



Reflections on the costs and benefits of EPSAS



Dr Danny Chow
Durham University, UK &
ACCA Public Sector Global Forum

+ Outline

- Why change is necessary
- Reflections on accruals
- Direction of travel with accounting standards and risks
- Compliance and audit
- Change management
- Conclusions

+ Why Change is Necessary

- Issue of public trust
- Elderman's Trust Barometer
- Eurobarometer 2012
- Importance of accountability and transparency

+ Importance of Accruals

- Stewardship of public money
- Aid to effective decision making
- Must be seen in the broader context of improving public financial management
- Member states still need to manage cash

+ Direction of Travel

- Direction of travel is positive for the adoption of IPSASs by governments
- Increased global convergence of accounting standards
- But there are risks
 - Uniformity (or otherwise) of standards
 - Sovereign issues

+ Compliance & Audit Engagement

- Less likely to fudge, but no guarantee of compliance
- Variation of accruals
- What about audit?

+ Change Management

- Political will
 - Need for real engagement
 - Cultural change
- Understanding the full extent of capacity and resource required
- Structural change & Investment
- Strong project management



Conclusions



- Political buy in to the process is critical for accountability to be real
- Understanding the benefits of accruals to the decision - making process is important for success
- Improvements in financial reporting must sit alongside other reforms to achieve effective PFM across members states
- Further attention needs to be paid to the practicalities of implementation