

Our Ref: T/12

24 August 2018

The International Ethics,
Standards Board for Accountants,
(IESBA).

Dear Sir/Madam,

**COMMENTS ON THE IESBA'S CONSULTATION PAPER ON PROFESSIONAL SKEPTICISM -
MEETING PUBLIC EXPECTATIONS**

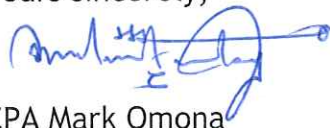
The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to respond to the International Ethics Standards Board for Accountants (IESBA) consultation paper on **Professional Skepticism - Meeting Public Expectations**.

We are grateful for the opportunity to provide comments on the above subject.

Our comments are provided in the attached appendix.

We hope you will find our comments helpful.

Yours sincerely,



CPA Mark Omona
Director Standards and Regulation
Institute of Certified Public Accountants of Uganda

Appendix: **COMMENTS ON THE IESBA CONSULTATION PAPER ON PROFESSIONAL SKEPTICISM -
MEETING PUBLIC EXPECTATIONS**

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**COMMENTS ON THE IESBA CONSULTATION PAPER ON PROFESSIONAL
SKEPTICISM – MEETING PUBLIC EXPECTATIONS**

Question 1

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 can be relied upon for its intended use?

Yes we agree. The purpose of accounting is to provide useful information for decision making, hence for the public to have confidence in the profession they ought to see usefulness of the information produced by the profession.

Question 2

Do you agree with the behavior associated with public expectations of professional accountants? Are there aspects that should be included or excluded from the summary?

A professional accountant is expected to approach professional activities with a degree of independence, impartiality and due care as circumstances demand. This requires some measure of professional scepticism (PS) in all situations from both accountants in practice and business.

Question 3

Paragraphs 13 and 14 – Do you agree that the mindset and behavior described in paragraph 10 should be expected of all professional accountants? If not, why not?

Refer to responses in Question 2 above. All accountants require a measure of PS. Those in business often are required to make assumptions with regards to various estimates (in the financial statements) and projections in business plans and budgets etc. These situations require such accountants to step back and ask themselves (twice or more) about the proposals they are putting forward, hence a need for PS.

Question 4

Paragraph 16 – Do you believe the fundamental principles in the Code and related application material are sufficient to support the behaviors associated with the exercise of appropriate “professional skepticism?”

Clarifying issues in any proposed standards / requirements is always a welcome idea to ensure proper understanding and application of a requirement/standard. We are therefore of the view that what is contained in the code ought to be supported further with more information on PS

Question 5

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

Subject to the outcome of Question 4 above, PS as defined requires refinement and clarity.

Question 6

Paragraph 19 –

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

Question 7

Paragraph 20 –

- (a) Would you support an alternative term to ‘professional skepticism’, such as ‘critical thinking’, ‘critical analysis’ or ‘diligent mindset’?*
- (b) If not, what other term(s), if any, would you suggest which focusses on the mindset and behaviors to be exercised by all professional accountants?*

We would support a more refined explanation of what constitutes PS and/or evidencing of PS.

Question 8

Paragraph 21 – Should the IESBA develop additional material, whether in the Code or otherwise, to highlight the importance of exercising the behavior 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 behavioral characteristics and professional skills.

We support development of additional material aimed at ensuring a better understanding and application of PS. We also support that the IAASB and IESBA work together to avoid confusion of the PS requirements per each body especially to accountants in practice.

Question 9

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

See comments in question 8 above. The two boards (and the education standards board) should coordinate their activities.

Question 10

Paragraph 22 – Should the Code include application or 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.

Guidance material will always be a welcome proposal to ensure proper application of standards and requirements.