

Professional Skepticism

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IAASB Meeting, Amsterdam, Netherlands

Agenda Item 9

March 16, 2018



Overview of the session

- Proposed way forward
- Work done to-date on feedback from the ITC
- Agenda paper 9 discussion on contradictory/inconsistent evidence

IAASB Professional Skepticism Way Forward

- Provide advice on key projects
- Distribute regular communication on professional skepticism
- Provide input into the IAASB's Strategy for 2020–2023, including the Consultation Paper and the stakeholder survey
- Foster good relationships with IESBA and IAESB

Professional Skepticism Work Done to-Date on Feedback from the ITC

- Definition of professional skepticism
- Three papers:
 - Introducing a concept of levels of professional skepticism (June 2017 IAASB meeting)
 - A shift to a more challenging mindset/presumptive doubt (December 2017 IAASB meeting)
 - A requirement to seek out contradictory or inconsistent evidence (March 2018 IAASB meeting)

Subgroup Recommendations

1. To henceforth use the term “inconsistent evidence” rather than “contradictory evidence” in IAASB pronouncements;
2. To not add a requirement to seek inconsistent evidence in all circumstances;
3. To recognize the important role of professional judgment when making decisions about when to seek evidence from other sources, the work effort that should be applied when seeking such evidence, and how inconsistent evidence ought to be dealt with in practice; and
4. As part of the future work program of the IAASB, the IAASB may need to consider whether:
 - to provide additional guidance on the factors that auditors may need to consider when making decisions on when to seek evidence from other sources;
 - the work effort that should be applied when seeking such evidence; and
 - how inconsistent evidence ought to be dealt with in practice.

Matter for IAASB Consideration

1. Does the IAASB agree with the conclusions and recommendations of the Subgroup about seeking evidence from other sources and inconsistent evidence? Why or why not?