

Process for Developing International Practice Notes

The *Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*¹ explains that non-authoritative material includes International Practice Notes (IPNs) issued by the IAASB and staff publications, and that non-authoritative material is not part of the IAASB's International Standards.

IPNs do not impose additional requirements on practitioners beyond those included in the Standards, nor do they change the practitioner's responsibility to comply with all Standards relevant to the engagement.

IPNs provide practical assistance to practitioners. They are intended to be disseminated by those responsible for national standards, or used in developing corresponding national material. They also provide material that firms can use in developing their training programs and internal guidance.

The following sets out the process followed by the IAASB in developing an IPN:

Project Identification and Prioritization

1. A project to develop an IPN results from the extant process for setting the Board's strategy and work plan.

Project Commencement

2. A proposal to start a new project to develop an IPN is based on research or any other indications (e.g., discussion with regulators or other stakeholders) that there is a need for material at the international level that provides practical assistance on the application of (aspects of) the IAASB's Standards in a particular context.
3. The project proposal explains why non-authoritative material is an appropriate response (as opposed to a new or amended Standard) and why an IPN (rather than a staff publication or other form of response) is being proposed. Factors that may indicate an IPN *is not* appropriate include whether, in the particular circumstances:
 - Clarification of requirements in the Standards is needed, for e.g., to address divergent practices in their application, (which would be addressed by changes to a Standard(s), not an IPN); and
 - The awareness of practitioners needs to be raised regarding extant Standards or guidance (in which case a staff publication would be more appropriate).
4. The project proposal notes the specific approach for the development process expected to be followed in relation to the following:
 - The expected size and diversity of membership of the Working Group and its expected mode of meeting (e.g. video or teleconference or physical meetings) (see paragraph 7).
 - The range and nature of expected consultations, including: whether a project advisory panel is expected to be used; and whether any roundtables, public fora or consultation papers are considered necessary (see paragraphs 8 and 11).

¹ As included in the *Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*

5. A draft project proposal is:
 - Recommended to the IAASB by the Steering Committee.
 - Circulated to the CAG, other Standard Setting Boards (SSBs) and IFAC Committees to identify matters of possible relevance to the project.
 - Approved by the IAASB.
6. Once approved, the project proposal is circulated to the PIOB for information.

Working Group

7. A Working Group is appointed by the Technical Director in consultation with the Steering Committee. The Working Group will include subject matter experts and may include members of the CAG. The Working Group will also include IAASB members, Technical Advisors and staff members, one of whom will be the Chair. Working Group meetings are not open to the public.
8. A Working Group may establish a project advisory panel.

Consultation

9. A Working Group may conduct research (subject to approval of any costs by the Technical Director), and consult with other SSBs and IFAC Committees, practitioners, regulators, national standard setters and other interested parties as appropriate.
10. The Working Group provides the IAASB with regular project updates, either for information or discussion by the IAASB, and considers the need to update, or report back to, the IAASB Consultative Advisory Group (CAG). Such updates are determined at the discretion of the IAASB Chairman in consultation with the Working Group Chair and the IAASB Technical Director.
11. The development of an IPN does not anticipate or typically include public exposure of a draft IPN. However, in exceptional circumstances, the IAASB may approve public exposure of a draft IPN, or the IAASB Technical Director may approve a roundtable, public forum or consultation paper beyond any mentioned in the approved project proposal. Such exceptional circumstances may occur if it is necessary to obtain further insight into the applicability of an IPN in a specific context, in particular where there are regional differences.

Interaction with the IAASB Consultative Advisory Group

12. The IAASB is responsible for consulting with the CAG during the development and finalization of an IPN. In particular, the CAG is consulted on:
 - Proposals to start new projects to develop IPNs.
 - Significant issues relating to the development of an IPN.
13. The Chairman of the IAASB or the Chair of the Working Group is responsible for bringing to the IAASB and Working Group's attention significant comments received through consultation with the CAG.

Approval

14. Once a draft IPN is finalized by the Working Group, it is then discussed by the IAASB at its next public meeting. The IAASB is asked to approve by simple majority the draft, as presented by the Working Group, for publication as an IPN on the basis of whether the IPN:
 - (a) Is of sufficient quality to be added to the IAASB's literature, with consideration given to the clarity of the IPN and whether relevant matters identified in the project proposal have been adequately addressed; and
 - (b) Would not reasonably be construed or interpreted as conflicting with, weakening or extending the underlying Standards.