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Integrated Reporting Assurance: Perceptions of Auditors in Sri Lanka

[1]Sewwandi, W.D.; [2]Herath, H.M.M.N. and [3]Wijekoon W.M.H.N.

[1,2,3]Department of Accountancy, University of Kelaniya

[1]dilinisewwandi19@gmail.com, [2]malindah@kln.ac.lk and [3]nisansala@kln.ac.lk

Abstract

The purpose of this paper is to identify the perceptions and differences in the perceptions between the auditors on the assurance service of integrated reporting in Sri Lankan context. This research mainly focuses on the importance of assuring the IR, form and content of an audit report on IR, challenges of assuring IR and future of the IR assurance. The population of the research consists of auditors who provide assurance services on Integrated Reporting in Sri Lanka. Two hundred questionnaires were sent to assurance experts through the emails generating 115 usable responses. The analysis is done using non-parametric statistics which is the Kruskal-Wallis test. Empirical results prove that it is necessary to have an external assurance on an entity's integrated report and it is important to audit the complete content of integrated reporting. When comparing the auditors' perceptions based on their respective rankings, the results indicate that there is a noticeable difference in how auditors view the necessity of Integrated Reporting (IR) assurance and their opinions on the appropriate level of assurance. Limiting the study to a single jurisdiction is an inherent limitation. In this paper differences and similarities are evaluated based on only the rank of the assurance providers. The findings of this research could be valuable for the International Integrated Reporting Council, the International Auditing and Assurance Standards Board, and other regulatory agencies and useful for academics and practitioners interested in providing assurance on IR.

Keywords: *Sustainability, Integrated reporting, IIRC (International Integrated Reporting Council), Assurance, Audit report, Auditor's perception.*

Introduction

The evolution of corporate reporting has been pivotal, particularly post the 2008/2009 financial crisis, marked by two significant shifts: a critique of traditional reporting systems and an increasing emphasis on non-financial information. Organizations such as Sustainable Business Network and Consultancy (BSR) foresee a transformative phase in sustainable reporting, projecting its pivotal role in shaping disclosure practices for the foreseeable future. IR, as highlighted by Stubbs and Higgins (2014), stands as the latest advancement in sustainability reporting, endorsed by bodies like the Integrated Reporting Council of Sri Lanka. IR emerged to bolster market resilience, intertwining financial stability and sustainable development objectives. Its fundamental purpose lies in elucidating an organization's value creation trajectory, encapsulating strategy, governance, performance, and future outlook within the contextual landscape. The International Integrated Reporting Council (2021) defines an integrated report as a succinct portrayal of how an organization's operations interact with its external environment, fostering value generation across short, medium, and long-term horizons.

An increasing number of companies worldwide are in the process of adopting IR, with the latest survey done by IIRC reporting that over 1,000 companies worldwide have implemented IR (IIRC, 2016). IR is not a mandatory requirement in Sri Lanka as in many countries. The Chief Executive Officer CEO of the IIRC Richard Howitt will deliver the keynote address at the awards presentation ceremony at the ‘CMA Excellence in Integrated Reporting Awards that 40 out of 290 companies have prepared integrated reports by 2017. According to the IR Newsletter issued by IRCSL in 2021, it is also noted that among the IR adopters, nearly or more than 50% of them were found in the bank, finance an insurance sector, while the remaining represented other sectors. IR can be a key driver for developing Sri Lanka’s capital markets, which itself leads to accelerated economic growth, with other fast-growing economies across Asia (IRCSL, 2021).

The IIRC launched a principle-based framework for IR, which is the International <IR> Framework in 2013. It proposes the integration of financial and non-financial information (Cheng et al. 2014). After an extensive consultation process with preparers, users, and other relevant stakeholders, IIRC revised the International <IR> Framework in January 2021 this latest version applies to reporting periods commencing 1st of January 2022 (IRCSL, 2021). In June 2021, the IIRC merged with the Sustainability Accounting Standards Board (SASB) and the Value Reporting Foundation (VRF) with the objective of providing investors and corporates with a comprehensive corporate reporting framework across the full range of enterprise value drivers and standards to drive global sustainability performance.

External Integrated Reporting (IR) assurance processes play a pivotal role in enhancing the overall quality of reports and fostering more reliable disclosures concerning non-financial information (Maroun, 2019). This heightened level of assurance not only contributes to transparency but also facilitates improved decision-making within organizations by ensuring the availability of both financial and non-financial information through enhanced systems.

Furthermore, external integrated reporting assurance enhances coordination across various dimensions of an organization, facilitating a more unified and cohesive approach to reporting. This synergy significantly improves decision-making processes by leveraging comprehensive insights derived from both financial and non-financial data (Briem & Wald, 2018; Maroun, 2019). The benefits extend beyond mere reporting, encompassing enhancements in internal control systems, which lead to more effective resource management and foster increased employee engagement. Ultimately, these factors contribute to the overall performance of the organization (Briem & Wald, 2018; Maroun, 2019).

The International Integrated Reporting Council (IIRC) is committed to enhancing the credibility and trustworthiness of Integrated Reporting by promoting strong mechanisms, including external assurance (Herath, Senaratne, & Gunarathne, 2021). External assurances for non-financial information comply with the International Auditing and Assurance Standards Board's (IAASB) ISAE 3000. This comprehensive standard directs professional accountants in undertaking assurance engagements that extend beyond traditional financial reporting. It outlines fundamental principles and essential procedures applicable to both reasonable and limited assurance engagements.

Despite the clear advantages, challenges related to the assurance of non-financial information remain and have been extensively documented in the literature. A significant obstacle is the lack of mature reporting systems for the collection and processing of non-financial data (Cohen & Simnett, 2015). Moreover, the inherent subjectivity of certain components within integrated reporting, as noted by Maroun (2019), complicates matters further. Additionally, the absence of appropriate professional standards for issuing opinions on specific elements of integrated reporting content adds another layer of complexity to the assurance process (Cohen & Simnett, 2015). Addressing these challenges is crucial for the continued evolution and effectiveness of external IR assurance.

Problem Statement

IR is an emerging field in developing countries such as Sri Lanka. Even though it’s not a legal requirement and just a voluntary practice, companies are focusing on sustainability for sustainability business cases and to improve corporate image and public relations. IR assurance is a voluntary practice followed by companies to ensure the credibility of information provided to the public. There are many difficulties to be addressed before auditors can issue an audit report on the entire content of an IR (Estibaliz, Fernando, & Jose, 2019). The quality of non-financial information is one of the main issues to address. The current sustainability assurance standards need to be revised to enhance the professionalism of assurance practices (Saddam, Jinyu, Saleh, Ayman, & Ahmed, 2021).

However, due to the lack of research in some markets, more research is needed to investigate IR assurance in developed and developing countries which have received less attention in literature. For instance, these studies have explored limited areas such as challenges in the assurance process (Stubbs & Higgins, 2014), motives for assurance (Briem & Wald, 2018; Maroun, 2019), the rationale for assuring Integrated Reports (Herath et al, 2021), and changes required to current external assurance practices (Maroun, 2019). Accordingly, the majority look at IR assurance practices but there were few types of research undertaken to find out the solution for problems. When reviewing the literature, it was revealed that a dearth of studies has been conducted investigating the perception of auditors on the assurance service of IR in the Sri Lankan context. Hence, there is an empirical gap regarding this problem in Sri Lankan content. Furthermore, most literature just evaluates the IR and assurance practices. Apart from that, this research was conducted to identify the auditor's perception of assurance of IR including the main challenges to be addressed and insights on evolution and potential new assurance approaches.

Under this broad issue the following research questions and research objectives have been developed.

1. What are the auditors' perceptions of the importance of assuring the content of IR?
2. What are the auditors' perceptions of the form and content of an audit report on an IR?
3. What are the auditors' perceptions of the challenges of assuring IR?
4. What are the auditors' perceptions on the future of IR assurance?

The objective of this research is to examine the auditors' perception on assurance of integrated reporting in Sri Lanka based on the experience, education and rank of auditors involved in this activity. In here mainly focused to explore the practice of integrated reporting assurance from the auditors' perspective, including key future challenges and an overview of the evolution and potential new approaches to assurance. Basically, this research focused on the following matters.

1. To examine the auditors' perceptions of the importance of assuring the content of IR in Sri Lanka.
2. To examine the auditors' perceptions of the form and content of an audit report on IR in Sri Lanka.
3. To examine the auditors' perceptions of the challenges of assuring in IR in Sri Lanka.
4. To examine the auditors' perception on the future of the IR assurance in Sri Lanka.

Literature Review

Integrated Reporting

The transformation of corporate reporting over time has been very important. Over the last decade, corporate reporting on social and environmental aspects has grown significantly, around the world and in South Asia. According to Willem Lageweg (CEO CSR Netherlands, Deloitte), ever since John Elkington coined the Triple Bottom Line (TBL) concept in 1997 IR and integrated thinking are logical next steps in the sustainable journey. According to the IIRF (2021), "an integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term" (IIRC, 2021, p. 10).

IR is the latest improvement in a long line of proposed reporting innovations that seek to enhance the usefulness of corporate reporting. The failure of these initiatives to engage effectively with organizations, investors, and regulators motivated the IIRC to launch IR as a global framework which was first issued in 2013. IRCSL stated that the revised Framework on IR issued by IIRC, came into effect from January 2021. IIRC elaborated that, the IR framework enhances accountability and stewardship through supplementary information published in the form of "six capitals" (financial capital, manufacturing capital, human capital, social relationship capital, intellectual and natural capital). Extensive publications of research articles in eminent journals have manifested the importance of IR in paving the way toward the long-term success of the organization through its value-creation process (Soriya & Rastogi, 2021).

The Council of CA Sri Lanka has formed a committee titled the IRCSL on 05th July 2016 under the patronage, guidance and support of the IIRC, with a view of promoting IR in Sri Lanka. IRCSL has issued three publications to support preparers, practitioners, and other interest groups. Such as a Preparer's Guide to Integrated Corporate Reporting (ICR), a supplement to a Preparer's Guide to Integrated Corporate Reporting, Handbook on Integrated Corporate Reporting. IR implementation guide issued by CA Sri Lanka for the corporate sector, an illustrative implementation guide to facilitate corporates in the country to produce a more comprehensive integrated report. This guide incorporates principles enunciated by IIRC, Global Reporting Initiative (GRI), and UN Global Compact, thereby providing a comprehensive framework for corporate reporting with greater transparency and accountability relevant to all stakeholders and society.

Assurance of Integrated Reporting

The use of external, independent reviews of sustainability and integrated management processes and final disclosures is intended to increase the robustness, accuracy and trustworthiness of disclosed information. The terms used to describe this process vary and include assurance, external assurance, verification, and certification (Global Reporting Initiative, 2013). The International Federation of Accountants (IFAC) defines an assurance engagement as one "in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria" (IFAC, 2012, p. 4).

External independent verifications have grown considerably in the past decade. Amongst the world's largest companies, third-party assurance of sustainability reports has become standard practice, with most companies assuring their reports (E.g., 71% of the G250) (KPMG, 2020). However, third-party assurance of non-financial information is still voluntary. According to the American Institute of CPAs (AICPA), in response to increasing stakeholder expectations, more companies are reporting on their corporate social and environmental performance in addition to their normal financial reporting measures. As this trend is rapidly increasing, sustainability reporting has raised concerns about the reliability and credibility of the information provided (Boiral, Heras, Brotherton, & Bernard , 2018). As a result, the need for assurance services arose over this information and the systems and processes used to generate it.

The nature and need of assurance over IR

Sustainability assurance is a disciplinary mechanism that certifies the reliability of sustainability reporting and contributes to its credibility by reducing agency conflicts (Claire & Geraldine, 2017). Managers may seek IR assurance to certify the quality of reporting information in order to reduce uncertainty for users. To enhance the credibility of sustainability information, reliance on independent assurance has been growing. An increasing number of firms are engaging independent external service providers to audit their integrated reports according to the relevant national legislation through choice or obligation. The investigation revealed that Integrated Reporting Assurance is a recent topic and there has been growth in the number of published studies addressing this topic in the last few years. A better understanding of how companies assure their sustainability reports is pivotal to support the development of practices and policies on external sustainability assurance (Alsahali & Malagueno, 2021).

The assurance roles for the IRP could include reviewing the processes for the report compilation; assessing the risk assessments within the report; reviewing the materiality of non-financial information; assessing the balance in the report; and confirming the accuracy of the business model in the report (Deloitte, 2015). According to the 2017 KPMG Survey of Corporate Responsibility Reporting, 93% of the world's 250 largest companies (Global) and 75% of the 100 top revenue-generating companies (N100) issued sustainability reports and 67% of Global and 45% of the N100 companies obtain some level of independent assurance for their sustainability reports. These figures demonstrate sizable growth in the non-financial assurance market since 2011. It suggests that companies increasingly perceive that there are net benefits of having their integrated reports assured. A substantial number of prior research has documented that the interest of organizations in all countries has increased in sustainable development, which required an increase in the need for sustainability auditors and the application of assurance standards (Silvola & Vinnari, 2021).

The competence of the assurance provider

Assurance practices over integrated reporting can vary considerably in terms of the assurance provider type, the scope and level of assurance and the standards used in the assurance engagement (Alsahali & Malagueno, 2021). Only a few prior studies have investigated the types of IR assurance providers and they are not considering patterns at the firm level (e.g., firm type and listed status) (Alsahali & Malagueno, 2021). Different types of firms provide assurance services because of the lack of specific legislation on the assurance engagement and the competencies required from the assurance providers of integrated reporting. Previous studies have broadly classified assurance providers into two groups: accounting firms and non-accounting firms (Manetti & Toccafondi, 2014). According to (Perego & Kolk, 2012), non-accounting firms include consulting firms, specialists, certification bodies, academic institutions and stakeholder panels.

Traditionally, financial assurance services have been provided by certification bodies, specialist consultants and professional accounting firms (O'Dwyer, 2021). It is for this reason some researchers suggest that assurance expressed by members of the accounting profession is regarded to be of a higher quality than those of non-accounting assurance providers (Wong & Rapee, 2016). One stream of research examines integrated reporting assurance from the angle of size of the audit firm providing it, with a particular focus on the big audit firms. After analyzing, Mock et al., (2007) demonstrate that the big audit firms are more competent than other types of assurance providers. According to (Hodge, Subramaniam, & Stewart, 2009) the use of accountants rather than CSR consultants for assurance engagements seems to be a lever to increase confidence and credibility in non-financial reporting. The positive impact on sustainability assurance on the perceived reliability of sustainability development reports is greater when it is given by a financial auditor (Hodge et al., 2009).

Challenges of assurance on IR

However, the road to achieving this assurance is still long because there are many difficulties to be addressed before auditors can issue an audit report on the entire content of an integrated report. Estibaliz, et al., (2019) stated that challenges faced by auditors when assuring non-financial information are multiple, and they derive mainly from specific attributes of non-financial information. Principally, the absence of robust non-financial information generation systems and the lack of generally accepted global standards for measuring and reporting non-financial information. Saddam et al., (2021) stated that the current sustainability assurance standards need to be revised to enhance the professionalism of assurance practices. As a result of different aspects/research subjects of sustainability assurance, auditors should clarify the criteria used and systematically refer to established standards that enhance the credibility of their verification and the readability of assurance statements, as without such standards would there be great variability in the wording used within the conclusions and assurance statements (Saddam et al., 2021). Without assurance standards which address materiality processes, a degree of incompleteness with respect to material issues will continue to occur in integrated reports (Adams, 2015).

However, there are some methodological challenges that audit activity has to overcome. One of the main issues to address is the quality of non-financial information. The source of this information is not typically robust information systems or processes, and thus, the information is not subject to the same controls as financial information (Cohen & Simnett, 2015). Those systems or processes normally do not ensure the integrity of the information. Auditors are used to apply a control-based audit approach (Estibaliz et al., 2019). Will they be able to use such methodologies and procedures on non-financial information? There are some doubts as to whether it is possible to assure the content of integrated reporting without assuring the information generation process (Oprisor, 2015). According to the IIRC Framework (2013), the connectivity of all the information reported by organizations is one of the main purposes of integrated reporting. Determining whether such connectivity is “sufficient” or “correct” is one of the main challenges auditors will face (Cheng et al., 2014). The links between the integrated reporting and other reports will also be a source of difficulty for auditors.

There are many non-conformities, variability and ambiguity within the content of assurance reports over IR because of the diversity of information in integrated reports (Boiral O. , 2013). It is more difficult for the reviewer of an integrated report to identify a matter which has been omitted than it is to comment on the truth of an item which has been included (Flower, 2015). Entities which are relatively new to integrated reporting and have an immature reporting system may include limited information in the integrated report. As previously stated, it is questionable whether the assurance provider will be able to assess the accuracy and completeness of the information reported, so assurance will be limited (Park & Brorson, 2005). Because of the diverse nature of IR, ISAE 3000 is unclear on how to assess the risk of material misstatement; assess materiality; develop assertions; respond to assessed risks; apply professional judgment and skepticism and suggest to management for changes to allow an issuance of an unqualified opinion (Cohen & Simnett, 2015). Reasonable assurance is possible only in the context of suitable criteria and in cases where the assurance provider is confident about the completeness and accuracy of the information reported.

Form and Content of Audit Report on Integrated Reporting

The content of the audit report on financial statements is internationally standardized. However, the form and content of the integrated audit report vary depending on the assurance scope, the assurance standard being used and to some extent, on the assurance provider preferences (GRI, 2013). An assurance engagement process has three distinct phases, such as planning, execution, and reporting and feedback. Once the assurance engagement is completed, the assurance provider will issue an assurance report or statement that may be disclosed as part of the sustainability reporting process. This document is drafted and often signed by the assurance provider (GRI, 2013). Prior literature suggested that a single integrated audit assurance opinion would be more desirable (Eccles, Krzus, & Watson, 2012). Auditors want to assure financial and non-financial information with different assurance levels; therefore, auditors had a clear preference for issuing two separate audit reports (Estibaliz et al., 2019). Another reason may be that they are aware of the difficulty of handling a long opinion with such diverse content (Estibaliz et al., 2019).

Empirical evidence on Integrated Reporting assurance.

Empirical studies thus far have reached a convergence of views on the importance of IR assurance and the difficulties of overcoming technical challenges, but there are different perceptions and opinions on how to face critical aspects and the possibility or opportunity of achieving integrated assurance (Barbara & Pier, 2020). Extant empirical studies include investigations from the viewpoints of auditors, companies that produce IR, academics and users of reports. Most empirical studies indicate that the challenges in assuring IR arise from the lack of suitable criteria and assurance standards and some research has provided insights on the need to rethink the way in which IR assurance should be performed (For example, Maroun and Atkins, 2015).

According to the previous literature the research methods that were followed in the previous studies were divided into five methods, including questionnaires and other empirical, annual reports, interviews and case studies, review and non-empirical research, and mixed-method studies (Saddam et al., 2021). Moreover, it has been found that empirical studies based on questionnaires and interview tools are very limited, pointing to the need for more research using these approaches (Roopa & Rani, 2012). Surprisingly, only one study has discussed the role of auditing in promoting sustainability in the private sector, which warrants future investigation (Sulaiman & Alhaji, 2019).

The inadequacy of traditional reporting methods to address stakeholders' evolving informational needs, particularly following the global financial crisis, has driven a transition toward integrated reporting (IR). This approach, which merges financial and non-financial data, has gained significant traction. Napaul and Ramdhony (2023) investigate the factors influencing the adoption of IR among Australian corporations through the lens of the IIRC framework. Utilizing logistic regression analysis, the authors analyze data from the annual reports of the top 100 ASX-listed companies for the 2018–2019 period, alongside information from the Thomson Reuters Refinitiv Eikon database. The findings of the study reveal that larger firms, those with greater development potential, and more engaged boards are more likely to obtain external certification for integrated reports. Conversely, factors such as profitability, industry classification, board size, and board independence appear to have no significant effect on the inclination toward IR assurance.

There is a growing demand for external assurance of integrated reports, despite the inherent complexities involved in the assurance process. However, while the popularity of this practice is on the rise, the fundamental reasons motivating the pursuit of external assurance for integrated reports remain largely unclear, and the organizational impacts stemming from such assurance practices have been insufficiently studied. To fill this gap, a recent study presents a conceptual model designed to clarify the motivations behind the decision to seek external assurance for integrated reports, as well as the effects on internal assurance procedures and the rationale for any subsequent changes to these practices. Grounded in framing and institutional theories, the model suggests that companies are motivated to pursue external assurance in response to various isomorphic pressures. This external assurance effort may lead to alterations in current internal assurance practices within organizations. Consequently, the reasoning behind these proposed changes is explained, facilitating the adoption of recommended adjustments to internal assurance procedures (Herath, Senaratne & Gunarathne, 2020).

Building on the findings of integrated reporting assurance related topics identified in the literature and findings from previous empirical studies, this research aims to identify the importance of assuring the content of integrated reporting, form and content of an audit report on integrated reporting, challenges of assuring integrated reporting and future of the integrated reporting assurance from an auditor's perspective. There are limited studies that have discussed Assurance Service on Integrated Reporting in Sri Lankan context. Hence, this is another area that needs more study. Therefore, this paper aims to fill this research gap.

Methodology

In answering the research questions outlined under the research framework, a self-administered and structured questionnaire is used to collect the auditors' points of view on the topic, which is a primary data collecting method. A self-administered questionnaire is a structured form that consists of a series of closed-ended questions. It is called self-administered as the respondents fill it in themselves, without an interviewer.

Population and Sample

The target population comprises auditors who offer assurance services for integrated reporting in Sri Lanka. Based on availability and representativeness 200 assurance providers were selected who provide assurance services on IR as the sample. Convenience sampling methods are employed to collect data for this study. Among them 115 usable responses were received. Assurance providers include audit partners, audit managers and senior auditors and they are based at the Big four and Non - Big four firms in Sri Lanka. This selection should ensure that the chosen auditors should have a detailed understanding of the relevant reporting and assurance frameworks and a solid appreciation of the format and content of an IR.

Figure I: Research Framework

Main Research questions	**Sub Research questions**
RQ1: What are the auditors' perceptions of the importance of assuring the content of IR?	Auditors' perceptions of the importance of auditing the IR
	Difference between the perceptions of auditors with regard to the necessity and importance of having an external assurance on IR based on their ranking.
RQ2: What are the auditors' perceptions of the form and content of an audit report on IR?	Auditor's perceptions of audit report form
	Difference between the perception of auditors with regard the type of the audit report on IR based on their ranking
	Auditor's perceptions of assurance levels in the audit report.
	Difference between the perception of auditors with regard to the assurance level based on their ranking
	Auditor's perceptions of the relevance of including some content in the audit report on IR.
RQ3: What are the auditors' perceptions of the challenges of assuring IR?	Auditor's perceptions of the difficulty of auditing the content elements of IR.
	Difference between the perception of auditors with regard to the difficulty of auditing the content elements proposed by the IIRC for the IR based on their ranking
	Auditor's perceptions of auditors' challenges when auditing IR.
RQ4: What are the auditors' perceptions on the future of the IR assurance?	Auditors' perceptions on the evolution of IR assurance

Survey Instrument

Based on IIRC's Framework and literature about IR assurance, a questionnaire was developed and administered an online survey relating to IR assurance. Some of the questions in the survey are extracted from the previous research done by Estibaliz, Fernando and Jose in 2019 and updated according to the research questions. An earlier version of the survey instrument was reviewed and pre-test by the director of one of the Big 4 firms. Pre-test of the survey is often used to solve problems before the survey goes into the field (Estibaliz et al., 2019). This contained fifteen closed-ended questions.

Question Number	Questions	Possible Answer
Background Information about Respondents and Audit Firms		
1.1	Have you got any training related to IR Assurance from your firm or any other institution?	• Yes • No
1.2	Have you engaged in providing assurance services on Integrated Reporting?	• Yes • No
Auditors' perceptions of the importance of auditing the integrated reporting		
2	Do you agree/ disagree with the following statement? "It is necessary to have an external assurance on an entity's integrated report"	Five-point Likert scale with 1 equaling "strongly agree" and 5 indicating "strongly disagree"
3	Assess the importance of auditing the complete content of integrated reporting.	Five-point Likert scale with 1 equaling "strongly agree" and 5 indicating "strongly disagree"
4	Assess the importance of auditing the content elements proposed by the IIRC for the integrated report.	Five-point Likert scale with 1 equaling "strongly agree" and 5 indicating "strongly disagree"

5	Assess the importance of considering each of the subsequent elements in assuring the integrated report. • Engagement team include people with relevant qualification and experience • Involvement of experts and specialists • Obtain an understanding of the entity and its environment • Engagement team hold a meeting at the commencement of the engagement • Engagement team hold initial meetings with the client's management • Consider the effectiveness of communication within the entity and externally • Evaluate whether the design and implementation of the processes/controls were adequate to provide accurate information • Obtain an understanding of the level of complexity of controls automation, system complexity, platforms used, etc.	Five-point Likert scale with 1 equaling "strongly agree" and 5 indicating "strongly disagree"
Auditors' perceptions of the form and content of an audit report on integrated reporting		
6	Which type of audit report should the auditor issue?	• Two separated audit reports • One single integrated report
7	Which assurance level would you consider for an integrated report?	• No assurance needed • Limited assurance • Reasonable assurance
8	Assurance statement should be addressed to:	• Reporting company/the management • Board of Directors • General stakeholders • Specific group of stakeholders • No-party referred
9	Assess the relevance of including the following information in the audit report on the integrated report:	• Five-point Likert scale with 1 equaling "not relevant" to 5 "more relevant"

	• description of work done to audit non-financial information; • description of inherent limitations of integrated reporting of the organization; • conclusion that the integrated reporting provides a true and fair view of the organization's sustainability; • conclusion about the capacity of the organization to create value over time.	
Auditors' perceptions of the challenges of assuring integrated reporting		
10	Assess the difficulty of auditing the content elements proposed by the IIRC for the integrated reporting.	Five-point Likert scale with 1 equaling "not difficult" to 5 "Much difficult"
11	Assess following challenges regarding if they complicate auditing integrated reports: • inability to adopt control reliance strategy regarding non-financial information generation systems; • lack of generally accepted standards to report and measure non-financial information; • inability to meet expectations of stakeholders regarding reasonable assurance on non-financial information; • lack of generally accepted definition of materiality for integrated reporting; • determination of integrated reporting boundary; • assessment of connectivity and completeness of information in integrated reporting; • high degree of professional judgment and skepticism; • costs exceed benefits; • responsibility is unacceptable.	Five-point Likert scale with 1 equaling "does not complicate auditing integrated report to 5 "very much complicate auditing integrated report"
Auditors' perceptions on the future of the integrated reporting assurance		
12	Is it necessary to develop further guidance and additional assurance standards for the integrated reports by assurance standard setters?	• Yes • No

13	Assess the importance of using advanced technologies more extensively in assuring Integrated reports?	Five-point Likert scale with 1 equaling “not important” and 5 indicating “very important”
14	Assess the importance of providing education and training to professional accountants and auditors to improve the quality of services?	Five-point Likert scale with 1 equaling “not important” and 5 indicating “very important”
15	"The International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) have officially announced their merger to form the Value Reporting Foundation (VRF) in 2021. According to your opinion, does the recent development mentioned above have any impact on the development of the assurance on IR?	• Yes • No

Table I: Survey Questions

Analysis of Data

The suitability of this questionnaire was assessed through a reliability analysis utilizing Cronbach’s alpha. This study employs descriptive statistical analysis, encompassing frequency, mean, and median, in addition to a normality test. Normality test is carried out by Kolmogorov Smimov and according to the results the data are not normally distributed.

Hypothesis

Following hypotheses have been developed to answer the sub research questions.

H1: "There is no significant difference between the perceptions of auditors with regard to the necessity of having an external assurance on IR based on their ranking".

H2: "There is no significant difference between the perception of auditors with regard to the importance of auditing the complete content of IR based on their ranking".

Characteristics	Frequency	Percent
Gender		
Female	35	30.4%
Male	80	69.6%
Professional experience		
Less than 5 years	79	68.7%
5-10 years	34	29.6%
More than 10 years	2	1.7%
Professional qualifications [b]		
ACA	65	56.5%
ACCA	19	16.5%
CIMA	17	14.8%
CMA	3	2.6%
MBA	1	0.9%
Bachelor's Degree	62	53.9%
Other	2	1.7%
Firm Size		
Big 4	92	80.0%
Non-Big 4	23	20.0%
Auditor's Rank [a]		
Senior	80	69.6%
Manager	31	27.0%

Partner	4	3.5%
Got training in IR Assurance		
Yes	46	40.0%
No	69	60.0%
Engaged in providing assurance services on IR		
Yes	23	20.0%
No	92	80.0%

Table II: Characteristics of the assurance providers

H3: "There is no significant difference between the perception of auditors with regard to the type of the audit report on IR based on their ranking".

H4: "There is no significant difference between the perception of auditors with regard to the assurance level of IR assurance reports based on their ranking".

H5: "There is no significant difference between the perception of auditors with regard to the difficulty of auditing the content elements proposed by the IIRC for the IR based on their ranking".

Findings of the Study

Quantitative research often translates into the use of statistical analysis to make the connection between what is known and what can be learned through research. With quantitative analysis, it is possible to get visual representations for the data using graphs, plots, charts, and tables. This data analysis and discussion section present and discuss survey results for research question 01, 02, 03 and 04: the auditors' perceptions of the importance of assuring the content of integrated reporting, the form and content of an audit report on integrated reporting, challenges of assuring integrated reporting and the future of the integrated reporting assurance.

Characteristics of the assurance providers

The profile of the respondents includes details of gender, professional experience, professional qualifications, rank, firm size, previous experience and training on IR assurance. Descriptive statistics such as simple frequencies were computed on the demographic characteristics.

(Note: [a] Divided participants into three groups to determine whether auditors' perceptions differ across ranking. [b] Some of the respondents have more than one professional qualification)

The investigation within this chapter scrutinizes six fundamental characteristics pertaining to assurance providers in the realm of IR. These characteristics encompassed the professional landscape of assurance providers and included: professional experience, professional qualifications, firm size, rank, training in IR assurance, and engagement in IR assurance. The analysis of 115 respondents revealed distinct trends within these characteristics.

Firstly, the majority of assurance providers, comprising 68.7% of respondents, reported a professional tenure of less than five years, signifying a prevalence of relatively inexperienced professionals in the IR assurance domain. Secondly, the examination of professional qualifications unveiled a diverse spectrum, with 40% of assurance providers having undergone training specifically related to IR Assurance, either within their respective firms or through external institutions. Furthermore, a dominant trend emerged in the affiliation of assurance providers with firms, notably, 80% representing the significant presence of Big 4 firms within Sri Lanka. Concurrently, among the surveyed respondents, a substantial majority, accounting for 69.6%, held the position of audit seniors, reflecting a specific rank distribution prevalent among the assurance providers. The analysis also showcased a distinct landscape in terms of engagement in IR assurance activities. Only a limited segment, approximately 20% of respondents, had actively engaged in providing assurance services tailored specifically for IR. Notably, this points towards a gap between the existence of professionals within the field and their direct involvement in offering assurance services related to Integrated Reporting.

In conclusion, demographic characteristics elucidates several noteworthy trends in the landscape of assurance providers engaged in IR. These findings underscore the prevalence of relatively inexperienced professionals, the dominance of Big 4 firms, a particular rank distribution among respondents, and a discernible gap between the number of professionals and their active involvement in providing assurance services for Integrated Reporting.

Statistical Analysis

The Statistical Package for the Social Sciences (SPSS) was used to analyze the results of the survey. The tests are carried out by non-parametric statistics which is the Kruskal-Wallis test.

RQ01: The importance of assuring the content of IR

Table III presents the findings for the perceptions of the respondents regarding the importance of having an external assurance on the integrated report, importance of assuring the complete content of integrated reporting and its concrete content elements, and importance of the several factors given in the questionnaire when assuring IR.

Survey items	**Mean**	**Median**
Necessity to having an external assurance on an entity's integrated report	1.86	2.00
Importance of auditing the complete content of integrated reporting	4.01	4.00
Importance of auditing the following content elements proposed by the IIRC for the integrated report:		
Organizational overview and external environment	4.32	4.00
Governance	4.62	5.00
Business model	4.32	4.00
Risks and opportunities	4.33	4.00
Strategy and resource allocation	4.34	4.00
Financial Performance	4.56	5.00
Outlook	4.26	4.00
Basis of preparation and presentation	4.62	5.00
Importance of considering each of the following factors in assuring the integrated report:		
Engagement team include people with relevant qualification and experience	4.60	5.00
Involvement of experts and specialists (e.g. IT specialist, Actuarist, Valuers etc.)	4.55	5.00
Obtain an understanding of the entity and its environment	4.52	5.00
Engagement team hold a meeting at the commencement of the engagement	4.36	4.00

Engagement team hold initial meetings with the client's management	4.28	4.00
Consider the effectiveness of communication within the entity and externally	4.35	4.00
Evaluate whether the design and implementation of the processes/controls were adequate to provide accurate information	4.58	5.00
Obtain an understanding of the level of complexity of controls automation, system complexity, platforms used, etc.	4.39	4.00

Table III: Auditors' perception of the importance of auditing the IR

The survey of 115 respondents highlighted a strong inclination (32 respondents strongly agreeing) toward the necessity of external assurance on an entity's IR. When assessing perceptions on auditing the complete content of IR, the median and mean scores exceeded the central value, indicating a consensus among respondents on the importance of auditing the entire content (Cohen & Simnett, 2015). Within the specific content elements of IR, auditors assigned higher importance to auditing "governance" and "basis of preparation and presentation." The latter, as per the IIRC Framework (2013), delineates an organization's materiality and reporting boundary determination, crucial for audit focus. "Governance" is viewed as pivotal in understanding how an organization's governance structure supports its value creation, aligning with auditors' interest as it underpins the quality enhancement of ICR and prepares organizations for external assurance (Deloitte, 2014; IFAC, 2022).

However, elements like "organizational overview and external environment," "business model," "risk and opportunities," "strategy and resource allocation," and "outlook" were considered less important by respondents, aligning with earlier literature emphasizing the significance of assuring integrated reporting (Cohen & Simnett, 2015). Additionally, auditors highlighted critical factors in assuring integrated reports, including team qualifications, involvement of specialists, understanding the entity and its environment, and evaluating the adequacy of processes/controls for accurate information provision (IFAC, 2022; Deloitte, 2014). These factors were deemed crucial in the auditing process by respondents. For instance, a study published on Emerald Insight examined the perspectives of Italian auditors regarding integrated reporting assurance, underscoring the challenges associated with interpreting integrated reporting frameworks and the potential evolution of assurance practices to incorporate strategic, forward-looking elements. This research emphasizes the significance of concentrating on internal processes and systems to enhance the assurance of integrated reporting information, particularly in relation to qualitative narratives and forward-looking statements (Borgato and Marchini, 2021).

Table IV summarizes the auditors’ perception of the necessity to have an external assurance on an entity’s IR by comparing the results using the ranks of the assurance providers.

Kruskal-Wallis Test - Test Statistics[a,b]	
2. Do you agree/ disagree with the following statement? "It is necessary to have an external assurance on an entity’s integrated report"	
Kruskal-Wallis H	10.092
Df	2
Asymp. Sig.	.006
3. Assess the importance of auditing the complete content of integrated reporting.	
Kruskal-Wallis H	5.352
Df	2
Asymp. Sig.	.069
a. Kruskal Wallis Test	
b. Grouping Variable: 1.5 Auditor's Rank	

Table IV: Difference between auditors by their ranks regarding the importance of IR Assurance

The hypothesis can be accepted if the significance value > 0.05. The significance value of hypothesis 1 is <0.05, therefore hypothesis 1 is "rejected" which states that there is a significant difference between the perceptions of auditors with regard to the necessity of having an external assurance on IR based on their ranking (partner, manager & senior) while hypothesis 2 which means that there is no significant difference between the perceptions of auditors in importance of auditing the complete content of IR is "accepted".

RQ02: The form and content of an audit report on Integrated Reporting

Which type of audit report should auditors issue?		
Survey Items	**Frequency**	**Percent**
One single audit report	42	36.5
Two separated audit reports	73	63.5

Table V: Auditors' perception of the audit report form

According to table V, Around sixty four percent respondents preferred two separated audit reports, one for the financial statements and one for the integrated report. The reason could be that they want to assure financial and non-financial information with different levels of assurance, hence the auditors had a clear preference for issuing two separate audit reports. In financial reporting most of the time the auditors prefer a reasonable level of assurance. Some prior literature suggests that dual integrated audit assurance opinions would be preferable (Goicoechea, Gómez-Bezares, and Vicente Ugarte, 2018).

According to table VI, In total 55.7% of the 115 assurance providers' perception is that limited assurance is the level of assurance considered for IR. The level of assurance engagement risk is higher in a limited assurance engagement than in a reasonable assurance engagement because of the different nature, timing, or extent of evidence-gathering procedures (IAASB, 2006). Previous literature has identified numerous unanswered questions concerning the feasibility of integrating different levels of assurance into a unique report (Cohen & Simnett, 2015; Velte & Stawinoga, 2017).

Which assurance level would you consider for an integrated report?		
Survey Items	**Frequency**	**Percent**
Limited assurance	64	55.7
No assurance needed	3	2.6
Reasonable assurance	48	41.7
Total	115	100.0

Table VI: Auditors' perception of the assurance levels in the audit report

Kruskal-Wallis Test - Test Statistics[a,b]	
6. Which type of audit report should auditors issue?	
Kruskal-Wallis H	5.026
Df	2
Asymp. Sig.	.081
7. Which assurance level would you consider for an integrated report?	
Kruskal-Wallis H	8.330
Df	2
Asymp. Sig.	.016
a. Kruskal Wallis Test	
b. Grouping Variable: 1.5 Auditor's Rank	

Table VII: Difference between auditors by their ranks regarding the form and content of an audit report on IR

The significance value of hypothesis 3 and 4 is 0.081 and 0.016 respectively. Therefore hypothesis 3 is "accepted" (greater than 0.05) while hypothesis 4 is "rejected" (lower than 0.05). That means there is no significant difference between the perception of auditors about the type of the audit report on IR based on their ranking but there is a significant difference between the perception of auditors about the assurance level of the IR assurance report based on their ranking. Among the respondents, most of the senior auditors prefer reasonable assurance for the IR assurance.

Ranking	**Assurance Level**	**Frequency**	**Percent**
Audit Seniors	Reasonable assurance	41	51.3
	Limited assurance	36	45.0
	No assurance needed	3	3.8
Audit Managers	Reasonable assurance	7	22.6
	Limited assurance	24	77.4

	No assurance needed	0	0.0
Audit Partners	Reasonable assurance	0	0.0
	Limited assurance	4	100.0
	No assurance needed	0	0.0

Table VIII: Assurance levels on IR audit report

Table VIII illustrates the auditor's perception on the levels of assurance on IR. Legal requirements stipulate that when auditing the financial reports, the audit report should be addressed to a specific group of stakeholders (exclusively shareholders). When it comes to non-financial reporting assurance there is no such requirement. According to the IAASB (2006), the assurance statement should include an Addressee (the party of parties to whom the assurance report is directed). IAASB asserts that the assurance report is addressed to all the intended users, but in some cases, there may be other intended users. The research survey identifies five different possible addressees: the reporting company/the management, board of directors, general stakeholders, specific group of stakeholders, and more than one addressee.

Survey Items	**Frequency**	**Percent**
Board of Directors	75	65.2
Board of Directors, General stakeholders	3	2.6
General stakeholders	2	1.7
General stakeholders, Specific group of stakeholders	1	0.9
Reporting company/the management	5	4.3
Reporting company/the management, Board of Directors	22	19.1
Reporting company/the management, Board of Directors, General stakeholders	4	3.5
Reporting company/the management, Board of Directors, General stakeholders, Specific group of stakeholders	3	2.6

Total	115	100.0

Table IX: To whom the assurance statement should be addressed to

As the table IX indicates, 100% of the respondents' select at least one addressee for the assurance statements. The results show that the majorities' opinion is assurance statements were addressed to the board of directors only (65.2%), 19.1% have been addressed to the reporting company directly or to the management of the company and board of directors. Less number of assurance providers think the assurance statement is addressed to the general stakeholders or specific group of stakeholders. Various reasons have been identified in the literature for the variation in addressees of assurance statements compared to audit of financial reports. One notable reason pertains to the potential issues associated with the perceived legal implications of designating different addressees (Deegan et al., 2006). In order to overcome this problem, the assurance assignment could specify who the nominated addressee is, or indicate a restriction in terms of the extent to which stakeholders can on the assurance statement.

Table X shows auditors' perception regarding some of the information that should be included in the audit report on the IR.

Survey items	**Mean**	**Median**
Description of work done to audit non-financial information	4.36	4.00
Description of inherent limitations of integrated reporting of the organization	4.36	4.00
Conclusion that the integrated reporting provides a true and fair view of the organization's sustainability	4.63	5.00
Conclusion about the capacity of the organization to create value over time	4.58	5.00

Table X: Relevance of including the following information in the audit report on the integrated report

According to the frequency test, all the mean and median values are above the central value (3). Hence, all this information is relevant in including in the audit report on the integrated report. Third and fourth factors are considered more important than the first and second factors, because 3rd and 4th means exceed 1st and 2nd means.

RQ03: The challenges of assuring Integrated Reporting

Auditors' perceptions regarding the difficulty of auditing the content elements of the integrated report and challenges of assuring Integrated reports represents in table XI.

Survey items	**Mean**	**Median**
Difficulty of auditing the content elements proposed by the IIRC for the IR	4.10	4.00
Assess following challenges regarding if they complicate auditing integrated reports:		
Inability to adopt control reliance strategy regarding non-financial information generation systems	4.46	5.00
Lack of generally accepted standards to report and measure non-financial information	4.45	5.00
Inability to meet expectations of stakeholders regarding reasonable assurance on non-financial information	4.21	4.00
Lack of generally accepted definition of materiality for integrated reporting	4.47	5.00
Determination of integrated reporting boundary	4.20	4.00
Assessment of connectivity and completeness of information in integrated reporting	4.15	4.00
High degree of professional judgment and skepticism	4.23	4.00
Costs exceed benefits	4.17	4.00
Responsibility is unacceptable	4.45	5.00

Table XI: Challenges of assuring integrated reports

The mean and median value of the difficulty of auditing the content elements proposed by the IIRC for the IR is above the central value (3). Therefore, the respondents reported a relatively high level of difficulty auditing all the content elements of integrated reporting. According to the prior literature, auditors cited the lack of a generally accepted definition of materiality for integrated reporting, the inability to adopt a control reliance strategy regarding non-financial information generation systems and the lack of generally accepted standards for reporting non-financial information are the most important challenges of auditing integrated reports (Estibaliz et al., 2019). When considering the challenges regarding IR assurance, all those can be considered as complicated auditing integrated reports. Because all the mean and median values are above 3. Table XI shows the results of the Kruskal-Wallis test when comparing the auditors' perception by the ranking.

Kruskal-Wallis Test - Test Statistics[a,b]	
10. Assess the difficulty of auditing the content elements proposed by the IIRC for the integrated reporting.	
Kruskal-Wallis H	4.030
Df	2
Asymp. Sig.	.133
a. Kruskal Wallis Test	
b. Grouping Variable: 1.5 Auditor's Rank	

Table XII: Difference between auditors by their ranks regarding the difficulties of IR assurance

The significance value of hypothesis 5 is 0.133 which means that the hypothesis is "accepted" (greater than 0.05). Hence, there is no significant difference between the perceptions of auditors with regard to the difficulty of auditing the content elements proposed by the IIRC for the IR based on their ranking.

RQ04: The future of the IR assurance

Table XIII presents findings for auditors' perceptions regarding the future of the IR assurance.

Survey items	**Mean**	**Median**
Necessity to develop further guidance and additional assurance standards for the integrated reports by assurance standard setters	0.70	1.00
	Frequency	**Percent**
Yes	80	69.6
No	35	30.4

Total	115	100.0

Table XIII: Necessity to develop further guidance and additional assurance standards

According to the survey results, the majority (69.6%) of the respondents' perception is that it is necessary to develop further guidance and additional assurance standards for the integrated reports by the assurance standard setters. According to IAASB Chair Tom Seidenstein, they will continue to closely monitor current global developments to establish a coherent set of sustainability reporting standards, and they are prepared to act to enhance their standards, frameworks and guidance to support progress.

Survey items	**Mean**	**Median**
Importance of use advanced technologies more extensively in assuring Integrated reports	4.14	4.00
Importance of providing education and training to professional accountants and auditors to improve the quality of services	4.46	4.00

Table XIV: Importance of use advanced technologies and providing education and training

Both the importance of use advanced technologies more extensively in assuring integrated reports and the importance of providing education and training to professional accountants and auditors to improve the quality of services have mean and median values which are above the central value (3), which means that according to the auditors' perception it is important those two factors to build the future of the IR.

Survey items	**Mean**	**Median**
Merger of IIRC and SASB impact on the development of the assurance on IR	0.88	1.00
	Frequency	**Percent**
Yes	101	87.8
No	14	12.2
Total	115	100.0

Table XV: Impact of the merger of IIRC and SASB

In June 2021, the IIRC merged with the Sustainability Accounting Standards Board (SASB) to form the Value Reporting Foundation (VRF) with the objective of to provide investors and corporates with a comprehensive corporate reporting framework across the full range of enterprise value drivers and standards to drive global sustainability performance (Deloitte, 2021). The majority (87.8%) of the auditor's perception regarding this is that, the merger of IIRC and SASB to create VRF has an impact on the development of the assurance on IR.

According to the Co-chairs of the VRF Board, the IR Framework and SASB Standards were developed to meet market demand for effective reporting and management tools and their adoption worldwide has enabled companies to voluntarily deliver comparable, consistent and reliable information for investors. VRF is now looking to a future under the IFRS Foundation where these tools can help deliver a global baseline for sustainability disclosure, connected to financial statements.

Conclusion

This research builds on previous literature about auditors' perception on IR assurance. Analysis of the literature shows considerable gaps in integrated reporting assurance, particularly from the perspective of the auditors who provide assurance service on IR in Sri Lanka. This research presents the first empirical evidence on the views of auditors on the topic of IR assurance in Sri Lanka and provides valuable insights on the importance of IR assurance, audit report preferences, auditors' challenges when assuring non-financial information and the future of the IR assurance. Furthermore, this study also examines the rank of assurance providers affecting those perceptions.

Two hundred assurance experts were selected based on their availability and representativeness as a sample. Among them 115 responses were received. The results show differences and similarities (by rank) in auditors' perceptions of importance, form and content, and challenges of integrated reporting assurance.

Implications

The results of this study have very practical implications. According to the results showing under characteristics of the assurance providers (Table II), the majority of the auditors haven't got any training in IR Assurance and most of them were not engaged in providing assurance services on IR. This negative image seems to persist even though this is still coming into practice in Sri Lanka the majority is still unaware about this area. Findings reveal that although it is very important to have an assurance on IR. Hence, firms can develop different activities, such as training programs, E learning activities, and improve the knowledge of auditing integrated reports. These programs will allow auditors to work as an IR assurance provider in an audit firm to broaden auditors' understanding and familiarity with the emerging areas in the profession. Universities can also add this subject as one of the course units. Survey results show the majority agree that the use of advanced technologies more extensively in assuring Integrated reports and providing education and training to professional accountants and auditors will improve the quality of services as well.

The VRF was recently developed to provide investors and corporates with a comprehensive corporate reporting framework. Hence, these findings may be useful for VRF and according to the survey results the majority's perception is that this recent development has an impact on the development of IR assurance. Furthermore, according to the perception of respondents, there are many challenges and difficulties when assuring integrated reports. These challenges and difficulties can be overcome with the development of further guidance and additional assurance standards for the integrated reports by assurance standard setters.

The findings of this study should be beneficial for both academics and practitioners interested in assuring IRs. The results should also be useful to the International Integrated Reporting Council, the International Auditing and Assurance Standards Board, and to other international associations.

Limitations

The findings of this study provide insights into auditors' perceptions of IR assurance. Nonetheless, it is important to bear several limitations in mind when drawing broader conclusions or recommendations from the findings of the survey. The first one is that this study only discusses the perception of auditors in Sri Lanka. Limiting the study to a single jurisdiction is an inherent limitation. The second one is in this study differences and similarities are evaluated based on only the rank of the assurance providers. Future researchers can improve the study by comparing the responses by professional experience, educational qualifications, firm level of respondents, etc. The survey received 115 responses constituting a response rate of around 58% of the 200 targeted auditors. Moreover, as Table II shows only 4 responses were received from the audit partners. Because the audit partners have more experience and qualifications, the results could be improved if their participation had increased. These are some of the limitations and future researchers can reduce them through the recommendations given in the next section.

Recommendations for further research

This study underscores the potential for further qualitative and quantitative research in assurance in Integrated Reporting (IR). Participant responses generally affirm the necessity of IR assurance and its significance to auditors, highlighting the need to address assurance challenges identified in existing literature (Cohen & Simnett, 2015). Beyond the areas already mentioned, there is a call for more research in several specific topics. In-depth research employing a mixed-method approach with a larger sample size could yield more robust findings. Additionally, exploring the value relevance of non-financial information presents an intriguing avenue for study. Understanding the perceptions of users and corporate reporting preparers regarding the assurance of IR is also a critical area for further investigation. Extending research to non-professional investors could provide valuable insights, while analyzing the incentives for fraud associated with IR assurance engagements and their impact on the risk of material misstatements offers another compelling research direction. Expanding the research to include international entities would also enhance the scope and applicability of findings. Finally, there is a need to explore emerging best practices, such as continuous auditing, combined assurance, data analytics, and the use of technology in assuring IR, as these practices are increasingly relevant in the field.

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