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Direct line 0844 798 7894
Email s-warren@audit-
commission.gov.uk

Dear Sir or Madam

Proposed International Public Sector Accounting Standard: Service Concession Arrangements: Grantor

The Audit Commission welcomes the opportunity to comment on the Exposure Draft, "Proposed International Public Sector Accounting Standard: Service Concession Arrangements: Grantor."

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services in England to deliver better outcomes for everyone. We appoint auditors to over 700 major public bodies that are moving to prepare accounts under IFRS. 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, auditing the £200 billion spent by 11,000 local public bodies. 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

We support the Board's proposal to codify the accounting for service concession arrangements from the grantor's perspective as a new IPSAS. The approach taken by the Board, to mirror the principles set out in IFRIC 12 for accounting by the operator, is consistent with the approach taken in the UK by the Government Financial Reporting Manual (FRM).

We have one specific comment.

Recognition and Measurement of Liabilities (paragraphs 19 to 23)

We note that the proposed standard does not explicitly state that guarantees made by the grantor as part of the arrangement should be accounted for as financial liabilities in accordance with IPSAS 29 or IPSAS 19 but instead refers to such matters in paragraphs AG56 to AG59 of the Application Guidance. We believe that, for completeness, the recognition and measurement arrangements for guarantees should be referred to in the main body of the standard, with further detail included in the Application Guidance as appropriate.

Yours sincerely

Stephen Warren
Head of Professional Standards