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International Ethics Standards Board for Accountants
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Proposed Revisions – Using the Work of an External Expert

To the members of the International Ethics Standards Board for Accountants:

Grant Thornton International Ltd. (GTIL) appreciates the opportunity to comment on the exposure draft, Using the Work of an External Expert, approved for publication by the International Ethics Standards Board for Accountants (the IESBA or the Board).

GTIL is an umbrella organisation that does not provide professional services to clients. Professional services are delivered by GTIL member firms around the world. Representative GTIL member firms have contributed to and collaborated on this comment letter with the public interest as their overriding focus.

We thank the Board for their continued efforts to serve the public interest and acknowledge the challenges they face to set high-quality standards that will enhance the profession. However, we do have some significant concerns regarding the proposed revisions to the current proposal which we discuss in our comment letter.

Request for Specific Comment

Glossary

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

Although we see little significant difference between the extant and the proposed wording, we are not against the use of the proposed revised definitions. We are also concerned that the definitions are not in alignment with IAASB definitions which will continue to exacerbate the inconsistencies between the standards and result in lack of clarity, confusion, and inconsistent application in the execution by professional accountants.

Evaluation of CCO for all Professional Services and Activities

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?

As we are supportive of the need for the PA to assess the external expert's CCO, we do not believe that it should be a requirement for the PA to request information on all of the items listed in R390.8 (and corresponding sections for PAIBs and SAPs). As noted in the flow chart in the explanatory memorandum, the external expert is neither an audit team member nor an engagement team member. Requesting the PA to obtain information is almost contradictory to the conclusions in the flow chart.

Importantly, the line between ethical and performance standards should not be blurred. When performing an audit, the ISAs require the PAs to evaluate an expert's competence, capabilities, and objectivity. PAs performing engagements under these performance standards will be confused about the interoperability between the performance standards and the ethical standards.

In addition, external experts are typically not part of the accounting profession or familiar with the independence rules and terminology. When requesting the information in R390.8, the responses may be inconsistent, not in accordance with the intended request or just not understood at all. Terms such as material, immediate family members, close business relationships, and the like can be subjective and require the skills and experience of a PA to understand them in the context of independence.

There is a risk that external experts will find these requests far reaching, time consuming and invasive (especially for immediate family members) and remove themselves from providing the needed expertise to the accounting profession.

The proposal is silent as to what happens if the external expert or immediate family member does in fact have any relationship as noted in R390.8. Does that mean that the expert is not competent, capable, or objective? We would argue that it does not.

We believe that the PA should assess the external experts CCO but in accordance with the conceptual framework and not prescriptive as written in the requirements. The items listed in R390.8 could in fact be used to help guide the PA as to considerations in the assessment of the external expert's CCO but obtaining information on these independence related situations, including for immediate family members, is above and

beyond what is needed for a non-audit or engagement team member. We suggest removing the requirement and including this information as application material. As noted in our letter, this requirement is akin to the required independence of a PA performing audits. These requirements are not appropriate for external experts being used by a PA in the delivery of professional services.

Following a principle-based approach, grounded in the conceptual framework, is appropriate for the CCO assessment.

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?

We do agree that if the PA or SAP has assessed the expert as not competent, capable, or objective then that expert would not be an appropriate to perform the needed work and should not be engaged by the PA or SAP. As noted above, we believe this assessment should be done via the conceptual framework, with appropriate application guidance instead of requirements mirroring independence requirements for audit and engagement team members.

Evaluation of CCO for Audit or Other Assurance Engagements

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's expectations concerning external experts? If not, what other considerations would help to address the heightened public interest expectations?

As discussed above, we are supportive of an assessment of the external experts CCO. However, we believe that the requirements suggested are above and beyond what is needed to provide an appropriate assessment. The PA has the ability to navigate the conceptual framework and reach a determination as to the external expert's CCO without adding requirements akin to independence requirements of audit and engagement team members.

In addition, the requirement to assess the CCO of the PA is in the ISAs and additional requirements to assess should not be included in the Code.

The proposal does not provide guidance to the PA as to what to do if a relationship is uncovered. Does this mean that the expert is now not competent, capable, or objective? What if the relationship is with an immediate family member? We believe that the conceptual framework, along with appropriate application guidance would be far more helpful in making an appropriate assessment instead of a checklist of items.

Potential Threats Arising from Using the Work of an External Expert

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? VI and A

As noted above, we are very supportive of using the conceptual framework in assessing an external expert's CCO. The requirements included in the exposure draft should be used as guidance and application material when applying the conceptual framework.

GTIL would like to thank the IESBA for this opportunity to comment. As always, we welcome an opportunity to meet with representatives of the IESBA to discuss these matters further. If you have any questions, please contact Gina Maldonado-Rodek, Director - Global Independence at gina.maldonado-rodek@gti.gt.com

Sincerely,

A handwritten signature in cursive script that reads "Kim Gibson". The signature is written in black ink and is positioned to the left of a vertical line.

Kim Gibson

GTIL Global Head – Risk Management and Independence