ANU-CPAA Allan Barton Research Lecture 2021

Public Sector Accounting – international and national influences and developments

Mike Blake AM

Welcome to country

I acknowledge and pay respect to the Australian Aboriginal Community as the traditional and original owners, and continuing custodians of this land on which we gather today and acknowledge Elders – past, present and emerging.

Introduction

It is with great privilege that I make the 2021 ANU-CPAA annual Allan Barton lecture. The accounting profession, public sector and tertiary education sector in Australia and internationally are significantly indebted, and will continue to be so, by Allan's efforts over a very long period.

Much has been written about his achievements which are too voluminous to go into here but three examples, in the context of the material I write about in this paper, are worthy of mention –

- During the 1970s Allan contributed extensively to the fierce debate regarding current cost accounting and the impacts of inflation on business operations. His article titled 'Expectations and Achievements in Income Theory', published in The Accounting Review in 1974, was subsequently reprinted and included as compulsory reading in many accounting theory programs at that time.
- Allan is well remembered for his landmark textbook 'The Anatomy of Accounting', published in 1975, which represented a major departure from the traditional approach to teaching accounting as rule-based bookkeeping.
- As a member of the Australian Accounting Research Foundation Research Committee and principal contractor, Allan played a key role in the development of the Conceptual Framework for financial reporting, an item still on the agenda of the world's standard setting bodies.

My congratulations to CPAA for initiating and keeping going these lectures in honour of Allan.

In overview

It must be noted from the outset that my personal experiences are based on my exposure at a state and territory level, not Federal.

Bearing this above in mind, I aim to address, for the public sector, general purpose financial reporting v prospective financial reporting, developments in accrual financial reporting internationally, how Australia has contributed to those international developments, and how accrual concepts and public sector balance sheets are relevant in managing fiscal risks. I will also mention developments in reporting service performance information from a State (not Federal) perspective but I do not address financial reporting by local governments or universities – these are subjects in their own right in particular because, despite being established by state or territory legislation, they are not regarded as controlled and, therefore, not consolidated.

I also address the emergence of sustainability reporting including how the impacts of climate change is being considered from a financial reporting perspective, how financial reports might have regard to the Sustainable Development Goals (SDGs) and intergenerational reports (also referred to as long-term financial or fiscal sustainability reports). Important, in my view, will be the need for the accounting profession (both accounting and auditing) to ensure it is not passed by as these developments take hold. It is essential that our profession proactively establish a role for itself in the broader move to accountability under proposed Environment, Social and Governance (ESG) frameworks. The International Federation of Accountants (IFAC), to which CPAA is a significant contributor, in so many respects, is I believe addressing this but developments in sustainability, however that may be defined, are moving quickly.

I will also comment on how the Australian Government responded to COVID as part of its approach to managing fiscal risks and debt.

My focus will always be on what I see as our role in ensuring financial reporting satisfies the public interest in the public sector.

Public interest

In the immediately preceding paragraph and later in this lecture, I refer to the public interest or the public interest in the public sector. Described here is what this has meant for me in the context of my career as a public sector auditor and standard setter in accounting and auditing. I recall being asked, when being interviewed for appointment to the AASB, to define the public interest. I made something up on the spot but never felt comfortable with my answer.

Firstly, the point is made that an auditor-general only has one client, the Parliament to which they report. Not the entity being audited. That said, the Parliament comprises the representatives of the people in the relevant jurisdiction and, for this reason, reinforces the importance of the public interest in all of the audits undertaken by Auditors-General. Every audit that I completed, be it an audit of financial statements, an investigation, a compliance audit or a performance audit resulted in varying reports to the respective Parliaments that I worked for. Every recommendation made was aimed at identifying areas for improvement in control systems, compliance frameworks, management of assets and liabilities and service delivery at the entity or whole of system level and, importantly, informing Parliament about the outcomes of these audits. This provided Parliamentarians with an independent assessment of performance and areas for improvement. Before finalising any conclusions arising from audits and before making any recommendation, I asked myself, is this recommendation in the public interest, will it result in better service to the public, how might Parliamentarians respond, will they support my recommendations and urge government to take action?

When it comes to setting accounting standards, my focus differed. Here my attention turned to ensuring that discussions and decisions about what standards to develop or adopt, what should be included within a standard must take the public interest into account, regardless of sector. Approved standards must result in better informed users about the financial performance and position of entities responsible for preparing financial statements and the stewardship of those assets and liabilities. Financial statements must facilitate comparative performance, enhanced decision-making by users, and, especially in the public sector, accountability for allocated resources, in the public interest.

My experiences

A short overview of my experiences in financial reporting in the public sector are in:

- Zimbabwe and Malawi - auditor of government owned businesses and local government entities that reported on an accrual basis in line with IASB standards (at that time) and a member of Zimbabwe's accounting standards board
- Australia initially as a member of the consultative group of the then Public Sector Accounting Standards Board, during which time a standard on financial reporting by government departments was developed, subsequently a Member of the PSASB before it was closed, a member of the UIG and of the AASB
- Australia as a member of the Auditing and Assurance Standards Board
- Internationally as a member of the IPSASB. In my role as Deputy Chair, I had the good fortune to engage with countries moving from cash to accrual and in one case exploring service performance information reporting
- Also internationally, as a member of the Financial Statements of the Government Audit Committee at New Zealand Treasury.

Cash to accrual in Australia but some way to go on service performance reporting and ESG in its infancy

I note having no direct experience in public sector cash accounting. When I joined the public sector in WA in 1993, that state had just moved from cash to accrual[1] so my accrual experience was an advantage. Initially my appointment to the Office of the Auditor-General in WA saw me take responsibility for external audits of the financial reports of this state's government businesses which already accrual accounted and accrual reported. Two years after my appointment, I took on all external financial audit responsibilities.

This distinction between accrual accounting and accrual reporting is important. Government businesses budgeted and prepared monthly financial reports on an accrual basis and financial decisions were based on accrual information. This was not the case for government departments. It was my experience that, although budgets and annual financial reports were accrual based, monthly management reports were cash-based meaning insufficient attention was given to management of assets and liabilities. Little has, in my experience, changed since 1993 although I have noted significant steps taken to develop assets management plans, better manage receivables and accounts payable and employee leave. A major gap has been investment in infrastructure where funds allocated for new physical or social infrastructure has failed to address:

- Additional costs needed to operate constructed assets;
- Any focus on costs that could be saved as a result of the constructing more efficient infrastructure; or
- Assets that need to be disposed of as a result of such investments.

Also disappointing in my view has been the discourse during budget estimates sessions and media commentary where I have noted scrutiny of budgets at the general government sector level, despite the move to accrual budgeting and reporting and to output-based budgeting, has continued to focus on inputs (changes in numbers of employees and salary costs for example) rather than outputs or outcomes (the efficiency or effectiveness of service delivery, for example).

I admit to being enthused when joining OAG WA to find a strong move to key performance indicator (KPI) reporting (indicators of efficiency and effectiveness) with that Office playing a significant role in assisting the GGS to implement such reporting prior to commencing the audit of reported KPIs.

[1] A helpful definition of accrual reporting I think is that applied by IFAC/CIPFA in the 2021 Index – recording the economic substance of transactions when they occur rather than when cash settlement happens.

Relevant measures were included in budget papers but they seemed to receive little attention by parliamentarians or the media and yet, in my view, the public interest requires a focus on how well appropriated funds are spent, not what inputs they are spent on.

In saying this, I acknowledge that, at the Federal level, in 2020–21, the ANAO continued the pilot assurance audits of annual performance statements which the Minister for Finance requested in 2019 that the ANAO conduct, in consultation with the JCPAA. A pilot audit of the 2019–20 performance statements was completed at two entities, and audit opinions and a report on the outcomes of the pilot was provided to the Minister for Finance and JCPAA. The Minister for Finance tabled the two audit opinions in the Parliament on 3 February 2021. Further information is available in the ANAO's annual report at https://www.anao.gov.au/work/annual-report/anao-annual-report-2020-21.

The need for a focus on KPI reporting was recognised by the International Public Sector Accounting Standards Board (IPSASB) when it developed and issued in March 2015 its Recommended Practice Guide 3, *Reporting Service Performance Information.* RPG 3 is not mandatory and I have not researched its application around the world other than to note that I was invited to present on KPI reporting in Kuala Lumpur in 2018, so there was interest in Malaysia. Most states and territories have applied various forms of service performance reporting and output based budgeting, but practices are not consistent and the Australian Accounting Standards Board (AASB) has still to finalise a standard for application in Australia. In 2017 the New Zealand Accounting Standards Board issued a standard on Service Performance Reporting for application by public benefit entities for annual financial reports covering periods beginning on or after 1 January 2021. Earlier application was permitted. I will follow implementation with interest but I have little doubt that such information, read alongside accrual budget and audited financial reports by public benefit entities in that country will significantly improve accountability and the public interest.

Focus by Parliaments on the annual budget and not on annual outcome reports

A continuation of my theme on the need for better reporting on service performance, is the need for Parliamentarians to, in addition to the annual budget, take greater interest in annual reports prepared by GGS entities in particular on services delivered compared to services budgeted. Some form of scrutiny of annual reports is needed with the question asked – what services did you deliver with the funds provided? Not what did you spend the money on! In the jurisdiction that I have worked, scrutiny of budgets is not followed by scrutiny of outcomes, other than in some cases by individual Parliamentarians. Of interest, to me, is that in Tasmania the reverse applies to government businesses where there is annual scrutiny by Parliament of annual reports prepared by these entities but little formal scrutiny of their budgets or corporate plans.

Prospective financial reporting

I have been most encouraged by the move in some jurisdictions (to my knowledge Federally, in NSW, Tasmania and in NZ) to the preparation of reports focussing on long-term fiscal sustainability of a government's finances. For example, Federal legislation requires the preparation of an intergenerational report which is to assess the long-term sustainability of current Government policies over the 40 years following the release of the report, including by taking account of the financial implications of demographic change.

Periods covered by such reports vary, as do frameworks under which they are prepared, or by whom they are prepared, and there is no independent audit requirement which is unfortunate. If ever there was a need for our community to have confidence in, and assurance about, what our country's, states and territories' finances will look like, based on current government policy settings, in the future it is now. Also, not clear from my reading of these reports is a common view of what is meant by the word 'sustainability'. Is it to do with economic sustainability, financial sustainability, environmental sustainability, social sustainability or all of these? Despite my misgivings, these reports are essential reading for our Parliamentarians, public accounts committees and relevant commentators.

The lack of a commonly applied framework is surprising. The IPSASB issued in 2013 its RPG 1, *Long-Term Sustainability of an Entity's Finances*. While its application is at the entity level, application at a whole of government level is available. Unfortunately, this guide, as was the case for RPG 3 referred to earlier, is not mandatory. Two definitions in RPG 1 are relevant:

Current policy assumptions are those assumptions based on legislation or regulation in force at the reporting date with appropriate departures for defined circumstances; and

Long-term fiscal sustainability is the ability of an entity to meet service delivery and financial commitments both now and in the future.

A significant benefit of financial reporting, and external auditing thereof, arrangements in Australia is the independent development of accounting standards by the AASB and of auditing standards by the AuASB. From a public interest perspective, equally relevant is that Australian jurisdictions have chosen to adopt these standards for financial reporting facilitating comparability and accountability. The Australian community would benefit by the AASB taking on a project to develop an accounting standard to address the preparation of financial sustainability type financial reports discussed below. The AuASB does not need to address this. It has already developed standards dealing with the audit of non-historical cost information.

Preparation of a common framework, and sustainability reports in line with such frameworks, would, in my view, go a long way to understanding how governments might better assure all of us regarding things like:

- intergenerational equity especially in our current COVID circumstances where governments at all levels seem to be experiencing deficits with explanation needed of proposals to fund these and revert to more sustainable funding; or
- responses under current policy settings to matters like climate change and other anticipated future shocks.

This will be explored further when I discuss ESG reporting later although it may be of interest that at least two jurisdictions that I am aware of, require local government councils to prepare 10-year financial and asset and cash management plans (Tasmania and NZ). I also note that various organisations are working on developing frameworks and possible standards on sustainability reporting. In this respect, I quote from the Chair of IPSASB as follows:

> Financial statements on their own will not provide all the information needed – non-financial information on progress towards SDG targets, and the key drivers of climate change will also be required. Increasingly, there is strong support for the creation of an International Sustainability Standards Board (ISSB) under the oversight of the IFRS Foundation, in order to provide transparency and accountability for the activities of listed private sector companies. IFAC has been a strong voice within the profession in favor of this initiative.[2]

[2] https://www.ipsasb.org/focus-areas/sustainability-reporting

The IPSASB is closely monitoring these developments seeking to ensure the public sector plays a leading role in these developments – more about this later[3].

What the IPSASB is up to

The IPSASB is addressing more than just accrual-based accounting standards, but relevantly, how accrual reporting will enhance Public Financial Management (PFM) – as outlined in its current strategic plan. Also, its recommended practice guides, in particular RPG 1 which was ground breaking, is now proving relevant in the debate on ESG. More about that later. Also discussed later is Australia's contribution, and approach, to standards and practice guides issued by the IPSASB.

Of relevance to this Allan Barton lecture is the international take up of accounting standards issued by the IPSASB. Take up has increased in recent years with evidence of this clear from the International Public Sector Accountability Index 2021 Status Report issued in June 2021 (the 2021 Index) and prepared jointly by IFAC and The Chartered Institute of Public Finance & Accountancy (CIPFA). The 2021 Index addresses how many jurisdictions reported on an accrual basis in 2020 and provides comparisons with the 2018 Index which outlined the position in 2017. The full 2021 Index is available at https://www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/international-public-sector-financial-accountability-index-2020.

The 2021 Index contains data from 165 jurisdictions, compared to 150 in the 2018 Index.

Relevant extracts from the 2021 Index are outlined in the table below which notes movements in numbers of jurisdictions reporting using three bases:

Reporting bases	2021 Index	2018 Index (restated)[4]
Cash: transactions recognised when cash received or paid	50	52
Partial accrual: some transactions recognised on cash, some on accrual	66	74
Accrual: transactions recognised when underlying economic event occurs; assets and liabilities reported in balance sheet	49	39
Total	**165**	**165**

Evident from the table is that 49 jurisdictions (30% of the jurisdictions included in the 2021 Index) reported on accrual in their 2020 published financial statements, compared with 39 (24%) for 2018. 40% already had some element of accrual in their financial reports – categorized in the 2021 Index as 'Partial Accrual' – compared with 45% in 2018. 30% of governments still reported on a cash basis compared with 31% in 2018[5].

From an IPSASB perspective, the 2021 Index notes that use of International Public Sector Accounting Standards (IPSAS) has increased since 2018[6]. Of the 49 jurisdictions that reported on accrual in 2020, 28 (57%) are using IPSAS in one of these three ways:

- 4 jurisdictions adopted IPSAS with no modifications;
- 8 modified IPSAS for the local context; and
- 16 referred to IPSAS to develop their own national standards.

[3] https://www.ipsasb.org/focus-areas/sustainability-reporting
[4] 2018 data restated to provide comparability with the 2021 Index
[5] From the 2021 Index
[6] From the 2021 Index

Some jurisdictions not categorized as reporting on accrual still make use of accrual IPSAS or the cash basis IPSAS in their financial reporting frameworks.

The 2021 Index includes forecasts of the % and number of jurisdictions that are anticipated will report on an accrual basis by 2025 and projects the % and number that will so report by 2030. The table below records these forecasts and projections:

Reporting bases	**2025 forecast #**	**2030 projection #**	**2025 forecast %**	**2030 projection %**
Cash	25	21	15	13
Partial accrual	57	24	35	15
Accrual	83	120	50	72
Total	**165**	**165**	**100**	**100**

What you might ask, is the basis for these forecasts and predictions? The 2021 Index notes that[7]:

- The 2025 Forecast is based on reviews of the data supplied for the 2021 Index, as well as other available corroborative information to support predictions of where reform processes will have reached by 2025.
- The IFAC/CIPFA view does not in all cases coincide with the current publicly announced plans.
- The impact of the pandemic on accrual reform programs is a big uncertainty that IFAC/CIPFA have been unable to factor into their 2025 forecasts. In a number of cases this will inevitably have diverted both financial and staff resources away from accrual reform programs. The precise impacts will vary between jurisdictions, and will only emerge in the coming years. These will be reflected in future index updates.

The 2021 Index goes on to forecast that:

- in 2025, 61 (73%) of jurisdictions forecast to report on accrual, will make use of IPSAS;
- 16 will adopt IPSAS with no modifications;
- 16 will use IPSAS modified for the local context; and
- 29 will refer to IPSAS in developing their national standards.

This means not only that the number of governments making use of IPSAS will have increased since 2018, but also that there will be an overall greater percentage of direct and indirect IPSAS implementation globally.

This trend is projected to continue, so that by 2030, 97 (81%) of the jurisdictions reporting on accrual are projected to be making use of IPSAS. In case you doubt these forecasts and projects, I note from my time on the IPSASB receipt of regular presentations by jurisdictions on how they are progressing implementation of IPSAS or if not IPSAS, modified IPSAS. Examples include Portugal, other European countries under the European Public Sector Accounting Standards (EPSAS) project[8] and Saudi Arabia.

EPSAS aims to increase the transparency and comparability of public sector financial accounting and reporting between and within EU Member States by developing and implementing a harmonised

[7] From the 2021 Index
[8] https://ec.europa.eu/eurostat/web/epsas

European accounting framework. This will inform governance, policy and decision-making and the management of public finances.[9]

Clear from this is that the decision to establish the IPSASB, and its forerunner organisations, by IFAC was visionary enhancing accrual-based financial reporting internationally, in the public interest.

Promoting IPSAS and advocating the benefits of accrual information in strengthening Public Financial Management (PFM)

Important, in my view, is that the IPSASB is not only developing accounting standards for the public sector, but also assisting with implementation and promoting the benefits of accrual information in strengthening PFM. This is evident from its Strategy and Work Plan 2019-2023 *Delivering Global Standards. Inspiring Implementation*[10]. Relevant extracts from this Strategy are:

> Strategic Theme D: Promoting and encouraging the adoption and implementation of IPSAS is in the public interest as it can lead to improvements in public sector financial reporting globally, which benefits users by providing greater transparency and provides information to inform better decision making. The IPSASB therefore has a very active approach to outreach enabling it to engage in a global dialogue with constituents globally on the adoption and implementation of IPSAS.
>
> Strategic Theme E: The IPSASB's view is that the use of accrual information provides the foundation for strong PFM. In furthering its Strategic Objective, the IPSASB works with other professional groups, regional bodies and sponsoring organizations to help develop the understanding of the PFM benefits of IPSAS adoption in improving transparency, accountability and decision making (for example, it can be also be used for policy and budget purposes, and for statistical accounting).

After all, what is the point of accrual based financial information if it does not assist better understanding of an entity's, or government's, financial performance and position leading to greater understandability, consistency and comparability of financial information, improved decision-making and enhancing accountability, in the public interest. I strongly support the IPSASB's approach and the outreach activities it undertakes, as outlined in Themes D and E above.

Australia's contribution to the development of Public Sector accounting standards by the IPSASB

Australians have contributed significantly to the work of the IPSASB since its inception in 1996[11] with continuous board membership, including a term as Chair, from the start, significant leadership by Australians on the IPSASB staff and continued support by technical staff representing the AARF and AASB.

Australia's contribution was sought after in view of our strong understanding of accrual in the public sector and internationally recognised strength in accounting standard setting more generally. Membership of the IPSASB continued despite Australia not adopting IPSAS or its RPGs. Instead, the AASB applies a transaction neutral approach to accounting standard setting in Australia arguing, I believe very sensibly, that similar transactions should be accounted for in the same way regardless

[9] https://ec.europa.eu/eurostat/web/epsas

[10] https://www.ipsasb.org/publications/ipsasb-strategy-and-work-plan-2019-2023

[11] https://www.researchgate.net/publication/330205427_Jensen_et_al_2013_IPSASB_history_and_IPSAS_adoption_Final_for_EGPA_Workshop_19_April_2013_1

of sector. In this respect, I repeat here the definition of accrual reporting applied by IFAC/CIPFA in the 2021 Index – 'recording the economic substance of transactions when they occur rather than when cash settlement happens'. The economic substance of transactions should be accounted in similar ways regardless of sector.

However, the AASB acknowledges that differences in accounting could be warranted, in generally rare circumstances, by including public sector specific requirements within standards where relevant. A similar approach is taken to financial reporting in the not-for-profit private sector.

This approach in Australia, has, I believe, facilitated comparability, accountability and movement of qualified accountants between sectors leading to the public sector having access to accountants with the skills needed for enhanced financial decision making by GGS entities and governments.

Other benefits of the Australian approach I believe include:

- The transaction neutral approach results in consistency and enhanced comparability of financial performance between sectors
- Our professional accountants, regardless of which body that may be a member of, receive common accounting and finance training enabling skills transfer and skilled resources available to decision makers in public entities and respective Parliaments
- These skills, in my experience, have, more and more, evolved, as they have in the private sectors, well beyond accounting and finance matters into general and executive management including management of financial risks and controls.

A separate standard setter focussing only on the public sector sounds great in theory, but may not have resulted in the benefits described. A transaction neutral approach to accounting standard setting has, in my view, better served the public interest.

For those that are interested in better understanding the AASB's approach to adopting IPSAS, refer to the AASB's policy on this at chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Faasb.gov.au%2Fadmin%2Ffile%2Fcontent102%2Fc3%2FAASB_Approach_to_IPSAS_10-19.pdf&clen=292915&chunk=true.

Users

While accounting standards setters have achieved much in the development of standards for financial reporting in the public sector, I believe we have had less success in identifying users of financial reports, and helping them to understand such reports and how they can help hold governments to account.

In my view, our profession has an important responsibility for identifying who are the users of financial information and then helping them to better understand the usefulness to them of:

- accrual rather than cash budgets
- performance metrics and targets
- how this information can facilitate scrutiny of budgets and annual reports
- why the solution to a public issue (alleged poor health or educational outcomes for example) is always seen to be the need for more money when it may be more a case of how well we are spending what we have?

Managing financial risks (including fiscal risks)

I have been most fortunate, in both my role as a member of the IPSASB and other research work completed, to have been party to presentations and research on the importance of using accrual-based financial information to assist governments manage financial and fiscal risks. In this respect I note my attendance at the following session at the IMF Headquarters in Washington on 6 March 2017 - Transparency and Beyond: Harnessing the Power of Accrual in Managing Public Finances.

Presentations addressing how to utilise the balance sheet to manage fiscal shocks included:

- Using Public Sector Balance Sheets to Manage Fiscal Risks by Amanda Sayegh from the IMF's Fiscal Affairs Department; and
- Accrual concepts are vital to manage Fiscal Risks by Sudarshan Gooptu (Global Lead, Fiscal Policy, Macroeconomics and Fiscal Management Global Practice).

Also relevant to a discussion about using accrual information to manage financial and fiscal risks are:

- The IMF paper from its Fiscal Affairs Department on 'Sources, Disclosure, and Management by Aliona Cebotari, Jeffrey Davis, Lusine Lusinyan, Amine Mati, Paolo Mauro, Murray Petrie, and Ricardo Velloso[12]; and
- How these matters are addressed in our Federal Government's annual budgets – refer https://budget.gov.au/2021-22/content/bp1/index.htm, in particular Statement 3.

To assist those of you reading, or listening to my Allan Barton lecture, I note the following definition from the paper referenced at footnote 10:

- Fiscal risks—deviations of fiscal outcomes from what was expected at the time of the budget or other forecast—arise from macroeconomic shocks and the realization of contingent liabilities.

The very strong messages I gleaned from my experiences and research are that accrual-based information, including an understanding of a government's net worth, are essential to managing, both now and based on prospective financial information, fiscal shocks and realisation of contingencies. This is in my view essential to enabling taxpayers to understand how a government might continue to collect adequate income from taxes or other sources to deliver a seemingly ever-growing demand for services, when, for example, climatic events occur.

The current trend to ESG or sustainability type reporting and the risk and opportunities for the accounting profession

The purpose of my paper was not to outline the growing urgency for the development of standards to address sustainability reporting however sustainability is defined. Instead, my intention is to simply draw attention to this trend including work under way by:

- the Trustees of the IFRS Foundation as noted on their website at https://www.ifrs.org/projects/work-plan/sustainability-reporting/; and

[12] https://www.elibrary.imf.org/view/journals/087/2009/001/article-A001-en.xml

- ESG reporting and I noted that “An ESG report is a report published by a company or organization about environmental, social and governance (ESG) impacts. ... ESG reporting encompasses both qualitative disclosures of topics as well as quantitative metrics used to measure a company's performance against ESG risks, opportunities, and related strategies[13].

Numerous other websites address this topic including guidance for Australian companies atchrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fwww.asx.com.au%2Fdocuments%2Fasx-compliance%2Facsi-fsc-esg-reporting-guide-final-2015.pdf&clen=621125&chunk=true.

These developments are currently focussed on the private sector in particular for listed entities and therefore on capital markets and impacts of environmental factors on cash flows. There is a need, in my view, for the public sector not to be left behind. Fortunately, sustainability reporting is being addressed in Australia by the AASB and AuASB and all public sector accountants are encouraged to keep abreast of these developments and to contribute where relevant.

For information, I attach details of the United Nations Conference on Trade and Development (UNCTAD) conference in November 2021 the which includes sessions on convergence of financial and sustainability reporting frameworks.

Role for public sector auditors in providing assurance on prospective reporting

My paper is not about the roles played by public sector auditors in my view there are opportunities for them in the emergence in particular of reports containing prospective information (sustainability reports, intergenerational type reports for example) and how taking advantage by providing assurance might help them better serve respective Parliaments.

The role of public sector accountants

Noted earlier in this paper was that the move to accrual accounting in the public sector, did in my experience, result in the positive outcome that professional accountants became more mobile between sectors. This resulted in greater contributions of accountants in the public sector. CFOs are now commonly on executive boards – which never used to be the case – so public sector organisations are getting the benefits of stronger financial advice in establishing strategies and taking key decisions.

Conclusions

Accrual-based financial reporting, and implementation by governments of associated standards, is a growing trend resulting in better access to accrual information and accounting professionals facilitating improved decision making by preparers and scrutiny by users. Progress towards the development of frameworks for the preparation of sustainability frameworks, standards and reports is underway in the private sector with accountants in the public sector urged to keep abreast of these developments by ensuring frameworks suitable for the public sector also developed. The Australian

[13] https://www.diginex.com/diginex-esg?utm_term=esg%20reporting&utm_campaign=ESG+%7C+*Reporting+Tool&utm_source=adwords&utm_medium=ppc&hsa_acc=3676453727&hsa_cam=12739570726&hsa_grp=120822012397&hsa_ad=521860645654&hsa_src=g&hsa_tgt=kwd-314597716998&hsa_kw=esg%20reporting&hsa_mt=e&hsa_net=adwords&hsa_ver=3&gclid=CjwKCAjwhaaKBhBcEiwA8acsHO2CUEXDW-2BHr3fpmO0LzHkncl0kDHnBt8dhxcaq3kKuNCB6-g0vhoClngQAvD_BwE

community will be better informed by the provision of suitably assured current and prospective sustainability reports.

Appendix

UNCTAD conference agenda in November 2021

UNITED NATIONS
UNCTAD
www.unctad.org/isar
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- **Thirty-eighth session** of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), Palais des Nations, Geneva, Switzerland, **9 to 12 November 2021, 3 pm to 6* pm Central European Time (CET) each day (Room XIX,** Palais des Nations**)
- **UNCTAD-ISAR Webinar** Impact of COVID 19 on company financial and sustainability reporting, **Monday 8 November 2021, 3 pm to 5:30 pm** Central European Time (CET), **Room XIX**, Palais des Nations

Monday 8 November	Tuesday 9 November	Wednesday 10 November	Thursday 11 November	Friday 12 November
15:00-17:30	15:00-17:00	15:00-17:00	15:00-17:00	15:00-17:00
UNCTAD-ISAR Webinar Impact of COVID 19 on company financial and sustainability reporting	15:00 – 17:00 Agenda Item 3 15:00 to 17:00 High-Level Segment: Recent developments related to the convergence of financial and sustainability reporting frameworks and standards	15:00 -17:00 Agenda Item 3 continued ... Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals	15:00-16:15 Agenda Item 3 continued ... Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals 16:45 to 17:00 Consideration of outcomes of agenda items 3	15:00-16:15 - Agenda Item 4 Climate-related financial disclosures in mainstream entity reporting: good practices and key challenges 15:00-16:15 - Agenda Item 5 Other business 16:15 – 16:30 consideration of outcome of agenda items 4 and 5 16:30 – 16:45Agenda Item 6 – Provisional agenda for the thirty-ninth session of ISAR 16:45-17:00 -Adoption of the report
17:30 Closing of the webinar	17:00 Closing of the day's session	17:00 Closing of the day's session	17:00 Closing of the day's session	17:00 Closing of the day's session
			17:10 to 18:00 Informal consultations (by invitation only)	

*The 38th session of ISAR will be conducted from 3 to 5 pm. The time from 5 pm to 6 pm is reserved for bureau meetings and informal consultations.
**For participants who will be physically present at the 38th session of ISAR, the meeting will take place in room XIX.