

2 March, 2016

Dear IAESB CAG members,

Recently my domestic sponsoring organization (the Chinese Institute of Certified Public Accountants) forwarded the IAESB Consultation Paper on 2017-2021 IAESB Strategy and Priorities (hereafter "the Paper") for comments. Generally I am very fine with the Paper, while only having one comment on Question #3 raised in it. Although I have returned my comment to my sponsoring organization, I would like to provide my feedback as below, for other CAG members' reference.

Q3: What action, if any, should the IAESB take to improve professional competence related to the appropriate exercise of professional skepticism and professional judgment?

My comment:

There has been a large body of auditing literature on audit professional skepticism and professional judgment. The IAESB may benefit from considering establishing task forces to study and analyze relevant literature (particularly the syntheses of literature), thus sorting incrementally useful notions or practices for the standard setting. Below are some examples of prior literature on professional skepticism and professional judgment.

Selected literature regarding professional skepticism:

Nelson, M. W. 2009. A Model and Literature Review of Professional Skepticism in Auditing. *AUDITING: A Journal of Practice & Theory* 28 (2):1-34.

Hurtt, R. K., H. Brown-Liburd, C. E. Earley, and G. Krishnamoorthy. 2013. Research on Auditor Professional Skepticism: Literature Synthesis and Opportunities for Future Research. *AUDITING: A Journal of Practice & Theory* 32 (Supplement 1):45-97.

Hurtt, R. K. 2010. Development of a Scale to Measure Professional Skepticism. *AUDITING: A Journal of Practice & Theory* 29 (1):149-171.

Selected literature regarding professional judgment:

Nelson, M., and H. T. Tan. 2005. Judgment and Decision Making Research in Auditing: A Task, Person, and Interpersonal Interaction Perspective. *AUDITING: A Journal of Practice & Theory* 24 (s-1):41-71.

Trotman, K. T. 2005. DISCUSSION OF Judgment and Decision Making Research in Auditing: A Task, Person, and Interpersonal Interaction Perspective. *AUDITING: A Journal of Practice & Theory* 24 (s-1):73-87.

Hammersley, J. S. 2011. A Review and Model of Auditor Judgments in Fraud-Related Planning Tasks. *AUDITING: A Journal of Practice & Theory* 30 (4):101-128.

Nolder, C., and T. J. Riley. 2014. Effects of Differences in National Culture on Auditors' Judgments and Decisions: A Literature Review of Cross-Cultural Auditing Studies from a Judgment and Decision Making Perspective. *AUDITING: A Journal of Practice & Theory* 33 (2):141-164.

Finally, my deep and sincere apologies for missing another CAG meeting approaching my end of two-year term (as a successor of Professor Dan YANG). I do appreciate all the CAG members' expertise and kindness to me, and last but not the least the great help from Sonia.

Wish the CAG meeting in Johannesburg another great success!

Xi

A handwritten signature in blue ink, appearing to be 'Xi Wu', is placed on a light blue rectangular background.

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