

"A chance to build on our reputation"

IPSAS has been in force as ETH Zurich's new accounting standard since 1 January 2015. Vice President for Finance & Controlling Robert Perich explains why.

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Photo Oliver Bartenschlager

Dr Perich, Are you glad to see this year's move to a new standard for ETH's accounts management?

The new accounting standard applies to the entire ETH Domain and is based on IPSAS, the International Public Sector Accounting Standards. These aim to provide a comprehensive, accurate reflection of a financial position and are internationally recognised – something that inspires confidence in public and private investors.

Why has the new standard been introduced?

Conforming to recognised, verifiable standards is like attaching a label to our product. It's a certification that will enhance our reputation and ensure that the

accounting practices of ETH, EPFL and the research institutes are all adhering to the same principles and presenting their financial data in the same way. This will make the ETH Domain's consolidated financial statements more consistent and improve their quality, as well as enabling us to communicate more effectively with the Federal Council and Parliament – particularly since the government is increasingly turning to IPSAS. Applying IPSAS will also make it easier to draw international comparisons between our accounts and those of other universities.

What is IPSAS changing?

IPSAS represents a paradigm shift: we are moving from our previous payment-focused style of cash accounting to accrual accounting.

What does that mean?

In future, income and outgoings will be posted in the period or year in which the financial benefit or depreciation occurred. This won't necessarily be the point at which the payment was made – and that is often particularly true of research projects spanning several years or long-term infrastructure investments. The accrual method will paint a much more accurate picture of our current financial circumstances. In response to a growing demand for transparency, our reporting will also have a clearer structure and more extensive contents in future.

The new accounting method seems to focus primarily on how ETH is

viewed externally. What internal effects will it have?

Cash-based accounting forms the basis for our internal processes, and this is clearly reflected in our increasingly complex fund management system: ETH currently has just under 10,000 funds. As part of the necessary process of replacing our SAP finance and resources platform – which is now over 15 years old – we also intend to refocus our internal work on concepts other than funds in future and align ourselves with individual IPSAS standards. With this in mind, the Executive Board launched the "Refine" project in November 2014.

The introduction of a new accounting standard was a task set by politicians. Do you think the university is at risk of losing some of its autonomy?

The ETH Domain's institutions and the bodies entrusted with tasks by the Confederation developed the entire implementation project together. This has created a sound framework for helping us document the fact that we are handling our finances responsibly. We are and will remain a university – but the sphere in which we are operating has changed. Nowadays, we are required to make even more precise declarations about where our money is going. This new accounting standard will allow us to explain our financial position with greater accuracy – so in the end it represents a chance for ETH to build on its reputation and boost our investors' confidence in us. ■

IPSAS

The obligation to introduce a generally recognised accounting standard in the ETH Domain is based on a statutory mandate by the Swiss government (ETH Law, Art. 35a). As part of the New Accounting Standard (NRS) project, the ETH Board has chosen to align its practices with the International Public Sector Accounting Standards (IPSAS) as of 2015. IPSAS principles are aimed specifically at public bodies and receive international recognition.

www.rechtssammlung.ethz.ch →

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