



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

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ICAEW welcomes the opportunity to comment on the Exposure Draft of proposed narrow-scope amendments to IAASB standards arising from IESBA's Using the Work of an External Expert project, published by the IAASB on 25 April 2025, a copy of which is available from this [link](#).

For questions on this response, please contact the ICAEW Audit and Assurance Faculty at tdaf@icaew.com quoting REP 60/25.

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This response of 24 July 2025 has been prepared by the ICAEW Audit and Assurance Faculty. Recognised internationally as a leading authority and source of expertise on audit and assurance issues, the faculty is responsible for audit and assurance submissions on behalf of ICAEW. The faculty has over 28,000 members drawn from practicing firms and companies and other organisations of all sizes in the private and public sectors.

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KEY POINTS

1. ICAEW recognises the importance to the public interest of alignment between the auditing standards of the IAASB and the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA). That the IAASB has taken steps to achieve this alignment in the form of narrow-scope amendments is, therefore, welcome.
2. Amendments proposed to ISA 620, ISRE 2400 (Revised), ISAE 3000 (Revised) and ISRS 4400 (Revised) are broadly appropriate to maintain interoperability with the new provisions of the IESBA Code of Ethics relating to the use of an external expert. However, we remain unclear as to how they propose to enhance audit quality or encourage a shift in practitioner behaviour, given that they are largely limited to the application material.
3. We also have concerns about potential confusion regarding whether a threats and safeguards approach to assessing an expert's competence, capability and objectivity is permissible. If practitioners have doubts about whether this approach is allowed, inconsistent application and hesitancy when deciding to engage experts may follow. This is a particularly acute challenge for small and medium-sized practices (SMPs) and in jurisdictions or sectors where availability of experts is limited.
4. Although we agree that the effective date of the new IESBA Code provisions and the IAASB standard amendments should be aligned, a twelve-month implementation period is not ideal and should be avoided in future. Stakeholders may find themselves pressed for time when ensuring changes are translated, adopted, and incorporated.
5. The above issues would not have arisen had the respective standard-setting processes of IESBA and the IAASB been more aligned. Separate projects with separate timeframes were undertaken despite the subject matter being the same. Closer collaboration between the two Boards – with agreement on the projects' scope, objectives, and timelines – would have allowed for the related audit and ethical issues to be treated more holistically. It would have facilitated more streamlined project timetables and avoided inconsistency in application arising from ambiguities, such as the appropriateness of a threats and safeguards approach to assessing an expert's competence, capability and objectivity. These issues may also have been avoided had a joint project been undertaken.

Public Interest Responsiveness and IAASB-IESBA coordination

6. Misalignment between IAASB standards and the International Code of Ethics is clearly not in the public interest. ICAEW therefore welcomes measures by the IAASB to eliminate any actual or perceived inconsistencies between the standards and the Code.
7. We also agree that it is in the public interest that the effective dates of the new Code provisions and amendments to the IAASB standards be aligned.
8. However, given that the proposed narrow-scope amendments are mostly limited to application material, we question how and to what extent these amendments aim to achieve enhanced audit quality or affect a change in practitioner behaviour.
9. Better coordination between the two Boards from the inception of the projects would have facilitated a clearer justification in the public interest for any changes proposed.
10. As well as working more closely with IESBA in future, we would also encourage the IAASB to consider engaging in and publishing a cost-benefit analysis of future projects, taking into account the impact on standard volume, translation costs, and the ramifications for outreach and education efforts within firms, regulators, and oversight bodies.

Approach to assessing the competence, capability and objectivity of an external expert

11. ICAEW raised several concerns about the new Code of Ethics provisions in its [response](#) to the January 2024 IESBA exposure draft on Using the Work of an External Expert. Chief among these concerns was the overly binary nature of the assessment of a potential expert's competence, capability and objectivity.

12. IAASB's proposed narrow-scope amendments do not clarify whether a more nuanced threats and safeguards approach to this assessment is appropriate. Its apparent position as per the Explanatory Memorandum (EM) is that there already 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 requirements themselves, therefore, have not been amended in this respect and there is no explicit prohibition. This may cause confusion and inconsistency in application.
13. Although we agree in principle that any expert who is found not to be competent, capable or objective should not be instructed by a practitioner, the assessment which would lead to such a conclusion requires judgement. If a practitioner has concerns about a proposed expert's competence, capability and objectivity, there may well be appropriate safeguards that can be put in place enabling the expert's output to be used either in whole or in part.

Practical challenges for firms, standard-setters and oversight bodies

14. Given the growing need for expertise in emerging fields such as sustainability and technology, practitioners must be clear about their responsibilities when engaging an external expert. Uncertainty is particularly problematic for practitioners working in small and mid-tier firms, in specialised sectors, or in certain jurisdictions since their choice of experts is more limited.
15. Clarity in terms of how the IAASB intends the assessment of an expert's competence, capability and objectivity to operate in practice, including whether a threats and safeguards approach is permissible, would be welcome.
16. We also recognise that there may be practical challenges for firms, national standard-setters and oversight bodies implementing the proposed changes. While we support the alignment of effective dates, a twelve-month implementation period is likely to exacerbate these challenges. This is a poor precedent to set, and we encourage the two Boards to avoid this in future by working together earlier on in the life of the projects.

RESPONSES TO SPECIFIC QUESTIONS

Public Interest Responsiveness

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?

Overall response

17. Neither agree/disagree, but see comments below

Detailed comments:

18. 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.
19. 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.
20. 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.
21. 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.
22. 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.
23. 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.
24. 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.

Proposed Narrow-Scope Amendments to ISA 620

Question 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?

Overall response

25. Agree, with comments below

Detailed comments:

26. Although we appreciate the need to maintain interoperability between ISA 620 and the IESBA Code and agree that the IAASB's proposed narrow-scope amendments broadly achieve this, we remain unclear as to how the amendments will enhance audit quality.
27. Only one amendment has been proposed to the requirements of ISA 620 (Paragraph 8(f)) and even this, as is the case for the remaining amendments proposed to the application material and Appendix, simply serves as a reminder of the auditor's responsibilities under the ethical requirements. The auditor's obligations under the auditing standards, therefore, do not appear to have been substantially strengthened.
28. We encourage the IAASB to clarify what behaviours it is trying to encourage through these amendments and how they are conducive to enhanced audit quality.
29. We would also appreciate a clearer picture of how the assessment of competence, capability and objectivity of an expert operates under ISA 620 and whether there is a clear (not just implied) prohibition against using experts if the auditor is unable to make a positive assessment. (See also our response to **Question 1**).

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

Question 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?

Overall response

30. Agree, with comments below

Detailed comments:

31. Although we are comfortable that, in general, the proposed narrow-scope amendments to ISRE 2400 (Revised) are consistent with the proposed amendments to ISA 620, we suggest that the former requires a more explicit delineation of the two-step process of evaluating an external expert. In ISA 620 it is clearer that the auditor first assesses the expert's competence, capability and objectivity and then moves on to evaluating the adequacy of the expert's work if these criteria have been met.
32. We also note that, as with the proposed amendments to ISA 620, it is unclear whether under ISRE 2400 (Revised) a threats and safeguards approach to assessing the competence, capability and objectivity is permissible.

Question 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?

Overall response

33. Agree, with comments below

Detailed comments:

34. Again, we are broadly happy that the narrow-scope amendments to ISAE 3000 (Revised) are consistent with those to ISA 620.
35. We draw attention to a potential structural inconsistency with ISAE 3000. Content that is presented as application material in ISAE 3000 (Paragraph A121) is presented as a

requirement in ISA 620 (Paragraph 8(f)). We wondered whether this was an intentional act on the part of the IAASB and, if so, the rationale behind it.

Question 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?

Overall response

36. Agree, with no further comments

Other Matters

Question 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

37. No other matters to raise

Detailed comments:

38. Please refer to our **Key Points** section above.

Request for General Comments

Question 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

39. No response

Detailed comments:

40. Please see our response to **Question 6**.

Question 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.

Overall response

41. See comments on effective date below

Detailed comments:

42. An implementation period as short as twelve months will present a real challenge for:

- Firms and methodology providers revisiting and revising their methodologies, tools and templates, and update their training programmes; and

- National standard-setters and oversight bodies amending their frameworks and guidance documents.
43. Translation efforts may also be time-consuming, especially if the amendments in question introduce ambiguity in how they are to be interpreted.
 44. That said, we agree that it is in public interest to align the effective dates of the IAASB's proposed narrow-scope amendments and the revised IESBA Code of Ethics provisions.
 45. It is also in the public interest for the IAASB and IESBA to work together to avoid this situation arising again in the future. Agreement on shared objectives and timings from an early stage is essential for effective implementation.