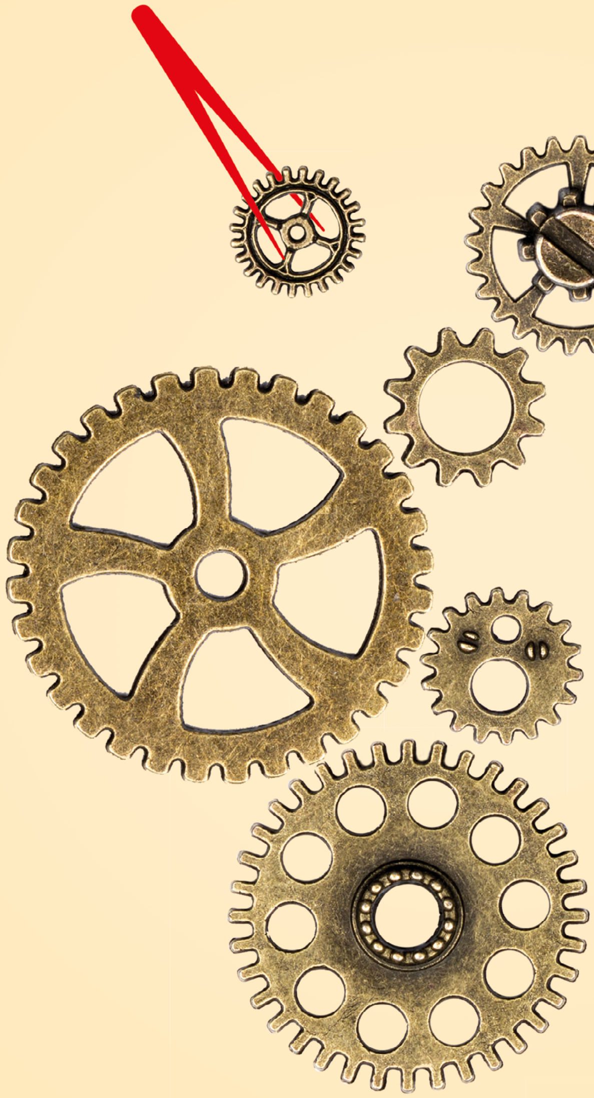
SUSTAINABLE PUBLIC FINANCES:
EU PERSPECTIVES



# *Sustainable public finances and government accounting in Europe*

A COLLECTION OF INDEPENDENT ESSAYS
AND AN ICAEW/PwC CALL FOR EU REFORM

# Contents

# *Foreword*

I would like to thank ICAEW and PwC for taking a prominent role in the debate on this very relevant topic. The sustainability of public finances is one of the major objectives of the EU.

Sustainable development in the broad sense is a deeply rooted commitment of the EU. The pursuit of economic progress and the continuous improvement of citizens' quality of life, without endangering that of future generations, is very important. Governments with sound and sustainable public finances are also well placed to support and fulfil the Sustainable Development Goals.

Discussions with a wide range of stakeholders have helped to inform the thinking on a European set of harmonised accruals-based public sector accounting standards (EPSAS) and on the reasons why government accounting and reporting should stand on very solid ground. They have highlighted the many benefits, among them supporting sustainability, that complete and comparable government accounting can bring.

Accountants need to provide national and European policymakers and citizens with a transparent picture of how public money is spent and of the value it creates for the benefit of current and future generations. The essays in this publication give independent and insightful views on the importance of sustainable public finances based on sound accounting rules, with particular regards to issues such as intergenerational fairness, government debt and financial markets, and the role of accruals-based accounting in this context.

I trust that you will find this an interesting and enjoyable read.

**JOHN VERRINDER**
Eurostat, European Commission[1]

[1] Disclaimer: the information and views set out in this foreword are those of the author and do not necessarily reflect the official opinion of the European Commission

# *Preface*

By issuing this joint publication, ICAEW and PwC want to encourage focus on the sustainability of public finances in Europe and the critical link to government accounting – with a view to highlighting the pressing need for EU reform in this area. We address this to all who are directly and indirectly involved in setting and delivering on the priorities of the new EU legislature (2019-2024). We hope to achieve this focus first by sharing a number of independent perspectives tackling a broad range of sustainable public finance and related issues. We then set out our call for EU reform of government accounting, as was envisaged in the Budgetary Framework Directive of 2011, as a matter of priority.

We are grateful to the contributors who have shared their expertise and insights. The great merit of including their independent views in this publication is to illustrate why good government accounting and financial management really matter. They belie the popular misperception that accountancy is only relevant to technical specialists. In fact, accountancy is fundamental to all successful economies and societies; it underpins successful governments and systems of democratic accountability.

The building of sustainable government policies and programmes that support economic development and deliver on citizens' everyday needs requires sound accountancy and financial management. These are vital to strengthening trust between citizens and their elected representatives by helping to ensure that public monies are used optimally on what matters the most in the short and longer term – for example, education, infrastructure, health, pensions and transitioning to carbon neutrality. They are also relevant to the functioning of the financial system as a whole: governments are the biggest debtors in the globalised financial system.

It has long been acknowledged that government accounting in Europe is, in the main, characterised by serious shortcomings and a lack of comparability. This is because of the absence of a harmonised European government accounting framework, unlike what exists for private companies. Over the last years, important preparatory steps have been driven by Eurostat to design comprehensive EU reform and some countries have also made steps forward. During this period, there has been considerable debate within (member state) specialist and broader stakeholder circles. We hope to have also contributed through our joint ICAEW-PwC discussion series on *Sustainable public finances: EU perspectives*, launched in 2013, which provided the inspiration for the publication.

We – ICAEW and PwC – share a firm belief: that a catalyst for action is needed at EU level to adopt legislation early in this new EU legislative term. Governments are the most obvious public interest entities. Our view is that legislation should set a clear timeline for mandatory government reporting by all member states that is high quality, consistent and comparable. The perspectives and priorities set out in this publication clearly demonstrate why this is critical; we hope they can help to catalyse necessary action. And we remain committed to engage with all policymakers and stakeholders to help successfully achieve reform.

**MARTIN MANUZI**
Regional Director, Europe
ICAEW

**PATRICE SCHUMESCH**
Partner, Global Public Finance and Accounting
PwC

# *Executive summary*

**In issuing this publication, we believe that there is a pressing public interest case for EU reform of government accounting and reporting.**

Such a step requires a broad consensus, based on a clear understanding of the benefits. It is with this in mind that we seek to enhance awareness among interested policymakers and stakeholders at European and national levels. This publication consists of a number of different components, all designed to be accessible to a wide audience.

The first part brings together a number of independent perspectives on a wide range of key issues which directly and indirectly relate to government accounting and reporting. The essays have been written by senior professionals who participated in the ICAEW-PwC discussion series *Sustainable public finances – EU perspectives,* launched in 2013. The series brought together experts from a wide range of international, European and national organisations, encompassing both public and private sectors, civil society and academia, to explore the critical themes related to public finances.

Our contributors were given free reign. Their sole steer was to reflect on their involvement in the discussion series and to share thoughts on what they see as the most important lessons of recent years and the issues still to be addressed in the years ahead. Each contribution contains highly relevant insights when read on a stand-alone basis. Read as a collection, the links between the individual reflections become evident.

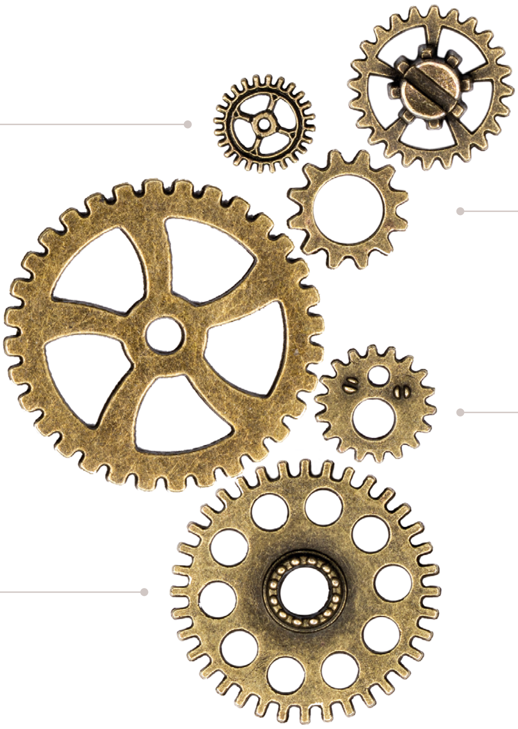
**THESE LINKS CAN BE SUMMARISED AS FOLLOWS:**

- Europe needs to face up to the challenge of intergenerational fairness so that younger and future generations are not burdened with debt and end up less well off than their predecessors.
- Current debt levels of governments in Europe (and around the world) are high and the conditions for government borrowing may soon become less favourable. This increases the importance of government transparency and communication to markets.
- There is a close interconnection between government debt risk and bank risk in the international financial system which needs to be addressed in a holistic manner to ensure stability and funding for private sector growth as well as government needs.
- International public sector accounting standards are increasingly recognised by key international organisations and national governments as providing the financial information that governments need to enhance financial management and thereby deliver on their responsibilities: EU policymakers are encouraged to take a closer look.
- The EU institutions, particularly through the efforts made by Eurostat over the last few years, now have ample awareness of the key attributes of good government accounting systems, including how these support the ability of member states to deliver the EU's wider goals.
- Ultimately, it is national governments that need to place financial information at the heart of policymaking to enable proper consideration of the long-term implications of their decisions. All this to ensure that they can continue to deliver on their social, economic and environmental commitments.

**ESSAY ONE**
**David Kingman, Intergenerational Foundation**
The challenge of intergenerational fairness

**ESSAY TWO**
**Fatos Koc, OECD**
Sovereign debt: current trends and future challenges

**ESSAY THREE**
**Pablo Portugal, AFME**
Sustainable public finances and strong financial markets



**ESSAY FOUR**
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**Peter Welch, European Court of Auditors**
Accruals-based public sector accounts: steps towards excellence

Against this backdrop, ICAEW and PwC set out a number of priorities that we believe should be the focus of EU action in relation to government accounting during this new legislative term. Specifically, we provide an outline of what mandatory measures need to be set out in legislation and identify where accompanying EU efforts are needed to address governance and enforcement issues. While these are our own reflections – and not necessarily those of our guest contributors – they are informed by the many valuable contributions made by participants in our discussion series during the past five years, as well as our active involvement in government accounting and wider public sector developments in Europe and around the world.

Finally, we share ten points to encourage a better understanding of government finance facts for interested policymakers and stakeholders. We hope that this helps make immediately accessible some key technical terms raised in relation to government accounting and public finances, so that their wide-ranging practical relevance to society, economy and government can be more readily understood.

**CONTACT US**
We trust this publication will encourage broad engagement across the European stakeholder community in support of EU legislative action as a matter of priority. We would be delighted to receive your views at:

**europe@icaew.com**
**eu.services@be.pwc.com**

ESSAY ONE

# *Kicking the can down the road? Why Europe must face up to the challenge of intergenerational fairness*

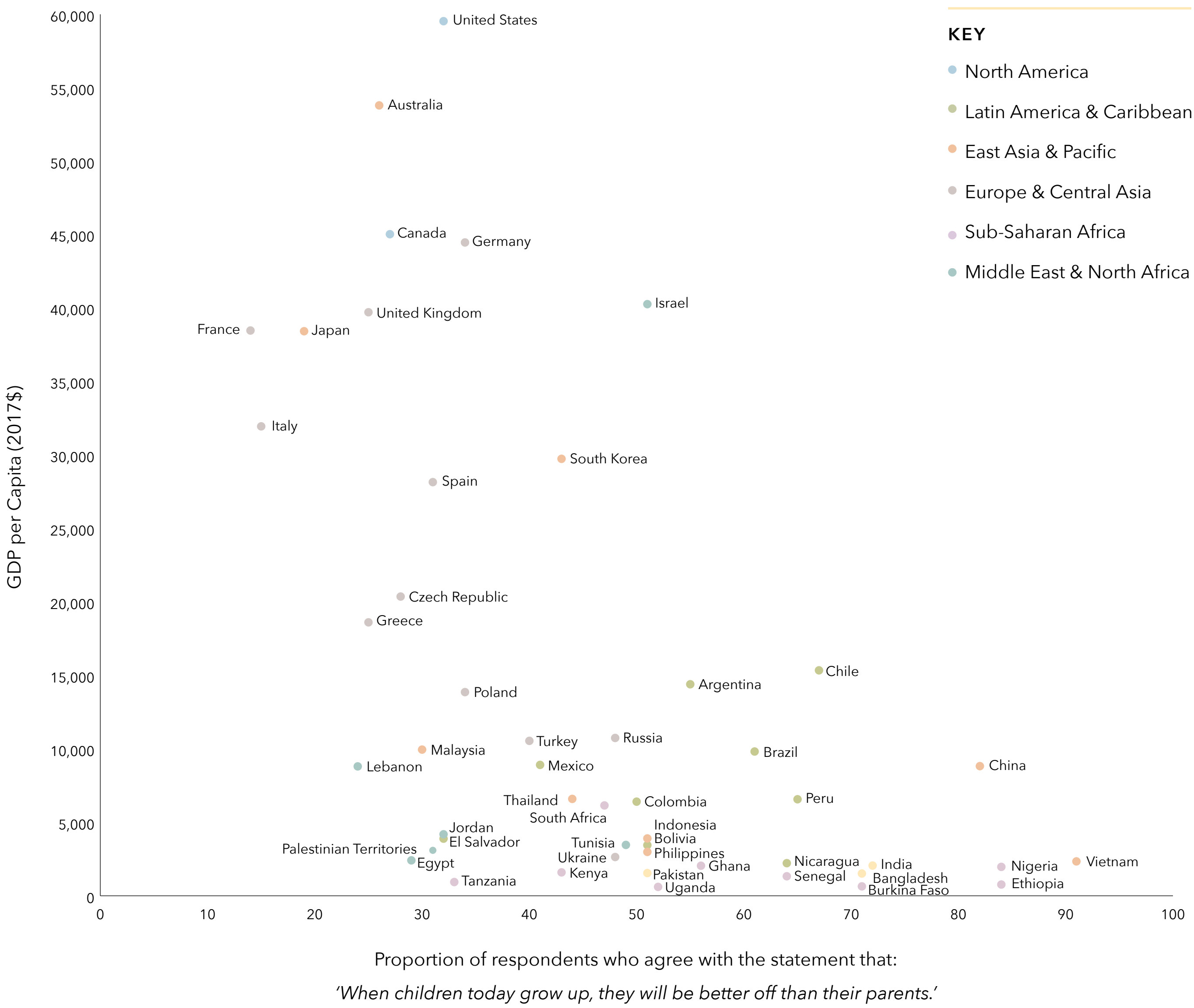
**David Kingman is the Senior Researcher at the Intergenerational Foundation (IF), the UK's only non-party-political charitable think tank which exists to research intergenerational inequality.**

Today is a remarkable time to be a young person. In many parts of the world, economic growth and technological advances are opening up opportunities for the young which previous generations could only have dreamt of, while medical progress means that they can expect to live longer, healthier lives than any previous cohort did too.

FIG.1

**HOW DOES OPTIMISM REGARDING THE NEXT GENERATION'S PROSPECTS VARY AROUND THE WORLD?**

Source: Pew Global Attitudes Survey and The World Bank



However, while this may be the case for the majority of the world's young people, for the relatively small proportion of them who live in high-income countries, anxiety is mounting that they are going to be the first generation in post-war history which fails to achieve the same living standards that their parents and grandparents enjoyed. Evidence from the Pew Global Attitudes Survey (Fig.1) suggests that the majority of the population in high-income countries (particularly those in Europe) now expects today's young people to be worse-off than their parents, which is in sharp contrast to the optimism about the young's future prospects that appears to be prevalent in low-income and emerging countries.

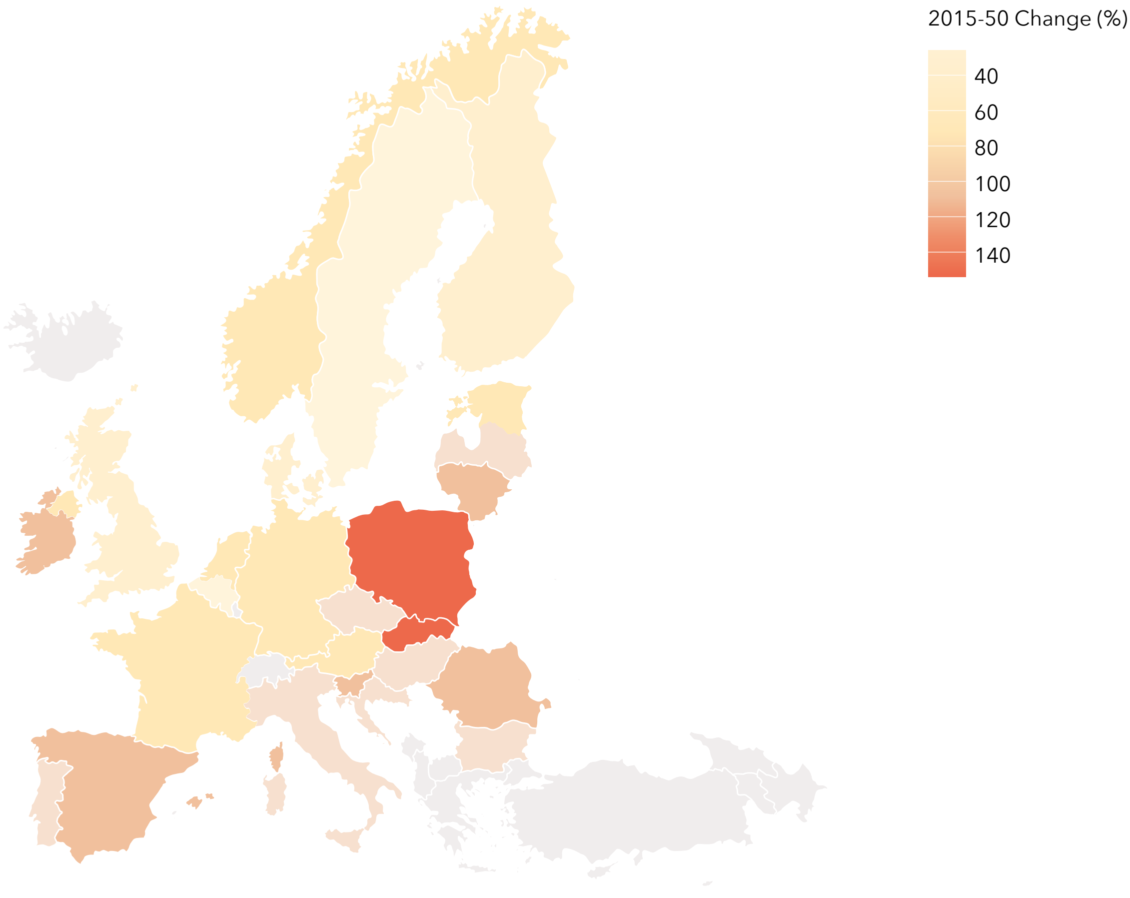
One of the big factors which underpins this pessimism is the unprecedented population ageing which is taking place in high-income countries, which is likely to make it more challenging for them to generate economic growth as the share of the workforce which is of working age will shrink. At the same time, having a larger share of the population living in retirement implies higher public expenditure on pensions and healthcare, which will need to be funded by a smaller cohort of taxpayers. The old-age dependency ratio (the number of pensioners relative to the number of people of working age) is expected to increase dramatically in the relatively near future, with some EU countries forecast to see rises of over 140% between 2015 and 2050 (Fig.2).

While it may be possible to mitigate some of the fiscal consequences of Europe's ageing population by extending people's working lives and using labour-saving technology to boost productivity, there is a danger that the interests of younger and future generations will be subsumed by the need for higher public spending which predominantly benefits the old. Although one of the most obvious solutions to this challenge would be encouraging higher immigration from countries with a surplus supply of labour, this option appears to draw too much hostility from electorates to make it politically feasible in most European countries.

Source: Eurostat (data were unavailable for Turkey, Greece, Macedonia, Iceland and Switzerland)

FIG.2

**PROJECTED CHANGE IN OLD-AGE DEPENDENCY RATION BETWEEN 2015 AND 2050**



This process of population ageing is also happening during a period when debt-to-GDP ratios are already very high as a legacy of the post-2008 global financial crisis, which will make it difficult for European countries to fund higher public spending purely through additional borrowing. One way or another, it seems that most European countries will no longer be able to 'kick the can down the road' in the way that they might have done previously; instead, they will need to face up to the unenviable choices which Europe's demographic headwinds will force them to make.

Unfortunately, democratically-elected politicians have every incentive to avoid making difficult choices, and have demonstrated an ignominious track record of finding clever ruses to avoid them. When it comes to matters of intergenerational fairness, the incentive to do nothing is especially strong because in virtually all European countries, young adults (especially those aged 18 to 24) are significantly less likely to vote in national elections than the population average (the one exception is Belgium, which has compulsory voting).

In the UK case, the Office for National Statistics recently calculated that central and local government have accumulated £5.3 trillion-worth of pension liabilities (including both state pensions and pensions for retired public sector employees) – worth 279% of GDP – which will ultimately have to be paid for by younger and future generations of workers. The UK is also one of the EU countries (behind only Portugal, Hungary and Slovakia) which has made the greatest use of off-balance sheet Public Private Partnership deals (also known as Private Finance Initiative deals), which obscure the true amount of financial obligations the government is accumulating and which future generations will have to pay off.

***'Governments need to be more honest and accountable about the intergenerational impact of fiscal matters ... so that liabilities and obligations are not simply passed on to future generations.'***

Given the scale of the fiscal pressures which European governments are going to face over the coming decades, it would be a useful starting place if political institutions could be created that would both compel governments to be more honest and accountable about the intergenerational impact of fiscal matters, and which also aimed to protect the interests of future generations so that liabilities and obligations are not simply passed on to them to meet. Over recent years, several countries have experimented with creating positions within government which are supposed to represent the interests of future generations, including the Hungarian Ombudsman for Future Generations, the Knesset Commission for Future Generations in Israel and the Future Generations Commissioner for Wales. However, whether such institutions will be able to make a meaningful difference to government policy given the short-term demands of electoral politics remains a crucial unresolved question.

ESSAY TWO

# *Sovereign debt: current trends and future challenges*

**Fatos Koc is Head of the Public Debt Management Unit at the Organisation for Economic Co-operation and Development (OECD), an international organisation that works to build better policies for better lives.**

More than a decade after the outbreak of the global financial crisis, sovereign debt figures remain at historically high levels. At the same time, the funding environment has been relatively favourable with prolonged low, sometimes even negative, interest rates along with stable market conditions, while there have been structural changes in the investor base of goverment debt. Against this backdrop, any analysis about sovereign debt developments has to look beyond traditional concepts of risk and debt sustainability assessments.

## RESPONSES TO THE GLOBAL FINANCIAL CRISIS

During the past decade, sovereign debt structures in the advanced economies (AEs), particularly in euro area countries, have been significantly affected by the policy responses to the global financial crisis. Between 2007 and 2018, the government borrowing needs surged drastically and outstanding government debt in several AEs reached record peak levels. The 2019 edition of the OECD *Sovereign Borrowing Outlook* shows that outstanding central government marketable debt doubled in nominal terms from US$22.5 trillion in 2007 to US$45 trillion in 2018, and is projected to rise to US$47.3 trillion in 2019.

At the same time, the favourable funding conditions have enabled governments to finance borrowing requirements at low cost and eased the debt sustainability concerns. In some cases, governments have received premiums from negative yielding debt issuance in recent years. Even though economic growth rates have declined and credit ratings of many sovereigns have steadily shifted down relative to the pre-crisis period, interest rates have fallen by even more. Thus, interest rate-growth differentials in many countries have improved significantly, and this has slowed the rise in debt-to-GDP ratios in recent years. In OECD countries, sovereign issuers took advantage of the low-interest-rate environment to extend debt redemption profiles and limit rollover risks. For example, the average term to maturity for the OECD area increased from about six years in 2007 to eight years in 2018.

## CHANGES TO THE INVESTOR BASE OF GOVERNMENT DEBT

We have also observed structural changes in the investor base of government debt. For example, in several major economies, central bank demand for government securities has substantially increased as an operational consequence of the quantitative easing policy launched by major central banks. Today, government securities' holdings of the European Central Bank (ECB), Bank of England, Bank of Japan and the US Federal Reserve add up to US$11 trillion. As a result, central banks in several countries have become one of the key domestic investors (40% in Japan, above 20% in Austria, France, Germany and the UK). In some cases, higher demand from national central banks has coincided with lower demand from domestic banks. In Japan, the share of banks decreased from over 40% in 2008 to 17% in 2018, while Bank of Japan's holdings moved from 8% to over 40% over the same period.

Against this background of substantial participation of central banks in government securities markets, it can be argued that a shift from unconventional monetary policy may have important implications for investor bases in major markets. In cases where balance sheet normalisation occurs in countries with a concentrated investor base, re-engaging with the traditional investor base is becoming more relevant. In this regard, a broad and diverse investor base is now more essential than before to support liquidity, depth and stability in government securities markets.

For countries with a concentrated investor base, the challenge is to diversify the investor base in order to be prepared for a potential structural change in the ownership of government securities. In some cases, including France, Italy, the UK and the US, supply of government debt has also increased in the post-crisis period. In such cases, absolute holdings of existing investor groups did not have to change significantly. In contrast, countries with diminishing or limited borrowing needs have faced a challenge. For example, in Germany, the ECB has increased its share from 0 to almost 30%, while the amount of outstanding government bonds has changed only very slightly. For the countries with declining borrowing requirements, sustained central bank bond buying programmes result in 'crowding out' other investor groups – mainly foreign investors.

### DEBT AND LONG-TERM PROSPERITY

Both the size and structure of public debt are critical for the long-term prosperity of citizens. Today, while the legacy of the global financial crisis continues to cast a long shadow over public finances in the form of heavy debt repayments, policymakers are facing a set of issues: mainly heightened political uncertainties, weaker global growth, rising social welfare costs, and demographics (ageing population and greater income disparity). Specifically, sovereign issuers might confront less favourable funding conditions, which can prove to be challenging for countries with a high amount of scheduled redemptions. Borrowing conditions for sovereign issuers can become extremely challenging when rising funding pressures coincide with sudden shifts in sentiment and perceptions of sovereign risk.

***'Outstanding central government marketable debt doubled in nominal terms from US$22.5 trillion in 2007 to US$45 trillion in 2018, and is projected to rise to US$47.3 trillion in 2019.'***

Dealing with such challenges will require an effective communication strategy, and contingency funding tools in place in addition to traditional principles such as being a transparent and predictable issuer. That said, sovereign issuers would benefit from frequent and consistent dialogue with investors and other policymaking authorities, especially by re-engaging with traditional investor bases such as pension funds and insurance companies. In the case of stressed market conditions, countries' experiences suggest that contingency funding plans, such as establishing credit line(s) with commercial banks and maintaining a liquidity buffer (ie, minimum level of cash balance) are a valuable tool for increasing financial flexibility, as well as enhancing market confidence.

ESSAY THREE

# *Sustainable public finances and strong financial markets – a mutually reinforcing agenda*

**Pablo Portugal is Managing Director, Advocacy at the Association for Financial Markets in Europe (AFME). AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues.**

A strong financial system – with well-developed capital markets, a resilient banking sector and robust transparency standards – can play an important role in supporting the long-term sustainability of public sector finances. I will offer some reflections on current workstreams at a European level.

## DEVELOPING CAPITAL MARKETS TO ADDRESS EUROPE'S DEMOGRAPHIC CHALLENGE

A first area to consider is the demographic challenge that countries across Europe are facing. This can be illustrated in one statistic: today there is one pensioner for every four people of working age. But in 50 years, this ratio is projected to be about one to two. As the European Commission has highlighted, those who are retiring before 2057 will need to collect an extra €2 trillion each year to achieve an adequate retirement income.

The increasing cost of state pension systems arising from the demographic trends poses a major challenge for European economies and public finances.

More developed private pensions could help to bridge the pensions gap. The average EU household accumulates savings at a higher rate than other jurisdictions (net savings rate of around 6%, compared with 3.3% in the US and 2.6% in Japan), but invests 32% of those savings in conservative instruments like cash or deposits, while in the US households allocate only 15% in such instruments.

Differences in the regulatory framework of pension systems are among the reasons behind the contrast in asset allocation decisions between countries. In the US, for example, 30% of household financial assets are saved on pension funds (eg, retirement funds like employer-sponsored 401K retirement accounts) compared with a median of 17% in the EU where some countries' private pension systems are comparatively underdeveloped.

This is one of the reasons why the Capital Markets Union (CMU) project is so important. Europe needs to be much more effective in mobilising its high amount of savings into more productive investments. By encouraging more voluntary investment into private pension funds together with other retail investment products, these savings could be directed towards early-stage businesses seeking to expand rapidly, for example, while also earning a higher retirement income.

The recently adopted Pan-European Personal Pension Product (PEPP) framework seeks to create a new type of EU-wide voluntary personal pension product and is intended to provide greater choice and more competitive products to investors. It remains to be seen whether the design of the framework, combined with other factors, will achieve the aim of opening up a genuine pan-European market for personal pensions.

Beyond pensions reform, the CMU in its various components is vital to support economic growth in Europe and the transition to a low-carbon economy. It is essential that this project continues to be developed in the new EU legislative cycle with renewed ambition and an updated strategy. Much work lies ahead in enhancing the capacity, size, liquidity and depth of the EU's capital markets and fulfilling the CMU vision of a deep and integrated single market for capital.

As important users of capital markets services, governments and public bodies also stand to benefit from the development of the CMU when it comes to raising finance, deploying savings or managing risks.

### PROMOTING A MORE INTEGRATED AND RESILIENT FINANCIAL SYSTEM

There are several other areas of financial sector policymaking that interact with the sustainability of public finances.

A healthy financial system is, of course, fundamental to ensuring that public finances are not put under undue strain in a future crisis. Over the last decade, the European banking system has been subject to profound changes. There are new tools to deal with failing banks, including resolution powers to ensure that losses are borne by shareholders and creditors rather than taxpayers.

In the eurozone context, the completion of the Banking Union remains essential to avoid potential adverse feedback loops between bank and sovereign risk. The feedback nexus between governments' debt risk and bank risk can be summarised as follows: governments are exposed to banks' risk, in case they need to bail out failing banks, if effective alternative ways to 'resolve' that bank are not available. At the same time banks are exposed to sovereign risk: if the creditworthiness of sovereign debt is reduced, the market value of banks' holdings of domestic sovereign debt is also reduced, with possible impacts on the solvency of the bank; also if distressed banks cut back on lending, the negative impact on the economy could lead to a reduction in tax revenues, contributing further to the sovereign-bank loop.

A fully-fledged Banking Union is necessary to break this nexus. This includes considering the Banking Union as a single jurisdiction in terms of prudential requirements and achieving effective depositor protection. This requires overcoming a deficit of trust that has characterised certain debates among authorities and home/host jurisdictions in the euro area.

### THE IMPORTANCE OF HIGH-QUALITY PUBLIC AND PRIVATE SECTOR INFORMATION

I would like to conclude by emphasising the importance of high-quality financial information in underpinning market confidence and promoting a robust investment environment. Much has been done since the financial crisis to increase the level of transparency and reporting across the financial markets with frameworks such as the revised Markets in Financial Instruments Directive/Regulation, among others. The trading of sovereign bonds, together with other instruments, is captured by new transparency requirements.

***'Transparency in relation to sovereign risks and state finances is important to ensure market confidence ... It is equally important that market participants can rely on high quality public financial information.'***

Transparency in secondary markets, in the form of the publication of trade details after a transaction, is important to support price discovery and price formation. However, financial instruments have different characteristics, which must be reflected in the transparency regime. Careful calibration is necessary to avoid risks to liquidity. AFME believes that if the transparency regime for bonds, particularly the different bond classes, is not better designed it may have inadvertent consequences that could impact the functioning of some less liquid sovereign debt markets.

Beyond secondary trading, transparency in relation to sovereign risks and state finances is also important to ensure market confidence. As authorities continue to focus on enhancing the level of transparency and disclosure across the financial system, it is equally important that market participants can rely on high quality public financial information. In this context I very much welcome the ICAEW-PwC initiative to promote debate on the sustainability and disclosure of public finances and how they affect global financial markets. I hope that the various perspectives and ideas debated throughout this series continue to be considered in the period ahead.

ESSAY FOUR

# *The journey and future of international public sector standards*

**Ian Carruthers is Chair of the International Public Sector Accounting Standards Board (IPSASB). IPSASB works to improve public sector financial reporting worldwide through the development of IPSAS, international accruals-based accounting standards, for use by governments and other public sector entities around the world.**

## THE JOURNEY SO FAR

Things have come a very long way since work began from scratch on International Public Sector Accounting Standards (IPSAS) in 1997. Not only do we now have a Conceptual Framework, there are now 37 accruals-based standards, many of which are aligned with IFRS, although a third of IPSASB's pronouncements are wholly or mainly specific to the public sector, including the much needed standard on social benefits. Importantly, there is a growing number of organisations which openly speak up about the benefits of accruals accounting in the public sector and national governments which are using IPSAS standards. Of course, we are not at journey's end – far from it. However, for policymakers and stakeholders in Europe considering priorities in the new EU legislature, it is worth taking a close look at the global picture of IPSAS implementation and what IPSAS actually offer.

## DRIVERS AND MOMENTUM

A great deal has already been written on the drivers at the national level for improved public sector reporting and financial management. Accruals accounting has been shown to provide better information compared to cash accounting. Often this simple fact just has to be re-stated in a way that connects with the particular audience. At an international level, different organisations such as the International Monetary Fund (IMF), World Bank, OECD and other international and regional bodies have been important drivers. As more literature on the benefits becomes available, not least on the basis of testimonies of successful implementation at national level, a momentum in governments adopting accruals accounting is building. Success breeds success in some respects. As shown in IFAC/CIPFA's *International Public Sector Accountability Index – 2018 Status Report*, the number of governments that report on an accruals basis is set to rise from 25% to 65% in the near future, with the majority adopting IPSAS either directly, indirectly through a national endorsement mechanism, or using them as a reference point. The IPSAS Board is very conscious of the need to ensure that it plays its part in supporting this growing demand.

## THE MISSING VOICE OF FINANCIAL MARKET ACTORS

Given that governments comprise the largest proportion of debt trades on the financial markets, one might have expected to hear throughout the course of the IPSAS journey over the last decade or so, a far more prominent call for greater transparency from those rating and purchasing government debt. In reality, there has been largely a puzzling silence. We believe that a real contribution to the push for accruals adoption by governments around the world should come from capital market participants such as ratings agencies. In turn, this could complement other drivers, from citizens and civil society groups to public administrations themselves for whom information is critical to decision-making. Demand for accruals-based data from governments has to increase, which is why the publication last autumn of IMF's *Fiscal Monitor* report was so important as it reaches a wider audience.

## IPSAS AND EUROPE

The proposed adoption of accruals accounting has elicited strong views over the last five years across Europe, with some more in favour than others. The EPSAS project has delivered some excellent research papers and has, without doubt, created a dialogue within the public sector accounting profession across Europe which was not happening before. It is also encouraging to see that the EU has made funding available to those countries implementing accruals accounting – as well as taking forward other technical work in the EPSAS project. However, a conclusion has yet to emerge on the biggest question – what is the EU policy in relation to national-level public sector financial reporting requirements? Given the work put in since the start of the EPSAS project, I believe it is in the public interest for the question to be answered as soon as possible.

After the European elections and with a new Commission in place, the debate within Europe at both national and EU institutional level needs to be moved forward. This would undoubtedly benefit from wider understanding of where the IPSAS programme is today and what the global implementation trends are – which for many is probably quite a different place to what is generally assumed. In this context, there would be a lot of merit in digging further into the intended meaning of 'using IPSAS as a reference point' for European standards (see also the next contribution by Alexandre Makaronidis).

For the private sector, the IFRS endorsement mechanism, comprising also the technical advisory element, which Europe has put in place for the adoption of IFRS by listed companies has been very successful. It has allowed Europe to benefit from an independent standard-setting process, to which influence has been channelled on the basis of being a key stakeholder. Of course, there is a critical dividing line to be constantly aware of, in order to ensure that legitimate Europe-specific needs and circumstances are taken into account as long as these are not a cover for the masking of unpalatable transparency. This dividing line is probably even more politically sensitive for the public sector than it is for company reporting. However, the experience to date shows that Europe's approach to IFRS has provided a strong safety-net check in terms of Europe-specific needs and capacity to deliver the credibility of reporting standards that the market needs.

## IPSAS AND THE NEW EU LEGISLATURE

As the new EU legislature takes shape and its policy priorities emerge, we hope to see a renewed focus on public sector reporting and financial management – and fresh consideration of IPSAS as the cornerstone in this, with the right institutional architecture in place.

At their current stage in development, IPSAS would probably not cover all the requirements Europe would like. Equally, however, consideration should be given to appropriate timeframes for member state implementation and, more importantly, the costs and expertise challenges that would be faced if Europe takes an entirely separate route forward. IPSASB has a big standards development programme which will increasingly address many of the key issues facing public sector accounting over the next few years. Europe can contribute to shaping this process and could have an equally strong voice on IPSASB as it has on the IASB: all depends on what path EPSAS eventually takes and what 'using IPSAS as a point of reference' is made to mean. It would seem beneficial for the debate in Europe to take place in the overall context of growing IPSAS adoption globally, particularly when considering whether it is worthwhile and an appropriate use of scarce resources to develop a separate suite of standards for use in Europe.

***'The number of governments that report on an accruals basis is set to rise from 25% to 65% in the near future.'***

On the basis that accruals accounting does indeed provide better information compared to cash, and the pressures on public authorities to develop more for less, I believe that the drive towards accruals accounting will eventually prevail. But the timeframe for this, the consistency and comparability, both within Europe and also in relation to other parts of the world, in the inter-connected international financial system all do require a comprehensive policy package and institutional framework and, of course, standard-setting process. IPSAS can be the foundation for this – if policymakers and all interested parties take a closer look at the current position, and rapid advances in both the standards suite and its implementation projected for the next few years.

ESSAY FIVE

# *European public sector accounting reform: achievements and work in progress*

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The celebration of five years of the ICAEW-PwC series *Sustainable Public Finances – EU Perspectives* offers a good opportunity to briefly review the reasons for embarking on such an ambitious accounting reform in Europe and what has been achieved. All the more so, as the launch of the series roughly coincided with that of Task-Force EPSAS and thus the formal launch of the EPSAS project in January 2014.

Some years before then, and in trying to give a clear-cut response to the question of how it manages and controls the funds entrusted to it via the EU budget, the Commission decided to complement its traditional cash accounting with a fully-fledged IPSAS-based financial reporting system. This brought a profound change in the management culture of the Commission. With the European Parliament, the Council and the member states' governments benefiting from a better management of the EU's budget and able to exercise a more effective scrutiny over the Union's spending, the hope rose that Union governments would follow and shift to accruals accounting. However, this shift did not materialise at the pace that might have been expected and hope faded over time. However, the financial crisis that broke out a decade or so ago brought accruals accounting back onto the political agenda.

The so-called six-pack, an EU response to the financial crisis, considered accruals accounting as a key tool for increasing financial transparency and the effectiveness of economic governance in the EU. During the six-pack preparations, reportedly, there were voices suggesting the direct and Union-wide implementation of IPSAS, partly motivated from the positive experiences of the Commission's accounting reform and accruals reforms in other countries and certain member states. Eventually, the so-called Budgetary Frameworks Directive[3] took a more cautious approach. It required that public accounting systems comprehensively and consistently cover all sub-sectors of general government, contain the information needed to generate accruals data for ESA purposes, and be subject to internal control and independent audit. It furthermore required consistency of accounting rules and procedures, and integrity of the underlying data collection and processing systems, and invited the Commission to assess the suitability of IPSAS for that purpose.

The assessment[4] concluded that there was a strong need for harmonising public sector accounting standards in the EU. It suggested developing EPSAS, on the basis of a strong EU governance, and using IPSAS as a reference framework for EPSAS. It announced that the 'next steps, to be started in 2013, will take into account impact considerations and include a road map setting out in more detail the steps to be taken, including legislative initiatives, to achieve harmonised public-sector accounting standards across the Union'.[5]

[2] *This contribution reflects the personal views of the author and does not represent the position or the interests of the Commission. It is largely based on the farewell addresses of the author to Commission colleagues and the EPSAS Working Group from December 2018.*

[3] Council Directive 2011/85/EU on requirements for budgetary frameworks of the member states.

[4] Report from the Commission to the Council and the European Parliament: *Towards implementing harmonised public sector accounting standards in Member States*, COM(2013)114 final

[5] COM(2013)114 final, page 12

Following the creation of Task-Force EPSAS and the changeover to the Juncker Commission, a voluntary and progressive approach to EPSAS was devised in two phases: first, increase fiscal transparency, in the short to the medium term by promoting accruals accounting and IPSAS, while developing in parallel the EPSAS framework. Second, address comparability through EPSAS in the medium to the longer term.

In 2015, the EPSAS Working Group, set up to advance technical work on EPSAS, was established as the first formal and comprehensive public sector accounting platform in the EU. It has since developed into a highly competent platform for exchanging lessons and experiences, and for advancing work on all those issues that were considered as specific to, and priorities for, the public sector. It also helped to facilitate a close and constructive cooperation with the IPSAS Board and thereby advance together on many of those issues.

Under this approach, the Commission provided financial support for investments in the modernisation of public sector accounting systems and technical assistance to member states transitioning from cash to accruals, including through the compilation of the First Time Implementation Guidance. Overall, EPSAS work has advanced and matured considerably. Key elements such as the draft EPSAS conceptual framework and the internal preparations for a future impact assessment were largely completed.

Most member states have either taken, or are taking, initiatives to modernise their public sector accounting systems. Task-Force EPSAS actively contributed to advancing the debate on the adoption of accruals accounting and the harmonisation of public sector accounting standards to a very wide agreement on the need for accruals accounting in the EU – yet with Germany hesitating as the main exception among the EU member states. In my view, this answers the question of whether accruals are needed, but then the next question is whether EPSAS is still needed? The advances made towards accruals accounting are a very significant step towards increasing financial transparency. Yet, I would argue that the EU needs to deliver, and EPSAS needs to deliver, on both transparency and comparability, including, in due course, for Whole of Government Accounts. Fragmentation and non-comparability can put trust at risk. They constitute the presumably most important impediments to the wider use of financial statements for governance, policy and decision-making.

***'The world has changed substantially over the past decade and public sector accounting in the EU needs to change with it.'***

The adoption of major initiatives usually depends on political buy-in and the political cycle. Critical political challenges on the European agenda, such as the refugee crisis and Brexit, and rising anti-EU sentiments elsewhere, certainly did not help EPSAS to advance at a faster pace. Though there is a lesson to be learnt for the future direction of the project: that the success of the EU's policies eventually depends on the effectiveness and the efficiency of its member states' governments and public services. With the creation of the Structural Reforms Support Programme (SRSP) the Commission has stressed this very fact. EPSAS has been, and can be in the future, one of the measures to strengthen the decision-making and accountability of public service. EPSAS is a genuine European project – a project for Europe, for its governance, its economy and statistics, and its citizens above all. The world has changed substantially over the past decade and (public sector) accounting in the EU needs to change with it. I think that this is a key message to share with the incoming policymakers of the new EU legislature.

ESSAY SIX

# *Accruals-based public sector accounts: steps towards excellence, one step at a time*

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## DEFINING EXCELLENCE

In 2011 the UK National Audit Office (NAO) helpfully set out a working definition of the type of financial management to which public sector bodies should aspire.

At the highest maturity level ('Enterprise' in the NAO terminology) this would mean:

- the finance function acting as a centre of excellence and enabler for the business;
- financial information central to decision-making; and
- a sophisticated understanding of key cost drivers and outcomes.

This would enable the organisation to:

- anticipate and respond to changes in its environment; identify savings continuously; and
- plan and deliver value for money outcomes.

Few organisations meet these aspirations (it is the highest level after all). While many organisations are progressing strongly in terms of making better financial information available to managers, decision-making still revolves around annual cash budgets. A key issue for discussion in the European public sector – in particular since 2013 – has been completion of the move from cash accounting to accruals accounting.

## ACCRUALS AND EFFECTIVE FINANCIAL MANAGEMENT

The premise of this debate has been that it would help reduce the risk of a renewed sovereign debt crisis. There is merit to this view – organisations that keep track of costs only when they pay bills run the risk that unforeseen bills will arrive at the least convenient moment. More broadly, moving to accruals, preferably firmly based on externally-determined accounting standards, can be a key step towards effective financial management across the board.

I found some support for this view at a recent meeting in the Hague. For the second year running, the Dutch national audit body (the Algemene Rekenkamer) invited representatives from Europe's national audit bodies to discuss accruals accounting in the public sector (and I might add that I felt very honoured to be invited to moderate the discussion again). My Dutch counterparts in the Rekenkamer have long advocated moving to accruals accounts, in one of the EU member states that has so far kept to cash accounting in central government.

Opening the conference, Ewout Irrgang, (Vice-President of the Rekenkamer) reminded us that 'discussions on budgeting, accounting and financial reporting systems, cash-based or accruals, are not technical. They are about enabling decision-makers – like managers, ministers and members of parliament — to consider all relevant information and to take well-informed decisions based on that information; and – ex-post — about enabling the same parties to have a meaningful accountability dialogue based on complete, true and fair information'.

One of the highlights of the day was a presentation from two Dutch parliamentarians: Joost Sneller and Bart Snels. As they explained, they represented different political parties, with Mr Sneller being part of the governing coalition, and Mr Snels part of the opposition. They were working together because they both saw accruals as enabling better parliamentary control, more rational decision-making and better accountability. The fruit of their labour was a pilot exercise covering two government departments with a heavy role in investment

[6] *This article expresses the personal opinion of the author and not that of the European Court of Auditors.*

decisions (defence and infrastructure). This reflects a strong interest in the Netherlands in linking the application of accruals accounting to the evaluation of investment decisions. (A point also made by Arno Visser, President of the Rekenkamer at the 2018 event). I look forward to seeing how this pilot exercise works out.

### MYTH BUSTING ON ACCRUALS AND BUDGETING

Around the world there has been a move towards using accruals accounts in the public sector. In many places this has started with government agencies and local government. At the other end of the spectrum, international organisations now usually present their accounts on an accruals basis, using the International Public Sector Accounting Standards. However in some circles there is still significant opposition to moving to accruals accounting. A recurring point in these discussions is the suggestion that accruals accounts mean losing cash budgeting, and the linked suggestion that cash budgets tell budgetary authorities all they need to know.

These are both myths. Delphine Moretti of the OECD, in The Hague to present the results of an OECD survey, made it clear that, in practice, most administrations that have moved to accruals accounting have retained cash budgeting. There is a more interesting point about how much insight cash budgets provide. I would argue that budgets tend to focus on those areas where administrations want to spend money, but that increasingly accruals-based balance sheets provide information on where administrations will *need* to spend money. The clearest expression of this is probably the provision for incurred pension costs (although some administrations which have already moved to accruals in most respects are reluctant to show this on the balance sheet). The pension promise to employees is properly part of the cost of providing services now, but can be hard to spot in cash budgets. Pension cash flows occur years after services are delivered. Future cash flows will also be generated by decommissioning costs, and by legal cases (such as medical negligence claims).

### DECISION-MAKING BASED ON THE LONGER TERM

So even if cash budgets remain the first preference of most administrations, supplementing them with accruals accounts will help managers to take a longer-term view. They enable finance ministries and budget committees to combine scrutiny of cash budgets with a review of movements in balance sheets. I would argue that public administrations should now routinely incorporate some balance sheet targeting into their budget cycle (ie, proactively managing the level of liabilities). For many public sector bodies, this would represent a significant move towards the Enterprise level of financial management.

It is probably important for advocates of greater use of accruals accounts (like myself) to be realistic about their benefits. They do not provide a one-stop solution for decision-makers – but they will provide a meaningful context in which other sources of information can be assessed. They will not warn you of the likely fiscal impact of a slowdown in the economy: but they should provide an insight into the spending flows to be met from future budgets. They will not show the likely impact of demographics on public finances – but they provide a starting point for meaningful analysis.

***‘Cash budgets tend to focus on those areas where administrations want to spend money, but increasingly accruals-based balance sheets provide information on where administrations will need to spend money.’***

Most EU member states already account on an accruals basis, although there is great variation in the extent to which they meet the International Public Sector Accounting Standards. Around the world, even administrations that have complemented accruals-based financial statements with a (best practice) fiscal sustainability statement sometimes ignore the warning signals these provide. Nevertheless, accruals-based financial statements provide decision-makers and opinion-formers with vital information on the public sector, and help financial managers to take an important step towards the ambitious level of financial management that the NAO outlined in 2011.

# *Government accounting: a call for EU reform*

ICAEW and PwC draw a clear conclusion from reading the independent contributions in this paper – a conclusion that is also informed by the many valuable insights shared by participants in our discussion series and in light of wider public sector trends and developments in Europe and elsewhere. In brief, we conclude that the case for EU action to reform government accounting and reporting is compelling and critical.

Specifically, we believe that the EU needs to adopt, as a matter of priority, a mandatory requirement for all member states to prepare high quality financial information on a consistent and comparable accruals basis which gives a 'true and fair view' of government finances. This means accounting and reporting for the financial implications of all political decisions to reflect the true current and long-term financial position – as well as the financial performance – through annual financial statements.

The requirement to produce government financial statements is not an end goal in itself. Rather, the transition to producing such statements is an enabler. It is the basis for developing better management information systems, resulting in better decision-making and ultimately a better use of public money. It can enhance the democratic accountability framework for the assessment of the use of public funds. The end goal is the delivery of better public services in the short term and the attainment of sustainable public finances in the mid to long term, creating a positive legacy for the next generations.

Currently the predominant focus at EU level in relation to government finances is on the level of government deficit and debt – in itself extremely important, particularly where such levels are already unsustainably high. But to really achieve sustainable government finances, it is critical to look beyond public debt to what are effectively liabilities, whether or not governments actually account for them. There is a pressing need to account for the whole range of financial, environmental, pension, healthcare and other costs for which national governments are responsible through their political decisions. The sum of such costs for which there is a government obligation to pay 'further down the line' may be significantly larger than the figures currently reported for public debt. Equally, there is a need to account for government assets, for example infrastructure and real estate, as part of a holistic approach to financial management that ensures optimal performance of these assets in the public interest. Annual financial statements provide transparency and thereby a basis to manage both liabilities and assets. Similarly, financial performance information (included in or derived from financial statements) that reflects the true cost of policies and programmes provides useful insights for the decision-making.

The EU government accounting reform we call for needs to allow for proportionate and tailored member state implementation, enabling the application of subsidiarity on the basis of materiality. A clear timeline for all member states to deliver comparable government reporting is required. In parallel with a member state implementation timeline, the EU needs to prioritise a concerted exercise to put in place EU arrangements for the determination of government accounting standards and their enforcement. This is to ensure that the standards to be reported against are regarded as legitimate and that they are implemented appropriately.

We call on the EU institutions to prioritise the above policies, and for the European stakeholder community to give its support on the basis that government accounting reform is, in the final analysis, critical to sustaining European citizens' quality of life, today and in the future.

# *Ten points for a better understanding of government finances*

For anyone not directly involved in government finances on a day by day basis – and that includes many policy makers as well as citizens at large – the subject is undoubtedly challenging, due to its complexity and scope. Just as in many professional areas where technical standards and methodologies are involved, the terminology of the experts is not always the most readily comprehensible. And, on top of this, some information made available about government finances is more amenable to headlines and therefore can tend to crowd out other information that requires more explanation – as well as gaps in financial information for which there are rarely any headlines at all.

All of this can and does give rise to some significant common misperceptions over the current state of government finances in Europe and, in particular, the degree of transparency and accountability. It is in the public interest to address such misperceptions, as this can contribute to a solid foundation for doing things better – in the interest of citizens over the short and long term.

To this end, we thought it would be helpful to complete this publication with ten points to promote understanding of government finances:

1. **Government accounting is critical for successful national economies**

Government finances are a significant component of national economies, giving governments a huge influence on economic growth through their fiscal policies. On average, European governments contribute about 40% to a country's GDP.

For the success of national economies, upon which the well-being of citizens ultimately depends, it is critical that all governments catch up with modern accounting. They need to do so to ensure decision-making is fully informed, public resources are optimally managed and that there is effective evaluation and ultimately democratic accountability.

2. **Governments in Europe are inconsistent and generally lag behind private companies on financial transparency and accountability**

Given that governments spend citizens' money – through compulsory taxation – logic would suggest that governments should provide the maximum level of transparency and quality in accounting and reporting. This on the basis that governments have recognised the importance of legislating for transparency and accountability in the case of private companies in which investors have chosen to invest. However, this logic is seldom borne out in practice.

For the most part, governments in Europe lag significantly behind private companies, which are subject to European and national legislation setting out the principles and requirements for accounting and reporting that do not apply to the governments that enforce them. Private companies in Europe must comply with the European Accounting Directives while listed companies (companies that raise funds from investors on regulated markets) are subject to European legislation requiring even greater transparency – they must follow IFRS (International Financial Reporting Standards) as well as extensive financial disclosure rules.

Meanwhile, European governments, which raise money from today's taxpayers and are increasingly incurring debt to be repaid by future taxpayers, are not subject to specific accounting requirements. Consequently, different countries are not only highly inconsistent in how they account and report on transactions, but they collectively lag well behind private company transparency and accountability.

3. **Statistical reporting through EU requirements on National Accounts serves a key budgetary surveillance purpose – but is not the basis for holistic financial management**

Many interested observers who are not government finance specialists can be forgiven for thinking that all the necessary government accountability and reporting is already in place due to the reporting of National Accounts to Eurostat as required by the European Commission. This reporting provides comparable statistics on the economic activities, deficit and debt of EU member states under a statistical framework called European System of Accounts 2010 (ESA10). These statistics feed into the EU budgetary surveillance procedures as well as providing citizens with some information about government finances.

While this is clearly extremely important at the macroeconomic level, National Accounts do not provide a full picture of government finances at the entity level. They do not include complete information based on accruals accounting – see point 5 – similar to that provided in private company financial statements. In addition, the detailed narrative commentary – i.e. explanation – and supplementary financial disclosure in the notes to the financial statements are missing. Without all this a comprehensive picture of a government's finances is lacking. Furthermore, National Accounts are not subject to external audit and the statistics generated tend to be frequently revised.

### 4. Governments remain largely focused on cash – an insufficient basis for holistic financial management

Currently, the accounting practices of only a few governments in Europe enable them to understand their full financial position at any point in time. This is because most government accounting on a day to day basis is primarily about recording cash flows in the context of implementing agreed cash budgets. While comparing what is received and what is paid against a cash budget is important, cash accounting is inherently limited to providing a very short-term view of public finances.

This is not the basis for holistic financial management that looks at all aspects of government finances, including the long-term financial consequences of decisions made today. It contrasts unfavourably with private companies that are able to provide their management teams and governing boards with consolidated financial information about their financial performance, including what they own and owe – often within only a few working days following the end of each month.

### 5. Accounting on the basis of 'accruals' – showing what governments own and owe – is the only way forward for governments

Specialists recognise that the basis for appropriate government financial management needs to be accruals accounting. Accruals accounting may be a technical term, but its relevance and importance are actually easy to grasp. Put simply, accruals accounting means that expenditure is recorded when it is incurred and revenue is recorded when it is earned – rather than when a payment is made or received, as in the cash-based system. Accruals accounting has been the norm for private companies for many years.

Accruals accounting makes it possible for governments to put together a comprehensive picture of what they own and owe – known as balance sheet – and of their net profit or loss of the year – known as financial performance. What is owned are assets that will exist into the future and show the service delivery potential or the capacity to generate economic benefits, and what is owed are liabilities that will need to be paid in the future. When thinking about the timeframe for government investment in social and medical systems as well as wider economic roles, it clearly makes sense to work on an accruals basis, providing ministers, parliaments and citizens with a full picture of the government's financial position while giving officials the information they need to make better financial decisions.

### 6. Accruals-based accounting reform is currently patchy and suboptimal

The EU recognised the relevance of accruals-based accounting when it adopted the budgetary framework directive of 2011. This directive requires member states to move to accruals accounting for all subsectors of government: central, state (where applicable), local and for social security funds. The Commission undertook an assessment of the the suitability of IPSAS (International Public Sector Accounting Standards), as a basis for developing harmonised government accounting rules in the EU. IPSAS are international standards inspired by private sector accounting rules but are adapted to take into account the specificities of the public sector.

The EU has yet to implement harmonised accruals-based accounting standards to ensure consistency across member state governments. As a consequence, although reforms are being undertaken in some countries, the application and use of accounting information in the EU generally remains suboptimal and the potential arising from the implementation of a holistic accruals accounting reform is yet to be fully realised.

**7. Accruals accounting does not ban cash information!**

It is striking how the accruals accounting reform debate has led to some significant misunderstandings – and in turn these have probably not helped in the pursuit of a political consensus on the EU's next steps. Cash information – the ability to record and report receipts and payments – is not lost by introducing accruals accounting. In well-implemented government accounting systems and procedures, the information needed to monitor and follow up on budget execution still exists but is complemented by accruals information that is more relevant for accountability and decision-making purposes.

**8. Good accounting does not automatically result in better management of public money and transparency, but it really does help**

A further common misperception is that good government accounting automatically results in better public sector financial management and transparency. This is not the case – although good accounting is certainly an absolute prerequisite. In fact, good accounting is 'just' the foundation stone, consisting of key information, on which a whole edifice of effective, sustainable management of government resources can be built – or not. Accounting information can feed into reporting that is useful for decision-making, allowing for the assessment of the economic and long-term impact of political decisions and the effectiveness of actions taken against objectives. When this opportunity is not captured, the potential for making things better is lost.

Good financial management is more important than ever, and the comprehensive financial information provided by good accounting systems is essential if policy makers are to be properly equipped to make financial decisions.

**9. Good government accounting underpins democracy and public trust through transparency**

The transparency of government finances is essential for democratic debate and for addressing the public trust challenge where governments are concerned, especially in relation to the financial implications of policy decisions on future generations. Good accounting ultimately enables a greater understanding of the resources being created, utilised or expended by governments to deliver services to the public, and to understand the longer-term consequences of financial decisions made at any point in time. As the saying goes, 'what gets shown, gets managed' – and of course, it is obvious from this what happens when something is 'not shown'.

In this context, democratic debate about public resources can be more informed and those responsible for decision-making and management can be held to account. This accountability can be linked to the level at which political responsibilities are exercised (the entity level) – whether that is at municipality, regional, ministerial, or central government level. A few countries also produce whole-of-government accounts (WGA) that provide an overall picture of the financial position, results and cash flows in respect of the nation-wide government sector.

**10. Accounting is ultimately about communication**

Transparency is not well served by the publication of information that is inaccessible, difficult to interpret or out of date. Good government accounting means communicating information which is accessible and fit for purpose – both for decision-makers and those who hold them to account, i.e. citizens. In turn, all this requires well-organised communication processes and tools that maintain the integrity of the accounting and reporting systems and the information they produce. Insightful communication that builds on the information produced with the new accounting and reporting system helps to restore the confidence of our citizens. This is essential to the democratic debate.

Throughout European history over the last two millennia, there are examples of how the communication of the financial situation and performance of governments has positively contributed to the development of democracy and prosperity – and how miscommunication has impeded this development. With all this experience to hand, the right course for Europe is surely very clear.

## ORGANISATIONS THAT PARTICIPATED IN THE ICAEW – PwC SUSTAINABLE PUBLIC FINANCES: EU PERSPECTIVES SERIES: (2013 – 2018)

Accountancy Europe
Association for Financial Markets in Europe (AFME)
Audit Scotland
Belgium Federal Government
BlackRock
Bloomberg
Bruegel
Business Europe
Cabinet of the European Commissioner for Employment, Social Affairs & Inclusion
Cabinet of the President of the European Council
Centre for European Policy Studies
Conseil de normalisation des comptes publics (France)
Delegation of the Government of Catalonia to the EU
DG Budget, European Commission
DG Economic and Financial Affairs, European Commission
DG Internal Audit Service, European Commission
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European Banking Federation (EBF)
European Central Bank (ECB)
European Centre of Employers and Enterprises providing Public Services
European Court of Auditors
European Economic and Social Committee (EESC)
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European Group of International Accounting Networks and Associations (EGIAN)
European Parliament
European Savings Banks Group / World Savings Banks Institute (ESBG / WSBI)
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Eurostat
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Finance Watch
French Public Service Additional Pension Scheme (ERAFP)
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Institut des Réviseurs d'Enterprises / Instituut van de Bedrijfsrevisoren
Intergenerational Foundation
International Federation of Accountants (IFAC)
International Integrated Reporting Council (IIRC)
International Monetary Fund (IMF)
International Public Sector Accounting Standards Board (IPSASB)
Interpol
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KU Leuven
Lombardy Region – Presidency Delegation to the EU
Ministry of Finance of the Czech Republic
Ministry of Finance of the Slovak Republic
Mission of the People's Republic of China to the EU
Moody's
Netherlands Court of Audit
North Atlantic Treaty Organisation (NATO)
Organisation for Economic Co-operation and Development (OECD)
Pensions Europe
Permanent Representation of Austria to the EU
Permanent Representation of Cyprus to the EU
Permanent Representation of the Czech Republic to the EU
Permanent Representation of Estonia to the EU
Permanent Representation of France to the EU
Permanent Representation of Germany to the EU
Permanent Representation of Greece to the EU
Permanent Representation of Latvia to the EU
Permanent Representation of Romania to the EU
Politico
Public Interest Oversight Board (PIOB)
Representation of the State of Baden-Württemberg to the EU
Representation of the State of North Rhine – Westphalia to the EU
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Romanian Chamber of Financial Auditors
Supreme Audit Office, Poland
Transparency International
UK Financial Reporting Council
UK National Audit Office
UK Statistics Authority
UN International Standards of Accounting and Reporting (ISAR)
University of Aberdeen Business School
University of Athens
University of Birmingham
University of Kristianstad, Sweden
Wall Street Journal
Welsh Government
World Bank

# *Synopses of discussions and related material*

Global financial stability and public debt (May 2017)

Sustainable public finances: intergenerational fairness (May 2017)

Better government finances: the role of information design (November 2016)

Sustainable public finances – EU perspectives: 7 key insights (November 2016)

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