



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

September 8, 2022

Mr. Ian Carruthers
Chairman,
International Public Sector Accounting Standards Board,
The International Federation of Accountants,
277 Wellington Street West,
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

Sub: *Comment on Consultation Paper (CP) on Advancing Public Sector Sustainability Reporting*

We are pleased to provide comments on the *Consultation Paper (CP) on Advancing Public Sector Sustainability Reporting* issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the Consultation Paper are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

(CA. Kemisha Soni)
Chairperson
Committee on Public & Government Financial Management (CP&GFM)
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Encl.: As above



Consultation Paper (CP) on Advancing Public Sector Sustainability Reporting

Preliminary View 1 – Chapter 1

The IPSASB's view is that there is a need for global public sector specific sustainability reporting guidance.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons.

ICAI's views:

We agree with the IPSASB's view that there is a need for global public sector specific sustainability reporting guidance. In the absence of internationally recognised public sector specific sustainability reporting guidance, diverse practices are being followed in public sector around the world. Global guidance is therefore necessary to bring consistency, enhance comparability, and drive to a high quality of reporting to strengthen the transparency and accountability in public sector entities.

As no equivalent international body is setting up sustainability reporting standards for public sector, therefore, considering the global relationships of IPSASB, IPSASB seems to be ideally placed to take up the task of formulation of global public sector specific sustainability reporting guidance.

Preliminary View 2 – Chapter 2

The IPSASB's experience, processes and relationships would enable it to develop global public sector specific sustainability reporting guidance effectively.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons.

ICAI's views:

The IPSASB's experience, processes and relationships would definitely enable it to develop global public sector specific sustainability reporting guidance effectively.

Formation of Separate Committee or Separate Public Sector Specific Sustainability Reporting Board under IPSASB

International Financial Reporting Standards (IFRS) Foundation being an expert in setting Accounting Standards for private sector, has established a separate Board, i.e., International Sustainability Standards Board (ISSB) to formulate sustainability reporting Standards for private sector.

It is suggested to establish a separate Committee or a separate public sector specific sustainability reporting board under the IPSAS Board similar to ISSB. That proposed



Committee or Board would firstly develop public sector specific sustainability reporting guidance that would finally be considered and approved by the IPSASB.

The activities of such proposed Committee or Board should be transparent, including wide stakeholder participation, separate funding, members and staff having experience in sustainability and the rigorous due process should be followed that is necessary for formulating high-quality reporting guidance.

Participative Approach

Further suggestions for the proposed Committee or Board are as follows:

- The members of the proposed Committee or Board should have professional competence and experience in sustainability-related subject in different jurisdictions. It would also help in ensuring acceptability across various jurisdictions and also in consideration of local laws and regulations during guidance setting stage itself.
- Participation/involvement of ISSB in guidance setting should be ensured.
- Participation from member countries should be ensured which have initiated sustainability related projects in their jurisdiction, e.g., in India, the Institute of Chartered Accountants of India (ICAI) constituted Sustainability Reporting Standards Board (SRSB) in February 2020 that is taking up number of initiatives for developing guidance, capacity building and spreading awareness in the direction of sustainability reporting.

Specific Matter for Comment 1 – Chapter 3

If the IPSASB were to develop global public sector specific sustainability reporting guidance, please tell us what topics you see as most pressing in your jurisdiction and why these should be prioritized by the IPSASB.

ICAI's views:

We suggest that the IPSASB should focus to work towards developing public sector guidance on disclosures on all the 17 United Nation Sustainable Development Goals (SDGs) 2030. Detailed plan and timelines should be developed by the IPSASB for setting priorities of projects. It is worth mentioning that sustainability is an evolving and dynamic subject, therefore, the strategy and road map for guidance setting should be made consultative at various stages, and priorities should be decided accordingly and there should be flexibility to accommodate new sustainability topics as per the need of public sector entities.

Apart from this, the following projects also need to be prioritised from the projects listed out in paragraph 3.3

- **Materiality:** It is a key concept in the preparation of sustainability related information to decide about what information to present and disclose.
- **Natural Resource Project:** Some countries like India have lots of natural resources whose quantification and valuation is complex and cumbersome, therefore, the guidance for sustainability reporting for the same is essential.



Framework for setting public sector specific sustainability reporting guidance

The IPSASB's existing guidance on Due process, Preface and Conceptual Framework (i.e., currently more focussed towards general purpose financial reporting framework) is either need to be modified or similar new guidance should be developed incorporating the requirements of sustainability reporting.

Structure of public sector specific sustainability reporting guidance

IPSASs mainly cover objective, scope, definitions, recognition, measurement, presentation, and disclosure requirements. While developing global public sector-specific sustainability reporting guidance, it should consider that sustainability reporting is not at the same level of maturity as the financial reporting and the sustainability reporting guidance will need to progress to adapt to the evolving environment and changing information needs of users.

It is also to be deliberated whether such guidance will be issued as a framework, standards, guidelines, etc., and about authority and applicability of this guidance.

Preliminary View 3 – Chapter 3

If the IPSASB were to develop global public sector-specific sustainability reporting guidance it proposes applying the framework in Figure 5.

In developing such guidance, the IPSASB would work in collaboration with other international bodies, where appropriate, through the application of its current processes.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons, explaining what alternatives you would propose, and why.

ICAI's views:

We don't agree with the IPSASB's Preliminary View to develop global public sector-specific sustainability reporting guidance applying the framework in Figure 5.

Approach for formulation of public sector specific sustainability reporting guidance

The approach for formulation of global public sector specific sustainability reporting guidance should be standardised and principle-based guidance similar to IPSASs as it will support consistent and robust reporting in a changing environment.

Whether the IPSASB is planning to formulate such guidance on their own from scratch or some Standards will be taken as base similar to IPSASs for which IFRSs are taken as base.

If different standards/guidance (such as ISSB Standards, Global Reporting Initiative, European Commission Corporate Sustainability Reporting Directive) will be taken as base to formulate guidance on different topics, there may be inconsistency in the proposed guidance.



Preliminary View 4 – Chapter 3

If the IPSASB were to develop global public sector specific sustainability reporting guidance, it would address general sustainability-related information and climate-related disclosures as its first topics. Subsequent priority topics would be determined in the light of responses to this Consultation Paper as part of the development of its 2024-2028 Strategy.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons, explaining which topics the IPSASB should prioritize instead, and why.

ICAI's views:

Please refer our response to Specific Matter for Comment 1 – Chapter 3

Preliminary View 5 – Chapter 4

The key enablers identified in paragraph 4.2 are needed in order for the IPSASB to take forward the development of global public sector specific sustainability reporting guidance.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons, identifying which of the proposed key enablers you disagree with, and why.

ICAI's views:

Please refer our response to Preliminary View 2 – Chapter 2

Specific Matter for Comment 2 - Chapter 4

To what extent would you be willing to contribute financial or other support to the IPSASB for the development of global public sector specific sustainability reporting guidance?

ICAI's views:

ICAI would like to contribute technically as we are having experience in sustainability reporting field in India.

- ICAI constituted Sustainability Reporting Standards Board (SRSB) in February 2020, with the mission to formulate comprehensive, globally comparable, and understandable standards for measuring and disclosing non-financial information about an entity's progress towards United Nations Sustainable Development Goals (SDG) 2030.



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- ICAI had also supported the Government Accounting Standards Advisory Board (GASAB) constituted under the Comptroller and Auditor General (C&AG) of India, to formulate a Concept Paper on Natural Resource Accounting in India (available at <http://gasab.gov.in/gasab/pdf/NR-Accounting-final.pdf>).

For technical expertise, deputation of technical staff from member countries can be taken. Members from Sustainability Boards of member countries may be included. Meetings may be conducted on virtual mode and wider representations can easily be achieved.