

**Conference « Towards Implementing European Public Sector Accounting Standards »**  
**29/30 May 2013, Charlemagne, Brussels**  
**Session 4: Accounting Standards, Governance, the way forward**

**Intervention of Mr Ugo Bassi, Director in DG MARKT, Capital and Companies**

Ugo Bassi shared with participants the experience of DG Internal Market in the area of accounting and audit standards relevant to private companies. He focused on common issues between the process applied to standards for private listed companies and the system envisaged for public sector accounting.

Mr Bassi reminded participants that the EU decided in 2002 to entrust an external international private body, the IASB, with the development of accounting standards for the consolidated accounts of private listed companies. The EU endorses the standards developed by the IASB for use in Europe. The endorsement process involves several parties: EFRAG, the EC's technical advisor, who provides endorsement advice and undertakes effects studies; ARC, a Committee composed of representatives from national authorities; the European Parliament and the Council.

Although the envisaged process for public accounting standards would be quite different, Mr Bassi highlighted that **governance** is crucial for both systems. For the last decade, DG MARKT has been working on improving the functioning of its system, for both audit and accounting. However, he stressed that governance still needs more work.

On the one hand, the EC has helped the international accounting standard setter to improve its functioning, for example, by making sure that the Monitoring Board of the IFRS Foundation gives general oversight and that Trustees ensure the quality of the IASB's work.

On the other hand, the EC is now focusing on the governance of the EU bodies responsible for the European contribution to advocating global and high accounting quality standards, namely EFRAG and the ARC. EFRAG contributes throughout the IASB standard-setting process, so that the European voice is heard and taken into account in the development of standards, with the ultimate aim of ensuring a smoother endorsement process. The process is well-designed, but there is always room for improvement.

In this context, and based on the conclusions from ECOFIN on Member States' continued commitment to IFRS, Commissioner Barnier appointed former Belgian Minister of Finance and former European Investment Bank President, Mr Philippe Maystadt, as his Special Advisor. In November, Mr Maystadt will give his recommendations on how to further improve the governance at EU level in order to enhance the European contribution to the IASB.

Mr Bassi advised that all aspects of governance should be considered. In particular, he noted that the **representation of Member States** at the appropriate level and at the appropriate moment is of utmost importance. This is an issue that DG MARKT needs to address, as National Accounting Standard Setters have raised this as a particular concern. Moreover, he recommended, when designing a governance system, to seek the **right balance between technical contribution and the right political approach** (e.g. consultation on the agenda of the private standard setter).

Regarding the proposed organisation, Mr Bassi shared DG MARKET's experience of better regulation. He highlighted the need to **consult stakeholders** as a starting point, as the process needs to be built on a consensus between the Commission, the Council and the European Parliament. Mr Bassi highlighted the difference between the proposed organisation of the European public sector standard setting presented by Mr Lequiller and the one adopted for private sector accounting. He stressed that this was due to different comparability needs: the international level playing field is crucial for private companies while the primary needs for public sector accounting are at European level.