



Federation of European Accountants  
Fédération des Experts comptables Européens

# INFO

*Standing for trust and integrity*

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## Public Sector to drive sustainability and lead by example

Given the current financial and economic crisis and its long term implications, FEE (Fédération des Experts comptables Européens – Federation of European Accountants) wishes to raise the strategic importance of sustainability in the private and public sector and the role that public sector organisations can play. Public sector expenditure in the EU represents more than 40% of EU Gross Domestic Product and public sector organisations have a vital part to play in addressing sustainable development. This is within their organisations but also given the current crisis by setting an example for the market as a whole.

Public sector organisations may work firstly with their community to increase understanding of the state of their environment and secondly with partners to make sustainable development a reality. This can involve developing a comprehensive picture of the state of the environment in which citizens live so as to help track the sustainability impacts of public policy over time. It may also help policy makers determine where further efforts are required and communities, individuals and businesses to identify actions which they can take to address sustainability.

When designing new public policy measures for the public sector, considering investment or reviewing services, public sector organisations must assess potential sustainability impacts and consider appropriate mitigation measures. They are responsible for establishing policies to achieve international sustainability obligations, in particular climate change commitments. They may also wish to demonstrate best practice and leadership on sustainability in public investment and public services.

In the past the public sector focused on the efforts made by the government to address sustainability but now the focus is on achievements. These need to be measured by using financial and non financial performance indicators in combination, not isolation. Governments and public sector organisations claim to embrace sustainability and this raises the need for reporting on sustainability and to have reliable information. FEE believes that the accountancy profession can, by sharing its expertise and experience, help public sector organisations to achieve greater sustainability in their activities and actions.



On 8 July 2009, FEE organised a Roundtable on “Accounting, Sustainability and the Public Sector – policy and accountability, a route map” with a wide range of participants from within and outside the profession. The objective was to identify how sustainability in the public sector can be improved and integrated into policy-making and reporting. This was to be achieved with the help of best practice examples in individual countries and at European level. This Roundtable demonstrated to FEE that there is a developing interest in our sustainability and public sector activities. The debate resulted in various calls for action, the main ones are reproduced below and reference should also be made to the Appendix: a Summary Note on the Roundtable.

In January 2010 FEE will publish a policy statement on the public sector and sustainability entitled “Accountants driving sustainability changes in the public sector”. The Roundtable debate provided useful input for the development of this policy statement.

## **Calls for Action**

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**The public sector should report on sustainability as part of its normal accountability as this should go beyond financial terms. Government policy needs to be linked to key non financial and to financial indicators in combination. The concept of sustainability and the related reporting concepts need to be better developed in the public sector.**

1. The public sector should have an educational and awareness raising role in presenting the sustainability implications of policy decisions which goes beyond reporting financial information. Public policy is an important driver for making things happen in the wider community. Citizens need to understand the challenge of sustainability so as to press politicians to take the necessary actions for long-term, rather than short term solutions.
2. It would be helpful if criteria were developed for assessing the sustainability impact of policy measures. Private sector concepts need to be adapted for the public sector.
3. The public sector can lead by example by ensuring that its operations incorporate sustainability considerations which go beyond climate change. Achieving operational excellence should include the identification, measurement, reporting and management of risks and benefits including those related to sustainability. Appropriate KPIs need to be developed which integrate sustainability considerations. In order to benchmark performance in the public sector standardised succinct indicators are needed.
4. Sustainability considerations should be included in public procurement. The Green Public Procurement Criteria (GPPC) are commended as a step in the right direction.
5. Sustainability, like integrity, needs to become part of decision making in the public sector. Accountability for the economic crisis and sustainability should encompass both external reporting and internal management reporting. This reporting should be part of the formal reporting, for example to the Parliament, and not remain internal or disconnected from financial reporting.
6. If the current economic crisis is not addressed then there is a risk of a second much bigger crisis: climate change. Sustainability will no longer be the issue instead it will be survivability. The message needs to be made.



7. Reporting should be based on adequate data systems that have been subject to validation. Accountants have a role in raising the level of awareness on sustainability generally and in the public sector.
8. Non-financial indicators and sustainability information need to be put in the proper context. One way forward must be the connected (or integrated) reporting route with an overall reporting on the entity's strategy.
9. Climate change measurement is an emerging area and it should be allowed to develop flexibly so that it can adapt to the particular local situation however consistency of indicators is also needed in order to make comparisons.

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## NOTES FOR EDITORS

### About the Roundtable of 8 July 2009

The Summary Minutes of the 8 July 2009 Roundtable on “Accounting, Sustainability and the Public Sector – policy and accountability, a route map” are available on the FEE website at:  
[http://www.fee.be/news/default.asp?library\\_ref=2&content\\_ref=1063](http://www.fee.be/news/default.asp?library_ref=2&content_ref=1063)

The Policy Statement “Accountants driving sustainable changes in the public sector” will be available from early January 2010 on the FEE website at:  
[http://www.fee.be/publications/default.asp?library\\_ref=4&category\\_ref=235](http://www.fee.be/publications/default.asp?library_ref=4&category_ref=235)

### About FEE

**FEE (Fédération des Experts comptables Européens - Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all 27 EU Member States.**

In representing the profession, FEE recognises the public interest. FEE has a combined membership of more than 500.000 professional accountants working in different capacities in public practice, small and larger firms, business, public sector and education, who all contribute to a more efficient, transparent, and sustainable European economy.

To learn more about FEE and about the accountancy profession in Europe, read the FEE 2008 Annual Review, downloadable from our website [www.fee.be](http://www.fee.be).

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