

# Twenty-Sixth World Continuous Auditing & Reporting Symposium

Thursday, January 17, 2013

10:40 AM – 11:00 AM

SESSION XVII – Software Solutions II  
“Integrated Reporting Requires Integrated Assurance”

Presented by:

Liv Apneseth Watson, Director of International Business Development

# About WebFilings

**webFilings**<sup>TM</sup>

# World-Class, Customer-Driven Team



# WebFilings International Football Team







AÉROPOSTALE

The Coca-Cola Company



# 1000

# CUSTOMERS IN 27 MONTHS



# Customer first culture



# Reporting Pain Points



Excel works poorly with Word

No supply/value chain collaboration or version control

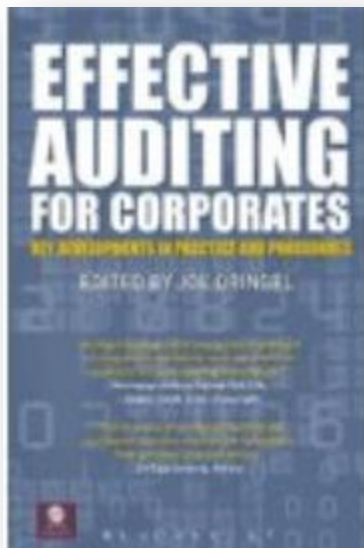
Managing change is difficult

End-game crunch

XBRL Compliance

# Effective Auditing For Corporates: Key Developments in Practice and Procedures

*by Joe Oringel*



## **Book Description**

Publication Date: **March 29, 2012**

In the wake of the recent financial crisis, increasing the effectiveness of auditing has weighed heavily on the minds of those responsible for governance. When a business is profitable and paying healthy dividends to its stockholders, fraudulent activities and accounting irregularities can go unnoticed. However, when revenue and cash flow decline, internal costs and operations may be scrutinized more diligently, and discrepancies can emerge as a result.

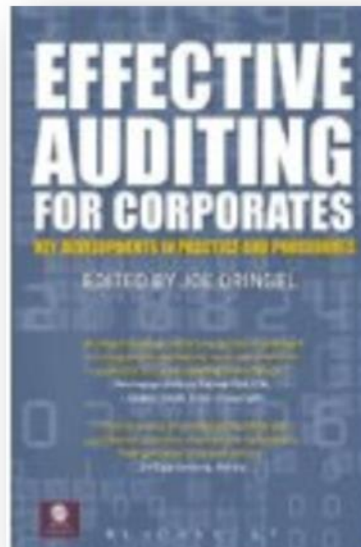
*Effective Auditing for Corporates* provides you with proactive advice-to help you safeguard core value within a corporation and to ensure that auditing processes and key personnel meet the expectations of management, compliance, and stockholders alike.

***Publisher: Bloomsbury Information Ltd (March 29, 2012)***



Chapter 4: “Integrated Reporting Requires Integrated Assurance”  
by Robert G. Eccles, Michael P. Krzus, and Liv A. Watson

*“We believe that the full value of integrated reporting will only be realized when integrated assurance is provided on the report.”*



# Outline

- A brief **background** on integrated reporting and the important role the accounting profession has played in developing it.
- The meaning of “**materiality**” for both financial and nonfinancial information.
- Five **key challenges**
- Five **key recommendations**

# Definition “integrated audits”

- Positive assurance” (“the company did it right”)
- Negative assurance” (“nothing leaped out at us as terribly wrong”)

# Background

INTEGRATED REPORTING <IR>

[www.theiirc.org](http://www.theiirc.org)



# Background on Integrated Reporting

## IASB Plans to Support Integrated Reporting Effort



Print Email Reprints

Tweet 6

Share 1

Like 4

+1

BY MICHAEL COHN JANUARY 11, 2013

International Accounting Standards Board chairman Hans Hoogervorst said his board plans to sign a memorandum of understanding with the International Integrated Reporting Council in what could be a step towards developing standards that encompass financial reporting and reporting on nonfinancial areas such as the environment, corporate governance and social responsibility.

During a conference Thursday at the offices of the New York Society of Security Analysts, Hoogervorst noted that the IASB is about to sign an MoU with the IIRC. "We have already been working with them quite intensively in the past couple of years," he said. "We know that many investors think this is an important vein of reporting, so we want to help them and we want to be there when things are happening. The MoU will not govern our relationships in detail. It's more or less a symbolic way of telling each other that we think we are both doing important work and we want to observe as much as possible."

Financial Accounting Standards Board chair Leslie Seidman said she has been involved as an observer in the IIRC, but she appeared to be reluctant to commit FASB to a formal pact with the IIRC.

On **August 2, 2010**, the **Prince of Wales' Accounting for Sustainability (A4S) Project** and the **GRI** announced the formation of the **International Integrated Reporting Committee (IIRC)**

# The mission

*“To create a globally accepted integrated reporting framework which brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format in order to “help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organization is really performing”.*

**Table 1. Sustainability reports with an external assurance statement 2001–10<sup>7</sup>**

	2001			2010		
	Sustainability reports issued	Sustainability reports with assurance	Proportion of reports with assurance (%)	Sustainability reports issued	Sustainability reports with assurance	Proportion of reports with assurance (%)
Australia	117	31	26	248	52	21
Canada	61	4	7	213	26	12
Denmark	26	16	62	74	20	25
Finland	27	6	22	71	19	27
France	29	3	10	223	32	14
Italy	58	30	52	566	66	12
Japan	164	25	15	558	56	10
Netherlands	46	14	30	159	39	25
Norway	35	8	23	52	12	23
South Africa	9	4	44	119	29	24
Spain	12	3	25	256	113	44
Sweden	37	6	16	163	49	30
United Kingdom	169	62	37	566	107	19
United States	156	10	6	629	37	6

3,287  
companies  
publishing a  
sustainability  
report in  
2010

2010 Spain had  
the largest  
percentage of  
companies  
obtaining  
an assurance  
opinion on their  
report

# Materiality

Sustainable Strategies and Value Creation

...“the material issues” **that affect the organization’s “ability to create and sustain value in the short, medium, and longer term.”**

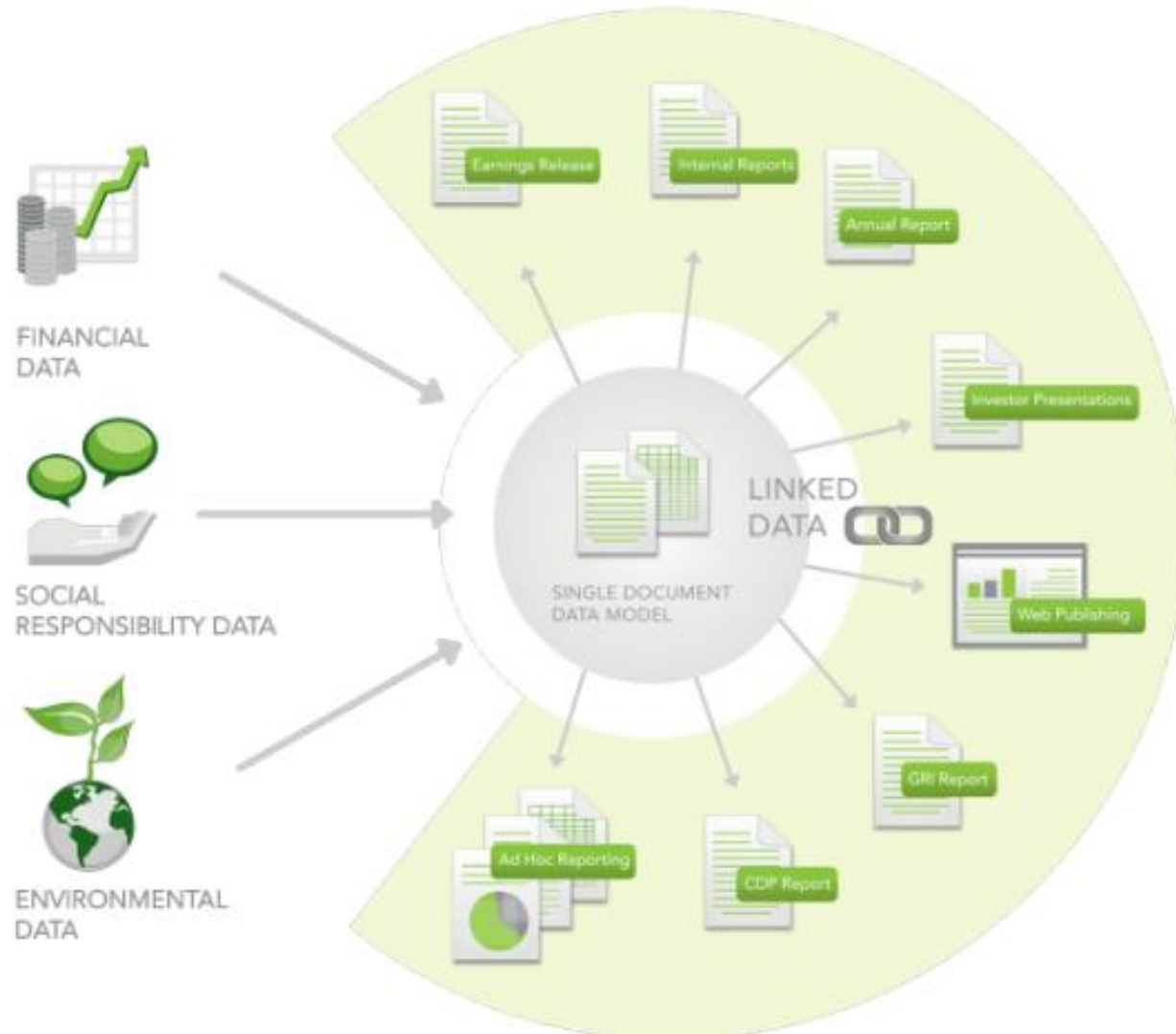
There are no standards for the preparation of nonfinancial information equivalent to either IFRS or US GAAP, and there is therefore no materiality guidance for companies.



# Five Key Challenges to Providing an Integrated Assurance Opinion

1. Developing a **global set of credible standards** for measuring and reporting nonfinancial information which have the appropriate governmental support, just as is true for accounting standards.
2. Developing **methodologies** for providing positive or negative **assurance** on nonfinancial information.
3. Integrating standards and assurance methodologies for financial and nonfinancial information in a way that provides a “**true and fair view of an organization’s sustainability.**”
4. Building the necessary **capabilities.**
5. **Liability reform.**

# Integrated Reporting Reporting Process



# Recommendations

# Five Key Recommendations

1. **Advocacy:** Working with the agencies of the government(s) that give authority to their efforts, accounting standard-setters, such as the FASB , IFAC, and the IASB to drive mandates.
2. Initiate projects for developing auditing standards for nonfinancial information
3. Define individual metrics for internal control and measurement systems
4. Define the meaning of “a true and fair view of an organization’s sustainability.”
5. Accounting profession should build the necessary capabilities to conduct an integrated audit including liability reform.



# Questions!!

Liv A. Watson  
Director, International Business Development  
WebFilings  
2625 North Loop Drive, Suite 2105  
Ames, IA 50010  
USA  
Email: [liv.watson@webfilings.com](mailto:liv.watson@webfilings.com)  
Mobile: +1 203 856 8986  
Skype: livwatson



WebFilings<sup>™</sup> LAS VEGAS 2013



**SEPTEMBER 10–12, 2013**  
LAS VEGAS, NV

MANDALAY BAY  
HOTEL AND CONVENTION CENTER

