EPSAS: accounting, budgeting, statistics

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EPSAS and statistics

• ESA based statistical indicators, such as GDP, GNI, and EDP draw on source data from public sector accounting systems
• Public accounting information thus forms the main input for government finance statistics
• Eurostat and the European Statistical System can provide a degree of assurance on the statistical treatment performed on those data but not on the completeness, consistency and comparability of the underlying accounting data
EPSAS: transparency and comparability

- The project to develop harmonised European Public Sector Accounting Standards (EPSAS) would lead to complete and transparent government accounting, comparable between and within Member States
- Public accounting and statistical standards should be as aligned as far as possible, based on accruals principles
- The high quality of public accounting data must be ensured
EPSAS: Trust in public finance

- Very important benefits for EU coordination, and for building trust in public finance
- The lack of trust in some countries’ fiscal data – in particular the debt and deficit data – was manifest during the crisis of a few years ago
- The underlying weaknesses – non-comparable and incomplete accounting data, and fragmented and non-comparable audit requirements – remain without EPSAS
EPSAS – European equivalent of IPSAS

- EPSAS, based on International Public Sector Accounting Standards (IPSAS) are suitable for Member States
- Budgets and budget standards should remain with the discretionary powers of EU governments
Stability and sustainability

• For those countries, which have rudimentary and incomplete public sector accounting systems, EPSAS would have the benefit of bringing their government accounting up-to-speed and onto a comparable basis

• Ensuring the stability and sustainability of public finances can only benefit from having complete accounting data – as much at EU level as in the MSs
Cost of (non-)EPSAS

• Substantial implementation costs, even if many national and sub-national governments have already been active in reforming their accounting systems

• Risks of not reforming and harmonising are a much more important consideration
The way forward

• European coordination and surveillance need transparency and comparability: not only for all other Member States!
• EPSAS, based on IPSAS, can provide the necessary transparency and comparability
• EPSAS is a genuine 'change management' project
• The key challenge ahead is typical for standardisation: reducing unnecessary and costly variation, resulting from different administrative and legal traditions
Fiscal transparency first

• Internal high-level coordination on EPSAS has been ongoing since the current Commission took office. Very recently we have received positive feedback for taking the EPSAS initiative forward along the following approach:
  • Increasing fiscal transparency in the short to medium term (by promoting accruals accounting, e.g. IPSAS) and addressing comparability more fully in the medium to longer term by developing EPSAS – as a European equivalent of IPSAS.
Thank you very much for your attention