

Sustainability reporting in the Public Sector

Implications for the Public Sector and next steps

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Vienna, December 3, 2024



Public Sector Accounting and Reporting Program

PULSAR Program is co-funded by:

 Federal Ministry
Republic of Austria
Finance

 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Sustainability reporting in the public sector



Agenda

1. Critical aspects of reform implementation
2. Development at international level
3. Implications and recommendations



Critical aspects of reform implementation



Critical aspects of reform implementation



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- Rationale for implementing SR in public sector
- Identification of the main stakeholders and definition of the governance structure
- Development of reform strategy and roadmap
- Definition of the standard-setting mechanism, roles, and responsibilities
- Analysis and revision of the current regulatory framework
- Implications of using double materiality approach
- Connectivity between financial and non-financial reporting
- Budgeting and GFS
- Transparency and accountability
- Sustainability assurance
- Development of change management and capacity building strategies

Development at international level



Development at international level



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International standards

- General Purpose Financial Reporting: IPSAS SRS ED1, *Climate-related disclosures*
- Assurance: ISSA 5000, *General Requirements for Sustainability Assurance Engagements*
- Education: Proposed Amendments to the IES

Development at international level



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IPSAS SRS ED1, *Climate-related disclosures*

- Issued September, published October, comments till 28 February 2025
- SRS stands for Sustainability Reporting Standard
- Required disclosures are part of the General Purpose Financial Reports, with a strong connection to the financial statements (IPSAS SRS ED1.B)
- Reporting climate related risks and opportunities to the entity's
 - Own operations (based on IFRS S1/S2), and
 - Climate related public policy programs and their outcomes.

Development at international level



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IPSAS SRS ED1, *Climate-related disclosures* (2)

- Required Disclosures on climate-related ...
 - Governance
 - Strategy
 - Risk and outcome management
 - Metrics and targets
- Materiality: As defined in the IPSAS-CF, and IFRS S1/S2, i.e., single materiality
- Metrics: Rebuttable presumption: Based on GHG Protocol: Corporate Accounting and Reporting Standard 2004
 - Scope 1: Direct GHG emissions
 - Scope 2: Indirect GHG emissions from acquired electricity, steam, heating or cooling
 - Scope 3: Indirect GHG emissions that occur in the value chain of an entity

Development at international level



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ISSA 5000, *General Requirements for Sustainability Assurance Engagements*

- Final standard issued by IAASB in November, effective for periods beginning on or after 15 December 2026
- ISSA stands for International Standard on Sustainability Assurance (ISSA)
- ISSA 5000 is a private sector standard, similar to the ISA/ISAE
 - It overrides ISAE 3000 (revised) in case of sustainability assurance
 - INTOSAI has not yet decided whether to adopt ISSA 5000 into ISSAI

Development at international level



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ISSA 5000, *General Requirements for Sustainability Assurance Engagements* (2)

Includes topics such as:

- Scope of the assurance engagement;
 - Limited vs reasonable assurance;
 - Suitability of the reporting criteria;
 - Evidence, including the reliability of information and what comprises sufficient appropriate evidence;
 - Assurance materiality
 - Internal control and its impact on the ability of the practitioner to obtain sufficient appropriate evidence.
- ... specifically for sustainability assurance engagements

Development at international level



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Amendments to IES

- IFAC proposed revisions to
 - IES 2, *Technical competence*
 - IES 3, *Professional skills*
 - IES 4, *Professional Values, Ethics & Attitudes*
- The revisions are reflecting additional education requirements, due to sustainability reporting
- Changes are expected to become effective from 1 January 2026

Implications and recommendations





- **R1: Adopt and implement international standards**
 - *GPFR: IPSAS and IPSAS SRS*
 - *Assurance: ISSAI (ISA/ISAE) and ISSA*
 - *Education: IES*
- **R2: Analyse existing regulatory framework**
 - *How to fit in sustainability-related information?*
- **R3: Develop and politically approve the reform strategy involving relevant stakeholders**
 - *Activities, milestones, resources*
- **R4: Define governance for sustainability reporting**
 - *Connect to financial reporting*



- **R5: Integrate financial and sustainability-related information**
Both are part of GPFR; IPSAS SRS ED1 requires connection
- **R6: Manage parallel sustainability related budget reforms**
Disclosure on climate-related Public Policy Programs (IPSAS SRS ED1)
Presentation of Budget Information (IPSAS 24)
Presentation of Service Performance Information (IPSAS RPG 3)



- **R7: Define accountability mechanisms**

For sustainability-related information within GPFR (e.g., person/institution signing off, institution approving)

- **R8: Develop assurance of sustainability-related information**

Develop assurance for sustainability-related information

- **R9: Design change management and capacity building activities**

Aligned with reform strategy

Thank you!


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