



BOOK REVIEW

“European Public Sector Accounting” (2nd edition)

edited by Peter Lorson, Susana Jorge
and Ellen Haustein (2023)

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The second edition of the book “European Public Sector Accounting”, edited by Peter Lorson, Susana Jorge and Ellen Haustein, published in 2023, was written around 4 years after the first edition, against the backdrop of a span of developments in European politics, the Covid-19 pandemic, and the ongoing war in Ukraine. It presents a general overview of public sector accounting (PSA) in Europe.

Since its first edition, the book has contributed to building capacities for harmonizing and standardizing PSA in Europe, taking International Public Sector Accounting Standards (IPSAS) as a reference. Keeping these topics in mind, this second edition added new alternative and non-financial reporting formats looking to the abroad concept of sustainability and enlarged the context to other European countries.

Although the commitment of the European Commission (EC) to boost the harmonization of PSA, it is currently still very heterogeneous among the member states. In addition, the transition and movement to European Public Sector Accounting Standards (EPSAS) was postponed to the next European Commission (2025-2029 election period). So, the harmonization of PSA in the European context became a big challenge to professionals and academics which led to the need to reflect and discuss new approaches and diverse views on this topic. The inclusion of a country perspective (Austria, Finland, Germany, Portugal, Uk, Italy) and some comparative studies across the book is an interesting way to provide new approaches looking at different contexts and specificities. For example, Germany and Finland are not implementing IPSAS with the same rhythm like other European countries (Brusca et al., 2015; Christiaens et al., 2015; Oularvirta, 2014; Polzer et al., 2022) because they are reluctant to its application to the specific context of the public sector. This textbook is enriched by different views

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of all authors that contribute to the final output without take the position of one or other approach to PSA.

The book is organized by 14 chapters written by a team of 14 authors. After the first chapter which offers a map through the book by explaining important terms with respect to European PSA, Chapter 2 sketches the key developments of PSA, and explains its specificities compared to standards applied to the private sector. Budgeting and budgetary accounting are addressed in Chapter 3 considering that this topic takes a centre stage in PSA nowadays. In Chapter 4 a more theoretical lens on PSA is applied which may influence and interact with financial accounting standards and practices.

The challenges of accounting harmonization, not only between the accounting standards of the private and the public sector but also with the government statistics, is addressed in Chapter 5 which looks at International Financial Reporting Standards (IFRS), Government Finance Statistics (GFS) and IPSAS. The book continues the Chapter 6 until Chapter 12 to address the topic of harmonization and dissemination of IPSAS which show a high relevance devoted to these accrual-based standards for PSA development in Europe. In these six chapters different topics are addressed concerning IPSAS, like their history, spread and use (Chapter 6), the conceptual framework (Chapter 7), the reporting components and reliability issues, including transparency and auditing (Chapter 8). An overview of IPSAS on public sector specific topics (like the accounting treatment of property, plant and equipment, the revenue from non-exchange transactions, service concessions and accounting for social benefits) and an IPSAS case study are presented in Chapter 9 and 10, respectively. This case study is based on IPSAS 17, 21, 23, 26, 32 and 42, and includes accounting records and illustrations with the consequences on the financial statements. Until now financial statements are presented for a single public sector entity (individual financial statements).

Chapter 11 is devoted to consolidated financial statements where the basic ideas, theories and consolidation techniques are addressed. The same topic is continued in Chapter 12, but with a focus on the IPSAS application. Although this book is not about the EPSAS project, the Chapter 13 describes PSA future challenges by giving an EPSAS outlook. This is also a political contribution that can have high value for the next steps to be developed by the EC. To finish, a new topic was added to this second edition of the textbook which discusses alternative reporting and non-financial accounting formats to annual General Purpose Financial Reports (GPFR) increasingly important in PSA, including popular reporting, sustainability reporting, SDGs reporting and integrated reporting. The alternative formats to GPFR are characterised by multidimensional dimensions like 'ESG' (environmental, social, governance), 'social, ecologic, economic', '3 P's (PPP; people, planet, profit)

or 5 P's (people, planet, prosperity, peace and partnership). The different types of reports may support public entities in satisfying their stakeholders' information needs (Cohen et al., 2022) toward the creation of public value.

This book is an intellectual output that, in my view, aims three main purposes. First, it aims to develop teaching materials concentrated on existing methods and systems of PSA in Europe, especially to support the development of academic modules for Bachelor's or Master's degree programmes. The introduction of assessment questions (both multiple-choice and open questions), per each chapter, with the respective solutions, helps the students assess the knowledge gained.

Second, this textbook can also support young researchers in developing a comprehensive approach concerning the PSA in Europe, both in theoretical and practical terms, because it presents an overarching European perspective and integrates different views. The introduction of case studies and examples of application in different chapters, combined with more theoretical and fundamental chapters that look to accounting foundations and principles of PSA, offers an opportunity to understand the specificities of PSA in different economic, social, and environmental contexts, which is highly valuable in research projects. Each chapter offers topics for discussion and reflection that can also serve for to use in essays or seminal papers.

Third, the reflection and discussion about the EPSAS project can also support politics and legislators in the design and set of harmonized standards to be applied in the context of the European Union. So, although to supports students and professionals to be better knowledgeable in PSA, this book can be also valuable to politicians and standards-setters, while making them aware of the still considerable heterogeneity of PSA systems across Europe.

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