

# Agenda Item 2-C.1 (Updated)

## Experts – Respondents’ Detailed Comments to EM Question 1

Do you agree that the proposed narrow-scope amendments are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting actions in the project proposal? If not, why not?

### 1.2 Agree with comments

#### 3. Regulator and Audit Oversight Authority

##### Financial Reporting Council (UK)

We are generally supportive of the proposed amendments, recognising that they are “narrow-scope” and not a full review of the current standards addressed. However, we identify below a small number of enhancements and clarifications that we believe should be made. In particular we consider it important for the IAASB to clarify its position regarding circumstances when it would not be acceptable to use the work of an external expert as the proposals appear to introduce some ambiguity – see the comments on proposed paragraph A19A of ISA 620.

##### Independent Regulatory Board for Auditors - South Africa

We agree that the proposed narrow-scope amendments are responsive to the public interest. In fact, the IAASB’s efforts to align its standards with the IESBA’s provisions on using the work of an external expert demonstrate a strong commitment to coherence and relevance.

We particularly appreciate the collaboration with the IESBA on these proposals, as that has ensured interoperability between the IAASB’s standards and the ethical requirements outlined in the revised IESBA Code.

In our comment letter on the IESBA’s Using the Work of an External Expert project, we emphasised how important it would be for the IAASB to promptly enact its planned amendments, to avoid confusion and maintain consistency across the standards. Therefore, we are pleased to see that the IAASB has acted on this imperative.

#### 4. Jurisdictional Standard Setter

##### Auditing and Assurance Standards Board Canada

Observation on projects to revise IAASB Standards as a result of IESBA Code changes

The AASB is committed to adopting the ISAs and ISQMs in Canada and strives to adopt other international standards when it is in the Canadian public interest to do so (e.g., ISAE 3000 (Revised), ISRS 4400 (Revised) and ISSA 5000).

The IAASB has recently undertaken several projects to revise its standards in response to changes made to the IESBA Code. The AASB agrees that maintaining interoperability between the IAASB standards and the IESBA Code is in the public interest. However, IAASB projects driven by IESBA Code changes create increased complexity in jurisdictions that have not adopted the most current version of the IESBA Code. Such complexities may present challenges in adopting IAASB standards without jurisdictional amendments.

Many jurisdictions that adopt IAASB standards follow ethical standards that may differ from the IESBA Code. The International Standards: 2022 Global Adoption Status Snapshot | IFAC indicates that 50% of jurisdictions have fully adopted the IESBA Code, 46% have partially adopted it, and 4% have not adopted it.

However, according to the 2023 IESBA Annual Report | Ethics Board, not all IFAC member jurisdictions who have adopted the IESBA Code use the most current version.

In Canada, differences exist between the Canadian ethical standards and the IESBA Code. One such difference relevant to this project is that the Canadian ethical standards do not contain the IESBA's recent provisions on the use of a practitioner's external expert.

When IAASB projects are driven by IESBA Code changes, IAASB revisions:

- may not be fully interoperable with Canadian ethical standards, or
- may be less relevant in Canada.

At times, this has led to challenges in adopting the IAASB revisions. For example, we decided to defer adoption of the PIE Track 2 revisions.

As the IAASB standards have seen more widespread and mature global adoption compared to the IESBA Code, a continued approach of revising IAASB standards solely in response to IESBA Code changes could hinder some jurisdictions' ability to adopt those revisions. Therefore, this approach may impede progress toward the IAASB's overarching goal of serving the public interest by developing globally accepted assurance standards.

Moving forward, we encourage the IAASB to carefully consider whether changes to the IESBA Code require revisions in the IAASB standards, or whether alternative approaches – such as developing non-authoritative materials – might be sufficient to ensure interoperability.

### **New Zealand Auditing and Assurance Standards Board of the External Reporting Board**

Yes, we agree that the proposed narrow-scope are responsive to the public interest. The rationale for this agreement is based on the following considerations:

1. **Relevance:** The amendments ensure that the IAASB standards, including ISA 620, remain relevant in light of the new provisions in the IESBA Code related to using the work of an external expert. This is particularly important given the growing involvement of experts in areas such as estimates and technology.
2. **Timeliness:** The timely alignment of the effective date between the IESBA standard and IAASB amending standard is crucial to avoid inconsistencies and ensure consistent implementation.
3. **Appropriateness of scope:** The amendments are targeted and necessary to maintain interoperability of the audit, assurance, and related services standards with the IESBA code. We support the use of narrow scope amendments to respond quickly to matters of this nature.
4. **Coherence and Comprehensiveness:** The amendments ensure consistency across the audit, assurance, and related services standards, and ethical standards, preventing conflicts in requirements related to using the work of an external expert. This coherence is vital for the effective application of the standards. The proposals also ensure comprehensiveness particularly pointing out that the practitioner takes into account relevant ethical requirements when evaluating an external expert's competence, capability, and objectivity (CCO).
5. **Enforceability:** The amendments clearly state the responsibilities of the practitioner, making the standards enforceable.

### **Public Accountants and Auditors Board Zimbabwe**

The amendments maintain the relevance of ISA 620 and other IAASB standards by aligning them with the evolving role of external experts in areas such as sustainability and technology. The targeted nature of the changes ensures timely and proportionate updates, preserving interoperability without the need for full-scale revision. Furthermore, the focus on coherence, comprehensiveness, and enforceability enhances clarity and consistency in the responsibilities of practitioners while supporting ethical compliance.

## **Saudi Organization for Chartered and Professional Accountants**

The proposed amendments are responsive to public interest concerns, particularly by reinforcing the ethical foundation for using external experts in high-risk areas such as ESG reporting. By explicitly linking ISA 620 and other standards to Section 390 of the IESBA Code, they promote consistency, transparency, and accountability in expert use.

To support practical application, we recommend highlighting and, where possible, expanding cross-references to application material (e.g., ISA 620 A18A–A19A), which already provide useful examples for evaluating objectivity threats arising from prior relationships with a client. This would reinforce the usability of the amendments without duplicating existing content.

## **5. Firm (Audit or Assurance Practitioners)**

### **Ernst & Young Global Limited**

We support the International Auditing and Assurance Standard Board's (IAASB) issuance of this exposure draft proposing narrow-scope amendments arising from the International Ethics Standards Board for Accountant's' (IESBA) project. We agree it is in the public interest to maintain interoperability of the IAASB standards with the new provisions of the IESBA Code related to using the work of an external expert.

However, we continue to encourage the IAASB to coordinate with the IESBA throughout the finalization and implementation of the amendments. We believe there are risks related to inconsistent implementation of the new revisions in the IESBA Code related to using the work of an external expert by auditors (refer to our response to question 4 below) should the IAASB and IESBA not be closely aligned and provide auditors with appropriate implementation guidance. Doing so should help auditors avoid unnecessary scope limitations, which better serves the public interest overall.

### **Grant Thornton International Ltd**

We agree with the purpose and scope of the IAASB's project to consider narrow scope amendments arising from IESBA's project on Using the Work of an External Expert in order to maintain the interoperability of the IAASB standards with the new provisions in the IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) related to using the work of an expert, as described in the Background section of the ED.

### **PricewaterhouseCoopers**

While we continue to have concerns regarding the operability of the recently approved IESBA 'using the work of an external expert' provisions, and the consequences that may have for audit quality, which would not be in the public interest, we recognise that these changes are outside the remit of the IAASB and the scope of this exposure draft. In that context, we are supportive of the proposed narrow-scope amendments to the IAASB's standards and believe they achieve the overall project objective of maintaining interoperability of the IAASB standards and the new provisions of the Code.

While supportive of the limited extent of the proposed amendments in achieving the Board's stated project objective, we continue to emphasise the importance of proactive collaboration between the IAASB and the IESBA on projects that have consequential impacts for both Boards' pronouncements. As noted, the wider implications for an audit, and audit quality, of the IESBA provisions are a matter that is directly relevant to the IAASB's public interest mandate. Consequently, earlier and more fulsome debate by both Boards of the potential unintended consequences of those proposals would have been appropriate.

## **6. Professional Accountancy or Other Professional Organization (PAO or Similar)**

### **Accounting and Auditing Advisory Committee of the Virginia Society of CPAs**

The proposed narrow-scope amendments are responsive to the public interest and support the continued interoperability of the IAASB's standards with the IESBA Code. The revisions improve consistency across

standards and provide clarity regarding the responsibilities of auditors when using the work of external experts.

Implementing the changes may be tough for smaller firms due to added policy updates, documentation, and training—especially in specialized fields. Still, the benefits of clearer guidance and stronger ethics outweigh the challenges. Smaller or niche firms may face challenges with the proposed amendments due to: (a) More documentation, including written statements from external experts, which can strain limited resources. (b) Difficulty assessing competence, capabilities, and objectivity in complex or specialized fields without in-house expertise. (c) A limited pool of objective experts, especially in niche areas, making compliance harder. (d) More complex agreements with experts, which may be tough without legal support; (e) Tight timelines for updating methods and training, particularly for firms with fewer internal resources.

### **ASEAN Federation of Accountants**

The ASEAN Federation of Accountants (AFA) supports the IAASB's intention to align its standards with the recently finalised provisions of the IESBA Code. This alignment is vital to ensure consistency, relevance, and public interest responsiveness—especially given the growing reliance on external experts in areas such as fair value estimates, sustainability reporting, and emerging technologies.

Nonetheless, we share the concerns raised by ACCA and CAANZ regarding the sequencing and coordination between the IAASB and IESBA in the development of these amendments. A coordinated timeline for standard-setting across the two Boards would have facilitated more comprehensive analysis and simultaneous public consultation, reducing the need for reactive revisions and preserving consistency from the outset.

We also acknowledge the practical implementation challenges highlighted by other stakeholders. In particular, we note the limited availability of suitable independent experts in some jurisdictions and the importance of avoiding overly restrictive interpretations of ethical requirements. We recommend that the IAASB explicitly clarify that external experts may be used where appropriate safeguards are applied to address threats to objectivity. This would alleviate concerns over ambiguity and facilitate a more risk-based, practical application of the competence, capabilities and objectivity (CCO) assessment.

### **Association of Chartered Certified Accountants and Chartered Accountants Australia and New Zealand**

In our view given that the IESBA has already finalised the amendments to the Code, it is in the public interest to ensure that the IAASB standards are also aligned.

However, we believe that the approach taken in this project is not in the public interest. It would have been preferable for the two boards to co-ordinate the changes using the same timeline, allowing both amendments to the IESBA Code of Ethics and the IAASB Standards to be considered simultaneously. This would allow any proposed amendments to be fully aligned from the outset. Instead, the IESBA Code amendments have already been finalised and, irrespective of their context, this results in a necessity for amendments to the IAASB Standards to ensure consistency. This follows the recent IAASB consultation as a result of the revisions to the definitions of Listed Entity and Public Interest Entity in the IESBA Code, where the IAASB had to address the consistency between the IESBA Code revisions and the IAASB's relevant Standards. This therefore appears to be a pattern of repeated behaviour that in our view is not in the public interest.

In addition, as ACCA and CAANZ raised in our respective responses to the IESBA's Exposure Draft Using the Work of an External Expert, we have concerns over the potential limited availability of suitable external experts, particularly in smaller or emerging markets. While both ACCA and CAANZ agreed that ethical requirements should not be reduced based on jurisdiction or materiality, we highlighted the need for the proposed requirements to be practical and manageable for practitioners, audited entities, and the experts themselves. ACCA raised specific concerns about the timing of the competence, capabilities and objectivity (CCO) evaluation, suggesting it should ideally be completed before the expert begins work to avoid undue

pressure on practitioners to confirm objectivity after the fact. CAANZ echoed these practical concerns, noting that experts are typically first selected based on competence and capability, and that threats to objectivity—often the main barrier to passing the CCO test—might in some cases be mitigated with appropriate safeguards. Both bodies advocated for flexibility in applying the CCO framework, especially to prevent scenarios where ethical rigidity could hinder access to expert input and ultimately be detrimental to audit quality and the public interest at large.

We recommend that the IAASB states explicitly that when it comes to the CCO assessment and more specifically, when evaluating objectivity, that an external expert can be used, provided that safeguards can be implemented. This would help address the ambiguity that the proposed amendments introduce and the concerns regarding the limited availability of suitable external experts.

### Botswana Institute of Chartered Accountants

The public interest therefore requires weighing and balancing all stakeholder views, for example but not limited to interests of creditors and investors and the protection of those interests.

What are those interests that need to be served and how:

- Promote consistent practice and behaviors by auditors and assurance providers, other professional accountants in public practice, and professional accountants in business across jurisdictions.
- Reinforce the professional accountant's role and mindset and the auditor's professional skepticism needed in gathering evidence, challenging assumptions, and developing conclusions.
- Ensuring transparent, independent, rigorous and balanced reporting prompts the adoption of appropriate measures by those charged with governance, as well as corrective action by oversight bodies, including prudential and market authorities, also to address any potential threat to financial stability.

### Consejo General de Economistas de España

We agree that the proposed narrow-scope amendments are responsive to the public interest, particularly in terms of enhancing audit quality and reinforcing the appropriate use of external experts. However, from an SMP perspective, we believe the alignment between the IAASB's proposals and the IESBA Code needs to be more clearly and robustly justified—particularly regarding how the proposed changes will support proportionality and practicality in smaller firm settings. Stronger emphasis on the SMP reality and a clearer articulation of how the amendments benefit smaller practices would improve the perceived responsiveness to the public interest. For SMPs, who often rely heavily on external experts due to limited internal resources, clarity and alignment in standards are essential. However, it is important that these amendments strike a balance between improving quality and avoiding excessive administrative burdens that could disproportionately impact SMEs and SMPs. We urge the IAASB to use the “think small first” principle in drafting adjustments of this nature rather than considering SMEs and SMPs only after the event.

### CPA Australia

Yes, we agree that the proposed amendments are responsive to the public interest. They:

- Address interoperability concerns with the IESBA Code in a timely and proportionate manner;
- Reinforce consistency across standards without unnecessary disruption; and
- Promote enforceability and clarity by referencing relevant ethical requirements appropriately in the IAASB context.

However, we note that if assurance practitioners are unable to use competent and capable experts due to limitations imposed by the IESBA's objectivity provisions. This may inadvertently reduce the quality of assurance engagements. Particularly, in sustainability contexts and any future emerging topics. We encourage the Boards to consider how such downstream impacts might be mitigated through guidance or enablement efforts.

### European Federation of Accountants and Auditors for SMEs

We agree that the proposed narrow-scope amendments are responsive to the public interest, particularly in terms of enhancing audit quality and reinforcing the appropriate use of external experts. However, from an SMP perspective, we believe the alignment between the IAASB's proposals and the IESBA Code needs to be more clearly and robustly justified—particularly regarding how the proposed changes will support proportionality and practicality in smaller firm settings. Stronger emphasis on the SMP reality and a clearer articulation of how the amendments benefit smaller practices would improve the perceived responsiveness to the public interest. For SMPs, who often rely heavily on external experts due to limited internal resources, clarity and alignment in standards are essential. However, it is important that these amendments strike a balance between improving quality and avoiding excessive administrative burdens that could disproportionately impact SMEs and SMPs. We urge the IAASB to utilise the “think small first” principle in drafting adjustments of this nature rather than considering SMEs and SMPs only after the event.

### Group of Latin American Accounting Standards Setters

GLASS agrees with the proposed amendments, as they strengthen alignment with the ethical requirements of the IESBA Code and contribute to the public interest by enhancing the quality and reliability of services performed in accordance with IAASB standards.

### Institute of Chartered Accountants Ghana

The proposed narrow-scope amendments are responsive to the public interest because it brings clarity and understandability to the application of the standard. We believe that these qualitative standard-setting characteristics are addressed by the proposed narrow-scope amendments,

### Institute of Chartered Accountants of Nigeria

Yes, we agree that the proposed narrow-scope amendments are responsive to the public interest, particularly when assessed against the qualitative standard-setting characteristics and actions outlined in the project proposal.

The proposed amendments seek to improve clarity, consistency, and coordination between the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) with respect to the auditor's use of the work of an external expert. This alignment is vital because it reduces interpretative ambiguity and promotes high-quality assurance engagements.

From a public interest perspective, the proposals:

- Reinforce transparency and accountability in how auditors assess, rely on, and document the use of external expertise—an area that has historically involved judgmental inconsistency.
- Improve audit quality and professional scepticism, particularly in complex engagements involving fair value measurements, actuarial estimates, and scientific data, where external experts are commonly relied upon.
- Address expectations for robust documentation and evaluation of an expert's competence, capabilities, objectivity, and the relevance of his work elements that directly impact the credibility of audit evidence.

Furthermore, the narrow scope of the amendments ensures proportionality and timeliness, in line with due process, without triggering unnecessary disruption across IAASB standards. The revisions maintain a principles-based approach, which allows for adaptability across jurisdictions, while embedding essential enhancements that support ethical behaviour and effective risk management.

Therefore, we believe the amendments uphold the public interest by enhancing auditor accountability and ensuring consistency with ethical expectations set out by the IESBA, particularly considering recent corporate failures and stakeholder calls for increased assurance reliability.

### Malaysian Institute of Certified Public Accountants

We agree with the proposal as the amendments strengthen the guidance on evaluating competence, capabilities, and objectivity, and explicitly incorporate ethical responsibilities from the IESBA Code.

### Pan African Federation of Accountants

In many parts of the continent, limitations in local specialist capacity make it essential for auditors to engage external experts to support high-quality audits. However, this reliance must be accompanied by appropriate safeguards. The proposed amendments reinforce the auditor's responsibility to critically assess an expert's competence, objectivity, and the adequacy of their work, ensuring that expert input enhances, rather than compromises, audit quality. Aligning these requirements with the revised IESBA Code strengthens the ethical foundation for such engagements and supports sound auditor judgment.

Importantly, these amendments are designed with scalability in mind. In Africa, where small and medium practices (SMPs) form the majority of audit service providers, the proportionality embedded in the proposals is critical. The practical guidance and limited scope help balance the need for professional rigor with the realities of constrained resources and capacity.

By addressing emerging risks and promoting consistent and ethical use of experts, the amendments serve the broader public interest. They help safeguard audit integrity, support confidence in financial reporting, and reinforce the credibility of the accountancy profession across Africa's diverse and evolving economic landscape.

### South African Institute of Chartered Accountants

The proposed narrow-scope amendments are responsive to the public interest, particularly when evaluated against the qualitative standard-setting characteristics outlined in the IAASB's Public Interest Framework (PIF) and the standard-setting actions described in the project proposal.

The IAASB's approach reflects a strong commitment to serving the public interest. This is reflected through enhancing the credibility and reliability of audit and assurance engagements that involve external experts, supporting ethical behaviour and professional skepticism by embedding ethical considerations directly into the auditor's evaluation process and promoting global consistency through coordinating with the IESBA and ensuring interoperability of the IAASB standards with the revised IESBA Code.

The proposed amendments ensure that the IAASB standards remain relevant and address emerging needs, considering the newly introduced IESBA's ethical requirements for using the work of an external expert. This becomes imperative given the rise in use of the work of experts by auditors and practitioners in evolving auditing areas such as sustainability, the use of technology, and complex estimates.

We appreciate the extent of the amendments providing clarity on the auditor's and practitioner's responsibilities, regarding the evaluation of an expert's competence, capabilities, and objectivity (CCO). The standard does give a clear basis for compliance and enforcement, with reference to the provisions in the IESBA Code (the revised Code), thus ensuring interoperability between the IAASB's standards and the ethical requirements outlined in the revised IESBA Code.

Whilst we note that the amendments promote consistency across the standards by ensuring that requirements relating to external experts are not in conflict with the new ethical requirements, we have noted some inconsistencies in requirements that have been included in ISA 620 and related standards. This is further articulated in our responses to Questions 2, 3 and 4 below.

## 8. Public Sector Organization

### Government Accountability Office – United States

We believe, based upon the International Auditing and Assurance Standards Board's (IAASB) Public Interest Framework, the proposed narrow-scope amendments are generally in the public interest. We

believe that edits are necessary, which are addressed in our responses to questions 2 and 3. Also, we believe that the exclusion of International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements, is not appropriate, notwithstanding the justification for this decision in the explanatory memorandum. We believe that similar language in ISSA 5000 would be in the public interest and would not create additional burden on practitioners. A practitioner performing an engagement in accordance with ISSA 5000 would also have to meet the International Ethics Standards Board for Accountants (IESBA) ethical standards. Further, by excluding ISSA 5000, the IAASB is creating unnecessary differences between the ISSA 5000 and other standards promulgated by the IAASB.

## **1.3 Neither agree or disagree**

### **1. Monitoring Group Member**

#### **International Forum of Independent Audit Regulators**

IFIAR welcomes the IAASB's project aimed at maintaining interoperability between IAASB standards and the IESBA Code as it promotes consistent application by auditors.

We understand that the proposed amendments are narrow in scope and do not entail a full review of the IAASB standards.

IFIAR believes that proposed amendments might pose some challenges in terms of coherence with the IESBA Code, enforceability and clarity. Please refer to our specific comments under question 2.

### **3. Regulator and Audit Oversight Authority**

#### **Committee of European Auditing Oversight Bodies**

The CEAOB supports the IAASB's objective in this project, to maintain interoperability between IAASB standards and the IESBA Code.

We understand that the proposed amendments are narrow in scope and do not entail a full review of the IAASB standards.

We are however concerned that proposed amendments do not sufficiently align the IAASB standards and the IESBA Code and might create additional inconsistencies when performing audit engagements. Please refer to our specific comments under question 2.

### **4. Jurisdictional Standard Setter**

#### **Institut der Wirtschaftsprüfer**

We refer to our comment letter dated 30 April 2024 to the IESBA in which we raised serious concerns as to the potential impact of the IESBA's proposals on the availability of external experts – a potential impact that we do not believe is in the public interest. Consequently, while most of the proposed changes in the exposure draft of the IAASB are in the public interest, we also believe that not all of the changes proposed for ISA 620 are in the public interest. As we explain below in more detail, we believe that, under ISA 620, depending on the particular engagement circumstances, auditors may use methods other than obtaining the (lengthy) information detailed by section 390 of the IESBA Code from the external expert in writing when evaluating an external expert's objectivity.

We have also previously expressed concerns about the lack of adequate coordination between the IESBA and the IAASB when dealing with issues affecting both Boards' standards (see the IDW submission to the IAASB on PIE Track 2). The project on experts illustrates well why further improvements in coordination are needed. The IESBA completed its own work and finalized changes to the Code, presenting a "fait accompli" for the IAASB to determine whether and where changes might be needed to its standards. This denied any opportunity for the Boards and their stakeholders to consider the impacts of all proposed changes holistically.

With respect to coordination, we are also concerned about IESBA setting forth “work effort” requirements in relation to ethical matters – particularly when these work effort requirements address issues that are already covered by IAASB standards. As we communicated to IESBA in our comment letter dated 30 April 2024 on their “external experts project”, we question whether work effort requirements are within the remit of IESBA, but we are also concerned that the lack of a standard setting infrastructure for work effort requirements at IESBA (e.g., CUSP). This could cause difficulties in practice when practitioners seek to determine whether the requirements in IAASB standards are different from those of IESBA in terms of work effort.

Whilst we fully agree with the IAASB’s stated reasoning for excluding ISSA 5000 from the scope of this project, we are concerned at the way this has been explained. The text in the explanatory memorandum could be misunderstood as implying that changes to ISSA 5000 might have been needed to align ISSA 5000 to the IESBA Code but this was not explored further due to a desire to not re-open ISSA 5000 at this time; any such implication is reputationally unfortunate for both Boards.

We also suggest it would have been in the public interest to undertake an impact analysis before yet more changes were proposed to the IAASB’s standards.

### **Nordic Federation of Public Accountants**

The Exposure Draft (ED) does not present any critical deficiencies; however, it also does not appear to offer substantive enhancements. With the exception of one proposal, which introduces a general reference to ethical considerations when relying on the work of an expert, the proposed amendments are limited to application material. We also note that the revisions to the IESBA Code of Ethics, which underpin the proposed changes to the ISAs, are not effective until December 15, 2026. Accordingly, any resulting changes to current practice will ultimately stem from the implementation of the revised Code, rather than from the amendments to the IAASB standards themselves.

While the proposals may serve as useful reminders and provide educational value by elucidating the rationale underlying current IAASB standard language and its alignment with the Code, such explanations might be more appropriately positioned within non-authoritative guidance.

We continue to be strong advocates of enhanced cooperation between the IAASB and the IESBA, especially in efforts that foster an integrated mindset and discourage treating audit and ethics requirements in isolation. To ensure a more cohesive and deliberate approach, we suggest that the IAASB and IESBA consider formally agreeing on a collaborative framework through a joint initiative. Such an agreement would not only affirm a shared commitment to addressing cross-cutting issues that affect both boards in an integrated and holistic manner but also serve to formalize specific protocols for how collaboration should be carried out in practice. See also our response to Question 4.

Finally, in cases such as this, where the proposals are not expected to prompt behavioral change, we believe a more robust cost-benefit assessment is warranted. This analysis should include considerations such as the impact on the volume of the standards, translation costs, and the implications for outreach and education efforts within firms and professional accountancy organizations (PAOs).

### **Wirtschaftsprüferkammer**

The objective of the proposed amendments is to address the amendments of the IESBA Code as a result of the IESBA’S project “Using the work of an external expert”. In our understanding, the IAASB aimed at proposing only such amendments that are absolutely necessary to transpose the IESBA amendments into the relevant IAASB standards and to update the links between the IAASB standards and the IESBA Code without imposing additional requirements. The WPK considers the proposed narrow-scope amendments to be basically responsive to the public interest and has no severe objections.

However, as the WPK already explained in the comment letter sent to the IESBA on April 29, 2024, there are concerns that the requirements for assessing competence, capability and objectivity seem to be too strict without the necessary degree of flexibility resulting in a potential negative impact on the availability of

external experts for public accountants, which may not serve the public interest. Additionally, the WPK strongly recommends a better, earlier and more detailed coordination between the IAASB and the IESBA in future in order to take into consideration all relevant perspectives and potential consequences.

## **5. Firm (Audit or Assurance Practitioners)**

### **Forvis Mazars**

It is not clear whether the proposed amendments are in the public interest, particularly with regard to the qualitative characteristics of enforceability, appropriateness of scope and comprehensiveness. Given the narrow scope of the proposed amendments, consisting merely of reference to relevant ethical requirements in ED 620.8 and changes to the application material, it is not clear that there will be any significant change in auditor behaviour. Indeed, as ISA 200.14 already requires auditors to consider relevant ethical requirements, it is debatable whether a specific reference is needed in ISA 620.

As also explained in our response to question 2, if a change in audit behaviour is expected, it may be necessary to describe such behaviour in the requirements. This may include elevating some of the language of paragraph A19 and A19A to the requirements, as applicable.

## **6. Professional Accountancy or Other Professional Organization (PAO or Similar)**

### **Accountancy Europe**

Accountancy Europe does not believe that the proposed amendments are responsive to the public interest.

We maintain our position, as stated in our previous response to the IESBA's amendments on the use of external experts, that it is not in the public interest to restrict the use of the work of experts in an increasingly complex world where expertise is essential to deliver high-quality audits and assurance engagements.

While we acknowledge that the final version of the IESBA Code reflects some improvements and incorporates certain points raised in our response to the Exposure Draft, several concerns remain unaddressed.

That said, we recognise that inconsistency between the IAASB standards and the IESBA Code is also not in the public interest. Practitioners are expected to comply with both the IESBA Code of Ethics (or national equivalents) and the relevant IAASB standards, and misalignment would lead to confusion, inefficiency, and implementation challenges.

Therefore, while we do not consider the underlying project and approach to be in the public interest, we accept that, given the IESBA's decisions, alignment of the IAASB standards with the Code has become necessary to maintain consistency across frameworks.

We emphasise that such alignment should not set a precedent for future standard-setting projects. Instead, a holistic, practical, and proportionate approach should be pursued to best serve the public interest in the development of global audit and assurance standards.

### **Institute of Chartered Accountants in England and Wales**

As we highlighted in our April 2024 response to IESBA's exposure draft on Using the Work of an External Expert, we agree as a point of principle that any individual who is assessed as not being competent, capable, or objective should not be instructed as an external expert. We also pointed out that, in reality, this assessment is not a one-off binary assessment but a continuous exercise which takes into account the threats to an individual's competence, capability and objectivity and appropriate safeguards that can be put in place which might enable all (or at least part) of an expert's report to be used.

This nuance is crucial because practitioners increasingly need to draw on expertise in the fields of technology, sustainability, and estimates, etc. This growing involvement of experts is cited by the IAASB on page 8 of the EM as being a main focus in ensuring that IAASB standards remain relevant, which is key to serving the public interest.

Although the IAASB's position as per paragraph 24 of the Explanatory Memorandum is that there is an 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 competence, capability and objectivity, the narrow-scope amendments have not strengthened the requirements themselves in this regard. It remains unclear whether the practitioner can take a threats and safeguards approach should the competence, capability and objectivity of an expert be in question.

Practitioners should be clear about their responsibilities in terms of their use of external experts. This is particularly important for both small and medium-sized practices and in jurisdictions, sectors or specialisms where the pool of available experts is limited.

We are not persuaded that the IAASB's narrow-scope amendments are clear. We encourage the IAASB to be clearer about how they intend the assessment of competence, capability and objectivity of an expert to work in practice.

That said, it is in the public interest for the IESBA Code and the IAASB standards to be aligned. We therefore appreciate the steps that have been taken in the form of narrow-scope amendments to the IAASB standards to achieve this alignment.

The Boards' respective external experts projects have taken place separately over different time periods. This disjointed approach does not lend itself to treating audit and ethical requirements holistically, which would better serve both the public interest and stakeholders. We are supportive of closer collaboration between the two Boards and encourage the IAASB to explore the ways in which this can be achieved.

### International Federation of Accountants

We believe the IAASB's proposals will have a neutral impact on the public interest. Consistency in requirements between the IESBA Code and IAASB standards is clearly in the public interest, but it is not clear that proposals in this ED will enhance consistency; nor will the proposed addition of a requirement in ISA 620.8(f) enhance audit quality, since auditors are already required to adhere to the relevant ethical requirements. Similar is evident in the proposed amendments to other standards, so the impact of the IAASB's proposals on public interest would naturally be limited.

Paragraph 24 of the EM further notes that there was already an 'implicit presumption' in ISA 620 that the work of an auditor's external expert could not be used if competence, capability and objectivity (CCO) is not established. This implies that extant IAASB requirements are already consistent with the updated IESBA Code and therefore no explicit strengthening of these is necessary.

The exercise of professional judgment in evaluating objectivity within CCO is important, particularly for SMPs and in jurisdictions where the availability of experts in general may be limited, especially in some specialist areas. This ensures that audit quality is central to the decision on use of experts, as it avoids situations where there may be barriers to the use of higher quality experts due to insignificant or unrealistic objectivity threats which can readily be safeguarded against. Whilst A19 in ISA 620 clarifies that this threats and safeguards approach is permissible, we note that the proposals have created some concerns that this is not the case with some stakeholders. Consequently, it might be useful to make this even clearer in application material. Arguably, the lack of clarity could be damaging to the public interest if it leads to inappropriate exclusion of experts through misunderstandings.

Overall, considering these questions that can be raised on public interest, in future more substantive collaboration and possibly joint projects are needed to avoid unintended consequences, ambiguity, and threats to interoperability. This is not the first instance where the IESBA setting a precedent has caused challenges for the IAASB in following, as similar also resulted in the narrow scope amendments for the

change in definition of PIE and Listed Entity resulting from changes to the IESBA Code. To achieve the collective aim of ensuring interoperability and consistency between the standards of the two Boards, it is essential this approach is significantly improved.

## 1.4 Disagree with comments

### 4. Jurisdictional Standard Setter

#### American Institute of Certified Public Accountants

We believe that multiple qualitative characteristics in the Public Interest Framework will not be met through the Exposure Draft working in tandem with forthcoming changes to Section 390 of the IESBA Code. We do not believe resolution to these public interest concerns can be addressed solely by changes to the Exposure Draft.

##### Concerns with Coherence

Refer to our “other information” response in Part A above regarding our concerns regarding duplication, the unnecessary need to consult multiple standards, expected practitioner confusion caused by duplicative guidance, and inconsistent application.

##### Concerns with Implementability

The AICPA Professional Ethics Executive Committee (PEEC)’s comment letter to the IESBA’s “Using the Work of an External Expert” project describes many of our concerns with the IESBA Code resulting in external experts needing to track and report independence attributes with respect to 1) the period covered by the audit or assurance report and 2) the engagement for purposes of evaluating the external expert’s CCO. As also noted in the PEEC’s letter, external experts’ employing organizations might also be prohibited or unwilling to provide information about the specific independence attributes due to court orders, confidentiality agreements, professional standards, or legal privileges.

Thus, the revisions to the IESBA Code along with the proposed changes in the Exposure Draft will likely result in external experts and their organizations receiving requests from auditors and other practitioners for additional information about specific independence attributes and this may result in those experts choosing not to accept the engagement. There is risk that external experts will find these requests far-reaching, time consuming, and invasive and remove themselves from providing needed expertise to practitioners.

The proposed amendments in the Exposure Draft do not assuage our concerns and these concerns likely cannot be overcome solely through changes to the Exposure Draft because of the forthcoming changes to Section 390 of the IESBA Code.

##### Concerns with Clarity

The provisions included in the IESBA Code to obtain information from external experts and their employing organizations about their “independence” as a means of determining if the expert has the proper CCO, working in tandem with the Exposure Draft for some engagements, may be confusing and excessive. We believe this should be re-considered by both the IAASB and the IESBA.

##### Concerns with Proportionality

The assessment of an external expert’s “independence” as means to assess objectivity (e.g., paragraphs R390.12 to R390.20 of the IESBA Code) is overly onerous and working in tandem with the Exposure Draft will provide disincentive for the practitioner to seek others’ expertise. This could especially impact small- and medium-sized firms which may have limited access to internal firm experts, and which may operate in jurisdictions where there is limited availability of external experts.

##### Other Public Interest Concerns: Cost-Benefit

We believe the Exposure Draft (considered with the forthcoming changes to Section 390 of the IESBA Code) lacks sufficient clarity for successful implementation and could be interpreted in a way that would

incur significant practitioner and external expert costs without a commensurate improvement to engagement quality.

As noted within the PEEC's comment letter to the IESBA, the tracking of "independence" attributes will likely be inoperable for most external experts and further drive up the cost of the engagement, which will then be passed on to the reporting entity. The additional costs will disproportionately impact small and medium-sized firms because they will likely rely the most heavily on the work of external experts.

Respective deferrals by IAASB and IESBA as noted in our Part A response above will allow both boards to conduct additional outreach enabling the boards to better understand the cost-benefit of the proposed changes.

### **Royal Netherlands Institute of Chartered Accountants**

We refer to our May 7, 2024 letter to the International Ethics Standards Board for Accountants (IESBA) on their consultation on Experts. In that letter, we expressed our strong concerns to their proposals. In that letter we stated that the proposals were, in our view, not in the public interest. By extension, we consider the substance of the amendments to the Standards in view of IESBA's pronouncement following the aforementioned consultation not to be in the public interest.

That being said, we do consider it in the public interest that there is alignment between IESBA's Code of Ethics and the International Standards on Auditing and Related Standards. Now that IESBA's pronouncement is final and certified by the Public Interest Oversight Board (PIOB) we concur with your intention of making narrow scope amendments.