Sustainability reporting in the Public Sector

Implications for the Public Sector and next steps

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Agenda

1. Critical aspects of reform implementation

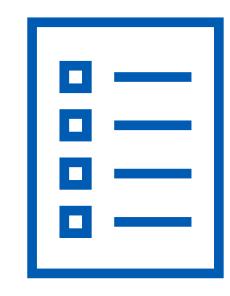
2. Development at international level

3. Implications and recommendations



Critical aspects of reform implementation





Critical aspects of reform implementation

- 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





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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



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.

IPSAS SRS ED1, Climate-related disclosures (2)

- Required Disclosures on climate-related ...
 - Governance
 - Strategy
 - Risk and outcome management
 - <u>Metrics</u> and targets
- Materiality: As defined in the IPSAS-CF, and IFRS S1/S2, i.e., <u>single</u> 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

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

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

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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





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- 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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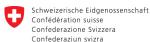




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