COSO Board Approves Study on Sustainability/ESG

Study will help organizations apply the COSO Internal Control – Integrated Framework to sustainability reporting for effective internal control

NEW YORK, February 24, 2022 – The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has approved a study to develop supplemental guidance and insights to its authoritative 2013 Internal Control – Integrated Framework (ICIF) in the areas of sustainability and ESG. The goal is to help all organizations create and ensure effective internal control by applying the ICIF to sustainability reporting for internal decision-making and external public reporting (both voluntary and that mandated by regulation).

Paul Sobel, COSO Chair, stated “All organizations managing their sustainability efforts and producing public ESG reports need effective internal control to build trust and confidence in this type of data used by multiple stakeholders. Regardless of the specific ESG framework or standard, the globally accepted COSO ICIF, with its five components and 17 principles, can help these organizations create, develop, enhance, and assess the internal control effectiveness of sustainable business/ESG information, which often tends to be more qualitative, longer-term and judgment-based than financial reporting.”

It should be noted that the ICIF-2013 update to the landmark 1992 edition was enhanced by expanding the financial reporting category of objectives to include other forms of reporting, such as “non-financial and internal reporting.”

Principal authors are Robert Herz, former FASB chair and founding member of the IASB; Robert Hirth, Senior Managing Director at Protiviti and COSO Chair Emeritus; Brad Monterio, IIA EVP of Member Competency and Learning; and Jeffrey C. Thomson, President and CEO of IMA. Managing technical editors are Douglas Hileman, consultant, and member of the ESG Leadership Knowledge Group, and Shari H. Littan, IMA Director of Research.

The study is scheduled to be released in the Fall of 2022 and will leverage insights from stakeholder interviews, diverse third-party research and insights, and the September 2017 paper on this subject authored by Herz, Monterio and Thomson. For more information on this COSO study, or if you have significant practical research, cases, or stories to share, please contact Jeff Thomson jthomson@imanet.org.

About COSO
Originally formed in 1985, COSO is a voluntary private sector organization dedicated to helping organizations improve performance by developing thought leadership that enhances internal control, risk management, governance and fraud deterrence. COSO is jointly sponsored by the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), the Institute of Management Accountants (IMA), and The Institute of Internal Auditors (IIA). For more information, visit www.COSO.org.