Objectives of Agenda Item

1. The objectives of the IAASB discussion at its June 2015 meeting are to:
   (a) Discuss the topic of professional skepticism via a panel discussion.
   (b) Consider how best to address concerns that have been raised about auditors’ application of professional skepticism in audits of financial statements, and planned next steps.

Working Group (WG)

2. A WG comprised of representatives from the IAASB, the International Ethics Standards Board for Accountants (IESBA), and the International Accounting Education Standards Board (IAESB) has been formed to explore the topic of professional skepticism, enabling the three independent standard-setting Boards to consider what actions may be appropriate within their collective Standards and other potential outputs to enhance professional skepticism.

3. The WG is comprised of the following members:
   • Annette Köhler, WG Chair, IAASB Member
   • Susan Jones, IAASB Technical Advisor
   • Richard Fleck, IESBA Member
   • Tone Sakshaug, IESBA Technical Advisor
   • Dave Simko, IAESB Member
   • Laine Katzin, IAESB Member

Activities since March 2015 IAASB Meeting

4. The WG has not yet met, but has planned to meet via teleconference in advance of the June 2015 IAASB meeting.

Panel Discussion

5. In conjunction with its June 2015 meeting, the IAASB will host a panel discussion on the topic of professional skepticism that is intended to provide the IAASB with views and opinions about the topic. This discussion is intended to:
   (a) Provide IAASB members with a further understanding of the issues related to auditors’
application of professional skepticism in the context of a financial statement audit and raise questions with experts in this area; and

(b) Obtain views on what more could be done with respect to encouraging auditors to increase the level of professional skepticism applied in audits of financial statements. This includes evaluating whether future standard-setting or other activities would be appropriate and by whom.

6. The panel comprises of:
   - Cindy Fornelli, Center for Audit Quality;
   - Jeremy Justin, Canadian Public Accountability Board’s Representative on the Forum of Independent Audit Regulators Standards Coordination Working Group;
   - Helen Munter, Division of Registration and Inspections, US Public Company Accounting Oversight Board, and
   - Doug Prawitt, Brigham Young University.

7. The WG Chair will introduce the topic, highlighting certain matters in Agenda Item 10-A, including how the IAASB’s International Standards address professional skepticism. Panelists will each present their views, followed by a Questions and Answers session.

Actions Requested

8. The IAASB is asked to consider and react to the agenda materials including the matters for consideration presented in Agenda Item 10-A.

9. The IAASB is asked to consider the panelists’ presentations and engage in active questions and answer session, taking into account the issues in Agenda Item 10-A.

Material Presented

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