

## Experts Narrow-Scope Amendments – Due Process Considerations and Draft Basis for Conclusions

### Objectives

The objectives of this Agenda Item are to:

- Share the project team's views on identified due process matters, before the Board votes on approval and, if applicable, the need for re-exposure of the Experts Narrow-Scope Amendments;<sup>1</sup>
- Receive the IAASB Program and Senior Director's report on the status of due process for the Experts Narrow-Scope Amendments; and
- Subject to the outcome of the Board's voting, obtain members' feedback on whether there are any other significant matters that the project team should consider in finalizing the draft Basis for Conclusions.

### Introduction

1. The *Integrated Due Process and PIF Operating Procedures*<sup>2</sup> (the IDP&PIF) address various matters for the Board's consideration in approving a proposed final international pronouncement<sup>3</sup> of the IAASB.<sup>4</sup> This agenda item addresses, in the following sections, relevant matters set out in paragraphs 31-33 and 35-36 of the IDP&PIF:
  - **Section 1** – The project team's views on identified due process matters in support of presenting the revised content of the exposed Experts Narrow-Scope Amendments to the IAASB for approval (see **Agenda Item 2-B**, subject to further changes arising from the discussion at the September 2025 IAASB meeting).
  - **Section 2** – The IAASB Program and Senior Director's report advising the IAASB on whether due process has been followed effectively and with proper regard for the public interest before the IAASB votes on the approval of the proposed Experts Narrow-Scope Amendments, including whether the requirements of the PIF have been followed in the development of these amendments.
  - **Section 3** – Staff-prepared draft of the Basis for Conclusions for the Experts Narrow-Scope Amendments, subject to approval of the proposed final pronouncement by the IAASB.
2. In addition, subject to the outcome of the Board's voting on approval of the Experts Narrow-Scope Amendments and whether re-exposure is necessary, the Board will be asked to set an effective date

<sup>1</sup> "Experts Narrow-Scope Amendments" herein refers to the IAASB project to develop proposed or final, depending on the context, *Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project*.

<sup>2</sup> See "Due Process" under "Quick Links" on the landing page of the [IAASB Website](#) to access the *Integrated Due Process and PIF Operating Procedures* (IDP&PIF) (published July 2025). "PIF" in "PIF Operating Procedures" refers to the Public Interest Framework of the Public Interest Oversight Board (PIOB).

<sup>3</sup> The term "international pronouncements" refers to the IAASB's authoritative documents that are indicated in the IAASB Terms of Reference as being subject to due process for their development.

<sup>4</sup> IDP&PIF, paragraphs 31-40

(paragraph 38 of the IDP&PIF). The project team notes that **Part B.5 of Agenda Item 2** discusses responses to the exposure draft (ED) regarding the effective date, as well as the project team's views and recommendations. That discussion is expected to represent the Board's setting of an effective date for the final Experts Narrow-Scope Amendments.

The items in paragraphs 1 and 2 above will be addressed in plenary session in the normal course of the IAASB Chair navigating the Board through the process and procedures of voting on a proposed final pronouncement. These items will be confirmed, as applicable, by the IAASB Program and Senior Director.

Based on the due process considerations reflected in this agenda item and subject to the outcome of the Board's voting, senior staff, in consultation with the IAASB Chair, will submit the required written certification to the PIOB that the Experts Narrow-Scope Amendments have been developed in accordance with agreed due process and with proper regard for the public interest, including adherence to the requirements of the PIF.

## Section 1: Project Team's Views on Identified Due Process Matters

### Significant Matters Raised by Respondents

3. In the project team's view, the significant matters it has identified as a result of its deliberations since the beginning of this project, including the substantial matters raised by respondents to the ED, and its conclusions and recommendations thereon, have been carefully considered. The project team's analysis of the significant matters and proposals has been reflected in the public agenda materials presented to the IAASB at its meetings. In the project team's view, there are no significant matters discussed in the course of this project that have not been brought to the IAASB's attention.

### Need for Further Consultation

4. The project team notes that the need for further consultation should be considered in the context of the objective of this project, which was to propose narrow-scope amendments to certain identified IAASB standards with the sole purpose of maintaining the interoperability of the IAASB standards with the new provisions in the Code related to using the work of an external expert. The project team is of the view that the ED process solicited adequate feedback from a broad range of stakeholders. In addition, the project has benefited from close coordination with the International Ethics Standards Board for Accountants (IESBA). Based on these considerations, the project team does not believe that further consultation (e.g., a public forum or roundtable, or consultation paper, or conducting a field test) is warranted.

### Consideration of the Need for Re-Exposure

5. If the Board votes to approve the proposed narrow-scope amendments, then a separate affirmative vote of the Board is required on whether the final pronouncement needs to be re-exposed. Based on the draft as presented in **Agenda Item 2-B**, and prior to any changes proposed at the September 2025 IAASB meeting, the project team is of the view that the proposed *Experts Narrow-Scope Amendments* do not warrant re-exposure. The Program and Senior Director, in consultation with the IAASB Chair, concurs with the project team.

6. The IDP&PIF sets out relevant matters for considering whether re-exposure of an approved international pronouncement is warranted. Paragraph 36 of the IDP&PIF notes that re-exposure is generally warranted as a result of:
- (a) Substantial matters not previously contemplated by the standard setting board in developing the ED or aired in the accompanying Explanatory Memorandum (EM) that impact on the public interest objectives of the international pronouncement; or
  - (b) Fundamental change to the substance of the proposed international pronouncement.
7. Overall, comments from respondents were supportive of the proposed narrow-scope amendments. However, there were some suggestions on how the proposals could be strengthened. The project team thoroughly considered these matters in revising the narrow-scope amendments post ED. The key revisions from the proposals in the ED are discussed in **Agenda Item 2** and presented in **Agenda Item 2–A**, and are also summarized in the table below:

Significant Matters Raised by Respondents	IAASB/Project Team Response
<b>Narrow-scope amendments to ISA 620<sup>5</sup></b>	
<ul style="list-style-type: none"> <li>Mixed views on the need for the new requirement in paragraph 8(f).</li> </ul>	<ul style="list-style-type: none"> <li>Concluded that this new sub-part to the existing requirement should be retained to raise awareness about the potential impact that relevant ethical requirements may have on the auditor's procedures for evaluating the competence, capabilities and objectivity (CCO) of an expert and the agreement with the expert.</li> </ul>
<ul style="list-style-type: none"> <li>Suggestions, including from the Monitoring Group member and regulators or oversight authorities, for more explicit requirements to increase the clarity of the standard and help to drive consistent application, in relation to:                             <ul style="list-style-type: none"> <li>Circumstances in which the work of an auditor's expert cannot be used, and</li> <li>Obtaining information from the expert in writing for purposes of evaluating that expert's CCO.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Added an explicit requirement prohibiting the use of the work of an expert if the auditor concludes that the expert does not have the necessary CCO for the auditor's purposes.</li> <li>Decided against a specific requirement for the auditor to obtain information in writing from an external expert because not all relevant ethical requirements may require such information to be obtained in writing, and therefore adding an explicit work effort requirement in that regard is beyond the scope of the project.</li> </ul>
<ul style="list-style-type: none"> <li>Clarify that the work of an external expert may be used when appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Clarified, in the new explicit requirement prohibiting the use the work of an expert if the auditor concludes that the expert does</li> </ul>

<sup>5</sup> International Standard on Auditing (ISA) 620, *Using the Work of an Auditor's Expert*

Significant Matters Raised by Respondents	IAASB/Project Team Response
safeguards are applied to address threats to objectivity.	not have the necessary CCO for the auditor's purposes (see above), that this includes when threats to that expert's objectivity cannot be eliminated or reduced to an acceptable level. This was done to clarify the existing principle in the application material in ISA 620 that safeguards may be applied to address threats to objectivity.
<ul style="list-style-type: none"> <li>Suggestions to add a definition of "external expert" in ISA 620 to align the definition with the IESBA Code.<sup>6</sup></li> </ul>	<ul style="list-style-type: none"> <li>Concluded not to add a separate definition of "external expert" in ISA 620 because the definition of "auditor's expert" essentially addresses all relevant aspects of the IESBA definition of external expert. However, added references in the definition of "auditor's expert" to existing application material in ISA 620 to draw attention to the differences between an auditor's internal and external expert, including that an external expert is not a member of the engagement team.</li> </ul>
<b>Narrow-scope amendments to ISRE 2400 (Revised),<sup>7</sup> ISAE 3000 (Revised)<sup>8</sup> and ISRS 4400 (Revised)<sup>9</sup></b>	
<ul style="list-style-type: none"> <li>Suggestions similar to those provided for ISA 620, including in relation to: <ul style="list-style-type: none"> <li>An explicit requirement for circumstances in which the use of the work of an expert is prohibited, including, for ISAE 2400 (Revised), revising the existing requirement to follow the "multi-step" approach in ISA 620 to first evaluate the CCO of the expert and then evaluate the adequacy of the expert's work;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Added requirements in ISAE 3000 (Revised) and ISRS 4400 (Revised) to mirror the explicit requirement added in ISA 620. The related application material in those standards was also revised accordingly.</li> <li>Added a conditional requirement in ISRE 2400 (Revised) for the practitioner, with respect to the work of an expert, to evaluate whether the expert has the necessary CCO for the practitioner's purposes. A second conditional requirement was added to</li> </ul>

<sup>6</sup> The IESBA International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code)

<sup>7</sup> International Standards on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

<sup>8</sup> International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

<sup>9</sup> International Standards on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements*

Significant Matters Raised by Respondents	IAASB/Project Team Response
<ul style="list-style-type: none"> <li>○ Clarifying the availability of a threats and safeguards approach; and</li> <li>○ Adding a definition of external expert.</li> </ul>	<p>explicitly prohibit the use of the work of the expert if the practitioner concludes that the expert does not have the necessary CCO for the practitioner's purposes, which mirrors the requirement added in ISA 620.</p> <ul style="list-style-type: none"> <li>• Added application material references in the definitions of practitioner's expert in ISAE 3000 (Revised) and ISRS 4400 (Revised), consistent with the references added to the definition of auditor's expert in ISA 620.</li> </ul>

8. The project team considered the key revisions from the ED, as shown in the table above, and is of the view that re-exposure is not necessary. These changes clarify and enhance, but do not substantially alter, the key elements addressed in the ED, nor do they result in a departure from the objective in paragraph 12 of the [project proposal](#).
9. In addition, the project team notes that:
- (a) The fact that there were changes from the proposals originally exposed does not necessarily mean that re-exposure is required. The purpose of a public consultation is to obtain input from stakeholders, which are expected to be taken into account in modifying, clarifying or enhancing the original proposals post ED.
  - (b) The changes that have been proposed to the Experts Narrow-Scope Amendments are in response to stakeholder feedback on matters that were addressed in the ED and aired in the accompanying EM.
  - (c) There are no substantial matters not previously contemplated by the IAASB in developing the ED or not aired in the accompanying EM that impact on the public interest objective of the proposed narrow-scope amendments.
  - (d) It is in the public interest not to delay the finalization of the Experts Narrow-Scope Amendments so as to ensure that the effective date of these amendments is aligned with that of the revised provisions of the IESBA Code, *Using the Work of an External Expert* (see also **Part B.5 of Agenda Item 2**).
10. Further, the project team is of the view that re-exposing the Experts Narrow-Scope Amendments is unlikely to reveal new information or concerns that have not already been raised through the comment letters received on the ED.

## Section 2: IAASB Program and Senior Director Report on the Status of Due Process

### Background

11. The IAASB Program and Senior Director is responsible for advising the IAASB as to whether due process has been followed effectively and with proper regard for the public interest before a proposed final international pronouncement is approved by the Board.

12. The following outlines the Program and Senior Director's conclusion and basis therefor with respect to actions up to the September 2025 IAASB meeting. Before approval of the proposed Experts Narrow-Scope Amendments, the Program and Senior Director will advise on whether due process has been followed during the September 2025 meeting.

#### **Due Process Up to the Date of the September 2025 IAASB Meeting**

13. The Program and Senior Director confirms to the IAASB that, up to the September 2025 IAASB meeting, the proposed Experts Narrow-Scope Amendments have been developed in accordance with the IAASB's due process. Due process has been followed effectively and with proper regard for the public interest, including adherence to the requirements of the PIF.

14. In summary, for the proposed Experts Narrow-Scope Amendments, the IAASB:

##### *Project Commencement and Development of Exposure Draft*

- In December 2024, received an update and overview of the final provisions in the IESBA Code relating to using the work of an external expert and noted that these provisions had been closely coordinated with the IAASB to maximize alignment and interconnectivity between the IESBA Code and the IAASB's standards, including on matters related to experts in ISSA 5000.<sup>10</sup> The Board agreed with the proposed purpose and scope of the related IAASB project and its relevant qualitative standard-setting characteristics.
- In March 2025, approved the project proposal to develop narrow-scope amendments to ISA 620, ISRE 2400 (Revised), ISAE 3000 (Revised) and ISRS 4400 (Revised) to maintain the interoperability of the IAASB standards with the new provisions in the IESBA Code related to using the work of an external expert.
- Noted that due to the nature of this project being focused on the narrow-scope maintenance of IAASB standards, consultation with the Stakeholder Advisory Council (SAC) was not expected to be necessary.
- Noted that the project team did not consider it necessary to undertake further consultation (e.g., a public forum or roundtable, or consultation paper, or conducting a field test) in developing an ED for the proposed Experts Narrow-Scope Amendments.

##### *Exposure Draft and Finalization of International Pronouncement*

- In March 2025, approved an ED for the proposed Experts Narrow-Scope Amendments, which was published in April 2025 for a 90-day public comment period. The ED was accompanied by an EM highlighting, among other matters, the public interest issues addressed and the qualitative characteristics of the PIF of most relevance in achieving the project objective, as well as the significant revisions proposed and the Board's rationale for such revisions.
- Considered the adequacy of consultation with stakeholders, recognizing that this is a narrow-scope maintenance of standards project, and the nature and extent of the targeted amendments being proposed (see also paragraphs 7-8 of **Agenda Item 2**).

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<sup>10</sup> International Standard on Sustainability Assurance (ISSA)<sup>TM</sup> 5000, *General Requirements for Sustainability Assurance Engagements*

- Noted the project team’s ongoing coordination with IAASB staff in finalizing the proposed final Experts Narrow-Scope Amendments as presented in **Agenda Item 2-A** (see also paragraph 5 of **Agenda Item 2**).
- Considered analyses of the significant comments and issues raised by respondents on the ED, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.
- Having familiarized themselves with the issues raised in comment letters, IAASB members:
  - Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the project team, that they considered should be discussed; and
  - Decided on proposed revisions to the Experts Narrow-Scope Amendments and provided direction to the project team on additional matters to be considered in finalizing the international pronouncement.

### Section 3: Draft Basis for Conclusions

15. The IDP&PIF states that, for each final international pronouncement, the IAASB reviews a draft staff-prepared Basis for Conclusions document, including sections of such document that address conclusions arising from the application of the PIF, and provides staff with instruction to finalize such document.
16. The staff-prepared draft of the Basis for Conclusions is presented in the **Appendix** to this paper. The draft includes a proposed table of contents, along with relevant material for the various sections of the document taken, or derived from:
  - The EM to the ED, *Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA’s Using the Work of an External Expert Project*; and
  - Issues papers presented to, and discussed with, the Board in March and September 2025.
17. The “IAASB Decisions” sections of the document will be drafted after the Board’s discussion of the matters in **Agenda Item 2** and the project team’s proposed revisions to the narrow-scope amendments in **Agenda Item 2-B**.
18. As noted in **Agenda Item 2**, subject to the Board’s approval of the narrow-scope amendments, the project team will finalize the draft Basis for Conclusions and circulate it to the Board for a fatal flaw review after the September meeting.

## Appendix

# **[DRAFT] BASIS FOR CONCLUSIONS: NARROW-SCOPE AMENDMENTS TO THE IAASB STANDARDS ARISING FROM IESBA'S *USING THE WORK OF AN EXTERNAL EXPERT* PROJECT**

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The Staff of the IAASB has prepared this Basis for Conclusions. It relates to, but does not form part of, the narrow-scope amendments to the IAASB Standards arising from the International Ethics Standards Board for Accountants' (IESBA) project, *Using the Work of an External Expert*.

The narrow-scope amendments were approved with affirmative votes of XX out of 16 IAASB members.

## Section A – Introduction

### Background

1. In December 2024, the IESBA approved a [pronouncement](#) with revisions to IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) related to using the work of an external expert. The standard provides an ethical framework to guide professional accountants or sustainability assurance practitioners, as applicable, in evaluating whether an external expert has the necessary competence, capabilities and objectivity (CCO) in order to use that expert's work for the intended purposes. The standard also include provisions to aid in applying the Code's conceptual framework when using the work of an external expert.
2. The [IAASB Strategy and Work Plan for 2024–2027](#) includes a project to consider narrow-scope amendments arising from IESBA's project, recognizing that IESBA's introduction of ethical requirements related to using the work of an external expert in audit, assurance and other services engagements may necessitate amendments to IAASB standards, including ISA 620,<sup>11</sup> to ensure that the two Boards' standards can continue to be effectively applied together.
3. The IAASB discussed and approved a [project proposal](#) to undertake this narrow-scope amendments project at its March 2025 meeting. The project objective was to maintain the interoperability of the IAASB standards with the new provisions in the Code related to using the work of an external expert.
4. Given the objective of this narrow-scope project, it did not include a full review of and revision of ISA 620. In addition, the following standards were not within the scope of the project:
  - ISSA 5000<sup>12</sup> – ISSA 5000 was issued in October 2024. At the [September 2024 IAASB meeting](#), based on the close coordination that had occurred, the IAASB and IESBA agreed that the two Boards were in alignment on the interoperability of ISSA 5000 and Section 5390 of the Code. Accordingly, the IAASB decided to exclude ISSA 5000 from the scope of the project. In addition, the public interest benefit of a stable platform for a new standard in an evolving area outweighed the benefits of proposing further changes to ISSA 5000 to align with proposed narrow-scope amendments to the other IAASB standards.
  - ISAE 3410<sup>13</sup> – As explained in paragraph 19 of the [ISSA 5000 Basis for Conclusions](#), the IAASB agreed that ISAE 3410 could be withdrawn in accordance with due process once ISSA 5000 becomes effective. The IAASB approved the withdrawal in March 2025.

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<sup>11</sup> International Standard on Auditing (ISA) 620, *Using the Work of an Auditor's Expert*

<sup>12</sup> International Standard on Sustainability Assurance (ISSA)<sup>TM</sup> 5000, *General Requirements for Sustainability Assurance Engagements*

<sup>13</sup> International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*

### *Exposure Draft*

5. The [exposure draft](#) (ED) of the narrow-scope amendments to IAASB standards was also approved at the IAASB's March 2025 meeting and was issued in April 2025 with a comment period that closed on July 24, 2025. The ED was accompanied by an Explanatory Memorandum that highlighted the public interest issues and significant matters addressed by the IAASB in developing the exposure draft.
6. 48 responses were received from a range of stakeholders across geographical regions. One Monitoring Group<sup>14</sup> (MG) member responded to the ED.

### **Section B – Responsiveness to the Public Interest**

7. The project objective that supports the public interest for these narrow-scope amendments was stated in paragraph 12 of the [project proposal](#). In developing the ED, the IAASB also considered the qualitative standard-setting characteristics included in the [Public Interest Framework](#) (PIF) as criteria to assess the proposed standard's responsiveness to the public interest. Paragraph 15 of the project proposal described the following qualitative standard-setting characteristics that were front of mind in how the achievement of the project objective will serve stakeholder needs and the broader public interest: relevance, timeliness, appropriateness of scope, coherence, comprehensiveness and enforceability.
8. The ED asked whether respondents agreed that the proposed narrow-scope amendments were responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting actions in the project proposal. A significant majority of respondents agreed that the proposed narrow-scope amendments are responsive to the public interest. However, while acknowledging the coordination between the IAASB and IESBA on their respective experts projects (see also **Section C** below), respondents encouraged closer collaboration between the IAASB and IESBA in their standard-setting projects, noting that the public interest would be better served if projects related to topics that have impacts on both the IAASB standards and the Code are developed and consulted on as part of an integrated approach. In that regard, further improvements in the coordination and collaboration between the two boards have been identified as a strategic priority by the leadership of both Boards in progressing the Boards' current work plans for 2024-2027, as well as in developing their strategies and work plans for 2028-2031.
9. The IAASB concluded that the revisions to the narrow-scope amendments in response to the feedback received, as further discussed in **Sections D-E** below, serve to further enhance the responsiveness of the narrow-scope amendments to the public interest, especially in relation to relevance, appropriateness of scope, coherence and comprehensiveness. In addition, certain changes were made that support the clarity and consistency of application of the standards.

### **Section C – Coordination with IESBA**

10. The IESBA's development of the 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

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<sup>14</sup> The Monitoring Group comprises the Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Forum of Independent Audit Regulators (IFIAR), the International Organization of Securities Commissions (IOSCO) and the World Bank. A response to the ED was received from IFIAR.

IAASB's standards. Ongoing coordination between the two Boards continued until IESBA finalized the standard on using the work of an external expert in December 2024.

11. To ensure alignment with the Code, the IAASB also coordinated with IESBA when developing the project proposal and the proposed narrow-scope amendments to the IAASB standards. This coordination continued throughout the process of finalizing the narrow-scope amendments.

## **Section D – Narrow-Scope Amendments to ISA 620**

### *Background*

12. The IAASB focused its narrow-scope amendments on those targeted amendments needed to maintain interoperability with the Code. As a result, the IAASB proposed 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 in determining the nature, timing and extent of the procedures required in paragraphs 9–13 of ISA 620.
13. The new Code provisions make explicit the circumstances in which the auditor is prohibited from using the work of an auditor's expert. Therefore, the IAASB discussed whether the implicit presumption in ISA 620 that the work of an auditor's expert cannot be used if the auditor concludes that the expert does not have the necessary CCO for the auditor's purposes should be made more explicit. The IAASB determined that the most appropriate way to address this presumption would be through additional application material. Accordingly, the IAASB proposed an additional paragraph (paragraph A19A) to provide a bridge to relevant ethical requirements and, by example, the Code provisions indicating circumstances in which the auditor is prohibited from using the work of an auditor's external expert.
14. Paragraph 12 of ISA 620 requires the auditor to evaluate the adequacy of the auditor's expert's work for the auditor's purposes. This requirement is based on the implicit presumption (see paragraph 13 above) that the auditor has determined that the expert has the necessary CCO for the auditor's purposes. The IAASB added proposed application material (paragraph A31A) to further highlight this implicit presumption.
15. In developing the ED, the IAASB noted that 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). Although the Code also has a definition of "external expert," the IAASB determined that no changes were needed to the definitions in ISA 620 to maintain interoperability with the Code. The IAASB determined that the differentiation between an internal expert (a partner or staff, including temporary staff, of the auditor's firm or a network firm) and external expert in the definition of "auditor's expert" in ISA 620 is important throughout the ISAs (and other IAASB standards) for determining who is or is not part of the engagement team.

### *Summary of Comments Received on Exposure*

16. The MG member disagreed that the proposed narrow-scope amendments to ISA 620 are appropriate to maintain interoperability with the new provisions in the Code, citing wording in the EM that certain aspects of the new Code provisions may have an overarching effect on the nature, timing and extent of the auditor's procedures, particularly for evaluating the external expert's CCO and reaching agreement with the expert. Therefore, the MG member was of the view that other targeted

amendments to ISA 620 should be considered in addition to paragraph 8(f) and the proposed amendments to the application material.

17. Other respondents generally supported the proposed narrow-scope amendments to ISA 620, while providing various specific comments and suggestions in the following areas:
  - (a) While expressing support for the proposed new requirement in paragraph 8(f) as an effective way to link ISA 620 with the need to consider relevant ethical requirements, some respondents questioned whether such a requirement was needed as the ISAs<sup>15</sup> already require auditors to comply with relevant ethical requirements and therefore adding a requirement in ISA 620 is duplicative.
  - (b) Several respondents, including the MG member, commented on the need for more explicit requirements in ISA 620, particularly in relation to the circumstances in which the work of an auditor's expert cannot be used. Although some were of the view that the proposed application material in the ED (paragraphs A19A and A31A) was sufficient to highlight the implicit presumption that the work of an auditor's expert cannot be used if the auditor concludes that the expert does not have the necessary CCO for the auditor's purposes (see also paragraph 13 above), it was suggested that an explicit requirement would drive consistency in approach, including when a jurisdiction does not adopt the Code.
  - (c) A few respondents, including the MG member, commented that ISA 620 should include a requirement for the auditor to request the external expert to provide information in writing to assist the auditor in evaluating the external expert's objectivity.
  - (d) Some respondents suggested the need for clarity that the work of an external expert may be used when appropriate safeguards are applied to address threats to objectivity, noting that this is important particularly for small and medium-sized practitioners and in jurisdictions where the availability of experts is limited.
  - (e) There were mixed views regarding the need for a definition of "external expert" in ISA 620. Some respondents, including the MG member, noted that including a definition would help to eliminate ambiguity and foster consistent application by auditors. Other respondents indicated that it was not necessary to make changes to the definition of "auditor's expert" in ISA 620, but noted that additional guidance (e.g., in a joint IAASB-IESBA staff paper) may be helpful to clarify any inconsistencies or address any unintended consequences.

#### IAASB Decisions

[To be completed following the IAASB discussion in September. If the Board agrees with the project team's views and recommendations, including the proposed revisions to the narrow-scope amendments as shown in **Agenda Item 2-A**, this section of the Basis for Conclusions will be derived from the description of the project team's views and recommendations in **Section B.2** (paragraphs 36-45) of **Agenda Item 2.**]

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<sup>15</sup> See, for example, ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 14.

## Section E – Narrow-Scope Amendments to Other IAASB Standards

### Background

18. Based on the proposed amendments to ISA 620, the IAASB explored the need for targeted amendments to other IAASB standards, 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. As a result, the IAASB proposed amendments to ISRE 2400 (Revised),<sup>16</sup> ISAE 3000 (Revised)<sup>17</sup> and ISRS 4400 (Revised)<sup>18</sup> for more clarity or to provide links to relevant provisions in the Code.

### ISRE 2400 (Revised)

19. 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. There is no requirement for the practitioner to evaluate the CCO of the expert. 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.
20. The IAASB was of the view that, while the broad nature of the requirement in paragraph 55 is different from the requirements related to experts in other IAASB standards, proposing no targeted amendments to ISRE 2400 (Revised) would be inconsistent with the proposed amendments to ISA 620 and the other standards. Therefore, the IAASB proposed adding application material (see paragraph A97C in the ED), similar to proposed paragraph A19A in ISA 620, to provide a bridge to the Code provisions indicating circumstances in which relevant ethical requirements may prohibit the auditor from using the work of an auditor's expert.

### ISAE 3000 (Revised)

21. 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, the IAASB proposed no amendments to the definition.
22. 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, and is consistent with the core requirements in paragraphs 9–12 of ISA 620. Therefore, the IAASB proposed targeted amendments to the application material in ISAE 3000 (Revised) similar to those proposed for ISA 620.

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<sup>16</sup> International Standards on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

<sup>17</sup> International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

<sup>18</sup> International Standards on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements*

#### ISRS 4400 (Revised)

23. 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, the IAASB proposed no amendments to the definition.
24. Paragraph 29 of ISRS 4400 (Revised) is a conditional requirement for the practitioner to evaluate the CCO of a practitioner’s expert if the work of that expert is to be used. Therefore, the IAASB proposed to add application material (paragraph A47A in the ED) indicating circumstances in which relevant ethical requirements may prohibit the practitioner from using the work of a practitioner’s external expert.

#### *Summary of Comments Received on Exposure*

25. A substantial majority of respondents agreed that the proposed narrow-scope amendments to ISRE 2400 (Revised), ISAE 3000 (Revised) and ISRS 4400 (Revised) are consistent with the proposed amendments to ISA 620 and are appropriate to maintain interoperability with the new Code provisions. Specific comments and suggestions often related to the same themes noted in the comments on ISA 620, including the following:
  - (a) Adding a requirement equivalent to proposed paragraph 8(f) of ISA 620 to enhance the consistency of requirements across the IAASB standards.
  - (b) With respect to ISRE 2400 (Revised), aligning with the “multi-step approach” in ISA 620 i.e., a requirement to first evaluate the CCO of the expert and then evaluate the adequacy of the expert’s work.
  - (c) Adding an explicit requirement that describes the circumstances in which the auditor is prohibited from using the work of an auditor’s external expert, noting that this would enhance the consistency of requirements across the IAASB standards.
  - (d) Clarifying the availability of a threats and safeguards approach when evaluating the objectivity of an external expert.

#### *IAASB Decisions*

[To be completed following the IAASB discussion in September. If the Board agrees with the project team’s views and recommendations, including the proposed revisions to the narrow-scope amendments as shown in **Agenda Item 2-A**, this section of the Basis for Conclusions will be derived from the description of the project team’s views and recommendations in **Section B.3** (paragraph 56) of **Agenda Item 2.**]

#### **Section F – Other Matters**

26. The IAASB acknowledged comments from respondents related to the use of the work of an expert in an interim review engagement and noted that those comments would be taken into account as part of the IAASB’s current project to revise ISRE 2410.<sup>19</sup>
27. Respondents had requests for guidance on documentation, including in relation to the evaluation of the objectivity of the external expert, as well as general requests for additional guidance to support

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<sup>19</sup> ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

the implementation of the narrow-scope amendments. A few respondents also noted the need for a cost-benefit analysis for IAASB projects.

28. The IAASB was of the view that no specific documentation requirements are needed in ISA 620 or the other IAASB standards addressed in the project. The nature and extent of documentation is a matter of professional judgment for auditors and practitioners. For example, for audit engagements, ISA 230<sup>20</sup> addresses documentation of significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.
29. IAASB staff will continue to coordinate with IESBA staff regarding non-authoritative materials relating to using the work of an external expert. In addition, the IAASB determined that the need for additional guidance or examples may be explored through the IAASB's engagement with the [IAASB-JSS Liaison Group](#), regulators and firms.
30. With respect to cost-benefit analyses, IAASB and IESBA leadership are aware of better understanding the impacts of their standard-setting actions. Actions in this regard include both Boards prospectively being more explicit in inviting all respondents to provide insight on the implications or effects of implementing a proposed new or revised standard.

## Section G – Effective Date

### *Background and Summary of Comments Received on Exposure*

31. When developing the ED, the IAASB Board believed that there was a public interest benefit in aligning the effective date of the proposed IAASB narrow-scope amendments with the effective date of the revised Code provisions related to using the work of an external expert, which is December 15, 2026. Given the objective of the project and the related narrow-scope amendments, the Board proposed an implementation period of approximately 12 months after the Public Interest Oversight Board's (PIOB) process of certification of the final narrow-scope amendments.
32. A substantial majority of the respondents that commented on the effective date agreed with the proposed implementation period of approximately 12 months after the PIOB's certification of the final narrow-scope amendments. However, some respondents were of the view that 12 months is too short considering the implementation efforts that would be needed, such as translation and training, noting that 18 months or 24 months would be more appropriate to allow for proper implementation without compromising the quality of audit or other services.

### *IAASB Decisions*

[To be completed following the IAASB discussion in September. If the Board agrees with the project team's views and recommendations, this section of the Basis for Conclusions will be derived from the description of the project team's views and recommendations in **Section B.3** (paragraphs 72-75) of **Agenda Item 2.**]

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<sup>20</sup> ISA 230, Audit Documentation