Executing the Board's Governance Responsibility for Integrated Reporting

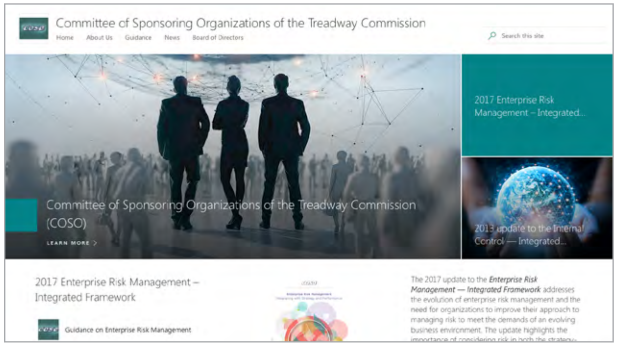
Overview

This second installment in the integrated reporting assurance series highlights how an integrated *internal* approach to assurance can support boards of directors (also known as governing bodies or those charged with governance) in discharging their responsibilities for the oversight of integrated reporting. Board responsibilities for integrated corporate reporting should include:

- Approving and overseeing the execution of a reporting strategy.
- Making strategic integrated reporting decisions, including the decision to prepare an integrated report and invest in its quality and assurance.
- Ensuring the integrated report includes a concise, robust, and reliable description of [The Business](), its performance and prospects.
- Providing responsibility statements to ensure the integrity of the integrated report, its alignment to the [International Integrated Reporting <IR> Framework]() and its underlying integrated reporting process.

While this installment focuses on integrated reporting in accordance with the International <IR> Framework (which will be governed by the [IFRS Foundation]() after July 2022), the concepts herein can be used to support boards in relation to any form of corporate reporting requiring a foundational description of The Business, such as the regulated forms of management commentary disclosures in many parts of the world, including management discussion and analysis, strategic report, management report, operating and financial review or the Task Force on Climate-Related Financial Disclosures.

To provide the requisite level of confidence for the board to sign its responsibility statement related to an integrated report, multiple internal assurance activities across all lines of governance and management must be coordinated so, collectively, they support the integrity of the integrated report and underlying processes, systems and information.



INSTALLMENT 1: Accelerating Integrated Reporting Assurance in the Public Interest - IFAC and the IIRC Support Pathway to Integrated Reporting Assurance (February 2021)

The first installment in this series highlights the factors that enable independent *external* assurance of an integrated report.

Accelerating Integrated Reporting Assurance in the Public Interest

IFAC and the IIRC Support Pathway to Integrated Reporting Assurance

A CALL TO ACTION:

A global pathway to integrated reporting assurance needs to develop to reinforce both advancements in integrated reporting and in global standard setting for corporate reporting and assurance. The IIRC and IFAC's initial thinking outlined here is aimed at starting a discussion with the accountancy profession and its key stakeholders on further progressing integrated reporting assurance, with the goal of enhancing confidence in integrated reporting and integrated thinking, and ultimately business resilience and sustainability.

The development and evolution of integrated reporting assurance is needed to make a greater contribution to the confidence and credibility of integrated reporting.

An integrated report developed in accordance with the International Integrated Reporting Framework (The <IR> Framework) connects all relevant information about a business and its enterprise value creation, including financial, operational, intangible, sustainability or `environmental, social and governance' in the context of its governance, strategy, resource allocation and relationship management, business model, and performance and prospects. We believe that:

1. Integrated reporting assurance advances the credibility of integrated reporting and forward-looking information, which in turn, enhances the regulatory environment for investors. Ultimately, assurance on integrated reports enhances the credibility of corporate reporting on the business as a whole, which provides a more robust foundation of trust in capital markets and society.
2. A new way of thinking is needed to achieve assurance of integrated reporting. The recent emergence of limited assurance of several organizations' integrated reports and The International Auditing and Assurance Standards Board (IAASB) Extended External Reporting (EER) Assurance project is a good start. However, more understanding and guidance are needed, particularly on moving from a limited to a reasonable assurance engagement given this transition requires assurance procedures and obtaining evidence on the integrated reporting and other key business processes comprising the value creation process.
3. Financial auditors including statutory auditors and independent practitioners working in an accountancy firm, are well-placed to deliver high quality integrated reporting assurance given their assurance skillset, experience in financial audit and professional skepticism and judgement. Integrated reporting assurance is also a critical element of the future role of accountants enabling a career pathway to apply their professional expertise beyond financial information in corporate reports to other information that is related to enterprise value creation. This involves working in multi-disciplinary teams and engaging subject matter experts as required. However, integrated reporting has implications for the knowledge, skills and experience of financial auditors leading these engagements given it involves a broader range of business activities and information.

A coordinated internal control approach using a framework such as the [COSO Internal Control - Integrated Framework]() requires robust governance and oversight structures and clear allocation and segregation of internal control roles and responsibilities, involving the board, management, and internal audit. This ensures assurance is provided without duplication or gaps.

Robust governance and internal control roles and responsibilities as identified through the use of The Institute of Internal Audit's Three Lines Model and a combined assurance approach (as defined and used in the King IV Code of Corporate Governance for South Africa) provide an effective approach for organizing the integrated reporting process and an integrated internal approach to assurance that enables an effective control environment for decision-making and reporting.

This installment proposes three areas of practice that should be widely adopted so boards of directors can strengthen their organizations' governance, risk management and internal control in relation to integrated reporting:

- Incorporating a concise description of the integrated reporting process in the description of The Business in the integrated report, to provide investor confidence in the integrity of governance and the process used to produce the integrated report.
- Applying the Three Lines Model (an update of the Three Lines of Defense) to help the board identify roles and responsibilities in relation to the integrated reporting process.
- Using a dedicated report prepared by internal audit to support the board in declaring its responsibility for the integrity of the integrated report and integrated reporting process, and a basis for the work of the external auditor in a separate integrated reporting assurance engagement. This could be known as a ***Combined (Internal) Assurance Report***.

The Board Responsibility Statement and Integrated Reporting Process

The International <IR> Framework requires a statement by the board (referred to as 'board responsibility statements' or 'paragraph 1.20 statements') that includes:

- An acknowledgement of its responsibility to ensure the integrity of the integrated report, and
- An opinion or conclusion about whether, or the extent to which, the integrated report is presented in accordance with the <IR> Framework.

Nedbank Group is an example paragraph 1.20 statement (see page 3).

An **Integrated Reporting Process** is the business process through which the reporting strategy is implemented and incorporated within the organization's business model. It is part of the broader value creation process and the organization's integrated thinking (The Value Reporting Foundation's Integrated Thinking Principles support the adoption of integrated reporting).

Integrated thinking is the foundation of integrated reporting and helps to address some of the challenges, particularly in terms of connecting the integrated reporting process to corporate governance, and breaking down information and functional silos that inhibit the effectiveness of processes for developing the integrated report.

A supplementary statement by the board about the integrity of the integrated reporting process for producing a reliable integrated report is also recommended under paragraph 1.24. These statements are designed to ensure that the board collectively oversees and are satisfied with the rigor of processes and systems underlying the preparation of the integrated report, and to enhance investor confidence in integrated reports and the underlying integrated thinking.

A description of the integrated reporting process includes the organization's reporting objectives, risks and opportunities, controls and processes, value creation priorities and associated KPIs. It will always contain material information and so form part of the description of The Business in the integrated report.

The integrated reporting process should be rigorously documented internally so that it can be the basis for board governance oversight and internal audit work and stand up to the scrutiny of external audit. The design and operation of the integrated reporting process will be a key area for the external auditor in confirming the accuracy of its description and effective operation in the integrated report.

Critical activities of the board to substantiate support for its responsibility statements include:

- ***The Reporting Strategy*** – considering and approving the overall reporting strategy, choice of flagship report (e.g., annual integrated report), reports portfolio, and assurance choices. The board evaluates management's decisions and documentation and makes judgements about the description of the value creation process which are fundamental to the integrated report.
- ***The Integrated Report*** – ensuring the description of The Business in the integrated report faithfully communicates the organization's value creation story and its results. This is necessary to ensure investors understand The Business and have the right metrics to evaluate its performance and prospects.
- ***The Integrity of the Integrated Report*** – the board needs to satisfy itself of the completeness, reliability and balance of disclosures which involves evaluating whether the value creation process is aligned to the strategy, business model and resource allocation and whether the metrics and other disclosures selected are appropriate. The board judges the quality of internal documentation of these matters, and the quality and reliability of the Combined Assurance Report. It also ensures that delegated authority is used effectively (e.g., subsidiary sign off by divisional CEO/CFO in accordance with group reporting policies).
- ***The Integrity of the Integrated Reporting Process*** – evaluating the design and operation of the integrated reporting process, and of the description of this process in the integrated report, along with KPIs measuring the performance of that process and management of any risks threatening the objectives of the process.

The integrated reporting process also provides an opportunity for the board and executive team to embed:

- ***Integrated Thinking*** – to drive business improvement through more integrated thinking as to the design, operation and documentation of the integrated reporting process; and
- ***Integrated Reporting Assurance*** – to make decisions about integrated reporting assurance.

Example: Nedbank Group, A JSE listed Bank based in South Africa

The 2021 Nedbank Integrated Report provides an example of a paragraph 1.20 statement:

- *"The board acknowledges its responsibility of ensuring the integrity of this integrated report. In the board's opinion, this report addresses all the issues that are material to the group's ability to create value and fairly presents the integrated performance of Nedbank Group.*
- *The board is confident that the report was prepared in accordance with the International Framework (2021). This report was approved by the board of directors of Nedbank Group on 19 April 2022."*

Nedbank also provides a useful example of a paragraph 1.24 statement on the board's responsibility for the integrated reporting process:

"Our integrated report is the outcome of a groupwide integrated reporting process. The process is governed by the board, led by the Group Executive Committee (Group Exco), assured through our Coordinated Assurance Model and delivered through groupwide collaboration. Our integrated thinking approach to decision-making, management and reporting enables us to create and preserve value as we fulfil our purpose to use our financial expertise to do good for individuals, families, businesses and society."

Nedbank states that it co-ordinates assurance activities to contribute to the integrity of the integrated report through its integrated reporting process. This involves the board, Group Exco and internal audit. Nedbank's paragraph 1.24 reporting is limited to the description of the process before the fact. It does not describe how the process performed in terms of achieving its objectives. Nevertheless, the Nedbank example is probably at the leading edge for such reporting. Nedbank's paragraph 1.24 statement continues:

"How do we ensure the integrity of our report?

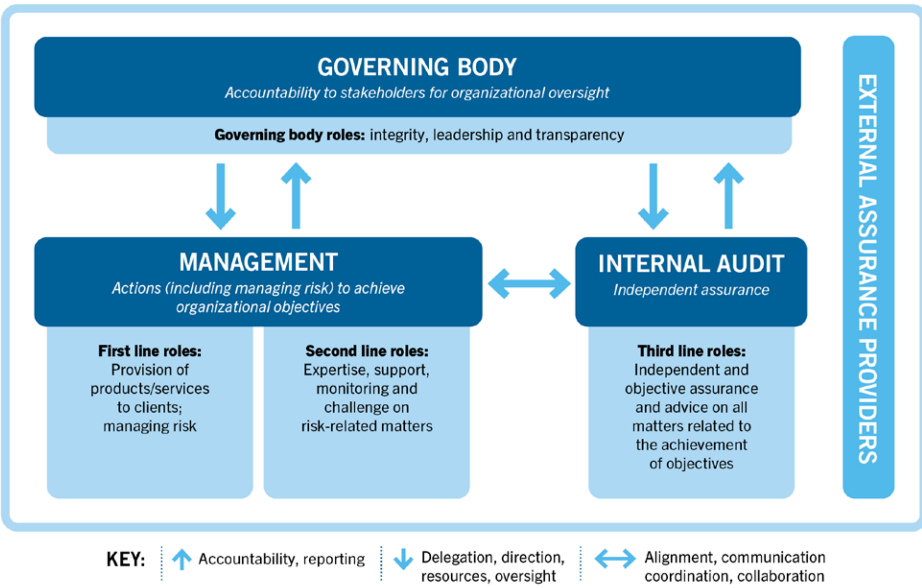
The board ensures the integrity of the integrated report through our integrated reporting process, the various approvals and signoffs by Group Exco and the board, and relies on our Coordinated Assurance Model, overseen by the Group Audit Committee, that assesses and assures various aspects of our business operations and reporting. These assurances are provided by management and the board through rigorous internal reporting governed by the group's enterprise-wide risk management framework (ERMF), internal audit and independent external sources and service providers."

The Three Lines Model – Supports Delegation and Proper Segregation of Responsibilities

The Institute of Internal Auditors' Three Lines Model helps the board apply combined assurance so that:

- The organization's internal assurance activities are organized in a coordinated way.
- Robust governance structures, clear allocation and segregation of internal control roles and responsibilities across the board, management and internal audit, are in place to ensure the provision of assurance without duplication and gaps.
- Boards define and execute their roles and responsibilities in relation to risk management and internal controls within the integrated reporting process.
- The investment in assurance is optimized.

The IIA's Three Lines Model



The Three Lines Model's approach complements combined assurance by clarifying who fulfils each key role in the integrated reporting process. The model helps to structure activities that contribute to overall value creation and protection within an organization – governance and strategy, business model and risk and opportunity management – by defining roles and responsibilities as outlined in the Three Lines Model.

> Combined assurance is explicitly used in the King IV Code of Corporate Governance of South Africa and is defined as a model which "incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment; support the integrity of information used for internal decision-making by management, the governing body and its committees; and supports the integrity of the organisation's external reports."

The Three Lines Model and the Integrated Reporting Process

The starting point is clarifying the board's role in the integrated reporting process and internal audit's contribution to the board in discharging that responsibility. A Combined (Internal) Assurance Report is an internal report which brings together the work of the Three Lines and the board in relation to the integrity of the integrated report and integrated reporting process in one comprehensive and concise document.

The Board's Role in the Integrated Reporting Process

The board is ultimately accountable for governance, which is achieved through the actions and behaviors of the board as well as management and internal audit. Clearly mapped roles and responsibilities reduce gaps, duplications and conflicts that can easily occur in relation to reporting in a traditional approach to governance, risk management and internal control.

To demonstrate accountability to the company and nurture an ethical culture, board governance oversight responsibility includes integrity, leadership, and engagement with and transparency in reporting to the company's investors and other stakeholders. Within the Three Lines Model, the board determines the risk appetite, oversees compliance, and delegates responsibility and provides resources to management to achieve objectives. While the board may be informed about and provided with assurance on the integrated reporting process by management, it also needs to apply independent oversight and direct engagement with the executive team and assurance providers to ensure sufficient appropriate assurance is achieved.

The board must be clear on its own role, and how to execute its oversight responsibility over each line as each line executes business strategy and reporting responsibilities.

As the board receives reports from management on activities and outcomes, the board and management rely on internal audit to provide objective assurance and advice on all matters and to promote and facilitate innovation and improvement of processes.

First line and second line management roles (see table at right) are critical in relation to board responsibility statements prepared in accordance with the International <IR> Framework and to other equivalent forms of corporate reporting. Reviewing and assessing management attestations on specific first and second-line integrated reporting controls is a key focus of line three activities undertaken by internal audit.

Internal audit makes a direct contribution to the integrity of the integrated reporting process in two ways:

- ***Creation of value*** - its third line activities form part of the value creation process which is concisely described in the integrated report. The external auditor obtains evidence to form a conclusion as to whether the activities of internal audit are fairly described in the description of *The Business* in the integrated report. It is not yet common for integrated reports to contain such a description.
- ***Performance of the integrated reporting process*** - internal audit provides the board with assurance as to the design and effective operation of the first and second lines. The external auditor tests and concludes upon how internal audit has carried out its work and reported thereon to the board, independently of management.

The following tables highlight example integrated reporting assurance responsibilities across the Three Lines:

Line	Responsibilities in relation to Internal Assurance	Types of Roles
FIRST LINE business process owner roles are defined as those directly focused on executing the business strategy through providing products and services to clients and outcomes for stakeholders and enabling resource and relationship management processes.	Directly manages all core business processes, including the strategic management process, which form part of the description of The Business in the integrated report: • Delivery of process objectives, value creation priorities and critical activities to achieve objectives within each business process • Owners of the opportunities and risks related to the process objectives and related controls • Key performance and risk indicators and metrics related to the process objectives, value creation priorities and six capitals • Address legal, regulatory and ethical expectations Provide documentary management attestations / representations regarding the carrying out of these responsibilities in relation to the description of The Business in the integrated report. The attestations can be an appendix to the Combined Assurance Report.	Management and examples of line functions performing these roles: • Executive Team led by the Chief Executive Officer • Research & Development • Production • Sales and Marketing • Treasury and Capital Management • Human Resources • Sustainability/ESG First line activities in relation to integrated reporting are part of the integrated reporting process.
SECOND LINE roles include compliance and risk management functions within resource and relationship management processes. These roles bring additional expertise, challenge, and assurance over the integrated reporting process ensuring risk management and controls embedded in the first line are working as intended.	Directly manages all resource and relationship management business processes, such as the integrated reporting process, which forms part of the description of The Business in the integrated report including: • Monitoring and evaluating process objectives, value creation priorities and critical activities within each business process • Providing expertise, expert challenge and assurance over core business processes and the integrated reporting process • Responsibility for aspects of design, implementation, policy setting, enforcement and testing the readiness of information used for decision-making and reporting Providing documentary management attestations / representations regarding the carrying out of these responsibilities in relation to the description of The Business in the integrated report. The attestations can be an appendix to the Combined Assurance Report.	Management support and oversight, and risk management and internal control, including in relation to integrated reporting: • Chief Financial Officer • Finance Team Specialist functions that oversee risk and compliance: • Chief Risk Officer • Chief Compliance Officer • Risk and Compliance Teams Second line activities in relation to integrated reporting are part of the integrated reporting process, for which the process owner is typically the CFO.

First and second line roles may also be blended or separated. Some second line roles may be assigned to specialists to provide complementary expertise, support, monitoring, and challenge to those with first line roles. Second line roles can focus on specific objectives of risk management, such as compliance with laws, regulations, and acceptable ethical behavior; internal control; information and technology security; sustainability; and quality assurance. Alternatively, second-line roles may span a broader responsibility for risk management, such as enterprise risk management (ERM).

CFOs and finance teams will likely have first and second line responsibilities. They have a coordinating role in ensuring information is relevant, reliable, and actionable. Boards and CEOs are increasingly turning to CFOs and the finance function to provide oversight of data and metrics beyond the financials given the inherent skills of accountants in ensuring robust data collection processes and associated controls, and high-quality information and analysis.

Line	Responsibilities in relation to Internal Assurance	Types of Roles
The **THIRD LINE**, delivered by an internal audit function, is a component of the internal control system relating to the integrity of the integrated report and of the integrated reporting process. Internal audit can be the focal point for board delegation of internal control roles related to integrated reporting. The independence of internal audit from management is ensured by the chief audit executive being accountable to the board directly or through an audit committee comprising independent non-executive directors.	Internal audit identifies sources of information relating to the integrated report and integrated reporting process, identifies and organizes assurance service providers and gathers and reviews information and source documents. Their role includes: • Understanding the design and operation of key business processes related to The Business, including related systems and controls, as reported in the integrated report • Ensuring standard operating procedures for the integrated reporting process are in place and adhered to (including how data is captured and processed, and the policies and procedures for producing the integrated report) • Establishing a coordinated approach across all lines and reviewing and maintaining assurance mapping to assess where there might be gaps or duplication of efforts across lines and functions • Testing the operation of the integrated reporting process and controls therein to ensure integrity in information for internal decision-making and external reporting • Reporting to the audit committee, including making performance improvement observations in relation to the design and operation of the integrated reporting process, and quality of the reporting strategy • Working with the external auditor as they conduct the integrated report assurance engagement. Review of lines one and two documentary management attestations / representations regarding the carrying out of these responsibilities in relation to the integrated report. The attestations can be an appendix to the Combined Assurance Report.	Internal Audit: • Chief Audit Executive • Internal Audit Team Internal audit's activities are carried out in the context of the risk appetite and delegations established by the governing body, working independently from management. Internal audit assesses the design and operation of the integrated reporting process. Internal audit also helps to harness technology and analytics to improve risk and control assessments and enable an integrated and transparent approach across the three lines.

The Combined (Internal) Assurance Report

Combined assurance can culminate in a *Combined (Internal) Assurance Report* that provides internal documentary evidence to support board responsibility statements. The Report documents the organization's reporting strategy as it relates to assurance, the board's activities within the integrated reporting process, and both management assurance activities, as well as internal audit assurance activities. It also summarizes how internal audit has organized its activities in the context of the external auditor's planned activities. Where an internal audit function does not exist, the finance and accounting function can perform this role.

Boards should delegate and hold accountable the head of the internal audit function, often the chief audit executive (CAE), for the compilation of such a report for the board and its audit committee. The report's contents (see Combined Assurance Report Content) should be sourced from planning information provided to the audit committee and information on the results of procedures obtained from discussions between the external auditor and the internal auditor prior to the responsibility statements and external audit report being signed.

COMBINED ASSURANCE REPORT CONTENT

The report's contents should include the following:

- The board's assurance strategy and investment in assurance.
- Board's proposed statement on the integrity of the integrated reporting process.
- A summary of a board's own activities in relation to ensuring the integrity of the integrated reporting process in support of its conclusion on the integrity of integrated report.
- A description of how the integrity of the integrated reporting process and the integrated report were assured across the three lines. This could be provided by a report from the internal audit function bringing together the work across the three lines.
- Internal audit's plan bringing together its work as the third line of governance - internal audit should document their conclusion on internal controls over the integrated reporting process for the board, knowing that it will be relied upon by directors and might be tested by the external auditor.
- An analysis of matters raised by the board or internal audit in their review of the work of others or their own assurance activities related to the integrated report, and disposition of any issues, in support of the conclusions reached.
- Key management attestations regarding the integrity of the company's integrated reporting process including on the effectiveness of lines one and two. Management attestations relate to the system of internal controls which include compliance with policies and procedures, controls, management testing and continuous monitoring. Such representations are valuable and contribute to the integrated reporting process but require independent validation by internal audit.
- Summary of the Basis of Preparation and Presentation in the integrated report.

Basis for Preparation and Presentation

Under paragraph 4.41 of the International <IR> Framework, a summary of the Combined Assurance Report should be included in the integrated report's "Basis of Preparation and Presentation." This report together with a rigorous approach to determining, documenting, and reporting the Basis of Preparation and Presentation as set out in Section 4H of the <IR> Framework provides the basis of suitable criteria for external assurance.

Paragraph 4.41 provides the requirements for the Basis of Preparation and Presentation to be included in an integrated report. Paragraphs 4.42 and 4.43 provide commentary for describing an integrated report's Basis of Preparation and Presentation, including:

- A summary of the organization's materiality determination process and key judgements:
- A description of the reporting boundary and how it has been determined
- A summary of the significant frameworks and methods used to quantify or evaluate material matters.

A Combined Assurance Report can also serve as a basis for the external audit. The report helps the auditor to:

- Plan the integrated report assurance engagement,
- obtain evidence, and
- conclude upon the design and operation of the integrated reporting process and controls as they relate to the description of The Business in the integrated report.

A Combined Assurance Report provides supporting evidence on which the external auditor can form conclusions, provided that they are supported by high quality and sufficient documentation about the work carried out by the board, management and internal audit across the three lines. The Combined Assurance Report can be used by the external auditor to provide a starting point for its work. The external auditor will need to follow the due diligence requirements of ISA 610 (Revised 2013), *Using the Work of Internal Auditors*, in making use of the work of the internal auditor in relation to integrated reporting.

The external auditor obtains evidence as to the design and operation of relevant controls in the integrated reporting and other key business processes by reviewing and testing the work of the internal auditor, including obtaining evidence as to its independence of management and reporting to the board. The external and internal auditor can cooperate to minimize gaps and overlaps in their respective work of relevance to the integrity of the integrated report and integrated reporting process.

The scope of work carried out by the external auditor will be guided by the Combined Assurance Report, as well as the organization's choice to seek limited or reasonable assurance (Installment 1 covered the difference between procedures in a limited versus reasonable integrated reporting assurance engagement). In addition, the amount of work will also be determined with reference to the evaluation of the results of assurance testing, for example, internal audit testing of the work of lines one and two.

Challenges for boards in establishing the integrity of corporate reporting processes

- **Corporate governance and integrated reporting are not always closely connected**, which can:
  - Cause information and functional silos that inhibit the effectiveness of processes for developing the integrated report.
  - Create expectation gaps at the board level, with the board thinking it obtains more assurance across the three lines than it really does.
  - Adversely impact the way in which an organization is governed and managed, particularly its ability to adopt integrated thinking.
  - Affect investors' perceptions about the way the organization is governed and managed, which can influence their decisions.
- **Assurance is not always seen as a core component of the reporting strategy.** Boards may miss the opportunity to optimize their company's investment in taking an integrated approach to its operations and corporate reporting if they do not view assurance as a core component of their reporting strategy, or plan for assurance activities with a strategic mindset which includes recognizing the value of internal assurance related to information used in decision-making. Consequently:
  - Gaps and duplications in assurance activities can develop across the organization, and activities may not be well-coordinated and/or connected, which can lead to over- or under-spend on assurance.
  - Internal and external assurance can be inhibited by a lack of maturity in reporting processes, systems and controls.
- **Boards do not always ensure that the integrity of the integrated reporting process is tested.** Boards must not leave themselves vulnerable to integrated reporting misrepresentations and misstatements. Rather, they should ensure the integrity of the integrated reporting process over and above management activities. This will enhance investor and stakeholder trust. In many cases, the CFO and finance function, which enables the integrated reporting process, needs to raise awareness among board members of their role in overseeing integrated reporting, and the process that they need to go through to achieve confidence in the integrated report.

A cohesive, coordinated and integrated internal approach to assurance using the Three Lines Model and Combined Assurance concept will help boards to resolve these challenges and optimize their internal assurance investment, which can also better prepare the organization for external assurance.

What does integrated reporting assurance mean for stakeholders in the corporate reporting ecosystem?

Coordinated internal assurance activities are vital for boards of directors to discharge their fiduciary duties and prepare responsibility statements. When embedded in a company's governance and reporting ecosystem, such assurance will improve the confidence that investors, and other stakeholders, can have in the information provided by the board in their reporting on their accountability.

All stakeholders in the corporate reporting system need to consider their role in enabling integrated reporting assurance:

- Investors will need to scrutinize whether boards have disclosed a statement about their responsibility for the integrated report and integrated reporting process within the organization's integrated report.
- Boards will need to direct the use of combined assurance and an internal control framework to bring together integrated reporting internal assurance activities across the three lines. They will need to direct and oversee internal audit and other assurance activities to help boards discharge their responsibility for the integrated report and the integrity of the integrated reporting process.
- Audit Committees will need to guide integrated reporting and assurance strategies and oversee the integrated reporting process with the support of CFOs and finance teams, and internal audit.
- CEOs will need to resource and support investments in combined assurance, empowering CFOs and CAEs to assist audit committees and management to establish a reporting and assurance strategy and execute the integrated reporting process so to overcome the challenges boards face.
- Internal audit will need to support board statements about the integrity of the integrated report and use a Combined Assurance Report as a key document to provide a basis for the work to support these statements.

THE INTERNAL AUDIT PROFESSION

Internal audit has a unique position as a qualified, competent, and cost-effective way to provide internal assurance on the integrity of the integrated reporting process and the data and metrics used. Boards should use the internal audit function as its "eyes and ears" across the organization to enhance overall governance, risk management and internal control. Internal audit is:

- Independent of management, with no responsibility to implement controls, set policies, or make decisions about management systems.
- Able, as the 'third and last line' to provide assurance on the work of the risk management or compliance function.
- Knowledgeable about all aspects of the organization given its expertise and understanding over various engagements, both advisory and assurance.
- Often called upon to ensure that assurance coverage is mapped and coordinated so there are no undue overlaps and gaps.
- Positioned to work across the entire organization without restriction.
- Trusted and has the confidence of the board and senior management.
- Familiar with providing assurance on broader business information and working co-operatively with independent external assurance practitioners.

Internal auditors need to be able to access the information, resources and people required to perform their tasks of evaluating and making recommendations to improve the effectiveness of risk management and internal controls as they relate to the integrated reporting process. This means internal auditors require strong integrated and broader corporate reporting skills. Explore the IIA's white paper ***Internal Audit's Role in Integrating Reporting Assurance*** to learn more.

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