

Webinar | Transition to climate change auditing Key messages

Introduction

Climate change is ranked as a top risk in the RIF 2023 but the time spent by IA on this matter is far below the level of perceived risk. Since Climate Change risk is expected to further increase in relevance in the next years, it is time for IA to take action now!

Internal audit role

There is no one size fits all solution regarding the role of internal audit in this hot topic: auditors should intelligently define their approach taking into consideration the maturity of their organization regarding climate change and environmental sustainability. In less mature environments, IA shall raise hands up and ask questions with management, Board and Committees to raise awareness on how climate change risk might impact the risk profile.

Internal audit plan

There are different ways to factor Climate Change in audit plans: thematic reviews have the benefit to challenge the governance around the risk, inclusion of Climate Change in every audit (based on impact on the business/process audited) has the benefit of providing more vertical insight. Watch out! Since different functions are involved in focusing on climate change and environmental sustainability risk, clear accountability is essential and a Top Down approach is useful at the beginning.

Relation with Board/Audit Committees

To influence Board/Audit Committee focus on Climate Change & Environmental sustainability, IA needs to be credible and well informed. IA can use its unique position and skills to be involved and have a seat at the table. Good tips: share internal best practices observed in departments, units, entities and promote export to other corners of the firm.

Skillset

IA has to develop knowledge about climate change impact, opportunities & regulations. Technical knowledge might be necessary to review “technical data” and internal outsourcing might be a pragmatic solution.

Time to train and motivate IA to be involved in climate change auditing!

It's time to take action!