

## Sustainability Assurance – Respondents’ Detailed Comments to EM Question 14

When the practitioner decides that it is necessary to use the work of a firm other than the practitioner’s firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are “another practitioner” and not members of the engagement team? If not, what suggestions do you have for making this clearer?

### 14.2 Agree with comments

#### 2. Preparer and Users of sustainability information

##### MFIs’ Internal Audit ESG Working Group

Consider providing distinctions between “internal expert”, “external expert” and “another practitioner”; and guidance on information flow and reliance on the experts’ work.

#### 4. Regulators and Audit Oversight Authorities

##### Independent Regulatory Board for Auditors (IRBA)

The IRBA agrees that the ED is clear on who forms part of the engagement team. The definition in paragraph 17(p) clarifies this and expressly excludes a practitioner’s external expert from the engagement team. Paragraph 41 also aids with this distinction.

However, considering the requirement in paragraph 17(p) in isolation, it is not clear that “another practitioner” does not form part of the engagement team. We acknowledge that para 17(p) refers to paragraph A22, where the explanation on who is referred to as “another practitioner” is contained. To this end, we recommend that the last part of paragraph 17(p) be updated to incorporate “...excluding a practitioner’s expert and/or another practitioner”.

Further, the IAASB may also want to consider stating in the engagement team definition that the entity’s internal auditors are not part of this team, where they provide any assurance relating to an engagement (i.e. direct assistance). ED-5000 currently includes using the internal audit function, but the guidance is limited with no distinction between the use of this function and that of internal auditors to provide direct assistance. If direct assistance is not contemplated at this time, this should be explicitly stated.

Lastly, one needs to take into account whether there is sufficient knowledge and experience for non-accountants on how to deal with another practitioner in a group situation. Practitioners with an audit background may refer to their knowledge, experience and the International Standard on Auditing (ISA) 600 (Revised), Special Considerations – Audit of Group Financial Statements (including the work of component auditors) on this, for context and insights where there is uncertainty.

##### Irish Auditing and Accounting Supervisory Authority (IAASA)

In paragraph 49 the requirements relating to using the work of a practitioner’s expert, particularly the evaluation of their objectivity and evaluation of the adequacy of their work, should be amended to be the responsibility of the engagement leader as the individual with overall responsibility for the engagement, or else another similarly experienced team member.

'Another practitioner' should be defined in ED 5000. It is unclear from paragraph 51 whether they are intended to be outside the engagement team. Further clarity is also needed in paragraphs 51 and 54 regarding how to determine if another practitioner's work is adequate and the extent of review of their work.

Paragraph A116 states the consistency of the expert's work with other evidence may be relevant when evaluating the adequacy of that work. However there may be instances where an inconsistency is indicative of problems with the other evidence or audit procedures/planning rather than the work of the practitioner – the importance of professional skepticism and consideration of both corroborative and contradictory information should be emphasized throughout the standard.

The IAASB should consider including the table in section 1-G of the explanatory memorandum in ISSA 5000 to clarify the position regarding individuals participating in the engagement and the provisions of the standard that are relevant.

## 5. National Auditing Standard Setters

### American Institute of Certified Public Accountants (AICPA)

Paragraphs A22 and A91 are clear that "another practitioner" is not a member of the engagement team. To further clarify these paragraphs, they could be revised to consistently use the phrase 'individuals from other firms within or outside of the practitioner firm's network', as follows:

A22. The engagement team includes personnel, which includes any internal experts, and may include individuals from other firms within or outside of the practitioner firm's network when such individuals perform procedures on the engagement and the practitioner is able to direct and supervise them and review their work. As explained in paragraph A91, when another firm performs individuals from other firms within or outside of the practitioner firm's network perform assurance work and the practitioner is unable to direct, supervise and review that work, such firms and the individuals from those firms who performed that assurance work are not members of the engagement team and are referred to in this ISSA as "another practitioner."

A91 In other circumstances, the work of a firm other than the practitioner's firm individuals from other firms within or outside of the practitioner firm's network may have already been completed, or the practitioner may be unable to direct, supervise and review the work to be performed by that other firm. This may be because the practitioner's access to the work of another practitioner is restricted by law or regulation, or the work that has been performed by that other firm relates to an entity that is part of the supply chain outside of the organizational boundary of the entity subject to the practitioner's engagement, and neither the entity's management nor the practitioner have any rights of access to that other firm's assurance work. In such circumstances, when the practitioner nevertheless considers that the work of that other firm is relevant to the practitioner's assurance engagement and intends to use that work, that firm is another practitioner as explained in paragraph A22, and the requirements in paragraphs 51-54 apply.

### Auditing and Assurance Standards Board Canada (AASB)

We agree that when using the work of a firm other than the practitioner's firm, the proposed standard is clear about when such individuals from those firm(s), are members of the engagement are team, or are "another practitioner".

Specifically in the case of the use of internal audit:

We agree that the requirements added from ISA 610 are sufficient for an overarching standard.

However, more clarity is needed that when the entity's internal audit function is involved in the engagement, they are not part of the engagement team.

Suggest:

In the definition of Engagement Team (17(p)), be explicit that if the work of internal audit function is used, the engagement team excludes the internal auditors.

Paragraph 55 of the standard could be edited to add clarity to 'what' the use of the internal audit function is 'If the practitioner plans to use the work of the internal audit function in obtaining evidence, the practitioner shall:'

Figure 2 on page 23 of the Explanatory Memorandum entitled, 'Individuals Involved in the Engagement', should be published as non-authoritative guidance when the standard is finalized.

Given that the proposed standard contemplates the use of the internal audit function in obtaining evidence, a row could be added to the table to include the 'Internal audit function' in the first cell, a reference to 'Using the work of the Internal Audit Function (Paragraph 55)' in the second cell, and 'N/A' in the third cell.

#### **Comite Brasileiro de Sustentabilidade (CBPS)**

Although the ED-5000 clearly states when another firm or individual is part of the team or "another practitioner", considering the different professionals that may use the standard, it is important to clarify and provide additional illustrative examples of what sufficient and appropriate involvement of the "practitioner" in the work of others mean.

#### **Compagnie Nationale des Commissaires aux Comptes (CNCC) and Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC)**

We strongly suggest that the IAASB adds a definition for the term "another practitioner" to paragraph 17 of ED-5000. The definition could be based on the descriptions included in paragraphs A22 and A91 of ED-5000:

A22.... As explained in paragraph A91, when another firm performs assurance work and the practitioner is unable to direct, supervise and review that work, such firms and the individuals from those firms who performed that assurance work are not members of the engagement team and are referred to in this ISSA as "another practitioner." ...

A91.... In such circumstances, when the practitioner nevertheless considers that the work of that other firm is relevant to the practitioner's assurance engagement and intends to use that work, that firm is another practitioner as explained in paragraph A22, and the requirements in paragraphs 51-54 apply.

Proposed definition based on the paragraphs from ED-5000 above:

Another practitioner: The individuals of a firm other than the practitioner's firm (or as applicable a firm other than the practitioner's firm) when:

The practitioner considers that the work of that other firm is relevant to the practitioner's assurance engagement and intends to use that work, and

The practitioner is unable to direct, supervise and review that work

We believe the similarities in wording between "other practitioner" and "another practitioner" may be difficult to translate. Some sentences are also difficult to read due to the number of times the terms "another practitioner", "other practitioner" and "practitioner" are mentioned. For example, paragraph A119 uses

“another practitioner” five times, “other practitioner” twice and “practitioner” twice. We suggest that the IAASB review ED-5000 and use the defined term “another practitioner” consistently throughout.

Furthermore, we suggest that the diagram from § 87 of the Explanatory Memorandum, which provides a visual illustration of the individuals that may be involved in an assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals, be added as an appendix to the standard.

#### **Japanese Institute of Certified Public Accountants (JICPA)**

We agree that the ED-5000 is clear about when a firm other than the practitioner's firm and the individuals from that firm are members of the engagement team or are “another practitioner” and not members of the engagement team. To further clarify these relationships, we recommend that the Figure 2: Individuals Involved in the Engagement in paragraph 87 of the Explanatory Memorandum to ED-5000 be included as the Appendix to ED-5000.

We think paragraph 17(p) of ED-5000 could be better understood by adding the phrase “and another practitioner,” otherwise “another practitioner” could be interpreted as part of “any other individuals who perform procedures on the engagement” who is also a member of the engagement team.

We suggest adding the underlined part to paragraph 17(p) as follows:

Engagement team – The engagement leader and other personnel performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert and another practitioner.

#### **New Zealand Auditing and Assurance Standards Board**

It is very likely that there will be a greater use of others owing to the potential complexity and breadth of information reported. We encourage the IAASB to provide more educative material or guidance on the use of experts and other practitioners to assist in the application of this standard. Non-authoritative guidance material that helps the practitioner to navigate and identify the right expert or other practitioner to use and helps bring together individuals from various backgrounds is needed, to avoid duplication of effort. This would help practitioners identify and understand other practitioners who have already provided independent assurance that can be relied upon, for example accredited testing or inspection reports, or certifications. Material that explores the various activities that build trust and confidence in the underlying processes and information and helps the practitioner to leverage off what others are doing will be useful.

#### **Public Accountants and Auditors Board Zimbabwe (PAAB)**

The distinction provided in paragraph A22 of the ED is clear as to who is referred to as “another practitioner”.

What requires further explanation relates to a situation where a practitioner issues an opinion based on the work of another practitioner yet is unable to direct, supervise and review that work.

## 7. Accounting Firms

### Altaf Noor Ali Chartered Accountants

14.1 Yes

14.2 There may be several factors because of which other practitioners or practitioner external expert gets involved in the work. Specialised skills and knowledge beyond those possessed by the engagement leader.

14.3 We agree with the direction, supervision and review as thresholds for someone to be a part of the practitioner engagement team including other practitioner.

14.4 The practitioner external expert is outside the scope of direction, supervision and review. The engagement partner in that case will determine the extent to which practitioner will be involved in such work.

### BDO International Limited

We generally agree that ED-5000 is clear about when a firm other than the practitioner's firm is part of the engagement team or are considered 'another practitioner' and not members of the engagement team, with the following comments:

The concept of the engagement team in ED-5000 seems to conflict with that in ISA 600 (Revised), when the use of another practitioner, regardless of whether they are or are not part of the practitioner's network firm, is part of the engagement team. Although we are aware that the concepts in ISA 600 (Revised) for groups are not part of ED-5000, we suggest that this inconsistency be resolved once groups are added to this standard or as a new standard.

Paragraph 42 refers to 'a firm other than the practitioner's firm' which implies that the practitioner may not be able to direct, supervise or review their work. This contrasts with the section on 'Using the work of another practitioner' (starting with paragraph 51) which does not refer to whether the practitioner is or is not part of the practitioner's firm. We suggest changing paragraph 42 to refer to just 'another practitioner'.

We also suggest including the definitions of 'other practitioner', 'internal expert' and 'external expert' in ED-5000 paragraph 17.

The Explanatory Memorandum helps to illustrate the concepts of who is part of the engagement team and may be helpful to include in application guidance or other explanatory material. However, we recommend updating the table to list separately those who are or could be part of the engagement team versus others (e.g., external expert or another practitioner that the engagement leader cannot direct, supervise and review).

### Deloitte LLP

We believe that the ED-5000 is clear that "another practitioner" is not a member of the engagement team. However, we recommend that the definition of "another practitioner" be included in paragraph 17.

Content from paragraphs A22 and A91 can be used to help define the term. We also suggest including the diagram from paragraph 87 of the Explanatory Memorandum as an appendix to ED-5000.

### Ernst & Young Global Limited

While we generally agree that it is clear in ED-5000 when a firm(s) and the individuals from that firm(s) are members of the engagement team are "another practitioner" and not members of the engagement team, we believe there needs to be some clarifications in ED-5000 for practitioners to be able to implement these requirements consistently and suggest the following revisions:

We strongly suggest that the IAASB adds a definition for the term “another practitioner” to paragraph 17 of ED-5000. The definition could be based on the descriptions included in paragraphs A22 and A91 of ED-5000:

A22....As explained in paragraph A91, when another firm performs assurance work and the practitioner is unable to direct, supervise and review that work, such firms and the individuals from those firms who performed that assurance work are not members of the engagement team and are referred to in this ISSA as “another practitioner.”...

A91....In such circumstances, when the practitioner nevertheless considers that the work of that other firm is relevant to the practitioner’s assurance engagement and intends to use that work, that firm is another practitioner as explained in paragraph A22, and the requirements in paragraphs 51-54 apply.

Proposed definition based on the paragraphs from ED-5000 above:

Another practitioner: The individuals of a firm other than the practitioner’s firm (or as applicable a firm other than the practitioner’s firm) when:

The practitioner considers that the work of that other firm is relevant to the practitioner’s assurance engagement and intends to use that work, and

The practitioner is unable to direct, supervise and review that work

For consistency with the requirements in ISA 220 (Revised) paragraph 26 and 27 that require determination of the sufficiency and appropriateness of all resources assigned or made available to the engagement, whether they are part of the engagement team or not, we suggest the following revision to paragraph 41 of ED-5000:

41. The engagement leader shall determine that members of the engagement team, and any practitioner’s external experts or “another practitioner”, collectively have the appropriate sustainability competence, competence and capabilities in assurance skills and techniques, and sufficient time, to perform the engagement.

We do not believe the requirement in paragraph 42 of ED-5000 is appropriate when considering the use of a practitioner’s expert or “another practitioner.” ISA 220 (Revised) paragraph A30 clearly ties the responsibility to be “sufficiently and appropriately involved” to the direction, supervision and review of engagement team members.

Because neither a practitioner’s expert nor “another practitioner” are part of the engagement team, the engagement leader is not required to direct, supervise or review their work. Furthermore, ED-5000 describes another practitioner as an individual for which the practitioner is unable to direct, supervise and review the work. Therefore, the engagement leader will not be able to be “sufficiently and appropriately involved” in their work.

Based on the above, and because there are no requirements in ISAE 3000 (Revised), ISA 220 (Revised) or ISA 620 that require the engagement leader (or engagement partner) to be “sufficiently and appropriately” involved in the work of a practitioner’s expert or “another practitioner”, we suggest that paragraph 42 of ED-5000 be revised to better align the requirement with the practitioners need to determine their ability to be able to direct, supervise and review the work of a firm other than the practitioner’s firm. This suggested revision will also improve alignment with the application material in A90–A91 of ED-5000.

42. If the practitioner intends to use the work of a practitioner's external expert or a firm other than the practitioner's firm, the engagement leader shall determine whether the practitioner will be able to direct, supervise and review be sufficiently and appropriately involved in such work. (Ref: Para. A87 A89 – A91)

In addition, we suggest that paragraph A87 of ED-5000 be deleted as we do not believe the second sentence is correct because a practitioner's expert is not a member of the engagement team.

A87.Paragraph 30 requires the engagement leader to be sufficiently and appropriately involved throughout the engagement. Such involvement extends to using the work of a practitioner's external expert.

It is our understanding that the requirements in paragraphs 51-54 of ED-5000 are intended to be applicable for both circumstances explained in paragraphs A89 and A91 of ED-5000:

Using another practitioner's work that has already been completed as audit evidence

Using the work of another practitioner that has not yet been performed, but the practitioner is unable to direct, supervise and review the work to be performed by another practitioner (whether the engagement leader has requested that another practitioner perform the work or not).

We do not believe the requirements in paragraphs 51-54 of ED-5000 adequately consider or differentiate between the two different circumstances in which a practitioner may use "another practitioner." We believe that paragraphs 51(c)-(d) and A121 imply that the requirements are only applicable in situations when another practitioner's completed engagement is used as audit evidence.

Because many sustainability assurance engagements could be group engagements, we suggest that the IAASB provide clear requirements and application material to address situations when the practitioner has requested or is using the work of "another practitioner" that has not yet been performed, but the practitioner is not able to direct, supervise and review the work.

In addition, we suggest that the IAASB add application material to explicitly address circumstances when a practitioner is using another practitioner's completed report as evidence and that report is issued in accordance with ISAEs, ISSAs or equivalent assurance standards. We believe, in this circumstance, that the practitioner should be able to rely on the completed report to be satisfied that the "another practitioner" is independent, as required by paragraphs 51(a) and 51(b) of ED-5000.

If our suggestion above to officially define "another practitioner" is not taken, we suggest the following revisions to make it clear that these requirements (paragraphs 51-54) only apply when the practitioner from another firm is not part of the engagement team:

Using the Work of Another Practitioner Not Part of the Engagement Team

51. If the practitioner intends to use the work of another practitioner who is not part of the engagement team, the practitioner shall: (Ref: Para. A117-A118)

A117. In planning and performing the engagement, the practitioner may intend to use the work of another practitioner who is not part of the engagement team because the practitioner cannot direct, supervise and review their work.

We believe the similarities in wording between "other practitioner" and "another practitioner" may be difficult to translate. Some sentences are also difficult to read due to the number of times the terms "another practitioner", "other practitioner" and "practitioner" are mentioned. For example, paragraph A119 uses "another practitioner" five times, "other practitioner" twice and "practitioner" twice. We suggest that the IAASB review ED-5000 and use the defined term "another practitioner" consistently throughout.



### ETY sas

In our view the requirement on paragraph 17(p) in isolation, it is not clear that “Another practitioner” does not form part of the engagement team. However we acknowledge that para 17(p) refers to paragraph A22, where it is explained who is referred to as “another practitioner”. We recommend that the last part of para A22 be updated to include the definition of another practitioner for more clarity as noted under paragraph A17 (p).

There has also been a call for clarification on how the work of experts can be referenced by the assurance practitioner. ISA 620 prohibits any reference to using the work of an expert in the auditor's report. The ED does not have such a prohibition and the application material suggests the assurance practitioner could refer to the work of an expert in their assurance report where they issue a qualified opinion/conclusion.

### KPMG International

We consider that ED-5000 is clear that those on the engagement team are performing assurance procedures and the practitioner is able to direct, supervise and review their work, and that when another practitioner performs assurance procedures and the practitioner is unable to direct, supervise and review that work, such firms and the individuals from those firms who performed those assurance procedures are not members of the engagement team and are referred to as “another practitioner”. We make several related recommendations below to improve the clarity and consistency of application of the proposed standard.

Explore the definitions of practitioner's expert and management's expert further

The definitions of a practitioner's expert and a management's expert in ED-5000 refer to an individual or organisation possessing expertise in “a field other than assurance”. We have concerns that these definitions are too broad, particularly for a management's expert, and that, as a result, it is likely that many individuals or organisations within the sustainability ecosystem could be identified as experts if applying this definition. However, we acknowledge that aligning these definitions with their equivalents in ISA 620 and ISA 500 by modifying the reference from expertise in “a field other than accounting or auditing” to “a field other than sustainability matters or assurance” may narrow the definition too much and result in very few individuals or organisations being identified as experts.

We therefore recommend that the IAASB explore the definitions further, in particular, in respect of a management's expert, to enable clearer differentiation between a subject matter expert in sustainability matters and the measurement or evaluation of these when such measurement or evaluation is highly complex/technical, versus individuals or organisations involved more broadly in the ecosystem, e.g., personnel at an entity whose role is to develop and prepare the sustainability information.

Consider narrowing the use of the term “involvement” to reduce the risk of confusion

We highlight that there may be potential for confusion in respect of the use of the term “involvement” at paragraph 42 and the related application material with respect to using the work of other firms, as we believe many professional accountants may equate this concept to involvement of the group auditor in the direction, supervision and review of the work of component auditors, when performing a group audit in accordance with ISA 600 (Revised). As a result, it may be confusing as to how ED-5000 could require the practitioner to be “involved” in work that has already been performed and which they are unable to influence. To avoid confusion resulting from any suggestion that the nature of such “involvement” would be similar for another practitioner that is part of the engagement team as compared to the nature of involvement for another practitioner that is not part of the engagement team, or is a practitioner's external expert, we



recommend that the proposed standard not use the term “involvement” when addressing the subject of a practitioner using the work of another practitioner.

Enhancement to structure and flow of requirements in respect of using the work of a firm other than the practitioner's firm

We recommend a change to the sequence of the requirements and related guidance to first focus on those that relate to resources that are part of the engagement team, including firms other than the practitioner's firm that are part of the engagement team, followed by requirements focused on firms that are “another practitioner” that is not part of the engagement team, and then followed by those related to a practitioner's external expert. We consider that this sequence would be more logical and we believe this would help to avoid any confusion regarding the roles of others, and help clarify why and how these are different, with different related requirements for the practitioner.

Further clarify the spectrum of ability of the practitioner to access the work of another practitioner

With respect to the involvement of “another practitioner” who is not part of the engagement team because the practitioner is not able to direct, supervise and review their work, we recommend that the standard provide further clarity and guidance as, whilst the practitioner may not be able to direct, supervise and review the work of another practitioner in respect of such information, there may be varying degrees of ability of the practitioner to access and/or use the other practitioner's work. We recommend that the IAASB explore this further, both in terms of the ability to obtain sufficient, appropriate evidence, as well as reporting implications. Please see our response to Question 15 for further details.

## Mazars

While the requirements are clear, in our view adding the table from Para 87 of the explanatory memorandum to the Appendix would help further clarify the difference between another practitioner and a practitioner expert. Furthermore, we believe that adding a definition of “another practitioner” would be helpful and the IAASB should consider the definition proposed by IESBA in its upcoming exposure draft.

Sustainability assurance engagements will be very different from financial statement audits, and the type and range of other practitioners involved in providing assurance will equally be very different. It is not clear how assurance practitioners will exercise supervision and review over such a wide range of skillsets and highly specialist practitioners. Furthermore, it is not apparent how practitioners would measure and assess their involvement in the work of the expert/other practitioner, especially where the expert or practitioner is engaged directly by the entity, or by another entity in the value chain. Further guidance to support practitioners in this regard would be very helpful.

When looking at the use of experts or other practitioners, ED-5000 applies commonly accepted, well-established principles and approaches from the extant ISAs which may not be widely understood by non-auditor assurance providers.

The sustainability assurance ecosystem isn't so well developed and some experts or other practitioners, especially from non-audit firms, may not be used to the audit model, in particular that there is an assurance practitioner who may look to place reliance on their work. The expert or other practitioner may be resistant to someone else reviewing their work, and/or won't be willing to communicate/share the information required by the assurance practitioner in ED-5000.A122-124. Further guidance on how experts and other non-assurance practitioners, should work together to address these challenges would be helpful.

## MHA

We believe Figure 2 of the Explanatory Memorandum is sufficiently clear to demonstrate the differences between the practitioner's expert(s) versus using the work of another practitioner and could meaningfully be incorporated into the proposed text of the standard itself.

Notwithstanding our comments above, the challenges of involving a practitioner's expert or using the work of another practitioner are significant, and are particularly exacerbated where:

The lead assurance practitioner's professional experience and skillset does not necessarily align with those of the expert or other practitioner; and/or

the expert/the other practitioner does not directly subscribe to the IESBA Code or adopt ISQM 1 but instead states their ethical requirements and quality management systems are "at least as demanding".

We would not reasonably expect the lead assurance practitioner qualified under one profession's requirements to assess, measure and evaluate the competence, capabilities, objectivity and outputs of an external expert or other practitioner who has qualified under another, unrelated profession's requirements, without detailed and extensive guidance from IAASB on how to perform these evaluations as required by paragraphs 49 to 54 of ED-5000.

To illustrate the above, it is common for professional accountants in the UK to engage or use the work of qualified actuaries when auditing insurance liabilities or defined benefit pension schemes as part of a financial statement audit; the auditor can establish whether the actuary is a member of a recognised and regulated professional body, and the intersection of relative skillsets and regulatory supervision means the auditor could satisfy themselves of the "at least as demanding" requirement in relation to the IESBA Code and ISQM 1. In contrast, where the external expert or other practitioner is qualified through experience, or primarily qualified to perform the assurance work by means of academic qualification such as a specialist scientific or technical PhD or similar qualification, it is unlikely (though possible) that they would have received a sufficient grounding in professional ethics or quality management systems to satisfy the lead assurance practitioner that they meet these criteria. As such, we believe that the requirements of paragraphs 49 to 54 of the proposed standard are only practicable if the expert/other practitioner positively asserts and provides the lead assurance practitioner with evidence that they comply with the IESBA Code and ISQM 1.

As CSRD and other frameworks become mainstream for larger groups, with many subsidiaries located in different jurisdictions, we expect the emergence of group sustainability assurance engagements to increase. Given that the data compilation and reporting processes and controls for sustainability information can be very different to processes and controls over financial reporting, the traditional approach to a group financial statement audit does not necessarily translate to a group sustainability assurance engagement. We encourage the IAASB to expand guidance to specifically address this situation, given that the lead assurance practitioner may not necessarily enjoy right of access to the component assurance practitioner's working papers or to the underlying records of the component in relation to sustainability information.

## Nexia International

We believe the ED is clear about when a firm and individuals from that firm are members of the engagement or are "another practitioner."

### PKF International Limited

While the application guidance in para A90 makes this distinction relatively clear, the IAASB should reflect on whether the guidance could be more prominently located within the standard.

### PricewaterhouseCoopers International Limited

The concept of the practitioner being “sufficiently and appropriately involved” in the work of others is grounded in ISA 220 (Revised). While the words can be interpreted based on their literal common meaning, we believe further application material is necessary to explain what sufficient and appropriate involvement means (in the context of direction, supervision and review) such that non-professional accounting assurance practitioners, who may not be familiar with ISA 220 (Revised), interpret this requirement in a consistent manner. This may also be an area where implementation support material that provides illustrative examples, including leveraging Figure 2 from the explanatory memorandum, would be useful for non-professional accounting assurance practitioners.

### RSM International

The description in paragraph A22 of ED-5000 makes the distinction clear and is consistent with the definition of engagement team in ISQM 1. However, we believe it may be helpful to include the description of ‘another practitioner’ from paragraph A22 as an official definition in paragraph 17 of ED-5000 as follows (bold, underlined text indicates the proposed language):

(aa) **Another practitioner** -- Another firm, and the individuals from that firm, who perform assurance work that the practitioner is unable to direct, supervise and review. Such firms and the individuals from those firms who performed that assurance work are not members of the engagement team.

We believe the determination of whether firm(s) other than the practitioner’s firm and the individuals from that firm(s) are members of the engagement team or are ‘another practitioner’ and not members of the engagement team is an important distinction with potentially significant ramifications on the engagement; thus, we believe this distinction should be re-emphasised and repeated at each applicable section, such as the following:

Included in the definition of engagement team in paragraph 17(p) of ED-5000 as part of the listed exclusions with the practitioner’s external expert,

In the requirements of the Using the Work of Another Practitioner section (paragraph 51 of ED-5000) and related application material (i.e., as part of the introduction sentence in paragraph A117 of ED-5000), and

In paragraph A91 of ED-5000 that another practitioner is not part of the engagement team.

We believe it would be helpful to include Figure 2: Individuals Involved in the Engagement from Section 1-G – Other Significant Areas Addressed in ED-5000: Using the Work of Practitioner’s Experts or Other Practitioner, paragraph 87 of the Explanatory Memorandum either in the application material to paragraph 42 of ED-5000 or as an appendix to ED-5000. Within Figure 2, it may be helpful to include ‘(Not Engagement Team Member)’ with the bold text in the green boxes. In addition, we believe a key showing ‘yellow = engagement team member’ and ‘green = not member of engagement team’ would clarify the table and the associated responsibilities of the practitioner.

## 8. Assurance Practitioner or Firm - Other Profession

### Academy for Practical Training on Sustainability Assurance (APTISA)

I suggest that the text mentioned in Par. 85 of the EM be modified as the need for experts is vital for technical areas as well as the situations suggested, as shown by the addition of red text below.

85. As explained in paragraph A86 of ED-5000, the more complex the engagement, including its geographical spread, the level of technical understanding required and the extent to which information is derived from the entity's value chain, the more necessary it may be to consider how the work of practitioner's experts or other practitioner(s) is to be integrated across the engagement.

### ERM Certification and Verification Services Limited

As noted throughout the comments, it is important to reference subject matter expertise/technical understanding within the body of ED-5000.

As such, please revise the text of Para. 85 as follows (additions proposed in bold):

As explained in paragraph A86 of ED-5000, the more complex the engagement, including its geographical spread, the level of subject matter and technical understanding required and the extent to which information is derived from the entity's value chain, the more necessary it may be to consider how the work of practitioner's experts or other practitioner(s) is to be integrated across the engagement.

The same additions in bold would apply to Para. A86 of ED-5000:

A86. The more complex the engagement, including its geographical spread, the level of subject matter and technical understanding required and the extent to which information is derived from the entity's value chain, the more necessary it may be to consider how the work of practitioner's experts or other practitioner(s) is to be integrated across the engagement.

## 9. Public Sector Organizations

### Government Accountability Office - US

We believe that further clarification of independence requirements for nonmembers of the engagement team and practitioner experts would be beneficial. For example, consistent with GAO's generally accepted government auditing standards (GAGAS), if the practitioner decides to use the work of a firm other than the practitioner's firm, they should perform procedures that provide a sufficient basis for using that work. The practitioner should obtain evidence concerning the other firm's qualifications and independence and should determine whether the scope, quality, and timing of the work performed by the other firm can be relied on in the context of the current engagement objectives. Additionally, there must be a clear framework that can be applied when a specialist performs a majority the work to determine whether the expert's work is sufficient and appropriate to support the practitioners' conclusions and does not compromise the engagement's integrity and objectives.

### Office of the Auditor General of Alberta

We agree with allowing use of another practitioner. Additional requirements from ISA 600 relating to a component auditor "another practitioner" should be added, in particular that the practitioner involve "another practitioner" in evaluating suitability of the criteria, rationale purpose and risk assessment, and additional requirements from ISA 600 relating to evaluating communication of "another practitioner" and evaluating

adequacy of work of the “another practitioner.” Guidance on understanding the consolidation/combination/aggregation of sustainability information should also be added. Given sustainability impacts may occur at multiple locations, we expect “group” issues to be common and therefore requirements as strong as those in ISA 600 are necessary.

## 10. Member Bodies and Other Professional Organizations

### Accountancy Europe

We suggest that the IAASB adds a definition for the term “another practitioner” to paragraph 17 of ED-5000. The definition could be based on the descriptions included in paragraphs A22 and A91.

Furthermore, we suggest that the diagram in the page 87 of the Explanatory Memorandum, which provides a visual illustration of the individuals that may be involved in an assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals, be added as an appendix to ISSA 5000.

### ASSIREVI – Association of the Italian audit firms

We believe that the distinction between the circumstances that imply that a firm or a professional from that firm is or not a member of the engagement team is sufficiently clear.

In line with the quality management standards, if the practitioner intends to use the work of a firm other than the practitioner's firm, ED-5000 requires the practitioner to determine whether they will be able to be sufficiently and appropriately involved in such work. Different ED-5000 requirements are applicable based on this determination.

When the practitioner considers that the work of a firm other than the practitioner's firm is relevant to the practitioner's assurance engagement, and such work has not yet been performed, the practitioner ordinarily plans to be sufficiently involved in that work. If the practitioner is able to be involved in the work of the other firm, the practitioner is able to direct, supervise and review such work. If this is the case, the individuals of the other firm are considered members of the engagement team.

In other circumstances, if the practitioner is unable to be sufficiently involved in the work of another firm (for example, when the work has already been completed or access to the other firm's work papers is restricted by law or regulation), ED-5000 establishes specific requirements to be complied with by the practitioner to evaluate whether the work of the other firm can be used as evidence for the engagement. In this case, ED-5000 refers to the use of the work of “another practitioner”.

The definition of “another practitioner” is not provided in the list of definitions in ED-5000.17 but solely in paragraph A22 to clarify the definition of an Engagement Team given in paragraph 17(p). We recommend the definition of “another practitioner” to be included directly in paragraph 17 of the standard with the other definitions to better clarify the difference between the two cases (member or non-member of the engagement team).

With respect to the definition of the “practitioner's expert” given in paragraph 17.(jj), we suggest that the differences between the external expert and the internal expert be illustrated in more detail in the Application and Other Explanatory Material section.

### Center for Audit Quality

We believe it is clear and that the standard addresses this appropriately, however, please refer to Question 15 for implementation challenges associated with using the work of practitioner's experts or other practitioners.

We understand that the IESBA is also undertaking projects related to sustainability reporting and use of experts. In particular, our understanding is that the IESBA work is addressing independence in the context of sustainability engagements and that draft proposals have extended to information in the value chain. It is critical that the IAASB coordinate with the IESBA on this topic to ensure that proposals are practical in the context of sustainability reporting. Otherwise, assurance practitioners along the value chain are likely to face an inability to obtain sufficient appropriate evidence (scope limitation) in many circumstances. Furthermore, it may not be practicable to require an assurance practitioner to be independent of all entities in the value chain, and the proposals could inadvertently create significant barriers to who is able to perform the engagement if independence provisions are too extensive. In addition, there may not be access to other practitioners in the value chain.

### Chamber of Financial Auditors of Romania (CAFR)

We believe it is important to express requirements for high-quality and independence from the experts whose work will be used throughout the engagement. The standard should be more explicit regarding the status and relevant requirements of practitioners providing assurance on sustainability information of entities within the group or the value chain of the reporting entity. Due to the complexity inherent in sustainability assurance engagements, especially those involving a wide range of sustainability matters or information from various entities within the organizational boundary or across the value chain, we believe such complexity demands leveraging the expertise of external firms or practitioners.

To support assurance providers, integrating Figure 2 from the Explanatory Memorandum into the accompanying guidance of ISSA 5000 would significantly aid in clarifying this aspect. Further visual aids or detailed explanations that explicitly outline the roles and responsibilities of external practitioners versus engagement team members will facilitate better understanding and application of the guidelines.

We firmly believe that such an inclusion will greatly benefit practitioners by rendering the differentiation between members of the engagement team and external parties more accessible and clearly defined.

### Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)

The table in Figure 2 on page 23 of the EM is very helpful to understand when such firm(s) and individuals from that firm(s) are members of the engagement team or not, and hence we suggest that the IAASB incorporates this table under the application material or the appendices of the standard.

We believe there may be difficulties in practice in relation to 'other practitioners' and when they are considered to be part of the engagement team. If an 'other practitioner' is considered to be part of the engagement team, then they have to comply with the practitioner firm's independence, ethics and quality management policies. This may be a disincentive for other practitioners to work in this fashion with the assurance practitioner. More guidance is needed on the implications of being considered a member of the engagement team for the other practitioner (this may also be a useful topic to consider for first-time adoption/implementation guidance) and the responsibilities of the assurance practitioner where another practitioner is not considered part of the engagement team.



There is a need to clarify how the work of experts can be referenced by the assurance practitioner. ISA 620 Using the Work of an Auditor's Expert prohibits any reference to using the work of an expert in the auditor's report. ED-5000 does not have such a prohibition and the application material suggests the assurance practitioner could refer to the work of an expert in their assurance report where they issue a qualified opinion/conclusion.

Furthermore, as ACCA's report Sustainability Assurance – rising to the challenge finds, in sustainability assurance engagements there is an unprecedented dependence on the work of experts which raises questions regarding their ethical behaviour and independence. We commend the IESBA for its project on the 'Use of Experts' and suggest that the IAASB continues to work closely with IESBA on this area.

#### **CPA Ireland**

CPA Ireland considers that it may be beneficial for clarity purposes to have this explicitly outlined within the Terms of the Assurance Engagement with insertion of Figure 2: Individuals involved in the Engagement per EM (ISSA) 5000.

Refer also to ED ISSA 5000 – Agreeing the Terms of the Assurance Engagement to have Figure 2 of EM (ISSA) 5000 included for clarity purposes.

#### **European Federation of Accountants and Auditors for SMEs (EFEAA)**

We believe ED-5000 is generally clear. We wonder, however, whether the standard should be more explicit regarding the status and relevant requirements of practitioners providing assurance on sustainability information of entities within the group or the value chain of the reporting entity. We are unclear as to whether these practitioners would fall under 'Using the Work of Another Practitioner' for which ED-5000, paragraphs 42 and 51-54 apply. The relationship with other firms is quite like that of component auditors so a similar process to that used in ISA 600 could be used.

#### **European Federation of Financial Analysts Societies (EFFAS)**

The engagement team's leader should decide whether external experts should participate in the assurance as part of the process.

#### **Institut Akuntan Publik Indonesia**

The standard is clear that when the practitioner is able to be sufficiently involved (direct, supervise and review) the work of practitioner, performing the work deemed to be part of the engagement team. When the engagement team cannot be sufficiently involved in the work of practitioner, the nature, timing and extent of procedures undertaken to evaluate the work of practitioner likely to be an area of potential inconsistency.

#### **Institute of Chartered Accountants of Ghana**

This represents a crucial aspect of the proposed standard. Given the nature of sustainability assurance engagements, especially when it comes to group or consolidated information, practitioners may often find it necessary to rely on evidence from work performed by other practitioners. The proposed standard specifies that when practitioners can sufficiently rely on and oversee the work of another practitioner, those individuals are to be considered as part of the engagement team. However, in situations where such direct involvement is not feasible, the procedures adopted for evaluating the work of the other practitioner (i.e., "another practitioner") can become a potential source of inconsistency.



### **Institute of Chartered Accountants of Pakistan (ICAP)**

We understand that there is a need to define “practitioner internal expert” or “practitioner external expert” in ED-5000. It is suggested that the definitions of “practitioner internal expert” or “practitioner external expert” could be taken from ISA 620, Using the Work of an Auditor’s Expert.

### **Institute of Chartered Accountants of the Maldives**

ED-5000 is clear on identifying the situation in which the practitioner’s or other practitioners can be considered a member of the engagement team and circumstances in which they must be considered as another practitioner and not part of the engagement team.

### **Instituto de Auditoria Independente do Brasil - Ibracon**

We generally agree that ED-5000 is clear about when a firm other than the practitioner’s firm is part of the engagement team or are considered ‘another practitioner’ and not members of the engagement team. However, the concept of the engagement team in ED-5000 seems to conflict with that in ISA 600 (Revised). In order to avoid that, we also suggest including the definitions of ‘other practitioner’, ‘internal expert’ and ‘external expert’ in ED-5000.

### **Instituto de Censores Jurados de Cuentas de España (ICJCE)**

ISSA 5000 must include a definition of ‘another practitioner’ which may cover practitioners involved to perform assurance activities for entities which are part of the supply chain.

ISQM and IESBA compliance is not explicitly mentioned for other practitioner. Is this assumed or not required? Suggest this be clarified in the ED. Need further clarity related to using “another practitioner.” Need an official definition and guidance to better differentiate.

### **Instituto Mexicano de Contadores Publicos (IMCP)**

We support the approach included in the proposed ISSA 5000 on how to organize the assurance team and the work of experts. However, other professions outside the ones with an audit background may struggle more with these concepts and how to apply them in practice. For example, there may be cases when another practitioner executes a great part of the assurance work and the proposed standard may not provide enough materials on what and how the engagement leader should deal with this situation.

### **International Federation of Accountants (IFAC)**

ED-5000 does clarify when individuals are part of the engagement team or are ‘another practitioner’ rather than a member of the team. To assist assurance providers, it would be useful to include the diagram in figure 2 of the Explanatory Memorandum that clarifies this position within the guidance that accompanies ISSA 5000. We believe this will be useful for practitioners—making the distinction between members of the engagement team and others better understood and more explicit.

### **Korean Institute of Certified Public Accountants (KICPA)**

Subsequent procedures significantly vary depending on whether the practitioner uses the work of the practitioner’s external expert or another practitioner. Thus, determining whether it is the practitioner’s external expert or another practitioner can have a significant impact on assurance engagement.

However, in certain situations, it may be hard to determine. For example, ED-5000 paragraph A89 describes that if another firm is engaged to perform a separate assurance engagement on the entity’s greenhouse gas

emission included in the scope of assurance engagement, such firm is regarded as another practitioner. However, the same firm may be seen as the practitioner's expert from a different perspective.

Specific guidelines are required to clearly distinguish the practitioner's external expert from another practitioner.

#### **Malaysian Institute of Certified Public Accountants**

We would also like to seek clarification as to whether the IAASB will issue the equivalent standard of ISA 620.

#### **Nordic Federation of Public Accountants (NRF)**

ED-5000 includes many different terms for both certain individuals and firms. We recommend the IAASB to consider the need for all these terms but also to ensure that they are being used in a consistent manner.

The Explanatory Memorandum (EM) includes a diagram to describe the individuals that may be involved in an assurance engagement such as firm personnel, practitioners' internal and external experts, other practitioners and another practitioner. In addition, the standard also refers to "other firms" or "firm other than the practitioner's firm". Using all these different terms and understanding why they are being used and whether they are being used for a specific reason to separate them from other terms can be confusing.

The definition in paragraph 17 (p) states which individuals are part of the engagement team. A22 explains both which individuals are part and not part of the engagement team (although Q14 above also refers to firms as being part of the engagement team). According to A22 when another firm performs assurance work and the practitioner is unable to direct, supervise and review that work, such firms and the individuals from those firms who performed that assurance work are not members of the engagement team and are referred to in ED-5000 as "another practitioner". Given that the definition list in paragraph 17 includes different individuals, e.g., management's experts, personnel, practitioner, and practitioner experts, we recommend that "another practitioner" also should be included in the definition list.

According to A22 "another practitioner" is someone who performs assurance work. However, A89 (which we interpret to include another practitioner) refers to firms (not individuals) who perform "work on sustainability information that is relevant to the practitioner's engagement". It is unclear how this description relates to performing assurance work.

Also, although both the diagram in the EM and the definition and description of engagement team only refer to individuals, the standard often refers to "Firm other than the Practitioner's Firm" or just "other firm". This is especially confusing in A 91 where "another practitioner" and "other firm" are being used in the same sentences.

Finally, paragraphs 51-54 seem to use the terms "another practitioner" and "other practitioner" interchangeably. If the purpose is merely to vary the language, this should be clarified. However, if the different terms have different meanings, we believe there is an imminent risk that this will be overlooked.

#### **Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)**

Considering the requirement on paragraph 17(p) in isolation, it is not clear that "Another practitioner" does not form part of the engagement team. However we acknowledge that para 17(p) refers to paragraph A22, where it is explained who is referred to as "another practitioner".

We recommend that the last part of para A22 be updated to include the definition of another practitioner for more clarity as noted under paragraph A17 (p).

We call for clarification on how the work of experts can be referenced by the assurance practitioner. ISA 620 prohibits any reference to using the work of an expert in the auditor's report. The ED does not have such a prohibition and the application material suggests the assurance practitioner could refer to the work of an expert in their assurance report where they issue a qualified opinion/conclusion.

#### **Pan African Federation of Accountants**

We agree that the ED is clear about who forms part of the engagement team. The definition in para 17(p) is clear on this and expressly excludes a practitioner's external expert from the engagement team. The way in which para 41 is written also aids with this distinction.

Considering the requirement on paragraph 17(p) in isolation, however, it is not clear that "Another practitioner" does not form part of the engagement team. We acknowledge that para 17(p) refers to paragraph A22, where it is explained who is referred to as "another practitioner". We recommend that the last part of para A22 be updated to include the definition of another practitioner for more clarity as noted under paragraph A17 (p).

There has also been a call for clarification on how the work of experts can be referenced by the assurance practitioner. ISA 620 prohibits any reference to using the work of an expert in the auditor's report. The ED does not have such a prohibition and the application material suggests the assurance practitioner could refer to the work of an expert in their assurance report where they issue a qualified opinion/conclusion.

#### **Pennsylvania Institute of Certified Public Accountants (PICPA)**

In general, the proposed guidance is clear. However, given that the reporting boundaries may include information from up and down the entity's value chain, is there a need for guidance for group engagements? Can an auditor refer to another practitioner in the report if the information that the other practitioner reported on is material to the overall engagement?

#### **Saudi Organization for Chartered and Professional Accountants (SOCPA)**

Taking into consideration our comment on the first question, SOCPA believes setting the standard within the context of other IAASB's pronouncements (e.g. ISA 600) would enhance the clarity of the proposed standards.

#### **South African Institute of Chartered Accountants (SAICA)**

SAICA generally supports the requirements in relation to using the work of experts and other assurance practitioners. Given the nature of the information being assured, it is likely that several experts may be involved and more clarity around the work effort would be useful.

We agree that the ED is clear about who forms part of the engagement team. The definition in para 17(p) is clear on this and expressly excludes a practitioner's external expert from the engagement team. How para 41 is written also aids with this distinction.

However, considering the requirement in paragraph 17(p) in isolation, it is not clear that "Another practitioner" does not form part of the engagement team. We acknowledge that para 17(p) refers to paragraph A22, which explains who is referred to as "another practitioner".

We recommend revising the last part of para A22 to include the definition of another practitioner for more clarity as noted under paragraph A17 (p).

We furthermore suggest that the standard should clarify the circumstances when reference to a practitioner's expert in the assurance report would be appropriate. Drawing on the principles contained in

the ISAs: ISA 620.14 prohibits reference to using the work of an auditor's expert in an auditor's report containing an unmodified opinion unless required by law or regulation. ISA 620.A42 indicates that it may be appropriate in some circumstances to refer to the auditor's expert in an auditor's report containing a modified opinion, to explain the nature of the modification. ED-5000.172, read with paragraphs A494-A495, appear to indicate that reference to a practitioner's expert would be appropriate in an assurance report containing an unmodified conclusion, provided that the practitioner considered the matters set out in paragraph A495. It is however not clear if paragraph A494 is intended to be indicative of all circumstances when reference to a practitioner's expert would be appropriate. To facilitate application of the standard and to ensure consistent application thereof, the IAASB may consider clarifying reference to a practitioner's expert in the assurance report in the text of the standard.

## 11. Academics

### Accounting and Finance Association of Australia and New Zealand

We agree that the risk of an auditor relying excessively on an outside expert is an important problem area. We recommend that this risk should be specifically mentioned in the Application Material, maybe at around paragraph A111.

Huggins et al. (2011) highlight the importance of complementary skill sets and Kim et al (2016) show that auditors overweight the expertise of GHG science related experts. Research indicates that the use of and interaction with an expert enhances audit quality when there is clear communication and co-ordination between the auditor and the external experts (Hux 2017). The auditor's judgement of external specialist/experts' competence and expertise is also a crucial factor when comes to relying on the work of an expert/specialist (Hux 2017). When auditors' lack an understanding of external experts' work, the value of the external expert's work to the audit reduces resulting in lower audit quality (Bauer et al. 2019; Griffith et al. 2015; Jenkins et al. 2018). In this case, auditors may not fully understand the specialists' work or the concerns raised by the specialists leading to overreliance and inappropriate audit testing and conclusions (Griffith et al. 2015; Smith-Lacroix et al. 2012). Consequently, this knowledge gap between auditors and specialists can affect their interactions, in turn, impacting coordination of testing and communication of issues and ultimately, audit quality (Hux 2017).

### Monash University

Figure 2: Individuals involved in the engagement. It is not very clear what is the specific involvement of the practitioner in the case where there is an external expert, given that this person is not a member of the engagement team. Will the practitioner direct, supervise, and/or review this work? It is highly likely that audit firms will engage experts outside of those equipped with expertise related to financial audits. Therefore, clarity on the scope of work and responsibilities should be clear.

## 14.3 Neither agree or disagree

### 1. Monitoring Group

#### Basel Committee on Banking Supervision (BCBS)

The Committee finds the table under paragraph 87 of the Explanatory Memorandum (Figure 2) to be reasonably clear on the different requirements, but the text in ED-5000 to be less so. The clarity of ED-5000 could be improved if paragraph 42 more clearly explained that where the practitioner can be sufficiently and appropriate involved to direct, supervise and review, the firm being used is part of the engagement team (and paragraphs 45–48 apply), and where the practitioner cannot be so involved the firm being used is “another practitioner” and paragraphs 51–54 apply (using text from paragraphs A91 and A22).

Related, the Committee believes that the text in paragraph A125 should be incorporated into the standard, but made as a positive statement of the responsibilities of the practitioner regarding the work of another practitioner, eg to say that the practitioner is required to obtain evidence from the work of another practitioner that is adequate for the practitioner’s purpose.

The Committee understands the intention of the IAASB distinguishing these cases (the firm being part of the engagement team or another practitioner), but the idea that the practitioner is not sufficiently involved may imply that somehow a lower standard is acceptable for the work of another practitioner, whereas we understand that the practitioner needs to obtain the same level of assurance regardless of whether it is provided through the engagement team or another practitioner. We suggest that this could be made clearer in ED-5000, eg paragraph 51 and attendant guidance requires the practitioner to obtain the same overall level of assurance, whether some work is carried out by another practitioner that is technically part of the engagement team or classified as “another practitioner”. We infer this from, for example, paragraph A117, but it could be more explicit.

### 2. Preparer and Users of sustainability information

#### Keidanren (Japan Business Federation)

With regard to practitioners’ experts, the IAASB should coordinate with the IESBA and take care to ensure that the use of experts is kept to the level that is necessary and sufficient so that such use does not lead to leakage of confidential information or excessive increases in costs.

### 5. National Auditing Standard Setters

#### Malaysian Institute of Accountants - Auditing and Assurance Standards Board (MIA)

The relationship between individuals involved in the engagement is unclear in ED-5000 for the application of these principles by non-accountant assurance practitioners who are not accustomed to ISA 220 (Revised). We would suggest that the enhanced version of Figure 2 in the Explanatory Memorandum which provides a visual illustration of the individuals that may be involved in an assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals be included in the final standard. To avoid any confusion, it is also useful to also include the definition of “other practitioners” in ED-5000.

In addition, ED-5000 is also unclear how the practitioner or engagement leader is able to be suitably involved throughout the assurance process (i.e. direction, supervision and review) of the other practitioners’ work.

The practical challenge that the practitioner cannot be sufficiently involved in the work of another practitioner due to access to the work of another practitioner is restricted by law or regulation, or the work that has been performed by that other firm relates to an entity that is part of the supply chain outside of the organisational boundary of the entity subject to the practitioner's engagement, and neither the entity's management nor the practitioner have any rights of access to that other firm's assurance work is not being sufficiently addressed by ED-5000.

## 7. Accounting Firms

### Mo Chartered Accountants (Zimbabwe)

The distinction provided in paragraph A22 of the ED is clear as to who is referred to as "another practitioner".

What requires further explanation relates to a situation where a practitioner issues an opinion based on the work of another practitioner yet is unable to direct, supervise and review that work

## 9. Public Sector Organizations

### Office of the Auditor General of Canada

While ED-5000 is clear in its explanation of a method by which others may be classified, we would prefer if the category of "another practitioner" was removed as we feel it enables reliance on the work of others with limited oversight, supervision and review, and may weaken the audit evidence on which a conclusion may be formed. ED-ISSA 5000 provides additional guidance concerning the use of another practitioner which may serve to limit any negative impact, however, it remains a weakness in the proposed standard as provided as it enables limited oversight and involvement in the work of others.

## 10. Member Bodies and Other Professional Organizations

### ASEAN Federation of Accountants

The relationship between individuals involved in the engagement is unclear in ED-5000 for the application of these principles by non-accountant assurance practitioners who are not accustomed to ISA 220 (Revised). We would suggest that the enhanced version of Figure 2 in the Explanatory Memorandum which provides a visual illustration of the individuals that may be involved in an assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals be included in the final standard.

In addition, ED-5000 is also unclear how the practitioner or engagement leader is able to be suitably involved throughout the assurance process (i.e. direction, supervision, and review) of the other practitioners' work. The practical challenge that the practitioner cannot be sufficiently involved in the work of another practitioner due to access to the work of another practitioner is restricted by law or regulation, or the work that has been performed by that other firm relates to an entity that is part of the supply chain outside of the organisational boundary of the entity subject to the practitioner's engagement, and neither the entity's management nor the practitioner have any right of access to that other firm's assurance work is not being sufficiently addressed by ED-5000.



## Consejo General de Economistas de España

We believe that the standard should be more explicit regarding the status and relevant requirements of practitioners providing assurance on sustainability information of entities within the group or the value chain of the reporting entity. We wonder whether these practitioners would be categorized under 'Using the Work of Another Practitioner'. The relationship with other firms is quite like that of component auditors so a similar process to that used in ISA 600 could be used.

## 14.4 Disagree with comments

### 5. National Auditing Standard Setters

#### Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

While we believe that the draft is clear when experts or other practitioners are on the engagement team, we disagree with the drafts proposals because we believe that the draft violates the definition of engagement team as it is understood in ISQM 1, ISA 220 (Revised), ISA 600 (Revised), ISA 620, and how it was understood previously in other ISAE's.

We repeat the current definition of engagement team since we refer to it multiple times below:

"The engagement leader and other personnel performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert." [Underlining added]

#### Comments on External Experts

Since an external expert performs procedures on the engagement, an external expert would be a member of the engagement team if the definition above had not explicitly excluded external experts from the definition. The question then arises when an expert is to be regarded as "external". The definition in ISA 620 (which is referred to by footnote from the definition in ISQM 1) gives clear guidance on this matter: an expert is internal when the expert is a partner, staff, including temporary staff, of the auditor's firm or a network firm. In all other cases, the expert is considered to be external. The requirements in ISA 620, as well as in ISAE 3000 (Revised) and ISAE 3410 for auditors' or practitioners' experts, were written so that, with the exception of objectivity and independence, they apply equally to internal and external experts, but recognize that auditors and practitioners may rely in part on firm quality management regarding the competence, capabilities and independence of internal experts and can apply the other requirements as part of direction, supervision and review of internal experts. The fact that an external expert cannot be subjected to direction, supervision and review did not form a part of the definitional distinction between internal and external expert. Indeed, ISQM 1 and ISA 220 (Revised) do not make that distinction and, but for the definitional exclusion of external experts, even extend the definition of engagement team to individuals from a firm other than a network firm or another service provider, who then would have also become subject to direction supervision and review under ISQM 1 and ISA 220 (Revised). Consequently, the application material in paragraph A22 violates the definition of engagement team for experts by distinguishing between internal and external experts on the basis of the ability to direct, supervise and review, which is not set forth in the definition. Application material cannot override a requirement or a definition. However, in the case of external experts, since the definition excludes external experts from the engagement team, the fact that they cannot be directed, supervised or reviewed is a secondary consideration.



### Comments on Another Practitioner

The definition of engagement team makes no such exception for another practitioner. This implies that any other practitioner (whether in the network firm, outside of the network firm, or a service provider) who performs procedures on the engagement is a member of the engagement team, regardless of whether or not they can be directed, supervised or reviewed. As noted in our response to Question 5 on the definitions, we see that the definition with the wording as set forth does cause difficulties with other practitioners that perform work on sustainability information from outside of the operational control of the entity (i.e., outside the corporate group) whose sustainability information is being subjected to the assurance engagement. However, this application material in paragraph A22 undermines the definition so that even if other practitioners perform procedures within the corporate group (i.e., in relation to entities over which the entity whose sustainability information is being assured has operational control) on the engagements as in the definition, such individuals would not be on the engagement team if their work cannot be directed, supervised or reviewed. In other words, the application material undermines the original intent of the change in definition of engagement team in the quality management project, which was to include other auditors on group audits within the engagement team. Given the likely need to include more material on group assurance engagements on consolidated sustainability reports, having the application material in paragraph A22 undermine the definition of engagement team is not likely to be in the public interest.

On the other hand, as noted above, we recognize that the definition causes difficulty with other practitioners that perform work on sustainability information on entities from outside of the operational control of the entity whose sustainability information is being subjected to the assurance engagement. There are many cases where entities in the upstream or downstream supply chain would be prepared to have a practitioner of their choice perform procedures at those entities at the request of the entity whose sustainability information is being subjected to an assurance engagement. Those practitioners may take some direction on the procedures to be performed from the practitioner performing the assurance engagement on the sustainability information and therefore be within the engagement team definition, but they are unlikely to submit to supervision of their work or a review of engagement documentation – nor can they be forced to be. The ability to force supervision and review contractually will largely depend upon the market power of the entity whose sustainability information is being subjected to the assurance engagement vs. its customers and suppliers in its value chain. Other than the very largest entities, most entities will not have that kind of market power (indeed, even the largest entities may not have that kind of market power versus government-controlled entities in some countries, that have nearly monopoly-type power over certain materials or products).

We had previously addressed this issue in our comment letter dated May 26, 2021 to the IAASB on the proposed amendments to the IAASB's other standards (in particular, ISAE 3000 (Revised) and ISAE 3410). We had noted that the IAASB had not done sufficient diligence on the implications for ISAE 3000 (Revised) and ISAE 3410 of adopting the definition of engagement team from ISQM 1 in ISAE 3000 (Revised), particularly in relation the implications for corporate social responsibility reporting.

Overall, we believe that the definition of engagement team likely needs to change to take into account the difference between other practitioners doing assurance work in relation to entities that are under the operational control of the entity whose sustainability information is being assured and those that are not. Seeking to solve this issue in the application material is not in line with how definitions, requirements and application material are supposed to work.

## Royal Dutch Institute of Chartered Accountants

The NBA has already expressed in its response to question 1 its strong concerns over the group approach in ED-5000. In addition to that, we have the following three concerns:

- Especially in case of a reasonable assurance engagement, it is important that the practitioner and expert agree on procedures to evaluate the inputs and data to be used by the expert. The expert and the practitioner need to have a mutual understanding about the validity of the inputs/data being used, and who will perform which procedures to establish that the data/inputs can indeed be used by the expert of the purposes of the expert's work.
- In the same vein, ED-5000 should be much clearer on the work effort when performing a limited assurance engagement with respect to the work of experts and other practitioners. Along our earlier suggestions (in the context of IPE) we suggest the practitioner in a limited assurance engagement should be allowed to use reports from other experts and practitioners at face value, unless there are indications otherwise.
- In addition, we are of the opinion that it is important that the expert also ensures appropriate direction, supervision and review of the work performed by members of the expert's team, where applicable. Similarly, the practitioner should ensure appropriate direction, supervision and review of the expert, taking into account that the expert is engaged on the grounds of specific expertise on a specific topic.

## 7. Accounting Firms

### Grant Thornton International

We believe practitioners will struggle to determine whether individuals from network firms and non-network firms are an engagement team member, another practitioner, or component auditor (as defined in the ISAs). Several questions and common scenarios are not addressed in ED-5000. The color-coded table in the ISSA 5000 Explanatory Memorandum (Figure 2: Individuals Involved in the Engagement) is also an indication that the requirements in ED-5000 are not clear and additional guidance is needed. We propose the IAASB:

Add a formal definition of “another practitioner” within ED-5000, paragraph 17 where other terms relevant to the standard are defined.

Add guidance to determine whether a component auditor (as defined in the ISAs) is considered a member of the engagement team or “another practitioner”. Refer also to Question 18 where we address group audits in full.

Revise ED-5000, paragraph A91 to clarify whether the examples included are expected to be the only scenarios in which it is appropriate to classify individuals involved in the audit as “another practitioner”.

Add Figure 2: Individuals Involved in the Engagement from the ISSA 5000 Explanatory Memorandum to ED-5000 to promote consistent application. We also propose to revise the color coding so that “Using the Work of a Practitioner’s External Expert” and “Using the Work of Another Practitioner” are in different colors to reflect the different requirements associated with them.

Furthermore, we are concerned by the proposed classification of other practitioners (including network firms and non-network firms) as engagement team members when the practitioner is able to be sufficiently and appropriately involved in their work. Without additional clarification in the standard, there may be

unintended consequences, such as the potential additional independence requirements that may need to be monitored.

## 8. Assurance Practitioner or Firm - Other Profession

### SGS

The requirement of whether to use another practitioner is clear. The unclear part is “How”. For instance, how to control the risks of conflict of interest, how to manage the assurance quality, how to issue the assurance statement, how to define the accountability of different practitioners?

We recommend more details to be provided in the guidance document.

We recommend this section of ED-5000 to align with ISO 17029 7.4 Outsourcing.

### TIC Council

The requirement of whether to use another practitioner is clear. The unclear part is “How”. For instance, how to control the risks of conflict of interest, how to manage the assurance quality, how to issue the assurance statement, how to define the accountability of different practitioners?

It would be good to have further detail on what could be relied on from another practitioner, for example would an assurance statement from another practitioner that covers the relevant sustainability information be sufficient for a practitioner to accept?

It is necessary to clarify that joint audits performed by two practitioners are possible. In this case the work of the two practitioners will be used to deliver the assurance service conclusion.

It is important to also clarify whether this refers or includes external consultancies, since TIC companies often encounter external consultancies acting on behalf of clients in engagements.

We recommend more details to be provided in the guidance document.

We recommend this section of ED-5000 to align with ISO 17029 7.4 Outsourcing.

## 9. Public Sector Organizations

### Office of the Auditor General (New Zealand)

The definition of a management's expert does not seem accurate as it refers to expertise other than assurance where the focus should be on the preparation of the sustainability information. In practice individuals or organisations may be used by one entity as their preparer and for another entity as the assurance practitioner. It should also be clarified that management's expert may be internal or external to the entity. We propose the following amendments:

“An individual or organization possessing expertise in a field other than assurance specialised skills and knowledge related to sustainability matters beyond the sustainability competence of the entity, whose work in that field is used by the entity to assist the entity in preparing the sustainability information (measuring and evaluating sustainability matters).”

The definition of a practitioner's expert could also be improved with similar amendments:

“An individual or organization possessing expertise in a field specialised skills and knowledge related to sustainability matters, other than assurance skills, whose work in that field is used by the practitioner in obtaining sufficient appropriate evidence. A practitioner’s expert may be either a practitioner’s internal expert (who is a partner or staff, including temporary staff, of the practitioner’s firm or a network firm), or a practitioner’s external expert to increase the sustainability competence of the practitioner or the engagement team.”

## 10. Member Bodies and Other Professional Organizations

### Belgian Institute of Registered Auditors

Currently, “practitioner” and “other practitioner” do not seem to be specifically defined in the Exposure Draft. Throughout the text, “engagement leader” and “practitioner” are referred to, but only “engagement leader” seem to be specifically defined. Also “expert” seems not to be specifically defined.

As the evaluation of the division between the “engagement team members” and “using the work of Another practitioner” as per figure 2 in the Explanatory Memorandum Section 1-G, depends on the fact if the practitioner is able to sufficiently and appropriately be involved in the work of the other practitioner, it is key to provide additional guidance on what would be the level of involvement needed to assess this as sufficient and appropriate. In this respect, should the aspects included in A59, A63 and A459 in ED-5000 be taken into account to evaluate sufficient and appropriate involvement?

### Chartered Accountants Ireland

We note that there is a fundamental difference between the context in which this matter occurs in a “traditional” assurance engagement and a sustainability assurance engagement. The reasons for this are that the reporting boundary in a traditional engagement is a legal entity whereas this is often wider in a sustainability assurance engagement. There is also a wider range of skillsets required (including engineers for certain aspects for example).

The standard is unclear on requirements regarding how to exercise supervision and review when experts and other third-parties are involved in the assurance assessment.

It is not clear to us how paragraph 51 can apply to practitioners that are assuring sustainability information on entities within another entity’s reporting boundary where those practitioners are not independent of the reporting entity and not required to be currently as they don’t perform an assurance engagement for that entity. This requirement needs careful assessment as it may lead to an inability to report on sustainability information outside the reporting entity but within its reporting boundary, it may adversely impact on assurance quality and reduce assurance practitioner choice in the marketplace.

Although it is acknowledged in paragraph A91, there is a lack of guidance in the standard as to situations where the entity has engaged a party/expert to support with the implementation of aspects of the sustainability reporting, and where the practitioner is engaged afterwards for the assurance engagement. It is unclear what the requirement will be regarding the involvement of the practitioner in the work of management’s experts. It is expected that a larger range of providers/experts will be involved in the preparation (entity’s side) and assurance (practitioner’s side) of the reporting and the standard is relatively light on this aspect (merely mirroring requirement on financial statements information at the moment).

Paragraph 26 contains a possible issue relating to an engaging party imposing a limitation of scope on the practitioners' work and states that the practitioner should not accept the engagement unless required by law. There are some practical difficulties relating to this;

There is no distinction as to whether the limitation of scope is in the reporting entity and when it is in the value chain.

It is likely, given the nature of the entity and its supply chain, that any limitations of scope will not be identified until after acceptance, and the standard is unclear in this regard.

The paragraph should be enhanced by including some application guidance.

### CPA Australia

We are of the view that the definition of an "engagement team" and the "practitioner's expert" are unclear. Based on the EM Figure 2: Individual Involved in the Engagement, there are three layers of participation as follows:

The engagement team consists of the practitioner and other personnel from within and outside of the firm who perform procedures on the engagement with direct supervision and review from the practitioner.

The practitioner's external expert is an individual or organisation outside the practitioner's firm or a network firm that possesses expertise in a field other than assurance, and whose work in that field is used by the practitioner in obtaining sufficient appropriate evidence. The practitioner is able to be sufficiently and appropriately involved in the work of the external expert, however, is not able to have direct supervision and review of the work of the external expert.

Another practitioner is similar to the practitioner's external expert, but the practitioner or the engagement leader is unable to be sufficiently and appropriately involved in the work and is not able to have direct supervision and review of the work of the other practitioner.

In our view, the key criteria to be part of the engagement team is the practitioner's ability to have direct supervision and review of the work performed by personnel/organisation irrespective of whether the personnel/organisation is from within or outside of the practitioner's firm nor the field of work.

Additionally, the key distinction between the practitioner's external expert and another practitioner is the ability/inability of the practitioner to be sufficiently and appropriately involved in the work of the other practitioner.

Given ISSA 5000 is intended as a profession-agnostic standard that envisages individuals from multiple professions either undertaking or being part of the engagement, it is important to ensure there is clarity around the definition of the engagement team. To bring about more clarity in distinguishing between the various individuals/firms participating in the assurance engagement, we recommend the IAASB to revise the relevant paragraphs as suggested below:

17(p): Engagement team - The engagement leader and other personnel performing the engagement, and any other individuals who perform procedures on the engagement, with direct supervision and review from the practitioner/engagement leader. The engagement team excludes excluding a practitioner's external expert. (Ref: Para. 17(jj) A22) and "another practitioner" (Ref: Para. A22)

17(jj) – Practitioner's expert - An individual or organization possessing expertise in a field other than assurance, whose work in that field is used by the practitioner in obtaining sufficient appropriate evidence. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including

temporary staff, of the practitioner's firm or a network firm, where the practitioner is able to direct and supervise them and review their work), or a practitioner's external expert (where the practitioner is able to sufficiently and appropriately involved in their work but is not able to direct and supervise them and review their work).

We also recommend the IAASB consider including a separate definition for "another practitioner" as this term is currently embedded in paragraph A22. Separating "another practitioner" from paragraph A22 could provide further clarity and opportunity in distinguishing "another practitioner" and "practitioner's external expert". Additionally, including some examples of 'practitioner's external expert' and 'another practitioner' in the standard is also helpful to bring further clarity to the definitions of 'practitioner's external expert' and 'another practitioner'.

We note the concepts of "engagement team", "using the work of the practitioner's external expert" and "another practitioner" in ED-5000 differs from ISA 220, ISA 600, and ISA 620 where the ISAs exclude external experts in a field other than accounting or auditing from the engagement team as these experts are treated as the practitioner's external experts (ISA 220 paragraph 7(d) and ISA 620 paragraph 6(a)). Although ED-5000 is developed based on existing material from the ISAs, it differs from the ISAs in including experts in a field other than accounting or auditing in the engagement team. It will be beneficial to include the IAASB's rationale for this departure from the ISAs in this respect in the Basis for Conclusions to this standard.

#### **Institute of Chartered Accountants in England and Wales (ICAEW)**

We are sceptical about how assurance providers can exercise meaningful supervision and review over a wide range of skillsets, not all of which may be shared by the practitioner tasked with supervision and review.

We would welcome guidance on the measurement/evaluation of the involvement of the practitioner in the work of the expert/other practitioner, especially where they were engaged by the entity.

We believe that adding the diagram from paragraph 87 of the Explanatory Memorandum to the Appendix would help clarify the difference between another practitioner and a practitioner's expert.

We also suggest the inclusion of internal expert, external expert and another practitioner in the definitions.

In cases where the 'other practitioner' is following an ethical code other than IESBA code, we believe it is unclear as to whether it is the practitioner's responsibility to evaluate whether that code is "at least as demanding" as the IESBA code (please see comments on this issue in our earlier response above). We suggest that the IAASB considers replacing it with 'required by law and regulation'.

As noted in our response above, we remain concerned regarding applicability of the standard to group audits.

Overall, we have concerns that the IAASB has applied commonly accepted and understood principles used in group audits to situations where the nature and circumstances of the engagement may render them an uneasy fit. We suggest that the IAASB consider again aspects of the relationships with other practitioners, including such issues as the degree to which they are familiar with:

the cooperation principles that run through group audits;  
supervision and review from outside an organisation; and  
communication demands from outside an organisation.

As a minimum we believe more practical guidance will be necessary, but ideally further consideration of the workability of the model may be beneficial.

#### **New York State Society of Certified Public Accountants (NYSSCPA)**

Response: No. This concept is not clearly explained, and we recommend that the IAASB update paragraph 42.

#### **Wirtschaftsprüferkammer (WPK)**

The requirements expressed in paragraphs 41, 42 and 49 through 54 are not sufficiently clear.

Recommendations:

First of all, the three mentioned categories “Internal Expert”, “External Expert” and “Another Practitioner” should each be defined separately in paragraph 17. A clear classification of the involved experts or practitioners to the three mentioned categories as well as the determination whether they are part of the engagement team or not are of special importance due to the different requirements associated with them.

Furthermore, it is not clear who is covered by the category of “Another Practitioner”. On the one hand, it is conceivable that “Another Practitioner” is an individual or firm inside or outside the Practitioner’s network who is active as a kind of „Component Auditor“ within the scope of the group audit. On the other hand, it is conceivable as well that “Another Practitioner” is an individual or firm who has no organizational relationship with the Practitioner (e.g. another practitioner not being part of the network having conducted a separate assurance engagement for a significant supplier in the supply chain). The distinction between these two categories should be clearly described in the Standard in addition to the guidance given in A22.

One of the consequences is that the ability to obtain information from the other practitioner may widely differ. Paragraph A 117 acknowledges that it may become more and more difficult to get access to the work of another practitioner the further down the entity’s value chain that information resides. However, the consequences and the potential reaction of the practitioner are not clearly described. Paragraph A 117 only refers to paragraph A 125 with regard to scope limitations. Therefore, additional guidance should be provided on this topic.

The guidance in respect of the communication between the practitioner and an external expert or another practitioner does not seem to be sufficient. In particular, paragraph 52 of the Standard requires communication with the other practitioner only with regard to the findings of the work. We recommend to include guidance for the communication about other relevant aspects of the other practitioner’s work in the requirements (Para. 51-54 of the Standard) and / or in the respective application material (A117 to A125).

## **12. Individuals and Others**

### **International Accreditation Forum (IAF)**

The requirement of whether to use another practitioner is clear. The unclear part is “How”.

For instance, how to control the risks of conflict of interest, how to manage the assurance quality, how to issue the assurance statement, how to define the accountability of different practitioners?

It would be good to have further detail on what could be relied on from another practitioner, for example would an assurance statement from another practitioner that covers the relevant sustainability information be sufficient for a practitioner to accept?



It is necessary to clarify that joint audits performed by two practitioners are possible. In this case the work of the two practitioners will be used to deliver the assurance service conclusion.

It is important to also clarify whether this refers or includes external consultancies, since IASPs often encounter external consultancies acting on behalf of clients in engagements.

IAF recommends more details to be provided in the guidance document and to align this section of ED-5000 with ISO 17029 7.4 Outsourcing.

#### **Japan Accreditation Board (JAB)**

ED 5000 should define the process how other contracted practitioner to work clearly.