

Public sector accounting harmonization in the European Union through the lens of the garbage can model

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Abstract

The public sector accounting harmonization process that started in the European Union in the aftermath of the financial crisis led the European Commission to launch a project for the development of a set of European Public Sector Accounting Standards (EPSAS). This paper analyses the process and the decision-making around development of the EPSAS through the lens of the *garbage can model* (Cohen, M. D., March, J. G., & Olsen, J. P. (1972). A garbage can model of organizational choice. *Administrative Science Quarterly*, 17(1), 1–25). More specifically, by identifying *problems, participants, solutions, and choice opportunities*, it discusses why the development of the EPSAS is taking so long and why the process does not seem to be progressing as planned. To this end, documents related to the process of EPSAS development are analyzed. The results provide evidence of problematic preferences and fluid participation possibly coupled with flight decisions—three elements of the garbage can model. Postponing decisions can be an option to dampen reluctance. The more the public sector becomes accustomed to the International Public Sector Accounting Standards (IPSAS) by adopting IPSAS-like accrual accounting standards while

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waiting for the completion of the EPSAS, the less resistance there might be to moving to accrual accounting standards. However, at the same time, an imminent change to a new set of EPSAS standards might become less plausible if changes demand extra reform.

KEYWORDS

EPSAS, garbage can model, harmonization, international accounting standards, standard-setting process

1 | INTRODUCTION

The financial crisis underlined the relevance of public sector accounting and the need for comparable financial reporting in the European Union (EU) Member States, leading the European Commission (EC) and Eurostat to take action in this direction (Heald & Hodges, 2015). The Council Directive 2011/85/EU (EU, 2011) on requirements for budgetary frameworks calls for the Member States to have accounting systems that cover all sub-sectors of general government and produce the information needed to generate accrual data to prepare national accounts. At the same time, the Directive asks the EC to assess the suitability of the International Public Sector Accounting Standards (IPSAS) for Member States.

This framework marks the origin of the harmonization process that began in 2012 with public consultation about the suitability of the IPSAS and led the EC to announce that the harmonization policy should be based on the development of a set of European Public Sector Accounting Standards (EPSAS). To this end, a strategy for regulating the harmonization process aimed at formulating the EPSAS had to be developed (Helldorff & Christiaens, 2021; Polzer & Reichard, 2020). Of course, the EU could have considered asking Member States to produce, along with European System of Accounts (ESA) reporting, an additional set of financial statements in accordance with IPSAS while maintaining their national traditions and regulations for producing financial statements based on national standards (Manes Rossi et al., 2016). Nevertheless, the decision made by the EC to open the consultation marked the path for the search for a European solution. Various tools have been used to involve several stakeholders in the regulatory process, including public consultations, task forces (TFs), working groups, and reports commissioned from experts. The path designed by the Commission and Eurostat has enabled different stakeholders to participate in the process. However, the process is on-going, with inconclusive outcomes, delays, and changes compared with the initial plan, making evident controversies and difficulties surrounding it (Aggestam & Brusca, 2016; Heald & Hodges, 2015; Mann et al., 2019; Schmidhuber et al., 2020).

The development of the harmonization process can be assessed from various perspectives. First, from an economic perspective, the high quantity of financial and human resources required to develop and implement the European standards (Polzer et al., 2022; PwC, 2014; 2020; Schmidhuber et al., 2020) represent an important barrier. Second, from a political and organizational perspective, a process of centralizing accounting standardization creates resistance due to the desire of national authorities to determine their own approaches to public sector financial reporting and maintain their sovereign rights (Heald & Hodges, 2015), as well as to an “absence of a clear hierarchical relationship between the EU and the Member States that would allow the EU to impose laws and regulations in any policy area” (Helldorff & Christiaens, 2021, p. 5). Third, from an accounting perspective, changes in principles and rules surrounding a new set of EPSAS could challenge national traditions in terms of recognition or disclosure practices, or both, and thereby impact financial markets, relationships among different government tiers, and accountability toward stakeholders (Manes Rossi et al., 2016).

The accounting literature has devoted attention to standard-setting processes at the international level, both in the private and in the public sector (Durocher et al., 2007; Hodges & Mellett, 2002, 2005; Holder et al., 2013; Jorissen et al., 2012; Kidwell & Lowensohn, 2018, 2019). Most of the literature has discussed the standard-setting process as a political or technical process and recognized its inherent complexity (Baudot & Cooper, 2022). These discussions have mainly been concentrated on Anglo-Saxon context and International Accounting Standards Committee and International Accounting Standards Board activities. Very few studies have focused on the public sector (Kidwell & Lowensohn, 2018, 2019), and even fewer have questioned the way the EPSAS project is developing (Mann et al., 2019; Oulasvirta & Bailey, 2016).

The potential implications and significance of the accounting harmonization process in the European public sector domain call for a specific investigation to unveil the rationality surrounding the decision-making process in the EPSAS's development. The analysis can shed light on the main factors influencing and delaying outcomes and creating fatigue in the process in this competing regulatory space (Caruana et al., 2019). This paper aims to contribute in the literature by attempting to provide evidence on *why the development of the EPSAS has encountered delays and resistance and why the process does not seem to be progressing with the expected speed and effectiveness*. The analysis is grounded in literature discussing decision-making in "organized anarchies" based on the garbage can model (Cohen et al., 1972).

According to this model, choice selections are akin to a garbage can in which participants, problems, and solutions represent the raw materials for organizing and all contribute to the final decision. In this case, decisions about the development of the EPSAS are made in a context without consistently shared goals. On the contrary, decision-making is made against a background of goal ambiguity and conflict. In the garbage can model, a decision is the outcome or the interpretation of several relatively independent streams within the organization—namely, problems, solutions, participants, and choice opportunities (March & Olsen, 1976). The uniqueness of the EPSAS's development, which does not correspond to a typical standard-setting process, and its complexity justify use of the garbage model in the context of the EU (as also noted by Olsen, 2001).

The paper contributes to the literature regarding the standard-setting process by analyzing the EPSAS case. It provides an application example of a model rarely adopted by accounting scholars (Oulasvirta & Bailey, 2016; Wiesel et al., 2011) to tap into the standard-setting process, showing how it can help in interpreting choices made when designing a set of public sector accounting standards for the European context. The results show that ambiguities characterize the process: there is the lack of clear definition about what has to be done (*problem definition*), how it is to be done (*unclear technology*), and who is to make the decision, with a mix of decision structures and participants and no defined outcome. Several years after the project began, the situation is still nebulous and the factors hampering the development of the EPSAS project deserve investigation.

The remainder of the paper is structured as follows. The next section provides a literature review on the accounting standard-setting process. Section three gives an overview of the garbage can model (Cohen et al., 1972), which is the framework within which this research is developed. Section four explains the methodology adopted, while section five provides the analysis of evidence gathered and comments on critical emerging issues. The last section provides some conclusions and presents the contribution and limitations of the study and future research avenues.

2 | LITERATURE ON ACCOUNTING STANDARD-SETTING PROCESSES

Accounting literature has devoted attention to the development of accounting standards at both national and international levels, delving into standard-setting processes in the private as well as in the public sector.

Several studies have examined the role of the public debate made possible through a due process, contending that accounting standard-setting is more a political or an economic process than a technical one (Holder et al., 2013). As stated by Baudot and Cooper (2022, p. 2), accounting regulation development "operates within a complex system of national and international, public and private, regulators whose responses to pressures for action lead to rules being spread as regulatory bodies either learn from, emulate, compete with, or are coerced by other regulatory

actors." From a legitimacy perspective, scholars have discussed the need to incorporate input by participants in the due process to gain legitimacy (Durocher et al., 2007; Jorissen et al., 2012). Other studies have analyzed the motivations of, and influence exerted by, different stakeholder groups in the standard-setting process (Allini et al., 2018; Bamber & McMeeking, 2016; Bischof et al., 2020), finding that ideology and the perception of influence regarding the preparation of standards can explain stakeholders' active stance on accounting issues.

Other scholars have considered due process to be a ritual procedure, aimed at creating an impression of transparency while only powerful stakeholders are substantially influential (Camfferman & Zeff, 2018). A further strand of research has reflected on hidden sources of influence that play a role in the standard-setting process (Hodges & Mellett, 2002, 2005). While there is evidence that some stakeholders may exert greater impact on the standard-setting process than others (e.g., Kwok & Sharp, 2005), the results are not conclusive, as the context, or the issues at stake, may create a shift in the dominance of a certain group over the others (Bamber & McMeeking, 2016; Kwok & Sharp, 2005; Zeff, 2002). Studies have also analyzed the role of elite (Big Four) audit firms and preparers (Kwok & Sharp, 2005) in the standard-setting process. A review of comment letters showed a shift toward regulatory and professional bodies engaging in the consultation process on behalf of preparers (Larson & Herz, 2013).

In the public sector accounting literature, few studies have discussed the standard-setting process, either at a national or an international level. Most of the research dealing with stakeholders' participation in the due process has referred to the IPSAS (De Wolf et al., 2020; Kidwell & Lowensohn, 2019), the Australian Public Sector Accounting Standards Board (Carnegie & West, 1997; Ryan et al., 1999; Ryan et al., 2000), or the Governmental Accounting Standards Board in the US (Kidwell & Lowensohn, 2018).

A corpus of recent studies has been developed in the last few years around the EPSAS project, discussing the reasons for deviating from implementing unaltered IPSAS in the European context (Helldorff & Christiaens, 2021; Polzer et al., 2022), the need for a common set of public sector accounting standards for the EU Member States (Aggestam & Brusca, 2016; Jones & Caruana, 2015; Mussari, 2014; Schmidhuber et al., 2020), the proposal for the EPSAS Conceptual Framework (Mann et al., 2019; Oulasvirta, 2021), the governance dimension of the EPSAS process (Dabbicco & Steccolini, 2020), and the implementation cost of a new set of standards (Manes Rossi et al., 2016).

This paper examines the process of the EPSAS's creation more deeply, noting that while this process refers to accounting standards' development, it does not follow the typical standard-setting process witnessed in the International Financial Reporting Standards (IFRS) or IPSAS. The evolution of EPSAS is examined up to November 2020 through the lens of the garbage can model. Following Baudot and Cooper (2022), we find that conflicting issues encountered by regulatory actors have created reluctance or resistance that is not always explicit and that is not well understood. In an attempt to unravel the pressures and conflicts evident in the creation of specific rules, the problems, participants, solutions, and choice opportunities shown in the development of the EPSAS are discussed.

3 | THE GARBAGE CAN MODEL

In this paper, the standard-setting process for the creation of the EPSAS is analyzed through the lens of the garbage can model, following Oulasvirta and Bailey (2016) and assuming that organizations act as organized anarchies (Cooper et al., 1981). Based on Cohen et al. (1972), these organized anarchies operate on the foundation of a variety of inconsistent and ill-defined preferences. This is their first characteristic. They are more "a loose collection of ideas than a coherent structure, which discover preferences through action more than they act on the basis of preferences" (Cohen et al., 1972, p. 1). The second characteristic of these decision situations is unclear technology. This means that decisions are made "on the basis of simple trial-and-error procedures, the residue of learning from the accidents of past experience, and pragmatic inventions of necessity" (Cohen et al., 1972, p. 1). Finally, there is fluid participation, as "participants vary in the amount of time and effort they devote to different domains" (Cohen et al., 1972, p. 1). Fluid participation and unclear preferences result in a lack of stability in preferences. People bring different concerns to different decision-making situations. Thus, the concerns raised about a choice depend on who is present (Denrell,

2012). Moreover, the way in which the choice alternatives are interpreted and the aspects of choice alternatives that participants attend to can vary depending on the situation (Denrell, 2012).

The garbage can model deals with the organization as “a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision-makers looking for work” (Cohen et al., 1972, p. 2). In order to be available, a choice alternative has to be noted and proposed by someone. These proposals depend on personal motivations, strategic considerations, and attention effects, and on the set of alternatives proposed by others (Denrell, 2012). Consequently, problems tend to stay unsolved for a long time and participants meet the same problems again and again (Fioretti & Lomi, 2008). Furthermore, participants vary, as they can devote different amounts of time and effort, their participation can be fluid, and occasional members can become more active and devote more energy at certain times and direct growing attention toward one particular decision instead of an alternative.

Gibson (2012) augmented the garbage can model by adding the dimension of how participants interact when they are in a room together. He claimed that “it is within conversation that problems and solutions are presented, argued for, and challenged and ignored, and it is often within conversation that particular problems and solutions get paired” (Gibson, 2012, p. 57). In this sense, the conversation provides signs of the impossibility of making a choice. Through discussion, the selective application of attention detaches solutions from their problems and participants justify inaction after allying with other participants persuaded by their argumentation. Moreover, through conversation, participants try to circumvent others with whom they are unavoidably trapped at the discussion table.

Thus, according to the model, choices are made as a metaphorical garbage can in which *problems, solutions, participants, and choice opportunities* represent the raw material of organizing and they all contribute to the final decision. No object is a pure receiver of action; in the garbage can model, problems, participants, and solutions all have a life of their own (Lomi & Harrison, 2012).

While, in the original model, no direct interaction among agents is specified but patterns of connectivity among agents may vary considerably, in a further study, March and Olsen (1989) discussed how different forms of dependence may be introduced into the model. They contended that dependencies among participants in the decision-making process may result from organizational design decisions, even if they do not create a regular network of relations. These ties can be either formal or informal. Although formal authority ties can be identified relatively easily, informal ties are rather difficult to capture as individuals may choose to obscure these informal ties for various personal reasons (Morgan & Carley, 2012).

According to the model, decision-making takes place via flight or oversight. Flight entails a situation in which particular problems are avoided and are moved on to another choice opportunity, after some deliberation about them has already taken place and where they will eventually be resolved. This is a form of avoiding making a decision about a difficult problem and postponing it for another decision-making opportunity. In decision by oversight, the problems are perceived as ancillary to another choice and so are resolved with it. Thus, preexisting solutions might be attached to ambiguous problems, thereby reducing the possibility of achieving a successful solution. The likelihood of flight and oversight become more probable when there is an increase in the decision load—that is, the number of problems that relate to a given choice opportunity (Cohen et al., 1972). While imposing tight deadlines and limiting available time for decision-making reduces decision load, pressures to maintain decision-making as an open-ended process work in the opposite direction and decision load is exacerbated.

The garbage can model has been applied to decision-making in various types of organizations, and in particular in governmental-type organizations (Cohen & March, 1974; Cohen et al., 2012; March & Olsen, 1976; Olsen, 2001). Olsen (2001) considered the EU to be an example of a significant political process in which the garbage can model can be observed. The EU policy process is transnational due to the wide range of state and nonstate actors involved (Mazey & Richardson, 1993). Due to the complexity of the actors and the element of choice at stake, it is possible to observe that “a variety of ‘local’ (territorial as well as functional) processes interact in complex ways, combining wilful choice, chance, and compelling structures in a fashion that generates both complex processes and outcomes that are difficult to predict” (Olsen, 2001, p. 196).

TABLE 1 Documents analyzed

| Document | Year |
|--|-----------|
| Public consultation about the IPSAS suitability and responses to the public consultation | 2012 |
| Public consultation about the EPSAS Governance Principles and structures (summary) | 2013 |
| EPSAS task force meeting minutes and documents for the meeting | 2013–2015 |
| EPSAS WG meeting minutes and documents for the meeting | 2015–2020 |
| EPSAS cells summary of meetings, reports, and documents | 2016–2020 |
| EPSAS issue papers | 2016–2018 |
| EPSAS screening reports | 2019–2020 |

Accounting studies have also adopted the model (Cohen & Karatzimas, 2016; Oulasvirta & Bailey, 2016; Wiesel et al., 2011). More specifically, Wiesel et al. (2011) adopted a garbage can lens to analyze the decision-making in management accounting and control practices, and they demonstrated the unintended outcomes of customer orientation in the public sector. Cohen and Karatzimas (2016) applied the model to analyze the reform of government accounting standards in Greece and the decisions made in the standard-setting process.

In the field of European public sector accounting harmonization, Oulasvirta and Bailey (2016) applied the garbage can model to analyze the agenda-setting of the EPSAS. In other words, they discussed why the EPSAS were included in the European agenda by studying the reasons why the window of opportunity opened, why it led to a proposal for compulsory public sector accounting standardization for Member States, and why the IPSAS were not adopted by the EU. The authors concluded that the EC made the agenda-setting appear to be more like a technical than a political question, in which there were already implementation plans even though high-level political decisions were lacking. In their view, “standardisation is a means to an end, not an end in itself, and [...] the end is as much or more a political objective than merely a technical ‘tidying up’ issue” (Oulasvirta & Bailey, 2016, p. 11). Thus, the standardization should be accompanied by changes in the political and institutional arena. While Oulasvirta and Bailey (2016) focused exclusively on the agenda-setting phase and on the initial decision to proceed with a set of European standards that would differ from the IPSAS, our research provides a complementary stance. It still discusses policy decisions but pays special attention to problems, participants, solutions, and choice opportunities in the development of the EPSAS in an attempt to understand the delays and resistance characterizing the process (Baudot & Cooper, 2022).

4 | METHODOLOGY

Based on the garbage can model, this paper analyzes the development of the EPSAS in the European harmonization process through the lens of problems, participants, solutions, and choice opportunities.

Document analysis was used to examine all the documents produced in the EPSAS development process in order to identify the different elements of the model studied. Document analysis entails a systematic review or an evaluation of documents (Bowen, 2009). By examining and interpreting the documents collected, researchers can gain understanding and develop empirical knowledge (Corbin & Strauss, 2008). Taking garbage can theory as a reference, all relevant documents produced since the origin of the EPSAS process during a period of almost 10 years were analyzed, which enabled the identification of the garbage can situation both in real time and retrospectively (Wiesel et al., 2011).

The minutes of the EPSAS Working Group (WG) and EPSAS cells (see Table 1) were subject to content analysis in relation to the evolution of the EPSAS discussion. For each of the meetings of the EPSAS WG and the EPSAS cells, the topics discussed, the participants in the meetings, the speakers invited, the observers, and the reports elaborated with the decisions adopted were analyzed, as were interventions of participants when this was possible.

Therefore, the analysis of the documents focused on the identification of *problems* and *participants* in the process, highlighting the fluid participation, as well as the *solutions* and *choice opportunities*. In particular, documents available

on the EU website related to the EPSAS from the origin of the process in 2012 until November 2020 were analyzed. Table 1 summarizes the main documents considered.

Analysis of the documents was undertaken as follows. First, in an initial reading of the minutes of meetings of the EPSAS WG and EPSAS cells the main topics discussed based on the agenda items (problems) were identified. For each of these topics, we conducted further analysis of the temporal occurrences and times included in the agenda. In parallel, the identification of problems was supported by the literature referring to the EPSAS project. These topics were analyzed, discussed among the researchers, and codified. This led to the identification of three main problems, which are presented in Section 5. Second, documents for the country representatives in the meetings, the speakers invited, and the observers (participants) were examined. Regarding the people participating in the EPSAS WG and the cells, the representatives of the countries were codified to reveal the number of participants by country and the number of times each one had participated in the process, which served as a basis to evidence fluid participation. The same analysis was performed for speakers invited and observers who have participated.

Third, all minutes and reports discussed were analyzed to classify any decisions made about the problems identified, as well as any interventions of participants mentioned in the minutes (as bases for solutions and choice opportunities). While the minutes of the EPSAS WG are not detailed and do not explicitly state the views of specific participants or participants proposing specific choice alternatives (Denrell, 2012), or how participants interacted when they were in a room together (Gibson, 2012), they provided a good basis to understand the process including choice opportunities, preferences, decisions, and fluid participation.

5 | ANALYZING THE EPSAS PROCESS THROUGH THE LENS OF THE GARBAGE CAN MODEL

5.1 | The problems

Development of the EPSAS was a solution to achieve the aim of improved and harmonized public sector accounting standards in the EU. Thus, the stream of problems refers to multiple dimensions touching upon multiple goals. Based on the analysis of the documents, three problems emerged that required a decision: (a) the relationship between the EPSAS and IPSAS; that is, to what extent the EPSAS should be different to the IPSAS and whether the EPSAS should be based on the IPSAS, considering that the aim was to achieve comparability of the accounting data (*Problem 1*); (b) who would develop the standards and how they would be developed (*Problem 2*); and (c) the actual implementation of the harmonized set of standards and the costs related to it (*Problem 3*). The abovementioned problems are analyzed in the subsequent paragraphs.

5.1.1 | Problem 1: The EPSAS and their similarities to the IPSAS

The process started with a public consultation about the suitability of the IPSAS. The main conclusion was that the IPSAS, as they stood at that time, were considered by the majority of EU Member States to be unsuitable for implementation in the EU. Based on that, the EC decided that the correct way forward was to develop a new set of European standards, despite the fact that it had adopted the IPSAS for its own financial reporting (Grossi & Soverchia, 2011). At the same time, two studies (EY, 2012; PwC, 2014) confirmed the high heterogeneity of public sector accounting in member countries and considerable variation in their accounting maturity compared with the IPSAS.

However, doubts about the content of the standards per se emerged. Decisions about their similarities to the IPSAS, albeit problematic, were a cornerstone for developing the EPSAS. Undoubtedly, standards would be based on accrual accounting. However, this method had not yet been fully accepted by some countries, which were still reluctant to adopt it. Another dimension of this problem was the development of a conceptual framework (CF) that was to underpin

the development of the standards per se (Mann et al., 2019). Thus, the need emerged to establish a CF that would define the purpose of the standards and the financial reports produced.

5.1.2 | Problem 2: The governance process for the EPSAS

The issue of governance for the future EPSAS was identified as a priority after a conference on the EPSAS in May 2013 in Brussels. Consequently, Eurostat decided to launch a second public consultation on EPSAS governance in order to ensure that views were collected from the widest possible range of stakeholders (Dabbicco & Steccolini, 2020). In the public consultation, there was a proposal for the governance structure, whereby the EPSAS committee would be the central component of the EPSAS standard-setting body. This committee, which would be chaired and represented by the EC, would include high-level representatives from the Member States. The Eurostat draft report (European Commission, 2014), however, showed that this proposal was not well accepted and that the participants did not share common views about how the EPSAS should be developed.

The governance of the EPSAS is highly relevant to the actions related to its standard-setting process regarding the development of the standards per se. While accounting standard-setting in both the private and the public sector is rather straightforward and assigned to specific bodies, the EPSAS governance issue proved to be a thorny problem in the EPSAS process.

5.1.3 | Problem 3: The process of EPSAS implementation

A further problem that the EC has to face, whenever the EPSAS are finally completed, relates to their implementation. This process could take different trajectories that could affect the Member States' public sector accounting freedom and sovereignty. Both legally binding and optional implementation options have been proposed, as well as options related to the timing and the gradual process of implementation. Embedded into the implementation issue is the cost related to it. The adoption of accrual accounting (EPSAS included) is expected to be costly, and time and resource consuming, for several Member States (Polzer et al., 2022; PwC, 2014, 2020; Schmidhuber et al., 2020). The substantial estimated and variable costs across the EU countries represent a barrier to the adoption of full accrual accounting across Europe, creating further resistance in the Member States (Heald and Hodges, 2015).

5.2 | Participants in the EPSAS development process

Participation is a significant parameter in the garbage can model. During the process of EPSAS development, a large number of participants from different stakeholder groups were involved with heterogeneous and fluid participation. Moreover, different participation tools have been employed at different stages, including TFs, working groups, and groups of experts with specific duties (see Appendix 1 for details).

Eurostat has been in charge of leading the EPSAS project on behalf of the EC since the beginning, with the specific mandate to comply with the requirements of Council Directive 2011/85. Considering the potential impact of the new accounting standards on all Member States, their involvement in the process was taken for granted. Furthermore, considering that the creation of accepted legislation requires consultation, regulatory impact assessment, and systematic evaluation of the results achieved, a wide range of stakeholders were expected to take part in the process (Radaelli, 1999), which would, in parallel, legitimize the standard-setting process (Durocher et al., 2007; Jorissen et al., 2012).

The public consultation process comprised a first consultation about the suitability of the IPSAS and a second consultation about the EPSAS governance. This was complemented by the preparatory works of two TFs. They were intended to serve as spaces in which Member State representatives could discuss technical aspects, aimed at either

adapting existing IPSAS or developing new standards that would fit the European context. In total, two meetings of the EPSAS TF and five of the TF governance groups took place, with unequal participation of a number of country representatives. For example, many delegates from Finland, France, and Germany participated, yet countries such as Greece and Spain did not participate at all.

The fluid participation and the unclear technology that characterizes EPSAS development is further evidenced by the fact that in September 2015 the TFs were substituted by the newly developed EPSAS WG. Experts from the member countries were selected to support the EC in elaborating and implementing the new set of standards. Each Member State had been invited, in consultation with the national standard-setting authorities for public sector accounting, to nominate up to three delegates to the WG. The delegates would represent their national experience and viewpoints, introduce proposals, and contribute to the debate. The WG retained the option to invite other experts and institutions to support the process. The WG was not a standard-setting body; its members did not have any deliberative power and, thus, they have never voted for any prevailing solution.

Germany and France played an important role during both the phase of the TFs and the EPSAS WG, opposing the adoption of the IPSAS. In the first meeting of the WG, the Federal/Länder Group of Germany presented a position paper (Eurostat, 2015b, p. 1) in which it stated that “the existing freedom to choose between cash-based and accruals-based systems of budgetary planning, budgetary management and accounting, which has proved its worth in Germany, must remain preserved; double-entry accrual accounting should, at most, be introduced on a voluntary basis, even in the event that the EPSAS are developed.”

France also had a similar position, stating that “it is important to say that at the stage of the EPSAS project, France is currently of the view that a nonbinding recommendation might be the best way forward” (Calmel, 2017, p. 126). The fact that at least Germany and France, two countries that have an influential voice in the EU, had problematic and perhaps ill-defined preferences is another factor advocating in favor of the garbage can model process (Cohen et al., 1972). Thus, conflicting issues faced by actors can create reluctance or resistance slowing down the identification of a suitable solution (Baudot & Cooper, 2022).

Table 2 shows the participants in the first 10 meetings of the WG. Most representatives of the Member States were appointed by their Ministries of Finance, with some experts belonging to the national Court of Auditors. Furthermore, the Supreme Audit Institutions (SAIs) created a contact committee formed by the assembly of Heads of SAIs of EU Member States and of the European Court of Auditors, with the aim of monitoring the development of the EPSAS project and informing the SAIs. The group was cochaired by the French Court des Comptes and the German Bundesrechnungshof, which evidences the interest of these two countries in monitoring EU accounting policy (Bundesrechnungshof, 2017).

Table 2 shows that the countries with a higher total number of delegates were Romania (30), Germany (29), Italy (28), Sweden (28), Finland (27), Slovenia (27), Slovak Republic (26), Austria (25), France (24), and Luxembourg (24). In total, 119 participants from the 27 member countries participated in the work of the EPSAS WG. However, it must be mentioned that there is significant mobility in country representatives in the EPSAS WG meetings that provides evidence of fluid participation. Out of the 124 individuals taking part, 37 participated only once, 17 twice, and 14 three times. Thus, more than 50% of the delegates took part in the EPSAS WG meetings up to three times out of the 10 meetings. On the contrary, only 13 people, corresponding to 10 countries, participated in all 10 meetings.

Observers (169 attendances in total) were also invited to the WG meetings (see Appendix 2). Representatives from the International Public Sector Accounting Standards Board (IPSASB), the World Bank, and the Organisation for Economic Co-operation and Development (OECD) participated in all meetings. The large number of observers from Germany should also be highlighted. Finally, EY and PwC played an important role in the whole process mainly because of the contracts assigning them the preparation of 20 issue papers and their technical support of the process.

The presence of these international organizations is also noteworthy (see Appendix 3). Their participation confirms the close relations of the IPSASB, the World Bank, and FEE-Accountancy Europe, which participated as speakers in nearly all meetings. The OECD also acted as a speaker. As the EPSAS would be based on the IPSAS, presentations by IPSASB about their progress plan is to be expected. This closer relationship was facilitated by the fact that in the first

TABLE 2 Participants in the EPSAS WG meetings

| Country | Number of participants in WG meetings I to X | | | | | | | | | | Total number | Country contribution % | Number of individuals |
|-----------------|--|----|-----|----|----|----|-----|------|----|----|--------------|------------------------|-----------------------|
| | I | II | III | IV | V | VI | VII | VIII | IX | X | | | |
| Austria | 3 | 3 | 2 | 3 | 2 | 2 | 3 | 1 | 3 | 3 | 25 | 4.87 | 7 |
| Belgium | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 11 | 2.14 | 2 |
| Bulgaria | 1 | 2 | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 18 | 3.51 | 4 |
| Croatia | 1 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 1 | 0 | 6 | 1.17 | 2 |
| Cyprus | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 16 | 3.12 | 5 |
| Czech Republic | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 9 | 1.75 | 1 |
| Denmark | 2 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 15 | 2.92 | 3 |
| Estonia | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 6 | 1.17 | 3 |
| Finland | 3 | 3 | 3 | 3 | 3 | 0 | 3 | 3 | 3 | 3 | 27 | 5.26 | 4 |
| France | 2 | 5 | 2 | 3 | 3 | 1 | 2 | 1 | 3 | 2 | 24 | 4.68 | 6 |
| Germany | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 29 | 5.65 | 6 |
| Greece | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 21 | 4.09 | 8 |
| Hungary | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 1 | 19 | 3.70 | 6 |
| Ireland | 2 | 2 | 2 | 2 | 1 | 0 | 2 | 1 | 0 | 1 | 13 | 2.53 | 4 |
| Italy | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 28 | 5.46 | 6 |
| Latvia | 0 | 1 | 1 | 0 | 1 | 2 | 1 | 1 | 1 | 2 | 10 | 1.95 | 3 |
| Lithuania | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 13 | 2.53 | 4 |
| Luxembourg | 3 | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 3 | 3 | 24 | 4.68 | 5 |
| Malta | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 1 | 18 | 3.51 | 3 |
| The Netherlands | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 10 | 1.95 | 2 |
| Poland | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 18 | 3.51 | 3 |
| Portugal | 2 | 2 | 3 | 2 | 2 | 2 | 1 | 1 | 1 | 4 | 20 | 3.90 | 7 |
| Romania | 3 | 2 | 3 | 3 | 4 | 3 | 3 | 3 | 4 | 2 | 30 | 5.85 | 7 |
| Slovak Republic | 3 | 2 | 3 | 3 | 2 | 2 | 3 | 3 | 2 | 3 | 26 | 5.07 | 5 |
| Slovenia | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 27 | 5.26 | 3 |
| Spain | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 14 | 2.73 | 5 |
| Sweden | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 28 | 5.46 | 5 |
| United Kingdom | 1 | 1 | | 2 | 1 | 1 | 1 | 1 | 0 | 0 | 8 | 1.56 | 5 |
| Total | 47 | 48 | 46 | 53 | 51 | 47 | 56 | 53 | 56 | 56 | 513 | 100.00 | 124 |

EPSAS WG meeting, as written in the minutes (Eurostat, 2015a, p.2), “Eurostat acknowledged IPSAS Board’s recent work on technical, conceptual and governance issues and admitted that the level of reservation expressed in Eurostat’s report of 2013 toward IPSAS was no longer valid to the same extent.”

With the aim of simplifying the preparation of the EPSAS, in September 2015—during the first meeting of the WG—Eurostat decided to split the project between different “cells.” These would be small groups of experts with the duty of undertaking some preparatory work on specific topics to facilitate the work of the WG. However, they were not decision-making bodies; rather, they acted as reflection groups. Their discussions would be used to inform the eventual proposal made by the EC. Appendix 4 shows the participants in the meetings of the three cells. In total, there were 16 participants in the First Time Implementation Cell, 15 in the Governance Cell, and 22 in the EPSAS Principles Cell.

The development of the cells reveals a further change in the process of EPSAS development. The experimentation with several alternatives in relation to EPSAS establishment provides evidence of unclear technology.

The EPSAS Cell on Principles related to the EPSAS held the greatest number of meetings, in which Germany and Belgium played an important role, with two delegates in most meetings. France was the only country to participate in all three cells, with the same person attending two. The fact that Germany did not participate in the Cell of Governance Principles might explain why it asked for, and attained, a common meeting of the Cell on Governance Principles and the Cell on EPSAS Principles to ensure coherence between governance, qualitative characteristics, and accounting principles. Based on Denrell (2012), personal motivations, strategic considerations, and attention effects, as well as alternatives proposed by others, may have motivated these proposals.

From a garbage can perspective, it is clear that there was fluid participation and unclear technology (Cohen et al., 1972). The process of EPSAS development was not clear from the beginning and went through several phases in order to conclude its final form. Moreover, different people participated in different instances and there was great mobility of participants among the phases as well as within the same phase, as evident in Table 2. This is typical of the garbage can model, where participants often come and go as they wish (Cohen et al., 1972). It is important to also take into account the investment of time and effort of participants. People are able to move, as country delegates sometimes change from one meeting to another, and only invited speakers from international organizations and contractors seem to remain unchanged during the process. Participants might have flexibility to choose where to be involved and move toward their preference (Fardal & Sørnes, 2008). Fluid participation and unclear preferences result in little stability in preferences.

5.3 | Bases for solutions and choice opportunities

The solutions to the problems assume that there is a matching of specific solutions with specific problems and choices. This is, however, affected by the rate at which the solutions flow into the system (Gibson, 2012). Different energies are needed to solve the same problem at different times, either because the flow of solutions into the system is not stable over time, or because there are variations in the efficiency of research procedures. This section discusses bases for solutions and choice opportunities in relation to the EPSAS.

5.3.1 | The EPSAS and their similarities with the IPSAS: The CF, EPSAS issue papers, and screening reports

The level of EPSAS-IPSAS relationship is a key issue in the process. This has been an issue of debate not only in the literature but also in the meetings of the WG and the cells. For example, the minutes of the second meeting of the Cell on Principles related to EPSAS highlighted (Eurostat, 2016b, p. 2) the following: "Views on the question [of] whether EPSAS should stay as close to IPSAS as possible were divided and some of the participants suggested that it would be better to follow national principles." This resembles some *problematic preferences* defined in the garbage can model. The relation of the EPSAS to the IPSAS touches upon three issues related to the problem in question: the CF, the issue papers, and the screening reports.

One aim of the EPSAS Cell on Principles was to prepare a draft regarding the accounting principles that would serve as a basis to guide the formulation of the EPSAS as well as their interpretation, thus providing a set of fundamental concepts for the "EPSAS framework." However, the debate was also extended to the Cell on Governance, and the minutes of the second meeting (Eurostat, 2016a, p. 2) highlight that "it was stressed by some participants that, since the Member States are being encouraged to move toward IPSAS, the proposed accounting principles of the future EPSAS should not be too far removed from IPSAS."

Eurostat assumed the task of preparing the draft of the CF, which was informed by discussions in the cells and the choices regarding national standards. A first draft of the EPSAS CF was presented at the sixth EPSAS WG in May 2018. This mimics the CF of the IPSAS (Mann et al., 2019). The similarity of the two CFs could be a consequence of the desire to keep the EPSAS as close to the IPSAS as possible. Moreover, such a resemblance would avoid making the efforts already exerted in some European countries to adopt/adapt IPSAS redundant (Brusca et al., 2015; Brusca et al., 2021), as it would require a rather low burden to change their accounting standards to the EPSAS. Consequently, keeping the EPSAS CF close to the IPSAS CF may also reduce reluctance and/or resistance by Member States that have already adopted IPSAS-like standards. On the other hand, the participation of the IPSASB and representatives of the accounting profession from the private sector is a further element pushing toward the adoption of accrual accounting standards, which are more familiar to professionals and large auditing companies (Mann et al., 2019), evidencing dependences among participants. Strategic consideration might have also motivated this proposal (Denrell, 2012). However, the decision to keep the EPSAS as closely as possible to the IPSAS might prove problematic, considering that the IPSAS are insufficient to achieve *de facto comparability of information*, fundamentally due to the options permitted and the judgment required (Mattei et al., 2020).

The CF of the EPSAS tries to keep a balance among all existing forces affecting public sector accounting in the realm of EPSAS development. The document proposes that the EPSAS should consider the standards applied in the EC, the private sector, the nationally developed GAAP for the public sector, and the rules of the statistical accounting framework adopted under the ESA. Finally, “the EPSAS should be aligned with internationally accepted accounting standards for the public sector where such standards exist” (European Commission, 2018, p. 13), thereby opening a back door to the IPSAS or IPSAS-like standards. However, from the discussion accompanying the CF, it becomes clear that not all Member State participants have the same preferences and views regarding the CF, thus creating additional resistance to the development and implementation of the EPSAS.

Another outcome related to the relationship between the EPSAS and IPSAS has been the 20 issue papers prepared by EY and PwC during the period June 2016 to October 2018. These presented, for a selection of specific accounting topics, the provisions of the IPSAS (both specific IPSAS and the IPSAS CF), the ESA, including the Manual on Government Deficit and Debt when applicable, the IFRS, the EU accounting standards, national public sector accounting standards, as well as other standards available in frameworks such as NATO, UNESCO, and so on. Therefore, for the EPSAS development, the stream of choices and solutions refers to the existing, national and international, accounting standards.

In the tenth WG, Eurostat presented the screening reports, aimed at assessing the consistency of individual IPSAS standards with the draft EPSAS CF, with a view to informing future EPSAS standard-setting. In the majority of IPSAS analyzed, no major conceptual issues were revealed, and no inconsistencies were identified with the draft EPSAS framework, while the IPSAS were considered conducive to the European public good. However, in many cases, the analysis concluded that for the IPSAS to achieve consistent application within the EU context and better address the comparability objective of the EPSAS financial statements, additional guidance and improvements in certain areas might be desirable.

To sum up, despite a process of EPSAS development initiated in 2012, the standards themselves had made little forward progress up to 2020. The problem with their relationship with the IPSAS remains unresolved. This portrays the goal ambiguity and conflict that are typical in a garbage can scenario. The process is contained in a metaphorical garbage can where problems tend to stay unsolved for a long time and participants repeatedly meet the same problems (Fioretti & Lomi, 2008).

5.3.2 | EPSAS governance

Eurostat identified, from the beginning, the need to define EPSAS governance. However, public consultation on the matter revealed some disappointment about the proposals regarding the EPSAS governance and structure principles.

Complementary to the public consultation, the TF on EPSAS governance worked on the development of a suitable model for the EPSAS governance structure. The EPSAS Cell on Governance Principles has continued with this task. As of 2020, four meetings had taken place, the last in March 2017, where participants debated about governance principles focused on the preparation of financial reporting but not on the setting of the standards. In the fourth meeting of the EPSAS WG, Eurostat presented the report of the cell dealing with the objectives of the EPSAS and the General Purpose Financial Reports (GPFRs), as well as the users of the EPSAS and the GPFRs, the governance principles, and the functional analysis (e.g., functions for oversight/monitoring and technical advice). With regard to the last two issues, the conclusions were rather vague. More specifically, it was decided that governance should be characterized by efficiency and effectiveness and the final decision regarding the bodies that would assume the standard-setting function, oversight, and technical advisory role had to be agreed in the context of the EPSAS due process. This means that again there was a *flight decision* as a consequence of the problematic preferences of participants and of unclear technologies. As of 2022 Eurostat had not set up a standard-setting body for the EPSAS.

5.3.3 | EPSAS implementation

The character of the EPSAS as comprising either binding or nonbinding standards is another issue that requires a decision in the process. In the first meeting of the EPSAS WG, Eurostat proposed two possible approaches: (a) legally binding EPSAS implemented step-by-step and (b) a more gradual approach developing EPSAS in the medium to long term. The work of the Cell on First Time Implementation resulted in the preparation of a Guidance for the First Time Implementation of Accrual Accounting in 2017, where Eurostat highlighted that (Eurostat, 2017, p. 2) “the Commission is convinced that a progressive and voluntary approach seems appropriate to begin with in order to first achieve increased fiscal transparency in the short to medium term and then ensure comparability in the medium to the longer term.”

For this purpose, a dual-phase approach was suggested. In the first phase, the Member States would implement accrual accounting—for example, by adopting or adapting the IPSAS while the EPSAS were under development. Therefore, in the second phase the goal of comparability could be achieved via adoption of the EPSAS. Under this plan, the move to the EPSAS could be scheduled for 2025. The timeframe of 2025 was not the first choice. The initial time indication for EPSAS adoption was for 2020—not too remote to be ignored, yet not so close as to be impractical (Heald & Hodges, 2015). Keeping the EPSAS development discussion active for a long period of time exacerbates decision load and the time needed for problems to come to a resolution. This two-phase approach puzzled the EU Member States. Several countries in the second EPSAS WG meeting that had already planned to move to IPSAS, or would have been adopting them or an IPSAS-like version of accrual accounting standards by that time, were concerned about the divergence between the EPSAS and IPSAS and asked for a clear roadmap to EPSAS.

In the fifth EPSAS WG, Eurostat outlined four options under discussion in the EU in regard to EPSAS: (a) discontinuing EPSAS, (b) a recommended CF and EPSAS, (c) a binding CF and recommended EPSAS, and (d) both binding CF and EPSAS. Bringing these options to the table, including the first, while the EPSAS project was running at full steam, provides evidence of unclear technology.

The resistance of participants in the process of the EPSAS becoming a binding accounting system, and the lack of consensus, have influenced the implementation of a solution. Since the beginning, the Federal Government and States of Germany called for their budgetary sovereignty and the freedom to decide the systems of budgetary planning, budget management, and accounting. Furthermore, France had proposed voluntary adoption of the EPSAS. In an effort to avoid coming up with a decisive solution to the problem of the binding or voluntary character of the standards, the EC preferred to delay the decision about the EPSAS' implementation form.

The uncertainty about EPSAS implementation is evident in EPSAS WG minutes and reports. After all options have been considered, none have been chosen and the decision about the character of the EPSAS has been postponed. This

is further evidence of how problematic preferences can influence the process and how a decision can be one of flight (Cohen et al., 1972).

6 | CONCLUSIONS

The paper has analyzed the EPSAS development process through the lens of the garbage can model (Cohen et al., 1972). It aimed to shed light on the difficulties in finding common solutions and why the process does not seem to be making progress with the expected speed and effectiveness and, most importantly, without a clear outcome. From an accounting regulation perspective (Baudot & Cooper, 2022), this paper expands the literature highlighting how imprecision and ambiguity in the creation of a new set of standards allows delays and resistance to dominate, impeding the achievement of compromises and solutions.

The EPSAS project, launched in 2012, is developing with difficulties and contradictions. After several years, the process is still on-going and there is no unanimity among countries and stakeholders. Eurostat and Member States must make a decision about the EPSAS as these standards are expected to be the answer to the public accounting harmonization problem in the EU. Of course, while this is the main issue to be resolved, other problems stemming from this core issue have come to the forefront, such as the governance of setting EPSAS, and implementation of the standards per se. Setting up standards has several side effects that go beyond the technical nature of transactions' registration (Heald & Hodges, 2015; Oulasvirta & Bailey, 2016). The development of the EPSAS is not a typical standard-setting process, as the standard-setting governance has not yet been crystallized, and no set of EPSAS has been developed. While the CF might be the overarching outline for development of the standards, devising a suite of standards is not a trivial task. Using the IPSAS as a reference, the creation of each and every standard follows an exhaustive deliberation process involving several stakeholders.

By analyzing the EPSAS development process, several conclusions can be reached that can help in the future design of standards. First, analysis of the process shows that the EU has been using various tools, such as TFs, EPSAS cells, and a WG to deal with EPSAS development. This provides evidence of unclear technology, reflecting that answering the "how" question has not been straightforward. Second, the paper makes evident that there have been competing forces cooperating in the process. In spite of the forces of international organizations, consultants, and professionals from the business sector pushing toward a set of European standards (based on the IPSAS), no consensus has been reached, as counter forces in favor of harmonization delay, or even no harmonization, also exist. The "inconsistent and ill-defined preferences" (Cohen et al., 1972, p.1) have pushed toward flight decisions in three important issues: the relation between EPSAS and IPSAS, EPSAS governance, and EPSAS implementation. Choices made, such as the issuance of a blurred CF (Oulasvirta & Bailey, 2016), have not answered the problems but have tried to balance multiple inputs. They therefore reflect "a loose collection of ideas [rather] than a coherent structure" (Cohen et al., 1972, p.1). This could be, to certain extent, the reason for the extension of the process that has been going on for several years without consensus about when or how the EPSAS will be implemented. This is also consistent with the hypothesis argued by Mazey and Richardson (1993) that in the EU policy process is difficult because of its transnational nature and because of the wide range of state and nonstate actors involved.

Third, the analysis of participants evidences the large number of people participating in the process. However, only a small number consistently participated in the meetings. Some attended only a few times, while others took part more frequently. This shows that the participation in these settings was fluid as "participants varied in the amount of time and effort they devote[d] to different domains" (Cohen et al., 1972, p. 1). This fluid participation might have affected the decision-making process (Denrell, 2012).

As for the bases of solutions, the EPSAS preparatory work seems to have been highly influenced by the standards, activities, and strategies of the IPSASB. While the CF of the EPSAS attempts to be more inclusive and encapsulate the whole public sector accounting ecosystem, it still focuses on the alignment of the EPSAS with internationally accepted accounting standards for the public sector where such standards exist. In this way, the EPSAS emulates the IPSAS.

The screening reports presented for the first time in November 2019, in the ninth EPSAS WG, aimed to assess the consistency of individual IPSAS standards with the EPSAS CF in order to inform future EPSAS standard-setting. These screening reports provide evidence that the IPSAS are still guiding the process for the development of the EPSAS. In the same realm, the updated PwC report on accounting maturity in the Member States (PwC, 2020) signals a second round of stock-taking regarding the existing accounting systems in the Member States, with the IPSAS as a reference point.

In parallel, as the IPSASB representatives participated in the WG meetings and were present during the whole EPSAS development process, a two-way communication channel seems to be open. This may result in a divergence between the IPSAS, as they continuously evolve, and the future EPSAS that is too narrow to justify a separate set of standards (i.e., the EPSAS). Nevertheless, this may not be as easy as it appears at first sight as, while the EPSAS try to be consistent with the IPSAS, the IPSAS do not seem to take on board European specificities. This was one of the main reasons why the IPSAS were not adopted at the outset. A further issue lies in the fact that the control of IPSAS standard-setting development remains outside the EU and this has not ceased or changed.

Regarding the practical implications of the paper, having identified the above parameters within the EPSAS process, it appears that the garbage can model predicts that decision-making is not conducted via resolution and, thus, it takes place without apparently making progress to resolve the problems that appear to be related to the decisions. Decision-making may take place by flight (Fioretti & Lomi, 2008) when a particular problem is avoided, and may eventually be resolved as part of another choice. This could mean that while the choice to develop an EPSAS has been suggested as relating to the accounting harmonization problem in Europe for some time, it is possible that a more attractive solution to the problem may appear. This solution could be more closely connected to the IPSAS. Hence, the problem has not been solved but it is now attached to a new choice (decision made by flight). Thus, if the IPSAS choice is activated when the harmonization problem is attached to the EPSAS option, and if there is energy available to make the choice of the IPSAS quickly, it will be made without any attention given to existing problems and with a minimum of time and energy. Moving to the IPSAS would also provide a resolution to the EPSAS governance problem by oversight. Decision-making by oversight takes place when problems are perceived as ancillary to another choice and so are resolved with it. Important choices often appear to “just happen.” This is consistent with decisions that are made “on the basis of simple trial-and-error procedures, the residue of learning from the incident of past experience, and pragmatic inventions of necessity” (Cohen et al., 1972, p. 1).

It is a fact that several European countries have moved toward accrual accounting systems while following, more or less, the IPSAS as their national standards-of-reference paradigm. Furthermore, whenever countries decide to adapt their accrual-based accounting systems into an “IPSAS-like” version, it is likely that they prefer to retain their accounting reforms that have already consumed time and resources and be less willing to proceed with a new reform that would ask again for efforts to transition to a system that, in their opinion, would be close enough to what they have already adopted. This concern has been already raised by Member States in the second EPSAS WG meeting. In addition, the screening process of a set of IPSAS in the tenth meeting revealed that no major conceptual issues and no inconsistencies were evident in relation to the draft EPSAS framework.

However, moving toward IPSAS might not be the only resolution to the EPSAS governance problem by oversight. While alternative opportunities are theoretically feasible, they have not yet been proposed during the EPSAS development process. Such solutions may come into play in the future. For example, the EC could allow Member States to maintain their accounting systems, asking for specific accrual accounting adjustments to transform existing accounting data into a comparable format for EU reporting purposes. Nonetheless, this solution is not without difficulties, as problems already identified in national accounting can be replicated (Caruana et al., 2019). An alternative solution might be to create a permanent EU organization that would mimic what the European Financial Reporting Advisory Group (EFRAG) does for the implementation of IFRS in the European context. This organization could be responsible for a systematic screening of the IPSAS to endorse each standard and make it applicable to the Member States. However, even this solution has some shortcomings, as the EFRAG experience demonstrates, because it is not easy to find a unique voice in the creation of a well-accepted set of accounting standards (Van Mourik & Walton, 2018).

This study is not free of limitations. One limitation is that the analysis was conducted on the basis of archival data—no interviews were conducted. Interviews with key players might disclose patterns of connectivity among agents (March & Olsen, 1989), reveal formal or informal ties among individuals (Morgan & Carley, 2012), and provide evidence of how participants interact when they are in a room together (Gibson, 2012). They could also better describe the socio-political process during EPSAS development within a garbage can framework. Nevertheless, use was made of relevant information found in minutes where the views of participants were anonymized, acknowledging that the development of EPSAS is also a political process.

Accounting harmonization is an on-going process and, as of writing, the EPSAS have not been set, which is another limitation of this analysis. What currently exists is the EPSAS CF, the issue papers, and the screening reports. This means that the conclusions of this study could be revised in future depending on the content of the actual EPSAS, once released. When the decision-making is concluded it will be considerably easier to review the completed process. However, the indications already available, spanning a long period, provide collective evidence that the process resembles the garbage can model.

DATA AVAILABILITY STATEMENT

The authors confirm that the data supporting the findings of this study are available within the article and its supplementary materials.

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APPENDIX 1: Tools used in the EPSAS project to involve stakeholders

| | Tools used for involving stakeholders and outputs | Contracts with experts and consultants |
|-----------|---|---|
| 2011 | Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States. It calls the Commission to assess the suitability of the IPSASs for EU | |
| 2012 | Public Consultation on IPSAS suitability (2012) | EY Study about practices in Member countries (2012) |
| 2013 | 2013 Eurostat conference in Brussels on the implementation of EPSAS 2013 (Oct) Task Force EPSAS Governance Principles and structures 2013 (Nov) Public consultation on future EPSAS Governance Principles and structures 2013 Report from the Commission to the Council and the European Parliament. Toward implementing harmonised public sector accounting standards in the Member States | |
| 2013-2015 | Task Force EPSAS Governance Principles and structures 2013–2015. Task Force EPSAS Governance Principles and structures | PwC Study about EPSAS impact assessment (2014) |
| 2015-2020 | EPSAS Working Group (10 meetings) EPSAS Cell First Time Implementation Final Report of Cell on First Time Implementation (2016) Guidance for the First Time Implementation of Accrual Accounting (2017) EPSAS Cell on Governance Principles Final Report of Cell on Governance: Principles underlying EPSAS governance (2017) EPSAS Cell on Principles related to EPSAS Standards Final Report of Cell Principles related to EPSAS standards (2018) EPSAS Conceptual Framework (2018) | EY Study about potential impacts of implementing accruals accounting in the public sector (2016) EY Issues Papers for developing EPSAS (2016–2018) PwC Issues Papers for developing and implementing EPSAS (2017–2018) PwC Study on potential impacts of accruals implementation (2018) PwC Study: Updated accounting maturities of EU governments and EPSAS implementation cost (2020) |
| | PwC-Eurostat EPSAS Screening reports (2019–2020) | |

APPENDIX 2: Invited as observers in the working group meetings

| Country/Institution | Observers in WG meetings | | | | | | | | | | Total number of observers | Country/institutional contribution % | |
|------------------------|--------------------------|----|-----|----|----|----|-----|------|----|----|---------------------------|--------------------------------------|---------|
| | I | II | III | IV | V | VI | VII | VIII | IX | X | | | |
| Bulgaria | | | | | | | | | | | 1 | 1 | 0.59% |
| Cyprus | | | 1 | | | | | | | | | 1 | 0.59% |
| Germany | 4 | 4 | 2 | 7 | 4 | 2 | 3 | 3 | 3 | 3 | 3 | 35 | 20.71% |
| Greece | | | 2 | | | | | | | | | 2 | 1.18% |
| Hungary | | | 1 | | | | | | | | | 1 | 0.59% |
| Italy | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 4 | 13 | 7.69% |
| Malta | 5 | | | | | | | | | | | 5 | 2.96% |
| The Netherlands | 1 | 1 | 2 | 1 | 1 | | 1 | 1 | | | 1 | 9 | 5.33% |
| Norway | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 11 | 6.51% |
| Portugal | 1 | | | 4 | | | | | | | | 5 | 2.96% |
| European Court Auditor | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 2 | 1 | | | 13 | 7.69% |
| European Central Bank | 1 | 1 | 1 | 1 | 1 | | 1 | 1 | 1 | | | 8 | 4.73% |
| FEE-Accountancy Europe | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 10 | 5.92% |
| IPSAS Board | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 11 | 6.51% |
| IMF | | | | | | | | | | | 1 | 1 | 0.59% |
| World Bank | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 10 | 5.92% |
| EY | | 5 | 2 | 1 | 3 | 1 | 1 | 1 | | | | 14 | 8.28% |
| PwC | | | | 1 | 3 | 1 | 3 | | 2 | 2 | | 12 | 7.10% |
| EIPA | | | | 1 | | | | | | | | 1 | 0.59% |
| Romania | | | | | 1 | | | | | | | 1 | 0.59% |
| Slovakia | | | | | | | | | | | | 0 | 0.00% |
| OECD | | 1 | | | 1 | | 1 | 1 | | | 1 | 4 | 2.37% |
| CEFG | | | | | | | | 1 | | | | 1 | 0.59% |
| Total | 18 | 17 | 17 | 22 | 20 | 12 | 18 | 15 | 13 | 17 | 17 | 169 | 100.00% |

APPENDIX 3: Invited speakers in the working group meetings

| Invited as speakers | I | II | III | IV | V | VI | VII | VIII | IX | X | Total |
|------------------------------------|---|----|-----|----|---|----|-----|------|----|---|-------|
| IPSASB Board | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 10 |
| FEE-Accountancy Europe | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | 1 | 8 |
| Contact Committee of SAI | | | 1 | | | | | | | | 1 |
| World Bank | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 10 |
| France (Accounting Standard Board) | 1 | 1 | | | | | | | | | 2 |

(Continues)

| Invited as speakers | I | II | III | IV | V | VI | VII | VIII | IX | X | Total |
|--|---|----|-----|----|---|----|-----|------|----|---|-------|
| Cyprus—The Treasury of The Republic of Cyprus | 1 | | | | | | | | | | 1 |
| Malta (Ministry for Finance) | 1 | | | | | | | 1 | | | 1 |
| Germany (Federation/Länder) | 1 | 1 | | 1 | | | | | | | 3 |
| Hessian Ministry of Finance (Germany) | | | | 1 | | | | | | | 1 |
| Austria—Ministry of Finance | | 1 | | | | | | | | | 1 |
| EY | | 1 | 1 | 1 | 1 | | 1 | 1 | | | 5 |
| PwC | | | | | 1 | 1 | 1 | 1 | 1 | 1 | 6 |
| OECD | | 1 | | | 1 | | | | | 1 | 3 |
| European Commission DG for Financial Stability, Financial Services and Capital Markets | | 1 | | | | | | | | 1 | 2 |
| Hungary (Ministry of Finance) | | | 1 | | | | | | | | 1 |
| Portugal (Ministry of Finance) | | | 1 | | | | 1 | | | | 2 |
| Sweden (Ministry Finance) | | | 1 | | | | 1 | 1 | | | 2 |
| Latvia (Ministry of Finance) | | | 1 | | | 1 | | | | | 2 |
| Academic (DiEPSAm) | | | | 1 | | | | | 1 | | 2 |
| Denmark (Ministry of Finance) | | | | 1 | | | | | | | 1 |
| European City Economic and Financial Governance Group (CEFG) | | | | 1 | 1 | | | 1 | | | 2 |
| Italy (Ministry of Finance) | | | | | 1 | | 1 | | | 1 | 3 |
| Lithuania reforms (Ministry of Finance) | | | | | | 1 | | 1 | 1 | | 3 |
| Czech Republic (Ministry of Finance) | | | | | | 1 | | | | | 1 |
| Estonia (Ministry of Finance) | | | | | | | 1 | | | | 1 |
| Norway | | | | | | | | 1 | | | 1 |
| Romania | | | | | | | | 1 | | | 1 |
| Slovakia (Ministry of Finance) | | | | | | | 1 | | | | 1 |
| IMF | | | | | | | | | | 1 | 1 |

APPENDIX 4: Participants in the EPSAS cells

| Country/entity | Participants in the EPSAS cell on first time implementation | | | | | | % | Individuals |
|----------------|---|----|-----|----|---|-------|--------|-------------|
| | I | II | III | IV | V | Total | | |
| Austria | 2 | 2 | 3 | 1 | 0 | 8 | 14.81% | 3 |
| France | 1 | 1 | 1 | 1 | | 4 | 7.41% | 1 |

(Continues)

| Country/entity | Participants in the EPSAS cell on first time implementation | | | | | | | Individuals |
|------------------------------|---|----|-----|----|----|-------|--------|-------------|
| | I | II | III | IV | V | Total | % | |
| Portugal | 1 | 1 | 1 | 1 | 1 | 5 | 9.26% | 1 |
| UK | | | 1 | 1 | 1 | 3 | 5.56% | 1 |
| IPSASB | 1 | 1 | | 1 | 1 | 4 | 7.41% | 1 |
| FEE/Accountancy in Europe | 1 | 1 | 1 | 1 | 1 | 5 | 9.26% | 1 |
| European Commission | 6 | 3 | 4 | 4 | 6 | 23 | 42.59% | 8 |
| DG Budget | | | | 1 | 1 | 2 | 3.70% | 2 |
| Total number of participants | 12 | 9 | 11 | 11 | 11 | 54 | 100% | 18 |

| Country/entity | Participants in the EPSAS Cell on Governance Principles | | | | | | | Individuals |
|------------------------------|---|----|-----|----|-------|--------|----|-------------|
| | I | II | III | IV | Total | % | | |
| Cyprus | 1 | 1 | 1 | 2 | 5 | 11.36% | 2 | |
| France | 1 | 1 | 1 | 1 | 4 | 9.09% | 1 | |
| Italy | 1 | 1 | 1 | 1 | 4 | 9.09% | 2 | |
| IPSASB | 1 | 1 | 1 | 1 | 4 | 9.09% | 1 | |
| FEE/Accountancy in Europe | 1 | 1 | 1 | 1 | 4 | 9.09% | 1 | |
| European Commission | 6 | 4 | 5 | 8 | 23 | 52.27% | 8 | |
| Total number of participants | 11 | 9 | 10 | 14 | 44 | 100% | 15 | |

| Country | Participants in the EPSAS Cell on Principles related to EPSAS standards | | | | | | | | Individuals | |
|------------------------------|---|----|-----|----|----|----|-----|-------|-------------|----|
| | I | II | III | IV | V | VI | VII | Total | | % |
| Belgium | 2 | 2 | 2 | 1 | 2 | 1 | 2 | 12 | 11.11% | 2 |
| Finland | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 5 | 4.63% | 1 |
| France | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 | 6.48% | 1 |
| Germany | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 12 | 11.11% | 2 |
| Italy | 0 | 0 | 1 | 0 | 2 | 2 | 1 | 6 | 5.56% | 3 |
| IPSASB | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 | 6.48% | 1 |
| FEE/Accountancy in Europe | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 | 6.48% | 1 |
| European Commission | 5 | 7 | 7 | 6 | 7 | 7 | 5 | 44 | 40.74% | 8 |
| DG Budget | | 1 | 1 | 1 | 1 | 1 | 1 | 6 | 5.56% | 2 |
| EY | | | | | | 1 | 1 | 2 | 1.85% | 1 |
| Total number of participants | 13 | 16 | 16 | 13 | 18 | 17 | 15 | 108 | 100% | 22 |