

Foreword

This guide explains the frameworks under which accounting and auditing standards are developed and comments on how they are interpreted and adapted for the public services. It reflects on recent changes and future developments in financial reporting and audit generally, and further changes in public services administration. By setting these in a single publication, this guide provides a unique perspective for all those interested in financial reporting and audit for the public services.

Since the publication of the fourth edition of this guide, international standard setters have carried out less development of their mainstream standards than in previous years, in large part to give auditors and preparers a period of calm in which to let the standards settle. They have been active in other ways:

- The International Public Sector Accounting Standards Board has substantially progressed development of a conceptual framework for public sector financial reporting, and has consulted on and issued guidance on wider reporting outside of the financial statements.
- The International Accounting Standards Board has concentrated on developing improved reporting on financial instruments in the light of stakeholder and regulator demands arising from the economic crisis, and completing three projects on accounting for revenue, leases and insurance contracts.
- The International Auditing and Assurance Standards Board initially focused on non-audit forms of assurance including reporting on sustainability initiatives. However, stakeholder pressure in the light of the economic crisis has prompted initiatives in the areas of auditor reporting and audit quality.

Meanwhile, in the United Kingdom financial reporting based on EU adopted IFRS for all public sector bodies has bedded in, and Whole of Government Accounts on an IFRS basis have been published.

UK standard setting has undergone some changes: the Financial Reporting Council remains, but the standard-setting bodies have been replaced by a single Codes and Standards Committee. The committee is assisted by new advisory panels, including the Accounting Council and the Audit and Assurance Council.

The Accounting Council has taken forward work on the role that international standards will play in UK reporting, developing Financial Reporting Standard 102, which from January 2015 will be the main face of UK GAAP.

The biggest change is, of course, in the structure of local authority audit in England. As this publication goes to press, the Local Audit and Accountability Bill has finished its progress through the House of Lords, and is due to go through its Commons stages in the Autumn. The Audit Commission will be abolished from 1 April 2015; the arrangements for local auditor appointment will change, although the precise shape will only emerge over the next few months. Our next publication will set out what those changes are.

We hope that this guide will be a useful overview for practitioners, accountancy students and all those interested in financial reporting and audit in the public services. CIPFA would like to thank the drafting team and other practitioners who have provided critical advice on the text.



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