



## **The Danish Institute of State Authorized Public Accountants (FSR) and climate changes**

Almost all Danish companies and organisations will be contributing towards “combating climate change” and keep track of their energy consumption and CO<sub>2</sub>-emissions. Public accountants have the very best tools in their tool box to assist their clients with advice on the processes of accounting and auditing of climate reports and climate goals.

### **Accountants Assist in Combating Climate Change**

Accountants have the tools to assist companies in measuring CO<sub>2</sub>-emissions and auditing climate reports. The Danish Institute of State Authorized Public Accountants (FSR) considers how the Institute may assist its members in their activities related to climate change.

The climate change debate reaches a new peak when the world leaders meet for the Copenhagen climate summit in December 2009. But what has that got to do with the accountants at all? Quite a lot actually!

When a financial statement is made, the accountant is on his home turf. He has a box of tools to help with or secure (verify?) that financial statements and data are complete, precisely made up and calculated correctly, recognized as expected, etc. Whether data have been measured in kilowatt or converted into CO<sub>2</sub> emissions the criteria for data quality are the same; it is just the unit of measurement that has changed.

Consequently, the accountants have quite a lot to offer in the field of climate related activities. This means that they can help Danish companies and organisations to ensure that the climate reports are just as true and fair (solid?) to steer by as their financial statements and internal economic management systems. The structure of a climate report is the same as is used in the financial statements, i.e. a statement from the financial reporting company, a report, a profit and loss account covering consumption and the estimated emissions with comparative figures, a description of recognition and measuring method and notes to disclose developments. The contents of a climate report appear from the so-called GHG Protocol (cf. below)

## **FSR positions the accountants on the climate map**

Climate change tops the agenda of IFAC, the international accounting organisation. At the Annual Meeting in 2008, international experts explained the accountant's work with climate reports all over the world and gave the accounting profession a European ticking-off: Many companies need to show their clients, suppliers and politicians that they work with climate. And here the accountant can be of assistance.

FSR believes that climate change is going to be a new business area for the accounting profession. We do however also work for a broad recognition of the fact that auditors add extra value to business and to society in their capacity of preferred competent company consultants. Therefore, FSR works to promote the value of the accountants in relation to new growth areas as sustainability concepts and verification and attestation in relation to climate, environment, CSR and associates – starting with auditor's independence and the role as representative of the general public.

We work to promote the fact that accountants also can assist and advice companies and associations in making climate and environmental reports. Additionally they can prepare statements to the effect that consumers, authorities and others may feel confident of the verification of CO<sub>2</sub> emissions. An assurance standard exists today for the accountants via ISAE 3000.

*“Companies and organisations do not think of their accountant when they start working on their climate figures, set up a baseline which is the same as an opening balance for instance. In my experience we, the accountants are valuable when it comes to figures and measurements. Right now, climate is the hot topic. And climate is about figures. This is why it is time to talk to the accountants – to ensure proper data end measurements.”* Birgitte Mogensen, State Authorized Public Accountant

### **GHG Protocol**

Greenhouse Gas Protocol (GHG Protocol) is an international financial tool to understand, prepare and administer the emission of greenhouse gases. The GHG Protocol functions as a partnership between *World Resources Institute* and *World Business Council for Sustainable Development* and cooperates with companies, governments and environmental groups to create a new generation of trustworthy and efficient programmes to treat climate changes.

The GHG Protocol works with five criteria for relevant and good communication on climate. Information about climate should be relevant, sufficient, consistent and characterized by transparency and accuracy.

### **ISAE 3000**

ISAE 3000 is also known as the Danish Auditing Standard, RS 3000 (Assurance Engagements Other Than Audits or Reviews of Historical Financial Information). This standard is effective for assurance engagements where the assurance report deals with non-financial information and data also including climate data. The standard is closely related to the standards recognized internationally for the use of statements and opinions on financial reports and accounts. IFAC is behind this standard. FSR is a member of IFAC which is the global organisation for the accounting and auditing profession and whose object it is to protect the general public by ensuring financial reporting of high quality. ISAE 3000 is particularly relevant in connection with statements focusing on data reliability etc. In addition to ISAE 3000 - in order to encourage assurance engagements on CO<sub>2</sub> emissions - a Consultation Paper on Greenhouse Gasses has in November 2009 been put forward for comments, thus emphasizing the importance of the matter.

For more information please visit our website: <http://www.fsr.dk/>