

# EURO PEAN

**PUBLIC SECTOR ACCOUNTING**

**2ª EDIÇÃO**

**PETER C. LORSON  
SUSANA JORGE  
ELLEN HAUSTEIN  
(EDS.)**

**I|U**

## CONCLUSION

**Peter C. Lorson, Ellen Haustein**

both University of Rostock, Germany  
peter.lorson@uni-rostock.de  
<https://orcid.org/0000-0002-2699-5451>  
ellen.haustein@uni-rostock.de  
<https://orcid.org/0000-0002-1218-1043>

**Susana Jorge**

University of Coimbra, Portugal  
susjor@uc.pt  
<https://orcid.org/0000-0003-4850-2387>

This book presents a general overview about PSA in Europe. However, it was not intended to provide a full overview about the PSA systems in each member state in the EU. Instead, the objective was to provide insights into different views of PSA in Europe primarily focusing on the former DiEPSAm project partner countries (Austria, Germany, Finland, Portugal, and the UK). Therefore, this is not a book about (the future) EPSAS. Nevertheless, these final remarks open up the possibility of drawing conclusions for the EPSAS project.

The book demonstrates that PSA has a long history and did not only evolve since the 1980s together with the reforms of the ‘New Public Management’ movement. This also includes the evolution of different accounting systems (such as cash *versus* accrual

accounting *versus* mixed approaches) and accounting techniques (such as single *versus* double entry bookkeeping). Each of the systems and techniques has its advantages and disadvantages. The idea of the book is to sensitise the reader to existing differences and (dis-)advantages.

In addition, each EU member state does have a specific accounting tradition (may it be, for example, rather neutral or prudent valuation of assets and liabilities) as well as its own accounting standards – meanwhile sometimes building on or including IPSAS – in place. All of these facts make harmonization of PSA in the EU member states a very challenging task. This book also discusses reasons for and against harmonization within the EU, in particular with respect to the EPSAS project.

Nevertheless, the aim was to show that the reference of PSA to private sector accounting standards is not naturally given, as there are indeed some specificities of the public sector to be considered. Therefore, according to the view of some of the chapters' authors, the adoption of IFRS or the IFRS-based IPSAS needs to be carefully evaluated.

A further issue to be considered is the high relevance of budgeting and budgetary accounting and reporting for PSA. Currently, the EPSAS project does not foresee to change any budgetary accounting rules of its EU member states – as such, the EU PSA harmonization project does not cover an essential part of the public sector financial reporting. In consequence, this could mean that EU member states would run their financial reporting systems with accrual-based EPSAS and their budgetary systems with their own systems, be they cash, modified cash, modified accrual, or accrual-based. This could possibly lead to frictions in the delivery of data for statistical purposes (possibly coming from whole of government budgetary reporting) and contradicts the starting point of the EPSAS project.

Presently (as of April 2023), regarding the future of EU PSA harmonization, one needs to wait for the further steps to be taken

by the EPSAS project. Whilst the decision about a (mandatory) implementation of the EPSAS Conceptual Framework and/or standards has been postponed to the next EC (to be elected in 2024), it can be expected that the development of standards proceeds based on the IPSAS screening reports.

Meanwhile, the harmonization within the EU member states continues and the adoption of IPSAS increases. As such, it is questionable whether governments will be willing to adopt EPSAS once they have adopted IPSAS.<sup>1</sup> Still, the divergence between potential EPSAS and IPSAS is not expected too large. The most imminent change would occur for those countries that use cash-based accounting systems at least at some government levels. For those countries with very heterogeneous accounting systems in the public sector, such as Germany, the EPSAS project could offer a unique chance for a country-wide and all government levels encompassing harmonization, as there are different accounting systems in place, not only differing between government levels (central, state and local), but also differing at the same level of government, such as municipalities in different states (*Bundes-Länder*).

Against this backdrop, it will be interesting to see the future development of the EPSAS project and its consequences (for example, for Germany, the last eager opponent of accrual accounting among all EU member states at least at central level).

With regard to the content of Chapter 14, the EPSAS project needs a complement in the field of sustainability. While the EU is very active in promoting and requiring non-financial sustainability information (e.g. reporting on UN SDG implementation and progresses) from a dramatically increasing number of private sector entities, there is apparently no corresponding development for

---

<sup>1</sup> Conclusion of Cohen et al. (2022), as well as a result of Mann and Lorson (2019) analysis of the Hessian first time SsD adoption.

public sector entities on its way. This information and regulative gaps need to be closed as fast as possible.

As in the first edition, the second edition of this book tackles the aforementioned matters, attempting to support students and professionals to be better knowledgeable in PSA, while making them aware of the still considerable heterogeneity of PSA systems across Europe. As before, any feedback and suggestions for improvement are very welcome.

### **Bibliographic references**

- COHEN, Sandra; MANES ROSSI and Francesca, BRUSCA, Isabel (2022) – Public sector accounting harmonization in the European Union through the lens of the garbage can model. *Financial Accountability & Management*, 00, pp. 1-22. <https://doi.org/10.1111/faam.12348>
- MANN, Bianca and LORSON, Peter (2019): New development: The first-time adoption of uniform public sector accounting standards – a German case study, *Public Money & Management*, 41(2), pp. 176-180.

SÉRIE ENSINO  
IMPRESA DA UNIVERSIDADE DE COIMBRA  
COIMBRA UNIVERSITY PRESS  
2023

