



### **Joint FEE and CNDCEC Public Sector Seminar**

Roma, Tuesday 11 January 2011

# Challenges of Accrual Accounting in the Public Sector

**Philip Johnson, FEE President** 

Standing for trust and integrity

# FEE 1st Required Operation of Recommendation Companies FEE 1st Required Operations of Recommendation Companies FEE 1st Required Operations of Recommendation of Recommendation Companies FEE 1st Required Operations of Recommendation of Recommend



### **FEE Public Sector Committee**

- > First Committee created in FEE (1987)
- Chair: Caroline Mawhood
- > Strong support by CIPFA
- > Excellent relationships with
  - ♥ EC and EP
  - ♥ European Court of Auditors
  - **♥ INTOSAI**
  - ♥ IFAC IPSASB
  - Straightful Comparative International Governmental Accounting Research)

3

Standing for trust and integrity

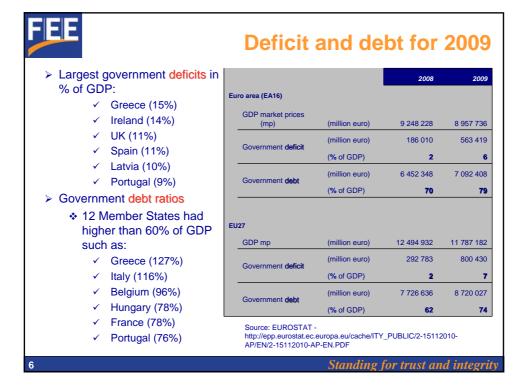


# FEE Public Sector Committee 2010: Another outstanding year

- Accountants driving sustainable changes in the Public Sector (Policy Statement, January 2010)
- Accountants in the Public Sector and the financial crisis (Policy Statement, March 2010)
- Choosing the Right Performance Information (Policy Statement, March 2010)
- Joint FEE/ICPAC Public Sector Seminar (Nicosia, March 2010)
- Public Debt and Cash Management (Paper, October 2010)

Standing for trust and integrity







# Government Transparency and Accountability

- Strong call by G20 leaders to improve global fiscal sustainability
- > High quality financial information is essential
- Public finance and government debt require international coordination:
  - Accrual based measure of surplus/deficit, debt and other liabilities (e.g. pension)
  - ♥ Government to take a longer view (today's decisions impact tomorrow)
  - Clear and comprehensive information on real impact of stimulation packages and bailouts
  - Full fiscal transparency by adopting international reporting standards and comprehensive narrative reporting
  - ♥ Better information on systemic risks associated with the operations
  - Enhanced Stewardship of taxpayers money

7

Standing for trust and integrity



### **Accrual Accounting and IPSAS**

- Transparency: equally essential in private and public sector
- Crisis shows importance of transparency:
  - Government support for financial institutions and other measures
  - Reporting implications: true and fair impact of measures
  - ♦ Importance of accrual accounting and IPSAS
- Accounting systems reform is taking place across a number of European countries

Standing for trust and integrity

8



## **Questions and Food for Thought**

- ➤ Can IPSAS meet the challenge of converging to IFRS in these turbulent times?
- ➤ Will IPSAS result in sufficient transparency on government measures in relation to the crisis?
- Will transparency require enhanced governance disclosures for the public sector and would they need to be part of IPSAS?
- > Should short term alternatives be considered?

a

Standing for trust and integrity

