

GUID 2900 – Financial Audit ISSAI Guidance – IFPP Classification

The purpose of this document is to explain FAAS' decision to classify the financial audit Practice Note content as guidance (GUID) in the INTOSAI Framework of Professional Pronouncements (IFPP).

Appendix A provides an overall summary of the evaluation of the Practice Note content against the definitions of "application material" and "guidance" found in the drafting conventions for these IFPP pronouncement classifications. The following provides the rationale for the conclusion that was ultimately reached.

The IFPP (which FAAS acknowledges is a new auditing framework in the early stages of utilization) does not clearly distinguish between guidance that belongs in an ISSAI versus guidance that belongs in a GUID – when you compare the definitions of each, they are very similar.

The International Standards on Auditing (ISAs) included in the INTOSAI framework as the financial audit ISSAIs include extensive application guidance authored by the International Auditing and Assurance Standards Board (IAASB) that is relevant to public sector auditors. FAAS considers this guidance to be sufficient in many cases.

The content of the Practice Notes was reviewed and classified by FAAS as guidance by a decision taken at FAAS' March 2018 meeting after consideration of the newly established IFPP framework definitions and based on FAAS member knowledge and experience developing and using the Practice Notes. Subsequent content development that has occurred since this decision was reached has not impacted this decision.

FAAS does not hold the view that it needs to introduce additional requirements of a public sector auditor beyond those found in the financial audit ISSAIs. This is, in part, to allow an auditor to assert ISSAI compliance in accordance with ISSAI 100.10 when all relevant financial audit ISSAI requirements have been met. FAAS' extensive review of the ISAs when developing the initial content of the Practice Notes and when developing subsequent revisions has not identified this need.

As guidance, which is not mandatory by definition, its placement in the IFPP is not significant and its segregation from the text of the financial audit ISSAI standards has the following benefits:

- The guidance developed by FAAS is linked to the financial audit ISSAI standards, other IFPP pronouncements, and other external pronouncements therefore ongoing monitoring of these other pronouncements is required to identify any changes that have occurred that have potentially impacted the guidance developed and maintained by FAAS. The proposed presentation will facilitate this ongoing monitoring and updating process which will allow FAAS to maintain a high quality level for this information
- The proposed presentation allows auditors applying the IFPP to easily identify incremental financial audit public sector guidance

Appendix A

IFPP Classification Determination - Overall Summary

“Application Material” Classification

IFPP Application Material includes:	Does the definition apply to the financial audit Practice Notes?	Explanation
The basic set of concepts and principles that define public sector auditing and the different types of engagements supported by the ISSAIs.	No	The content of the financial audit Practice Notes does not achieve this objective.
The fundamental principles which INTOSAI have defined as universally applicable professional standards. The auditing practices of all SAIs as well as any national standards for public sector auditing should be aligned to these.	No	The content of the financial audit Practice Notes does not achieve this objective.
The organizational level requirements which the SAI and the engagement level requirements which the auditor must comply with if they state compliance with the ISSAIs (rather than national standards).	No	The content of the financial audit Practice Notes does not achieve this objective.
Application material that is relevant to ensure that the fundamental principles and requirements are understood and applied as relevant in the circumstances of the individual engagement.	No	The financial audit ISSAI application material is presented in the text of the International Standards on Auditing (ISAs) as explained in paragraph 6(a) of the application material drafting convention. FAAS is comfortable with this classification.

Appendix A

IFPP Classification Determination - Overall Summary

“GUID” Classification

IFPP Guidance pronouncements (or GUIDs) are non-mandatory guidance that supports Supreme Audit Institutions (SAIs) to:	Does the definition apply to the financial audit Practice Notes?	Explanation
Enhance organisational performance in practice related to the organisational requirements and the implementation of International Standards of Supreme Audit Institutions.	No	The content of the financial audit Practice Notes does not achieve this objective.
Implement mechanisms and programmes for competency development in line with the ISSAIs.	No	The content of the financial audit Practice Notes does not achieve this objective.

IFPP Guidance pronouncements (or GUIDs) are non-mandatory guidance that supports the auditor to:	Does the definition apply to the financial audit Practice Notes?	Explanation
Apply the ISSAIs in practice in the financial, performance or compliance audit processes.	Yes	The content of the financial audit Practice Notes achieves this objective. The language used in the initial version of the Practice Notes was carefully chosen to not impose requirements on the auditor in addition to those requirements already included in the ISSAI financial audit standards (the ISAs). The purpose of the document was to provide guidance to help a public sector auditor apply the ISSAI financial audit standards (ISAs). For this reason, this content is most appropriately classified as non-mandatory guidance.
Apply the ISSAIs in practice in other engagements.	No	The content of the financial audit Practice Notes does not achieve this objective.
Understand a specific subject matter and the application of the relevant ISSAIs. The GUIDs translate the fundamental auditing principles into more specific, detailed and operational guidelines.	No	The content of the financial audit Practice Notes does not achieve this objective.