

**July 24, 2025**

International Auditing and Assurance Standards Board (IAASB)  
Mr. Tom Seidenstein, Chair

## **IFAC Response to the IAASB's Proposed Narrow-Scope Amendments to Standards Arising from the IESBA's Experts Project**

Dear Chair Seidenstein:

IFAC welcomes the opportunity to comment on this Exposure Draft (ED). In developing this response, we have engaged extensively with our members and their members who are public practice practitioners, as well as with a broad spectrum of stakeholders, from preparers to investors. By drawing on insights from a global, multi-stakeholder community, we can enhance the relevance and depth of the insights we share. We demonstrated our convening power and multi stakeholder approach recently at the April 2025 IFAC-IESBA Summit in Paris and look forward to continuing discussions on the outcomes, such as closing the feedback loop, improvements to due process and collaborating on successful adoption and implementation of the IAASB's standards.

IFAC are strong supporters of consistency and interoperability between IESBA and IAASB standards. We note the approach taken by the IAASB to heighten awareness of relevant ethical requirements rather than to duplicate these. IFAC raised several significant concerns in its response to IESBA's experts' project. Specific challenges to practicability were identified, especially for small- and medium-sized practices (SMPs), which were not entirely resolved.

The IAASB's proposals in this ED do not result in significant changes to requirements that would improve audit quality but will result in additional costs and effort for professional accountancy organizations (PAOs) and firms. A robust effects analysis and cost-benefit assessment was warranted, incorporating considerations of translation costs and the implications for outreach and education efforts within firms of all sizes and PAOs. We also raise concerns that some of the proposals could increase ambiguity and potentially result in inconsistent application or practical challenges, where the changes are not fully understood. Again, this may impact SMPs and jurisdictions where there is limited availability of experts the most.

Following the IAASB's work on narrow scope changes to the definition of PIE and Listed Entity that resulted in problems and the need for further post ED public consultation, this is the second time in recent projects that there has been an attempt at consistency through the IAASB following the direction set by the IESBA in their earlier projects. As both instances have resulted in challenges, the approach to collaboration needs further improvement. Responding to consultations consumes significant stakeholder time, so holistic consideration of IAASB and IESBA implications at the same time for cross-cutting projects would be beneficial. We strongly encourage both Boards to work together on such projects in a more substantive way and align the timing of their respective projects to ensure our shared aims of consistency and interoperability are facilitated.

Sincerely,



Lee White

CEO, IFAC

## 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)	International Federation of Accountants (IFAC)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Christopher Arnold Harpal Singh
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	ChristopherArnold@ifac.org HarpalSingh@ifac.org
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>Global</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>
	Global Member Body for the Accountancy Profession
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	As the global voice of the accountancy profession, IFAC connects and unites 185 Professional Accountancy Organizations in more than 140 jurisdictions. IFAC's members are champions of integrity and professional quality and committed to the public interest.

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:** Neither agree/disagree, but see comments below

**Detailed comments (if any):** We believe the IAASB's proposals will have a neutral impact on the public interest. Consistency in requirements between the IESBA Code and IAASB standards is clearly in the public interest, but it is not clear that proposals in this ED will enhance consistency; nor will the proposed addition of a requirement in ISA 620.8(f) enhance audit quality, since auditors are already required to adhere to the relevant ethical requirements. Similar is evident in the proposed amendments to other standards, so the impact of the IAASB's proposals on public interest would naturally be limited.

Paragraph 24 of the EM further notes that there was already an 'implicit presumption' in ISA 620 that the work of an auditor's external expert could not be used if competence, capability and objectivity (CCO) is not established. This implies that extant IAASB requirements are already consistent with the updated IESBA Code and therefore no explicit strengthening of these is necessary.

The exercise of professional judgment in evaluating objectivity within CCO is important, particularly for SMPs and in jurisdictions where the availability of experts in general may be limited, especially in some specialist areas. This ensures that audit quality is central to the decision on use of experts, as it avoids situations where there may be barriers to the use of higher quality experts due to insignificant or unrealistic objectivity threats which can readily be safeguarded against. Whilst A19 in ISA 620 clarifies that this threats and safeguards approach is permissible, we note that the proposals have created some concerns that this is not the case with some stakeholders. Consequently, it might be useful to make this even clearer in application material. Arguably, the lack of clarity could be damaging to the public interest if it leads to inappropriate exclusion of experts through misunderstandings.

Overall, considering these questions that can be raised on public interest, in future more substantive collaboration and possibly joint projects are needed to avoid unintended consequences, ambiguity, and threats to interoperability. This is not the first instance where the IESBA setting a precedent has caused challenges for the IAASB in following, as similar also resulted in the narrow scope amendments for the change in definition of PIE and Listed Entity resulting from changes to the IESBA Code. To achieve the collective aim of ensuring interoperability and consistency between the standards of the two Boards, it is essential this approach is significantly improved.

**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:** Neither agree/disagree, but see comments below

**Detailed comments (if any):** As we note in our response to question 1, there are no significant new requirements within the proposals, and as such the extant requirements are already sufficient to ensure interoperability.

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):** The proposed narrow scope amendments to ISRE 2400 are generally consistent with those proposed for ISA 620. As a standalone standard for review engagements, ISRE 2400 would be expected to have condensed requirements as compared to full ISAs, and as such, limiting requirements in this area to a single paragraph with three supporting application paragraphs is understandable.

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

<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*

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):**

3.2 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):** The proposed narrow scope amendments to ISAE 3000 are generally consistent with those proposed for ISA 620. However, we note there is a structural inconsistency between ISA 620 and ISAE 3000 whereby content that is presented as application material in paragraph A121 of ISAE 3000 appears as a requirement (paragraph 8) in ISA 620. As there are no new obligations created through the requirement added in ISA 620, there is a challenge whether this would more appropriately sit as application material.

This also raises a question about the IAASB's approach to making conforming amendments to standards. We acknowledge that it may not always be appropriate to exactly replicate requirements, but public clarity on what the conditions are for where such amendments will be made would be useful. The IAASB should explain the thinking behind the strategy for amending other standards and what makes it appropriate to harmonize or not, and why at times changes to requirements in one area result in only changes to application material elsewhere where similar logic would apply. This needs to be done at a holistic level rather than explanation of specific cases in specific standards, as similar questions could be raised in other areas.

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):** We note that ISRS 4400 (Revised) has more explicit reference to prohibition of using an expert if CCO is not met (albeit with reference to the IESBA Code), so in that respect is arguably more aligned to the revisions in the IESBA Code.

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 recognize that the proposals made need to be responsive to the changes already finalized for the IESBA Code, but the approach undertaken with separate projects at separate times has limited the opportunity to consider the implications of amendments in a holistic manner. This could create challenges to interoperability and has resulted in stakeholders having to take added time to consider each element in isolation through the respective consultations. Closer coordination in future on projects with interconnected implications would guard against this, benefit all stakeholders, and increase alignment with the public interest.

Challenges can also be raised regarding the cost vs benefit of the proposals, especially for SMPs. We flag elsewhere in our responses that the proposals are neutral in enhancing the public interest and supporting interoperability with the IESBA Code. If the 'problem' being addressed by these proposed requirements is consistency with the Code, it is not entirely clear that much will result, especially if it is taken that ISA 620 always had an 'implicit prohibition' where failing CCO is concerned. Where stakeholders are unable to understand the problem being solved through amendments and are unable to see a clear resolution, this raises the possibility for challenges in adoption and implementation. Amendments to standards should more clearly set out the behavioural changes expected and seek to ensure there is adequate call for such changes from stakeholders. In this case, as interoperability already appears to be in place, the IAASB could have considered issuing guidance that avoided amendments to requirements and application material within the standards.



As much of the new content is akin to reminders that point to the requirements of ethical guidance, perhaps a more coordinated approach to how such references are made in IAASB standards should be considered. The approach adopted in these proposals differs to elsewhere in the ISAs, resulting in a somewhat piecemeal response to interoperability through references to ethical requirements in some areas, but not others. There is also a challenge that can be made about elevating references to ethical requirements to create requirements within IAASB standards themselves. This ‘doubling up’ in both sets of standards adds unnecessary length and complexity.

One final area where we have received feedback is in relation to the due process of standard setting with respect to this project. Concurrent approval of the ED and the project in the same Board meeting has raised some questions as to whether the Board was given adequate time to consider the ED before the project progressed.

## 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):** As we note in our earlier responses, there are some elements of the proposals that may introduce ambiguity in approach. Such issues may be compounded where translation is required, furthering any risks of inconsistent application.

Separate from this, the IAASB should be mindful of the costs and effort associated with translation for amendments that will appear to have very little substantive impact.

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):** Whilst there is a public benefit interest in aligning the effective dates, the IAASB should be aware that such a short period could cause very real practical challenges for firms, PAOs, national standard setters and others in carrying out the work that needs to be completed for successful adoption and implementation. This would include translations in many jurisdictions and updates of existing material that may reference relevant requirements. Work to progress preparation for the changes resulting from the IESBA Code revisions has also been deferred by some organizations



until there is clarity on changes from the IAASB so these can be progressed through joint interventions. This may effectively mean that the creation of new materials and training resources, and update of firm methodologies and approaches to respond to changes in requirements resulting from the Code could be awaiting the final position from the IAASB. Similar may also apply for national regulators, who could then be pushed for time to incorporate the amendments into their respective frameworks.

The IAASB must understand that any support received for this timeline should not set a precedent for future courses of action. A twelve-month period should be understood to be highly challenging, but on this occasion, we believe alignment would be appropriate. Once it has been confirmed that there will be no substantive new requirements for this project, this should be communicated to stakeholders in a timely manner so that they can progress preparation for the changes resulting from the IESBA Code.

The underlying problem causing the very short timeframe for this project, a lack of coordinated alignment of topics and timing between the IESBA and the IAASB, requires resolution. We also note that the timeline for approval and subsequent certification by the PIOB is not entirely clear at this stage. This must be conducted in a timely manner to genuinely allow for a 12-month period post finalization.