



Information on the development of the Guidance on ESG audit

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Content

- ✓ BACKGROUND
- ✓ GUIDANCE GOALS
- ✓ CORRELATION WITH INTOSAI PROFESSIONAL PRONOUNCEMENTS AND OTHER DOCUMENTS
- ✓ PRINCIPLES OF ESG AUDIT
- ✓ ESG AUDIT DEFINITION

- ✓ SCOPE OF ESG AUDIT
- ✓ ESG AUDIT DESIGN
- ✓ CONDUCTING THE AUDIT
- ✓ REPORT PREPARATION
- ✓ FOLLOW-UP AUDIT
- ✓ ANNEX. GLOSSARY

Background



- INTOSAI has contributed to the implementation of the SDGs since the adoption of the 2030 Agenda for Sustainable Development in 2015:
 - XXII INCOSAI in Abu Dhabi (2016)
 - XXIII INCOSAI in Moscow (2019)
- Many SAIs are already supporting national governments in tracking progress in sustainable development
- Some important aspects of achieving SDGs remain undisclosed
- Sustainable development information disclosure and ESG reporting provide countries with another tool to assess country's progress

Guidance Goals

➤ Guidance aims to:

01

assist SAls in auditing national governments measures aimed at stimulating responsible business conduct

02

assist SAls in auditing ESG reporting of public sector organizations

03

assist SAls in auditing ESG approaches of international organizations as part of major international projects

Correlation with INTOSAI Professional Pronouncements and Other Documents



- ISSAI 100, ISSAI 300, ISSAI 400, as well as GUID 5202, GUID 5290 and GUID 9020
- IDI guidances
- WG SDG KSDI guidances
- International and national ESG reporting standards
- Non-financial reporting standards



Principles of ESG Audit





- SAI's mandate to conduct an ESG audit
- Ensuring the independence and qualification of auditors
- Providing auditors with adequate resources for conducting the audit


ESG Audit Definition



➤ ESG audit is a systematic process that allows to:

 analyze implemented public policy measures aimed at stimulating auditees to implement ESG principles in their activities

 assess the compliance of disclosed ESG information with the standards and the data disclosed in the accounting (financial) statements

 assess the degree of systemic integration of ESG principles into normative legal acts and other documents

Scope of ESG Audit



- audit of public bodies
- audit of public sector companies

ESG Audit Design



➤ In this section we consider in detail the following question:

- ✓ hypotheses and their examples
- ✓ ESG audit objectives and issues
- ✓ auditee and subject of ESG audit
- ✓ list of information (documents)
- ✓ ESG audit criteria
- ✓ information requests
- ✓ methods in ESG audit
- ✓ risk-based approach
- ✓ identifying stakeholders
- ✓ engaging experts

The Audit Process



- The main stage of the audit is conducted in accordance with the selected subject:
 - ✓ the audit of the activities of public authorities and/or
 - ✓ public sector companies
- Examples of possible activities depending on the subject of the audit

Report Preparation

➤ Principles

- ✓ simple language
- ✓ information should be presented in a way that is easy to understand, but is not simplistic
- ✓ visual aids (i.e., tables, charts, diagrams, drawings)
- ✓ avoid tautology and/or redundancy of information



Follow-Up Audit



- ✓ to deem recommendations implemented fully or partially
- ✓ to deem recommendations no longer relevant
- ✓ to consider additional measures, as appropriate, to clarify the reasons for non-implementation (non-consideration), delayed or partial implementation of recommendations

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THANK YOU!