

The Role of Green Auditing in Realizing Environmental Sustainability

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Abstract. Environmental pollution is one of the most important problems that can prevent achieving environmental sustainability. Therefore, most countries have resorted to adopting mechanisms to preserve the environment, and green auditing is one of the most important means and mechanisms that can be exploited to activate and achieve sustainable development in general and environmental sustainability in particular. This study aims to clarify the role of green auditing in achieving environmental sustainability, and this is through identifying the concept of green auditing and its types, addressing the concept of environmental sustainability, and highlighting the role of green auditing in achieving it. The study found that green auditing has an effective role in achieving environmental sustainability by improving sustainable environmental performance and controlling environmental risks (reducing judicial issues and penalties associated with non-compliance with laws related to environmental protection).

Keywords: green audit, environmental sustainability.

1. INTRODUCTION

The phenomenon of environmental pollution is one of the environmental problems that affects the lives of current generations and its impact extends to future generations. The risk of environmental pollution increases as life develops with the emergence of new means and technologies that cause environmental pollution. Therefore, international organizations and bodies began issuing many laws and legislation to protect the environment, and inventing many Methods and mechanisms that help reduce negative environmental impacts. Among these mechanisms is green auditing, which contributes to improving environmental performance and then achieving environmental sustainability by obligating industrial companies to comply with environmental laws and legislation, as well as early prediction of various environmental risks.

Study problem

The research problem is to preserve natural resources through compliance with environmental laws and legislation, which requires activating the role of green auditing.

Study objective

- 1- Clarifying the concepts related to green auditing and environmental sustainability.
- 2- Highlighting the role that green auditing plays in achieving environmental sustainability.

Importance of study

The importance of the study arises from the importance of the topic, whether green auditing or environmental sustainability, as well as arriving at a means that contributes to reducing environmental degradation, as environmental problems have become one of the most important problems facing the world.

The concept of green auditing

Green auditing is considered one of the modern types of auditing that arose with the development of the concept of performance from economic performance to social performance, which at the same time includes green auditing (Omar and Lubna, 2017: 111). Green auditing was defined by (Shible et al, 2020: 235) as Regular examination of environmental performance to ensure compliance with laws and legislation related to the environment, and the International Chamber of Commerce (ICC) defined it as an administrative tool that includes a periodic, objective, organized and documented assessment of the quality of environmental regulation and environmental management with the aim of helping to protect the environment (Al-Abbasi, 2021: 36).

Objectives of green auditing

In general, the most important objectives for which the green audit is carried out can be identified as follows (Al-Hindawi, 2016: 358):

- 1) Facilitating management control over environmental practices.
- 2) Ensure compliance with company policies, such as those requiring compliance with regulatory requirements.
- 3) Compliance with the regulations, laws and legislation issued by the competent authorities in protecting the environment.
- 4) Ensure compliance with management systems, health care systems, and environmental safety.
- 5) Ensure that the company's management monitors environmental activities.
- 6) Ensure that the data and information included in the environmental financial statements are reliable and disclose all environmental issues.

The importance of green auditing

The importance of auditing arose due to the increasing interest in the environment and the negative effects of corporate practices on the surrounding environment. Therefore, the

importance of green auditing follows from the importance of achieving environmental sustainability by providing the needs of current generations without negatively affecting the needs of future generations. There are other reasons that made green auditing more important (Thabet, 2021:77) and

(Alhelou et al,2018:56)):

- 1- The risk of being exposed to penalties as a result of violating laws and environmental protection legislation.
- 2- Increasing pressure from environmental organizations.
- 3- Increasing environmental awareness among consumers, investors, financial institutions and suppliers.
- 4- Issuing environmental protection laws.
- 5- The need for companies to adopt international specifications for environmental management systems (ISO 14000).
- 6- Increasing environmental pollution problems and their effects.
- 7- Issuing new clarifications and standards for environmental auditing.
- 8- Issuing accounting standards and bulletins related to the environment.

Types of green audit

Green audit can be classified into two types:

1) Internal green audit

Green internal audit is one of the forms of audit used by management to obtain the necessary information in order to evaluate the environmental performance of its subsidiaries and the company as a whole. This process is implemented by a group of individuals working within the company in order to provide objectivity and freedom from bias in environmental performance information. The individuals They are required to be independent and impartial, in addition to possessing knowledge and skills (Khalil, 2022: 23).

Advantages of green internal audit

The advantages of green internal audit are as follows (Samir, 2017: 41-42):

- A. Reducing costs related to the environment.
- B. More efficient operations.
- C. T- Low insurance premiums.
- D. Improved administrative decisions and enhanced environmental protection.
- E. Improved risk management.

2) External green audit

The increase in demand for environmental information from stakeholders increases the responsibility of the external auditor to ensure environmental compliance, which is an audit carried out by a person independent of the company being audited to evaluate the industrial security, health and environment system and communicate the results of the examination to the relevant parties (Assoul, 2020: 16). .

Stages of green audit

The stages that the auditor goes through to carry out the green audit can be listed as follows (Fadila, 2021: 132):

- 1- Knowledge and understanding: The auditor plans the audit process by developing a program that he follows while performing his duties, so that he collects information related to the environmental aspect and compares it with the permissible levels. Therefore, he must be familiar with all environmental legislation, laws and regulations.
- 2- Collecting evidentiary evidence: At this stage, the auditor verifies the extent to which the company's environmental activities comply with applicable environmental legislation and laws.
- 3- Preparing the green audit report: The green audit process ends with the preparation of a report approved by the auditor, which includes the disclosures made by the industrial companies and the references on which it was based in the green audit process, and finally the results it reached and makes recommendations.

Problems facing the application of green auditing in Iraqi companies

There are some problems that we face in applying green auditing in Iraqi companies, as Al-Tamimi (2020: 234-2335) identified them as follows:

- 1) Not adopting an environmental management system.
- 2) Failure to maintain environmental accounting records.
- 3) Weak interest of senior management in green auditing.
- 4) Lack of clarity of the procedures and standards governing green auditing.
- 5) The public's lack of interest in environmental information.
- 6) Lack of qualified professional staff to conduct the green audit.
- 7) Neglecting legal accountability with companies that negatively affect the environment.
- 8) Not motivating companies to fulfill their role in social responsibility and preserving the environment.

Environmental Sustainability

Natural resources have limits and environmental sustainability requires the effective use of limited natural resources (Younis & Chaudhary, 2017:94) and he defined it (Umoekeyo & Emmanuel, 2019:868) as the ability of the environment to continue working properly. Therefore, the goal of environmental sustainability is to reduce environmental degradation to a minimum and defined it (Morelli, 2011:6) as meeting the needs of resources and services for current and future generations without compromising the health of the ecosystems they provide. It has also been defined as activities through which the degradation of natural resources is avoided, environmental issues are effectively addressed, and long-term environmental quality is allowed (Mohamed, 2022: 1192), environmental sustainability is considered one of the basic pillars of sustainable development, which means exploiting available resources to satisfy the needs of current generations while preserving the rights of subsequent generations. The idea of sustainable development in the environmental dimension supports the ability and control of the continuation of natural resources and their preservation when used through (Banani, 2022: 19):

- 1- Preserving primarily renewable resources, such as agriculture and animals.
- 2- The importance of ecosystem integration and development in the world.
- 3- Double the green spaces on the ground.
- 4- Use the least possible amount of energy and resources.

Environmental sustainability objectives

(Al-Zubaidi and Hamza, 2021: 84) specified that environmental sustainability seeks to achieve a set of goals:

- 1- Maintaining a balance between available resources and basic needs.
- 2- Increase the use of renewable resources and reduce the use of non-renewable resources.
- 3- Choose technical means with limited waste.
- 4- Rationalizing and exploiting all resources and setting priorities for different uses
- 5- Respecting the natural environment by building a relationship between the activities of the population and the environment and dealing with natural systems and their content as the basis of human life.
- 6- Ensuring a trustworthy, healthy, high-quality life for the present and the future in an economic, social and environmental way.

The importance of environmental sustainability

The importance of environmental sustainability is highlighted in protecting the natural environment and maintaining its balance from pollution resulting from gases emitted from various factories, through the use of renewable sources of energy and improving the quality of goods and services resulting from manufacturing processes, and then using clean and safe distribution methods that also reduce negative impacts on the land and soil. And air and water by reducing the percentage of production waste and using high-quality raw materials that reduce energy consumption and the percentage of defective and damaged products and focusing on providing environmentally friendly products (Bidawid, 2021: 383).

The role of green auditing in improving sustainable environmental performance

The role of green auditing is to improve sustainable environmental performance by verifying the efficiency and effectiveness of environmental management, which works to reduce environmental pollution caused by industrial companies, and achieving sustainability for the company through the auditor using appropriate technical methods to examine all operational, financial, economic, political and legal aspects. And the social and environmental activities associated with green auditing are used as a means of providing assurance to senior management and reducing cases of uncertainty (Al-Abbasi, 2021: 62).

The role of green auditing in enhancing environmental accountability and achieving environmental sustainability

Green auditing can contribute to enhancing environmental accountability and achieving environmental sustainability through the following (Omar and Lubna, 2017: 117-118):

- 1- The green audit contributes to identifying weak points early at any stage of implementing activities in the company, making the necessary improvements and taking preventive measures in order to ensure the preservation of the environment and achieve environmental sustainability.
- 2- Contributing to the environmental planning process as one of the most important environmental management strategies, for the purpose of mobilizing human resources with competence in environmental matters in order to benefit from natural resources in a way that allows them to be utilized for the longest possible period of time to ensure their sustainability.
- 3- Directing the company's attention towards working to develop, improve or adopt ways and methods of treating pollution elements with the aim of reducing their environmental

impacts, and thus reducing the cost that it currently ignores, which is one of the influential elements in determining the cost, and preparing reports on the expenses that the company deducts or that it bears related to the environment. This demonstrates the extent of its commitment to implementing prevailing laws and legislation that aim to preserve natural resources and achieve environmental sustainability.

- 4- Contributing to making improved administrative decisions, as the green audit generates a wealth of data that enhances the information on the basis of which the administration makes its decisions. It is considered one of the most important mechanisms that allow this information to be directed to the administration for use in the process of formulating policies and programs related to environmental sustainability.

The role of green auditing in controlling environmental risks.

The modern trend in the world of green auditing is to use that audit to evaluate potential environmental risks, with the aim of identifying environmental issues that pose significant risks (Lubna and Omar, 2023: 338):

- 1- Reducing the risks resulting from non-compliance with environmental laws and legislation:
The green audit is considered an important tool for management to ensure that the company's rules and plans comply with environmental laws and legislation, as well as identifying any gaps in these plans before environmental inspectors submit a warning as a result of a violation of environmental laws, i.e. Green auditing can be a baseline for industrial companies to avoid the risk of prosecution and fines as a result of environmental violations.
- 2- Early detection of any potential environmental problems that may hinder the pursuit of environmental sustainability, which enables immediate remedial measures to be taken to solve them, and awareness-raising workshops can be carried out or facilitation of environmental risk assessments.

2. CONCLUSIONS

- 1- Green audit is a type of audit concerned with examining environmental performance, evaluating industrial companies' compliance with laws related to the environment, and following up on the environmental impacts of all the company's activities. That is, it is an important element in evaluating the company's safety and an important tool for eliminating environmental problems.

- 2- Environmental sustainability is activities through which the degradation of natural resources is avoided, environmental issues are effectively addressed, and long-term environmental quality is achieved.
- 3- The green audit report is considered an important tool for providing the necessary information for environmental sustainability purposes.
- 4- Green auditing has a major role in achieving environmental sustainability by improving sustainable environmental performance.
- 5- Green auditing has a major role in achieving environmental sustainability by controlling environmental risks (reducing judicial issues and penalties associated with non-compliance with laws related to environmental protection).

3. RECOMMENDATIONS

- 1- The need for the government to enact laws and legislation binding industrial companies to carry out green audits and impose penalties and fines on those who do not implement them.
- 2- Stimulating industrial companies that carry out green audits through tax exemptions for those companies.
- 3- Work to develop environmental awareness among citizens and preserve the environment from any pollution, as this step has a significant impact on achieving environmental sustainability.

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