



INTOSAI
Working Group
on Environmental
Auditing

Research Project on Sustainability Reporting

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Purpose of the project

- produce analyzed information about sustainability reporting for the needs of SAIs
 - special target group auditors working with environmental issues



Scope

- reporting of organizations
 - e.g. ministries or agencies
 - excludes government reporting on the state of environment



Sustainability information

- sustainability is about rational use of resources
- includes both financial and non-financial information

	energy	waste	water	procurements
financial	expenditure on transportation / heating	disposal costs	water bills	price of purchases
non-financial	CO ₂ tons (per person)	waste in tons / number of collections / recycled waste	water consumption (cubic meters)	share of eco-labeled and fair-trade products

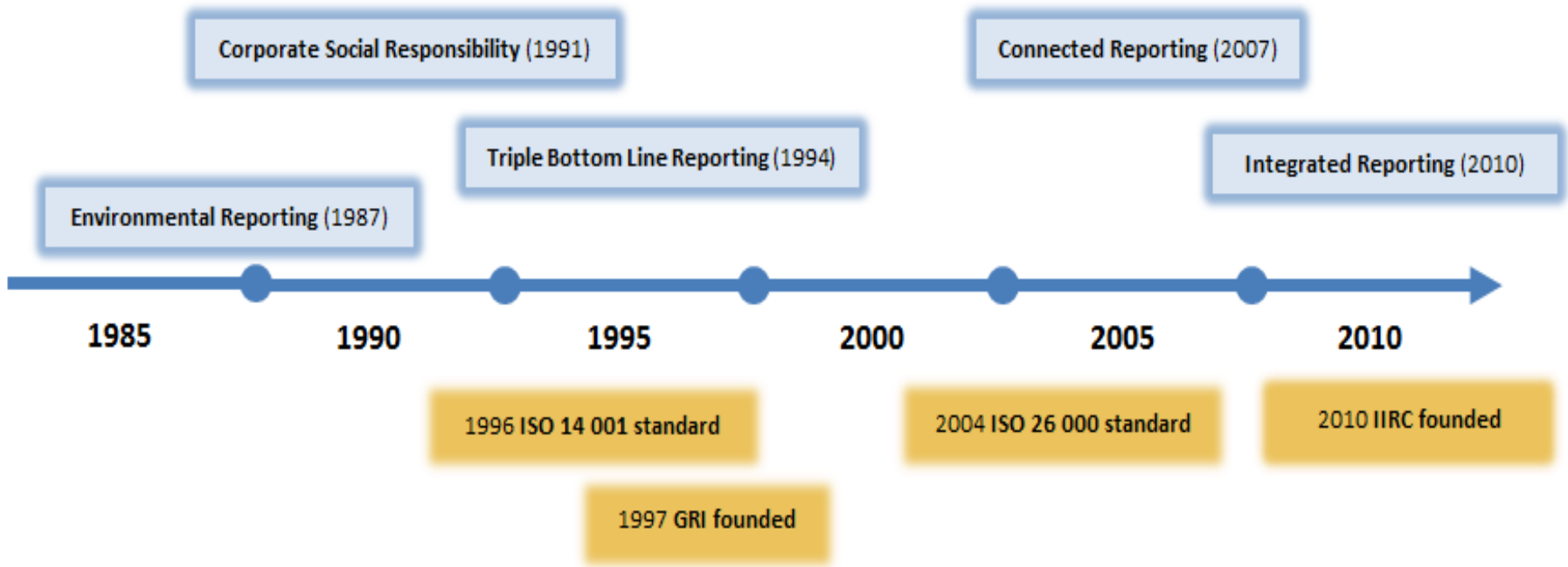


CASE: Brazilian audit on the rational use of natural resources

- public sector could potentially make annual economic savings:
 - 20 % in electric power (USD 150 million)
 - 22 % in water (USD 42 million)



Developments in sustainability reporting



Motivations for sustainability reporting

INTERNAL MOTIVATIONS	Gain better information
	Improve risk management
	Improve performance
	Save resources and money
	Improve staff satisfaction
EXTERNAL MOTIVATIONS	Improve stakeholder communication
	Improve accountability and transparency
	Create positive and trustworthy image
	Build trust in the public sector



Sustainability reporting frameworks

- Global reporting initiative: GRI
- Intergated reporting: IIRC



	Financial reporting	Additional elements in sustainability reporting
time-scale	the reported year	future orientation
focus	issues organization directly controls	wider sustainability impacts, including those that the organization indirectly influences
economic view	material	intangible
data	financial	non-financial
materiality	financial significance	any information that is significant to user
users	shareholders and investors	stakeholders



Keys to successful reporting

- sustainability reporting needs to be embedded within the strategic objectives of an organization
- leadership and executive commitment, but also bottom-up approaches
- integrating reporting to management and information systems
- understandable reporting language, keeping the reporting simple



CASES: Mandatory reporting

- In South-Africa all listed companies need to issue an integrated report containing both financial and sustainability information
- In Sweden, state-owned companies need to disclose sustainability information in addition to an annual review
- In UK, central government organizations have to include sustainability report within their annual report



Assurance of sustainability reports

- no globally agreed standard
- two most often applied standards:

	ISAE3000	AA1000
focus	procedural guidance	relevance of reported information
scope	subject matter predetermined with reported and assurance provider	open-scope approach and stakeholder-based materiality
users	professional accountants	also non-accountants



What about SAIs?

- if public sector organizations start to report, should these reports be verified and by whom?
 - capacity building task for INTOSAI?
- recommendation that SAIs keep an eye on developments in the reporting field
 - assessment of the suitability of proposed reporting frameworks
 - public sector reporting needs to address the specific nature of public sector organizations

