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Dear Tamara

## **Public Accountability and the Composition of the IASB: Proposals for Change**

The Audit Commission welcomes the opportunity to comment on the review of the constitution.

### *Background*

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services in England to deliver better outcomes for everyone. Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies in England. As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

### *The Commission's Response*

In forming our response, we have focused on those issues that may have direct consequences for public sector financial reporting in the United Kingdom. The United Kingdom government has given a commitment that, from 2009/10, public sector bodies will prepare financial statements in accordance with IFRS. That has led to careful consideration of how international standards should be interpreted for application in the public sector and, in the case of Public Private Partnership and Private Finance Initiative arrangements, whether standards written specifically for the private sector (IFRIC 12 in this instance) can be used as the basis for public sector financial reporting. We are also aware that the public sector in a number of other major economies, including Australia and New Zealand, has also moved to IFRS and will, therefore, have had similar deliberations regarding applicability.

In response to question 5 of the consultation, therefore, the Commission would encourage the IASC to consider whether the IASB's membership should include representation from the not for profit sector. We recognise and support the Foundation's view that the IASB should not be dominated by any particular constituency or geographical interest. However, we believe that not for profit sector representation would assist the IASB in consulting interested parties throughout the world as set out in paragraph 29 of the discussion document.

Yours sincerely

Mike Langley  
*Senior Technical Manager, Financial Reporting*