

PUBLIC POLICY ISSUE BRIEF

Capturing Results in an Evolving Regulatory Landscape

Overview: Environmental, Social, and Governance (ESG) policies and disclosures must keep pace in an evolving public policy landscape across Canada. IIA Canada advocates to ensure that there is a central role for internal audit in the provision of ESG voluntary disclosures or mandatory reporting mechanisms. The use of internal audit for ESG reporting fosters consistency and cross-comparability of frameworks so that information is useful to investors and other stakeholders. More than simply overseeing the accuracy of ESG data, a good governance structure – which includes an internal audit function – supports an enterprise's implementation of an overall ESG strategy.

Role of Internal Audit

An internal audit function, adhering to The IIA's [Global Internal Audit Standards™](#), is the organizational entity responsible for providing **independent** and **objective** assurance over an organization's risk, governance, and internal control processes.

An independent internal audit function that reports directly to the organization's governing body is properly positioned to enhance value and strengthen credibility with stakeholders. This role represents a core consumer protection designed to promote operational **transparency** and **accountability**.



IIA Key Objectives

Supporting Organizations to Manage Uncertainty and Evolving Requirements: ESG reporting is still evolving, and guidance for organizations in this space is fluid. As with any risk engagement, internal auditors should be well-positioned to support objective assurance, insights, and advice on ESG matters.

Ensuring Reporting Management and Consistency: It is critical that all public sustainability reports provide information that accurately depicts an organization's ESG efforts. Internal audit can provide assurance on whether data (quantitative and qualitative) being reported is accurate, relevant, complete, and timely. This is particularly important as regulatory oversight increases globally.

Transparency for Investors and the Public: The various drivers of increased sustainability reporting — investor, regulatory, and social — have created pressure for organizations to produce streamlined and relatable reporting mechanisms.

IIA ESG Resources

The following link provides additional information regarding the value of internal audit in certain ESG reporting requirements:

- [Internal Audit's Role in ESG Reporting](#)

For any questions regarding the internal audit profession, please contact Ryan Singh, Director, Advocacy (Canada), at Ryan.Singh@TheIIA.org.