



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **8**
Meeting Date: 4 June 2012
Subject: Professional Scepticism
Date Prepared: 29 May 2012

Action Required

For Information Purposes Only

Agenda Item Objectives

To approve issuance of an AUASB bulletin on professional scepticism.

Background

1. The IAASB staff developed a question and answer paper titled *Professional Skepticism in an Audit of Financial Statements*.

The paper seeks to highlight important messaging about the topic; illustrate the linkage between professional scepticism and other key concepts, such as professional judgement; emphasise how firms, partners and individual auditors can help enhance professional scepticism; avoid addressing matters beyond the ISAs; identify aspects of the audit where professional scepticism is particularly important (e.g. fraud, estimates); and highlight the critical role of regulators, oversight bodies and those charged with governance in supporting sceptical behaviour in audits. [See Agenda Item 8.2]

2. The Canadian Auditing and Assurance Standards Board have also issued a bulletin on the subject. Although covering much the same ground as the IAASB staff paper, the Canadian bulletin is written as guidance information that refers to, and expands on, material contained within the Canadian auditing standards. [See Agenda Item 8.3]
3. The UK Auditing Practices Board have also issued a paper on the subject entitled: *Professional Scepticism Establishing a Common Understanding and Reaffirming its Central Role in Delivering Audit Quality*. The paper builds on an earlier Discussion Paper. The UK paper covers areas such as exploring the roots of scepticism and fostering conditions necessary for auditors to demonstrate professional scepticism. [See Agenda Item 8.4]
4. The draft bulletin at Agenda Item 8.1 has been developed in a Q & A style using selected material from the publications listed above.

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

Matters to Consider

5. The AUASB is asked to approve issuance of the AUASB bulletin subject to any Board requirements, formatting and final QA procedures.

In the interests of a quick turn-a-round, it is suggested that the AUASB Chairman approves the bulletin for publication.

AUASB Technical Group Recommendations

Approve publication of the AUASB bulletin.

Material Presented

Agenda Item 8	AUASB Board Meeting Summary Paper
Agenda Item 8.1	Draft bulletin
Agenda Item 8.2	IAASB paper [Electronic version only]
Agenda Item 8.3	Canadian paper [Electronic version only]
Agenda Item 8.4	UK paper [Electronic version only]

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approve the AUASB bulletin	Approval	AUASB	4 June 2012	o/s

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.