International Journal of Research and Review Vol. 2, No. December 2 (2022)
ISSN: 2454-2237 (Printed)
ISSN: 2454-223X (Online)

THE ROLE OF AUDITORS IN VERIFIING SUSTAINABILITY REPORTS IN INDONESIAN COMPANIES

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Abstract.

Sustainability reports have become a requirement for companies to publish reports at the end of each year with the aim that companies can find out about operational activities carried out not only to focus on making profits but also to be used as a reference and obligation to be responsible for the influence given to the environment and society through the activities it generates. Sustainability reports need to be examined or evaluated by an auditor before being published to find out whether the efforts and programs implemented by the company are appropriate and can have good or bad impacts from an economic, environmental and social perspective. Auditors can provide further verification after evaluating a company's sustainability report and the company can take this verification as material in making better programs in the future. however, this day the demands on companies to publish sustainability reports have not been fully implemented even though regulations have stipulated that companies must publish sustainability reports every year. With this, the author wants to analyze the reasons why some companies have not published sustainability reports, to the sanctions that can be obtained if the company does not publish a sustainability report. The technique used to collect data sources with qualitative methods and secondary data. to the sanctions that can be obtained if the company does not publish a sustainability report. The technique used to collect data sources with qualitative methods and secondary data. to the sanctions that can be obtained if the company does not publish a sustainability report. The technique used to collect data sources with qualitative methods and secondary data.

Keywords*: the role of auditor, sustainability report, company, verification*

1. INTRODUCTION

The company according to (Willem Molengraaff, 1858-1931) is an entity that carries out operational activities continuously on an ongoing basis through sales transactions of goods, agreements or delivery of goods in sale and purchase transactions with the aim of obtaining income. Developments and economic growth are increasingly advanced now, companies are required not only to issue financial reports but are also required to publish sustainability reports with the aim of knowing operational activities carried out in addition to making a profit but also giving effect in the form of responsibility for the environment and society for what is caused by company.

In this era, it can be estimated that the condition of the Earth is quite apprehensive, with the emergence of new phenomena that are sustainable which can make the earth have a poor quality level and it is also predicted that natural resources can become extinct because humans use them to support daily activities. This is proven byWorld Meteorological Organization (WMO) which provides warnings about climate change that is often happening at this time. It should be noted that this change is the cause of several phenomena such as an increase in greenhouse gases, an increase in sea water volume, and so on that can be detrimental to the people themselves.

In addition, in 2020 there was an increase in CO2 compounds or carbon dioxide by 413.2 parts per one million at that time. In June and July, America has experienced heat waves that have an impact on the health of the surrounding community. Therefore, scientists and experts continue to think of ways to deal with this climate problem, such as by conducting reviews or observations of companies that carry out their operational activities. Operational activities which have an impact on the surrounding environment and social.With this non-renewable climate problem, companies are encouraged to carry out positive programs in the hope of having a positive impact that can be felt not only for the company but also for the community and the environment.

All company activities in carrying out activities are set forth in a sustainability report, it is hoped that the report data presented by the company can also make any party aware of paying more attention to the activities carried out and benefiting all parties. In 2020, PT BUMI Resources Tbk with the stock code BUMI is one of the companies nominated by the Foundation for International Human Rights Reporting Standards and the United Nations Development Program as a company that won an A+ award by publishing the best sustainability report. This assessment is based on the suitability of the Financial Services Authority Regulation Number 51 of 2017 explaining the Implementation of Sustainable Finance for Issuers, Public Companies,

Behind the published report, the company needs to present the report to an auditor to be verified first. The auditor needs to ensure that the information presented and evaluates the sustainability activities carried out by the company can be proven reliable, the auditor can also provide his views on the company for the programs it runs (accounting.binus.ac.id). Starting from the implementation of company activities through programs that can have positive or negative impacts from economic, social and environmental aspects. (Nurul Fachriyah, SE., MSA., Ak., 2019) The responsibility of an auditor is very large in providing verification of the company's sustainability report, not only thatcompanies can also use auditor input or verification as evaluation material in planning better programs in the future, this potential can also have a good impact on the community, community and stakeholders and shareholders. The reasons why companies need to publish sustainability reports, viz(jurnal.id):

1. There has been an increase in company performance and with this the company can estimate activities to programs that can be implemented directly in line with sustainable aspects.
2. There is an increase in risk management so that it can be predicted, avoided or minimized these uncertainties that have the potential to harm and threaten the company resulting in losses.

3. Development of employee morale, the company in presenting reports where the report can tell the condition of how the company is performing in carrying out its operational activities. Not only that, the company's achievements can also motivate employees to achieve even bigger goals in the future.

The percentage of companies reporting sustainability reports is increasing, as of December 30 2021, it was recorded that 154 companies, equivalent to 20% of companies, had published and reported their 2020 sustainability through the SPE-IDXNet system. In 2019 previously there were only 54 companies that published the report, said Risa E. Rustam, Director of Finance and Human ResourcesMan. (majalahcsr.id, 2022)

With this the author aims to analyze the reasons why some companies still have not published a sustainability report and what sanctions will be obtained by the company if they do not publish a sustainability report and whether the role of the auditor can also influence the company in issuing a sustainability report which the author will arrange in this article with the title "The Role Auditor in Verifying Sustainability Reports in Indonesian Companies”

II. METHOD

The research method used by the author in collecting data to compile article reports is a qualitative approach, where the data obtained through secondary data are reliable sources such as the results of literature studies so that they can support the author in conducting this research.

III. RESULTS AND DISCUSSION

The view from the Director of Finance and HR, Risa E. Rustam said that there were 154 companies in Indonesia that had issued sustainability reports by the end of the 2021 reporting year(magazinecsr.id 2022) this can prove that companies are increasingly aware of the importance of running a business continuously and sustainably (investor.id). With the existence of a report that contains activities carried out by a company, this activity will benefit both external and internal parties (accurate id, 2020). Therefore, it can be concluded that the company not only gets a good reputation in the public eye, but can also get a lot of profit.

Issuance of a sustainability report by a company is not just simply publishing a report, but this activity is based on several regulatory bases in the preparation of this report. This regulation has actually been made in law for a long time, but there are still several companies that are still not aware of the importance of making this sustainability report. As stated in Law Number 24 of 2004 in article 74 regarding limited liability companies, which says that companies that carry out business activities in the field of and/or related to natural resources are required to carry out environmental and social responsibilities, where the obligations of the company must calculated as the total cost of the company which is carried out by taking into account fairness and decency. In OJK regulation Number 51/POJK. 03/2017 contains a policy regarding the obligation for companies to publish sustainability reports. Not only that, if the company does not carry

ISSN: 2454-2237 (Printed)
ISSN: 2454-223X (Online)

out this obligation, it will be subject to sanctions that have been regulated in the regulation.

In issuing sustainability reports, the company requires a third party to verify the sustainability report so that it can be presented clearly and relevantly in accordance with the activities actually carried out by the company. Auditors can be third parties who assist companies in verifying the reports they publish, and there are several advantages that companies can get in carrying out this process, such as:assist companies in developing better management and governance in managing profit, people and planet. Then accompanied by making it easier for investors and stakeholders to make economic decisions that cannot be obtained from financial information.

On the other hand, it turns out that there are also weaknesses when using the services of an auditor in verifying sustainability reports, such as the costs required are greater because it requires a third party and an understanding of the context of a company's sustainability is needed to be able to evaluate and assess in depth, broadly and as a whole. If a sustainability report is provided with assurance services by an auditor, investors, entities, regulators and other stakeholders or users of sustainability reports can obtain many benefits, namely:

1. Entities have the opportunity to carry out calculations or benchmarks for sustainability disclosures and increase overall excellence.
2. Entities become more confident if they can fulfill a sustainability report that has become a mandatory requirement.
3. Can ensure the credibility, reliability and accuracy of non-financial disclosures in annual and integrated reports.
4. Can encourage entities to improve systems, processes and internal controls regarding ESG (Environmental, Social and Governance) data collection and reporting.
5. Can strengthen the entity's internal awareness of material sustainability risks and opportunities.

With the trend of sustainability reporting continuing to develop in Indonesia and over time, Indonesia has begun to issue regulations and policies regarding the control of environmental pollution and damage which have been regulated in Law Number 32 of 2009 concerning Environmental Protection and Management. The Financial Services Authority (OJK) issued Edition 1 of Indonesia's Green Taxonomy in early 2020, which classifies sectors based on business activities that can support efforts to protect the environment and mitigate and adapt to climate change. Not only that, OJK has also issued several regulations in order to realize a financial system with sustainable principles, develop and implement environmental economic instruments, social and environmental care policies in the financial services industry, namely:

1. POJK 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies.
2. POJK Number 60/POJK.04/2017 concerning Issuance and Requirements for Green Bonds.
3. SEOJK Number 16/SEOJK.04/2021 concerning Form and Content of Annual Reports of Issuers or Public Companies.

ISSN: 2454-2237 (Printed)
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The Indonesian Institute of Certified Public Accountants also conducted a limited observation with the aim of identifying how the condition of sustainability reporting in Indonesia is from the aspect of the reporting framework and assurance services. Sampling of 50 issuers with the largest market capitalization on the Indonesia Stock Exchange as of March 31, 2022. Based on these observations, it was found that out of the 50 sample issuers, 33 issuers had issued sustainability reports in accordance with applicable regulations. As much as 64% use the GRI and POJK rules 51, then 30% issuers use multiple rules (entities use more than two frameworks such as GRI, UNGC, SASB, SUSBA, and SDGs), and the remaining 6% use POJK rules 51(iapi.or.id, 2022).

Nextout of 33 issuer entities, there are 13 issuers that have obtained assurance on sustainability reports and as many as (46%) 6 issuers using AA1000AS Moderate Level. 46% as many as 6 issuers use ISAE 3000 Limited Assurance. The remaining 8% is 1 issuer using SPA 3000 Limited Confidence. From this research, data were also obtained regarding parties providing assurance services originating from 8% of Public Accounting Firms and 92% other than Public Accounting Firms.

The government has established a policy regarding the obligation of every company to issue a sustainability report in OJK regulation Number 51/POJK.03/2017 concerning Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. In Article 10 paragraph (1), it is stipulated that every LJK, Issuer and Public Company is required to prepare a Sustainability Report. The Sustainability Report must be prepared separately from the annual report or as an integral part of the annual report, which is regulated in Article 10 paragraph (2) and must be submitted to OJK. Not only that, FSI, Issuers and Public Companies are required to publish Sustainability Reports as stipulated in Article 12 paragraph (1).

The government has also stipulated regulations for every company which is required to issue sustainability reports and if the company does not comply with these regulations, it will receive a penalty as stipulated in OJK regulation Number 51/POJK.03/2017 in Article 13. Article 13 which contains arrangements for FSI, Issuers and Public Companies that do not prepare, publish sustainability reports, as well as other activities related to sustainable finance will be given administrative sanctions in the form of a warning or written warning(ojk.go.id, nd).

Through an audit of financial statements, the public accounting profession is required to have proper knowledge and competence in making professional judgments and skepticism when guaranteeing the credibility of financial statements. Not only that, the public accounting profession must also maintain public trust for investors, regulators, and other stakeholders. With the increasing demand for companies issuing sustainability reports, public accountants must take a role in maintaining the credibility and public trust of sustainability reports. Through all competence, knowledge, application of professional judgment and skepticism as a basic foundation for every auditor in conducting an audit of auditing a financial report. In doing so, Public accountants will prepare themselves to improve their competence and knowledge. Therefore, in fulfilling requests for assurance services for sustainability reports, IAPI formed a team called the Extended External Reporting Task Force Team with the aim of carrying out studies and developing a guiding concept and ongoing outreach.

From September to December 2022, the Task Force Extended External Reporting Team carried out the finalization stage of the implementation of the 3000 Assurance Standards Application (Revised) on Assurance Engagements of Sustainability Reporting and Expanded External Reporting (PED). Preparation for the public or limited hearing will be carried out in September 2022, while for the finalization stage it will be carried out in December 2022. Collaterally, the Board of Professional Standards for Public Accountants (DSPAP) I is in the process of adopting itInternational Standard on Assurance Engagements(ISAE) 3000 (Revised) and ISAE 3410 (Revised). December 2022 is the schedule for the finalization stage of ISAE m3000 (Revised) for the public or limited hearing while ISAE 3410 (Revised) is scheduled for March 2023.

Public accountants can be a part of changing the world for the better. As the wise words of Mahatma Gandhi, "You must be the change you wish to see in the world". It is hoped that the unification of all the enthusiasm, aspirations and abilities of each public accountant can play an important role in supporting and realizing a sustainable environment.

IV. CONCLUSION

From the existence of a seaweed cultivation business in the Kertasari village, economic growth over time was also followed by an increase in the percentage of companies issuing sustainability reports. Sustainability reports have become an obligation for companies to publish reports at the end of each year with the aim that companies can find out about operational activities that are carried out not only to focus on making profits but also to be used as a reference and obligation to be responsible for the impact they have on the environment and society. through its activities. With this, Indonesia issued regulations regarding the obligation to publish sustainability reports that have been stipulated in OJK regulation Number 51/POJK.03/2017. From the OJK regulations issued, this can support all companies to publish sustainability reports, because if this report is not published then they will be subject to administrative sanctions in the form of a written warning or warning as stipulated in Article 13. In issuing the report, the company requires an auditor to verify sustainability reporting so that it can be presented relevantly. Not only that, in carrying out the audit, information is needed covering conditions and events along with evidence that can support to minimize errors from the auditor. Therefore, the inputs provided by the auditor, the company can use as an evaluation for a better program of activities in the future. because if this report is not published, they will be subject to administrative sanctions in the form of a written warning or warning as regulated in Article 13. In issuing the report, the company requires an auditor to verify the sustainability report so that it can be presented in a relevant manner. Not only that, in carrying out the audit, information is needed covering conditions and events along with evidence that can support to minimize errors from the auditor. Therefore, the inputs provided by the auditor, the company can use as an evaluation for a better program of activities in the future. because if this report is not published, they will be subject to administrative sanctions in the form of a written warning or warning as regulated in Article 13. In issuing the report, the company requires an auditor to verify the sustainability report so that it can be presented in a relevant

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