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Open Debate on Accounting for the European Public Sector

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Abstract: This article contains the proceedings of the open debate that followed the plenary panel on ‘Accounting for the European Public Sector: The Ongoing Reform of European Public Sector Accounting Standards’ at the international workshop on ‘Which accounting regulation for Europe’s economy and society?’ organised under the auspices of the European Parliament in Strasbourg, on 20 May 2015.

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Presentation

This article contains the proceedings of the open debate that followed the plenary panel on ‘Accounting for the European Public Sector: The Ongoing Reform of European Public Sector Accounting Standards’ at the international workshop on ‘Which accounting regulation for Europe’s economy and society?’ organised under the auspices of the European Parliament in Strasbourg, on 20 May 2015.

Identified participants comprise Yuri Biondi (Cnrs – IRISSE and Labex Refi), Alexandre Makaronidis (Project lead and head of the GFS quality management and government accounting unit at Eurostat), Shyam Sunder (Yale University).

Raised questions were: (i) Under EPSAS, is the Eiffel Tower an asset or a liability?; (ii) Under EPSAS, is the Eiffel Tower a private company?

Under EPSAS, is the Eiffel Tower an asset or a liability?

Raised by Shyam Sunder (Yale University)

Alexandre Makaronidis (Project lead and head of the GFS quality management and government accounting unit at Eurostat)

It is a very interesting question, but I do not have an answer to the question, and I think it would be also a bit arrogant for myself to answer the question. But is it really the most important one?

Under EPSAS, is the Eiffel Tower a private company?

Raised by Anonymous

Alexandre Makaronidis (Project lead and head of the GFS quality management and government accounting unit at Eurostat)

Okay ... The point is the following: What we are suggesting here is that taking IPSAS as a reference we should go through a process and agree on a common approach on what needs to be recognised, how it needs to be measured, reported and disclosed. Now, there are also more concrete questions to be answered: So does the asset have an economic use or does it generate cash? There are many ways to go about that and

there have been also many different ways by which Member States have tried to approach the question. Okay, I think that is answer enough.

Yuri Biondi (Cnrs – IRISSO and Labex Refi)

Although it is too late to open a debate about the issue of fair value in general and in the public sector in particular, I wish adding a last quick remark, as for I spent ten years of my academic life working on fair value accounting. It is fair to say that the European Commission (EC) has already responded to the role that fair value played in the global financial crisis of 2007–08 when, late 2008, it accepted to suspend the application of fair value measurements and impairments by those financial institutions which have generated and propagated the crisis itself. Therefore, we do not have to wait for the EC forthcoming report¹ about this role of fair value in the crisis, because the EC itself has already provided a clear-cut answer by doing. Thank you.

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¹ European Commission (2015), Evaluation of Regulation (EC) N° 1606/2002 of 19 July 2002 on the application of International Accounting Standards, {COM(2015) 301 final} and accompanying document SWD(2015) 120 final, Brussels, 18 June 2015. See also: Communication from the Commission to the European Parliament and the Council on Long-term financing of the European economy (COM(2014) 168 final, March 2014).