

### **MAINTENANCE PROJECT PROPOSAL 1 (DECEMBER 2025): REVISIONS TO THE ISA FOR LCE ARISING FROM THE IAASB'S PROJECTS ON FRAUD, GOING CONCERN, LISTED ENTITY AND PUBLIC INTEREST ENTITY AND USING THE WORK OF AN EXTERNAL EXPERT – APPROVED**

This project proposal was developed and approved by the International Auditing and Assurance Standards Board (IAASB).

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board (PIOB), which oversees the activities of the IAASB, and the Stakeholder Advisory Council (SAC), which provides public interest input at the strategic level into the development of standards and guidance.

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and jurisdictional auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

#### **I. Subject**

1. This project proposal addresses the revisions to the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (the ISA for LCE) as a result of the following IAASB projects:
  - International Standard on Auditing (ISA) 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
  - ISA 570 (Revised 2024), *Going Concern*;
  - The narrow scope amendments to the ISAs as a result of the revisions to the definitions of listed entity and public interest entity (PIE) in The International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*; and
  - The narrow scope amendments to IAASB Standards arising from the IESBA's using the work of an external expert project.

collectively referred to as "ISA projects" for the purpose of this project proposal.

#### **II. Introduction**

2. In December 2023, the IAASB released the [ISA for LCE](#), a standalone standard which is proportionate and tailored to the needs of an audit of financial statements of an LCE. The ISA for LCE has been designed to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

3. The ISA for LCE was developed to provide a global solution to the growing concern about the length, complexity, and understandability of the ISAs and their application to audits of LCEs. The standard was designed following specific principles to address the needs of an audit of an LCE.<sup>1</sup>
4. The IAASB is committed to maintaining the ISA for LCE for changes in the business and audit environment. In this regard, the IAASB recognizes that the ISA for LCE has been designed as a standalone standard that achieves reasonable assurance through requirements and essential explanatory material that are relevant and proportionate to the typical nature and circumstances of an audit of an LCE.
5. More information on the maintenance of the ISA for LCE can be found in the [IAASB Approach Statement](#) (the Maintenance Approach) that sets out the approach for maintaining the ISA for LCE for changes to the ISAs.

#### *Recent ISA Projects that Inform This Maintenance Project*

6. Since the approval of the ISA for LCE in December 2023, the IAASB has approved revisions to the ISAs to enhance and clarify the auditor's responsibilities relating to fraud and going concern in an audit of financial statements. In addition, the IAASB has approved two sets of narrow scope amendments arising from IESBA's revisions to the IESBA Code, to ensure that the two Boards' standards can continue to be effectively applied together.
7. Given the IAASB's commitment to maintaining the ISA for LCE, the IAASB intends to update the ISA for LCE in light of these recently completed ISA projects. The following project pages provide additional information on the background, scope and revisions specific to each project:
  - [Fraud - ISA 240 \(Revised\)](#);
  - [Going Concern - ISA 570 \(Revised 2024\)](#);
  - [Listed Entity and PIE \(Track 2\)](#); and
  - [Experts Narrow Scope Amendments - ISA 620](#).<sup>2</sup>

### **III. Project Objective that Supports the Public Interest**

8. The project objective is to update the ISA for LCE for the revisions resulting from the ISA projects, as contemplated in the Maintenance Approach.
9. In doing so, the IAASB will consider the project objectives that were agreed in the ISA projects in the context that the ISA for LCE has been designed to be proportionate to the typical nature and circumstances of an audit of an LCE. See **Appendix 1** for the objectives as included in the project proposals of the ISA projects.

---

<sup>1</sup> Refer to Section III of the [First-Time Implementation Guide: The ISA for LCE](#) for more information on the overarching concepts in the ISA for LCE.

<sup>2</sup> ISA 620, *Using the Work of an Auditor's Expert*

#### IV. Stakeholders' Needs

10. As described in the [Public Interest Framework](#) (PIF),<sup>3</sup> standard setting that is in the public interest requires a process that elicits views from all stakeholders, with a focus on assessing the merits of the various stakeholder views, irrespective of whether the views are a majority or a minority.
11. In order to address the public interest as contemplated by the PIF, the IAASB:
  - (a) Considers all stakeholder input and identifies the different stakeholder interests that affect the overall objectives that will achieve the public interest;
  - (b) Appropriately weighs the input in terms of the public interest impact of the relative stakeholder interests; and
  - (c) Appropriately balances alternative outcomes in terms of the expected responsiveness to the public interest.
12. The PIF identifies broad stakeholder groups (users of financial information; the profession; those in charge of adoption, implementation, and enforcement of standards; preparers of financial information; and others), whose varying perspectives and needs have been considered when determining the project objective that will meet stakeholders' needs and serve the public interest.
13. The qualitative standard-setting characteristics in the PIF that are of most relevance to the project, and against which the proposed revisions to the ISA for LCE's public interest responsiveness will be assessed, are:
  - (a) Consistency
  - (b) Scope
  - (c) Proportionality
  - (d) Relevance
  - (e) Clarity and conciseness
  - (f) Implementability and ability of being consistently applied and globally operable

#### V. Scope — Issues and Proposed Actions

14. The IAASB will consider the relevance to the ISA for LCE of the key issues identified in the ISA projects and how best to incorporate the results of the related standard-setting actions of those projects into the ISA for LCE to achieve the project objectives. See **Appendix 2** for the key issues as included in the project proposals of the ISA projects (which embody the public interest for those projects).
15. The Maintenance Approach sets out the process for updating the ISA for LCE as a result of the development of new or revised ISAs.

---

<sup>3</sup> The PIF sets out a framework for the development of high-quality international standards by the IAASB that are responsive to the public interest. Among other matters, the PIF explains for whom standards are developed, clarifies whose interests need to be served, and includes a set of qualitative characteristics used to assess the public interest responsiveness of its standards. These are referred to herein as "the qualitative standard-setting characteristics."

*Basis of Proposed Actions*

16. The proposed actions have been developed on the basis that they will result in a revised standard that satisfies the qualitative standard-setting characteristics set out in the PIF, thereby supporting the consistent performance of quality engagements (see also **Section IV**). Any standard-setting project also reflects an appropriate balancing of the qualitative standard-setting characteristics in the context of what informed the project, and the nature and extent of the issues being addressed in the project.
17. In developing proposed revisions to the ISA for LCE, the IAASB follows the Complexity, Understandability, Scalability and Proportionality Drafting (CUSP) Principles and Guidelines to the extent applicable, recognizing that the principles and guidelines are written in the context of the ISAs.

*Non-Authoritative Guidance and Other Actions*

18. This project proposal anticipates responding to the issues that have been identified primarily through standard-setting actions. However, as the project progresses, it may become apparent that some of the issues may be resolved through the development of non-authoritative guidance or materials that support the implementation of the ISA for LCE.

*Collaboration and Coordination Activities*

19. In delivering on the project, there will be continued collaboration and coordination with staff and Board members that were involved in the ISA projects. In addition, the project team will liaise with specific groups including:
  - (a) The Technology Consultation Group, to inform proposed actions relating to technology and consider their alignment with the IAASB's Technology Position.
  - (b) The Professional Skepticism Consultation Group, to inform proposed actions designed to improve the exercise of professional skepticism in an audit engagement.
20. The maintenance of the ISA for LCE will feature in the IAASB's general outreach program, as well as in project-specific outreach to be undertaken by IAASB leadership or technical staff or Board members throughout the project cycle.
21. Additionally, the IAASB will monitor and consider the impact of relevant jurisdictional and national developments, including relevant standard-setting projects, and liaise with relevant parties as appropriate.

*International Ethics Standards Board for Accountants*

22. In delivering on the project, the IAASB will coordinate with IESBA to ensure continued alignment of the IAASB's standards with the IESBA Code, and on any other matters that may impact the work of each Board.

## VI. Project Timeline, Project Priorities and Resources

### *Project Timeline and Project Priorities*

23. The project will operate in accordance with the Integrated Due Process and PIF Operating Procedures.<sup>4</sup>
24. The IAASB proposes the following timetable, noting that specific project milestones and outputs may change as the project develops:

Timeline	Proposed Activities and Deliverables
January 2026 – June 2026	<ul style="list-style-type: none"> <li>Develop an Exposure Draft of the proposed ISA for LCE (Revised 20XX), including IAASB deliberation of issues, proposals and relevant discussion of the Exposure Draft.</li> <li>Perform outreach activities with key stakeholders on proposals as the Exposure Draft is developed.</li> </ul>
June 2026	<ul style="list-style-type: none"> <li>Approve the Exposure Draft of the proposed ISA for LCE (Revised 20XX).</li> </ul>
July 2026	<ul style="list-style-type: none"> <li>Publish the approved Exposure Draft for a 90-day comment period.</li> </ul>
July 2026 – October/November 2026	<ul style="list-style-type: none"> <li>Perform outreach activities with key stakeholders on proposals.</li> <li>Close the comment period for responses to the Exposure Draft.</li> </ul>
November/December 2026 – June 2027	<ul style="list-style-type: none"> <li>Analyze comments and deliberate responses to the Exposure Draft and resulting proposed changes to the ISA for LCE (Revised 20XX).</li> <li>Perform outreach with key stakeholders on key issues as the final pronouncement is developed.</li> </ul>
June 2027	<ul style="list-style-type: none"> <li>Approve final pronouncement of the ISA for LCE (Revised 20XX).</li> </ul>
September/October 2027	<ul style="list-style-type: none"> <li>PIOB certification.</li> <li>Publish the final revised standard and Basis for Conclusions after PIOB certification.</li> </ul>

### *Project Resources*

25. The project will be led by the project team. One or two Board members will be assigned to the project to provide strategic and technical advice to the project team. The project team may reach out for

<sup>4</sup> See 'Due Process' under Quick Links on the [IAASB website](#).

technical input or views on balancing of stakeholder interests or the qualitative standard-setting characteristics to any IAASB members or others, as appropriate, with relevant experience and subject-matter expertise throughout the project. Other resources may also be engaged to contribute to other actions necessary, for example, for communications with stakeholders.

26. In addition, the IAASB will:
  - (a) Allocate sufficient Board plenary time to deliberate significant matters; and
  - (b) Allocate sufficient time to consult with the PIOB on its public interest issues relevant to the project.
27. Due to the nature of this project being focused on the relevance of the public interest issues that were addressed during the development of the new or revised ISA(s) and alignment of the core requirements and concepts of the ISAs in a proportionate way, consultation with the SAC is not expected to be necessary.

## **VII. Project Output and Impact**

28. The expected output of the project is a revised ISA for LCE, which meets the qualitative standard-setting characteristics in the public interest.
29. Supporting non-authoritative materials (e.g., fact sheets or questions-and-answers) may also be issued as part of the project. The need for any such materials, and their specific nature and timing, will be determined as the project progresses.
30. The IAASB will evaluate the impact of the project by asking specific questions, as part of the Explanatory Memorandum accompanying the Exposure Draft, about whether the revisions will achieve the intended qualitative standard-setting characteristics and project objective. In addition, all respondents will be invited to provide insights on the effects of implementing the proposed revised standard.
31. A post-implementation review ordinarily is not planned for a specific maintenance project of the ISA for LCE. However, the IAASB's ongoing monitoring of the environment, including its general outreach program, provides a feedback mechanism regarding implementation challenges.

## Appendix 1

### Project Objectives of the ISA Projects

This appendix includes extracts from the project proposals of the ISA projects that set out the project objectives of these ISA projects and is included for ease of reference.

#### **ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements***

*Extract from the [project proposal](#) for the revision of ISA 240<sup>5</sup>*

12. Taking into account the stakeholders whose interests are to be served through a project on fraud in an audit of financial statements (see **Section IV**), the project objectives are to:
- (a) Clarify the role and responsibilities of the auditor for fraud in an audit of financial statements;
  - (b) Promote consistent behavior and facilitate effective responses to identified risks of material misstatement due to fraud through strengthening ISA 240 to establish more robust requirements and enhance and clarify application material where necessary;
  - (c) Enhance ISA 240 to reinforce the importance, throughout the audit, of the appropriate exercise of professional skepticism in fraud-related audit procedures; and
  - (d) Enhance transparency on fraud-related procedures where appropriate, including strengthening communications with TCWG and the reporting requirements in ISA 240 and other relevant ISAs.

#### **ISA 570 (Revised 2024), *Going Concern***

*Extract from the [project proposal](#) for the revision of ISA 570 (Revised)<sup>6</sup>*

19. The project objectives are to enhance or clarify ISA 570 (Revised) and in doing so:
- (a) Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement related to going concern;
  - (b) Strengthen the auditor's evaluation of management's assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism; and
  - (c) Enhance transparency with respect to the auditor's responsibilities and work related to going concern where appropriate, including strengthening communications and reporting requirements.

<sup>5</sup> ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

<sup>6</sup> ISA 570 (Revised), *Going Concern*

### **Narrow Scope Amendments Related to the Definitions of Listed Entity and PIE**

*Extract from the [project proposal](#) for the narrow scope amendments related to the definition of listed entity and PIE*

17. Taking into account the stakeholders whose interests are to be served through a project on listed entity and PIE (see **Section IV**), the project objectives are to:
  - (a) Achieve to the greatest extent possible convergence between the definitions and key concepts underlying the definitions used in the revisions to the IESBA Code and the ISQMs and ISAs to maintain their interoperability;
  - (b) Establish an objective and guidelines to support the IAASB's judgments regarding specific matters for which differential requirements for certain entities are appropriate;
  - (c) Determine whether, and the extent to which, to amend the applicability of the existing differential requirements for listed entities in the ISQMs and ISAs to meet heightened expectations of stakeholders regarding the performance of audit engagements for certain entities, thereby enhancing confidence in audit engagements performed for those entities; and
  - (d) Determine whether the auditor's report is an appropriate mechanism to enhance transparency about the relevant ethical requirements for independence applied for certain entities when performing an audit of financial statements.

### **Narrow Scope Amendments Arising from the IESBA's Using the Work of an External Expert Project**

*Extract from the [project proposal](#) for the narrow scope amendments arising from the IESBA's using the work of an external expert project*

12. Taking into account the information gathering performed and an underlying focus on delivering standards that respond to stakeholders' needs, this project seeks to maintain the interoperability of the IAASB standards with the new provisions in the IESBA Code related to using the work of an external expert.



## Appendix 2

### Key Issues Addressed in the ISA Projects

This appendix includes extracts from the project proposals of the ISA projects that set out the key issues that were addressed by the revisions to those ISAs and is included for ease of reference.

#### ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

*Extract from the [project proposal](#) for the revision of ISA 240*

19. These key issues have been identified through the extensive information gathering and research activities described in **Section II** (and **Appendix A**), and have been discussed with the IAASB in 2020 and 2021. The following key issues recognize the input of stakeholders and the resulting call to strengthen, enhance and clarify ISA 240:

*(a) Roles and responsibilities of the auditor on fraud in an audit of financial statements*

- (i) The introductory paragraphs in ISA 240 explaining the inherent limitations of an audit can be misleading and result in misunderstanding of the auditor's obligations.
- (ii) A need has been expressed to clarify and emphasize the auditor's responsibilities regarding fraud in an audit of financial statements.
- (iii) There are terms and concepts associated with fraud, such as bribery, corruption, and money laundering, that are not directly addressed in the definition of fraud, and it has been noted that it is therefore unclear whether the auditor's procedures extend to include work related to such terms and concepts.
- (iv) Calls for the auditor undertaking more forensic type procedures, or the need for forensic specialists on all, or some, audits have been made due to the increasing use of forensic procedures on audits, including by forensic specialists.

*(b) Identifying and assessing risks of material misstatement due to fraud*

- (i) The auditor's risk identification and assessment process as it relates to fraud should be more robust (including that many aspects of the enhanced risk identification and assessment procedures in ISA 315 (Revised 2019)<sup>7</sup> have not been reflected in ISA 240).
- (ii) The engagement team discussion is not sufficiently robust with respect to the auditor's considerations of fraud throughout the audit.

*(c) Responses to the assessed risks of material misstatement due to fraud*

- (i) The auditor's responses to the assessed risks of material misstatement due to fraud should be more robust.

<sup>7</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

	<p>(ii) The auditor is inappropriately relying on written representations provided by management addressing fraud in the entity (i.e., clarity is needed that written representations do not relieve the auditor of the responsibility to appropriately respond to the assessed risks of material misstatement due to fraud).</p>
	<p>(d) <i>Use of technology</i></p> <p>(i) ISA 240 needs to consider the impact of the entity's ability to use technology to enable fraudulent activity on the auditor's procedures.</p> <p>(ii) ISA 240 needs to be modernized for the auditor's considerations about how new and evolving technologies, and current practice, impacts the auditor's procedures when considering fraud.</p>
	<p>(e) <i>Relationship between and linkage of ISA 240 with respect to ISA 250 (Revised)<sup>8</sup> and the other ISAs</i></p> <p>(i) The relationship between ISA 240 and ISA 250 (Revised) is unclear, i.e., more clarity is needed if a fraud is identified or suspected, whether the auditor is performing procedures to comply with ISA 240 or ISA 250 (Revised).</p> <p>(ii) The relationship between ISA 240 and other ISAs (e.g., standards addressing quality management, written representations, and external confirmations) should be clarified to promote an integrated risk-based approach with respect to fraud.</p>
	<p>(f) <i>Specific fraud-related audit procedures</i></p> <p>(i) Journal entries – uncertainty about how to select which journal entries to test that has resulted in inconsistent application.</p> <p>(ii) Presumption of fraud risk in revenue recognition – it is not clear when it may, or may not, be appropriate to rebut the presumption of fraud risk in revenue recognition, which has resulted in inconsistent application.</p> <p>(iii) Presumption of fraud risk in other account balances – stakeholders have questioned whether the presumption of fraud risk should be extended to include other account balances, such as goodwill.</p> <p>(iv) Analytical procedures – analytical procedures at the planning and completion stages of the audit are not robust enough to support the auditor's consideration of the risk of fraud and the planned audit response (nature, timing, extent of audit procedures).</p> <p>(v) Fraud is identified or suspected – lack of clarity around the auditor's response in such circumstances.</p> <p>(vi) Unpredictability of audit procedures – unclear as to the required actions or types of fraud-related procedures to be undertaken by the auditor.</p>

<sup>8</sup> ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

	<ul style="list-style-type: none"> <li>(vii) Non-material fraud – clarity is needed with respect to the auditor’s responsibilities and whether more should be done when a possible non-material fraud is identified or suspected.</li> <li>(viii) Third party fraud – clarity is needed around the auditor’s actions with respect to third party fraud.</li> <li>(ix) Audit documentation – clarity is needed on what needs to be documented for fraud when identifying and assessing the risk of material misstatement, performing audit procedures and concluding.</li> <li>(x) External confirmations – clarity is needed as to whether the external confirmation process, as relevant to the auditor’s considerations on fraud, should be more robust.</li> </ul> <p>(g) <i>Professional skepticism</i></p> <ul style="list-style-type: none"> <li>(i) The appropriate exercise of professional skepticism needs to be reinforced, including reminding the auditor of the importance of remaining alert to conditions that may indicate possible fraud and maintaining professional skepticism throughout the audit.</li> </ul> <p>(h) <i>Transparency on the auditor’s fraud-related procedures</i></p> <ul style="list-style-type: none"> <li>(i) The required communications with TCWG on fraud considerations may not be sufficiently robust in the current environment, including that such communications relating to fraud matters are not presently explicitly required throughout the audit.</li> <li>(ii) The auditor’s report may not be transparent enough about the auditor’s fraud-related responsibilities and procedures.</li> </ul>
--	--

## ISA 570 (Revised 2024), *Going Concern*

Extract from the [project proposal](#) for the revision of ISA 570 (Revised)

26. These key issues have been identified through the extensive information gathering and research activities described in **Section II** (and **Appendix A**), and have been discussed with the IAASB in 2020 and 2021. The following key issues were identified recognizing the input and views of stakeholders and the resulting call to strengthen, enhance and clarify ISA 570 (Revised):

(a) *Risk identification and assessment*

- (i) ISA 570 (Revised) does not reflect the more robust risk identification and assessment process in ISA 315 (Revised 2019). A stronger link to ISA 315 (Revised 2019) would support timely identification of matters relating to management’s assessment of going concern about events and conditions that may cast significant doubt on the entity’s ability to continue as a going concern.

(b) *Timeline over which the going concern assessment is made*

- (i) There was a call to consider requiring the auditor to assess the reasonableness of the period utilized by management in their going concern assessment.
- (ii) There are inconsistencies across financial reporting frameworks in the commencement of the twelve-month period for the going concern assessment. This

has resulted in reconsideration of whether the twelve-month period over which the going concern assessment is made should commence on the date of approval of the financial statements (or the date of the auditor's report) instead of the date of the financial statements. Stakeholders also noted that in considering the period of assessment, the requirements of the applicable financial reporting framework need to be taken into account.

(c) *Information from sources external to the entity*

- (i) There was a call to consider when auditors may leverage information from sources external to the entity to assist them when evaluating whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern.
- (ii) It is unclear when it is appropriate to use information from a third-party when obtaining evidence of financial support

(d) *Terminology*

- (i) Certain terminology associated with going concern, such as "Material Uncertainty Related to Going Concern" and "significant doubt" is inconsistently understood and may therefore have varying interpretations. Certain stakeholders noted that some financial reporting frameworks may define these terms differently.

(e) *Audit techniques – use of technology*

- (i) There is a call to consider modernizing ISA 570 (Revised) for how new and evolving technologies, and current practice, impact the auditor's work related to going concern.

(f) *Management's assessment of going concern*

- (i) ISA 570 (Revised) does not reflect the more robust concepts in ISA 540 (Revised)<sup>9</sup> when designing and performing audit procedures related to management's assessment of going concern. Embedding some of those concepts in ISA 570 (Revised) will assist the auditor by strengthening the audit procedures related to the evaluation of management's assessment of going concern, for example, in relation to the significant assumptions and data used in management's assessment of going concern.

(g) *Professional skepticism*

- (i) The exercise of professional skepticism needs to be reinforced as it relates to the auditor's considerations about the appropriateness of management's use of the going concern basis of accounting, management's assessment of going concern, and maintaining professional skepticism when gathering audit evidence, questioning judgments made and assumptions used, and developing conclusions.

(h) *Transparency about the auditor's responsibilities and work related to going concern*

<sup>9</sup> ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

- (i) The communication with TCWG on going concern may not be sufficiently robust, including that such communication may not always occur on a timely basis throughout the audit.
- (ii) Where issues related to going concern are identified by the auditor, there is a need to clarify the auditor's responsibilities for additional communications with external parties, including with relevant regulatory authorities (as applicable).
- (iii) The auditor's report may not be sufficiently transparent with respect to the auditor's responsibilities and work related to going concern.
- (iv) There is confusion about the "Material Uncertainty Related to Going Concern" section in the auditor's report and its relationship with key audit matter (KAM) and emphasis of matter (EOM) paragraphs where there are going concern issues, including with respect to "close calls".

### Narrow Scope Amendments Related to the Definitions of Listed Entity and PIE

*Extract from the [project proposal](#) for the narrow scope amendments related to the definition of listed entity and PIE*

23. The following key issues have been identified through the information gathering and research activities described in **Section II**, and discussions with the IAASB in 2021:
- (a) Increased complexity and inconsistent application and understanding when concepts across the IAASB and IESBA standards differ, including when there is misalignment in the types of entities to which differential requirements apply.
  - (b) When developing or revising the ISQMs and ISAs, the need for a more robust and consistent approach as to when differential requirements for certain entities are appropriate. In particular, when setting differential requirements for certain entities, considering:
    - (i) The need to maintain the relevance, robustness, proportionality and scalability of the ISQMs and ISAs.
    - (ii) Increased complexity if there are too many differential requirements for certain entities.
    - (iii) The heightened expectations of stakeholders regarding the performance of audit engagements for certain entities.
  - (c) A need for enhanced transparency about the relevant ethical requirements for independence applied in performing audits for certain entities (such as for PIEs in the IESBA Code), and whether the auditor's report is the appropriate mechanism for such transparency.

### Narrow Scope Amendments Arising from the IESBA's Using the Work of an External Expert Project

*Extract from the [project proposal](#) for the narrow scope amendments arising from the IESBA's using the work of an external expert project*

- |  |
|--|
| <p>16. The table below sets out the issues identified that the IAASB is proposing to address with targeted narrow-scope amendments to IAASB standards. The proposed actions are intended to enable the IAASB to achieve its project objective that supports the public interest.</p> <p>(a) The requirements and related application material in the IAASB standards may not be consistent with the revised IESBA Code regarding using the work of an external expert.</p> |
|--|