate documents according to its role:

- The **Introduction** contains contextual information about the guide series as a whole (its purpose, status and audience, why AI-enabled technological tools warrant focused guidance, scalability and proportionality, and how the series is organized); and
- **Guide 1** focuses on the common conceptual foundation on which **Guides 2 to 4** build.

The agenda materials comprise:

- [Agenda Item 1-A: Proposed Introduction to the Guide Series](#) (marked from the September 2026 draft of **Guide 1**, from which its content is drawn);
- [Agenda Item 1-B: Proposed Guide 1: Common Conceptual Foundation](#) (marked from the version discussed in September 2026);
- [Agenda Item 1-C: Proposed Introduction to the Guide Series](#) (clean); and
- [Agenda Item 1-D: Proposed Guide 1: Common Conceptual Foundation](#) (clean).

This paper summarizes the input received from the Board and the Expert Group and how the final drafts reflect it. **Appendix 1** of this paper sets out a log of the significant changes.

Organization of this Paper

1. This paper is organized as follows:
 - I. [What We Heard From the Board](#)
 - II. [Expert Group and IESBA Coordination](#)
 - III. [Section-by-Section Walkthrough](#)
 - IV. [Approval, Publication and Next Steps](#)

I. What We Heard From the Board

2. At its September 2026 meeting, the Board discussed **Proposed Guide 1: Common Conceptual Foundation** section by section (see [Agenda Item 2-A](#) of the September 2026 meeting). Board

members broadly supported its direction as the foundation for the guide series. They supported retaining the life cycle of an AI-enabled technological tool as a way of organizing the guide series, and framing the engagement-level guidance in the context of ISA 220 (Revised),¹ while recognizing that practitioners performing other assurance engagements may adapt it. Board members asked staff to:

- Present the material that relates to the guide series as a whole at the front of the series, and bring the section on the foundation in the IAASB's quality management standards forward in **Guide 1**;
 - Clarify which uses of AI-enabled technological tools are within the scope of the guide series, including uses for documentation, and distinguish general-purpose AI applications from tools designed for a defined purpose;
 - Explain how the guide series applies to other assurance engagements and who its intended audience is;
 - Make **Guide 1** more concise, less prescriptive and easier to read, with graphic design and editorial support, and leave detailed examples and other illustrations to **Guides 2 to 4**;
 - Retain the risk assessment considerations, while making clear that they operate within the firm's risk assessment process under ISQM 1,² rather than as a parallel framework;
 - Make clear that quality risks are identified and assessed at the firm level, without a separate inventory for each tool, and that the guides imply no new quality objectives;
 - Refine how the characteristics of AI-enabled technological tools are described, including the range of ways in which outputs may be inaccurate, incomplete or unsupported;
 - Describe human involvement more positively and specifically, while recognizing its limits; and
 - Give scalability and proportionality greater prominence at the start of the guide series, linked to the circumstances and use of the tool rather than to the size of the firm.
3. The final drafts of the **Introduction** and **Guide 1** reflect each of these directions (see [Section III](#) and **Appendix 1** of this paper). In response to the Board's suggestion of editorial support, staff asked Misha Pieters, Technical Advisor to IAASB Board member Greg Schollum, to review the draft for readability and accessibility. The **Introduction** and **Guide 1** will each also be professionally designed before publication.

II. Expert Group and IESBA Coordination

Expert Group

4. The Technology Quality Management Expert Group (Expert Group) has provided input on **Guide 1** throughout its development. On September 9, 2026, the week before the Board meeting, it discussed the same proposed version that the Board considered on September 14. Staff used the feedback

¹ International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*.

² 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*.

from both the Board and the Expert Group to develop a further version, which the Expert Group discussed on October 14, 2026. The input from that meeting, together with Expert Group members' offline comments, shaped the final drafts that the Board is asked to approve at this meeting. Expert Group members who commented on the October 14 version were supportive of how the draft had evolved in response to the Board's and the Expert Group's feedback, including its readability, and no member expressed major reservations about presenting it to the Board for approval.

5. **Table 1** summarizes the Expert Group input that particularly shaped the final drafts.

Table 1: Expert Group Input That Shaped the Final Drafts

What Expert Group members raised	How the final drafts respond
Introduction to the Guide Series. Present the contextual material as a separate introduction to shorten Guide 1 , building on a Board member's suggestion in September (see Section I of this paper), and explain at the outset what prompted the guidance.	The Introduction holds the contextual material on the series as a whole, including what the IAASB heard at its roundtables and why it chose non-authoritative guidance. Guide 1 focuses on the conceptual foundation.
Scope. The boundaries and examples were hard to reconcile, and it was unclear what "obtaining evidence" meant.	For an audit, the scope test refers to audit procedures to obtain sufficient appropriate audit evidence, and a footnote explains these by reference to ISA 500 ³ and proposed ISA 500 (Revised), with the equivalent concepts for other assurance engagements. Documentation is treated more clearly, and a call-out box confirms that uses outside the scope still attract quality management.
De facto requirements. Illustrative quality risks, tool-by-tool expectations or the considerations themselves could be construed as checklists or requirements.	The guides describe "what could go wrong" as an aid to identifying quality risks, not a separate step. No separate inventory of quality risks for each tool is expected, and engagement teams do not repeat the firm's risk assessment process. The considerations are presented as headed subsections that the firm is not expected to address or document separately.
Risk assessment considerations. Add one on how much flexibility users have, for example, by writing their own prompts or building agents. The considerations focused on outputs rather than inputs, and who develops the tool affects the other considerations.	A seventh consideration is added. The considerations are reordered so that those on who develops the tool, and on how it is accessed and what information it uses, come directly after the one on what the tool can do.

6. The Expert Group also discussed the use of AI-enabled technological tools outside a firm's approved channels (sometimes referred to as "shadow AI") and agreed that **Guide 2** should address it.

³ ISA 500, *Audit Evidence*.

Coordination with IESBA

7. Coordination with IESBA⁴ continues to be embedded in the workstream. Jeanne Viljoen, the IESBA staff member who leads IESBA's technology initiatives, observes the Expert Group's meetings. In addition, the IAASB and IESBA staff teams meet monthly, and IAASB staff attend the meetings of IESBA's technology reference groups. IESBA staff provided input on **Guide 1** before the September meeting and have since checked the **Introduction's** reference to IESBA's July 2026 staff publication on the characteristics of emerging technologies. The IESBA-related material in **Guide 1**, developed with IESBA staff input, is retained and now sits in a single footnote on the relevant ethical requirements component (footnote 18, in **Section 2.1** of **Guide 1**).
8. Looking ahead, IESBA staff will provide feedback on the relevant ethical requirements section of **Guide 2**, and IESBA aims to refer to the IAASB's guides in its own technology-related material, so that the two Boards' materials remain consistent and mutually reinforcing.

III. Section-by-Section Walkthrough

9. At the meeting, staff will walk through the **Proposed Introduction (Agenda Item 1-A)** and then **Proposed Guide 1 (Agenda Item 1-B)**, section by section. To support that walkthrough, this section gives a brief overview of what each part of the final drafts covers and how it has been restructured since September. It does not describe every change. The significant changes since the September 2026 draft, and the input that prompted them, are set out in **Appendix 1** of this paper, which also shows where each section of the September 2026 draft of **Guide 1** now sits.

Introduction to the Guide Series (Agenda Item 1-A)

10. The **Introduction** explains why the IAASB is developing the guide series, describes its intended audience, explains how the guidance applies to other assurance engagements, and presents scalability and proportionality as a theme across all four guides.

Guide 1 (Agenda Item 1-B)

11. **Section 1: Scope of the Guide Series.** It is built around a single test of which uses are within scope, followed directly by the uses outside it. A footnote explains what "obtaining evidence" means, the treatment of documentation is clarified, and a call-out box confirms that uses outside the scope still attract quality management.
12. **Section 2: Foundation in the IAASB's Quality Management Standards.** It now comes before the life cycle. It opens with the objective in paragraph 16 of ISQM 1 and gives the quality objective on resources from service providers equal prominence with the one on technological resources. It also describes human involvement at the firm and engagement levels, as an important part of how the firm and the engagement team fulfill their responsibilities when a tool is used.
13. **Section 3: The Life Cycle of an AI-Enabled Technological Tool at the Firm.** The life cycle now has three phases rather than four, and its figure shows the deployment decision and that enablement continues after deployment.
14. **Section 4: Applying the Firm's Risk Assessment Process.** A call-out box brings together the key ISQM 1 concepts, and the section makes clear that the firm applies its existing risk assessment

⁴ International Ethics Standards Board for Accountants (IESBA).

process to each tool for its intended use, without a separate inventory of quality risks for each tool. The seven risk assessment considerations, including a new one on how much flexibility users have in how a tool is used, are presented as headed subsections, with the characteristics of AI-enabled technological tools within the first. **Sections 4.4 and 4.5** set out principles rather than lists, leaving detailed responses and examples to **Guide 2**.

15. **Appendix 1: Illustrative Examples.** The illustrative examples of which uses are within scope move here from the body of **Guide 1** and are streamlined.
16. **Appendix 2: Glossary.** The glossary adds descriptions of terms the guide series now uses, such as automation bias, enablement and risk assessment considerations, and reflects the changes in terminology made since September.

Matter for IAASB Consideration

1. Board members are asked to share their views on the **Proposed Introduction to the Guide Series (Agenda Item 1-A)** and **Proposed Guide 1 (Agenda Item 1-B)** during the section-by-section walkthrough, including any matters they believe should be refined.

IV. Approval, Publication and Next Steps

Approval and Publication

17. Subject to any changes agreed at the meeting, the Board will be asked to approve the **Introduction** and **Guide 1** for publication.

Next Steps

18. Assuming the Board approves the **Proposed Introduction** and **Proposed Guide 1**, staff will make any changes agreed at the meeting. Both documents will then be professionally designed and published on the IAASB's website, accompanied by a press release.
19. Development of the rest of the guide series continues in line with the revised roadmap that was presented to the Board in September.⁵ **Guide 2** is targeted for approval in December 2026, **Guide 3** in March 2027 and **Guide 4** in June 2027, together with any conforming amendments needed to the **Introduction** and the previously approved guides, so that the four guides come together as one integrated guide series. The Expert Group will continue to meet monthly, and staff will continue to coordinate with IESBA staff.

Matter for IAASB Consideration

2. Does the Board approve the **Introduction to the Guide Series** and **Guide 1** for publication, subject to any changes agreed at the meeting?

⁵ See **Table 1** in [Agenda Item 2](#) of the September 2026 meeting.

Appendix 1

Log of Significant Changes Since the September 2026 Draft

This log summarizes the significant changes to the **Introduction** and **Guide 1** since the version the Board discussed in September 2026, and the input that prompted them. It shows net changes only; editorial changes are not listed. **Agenda Items 1-A and 1-B** show the changes against the September 2026 version as tracked changes (blacklined). Text that has moved is not blacklined; any changes made to moved text are. ISQM 1 paragraph references now follow the 2026 IAASB Handbook, so some paragraph numbers differ from the September 2026 version. The table at the end of this appendix shows where each section of the September 2026 draft now sits.

Structure and Presentation

Change	Basis for Change
Material on the guide series as a whole (purpose, status and audience; why AI-enabled technological tools warrant focused guidance; scalability and proportionality; how the series is organized) moves into a separate Introduction .	Board and Expert Group
Guide 1 is resequenced: Scope (Section 1), Foundation in the IAASB's Quality Management Standards (Section 2), Life Cycle (Section 3) and Risk Assessment Process (Section 4).	Board
The illustrative quality risks table, the list of possible responses, the documentation examples and the related illustration are removed; Guide 2 will address this material in more detail.	Board and Expert Group
The text is rewritten in plain English, with technical ISQM 1 wording in footnotes, glossary terms shown in teal, and figures added or redrawn.	Board; readability review by Misha Pieters; staff

Introduction to the Guide Series

Change	Basis for Change
Explains why the IAASB is developing the guide series, including what it heard at its roundtables and its decision to develop non-authoritative guidance; efficiency is added as a potential benefit of AI-enabled technological tools.	Board and Expert Group
Frames the engagement-level guidance for audits and explains how practitioners may adapt it to other assurance engagements; describes the intended audience more precisely, including those charged with governance and investors.	Board; staff
Presents scalability and proportionality as a theme across the series, linked to the tools a firm uses and how they are used rather than to firm size.	Board

Guide 1: Section 1, Scope of the Guide Series, and Appendix 1

Change	Basis for Change
A single test of which uses are within scope, followed directly by the uses outside it. For an audit, the test refers to audit procedures to obtain sufficient appropriate audit evidence, and a footnote explains these by reference to ISA 500 and proposed ISA 500 (Revised), with the equivalent concepts for other assurance engagements.	Board and Expert Group
A clearer treatment of documentation-related uses, and a call-out box confirming that uses outside the scope still attract quality management.	Board and Expert Group; staff
The illustrative examples move to Appendix 1 of Guide 1 and are streamlined, including removal of the example that placed communications with those charged with governance outside the scope.	Board and Expert Group; staff

Guide 1: Section 2, Foundation in the IAASB's Quality Management Standards

Change	Basis for Change
The objective in paragraph 16 of ISQM 1 opens the section, and paragraph 34(h) on resources from service providers has equal prominence with paragraph 34(f) on technological resources.	Board
The engagement partner's responsibility expressly covers technological resources and work performed using AI-enabled technological tools, and a tool does not take on the responsibilities the standards assign, even when it carries out much of an engagement procedure.	Board and Expert Group
Human involvement is described at the firm and engagement levels, as an important part of how responsibilities are fulfilled when a tool is used, with its nature and extent depending on the quality risks it addresses.	Board and Expert Group
The IESBA-related material is consolidated in the footnote on the relevant ethical requirements component, which now also refers to paragraph R320.11 of the IESBA Code and the factors in paragraph 320.11 A1.	Expert Group; staff

Guide 1: Section 3, The Life Cycle of an AI-Enabled Technological Tool at the Firm

Change	Basis for Change
The life cycle is described as that of an AI-enabled technological tool at the firm, in three phases rather than four; the figure shows the deployment decision and that enablement continues after deployment.	Board and Expert Group

Guide 1: Section 4, Applying the Firm's Risk Assessment Process

Change	Basis for Change
A call-out box brings together the key ISQM 1 concepts. Instead of setting out quality risks, the guides describe “what could go wrong” as an aid to the firm in identifying its own quality risks, not as a separate step.	Expert Group; staff
No separate inventory of quality risks for each tool is expected; each tool is still considered, for its intended use, through the firm's risk assessment process; and engagement teams do not repeat that process.	Board and Expert Group
A seventh risk assessment consideration is added, on how much flexibility users have in how a tool is used. The considerations are reordered and presented as headed subsections, which the firm is not expected to address or document separately. The characteristics of AI-enabled technological tools sit within the first consideration, with new text on automation bias, errors repeated at scale and the range of ways outputs may be inaccurate, incomplete or unsupported.	Board and Expert Group
Section 4.3 links the identification and assessment of quality risks to ISQM 1 and to the considerations, with an example of how a tool may change the reasons for the assessment of a quality risk the firm has already identified; Sections 4.4 and 4.5 set out principles rather than lists.	Board and Expert Group; staff

Guide 1: Appendix 2, Glossary

Change	Basis for Change
New descriptions of automation bias, deterministic, enablement, generative AI and risk assessment considerations; “AI-enabled capability” is deleted; the descriptions of deployment and the life cycle are revised.	Board and Expert Group

Reconciliation of the September 2026 Draft to the Final Drafts

September 2026 draft	Final drafts
1. Purpose and How to Use This Guide	• Introduction • Guide 1, How Guide 1 Is Organized
2.1 AI-Enabled Technological Tools Within Scope	• Guide 1, Section 1 • Examples in Guide 1, Appendix 1
2.2 Why Focused Guidance Is Needed	• Introduction • Characteristics of AI-enabled technological tools table in Guide 1, Section 4.2

September 2026 draft	Final drafts
3. How the Guide Series Is Organized: The Quality Management Life Cycle	• Guide 1, Section 3 • Organization of the series in the Introduction
4. Foundation in the IAASB's Quality Management Standards	• Guide 1, Section 2
5.1 Overall Architecture and 5.2 Relevant Considerations	• Guide 1, Sections 4.1 and 4.2
5.3 Quality Objectives and Quality Risks	• Guide 1, Sections 4.1 and 4.3 (illustrative table removed)
5.4 Responses	• Guide 1, Section 4.4 (lists and examples removed)
5.5 Continual and Iterative Application	• Guide 1, Section 4.5
6. Scalability and Proportionality	• Introduction • One paragraph in Guide 1, Section 4.4
Appendix 1, Glossary	• Guide 1, Appendix 2

Appendix 2

Technology Team Members and Activities

Technology Team Members

1. In addition to the following IAASB technical staff and IAASB staff fellow, the Technology Team includes Megan Leicht (IAASB Project Manager):
 - Angelo Giardina
 - Fadi Mansour
 - Ida Diu
 - Isabelle Raiche
 - Sachiko Kai (Staff Fellow)

Project Board Members

2. The IAASB Project Board Members are:
 - Edo Kienhuis
 - Nancy Cheng

Expert Group

3. Information about the composition of the Expert Group and its Terms of Reference is available on the Technology Quality Management Workstream [project page](#).

Activities Since the September 2026 Meeting

4. Refer to [Section I](#) and [Section II](#) of this paper for information about activities undertaken since the September 2026 meeting.