

# **Critical Thinking and Professional Skepticism in Audits (4 hours)**

## **Course Overview**

A high-impact audit relies on the ability of auditors to think critically about how to design the audit, evaluate the findings, and develop the message. This 4-hour course discusses the linkage between critical thinking and audit quality and standards as laid out in the Yellow Book. It reviews common cognitive biases and logical fallacies that can affect quality and provides tips to avoid these traps.

**CPEs:** 4

## **Who Should Attend**

The course is ideal not only for new auditors so they can build this knowledge into their work, but also for seasoned auditors who may need a refresher to recognize changes needed to enhance their work approaches.

## **Course Objectives**

Participants will be better able to understand

- Why critical thinking is important to your work
- What can get in the way of true critical thinking
- How to avoid falling into dangerous traps

## **Course Topics**

### **Linking Critical Thinking to Audit Quality and Standards**

- Critical thinking as a part of professional judgment
  - Using reasonable care and professional skepticism
  - Acting in good faith and with integrity
  - How these responsibilities link to Yellow Book standards
- Threats to auditors' independence and objectivity

### **Challenges to Critical Thinking and Avoiding Biases**

- Modes of thinking: intuitive vs analytical
- Types of bias: implicit and explicit bias
- Examples of common cognitive biases
  - Recency bias
  - Confirmation bias
  - Optimism bias

- Groupthink
- Blindspot bias
- Sunk cost bias
- IKEA effect
- Tips for detecting, mitigating the effect of, or avoiding cognitive bias

### **Tips and Techniques for Avoiding Logical Fallacies**

- Understanding types of logical fallacies, flaws in reasoning
  - Planning fallacy
  - Anecdotal/narrative bias
  - Faulty cause
  - Sweeping generalization
- Tips to avoid each type of logical fallacy