

Using the Work of an External Expert

Key Impacts

Overview

Revisions to the Code Addressing Using the Work of an External Expert

The new and revised provisions in this pronouncement establish an ethical framework to guide professional accountants (PAs) and sustainability assurance practitioners (SAPs) in evaluating an external expert's competency, capabilities, and objectivity (CCO) if they intend to use the work of that external expert in an audit, review or other assurance engagement. This framework provides a consistent basis for PAs and SAPs to maintain ethical conduct when using the work of an external expert, thereby enhancing stakeholder confidence given their heightened expectations regarding the objectivity of an external expert in an audit or other assurance engagement.

Effective date

Chapter A of HKICPA Code	
Part 2 and Part 3	<p>The provisions will be effective for:</p> <ul style="list-style-type: none"> Audit engagements, review engagements, and other assurance engagements outside the scope of Part 5 for periods beginning on or after 15 December 2026, or as at a specific date on or after 15 December 2026. Other professional services as of 15 December 2026.
Part 5	<p>The provisions in Part 5 will be effective for sustainability assurance engagements on sustainability information for periods beginning on or after 15 December 2026, or as at a specific date on or after 15 December 2026.</p>
Early adoption is permitted and encouraged.	

How major local stakeholders' comments are addressed

Transitional provision

Stakeholders' comments

Stakeholders commented that the availability of sustainability experts is limited which poses a challenge in implementing the proposed provisions. Stakeholders requested that the IESBA develop transitional provision for CCO evaluation to facilitate a smooth transition and mitigate any immediate challenges arising from the scarcity of sustainability experts.

Final pronouncement

The IESBA noted that having the necessary CCO underpins public trust and confidence when someone relies on the work of an external expert. As such, the IESBA confirmed the original proposals as creating a transitional provision allowing the use of an external expert without the necessary CCO to accommodate emerging fields or areas would be contrary to the public interest.



Implications

Hong Kong prioritizes developing the skills of the next generation of Environment, Governance and Social (ESG) professionals to support a low-carbon and sustainable economy. This commitment is demonstrated through several initiatives, including but not limited to:

- Experienced ESG professionals (other than financial professionals) are included in the [Talent List](#) of the Government of Hong Kong (HKSARG) to attract talents from all over the world.
- Pilot Green and Sustainable Finance Capacity Building Support Scheme to support talent development in green and sustainable finance by providing subsidies for the training and acquisition of relevant professional qualifications.
- The Institute has a holistic capacity building (CB) program encompassing sustainability reporting, sustainability assurance, and sustainability ethics. This CB program is designed to raise awareness and equip practitioners with the necessary knowledge and skills to navigate the rapidly evolving sustainability landscape effectively.

Addressing the gap in ISA 620¹

Stakeholders' comments

Stakeholders recommended the IESBA coordinate with the IAASB to consider the impact of the proposed requirement that prohibits practitioners from using an external expert's work if the external expert does not pass the CCO evaluation, noting that ISA 620 has a similar requirement but does not explicitly prohibit auditors from relying on the expert's work in such cases.

Final pronouncement

The IESBA acknowledged that the proposed "prohibition" could be seen as encroaching on the remit of ISA 620. To address this concern, it introduced new application material in the Code, clarifying that if a PA uses the work of an external expert who fails the CCO evaluation, this creates threats to the PA's compliance with the fundamental principles of integrity, objectivity and professional competence and due care. These threats cannot be eliminated or reduced to an acceptable level by the application of safeguards. Therefore, the prohibition is intended to address an ethical issue related to the PA's compliance with the Code, and does not encroach on the remit of ISA 620.

In addition, the IAASB has included a project in its [Strategy and Work Plan for 2024-2027](#) to consider narrow-scope amendments to ISA 620 and other relevant standards arising from this IESBA project on using the work of an external expert. In April 2025, the IAASB issued a [public consultation](#) regarding these narrow-scope amendments to ISA 620 with a closing date in June 2025. The IAASB expects that the final pronouncement will be approved in September 2025.

Implications

Practitioners should proactively evaluate the CCO of external experts currently involved in existing engagements before the requirement becomes effective in December 2026. Doing so will allow sufficient time to identify qualified external experts should the current experts fail to meet the CCO criteria and to develop resources, such as developing or refining the firm's guidelines for CCO evaluation.

¹ ISA 620, *Using the Work of an Auditor's Expert* as issued by the IAASB.



Clarity on CCO Evaluation Requirement

Stakeholders' comments

Stakeholders suggested the IESBA to provide clarity on whether the same requirements for CCO evaluation apply to both reasonable and limited assurance engagements.

Final pronouncement

The IESBA clarified that the provisions in the final pronouncement:

- Cover the use of external experts in all contexts – audit, review and other assurance (including sustainability assurance i.e. reasonable and limited) engagements, non-assurance services, as well as for professional accountants in business.
- Have been appropriately calibrated to achieve proportionality, distinguishing the provisions applicable to audit and review clients that are public interest entities (PIEs) from those applicable to non-PIEs, as well as the nature of the engagement (i.e., assurance vs non-assurance).

Implications

If the practitioner has decided to use an external expert for an engagement, the practitioner should evaluate whether the external expert possesses the necessary CCO, in accordance with the revised provisions, for the practitioner's intended purpose – regardless of whether the engagement is an audit, review or other types of assurance engagements (reasonable or limited).