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Mr Ken Siong
IESBA Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue
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Proposed Application Material Relating to: (a) Professional Skepticism – Linkage with the Fundamental Principles; and (b) Professional Judgment – Emphasis on Understanding Facts and Circumstances

Dear Mr Siong,

On behalf of RSM International Limited, a global network of independent accounting and consulting firms, we are pleased to respond to your Proposed Application Material Relating to: (a) Professional Skepticism – Linkage with the Fundamental Principles; and (b) Professional Judgment – Emphasis on Understanding Facts and Circumstances.

We support these proposals and the objective to make the Code clearer and to aid professional accountants in applying the Conceptual Framework in their practices. The identification and assessment of threats, and design of appropriate safeguards, is vital to the maintenance of the profession's reputation. These clarifications to the Code are welcome to make sure that it is fit for purpose for professional accountants in public practices and that it can be applied to a consistently high standard.

Request for Specific Comments

Proposed Application Material Relating to Professional Skepticism (paragraph 120.13 A1)

- 1. Do respondents agree that the proposed application material enhances the understandability of the conceptual framework in Section 120 of the proposed restructured Code?**

We support the Board's proposals in Section 120.13 A1. Professional accountants in public practice and in business may exercise professional scepticism differently. As such, we believe that providing additional guidance to professional accountants in public practice who perform audit, review and other assurance engagements will enhance understandability and their exercise of professional skepticism.

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2. **Do the examples in the proposed application material clearly describe how compliance with the fundamental principles of integrity, objectivity, and professional competence and due care support the exercise of professional skepticism in the context of an audit of financial statements? If not, why not?**

We believe the proposed application material adequately describes how compliance with the fundamental principles of integrity, objectivity, and professional competence and due care support the exercise of professional skepticism in the context of an audit of financial statements.

Proposed Application Material Relating to Professional Judgment (paragraph 120.5 A1)

3. **Do respondents agree that the proposed application material enhances the understandability of the conceptual framework in Section 120 of the proposed restructured Code?**

We support the Board's proposals in Section 120.5 A1. The proposed application material highlights the important areas that professional accountants need to consider when exercising of professional judgement. As such, we believe that the material will help professional accountants to understand the conceptual framework.

4. **Do respondents agree that the proposed application material appropriately emphasizes the importance of professional accountants obtaining a sufficient understanding of the facts and circumstances known to them when exercising professional judgment in applying the conceptual framework? If not, why not?**

We agree that the proposed application material appropriately emphasizes the importance of professional accountants obtaining a sufficient understanding of the facts and circumstances known to them when exercising professional judgment in applying the conceptual framework.

We would be pleased to discuss our comments further with members of the IESBA or its staff. If you wish to do so, please contact Robert Dohrer (tel: +44 207 601 1080; email: robert.dohrer@rsm.global).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Robert Dohrer".

Robert Dohrer
Global Leader - Quality and Risk
RSM International

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