AN ANALYSIS OF THE AUDIT AND ASSURANCE PRACTICES ON ENSURING THE INTEGRITY OF SUSTAINABLE DEVELOPMENT GOALS IN CORPORATE REPORTING AT PARASTATALS

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ABSTRACT

This research sought to analyze how audit and assurance practices ensured the integrity of sustainable development goals in corporate reporting at Zimbabwe Electricity Supply Authority (ZESA), Zimbabwe Energy Regulatory Authority (ZERA), Zimbabwe Revenue Authority (ZIMRA) and National Social Security Authority (NSSA). The initiative was driven by a trend of Parastatals' struggles with a shortage of skilled personnel and technical expertise necessary for planning and executing projects aligned with the SDGs. The main objective of this research was to determine how current audit and assurance practices on ensuring the integrity of sustainable development goals in corporate reporting at ZESA, ZIMRA, NSSA and ZERA. The researcher used an explanatory design; the instruments used were questionnaires and interviews. Thirty-five questionnaires distributed to Finance, Marketing, Procurement, Human Resources and IT personnel where 30 were successful and 5 unsuccessful. Data was collected, analyzed and presented in tables, graphs and pie-charts. The parastatals were recommended to consider comprehensive analysis on audit and assurance practices on ensuring integrity of Sustainable Development Goals in corporate reporting. It was also recommended executive managers should consider comprehensive analysis on audit and assurance practices on ensuring the integrity of SDGs in corporate reporting.

1. BACKGROUND

In recent years, many companies have started to include references to the sustainable development goals (SDGs) in their corporate reporting as a means for demonstrating their contribution to sustainable development, Arena (2023). The Sustainable Development Goals (SDGs), adopted by the United Nations Member States in 2015, provide an agenda for governments to pursue sustainable development while balancing social, environmental and economic sustainability United Nations, (2015). At its heart were the 17 Sustainable Development Goals (SDGs), which were an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go together with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

On another hand according to Le Blanc, (2015), Mbanda and Fourie, (2020) articulated that over the years, the SDGs has become the international benchmark for policymakers when dealing with the design of policies and strategies to improve development and sustainability. Furthermore, they have become well known and recognized by the general public Yale, (2020).

However, according to Johnson (2020) Assurance services are aimed at improving the quality of information for the individual's making decisions. Providing independent assurance is a way to bring comfort

that the information on which one makes decisions is reliable, and therefore reduces risks, in this case, information risk.

In a particular study by, Elalfy et al. (2021) a worldwide multi-sector sample was analysed and highlighted that state-owned companies are less likely to report on the SDGs. On the other hand, Jha and Rangarajan (2020) addressing a country-specific context in India, examined SDG reporting, distinguishing private- and public-owned organisations, finding no significant differences between the groups.

In another studies by Amran and Haniffa, (2011); Gallo and Christensen, (2011) and Tagesson et al., 2009) on state ownership and sustainability disclosure articulated that there is a positive relationship between the two variables disclosure, arguing that state ownership generates pressure to disclose more information for satisfying public expectation. In contrast to that notion, Nguyen and Nguyen, (2020) contended that state-owned companies face lesser pressure for voluntary disclosures because of lower public scrutiny.

In another study by Girón et al., (2020) and Rosati and Faria, (2019), on the presence women on the board of directors and SDG reporting. There have found evidence of a positive and significant association between the variables, suggesting that female directors may encourage greater commitment to SDG reporting, analyzing a sample of firms operating in the South Asian and African contexts.

On the other hand, on a study by García-Sánchez et al., (2021), Pizzi et al., (2021) and Sekarlangit and Wardhani , (2021) they argued and there is a negative relationship between the presence of female directors and corporate SDG reporting in a global context in Italy and in Southeast Asia.

However, although the above studies had a major contribution to the board of knowledge more attention was on evaluating current audit and assurance practices on an effective internal control system, thus, enhancement of the quality of financial reports and improvement of performance measures. More attention was also given to SDGs reporting and corporate governance offering scant evidence on the integrity of sustainable development goals in corporate reporting.

Zimbabwe Electricity Supply Authority (ZESA), Zimbabwe Energy Regulatory Authority (ZERA), Zimbabwe Revenue Authority (ZIMRA) and National Social Security Authority (NSSA) are parastatals which are highly dependent on its external audit and internal audit to carry out functions of ensuring that within the organization there is government compliance, the financial statements are credible, fraud is prevented, and internal controls are improved. Parastatals often suffer from a lack of transparency and accountability, which can lead to mismanagement of resources and inefficiency. This hampers their ability to effectively implement projects aligned with the SDGs. This has disrupted their operations and decision-making processes.

Moreover, political considerations may override the pursuit of sustainable development, leading to projects that prioritize short-term gains over long-term sustainability. Furthermore, weak governance structures, including insufficient checks and balances, can undermine the performance of parastatals. This results in corrupt practices, favoritism, and a lack of adherence to sustainable development principles. These parastatals often face financial difficulties due to inadequate funding, mismanagement of financial resources, or an inability to generate sufficient revenue. Limited financial resources can impede their efforts to implement sustainable development projects effectively.

2. RESEARCH METHODOLOGY

The study adopted quantitative research methodology and questionnaire were used to collect data. The population consisted of executive management, senior management and employees in the Finance department: 30, Marketing department: 10, Procurement department: 25, Human Resources department: 20 and IT department: 15

Table 1. Population and sample size

Department	Population	Targeted Population	Sample Size	Expected Respondents	% Representatio n
Finance	30	15	15	15	**100**
Human Resources	20	3	3	3	**100**
Marketing	10	5	5	5	**100**
Procurement	25	5	5	5	**100**
IT	15	7	7	7	**100**
Total	**100**	**35**	**35**	**35**	**100**

Source: Primary data (2024)

2.0.1 Sample size

According to Scott (2015) the sample size is determined as follows when the population is known, the confidence level suppose is 95%, margin of error is 5% and if the response rate is not known you use 50%. Margin of error refers to the error which is allowed since the sample size is not perfect. In this case our targeted population is made up of 35 respondents. The study had a population sample of 35 with 10 executive management and 25 middle management staff.

3. DATA PRESENTATION, ANALYSIS AND DISCUSSION

3.1 An analysis of issues on audit and assurance practices on integrity of SDGs

This section presents descriptive results and discussion of the predictor and dependent variables. Thus, presenting audit and assurance practices that are applicable in parastatals; audit and assurance practices' influence on ensuring the integrity of SDGs; the relationship between current audit and assurance practices the integrity of sustainable development goals lastly audit and assurance mix those best aids integrity of SDGs.

3.2 Audit and assurance practices that are applicable

Table 2. Audit and assurance practices that are applicable

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Total
Organization conducts compliance audits regularly thu s, Compliance audits effectively ensure adherence to laws and regulations.	60%	40%				**100%**
Financial audits are conducted on a timely basis in the organization thus the results of financial audits contribute to the accuracy of our financial statements.	52%	38%	10%			**100%**
Performance audits are Essential for evaluating the efficiency of organization's operations.	68%	30%	2%			**100%**
Operational Audits are performed regularly in our organization thus the recommendations from Operational audits lead to meaningful improvement.	45%	30%	15%	6%	4%	**100%**

Source: Primary data (2024)

The researcher sought to find out on audit and assurance practices that are applicable, so as to be assured if the practices impact integrity of sustainable development goals. Table 3.6 above represents these findings. The findings revealed that 60% of the respondents strongly agreed Organization conducts compliance audits regularly thus, compliance audits effectively ensure adherence to laws and regulations. On the other hand, 40% only agreed. In the same vein the united-nations (2015) and Carew (2021) articulated that monitoring and accountability mechanisms for SDG implementation using compliance audits has a positive impact on the integrity of SDGs.

On the other hand, 52% of financial audits are conducted on a timely basis in the organization thus the results of financial audits contribute to the accuracy of our financial statements, while 38% and 10% agreed and some remained neutral respectively.In addition to this Loang and Ahmad, (2022) and Mohrmann,(2022) articulated that the financial situation of an enterprise is usually disclosed externally through accounting statements and financial reports. The accounting information disclosed externally by an enterprise is a very important part of the enterprise's report. It is an important database for managers and relevant external investors to make investment decisions

High-quality financial information is conducive to guiding stakeholders to make the right investments, achieving high speed in the overall economic market, and, from an economic point of view, facilitating the most rational allocation of resources Loang and Ahmad, (2022). On the other hand, low-quality financial information can undermine investors' confidence in their investments and infringe on their interests, which is not conducive to the sustainable and healthy development of the economic market.

Moreover 68% performance audits are essential for evaluating the efficiency of organization's operations, on the other hand 30% agreed and 2% were neutral. In agreement to this Rasure and Velasquez (2018) articulated that a performance audit is an independent assessment of an entity's operations to determine if specific programs or functions are working as intended to achieve stated goals. Performance audits are typically associated with government agencies at all levels as most government bodies receive federal funding. Lastly

45% operational audits are performed regularly in organisation's thus the recommendations from operational audits lead to meaningful improvements, whilst 30% agreed, 15% remained neutral, 6% disagreed and 4% strongly disagreed. In the same vein Morrison, (2017) articulated that operational audit seekstoobtain evidence related to the operational activities of the units and work to evaluate them, inorder to estimate the efficiency and effectiveness of these activities compared to the specific goals, and then provide the necessary recommendations from the point of view of the auditor, and the operational auditing is sometimes called an administrative auditing or performance auditing Alemzewed, (2019). From the findings majority of the respondents agreed and strongly agreed on audit and assurance practices that are applicable on the integrity of sustainable development goals in corporate reporting. According to Nigrini HaeYue and Loang (2023) audit and assurance practices components are key contributors to the integrity of sustainable development goals.

3.0.2 Influence of audit and assurance on integrity of SDGs in corporate reporting

Source: Primary data (2024)

FIGURE 1

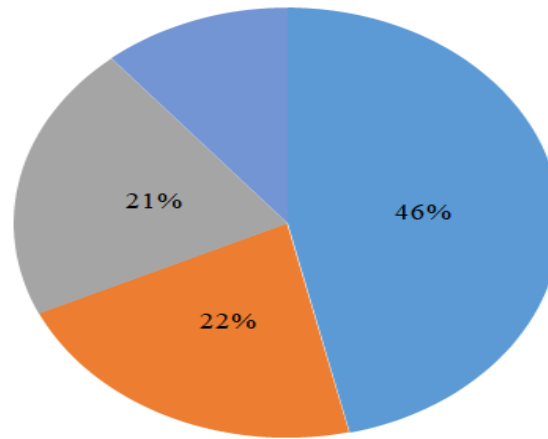**INFLUENCE OF AUDIT AND ASSURANCE ON INTEGRITY OF SDGS IN CORPORATE REPORTING**

The researcher sought to find out the influence of audit and assurance on integrity of SDGs in corporate reporting. Figure 1 represented these findings.

The findings revealed that audit and assurance influence integrity of SDGs, 16 % of respondents strongly agreed by enhancing credibility, improving transparency, identifying risks, encouraging accountability, and promoting continuous improvement. Audit processes support organizations in their efforts to align with global sustainability objectives. This, in turn, contributes to broader societal goals and fosters trust among stakeholders. In the same vein 52% agreed, 8% were uncertain, 16% disagreed and 8% strongly disagreed.

In a similar vein, according to the legitimacy theory, an organization part of the community where the organization should pay attention to the norms that apply in the social community Godet (2022). In a similar vein Harjoto (2017) on a study the impact of institutional and techn0ical social responsibility on the likelihood of corporate fraud. The study articulated through legitimacy theory morals, values, ethics and norms are influences thus reduces the likely wood of corporate fraud. Therefore, fostering a culture of transparency, accountability, and ethical behavior, organizations can contribute to achieving the SDGs while reducing the likelihood of fraudulent activities.

3.0.3 Influence of assurance practices on integrity of SDGs

Source: Primary data (2022)

FIGURE 2
INFLUENCE OF ASSURANCE PRACTICES ON INTEGRITY OF SDGS

The researcher sought to find out if respondents agreed that assurance practice influences integrity of SDGs. Findings showed that 46% of the respondents strongly agreed that audit and assurance practices influence integrity of SDGs

Whilst 22% agreed, 21% remained neutral, 0% strongly disagreed and 11 % disagreed. This showed that most of the respondents agreed and strongly agreed. In agreement to this, according to the stakeholder theory McAbee (2022) articulated that assurance practices enhance credibility, providing stakeholders with verified and reliable information about a

company's sustainability efforts. Therefore, such transparency promotes trust and encourages stakeholder engagement, which is crucial for achieving SDGs.

In the same vein, Sullivan, R., and Mackenzie, C. (2021) articulated that credibility of corporate sustainability reporting is enhanced through assurance practices, which are vital for investors looking to align their portfolios with the SDGs. Assurance plays a key role in mitigating information asymmetry.

In addition, Khan, M., and Atkinson, A. (2022) articulated that assurance practices not only enhance credibility but also hold organizations accountable for their sustainability commitments. This accountability is particularly important for achieving the SDGs.

3.0.4 Audit and assurance practices on integrity of SDGs in corporate reporting at parastatals
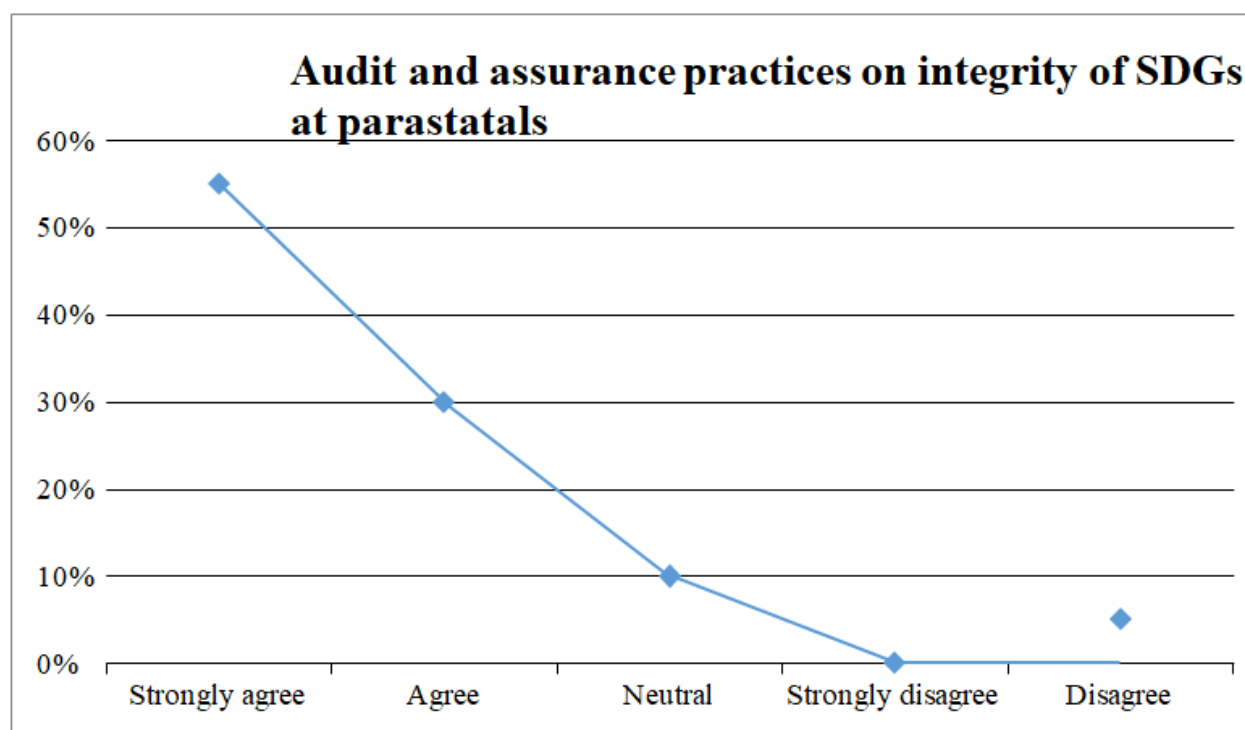
Source: Primary data (2022)

FIGURE 3
AUDIT AND ASSURANCE PRACTICES ON INTEGRITY OF SDGS IN CORPORATE REPORTING AT PARASTATALS

Their researchers sought to find out from respondents if audit and assurance play a vital role in the integrity of SDGs at parastatals.; Integrity of SDGs at parastatals is influenced by effective assurance practices; The absence of relevant and reliable tools he integrity of SDGs contributes to inaccurate or misleading information regarding their progress on SDGs, leading to a lack of trust among stakeholders.

The finding revealed that 60% of the respondents strongly agreed while 40% agreed that Audit and assurance practices effectively identify risks in SDG reporting.

In a similar vein, KPMG (2020) articulated that robust audit and assurance practices play a key role in identifying risks associated with sustainability reporting. The report highlighted that organizations with assured reports are better equipped to address and mitigate potential risks related to their SDG commitments.

In addition to this, Hahn and Kuhnen (2021) stipulated that there is a relationship between audit and assurance and integrity of sustainable development goals. Also articulate that assurance practices are essential for validating the integrity of corporate sustainability reports related to the SDGs. They assert that independent audits increase the reliability of the reported information.

3.0.5 Regressions of coefficients

The regressions of coefficients were presented in table 3 below. The results showed positive relationships between audit and assurance practices on ensuring integrity of SDGs in

Corporate reporting, in transaction processes whose beta coefficients are 0.326, 0.619 and

0.388 respectively. All the independent variables; technology advancement, size and structure and risk assessment had statistical level significance 0.000.

Table 3. Regressions of coefficients

Determinant	Unstandardized	Std error	Significance
Constant	-1.466	0.345	0.0001
Technology advancement	0.326	0.07	0.0000
Size and structure	0.619	0.109	0.0000
Risk assessment	0.388	0.236	0.0000

Source: STATA computed data (2024)

From the results above an increase in, technology advancement, size and structure and risk assessment by a unit would increase the integrity of SDGs in corporate reporting by 0.326, 0.619 and 0.388 units respectively.

4. COCLUSION

In conclusion, the findings of this study underscore the significant influence of audit and assurance practices on maintaining the integrity of the Sustainable Development Goals (SDGs) in corporate reporting, particularly within parastatals. The evidence suggests that diligent implementation of compliance audits, financial audits, performance evaluations, and operational audits enhances transparency, accountability, and stakeholder confidence, thereby fostering an environment conducive to sustainable development. Moreover, the positive relationships identified between technological advancements, organizational size and structure, and risk assessment with SDG integrity highlight the importance of robust audit frameworks and innovative assurance practices. Overall, these insights affirm that strengthening audit and assurance mechanisms is crucial for ensuring accurate, reliable, and credible reporting on SDGs, ultimately contributing to sustainable growth and societal trust in organizational commitments.

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