

SÉMINAIRE IPSAS

25 Mars 2013

THE EUROPEAN UNION SUPREME AUDIT INSTITUTIONS' PERSPECTIVE TO
THE IMPLEMENTATION OF EUROPEAN PUBLIC SECTOR ACCOUNTING
STANDARDS – GOVERNANCE ISSUES, BENEFITS AND CHALLENGES AND
THE VALUE OF SUPREME AUDIT INSTITUTIONS' PARTICIPATION

*Outcomes of the EU Supreme Audit Institution seminar on IPSAS
and European Public Sector Accounting Standards (2013)*

Seminar's background

- **The Contact Committee** is an assembly of the Heads of the Supreme Audit Institutions (SAIs) of the EU Member States (MS) and of the European Court of Auditors (ECA).
- At the last CC meeting in **Estoril in October 2012, a Resolution 5** (co-rapporteurs of the initiative : France and Finland SAIs) **recognized** *“that the question of common public accounting standards is of considerable importance to the SAIs of the EU. There may be a future requirement for consolidated government accounts to be produced on the basis of common standards, which may require the development of such standards for application in the EU”*, **and concluded** *“that the European Union SAIs shall closely monitor any discussion as public sector accounting standards in the European Union. This is also a matter which is of primary interest in the context of the co-operation in the Contact Committee of the European Union SAIs”*

Seminar's objectives

➤ **Organized on the 25 th March in Paris, an EPSAS seminar aimed at discussing a possible common ground of the European SAIs on IPSAS or at least, to help better understanding of their different points of views as users and as auditors of public accounts.**

□ **Consider** the SAIs specific points of view: exchange and compare their analysis of accounting standards for public sector accounts.

□ **Bring** a common contribution of the SAIs to the European debate regarding the future European standards (EPSAS)

□ **Assess** the role and the suitability of the current IPSAS and the possibility for the EU SAIs to actively take part in any development of European standards

□ **Promote** harmonization in European Union: progress along the path of harmonizing the accounting reference framework of the EU Member States

European Commission's conclusions –what matters for SAIs

(1)

Accrual accounting's benefits

Article 3 of the directive 2011/85/UE (8 November 2011) requires Member States “to have in place public accounting systems comprehensively and consistently covering all sub-sectors of general government and containing the information needed to generate accrual data with a view to preparing data based on the ESA 95 standard ».

Use of accrual accounting reinforces transparency, cohesion and comparability between Members states. In the long term, a bridge must be built between macroeconomic (ESA 95) and microeconomic accounting frameworks.

European Commission's conclusions –what matters for SAIs

(2)

Towards European harmonization

More
transparency

Budgetary
transparency for
macroeconomic
steering and
stability

Accountability
principle for
public
administration

More
efficiency

Better definition
of the macro
indicators
(debt/deficit)

Better basis of
information for
analyzing public
policies'
performance

More
comparability

On the
European level

On the
international
level

Identification of a few possible limitations regarding direct transposition of the IPSAS, from the SAIs point of view

Conceptual limitations

- **Unsuitability for public sector's specificities (notably social benefits and financial instruments)**
- **Unsuitable IPSAS Board Governance**

Technical limitations

- **Accounting reform costs and adaptation of IT systems**
- **Burden for small public entities**

Importance of a fair and democratic governance from the SAIs point of view : what an EPSAS Board should include



SAIs role and importance : preliminary conclusions to be brought to the Eurostat Conference

The EU SAIs recognize the importance of the work done by Eurostat to take into account different accounting practices in the EU.

The decision to adopt a harmonized accrual accounting system, in order to contribute to comparability and financial sustainability, depends on the Member States.

The Contact Committee, as the forum for the SAIs of the European Union, has recognised that:

- as independent external auditors of the public accounts SAIs have a legitimate interest in any proposals or developments in the accounting standards setting process;**
- SAIs should closely monitor developments that could result in harmonization of EU accounting practices including the possibility and ways in which SAIs might be associated with any such process;**
- this matter is of primary interest in the context of the co-operation in the Contact Committee of the European Union SAIs.**

Next steps

- Possible new developments will be discussed in Vilnius this year in October at the next CC meeting
- *SAls must remain at the core of the accounting standard setting harmonization process that starts in Europe.*

Thank you for your attention

**for more information or for detailed
proceedings of the CC Seminar on 25 March,
please contact abaldacchino@ccomptes.fr**