

August 15, 2018

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for Accountants
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submitted electronically through the IESBA website

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Re.: Consultation Paper: Professional Skepticism – Meeting Public Expectations

Dear Ken,

We would like to thank you for the opportunity to provide the IESBA with our comments on the Consultation Paper: “Professional Skepticism – Meeting Public Expectations”, hereinafter referred to as “the Consultation Paper”.

Before addressing, in the Appendix to this letter, the individual questions raised in the Consultation Paper, we have some general comments on the Consultation Paper.

General Comments

The IDW welcomes IESBA opening up the debate as to whether the fundamental principles in the Code adequately cover all of the behaviors that ought to be expected of all professional accountants. To the extent that professional accountants other than auditors are involved in the financial reporting supply chain, a debate about these issues is needed.

On the whole, we very much support the idea of clarifying the appropriate behavior of professional accountants and applaud IESBA for taking a first step to do so. However, based on our analysis of the Consultation Paper, we have come to the conclusion that IESBA needs to undertake a more thorough analysis of current concepts in the fundamental principles prior to seeking to apply new concepts and definitions, and, if new concepts and definitions are proposed, IESBA needs to further refine its drafting process for those concepts.

GESCHÄFTSFÜHRENDER VORSTAND:
Prof. Dr. Klaus-Peter Naumann,
WP StB, Sprecher des Vorstands;
Dr. Klaus-Peter Feld, WP StB;
Dr. Daniela Kelm, RA LL.M.;
Melanie Sack, WP StB

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In particular, we believe that IESBA needs to apply a more systematic and in-depth analysis for its conceptual starting point. In this respect our main issues with the initial analysis undertaken by IESBA include:

- Not recognizing the link to the requirement in R 111.2 of the current Code to not being *knowingly* associated with information the professional accountant *believes* is misleading
- Not having undertaken an in-depth analysis of the meaning of “association” for both professional accountants in public practice and in business
- Using the assurance paradigm of “reliance upon information” for all activities of professional accountants and not recognizing that many activities that professional accountants perform generate information that is relevant to *intended* users for particular purposes, not to all potential users for all purposes
- Simply accepting commentator views as to their expectations of all professional accountants without having analyzed whether the expectations are reasonable (i.e., not recognizing the “reasonableness gap” of the expectations gap – see our response to Question 2).

In relation to the last item, we would like to point out that we very much support IESBA seeking to respond to the *reasonable* expectations that stakeholders have of professional accountants.

We also believe that IESBAs subsequent analysis needs to provide a better basis for justifying the need for a concept similar to professional skepticism for all professional accountants. Both the proposal for a statement of behavior associated with public expectations of professional accountants as described in paragraph 10, and the proposed alternative definition of professional skepticism or other term in paragraph 19, use concepts already covered in the current Code (diligence is covered by due care, and impartiality is covered by objectivity). Both the proposal for a statement of behavior associated with public expectations of professional accountants as described in paragraph 10, and the proposed alternative definition of professional skepticism or other term in paragraph 19, also use the new term “professional expertise” without explaining how this relates to professional competence. They also require an “evaluation of information” without explaining why information needs to be evaluated in all circumstances, what about that information needs to be evaluated, and what “evaluate” means.

For these reasons, we agree with neither the proposal for a statement of behavior associated with public expectations of professional accountants as

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described in paragraph 10, nor with the proposed alternative definition of professional skepticism or other term in paragraph 19, nor would we regard it as appropriate that these be extended to any, let alone all, professional accountants.

That being said, there is a case for IESBA exploring whether the fundamental principles in the Code together with additional guidance suffice to address the reasonable expectations of stakeholders, or whether additional concepts, such as critical thinking and professional fortitude, might be helpful. However, in this context it is critical that in both scenarios IESBA not use words that extend responsibilities to all professional accountants that are beyond those in assurance engagements or that result in inappropriate work effort for assurance engagements and other activities. In particular, we do not believe it is the responsibility of any professionals, including professional accountants under the fundamental principle of professional behavior, to issue unsubstantiated *challenges* to the views of others (note: this does not affect auditors and other assurance practitioners from needing to obtain sufficient appropriate evidence).

Much of the discussion with stakeholders appears to be afflicted by the apparent view of some of them that “professional skepticism” means “skepticism exercised by a professional (accountant)”, when in fact “professional skepticism” represents a term of art that is defined and designed exclusively for an assurance engagement context. For these reasons, extending the current term and definition of professional skepticism to all professional accountants would result in all engagements performed by practitioners becoming assurance-type engagements, which would lead to assurance-only firms through the back door. This is a greater political issue beyond the scope of this Project. Using the same term with a different definition would lead to confusion – particularly for practitioners performing assurance engagements that would need to apply both concepts. It could lead to the IAASB needing to develop a new term, which would add to the confusion. Should IESBA be able to demonstrate that an additional concept beyond the current fundamental principles in the Code is needed, then a different term and definition would be appropriate. We have provided suggestions for further exploration in this respect in our response to Question 6 (c). However, our preference would be for IESBA to first determine whether additional guidance to the current fundamental principles would suffice to meet the reasonable expectations of stakeholders.

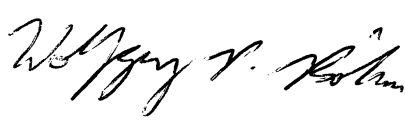
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Should you have any additional questions about our response, we would be pleased to provide you with further information and to discuss our views with you.

Yours truly,



Klaus-Peter Feld
Executive Director



Wolfgang P. Böhm
Director, Assurance Standards,
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Appendix: Comments by Question

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 disagree with the premise that the 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*. Overall, we believe that the wording in this premise is based on the fallacy that all information a professional accountant in some way uses or provides to others is relied upon by users in analogy to an assurance engagement, such as an audit or review. Overall, we believe that IESBA needs to undertake a more thorough analysis of the issues prior to positing what we believe to be an inappropriate premise.

First, some clarity needs to be provided on what “association” means. In relation to practitioners (that is, professional accountants in public practice), association with information generally arises when such information is in a report by the practitioner, a practitioner’s report is attached to such information, the information is in a document with the practitioner’s letterhead, or the practitioner’s name is used in the such information. However, the current Code has not clarified what association for practitioners means in this context. It is even less clear from the current Code what association means for professional accountants in business. Hence, prior to discussing the noted premise, what association means needs to be clarified first. The Canadian profession has an association standard which may provide useful guidance on this matter. Above all, it should be clear that association does not only mean subjected to an assurance engagement, audited or reviewed or subjected to a compilation engagement: association can relate to a broad range of activities of a professional accountant (such as the provision of advice or consulting). In this context, it would be unreasonable to expect all forms of association to involve some form of testing the veracity of information being used by the professional accountant or for such testing to be required before such information is used by others.

The issue that needs to be explored in this respect relates to the requirement in the Code (R111.2) for professional accountants to effectively not be **knowingly** associated with information they **believe** to be misleading. What needs to be addressed is what “knowingly” and “believe” mean together in this context.

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Knowingly does not mean that the professional accountant actively vets the reliability of every piece of information he or she uses or passes on to other parties. Knowingly means that, based upon the professional accountant's knowledge at the time, the professional accountant has no reasonable basis for believing that the information is misleading. This does not preclude IESBA from considering how professional accountants ought to apply the fundamental principles of the Code (e.g., objectivity, competence, due care including diligence, and integrity) in these circumstances, or even exploring whether potentially additional concepts, such as "critical thinking", might be needed.

The next question that arises from the words used in the proposed premise is what does "reliance" mean and by whom. Certainly, those using the work of a professional accountant may rely upon the work having been done in compliance with the fundamental principles of the Code – that is, the work was done competently, objectively, and with integrity and due care (i.e. diligently and, to the extent relevant, in compliance with relevant laws, regulations and standards). This applies to the results of assurance engagements as it does to any consulting or advisory engagement. However, as noted above, this does not imply that professional accountants are required to vet the reliability of any information they use to this effect or that they pass on to others, unless they are performing an assurance engagement. In some cases, consulting will be undertaken, or advice given, based on information that has not been vetted – nor may *intended* users expect it to have been vetted. In these cases, it may be important that in written reports, professional accountants be transparent to users about the basis for their advice. Furthermore, information cannot be designed to fulfill all decision-making purposes but only to be used in a particular way – that is, information has an intended use when the information was designed and generated.

As a result, the issue is not whether the information can be relied upon for its intended use, but whether the information can be used as intended.

The other related issue is "reliance by whom", or as properly formulated above "used as intended" by whom? Depending upon the jurisdiction, it should be only the intended users or those to whom the information has been rightfully distributed – that is, only intended users or those to whom information has been rightfully distributed¹ have a right to use information, and then only as intended. Sometimes in private engagements or within an entity, there will be only one or

¹ The difference between the legal effectiveness of restrictions on distribution or use depends upon legal requirements in particular jurisdictions, which is reflected in a number of IAASB engagement standards.

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very few intended users. Of course, some information is for use by the general public, but even then, the information can only be used as intended and not be used for other purposes.

For these reasons, the premise in paragraph 5 ought to be reformulated as along the following lines:

“Pursuant to R 111.2, intended users expect professional accountants not to be knowingly associated with misleading information. Furthermore, intended users expect that information prepared by the professional accountant or upon which a professional accountant reports can be used by those users as intended.”

As noted above, using such a premise is predicated upon IESBA exploring the meaning of “association” more deeply.

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?

We do not agree with the summary of behaviour associated with public expectations of professional accountants as described in paragraph 10 because we do not agree with the results of IESBA’s analysis of the expectations of commentators in paragraph 7, which forms the basis for the articulation of expected behaviour in paragraph 10.

In relation to the expectations of commentators in paragraph 7, we would first like to refer to the expectations gaps for audits, and hence in analogy for other matters. We do believe that IESBA has a responsibility to respond appropriately to reasonable expectations of stakeholders and support IESBA in its efforts to do so as part of this Consultation. However, the theory underlying the expectations gap also recognizes that a portion of the expectations gap is the “reasonableness gap” – that is, the difference between the reasonable expectations that stakeholders ought to have and the partly unreasonable expectations that they do have. This gap can only be reduced through education – not by pretending to fulfill unreasonable expectations, which will only disappoint. Consequently, just because some commentators view certain things to be desirable does not automatically imply that these are reasonable and that therefore the Code should be changed to meet these unreasonable expectations.

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The wording in some of the bullet points in paragraph 7 reflects these unreasonable expectations. In particular:

- The statement in the first bullet does not make a clear distinction between understanding information needed to make sound judgments based on facts and circumstances known, and the need to obtain additional information (which is in the first part of that bullet point through the words “Obtain and”). Outside of assurance engagements, the need to obtain additional information should be limited to situations in which the professional accountant becomes aware that the facts and circumstances known appear to be incomplete or it becomes apparent to the professional accountant that a sound judgment cannot be made based upon the facts and circumstances known. Extending a requirement to always obtain additional information in all circumstances would cause all activities of professional accountants to become assurance-like activities, which is beyond the mandate of this Project. Furthermore, it logically leads to “infinite regress” – that is, a never-ending chain of obtaining information for which additional information then needs to be obtained to support the veracity of the initial information.
- The statement in the second bullet point addresses making informed challenges of the views of others. It seems to us that the misuse of the word “challenge” appears to be the current political fad among commentators to both IESBA and the IAASB. First, we need to distinguish between assurance engagements and other activities. In an assurance engagement, it is quite right for assurance practitioners to have a questioning mind and therefore to consider the veracity of views expressed by others that may form evidence in an assurance engagement, including obtaining further evidence when necessary. However, if no further evidence is needed, practitioners need not question views expressed that are sufficiently supported by evidence or that otherwise appear reasonable. Views of others would only be called into question by the practitioner if the views are at variance with what would be reasonable or with other evidence. Use of the word “challenge” in this respect is rather overblown, and the IAASB has therefore used that word very sparingly. For other activities of professional accountants, professional accountants need to question the views of others only if the views are at variance with what would be reasonable or with information known to the professional accountant. It is inappropriate for professional accountants (or any other professional, for that matter) to issue unsubstantiated “challenges” to the views of others.

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- The statement in the fourth bullet point sets the unreasonable expectation of “withholding judgment pending thoughtful consideration of ***all known and relevant available information***”. “Consideration of all... relevant available information” sets an expectation that exceeds that of an audit of financial statements, in which an auditor obtains enough relevant information from that available to have obtained sufficient appropriate audit evidence – not obtain “all ... relevant *available* information”. Obtaining all ... relevant *available* information is a practical impossibility. Rather, a reasonable expectation would be “withholding judgement pending thoughtful consideration of the known facts and circumstances, or, if the professional accountant becomes aware that the facts and circumstances known appear to be incomplete or it becomes apparent to the professional accountant that a sound judgment cannot be made based upon the facts and circumstances known, obtaining additional information as necessary”. This approach would be in line with the comments above in relation to the first bullet point.

Overall, the so-called “expectations of commentators” in these bullet points indicates that these commentators have unreasonable expectations about what is reasonable in the circumstances; IESBA cannot have a responsibility to seek to fulfill these expectations. However, these expectations, if appropriately modified so that they are reasonable, form an excellent basis for further work by IESBA in this area.

These being the issues with the beliefs of commentators with paragraph 7, we turn to the resulting issues with the behavior associated with public expectations of professional accountants as described in paragraph 10. Overall, we believe that IESBA needs to use a disciplined, systematic approach to the use of terms and concepts in paragraph 10, as described below.

We would like to point out that approaching professional activities with an impartial and diligent mindset in (a) is already covered by the fundamental principles in the Code of “objectivity” (which covers impartiality) and “due care” (which covers diligence). From our point of view, there is little to be gained by adding a statement that is supposed to embody a new concept with existing concepts. The statement in (a) is therefore redundant and can be deleted. The consequence is that it would be unclear which “mindset” is being applied in (b). The reference to professional expertise is also unclear because it is unclear how this relates to the fundamental principle of professional competence. If the same concept is meant, then again there is little to be gained by adding a statement

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that is supposed to embody a new concept with existing concept. The statement in (b) is therefore also redundant and can be deleted.

The statement in (b) also suffers from the use of the term “evaluation of information”. It begs the question as to why all information that professional accountants use ought to be evaluated and for what it ought to be evaluated, and what the word “evaluation” in this context means. In relation to what the word “evaluation” means, it should be noted that the IAASB has a very specific meaning for the word “evaluate” in its Glossary of Terms, which involves the identification and analysis of relevant issues, including the performance of additional procedures as necessary, to come to a conclusion on a matter. Consequently, the use of the word “evaluate” in this context by IESBA when applied to non-assurance engagements for which the IAASB has standards may cause considerable confusion as to the level of work effort required.

Whether an evaluation is necessary, what an evaluation is for, and what an evaluation is, ought to depend upon the activity the professional accountant is performing. If the professional accountant is not performing an assurance engagement or an internal audit engagement (or other investigatory engagements), the professional accountant should not be required to evaluate information unless the professional accountant has reason to believe that such evaluation of some aspect (what is being evaluated?) of that information is necessary. Rather, the professional accountants performing other activities should remain alert for indications that the information is not adequate (in whatever aspect) in the circumstances. If the professional accountant becomes aware that the information appears not to be adequate in the circumstances, then the professional accountant will need to respond to this issue. It is also unclear, as noted in our response to Question 1, what association means in (b).

Consequently, given these technical, conceptual and wording deficiencies that we have identified, it would be inappropriate to agree with the behaviour associated with public expectations of professional accountants as described in paragraph 10. That being said, we believe that this analysis appears to indicate that perhaps new concepts beyond the fundamental principles might not be needed – that is, providing additional guidance as to the application of those principles might suffice to meet the reasonable expectations of stakeholders.

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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?

As noted in our response to Question 2, given the technical, conceptual and wording deficiencies that we have identified with the mindset and behaviour described in paragraph 10, we believe it would be inappropriate to agree with such mindset and behaviour. Consequently, we do not agree that the mindset and behaviour described in paragraph 10 should be expected of any, let alone all, professional accountants.

We note that our foregoing analysis to Question 2 appears to indicate that perhaps new concepts beyond the fundamental principles might not be needed – that is, providing additional guidance as to the application of those principles might suffice. However, this does not mean that IESBA could not consider exploring, in a more systematic manner and with careful consideration of its use of wording, whether there is another concept (such as critical thinking) that might be applied by all professional accountants.

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?”

In relation to the sufficiency of the fundamental principles in the Code, we note that paragraph 16 inappropriately presumes that the issues identified result from an inadequate Code or from inadequate behaviour by professional accountants, or both: paragraph 16 does not address the reasonableness gap as we described in our response to Question 1. Consequently, there is no reasonable basis for the assertion that the problem is in the Code or in the behaviour or professional accountants outside of assurance engagements.

On the other hand, consideration could be given to strengthening the Code as we suggested above in terms of how professional accountants need to be alert to information that they use or are associated with (as described in our response to Question 2) that appears to be misleading or incomplete. Consideration may also be given to clarifying further how the application of the current fundamental principles improves the appropriate exercise of professional skepticism in assurance engagements. IESBA may also wish to consider whether the current

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fundamental principles with additional application material may also suffice to address the reasonable desires of stakeholders. If these measures do not lead to the strengthening of the Code desired, IESBA may also consider exploring whether additional concepts beyond the current fundamental principles of the Code like “critical thinking” and “professional fortitude” might be helpful in this regard.

Question 5

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

We do not support using the IAASB’s term and definition, which apply only to assurance engagements, because this would be inappropriate for other activities. The term and definition were designed in relation to consideration of potential misstatements (a defined term in IAASB standards) and the critical assessment of the persuasiveness of evidence in assurance engagements so that sufficient appropriate evidence is obtained. Since professional accountants not performing assurance engagements do not consider the potential for misstatements as defined or critically assess the persuasiveness of evidence to obtain sufficient appropriate audit evidence, using the term and definition of professional skepticism for all activities of professional accountants would effectively turn all activities of professional accountants into assurance-type engagements.

We suspect that some commentators erroneously appear to believe that “professional skepticism” means “skepticism exercised by a professional (accountant)”, which, as noted above, is not the case: it is a term of art used by the IAASB only in an assurance engagement context. We also suspect that some commentators appear to believe that professional accountants (which are only public practitioners in some jurisdictions) should only be performing assurance engagements, which is why they have little difficulty with simply extending the definition to all professional accountants.

With respect to the impact on the IAASB, using the same term and definition would have a serious impact on the IAASB by undermining existing standards in relation to compilation engagements and agreed-upon procedures engagements by effectively changing these into assurance-type engagements. Using the same term and definition as the IAASB that turns all activities of professional accountants into assurance-type activities would ultimately lead to

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“assurance-only firms” through the back door, which, as noted, is a greater political issue and beyond the scope of this Project.

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.*
- (a) We do not support using the term professional skepticism but providing a different definition, since having a term with different definitions would cause confusion (particularly among professional accountants performing assurance engagements that would need to apply both definitions using the same term).

We do support IESBA considering whether the existing fundamental principles with additional application material might suffice to meet reasonable stakeholder expectations. Beyond this, IESBA might consider exploring the use of another concept and hence of another term and definition. However, any such concept and hence term and definition need to avoid leaving the impression that they require more than the term professional skepticism (hence, critical analysis, which would involve an “analysis”, would not be appropriate, but critical thinking might be). Using a “diligent mindset” does not appear to be helpful because “diligence” is already covered by due care.

With respect to the impact on the IAASB, using the same term with a different definition would have a serious impact on the IAASB. Having two definitions would cause confusion among professional accountants and would also be difficult to implement when the IAASB and practitioners consider how both concepts would need to be applied in assurance engagements. Alternatively, the IAASB would need to develop a new term, which would cause some disruption among practitioners in relation to a term that is well-known and understood.

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- (b) We do not support the definition as proposed in paragraph 19 because it is virtually identical to the statement of behavior associated with public expectations of professional accountants mentioned in our response to Question 2. Consequently, all of the difficulties that we identified in Question 2 also apply to the definition proposed in paragraph 19, which also appears to imply that new concepts beyond the fundamental principles might not be needed – that is, providing additional guidance as to the application of those principles might suffice to meet the reasonable expectations of stakeholders.
- (c) Whether an alternative definition is needed depends upon whether additional concepts beyond the current fundamental principles of the Code are required. As we note above, the current fundamental principles with additional guidance on their application may suffice. However, as we noted in our response to Question 3, consideration could be given to strengthening the Code in terms of how professional accountants need to be alert to information that they use or are associated with (as described in our response to Question 2) that appears to be misleading or incomplete. In addition, we note that if the current fundamental principles with additional guidance do not suffice, then IESBA might consider exploring whether concepts like “critical thinking” and “professional fortitude” might be helpful in this regard.

Of particular importance is that such guidance or new definition not use words like “challenge” and other matters that suggest that the concept is in fact stronger than that for assurance engagements.

We therefore suggest the following guidance to the current fundamental principles (perhaps to objectivity), or if needed, term and definition of critical thinking as a basis for further discussion:

“Being alert to information that appears not to fulfill the purpose for which it is to be used by intended users or that appears to be otherwise misleading, and critically considering whether information being used by the professional accountant appears to represent an inadequate or incomplete basis for forming sound judgments.”

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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?*

If a new concept is needed beyond the current fundamental principles, we would support the use of an alternative term because the use of a new term and definition would be less disruptive to the IAASB. However, the term needs to avoid leaving the impression that it requires more than the term professional skepticism (hence, “critical analysis” would not be appropriate, as it requires an analysis, but critical thinking using a definition in line with our response to Question 6 might be). Using a “diligent mindset” does not appear to be helpful because “diligence” is already covered by due care. For these reasons, if a new concept beyond the current fundamental principles were to be necessary, we currently prefer the use of the term “critical thinking” together with the definition we propose in our response to Question 6 (c).

In any case, the definition of such a term should not include wording that inappropriately increases work effort like “challenge” and other matters that suggest that the concept is in fact stronger than that for assurance engagements. Such a definition could undermine current IAASB standards for compilation engagements and agreed-upon procedure engagements and require an inappropriate work effort for activities of professional accountants other than assurance engagements.

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.

Considering whether the requirements and guidance in relation to the existing fundamental principles of the Code ought to be strengthened or clarified further is our preferred option, rather than seeking new terms and definitions, but IESBA needs to be careful in its use of words to not inadvertently increase work

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effort requirements in an inappropriate way for the nature of the activities covered.

Question 9

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

With respect to the impact on the IAASB, using the same term and definition or the same term with a different definition would have a serious impact on the IAASB. Using the same term and definition would undermine existing standards in relation to compilation engagements and agreed-upon procedures engagements by effectively changing these into assurance-type engagements.

Having two different definitions for the same term would cause confusion among professional accountants and would also be difficult to implement when the IAASB considers how both concepts would need to be applied in assurance engagements. Alternatively, the IAASB would need to develop a new term, which would cause some disruption among practitioners in relation to a term that is well-known and understood.

The use of a new term and definition would be less disruptive to the IAASB. However, if the definition were to include wording that inappropriately increases work effort, such a definition could undermine current IAASB standards for compilation engagements and agreed-upon procedure engagements by effectively changing all engagements into assurance-type engagements.

From our point of view, the best option is to seek to strengthen the guidance on the current fundamental principles without inadvertently increasing the work effort beyond that currently required for non-assurance engagements.

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.

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Providing additional guidance on impediments to the application of the fundamental principles may be worth exploring, as the analysis of responses to the ITC indicated that the impediments to the appropriate exercise of professional skepticism related primarily to non-compliance with the fundamental principles of the Code (in particular: integrity, due care, competence, and objectivity). However, as noted in our response to Question 2, “impartial and diligent mindset” should not be used because these are concepts already covered by the fundamental principles.