



WORLD BANK CFRR PULSAR 12TH JOINT EDUCOP AND FINCOP WORKSHOP

Consolidating Public Sector Financial Statements: Including Local Governments and SOEs

11-13 November 2025

Update on EPSAS

**Peeter Leetmaa – EPSAS Team Leader
European Commission - EUROSTAT**

Budgetary Frameworks Directive (2011/85/EU)

Following the financial crisis the Commission responded with the so-called Six-Pack including a Directive which does not require to have accrual public accounting systems according to the letter of the law. In fact it is technically possible but cumbersome to fulfil the aim of the law with having only cash based public accounting systems in place.

MSs shall have in place public accounting systems according to Art.3(1):

- comprehensively and consistently covering all sub-sectors of general government
- containing the information needed to generate accrual data with a view to preparing data based on the ESA standard
- subject to internal control and independent audits

The EPSAS initiative

The European Public Sector Accounting Standards (EPSAS) initiative aims to provide harmonised accruals-based public sector accounting standards for the EU, providing a firm basis for understanding the **financial position and performance** of government entities at all levels. The initiative does not cover budgeting.

EPSAS aims towards:

- improving evidence-based **decision-making and accountability**
- supporting access to the **capital markets** and the analysis of **public finances**.
- providing a more efficient underlying **data source** for producing statistics and **mitigate risks** for their production.

Current EPSAS approach since 2015

A voluntary and progressive approach:

- **Phase 1 (*ongoing*):** Increase fiscal transparency in the Member States in the short to medium term by promoting accruals accounting and, in parallel, develop the EPSAS framework (covering governance, accounting principles and standards).
- **Phase 2 (*future, no specific timetable yet*):** Address comparability within and between Member States by implementing EPSAS.

SWD Progress report 2019 => [link](#)

SWD Progress report 2024 => [link](#)

Four EPSAS work streams

- Systematic communication with stakeholders
 - **EPSAS Expert Group. Policymakers, governments, auditors, accountancy experts, academia, international organisations**
- Technical work contributing to preparation of EPSAS
 - **EPSAS issue papers, screening of IPSASs, First Time Implementation guidance, EPSAS Conceptual Framework (revised version February 2024), EPSAS Structure**
- Work on cost-benefit considerations
 - **Various studies, draft impact assessment**
- Technical and financial support for accrual-based public sector accounting in the Member States
 - **Technical: sharing of best practices etc.; financial: EPSAS grants, RRF, SRSP/TSI**

Current EPSAS topics

- Lately much focus on the Commission Report on Public Accounting in the EU to be published in Dec-2025
- Technical issues discussed at **November 2024** EPSAS Expert Group (EG) meeting: EPSAS issue papers on revenue and transfer expenses, addressing new IPSAS 47 and IPSAS 48 Standards
- Technical issues discussed at **November 2025** EG meeting: presentation of financial statements and accounting treatment of military equipment and defence-related expenditure in the EU context
 - Nov 2025 EG meeting was preceded by **International Seminar "Accrual accounting in the public sector"**
- Documents available on <https://ec.europa.eu/eurostat/web/epsas/>

Accounting treatment of military equipment and defence-related expenditure in the EU context

- Comprehensive analysis of the accounting treatment of military assets and defence-related expenditure under international and national frameworks
- Links between financial and statistical reporting: Excessive Deficit Procedure (EDP) and NATO defence monitoring
- Ultimate goal is to provide a robust basis to enhance the consistency and credibility of financial information on military expenditure/assets
- DG ECFIN presentation: treatment of defence spending in the EU fiscal framework by focusing on the national escape clause
- Accounting reform in Greece: high military expenditure; classification of military assets and inventories; current/future treatment of military items; registries of assets and inventories; presentational sensitivity

Amendment of Budgetary Frameworks Directive and EU Economic Governance Review

Council Directive (EU) 2024/1265 of 29.04.2024 amending the budgetary frameworks Directive (2011/85/EU) invites the

- **European Commission to report, by end-2025 and every five years thereafter, on the state of play of public accounting by the general government in the Union, taking into account the progress made since its 2013 assessment of the suitability of the International Public Sector Accounting Standards for the Member States.**

[Link to Council Directive \(EU\) 2024/1265](#)

Current status of the Commission report on public accounting in the EU

The report is currently being validated within the Commission; it has not yet been adopted by the Commission (College)

Publication of the Commission report and accompanying Staff Working Document in December 2025

Chapters of the Commission report on public accounting in the EU

1. Introduction
2. The Commission's work on modernising public accounting in the EU
3. Achievements and plans of Member States in developing their public accounting
4. Suitability of IPSAS for the Member States and their potential use for EPSAS
5. Way forward for public accounting in the EU

Chapter 3. Achievements and plans of Member States in developing their public accounting

- Most Member States (14) are already on accruals, 5 set to do so by 2030. 8 MSs do not plan to implement accruals across general government sector by 2030
- In the absence of EPSAS, all reforming countries used or plan to use IPSAS as a basis for developing their own standards

Public accrual accounting reforms

- Accrual accounting reforms ongoing in Ireland, Greece, Croatia, Italy, Cyprus, Luxembourg, Portugal, Poland and in two states of Germany
- Countries continue to search for greater efficiency and automation of the financial reporting process, for better information as an input for better decision making and alignment with the evolution of IPSAS
- Expected accounting maturity* improvements from 2025 to 2030:
 - **Greece** from **21% to 88%**
 - **Italy** from **32% to 88%**
 - **Cyprus** from **32% to 81%**
 - **Luxembourg** from **43% to 69%**
 - **Malta** from **34% to 93%**
 - **Portugal** from **63% to 83%**

Chapter 4. Suitability of IPSAS for the Member States and their potential use for EPSAS

- The chapter assesses the suitability of IPSAS as a common public accounting framework in the EU and their potential use for developing EPSAS
- The chapter includes 3 parts: (1) Evolution of IPSAS since 2013, (2) Screening of IPSAS standards on their suitability for developing EPSAS, (3) Survey results on suitability of IPSAS for Member States and their potential use for developing EPSAS
- SWD goes more in detail on application of IPSAS by EU Member States by accounting areas

ANNEX 1. Accounting maturity per Member State and per government sub sector for 2025

	Central	State	Local	Social	General Government
Belgium	79%	77%	73%	67%	74%
Bulgaria	76%		76%	70%	74%
Czechia	83%		83%	72%	81%
Denmark	81%		72%	72%	76%
Germany	22%	32%	62%	34%	35%
Estonia	91%		91%	89%	91%
Ireland	70%		79%	62%	70%
Greece	21%		38%	19%	21%
Spain	87%	85%	85%	67%	81%
France	88%		87%	92%	90%
Croatia	67%		68%	42%	61%
Italy	39%		39%	14%	32%
Cyprus	38%		85%	8%	32%
Latvia	92%		94%	88%	91%
Lithuania	88%		88%	78%	85%
Luxembourg	27%		32%	74%	43%
Hungary	66%		66%	56%	64%
Malta	33%		94%		34%
Netherlands	38%		58%	78%	53%
Austria	77%	77%	77%	61%	73%
Poland	71%		71%	58%	67%
Portugal	61%		70%	64%	63%
Romania	71%		71%	38%	64%
Slovenia	69%		69%	33%	58%
Slovakia	78%		78%	52%	70%
Finland	80%		85%	63%	77%
Sweden	83%		91%	71%	85%
Numerical average	66%	68%	73%	59%	

ANNEX 2. Accounting maturity per Member State and per government sub sector for 2030 (forecast)

	Central	State	Local	Social	General Government
Belgium	79%	81%	73%	67%	76%
Bulgaria	77%		77%	70%	75%
Czechia	90%		90%	90%	90%
Denmark	81%		72%	72%	76%
Germany	22%	32%	62%	35%	35%
Estonia	91%		91%	89%	91%
Ireland	76%		79%	86%	77%
Greece	88%		95%	86%	88%
Spain	86%	85%	85%	70%	81%
France	88%		87%	92%	90%
Croatia	67%		70%	42%	61%
Italy	89%		89%	85%	88%
Cyprus	86%		93%	66%	81%
Latvia	92%		95%	88%	92%
Lithuania	89%		89%	78%	86%
Luxembourg	72%		31%	74%	69%
Hungary	66%		66%	56%	64%
Malta	93%		94%		93%
Netherlands	38%		58%	78%	53%
Austria	77%	77%	77%	61%	73%
Poland	71%		71%	58%	67%
Portugal	94%		70%	64%	83%
Romania	71%		71%	38%	64%
Slovenia	69%		69%	33%	58%
Slovakia	83%		83%	67%	79%
Finland	80%		85%	63%	77%
Sweden	83%		91%	71%	85%
Numerical average	78%	69%	78%	68%	

Communication

European Commission – Eurostat – EPSAS:

<https://ec.europa.eu/eurostat/web/epsas/>

CIRCABC depository:

<https://circabc.europa.eu/w/browse/18db61bc-6649-44b3-af14-17fcd1c1216c>

Stay tuned - follow social media:



[@EU_Eurostat](https://twitter.com/EU_Eurostat)



[@EurostatStatistics](https://www.facebook.com/EurostatStatistics)



[@EU_Eurostat](https://www.instagram.com/EU_Eurostat)

Thank you



© European Union 2020

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.