

Commission to switch to new accounting system
By George Parker in Brussels
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The European Commission is making final preparations to launch a new accounting system on January 1 to keep better tabs on the way European Union funds are spent and to crack down on fraud.

The switch to an accrual accounting system has required staff at the EU's executive body to trawl through cupboards and paper files to make the first full assessment of assets and liabilities. The shift to a modern accounting system comes almost three years after the removal of Marta Andreasen, the former EU chief accountant, who went public with claims the old system was open to fraud.

The new system, introduced by Brian Gray, the current British chief accountant, will give managers a better oversight of the management of thousands of outside contracts. A new computer system, he says, could have detected the fraud scandal at Eurostat, the EU's statistical arm, where senior managers are accused of handing out inflated contracts to former employees.

"In the Eurostat affair a small number of contractors got a large share of Eurostat business, which wasn't healthy," Mr Gray told the FT. "Managers will be able to see how many contracts are being handed to individuals and pick up anomalies."

While hoping the new system will begin life with a minimum of trouble, he and his colleagues will not be cracking champagne corks until the end of January. At the heart of the reforms is the switch from cash to accrual accounting, a system currently operated by only a few European governments.

The process of finding out assets and liabilities on January 1 involved unearthing some long-forgotten contracts that existed only in paper form. One of the main problems with the Commission's old system, which appalled Ms Andreasen, was that the Commission had no central monitoring of contracts in areas such as research or humanitarian aid. Money paid out as an advance was listed as a cash payment - instead of as an asset - and it was up to an individual case officer to recover the money if the work was not completed.

Mr Gray said the trawl through the files had unearthed some unrecovered advances, and that the new accrual system would allow contracts to be monitored throughout their lifetime. The EU's court of auditors, the spending watchdog, will monitor the new system carefully.

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5TH ANNUAL OECD PUBLIC SECTOR ACCRUAL SYMPOSIUM
Paris, 28 February – 1 March 2005

ANNOTATED AGENDA

MONDAY, 28 FEBRUARY 2005

9:30 Opening by Chairman

9:30-11:00 Accrual Budgeting

This session will be devoted to a discussion of issues specific to accrual budgeting. What are some of the key factors that distinguish accrual budgeting from accrual accounting?

The Secretariat will present the conclusions of its study on this issue. The floor will then be opened to general discussion among all delegates.

11:00-11:30 Coffee Break

11:30-13:00 Treatment of Tax (Non-Exchange) Revenue

This session will be devoted to a discussion of the accrual treatment of tax (non-exchange) revenue. This session will build on the discussion at last year's meeting and the work of the IFAC Working Group on Non-Exchange Revenue.

The session will open with a presentation by a Member country. The floor will then be opened to general discussion among all delegates.

13:00-14:30 Lunch Break

14:30-16:00 Treatment of Social Policy Obligations

This session will be devoted to a discussion of the accrual treatment of social policy obligations, such as old-age pensions. This session will build on the discussion at last year's meeting and the work of the IFAC Working Group on Social Policy Obligations.

The session will open with a presentation by a Member country. The floor will then be opened to general discussion among all delegates.

16:00-16:30 Coffee Break

16:30-18:00 Treatment of Other Specific Transactions

This session will be devoted to a discussion of the accrual treatment of other specific transactions, including specialist military equipment; heritage and cultural assets; asset valuation and the IASB measurement project.

An official from a Member country will introduce each issue. The floor will then be opened to general discussion among all delegates.

The Chairman will determine the timing and length of discussion of each item according to the progress of the meeting.

18:00-20:00 Cocktail Hosted by the OECD

Tuesday, 1 March 2005

9:30-11:00 Consolidation Issues

This session will discuss the varying practices in Member countries for achieving consolidation of accounts and the timely production of financial reports. A special focus will be on initiatives taken to speed up this process in individual countries.

This session will open with a presentation by a Member country. The floor will then be opened to general discussion among all delegates.

11:00-11:30 Coffee Break

11:30-13:00 Adopting Accruals

This session is designed as a forum for officials to discuss their experiences with adopting accruals and its implications and to report on new developments in their individual countries.

Countries are encouraged to submit fact sheets of recent developments as background for this session. The Chairman will select several countries to report on their practices before opening the floor to general discussion.

13:00-14:30 Lunch Break

14:30-15:00 Report by the International Public Sector Accounting Standards Board (IPSASB)

Mr. Philippe Adhemar, the chairman of IPSASB [previously known as the Public Sector Committee (PSC) of the International Federation of Accountants (IFAC)], will present an update on the progress, strategy and work programme of the IPSASB.

The floor will then be opened to general discussion among all delegates.

15:00-15:30 Report by the Task Force on Harmonization of Public Sector Accounting (TFHPSA)

Ms. Lucie Laliberte, the chairman of the TFHPSA, will present an update on the progress, strategy and work programme of the TFHPSA.

The floor will then be opened to general discussion among all delegates.

15:30-16:00 Report on International Financial Reporting Standards

Mr. Ian Mackintosh, Chairman, Accounting Standards Board, United Kingdom (*to be confirmed*), will present an update on developments with regard to International Financial Reporting Standards and their possible implications for public sector accruals accounting. He will also update the status of several IASB projects relevant to public sector accounting.

The floor will then be opened to general discussion among all delegates.

16:00-16:30 Conclusions by Chairman

The Chairman will draw together the main issues discussed at the meeting and highlight areas for future work by the Secretariat.

MEETING INFORMATION

Meeting location

The meeting will take place at OECD Headquarters which is located at 19, rue de Franqueville in the 16th arrondissement (district) of Paris. The closest metro station is “La Muette”.

Registration form

All participants need to complete the attached registration form and return it to the Secretariat ahead of the meeting.

Security

Please be advised that OECD Headquarters is a secure complex. Entry passes can only be issued to registered delegates and a passport or national identity card needs to be presented in order to receive an entry pass. Delegates will also be required to clear a security checkpoint for entry. Please allow 15 minutes to finish these security formalities.

Documentation

A background document prepared by the Secretariat, *Accrual Budgeting*, will be distributed electronically to all participants prior to the meeting.

Additional background documents prepared by the International Public Sector Accounting Standards Board and the International Task Force on Harmonization of Public Sector Accounting will be distributed electronically to all participants as well.

The Secretariat will forward the standardized tables showing the spectrum of cash and accrual accounting and budgeting practices in individual Member countries. Member countries are requested to update this information if necessary and to submit fact sheets on any recent accrual developments in their respective countries.

Simultaneous translation

Simultaneous translation between English and French will be available at the meeting.



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~~~ *REGISTRATION FORM* ~~~

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