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Public Accounting in the Era of Sustainability

Carlo Santos, Patricia Reyes, Luis Torres
Department of Economics and Business Economics
carlo.san756@outlook.com

Abstract
Purpose—This study investigates how environmental, social, and governance (ESG) performance relates to conventional financial-audit outcomes and how Philippine auditors perceive the expanding demand for sustainability-related assurance. Design/methodology/approach—The original study combines a reported panel of 156 Philippine Stock Exchange–listed firms (780 firm-year observations, 2018–2023) with semi-structured interviews involving 27 audit professionals. The quantitative component reports fixed-effects regressions, a logistic model and structural equation modelling; the qualitative component identifies recurring professional and institutional themes. Findings—The reported associations indicate that stronger ESG performance accompanies shorter audit delays, higher financial-audit fees and lower odds of non-standard audit opinions. Board and audit-committee characteristics are also associated with ESG-related outcomes. Interview participants most frequently highlighted sustainability skills gaps (25/27), evolving professional responsibilities (24/27) and regulatory uncertainty (22/27). Originality/value—By integrating firm-level audit indicators with practitioners' perspectives, the article clarifies how ESG information can alter audit planning, oversight and professional capacity in an emerging-market setting. The findings are associational, not causal; raw data and original estimation outputs remain necessary for independent verification of reported inferential statistics.

Keywords
Environmental, social and governance (ESG); sustainability reporting; financial statement audit; audit delay; audit fees; corporate governance; Philippine accounting profession.

1. Introduction

Environmental, social and governance (ESG) information has become increasingly relevant to corporate transparency, risk evaluation and investment decisions. For accounting practitioners, this development raises questions beyond whether sustainability narratives are complete: it also affects the identification of business risks, the assessment of governance controls and the reliability of information used by investors and other stakeholders (Ebirim et al., 2024; Hoang et al., 2023; Wang et al., 2022). However, a financial-statement audit and an independent assurance engagement on sustainability information have different subject matters and reporting conclusions. They should not be treated as interchangeable services.

The Philippine institutional setting is particularly instructive. The Securities and Exchange Commission (SEC) introduced Sustainability Reporting Guidelines for publicly listed companies through Memorandum Circular No. 4, Series of 2019, which required sustainability disclosures to accompany the annual report and initially adopted a comply-or-explain approach (Securities and Exchange Commission [SEC], 2019). The regulatory change occurred during the study period and therefore provides essential context for interpreting the 2018–2023 observations; it is not, by itself, evidence that external sustainability assurance was compulsory.

Prior empirical studies have connected ESG indicators with audit timeliness, audit fees, financial reporting and auditor selection, but most evidence comes from markets outside the Philippines (Diab & Eissa, 2023; Hou et al., 2022; Xue et al., 2020; Zhang & Guo, 2024). Research on boards, audit committees and internal audit further suggests that the institutional response to ESG disclosure depends on oversight arrangements and professional expertise (Kolsi & Al-Hiyari, 2024; Maroun, 2022; Umar et al., 2023). The literature nevertheless provides limited integrated evidence on both financial-audit outcomes and practitioners' responses in Philippine listed companies.

This paper addresses that gap by revisiting the source study's mixed-methods evidence and organizing the inquiry around three research questions: (RQ1) How is ESG performance associated with audit delay, audit fees and non-standard financial-audit opinions? (RQ2) How are board and audit-committee characteristics

associated with ESG-related reporting outcomes and the ESG–audit relationship? (RQ3) What professional, regulatory and organizational obstacles do Philippine auditors identify when ESG matters enter assurance practice? The contribution is a context-specific synthesis of reported quantitative estimates and interview themes, not a claim that sustainability disclosure alone causes superior audit quality.

The paper proceeds with a literature review and analytical expectations, a transparent description of the reported research design, the full results (including seven original tables and the source SEM figure), and a discussion of mechanisms, practical implications and study limitations.

2. Literature Review and Conceptual Framework

2.1. ESG reporting, stakeholder accountability and audit evidence

ESG reporting can reduce information asymmetry when disclosed metrics are material, comparable and supported by credible internal systems. Stakeholders may interpret consistent sustainability disclosure as an indicator of disciplined risk management, although such disclosure can also coexist with selective presentation or impression management. Accordingly, the relationship between ESG performance and financial-audit outcomes remains an empirical question rather than an assumption (Cai et al., 2024; Hoang et al., 2023; Wang et al., 2022).

From a stakeholder-accountability perspective, financial and non-financial transparency are complementary, while the auditor must distinguish evidence supporting audited financial statements from evidence supporting a separate ESG assurance conclusion. In a sustainability engagement, the criteria, scope, materiality judgments and type of assurance require explicit definition (Harindahyani & Tjahjadi, 2023; Maroun, 2022). These distinctions matter when explaining whether additional ESG information improves the efficiency of the financial-statement audit or increases the scope of work.

Broader audit scholarship is useful here only as a conceptual boundary. Analyses of auditor oversight, financial distress and the implementation of audit recommendations in other jurisdictions emphasize that an audit's social value depends on governance and follow-through, not merely on the issuance of a report (Kumar, 2018; Matlala & Uwizeyimana, 2020; Ndunda & Wanyoike, 2020; Usman, 2023). These public-sector and cross-jurisdictional studies do not directly establish ESG–audit associations for Philippine listed companies, but they sharpen the accountability question that motivates this research.

Earlier work on certified accountants' corporate-social-responsibility risk models and on determinants of independent audit quality suggests that both engagement risk and professional judgment may shape audit outcomes (Amin, 2011; Xia-yi, 2007). Accordingly, the present study interprets opinion type, time and fees as separate observable outcomes and does not equate any one of them with a complete measure of professional audit quality.

2.2. ESG performance and audit timeliness

Audit delay is generally measured by the elapsed time between the fiscal year-end and the date of the auditor's report. Better-developed governance and reporting systems could reduce clarification requests and facilitate audit completion; alternatively, complex ESG risk exposures might create additional procedures and prolong the engagement. Evidence from other markets indicates a negative association between ESG performance and audit reporting lag (Zhang & Guo, 2024). The first analytical expectation is therefore H1: Higher ESG performance is associated with shorter financial-audit delay, holding observed firm attributes constant.

2.3. ESG performance and audit fees

Audit fees reflect engagement size, business risk, auditor expertise, client complexity and bargaining conditions. If ESG information increases risk-assessment or verification demands, firms with more extensive sustainability activities may face higher audit-related costs. Yet the interpretation is not unique: greater ESG performance can be correlated with larger or more complex organizations, and fees reported for financial audits do not necessarily include fees for a separate sustainability assurance engagement. Studies report positive relationships between environmental disclosure or ESG performance and audit fees (Hou et al., 2022; Xue et al., 2020). H2 proposes a positive association between ESG performance and the log of financial-audit fees.

2.4. ESG performance and audit opinions

A non-standard audit opinion arises from specific financial-reporting and audit-evidence conditions; it should not be equated with an ESG assurance conclusion. Nevertheless, ESG indicators may be correlated with organizational controls, disclosure discipline and perceived risk. Prior studies suggest that firms with stronger sustainability attributes are less likely to receive modified or non-standard audit opinions in selected emerging markets (Diab & Eissa, 2023; Xue et al., 2020). H3 therefore expects an inverse association between ESG scores and the odds of a non-standard financial-audit opinion. This hypothesis does not imply that an unmodified opinion validates sustainability performance.

2.5. Governance structures and ESG reporting

Independent directors and audit committees can influence reporting incentives, monitoring intensity and the quality of internal controls. International findings are not uniform: some board-leadership characteristics are

negatively associated with disclosed ESG measures, whereas larger audit committees can support more extensive disclosure (Hoang et al., 2023; Umar et al., 2023). External assurance choices also relate to monitoring and reputation mechanisms (Harindahyani & Tjahjadi, 2023; Maroun, 2022). H4a expects audit-committee capacity to be positively associated with ESG reporting measures. H4b examines, without imposing a universally positive direction, whether board independence conditions the ESG–audit-delay association.

2.6. Professional adaptation and institutional pressures

Internal audit can support ESG control testing, advisory activity and evidence preparation, whereas external auditors remain responsible for independent conclusions within the agreed engagement scope. This division requires complementary competencies and safeguards for objectivity (Kolsi & Al-Hiyari, 2024; Ramadhan et al., 2023; Soh & Martinov-Bennie, 2015). Institutional accounts of practice change emphasize professional norms, regulatory expectations and imitation of perceived leading practices (Chiang & Northcott, 2012; Cooper et al., 2002). H5 anticipates that practitioners will identify skills development, regulatory clarity and collaboration as central conditions for sustainability-related assurance.

3. Research Methodology

3.1. Research design and integration

The source manuscript describes a mixed-methods design: a quantitative firm-year analysis of the relationships among ESG ratings, governance and financial-audit outcomes, complemented by semi-structured interviews with experienced Philippine auditors. The integration is primarily explanatory: numerical patterns describe associations, while interview themes offer possible institutional and professional interpretations. This is not a randomized design, and no causal identification strategy is demonstrated by the available documentation (Chiang & Northcott, 2012; Soh & Martinov-Bennie, 2015).

3.2. Population, study period and selection

The reported sample covers 156 companies listed on the Philippine Stock Exchange across the calendar period 2018–2023, with 780 usable firm-year observations. Selection criteria included exchange listing, ESG measures, audited annual financial statements and governance disclosures. The data sources are described as annual reports, SEC filings, sustainability or integrated reports, third-party ESG ratings and governance reports. The source provides neither a company-level roster nor a firm-year inclusion matrix. Since 156 companies observed over all six years would yield 936 observations, the 780 reported observations require clarification (for example, incomplete firm-years or a different sample-selection window); the present revision does not assume an explanation not documented in the source.

For the interview strand, the source reports purposive recruitment of 27 practicing audit professionals, targeting partners, senior managers and chief audit executives with sustainability-related experience. Roles are reported collectively rather than by individual category; there is no documented interview duration, fieldwork period, saturation assessment or transcript archive in the supplied manuscript. The original description of voluntary informed consent, anonymization and ethics review is retained as an author-reported procedure; an approval reference and institutional name are not supplied.

3.3. Operational definitions

Financial-audit outcomes comprise (i) audit delay, the number of days between the reporting-year end and auditor's report date; (ii) the natural logarithm of financial-audit fees as labelled in the source table; and (iii) a binary indicator of a non-standard audit opinion. These variables are analyzed as distinct audit outcomes, rather than treated as interchangeable measures of latent audit quality. ESG performance is represented by a third-party score, alongside an environmental disclosure index and a binary indicator for a standalone sustainability report (Xue et al., 2020; Zhang & Guo, 2024).

Governance measures include board independence or independent chairmanship, independent-director meeting attendance, audit-committee size and meeting frequency. Controls include firm size (natural log of total assets), leverage, return on assets (ROA) and an indicator for Big-4 auditors. The methodology also discusses internal audit budgets and outsourcing arrangements and a media-controversy measure; however, estimates for these variables are not shown in the supplied results and should not be presented as tested determinants. The original text alternates between an ESG performance score and disclosure quality; the two constructs must remain conceptually distinct (Cai et al., 2024; Kolsi & Al-Hiyari, 2024; Umar et al., 2023).

3.4. Quantitative specifications

The stated approach estimates ordinary least squares models for continuous dependent variables, binary logistic regression for audit opinions and two-way firm/year fixed effects for selected panel specifications. For clarity, the core associational specification may be expressed as $Y_{it} = \alpha + \beta\, ESG_{it} + \gamma' X_{it} + \mu_i + \tau_t + \varepsilon_{it}$, where Y is either the reported audit-delay metric or log audit fees; X contains observed controls; and μ and τ denote company and year effects. For audit opinions, the binary outcome is modelled using a logit link. Board-independence interaction terms are used to examine moderation. These equations restate the analytical intent; the original

manuscript does not supply the model scripts, exact coding or variance-estimation settings needed to reproduce the tables.

The source additionally reports structural equation modelling (SEM) to summarize selected pathways between ESG performance, governance and audit outcomes, as well as sensitivity analyses involving alternative ESG providers, lagged measures and propensity-score matching. Model diagnostics, matching balance tables, source-specific samples and cluster-robust variance specifications are unavailable. Consequently, effect magnitudes and statistical annotations are reproduced as author-reported evidence, not independently verified estimates.

3.5. Qualitative analysis and ethics

The interview material is described as having been coded thematically and interpreted using professional, coercive and imitative institutional pressures. The themes cover evolving responsibilities, regulatory uncertainty, capacity gaps and internal/external auditor collaboration (Chiang & Northcott, 2012; Soh & Martinov-Bennie, 2015). The supplied file contains theme counts and short illustrative quotations but does not contain transcripts or a documented coding audit trail. Confidentiality and informed consent are reported by the source author; verification of ethics approval remains an outstanding pre-submission requirement.

4. Results

4.1. Descriptive characteristics

Table 1 reproduces the descriptive statistics in the source manuscript. Across 780 reported firm-year observations, the mean ESG score is 42.35 (SD = 18.72), the mean audit delay is 78.42 days (SD = 24.56) and the mean logged audit fee is 14.28 (SD = 1.45). The mean of the binary non-standard-opinion indicator is 0.12, while 45% of observations involve a Big-4 auditor. The means describe the analyzed observations, not necessarily the distribution of all Philippine listed firms.

Table 1. Descriptive statistics of reported firm-year observations

Variable	N	Mean	Std. Dev.	Min	Max
ESG Score	780	42.35	18.72	8.50	89.20
Audit Delay (days)	780	78.42	24.56	32	145
Audit Fees (log)	780	14.28	1.45	11.20	18.65
Non-standard Opinion	780	0.12	0.33	0	1
Board Independence	780	0.38	0.15	0.10	0.80
Audit Committee Size	780	3.45	0.82	2	6
Firm Size (log)	780	22.85	1.92	18.50	28.40
Leverage	780	0.52	0.28	0.05	1.85
ROA	780	0.06	0.08	-0.25	0.35
Big-4 Auditor	780	0.45	0.50	0	1

Source: Original manuscript, Table 1; values unchanged. N denotes reported observations, not unique firms. Binary-variable means are proportions; the construction of the ESG scale and fee currency has not been documented.

4.2. ESG performance and audit delay

Table 2 reports a consistently negative ESG coefficient across three audit-delay models (−0.285, −0.242 and −0.198), after the inclusion of governance controls and an ESG-by-board-independence interaction. The reported model R^2 rises from 0.342 to 0.385. The ESG × board-independence estimate is −0.124, indicating a more negative conditional association in the interaction specification. The scale of the modelled dependent variable is not unequivocal: audit delay is defined in days, but the intercepts and some coefficients suggest that the estimation scale or transformations require confirmation. It would therefore be premature to interpret −0.285 mechanically as an exact change in calendar days per ESG point.

Table 2. Reported regression estimates for ESG performance and audit delay

Variable	Model 1	Model 2	Model 3
ESG Score	-0.285*	-0.242*	-0.198**
	(0.068)	(0.072)	(0.078)
Board Independence		-0.156**	-0.142*
		(0.074)	(0.076)
Audit Committee Size		-0.089*	-0.082*
		(0.048)	(0.049)
ESG × Board Independence			-0.124**
			(0.058)

Variable	Model 1	Model 2	Model 3
Firm Size	-0.125*	-0.118*	-0.115*
	(0.032)	(0.033)	(0.033)
Leverage	0.185*	0.178*	0.175*
	(0.045)	(0.046)	(0.046)
ROA	-0.098**	-0.092**	-0.088*
	(0.042)	(0.043)	(0.044)
Big-4 Auditor	-0.215*	-0.208*	-0.205*
	(0.052)	(0.053)	(0.053)
Constant	4.852*	4.725*	4.698*
	(0.425)	(0.432)	(0.435)
Firm Fixed Effects	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes
R^2	0.342	0.368	0.385
N	780	780	780

*Source: Original manuscript, Table 2; all numerical entries and stars retained verbatim. Parentheses show reported standard errors. The original legend reads ** p < .01 and * p < .05, with a malformed additional threshold. Several symbols do not appear consistent with coefficient/SE ratios. Statistical significance, model scale, variance estimator and the interaction specification require verification against original outputs.*

4.3. ESG performance and financial-audit fees

The fee models in Table 3 show positive ESG coefficients (0.018 and 0.015). The source also reports positive estimates for the environmental disclosure index (0.024) and the existence of an independent sustainability report (0.085), controlling for size, leverage and auditor type. Since fees are labelled as logged, a coefficient such as 0.018 would be approximately a 1.8% conditional difference per one-unit ESG increase if the logarithm is natural and the coefficient is unstandardized. That interpretation must be confirmed against the underlying regression specification, and these results concern reported audit fees rather than separately identified sustainability-assurance charges.

Table 3. Reported regression estimates for ESG performance and audit fees

Variable	Model 1	Model 2
ESG Score	0.018*	0.015**
	(0.005)	(0.006)
Environmental Disclosure Index		0.024*
		(0.008)
Independent Report		0.085*
		(0.048)
Firm Size	0.425*	0.418*
	(0.028)	(0.029)
Leverage	0.142*	0.138*
	(0.038)	(0.039)
Big-4 Auditor	0.385*	0.378*
	(0.045)	(0.046)
Constant	5.245*	5.185*
	(0.385)	(0.392)
Firm Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
R^2	0.625	0.642
N	780	780

Source: Original manuscript, Table 3; entries unchanged. Parentheses contain reported standard errors. Significance markers were carried over from the source but require recalculation; the reported p-value thresholds cannot be validated without the estimation output.

4.4. ESG performance and non-standard audit opinions

Table 4 summarizes the source logistic model. The reported ESG coefficient is −0.042, corresponding to an odds ratio of 0.959. In this particular model, the reported odds ratio implies around 4.1% lower odds of a non-standard opinion per ESG-score unit, holding the covariates fixed; it does not mean a 4.1 percentage-point reduction in probability. Audit-committee size and board independence have negative coefficients, while leverage has a positive coefficient. Causal interpretations are not warranted, and the distinction between opinion

category, measurement of ESG performance and assurance over ESG disclosure is important (Diab & Eissa, 2023; Xue et al., 2020).

Table 4. Reported logistic regression for a non-standard financial-audit opinion

Variable	Coefficient	Odds Ratio
ESG Score	-0.042*	0.959
	(0.012)	
Board Independence	-0.285**	0.752
	(0.125)	
Audit Committee Size	-0.158*	0.854
	(0.085)	
Firm Size	-0.185*	0.831
	(0.052)	
Leverage	0.425*	1.530
	(0.095)	
ROA	-0.385*	0.680
	(0.112)	
Big-4 Auditor	0.125	1.133
	(0.098)	
Constant	2.458*	
	(0.685)	
Pseudo R^2	0.285	
N	780	

Source: Original manuscript, Table 4; all values and symbols retained. Odds ratios are as reported. Parentheses are reported standard errors; the original p-value markers require verification. Neither sample-selection detail nor complete model diagnostics are available.

4.5. Board characteristics and ESG-related outcomes

Table 5 reports a negative association between independent board chairmanship and the composite ESG score (−2.845) but a positive one for audit-committee size (3.425). Audit-committee size also has positive estimates across the environmental, social and governance columns. Big-4 auditor engagement is positively associated with the ESG measures in the source specifications. These results align with the possibility that monitoring capacity and external audit-provider selection correlate with sustainability reporting practices (Maroun, 2022; Umar et al., 2023). Importantly, the first dependent-variable column is labelled ESG Score, not a verified ESG disclosure-quality index; its substantive meaning must not be overstated.

Table 5. Reported governance regression estimates for ESG-related measures

Variable	ESG Score	Environmental	Social	Governance
Board Chairman Independence	-2.845**	-1.125*	-0.985	-0.735
	(1.125)	(0.625)	(0.685)	(0.548)
Board Meeting Attendance	0.185	0.095	0.125	-0.045
	(0.142)	(0.078)	(0.085)	(0.068)
Audit Committee Size	3.425*	1.285**	1.125**	1.015**
	(0.985)	(0.548)	(0.598)	(0.478)
Audit Committee Meetings	0.425**	0.185*	0.125	0.115
	(0.185)	(0.102)	(0.112)	(0.089)
Firm Size	2.185*	0.985*	0.625*	0.575*
	(0.425)	(0.235)	(0.258)	(0.206)
Leverage	-1.425**	-0.625*	-0.485	-0.315
	(0.625)	(0.348)	(0.378)	(0.302)
Big-4 Auditor	4.285*	1.625*	1.385*	1.275*
	(1.125)	(0.625)	(0.682)	(0.545)
Constant	15.425*	5.285*	4.985*	5.155*
	(4.285)	(2.385)	(2.598)	(2.078)

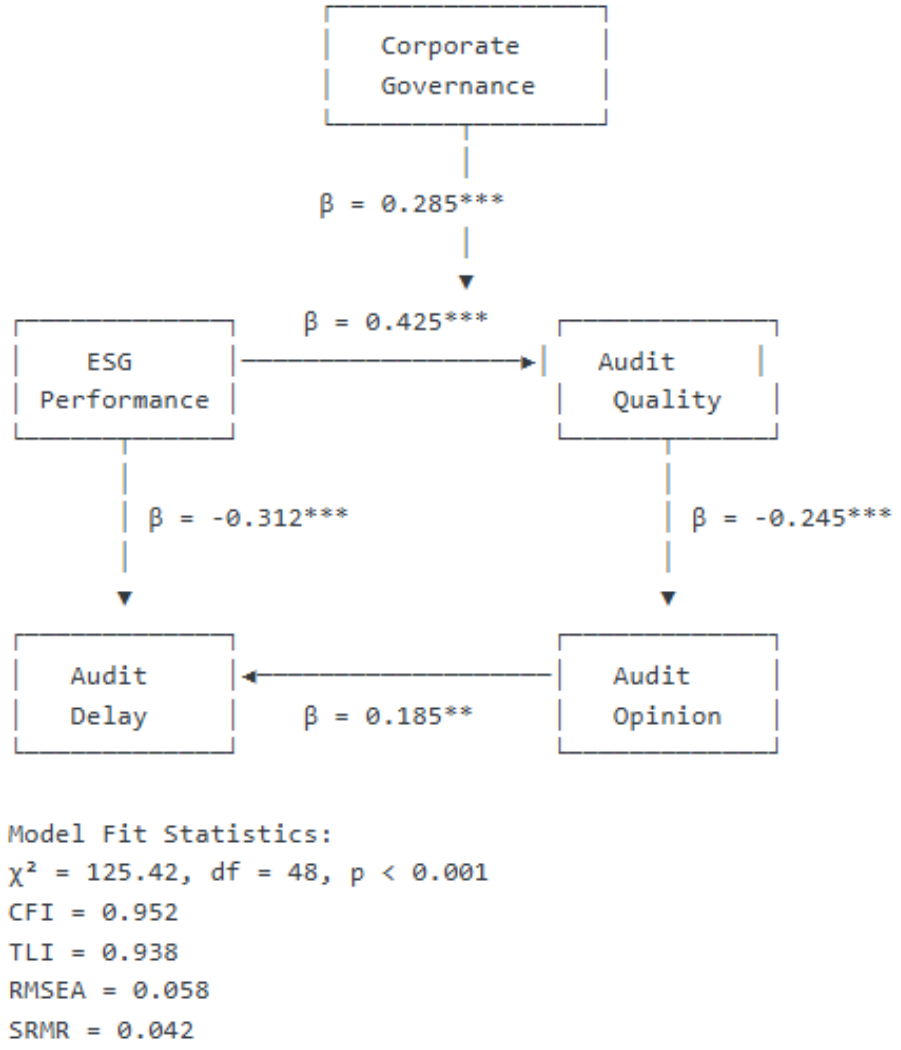
Variable	ESG Score	Environmental	Social	Governance
R^2	0.425	0.385	0.342	0.358
N	780	780	780	780

Source: Original manuscript, Table 5; original coefficients and standard errors preserved. Column headings are reproduced exactly to avoid conflating an ESG performance score with a separately validated disclosure-quality metric. Reported statistical stars require independent verification.

4.6. Structural equation model

Figure 1 preserves the original structural model. The source reports a direct ESG–audit-delay path of β = −0.312, a governance-related path of β = 0.285, an ESG–audit-quality path of β = 0.425 and an audit-quality–audit-opinion path of β = −0.245. Reported fit indices are CFI = 0.952, TLI = 0.938, RMSEA = 0.058 and SRMR = 0.042, alongside χ^2 = 125.42, df = 48, p < .001. Although several indices are compatible with an acceptable descriptive fit, fit statistics do not independently establish causal direction, construct validity or the credibility of a mediation claim. The source does not provide a measurement model or identification details.

Figure 1. Original structural equation model linking governance, ESG and audit outcomes



Source: Original manuscript, Figure 1. The image is retained as supplied, including its paths and coefficients. Independent re-estimation of the SEM is not possible from the provided document.

4.7. Interview findings

The source describes interviews with 27 Philippine audit professionals and identifies four recurring themes. Professional roles were seen as expanding beyond traditional financial work; interviewees expressed uncertainty about the local implications of evolving sustainability requirements, reported gaps in environmental and social measurement skills, and emphasized collaboration between internal and external assurance functions. The strongest frequency relates to skills gaps, reported by 25 of 27 participants (93%). Because participant-level transcripts are unavailable, these counts should be read as the source authors' coding summaries rather than independently verified prevalence estimates.

Table 6. Qualitative themes and illustrative evidence reported by auditors

Theme	Frequency	Representative Quote
Evolving Responsibilities	24/27 (89%)	"ESG integration is inevitable; we must adapt"
Regulatory Uncertainty	22/27 (81%)	"Lack of clear standards creates compliance challenges"
Skills Gaps	25/27 (93%)	"We need specialized training in sustainability"
Collaboration Models	18/27 (67%)	"Working with internal audit enhances ESG coverage"

Source: Original manuscript, Table 6; frequencies and quotations unchanged. Multiple themes could be identified by a single participant; percentages are rounded. Quotes have not been authenticated against audio recordings or interview transcripts.

As a supplementary illustration, the source quotes a senior audit partner describing a mismatch between the profession's recognition of the importance of ESG and the pace of training and standards development. This statement is consistent with prior research on internal auditors' emerging ESG roles, but the interview material alone cannot measure the extent of capability gaps across the entire Philippine accounting profession (Ramadhan et al., 2023; Soh & Martinov-Bennie, 2015).

4.8. Sensitivity and robustness information

The original manuscript reports robustness checks using ESG measures from Bloomberg, Sustainalytics and Thomson Reuters, as well as lagged regressors and propensity-score matching. Table 7 contains a subset of point estimates under the alternative score definitions. The direction of the reported ESG associations is similar across the three columns. However, there are no accompanying standard errors, provider-specific sample counts, propensity-score diagnostics or detailed lagged-model tables; the available evidence therefore supports only a limited statement of directional stability, not a comprehensive demonstration that endogeneity has been removed.

Table 7. Reported alternative-ESG-measure robustness estimates

Variable	Bloomberg ESG	Sustainalytics	Thomson Reuters
ESG Score → Audit Delay	-0.285*	-0.268*	-0.295*
ESG Score → Audit Fees	0.018*	0.015**	0.021*
ESG Score → Non-standard Opinion	-0.042*	-0.038*	-0.045*

Source: Original manuscript, Table 7; estimates and original stars preserved. No standard errors or sample counts are given in this table. Cross-provider coefficient magnitudes should not be compared without confirming whether ESG scales are equivalent.

5. Discussion

5.1. Interpreting the relationship between ESG and audit efficiency

The reported negative ESG–audit-delay association is compatible with the argument that stronger sustainability performance can accompany more reliable information systems, better risk oversight or greater responsiveness to audit requests. That interpretation is plausible because audit timeliness depends on both client preparedness and auditor procedures (Wang et al., 2022; Zhang & Guo, 2024). Yet an alternative explanation is selection: companies with better-resourced financial functions may simultaneously score highly on ESG and complete audits more quickly. The observed relationship cannot distinguish these mechanisms without additional identification, and the model-scale ambiguity precludes precise day-by-day interpretations.

The negative interaction between ESG and board independence suggests that the ESG–delay relationship may vary with monitoring structures. This is conceptually compatible with boards' role in overseeing reporting risks and in commissioning assurance (Maroun, 2022). It is not, however, sufficient evidence that increasing independent directors would itself shorten the audit process; governance characteristics may be endogenous to ownership, complexity and regulatory exposure.

5.2. Audit fees, reporting complexity and assurance scope

Positive reported fee coefficients may indicate that ESG-intensive entities are larger, more complex or more demanding of the auditor, even after available controls. Environmental disclosures can generate additional risk-assessment and analytical work, while sophisticated clients may demand higher-value services (Hou et al., 2022; Xue et al., 2020). Crucially, the financial-statement audit fee disclosed in annual reports should not automatically be interpreted as the fee for independent assurance of the sustainability report. The result therefore describes a relationship with financial-audit pricing, not evidence that audited ESG information itself costs more to assure.

The existence of standalone reporting and the environmental disclosure measure can be understood as indicators of greater reporting infrastructure; they do not prove that an external practitioner has verified the underlying sustainability metrics. Regulators and professional firms should make assurance boundaries explicit so that readers do not confuse the scope of a financial opinion with conclusions about emissions, labor practices or governance claims (Harindahyani & Tjahjadi, 2023; Maroun, 2022).

5.3. Audit opinions and the risk of overinterpretation

The reported lower odds of non-standard financial-audit opinions among higher-ESG firms are compatible with a shared governance or internal-control mechanism. The result also resembles findings from other emerging-market settings (Diab & Eissa, 2023; Xue et al., 2020). However, the decision to modify a financial-audit opinion depends on evidence concerning financial statements and reporting standards; it is not a certification of environmental or social performance. The association may also be influenced by sector, ownership or cross-firm differences not fully captured by the reported controls.

5.4. Governance, internal audit and professional capacity

The positive estimates for audit-committee size are consistent with a monitoring-capacity interpretation: committees with more members may accommodate specialized skills and more intensive oversight, although committee effectiveness cannot be inferred from member count alone (Maroun, 2022; Umar et al., 2023). The negative board-chair independence estimate in Table 5 is a reminder that governance attributes operate in specific institutional settings and need not have the same sign across countries, periods or measurement models. The qualitative results add a practical dimension to these statistical associations. Auditors emphasized the need for specialized competencies, clearer professional guidance and more effective coordination among internal auditors, external auditors and subject-matter experts. Prior studies similarly describe internal audit as a potential contributor to ESG oversight and evidence quality (Kolsi & Al-Hiyari, 2024; Ramadhan et al., 2023; Soh & Martinov-Bennie, 2015). Independence safeguards remain indispensable: management owns its sustainability disclosures, internal audit contributes risk and control insight, and external assurance practitioners assess defined information against suitable criteria.

5.5. Philippine regulatory implications

The SEC reporting guidelines provide a concrete institutional backdrop for the sample window. The first required sustainability reports accompanied 2019 annual reports filed in 2020, and the initial approach was comply or explain (Securities and Exchange Commission [SEC], 2019). Subsequent international standards indicate an increasingly structured direction of travel but should not be projected backward onto observations in 2018–2023. In June 2023 the International Sustainability Standards Board issued IFRS S1 and IFRS S2 as a global disclosure baseline (IFRS Foundation, 2023). In November 2024 the IAASB issued ISSA 5000 for sustainability assurance; its international effective date concerns periods beginning on or after 15 December 2026 or information as at a date on or after that date, subject to jurisdictional adoption and permitted early application (International Auditing and Assurance Standards Board [IAASB], 2024).

Accordingly, professional bodies, universities and audit firms in the Philippines can use the findings to prioritize training in sustainability risk identification, data governance, evidence quality, materiality and assurance ethics. Regulators can clarify which entities must disclose sustainability information, whether and when independent assurance is required, and how national requirements interact with global frameworks. Such recommendations concern prospective professional capacity building; the supplied dataset does not test the effects of IFRS S1/S2 or ISSA 5000.

5.6. Theoretical contributions

The paper's combined evidence supports a cautious, mechanism-oriented contribution. A stakeholder lens helps explain why firms may invest in credible sustainability information; governance monitoring helps explain variation in reporting practices; and an institutional lens provides a framework for auditors' reported concerns about standards, norms and peer practices (Chiang & Northcott, 2012; Hoang et al., 2023; Maroun, 2022). The contribution is to bring these explanations together in a Philippine setting and identify testable pathways, not to claim that the reported models establish a closed causal feedback loop between ESG and audit quality.

5.7. Limitations and future research

Several limitations constrain interpretation. First, the manuscript contains aggregate regression tables but not the firm-level dataset, code, sample-flow chart, variable dictionary or primary model outputs. The discrepancy between six calendar years, 156 firms and 780 firm-years should be reconciled. Second, some table significance symbols are inconsistent with the printed coefficient-to-standard-error ratios, the exact variance estimator is not reported, and the scale of the audit-delay regression needs clarification. Third, alternative ESG-provider scores may not be commensurable; the robustness documentation does not independently establish causal identification or successful propensity-score balancing.

Fourth, audit fees, opinions and timeliness are separate attributes of financial-audit engagements and do not directly measure the quality of sustainability assurance. Fifth, interview quotations and frequency counts cannot be checked against transcripts, and the ethics approval identifier is omitted. Finally, the sample is confined to listed companies, limiting generalizability to smaller enterprises and public-sector organizations; comparative or longitudinal studies with explicit regulatory-event designs could strengthen external validity and causal inference.

Future research should (i) publish a transparent sampling and coding protocol; (ii) test nonlinearity, industry heterogeneity and differential regulatory exposure; (iii) separate financial audit fees from sustainability

assurance fees; (iv) employ directly validated disclosure-quality and assurance-quality metrics; and (v) document thematic coding reliability. These extensions would help clarify which changes arise from underlying ESG capability, governance quality, selection effects or new assurance requirements.

6. Conclusion

Using the reported evidence from 156 Philippine listed firms (780 firm-years, 2018–2023) and interviews with 27 auditors, the study identifies a pattern in which higher ESG performance is associated with shorter reported audit delays, higher logged financial-audit fees and lower odds of non-standard financial-audit opinions. The governance results suggest that audit-committee capacity and board characteristics are also related to ESG measures, while the interviews highlight sustainability expertise, regulatory clarity and cooperation across assurance functions as priority challenges.

These findings contribute to understanding how sustainability reporting and traditional audit practice intersect in an emerging-market context. The professional implication is to strengthen data systems, auditor competencies and clear boundaries between financial audit and sustainability assurance. Because only manuscript-level summaries were available for this revision, statistical inference and several design details must be validated using primary records before journal submission. Subject to those checks, the combined quantitative and qualitative evidence offers a useful basis for more rigorous investigation of ESG-integrated audit practice in the Philippines.

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