

IAASB Exposure Drafts

Proposals Relating to International Auditing Practice Statements (IAPSSs)

- Withdrawal of Existing IAPSSs
- Clarification of the Status and Authority of New IAPSSs
- Proposed Amendments to the Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements

Proposed International Auditing Practice Statement

- IAPS 1000, Special Considerations in Auditing Complex Financial Instruments

response to exposure drafts

09 February 2011

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

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James Gunn
Technical Director
International Auditing and Assurance Standards Board
Submitted electronically
09 February 2011

Dear James Gunn

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CIPFA is pleased to present its comments on these exposure drafts, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

CIPFA supports the proposals to withdrawal all six extant IAPs.

CIPFA supports the issuance of a new IAPS on Complex Financial Instruments.

CIPFA generally agrees with the discussion of the status of IAPs, particularly the clear statement that IAPS do not impose additional requirements or documentation requirements.

The Exposure Draft suggests that because IAASB pronouncements are 'authoritative' they are more than just 'educational'. We wonder if branding the Board's material as rigorously developed educational or explanatory material would be a better approach, and this would for example eliminate issues around additional requirements. We can however see the need to distinguish between Board publications which have been through rigorous due process and publications developed by expert IAASB staff without comparable process.

We share IAASB's concerns about the potential proliferation of IAPs, and would also hope to avoid proliferation of non-authoritative staff publications. We are also mindful that where there is sufficient capability in a local standard setter, jurisdiction specific guidance may in some cases be more helpful. In the light of this:

- IAPS should be developed only where there is a pressing need, and the factors set out on page 9 of the ED are good indicators of this.
- Where IAPS are developed, there needs to be a clear process for update and maintenance.
- The Board should perhaps consider how it can design both Board and Staff publications so that they are both standalone publications (which will be necessary in many jurisdictions) and also form a basis for developing localised, generally more detailed guidance by local standard setters.

I hope this is a helpful contribution to the development of the Board's guidance in this area.

Yours faithfully

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