
**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**38th SESSION
9 – 12 November 2021**

Tuesday, 9 November 2021

**High-level panel: Recent developments related to the
convergence of financial and sustainability reporting
frameworks and standards**

Presented by

Ian Carruthers
Chair

International Public Sector Accounting Standards Board

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The background of the slide is a high-angle, wide shot of a city skyline at sunset. The sky is a warm, golden-orange color, and the sun is low on the horizon, creating a strong glow. The city is densely packed with skyscrapers and buildings. The CN Tower is the most prominent feature, standing tall on the right side of the frame. The water of a harbor or bay is visible in the lower-left corner, with some boats and structures along the shore. The overall atmosphere is one of a bustling urban environment during the "golden hour" of the day.

IPSASB

International Public
Sector Accounting
Standards Board®

FINANCIAL AND SUSTAINABILITY REPORTING STANDARDS

Ian Carruthers
IPSASB Chair

UNCTAD ISAR
38th Session
9th November 2021

Sustainability Reporting: Developing approach



Promote urgent action using existing IPSASB guidance – Staff Q&A

Natural Resources project linkages: March 2022 Consultation Paper

Build ISSB relationships: sector neutral choices if possible

Web page: Share guidance updates and practical experience

Public Sector leadership without getting ahead of ISSB

Sustainability reporting: Relevant existing IPSASB literature

Existing IPSASB pronouncements supporting sustainability reporting

- Non-financial reporting - Recommended Practice Guidelines (RPG):
 - RPG 1, *Reporting on the Long-term Sustainability of an Entity's Finances*
 - RPG 2, *Financial Statement Discussion and Analysis*
 - RPG 3, *Reporting Service Performance Information*

IPSASB

STAFF QUESTIONS AND ANSWERS

June 2020

CLIMATE CHANGE: RELEVANT IPSASB GUIDANCE

This Questions & Answers (Q&A) publication is issued by the staff of the International Public Sector Accounting Standards Board[®] (IPSASB[®]) to discuss the relevance of International Public Sector Accounting Standards[™] (IPSAS[™]) and related Recommended Practice Guidelines (RPG) to reporting on both climate change and the United Nations' (UNs) Sustainable Development Goals (SDGs) in the general purpose financial reports (GPFR) of public sector entities.

The objective of this document is to summarize the accounting requirements and recommended practice guidelines that may be applicable to climate change.

This publication is not an authoritative pronouncement, and it is not an interpretation of an authoritative IPSASB pronouncement. It does not amend or override the requirements of existing IPSAS or provide further implementation guidance. This Q&A is not exhaustive and is not a substitute for reading the full text of IPSAS or RPG.

Background

General purpose financial reports are a cornerstone of sound financial management. The objective of GPFR is to provide users with information required for accountability and decision making. GPFR typically include the general purpose financial statements (financial statements), as well as other relevant financial and non-financial information that may be useful to readers. As part of its objective to serve the public interest, the IPSASB develops IPSAS, which are the accounting standards to be applied in the preparation of financial statements of public sector entities. The IPSASB also develops RPG, which provide guidance and best practices that public sector entities are encouraged to follow when preparing their broader GPFR. Both IPSAS and RPG are intended to enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making.



The IPSASB has initiated a project on Natural Resources. A number of queries have been received on how this project relates to the topics of reporting on climate change and the UN SDGs, and which existing IPSAS and RPG are relevant to reporting on these topics. This Q&A therefore provides the IPSASB staff's views on these matters.

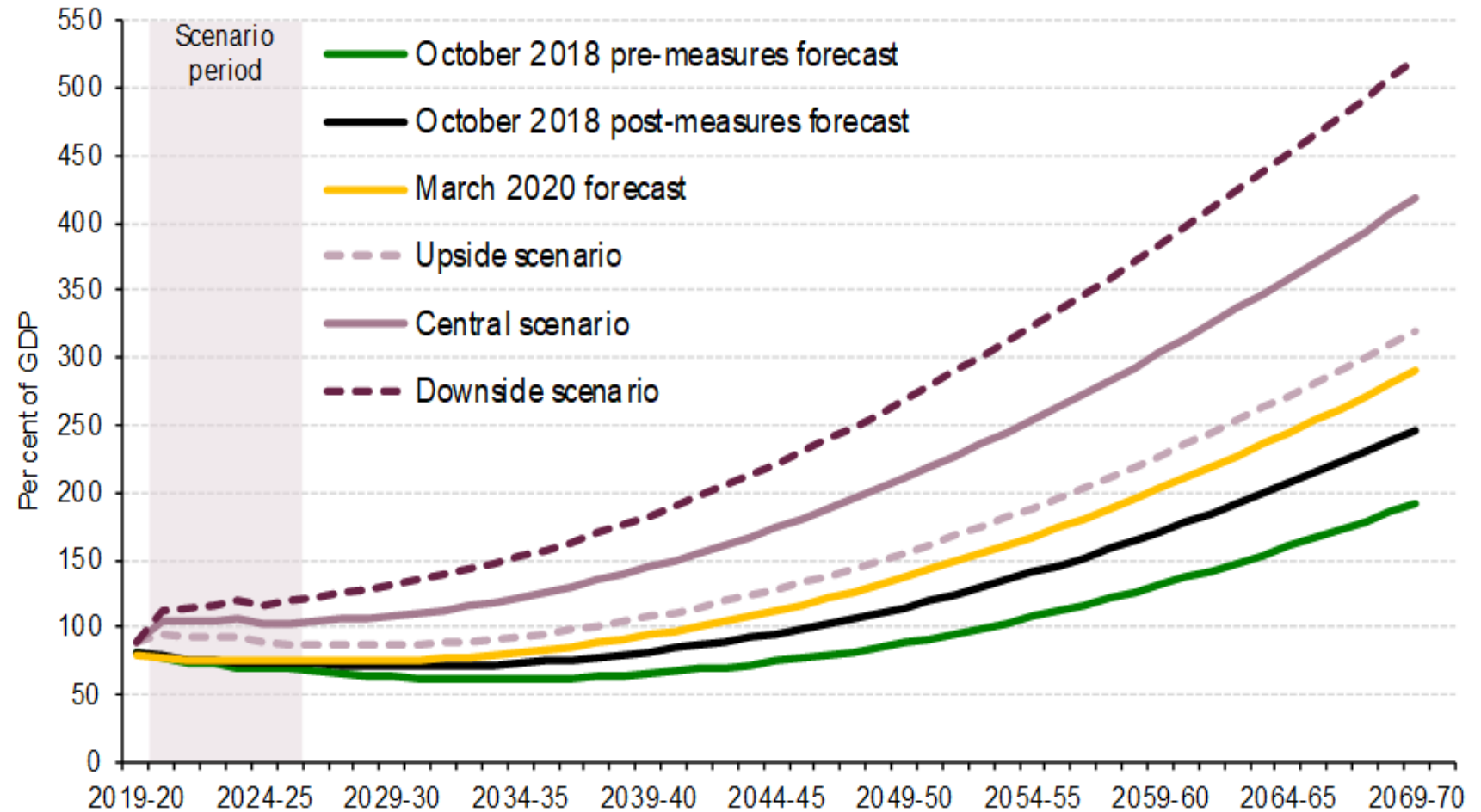
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RPG1: Projecting longer term post-Covid challenges:

UK June 2020 Fiscal Sustainability Report.....



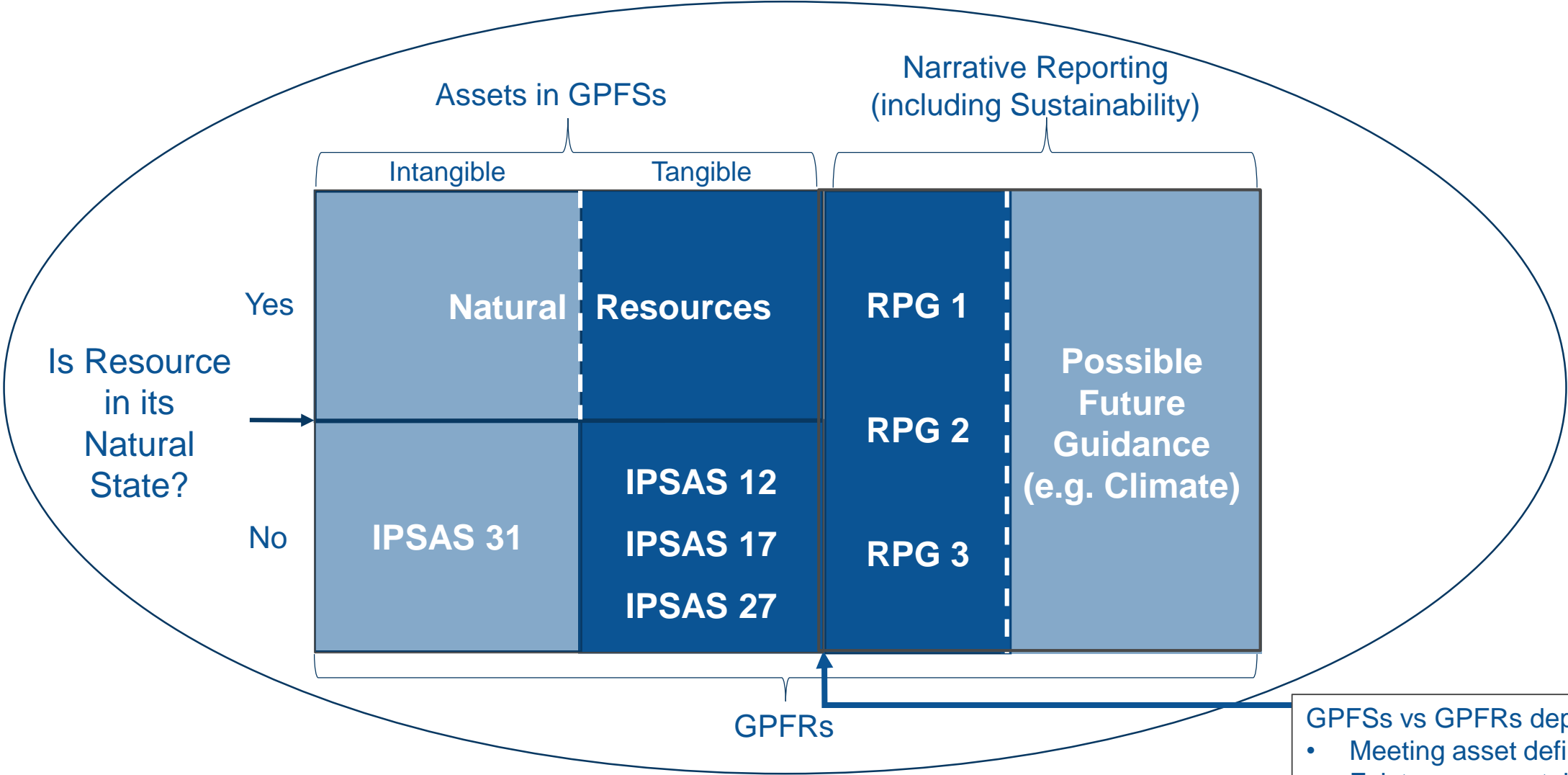
- Balance sheet as basis
- Cash flow projections based on current policies
- Longer time horizons – up to 50 years?
- Fiscal sustainability dimensions:
 - Revenue
 - Services
 - Debt
- Sensitivity analyses
- Non-financial information on Government programs to inform financial projections



Note: The October 2018 forecasts' 2024-25 jumping-off points are assumed to equal their 2023-24 medium-term horizon values.

Source: ONS, OBR

Natural Resources: Guidance overview



Natural Resource CP scope

GPFSS vs GPFRRs depends on:

- Meeting asset definition
- Existence uncertainty
- Measurement uncertainty

High-quality international reporting standards critical to achieving the SDGs



Measuring and reporting financial impacts reliably

Supporting better decision making, risk management and target delivery

Benefits delivered through integrated program and supporting systems



- Source: IFAC 2020 March 2020 Article “Why Adopting High-Quality Accountancy Standards is Critical to Achieving the SDGs by 2030”

Questions, Discussion and Further Information



Visit our webpage <http://www.ipsasb.org/>

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