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8<sup>th</sup> September, 2022

Ian Carruthers  
Chair, International Public Sector Accounting Standards Board  
529, Fifth Avenue,  
New York, NY 10017  
USA

Dear Ian

**Re: Consultation Paper- *Advancing Public Sector Sustainability Reporting***

**Introduction:**

Entop Consulting Ltd is a financial consultant company based in Lagos, providing a specialist IFRS financial and sustainability reporting services to both private and public sector entities among others. Entop Consulting Ltd assisted a lot of Nigerian companies to migrate from the local Nigerian GAAP to IFRS GAAP when Nigeria effectively adopted IFRS in January, 2012 and has been at the fore front of building capacity in IFRS financial and sustainability reporting. Since 2018, Entop Consulting Ltd has been involved in sustainability reporting advocacy and capacity building in Nigeria. This has seen it liaise with the Institute of Chartered Accountants of Nigeria (ICAN), the Financial Reporting Council of Nigeria (FRCN), the Nigerian Stock Exchange (NGX) and the Securities and Exchange Commission (SEC) of Nigeria. It has also facilitated board's buy in.

**General Comments:**

Entop Consulting Ltd therefore welcomes the opportunity to respond to this Consultation Paper. We congratulate International Public Sector Accounting Standard Board (IPSASB) for this milestone achievement of issuing a Consultation Paper ***Advancing Public Sector Sustainability Reporting***.

This is because there is no body that currently issues public sector-specific sustainability standard or guidelines. We believe that with IPSASB coming on board, to take on this assignment, sustainability reporting within the public sector will not only be standardized, but it will be taken more seriously by public sector entities which has not been the case as at today.

We generally support the spirit behind issuing the Consultation Paper and its questions as we see it as the first genuine attempt aimed at producing a global public sector sustainability reporting standard that meets the information needs of stakeholders seeking for more accountability from public sector entities and governments. While we support many questions and suggestions in the Consultation Paper we have reservations on certain aspects given the nature of the environment in which we operate.

First is what looks like a decision already made in Preliminary View 4 that 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. While we understand that this aligns with the path of International Sustainability Standard, we are of the view that IPSASB should first concentrate on developing a Conceptual Framework for General Purpose Public Sector Sustainability Reporting. Assuming ISSB issues IFRS S2 on Climate Related Financial Disclosure which recommends or has adapted SASB's industry sustainability metrics, it is not clear how IPSASB should adapt such to suit public sector. Would it be sector by sector metrics or entity metrics? This is why we are advocating for sustainability reporting that is based on sustainability activities and their metrics.

Also stating that 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. We differ slightly in this respect and are of the view that IPSASB should prioritize the contribution of government and public sector entities in meeting the Sustainable Development Goals (SDGs). To this end SDGs 1 to 6 should be prioritized.

If you require further information on the views expressed in this submission, please contact the undersigned

Yours faithfully

A handwritten signature in black ink, appearing to read 'Innocent Okwuosa', written in a cursive style.

Innocent Okwuosa BSc, MSc, PhD, FHEA, SAP FICO, ACTI, CPFA, FCIB, FCA  
Managing Consultant

**APPENDIX** containing our detailed response

**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 preliminary view?

If not please provide your reasons

**Entop Consulting Ltd's Response**

Yes, we agree with IPSASB preliminary view that there is need for a global public sector specific sustainability reporting guidance.

**Preliminary View 2 - Chapter 2**

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

Do you agree with the IPSASB preliminary view?

If not, please provide your reasons

Entop Consulting Ltd's Response

Given its work with IPSAS, we agree that IPSASB's experience, processes and relationships (especially with the accountancy profession) would enable it to develop a global public sector specific sustainability reporting guidance effectively.

**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 the most pressing in your jurisdiction and why these should be prioritized by the IPSASB.

Entop Consulting Ltd's Response

If the IPSASB were to develop global public sector specific sustainability reporting guidance, the topics we see as the most pressing in our jurisdiction are SDG 1- No poverty, SDG 2- Zero hunger; SDG 3 – Good health and well-being, SG 4 – Quality Education, SDG 6 – Clean water and Sanitation, SDG 7 – Affordable but not necessarily clean Energy. Nigeria once occupied the position of poverty capital of the world and where a population is predominantly poor, poverty abounds. Unemployment is systemic, graduates are without jobs and this feeds into insecurity being witnessed in the country today. There is

mass migration of the youth to Western countries and elsewhere. Public health does not exist and so good health and well-being are available to just few politicians and top executives in the private sector. If IPSASB is to work in the public interest that it professes, it should not follow the path of International Sustainability Standard Board (ISSB), who prioritised SDG 13 – Climate Action. This is understandable as it aims at private sector businesses and not public interest public sector. Our suggestion is based on interactions with many stakeholders on this topic. The general feeling among the general public in Nigeria today is that only human beings who have survived and met the basic necessities of life worry about climate change and environment. They argue that they have to survive as human being first, meet the basic necessities of life like food and shelter before worrying about the environment. They have asked the question of what use it is to them worrying about climate change if they are going to die before climate change occurs.

Consequently, we are of the view that IPSASB should prioritise SDG 1 and SDG 2 first and thereafter after take on the next two SDGs 3, 4 and 6.

### **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, will work in collaboration with other international bodies where appropriate through the application of its current process.

Do you agree with the IPSASB's preliminary view?

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

### Entop Consulting Ltd's Response

No, we do not agree with the IPSASB developing a global public sector specific sustainability reporting guidance applying the Framework in Figure 5 of the Consultation Document. Figure 5 of the Consultation Paper correctly makes a distinction between Financial Sustainability-related Guidance (Block 1) and wider Broader Public Sector Specific Sustainability Guidance (Block 2) but then confines itself to suggested TCFD disclosures specifically around Governance, Strategy, Risk Management and Metrics and Outcomes, adding to that Reporting Entity. It is not a framework per se except saying we identify broader public sector specific sustainability issues and follow TCFD disclosure guidance. While ISSB has followed this approach in issuing Exposure Drafts – IFRS S1 and IFRS S2, we will advise that IPSASB should avoid making the mistakes in both Exposure Drafts. To this end we will suggest that IPSASB first develop a Conceptual Framework for Public Sector Sustainability Reporting in which it will

first deal with the chapters listed on page 12 of the Consultation paper as follows:

Role and Authority of Public Sector Sustainability Reporting Framework

Objectives and Users of General Purpose Public Sector Sustainability Reporting

Qualitative Characteristics of General Purpose Public Sector Sustainability Reporting

The Reporting Entity

Elements of General Purpose Public Sector Sustainability Reporting

Metrics and Targets of General Purpose Public Sector Sustainability Reporting

Disclosures in General Purpose Public Sector Sustainability Reporting

The elements of General Purpose Public Sector Sustainability Reporting may cover a general guide on how the TCFD disclosures around Governance, Strategy, and Risks can be disclosed generally but not metrics which should be a separate chapter as shown above. Ultimately the core content of the public sector sustainability should be the metrics and targets and should address general purpose sustainability metrics and not sector specific. Similarly, Disclosures in General Purpose Public Sector Sustainability Reporting will be general guidelines on what to disclose about the metrics. We argue that for comparability to be achieved, the aim should be a general purpose sustainability reporting based on transactions as in financial reporting but here activities that generate the metrics of the sustainability issues to be disclosed. Such should not be sector specific but should cut across all sectors.

We support the IPSASB working in collaboration with other international bodies where appropriate through the application of its current process. However, such other international bodies should not be stretched too far as was the case with the ISSB where there were many bodies that have authored one sustainability related framework, for example Global Reporting Initiative (GRI), Sustainability Accounting Standard Board (SASB), Climate Disclosure Sustainability Board (CDSB), Carbon Disclosure Project (CDP). As the Consultation paper correctly noted in....., there are no organisations that have specifically focused on issuing public sector-specific sustainability standard or guideline. As such we recommend that IPSASB work only with ISSB to the extent that ISSB sustainability standards provide a foundation or background that inform IPSASB sustainability reporting standards. It is then left to IPSASB to infuse in these the public sector nature of issues inherent in the sustainability topic being addressed.

### **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 IPSASB should prioritize instead and why.

### Entop Consulting Ltd's Response

No, we do not agree that if the IPSASB were to develop global public sector specific sustainability reporting guidance, it would address general sustainability related information as its first topic but may prioritize climate related disclosures. As stated in our response to Preliminary View 4 question above, what is required first is a Conceptual Framework for Public Sector Sustainability Reporting and not general sustainability related information. Conceptual Framework clarifies the objectives of a reporting, primary users and the reporting entity. However, we will agree with climate related disclosures as its first topic, not because it is a priority in our jurisdiction but simply because that was ISSB's first topic. This will then make it possible for both private and public sectors to be mobilized for climate action. Also we do not agree that 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. Rather we recommend that SDG 1 and SDG 2 be taken as the next priority topic. Hunger and poverty is pervasive and systemic in many emerging countries and if SDG 1 and SDG 2 are to be achieved in 2030, then they must be prioritized.

### **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, explaining which topics IPSASB should prioritize instead and why.

### Entop Consulting Ltd's Response

Yes, we agree that 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. Such key enablers identified in the paragraph include

Appropriate resourcing

Experienced and active Sustainability Reference Group to advise the IPSASB

Effective and efficient use of IPSASB Member time

Coordination with other international sustainability standard setters dealing public sector

Dialogue with national public sector sustainability standard setters