

**P**rofessional Skepticism of auditors: Under ISA 240, professional skepticism entails having both a questioning mind and conducting a critical assessment of audit evidence. It requires maintaining a balance between trust and suspicion. Dysfunctional behavior will occur if there is extreme trust or extreme suspicion. A recent study related to professional skepticism which examines whether accountability and culture have an impact on auditors' professional skepticism. It also examines whether culture moderates the effect of accountability on auditors' professional skepticism. Using auditors, from three of the Big 4 firms participated in an audit judgment experiment, which required them to indicate their beliefs about risk of fraud and error at the planning stage of a hypothetical audit engagement and evaluate the truthfulness of explanations provided by client management. The study examined whether their professional skepticism was influenced by accountability.

The results indicate professional skepticism differ significantly between cultures in some situations. The fact that culture influences skepticism suggests that even when auditors use the same standards (such as ISA 240 and ISA 600), they are likely being applied inconsistently, even within the same firm. We therefore recommend that international bodies issue additional guidance on cultural values and consider these cultural differences when designing or adopting auditing standards.

This is the first study that examines whether culture moderates the impact of

accountability on auditors' professional skepticism using Middle Eastern and Western auditors. Prior literature suggests that individuals subject to accountability pressure increase their cognitive effort and vigilance into detecting fraud and error. Since the study finds evidence that culture moderates accountability pressure, and since accountability affects skepticism, the study adds to the literature suggesting that culture can influence professional skepticism.

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