

IESBA-Exposure Draft
Using the Work of an External Expert
January 2024
Comments due: April 30, 2024

A. Request for 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.

Response: *We consider that the proposals established in the glossary should be consistent with the provisions of ISA 620, both in relation to the definitions of auditor's expert and specialization, and in what arises from section 8 of the standard referring to nature, timeliness and extent of audit procedures. If, on the other hand, the IESBA considers that the concepts of ISA 620 are not adequate, it should convey this concern to the IAASB so that both pronouncements are consistent with each other.*

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.

Answer: *Work of an external expert used by an accountant in an audit or other assurance engagement we support the requirement in the ED to evaluate the CCO of the external expert in an audit or other assurance engagement. This requirement is also present in ISA 620. However, the proposed paragraphs seem not to be aligned with what is established in ISA 620 and 500, and could lead to the work of an external expert not fully complying with the CCO requirements. cannot be used at all in an audit or other assurance engagement.*

ISA 620 establishes mechanisms so that the auditor can use the work of an external expert even when the latter has interests or relationships, requiring the application of safeguards so that the accountant feels comfortable with the CCO of the external expert (ISA 620, paragraphs 9 and 10, and related application material). Accountants are trained to evaluate the reliability of audit evidence, which includes considering the objectivity of who prepared the engagement. The paragraphs proposed in the ED do not propose an approach in this same sense. According to the ED, the result of the CCO assessment of the external expert leads to whether or not the accountant can use the expert's work, without the option of considering how he could use it by applying any safeguards or carrying out any additional work.

Proposed paragraphs 290.6 A1, 390.6 A1, and 5390.6 A1 state that the accountant would violate the fundamental principles of integrity, objectivity, and professional competence and due care by engaging an external expert who does not meet the CCO requirements. This statement is contradictory to ISAs 620 and 500, which allow a proportional (scalable) approach based on the relevance and reliability of the expert's work, including the evaluation of contradictory information and the consistency of audit evidence obtained from other sources.

We also do not agree that the lack of objectivity of the external expert directly affects the objectivity of the accountant who uses her work.

Work of an external expert used by an accountant in an engagement other than an audit or other assurance engagement

We agree that, just as ISA 620 requires an accountant to evaluate the CCO of an external expert for an audit engagement, a similar evaluation should be carried out when an accountant acts in a company and uses the work of an external expert in relation to his professional activities for his employing entity, or (b) carries out a non-assurance engagement.

The accountant needs to assess the competence and capability of the external expert, given the direct impact it will have on the quality of the accountant's work and compliance with the fundamental principle of professional competence and due care. While an external expert's evaluation of objectivity is appropriate for an audit engagement or other assurance engagement given the heightened expectations of stakeholders in these engagements, the same requirement imposed on an accountant performing an engagement that does not assurance could be very onerous and lose the incentive to hire an external expert. In the context of a non-assurance engagement, there are alternative criteria when considering the objectivity of an external expert that are not contemplated in the ED proposal.

If it continues to be argued that it is necessary to evaluate the objectivity of an external expert in a non-assurance engagement, we suggest appropriately reducing this requirement. A more measured approach would be if an accountant knows or has reason to believe that a relationship or circumstance involving the external expert and the client could influence his or her objectivity, he or she should apply the conceptual framework to determine what safeguards would be required or what additional work might be required carried out.

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.

Answer: No, because, as mentioned in the answer to question 2., mechanisms could be established so that the auditor can use the work of an external expert even when the latter has interests or relationships, requiring the application of safeguards so that the accountant is comfortable with the external expert's CCO.

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).

Answer: We agree with the provisions in general, however, as we stated in other responses, we consider that the ED should align with the statements of ISA 620 regarding the evaluation of the objectivity of an external expert, allowing the application of safeguards.

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).

Answer: We consider that the provisions that guide PAs or SAPs in the application of the conceptual framework when using the work of an external expert are generally acceptable and in our opinion should be aligned with the provisions linked to those mentioned in the ISA 620, particularly with the provisions of sections A18, A19, A20 regarding the application of safeguards.