

August 15, 2018

Mr Ken Siong
Senior Technical Director
International Ethics Standards Board for Accountants
International Federation of Accountants
529 5th Avenue, 6th Floor
New York, New York 10017
United States of America

Via Online Submission

Dear Mr Ken Siong

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

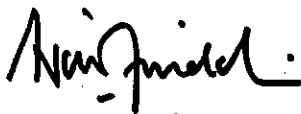
We thank you for the opportunity to comment on IESBA Consultation Paper, *Professional Skepticism – Meeting Public Expectations*.

In this regard, we are pleased to attach the Institute's comments as set out in Appendix I for your consideration.

Please do not hesitate to contact the undersigned or the Institute's Senior Technical Manager, Ms Hoh Kim Hyan, at +603-2698 9622 should you require any clarification.

Thank you.

Yours sincerely



NOVIE TAJUDDIN
Chief Executive Officer

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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International Ethics Standards Board for Accountants

Professional Skepticism – Meeting Public Expectations

Questionnaire

Respondents are asked for views on the questions that follow. The options in paragraphs 18-22 are not mutually exclusive and the IESBA invites views from respondents on any combination of options that respondents believe would be an appropriate approach.

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?

MICPA's Comments:

Yes, the Institute agrees 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.

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?

MICPA's Comments:

Yes, the Institute agrees with the behaviour associated with public expectations 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?

MICPA's Comments:

Yes, the Institute agrees that the mindset and behaviour described in paragraph 10 should be expected of all professional accountants. MICPA also agrees that scalability should be introduced when considering professional scepticism due to a variety of factors involved e.g. experience and competence of the professional accountants, type of work and risk involved etc.

Question 4 – Paragraph 16

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

MICPA’s Comments:

Yes, MICPA believes the fundamental principles in the Code and related application materials are sufficient to support the behaviours 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?

MICPA’s Comments:

Yes, MICPA believes professional skepticism, as defined in International Standards on Auditing, would be the appropriate term to use.

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.

MICPA’s Comments:

- (a) The term ‘professional skepticism’ had been embraced by the accounting profession for a long time and well understood. In this regard, MICPA believes that the Code should retain/use the term “professional skepticism” without any change.

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?

MICPA’s Comments:

Please refer to response to Question 6.

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.

MICPA's Comments:

In view that there is still an expectation gap, additional application material to highlight the importance of exercising the behaviour and relevant professional skills as described would be useful.

Question 9

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

MICPA's Comments:

The options in Para 18-21 would entail the IAASB to revamp its International Standards one way or another in order to meet the objective of meeting public expectation of professional scepticism.

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.

MICPA's Comments:

The Institutes believes that there is no reason why the Code should not 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.