

Use of Experts Project – Part 3 (Mark Up from Sept IESBA Papers) For IESBA Participants' Review (October 2023)

The scope of the proposed section has been refined to focus on “external experts” only, following the September IESBA feedback with respect to (i) clarifying whether this proposed section applies to engagement team and audit/assurance team members; and (ii) questions over the practicality of applying this proposed section to internal experts of a firm used for NAS engagements since they would already be subject to the firm’s internal policies and procedures, i.e., for hiring and resource allocation.

PROPOSED NEW SECTION 390

USING THE WORK OF AN EXTERNAL EXPERT

Introduction

- 390.1 Professional accountants are required to comply with the fundamental principles and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats.
- 390.2 Using the work of an external expert might create threats to compliance with the fundamental principles, particularly the principles of integrity, objectivity and professional competence and due care.
- 390.3 This section sets out requirements and application material relevant to applying the conceptual framework in relation to using the work of an external expert.

Requirements and Application Material

Circumstances Where an External Expert Might Be Used

- 390.4 A1 An external expert might be used to undertake specific work to support a professional service provided by a professional accountant. Such work can be in a field that is well-established or that is emerging. Examples of such work include:
- The valuation of assets such as complex financial instruments, land and buildings, plant and machinery, jewelry, works of art, antiques, intangible assets, assets acquired and liabilities assumed in business combinations, and assets that may have been impaired.
 - The valuation of liabilities such as those assumed in business combinations, from actual or threatened litigation, environmental liabilities, and site clean-up liabilities, and- those associated with insurance contracts or employee benefit plans costs.
 - ~~The actuarial calculation of liabilities associated with insurance contracts or employee benefit plans.~~
 - The calculation of greenhouse gas emissions.
 - The definition and measurement of pollutants emitted to air, water and soil.
 - The valuation of products and materials designed along principles for a sustainable circular economy, including durability, reusability, repairability, disassembly, remanufacturing, and recycling.
 - The estimation of oil and gas reserves.

- The interpretation of contracts, laws and regulations, including tax laws and regulations, tax treaties and bilateral agreements.
- The accounting for specific matters, including applying methods of accounting for deferred income tax or financial instruments.
- Assessment and evaluation of cybersecurity systems.

List of examples streamlined. The TF intends to seek the STF/SRG's input on the bullet "the valuation of products and materials designed along principles for a sustainable economy."

390.47 A2 This section does not apply to:

- (a) ~~If in the course of performing a professional service, the professional accountant uses~~
~~†The use of the~~ work of a management's expert, ~~who is an individual or organization~~
~~possessing expertise in a field other than accounting, auditing, or assurance whose work~~
~~in that field is used by the client to assist the client in preparing the financial or non-~~
~~financial information. ‡~~Such work is deemed to be information provided by management;
~~and~~
- (b) 390.4 A2—Individuals or organizations that are external information sources provide
datasets for general purpose are not experts. Such individuals or organizations include,
for example, those that provide industry or other benchmarking data or studies, such as
information about real estate prices ~~that is suitable for use by a broad range of users, or~~
mortality tables, or other datasets for general use.

Scope of this proposed section further refined by setting out that it does not apply to the use of the work of a management's expert in bullet (a). This accompanies the removal of the proposed definition in the glossary following September IESBA feedback that it is not necessary since the term is only used once in the draft text.

Bullet (b) now encompasses Sept draft 390.4 A2 with minor edits to reflect suggestions from IESBA participants.

390.45 A34 A self-interest threat to compliance with the principles of integrity and professional competence and due care is created if a professional accountant has insufficient expertise to perform a professional service.

390.4 A4 An action that might be address such threat is to use the work of an external expert for the professional service.

~~R390.5—If a professional accountant determines that expertise outside the accountant's knowledge and skills is needed to assist the accountant in performing a professional service, the accountant shall identify an expert for this purpose.~~

Sept draft R390.5 removed and replaced with 390.4 A4 following September IESBA feedback that there are other actions (as outlined in the upfront sections of the Code) that a PA might do in order to address circumstances where it has insufficient expertise.

Agreeing the Work to be Performed by an External Expert

All Professional Services

R390.56 If the professional accountant has identified an external expert to use for a professional service, the accountant shall agree the terms of engagement with the expert, including:

- (a) ~~the~~ The nature and scope of the work to be performed by the expert; and
- (b) In the context of audit or other assurance engagements, the provision of information needed from the expert for purposes of assisting the accountant's evaluation of the expert's competence, capabilities and objectivity.

390.56 A1 In agreeing the terms of engagement, matters that the professional accountant might discuss with the external expert include:

- The purpose, intended use and timing of the expert's work.
- The general approach to the expert's work.
- Expectations regarding confidentiality of the expert's work and its inputs.
- The expected format and content of the expert's completed work, including any assumptions made and limitations to that work.
- ~~Expectations regarding the expert's objectivity, including information needed from the expert to facilitate the accountant's evaluation of that objectivity.~~
- Expectations regarding the expert's communication of any non-compliance or suspected non-compliance with laws and regulations of which the expert becomes aware in relation to the client when performing the work.

R390.5(b) added to facilitate the implementability of the requirements of this proposed section.

390.5 A1 last bullet added in response to feedback from the IAASB's ISSA 5000 roundtable.

Evaluating Whether to Use the Work of the External Expert

All Professional Services

R390.67 In determining whether it is appropriate to use the work of ~~an~~ the external expert, the professional accountant shall evaluate:

- (a) ~~the~~ The expert's competence and, capabilities; and
- (b) The objectivity of the expert and their organization.

R390.6(b) added to clarify that the expert's organization must also be evaluated for its' objectivity.

Accordingly, the relevant factors in relation to evaluating objectivity in 390.6 A1, 390.6 A5, R390.8 and R390.11 also specify those applicable to the expert's organization.

~~390.7 A1 — An expert whose work is used to assist a professional accountant in performing a professional service might be:~~

- ~~(a) — An external expert; or~~
- ~~— An expert employed by the accountant's firm.~~

~~390.7 A3 — In the context of an audit or other assurance engagement, depending on their role, an expert is:~~

- ~~(–) An engagement team member if the expert performs audit or other assurance procedures for the engagement;~~
- ~~(–) An audit or assurance team member if the expert provides consultation on the audit or other assurance engagement which can directly influence the outcome of the engagement;~~
- ~~(–) An external expert if the expert is engaged by the professional accountant's firm and the expert's work is used to assist the accountant in obtaining sufficient appropriate evidence; or~~
- ~~(–) A management's expert if the expert is employed or engaged by the audit or assurance client and the expert's work is used to assist the entity in preparing the financial or non-financial information.~~

The above two paragraphs (Sept draft 390.7 A1 and 390.7 A3) have been removed as they are no longer necessary since the scope of the proposed section is limited to external experts only. However, the TF will include detailed explanations with respect to the differences of an engagement team/ audit or assurance team member and an external expert, as relevant and appropriate, in the EM.

The rationale for why the proposed section focuses on external experts will also be included in the EM, also with the explanation of the TF's/IESBA's journey in considering independence for external experts and considering provisions for all experts including internal experts, as set out in the project plan.

Sept draft 390.7 A2 has been incorporated into 390.4 A2 as explained in that paragraph.

390.67 A14 A self-interest or advocacy threat to compliance with the ~~fundamental~~ principles of integrity, objectivity and professional competence and due care might be created if a professional accountant uses an external expert:

- ~~(a) that Who~~ does not have the competence, capabilities or objectivity to deliver the work needed for the particular professional service; or
- ~~(b) Whose organization is not objective with respect to that work to deliver the expert work needed for the particular professional service.~~

390.67 A25 Factors that are relevant in evaluating the competence of the external expert include:

- Whether the expert's credentials, education, training, experience and reputation are relevant to, or consistent with, the nature of the work to be performed.
- Whether the expert belongs to a professional body and, if so, whether the expert is in good standing.
- Whether the expert's work is subject to professional standards issued by a recognized body, or follows generally accepted principles or practices, in the expert's field or area of expertise.
- Whether the expert has a track record of performing similar work for the professional accountant's firm or other clients.
- ~~• Where the expert is employed by the accountant's firm, whether their expertise has been validated by an accreditation or similar process established by the firm.~~

Last bullet no longer necessary as the scope of the proposed section is focused on external experts only.

390.67 A36 Factors that are relevant in evaluating the capabilities of the external expert include:

- The resources available to the expert.
- Whether the expert has adequate time to perform the work.

390.67 A47 Factors that are relevant in evaluating the objectivity of the external expert include:

- Whether the expert is subject to ethics standards issued by a professional body in the expert's field or area of expertise.
- Whether the expert has a conflict of interest in relation to the work the expert is performing at the entity.
- Whether the professional accountant knows or is aware of there is any known potential bias that might affect the expert's exercise of the work expert's professional judgment.
- Whether the expert will evaluate or rely on any previous judgments made or activities performed by the expert or their organization in undertaking the work.
- ~~Where the expert is employed by the professional accountant's firm, whether the expert is subject to the firm's system of quality management addressing threats to compliance with the principle of objectivity.~~

Last bullet no longer necessary as the scope of the proposed section is focused on external experts only.

390.6 A5 A factor that is relevant in evaluating the objectivity of the external expert's organization is whether the organization has a conflict of interest in relation to the work the expert is performing at the entity.

390.76 A68 Examples of previous judgments made or activities performed by an external expert that might create a self-review threat to the expert's objectivity include:

- Having Aadviseding the entity on the matter for which the expert is performing the work.
- Having Produceding data or other information for the entity which is then used by the expert in performing the work or is the subject of that work.

390.67 A79 Information about an external expert's competence, capabilities and objectivity might be obtained from various sources, including:

- Personal association or experience with previous work undertaken by the expert.
- ~~Consulting~~Inquiry of with others within or outside the professional accountant's firm who are familiar with the expert's work.
- Discussion with the expert about their background, including their field of expertise and business activities.
- ~~Making inquiries~~Inquiry of the expert's professional body or industry association.
- ~~Articles, Published~~ papers or books written by the expert and published by a recognized publisher or in a recognized journal or other medium.
- ~~External recognition or accolades.~~
- Published records, such as legal proceedings involving the expert.

- Inquiry with-of the client and, if different, the entity at which the expert is performing the work regarding any interests and relationships between the expert and the client or the entity.

Concluding on Using the Work of the Expert

All Professional Services

~~R390.14 The professional accountant shall conclude, based on the evaluation of the expert's competence and capabilities, and any identified threats to the expert's objectivity, whether the expert is competent, has the capabilities, and is objective.~~

~~390.15 A1 Where an expert is employed by the professional accountant's firm, that individual is bound by the same ethical and, if applicable, independence requirements that apply to the accountant. Accordingly, compliance with those requirements will satisfy the objectivity requirement for the expert under paragraphs R390.7 and R390.14.~~

Sept draft R390.14 has been removed and Sept draft R390.15 has been relocated to R390.12 with the title revised following the September IESBA feedback that the location and title of “concluding on using the work of an expert” was confusing. The revised location of R390.12 indicates that the paragraph serves as the PA’s overall determination of whether the expert meets CCO. It comes after the additional factors for the evaluation of objectivity specific to an audit or other assurance engagement are set out in paragraphs R390.8 to R390.11. The revised title (i.e., the removal of “concluding on using the work of an expert”) indicates that it applies to “all professional services”.

Sept draft 390.15 A1 has been removed as it is no longer necessary since the scope of the proposed section is limited to external experts only. However, the TF will include detailed explanations with respect to the differences of an engagement team/ audit or assurance team member and an external expert, as relevant and appropriate, in the EM.

Further Actions in Evaluating the Objectivity of an External Expert in an Audit or Other Assurance Engagements

390.67 ~~A71~~ Paragraphs R390.108 to R390.113 set out ~~required~~ further actions in evaluating the objectivity of an external expert and their organization in an audit or other assurance engagement pursuant to paragraph R390.6.

This sentence (previously part of Sept draft 390.7 A7) has been moved to a new paragraph 390.7 A1 to highlight how the subsequent paragraphs tie in with the CCO evaluation required under paragraph R390.6. It is intended to ‘set the scene’ for the additional actions with respect to an audit or other assurance engagement.

R390.108 ~~In evaluating the objectivity of an external expert in an audit or other assurance engagement pursuant to paragraph R390.7, t~~The professional accountant shall request the external expert to disclose, in relation to the entity at which the expert is performing the work and with respect to the period covered by the audit or assurance report and the engagement period, information about:

The TF has considered the September IESBA comments regarding the time period for which the expert is required to disclose information. The comments were mainly around (i) whether the period should be in

relation to the financial statement period, and (ii) whether the period is now longer than the period of independence that is required by Parts 4A/4B.

However, there was no change to the time period since (i) this proposed section would also cover engagements other than audits of financial statements, and (ii) there could indeed be circumstances where the period covered by an assurance report would be longer than that covered by the audit report, in particular, for sustainability engagements.

~~(b)~~(a) Any direct financial interest or material indirect financial interest held by the ~~external~~ expert, ~~or~~ their immediate family, or the expert's organization in the entity;

~~(e)~~(b) Any loan, or guarantee of a loan, made to the entity by the ~~external~~ expert, ~~or~~ their immediate family, or the expert's organization, other than where~~unless~~ the loan or guarantee is immaterial to ~~both~~ the expert, their immediate family or the expert's organization, as applicable, and the entity;

~~(d)~~(c) Any loan, or a guarantee of a loan, accepted by the ~~external~~ expert, ~~or~~ their immediate family, or the expert's organization from the entity if it is a bank or similar institution, other than where~~unless~~ the loan or guarantee is made under normal lending procedures, terms and conditions;

~~(e)~~(d) Any loan, or a guarantee of a loan, accepted by the ~~external~~ expert, ~~or~~ their immediate family, or the expert's organization from the entity if it is not a bank or similar institution, other than where~~unless~~ the loan or guarantee is immaterial to ~~both~~ the expert, their immediate family or the expert's organization, as applicable, and the entity;

~~(f)~~(e) Any close business relationship between the ~~external~~ expert, ~~or~~ their immediate family, or the expert's organization and the entity or its management, other than where~~unless~~ ~~any~~the financial interest is immaterial and the business relationship is insignificant to the expert, their immediate family or the expert's organization, as applicable, and the entity or its management;

~~(g)~~(f) Any previous or current engagements ~~long association~~ between the ~~external~~ expert or their organization and the entity;

~~(h)~~(g) How long the expert has been associated with the entity;

~~(i)~~(h) Any previous public statements by the ~~external~~ expert or their organization which advocate for the entity;

~~(j)~~(i) Any position as a director or officer of the entity, or an employee in a position to exert significant influence over the preparation of the entity's financial or non-financial information, or the records underlying such information:

(i) Held by the ~~external~~ expert or their immediate family; ~~or~~

(ii) Previously held by the ~~external~~ expert before the period covered by the audit or assurance report; or

(iii) Held or previously held by management of the expert's organization.

~~(k)~~(j) Any ~~material~~ fee or contingent fee or dependency on fees or other types of remuneration due to or received by the ~~external~~ expert or their organization from the entity;

~~(l)(k)~~ Any benefits received by the expert, their immediate family or the expert's organization from the entity;

~~(m)(l)~~ Any conflict of interest the expert or their organization might have in relation to the work the external expert is performing at the entity; and

~~(n)(m)~~ If the external expert is an organization, the nature and extent of interests and relationships between the controlling owners of the external expert's organization and the entity.

Bullet (f) added to consider other services performed by the expert for the entity. The PA would then have to evaluate if any of those other services are problematic to the expert's objectivity. This is aligned with ISA 620 and also in response to September IESBA comments.

Bullet (g) added in laymen terms to reflect consideration of "long association" between the expert and the entity. The TF sought to avoid the term "long association" as it contains many other technical considerations as outlined in the Code.

Bullet (i)(iii) added in response to September IESBA comments denoting that this is a high-risk circumstance which would impact the expert's objectivity. In most cases, the interests, relationships and circumstances of the expert's management is not considered (as compared to Parts 4A/4B, such as for financial interests, etc.), as there is no direct impact on the expert performing the work. However, the TF considered that bullet (i)(iii) is a necessary consideration of the expert's organization's management as it reflects the highest risk since it is a direct self-interest and self-review threat to the expert.

Bullet (k) added in response to September IESBA comments that consideration of non-financial benefits, including donations, should be considered.

Overall, apart from bullets (h) and (l), the bullets broadly align with those independence attributes set out in Parts 4A/B of the Code. Bullets (h) and (l) are included because it is necessary for the PA to request such information from the expert in order for it to be able to evaluate its objectivity.

R390.910 A1 Where the external expert uses a team to carry out the expert's work, the professional accountant shall request the expert to have all members of the expert's team disclose, in relation to the entity at which the expert is performing the work and with respect to the period covered by the audit or assurance report and the engagement period, the information set out in paragraph R390.810 applies equally to all members of the team.

No change in intended substance – editorial refinements to enhance implementability.

R390.1014 A professional accountant shall request the external expert to communicate any changes in facts or circumstances regarding the matters set out in paragraph R390.810 that might arise during the period covered by the audit or assurance report or the engagement period.

R390.1112 Where the client is not the entity at which the external expert is performing the work, the professional accountant shall also request the expert each of the external expert and the client to notify the accountant about any other to disclose, in relation to the period covered by the audit or assurance report and the engagement period, information about interests, relationships or circumstances of which they are aware between the expert, their immediate family or the expert's organization and the client:-

The expert and the client; and

~~The expert and the entity at which the expert is performing the work, if different from the client.~~

R390.11 was revised to focus only on the expert (rather than both the expert and the client) to take into account that at times, audit procedures might require that the use of an expert, i.e., for investigative or forensic purposes, should be kept confidential and not disclosed to the client.

As such, paragraph 390.11 A2 was added to clarify that unless there is such a circumstance, inquiring with the client is also a possible source of information about the matters contained in R390.11 and 390.11 A1.

390.11¹³ A1 Examples of interests, relationships or circumstances ~~between the external expert and the client~~ that might be included in the evaluation of the ~~external~~ expert's objectivity include, ~~in relation to the client or, if different, the entity at which the expert is performing the work:~~

- Any direct financial interest or material indirect financial interest in the client held by the expert, ~~or their immediate family, or the expert's organization.~~
- ~~Close family members or other close relationships of the expert who are in a position to exert significant influence over the preparation of the financial or non-financial information of the entity, or the records underlying such information.~~

The above bullet on "close family members or other close relationships of the expert" deleted as such relationships are also included in the subsequent bullet below.

- Any interests or relationships of the expert, their immediate family or the expert's organization with the client and those entities over which it has direct or indirect control.
- Any conflicts of interest the expert, their immediate family or the expert's organization might have with the client.

390.11 A2 Information about interests, relationships or circumstances between an external expert or their organization and the client might be obtained from inquiry of the client, if disclosure of the use of the expert to a client does not undermine the intended purpose of the professional accountant in using the work of the expert.

~~R390.13 When the professional accountant is notified of an interest, relationship or circumstance pursuant to paragraph R390.12, the accountant shall include it when identifying and evaluating threats to the external expert's objectivity.~~

Sept draft R390.13 deleted due to the introduction of 390.7 A1 upfront above.

All Professional Services

~~R390.15~~¹² If ~~the~~ professional accountant ~~concludes that the expert is not competent, capable or objective, the accountant~~ shall not use the external expert's work ~~if:-~~

- The accountant is unable to obtain the information needed for the accountant's evaluation of the expert's competence, capabilities or objectivity, and the expert's organization's objectivity; or
- The accountant determines that the expert is not competent, capable or objective, or their organization is not objective.

As explained above, Sept draft R390.15 has been relocated to R390.12 following the September IESBA feedback.

This revised location indicates that the paragraph serves as the PA's overall determination of whether the expert meets CCO. It comes after the additional factors for the evaluation of objectivity specific to an audit or other assurance engagement are set out in paragraphs R390.8 to R390.11.

The revised title (i.e., the removal of "concluding on using the work of an expert") indicates that it applies to "all professional services".

Note to the IESBA – The TF view is that there is no safeguard against using an expert who is not CCO. If the PA continues, or proceeds, to use an expert who is evaluated to not meet either C, C or O; then it would not be in compliance with the requirements of this proposed Section.

Potential Threats Arising from Using the Work of an External Expert

All Professional Services

R390.136 Where a professional accountant is using the work of an external expert, the accountant shall identify, evaluate, and address any threats to compliance with the fundamental principles.

Identifying Threats

390.147 A1 Examples of facts and circumstances that might create threats ~~for to~~ a professional accountant's compliance with the fundamental principles when using an external expert's work include:

(a) Self-interest threats

- A professional accountant has insufficient ~~expertise~~understanding of the expert's work to understand and explain the expert's conclusions and findings.
- A professional accountant has undue influence from, or undue reliance on, an expert or multiple experts when performing a professional service.
- A professional accountant has insufficient time or resources to evaluate the expert's work.

(b) Advocacy threats

- A professional accountant promotes the use of an expert who has known bias towards conclusions which are favorable to the client.

(~~bc~~) Familiarity threats

- A professional accountant has used the work of the same expert for a long period of time or in multiple professional services.

(~~ed~~) Intimidation threats

- A professional accountant feels pressure to defer to the expert's opinion due to the expert's perceived authority.

Evaluating Threats

390.158 A1 Factors that are relevant in evaluating the level of such threats include:

- The scope and purpose of the work of the external expert.

- The ~~materiality~~ impact of the subject matter of the expert's work on the professional accountant's engagement to the information being reported.
- The nature of the professional accountant's engagement in which the expert's work is intended to be used.
- ~~The degree of reliance by the professional accountant on the work of the expert.~~
- The professional accountant's oversight relating to the use of the expert and the expert's work.
- ~~Whether there are multiple experts involved.~~
- ~~The complexity and subjectivity of the expert work.~~
- ~~The source and reliability of the underlying data and other inputs used by the expert.~~
- The expert's ability to explain the inputs, assumptions, methodologies and conclusions of the expert's work.
- The reasonableness appropriateness of and transparency over the data, assumptions and other inputs and methods used by the expert ~~and whether the expert has mitigated any bias~~.
- The ~~reasonableness of the expert's findings or conclusions and the~~ accountant's ability to understand and explain the expert's work and its appropriateness for the intended purpose.
- Whether the work of the expert is subject to technical performance standards or other professional or industry generally accepted practices, or law or regulation.
- ~~Whether the work of the expert, such that the work,~~ if performed by two or more parties, is not likely to be materially different.
- The consistency of the expert's work, including the expert's conclusions or findings, with other information.
- The availability of ~~academic research or~~ other evidence including peer reviewed academic research to support the expert's approach.
- Whether there is pressure being exerted by the firm to accept the expert's conclusions or findings due to the time or cost spent by the expert in performing the work.

List of factors refined following September IESBA comments and TF further review:

- 2nd bullet (materiality) – used the term “impact” instead of “materiality” given that materiality could have several connotations especially in the space of sustainability. In terms of impact, the thinking is that the impact of an expert engagement might be especially relevant in NAS engagements, for example, where the purpose is to provide advice on the sale or purchase of an asset, and an expert is used for which purpose.
- 4th bullet (degree of reliance) – deleted as it duplicates 2nd bullet.
- 6th bullet (multiple experts) – deleted as addressed in “Other Matters” below.
- 7th bullet (complexity) – deleted as already included in upfront sections of the Code in applying the

conceptual framework, i.e., consideration of complexity is part of exercising professional judgment.

- 8th bullet (source and reliability of data) – deleted as it duplicates 10th bullet.
- 10th bullet (consideration of bias) – deleted from latter part of sentence, as it is already included in upfront sections of the Code in applying the conceptual framework, i.e., consideration of bias.
- 11th bullet (reasonableness of the expert's conclusions) – deleted as it is performance related.

Addressing Threats

390.2016 A1 An example of an action that might eliminate ~~a familiarity such~~ threats is identifying a different external expert to use.

390.2016 A2 Examples of actions that might be safeguards to address ~~such~~ threats include:

- Consulting with qualified personnel who have the necessary knowledge, skills, expertise and experience to evaluate the external expert's work, obtain additional input, or challenge the appropriateness of the expert's work for the intended purpose.
- Using another expert to reperform the expert's work. Obtaining a second opinion on the expert's work.
- Agreeing with the client additional time or resources to complete the engagement.

Deleted bullet on second opinion as it duplicates first bullet. Added 2nd and 3rd bullets as additional potential safeguards.

Note to the IESBA – These safeguards are not in relation to the evaluation of an expert's CCO. The safeguards set out in 390.16 A2 are in relation to threats that arise for the PA itself when using an expert, for example, as set out in 390.14 A1.

Other Matters

External Experts in Emerging Fields or Areas

390.178 A1 Expertise in emerging fields or areas might evolve depending on how laws, regulations and generally accepted practices develop. Emerging fields might also involve multiple areas of expertise. There might therefore be limited availability of external experts in emerging fields or areas.

390.178 A2 Information relating to Some of the factors relevant to evaluating the competence of an expert in paragraph 390.67 A5 might not be ~~available~~applicable if expertise in an emerging field or area ~~is nascent~~. For example, there might not be public recognition of the external expert, professional standards might not have been developed, or professional bodies might not have been established in the emerging field. In such circumstances, a factor that might assist the professional accountant in evaluating an expert's competence is the expert's experience in a similar field as the emerging field, or in an established field, that provides a reasonable basis for the expert's work in the emerging field.

Using the Work of Multiple External Experts

R390.189 When a professional accountant uses the work of more than one external expert in the performance of a professional service, the accountant shall consider whether, in addition to the

threats that might be created by using each expert individually, the combined effect of using the work of the experts might create or impact the level of threats.

~~390.19 A1 Factors that are relevant in evaluating the level of threats created by using the work of multiple experts include:~~

- ~~• How the combined effect of using multiple experts impacts the complexity of exercising professional judgment.~~
- ~~• Whether the combined work of the experts forms a material part of the information assessed or used for purposes of the engagement.~~

Upon reflection, the TF noted that R390.18's consideration of the "combined effect" of using multiple experts covers the factors set out in Sept draft 390.19 A1 already and thus deleted Sept draft 390.19 A1.

Inherent Limitations in Evaluating an External Expert's Competence, Capabilities or Objectivity

390.19 A1 Paragraph R113.3 sets out communication responsibilities for the professional accountant with respect to limitations inherent in the accountant's professional services. When using the work of an expert, such communication might be especially relevant when there is a lack of information to evaluate the expert's competence, capabilities or objectivity, and there is no available alternative to that expert.

Communicating with Management and Those Charged with Governance When Using the Work of an External Expert

390.20~~1~~ A1 The professional accountant is encouraged to communicate with management, and where appropriate, those charged with governance:

- The purpose of using an expert and the scope of the external expert's work.
- The respective roles and responsibilities of the accountant and the expert in the performance of the professional service.
- Any threats to the accountant's compliance with the fundamental principles created by using the work of the expert and how they have been addressed.

Documentation

390.21~~2~~ A1 The professional accountant is encouraged to document:

- The steps taken by the accountant to evaluate the external expert's competence, capabilities and objectivity, and the resulting conclusions.
- Any significant threats identified by the accountant in using the expert's work and the actions taken to address the threats.
- The results of any discussions with the expert.