

Risk management and accounting audit as a mechanism for transparency and credibility of organizations: A case study in companies listed on B3's Novo Mercado

Gestão de riscos e auditoria contábil como mecanismo de transparência e credibilidade das organizações: Um estudo de caso nas empresas listadas no Novo Mercado da B3

Gestión de riesgos y auditoría contable como mecanismo de transparencia y credibilidad de las organizaciones: Un estudio de caso en empresas que cotizan en el Novo Mercado de B3

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Abstract

This study aims to analyze the Comparative Governance and Risk Management process in organizations listed on B3's Novo Mercado, cyclical consumption sector, commercial subsector, miscellaneous products segment. Therefore, this article sought to analyze the participation of Risk Management mechanisms and External auditing of companies listed on B3 in the period from 2019 to 2022. Regarding methodology, the study can be classified as bibliographic and descriptive research, with a qualitative approach. Based on the analysis of reference forms and financial statements of companies listed on B3's Novo Mercado. For the analysis, the researchers created an instrument as a guide for obtaining the results. The article was divided into three sections, the first is the theoretical foundation with the items of accounting audit and financial statements, corporate governance and stakeholder theory and corporate risk management. The conclusions were reached that the reliability mechanisms for the information provided by companies are fragile, the point where signs of errors and fraud are made public.

Keywords: Risk management; Corporate governance; New market; Fraud; Accounting audit.

Resumo

Este estudo objetiva analisar o processo da Governança Comparativa e Gestão de Riscos em organizações listadas no Novo Mercado da B3, setor de consumo cíclico, subsetor comércio, segmento produtos diversos. Dessa forma, o presente artigo buscou analisar a participação dos mecanismos de Gestão de Riscos e a auditoria Externa das empresas listadas na B3 no período de 2019 a 2022. Quanto à metodologia, o estudo pode ser classificado como pesquisa bibliográfica e descritiva, com abordagem qualitativa a partir da análise dos formulários de referência e das demonstrações financeiras das empresas listadas no Novo Mercado da B3. Para a análise, os pesquisadores criaram um instrumento como forma de guia para obtenção dos resultados. O artigo foi dividido em três seções, a primeira trata-se da fundamentação teórica com os itens de auditoria contábil e demonstrações financeiras, governança corporativa e teoria dos stakeholders e gestão de riscos corporativos. Foi obtida a conclusão de que os mecanismos de confiabilidade das informações fornecidas pelas empresas são frágeis a ponto de vir a público indícios de erros e fraudes.

Palavras-chave: Gestão de risco; Governança corporativa; Novo mercado; Fraude; Auditoria contábil.

Resumen

Este estudio tiene como objetivo analizar el proceso de Gobernanza Comparativa y Gestión de Riesgos en organizaciones listadas en el Novo Mercado de B3, sector de consumo cíclico, subsector comercial, segmento de productos diversos. Por lo tanto, este artículo buscó analizar la participación de los mecanismos de Gestión de Riesgos y Auditoría Externa de las empresas listadas en B3 en el período de 2019 a 2022. En cuanto a la metodología, el estudio puede clasificarse como investigación bibliográfica y descriptiva, con un enfoque cualitativo, basado en el análisis de formularios de referencia y estados financieros de empresas listadas en el Novo Mercado de B3. Para el análisis, los investigadores crearon un instrumento como guía para la obtención de los resultados. El artículo se dividió en tres secciones, la primera es la fundamentación teórica con los ítems de auditoría contable y estados financieros, gobierno corporativo y teoría de las partes interesadas y gestión de riesgos corporativos. Se llegó a la conclusión de que los mecanismos de confiabilidad de la información proporcionada por las empresas son frágiles hasta el punto de que se hacen públicos indicios de errores y fraudes.

Palabras clave: Gestión de riesgos; Gobierno corporativo; Nuevo mercado; Fraude; Auditoría contable.

1. Introduction

The COVID-19 pandemic not only caused impacts on global health, but also had significant repercussions on the economy, especially in the retail sector. Sectors such as cyclical consumption, more specifically the subsector of trade in miscellaneous products, comprised of the companies Americanas SA, Lojas Le Biscuit SA, Grupo PETZ, Grupo SBF, Espaço Laser SA, and Store Quero-Quero SA. These companies faced substantial challenges due to the disruption in supply chains and the drastic reduction in demand for non-essential items.

In this scenario of transformation and uncertainty, accounting auditing takes on an even more vital role for organizations, becoming an essential instrument in identifying and mitigating the risks associated with such challenges. According to Brazilian standards relating to audits of financial statements, it constitutes the set of technical procedures that aim to issue an opinion on their adequacy (Crepaldi, 2023). It is a fundamental practice within the scope of accounting, playing a crucial role in ensuring the integrity and reliability of organizations' financial information (Attie, 2018). Evidently, the literature highlights the importance of the risk approach in accounting audits, providing a more accurate and efficient view in identifying potential distortions in financial projections (Arens et al., 2014). In addition to accounting auditing, the effective implementation of risk management and compliance practices emerge as essential pillars.

Corporate Risk Management (GRC) has allowed companies to move from a level of focus on compliance and prevention to a strategic vision, which seeks opportunities in identifying and responding to risks (Collier, 2009; COSO, 2004). It is worth noting that risks can be classified according to several aspects. They can be classified as macroeconomic, political, competitive and resources (Ghoshal, 1987), strategic, operational, and financial (Jorion, 2003; MP, 2017), reputation, integrity, fiscal and compliance (MP, 2017). There are pre /post-treatment risks such as inherent, control, and residual (Perez Junior & Oliveira, 1998; Ching, 2011; Brasil, 2017).

With the rapid technological development in our society, corporate governance becomes increasingly crucial for companies due to continuous advances. According to the Code of Best Corporate Governance Practices of the Brazilian Institute of Corporate Governance (IBCG), governance structures are made up of governance agents who are partners who relate directly to the fiscal council. Consequently, with the board of directors interacting with both advisory and audit committees, together with independent audit, as well as internal audit, governance area, boards, risk manager, internal controls, and compliance, with the last three agents/areas that need to have direct access to the fiscal council (IBGC, 2023).

These elements play a crucial role in building solid management and control structures, contributing to the integrity of operations and the trust of stakeholders.

In this context, this article seeks to answer the importance of auditing in post-pandemic risk management for companies in the new B3 market, in the cyclical consumer sector, commerce subsector and miscellaneous products segment.

This research aims to examine and analyze the integrated importance of accounting auditing and corporate governance in addition to strategic mechanisms for companies listed on B3's Novo Mercado. Specific objectives include listing the benefits that auditing can provide to these companies, analyzing governance maturity and identifying the impacts of non-compliance on the continuity of these organizations.

This is a bibliographic and descriptive research, with a qualitative approach based on the analysis of reference forms and financial statements of companies listed on B3's Novo Mercado.

In the next sections we will address the methodology and data analysis, using institutional information present on the companies' websites. Finally, we will present the conclusions.

2. Methodology

This study was born in light of the bibliographic and descriptive research outlined by (Gil,2019). According to the author, data from this type of research can be obtained by consulting archives, analyzing documents, or analyzing physical artifacts, since a document, in a broad sense, corresponds to any material support that incorporates some type of information. They can also be bibliographic in nature, when they are obtained through texts prepared with the explicit purpose of being read, as well as being classified as a narrative type of literature review.

We chose to adopt a qualitative approach based on the analysis of reference forms and financial statements of companies listed on B3's Novo Mercado, cyclical consumer sector, subsector of trade in various products, namely: Americanas SA, Stores Le Biscuit SA, PETZ Group, SBF Group, Espaço Laser SA and Lojas Quero-Quero SA.

The research period covers the years 2019 to 2022, as it aims to encompass the period before, during and after the COVID-19 pandemic. It is worth noting that the companies Le Biscuit and PETZ did not participate in B3's Novo Mercado in 2019. Therefore, any analyzes relating to these companies will address the time interval from their inclusion in B3 until 2022.

For the analysis, the researchers created an instrument as a form of guide to obtain the results, in which, throughout the discoveries, they signaled yes or no to the questions relevant to the research. According to (Gil, 2019), the data obtained, in order to have meaning, needs to go through the process of analysis and interpretation. They need to be tabulated, summarized, organized, and presented in tables, graphs, or diagrams. This involves data analysis.

The data was extracted from institutional information present on the companies' websites, with emphasis on the following reports:

- **Reference Form:** is a document that all public companies listed on the stock exchange must present to their shareholders. It must offer relevant information about your business. As provided for in article 22, item II, of Resolution No. 80/22 of the Securities Commission Furniture (CVM, 2022);
- **Financial Statements:** is a document prepared by the management of a company or entity and forms part of the annual financial statements. It is intended to provide information about the economic, financial, and operational situation of the organization, offering an overview of performance and activities during the period covered by the financial statements. As provided for in article 27, item II, of CVM Resolution No. 80/22. (CVM, 2022);
- **Corporate Governance Report:** refers to a document that details the corporate governance practices and structures adopted by the company.

Gil (2019) emphasizes that the use of records available in organizations in research is advantageous because it reduces the time and cost allocated to data collection. Also, because the information contained therein is stable, therefore not depending on specific collection procedures. In the next session, the extracted data will be discussed.

3. Results and Discussion

In our checks, we evaluate the degree of maturity of the corporate governance of listed companies as well as risk management. Below are the results of the analyses.

3.1 Corporate Governance Structure

Aiming to evaluate the corporate governance structure of the observed companies. We prepared Table 1 to conclude on the subject:

Table 1 - Analysis of the companies' governance structure.

1. Governance Structure:	Existence of a board of directors?	Balanced composition between independent and executive members?	Existence of specialized committees (audit, remuneration, risks, etc.)?
AMERICANS	YES	YES	YES
LE BISCUIT*	YES	YES	YES
PETZ**	YES	YES	YES
SBF GROUPS	YES	YES	YES
LASER SPACE	YES	YES	YES
QUERO-QUERO	YES	YES	YES

Source: Prepared by the authors.

* **Le Biscuit SA:** The company in question began its activities at B3 on February 10, 2021, with reports only being made in the period from 2020 to 2022. In the period analyzed, it presents a Governance structure with a high level of maturity, having Remuneration, risk management, Audit policies, among others. The existence of a robust and structured board of directors contributes to the good management of the company and ease in dealing with possible risks related to the topic.

** **PETZ:** The company in question began its activities at B3 on September 9, 2020, with only reports in the period from 2020 to 2022. In the period analyzed, it presents a Governance structure with a high level of maturity, having Remuneration, risk management, Audit policies, remuneration, among others. The existence of a robust and structured board of directors contributes to the good management of the company and ease in dealing with possible risks related to the topic.

For the other companies studied: In the period analyzed, they present a Governance structure with a high level of maturity, having policies for Remuneration, risk management, Auditing, remuneration, among others. The existence of a robust and structured board of directors contributes to the good management of the company and ease in dealing with possible risks related to the topic.

3.2 Transparency and Accountability

In order to evaluate the transparency of accountability and clarity in the disclosure of information, we made Table 2:

Table 2 - Analysis of transparency and accountability of companies.

2. Transparency and Accountability:	Quality of financial disclosures and reports?	Transparent communication about strategy, challenges, and performance?	Adoption of accounting standards and disclosure rules?
AMERICANS	YES	YES	YES
LE BISCUIT	YES	YES	YES
PETZ	YES	YES	YES
SBF GROUPS	YES	YES	YES
LASER SPACE	YES	YES	YES
QUERO-QUERO	YES	YES	YES

Source: Prepared by the authors.

In the period analyzed, all companies have a strong commitment to the transparent disclosure of financial and corporate information, following standards established by the CVM.

3.3 Code of Conduct and Ethics

With the aim of evaluating the maturity of the companies studied with regard to Ethics and the Code of Conduct, we prepared the following questionnaire in Table 3.

Table 3 - Analysis of company maturity regarding ethics and code of conduct.

3. Code of Conduct and Ethics:	Existence and dissemination of a code of ethics?	Mechanisms for reporting ethical violations?	Commitment of senior management to ethical values?
AMERICANS	YES	YES	YES
LE BISCUIT	YES	YES	YES
PETZ	YES	YES	YES
SBF GROUPS	YES	YES	YES
LASER SPACE	YES	YES	YES
QUERO-QUERO	YES	YES	YES

Source: Prepared by the authors.

All the companies studied have a well-formulated code of conduct and ethics that is easily accessible to everyone who seeks it, whether they are company employees or external stakeholders. It also has reporting channels (Hotlines) with complete confidentiality, demonstrating a high degree of maturity in mitigating risks relating to ethics.

3.4 Shareholder Participation

According to data collected on the companies' websites, we can analyze the following information about shareholder participation, the results of which are systematized in Table 4.

Table 4 - Analysis of shareholder participation.

4. Shareholder Participation:	Shareholder participation and voting mechanisms?	Protection of the rights of minority shareholders?	Transparency in decisions that affect shareholders?
AMERICANS	YES	YES	YES
LE BISCUIT	YES	YES	YES
PETZ	YES	YES	YES
SBF GROUPS	YES	YES	YES
LASER SPACE	YES	YES	YES
QUERO-QUERO	YES	YES	YES

Source: Prepared by the authors.

In the period analyzed, the companies in question have formalized their Shareholder Remuneration policy and have also mapped the risks relating to the subject in their reference forms. Communication about relevant facts that affect shareholders and stakeholders can be highlighted (when they exist) on the companies' Investor Relations websites.

3.5 Compliance and Compliance

To check whether companies are in compliance with current legislation, Table 5 was prepared, the fields of which were obtained through the three questions indicated in the table.

Table 5 - Analysis of compliance and compliance in companies.

5. Compliance and Compliance:	Adherence to applicable laws and regulations?	Existence of a compliance department?	Effective response to investigations and breaches?
AMERICANS	YES	YES	YES
LE BISCUIT*	YES	NO	YES
PETZ**	YES	NO	YES
SBF GROUPS	YES	YES	YES
LASER SPACE	YES	YES	YES
QUERO-QUERO	YES	YES	YES

Source: Prepared by the authors.

* **Le Biscuit:** As stated in the company's Reference Form in 2022, As the company does not have a properly formalized risk or market risk management policy, it also does not have a formal operational and internal control structure for verifying scratches. However, the Company's Management understands that the treatments implemented for the risks are satisfactory to mitigate possible impacts on the Company's business.

** **PETZ:** According to the Governance Report available on the company's investor relations website, the Company's risk management is conducted through a multidisciplinary structure that includes the participation of the Company's Board of Directors, Audit Committee, Internal Audit and the Company's business and legal areas. There is no exclusive department for Compliance.

Other Companies: According to analyses, the structures presented in the reports published on its Investor Relations page cover all the requirements for effective control of the entity's compliance and compliance.

3.6 Reliability of Information

Regarding the reliability of the information provided by the companies under study, independent auditors' reports on the financial statements, news on the subject in mass circulation newspapers, as well as other documents made available on each company's investor relations websites were analyzed. during the period from 2019 to 2022. For this analysis, the researchers created an instrument as a guide to obtain the results, in which, throughout the analyses, the researchers signaled yes or no to the following questions:

- Performs external audit regularly;
- Frequency of audits;
- The external audit is conducted by an independent and exempt company;
- There is a significant relationship that compromises independence;
- The audit covers all critical areas related to the transparency and reliability of reports;
- Includes review of relevant internal controls;
- The company transparently discloses the results and conclusions of the external audit;
- There is a clear process for communicating identified issues and corrective actions;
- External audit directly influences the company's decision-making;
- There is evidence of improvements based on audit recommendations;

Based on the information obtained, the companies: Americanas, Espaço Laser, Grupo SBF, Le Biscuit, Petz and Quero-quero presented external, independent, and impartial audit reports, which address critical areas of the business. However, it was observed that during the years 2019 and 2020 the companies that were starting their publicly traded activities, Le Biscuit and PETZ, did not intuitively demonstrate a review and/or policy of relevant internal controls, as well as a clear process to communicate identified problems and corrective actions.

Petz and Espaço Laser stood out, as audit companies drew the attention of some points in their reports and companies adopted them in the following years.

Regarding the analysis of news on the subject, in newspapers with large circulation, during the period studied, the highlight was the CNN Brasil website, ¹which lists from the beginning until now the news related to fraud/losses of the company Americanas.

3.7 Maturity in Risk Management

According to information acquired in the reference forms available on websites managed by the companies, we can conduct a study aiming at arguments about the Risk Management of each institution below. In this analysis, the following were observed:

- **Continuous monitoring of the pandemic:** All companies took preventive measures as indicated by the World Health Organization (WHO). Institutions were concerned about the present and future impacts caused by the new coronavirus (COVID-19), adopting policies to minimize impacts, however, without the certainty that they would be able to overcome all the difficulties left by the coronavirus.
- **Specific communication about the pandemic:** Of the six companies analyzed, one did not discuss the real situation it was going through, not knowing how it could really be financially affected by COVID-19.

¹<https://www.cnnbrasil.com.br/tudo-sobre/americanas/>

Leading us to understand that its institutional problems already existed well before the pandemic, with there being no robust strategy to face the pandemic during or after. Signaling an uncertain future. The others indicate that they will have relevant impacts such as new financing and refinancing, labor, default, meeting financial obligations with suppliers, problems with distribution and relocation of the brand. The strategy taken by some was to migrate their physical sales strategy to digital, so who knows how to cushion future impacts.

- **Assessment of Future Risks Relating to the pandemic:** The institutions examined indicate that they would not be able to minimize the relevant, unpredictable, and irreversible impacts caused by COVID-19, and would not be able to predict the direct and indirect effects. Even with a strategy outlined, the future was uncertain.

4. Conclusion and Suggestion

Governance structures, reliability mechanisms, together with risk management practiced by publicly traded companies, are increasingly essential for success in the national and international market. They provide benefits, such as ease in financial transactions, attracting new shareholders and investors to increase capital and drive the company's expansion. (Marques Roxo, 2020).

From the surveys obtained through the analysis of governance reports, documents related to risk management and the financial statements of the companies studied, we concluded that they demonstrate an intermediate degree of business maturity, due to the fact that they provide information in a coherent manner, even so, there is a path to be taken to achieve reliable information and provide an ethical culture in the face of the challenges of the corporate world.

It is clear that even with all these structures imposed by the CVM and all other regulatory bodies, it is still understood that there is a weakness in the financial statements presented by companies, since institutions fail to mention the true reality, leaving the information more attractive for acquiring more investors. According to websites of large-circulation newspapers, it can be seen that the reliability mechanisms for the information provided by companies are fragile to the point where signs of errors and fraud are made public. It is also possible to observe the precariousness of the information in the reports provided by the institutions.

For future studies, a more critical analysis is planned in relation to financial structures regarding the topic of fraud, error, information asymmetry, with the aim of better assessing the degree of maturity of the information contained in reference, financial and other reports relevant to the topics in addition to providing more scientific framework for the literature in the area.

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