



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

— (Established by Act of Parliament No 15 of 1965) —

Tel: 09053847510-1
E-mail: info.ican@ican.org.ng
website: www.icanig.org

PLOT 16, IDOWU TAYLOR STREET,
VICTORIA ISLAND,
P.O. BOX 1580, MARINA,
LAGOS, NIGERIA.

Registrar/Chief Executive
JOHN I. EVBODAGHE, MBA. FCA

13 August 2018
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The Senior Technical Director
IESBA
529 Fifth Avenue, New York,
NY 10017
USA

Dear Sir,

RE: COMMENTS ON CONSULTATION PAPER- PROFESSIONAL SKEPTICISM: MEETING PUBLIC EXPECTATION

The Institute of Chartered Accountants of Nigeria (ICAN) has considered the above Exposure Draft 65 and is pleased to submit its comments on the questions arising from the consultation paper:

QUESTION 1: Paragraph 5- Do you agree with the premise that a key factor affecting public trust in the profession is whether information with which a professional accountant is associated with can be relied upon for its intended use?

Comment:

Yes. We agree with the premise that a key factor affecting public trust in the profession is whether information with which a professional accountant is associated with can be relied upon for its intended use.

However, a key factor affecting public trust would be the ability of the users to scale up to certain level of financial literacy and legal framework regulating the responsibilities of professional accountants and preparers of financial and non-financial information.

QUESTION 2: Paragraph 10- Do you agree with the behavior associated with public expectations of public accountants? Are there aspects that should be included or excluded from the summary?

Comment:

Yes. We agree that the behaviour associated with public expectations of professional accountants as provided in paragraph 10.

We recommend that paragraph 10a summary be amended to read “approach professional activities with an impartial and diligent mindset, *including moral courage*; and...”

QUESTION 3: Paragraphs 13 and 14. Do you agree with the mindset and behaviour described in paragraph 10 should be expected of all professional accountants. If not, why not?

Comment:

Yes. We agree with the mindset and behaviour described in paragraph 10 that is expected to be applicable to all professional accountants.

QUESTION 4: Paragraph 16. Do you believe the fundamental principles in the Codes and related application materials are sufficient to support the behaviours associated with the exercise of appropriate “professional skepticism?”

Comment:

Yes. We believe the fundamental principles in the Code and related application materials are sufficient to support the behaviours associated with the exercise of appropriate “professional skepticism”. The provisions of Section 100 of Code of Ethics for Professional Accountants titled: Introduction and Fundamental Principles, provide broad grounds that could elucidate the expected behaviours.

With reference to Paragraph 16 of the Consultation Paper, the challenge seems to be a failure to adhere to the Code rather than the Code not containing adequate material in support of the fundamental principles nor professional accountants not having proper understanding of the Code.



QUESTION 5- Paragraph 18. Do you believe professional skepticism, as defined in International Standards on Auditing, would be the appropriate term to use?

Comment:

No. The perspective provided by the definition is not encompassing enough to cover professional skepticism required of professional accountants in non-audit and non-assurance related engagement areas.

QUESTION 6- Paragraph 19

- a) Do you believe that the Code should retain/use the term “professional skepticism” but develop a new definition?
- b) If so, do you support a new definition along the lines set out in paragraph 19?
- c) If you do not support a definition along the lines described, could you please provide an alternative definition.

Comment:

6a. Yes. We believe that the Code should retain the term “professional skepticism” but develop a new definition.

6b. Yes. We support the definition along the lines of Paragraph 19. However, we propose an amendment as follows: “Approaching professional activities with an impartial and diligent mindset, including moral courage, and applying this mindset and relevant professional expertise to the evaluation of information with which they are associated”.

6c. Refer to 6b above.

QUESTION 7- Paragraph 20

- a) Would you support an alternative to “professional skepticism”, such as “critical thinking” or “diligent mindset”?
- b) If not, what other term(s), if any, would you suggest which focuses on the mindset and behaviours to be exercised by all professional accountants.



Comment:

7a. No. we are of the view that professional skepticism is not a position but relates to the process of assessing and arriving at a position/opinion. Accordingly the term "professional skepticism" should be retained.

7b. In line with our position in 7a.

QUESTION 8- Paragraph 21- Should the IESBA develop additional material, whether in the Code or otherwise, to highlight the importance of exercising the behaviour and relevant professional skills as described? If yes, please suggest the type of application material that in your view would be the most meaningful to enhance the understanding of these behavioural characteristics and professional skills.

Comment:

No. The Board need not develop additional material as the Code provides principles broad enough to elicit the exercising of behavioural characteristics and relevant professional skills as described.

QUESTION 9: What implications do you see on IAASB's International Standards as a result of the options in paragraphs 18 to 21?

Comment:

Adopting option one in Paragraph 18 will imply that the IAASB will not be required to make amendments to its standards. Rather it will require the IAASB to collaborate with other standard setting bodies in education and training.

Adopting option two in Paragraph 19 will entail the IAASB working with other standard setting bodies to develop a definition that will be appropriate for all types of professional activities.

The import of adopting the third option will require the IAASB with other standard setting bodies to develop a more universal and acceptable term with the definition that will accommodate expected behavioural characteristics of all professional accountants.

The fourth option if adopted will imply that the IAASB's standards will be that professional skepticism is redefined to reflect the characteristics of moral courage.



QUESTION 10: Paragraph 22. Should the Code include application and other material to increase awareness of biases, pressure and other impediments to approaching professional activities with an impartial and diligent mindset and exercising appropriate professional skepticism in the circumstances? If yes, please suggest the type of materials that in your view would be the most meaningful to help professional accountants understand how bias, pressure and other impediments might influence their work.

Comment:

No. Given the varying possibilities of biases, pressure and other impediments to approaching professional activities, including application and other materials to increase awareness of these may limit the considerations of professional accountants to the examples or scenarios that may be provided. Rather, provisions of the existing Code should be clarified to guide determination of possible biases, pressure and other impediments to approaching professional activities.

We thank the Board for giving our Institute the opportunity to contribute to this significant project of the profession.

Yours faithfully,

For: Registrar/Chief Executive



Ben Ukaegbu, PhD, ACA
Deputy Registrar, Technical Services

