



The Association of
Accountants and
Financial Professionals
in Business

August 14, 2018

Mr. Ken Siong
Senior Technical Director
International Ethics Standards Board for Accountants (IESBA)
(via IESBA website)

Dear Mr. Siong:

The Committee on Ethics (CoE) of IMA® (Institute of Management Accountants) is pleased to submit its views to the International Ethics Standards Board for Accountants (IESBA) on its Consultation Paper *Professional Skepticism – Meeting Public Expectations (CP)*.

IMA is a global association representing more than 100,000 accountants and financial professionals in business. Our members work inside organizations of various sizes, industries, and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities, and multinational corporations.

The CoE is IMA's technical committee on ethics-related matters. It is responsible for encouraging IMA members, their organizations, and other individuals to adopt, promote, and execute superior business practices in management accounting and finance consistent with IMA's mission by advocating the highest ethical principles. It maintains and promotes IMA's principal business and ethics guidance, the IMA Statement of Ethical Professional Practice. It oversees the administration of IMA initiatives designed to ensure compliance with the Statement. Finally, it also reviews and responds to research studies, statements, pronouncements, proposals, and other documents issued by domestic and international agencies and organizations.

We wholeheartedly uphold and applaud IESBA's overarching objective to serve the public interest by setting high-quality ethics standards for professional accountants. We agree that the Code should provide ethical requirements and guidance to help meet its objectives and we commend the Board for investigating the need for clarification of the responsibilities of professional accountants to exercise skepticism.

As such, we appreciate your reference to our organization's *Strategic Finance* article, "Improving Critical Thinking Through Data Analysis," but would also call your attention to our *Management Accounting Quarterly* article "[Skepticism and the Management Accountant – Insights for Fraud Detection](#)", and the ACCA/IMA report, "[A Risk Challenge Culture](#)". In these publications, it should be noted that they do not advocate use of the term "professional skepticism" (PS) for general application by Professional Accountants in Business (PAIB).

We are concerned that by telling stakeholders that the term PS is always associated with all of the responsibilities of PAIB that this will cause confusion simply because of the strong association and usage of the term within auditing standards and the context of providing assurance by independent professional accountants in public practice.

Summary Comment

Although the topic of professional skepticism (PS) has been discussed within the context of auditing, we are unaware of public expectations for PAIB to consider the need to exercise PS in their very different

10 Paragon Drive
Suite 1
Montvale, NJ 07645
www.imanet.org



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contexts of employment. We believe that the Fundamental Principles of Integrity and Objectivity, as well as Professional Competence and Due Care, already set forth in the IESBA Code of Ethics, are adequate coverage of the need for all professional accountants to exercise the behaviors set forth in Paragraph 7 of the CP. As a result, by using the language of Paragraph 19 we believe that there would be confusion from "the use of one term to refer to two different types of behaviors."

We would not object to inclusion of additional explanatory material to the Fundamental Principles, but disagree with application of the term PS to the activities of PAIB because it is so closely associated with the audit process.

Responses to Questions

Questions 1 to 4: We agree without reservation.

Question 5: We disagree for the reasons set forth previously.

Questions 6 to 10: We have no additional comment.

We appreciate the opportunity to comment on this important CP and hope you find our suggestions helpful as you deliberate this issue. Please do not hesitate to contact me should you wish to discuss any of the comments in this letter.

Yours very truly,

A handwritten signature in dark ink, reading "Deborah C. Michalowski". The signature is written in a cursive style with a large, stylized "D" and "M".

Deborah C. Michalowski, CPA
Chair
IMA Committee on Ethics
debmichalowski@gmail.com

10 Paragon Drive
Suite 1
Montvale, NJ 07645
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