CURRENT TRENDS AND FUTURE EXPECTATIONS IN EXTERNAL ASSURANCE FOR INTEGRATED CORPORATE SUSTAINABILITY REPORTING

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ABSTRACT

Amidst national interest in the global movement toward integrated corporate sustainability reporting (CSR), this study undertakes exploratory research of the Global Reporting Initiative's (GRI) Sustainability Disclosure Database Reports List, the world's largest database of integrated reports. Given the shortage of current literature from a United States (U.S.) perspective on the topic, the purpose of this research is to mine the GRI data and identify trends among "integrated" report filers, with and without external assurance, for the periods 2013 and 2014. These trends could identify indicators or determinants of assurance of CSR in the future and how this could impact the accounting industry. The findings reveal an increase in the percentage of integrated reports with external assurance from 2013 to 2014. The findings also identify assurance providers, assurance scope, standards, certifications, countries and sectors related to the companies and the reports that comprise the largest portion of the datasets, including companies filing integrated reports both with and without external assurance. This study finds that the U.S. only submitted 11% of the CSR reports in the GRI database in 2014 and the U.S. submitted less than 2% of the database's integrated reports with external assurance for this same period. Accordingly, the Corporate Register Live Charts also reveal that less than 6% of U.S. reporting companies provide assurance on their corporate responsibility reports. This study reveals lagging trends in the U.S. compared to other countries when considering the reliability and credibility of integrated CSR reports and the lack of external assurance and provides recommendations for improving this market.

Keywords: Global Reporting Initiative (GRI), Corporate Sustainability Reporting (CSR).

INTRODUCTION

Popularized in the 1960s, corporate sustainability has been a global hot topic for decades. As investor and consumer needs and preferences have evolved, so has the information stakeholders deem necessary for decision making. Mere financial statements alone are no longer sufficient tools for business analysis, non-financial data such as environmental and social responsibility resources are also pertinent when measuring both opportunities and risks involved in corporate value creation. Some studies refer to sustainability reports as the "non-financial equivalent to general-purpose financial reports" that help meet the needs of the public (Simnett, Vanstraelen & Chua, 2009). Integrated reporting of this financial and non-financial data along with external assurance has increased worldwide (Birkey, Patten & Sankara, 2016) and has taken corporate sustainability reporting to the next level. Companies and accountants in the U.S. are taking notice of the impact this movement will have, if any, on U.S. business and reporting. Literature focused on the external assurance of CSR reporting is scarce (Maroun, 2017), especially from the U.S. perspective, making it necessary to search for trends and find predictive indicators through studying the raw metadata provided by organizations like the GRI Sustainability Disclosure Database Reports List, which contains over 26,000 reports from over 7,900 organizations. This research explores the trends among global reporting companies, the drivers behind the trends and the implications those findings could have on the U.S., particularly for the accounting industry.

LITERATURE REVIEW

Defining the Integrated CSR Report

Understanding the data provided by the GRI Sustainability Disclosure Database requires an understanding of some basic definitions of key terms. The GRI, an independent organization that is the world's leading authority on sustainability reporting standards and disclosures, defines a sustainability report as "a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities," which reveals the relationship between the company's values, strategy and governance and "commitment to a sustainable global economy" (GRI, 2017). Sustainability reporting is sometimes referred to as triple bottom line reporting or corporate social responsibility. When integrating non-financial and financial performance reports, sustainability reporting becomes an intrinsic element of an integrated report (GRI, 2017).

The movement toward an integrated report seeks to offer stakeholders a more comprehensive view of the factors contributing to value creation. Prior to integrated reporting, companies had no reporting framework to adequately combine the financial and sustainability reports and communicate their value-creation story (Simnett & Huggins, 2015). Mervyn King, chairman of the International Integrated Reporting Council (IIRC), is best known for his work as chairman of the King Committee, which gave the world a revolutionary code of corporate governance best practices. He drew a clear distinction between integrated and sustainability reports: "An integrated report is not simply bolting the sustainability report to the financial report. As companies integrate and connect the financial, economic, social and environmental aspects into their businesses, they are likely to become more innovative and competitive and recognize new business opportunities" (Baker, 2011). The comprehensive approach of integrated reporting is stated very well in the IIRC Integrated Reporting Framework's definition. The framework defines an integrated report as "a concise communication about how an organization's strategy governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term" (Integrated Reporting South Africa, 2017).

The GRI'S G4 Sustainability Reporting Guidelines also emphasize this distinction in their definition. "The integrated report is not intended to be an extract of the traditional annual report nor a combination of the annual financial statements and the sustainability report. However, the integrated report interacts with other reports and communications by making reference to additional detailed information that is provided separately." GRI's G4 guidelines work to ensure that robust sustainability metrics are included in integrated reports (GRI, 2015). The G4 guidelines highlight the continued focus on this inclusion of sustainability information with financial and economic information with less emphasis being placed on other aspects of integrated reporting.

The purpose of this study does not focus on the specific content of integrated reports, but rather the impact that integrated reporting has on the demand for external assurance of integrated reports. Factors influencing these decisions will also be explored.

The Rise of Integrated Reporting

While sustainability reporting is widespread and becoming a matter of course for large corporations, especially those with an international presence, integrated reporting is still emerging. While the movement has taken root and flourished in places like Europe and especially South Africa, other nations, including the U.S., have been slow to adopt the global trend. South Africa, a forerunning country in integrated reporting initiatives, was the first country to mandate integrated reporting in 2010 for listed companies on the Johannesburg Stock Exchange with an "apply or explain" basis (Simnett & Huggins, 2015). In comparison to the U.S., almost all the U.S. S&P 500 companies voluntarily included a sustainability-related disclosure in their financial reports by 2013, but only seven actually released integrated reports (PricewaterhouseCoopers, 2013). The voluntary adoption of sustainability disclosures does not equally generate integrated reports in the U.S.

Adoption is primarily driven by regulatory, industry or competitive pressures. For a variety of reasons, advocates may criticize current financial reporting stipulations as inadequate for investors. Namely, for failing to show important sustainability challenges and opportunities, which usually represent material financial implications. Inadequate stipulations may overlook the relationships between such challenges and opportunities and the corporate strategy, preferring to concentrate instead on short-term performance history over the long-term prospects. An Ernst & Young (2015) survey of global investors reveals that 65% of investors believe businesses do not adequately disclose non-financial risks, and only 24% note that non-financial performance is pivotal to their investment decisions. These investors claim difficulty in determining which information is material to financial performance, missing verification of the information and inability to compare across regions or countries. The GRI, International Integrated Reporting Council (IIRC) and the U.S. Sustainability Accounting Standards Board (SASB) may help alleviate some of these difficulties by providing great resources for companies to adopt standard guidelines, frameworks and metrics for their integrated sustainability reports. The question is whether voluntary compliance will be sufficient to meet the stakeholders' calls for clarity organization and verifiability or will regulatory measures have to fill this gap? Only 42.1% of the Ernst & Young (2015) survey respondents believe companies are motivated to disclose non-financial information, but this is an increase from 29% in 2014.

In additional studies, Cho, Michelon, Patten & Roberts (2014) found no significant relation between assurance of CSR activities and market valuation but did find that CSR merely enhances the environmental image of a company (Cho, Guidry, Hageman & Patten, 2012). However, other studies identify trends revealing that the percentage of institutional investors who consider integrated reports as essential or important when making investment decisions increased from 61% in 2014 to 70.9% in 2015. As stakeholders begin to see more long-term value-added benefits from CSR reports, accountants have the capabilities and the opportunity to show how CSR activities impact return on investment (Hughen, Lulseged & Upton, 2014).

While the IIRC may be content with the self-led market approach, other advocates for integrated reporting disagree. Robert Eccles, a Harvard Business School professor, co-author of key literature on integrated reporting, and former chair of the U.S. SASB, has long been at the forefront of the crusade to mandate integration in the U.S. Eccles doesn't believe the majority of companies will initiate this change on their own. He argues that "integrated reporting be mandatory, standardized and backed by clear enforcement" (Kiron, 2012). He believes that integrated reporting on a global scale will likely require mandatory provisions and a set of standards. Eccles also recommends sector specific standards for sustainability metrics, which is the approach currently taken by SASB (Kiron, 2012). Jean Rogers, the CEO and founder of SASB, believes these accounting metrics can be used to measure non-financial resources and help managers and investors to understand how sustainability impacts companies (Rogers, 2016). The U.S. SASB works in tandem with multiple organizations to progress corporate sustainability disclosure, complementing international initiatives like the GRI and IIRC. Numerous publicly listed U.S. companies are also international entities and many international companies are also required to comply with the SEC if they trade on U.S. exchanges. Hence, any SEC-mandated reporting will be consequent and impactful worldwide. The need for the SASB could grow exponentially in the wake of such mandates, which is why the board strives to align with other international initiatives for universal ease of use (Sustainability Accounting Standards Board, 2017).

Regulations in the U.S. are likely to be implemented by the Securities and Exchange Commission (SEC), which has the potential to impact international companies. In 2010, the SEC issued interpretative guidance on disclosures regarding climate change. Specifically, the SEC stated that disclosure requirements concerning climate change may be necessary based on the impact of legislation and regulation, international accords, consequences of regulation or business trends and the physical impact of climate change (SEC, 2010). However, these regulations are obviously very specific to climate change and do not address other sustainability issues, but this is a start. The SEC (2016) also issued a concept release on disclosure reform entitled, "Business and Financial Disclosure Required by Regulation S-K." This release devoted an entire section to the disclosure of public policy and sustainability matters. Accordingly, the "trickle" of mandatory SEC regulations requiring additional sustainability disclosure requirements could become a reality in the near future.

Seizing Potential: External Assurance

If the future of integrated reporting is standardization, that standardization will likely require external assurance. The Association of Chartered Certified Accountants (ACCA) issued a response to the IIRC on the topic in December 2014: "Historically, where information forms the basis of decisions on investment, the presence of assurance at a high level has been essential for sound market operation. As [integrated reporting] becomes more valued for decisions on investment, the priority placed on independent assurance will necessarily increase" (ACCA, 2014). Once again, the impact of voluntary versus mandatory assurance will play a significant role in anticipated assurance trends. Historically, assurance of financial reports has been mandatory, so studies of voluntary assurance of integrated reports may help identify the demand for and value of these reports.

The IIRC was formed in 2010, primarily in response to early adopters of integrated reporting and the lack of specific guidelines or standards for external assurance. In April 2013, the IIRC released a global integrated reporting framework which laid the foundation for a more complete reporting model. BDO International endorsed the framework and underscored the necessity to cultivate a robust external assurance protocol to evaluate adherence to the framework. BDO International notes that an assurance model should add both credibility and reliability to integrated reports (BDO, 2013). In a study of global sustainability reports issued between 2002 & 2004; Simnett et al. (2009) also find that companies seek to enhance credibility and corporate reputation through assurance. A recent study of listed international companies also finds the assurance of sustainability reporting reduces information asymmetry supporting the value relevance role of these reports (Cuadrado, Martinez & Garcia, 2017). Since the audit approach for financial and non-financial reports likely differ, creating a holistic audit approach for both in an integrated form may be difficult. The IIRC framework has attempted to provide some level of standardization for external assurance of these integrated reports.

The U.S. market is analysing the anticipated opportunities in sustainability assurance. The American Institute of Certified Public Accountants (AICPA) hired research firm Verdantix to build a market size and forecast model spanning 2013 to 2017 U.S. sustainability assurance services, assuming that sustainability reporting would still not be mandatory in 2017. The first of its kind, this study examined the future of U.S. integrated reporting-will there be a market for external assurance and if so how extensive will it be? The results indicated increasing future emphasis on corporate sustainability from stock exchanges, stakeholder awareness and supply chain requirements. The report identifies opportunities for CPAs to offer sustainability assurance and related advisory services enhancing a company’s focus on sustainability. The study highlights the need to effectively identify those opportunities along with understanding specific clients’ needs (AICPA, 2015). The model predicted that the 2013 market of $171 million for sustainability assurance and related advisory services would explode to an expected $258 million in 2017 at a compound annual growth rate of 11%. The researchers anticipated that both voluntary measures taken by businesses and a trickle of mandatory disclosure rules would be responsible for driving the growth (AICPA, 2015).

South Africa Takes the Lead

Studying global trends and drivers, successes and failures of international integrated reporting, assurance and standards is pivotal to understanding the movement and prediction of how the U.S. regulatory bodies and market will respond. South Africa provides an international case study for companies interested in integrated reporting, assurance and standards. As a result of the King Report on Governance for South Africa 2009 (King III), South Africa was one of the first countries to adopt integrated reporting. A King III requirement calls for integrated reporting on an “apply or explain” basis (Institute of Directors Southern Africa, 2009). In 2010, the Johannesburg Stock Exchange (JSE) made it compulsory for all listed companies to comply with King III and the integrated reporting requirements (Brand South Africa, 2011). A recent case study from Johannesburg examines three possible assurance models for sustainability reports: restricted, integrated and Delphi-inspired (Maroun, 2017). The South African market for external assurance on CSR reporting provides a significant foundation for the basis of analysing the impact and future of external assurance of CSR reports.

Expected Future Drivers

Although the trend in South Africa was driven primarily by the JSE, there are many expected drivers predicted over the next ten years for integrated filing and external assurance for the U.S. market. Going back to the Verdantix forecast, companies will face pressure from compliance requirements like the conflict minerals rule, the Environmental Protection Agency (EPA) greenhouse gas reporting mandate, European Union (EU) REACH updates (affecting U.S. companies listed on EU-regulated exchanges) and perhaps an SEC order in the future (AICPA, 2015). On the state level, the Regional Greenhouse Gas Initiative (which applies to New England and several Mid-Atlantic States), the California Cap and Trade Program and Wisconsin’s Air Containment Emission Inventory Reporting Requirements are a few examples of required compliance reporting. While governments on the state, federal and international scale can issue blanket regulation, industry-specific regulation for sectors such as mining and energy is also a powerful driver. Given the auditing and attestation already required for most of the aforementioned regulation compliance, there is little room for doubt that external assurance will continue to expand with new requirements.

The South Africa requirements also illustrate that stock exchange activities both at home and abroad can potentially levy new reporting requirements on their listed companies. For instance, the New York Stock Exchange and NASDAQ are partners of the Sustainable Stock Exchanges (SSE) initiative. They are also partners in the Sustainability Working Group formed in March 2014 by the World Federation of Exchanges, a trade association of 64 publicly regulated stock, futures and options exchanges. These partnerships could potentially lead to increased regulations requiring integrated reporting for listed companies on these exchanges.

There are also a variety of noteworthy indirect drivers. A Harvard Business School study by Eccles & Saltzman (2011) note climate change as a non-financial initiative. Investor attitudes and activists can also initiate increased demand for integrated reporting and external assurance as stakeholders recognize the financial implications of sustainability-related activities and demand more information for decision-making. Verdantix identified consumer attitudes as an indirect driver because, “a significant minority of consumers who take sustainability issues into account in their buying decisions has motivated high brand-equity companies to invest in product and process innovations to support their positions as trusted brands” (AICPA, 2015). Finally, business improvement, essential to the survival and success of any free enterprise company, carries a long trend of leveraging sustainability issues as strategic components of operational excellence, marketing, corporate brand and product differentiation. Currently, companies tend to focus on the external benefits of integrated reporting and less so on the internal use it provides (Perego, Kennedy & Whiteman, 2016). As businesses become more aware of the internal and external monetary benefits to be reaped by measuring and recording all factors of value creation-not just the ones reported in the financial statements-integrated reporting may climb in popularity.

Statement of the Problem

This research examines the future potential for integrated reporting and external assurance in the U.S. and identifies trends that might hasten anticipated growth in these markets. The identification of trends in integrated reporting will provide useful information for companies in deciding whether to be early voluntary adopters in the U.S. and whether to begin the transition from sustainability reporting to integrated reporting. For the U.S. assurance industry, there is a significant growth opportunity and revenue source if increased use of integrated reporting occurs and if the demand for external assurance in the U. S. proliferates. The identification of trends toward integrated reporting can help alleviate the uncertainty U.S. companies experience when deciding whether to adopt integrated reporting by helping companies to make more informed planning decisions. Trends identified in this study could also provide useful indicators or determinants for these planning decisions.

Methodology and Data Collection

Considering the discussion and speculation surrounding the future of integrated reporting in the U.S. accounting community, this study conducts research using the GRI Sustainability Disclosure Database Reports List, which comprises descriptive metadata on thousands of reports from around the globe. This study analyses the 2013 and 2014 integrated reports by identifying the presence of external assurance, looking for trends within assurance providers, scope of assurance, assurance standards, countries, sectors and ISO (International Organization for Standardization) and OECD (Organization for Economic and Cooperation Development) certifications.

The study analyses the years 2013 and 2014 because they represent the year the IIRC framework was adopted, include comprehensive data for integrated reporters and address the years when integrated reporting spiked globally. The GRI database was chosen because it is currently one of the most comprehensive databases available on the topic. Although SASB is a great resource for developing and disseminating sustainability accounting standards, the organization was not established until 2011, and the framework was not operationalized until 2013, limiting the amount of data available for analysis.

The GRI defines an integrated report as a report that includes “both non-financial and financial disclosures, beyond basic economic information” (GRI, 2015). The study specifically examines those companies in the GRI database that self-declare integrated data as part of their CSR report. Next, the study explores the data for indicators or determinants of companies both declaring integrated reporting as well as seeking external assurance on those reports. The GRI uses the term “external assurance” as an “overarching term to cover a wide range of approaches to external assessment of sustainability disclosure processes and reporting” (GRI, 2013). However, the GRI also points to the International Federation of Accountants (IFAC) definition, “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).

The findings below discuss the trends among those integrated sustainability reports receiving external assurance based on evidence from those companies providing their CSR reports with the GRI.

Findings and Discussion

The data for this study was retrieved from the GRI reporting database on June 30, 2015, and the analysis covers the 2013 and 2014 reporting periods. For the 2013 period, 4,438 total CSR reports were filed in the GRI database, with 4,385 of these companies identifying an integrated or non-integrated status, 592 (13.5%) were integrated, with 200 (33.8%) of the integrated reports receiving external assurance. For the 2014 period, 4,771 total CSR reports were filed in the GRI database, with 4,521 of these companies identifying an integrated or non-integrated status. This represents an increase of 136 (3.1%) CSR reports from the 2013 reporting period. Although these trends only represent CSR reports, the increases do follow, although meekly, the trends found by Ernst & Young (2015) where companies motivated to disclose non-financial data increased by 29% in 2014. In 2014, approximately 10% (480) of the CSR reports filed included integrated reporting. This is an actual decrease from the 592 integrated reports filed in 2013. This trend may not be surprising considering less than 25% of global investors in this period identified non-financial performance as pivotal to investment decisions (Young, 2015). The number of integrated reports with assurance also declines from 200 in 2013 to 184 in 2014, but the percentage of integrated reports with assurance in 2014 increases approximately 5% to 38.3% from 33.8% in 2013. This trend may be more relevant to the future assurance market. Of those companies who do prepare and report integrated CSR reports with the GRI, there was a 5% increase in integrated reports with assurance. Even with the slight decrease in the total reports with integrated data between 2013 and 2014, the percentage of those filing integrated reports or data is actually increasing. The AICPA (2015) model predicts a growth rate of 11% for sustainability assurance (and related advisory services) from 2013 to 2017. This 5% increase indicates at least a small trend by these companies to provide additional assurance on the content of their reports among those companies including additional or integrated financial and economic data. See Table 1 for a summary of this data.

Table 1
2013 AND 2014 INTEGRATED REPORTS AND ASSURANCE

	2013	Percentage (%)	2014	Percentage (%)
Number of Reports Filed	4,385		4,521	
Non-Integrated Reports	3,793	86.5% of Total	4,041	89.4% of Total
Integrated Reports	592	13.5% of Total	480	10.6% of Total
With Assurance	200	33.8% of Integrated	184	38.3% of Integrated
Without Assurance	392	66.2% of Integrated	296	61.7% of Integrated

Companies filing CSR reports with integrated data that also obtain external assurance may select an assurance provider from multiple outlets. The GRI database includes consulting, engineering, big four and other accounting firms as provider options. According to the integrated reporters from the GRI database that receive external assurance, this assurance was provided by an accounting firm 73% (146/200) and 75.6% (139/184) of the time 2013 and 2014 respectively. In addition, these accounting firms consisted of Big Four firms 63% and 68.5% of the time over the same period. Once again, the data indicates a small but increasing trend of percentages of external assurance and a small but increasing trend of accounting firms, primarily Big Four, providing this assurance. The trend of assurance from Big Four accounting firms could be driven by the fact that approximately 65% of the integrated companies with assurance are considered "listed companies" in the GRI database that have shares listed on a public exchange. The Big Four accounting firms have an advantage to provide assurance for sustainability if they are already completing the financial statement audit (Federnandez-Feijoo, Romero & Ruiz, 2016).

The GRI database allows companies receiving external assurance to identify the scope of the assurance received for their CSR report. The scope options include the entire sustainability report, specified sections of the report, greenhouse gas (GHG) emissions only or not specified. The trends in this study indicate a shift to external assurance provided on specified sections of the report among the GRI integrated reports receiving external assurance. In 2013, approximately 44% (88/200) of the integrated reports received assurance on a specified section of the report only. This number grew in total and percentage to 58% (106/184) in 2014. The database does not indicate the section receiving external assurance, but future research outside of this exploratory analysis might examine these reports to see which sections of the report are receiving external assurance and whether there are significant differences between the scopes of assurance provided when the assurance is mandatory versus voluntary.

Most external assurance providers reference the assurance standard utilized in the process of providing an assurance report. The assurance standard most commonly referenced by the external assurance providers for the GRI integrated reports was the International Standard on Assurance Engagements (ISAE) 3000. Approximately 42% (83/200) of the external assurance reports referenced the ISAE 3000 standard in 2013, and this percentage slightly increased to 44% (81/184) in 2014. The ISAE3000 standard is the international assurance standard for compliance, sustainability and outsourcing audit dealing with the assurance of non-financial data (ISAE3000, 2017). Gurturk & Hahn (2016) found that accountants tend to follow ISAE3000 while non-accountants tend to use a wider diversity of methods. Big Four accounting firms tend to use ISAE3000 (Manetti & Becatti, 2009). As previously discussed, Big Four accounting firms account for a majority of the assurance engagements; therefore, the use of ISAE300 standards would be expected. Other standards referenced with fairly even distributions included the AccountAbility AA1000 Assurance Standard (AA1000AS), general national assurance standards and sustainability specific national assurance standards.

Companies within the GRI database filing CSR reports with integrated data also exhibit some unique trends among other standards or certifications such as the OECD Guidelines for Multinational Enterprises and the ISO 26000 clauses. In 2013, approximately 12% of integrated with external assurance reports make some explicit reference to or use of the OECD Guidelines in their reports compared to the 3.3% of integrated with no assurance reports. In 2014, the percentage of integrated reports with external assurance reports referencing the OECD increase to 19.6% compared to 6.4% of those who do not get assurance. The OECD is a widely-used benchmark and forum for governments to collaborate and network over the relationship between sustainability issues and economic productivity, trade and investment. They also work with businesses and organizations involved in these themes. Similar trends follow with ISO 26000 clauses in 2013 where 12% of integrated with external assurance reports include explicit reference to or use of the ISO 26000 clause compared to 5.9% of those without assurance who did not reference this clause. The 2014 reference to ISO 26000 includes 6.5% of integrated reports with external assurance compared to 3.7% of those without assurance. ISO is the largest developer of voluntary industrial international standards. Future research might examine possible correlations between companies seeking these prominent global certifications and the filing of integrated reports with assurance. See Table 2 for more detail.

Table 2
2013 AND 2014 CERTIFICATION TRENDS

Integrated Reports with Assurance					
Certification	**2013**	**Percentage (%)**	**Certification**	**2014**	**Percentage (%)**
OECD Guidelines	24	12.0% of Assured	OECD Guidelines	36	19.6% of Assured
ISO 26000 Clause	24	12.0% of Assured	ISO 26000 Clause	12	6.5% of Assured
2013 AND 2014 CERTIFICATION TRENDS					
Integrated Reports with No Assurance					
Certification	**2013**	**Percentage (%)**	**Certification**	**2014**	**Percentage (%)**
OECD Guidelines	13	3.3% of Assured	OECD Guidelines	19	6.4% of Assured
ISO 26000 Clause	23	5.9% of Assured	ISO 26000 Clause	11	3.7% of Assured

As mentioned above, 33.8% and 38.3% of the CSR reports with integrated data in 2013 and 2014 respectively received external assurance. This study examines the trends of these percentages among the various demographic regions of the world. Based upon 2013 and 2014 GRI data, approximately 75% of the CSR reports with integrated data and external assurance are submitted by companies in Europe and Africa. Europe submits 57% and 52.7% and Africa submits 18% and 20.7% of these reports in 2013 and 2014 respectively. See Table 3 for these details. The Netherlands provide the largest portion of the European reports (11%-12.5%) during the 2013-2014 time periods along with Finland, Russia, Spain and Sweden. It is not surprising that the Netherlands take the lead as the GRI is headquartered there.

Table 3 **2013 AND 2014 BY REGION** **Integrated Reports with Assurance**					
Region	**2013**	**Percentage (%)**	**Region**	**2014**	**Percentage (%)**
Africa	36	18%	Africa	38	20.7%
Asia	20	10%	Asia	18	9.8%
Europe	114	57%	Europe	97	52.7%
Latin America & Caribbean	15	7.5%	Latin America & Caribbean	20	10.9%
Northern America	4	2.0%	Northern America	4	2.2%
Oceania	11	5.5%	Oceania	7	3.8%

South Africa is the largest contributor of CSR reports with integrated data and assurance (17.5%-20.1%) from the Africa region. Given the requirement for integrated reporting of all listed companies on the JSE, South Africa would be expected to be the leader in Africa. See Table 4 for more detail.

Table 4 **2013 AND 2014 BY COUNTRY** **Integrated Reports with Assurance**					
Country	**2013**	**Percentage (%)**	**Country**	**2014**	**Percentage (%)**
Total	200		Total	184	
South Africa	35s	17.5% of Assured	South Africa	37	20.1% of Assured
Netherlands	22	11.0% of Assured	Netherlands	23	12.5% of Assured

Based upon the CSR reports filed in the GRI database, the financial services and energy sectors seem to be the industries driving the inclusion of additional economic and financial data via an integrated report. These two sectors account for approximately 25% of the integrated reports filed with the GRI in 2013 and 2014. See Table 5 below for more details. Prior research indicates that environmental and economically sensitive data may require greater demand for reliable information (Mock, Strohm & Swartz, 2007). Interestingly, Brazil and the U.S. comprise the largest percentage of integrated reporters in the energy sector in both periods with 18.1% (54/299) of the energy sector in 2013 and 16.8% (48/286) in 2014. However, companies in these countries generate lower percentages of external assurance on their integrated reports. A very similar pattern appears with these two countries in the financial services sector as well. Brazil has been very proactive in promoting integrated reporting concepts. The first Brazilian members of the IIRC took the initiative to create the Brazilian Group to help understand and improve the reporting process. The group contributed diligently during the International Draft Framework consultation period and worked to disseminate and explain the benefits of integrated reporting. During this process, the Brazilian Group noted issues with auditing and standardization in Brazil (Guerra, 2014). Although Brazil and the U.S. are contributing integrated reports to the GRI database, these countries still do not require a single integrated report and may still utilize different reports to tell their value-added strategy stories to different users. This lack of continuity would certainly contribute to difficult auditing standardization.

Table 5
2013 AND 2014 BY SECTOR
Total Integrated Reports

Sector	2013	Percentage (%)	Sector	2014	Percentage (%)
Total	4385		Total	4521	
Financial Services	563	12.8% of integrated	Financial Services	590	13.1% of integrated
Energy	299	6.8% of integrated	Energy	286	6.3% of integrated
Energy Utilities	194	4.4% of integrated	Energy Utilities	182	4.0% of integrated

The financial services sector not only generates the largest percentage of integrated reports by sector in the GRI database, this sector also holds the record for the largest percentage of integrated reports receiving external assurance in both 2013 and 2014 at 17% and 20.7% respectively of all integrated reports with external assurance. See Table 6 for more details. South Africa and the Netherlands represent the two countries providing the largest portion of the financial services reports (integrated with assurance) during this period followed closely by Australia. Given the high representation of South Africa and the Netherlands in integrated reporting combined with the regulatory nature of the financial services sector, these results are not unexpected.

Table 6
2013 AND 2014 BY SECTOR
Integrated Reports with Assurance

Sector	2013	Percentage (%)	Sector	2014	Percentage (%)
Total	200		Total	184	
Financial	34	17.0% of Assured	Financial	38	20.7% of Assured

Energy	16	8.0% of Assured	Energy	18	9.8% of Assured
Energy Utilities	16	8.0% of Assured	Energy Utilities	9	4.9% of Assured
Mining	12	6.0% of Assured	Mining	16	8.7% of Assured

The energy and energy utilities sectors combined generate another 16% and 14.7% of the integrated reports with external assurance. As noted above, Brazil and the U.S. provide the largest portion of the energy sector integrated reports within the 2013-2014 time periods. However, the Russian Federation takes the lead with the largest percentage of integrated reports in the energy sector with external assurance with 31.3% (5/16) and 38.9% (7/18) in 2013 and 2014 respectively. These trends may support the source of energy as a major component of the Russian Gross Domestic Product (GDP). The mining sector also ranks as one of the top sectors with companies filing CSR reports with integrated data and also obtaining external assurance. Approximately 75% (9/12) and 62.5% (10/16) of the integrated reports in the mining sector with external assurance are submitted by companies in South Africa. Accordingly, South Africa is a world leader in mining (O'Donnell, 2011).

This study of the demographic (country and segment) company profiles in the GRI database simply identifies trends among CSR reporters and their respective countries and segments. This identification may provide insightful indicators and opportunities for new research that can identify the future drivers or determinants of those companies not yet embracing the integrated with assurance CSR reports in the future.

CONCLUSION

This research identifies trends among companies providing integrated reports during 2013 and 2014 in the GRI database. Although the numbers of CSR reports self-declaring integrated data were decreasing during this period, the percentage of those companies receiving external assurance on those reports is actually increasing. This assurance market is currently being dominated by the Big Four accounting firms, and the assurance scope is primarily limited to specified sections of the CSR. Since the assurance market for sustainability reports is somewhat unregulated in the U.S., assurance can be purchased from other providers. If the accounting profession would like to engage in this voluntary U.S. market outside of the Big Four realm, there must first be a demand for higher quality assurance providers along with the opportunity for the accounting profession to compete with other providers on a cost versus benefit basis.

Although the trends above address the external assurance of integrated sustainability reporting, there are other opportunities for accounting professionals in the U.S. to play a role in the sustainability market place, especially in a voluntary market. Simnett & Huggins (2015) provide internal control and internal audit alternatives to improve the reliability and credibility of sustainability reports. Internal controls can improve the reliability and validity of the data used in the reports. Adams (2015) addresses integrated reporting and how the integration of sustainability impacts strategic planning. Internal audit can help to monitor and provide strategic advice for integrated reporting activities that will actually become a part of strategic planning and ultimately the value-creation story. This value-creation story could be enhanced by SASB's standards development process, which helps to identify material sustainability issues for 79 industries. The SASB metrics developed in this process can lend to this internal process by providing key performance indicators (KPIs) that investors, managers and accountants can use for comparability purposes within these industries (Rogers, 2016). If the accounting profession advises and assists companies to add value internally with sustainability that becomes a part of strategic planning and metric analysis, this process could positively impact the market for and value of adding credibility to the reports of this strategic planning through external assurance. Implementing this approach in a voluntary market has the ability to add value to the companies incorporating sustainability practices and reporting as well as the ability to improve the accounting profession's expertise and reputational capital in this field. The accounting profession in the U.S. can still capitalize on this market without, or prior to, mandatory reporting and assurance requirements.

This research also examines the existing frameworks and standards currently referenced by auditors. Although the GRI provides a framework for the overall CSR, auditors reference the ISAE 3000 standard in their external assurance reports. The research does indicate some trends in references to the OECD and ISO certifications among those companies providing integrated with assurance in their CSR compared to those companies that do not receive assurance on their integrated reports.

Europe and Africa submit more CSR reports with integrated data and assurance than any other region, and the financial services, energy and mining sectors take the lead for the most sectors reporting this data with assurance. The Federation of European Accountants and the JSE play a major role in the number of reports generated by Europe and South America. The lack of professional recommendations and government regulations in the U.S. similarly impact the low number of U.S. reports. Similar data analysed between 2002 and 2004 identify the environmental and economically sensitive sectors as the sectors with the most sustainability reports as well as the most assured reports (Mock et al., 2007). This study found that the environmental section of sustainability reports was audited the most, implying demand for reliable environmental information from stakeholders.

Trends in this 2013 to 2014 data also indicate that companies leading the campaign to submit CSR reports with integrated data to the GRI database in the energy and financial services sector are not the companies leading the campaign to obtain external assurance. Brazil and the U.S. generate the most integrated CSR reports by country during this period in the energy and financial services sector, but the Netherlands, South Africa and the Russian Federation submit the largest percentage of integrated reports with assurance in these fields. In 2014, South Africa not only generated the largest number and percentage of integrated reports in the GRI database (43% or 207/408), they also generated the largest number and percentage of integrated reports with assurance (20% or 37/184). Once again, the U.S. does follow the trend of providing sustainability data for the environmentally and economically sensitive sectors, but the lack of regulation along with the increased cost lend to fewer reports with assurance.

Thus, trends concerning the use of integrated reports seem to be driven primarily by regulation especially as seen in the financial, energy and mining sectors and in the African region. With increased internationalization and standardization of financial reporting, one might expect that the use of integrated reports in the U. S. will eventually increase as they have in other parts of the world. This standardization may be driven by stakeholders if the integrated report becomes a part of the strategic planning and value-added process of listed companies, and this process could begin with internal controls and internal audit functions. In addition, the U.S. accounting profession could work to legitimize the practice of providing assurance on integrated reports by reaching out to the investment community to sell the social and economic benefits of CSR (Cho et al., 2014). A 2015 study found that accounting majors already have positive perceptions of sustainability reporting of environmental and social responsibility issues and would even support mandatory reporting (James, 2015). With these students bringing the positive perception of such reporting into the accounting profession, the profession has an even better opportunity to sell these perceived benefits.

This study focuses exclusively on identifying trends in integrated reporting by exploring trends in the use of integrated reports, the use of external assurance in integrated reporting and the identification of countries and industry sectors leading the use of integrated reports. Other variables are significant in the likelihood of integrated reporting being used. Future research is needed to identify more variables that drive the use of integrated reporting. Such research is necessary to understand the impact of integrated reporting on organizational change and strategy and the cost/benefits associated with it (Perego et al., 2016). Further, the research should be more statistically-based and go beyond the identification of trends. This type of research can potentially provide insight into the relationship of different variables that impact the use of integrated reports.

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