
CONSULTATION PAPER
ADVANCING PUBLIC SECTOR SUSTAINABILITY REPORTING

*The Technical Director
International Public Sector Accounting Standards Board (IPSASB)
International Federation of Accountants
277 Wellington Street West, 6th floor
Toronto, Ontario M5V 3H2 CANADA*

Brasília, Brazil
September 9, 2022


Dear Mr. Ross Smith,

The *Conselho Federal de Contabilidade* (CFC) of Brazil welcomes the opportunity to collaborate with the consultation on IPSASB, *Advancing Public Sector Sustainability Reporting*. CFC, alongside with its regional arms - Regional Accounting Councils or *Conselhos Regionais de Contabilidade* (CRCs), is the Professional Accountancy Organization that carries out regulatory activities for overseeing the accountancy profession throughout the country.

Our points of view and comments can be found on the Appendix of this document that was prepared by the Permanent Committee for Public Sector Accounting Standards linked to Conselho Federal de Contabilidade (CP CASP – acronym in Portuguese).

If you have any questions or require clarification of any matters in this submission, please contact: tecnica@cfc.org.br.

Regards,


Wellington do Carmo Cruz
Technical Vice-President
Conselho Federal de Contabilidade

CONTEXT AND GENERAL COMMENTS

The Federative Republic of Brazil is composed by a federal government, 26 states, the Federal District and 5,569 municipalities governments. These levels of governments are responsible for formulating, implementing, and evaluating public policies in cooperative and/or competitive arrangements.

The sustainability theme is relevant for Brazil, considering the abundance of natural resources, internationally recognized as one of the largest "assets/stocks" of the humanity. In this regard, we strongly support the cause.

In the next section, we present our comments and answers on the specific matters addressed in the public consultation.

APPENDIX

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.

Answer:

CP CASP/CFC agrees with the preliminary view presented in the document, considering the need of guidance for sustainability reporting in the public sector.

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.

Answer:

On one hand, CASP/CFC CP believes that the development of specific guidance on sustainability reporting by IPSASB would increase the acceptance of the new guidelines by governments, given the recognition of credibility, quality, and independence of the IPSASB.

However, the IPSASB's objective is to serve the public interest by developing high-quality "accounting" standards and other material for use by public sector entities around the globe in the preparation of general-purpose financial reports. Therefore, we understand that the IPSASB should discuss whether the specific guidance for sustainability reporting in the public sector are associated with general purpose financial statements, or are reports more associated with management in general, which would be outside the IPSASB's objectives.

We also believe that the IPSASB should consider two factors: (i) the existence of available resources (financial and human) to assume a broad project like this in order to decide whether there are the necessary conditions for such task, considering that the continuity in the development of IPSAS should not be affected; (ii) whether the IPSASB's staff has the expertise to discuss and elaborate specific guidance for sustainability reporting as this theme goes far beyond accounting knowledge, requiring the participation of engineers, biologists, agronomists, administrators and people with other backgrounds.

Ultimately, given the relevance and depth of the sustainability theme, we understand it should go beyond the implementation of general guides on sustainability, establishing specific standards. If the decision is to follow this second objective (specific standards), we understand that would be ideal to create a separate public sector board equivalent to the ISSB.

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.

Answer:

CP CASP/CFC agrees with the suggested themes. Considering the particularities of the need for information in the country, and considering discussions with sustainability specialists involved in the private sector process, we believe that the following topics should be prioritized: (i) Materiality, as this definition will serve as a conceptual support for the development of others guidance; (ii) Sustainable Development Goals (SDGs), as it has been a relevant theme in the country with several initiatives underway for alignment, both in the public and private sectors; and (iii) Interface with the Natural Resources project, given the relevance of the theme to the country, which is abundant in natural resources.

The other topics listed (Complete sector versus entity and Data for statistical reporting) seem operational themes and can be discussed in sequence.

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.

Answer:

CP CASP/CFC agrees with this Preliminary View. We believe that the joint discussion with other international bodies brings a broader sustainability and financial sustainability guidance given the accounting impacts arising from this.

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.

Answer:

CP CASP/CFC agrees with general sustainability-related information and climate-related disclosures as first topics to global public sector specific sustainability reporting guidance.

We understand that there are two additional relevant issues: the sustainable use of water and issues associated with social development.

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.?

Answer:

CP CASP/CFC agrees with the IPSASB's Preliminary View. Additionally, we understand that a key enabler relevant to the IPSASB move forward the development of a global public sector specific sustainability reporting guidance has not been addressed: a broad and effective international participation in the discussion groups, seeking a heterogeneous geographical representation. For example, having on the board a participation / representation of the countries that have the largest sustainability assets in the world, such as Brazil and other members of Latin America.

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?

Answer:

CP CASP/CFC is available to collaborate with specialists and with researchers in the joint elaboration of the public sector specific sustainability reporting guidance.