### USING THE WORK OF AN EXPERT

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Auditee:** |  | **Reviewed by:** | **Name** | **Rank** | **Date** |
| **Period end:** |  | **Level 1** |  |  |  |
| **Prepared by:** |  | **Level 2** |  |  |  |
| **Rank:** |  | **Level 3** |  |  |  |
| **Date:** |  |  |  |  |  |

**STEP 1: Determine the need to use an expert**

| Identify areas requiring the work of an expert | Amount / Balance | Is amount / balance material? Yes / No | Is other audit evidence appropriately covering the audit objective?  Yes / No | Is work of an expert necessary? Yes / No |
| --- | --- | --- | --- | --- |
| *E.g. actuarial valuations*  *Legal opinions*  *Work completed on contract in progress* |  |  |  | *If the balance is material and no alternative procedures can be performed to get assurance the answer here will be Yes.* |
|  |  |  |  |  |

**Name(s) of expert(s)**

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| --- |
| *[Enter expert(s) name(s) here]* |

*Step 2 and 3 should be completed for the work performed by each expert.*

**STEP 2 and 3: Audit Procedures**

|  | **Nature and extent of audit procedures** | **Record of work done** | **WP Ref.** |
| --- | --- | --- | --- |
| **Professional competence and objectivity of the expert** | | | |
|  | Through discussions with the management of the audited entity, the expert and any relevant third parties, obtain proof or consider the following:   * Professional certification or licensing by, or membership in, an appropriate professional body; * Experience and reputation in the field in which the auditor is seeking audit evidence. |  |  |
|  | Through discussions with the management of the audited entity and the expert consider whether the independence of the expert have been compromised by any of the following:   * Employment by the entity being audited. * Any relationship with the audited entity. E.g. financial dependency upon the entity or having an investment in the entity. |  |  |
|  | Where concern is raised about the competence or objectivity of the expert:   * Discuss any reservations with management * Consider any compensating measures instituted by management to ensure the reliability, integrity and appropriateness of the work of the expert. |  |  |
| **Scope of the expert's work** | | | |
|  | Obtain sufficient appropriate audit evidence that the scope of the expert's work is adequate for the purposes of the audit by reviewing the written instructions given to the expert by the entity / auditors (if applicable) or through discussions with the expert. Consider and document the following:   * the objectives and scope of the expert's work * the general outline as to the specific matters the auditor expects the expert's report to cover * the intended use by the auditor of the expert's work * the extent of the expert's access to appropriate records and files * clarification of the expert's relationship with the entity, if any * confidentiality of the entity's information * information regarding the assumptions and methods intended to be used by the expert and their consistency with those used in prior periods. |  |  |
| **Assessing the work of the expert** | | | |
|  | Document the financial statement assertion for which the work of the expert may be used as audit evidence |  |  |
|  | Assess the reliability of the source of the data used by the expert:   * Enquire as to what procedures were undertaken by the expert to establish whether the source data is complete, relevant and reliable. * Review or test the data used by the expert. |  |  |
|  | Obtain an understanding of the assumptions and methods used and consider and document whether or not they are appropriate and reasonable, based on the auditors knowledge of the business and the results of other audit procedures. |  |  |
|  | *Document any other audit procedures relating to using the work of an expert here.* |  |  |

**STEP 4: Conclude on the work of the expert**

*[Conclude whether the work of the expert provide sufficient and appropriate audit evidence*

*If not, insert additional procedures which need to be performed]*

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| --- | --- | --- | --- |
|  | **Nature and extent of further audit procedures** | **Record of work done** | **WP Ref.** |
|  | Where the expert's work **does not** provide sufficient appropriate audit evidence or the results are not consistent with other audit evidence:   * Resolve the matter through discussions with management and the expert; or * Apply additional audit procedure, which may include engaging another expert * Raise an exception on the grounds of insufficient audit evidence and consider an appropriately modified audit opinion. |  |  |
|  |  |  |  |
| **STEP 5: Modifying the auditor’s report** | | | |
|  | Where a modified auditor's report is issued and a reference is made to the work of the expert (e.g. identifying the expert and the extent of the expert’s involvement) obtain permission from the expert for this disclosure. |  |  |
|  | Where the expert does not wish to give permission for the disclosure consider seeking legal advice. |  |  |

### 3.6.13 RISK OF MATERIAL MISSTATEMENT ON A FINANCIAL STATEMENT LEVEL

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| --- | --- | --- | --- | --- | --- |
| **Auditee:** |  | **Reviewed by:** | **Name** | **Rank** | **Date** |
| **Period end:** |  | **Level 1** |  |  |  |
| **Prepared by:** |  | **Level 2** |  |  |  |
| **Rank:** |  | **Level 3** |  |  |  |
| **Date:** |  |  |  |  |  |