

CNOCP

Conseil de normalisation
des comptes publics

WORK PROGRAM
2018-2019





Contents

CONCEPTUAL FRAMEWORK FOR PUBLIC ACCOUNTS	3
Grouping of public entities' accounts	3
Format and type of information	3
TOPICS COMMON TO DIFFERENT PUBLIC ENTITIES	4
Leases and similar transactions	4
Cash flow statement/funding statement	5
CENTRAL GOVERNMENT ACCOUNTING STANDARDS MANUAL	6
Standard 7 – “Financial Assets”	6
Standard 3 – “Sovereign Revenues”	6
Standard 6 – “Tangible Assets”	6
Standard 16 – “Segment Reporting”	6
Standard 1 – “Financial Statements”	7
PUBLIC ESTABLISHMENTS ACCOUNTING STANDARDS MANUAL	8
Development projects	8
Land bank activities	8
Financial statements and complementary information	8
FUTURE ACCOUNTING STANDARDS MANUAL FOR SOCIAL SECURITY ORGANISATIONS	9
Scope of the future manual	9
Publication of draft standards	9
Standards on which work will begin in 2018	10
FUTURE LOCAL PUBLIC ENTITIES ACCOUNTING STANDARDS MANUAL	11
Scope of the future manual	11
Publication of draft standards	12
Standards on which work will continue in 2018	12
Standards under consideration for 2019	12
ACCOUNTING FRAMEWORK FOR PUBLIC HEALTHCARE ESTABLISHMENTS	13
PARTICIPATION OF THE PUBLIC SECTOR ACCOUNTING STANDARDS COUNCIL IN THE WORK OF THE IPSAS BOARD	14
IPSAS Board's consultations in 2018-2019	14
Translation of IPSAS Standards	15
Participation in IPSAS Board meetings and working groups	15
Meetings of the IPSAS Board Consultative Advisory Group	15

PARTICIPATION OF THE PUBLIC SECTOR ACCOUNTING STANDARDS COUNCIL IN THE WORK OF THE EUROPEAN COMMISSION	16
OTHER INTERNATIONAL ACTIVITIES	17
The OECD's Annual Meeting of Senior Financial Management Officials	17
International Forum of Public Sector Accounting Standard Setters	17
Translation of the Accounting Standards Manual into English	17
INTERNATIONAL COOPERATION PROJECTS	18



Conceptual Framework for Public Accounts

Following publication of the Conceptual Framework for Public Accounts in July 2016, a second phase of examination began in 2017, with a focus on two major themes to be dealt with successively: 1) the grouping of public entities' accounts; and 2) the format and type of accounting information communicated by public entities.

Grouping of public entities' accounts

In 2018, work will continue on the grouping of accounts for public entities regarded as “complementary”. Before considering any changes, the CNOCP will finalise its review consisting of:

- > the analysis of existing groupings of public entities' accounts or groupings planned in the short to medium term;
- > the analysis of existing “accounting techniques” with regard to groupings (such as consolidations and combinations) set out in private sector accounting standards, with a particular emphasis on their use and meaning.

After establishing an inventory of the information produced by public entities (including accounting, budgetary, financial and statistical information), the analysis will focus specifically on the usefulness of the published data.

Format and type of information

The second theme – the format and type of information communicated by public entities – will be examined at a later time. This issue relates to the scope of the accounts. The specific nature of public management could indeed lead to a broader definition of the contents of the notes than that generally adopted in the private sector. This raises the question of the limits of standard setting in a situation where audit scope and procedures are currently defined by reference to commercial law and unsuitable for public management.



Topics common to different public entities

Leases and similar transactions

The accounting requirements for leases in the public sector are currently inconsistent and incomplete. At present, Standard 6 on Tangible Assets in the Central Government Accounting Standards Manual includes incomplete provisions on financial leases, operating leases, and sale-and-leaseback transactions. This part of Standard 6 has not been updated pending the expected changes in international accounting standards. This is why the CNOCP has not yet developed requirements for public establishments. For the same reason, no opinion has been issued for application at local level, where this type of contract is common.

The first phase of identification of public sector contracts brought to light a number of specific features that take various forms (long administrative leases, temporary occupation permits with or without property rights, etc.). The interested parties, often public entities, have separate rights and obligations which go from the right of use/usage without control over the physical asset, including the payment of royalties (or other), to the physical control of the said asset. This type of transaction includes proper leases as well as the different forms of transfer commonly found in the public sector: availability, allocation, etc. Therefore, the project covers agreements that do not have the legal form of a lease but provide for the right to use an asset in exchange for different forms of benefit.

This project began in 2017 and will continue in 2018. It could lead the CNOCP to issue an opinion including provisions that would eventually be included in the Central Government Accounting Standards Manual, the Public Establishments Accounting Standards Manual and the future Local Public Entities Accounting Standards Manual (this topic presumably has little impact on social security organisations).

Cash flow statement/funding statement

On 7 September 2016, the CNOCP received a referral from the Public Finances Directorate General (DGFIP) about cash flow statements in the Central Government accounts, among other topics. A working group set up to review this topic will continue its work in 2018. This working group is focusing on the issues raised by the publication of cash flow statements for public entities: advantages and disadvantages of a cash flow statement as compared to a funding statement, presented where appropriate by type of public entity, links between the cash flow statement and budget data, its place within the financial statements (presentation as one of the main financial statements or in the notes), etc.



Central Government Accounting Standards Manual

Potential areas for improvement for certain existing standards have been identified and may be worked on beginning in the second half of 2019.

Standard 7 – “Financial Assets”

This standard makes no provisions for funds without legal personality. As such, the standard could be amended to incorporate this aspect.

Standard 3 – “Sovereign Revenues”

Following work that began in 2017 on the tax treatment of income tax revenue withheld at source, it became apparent that some provisions could be clarified, including for example the treatment of deductions from state revenues.

Standard 6 – “Tangible Assets”

Some property assets are currently recorded at their market value on the reporting date; this accounting method may not be the most appropriate for property assets that are not actively managed (with proceeds from disposals or rental income). Depreciation of property complexes is another question that could be addressed.

Standard 16 – “Segment Reporting”

Standard 16 took effect for the financial year ending 31 December 2013. However, some questions have now arisen about the format of the segment reporting published by Central Government. Therefore, a proposal has been made to review this standard to see to what extent it should be updated.

Standard 1 – “Financial Statements”

As certain standards have been amended since the CNOCP's creation, a review of Standard 1 on Financial Statements might be appropriate (this standard provides a summary of all the provisions in the manual). Moreover, if the decision is made for Central Government to no longer publish a cash flow statement, Standard 1 will have to be amended accordingly.



Public Establishments Accounting Standards Manual

Development projects

In 2018, after examining the characteristics of the activities of public development establishments, the working group will continue to add relevant provisions to the Public Establishments Accounting Standards Manual. Standard 23 on Development Projects (a new standard) will therefore be proposed.

Land bank activities

The activities of public land banks also include specific features that are not properly reflected in ordinary accounting standards. Therefore, a proposal has been made to examine to what extent the Public Establishments Accounting Standards Manual could be revised to take account of these specific features. The main issue is the accounting treatment of the land assets held by public land banks.

Financial statements and complementary information

The requirements of public management may prompt public entities to provide complementary information to clarify their financial statements. However, the Commercial Code defines “notes to the financial statements” restrictively to include only notes about transactions that are actually recorded in the balance sheet or the income statement. Therefore, the CNOCP has proposed continuing its work on complementary information specifically for the financial statements of public entities. Such complementary information could, *inter alia*, include information about the links between budgetary and accounting data.



Future Accounting Standards Manual for Social Security Organisations

On 7 October 2016, the Director of Social Security made a written request to the Chair of the Public Sector Accounting Standards Council (CNOCP), to develop an Accounting Standards Manual for Social Security Organisations based on the elements included in the Single Chart of Accounts for Social Security Organisations (PCUOSS) “with a view to making this framework clearer and more practical to implement for users, whilst seeking to adapt to recent developments in standards which regulate accounting practice in the public sector”.

Scope of the future manual

A scope definition identifying the social security organisations required to apply the manual will be drawn up after developing the standards. This is because a comprehensive view of the full set of standards is needed before it can be determined whether this manual can apply, in all or in part, to the social security organisations that currently refer to the Single Chart of Accounts for Social Security Organisations (PCUOSS). For the time being, the standards being drafted refer to “social security organisations” in a generic sense.

Publication of draft standards

Draft standards are published progressively, as working documents, for preliminary examination by the CNOCP Board so as to familiarise the parties concerned with their contents and enable the latter to anticipate, where necessary, any proposed new requirements. When the drafting of the standards is complete, the CNOCP Board will formally adopt the Accounting Standards Manual for Social Security Organisations after checking its overall consistency.

Standards on which work will begin in 2018

The CNOCP's work on standards will continue in 2018 and 2019, with priority given to the standards for social security organisations, as this system has specific features and requires a longer development time.

Thus, two categories of standards will be addressed by two special working groups:

- > Standard 2 “Expenses”, Standard 12 “Non-Financial Liabilities”, and Standard 13, “Commitments to be Disclosed in the Notes to the Financial Statements”
- > Standard 9 “Current Receivables”, and Standard 4 “Revenue”



Future Local Public Entities Accounting Standards Manual

In accordance with Law 2015-991 of 7 August 2015 defining a new territorial organisation for the Republic, known as the NOTRé Law, the French Government Audit Office (“La Cour des comptes”) is organising audits of local authorities’ accounts on an experimental basis in cooperation with the regional audit offices. As part of this project, the CNOCP has begun work on a Local Public Entities Account Standards Manual. Furthermore, in the shorter term, local authorities have been asked to adopt the budgetary and accounting framework set down in Regulation M.57. They can do so now on a voluntary basis or by 2020 at the latest. Regulation M.57, which may be adjusted based on the CNOCP’s continued work, could eventually be used to specify the accounting standards developed for the Local Public Entities Accounting Standards Manual.

The project will also address the significance and consequences of the budget adjustment mechanism. Whilst it appears reasonable to leave each authority the choice of making budget adjustments, their option should, in theory, reflect the type of funding used. Consideration should be given to developing a methodical approach to budget adjustments and could take place in parallel to the development of the manual. Priority is given to a thematic approach common to all authorities instead of the current situation which is a rules-based approach for each type of authority.

Lastly, for each standard, a list should be drawn up of the legislation and regulations above it in the legal hierarchy in order to identify any provisions in conflict with the Council’s proposals.

Scope of the future manual

The draft scope of the manual covers local authorities and their public establishments. However, a precise scope definition identifying the entities required to apply the manual will be drawn up after developing the standards. This is because a comprehensive view of the set of standards is required to determine to what extent the manual will apply to small public entities. The preparatory work on the manual will also help to identify any specific local features to be considered in developing its requirements. At the draft stage, standards bear the generic title of local public entities to identify the entities within their scope.

Publication of draft standards

Draft standards will be published progressively, as working documents, for preliminary examination by the CNOCP Board so as to familiarise the parties concerned with their contents and enable the latter to anticipate, where necessary, any proposed new requirements. When the drafting of the standards is complete, the CNOCP Board will formally adopt the Local Public Entities Accounting Standards Manual after checking its overall consistency.

Standards on which work will continue in 2018

- > Standard 7 – “Financial Assets”
- > Standard 8 – “Inventory”
- > Standard 6 – “Tangible Assets”
- > Standards 2 – “Expenses”, 12 – “Non-Financial Liabilities” and 13 – “Commitments to be Disclosed in the Notes to the Financial Statements”
- > Standards 9 – “Current Receivables” and 4 – “Revenue”
- > Standard 23 on projects carried out by local public development establishments

Standards under consideration for 2019

- > Standard 17 – “Historical and Cultural Assets”
- > Standard 18 – “Contracts for the Provision of Public Services”
- > Standard 19 – “Long-term Contracts”
- > Standard 20 – “Asset Funding” (or equity)
- > Standard 21 – “Greenhouse Gas Emissions Quotas”

When all the standards have been drafted, Standard 1 on financial statements (which provides an overview of the full set of standards) will be revised in order to incorporate changes made to the other standards.



Accounting framework for public healthcare establishments

The CNOCP created a working group tasked with analysing the accounting framework for public health establishments with regard to the accounting frameworks applicable to the public sector. In 2018, the Council will focus on:

- > Social liabilities: in addition to its opinion on the valuation of the provision for time savings accounts, the Council will analyse the report on the valuation of the financial and practical challenges of recognising the liabilities in relation to deferred leave and to compensated, unpaid overtime.
- > Grouping of accounts in the hospital sector.



Participation of the Public Sector Accounting Standards Council in the work of the IPSAS Board

IPSAS Board's consultations in 2018-2019

In 2018, the IPSAS Board is planning to make a certain number of public consultations, on which the CNOCP intends to comment.

These consultations are set out below in chronological order of their expected publication date in 2018:

- > Exposure-draft on social benefits (ED 63)
- > Consultation on the Strategy and Work Plan for 2019-2023
- > Exposure-draft on leases (ED 64)
- > Exposure-draft on improvements to existing standards
- > Exposure-draft on the revenue project:
 - Updating IPSAS 9, Revenue from Exchange Transactions
 - Partial review of IPSAS 23, Revenue from Non-Exchange Transactions
- > Exposure-draft on Non-Exchange Expenses: Collective and Individual Services
- > Documents on the Public Sector Measurement project:
 - Exposure-draft on asset and liability measurement bases: Principles of Measurement
 - Consultation on the effects of proposed measurements on existing standards: Consequential Amendments
- > Exposure-draft on Public Sector Specific Financial Instruments.

Translation of IPSAS Standards

In conjunction with the Governing Council of Chartered Accountants (CSOEC) and the National Company of Auditors (CNCC), the Council will pursue its project, which began in 2012, of translating IPSAS standards into French. With the translations of *Handbook 2013* and *Handbook 2015* now complete, the Council is planning a third phase of translation for *Handbook 2017*.

Participation in IPSAS Board meetings and working groups

The General Secretariat of the Council prepares IPSAS Board meetings in close cooperation with the French member of the IPSAS Board and attends those meetings as an external observer. This enables the Council to maintain relations with all the members of the IPSAS Board, as well as with the institutional observers (World Bank, IMF, Eurostat, OECD), and to take part in discussions at the earliest possible stage. In 2018, four four-day meetings will be held.

Meetings of the IPSAS Board Consultative Advisory Group

In 2016, the CNOCP was appointed as member of the IPSAS Board Consultative Advisory Group (CAG). The CAG is currently made up of twenty members. It advises the IPSAS Board on its strategy and work programme, as well as providing input on any matter of relevance to the standard-setting activities of the IPSAS Board. It is not a decision-making body. The CAG meets twice a year, in June and December.



Participation of the Public Sector Accounting Standards Council in the work of the European Commission

The European Commission launched the EPSAS (European Public Sector Accounting Standards) project in the wake of its report assessing the suitability of International Public Sector Accounting Standards for Member States drawn up in application of the provisions of Article 16-3 of Council Directive 2011/85/EU of 8 November 2011 on the requirements for budgetary frameworks for Member States.

Eurostat presides and coordinates the work of different bodies on behalf of the European Commission. A Working Group is made up of the representatives of Member States, as well as observers mainly from international institutions and organisations. In addition, Eurostat has set up “cells”. These are think tanks with a limited number of members that are designed to address specific issues. The CNOCP General Secretariat is a member of the French delegation. He takes part in the Working Group and is represented in the cells.

In 2018, the Cell on Principles Related to EPSAS Standards is continuing the work it began back in March 2016. This cell is working on general accounting principles comparable to the qualitative characteristics of the Conceptual Framework for Public Accounts. The scope of the cell's work has been expanded to include the definition of balance sheet and income statement items, as well as valuation principles.

Moreover, as part of this project, Eurostat has asked consultancy firms to draw up thematic reports on various topics, including: “Grants and other transfers”, “A principle approach to disclosures”, “Loans and borrowings” and “Discount rates”. The CNOCP has been asked to provide comments on the parts describing the French system, in conjunction with the Public Finances Directorate General.

The CNOCP takes part in this work in liaison with the Interdirectorate Committee for International Public Sector Accounting Standards, which is responsible for coordinating the positions of French participants. The General Secretariat of the CNOCP acts as secretary to this Committee.



Other international activities

The OECD's Annual Meeting of Senior Financial Management Officials

Each year, the Council has the opportunity to provide input to all public sector standard setting issues at the OECD meeting initially called “Annual OECD Public Sector Accruals Symposium” which has since been renamed “Annual Meeting of Senior Financial Management Officials”. The conference provides an opportunity for the representatives of the Finance Ministries of OECD countries to discuss current accounting reforms. The CNOCP presented the Conceptual Framework for Public accounts at this meeting. Michel Prada has chaired this Symposium since 2012.

International Forum of Public Sector Accounting Standard Setters

A forum for public sector accounting standard setters met for the first time in March 2016 in Norwalk in the United States. The second meeting took place on 3 and 4 July 2017 at the Zurich University of Applied Science (ZHAW). The CNOCP is a member of the forum, which offers a venue for meeting with other national accounting standard setters. It also provides the opportunity to inform the IPSAS Board on these subjects. A third edition of this forum is being planned for 2019.

Translation of the Accounting Standards Manual into English

In the context of the debate on public sector standard setting in international bodies and as part of the EPSAS project managed by the European Commission, the Central Government Accounting Standards Manual and the Public Establishments Accounting Standards Manual have been translated into English in order to make all the stakeholders aware of the accounting framework adopted in France.

In addition, all the other CNOCP documents to be communicated to stakeholders in the context of international discussion – Conceptual Framework for Public Accounts, in particular the CNOCP’s Annual Report and Work Programme – are also translated into English.

International cooperation projects

The Council receives invitations to take part in international cooperation projects in countries wishing to modernise their system of public administration and which are therefore interested in public sector accounting standards. As part of these exchanges, members of the General Secretariat team are invited to share their experience of the French system or provide training on public sector accounting standards. Delegations from these countries also come to France, and in some cases have taken part in the Council's meetings.



In 2018, the General Secretariat will continue its support role in the State Budget Constitutional Bylaw implementation project in Tunisia, funded by the European Union, and will be in charge of the Accounting Standards component.

The Public Sector Accounting Standards Council was also invited by Expertise France to take part in its Sectoral Committee for Public Finance. This Sectoral Committee is a sub-committee of the Steering Committee for the development of public and private technical expertise set up by law to implement a national strategy for French technical expertise.



Lastly, following a South Korean delegation to the OECD, a cooperation project between South Korea's public sector accounting standard setter and the CNOCP was launched in 2017. This cooperation project will draw up a conceptual framework for an accounting standards manual for the South Korean government. Note that South Korea became a member of the IPSAS Board in 2018.