



International Federation of Accountants
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Agenda Item

7

Meeting: IAASB
Meeting Location: San Francisco
Meeting Date: December 7-10, 2009

International Auditing Practice Statements (IAPSs) – Review of Status and Authority

Objective of Agenda Item

1. To consider possible options relating to the status and authority of IAPSs, including the Working Group's recommendation as to a suitable way forward for new IAPSs.

Working Group

2. The Working Group comprises:
 - John Fogarty, Chair, IAASB Deputy Chair
 - Jon Grant, IAASB Member
 - David Swanney, IAASB Member
 - Marc Pickeur, IAASB CAG Representative for the Basel Committee on Banking Supervision
 - Greg Shields, IAASB Technical Advisor
3. The Working Group held two teleconferences to finalize the matters included in the agenda material.

Background

4. The IAASB's *Strategy and Work Program, 2009-2011* (IAASB's Strategic Plan) includes a project to review:
 - (a) The appropriateness of the content of the IAPSs and determine whether they should be withdrawn or revised; and
 - (b) The authority of IAPSs and any other implementation guidance that the IAASB may develop.
5. The *Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services* (Preface) describes IAPSs and the authority attaching thereto.¹

¹ The amended Preface states "International Auditing Practice Statements (IAPSs) are issued to provide interpretive guidance and practical assistance to professional accountants in implementing ISAs and to promote good practice... Professional accountants should be aware of and consider Practice Statements applicable to the engagement. A

Existing IAPSs have been developed and approved following the same due process as that afforded ISAs.

6. In general, all of the IAPSs are largely now out-of-date and inconsistent with the text of the clarified ISAs. Interest in revising and updating the IAPSs has been expressed only in relation to those IAPSs dealing with banking and the IAPS on auditing derivative financial instruments (a current project on the IAASB's agenda).
7. **Agenda Item 7-A** outlines the Working Group's preliminarily proposals on the way forward. It is important to note that the proposals therein relating to the status and authority of IAPSs would attach to *new* IAPSs that the IAASB considers necessary to develop. A proposal to review the *existing* IAPSs and obtain the IAASB's views as to whether these should be withdrawn or revised is anticipated for the March 2010 IAASB meeting. The Working Group also believes it will likely be necessary to publicly consult on the change in the status and authority, as well as the proposals relating to the extant IAPSs. Accordingly, it intends to discuss these issues with the IAASB Consultative Advisory Group at its March 2010 meeting and develop a consultation paper for discussion at the June 2010 IAASB meeting.

Material Presented

Agenda Item 7-A IAPS Review of Status and Authority – Issues and IAASB Working Group Proposals dated December 2009

Action Requested

8. The IAASB is asked for its views on the options and proposals presented in **Agenda Item 7-A**, as well as views as to whether there are other alternatives to be considered. The IAASB is also asked to comment on the proposed plan for consultation on the matter.

professional accountant who does not consider and apply the guidance included in a relevant Practice Statement should be prepared to explain how: (a) the requirements in the ISAs; or (b) the basic principles and essential procedures in the IAASB's other Engagement Standard(s), addressed by the Practice Statement, have been complied with."