European Commission

Perspektiven für EPSAS aus deutscher Sicht

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Aktuelle Entwicklung zu EPSAS

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Budgetary Frameworks Directive (2011/85/EU)

- *Member States shall have in place public accounting systems comprehensively and consistently covering all sub-sectors of general government,*
- *containing the information needed to generate accrual data with a view to preparing data based on the ESA standard*
- *subject to internal control and independent audits.*

The Commission shall assess the suitability of the International Public Sector Accounting Standards (IPSAS) for the Member States.

Commission report on suitability of IPSAS (2013)

Key conclusions:

- *Strong need for harmonised, accruals based PSA systems*
- *IPSASs <u>cannot be implemented in full nor directly</u>…*
- *There were technical, conceptual and in particular governance issues to be resolved*
- *Nevertheless, IPSAS would be a suitable **reference framework** for the development of European Public Sector Accounting Standards (EPSAS)*
- *Harmonisation on the basis of strong EU governance*

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The EPSAS initiative

The European Public Sector Accounting Standards (EPSAS) initiative aims to provide harmonised accruals-based public sector accounting standards for the EU, providing a firm basis for understanding the **financial position and performance** of government entities at all levels.

EPSAS has the potential:

- to improve evidence-based **decision-making and accountability**
- to support access to the **capital markets** and the analysis of **public finances**.
- to provide a more efficient underlying **data source** for producing statistics and **mitigate risks** for their production.

EPSAS approach

A voluntary and progressive approach:

- **Phase 1 (*ongoing*):** Increasing fiscal transparency in the Member States in the short to medium term by promoting accruals accounting/ IPSAS, and in parallel developing the EPSAS framework (i.e. EPSAS governance, accounting principles and standards).
- **Phase 2 (*future, no specific timetable yet*):** Addressing comparability within and between the Member States in the medium to longer term, implementing EPSAS.

EPSAS progress report – key takeaways

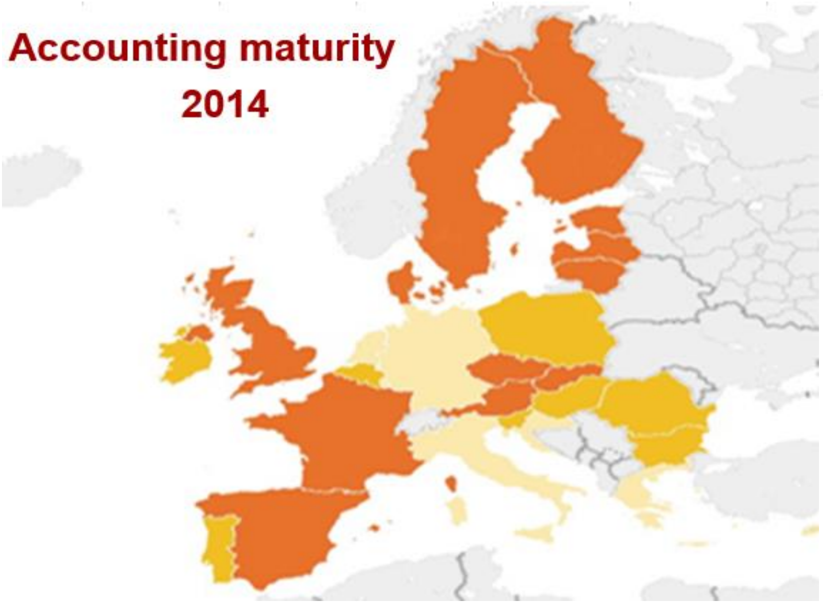
The main activities, state of play and outlook for public sector accounting in the EU summarised in **EPSAS progress report** of 5 June 2019. The report takes note of:

- **Increased readiness** of MSs to implement accrual accounting in their public sector
- **Significant progress** made on the necessary technical preparations for taking forward the project
- The global developments imply that much of the **transition efforts and costs will sooner or later occur** in the EU but without the benefits of a European reference model behind their work

State of play - Accounting maturity update

- The accounting maturity measures the gap between public accounting in the MSs and IPSAS
- The maturities are used for calculation of cost of EPSAS implementation for potential Impact Assessment, but also useful for monitoring of the progress in MSs in general
- Accounting maturity and cost update: How did the Member States score in 2018; Where do they expect to be by 2025; What is the expected cost of implementation?

Accounting maturity update - central governments

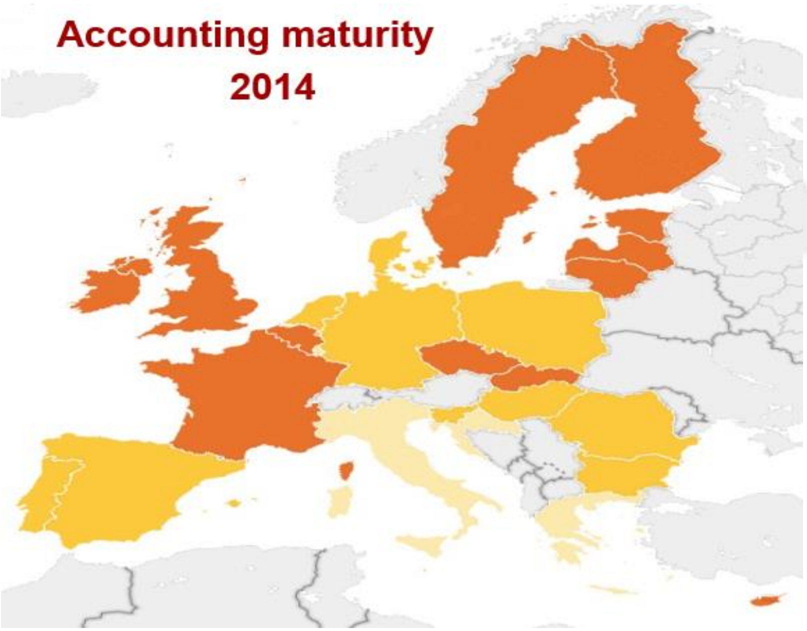


Average accounting maturity (unweighted) has increased from 51% to 65%.

- AM ≥ 70%
- 40% ≤ AM ≤ 70%
- AM ≤ 40%

Source: PwC Survey 2019 (preliminary data)

Accounting maturity update - local governments



Average accounting maturity (unweighted) has increased from 65% to 73%.

- AM ≥ 70%
- 40% ≤ AM ≤ 70%
- AM ≤ 40%

Source: PwC Survey 2019 (preliminary data)

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Accounting maturities by 2025

The main evolutions from 2018 to 2025 – the average accounting maturity increases:

- Central government: 65% to 76%
- State government: 54% to 59%
- Local government: 73% to 77%
- Social fund: 57% to 59%

Expected significant increases due to on-going reforms at Central Governments - in percentage points (p.p.): Greece +74 p.p., Malta +67 p.p., Cyprus +52 p.p., Portugal +41 p.p., Italy +36 p.p.

The main types of public programs in response to the COVID-19 crisis

Direct government expenditure	Tax related measures	Support for businesses	Support for financial systems
• Increases in access to social benefits • Limiting the spread of COVID-19 through testing, provision of protective equipment	• Delays to tax payment deadlines and similar measures	• Grants • Loans (on favorable conditions) • Equity and quasi-equity investments • Public guarantee schemes	• Repurchasing bonds and other asset-backed securities • Lowering interest rates

EPSAS and supporting the COVID-19 response

- The need for high-quality information to ensure effective policymaking and financial planning.
- Greater transparency is a key feature of democratic accountability.
- A vital need for reliable information to regain trust in these uncertain times, mainly through financial reporting.
- Many governments have already announced measures to provide both financial and nonfinancial assistance.
- A great need to ensure proper use of the funds spent and to assess the effectiveness of the measures taken.

Communication

Government accounting, EPSAS and supporting the COVID-19 response:

https://ec.europa.eu/eurostat/web/epsas/key-documents/analyses

European Commission – Eurostat – EPSAS:

https://ec.europa.eu/eurostat/web/epsas/

CIRCABC depository:

https://circabc.europa.eu/w/browse/18db61bc-6649-44b3-af14-17fcd1c1216c

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Thank you