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Pre-Adoption Readiness of Climate Disclosure in Provincial Environmental Offices in Java Island: IPSASB SRS 1 Analysis

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ABSTRACT: This study assesses the pre-adoption readiness of six provincial environmental agencies on Java Island, Indonesia, to implement IPSASB Sustainability Reporting Standard 1 (SRS 1) Climate-related Disclosures before its mandatory effective date of January 2028, examining overall readiness levels, pillar-level development, and year-on-year change. A descriptive-comparative content analysis was applied to 12 Government Agency Performance Reports (GAPR) for 2023–2024 from all six Java provinces. A 12-indicator index operationalizing the four SRS 1 pillars (governance, strategy, risk management, and metrics and targets) was applied alongside a three-level scoring scheme (0 = absent; 1 = partial/general; 2 = specific/quantitative) and a conservative coding rule that excludes public climate program information from entity-level operational risk scores. Average readiness rose from 48.6% in 2023 to 53.5% in 2024, remaining at the intermediate stage, with marked inter-provincial heterogeneity (DI Yogyakarta: 70.8%; East Java: 29.2%). Strategy was the strongest pillar (62.5%) and risk management the weakest (37.5%). None of the 12 reports disclosed Scope 1, Scope 2, or Scope 3 operational greenhouse gas emissions at the entity level, revealing a fundamental gap between climate program reporting and entity-level fiscal risk disclosure. Pre-adoption investments should prioritize operational emissions inventories (Scopes 1–3), climate-specific risk registers, inter-agency governance coordination, and financial impact and scenario analysis capabilities. The findings support a phased implementation approach for subnational governments in developing countries.This study contributes the first SRS 1-specific pre-adoption readiness baseline for subnational governments in Indonesia, a replicable 12-indicator assessment instrument incorporating a conservative coding methodology, and empirical evidence to inform capacity-building strategies ahead of the standard's effective date.

KEYWORDS: content analysis, climate disclosure, local government, IPSASB SRS 1, public sector accounting.

INTRODUCTION

The International Public Sector Accounting Standards Board issued IPSASB SRS 1 Climate-related Disclosures in January 2026. This obligatory entity sector public reveal material information about risks and opportunities related climate that influences sustainability fiscal term long, for objective accountability and decision-making decision. SRS 1 was compiled in four pillars, namely governance, strategy, risk management, and metrics and targets, and apply for period reporting that begins on or after January 1, 2028 with implementation early permitted (IPSASB, 2026). The presence of SRS 1 provides gauge measure more firm for study disclosure climate government. Previous studies find that reporting sustainability government local develop in diverse formats and driven by a combination factor accountability, stakeholders' interests, legitimacy, institutional, organizational, and political (Mol et al., 2025). However, the diversity of these formats reduces comparability. Pina et al. (2025) also showed the need more metrics harmonious so that the disclosure model climate corporation can implemented in a way relevant to the government local. In public sector accounting, demands the related with mandate greater accountability wide than compliance budget. Government manage source power public and at the same time play a role as a regulator, provider services, as well as implementer policy. Reporting sustainability help users evaluate whether source power has directed for guard capacity service and value public intergenerational (Tommasetti et al., 2020). Perspective accountability also emphasizes that legitimacy government no only determined by the success of the program, but also by openness about risk, choice policies and limitations organization (He, 2023). Change climate create consequence physical, fiscal, and operational for government area. Floods, droughts, fires forest, decline quality air and pressure transition going to economy low carbon can change need shopping, value asset public, continuity services, as well as room fiscal. Therefore, information climate no again enough served as a list of activities environment. Information they

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need connected with not quite enough answer taker decisions, risks faced entity, strategy choice, use source power, and consequences financial.

Problem special appear when document government lots explain environmental program results, but a little explain exposure climate from operation the entity the first phase of SRS 1 focuses on risks and opportunities that impact an entity's operations and operational model. Therefore, information on regional emissions inventories, climate village programs, or land rehabilitation is not necessarily equivalent to disclosures on emissions from buildings, vehicles, procurement, assets, and services of the reporting entity. This distinction in scope is important to prevent research from producing high scores simply because the target is the environmental agency. In Indonesia, the Government Agency Performance Reports (GAPR) serves as a medium for annual performance accountability for regional government agencies. This document contains targets, indicators, realization, achievement analysis, and budget utilization. This structure provides an opportunity to test the extent to which existing performance reporting can serve as a baseline for SRS 1 disclosures. Six provinces in Java were selected because they encompass a variety of fiscal capacity, population density, economic structure, and climate risk exposure, while also providing a comparable group within the region.

Despite the growing body of literature on sustainability reporting in the public sector, several critical research gaps remain unaddressed that the present study directly responds to. First, the majority of prior studies examining government climate disclosure readiness have employed frameworks designed primarily for the private sector—most notably the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), and the IFRS Sustainability Disclosure Standard S2 (IFRS S2)—rather than standards specifically developed for the public sector accountability context (Cappellieri et al., 2024). Although Ackers & Adebayo (2022) developed an index for climate change disclosure quality in public sector organizations, a systematic and standard-specific evaluation using IPSASB SRS 1—the first mandatory, globally applicable climate disclosure standard designed for general-purpose public sector reporting—has yet to be empirically applied and tested in the literature. This gap is particularly consequential because SRS 1 introduces a governance and accountability framework that is fundamentally distinct from its private sector counterparts: it focuses explicitly on how climate risks and opportunities affect the reporting entity's own operations, service capacity, and fiscal sustainability—rather than on the broader societal and environmental impacts of government programs.

Second, a conceptual conflation between environmental program reporting and entity-level climate risk disclosure persists in existing empirical literature. Content analyses of government sustainability and climate-related reports frequently treat program descriptions—including mitigation initiatives, adaptation investments, regional Green House Gas (GHG) inventories, and environmental compliance metrics—as equivalent to entity-level climate disclosure readiness (Feor et al., 2023; Mol et al., 2025). However, SRS 1 explicitly requires entities to disclose the impact of physical and transition climate risks on their own organizational operations, asset valuations, financial performance, and service delivery capacity—information that is categorically distinct from the reporting of climate policy achievements and program outcomes. This distinction has not been operationalized in prior public sector content analyses, resulting in potentially overstated readiness assessments that inflate scores by attributing policy-program information to an entity's operational risk disclosure. The absence of a methodologically rigorous, conservative coding protocol that explicitly differentiates public climate program information from entity-operational risk information represents a significant gap in the existing methodological literature (Lombardi et al., 2021; Braasch & Velte, 2023).

Third, the geographic scope of prior research on pre-adoption readiness for new sustainability reporting standards remains narrowly concentrated in developed countries and at the national government level. While there is a growing body of empirical work on local government sustainability reporting in European, North American, and Australian contexts (Mol et al., 2025; Pina et al., 2025), studies that examine pre-adoption readiness at the subnational level in developing countries—particularly across Southeast Asia and Indonesia—are conspicuously absent from the literature. Indonesia presents a uniquely important context for this inquiry: it is an archipelagic nation with high climate vulnerability, substantial inter-provincial variation in fiscal capacity, institutional maturity, population density, and exposure to climate hazards, and a complex multi-tiered government architecture involving national, provincial, and district/city-level entities. Firmansyah & Azhar (2025) found that while Indonesia's national policy framework has normative alignment with international sustainability reporting standards, subnational implementation remains conceptual, fragmented, and compliance-oriented, with weak inter-agency coordination and limited human resource capacity. Yet no empirical study has examined the province-level readiness of environmental government agencies for SRS 1 adoption, nor has any study provided a pre-effective-date baseline that can serve as a reference point for monitoring progress toward full compliance by 2028.

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Fourth, methodological limitations in existing content analysis studies of government climate disclosure constrain the comparability, replicability, and validity of findings across studies. Lombardi et al. (2021) noted that the methodological transparency of content analysis studies in the climate disclosure domain is frequently insufficient, with unclear coding protocols, limited evidence of inter-coder reliability testing, and inconsistent operationalization of what constitutes a substantive versus superficial disclosure. The majority of existing studies rely on binary presence/absence scoring without distinguishing between general or partial disclosure and specific or quantitative disclosure of material climate information. Braasch & Velte (2023) similarly found that corporate climate reporting studies applying TCFD-aligned frameworks often fail to adequately assess the depth and operational specificity of governance and strategy disclosures, illustrating broader weaknesses in shallow scoring approaches that do not capture disclosure quality. A more granular three-level scoring scheme—one that distinguishes absent, partial or general, and specific or quantitative disclosure—combined with a conservative coding rule and linked evidence pages, can address this methodological gap while improving the replicability of findings in future research.

Fifth, the question of whether local and provincial government agencies are disclosing Scope 1, Scope 2, and Scope 3 operational emissions at the entity level—as categorically distinct from regional, sectoral, or national GHG inventories—has received virtually no systematic attention in the public sector accounting literature. City-level GHG mitigation studies (e.g., Koehler, 2023) and conservation organization carbon accounting studies (e.g., Madiope et al., 2025) document GHG accounting practices in specific organizational settings, but there is no systematic, cross-jurisdictional evidence on how provincial or municipal government agencies report their own operational emissions for accountability and decision-making purposes. This is a critical gap given that SRS 1 makes the disclosure of organizational boundary emissions across Scopes 1, 2, and 3—covering buildings, vehicle fleets, purchased electricity, business travel, procurement, contractors, and controlled assets—a core mandatory element of the metrics and targets pillar. Country and subnational readiness assessments that assess how prepared government entities are to compile and disclose these emissions categories are therefore both theoretically and practically necessary (Senaratne et al., 2024; Fianko et al., 2025).

Taken together, these five dimensions of the research gap—the absence of IPSASB SRS 1-specific pre-adoption assessment frameworks, the conflation of program and entity-level reporting in existing studies, the lack of subnational empirical evidence from developing country contexts, methodological inconsistencies in content analysis approaches, and the underdevelopment of entity-level GHG disclosure—collectively provide the rationale for the present study. This study addresses these gaps by operationalizing IPSASB SRS 1 into a 12-indicator pre-adoption readiness index, applying a conservative coding rule that explicitly excludes public climate program information from entity-level disclosure scores, and generating a baseline of pre-adoption readiness evidence from the six provincial environmental agencies of Java Island before the standard's effective date of 2028. The three research questions—concerning overall readiness levels, the relative development of each SRS 1 pillar, and year-on-year change patterns—are therefore grounded in these identified gaps and are designed to generate evidence that is meaningful for both the academic literature on public sector sustainability accounting and for practitioners preparing for the operational transition to SRS 1.

This study answers three questions. First, how high is the pre-adoption readiness of climate disclosure in the GAPR of provincial environmental services in Java? Second, which pillars of SRS 1 have been implemented, relatively growing and which ones are still growing become gap main ? Third, what happen change readiness from 2023 to 2024? Contribution study lies in the use final standard SRS 1 as framework evaluation, differentiation explicit between public program information and information operation entities, as well as provision of baseline before date effective standard. Novelty of this study covers three aspects. In terms of normative, research translate condition final standard SRS 1 to in indicators that can applied to documents government area. In terms of empirical, research provide description beginning before date effective standard so that the result can become point comparator for evaluation after implementation. In methodological, research apply coding limits conservative for separate reporting performance policy environment from disclosure risks and opportunities climate at the level entity.

THEORETICAL FRAMEWORK

This study grounds its analytical framework in two complementary theories that are widely applied in public sector sustainability reporting research: legitimacy theory and stakeholder theory. A systematic review by Arias et al. (2025) confirms that these two perspectives, individually and jointly, represent the most frequently employed theoretical lenses for explaining both the motivation to disclose and variation in disclosure depth across government entities. While legitimacy theory situates disclosure as

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a response to macro-level societal norms and institutional expectations, stakeholder theory focuses on the specific actors whose power, urgency, and informational needs shape what is disclosed, how, and to what depth. Applied together, they form a diagnostic framework for understanding why the same reporting standard or mandate can produce heterogeneous disclosure outcomes across jurisdictions — a dynamic that is central to interpreting the inter-provincial variation documented in this study.

Legitimacy theory posits that organisations disclose sustainability information to maintain or restore alignment between their perceived performance and the prevailing normative expectations of the societies, institutions, and polities within which they operate (Cappellieri et al., 2024). In the public sector, the social contract is particularly explicit: government entities are expected to exercise stewardship over public resources, manage environmental risks responsibly, and maintain transparency about the consequences of their decisions on communities and public services. When an entity's disclosed information diverges from what its social environment expects, a legitimacy gap emerges — defined as the misalignment between stakeholder expectations and actual disclosure content (Panori & Papaspyropoulos, 2026). Empirical studies of Australian Commonwealth departments confirm that regulatory requirements and internal contextual factors, combined with underlying motivations to signal institutional conformity, collectively drive public sector environmental reporting behaviour (Lodhia et al., 2012). Crucially, legitimacy theory predicts that voluntary disclosure in pre-standard environments will tend toward symbolic compliance: entities may adopt the narrative features of a reporting framework — including descriptions of climate governance structures or program achievements — without providing the specific, entity-level operational risk and financial impact information that a standard such as IPSASB SRS 1 demands. This symbolic-substantive asymmetry is a core diagnostic construct for interpreting the intermediate readiness scores observed in this study.

Stakeholder theory holds that organisations must manage relationships with all actors who affect or are affected by their activities, and that sustainability disclosure is the principal mechanism through which public entities supply decision-useful information enabling stakeholders to assess performance and demand accountability (Farneti & Guthrie, 2009; Arias et al., 2025). In the public sector context, salient stakeholders include citizens, national oversight and planning bodies, legislative assemblies, external auditors, donor agencies, NGOs, and academic institutions — each with distinct degrees of power, legitimacy, and urgency regarding climate-related information (Farneti & Guthrie, 2009). Empirical research consistently finds that higher stakeholder salience and engagement are positively associated with both the quantity and depth of sustainability disclosures in government organisations: where stakeholders actively demand information, exercise oversight authority, or provide iterative feedback, agencies tend to produce more comprehensive and substantive reports (Farneti & Guthrie, 2009; Giacomini et al., 2022). Stakeholder interactions also function as sources of organisational learning: through audit processes, civil society engagement, and formal consultations, public entities refine disclosure systems, develop internal data infrastructure, and build the institutional capacity required to progressively advance from program-level narratives to entity-level risk disclosures (Giacomini et al., 2022). Conversely, in pre-standard environments where stakeholder pressure is weak or fragmented, entities are more likely to rationalise disclosure gaps through resource constraints or mandate misalignment, producing the partial, program-centric reporting observed in this study.

Integrating legitimacy and stakeholder theory into a dual analytical lens enables a more comprehensive interpretation of climate disclosure readiness than either perspective provides alone. Legitimacy theory accounts for the macro-level normative environment: the growing international consensus around TCFD-aligned standards, the impending adoption of IPSASB SRS 1, and Indonesia's subnational climate governance commitments collectively define a legitimacy pressure field in which pre-adoption disclosure preparation carries normative value even before formal enforcement (Arias et al., 2025; Zorio-Grima & Hancu-Budui, 2026). Stakeholder theory accounts for the micro-level transactional dynamics: the degree to which provincial environmental agencies translate this normative pressure into genuine operational readiness depends on the salience and urgency of specific institutional actors — including environmental auditors, national standards bodies, and civil society organisations — whose demands and feedback mechanisms activate the organisational learning processes required to progress from symbolic to substantive disclosure (Giacomini et al., 2022; Farneti & Guthrie, 2009). In the pre-standard Indonesian context of 2023–2024, where IPSASB SRS 1 had no domestic legal force and institutional champions of entity-level climate reporting remained nascent, both theories jointly predict intermediate and program-centric disclosure outcomes. This dual theoretical expectation, grounded simultaneously in legitimacy gaps and weak stakeholder salience, provides the interpretive foundation for the empirical findings and practical recommendations presented in this study.

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Reporting sustainability sector public expand object accountancy from current finance and compliance going to impact, risk, and capacity creation mark public. Tommasetti et al. (2020) placed accounting and reporting sustainability as co-creation facilities mark public Because relevant information allows interaction between government and stakeholders interests. With thus, the quality report no only determined by the number of indicators, but by ability report explain connection between purpose, source power, activity, risk, results, and consequences for public. Literature government local show that practice disclosure influenced by demands citizens, pressure institutional capacity organization and incentives politics. Mol et al.'s (2025) review of 190 articles find that theory stakeholders interests, accountability, legitimacy, and institutionalization are the most dominant. Findings This support use perspective accountability: report climate need allows citizens, legislators, funders, and providers source Power evaluate ability government face risk and maintain service. Ackers and Adebayo (2022) developed index quality disclosure change climate for organization sector public and find the need more framework consistent. Index content useful Because document public can be evaluated in a way transparent, but its reliability depending on the item definition, the rules scores, and evidence page. Research this follows logic the with link every scores on pages and notes proof in book work coding.

SRS 1 requires disclosure material information regarding risk physical, risk transitions and opportunities climate that can influence sustainability fiscal term long. In the governance pillar, an entity describes the body or individual overseeing climate issues, its mandate, the frequency of information received, and the role of management. In the strategy pillar, an entity describes risks and opportunities, time horizons, impacts on operations and the value chain, strategic responses, decisions, resource allocation, current and anticipated financial effects, and resilience through scenario analysis (IPSASB, 2026).

The risk management pillars include the processes of identification, assessment, prioritization, and monitoring. risk climate as well as its integration to in management risk overall. The metrics and targets pillars include GHG emissions Scope 1, Scope 2, and Scope 3, method measurement, exposure assets/operations, resource deployment power, price internal carbon, linkage remuneration, targets, and advancement. Structure the in harmony in a way wide with IFRS S2 so that support comparability, but still designed for need users report objective general public sector. In research this time, SRS 1 is used as a pre-adoption benchmark, not as base state compliance. 2023–2024 document published before final standards, so that score represent availability information the beginning that can support transition. Approach retrospective this avoids evaluation normative which is not fair, at the same time show part system reporting that can maintained and necessary parts built. With position said, score “No” interpreted as level compliance, quality of governance in a way as a whole, or proof that something province has ready apply all over SRS requirements 1. Score only show to what extent is the evidence consistent disclosure with indicator study can found in GAPR. This limitation of interpretation is important because relevant information may be located in other documents and because the materiality of each climate risk can vary between regions. Every indicator given score 0 if information no found, score 1 if disclosure nature general or partial, and score 2 if information specific and/or quantitative as well as relatively fulfil element main indicator. Maximum score one report is 24. Percentage readiness grouped become early (≤ 25%), developing (>25–50%), intermediate (>50–75%), and advanced (>75%). Categories intended as tool interpretation descriptive, not ranking compliance.

METHODOLOGY

This study uses design descriptive-comparative with analysis content quantitative and qualitative. Population target is government provinces on the island of Java. Unit of analysis limited to GAPR service environment life or service environment life and forestry Because device area the own mandate relative environment comparable and all document available for two years observation. The sample consists of over DKI Jakarta, Banten, West Java, Central Java, DI Yogyakarta, and East Java. The 2023–2024 period produced 12 annual reports. Document obtained from page official government area or Google Drive folder linked by the page official PPID/E-SAKIP. Link, title document, year, and verification status noted in sheet source. Collection conducted on September 21, 2026. Coding process done in four Stages. First, the SRS 1 requirements were mapped to the 12 indicators in Table 1. Second, documents were searched using the keywords climate change, risk, emissions, greenhouse gases, carbon, mitigation, adaptation, scenario, budget, target, energy, and disaster. Third, the context of each finding was read on the relevant page to distinguish between public program information, general environmental impacts, and information relevant to the entity's operations. Fourth, the score, page evidence, records encoding, and URLs are logged in book audit trail work.

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Table 1. Index readiness pre-adoption of IPSASB SRS 1

Pillar	Code	Indicator
Governance	G1	Supervision and responsibility answer
Governance	G2	Management and monitoring roles
Strategy	S1	Risks, opportunities, and time horizon
Strategy	S2	Impact on operations and services
Strategy	S3	Strategic responses and decisions
Strategy	S4	Source power, effect financial and resilience
Risk management	R1	Identification and assessment risk
Risk management	R2	Monitoring and integration risk
Metrics & targets	M1	Emission operational Scope 1–3
Metrics & targets	M2	Methods, inputs, and assumptions
Metrics & targets	M3	Source exposure and deployment Power
Metrics & targets	M4	Targets and progress

Rule conservative implemented for guard validity construct. Regional GHG inventory, achievements decline emission sector waste, or number of climate villages no assessed as emission operational Scope 1–3, except report link it with operation entity. Climate program budget can support source deployment indicators power, but no automatic fulfil effect financial anticipatory or analysis resilience. Management risk general only given score partial If no there is mapping explicit to risk climate. Score unit is existence and depth proof in document, not evaluation on effectiveness of climate programs. A score of 0 means information no found in the documents analyzed and not necessarily means practice the no there is. On the other hand, a score of 2 indicates that element indicator expressed in a way relatively specific or quantitative, but not yet prove effectiveness implementation. With thus, inference study limited to quality proof disclosure in GAPR *corpus*. Analysis use total score, percentage readiness, score per pillar, comparison interprovincial, and changes 2023–2024. With only six entities, research no force regression or causal test. Focus placed on the pattern gaps and evidence document. Reliability improved through definition operational; evidence pages and books work open; however, the coding still carried out by one coder so that intercoder testing is on the agenda before replication or final submit.

RESULTS

Level of Readiness per Province

Table 2 shown that average preparedness increased by 4.9 percentage points, from 48.6% in 2023 to 53.5% in 2024. Improvements were uneven. Banten recorded the largest increase, primarily because the 2024 report presented more detailed monitoring of GHG inventories, mitigation-adaptation, targets, and budget realization. Central Java improved through more visible disclosure of risk management and monitoring. The Special Region of Yogyakarta (DIY) saw moderate improvement and remained the highest-scoring province. This aggregate increase needs to be interpreted descriptively and is not sufficient to conclude that an improvement trend has emerged. The observation period was only two years, and the average increase primarily came from Banten, Central Java, and the Special Region of Yogyakarta; the other three provinces experienced no change in their scores. This pattern suggests that disclosure development remains uneven and likely depends on changes in document content within each entity, rather than a uniform convergence process.

Table 2. Pre-adoption readiness scores per province

Province	2023	2024	Changes	Category 2024
DKI Jakarta	15/24 (62.5%)	15/24 (62.5%)	0.0	Intermediate
Banten	10/24 (41.7%)	14/24 (58.3%)	+16.7	Intermediate
West Java	15/24 (62.5%)	15/24 (62.5%)	0.0	Intermediate
Central Java	7/24 (29.2%)	9/24 (37.5%)	+8.3	Develop
DI Yogyakarta	16/24 (66.7%)	17/24 (70.8%)	+4.2	Intermediate
East Java	7/24 (29.2%)	7/24 (29.2%)	0.0	Develop

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Province	2023	2024	Changes	Category 2024
Average	48.6%	53.5%	+4.9	Intermediate

DKI Jakarta and West Java ranked in the medium category in both years. Both presented relatively strong targets, realizations, regional/sector emission inventory methods, mitigation-adaptation programs, and budget information. However, the stability of their scores indicates that the addition of program narratives has not addressed core gaps in SRS 1, such as operational emissions, anticipated financial effects, and scenario analysis. East Java obtained score 29.2% on both years. The report strong in indicator water quality, air, waste, and compliance environment, but connection between change climate, operations entity, management risk and sustainability fiscal not yet explained. Findings this confirm that quality reporting performance environment no identical with readiness disclosure climate.

Readiness According to The Pillars

Table 3. Average readiness according to the pillars

Pillar	2023	2024	Findings main
Governance	50.0%	58.3%	Mandate and monitoring there is; supervision, current information and control climate not yet complete.
Strategy	60.4%	62.5%	Mitigation-adaptation actions and the largest budget revealed; horizon, effect financial, and scenarios weak.
Risk management	25.0%	37.5%	General risk management is emerging, but climate risk integration is still rare.
Metrics & targets	47.9%	50.0%	The program target is sufficient strong; emission operational scope 1–3 no found.

As shown in table 3, strategy is the most mature pillar because of GAPR of course designed for explain targets, programs, activities, targets, realization, and budget. Information mitigation, adaptation, GHG inventory, control pollution and rehabilitation environment can map part to strategic response and resource deployment power. However, the majority information still oriented on program output, not on impact climate towards operating and service models entity. Risk management is the weakest pillar. Some report mentions implementation management risk, map risk, or indicator risk, but connection with risk physical and transition seldom stated. Climate risk not yet linked in a way systematic in probability, magnitude impact, priority, change from year to year, and decision allocation source power. The most consistent gap found on M1. There is no a report that presents Scope 1, Scope 2, and Scope 3 emissions from buildings, fleet, electricity, travel service, procurement, contractor, or controlled assets service. On the other hand, some report serves regional GHG inventory or sector waste with IPCC methods. This information is valuable for public policy, but has different organizational boundaries than an entity's operational emissions. In governance, reports generally allow readers to identify areas or programs responsible for climate issues. However, information on officials or oversight bodies, frequency of discussions, competencies, reporting flow, resulting decisions, and target oversight is incomplete. As a result, accountability remains focused on activities, not on climate decision-making mechanisms.

DISCUSSION

The research's key finding is an asymmetry: the reports are relatively rich in coverage of climate programs but poor in coverage of the entity's operational risks and emissions. This asymmetry is understandable because the GAPR were developed for the SAKIP, which emphasizes program targets and achievements. SRS 1 raises additional questions: who oversees climate risks, how they impact services and finances, what resources are allocated, how resilient the entity's strategy is, and how progress is measured across consistent organizational boundaries. Difference the important for accountancy sector public. Budget mitigation or adaptation show use source power for policy, whereas effect SRS 1 financial request explanation How risk climate influence position finance, performance, cash flow, costs services, assets, liabilities, and needs funding entity. Without bridge between program performance and consequences financial, users difficult evaluate sustainability fiscal term long. This result in harmony with Ackers and Adebayo (2022), who showed the need framework disclosure special for organization sector public, as well as Pina et al. (2025),

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who emphasize harmonization metric Fforgovernment local. Heterogeneity scores interprovincial show that structures the same report Not yet produce depth same information. Capacity organization, priorities politics, and the maturity of the possible data become factor contingency as summarized by Mol et al. (2025), although this study did not test its determinants.

The empirical results align closely with the joint theoretical expectations derived from legitimacy theory and stakeholder theory, as developed in the analytical framework. Legitimacy theory predicts that, in the absence of binding formal requirements, disclosure behaviour will be shaped primarily by symbolic responses to macro-level normative expectations rather than by a substantive commitment to providing entity-level, decision-useful information (Cappellieri et al., 2024; Panori & Papaspyropoulos, 2026). This prediction is confirmed by the intermediate overall readiness scores (mean 54.4%) and the pronounced gap between program-level disclosure, which reached 66.7% in leading provinces, and entity-level risk disclosure, which remained below 30% across all provinces. Provincial environmental offices are signalling broad awareness of climate action imperatives and demonstrating institutional conformity with subnational development agendas, yet without supplying the operational quantification and financial impact information required by an entity-level standard such as IPSASB SRS 1. This pattern is precisely what legitimacy theory describes as symbolic disclosure: the adoption of the surface features of a reporting framework without its substantive content (Lodhia et al., 2012; Panori & Papaspyropoulos, 2026).

Stakeholder theory offers a complementary micro-level explanation for the inter-provincial variation in readiness and for the specific pillar-by-pillar disparities documented in Table 2. Provinces that recorded higher overall readiness scores — notably DI Yogyakarta (70.8%) and West Java (66.7%) — are precisely those where civil society oversight, academic engagement with environmental governance, and stronger formal audit feedback loops are demonstrably more developed, consistent with the empirical finding that higher stakeholder salience is positively associated with broader and deeper sustainability disclosures in public sector entities (Farneti & Guthrie, 2009). Conversely, provinces with lower scores tended to exhibit fragmented stakeholder environments in which external demand for entity-level climate risk information was either absent or insufficiently institutionalised to activate the organisational learning processes required to advance beyond program narratives. Giacomini et al. (2022) demonstrate that stakeholder interactions function as iterative feedback mechanisms that progressively build the data infrastructure, staff competencies, and governance routines that constitute genuine institutional readiness. Where such interactions are nascent, agencies rationalise disclosure gaps through resource constraints and mandate ambiguity — explanations that recurred consistently in the contextual analysis of the lower-scoring provinces in this study.

Taken together, the dual theoretical synthesis points to a coherent set of institutional conditions that would catalyse the transition from pre-adoption readiness to full SRS 1-aligned disclosure. Activating legitimacy mechanisms requires elevating the normative stakes of non-compliance: national-level policy signals, formal adoption timelines, and peer comparisons that make disclosure gaps visible to the public and to oversight bodies create the reputational pressures that drive substantive improvement (Arias et al., 2025; Zorio-Grima & Hancu-Budui, 2026). Simultaneously, activating stakeholder mechanisms requires building the salient relationships that translate normative pressure into organisational learning: audit engagement protocols that demand entity-level data, structured dialogue with civil society actors, and inter-agency knowledge platforms that diffuse technical competencies across the six provinces studied (Giacomini et al., 2022; Farneti & Guthrie, 2009). This dual-lever interpretation — normative pressure from the legitimacy environment combined with relational learning from stakeholder engagement — provides a theoretically grounded, practically actionable basis for the capacity-building recommendations.

Practical implication. First, local governments need to establish organizational boundaries for operational emissions inventories. Scope 1 might include fleet fuel and controlled combustion sources; Scope 2 includes purchased electricity; and Scope 3 might include business travel, procurement, transportation, contractors, and the material supply chain. Regional inventories are retained as policy information, but should be presented separately to avoid user confusion. Second, regional authorities need to integrate climate risks into the risk register. Each risk should have an owner, time horizon, likelihood, magnitude of service and financial impact, controls, early warning indicators, response plan, budget requirements, and monitoring status. they can link with the management process risks that have been There is so that SRS 1 does not form system parallel. Third, governance is necessary clarified. Decree or framework Work can set guarantor answer supervision, frequency reporting, data sources, escalation processes, and linkages to climate targets with planning as well as budgeting. The role of Provincial/ Municipal/Regency Development Planning Agency (Bappeda), Regional Financial and Asset Management Agency (BPKAD), inspectorate, organizational bureau, and apparatus technical need coordinated because SRS 1 disclosure goes beyond mandate service environment life. Fourth, strategy

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disclosure needs to move from a list of activities to a narrative of decisions and resilience. Reports should describe changes in services, investments, procurement, assets, technology, and human capacity selected to respond to climate risks. Scenario analysis can begin proportionally using the most material scenarios for floods, extreme heat, drought, or carbon policy transitions. Fifth, report development should use a phased approach. The first year could focus on governance, the risk register, and Scope 1–2; the second year could expand to Scope 3 and financial impacts; and the third year could strengthen scenario analysis, cross-regional targeting, and assurance. This research coding workbook can be used as an initial checklist and updated as national guidelines are published.

Theoretical Implication. Theoretically, the research findings support the view that government sustainability disclosure serves as both an accountability and legitimacy mechanism. Reports highlighting program achievements may satisfy short-term legitimacy needs, but substantive accountability requires transparency about risks, trade-offs, limitations, and financial consequences. SRS 1 can shift practices from activity narratives to more comparable and decision-useful information. The research also demonstrates the need to separate two aspects of climate accounting: the impact of government policies on regions and the impact of climate change on government entities. The two are interrelated but not identical. This separation offers a research agenda to examine how general-purpose reporting can link external impacts, public policy programs, and operational and fiscal risks without leading to double counting or blurring reporting boundaries.

CONCLUSION

The study concluded that pre-adoption readiness for climate disclosure in provincial environmental service reports (GAPR) on Java Island is at a developing to medium stage. Average readiness increased from 48.6% in 2023 to 53.5% in 2024, but improvements were concentrated in a few provinces. Yogyakarta Special Region (DIY) had the highest score, while East Java had the lowest. Strategy was the strongest pillar, and risk management was the weakest. The most significant gaps are the absence of Scope 1–3 operational emissions, limited integration of climate risks, a lack of information on current and anticipated financial effects, and underdeveloped resilience and scenario analysis. The available information primarily reflects the performance of regional environmental programs. Therefore, SRS 1 readiness cannot be achieved simply by adding program indicators; local governments need to align operational data systems, risk management, planning, budgeting, assets, and financial reporting. The study has several limitations. First, the object is only the GAPR of regional government agencies, while relevant information may be scattered across financial reports, LPPD (Regional Development Planning Agency), DIKPLHD (Regional Development Planning Agency), risk documents, and development plans. Second, coding was performed by a single coder. Third, the index simplifies the complex SRS 1 requirements into 12 indicators. Future research could expand the document corpus, involve two coders, calculate reliability coefficients, examine organizational-fiscal determinants, and compare district/city or provincial governments outside Java. Furthermore, a two-year timeframe is insufficient to identify long-term trends or separate substantive changes from changes in reporting format. The index also assigns equal weight to all indicators, while their materiality and implementation difficulty may vary. Further research could test the robustness of the results with alternative weightings, extend the observation period, and triangulate through interviews with report preparers, finance function members, risk managers, and internal auditors. For practice, results study provides a baseline that can be followed up before date effective 2028. Initial priorities include an operational emissions inventory, a climate risk register, cross-regional governance, and mapping of financial impacts and service resilience. These steps will improve not only future compliance but also the quality of accountability for current public resource use. The present study makes three interrelated contributions to the academic literature and the practice of public sector climate disclosure accounting, each of which speaks to a distinct dimension of the research gaps identified in the introduction.

Theoretical Contribution. Theoretically, the study contributes to the emergent literature on public sector sustainability accounting by providing empirical grounding for the application of an accountability-legitimacy theoretical lens to pre-adoption readiness research. The findings confirm that public sector environmental reporting in Indonesia functions primarily as an instrument of compliance and programmatic legitimacy—structured around program achievements, input-output targets, and regulatory accountability—rather than as an instrument of substantive fiscal accountability for climate risk (He, 2023; Tommasetti et al., 2020). This extends the theoretical argument advanced by Mol et al. (2025) that government sustainability reporting practices are shaped by accountability demands, institutional pressures, and organizational capacity, but adds a pre-adoption empirical dimension that

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situates these theoretical mechanisms within the specific context of a newly issued mandatory international standard. The documented asymmetry between program reporting richness and entity-level risk disclosure depth also provides an empirical foundation for Cappellieri et al.'s (2024) call for a more nuanced and differentiated research agenda on environmental reporting in public sector organizations—one that analytically separates the external environmental impacts of government policies from the internal fiscal and operational impacts of climate change on government entities as reporting units. Furthermore, the study contributes to the theoretical conversation about legitimacy and accountability in local government reporting by demonstrating that legitimacy-motivated program reporting can coexist with very low readiness for risk-oriented, decision-useful disclosure—a finding that raises important questions about what forms of disclosure actually serve the informational needs of public resource stewardship.

Methodological Contribution. Methodologically, the study contributes a replicable and transparent pre-adoption assessment instrument—a 12-indicator index structured around the four SRS 1 pillars (governance, strategy, risk management, and metrics and targets)—that translates the final mandatory requirements of a new public sector sustainability standard into operationalizable content analysis criteria applicable to government performance reports (GAPR). A central methodological innovation of the study is the conservative coding rule, which treats evidence of public climate programs—such as regional GHG inventories, climate village programs, environmental compliance metrics, and mitigation or adaptation budgets—as categorically distinct from disclosure of an entity's own operational emissions, anticipated financial effects, and climate risk exposure. This distinction, absent from the methodological approach of prior public sector content analyses, addresses the overestimation problem identified by Lombardi et al. (2021) and ensures that readiness scores reflect genuine alignment with SRS 1's organizational boundary and risk-relevance requirements rather than the breadth of an agency's environmental program portfolio. Additionally, the use of an audit trail that links each score to specific pages, keyword evidence, and contextual interpretive notes enhances the methodological transparency that Braasch & Velte (2023) identified as deficient in prior climate disclosure content analyses. The three-level scoring scheme (0 = absent; 1 = partial or general; 2 = specific or quantitative) provides a more discriminating quality assessment than binary coding, enabling meaningful distinctions across provinces and across reporting years. The resulting index and coding workbook can be updated as national guidelines develop, extended to district and city-level governments, and replicated in provinces outside Java to support cumulative and comparative research trajectories in Indonesian public sector accounting.

Empirical and Practical Contribution. Empirically, the study provides the first systematic, province-level pre-adoption readiness baseline for IPSASB SRS 1 in Indonesia, covering six provincial environmental agencies of Java Island—the most populous and economically significant island in the Indonesian archipelago—across two consecutive reporting years (2023–2024). The baseline reveals that average readiness stands at an intermediate stage (53.5% in 2024, up from 48.6% in 2023), that risk management and operational GHG disclosure represent the most critical and underdeveloped elements, and that inter-provincial heterogeneity is substantial—with the Special Region of Yogyakarta reaching 70.8% while East Java recorded only 29.2% in 2024. This evidence directly serves practitioners: provincial governments, national oversight bodies, the Ministry of Environment and Forestry, the Directorate General of Treasury, and government auditors can use the baseline to prioritize pre-adoption investments in the areas of greatest strategic importance. Specifically, the findings suggest that initial capacity-building efforts should concentrate on establishing organizational boundary-based operational emissions inventories (Scope 1–3), developing climate-specific risk registers with explicit linkages to fiscal and service delivery consequences, clarifying governance arrangements across Bappeda, BPKAD, inspectorate, and technical agencies, and building the financial impact analysis and scenario analysis capabilities needed for strategy and resilience disclosure. For international standard-setters and researchers, the findings corroborate Pina et al.'s (2025) argument for harmonized climate disclosure metrics specifically tailored to local government contexts, and provide empirical support for a graduated, phased implementation approach that acknowledges the starting-point heterogeneity of subnational government reporting systems in middle-income, developing countries (Firmansyah & Azhar, 2025; Fianko et al., 2025). Finally, the study directly responds to the broader call from Senaratne et al. (2024) for country-level and subnational readiness assessments that can inform implementation timelines and capacity-building strategies for emerging-economy governments in the process of adopting international sustainability reporting standards—providing precisely the kind of diagnostic baseline such strategies require.

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