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Ken Siong

Senior Technical Director

International Ethics Standards Board for Accountants

International Federation of Accountants

529 Fifth Avenue, 6th Floor

New York, NY 10017

KICPA's Comments on IESBA's Exposure Draft on Using the Work of an External Expert

Dear Ken Siong,

We, at the Korean Institute of Certified Public Accountants (KICPA), strongly support the International Ethics Standards Board for Accountants (IESBA) for its commitment to developing high-quality professional ethics standards to raise the bar for ethical conduct expected from professional accountants and to serve the public interest. We are also very pleased to have opportunity to provide our comments on IESBA Exposure Draft, "Using the Work of an External Expert". Please see below for our comments on the ED.

A. Request General Comments

There is a growing need for a PA to use the work of an external expert in today's environment which is characterized by rapid change/evolution of technologies and broader scope of engagements for a PA including sustainability assurance engagement. In this light, the KIPCA agrees with the need to establish the relevant ethics principles to address them and generally supports the proposed revisions.

B. Request for Specific Comments

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

The KICPA supports the proposals.

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.

The KICPA supports the proposed approach. However, in a PAIB's environment, the management of the PA's employing entity usually has authority to make decisions whether or not to engage an external expert. Therefore, the KICPA proposes that, in the final revision process, the IESBA should consider potential situations where it is challenging to apply the proposed approach, including where a PA doesn't have authority to evaluate an external expert's COO, considering the position and role of PAIB within the organization.

In addition, the KICPA suggests that the IESBA should consider potential issue of equality, considering that the regulations applicable to PAs are not applicable to non - PAs in using the external expert, although the same professional services can be performed by either PAs or non-PAs such as in areas related to sustainability information.

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.
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The KICPA agrees with the proposal.

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).

The KICPA believes that the additional provisions relating to evaluating the objectivity of an external expert engaged for an assurance engagement are appropriate. The Exposure Draft proposes requirements for obtaining the same scope of information in all situations to evaluate the objectivity of an external expert. However, it doesn't provide detailed practical guidelines required to evaluate the objectivity after obtaining the information.

The KICPA proposes that the IESBA should consider allowing to apply different evaluation criteria (including the scope of information to request) and evaluation processes (including the process to verify the information) depending on the nature / importance of the assurance client, assurance engagement and the role of external expert, considering the proportionality and implementability of the Code. In addition, the KICPA hopes for additional guidelines to help evaluate the objectivity after obtaining the information, for example the guidelines to help evaluate the objectivity considering the nature and importance of interests and relationships between the external expert and the client.

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).
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The KICPA supports the proposed provisions in the ED.

We hope that you find our comments useful for the IESBA's project aimed to improve the Code's aspects concerning Using the Work of an External Expert. Please contact us at dyou@kicpa.kr for any further question regarding our comments.

Thank you.
