

## RESPONSE TEMPLATE FOR THE ED OF PROPOSED NARROW-SCOPE AMENDMENTS TO IAASB STANDARDS ARISING FROM THE IESBA'S USING THE WORK OF AN EXTERNAL EXPERT PROJECT

### Guide for Respondents

Comments are requested by **July 24, 2025**.

This template is for providing comments on the Exposure Draft (ED) of proposed Narrow-Scope Amendments to International Auditing and Assurance Standards Board® (IAASB®) Standards Arising from the International Ethics Standards Board for Accountants' (IESBA) Using the Work of an External Expert project, in response to the questions set out in the Explanatory Memorandum (EM) to the ED. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
  - Respond directly to the questions.
  - Provide the rationale for your answers. If you disagree with the proposals in the ED, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
  - Identify the specific aspects of the ED that your response relates to, for example, by reference to sections, headings or specific paragraphs in the ED.
  - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the “**Submit Comment**” button on the ED [web page](#) to upload the completed template.

***Responses to IAASB's Request for Comments in the EM for the ED, Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project***

**PART A: Respondent Details and Demographic information**

Your organization's name (or your name if you are making a submission in your personal capacity)	European Federation of Accountants and Auditors for SMEs
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Salvador Marin
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	<a href="mailto:secretariat@efaa.com">secretariat@efaa.com</a>
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ED). Select the most appropriate option.	<u>Europe</u>
	If "Other", please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ED). Select the most appropriate option.	<u>Individuals or Other (if none of the groups above apply to you)</u>
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	EFAA for SMEs is the umbrella organisation for national accountants and auditors' organisations whose individual members provide professional services primarily to SMEs. EFAA has 15 members throughout Europe representing almost 400,000 accountants, auditors and tax advisors.

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB's preference is that you incorporate all your views in your comments to the questions (also, the last question in Part B allows for raising any other matters in relation to the ED).

Information, if any, not already included in responding to the questions in Parts B and C:

## PART B: Responses to Questions in the EM for the ED

**For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.**

### Overall Question

#### *Public Interest Responsiveness*

1. Do you agree that the proposed narrow-scope amendments are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting actions in the project proposal? If not, why not?

(See EM, Section 1-A)

**Overall response:** Agree, with comments below

#### **Detailed comments (if any):**

We agree that the proposed narrow-scope amendments are responsive to the public interest, particularly in terms of enhancing audit quality and reinforcing the appropriate use of external experts. However, from an SMP perspective, we believe the alignment between the IAASB's proposals and the IESBA Code needs to be more clearly and robustly justified—particularly regarding how the proposed changes will support proportionality and practicality in smaller firm settings. Stronger emphasis on the SMP reality and a clearer articulation of how the amendments benefit smaller practices would improve the perceived responsiveness to the public interest. For SMPs, who often rely heavily on external experts due to limited internal resources, clarity and alignment in standards are essential. However, it is important that these amendments strike a balance between improving quality and avoiding excessive administrative burdens that could disproportionately impact SMEs and SMPs. We urge the IAASB to utilise the “think small first” principle in drafting adjustments of this nature rather than considering SMEs and SMPs only after the event.

### Specific Questions

#### *Proposed Narrow-Scope Amendments to ISA 620<sup>1</sup>*

2. Do you agree that the proposed narrow-scope amendments to ISA 620 are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-C)

**Overall response:** Agree, with comments below

#### **Detailed comments (if any):**

We agree that aligning ISA 620 with the new Code provisions is necessary to ensure consistency and avoid divergent interpretations. Nevertheless, we suggest including specific application material tailored

<sup>1</sup> International Standard on Auditing (ISA) 620, *Using the Work of an Auditor's Expert*

to SMPs, offering practical examples and simplified guidance on assessing the competence and objectivity of external experts, while considering the resource constraints of small and medium firms. This would help SMPs comply effectively without incurring undue costs or administrative burdens.

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

**Detailed comments (if any):**

*Proposed Narrow-Scope Amendments to ISRE 2400 (Revised),<sup>2</sup> ISAE 3000 (Revised)<sup>3</sup> and ISRS 4400 (Revised)<sup>4</sup>*

3.1 Do you agree that the proposed narrow-scope amendments to ISRE 2400 (Revised) are consistent with the proposed amendments to ISA 620, and are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-D)

**Overall response:** Agree, with comments below

**Detailed comments (if any):**

Yes, normative consistency is critical, especially for SMPs that provide a diverse range of services. Harmonizing requirements facilitates training and practical application within resource-limited firms. We reiterate the importance of adapting application guidance and examples to the realities faced by SMEs and SMPs

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

**Detailed comments (if any):**

<sup>2</sup> International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

<sup>3</sup> International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

<sup>4</sup> International Standards on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements*

3.2 Do you agree that the proposed narrow-scope amendments to ISAE 3000 (Revised) are consistent with the proposed amendments to ISA 620, and are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-E)

**Overall response:** Agree, with comments below

**Detailed comments (if any):**

Yes, normative consistency is critical, especially for SMPs that provide a diverse range of services. Harmonizing requirements facilitates training and practical application within resource-limited firms. We reiterate the importance of adapting application guidance and examples to the realities faced by SMEs and SMPs

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

**Detailed comments (if any):**

3.3 Do you agree that the proposed narrow-scope amendments to ISRS 4400 (Revised) are consistent with the proposed amendments to ISA 620, and are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-F)

**Overall response:** Agree, with comments below

**Detailed comments (if any):**

Yes, normative consistency is critical, especially for SMPs that provide a diverse range of services. Harmonizing requirements facilitates training and practical application within resource-limited firms. We reiterate the importance of adapting application guidance and examples to the realities faced by SMEs and SMPs

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

**Detailed comments (if any):**

#### *Other Matters*

4. Are there any other matters you would like to raise in relation to the ED? If so, please clearly indicate the standard(s), and the specific requirement(s) or application material, to which your comment(s) relate.

**Overall response:** Yes, with comments below

**Detailed comments (if any):**

We recommend reinforcing a proportional and risk-based approach in applying the requirements, allowing SMPs to tailor procedures according to the nature and complexity of the engagement and the external expert involved. Additionally, including sector-specific examples relevant to SMEs—such as manufacturing, construction, and services—would be beneficial.

Whilst we acknowledge the importance of alignment between the International Standards and the Code of Ethics, we note the challenges that are put forward by the process followed. Firstly, there was an Exposure Draft by IESBA on Experts which led to a final pronouncement. We are now at the second stage of a related IAASB Exposure Draft likely leading to changes to the Standards. Such a process poses additional burden upon auditors, especially those in the SMP-sector, both when considering these proposals and when implementing the final pronouncements. We urge IAASB and IESBA to ensure that projects that have impact both on Standards and on the Code are jointly developed and consulted, so that practitioners can consider and implement these projects holistically and not on a piece-meal basis.

## Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

5. Translations—Recognizing that many respondents may intend to translate the final narrow-scope amendments for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED.

**Overall response:** [See comments on translation below](#)

**Detailed comments (if any):**

Clear language is vital for accurate translation and application in non-English-speaking jurisdictions. We recommend avoiding unnecessary technical jargon and ambiguous phrases. Furthermore, it would be helpful if the IAASB could provide glossaries and translation examples of key terms to facilitate implementation in SMP environments.

6. Effective Date—Given the public interest benefit of aligning the effective date of these proposed narrow-scope amendments with the effective date of the revised Code provisions related to using the work of an external expert, the IAASB believes that an appropriate implementation period would be approximately 12 months after the PIOB's process of certification of the final narrow-scope amendments. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the narrow-scope amendments.

(See EM, Section 1-G)

**Overall response:** [See comments on effective date below](#)

**Detailed comments (if any):**

While we acknowledge the need for timely implementation, we consider a 12-month period from the final approval date to be quite short, especially for SMPs. Even if guidance and training materials are provided, such a timeline may not be sufficient for smaller firms to update procedures, train staff, and implement the necessary quality management responses without disruption. We suggest that a longer implementation period—preferably 18 to 24 months—be considered, or at least a phased approach for SMPs. This would allow for proper adoption without compromising service quality or increasing undue pressure on limited resources.