Sustainability Assurance in the Banking Sub- Sector. Perspectives from the Internal Audit Function

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ABSTRACT

Internal assurance of sustainability is desirable as a complement to external assurances by third party providers. Internal Audit Function (IAF) mostly perform this function in line with their independent assurance services to the Board and Management. Though evidence of IAF's growing involvement in sustainability exists, there is limited comprehension about the variables influencing this involvement. This study investigates these variables from the perspectives of Chief Audit Executives of banks in Nigeria, using a combination of parametric and non-parametric methods to explore and quantify the relationship between the variables of interest. Data was collected through Likert-Scale survey questionnaires and analysis of the survey responses which were mainly quantitative data and firm characteristics of the banks was performed using Statistical Package for the Social Sciences (SPSS 25.0) and tested using the Linear Regression model and Spearman Correlation tests. The study found that board and management commitment to sustainability and requisite technical skills amongst others significantly influences internal sustainability assurance. In terms of firm characteristics of the banks, the study did not find substantial evidence of significant positive relationship between the age of a bank and sustainability practices & assurance, while the study did not find any evidence that the size of a bank influences its sustainability practices & assurance. The study further note that the IAF have a high perception of the credibility and business significance of sustainability practices and reporting while also advocating various internal and external initiatives inclusive of issuance of mandatory guidelines on sustainability practices, reporting and assurance amongst others by the financial regulators to ensure and enhance performance of this function by the IAF.

Keywords: Internal Audit, Assurance, Sustainability Reporting, ESG, Banking

INTRODUCTION

The concept of sustainable development is one of the most difficult ideas in the scientific literature due to its magnitude (Zimm et al., 2018), has taken on a paradigmatic role for development and is now a point of reference for environmental science study (Alvarado-Herrera et al., 2017) Since its popular definition as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs." in the WCED (1987) Brundtland Report, the ‘Sustainability’ notion has gained popularity among academics using a wider range of research methods (Krisciukaityte, Balezentis & Streimikiene, 2023) and is frequently used interchangeably with ‘Sustainable Development’, especially in the academic and scientific domains (Olawumi & Chan, 2018). However, despite the fact that these two ideas are commonly used interchangeably, there is disagreement over their precise meanings and potential applications to actual systems. (Ruggerio, 2021).

The concept of sustainability at the corporate level is the deliberate incorporation of social, environmental, and economic factors into an organization's core operations and decision-making processes and it stems from the recognition that companies have an obligation to create long-term value for stakeholders while also making a profit and minimising their negative effects on the environment and society (Wolniak & Grebski, 2023). Although the primary objective of businesses is profit maximization and enhancement of shareholder value, the business landscape has changed over time, so too have the needs for factors other than economic values and profit. These factors, mainly Environmental, Social and Governance (ESG) is interchangeably used as a terminology for Sustainability at the corporate level. As a result, other interests, entities, and pertinent parties aside from the shareholders have to be identified and managed within and outside the business.

The foundational development of corporate sustainability may be traced back to corporate organisations' struggles to endure and grow while advancing their goals in the context of a changing business environment and a more inclusive society. This has shaped the strategic aim of most multinational firms, with local regulations and international multilateral bodies playing a supporting role. Banks in the financial services sector have also had their strategic goals shaped by this concept as they have growingly been embracing sustainability practices. Further, the banking industry is uniquely positioned to act as an intermediary in sustainable development given that it may impact the expansion of sustainable businesses through lending and investment (Nitescu & Cristea, 2020)

The banking sub-sector of financial services in Nigeria has evolved dynamically overtime with attempts being made to accelerate commitment to sustainability issues and practices. The Nigerian financial services regulator, Central Bank of Nigeria (2012) in collaboration with the Bankers Committee, issued the Nigerian Sustainable Banking Principles (NSBP) in furtherance of efforts to promote constructive social development while safeguarding the localities and ecosystems where financial institutions and their clients conduct business. The implementation of these and other global sustainability initiatives are showcased in sustainability reports by banks in Nigeria. This is also the case globally as sustainability reporting is gaining popularity because businesses that engage in sustainability initiatives and disclosure benefit from increased branding, transparency, and reputation, all of which boost employee morale and boost competitiveness (Song et al. 2022). However, the appropriateness and transparency of these methods have come under intense criticism from a small but growing body of studies (Hazaea et al., 2022). It should be noted that sustainability reporting is still primarily optional even though becoming more common in developing economies (Alatawi et al., 2023). Organisations are required to report on their economic performance, which is a component of sustainability, and standards like those set by the International Financial Reporting Standards (IFRS) exist to guide such reports (Lawal et al., 2020) For a company operating in Nigeria, there are presently no legal obligations for the disclosure of social and environmental impacts (Sanyaolu et al., 2023).

The growing trend of large corporations releasing sustainability reports requires a system to confirm the accuracy of these reports (Jones & Solomon, 2010) as the increased availability of sustainability-related information has led to users questioning it (Cuadrado-Ballesteros *et al.*, 2017). This has necessitated the need for Sustainability Assurance (SA) which is the act of verifying an organization's sustainability report by a third-party assurance provider (Farooq & De Villiers, 2019). Even though it is becoming more widely acknowledged that organizations ought to report on pertinent sustainability issues, stakeholders do not always appreciate the significance and worth of these reports having independent assurance (Ridley, D'Silva & Szombathelyi, 2011). Sustainability report readers can determine whether or not the report has been created in accordance with established standards by reviewing the assurance report (Yan et al., 2022) since users' judgments of the quality and credibility of disclosures are greatly influenced by independent assurance (Karagiannis et al., 2022)

When it comes to assurance providers, Alsahali & Malagueno (2022) discovered that accounting firms are leading the industry, with engineering firms rapidly gaining market share whilst consulting firms are losing market share. These set of SA providers are third party/external to an organization. The trend of internal assurance of sustainability in organizations to complement that provided by third party providers is increasing lately. The Internal Audit Function (IAF) provides this service in most organizations in line with their independent assurance services to the Board and Management. Joksimovic & Ahmed (2017) opine that Internal Audit is important to corporate governance as it verifies the accuracy, consistency, and dependability of financial and operational data used to guide decisions at all governance levels. The Global Institute of Internal Auditors (IIA) emphasized in a 2021 White Paper that internal audit can and ought to be a major part of an organization's ESG journey (Institute of Internal Auditors, 2021). Also, internal audit can assist organizations in achieving their goals by assessing the efficacy of risk management, control, and governance systems in a methodical and disciplined manner (Institute of Internal Auditors, 2024)

Internal Audit has a major role in improving an organisation's capacity in serving the public interest and the term "public interest" refers to the socioeconomic interests as well as the general well-being of a society inclusive of employers, workers, investors, consumers, regulators, and the government. (Institute of Internal Auditors, 2024). Though evidence of internal audit's growing involvement in sustainability matters exists, there is limited comprehension about the variables influencing how much internal audit participates in these areas (Soh & Martinov-Bennie, 2018) This study therefore attempts to explore the various variables that influences the IAF in effectively providing SA services to their organizations and this is examined from the perspectives of Chief Audit Executives (CAEs) of Banks in Nigeria.

In the next sections of this paper, we summarise the theoretical framework of the study, literature review and hypothesis development, describe the research methodology, present, discuss and analyse the findings and finally draw conclusions from our study while stating our limitations and suggestion for future research.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Theoretical Framework

Friedman (1970) enjoined firms' management to carry out business in accordance with profit maximisation inclinations of the owners (shareholders) within the ambits of law and ethics. This is hinged on one of the popular financial theories of today, the agency theory which seeks to maximize shareholder value by coordinating the actions of "agents"/business managers with the interests of "principals"/investors (Lundberg, 2022). Hence, the agents (managers/employees) are hired by the principal (shareholders) to run the affairs of the corporation serving the best interest of the principal (Jensen & Meckling, 1976). While shareholders own the firm and employ managers to run its affairs, the interests of both parties might sometimes be at a crossroads and conflicting. This, known as the agency problem, is common in corporations whereby the agent (managers) and principal (shareholders) have conflicting interests while pursuing organizational goals (Agarwal et al, 2014). The auditing role acts as a watchdog to resolve agency conflicts and balance management and shareholder interests, as auditing amongst other measures serve as monitoring and control activity to better align the manager's interests with the interests of external equity holders (Jensen & Meckling, 1976).

In recent years, academics have expanded the principals' responsibility to encompass all corporate stakeholders, thereby rethinking agency theory. A specific addition to agency theory and stakeholder theory is the stakeholder-agency theory, which contends that the agent acts in the interests of the stakeholders rather than the shareholders (Minciullo, Zaccone & Pedrini, 2022) The stakeholder-agency theory suggests that agents must consider both non-financial performance, which includes stakeholders' expectations, and financial success, which is important primarily for shareholders (Burke et al., 2019) The Internal Audit Function performs this role especially in sustainability assurance through adequate review and validation of risk management, internal controls and governance around sustainability reporting and activities of the organization.

Sustainability & Internal Audit Function

Sustainability Reporting is most popular worldwide (KPMG, 2017) and Sustainability Reporting in itself is now largely regarded as a crucial part of corporate reporting for financial stakeholders as well as other stakeholders (KPMG, 2020). The availability of an extensive reporting framework that combines financial reporting with non-financial reporting is thought to be a major factor in how favourably investors and businesses are affected by the advent of sustainability reporting requirements (Torre et al., 2018). Improved reporting procedures and the sharing of higher quality sustainability data may encourage the creation of sustainable value, which may favorably affect businesses' capacity to compete (Lozano 2015). However, despite the fact that many businesses have generated sustainability reports, there has not been a strong movement towards their preparation that would enable investors to find value in them (Bartolacci et al., 2022)

Many businesses have in their communication, placed a strong emphasis on sustainability. The brand image, social authorization to operate, and availability of resources, are all clearly connected to sustainability. Investing public and financial houses are now placing increased pressure on businesses to provide transparent

ESG governance, environmental and societal KPIs, and explicit ESG strategies while other non-shareholding stakeholders are also calling for a sustainability emphasis and disclosure to judge whether what is said and done are consistent. (Bennetzen, 2020). Sustainability reports are crucial instruments for conveying an organization's dedication to and accomplishments on ecological issues (Boiral et al., 2019). One of the primary goals of sustainability reporting and a measure of its quality is the provision of accurate data for determining the firm's worth for judgments about equity investments (Moroney et al., 2012).

Based on data from a sample of UK firms listed on the 'FTSE All-Share Index' between 2010-2017, Abdul Rahman et al. (2022) found an unfavorable and fundamental correlation existing between sustainability reporting and Information Asymmetry, indicating the complimentary role sustainability reporting can play in closing information asymmetry between businesses and their stakeholders. As a way of addressing apprehension about the veracity of sustainability data given in sustainable reports, companies are increasingly opting to have their sustainability reports voluntary audited by an independent third party (KPMG 2015) as this can increase stakeholders' trust in the validity of the sustainability information presented and so improve the company's reputation (Reimsbach et al., 2017)

Also, more people are realising that sustainability assurance improves sustainability management and reporting systems by encouraging both external transparency and internal organisational change (Kiesnere & Baumgartner, 2019). DeSimone et al. (2021) acknowledged the importance and influence of organisational features and external assurance while also recognising the importance of assurance of an organisation's sustainability practices and reporting.

Internal Audit effectiveness could be a necessary factor in ensuring successful sustainability assurance. Karikari et al. (2022) in their study found that internal audit effectiveness is a prerequisite for the effective conduct of sustainability procurement and value for money audits in Ghana. However, while this finding was in the contrary by Mulyani et al. (2019) who opine that corporate sustainability in Indonesia is not enhanced by internal audit effectiveness, Simoni et al. (2020) averred that sustainability assurance was greatly enhanced by internal audit activities such as policies and enactments in Europe.

The role of Internal Audit Function in sustainability extends beyond assurance on the Sustainability Reporting of an organization. Internal Audit has a role to ensure that the organization embeds sustainability as a practice and a culture in its processes and activities. Internal auditors play a reasonable role in providing assurance on governance and social issues, but their involvement in environmental issues is comparatively restricted and their reporting of consulting activities for all ESG issues is lower than that of assurance activities (Soh & Martinov-Bennie, 2015). KPMG (2021) opine that Internal Auditors should take a comprehensive approach to ESG, scrutinising its due diligence protocols and gauging the caliber of its ESG policies and processes when examining a company's strategy and objectives, particularly examining these factors from an operational and strategic standpoint, across several departments, to confirm whether the organization's ESG culture is adequate for implementing each of the aforementioned components successfully.

ECIIA (2023) opine that Internal audit plays both advisory and assurance roles in sustainability within an organization. A crucial advisory role is in supporting the corporate culture and behavior changes towards sustainability that are integrated into the strategy and decision-making process, helping the business define the fundamentals of good ESG while the main assurance role is by providing a methodical, disciplined methodology to assess and enhance the effectiveness of ESG risk control, governance, and management procedures. This opinion is supported by Institute of Internal Auditors (2021) who state that while Internal Audit should be a key component of sustainability reporting initiatives, reporting is only one component of a successful ESG strategy. Hence, assurance and advisory on all facets of ESG risk management should be provided by internal audit.

Sustainability Assurance Skills & Competencies

Amoako et al. (2023) assert that Internal Audit Functions can be of value addition to their organisation by improving risk management and gaining a better understanding of emerging issues, such as sustainability. Understanding of sustainability and emerging issues therein will require some skills set and technical competencies by Internal Audit. Kaplan & Ramana (2021) note that the sub-components of ESG are not uniform since they depend on various metrics, terminologies, and scientific understanding to convey the underlying phenomena, and they represent distinct—though not wholly unrelated—aspects of business performance and effect. For example, in contextualising the requisite skills for audit of the sub-components of ESG, Kaplan, Soonawalla & Stroehie (2021) aver that auditing the 'E' (environment) component require technical know-how and training in the natural sciences to assess and validate carbon emissions, climate change resistance, and other environmental impact measures.

The Institute of Internal Auditors (2024) attribute on auditors' skills as encapsulated in 'Standard 3.1 Competency' recommends that Internal auditors need to have the competencies—knowledge, skills, and abilities appropriate for their job position and responsibilities corresponding with their degree of experience—to carry out their duties effectively. The standard specifically states that "Internal Auditors must engage only in those services for which they have or can attain the necessary competencies" Also, Internal Auditors are usually guided by standards and guidelines in the discharge of their function. The IAASB (2024) developed a groundbreaking global sustainability assurance standard with the aim of boosting the trust and confidence that investors, regulators, and other stakeholders have in sustainability information and an International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements is being proposed that will function as a thorough, stand-alone standard appropriate for any engagement involving sustainability assurance, with the final standard to be issued before the end of 2024.

IEMA (2018) asserts that many auditors lack industry and technical expertise in addition to their discipline-specific knowledge, believing that auditing skills and expertise is universal and does not require specialized knowledge. They further opine that auditors will require a greater variety of skills and competencies as the scope of topics they handle expands.

Based on the above discussion, the following hypothesis is proposed:

H1: Internal Audit Function lacks the requisite skills, competencies and training for Sustainability.

Credibility of Sustainability Reporting & Practices

Several and multiple parties could be involved in sustainability reporting assurance (Braam & Peeters, 2018) and these parties could be internal or external. ECIIA (2023) acknowledged the contextual relevance of the alignment between internal auditors and external auditors in complementing each other in enhancing the overall strength of assurance provided to the Board and Executive Management. However, external stakeholders may consider internal assurance to be less objective and more of a superficial window-dressing strategy than external assurance, therefore businesses will probably prefer external assurance over internal assurance in the process of building credibility and confidence (Amoako et al., 2023)

There are also concerns on the integrity and reliability of information provided in sustainability reports due to the propensity of organisations to exaggerate their sustainability initiatives in what is termed 'greenwashing'. There are further concerns as to the involvement of the financial sector in greenwashing as both the providers of sustainable finance and the recipient borrowers indulge in different levels of greenwashing for pecuniary benefits. Gigante et al. (2023) aver that large, profitable banks in developed economies are prone to partake in greenwashing since voluntary disclosure initiatives do not significantly reduce greenwashing. They further alleged that banks' sustainable finance obligations and "net-zero by 2050" affirmations are superficial. Hence, increasing the reliability of the provided information in sustainability reports is the main motivation behind organisations' requests for external sustainability assurance (Clarkson et al., 2019)

ESG risks are ranked lowest on the list of priorities for 2023 audits amongst 188 Chief Audit Executives and internal audit directors in organizations primarily based in North America according to Chambers (2021) who also raised a 'red flag' for the IAF in unduly relegating ESG risks. Eulerich et al. (2022) aver that internal auditors play no part in providing assurance and are not involved in any possible ESG advisory services on both sides of the Atlantic. Internal Audit has not made enough of an impact on ESG even though it is a hot topic and will remain so for the foreseeable future (Lenz & Hoos, 2023)

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Based on the above discussion, the following hypothesis is proposed:

H2: Internal Auditors have a low perception of the credibility and business significance of sustainability practices and reporting.

Firm Characteristics

The influence of firm corporate characteristics (eg firm size, firm age etc) on social sustainability performance disclosures was investigated by Okoba & Chukwu (2023) wherein they found that each of the attributes of firm size, firm age and leverage is positively correlated to social sustainability performance disclosures amongst manufacturing firms in Nigeria and concluded that firm characteristics impacts significantly on sustainability disclosures. A firm's ability to survive and remain competitive rests in part on its interactions with the community, hence older businesses are likely to have more meaningful and long-lasting relationships with society than younger businesses (Samarah et al., 2021)

According to Fahad and Nidheesh (2020), social disclosure score is positively impacted by a firm's age. This is further corroborated by Rapeepun (2018) who opine that a company's corporate social responsibility efforts grow in tandem with its age.

Therefore, the following hypothesis is proposed:

H3: There is a positive correlation between the age of a bank and sustainability practices & assurance.

Larger corporations can communicate with different stakeholders and acquire information more effectively since they have more resources available and due to their comparatively greater financial resources, they are also more equipped to address societal demands than smaller businesses (Chowdhury et al., 2020). Akhter et al. (2022) contend that larger companies reveal more details about their operations because they are more accountable and these disclosures give them a foundation for social acceptance, which bolsters their business. Also is the fact that the society anticipates that larger businesses will disclose more socio-environmental data than smaller businesses (Benjamin et al., 2017)

Al-Qudah & Houcine (2024) examined the relationship between corporate economic performance and sustainability reporting activity in order to determine what factors affect the adoption of new sustainability reporting and external assurance for a sample of 99 enterprises in the Gulf Cooperation Council (GCC) countries. The study found that company characteristics, such as firm size, government ownership and profitability amongst others, have a major influence on both economic performance and SDG. Also, Branco et al (2014) examined a sample of Portuguese enterprises' engagement in sustainability reporting assurance (SRA) and discovered that while ownership type is not a determinant of SRA, firm size, leverage, profitability, listing status, and industrial affiliation are.

Based on the above discussion, the following hypothesis is proposed:

H4: There is a positive correlation between the size of a bank and sustainability practices & assurance.

Board & Management Commitment

Similar to any other risk domain, Internal Audit must be in a position to assist the management and governing body by providing unbiased assurance, perspectives, and guidance on ESG related issues. (Institute of Internal Auditors, 2021).

Internal Audit involvement in environmental and social assurance and consulting activities is largely dependent on management support and external sustainability reporting (Soh & Martinov-Bennie, 2018). IFAC (2024) in their survey of trends and analysis of sustainability for the period 2019 - 2022, found that while 56% of corporate entities disclosed board-level oversight over sustainability reporting, only 22% of corporate entities disclosed board-level oversight over sustainability assurance. It is worthy of note to state that the sustainability assurance referred to in the survey refers to external sustainability assurances.

The extent of Internal Audit involvement in sustainability activities is correlated with a number of criteria, including audit committee oversight, maturity of the internal audit function, and industry amongst others (Soh & Martinov-Bennie, 2018). The role of audit committees in corporate governance goes beyond symbolism as their assiduousness and activities are determining factors for assurance decisions in listed firms in Australia and United Kingdom (Kend, 2015). Institute of Internal Auditors (2024, p.39) states in Principle 6 that "the Board establishes, approves and supports the mandate of internal audit function". Establishing a sound internal auditing methodology requires close collaboration between the Board Audit Committee and CAE as clear channels of communication and reporting between the IAF, management, and audit committee are critical to the organization's success and accomplishment of its objectives (Ananthanarayanan & Harris, 2019).

Based on the above discussion, the following hypothesis is proposed:

H5: Board and Management commitment to ESG significantly influences internal sustainability assurance.

RESEARCH METHODOLOGY

The goal of the study is to evaluate Internal Assurance of Sustainability in the banking sub-sector. The study, which is quantitative research used a combination of parametric and non-parametric methods to explore and quantify the relationship between the variables of interest. The study employed a quantitative and empirical research approach rather than mere descriptive analysis to increase the objectivity and reproducibility of results.

Sampling and Data Collection

Data was collected through expert sampling of Chief Audit Executives (CAEs) who head the Internal Audit Function in their respective financial institutions and are substantive members of the Association of Chief Audit Executives of Banks in Nigeria (ACAEBIN) which is a sub-committee of the Bankers' Committee of the Central Bank of Nigeria (CBN), the banking regulator in Nigeria. It is a not-for-profit organization encouraging co-operation, promoting competence, ethical standards and professionalism amongst CAEs of banks and their organizations. These participants were selected as the target population due to their expertise knowledge and role responsibility for the IAF.

Email invitations containing a 6-point Likert-Scale survey link was administered through Google Form to the participants. In order to establish trust and reduce bias by participants, the survey's cover page listed data privacy concerns pertaining to confidentiality and anonymity of the information submitted. It clarified that respondents will not be identifiable as no unique information can be solely linked to their identity or the information they will submit. The consent of the participants to respond to the survey was obtained in the introductory page of the survey. The survey is made up of ten (10) sections. Section 1 is the introduction and consent request, section 2 requires the organisational profile of the respondent's bank, sections 3 - 9 each represents seven (7) research constructs with variables totaling thirty-eight (38) close-ended (mandatory) statements requiring respondents' affirmation while section 10 contains the open-ended (optional) question requesting suggestions from CAEs on how IAF can add value to sustainability in the banking sub-sector. The respondents were asked to rate the extent to which they agree or disagree on a scale of 1 to 6, with 1 being 'very strongly disagree' and 6 being 'very strongly agree'. The Likert scale is a widely used psychometric scale approach for measuring responses in questionnaire-based research. It is however criticized for the ambiguity of its data quality and underlying variable evaluation like order of ranking and distance between the scale choices (Anjara, 2022), limited number of 'values' to choose from (Gil & Gonzalez-Rodriguez, 2012) which adversely impacts variability, diversity and subjectivity usually associated with precise ratings (Toth et al., 2020).

Responses were received from 32 members representing an 80% response rate as shown in table 1 below:

Table 1: Sample Size

Sn	Type of Bank	Total	Response	No response
1	Commercial Banks	24	20	4

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2	Merchant Banks	6	4	2
3	Development Finance Institutions	7	6	1
4	Non-Interest Banks	3	2	1
	TOTALS	**40**	**32**	**8**
		100%	*80%*	*20%*

Analysis of the survey responses which were mainly quantitative data was performed using Statistical Package for the Social Sciences (SPSS 25.0) The data was checked for internal consistency using Cronbach's alpha and Pearson's total-item correlation coefficients. Cronbach's alpha was used to test the reliability of the items in the survey, while Pearson's total-item correlation was used to examine the validity of the items. Once the items were confirmed to be internally consistent, statistical tools were applied to answer the research questions.

Internal Consistency Analysis and Normality Tests

As already noted, the Cronbach's alpha is used to test the reliability of the items in the survey, while Pearson's total-item correlation is used to examine the validity of the items. Once the items were confirmed to be internally consistent, the study then applied statistical tools needed to answer the research questions. The study further conducts a normality test to ascertain if the research variables are normally distributed. The reliability and normality test results are presented in table 2, while the validity test result of Pearson Correlation is shown in table 4.

Table 2: Reliability and Normality Tests

Sn	**Constructs**	**N of Item**	**CA**	**S-W**
1	Board & Executive Management Commitment to Sustainability	8	0.907	0.558
2	Organisational Awareness of Sustainability Principles	5	0.892	0.149
3	Sustainability Reporting	5	0.806	0.628
4	Internal Assurance of Sustainability	5	0.945	0.400
5	Internal Audit Skills & Competencies	5	0.932	0.597
6	External Stakeholders Influence	5	0.943	0.065
7	Internal Audit Perception of Sustainability Practices	5	0.808	0.429
	All items	**38**	**0.968**	

Note: N of Item denotes number of items; CA denotes Cronbach's Alpha; S-W denotes Shapiro-Wilk test p-values.

The Cronbach's alpha is used by the study as a measure of scale reliability. The result in table 2 shows that the Cronbach's alpha for all the items (research variables) are greater than 0.7, which is within the acceptable range (Hoque & Awang, 2016; Belur et al. 2021). It can be concluded from Table 2 that the research variables have good internal consistency because the Cronbach's Alpha coefficients are in excess of the 0.7 benchmark.

The Shapiro-Wilk normality test assesses if a sample originates from a normal distribution. The test is useful for verifying normality of distribution, which is a requirement for running several statistical tests such as t-test and ANOVA. Since the p-values of all the items are greater than 0.05, the variables are all normally distributed.

The validity test results using the Pearson Total Item Correlation is shown in table 4. An item is valid if the

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calculated total-item correlation coefficient exceeds the critical value at 30 (N – 2) degrees of freedom (df). In this case, correlation coefficients should be greater than 0.349, which is the critical value of correlation coefficient at 30 (N – 2) degrees of freedom. All items are valid and the study does not delete any of them.

FINDINGS

A total of 32 survey responses (representing 80% response rate) was received. The bank profile of respondent CAEs is as detailed in table 3 below:

Table 3: Profile of Respondents

Item	Category	Frequency	Percentage (%)
Type of Banking Licence	Commercial Banking	20	62.5
	Development Finance Inst.	6	18.8
	Merchant Banking	4	12.5
	Non-Interest Banking	2	6.3
	Totals	**32**	**100.0**
Licensed Geographic Scope	International Bank	5	15.6
	Regional Bank	3	9.4
	National Bank	24	75.0
	Totals	**32**	**100.0**
Number of Branches	1 - 29	17	53.1
	30 - 99	4	12.5
	100 & above	11	34.4
	Totals	**32**	**100.0**
Staff Strength (Inclusive of contract employees)	1 - 499	17	53.1
	500 - 2999	6	18.8
	3000 & above	9	28.1
	Totals	**32**	**100.0**
Legal Status	Public Listed	8	25.0
	Not Listed	24	75.0
	Totals	**32**	**100.0**
Ownership Structure	Indigenous	23	71.9
	Foreign	2	6.3
	Mixed (Foreign/Indigenous)	7	21.9
	Totals	**32**	**100.0**
Age of Organisation	0 - 5	8	25.0
	6 - 10	4	12.5

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	11 & above	20	62.5
	Totals	**32**	**100.0**
Number of Employees (Internal Audit Dept.)	1 - 5	11	34.4
	6 & above	21	65.6
	Totals	**32**	**100.0**

In terms of type of banking licence, 62.5%, 18.8%, 12.5% and 6.3% of the respondents are commercial banks, development finance institutions, merchant banks, and Non-interest banks respectively. National Bank accounts for 75% of total respondents, while 15.6% and 9.4% are international and regional banks. The sample's average number of branches is between 1 – 29, which is 53.1% of the sample. Similarly, the mean staff strength lies between 1 – 499 employees, making up 53.1% of the sample. On legal status, most (75%) of the respondents are not listed. Majority or 71.9% of the respondents are indigenously owned banks. It was also observed that most (62.5%) of the respondents have existed for over 10 years. Lastly, in terms of Number of Employees (Internal Audit Dept.), 65.6% have over 5 employees in the internal audit department, while 34.4% of the respondents have between 1 – 5 employees in the internal audit department.

The Pearson Total Item Correlation, Mean, and Standard Deviation of the dataset is shown in table 4 below:

Table 4: Pearson Total Item Correlation, Mean & Standard Deviation.

SN	Item	Pearson Correlation	Mean	Std. Deviation
	Board & Executive Management Commitment to Sustainability			
1	The composition and activities of the Board of Directors of my organization reflects commitment to Sustainability (ESG) Principles.	0.754	4.813	0.998
2	There is a Sustainability (ESG) Subject Matter Expert on the Board of my organization.	0.574	4.219	1.211
3	The composition and activities of Executive & Senior Management of my organization reflects commitment to Sustainability (ESG) Principles.	0.611	4.688	0.931
4	There is a Board approved Sustainability (ESG) Policy in my organization.	0.574	5.281	0.888
5	The Board Audit Committee of my organization expects & demands Internal Audit assurance reports on Sustainability (ESG).	0.735	4.219	1.362
6	The Credit & Lending Policies to customers reflects our commitment to Sustainability (ESG) principles.	0.707	4.906	0.928
7	The Enterprise Risk Management framework of my organization reflects our commitment to Sustainability (ESG) principles.	0.612	4.750	1.078
8	Most policies, operations and activities of my organization reflect our commitment to Sustainability (ESG) principles.	0.677	4.438	0.878
	Organisational Awareness of Sustainability Principles			
1	My organization conducts & displays Sustainability (ESG)	0.803	4.281	1.023

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	awareness internally.			
2	My organization conducts & displays Sustainability (ESG) awareness externally.	0.712	4.438	0.948
3	Suppliers, vendors and contractors of my organization are required to be Sustainability (ESG) compliant.	0.530	4.344	1.096
4	Large Corporate customers of my organization are required to be Sustainability (ESG) compliant.	0.655	4.750	0.950
5	MSME customers of my organization are required to be Sustainability (ESG) compliant.	0.547	4.219	1.237
	Sustainability Reporting			
1	My organization engages in periodic Sustainability (ESG) Reporting.	0.752	4.656	1.153
2	My organization has a reliable mechanism and process of Sustainability Reporting.	0.744	4.375	1.185
3	The mechanism, process and integrity of Sustainability Reporting is being accorded same importance & relevance as that of Financial Reporting.	0.791	4.031	1.492
4	My organization engages the services of Third Party/External Sustainability Assurance Providers.	0.372	3.500	1.723
5	Third Party/External Sustainability Assurance Providers request for and place reliance on Internal Audit reports on Sustainability in my organization.	0.753	3.188	1.595
	Internal Assurance of Sustainability			
1	Internal Audit Function conducts Sustainability (ESG) Assurance periodically in my organization	0.713	3.969	1.596
2	Internal Audit Function has conducted Sustainability Assurance in the last 12 months in my organization.	0.637	3.781	1.718
3	Sustainability (ESG) Assurance is a priority for the Internal Audit Function and it is included in the Annual Internal Audit Plan of my organization.	0.621	3.313	1.424
4	Sustainability (ESG) risks from multiple perspectives are considered in the Risk Based Internal Auditing of my organization.	0.789	3.844	1.483
5	Internal Audit Function is accorded relevance in Sustainability (ESG) management in my organization.	0.832	3.656	1.658
	Internal Audit Skills & Competencies			
1	Internal Audit function has requested for relevant training on Sustainability Assurance in the last 12 months.	0.742	3.438	1.294
2	Internal Audit function has received training on Sustainability Assurance in the last 12 months	0.779	3.281	1.373
3	Internal Audit team members have relevant certifications in Sustainability Assurance.	0.646	2.656	1.310

4	Internal Audit Dept. is aware of & conversant with standards & guidelines for Sustainability Assurance.	0.800	3.813	1.491
5	Internal Audit Dept. is aware of & conversant with standards & guidelines for Sustainability Reporting.	0.789	3.781	1.497
	External Stakeholders Influence			
1	External Sustainability Assurance Providers collaborate with Internal Audit in providing third party assurance for the organization.	0.781	2.875	1.718
2	Financial Services Regulator performs adequate oversight on Sustainable Banking Principles in Nigeria.	0.814	3.531	1.741
3	The local accounting and auditing professional associations provide adequate guidance and awareness for Sustainability Assurance.	0.763	2.844	1.439
4	The local banking professional body provides adequate guidance and awareness for Sustainability Assurance.	0.759	3.156	1.462
5	Policy makers have been effective in influencing Sustainability Assurance in the banking sector.	0.669	3.156	1.462
	Internal Audit Perception of Sustainability Practices			
1	Sustainability is very relevant in the banking sector	0.409	4.563	1.243
2	Sustainability is more relevant in the banking sector than in the real sector (agric., manufacturing, industry etc.).	0.384	3.875	1.621
3	Sustainability is more of a business strategy than a buzz word in banking.	0.720	3.906	1.785
4	Sustainability risks are very high in Risk Based Internal Audit planning in my organization.	0.787	3.594	1.456
5	Sustainability reports of banks in the Nigerian banking sector has credibility and does not tend towards 'greenwashing'.	0.750	3.188	1.512

For the survey constructs; "Board & Executive Management Commitment to Sustainability", "Organisational Awareness of Sustainability Principles", and "Sustainability Reporting", their mean (which is mostly above 4 out of the maximum limit of 6) depict that the respondents believe the board and executive management of their organizations are committed to sustainability, as well as show that the organization is aware of sustainability principles. It also indicates that the respondents sufficiently engage in sustainability reporting. The mean for the other constructs are mostly less than 4. Particular note are those of "Internal Audit Skills & Competencies" and "External Stakeholders Influence" which are averagely 3.

ANALYSIS & DISCUSSION

The survey findings were subjected to further statistical tests in analysing and evaluating the research hypothesis with the aim of achieving the research objectives.

Evaluation of Research Hypotheses

H1. Internal Audit Function lack the requisite skills, competencies and training for Sustainability Assurance

A simple linear regression model is adopted to check if Internal Audit Function has the technical capacity for

Sustainability Assurance. The model will quantitatively explore the relationship between Internal Audit Skills & Competencies and Sustainability Assurance. Internal Assurance of Sustainability is the dependent variable, while Internal Audit Skills & Competencies is the independent variable. The sign and significance of the coefficient of Internal Audit Skills & Competencies will determine the veracity of H1. The regression result is given in table 5 below:

Table 5: Internal Audit Function skills & competencies and Sustainability Assurance: Dependent Variable: Internal Assurance of Sustainability

	Unstandardized Coefficients		t	Sig.	Durbin-Watson
	β	Std. Error			
(Constant)	0.042	0.269	0.157	0.877	2.22
Internal Audit Skills & Competencies	1.082	0.075	14.497	0.000	

An important assumption of a linear regression model is the absence of autocorrelation. Since the Durbin-Watson statistic of 2.22 is within the acceptable range which 1.5 to 2.5 (Arjmand & Shafiei, 2018), the model is autocorrelation-free and reliable for statistical inference. The results of the linear regression model presented in table 4 above, shows that Internal Audit Skills and Functions positively ($\beta = 1.082$) and significantly (p-value = $0.00 < 0.05$) affects Internal Sustainability Assurance. Given that the coefficient of Internal Audit Skills and Functions is non-negative and statistically significant, we easily deduce that the skills and competencies level of these banks positively affect Internal Sustainability Assurance. Thus, the hypothesis (H1) which asserts that Internal Audit Function lack the requisite skills, competencies and training for Sustainability Assurance is rejected.

H2: Internal Auditors have a low perception of the credibility and business significance of sustainability practices and reporting.

To evaluate this hypothesis, the study uses the simple linear regression model technique. Expectedly, if internal auditors perceive that sustainability practices and reporting is not credible and have no business significance, the relationship between internal audit perception of sustainability practice and sustainability practices and reporting will be significantly negative. Thus, to evaluate hypothesis 2, the study will rely mainly on the sign and significance of the coefficients of interest. The results of the linear regression models are presented in table 6 below.

Table 6: Internal Auditors Perception of the credibility and business significance of sustainability practices and reporting:

Dependent Variable: Internal Assurance of Sustainability					
	Unstandardized Coefficients		t	Sig.	Durbin-Watson
	β	Std. Error			
(Constant)	1.403	0.788	1.780	0.085	2.116
Internal Audit Perception of Sustainability Practice	0.604	0.198	3.056	0.005	
2. Dependent Variable: Sustainability Reporting					
	Unstandardized Coefficients		t	Sig.	Durbin-Watson
	β	Std. Error			
(Constant)	1.629	0.524	3.107	0.004	1.368

Internal Audit Perception of Sustainability Practice	0.607	0.131	4.619	0.000	
3. Dependent Variable: Variable: Organizational Awareness					
	Unstandardized Coefficients		t	Sig.	Durbin-Watson
	β	Std. Error			
(Constant)	2.452	0.416	5.900	0.000	1.948
Internal Audit Perception of Sustainability Practice	0.511	0.104	4.903	0.000	

In table 6, there are three linear regression models: 1) Internal Audit assurance of sustainability and Internal Audit Perception of Sustainability Practice, 2) Sustainability Reporting and Internal Audit Perception of Sustainability Practice, and 3) Organizational Awareness of Sustainability Principles and Internal Audit Perception of Sustainability Practice. The Durbin-Watson statistic of model 1 and 3 (2.116 and 1.948) are within the acceptable range (1.5 – 2.5), indicating that the models are free from autocorrelation. Although the Durbin-Watson statistic of model 2 (1.368) does not lie within the acceptable range (and also less than 1.373 which is the lower critical value of Durbin-Watson statistic), evidence from model 1 and 3 will to a large extent, provide insight on the veracity of the hypothesis under consideration. Also, the result in model 2 corroborates the findings in model 1 and 3, signaling that the presence of autocorrelation might have not impacted model 2 result greatly.

For model 1, Internal Audit Perception of Sustainability Practice positively ($\beta = 0.604$) and significantly (p-value = $0.005 < 0.05$) affects Internal Assurance of Sustainability. Similarly, for model 3, Internal Audit Perception of Sustainability Practice positively ($\beta = 0.511$) and significantly (p-value = $0.000 < 0.05$) affects Internal Audit Perception of Sustainability Practice. Even in model 2, Internal Audit Perception of Sustainability Practice positively ($\beta = 0.607$) and significantly (p-value = $0.000 < 0.05$) affects Sustainability Reporting. Therefore, the positive relationship between sustainability practice & reporting and Internal Audit Perception of Sustainability implies that internal auditors do not have a low perception of the credibility and business significance of sustainability practices and reporting. Thus, hypothesis 2 is rejected.

H3: There is a positive correlation between the age of a bank and sustainability practices & assurance.

To evaluate this hypothesis, a non-parametric correlation analysis (Spearman's correlation test) is employed. The Spearman's correlation test uses ranking of data rather than absolute values of the variable. The correlation analysis will reveal the nature of relationship that exists between the research variables. A correlation coefficient of +1 and -1 are respectively regarded as perfect positive and negative correlation (Akoglu, 2018). Correlation coefficient of < 0.2 in absolute terms shows a weak to moderate relationship. Whereas correlation coefficient of 0.4 to < 0.7 in absolute terms indicate a moderate to strong relationship. Strong to very strong relationship in absolute terms lies within 0.7 to 1. In this study, there are three measures of sustainability practices & assurance – Internal Assurance of Sustainability, Organisational Awareness of Sustainability Principles and Sustainability Reporting. Table 7 below shows the correlation between age of bank and sustainability practices & assurance.

Table 7: Correlation between the age of a bank and sustainability practices & assurance:

	Research Variable	Age of Bank
Spearman's rho	Internal Assurance of Sustainability	0.191
	Sustainability Reporting	0.183
	Organizational Awareness	0.121

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The correlation results in table 7 suggests that a positive relationship exists between age of bank and sustainability practices & assurance. However, the correlation coefficient is less than 0.2, indicating a very weak positive relationship between these variables. Even though the variables are positively related, the relationship cannot be claimed to be significant. In light of that, the Analysis of Variance (ANOVA) technique is adopted to establish if indeed sustainability practices & assurance vary positively across age of bank categories. One of the assumptions of ANOVA is homogeneity of variance. The variance of the dependent variable should be equal across the subsamples whose mean scores are under comparison. The Levene's test is used to check if this assumption holds. The test of Homogeneity of Variances result is presented in Table 8 below.

Table 8. Levene's Test of Homogeneity of Variances

1. Dependent Variable: Internal Assurance of Sustainability				
	Levene Statistic	df1	df2	Sig.
Based on Mean	0.826	2	29	0.448
2. Dependent Variable: Sustainability Reporting				
	Levene Statistic	df1	df2	Sig.
Based on Mean	0.115	2	29	0.892
3. Dependent Variable: Organizational Awareness				
	Levene Statistic	df1	df2	Sig.
Based on Mean	0.158	2	29	0.855

The Levene's statistic test conducted by the study has a $p > 0.05$ ($p = 0.45, 0.89, 0.85$ for model 1, 2, and 3 respectively), and thus, the homogeneity of variances assumption is not violated. The result of the ANOVA is presented in Table 9 below.

Table 9 One-Way ANOVA Result

1. Internal Assurance of Sustainability					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.087	2	2.043	1.000	0.380
2. Sustainability Reporting					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.412	2	1.206	1.024	0.372
3. Organizational Awareness					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.717	2	.358	0.443	0.647

The result in table 9 corroborates the correlation results in table 7 which suggests an insignificant correlation between age of bank and sustainability practices & assurance. First, Internal Assurance of Sustainability does not vary ($p = 0.380 > 0.05$) across all categories of bank's age. Second, Sustainability Reporting does not also vary ($p = 0.372 > 0.05$) across the different categories of bank's age. Third, Organizational Awareness of Sustainability Principles is the same ($p = 0.647 > 0.05$) for all the age categories under consideration. With this

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in mind, the null hypothesis (H2) is rejected. The study does not find substantial evidence of significant positive relationship between age of bank and sustainability practices & assurance.

H4: There is a positive correlation between the size of a bank and sustainability practices & assurance.

Similar to hypothesis 3 (H3), the spearman's rank correlation is adopted to explore the relationship between the size of a bank and sustainability practices & assurance. In this study, staff strength and number of branches captures the size of a bank. The three categories of staff strength are; 1 – 499, 500 – 2999, and 3000 & above, while the categories of number of branches are; 1 – 29, 30 – 99, and 100 & above. The correlation result is presented in Table 10 below.

Table 10: Correlation between size of bank and sustainability practices & assurance

1. Staff Strength and Sustainability Practices & Assurance		
	Research Variable	Staff Strength (Inclusive of contract employees)
Spearman's rho	Internal Assurance of Sustainability	0.074
	Sustainability Reporting	0.297
	Organizational Awareness	0.247
2. Number of Branches Sustainability Practices & Assurance		
	Research Variable	Number of Branches
Spearman's rho	Internal Assurance of Sustainability	-0.046
	Sustainability Reporting	0.250
	Organizational Awareness	0.117

As noted earlier, correlation coefficient of 0.4 to < 0.7 in absolute terms indicate a moderate to strong relationship. Therefore, the correlation results in table 10 shows that a weak positive relationship (Spearman's rho = 0.297) between Sustainability Reporting and staff strength; a weaker positive correlation (Spearman's rho = 0.247) between Organizational Awareness of Sustainability Principles and staff strength; and a very weak positive correlation (Spearman's rho = 0.074) between Internal Assurance of Sustainability and staff strength. Also, number of branches and Internal Assurance of Sustainability have a very weak negative (Spearman's rho = -0.046) correlation. Sustainability Reporting and number of branches have a very weak positive (Spearman's rho = 0.250) correlation, the similitude of the correlation (Spearman's rho = 0.117) that exists between Organizational Awareness and number of branches.

With the correlation results, one question still remains unanswered – is there a significant positive correlation between the size of a bank and sustainability practices & assurance? To answer this question, the ANOVA test is conducted and presented in Table 11 below.

Table 11: One Way ANOVA Result for Bank Size and Sustainability Practices & Assurance

1: Test of Homogeneity of Variances					
Staff Strength					
		Levene Statistic	df1	df2	Sig.
Internal Assurance of Sustainability	Based on Mean	0.813	2	29	0.453
Sustainability Reporting	Based on Mean	0.542	2	29	0.587

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Organizational Awareness	Based on Mean	0.624	2	29	0.543
Number of Branches					
Internal Assurance of Sustainability	Based on Mean	0.102	2	29	0.903
Sustainability Reporting	Based on Mean	1.311	2	29	0.285
Organizational Awareness	Based on Mean	4.469	2	29	0.020
2: ANOVA					
Staff Strength					
		df	Mean Square	F	Sig.
Internal Assurance of Sustainability	Between Groups	2	0.486	0.226	0.799
Sustainability Reporting	Between Groups	2	2.574	2.376	0.111
Organizational Awareness	Between Groups	2	0.943	1.225	0.308
Number of Branches					
		df	Mean Square	F	Sig.
Internal Assurance of Sustainability	Between Groups	2	0.107	0.049	0.952
Sustainability Reporting	Between Groups	2	1.416	.218	.311
Organizational Awareness	Between Groups				.191*

* denotes Welch test for equality of means

As is the tradition, a homogeneity of variance assumption is tested using the Levene statistic. Apparently, the assumption was not violated given when sustainability practices and assurance is categorized by staff strength - p-value(Internal Assurance of Sustainability) = 0.453 > 0.05, p-value(Sustainability Reporting) = 0.311 > 0.05, and p-value(Organizational Awareness) = 0.543 > 0.05. Furthermore, in terms of number of branches, Internal Assurance of Sustainability and Sustainability Reporting did not violate this assumption given that p-value(Internal Assurance of Sustainability) = 0.903 > 0.05 and p-value(Sustainability Reporting) = 0.285 > 0.05. Conversely, Organizational Awareness violates this assumption (p-value = 0.020 < 0.05), which necessitated the use of Welch test to analyze the means of the subcomponents (number of branches) of the research variable.

Regarding Internal Assurance of Sustainability, the size of bank (staff strength and number of branches) does not matter (p-value = 0.799 > 0.05 for staff strength, and p-value = 0.952 > 0.05 for number of branches). The three categories have the same level of sustainability assurance. Also, Sustainability Reporting does not vary (p-value = 0.111 > 0.05 for staff strength, and p-value = 0.311 > 0.05 for number of branches) across the different categories of bank size. Lastly, Organizational Awareness is the same (p-value = 0.308 > 0.05 for staff strength, and p-value = 0.191 > 0.05 for number of branches) across all the three different categories of bank size. Therefore, it is safe to say that the size of bank does not matter in sustainability practices & assurance. There is no evidence of significant positive relationship between the variables, and thus, the null hypothesis (H4) is rejected.

H5: Board and Management commitment to ESG significantly influences internal sustainability assurance.

Overtime, some authors such as Soh & Martinov-Bennie (2018) have explored the relationship between management support and sustainability assurance. To ascertain the extent to which board and management

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commitment to ESG influences internal sustainability assurance, a linear regression is adopted. The model quantifies the relationship between both variables to ascertain if the influence of board and management on internal sustainability is significant. The regression result is presented in Table 12 below.

Table 12: Board and Management commitment to ESG and internal sustainability assurance Dependent Variable: Internal Assurance of Sustainability

	Unstandardized Coefficients		t	Sig.	Durbin-Watson
	β	Std. Error			
(Constant)	-0.881	1.256	-0.701	0.488	2.124
Board & Executive Management and Commitment	0.985	0.265	3.710	0.001	

The Durbin-Watson statistic in Table 11 is within the acceptable range of 1.5 – 2.5, which implies that the result is free from autocorrelation, and thus, can be used to make statistical inferences. One of the statistically indisputable finding from the result in Table 11 is that Board & Executive Management and Commitment to ESG positively ($\beta = 0.985$) and significantly (p-value = $0.001 < 0.05$) influences Internal Assurance of Sustainability. Thus, the null hypothesis "Board and Management commitment to ESG significantly influences internal sustainability assurance" is not rejected.

Suggestions by CAEs in enhancing internal Sustainability Assurance

The survey include an optional open-ended question requesting suggestions from CAEs on ways Internal Audit Function can add value to Sustainability in the banking sub-sector. The suggestions obtained from the survey include the following amongst others:

"The financial services regulator needs to issue clear regulations and guidelines on ESG and demand compliance and accountability. Internal Audit function will now provide assurance to the Board and management on the compliance status of the bank."

"Sustainability practice and reporting should be made compulsory for all financial institutions and Banks."

"Commitment & support of the Board and training of Internal Auditors on sustainability concepts."

"Internal Audit can add value to sustainability in banking by ensuring that standards and sustainability policies are adhered to and also ensure that corporate customers of banks meet up with required eligibility criteria for lending and their operations."

"Ensuring that the financial report covers ESG requirements and regular assurance review to the board on the status of compliance."

"Ensuring all functions within the Bank have clear sustainability practice section in their policies, which should be tested by internal audit periodically for effectiveness."

"Continuous assessment across the different areas of the business to proactively identify sustainability elements."

"Inclusion of sustainability related audits and promoting sustainability related ventures."

"Internal auditing provides assurance on the organization's Sustainability risk management, and control processes to help the organization achieve its sustainability goals, and compliance objectives."

The suggestions by the CAEs extends beyond internal factors like Board commitment and support, training of internal audit function on sustainability etc. to external factors mostly within the ambits of regulatory influence. This include the suggestions for financial regulators to issue mandatory regulatory guidelines on sustainability practices and reporting.

CONCLUSION

The intentional integration of social, environmental, and economic aspects into an organization's core operations and decision-making processes is the concept of sustainability at the corporate level. This idea originated from the realisation that businesses have a responsibility to maximise profits, minimise adverse effects on the environment and society, and create long-term value for stakeholders (Wolniak & Grebski, 2023). Given that it may influence the growth of sustainable businesses through lending and investment, the financial services sector is uniquely positioned to act as an intermediary in sustainable development (Nitescu & Cristea, 2020) and the banking sub-sector of financial services in Nigeria has developed dynamically over time with attempts to accelerate commitment to sustainability issues and practices. The implementation of these and other global sustainability initiatives are showcased in sustainability reports by banks in Nigeria. This is also the case globally where there is a growing trend towards sustainability reporting as companies that participate in sustainability efforts and disclosure benefits from enhanced reputation, branding, and transparency—all of which raise employee morale and promote competitiveness (Song et al., 2022). Nonetheless, there is a small but growing body of research that strongly questions the suitability and transparency of these techniques (Hazaea et al., 2022). Hence the rise of sustainability assurance in validating sustainability practices and claims in sustainability reporting.

Accounting firms dominate the assurance provider market, but engineering firms are quickly gaining market share and consulting firms are losing it, according to Alsahali & Malagueno (2022) research. These set of SA providers are third party/external to an organization. There has been a recent increase in the trend of internal sustainability assurance within organisations to complement external providers. In most organisations, this function is provided by the Internal Audit Function (IAF) in line with their independent assurance services for the Board and Management. While there is evidence that internal audit is becoming more involved in sustainability matters, little is known about the factors driving internal audit's level of participation in these areas (Soh & Martinov-Bennie, 2018). This study explored various factors that influence the IAF in effectively providing SA services to their organizations and this was examined from the perspectives of Chief Audit Executives (CAEs) of Banks in Nigeria.

The study findings reveal that Board and Management commitment to ESG significantly influences internal sustainability assurance and also that Internal Audit Function possess the requisite skills, competencies and training for Sustainability Assurance. This finding corroborates Soh & Martinov-Bennie (2018) assertion that the extent of Internal Audit involvement in sustainability activities is correlated with a number of criteria, including audit committee oversight, maturity of the internal audit function, and industry amongst others. Further findings of the study shows that Internal Auditors have a low perception of the credibility and business significance of sustainability practices and reporting. This corroborates Gigante et al. (2023) statement that banks' sustainable finance obligations and 'net-zero by 2050' affirmations are superficial. The study did not find any correlation between the age of a bank and its engagement in sustainability practices and assurance neither was there any positive correlation between a bank's size and its sustainability practices and assurances. This contradicts earlier research findings asserting that company characteristics, such as firm size, government ownership, profitability and listing status amongst others, have a major influence on both economic performance and SDG and is a determinant of sustainability reporting assurance (Al-Qudah & Houcine, 2024; Branco et al., 2014)

Enhancing the effectiveness of internal sustainability assurance by the Internal Audit Function will therefore require various internal initiatives within the organization. These include most importantly Board and Executive Management support and commitment to sustainability since this sets the 'tone at the top' for operationalizing sustainable practices and reporting and hence assurance reviews by the Internal Audit Function. Training and developing the technical competencies of Internal Auditors on sustainability is also important as there are elements of specialized knowledge in sustainability concepts especially the environmental pillar of the ESG tripod. Also of significant relevance is the role of financial services regulators in influencing sustainability practices and reporting while also mandating internal sustainability assurance so as to complement external assurance. These and other measures will enable the Internal Audit Function to take a comprehensive approach to ESG within their organisations, stay relevant in the ever changing and dynamic corporate and business environment and enable their value addition towards the achievement of SDGs.

Conflict of Interest Statement

The author is a member of the Association of Chief Audit Executive of Banks in Nigeria (ACAEBIN) and only administered, but did not participate in the survey and hereby declare that there is no conflict of interest in the study.

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Data Availability Statement

Data is available upon request.

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