



30 January 2024

**To: Members of the Hong Kong Institute of CPAs
All other interested parties**

**INVITATION TO COMMENT ON INTERNATIONAL ETHICS STANDARDS BOARD FOR
ACCOUNTANTS (IESBA) EXPOSURE DRAFT**

USING THE WORK OF AN EXTERNAL EXPERT

Comments to be received by 30 March 2024

The Hong Kong Institute of Certified Public Accountants' (Institute) Ethics Committee is seeking comments on the IESBA's Exposure Draft (ED) on *Using the Work of an External Expert*.

Using the work of an external expert might create threats to a professional accountant's (PA) or sustainability assurance practitioner's (SAP) compliance with the fundamental principles, particularly the principles of integrity, objectivity and professional competence and due care. This is because there might be potential over-reliance on the external expert's work by the PA or SAP, and hence threats to a PA's or SAP's compliance with the fundamental principles might be created if the external expert and its work are not appropriately evaluated.

The proposed new sections 390, 290 and 5390,¹ establish an ethical framework to guide PAs in public practice (PAPPs) and in business (PAIBs), and SAPs, respectively, in evaluating whether an external expert has the necessary competence, capabilities and objectivity (CCO) for the PA or SAP to use the expert's work for the intended purposes. In particular, if the PA or SAP deems that the external expert is not competent, capable or objective, the Code would prohibit the PA or SAP from using the external expert's work.

The proposals also include provisions to guide a PA or SAP in applying the IESBA Code's conceptual framework when using the work of an external expert which have been developed on a principles-based approach so that the IESBA Code can remain relevant and fit for purpose as business and market practice evolve, particularly regarding the use of external experts in emerging or developing fields as well as in the context of ongoing rapid transformations in technology.

The proposals are set out in three new and different sections of the IESBA Code, given that there are differences in considerations and risks related to using an external expert for PAPPs, PAIBs and SAPs.

The ED should be read along with the Explanatory Memorandum (EM) that accompanies it which have been posted on the Institute's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/Code-of-Ethics>

Questions for respondents have been included in Section XI "Guide for Respondents" of the ED to solicit specific feedback on the proposals in this ED.

¹ For SAPs performing sustainability assurance engagements that meet specific criteria, see [Exposure Draft Proposed International Ethics Standards for Sustainability Assurance \(including International Independence Standards\) \(IESSA\) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting](#).



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

In accordance with the Institute's due process, comments are invited from any interested party and the Institute would like to hear from both those who do agree and those who do not agree with the contents of the ED.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the ED to be considered, comments are requested by the due date shown above.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37/F., Wu Chung House
213 Queen's Road East
Hong Kong

Fax number (+852) 2865 6603

E-mail: commentletters@hki CPA.org.hk

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.