

REF# 776621

24 July 2025

Mr. Willie Botha
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue
New York
10017 USA

Submitted electronically at www.iaasb.org

Dear Willie,

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

The South African Institute of Chartered Accountants (SAICA) appreciates the opportunity to provide comments on the IAASB Exposure Draft.

SAICA is South Africa's pre-eminent accountancy body which is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 59 000 members and associates who hold positions as chief executive officers, managing directors, board members, business owners, chief financial officers, auditors, and leaders in their spheres of business operation.

To inform our submission, SAICA established a task group consisting of members of our Assurance Guidance Committee and members in practice. Our Assurance Guidance Committee has approved this submission.

As an overall comment, we are supportive of the proposed revision to the standard. Participants were supportive of the proposals as they believed that the proposed amendments would assist in maintaining interoperability with the Ethics Code.

Our responses to the questions posed in the explanatory memorandum contain suggestions to enhance the consistency of requirements across the body of standards to ensure that requirements related to using the work of an external expert are not in conflict.

Please do not hesitate to contact us should you wish to discuss any of our comments. You are welcome to contact Thandokuhle Myoli (thandokuhlem@saica.co.za) or Angel Sithole (angels@saica.co.za)

Kind Regards



Thandokuhle Myoli
Head of Audit and Assurance
The South African Institute of Chartered Accountants



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: Agree, with comments below

Detailed comments (if any):

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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.

Specific Questions

Proposed Narrow-Scope Amendments to ISA 620¹

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: Agree, with comments below

Detailed comments (if any):

2.1 We agree with the recommendation by the IAASB to focus its narrow-scope amendments project on only those targeted amendments to IAASB standards needed to maintain interoperability with the IESBA Code. We note that the changes to the revised Code relate primarily to:

- Evaluating the CCO of the external expert; including, in connection with agreeing the terms of engagement with the external expert, the provision of certain information in writing by the expert to assist the professional accountants (PAs) in evaluating the external expert's objectivity; and
- Concluding on the external expert's CCO, including circumstances in which the PA would be unable to use the work of the external expert. We further agree that amendments made to ISA 620 should focus on clearly stated responsibilities of the PA or practitioner.

2.2 By aligning ISA 620 with the requirements of the IESBA Code, the proposed amendments promote greater transparency in how auditors are to consider reliance on the work of external experts and how the capabilities, competence, and objectivity of external experts are to be evaluated, which supports audit quality and public interest.

Nature, Timing and Extent of the Auditor's Procedures

2.3 We are in support of the recommendation by the IAASB to include an additional sub-requirement to (f) to paragraph 8 and the related application material Para A13 A.

2.4 Reference: **Paragraph 9; A19A**

Para.9 The auditor shall evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. In the case of an auditor's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity. (Ref: Para. A14–A20)

Para. A19A. Relevant ethical requirements may prohibit the auditor from using the work of an auditor's expert in certain circumstances. For example, the IESBA Code prohibits the auditor from using the work of an external expert if the auditor:

a) Is unable to determine whether the expert has the necessary competence or capabilities or is objective.

¹ International Standard on Auditing (ISA) 620, *Using the Work of an Auditor's Expert*

- b) *Has determined that the expert does not have the necessary competence or capabilities; or*
- c) *Has determined that it is not possible to eliminate circumstances that create threats to the expert's objectivity or apply safeguards to reduce such threats to an acceptable level.*

When an auditor is unable to evaluate Competence, Capabilities and Objectivity

2.5 The extant ISA 620 does not explicitly state what auditors should do if they are unable to evaluate, or determine, whether an auditor's external expert possesses the necessary CCO. In Para. 24 of the explanatory memorandum, the IAASB noted that revised Code provisions make explicit the circumstances in which the auditor is prohibited from using the work of an auditor's expert. The IAASB considered 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.

2.6 The IAASB noted that it is implicit in the requirements (paragraphs 56 and 57 of ISSA 5000, and paragraphs 9 and 12 of ISA 620) that the practitioner/auditor would be unable to use the work of that expert in those circumstances. Para. 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 presumption that the auditor has determined, in accordance with paragraph 9, that the expert has the necessary CCO for the auditor's purposes and Para. A14 of ISA 620 indicates that the CCO of an auditor's expert are factors that significantly affect whether the work of the expert will be adequate for the auditor's purposes:

We would like to recommend the following enhancements in relation to comprehensiveness and enforceability:

2.7 We recommend elevating the principles included in the paragraph A19A to a requirement within the "The Competence, Capabilities and Objectivity of the Auditor's Expert" section. This will ensure that the principles in A19A are not overlooked in the application material. The proposed requirement could read as follows:

"The auditor shall not use the work of an auditor's external expert if the expert is evaluated not to possess the necessary competence, capabilities, or objectivity for the auditor's purposes."

Para.A13A could be enhanced by the inclusion of examples of instances where an auditor may be unable to evaluate the expert's CCO.

2.8 Para. A13A refers to "professional accountants'" ethical requirements, while the rest of the ISA 620 standard refers to "auditors". We recommend the use of the word "auditors" given that ISA 620 is written for auditors..

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): Not applicable.

Proposed Narrow-Scope Amendments to ISRE 2400 (Revised),² ISAE 3000 (Revised)³ and ISRS 4400 (Revised)⁴

3. 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: Agree, with comments below

- 3.1 **Detailed comments (if any):** The proposed narrow-scope amendments to ISRE 2400 (Revised) are generally considered to be consistent with the amendments to ISA 620 and are appropriate for maintaining interoperability with the revised IESBA Code with regards to the use of an external expert.

Use of work performed by others

Para. 55. "In performing the review, it may be necessary for the practitioner to use work performed by other practitioners, or the work of an individual or organization possessing expertise in a field other than accounting or assurance. If the practitioner uses work performed by another practitioner or an expert in the course of performing the review, the practitioner shall take appropriate steps to be satisfied that the work performed is adequate for the practitioner's purposes. (Ref: Para. A78, A97A-A97C)"

- 3.2 In Para.32 of the explanatory memorandum to the proposed narrow-scope amendments to ISRE 2400 (Revised), the IAASB acknowledged that the requirements in paragraph 55 are broad in nature which is different from the requirements related to experts in other IAASB standards. The IAASB is proposing to add an application material paragraph (see paragraph A97C in the ED), which is similar to proposed paragraph A19A in ISA 620, to provide a bridge to the revised Code provisions indicating circumstances in which relevant ethical requirements may prohibit the auditor from using the work of an auditor's expert.

We would like to recommend the following as enhancements in relation to comprehensiveness and enforceability:

- 3.3 Section 390 of the revised Code applies to all professional services. To enhance the consistency of requirements across the body of standards to ensure that requirements related to using the work of an external expert are not in conflict or inoperable with the IESBA code, consider:

² International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

³ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

⁴ International Standards on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements*

3.3.1 including a clear and explicit requirement in paragraph 55, similar to para. 8(f) in ISA 620 for the practitioner to consider “provisions of relevant ethical requirements related to using the work of an expert”. This direct reference strengthens consistency between the body of standards and interoperability with the ethical framework introduced by the IESBA Code and ensures that the ethical requirement when using an external expert is not overlooked in the application material.

3.4 While the additional guidance (Para. A97A–A97C) is helpful, the absence of a corresponding requirement in the body of the standard may lead to ambiguity or inconsistent application in practice. This amendment will ensure that ethical considerations are not perceived as optional or secondary in review engagements.

3.5 The IAASB has aimed to ensure that the terminology, concepts, and auditor responsibilities related to external experts are harmonised across ISA 620 and ISRE 2400(Revised) and other standards. This inclusion will further enhance consistency to help practitioners apply the standards more effectively in review engagements.

Para. A97C. Relevant ethical requirements may prohibit the practitioner from using the work of a practitioner’s expert in certain circumstances. For example, the IESBA Code prohibits the practitioner from using the work of an external expert if the practitioner:

- (a) Is unable to determine whether the expert has the necessary competence or capabilities or is objective.*
- (b) Has determined that the expert does not have the necessary competence or capabilities; or*
- (c) Has determined that it is not possible to eliminate circumstances that create threats to the expert’s objectivity or apply safeguards to reduce such threats to an acceptable level.*

3.6 We also recommend elevating the principles included in the application material Para. A97 C to the requirement section of ISRE 2400 (Revised), similar to our proposed changes in response to **Question 2**, because as indicated by the IAASB in the memorandum of the proposed narrow-scope amendments to ISRE 2400 (Revised) Para. 31, there is no requirement for the practitioner to evaluate the CCO of the work of an external 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, without indicating the steps required to be taken.

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): Not Applicable

4. 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: Agree, with comments below

Detailed comments (if any):

4.1 The proposed narrow-scope amendments to ISAE 3000 (Revised) are at an overall level consistent with the proposed amendments to ISA 620 and appropriate to maintain interoperability with the new provisions in the IESBA Code related to using the work of an external expert.

4.2 These amendments are targeted, proportionate to the IESBA Code. They enhance clarity and supporting ethical compliance and audit quality.

We would like to recommend the following as enhancements in relation to comprehensiveness and enforceability:

4.3 Section 390 of the revised Code applies to all professional services. To enhance the consistency of requirements across the body of standards to make sure that requirements related to using the work of an external expert are not in conflict consider:

4.3.1 Including a clear and explicit requirement in para 52 similar to para. 8(f) in ISA 620 for the practitioner to consider “provisions of relevant ethical requirements related to using the work of an expert”. This direct reference strengthens the link between the body of standards and the ethical framework introduced by the IESBA Code and ensures that the ethical requirement when using an external expert is not overlooked in the application material.

4.4 While the additional guidance (Para. A121(f), A128, A133A) is helpful, the absence of a corresponding requirement in the body of the standard may lead to ambiguity or inconsistent application in practice. The amendment proposed above will ensure that ethical considerations are not perceived as optional or secondary in assurance engagements.

4.5 The IAASB has aimed to ensure that the terminology, concepts, and auditor responsibilities related to external experts are harmonised across ISA 620 and ISAE 3000 (Revised), and other standards. This inclusion will further enhance consistency to help practitioners apply the standards more effectively, especially in engagements that are not audits (e.g., other assurance engagements).

4.6 We also recommend elevating the principles included in the application material para. A128A. to the requirement section of ISAE 3000 (Revised), in line with our proposed enhancements in our response to **Question 2**, to avoid it being overlooked in the application material and ensure consistency in the body of standards.

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): **Not Applicable**

5. 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: **Agree, with comments below**

Detailed comments (if any):

5.1 The proposed narrow-scope amendments to ISRS 4400 (Revised) are on an overall level consistent with the proposed amendments to ISA 620 and are appropriate to maintain interoperability with the new provisions in the IESBA Code related to using the work of an external expert.

5.2 The proposed amendments ensure that ISRS 4400 (Revised) is not only technically aligned with ISA 620 but also interoperable with the IESBA Code. The IAASB has taken a minimalist and focused approach, adding only what is necessary to ensure alignment with the ethical requirements without overhauling the standard. This approach respects the nature of agreed-upon procedures engagements, which differ from audits and reviews in scope and assurance level.

5.3 The proposed amendments to ISRS 4400 (Revised) are well-adjusted to ensure consistency with ISA 620 and the IESBA Code. They enhance clarity, uphold ethical standards, and support practitioners in making informed decisions about expert involvement.

We would like to recommend the following as enhancements in relation to comprehensiveness and enforceability:

5.4 Section 390 of the revised Code applies to all professional services. To enhance the consistency of requirements across the body of standards to ensure that requirements related to using the work of an external expert are not in conflict consider:

5.4.1 Including a clear and explicit requirement in para 29 similar to para. 8(f) in ISA 620 for the practitioner to consider “provisions of relevant ethical requirements related to using the work of an expert”. This direct reference strengthens the link between the body of standards and the ethical framework introduced by the IESBA Code and ensures that the ethical requirement when using an external expert is not overlooked in the application material.

5.5 While the additional guidance (Para. A47A.) is helpful, the absence of a corresponding requirement in the body of the standard may lead to ambiguity or inconsistent application in practice. The amendment proposed above will ensure that ethical considerations are not perceived as optional or secondary in agreed upon procedures engagements.

5.6 The IAASB has aimed to ensure that the terminology, concepts, and auditor responsibilities related to external experts are harmonised across ISA 620 and ISRS 4400 (Revised), and other standards. This inclusion will further enhance consistency to help practitioners apply the standards more effectively in related services engagements.

5.7 We also recommend elevating the principles included in the application material Para. A47A. to the requirement section of ISRS 4400 (Revised), in line with our proposed enhancements in response to **Question 2**, to avoid it being overlooked in the application material and ensure consistency in the body of standards.

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): **Not Applicable**

Other Matters

6. 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: **No other matters to raise**

Detailed comments (if any):

Part C: Request for General Comments

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

7. 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):

8. 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):

8.1 We support the IAASB's intention to align the effective date of the proposed narrow-scope amendments with the revised IESBA Code, currently set for December 15, 2026.

8.2 While we understand the rationale for aligning the effective dates to avoid a gap between the ethical and assurance frameworks, we note that the volume of standards being amended simultaneously may present implementation challenges for practitioners; in particular auditors who need to consider implementation of other standards such as ISA 240 (Revised) and ISA 570 (Revised). The cumulative effect of changes across multiple standards could be burdensome, particularly for smaller firms or jurisdictions with limited resources.

8.3 We recommend that the IAASB consider issuing implementation guidance or application material to support effective adoption. This could include illustrative examples, transition considerations, or FAQs to help practitioners navigate the changes. Furthermore, we acknowledge the provision for early adoption and agree that this flexibility is helpful, allowing firms to test and integrate the amendments ahead of the mandatory date.