

**Meeting:** IAASB  
**Meeting Location:** Hong Kong  
**Meeting Dates:** September 19–23, 2016

## Agenda Item 8

### Professional Skepticism

#### Objectives of Agenda Item

1. The objectives of the agenda item are:
  - To provide feedback on the responses to the IAASB's Invitation to Comment (ITC), *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits* in relation to professional skepticism.
  - To highlight discussions of the International Ethics Standards Board for Accountants (IESBA) and International Accounting Education Standards Board (IAESB) relevant to the work of the Professional Skepticism Working Group (PSWG).
  - To set out the PSWG's preliminary recommendations on the actions that could be taken by the three standard-setting boards (SSBs), individually and in coordination, to enhance the application of professional skepticism and solicit the IAASB's views on these actions from a public interest standpoint.

#### Professional Skepticism Working Group

2. The PSWG includes representatives from the IAASB, the IESBA, and the IAESB and is comprised of the following members:
  - Annette Köhler, WG Chair, IAASB Member (support to WG Chair: Wolfgang Böhm, IAASB Technical Advisor)
  - Charles E. Landes, IAASB Vice Chair
  - Susan Jones, IAASB Technical Advisor
  - Eric Turner, IAASB Technical Advisor
  - Richard Fleck, IESBA Deputy Chair
  - Tone Sakshaug, IESBA Technical Advisor
  - Dave Simko, IAESB Member
  - Bernard Agulhas, IAESB Member

#### Activities since the Last IAASB Discussion

3. Subsequent to the June 2016 IAASB meeting, the joint PSWG held 1 physical meeting and 1 teleconference to develop the agenda material. For reference, a compilation of the comment letter responses to the professional skepticism questions in the ITC is presented separately within Agenda Item 5, Supplement D.

4. In addition, the subgroup of the PSWG was formed (PSWG-IAASB Subgroup or the Subgroup), consisting of the IAASB representatives of the PSWG, held 1 teleconference to discuss the matters relevant to the ISA 540 project included in paragraphs 48–50 of **Agenda Item 8-A**.

### **Actions Requested**

5. Input from the SSBs and their CAGs on key issues at an early stage is essential and will serve to further inform the PSWG's discussions. Due to the nature, variety and diversity of views both within the responses to the ITC and among WG members, the PSWG is continuing to deliberate a number of key issues and a consensus has not yet been reached. The PSWG recognizes the need for to take into account other feedback received by the respective SSBs in light of each Board's respective remit. This paper therefore represents the PSWG's analysis of comments on the ITC and its preliminary recommendations based on its discussions to date. The PSWG anticipates that its role to coordinate efforts across SSBs – including the consideration of potential implications of their individual approaches – will increase in importance as individual Boards seek to move forward.
6. The IAASB is asked to provide views on the issues and preliminary recommendations presented in **Agenda Item 8-A**.

### **Material Presented**

Agenda Item 8-A	Professional Skepticism—Issues (Including Feedback to the ITC) and Joint Working Group's Preliminary Recommendations on the Proposed Way Forward
Agenda Item 8-B	Responses to Invitation to Comment—Excerpt of Impediments to Professional Skepticism and Relationship to Fundamental Principles in IESBA Code of Ethics
Agenda Item 8-C	“Professional Skepticism Strawman”—Preliminary Wording to Explain the Relationship between Professional Skepticism and the Fundamental Principles
Agenda Item 8-D	Background Information Paper—Current Treatment of the Concept of Professional Skepticism in IAASB and IAESB Standards, the IESBA Code, and the IAASB ITC on Audit Quality (for reference only)
Agenda Item 8-E	Professional Skepticism Forward-Looking Timetable across SSBs (for reference only)