Why Sustainability Reporting Is Good for Internal Control

Grace F. Johnson
Marietta College

ABSTRACT

The chairman's forward begins with this statement: "This report is about Tesco and Society. It marks a departure from our previous Corporate Responsibility reports.", (Tesco, 2013).

Whether we choose to call it "society", "corporate social responsibility", or the "triple bottom line", the movement to link annual financial and sustainability reporting is growing. The phrase *triple bottom line*, promoted by John Elkington, refers to a three-pronged approach for measuring organizational performance. In addition to communicating standard financial and economic results, triple bottom line (TBL) reporting asks organizations to include information about their environmental effects and obligations to society. *Triple bottom line reporting* – today more commonly referred to as *sustainability reporting* – has a clear and meaningful connection to the five components outlined in the internal control framework originally created by the Committee of Sponsoring Organizations in 1992 and updated in 2013. This paper explains how the benefits of sustainability reporting extend beyond public relations effects to enhance the control environment, risk assessment, internal controls, monitoring, and information and communication aspects of an entity's system of internal control.