



Internal Control System as A Mechanism for Improving Financial Disclosures "Ifrs S1" in State Entities.

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Abstract

The modernization process of the public accounting system and its adaptation to international standards leads to the continuous review of the management tools of public entities, more specifically, it is sought to understand how the Internal Control System (ICS), based on the MECI, makes it possible to meet the requirements of these standards. Since the issuance of the International Financial Reporting Standard S1 (IFRS S1), a reference has emerged for public entities not only to disclose financial information, but also to establish how their environmental and social impacts should be addressed and presented. This encourages the presentation of more transparent information and, in turn, contributes to the fulfillment of the Sustainable Development Goals (SDGs). Therefore, the objective of this research is to analyze the Internal Control System as a mechanism to improve financial disclosures in accordance with IFRS S1 in state entities. This research is based on a descriptive and documentary approach.

Keywords Internal Control, Public sector, Environmental sustainability, IFRS S1 (International Financial Reporting Standards S1)

1. Introduction

The International Financial Reporting Standards (IFRS), issued by the International Sustainability Standards Board (ISSB), seek, among other things, to standardize the presentation of relevant information by organizations. Over the years, updates have been made, as well as expansion of standards with which it is intended to cover even topics of interest and/or current affairs beyond accounting, reaching the socio-environmental. In 2023, the ISSB published IFRS S1 for the disclosure of sustainability information.

In recent years, sustainability, sustainable development and responsible consumption of resources have been consolidated as essential concepts of global interest, increasingly valued by society, becoming pillars that seek to reflect on the impact of the actions of the current population on the availability of available resources in the future. as well as their measurement, control and disclosure of these impacts at the individual level as well as in the field of private organizations and public institutions. The disclosure of transparent and objective information on the impact and contributions of organizations to sustainability in different areas such as socio-environmental is crucial, and this is where the internal control system emerges as a foundation to ensure the reliability and veracity of the information associated with sustainability initiatives.

It is of utmost importance that the consolidation of accounting processes in corporate development, as well as the disclosure of information, is carried out under high standards of transparency, which meet the needs for review and decision-making on it, not only in private finances, but also in public finances, recognizing the impact it represents on social and environmental resources. as well as the perception and behavior of society. (Romero, Ramírez, Pinzón, Bastidas, 2025)

Accounting modernization in Colombia is a discussion that has been developing for more than two (2) decades and that managed to materialize in 2009 with the official adoption of international standards. Since then, efforts have been made in various sectors to materialize this adoption in the updating of their accounting frameworks and the public sector is no stranger to this transition, since currently the accounting regulations for the public sector have a reference in IFRS and IPSAS.

Along with the above, since the 90s worldwide and mainly due to corporate scandals in the U.S., the model we know as COSO (Committee of Sponsoring Organizations of the Treadway Commission) has emerged, a model that has evolved over the years and has been adopted and adapted by various entities and governments. In Colombia, efforts have been made to strengthen the management of organizations and in 2005 the Standard Model of Internal Control (MECI) was adopted as an initiative to strengthen public organizations in institutional management. Today, the latest version of the MECI adopted the structure of the COSO model issued by INTOSAI – International Organization of Supreme Audit Institutions.

Methodology

This research is based on the characterization of the elements of internal control in public sector institutions that are related to environmental variables. To this end, it begins with the analysis of the document "Achievements of environmental public policies 2018-2022" issued by the Ministry of Environment and Sustainable Development and the entities that lead and issue guidelines related to environmental management are selected from each of the public policies. Subsequently, elaborate a correlation matrix in which the elements of the internal control base that are related to environmental variables are detailed, finally by means of a detail matrix with RACI type detail, the scope of each variable is described according to the components: control environment, risk assessment and control activities.

In the next stage, the description of the information and communication systems that can provide data for environmental tools is sought, through requesting which information systems and data are collected to obtain information of a socio-environmental nature, then an inventory is generated through matrices characterizing the environmental information. that is communicated and the communication channels

through which it is disseminated, obtaining an inventory of systems, channels and information that is reported.

Continuing with the process, the monitoring and supervision activities that generate the best contributions when environmental tools are implemented to the internal control system are analyzed, through the verification of the semi-annual internal control reports and the follow-up and evaluation reports, to make a list of the existing evaluation and monitoring tools and the reports that in turn they generate. managing to establish an inventory of these activities that in accordance with the socio-environmental component.

Finally, it seeks to develop a guideline related to the Internal Control System in the environmental field in public entities in Colombia, through a correlation of strengths and weaknesses related to the applied model of internal control, presenting an analysis that allows identifying environmental aspects related to this system.

Frames of reference

The Standard Model of Internal Control seeks to provide elements that allow the establishment of efficient strategies, in accordance with each of the entities, for the implementation of the model in new institutions of the public sector. This would help, as Cárdenas (2012) indicates, to position the conception that these systems, rather than a regulatory obligation, are managerial tools that contribute to fulfilling the essential purposes of the State. Additionally, it seeks to evaluate the *feedback* of the elements presented in the MECI Model, with the environment in which they are integrated with the following participants: public servants, citizens, other public entities, among others.

In the components of the Standard Model of Internal Control, environmental aspects can be correlated, understanding these as part of the environment with which the organization interrelates, below is an interrelationship of the components of the model and its environment:

Board 1. Own Construction – Environmental Aspects in the MECI

CONTROL ENVIRONMENT	<ul style="list-style-type: none"> ○ Organizational culture: The corporate culture and ethical values of employees can affect the implementation and effectiveness of the control environment and the impacts on the environment if a rational use of resources is not made. Likewise, it is important to strengthen continuous training for employees by generating environmental awareness. ○ Regulations: Specific laws and regulations influence internal control policies and how organizational strategy and basic standards are established to protect the environment and the sustainable use of natural resources. ○ Internal Policies: It is essential that entities develop specific policies and strategies that focus on environmental management, such as the sustainable use of resources, proper waste management, and the reduction of the carbon footprint.
RISK ASSESSMENT	<ul style="list-style-type: none"> ○ Environmental Risks: This is one of the essential components of the model and in view of what is defined in the SDGs and IFRS S1, it correlates transversally by requiring the identification of risks, for the case study, of an environmental nature ○ Economic environment: The economic stability or volatility affected by the impacts that climate change has generated, among others, generates variations in the financial and operational risks that the organization must evaluate. ○ Political factors: Changes resulting from environmental impacts have generated changes in the positions of governments and

	public policies, which can introduce new risks or change the rating of existing risks.
CONTROL ACTIVITIES:	<ul style="list-style-type: none"> ○ Available technology: The level of technological advancement that seeks to mitigate environmental impacts can determine the refinement of control activities (e.g., automated vs. manual systems). ○ Infrastructure: The quality of infrastructure, such as telecommunications and transport networks, can influence control activities. ○ Documentation: Internal procedures and controls should be designed to prevent and mitigate negative environmental impacts. This includes conducting internal environmental audits, implementing contingency plans, and adopting green technologies.
INFORMATION AND COMMUNICATION	<ul style="list-style-type: none"> ○ Information Systems: The availability and use of information technologies affect how information is collected, stored, and transmitted. ○ Information Reports: It is necessary to implement special reports that allow accountability to citizens on the activities deployed and execution of resources to minimize environmental impacts
MONITORING ACTIVITIES	<ul style="list-style-type: none"> ○ Regulations: Regulatory and auditing requirements can affect the frequency and rigor of monitoring. ○ Market Conditions: Local market dynamics may require adjustments in monitoring procedures. ○ Oversight of environmental practices: The organization must ensure that standards are met and environmental performance is continuously improved.

Public entities related to the environmental sector have been implementing the MECI on a mandatory basis, in accordance with the provisions of Law 87 of 1993 and the regulatory regulations, among them are the following:

- Ministry of Environment and Sustainable Development
- Regional Autonomous Corporations
- Utilities

Checking the analysis of these entities against the implementation of the Internal Control System, the following was found:

Board 2 - Own Construction - Status of the Internal Control System in Environmental Entities

INDEPENDENT EVALUATION REPORT OF THE INTERNAL CONTROL SYSTEM	
STATUS OF THE INTERNAL CONTROL SYSTEM	
ENTITIES	PERIOD: II-2024
Ministry of the Environment	91%
Regional Autonomous Corporation of Cundinamarca (CAR)	86%
Guavio Regional Autonomous Corporation	84%
Autonomous Regional Corporation of Alto Magdalena	98%

INDEPENDENT EVALUATION REPORT OF THE INTERNAL CONTROL SYSTEM	
STATUS OF THE INTERNAL CONTROL SYSTEM	
ENTITIES	PERIOD: II-2024
Corporación Autónoma Regional del Canal del Dique	86%**
Corporación Autónoma Regional de Boyacá	91%
Corporación Autónoma Regional Rionegro Nare	97%*
Regional Autonomous Corporation of Antioquia	96%
Autonomous Regional Corporation of Valle del Cauca	100%
Corporación Autónoma Regional de Santander	79%
Magdalena Regional Autonomous Corporation	95%
Regional Autonomous Corporation of Caldas	80%
Autonomous Regional Corporation of Chivor	89%
Regional Autonomous Corporation of La Guajira	90%
Regional Autonomous Corporation of Nariño	76%
Corporación Autónoma Regional de la Frontera Norte	91%
Regional Autonomous Corporation of Tolima	93%
Atlantic Regional Autonomous Corporation	79%
Corporación Autónoma Regional del Cauca	91%*
Autonomous Regional Corporation of Quindío	85%

Due to the difficulty in accessing the data on some of the web pages, data with the following convention are analyzed with the following periods:

*Data as of December 31, 2023

**Data as of June 30, 2024

Of the 26 Regional Autonomous Corporations, 19 were taken as a reference in which the information could be accessed, evidencing average levels of 89% in the state of the Internal Control System. The identification of environmental risk matrices that are integrated into the MECI is highlighted. They identify and evaluate risks related to water pollution, deforestation, and other environmental impacts in their areas of influence, as well as monitor the main sources of pollution (water, air, soil) and establish internal controls to mitigate this type of risk.

The Ministry of the Environment was included in the matrix as the governing body of the policies, whose level of evaluation of the Internal Control System is above the average of the aforementioned corporations. For this entity, generate aspects related to environmental impact assessment, develop and monitor policies, identify environmental risks, and identify indicators related to environmental performance.

Part of this monitoring of environmental performance by the Ministry is materialized in the periodic reports it has submitted on compliance with Environmental Public Policies. This type of monitoring ensures environmental sustainability, protects biodiversity, guarantees the health and well-being of communities, in addition to compliance with the environmental commitments that the country has signed.

Among the policies is the National Policy for Sustainable Production and Consumption, which responds to several of the international commitments on environmental matters that the country has signed, including the "Global Compact" and which seeks to adjust production patterns towards sustainability, balancing the competitiveness of companies with the well-being of the population (Ministry of the Environment and Sustainable Development, 2023).

This policy arises from the *Cleaner Production Policy* formulated at the end of the 90s and which, according to the Ministry, achieves satisfactory results, which are integrated with global trends and the commitments assumed by Colombia, giving way to what is today the National Policy for Sustainable Production and Consumption.

In accordance with the Ministry's "Achievements of Environmental Public Policies 2018 – 2022" Report, the following achievements of this policy are mentioned:

- Updating and implementation of consumption activities and sustainable production. (CPS))
- Eco-labelling.
- Progress in the Environmental Alliance of the Americas
- Colombian Environmental Seal
- Analysis of the regulatory impact of environmental advertising

This policy, which was consolidated by 2010, is articulated with *SDG 12: Responsible production and consumption*. While SDG 12 aims to change the production and consumption model in order to improve resource management and reduce waste generation (UN, 2024), the *National Policy for Sustainable Production and Consumption* aims to "Guide the change in production and consumption patterns in Colombian society towards environmental sustainability, contributing to the competitiveness of companies and the well-being of the population."

As can be seen in the previous paragraph, these two instruments intersect in basic aspects such as the change in the modes of production and consumption, with a purpose that will result in the well-being of the population.

The Compendium of Statistics Associated with Sustainable Development (CEADS) is an information system (DANE, 2024), which presents variables and indicators of Sustainable Development in Colombia, which seek, among others, to establish a thematic structure of four dimensions:

- Social dimension: equity, health, education, housing, security and population.
- Economic Dimension: economic structure, and patterns of consumption and production.
- Environmental Dimension: Atmosphere, Land, Oceans, Seas and Coasts; Drinking water, Biodiversity.
- Institutional Dimension: institutional framework and institutional capacity.

SDG 12 Responsible production and consumption is of great importance within the state strategic plan, especially in Latin America and the Caribbean, due to the fact that the use of resources in the development of activities is high, with respect to the advances in the circular economy and reuse of solid waste, which for Colombia according to the 2030 agenda is expected to be 17.9%. and that according to DANE in 2020 reached 14.46%P.

The implementation of sustainable development plans is in itself an organizational challenge, so promoting sustainable practices in entities are pillars for the achievement of related objectives. To find new production and consumption practices, changing current models in order to reduce the impact on current and future environmental deterioration, with efficient resource management.

The implementation of public policies aimed at changing lifestyles and consumption, raising consumer awareness of the consequences, but also discouraging such practices, reducing subsidies such as fossil fuels, encouraging organizations to research new production practices, sustainable public procurement, focused on reducing the overexploitation of resources and the generation of non-usable waste with criteria of circular economy.

SDG 12 highlights the importance of knowing the contributions of organizations to sustainable development, according to the results presented by the United Nations, in the SDG 12 monitoring infographic at the end of 2023, 62 countries + EU adopted 485 regulations focused on changes in sustainable consumption and production (UN, 2023) and companies' sustainability reports have tripled, that is why, in Colombia, entities such as the Superintendence of Companies have issued regulations such as Circular 100-000010 of November 21, 2023, in which it requests associated reports. Initially to companies that comply with standards established by the entity, this will allow advances in production with a sustainable approach.

Likewise, the Superintendence of Companies has issued recommendations for its supervised entities to incorporate International Reporting Standards within the framework of Sustainability, making use of its inspection, surveillance and control powers with Chapter XV of External Circular 100-000008 of July 12, 2023 "administrative recommendations on the presentation of the sustainability report".

Industrial and agronomist companies have a greater impact on the circular economy, as well as on the generation of solid waste, any entity regardless of its activity can contribute to the fulfillment of SDG 12. However, state responsibility with the support and control of both public and private companies.

It is key that, like private entities, the public sector is accountable for its management of sustainability, informing stakeholders of contributions. In implementation, in companies, in the supply chain and in the circular economy, tools have been developed that seek to provide the necessary knowledge to put sustainability at the center of their strategy, such as the SDG Compass, a guide for business action on the SDGs. (United Nations Global Compact, WBCSD and Global Reporting Initiative, 2016).

In the follow-up carried out by the National Planning Department as technical secretary of the SDG Commission, in the face of progress in the implementation of the SDGs, the national progress of each goal is presented, according to the availability of information. In the latest National Voluntary Report 2024, in which it included goal 6 of goal 12, it pointed out the following:

Target 12.6 *Promote sustainable practices in companies* "Measures the moving average of companies and organizations that present or report social and environmental indicators in verifiable and internationally recognized systems and indices, in order to evaluate the impact and growth associated with self-regulation and self-management of the productive sectors" (National Planning Department, 2024).

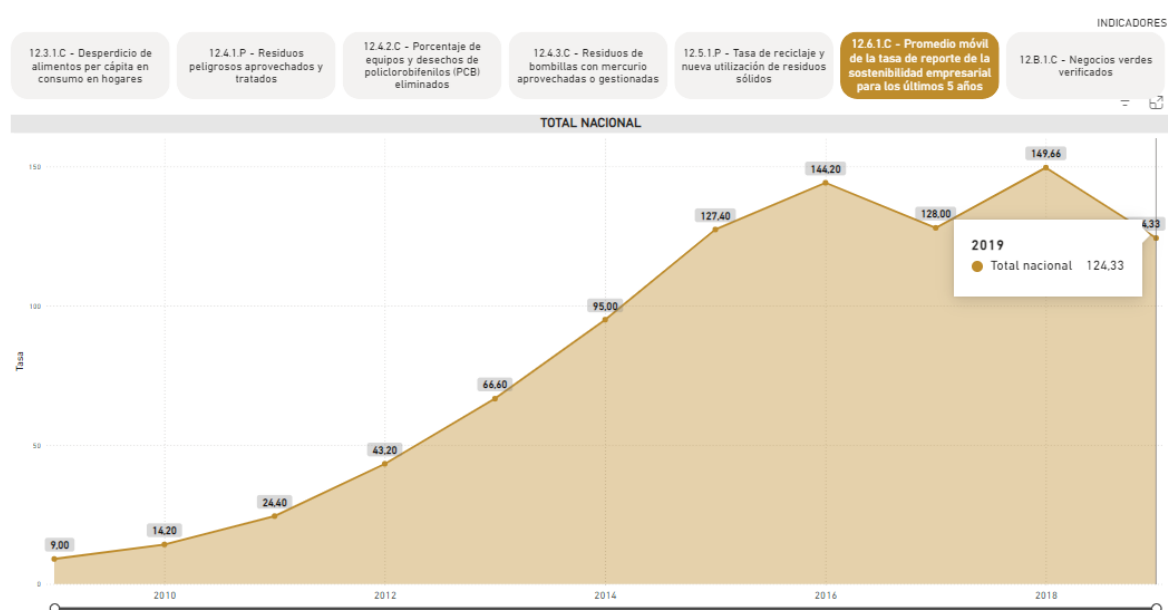


Illustration 1 - DNP 2024 - Progress on SDG12/Target 6. in original Spanish language

This goal was not measured for 2024 in accordance with the 2024 Voluntary National Report (National Planning Department, 2024). Its last reported measurement corresponds to 2019 with a result of 124.33. According to voluntary reports, this goal was last mentioned in the report presented in 2018.

The measurement of the number of companies that report makes it possible to make visible the level of awareness of organizations about sustainable growth, while operating as an approach to the modification of practices within the production processes of companies. In Colombia, sustainability reports have been published since 2005, since 2012 more than 100 companies have been counted with these reports. In 2017, the moving average (of the last 5 years) of companies reporting with GRI standards was 128; 16 less than in 2016. However, compared to 2009, the volume of companies reporting grew 14 times. (National Planning Department, 2024, p. 56)

Entities such as "Colombia Compra Eficiente" have joined this goal, adopting, among others, the Sustainable Public Procurement Guide, with which it seeks to meet needs, contributing to the protection of its environment and the reduction in the consumption of resources, contributing positively to society, optimizing the life cycle of products, and economic, environmental, and social growth.

On the other hand, the Green Growth Policy in Colombia is a plan to increase the productivity and competitiveness of Colombia by 2030, which seeks social benefit with the sustainable use of natural capital, its conservation, and good use, for this it makes use of the *Territorial Green Growth Index* (ITCV), which has four dimensions: the use of the resource, "Green growth is an approach that seeks sustainable development that guarantees the economic and social well-being of the population in the long term, ensuring that the resource base maintains the capacity to provide the environmental goods and services that support the country's economic base and can continue to be a source of growth and well-being into the future" (OECD, 2011; DNP/GGGI, 2016, cited in DNP 2018).

These policies, together with the requirements of the pacts signed by Colombia, including the SDGs, generate the obligation to strengthen the reports that must be presented to stakeholders, which, according to the MECI, is defined within the *Information and Communication Component*. According to reports of SDG 12 target 6, they are based on the number of companies that report information under GRI standards, to which could be added reports associated with the requirements of IFRS S1.

This IFRS issued in June 2023 aims to "...require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of the general purpose financial reports when making decisions regarding the provision of resources to the entity. (International Sustainability Standards Board, 2023)

When carrying out an analysis of the interrelationship between this regulation and the objectives of the MECI, the following was found:

Board 3 - Own construction - MECI / IFRS S1 congruence

MECI MEMBER	IFRS S1
CONTROL ENVIRONMENT	<ol style="list-style-type: none"> 1. In the face of the commitment to integrity, the existence of related aspects that allow actions related to this issue is not observed in the two regulations. 2. Regarding the application of mechanisms for the supervision of the system in the standards, a connection with governance (Council, committee or equivalent body) is observed, in addition to the role of management in relation to the procedures used in the surveillance, management and supervision of risks and opportunities. 3. In relation to strategic planning and related risk management policy, the regulations show the activities that the entity must undertake to establish a strategy with goals and objectives to manage risks and opportunities related to sustainability.

	<p>4. In relation to the competencies of all staff, IFRS S1 establishes the need for the development of skills and competencies to allow the supervision of strategies related to sustainability.</p> <p>5. The responsibility for the reports lies with the person in charge of oversight, the need for periodic reports and the board's need for their analysis.</p>
RISK ASSESSMENT	<p>1. The norm within its criteria establishes the need to have meaningful, clear and precise objectives.</p> <p>2. The focus of the standard is related to the identification, management, and monitoring of sustainability-related risks.</p> <p>3. In the revision of the standard, there is no direct reference related to the risks of corruption or fraud, understanding that the focus of the standard is sustainability.</p> <p>4. In view of the updating and review of risks, the standard lists periods of 12 months for reporting and the definition of periods of time in which the effects of its actions are expected to be addressed, establishes in its annexes the actions that must be taken in the face of significant changes that occur.</p>
CONTROL ACTIVITIES	<p>1. In relation to the development of control activities, the standard is emphatic in pointing out the importance of having procedures in place in relation to risk management to identify, assess, prioritize and supervise risks</p> <p>2. The standard does not refer to technology or related IT controls.</p>
INFORMATION AND COMMUNICATION	<p>1. The standard requires that data can be chosen and assumptions made that are consistent with the preparation of financial information.</p> <p>a. Identify information requirements that affect the entity's prospects, as well as disclose sustainability-related information.</p> <p>2. For the analysis, a combination of internal and external information is carried out, taking into account that:</p> <p>a. There must be comparable, verifiable and timely disclosure of information.</p> <p>b. Seek disclosure of additional information as required</p> <p>c. Bear in mind that the information that is disclosed has an influence on the decisions of the users of that information.</p>
MONITORING ACTIVITIES	<p>1. Evaluations related to the measurement of sustainability-related goals are evidenced throughout the text, but the document does not refer to audit or assurance work.</p> <p>2. Regarding the communication of deficiencies, it is not clear in the document any reference to the communication of deficiencies in a timely manner.</p>

As can be seen in the table above, in most of the components there is a direct relationship, showing that they can complement each other so that from the Internal Control System based on the MECI structure, they can be integrated in an articulated manner, so that public entities generate the required reports and account for their actions in this area. By strengthening these aspects, increase reporting values in SDG 12 target 6.

Implementing IFRS S1 by a public company such as Ecopetrol would strengthen transparency and sustainability in the Colombian energy sector. At this time and together with other standards related to

sustainability, this company can become a leader in this field and contribute to the construction of a more sustainable future.

"When a company adopts a sustainability strategy, it is actually creating a value strategy, and this involves making decisions on investment, financing, mergers and acquisitions, tax approaches, legal aspects, as well as production processes" (Deloitte, 2023)

The implementation of IFRS S1 and S2 in organizations is a challenge for organizations, which must redefine their organizational culture, in which to socialize to officials the importance of the issue, in which relevance must be given to quantitative and qualitative information on corporate management associated with sustainability, which is not exclusively due to financial disclosures, which will require additional analysis to prepare its disclosures, which for Colombia already have a mandatory level according to regulatory requirements.

"The new standards set disclosure requirements for companies on their governance, strategy, risk management and metrics, and sustainability-related targets," said Pepijn Rijvers, Executive Vice President of the World Business Council for Sustainable Development (WBCSD)

Conclusions

The internal control system, in relation to the standards established in IFRS S1 and S2, and SDG 12, becomes a tool that leads to the identification of risks, associated with corporate results, within the frameworks of sustainability and climate, and thus adhere to international standards that allow the transformation of the use of resources, seeking that responsibility and good practices go beyond the economic result, to the point of being recognized as a necessity for business continuity.

Although the concept of sustainability has gained strength in recent years, it has not been fully adopted in public and private organizations, among others because it is seen as an expense, and not an investment for business continuity, which makes it difficult to evaluate, measure and control the risks and impacts of production processes and efficient consumption of resources. By the same, regulatory actions, which shift corporate responsibility for sustainability from the voluntary field to the mandatory one, these standards can cause companies to make changes in their information systems in order to correctly capture the information necessary for compliance with them.

Companies that demonstrate not only interest, but also have clear objectives and commitment to sustainable production, could obtain better opportunities within the market. However, it is not enough to implement strategies focused on sustainability, to have an established regulatory framework, indicators, processes and procedures, under an internal control system focused on the achievement of organizational objectives.

SDG 12 in its target 5, shows how the reduction and/or adequate disposal of waste, with prevention, reduction, recycling and reuse, sustainable development and the execution of its business activity, making use of the circular economy, can contribute positively to business profitability with a solid growth strategy, improve its corporate image, generating a real effect on the reduction of environmental impacts, recognizing that environmental deterioration is a general problem, and that each organization is responsible for the achievement of the country's objectives, so the disclosure of information related to sustainability is transcendental to measure the global objectives.

Risk analysis, company valuation, and the promotion of sustainable business practices, make IFRS S1 and S2 two pillars for the structuring of reports with the disclosures and disclosure necessary for decision-making within the framework of sustainable development and growth, promoting greater awareness and action of the company as an organization. but also to the collaborators of the organizations, so training and communication will continue to be transcendental in relation to environmental and social challenges, aligning organizational interests with state ones.

Results

The findings of the research show that the Internal Control System (ICS) in public entities in Colombia has a solid regulatory foundation, structured primarily around the Standard Model of Internal Control (MECI). This model integrates principles of the COSO model and is linked to the Integrated Planning and Management Model (MIPG). However, despite this formal architecture, restrictions are detected in its operational implementation, particularly with regard to the effective integration of the guidelines of the International Financial Reporting Standard S1 (IFRS S1). The research shows that, despite the fact that organizations have tools for risk management and transparency, the incorporation of socio-environmental elements in accounting processes is still incipient and demands greater compliance with international sustainability standards.

In the course of the evaluation, strengths linked to the presence of clearly defined control structures, accountability mechanisms, and regulatory frameworks that promote transparency were identified. However, deficiencies associated with the absence of specialized training of personnel on sustainability issues, insufficiencies in document management linked to environmental impacts, and limited articulation between accounting areas and entities in charge of environmental management were also identified. This disconnect hinders the appropriate disclosure of the information required by the International Financial Reporting Standard S1, restricting compliance with the disclosure objectives that this regulation promotes, particularly those related to the reporting of environmental and social risks, strategies and metrics.

Based on the above, the study suggests strengthening the Sustainability Information System (ICS) through the integration of instruments derived from the COSO ERM 2017 model, which would facilitate a more effective integration of sustainability elements in the institutional strategy. It is postulated that such integration can considerably optimize the quality of financial disclosures, by enabling the information not only to meet technical criteria, but also to be aligned with the transparency requirements of stakeholders. In this context, the gradual implementation of the International Financial Reporting Standard S1 in public entities is an opportunity to progress towards more detailed financial reporting, which reflects the economic, social and environmental performance of the public sector in Colombia.

Discussion and analysis

The analysis of the findings reveals that the Internal Control System in government entities is structured on recognized models such as COSO and MECI, and has not yet developed sufficiently solid mechanisms to effectively face the challenges posed by sustainability as a cross-cutting axis of public administration. The International Financial Reporting Standard - IFRS S1 defines precise parameters for the disclosure of data relating to risks and opportunities in the field of sustainability. This process requires not only the strengthening of conventional internal control, but also a modification in the way environmental, social and governance elements are integrated into public accounting. In this context, the contemporary ICS shows notable progress in the formalization of processes, however, it manifests structural deficiencies in converting these processes into tangible practices of sustainable reporting.

International models, such as COSO ERM 2017, take a more strategic and forward-looking approach to internal control, by directly linking risk management to institutional goals and the external environment, especially with regard to environmental and social impacts. Contrary to the implementation of the MECI in Colombia, it is found that, despite the existence of a coherent regulatory structure, entities have not yet managed to implement socio-environmental risk management as an essential component of the accounting and decision-making process. This situation fosters a discrepancy between institutional theory and practice, in which the proclamations of principles are not always manifested in an active management of environmental risk or in a financial disclosure genuinely aligned with the sustainable development goals.

Therefore, the findings of this study corroborate the imperative of moving towards a more dynamic internal control system, which facilitates the articulation of strategy, risk management and sustainability within a single framework of action. The debate also confirms that the establishment of International Financial Reporting Standard S1 should not be interpreted merely as regulatory compliance, but as an opportunity to reconfigure the function of internal control as a mechanism that generates public value. The transition towards an accounting of greater transparency, integration and orientation towards

sustainability requires not only technical modifications, but also cultural and organizational transformations that consolidate internal control as an active instrument in the creation of trust and institutional legitimacy.

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