

Comments of Institute of Chartered Accountants of India on the questions contained in the Exposure Draft : Proposed Application Material Relating to Professional Skepticism and Professional Judgment

S.n	Questions	Comments/Inputs
Request for Specific Comments		
1.	Do respondents agree that the proposed application material enhances the understandability of the conceptual framework in section 120 of the proposed restructured Code? [Paragraph 120.13A1]	We agree that the proposed application material makes the conceptual framework more understandable in order to exercise professional skepticism. The application material rightly supplements the framework. It is important as professional skepticism is an issue having mention in the Auditing and Assurance Standards and its link with the fundamental principles has to be sufficiently elaborated.
2.	Do the examples in the proposed application material clearly describe how compliance with the fundamental principles of integrity, objectivity and professional competence and due care support the exercise of professional skepticism in the context of an audit of financial statement? If not, why not? [Paragraph 120.13A1]	We are fine with the examples relating to exercise of professional skepticism and related compliance with the fundamental principles, from the point of view of audit of financial statements. It may be considered to add (in the illustration related to audit of financial statement) that the Fundamental Principles of 'Confidentiality' and 'Professional Behavior' will generally have no bearing.
3.	Do respondents agree that the proposed application material enhances the understandability of the conceptual framework in section 120 of the proposed restructured Code? [Paragraph 120.5A1]	We are agreeable that the proposed application material in 120.5A1 will enhance the understandability of the Conceptual framework.
4.	Do respondents agree that the proposed application material appropriately emphasizes the importance of professional accountants obtaining a sufficient understanding of the facts and circumstances known to them when exercising professional judgment in applying the conceptual framework/ if not, why not? [Paragraph 120.5A1]	Yes, we think that it appropriately emphasizes the importance of obtaining sufficient understanding of facts and circumstances.

Request for General Comments		
1	Small and medium Practices (SMPs)- The IESBA invites comments regarding any aspect of the proposals from SMPs.	N.A
2	Regulators and Audit Oversight Bodies- The IESBA invites comments on the proposals from the enforcement perspective from members of the regulatory audit oversight communities.	ICAI is the Regulatory body of professional Accountants in India. From our perspective, it may be mentioned that our SA 200 already calls for requirements of compliance with fundamental principles, while dealing with Professional Skepticism /Judgment. We also appreciate the proposed incorporation of these concepts in IESBA Code, and don't have any enforcement issue.
3	Developing Nations- Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.	N.A
4	Translations- Recognizing that many respondents may intend to translate the final changes for adoption in their environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.	N.A