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Mr. Willie Botha
Technical Director
International Auditing and Assurance Standards Board
529 5th Avenue
New York, NY 10017

GAO's Response to the International Auditing and Assurance Standards Board's April 2025 Exposure Draft, Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project

Dear Mr. Botha:

This letter provides GAO's comments on the International Auditing and Assurance Standards Board's (IAASB) *Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project*. GAO promulgates generally accepted government auditing standards, which provide professional standards for auditors of government entities in the United States.

We support the IAASB's efforts to address the International Ethics Standards Board for Accountants' (IESBA) ethical requirements when using the work of an external expert in IAASB standards. We believe that the IAASB should approach the additions consistently across the related standards. We disagree with the IAASB's decision to exclude International Standard on Sustainability Assurance (ISSA) 5000 from the scope of this project as we believe it would be in the public interest for ISSA 5000 to be consistent with the other IAASB standards when a practitioner uses the work of an external expert.

Finally, we encourage closer coordination between IESBA and the IAASB to ensure that efforts to improve ethical requirements do not inadvertently affect the performance of assurance engagements. Our responses to the IAASB's six questions are included in the enclosure to this letter.

Thank you for the opportunity to comment. If you have questions about this letter or would like to discuss any of our responses, please contact me at dalkinj@gao.gov.

Sincerely,

//SIGNED//

James R. Dalkin
Director
Financial Management and Assurance

Enclosure

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Responses to Questions on the IAASB Exposure Draft, Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project

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?

We believe, based upon the International Auditing and Assurance Standards Board's (IAASB) Public Interest Framework, the proposed narrow-scope amendments are generally in the public interest. We believe that edits are necessary, which are addressed in our responses to questions 2 and 3. Also, we believe that the exclusion of International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*, is not appropriate, notwithstanding the justification for this decision in the explanatory memorandum. We believe that similar language in ISSA 5000 would be in the public interest and would not create additional burden on practitioners. A practitioner performing an engagement in accordance with ISSA 5000 would also have to meet the International Ethics Standards Board for Accountants (IESBA) ethical standards. Further, by excluding ISSA 5000, the IAASB is creating unnecessary differences between the ISSA 5000 and other standards promulgated by the IAASB.

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)?

We do not agree that all of the proposed narrow-scope amendments to International Standard on Auditing (ISA) 620 are appropriate. We believe that some of the amendments to ISA 620 are unnecessary as they create redundancy in the standards. Specifically, paragraph A19A is not significantly different from the topics discussed in paragraph A14. We recommend integrating the first sentence of paragraph A19A into paragraph A14 to inform professional auditors that ethical requirements may prohibit the auditor from using the work of an auditor's expert. Further, we note that the first sentence references an auditor's expert in general, while the second sentence is specific to external experts. If paragraph A19A is retained, we recommend that the paragraph be split for clarity. In addition, we believe that proposed paragraph A31A is accurate but not necessary. We agree that the requirement in paragraph 12 presumes that the auditor has made the determination required by paragraph 9. However, paragraph 11 also presumes that the auditor has made the determination required by paragraph 9. Paragraphs 11 and 12 also presume that the auditor has obtained a sufficient understanding of the field of expertise of the auditor's expert, as required by paragraph 10. We do not believe that it is necessary for standards to provide application material that explains which requirements presume the completion of other requirements, and so we recommend deletion of paragraph A31A.

3. Do you agree 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: ISRE 2400 (Revised), ISAE 3000 (Revised), and 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)?

We believe that the amendments to the other standards are consistent with the changes to ISA 620. However, we are recommending changes to ISA 620, so we believe that making corresponding changes to the other standards are appropriate.

ISRE 2400 (Revised). For International Standards on Review Engagements (ISRE) 2400 (Revised), we believe proposed paragraph A97C should be deleted as it is substantially included in paragraph A97A. Further, its first sentence references practitioner's experts in general, while the example in the second sentence is specific to external experts. If the paragraph is retained, we recommend that the paragraph be split for clarity.

ISAE 3000 (Revised). For International Standard on Assurance Engagements (ISAE) 3000 (Revised), paragraph A128A discusses both a practitioner's expert and an external expert. We recommend that the paragraph be split for clarity.

ISRS 4400 (Revised). For International Standards on Related Services (ISRS) 4400 (Revised), paragraph A47A discusses both a practitioner's expert and an external expert. We recommend that the paragraph be split for clarity.

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.

We have raised all our matters in the preceding responses to this exposure draft.

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.

We do not have any comments related to the translation of these amendments.

6. Effective Date—Given the public interest benefit of aligning the effective date of these proposed narrow-scope amendments with the effective date of this 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 above). The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the narrow-scope amendments.

We support the IAASB's alignment of the effective date with the related IESBA's Code revisions related to using the work of an external expert.