

## AUDIT OF THE INTEGRATED REPORTING

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### Abstract

The key subject of this publication is definition of the role of the audit in the preparation and verification integrated reporting. The functions of internal audit as an instrument of internal control of the processes of preparation integrated reporting are considered. The authors are disclosed the problems of external audit verification of integrated reporting. The purpose of this research is systematic approach to the issue of audit compliance assurance and reliability of integrated reporting.

The results: the main functions of the implementation of the validation control of internal audit at the stages of preparation of integrated reporting. The positions of formation of methodical approaches to verification of integrated reporting by external auditors are considered.

**Keywords:** external audit, internal audit, integrated reporting

## 1 INTRODUCTION

The development of communications and influence of the ongoing global processes of integration and globalization on the activities of companies have contributed to a change in the stereotypes concerning the dominant of financial reporting. The existing gap between the content of financial statements and the list of information needed by investors and other interested parties (stakeholders) in the complex evaluation of the activities of a particular company doesn't allow making operative decisions to achieve their goals. While remaining an indisputable authority in the economic life of the society, financial information, in the conciseness of its language requiring special and analytical skills, doesn't allow a wide range of stakeholders to form a complete picture of the company's status due to the lack of data on its internal and external systemic relationships. The resolution of this lack of information was found in documents that, since the end of the last century, voluntarily compiled and publicly published the business that we are now familiar with as public non-financial reporting (hereinafter - PNR). Numerous evolutionary forms of the development of reporting messages consisting of only non-financial layers of information are combined under the name of PNR - social and environmental reporting; financial component is - the accountability of sustainable development. In the framework of this research, author's attention will be paid to the most innovative form of the PNR - integrated reporting (hereinafter- <IR>) [9]. As a logical continuation of the evolutionary development of the PNR, the <IR>) is a variant of a successful partnership symbiosis of financial and non-financial information, which is guaranteed by the requirements of compliance with the International Integrated Reporting Standard (hereinafter - IIRC). The standard regulates seven leading principles, eight

elements of content and defines fundamental concepts (See Figure1). Consideration of the basic framework of the IIRC, testifies to the continuity of the positions with known standards that lie in the reporting area of the corporate social responsibility in the context of sustainable development of business: a series of standards AA 1000, GRI, SASB. In all these standards there is a position of accounting for the opinions of stakeholders, a trend is being tracked in strategic disclosures in the context of reporting, and similar requirements are defined for the completeness, regularity of reporting and the quality of the positions (indicators) disclosed therein. Lying in their basis, the concept of sustainable development regulates the consideration of economic, environmental and social areas of disclosure. To varying degrees, there is a link to the disclosure of the company's management structure. The vector of the "business model" (GRI, SASB) is traced, the capitals are positioned (SASB - social and human). At the same time, this is by no means all the rudimentary signs of "predecessors" in the IIRC.



Fig. 1. Basics <IR>: leading principles, content elements and fundamental concepts of integrated reporting

Source: compiled authors based on [4]

The chain of fundamental differences <IR> begins with the definition of the position of materiality of the disclosed information (See Table 1).

**Table 1. Comparison of the regulated approaches to the principle of materiality in AA 1000, GRI, SASB and IIRC**

Standard	Explanation of the principle of materiality
AA1000	Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions and performance of an organization or its stakeholders.
GRI	Consequences for the organization which are related to its impacts on the economy, the environment, and/or society (for example, risks to its business model or reputation); Material topics are appropriately prioritized in the report.
SASB	Information is essential if there is a considerable probability that the investor will consider that it makes essential changes to an overall picture of activity of the organization.
IIRC	The integrated report has to open information on the questions having significant effect on an ability assessment the organizations to create cost in short-term, medium-term and long-term period.

Source: compiled by the authors based on [1], [2], [15], and [18]

The conceptual consistency of the creation of value in <IR> is determined by the target assignments - for the company itself, for stakeholders and the society as a whole, and realizing the resource component (capitals) based on the business model. The existing contradictions in the theory of shareholder value and stakeholder theory, <IR> reconcile in itself the account of the influence of all stakeholders on the company's performance

in achieving sustainable development [5]. Moving the provisions of the new institutional economy to the practical plane, the IIRC replaces the concept of an asset with the concept of capital and defines the latter as a reserve of value that changes in the process of the organization's activity [18]. At the same time, financial, production, intellectual, human, social-reputational and natural capital is identified as specific capital forms. The change in capital leads to a unidirectional change in the value created. Its growth is also a positive sign for the securities market. This promotes an increase in the share price, an increase in the company's investment attractiveness, which leads to an increase in the company's competitive advantages and capabilities, and therefore ensures its long-term sustainable development. According to the IIRC, organizations need to solve the problem of information on the relationship between the business model and the business strategy of the organization. If a business model describes a business idea, then the strategy determines the direction of the future and the methods for achieving it. The authors are impressed by the decision that the business model in <IR> should be presented as a management model of the organization and a conceptual management tool [16]. The IIRC pilot frames designate the disclosure vectors. The choice of elements (indicators) disclosed in <IR> is regulated only by the level of professional judgment of the persons preparing the report. This simplifies and at the same time complicates the work on preparing the <IR>. Preparation <IR> is a complex process, combining interrelated methodological and organizational aspects (See Figure 2).

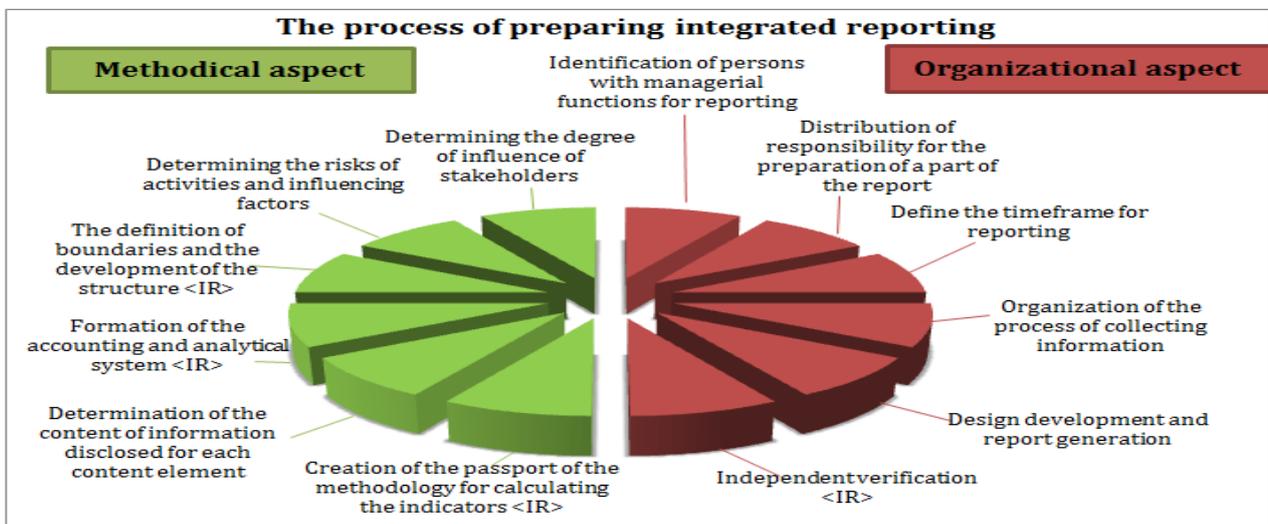


Fig. 2. The process of preparing integrated reporting

Source: compiled by authors

Presented in the Figure 2, a sketchy approach to the processes of preparation of integrated reporting is subject to limited disclosure of the full range of work that has to be organized and performed by companies. For example, the assessment of the influence of stakeholders is not a one-level procedure. During the entire period of preparation of the report, the company will need to monitor the changes. The same applies to procedures for assessing risks and determining the factors of their impact on the company's activities. The organizational aspect of the information gathering process includes the position of approving the list of forms and the schedule for the provision of information by functional units. In our opinion, even the enumeration of the methodological and organizational aspects of the process of preparing the <IR>, allows us to agree with the opinion of researchers about the laboriousness and cost of this work [17]. At the same time, there are enough risks associated with the content of integrated reporting. For example, the external risk of demonstrating a business model in open access is connected with the possibility of its copying by competitors and as a consequence - a reduction in the conquered market segment. The internal foreshortening risk can be the self-complacency and complacency of the organization, after public approval of reporting. Another side, when the company has demonstrated one business model in the past, and another in the new report, may cause concern among interested users that the new product line reduces the cost, or reduces the number of customers [16]. The introduction of <IR> into the practice of Russian companies is difficult. Since 2013, the Russian regional integrated reporting network (hereafter- "RRN") has been conducting a study on the level of transparency of Russian companies. The sample array annually includes companies from various industries. At the same time, companies identified that don't produce any reports and produce different types of PNR. The authors analyzed the priorities of the standards used in reporting and investigated deviations from the requirements of standards, incl. commitment to confirm the accuracy of reporting (See Table 2).

**Table 2. The prevalence of <IR> and the degree of use of audit validation in the Russian PNR array**

The year of consideration of PNR	The number of companies in the sample	The number of PNR certified by auditors	The number of <IR> in the sample
2013	100	10 (10%)	32 (32%)
2014	721	13 (1,8%)	18 (2,45 %)
2015	729	28 (3,8%)	13 (1,7%)
2016	885	25 (2,8%)	5 (0,56%)

Source: compiled by the authors on the basis of the materials of the site "RRN" [11]

The limitedness in the table in 2016 is due to the absence at the time of the publication of the publication of the analytical report for 2017, which was announced back in January of this year [11]. According to the information available at the time of the research, the most popular standards of the PNR is GRI, the Global Compact and the "17 Sustainable Development Goals" of the UN [12], the Social Charter of Russian Business and the Basic Performance Indicators of the Russian Union of Industrialists and Entrepreneurs (hereinafter - RUIE) [19]. The position of reducing the number of <IR> (Figure 4, Table 2), in our view, is explained by the euphoria from the idea of a new type of PNR to the release of the 2013 IIRC. In-depth study of the standard and the complexity of its implementation, determined the subsequent decline in interest from companies. The position presented in column 3, the position of the auditor's confirmation of the reliability of the PNR, is also not encouraging. For the sake of justice, it should be noted that in Russia the practice of public assurance of the PNR, which is conducted for its members by the RUIE, is widespread. Review of the published <IR>, allowed to identify the most common problem areas: meetings with stakeholders are mentioned, but results of an estimation of their influence on activity of the company are not specified; the created value can be traced only to shareholders and part of the staff, the rest of the stakeholder groups must be calculated by themselves; the descriptive analytical part of the reporting is poorly represented - the schedule prevails in all types; reports are multi-page and in the majority of them is not interactive to get the information more accurate, the user will have to apply not a small effort; often there are no data on the effectiveness of investments in the social sphere; traditionally, sections of the business model, logistics and innovations are poorly disclosed [14]. Noting the shortcomings of the execution of the <IR>, the authors tend to consider them in connection with the performance of the control functions of internal and external audit.

## 2 SOURCES AND METHODS

The information base of the research was international and national standards regulating approaches to the compiling of the PNR in general and the <IR> in particular: IIRC, GRI, AA 1000, SASB, and the Social Charter of Russian Business, analytical reviews of the Russian regional integrated reporting network, scientific publications, and personal observations of the authors. The proposed methodology of the resulting part of the study is an improved approach using the expert evaluation of the Delphi method, the Bord's procedure and the Saaty pair comparison procedure.

## 3 RESULTS

Audit at the present stage of its development should be regarded as a distinctive principle of socio-economic and sociological attention. The current trend of the audit is to change the methods from inspection and confirmation of the state to control of management. The inner paradox consists in the combination of the impossibility of direct influence on the control with the functions of controlling its effectiveness. Indeed, the growth of control methods is characterized by a departure from the results of financial inspection in the direction of quality control. Financial audit is remote from the problems and concerns of the struggle for product quality and sales markets. But the principles of audit can be widely used in testing various management practices. Audit is the oldest liberal economic practice, tested by the historical development of society, which defines it as a conceptual resource for the formation of a control diagnostics of all aspects of business. The solution of the task of translating and implementing the responsibility and transparency of business expanded the official statutory and economic values of the audit. Audit has become a universal technology to provide the possibility of modeling regulatory programs that confirm the diversity of responsibilities in business. The combination of the basic values of organizational transparency, quality and responsibility create the distinctive form of a modern enterprise. This variety of application of audit makes it a

recognized method of confirming the social responsibility of business both by the state and citizens, and by the entrepreneurs themselves.

**Internal audit:** Modern internal audit can perform various and large-scale tasks and represents activities related to the assessment of the reliability and effectiveness of the internal control system (not only financial, but also operational, as well as compliance with policies and procedures), in the risk management process faced by the company (for example, in connection with the offer on the market of new products, the introduction of new information systems, business restructuring, etc.), in the process of corporate governance. Internal audit is a permanent, forward-looking process whose mission is to assist the company's management in achieving its goals in the most efficient manner. At the same time, the main customers and consumers of the results of the internal audit service of the company are owners, the highest executive management (the Board of Directors), and managers of different levels. As a rule, the internal audit service of the organization is directly subordinate to the Board of Directors (BD) or other representative body of the company's owners. Therefore, three basic approaches to the organization of the internal audit service (hereinafter - IAS) in the company are singled out (See Table 3).

**Table 3. Three approaches to the organization of IAS and their advantages**

Approaches	Content of the approach	Advantages
1st approach	Creating your own internal audit service	Employees of the company are well acquainted with its internal culture and features. When the audit tasks are performed by full-time employees, the acquired skills and experience remain within the company. The company's management can use internal audit as a "platform" for professional growth and career development of future management personnel
2nd approach	When organizing IAS - use outsourcing, i.e., completely transfer the functions of internal audit to a specialized company or external consultant	Access to highly professional audit staff and to advanced technologies and methods of conducting internal audits
The 3rd approach	It is to create an SVA within the company, but in some cases involve experts from a specialized company or external consultant - co-sourcing	In this case, the company manages to avoid "leakage" of a large amount of information and excessive expenditure of money in the quality performance of the task

Source: compiled by the authors

They resort to outsourcing and co-sourcing as small firms that do not have sufficient financial resources to create their own internal audit services and large companies. The last such services, as a rule, are necessary for audit of any specific area. In addition, audit resources may be required during peak periods of workload for staff auditors. For example, consulting companies are involved, which often already have a developed and tested methodology for preparing public reports. In favor of consulting firms says the fact that they are constantly studying the experience of compiling integrated reporting, accumulated by the largest companies in the world, participate in the work of bodies that approve the standards, which allows them to keep abreast of the most up-to-date and innovative solutions in this field and use them in practice [6]. Regardless of the organizational approaches chosen for IAS, internal auditors provide protection against errors and abuses, define "risk zones" and the possibilities to eliminate future shortcomings, help identify and "strengthen" weaknesses in management systems. All these actions are supplemented by discussion of problems with the company's management bodies, the needs and proposals of which determine the procedures for internal audit, which is to provide top managers with broad information related to the competence of these specialists. Thus, the organization's management bodies use the services of internal auditors as an additional resource to help them carry out the functions of managing the enterprise. In addition, internal audit is a basic element of the company's investment attractiveness. In general, the creation of an effective internal audit system in a commercial organization allows: ensure effective functioning, sustainability and maximum (according to established goals) development of the organization in conditions of multifaceted competition; maintain and rationalize the resources and potential of the organization; timely identify and minimize commercial, financial and other risks in the management of the organization; to create an information management system of all levels of management that is adequate to the constantly changing business environment, which allows timely adaptation of the organization's functioning to changes in the internal and external environment. The professional standards of internal audit elaborated by the International Institute of Internal Auditors (IIIA) note that internal auditors play a key role in the evaluation and provision of independent objective guarantees and consultations aimed at improving the effectiveness of internal control and corporate governance risk management systems [3]. The stage of the

company's transition to the preparation of the <IR> is the most important period for any business structure, regardless of whether it had previous experience in preparing sustainability reporting (hereinafter - SR). The lack of experience in preparing SR for GRI makes this road longer for a number of assessment and corrective actions related to the regulations of the standard on starting work. For firms previously preparing SR, the outcome of past reporting is the beginning. For companies just starting, should calculate the initial starting position. Figure 3 shows the main components of control at the stages of organization of work and preparation of <IR>. According to the proposed diagram at the preparatory stage of implementation, there are two levels of control, internal and external, responsible for providing the basic framework for compliance with the basic principles of <IR> and GRI, the indicators of which are most often used by socially responsible businesses to demonstrate commitment to sustainable development. The external level is represented by an environmental audit that assesses the level of ecologization achieved by the enterprise. However, in our opinion, the high prices existing in the market of environmental audit can restrain the use of such a control method. Therefore, in order to save money, many Russian enterprises assign these tasks to the ISA, whose functions are introduced to verify the implementation of the ISO 14000 family standards. The Internal Audit Service takes an active part in the assessment of stakeholder claims in the context of positioning the economic, environmental and social parameters of the company's activities. Minimization of the risks of non-compliance with the GRI and <IR> standards is performed.

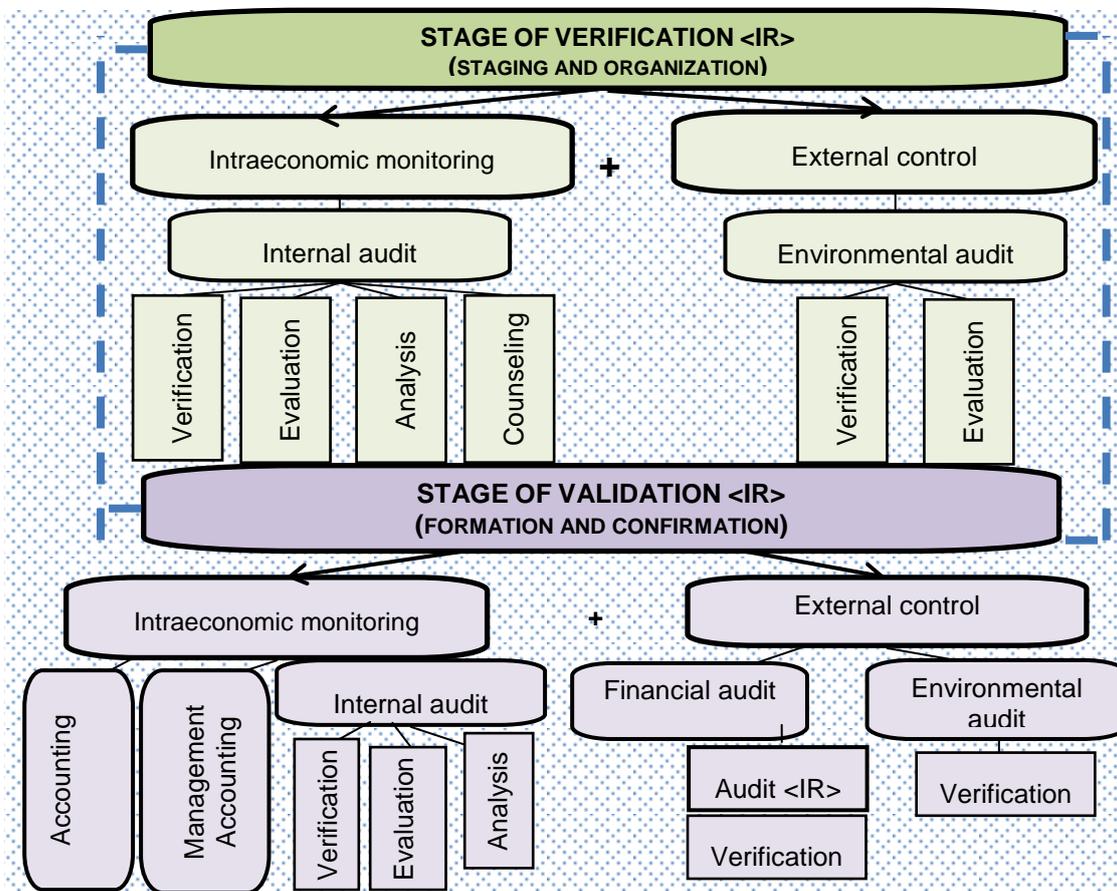


Fig. 3. The control system at the stages of implementation and implementation of the training <IR> in the enterprise  
 Source: compiled by authors

The main methodological procedures of the IAS used in this perspective are the assessment and advice of managers, the goal is to give guarantees that the company has completed this preparatory work with minimal risks of non-compliance with standards. IAS can take on the organization of the work of experts to determine the interests of stakeholders. Analysis and evaluation is carried out using the Delphi method in several stages, the results are processed by statistical methods. The choice of the Delphi method is determined by the fact that a number of independent experts better evaluate and predict the result than the structured group (collective) of personalities, and also enables to conduct the survey extraterritorially, without collecting experts in one place (See Table 4).

**Table 4. The characteristics of the stages of the information processing Algorithm by experts**

No	The target task of the stage	The name of procedure	The purpose of procedure	Using Results
1	Ranking criteria for sustainable development: economic stability, environmental security, social responsibility (Table 4.1)	Procedure of Bord	Ranking of alternatives	The rank of the criteria is taken into account in the development and correction of plans and policies for socially responsible management
2	Selection of stakeholders' interests that is more significant for the enterprise on alternatives to sustainable development criteria (Table 4.2.)	Saaty pair comparison procedure	The definition of "value" of variants from the totality of the "claims" of stakeholders on the criteria of sustainable development	The weight significance of "claims" and the constructiveness of proposals is used in the development of socially responsible business programs, reducing the risk of "ignoring" the interests of stakeholders
3	Assessment of stakeholder groups (Table 4.4)	Any of the above procedures	Determination of the priority of influence	The force of claims on the degree of influence of stakeholders on the company's activities is determined

Source: author's elaboration

Next, authors briefly outline the proposed methods for obtaining and processing the results. All examples are given for the conditional enterprise "XXX". Table 4.1 presents the final form of the ranking of stakeholders' adherence to the triune sum.

**Table 4.1. Forming a collective decision of experts on ranking criteria for sustainable development for the company "XXX" (procedure of Bord)**

Comparable Options	Expert assessments $Y_{KJ}$					Rank amount of seats
	E <sub>1</sub>	E <sub>2</sub>	E <sub>3</sub>	E <sub>4</sub>	E <sub>5</sub>	$\sum_{J=1}^3 Y_{KJ}$
1	2	3	4	5	6	7
The economic stability of the enterprise (A)	1	3	2	2	1	9 [2]
Environmental safety activities (B)	3	2	3	3	3	14 [1]
Social responsibility (C)	2	1	1	1	2	7 [3]

Source: sample research result

Each expert out of five, on the basis of the array of data of the interrogation array given to it, attributed to each of the alternatives (criteria) suggested to it the number of the natural number from 1 to 3. The best criterion is the maximum number. The decision was made according to the approach of determining rank as a sum of preferences (K).

$$\sum_{J=1}^3 Y_{KJ} \tag{1}$$

Made from 3 alternatives, by each expert (Y), provided that the equivalence (Y = 1) is not selected. In the auxiliary scale (column 7 of Table 4.1) the following order of preference is revealed: environmental safety (B), economic stability (A) and social responsibility (C). Guided by these results, we can conclude that the company has more options to improve its public image in terms of environmental safety, in the opinion of stakeholders, more unrealized opportunities. At the next stage of data processing, which testify to the interests of stakeholders, experts should be provided with the already available options for the sustainability of the opinions and suggestions received during interviews received by the company during meetings with the population of the company's presence areas, surveys of business partners, suppliers, regional authorities, buyers. Each expert should express its preference for the "claims" ("interests" - "proposals") proposed for evaluation by pairwise comparison. The expert assigns the pair relations  $Y_{KJ} = 1$  if the K-th parameter is more important than the J-th; in the opposite case,  $Y_{KJ} = 0$ . Table 4.2 presents a variant of assessing preferences for the parameter "social responsibility" performed by one expert.

**Table 4.2. Preferences of Expert N1 of options of interests of stakeholders of "XXX" Company in terms of importance in the parameter of the criterion "social responsibility" (fragment)**

Comparable variants of "claims", proposals	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	X <sub>5</sub>	$\sum_{j=1}^5 Y_{Kj}$	$\alpha_{ij}$
Improvement of working conditions (c1)	-	0	1	1	1	3	0,3
Prophylaxis and treatment of occupational diseases (c2)	1	-	1	0	0	2	0,2
Career development (c3)	0	0	-	0	0	0	0
Raising the level of wages (c4)	0	1	1	-	1	3	0,3
Providing employees with a social package (c5)	0	1	1	0	-	2	0,2

Source: sample research result

The individual evaluation of the J-th Expert for the K-th parameter of "claims" (coefficients of weight) was determined from the relationship reflecting the amount.

$$\alpha_K = \frac{\sum_{j=1}^5 J_{Kj}}{\sum_{K=1}^5 \sum_{j=1}^5 J_{Kj}} \tag{2}$$

The pair relations for each row (column 7 of Table 4.2.) and the sum of the value for all rows. Based on individual decisions of experts on the formula (3):

$$\alpha_K = \frac{1}{n} \sum_{j=1}^n \alpha_{jK} \tag{3}$$

The coefficients of weight were determined for each stakeholder interest parameter, i.e. a collective decision is made (See Table 4.3).

**Table 4.3. The final evaluation of 5 experts interested in the stakeholders of the company "XXX" in importance in the parameter of the criterion "Social responsibility"**

Expert	Option of interest					$\sum_{K=1}^K \alpha_K$
	O <sub>1</sub>	O <sub>2</sub>	O <sub>3</sub>	O <sub>4</sub>	O <sub>5</sub>	
E1	0,3	0,2	0	0,3	0,2	1,0
E2	0,3	0,1	0,2	0,3	0,1	1,0
E3	0,4	0,1	0	0,3	0,2	1,0
E4	0	0	0,2	0,4	0,4	1,0
E5	0,3	0,2	0	0,2	0,3	1,0
$E \bar{\Sigma}$	0,26	0,12	0,08	0,3	0,24	1,0

Source: sample research result

The expert evaluation carried out in this way guarantees compliance with the principle of taking into account the opinions and "claims" of stakeholders and reduces the risks of mistaken decisions when planning events. At the same time, the company's managers can, based on their experience, determine the level of influence of stakeholder opinion on the firm's activities. ISA offers any of the above described methods (Table 4.4).

**Table 4.4. Evaluation of the importance of the stakeholder groups of the company "XXX"**

Level of importance for the organization	Name of the stakeholder group	The weight of the group's influence on the company's activity (significance factor)
I	Owners	0,25
II	Local authorities in the places of dislocation of branches	0,18
III	Investors	0,15
IV	Clients	0,13
V	Partners	0,12
VI	Senior and middle managers	0,1
VII	Employees and employees	0,07

Source: sample research result

To prepare for the work on assessing the need for changes in existing corporate policies and program development, expert judgment, according to the developer, should be adjusted in accordance with the power of influence of each group of stakeholders on the company's activities (Table 5). The need to compile Table 5 isn't only due to the receipt of indicative priority values of stakeholder interests (Graph 12), which should subsequently be taken into account by managers in planning events and selecting indicators, but also by confirming the experts' assessment of the criteria for sustainable development (Table 4.1, total figures (%) of column 11 of table 5). The compulsory calculation of column 12 corrects the weight part of the interest variant given by the experts (column 3) and the degree of support by different stakeholder groups, taking into account their significance. The Figure 4 shows clearly how the assessment of "interest" "yes" [column 3] has changed, after adjusting for the significance of the influence of stakeholder groups sharing this interest [graph 12]. The application of the expert approach proposed by us (with adjustment) allows achieving full compliance with the GRI and ISO 26000 standards: assess the importance of stakeholder groups; to reveal the rank values of the distribution of stakeholder commitments on the criteria of socially responsible sustainable development (economic stability, environmental safety, social responsibility); in determining priorities of interest, a correction of expert assessments was carried out in accordance with the level of influence (coefficient of significance), which allows managers to obtain guaranteed information on the importance of the considered stakeholder proposals and use it to formulate measures and make decisions in accordance with the principles of socially responsible business.

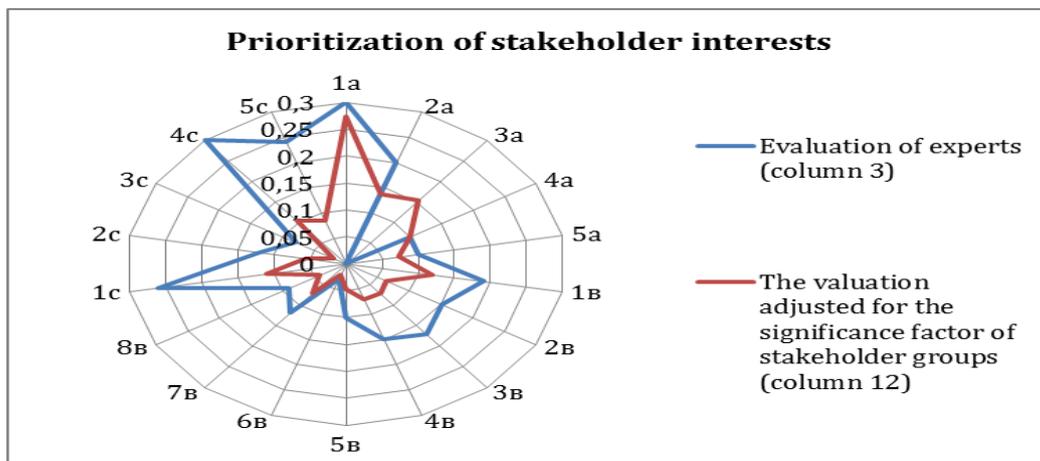


Fig. 4. Prioritization of stakeholder interests  
Source: carried out by the authors on the basis of Table 5

The developed methodology is a variant of an improved approach to the use of expert judgment on the methods of Delphi, Bord's and Saati. As a result, not only the ranking of the "claims" of interested parties is achieved, but a basis is created for the correction of strategic balanced performance indicators. The ratio of the degree of influence of stakeholders can be used to analyze the change in the value of the company. This procedure is appropriate both at the preparatory stage <IR> and at the stages of internal control of the processes of creating value. A set of particular indicators is defined in Table 6.

**Table 4.6 The variant of a set of private indicators**

Index	The essence of the indicator
<b>Sh</b>	The indicator characterizing the influence of shareholders - price of equity. Shareholders directly influence the formation of the company's own capital. The decrease in the price of equity (Sh) favorably affects the value of the company's value. Sh can be represented as a private dividend division per share to its market value.
<b>In</b>	A particular indicator characterizing the influence of investors is the price of borrowed capital. This group is united all stakeholders who form external investment companies, in particular, borrowed funds and bank loans; special-purpose financing; foreign investments. The need for borrowed capital and its structure is determined by the organization itself, based on careful analysis and its financial strategy. The price of borrowed capital depends on the actions investors and how they assess the risks of the organization as a borrower. The lower the price of attracted capital, the higher the value of the company.
<b>Cu</b>	To characterize the influence of customers (customers, consumers) selected particular indicator "sales revenue". Buyers directly affect the company's revenue figure, the growth of which positively affects the company's value.
<b>Sup</b>	The influence of the group of stakeholders "suppliers" is described by the private indicator "cost of sales". They influence its formation through price policy, order structure, supplied quantity and quality of products sold, etc. Decrease in the values of this indicator, other things being equal, favorably affects the growth of profit, and further on the created value.
<b>Pers</b>	Labor productivity characterizes the influence of the group of stakeholders "staff". The quality of the workforce (level of education, qualifications.) directly affects the growth productivity of labor, which contributes to the increase of efficiency of activity and growth of operating profit, and, as a result, to the growth of the value of the company.
<b>Tax</b>	A private indicator reflecting the influence of state bodies is the amount of tax deductions. The state through the system of taxes and fees has an effect on the value created. For company goals and created value of topics better, the lower the amount of tax deductions
<b>Sc</b>	The influence of the scientific community, educational organizations is described by a private indicator "revenue derived from the use of research and development." This particular indicator is key in high-tech business. Consequently, the growth in revenues derived from the use of scientific developments will favorably influence the growth of the company's value.

Source: [10]

**Table 5. Assessment of the priority level of interest of the stakeholders of the company "XXX" in accordance with the group significance**

№	Interest	Weight in the criterion (experts)	Possible support of interest to stakeholder groups							support ratio [Σ (+) gr.4-10]	Prioritization (gr.3 X gr.11)
			I. Owners 0,25	II. Local authorities in the places of dislocation of branches 0,18	III. Investors 0,15	IV. Clients 0,13	V. Partners 0,12	VI. Senior and middle managers 0,1	VII. Employees 0,07		
1	2	3	4	5	6	7	8	9	10	11	12
<b>(A)</b>	<b>Criterion: economic stability</b>									<b>38%</b>	
1a	Profitability growth	0,3	+	+/-	+	+	+	+	+	0,91	0,273
2a	Expansion of the market segment	0,2	+	-	+	+/-	+	+	-	0,685	0,137
3a	Strengthening relationships with regular Customers and Partners	0,3	+	+	+	+	+	+	-	0,51	0,153
4a	Timely execution of contractual deliveries	0,1	+	+	+	+	+	+	+	1,0	0,1
5a	Increase in capacity of storage facilities	0,1	+/-	+	+/-	+	+	+	-	0,73	0,073
<b>(B)</b>	<b>Criterion: environmental safety</b>									<b>43 %</b>	
1B	Reducing the risks of harm to the environment	0,19	+	+	+/-	-	-	+	-	0,625	0,11875
2B	Installation of air purification systems at workplaces	0,15	+/-	+	-	-	-	+	+	0,425	0,06375
3B	Provision of workers engaged in harmful production, additional food	0,17	+/-	+	-	-	-	+	+	0,475	0,07225
4B	Reducing the number of processes associated with harm to the health of workers	0,15	+/-	+	-	-	-	+	+	0,475	0,07125
5B	Landscaping (planting green spaces)	0,1	+/-	+	-	-	-	+	+	0,475	0,0475

№	Interest	Weight in the criterion (experts)	Possible support of interest to stakeholder groups							support ratio [Σ (+) gr.4-10]	Prioritization (gr.3 X gr.11)
			I. Owners 0,25	II. Local authorities in the places of dislocation of branches 0,18	III. Investors 0,15	IV. Clients 0,13	V. Partners 0,12	VI. Senior and middle managers 0,1	VII. Employees 0,07		
1	2	3	4	5	6	7	8	9	10	11	12
6B	Reduction of discharges of used water without purification	0,03	+	+	+	-	-	+	+	0,75	0,0225
7B	Improvement of utilization of wastes of used fuel	0,12	+	+	-	-	-	+	+	0,6	0,072
8B	Providing employees with bottled water	0,09	+/-	+	-	-	-	+	+	0,475	0,04275
<b>(C)</b>	<b>Criterion: social responsibility</b>									<b>19 %</b>	
1c	Improving the conditions and organization of work	0,26	+	+	-	-	-	+/-	+	0,55	0,1105
2c	Prophylaxis and treatment of occupational diseases	0,12	+/-	+	-	-	-	+	+	0,475	0,057
3c	Providing career growth	0,08	+/-	-	-	-	-	+	+	0,25	0,0196
4c	Raising the level of wages	0,3	-	+	-	-	-	+	+	0,35	0,105
5c	Providing employees with a social package	0,24	-	+	-	-	-	+	+	0,35	0,084

Source: fragment of the author's research

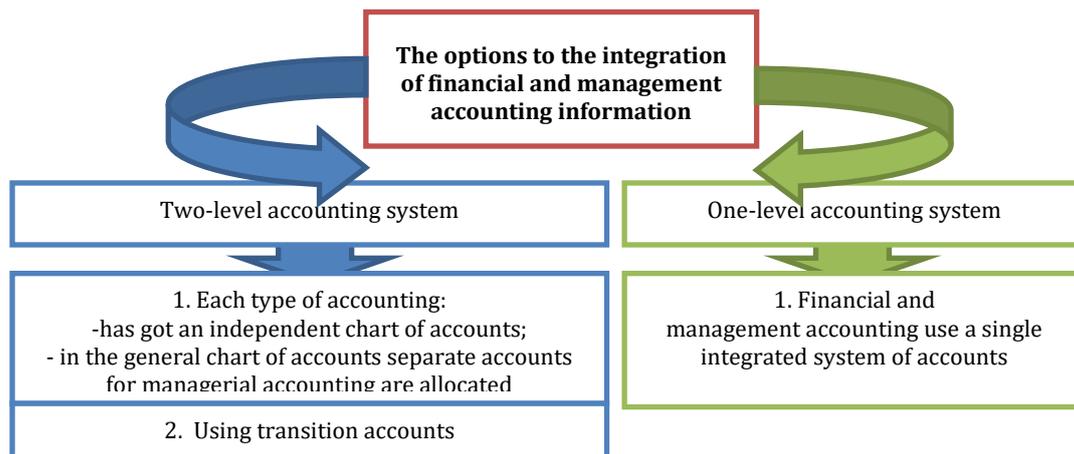
Notation:

"+" Means confidence in the commitment of the said interest (the coefficient used for the stakeholder group is used in the calculation, according to the significance of the influence on the company's activities);

"-" - means confidence in the disinterest by a group of stakeholders, the specified variant of "claims" (the coefficient is not used);

"+/-" means the possibility of supporting the indicated interest (in the calculation, 1/2 of a certain coefficient is used)

According to the proposed methodology [10], the company's private indicators are calculated over several years, and then divided by the product of the coefficients of the dynamics of changes and the degree of influence of the stakeholders. The resulting integrated indicator reflects the overall impact of stakeholders on the value of the company. According to the authors, the rational grain of the proposed approach will be noticeable only with a more developed version of the individual indicators for each company, taking into account all its features and list of stakeholders. After processing stakeholders' interests and carrying out work by the company management to correct existing policies and programs, the internal audit service, in accordance with its functional responsibilities, must take a number of measures to inform the management of the implementation processes of these programs and activities. The importance of this work is due to a number of reasons: the need to reflect all the costs incurred by the organization, in the course of implementing socially responsible activities and following the principles of sustainable development; positions of analytical information management for current indicators of social responsibility and indicators of integrated reporting; creation of an accounting and analytical database of current and final verifications of the reliability of the <IR> by an independent audit. The authors offer a one-part (integrated) accounting system, a one-level system that takes into account costs and performance results, the formation in financial and management accounting takes place using a unified system of accounts, a single-level system usually functions without the use of special management accounting (See Figure 5). One-level (integrated) accounting system assumes allocation for Each element of costs and the Center for Financial Liability of Special analytical reference books of management accounting in which Extended analytical accounting for sales, costs and expenses. The objectives of the introduction of these directories are: accounting of costs and deviations by elements; accounting of costs and deviations in the places of formation and centers responsibility. One- level system provides for a more dynamic accounting, its adaptability to changing production conditions and structures. At the same time, the integrity of the system of accounts in the enterprise is preserved.



Source: compiled by the authors

Internal audit in its current practices is responsible for monitoring the implementation of all company policies. The Russian practice of internal audit, with rare exceptions, sets out in the Regulations on internal audit of companies these control functions, mainly limited to control of the implementation of accounting policies and the correctness of the preparation of financial statements. The introduction of <IR> into the activities of Russian enterprises should take into account the need to delegate to the internal audit of the expanded functions with the control over the processes of implementing environmental and social (internal and external) activities. This expansion of functions will logically imply monitoring the correctness of the formation of indicators for transparent integrated reporting. For each primary and secondary indicator used in the formation of the <IR>, a passport containing the following information must be generated: the title of the section of the report where it is applied; a performance monitoring area of interest to stakeholders; application status (main/secondary); characteristic of the indicator (statistical or qualitative); description (information about the calculation procedure); source (s) of the data; compliance with the standard (GRI, Global Compact, Social Charter of Russian Business, SASB, etc.). Passport indicators (indicators) should be required, because even the Charter of the RUE implies changes in their composition and use. So, internal auditors who will check the credibility of the <IR> at the internal verification level, should check the availability of these documents and their content. The register of indicators passports will be necessary for external auditors.

**External audit.** A separate problem, according to experts, is the audit of integrated reporting and verification

of the reliability of information in it [6], [8]. The conducted research of a few existing auditor's conclusions confirming the reliability of the <IR> Russian companies allowed the authors to outline common features of the applied auditing firms (hereafter - AF) methodology: the conclusions are addressed only to the management of companies; responsibility for the performance of the audit task only before the customer, and in some cases even emphasizes that the AF "doesn't assume any responsibility for any third party" [7], [13]; applicable standards: ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (Revised) [20], AA 1000 AS (2008), GRI, IIRC; the procedural array includes: conducting interviews and obtaining documentary evidence from representatives of management and employees; participation in dialogues with stakeholders; study of information available on the sites of enterprises concerning activities in the context of sustainable development issues; study of published statements of third parties relating to economic, environmental, social aspects of activities in order to verify the validity of statements made in <IR>; analysis of <IR> Russian and foreign companies of a similar market segment for purposes of benchmarking; selective study of documents and data on the performance of existing capital management systems and value increment; studying of existing processes of collection, processing, documentation, verification, analysis and selection of data to be included in the <IR>; analysis of information in the <IR> for compliance with the requirements laid down in the standards; confirmation boundaries: defined by one year, confirmation is not carried out with respect to the declarations of a predictive nature, reliability of quantitative indicators is determined by the assessment of compliance with the documents of external and internal reporting provided to AF; scope, criteria and level of confirmation: the volume is determined by the task received from the customer and the documents provided by him; the criteria for verification are due to the applicable standards; the level of confirmation is a limited level of confidence among all companies that have used to confirm the services of independent auditors. Audit procedures [8] in addition to those listed above, in our opinion, should include evaluation methods, for example: monitoring of the business model of the enterprise and evaluation of its disclosure in integrated reporting; evaluation of the implementation of the enterprise development strategy; assessment of changes in the resource component of the activity (capital) during the year, etc. The authors have developed a strong belief that such a superficial attitude toward verifying the reliability of the <IR> doesn't correspond to the expectations for this kind of civil society reporting. The reasons aren't in the competence of independent auditors, but in the limited status and relevance of such audits. On the one hand, this is explained by the "youth" <IR>, on the other - the interest in this accountability of state structures. With the approval in 2017 the Concept of the development of public non-financial reporting [21], where the integrated reporting is given a special place and the need for its independent audit confirmation is emphasized, there appeared hope for changes in the attitude towards such checks, both from companies and audit firms. Undoubtedly, the scientific community should contribute to the development of the audit methodology <IR>.

#### **4 CONCLUSIONS**

Summing up the results of the conducted research, should be noted that the quality of the <IR> business presented by Russia, far from the level determined by the IIRC. Based on the impact on the aspects of social responsibility, following the principles of sustainable development and the quality of <IR>, a systematic approach to the verification audit processes is proposed, based on the distribution of "responsibilities" between internal and external audit. Internal audit in its functional framework should optimize the risks of non-compliance with socially responsible activities and the requirements of regulated IIRC. The external audit is designed to exercise modal control over the results of activities reflected in the <IR>, determining the compliance, reliability and rationality of the choice of information disclosure parameters, in which not only the form of hierarchical management and control is assessed, but also the degree of its effectiveness can be evaluated.

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