



Chamber of Financial Auditors
of Romania

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CFAR Response to the IESBA's Exposure Draft *Using the Work of an External Expert*

As a professional organization, CFAR is responsible for monitoring the quality of the audit activity (except the statutory audits) performed by its members, financial auditors, as it is provided by Romanian Law.

*Considering the IESBA's **Exposure Draft Using the Work of an External Expert** in the context of Sustainability assurance, we would like to outline a few aspects:*

- 1. It is important for auditors to be able to rely on the provisions of the Code for guidance in assessing the competence, capabilities, and objectivity of an expert's work used for audit or sustainability assurance engagements.*
- 2. On the other hand, external experts are needed on many such assurance engagements, and often more so on the audits of SMEs conducted by SMPs where there may be less in-house expertise to draw on in specialist areas.*
- 3. Regarding the Exposure Draft, we do consider to take into account some aspects to be clarified, as a technical support, at least:*

- **The glossary concerning the proposed new and revised definitions:** from our point of view, it is necessary to **ensure the consistency in terms' definition** between the IESBA and IAASB i.e. term "**expertise**" defined in ISA 620, or term "**expert**" defined in the context of the assurance providers competence against the understandability that it is used when the assurance practitioner has insufficient expertise (defined as knowledge and skills). Also, the definition of **external expert**: in terms of consistency with IAASB- ISSA 5000 uses the term 'external experts' in numerous places but provides no definition within that standard. We consider necessary for the term of external expert to be defined within the IESBA Code or the standard on sustainability as auditors will expect those experts to comply with the provisions of these standards.

- **Evaluation of the external expert's competence for Audit Engagements:** in our understanding, using an external expert should support both the report on sustainability quality and increasing public interest; in the Audit Engagements the financial auditor has the

responsibility to use an external expert with appropriate skills and expertise. Such circumstances **need to be clarified** from the view of conforming the external expert work with quality requirements applied by the financial auditor / audit firm.

The questions raised are:

- *Who should evaluate and ensure the external expert competence?*
- *Should the external expert comply with the IESBA Revised Code of Ethics for professional accountants ??*
- *Should the External Expert work be evaluated under ISQM?*

From our professional body's perspective, the competence to evaluate and ensure the external expert has the necessary skills should ideally rest with individuals or entities possessing relevant expertise and authority within the auditing profession. Primary responsibility for evaluating and ensuring the competence of external experts typically falls on financial auditors themselves. Financial auditors should have the necessary skills, knowledge, and experience to assess the qualifications, experience, and capabilities of external experts in relation to the specific needs of the audit engagement.

- Compliance for Small- and Medium-sized Entities (SMEs) and Small and Medium Practices (SMPs) :

The Code should include general provisions for using the work of external expert but the focus should be in guidance for SMPs in the process of conducting due diligence on potential external experts, establishing clear contractual agreements outlining expectations and responsibilities, and implementing appropriate monitoring and oversight mechanisms throughout the engagement.

We hope our answer will be of support and we stand open for any necessary clarifications. .

Best regards,

General Secretary,

Daniela ȘTEFĂNUȚ
