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28 June 2018

Mr Ken Siong,
Technical Director,
International Ethics Standards Board for Accountants,
529 Fifth Avenue, 6th Floor,
New York,
NY 10017,
USA.

Dear Mr Siong

Consultation Paper *Professional Scepticism – Meeting Public Expectations*

Crowe Global is delighted to present a comment letter on the Consultation Paper *Professional Scepticism – Meeting Public Expectations*. Crowe Global is a leading global network of audit and advisory firms, with members in some 130 countries.

IESBA is promoting an important conversation about professional scepticism and trust. We were pleased to take part in one of your Roundtable discussions about this subject. We agree shifting expectations mean that the understanding and interpretation of “professional scepticism” has to shift. To achieve its objectives, IESBA has to work with national standard setters and professional bodies to develop solutions that are both workable and scalable, and that can be communicated and enforced. It is important that the definition of “professional scepticism” in ethical standards remains consistent with that in auditing standards. Our detailed comments are presented in the appendix to this letter.

We trust that our comments assist IESBA in the development of standards and guidance in this area. We shall be pleased to discuss our comments further with you.

Kind regards

Yours sincerely

A handwritten signature in black ink, appearing to read "David Chitty".

David Chitty
International Accounting and Audit Director

Appendix – Response to Request for Specific Comments *Professional Scepticism – Meeting Public Expectations*

| | Question | Response |
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| 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 can be relied upon for its intended use? | We agree with this premise. Without trust there is no profession. |
| Question 2 | Paragraph 10 – 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? | This is a reasonable and succinct assessment of the behaviours expected of professional accountants. |
| 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? | There is a standard that should be expected of all members of a profession. Some professional bodies currently set a clear base expectation upon which their trainees have to build and that expectation continues after qualification. Clearly, there has to be scalability, reflecting matters such as role, experience, materiality and risk. However, the behaviours are a starting point to be built upon and applied in the context of individual situations. |
| Question 4 | Paragraph 16 – Do you believe the fundamental principles in the Code and related application material are sufficient to support the behaviors | Expectations have changed, and in view of this, the Code does need to say more about professional scepticism. |

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| | associated with the exercise of appropriate “professional skepticism?” | |
| Question 5 | Paragraph 18 – Do you believe professional skepticism, as defined in International Standards on Auditing, would be the appropriate term to use? | Yes |
| Question 6 | <p>Paragraph 19 –</p> <p>(a) Do you believe that the Code should retain/use the term “professional skepticism” but develop a new definition?</p> <p>(b) If so, do you support a new definition along the lines set out in paragraph 19?</p> <p>(c) If you do not support a definition along the lines described, could you please provide an alternative definition.</p> | <p>The term and definition should be consistent with International Standards on Auditing.</p> <p>NA</p> <p>NA</p> |
| Question 7 | <p>Paragraph 20 –</p> <p>(a) Would you support an alternative term to ‘professional skepticism’, such as ‘critical thinking’, ‘critical analysis’ or ‘diligent mindset’?</p> <p>(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?</p> | As noted above, terms and definitions should remain consistent with International Standards on Auditing. |
| 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 | <p>It is important that additional materials are developed. Where these relate to audit, they should be developed in conjunction with IAASB.</p> <p>Additional materials are particularly</p> |

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| | <p>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.</p> | <p>important to illustrate the application of the Code to practice disciplines and to the roles taken by professional accountants who are not working in practice. In both these areas, guidance has tended to be limited. In particular, IESBA, working with national standard setters and professional bodies has to find ways to engage with professional accountants who are not in practice. This community is, for all practical purposes, unregulated or subject to limited direct oversight. Members of this community hold, or aspire to hold, high-risk public interest positions.</p> <p>IESBA should be open to using or promoting innovative resources to promote awareness. For example, ICAEW's films <i>False Assurance</i> and <i>Without Question</i> contain scenarios about professional scepticism that are relevant to all professional accountants.</p> |
| Question 9 | <p>What implications do you see on IAASB's International Standards as a result of the options in paragraphs 18 to 21?</p> | <p>IESBA should respect the definitions in the IAASB's standards until such time as IAASB chooses to revise these definitions.</p> |
| Question 10 | <p>Paragraph 22 – Should the Code include application or other material to increase awareness of biases, pressure and other impediments to approaching</p> | <p>This is important and case studies are one way of achieving this.</p> <p>Among existing resources, ICAEW's <i>Without Question</i></p> |

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| | <p>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.</p> | <p>effectively contains a scenario about ethics and a tax practitioner, and whistleblowing by the practitioner's subordinate.</p> <p>This is also an opportunity to better communicate the inter-relationship with NOCLAR and the responsibilities of professional accountants in this area.</p> |
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