

Key messages made by Rosa ALDEA BUSQUETS at the panel discussion  
"Accounting standards, governance, the way forward" on 30 May 2013<sup>1</sup>:

### **Do you agree on the "two-legs" principle?**

- I share ESTAT's views that the IPSASs should be the indisputable reference point for a potential set of European accounting standards for EU Member States.
- IPSAS are currently the only international accepted suite of public sector accounting standards and it seems to make sense to refer to them as a lot of effort and expertise was made and put into the IPSAS standard setting process already. There is no reason why one should start from scratch. From my experience as an observer in the IPSASB, I can say that the standard setting process is done by competent experts from around the world and the board considers different arguments when setting standards.
- We were in a similar situation for the accounting modernisation project of the European Commission about ten years ago and back then the Commission came to the same conclusion as to which set of standards should be used.
- On the other hand it is legitimate that European public sector specificities need to be discussed in this context and for some specific transactions, reference to national accounting standards may be very useful. In addition I also share the view that European standards should not be bound by existing IPSASs but may develop own standards where no IPSAS are available.
- I believe that it is crucial that the Commission sits in the driving seat of this project, because, unlike for IFRS, the accounting standards would directly have an impact on the financial reporting of sovereign states. In the EU context, the European Commission should provide and controls the governance independently of IPSASB. Consequently, a direct translation of the IFRS endorsement mechanism would not be appropriate and an independent EU mechanism is needed.
- The proposed categorisation of IPSASs in three groups (IPSAS without adaptation, IPSAS with minor adaption and IPSAS with amendments) seems to me an appropriate approach for a potential implementation of European standards. However, the classification as proposed in the report of 6 March needs to be discussed more in detail and involve a broader audience as it was done so far.

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<sup>1</sup> The statements have been made based on Rosa's personal experience in the area of implementing IPSAS and as an observer of the standard setting process for the public sector and thus do not represent official statements of the Commission's Directorate-General for the Budget.

## **What do you think of the concrete governance as proposed by Eurostat?**

- I agree with the principles mentioned by François Lequiller earlier and would like to stress that the Commission should stay in the driving seat of this project.
- The basis for a potential European standard setting process should be independently created standards (IPSAS) and an adaptation or amendments to them should only be done in justified cases. This is, by the way, the same principle as the Commission follows for its own accounting rules for all EU institutions and bodies. This means that clear principles on when to depart (adapt, amend) from an existing IPSAS need to be developed and agreed upon. The overall objective should be to my opinion to avoid unnecessary differences with IPSAS.
- I think the proposal made by Eurostat to create a standard setting committee and 2 sub-committees, one for technical support and one for interpretation, is appropriate. I believe the composition of such a committee should be in principle left to the Member States but a useful mix of standard setter, auditor, preparer, representatives of ministries of finance and even consultants should be ensured. My experience as an observer in the IPSASB, where such a mix of board members exist, shows that the discussions are in particular useful when issues are discussed from different professional backgrounds. In this context a close link to the IPSASB should be maintained as well.
- I can also imagine that members of such a standard setting committee could be accompanied by a technical advisor, as it is done in the IPSASB, since issues are at times discussed very much in detail.
- I believe that potential European accounting standards should foresee simplifications for smaller entities within Member States such as small municipalities. This could certainly help them in the implementation of accounting standard.
- The role of the national auditors would also need to be defined – in the context of the EU institutions the European Court of Auditors have chosen to be more independent and follow the standard setting process as an observer. For the interpretations committee it would certainly help preparers if the national auditors would be represented. Our experience with involving the European Court of Auditors in the standard setting process for EU institutions and bodies is very positive and many good ideas have been taken into account in the past and the Court is very active and interested.