

Professional assurance of the integrated report. Empirical Study

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Abstract: -

A need to add confidence and credibility to the informational content of the integrated report. Thus, the aim of the research is to provide a professional framework for an assurance report on integrated reports for listed companies in the Egyptian exchange.

According to reviews of previous research confirmed the necessity of providing a level of assurance on integrated reporting and showed that many attempts for setting a framework for an audit of integrated reporting. These attempts were not enough due to the absence of guidelines and regulations. Still, cooperation between regulatory organizations is most encouraging. Also, it is clear that there is a scarcity in the academic research on the role of the external auditor in integrated reports compiled with difficulties that limit the implementation of integrated reports. Based on this review and the research objectives. This research is formulated four hypotheses as follows:

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- A relationship between the professional framework for the assurance report for the integrated report and the stakeholders' confidence and reliability level.
- A relationship between the professional framework for the assurance report for the integrated report and its impact on maximizing its value over its sustainability.
- A relationship between the professional framework for the assurance report for the integrated report and the mitigation of the risk level to which investors are exposed.
- A relationship between the professional framework for the assurance report for the integrated report and the demand increase for integrated report assurance services in the Egyptian business environment.

A proposed framework to ensure the integrated reports informational content. This framework was tested through an empirical study using a questionnaire technique on the companies trading in Egyptian exchange on sample size is 237. The study hypotheses were tested and analyzed by using statistical methods, as follows: Alpha Cronbach's Coefficient, Frequency & Percent, Mean & Standard Deviation, T-test, A Chi-Square Test, and Kruskal- Wallis Test.

The researcher concluded the empirical study; a professional framework for assurance of the integrated report in the egyptian business environment leads to; increase the confidence and reliability level of the stakeholders, the value maximization of the firm over its sustainability, the mitigation of the risk level, and the demand will be increased for integrated report assurance services in the egyptian business environment.

Keyword: -

Integrated Report

Introduction: -

Corporate reporting is a fundamental tool that shows how firms can create value over time. Producing separate financial and nonfinancial reporting has become insufficient to describe how an organization can create value over time. Integrated Report (IR) is a new disclosure technique that gives a holistic picture of a firm's activities by including comprehensive information covering economic, social, environmental, and governance issues in one report. It shows how firms create value through business models, which helps stakeholders understand the firm well and make better decisions. Therefore, the value creation process is an essential concept of IR. According to this process, organizations should make their reporting wider to contain all the vital resources and six capitals used to generate their business activities. Due to integrated report importance in value creation over the short, medium, and long term. So, there is a need to add credibility and trust to integrated reporting's informational content by providing professional assurance services .

Background and literature review: -

1. Fathallah , 2013

This study aimed to detect the auditing role in environmental, social, economic, and strategic impacts. To be taken into account when preparing the audit report to reduce material misstatement in the sustainable development of companies to communicate the results of the audit to users of the financial statements clearly and correctly.

The researcher's methodology is summarized as follows:

1. Descriptive analysis by depending on books, periodicals, journals, and articles.

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2. The empirical study was based on the questionnaire to determine the extent of the external auditors' awareness of the concept of integrated report and its impact on professional commitment and planning of professional assurance services in the audit firms in Egypt, from shareholders and external auditors' perspective. the researcher used statistical methods to analyze data and test hypotheses.

The researcher has reached the following results:

1. The mechanisms of sustainable development have become vital issues that must be disclosed in the financial reporting—information related to environmental, social, strategic, economic, and governance activities.

2. Integrated reports cover the financial and sustainable dimensions in the form of combined reports to be available to all stakeholders, to link the past with the present and the future, and the researcher stressed that the need to develop frameworks for the enhancement, implementation, and evaluation of these reports.

3. The researcher confirmed that the integrated reporting mechanisms' ability to achieve their desired goals varies according to the environment in which they are applied. There are factors as follows: -

A. The community's culture, especially in the legal, financial, managerial, environmental, governance, social, and strategic aspects.

B. The Financial Regulatory Authority (FRA) and the Environmental Affairs Agency (EAA) should oblige companies to prepare integrated reports accompanied by a report from the independent auditors, registered with the Financial Regulatory

Authority.

C. the legislation and standards oblige companies to prepare an integrated report. also, the clear mechanisms for the role of the external auditor in the auditing of integrated reports. These mechanisms of disclosure for the sustainability dimension must be side by side financial dimension with verifiable evidence.

2. Tudor Oprisor, 2015.

The study's objective is to provide insight into integrated reporting, intending to clarify the perspectives of conducting an audit process within this organizational reporting system.

The researcher's methodology is summarized as follows; To meet the research objective, the use of the following sources such as scientific databases, official documents, and online reports, journals, books, and comparative approach (mainly between auditing the traditional reports versus the audit process of integrated reports). Also, reports from different professional bodies and regulators, standards, official documents, comment letters IIRC).

The researcher has reached the following results:

There is a strong need to set a generic level of assurance. In other words, given the fact that the integrated report, in its entirety, consists of financial elements (for which there are audit regulations and may be possible to provide reasonable assurance) and also non-financial information (for which there might not be specific regulations and the level of assurance is limited), The recommendation is to set the outline for the global assurance level (which intended to be specifically for integrated reporting) and to respect is on a unitary basis for all issued audit reports.

the study has shown the ways of providing reasonable assurance for the non-financial information (especially for

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sustainability reports) is connected to the use of the following standards: ISAE3000 (regarding the assurance engagements other than audits or reviews of historical information), SA8000 (referring to social aspects of an organization), and AA1000 AS (which provides assuring on the reporting entity's adherence to the principles of inclusively, materiality, responsiveness, and relevance of performances). (Ernst Young, 2009). Also, GRI (Global Reporting Initiative) provides a reporting framework for non-financial information, such as G3 (providing guidelines and indicators for sustainability information and performance) and G4 (regarding the role of external assurance for reports) (GRI, 2013). still, it is essential to notice that there is no unifying framework for guidelines and regulations (or even specific standards), but, given the fact that the aspects connected to the “integrated reporting” concept are in continuous development, the collaboration initiatives between the regulatory organizations are most encouraging.

3. The Association of Chartered Certified Accountants, 2015

ACCA's study aimed to provide an initial view of the options for the integrated report assurance. this study examined the challenges to assuring the reports. these challenges include the difficulty of developing suitable criteria for the integrated report assurance, the limited range of skills of a traditional audit team, and the adequacy of clients' records, systems, and controls. also, the high cost of providing even limited assurance and additional auditor liability risk also needs to be taken into account. in addition to providing offers initial ideas of how assurance models may develop to accommodate integrated reporting.

The study's methodology is summarized as follows:

the use of the following sources as scientific databases, official documents, and online reports, journals, books, and comparative approach (auditing the traditional reports versus the audit process of integrated reports). and personal interviews conducted 18 in-depth interviews with senior South African auditors and assurance experts.

The results of the research are summarised below:

Several interviewees concluded that the profession should expand on existing practice. In the short-term, rather than attempting to develop new types of assurance, guidelines can be provided to clarify which parts of the integrated report should be assured (if possible) and the nature of the assurance given. In turn, this can be communicated in the integrated report to clarify the nature and extent of the work done by the external auditor and those parts of the document that remains untested. Concurrently, those charged with governance should consider how they are using a mix of internal controls, monitoring, and different types of existing assurance (including external and internal audit) to ensure that the information is included in their integrated reports is of high quality. Instead of developing a sophisticated assurance model for integrated reporting, it may be more comfortable and more effective to describe this 'assurance matrix' to the integrated report reader. In the long-term, some interviewees suggested that an 'integrated assurance model' can be developed. It leads to redefining assurance such that the objective is not to express an opinion on how the integrated report complies with the IIRC framework.

4. Florian Proksch, September 2015

This thesis aims to contribute to how integrated reporting fits into the existing corporate reporting landscape, how organizations apply integrated reporting in practice and how

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they are affected by taking this approach. By achieving this aim, the thesis seeks to understand the possible benefits and drawbacks that this new reporting approach might entail. It also aims to provide insights into what the move towards integrated reporting could look like in practice and which positive or negative impacts can be expected for reporting organizations.

The research aim should be met by investigating how integrated reporting relates to and interacts with other corporate reporting practices, especially sustainability reporting. In addition to that, and based on multiple interviews, the research intends to capture how practitioners' integrated reporting journey is experienced. The emphasis is on the motivations, challenges, and internal changes organizations are experiencing.

The research's methodology is summarized as follows:

The different data sources have been utilized several methods for data collection and analysis have been applied, to meet the research objective from a theoretical perspective. In addition to that, semi-structured expert interviews have been conducted and analyzed.

The results are summarised below:

The researcher analyzed the six reports that gave an impression of how integrated reports are assured.

Table (1)

Standards, criteria and scope of assurance for non-financial information

Report	Standards used	Criteria	Scope of assurance
SAP Integrated report 2014	ISAE3000;ISAE3410	GRI G4, and other	Limited and reasonable
EnBW Report 2014	ISAE 3000; ISAE 3410	GRI G3.1 and other	Limited
BASF Report 2014	ISAE 3000; ISAE 3410	GRI G4, and other	Limited
Atlas Copco Annual Report 2014	RevR 6	GRI G3, and other	Limited
SKF Annual Report 2014	ISAE 3000	GRI G4, and other	Limited and reasonable
Vattenfall Annual and Sustainability Report 2014	RevR 6	GRI G4, and other	Limited

Source: Adapted by Florian Proksch, September 2015

For two reports, some selected non-financial information even received a reasonable assurance. The standards used and the criteria applied to assure the non-financial information can be seen in Table:- Most often, the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, has been used. ISAE 3000 is a common standard to assure non-financial and sustainability-related disclose (GRI, 2013). Additionally, the ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, and the Swedish companies the RevR 6 *Assurance of Sustainability Reports* issued by the Swedish association for accountants, auditors, and consultants (FAR) have been applied. Since all the reports used GRI guidelines to prepare their sustainability reporting content, they were also used as criteria against which the information was assured. the findings are in line with the responses from the accounting experts. The <IR> Framework was not used as a criterion to assure whether reports were in line with the Framework or not. Instead, the practices applied for separate

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annual and sustainability reports were also conducted on different parts of the integrated reports.

General evaluation of these studies:

All previous studies confirmed the necessity of providing a level of assurance on integrated reporting to add trust and credibility to Integrated report. Researchers' many attempts to a setting of the framework proposed for the auditing of integrated reporting. These attempts were not enough due to the absence of guidelines and regulations. Still, cooperation between regulatory organizations is most encouraging. Also, there is a scarcity in the academic research on the role of the external auditor in integrated reports compiled with difficulties that limit the implementation of integrated reports; such as disclosure of information about the organization and threaten its competitive position.

The analysis of the six reports conducted by the researcher (Florian Proksch) gives an impression of how integrated reports are assured today. showed that all of the reports included a report from the auditors with an assurance opinion on their sustainability or non-financial performance information. In addition to that, all the reports had separate opinions on financial and non-financial information. No integrated report was found to have only one audit opinion for the entire report.

Research Problem: -

There is an urgent need for a proposed assurance report of integrated reporting to add trust and confidence for informational contents of integrated reporting and achieving the 17 UN Sustainable Development Goals 2030 Agenda.

Research Objectives: -

The research aims to provide a professional framework for an assurance report for the integrated report listed companies in the Egyptian Exchange.

Importance of the Research: -

The importance of research stems from the international community's concern towards the concept of integrated reporting and creating value over the long term, medium, and short. there is a scarcity in the number of studies on the role of the external auditor in integrated reports. There is a strong need to provide a professional assurance level for adding trust and credibility to <IR>.

Research Hypotheses: -

The following hypotheses that can be tested through field study as follows:

The First hypothesis: A relationship between the professional framework for the assurance report for the integrated report and the confidence and reliability level of the stakeholders.

The Second hypothesis: A relationship between the professional framework for the assurance report for the integrated report and its impact on maximizing the firm's value over its continuity/ sustainability.

The third hypothesis: A relationship between the professional framework for the assurance report for the integrated report and the mitigation of the risk level to which investors are exposed.

The fourth hypothesis. A relationship between the professional framework for the assurance report for the integrated report and the demand increase for integrated report assurance services in the Egyptian business environment.

The empirical study showed that there is a positive relationship between:-

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A professional framework for assurance of the integrated report in the Egyptian business environment leads; to increase the confidence and reliability level of the stakeholders, to maximize the firm's value over its sustainability, to mitigate the risk level, and the demand will be increased for integrated report assurance services in the Egyptian business environment.

Research Methodology: -

The research depends on inductive and deductive approaches as follows:-

An inductive approach using sources as follows:

papers from specialized journals, published books on this topic, scientific databases, official documents, online reports, reports from different professional bodies and regulators, standards, official papers, and comment letters. The researcher tried to provide a professional framework to ensure the integrated reports' informational content. It reflects the auditor's value-added by providing these services on the stakeholders' awareness in making decisions by deductive approach.

Limitations of the research: -

The research did not address the financial dimension of integrated reports, except that it meets the study's aim.

Research structure.

The research organized as follows:-

1. The principles and standards for evaluating the contents of an integrated report.
 2. The Professional Practice of Integrated Reporting in Egypt.
 3. The professional framework for assurance of integrated reporting to apply in the Egyptian business environment
 4. Empirical study.
 5. Conclusion, and recommendations.
- 1. The principles and standards for evaluating the contents of an**

integrated report.

There are standards and Guideline principles that provide the building blocks of an integrated report. In This section shows the researcher the principles and standards for evaluating the contents of the integrated report as follows:-

SASB: Companies can be using SASB standards to disclose a minimum set of material issues in an integrated report. The SASB has developed a set of 77 industry-specific sustainability accounting standards in 11 sectors. SASB's standards-setting process includes evidence-based analysis with in-depth industry research and engagement with various stakeholders. See SASB <https://www.sasb.org/standards-overview/download-current-standards/>

a) GRI: The GRI Sustainability Reporting Standards can be used to disclose the sustainability issues involved in the integrated report. The organization can be using the GRI Standards to disclosure three aspects Economic GRI 200, Environmental GRI 300, and Social GRI 400. See GRI <https://www.globalreporting.org/standards>

b) Integrated Reporting framework: IIRC determines the building blocks of an integrated report. It contains the guiding principles and content elements that govern an integrated report's content and the fundamental concepts. see IIRC <https://integratedreporting.org/resource/international-ir-framework/>

c) Climate Bonds Standard: The climate bond standard is one criteria for evaluating the integrated report content. This standard addresses the climate attributes of projects & assets, The Climate Bonds Standard and Certification Scheme is a labeling scheme for bonds, loans & other debt instruments. Rigorous scientific criteria ensure that it is consistent with the Paris Climate Agreement's goals to limit warming to under 2 degrees. The Scheme is used globally by bond issuers,

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governments, investors, and the financial markets to prioritize investments that genuinely contribute to addressing climate change. this standard is available from the Climate Bonds Initiative website. See CBI <https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf>

Financial Regulatory Authority of Egypt, with the support of International Finance Corporation (IFC) prepared guidelines principles to promote the Green Bonds market's emergence within the Egyptian financial market. This principles is available from the FRA site http://www.fra.gov.eg/content/efsa_ar/efsa_pages/projects_dec.htm

d) S&P/EGX ESG index (environmental, social, and governance): The Egyptian Exchange issued “Model Guidance for Reporting on ESG Performance and SDGs,” which aims to promote transparency in the capital market and ensures that listed companies can develop a clear sustainability concept to issue sustainability reports disclosing their sustainability issues. The organizations can be using this guidance to disclose ESG Performance.

The guidance came into three sections, as follows:

Section (1): Rationale for ESG Information Disclosure

Section (2): Responsibility and Oversight

Section (3): ESG Information Report Preparation see EGX Model guidance http://www.fra.gov.eg/content/efsa_ar/efsa_pages/projects_dec.htm.

e) Other Global Sustainability Standards and Principles: There are many international standards and principles for evaluating an integrated report content for example, but not limited:-

1. AA1000 Stakeholder engagement standard see AA1000AP <https://www.accountability.org/standards>,

2. ISO26000 guidance on social responsibility see ISO 26000 <https://www.iso.org/iso-26000-social-responsibility.html>
3. OECD Guidelines for multinational Enterprises see OECD <http://www.oecd.org/daf/inv/mne/oecdguidelinesformultinationalenterprises.htm>
4. ILo Tripartite declaration of principles concerning multinational enterprises and social policy see ILo http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.
5. The Climate Disclosure Standards Board (CDSB) see CDSB <https://www.cdsb.net/>
6. The United Nations Guiding Principles Reporting Framework see UN <https://www.ungpreporting.org/framework-guidance/> According to presented above, the emergence of criteria for preparing and evaluating the integrated report contents is a great effort by the organizations to achieve the UN 2030 Agenda and 17 Sustainable Development Goals (SDGs) and enhance corporate transparency – and ultimately, performance. Still, there is a need to be a generally unified Criteria globally accepted for all sustainability issues not to confuse when preparing or evaluating the integrated report contents. United nation Global compact provides ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption for global best practices on reporting on comprehensive ESG information see cop https://d306pr3pise04h.cloudfront.net/docs/communication_on_progress%2FTools_and_Publications%2FCOP_Basic_Guide.pdf .

2. The Professional Practice of Integrated Reporting in Egypt.

The researcher concludes the Integrated Report in Egypt's professional practice by analyzing the three best companies to disclose the integrated reports' contents, for example, but not limited to CIB, SODIC, and GSK.

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The researcher' concludes that These three entities did not disclose all the integrated report contents and missing the principles that govern the integrated report, Although these companies disclosed better than others about the integrated reports' contents. Therefore, there is an urgent need to enhance stakeholders' financial and economic awareness, especially shareholders and potential investors. Also, the researcher' attention, there is a difference between the assurance report issued by non-Egyptian companies and CIB's assurance report in the Egypt environment:-

1. The majority of organizations, especially South African companies, provide assurance reports issued by independent auditors. According to (ISAE) 3000 besides other criteria such as GRI, SASB, and so on as.....

2. CIB's assurance report by DCarbon is local sustainability and environmental consultancy firm registered under Egyptian law no. 159. And the criteria used GRI Economic KPIs, Environmental KPIs, and Social KPIs. It is a great effort, but not an assurance report, to add confidence and credibility to the report's content. Mubasher in Egypt
<https://www.mubasher.info/countries/eg/companies>

3. **The professional framework for assurance of integrated reporting to apply in the Egyptian business environment**

An integrated report is a solution to shortcomings of financial reporting, an integrated report is a single document that presents and explains both financial and non-financial information in a holistic view, and also integrated report is an effective way of communicating to all stakeholders that the company is taking a holistic view of their interests. Hence, integrated reporting is a powerful mechanism to communicate a company's vision about

the future and how it addresses the non-financial challenges and opportunities, thereby enhancing the confidence of long-term investors in the leadership of the company and its ability to build sustainable value. Due to the importance of integrated reporting in a creation value over the short, medium, and long term. So, there is a need to add credibility and trust to the informational content of integrated reporting. The researcher provided a professional framework for assurance of integrated reporting. This framework was tested as a single unit, and the framework fulfilled the study hypotheses.

A professional assurance framework for the integrated report as follows:-

The researcher developed a professional assurance framework for the integrated report. (Hypothetically case: Alex International).

Independent Assurance Report on financial and non-financial information included in the 2019 integrated report.

To the shareholders of Alex International Holdings Proprietary Limited.

We have undertaken a limited assurance engagement on selected financial and non-financial information, as described below, and presented in the 2019 integrated report to stakeholders of Alex International Holdings Proprietary Limited (Alex International) for the year 31 December 2019 (the report). This engagement was performed by a multidisciplinary team that included assurance specialists with extensive experience in integrated reporting and the detailed knowledge of Alex International.

Subject matter and related assurance.

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We are required to provide limited assurance on the following financial and nonfinancial information, prepared under SASB, S&P/EGX ESG, Climate Bonds Standard V3.0, and GRI (G4 Guidelines) supported by Alex 's internally developed guidelines (referred to as "Alex 's reporting criteria").

In the table below, there are auditor's tasks under the terms of our engagement letter dated 30 November 2019, as follows:

Category	Our tasks
Level (1)	<ul style="list-style-type: none">• Verify compliance with laws, legislation, and rules related to environmental, social, and ethical aspects, and the extent of accordance with corporate governance rules.
Level (2)	<ul style="list-style-type: none">• Verify the efficiency and effectiveness of environmental, social, Economic, and Governance programs and activities.• Verify the effectiveness and efficiency of the internal control system to implement environmental, social, Economic, and Governance programs and activities
Level (3)	<ul style="list-style-type: none">• Assess the direct impacts of the various dimensions of the firm's activity on the external environment, and the extent of measurability these impacts.
Level (4)	<ul style="list-style-type: none">• Assess the firm's performance through a holistic view, as follows: Verify the firm's economic performance, environmental performance, social performance, Governance performance, and ethical performance.

Level (5)	<ul style="list-style-type: none"> • Verify that the integrity of the sustainability program plan—also, the integrity of the linkage between the sustainability plan and the entity's strategy. • Verify that the criteria are available for documenting control techniques on sustainable development activities. • Assess the compatibility between the business model used and the entity's strategic objectives, which disclosed in the integrated report. • Assess the suitability between the resources used and six capitals disclosed in the integrated report and the business model applied by the entity.
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The information set out in the table below and disclosed in the Integrated Report:

Category	Informational Contained of integrated reporting
Environmental	<ul style="list-style-type: none"> • Total Water Consumed. • Waste Recycled. • Water withdrawal. • Energy consumed. • CO2 equivalent emissions (GHG emissions). • Fuel management. • Biodiversity impact. • Waste and hazardous materials management. • Issued climate bonds (green bonds)
Occupational health and safety	<ul style="list-style-type: none"> • A number of Egypt employees in the Highly Active • The total recorded accident rate • Occupational disease rate • The number of cases of COVID-19 tested positive per annum <p>The number of cases that turned from positive to negative, Death cases, and following the preventative procedures</p>
Ethical	<ul style="list-style-type: none"> • Violations identified and dealing with such as crimes involving dishonesty. • The negative impacts that may result from providing products and services.

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Management Responsibility.

The management is responsible for the selection, preparation, and presentation of the selected sustainability information under the following criteria:

- ☒ Sustainability Accounting Standard Board (SASB).
- ☒ S&P/EGX ESG index (environmental, social, and governance).
- ☒ GRI (G4 Guidelines).
- ☒ Climate Bonds Standard V3.0.
- ☒ Alex's reporting criteria.
- ☒ Integrated reporting framework. <IR> framework.

The management is responsible for: -

-The identification of stakeholders and stakeholder requirements, material issues, for commitments concerning sustainability performance.

-Designing, establishing, and maintaining internal controls to ensure that Alex's sustainability information is free from material misstatement, whether due to fraud or error.

Our Independence, Ethical Requirements and Quality Control.

-We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which including independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

-Under International Standards on Quality Control, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility.

-We conducted our engagement under the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements other than the Audits or Reviews of Historical Financial Information, "issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected financial and non-financial information is free from material misstatement.

-A limited assurance engagement is substantially less in scope than a reasonable assurance engagement concerning both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgment and included inquiries, observation of processes followed, an inspection of documents and system reports, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Summary of work performed.

The key procedures conducted included:

- Interviewed management and senior executives at the corporate level to evaluate the application of the standards and principles, and to obtain an understanding of the control environment related to integrated reporting.
- Inspected selected internally and externally generated documents and records and performed comprehensive data analyses.
- Re-calculated the selected sustainability information, where relevant, and Undertaking physical site visits.

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- Perform analytical procedures and detailed testing for economic, environmental, social, governmental, and ethical indicators, as well as the necessary sustainability indicators at the corporate level.
- Conduct comparisons with best practices of sustainability issues covered by the firm's integrated reports.

Limited Assurance Conclusion.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion

In our Conclusion,

Nothing has come to our attention that causes us to believe that the selected financial and non-financial information as set out in the subject matter paragraph for the year ended 31 December 2019, are not prepared, in all material respects, under the above guidelines and standards.

Other matter.

Our independent assurance report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the report.

Restriction of Liability.

Our work has undertaken to enable us to express limited assurance conclusions on the selected financial and non-financial information to the Directors of Alex International under the terms of our engagement letter dated 30 November 2019.

Name of accounting office.

Signature

Name

Chartered Accountant (SA)

Registered Auditor

Partner

Date

The framework was tested on sample size 237, and the results were as follow:-

the application of a professional framework for assurance of the integrated report in the Egyptian business environment leads to; increase the confidence and reliability level of the stakeholders, the value maximization of the firm over its sustainability, The mitigation of the risk level, and the demand will be increased for integrated report assurance services in the Egyptian business environment (According to the cost-benefit principle) the integrated report benefits are greater than the costs of preparing the integrated report, and thus the demand for integrated report services in the Egyptian business environment will be increased. Based on the personal interviews conducted the independent auditors clarified that this kind of reporting < Integrated report> hadn't been dealt with before.

The researcher will address the following points:-

- 3.1. <IR>assurance concept.
- 3.2. <IR> assurance types.
- 3.3. <IR>assurance services scope.
- 3.4. The practitioner of <IR> assurance.
- 3.5. <IR> assurance stages.

3.1. <IR>assurance concept.

Under ISAE No, 3000 (Revised).*Assurance engagements other than Audits or Reviews of Historical financial information.*

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An engagement aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance other users' degree of confidence other than the party responsible for the subject matter (IAASB, ISAE3000 (revised), 2015, par.12 (a)).

Under IIRC, Assurance <IR>: is the process performed by an independent auditor practitioner. To obtain appropriate and sufficient evidence and provide a written conclusion to enhance users' degree of confidence in the integrated report. <IR> assurance is considered an independent conclusion of whether an integrated report to express the company's strategic, governance, performance, and exceptions according to an international integrated reporting framework(IIRC,2014).

All Assurance engagements include three parties at least:

- 1- The practitioner conducting the engagement.
- 2- Responsible party: responsible for the underlying subject matter.
- 3- Intended users—The individual(s) or organization(s), or group(s) thereof that the practitioner expects will use the assurance report. IAASB, ISAE3000 (revised), 2015, par.12 (a))

3.2. <IR> assurance types.

The professional framework for assurance informational content of integrated reports includes as follows:-

1. Traditional professional assurance services (under GAAS and ISA).
2. Non-Traditional professional assurance services (ISAE No. 3000, 3410), and the auditor can use the criteria for evaluating the integrated report content mention above(Ali, 2012 p333; shehata, 2014, p234, Goniem, 2017).

Under ISAE No, 3000 (Revised).*Assurance engagements other than Audits or Reviews of Historical financial information.*

Integrated Report assurance engagement classified into two types:-

Reasonable assurance engagement: An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the engagement circumstances as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.

Limited assurance engagement :An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether based on the procedures performed and evidence obtained. (IAASB, ISAE3000 (revised), 2015, par.12 (a))

Table No.1 Page.7 found that two reports only received a reasonable assurance as follows: - SAP Integrated report 2014 and SKF Annual Report 2014. The researcher's attention to most of the companies that issued the integrated report includes a limited assurance. see IIRC site, recognized reports. <http://examples.integratedreporting.org/home>.Accordingly, the researcher provided a professional assurance framework for the informational content of the Integrated Report - limited assurance engagement.

3.3. <IR>assurance services scope

The assurance service scope is determined by the practitioner (the auditor) depend on the assurance standard used, engagement letter terms, engagement risk, materiality, internal control evaluation on the firm's performance (Shehata, 2013, P.139)

3.4. The practitioner of <IR> assurance.

Several entities can provide an assurance service ((Shehata, 2013, P.139) :

1. Internal audit team: Internal audit team is a control tool to evaluate the firm's internal control system, so the integrated report assurance by the internal auditor's team may be sufficient and appropriate, especially since the assurance is optional until now.

2. The external auditors can provide assurance engagements; they enjoy various experiences, confidence, and skill. There are ethical codes that govern independent assurance. The integrated report more trustable if assured by the external auditor

3. Other entities are interested in environmental, social, and sustainable activities in businesses.

It is preferable; the assurance service was performed by a team of diverse expertise supervised by an external auditor who audits the financial statements.

3.5. <IR> assurance stages.

<IR> assurance service consists of four stages as follows:-

Stage 1:- assurance engagement acceptance.

Stage 2:- planning for professional assurance service of<IR>.

Stage 3:- performing for professional assurance service of<IR>.

Stage 4:- Preparing the<IR> Assurance Report.

Stage 1:- assurance engagement acceptance.

This stage begins with the auditor's acceptance for assurance engagement on <IR> informational content. Under ISAE, 3000 the auditor must collect sufficient information about the client, whether directly or indirectly. As well as evaluate the technical and professional competence of the audit firm to which he belongs to carry out the assurance engagement, especially

members of teamwork. To verify the extent of the experience and skills to perform this engagement. The auditor must ensure that the client understands the assurance engagement purposes. And make sure that the Management's responsibilities, the auditor's responsibilities, and assurance limits are documented. (Shehata, 2013, P.141)

Stage 2:- planning for professional assurance service of<IR>.

In this stage, the auditor determines the nature and timing, and extent of the evidence-gathering procedures. The auditor evaluates whether the information relevant to assurance engagement free of material misstatements. Especially the significant elements that impact stakeholders' decisions. The auditor designs procedures for collecting sufficient and appropriate evidence with a degree of professional skepticism. (Goniem, 2017)

The researcher's view that the auditor should undertake comprehensive planning procedures. And perform professional assurance for the informational content of integrated reports through the updated frameworks and approaches for environmental, social, governance, and sustainability audits. The auditor takes into account materiality when planning for assurance of<IR>.

Stage 3:- performing for professional assurance service of<IR>.

The auditor trace procedures to collect sufficient and appropriate evidence.in addition to documenting professional assurance procedures. The auditor must supervise the assistants and handle the problems. (Goniem, 2017)

The (Hui, 2012) views that the audit tools used in evidence gathering (professional assurance service) includes; Questionnaire, observation, visiting sites, and personnel

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interviews with management and employees. Checking documents, systems, processes, workshops, Request for managerial declarations.

Stage 4:- Preparing the <IR> Assurance Report.

Under ISAE, 3000 the report should be characterized by the following: - (Hassan, 2010; IFAC, 2020)

1- The assurance <IR>report titled "the professional assurance report of the integrated report".

2- The report should be directed to stakeholders, including management.

3-The description of sections in the integrated reports. To what extent the audit process conducted according to standards and guidelines, the auditor's conclusion about the disclosure fairness of the integrated reports on the entity's performance. In the case of misleading information, the auditor shall not issue a report with a clean conclusion.

4- The assurance report date when completed the professional assurance.

5- The auditor signs on the assurance report with the name of the accounting & auditing office, its address, and the registration number.

4. Empirical study.

The Empirical Study Objective:

The Empirical study aims to test the research's hypotheses by Questionnaire the opinions of interested parties on some aspects that the researcher addressed.

Population and Sample size.

Population The study population is consisting of accounting and auditing specialists, academics, and professionals, either the

preparers of financial reports or auditors, a total of number (614).

The following table shows the distribution of the study categories.

Table (2):
The distribution of the study categories

Study categories	Number of Study categories	Percent %
Financial manager (listed companies in the stock market).	247	40.22
Auditor (Independent auditing firm).	297	48.37
Academic staff.	70	11.40
Total	614	100

Source: Adapted by Financial Regulatory Authority and investing website
Sample size a random sample was chosen to conduct the empirical study, and the sample size calculated as follows: (Thomas.2013)

$$n = \frac{(N * P * (1 - P))}{[(N - 1) * (d^2/z^2) + p(1 - p)]}$$

$$n = \frac{(614 * 0.50 * (1 - 0.50))}{[613 * (0.05^2 * 1.96^2) + 0.50(1 - 0.50)]}$$

$$= 236.54 \approx 237$$

n indicate to selected sample size

N indicate to population size (614)

Z indicate to confidence levels 95% (1.96)

P indicate to the significance of the results (0.50).

d Normal error (0.05).

The following table shows the number of questionnaire forms distributed, Returned, and valid for analysis:-

Table (3):

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The number of questionnaire forms distributed, Returned, and valid for analysis

questionnaire forms	distributed	received	Not received	not valid	Valid forms
Number	280	265	15	7	258
Percent	100%	95%	5.3%	2.5%	92.1%

The Questionnaire Form Design.

The Questionnaire Form Design.

The Questionnaire form has been prepared to include two Sections:

The first section: -

The first section contains the respondent's data, for use in analyzing the relationship between the respondent's answers and their scientific and practical experience, as well as contributing to the guarantee of the results of the study, including the following:

- a. the respondent's Position
- b. the respondent's experience
- c. the respondent's Qualification

The second section: -

The second section is divided into five parts: -.

Part one: The Practitioners of the integrated reports assurance service.

Part two: providing independent assurance of an integrated report.

Part three: independent auditor tasks to assurance the information contained in the integrated reports, the format and content of independent assurance report of the informational content of the integrated report.

Part four: the auditor faces the challenges when providing professional assurance services on information contained in the integrated reports.

Part five: There are some suggestions to reduce challenges facing integrated report assurance.

The researcher has adopted a Likert scale as follows

Table (4):

Likert scale

Answer (Descriptive)	strongly disagree	Disagree	Neutral	Agree	strongly agree
Weight (number)	(1)	(2)	(3)	(4)	(5)

Interviews.

An interview was held with Independent auditors of listed companies inside and outside the Egyptian business environment, and they are interested in providing integrated report assurance services. Their ideas and information contributed to the enhancement of the statistical study.

An interview was held with financial managers for listed companies inside and outside the Egyptian business environment, and they are interested in the necessity of professional assurance for the informational content of the integrated report.

An interview was held with Academic staff inside and outside the Egyptian, and they are interested in the necessity of assurance of the integrated report. Their ideas and information contributed to the enhancement of the statistical study.

The reliability and validity test.

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Reliability: - The Alpha Cronbach's coefficient is greater than 60% for all study dimensions, and therefore it can be depended on to measure the study dimensions. Which ranges between (0.673: 0.970).

Validity test.

**Table (5)
Coefficient of internal consistency for the dimensions of the study.**

No/ hypothesis	Reliability Statistics		
	The dimension	No of Items	Interpretation
The First hypothesis	The Confidence and reliability level of the stakeholders.	12	The values of coefficients of internal consistency ranged between (0.236: 0.728) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
The Second hypothesis	Maximizing the value of the firm	5	The values of coefficients of internal consistency ranged between (0.49: 0.836) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
The third hypothesis.	The mitigation of the risk level	7	The values of coefficients of internal consistency ranged between (0.302: 0.756) at a significant level 0.01, indicating a high level of internal consistency for our scale this specific sample.
The fourth hypothesis	A limited assurance report of the informational content of the <IR>	2	The values of coefficients of internal consistency ranged between (0.837: 0.865) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Format aspects	6	The values of coefficients of internal consistency ranged between (0.654: 0.903) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Planning for professional assurance service	5	The values of coefficients of internal consistency ranged between (0.643: 0.880) at

			a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Environmental aspect.	6	The values of coefficients of internal consistency ranged between (0.878: 0.925) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Social aspect	6	The values of coefficients of internal consistency ranged between (0.906: 0.940) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Governance aspect.	2	The values of coefficients of internal consistency ranged between (0.943: 0.964) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Ethical aspect	3	The values of coefficients of internal consistency ranged between (0.956: 0.975) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Sustainable aspect.	4	The values of coefficients of internal consistency ranged between (0.938: 0.960) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Economic aspect.	4	The values of coefficients of internal consistency ranged between (0.936: 0.941) at a significant level 0.01, indicates a high level of internal consistency scale with this specific sample.
	General Procedures	5	The values of coefficients of internal consistency ranged between (0.858: 0.918) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	Other auditor tasks and the perceptions of the form and content of an assurance report on integrated reporting.	2	The values of coefficients of internal consistency ranged between (0.887: 0.935) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.
	the Challenges of the	5	The values of coefficients of internal

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	integrated report's assurance:		consistency ranged between (0.553: 0.967) at a significant level 0.01, indicates a high internal consistency level scale with this specific sample.
	The suggestions of the challenges facing integrated report assurance service.	9	The values of coefficients of internal consistency ranged between (0.666: 0.846) at a significant level 0.01, which indicates a high level of internal consistency for our scale with this specific sample.

Empirical study results.

The first hypothesis:

Accordingly, there is a positive relationship between the professional framework of the Assurance of the integrated report and the stakeholders' confidence and reliability level. This hypothesis was accepted.

The second hypothesis:

Accordingly, there is a positive relationship between the professional framework of an Assurance of the integrated report and its impact on maximizing the firm's value over its sustainability. This hypothesis was accepted.

The third hypothesis.

Accordingly, there is a positive relationship between the professional framework of an Assurance of the integrated report and the mitigation of the risk level to which investors are exposed. This hypothesis was accepted.

The fourth hypothesis

Accordingly, there is a positive relationship between the professional framework of assurance of the integrated report and the demand increase for integrated report assurance services in the Egyptian business environment. This hypothesis was accepted.

This hypothesis consists of:-

1. A limited assurance report of the informational content of the <IR>

2. The format aspect of the <IR> Assurance report.
3. Stage 1:- planning for professional assurance service of<IR>.
4. Stage 2:- performing for professional assurance service of <IR>.
5. General Procedures.
6. The Challenges of the <IR> assurance.
7. Suggestions for challenges facing <IR> assurance service.

5. Conclusion, and recommendations.

a) Conclusion:-

The study concluded that the literature review and other countries' experiences agreed that the integrated reports' assurance service is a value-added service by increasing the possibility of reliance on stakeholders on these reports. in the light of accounting and professional practice in the Egyptian business environment in the field of integrated reports for listed companies, it clear that there are some unregulated practices for disclosing corporate social responsibility, environmental, sustainability, and corporate governance. But, these practices no govern a unified framework on the one hand. On the other hand, it is not related to risks, opportunities, strategies, and business models. The study provided Empirical evidences by surveying the opinions of a sample of Independent auditors and financial managers of the listed companies for the proposed framework for professional assurance of integrated reports, and as it was accepted to a large degree by the majority of the selected sample size (Independent auditors, financial managers of the listed companies, academic staff). Through the personal interviews that were conducted by the researcher, opinions were calling for a legislative obligation to implement the assurance of the integrated report and provide a unified Assurance

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framework generally accepted for <IR> report to define the role of the auditor, the procedures followed, and Auditors' fees—this assurance framework considered as the first defense line. Several internal auditors also confirmed that the framework should consider integrated thinking between the External & Internal audit.

b) Recommendations:-

Research recommendations.

1. The Egyptian Financial Regulatory Authority should enforce listed companies, regardless of activity nature, to disclose its integrated report attached with an auditor's assurance report.

2. Egyptian professional bodies and Standard setters should issue an Accounting Standard for an integrated report and update the assurance standard according to the international professional assurance standard modified NO. 3000.

3. The auditing firms should design the training programs to enhance the auditor's professional capabilities to fit new reporting trends.

4. S&P Dow Jones Indices and the Egyptian Exchange (EGX) should create the S&P/EGX IR Index as an IR benchmark for the Egyptian listed equity market.

Recommendations for Future studies.

1. A comparative study between listed companies in S&P/EGX IR Index and non-listed companies in Egyptian Exchange.

2. A framework proposed for independent assurance of integrated reporting (reasonable assurance – positive opinion).

3. A framework proposed for independent assurance of integrated reporting has only one audit opinion for the entire <IR> report.

4. Use of Artificial Intelligence to provide and facilitate the integrated report assurance services.
5. Use of Artificial Intelligence to support integrated thinking in preparing the integrated report.

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Appendices:-

Appendix 1.

Questionnaire list.

The Audit of Integrated Reporting: A Theoretical and Empirical study.

The Questionnaire list is part of this study, where it aims to collect data regarding the research variables. The researcher confirms that all data collected will be completely confidential and will only be used for scientific research purposes.

-The researcher is preparing a theoretical and empirical study for the research submitted to attain the master's degree in Accounting entitled: "The Audit of Integrated Reporting."

The study aims to audit the informational content of the integrated report. **For clarifying that the definition of integrated reporting** is the latest evolution of corporate reporting. Integrated report as an idea of collecting the various reports issued by the entity separately (financial reports, governance reports, and sustainability reports) into one report. This new trend of reporting provides a holistic view of the entity's performance for investors and stakeholders, where the linkage between the information associated with environmental, social, and governance performance. Alongside, information associated with the entity's economic and financial performance. Thus, the integrated report considered a full story of the entity's performance, which tells the investors and stakeholders. Also, it provides evidence that supports the entity's sustainability and its ability to continue to create value over the long- term. The integrated report includes (Organizational overview and external environment, including environmental aspects and social responsibility such as climate change/Corporate governance information including the skills and diversity such as gender and experience. Also, remuneration and incentive information. /Strategic objectives information, the entity's business model, and future orientation information. Financial performance information). The vital element of an integrated report is the entity's business model. This model was chosen by the entity to create value over short, medium, and long- term.

The entity's business model includes:

- Inputs are resources or six capitals.
- Value-adding activities are the organization's strategy and the related initiatives designed to value creation.
- Outputs are the products and services manufactured by the organization, and outcomes are results to manage different six capitals; all outcomes internal or external, either positive or negative impacting on six capitals.

The business model describes how an entity transforms its resources and six capitals into an added value. Also, the Business model describes the method of the entity's acquiring and using for six capitals.

The Questionnaire list divided into five parts: -

Part one: The Practitioners of the integrated reports assurance service.

Part two: providing of independent assurance of an integrated report.

Part three: independent auditor tasks to assurance the information contained in the integrated reports, the format and content of independent assurance report of the informational content of the integrated report.

Part four: the auditor faces the challenges when providing professional assurance services on information contained in the integrated reports.

Part five: There are some suggestions to reduce challenges facing integrated report assurance.

Thanks in advance - for your time to provide us with your response

Note: the results of the research will be available at any time when the thesis is approved.

Researcher. Rawnaa Sayed Saeed

The respondent data: -

Name (optional):

Email address:

Position:

Financial manager (listed companies in the stock market).	
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Auditor (Independent auditing firm).		
Academic staff.	Professor	
	Assistant professor	
	lecturer	
Other.		

Experience:

Less than 5 years	
More than 5 years	
More than 10 years	
More than 15 years	

Qualification:

Bachelor's degree	
Master's degree	
Ph.D. degree	
Diploma	
Others	

*The use of a symbol (✓) To determine your opinion.

Part (1): Kindly determine your opinion about, **the Practitioners of the integrated reports assurance service** : (Which of the following will affect decision making better).

Practitioners	strongly disagree	disagree	Neutral	agree	strongly agree
Independent auditors.					
Internal Audit committee.					

The team of various experiences includes (environmental, social, governance, and sustainability activities, and so on) managed by an internal auditor.					
The team of various experiences includes (environmental, social, governance and sustainability activities, and so on) managed by an independent auditor, which provides an audit report on financial reporting.					
The team of various experiences includes (environmental, social, governance, and sustainability activities, and so on) managed by peer review.					

Part (2): Kindly determine your opinion about, providing assurance of an integrated report.

Benefits	strongly disagree	disagree	Neutral	agree	strongly agree
It is essential for independent auditors to provide professional assurance services for the information contained in an integrated report.					
To increase objectivity, add confidence and					

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credibility, and the ability to rely on the content of an integrated report, which helps to make a wise investment decision.					
The achievement of the entity's goals by providing assurance on the implementation of the plans and strategies necessary to achieve these goals.					
To support the internal confidence of the audit committee and level of the board in the entity's performance.					
Professional assurance is a management protection tool as it prevents the spread of misleading information. Examine the Company's managerial systems, reputation risk management, as well as adding value to stakeholders.					

Improve interrelations between management and internal and external stakeholders					
Enhance the ability of financial analysts to give the highest value of the company's shares by enhancing its reliability, disclosure, and assurance of different performance information.					
Increasing the company's ability to attract investments and finding extra sources of financing at a proper cost.					
Contribute to improve the company's reputation and to reduce the cost of capital.					
Take the benefit of all mechanisms for integrated report assurance.					
Financial benefits are achieving through an independent assurance of<IR>, especially for accounting and auditing offices.					

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Independent assurance of an integrated report reduces the degree of information asymmetry and uncertainty—also, the mitigation of the risk level to which investors are exposed.					
To help them assess the material risks facing the company, evaluate the efficiency of operations in the entity.					
It is difficult for users to understand the conclusion nature provided by integrated report assurance.					
There are different types of opinions and conclusions of integrated report elements.					
Management imposes some restrictions for accessing vital information related to the entity's strategic plans, which will affect the quality of the assurance					

services and the assurance level provided by the auditor.					
The integrated reports contain information that is currently difficult for assurance.					
The high cost of integrated reports assurance compared to its benefits, which may lead to companies refusing to bear assurance fees.					
Provide limited assurance regarding compliance with regulations and laws, the objectivity of the accounting measurement, and the disclosure of environmental, social, economic, and ethical dimensions fairly.					

Part (3): Kindly looking forward to, assurance report of the informational content of the integrated report. **Then, determine your opinion on next elements:**

Independent Assurance Report on financial and non-financial information included in the 2019 integrated report.

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To the shareholders of Alex International Holdings Proprietary Limited.

We have undertaken a limited assurance engagement on selected financial and non-financial information, as described below, and presented in the 2019 integrated report to stakeholders of Alex International Holdings Proprietary Limited (Alex International) for the year 31 December 2019 (the report). This engagement was performed by a multidisciplinary team that included assurance specialists with extensive experience in integrated reporting and the detailed knowledge of Alex International.

Subject matter and related assurance.

We are required to provide limited assurance on the following financial and nonfinancial information, prepared under SASB, S&P/EGX ESG, Climate Bonds Standard V3.0, and GRI (G4 Guidelines) supported by Alex 's internally developed guidelines (referred to as "Alex 's reporting criteria").

In the table below, there are auditor's tasks under the terms of our engagement letter dated 30 November 2019, as follows:

Category	Our tasks
Level (1)	<ul style="list-style-type: none">Verify compliance with laws, legislation, and rules related to environmental, social, and ethical aspects, and the extent of accordance with corporate governance rules.
Level (2)	<ul style="list-style-type: none">Verify the efficiency and effectiveness of environmental, social, Economic, and Governance programs and activities.Verify the effectiveness and efficiency of the internal control system to implement environmental, social, Economic, and Governance programs and activities
Level (3)	<ul style="list-style-type: none">Assess the direct impacts of the various dimensions of the firm's activity on the external environment, and the extent of measurability these impacts.

Level (4)	<ul style="list-style-type: none"> Assess the firm's performance through a holistic view, as follows: Verify the firm's economic performance, environmental performance, social performance, Governance performance, and ethical performance.
Level (5)	<ul style="list-style-type: none"> Verify that the integrity of the sustainability program plan—also, the integrity of the linkage between the sustainability plan and the entity's strategy. Verify that the criteria are available for documenting control techniques on sustainable development activities. Assess the compatibility between the business model used and the entity's strategic objectives, which disclosed in the integrated report. Assess the suitability between the resources used and six capitals disclosed in the integrated report and the business model applied by the entity.

The information set out in the table below and disclosed in the Integrated Report:

Category	Informational Contained of integrated reporting
Environmental	<ul style="list-style-type: none"> Total Water Consumed Waste Recycled Water withdrawal. Energy consumed. CO2 equivalent emissions (GHG emissions). Fuel management. Biodiversity impact. Waste and hazardous materials management. Issued climate bonds (green bonds)
Occupational health and safety	<ul style="list-style-type: none"> A number of Egypt employees in the Highly Active The total recorded accident rate Occupational disease rate The number of cases of COVID-19 tested positive per annum -The number of cases that turned from positive to negative,

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	Death cases, and following the preventative procedures
Ethical	<ul style="list-style-type: none">• Violations identified and dealing with such as crimes involving dishonesty.• the negative impacts that may result from providing products and services.

Management Responsibility.

The management is responsible for the selection, preparation, and presentation of the selected sustainability information under the following criteria:

- Sustainability Accounting Standard Board (SASB).
- S&P/EGX ESG index (environmental, social, and governance).
- GRI (G4 Guidelines).
- Climate Bonds Standard V3.0.
- Alex 's reporting criteria
- Integrated reporting framework. <IR> framework.

The management is responsible for: -

- The identification of stakeholders and stakeholder requirements, material issues, for commitments concerning sustainability performance.
- Designing, establishing, and maintaining internal controls to ensure that Alex's sustainability information is free from material misstatement, whether due to fraud or error.

Our Independence, Ethical Requirements and Quality Control.

- We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which including independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.
- Under International Standards on Quality Control, we maintain a comprehensive system of quality control, including documented policies

and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility.

-We conducted our engagement under the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "*Assurance Engagements other than the Audits or Reviews of Historical Financial Information*," issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected financial and non-financial information is free from material misstatement.

-A limited assurance engagement is substantially less in scope than a reasonable assurance engagement concerning both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgment and included inquiries, observation of processes followed, an inspection of documents and system reports, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Summary of work performed.

The key procedures conducted included:

- Interviewed management and senior executives at the corporate level to evaluate the application of the standards and principles, and to obtain an understanding of the control environment related to integrated reporting.
- Inspected selected internally and externally generated documents and records and performed comprehensive data analyses.
- Re-calculated the selected sustainability information, where relevant, and Undertaking physical site visits.
- Perform analytical procedures and detailed testing for economic, environmental, social, governmental, and ethical indicators, as well as the necessary sustainability indicators at the corporate level.
- Conduct comparisons with best practices of sustainability issues covered by the firm's integrated reports.

Limited Assurance Conclusion.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion

In our Conclusion,

Nothing has come to our attention that causes us to believe that the selected financial and non-financial information as set out in the subject matter paragraph for the year ended 31 December 2019, are not prepared, in all material respects, under the above guidelines and standards.

Other matter.

Our independent assurance report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the report.

Restriction of Liability.

Our work has undertaken to enable us to express limited assurance conclusions on the selected financial and non-financial information to the Directors of Alex International under the terms of our engagement letter dated 30 November 2019.

Name of accounting office.

Signature

Name

Chartered Accountant (SA)

Registered Auditor

Partner

Date

Kindly determine your opinion about, independent auditor tasks to assurance the information contained in the integrated reports, the format and content of independent assurance report of the informational content of the integrated report above: -

Auditor's tasks	strongly disagree	disagree	Neutral	agree	strongly agree
Do you agree with the professional assurance report attached?					
format aspects: - 1- The assurance <IR>report titled "the professional assurance report of the					

<p>integrated report".</p> <p>2- The assurance report date when completed the professional assurance.</p> <p>3-The auditor signs on the assurance report with the name of the accounting & auditing office, it's the address and the registration number.</p> <p>4- The description of sections in the integrated reports. To what extent the audit process conducted according to standards and guidelines, The auditor's conclusion about the disclosure fairness of the integrated reports on the entity's performance. In the case of misleading information, the auditor shall not issue a report with a clean conclusion.</p> <p>5- The Independent assurance report submitted to stakeholders.</p>					
<p>The auditor identifies the scope of the assurance service according to assurance standards used and engagement terms; it also determines the materiality, evaluating the internal control of the entity's performance and the risk of engagement.</p>					
<p><u>Stage 1:- planning for professional assurance service of<IR>.</u></p> <p>1- The auditor prepares a set of procedures for professional assurance service and the documentation of the acceptance process.</p> <p>2- The auditor makes a design procedure for collecting sufficient and appropriate evidence, taking into account professional skepticism when performing these procedures.</p> <p>3-It is necessary for stakeholders' engagement in the assurance process.</p> <p>4-The assurance planning includes audit risk, to reduce risk to an acceptably low level.</p> <p>5-The auditor collects the frameworks and</p>					

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<p>criteria used for assurance of environmental, social, governance, and sustainable.</p>					
<p><u>Stage 2:- performing for professional assurance service of<IR>.</u> Environmental aspect. 1-The auditor verifies the application of specified laws, legislations, policies, and regulations for environmental performance. 2- The auditor performs assurance procedures related to the firm's environmental impacts under ISAE 3000. 3-The auditor verifies that the informational content of the integrated report contains reasonable estimates of the material impacts of the previous events such as Biological accumulation. 4-The auditor verifies that the efficiency and effectiveness of environmental programs and activities. 5-The auditor checks the GHG emissions report submitted by the entity. Also, the verification of actual emissions rates, compare maximum rates, and safety of technical and quantitative measurement. 6-The auditor verifies the effectiveness and efficiency of the internal control system to implement environmental programs and activities. Social aspect. 1-The auditor performs assurance procedures related to the firm's social impacts under ISAE 3000. 2- The auditor verifies the application of specified laws and policies for social</p>					

performance.

3-The auditor verifies that the efficiency and effectiveness of social programs and activities.

4-The auditor verifies the effectiveness and efficiency of the internal control system to implement social programs and activities.

5- The auditor verifies that the management's assertions for social aspects such as checking of the programs related to donations and so on social responsibility.

6-the auditor checks the social accounting system and CSR Report.

Governance aspect.

1-Verifying the extent to compliance with codes, principles, techniques, and objectives of governance.

2-Verifying the management's assertions regarding compliance with corporate governance codes.

Ethical aspect.

1-Verifying that companies comply with regulations and codes of ethics.

2-Verifying the extent to treat negative impacts that may result from providing products and services.

3-verifying that compliance with the ethical code for workers.

Sustainable aspect.

1-The auditor verifies that the management's assertion related to the integrity of the sustainability program plan—also, the integrity of linkage between the sustainability plan and the entity's strategy.

2-The auditor verifies the integrity, measurement, and disclosure of the entity's sustainable performance.

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<p>3-The auditor verifies that the management's assertion related to the business model risk and disclosure of current and expected risks. Also, the management's scenarios to deal with these risks.</p> <p>4-The auditor verifies that the criteria are available for documenting of control techniques on sustainable development activities.</p> <p>Economic aspect.</p> <p>1-The auditor performs assurance procedures related to the firm's economic impacts under ISAE 3000.</p> <p>2- The auditor verifies that the current market share and expected market share.</p> <p>3- The auditor verifies that the current and expected the entity's cash flows.</p> <p>4- The auditor performs analytical procedures of the company's economic activities.</p>					
<p>General Procedures:</p> <p>1-The auditor does interviews with those charged with governance are responsible for preparing integrated reports. Evaluate the integrated report prepared according to IIRC's guidelines principles in terms of relevance, completeness, neutrality, and clearly.</p> <p>2-The auditor makes techniques to get sufficient and appropriate evidence and analytical procedures.</p> <p>3-Assessing the compatibility between the entity's goals, strategies, and vision.</p> <p>4-Assess the compatibility between the business model used and the entity's strategic objectives, which disclosed in the integrated report.</p> <p>5-Assess the suitability between the</p>					

resources used and six capitals disclosed in the integrated report and the business model applied by the entity.					
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In your opinion, are there any other tasks that the auditor can perform assurance of the information contained at the integrated reports?

YES

NO

If yes, mention these **tasks**, please?

In your opinion, are there other perceptions of the form and content of an assurance report on integrated reporting?

YES

NO

If yes, mention these **perceptions**, please?

Part (4): Kindly determine your opinion about, **the Challenges facing the integrated report's assurance:**

Challenges	strongly disagree	disagree	Neutral	agree	strongly agree
We have a need for professional competence, sufficient experience, and skills to provide assurance services for non-financial information.					
Lack of generally accepted standards to measure, to assess the integrity of disclosure of the content of integrated reports.					

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The inappropriateness of traditional assurance models applies to integrated reports since new trend reporting is not typical and varies from one entity to another and includes a mix of financial and non-financial information.					
Auditors are concerned about the responsibilities that may arise as a result of the assurance.					

In your opinion, are there any other challenges that the auditor can face when providing assurance services on information contained in integrated reports?

YES

NO

If yes, mention these **challenges**, please?

Part (5): Kindly determine your opinion about, **there are some suggestions to reduce challenges facing integrated report assurance service.**

suggestions	strongly disagree	disagree	Neutral	agree	strongly agree
Support the internal auditors' role in integrated report assurance.					
Integrated reports users realize that there are two levels of assurance; Limited assurance and reasonable assurance.					

The users of integrated reports realize that there is a difference between opinion and conclusion.					
The users of integrated reports realize that there are types of assurance services provided by independent auditors; audit and assurance.					
Support the independent auditor's' role in integrated report assurance. Considering that the integrated report assurance is a natural extension for the audit of financial statements.					
Conduct more theoretical and empirical studies in the integrated report assurance, to reach the integrated report assurance framework, as in the audit of financial reports.					
Spread the culture of teamwork when the integrated report assurance.					
Qualifying the external auditors and increasing their experience to gain the skills that enable them to the integrated report assurance.					

In your opinion, are there any other suggestions to reduce challenges facing integrated report assurance?

YES

NO

If yes, mention these **suggestions**, please?

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Empirical Study**

افاده

يفيد د/ صلاح ممدى محمد أستاذ مساعد الأحصاء التطبيقي بجامعة القاهرة بأن

الباحثة/ روناة سيد سعيد ابراهيم

قد اجرى التحليل الاحصائى عن الموضوع المقدم منها بعنوان

"The Audit of Integrated Reports"

مراجعة التقارير المتكامله

قد تم استخدام الأساليب والأختبارات الأحصائية الآتية من خلال حزم البرامج الأحصائية (SPSS):-

- ✓ اختبار Alpha Cronbach's Coefficient لقياس الثبات والصدق لمحتوى الأستبيان.
- ✓ التحليلات الأحصائية الوصفية من تكرارات ونسب مئوية ومتوسطات حسابيه ومرجه وانحراف معيارى ومعامل الأختلاف المعيارى وذلك لتحديد سيات مفردات عينه البحث.
- ✓ اختبار A Chi Square Test حول نسب الموافقة على مجموعات من الأسئلة ذات المستويات المختلفة من الأجابة ودراسة عشوائية توزيع الأجابات على تلك الأسئلة.
- ✓ اختبار T-test لأختبار صحة وفروض البراسة.
- ✓ اختبار Kruskal- Wallis Test. لبراسه الفرق بين المتوسطات تحت فرض ان توزيع البيانات غير معلوم (اختبار لا معلمى)
- ✓ تحليل نسب الأهميه على الأسئلة ذات الأجابات المفتوحه وترتيب الأهميه للأجابة على كل سؤال.

وهذه افاده منا بذلك

تحرر فى 31/9/2020

د/ صلاح ممدى محمد

أستاذ مساعد الأحصاء التطبيقي بجامعة القاهرة

التوقيع



Appendix 2: List of interviews.

Name	Company	Position and/or Department	Mode and date
Hosny Yusuf., N.	Egyptian Russian University (ERU)	Assistant professor of accounting	Zoom June 30, 2020
Abdel Ghaffer., A.	alnima' for information technology and logistics services	Financial Manager	LinkedIn June 19, 2020
Hegazy., A.	PWC	Manager (Middle East)	LinkedIn July 19, 2020
Samy El Deeb., M.	Modern Sciences and Arts University (MSA)	Associate professor of accounting Head of accounting department	Phone interview June 19, 2020
Omar Sharara., M.	KPMG	Audit Supervisor in Kpmg EG Hazem Hassan	LinkedIn Sept 17,2020
Ahmed., H.	FRA In Egypt	Department supervisor at corporate Governance sector FRA In Egypt	LinkedIn August 4,2020
yahya salem., A.	In Saudi Arabia.	Financial Manager	LinkedIn August 5,2020
Mishra., N.	IIRC ambassador India, Ammity University, Gautam Budh Nagar	Associate professor Ammity University	LinkedIn July 30,2020
Mahmoud Hamoda	Biker and tilly International	Audit Manager	face to face Interview June 29, 2020
Tonsy., T.	FRA in Egypt	Quality Assurance Reviewer FRA in Egypt	LinkedIn July 29, 2020
Ben Karm., M.	Mazars in Tunisia	Assist Manager/IFRS Consulting	LinkedIn July 27, 2020
Osman., R.	KPMG/ Gulf Region	Senior Auditor	LinkedIn July 24, 2020

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Mamdoh., O.	KPMG in Egypt	Deputy Manager- internal Audit, Risk and Compliance services KPMG	LinkedIn July 26, 2020
ELasker., A.	KPMG in Egypt	Partner	LinkedIn July 23, 2020
Baeouny., M.	In Egypt	Chartered accountant	Phone interview July 29, 2020
Abdel hamid.,	Accountability State Authority in Egypt	External auditor	face to face Interview July 26, 2020
Adham.,	Oriental Weavers in Egypt	Head of internal Audit department	Phone interview July 29, 2020
Ahmed Alshalfan., H.	Alshafan office for accounting and auditing consulting in Saudi Arabia.	General Manager	Phone interview August 3, 2020
Ahmed Khalifa., H.	Misr life insurance	Head of internal Audit department	Phone interview August 1, 2020