

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

Guide for Respondents

Comments are requested by **July 24, 2025**.

This template is for providing comments on the Exposure Draft (ED) of proposed Narrow-Scope Amendments to International Auditing and Assurance Standards Board® (IAASB®) Standards Arising from the International Ethics Standards Board for Accountants' (IESBA) Using the Work of an External Expert project, in response to the questions set out in the Explanatory Memorandum (EM) to the ED. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals in the ED, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
 - Identify the specific aspects of the ED that your response relates to, for example, by reference to sections, headings or specific paragraphs in the ED.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the “**Submit Comment**” button on the ED [web page](#) to upload the completed template.

Responses to IAASB's Request for Comments in the EM for the ED, Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project

PART A: Respondent Details and Demographic information

Your organization's name (or your name if you are making a submission in your personal capacity)	AICPA, Auditing Standards Board
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Halie Creps, Jennifer Burns, Brian Wilson
E-mail address(es) of contact(s)	Brian.Wilsom@aicpa-cima.com ccreps@kpmg.com Jennifer.Burns@aicpa-cima.com
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ED). Select the most appropriate option.	<u>North America</u>
	If "Other", please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ED). Select the most appropriate option.	<u>Jurisdictional standard setter</u>
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB's preference is that you incorporate all your views in your comments to the questions (also, the last question in Part B allows for raising any other matters in relation to the ED).

Information, if any, not already included in responding to the questions in Parts B and C:

We appreciate the opportunity to provide feedback regarding the International Auditing and Assurance Standards Board's (IAASB) Proposed Narrow-Scope Amendments to IAASB Standards Arising from the International Ethics Standards Boards for Accountant's (IESBA) "Using the Work of an External Expert" Project (the Exposure Draft).

As invited to do so, we have shared the following views (some of which may not be necessarily reflected in our responses to the questions in Parts B and C).

Our overarching concern is the high degree of duplication between the proposed amendments in the Exposure Draft and the forthcoming changes made to Section 390 of the International Code of Ethics for Professional Accountants (IESBA Code) that we believe will cause confusion and inconsistent application.

We believe that the forthcoming changes in Section 390 of the IESBA Code related to the external expert's competence, capability, and objectivity (CCO) are ultimately a reflection of the appropriateness of evidence obtained by the practitioner¹ related to the use of an external expert. The International Ethics Standards Board for Accountants (IESBA), in completing their forthcoming changes to Section 390 of the IESBA Code, established practitioner performance requirements related to CCO (such as agreeing on engagement terms and requesting information in writing from the external expert). Such requirements should be in the purview of the IAASB and located in the IAASB standards.

Additionally, we believe the forthcoming changes to the IESBA Code generally require the same level of "independence" in assessing whether the external expert has the appropriate *objectivity*. We believe that the practitioner should be able to use professional judgment to evaluate the adequacy of the external expert's work, including evaluating the expert's independence to determine if they are appropriately objective for the purposes of the work for which they are engaged. Again, we believe these are decisions that are in the exclusive purview of the IAASB.

We are concerned that co-mingling practitioner performance standard requirements, such as those for the assessment of the external expert's CCO, in ethics standards will increase the potential for inconsistent application of principles because of the duplication of requirements across multiple sets of standards. We anticipate confusion for practitioners who apply the IAASB standards (if amended per the Exposure Draft) as they will now have to look across multiple sets of standards to ensure they understand how to properly assess an external expert's CCO for reasonable and limited assurance and agreed-upon procedure engagements. We note that several of the proposed amendments in the Exposure Draft, often in application material, duplicate the IESBA's requirements. We also note that the duplication of requirements across multiple sets of standards will exacerbate the need for continuous monitoring between the sets of standards to maintain interoperability.

Primary recommendations

Our strong preference is that the staffs and boards of IAASB and IESBA consider together the comments received from the Exposure Draft to assess stakeholder views on interoperability and work together to delineate the distinction between ethical and performance standards concerning an external expert's CCO. When determining such a distinction, we believe the boards should consider whether the provisions related to evaluation of the external expert's CCO in Section 390 of the IESBA Code should be relocated to IAASB standards and potentially redeliberated with the IAASB's consideration of comments from the Exposure Draft. We believe that these deliberations will strengthen the interoperability between IAASB standards and the IESBA Code by mitigating performance inconsistencies and duplicative requirements and guidance, while at the same time maintaining the delineation between performance requirements in the ISAs and ethical requirements in the IESBA Code. Such deliberations should also identify at an earlier project stage situations where one board believes the other board needs to take action to address a perceived shortcoming. It would also avoid situations in which one board believes it must act despite the subject matter being in the purview of the other board and forcing that board to deal with the implications (as appears to be the case with many of the changes made during the IESBA's "Using the Work of an

¹ Unless otherwise specified, the term 'practitioner' refers to all public accounting professionals who conduct engagements under the standards affected by the proposed amendments in the Exposure Draft.

External Expert”). We also believe these deliberations are an imperative prior to when the IAASB intends to add to its work plan a full revision of International Standard on Auditing (ISA) 620, *Using the Work of an Auditor’s Expert*.

We also recommend the IAASB and IESBA jointly conduct additional outreach with practitioners who perform engagements that will be impacted by the forthcoming changes to Section 390 of the IESBA Code and the related IAASB standards. We believe there will be implementation challenges that practitioners and external experts will encounter (as noted in our Part B, Question 1 response below). We believe that these challenges will carry over into the auditor’s performance under ISA 620 and the practitioner’s performance under the other IAASB standards that are subject to the Exposure Draft. Finally, we recommend the IAASB and IESBA engage with jurisdictional standard setters to assess global adoption and convergence barriers concerning interoperability and the location of requirements. The forthcoming changes to Section 390 of the IESBA Code along with the final approval of the Exposure Draft may lead to fragmented adoption by jurisdictional standard setters responsible for setting ethics and independence standards and those who set audit and assurance standards.

To effectuate our primary recommendations, we further recommend the following:

- The IAASB defer its planned September 2025 approval of the Exposure Draft so the IAASB and IESBA together can consider the comments received from the Exposure Draft to assess stakeholder views on interoperability and an appropriate effective date.
- The IAASB engage with its IESBA counterparts and the Public Interest Oversight Board (PIOB) to take action to defer *only*² the forthcoming effective date of changes to Section 390 of the IESBA Code (which becomes effective beginning on or after December 15, 2026) by at least one year. This will also enable sufficient consideration of the issues raised by stakeholders.

We recognize the PIOB certified in January 2025 all the changes to the IESBA’s “Using the Work of an External Expert” project; however, we believe that the IESBA and IAASB need to jointly consider the Exposure Draft comments received to assess stakeholder views on potential impairment between the IESBA Code and IAASB standards, and the need to align the effective dates for the changes made. We do not believe optimal resolution to our concerns can be addressed solely by changes to the Exposure Draft.

Note: Despite this approach being our strong preference, our responses to the questions beginning with Part B, Question 2 are written on the basis that the IESBA Code remains unchanged. In addition, we have answered “neither disagree/nor agree” to Part B, Questions 2 and 3; however, in totality, we believe the Exposure Draft working in tandem with the forthcoming Section 390 changes to the IESBA Code, do not serve the public interest nor will it be efficient to appropriately maintain interoperability with the forthcoming Section 390 changes to the IESBA Code.

² To be clear, we are only requesting the effective date of the forthcoming changes to Section 390 of the IESBA Code be delayed. All other amendments to the IESBA Code resulting from the IESBA’s “Using the Work of an External Expert” project can continue to be effective beginning on or after December 15, 2026.

PART B: Responses to Questions in the EM for the ED

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

Overall Question

Public Interest Responsiveness

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?

(See EM, Section 1-A)

Overall response: Disagree, with comments below

Detailed comments (if any):

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.

Specific Questions*Proposed Narrow-Scope Amendments to ISA 620³*

2. Do you agree that the proposed narrow-scope amendments to ISA 620 are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-C)

Overall response: Neither agree/disagree, but see comments below

Detailed comments (if any):

We recognize as stated in paragraph 19 of the Explanatory Memorandum that ISA 620 does not specifically define “external expert” but differentiates between an internal and external expert in the definition of “auditor’s expert”. Additionally, we observe that the definition of “expert” in the IESBA Code was aligned with the definition of “auditor’s expert” in ISA 620. Thus, we agree that no change is needed in the ISA 620 definition as the current differentiation between an internal and external expert

³ International Standard on Auditing (ISA) 620, *Using the Work of an Auditor’s Expert*

is not inconsistent between the IESBA Code and ISA 620. However, a joint IAASB-IESBA staff issued Q&A may be necessary to further clarify for stakeholders who may interpret inconsistencies or identify unintended consequences.

We also note that there is only one conditional requirement proposed to ISA 620. This creates an impression that extant requirements were already sufficient to ensure interoperability, especially as the Explanatory Memorandum notes that there was already an “implicit presumption” that work of an auditor’s external expert could not be used if CCO is not established. Indeed, we note that paragraph 12 of extant ISA 620, already requires the auditor to evaluate the adequacy of the auditor’s experts work for the auditor’s purposes. If the objectivity element of the assessment fails (i.e., objectivity threats cannot be effectively safeguarded against) then the auditor is prohibited from using the work of an external expert. Therefore, we believe the new conditional sub-requirement (f) of paragraph 8 of ISA 620 being proposed is unnecessary because we do not normally agree that it is necessary to make the implicit explicit in order for these IAASB and IESBA standards to be interoperable, nor is it clear to us how interoperability is strengthened or facilitated with such a conditional requirement.

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

Detailed comments (if any):

Proposed Narrow-Scope Amendments to ISRE 2400 (Revised),⁴ ISAE 3000 (Revised)⁵ and ISRS 4400 (Revised)⁶

3.1 Do you agree that the proposed narrow-scope amendments to ISRE 2400 (Revised) are consistent with the proposed amendments to ISA 620, and are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-D)

Overall response: Neither agree/disagree, but see comments below

Detailed comments (if any):

We observe that the proposed narrow scope amendments to the application material of ISRE 2400 (Revised) are generally consistent with those proposed for ISA 620. However, we observe there are no new requirements, which creates an impression that extant requirements were already sufficient to ensure interoperability.

⁴ International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

⁵ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

⁶ International Standards on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements*

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

Detailed comments (if any):

3.2 Do you agree that the proposed narrow-scope amendments to ISAE 3000 (Revised) are consistent with the proposed amendments to ISA 620, and are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-E)

Overall response: Neither agree/disagree, but see comments below

Detailed comments (if any):

We observe that the proposed narrow scope amendments to the application material of ISAE 3000 (Revised) are generally consistent with those proposed for ISA 620. However, we observe there are no new requirements, which creates an impression that extant requirements were already sufficient to ensure interoperability.

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

Detailed comments (if any):

3.3 Do you agree that the proposed narrow-scope amendments to ISRS 4400 (Revised) are consistent with the proposed amendments to ISA 620, and are appropriate to maintain interoperability with the new provisions in the Code related to using the work of an external expert?

(See EM, Section 1-F)

Overall response: Neither agree/disagree, but see comments below

Detailed comments (if any):

We observe that the proposed narrow scope amendments to the application material of ISRS 4400 (Revised) are generally consistent with those proposed for ISA 620. However, we observe there are no new requirements, which creates an impression that extant requirements were already sufficient to ensure interoperability.

If you do not agree, what alternatives do you suggest (please identify the specific paragraphs and be specific as to why you believe the proposals are not appropriate, and why you believe your alternatives would be more appropriate)?

Detailed comments (if any):*Other Matters*

4. Are there any other matters you would like to raise in relation to the ED? If so, please clearly indicate the standard(s), and the specific requirement(s) or application material, to which your comment(s) relate.

Overall response: Yes, with comments below

Detailed comments (if any):

We have several other matters that we urge the IAASB to consider as potential conforming and consequential amendments in finalizing the amendments to the auditing and other standards or to consider in other IAASB projects.

ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity

We note that the project proposal for the ISRE 2410 project was recently approved by the IAASB at the June 2025 meeting without regard to external expert considerations. However, we believe that if the IESBA Code remains unchanged, and should the amendments be finalized and made effective beginning on or after December 15, 2026, the IAASB should consider the need for appropriate consequential and conforming amendments to ISRE 2410 because the forthcoming changes to Section 390 of the IESBA Code makes clear they apply to auditor's use of an external expert for limited assurance engagements such as ISRE 2410.

Audit Evidence

We note that paragraph 7 of extant ISA 500, *Audit Evidence* requires the auditor to consider the relevance and reliability of the information to be used as audit evidence. We consider the attribute of reliability being linked with determining if the auditor has properly assessed CCO, including the auditor's determination that the external expert is appropriately objective for the intended use of their work. Further, paragraph 11 of extant ISA 500 requires that the auditor determine what modifications or additions to audit procedures are necessary to resolve a reliability matter, and consider the effect of the matter, if any, on other aspects of the audit if the auditor has doubts about the reliability of information to be used as audit evidence. Therefore, the IAASB should consider the need for appropriate consequential and conforming amendments to ISA 500 because the forthcoming changes to Section 390 of the IESBA Code impacts with the appropriateness of evidence obtained by the auditor related to the use of an external expert.

Similar considerations may be required as the IAASB works to change, as applicable, requirements or application material to its ISA 500 Pre-Finalization package.

Documentation

As noted in paragraph 84 of the IESBA's "Using the Work of an External Expert" Basis for Conclusion, the IESBA added the phrase "to the best of their knowledge and belief" in the lead in of paragraphs R390.12 to R390.17 of the IESBA Code to convey the expectation of the external expert when requested to provide the information to the practitioner. We believe that this ambiguous language will

create diversity in application and inconsistencies in practitioner documentation and not improve quality. Accordingly, we anticipate that more specific documentation-related guidance may be needed for practitioners.

Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

5. Translations—Recognizing that many respondents may intend to translate the final narrow-scope amendments for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED.

Overall response: No response

Detailed comments (if any):

6. Effective Date—Given the public interest benefit of aligning the effective date of these proposed narrow-scope amendments with the effective date of the revised Code provisions related to using the work of an external expert, the IAASB believes that an appropriate implementation period would be approximately 12 months after the PIOB's process of certification of the final narrow-scope amendments. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the narrow-scope amendments.

(See EM, Section 1-G)

Overall response: See comments on effective date below

Detailed comments (if any):

Refer to our primary recommendation in Part A above. We believe deferrals by the IAASB and IESBA, respectively, are needed to allow for appropriate time to properly address interoperability concerns and allow the two boards to consider whether the provisions related to evaluation of the external expert's CCO in Section 390 of the IESBA Code should be redeliberated and then relocated to IAASB standards.