Corporate Sustainability and Internal audit: exploration current involvement of internal auditors and their future perceptions in a sample of Algerian companies

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Abstract:

This study aims to investigate the current involvement of internal auditors in CS in sample of Algerian companies, and their future perceptions on the importance and competency of internal audit in this area. We are collected the data of this study from 38 internal auditors through a survey.

The study concluded that the current contribution of internal auditors in the area of corporate sustainability is limited and related to some aspects only, and they predict the expansion of Internal Audits' scope and growing demands in terms of Internal Audit Function coverage and skill and expertise requirements in CS issues. Moreover internal audit profession needs to address the current perceived skills gap in their ability to provide assurance and consulting on CS issues to ensure their continued relevance and ability to meet stakeholders' needs and expectations.

Keywords: Corporate Sustainability (CS), Internal audit (IA), Auditors.

Jel Classification Codes : M14, M42.

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1. INTRODUCTION

TheCompanies are increasingly being evaluated on not only their financial performance, but also nonfinancial results related to environmental and social performance, reporting onSustainability at the corporate level has broadened widely and is fast becoming a critical element of reporting large companies at the global level.

However, the lack of confidence in companies' commitment to their social responsibility and Sustainabilityleads to an urgent need for accounting systemsthat enable stakeholders to control the companies' performance of these responsibilities. These systems consist of reporting on different activities of social responsibility/Sustainability.

Given that the dominant global practice is on voluntary disclosure, the risk exists that organizations may tend only to disclose information that places them in a favorable light. In order to achievethe objectives of these reports a qualified and neutral third party was required to review and assurance accuracy and reliability of Corporate Sustainabilitydisclosures to stakeholders.

In this context, Internal audit is an important means of effectively assessing the organizational ability to achieve objectives and control the risks resulting from different activities, as well as providing confidence to stakeholders.

The internal audit function has evolved considerably over the past two decades, and these developments have led to the need for the internal auditors to understand the nature of the activities of the company in which they work, so that they can examine and evaluate these activities.One such activity is the internal audit of CorporateSustainability.

These recent developments are important mechanisms for activating corporate governance, which is among the most important processes necessary to affirm the integrity of management, fulfill obligations and its objectives legally, and protect the interests of stakeholders.

Furthermore, internal audit is expected to give increasing priority to the work field of CS in the future as well. In this, IA performs activities concerning both assurance and consultancy roles when it comes to CS. Based on the foregoing, we ask the following questions:

- **What is the current involvement of internal auditors in Corporate Sustainability(CS) area**?
- **What are the future perceptions of internal auditors about CS issues?**

The aim of this study is to clarify the new role that the internal audit function can play in the area of CS in the Algerian context**.** This research can be classified as exploratory research. First, various literature, websites, and we have examined research studies, which provides a list of literature used. Then, we are collected data through a survey, to achieve the aim of the study.

2.Literature review

Over the last two decades, the interest in corporate sustainabilityincreased, where subjects such as environmental and social responsibilities and sustainability at the corporate level are now even of important at the global level.

2.1 Corporate Sustainability (CS)

The idea of corporate Sustainability arose as a result of multiple events and many crises, where the stakeholders are increasingly focusing on environmental, social, and governmental issues, and expecting a better performance. It has been influenced by many variables that have strengthened its acceptance or its decline, or even ignore it in some cases depending on many

reasons. Most importantly the nature of the environment in which the company is active, and the different understanding of social responsibility among the managers.

Therefore, the concept of corporate social responsibilityandsustainabilityhas been evolving quite dynamically during the last few decades.In the period from the eighteenth century to the end of the 1920s, the neoclassicists' viewpoint spread to the view that the sole aim of the company was to maximize profit and move towards pure self-interest, and that pursuit of the private interest leads to the public benefit.

By the late 1920s to the early 1960s business managers begun assuming the responsibility of balancing the maximization of profits with creating and maintaining an equilibrium with the demands of their clients, their labor force, and the community (Carroll, 2008, pp. 19-46). Some early examples of CSdebate can be found in the Social Control of Business by Clark(Clark, 1916). After that, perhaps the most notable example of the changing attitude towards corporate behavior came from Bowen in his book Social Responsibilities of the Businessman(Bowen, 1953).During the 1960s, the academic literature presented a new conceptualization in which it recognized the importance of the relationship between companies and society, including studies of(Davis, 1960); (Frederick, 1960); and(Walton, 1967). However, the perspective is confined to concerns for employees' satisfaction, management and society's social welfare, and it is mainly focused on generating economic profit.

The period from the late 1960s to the present day, marked by the increased size of companies, workers' rejection of harsh working conditions, and increased awareness of the environment, human rights, and workers leading to higher social expectations of corporate behavior. As a result, in 1971, the Committee for Economic Development of USA introduced a new vision based on the premise that "business functions by public consent and its basic purpose is to serve constructively the needs of society – to the satisfaction of society" (Committee for Economic Development, 1971, p. 16)

In 1979, Carroll proposed what is arguably the first unified definition of CS, by which he identified specific responsibilities and expectations (economic, legal, ethical, and discretionary) for companies as an integral part of their framework (Carroll, 1979).

This definition opened the debate during the 1980s and early 1990s on the operationalization of CS, which led to a new introduction of the concept as a decision-making process. This translated into the creation of new frameworks, models, and methods aimed at evaluating CSR and Sustainability from an operational perspective(Latapí Agudelo, Davídsdóttir, B, & Jóhannsdóttir,L, 2019). Some examples came from(Cochran & Wood, 1984),(Strand, 1983). In the same period, thecreation of international bodies and the adoption of international agreements on sustainable development was reflected in increased awareness of the impact of corporate behavior.

Because of the work of these international organizations and initiatives, the concept of corporate social responsibility has changed and the goal has come to balance challenges and opportunities. By the late 1990s, the debate began on how to integrate it into institutional practices and their strategic application. According to Burke & Logsdon CSR can be used with a strategic approach and can create specific and measurable value in the form of economic

benefits for the company and provide an innovative perspective(Burke & Logsdon, 1996).

In the decade of the 2000s, the adoption of the Millennium Development Goals (MDGs) andthe establishment of the Global compact on CSR by the United Nations have given a new dimension to the understanding of social responsibility. Where the Corporate responsibilities have expanded to include human rights, workers' rights, the environment, anti-corruption and sustainable development. This was reflected in the literature and definitions proposed by researchers (see:(Husted & Allen, 2007);(Porter & Kramer, Strategy & Society, 2006);(Werther & Chandler, 2005)), which discusses the idea that companies have a new role in society, and that they respond to social expectations and seek to sustainability, which necessitates making strategic decisions to achieve this.

From this point of view, the debate on the benefits of Strategic (SCSR) began, and with the beginning of the decade 2010, the trend became that companies could create shared valuedeveloped by(Porter & Kramer, 2011)while improving their competitiveness through the comprehensive implementation of the CSR /Sustainabilitystrategy.

The Paris Agreement and the seventeen sustainable development goals adopted in 2015 also reflect a new social contract in which companies are expected to play an important role in global efforts to achieve sustainable development goals. Since then the CS literature has focused onterms of conceptualization and implementation of CS, whichcan be linked to some extent with the SDGs, while the definition of CS remains focused on the ability of companies to creating shared value.

2.2Emerging the necessity of CS' assurance

The increasing significance of the CS strategy implementation internally and its impact on risk management has resulted in new challenges to social control and reporting systems that provide transparency.In this regard, it emerged an urgent need for nonfinancial disclose, and CS reporting has become more spread, and its disclosure in companies annual reports besides financial information(Wilkins, 2017), with an increased expectation that larger companies disclose CSinformation. Moreover, a(KPMG, 2020) survey reported 77% of the 5200 companies surveyed prepared CS reporting, and over half of the surveyed companies included CS information in their annual report with financial performance information.

Although there are continues to be significant for CS reporting and the trend to the institutionalization of the practice, there is worry about the quality of reporting, the studies of((Bouten & al, 2011)(O'Dwyer, Owen, & Unerman, 2011)) found that identifying the material CSR issues was subjective. The study's participants acknowledged that for CS reporting to remain viable, the reports must be legitimate, transparent, and complete.

According to Lyon and Montgomery,the risk emerges that some companies may use 'green-wash'to deceive stakeholders by influencing their beliefs about a company's environmental and social performance, practices or products in order to benefit from being perceived as socially responsible (Lyon & Montgomery, 2015). Green-washmay be regarded as being information disseminated to present an overly positive image of the company's CS performance, but withholding or not fully disclosing any adverse information.

The independent assurance of CS disclosures represents a mechanism that can mitigate against green-wash ((Ackers B. , 2017),(Lyon & Maxwell, 2011)).

The KPMG survey found that more than 71% of the largest 250 global companies having their CS reports independently assured by an independent third-party assurance of their sustainability information(KPMG, 2020). This demand for CS assurance is driven by a need to convince stakeholders that the company is appropriately managing its environmental and social risks(Ballou & al, 2018).

Previous literature suggested that the purpose of independent CS assurance promotes balanced corporate reporting and providesconfidence to stakeholders about the relevance, completeness, validity, and integrity of the underlying CS disclosures ((O'Dwyer & Owen, 2005),(Manetti & Toccafondi, 2012),(Ackers B. , 2017).

In this context,one issue that needs more analysis is about the role of the audit profession(including both external and internal auditors), certification bodies, and specialist consultancies in providing assurance on CS issues ((Ackers & Eccles, 2015);(O'Dwyer, Owen, & Unerman, 2011) . Acker suggests, "The auditors' role as a CS assurance provider is expected to become increasingly more important .... This increased demand for assurance services will require the global audit profession's paradigm to be re-examined to include competence in contextual accounting and auditing"(Ackers B. , 2009).

However, while there is a growing academic literature examining various aspects of external CSR assurance, there has been littleresearch investigating the nature and extent of internal assurance and consulting on CS issues.

2.3 Internal audit's role in Corporate Sustainability

The Institute of Internal Auditors (IIA) notes that as "the internal audit profession is the global voice, recognized authority, and acknowledged leader" the IIA has argued that the major objectives of internal audit through the definition assigned to this function:" Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes"(IIA, The Institute of Internal Auditors, 2021).

The internal audit aims to provide an assessment of the internal control environment and the organizations' compliance.The traditional scope of the internal audit does not include the CSprocess and its risks(Tiron-Tudor & Bota-Avram , 2015).Management has troubleensuring that CSR activities are coordinated and aligned with strategic initiatives and principles throughout the organization(Geene, 2014).

In this regard, the internal audit profession has undergone significant change and received renewed emphasis internationally; it has a key role in the move towards integrated reporting because of its position within the organization(Druckman, 2013). While it can support management to implement a Sustainable Management System (SMS) and perform system, audits after the implementation phase as long as they maintain their independence and objectivity(Nieuwlands, 2007). In addition, there is growing recognition of the role can or should it perform in contributing to improved social, environmental, and governance reporting as organizations perceive and respond to risks associated with nonfinancial disclosures(Cascone, Derose, J, & Nefedova, 2010).

Prior research emphasized that internal audit assurance of corporate social responsibility and sustainability activity is expected to increase over time, (Allegrini & al, 2011),(Darnall, Seol, & Sarkis, 2009),(Ackers B. , 2008)

The increasing importance and engagement of Internal audits in sustainability areas are also clarified by the International Professional Practice Framework (IPPF) on evaluating CSR and several other specific subject-matter guides developed by The IIA in 2010.

"An internal audit activity that conforms to the International Professional Practices Framework (IPPF) is qualified to audit and provide assurance to the board and management on CS and sustainable development programs and reporting."(IIA, 2010)

According to this guide,"internal auditors should understand the risks and controls related to CSR objectives",and the internal audit function should perform work in all phases of the Sustainable Management System in order to provide assurance and consulting on the adequacy and effectiveness of the system(IIA, 2010)

More specifically, the IIA suggests that internal audit's CS role is determined by the extent to which responsible CS practices have been entrenched into the corporate fabric and include(IIA, 2010):

➢ **Auditing**: Providing "independent" assurance about the adequacy of CS-related internal controls and the veracity of CS disclosures.

➢ **Facilitation**: Assisting management to self-assess CS controls and performance, based on a risk-assessment aimed at mitigating internal control deficiencies.

➢ **Consultation**: Advising management on the design and implementation of CS programs and reports and/or providing technical advice on CS governance, risk management and internal control.

Based on a global internal audit survey,(Allegrini & al, 2011)found that and in the near future, the internal auditors expect a major focus on these areas: corporate governance, risk management, and social audits and ethics audits compared with compliance, operational and financial risks audits.

In 2014, Trotman and Trotman, through a qualitative study, found that audit committee members, senior accountants, CAEs, and external audit partners from a Big-4 audit firm admit that the internal audit function plays, or should play, a role in the auditing of sustainability. Interviewees state that internal audit involvement aids in risk management, as the costs of misreporting, can be high (Trotman & Trotman, 2015). Moreover, governance issues are a key area of focus for internal auditors' assurance and consulting efforts, perceived to be of greatest current importance to internal audit function, followed by social and environmental issues respectively(Soh & Martinov-Bennie, 2015)

In this regard,(DeSimone&al, 2018), alsoinvestigated correlates of Sustainability Audits by Internal Auditors Using data from a sample of 2,048 chief audit executives (CAEs)of various organizations worldwide, they found significant and positive associations between the existence of documented corporate governance guidance and Internal Audit Function involvement in risk assessment and sustainability audits by Internal Audit.

In order to analyze the role, that internal audit could play;(Akers, 2016)developed an exploration study within a South African context. He found that although internal audit does provide independent CS assurance, this assurance is primarily intended for internal stakeholders to assist in improving the quality of CS reporting practices, the results suggest that any benefits accruing to external stakeholders were not deliberate, but merely incidental. He argued that although internal audit will continue to incorporate material CSissues into its mandatory risk-based auditing approach, the results would not necessarily be publicly available. The extent of reliance that external stakeholders can place on company CS disclosures is therefore not directly influenced by internal audit's involvement in CS-related matters. However, by adopting a proactive CS role, internal audit can assist reporting companies to improve their CS reporting practice(Akers, 2016).

As previously mentioned, according to IIA'spractice guide there are various risks associated with CS activities, but the responsibilities for performing an appropriate assessment of these risks and implementing the control activities to manage those risks belong to management. The primary role of the internal auditor will be to provide assurance about the effectiveness of these control activities designed to manage the risks related to CS. A valuable synthesis of main categories of risks that could influence CSR of sustainable development activities is provided by this IIA's guide (IIA, 2010)which are: Reputation, Compliance, Liability, Operational, Stock Market, Employment market, Sales Market, External Business, Relationships.

According to this guide (IIA, 2010)an internal auditor could adopt one of the next approaches in auditing their company's CS activities and their related controls. The internal auditor could:

a. Separate audits of each element of CS are further refined into audits of these subjects at the corporate office, subsidiaries, and with external business relationships. Management processes can be evaluated based on internal control or quality frameworks, such as COSO,12 ISO,13 etc., or compliance with customer expectations (contractual obligations). these CSR activities should include at least the following elements: governance; community investment; environment; ethics; health, safety, and security; transparency; working conditions and human rights.

b. Audits of CS programs related to each significant stakeholder group affected by CSactivities that are further refined into audits of these subjects at the corporate office, subsidiaries, and with external business relationships. The main groups of stakeholders influenced by CS activities are customers; employees and their families; the environment; local communities; shareholders/investors; suppliers, non-governmental organizations, and activist groups.

c. Group the related subjects as follows :
  ✓ Workplace: employer of choice, health and safety, environmental management practices, diversity and equality, training and development, ethics, governance, and human rights.
  ✓ Marketplace: product quality and safety, responsible advertising and sales, responsible supply chain

    ✓ Workplace—which could include elements such as: health and safety; environmental management practices; ensuring diversity and equality; training and development; ethics; governance and human rights ,practices, product stewardship, disclosure practices, and privacy.

    ✓ Environment: responsible air, water, land, waste, animal, and energy use and regulatory compliance.

    ✓ Community: philanthropy, local economic support, capacity building, volunteerism, and stakeholder engagement.

d. Audits of the internal controls over risk management, recording, measuring, and reporting of CS activities within each department or function that is covered in the audit plan.

e. Assurance audits of public disclosures of financial and non-financial information related to CS or any of the individual CS elements.

f. Audits of third parties for contractual compliance, including compliance with CS terms and conditions. A proactive role may also be taken. For example, internal auditors could perform a review as part of a supplier pre-qualification process.

3. Research method and data collection

We conducted a survey to collect data for the study; the study sample consists primarily of internal auditors working in Algerian companies. These participants were selected as the target population given their position within the organization and their overall responsibility for the Internal Audit Function. Moreover, the companies were selected based on their availability of the information that serves the main objective of the research, which is identifying the expected role from internal auditing in assurance and consulting CS.

The survey instrument was designed based on a review of the existing Internal Audit and CSR literature, as well as IIA surveys of the internal audit profession to facilitate comparisons of the findings to these studies. A cross-section of CS indicators was drawn from the IIA's Evaluating Corporate Social Responsibility/Sustainable Development Practice Guide.

The survey tool was previously discussed and tested with academics, the final list of issues was simplified as a result of practical reasons (time constraints), but also to strike a balance between the relevance of the issues presented in the survey and the need to get a comprehensive view of the current and future role of internal auditing in CS . The final list of issues in the survey is provided in Appendix 1. We used the statistical package of Social Science to analyze data.

A total of fourteen 40 responses to the survey were received, of which 38 complete responses were usable. The response rate of 84.85%. Table 1 provides an overview of the distribution of respondent type and experience:

Table 1. Statics of survey

Distributed survey	Returned survey	Usable survey	Response rate%
47	40	38	84.85%

Source: by researcher

4. Results

Research questions 1 examined the Internal Audit's current involvement in CS assurance

and consulting, while Research questions 2 examined the perceived expected importance of internal auditing of CS over the next years and its contribution to improving corporate governance.

4.1. The current role of internal audit in CS

4.1.1. Internal Audit involvement over CS issues

Based on the answers of the respondents, internal audits of CS issues is varying, workers' conditions and safety are clearly the most common social issue for which Internal Audit function undertake assurance and consulting activities, where 66% of the respondents confirm that. A majority of the respondent are also involved in providing assurance on Human rights (61%), Environment (55%), consumers /clients (45%) and donations and sponsorships (37%), Table 2 provides details on the nature of Internal Audits' involvement over CS issues examined in this study.

Table 2. Current Internal Auditinvolvement over CS issues

CS issues	Mean	SD
Work conditions	**0,66**	0.47
Consumers /clients relations	0,45	0.5
Donations and sponsorships (Community impacts)	0,37	0.48
Environment	0,55	0.50
Human rights	0,61	0.49

1=Involved in auditing issues, 0 otherwise

Source: by researcher depending on SPSS results

4.1.2. Coordination between internal audit and other functions related to CS activities

Most of the respondents (71.1%) confirmed that there is coordination between the internal audit function and the quality management department. for coordination with the environmental management department 42.11% confirmed its existence, and with regard to coordination with the Health and Safety department, it is weak (23.68%).

Table 3. Coordination between IA and other functions

Functions	Mean	SD
Quality Management	**0.71**	0.45
Environment Management	0.42	0.49
Health and safety	0.24	0.43

1=coordination with IA , 0 otherwise

4.1.3. Procedures to auditing management systems (Quality, Environment, Health and safety)

Most of the respondents (84,2%) confirmed that the internal audit function in their companies has documented procedures that define how to audit quality management and it should be noted that some of the sample members received training about the quality management system and the ISO 9001 standard.

63,16% approved the existence of documented and written procedures that define the internal auditing of the Environmental management system. Moreover, % 73, 68 of respondents affirmed that they have not procedures in their companies to audit Health and safety system.

Table 04. Procedures to audit management systems

Functions	Mean	SD
Quality Management	**0.71**	0.45
Environment Management	0.42	0.49
Health and safety	0.24	0.43

1=Existence of procedures , 0 otherwise

4.1.4. Internal audit's usage of standards and guidance

The study finds that highest level of usage for ISO 14001 Environmental Management, also 53% of respondents reported usage of ISO 9001 quality management, The least used standard in the sample is GRI guidelines (15.8%), Moreover, the usage of Social Accountability International's SA8000 standard and Accountability's AA1000 standards, and IIA's IPPF Practice Guide: Evaluating CSR/Sustainable Development are non-existent. Table 5reports details of respondent Internal Audit Functions' usage of standards and guidance in auditing CS engagements.

Table 5. Standards and guidance used in CS engagements

Standard/Guidance	Mean	SD
ISO14001 Environmental Management	**0.63**	0.48
ISO 9001 Quality Management	0.53	0.50
GRI guidelines	0.16	0.38
Accountability's AA1000 standards	0.0	0.0
Social Accountability International's SA8000 standard	0.0	0.0

IIA's IPPF Practice Guide: Evaluating CSR/Sustainable Development	0.0	
		0.0

1=Standard used in CS auditing engagements, 0 otherwise

Source: by researcher depending on SPSS results

4.2. Future perceptions of CS Internal audit

4.2.1. CS activities that internal auditors should be involved in

Table 06 summarized what CS activities should the internal auditors be involved in, the two items with the highest mean score (on a scale of one to five)   were *"Provide assurance that CS monitoring…others"* **(mean: 4.03)**and *"Monitor controls …"* **(mean: 3.47).** In term of what auditor should not do 63.2% **(**See appendix 02) of the respondents indicated that auditors should "definitely not "or "probably not" design or develop specifications for CSR activities.

Table 06. Should be internal auditors involved in these CSR Areas?

CS areas	Mean*	SD
Provide assurance that CS monitoring controls are being used properly by others	4.03	0.545
Monitor controls to determine whether CS specifications are being compiled with	3.47	0.760
Design/ Develop controls to monitor CS activities to ensure compliance with CS specifications	3.21	1.143
Design/ Develop specifications for CS activities	2.37	0.883

*Measured on a five-point rating scale (1=definitely not , 5=definitely yes)

Source: by researcher depending on SPSS results

4.2.2. Internal Auditors skills and competencies in relation to CS activities

Regarding the ability and skills required for internal auditor intervention in CS issues, the answers were generally positive (mean score3.47), which indicates that the sample members agree that internal auditors are in a position to help evaluate a system for managing CS**.** This can only happen through the internal auditor acquiring training in techniques for measuring and auditing social issues, and the respondents emphasized the necessity of that (mean score 4.5), where 96.7% of respondents are agreed and definitely agree(see appendix 03)

Table 07: Perceived competency of Internal Auditors skills for CSR activities

	Mean*	SD
Internal auditors have minimum skills to undertake engagements involving CS activities	3.47	1.006
Internal auditors must be training on field of CS activities	4.5	0.558

*Measured on a five-point rating scale (1= definitely disagree , 5= definitely agree)

4.2.3. Perceptions of CS Internal Auditing impact's on governance issues

Respondents rated the perceptions of CSInternal Auditing impact's on governance issues as totally agree on positive effect on all five governance issues examined in this study with a mean score of 3.95 (on a scale of one to five).Issues of greatest affected are risks management related to CS (mean: 4.13), improve the credibility of CS reporting (4.03), and minimize information asymmetry (4.0), while issues less affected are Transparency (3.84) and enhance accountability (3.76).

Table 08. Do you think that CS internal audit affect these governance issues?

Governance issues	Mean*	SD
Transparency	3,84	1,001
Enhance accountability	3,76	0,786
Minimize information asymmetry	4,00	0,735
Risks management related to CS	**4,13**	0,704
Improve the credibility of CS reporting	4,03	0,716

*Measured on a five-point rating scale (1= definitely disagree , 5= definitely agree)

4.3.   Discussion

The findings from this study provide evidence of current Internal Audits' involvement in CS activities in Algeria. In particular, the results suggest that Internal Audit of CS activities are largely focused on workers' conditions issues rather than relations with community issues (donations) at present, with Internal Audit currently performing a very limited role in relation to community issues. Moreover, there is coordination between the efforts of the internal auditors' and the Quality/Environment departments; this shows that internal audit plays an important role in the evaluation of quality/environment management system, which reflects the development in the audit function.

The internal auditors audit some aspects of the CS activities, but they do not do this as CS activities, but rather do it within their usual work by assurance the social dimensions of a financial nature by examining the documents and procedures related to the social activity of the company. In addition, in prior studies, many issues have examined in the context of external assurance of CS information. While this study finds that internal audit standards and guides related to CS are not mainly used by internal audit.

This is due to the absence of laws and regulations that required Algerian companies to disclose the results of their social and environmental activities where the only obligatory reporting system is the annual financial statements only.

There are no environmental pressures that lead companies to disclose their performance in social, ethical, and environmental issues, this is due to the companies' inability to identify the requirements and desires of the stakeholders in order to respond to them. Therefore, what characteristic of economic companies in Algeria is that most of them are interacting with a small circle of parties are: investors and partners, and operate under the lowest level of disclosure.

In light of this, it is timely to expanding involvement in CS areas, and for researchers in undertaking future research in this area.

The internal auditors predict the expansion of Internal Audits' scope and growing demands in terms of Internal Audit Function coverage and skill and expertise requirements. The internal auditors in our study think that they should be involved in providing assurance about CS activities and monitoring controls to determine whether CS specifications are being complied with, which is logical considering that the assurance and control service is one of the basic functions provided by the internal audit function. On another side, they reject the involvement in designing and developing specifications for CS activities, this can be explained by the fact that the designing and developing specifications challenge the objectivity and independence standards of the internal audit function. That challenge does not mean that the internal auditor can never contribute to this, but considering that, this puts the internal auditors in a position of auditing their own activities, which would menace their independence and objectivity.

As a summary of the above, we can say is that: The internal auditor should not design and develop specifications for CS activities. Rather, he must intervene within the scope of his services that he usually provides an assurance and monitoring controls about CS activities.

These expectations of the expanding scope of the function raise issues of whether and how IAFs will have adequately resourced in facing the expanding demands of stakeholders in an increasing number of areas outside of the function's traditional financial and compliance focus.The results show that the internal auditors are ready to assist and involving in CS auditing, for this, it is also necessary that the internal audit profession address the issue of the emerging skills gap as expanding their work outside their traditional skill domain. The internal auditors in this study emphasized the necessity of acquiring training in techniques for measuring and auditing CS issues.

The expected increase in the future importance of CS issues to the internal Audits is consistent with the increased governance issues in recent years. Where the sample members prospect that internal auditing and providing assurance for CS activities results in the operationalization of corporate governance, through expanding the control role of the internal audit function in the field of corporate social responsibility. Which increases the transparency of the organization's work and the control of stakeholders over corporate management, enhances accountability, and reduces the asymmetry of information with the stakeholders. In addition to the activation of some pillars of governance, such risks management of CS and all this leads to

achieving the objectives of comprehensive governance that take into consideration the economic, social and environmental dimensions.

5. CONCLUSION

Companies worldwide are increasingly preoccupied with how their activities and actions affect the environment and social welfare, while stakeholders are requesting that companies act in a socially responsible manner. From its position, the internal audit should be seen to be effective. From previous literature is clear that the internal audit is one of the features, which demonstrate a company's independence that could provide an independent assessment of the CS performance of a company.

We concluded that leading IA functions are involved in the CS process through assurance, and consultancy roles. Building on extant literature, this research concludes that the actual role attained by IA is indeed highly dependent upon the level of maturity of the CS process**.**

This study investigates the internal auditors' current involvement in CS issues and their future perceptions of Internal Audits Function in Algerian companies, through this; we concluded two main results:

- Internal Audit of CS activities currently is largely focused on just some areas of CS (such as workers' conditions issues rather than relations with environment and community issues) , and the auditors involved and providing the traditional services of internal audit (assurance and consulting).

- The internal auditors predict the expansion of Internal Audits' scope and growing demands in terms of Internal Audit Function coverage and skill and expertise requirements. Expanding the internal auditing role and its value-added in CS issues leads to the operationalization of corporate governance, which increases the accountability and transparency of the organization's work and the control of stakeholders over corporate management.

This study clarifies that the internal audit profession needs to address the current perceived skills gap in their ability to provide assurance and consulting on CS issues to ensure their continued relevance and ability to meet stakeholders' needs and expectations in providing effective integrated assurance.

While the appropriate skill mix for specific CS engagements may be obtained by supplementing the internal auditors with external subject-matter specialists as required in the short term, the fundamental issue of IA adaptability in up skilling to ensure their continued relevance and ability to meet stakeholders' needs and expectations in providing effectively integrated assurance and consulting needs to be addressed.

With the continuing fast change in the corporate environment and the Internal Audit Function's role, internal auditors will increasingly need to be equipped with critical thinking, analysis, and communication skills, while developing their adaptability through continuous learning and retraining themselves.

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7. Appendices

Appendix 01: Axes of the survey

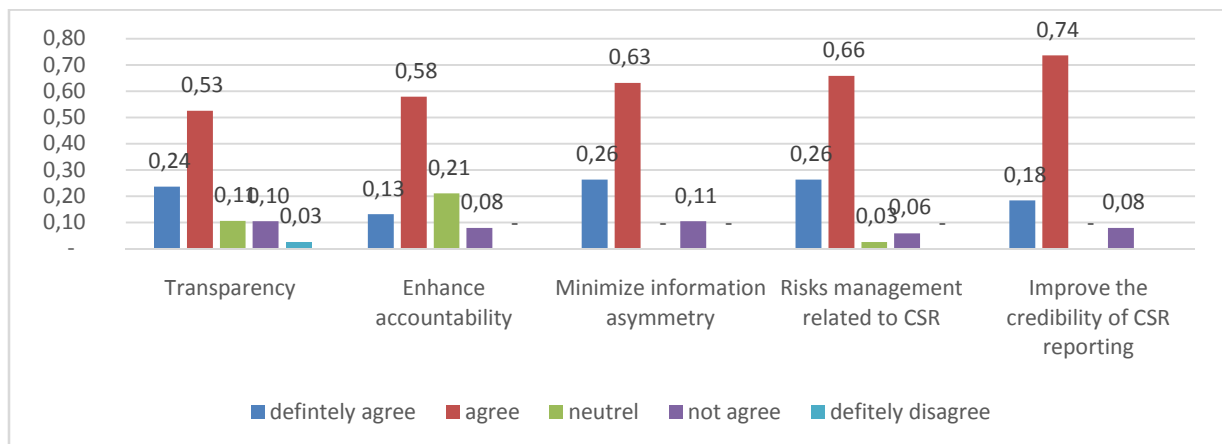| The current role of internal audit in CS	Internal Audit involvement over CS issues : - Work conditions - Consumers /clients relations - Donations and sponsorships (Community impacts) - Environment - Human rights
	Coordination between internal audit and other functions related to CSactivities
	Procedures to auditing management systems (Quality, Environment, Health

	and safety)
	Internal audit's usage of standards and guidance
Future perceptions of CS Internal audit	CS activities that internal auditors should be involved in**.:** - Provide assurance that CS monitoring controls are being used properly by others - Monitor controls to determine whether CSspecifications are being compiled with - Design/ Develop controls to monitor CS activities to ensure compliance with CS specifications - Design/ Develop specifications for CSactivities
	Internal Auditors skills and competencies in relation to CS activities
	Perceptions of CS Internal Auditing impact's on governance issues: - Transparency - Enhance accountability - Minimize information asymmetry - Risks management related to CS - Improve the credibility of CS reporting

Fig01. Responds about CS activities that internal auditors should be involved in
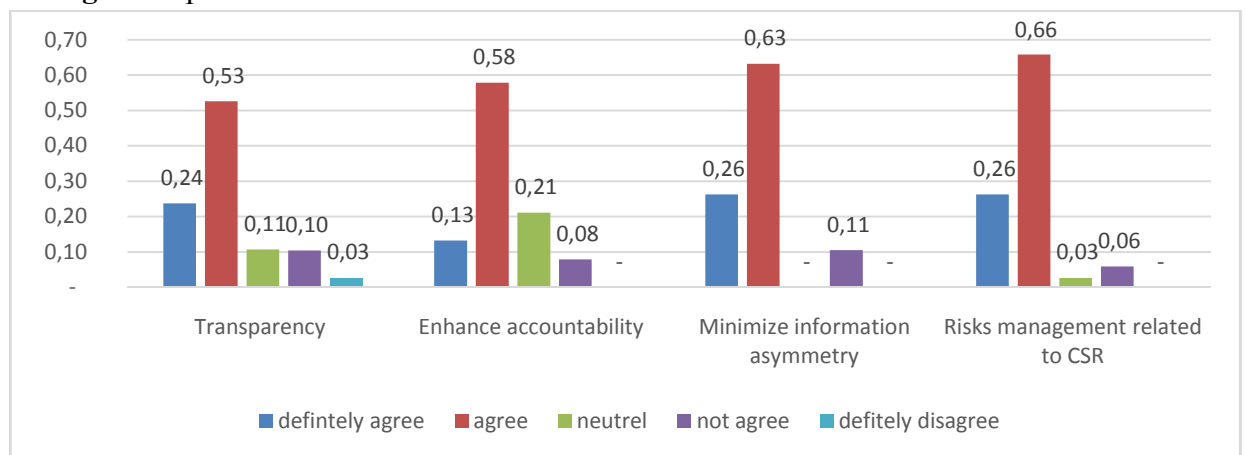
Source: by researcher depending on SPSS results

Fig02. Responds aboutperceptions of CS Internal Auditing impact's on governance issues

Source: by researcher depending on SPSS results