

IAESB™

**Professional Skepticism  
Literature Review (PSLR)  
Taskforce**

**April 2018 meeting  
Nairobi, Kenya**

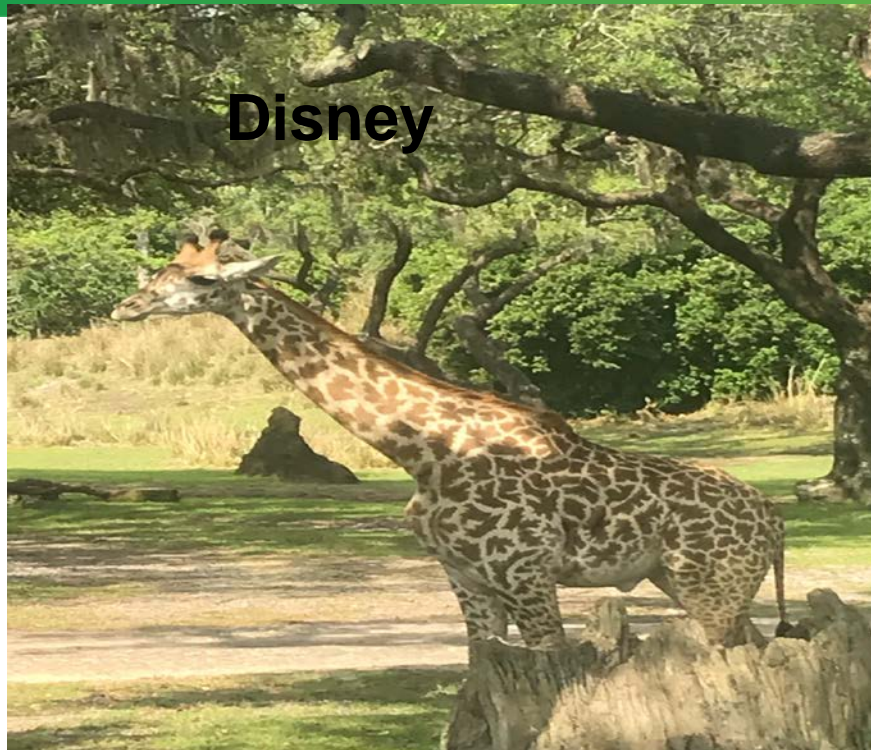
IAESB™

# African Safari or Disney Animal Kingdom?

# Safari or Disney?



# Safari or Disney?



## PSLR Taskforce

# Activities of Other Standard Setting Boards

# Activities of Other Standard Setting Boards

- IESBA plans to issue a consultation paper on whether the Code of Ethics should address professional skepticism beyond audit and other assurance engagements
- Why?
  - Stakeholders have expressed the view that the concept of professional skepticism should be relevant to all professional accountants – not just professional accountants who perform audit and other assurance engagements.
- Goal of this consultation paper is to inform the Ethics Board about whether there is a need for further enhancements or clarifications to the Code of Ethics related to professional skepticism

# Activities of Other Standard Setting Boards

Input is being sought on ways in which the Code might be amended or supplemented to clarify the behavioral characteristics expected of all professional accountants. These include:

- *Use International Standards on Auditing (ISA) definition to apply to all PAs;*
- *Re-define professional skepticism so it is applicable to all PAs;*
- *Develop a different term and definition;*
- *Add application material to the Code to expand concepts underlying the fundamental principles; and*
- *Add requirements and/or application material to address bias, preconception, pressure and other impediments*

# CAG Feedback

- No fatal flaw comments on consultation paper
  - Likes neutral approach of consultation paper
  - Consider use of term questioning mind
  - Definition should be the same for public and non-public accountants – there might just be different levels of skepticism for public and non-public accountants
  - Don't lose sight of the importance of willingness to challenge yourself – this is part of being diligent
  - Need IAESB and IAASB involvement in roundtables
- CAG plans to respond to the CP



# Activities of Other Standard Setting Boards

## Input Requested

- Do you have any significant concerns or fatal flaws with the draft IESBA consultation paper? If so, what are they?
- Do you believe that the IAESB should respond to the IESBA's consultation paper on professional skepticism?

## PSLR Taskforce

Updates (Items 1 to  
4 in issues paper)

# Item 1: Peer review of Literature Review

## Peer review of Literature Review

- Peer review obtained
- Taskforce decided to not publish LR under the IAESB's name
  - Concluded that the primary purpose of the paper was to inform the TF, CAG, and Board on its deliberations related to PS
- Taskforce has decided to only extract portions of the LR for the creation of thought leadership papers and personal perspectives

## Item 2: Develop thought leadership and personal perspective papers

- Two personal perspectives have been published (13 April IAESB eNews)
  - No Accounting Education is Complete without Values, Ethics, and Attitudes
  - All Professional Accountants Need to Include Skepticism in their Mindset
- Two thought leadership papers have been created (to be published soon)
  - Unconscious Bias and Professional Skepticism
  - How can we become better skeptics?
- Remaining thought leadership papers (2) to be completed in 2018
  - Role of technology and PS
  - Lessons learned from other professions

# CAG Feedback

- Consider “Ethics matter in Audit” by Bernard Agulhas for publication as a personal perspective
- Thought leadership on “Lessons Learned from Other Professions” is very important
- Remove literature review from title of thought leadership papers
- Consider creating a thought leadership paper on actual experiences (“what went wrong”, why was it not detected and what teachable, observable things can be obtained from these situations)

## Item 3: Survey

- Since the Oct. meeting, the taskforce obtained completed survey data from the Forum of Firms (FOF)
- Taskforce compiled the consolidated results from the FOF, PAIBC and the GAA Education Directors
- Taskforce decided to not expand survey at this time
  - But are open to future surveys to a broad audience on specific PS topics
- Taskforce used results of survey to inform their analysis of learning outcomes in IES 2, 3, 4 and 8

## Item 4: Analysis of Learning Outcomes in IESs

- Taskforce started its analysis of the PS skills, competencies and behaviors identified in the LR and survey responses
- Initial reaction is that the fundamental skills and behaviors identified are consistent with LOs in IESs (accounting/auditing, business acumen, communication/listening, critical thinking and analysis)
- Analysis not complete – still want to consider:
  - IAASB LR from 2009 to 2014
  - Bloom/Krathwohl analysis provided by CAG chair, Ray Johnson (perhaps to be used as part of a broader analysis to improve LOs in the IESs)
  - Situational awareness and behavioral competence

# CAG Feedback

- Learning outcomes mapped to Bloom does not capture all elements of Bloom – need to consider this



## PSLR Taskforce

Item 5: Developing critical thinking and skepticism skills - obtaining good practices

# Objective

- Gather, build an inventory of, and promote good practices related to developing critical thinking and skepticism skills in IPD
- Showcase good practices to:
  - get a better understanding of what is currently occurring in universities, professional organizations, and practice;
  - promote awareness of the importance of these skills for aspiring professional accountants;
  - encourage more focus on these skills in IPD;
  - foster and promote further innovative practices to develop these skills.

# Approach to obtaining good practices

- To elicit examples of good practices, establish an ‘Accounting Education Spotlight Challenge’ (working title) with a focus on developing critical thinking and skepticism skills.
- Encourage submissions in the areas of:
  - Approaches that enhance the development of the skills in a sequenced manner throughout IPD;
  - Approaches that are novel and innovative;
  - Approaches that could be informed by, and adapted from non-accounting disciplines.

# Target Audience

- To keep it manageable, promote opportunity to submit to ‘Accounting Education Spotlight Challenge’ through a call distributed to:
  - Accounting Academic Associations (e.g., AAA, EAA, AFANZ, BAA), particularly the Education/ Teaching and Learning Sections. Many associations are on the IFAC database; can use IAAER members; individual contacts (e.g., at universities and Big 4 teaching academies);
  - Publish call through accounting education journals.

# How?

- Operationally, need to:
  - Draft the “call for submissions”;
  - Be specific regarding submission guidelines;
  - Establish a portal for submissions;
  - Form a review panel and determine the best way to showcase good practices.

# Recognition for submission

- All submitted innovation stories/good practices have the potential to be:
  - Showcased in a dedicated area (Accounting Education Spotlight Challenge) on the IAESB Accounting Education Resources webpage (in build);
  - Featured in IAESB communication channels, reports, and/or presentations.
- Incentive to submit
  - Potential for accounting educators to receive global recognition and acknowledgement of their education innovations and impact.

# Potential Call for Submissions – IAESB Accounting Education Spotlight Challenge

- Tell us about how you develop critical thinking and skepticism skills in undergraduates, students undertaking their IPD and members undertaking CPD
- What are you doing in your accounting program/course that is developing critical thinking and skepticism skills in:
  - a sequenced manner throughout IPD; or
  - a novel or innovative way; or
  - informed by, and adapted from non-accounting disciplines
- The IAESB work program includes {include blurb re IAESB PS work}
- Submissions can be logged {here}
- Submissions must be {specifications}
- Recognition process {describe what will happen to submissions}

# CAG Feedback

- Need to also consider good practices in CPD in parallel with IPD
- Need to add focus on gathering information on the evaluation/assessment of critical thinking/PS skills
- Need to be careful on what constitutes “good” practice
  - Need to consider geographic and cultural differences



# Obtaining good practices

## Input Requested

- Do you agree with the proposed plan to obtain examples of good practices from key networks on approaches used to develop skepticism as part of IPD? If not, why?