

# Better Management of Public Finances with European Public Sector Accounting Standards (EPSAS)?

## The quest for good governance and efficiency in public institutions

Good governance and quality public administration are essential for the good functioning of every state. Administrations are responsible for achieving the maximum value with the resources they have and thus to contribute to the general growth of the economy.

One of the key factors for successful governance is financial sustainability in current scarce times. However, the frequent lack of transparency in public finances causes problems for decision-making, accountability, public spending and democratic scrutiny all over the EU. Despite recent efforts by most EU Member States, such as the generalised implementation of spending reviews (an action that is strongly endorsed by the European Commission), there is still a great deal of room for improvement. Uncoordinated reform processes have resulted in very heterogeneous arrangements, which make long-term financial oversight and cross-border comparisons very difficult. For this reason, the European Commission has joined forces with the Member States as part of a project called EPSAS.

## What is EPSAS?

EPSAS, which stands for *European Public Sector Accounting Standards*, is an accrual-based system that aims to improve both the management and comparability of accounting and budgeting systems for all levels of

government across the EU. Alongside leading to more efficiency and financial transparency, it will be a very valuable tool for the evaluation of financial risks for banks, institutions and capital markets. The introduction of the EPSAS harmonised accounting system will also bring about more sustainability and better decision-making – in other words, a better management of public finances.



## The European CEEG Group and EPSAS

As part of the *City Economic and Financial Governance (CEFG) Group*, an initiative co-founded by EIPA Barcelona that brings together eight major European cities in the EU, we have been sharing knowledge and best practices to improve the management and fiscal sustainability of the European public sector at city level since 2014.

The CEEG Group has been working together with EC Eurostat to thoroughly examine the EPSAS project and the potential effects of its implementation. During the latest meeting with

Eurostat in Luxembourg, we analysed the roles and benefits of senior public managers in the transition to the new accounting standards. In this context, one of the outcomes that we have produced in the group, and which is very relevant for the future of EPSAS, are the joint *Standardised Financial reports and Financial Health KPIs for City Governments in Europe*, a framework for comparable financial information and key financial indicators.

If you want to learn more about the work of the CEFG group and its contribution to EPSAS, you can watch this interview that I gave to the *European Public Mosaic (EPuM)*, an open journal of the Public Administration School of Catalonia, and which was featured in their latest issue.

You can access here the full version of EPuM's latest issue, a special monographic number that focused on public budget tendencies.

## **New EPSAS course at EIPA**

Are you interested in following the road to more financial efficiency with EPSAS? Learning about the EPSAS principles, keeping up with the planned reforms and understanding its implications will open a whole new window of opportunities for the success of your administration, regardless of its level. At EIPA Barcelona, we will offer a course on 11 to 12 December this year on this topic to prepare you for all the changes ahead. Don't miss this chance to take your organisation to the next level – register now!