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Press release

## Scepticism and bias remains a concern for audit despite improvements

*Research by ACCA and HAASOB looks at inspections findings to assess how auditors exercise professional scepticism and avoid bias in their important work*

Professional scepticism is defined in the auditing standard ISA 200 as the auditor having a questioning mind and being alert to conditions which could indicate misstatement in the report and accounts due to error and fraud and critically assessing audit evidence.

Professional scepticism remains a key focus for the audit profession – a lack of scepticism is a recurring finding in audit inspections across different parts of the globe. Despite significant work on improving audit standards in this area, and in understanding of the risks of cognitive bias, this joint report concludes that auditors need to continue to improve their approach to professional scepticism, making full use of the right resources and auditing standards.

One of the key elements in promoting the exercise of an appropriate level of scepticism in audit work, is for auditors to be aware of cognitive biases. Although cognitive biases may explain auditors' failure to exercise proper professional scepticism at the appropriate level, it is not the only reason; other factors such as fear of losing an audit engagement also impact professional scepticism.

Authority bias – the tendency to attribute greater accuracy to the opinion of an authority figure – could have a key impact on the quality of audits given the extensive and increasing use of experts, particularly, in specialised sectors and sustainability assurance engagements.

These insights and conclusions on the current state of professional scepticism and cognitive biases in the audit and assurance profession emerge from research by ACCA (the Association of Chartered Certified Accountants) and HAASOB (the Hellenic Accounting and Auditing Standards Oversight Board). The report highlights the importance of a robust exercise of professional scepticism and emphasises the importance of recognising the influence of cognitive biases on auditors and other stakeholders.

In its conceptual framework the International Ethics Standards Board for Accountants (IESBA) recognises that 'conscious or unconscious bias affects the exercise of professional judgement when identifying, evaluating and addressing threats to compliance with the fundamental principles.' Examples of bias defined in the report include anchoring, confirmation and groupthink.

Mike Suffield, Director of Policy & Insights, ACCA, says: 'The audit profession is currently undergoing major reform globally with the enhancement of audit quality being one of the top priorities. The exercise of an appropriate level of professional scepticism is an integral part of high-quality audits.'

Panagiotis Giannopoulos, deputy chairman, HAASOB, says: 'In this report, HAASOB and ACCA, set out some of the recurring issues, often highlighted in audit inspections, relating to the auditors' performance in exercising professional judgement and professional scepticism, using examples inspired by inspection findings.'

The research uses examples based on inspection findings in Greece. It discusses how recognising the influence of cognitive biases could have resulted in a more robust exercise of professional scepticism in these cases. The report also emphasises the opportunity for firms to enhance their audit methodologies, training and overall culture to overcome some of these recurring issues.

The report highlights developments in international standard-setting relating to professional scepticism and cognitive biases, while also noting some relevant national developments. It also looks at relevant audit policy developments proposed in audit reform reviews in the UK, as well as other relevant publications that we consider to be of global interest.

Author of the report Antonis Diolas Head of Audit and Assurance, Policy & Insights, ACCA, says: 'Standard setters and policy makers have taken cognitive biases into consideration, and this is a significant step forward in auditors exercising professional scepticism at the appropriate level. Firms will now need to play their part.'

The joint study by ACCA and HAASOB follows the signing of a memorandum of understanding between the two bodies in October 2021 which highlighted the mutual interest of both organisation in shaping the European and Greek professions.

### Editor's note

The work follows on from ACCA's 2017 report *Banishing Bias? Audit, Objectivity, and the Value of Professional Scepticism* (ACCA 2017) which considered psychological aspects and how cognitive biases could influence auditors and other stakeholders in exercising professional scepticism.

[Read the report here.](#)

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### About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants.

We're a thriving global community **of 241,000 members and 542,000 future members based in 178** countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in [our purpose](#). In December 2020, we made commitments to [the UN Sustainable Development Goals](#) which we are measuring and will report on in our annual integrated report.

We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation.

Find out more at [accaglobal.com](http://accaglobal.com)

### **About HAASOB**

The Hellenic Accounting and Auditing Standards Oversight Board (HAASOB – ELTE) is the national supervisory authority for the accounting and auditing profession in Greece.

It is the appropriate body for the adoption and oversight of the correct and effective application of Accounting and Auditing standards. Its mission is to constantly enhance the trust of investors in the operation of the auditing and accounting institution. Its objectives are to secure the auditing services' quality and enhance financial information reliability and transparency. The HAASOB supervises the Accounting Institution through the Accounting Standard Board (SLOT), the Auditing Institution through the Quality Control Board (SPE) and the profession as a whole through the Professional Examinations' Committee (EE).

Find out more at [www.elte.org.gr](http://www.elte.org.gr)