

Meeting: IAASB  
Meeting Location: Los Angeles  
Meeting Date: December 5-9, 2011

## Agenda Item

# 7

### Staff Q&A—Professional Skepticism

#### Objectives of Agenda Item

1. To confirm the IAASB's support for staff to develop a *Staff Questions and Answers on Professional Skepticism in Financial Statement Audits* document (Q&A), and to obtain the Board's initial reactions to a first draft of the Q&A.

#### Background

2. In light of the renewed focus by stakeholders on auditors' application of professional skepticism when conducting audits, the IAASB Consultative Advisory Group (CAG) requested that the IAASB staff prepare a briefing paper to facilitate a discussion on the topic at its September 2011 meeting. Reference to the briefing paper was also made at the September 2011 IAASB Executive Session. The Steering Committee noted the CAG's and the IAASB's support for staff to develop a Q&A by early 2012. Ms. De Beer expressed the view that such a document would be helpful in promoting greater attention to this important topic.

#### Materials Presented

3. The staff's initial draft of the Q&A is presented at **Agenda Item 7-A**. The purpose of the Q&A is to demonstrate how the concept of professional skepticism is implicitly and explicitly embedded throughout the ISAs.
4. Consistent with the role of the staff publications, the Q&A focuses auditors on considerations relating to professional skepticism as articulated in the ISAs and ISQC 1.<sup>1</sup> It does not amend or override the ISAs and ISQC 1, the texts of which alone are authoritative. The Q&A is not meant to be exhaustive and reference to the standards themselves should always be made. Further, the Q&A does not constitute an authoritative or official pronouncement of the IAASB.

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<sup>1</sup> ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance, and Related Services Engagements*

5. In accordance with the staff's process for developing staff publications, the IAASB is responsible for commissioning the Q&A and advising staff on matters relevant its development. This may include instructing staff on matters which would not be appropriate for inclusion in the Q&A.
6. The IAASB Steering committee will act as an advisory group to further advise staff in developing the Q&A and will provide input on technical and drafting matters. It will also review the general quality of the draft Q&A.
7. Subject to the Board's support, an updated electronic draft will be circulated to the IAASB to comment on whether the Q&A is consistent with, and does not extend beyond, the authoritative pronouncement to which it relates. A final version of the Q&A together with a document that summarizes the comments received from the Board and how they were disposed will be circulated in early January 2012. The Q&A is expected to be finalized by late-January 2012.

**Action Requested**

8. The IAASB is asked to share preliminary views on **Agenda Item 7-A**.