



# **EPSAS: accounting, budgeting, statistics**

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**Walter J. Radermacher, Eurostat**

## 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**