Challenges of Public Auditors in Auditing Sustainable Development Goals

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Give the global concerns to sustainable development and environmental protection; the audit of SDGs has recently been attended by INTOSAI. Sustainable development with an environmental approach and emphasis on intergenerational justice calls for a review of strategies and development plans. On the other hand, this concept has considerable similarity with Islamic doctrines and governmental culture of Islamic Republic of Iran (IRI). Hence, the internal policies and regulations of the IRI support the requirements of environmental protection and the realization of international sustainable development.

Having emphasized the importance of developing the SDGs, IRI established the National Committee on Sustainable Development several months after the Summit in Rio (1992). This committee, during its nineteen years of activities has consistently held several meetings with relevant organizations and agencies. While this committee disseminates techniques for promulgation of environmental culture, it plays a significant role in promoting sustainable development in the country's social, economic and educational organizations.

Since the United Nations Sustainable Development Summit (2015), 17 SDGs and the concerned executive bodies were defined in Islamic Republic of Iran. On the other hand, INTOSAI, at its twenty-second congress in Abu Dhabi (2016), requested its members to audit the United Nations SDGs and evaluate the extent to which these goals achieved. After preparing guidelines and criteria of SDGs by WGEA, SAC Iran prepared its native guideline. The SAC Iran focuses on the following three principles:

1. Investigate the measurement of executive organizations in developing SDGs;
2. Challenges and threats to sustainable development in the IRI (Economy, community and environment); and
3. SDGs Audit Challenges.

Findings:

A. Measurements of Executive Agencies in Developing SDGs:

1. Having emphasized the importance of developing the SDGs; IRI established the National Committee on Sustainable Development, six months after the Summit in Rio (1992). This committee, during its nineteen years of activities, has consistently held several meetings with relevant organizations and agencies. While this committee disseminates techniques for promulgating the environmental culture, it plays significant role in promoting sustainable development in country's social, economic and educational organizations.
2. As a consequence of United Nations Sustainable Development Summit (2015) in New York, SDGs has been defined and localized in IRI. These goals include: eradicate poverty in all its forms everywhere; ensure healthy lives and promote well-being for all at all ages; ensure availability

and sustainable management of water and sanitation for all; ensure sustainable consumption and production patterns; take urgent action to combat climate change and its impact; protect, restore and promote sustainable use of terrestrial ecosystems, manage forest sustainably, combat desertification and halt and reserve land degradation and halt biodiversity loss; and built resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

3. The executive bodies that are responsible for each of the SDGs are: Ministry of Interior; Department of Environment; Plan and Budget Organization; Ministry of Health and Medical Education; Ministry of Roads and Urban Development; Ministry of Energy; Ministry of Industry, Mines and Trade; and Ministry of Economic Affairs and Finance.
4. The cited relevant executive bodies involved in the Law of the Sixth Five-Year Plan for the Development of the IRI observe the goals of sustainable development that projected in the framework of the five-year development plan of the country.
5. The implementation plan for SDGs (2015) in Islamic Republic of Iran has been developed as one of the most important lever for sustainable development.
6. In order to observe SDGs' goals, the establishment of sustainable development and environment offices in all ministries is required.
7. According to the document of (Rio + 20), the specialized committees approved by the National Committee for Sustainable Development, established to monitor and operationalize the SDGs.
8. For each of the SDGs, related targets have been defined and a large number of indicators related to SDGs have been developed.
9. In the light of the general environment policies notified by the Supreme Leader of IRI, SDGs have been adapted to each of these policies and the main and sub- executive agencies have been assigned with related goals.

B. The most important challenges and harms in the country's sustainable development

1. Economic Development

1.1 Over the past twenty years, Iran's economy has experienced so many fluctuations. The Iraqi Imposed war against Iran, cruel economic sanctions, oil market evolution, and… are among the factors that have affected the economic variables of country.

1.2 Over the past two decades, fluctuations in oil prices have led to a fluctuation in the revenues from oil exports. Hence, the government has tried to manage the impacts of exterior oil prices on economic variables through the establishment of two institute of Currency Reserve Account (1999) and the National Development Fund of Iran (2o1o).

1.3 Over the past few years, foreign pressures on IRI due to achieving peaceful nuclear energy and consequently brutal sanctions against Iran have reached to its zenith.

2. Social Development

2.1 Growth of population and urbanization: according to recent statistics of Population and Housing Census, the urban population of Iran has sharply increased. This will lead to more exploitation of natural resources, as well as more pollution, and environmental problems.

3. Environmental Protection

3.1 Air pollution: Due to the over-crowded population in some cities of Iran as a large country, it faces air pollution and solving this problem need investing extensive capital and active specialist forces. At present, especially in the cold months of the year, eight metropolitan cities in Iran experience severe air pollution that the government is trying to obviate this pollution with its plans like the standard gasoline distribution, promoting environmental standards in cars and ... .

3.2 Forests and pastures: Iran's forests play an important role in preserving biodiversity, regulating water flow, preventing soil erosion and controlling floods; so that, the destruction of some of these forests will increase soil erosion and annual floods.

3.3 Land and dehydration soil: Iran has 1.2% of the Earth's dry land; however, according to global statistics, one-tenth of the global soil erosion relates to Iran.

3.4 Water: Iran is one of the dry and semi-dried countries of the world. Sixty five percent of the precipitation (240 billion cubic meters) evaporates; however, the percentage of water consumption in Iran's agricultural sector is higher than the global average.

3.5 Waste: Solid waste generation in Iran is the same as in other countries, however, the penetration of leachate of these wastes into the water resources and the surrounding environment bring contamination to them.

c. Challenges of SDGs Audit

With regard to innovative emerging of SDGs audit, the advent of some of barriers and challenges in implementing this type of audit is quite natural. The reason for this is mainly due to the lack of sufficient experience in SDGs auditing, lack of experts, failure to fully implement environmental audit standards and guidelines, the lack of comprehensive environmental legislation, insufficient attention to environmental status in the country, lack of knowledgeable managers in the country with SDGs audit, and… .

The most important environmental audit challenges are as follows:

- SDGs audit in the world is a new issue. Hence, lack of experience required for this kind of audit will create difficulties through investigating and reporting. The practical experience of SDGs auditing is not available and SAC Iran lacks such experience.
- The purpose of SDGs auditing is not clearly defined.
- SDGs are very wide. Auditing SDGs require good knowledge and experience on a variety of audit performance (compliance, financial and performance) as well as simultaneous familiarity with the indicators of economic growth and development and macroeconomics and… . Consequently, this type of audit faces many limitations and shortcomings due to the scope of work and the amount of investments, especially about human resources.
- Conducting SDGs auditing requires revisable and provable information and criteria to assess information. In addition, for SDGs auditing, preparing criteria for the 17 Sustainable Development Goals and its 169 targets is required that there are ambiguities and problems in this regard.
- So far, INTOSAI has not developed standards, instructions, and guidelines for SDGs auditing. Therefore, compilation and updating appropriate SDGs audit procedures, policies, instructions and guidelines is the most important priority in this regard.
- Operating policies and steering auditors in SDGs auditing and preparing reporting frameworks for different topics requires training that has not been yet provided by INTOSAI and ASOSAI.
- The existence of a complete and comprehensive database as well as accurate statistics from the data considered as the first step for any kinds of planning and decision-making that executive organization face to barriers and obstacles in this regard.
- Due to the lack of environmental accounting standards and as a consequence absence of establishment of environmental accounting in the

country; environmental financial audits in the country are only limited to the predicted budget and relevant incomes in the plans and projects. Therefore, environmental financial auditing is not currently being conducted in the country.

- Despite the prediction of economic valuation of environmental resources, cost of pollution and environmental destruction in the process of development and its reflection on national accounts in the laws; so far, there is not any significant measurement in this regard.
- Executive organizations do not correctly record, process, and report environmental information.
- Insufficient awareness of environmental status and SDGs audit benefits on the part of some managers to the extent that they are not aware of the role of this type of audit.
- Unfortunately, since authorities of executive agencies are not properly familiar with environmental laws and regulations as well as their lack of attention to environmental considerations due to the lack of tangible short-term effects; environmental regulations are not considered seriously.
- Some environmental laws and regulations are not embedded sufficient enforcement. As a result, authorities neglect these regulations.
- Several executive agencies have faced serious threats by adopting reactive policies rather than preventive policies about sustainable development.
- The cited trusted organization with their late entry to improving sustainability and environmental sustainability; among wasting costs, slow down and stagnating project implementation, make auditing of them so difficult.

D. Suggestions

1. Since environmental problems and crises are transboundary and they are not limited to special boundaries of a specific country, conducting

cooperative audits are beneficial. On the other hand, conducting cooperative audit requires the agreement of related SAIs.

2. Monitoring the SDGs and observing the operationalization of these goals by governments must be one of the priorities of the work of the SAIs.
3. In regard with transboundary impacts of the environmental challenges and crisis, conducting effective auditing and obviating obstacles, SAIs require to hold regional and international seminar to consulate on the sustainable development challenges.
4. It is suggested to hold seminars in partnership with active countries on environmental auditing, sustainable development, and participating in common programs. In addition, it is necessary to continue communication with environmental auditing working group of INTOSAI and ASOSAI.
5. INTOSAI is required to introduce SDGs audit as well as environmental audit.
6. Availability of enough qualified and trained auditors is considered as the first precondition for institutionalization of the SDGs audit. Therefore, training courses should provide this policies and conducting SDGs audit.
7. There should be investment on enrichment of human resources and training experts in SDGs audit; and if necessary, use external experts.
8. In order to implement SDGs audit, appropriate quantitative indicators for SDGs and its target must be defined.
9. INTOSAI has to develop standards, guidelines and instructions for SDGs auditing.
10. Executive organizations must have access to comprehensive databases and accurate statistics in order to achieve sustainable development.
11. The government (auditing organization) should develop environmental accounting standards that bring environmental

accounting into the governmental accounting cycle and the relevant government organizations. In this sense, trusted organizations are required to record environmental financial events in the financial statements.

12. In order to introduce managers and experts of executive organization with the SDGs and environmental protection principle, it is necessary to hold training course.
13. Development of appropriate enforcement is essential for the effective implementation of environmental laws and regulations and the achievement of sustainable development goals.
14. The Department of Environment should strengthen its monitoring tasks and revolutionize its procedures in order to achieve greater effectiveness. In other words, it has more effectiveness by undertaking preventive measurements such as comprehensive notification on environmental laws and regulations, holding training courses and the distribution of educational pamphlets to executive trusted organization, visiting implementation of construction operations of projects and the presentation of recommendations to the relevant executive trusted organization.
15. Executive bodies must record, process and report information related to environment. Actually, public organizations should develop instructions for the recording and processing of environmental information in order to monitor environmental information in the country.