

Experts Narrow-Scope Amendments – Issues Paper

Objective

The objectives of this Agenda Item are to:

- Approve a project proposal for the narrow-scope amendments to IAASB standards arising from the International Ethics Standards Board for Accountants' (IESBA) Using the Work of an External Expert project; and
- Approve the Exposure Draft (ED), *Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project*.

Approach to the Board Discussion

The project team will first walk through the draft project proposal set out in **Agenda Item 4-A** and take the Board's views on the matters for IAASB consideration in **Section B** of this paper. Thereafter, the project team will walk through the proposed narrow-scope amendments set out in **Agenda Item 4-B**, together with the discussion in **Section C** of this paper about the process followed to determine the proposed amendments and the project team's rationale.

Section D of this paper addresses relevant due process matters.

A. Introduction

Background

1. At the December 2024 IAASB meeting, the Board received an update and overview of the final provisions in the IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) relating to using the work of an external expert.
2. Also, the Board agreed with the proposed purpose and scope of the related IAASB project and its relevant qualitative standard-setting characteristics, as presented in [Agenda Item 6](#), for narrow-scope amendments to IAASB standards arising from revisions to the Code related to using the work of an external expert. For more information about the Board's decisions and directions, see the draft minutes presented in **Agenda Item 1**.

Project Team

3. The project team comprises:
 - Dan Montgomery – Senior Consultant to the IAASB
 - Kazuko Yoshimura – IAASB Senior Manager
 - Jamie Shannon – Technical Advisor to IAASB Member Edo Kienhuis

Materials Presented

Agenda Item 4-A	Draft Project Proposal on Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert project
Agenda Item 4-B	Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project

Coordination with IESBA

4. The IESBA's development of the proposed provisions for using the work of an external expert was closely coordinated with the IAASB to maximize alignment and interconnectivity between the Code and the IAASB's standards, including on matters related to experts in ISSA 5000.¹ Ongoing coordination between the two Boards continued up to IESBA's approval of the final provisions related to using the work of an external expert in December 2024. In February 2025, the IAASB project team met with IESBA staff to discuss matters related to the Code provisions as well as the IAASB project team's understanding of the final provisions. See also paragraphs 9-11 of the draft project proposal in **Agenda Item 4-A**.

Coordination with Other IAASB Project Teams

5. The project team had virtual meetings with Staff of the Fraud Task Force and Audit Evidence and Risk Response project teams in February 2025. At these meetings, the objective of the Experts project and the Experts project team's analysis on the effect of the Code's revisions to the IAASB standards were shared. The respective project teams agreed that there is nothing at this point that will affect either of those projects.

B. Project Proposal

6. The draft project proposal for this narrow-scope amendments project is presented as **Agenda Item 4-A**.

Due Process Matters

7. The draft project proposal has been circulated to the IESBA Program and Senior Director, who provided input on matters requiring coordination. Matters that may be of possible relevance to the IAASB project have been incorporated into the draft project proposal in **Agenda Item 4-A**.

¹ International Standard on Sustainability Assurance (ISSA)TM 5000, *General Requirements for Sustainability Assurance Engagements*

Matters for IAASB Consideration:

For discussion on Tuesday, March 18

1. The Board is asked for its views on the draft project proposal presented in **Agenda Item 4-A**.
2. The Board is asked whether there are any other matters that the project team should consider as it finalizes the project proposal.

For discussion on Friday, March 21

3. The Board is asked to approve the proposed project proposal on Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert project.

c. Development of the Narrow-Scope Amendments and the ED

Background

8. As discussed with the Board in December 2024 (see [Agenda Item 6](#) for the December meeting), the focus of this project is to consider targeted amendments to ISA 620² and other IAASB standards to make sure that the IAASB standards remain interoperable with the new provisions of the Code with respect to using the work of an external expert.
9. The project team noted that, from the standpoint of interoperability with the IAASB standards, the new provisions in the Code relate primarily to:
 - Evaluating the competence, capabilities and objectivity (CCO) of the external expert, including, in connection with agreeing the terms of engagement with the external expert, the provision of certain information in writing by the expert to assist the professional accountant in evaluating the external expert's objectivity; and
 - Concluding on the external expert's CCO, including circumstances in which the professional accountant would be unable to use the work of the external expert.
10. Regarding the interoperability with ISA 620, [Agenda Item 6](#) for the December meeting noted that the scope of the IAASB's project would be expected to address:
 - The overall consistency of the requirement in paragraph 9 of ISA 620, and related application material, regarding the auditor's evaluation of the CCO of an auditor's external expert with the provisions in [Section 390 of the Code](#).
 - Whether the requirements in ISA 620 need to be more explicit that the work of an auditor's external expert cannot be used if the auditor concludes that the expert does not have the necessary CCO for the auditor's purposes, and that performing additional procedures cannot compensate for a lack of the necessary CCO by the external expert.
11. It was further noted that no matters were expected to be addressed related to definitions as the concepts and terminology in the Code provisions have been aligned with ISA 620. Nonetheless, the project team reviewed the new and revised definitions in the final IESBA pronouncement and considered whether any clarifications might be needed to the definitions in ISA 620 (see paragraphs 13-14 below).

² International Standard on Auditing (ISA) 620, *Using the Work of an Auditor's Expert*

12. Accordingly, ISA 620 was the project team's starting point for considering whether any targeted amendments might be needed to maintain interoperability with the provisions in the Code.

ISA 620

Definitions

13. The definition of "expert" in the Code is aligned with the core definition of "auditor's expert" in ISA 620, as both address the expert possessing expertise in a field outside of the auditor's competence (i.e., a field other than accounting or auditing). The Code also has a definition of "external expert" stating, for audit engagements, that the expert's work in that field of expertise is used to assist the auditor in obtaining sufficient appropriate audit evidence.
14. The project team noted that ISA 620 does not specifically define an "external expert." However, the definition of "auditor's expert" differentiates between an internal expert (a partner or staff, including temporary staff, of the auditor's firm or a network firm) and an external expert. In addition, paragraph A12 of ISA 620 indicates that ISQM 1³ requires the firm to address the use of resources from a service provider, which includes the use of an external expert. Therefore, the project team concluded that no change is needed to the ISA 620 definition as this differentiation between an internal and external expert is important throughout the ISAs (and other IAASB standards) for determining who is or is not part of the engagement team. Further, the definition of "external expert" in the Code serves a different purpose in driving specific provisions in the Code related to an external expert.

Evaluating the CCO of the External Expert

Nature, Timing and Extent of the Auditor's Procedures

15. Paragraph 9 of ISA 620 requires the auditor to evaluate whether the expert has the necessary CCO for the auditor's purposes. However, paragraph 8 of ISA 620 addresses the nature, timing and extent of the auditor's procedures with respect to the evaluation of CCO as well as the other requirements in paragraphs 10-13 (i.e., obtaining an understanding of the expert's field of expertise, the agreement with the expert, and evaluating the adequacy of the expert's work).
16. The project team noted that each of the items in paragraph 8(a)-(e) of ISA 620 continue to be relevant in light of the new Code provisions. However, a significant new aspect of the Code provisions is the requirement for the external expert to provide information, in writing, for purposes of assisting the evaluation of the external expert's objectivity. Although this Code provision is in the context of agreeing the terms of engagement with an external expert,⁴ the project team concluded that this is an overarching factor that can have an effect on the nature, timing and extent of the auditor's procedures, particularly for evaluating the external expert's CCO (paragraph 9 of ISA 620) and the agreement with the expert (paragraph 11 of ISA 620). See also paragraphs 22-23 below.
17. Therefore, the project team is proposing an additional sub-requirement (f) to paragraph 8 of ISA 620 for the auditor to consider provisions of relevant ethical requirements relating to using the work of an expert (see **Agenda Item 4-B**). A new application material paragraph (paragraph A13A) also is

³ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

⁴ See Code Section R390.5

proposed to indicate, by example, that the IESBA Code includes provisions related to using the work of an external expert.

Auditor's Evaluation of the CCO of the Auditor's Expert

18. No targeted amendments are proposed to the core requirement in paragraph 9 of ISA 620 regarding the auditor's evaluation of whether the expert has the necessary CCO for the auditor's purposes. The requirement already states that, in the case of an auditor's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity. The project team concluded that inquiry continues to be appropriate for the baseline requirement, but that application material may be needed to indicate that relevant ethical requirements may include provisions addressing the fulfillment of the auditor's ethical responsibilities related to evaluating whether an auditor's expert has the necessary CCO for the auditor's purposes (see proposed paragraph A16A in **Agenda Item 4-B**).
19. As noted in paragraph 10 above, the project team considered whether the requirements in ISA 620 need to be more explicit that the work of an auditor's external expert cannot be used if the auditor concludes that the expert does not have the necessary CCO for the auditor's purposes. The project team concluded that the most appropriate way to do this would be an additional application material paragraph similar to paragraph A145 of ISSA 5000. This would provide a bridge to the Code provisions⁵ indicating circumstances in which relevant ethical requirements may prohibit the auditor from using the work of an auditor's expert. See proposed new paragraph A19A in **Agenda Item 4-B**.
20. The project team's view was that linking new application material paragraph A19A to the requirement in paragraph 9 would help to clarify the importance of the auditor's evaluation of CCO and the implications if the auditor is unable to determine whether, or concludes that, the auditor's external expert does not have the necessary CCO for the auditor's purposes (i.e., circumstances in which the auditor would be unable to use the work of that expert).
21. The project team also concluded that the flow of the application material would be improved by reversing the order of extant paragraphs A19 and A20 of ISA 620 (see **Agenda Item 4-B**). This reordering was deemed appropriate because the information provided by the external expert, including information that may be required to be provided in writing by relevant ethical requirements, assists the auditor's evaluation of whether any threats to the external expert's objectivity are at an acceptable level. In this regard, the project team also proposes an addition to the hanging paragraph in the last bullet in proposed new paragraph A18A(b) in **Agenda Item 4-B** (extant paragraph A20(b)). Note that extant paragraphs A18 and A19 are included for reference purposes only as no amendments are proposed to those paragraphs.

Agreement with the Auditor's Expert

22. The project team concluded that no targeted amendments were needed to paragraph 11 of ISA 620, which addresses the agreement with the auditor's expert. Paragraph A24 of ISA 620 already indicates that the matters noted in paragraph 8 of the standard may affect the level of detail and formality of the agreement between the auditor and the auditor's expert, including whether it is appropriate that the agreement be in writing. However, the project team is proposing an additional bullet in paragraph

⁵ See Code Section R390.21

A24 to indicate that a factor to consider may be relevant ethical requirements that require the provision of information in writing from an auditor's external expert (see **Agenda Item 4-B**).

23. The project team's view was that the proposed amendment to paragraph 8(f) and the proposed addition of paragraph A13A, along with the proposed bullet to paragraph A24, provide an appropriate link to the provisions in the Code regarding the need to obtain information from the external expert in writing. However, the project team determined that some helpful points could be included in the Appendix to ISA 620, which lists matters that the auditor may consider for inclusion in any agreement with an auditor's external expert. See the proposed additions to the Appendix in **Agenda Item 4-B**.

Evaluating the Adequacy of the Auditor's Expert's Work

24. Paragraph 12 of ISA 620 requires the auditor to evaluate the adequacy of the auditor's expert's work for the auditor's purposes. As noted in the December issues paper ([Agenda Item 6](#) for the December meeting), it is implicit in this requirement that the auditor would be unable to use the work of the external expert if that expert does not have the necessary CCO for the auditor's purposes.
25. The project team discussed whether anything further might be needed to make this more explicit in ISA 620. The project team's view was that the addition of proposed paragraph A19A as application material to paragraph 9 (the evaluation of whether the expert has the necessary CCO) is sufficient to address the interoperability of ISA 620 and the Code provisions related to using the work of an external expert. If the relevant ethical requirements for the engagement include provisions such as those described in paragraph A19A, and the auditor is unable to determine, or has concluded, that the auditor's expert does not have the necessary CCO for the auditor's purposes, the auditor would be prohibited from using that expert's work. In those circumstances, paragraph 12 of ISA 620 would not be relevant (i.e., there would be no need to evaluate the adequacy of the expert's work).
26. Paragraph 13 of ISA 620 indicates that the auditor may perform additional procedures appropriate to the circumstances if the auditor determines that the work of the expert is not adequate for the auditor's purposes. The project team also discussed whether clarification may be needed to explain that this requirement is not a "work around" for circumstances in which the expert does not possess the necessary CCO. The conclusion was that nothing was needed as part of this narrow-scope amendments project but could be explored in the future if the Board decides to undertake a project to revise ISA 620.
27. In addition, the project team noted that it is implicit in paragraph 13 of ISA 620 that the auditor would be unable to use the work of an auditor's expert if that expert does not have the necessary CCO for the auditor's purposes (similar to the implicit presumption in paragraph 12 as described in paragraph 24 above). If the auditor determines that the expert has the necessary CCO but the work performed is not adequate for the auditor's purposes (i.e., additional evidence is needed), then paragraph 13 of ISA 620 applies and the auditor would either agree to have the expert perform additional work or the auditor would perform additional procedures appropriate to the circumstances.

Other IAASB Standards in the ISRE,⁶ ISAE⁷ and ISRS⁸ Series

28. Section 390 of the Code applies to all professional services, with specific provisions that apply to audit, review and other assurance engagements. Accordingly, as discussed with the Board in December, there may be a need for amendments to other IAASB standards beyond ISA 620.
29. The project team considered the references to using the work of a practitioner's expert in the standards in these series, including the specific paragraphs noted in the December issues paper ([Agenda Item 6](#)), taking into account the nature and scope of the engagements addressed by these standards and in the context of the provisions of the Code applicable to such engagements.

ISRE 2400 (Revised)⁹

30. Paragraph 55 of ISRE 2400 (Revised) broadly applies to the use of work performed by others (i.e., other practitioners or experts). It indicates that, in the course of performing the review, it may be necessary for the practitioner to use the work of an individual or organization possessing expertise in a field other than accounting or assurance. If the practitioner uses work performed by an expert, the practitioner is required to take appropriate steps to be satisfied that the work performed is adequate for the practitioner's purposes. There is no application material indicating what steps might be appropriate in the circumstances.
31. The project team considered whether an application material paragraph similar to proposed paragraph A19A in ISA 620 (see **Agenda Item 4-B**) may also be appropriate for ISRE 2400 (Revised) but concluded that such a paragraph was not needed for the following reasons:
- The requirement in paragraph 55 of ISRE 2400 (Revised) leaves it to the practitioner's judgment regarding the appropriate steps needed to be satisfied that the work performed by an expert is adequate for the practitioner's purposes.
 - There is no requirement in ISRE 2400 (Revised) for the practitioner to evaluate the CCO of the expert. However, paragraph 21 of that standard requires the practitioner to comply with relevant ethical requirements. If those relevant ethical requirements include provisions that prohibit the use of the work of that expert if the expert does not have the necessary CCO for the practitioner's purposes, then paragraph 55 of ISRE 2400 (Revised) would not be relevant (i.e., there would be no need to evaluate the adequacy of the expert's work) and the practitioner would need to perform other procedures as needed.

ISAE 3000 (Revised)¹⁰

32. The definition of "practitioner's expert" in paragraph 12(s) of ISAE 3000 (Revised) is aligned with the definitions in the Code and is consistent with the definition of "auditor's expert" in ISA 620. Therefore, no amendments are needed to the definition.

⁶ International Standards on Review Engagements

⁷ International Standards on Assurance Engagements

⁸ International Standards on Related Services

⁹ ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

¹⁰ ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

33. Paragraph 32(b)(i) of ISAE 3000 (Revised) requires the engagement partner to be satisfied that the practitioner will be able to be involved in the work of a practitioner's expert where the work of that expert is to be used. This requirement relates to engagement-level quality management and therefore no targeted amendments are needed for the standard to remain interoperable with the new provisions in the Code for using the work of an external expert.
34. Paragraph 52 of ISAE 3000 (Revised) is a conditional requirement for circumstances in which the work of a practitioner's expert is to be used. The requirement is consistent with the core requirements in paragraphs 9-12 of ISA 620. Therefore, the project team is proposing the following targeted amendments to ISAE 3000 (Revised) (see **Agenda Item 4-B**):
- Adding a bullet to paragraph A121 similar to the wording in proposed paragraph A13A in ISA 620. The project team was of the view that this addition is appropriate because paragraph A121 is consistent with paragraph 8 of ISA 620 (see paragraph 17 above).
 - Reversing the order of paragraphs A128 and A129, and adding a sentence to the hanging paragraph in proposed new paragraph A127A (extant paragraph A129). This is similar to what is being proposed for ISA 620 (see paragraph 21 above).
 - Adding a new paragraph A128A similar to proposed paragraph A19A in ISA 620 (see paragraphs 19-20 above).
35. Paragraph 70 of ISAE 3000 (Revised) addresses reference to the practitioner's expert in the assurance report. It does not relate to the evaluation of the CCO of a practitioner's expert and therefore is outside the scope of this project.

ISRS 4400 (Revised)¹¹

36. The definition of "practitioner's expert" in paragraph 13(i) of ISRS 4400 (Revised) is aligned with the definitions in the Code and is consistent with the definition of "auditor's expert" in ISA 620. Therefore, no amendments are needed to the definition.
37. The requirements in paragraphs 19-20 of ISRS 4400 (Revised) relate to engagement-level quality management and therefore no targeted amendments are needed for the standard to remain interoperable with the new provisions in the Code.
38. Paragraph 29 of ISRS 4400 (Revised) is a conditional requirement for circumstances in which the work of a practitioner's expert is to be used. If the work of a practitioner's expert is used, the practitioner is required to evaluate the CCO of that expert (paragraph 29(a)). Therefore, the project team is proposing to add an application paragraph (see paragraph A47A in **Agenda Item 4-B**) indicating circumstances in which relevant ethical requirements may prohibit the practitioner from using the work of a practitioner's external expert.
39. Paragraph 31 of ISRS 4400 (Revised) addresses reference to the practitioner's expert in the agreed-upon procedures report. It does not relate to the evaluation of the CCO of a practitioner's expert and therefore is outside the scope of this project.

¹¹ ISRS 4400 (Revised), *Agreed-upon Procedures Engagements*

Other ISAs

40. The project team reviewed references to “expert” in the requirements and application material in the other ISAs (other than ISA 620) and noted that these references¹² ordinarily relate to:
- General references to an internal expert (part of the engagement team), external expert (not part of the engagement team) or a management’s expert. As indicated in the draft project proposal in **Agenda Item 4-A**, this narrow-scope amendments project does not include considerations related to the work of an auditor’s or practitioner’s internal expert or to the work of a management’s expert.
 - General references to ISA 620.
 - Determining the need to involve an expert and, if so, the type of expert that may be most appropriate in the circumstances.
 - In the context of audit evidence,¹³ references to the work of an expert as a source of information and the evaluation of the relevance and reliability of information intended to be used as audit evidence.
41. Given the nature of these references, the project team concluded that no targeted amendments are needed to the other ISAs as a result of the revisions to the Code related to using the work of an external expert.

Matters for IAASB Consideration:

For discussion on Tuesday, March 18

4. The Board is asked for its views on the narrow-scope amendments to IAASB standards as proposed in **Agenda Item 4-B** and discussed in **Section C** above. In particular, does the Board agree with the:
- (a) Proposed amendments to ISA 620 and the project team’s rationale in this regard?
 - (b) Proposed amendments to ISAE 3000 (Revised) and ISRS 4400 (Revised) and the project’s teams rationale in this regard?
 - (c) Project team’s rationale for not proposing amendments to other IAASB standards within the scope of this project?
5. The Board is asked whether there are any other matters that the project team should consider as it finalizes the proposed narrow-scope amendments.

For discussion on Friday, March 21

6. The Board is asked to approve the ED for public exposure for a period of 90 days (see also **Section D**).

¹² The project team also noted these same types of references in the ISQMs.

¹³ With respect to audit evidence, the project team considered references in the “Proposed ISA 500 (Revised) Pre-finalization Holding Package.”

D. Due Process Matters

42. In the project team's view, the significant matters identified as a result of deliberations since the beginning of this project have been presented in the issues papers presented to the IAASB for discussion. The project team believes that there are no significant matters that have not been brought to the attention of the IAASB.

Consultation with Stakeholders

43. The project team does not believe that a consultation paper, field testing or a roundtable is needed at this stage of the project because the project focuses on narrow-scope amendments only in the context of IESBA's recently completed project on using the work of an external expert to achieve the project objective as set out in the proposed project proposal.
44. This project has benefited from close coordination with IESBA – see paragraph 4.
45. The project team is of the view that the ED process will solicit adequate feedback from a broad range of stakeholders regarding the merit and impact of the proposed narrow-scope amendments. Because of the nature and extent of the specific amendments being proposed, if deemed necessary, additional steps to gather information and consult with particular stakeholder groups would be feasible and can be undertaken post-exposure.

Exposure Period

46. Subject to the Board's approval in March 2025, the project team proposes that the ED is published for a 90-day comment period. Although shorter than the usual 120-day comment period for the IAASB, the project team considers 90 days to be appropriate given the narrow-scope nature of the project and because of the limited extent of the changes being proposed. The ED is expected to be published in April 2025, with a closing date for the exposure period in July 2025.

Effective Date and Implementation Period

47. The project team believes that there is a public interest benefit in endeavoring to align the effective date of these proposed IAASB narrow-scope amendments with the effective date of the revised Code related to using the work of an external expert, which is December 15, 2026.
48. Based on the timeline set out in the proposed project proposal, the project team proposes to include in the explanatory memorandum (EM) accompanying the ED, a proposal for an implementation period of approximately 12 months after the Public Interest Oversight Board's (PIOB) process of certification of the final narrow-scope amendments.¹⁴ The project team is of the view that such period would allow sufficient time to implement the narrow-scope amendments, along with efforts that would already be underway to implement the revised Code related to using the work of an external expert, including adoption and translation by jurisdictions, and incorporating the changes into firm methodologies, enablement tools and training materials.

¹⁴ After approval by the IAASB, the PIOB will consider its public certification of an approved new or revised standard(s) to confirm the PIOB's oversight of the standard-setting process throughout the full development cycle, that the standard was developed in a manner consistent with agreed due process and that the standard is responsive to the public interest, in accordance with the Public Interest Framework.

49. The EM accompanying the ED will include a question about the expected implementation efforts and the appropriateness of the proposed implementation period.

E. Way Forward

50. Subject to the Board's approval of the ED for exposure, the ED will be exposed for public comment accompanied by an EM. The project team will draft the EM shortly after the March meeting, which will be circulated to the Board for negative clearance before issuance.