Public sector accounting (PSA) and reporting was subject to considerable national reforms during the last decades and is in the focus of the European Commission aiming to harmonize the accounting systems of its Member States by developing European Public Sector Accounting Standards (EPSAS). Therefore, the topic is of high relevance for both academia and practitioners.

This book provides different views about PSA in Europe as of today. It spans topics such as history of PSA, its differences to private sector accounting and finance statistics, as well as budgeting. A main part is devoted to International Public Sector Accounting Standards (IPSAS) by addressing their spread, conceptual framework and selected public sector specific standards, including a case study. Also, consolidated financial reporting is covered by drawing examples.

This textbook is not only of use for students and researchers, but interested readers that seek for broad perspectives on PSA such as practitioners and members of intergovernmental organisations. It intends to complement university teaching modules on PSA as those accessible for free under www.offene.uni-rostock.de/online-course-european-public-sector-accounting.
CHAPTER 7
IPSAS: HISTORY – SPREAD – USE

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SUMMARY

A great diversity of accounting and financial reporting methods challenge the comparison of financial information among countries or across government levels in the public sector. In striving for transparency and accountability, International Public Sector Accounting Standards, shortly IPSAS, aim to provide an accurate and fair view of financial positions, financial performance and cash flows. The IPSAS are developed by the IPSAS Board (IPSASB) with the aim of improving the quality of financial reporting at a global level and providing comparable financial information. By now, the international standard-setting Board has developed 42 accrual-based standards and one cash-based standard. Approximately 80 countries and organisations apply IPSAS, however, to different extents. IPSAS can be implemented either directly or indirectly through national standards. As the first of four chapters about IPSAS in this book, this chapter aims to give an introduction to IPSAS by describing the history of IPSAS and elaborating on its spread and use. Two case examples are provided to illustrate the implementation process of IPSAS. First, Austria has implemented IPSAS-like accrual accounting. Second, Germany does not apply IPSAS so that the reasons for refusing to adopt IPSAS are outlined. Finally, findings from empirical studies on IPSAS are summarised.

KEYWORDS

IPSAS, international accounting, accounting harmonisation