

April 30, 2024

Mr. Ken Siong
Senior Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue
New York, New York 10017 USA

Re: *Exposure Draft, Using the Work of an External Expert*

Dear Mr. Siong:

Deloitte Touche Tohmatsu Limited (“Deloitte Global”) appreciates the opportunity to provide comments on the exposure draft “Using the Work of an External Expert” (the “ED”) issued in January 2024 by the International Ethics Standards Board for Accountants (the “IESBA” or “Board”).

Deloitte Global recognizes that in this rapidly changing world of increasing complexity, a professional accountant may need to seek assistance from an external expert to comply with the fundamental principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (the “Code”) when performing professional activities. However, a professional accountant’s compliance with the fundamental principles of the Code may also be threatened if they fail to establish that the external expert has the right competence and capabilities for the work in question. Furthermore, when the work is being used in connection with an audit or assurance engagement, it is important that the professional accountant (or assurance practitioner) establishes that the external expert is also objective given the heightened public interest in such services. The requirement to evaluate the external expert’s competence, capabilities and objectivity (“CCO”) must be properly scaled to ensure a professional accountant has the necessary experts available to them without creating an undue burden on either the professional accountant or the external expert arising from the need to evaluate the external expert’s CCO.

The premise of requiring an evaluation of an external expert’s CCO in the context of audit and assurance engagements is consistent with what is already required in the auditing standards. However, this proposed standard is directly affecting whether sufficient appropriate audit evidence can be obtained and seems to be going beyond the requirements of the ISAs. Deloitte Global has concerns that the specific requirements as proposed in the ED may prove to be inoperable, could detract from audit quality and have the potential to generate other unintended consequences, including restricting competition in the audit space—all of which are not in the public interest. While we acknowledge the explanatory memorandum notes there already has been careful coordination between the IESBA and the IAASB, we urge the two Boards to continue to work together and, in particular, to consider whether one standard is unintentionally overriding the other. It also will be important to coordinate on matters that may arise with the finalization of International Standard

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Touche Tohmatsu Limited is a private company limited by guarantee incorporated in England & Wales under company number 07271800, and its registered office is Hill House, 1 Little New Street, London, EC4A, 3TR, United Kingdom.

on Sustainability Assurance 5000, *General Requirements for Sustainability Assurance Engagements* (“ISSA 5000”) that may impact this proposed standard and vice versa.

We also believe that the proposals in the ED that apply in a non-assurance context would benefit from further refinement, more specifically when assessing an external expert’s objectivity. Additional considerations to differentiate requirements for use of an external expert in these cases will increase the operability of the standard without jeopardizing compliance with the fundamental principles of the Code.

Please find below our comments in response to the specific questions in the explanatory memorandum and suggestions for the Board’s consideration.

Specific Comments

Glossary

Question 1 Do respondents support the proposals set out in the glossary concerning the proposed new and revised definitions? See Section III.

Definition of “Expertise”:

Deloitte Global notes that the IESBA’s definition of “expertise” deviates from the definition in ISA 620, *Using the Work of an Auditor’s Expert* (“ISA 620”). In order to ensure consistency between the Code and the ISAs, we believe the definition in the Code should also include “experience” which is an important factor in considering the competence of an external expert. Often, expertise is not only the result of knowledge and skills but is also influenced by the degree of experience one has in the particular area. Experience is important in the audit context and is also relevant for assurance and non-assurance services. As the revised definition of “external expert” no longer refers to experience explicitly, the concept of this valuable quality will be lost unless incorporated into the definition of “expertise.”

Definition of “External Expert”:

Deloitte Global conceptually agrees with the modifications to the Code’s extant definition of “external expert” in an audit or assurance engagement (see the drafting suggestions in Appendix B) and subject to any further refinement with the finalization of ISSA 5000, which will have to be closely coordinated with the IAASB as noted above. However, we do not believe “outside the professional accountant’s or sustainability assurance provider’s competence” is sufficiently clear in the context of providing non-assurance services. The firm’s “competence” could be extremely broad, but there may be a certain aspect of a service that requires subcontracting for additional resources. For example, when providing IT services to a client, a firm might hire external resources with specific programming skills to assist with a particular element of that engagement. Ultimately, the firm will take responsibility for the work of the subcontractor as part of the engagement, so it is in the firm’s interest to carry out the necessary oversight and quality control over that subcontractor; in our view, however, they should not be considered an external expert requiring the full CCO assessment under sections 390 and 5390. The phrase “outside the professional accountant’s or sustainability assurance provider’s competence” requires further clarification to avoid the definition of “external expert” unintentionally scoping in such individuals.

Evaluation of CCO for all Professional Services and Activities

Question 2 Do respondents support the approach regarding evaluating an external expert's competence, capabilities and objectivity? Are there other considerations that should be incorporated in the evaluation of CCO specific to PAIBs, PAPPs and SAPs? See Section V

When the external expert is used on an audit or other assurance service, including a sustainability assurance engagement:

Overall and as further explained below, while Deloitte Global agrees with a requirement to evaluate the external expert's CCO in the context of an audit or assurance engagement, given this is already an expectation under ISA 620, we do not support the approach taken regarding requirements and considerations when performing this exercise. We believe that the proposed provision in paragraph R390.12 contradicts the requirements in ISA 620 and ISA 500, *Audit Evidence* ("ISA 500") and might lead to a scenario where an external expert cannot be used in any capacity on an audit where there are challenges with respect to the levels of CCO, given the revisions to the Code do not acknowledge that these challenges might be possible to overcome. This outcome will be contradictory to ISA 620, which provides for a mechanism for the auditor to use the work even if the external expert has interests or relationships that require safeguards for the auditor to be comfortable with their CCO (ISA 620, paragraphs 9 and 10, and related application material). Auditors have a longstanding practice of evaluating reliability of audit evidence, which includes considering the objectivity of who prepared the work. The standard proposed by the Board does not include a similar approach, and consequently the outcome of the CCO evaluation might result in a binary "yes/no" conclusion with no option to further consider how the work might be used by applying safeguards or performing additional work.

Additionally, we do not agree with the statement in paragraphs 290.6 A1, 390.6 A1 and 5390.6 A1 that implies the professional accountant ("PA")/sustainability assurance provider ("SAP") is breaching the fundamental principles of integrity, objectivity and professional competence and due care when they hire an external expert who does not have CCO or if the external expert communicates any of the matters in paragraphs R390.8 or R5390.8. This statement is contradictory to ISA 620 and ISA 500, which allow for a scalable approach depending on the relevance and reliability of the expert's work, including evaluating contradictory information and consistency of audit evidence from other places.

It is also unclear why a concern with the external expert's objectivity could potentially impact the PA/SAP's objectivity. We recommend deleting the reference to the PA/SAP's objectivity in paragraphs 290.6 A1, 390.6 A1 and 5390.6 A1.

External experts used for activities other than audit and assurance engagements:

While ISA 620 requires an auditor to assess the CCO of an external expert for an audit engagement, Deloitte Global believes proposing a similar assessment when a professional accountant in business ("PAIB") uses an external expert in connection with their professional activities for their employing organization, or when a PA or SAP provider provides a non-assurance service, is not properly scaled.

Deloitte Global agrees a PA/SAP needs to assess the competence and capability of an external expert given the direct impact the external expert will have on the quality of the PA/SAP's work and by extension, their compliance with the fundamental principle of professional competence and due care. While the assessment of an external expert's objectivity is appropriate for an audit or assurance engagement, given heightened stakeholder expectations for such engagements, a similar requirement for a PA/SAP who is providing a non-assurance service to take active measures to assess an external expert's objectivity is overly onerous and may provide a disincentive for the accountant to seek others' expertise. This could ultimately undermine their compliance with the fundamental principle of professional competence and due care. In the context of a non-assurance engagement there are further nuances when considering an external expert's objectivity that are not contemplated in the proposal. For example, it may be that the external expert is the best resource for the non-assurance service *because* they previously performed activities at the client related to the work for

which they will be engaged. However, applying the factors in paragraphs 390.6 A4 and 5390.6 A4 seems to imply that the external expert's objectivity would be impaired because of this previous work, and consequently that expert could not be used.

If, despite these concerns, the Board continues to believe an assessment of an external expert's objectivity outside of an audit or assurance engagement is necessary, Deloitte Global suggests scaling back this requirement. A more measured approach would be if a PA/SAP knows or has reason to believe that a relationship or circumstance involving the external expert and client would impact their objectivity in performing work for the PA/SAP, the PA/SAP should apply the conceptual framework to determine what safeguards are required to use the external expert's work.

Question 3 Do respondents agree that if an external expert is not competent, capable or objective, the Code should prohibit the PA or SAP from using their work? See paragraphs 67 to 74.

Deloitte Global does not agree with the strict prohibition in paragraphs R290.7, R390.12 and R5390.12 against using an external expert when the expert is not considered competent, capable or objective, or when the necessary information cannot be obtained to perform the evaluation. As mentioned above, the audit standard setters have provided means for auditors to evaluate CCO on a spectrum, tailor their responses based on their evaluation and still be able to involve the external expert appropriately. As an example, ISA 620 provides a means for the auditor to adapt their direction, supervision and review over the external expert as the auditor remains responsible for the work and will perform procedures over that work, as opposed to accepting the work at face value or blindly relying on that work. Similarly, the proposed standard does not provide for alternatives for assurance or non-assurance engagements.

Consideration of particular facts and circumstances and actions, including safeguards, that can be taken may lead to a scenario where the work of an external expert might still be considered appropriate for the engagement. However, the rules-based prohibition in the proposal offers no flexibility to use that external expert in a way that does not threaten compliance with the fundamental principles. Allowing this flexibility is particularly important for emerging areas where there may be a lack of appropriate external experts, e.g., sustainability assurance engagements. The quality of the work delivered may be negatively impacted if a PA/SAP is not able to use the most appropriate resource in performing their work or delivering a professional service.

Evaluation of CCO for Audit or Other Assurance Engagements

Question 4 In the context of an audit or other assurance (including sustainability assurance) engagement, do respondents agree that the additional provisions relating to evaluating an external expert's objectivity introduce an appropriate level of rigor to address the heightened public interest expectations concerning external experts? If not, what other considerations would help to address the heightened public interest expectations? See Section (V)(A).

While we acknowledge the importance of assessing the CCO of an external expert in connection with an audit or assurance engagement, Deloitte Global has concerns with the operability of the proposal and that this may lead to unintended consequences. Namely, the information being requested is unnecessarily broad, the period of time over which this assessment must be carried out is too long, there may be barriers to a PA/SAP's ability to obtain this information, and the standard lacks guidance on how objectivity should be assessed. Particularly for audit and assurance engagements, we believe this proposal may result in unintended consequences of inhibiting competition in the market, increasing costs and negatively impact overall quality, all of which are not in the public interest.

Operability of the Proposed Standard

The requested information is unnecessarily broad: The list in paragraphs R390.8 and R5390.8 has been derived from the extant Code's sections on independence and essentially requires the PA/SAP to evaluate the external expert's objectivity through the lens of independence. As mentioned above, the provisions significantly expand what is currently in ISA 620 and it is unclear why. The ED seems to be imposing the "independence" expectations for engagement team members on the external experts as well as their organization and even those who control the organization. Some of the elements go beyond what is required under the Code for a new engagement team member, such as any previous public statements about the entity or a financial interest held during the engagement period but before they joined the engagement team. Deloitte Global urges the Board to scale back the specific information that is required to what is most relevant as it relates to the external expert's objectivity in performing their work. See Appendix A for our specific reactions on each of the elements required under paragraphs R390.8 and R5390.8.

Not only is the proposal placing "independence" requirements on the external experts as if they are an engagement team member, it treats the expert's employing organization (and its controlling owners) almost as if they are "component auditor firms." We believe this approach places an unnecessary burden on the external expert's organization, especially for a large organization where these relationships are unlikely to impact that individual's objectivity, and would require monitoring that is similar to what ISQM1 demands to ensure compliance (yet there is no mechanism to demand that such monitoring occur.) This approach will necessitate an extensive data collection effort that will not be a one-time exercise. As further discussed below, the requirement to be alert to changes throughout the period covered by the audit or assurance report and the engagement period creates a monitoring requirement to which many of these organizations are unaccustomed.

Recognizing an external expert is not considered to be a member of the engagement team, Deloitte Global believes the information should only be requested with respect to the external expert, not their immediate family members or their employing organization. The external expert should only be required to disclose relationships involving the latter two parties that they know or have reason to believe it might be relevant for their objectivity. This would partially avoid the difficulties in obtaining the information that is discussed below. It also is unclear why those controlling the employing organization are relevant to the external expert's objectivity and should be removed from the assessment entirely.

Finally, it is important to recognize that external experts' roles may vary greatly from one engagement to another, yet all external experts are being treated equally under this standard. We believe the Board should reconsider including the significance of the expert's work and the related risk of material misstatements as factors when determining the steps needed to assess their objectivity.

The period of time over which this assessment must be carried out is too long: Deloitte Global notes the proposal refers to "the period covered by the audit or assurance report and the engagement period" as the period during which objectivity should be evaluated. In practical terms, this period will often be in excess of 12 months and the expert would be required to monitor and update the relationships involving family members, team members and the employing organization. This time period is unnecessarily long considering the external expert's involvement may only be for a very short period of time. Rather, we suggest limiting the time period to the external expert's engagement period and should end upon their completion of the related activities.

There may be barriers to collecting the information: We have concerns about the PA/SAP's ability to collect the information set forward in paragraphs R390.8 and R5390.8 from the external expert for the following reasons:

- Much of the required information is personal in nature and is not only about the external expert, but their immediate family members as well. The external expert may refuse to provide the information to the PA/SAP

simply because they do not feel comfortable disclosing their personal information, as opposed to them lacking objectivity. In addition, in some jurisdictions, local privacy laws or regulations may impact the ability to collect personal information.

- The external expert is required to have all members on their team provide the same information in relation to the entity at which the external expert is performing the work. This increases the chances that someone will not be comfortable providing the information and the expert will be unable to comply with the request or will have to exclude these individuals from their team and potentially lack the necessary resources to serve as an external expert. There is also no definition of who would be considered part of the expert's "team" and could therefore extend to those who are merely performing administrative activities related to the expert's work. If this concept remains, the standard should provide additional detail about to whom this requirement applies. Deloitte Global encourages the Board to reconsider the need to include the team members at all as part of the assessment, especially when considering the external expert will ultimately be responsible for reviewing and taking responsibility for the work performed.
- The employing organization of the expert may not be able to disclose "any" relationships with the entity due to confidentiality agreements and some of those relationships may not be relevant to the work the expert is performing. The requirement needs to be refined to be more on point with the work performed by the expert.

Lack of guidance on how objectivity should be assessed: Assuming the PA/SAP is able to obtain from the external expert the extensive information required under the standard, Deloitte Global is concerned that it will be difficult for the PA/SAP to determine whether the expert's objectivity is impaired given the level of subjectivity involved in the assessment. Deloitte Global believes more guidance should be developed, in close coordination with the IAASB, on how to perform the evaluation. Without such guidance there might be inconsistency in the application and could also result in a binary test that would unnecessarily disqualify an expert from being used if any relationship is disclosed when in fact their objectivity might not be impacted under the particular facts and circumstances. Ambiguity in how to assess the objectivity of the external expert could also provide a disincentive for PA/SAPs to seek assistance of external experts out of fear for being second-guessed. This would not be in the public interest.

If the Board decides to retain the requirements for the other team members and employing organization, guidance on considerations, for example, around the level of the team members or nature or extent of their involvement in the work would further inform the assessment. Objectivity may be much less of a concern for a junior staff member who is not applying professional judgment in aspects of their work, or whose work is being reviewed by one or more members of the expert's team. The same applies to certain interests and relationships held by the immediate family member or the management or controlling owners of the employing organization of the external expert. Although such interests or relationships may be important in the context of the independence of engagement team members or a firm, they could be less relevant as it relates to the objectivity of the external expert.

Potential Unintended Consequences of the Proposed Standard

Reduced competition in the market: Given the burdens this will place on the PA/SAP as well as the external expert and their employing organization, a PA/SAP may be less likely to perform audits where they will be required to hire external experts. This standard will have a disproportionate impact on smaller firms that don't have a wide range of in-house experts and will give larger firms an unfair advantage in the market. This result runs counter to the efforts of many local regulators to open the markets to increased competition.

Increased costs especially for audit/sustainability assurance engagements: The onerous requirements placed on an external expert to provide the required information, especially as it relates to all members of their team and the employing organization, will result in higher compliance costs. This is exacerbated by the need to monitor and update

this information for an unnecessarily long period of time. Firms have devoted considerable resources to have robust systems of quality management in place to ensure compliance with independence requirements and external experts' organizations likewise would need to have compliance programs in place to ensure they are meeting their contractual commitment to the PA/SAP. Assuming an organization is even willing for its employees to continue serving as external experts for audit and assurance engagements, the cost of compliance would likely be passed along to the PA/SAP which in turn would be passed along to the audit or assurance client. Without empirical evidence that this cost is deemed necessary to overcome a weakness in the current system, the requirements should be scaled more properly as suggested above.

Negative impact on audit quality: It is important for this standard to carefully balance the need for objectivity with high quality audit and assurance engagements, recognizing the specific and important role that external experts play and the procedures they perform to assist auditors or assurance providers in performing audit/assurance engagements. If the standard for determining objectivity results in a lack of available external experts in a market or a disincentive for using external experts, it will negatively impact audit quality. This is exacerbated by the standard's misalignment with ISA 620. As mentioned above, the proposal does not provide a means for the PA/SAP to still be able to involve the external expert and use their work by applying safeguards or by adapting their direction, supervision and review over the external expert when there are doubts about the objectivity of the external expert.

Deloitte Global acknowledges the Board's suggestion that the PA/SAP could use an expert from another jurisdiction, but this may not always be a reasonable approach, especially if that expert has licensing restrictions for a particular jurisdiction. The IESBA's belief that it will only be a matter of time before the availability of experts grows to meet the demand does not solve an immediate need for high quality audits and the higher demand may also translate to much higher costs with the unintended consequences noted above.

Potential Threats arising from Using the Work of an External Expert

Question 5 Do respondents support the provisions that guide PAs or SAPs in applying the conceptual framework when using the work of an external expert? Are there other considerations that should be included? See Section (VI)(A).

Overall, Deloitte Global supports using the conceptual framework when using the work of an external expert as this is foundational to the IESBA Code. Our comments on the respective subsections relate to paragraphs 390.13 A1 through 390.16 A2 (including the corresponding paragraphs in Sections 290 and 5390):

Identifying threats:

- Advocacy threats: The example seems to conflict with the earlier assessment of the expert's CCO. If an external expert has known bias towards conclusions (dis)advantaging the client, then this first and foremost raises questions about the expert's objectivity.
- Familiarity threats: We suggest including the long association between the PA/SAP and the external expert as an example of a familiarity threat.
- Intimidation threats: The circumstance of deferring the opinion given the expert's (perceived) authority is unclear and would benefit from further clarification as to why it creates an intimidation threat.

Evaluating threats:

- Except for the last bullet, the factors included in paragraph 390.15 A1 are effectively factors that should be used for assessing the CCO of the external expert and whether their work can be used for the engagement.
- The last bullet is an example of an intimidation threat, not a factor to evaluate the level of threats.

Addressing threats:

- It is unclear why paragraph 390.16 A1 is only an action to address a familiarity threat. Although we don't believe this action is most preferable for reasons cited above, we believe this action will address also other threats to compliance with the fundamental principles from the PA/SAP's perspective.
- The first two bullets in paragraph 390.16 A2 may not be practical. If the PA/SAP has qualified personnel, it would obviate the need for hiring an external expert in the first place. Also, hiring another external expert to reperform the work from the first external expert may conceptually serve as a safeguard but would not be realistic in practice for multiple reasons, including but not limited to cost and timing.
- It is unclear how asking the client for more time or resources addresses the threats mentioned in 390.14 A1.

Other comments

Deloitte Global has following additional remarks:

- Paragraphs R390.18 and R5390.18 require an assessment of the impact of using more than one external expert, but it is unclear how this would increase or decrease the level of threats and the rationale for including this requirement is not explained in the explanatory memorandum. Given this is a requirement paragraph, additional guidance is necessary to ensure consistency in application of the requirement.
- Part 2 of the Code contains limited communication expectations for a PAIB with those charged with governance. When such communication is included in extant Code it is because of the severity of the topic, such as Section 260 "Responding to Non-compliance with Laws and Regulations" and Section 270 "Pressure to Breach the Fundamental Principles." It seems unnecessary to include this consideration in paragraph 290.15 A1 for this particular topic.

A number of drafting suggestions can be found in Appendix B.

* * *

We would be pleased to discuss our comments with members of the IESBA or its staff. If you wish to do so, please feel free to contact Mrs. Denise Canavan, Global Independence Leader at Deloitte Global, via email (decanavan@deloitte.com) or +1.203.563.2759.

Sincerely,

Deloitte Touche Tohmatsu Limited

Deloitte Touche Tohmatsu Limited

Appendix A: Assessment of the Elements of R390.8 (also relevant for R5390.8)

Deloitte Global considers an external expert will be more likely to answer questions posed to them if those questions are more in line with the items that could potentially impact the expert’s objectivity rather than having an overly broad list asking for information that has little relevance to the assessment. Further we believe the external expert should only be required to disclose relationships involving their immediate family member or employing organization when they know or have reason to believe such relationship might be relevant for their objectivity.

Requested Information	Comments <i>(Also see comment in Question 4 about the period of time for which this information is required)</i>
(a) Any direct financial interest or material indirect financial interest held by the external expert, their immediate family, or the external expert’s employing organization in the entity;	<p>Limit the specific request to only the external expert and only material financial interests, as immaterial financial interests would be unlikely to impact the external expert’s objectivity in performing their work.</p> <p>The concept “indirect financial interest” will likely not be readily understood by an external expert.</p>
(b) Any loan, or guarantee of a loan, made to the entity by the external expert, their immediate family, or the external expert’s employing organization, other than where the loan or guarantee is immaterial to the external expert, their immediate family or the external expert’s employing organization, as applicable, and the entity;	<p>Limit the specific request to only the external expert and only loans that are material to the external expert, as immaterial loans would be unlikely to impact the external expert’s objectivity in performing their work. Exclude from the request the assessment of materiality with respect to the entity as the external expert will not have the information to perform such analysis.</p>
(c) Any loan, or a guarantee of a loan, accepted by the external expert, their immediate family, or the external expert’s employing organization from the entity if it is a bank or similar institution, other than where the loan or guarantee is made under normal lending procedures, terms and conditions;	
(d) Any loan, or a guarantee of a loan, accepted by the external expert, their immediate family, or the external expert's employing organization from the entity if it is not a bank or similar institution, other than where the loan or guarantee is immaterial to the external expert, their immediate family or the external expert’s employing organization, as applicable, and the entity;	

<p>(e) Any close business relationship between the external expert, their immediate family, or the external expert’s employing organization and the entity or its management, other than where the financial interest, if any, is immaterial and the business relationship is insignificant to the external expert, their immediate family or the external expert’s employing organization, as applicable, and the entity or its management;</p>	<p>Limit the specific request to only the external expert and only business relationships that are significant to the external expert, as insignificant business relationships would be unlikely to impact the external expert’s objectivity in performing their work. Exclude from the request the assessment of significance with respect to the entity as the external expert will not have the information to perform such analysis.</p>
<p>(f) Any previous or current engagements between the external expert or their employing organization and the entity;</p>	<p>Should be more focused on work performed in relation to the work the external expert is performing at the entity, but this information can be obtained from the entity instead of the external expert to avoid confidentiality concerns. This question is not necessary.</p>
<p>(g) How long the external expert and their employing organization have been associated with the entity;</p>	<p>It is not clear what is meant by “associated with the entity.” Furthermore, the other more pointed questions about the relationships between the PA/SAP and the external expert are more relevant. This question is not necessary.</p>
<p>(h) Any position as a director or officer of the entity, or an employee in a position to exert significant influence over the preparation of the entity’s financial or non-financial information, or the records underlying such information:</p> <ul style="list-style-type: none"> (i) Held by the external expert or their immediate family; (ii) Held or previously held by the external expert; or (iii) Held or previously held by management of the external expert’s employing organization; 	<p>The request is too broad. It should be more focused on whether the external expert was employed in a position that is relevant in relation to the work the external expert is performing at the entity.</p>
<p>(i) Any previous public statements by the external expert or their employing organization which advocated for the entity;</p>	<p>This request is unnecessary. This assessment of past public statements is not required for new audit team members and what is considered a “public statement” or “advocated for the entity” is too subjective.</p>
<p>(j) Any fee or contingent fee or dependency on fees or other types of remuneration due to or received by the external expert or their employing organization from the entity;</p>	<p>This is extremely invasive, especially as it relates to the employing organization, nor is it clear why <i>any</i> fee that is due from the entity is relevant for the assessment of objectivity. This question requires further refinement to focus on fee arrangements that are relevant in the context of the work the external expert is performing in connection with the audit or assurance engagement.</p>
<p>(k) Any benefits received by the external expert, their immediate family or the external expert’s employing organization from the entity;</p>	<p>It is not clear what is meant by “benefits received” (especially for the employing organization), nor is this information required for current audit team members. This question is not necessary.</p>

<p>(l) Any conflict of interest the external expert or their employing organization might have in relation to the work the external expert is performing at the entity; and</p>	<p>This should be limited to the external expert only.</p>
<p>(m) The nature and extent of any interests and relationships between the controlling owners of the external expert's employing organization and the entity.</p>	<p>This is expanding significantly beyond the employing organization, will be difficult to obtain and would have very little bearing on the expert's objectivity. This should be deleted.</p>

Appendix B: Drafting suggestions

Definition of "External Expert"

We suggest the following drafting changes for consideration:

- "An expert engaged by a professional accountant's employing organization or firm, or by a sustainability assurance practitioner.

In ~~the context of~~ an audit engagements, an ~~expert~~ individual (who is not a partner or a member of the professional staff, including temporary staff, of the firm or a network firm) possessing expertise in a field other than accounting or auditing, whose work in that field is used to assist the professional accountant in obtaining sufficient appropriate audit evidence.

In ~~the context of~~ an assurance engagements, including a sustainability assurance engagements, an ~~expert~~ individual (who is not an engagement leader, a partner or a member of the professional staff, including temporary staff, of the firm or a network firm) possessing expertise ~~in a field~~ other than providing assurance services, whose work in that field is used to assist the professional accountant or sustainability assurance practitioner in obtaining sufficient appropriate evidence."

- "External experts are not members of the engagement team, ~~audit team, review team, assurance team, or sustainability assurance team.~~

Sections 290, 390 and 5390 set out the requirements and application material addressing the use of the work of an external expert."

"Engagement team" is included in the definitions for audit team, review team, assurance team and sustainability assurance team so these terms are redundant in the definition of external expert. However, if the Board believes this additional clarification is needed, references to group audit team and group sustainability assurance team should also be included in the definition for completeness.

"Entity at which the expert performs work"

- We suggest changing this phrase throughout the standard (e.g., paragraphs 290.6 A7, 390.6 A6, R390.8, R5390.8, etc.) to "the entity ~~at~~ on which the expert is performing work."

This change would avoid a potential misinterpretation that the standard is referring to a physical location, rather than the entity for which the external expert is providing their expertise.