

INTERNAL AUDIT'S ROLE - SUSTAINABILITY IN THE PUBLIC SECTOR

South African Experience

PRESENTED BY:

Beerson Baboojee

Title: Chief Director
*Internal Audit & Risk
Management*

Date 03 June 2025



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

Table of contents

- Legislative framework for sustainability reporting
- Current state of play
- Internal audit's role in sustainability auditing
- Future outlook for internal audit's role in sustainability

LEGISLATIVE FRAMEWORK

- There is currently no framework for sustainability reporting for the public sector. The Accounting Standards Board (ASB) and the National Treasury are looking into the feasibility of having a specific framework.
- The Independent Regulatory Board for Auditors (IRBA) is working on developing local sustainability auditing standards aligned to ISSA 5000.
- There is no Internal Audit specific guidance on sustainability auditing.

CURRENT STATE OF PLAY

- Extensive environmental, social, governance (ESG) reporting outside the financial statements is already a feature of public sector reporting, so the focus should be on improving the cohesion and quality of reporting rather than prescribing more reporting.
- Especially the social and governance elements of sustainability currently require exhaustive reporting.
- Institutions that must deliver against specific Sustainable Development Goals (SDG) targets are compelled to report on the achievement of those targets per the prescribed norms for reporting of performance against pre-determined objectives.

INTERNAL AUDIT'S ROLE IN SUSTAINABILITY AUDITS

- In the context of the current state of play, Internal Audit, in terms of existing internal audit guidance (not specific to sustainability auditing):
 - assess the risk management process around objectives (including any related to sustainability).
 - audit performance information related to predetermined objectives (including any related to sustainability).
 - review the accuracy and completeness of reporting against these objectives in external reports.

FUTURE OUTLOOK FOR INTERNAL AUDIT'S ROLE IN SUSTAINABILITY AUDITING

- We see Internal Audit as continuing to be an important provider of assurance on sustainability topics, albeit not always as the lead assurance provider.
- In the social and governance streams, Internal Audit can be the lead assurance provider as part of the combined assurance process, as it should be competent in auditing in these areas.
- In the environment stream, since it's a highly specialised area, we see Internal Audit playing a secondary role.
- The Audit Committee and Internal Audit must assess the latter's competency in providing assurance and advisory services in this complex area of sustainability before assigning its role.
- We look forward to the public sector sustainability reporting framework, the ASB developed auditing standards and guidance issued by the IIA to enhance our existing guidance to internal auditors.

THANK YOU