



## PROPOSED REVISIONS TO IFAC SMOs 1-7: RESPONSE TEMPLATE

### RESPONSE TEMPLATE FOR THE EXPOSURE DRAFT OF THE REVISIONS TO IFAC STATEMENTS OF MEMBERSHIP OBLIGATIONS 1-7 (REVISED 202X)

#### Guide for Respondents

Comments are requested by **Friday, August 8, 2025**.

This template is for providing comments on the proposed revisions to IFAC SMOs, in response to the questions set out in the explanatory memorandum. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate IFAC'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 revisions as explained in the memorandum and marked in the SMO document, please provide specific reasons for your disagreement and specific suggestions for changes. If you agree with the proposals, it will be helpful for IFAC to be made aware of this view.
  - Identify the specific aspects of the revisions in the SMO document and/or memorandum that your response relates to, for example, by reference to sections, headings or specific paragraphs.
  - 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 IFAC website.

Use the **"Submit Comment"** button on the IFAC web page to upload the completed template.

## PART A: Respondent Details and Demographic information

Your organization's name (or your name if you are making a submission in your personal capacity)	Nordic Federation of Public Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Helene Agélii
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	Helene.agelii@nrfaccount.org
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the SMOs). Select the most appropriate option.	<a href="#">Europe</a>
	If "Other", please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the SMOs). Select the most appropriate option.	<a href="#">IFAC member or other professional organization</a>
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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

**Information, if any, not already included in responding to the questions in Parts B — F:**

## PART B: Responses to Specific Questions related to Revisions to SMOs 1-7

*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.*

1. Do you agree with the proposed revisions for SMO 1 regarding quality management? If not, please provide an explanation and indicate what changes you/your organization would suggest.

Overall response: Agree (with no further comments)

Detailed comments (if any):

2. Do you agree with the proposed revisions for SMO 2 that encourage IFAC member organizations to evaluate flexible entry requirements and professional development pathways to provide broad access to professional accounting education programs? If not, please provide an explanation and indicate what changes you/your organization would suggest.

Overall response: Agree (with no further comments)

Detailed comments (if any):

3. Do you agree with the proposed revisions in SMO 3 clarifying expectations of IFAC member organizations concerning the ISA for LCE? If not, please provide an explanation and indicate what changes you/your organization would suggest.

Overall response: Agree (with no further comments)

Detailed comments (if any):

4. Do you agree with the approach of incorporating sustainability-related standards into the extant SMO 7? If not, please provide an explanation and indicate what changes you/your organization would suggest.

Overall response: Agree (with no further comments)

Detailed comments (if any):

## PART C: Phased approach to incorporating other international sustainability standards

5. Do you agree with the proposed phased approach (shown in the tentative timeline table in the explanatory memorandum) on incorporating the other international sustainability-related standards into the SMOs and potentially expanding the scope of SMO 1 for mandatory sustainability assurance? If not, please provide an explanation and indicate what changes you/your organization would suggest.

**Overall response:** [Agree \(with no further comments\)](#)

**Detailed comments (if any):**

## Part D: Proposed changes to enhance clarity in the SMO document

6. Do you agree with other proposed changes to the SMO document (e.g., removing repetition from individual SMO text and consolidating to introductory text)? If not, please provide an explanation and indicate what changes you/your organization would suggest.

We support the effort to streamline the document by reducing repetition and repositioning explanatory content to the introductory text. This structural refinement provides helpful context for readers and contributes to a clearer overall presentation of the SMOs.

That said, we believe the treatment of the concept of “best endeavors” could benefit from further clarification and alignment across the document.

While paragraph 8 defines how a member organization is to demonstrate its use of “best endeavors,” there remains ambiguity regarding how IFAC assesses whether those efforts are deemed sufficient. A clearer articulation of IFAC’s evaluation criteria would strengthen transparency and ensure consistency in interpretation.

The visualization accompanying paragraph 9 appears to limit the application of “best endeavors” to situations of *no* direct responsibility, whereas the text (e.g., para 8 and para 14) also discusses shared responsibility scenarios. We recommend aligning these references to avoid conflicting interpretations.

In paragraphs 19 and 24, “best endeavors” is referred to alongside other assessment criteria, but its relative significance within IFAC’s overall evaluation framework remains somewhat unclear. Clarifying its weighting or role in relation to other factors would enhance understanding for member organizations.

## Part E: SMO fulfillment framework

7. Do you agree with simplifying the SMO Fulfillment statuses to three levels? If not, please provide an explanation and indicated what changes you/your organization would suggest.

**Overall response:** [Agree, with comments below](#)

#### Detailed comments (if any):

We support the simplification of the SMO Fulfillment statuses to three levels, as it represents logical and pragmatic refinement. The consolidation of the previous categories—*consider*, *plan*, *execute*, and *review & improve*—into the new “Partially Fulfilled” status provides a clearer, more streamlined framework.

While we agree with the change in principle, we encourage IFAC to clarify how this new structure will be monitored and evaluated in practice to ensure its ongoing effectiveness and transparency.

The current model aims to foster continuous progress and improvement in the PAO’s fulfillment of the SMOs. The proposed change appears motivated by simplification—but does it also reflect a shift in how IFAC intends to assess fulfillment going forward? Clarifying whether there are any changes in the underlying evaluation methodology or expectations would help PAOs better understand their assessed status and how best to advance.

Given the broader scope of the “Partially Fulfilled” category, PAOs would benefit from greater transparency into how IFAC intends to monitor progress within it. Are there specific benchmarks, performance indicators, or engagement processes to guide member organizations as they move toward full fulfillment? If so, sharing this information could strengthen both accountability and confidence in the system.

#### Part F: Request for General Comments

##### 8. Are there other matters that IFAC should consider as it reviews and finalizes the proposed revisions?

We remain fully supportive of the SMOs and recognize their continued relevance as a vital benchmark for understanding the extent of adoption and implementation of international standards issued by the standard-setting boards.

That said, we would like to highlight the following areas for consideration:

We frequently hear that completing the SMO Action Plans and related assessments can be time-consuming for PAOs. To enhance engagement and reinforce the importance of the process, it could be helpful to provide greater visibility into *how* the reported information is being used by IFAC and *how* the effectiveness of the SMO framework is being measured. Communicating this more clearly could foster deeper commitment and better alignment with IFAC’s intended outcomes.

Footnote 8 of the Exposure Draft notes that IFAC Full Members and Associates complete and submit an SMO Action Plan on a cyclical basis. However, it is not evident whether this submission process incorporates a risk-based approach. If this is not currently the case, we kindly suggest that IFAC consider adopting such a methodology to further enhance the effectiveness and responsiveness of SMO implementation efforts.

We note that the A&I map currently categorizes the ISAs/the Code as “Not Adopted” only if a jurisdiction applies a version of the standards/the Code that is older than 2018. We believe this threshold should be reconsidered. Given the considerable developments in both the ISAs and the Code of Ethics in recent years, applying versions older than 2018 may not sufficiently reflect up-to-date international best practices. A stricter benchmark could provide stronger incentives for timely convergence with key revisions.