

PROPOSED NARROW-SCOPE AMENDMENTS TO IAASB STANDARDS ARISING FROM THE IESBA'S USING THE WORK OF AN EXTERNAL EXPERT PROJECT

[MARKED FROM EXTANT STANDARDS¹]

The grey highlighted paragraphs from the extant standards were included in the exposure draft to provide additional context for the proposed narrow-scope amendments.

(Effective for audits and reviews of financial statements for periods beginning on or after December 15, 2026, and for other assurance and related services engagements beginning on or after December 15, 2026)

ISA 620, USING THE WORK OF AN AUDITOR'S EXPERT

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Definitions

6. For purposes of the ISAs, the following terms have the meanings attributed below:

- (a) Auditor's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert. (Ref: Para. A1–A3, A11–A13)
- (b) Expertise – Skills, knowledge and experience in a particular field.
- (c) Management's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements.

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Requirements

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¹ The International Standards on Auditing, International Standards on Review Engagements, International Standards on Assurance Engagements and International Standards on Related Services as published in the 2023-2024 Handbooks (Volumes I and III).

Nature, Timing and Extent of Audit Procedures

8. The nature, timing and extent of the auditor's procedures with respect to the requirements in paragraphs 9–13 of this ISA will vary depending on the circumstances. In determining the nature, timing and extent of those procedures, the auditor shall consider matters including: (Ref: Para. A10)
- (a) The nature of the matter to which that expert's work relates;
 - (b) The risks of material misstatement in the matter to which that expert's work relates;
 - (c) The significance of that expert's work in the context of the audit;
 - (d) The auditor's knowledge of and experience with previous work performed by that expert; ~~and~~
 - (e) Whether that expert is subject to the auditor's firm's system of quality management; and (Ref: Para. A11–A13)
 - (f) Provisions of relevant ethical requirements related to using the work of an expert. (Ref: Para A13A)

The Competence, Capabilities and Objectivity of the Auditor's Expert

9. The auditor shall evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. 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. (Ref: Para. A14–A20)
- 9A. If the auditor concludes that the auditor's expert does not have the necessary competence, capabilities and objectivity for the auditor's purposes, including when threats to that expert's objectivity cannot be eliminated or reduced to an acceptable level, the auditor shall not use the work of that expert (Ref: Para. A19A-A19B).
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Agreement with the Auditor's Expert

11. The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert: (Ref: Para. A23–A26)
- (a) The nature, scope and objectives of that expert's work; (Ref: Para. A27)
 - (b) The respective roles and responsibilities of the auditor and that expert; (Ref: Para. A28–A29)
 - (c) The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert; and (Ref: Para. A30)
 - (d) The need for the auditor's expert to observe confidentiality requirements. (Ref: Para. A31)

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

12. The auditor shall evaluate the adequacy of the auditor's expert's work for the auditor's purposes, including: (Ref: Para. A32)
- (a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other audit evidence; (Ref: Para. A33–A34)

- (b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and (Ref: Para. A35–A37)
- (c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data. (Ref: Para. A38–A39)

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Application and Other Explanatory Material

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Nature, Timing and Extent of Audit Procedures (Ref: Para. 8)

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Relevant Ethical Requirements (Ref: Para 8(f))

A13A. Relevant ethical requirements may include provisions that address an auditor's ethical responsibilities relating to the use of the work of an expert in the performance of an audit of financial statements. For example, the IESBA Code includes provisions related to a professional accountant's use of the work of an external expert.²

The Competence, Capabilities and Objectivity of the Auditor's Expert (Ref: Para. 9)

A14. The competence, capabilities and objectivity of an auditor's expert are factors that significantly affect whether the work of the auditor's expert will be adequate for the auditor's purposes. Competence relates to the nature and level of expertise of the auditor's expert. Capability relates to the ability of the auditor's expert to exercise that competence in the circumstances of the engagement. Factors that influence capability may include, for example, geographic location, and the availability of time and resources. Objectivity relates to the possible effects that bias, conflict of interest, or the influence of others may have on the professional or business judgment of the auditor's expert.

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A16. Matters relevant to evaluating the competence, capabilities and objectivity of the auditor's expert include whether that expert's work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association, accreditation standards of a licensing body, or requirements imposed by law or regulation.

A16A. Relevant ethical requirements related to using the work of an auditor's expert may include provisions addressing the fulfillment of the auditor's ethical responsibilities related to evaluating whether an auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. See also paragraph A13A.

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² See Section 390 of the IESBA Code.

A18. A broad range of circumstances may threaten objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats, and intimidation threats. Such threats may be addressed by eliminating the circumstances that create the threats, or applying safeguards to reduce threats to an acceptable level. There may also be safeguards specific to the audit engagement.

A18A. [Relocated from A20] When evaluating the objectivity of an auditor's external expert, it may be relevant to:

- (a) Inquire of the entity about any known interests or relationships that the entity has with the auditor's external expert that may affect that expert's objectivity.
- (b) Discuss with that expert any applicable safeguards, ~~including any professional requirements that apply to that expert~~; and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the auditor's expert include:
 - Financial interests.
 - Business and personal relationships.
 - Provision of other services by the expert, including by the organization in the case of an external expert that is an organization.

In some cases, it may also be appropriate for the auditor to obtain a written representation from the auditor's external expert about any interests or relationships with the entity subject to the audit and, if different from the entity subject to the audit, the entity at which the auditor's external expert is performing the work, of which that expert is aware. Relevant ethical requirements may also require the auditor to obtain information, in writing, from the auditor's external expert regarding interests, relationships or circumstances that may create a threat to that expert's objectivity.³

A19. The evaluation of whether the threats to objectivity are at an acceptable level may depend upon the role of the auditor's expert and the significance of the expert's work in the context of the audit. In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level, for example, if a proposed auditor's expert is an individual who has played a significant role in preparing the information that is being audited, that is, if the auditor's expert is a management's expert.

A19A. Paragraph 9A prohibits the auditor from using the work of an auditor's expert if the auditor concludes that the expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be addressed by eliminating the circumstances that create the threats, or applying safeguards to reduce such threats to an acceptable level. Using the work of an auditor's expert in such circumstances affects the auditor's fulfillment of fundamental ethical principles such as professional competence and due care.

³ See, for example, paragraphs R390.5 and R390.12–17 of the IESBA Code.

A19B. Relevant ethical requirements may also prohibit the auditor from using the work of an auditor's expert in certain circumstances. For example, the IESBA Code prohibits a professional accountant from using the work of an external expert if the accountant:⁴

- (a) Is unable to determine whether the external expert has the necessary competence or capabilities, or is objective;
- (b) Determines that the external expert does not have the necessary competence or capabilities for the accountant's purpose; or
- (c) Determines that there are threats to the external expert's objectivity that cannot be eliminated or reduced to an acceptable level.

Agreement with the Auditor's Expert (Ref: Para. 11)

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A24. The matters noted in paragraph 8 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. For example, the following factors may suggest the need for a more a—detailed agreement than would otherwise be the case, or for the agreement to be set out in writing:

- The auditor's expert will have access to sensitive or confidential entity information.
- The respective roles or responsibilities of the auditor and the auditor's expert are different from those normally expected.
- Multi-jurisdictional legal or regulatory requirements apply.
- Relevant ethical requirements require the provision of information in writing from an auditor's expert.⁵
- The matter to which the auditor's expert's work relates is highly complex.
- The auditor has not previously used work performed by that expert.
- The greater the extent of the auditor's expert's work, and its significance in the context of the audit.

A25. The agreement between the auditor and an auditor's external expert is often in the form of an engagement letter. The Appendix lists matters that the auditor may consider for inclusion in such an engagement letter, or in any other form of agreement with an auditor's external expert.

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⁴ IESBA Code, paragraph R390.21

⁵ See, for example, paragraphs R390.5 and R390.12–17 of the IESBA Code.

Appendix

(Ref: Para. A25)

Considerations for Agreement between the Auditor and an Auditor's External Expert

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Communications and Reporting

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- If required by the provisions of relevant ethical requirements, the auditor's external expert's agreement to provide requested information in writing for purposes of assisting the auditor's evaluation of that expert's objectivity, and a commitment to communicate any changes to the information provided as set out in the relevant ethical requirements.⁶
- The auditor's external expert's responsibility to communicate circumstances that may create threats to that expert's objectivity, including any changes in those circumstances, and any relevant safeguards actions that may eliminate such threats, or safeguards that may reduce such those threats to an acceptable level.

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ISRE 2400 (REVISED), ENGAGEMENTS TO REVIEW HISTORICAL FINANCIAL STATEMENTS

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Requirements

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Performing the Engagement

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Use of work performed by others

55. In performing the review, it may be necessary for the practitioner to use work performed by other practitioners, or the work of an individual or organization possessing expertise in a field other than accounting or assurance. ~~If the practitioner uses work performed by another practitioner or an expert in the course of performing the review~~ In these circumstances, the practitioner shall:
- (a) With respect to the work of an expert, evaluate whether the expert has the necessary competence, capabilities and objectivity for the practitioner's purposes. If the practitioner concludes that the expert does not have the necessary competence, capabilities and objectivity

⁶ See, for example, paragraphs R390.5 and R390.12–17 of the IESBA Code.

for the practitioner's purposes, including when threats to that expert's objectivity cannot be eliminated or reduced to an acceptable level, the practitioner shall not use the work of that expert (Ref: Para. A97A-A97D).

- (b) If using the work of another practitioner or an expert, take appropriate steps to be satisfied that the work performed is adequate for the practitioner's purposes. (Ref: Para. A78)

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Application and Other Explanatory Material

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Using Work Performed by an Expert (Ref: Para. 55)

A97A. The practitioner may use work performed by a practitioner's expert in the course of the review engagement. A practitioner's expert may be an external expert engaged by the practitioner (who is not part of engagement team), or an internal expert (who is part of the engagement team). The competence, capabilities and objectivity of a practitioner's expert are factors that significantly affect whether the work of the practitioner's expert will be adequate for the practitioner's purposes.

A97B. Relevant ethical requirements may include provisions addressing the fulfillment of the practitioner's ethical responsibilities related to evaluating whether a practitioner's expert has the necessary competence, capabilities and objectivity for the practitioner's purposes. For example, the IESBA Code includes provisions related to a professional accountant's use of the work of an external expert.⁷

A97C. Paragraph 55(a) prohibits the practitioner from using the work of an expert if the practitioner concludes that the expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be addressed by eliminating the circumstances that create the threats, or applying safeguards to reduce such threats to an acceptable level. Using the work of an expert in such circumstances affects the practitioner's fulfillment of fundamental ethical principles such as professional competence and due care.

A97D. Relevant ethical requirements may also prohibit the practitioner from using the work of a practitioner's expert in certain circumstances. For example, the IESBA Code prohibits a professional accountant from using the work of an external expert if the professional accountant:⁸

- (a) Is unable to determine whether the external expert has the necessary competence or capabilities, or is objective;
- (b) Determines that the external expert does not have the necessary competence or capabilities for the accountant's purpose; or
- (c) Determines that there are threats to the expert's objectivity that cannot be eliminated or reduced to an acceptable level.

⁷ See Section 390 of the IESBA Code.

⁸ IESBA Code, paragraph R390.21

ISAE 3000 (REVISED), ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL INFORMATION

Definitions

12. For purposes of this ISAE and other ISAEs, unless indicated to the contrary, the following terms have the meanings attributed below. (Ref: Para. A27)

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- (s) 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 to assist 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. (Ref: Para. A124–A125)

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Requirements

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Obtaining Evidence

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Work Performed by a Practitioner's Expert

52. When the work of a practitioner's expert is to be used, the practitioner shall also: (Ref: Para. A121–A125)

- (a) Evaluate whether the practitioner's expert has the necessary competence, capabilities and objectivity for the practitioner's purposes. In the case of a practitioner's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity; (Ref: Para. A126–A129)
- (b) Obtain a sufficient understanding of the field of expertise of the practitioner's expert; (Ref: Para. A130–A131)
- (c) Agree with the practitioner's expert on the nature, scope and objectives of that expert's work; and (Ref: Para. A132–A133)
- (d) Evaluate the adequacy of the practitioner's expert's work for the practitioner's purposes. (Ref: Para. A134–A135)

- 52A. If the practitioner concludes that the practitioner's expert does not have the necessary competence, capabilities and objectivity for the practitioner's purposes, including when threats to that expert's objectivity cannot be eliminated or reduced to an acceptable level, the practitioner shall not use the work of that expert (Ref: Para. A128A–A128B).

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Application and Other Explanatory Material

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Obtaining Evidence

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Considerations When a Practitioner's Expert Is Involved on the Engagement

Nature, Timing and Extent of Procedures (Ref: Para. 52)

A121. The following matters are often relevant when determining the nature, timing and extent of procedures with respect to the work of a practitioner's expert when some of the assurance work is performed by one or more practitioner's expert (see paragraph A70):

- (a) The significance of that expert's work in the context of the engagement (see also paragraphs A122-A123);
- (b) The nature of the matter to which that expert's work relates;
- (c) The risks of material misstatement in the matter to which that expert's work relates;
- (d) The practitioner's knowledge of and experience with previous work performed by that expert;
and
- (e) Whether that expert is subject to the practitioner's firm's quality management policies or procedures (see also paragraphs A124-A125); and
- (f) Whether relevant ethical requirements include provisions that address a practitioner's ethical responsibilities relating to the use of the work of an expert in the performance of an assurance engagement. For example, the IESBA Code includes provisions related to a professional accountant's use of the work of an external expert.⁹

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The Competence, Capabilities and Objectivity of the Practitioner's Expert (Ref: Para. 52(a))

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A127A. **[Relocated from A129]** When evaluating the objectivity of a practitioner's external expert, it may be relevant to:

- Inquire of the appropriate party(ies) about any known interests or relationships that the appropriate party(ies) has with the practitioner's external expert that may affect that expert's objectivity.
- Discuss with that expert any applicable safeguards, ~~including any professional requirements that apply to that expert,~~ and evaluate whether the safeguards are adequate to reduce threats

⁹ See Section 390 of the IESBA Code.

to an acceptable level. Interests and relationships that it may be relevant to discuss with the practitioner's expert include:

- Financial interests;
- Business and personal relationships;
- Provision of other services by the expert, including by the organization in the case of an external expert that is an organization.

In some cases, it may also be appropriate for the practitioner to obtain a written representation from the practitioner's external expert about any interests or relationships with the appropriate party(ies) subject to the assurance and, if different from the entity subject to the assurance, the entity at which the practitioner's external expert is performing the work, of which that expert is aware. Relevant ethical requirements may also require the practitioner to obtain information, in writing, from the practitioner's external expert regarding interests, relationships or circumstances that may create a threat to that expert's objectivity.¹⁰

A128. The evaluation of whether the threats to objectivity are at an acceptable level may depend upon the role of the practitioner's expert and the significance of the expert's work in the context of the engagement. In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level, for example, if a proposed practitioner's expert is an individual who has played a significant role in preparing the subject matter information.

A128A. Paragraph 52A prohibits the practitioner from using the work of a practitioner's expert if the practitioner concludes that the expert does not have the necessary competence or capabilities for the practitioner's purposes, or that threats to the expert's objectivity cannot be addressed by eliminating the circumstances that create the threats, or applying safeguards to reduce such threats to an acceptable level. Using the work of an expert in such circumstances affects the practitioner's fulfillment of fundamental ethical principles such as professional competence and due care.

A128B. Relevant ethical requirements also may prohibit the practitioner from using the work of a practitioner's expert in certain circumstances. For example, the IESBA Code prohibits a professional accountant from using the work of an external expert if the professional accountant:¹¹

- (a) Is unable to determine whether the external expert has the necessary competence or capabilities, or is objective;
- (b) Determines that the external expert does not have the necessary competence or capabilities for the accountant's purpose; or
- (c) Determines that there are threats to the expert's objectivity that cannot be eliminate or reduced to an acceptable level.

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¹⁰ See, for example, paragraphs R390.5 and R390.12–17 of the IESBA Code.

¹¹ IESBA Code, paragraph R390.21

ISRS 4400 (REVISED), AGREED-UPON PROCEDURES ENGAGEMENTS

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Definitions

13. For purposes of this ISRS, the following terms have the meanings attributed below:

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- (i) Practitioner's expert – An individual or organization possessing expertise in a field other than assurance and related services, whose work in that field is used to assist the practitioner in fulfilling the practitioner's responsibilities for the agreed-upon procedures engagement. 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. (Ref: Para. A47)

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Requirements

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Using the Work of a Practitioner's Expert

29. If the practitioner uses the work of a practitioner's expert, the practitioner shall: (Ref: Para. A46-A47, A50)

- (a) Evaluate the competence, capabilities and objectivity of the practitioner's expert;
- (b) Agree with the practitioner's expert on the nature, scope and objectives of that expert's work; (Ref: Para. A48–A49)
- (c) Determine whether the nature, timing and extent of the work performed by the practitioner's expert is consistent with the work agreed with the expert; and
- (d) Determine whether the findings adequately describe the results of the work performed, taking into account the work performed by the practitioner's expert.

29A. If the practitioner concludes that the practitioner's expert does not have the necessary competence, capabilities and objectivity for the practitioner's purposes, including when threats to that expert's objectivity cannot be eliminated or reduced to an acceptable level, the practitioner shall not use the work of that expert (Ref: Para. A47A-A47B).

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Application and Other Explanatory Material

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Using the Work of a Practitioner's Expert (Ref: Para. 29)

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A47. A practitioner's expert may be an external expert engaged by the practitioner or an internal expert who is part of the firm and therefore subject to the firm's system of quality management. Ordinarily, the practitioner may depend on the firm's system of quality management, unless:

- The practitioner's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement; or
- Information provided by the firm or other parties about the effectiveness of such policies or procedures suggests otherwise.

The extent of that dependence will vary with the circumstances and may affect the nature, timing and extent of the practitioner's procedures with respect to matters such as:

- Competence and capabilities, through recruitment and training programs.
- The practitioner's evaluation of the objectivity of the practitioner's expert.
- Agreement with the practitioner's expert.

Such dependence does not reduce the practitioner's responsibility to meet the requirements of this ISRS.

A47A. Paragraph 29A prohibits the practitioner from using the work of a practitioner's expert if the practitioner concludes that the expert does not have the necessary competence or capabilities for the practitioner's purposes, or that threats to the expert's objectivity cannot be addressed by eliminating the circumstances that create the threats, or applying safeguards to reduce such threats to an acceptable level. Using the work of an expert in such circumstances affects the practitioner's fulfillment of fundamental ethical principles such as professional competence and due care.

A47B. Relevant ethical requirements may also prohibit the practitioner from using the work of a practitioner's expert in certain circumstances. For example, the IESBA Code prohibits a professional accountant from using the work of an external expert if the professional accountant:¹²

- Is unable to determine whether the external expert has the necessary competence or capabilities, or is objective;
- Determines that the external expert does not have the necessary competence or capabilities for the accountant's purpose; or
- Determines that there are threats to the expert's objectivity that cannot be eliminate or reduced to an acceptable level.

¹² IESBA Code, paragraph R390.21