

ISSAI 1620

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Directriz de auditoría financiera

Utilización del trabajo de un experto

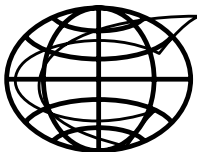
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La presente directriz de auditoría financiera se basa en la Norma Internacional de Auditoría (NIA) 620 "Utilización del trabajo de un experto", formulada por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (International Audit and Assurance Standards Board/IAASB) y publicada por la Federación Internacional de Contadores (International Federation of Accountants/IFAC). La NIA se ha incluido en la presente directriz con permiso de la IFAC.

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Nota de Práctica¹ a la Norma Internacional de Auditoría (NIA) 620

Utilización del trabajo de un experto

Fundamentos

Esta Nota de Práctica proporciona orientaciones adicionales sobre la NIA 620, “Utilización del trabajo de un experto”, y debe leerse conjuntamente con ella. La NIA 620 entra en vigor para las auditorías de estados financieros correspondientes a los períodos que comiencen a partir de 15 de diciembre de 2009. Esta Nota de Práctica será efectiva en la misma fecha que la NIA.

Introducción a la NIA

La NIA 620 establece las obligaciones del auditor cuando utiliza el trabajo de un individuo o una organización en un ámbito de especialización distinto a la auditoría o a la contabilidad como ayuda para obtener evidencia de auditoría suficiente y apropiada.

La NIA 620 no aborda lo siguiente:

- a) Situaciones en las que el equipo auditor incluye a un miembro, o consulta a un individuo o a una organización especializados en un ámbito concreto de la contabilidad o la auditoría, que se tratan en la NIA 220.
- b) La utilización por el auditor del trabajo de un individuo o una organización especializados en un ámbito distinto de la contabilidad o la auditoría, cuando dicho trabajo en dicho ámbito sea utilizado por la entidad como ayuda para preparar los estados financieros (un experto de la dirección), aspecto que se trata en la NIA 500.

Contenido de la Nota de Práctica

- P1. La Nota de Práctica proporciona orientaciones adicionales para los auditores del sector público en relación con los aspectos siguientes:
- a) Consideraciones generales.
 - b) Determinación de la necesidad de recurrir a un experto.
 - c) Competencia, capacidad y objetividad del experto.
 - d) Acuerdo con el experto.

Aplicabilidad de la NIA en la auditoría del sector público

- P2. La NIA 620 es aplicable a los auditores de las entidades del sector público en el desempeño de su función de auditores de los estados financieros.

¹ Todas las Notas de Práctica habrán de leerse conjuntamente con la ISSAI 1000 “Introducción general a las directrices de auditoría financiera de la INTOSAI”.

Orientaciones adicionales sobre cuestiones ligadas al sector público

Consideraciones generales

- P3. En una auditoría financiera en el sector público los objetivos suelen ir más allá de la emisión de una opinión sobre si los estados financieros han sido elaborados, en todos sus aspectos significativos, de acuerdo con el marco de información financiera aplicable (es decir, el alcance de las NIA). El mandato de auditoría o las obligaciones para las entidades del sector público derivadas de leyes, reglamentos, órdenes ministeriales, exigencias de política pública o resoluciones del poder legislativo pueden suponer objetivos adicionales, entre ellos aplicar procedimientos e informar sobre casos de falta de conformidad con las normas o sobre la eficacia del control interno. Sin embargo, aun no existiendo objetivos adicionales, los ciudadanos pueden tener expectativas en este sentido. Cabe citar como ejemplo de ello la falta de conformidad con la legislación o con el mandato o el presupuesto aprobados, el incumplimiento de las disposiciones contractuales o de los acuerdos de subvención, los gastos no autorizados o inapropiados, cuestiones de interés parlamentario o mediático, o cuestiones relativas a fraudes, corrupción, abuso o despilfarro. Así pues, los auditores del sector público pueden plantearse recurrir al trabajo de un experto a la luz de estas obligaciones adicionales.

Determinación de la necesidad de recurrir a un experto

- P4. Al determinar la necesidad de recurrir a un experto como se indica en el párrafo 9 de la NIA, los auditores del sector público tendrán en cuenta que, según las leyes, la reglamentación o el mandato, las auditorías financieras pueden incluir obligaciones adicionales con respecto al fraude, por lo que pueden verse en la necesidad, en tales casos, de recurrir al trabajo de expertos de la policía o de la oficina de lucha contra la corrupción. En determinados entornos del sector público, como un Tribunal de Cuentas con funciones jurisdiccionales, el fallo puede basarse en evidencia aportada por expertos que pasa a ser jurídicamente vinculante y obliga al responsable del fraude o de la corrupción a pagar multas y deudas. El ministerio fiscal puede emprender acciones legales contra dicho responsable, así como embargar bienes para pagar la deuda.

Competencia, capacidad y objetividad del experto

- P5. La cuestión de la independencia reviste una importancia crucial en el sector público y puede incluir exigencias legislativas o de política pública que deben respetar tanto los expertos como los auditores del sector público. Éstos últimos pueden adoptar los procedimientos recomendados en el párrafo A20 de la NIA, relativos a la evaluación de la objetividad, para valorar la independencia del experto. Por otra parte, al considerar la independencia, los auditores del sector público también pueden plantearse evaluar la neutralidad política del experto, tanto real como percibida. Entre las actividades que podrían poner en cuestión dicha neutralidad cabría mencionar la candidatura a un cargo político o la ocupación del mismo, así como la participación en actos patrocinados por asociaciones políticas, grupos de presión u organizaciones de afiliación política. Estos factores han de tenerse en cuenta en el contexto del grado de participación del experto y su posible beneficio personal o parcialidad.

Acuerdo con el experto

- P6. El subapartado 140.1, parte A, del Código de ética profesional de IFAC para contadores públicos exige a los auditores observar el principio de confidencialidad en todo momento, salvo que se haya concedido la facultad específica de revelar determinada información, o exista un derecho u obligación legal o profesional para hacerlo. Una diferencia fundamental entre el sector privado y el público es que en éste pueden existir exigencias jurídicas específicas en materia de confidencialidad, por una parte, y derecho de acceso a terceros, por otra. En el sector público existe una continua necesidad de equilibrar la confidencialidad con la exigencia de transparencia y rendición de cuentas. Al plantearse cuestiones de confidencialidad, como se indica en el subpárrafo 11 d) de la NIA, los auditores del sector público tendrán en cuenta cualquier legislación que otorgue acceso público al trabajo de un experto utilizado en una auditoría del sector público.
- P7. No es inusual en el sector público tratar con solicitudes de órganos reguladores externos, policía, ministerio fiscal o jueces para acceder al trabajo de un experto. Los auditores informarán al experto de que su evidencia o su informe pueden ser solicitados por instancias no pertenecientes a la organización del sector público y utilizarse en otros procesos o investigaciones.
- P8. Por otra parte, el experto que trabaja para el sector público puede tener obligaciones adicionales en materia de confidencialidad que estén basadas en el mandato de la entidad fiscalizadora superior o en leyes relativas a secretos oficiales o actos privados. Esta legislación puede referirse, por ejemplo, a auditorías de organismos de defensa, sanidad, servicios sociales o tributarios. Los auditores del sector público probablemente necesitarán familiarizarse con cualquier exigencia particular en materia de confidencialidad a la que esté sujeto el experto y pueden pedir a éste que firme un acuerdo de confidencialidad.
- P9. El equilibrio entre confidencialidad y transparencia exige que los auditores del sector público ejerzan su juicio profesional para garantizar que el trabajo de un experto de naturaleza confidencial se identifique claramente y se trate como tal, concediendo al mismo tiempo el acceso que sea oportuno. Los auditores del sector público deben tener en cuenta las políticas y procedimientos claramente definidos y establecidos por la organización auditora al tratar estas situaciones.

International Standard on Auditing

Using the Work of an Auditor's Expert



**International Federation
of Accountants**

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This International Standard on Auditing (ISA) 620, “Using the Work of an Auditor’s Expert” was prepared by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting body within the International Federation of Accountants (IFAC). The objective of the IAASB is to serve the public interest by setting high quality auditing and assurance standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

This publication may be downloaded free of charge from the IFAC website: <http://www.ifac.org>. The approved text is published in the English language.

The mission of IFAC is to serve the public interest, strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession’s expertise is most relevant.

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ISBN: 978-1-60815-24-3

INTERNATIONAL STANDARD ON AUDITING 620 USING THE WORK OF AN AUDITOR'S EXPERT

(Effective for audits of financial statements for periods
beginning on or after December 15, 2009)

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International Standard on Auditing (ISA) 620, “Using the Work of an Auditor’s Expert” should be read in conjunction with ISA 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing.”

Introduction

Scope of this ISA

1. This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to the work of an individual or organization in a field of expertise other than accounting or auditing, when that work is used to assist the auditor in obtaining sufficient appropriate audit evidence.
2. This ISA does not deal with:
 - (a) Situations where the engagement team includes a member, or consults an individual or organization, with expertise in a specialized area of accounting or auditing, which are dealt with in ISA 220;¹ or
 - (b) The auditor's use of the work of an individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements (a management's expert), which is dealt with in ISA 500.²

The Auditor's Responsibility for the Audit Opinion

3. The auditor has sole responsibility for the audit opinion expressed, and that responsibility is not reduced by the auditor's use of the work of an auditor's expert. Nonetheless, if the auditor using the work of an auditor's expert, having followed this ISA, concludes that the work of that expert is adequate for the auditor's purposes, the auditor may accept that expert's findings or conclusions in the expert's field as appropriate audit evidence.

Effective Date

4. This ISA is effective for audits of financial statements for periods beginning on or after December 15, 2009.

Objectives

5. The objectives of the auditor are:
 - (a) To determine whether to use the work of an auditor's expert; and
 - (b) If using the work of an auditor's expert, to determine whether that work is adequate for the auditor's purposes.

¹ ISA 220, "Quality Control for an Audit of Financial Statements," paragraphs A10, A20-A22.

² ISA 500, "Audit Evidence," paragraphs A34-A48.

Definitions

6. For purposes of the ISAs, the following terms have the meanings attributed below:
 - (a) Auditor's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner³ or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert. (Ref: Para. A1-A3)
 - (b) Expertise – Skills, knowledge and experience in a particular field.
 - (c) Management's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements.

Requirements

Determining the Need for an Auditor's Expert

7. If expertise in a field other than accounting or auditing is necessary to obtain sufficient appropriate audit evidence, the auditor shall determine whether to use the work of an auditor's expert. (Ref: Para. A4-A9)

Nature, Timing and Extent of Audit Procedures

8. The nature, timing and extent of the auditor's procedures with respect to the requirements in paragraphs 9-13 of this ISA will vary depending on the circumstances. In determining the nature, timing and extent of those procedures, the auditor shall consider matters including: (Ref: Para. A10)
 - (a) The nature of the matter to which that expert's work relates;
 - (b) The risks of material misstatement in the matter to which that expert's work relates;
 - (c) The significance of that expert's work in the context of the audit;
 - (d) The auditor's knowledge of and experience with previous work performed by that expert; and
 - (e) Whether that expert is subject to the auditor's firm's quality control policies and procedures. (Ref: Para. A11-A13)

³ "Partner" and "firm" should be read as referring to their public sector equivalents where relevant.

The Competence, Capabilities and Objectivity of the Auditor's Expert

9. The auditor shall evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. In the case of an auditor's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity. (Ref: Para. A14-A20)

Obtaining an Understanding of the Field of Expertise of the Auditor's Expert

10. The auditor shall obtain a sufficient understanding of the field of expertise of the auditor's expert to enable the auditor to: (Ref: Para. A21-A22)
 - (a) Determine the nature, scope and objectives of that expert's work for the auditor's purposes; and
 - (b) Evaluate the adequacy of that work for the auditor's purposes.

Agreement with the Auditor's Expert

11. The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert: (Ref: Para. A23-A26)
 - (a) The nature, scope and objectives of that expert's work; (Ref: Para. A27)
 - (b) The respective roles and responsibilities of the auditor and that expert; (Ref: Para. A28-A29)
 - (c) The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert; and (Ref: Para. A30)
 - (d) The need for the auditor's expert to observe confidentiality requirements. (Ref: Para. A31)

Evaluating the Adequacy of the Auditor's Expert's Work

12. The auditor shall evaluate the adequacy of the auditor's expert's work for the auditor's purposes, including: (Ref: Para. A32)
 - (a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other audit evidence; (Ref: Para. A33-A34)
 - (b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and (Ref: Para. A35-A37)
 - (c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data. (Ref: Para. A38-A39)

13. If the auditor determines that the work of the auditor's expert is not adequate for the auditor's purposes, the auditor shall: (Ref: Para. A40)
 - (a) Agree with that expert on the nature and extent of further work to be performed by that expert; or
 - (b) Perform additional audit procedures appropriate to the circumstances.

Reference to the Auditor's Expert in the Auditor's Report

14. The auditor shall not refer to the work of an auditor's expert in an auditor's report containing an unmodified opinion unless required by law or regulation to do so. If such reference is required by law or regulation, the auditor shall indicate in the auditor's report that the reference does not reduce the auditor's responsibility for the auditor's opinion. (Ref: Para. A41)
15. If the auditor makes reference to the work of an auditor's expert in the auditor's report because such reference is relevant to an understanding of a modification to the auditor's opinion, the auditor shall indicate in the auditor's report that such reference does not reduce the auditor's responsibility for that opinion. (Ref: Para. A42)

Application and Other Explanatory Material

Definition of an Auditor's Expert (Ref: Para. 6(a))

- A1. Expertise in a field other than accounting or auditing may include expertise in relation to such matters as:
 - The valuation of 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 actuarial calculation of liabilities associated with insurance contracts or employee benefit plans.
 - The estimation of oil and gas reserves.
 - The valuation of environmental liabilities, and site clean-up costs.
 - The interpretation of contracts, laws and regulations.
 - The analysis of complex or unusual tax compliance issues.
- A2. In many cases, distinguishing between expertise in accounting or auditing, and expertise in another field, will be straightforward, even where this involves a specialized area of accounting or auditing. For example, an individual with expertise in applying methods of accounting for deferred income tax can often

be easily distinguished from an expert in taxation law. The former is not an expert for the purposes of this ISA as this constitutes accounting expertise; the latter is an expert for the purposes of this ISA as this constitutes legal expertise. Similar distinctions may also be able to be made in other areas, for example, between expertise in methods of accounting for financial instruments, and expertise in complex modeling for the purpose of valuing financial instruments. In some cases, however, particularly those involving an emerging area of accounting or auditing expertise, distinguishing between specialized areas of accounting or auditing, and expertise in another field, will be a matter of professional judgment. Applicable professional rules and standards regarding education and competency requirements for accountants and auditors may assist the auditor in exercising that judgment.⁴

- A3. It is necessary to apply judgment when considering how the requirements of this ISA are affected by the fact that an auditor's expert may be either an individual or an organization. For example, when evaluating the competence, capabilities and objectivity of an auditor's expert, it may be that the expert is an organization the auditor has previously used, but the auditor has no prior experience of the individual expert assigned by the organization for the particular engagement; or it may be the reverse, that is, the auditor may be familiar with the work of an individual expert but not with the organization that expert has joined. In either case, both the personal attributes of the individual and the managerial attributes of the organization (such as systems of quality control the organization implements) may be relevant to the auditor's evaluation.

Determining the Need for an Auditor's Expert (Ref: Para. 7)

- A4. An auditor's expert may be needed to assist the auditor in one or more of the following:
- Obtaining an understanding of the entity and its environment, including its internal control.
 - Identifying and assessing the risks of material misstatement.
 - Determining and implementing overall responses to assessed risks at the financial statement level.
 - Designing and performing further audit procedures to respond to assessed risks at the assertion level, comprising tests of controls or substantive procedures.
 - Evaluating the sufficiency and appropriateness of audit evidence obtained in forming an opinion on the financial statements.

⁴ For example, International Education Standard 8, "Competence Requirements for Audit Professionals" may be of assistance.

- A5. The risks of material misstatement may increase when expertise in a field other than accounting is needed for management to prepare the financial statements, for example, because this may indicate some complexity, or because management may not possess knowledge of the field of expertise. If in preparing the financial statements management does not possess the necessary expertise, a management's expert may be used in addressing those risks. Relevant controls, including controls that relate to the work of a management's expert, if any, may also reduce the risks of material misstatement.
- A6. If the preparation of the financial statements involves the use of expertise in a field other than accounting, the auditor, who is skilled in accounting and auditing, may not possess the necessary expertise to audit those financial statements. The engagement partner is required to be satisfied that the engagement team, and any auditor's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to perform the audit engagement.⁵ Further, the auditor is required to ascertain the nature, timing and extent of resources necessary to perform the engagement.⁶ The auditor's determination of whether to use the work of an auditor's expert, and if so when and to what extent, assists the auditor in meeting these requirements. As the audit progresses, or as circumstances change, the auditor may need to revise earlier decisions about using the work of an auditor's expert.
- A7. An auditor who is not an expert in a relevant field other than accounting or auditing may nevertheless be able to obtain a sufficient understanding of that field to perform the audit without an auditor's expert. This understanding may be obtained through, for example:
- Experience in auditing entities that require such expertise in the preparation of their financial statements.
 - Education or professional development in the particular field. This may include formal courses, or discussion with individuals possessing expertise in the relevant field for the purpose of enhancing the auditor's own capacity to deal with matters in that field. Such discussion differs from consultation with an auditor's expert regarding a specific set of circumstances encountered on the engagement where that expert is given all the relevant facts that will enable the expert to provide informed advice about the particular matter.⁷
 - Discussion with auditors who have performed similar engagements.

⁵ ISA 220, paragraph 14.

⁶ ISA 300, "Planning an Audit of Financial Statements," paragraph 8(e).

⁷ ISA 220, paragraph A21.

A8. In other cases, however, the auditor may determine that it is necessary, or may choose, to use an auditor's expert to assist in obtaining sufficient appropriate audit evidence. Considerations when deciding whether to use an auditor's expert may include:

- Whether management has used a management's expert in preparing the financial statements (see paragraph A9).
- The nature and significance of the matter, including its complexity.
- The risks of material misstatement in the matter.
- The expected nature of procedures to respond to identified risks, including: the auditor's knowledge of and experience with the work of experts in relation to such matters; and the availability of alternative sources of audit evidence.

A9. When management has used a management's expert in preparing the financial statements, the auditor's decision on whether to use an auditor's expert may also be influenced by such factors as:

- The nature, scope and objectives of the management's expert's work.
- Whether the management's expert is employed by the entity, or is a party engaged by it to provide relevant services.
- The extent to which management can exercise control or influence over the work of the management's expert.
- The management's expert's competence and capabilities.
- Whether the management's expert is subject to technical performance standards or other professional or industry requirements
- Any controls within the entity over the management's expert's work.

ISA 500⁸ includes requirements and guidance regarding the effect of the competence, capabilities and objectivity of management's experts on the reliability of audit evidence.

Nature, Timing and Extent of Audit Procedures (Ref: Para. 8)

A10. The nature, timing and extent of audit procedures with respect to the requirements in paragraphs 9-13 of this ISA will vary depending on the circumstances. For example, the following factors may suggest the need for different or more extensive procedures than would otherwise be the case:

- The work of the auditor's expert relates to a significant matter that involves subjective and complex judgments.

⁸ ISA 500, paragraph 8.

- The auditor has not previously used the work of the auditor's expert, and has no prior knowledge of that expert's competence, capabilities and objectivity.
- The auditor's expert is performing procedures that are integral to the audit, rather than being consulted to provide advice on an individual matter.
- The expert is an auditor's external expert and is not, therefore, subject to the firm's quality control policies and procedures.

The Auditor's Firm's Quality Control Policies and Procedures (Ref: Para. 8(e))

- A11. An auditor's internal expert may be a partner or staff, including temporary staff, of the auditor's firm, and therefore subject to the quality control policies and procedures of that firm in accordance with ISQC 1⁹ or national requirements that are at least as demanding.¹⁰ Alternatively, an auditor's internal expert may be a partner or staff, including temporary staff, of a network firm, which may share common quality control policies and procedures with the auditor's firm.
- A12. An auditor's external expert is not a member of the engagement team and is not subject to quality control policies and procedures in accordance with ISQC 1.¹¹ In some jurisdictions, however, law or regulation may require that an auditor's external expert be treated as a member of the engagement team, and may therefore be subject to relevant ethical requirements, including those pertaining to independence, and other professional requirements, as determined by that law or regulation.
- A13. Engagement teams are entitled to rely on the firm's system of quality control, unless information provided by the firm or other parties suggests otherwise.¹² The extent of that reliance will vary with the circumstances, and may affect the nature, timing and extent of the auditor's procedures with respect to such matters as:
- Competence and capabilities, through recruitment and training programs.
 - Objectivity. Auditor's internal experts are subject to relevant ethical requirements, including those pertaining to independence.
 - The auditor's evaluation of the adequacy of the auditor's expert's work.

⁹ ISQC 1, "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements," paragraph 12(f).

¹⁰ ISA 220, paragraph 2.

¹¹ ISQC 1, paragraph 12(f).

¹² ISA 220, paragraph 4.

For example, the firm's training programs may provide auditor's internal experts with an appropriate understanding of the interrelationship of their expertise with the audit process. Reliance on such training and other firm processes, such as protocols for scoping the work of auditor's internal experts, may affect the nature, timing and extent of the auditor's procedures to evaluate the adequacy of the auditor's expert's work.

- Adherence to regulatory and legal requirements, through monitoring processes.
- Agreement with the auditor's expert.

Such reliance does not reduce the auditor's responsibility to meet the requirements of this ISA.

The Competence, Capabilities and Objectivity of the Auditor's Expert (Ref: Para. 9)

- A14. The competence, capabilities and objectivity of an auditor's expert are factors that significantly affect whether the work of the auditor's expert will be adequate for the auditor's purposes. Competence relates to the nature and level of expertise of the auditor's expert. Capability relates to the ability of the auditor's expert to exercise that competence in the circumstances of the engagement. Factors that influence capability may include, for example, geographic location, and the availability of time and resources. Objectivity relates to the possible effects that bias, conflict of interest, or the influence of others may have on the professional or business judgment of the auditor's expert.
- A15. Information regarding the competence, capabilities and objectivity of an auditor's expert may come from a variety of sources, such as:
- Personal experience with previous work of that expert.
 - Discussions with that expert.
 - Discussions with other auditors or others who are familiar with that expert's work.
 - Knowledge of that expert's qualifications, membership of a professional body or industry association, license to practice, or other forms of external recognition.
 - Published papers or books written by that expert.
 - The auditor's firm's quality control policies and procedures (see paragraphs A11-A13).
- A16. Matters relevant to evaluating the competence, capabilities and objectivity of the auditor's expert include whether that expert's work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a

professional body or industry association, accreditation standards of a licensing body, or requirements imposed by law or regulation.

A17. Other matters that may be relevant include:

- The relevance of the auditor's expert's competence to the matter for which that expert's work will be used, including any areas of specialty within that expert's field. For example, a particular actuary may specialize in property and casualty insurance, but have limited expertise regarding pension calculations.
- The auditor's expert's competence with respect to relevant accounting and auditing requirements, for example, knowledge of assumptions and methods, including models where applicable, that are consistent with the applicable financial reporting framework.
- Whether unexpected events, changes in conditions, or the audit evidence obtained from the results of audit procedures indicate that it may be necessary to reconsider the initial evaluation of the competence, capabilities and objectivity of the auditor's expert as the audit progresses.

A18. A broad range of circumstances may threaten objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats, and intimidation threats. Safeguards may eliminate or reduce such threats, and may be created by external structures (for example, the auditor's expert's profession, legislation or regulation), or by the auditor's expert's work environment (for example, quality control policies and procedures). There may also be safeguards specific to the audit engagement.

A19. The evaluation of the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the auditor's expert and the significance of the expert's work in the context of the audit. There may be some circumstances in which safeguards cannot reduce threats to an acceptable level, for example, if a proposed auditor's expert is an individual who has played a significant role in preparing the information that is being audited, that is, if the auditor's expert is a management's expert.

A20. When evaluating the objectivity of an auditor's external expert, it may be relevant to:

- (a) Inquire of the entity about any known interests or relationships that the entity has with the auditor's external expert that may affect that expert's objectivity.
- (b) Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert; and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the auditor's expert include:

- Financial interests.
- Business and personal relationships.
- Provision of other services by the expert, including by the organization in the case of an external expert that is an organization.

In some cases, it may also be appropriate for the auditor to obtain a written representation from the auditor's external expert about any interests or relationships with the entity of which that expert is aware.

Obtaining an Understanding of the Field of Expertise of the Auditor's Expert

(Ref: Para. 10)

- A21. The auditor may obtain an understanding of the auditor's expert's field of expertise through the means described in paragraph A7, or through discussion with that expert.
- A22. Aspects of the auditor's expert's field relevant to the auditor's understanding may include:
- Whether that expert's field has areas of specialty within it that are relevant to the audit (see paragraph A17).
 - Whether any professional or other standards, and regulatory or legal requirements apply.
 - What assumptions and methods, including models where applicable, are used by the auditor's expert, and whether they are generally accepted within that expert's field and appropriate for financial reporting purposes.
 - The nature of internal and external data or information the auditor's expert uses.

Agreement with the Auditor's Expert (Ref: Para. 11)

- A23. The nature, scope and objectives of the auditor's expert's work may vary considerably with the circumstances, as may the respective roles and responsibilities of the auditor and the auditor's expert, and the nature, timing and extent of communication between the auditor and the auditor's expert. It is therefore required that these matters are agreed between the auditor and the auditor's expert regardless of whether the expert is an auditor's external expert or an auditor's internal expert.
- A24. The matters noted in paragraph 8 may affect the level of detail and formality of the agreement between the auditor and the auditor's expert, including whether it is appropriate that the agreement be in writing. For example, the following

factors may suggest the need for more a detailed agreement than would otherwise be the case, or for the agreement to be set out in writing:

- The auditor's expert will have access to sensitive or confidential entity information.
- The respective roles or responsibilities of the auditor and the auditor's expert are different from those normally expected.
- Multi-jurisdictional legal or regulatory requirements apply.
- The matter to which the auditor's expert's work relates is highly complex.
- The auditor has not previously used work performed by that expert.
- The greater the extent of the auditor's expert's work, and its significance in the context of the audit.

A25. The agreement between the auditor and an auditor's external expert is often in the form of an engagement letter. The Appendix lists matters that the auditor may consider for inclusion in such an engagement letter, or in any other form of agreement with an auditor's external expert.

A26. When there is no written agreement between the auditor and the auditor's expert, evidence of the agreement may be included in, for example:

- Planning memoranda, or related working papers such as the audit program.
- The policies and procedures of the auditor's firm. In the case of an auditor's internal expert, the established policies and procedures to which that expert is subject may include particular policies and procedures in relation to that expert's work. The extent of documentation in the auditor's working papers depends on the nature of such policies and procedures. For example, no documentation may be required in the auditor's working papers if the auditor's firm has detailed protocols covering the circumstances in which the work of such an expert is used.

Nature, Scope and Objectives of Work (Ref: Para. 11(a))

A27. It may often be relevant when agreeing on the nature, scope and objectives of the auditor's expert's work to include discussion of any relevant technical performance standards or other professional or industry requirements that the expert will follow.

Respective Roles and Responsibilities (Ref: Para. 11(b))

A28. Agreement on the respective roles and responsibilities of the auditor and the auditor's expert may include:

- Whether the auditor or the auditor's expert will perform detailed testing of source data.
- Consent for the auditor to discuss the auditor's expert's findings or conclusions with the entity and others, and to include details of that expert's findings or conclusions in the basis for a modified opinion in the auditor's report, if necessary (see paragraph A42).
- Any agreement to inform the auditor's expert of the auditor's conclusions concerning that expert's work.

Working Papers

A29. Agreement on the respective roles and responsibilities of the auditor and the auditor's expert may also include agreement about access to, and retention of, each other's working papers. When the auditor's expert is a member of the engagement team, that expert's working papers form part of the audit documentation. Subject to any agreement to the contrary, auditor's external experts' working papers are their own and do not form part of the audit documentation.

Communication (Ref: Para. 11(c))

A30. Effective two-way communication facilitates the proper integration of the nature, timing and extent of the auditor's expert's procedures with other work on the audit, and appropriate modification of the auditor's expert's objectives during the course of the audit. For example, when the work of the auditor's expert relates to the auditor's conclusions regarding a significant risk, both a formal written report at the conclusion of that expert's work, and oral reports as the work progresses, may be appropriate. Identification of specific partners or staff who will liaise with the auditor's expert, and procedures for communication between that expert and the entity, assists timely and effective communication, particularly on larger engagements.

Confidentiality (Ref: Para. 11(d))

A31. It is necessary for the confidentiality provisions of relevant ethical requirements that apply to the auditor also to apply to the auditor's expert. Additional requirements may be imposed by law or regulation. The entity may also have requested that specific confidentiality provisions be agreed with auditor's external experts.

Evaluating the Adequacy of the Auditor's Expert's Work (Ref: Para. 12)

A32. The auditor's evaluation of the auditor's expert's competence, capabilities and objectivity, the auditor's familiarity with the auditor's expert's field of expertise, and the nature of the work performed by the auditor's expert affect

the nature, timing and extent of audit procedures to evaluate the adequacy of that expert's work for the auditor's purposes.

The Findings and Conclusions of the Auditor's Expert (Ref: Para. 12(a))

A33. Specific procedures to evaluate the adequacy of the auditor's expert's work for the auditor's purposes may include:

- Inquiries of the auditor's expert.
- Reviewing the auditor's expert's working papers and reports.
- Corroborative procedures, such as:
 - Observing the auditor's expert's work;
 - Examining published data, such as statistical reports from reputable, authoritative sources;
 - Confirming relevant matters with third parties;
 - Performing detailed analytical procedures; and
 - Reperforming calculations.
- Discussion with another expert with relevant expertise when, for example, the findings or conclusions of the auditor's expert are not consistent with other audit evidence.
- Discussing the auditor's expert's report with management.

A34. Relevant factors when evaluating the relevance and reasonableness of the findings or conclusions of the auditor's expert, whether in a report or other form, may include whether they are:

- Presented in a manner that is consistent with any standards of the auditor's expert's profession or industry;
- Clearly expressed, including reference to the objectives agreed with the auditor, the scope of the work performed and standards applied;
- Based on an appropriate period and take into account subsequent events, where relevant;
- Subject to any reservation, limitation or restriction on use, and if so, whether this has implications for the auditor; and
- Based on appropriate consideration of errors or deviations encountered by the auditor's expert.

Assumptions, Methods and Source Data

Assumptions and Methods (Ref: Para. 12(b))

- A35. When the auditor's expert's work is to evaluate underlying assumptions and methods, including models where applicable, used by management in developing an accounting estimate, the auditor's procedures are likely to be primarily directed to evaluating whether the auditor's expert has adequately reviewed those assumptions and methods. When the auditor's expert's work is to develop an auditor's point estimate or an auditor's range for comparison with management's point estimate, the auditor's procedures may be primarily directed to evaluating the assumptions and methods, including models where appropriate, used by the auditor's expert.
- A36. ISA 540¹³ discusses the assumptions and methods used by management in making accounting estimates, including the use in some cases of highly specialized, entity-developed models. Although that discussion is written in the context of the auditor obtaining sufficient appropriate audit evidence regarding management's assumptions and methods, it may also assist the auditor when evaluating an auditor's expert's assumptions and methods.
- A37. When an auditor's expert's work involves the use of significant assumptions and methods, factors relevant to the auditor's evaluation of those assumptions and methods include whether they are:
- Generally accepted within the auditor's expert's field;
 - Consistent with the requirements of the applicable financial reporting framework;
 - Dependent on the use of specialized models; and
 - Consistent with those of management, and if not, the reason for, and effects of, the differences.

Source Data Used by the Auditor's Expert (Ref: Para. 12(c))

- A38. When an auditor's expert's work involves the use of source data that is significant to that expert's work, procedures such as the following may be used to test that data:
- Verifying the origin of the data, including obtaining an understanding of, and where applicable testing, the internal controls over the data and, where relevant, its transmission to the expert.
 - Reviewing the data for completeness and internal consistency.

¹³ ISA 540, "Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures," paragraphs 8, 13 and 15.

A39. In many cases, the auditor may test source data. However, in other cases, when the nature of the source data used by an auditor's expert is highly technical in relation to the expert's field, that expert may test the source data. If the auditor's expert has tested the source data, inquiry of that expert by the auditor, or supervision or review of that expert's tests may be an appropriate way for the auditor to evaluate that data's relevance, completeness, and accuracy.

Inadequate Work (Ref: Para. 13)

A40. If the auditor concludes that the work of the auditor's expert is not adequate for the auditor's purposes and the auditor cannot resolve the matter through the additional audit procedures required by paragraph 13, which may involve further work being performed by both the expert and the auditor, or include employing or engaging another expert, it may be necessary to express a modified opinion in the auditor's report in accordance with ISA 705 because the auditor has not obtained sufficient appropriate audit evidence.¹⁴

Reference to the Auditor's Expert in the Auditor's Report (Ref: Para. 14-15)

A41. In some cases, law or regulation may require a reference to the work of an auditor's expert, for example, for the purposes of transparency in the public sector.

A42. It may be appropriate in some circumstances to refer to the auditor's expert in an auditor's report containing a modified opinion, to explain the nature of the modification. In such circumstances, the auditor may need the permission of the auditor's expert before making such a reference.

¹⁴ ISA 705, "Modifications to the Opinion in the Independent Auditor's Report," paragraph 6(b).

Appendix

(Ref: Para. A25)

Considerations for Agreement between the Auditor and an Auditor's External Expert

This Appendix lists matters that the auditor may consider for inclusion in any agreement with an auditor's external expert. The following list is illustrative and is not exhaustive; it is intended only to be a guide that may be used in conjunction with the considerations outlined in this ISA. Whether to include particular matters in the agreement depends on the circumstances of the engagement. The list may also be of assistance in considering the matters to be included in an agreement with an auditor's internal expert.

Nature, Scope and Objectives of the Auditor's External Expert's Work

- The nature and scope of the procedures to be performed by the auditor's external expert.
- The objectives of the auditor's external expert's work in the context of materiality and risk considerations concerning the matter to which the auditor's external expert's work relates, and, when relevant, the applicable financial reporting framework.
- Any relevant technical performance standards or other professional or industry requirements the auditor's external expert will follow.
- The assumptions and methods, including models where applicable, the auditor's external expert will use, and their authority.
- The effective date of, or when applicable the testing period for, the subject matter of the auditor's external expert's work, and requirements regarding subsequent events.

The Respective Roles and Responsibilities of the Auditor and the Auditor's External Expert

- Relevant auditing and accounting standards, and relevant regulatory or legal requirements.
- The auditor's external expert's consent to the auditor's intended use of that expert's report, including any reference to it, or disclosure of it, to others, for example reference to it in the basis for a modified opinion in the auditor's report, if necessary, or disclosure of it to management or an audit committee.
- The nature and extent of the auditor's review of the auditor's external expert's work.
- Whether the auditor or the auditor's external expert will test source data.

- The auditor's external expert's access to the entity's records, files, personnel and to experts engaged by the entity.
- Procedures for communication between the auditor's external expert and the entity.
- The auditor's and the auditor's external expert's access to each other's working papers.
- Ownership and control of working papers during and after the engagement, including any file retention requirements.
- The auditor's external expert's responsibility to perform work with due skill and care.
- The auditor's external expert's competence and capability to perform the work.
- The expectation that the auditor's external expert will use all knowledge that expert has that is relevant to the audit or, if not, will inform the auditor.
- Any restriction on the auditor's external expert's association with the auditor's report.
- Any agreement to inform the auditor's external expert of the auditor's conclusions concerning that expert's work.

Communications and Reporting

- Methods and frequency of communications, including:
 - How the auditor's external expert's findings or conclusions will be reported (for example, written report, oral report, ongoing input to the engagement team).
 - Identification of specific persons within the engagement team who will liaise with the auditor's external expert.
- When the auditor's external expert will complete the work and report findings or conclusions to the auditor.
- The auditor's external expert's responsibility to communicate promptly any potential delay in completing the work, and any potential reservation or limitation on that expert's findings or conclusions.
- The auditor's external expert's responsibility to communicate promptly instances in which the entity restricts that expert's access to records, files, personnel or experts engaged by the entity.
- The auditor's external expert's responsibility to communicate to the auditor all information that expert believes may be relevant to the audit, including any changes in circumstances previously communicated.
- The auditor's external expert's responsibility to communicate circumstances that

may create threats to that expert's objectivity, and any relevant safeguards that may eliminate or reduce such threats to an acceptable level.

Confidentiality

- The need for the auditor's expert to observe confidentiality requirements, including:
 - The confidentiality provisions of relevant ethical requirements that apply to the auditor.
 - Additional requirements that may be imposed by law or regulation, if any.
 - Specific confidentiality provisions requested by the entity, if any.

