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Latest developments in European Public Sector Accounting Standards (EPSAS)

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A European fiscal framework based on statistics

- Why statistics?
- Which “standards”?
- Co-existence of budgets, statistics and General Purpose Financial Reports
- Converting budgets into statistics

The impact of a financial crisis

- The “6 pack” and the “2 pack”...
- The Budgetary Frameworks Directive
 - **A holistic approach**
 - **Broader coverage**
 - **Importance of public accounting and audit**
- **Requirement on the European Commission to report on the suitability of IPSAS for European public accounting**

IPSAS to EPSAS

- *EC report on the suitability of IPSAS*
 - **Issues identified with governance, coverage of public sector aspects, lack of conceptual framework**
- *Birth of the EPSAS project*
 - **Governance**
 - **Comparability**
 - **Links to statistics**

EPSAS approach

A voluntary and progressive approach:

- Increased fiscal transparency in the short to medium term
- Comparability in the medium to the longer term

Phase 1: Increasing fiscal transparency in the Member States in the short to medium term by promoting accruals accounting (e.g. IPSAS), and in parallel developing the EPSAS framework (covering EPSAS governance, accounting principles and standards).

Phase 2: Addressing comparability within and between the Member States in the medium to longer term, by implementing EPSAS.

EPSAS activities in Phase 1

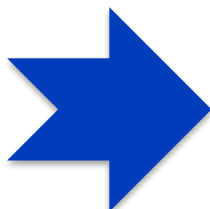
The main activities, state of play and outlook for public sector accounting in the EU is summarised in **EPSAS progress report**.

1. Support for voluntary accruals implementation in the Member States
2. Preparing for a future Technical proposal on EPSAS including the EPSAS Conceptual framework
3. Preparing the ground for a future impact assessment - impact studies.
4. Communication with stakeholders

2.

Technical proposal on EPSAS

Impact assessment



Conceptual Framework



Process for developing
standards



Considerations and
bases for conclusions



Summary and conclusions
on key technical issues

2. Why technical work matters...

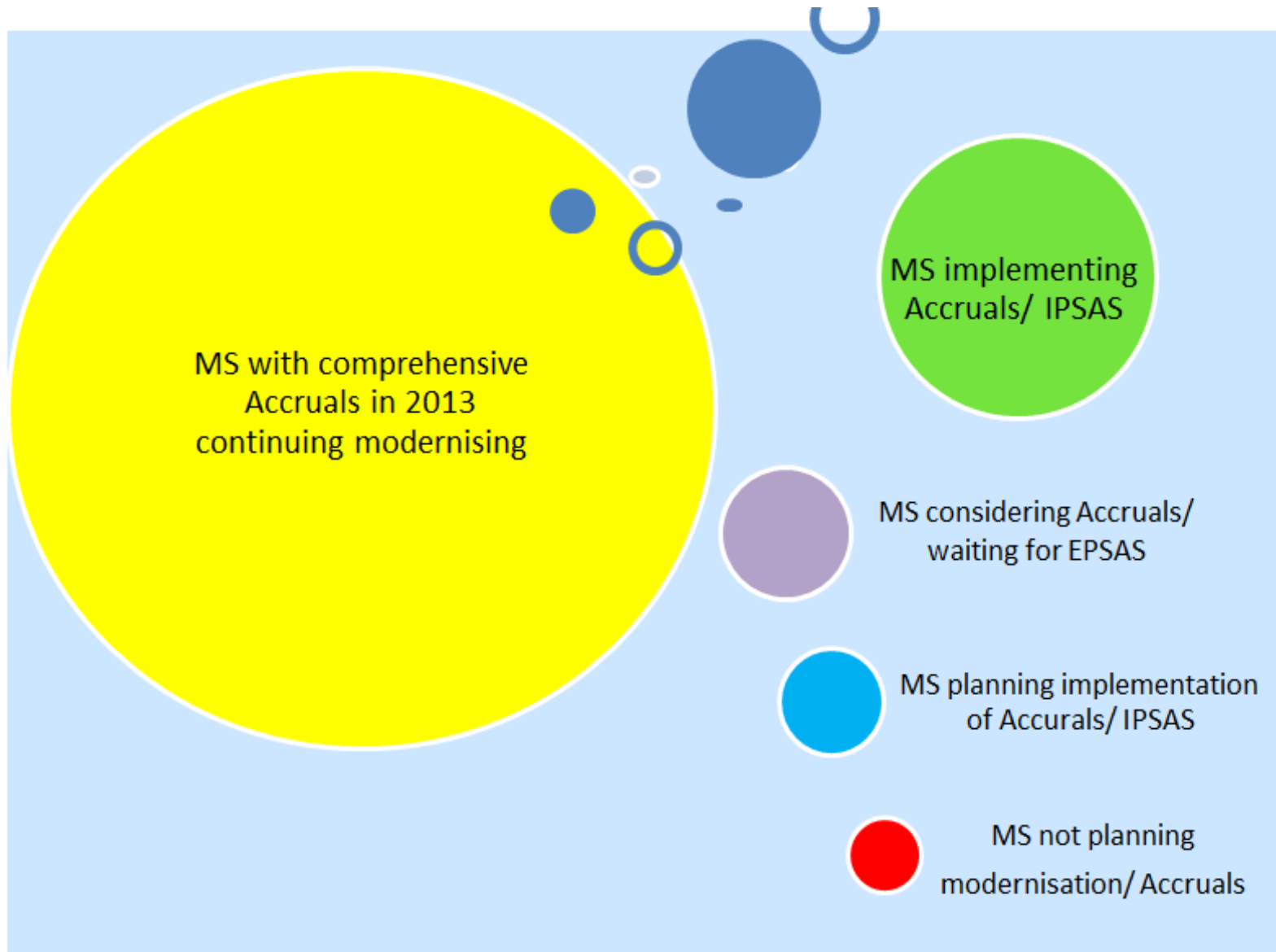
EPSAS work on measurement

- **Conceptual:** How the different measurement bases for assets and liabilities serve objectives, in particular accountability and decision-making, of financial reporting under EPSAS?
- **Practical:** Develop analysis relating measurement bases

Other Comprehensive-type financial statements

- Why OC-type financial statements in the public sector?
- Characteristics of information in OC-type financial statements
(E.g. items that may distort the reporting of surplus/deficit; non-recurring; outside of management control; long term etc.)

3. Public sector accounting reforms in the EU



4. Systematic communication with a wide range of stakeholders

- Permanent communication with policy makers, public sector accounting standard-setters, international organisations, auditors, accountancy experts and academia
- EPSAS Working Group
- Strong emphasis placed on engaging with stakeholders across all levels of government in the MSs
- Reworked EPSAS website:
<https://ec.europa.eu/eurostat/web/epsas/>
- EPSAS progress report released on 5 June 2019

Next steps

Building on the recent work programme:

- Further and additional support for the modernisation of public accounting systems
- Follow up on EPSAS technical proposal and preparations for future EPSAS standards
 - *screening of all individual IPSASs against EPSAS CF*
- Complete analysis of impact considerations
 - *Costs and benefits*
- Continuing communication with stakeholders
- Political orientation from the incoming Commission

Thank you !

European Commission – Eurostat – EPSAS:

<https://ec.europa.eu/eurostat/web/epsas/>

EPSAS WG documents, Issues papers and Impacts studies are publically available here

CIRCABC depository:

<https://circabc.europa.eu/w/browse/18db61bc-6649-44b3-af14-17fcd1c1216c>