



## CHALLENGES OF ACCRUAL ACCOUNTING IN THE PUBLIC SECTOR

### SITUATION IN AUSTRIA

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## PUBLIC BUDGET REFORM - STATUS QUO

**MOORE STEPHENS**

SITUATION IN AUSTRIA

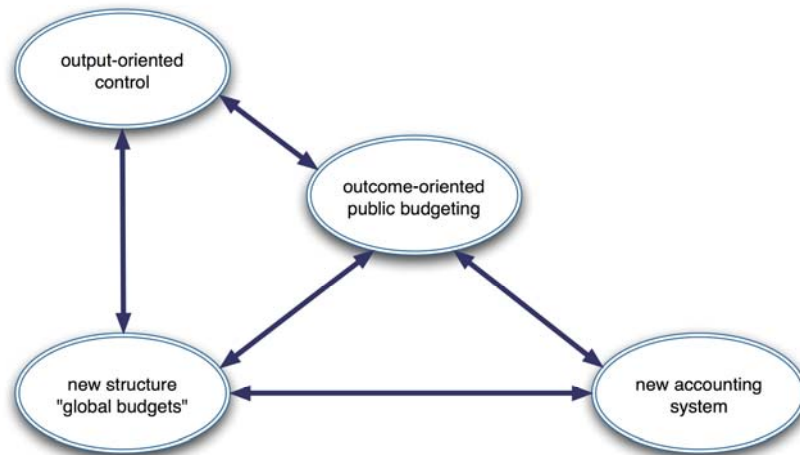
- **Reform base: unanimously decision of budget reform with an Act of Parliament in December 2007**
- **4 budgeting principles in the focus of constitutional changes:**
  - Outcome orientation
  - Efficiency
  - Transparency
  - True and fair view
- **2 reform steps (principles fixed in the Austrian Federal Constitution):**
  - First step 2009
  - Second step 2013
- **Objectives:**
  - Public Budget as an integrated planning tool
  - Public Budget as an effective steering system for the whole federal administration and for political decision making

- **2 main elements:**
  - 1. MTEF → medium-term expenditure framework**
    - Legally binding expenditure ceilings for a 4-year period in advance
    - One ceiling for the federal budget
    - 5 resorts (or “rubrics”) with financial upper limits
      1. Law and security
      2. Employment, social services, health and family
      3. Education, research, art and culture
      4. Economic affairs, infrastructure and environment
      5. Financial management and interest
    - Additional: strategic report
    - Medium term financial planning for budget stabilisation
  - 2. More flexibility for line ministers**
    - “Every minister his/her own finance minister”
    - Surplus at years end retains at the ressorts → ressorts are allowed to use surplus for different purposes

- **Fixed time frame (start in 2013)**
- **Unanimously decision of national law about the federal government budget in December 2009**



## 4 BIG GOALS – STEP TWO 2013 (2)



## ADJUSTMENT OF ACCOUNTING (1)

- **Up to now:** cash-based, traditional highly legalistic and input-oriented budget formulation / cameralistic system
- **Plan 2013:** adjust system to double bookkeeping / accrual accounting
- **Problem:** opening balance sheet
- Budgeting reform in Austria rather late compared to other countries → try to avoid mistakes from other countries
- Partial implementation of IPSAS
- What is reasonable and feasible in Austria („cherry picking“).



- **Examples:**
  - **Associated companies:** IPSAS 6, IPSAS 7, IPSAS 8, IPSAS 20 → used for classification and presentation but **not** for valuation
  - **Fixed assets and intangible assets:** use of IPSAS 17 and IPSAS 21 due to depreciation
  - **Investment assets:** no implementation of IPSAS 16
  - **Heritage assets:** orientation on IPSAS Exposure Draft
  - **Leasing:** use of IPSAS 13
  - **Accruals/provisions:** orientation on IPSAS 19
  - **Pension assets:** different handling than IPSAS



Any questions?



**MOORE STEPHENS**

Thank you for your  
attention!