

CIPFA urges EU to focus on 'fiscal fundamentals'

By Richard Johnstone | 27 May 2014

CIPFA has warned that the European Union could face an existential threat unless the new European Parliament and Commission take urgent action to address vulnerable public finances across the continent.

Speaking after the results of [European Parliamentary elections](#) were announced yesterday, the institute's chief executive Rob Whiteman called on MEPs and the soon-to-be-appointed commission to focus on implementation of sound fiscal fundamentals.

This must include production of high quality fiscal information based on international standards for financial reporting and auditing across the economic bloc, he said.

'Despite the financial instability caused by the sovereign debt crisis, and the significant social and economic costs it generated, **little action has been taken to address the issues that helped trigger the crisis – the quality of accounting and auditing by the Greek government,**' Whiteman said.

'Despite the success of the bailouts in calming the crisis, **little or nothing has been done to improve the poor quality of public financial management in these areas, in either Greece or many other European countries.**'

Confidence in the financial management of governments cannot be restored without significant improvements in accounting and auditing by many member states, based on International Public Sector Accounting Standards, he said.

Failure to take action could leave the European Union project as a whole under threat as the financial condition of many governments remained fragile, Whiteman suggested. The absence of good fiscal information was exacerbating this, he stressed, as markets and voters were in a poor position to understand real fiscal conditions.

However, CIPFA said both the EU itself and many member states had yet to accept that high quality fiscal management was dependent on high quality financial information. Even where there was recognition of the need for action, there was a risk the reform process will be too slow or could result in accounting standards that do not meet international benchmarks.

Action should therefore be taken by both the new Parliament and Commission to put in place accounting and auditing reforms that restore citizen and investor confidence in the finances of European countries.

Following victories for both anti-austerity parties and some populist far-right parties in last week's elections, national leaders are meeting in Brussels today to begin devising the new European Commission. These appointments will also be approved by the new MEPs.

- CIPFA has announced that will be the first media partner for the XIX World Congress of Accountants (WCOA). The arrangement will ensure extensive coverage of the event, which will be held in Rome in November, among the global public sector audience from the conference.

CIPFA chief executive Rob Whiteman said: 'I would like to thank the WCOA 2014 organising committee for confirming CIPFA as the first media partner for WCOA.'

'This is a fantastic opportunity to champion public finance and the good management of public resources during a time of challenge and reform for public sector around the world and at an important event in the global accountancy calendar.'

- See more at: http://www.publicfinanceinternational.org/news/2014/05/cipfa-urges-eu-to-focus-on-fiscal-fundamentals/?utm_source=Adestra&utm_medium=email&utm_term=

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