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Dear Lee,

On behalf of EFAA for SMEs, representing small- and medium-sized practices (SMPs) whose primary clients are small- and medium-sized entities (SMEs), and which are SMEs themselves, we appreciate the opportunity to comment on the proposed revisions to the Statements of Membership Obligations (SMOs) as published by IFAC in April 2025.

We commend IFAC's ongoing commitment to strengthening the global accountancy profession and ensuring that standards and obligations remain relevant, practical, and supportive of all practitioners, including SMPs and their SME clients. We respectfully submit the following comments and recommendations for your consideration:

1. Quality Assurance Reviews

We support the alignment of quality assurance review procedures with the IAASB's quality management standards. However, we urge IFAC to ensure that the guidance and expectations are scalable and proportionate, reflecting the unique resource constraints and risk profiles of SMPs and SMEs. The provision of tailored examples, practical tools, and clear guidance for SMPs will facilitate effective implementation and help maintain high-quality outcomes without imposing undue administrative or financial burdens on smaller practices.

2. Flexible Entry Requirements for Accounting Education

We welcome the reinforcement of flexible entry pathways into professional accounting education. This approach is particularly valuable for SMPs and the SME sector, where a diversity of backgrounds can enrich the profession and help address ongoing talent shortages. We encourage IFAC to continue promoting accessible and inclusive education routes, ensuring that high standards are maintained while supporting broader participation and the future sustainability of the profession. We believe this serves the public interest by giving IFAC member bodies flexible options to develop accountants that meet market demand while maintaining a consistent global baseline of competence.

3. Adoption of ISA for Less Complex Entities (ISA for LCE)

We support the emphasis on the International Standard on Auditing for Less Complex Entities (ISA for LCE). This standard is especially relevant for SMPs, as it provides a fit-for-purpose framework for audits of LCEs and helps reduce unnecessary complexity and compliance costs. We encourage IFAC to provide clear guidance on the adoption and transition to ISA for LCE, including practical examples and training materials tailored to the needs of SMPs.

In addition, we believe IFAC should strongly promote and clearly explain that the use of this standard is meant to make the audit process easier and more efficient for SMPs, LCEs, and regulators. It is very important to emphasize that this does not create two kinds of audits or auditors; rather, it mirrors the similar approach of IFRS for SMEs by preserving audit quality while tailoring procedures to the scale and risk profiles of LCEs. Communicating this message unambiguously will help prevent misunderstandings and foster confidence in the use of ISA for LCE.

4. Adoption of IFRS Sustainability Disclosure Standards

We recognize the growing importance of sustainability reporting and support the move toward adopting IFRS Sustainability Disclosure Standards (S1 and S2). However, we recommend that IFAC carefully consider SMPs' and SMEs' capacity and readiness to implement these standards. We suggest a phased adoption approach, supported by practical guidance, capacity-building initiatives, and sector-specific examples to ensure that sustainability reporting requirements are both achievable and meaningful for smaller entities.

5. Implementation Timeline

The proposed effective date of January 1, 2026, could be reasonable provided that supporting materials, practical guidance, and training resources are made available well in advance. This will allow SMPs sufficient time to adapt their processes, update internal procedures, and upskill their teams to meet the revised obligations. Given the limited time remaining, we request an extension of the effective date if adequate supporting materials, guidance, and training resources are not available by Q3 2025.

6. General Comments

We encourage IFAC to maintain an ongoing dialogue with EFAA for SMEs (representing SMPs and their principal clients, SMEs and others organizations with similar size) to ensure that future revisions to the SMOs continue to reflect the realities and needs of smaller practices and their clients. Proportionality, clarity, scalability and practical support should remain guiding principles in the development and implementation of all SMOs.

In conclusion, we appreciate IFAC's efforts to engage with a broad range of stakeholders and to recognize the unique role of SMPs in supporting the SME sector worldwide. We look forward to continued

collaboration to ensure that the SMOs remain relevant, practical, and supportive of a vibrant and sustainable global accountancy profession.

Should you require any further information or clarification regarding our comments, please do not hesitate to contact us.

Yours faithfully,



Salvador Marín
EFAA President