



Ken Siong
Program and Senior Project Director
International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

[Submitted via website]

1 May 2024

Re: IESBA Exposure Draft – Using the work of an external expert

Dear Mr. Siong,

We¹ appreciate and thank you for the opportunity to comment on the International Ethics Standards Board for Accountants (IESBA, or the “Board”) Exposure Draft (ED), *Using the Work of an External Expert*.

Our understanding of the proposal is that it aims to establish an ethical framework to guide professional accountants (PAs) in public practice and in business, and sustainability assurance practitioners (SAPs), in evaluating whether an external expert has the necessary competence, capabilities and objectivity (CCO) for the PA or SAP to use the expert’s work for the intended purposes.

Overall Comments

In principle, we support the creation of an ethical framework to guide PAs and SAPs in evaluating an external experts’ CCO when using their work in the provision of professional services. Experts play an important role in providing necessary expertise that supports audit quality and will play an even more important role in supporting SAPs in evaluating and assuring sustainability information

¹ This response is being filed on behalf of PricewaterhouseCoopers International Limited (PwCIL). References to “PwC”, “we” and “our” refer to PwCIL and its global network of member firms, each of which is a separate and independent legal entity.

PricewaterhouseCoopers International Limited
1 Embankment Place
London WC2N 6RH
T: + 44 (0)20 7583 5000, F: + 44 (0)20 7822 4652

relating to a broad range of sustainability matters. Having robust requirements and guidance that address an evaluation of the CCO of such individuals is therefore warranted and in the public interest.

It is also essential that there is interoperability between relevant ethical requirements and applicable auditing and assurance standards. In this regard, we have some significant concerns about the extensiveness and practicality of aspects of the proposed provisions. We have set out our most significant concerns in summary below and provide additional detail in our responses to the Board's request for specific comments included in the appendix to this letter. Where possible we have sought to provide recommendations on how such concerns could be addressed. Our detailed responses also include suggestions on certain other substantive matters that we believe require further consideration, plus suggestions of where additional clarity or guidance might be useful.

References in our response to proposed Section 390 should be read as applying equally to proposed Section 5390, unless otherwise stated. Please note that while we are not commenting on proposed Section 290, specific outreach to PAs in business is likely necessary for the IESBA to ensure these stakeholders fully understand the consequences of the proposed requirements and what is expected of them.

Proposals related to audit and assurance engagements are unnecessarily prescriptive

We believe the requirements to be performed by the PA or SAP in order to evaluate the external expert's objectivity set out in proposed paragraph R390.8 are unnecessarily prescriptive. We believe this could lead to an inability for practitioners to obtain the information required with a consequent detrimental impact on audit/assurance quality.

Although the IESBA has indicated it is not proposing the application of an independence standard for external experts whose work is used in an audit or other assurance engagement, we believe the proposals could be perceived as imposing the same concepts that apply in the independence standards to objectivity, which is likely to create confusion as to the intended application of such requirements. Our concerns are exacerbated given the evolving nature of sustainability assurance engagements (see, for example, the IESBA's *Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting*) and the extent to which experts will likely be used in those engagements in the future. More than ever, experts play a crucial role in performing services and supporting engagement quality in areas where their expertise is necessary to support PAs and SAPs. Therefore, it is not in the public interest if standards create inappropriate barriers to the necessary use of external experts for the performance of high-quality engagements.

We believe the requirement in paragraph R390.12(a) regarding circumstances when the PA or SAP shall not use the work of the external expert does not appear to appropriately allow for the use of professional judgement by the PA or SAP if some of the information described is not obtained, and in evaluating the information that has been obtained regarding the external expert's objectivity, to determine whether their work can be used. Taken together, the combination of R390.8 and R390.12 are, in our view, too restrictive and do not appear proportionate. We provide further details on these concerns in our responses to questions 2, 3 and 4 in the appendix to this letter.

Implications for the IAASB's standards

We believe the proposals in the ED might have significant consequences for the International Auditing and Assurance Standards Board (IAASB), as the IESBA proposals would impose performance requirements beyond the IAASB's audit and assurance standards. While we appreciate there has been a degree of collaboration between the two boards in the development of the IESBA proposals, the IAASB has not yet had the opportunity to fully evaluate and consider the implications of the IESBA's proposals for its standards. If these proposals are finalized in their current form, we are concerned that this may restrict the ability of an auditor or practitioner applying International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and ISA 620, *Using the Work of an Auditor's Expert*, from using the work of an external expert when necessary. In moving forward with its own new standard governing the performance of sustainability assurance engagements (International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*), the IAASB did not consider it necessary to enhance its baseline requirements relating to using the work of external experts in ISAE 3000 (Revised) for those engagements.

In the interests of their collective stakeholders, it is critical that the IESBA and the IAASB continue to work in tandem to develop and assess the impact of one Board's work on the other, in a manner that does not undermine due process for either Board. Accordingly, we recommend that the IESBA reconsider the specificity of their proposals. We make a number of recommendations in our detailed responses in the appendix to this letter that we believe would make the proposals more proportionate and address our primary concern described above. If changes are not made to make the requirements more proportionate, we believe the IESBA should not finalize any changes until the IAASB has been able to fully deliberate these matters and consider the implications on its standards, so that all stakeholders have had the opportunity to consider the effects of the proposals in totality, ideally as a single package. As a general principle, we believe this is the most effective approach for stakeholders and enhances the effectiveness of the proposals rather than one Board running ahead of the other, resulting in the implications for the other Board's standards being addressed only after the first Board has finalized its changes,

thereby potentially constraining the actions of the second Board and creating a risk of sub-optimal outcomes.

Implications relating to other professional services

While our concerns are not as significant regarding the requirements relating to professional services other than audit and assurance engagements, we nonetheless have concerns regarding the specificity of factors for PAs and SAPs to consider in evaluating the CCO of a potential external expert, as set out in proposed paragraphs 390.6 A2-A6, and the impact of R390.12(a). We recommend that the Board adopt an approach that clearly permits the PA and SAP to exercise appropriate professional judgement in making the CCO determination, taking account of information the PA or SAP might obtain (e.g., through inquiries made of the external expert) or actions they may take (such as through their review of the expert's work).

Contact

We would welcome the opportunity to talk through our views with you in more depth. If you have any questions regarding this letter, please contact me at james.chalmers@pwc.com.

Yours sincerely,

A handwritten signature in black ink that reads "James Chalmers". The signature is written in a cursive, slightly slanted style.

James Chalmers
Global Assurance Leader

Appendix: 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.***

Definition of expertise

Concerning the proposed new definition of “expertise,” we understand the IESBA’s logic in referring only to the components of “knowledge and skills” versus “experience,” on the basis that experience is a complementary factor that strengthens confidence in the expert (Explanatory Memorandum (EM) paragraph 34). However, this proposal would create a difference with the existing definition of expertise in ISA 620 and, on balance, we do not believe there is a sufficiently persuasive reason to make this change and support remaining aligned with the existing ISA definition. This achieves the objective in the EM (paragraph 29) to avoid conflict with ISA 620 or other relevant IAASB standards.

Definition of expert and external expert

Similar to the definition of expertise, we believe the existing definitions of “auditor’s expert” and “management’s expert” in ISA 620 provide sufficient and clear guidance that should be leveraged for the purposes of the IESBA’s standard (at least as it applies to audit and assurance engagements), versus establishing separate definitions in the Code for “expert” and “external expert.” We would, therefore, recommend the IESBA align with those definitions in the final pronouncement, as they apply to audit and assurance engagements.

Additionally, the proposed first sentence of the revised external expert definition refers to the employing organization or firm to which a “professional accountant” belongs, yet no reference is made to the employing organization or firm to which a “sustainability assurance practitioner” belongs. There is, therefore, an apparent inconsistency in how these terms are being used that we recommend is clarified.

With regards to Appendix 1, *Flowchart for Experts Used in an Audit Engagement*, of the EM, we believe that it presents apparent inconsistencies with the revised definition of external expert. The first sentence of the external expert definition provides that an individual with expertise outside of the PA or SAP’s competence that is engaged by the PA or SAP is an external expert. The definition goes on to provide that, in an audit or assurance engagement, the external expert would be an individual whose expertise is in an area other than auditing or accounting. The definition correctly states that an external expert is not an engagement team member or audit team member. The flowchart in Appendix 1 appears to contradict this conclusion by inferring that the expert can be an engagement team member or audit team member.

Additionally, the second flowchart in Appendix 1 of the EM appears to incorrectly imply that an “internal expert” is not an engagement team member, which would be contrary to extant Code paragraph 400.11.

Based on the apparent inconsistencies between the flowcharts, the proposed definition of an external expert, and existing Code guidance, we recommend the IESBA does not include the flowcharts in the Basis of Conclusions or the final pronouncement, unless they are revised in order to address these inconsistencies.

Furthermore, we believe there is room for clarification regarding the application of the definitions of expert and external expert with respect to the use of subcontractors in a non-assurance services engagement. These types of arrangements might occur in order to supplement the PA’s or SAP’s staffing needs, or as a result of a client’s request to bring specific expertise to the project where the client prefers one contract with a firm managing all workstreams, including those delivered by the experts. We recommend that the IESBA clarifies, in paragraph 390.4 A4 and/or in the Basis for Conclusions, that not all individuals who are engaged through a subcontracting or similar arrangement would meet the definition of an external expert unless they were engaged to provide services not within the PA’s or SAP’s competence and their work is used by the PA or SAP in provision of the non-assurance service engagement.

Additionally, we believe that proposed paragraph 390.4 A3 is written with an audit and assurance focus, even though it is intended to cover all professional services. We recommend that it be tailored to include a wider range of examples to address non-assurance services. Examples to consider include the following:

- Provision of industry or market subject matter expert knowledge;
- Provision of regulatory advice on services concerning a regulated industry;
- Provision of expert witness service on a niche area as part of the litigation support; and/or
- Review of significant capital projects.

Similarly, since proposed paragraph 5390.4 A3 repeats virtually the same examples as proposed paragraph 390.4 A3, we recommend that the IESBA consider tailoring those examples to sustainability assurance engagements.

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? See Section V.***

Principles-based approach

Conceptually, we support the principles described in paragraph 60 of the EM related to proposed paragraph 390.6 (pertaining to all professional services) that discuss the importance of the exercise of professional judgement by the practitioner and the IESBA's view that all relevant factors need to be weighed in evaluating the CCO of an external expert. However, we have concerns that the presentation of the factors, as written, in proposed paragraphs 390.6 A2-A6 might suggest that all factors are relevant, and require an evaluation and documentation for each factor, even for factors that are not applicable to the given external expert. Accordingly, we recommend changing the current proposed language from "factors that are relevant" to instead state "factors that *might be* relevant" in order to better indicate that the applicability of factors is subject to the PA or SAP's professional judgement rather than being an all-inclusive list.

Notwithstanding the above, in addition to the factors described in proposed paragraphs 390.6 A2-A6, we believe it is important, in developing additional requirements that are intended to be applied in a scalable manner, to also address the nature of the engagement as well as the significance of the expert's work to the overall engagement. We also believe it is necessary for the Code to explicitly acknowledge the fact that existing professional standards might require the evaluation of the adequacy of the work of an expert (e.g., the IAASB's standards). By including the significance of the expert's work as a consideration in the PAs or SAPs evaluation, when there are threats to objectivity of an expert whose work is not significant to the overall engagement, the PA or SAP might be able to identify safeguards that would enable them to continue to make use of that work alongside other procedures planned by the practitioner.

In the context of audit and assurance (including sustainability assurance) engagements, as described in paragraph 51 of the EM, a PA or SAP needs to perform procedures over such work to determine its sufficiency and appropriateness as evidence and can decide not to use the work of an expert as part of the evidence supporting the audit opinion or assurance conclusion. Therefore, this long-standing approach in the auditing and assurance standards itself acts as a further safeguard to any threats to objectivity that may be identified that, when not significant, could reasonably enable the practitioner to conclude it remains appropriate to use the work of that expert. This principles-based approach will be important to retain as the population of subject matter specific experts, and the extent to which they are used to support quality in audit and assurance engagements, continues to evolve. See also our related comments in respect of paragraph 390.12 in response to question 3.

Whether the external expert is in good standing

In proposed paragraph 390.6 A2, bullet 2 (whether the external expert belongs to a relevant professional body and, if so, whether the external expert is in good standing), it is unclear how the concept of "good standing" is expected to be measured. We suggest rephrasing the factor to

focus on whether the external expert belongs to a professional body and, if so, whether there are any indicators (for example public inspection findings) that the external expert might not be in good standing.

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.

Establishing a standard for evaluating CCO

We appreciate the IESBA's intent to prohibit PAs and SAPs from using the work of an external expert when it is inappropriate to do so based on concerns over an expert's competence and capabilities. However, similar to our comments in response to question 2, with respect to objectivity, we believe the proposals could benefit from recognizing the judgements that a PA or SAP needs to make in determining whether it is appropriate to use the work of an expert. The requirements as written give the impression of being binary. We believe that the approach should align with that set out in the auditing and assurance standards (see ISA 620), which allows for consideration of threats and safeguards depending on the level of threat to objectivity and significance of the work. A key part of the professional judgement of a PA or SAP should be to assess the objectivity in relation to the specific facts of the situation, including the type of engagement and type of client. For example, an interest that the external expert might have in the client could result in an assessment of the individual not being objective in relation to an assurance engagement. However, the PA or SAP might determine in their professional judgement that the external expert with that same interest in the client can be objective in relation to a non-assurance engagement for a non-assurance client. The EM (see, for example, paragraph 62) and the proposed standard itself (see, for example, proposed paragraph 390.7 A1) appear to support this concept, where they indicate the "heightened expectations regarding the objectivity of an external expert whose work is used in an audit or other assurance engagement." We advocate that the IESBA build these distinctions into the final pronouncement, to make clear that not only are a different set of factors appropriate based on the type of engagement, but the PA's or SAP's conclusions, applying their professional judgement, on the objectivity of the external expert might also be different based on the type of engagement and type of client.

As further described in our response to question 4, we believe the proposals in paragraphs 390.8-11 might, in certain cases, result in experts either refusing, or being unable to provide the level of information requested. When coupled with the provision in proposed paragraph 390.12(a), as currently drafted, this might result in the unintended adverse consequence of precluding the necessary use of the work of external experts in some circumstances. Specifically, in emerging areas such as sustainability assurance engagements, where there will be a critical need to use the work of external experts in the event of a lack of adequate competence and capabilities on the part of the SAP, the strict prohibition as proposed may result in SAPs being unable to accept and conduct engagements in the absence of qualified external experts.

The reference in proposed paragraph 390.12(a) to not being able to “obtain the information needed” seems dependent on the extent to which the external expert is able and willing to provide the information (and whether they provide all of the information required by the proposal), versus providing flexibility to the PA or SAP to ascertain objectivity based on their own inquiries of the external expert and applying professional judgement to the information they have been able to discern from those inquiries. In our view, these proposals might pose a risk of undermining, rather than enhancing, engagement quality, if they result in the disqualification of use of experts, when necessary in the circumstances of an engagement, because of the inability to “obtain” certain information.

We believe proposed paragraph 390.12(a) should be revised to instead refer to the PA or SAP being precluded from using the work of an expert when they are “unable to determine whether the expert is competent, capable and objective” (as opposed to “unable to obtain the information needed”). Such a threshold would inherently encompass an inability to obtain information on which to base the practitioner’s determination. Application guidance could be included to explain potential limitations related to access to information that may preclude a practitioner from being able to make a determination. Coupled with the proposed additional factors described in our response to question 2 regarding significance of the work of an expert to the practitioner’s overall engagement and safeguards that may address potential threats to objectivity that are not deemed significant, this would be a more proportionate and reasonable approach.

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 expectations concerning external experts? If not, what other considerations would help to address the heightened public interest expectations? See Section (V)(A).*

Request for information is unnecessarily prescriptive

We believe the requirements to be performed by the PA or SAP in order to evaluate the external expert's objectivity set out in proposed paragraph R390.8 are unnecessarily prescriptive. The requirement to request information regarding interests and relationships that the external expert might have with the entity at which the expert would perform the work is presented as a complete list that must be requested, rather than matters the PA or SAP may consider making inquiries about of the expert. It does not provide latitude to the PA or SAP to make inquiries about the types of interests and relationships that, in their professional judgement, would be most applicable in the context of their engagement. Furthermore, the IESBA has indicated it is not proposing the application of an independence standard by virtue of this requirement. We agree with this intent,

as experts are not assurance providers and are not signing assurance opinions, and therefore, should not be subject to independence rules as the PA or SAP would be. However, in our view, the use of independence concepts in a non-independence (objectivity) context might create confusion as to the intended application of such requirements, particularly for PAs and SAPs who are familiar with auditor independence rules and might have questions as to whether the standard should be applied similarly (i.e., the existence of a relationship or interest in one of the factors of R390.8 means that the expert is not objective under R390.12).

Our concerns are exacerbated given the evolving nature of sustainability assurance engagements (see, for example, the IESBA's *Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting*) and the extent to which experts will likely be used in those engagements in the future. More than ever, experts play a crucial role in performing services and supporting engagement quality in areas where their expertise is necessary to support PAs and SAPs. Therefore, it is not in the public interest if standards create inappropriate barriers to the necessary use of external experts for the performance of high-quality engagements.

As discussed in answers to previous questions above, we believe the requirement in paragraph R390.12(a) regarding circumstances when the PA or SAP shall not use the work of the external expert does not appear to appropriately allow for the use of professional judgement by the PA or SAP if some of the information described is not obtained, and in evaluating the information that has been obtained regarding the external expert's objectivity, to determine whether their work can be used. Taken together, the combination of R390.8 and R390.12 are, in our view, too restrictive and do not appear proportionate.

Concerns with obtaining and relying on the information requested

In addition to the prescriptive nature of the requested information, we believe there are potential concerns with obtaining and relying on the information requested:

(a) Reliability of information provided by external experts

The IESBA notes in paragraph 23 of the EM that the feedback from participants at its March-April 2023 global sustainability roundtables included, *"unlike firms or assurance practitioners who are subject to the Code, external experts are not in the audit or assurance business. Accordingly, the Code is not enforceable on external experts and external experts would not be expected to have designed and implemented, and be operating, extensive systems of quality management to monitor and oversee compliance with independence requirements across their organizations."* We believe this same observation remains true with respect to the requirements in proposed paragraphs R390.8-11. In our view, in the absence of systems designed to capture information of the nature described in proposed paragraph R390.8, external experts might not be in a position

to provide the level of information described. Any information that is provided, in the absence of a system of quality management, introduces questions of accuracy and reliability and might call into question whether the external expert had a reasonable basis for the assertion made to the PA or SAP and for the PA's or SAP's subsequent reliance on those assertions. We do not think the "good faith" expectation described in the last sentence of paragraph 86 of the EM is realistic. There is currently no clear obligation placed on the external expert to provide information that is complete and accurate, which implies it may be the PA's or SAP's responsibility to determine that the information provided is complete and accurate and, therefore, reliable, which is not a realistic or operable expectation to set upon the PA or SAP.

(b) Concerns in obtaining the required information

In addition to the concerns above, there could be concerns of privacy, confidentiality, or the inability or unwillingness of external experts to disclose all of the information listed. These concerns are likely more magnified in the case of the external expert's provision of the requested information as it applies to their immediate family members. It is also not clear whether the use of the term "the entity" includes or excludes related entities which may be a particularly relevant consideration in a group engagement.

(c) Relevance of the external expert's organization

The definition of expert states that "where appropriate, the term also refers to the individual's organization." This aspect of the definition appears to conflict with the statement in paragraph 88 of the EM that states "the proposed new definition of an external expert pertains to an individual only" and therefore, we believe there is circularity in several requirements when those requirements refer to "the expert...or the expert's employing organization" (for example, see proposed paragraphs R390.8 and R390.11). The significance of the phrase "where appropriate" is unclear in this context.

A principles-based approach: existing auditing and assurance standards addressing evaluation of external experts

In our view, the requirements to evaluate the objectivity of external experts are part of the PA's or SAP's process to determine whether to use the work of that expert as evidence to support the PA's or SAP's opinion or conclusion and are an important driver of audit and assurance quality. The proposed requirements in proposed Section 390 seem to be, at their core, procedures relevant to complying with audit and assurance standards. We note these performance requirements are already embedded in existing ISA 620 (paragraph 9) and ISAE 3000 (paragraph 52.a), as well as proposed ISSA 5000. In our view, all three standards already sufficiently address these concepts by requiring the auditor/practitioner to evaluate the objectivity of the expert by inquiring of the expert's interests and relationships. We are therefore concerned that the ED goes beyond these existing standards and requirements by being more prescriptive as to the information about specific types of relationships and interests that must be requested from the

expert (which is then used by the PA or SAP to evaluate the external expert's objectivity).

Should the IESBA continue to believe that separate requirements are warranted in the Code, we believe significant changes are needed to the proposal in order to make the requirements capable of being implemented in a manner that supports quality and recognizes the limitations that will exist when external experts do not have mechanisms to track and monitor this information (as discussed below). Aligning directly with the principles in ISA 620, ISAE 3000, and proposed ISSA 5000 described above would help to avoid potential complications. As described in our cover letter, as the IAASB is responsible for establishing performance requirements, it is essential that a fulsome deliberation of both boards, and input from their collective stakeholders, is necessary to avoid a disconnect in the standards.

Other comments

(a) Applicability of requirements to external expert's team

With regard to proposed paragraph R390.9, we believe that when the expert is using a team, the PA or SAP should only be responsible for evaluating the CCO of the expert as a collective "firm" and not each and every individual on the team. When an individual is directly engaged, the evaluation would be for that individual. If the IESBA believes each individual member of an expert's team needs to be evaluated for CCO, this should be clarified, but we note this may be impracticable.

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).

We acknowledge that threats might still exist, and should still be considered, even if a PA or SAP has determined that an external expert has the necessary CCO. However, we would recommend aligning with the existing conceptual framework in the Code to support the analysis for considering and addressing such potential threats rather than developing new considerations, some of which appear impracticable and unnecessary beyond the requirements to evaluate CCO (see, for example, the expectation set forth in proposed paragraph 390.15 A1 that a PA would be able to evaluate "whether the external expert's work, if it were to be performed by two or more parties, is not likely to be materially different.". Pursuant to our comments in response to Question 2, we also suggest revising proposed paragraph 390.15 A1, which currently states "factors that are relevant" to state "factors that might be relevant" in order to better indicate that the applicability of factors is subject to the PA or SAP's professional judgement rather than being an all-inclusive list.

Other Comments (not covered in the responses to questions above)

Agreeing the terms of the engagement

We acknowledge that in proposed paragraph R390.5, the IESBA has sought to avoid conflict with the provisions of ISA 620 and therefore support the language reflected in the lead-in to the paragraph to address “other professional standards.” It seems contradictory to then specify in part (b) of this paragraph a specific requirement for audit and other assurance engagements. We propose deleting the reference to “*In the context of audit or other assurance engagements*” and instead make reference to the terms addressing “*the provision of information needed from the external expert for purposes of assisting the accountant’s evaluation of the external expert’s competence, capabilities and objectivity.*” This would allow a practitioner of a non-assurance service to determine any terms deemed appropriate regarding provision of information. There seems no reason to suggest, as described in paragraph 58 of the EM, that a practitioner in those circumstances would never need to seek information from the external expert.

External experts in emerging fields or areas and limitations in information

While we do not dispute the factual nature of proposed paragraph 390.17 A1, it is unclear what specific purpose the IESBA had in mind by including these statements. Their connection to the underlying requirements set out in the proposals is not clear. Therefore, clarity regarding the relevance of this provision is suggested. Both this paragraph, as well as proposed paragraphs 390.17 A2 and 390.19 A1, are indicative of the need for the standards to permit flexibility and judgement on the part of the PA or SAP when there are threats to objectivity, particularly in emerging areas such as sustainability.

Documentation

We believe that the statement in the first bullet of proposed paragraph 390.21 A1, to document “*the results of any discussions with the external expert*”, should be revised to the effect that only significant matters or judgements relating to the scope of work to be performed and the evaluation of that work are relevant for documentation purposes. This is also the approach adopted in ISA 620 and ISAE 3000.

Use of an external expert in a non-assurance service versus business relationship

The delineation between the use of an external expert in a non-assurance service engagement and going to market with an expert, such as in a business relationship, is not clear. We would not expect the proposed requirements in any section to apply in the case of a business relationship unless the expert is contributing to the outcome of the PA’s or SAP’s engagement. We believe the IESBA needs to clarify the scope of the provisions in this area.