



TF EPSASgov 15/16

Luxembourg, 9 March 2015

Task Force
"EPSAS Governance"
to be held in Luxembourg

on 17-18 March 2015

Room Ampere, BECH Building

Item 6 of the Agenda

EPSAS governance – Technical Advisory Group (TAG)

– Extract from the paper accompanying the Public consultation on future EPSAS governance principles and structures: "Towards implementing European Public Sector Accounting Standards (EPSAS) for EU MS" and from the draft report on the summary of responses

Paper by Eurostat

- for information

“Towards implementing European Public Sector Accounting Standards (EPSAS) for EU Member States - Public consultation on future EPSAS governance principles and structures”

EPSAS Technical Advisory Group (EPSAS TAG)

Ensuring the relevance of the standard-setting process calls for involving a wide and representative range of stakeholders in the preparatory phase of standard setting. In addition to the use of public consultations for this purpose, it could be envisaged to create an EPSAS Technical Advisory Group, within which could participate a wide range of stakeholders including IPSAS Board, government finance statisticians, supreme audit institutions, public and private accounting experts, academics and end users. This Group would enable stakeholders to discuss and debate EPSAS standards and interpretations, and thereby to provide advice to the two Working Groups.

The EPSAS Technical Advisory Group could nominate a limited number of rapporteurs to the two EPSAS Working Groups, where they would have observer status.

EPSAS Technical Advisory Group (EPSAS TAG)	
Tasks/role/responsibilities	The Technical Advisory Group should serve as a channel for advice from stakeholders (users, preparers, auditors, statisticians, etc.) on the technical specificities of EPSAS standards in order to achieve the policy objectives. It should also ensure that user requirements as well as the response burden on information providers and producers are taken into account in developing EPSAS; The TAG would nominate delegates from its members to participate in the EPSAS working groups and task forces as observers (rapporteurs);
Chair	The TAG would elect its chairperson from among the members by simple majority vote.
Membership/Composition	The TAG participants would represent a wide range of stakeholders, including the accountancy and the audit professions, preparers, statisticians and academia. The Commission would participate as an observer at the meetings.
Nomination of Members	If the procedure followed in the European Statistical System for the European Statistical Advisory Committee were to be used as the basis, one part of the members would perform their duties in their personal capacity and would be appointed by the Commission, after consulting the European Parliament and the Council. The other part of the members would be appointed directly by the institutions and bodies to which they belong. The Commission would endeavour to ensure the fair representation of users, preparers and other stakeholders.

Voting/Decision making	If the procedure followed in the European Statistical System for the European Statistical Advisory Committee were to be used as the basis, this would be by simple majority.
Who provides the secretariat	European Commission
Who sets the agenda	The Chair would draft the agenda, assisted by the secretariat.
Legal status	The EPSAS TAG would be set up by the Commission in the envisaged EPSAS Framework Regulation

Question 6. Taking into account that stakeholders' views could be collected by open consultations during the standard-setting process, do you consider that an organised, formal representation of EPSAS stakeholders should be established? (Yes/No)

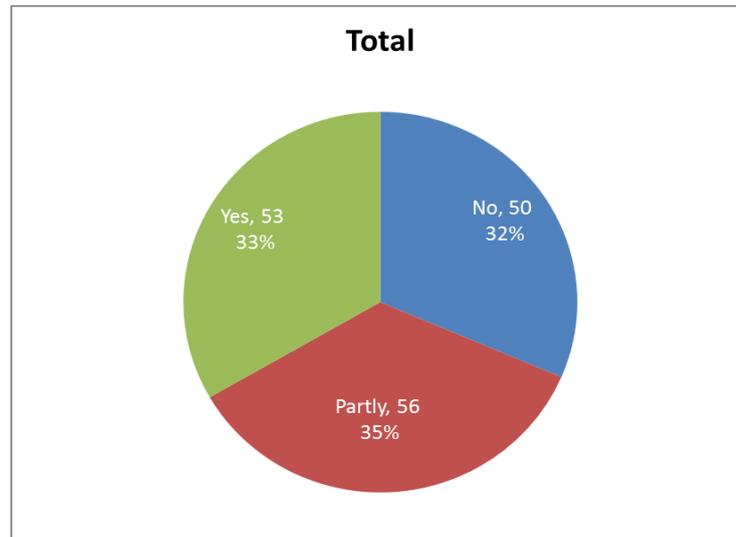
Table 5: Respondents by type to Question 6

Type of respondent	Yes	No	Total
Public accounting authority/standard-setter	18	12	30
Public audit authority	9	2	11
National Statistical Institute	3	2	5
Other national public institution	4	2	6
Local or regional authority (Germany)	101	4	105
Private financial (accounting/audit/consulting) company	2	3	5
Private other	2		2
Professional association	8	2	10
Academic	5	2	7
Individual	9	3	12
Total	161	32	193

A majority of respondents agreed that there was a need for formal and organised involvement of stakeholders in the EPSAS standard-setting process.

Question 6a. Do you consider that the role of the EPSAS Technical Advisory Group as outlined in the consultation paper would be appropriate for EPSAS? (Yes/No/Partly)

Figure 2: Responses to Question 6a



Almost all of the respondents who answered “yes” to question 6 replied to this further question 6a. The majority also completely agreed or at least partly agreed with the role of the EPSAS Technical Advisory Group as presented in the consultation paper.

Question 7. Please provide any comments or proposals on stakeholder involvement.

Some of the respondents who did not support the establishment of a formal group for stakeholder representation expressed concerns that such a body would significantly increase the bureaucracy and complexity of standard-setting. The definition of the stakeholder is too generic and could cover parties with opposing interests. Public consultations would already ensure the collection of the views from the widest possible range of stakeholders without leading to unequal treatment of stakeholders and without an additional time delay for the standard-setting process.

Many of those who were rather in favour of the approach expressed concerns that stakeholders would only have a minor influence on standard-setting in the proposed structure. Some proposed that it would be more appropriate to invite the stakeholders directly to the EPAS Committee meetings as well as to the Working Groups and Task Forces with speaking rights.

The following provides a non-exhaustive summary of many of the other considerations expressed:

- Additionally, stakeholders should be involved by expressing their opinion on the applicability, potential transposition and implementation problems of a separate EPSAS standard in the respective member country. Their expertise would be very helpful.

- In general the accounting profession knows less about the user needs of public sector management. Stakeholder involvement ought to include representatives from non-technical groups such as civil servants in managerial positions.
- It would be essential to involve software suppliers in the standard-setting process. Such close cooperation is indispensable to ensure the timely development of EPSAS-compliant software solutions that can make the transformation in EU Member States as fast and cost effective as possible while minimising the risks.
- The role of national statistical institutes in the governance bodies should be further clarified. They should not only be observers.
- It is important to include representation from a wide range of stakeholders in the TAG who would give advice on all matters being discussed, because there is no guarantee that a public consultation will give feedback from representatives with the same wide representation.
- The approach adopted for the composition of the Financial Reporting Advisory Board (FRAB) in the UK, and indeed IPSASB and IASB, should be adopted for the EPSAS Working Group. Its formal establishment as an independent standard-setting body, making recommendations for adoption via Eurostat to the EPSAS Committee, would ensure the professional and political independence, and impartiality that will be important if Member States are to transfer their public sector financial reporting standard-setting responsibilities to the European Commission.
- The consultation practice of IFAC could serve as a good example for stakeholders' involvement.