

**INTERNATIONAL STANDARD ON AUDITING 620
USING THE WORK OF AN EXPERT
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International Standards on Auditing (ISAs) are to be applied in the audit of financial statements. ISAs are also to be applied, adapted as necessary, to the audit of other information and to related services.

ISAs contain the basic principles and essential procedures (identified in bold type black lettering) together with related guidance in the form of explanatory and other material. The basic principles and essential procedures are to be interpreted in the context of the explanatory and other material that provide guidance for their application.

To understand and apply the basic principles and essential procedures together with the related guidance, it is necessary to consider the whole text of the ISA including explanatory and other material contained in the ISA not just that text which is black lettered.

In exceptional circumstances, an auditor may judge it necessary to depart from an ISA in order to more effectively achieve the objective of an audit. When such a situation arises, the auditor should be prepared to justify the departure.

ISAs need only be applied to material matters.

The Public Sector Perspective (PSP) issued by the Public Sector Committee of the International Federation of Accountants is set out at the end of an ISA. Where no PSP is added, the ISA is applicable in all material respects to the public sector.

Introduction

1. The purpose of this International Standard on Auditing (ISA) is to establish standards and provide guidance on using the work of an expert as audit evidence.
2. **When using the work performed by an expert, the auditor should obtain sufficient appropriate audit evidence that such work is adequate for the purposes of the audit.**
3. “Expert” means a person or firm possessing special skill, knowledge and experience in a particular field other than accounting and auditing.
4. The auditor’s education and experience enable the auditor to be knowledgeable about business matters in general, but the auditor is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation, such as an actuary or engineer.
5. An expert may be:
 - (a) Engaged by the entity;
 - (b) Engaged by the auditor;
 - (c) Employed by the entity; or
 - (d) Employed by the auditor.

When the auditor uses the work of an expert employed by the auditor, that work is used in the employee’s capacity as an expert rather than as an assistant on the audit as contemplated in ISA 220 “Quality Control for Audit Work.”. Accordingly, in such circumstances the auditor will need to apply relevant procedures to the employee’s work and findings but will not ordinarily need to assess for each engagement the employee’s skills and competence. audit firm, the auditor will be able to rely on the firm’s systems for recruitment and training that determine that expert’s capabilities and competence, as explained in ISA 220, “Quality Control for Audits of Historical Financial Information,” instead of needing to evaluate them for each audit engagement.

Determining the Need to Use the Work of an Expert

6. During the audit the auditor may need to obtain, in conjunction with the entity or independently, audit evidence in the form of reports, opinions, valuations and statements of an expert. Examples are:
 - Valuations of certain types of assets, for example, land and buildings, plant and machinery, works of art, and precious stones.
 - Determination of quantities or physical condition of assets, for example, minerals stored in stockpiles, underground mineral and petroleum reserves, and the remaining useful life of plant and machinery.
 - Determination of amounts using specialized techniques or methods, for example, an actuarial valuation.
 - The measurement of work completed and to be completed on contracts in progress.
 - Legal opinions concerning interpretations of agreements, statutes and regulations.
7. When determining the need to use the work of an expert, the auditor would consider:
 - (a) The materiality of the financial statement item being considered;
 - (b) The risk of misstatement based on the nature and complexity of the matter being considered; and
 - (c) The quantity and quality of other audit evidence available.

Competence and Objectivity of the Expert

8. **When planning to use the work of an expert, the auditor should assess the professional competence of the expert.** This will involve considering the expert's:
 - (a) Professional certification or licensing by, or membership in, an appropriate professional body; and
 - (b) Experience and reputation in the field in which the auditor is seeking audit evidence.
9. **The auditor should assess the objectivity of the expert.**
10. The risk that an expert's objectivity will be impaired increases when the expert is:
 - (a) Employed by the entity; or
 - (b) Related in some other manner to the entity, for example, by being financially dependent upon or having an investment in the entity.

If the auditor is concerned regarding the competence or objectivity of the expert, the auditor needs to discuss any reservations with management and consider whether sufficient appropriate audit evidence can be obtained concerning the work of an expert. The auditor may need to undertake additional audit procedures or seek audit evidence from another expert (after taking into account the factors in paragraph 7).

Scope of the Expert's Work

11. **The auditor should obtain sufficient appropriate audit evidence that the scope of the expert's work is adequate for the purposes of the audit.** Audit evidence may be obtained through a review of the terms of reference which are often set out in written instructions from the entity to the expert. Such instructions to the expert may cover matters such as:
 - The objectives and scope of the expert's work.
 - A general outline as to the specific matters the auditor expects the expert's report to cover.
 - The intended use by the auditor of the expert's work, including the possible communication to third parties of the expert's identity and extent of involvement.
 - The extent of the expert's access to appropriate records and files.
 - Clarification of the expert's relationship with the entity, if any.
 - Confidentiality of the entity's information.
 - Information regarding the assumptions and methods intended to be used by the expert and their consistency with those used in prior periods.

In the event that these matters are not clearly set out in written instructions to the expert, the auditor may need to communicate with the expert directly to obtain audit evidence in this regard.

Assessing the Work of the Expert

12. **The auditor should assess the appropriateness of the expert's work as audit evidence regarding the financial statement assertion being considered.** This will involve assessment of whether the substance of the expert's findings is properly reflected in the financial statements or supports the financial statement assertions, and consideration of:
 - Source data used.
 - Assumptions and methods used and their consistency with prior periods.
 - Results of the expert's work in the light of the auditor's overall knowledge of the business and of the results of other audit procedures.

13. When considering whether the expert has used source data which is appropriate in the circumstances, the auditor would consider the following procedures:
 - (a) Making inquiries regarding any procedures undertaken by the expert to establish whether the source data is sufficient, relevant and reliable; and
 - (b) Reviewing or testing the data used by the expert.
14. The appropriateness and reasonableness of assumptions and methods used and their application are the responsibility of the expert. The auditor does not have the same expertise and, therefore, cannot always challenge the expert's assumptions and methods. However, the auditor will need to obtain an understanding of the assumptions and methods used and to consider whether they are appropriate and reasonable, based on the auditor's knowledge of the business and the results of other audit procedures.
15. **If the results of the expert's work do not provide sufficient appropriate audit evidence or if the results are not consistent with other audit evidence, the auditor should resolve the matter.** This may involve discussions with the entity and the expert, applying additional procedures, including possibly engaging another expert, or modifying the auditor's report.

Reference to an Expert in the Auditor's Report

16. **When issuing an unmodified auditor's report, the auditor should not refer to the work of an expert.** Such a reference might be misunderstood to be a qualification of the auditor's opinion or a division of responsibility, neither of which is intended.
17. If, as a result of the work of an expert, the auditor decides to issue a modified auditor's report, in some circumstances it may be appropriate, in explaining the nature of the modification, to refer to or describe the work of the expert (including the identity of the expert and the extent of the expert's involvement). In these circumstances, the auditor would obtain the permission of the expert before making such a reference. If permission is refused and the auditor believes a reference is necessary, the auditor may need to seek legal advice.