ADVANCING THE ACCRUAL ACCOUNTING REFORM IN GREECE

Greece through its Ministry of Economy and Finance has requested support from the European Commission under the Technical Support Instrument (TSI), to help the General Accounting Office (GAO) of the Hellenic Republic in implementing accounting reforms in accordance with International Accounting Standards, following phase 1 of the project, which has been completed in 2022.

CONTEXT

The global increase in fiscal deficits and rapid debt growth has driven governments to reform their public sector accounting systems for better financial transparency and accountability.

The adoption of International Public Sector Accounting Standards (IPSAS) and, within the EU, the development of European Public Sector Accounting Standards (EPSAS) aim to ensure high-quality, comparable financial reporting among countries.

Greece, particularly in the context of its Economic Recovery and Resilience Plan (RRP), is focusing on transitioning to accrual-based accounting, based on international financial reporting standards.

Launched by a presidential decree in 2018, this reform aims at delivering true and fair view by implementing a new accrual-based financial accounting framework for the entire General Government, a Unified Chart of Accounts, and new structures for economic, administrative, and functional classifications.

The government has already carried out activities, using previous technical support to develop accruals-based accounting standards, notably by establishing a fully operational accrual-based accounting framework.

The adoption and implementation of international accounting standards in the public sector in Greece face significant challenges. These challenges include the need for capacity building and training programs, the establishment of effective implementation and monitoring mechanisms, and the alignment of national regulatory frameworks with international standards.

Greece has been progressing with the help of technical support and training activities, following on from the first phase of the project, which began in 2020 and ended in 2022.

SUPPORT DELIVERED

General Accounting Office of the State (GAO) with the Ministry of Economy and Finance in Greece requested support from the European Commission in the continuation of the accounting reforms in accordance with international accounting standards.

The project is funded by the European Union via the Technical Support Instrument.

Expertise France is in charge of implementing the 20-months project, and will be providing relevant expertise by means of advising in the implementation and coordination of the accounting reforms, and supporting in the area of financial statements' consolidation.

The main activities of the project will aim to:

- Achieve a comprehensive financial reporting framework defining Greek public sector accounting standards based on international accounting standards for the public sector.
- Establish mechanisms and procedures for the preparation and presentation of the first consolidated financial statements.
- Train central administration officers in International Public Sector Accounting Standards (IPSAS).
- Develop and implement internal communication and awareness approaches, along with the necessary supporting materials.

RESULTS EXPECTED/ACHIEVED

The Project is in support of the ongoing PFM and accounting reforms in Greece.

It is expected to enhance the quality of financial information by means of providing true and fair view of the financial position and the financial performance of all General Government entities, in accordance with the Greek General Government Accounting Framework.

The use of for an IPSAS reliant accounting framework for its General Government entities will positively impact on the consistency, financial transparency, and accountability of the Hellenic Republic's public accounts.

For the project to be deemed successful:

- **The accounting framework will be updated,**
- **The consolidation policies will be developed and ready for adoption,**
- **GAO as the standard setter for the accounts of the General Government will have strengthened their knowledge and capacity of IPSAS,**
- **GAO and 1.150 entities comprised in General Government will communicate effectively with one another on the needs of and the progress made with the implementation of the accounting reform.**

Funded by the European Union

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This project is financed by the European Union through the Technical Support Instrument and implemented in cooperation with the European Commission