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International Ethics Standards Board for Accountants
529 Fifth Avenue
New York, NY
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Date
07 May 2024

Dear Sirs,

Comment Letter: USING THE WORK OF AN EXTERNAL EXPERT

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We welcome the opportunity to comment to the International Ethics Standards Board for Accountants (IESBA) on the proposed revisions to its International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"). Specifically, this letter comments on the proposed revisions to the Code relating to the use of the work of an external expert. We are generally supportive of the revisions proposed by the IESBA.

Our individual responses to the IESBA's request for comments are set out in Appendix 1.

We would like to thank the IESBA for the considerable efforts and wide-ranging consultation process undertaken in developing the proposed revisions to the Code.

Yours faithfully

A handwritten signature in black ink, appearing to read "Jamie Drummond", written in a cursive style.

Jamie Drummond
Head of Assurance
PKF Global

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Appendix 1

Request for specific comments

Glossary

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

Response:

We support the proposals.

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?

Response:

We generally agree, but please refer to our comments in response to Q4.

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?

Response:

We agree.

Evaluation of CCO for Audit and 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

Response:

We support the general need for an evaluation of the objectivity of an external expert as summarised in 390.7 A1 and 5390.7 A1 of the ED. We appreciate why the timing is appropriate to reinforce the need to evaluate an external expert's objectives and we agree that to do so will align with public interest expectations concerning the use of the work of external experts. We also agree that the Code is an appropriate set of international professional standards in which to incorporate relevant requirements addressing this matter.

However, we have concerns that by stipulating a series of required procedures in paragraphs R390.8 – R390.11 and R5390.8 – R5390.11, the ED has taken a more rules-based approach as opposed to the more customary principles-based approach of the pre-existing requirements and guidance in the extant Code.

Our concern is that the change to the Code in adopting a more rules-based approach on this matter, may not result in achieving a consistently high level of compliance by professional accountants and sustainability assurance practitioners. Additionally, prescribing a list of specific information to be provided by the external expert leaves little scope for flexibility should the particular circumstances of the practitioner / external expert relationship justify a modification to the information to be provided.

We encourage IESBA to reevaluate whether adopting a more principles-based approach to this matter might ultimately be a more effective approach than the proposed list of procedures.

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?

Response:

We support these provisions.