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9th September 2022

International Public Sector Accounting Standards Board
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Response to your Consultation Paper *Advancing Public Sector Sustainability Reporting*

Many thanks for the opportunity to respond to your consultation paper concerning the development of global public sector specific sustainability reporting guidance. I am responding as a Lecturer in Accounting with research and teaching experience in sustainability reporting, assurance, and accountability. Specifically relevant to the public sector, I teach an undergraduate-level module titled "Issues in Not-For-Profit and Public Sector Accounting" and a postgraduate-level module titled "Accounting and Performance Management in Public-Sector and Not-For-Profit Organisations" at Queen's University Belfast.

IPSASB Preliminary view 1

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

When considering the need for global public sector specific sustainability reporting guidance, attention should be paid to the proliferation of sustainability reporting standards and their impact. The past decade has witnessed the development of various reporting

standards/frameworks/guidance for different forms of non-financial reporting, including integrated reporting, sustainability reporting, and non-financial reporting about environmental, social and governance matters. The diversity of reporting standards has increasingly become a burden. Reporting organisations are obliged to refer to various (and sometimes conflicting) reporting standards and decide which one(s) to follow in communicating non-financial information and meeting specific reporting requirements. Report users find different reporting standards complicated and confusing, which cause obstacles to understanding the non-financial information disclosed. Further, the diversity of reporting standards is a factor that makes it hard to perform a sustainability assurance engagement (Krasodomska et al., 2021¹). Therefore, the proliferation of reporting standards has a practical impact on getting to comparable, understandable, and credible sustainability reports. Recently, there have been calls for harmonisation of sustainability reporting standards and practices (Adams and Abhayawansa, 2022²), alongside the consolidation of some leading global sustainability disclosure initiatives (including the Climate Disclosure Standards Board, the Sustainability Accounting Standards Board, the International Integrated Reporting Council, etc.). Moreover, there is already a set of dominant global standards for sustainability reporting. The Global Reporting Initiatives (GRI) Standards are internationally recognised and widely used by organisations in both private and public sectors. Given the trend in the sustainability reporting landscape, I doubt the need for another global sustainability reporting guidance specific to the public sector as a whole.

The public sector is a broad concept including different types of organisations, such as different levels of government, public agencies, civil service departments, emergency services providers, professional services providers (for example, education, healthcare, and social care), state-owned enterprises (SOEs), etc. Given the similarities between SOEs and private enterprises/public and private professional services providers, like their private sector counterparts, SOEs and public professional services providers should refer to sustainability reporting standards developed for these specific sectors. For example, many public sector organisations use the GRI Standards (including the Universal Standards and relevant Sector standards). For other types of public sector

¹ Joanna Krasodomska, Roger Simnett, and Donna L. Street. (2021). Extended External Reporting Assurance: Current Practices and Challenges. *Journal of International Financial Management and Accounting*, 32(1), pp. 104-142.

² Adams, C.A. and Abhayawansa, S. (2022). Connecting the COVID-19 pandemic, environmental, social and governance (ESG) investing and calls for 'harmonisation' of sustainability reporting. *Critical Perspectives on Accounting*, 82, 102309.

organisations, such as different levels of government, public agencies, civil service departments, and emergency services providers, the information demand of their stakeholders is distinct, without private sector equivalents. This points to the demand for sustainability reporting guidance specific to these public sector organisations. Given the long-standing international standard-setting experience, established due process, and strong global relationships of both the IPSASB and GRI, such sustainability reporting guidance can be developed by GRI, with the support of the IPSASB (particularly from a financial perspective, given the IPSASB's 25 years of experience in developing financial reporting guidance).

For your reference, I have provided a list of academic research papers relevant to public sector sustainability reporting and accountability at the end of this document. If you have any queries or require clarification of any matters in my response, please contact me (x.he@qub.ac.uk).

Yours sincerely,

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Relevant Academic Research

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- de Villiers, C., La Torre, M. and Molinari, M. (2022). The Global Reporting Initiative's (GRI) Past, Present and Future: Critical reflections and a research agenda on sustainability reporting. *Pacific Accounting Review*. DOI: 10.1108/PAR-02-2022-0034
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- Figueira, I., Domingues, A.R., Caeiro, S., Painho, M., Antunes, P., Santos, R., Videira, N., Walker, R.M., Huisingh, D. and Ramos, T.B. (2018). Sustainability policies and practices in public sector organisations: The case of the Portuguese Central Public Administration. *Journal of Cleaner Production*, 202, pp. 616-630.
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- Niemann L. and Hoppe T. (2018). Sustainability reporting by local governments: a magic tool? Lessons on use and usefulness from European pioneers. *Public Management Review*, 20(1), pp. 201-223.
- Williams, B. R. (2015). The local Government accountants' perspective on sustainability. *Sustainability Accounting, Management and Policy Journal*, 6(2), pp. 267–287.
- Williams, B. R., and Lodhia, S. (2021). Integrated reporting in public sector organisations: A study of Australian local councils. *Journal of Environmental Management*, 280, 111833.