

Conference “Towards implementing European Public Sector Accounting Standards”

29-30 May 2013

Concluding remarks by François Lequiller

Since there are no more questions, I will now conclude this conference. Let me first thank all the speakers who have contributed to this very successful event. I think we can all agree that the large number and high quality of the interventions have reflected the importance of the project and the strong interest in the subject. All interventions will be analysed carefully and all the material that has been exchanged will provide invaluable input for the future work.

May I remind you of the important political support we received from the speakers yesterday – from President Van Rompuy, from Commissioner Šemeta, from the European Parliament and from the European Central Bank. We thus see clear signs that this initiative is beginning to take form at the level of policy makers.

I would also like to thank all the international stakeholders present at this conference. The IFAC, the IPSASB, the IMF, the Federation of European Accountants, have confirmed their conviction of the necessity of accrual accounting for the management of public sector entities, and the benefits of harmonised public accounting standards.

I would also like to build on this, based on my own experience as the head of the service responsible for the measurement of *macro* deficit and debt in Europe, to say that we are convinced in Eurostat of the importance and usefulness of accrual accounting and in practice we see the difference between the macro results in cash accounting and the macro results in accrual accounting. Based on our practical experience, because we have a bridge table between the cash and the accrual, for analytical purposes accrual accounting is much better. And we have practical results from that – statistical results – on the analytical improvement that is brought about by accrual accounting.

A particular thank you is due to President Caldeira from the European Court of Auditors and to the Contact Committee of the Supreme Audit Institutions of Europe, whose helpful interventions confirms that the audit authorities are will be indispensable partners for developing EPSAS. SAIs are experts on public sector accounting and agents for accountability.

I would also like to thank the representatives from France, Lithuania, Austria, and the UK, and the academic experts from Germany and the UK have also helped us to explain and understand further the benefits and also the difficulties of implementing accrual accounting, and have clarified further the conditions of the success of such a project. We have to build on their experience and convince those who will take the decision of its utility.

Thanks also to my colleagues of the Commission, from DG BUDG, ECFIN, MARKT, who from their perspectives and responsibilities have each their own stake concerning various aspect of the project, and have supported us in the course of the project and remain strategic partners for its continuation.

For us in Eurostat, these two days have shown that there is a momentum which is building up for the EPSAS project. Our intention is to continue building on this momentum. The project is ambitious with a medium-term scope. The agreement of Member States will be necessary on the governance,

on the substance of the EPSASs, on the necessary financial support. Without this political support from the highest levels we cannot do anything.

We are convinced of the very great benefit that EPSAS would bring for public entities at national, EU, and international level. We are therefore convinced that we will obtain the necessary support, but we will have to build this during the months to come and release a complete road map in these coming months.

What is our concrete road map?

Our main objective is, as Commissioner Šemeta proposed, to obtain the support of the College of Commissioners which will manifest itself in a Commission Communication on EPSAS as soon as possible. This Communication would pave the way of a Framework Regulation that should be envisaged by end-2014 or early 2015.

So first there will be a Commission Communication in the first half of 2014. This Communication will be prepared by several initiatives concerning key aspects of the project:

- **Governance:** Based on the material discussed by the panel, we will launch a task force on governance, which will test its proposals through a public consultation.
- **Costs:** We are launching a study that will be based on a small sample of MSs to better assess the costs of moving to harmonised accrual based accounting standards. The sample will be selected so as to include MS that are essentially cash based, and also MSs that have already moved partly or significantly to accruals, in order to draw representative inference giving an objective analysis of the costs depending on the various base-lines of the starting of the process.
- **Substance of EPSASs:** We will analyse with a sample of volunteer MSs, using expert consultants, the concrete difficulties encountered with some of the IPSASs in practice, and seek to find ways to overcome them.
- **Flexibility:** which is an important aspect for this project. We will analyse the possibility to reduce the burden and complexity of the standards for small public sector entities. We will analyse, with the help of countries that have already gone through this process, the possibility of partitioning the standards into different blocks and the possibility of introducing these blocks in several steps.
- **Resources:** we will analyse the appropriate level of resources needed for the project both within the Commission and within the Member States, based on the cost analysis previously mentioned.

As you can see, we have a significant work programme in front of us. We know that this work programme cannot succeed without your active cooperation, whether national accounting authorities, preparers, supreme audit institutions, international organisations, or experts from the public and private sectors.

I think that nearly all of us here are convinced that EPSAS – harmonised accrual accounting - is a beneficial and essential project for the EU, its MS and its citizens. But it is up to us to demonstrate, in the months to come, that it is realistic and achievable.

This being said, I would like to thank the staff of my Directorate who have organised this conference. This was not a small work. Thank you to all of you.