



# **PULSAR Financial Reporting Community of Practice - Working Group meeting**

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## **National approaches to harmonised Chart of Accounts**

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# EPSAS IP: Approaches to harmonised CoA

1. Objectives
2. Available accounting and reporting guidance
3. Country analysis
4. Key considerations when setting up a chart of accounts
5. Final remarks

# 1. Objectives of the Issue paper

- Discuss possible approaches to Harmonised Chart of Accounts (CoA) for **national purposes** by Member States

*‘The development of a new chart of accounts is a key step in the adoption of accruals accounting. A well-planned chart of accounts can assist in the efficient generation of financial information for a variety of purposes.’*

**2013 Staff Working Document from the Commission to the Council and the European Parliament**

## 2. Available accounting and reporting guidance

### ➤ **IPSAS and IFRS**

- Neither IPSAS nor IFRS imposes the use of a CoA; freedom for governments to design a CoA and reporting templates as per local reporting requirements

### ➤ **European Union Accounting Rules -EAR**

- The Financial Regulation imposes the use of a CoA; EU institutions and bodies have to apply the same harmonised chart CoA and common consolidation CoA

### ➤ **European System of Accounts - ESA 2010**

- Governments' chart of accounts need to include the coding necessary for producing statistical reports

# 3. Country analysis I.

Analysis of chart of accounts in three Member States:

- **BELGIUM:** FEDCOM project modernising government's accounting; move from cash to accrual accounting, implementation of SAP and analytical accounting from 2007 to 2012
- **PORTUGAL:** Development of Accounting Standards for the Public Administration based on IPSAS from 2013 to 2019. Framework for financial, budgetary and management accounting and reporting of all entities of the public sector
- **ESTONIA:** Common CoA for all public sector entities, based on IPSAS, implemented during the accrual accounting reform in 2003

### 3. Country analysis II.

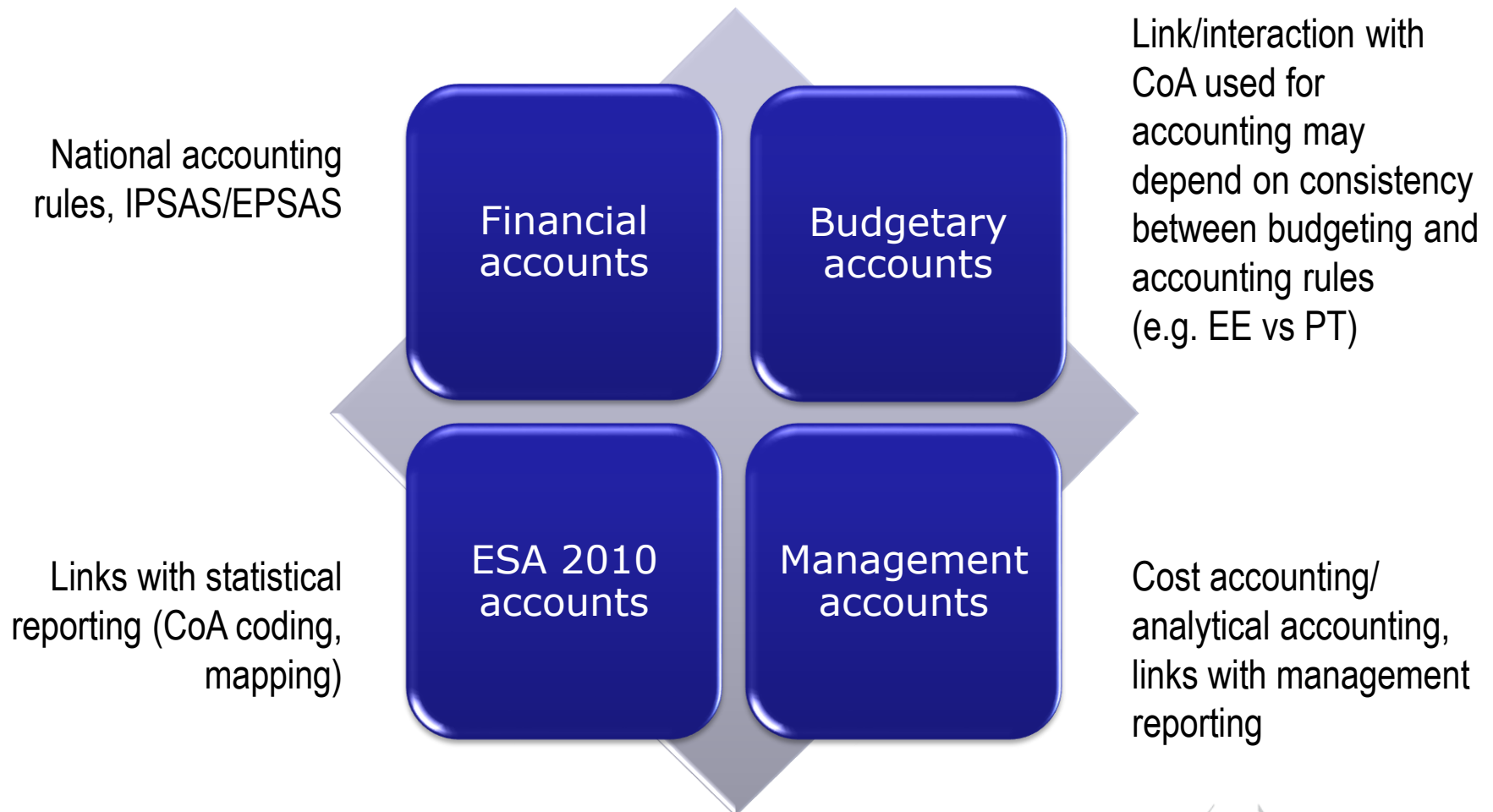
	Belgium	Portugal	Estonia
Level of harmonisation	<p>-The harmonised CoA applies to the central government only.</p> <p>-The other levels of government (State, local) use a similar CoA in terms of structure and contents (3 digits similar) (harmonised legislation).</p>	<p>-The harmonised CoA applies to all levels of government (central, regional and local).</p> <p>-Local entities can adapt their local CoA but it should be mapped to the harmonised CoA.</p>	<p>All government sector accounting units use the same CoA.</p>
Multi-dimensional CoA	<p>Integrated system between accrual accounting, budgetary accounting and analytical accounting. Links to the ESA 2010 reporting too.</p>	<p>-ESA 2010 reporting derived from financial accounting system, which also includes codes for management reporting.</p> <p>-Budgetary (modified) cash accounting is run separately.</p>	<p>One integrated CoA used for financial accounting, budgetary accounting and government finance statistics.</p> <p>(note: budgets and accounts are both prepared on an accrual basis)</p>

## 4. Key considerations when setting up a CoA I.

- Harmonising CoA for national purposes
  - *All government entities; Consolidation at all government levels and at the national level; Amend the legislation as appropriate*
- Structure of chart of accounts
  - *Identification of captions, account codes; Number of accounts and number of digits for each account*
- Small versus large entities
  - *Simplified CoA for smaller entities*
- Implementation timeline

## 4. Key considerations when setting up a CoA II.

- Multi-dimensional aspect





## 4. Key considerations when setting up a CoA III.

- Consistent use of the CoA across reporting entities
  - Right balance in the number of accounts to be created*
  - Proper documentation (content of each account) and training*
  - Automated booking entries where possible*
  - *Share service centres with specialised teams (centralised vs decentralised accounting)*
  - Process for maintaining the CoA: validation of new accounts, elimination of unused accounts; communication of changes to users*

## 5. Final remarks

- Member States showed interest in the mapping of financial accounting to budgets and statistics, as well as in the concept of taxonomy and its links with IT
- The continuing exchange of practical experiences in the design and use of charts of accounts can be an important support to such projects; and to enhance the comparability
- Further discussion at EPSAS WG May 2019

# Thank you !

**European Commission – Eurostat – EPSAS:**

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

**CIRCABC depository:**

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