tapestry NETWORKS



SUMMARY OF THEMES

Quantum, AI, building finance talent, and the audit committee's remit

October 2026

On September 30 and October 1, 2026, members of the European Audit Committee Leadership Network met in London. Topics included:

- **Demystifying quantum: opportunities and risks** with Andy Stanford-Clark, UK Quantum Ambassador Leader, IBM
- **AI security and governance concerns** with Peter Lee, Partner, Head of AI Governance, Simmons & Simmons
- **Quodlibet** (members-only)
- **The role of the audit chair in building finance and risk talent** with Petros Parras, Group Chief Financial Officer, Compass Group
- **Responsibility, accountability, and liability: the scope and remit of the audit committee** with Christoph Kletzer, Professor of Law and Vice Dean International, King's College London

For a list of meeting participants, see Appendix 1 (page 7).

This *Summary of Themes*[1] provides an overview[2] of the following discussions:

Demystifying quantum: opportunities and risks

AI security and governance concerns

Quodlibet

The role of the audit chair in building finance and risk talent

Responsibility, accountability, and liability: the scope and remit of the audit committee

EY
Shape the future with confidence

Demystifying quantum: opportunities and risks

Quantum computers now outperform classical machines on a small set of problems with verifiable results, and IBM expects to deliver a fault-tolerant system by 2029. For boards, the technology brings both opportunity and a deadline as the capability will eventually break the encryption that protects company data. Dr. Stanford-Clark explained where the technology stands and why companies should act now.

- **Quantum advantage has arrived for specific problems.** Once fault-tolerant systems arrive, IBM expects quantum adoption to accelerate as quickly as it did for generative AI. The remaining work is engineering: *"It's just a matter of scaling it at this point."* Early uses will combine quantum and classical computing in areas such as portfolio optimization, derivatives pricing, forecasting, and drug discovery.
- **Commercial viability and cryptographic risk follow different clocks.** *"Don't confuse having a commercially viable quantum computer with having a cryptographically relevant quantum computer,"* Dr. Stanford-Clark cautioned. IBM expects capability to grow gradually rather than arrive on a single "Q-Day." Companies may not know when current encryption falls, since whoever breaks it first has strong reasons to keep the capability secret. Boards cannot wait for a public signal before they act.
- **Companies should start migration now.** The exposure already exists: attackers harvest encrypted data now to decrypt later, and future quantum machines could modify the content of digitally signed contracts. Companies that do not migrate may face *"serious insurance liabilities."* Dr. Stanford-Clark told members to start with an inventory of cryptography usage. NIST finalized its first post-quantum standards in August 2024, so the task is to identify encrypted data and communications across applications, vendors, cloud services, and devices; determine its sensitivity; and where appropriate upgrade it to post-quantum encryption standards.
- **Talent is a constraint.** Dr. Stanford-Clark sees little need for quantum-specific rules beyond export controls, since responsible use of quantum is responsible use of IT. Skills are scarcer: the industry needs to *"train an army of quantum software engineers,"* and banks already compete for university graduates in the field.

Post-quantum migration deadlines	
Deadline	**Milestone**
2028	Define migration goals, complete a full discovery exercise, and build an initial plan (UK NCSC)
2030	Quantum-safe algorithms only, for software and firmware signing and traditional networking equipment (US NSA, CNSA 2.0)
2030–31	Migrate high-priority systems (emerging consensus across national agencies)
2033	Quantum-safe algorithms only, for web browsers, servers and cloud services, operating systems, and custom and legacy applications (US NSA, CNSA 2.0)
2035	Complete migration of all systems (emerging consensus across national agencies)

As of mid-2025, government, finance, and telecom led the transition, while aviation, energy, health, logistics, and retail had largely yet to start. (Sources: UK National Cyber Security Centre; US National Security Agency; IBM)

AI security and governance concerns

AI now sits on most board agendas, yet boards differ widely in how far their oversight reaches into operations. Mr. Lee described an environment that will not settle soon, as AI has become a geopolitical tool and *"the AI labs are becoming so powerful that nation states are forced to negotiate with them like they are other nations*."

- **Boards can set a "north star" for AI.** Mr. Lee urged boards to define how the organization wants others to see and think about its use of AI, not only what it plans to do with it, and then to apply that position from the top down. Members stressed the competitive reality: *"If your competition has a view on efficiency, what are you going to do?"* one asked. Another argued that *"technology and AI can never be the north star—it is a tool in order to achieve the north star."*
- **Efficiency AI and strategic AI call for different governance.** One member distinguished AI that improves productivity from AI to inform strategy: *"It's important to consider them differently – the governance around those is different."* The strategic choices raise harder questions about which models to adopt, how much proprietary data to share, and how much software to keep in-house.
- **Heavy-handed governance drives shadow AI.** *"Bad AI governance is when it's overdone and it stops innovation,"* Mr. Lee said. When compliance processes become burdensome, employees turn to unapproved tools: *"If you think there is no shadow AI in your organization, you just want to believe that, but it's not true."* He named training as an effective control and pointed to the literacy expectation in the EU AI Act. The conversation highlighted that culture can be the strongest control an organization has.
- **Agents require new controls**. Mr. Lee described three levels of oversight: a human in the loop for sensitive outputs, a human on the loop where agents act within guardrails, and a human out of the

loop where other controls provide comfort. Because agents *"tend to drift,"* he pointed to runtime governance tools and proposed a "digital passport," a human-readable job description that the company writes for each agent, allowing it to work with other elements of the organization.

- **Workforce effects divide directors**. Some members expect fewer jobs but better ones, with the roles that remain becoming *"much higher in quality."* Others foresee *"tremendous job reduction,"* especially in professional services, where AI may replace the early years of training. Experience also shapes who benefits: *"If you've never had basic experience, AI does not enrich your job – if you've been doing this for 20 years, then yes, your job will be enriched by AI,"* one member said. Mr. Lee called entry-level roles a *"massive challenge"* and urged HR and training teams to find more creative routes, such as simulations and new apprenticeship models.

Questions for audit chairs

1. Does the organization use AI in service of our organization, rather than as *"a convenient dataset for the AI labs"*?
2. Do risk management frameworks consider AI as a separate risk or is it embedded within each risk already in the register?
3. How does the board look at culture and whether controls around AI appropriately balance risk and opportunity?
4. Does internal audit look at AI use as part of its regular process audits?
5. What controls balance risk and opportunity?

Quodlibet

- **Boards look beyond their own ranks for technology expertise.** Members described several models: a board advisory committee of rotating experts that *"are complementary to management,"* new directors with careers in technology, and outside specialists who brief the board on topics such as privacy. Experts add most when the board itself knows how to ask the right questions.
- **Disruptive directors test board culture.** *"We need disruptors sitting around the table challenging us,"* one member said. Another noted that a director with a different background changes board dynamics*: "Suddenly there's a challenger,"* and *"the board needs to be on a journey and understand that we brought this person for that reason."* Management teams can find such directors hard to integrate, and their arrival can expose fault lines in the culture.
- **Drones present a physical-security risk.** Members raised the threat of drones that evade detection, for which no clear rules exist. Boards have begun to ask management what happens on detection and which safety measures apply, but *"we don't have the appropriate structures yet,"* one member said. Another urged directors to *"create a sense of urgency"* with lawmakers as military exercises in the region intensify.
- **Insurance buys protection and expertise.** Cyber cover remains expensive for many companies,

but one member's board increased its coverage because "*what you're buying into is expertise, access to resources, legal advice.*"

- **Geopolitics is the top risk.** *"It is risk number one,"* one member said. European companies with global reach sit between the US and China, where *"the laws are in direct conflict,"* and export controls add strain. Members also noted the speed of US changes to policy on DEI and ESG, which do not always align with European requirements. Companies have responded with compliance teams that track developments quarter over quarter, corporate affairs teams in key countries, and more flexible supply chains. As one member put it, boards *"now need more resources and energy for geopolitical operations."*

The role of the audit chair in building finance and risk talent

Finance teams must plan for a wider range of risks as automation removes the entry-level work that once trained new talent. Mr. Parras described, the skills and attributes he values and seeks across his team and how he raised the standard for his own finance team. Members shared how audit chairs can support the CFO in building the talent pipeline.

- **Audit committees need leading indicators, not only lagging ones.** *"Everything that happens in the audit committee is a lagging indicator – everything crystallizes after things have happened,"* Mr. Parras said. In his view, the audit chair has become a *"chair of risk and assurance, which has a much broader scope."* A member countered that two-tier European boards already expect forward-looking assurance, and that risk reports can cover opportunities as well as risks.
- **Finding the right talent for the finance function is essential.** Mr. Parras named his three priorities: to keep and win business, to generate cash, and to preserve value. To achieve that he depends on his team: *"Hyper talent in my team is very important."* A member agreed: *"I am always very careful about people who only talk about finance." "To find amazing technical expertise is relatively easy,"* Mr. Parras said, but someone who can *"connect the dots between operations and risk and enterprise thinking"* is rare. Intellectual curiosity is his test: *"What are they interested in beyond the everyday?"*
- **Internal audit needs fresh talent, analytics, and "finesse."** Compass rebuilt a thin internal audit team with outside expertise, then moved those auditors into the first and second lines after two to three years so the team would not *"become native."* Mr. Parras looks to sponsor the head of audit, by conversations with operational leaders in advance of an internal audit visit. He articulated how important it is for the chief accounting officer to have *"finesse – if you don't have finesse you don't go to the board with issues."*
- **Audit chairs can strengthen talent.** One member's committee sets aside time with finance leaders across the year to *"understand their skills and give them the ability to meet the audit committee in the case that they may step up into the role one day."* Others hold private sessions with the CFO on succession, ask external audit partners who stands out, and meet top talent when

the board travels. Another member always asks the CFO *"what they would like to be challenged on."*

- **Underperformance calls for data, fairness, and composure.** Mr. Parras closed with three rules. First, *"be data driven in assessing your leadership – opinion doesn't matter when you have data."* Second, *"give a chance to the people who you believe need to change,"* but *"don't give it too long."* Third, *"you have to be stoic"*: *"you have to be composed in these conversations when you apply pressure for people to change."* His lesson from three years as CFO: *"Import stress, export serenity."*

Responsibility, accountability, and liability: the scope and remit of the audit committee

The audit committee attracts an ever-wider range of topics, which makes clarity about who answers for what more important. Professor Kletzer offered members a conceptual framework for the board's role and the tensions built into it.

- **Responsibility and accountability are different concepts.** Responsibility is *"a dyadic concept"*: A is responsible for B. Accountability is triadic: A is accountable for B to C. The board retains a vicarious responsibility for all it delegates and discharges it through holding management to account. Three tensions follow: the board *"has to direct with its nose and not its fingers,"* it has fewer resources than management, and it must demonstrate both sound process and sound judgment. Responsibility does not equal liability, Professor Kletzer added; directors face legal risk mainly when they fail to set up oversight systems or ignore them.
- **Process exists to serve judgment.** *"The judgment is what the process is for,"* Professor Kletzer said; the aim is *"to make as many right decisions as possible."* He offered a heuristic: when things go too smoothly, question whether they are right. AI sharpens the tension, since a perfect record *"leaves no space for judgment."*
- **The audit committee owns assurance, not every topic.** The committee *"owns the assurance and the oversight"* over many topics *"but not the topics themselves,"* Professor Kletzer said. Members viewed internal and external audit as the board's main independent sources of information and pressed auditors to share more of what they see.
- **Crises blur the lines of responsibility.** Events that *"should only happen every 10,000 years tend to happen every week,"* Professor Kletzer said, so boards need more reserves and leeway than models suggest. Members recommended regular crisis exercises so that *"we don't all play teenage football,"* and noted that these exercises also test whether management communicates well.

The perspectives presented in this document are the sole responsibility of Tapestry Networks and do not necessarily reflect the views of network members or participants, their affiliated organizations, or EY. Please consult your counselors for specific advice. EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Tapestry Networks and EY are independently owned and controlled organizations. This material is prepared and copyrighted by Tapestry Networks with all rights reserved. It may be reproduced and redistributed, but only in its entirety, including all copyright and trademark legends. Tapestry Networks and the associated logos are trademarks of Tapestry Networks, Inc., and EY and the associated logos are trademarks of EYGM Ltd.

Appendix 1: Participants

The following members participated in all or part of the meeting:

Jeremy Anderson, UBS

Werner Brandt, Siemens

Philip Broadley, AstraZeneca

Christine Catasta, Erste Group Bank

Laurence Debroux, Exor and Randstad

Byron Grote, IHG

Alan Johnson, Imperial Brands

Monika Kircher, RWE

Dagmar Kollmann, Deutsche Telekom

Anne-Françoise Nesmes, Compass Group

Nathalie Rachou, Euronext

Karen Whitworth, Tesco

EY was represented by the following in all or part of the meeting:

Hildur Eir Jónsdóttir, Deputy Assurance Managing Partner, Europe West

Paul Goodhew, Global Assurance Innovation & Digital Leader

Pragasen Morgan, Partner, Technology Risk

Bridget Walsh, EMEIA Area Managing Partner

The following Tapestry Networks representatives participated in all or part of the meeting:

Jonathan Day, Chief Executive

Laura Koski, Project and Event Manager

Jo Rhoden, Executive Director

Ginevra Rollo, Senior Associate

Todd Schwartz, Executive Director

Endnotes

[1] This document reflects the network's use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments are not attributed to individuals or corporations. Italicized quotations reflect comments made in connection with the meeting by network members and other meeting participants.

[2] Use of Artificial Intelligence: Portions of this document may have been prepared with the assistance of artificial intelligence tools. All content has been reviewed and approved by Tapestry Networks.