Federal Ministry
Republic of Austria
Finance

Practical experience on auditing sustainability in public sector

PEMPAL AiP and CHU Working Groups Meeting

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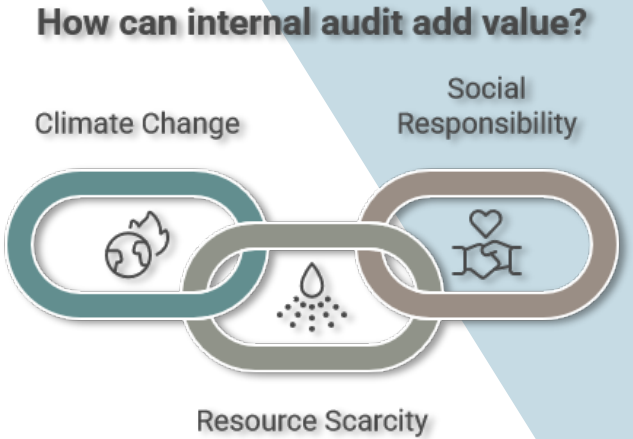
The Challenge - Why Sustainability in Internal Audit?

The Sustainability Challenge for Internal Audit

- Global sustainability pressures on public organizations
- Traditional audit approaches may miss opportunities
- Need for practical integration, not separate "sustainability audits"

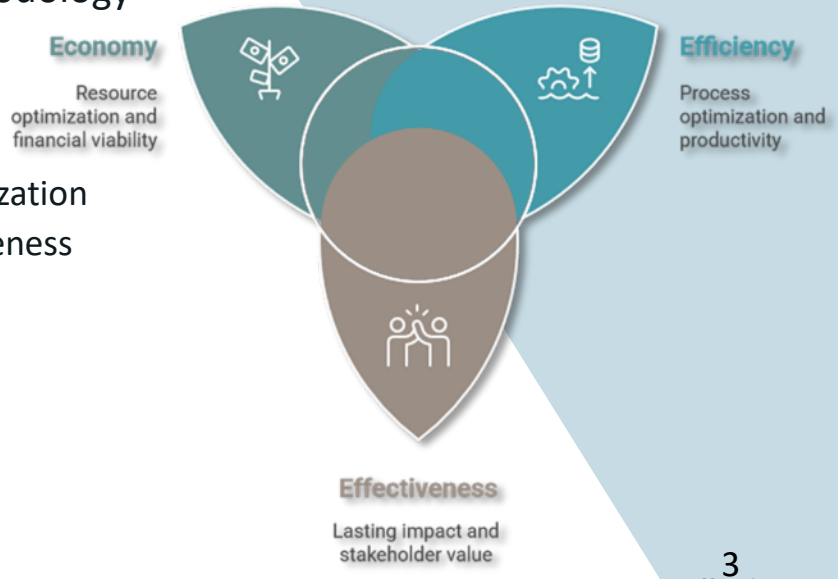


Sustainability as Performance Enhancement

Reframing the Approach: Sustainability ≠ New Audit Type

- Sustainability = Enhanced performance audit methodology

- Traditional 3Es with sustainability lens:
  - Economy → Economic sustainability & resource optimization
  - Efficiency → Environmental efficiency & social effectiveness
  - Effectiveness → Long-term impact & stakeholder value



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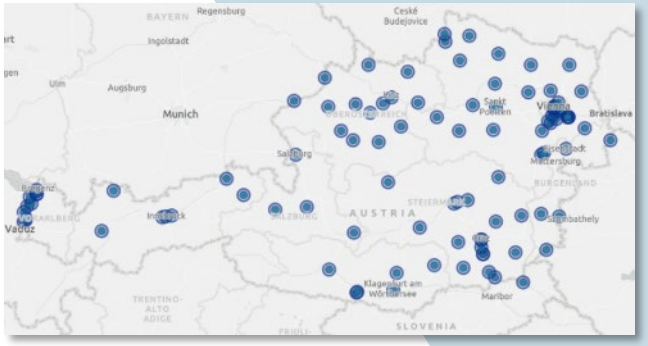
The Case: Real Estate & Space Management Audit

Audit Objective	Hidden Opportunity	Auditees
Examine economy, efficiency, effectiveness of space management	Identify sustainability improvements through traditional criteria	All subordinate area properties (tax offices, customs offices, etc.)

No explicit sustainability mandate!

Initial information

- Federal Ministry of Finance
- €100+ million annual real estate costs
- 11,000+ employees
- across 100+ locations



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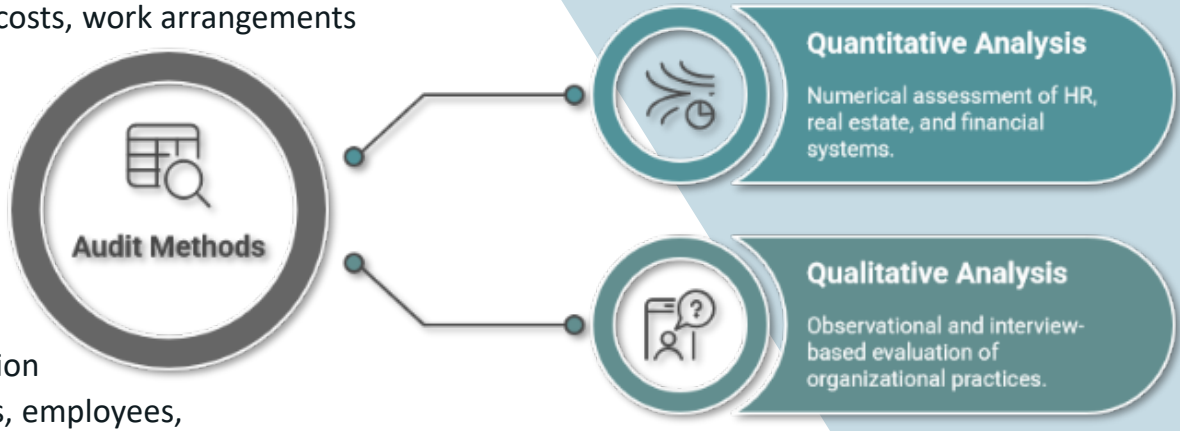
Methodology - Multi-Dimensional Data Analysis

Quantitative audit methods used:

- HR systems: attendance patterns, travel costs, work arrangements
- Real estate systems: space allocation, utilization rates
- Financial systems: costs per m², per employee, energy consumption



Qualitative audit methods used:

- Site inspections with enhanced observation
- Stakeholder interviews (facility managers, employees, union representatives)
- Document analysis (contracts, policies, energy certificates, building assessments)

Key Principle: Use existing audit methodology with sustainability awareness

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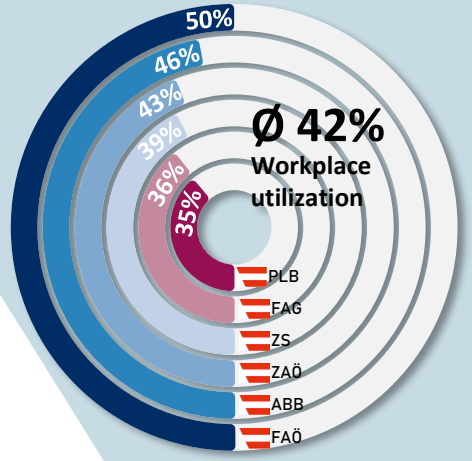
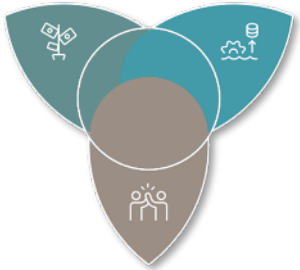
Key Finding 1 - Massive Resource Underutilization

- Average workplace utilization: 42%
- Friday utilization: <30%
- Annual cost impact: € millions in unnecessary rent/utilities
- Environmental impact: Heating/cooling/lighting empty spaces



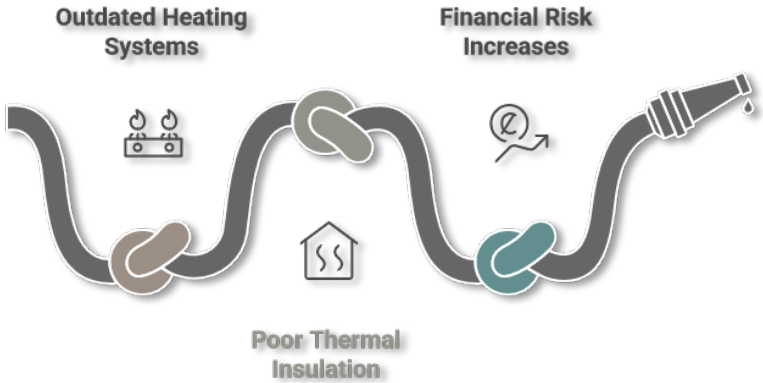


The Triple Impact:

- **Economic**: Wasted rental and operational costs
- **Environmental**: Unnecessary energy consumption and emissions
- **Social**: Inefficient use of public resources

Key Finding 2 - Dramatic Energy Performance Variations

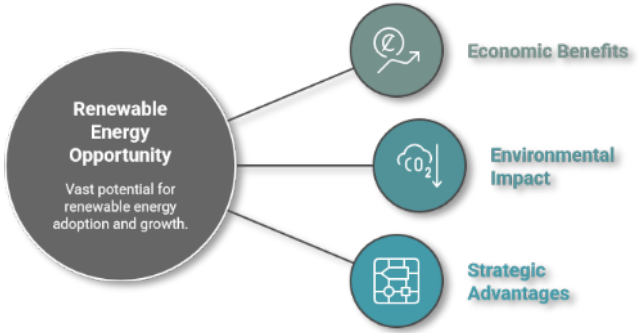
- **Energy consumption variation**: Up to 40% between similar buildings
- **Root causes**: Outdated heating systems, poor thermal insulation
- **Financial risk**: Rising CO_2 prices, stricter EU building regulations
- **Opportunity**: Deep retrofits with renewable energy integration



The Business Case:
- Immediate: Reduced operating costs
- Medium-term: Regulatory compliance
- Long-term: Asset value preservation

Key Finding 3 - Untapped Renewable Energy Potential

- 90% of suitable roofs without solar installation
- Potential annual savings: €5.000.000+
- CO_2 reduction potential: 20.000 tons annually
- Payback period: 8-10 years



Government Leadership Opportunity
Leveraging government influence for innovation

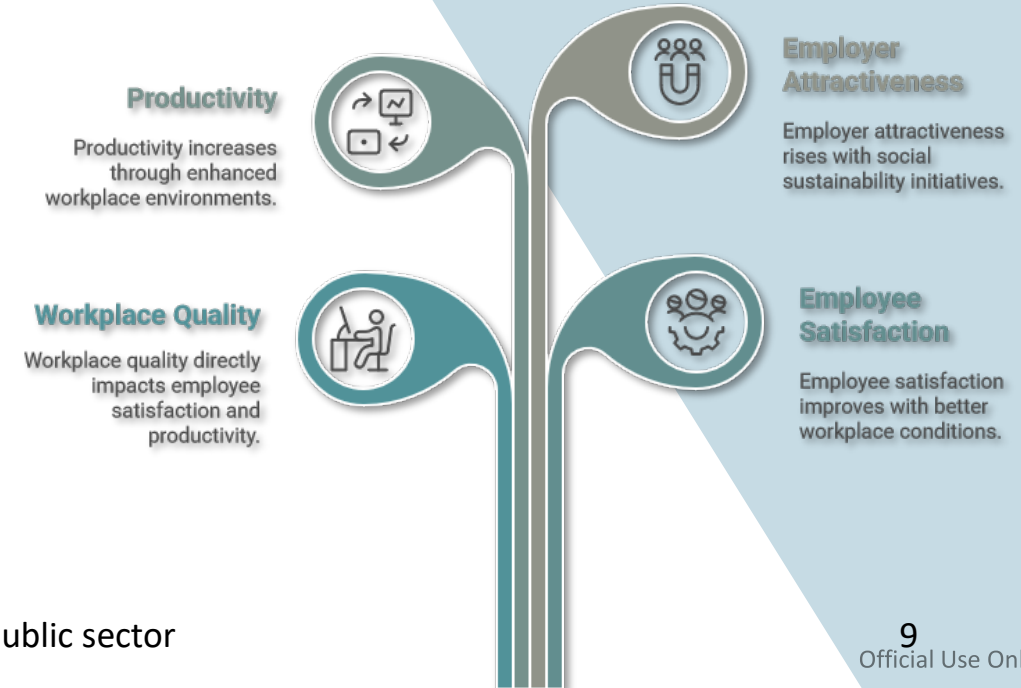
Energy Independence Benefits
Enhancing national security and economic stability

Long-Term Cost Predictability
Ensuring sustainable growth through financial planning

Key Finding 4 - Workplace Quality Variations and Impact

Issues Identified:

- Poor ventilation and temperature control in older buildings
- Noise issues in open-plan offices
- Accessibility barriers for disabled employees
- Inadequate facilities for modern work arrangements



Integrated Recommendations - The Sustainability Business Case

Dynamic Real Estate Strategy

- Link space optimization with energy retrofits
- Use rental savings to fund green improvements
- Implement flexible workspace models

Systematic Renewable Energy Program

- Centralized solar installation program
- Mix of ownership and contracting models
- Portfolio approach for risk management

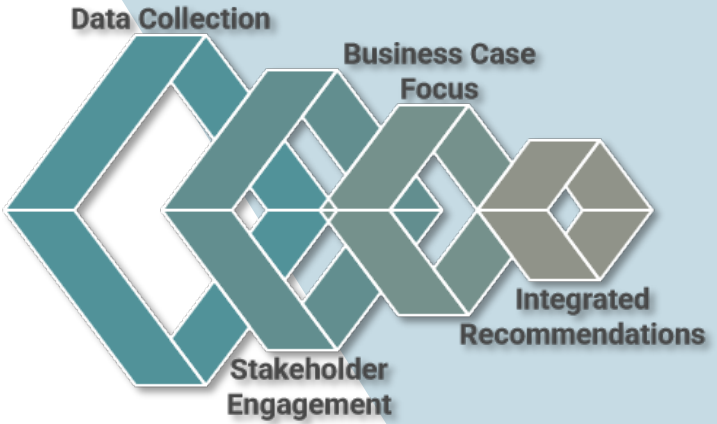
Future-Proof Workplace Standards

- Mandatory quality criteria for all locations
- Health, accessibility, and environmental standards
- Regular assessment and improvement cycles

Lessons Learned - What Worked & Critical Success Factors

What Worked Well:

✓ Using traditional 3Es framework as foundation
✓ Multi-method data collection and triangulation
✓ Stakeholder engagement throughout the process
✓ Strong business case focus with quantified benefits
✓ Integrated recommendations addressing multiple dimensions



Key Challenges:

⚠ Data integration from multiple, incompatible systems
⚠ Quantifying social benefits and intangible impacts
⚠ Balancing technical detail with executive accessibility
⚠ Managing stakeholder expectations about implementation timeline

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THANK YOU FOR YOUR ATTENTION

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