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From Reporting to Assurance: Strengthening Verification Standards for Gender and Inclusion Metrics in CA-Led Reporting

This article looks at the increased use of diversity, equity, and inclusion (DEI) indicators in corporate reporting and the corresponding lack of a standardized system of assurance to confirm such disclosure. Although some aspects of DEI reporting have grown substantially because of stakeholders, regulation, and reputation pressures, its authenticity is still debatable because of inconsistent aspects and a lack of independent verification. The research is based on the emerging role of Chartered Accountants in addressing these challenges, using literature on the field of accounting, sustainability assurance, and critical inequality. It proposes the creation of a standard assurance model incorporating both professional accounting judgment and socially based indicators of both gender and inclusion performances.

Background and Rationale Behind DEI Reporting

Reporting on diversity, equity and inclusion has become a noteworthy aspect in modern corporate disclosure practices, especially with regard to the environmental, social and governance (ESG) provisions. Companies are growing more transparent when it comes to reporting gender composition, pay equity, and inclusion stories as a way to show that they are socially responsible and operate in accordance with the expectations of the stakeholders. Nevertheless, the rapid expansion of DEI measures has not been matched with equal changes in assurance procedures, which has led to a considerable variation in the quality and credibility of disclosures. Previous studies indicate that this contradiction discredits the informational nature of DEI reporting and curtails its ability to inform accountability.

Considering India's socially diverse landscape, including caste, class, gender, religion, and linguistic diversity, DEI initiatives must move from voluntary declarations to governed, auditable, and measurable practices aligned with legal and ethical expectations. In India, to translate DEI commitments into enforceable rights and organizational duties, assurance must rest on recognized legal authority. This authority in India derives from constitutional provisions and statutory obligations that establish equality, non-discrimination, and protective enforcement (See Article 14, Article 15 and Article 16 of the Indian Constitution). Similarly, India has special laws meant to protect the rights of historically disadvantaged or vulnerable groups. For instance, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rights of Persons with Disabilities Act, 2016 require employers and institutions to make reasonable accommodations for persons with disabilities, aligning with DEI's inclusion and equity objectives.

This lack of standardized assurance has permitted voluntary DEI disclosures to be predominantly scenario-based narratives that are open to being shaped towards certain types of measurement. Where external verification rates are gaining relevance in financial and environmental details, the same element in DEI data does not receive the same form of scrutiny, as there is a broader question of whether assuring social measures is meaningful at all. Empirically, it has been shown that companies often report a lot of diversity data but do not integrate the measures into governance or operational decision-making, and this has shown that there is a mismatch between reporting and performance. This decoupling concerns the symbolic nature of using DEI reporting as a legitimacy strategy as opposed to the actual use of this as a tool for effecting a substantive organizational change. It is against this background that this article looks at the possibility of Chartered Accountants contributing to the improvement of the credibility of DEI reporting through a system of assurance engagements.

Ideational and Knowledge Basis

Theory of Legitimacy and Corporate Disclosure

The strengths of DEI assurance are examined based on legitimacy theory, which defines corporate disclosure as a control method to remain

consistent with societal norms and expectations. The use of DEI reporting as a gestational type of response in organizations might be a reaction to social pressure to prove inclusivity, especially in places where regulatory mandates are weak. This is visible in cases in which companies focus on quantitative measures of diversity but do not focus on systemic barriers that affect marginalized populations.

This analysis is further enriched by critical accounting scholarship by analyzing how accounting practices create, normalize, and even obscure power relations in organizations. In this respect, DEI measures cannot be regarded as objective images of social reality, but they are opportunistically created indices that depend on the interests of managers and institutional traditions. Systems of accounting can perpetuate inequalities unintentionally by valuing quantifiable aspects on the one hand, and lived experiences of being excluded on the other hand. Scholars in this field note that assurance can either support these constraints or challenge them, based on the manner of the definition and validation of metrics.

Applying Assurance Theory to DEI Disclosures

The assurance theory has an adjoining lens in that credibility enhancement is achieved through independent verification. Assurance has traditionally been used and is applied to financial reporting but has now spread to sustainability information as stakeholders seek increased dependability in the reporting of non-financial information. Few studies observe that the existence of assurance engagements raises investor confidence and makes firms strive to enhance underlying performance, especially in environmental areas. Nevertheless, there are some distinctive issues with the application of this reasoning to DEI measures associated with subjectivity, data sensitivity, and ethical accountability that justify the requirement of a principled approach to such factors based on professional judgment (Sheldon & Jenkins, 2020; Simnett & She, 2026).



DEI Reporting within the Accounting Literature

Gender and Inclusion Research Development in Accounting

The recent accounting literature on diversity suggests sustained but disjointed research on gender, ethnicity, and inclusion in organizational settings. An in-depth analysis reveals that the research involving diversity is spread across the discipline, using different theoretical frameworks and measurement methods.

Trends in Corporate DEI Disclosure

Empirical studies of corporate DEI disclosures demonstrate that the content, structure, and depth of these disclosures are considerably heterogeneous. European-listed firms' analysis demonstrates that most organizations report only more basic gender composition statistics, though fewer report on pay equity or career progression and outcomes of inclusion. Board diversity and ownership structure, which are features of governance, have been observed to affect the level of disclosure; therefore, it can be inferred that the conventional model of reporting is not as influential in the reporting of disclosure as institutional pressure is.

Requirements to disclose on the basis of ESG in India have started to shape the practices of DEI disclosures in the list of publicly listed companies, but their depth and efficacy are still uneven. Based on an extensive survey of disclosures under the Business Responsibility and Sustainability Reporting (BRSR) framework of the Securities and Exchange Board of India (SEBI), it is evident that the percentage of women in the workforce was low at only 12.7% and that the proportion of women in Key Managerial Personnel (KMP) and board-level positions was very low in FY2022 and therefore indicates that women still face under-representation in management despite the increased impetus of regulations. At the same time, a study of Indian firms reveals that even the availability of women on corporate boards does not correlate with improved ESG performance unless a critical mass quota (e.g. three or more women) is reached; in this case, companies are likely to receive much higher ESG disclosure ratings, which implies the further adaptation of DEI to sustainability reporting. Collectively, the results show that even though ESG disclosure standards represent a structural pathway to DEI disclosure in India, the current gender-diversity outcomes and inclusion reporting remain different, as well as the necessity to not only enforce the regulations but also commit the organization to meaningful inclusion.

The Assurance Gap of DEI Metrics

The Nature and Extent of the Assurance Deficit

The assurance gap of DEI reporting is the disintegration that exists between the amount of information disclosed and the small scope of independent verification. Practically, a large number of companies are reporting DEI figures in their sustainability or integrated reports without engaging in assurance procedures. Once the assurance is given, it is usually of limited scope that is concerned with data existence and not with the robustness of measurements and the effectiveness of outcomes. This

prevents the extent of credibility or bias in this assurance method.

Decoupling Risks and Symbolic Reporting

The heterogeneity of ESG ratings makes this gap even wider as it presents inconsistent understandings of the performance of DEI. The rating agencies set divergent methodologies, weighting schemes, and sources of data, which result in inconsistent evaluation of the inclusion practices of the same firm. The studies show that such disparity lowers comparability and undermines stakeholders' trust in DEI indicators as information to be used in decision-making. Without independent assurance, companies still have a lot of freedom in determining what indicators to report upon and the manner in which they are to report performance (Berg, F., Kölbel, J. F., & Rigobon, R. 2022).

Stakeholder Consequences of Unassured DEI Data

The effects of this lack of assurance have been seen through examples of symbolic reporting practices. Evidence from practice demonstrates that companies can produce results in line with what is required as disclosure and still evade structural changes, such as recruitment, promotion, or work culture. This decoupling also contradicts the normative role of any DEI efforts and may result in the same situation as turning reporting into an image of robustness. These practices are made possible by the lack of assurance mechanisms that can compare data integrity and contextual relevance.

Chartered Accountants and Expansion of Assurance

Professional Requirement and Public Interest Role

Chartered Accountants have a strategically important role to play in finding credibility solutions to the problems of DEI reporting. The professional requirements on them lays stress on independence, ethical responsibility, as well as the public interest, all of which are essential to meaningful assurance engagements. Due to the growing nature of sustainability reporting in mainstream corporate disclosure, accountants are also increasingly becoming subject to checking environmental and social information. The empirical studies report that this kind of involvement contributes to the perceived reliability of non-financial disclosures.

Extension of Assurance to Social and Gender Metrics

Expansion of assurance to DEI measures would demand that accountants transform conventional verification practices into socially embedded ones. In contrast to financial information, the DEI information usually deals with qualitative judgments, personal information, and changing societal norms. However, the available approaches to gender and social reporting in the civil sector reveal that arranged indicators and record criteria do not prevent materials of contextual sensitivity. These frameworks offer meaningful information regarding the manner in which outcome-oriented measures and narrative revelations can be guaranteed in a systematic manner.

The Direction of Standardization of Assurance in the Metrics of DEI

Taxonomic Metrics and Scope Definition

The emergence of a unified assurance model of diversity, equity, and inclusion indicators involves reframing of DEI data as informational initiatives, but not interpretations. Existing disclosure practices give organizations the discretion to report positive metrics and leave out structurally relevant aspects including retention, promotion pipeline, or intersectionality inequalities. Such flexibility erodes

Table 1: Specific functions and responsibilities that Chartered Accountants (CAs) perform in DEI assurance engagements

Role/Function	Steps For DEI/ Inclusion
Assurance over DEI ESG disclosures	Provide independent third-party assurance to verify accuracy, completeness, and consistency of DEI metrics and disclosures (e.g. representation by gender/caste/disability/minority backgrounds, pay equity, retention, inclusion practices) similar to financial audits or ESG audits.
Audit of internal controls/processes	Evaluate whether organizational systems e.g. hiring, promotion, grievance redressal, internal controls support DEI, are free from bias, and have checks & balances for fairness.
Governance advisory	As part of corporate governance teams/audit committees / board roles, guide companies to embed DEI in their govemance policies, risk frameworks, compliance, and corporate values.
ESG/Sustainability Integration	Help integrate DEI (social inclusion) into broader ESG/sustainability reporting frameworks aligning DEI goals with long-term sustainability, stakeholder demands, and regulatory expectations.
Internal Audit & Continuous Monitoring	Through internal audits, periodically check whether DEI commitments are being implemented not just reported, but lived through processes (hiring, pay, promotion, policies, and workplace climate).
Building Trust & Transparency	Independent assurance by a recognized professional (CA) lends credibility to DEI/inclusion data and reporting boosting trust among investors, employees, regulators, public.

***Sources**: Author's Compilation*

the potential accountability of the DEI reporting and signifies the necessity of properly formulated assurance principles. Earlier studies on social and gender reporting show that standardization does not imply the existence of a standard but, in fact, prescribes transparency in terms of metric definition, boundary delimiting and evidentiary expectations.

An eminent assurance system must start with a consistent metric taxonomy with the separation between input, process, output, and outcome measurements. Some of the input indicators might involve the composition of the workforce and recruitment policies, whereas outcome indicators would reflect the equity of advancement, pay disparities and inclusion-based turnover rates.

Assessment of Materiality in DEI Assurance

A second pillar of the framework is that of materiality assessment. In contrast to the financial materiality, DEI must take into consideration the social relevance, vulnerability of stakeholders, and long-term organizational risk. Accountants would have to conduct assurance engagements that would then involve evaluating the disclosed DEI measures to determine whether they provide a sufficient portrayal of accounting material inclusion concerns in relation to the industry, workforce make-up and geographic setting of a business venture. The findings of the studies on ESG rating divergence suggest that



discrepancies in the understanding of materiality greatly diminish comparison and decision usefulness, which justifies the concept that systematic professional judgement is necessary in assuring DEI.

Collection of Evidence and Verification

Another main element of a standard framework is evidence collection. Conventional assurance is based on documentation evidence, reconciliations, and controls testing, but DEI metrics in most cases involve triangulation of quantitative and policy documentation, and procedural verification. Indicatively, to guarantee the pay equity claims, verification of compensation datasets, job classification systems, and assumptions on methodology applied in gap analysis would be necessary. Gender reporting frameworks in the public sector illustrate how these intermediate evidence schemes can be operationalized without compromising rigor, which can be instrumental in providing transferable guidance on corporate DEI assurance practices.

Degrees of Assurance and Maturity Development

Most sustainability assurance engagements that exist have limited assurance scope as they are restricted to plausibility, and not accuracy or completeness. Though little certainty may be needed in the initial adoption stages, a standard DEI framework ought to describe the way towards reasonable assurance with well-developed reporting systems. According to sustainability assurance research evidence, it is stated that an increase in the degree of assurance correlates with an increase in internal controls and performance outcomes, i.e., that the level of assurance intensity is capable of being used to bring meaningful organizational change. DEI assurance must not be reduced to a purely technical activity. DEI metrics need to be explicitly connected with the board oversight framework, compensatory practices, and strategic goals, which should be enforced by a standardized framework. The absence of such integration means that, otherwise, audit frameworks risk merely validating metrics that remain peripheral to decision-making.

Practice, Regulation, and Accounting Profession Implications

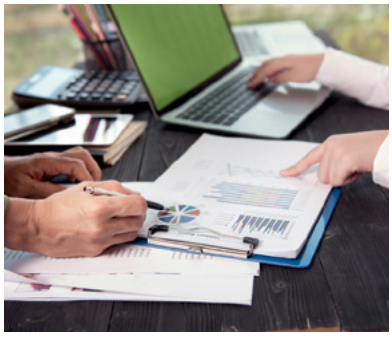
Corporate Governance and Management of Implications

The suggested standardized assurance framework has considerable consequences for professional practice, the development of the regulatory framework, and the future of Chartered Accountants. For practitioners, engaging in DEI assurance widens accounting expertise to include evaluative judgment on social performance as opposed to financial review. This growth reflects the previous shift of the accounting field in sustainability assurance where accountants used the approach to evaluate the risk that is embedded in the environment. Significant empirical research has shown that assurances by accountants increase the confidence of stakeholders in non-financial disclosures, and thus they would also have credibility benefits of DEI reporting.

To illustrate this case, a multinational company that claims gender balance in high-level management positions might be called on to prove such an assertion by providing the data of a proven rate of promotion and succession planning. Assurance would not just confirm headcount numbers but would determine whether changes that are being observed are based on a long-term inclusion strategy and not on short-term appointments.

Considerations of Standard Setting and Regulations

The statement of standardized DEI assurance principles may also be useful to regulators and standard setting agencies. With DEI disclosures overlapping with the compulsory sustainability reporting regimes, there is a danger of regulatory inconsistencies caused by a lack of assurance guidance. Professional standards that formally acknowledge the existence of DEI assurance would minimize the occurrence of interpretive variation and facilitate convergence of regulations.



The evidence regarding ESG ratings indicates that standardization increases market discipline by eliminating informational noise and producing comparability between firms. The initiative of guaranteed DEI measurements joining governance processes can empower accountability and strategic coordination on an organizational level. A board that is provided with guaranteed DEI reports will be in a better position to assess inclusion risks in addition to financial and operational risks.

Professional Education and Identity

In the case of accounting profession, DEI assurance poses pertinent inquiries concerning training, education, and professional identity. Accountants need to acquire social data analysis, assessment skills, qualitative evidence, as well as decision-making skills ethically. According to scholarly research on diversity in accounting, the field has historically amplified and solved inequality concerning accounting, and thus the importance of DEI assurance practices being institutionalized. Integrating DEI coverage into the professional curricula would be an indicator of a normative gesture to social accountability.

Simultaneously, the profession should prevent the commodification of inequality with the help of assurance based on checklists. It has been warned by critical approaches that excessively formalized measures may blur internal power dynamics within the system and depersonalize the contextual knowledge. Standardized DEI-assurance includes wider implications than an increase in technical reporting, as it transforms accountability relationships among firms, accountants and society. DEI metrics should be centralized into a centralized reporting system by offering credible, comparable and ethically based verification of DEI metrics, thereby making Chartered Accountants key to turning inclusion reporting from a form of symbolic disclosure into an effective change mechanism in an organization.

Conclusion

The growth of DEI measures has been more advanced than attempting to establish verification mechanisms that guarantee credibility, comparability and accountability. The examination illustrates that a lack of assurance means that DEI reporting would continue to be prone to symbolic compliance, selective disclosure and a lack of connection with the actual organizational practices, thus nullifying its intended social and governance purposes. The analysis of the current literature indicates that there is still a high level of disintegration in the existing practices of DEI reporting and that there are still high rates of disparity among companies and locations, thereby diluting the confidence of stakeholders and restraining the usefulness of the decisions taken.

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