

5 July 2025

Mr Doug Niven
Chair
Australian Auditing and Assurance Standards Board
PO Box 204
Collins Street West VICTORIA 8007

Lodged online via: <https://auasb.gov.au/projects/open-for-comment/submit-comment-letter/>

Dear Doug

AUASB Consultation Paper: *IAASB's Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project*

The Institute of Public Accountants (IPA) welcomes the opportunity to provide comments on the above Consultation Paper (CP).

General comment

IPA supports the proposed narrow-scope amendments in the CP for the following reasons:

- It is an efficient approach to addressing matters that arise from IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) relating to using the work of an external expert, in that the Code necessitates amendments to IAASB standards, including ISA 620 *Using the Work of an Auditor's Expert*.
- The proposed amendments ensure the interoperability of the IAASB standards with the new provisions of the Code relating to the use an external expert.

Specific comment

Our responses to the specific questions in the CP are in Attachment 1.

For any questions relating to this submission, please contact Vicki Stylianou, Group Executive Advocacy and Professional Standards, Institute of Public Accountants at vicki.stylianou@publicaccountants.org.au.

Yours sincerely

Vicki Stylianou
Group Executive, Advocacy & Professional Standards
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Attachment 1 – IPA’s responses to CP specific questions

Questions from IAASB Explanatory Memorandum (pages 15 and 16):

OVERALL QUESTION

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?

IPA agrees the proposed narrow-scope amendments are responsive to the public interest, as they consider the qualitative standard-setting of:

- **Relevance** – The proposals continue the relevance of the IAASB standards, including ISA 620, taking into account the new provisions of the IESBA Code on using the work of an external expert. This is especially relevant given the growing involvement of experts in areas such as estimates, technology, and sustainability.
- **Timeliness** – The proposals address, on a timely basis, the actual or perceived differences in the requirements and guidance between ISA 620 and other IAASB standards and the new provisions in the IESBA Code, including the effective date of the new provisions of the Code. This is important for the consistent application of the requirements.
- **Appropriateness of scope** – The targeted amendments are necessary to maintain interoperability of ISA 620 and other IAASB standards with the IESBA Code. It is also an efficient approach to addressing matters that arise from other related pronouncements.
- **Coherence** – The proposals focus on the consistent requirements across the body of the standards to ensure the requirements for using the work of an external expert do not conflict. This would assist the successful application of the standards.
- **Comprehensiveness** – The proposals limit the exceptions to the principles in ISA 620 and other IAASB standards, including taking into account that relevant ethical requirements, such as the IESBA Code, to address the fulfilment of a practitioner’s ethical responsibilities when evaluating whether an external expert has the necessary competence, capabilities and objectivity (CCO).
- **Enforceability** – The proposals clearly state the responsibilities of the practitioner.

SPECIFIC QUESTIONS

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? 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)?

IPA agrees the proposed narrow-scope amendments to ISA 620 are appropriate to maintain the interoperability with the new provisions in the Code that relate to using the work of an external expert. In particular, we support the addition of:

- Paragraph 8(f) which requires the auditor to also consider the “Provisions of relevant ethical requirements related to using the work of an expert...”
- Paragraph A19A which provides examples when the IESBA Code prohibits the auditor from using the work of an external expert and
- Paragraph A31A relating to evaluating whether the auditor’s expert has the necessary CCO for the auditor’s purpose.

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

Question 3. Do you agree that the proposed narrow-scope amendments to these other IAASB standards 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?

The response template provides for answering this question in relation to each of the following standards:

3.1 ISRE 2400 (Revised)

3.2 ISAE 3000 (Revised)

3.3 ISRS 4400 (Revised)

If applicable, for each instance where 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)?

IPA agrees with proposed narrow-scope amendments to the IAASB standards listed below, as they are consistent with the proposed amendments to ISA 620, and are appropriate to maintaining the interoperability with the new provisions in the Code on using the work of an external expert. That is, we agree with:

3.1 ISRE 2400 (Revised) – adding an application material in ISA 620 to bridge the provisions of the Code, such as paragraph A19A, which indicate circumstances where relevant ethical requirements may prohibit the auditor from using the work of an auditor's expert.

3.2 ISAE 3000 (Revised) – the targeted amendments of:

- Adding a bullet to paragraph A121 similar to the wording in proposed paragraph A13A in ISA 620.
- Reversing the order of paragraphs A128 and A129, and adding a sentence to the paragraph in proposed new paragraph A127A.
- Adding a new paragraph A128A similar to proposed paragraph A19A in ISA 620.
- Adding a new paragraph A133A similar to proposed paragraph A31A in ISA 620.

3.3 ISRS 4400 (Revised) – adding application material paragraph indicating circumstances in which relevant ethical requirements may prohibit the practitioner from using the work of a practitioner's external expert.

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.

IPA has no further matters to raise.

Request for general comments

Question 5. Effective Date—Given the public interest benefit of alignment 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 (see Section 1-G of the IAASB EM). The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the narrow-scope amendments.

IPA agrees with the proposed implementation period of 12 months after the relevant amendments are issued.

Australian Specific Questions:

Aus Question 1 Do you agree with the AUASB making corresponding changes to Australian auditing standards to those changes proposed in the IAASB’s exposure draft? If not, why not?

IPA agrees with the AUASB making corresponding changes to Australian auditing standards to those changes proposed in the IAASB’s exposure draft for the same reasons as stated above in our support for the IAASB’s proposed amendments.

Aus Question 2 Do you have any other comments on the matters covered in this consultation paper, including the proposed effective date for the changes, applicable laws/regulation or principles/practices preventing application, and any significant costs/benefit

IPA has no further comments to make.