

## French accounting reform

***Eurostat conference “Towards  
implementing European public sector  
accounting standards”  
29-30 May 2013***



# Introduction: Challenges of the accounting reform

## The successful challenge of French accounting reform

→ **Constitutional Bylaw** enhances a new accounting system for France based on **accrual accounting** in order to make financial information **more transparent** for the Parliament and the public.



# Agenda

## Introduction

**1. French accounting reform**

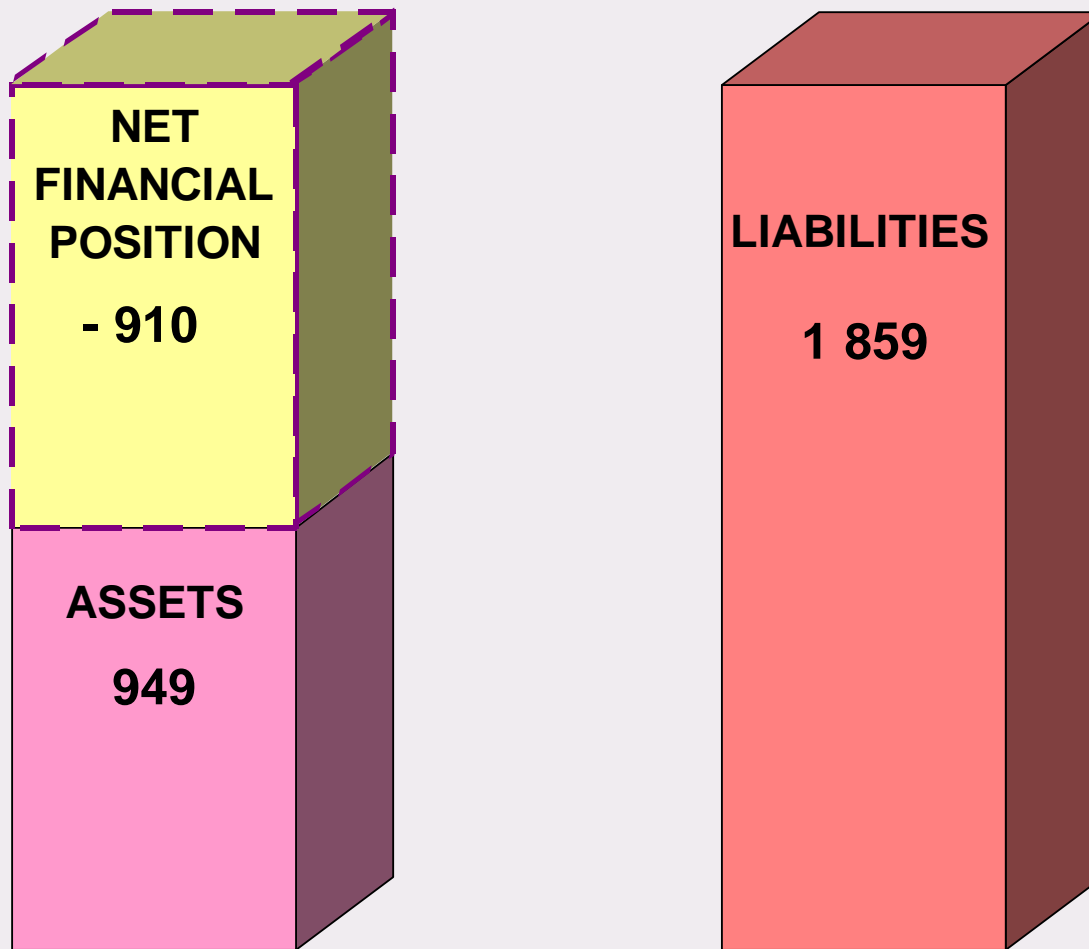
**2. Central government specific standards**

## Conclusions

# The French accounting reform: A broader accounting picture

Billion  
EUR

## 2012 BALANCE SHEET



# The French accounting reform: A new IT system

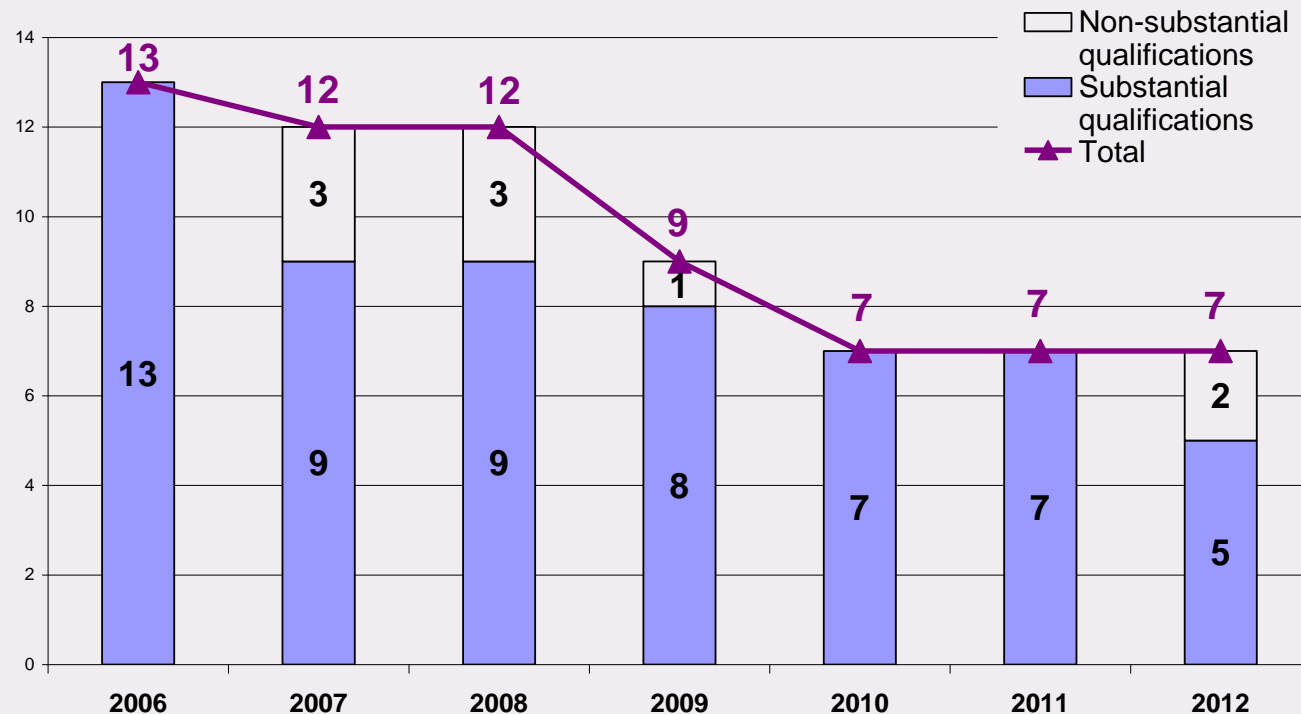


- **A new ERP** (enterprise resource planning)
  - Dedicated to financial budgetary and accounting management
  - Based on SAP
  - Shared by central and decentralised state employees
  - Improvement of audit trail

# The French accounting reform: certification

- External audit: an evidence of the improvement of the quality of the central government accounts
- From 2006, the number of qualifications has been reduced (from 13 qualifications to 7 qualifications for the 2012 financial statements).

## Opinion of the national audit office: qualifications



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### 1. The French accounting reform

### 2. Central government specific standards

## Conclusions

# Central government specific standards

- **Establishment of the public accounting standards Council** (“Conseil de normalisation des comptes publics”)
- **Central government accounting standards are the same as for business except** for specific features of its activities:
  - The sovereign power
  - The transfer expenditures without any equivalent in the private sector
  - The specialised nature of the civil servants’ pensions plans



# Central government specific standards: the sovereign power

- The main “**intangible asset**” related to the power to levy taxes is not recognised in the accounts
- **A need of pedagogical effort** to explain the financial situation of State

# Central government specific standards: transfer expenditures

- **Transfer expenditures** are part of the public sector's mission of economic and social regulation,
- Multi-year transactions
- Accounting treatment based on fulfilment of **granting conditions**

# Central government specific standards: civil servants' pensions plans

- Most French pensions plans are funded on a “**pay-as-you-go**” basis
- Civil servants' pensions are not recognised as liability
- **Financial reporting transparency** ensured by off-balance sheet complete disclosures in the notes.

## Conclusions: Convergence process

- **Accounting quality objective** has been extended to all public administration
- **Convergence process for accounting standards** applying to the whole public sector
  - Central government and its public establishments,
  - Local government and hospitals,
  - Social security organisms
- **Accounting rules largely based** on those that apply to central government accounts

## Conclusions: France supports the objectives of Eurostat

- Accrual accounting is important for **transparency of financial statements**
- **Harmonised European Public Sector Accounting Standards “EPSAS”** have to deal with specific features of the public sector
- **Experiences from the Member States** should be taken into account.

**Thank you very much for your attention.**



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