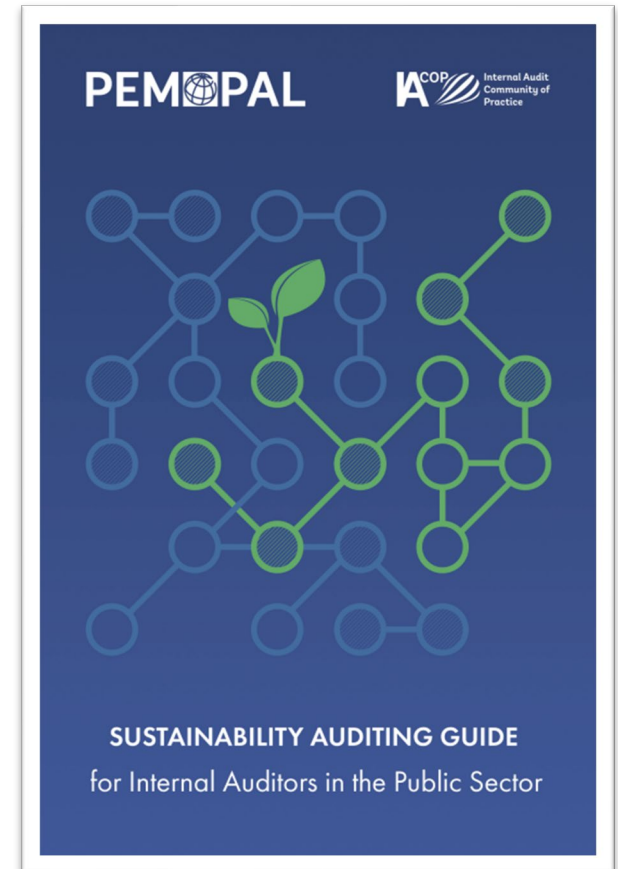


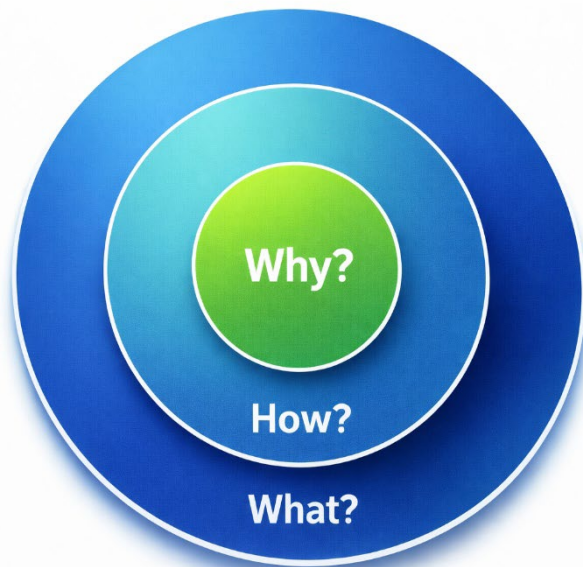


Presentation of the
SUSTAINABILITY AUDITING GUIDE
for Internal Auditor in the Public
Sector





Contents



WHY? PURPOSE

PURPOSE (Part 1)

HOW? PROCESS

APPROACH SIA (part 3)

HOW to conduct SIA (Part 4)

SAI FRAMEWORK (Part 6)

WHAT? RESULTS

IA ROLE (Part 2)

IA COMPETENCES (Part 5)

IA TOOLS (Templates)

Part 1.



Introduction

Why? Purpose

The SA guide is designed to **support internal auditors in central government bodies**, especially in countries **where sustainability audit is still an emerging or unexplored issue**

It offers a practical introduction to:

- How to approach **sustainability issues** and include them in internal audit planning and execution for both assurance and advisory engagements
- How to assess **organisational readiness** and **risk exposure** to sustainability issues
- How to work with sustainability matters within **existing audit frameworks** (such as compliance, financial, and performance audits)
- How to engage with **management and governance bodies** on sustainability matters
- How to evaluate performance on **sustainability-related operations**
- How to **build capacity** over time

Internal auditors play a **pivotal role** in enhancing awareness, communication, and reporting of sustainability-related risks within public sector organizations

Rather than promoting a new type of audit, **this guide shows how sustainability can be integrated into the existing internal audit mandate**

How? Process

Part 3.



Approach to Public Sector Internal Audit of Sustainability

Key Points

- Sustainability can be a stand-alone audit or part of compliance, financial, or performance audits.
- **Risk assessment** and maturity level define scope and depth of the engagement.
- The **sustainability maturity matrix** helps tailor audits and show progress

COSO Component	Application to Sustainability Risk	Example
Control Environment	Does the organisation’s leadership set a clear tone on sustainability and integrate it into values and culture?	The Ministry’s strategic plan includes climate neutrality goals endorsed by senior leadership.
Risk Assessment	Are sustainability-related risks (e.g. climate impacts) clearly identified and assessed?	The transport agency identifies “flood risk to infrastructure” and “air pollution” in its risk map.
Control Activities	Are there defined procedures and responsibilities to mitigate sustainability risks?	A procurement department applies environmental criteria and uses checklists to ensure green sourcing.
Information & Communication	Is relevant sustainability information collected, verified, and communicated appropriately?	The agency publishes annual CO ₂ emissions and waste management data, validated by internal control.
Monitoring Activities	Are sustainability-related controls and actions regularly monitored, evaluated, and improved?	Internal audit checks whether water-saving initiatives are meeting reduction targets and being revised.

Sustainability Maturity Matrix

Maturity Level	Key Characteristics	Practical Example
Initiated	No formal sustainability goals; sustainability is not mentioned in policies, strategies, or procedures.	The ministry has no reference to sustainability in its planning documents or budget allocations.
Developed	Sustainability is mentioned in some strategies or programmes; basic responsibilities are assigned; controls are informal or emerging.	The agency includes a climate goal in its 5-year plan, and a focal point has been named, but no KPIs exist.
Integrated	Sustainability is incorporated into strategic planning; responsibilities are clearly defined; risks and controls are documented; indicators are used.	The transport authority assigns clear roles for energy efficiency and monitors CO ₂ reductions annually.
Optimised	Continuous improvement is in practice; data on sustainability performance is used by decision makers; sustainability is embedded in the organisational culture.	The Ministry of Agriculture uses sustainability dashboards for strategic decisions and reports publicly.

Sources: Adapted from maturity models commonly used in public sector, such as the OECD Digital Transformation Maturity Model, the OECD Human Resources Maturity Model and the NHS England Maturity Matrix

Part 6.



Reference Frameworks

Part 4.



Conduct of Public Sector Internal Audit of Sustainability

How? Process

Key Points

- Internal auditors have a wide range of frameworks to support their sustainability engagement.
- Existing frameworks offer useful lenses to assess sustainability-related risks, controls, maturity, and performance.
- Internal auditors can draw on existing frameworks at every stage of the audit process.

Key Points

- Internal audit should apply and adapt traditional audit approach and GIAS principles to sustainability.
- Internal auditors should tailor their approach to Government’s maturity on sustainability.
- Internal auditors should provide practical recommendations related to the context.

Audit Phase	Frameworks	How They Help
Planning	<ul style="list-style-type: none"> • Global Internal Audit Standards (IIA 2024) • Three Lines Model (IIA) • COSO Internal Control • Sustainability Maturity Matrix • UN CEPA Principles • OECD PIFC Principles 	Define audit scope and objectives, clarify roles and responsibilities, assess maturity and governance capacity, identify sustainability risks and controls
Fieldwork / Evidence Collection	<ul style="list-style-type: none"> • Global Internal Audit Standards Standards (IIA 2024) • COSO Internal Control • ISSA 5000 • IWA 48:2024 (ISO ESG Principles) 	Evaluate effectiveness of internal controls, verify data reliability, benchmark ESG practices, and test compliance with sustainability commitments
Reporting	<ul style="list-style-type: none"> • Global Internal Audit Standards Standards (IIA 2024) • GRI Standards • ESRS • IPSASB SRS ED I 	Assess accuracy and completeness of disclosures, align reporting with international standards, and ensure transparency and accountability

○ Sustainability Audit Report

I. EXECUTIVE SUMMARY

- **Overall Conclusion**
- **Key Strengths** [*Insert strengths observed during the audit*]
- **Key Areas for Improvement** [*Insert critical gaps or weaknesses identified*]

II. BACKGROUND AND OBJECTIVES

- **Mandate / Context**
- **Audit Objectives**
- **Audit Scope**
- **Methodology**

III. FINDINGS AND RECOMMENDATIONS

- **Governance** [*Findings, Risks, Recommendations*]
- **Compliance** [*Findings, Risk, Recommendations*]
- **Risk Management** [*Findings, Risks, Recommendations*]
- **Performance** [*Findings, Risks, Recommendations*]
- **Communication & Reporting** [*Findings, Risks, Recommendations*]

IV. CONCLUSION

What? Results

Part 2.



Role of Public Sector Internal Audit on Sustainability

Key Points

- Internal audit activities should be aligned with government's goals and public mandates
- Internal audit sustainability mandate covers both **assurance** and **advisory roles** (but avoid overlap with **external auditors**)
- Internal audit improves sustainability-related risk awareness, communication, and reporting

Part 5.



Required Competences for Public Sector Internal Audit of Sustainability

Key Points

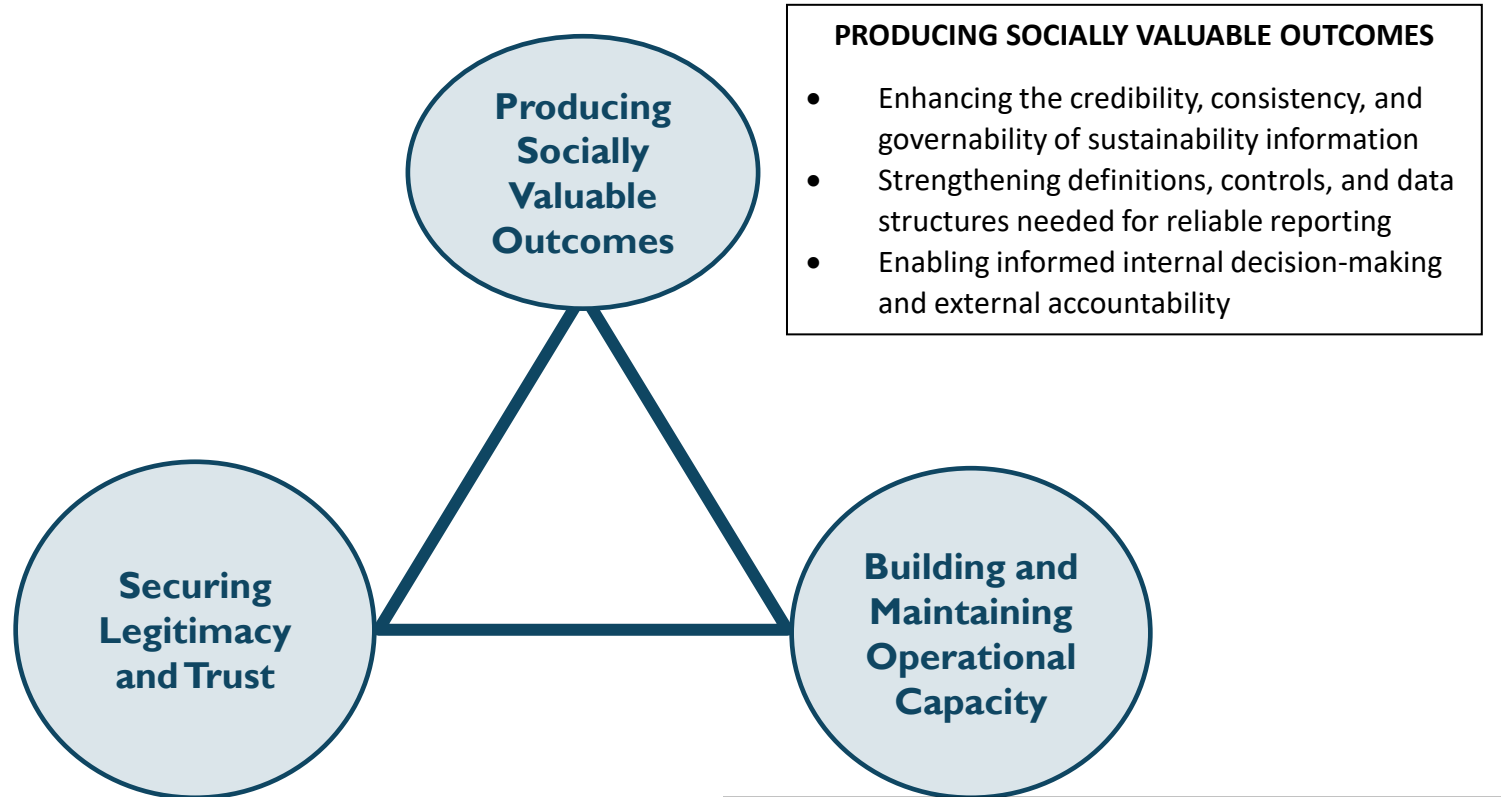
- The scope and depth of a sustainability audit is shaped by the available resources (time and staff capacity, knowledge, budget and external support) for the internal audit function
- Internal auditors are expected to strength their sustainability knowledge but not to become sustainability experts
- External sustainability experts may be engaged to complement internal audit skills if needed

Key Points

- Sustainability Audit Checklist for Public Sector Internal Auditors
- Risk assessment
- Schedule of Sustainability Audit Engagements for the planned period
- Sustainability Audit Report
- Follow Up: Management Response And Action Plan

Annex: Templates

Internal audit and Sustainability for Public Value



SECURING LEGITIMACY AND SUPPORT WITHIN THE AUTHORISING ENVIRONMENT

- Maintaining credibility and trust among political, administrative, and professional stakeholders
- Leveraging institutional sponsorship and collaboration with oversight bodies
- Navigating fluctuating priorities and expectations

BUILDING AND MAINTAINING OPERATIONAL CAPACITY

- Developing internal structures, skills, and multidisciplinary expertise
- Embedding sustainability within audit routines and organisational processes
- Supporting entities in institutionalising sustainability practices and controls



THANK YOU

