

2024

Feedback Paper

Adoption of a Sustainability Assurance Standard in Ireland

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Public trust and confidence in quality auditing and accounting



Mission

Upholding quality corporate reporting and an accountable profession

Our Values



Excellence

Striving to be the best we can be

Independence

Regulating impartially and objectively

Integrity

Being trustworthy and respectful

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1. Summary

Following public consultation to obtain stakeholders' views on the appropriate standard for sustainability assurance in Ireland, IAASA intends to adopt the International Standard on Assurance Engagements 3000 Revised (ISAE 3000), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Adoption will take place when the European Corporate Sustainability Reporting Directive (CSRD) is transposed into Irish law giving IAASA the statutory power to adopt sustainability assurance standards in Ireland.

It is not intended to insert additional Irish-specific requirements in ISAE 3000 beyond those required to ensure that it applies to sustainability assurance in engagements in Ireland and that sustainability assurance providers are subject to appropriate ethical and quality management requirements, i.e. the International Code of Ethics for Professional Accountants and ISQM (Ireland) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This approach will ensure that statutory audits and sustainability assurance engagements in Ireland are subject to high quality management and ethical requirements, which is in the public interest and consistent with the principles set out in the CSRD.

The effective date of the standard will be for the assurance of sustainability reporting for years starting on or after 1 January 2024, as required by the CSRD.

2. Background

The CSRD sets out European Union (EU) wide rules for annual reporting of sustainability matters by large companies, large public interest entities (PIEs) and listed SMEs (excluding micro-entities). Member States must transpose the CSRD into domestic law by July 2024 and the disclosure requirements will apply to within-scope entities incrementally from 2024 to 2028. The Department of Enterprise, Trade and Employment (the Department) is currently working on the transposition of the CSRD into Irish law.

Sustainability reporting will be subject to assurance which, in Ireland, will be undertaken by statutory auditors that have also been approved to perform sustainability assurance engagements (sustainability assurance providers). The CSRD provides that the European Commission is to adopt limited assurance standards that shall apply in all EU member states by 1 October 2026. In the interim, member states may set their own national assurance standards. The Department intends to provide IAASA with this statutory power when transposing the CSRD.

3. Responses received

IAASA received eight responses to the consultation, three from recognised accountancy bodies (RABs), three from audit firms, and one from an individual. You can find their full responses on the IAASA website at the following [link](#). The responses were from:

1. Association of Chartered Certified Accountants (ACCA)
2. Chartered Accountants Ireland (CAI)
3. CPA Ireland (CPA)
4. Deloitte
5. EY

6. KPMG
7. Lovemore Mazungunye
8. PwC

4. Matters on which IAASA consulted, summary of comments received and IAASA's response

Below is a summary of the comments received in response to the specific questions asked in the consultation, along with IAASA's response to those comments where relevant.

No.	Matter on which IAASA consulted
1.	<p>Do you agree that it is in the public interest that IAASA adopts a sustainability assurance standard (ISSA 5000 or ISAE 3000) to be used in Ireland until a European-wide standard is adopted by the European Commission?</p> <p>If not, please give your reasons and describe any alternatives that you wish IAASA to consider, including the reasons why you consider those approaches preferable and how they will ensure the public interest is protected in Ireland.</p>
Summary of comments received	<p>All respondents agreed with IAASA's proposal to adopt a sustainability assurance standard, which shall apply until a European-wide standard is adopted by the European Commission.</p> <p>Several respondents also commented positively on IAASA's proactive approach in this area and agreed with IAASA's view that it would not be practical to develop a national standard.</p>
IAASA response	<p>IAASA intends to adopt a sustainability assurance standard that will be applicable until a European-wide standard is adopted by the Commission. It is expected that this will occur by 1 October 2026, as required by the CSRD.</p>
2.	<p>If you agree with IAASA's proposal to adopt a sustainability assurance standard, please state whether you would prefer ISSA 5000 or ISAE 3000.</p> <p>Please give your reasons for that choice, including the particular benefits that you believe apply to your preferred standard.</p>
Summary of comments received	<p>The majority of respondents favoured the adoption of ISAE 3000 while two supported ISSA 5000, General Requirements for Sustainability Assurance Engagements, which is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p> <p>The principal benefits cited by respondents for the adoption of ISAE 3000 were that it is a well-established standard that is familiar to practitioners, who already have methodologies and supporting materials to facilitate its application to the CSRD assurance requirements. They expressed the view that it aligns, at a high level, with the limited assurance requirements of the CSRD. It was also stated that the adoption of ISAE 3000 will reduce the</p>

initial pressures on firms when performing sustainability assurance engagements.

Respondents did note, however, that ISAE 3000 is a general standard, and a significant effort will be required by firms to tailor their approach for sustainability assurance engagements.

The comments made in support of the adoption of ISSA 5000 were that it would be a long-term solution given this standard is expected to be adopted by the European Commission by October 2026. One respondent supporting this standard also expressed the view that the adoption of an internationally recognised sustainability standard would aid Ireland's competitiveness.

The main drawbacks given for the adoption of ISSA 5000 at this time were that it is currently a draft standard with associated uncertainty as to the precise provisions of the final standard and whether the IAASB will meet its targeted timeline of approval in September 2024. Respondents also stated that application within the reporting timelines set by the CSRD, with the first assurance reports required early next year, is impractical. They noted that a significant amount of planning and assurance work is typically carried out in advance of the year-end and that firms would require time to develop the appropriate methodologies and provide training to staff.

IAASA response	Having considered the benefits and drawbacks of both standards, IAASA is of the view that ISAE 3000 is the appropriate standard to adopt in Ireland at this time. While it is not tailored specifically for sustainability assurance engagements, it is a well-established standard that will facilitate consistent application by sustainability assurance providers. Additionally, the IAASB has issued guidance on applying ISAE 3000 to sustainability assurance engagements which should be of assistance to assurance providers. It is also noted that this standard will apply to CSRD assurance engagements in several other EU countries that intend to adopt a national sustainability assurance standard.
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3. Are there any additional benefits or drawbacks to the adoption of ISSA 5000 or ISAE 3000 that you wish to highlight to IAASA?

If so, please:

- Identify the relevant standard (ISSA 5000 or ISAE 3000)
- Describe the benefits and drawbacks identified

Summary of comments received	The majority of respondents did not answer this question or referred to their comments provided in response to question 2.
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4. Other than provisions derived from EU law, which IAASA intends to review for applicability, are there any provisions in the Ethical Standard for Auditors (Ireland) that, in your view, should not apply to sustainability assurance or would need amendment before they could be applied?

If so, please:

- Identify the relevant provisions

- Give reasons for your view
- Describe how you believe these matters should be addressed by IAASA

Summary of comments received	<p>The majority of respondents expressed reservations regarding modifying the Ethical Standard for Auditors (Ireland) to apply to sustainability assurance engagements. They stated that it would be an extensive and complex exercise and that the timeline for completion of this project would be challenging given that the first assurance engagements must be performed for years ended 31 December 2024.</p>
	<p>They also noted that the International Ethical Standards Board for Accountants (IESBA) recently consulted on proposed International Ethics Standards for Sustainability Assurance (IESSA) and that IESBA intends to approve the final standard in December 2024. It was suggested that IAASA should wait until the final IESSA is published before considering the adoption of national ethical standards for sustainability assurance.</p>
	<p>In the interim, respondents supported applying the requirements of the IESBA Code of Ethics for Professional Accountants (which already has a section tailored to the requirements of assurance engagements) in addition to relevant legal requirements.</p>
IAASA response	<p>Having considered the responses received to the consultation, IAASA accepts that it would be challenging to amend the Ethical Standard for Auditors (Ireland) in the short term so that it could apply to sustainability assurance engagements.</p> <p>It is further noted that the final IESSA is unlikely to be published until early 2025 at the earliest and that ISAE 3000 requires that “The practitioner shall comply with the provisions of the IESBA Code related to assurance engagements ...”</p> <p>Consequently, IAASA intends that sustainability assurance providers will be obliged to comply with the relevant provisions of the IESBA Code, in addition to relevant legal requirements.</p> <p>IAASA will continue to monitor the development of the IESSA and engage with our European counterparts on this topic.</p>

5. Quality management

As set out in the consultation paper, sustainability assurance providers will be obliged to comply with ISQM (Ireland) 1. To facilitate this, IAASA will review the provisions of ISQM (Ireland) 1 that reflect the requirements of the EU Statutory Audit Directive (Directive 2006/43/EC, as amended) and Regulation (Regulation 537/2014) and, where necessary, consider if amendments are required to reflect the CSRD requirements. If such amendments are considered necessary, IAASA will issue an updated version of ISQM (Ireland) 1. As the changes will relate only to legislative amendments with which sustainability assurance providers are obliged to comply, IAASA will consult its Technical Advisory Panel when making these changes. The changes will not be subject to public consultation.

6. ISSA 5000 and other guidance

The IAASB has issued non-authoritative guidance on applying ISAE 3000 to Sustainability and Other Extended External Reporting (EER) Assurance Engagements, which is available on their website. Sustainability assurance providers should have regard to this guidance to assist them in applying ISAE 3000 to sustainability assurance.

Additionally, the adoption of ISAE 3000 in Ireland is not expected to preclude sustainability assurance providers from referring to guidelines issued by any other appropriate authorities to support their application of the Irish assurance standard should they consider them useful.

The European Commission has indicated its intention to adopt ISSA 5000 for limited assurance engagements by 1 October 2026. While sustainability assurance providers in Ireland will be obliged to perform sustainability assurance engagements in accordance with ISAE 3000, when adopted in Ireland, it is IAASA's expectation that they will commence planning for the expected adoption of ISSA 5000 by the European Commission.

7. Conclusion

Having regard to the responses received to the public consultation, IAASA intends to adopt International Standard on Assurance Engagements 3000 (ISAE 3000), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Adoption will take place when the CSRD is transposed into Irish law giving IAASA the statutory power to adopt sustainability assurance standards in Ireland.

The final ISAE (Ireland) 3000 will be made available, when published, on IAASA's website at the following [link](#). IAASA will also publish a news release and notify stakeholders via its social media channels.

The effective date of the standard will be for the assurance of sustainability reporting for years starting on or after 1 January 2024, as required by the CSRD.



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