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Meeting	Audit Committee
Date	11 March 2010
Subject	**Audit Plan 2009/10**
Report of	Interim Assistant Director of Finance
Summary	This report advises the Committee of the External Auditor's, Grant Thornton's, Audit Plan for 2009/10.

Officer Contributors	Nickie Morris, Finance Manager (Closing & Monitoring)
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Audit Plan 2009/10
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Nickie Morris, Finance Manager (020 8359 7210) or Maria G. Christofi, Head of Strategic Finance (020 8359 7122).

1. RECOMMENDATIONS

1.1 That the External Auditor's Audit Plan for 2009/10 be noted.

1.2 That the Committee consider whether there are any areas on which they require additional information or action.

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Audit Plan 2009/10 will assess fundamental aspects of financial standing and performance management in Barnet, which relates to the Council's 'More Choice, Better Value' corporate priority.

4. RISK MANAGEMENT ISSUES

4.1 The Audit Plan 2009/10 highlights the Council's responsibility in respect of producing the financial statements and identifies particular areas of risk in producing them. If these risks are not taken into consideration it has the potential to reduce our Use of Resources score.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 The Audit Plan 2009/10 covers the inspection and assessment of all services within the authority which, in turn, impact on all members of the community.

6. USE OF RESOURCES IMPLICATIONS (FINANCE, PROCUREMENT, PERFORMANCE & VALUE FOR MONEY, STAFFING, ICT, PROPERTY, SUSTAINABILITY)

6.1 This report sets out the timeline and framework for the assessment of the Council's financial reporting, management and standing, as well as value for money.

7. LEGAL ISSUES

7.1 The relevant statutory provisions are referred to in the body of the report and the Audit Plan 2009/10.

8. CONSTITUTIONAL POWERS

8.1 Constitution Part 3, Section 2 details the functions of the Audit Committee including "To comment on the scope and depth of external audit work and to ensure it gives value for money".

9. BACKGROUND INFORMATION

9.1 The purpose of the audit plan for the financial year 2009/10 is to communicate the work that Grant Thornton will carry out in discharging their responsibilities to give an opinion on the Council's financial statements and a conclusion on the Council's arrangements for achieving value for money.

9.2 The plan is based on Grant Thornton's risk based approach to audit planning and reflects their responsibilities under the Audit Commission's Code of Audit Practice (the Code) in respect of the accounts audit, current national risks affecting local government relevant to the Council's local circumstances and local risks, based on the outcome of the Council's 2008/09 accounts audit.

9.3 The audit plan identifies the Council's responsibilities as putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority; maintaining proper accounting records; and preparing accounts which give a true and fair view of the financial position of the council and its expenditure and income in accordance with the Statement of Recommended Practice on Local Authority on Local Authority Accounting 2009 (SoRP).

9.4 Three main audit risks have been identified in the audit plan along with a planned audit response. The risks are drawn to the attention of the Committee below:

9.4.1 <u>International Financial Reporting Standards (IFRS)</u>
The Council must prepare its annual accounts under IFRS from 2010/11. The most significant issues to note in relation to the transition to IFRS accounting and their likely impact are detailed in Appendix B of the audit plan 2009/10.

9.4.2 <u>2009 SORP</u>
The Council is required to comply with the 2009 SoRP in preparing its 2009/10 accounts. The principal changes in the 2009 SoRP is around current and prior year adjustments to accounting for Council Tax and National Non-Domestic Rate income.

9.4.3 <u>Accounts process improvements</u>
External Audit will be monitoring the Council's progress in implementing their recommendations from the 2008/09 accounts audit. Primarily these were around fixed asset valuations, the fixed asset register and treasury management.

9.5 Grant Thornton will perform various audit tasks and the accounts audit around two phases of fieldwork, the interim audit was carried out in February 2010 and the final accounts audit in July – September 2010.

9.6 In carrying out their audit, Grant Thornton will update their assessment of internal audit against CIPFA Code of Practice for Internal Audit and seek to use relevant internal audit work to assist in their review of internal financial control systems.

9.7 The Code requires the External Auditors to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion and comes from assessing the council against the nationally specified key lines of enquiry (KLoEs).

9.8 The KLoEs specified for the assessment are based around three themes of: managing finances, governing the business and managing resources.

9.9 The audit plan confirms the indicative audit fee for 2009/10 which was presented at Audit Committee (29/06/2009).

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: MM
Finance: AT

London Borough of Barnet

Audit Plan 2009/10

December 2009

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1 Introduction

Purpose of this plan

1.1 This is our audit plan for the financial year 2009-10 for the London Borough of Barnet ('the Council'). It sets out the work that we will carry out in discharging our responsibilities to give an opinion on the Council's financial statements and a conclusion on the Council's arrangements for achieving value for money.

1.2 In April 2009, we issued an indicative fee letter to the Council to outline our proposed fee levels for the 2009/10 external audit process in order to provide an outline of the likely fees to be incurred by the Council in 2009/10.

Accounts audit

1.3 In setting the indicative accounts audit fee, we assumed that the general level of risk in relation to the audit would not be significantly different from that identified for 2008/09. Based on the outcome of the 2008/09 accounts audit and consideration of risks relevant to the 2009/10 audit, we confirm that the general level of risk, and anticipated accounts fee, remains as set out in the indicative fees letter.

1.4 Section 2 of this plan sets out our assessment of the 2009/10 accounts audit risks and our proposed response.

Value for money audit

1.5 In our indicative fee letter we also set out a number of risks in relation to our value for money conclusion and indicated our proposed work in these areas. We have since agreed detailed specifications for a number of local value for money projects and work is underway. We have also begun our work with the Council to prepare for the 2009/10 use of resources assessment using the nationally specified key lines of enquiry (KLoEs).

1.6 Section 3 of this plan provides an update to our value for money risk assessment and planned audit response.

1.7 Section 4 covers details of the audit team and the proposed 2009/10 audit fee. Planned outputs arising from the audit are summarised in Section 5, including a summary of our reporting timetable.

1.8 We have considered our independence and objectivity in respect of the Audit and do not believe there are any matters which should be brought to your attention. We comply with the Audit Commission's requirements in respect of independence and objectivity as summarised at Appendix A.

2 Accounts risk assessment and approach

Introduction

2.1 This section of the plan sets out the work we propose to undertake in relation to the audit of the 2009/10 accounts. The plan is based on our risk-based approach to audit planning and reflects:

- our responsibilities under the Audit Commission's Code of Audit Practice (the Code) in respect of the accounts audit
- current national risks affecting local government relevant to the Council's local circumstances
- local risks, based on the outcome of our audit of the Council's 2008/09 accounts.

The Council's responsibilities

2.2 The Council's financial statements are an essential means by which it accounts for the stewardship of resources and its financial performance in the use of those resources. It is the responsibility of the Council to:

- put in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority
- maintain proper accounting records
- prepare accounts, which give a true and fair view the financial position of the Council and its expenditure and income in accordance with the Statement of Recommended of Practice on Local Authority Accounting in the United Kingdom 2009 (SoRP).

Our responsibilities

2.3 We are required to audit the financial statements and to give an opinion as to:

- whether they give a true and fair view of the financial position of the Council and its expenditure and income for the period in question
- whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
- whether the Annual Governance Statement (AGS) has been presented in accordance with relevant requirements and to report if it does not meet these requirements, or if the statement is misleading or inconsistent with our knowledge.

Accounting risks and planned audit response

2.4 The accounts audit risks and our planned response are set out in the table below.

Table 1: Accounting risks and planned audit response

Risk	Planed audit response
International Financial Reporting Standards (IFRS) The Council must prepare its annual accounts under IFRS from 2010/11. The most significant issues to note in relation to the transition to IFRS accounting are: ▪ consideration as to whether Brent Cross Shopping Centre has embedded derivatives, due to the rents being based on turnover, and therefore should be a financial instrument ▪ lease classification and accounting ▪ calculating the employee benefits 'holiday pay' accrual ▪ fixed asset component accounting ▪ fixed asset valuation. Early preparation is essential and there is a risk that the Council may not be adequately prepared for the transition.	We have already engaged with the Council on a number of IFRS related issues and have included our IFRS accounting specialist in those discussions. The Council have appointed an IFRS Project Accountant to develop guidance and process notes and to progress significant issues. We will continue to liaise on a regular basis with officers and monitor the Council's progress against its IFRS project plan. We will also review the implications of any developing issues through reference to IFRS guidance and the finalised IFRS Code. We performed a high level review of the Council's IFRS preparedness in November 2009, following a mandated national IFRS survey requested by the Audit Commission. We have included in Appendix B the key issues for the Council in relation to IFRS and the likely impact.
2009 SORP The Council is required to comply with the 2009 SoRP in preparing its 2009/10 accounts. The principal change in the 2009 SoRP is around current and prior year adjustments to accounting for Council Tax (CT) and National Non-Domestic Rate (NNDR) income. From 1 April 2009 the Council's accounts should: ▪ disclose CT balances net of any amounts that relate to other precepting bodies ▪ only recognise NNDR cash collected in excess of the Council's cost of collection allowance. This change in accounting policy requires an adjustment to the prior year comparator figures shown in the 2009/10 accounts. There is no anticipated impact on the Council's general fund balance.	We will work with management to agree the prior year adjustment required to the Council's income and expenditure account, balance sheet and cashflow statement.

Risk	Planed audit response
Accounts process improvements	
Following our 2008/09 accounts audit we made a number of recommendations to the Council in areas where there was scope to improve arrangements, primarily around fixed asset valuations, the fixed asset register and treasury management.	We will monitor the Council's progress in implementing the agreed actions when we carry out our interim audit and update our accounts planning in March / April 2010.

Audit approach

2.5 We will work closely with the Corporate Finance Team to ensure that we meet audit deadlines and conduct the audit efficiently, with the minimum of disruption to the Council's staff. Our audit will be planned on an individual task basis at the start of the audit, and timetables agreed with all staff involved.

2.6 In summary our audit strategy comprises:

- updating our understanding of the Council through discussions with management and a review of the management accounts
- reviewing the design and implementation of the internal financial control systems, including IT controls, to the extent that they have a bearing on the financial statements
- assessing the audit risk and, based on that assessment and the assessment of the design of the internal control system, developing and implementing an appropriate audit strategy
- testing the operating effectiveness of the internal financial controls, where appropriate
- reviewing material disclosure issues in the financial statements
- verifying all material income and expenditure and balance sheet accounts and performing a substantive analytical review of these accounts.

2.7 We will perform these tasks and complete our accounts audit around two phases of fieldwork, the interim audit in February 2010 and the final accounts audit in July - September 2010.

2.8 In carrying out our audit, we will update our assessment of internal audit against the CIPFA Code of Practice for Internal Audit and seek to use relevant internal audit work to assist in our review of internal financial control systems.

2.9 Following completion of the interim audit we will issue our 2009/10 Audit Strategy Document, which will be used to update the Council with the key elements of our accounts audit strategy and begin the process of formally communicating more detailed aspects of our approach along with relevant findings from our interim work.

2.10 Once the final accounts audit is substantially complete we will report our findings and recommendations to the Audit Committee. We will consider the materiality of transactions when planning our audit and when reporting our findings.

2.11 As part of our work on the accounts audit, we will review the Annual Governance Statement (AGS) to determine if it is consistent with our knowledge of the Council. We will also review the Whole of Government Accounts (WGA) consolidation pack for consistency with the Council's accounts.

3 Value for money risk assessment and approach

Introduction

3.1 The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.

3.2 This section of the plan updates our initial risk assessment and highlights the current status of our work in addressing these specific risks and in working with the Council to prepare for the 2009/10 use of resources (UoR) assessment using the nationally specified key lines of enquiry (KLoEs).

2009/10 VFM conclusion

3.3 The KLoEs specified for the (UoR) assessment are set out in the Audit Commission's work programme and scales of fees 2009/10 and the assessment is based around the three themes of:

- managing finances
- governing the business
- managing resources.

3.4 Although this is the second year of assessment under the new UoR framework there is an increased challenge this year arising from the first time assessment of workforce management in 2009/10 and the deadline for completion of our assessment being brought forward by a month. We are working with the Council to help prepare for timely completion of the assessment, including carrying out early work in assessing workforce management arrangements.

3.5 The indicative fees letter set out our initial assessment of the local risk based use of resources work we plan to carry out to support our VFM conclusion. We confirm that these assumptions remain relevant and we have begun to address these as part of our 2009/10 programme of work, including:

- Additional risk based work focused on governance arrangements, with particular emphasis on risk management and the role of internal audit.
- Reviewing the Councils transformation agenda and its progress in securing additional funding and implementing different ways of doing business.
- Ongoing review and assessment of how Scrutiny is being developed and how well arrangements are operating.
- Early work in assessing workforce management arrangements with discussions taking place in December 2009.
- Ongoing review of treasury management arrangements - our work is complete and our findings have been reported to the Audit Committee.

3.6 Since issuing the fees letter in April, we have completed our 2008/09 use of resources work and updated our risk assessment. There are a number of areas where we have concluded that there is an increased audit risk:

- Leasehold service charges - we have assessed this as an area of increased risk that requires audit work, on the basis of several high profile issues across London where leaseholders have challenged costs proposed by authorities and contractor fraud in the housing sector is a concern identified by the Audit Commission's National Fraud Initiative. We therefore determined that a diagnostic review was required at all of our London Borough audit clients and we have agreed a specification.
- Questions and objections from the public - we have had a consistent level of communication from local electors and interested parties, some of the communications have been dealt with within the audit fees however there were some additional reviews carried out in 2008/09 which resulted in additional fees. We expect that there will be additional communications from members of the public and we will keep this under review and communicate if any additional audit fees need to be charged as a result of further increases in our work in this area.
- National Fraud Initiative - We have recently completed a mandatory National Fraud Initiative (NFI) RAG risk assessment for the Audit Commission, based on the Council's progress in investigating potential data matches. It is expected that the Commission will carry out NFI spotchecks in a sample of bodies assessed as "red." In common with most of our clients, we assessed the Council as "amber" on the basis of progress made to date and we will continue to monitor progress as part of our 2009/10 plan. There will be no additional fee for this work.

3.7 We will report the findings from our programme of value for money work to management and the Audit Committee during the year. We have included a schedule of anticipated outputs at section 5.

4 Audit fee and engagement team

Audit fee

4.1 The Audit Commission published its work programme and scales of fees 2009/10, in December 2008. From 2009/10, the Audit Commission clarified that the starting point for any fee proposal is the scale fee, which is calculated using a prescribed formula. Any variation from scale fee must be approved by the Audit Commission, following agreement of the proposed fee with the audited body.

4.2 In March 2009, we agreed an indicative 2009/10 fee of £455,000 (excluding VAT). The indicative fee was 1% above the Audit Commission scale fee of £453,500.

4.3 In setting the indicative fee, we assumed that the general level of risk in relation to the audit of the 2009/10 accounts is not significantly different from that identified to 2008/09. As set out in section 2, we confirm that there is no substantial change to the accounts audit risk for 2009/10 and we confirm the indicative fee.

4.5 A summary of the 2009/10 audit fee is shown in the table below compared to the planned fee for 2008/09.

Table 2: 2009/10 audit fee

Audit area	**Planned fee 2009/10**	**Planned fee 2008/09**
Financial statements, including WGA and IFRS support	£170,000	£135,000
Use of resources/VFM conclusion, including data quality	£245,000	£285,000
Pension Scheme Audit	**£40,000**	**£40,000**
Total audit fee	**£455,000**	**£460,000**
Certification of claims and returns*	£85,000 (est)	£90,000 (est)

*The quoted fee for grant certification work is an estimate only and will be charged at published hourly rates.

4.6 The audit fee is being billed in key stages upon completion of work.

Engagement team

4.7 The key members of the audit team for 2009/10 are:

Table 3: Engagement team

Name	Contact details	Responsibility
Paul Winrow Engagement Lead	07787 152884 paul.winrow@gtuk.com	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive, other senior officers and the Audit Committee.
Maryellen Salter Engagement Manager	(0)20 7728 3005 maryellen.salter@gtuk.com	Manages and coordinates the different elements of the audit work. Key point of contact for the Council.
Hanisha Solanki Assistant Manager	(0)20 7728 2072 hanisha.solanki@gtuk.com	Responsible for supervising the on site fieldwork during the accounts, use of resources and grant claims audits.
Justin Collings Technical and Grants Manager	(0)1223 225501 justin.collings@gtuk.com	Responsible for provision of specialist technical support to the audit team, and overall management of the grants audit programme.
Andy Ka IFRS Specialist	(0)20 7728 2716 andy.ka@gtuk.com	Responsible for provision of specialist IFRS support to the audit team and corporate finance team.
Negat Sultan IT Audit Manager	(0)116 257 5590 negat.sultan@gtuk.com	Responsible for review of the IT systems in place that complement the financial accounts process. Also will carry out ad hoc reviews if our risk assessment warrants it.
Guy Clifton Performance Specialist	(0)20 7728 2903 guy.clifton@gtuk.com	Responsible for the provision of ad hoc specialist advice on performance projects, which are based on our initial risk assessment of the Council.

5 Planned outputs

Introduction

5.1 The planned outputs from the audit are set out in the table below:

Table 4: Planned outputs

Report	Planned issue date
Indicative Fee Letter	April 2009
Audit Plan	December 2009
Review of Internal Audit	January / February 2010
Transformation Review	March 2010
Scrutiny Arrangements follow-up report	March 2010
Audit Strategy Document	June 2010
Annual Report to those Charged with Governance	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of Resources 2010	October 2010
Annual Audit Letter	December 2010

5.2 Reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee. Reports are addressed to the Audit Committee and management and are prepared for the sole use of the Council, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Appendix A Independence and objectivity

We are not aware of any relationships that may affect the independence and objectivity of the audit team, which we are required by auditing and ethical standards to communicate to you.

We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of my appointment. When auditing the financial statements auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the audit committee. The auditor reserves the right, however, to communicate directly with the authority on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (i.e. work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the audit plan as being 'additional work' and charged for separately from the normal audit fee.

- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.

- The Engagement Lead responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.

- The Engagement Lead and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

- The Engagement Lead and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix B Expected areas of IFRS impact

The expected key issues for the Council are summarised below classified by level of expected impact.

Area	Standard	Impact
Brent Cross Shopping Centre - It is understood that the rents paid under the lease contract are possibly based on turnover. This type of arrangement may be classified as an embedded derivative and accounted for separately under the Financial Instrument standards. The Council is currently reviewing the contract to assess whether accounting under the Financial Instrument Standards is required.	IAS 32 & IAS 39	High
Leases - Under IFRS, the UK GAAP 90% fair value vs present value of minimum lease payments test is replaced by eight indicators. Our experience suggests that a higher number of leases are classified as finance leases under IFRS and hence would be included on the Council's balance sheet. Besides the accounting issues another common problem is locating lease agreements, some of which would have been signed some years ago.	IAS 17	High

Area	Standard	Impact
Employee Benefits - Under IFRS, any benefits earned but not yet taken by an employee, e.g. holiday pay, time off in lieu, termination benefits, will need to be accrued. It is believed that the Council's systems should capture the required data but the quality may vary from department to department. Introduction of this accrual will impact on the Councils transitional reserves and there is no guarantee that DCLG will mitigate this adjustment. We will also need to consider the materiality of school annual leave balances.	IAS19	Medium
Component Accounting - Under IFRS, the Council will need to separate out significant components from non-current assets (tangible fixed assets) and depreciate these separately. The Council is in the process of implementing system updates including the fixed asset register. Components will be identified and included in the register. The Council should however engage with valuers to assist in identifying the components.	IAS16	Medium
Valuation - The draft CIPFA Code requires non specialised assets to be valued under an existing use basis and specialised assets to be based on depreciated replacement cost (Modern Equivalent Asset). The authority will need to consider past valuations to ensure they were prepared on the right basis. The Council should also consider the current economic climate where property values are falling and whether asset values not due for review in the five year cycle require updating for impairment.	IAS16	Medium
Segmental Reporting - IFRS 8 requires bodies to report their balance sheet and income statement in the segments that are used to report to management. The Council should therefore ensure that systems will permit appropriate segmental analysis for primary statements. Some recoding will be required but we understand that no issues in retrieving the information are expected. This requirement is in addition to BVACOP reporting.	IFRS8	Low

Area	Standard	Impact
PFI - PFI schemes are now all on balance sheet, however the SORP 2009 does prescribe the entries required and method of accounting. e.g. life cycle costs. The Council should review the treatment of the PFI schemes retrospectively as if IFRS has always been applied. There is expected to be minimal impact but the Council should still carefully assess its PFI schemes to determine if assets and liabilities are fairly stated in accordance with IAS 17 and IFRIC 12	IFRIC 12 and IAS 17	Low

IFRS is currently being applied in the public sector for the first time and there is not yet a significant body of established practice on which to draw on in forming opinions regarding the interpretation and application of these standards. We also note that IFRS is subject to revision. Consequently, practice in relation to the adoption of IFRS by public sector bodies is continuing to evolve. Therefore, at this stage, the full financial effect of reporting under IFRS as it will be applied and reported in the Council's first IFRS financial statements for the year ended 31 March 2011 may be subject to change. We will discuss with you if we become aware of changes to IFRS accounting through amended Guidance or establishment of public sector practice. We note however that the Council has been proactively involved in the London IFRS forum, a group formed to share and build on IFRS experience and application within the sector. We also attend the forum to share our knowledge and experience from the private sector and NHS bodies; we expect that our role will continue within this group and welcome early discussions of key issues.